



Brandon M. Scott
Mayor



Addressing Baltimore's Vacant Housing At Scale

Presentation to the Small Developers Collective
March 21, 2024

Agenda

- I. The problem and the vision
- II. The work of DHCD
- III. The financing strategy
- IV. Q&A



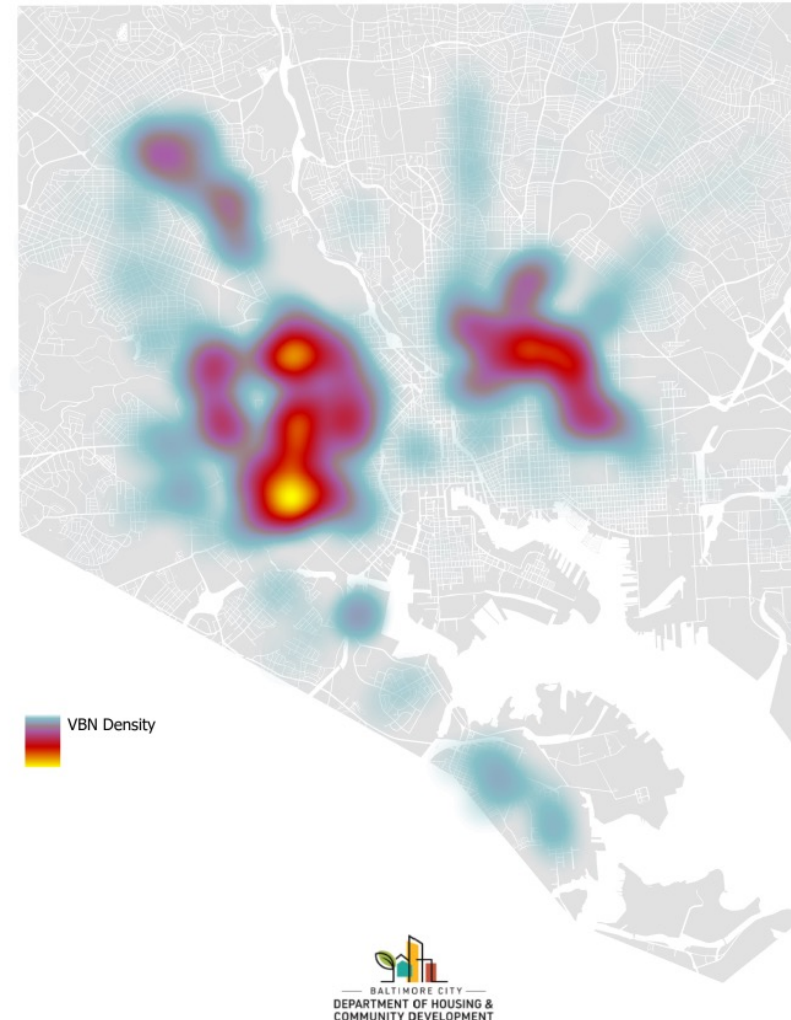
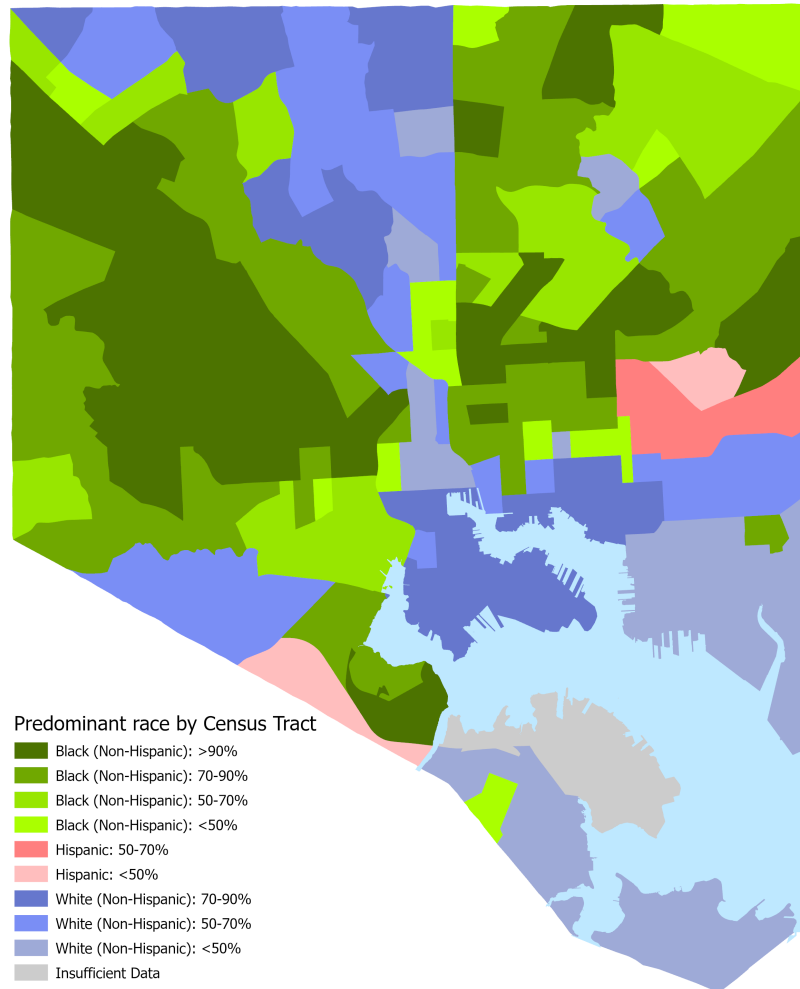
The Problem



