



Legislation Text

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Introductory*

**City of Baltimore
Council Bill**

Introduced by: The Council President

At the request of: The Administration (Department of Housing and Community Development)

A Bill Entitled

An Ordinance concerning

Perkins Somerset Oldtown Development District

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.

By authority of

Article II - General Powers
Section (62)
Baltimore City Charter
(1996 Edition)

Recitals

The Tax Increment Financing Act, Article II, Section (62) of the Baltimore City Charter (the “Tax Increment Financing Act”), authorizes the Mayor and City Council of Baltimore (the “City”) to establish a “development district” (as defined in the Tax Increment Financing Act) and a special, tax increment fund into which the revenues and receipts from the real property taxes representing the levy on the “tax increment” (as defined in the Tax Increment Financing Act) for the development district are deposited for the purpose of providing funds for the development of the development district.

The Tax Increment Financing Act also authorizes the City, subject to certain requirements, to

borrow money by issuing and selling Bonds (defined herein) for the purpose of financing and refinancing the development of an industrial, commercial, or residential area in Baltimore City. The Tax Increment Financing Act provides, however, that no Bonds may be issued by the City until an ordinance is enacted that (i) designates an area or areas within the City as a “development district” and (ii) provides that, until the Bonds have been fully paid, the property taxes on real property within the development district shall be allocated as provided in the Tax Increment Financing Act.

The Tax Increment Financing Act also authorizes the City, subject to certain requirements, to use the tax increment revenues to pay or reimburse the City for debt service which the City is obligated to pay or has paid (whether such obligation is general or limited) on Bonds or, under a Contribution Agreement, to a State Issuer (defined herein) for the payment of principal of and interest on applicable State Obligations (defined herein) for the purpose of providing funds for the development of the development district.

The City wishes to establish a development district within Baltimore City and to establish a special, tax increment fund for that development district for the purpose of providing funds for the costs of the infrastructure improvements and related costs permitted by the Tax Increment Financing Act, including, without limitation, the costs of the Project (defined herein) and other related infrastructure improvements.

Section 1. Be it ordained by the Mayor and City Council of Baltimore, That for the purposes of this Ordinance, the following terms have the meanings indicated:

- (a) “Assessable base” means the total assessable base of all real property in the Development District subject to taxation, as determined by the Supervisor of Assessments.
- (b) (1) *“Assessment ratio” means any real property tax assessment ratio, however designated or calculated, that is used or applied under applicable general law in determining the assessable base.*
- (2) *“Assessment ratio” includes the assessment percentage provided under § 8-103(c) of the State Tax-Property Article, as amended, replaced, or supplemented from time to time.*
- (c) “Bond Ordinance” means the Ordinance of the City authorizing (1) the issuance of Bonds or (2) the execution and delivery by the City of a Contribution Agreement and the pledge by the City, subject to appropriation, of the tax increment revenues pursuant to such Contribution Agreement to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations and other related costs.
- (d) “Bonds” means any bonds or bond, notes or note, or other similar instruments or instrument issued by the City pursuant to and in accordance with the Tax Increment Financing Act.
- (e) “City Expenses” shall have the meaning set forth in the Bond Ordinance.
- (f) *“Contribution Agreement” means one or more contribution agreements or such other agreements executed by the City and a State Issuer, pursuant to*

which the City will evidence a pledge, subject to appropriation, of the tax increment revenues to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations, the replenishment, if required by such Contribution Agreement, of any reserve fund for the State Obligations, and the payment of other costs with respect to the State Obligations, including, without limitation, any City Expenses, State Issuer Expenses (if required by such Contribution Agreement), and other administrative costs.

- (g) “Development District” means the area in the City designated in Section 3 of this Ordinance as a development district under the Tax Increment Financing Act.
- (h) “Indenture” or “Indentures” means the indenture or indentures, as applicable, under which any Bonds or State Obligations are issued.
- (i) “MEDCO” means the Maryland Economic Development Corporation.
- (j) “Original assessable base” means the assessable base as of January 1, 2019.
- (k) “Original full cash value” means the dollar amount that is determined by dividing the original assessable base by the assessment ratio used to determine the original assessable base.
- (l) *“Original taxable value” means, for any tax year, the dollar amount that is the lesser of:*
 - (1) the product of the original full cash value times the assessment ratio applicable to that tax year;
or
 - (2) the original assessable base.
- (m) “Project” shall have the meaning set forth in Schedule I attached hereto and made a part hereof.
- (n) “State Issuer” means MEDCO, the State of Maryland, or any agency, department, or political subdivision of the State of Maryland.
- (o) “State Issuer Expenses” means administrative costs and other expenses related to the State Obligations of the State Issuer and approved by the Director of Finance to be paid by the City, if required by a Contribution Agreement.
- (p) “State Obligations” means any bonds or bond, notes or note, or other similar instruments or instrument issued by a State Issuer, the proceeds of which have been used to finance a portion of the costs of the Project, as permitted by Section (62)(c) of the Tax Increment Financing Act.
- (q) “Tax Increment” means for any tax year, the amount by which the assessable base as of January 1 preceding that tax year exceeds the original taxable value, divided by the assessment ratio used to determine the original taxable value.

