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100 N. Holliday Street, Room 506

Baltimore MD 21202

February 23, 2022

The Honorable Brandon M. Scott  
Mayor, City of Baltimore  
100 N. Holliday Street  
Baltimore, MD 21202

RE: Recommendations for Eliminating Vacant and Abandoned Properties

Dear Mayor Scott:

Thank you for the opportunity to share my thoughts on how we tackle this crisis of vacant and abandoned housing throughout our city. This 30-day examination is extremely important and I look forward to the results.

My comments are a follow up to my letter of September 12, 2021 where I outlined the need for \$200million investment of ARPA into our neighborhoods for addressing the exact same issue. My comments also come from years of working in the community development space prior to becoming a City Councilwoman.

We must seize this opportunity to not only eliminate vacant and abandoned buildings, but to do so equitably. Many neighborhoods have been ignored for much too long. It is no longer acceptable to just say “there is no market” and leave them that way. Residents living there don’t deserve that, our firefighters don’t deserve that. We have to invest and take action in the areas that need it most.

This is why our task is so vast. We have let this problem squander for far too long. You and I inherited this problem, and we can tackle it directly today. **We need to think BIG. Resources can no longer be the excuse for inaction - it is a big vision that can help us with raising the money to get it done.**

**Let’s set that big goal - eliminating ½ of our vacant and abandoned properties through rehab or demolition/deconstruction in 10-15 years. While we want to be rapid in our disposition, we need to do it equitably.**

Eliminating vacant properties will significantly decrease one of the other crises in our city - violent crime. In looking at a map of Baltimore with the concentration of vacant properties and the violent crime from last year, violent crime is happening in the areas with the most vacant properties. It has been my contention from day one in this work that we must remove vacant properties through rehab or demolition in order to curb our violent crime.

The case is made in my district alone! As you know, over a decade ago, the violence in Coldstream Homestead Montebello was out of control. The area most impacted was the Tivoly, Fenwick, Hugo area, which had the majority of the homes completely blighted, drug activity, and violence. The leadership of CHM took control, advocating for the elimination of the blight. Over 100 homes have been demolished. Although we’re still waiting on funding for the new development, CHM has had only two murders in the past two years.

There is a **cost to inaction** on vacancy. According to the Community Development Network of Maryland, it costs over **\$88million** a year in maintenance, police/fire services, and more for vacant and abandoned property in Baltimore City. We are losing valuable resources just by having vacant properties in our City.

Vacant properties cause trauma. Residents who live next to vacant and abandoned properties also see damage to their properties, with almost nothing they can do. Often their homeowner's insurance is expensive or canceled when a vacant property is next to theirs. Students walking to school already have a high stress level, and it escalates even more when walking next to vacant and abandoned properties.

The challenges are vast but can be overcome.

The City cannot do this alone. There are nonprofit community development organizations and small developers who are in the trenches ready and willing to help. They are working in the most very challenging parts of the City, alongside the community members themselves. **They need financial support; they need a permit office that is cooperative, consistent, and efficient; they need the land and property delivered to them faster. The City's responsibility should be to support these efforts and incentivize development into the areas that need it most to implement true equitable development.**

The Baltimore Neighborhood Indicators Alliance has analyzed data from the past 20 years of its existence and shows that neighborhoods begin to fail when there is more than 7% of the block that is vacant. We must apply receivership and vacancy prevention strategies to the blocks between 4%-7% vacancy. The neighborhoods with over 7% vacancy will take additional strategies, including In Rem, tax sale foreclosure, and acquisition.

BNIA also shows that the key to attracting more people to our city is to increase our diverse housing options, ensure connectivity, and decrease commute times to work on public transit. The new BNIA Baltimore Community Change 2010-2020 initiative outlines these important trends in the past 10 years, and gives us a path forward. The report can be found [here](#). Highlights include:

- Reducing vacant properties to less than 4% helps us increase population because we will have more diverse housing options.
- Reducing commute times to 45 minutes or less increases population because people will feel more connected and can access their jobs easier (the average commute time is over 1 hour).
- Ensuring neighbors are connected digitally, socially, and economically helps increase population because people feel part of a larger community that cares.

