

**Introduced by:** The Council President  
**At the request of:** The Administration (Department of Finance)

**Prepared by:** Department of Legislative Reference **Date:** January 30, 2019

**Referred to:** TAXATION, FINANCE & ECONOMIC DEVELOPMENT Committee

Also referred for recommendation and report to municipal agencies listed on reverse.

CITY COUNCIL 19 - 0330

A BILL ENTITLED

AN ORDINANCE concerning

**Yield Excise Tax -- Tax Rates**

FOR the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

BY repealing and reordaining

Article 28 - Taxes  
Section 17.1-2  
Baltimore City Code  
(As enacted by Ordinance 18-215)

**\*\*The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

Agencies

Department of Public Works	Baltimore City Public School System
Department of Real Estate	Baltimore Development Corporation
Department of Recreation and Parks	City Solicitor
Department of Transportation	Comptroller's Office
Fire Department	Department of Audits
Health Department	Department of Finance
Mayor's Office of Employment Development	Department of General Services
Mayor's Office of Human Services	Department of Housing and Community Development
Mayor's Office of Information Technology	Department of Human Resources
Office of the Mayor	Department of Planning
Police Department	Other:
Other:	Other:
Other:	Other:
<b>Boards and Commissions</b>	
Environmental Control Board	Board of Estimates
Fire & Police Employees' Retirement System	Board of Ethics
Labor Commissioner	Board of Municipal and Zoning Appeals
Parking Authority Board	Comm. for Historical and Architectural Preservation
Planning Commission	Commission on Sustainability
Wage Commission	Employees' Retirement System
Other:	Other:
Other:	Other:
Other:	Other:

CITY OF BALTIMORE  
ORDINANCE **19-233**  
Council Bill 19-0330

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Introduced by: The Council President  
At the request of: The Administration (Department of Finance)  
Introduced and read first time: February 4, 2019  
Assigned to: Taxation, Finance and Economic Development Committee  
Committee Report: Favorable  
Council action: Adopted  
Read second time: March 11, 2019

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**AN ORDINANCE CONCERNING**

**Yield Excise Tax – Tax Rates**

FOR the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

BY repealing and reordaining  
Article 28 - Taxes  
Section 17.1-2  
Baltimore City Code  
(As enacted by Ordinance 18-215)

**SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:**

**Baltimore City Code**

**Article 28. Taxes**

**Subtitle 17.1. Recordation and Transfer Taxes – Yield Excise Tax**

**§ 17.1-2. Transactions assessed; Tax rate.**

*(a) Transactions assessed.*

The Yield Tax shall be assessed on those transactions whose value exceeds \$1 million, as determined by Subtitles 16 and 17 of this article for the purposes of calculating the recordation and transfer taxes respectively.

EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.  
Underlining indicates matter added to the bill by amendment.  
~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.



**Council Bill 19-0330**

1 (b) *Tax rate.*

2 The rate of tax shall be as follows:

3 (1) [0.15%] 15% on the amount collected under Subtitle 16 of this article; and

4 (2) [0.6%] 40% on the amount collected under Subtitle 17 of this article.

5 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance  
6 are not law and may not be considered to have been enacted as a part of this or any prior  
7 Ordinance.


8 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is  
9 enacted.

Certified as duly passed this \_\_\_\_\_ day of MAR 18 2019, 20\_\_\_\_


  
\_\_\_\_\_  
President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,

this \_\_\_\_\_ day of MAR 18 2019

  
\_\_\_\_\_  
Chief Clerk

Approved this 19<sup>th</sup> day of March, 2019

  
\_\_\_\_\_  
Mayor, Baltimore City

# BALTIMORE CITY COUNCIL

## TAXATION, FINANCE AND ECONOMIC DEVELOPMENT

### VOTING RECORD

DATE: February 28, 2019

BILL#: 19-0330

BILL TITLE: Yield Excise Tax – Tax Rates

MOTION BY: Stokes                      SECONDED BY: Pinkett

- FAVORABLE                       FAVORABLE WITH AMENDMENTS  
 UNFAVORABLE                       WITHOUT RECOMMENDATION

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, Sharon, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pinkett, Leon, Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costello, Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reisinger, Edward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stokes, Robert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TOTALS</b>				

CHAIRPERSON: Sharon Middleton

COMMITTEE STAFF: Samuel Johnson, Initials: \_\_\_\_\_



CITY OF BALTIMORE

CATHERINE E. PUGH, Mayor



DEPARTMENT OF LAW

ANDRE M. DAVIS, City Solicitor  
101 City Hall  
Baltimore, Maryland 21202

February 27, 2019

The Honorable President and Members  
of the Baltimore City Council  
Attn: Natawna B. Austin, Executive Secretary  
Room 409, City Hall  
100 N. Holliday Street  
Baltimore, Maryland 21202

Re: City Council Bill 19-0330- Yield Excise Tax

President and City Council Members:

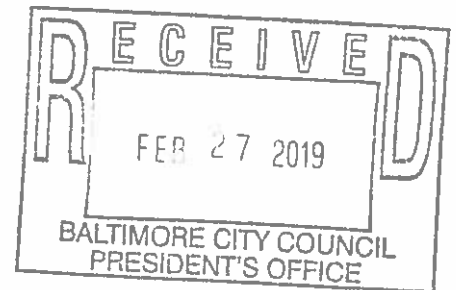
The Law Department has reviewed City Council Bill 19-0330 for form and legal sufficiency. The bill is for the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17.

The bill is consistent with the authority of the City Council. The Law Department, therefore, approves the bill for form and legal sufficiency.

Sincerely,

*Elena R. DiPietro*

Elena R. DiPietro  
Chief Solicitor  
Division Chief



cc: Andre Davis, City Solicitor  
Karen Stokes, Director, Mayor's Office of Government Relations  
Jeff Amoros, Mayor's Legislative Liaison  
Ashlea Brown, Assistant Solicitor  
Hilary Ruley, Chief Solicitor  
Victor Tervalo, Chief Solicitor

A







BALTIMORE CITY  
DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT

## MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council  
c/o Natawna Austin, Executive Secretary

From: Michael Braverman, Housing Commissioner 

Date: February 25, 2019

Re: City Council Bill 19-0330, Yield Excise Tax – Tax Rates

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The Department of Housing and Community Development (HCD) has reviewed City Council Bill 19-0330, for the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

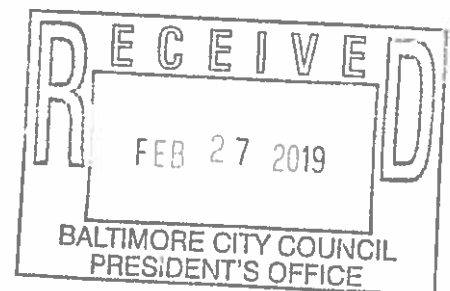
If enacted, this bill will correct the tax rates associated with the funding of the City's Affordable Housing Trust Fund. The City will utilize a portion of the tax revenues collected from the recordation and transfer taxes on properties with a sale value exceeding \$1 million to fund the City's Affordable Housing Trust Fund.

HCD supports the passage of City Council Bill 19-0330.

MB:td


cc: Mr. Jeffrey Amoros, *Mayor's Office of Government Relations*

P





*Robert Cennamo*

<b>FROM</b>	NAME & TITLE	Robert Cennamo, Budget Chief	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Finance Room 432, City Hall (410) 396-4774		
	SUBJECT	CCB 19-0330 - Yield Excise Tax – Tax Rates		

DATE:

TO

The Honorable President and  
Members of the City Council  
Room 400, City Hall

February 25, 2019

Attention: Ms. Natawna Austin

We are herein reporting on City Council Bill 19-0330, which calls for amending the Yield Excise tax rates used to calculate the amount to be dedicated to Affordable Housing Trust Fund (AHTF) from transactions subject to recordation and transfer tax as defined in Subtitle 17.1 of Article 28 of the City Code.