Brandon M. Scott
Mayor



Baltimore's history of redlining, block busting, population loss, and disinvestment created a stubborn issue - about 16,000 vacant properties



Vacant properties have long vexed Baltimore's Mayors

Schaefer - Dollar House Program

In the early 1970s, Mayor William Donald Schaefer's administration launched the popular "Dollar House Program," a version of which today's City Council considered reviving. The short-lived initiative, in which residents could buy a house for a buck and a promise to fix it up, helped revive a handful of neighborhoods in downtown areas, but didn't stop the accumulation of new vacants in other communities.

Schmoke

In the late 1980s, the city estimated there were about 5,500 vacant properties in Baltimore when Mayor Kurt Schmoke took office. The number swelled to more than 8,500 in the '90s, despite Mayor Schmoke's efforts to renovate or remove dilapidated buildings and to offer low interest loans to developers and first-time homeowners.

O'Malley - Project 5000

By the time Martin O'Malley unveiled his "Project 5000" plan during his State of the City address in 2002, the number of vacants was in the 16,000 ballpark. Under the plan, the city bought nearly 7,000 unoccupied properties — then got stuck with most of them, as officials struggled to find buyers.

Rawlings-Blake - Vacants to Value

Next up was Mayor Stephanie Rawlings-Blake, who in November of 2010 announced a "Vacants to Value" plan meant to speed up sales of abandoned properties, in part by cutting red tape requirements. But she still wound up spending roughly \$10 million per year to try to raze structures — four times as much as other mayors spent. The city tore down 1,700 properties between 2010 and 2016, but the project made no meaningful dent in the overall count.

Dixon - Land Bank

In 2009, Mayor Sheila Dixon pushed forward a [proposal for a nonprofit, quasi governmental land bank](#) that would oversee the acquisition and disposition of vacants. But it was yanked from the drawing board within weeks of her resignation in January of 2010, following a gift card misuse scandal.

