



MEMORANDUM

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

From: Alice Kennedy, Acting Housing Commissioner *AK*

Date: September 11, 2020

Re: City Council Bill 20-0587 Perkins Somerset Oldtown Development District

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 20-0587 for the purpose of designating a “development district” to be known as the “Perkins Somerset Oldtown Development District”; providing for and determining various matters in connection with the establishment of the development district; creating a special, tax increment fund for the development district; allocating certain property taxes to that fund; making certain findings and determinations; providing for a special effective date; and generally providing for matters relating to the designation and operation of the development district, the establishment and use of the special, tax increment fund to provide for the payment by or reimbursement to the City for debt service which the City is obligated to pay or has paid (whether such obligation is general or limited) on any special obligation bonds or notes issued by the City, the authorization of a pledge by the City, subject to appropriation, of the tax increment revenues, pursuant to a Contribution Agreement, to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations issued in connection with the development district and other related costs, the replenishment of any reserve fund established for any bonds or State Obligations (if required by a Contribution Agreement), and the payment of certain expenses and administrative costs related to the operation of the development district.

If enacted, this bill, along with companion bills 20-0588 (Bond Issuance) and 20-0589 (Special Taxing District) would collectively support the redevelopment of the Perkins Somerset Oldtown (PSO) Transformation Zone by; designating a Development District where tax increment can be collected and how TIF Bonds can be spent, establishing a Special Taxing District which allows the City to levee special taxes to provide funds for the payment of the debt service, and by authorizing the issuance of Special Obligation Bonds to fund public infrastructure projects.

City Council Bill 20-0587 would designate the development district to be known as the PSO Development District, a 244-acre transformation zone that includes five (5) neighborhoods: Oldtown, Dunbar-Broadway, Washington Hill, Fells Point, and Little Italy. The entire PSO transformation area and adjacent neighborhoods will benefit from revitalized commercial corridors, redeveloped blighted properties, and the renewal of utilities and infrastructure, funded by the PSO TIF. New and renovated roads, sidewalks, bike lanes, drinking water, gas, electric and sewage infrastructure, as well as, fiber optic cabling are all supported by the creation of the development district and bond legislation.

The TIF funding established thru this and companion Bills play a critical, “but-for” role in this project which reverses decades of disinvestments, creates thriving, mixed-income neighborhoods, creates vitally needed affordable housing without displacement of existing residents, including one-for-one replacement of existing Perkins Homes units; and brings over \$1 billion in investment to the City, knitting together neighborhoods from Harbor East to Old Town.

The PSO TIF is the City’s first “Choice Neighborhoods Public Infrastructure TIF”, maximizing the public benefits and support for low-income communities and communities of color. The Transformation Plan is supported by a \$30 million federal Department of Housing and Urban Development (HUD) Choice Neighborhoods Implementation Grant that was awarded to the Housing Authority and the City in 2018; as well a State funds and private sources, and includes:

- Over 2,000 units of mixed-income housing of which, 652 will be replacement public housing units, representing a more than one-for-one replacement for the existing Perkins units, 565 will be LIHTC units (Low-Income Housing Tax Credit) with a capped income affordability, and 995 will be un-capped, market rate units.
- A new City Springs Elementary Middle School, a critical anchor to ensure a sustainable mixed-income community that will serve families at both Perkins and Somerset by providing a 21st century education in a state-of-the-art facility. The new school will be built before the current building is demolished and includes a new athletic field and classroom space for early childhood through 8th Grade.
- Two new parks to be created as part of the Somerset and Perkins redevelopment: North Central Park at Somerset and South-Central Park at Perkins.
- A rehabilitated and upgraded Chick Webb Recreation Center.
- “Complete Street” bicycle and pedestrian-friendly streetscape upgrades.
- A new grocery store as part of Somerset Phase 4 residential building, addressing long-time food insecurity for the larger community by offering a range of affordable and healthy food options. Some residential buildings will have the capacity for ground floor retail to be developed, making the new communities truly mixed-use.
- A revitalized Old Town, to be the site of not only a renovated pedestrian mall, but also 290 new, mixed-income residential apartments, nearly 100,000 square feet of new office and retail space, a 120-room hotel and garage, and an entrepreneurial incubator hub to spur innovation and job creation.

DHCD supports the passage of City Council Bill 20-0587 for the purpose of designating the Perkins Somerset Oldtown Development District. This designation is necessary in order for Bonds to be issued by the City and to establish a special tax increment fund for the purpose of providing funds for infrastructure improvements and related costs in support of this critical project.

DHCD **supports** the passage of City Council Bill 20-0587.

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cc: Mr. Blendy, Nicholas, *Mayor’s Office of Government Relations*