- (r) “Tax Increment Financing Act” means the Tax Increment Financing Act, as codified in Article II, Section (62) of the Baltimore City Charter.
- (s) “Tax Increment Fund” means the special fund established by Section 4 of this Ordinance.
- (t) “Tax Year” means the period from July 1 of a calendar year through June 30 of the next calendar year.

Section 2. And be it further ordained, That the Mayor and City Council of Baltimore finds and determines that (a) the establishment of the Development District, (b) the creation of the Tax Increment Fund for the Development District, and (c) the pledge of amounts, subject to appropriation, on deposit in the Tax Increment Fund to the payment of debt service on and other costs related to Bonds or the pledge by the City of amounts, subject to appropriation, on deposit in the Tax Increment Fund 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 and other related costs, all for the purpose of providing funds for the financing and refinancing of a portion of the costs of the Project, accomplish the purposes of the Tax Increment Financing Act, serve public purposes, including but not limited to the direct and indirect enhancement of the taxable base of the City, the creation of new educational and employment opportunities, the encouragement of additional economic activities, the transformation of existing neighborhoods into sustainable and thriving mixed-income communities, the undertaking of urban renewal projects, the facilitation of planned improvements to the Development District, and generally promote the health, welfare, and safety of the residents of the State of Maryland and of the City of Baltimore and the furtherance of economic development conducted pursuant to comprehensive plans to be created in accordance with appropriate zoning and land use legislation to be enacted.

Section 3. And be it further ordained, That the contiguous area consisting of the properties designated as described in Exhibit 2 attached hereto and made a part hereof (as the same may be renumbered or redesignated as a result of any subdivision or resubdivision of such property), together with the adjoining roads, highways, alleys, rights-of-way and other similar property, shown on the map in Exhibit 1 attached hereto and made a part hereof is designated as a development district to be known as the “Perkins Somerset Oldtown Development District.”

Section 4. And be it further ordained, That a special fund is established for the Development District to be known as the “Perkins Somerset Oldtown Development District Tax Increment Fund”. The Director of Finance and other officers and employees of the City shall take all necessary steps to establish the Tax Increment Fund as a separate fund to be held by or for the account of the City.

Section 5. And be it further ordained, That:

- (a) For each tax year that begins after the effective date of this Ordinance, the Director of Finance shall divide the property taxes on real property within the Development District so that:
 - (1) the portion of the taxes that would be produced by the rate at which taxes are levied each year by the City upon the original taxable value shall be allocated to and, when collected, paid into the funds of the City in the same manner as taxes levied and collected by the City on all other property are paid; and
 - (2) the portion of the taxes representing the levy on the Tax Increment that would normally be paid to the City shall be paid into the Tax Increment Fund, to be applied in accordance with the provisions of this Ordinance, the Bond Ordinance, the Tax Increment Financing Act, and any applicable Indenture or Contribution Agreement.
- (b) The City acknowledges that neither the rate at which taxes are levied on real property within the Development District nor the manner of assessment of the value of real property within the Development District may vary from the rate or manner of assessment that otherwise would have

applied if the Development District were not designated and the Tax Increment Fund not created.

Section 6. And be it further ordained, That:

- (a) If no Bonds or State Obligations are outstanding with respect to the Development District, money in the Tax Increment Fund may be:
 - (1) used for any other purposes described in the Tax Increment Financing Act, including the payment or reimbursement of costs of the Project;
 - (2) accumulated for payment of (i) debt service on Bonds or (ii) if required by a Contribution Agreement, the City's payment obligations to the State Issuer to provide for the payment by a State Issuer of debt service on State Obligations, to be subsequently issued under the Tax Increment Financing Act or by a State Issuer, respectively;
 - (3) used to pay or reimburse the City for debt service or other related costs that the City is obligated to pay or has paid (whether as a general or limited obligation of the City) with respect to any Bonds issued by the City or to provide for the payment of amounts payable under a Contribution Agreement to the State Issuer to provide for the principal of and interest on, and other related costs of, any State Obligations, the proceeds of which have been used for any of the purposes specified in the Tax Increment Financing Act; or
 - (4) paid to the City to provide funds to be used for any legal purpose.
- (b) In the case of Sections 6(a)(2) and (a)(3) above, the use must be approved by appropriate action of the Mayor and City Council, and in the case of Sections 6(a)(1) and (a)(4) above, the use must be approved by the appropriate action of the Board of Finance, which action may generally specify the purpose for which the Tax Increment Fund may be used and the maximum amount that may be applied for that purpose, without specifying the actual amounts to be applied.