Pugh & Young - Development of Community Development Framework

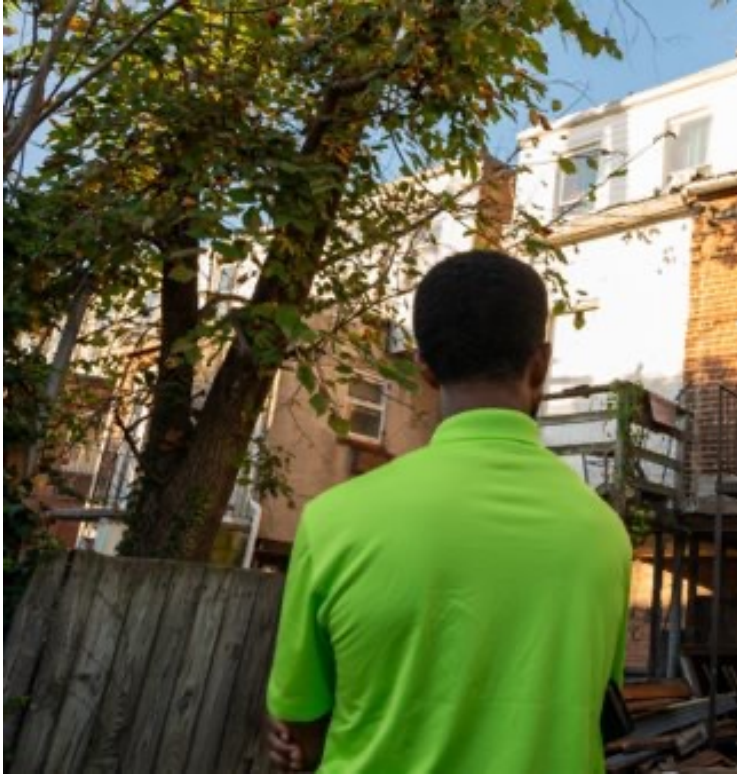
Later that year, Catherine Pugh took office and implemented a demolition strategy that was adopted in part after her resignation by Mayor Jack Young, who added a rehabilitation component. Neither effort made headway.



Brandon M. Scott
Mayor



This problem hasn't been solved yet because of a lack of capital, not a lack of capability



Mayor Scott on a community walk in October 2023, inspecting vacant housing in CHM, one of ten areas of focus outlined in the City's ambitious strategy to address vacants

Baltimore has historically spent about \$7M - \$8M per year to address vacants.

We estimate that it will require \$3.0B in capital to comprehensively address Baltimore's vacants problem.

At a \$8M annual rate of investment, it would take 375 years to address our vacants problem.

We cannot afford to wait 375 years. Under Mayor Scott, the progress is accelerating.



What happened on December 11th?

Historic agreement between BUILD, GBC, & Mayor Scott to address vacant & abandoned housing crisis in the city at scale, over 15 years.



[Agreement
White Paper](#)



The basics of the agreement include:

1. **End the vacant & abandoned housing crisis over 15 years**, starting with strategic public investment in 37,500 “must address” properties, with a pathway to public investment in 45,000 as needed.
2. **Use a “Whole Blocks” and “Whole Neighborhoods” approach** that repairs broken housing markets, addressing every vacant house, empty lot, & at-risk property on blocks identified for redevelopment.
3. **Generate a minimum of \$3.0 billion in public investment over 15 years** through a combination of city, state, & innovative private investment.
4. **Utilize an existing financing or special purpose entity**, such as the Maryland Stadium Authority or MEDCO, to ensure (a) longevity & consistency over multiple mayors, (b) production / accountability around values, speed, etc., (c) financing of a portion of bonds.
5. **Collaborate to support the growth of the new industry** that will be needed to address the issue at scale.



We are working together with a shared set of values

1. Community-led development without displacement
2. Building equity and addressing the wealth gap through homeownership
3. Create thriving, mixed-income neighborhoods
4. Provide housing that is safe & affordable at scale



The Work of DHCD



Mayor Scott has already made an historic \$146M investment in housing across the City in the last two years

**Resident
Protection &
Anti-
Displacement**

\$9M

**Holistic Approach
to Vacant
Property and
Blight Elimination**

\$51M

**Strategic
Capital
Investment**

\$86M



Public - Private partnership model

Public Capital

- Homebuyer Down-payment Grants/Loans
- Developer Incentives/Appraisal Gap
- Live/Work Incentives
- Demolition
- Acquisition
- Stabilization
- Infrastructure
- Investing in operational capacity

Private Market Financial Products

- Construction Line of Credit
- Flexible Construction Lending Products
- Traditional Mortgages
- Equity Investments

Philanthropic / Business Support

- CDC & Developer Technical Assistance
- Marketing
- Workforce Development Pipeline
- Homeownership Coaching Programs
- Estate Planning
- Line of Credit lending pool
- Community Engagement
- Non-Profit Operations Support



