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417 E. Fayette St., Ste. 922
Baltimore, MD 21202
(410) 396-4301
zoning.baltimorecity.gov

MEMORANDUM

To: The Honorable Members of the Land Use & Transportation Committee
From: Justin A. Williams, Interim Executive Director
CC: Geoffrey Veale, Zoning Administrator
Date: November 19, 2025
Re: Council Bill No. 25-0066 – Zoning – Housing Options and Opportunity
Position: Recommend Approval

NOTE: This report has been prepared by the staff of the Board of Municipal and Zoning Appeals following discussion with the Board at its general meeting on November 18, 2025. The Board did not have an opportunity to review this final report prior to submission.

The Board of Municipal and Zoning Appeals (BMZA) has reviewed City Council Bill #25-0066 and recommends its approval. This legislation offers Baltimore a practical, proven pathway to address the City's housing challenges while respecting neighborhood character. The bill removes bureaucratic barriers that currently prevent sensible, quality housing development across the City.

Overview of Proposed Legislation

This bill makes a straightforward but transformative change to the City's Zoning Code. It allows property owners to convert single-family homes into two, three, or four units without requiring a lengthy conditional use hearing. The legislation accomplishes this by creating a new use category titled "Dwelling: Multi-Family (Low Density)" and making it permitted by right in Residential Districts R-1A through R-8 and Office-Residential Districts.

Currently, the Zoning Code provides no viable pathway for a homeowner who wishes to convert a large rowhouse into a duplex. The Board is prohibited from approving such conversions in most residential districts. Some property owners file applications anyway, only to receive denials based on jurisdictional limitations rather than project merit. Alternatively, property owners can pursue approval via City Council ordinance, but this process requires legal representation, public hearings, and significant expense - barriers that tend to be prohibitive for most individual homeowners and small local developers. This bill corrects this systemic deficiency, allowing conversions administratively provided they meet strict new size and quality standards.

This change will expand housing options for Baltimore families, facilitate the rehabilitation of vacant homes, reduce bureaucratic processes, and provide greater certainty for small property owners seeking to improve their properties.

Eliminating Inefficient Administrative Procedures

The current regulatory system places the Board in an untenable position. The Board regularly hears appeals for modest residential conversions that it is statutorily prohibited from approving. Property owners expend time and financial resources preparing applications. Neighbors attend hearings. Board members deliberate. The Board must then deny the request, not because the proposed project is poorly designed or because neighbors object, but solely because the Zoning Code deprives the Board of authority to grant approval.

A brief review of the Board's recent case history illustrates this jurisdictional impediment. In Appeal Nos. **2024-262** (15 E. West St.), **2024-155** (815 E 33rd St), **2024-022** (2709 Jefferson St), and **2020-163** (1612 Ashburton St), the Board was compelled to deny requests for modest multi-family conversions (e.g., 2 units). None of these denials were based on project quality, design deficiencies, or community opposition. They resulted purely from jurisdictional limitations imposed by the existing Zoning Code. The law gave the Board no choice.

More significantly, numerous other property owners never file applications because they are correctly advised that the Board lacks jurisdiction to approve their proposals. These applicants include individuals who wish to rehabilitate vacant homes, create affordable rental units, or generate supplemental income by adding residential units to their properties. However, they abandon these plans because the existing process offers no viable path to approval. This bill corrects that systemic deficiency.

Analysis and Supporting Evidence

The Board supports this legislation because empirical evidence from Baltimore's own experience and from peer cities nationwide demonstrates that it will meaningfully improve housing affordability, neighborhood stability, and quality of life.

1. Creating Affordable Housing Through Increased Supply

Baltimore requires additional housing options that families can afford. The "missing middle" housing typology, which includes duplexes, triplexes, and fourplexes, fills the gap between expensive single-family homes and large apartment buildings. When cities permit this housing type, market prices stabilize and affordability improves. The following peer cities provide compelling evidence:

- **Portland, Oregon:** After legalizing up to four units on residential lots, new middle housing units sold for $250,000 to $300,000 less than new detached single-family homes in the same zones.[1] This price differential represents the difference between homeownership remaining aspirational versus becoming accessible for working families, teachers, nurses, and first-time buyers.
- **Minneapolis, Minnesota:** Following the 2018 "Minneapolis 2040" plan, which eliminated single-family zoning, the city increased its housing stock by 12% between 2017 and 2022. Consequently, rents in Minneapolis grew by just 1%, compared to a 14% increase in the remainder of Minnesota where housing supply remained constrained.[2] While other communities experienced significant rent inflation that displaced residents, Minneapolis maintained housing accessibility.
- **New Rochelle, New York:** After implementing zoning reforms to streamline approvals and increase density, New Rochelle added approximately 4,500 new units. While national

rents surged by double digits following 2020, median rents in New Rochelle actually declined by 2% between 2020 and 2023 because robust supply effectively absorbed demand.[3]

These outcomes demonstrate a consistent pattern. When cities remove regulatory barriers to building modest-scale housing, affordability improves. This represents documented evidence from jurisdictions that have implemented policies similar to those proposed in this bill.

