

Joseph L. Smith
Chairman, Board of Commissioners

Janet Abrahams
President / Chief Executive Officer



MEMORANDUM

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

From: Janet Abrahams, President and Chief Executive Officer 

Date: September 23, 2020

Re: City Council Bills 20-0587, 20-0588, and 20-0589 – Perkins-Somerset-Oldtown TIF Development District, Bond Issuance, and Special Taxing District

The Housing Authority of Baltimore City (HABC) was referred City Council Bills 20-0587, 20-0588, and 20-0589, all relating to the authorization of the Perkins-Somerset-Oldtown (PSO) TIF by authorizing a PSO Development District, PSO Bond Issuance, and PSO Special; Taxing District. HABC is pleased to recommend passage of the three bills comprising the PSO TIF legislation, currently before the City Council and the Taxation, Finance, and Economic Development Committee.

HABC was a partner with the City of Baltimore in applying for and being awarded a \$30 million Choice Neighborhoods Implementation grant from the U.S. Department of Housing and Urban Development (HUD) in 2018 to implement the PSO Transformation Plan. This funding was a catalyst for the redevelopment of Perkins Homes, the rebuilding of housing on the former Somerset Homes site, and the revitalization of the Oldtown neighborhood – along with a variety of improvements to public amenities such as parks and open spaces, Chick Webb recreation center, City Springs School, and other activities within the 244 acre PSO transformation footprint. This vital work is built on the six years of planning, undertaken by HABC, the City of Baltimore, and most importantly the residents of the PSO transformation area, who provided invaluable ideas and input in planning the PSO revitalization prior to the HUD Choice Neighborhoods grant.

Overview

The Perkins-Somerset-Oldtown project is a unique, once-in-a-lifetime opportunity to reverse decades of disinvestment and intergenerational poverty, concentrated within a compact area just a short walk from City Hall. Forged around the Choice Neighborhoods implementation grant from the U.S. Department of Housing and Urban Development, PSO focuses redevelopment among three core strategies: Housing, Neighborhoods, and People.

The City of Baltimore has already committed a significant capital match as a part of the Choice Neighborhoods grant and intends on using the TIF proceeds for the majority of that match.

The beneficiaries of this TIF will not only be the people of Baltimore as a whole but specifically the residents who currently live in the transformation area, those who will move here to live, to work, and to enjoy amenities that are missing from this area of Baltimore.

The Project Area

The 244-acre transformation zone touches five neighborhoods (Oldtown, Dunbar-Broadway, Washington Hill, Fells Point, and Little Italy) and includes two public housing developments (Perkins and Douglass Homes), the site of the former Somerset Homes development, Pleasant View Gardens, and is adjacent to

Housing Authority of Baltimore City | 417 East Fayette Street, Baltimore, MD 21202

 410.396.3232

 www.HABC.baltimorehousing.org

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Latrobe Homes and Albemarle Square. This area is home to 5,939 residents living in 2,122 households that are predominantly renters (89%) and with a 60% poverty rate.

Current Conditions

Perkins Homes contains 629 public housing units built in 1942. The property is rapidly deteriorating and the capital needs at the property far exceed available funding to address them.

Somerset Homes public housing site is currently vacant. There were no funds to redevelop Somerset at the time it was demolished in 2008/2009.

Old Town is the site of a once vibrant pedestrian market which closed in 1996 and was razed in 2002. The surrounding shops and buildings are mostly derelict, and many redevelopment plans for Old Town Mall have been considered, though none have been successful.

Housing

As a partner in this historic redevelopment, HABC is working with the residents of Perkins Homes, community organizations, many Baltimore City agencies, and nonprofit organizations to realize this transformation. The heart of this project is the rebuilding and expansion of affordable housing opportunities on the east side of Baltimore within sustainable, mixed-income communities – including 2,172 mixed-income units that will be built at Perkins, Somerset and Oldtown. 1,346 of these units are being developed as part of the Choice Neighborhoods grant, and the remaining 826 units are being developed at Perkins and Oldtown to help generate the increment needed to repay the TIF Bonds.

The 1,346 units being redeveloped as part of the Choice Neighborhoods grant include:

- All 629 existing units at Perkins Homes will be replaced and will be developed on the Perkins and Somerset sites. 377 units or 48 percent of the total Public Housing replacement units will be built at Perkins and 275 units or 49 percent will be built at Somerset. This total of 652 Public Housing replacement units increases the current Public Housing unit count by 23 units.
- 304 affordable units are being developed for households earning between 30 to 80 percent of the Area Median Income. 155 of these units will be built at Perkins and 149 at Somerset.
- 390 market rate units will also be built on the Perkins and Somerset sites. 256 of these units will be built at Perkins and 134 at Somerset.

The additional 826 units that will be built on the Perkins and Oldtown sites include:

- 261 affordable units that will be made available to households earning between 30 to 80 percent of the Area Median Income. 154 of these units will be located at Oldtown, and 107 at Perkins.
- 565 market rate units. 136 of these units will be located at Oldtown and 429 at Perkins.

These 826 units are vital to generating the income required to repay the TIF Bonds that will pay for the revitalization of the public housing, other affordable units, two new parks and a new City Springs Elementary/Middle School, including kindergarten and early childhood education opportunities.