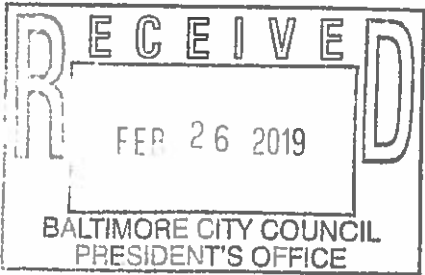
**Background**

City Council bill 18-0221 authorized the imposition of a surcharge tax on the consideration value of selected transactions subject to recordation and transfer taxes. Proceeds from these surtaxes are dedicated to the AHTF. The final language for City Council bill 18-0221 imposed a surcharge on the tax collected for these transactions, as opposed to a tax on the consideration value, which is how the existing taxes are calculated; therefore, the rates must be adjusted.

The following table shows an example that explains the needed rate adjustments to yield the same amount of revenues initially intended for the AHTF:

Example Supporting Proposed Amendments		
<b>CCB-18-0221 - Based on Consideration Value</b>		
	<b>Transfer Tax</b>	<b>Recordation tax</b>
Consideration Value	\$1,000,000	\$1,000,000
Surcharge	0.60%	0.15%
Revenues to AHTF	\$6,000	\$1,500
<b>CCB-19-0330 - Based on Collected Taxes</b>		
	<b>Transfer Tax</b>	<b>Recordation tax</b>
Consideration Value	\$1,000,000	\$1,000,000
Amount Collected	\$15,000	\$10,000
Proposed Surcharge	40.0%	15.0%
Revenues to AHTF	\$6,000	\$1,500

*F*





**Fiscal Analysis**

The proposed amendments do not change Finance's position regarding the estimated revenue raised or the surcharge. These impacts were explained in our bill response to CCB-18-0221, and there is no additional fiscal impact from this legislation.

**Conclusion**

The Finance Department supports the passage of this legislation.

cc: Henry Raymond  
Jeff Amoros







**MEMORANDUM**

**DATE:** February 8, 2019  
**TO:** Taxation, Finance and Economic Development Committee  
**FROM:** William H. Cole, President and CEO  
**POSITION:** Support  
**SUBJECT:** City Council Bill No. 19-0330 - Yield Excise Tax – Tax Rates

**INTRODUCTION**

The Baltimore Development Corporation (BDC) is reporting on City Council Bill Yield Excise Tax – Tax Rates (19-0330), introduced by the Council President.

**PURPOSE**

This change in ordinance will amend the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from the transactions for which recordation and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

**BRIEF HISTORY**

This bill is to correct the tax rates associated with the funding of the City’s Affordable Housing Trust Fund.

**FISCAL IMPACT**

As a result of this corrective bill, the City will utilize a portion of the tax revenues collected from the recordation and the transfer tax on properties with a sale value exceeding \$1 million used to fund the City’s Affordable Housing Trust Fund. These changes would take effect on the date this bill is enacted.

**AGENCY POSITION**

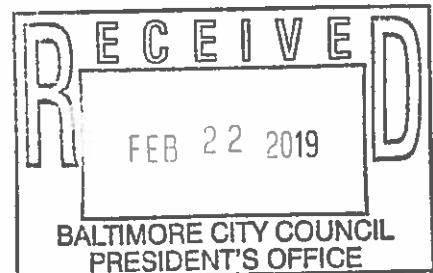
The Baltimore Development Corporation supports City Council Bill Yield Excise Tax – Tax Rates (19-0330).

If you have any questions, please do not hesitate to contact Kim Clark at 410-837-9305 or at [kclark@baltimoredevelopment.com](mailto:kclark@baltimoredevelopment.com).


cc: Jeffrey Amoros

[MK]

F





<b>FROM</b>	NAME & TITLE	Laurie Feinberg, Acting Director	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 <sup>TH</sup> FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #19-0330 / YIELD EXCISE TAX - TAX RATES		

DATE:

**TO**

The Honorable President and  
Members of the City Council  
City Hall, Room 400  
100 North Holliday Street

February 8, 2019

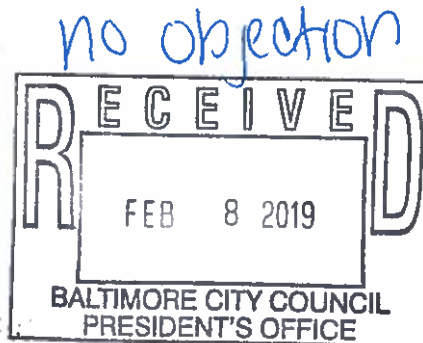
The Department of Planning is in receipt of City Council Bill #19-0330, which is for the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

The Department of Planning has no objection to City Council Bill #19-0330, and defers to the Department of Finance.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

LRF/ewt

- cc: Mr. Pete Hammen, Chief Operating Officer  
Mr. Jim Smith, Chief of Strategic Alliances  
Ms. Karen Stokes, Mayor's Office  
Mr. Colin Tarbert, Mayor's Office  
Mr. Jeff Amoros, Mayor's Office  
The Honorable Edward Reisinger, Council Rep. to Planning Commission  
Mr. William H. Cole IV, BDC  
Mr. Derek Baumgardner, BMZA  
Mr. Geoffrey Veale, Zoning Administration  
Ms. Sharon Daboin, DHCD  
Mr. Tyrell Dixon, DCHD  
Ms. Elena DiPietro, Law Dept.  
Mr. Francis Burnszynski, PABC  
Mr. Michael Castagnola, DOT  
Ms. Natawna Austin, Council Services  
Mr. Ervin Bishop, Council Services







# City of Baltimore

City Council  
City Hall, Room 408  
100 North Holliday Street  
Baltimore, Maryland  
21202

## Meeting Minutes - Final

### Taxation, Finance and Economic Development Committee

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Thursday, February 28, 2019

10:10 AM

Du Burns Council Chamber, 4th floor, City Hall

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19-0330

#### **CALL TO ORDER**

#### **INTRODUCTIONS**

#### **ATTENDANCE**

Present 5 - Member Sharon Green Middleton, Member Leon F. Pinkett III, Member Eric T. Costello, Member Edward Reisinger, and Member Robert Stokes Sr.

#### **ITEMS SCHEDULED FOR PUBLIC HEARING**

##### 19-0330

##### **Yield Excise Tax - Tax Rates**

For the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

**Sponsors:** City Council President (Administration)

A motion was made by Member Stokes, Sr., seconded by Member Pinkett, III, that bill 19-0330 be Recommended Favorably to the Taxation, Finance and Economic Development Committee. The motion carried by the following vote:

Yes: 5 - Member Middleton, Member Pinkett III, Member Costello, Member Reisinger, and Member Stokes Sr.

#### **ADJOURNMENT**





**HEARING NOTES**

**Bill: 19-0330**

**Yield Excise Tax – Tax Rates**

**Committee:** Taxation, Finance and Economic Development

**Chaired By:** Councilmember Sharon Green-Middleton

**Hearing Date:** February 28, 2019

**Time (Beginning):** 10:16 a.m.

**Time (Ending):** 10:34 a.m.

**Location:** Clarence "Du" Burns Chambers

**Total Attendance:** Approximately 25 – 30

**Committee Members in Attendance:**

Sharon Green Middleton

Leon Pinkett

Eric Costello

Edward Reisinger

Robert Stokes

<b>Bill Synopsis in the file?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Attendance sheet in the file?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Agency reports read?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Hearing televised or audio-digitally recorded?</b> .....	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Certification of advertising/posting notices in the file?</b> .....	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
<b>Evidence of notification to property owners?</b> .....	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
<b>Final vote taken at this hearing?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Motioned by:</b> .....	Councilmember Stokes		
<b>Seconded by:</b> .....	Councilmember Pinkett		
<b>Final Vote:</b> .....	Favorable		

**Major Speakers**

*(This is not an attendance record.)*

- Elena DePietro, Law Department
- Eric Tiso, Department of Planning
- Matthew Kachura, Baltimore Development Corporation
- Tyrell Dixon, Department of Housing and Community Development
- Pedro Aponte, Department of Finance

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**Major Issues Discussed**

1. Councilwoman Middleton read the bill into the record and introduced committee members.
2. Eleana DiPietro – Read agency report into the record.
3. Eric Tiso – Read agency report into the record.
4. Matthew Kachura– Read agency report into the record.
5. Pedro Aponte – Read agency report into the record. He explained that this would be a technical adjustment to bill 18-0221 which will generate the appropriate money to fund the Affordable Housing Trust Fund.
6. Tyrell Dixon – Read agency report into the record.
7. Councilmembers on the committee asked questions of the Department of Finance.
8. There were approximately 6 people that testified.
9. Councilwoman Middleton made a motion that the bill be moved favorably. It was moved by Stokes and seconded by Pinkett.
10. Approximately 25 -30 people were in attendance.
11. This hearing was adjourned, the final bill will be presented at the March 11, 2019 City Council meeting.

