



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 20-0588 Perkins Somerset Oldtown Bond Issuance

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 20-0588 for the purpose of authorizing the issuance of special obligation bonds and the pledge, subject to appropriation, of Tax Increment Revenues and Special Tax Revenues (as such terms are defined herein) to the payment of debt service thereon; authorizing the pledge by the City, subject to appropriation, of the Tax Increment Revenues and Special Tax Revenues pursuant to a Contribution Agreement (defined herein) to provide for the payment by the State Issuer (defined herein) of the principal of and interest on the applicable State Obligations (defined herein) and other related costs; providing that such bonds or State Obligations may be issued from time to time and in one or more issues or series in an aggregate principal amount not exceeding \$105,000,000 for the purpose of financing infrastructure improvements and related costs, including, without limitation, the Project (defined herein), and other necessary improvements to, from, or within the development district, and certain other infrastructure improvements permitted by the Acts (defined herein); providing for the method and sources of payment for such special obligation bonds; authorizing the Board of Finance to specify, prescribe, determine, provide for and approve the details, forms, documents or procedures in connection with such special obligation bonds and any other matters necessary or desirable in connection with the authorization, issuance, sale, and payment of such special obligation bonds; authorizing the execution and delivery by the City of a Contribution Agreement with respect to State Obligations; authorizing the Board of Finance to specify, prescribe, determine, provide for, and approve the method and sources of such pledge, the details, forms, documents, or procedures in connection with such pledge, and any other matters necessary or desirable in connection with such pledge; providing for a special effective date; providing that the City, in each fiscal year in which any such bonds are outstanding, use its best efforts to obtain the appropriation of the Tax Increment Revenues and the Special Tax Revenues in the amounts and at the times specified in a trust agreement or agreements between the City and a bank or trust company appointed as trustee thereunder or in one or more Contribution Agreements; and generally relating to the issuance and payment of special obligation bonds or such pledge of the Tax Increment Revenues and the Special Tax Revenues, subject to appropriation, pursuant to a Contribution Agreement to the payment of debt service on State Obligations and other related costs.

If enacted, this bill, along with companion bills 20-0587 (Development District) 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 20-0588 would authorize the issuance of Special Obligation Bonds, not to exceed \$105 million to fund up to \$76 million in public infrastructure projects. The Special Obligation Bonds will fund a new City Springs Elementary/Middle School, two new parks, and the core city infrastructure needed to revitalize Perkins Home, Somerset and Old Town.

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 uncapped, 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 20-0588 for the purpose of authorizing the issuance of Special Obligation Bonds, not to exceed \$105 million, in support of this critical project.

DHCD **supports** the passage of City Council Bill 20-0588.

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