The PSO Choice Neighborhoods Project

The de-densification of public housing is a hallmark of this redevelopment, and through it, the creation of a vibrant mixed-income, mixed-use communities. The PSO Housing Plan (tied to the \$30 million Choice Neighborhoods Implementation grant) includes demolishing 629 obsolete public housing units densely concentrated at Perkins Homes and replacing them with 1,346 mixed-income housing units in nine phases. In all, 652 brand new replacement units, 304 low income units, and 390 unrestricted market rate units will be spread across the Somerset and Perkins sites. The new low-income units will average 60% of AMI, with none above 80% Area Median Income (AMI). Somerset Phase 1 (with 104 units) will be the first housing to come back to the transformation zone in early 2021.

Outside of the PSO Housing Plan, a mixture of housing units will also be built in the PSO transformation zone: Two phases in the Perkins area will total 536 new units, with 429 unrestricted, market rate units and 107 units restricted to households with incomes below 50% of AMI. An additional housing phase added to Oldtown will include a total of 290 new units, with 136 unrestricted, market rate units and 154 units restricted to households with incomes averaging 60% of AMI, with none above 80% of AMI.

These new communities will be spread across the transformation zone, with nine new housing properties that will include replacement public housing, new low-income housing and additional market rate apartments that will have no income restriction. The PSO revitalization is expected to also spur redevelopment of housing and amenities adjacent to the PSO transformation zone.

The New School & Other Community Amenities

In addition to creating vibrant new mixed-income communities, another anchor for this redevelopment and transformation is the construction of a new public school facility. City Springs will be completely rebuilt with added capacity to serve these new households and provide 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 education.

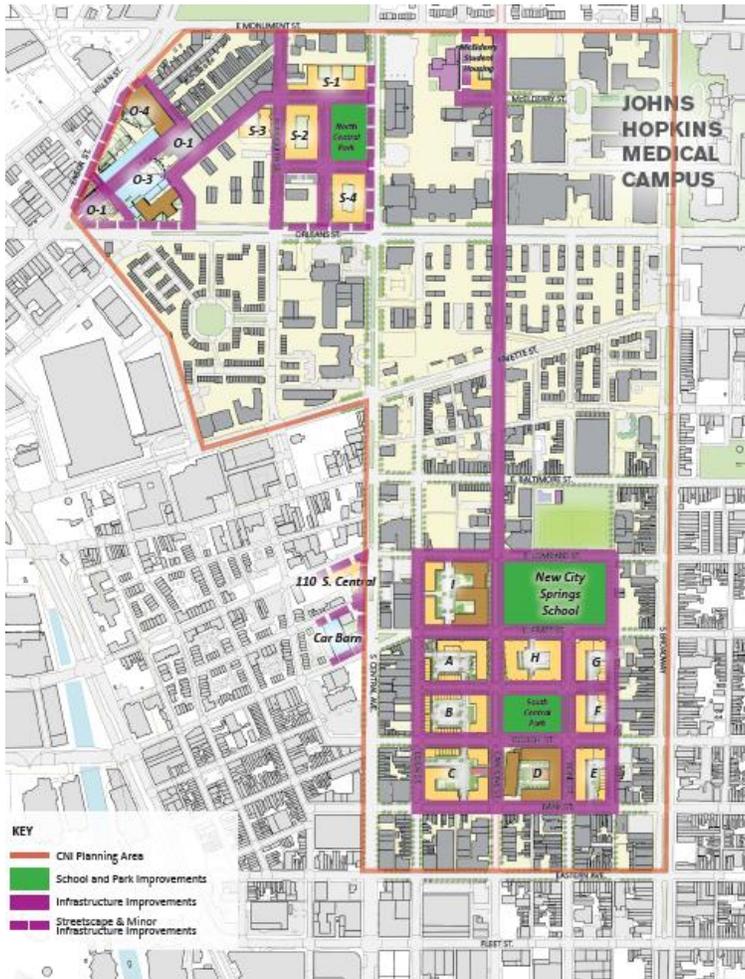
The plan also includes the creation of two new parks (North Central and South Central Parks) as well as improvements to City Springs Park and pool and the renovation of the Chick Webb recreation center. In addition, the designs of the new residential buildings incorporate green space into all areas of the PSO transformation zone.

A new grocery store will be built within the Somerset Phase 4 residential building, (S-4 on the map below) bringing a full-service grocery store to an area that currently has none. Some residential buildings will have the capacity for ground floor retail to be developed, making the new communities truly mixed-use.

Old Town will 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.

The PSO TIF

The TIF will fund primarily the school, the parks, and the core city infrastructure needed to rebuild Perkins, Somerset and Old Town.



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 TIF.

In order to build a new state-of-the-art school, the TIF leverages money from the federal government, capital funding from Baltimore City Public Schools, and a capital funding allocation from the State of Maryland. The *Built to Learn Act*, would require the City of Baltimore to fund approximately \$25 million of the school construction as a prerequisite for receiving the state money – this TIF satisfies that match.

HABC supports the passage of the package of bills that would allow the TIF funding for the vital PSO transformation, which would: designate the Perkins Somerset Oldtown

Development District (20-0587); authorize the City of Baltimore to issue special obligation bonds for the Perkins Somerset Oldtown TIF (20-0588); and provide for the designation of the Perkins Somerset Oldtown Special Taxing District and the levying of a special tax to support the Perkins Somerset Oldtown TIF bonds (20-0589).

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

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

HABC **supports** the passage of City Council Bill 20-0589.

cc: Mayor's Office of Government Relations