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**Further Study**

Was further study requested?

Yes  No

If yes, describe. N/A

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**Committee Vote:**

S. Middleton: ..... Yea  
L. Pinkett: ..... Yea  
E. Costello: ..... Yea  
E. Reisinger: ..... Yea  
R. Stokes:..... Yea

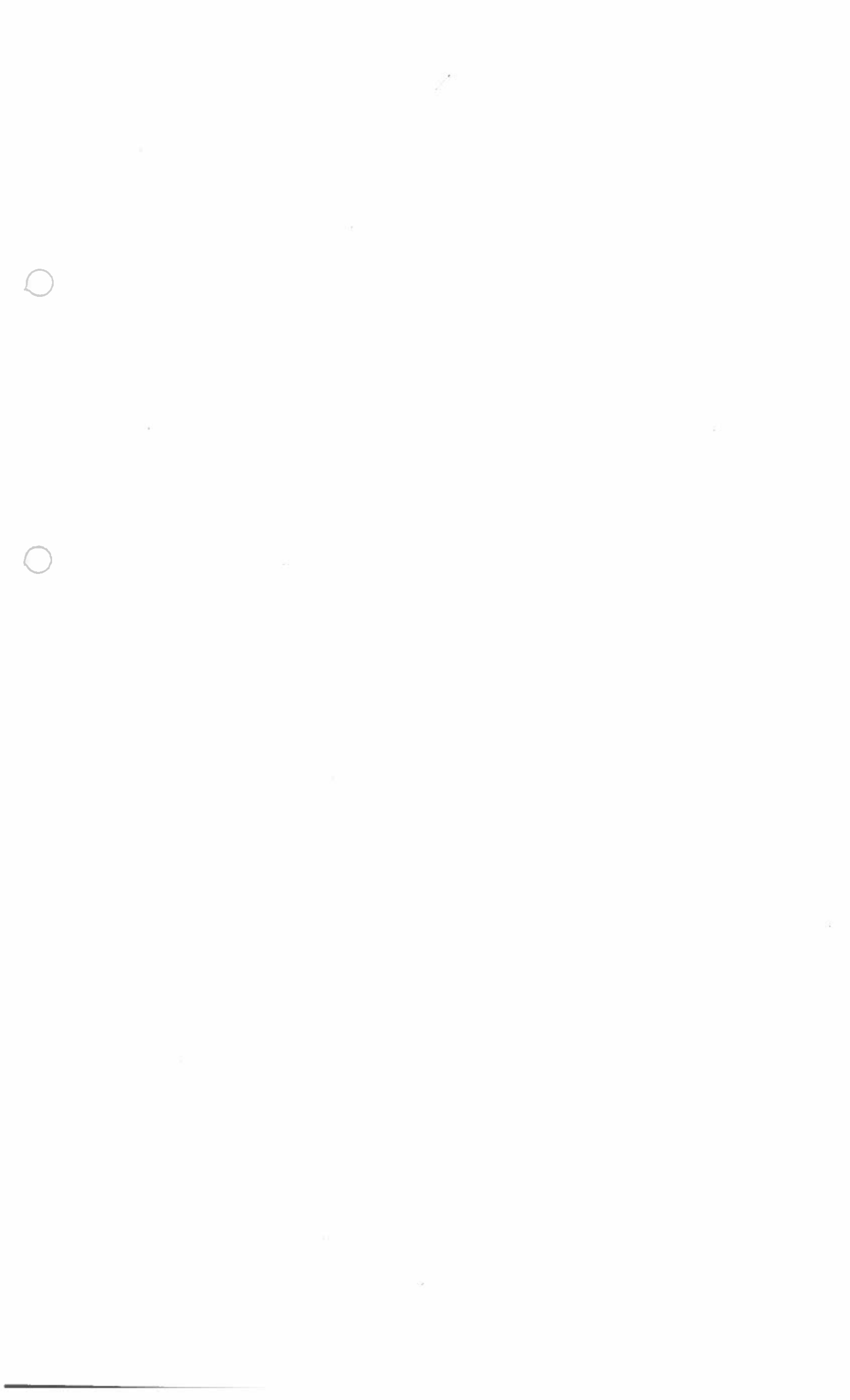
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Samuel Johnson , Committee Staff  
(410) 396-1091  
cc: Bill File  
OCS Chrono File

Date: February 28, 2019







**TESTIMONY IN SUPPORT OF**

**COUNCIL BILL 19-0330**

**YIELD EXISE TAX – TAX RATES**

**TAXATION, FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE**

**THURSDAY, FEBRUARY 28, 2019**



*Health Care for the Homeless works to prevent and end homelessness for vulnerable individuals and families by providing quality, integrated health care, and promoting access to affordable housing and sustainable incomes through direct service, advocacy and community engagement. We deliver comprehensive medical care, mental health and addiction treatment, case management, dental care and housing services to over 10,000 Maryland residents annually.*

Health Care for the Homeless is in strong support of CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, which was passed by the City Council, signed by the Mayor in December, and became effective in early-January. Due to a significant, but technical, drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The City's Finance Department estimated that the Fund the Trust Act would generate \$13 million in revenue each year for the Affordable Housing Trust Fund; by these estimates and averages, the Affordable Housing Trust Fund potentially lost over \$1.7 million in revenue since the effective date of the Fund the Trust Act in January and February's hearing. These were valuable funds needed to provide additional housing units and supportive services for our most vulnerable Baltimoreans. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act. Below is our original testimony in support of the original intent of the Fund the Trust Act, CB-0221.

For over 35 years, we have seen the devastating impact that homelessness and the pervasive lack of affordable housing has had on individuals, families and the community at large. Since 2005, we have partnered with the City on initiatives to house its most vulnerable residents and provide them with supportive services they need to stay housed. The need, however, has always greatly exceeded available resources. Additional housing units and support through the Trust Fund will yield great benefits to the community.

- **Housing is health care.** Individuals experiencing homelessness have greater rates of acute and chronic illnesses and higher instances of mental health and substance use disorders than their housed counterparts. However, when these same individuals gain housing, they engage in treatment and recovery, improve their health, and increase their stability.
- **Housing is cost-effective.** Myriad studies nationally have shown that stable housing reduces the costs associated with frequent emergency department usage and inpatient hospitalizations, interactions with the criminal justice system, and contacts with police and emergency services personnel.

**Everyone deserves to go home.**

- **Housing is a human right.** No one benefits from homelessness, and we have a moral obligation to provide for those who are most vulnerable in our community. The additional housing units funded through the Trust Fund can help end homelessness and housing instability for over 4,000 households, and prevent eviction for 4,600 additional families.

In the absence of strong federal leadership and action to address the nation's housing crisis, we increasingly need our local communities to respond to these critical needs. The funding generated from the Affordable Housing Trust Fund will make a tangible contribution to preventing and ending homelessness in Baltimore City. We strongly urge the committee to issue a favorable report on CB 19-0330.

**-Remington Housing Workgroup-**

**CB 19-0330**

**Yield Excise Tax – Tax Rates**

**Position: Support**

Hearing of the Taxation, Finance, and Economic Development Committee  
February 23, 2019

Dear Vice President Middleton and Members of the Committee:

The Remington Housing Workgroup strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, that was passed by the City Council, signed by the Mayor on December 12, 2018, and became effective on January 11, 2019. Due to a significant-but-technical drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

We have attached our original testimony in support of the Fund the Trust Act to further explain our support for this bill.

We ask that you issue a favorable report on CB 19-0330,  
Ryan Flanigan  
Remington Housing Workgroup  
[RemingtonHousing@gmail.com](mailto:RemingtonHousing@gmail.com)

**-Remington Housing Workgroup-**

**CB 19-0330**

**Yield Excise Tax – Tax Rates**

**Position: Support**

Good morning Committee Members thank you for the opportunity to testify,

On behalf of the **Remington Housing Workgroup** I urge you to support this legislation, CB 19-0330, so that we can FULLY fund the Affordable Housing Trust Fund.

