



MEMORANDUM

TO: Mayor Brandon M. Scott

THRU: Christopher J. Shorter, Chief Administrative Officer

FROM: Chichi Nyagah-Nash, Deputy City Administrator
Theodore Carter, Deputy Mayor of Economic Development
James Shea, City Solicitor
Alice Kennedy, Commissioner, Department of Housing & Community Development
Henry Raymond, Director of Finance
Jason Mitchell, Director of Department of Public Works

DATE: March 1, 2022

SUBJECT: 30-DAY VACANT REVIEW, RECOMMENDATIONS

Introduction

On Monday January 31, 2022, Mayor Brandon Scott provided an internal review directive to all City agencies. This directive required agencies to conduct an internal review of all operations, procedures, and processes connected to how City government manages private and publicly owned-vacant properties. The announcement was in response to the collapse of a privately owned vacant building on the 200 block of South Stricker Street; a fire that left three Firefighters dead and one seriously injured.

In the last thirty days, CAO Christopher Shorter convened a working group of senior officials from the Department of Housing and Community Development, the City Solicitor’s Office, the Department of Public Works, and the Department of Finance. This working group developed a list of recommendations, conducted weekly in-depth meetings, met with internal and external stakeholders, and explored new technologies. This document represents the working group’s recommendations for Mayor Brandon Scott’s review.

A Brief History of Vacant Property in Baltimore City

For decades, City government has undertaken several strategic planning initiatives, as well as invested capital and operation resources to tackle the issue of vacant and abandoned buildings in Baltimore. The problem of vacant properties – and the safety risks they pose – is rooted in population decline. Baltimore was the 6th largest city in America in the mid-twentieth century, with nearly one million residents. The most recent census results put its population just under 600,000 residents. The decline of stable industries, white

flight, and racist housing practices from both government and private actors are root reasons for this population loss, and abandonment of City property.

Despite the enormous challenge posed by the nearly [15,000](#) identified vacant properties across the City, the Scott Administration has made a clear commitment to addressing the complex issue of vacant properties. This is evidenced in the Mayor's Action Plan. Several of the goals outlined explicitly address the persistent issue of vacant properties:

Pillar III || Equitable Neighborhood Development

- **Goal 2:** Increase capital investment and ensure equitable access to services in formerly redlined neighborhoods.
- **Goal 4:** Increase population with a focus on supporting seniors and maintaining legacy Baltimore residents, while attracting more Black middle income and immigrant families.

Pillar IV || Clean & Healthy Communities

- **Goal 1:** Reduce public health disparities across the City by decreasing environmental hazards and improving air quality.

Existing City Work to Eliminate Vacant, Blighted, and Unsafe Properties

The City has been working for decades to hold derelict property owners accountable, and to implement strategies to eliminate blight. The City utilizes private acquisition, property donation, condemnation, receivership, tax sale foreclosure, relocation, stabilization, and demolition to reduce the number of vacant properties. The Department of Housing and Community Development (DHCD) uses housing related [data](#) and statistics to gain insight into the true impact vacancy and blight and to drive block level community-based plans.¹ This community driven process identifies the best City controlled interventions to achieve whole block outcomes. This Administration has shown a clear commitment to advancing opportunities for ALL Baltimoreans.

The above-mentioned efforts and those laid out in this memo are implemented through an [equity lens](#). DHCD and other partner agencies have been implementing and piloting many of the vacancy reduction strategies outlined in this memo. Progress has been made, but there is more to do. The time is now to ramp up the City's vacant property abatement efforts through inter-departmental collaboration, with the full support of Mayor Scott and City Administrator Shorter.

Public vs Private Ownership of Vacant Properties

As of March 10, 2022, there are 14,952 [vacant buildings](#) in the City of Baltimore. Of those, 1,232 are city owned, 192 are owned by other government entities, leaving the remaining 13,508 in private ownership. The City's lack of clear title of privately owned vacant properties - 90.3% of the existing inventory - poses significant operational challenges to putting these properties back into productive re-use. Tackling this

¹ A note about vacant property counts: The City uses the legal definition of Vacant Building Notice as outlined in the City's Building and Fire Related Code. It is suggested by other actors working in the vacant building space that this number might be much higher than the approximately 15,000 registered vacant buildings. Some quote a number closer to 30,000 – 40,000. This number is based on a quarterly estimate from the U.S. Census related to mail left uncollected. The most recent [audit](#) finding from the Baltimore Comptroller's Office determined that DHCD's count is the most accurate and reliable.

problem is a multi-year and long-term investment that will require significant financial and capital resources. For example, a negotiated sale is the quickest way to acquire property (6 months), but tends to be the most expensive. Tax sale foreclosure does not require capital, but typically takes 2-3 years to complete acquisition. Once properties are acquired by the City, they must then be sold to trusted developers – both large and small – to ensure equitable community development outcomes.