Section 7. And be it further ordained, That:

- (a) If any Bonds or State Obligations are outstanding with respect to the Development District, money in the Tax Increment Fund may be used in any fiscal year as provided in Section 6 of this Ordinance and in any Indenture authorizing the issuance of such Bonds or State Obligations, but only to the extent that:
 - (1) the amount in the Tax Increment Fund exceeds the debt service payable on such Bonds, the amounts payable under any Contribution Agreement, and the amounts necessary to replenish any reserve fund or funds established for Bonds or, if required by a Contribution Agreement, any State Obligations and to pay any City Expenses, State Issuer Expenses (if required by such Contribution Agreement), and administrative costs in that fiscal year, and is not otherwise restricted so as to prohibit its use; and
 - (2) the use is not prohibited by the ordinance authorizing the issuance of the Bonds or State Obligations or the pledge of amounts on deposit in the Tax Increment Fund to the payment of principal of and interest on the Bonds or to the payment of obligations under a Contribution Agreement to provide for the payment by a State Issuer of the principal of and interest on the State Obligations.
- (b) In each case, the use must be approved by appropriate action of the Board of Finance, which action may generally specify the purpose for which the Tax Increment Fund may be used and the maximum amount that may be applied for that purpose, without specifying the actual amounts to be

applied.

Section 8. And be it further ordained, That the Director of Finance may do all acts and things and execute all documents and certificates relating to the Development District and the Tax Increment Fund.

Section 9. And be it further ordained, That any approvals, authorizations, or activities provided in this Ordinance do not constitute and may not be deemed to constitute or imply that the City Council, the Mayor, or any department, office or agency of the City has given or will give, any approval, authorization, or consent to any action or activity within or required for the development of the Development District, including any land use approval, requirements for the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or legislative approval, authorization, consent, or any necessary amendments to underlying zoning laws and maps, urban renewal plans, Planned Unit Developments or Master Plans required to develop the Project.

Section 10. And be it further ordained, That this Ordinance may be amended by a subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge or reduce the size of the Development District. However, no ordinance may be effective to reduce the size of the Development District so long as there are any outstanding Bonds secured by the Tax Increment Fund or City payment obligations 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, respectively, unless the ordinance authorizing the issuance of the Bonds or State Obligations permits the City to reduce the area constituting the Development District, the holders of such Bonds or State Obligations or an authorized representative on their behalf consents to the reduction, or the indenture authorizing such Bonds or State Obligations permits the reduction.

Section 11. And be it further ordained, That the provisions of this Ordinance are severable. If any provision, sentence, clause, section, or other part of this Ordinance is held or determined to be illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, that illegality, invalidity, unconstitutionality, or inapplicability does not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their application to other persons or circumstances. It is the intent of the Mayor and City Council that this Ordinance would have been passed even if the illegal, invalid, unconstitutional, or inapplicable provision, sentence, clause, section, or other part had not been included in this Ordinance, and as if the person or circumstances to which this Ordinance or part are inapplicable had been specifically exempted.

Section 12. And be it further ordained, That this Ordinance takes effect on the date it is enacted.

Schedule I

Description of the “Project”

The Project means the following infrastructure improvements to the extent permitted by the Acts, to be constructed in accordance with all required City approvals:

1. The design, installation, development, construction or reconstruction, renovation, improvement, landscaping, equipping, and realignment of street and road improvements to, from, and within the Development District, and other related costs, including (without limitation):
 - a. streets and roads that contain pedestrian walks, bike paths, and improvements related thereto (including, but not limited to, bus stops, bike racks, and benches);
 - b. intersections, curbs, gutters, sidewalks, lighting, signage, street markings, signals, ramps, and other

