



MEMORANDUM

To: The Honorable President and Members of the City Council
c/o Natawna Austin, Executive Secretary

From: Eric Evans, Real Estate Officer, Department of Real Estate & Christine Griffin, Deputy
Director Policy and Government Relations, Office of the Comptroller

Date: March 4, 2024

Re: LO24-0058 Department of Housing and Community Development Fixed Pricing Policy

Position: Favorable

The Department of Real Estate (DoRE) is commenting on City Council Legislative Oversight bill 24-0958 *Department of Housing and Community Development Fixed Pricing Policy*, which is for the purpose of reviewing the pricing policy for the Department of Housing and Community Development (DHCD).

In an effort to move forward with Mayor Brandon Scott's commitment to streamlining the sale of city-owned property and improving customer experience, DHCD conducted a comprehensive review of its existing sales processes. As a result of this review, the agency developed and is recommending a policy that aims to reduce the timeframe for processing sales of city-owned property, which can currently range from 180 to 365 days, down to 90 days, by creating a fixed pricing policy for properties that meet specific criteria.

The DoRE has consistently worked with DHCD to improve, streamline, and expedite the disposition process of city-owned real property in specific geographic areas. The fixed pricing model is a significant component of this collective endeavor.

The DoRE supports fixed pricing for the sale of city-owned real property for the following reasons:

1. **Transparency:** Fixed pricing can provide transparency in the sales process, making it clear to potential buyers what the asking price is for the property. This can help streamline the sales process and reduce uncertainty for both buyers and the City.
2. **Efficiency:** Fixed pricing can lead to a more efficient sales process by reducing the need for negotiations over price. This can save time and resources for both the city and potential buyers. With no appraisal required for most properties in targeted areas, the disposition process is expedited.
3. **Fairness:** Fixed pricing is a fair way to sell city-owned property, ensuring that all interested buyers have an equal opportunity to purchase the property at the same price.
4. **Streamlining BOE Process:** By allowing the agency to submit a list of qualified fixed price transactions on a standing BOE agenda item rather than submitting each individual transaction separately.

In sum, if enacted, fixed pricing for the sale of city-owned real property offers the benefits of transparency, efficiency, and fairness. However, it is essential to consider the specific context and goals of the DoRE, which are the promotion of redevelopment and the elimination of blighted properties, when determining whether fixed pricing is the most appropriate approach for a particular property or situation.

To that end, we agree with DHCD's recommendation that this fixed pricing policy only applies to specific targeted areas located within Baltimore City's Housing Market Typology categories E-J. Fixed pricing in these areas will help promote redevelopment and get blighted properties into the hands of responsible developers and, in many cases, neighboring homeowners and community organizations working to transform neighborhoods.

It is important to note that the proposed fixed pricing model does not apply to many of DoRE's functions, such as selling tax sale certificates, commercial real estate, Requests for Proposal sites, and sales occurring in stable and competitive neighborhoods. This policy would, however, be very beneficial to enabling the DoRE to get City-owned vacant lots and side lots into the hands of responsible owners.

Expedited transactions that eliminate blight and improve the quality of life for the citizens of Baltimore are among the most important goals of the DoRE.

For the reasons stated above, DoRE recognizes the value of and supports DHCD's proposed fixed pricing policy to achieve the objectives around improving, streamlining and expediting the disposition process of city-owned real property in specific geographic areas.

A representative from the Department of Real Estate will be attending the hearing for LO24-0058.