Brandon M. Scott
Mayor

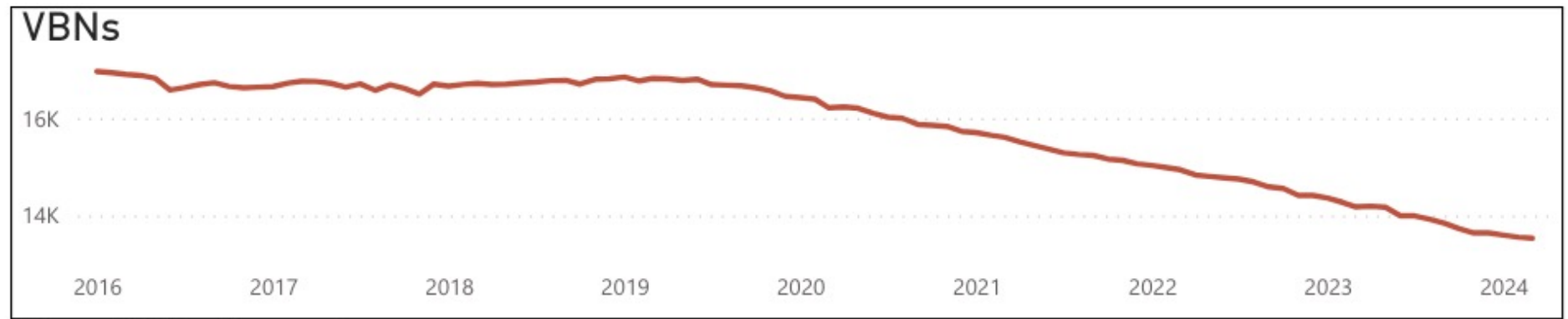


The City's vacant property inventory has dropped from 15,843 on Mayor Scott's inauguration day to 13,535 today, a nearly 14% reduction

[DHCD Key Stats Dashboard](#), retrieved March 21, 2024

13,535

VBN Count



VBN
Ownership

887
City

12,498
Private

150
Other



This progress is possible because DHCD is a full stack development agency, working comprehensively to address vacants

1. Acquisition
2. Disposition
3. Project Finance and Lending
4. Code Enforcement
5. Housing Preservation
6. Permitting
7. Rental Licensing
8. Property Registration
9. Receivership Filing – Code Enforcement
10. Emergency Housing Services
11. Planned & Emergency Demolition
12. Stabilization of Vacant Properties
13. HUD Formula Grant Administration



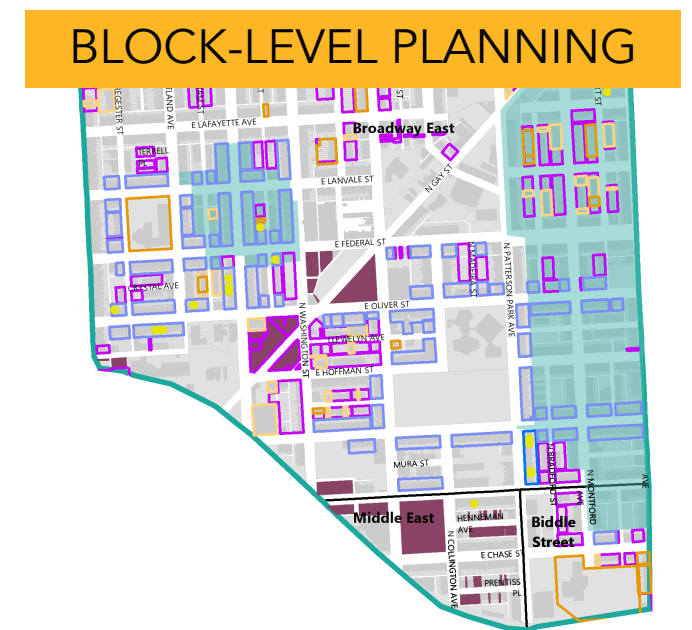
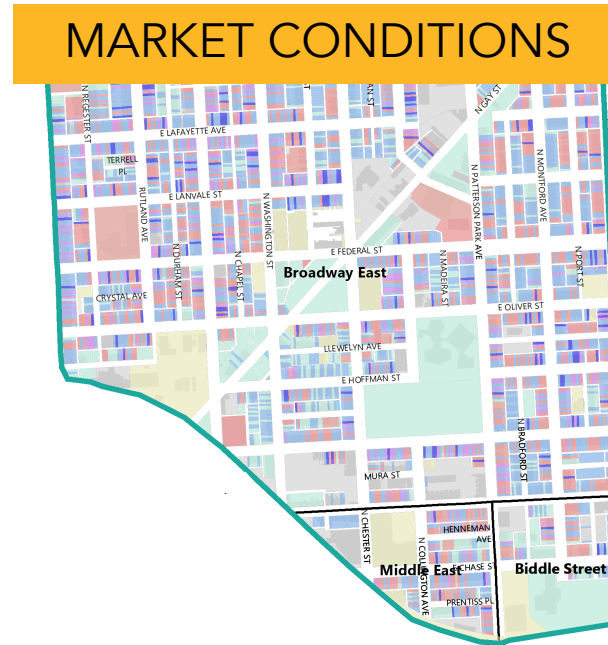
Vacant housing rehabilitation in Park Heights, one of the City's focus areas in this historic funding plan



