


FROM	NAME & TITLE	Jennell Rogers, Chief <i>JR</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of Treasury Management 200 Holliday Street, Room 7		
	SUBJECT	City Council Bill 20-0589 – Perkins Somerset Oldtown Special Taxing District		

DATE:

TO

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

September 16, 2020

Position: Support

The Department of Finance is herein reporting on City Council Bill 20-0589, Perkins Somerset Oldtown Special Taxing District, the purpose of which is intended to designate the boundaries of a district to be known as the "Perkins Somerset Oldtown Special Taxing District". The Bill creates a fund for the special taxing district; provide for the levy of a special tax on all taxable real property located in the special taxing district; provides for a special effective date; the establishment and use of the special fund to be used to repay among other things bonds issued in connection with the development district.

The Board of Finance has considered and approved the request to establish a Special Taxing District for this purpose; and approved the submission of this legislation to the President and Members of the City Council of Baltimore.

Background

The Development Plan encompasses a 244-acre transformation zone home to 5,939 residents, 89% of which are renters and 60% of which are living in poverty. The zone includes two public housing developments (Perkins and Douglas Homes), the former site of Somerset homes, and area redeveloped under Hope VI (Pleasant View Gardens, Latrobe Homes and Albemarle Square).

The Development Plan area is surrounded by dynamic urban neighborhoods that have experienced tremendous growth in recent years. This growth is expanding inward to Perkins from all sides, providing new employment opportunities in the services, retail, and entertainment sectors.

The Development Plan replaces the existing Perkins units one-for-one, and it includes provisions to ensure the long-term affordability for all other affordable housing units. The PSO Plan supplements affordable housing for existing residents with residences for a range of income levels, creating a vibrant community of new, modern, high-quality, well-designed, mixed-income housing. This new mixed-income housing, along with the proposed neighborhood investments, will serve as the cornerstone for reinvestment in the area, catalyzing new commercial, institutional, and additional residential development along the corridor connecting the Johns Hopkins medical campus to the Baltimore Harbor.

Fiscal Impact Analysis

The special taxing district is a geographical area consisting of properties designated for the City to levy special tax on all taxable real and personal property to provide funds for the cost of the infrastructure improvements or related costs for a development project.

The City will have no liability to repay the bonds other than the increased real property taxes. To ensure there are sufficient funds to repay the bonds, a proposed special taxing district is to be created for the purpose of levying and collecting special taxes to cover any shortfalls between debt service and tax increment revenues. The parcels in the special tax district are only those proposed for development. No other properties are included in the special taxing district. Additionally, certain parcels of residential development proposed primarily for low income housing will not be subject to special taxes.

Conclusion

The Department of Finance supports the legislation to designate the special taxing district for the Perkins Somerset Oldtown development. The special taxing district will establish a fund to supplement the repayment for bonds issued to fund certain public and infrastructure that will support the Development Plan.

For the reasons stated above, the Department of Finance supports City Council Bill 20-0589.

cc: Matthew Stegman
Nina Themelis