Ironically, these are the things many of us in the community development field have been saying for years. The following recommendations in this paper will only concentrate on the housing piece of this particular puzzle.

Residents deserve better, our City deserves better, and we can increase population by tackling our vacant housing crisis. We need the **MONEY**, the **TOOLS**, and the **INCENTIVES** to do this. Below are my recommendations, and the initiatives I have started. I hope that your vision will include all of these initiatives, and I will work with colleagues in the Baltimore City Council to take on some of the actions I've reserved.

## **MONEY:**

As Rebuild Metro, one of the best community development organizations suggests, this is a \$3Billion problem. The funds should be used strategically to ensure our investments are leveraged and have the greatest impact. Funds should be used for:

- Demolition/deconstruction
- Subsidies to rebuild and rehabilitate homes for affordable, mixed income, and market rate housing.
- Build capacity of our community development organizations to partner with small and large developers,
- Vacancy prevention strategies such as home repair for seniors and tax sale reform
- Homebuyer incentives and assistance- especially in challenged areas
- Increase the capacity of the Department of Housing and Community Development including:
  - More lawyers and title attorneys

- More acquisition specialists
- Facilitator of financing
- Technology
- Others as determined by the Commissioner

Where do we get this money? Our resources are so tight and it is difficult to find how we do this. But we must get creative. We cannot let resources be the excuse for inaction. Here are my suggestions:

**Tax Recapture:** While I was thinking about using this for the Land Bank<sup>1</sup>, I will suggest it here. For every property that the City sells or transfers, once the home is fully rehabbed and the property gets its Use and Occupancy Permit, the property is reassessed. From that point on, DHCD would receive ½ of the new tax revenue for each property sold, but only for 5 years. Then that funding goes back to the general fund. If the City sells 300 properties per year and the assessed value is \$150,000 after rehabilitation, the revenue is \$3,372 per property, so ½ of that is \$1686. The total revenue could be \$505,800 per year, just on those properties, for 5 years. While not huge, it's much better than not having any funding.

When we say “sold by the city” this means properties that have been acquired through In Rem, tax sale foreclosure, or another means of acquisition, then sold to a third party by some means of disposition. The city does not technically sell homes in receivership, although we could probably figure out how to make this tax capture formula work for those properties as well. In addition, knowing there are several tax credits used for some projects, the tax recapture would kick in after the subsidy expires.

- I have prepared the legislation and the charter amendment to make this a non-lapsing fund. Currently it is for the Land Bank, but we can refine it to be for DHCD/Finance.

**Increase borrowing capacity and bonding capacity to raise an additional \$200 million per year for three years:** Baltimore should increase its bonding capacity immediately, for the next 3-5 years. This injection of capital funding would go directly to the hard costs of eliminating vacant properties, such as demolition, stabilization, and subsidy for rehab. While we know that such an increase in bonding capacity will then lead to increases in our debt service, we also know that a sustained investment will eventually pay for itself with increased property tax revenues over time. People want to move to Baltimore, and we have to provide the inventory to help bring them here.

Currently we borrow \$80million through bond issues approved by voters, an additional \$150 million for the GO Bonds (This is non-utility only. Utility capital expenses are paid by the utility and therefore are not part of these calculations). This results in payments of \$120million for debt service per year (according to the FY2022 budget). Essentially we are paying 65% of what we borrow every year in debt service. Increasing our bonding capacity to borrow an additional \$200million dedicated to this cause per year - to a total of \$430million - will result in debt service payments of \$279.5 million each year. While we will have to make sacrifices, the investment and sacrifice is worth it. Payments from the Tax Capture formula described earlier could be dedicated to the payments of the debt service. Councilwoman McCray’s resolution she introduced recently begins to explore this idea.