Remington is seen as a success story for neighborhood development. Over the last decade, vacancy has been reduced to almost zero, housing prices are rising and new amenities fill the community. While these facts are indisputably true they do not tell the whole story. We know from successful cities all over the country that the same forces that bring new amenities also bring rising rents and higher property taxes. Low income and long term residents who want to stay are being displaced everyday, whether they are renters or homeowners. Through data we analyzed ourselves we know that home sale prices have risen an average of \$15,000 a year for the last 6 years. This increase puts pressure on landlords to sell and raise rents leading to fewer affordable housing options in Remington or the surrounding communities. The displaced residents are forced to move far away from the family, friends, doctors, and places of worship they've known for so long. As well these higher prices mean we won't see new low income residents move to Remington who could take advantage of an improving neighborhood.

Faced with this situation neighbors new and old, rich and poor, have come together looking for long term solutions that don't just house folks now but will ensure Remington is a multi-class community for generations to come. We found that solution in Community Land Trusts and are working with other neighborhoods and organizations to bring this permanently affordable community controlled housing to Baltimore.

After all the work we've done to address displacement and fund the Affordable Housing Trust Fund to find out about the error in the original bill's text is heartbreaking and infuriating. So we urge you to support the corrective bill you're considering today.

Utilizing the Affordable Housing Trust Fund, we will be able to bridge the gap between folk's income and the price of housing, putting them in an affordable home that will be affordable at the next sale and at every sale after that. So that all neighbors benefit from the investments in their community we must implement this community led strategy for development without displacement.

Thank You.



**PublicJusticeCenter**  
1 North Charles Street, Suite 200  
Baltimore, Maryland 21201

**C. Matthew Hill, Esq.**  
**410-625-9409, ext. 229**  
**[hillm@publicjustice.org](mailto:hillm@publicjustice.org)**

**CB 19-0330**  
**Yield Excise Tax – Tax Rates**  
**Hearing of the Taxation, Finance, and Economic Dev. Committee, February 28, 2019**

**SUPPORT**

Dear Madame Chair and Members of the Committee:

The Public Justice Center strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, that was passed by the City Council, signed by the Mayor on December 12, 2018, and became effective on January 11, 2019. Due to a significant-but-technical drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

The need for quick action on this legislation is urgent. We understand that the Finance Department will be providing testimony about the actual revenue lost to the Trust Fund from this error. However, just by averaging \$13 million over 365 days, the Affordable Housing Trust Fund loses approximately \$35,616 each day that passage of the bill is delayed. **Based on this average, over the 48 days between the effective date of the bill (Jan. 11) to this hearing (Feb. 28), the Affordable Housing Trust Fund may have already lost \$1,709,589.**

**Please issue a FAVORABLE REPORT on CB 19-0330.** If you have any questions, please contact Matt Hill, Attorney, Public Justice Center, at 410-625-9409 or [hillm@publicjustice.org](mailto:hillm@publicjustice.org)





**PublicJusticeCenter**  
1 North Charles Street, Suite 200  
Baltimore, Maryland 21201

**C. Matthew Hill, Esq.**  
410-625-9409, ext. 229  
[hillm@publicjustice.org](mailto:hillm@publicjustice.org)

**CB 18-0221**  
**Recordation and Transfer Taxes – Surtax –**  
**Dedicating Surtax Proceeds to Affordable Housing Trust Fund**  
**Hearing of the Taxation, Finance, and Economic Dev. Committee, September 27, 2018**

**SUPPORT WITH AMENDMENTS**

Dear Madame Chair and Members of the Committee:

The Public Justice Center (PJC) supports CB 18-0221, known as the “Fund the Trust Act,” with the amendments supported by the bill sponsor, Councilman Bullock, and the Administration. The need for this legislation has never been more urgent: Each year, over 70,000 eviction judgments for failure to pay rent are entered against Baltimore City residents. In a City with approximately 110,000 renter households, that is an incredible number. The PJC advises or represents over 600 of those families every year trying to avoid eviction. In addition to housing that is unaffordable, PJC clients often confront landlords who attempt to charge excessive fees at every turn while refusing to repair conditions at the property that threaten the life, health or safety of the occupants.

The Fund the Trust Act will help address this fundamental human rights deprivation by creating and preserving housing opportunities that are affordable, habitable, fair and accessible. The bill, with amendments, is projected to generate average revenue of \$13 million per year. Together with the commitment of the Administration to additional revenue as part of the capital budget or other sources, the legislation and agreement will result in a Trust Fund that is projected ultimately to take in average annual revenues of \$20 million. Over 10 years, the Housing For All Coalition estimates that those funds could:

- Create or preserve over 4,000 affordable housing opportunities;
- Prevent eviction and homelessness for over 4,600 families;
- Rehabilitate over 1,600 vacant properties;
- Repair or modify over 1,000 homes for senior homeowners and disabled persons;
- Provide mobility and housing counseling to over 6,000 families; and
- Employ 8,500 construction workers.

While Baltimore City’s 2.5% local transfer and recordation rate – 3% total when including the State’s 0.5% fee – is slightly higher than other jurisdictions. It is still lower than many of our Mid-Atlantic peers:





Baltimore City	3.0%
Philadelphia	4.1%
Pittsburgh	4.5% (5% in 2020)
Washington, D.C.	2.9% (on transactions over \$400,000)
Wilmington	4%

Even with the Fund the Trust Act implemented, the City's total effective transfer and recordation rate only for properties values at over \$1,000,000 will be 3.75%, which is still below Philadelphia, Pittsburgh and Wilmington. There is no credible policy research suggesting that this kind of excise tax will decrease real property transaction volumes or result increased rents.<sup>1</sup> The Maryland Center for Economic Policy estimates that real property transactions involving non-residential properties and residential properties of 20 or more units that would be subject to this bill if the transaction is valued at more than \$1,000,000, only transfer ownership an average of once every 20 years.

We want to thank the Council for their co-sponsorship and support for this bill when it was introduced. The Housing For All Coalition behind this bill has already agreed to significant compromises to get this legislation moving and would strongly oppose any last-minute, additional amendments that would weaken the bill further.

**Please issue a FAVORABLE REPORT WITH AMENDMENTS on CB 18-0221.** If you have any questions, please contact Matt Hill, Attorney, Public Justice Center, at 410-625-9409 or [hillm@publicjustice.org](mailto:hillm@publicjustice.org)

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<sup>1</sup> See Slemrod et al., *The Behavioral Response to Housing Transfer Taxes: Evidence from a Notched Change in D.C. Policy*, 3 (Apr. 2016); Sturtevant, Lisa, *Separating Fact from Fiction to Design Effective Inclusionary Housing Programs*, 5 (May 2016).





# HOMELESS PERSONS REPRESENTATION PROJECT, INC.

201 North Charles Street, Suite 1104, Baltimore, Maryland 21201 (Headquarters)

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**CB 19-0330**

**Yield Excise Tax – Tax Rates**

**Position: Support**

Hearing of the Taxation, Finance, and Economic Development Committee  
February 28, 2019

Dear Vice President Middleton and Members of the Committee:

Homeless Persons Representation Project (HPRP) strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221. CB 18-0221 passed the City Council, was signed by the Mayor on December 12, 2018, and became effective on January 11, 2019. Due to a significant-but-technical drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department previously estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

Attached is HPRP's original testimony in support of the Fund the Trust Act to further explain our support for this bill.

HPRP asks that you issue a favorable report on CB 19-0330.

Sincerely,

Antonia K. Fasanelli  
Executive Director

**CB 18-0221 "Fund the Trust Act"**

Homeless Persons Representation Project, Inc.

Taxation, Finance and Economic Development Committee, September 27, 2018

*Homeless Persons Representation Project, Inc. (HPRP) is a non-profit legal services provider that provides free legal representation to people who are homeless or at risk of homelessness and advocates for public policy that will end homelessness.*

**HPRP SUPPORTS CB 18-0221**

Baltimore, like many cities across the nation, is experiencing an affordable housing crisis. One need only look as far as the 75,000 households who applied to be added to the federal housing choice voucher waiting list to see that families, predominately low-income families from communities of color, are being bled dry by rapidly rising housing prices that puts them in danger of having nowhere to live at all.<sup>1</sup> The creation and funding of this Affordable Housing Trust Fund will not only spur the development of affordable housing units to counteract the effects of this crisis, but will also signal that the City of Baltimore is committed to ending homelessness.