Recommendations

Funding and Investment Strategies

This Administration must explore additional financial opportunities and tools to increase the amount of funding available for activities such as demolition, acquisition, developer incentives, rehabilitation loans, and grants. All tools and process improvements mentioned in the document will expedite existing capacity for City acquisition and disposition of vacant property. However, it cannot be emphasized enough that substantially decreasing the City’s vacant property inventory will require a significant (at least hundreds of millions) capital investment.

Potential Sources

1. Increase City’s GO bonding capacity by \$50M annually
2. Neighborhood Impact Investment Fund
3. State Investment (*Mayor Scott Administration, in partnership with key stakeholders, continue lobby effort for additional funding*)
4. Pursue additional revenue streams (Note: *Might require state enabling legislation*)
5. Federal Infrastructure bill

Fully Fund the Impact Investment (IIA) Area Block-Level Planning

1. DHCD, in partnership with communities across the 7 IIAs, has completed two years of block-level planning, based on the DHCD’s [community development framework](#). These strategic plans are ready to be implemented yet require a significant capital investment. Current projections put the cost to rehab 5,145 properties at \$103,635,000; an additional \$8M (conservative estimate) is anticipated in personnel costs for DHCD to implement this work. This is not to say that the Scott Administration should focus exclusively on IIA neighborhood development: this strategy works in neighborhoods where there is little to no “typically functioning” market. It should not supplant our middle markets strategy, for instance. The [Potential Uses Outside the Impact Investment Areas](#) section of this document enumerates additional capital expenses that can and should be made available to abate vacant building notices throughout the City.
2. The next two tables show the necessary capital and outcomes of fully funding all Zone 1s to realize this block-level planning work. Each IIA is divided into five zones. The zones are labeled within each IIA, as this whole-block neighborhood development requires a phased approach. A reasonable estimate would be \$80M-\$100M for each IIA zone.

Table 1, Required Capital for the IIAs

	#1 Demolition	#2 Acquisition	#3 Stabilization	#4 Developer Incentives	#5 Homeowner Incentives	Total
BROADWAY EAST	\$6,105,000	\$8,885,000	\$450,000	\$3,600,000	\$500,000	\$19,540,000
COLDSTREAM HOMESTEAD MONTEBELLO	\$8,110,000	\$590,000	\$1,050,000	\$9,500,000	\$1,850,000	\$21,100,000
DRUID HEIGHTS/UPTON/PENN NORTH	\$3,860,000	\$5,765,000	\$1,650,000	\$12,950,000	\$1,920,000	\$26,145,000
EAST BALTIMORE MIDWAY	\$110,000	\$660,000	\$550,000	\$3,400,000	\$1,050,000	\$5,770,000
JOHNSTON SQUARE	\$220,000	\$125,000	\$200,000	\$1,800,000	\$70,000	\$2,415,000
SOUTHWEST PARTNERSHIP	\$12,540,000	\$1,590,000	\$450,000	\$5,200,000	\$1,920,000	\$21,700,000
PARK HEIGHTS	\$1,770,000	\$235,000	\$350,000	\$3,600,000	\$1,010,000	\$6,965,000
TOTAL	\$32,715,000	\$17,850,000	\$4,700,000	\$40,050,000	\$8,320,000	\$103,635,000

Table 2, Property Outcomes

	#1 Demolition	#2 Acquisition	#3 Stabilization	#4 Developer Incentives	#5 Homeowner Incentives	Total
BROADWAY EAST	152	1,430	9	72	50	1,713
COLDSTREAM HOMESTEAD MONTEBELLO	121	81	21	190	185	598
DRUID HEIGHTS/UPTON/PENN NORTH	106	793	33	259	192	1,383
EAST BALTIMORE MIDWAY	7	84	11	68	105	275
JOHNSTON SQUARE	2	21	4	36	7	70
SOUTHWEST PARTNERSHIP	209	306	9	104	192	820
PARK HEIGHTS	63	43	7	72	101	286
TOTAL	660	2,758	94	801	832	5,145