**Create the Vacant Property Re-utilization Fund with the goal of raising an additional \$100million per year for five years with Private Sector Dollars:** While many of our community development organizations work directly with private investment and CDFIs, a strategic approach to provide a pool of funds available will help them greatly - so they can do more and do the work, not spending a ton of time on fundraising. We have done this before through Healthy Neighborhoods Incorporated. \$40 million is raised each year from a variety of funders to be used to implement the strategy for improving homeownership opportunities and attractive neighborhoods. Our leadership can put out a call to action, and our charitable community and funding community will step up. They are ready. We

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<sup>1</sup> A note about the Land Bank. I am still a firm believer that Baltimore needs a Land Bank to expedite land disposition in our City. I decided not to take a lot of time on it here, as DHCD and our stakeholder group have been negotiating on this, and our Land Bank Stakeholder group is working on their own policy paper for this purpose. **The Land Bank would still need all of the money, tools, and incentives named in this paper to work.** We are willing to put the Land Bank off for a year to ensure the initiatives outlined here are implemented. Should our stakeholder group determine that a quasi-Governmental entity is going to be more effective than DHCD at performing the above tasks, we will introduce the Land Bank.

can leverage them to provide us with \$100 million each year for five years to support the efforts of the community development field to stabilize and rehabilitate homes based on the needs in the community.

**Request more state and federal funding, \$300 million for the next three years:** Our state and federal partners know how important this is and should allocate specific funding for this work. While the State's Project CORE was able to demolish several properties in West Baltimore, there was no plan for those demolitions. We need specific plans for demolished property. Project CORE also helped community development organizations acquire and stabilize properties, an important step toward equitable development. We have to go beyond Project CORE to ensure Baltimore can thrive. Our state's Low Income Housing Tax Credits, 4% and 9% credits and many others designed to create mixed income affordable communities are wonderful assets that should be dedicated to Baltimore for the first three years of this initiative.

Dedicating the state and federal resources to this initiative will take several conversations with our partners, and with the Maryland Association of Counties. All of our partners are ready to help Baltimore, I don't see this as an insurmountable request. I'll be happy to engage in these conversations, especially since the Low Income Housing Tax Credits have been limited in Baltimore City for various reasons.

**Strategic use of Neighborhood TIFs:** The Tax Increment Financing (TIF) schemes have been used to finance major redevelopment in some parts of our City. Moving forward, this policy should only be used in strategic neighborhood areas where substantial subsidy is needed for infrastructure upgrades. We should develop specific criteria for the use of the TIF and also completely revise how we implement the policy. Currently the TIF area needs to be a contiguous area where the development will take place. At times - and we found this with the Tivoly project in CHM - there will not be enough tax revenue in the area after redevelopment to pay off the TIF bonds. We must revise our TIF policy to allow for increment to be used from non-contiguous areas. Plenty of cities do this. We must also make sure that there is revenue for the additional schools and transit infrastructure needed to support the population that moves in. This will be an important factor for the new TIF work.

- Legislation may need to be passed to establish this new TIF policy. I have reserved this topic, but do not have anything drafted yet.

**More funding in the Affordable Housing Trust Fund:** DHCD has continued its commitment to add \$7.3million to the Affordable Housing Trust Fund each year. In addition, the hot real estate market has increased the funds for the AHTF. However, this has not been enough to reach our annual \$20million goal. The small addition to the transfer and recordation funds on transfers above \$1million is not enough to meet the demand or the intentions of those of us who fought hard for this fund. We will need to look for additional funding. One idea is to place a similar transfer and recordation on transactions above \$500,000. We are exploring a host of options.

- I reserved the topic of additional funding sources for the Affordable Housing Trust Fund.

**Create the Affordable Housing Finance Agency for Baltimore City:** Understanding the extreme complexity of housing finance, and the need to ensure we have mixed income communities, the City should create the Affordable Housing Finance Agency whose only purpose is to work directly with DHCD, Finance, and all other partners to utilize the new TIF policy referenced earlier, provide leverage financing like with the NIFF fund, and work directly with development partners to ensure there are mixed income communities as we revitalize areas across the City. This Agency will spearhead the work mobilizing financing for our purposes.

- I have reserved the topic of creating the Affordable Housing Finance Agency within City Government, but I have not begun drafting.

**A Note about all this funding:** In order to have true equitable development, without displacement, the subsidies and funding should only be used in the Black and Brown neighborhoods that need it most. Our role should be to intervene in markets that have been traditionally ignored and where the most vacant properties already occur.