The lack of affordable housing in Baltimore City means that for most low-income individuals, access to housing is tenuous at best, leading many to continuously cycle in and out of homelessness. In a 2017 point-in-time survey of Maryland's homeless population, Baltimore City was found to have 2,669 residents experiencing homelessness, amounting to forty one percent of the state's total population of people experiencing homelessness.<sup>2</sup> In addition, there were over 500 unaccompanied youth under the age of 25 that reported sleeping on the street in Baltimore City last year.<sup>3</sup> These numbers pale in comparison to the number of low-income individuals that struggle to pay for housing each month. Fifty five percent of Baltimore renters pay more than thirty percent of their household income on rent, and up to 70,000 eviction notices are sent out in Baltimore City every year.<sup>4</sup> These numbers underscore what HPRP sees as it works with low income clients: the number of homeless and low-income families exceed the number of affordable housing units available.

HPRP was ecstatic to hear that Baltimore City voters decided to follow the lead of over 300 cities, counties and states across the nation by establishing an Affordable Housing Trust Fund.<sup>5</sup> Cities with dedicated funding for their trusts have seen an increase in their affordable housing stock and a boost in employment numbers. San Diego's Housing Trust Fund, which was established with dedicated funding in 1990, has facilitated the construction of 4,000 affordable housing units since its creation.<sup>6</sup> The Philadelphia trust fund, which also collects dedicated revenue from real estate transactions, has assisted more than 27,000 households in its first 10 years, facilitating the construction of new units, the rehabilitation of existing units as well as weatherization and renovation assistance for low income households.<sup>7</sup> Hopefully, through the establishment of dedicated funding for Baltimore's own Affordable Housing Trust Fund, Baltimore can see similar successes and begin erasing the legacy of under-investment in affordable housing and homelessness.

**We strongly urge the Committee to vote in favor of CB 18-0221.**

<sup>1</sup> <http://www.baltimoresun.com/news/maryland/baltimore-city/bs-md-ci-voucher-wait-list-20170112-story.html>

<sup>2</sup> <https://dhcd.maryland.gov/HomelessServices/Documents/MD%20PIT%202017%20Analysis%20by%20CoC.pdf>

<sup>3</sup> <http://www.youthreachmd.com/content/wp-content/uploads/2018/02/YRMD-2017-Report-Final-2.pdf>

<sup>4</sup> <http://www.baltimoresun.com/news/opinion/editorial/bs-ed-eviction-20170508-story.html>

<sup>5</sup> [http://housingtrustfundproject.org/wp-content/uploads/2016/10/HTF\\_Survey-Report-2016-final.pdf](http://housingtrustfundproject.org/wp-content/uploads/2016/10/HTF_Survey-Report-2016-final.pdf)

<sup>6</sup> Id.

<sup>7</sup> [http://www.phillytrib.com/news/philadelphia-housing-trust-fund-marks-th-anniversary/article\\_5afbb5cb-a988-5e1c-8039-c428dff4f787.html](http://www.phillytrib.com/news/philadelphia-housing-trust-fund-marks-th-anniversary/article_5afbb5cb-a988-5e1c-8039-c428dff4f787.html)



# Damien Haussling

1533 Barclay St. Baltimore, MD 21202 • dhaussling@gmail.com • (443) 803-2598

## Testimony before City Council Tax and Finance Committee CB 19-0330 SUPPORT

My name is Damien Haussling and I am here today to ask that you vote in the affirmative for Council Bill 19-0330. This bill would correct the original Affordable Housing Trust Fund funding legislation that we all agreed to.

Nearly two decades ago, a family tragedy led to homeless that did not end up resolving itself until many years of struggling to find my footing back into the housing market. My wife and her mother were killed by a drunk driver and while I took time off afterwards to grieve, I lost my housing when an additional financial emergency occurred. Had I been in housing at the time that was more affordable for my income level at the time, homelessness would not have arrived and I might be teaching college level mathematics right now. Too many of our fellow citizens' full potential go unrealized because they struggle to meet their basic needs. Few are born in situations that allow them to pursue professional goals with ease and inability to be safely and affordably housed is a major cause to failure to realize those goals.

Here in Baltimore, we found nearly 3,000 people experiencing homelessness during a particular night in January 2017, the last published results from the federally mandated count. Of course, this census represents an undercount, excluding persons who are doubled and tripled up and otherwise unstably housed. These folks cannot work to their full potential because they have no safe regular place to recover and relax to be successful as we all like. Too many times when we talk about "affordable housing", we are talking about housing for those of us who are, yes, struggling, but those who already have enough for basic everyday needs and are not generally worried about where they and their families will be sleeping the next night.

Although this historic agreement will not solve the entirety of the affordable housing crisis in Baltimore City, it is one giant step forward and one we urgently need. For all these reasons, I **urge a favorable vote and report.**





*Bringing people together to build  
homes, communities & hope*

**CB 19-0330**

**Yield Excise Tax – Tax Rates**

**Position: Support**

Hearing of the Taxation, Finance, and Economic Development Committee  
February 25, 2019

Dear Vice President Middleton and Members of the Committee:

Habitat for Humanity of the Chesapeake strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, that was passed by the City Council, signed by the Mayor on December 12, 2018, and became effective on January 11, 2019.

Due to a drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

We have attached our original testimony in support of the Fund the Trust Act to further explain our support for this bill.

We ask that you issue a favorable report on CB 19-0330.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Posko".

Mike Posko  
Chief Executive Officer







*Bringing people together to build homes, communities & hope*

September 26, 2018

The Honorable Sharon Middleton  
Chair, Taxation, Finance and Economic Development Committee  
Baltimore City Council  
100 N. Holiday Street, Suite 500  
Baltimore, MD 21202

Re: Council Bill 18-0221 as amended

Dear Chairwoman Middleton and members of the Taxation, Finance and Economic Development Committee:

Habitat for Humanity of the Chesapeake has been delighted to see the progress made in securing a funding source for the Affordable Housing Trust Fund as devised in the amended Council Bill 18-0221. We share the sense of urgency that prompted the bill to fund the trust and applaud all of the efforts that have been made to prioritize affordable housing and seek a sustainable funding source in Baltimore.

We are writing to urge your favorable vote in support of Council Bill 18-0221 with the amendments proposed by the Housing for All Coalition, Mayor's Office and Council President's office.

To provide some background for our support, Habitat Chesapeake has been offering affordable homeownership opportunities in Baltimore for more than 36 years. During this time, we have built 750 homes across Central Maryland and helped more than 2,500 children and family members find safety, stability and a chance for a brighter future. By far, the greatest concentration of our work – more than 600 homes and 2,000 family members – are located in Baltimore City.

The families that Habitat Chesapeake serves earn 30 – 80% of area median income and are screened for a variety of factors, including credit worthiness, debt-to-income ratio and employment history among others. All Habitat homeowners commit to a modest down payment and 250 hours of "sweat equity" hours building their homes and others, while receiving homebuyer education, financial coaching and ultimately a zero-percent interest mortgage with monthly payments less than 30% of the homebuyer's monthly income. This model ensures that buyers are not housing cost burdened and have a true opportunity for financial stability and wealth-building across generations.

As we help individual families, we are also helping to revitalize neighborhoods. Our homes bring tangible, visible investment to communities like Sandtown, Pigtown, Woodbourne-McCabe and others. Thanks to our staff, thousands of volunteers and our HabiCorps workforce development trainees, entire blocks have come alive. Long-vacant homes have been transformed from shells to beautiful, healthy homes filled with engaged, long-term residents. Additionally, Habitat Chesapeake works with community associations, residents, faith-based organizations, fellow nonprofits and other stakeholders in each community to address quality of life improvements, such as upgrades to green space, speed bumps to slow traffic and enhanced street lighting.