Potential Uses of Additional Funds Outside the Impact Investment Areas

1. Increase demolition investment to \$10M annually over 10 years. Assuming vacant building inventory remains at 15,000, this would decrease the vacant property inventory by approximately 30%. Reducing the City's overall housing supply must be part of the solution to ensure there is an appropriate level of demand, as well as adhering to the Mayor & DHCD's development vision of "building from strength."
 - a. At \$30,000/vacant, this would demolish approximately 330 additional vacant properties.
 - b. DHCD is currently capitalized to demolish approximately 150 properties annually. An annual \$10M commitment over 10 years would demolish 3,330 vacant properties – in addition to the 1,500 (over 10 years) that DHCD is capitalized to demolish.
 - c. Further modeling is needed to better project both reduction in vacant property inventory as well as strategic demolition efforts.
2. Increased funding for strategic stabilization of vacant properties.
 - a. The average cost to stabilize a vacant property is \$68,000. DHCD receives \$1.5M to stabilize approximately 22 properties annually.
 - b. The most recent internal projections completed by DHCD identify approximately 270 vacant properties on strong homeownership blocks that would likely benefit from stabilization to preserve the property for rehabilitation and occupancy.
3. Dedicated capital fund for developer incentives for the rehabilitation of vacant properties.
 - a. DHCD does not have a dedicated, flexible funding source for developer incentives, outside of the existing \$10,000 per property incentive – a funding stream that redevelops approximately 60 vacant properties each year.
 - b. Given the cost of rehabbing a vacant property with the expected sale price, a developer incentive averaging \$50,000 is necessary to put vacant properties back into productive re-use.
 - c. This incentive amount can be modified based on neighborhood specific market data, as well as the scope of work. For example, a 3-story rowhouse in West Baltimore will likely need a larger developer incentive than a 2-story rowhouse in East Baltimore.

Vacancy Prevention Strategies

Eliminating blighted vacant properties is one part of the puzzle. To achieve holistic redevelopment, we must also aggressively pursue an agenda to prevent blight in the first place. For the first time, the City is highlighting and increasing focus on prevention measures. This is a historic step to look at the issue of vacant properties in Baltimore City through a holistic lens.

Short Term

1. Increase funding for Housing Upgrades to Benefit Seniors (HUBS). This program is a public-private collaboration to provide home repairs to seniors so they can safely age in place.
2. Support efforts of Mayoral Pillar III, Goal 4: *Increase population with a focus on supporting seniors and maintaining legacy Baltimore residents, while attracting more Black middle income and immigrant families.* To prevent more vacants from entering the inventory, it is imperative to attract new residents – both homeowners and renters – to Baltimore City.
3. Education Campaign on the importance of Homeowner's Insurance. This would protect the financial interest of homeowners who experience an event out of their control, like sewage back-up, to offset costly repairs that could cause them to lose their homes.
4. Tax Sale Prevention Program. The Scott Administration is launching a new program to protect homeowners, as part of the Annual 2022 Tax Sale. This program can assist homeowners in getting

their property removed from the annual tax sale, and provide some relief on unpaid property taxes. This program is capitalized at \$2M and applications are accepted on a rolling basis.

5. Estate Planning. Explore ways to Increase Support and Expand “My Deed, My Legacy” Campaign. This program provides estate planning services to ensure properties can be passed down to rightful heirs of a property, thus preserving intergenerational wealth.

Long Term

1. Explore the efficacy of establishing a Ground Rent Redemption Grant Program – Homeowners with unpaid and accrued ground rent can have their homes foreclosed on.
2. Fire Safety - Fire Dept smoke detector and fire safety campaign.

Legal & Regulatory Strategies

Privately owned vacant properties present a varied degree of legal and regulatory challenges that impact the speed in which these vacant properties can be properly addressed.