2. Facilitating Vacant Property Rehabilitation and Neighborhood Stabilization

Baltimore confronts a persistent challenge with over 12,000 vacant buildings. This crisis diminishes neighborhood quality, undermines property values, and drains public resources. Many of these properties are large, historic rowhouses where renovation as a single-family home is economically infeasible. When a property requires $200,000 in renovations but the completed single-family home would only appraise for $150,000, the economics do not support investment. Consequently, the property remains vacant and continues to deteriorate.

This bill fundamentally alters that economic calculus. By permitting two to four units, a developer or homeowner can generate sufficient rental income to justify the renovation investment. A neighborhood liability becomes quality housing stock, often without requiring city subsidy. The Board has observed this dynamic locally. Properties that could not attract investment as single-family homes have been successfully rehabilitated when conversion to multiple units became feasible.

This mechanism is particularly effective in neighborhoods with strong historic character but weaker market fundamentals. The bill does not subsidize gentrification. Rather, it enables organic, small-scale investment that respects existing neighborhood context while returning buildings to productive use.

3. Promoting Stable Communities Through Quality Housing Options

Some stakeholders have expressed concern regarding the perceived instability of renter-occupied housing. However, empirical research challenges the "renter vs. homeowner" dichotomy that suggests only ownership leads to stability.

- **Tenure Length is Key:** Studies indicate that neighborhood stability and social trust are correlated with residential tenure length (how long a resident stays in a community), not whether they own or rent the property. For instance, seminal research in the *Journal of Urban Economics* found that a significant portion of the social capital often attributed to homeownership is actually driven by the duration of residence.[4] Further research confirms that long-term residents, regardless of tenure status, act as the primary drivers of social cohesion and local support networks.[5]
- **Combating Turnover:** High turnover creates instability. By increasing the supply of quality, code-compliant rental and condo options, we reduce the scarcity that drives displacement and turnover. Secure, high-quality rentals allow residents to stay in their neighborhoods longer, fostering the social connections and civic participation that define stable communities.

4. Improving Housing Quality Through Market Competition

The City's current rental market is constrained by limited supply in areas of opportunity. When tenants have few housing options, landlords have reduced incentive to invest in property improvements. This bill alters that dynamic by legalizing additional housing options, thereby creating market competition that naturally drives quality improvements.

When renters can choose among multiple well-maintained properties, landlords must compete by offering superior conditions, responsive management, and modern amenities. Properties that are not adequately maintained lose tenants to competitors. This market pressure, in combination with regulatory enforcement, drives continuous improvement in housing stock quality over time.

Response to Community Concerns and Existing Regulatory Protections

The Board is aware of concerns raised by community members during the public input process. These concerns warrant direct and thorough response. However, it is critical to view this bill within the context of Baltimore's existing protective policies, which provide a safety net against the concerns raised.

Concern #1: Potential for Speculative Development and Substandard Housing Conversions

Response: The bill contains dimensional requirements that prevent the creation of substandard housing units:

- To convert a property to four units, the structure must contain at least 3,000 square feet of enclosed floor area. Basement space does not count toward this minimum requirement.
- Data presented at the Planning Commission hearing demonstrates the restrictive nature of this standard: Of the 213,600 properties in R-1 through R-8 districts, only ~3.5% possess sufficient floor area to accommodate four units under these dimensional requirements.

The bill's dimensional standards ensure quality outcomes by requiring substantial floor area regardless of the number of units created. Even at the two-unit threshold of 1,500 square feet, the bill mandates significantly more space than would be required for two typical studio apartments or efficiency units. These standards prevent the economically marginal conversions that typically result in substandard housing conditions. Properties that barely meet the minimum thresholds offer limited financial return for the substantial renovation investment required, naturally discouraging low-quality speculative conversions. The bill's standards effectively channel conversion activity toward properties where the existing building size and configuration support quality, family-appropriate dwelling units.