## TOOLS:

With millions coming into Baltimore, we need the right tools to be effective in disposition of properties in an equitable manner. While we ramp up the work of disposing of City owned properties, we continue to struggle with acquiring privately owned properties. There are 15,036 properties with Vacant Building Notices on them (and more are added each day), and the City owns about 1266 of them. **The goal should be to dispose of City owned property quickly - in an equitable manner where we can control the outcome of the property - while also continuing to acquire even more properties to do the same.**

Vacant and abandoned properties can be broken down into two main categories - City-Owned and Privately-Owned properties. Of the Privately owned properties, there are four main categories:

- Properties where the Elder has passed away, and no one in the family wants the property
- Owners (individuals, LLCs, and corporations) who have left the property and are not paying the taxes
- Owners (individuals, LLCs and corporations) who have left the property and are paying the taxes but not investing in the home
- Bank owned properties

We need strategies for each of these types of owners. DHCD has multiple tools to address privately owned vacant properties, including receivership, tax sale foreclosure, In Rem foreclosure, and acquisition. I only go into a few of these tools here and how they can be improved.

**Receivership** is a blight elimination tool used on properties where the owner has left the property and is paying the taxes or not paying the taxes. After a property is given a Vacant Building Notice, the City takes the owner to court, in the hopes that the owner will do something with the property. That rarely happens and so the court assigns a receiver (usually One House At A Time) to auction the property to the highest bidder. (I was interim director of OHAAT in 2011). The liens are released (but still show up as a receivable in our books) and the property is transferred free and clear. We have several examples where this strategy has been successful - including the Baltimore Design School, the old Census building which is now Village Lofts, and hundreds of homes turned over to new owners for the best possible outcome.

- Challenge 1: Prior to COVID, about 500 receiverships were filed each year, and the process now takes close to 2 years.
  - Solution: In order to increase the number of cases in receivership and speed up the process, we need a separate court docket to ensure that all of our cases are sent through the court system in a more timely manner. Receivership is in the district court. Working with the Administrative Judge would be the first step, and if not we'll go to the General Assembly to create it. Conversations have begun and I'm honored to work on this with the City Solicitor.
  - Solution 2: Bring the title work in house. DHCD will need to bring in additional capacity to request title work. Relying on title companies has been inefficient. They prioritize their private title needs rather than the City's.
- Challenge 2: Auctioning the property to the highest bidder removes the opportunity for some community development organizations to bid and provide the community with what is needed. While we recognize this tool has been able to withstand legal challenges because it is considered blight elimination only, we must find some way to enable community development organizations who cannot bid on the properties to be able to participate in the system.
  - Solution 1: Vacant Property Re-Utilization Fund (outlined earlier) would provide organizations with the subsidy to both bid and rehabilitate a property (The City would not be able to finance this to keep the tool as a blight elimination tool and avoid legal challenge).
  - Solution 2: Pass Councilman Burnett's legislation 21-0114 to allow Baltimore City to purchase the properties that do not sell at auction. Currently there is a large inventory at OHAAT, instead of re-auctioning, the City should just purchase this property.

- Challenge 3: Receivership is not successful in areas with more than 7% vacancy on a block. DHCD utilizes this strategy in areas where there is a buyer - in a strong or “on the cusp” neighborhood. Bidders often want these properties only if there is a chance for making top dollar on the property.
  - Solution: Continue to use this strategy in areas where there is a market, but encourage bidders to be a part of a block by block redevelopment strategy that would include the application of all of the tools to ensure there is maximum impact.

**In Rem Foreclosure** is the process of pulling a property out of the tax sale and foreclosing on the tax liens so that the City has clear title to the property. This process can only be used on vacant and abandoned properties that have the value of the liens higher than the assessed value of the property. It is a relatively new process in Baltimore, after passage of the enabling legislation in the General Assembly in 2018 (that I lead in my former role) and the legislation here in Baltimore in 2020. Baltimore City is right now the only jurisdiction that has adopted this strategy. A study of the vacant properties in my district shows that many are eligible for In Rem, and those that are not, we can certainly get them there. Frankly, I want more use of In Rem in my district - and across the City - than receivership so we can control the outcome of the property and have true equitable development. In addition, we believe In Rem will be a much faster process than regular tax sale foreclosure, which is a 2-3 year process and the City has to wait for the property to go through tax sale at least once before taking action. In Rem does not have that requirement.