Brandon M. Scott
Mayor

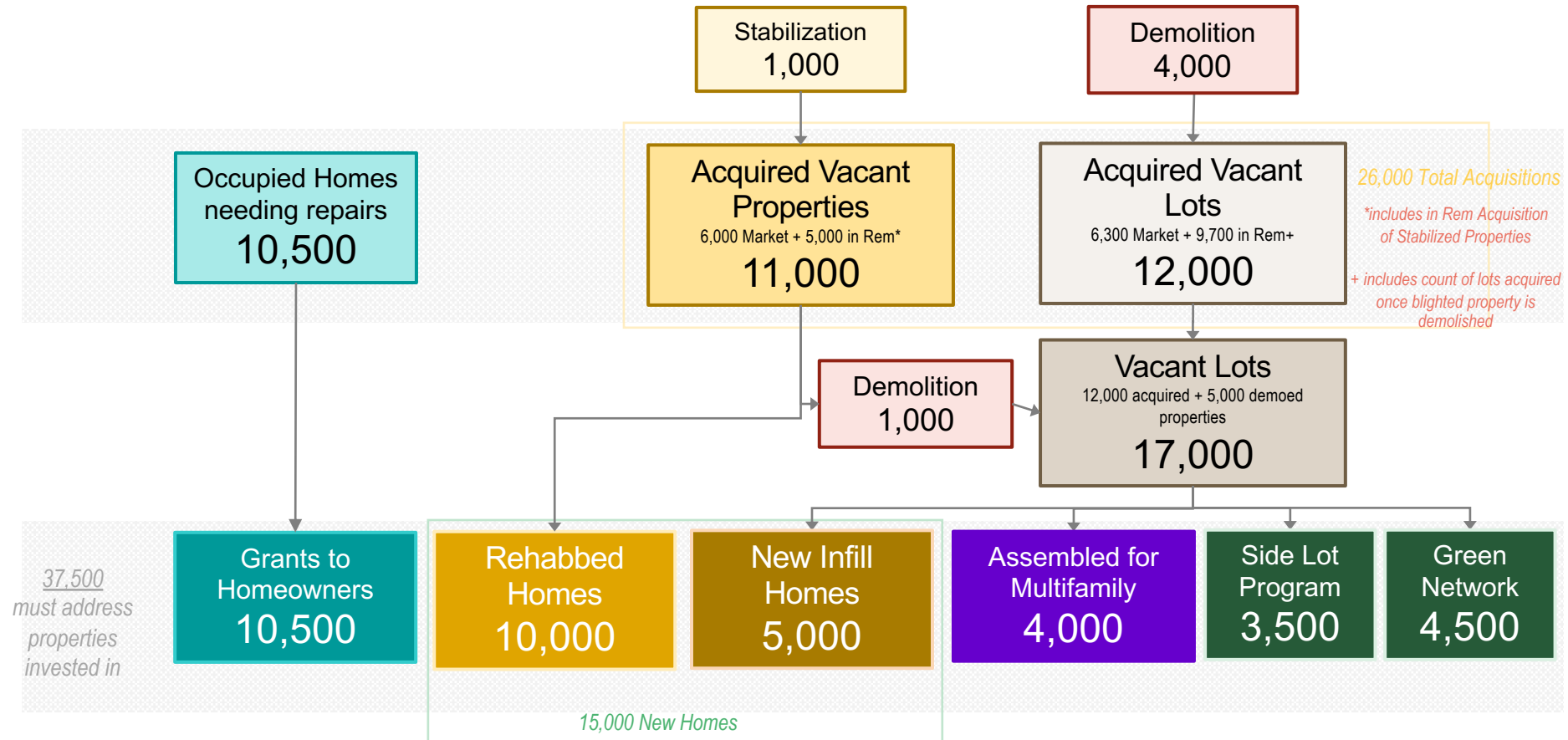


DHCD's community development strategy is data-driven, community lead, and based on deep market knowledge