- improvements, furnishings, or equipment related thereto, which may include items, structures, or improvements relating to transit, pedestrians, and bicycles;
- c. any other improvements which are designed to improve traffic flow to and from the Development District or otherwise necessary to the foregoing;
2. The design, installation, development, construction and reconstruction, renovation, improvement and equipping of utilities, and any necessary environmental remediation related thereto, and other related costs, including (without limitation):
 - a. water, sewer and sewage facilities, lighting, underdrains, electrical service, ductbanks, and conduits;
 - b. water meter vaults and sanitary lift stations; and
 - c. stormwater management facilities, including (without limitation), drains, gardens, the protection of wetlands, structural improvements, foliage, and bioretention facilities;
 3. The design, installation, development, construction and reconstruction, renovation, improvement, installation, and equipping of public parks, green space, and other open spaces and other related costs, including (without limitation):
 - a. required earthwork, sitework, foliage, furnishings, equipment, lighting, signage, and multimodal structures and facilities and
 - b. indoor and outdoor public recreational fields, facilities, pools, structures, and amenities, public restrooms, shade structures, and comfort stations;
 4. The cost of purchasing, leasing, or otherwise acquiring land or other property, or an interest in them, in the Development District or as necessary for a right-of-way or other easement to or from the Development District;
 5. Site removal, including (without limitation) demolition, site preparation, earthwork, clearing, grading and filling, erosion and sediment control, soil cut, infill or removal, capping, and necessary environmental remediation;
 6. The construction or rehabilitation of buildings provided that such buildings (i) are to be devoted to a governmental use or purpose, including but not limited to buildings, facilities, or structures to be used as a school or uses ancillary to a school, (ii) are abandoned property; (iii) are distressed property; or (iv) will provide units of affordable housing;
 7. Surveys and studies, including (without limitation) designs, plans, drawings, specifications, and estimates of cost and of revenues, in each case related to the foregoing;
 8. The relocation of businesses or residents; and
 9. The acquisition, construction, reconstruction, renovation, design, and development of other related infrastructure or other improvements as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.

Exhibit 1

Map of Development District

Exhibit 2

List of Properties in the Development District

<u>Address</u>	<u>Block</u>	<u>Lot</u>
426 Oldtown Mall	1272	1
428 Oldtown Mall	1272	2
430 Oldtown Mall	1272	3
432 Oldtown Mall	1272	4
434 Oldtown Mall	1272	5
436 Oldtown Mall	1272	6
440 Oldtown Mall	1272	7
444 Oldtown Mall	1272	8
450 Oldtown Mall	1272	9
510 Forrest St.	1272	10
1000 Orleans St.	1273	1
470 Oldtown Mall	1273	2
400 Mott St.	1273	3
471 Oldtown Mall	1273	4
620 N. Caroline St.	1280	3
400 Forrest St.	1286	1
425 Oldtown Mall	1286	2
427 Oldtown Mall	1286	3
429 Oldtown Mall	1286	4
433 Oldtown Mall	1286	5
437 Oldtown Mall	1286	7
439 Oldtown Mall	1286	8
441 Oldtown Mall	1286	9
447 Oldtown Mall	1286	10

449 Oldtown Mall	1286	11
459 Oldtown Mall	1286	12
461 Oldtown Mall	1286	13
463 Oldtown Mall	1286	14
465 Oldtown Mall	1286	15
467 Oldtown Mall	1286	16
469 Oldtown Mall	1286	17
418 Oldtown Mall	1286	19
420 Oldtown Mall	1286	20
422 Oldtown Mall	1286	21
424 Oldtown Mall	1286	22
519 Oldtown Mall	1288	86
515 Oldtown Mall	1288	87
511 Oldtown Mall	1288	88
509 Oldtown Mall	1288	91
505 Oldtown Mall	1288	92
501 Oldtown Mall	1288	94
479 Oldtown Mall	1288	96
475 Oldtown Mall	1288	97
473 Oldtown Mall	1288	99
420 Aisquith St.	1294	2
500 N. Central Ave.	1295	1
1234 McElderry St.	1295	1A
520 Somerset Ave.	1295	1F
1211 Jefferson St.	1295	1G
1231 Jefferson St	1295	1H/I

NS Orleans St. NEC Aisquith St.	1295	2
409 Aisquith St.	1295	6
1600 E. Lombard St.	1368	23
120 S. Central Ave.	1391	1
130 S. Central Ave.	1391	2
100 S. Caroline St.	1393	1
1601 E. Lombard St.	1395	28
1401 E. Pratt St.	1417	1
1501 E. Pratt St.	1418	1
1601 E. Pratt St.	1419	26
1400 Bank St.	1426	1
316 S. Caroline St.	1426	2
1500 Bank St.	1427	1
1600 Bank St.	1428	1
1120 E. Baltimore St.	1338	4
110 S. Central Ave.	1380	1
1181 E Lombard St.	1380	5
1120 Granby St.	1380	112B