



Request for Proposals

Consultant or firm to determine funding sources for the Baltimore City Affordable Housing Trust Fund

Release Date: June 6, 2017

Due Date: June 19, 2017 by 5pm Email Only

The Community Development Network of Maryland (CDN) is seeking a consultant or consulting firm to assist the Housing for All Coalition to determine viable, sustainable funding sources for the newly created Baltimore City Affordable Housing Trust Fund.

Background:

The Community Development Network of Maryland (CDN) is a statewide nonprofit network of over 180 community development organizations, public agencies and small developers who provide affordable housing, revitalization communities, stabilize families and alleviate poverty, and develop small businesses. CDN's purpose is to promote, strengthen and advocate for Maryland's community development industry who serve urban, rural and suburban communities.

CDN organizes its members into regional coalitions, one of which is in Baltimore City. The City Committee joined up with several other advocacy organizations to create the Housing for All Coalition. Together, the Housing for All Coalition drafted the Affordable Housing Trust Fund legislation which included a change to the City Charter, collected 18,577 signatures to place the Charter Amendment on the ballot in 2016, and successfully passed Question J with 83% of the vote.

While the Baltimore City Affordable Housing Trust Fund passed, it did not have a funding source. The Trust Fund is designed to provide capital and operating dollars to local government and community development nonprofits to develop affordable housing units and provide services. Funds are targeted to families earning 50% or below AMI.

Consultant scope:

Review the funding sources already in consideration by the Housing for All Coalition, determine their viability, sustainability, long term revenue projection for the Trust Fund, and long term financial impact to the City. These include:

Obtaining 50% (or similar percentage) of the increase in property tax from rehabilitated properties and new construction for 5 years. This option is used to fund Land Banks in several parts of the US, including Ohio and Michigan. The Consultant will study these models, collect data from Baltimore Housing and SDAT, and determine how such a source would work, what the revenue will be like in each of the next 5 years, and determine any impact this might have on City finances if the growth was already projected.

Increase in the Hotel tax. The Consultant will determine what amount of an increase would allow for Baltimore City to stay competitive for travel and convention considerations and raise revenue for the Trust Fund, and determine the amount of revenue raised.

Transfer tax on Statutory Trusts. The Housing for All Coalition is examining whether it is legal or not to tax statutory trusts differently than other housing transactions. Assuming it is indeed legal, the Consultant will look into whether this has been done in other cities, what the revenue could be, and if statutory trusts would

then leave Baltimore as a result of the tax. (Statutory trusts are investment entities that offer fractional ownership in property and generally enjoy favorable Internal Revenue Service treatment relating thereto. These include Delaware Statutory Trusts, Real Estate Investment Trusts and similar entities.)

Increase City's Bond capacity up to \$20 million per year. The Housing for All Coalition has researched this extensively but would like a Consultant's help with understanding the City's bonding capacity, what amount of debt service the City can take on, and a look at authorized bond issues that were never spent.

Payment in Lieu of Taxes. Baltimore City has roughly 1/3 of its land owned by large nonprofit hospitals, universities and churches. As a result, that land is not generating tax revenue. In addition, the students in the universities affect the housing market, driving up rental rates out of reach for many city residents. While we know conversations about what alternative payments might be made to compensate for the services and impact these nonprofits have, none have come to fruition. The Consultant should explore what models exist in other cities with large universities (there is an example in Boston) where payments can be made to trust funds on a regular basis either by formula, or by agreement, and determine what the best course of action would be to approach this subject with these nonprofits.

Come up with additional funding sources that could be viable, sustainable and have long term revenue.

Consultant should attempt to come up with other sources that the Housing for All Coalition has not thought about. These could include a tax on luxury goods and services (like fine dining, yacht parking, etc.), social impact bonds, portion of tax late fees, or any others the consultant can find.

Within these two above items, consultants should:

- Interact with and collect data from public agencies and other sources
- Perform financial modeling where necessary
- Explore models from other Affordable Housing Trust Funds using the Center for Community Change as a resource

Explore best ways to manage the Affordable Housing Trust Fund funding to maximize the performance of the Fund. Baltimore Housing will administer the fund, with the 12 member Commission to oversee the Funding and make policy about its management and distribution. The Housing for All Coalition wrote a white paper about our recommendations for management (attachment). However, the issue of what kind of account the funds reside in, how much should be invested to help with gaining interest, and other factors of fund performance were not explored. The Consultant should make recommendations as to the best way to manage the fund so that it also gains interest. A recommendation about making this all a loan fund is not an option, as we're hoping to distribute the funding as grants as much as possible.

Final Deliverable:

A report that shows for each of the proposed funding sources:

- How much revenue is projected each year over a 5-year period
- What the financial impact would be on Baltimore City finances
- How viable and sustainable the funding is

Timeline for this project:

RFP release: June 6

RFP due: June 19 by 5pm

Project begins: June 26, 2017

Final Deliverable due: August 30, 2017

Budget for this project:

A maximum of \$10,000

Proposal Submission Requirements:

- Only emailed proposals will be accepted to Odette@communitydevelopmentmd.org You will get an email confirmation upon receipt of the proposal.
- Proposals should include a cover letter, proposed scope of work, budget, qualifications, references and samples of work in that order.

Questions should be directed to odette@communitydevelopmentmd.org