Vacant Property Financial Modeling

Investing in at least 37,500 properties



Financing Strategy



We are raising funds for the largest investment in vacants in Baltimore's history

1. City Investment:

- Industrial Development Authority: **\$150M**
- Non-contiguous TIF bonds: **\$150M**

2. State Investment

- Governor Moore's FY25 budget allocates \$50M for Project C.O.R.E. for Baltimore City. If sustained and bonded over 15 years, the state investment could total at least **\$900M**

3. Private Investment:

- Philanthropic and business community investments: **\$300M**

4. Additional Investment:

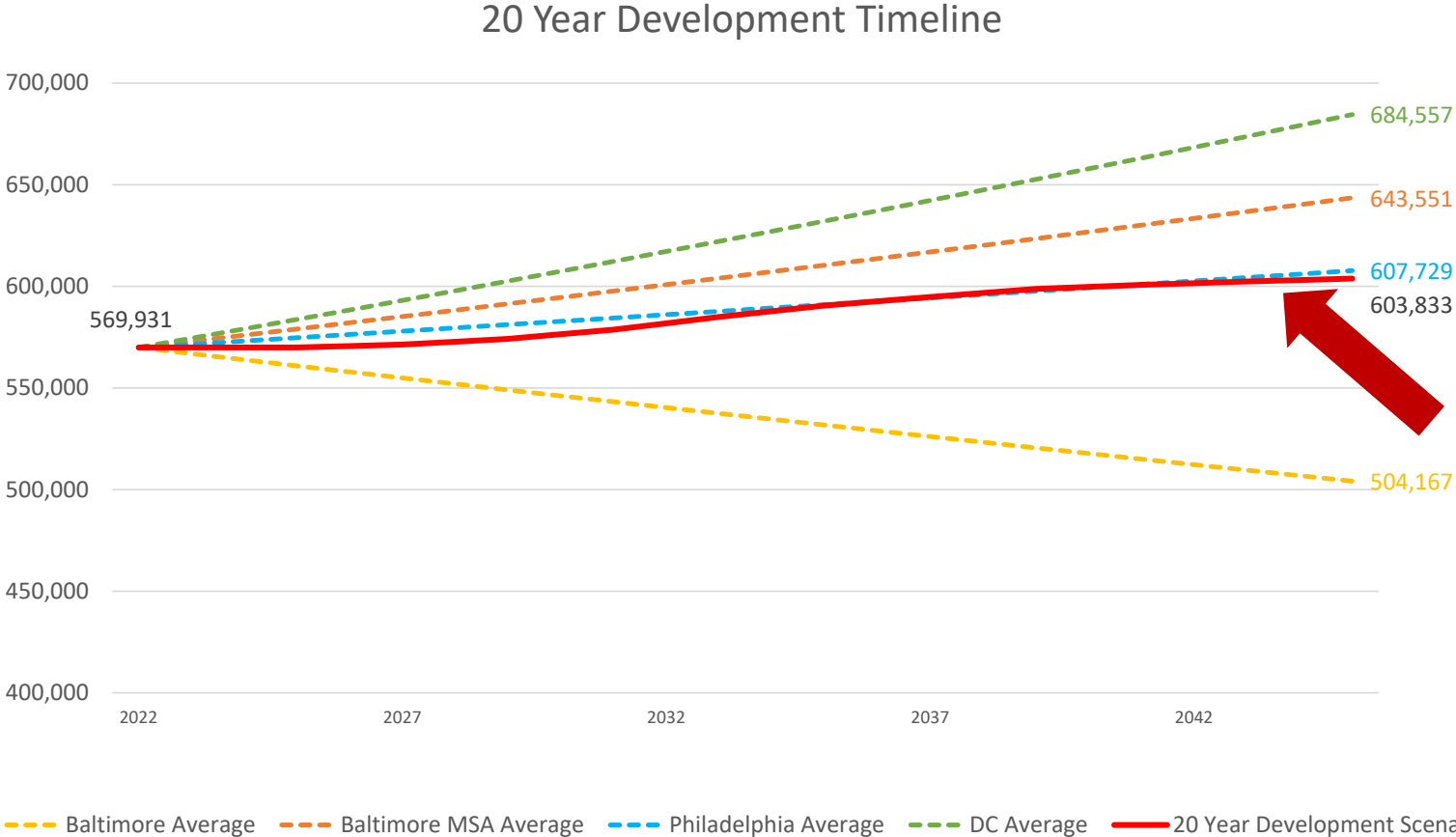
- Together, we seek to identify a new source of funding amounting to \$70M - \$80M annually to leverage **\$1.5B** in PAYGO & borrowed capital