- Challenge 1: Since In Rem is a relatively new strategy, Baltimore City DHCD is still just ramping up. We need the Courts to be ready for substantial In Rem cases so that we can acquire these properties quicker.
  - Solution: Conversations are occurring with the Circuit Court as we speak, and I look forward to continuing them. DHCD will need additional lawyers to ensure that the expedited docket is continually full and cases run smoothly.
- Challenge 2: We still have several thousand vacant properties where the liens are not as high as the value of the property, and therefore we cannot use In Rem as a strategy. At times the owner is still paying the taxes. Examples are 1563 Homestead Street and 2724 Harford Road.
  - Solution 1: Pass Delegate Boyce’s bill to allow the City to determine different tax rates for various types of properties. With this, we can create the Vacancy Tax on homes with Vacant Building Notices and increase the liens to be more than the value of the property, or get the attention of the owner.
    - I have reserved the Vacancy Tax topic but have not drafted anything yet.
  - Solution 2: We must continue to give Failure to Abate the notice citations to properties with Vacant Building Notices. Currently these important citations are not given consistently.
    - I have prepared legislation that will require DHCD to send Failure to Abate the Notice citations every 6 months that a VBN is in place. This will either finally get the attention of the owners - or allow for the liens to stack up and we can use the *In Rem* strategy.

**Vacants to Value for City Owned Properties:** Vacants to Value was established under the Rawlings-Blake Administration to speed up the process of disposing of the City’s vacant housing inventory. Often properties are put out to bid, and residents can also apply for specific properties.

- Challenges: We have heard about challenges that residents have to complete the process, and the lack of support from DHCD.
  - Solution: Dedicate more staff to support the homeowners trying to purchase these properties.
- Challenge: Some applications for vacant city properties are denied because they are next to privately owned vacant properties.

- Solution: Ensure that Vacant to Value is part of a block-by-block strategy. So that the person purchasing a vacant home has the opportunity to either purchase other properties after receivership or In Rem, or another partner can do so.

### **Changes to the current tools to help move properties:**

**Completely Overhaul the Permit Office:** The Permit Office needs a complete overhaul. Overhaul needed includes new technology, and completely new staff. We must completely start over with this office. Complaints that I have received and that I have experienced include:

- Contractors charge more money in Baltimore City than elsewhere because dealing with the Permit office is terrible. Some contractors don't even work in the City. This is unfair to our residents.
- I've experienced three times last year where the plans for a project were approved, then the project failed inspection because the plans were incorrect (or the project was not allowed in a covenant area). This caused the homeowners so much money on a mistake the City made approving plans that should not have been approved. This is a major issue.
- We have received complaints about a few inspectors that treat women developers differently than men.
- Although the uploading of plans and permit related items are all online now, on many occasions owners have reached out to try to get answers to questions because no one in the permit office is responding to phone calls or emails. These range from putting a deck in the back, to plumbing permits to larger roof jobs, to large contractor based projects. Luckily I'm able to help them by going directly to Ms. White or to Assistant Commissioner Hessler, but the contractors and owners should not have to do this.

I am not an expert on what needs to happen to the permit office. I would suggest a focus group of the small developers who will tell us exactly what needs to happen with the permit office. DHCD needs to be willing to make the massive changes that are needed to address this office.

- I have drafted a resolution to go deep into the Permit Office's work and hear from the public about what's going on.

**Improve the Lien Release program:** For receivership cases and even our own City properties, the Lien Release program needs to be expedited. This includes the need for bringing title work inside the department, rather than relying on outside contracted title companies that put our City work last, working with Finance and the Comptroller's office to expedite the releases. This is an important tool in the process for receivership and Vacants to Value.