Short Term

1. Court Process – work in collaboration with Circuit Court to explore a separate docket for tax lien foreclosure and condemnation cases. A separate court docket would shorten the timeline to acquire the property through tax sale foreclosure. The current timeline is 2-3 years. It is a much less expensive option than negotiated sale or condemnation as it does not require the City to pay fair market value or negotiate a price for the property.
2. DHCD can increase the number of Tax Sale Foreclosure cases filed on vacant properties each year. This will increase the City’s inventory of vacant property that can be sold for development or slated for demolition. This will require the Scott Administration to fund DHCD’s budget enhancement request, submitted as part of the FY2023 budget request, for additional staff.
3. Identify owners with demolition and stabilization liens that have other properties to determine if the City can file collection cases to have judgements recorded. This will incentivize property owners that own other properties with higher values to either abate the vacant building notice(s) or pay outstanding liens.
4. Identify and track properties that have been sold at receivership auction, and where no permits have been applied for within a year after settlement. Once a property is sold at auction, an LDA is established that mandates the new owner rehab the property within one year. If a property has been sold at receivership auction and has not met this requirement, DHCD can take action against the new owner.

Long Term

1. Demand banks and state and federal agencies maintain vacant and unoccupied properties that they own and timeframes for marketing the properties or finding alternative disposal methods.
2. SDAT – Partner with SDAT to expedite Ground Rent releases.

Housing and Neighborhood Development Strategies

Vacant buildings negatively impact the health of our communities – not just the health of the built environment – but also the physical and mental health of our residents. By facilitating the purchase and redevelopment of these abandoned and blighted properties, we can reduce the number of vacant properties. The recommendations below will be led by DHCD, in partnership with the appropriate City agencies and Mayoral offices.

Short Term

1. Property Donations
 - a. Implement a campaign to increase property donations to the City of Baltimore.
 - b. Explore adding funding to the FY2023 budget that would cover the \$600 fee for private homeowners to donate 200 properties. This would cost \$120,000.
 - c. Increasing the number of donated properties will increase the City's inventory of available properties to be put back into productive reuse or demolished.
2. City-Owned Property Disposition Improvements
 - a. Make it easier to purchase city-owned properties. DHCD will launch SLATE software. This software will create a streamlined, transparent, and reliable process by which any individual or developer can purchase properties in the City's inventory.
 - b. Provide clearer communication about processes. By Fall 2022, complete review of all publicly available materials – including translation services – to ensure a consistent and clear process for individuals or developers to acquire city-owned property, as well as ensure ready access to resources
 - c. Implement a fixed pricing model for city-owned vacant properties that meet specific criteria such as owner-occupied, non-profit, minority or women owned or operated.
 - d. Explore implementing a pilot list of pre-approved city-owned vacant properties from the Board of Estimates for identified properties and a corresponding standard LDA for city-owned properties within set geographic boundaries. Anticipated implementation is Late Spring 2022. Currently, every single property sold by the City has to go through the BOE approval process, even if DHCD has clear title. This would shorten the disposition timeline of city-owned properties from 5 to 2 months.
 - e. Winter 2022, publish a DHCD standard operating procedure for city-owned property disposition applications to provide a clear and consistent path for application review. Part of this SOP will require applicant to demonstrate access to at least \$90,000 in capital to ensure that properties are put back into productive reuse in a timely (typically one year) fashion
 - f. Increase Marketing Budget – FY22 increase from \$0 to \$20,000 and explore FY23 increase as part of final budget negotiations.
 - g. By Fall 2022, complete a [Side Yard](#) Policy Review in partnership with Comptroller's Office of Real Estate. The current policy is \$500 for an adjacent owner to acquire a vacant lot and \$1000 for a non-adjacent owner. It currently takes 90 days to go through the BOE process.
 - h. Explore changing pricing structure for vacant lot disposition – recommendation will be submitted to the Mayor's office by Fall 2022.
 - i. Employee Retraining and Education to ensure that all Neighborhood Development Officers provide the same high level of customer service and technical assistance to developers working in Baltimore City.
3. Identify rehabbed and sold vacants with no Use & Occupancy permit issued, and work with owners to abate vacant building notice.
4. Stabilize vacant properties next to occupied properties. This would preserve block occupancy and make properties more desirable for individuals or developers because property is secured – typically through roof replacement and structure stabilization - thus making the property less expensive to rehab.
5. Housing Authority of Baltimore City (HABC) will implement their scattered site vacancy plan following HUD regulations to abate these vacants. This work is ongoing.
6. DHCD to conduct updated aerial roof study to evaluate roof conditions on vacant properties. This will update the department's list of properties at risk of imminent collapse, as well as provide a blueprint for strategic stabilization to be able to redevelop whole blocks instead of scattered site development.