In short, Habitat Chesapeake's work is directly related to The Affordable Housing Trust Fund. While we are clear that the precise use of funds remains to be determined by the Affordable Housing Trust Fund Commission, we see a number of ways that the funds could be put to use. For example, funding from this legislation could enable us to construct dozens of new homes for families who might otherwise be excluded from the dream of homeownership. Or, it could serve as a revolving construction fund, fast-tracking development as we await reimburseable grant awards. Funds could support some of the critical repair work that Habitat Chesapeake must do on homes adjoining vacants. Or, funds could support much-needed infrastructure work, such as sidewalks and street repairs on blocks where we are constructing new homes to diversify the neighborhood's housing mix.

However the Fund is utilized, we are firmly convinced of its necessity and of the need for a wide spectrum of solutions – from homeownership to rental – to the affordable housing crisis. Housing costs will only continue to rise as Baltimore sees more and more D.C. transplants and interest related to high-speed rail systems. Without this fund and other initiatives, many Baltimore families will be at risk of displacement and homelessness.

Please vote in favor of this important legislation.

Sincerely,



Mike Posko  
CEO  
Habitat for Humanity of the Chesapeake



2640 St. Paul St.  
Baltimore, MD 21218  
c/o United Workers  
410-230-1998  
contact  
[amanda@unitedworkers.org](mailto:amanda@unitedworkers.org)



**CB 19-0330**  
**Yield Excise Tax – Tax Rates**

**Position: SUPPORT**

Hearing of the Taxation, Finance, and Economic Development Committee  
February 28, 2019

Dear Vice President Middleton and Members of the Committee:

The Baltimore Housing Roundtable (BHR) strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, that was passed by the City Council, signed by the Mayor on December 12, 2018, and became effective on January 11, 2019. Due to a significant-but-technical drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

The need for quick action on this legislation is urgent. We understand that the Finance Department will be providing testimony about the actual revenue lost to the Trust Fund from this error. However, just by averaging \$13 million over 365 days, the Affordable Housing Trust Fund loses approximately \$35,616 each day that passage of the bill is delayed. **Based on this average, over the 48 days between the effective date of the bill (Jan. 11) to this hearing (Feb. 28), the Affordable Housing Trust Fund may have already lost \$1,709,589.**

If \$50,000 from the Fund can provide a long-term subsidy to make a home affordable to a family of four earning less than 50% of Area Median Income (appx. \$45,000), this error may have cost 34 Baltimore families the opportunity to live in the safe, affordable, habitable housing that is foundational to economic security. With over 72,000 households in Baltimore City earning less than 50% of AMI and living in “unaffordable” housing (paying more than 30% of income for housing), the need has never been more urgent. The greatest need is for families earning less than 30% of AMI



(\$27,000 for a family of 4), and at least 50% of Trust Fund revenue must be used to assist families at or below 30% AMI.<sup>1</sup>

We have attached our original testimony on the Fund the Trust Act to this testimony to further explain our support.

We strongly urge you to issue a **FAVORABLE REPORT ON CB 19-0330** and to move as quickly as possible to approve this key legislation on second reader.

C. Matthew Hill, Attorney  
Public Justice Center  
Baltimore Housing Roundtable Coordinating Committee member  
Phone: (410) 625-9409, ext. 229  
[hillm@publicjustice.org](mailto:hillm@publicjustice.org)

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<sup>1</sup> Baltimore City Consolidated Plan 2015-2020, <http://static.baltimorehousing.org/pdf/DraftBaltimoreCityConsolidatedPlan2015-2020.pdf>





2640 St. Paul St.  
Baltimore, MD 21218  
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410-230-1998  
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**CB 18-0221**  
**The Fund the Trust Act**

**Position: SUPPORT WITH AMENDMENTS**

Hearing of the Taxation, Finance, and Economic Development Committee  
September 27, 2018

Dear Vice President Middleton and Members of the Committee:

The Baltimore Housing Roundtable (BHR) strongly supports CB 18-0221, the Fund the Trust Act, with the amendments offered by the Administration and supported by Councilman Bullock. The Baltimore Housing Roundtable is a collaborative of organizations and individuals dedicated to implementing a new vision for housing and community development in which development resources prioritize human rights through permanently affordable housing, living wage jobs and neighborhood-driven development.

The status quo in which the public continues to subsidize Wall Street development while residents do not have living-wage jobs, affordable housing, and good schools is not sustainable. Development must include all members of our society, not only those wealthy enough to afford it. Non-profit, resident-led community development organizations ensure that all members of our society are included in development.

BHR has helped support and sustain a movement of nascent community land trusts (CLTs) in Baltimore that should be the backbone for resident-led development that does not displace current residents through the creation of permanently affordable homeownership and rental housing opportunities. In the homeownership model, the CLT continues to own the land while leasing the building to the homeowner with a 99-year, renewable lease. The homeowner takes out a mortgage and builds wealth by paying down the principal on the loan. The community retains control to ensure that the property is resold to a new homeowner who is income-qualified and meets other community priorities. The research is clear that CLTs are a more sustainable, supported means of homeownership for low-income families than traditional homeownership. Several studies have shown that roughly 50% of all first-time, low-income

homebuyers revert to rental housing within five years of buying a CLT home. By contrast, within five years of buying a CLT home, nearly 90% of low-income, first-time CLT buyers remained in their CLT homes or had purchased another home with help from the equity built in the CLT home.<sup>1</sup>

A fully funded Trust Fund would empower CLTs and others to put this kind of equitable development into action by empowering communities and supporting development of quality, affordable housing as part of broader neighborhood redevelopment plans. Baltimore's neighborhoods are often left out of the tax and zoning breaks that benefit larger developments. The Fund the Trust Act would help direct critical investment toward neighborhood development for Baltimore residents. The excise tax would generate approximately \$13 million annually for the Trust Fund. The Mayor has agreed to allocate additional funding to the Trust Fund starting with \$2 million in FY 2020, rising to \$7 million in FY 2023.

The impact of this kind of historic funding for neighborhood-based development is tremendous. As the attached impact graphic explains, \$20 million/year over 10 years could:

- Create or preserve over 4,000 housing opportunities
- Rehabilitate over 1,600 vacant properties
- Prevent eviction and homelessness for 4,600 households
- Repair or modify 1,000 homes for senior citizens
- Provide mobility or housing counseling to over 6,000 families
- Employ over 8,500 construction workers
- Supporting the operations of 6 community land trusts

We also want to address one criticism of this proposal: that there is no “plan” to spend these funds. Nothing could be further from the truth. There are a number of recent studies, plans and reports about housing and community development in Baltimore City and the region. These studies analyze needs, identify spending priorities, or make recommendations regarding best practices. All of these studies identify the lack of funding that will become available under the Fund the Trust Act as a major impediment to more equitable development. These studies include:

- The City has a detailed 5-year plan that has been approved by HUD: Baltimore City's Consolidated Housing and Community Development Plan:  
<http://static.baltimorehousing.org/pdf/DraftBaltimoreCityConsolidatedPlan2015-2020.pdf>
- The Baltimore Metropolitan Council has studied the issue of housing and development regionally with numerous private and public actors at the table and come up with a detailed plan and recommendations:  
<https://drive.google.com/file/d/1rgDKTmGCtOqZQu9ooO6NikdPRNumJ7sX/view>

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<sup>1</sup> Rick Jacobus and John Emmeus Davis, *The Asset Building Potential of Shared Equity Homeownership* at 3 (Jan. 2010), <https://cltnetwork.org/wp-content/uploads/2014/01/2010-Asset-Building-Potential-of-Shared-Equity.pdf>

- The Baltimore Housing Roundtable issued its own report and plan:  
[https://d3n8a8pro7vhm.cloudfront.net/unitedworkers/pages/239/attachments/original/1453986068/C\\_L\\_T\\_web.pdf?1453986068](https://d3n8a8pro7vhm.cloudfront.net/unitedworkers/pages/239/attachments/original/1453986068/C_L_T_web.pdf?1453986068)
- Together with regional partners, the City has begun a detailed, updated analysis of fair housing choice in the region and will be publishing an assessment and set of recommendations in the Spring of 2019: <https://sites.google.com/baltometro.org/home/our-work/community-planning/regional-housing-planning>

We strongly urge you to issue a **FAVORABLE REPORT WITH AMENDMENTS ON CB 18-0221.**

C. Matthew Hill, Attorney  
Public Justice Center  
Baltimore Housing Roundtable Coordinating Committee member  
Phone: (410) 625-9409, ext. 229  
[hillm@publicjustice.org](mailto:hillm@publicjustice.org)





**CB 19-0330**

**Yield Excise Tax – Tax Rates**

**Position: Support**

Hearing of the Taxation, Finance, and Economic Development Committee  
February 28, 2019

Dear Vice President Middleton and Members of the Committee:

The Community Development Network of Maryland strongly supports CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, that was passed by the City Council, signed by the Mayor on December 12, 2018, and became effective on January 11, 2019.