**Citations on VBNs:** Just to reiterate the point, DHCD currently does not continue to cite properties with VBNs unless there is a 311 complaint regarding high grass and weeds or trash. While we were told that once there is a VBN on a property, the property receives two Failure to Abate the Notice citations of \$900 each - this is not happening. My legislation to require Failure to Abate the Notice citations will be passed to help make sure we get the attention of the owner and if not, make the property eligible for In Rem foreclosure.

For example, 1563 Homestead Street: This home had a fire in 2017. There was a Vacant Building Notice issued in 2017. According to CODEMAP, no Failure to Abate the Notice citations were issued, and in a conversation with Finance, they didn't find any either. The liens on this property right now are only \$400 because of two boarding citations. These liens should be over \$1500 by now if not more. The taxes are being paid but there is no attention to the property.

- As stated earlier, I have legislation drafted to change this.

### **Preventing Vacant Properties**

While we work on code enforcement and more citations for homes with Vacant Building Notices to get attention from derelict owners or use the tools to move the homes through receivership or In Rem, we have to focus on vacancy prevention strategies targeted to our older adults aging in place. Our elders deserve to age in place with dignity - a stable home, health care, a plan for their estate, and more. We also want to make sure that there is a plan for the home once the elder passes away or has to leave for other reasons. Ideally the home would stay with the family, but if not, we need a plan for the home other than vacancy. Elders and their families deserve it.

I have so many elders aging in place in Coldstream Homestead Montebello, Darley Park, and Lakeside. Implementing this strategy now is important, because our elders need assistance with their homes, their health, and their future. If there is no action in the next 4-7 years these homes will be vacant. When the Administration pulled out homeowners from tax sale, I visited every home in my district on the list to help them pay their taxes. Out of the 50 homes on the list, 12 were obviously vacant because the elder has passed, but these homes do not have vacant building notices. (Example 1818 Chilton).

The strategy includes increased funding for the HUBS program, and the LIGHT intake program. In a recent hearing, Commissioner Kennedy outlined all of the funding available for older adults. All of these programs have a significant backlog. These programs need to be fully funded to assist in our strategy. We should also consider intensive case management for our elders, as we have several with beginning dementia and other conditions where they could really use assistance. Intensive case management can help make sure that the elders receive all the discounts and credits they deserve. We still have residents that are eligible for the Homeowner's Property Tax Credit but are not taking advantage of it. We also still have elders in their parent's home and do not have their names on the deeds.

- Here in District 14, we are about to launch our older adult strategy. We have partnered with Gilchrist who just moved into Stadium Place and provides at-home hospice as well as a partnership with GBMC for late in life at-home care, Re-Building Together Baltimore and the HUBS program, and the Maryland Volunteer Lawyers Service. This will be a door-to-door partnership in key blocks in CHM to help our older adults age in place with dignity, with upgrades to the home (Re-Building Together/HUBS), ensuring their health is taken care of (Gilchrist/GBMC), and they have a plan for their home after they pass (MVLS role). This will be intensive case management to help our elders. They deserve it after all of the years of service to our communities. Once we figure this out, we're hoping we can scale this up in other areas.

Along the same vein, we need more money for the HUBS program and the LIGHT Program. The LIGHT program and HUBS are oversubscribed, and frankly are hard to access. I have three constituents who will not apply for the LIGHT program because either they had a bad experience with customer service, or the documentation is overwhelming, or they were denied in the past and this left them upset. We need a thorough examination of the LIGHT program to make sure that all the residents who need assistance can get it.

**Tax Sale Reform:** Tax sale foreclosure causes vacancy, period. Luckily, we are well on our way to full tax sale reform. I am grateful for your leadership to ensure that homeowners are not victims to this predatory system. Tax Sale reform also helps to prevent vacant and abandoned properties. I've written to you and the Tax Sale Working Group extensively about this, so I will not go into more detail here. Total and complete reform is imperative to keep our residents in their homes, and I look forward to continuing to work with you and the Council on this effort.

HB1196 sponsored by Delegate Chanel Branch is the legislation I asked for in the General Assembly to authorize jurisdictions not to have to sell the liens and to enter into payment plans.