System & Process Improvement Strategies

There are government systems and business processes that support the City's tools to combat vacant buildings. These need to adapt to support more efficient and expedited outcomes. These system and process improvements will require inter-agency coordination.

Short Term

1. Lien Abatement Improvements
 - a. Add two positions to the Department of Finance Lien division in the FY2023 budget.
 - b. These two positions will allow Finance, DPW, DHCD and BCIT to make technology changes to process all lien abatement requests in 30 days. This new process will be implemented by Fall 2022.
2. Improve lien release and expungement process. Recommendations will be finalized by Winter 2022.
3. Permitting
 - a. Finish workflow review by Summer 2022 and present recommendation to Mayor's office.
 - b. Implement new permitting software based on workflow review to better understand user experience for both customers and staff. This will take at minimum 12 months to migrate to a new system. This will include a completely new customer service training academy for all agencies that review permits.
 - c. Create Permit Liaison position to assist small developers, minority developers, non-profit developers in navigating permit process to rehabilitate vacant properties.
 - d. Create additional education and training videos, and sessions on DHCD's permitting system and general information on the individual property rehab process.
 - e. By Summer 2022, revise all print and online education materials.
 - f. By Summer 2022, implement a review of training for customer assistance for the permit office, including all agencies that complete permit review – DOT, DOP, DPW, Health, BCRP, and Fire.
 - g. Re-align permit office staff schedule to include retail-style housing such as one or two late evenings a week and one or two Saturdays a month
4. Accounts Payable – expedite speed in which City processes payments to appraisal vendors. This will shorten City acquisition and disposition timelines.

Operations & City Service Improvement Strategies

City agencies provide a wide range of services that maintain the physical structure and safety of both privately- and city-owned vacant buildings. There are opportunities to evaluate current practices and adjust how the city delivers these services to better address community concerns and needs.

Short Term

1. Stepped-up Cleaning and Securing of properties - Work with DPW, MOCFS, OPI to develop a stepped-up boarding program that prioritizes vacant properties that receive more than 1 cleaning or boarding requests in a calendar year. The trigger for alternative action will be determined by CleanStat. Anticipated implementation in September 2022.
 - a. Incorporate these planning, and other key indicators, into biweekly CleanStat meetings.
2. Title Process Improvements
 - a. Increase city-approved fee for title work and expand list of approved title attorneys
 - b. Explore use of blockchain technology to expedite title searches and examinations.

Long Term

1. Ensure all vacant buildings have received proper and allowable citations. The purpose of this is to identify properties that would be good candidates for tax sale foreclosure, but do not yet have liens that exceed the value of the property.
2. Conduct updated review of vacant buildings to identify any threats requiring emergency demolition.
3. Conduct updated review of vacant properties to update demolition pipeline, and evaluate new opportunities for whole-block demolition outcomes.
4. Create a stat/performance management process to track public and private VBNs
5. Collaboration between DHCD and the Fire Department
 - a. DHCD will train Fire Department staff on how to use [CoDeMap](#) to identify and plan for vacant buildings, as well as provide live access to entire Vacant Building Notice list.

Legislative Strategies

Several new tools, or changes to existing tools would require legislation at the State or Local levels, possibly both. The legislative process can take time and will require participation at all levels of government to advance.

Short Term

1. Establish a committee consisting of Finance, DHCD, Mayor's Office, Law, and key external stakeholders to explore potential changes to the City's TIF policies to encourage development activities in neighborhoods.

Long Term

2. Review timing expiration of a tax sale certificate on a vacant property. This would prevent speculators from being able to hold on to tax sale certificates for an indefinite amount of time.
3. Streamlined service rules for privately owned vacant properties. This would expedite acquisition and receivership timelines.
4. Explore legislative update to building code to amend the cost of a Demolition Permit.
5. Explore updates to zoning code which would attract investment and increase project viability, provide more housing typologies, and likely lower housing costs. Examples of zoning code change are:
 - a. Change Zoning Code to allow Multi-Family Dwellings in R-6 thru R-10 districts. Having the ability to renovate vacants as MFDs will make more projects financially viable bringing in more developers, increase housing as a faster rate, provide more housing typologies, and likely lower housing costs.
 - b. Eliminate off-street parking requirement for single family homes and small multi-family (under 4 units).