Brandon M. Scott
Mayor

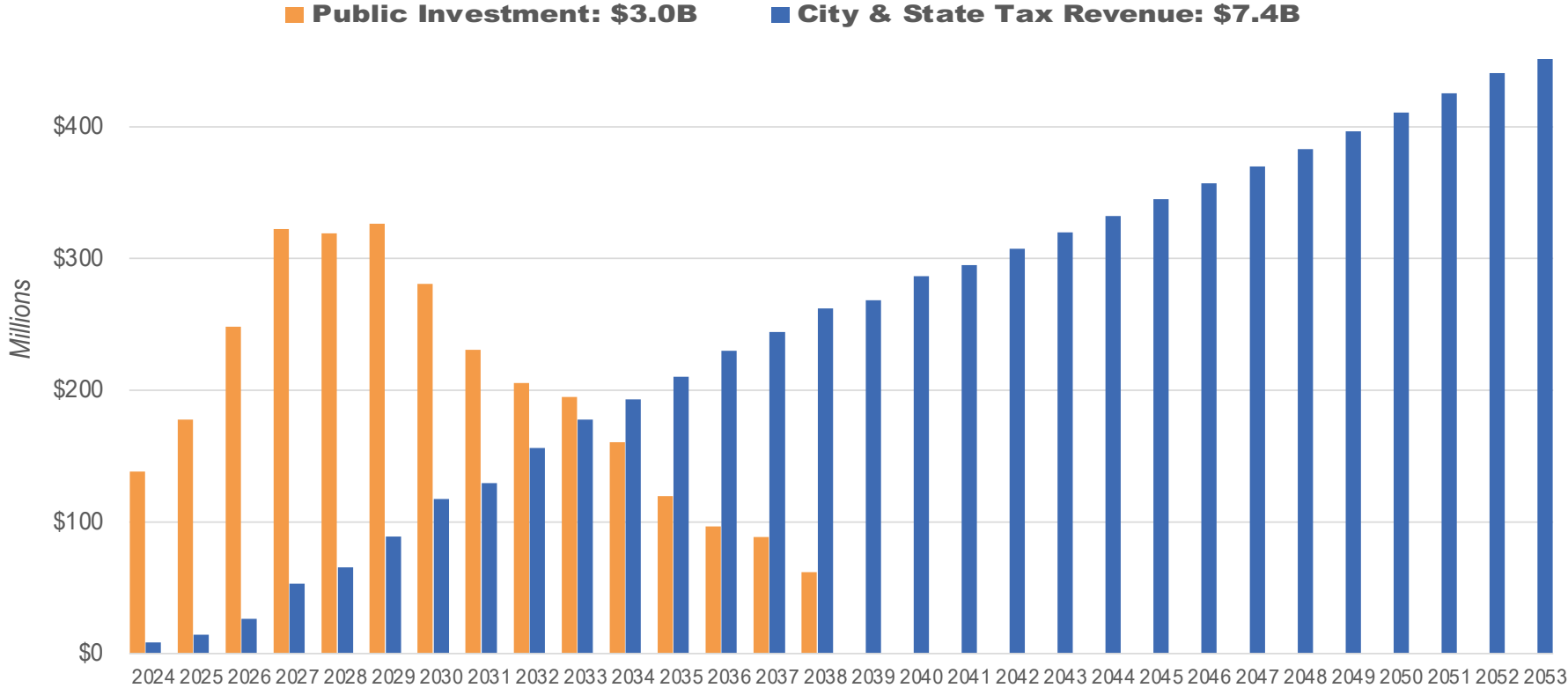


If successful, Baltimore can grow again



The investment will more than pay for itself over time

30-Year Return on Investment



Brandon M. Scott
Mayor





Brandon M. Scott
Mayor



Thank you