- Once this bill passes in the General Assembly and the Tax Sale Working Group does its work, I look forward to working on local legislation for full reform.



## **Additional tools to consider:**

**Activating green space prior to Demolition:** Before we demolish/deconstruct a property, we must make sure there is a plan for maintenance. Residents should be activated to make a plan prior to demolition. I believe usually the owner is notified and after 45 days of no response DHCD allows the community to use the space. (If that's not the case it should be). Engaging community members prior to a demolition is critical for the maintenance of the property (when we can if it is not an emergency). Residents should be given a list of options to consider for maintenance, including Baltimore Greenspace, CARE-A-Lot program, and even should be connected to our urban farmers. These spaces have to be maintained, we know from the multiple calls for service from some of the areas in my district, that it is difficult for the City to do this.

**Deconstruction not Demolition:** While we hope to have most of these properties rehabbed for important affordable and market rate housing, the reality is that may not be the best decision given a number of factors. Baltimore should institute Deconstruction instead of Demolition. Deconstruction requires demolition contractors to recycle all of the materials to avoid placing construction materials in our alleys, the landfill, and the incinerator. Bricks, wood, mantels, iron gates, staircase railings, and any other materials that can be re-used should be sent to organizations like Second Chance so others can use them again. This may increase the cost of demolition slightly, but it is worth not having the refuse be in the landfill/incinerator or illegally dumped in our alleys. Our current demolition permits require that 30% of materials be recycled. Let's increase that significantly.

- I am working with the Clean Air Coalition on the Baltimore Build Act which institutes a full deconstruction policy. Work still needs to be done on the draft, but will be introduced with the vacant properties package.

## **INCENTIVES TO ENSURE EQUITABLE DEVELOPMENT WITHOUT DISPLACEMENT**

With the Funding and the Tools, there will naturally be a tendency to go to the areas with the least amount of vacant and abandoned properties first. In order to have true equitable development, we must make sure our investments are going in the areas that need it most, to interrupt markets.

**Only apply substantial subsidies to areas that need it most.** This is a completely different way of thinking about redevelopment in our city, where so often our investments, and those of our partners, are within areas of substantial growth. To help manage this, we should only direct our subsidies in areas with 7% or more of vacancy, or use the Housing Typology to determine them.

**Refocus our current tax credits:** Our current tax breaks are focused on areas that already have markets. We have to break this trend and incentivize development in areas that need it most. Currently these tax credits exacerbate the appraisal gap issue, continue redlining, and places the City's tax burden on residents. I look forward to the results of the study from Ernst and Young/BBMR analyzing the impact of the credits on our City – both from a revenue perspective but also from an equity perspective. This report will help lay a path for reform of our tax credit system.

- I have reserved the topic of an informational hearing for when this report is released.

**Development Excise Tax:** Baltimore is the only jurisdiction in Maryland without a development excise tax or impact fee. Such tools are used to manage growth, and each jurisdiction uses them in different ways. The state law authorizing impact fees and excise taxes allows for excise taxes to be used more flexibly, while impact fees have to be used for items related to what is charged.

In Baltimore, the Development Excise Tax would be used to manage growth and incentivize development in the areas we want it most. The idea would be to impose a tax on all developments of a certain size. The only exceptions would be developments in areas where there are blocks with 7% vacant buildings or more – and if the property

holds more than 10% inclusionary units. No tax would be imposed in those areas. I am still thinking through what the tax rate would be and look forward to engaging in this discussion.

- I have begun to draft legislation to create such an excise tax.

## **Conclusion**

As you can see, the solution to eliminating vacant and abandoned properties in Baltimore requires a multi-pronged approach – supporting the organizations and developers that want to do the work, incentivizing them to do it in the areas that need it most, and ensuring the tools and money are there to make it happen.

I look forward to continuing this process and working with you on this immense task. I hope that you can integrate many of these recommendations into your vision. I also want to work with my colleagues on the Baltimore City Council to provide them with the opportunity to sponsor some of the initiatives I have outlined above. All of us are interested in this work.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at [odette.ramos@baltimorecity.gov](mailto:odette.ramos@baltimorecity.gov).

Respectfully,



Odette Ramos  
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