Due to a significant-but-technical drafting error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The Finance Department estimated that the Fund the Trust Act would result in revenue of approximately \$13 million each year to the Affordable Housing Trust Fund. Instead, the Act is now producing only approximately 2% of the revenue intended. CB 19-0330 corrects the yield tax to reflect the original intent of the City Council, the Mayor, and the supporters of the Fund the Trust Act.

The shortage of affordable housing in Baltimore is a well-documented and persistent problem that has a devastating impact on low-income individuals and families. People who lack affordable housing suffer personally and professionally. Children struggle in school. We have to do a better job addressing this problem, and the drafting error is making it impossible to accumulate the funds that we need to get started.

We ask that you issue a favorable report on CB 19-0330.

Sincerely,



Odette Ramos, Executive Director





Housing Our Neighbors is a community group comprised of people experiencing homelessness, allies and advocates promoting the human right to housing. We are working to end homelessness in Baltimore City through access to permanent affordable housing for all.

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**Testimony of Housing Our Neighbors**

**Before the Baltimore City Council, Taxation, Finance, and Economic Development Committee  
In support of Council Bill 19-0330, a corrective bill to the Fund the Trust Act (Council Bill 18-0221)**

February 27, 2019

To City Council President Young, Vice President Middleton, and Members of the Committee,

Housing Our Neighbors is a grassroots group of homeless persons, formerly homeless persons, and allies organizing to end homelessness through permanent affordable housing. We believe in a Baltimore where the basic human right to housing is a reality for everyone; all people in Baltimore should have access to decent, affordable, and safe homes.

We strongly support CB 19-0330, a corrective bill to the Fund the Trust Act, CB 18-0221, which was passed by the City Council, signed by the Mayor in December, and became effective in early-January. Due to a significant, but technical, error, the Fund the Trust Act did not produce the outcome that all parties involved in the legislation had intended. The City's Finance Department estimated that the Fund the Trust Act would result in revenue of around \$13 million each year. By that estimation, the Affordable Housing Trust Fund loses over \$35,000 each day until the passage of the corrective bill is delayed, losing over \$1.7 million from the effective bill date in January to this hearing in February. All of that money, lost to the Affordable Housing Trust Fund, is money that could have been used in the fight to address our city's affordable housing crisis. That money could have been used to rehabilitate vacant homes, or create new and affordable homes for those experiencing homelessness. Every day that passes without the passage of the corrective bill means literal thousands of dollars are not being used towards expanding affordable housing opportunities that can be used to end homelessness by housing people.

We are leaders who have experienced homelessness firsthand and who continue to build power among the poor. People with lived experience should be part of the decision-making processes related to homelessness and housing in Baltimore. At Housing Our Neighbors, we believe that the root cause of homelessness is the fundamental lack of affordable housing available; we treat housing as a commodity instead of a human right. This comes at the expense of treating all people with the dignity and respect that they deserve. Shifting this narrative and re-centering these power dynamics starts with building power by giving people affordable housing options. The city has made a commitment to ending homelessness. Funding the Affordable Housing Trust Fund is a large step toward making this commitment a reality.

As stated, many of our members are experiencing homelessness or are formerly homeless. Those of us who are housed would not be so without voucher programs and other





Housing Our Neighbors is a community group comprised of people experiencing homelessness, allies and advocates promoting the human right to housing. We are working to end homelessness in Baltimore City through access to permanent affordable housing for all.

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supportive housing services. We organize to raise community awareness about the realities of homelessness, poverty, and oppression in order to advocate for a better social system that works for all people; that system includes programs and services that protect and empower even the most vulnerable among us. That system should be built to expand affordable housing funding at every opportunity possible.

In 2015, we led a vacant housing survey in McElderry Park to get a better idea of how the housing system in Baltimore fails city residents. In a small block radius, we identified nearly 400 vacant properties that were being sold and transferred to profit companies not invested in Baltimore City or its people. Nearly \$29 million was transferred, with nearly none of that money being reinvested back into the McElderry. Funding the Affordable Housing Trust Fund prioritizes Baltimore City neighborhoods and people by dedicating resources to be used to revitalize and empower long neglected communities like McElderry Park. According to estimates, we can use Affordable Housing Trust Fund funding to rehabilitate over 1,600 vacant properties, repair 1,000 homes, and prevent homelessness for over 4,600 households over a decade. That is a commitment to ending homelessness and housing people.

Housing Our Neighbors will continue to fight for the right to affordable housing through organizing, raising community awareness, and through direct action. We urge you to join us in this fight for social justice and in the fight to ensure housing as a human right. We are many strong; we urge you to **vote favorably on Council Bill 19-0330**, a corrective bill to the Fund the Trust Act, Council Bill 18-0221.



February 28, 2019

The Honorable Sharon Middleton  
Chair, Taxation, Finance and Economic Development Committee  
Baltimore City Council  
100 N. Holiday Street, Suite 500  
Baltimore, MD 21202

Re: Council Bill 19-0330

Dear Chairwoman Middleton and members of the Taxation, Finance and Economic Development Committee,

On behalf of Enterprise Community Partners, I am writing today to urge your favorable vote to support Council bill 19-0330.

For more than 35 years, Enterprise Community Partners' (Enterprise) mission has been to connect families to opportunity, starting with a well-designed, affordable home. Headquartered in Maryland, Enterprise brings impact capital, innovative solutions, and transformative public policy to make thriving communities a reality for individuals and families.

Since 1983, we have invested in Baltimore City over \$830 million and awarded more than \$8 million in grants to produce or preserve over 14,000 affordable homes and nearly two million sq. ft. of commercial and community space.

Enterprise has been a leader in *The Journey Home*, Baltimore City's plan to make homelessness rare and brief, and has been a partner with the University of Baltimore on a Faith-Based Development Certificate program that has trained a dozen houses of worship in Baltimore on revitalizing their underutilized property into affordable homes and community facilities.

The need for a Baltimore housing trust fund is well-documented, as is the tool as a best practice nationally and in many cities and counties across our larger region.

In our work here in Maryland, and through similar efforts in the Mid-Atlantic and across the nation, we have seen the fundamental, positive impact of local trust funds in preserving and creating opportunity through housing affordability.

We know that local trust funds can help existing housing partners expand their balance sheet to deliver more projects. In our experience, a predictable, meaningful source of local trust funds will attract qualified, mission-minded development partners to compete for projects and capital to support the city's vision in housing. We have seen this repeatedly in similar localities – with level of interest increasing soon after the funds are underway. The level of interest increases as providers learn more about the process and how they can be most competitive in requesting support to help produce good projects in each marketplace.

**ENTERPRISE COMMUNITY PARTNERS, INC.**

875 Hollins Street ■ Suite 200 ■ Baltimore, MD 21201 ■ 410.332.7400 ■ [www.EnterpriseCommunity.org](http://www.EnterpriseCommunity.org)





Knowing the great need for a diverse array of projects in many neighborhoods across Baltimore, it is essential to have a good range of quality partners to add to the city's capacity to produce quality results. Baltimore should also benefit from those partners' abilities to leverage city investment with their own diverse streams of leveraged private capital and resources to produce quality housing for residents.

At Enterprise, we have worked with local governments in many ways to support effective deployment of local trust fund dollars to promote thoughtful, responsible processes and evaluation of project applications and proposals. We are very proud that David Bowers, Vice President and Market Leader for Enterprise Mid-Atlantic, has been named to the Affordable Trust Fund Commission to contribute his diverse, long-standing expertise and perspective to support the city in this very important work.

Addressing Baltimore's housing affordability challenges at the scale of need will take many forms, and require bold leadership. It will be important to continue to track changes and levels of need, and to report annually on how the trust fund investments are being used directly to address the challenge. This information will lead all of us to understand what additional actions, from the public and private sector together, can be taken to maximize the benefit of the trust fund and supplement it to reach our goals for all Baltimoreans.