Concern #2: Potential for Displacement and Housing Unaffordability

Response: Baltimore maintains comprehensive protections for residents against displacement and unaffordable tax increases. This zoning change operates in conjunction with, rather than in opposition to, these existing programs:

- **Homestead Tax Credit:** State law caps annual taxable assessment increases at 4% for owner-occupied homes, ensuring long-term homeowners are not displaced due to neighborhood appreciation.[6]
- **Homeowners' Property Tax Credit:** This income-based program limits property taxes to amounts that households can reasonably afford, regardless of assessment changes.[7]
- **Senior Citizen Tax Credit:** Enhanced city credits specifically protect seniors on fixed incomes, enabling them to age in place.[8]
- **Maryland Renters' Tax Credit:** This program recognizes that renters bear property tax burdens through rent payments and provides direct financial relief to eligible renters.[9]
- **Inclusionary Housing Requirements:** Large developments must set aside affordable units, ensuring new growth includes options for lower-income residents.[10]
- **Community Land Trusts:** The City's Affordable Housing Trust Fund supports permanent affordability through community-owned land that is removed from speculative markets.[11]
- **Tenant Opportunity to Purchase:** State law provides tenants with first rights to purchase their buildings when sold, protecting against sudden displacement.[12]
- **Historic Preservation Tax Credits (CHAP):** The 10-year CHAP credit incentivizes high-quality rehabilitation that preserves neighborhood character while making renovation economically viable.[13]

The actual displacement risk derives from maintaining the status quo. When housing scarcity drives up prices and young families cannot locate affordable homes, they depart Baltimore entirely. When vacant properties deteriorate because renovation is not economically feasible, surrounding property values decline and long-term residents suffer harm. This bill addresses these genuine displacement pressures by expanding housing options and enabling vacant property rehabilitation.

Conclusion

City Council Bill #25-0066 represents sound, evidence-based land use policy. It removes bureaucratic barriers that currently compel the Board to deny reasonable housing proposals. It aligns Baltimore with national best practices demonstrated in jurisdictions such as Portland, Minneapolis, and New Rochelle. The legislation operates within the City's existing framework of affordability protections and historic preservation tools.

This bill does not represent radical experimentation. Rather, it implements policies proven effective in peer cities. Other jurisdictions have demonstrated that allowing modest density in residential areas increases affordability, reduces vacancy, and strengthens neighborhoods without sacrificing character or displacing existing residents.

The question before the Committee is not whether to embrace fundamental transformation. It is whether to remove an outdated regulatory barrier that currently prevents organic, small-scale housing development that Baltimore urgently requires.

For any questions regarding this report or to discuss these concerns further, please contact **Justin Williams** at **justin.williams@baltimorecity.gov** or **(410) 396-4301**.

Endnotes:

1. City of Portland Bureau of Plan. & Sustainability, *Portland Sees Significant Production in Middle Housing Resulting from Recently Adopted Zoning Changes* (Feb. 4, 2025), https://www.portland.gov/bps/planning/rip2/news/2025/2/4/portland-sees-significant-production-middle-housing-resulting
2. Alex Horowitz et al., *Minneapolis Land Use Reforms Offer a Blueprint for Housing Affordability*, Pew Charitable Trs. (Jan. 4, 2024), https://www.pew.org/en/research-and-analysis/articles/2024/01/04/minneapolis-land-use-reforms-offer-a-blueprint-for-housing-affordability
3. *How More Housing Revitalized a Suburban Downtown*, Pew Charitable Trs. (Nov. 13, 2024), https://www.pew.org/en/research-and-analysis/articles/2024/11/13/how-more-housing-revitalized-a-suburban-downtown
4. Denise DiPasquale & Edward L. Glaeser, *Incentives and Social Capital: Are Homeowners Better Citizens?*, 45 J. Urb. Econ. 354 (1999).
5. Danya E. Keene et al., *Length of Residence and Social Integration: The Contingent Effects of Neighborhood Poverty*, 24 Health & Place 1 (2013); *see* also, Judith L. Perrigo, et al., *Community Social Cohesion During a Large Public Housing and Neighborhood Redevelopment: A Mixed Methods Study.* SOCIETIES 15.5 (2025): 140 (finding trust correlates with tenure length).
6. Md. Code Ann, Tax-Prop. § 9-105; Baltimore City Code, Art. 28, § 10-1.
7. Md. Code Ann, Tax-Prop. § 9-104.
8. Baltimore City Code, Art. 28, § 10-20 (City Supplement to Homeowners' Tax Credit Program).
9. Md. Code Ann, Tax-Prop.§ 9-102.
10. Baltimore City Code, Art. 13, Subtitle 2B (Inclusionary Housing Program).
11. *See e.g.*, Balt. City Dep't of Hous. & Cmty. Dev., *Community Land Trust Program Homeownership NOFA* (Aug. 15, 2025).
12. *See* Maryland Renters' Rights and Stabilization Act (effective Oct. 1, 2024), preempting The Baltimore City Tenant Opportunity to Purchase Act.
13. Baltimore City Code, Art. 28, § 10-8.