On behalf of everyone on our Mid-Atlantic team, we stand ready to work with you, and many others who support greater housing affordability in the city of Baltimore, to achieve these shared community goals.

Thank you for your consideration of this important legislation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Melissa Bondi", written in a cursive style.

Melissa Bondi

Mid-Atlantic State & Local Policy Director

CC: David Bowers, Vice President & Mid-Atlantic Market Leader

Jessica Sorrell, Program Director



# City of Baltimore

City Council  
City Hall, Room 408  
100 North Holliday Street  
Baltimore, Maryland  
21202

## Meeting Agenda - Final

### Taxation, Finance and Economic Development Committee

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Thursday, February 28, 2019

10:10 AM

Du Burns Council Chamber, 4th floor, City Hall

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19-0330

#### **CALL TO ORDER**

#### **INTRODUCTIONS**

#### **ATTENDANCE**

#### **ITEMS SCHEDULED FOR PUBLIC HEARING**

##### 19-0330

##### Yield Excise Tax - Tax Rates

For the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

##### Sponsors:

City Council President (Administration)

##### Attachments:

[19-0330~1st Reader](#)

[Planning 19-0330](#)

[BDC 19-0330](#)

#### **ADJOURNMENT**

**THIS MEETING IS OPEN TO THE PUBLIC**





**BILL SYNOPSIS**

**Committee: Taxation, Finance and Economic Development**

**Bill 19-0330**

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**Yield Excise Tax – Tax Rates**

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**Sponsor:** *President Young (The Administration)*

**Introduced:** *February 4, 2019*

**Purpose:**

For the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

**Effective:** On the date of enactment

**Hearing Date/Time/Location:** February 28, 2019 / 10:10 a.m. / Clarence "Du" Burns Chamber

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**Agency Reports**

City Solicitor	Favorable
Department of Planning	Favorable
Department of Housing and Community Development	Favorable
Baltimore Development Corporation	Favorable
Department of Finance	Favorable

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## Analysis

### Current Law:

Article 28 - Taxes; Section 16-1, 17-2(a), and 17-3(a); Baltimore City Code; (2000 Edition)

### Background

If enacted, Bill 19-0330 would amend the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, subtitle 16 and 17.

#### Subtitle 17.1. Recordation and Transfer Taxes – Yield Excise Tax

### Current Language:

17.1-2. Transactions assessed; Tax rate.

(b) Tax rate.

The rate of tax shall be as follows:

- (1) 0.15% on the amount collected under Subtitle 16 of this article; and
- (2) 0.6% on the amount collected under Subtitle 17 of this article.

### Amended Language:

17.1-2. Transactions assessed; Tax rate.

(b) Tax rate.

The rate of tax shall be as follows:

- (1) [0.15%] 15% on the amount collected under Subtitle 16 of this article; and
- (2) [0.6%] 40% on the amount collected under Subtitle 17 of this article.

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### Additional Information

**Fiscal Note:** Not Available

**Information Source(s):** Agency Report

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Analysis by: Samuel Johnson  
Analysis Date: February 26, 2019

Direct Inquiries to: (410) 396-1091

**CITY OF BALTIMORE  
COUNCIL BILL 19-0330  
(First Reader)**

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Introduced by: The Council President

At the request of: The Administration (Department of Finance)

Introduced and read first time: February 4, 2019

Assigned to: Taxation, Finance and Economic Development Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Department of Housing and Community Development, Baltimore Development Corporation, Department of Finance, Board of Estimates

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Yield Excise Tax – Tax Rates**

3 FOR the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the  
4 tax yield from transactions for which recordation taxes and transfer taxes are due under City  
5 Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special  
6 effective date.

7 BY repealing and reordaining  
8 Article 28 - Taxes  
9 Section 17.1-2  
10 Baltimore City Code  
11 (As enacted by Ordinance 18-215)

12 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the  
13 Laws of Baltimore City read as follows:

14 **Baltimore City Code**

15 **Article 28. Taxes**

16 **Subtitle 17.1. Recordation and Transfer Taxes – Yield Excise Tax**

17 **§ 17.1-2. Transactions assessed; Tax rate.**

18 (a) *Transactions assessed.*

19 The Yield Tax shall be assessed on those transactions whose value exceeds \$1 million, as  
20 determined by Subtitles 16 and 17 of this article for the purposes of calculating the  
21 recordation and transfer taxes respectively.

EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.

**Council Bill 19-0330**

1 (b) *Tax rate.*

2 The rate of tax shall be as follows:

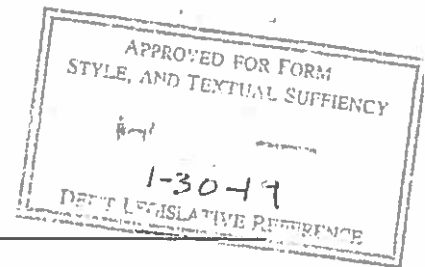
3 (1) [0.15%] 15% on the amount collected under Subtitle 16 of this article; and

4 (2) [0.6%] 40% on the amount collected under Subtitle 17 of this article.

5 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance  
6 are not law and may not be considered to have been enacted as a part of this or any prior  
7 Ordinance.

8 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is  
9 enacted.

**INTRODUCTORY\***  
**CITY OF BALTIMORE**  
**COUNCIL BILL \_\_\_\_\_**



Introduced by: The Council President  
At the request of: The Administration (Department of Finance)

A BILL ENTITLED

AN ORDINANCE concerning

**Yield Excise Tax – Tax Rates**

FOR the purpose of amending the tax rates used to calculate the Yield Excise Tax imposed on the tax yield from transactions for which recordation taxes and transfer taxes are due under City Code Article 28, Subtitle 16 and Subtitle 17, respectively; and providing for a special effective date.

BY repealing and reordaining

Article 28 - Taxes  
Section 17.1-2  
Baltimore City Code  
(As enacted by Ordinance 18-215)

**SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the Laws of Baltimore City read as follows:

**Baltimore City Code**

**Article 28. Taxes**

**Subtitle 17.1. Recordation and Transfer Taxes – Yield Excise Tax**

**§ 17.1-2. Transactions assessed; Tax rate.**

(a) *Transactions assessed.*

The Yield Tax shall be assessed on those transactions whose value exceeds \$1 million, as determined by Subtitles 16 and 17 of this article for the purposes of calculating the recordation and transfer taxes respectively.

(b) *Tax rate.*

The rate of tax shall be as follows:

EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.

\* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.  
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

(1) [0.15%] 15% on the amount collected under Subtitle 16 of this article; and

(2) [0.6%] 40% on the amount collected under Subtitle 17 of this article.

**SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance are not law and may not be considered to have been enacted as a part of this or any prior Ordinance.

**SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is enacted.



**ACTION BY THE CITY COUNCIL**

**FEB 04 2019**  
20

FIRST READING (INTRODUCTION) \_\_\_\_\_

PUBLIC HEARING HELD ON \_\_\_\_\_ 20 \_\_\_\_\_

COMMITTEE REPORT AS OF \_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ FAVORABLE \_\_\_\_\_ UNFAVORABLE \_\_\_\_\_ FAVORABLE AS AMENDED \_\_\_\_\_ WITHOUT RECOMMENDATION

\_\_\_\_\_  
Chair

COMMITTEE MEMBERS:

COMMITTEE MEMBERS:

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\_\_\_\_\_  
\_\_\_\_\_

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SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

**MAR 11 2019**

\_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

**MAR 18 2019**

THIRD READING \_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

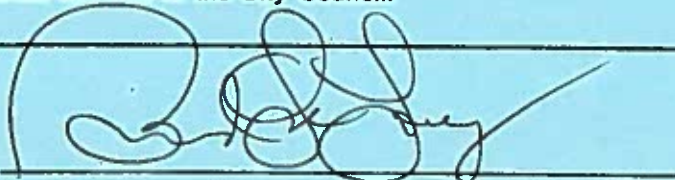
THIRD READING (ENROLLED) \_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) \_\_\_\_\_ 20 \_\_\_\_\_

WITHDRAWAL \_\_\_\_\_ 20 \_\_\_\_\_

There being no objections to the request for withdrawal, it was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.



President



Chief Clerk