

FW: Comment on DHCD Vacant Property Disposition - Fixed Price

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Please add this email to the bill file for LO 24-0058

Thanks

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Dear Commissioner Kennedy:

Please accept the following comments in regard to your proposed Fixed Price Policy to Dispose of Vacant Properties in Baltimore City. I would like to raise several strong objections to the City of Baltimore Department of Housing & Community Development's new policy on the disposal of blighted vacant properties. While the intent to address urban blight is commendable, the policy's implementation

framework raises questions about its potential effectiveness and fairness, particularly regarding its impact on black and brown low-income families in Baltimore City.

I have over twenty-five years' experience supporting the development of affordable housing in low-income communities across America. I own a small community economic development (CED) consulting firm, The CED Doctor Rx, LLC based in Baltimore. During my career, I have raised over \$300M to support community development initiatives that has led to the development of over \$2B in development projects. I say this to qualify what I know about community development and how this policy will fail low income black and brown people in Baltimore.

Firstly, the policy's distinction based on the number of employees in 501(c)(3) Nonprofits employ to determine the purchasing price of properties is misguided. The number of employees is an arbitrary metric. A more relevant measure would be the annual budget, or the value of assets held by the nonprofit and its mission to drive community development goals that align with the goals of the city and the greatest needs of its most vulnerable residents.

Limiting the \$1 purchasing option to Community Land Trusts overlooks the potential contributions of other established entities like Community Housing Development Organizations (CHDO) and Community Development Corporations (CDCs). These organizations, with a primary mission to develop affordable housing, have a history of successful projects in various communities and should not be excluded from opportunities to purchase homes at a nominal fee of \$1. Including CHDOs and CDCs would diversify the pool of applicants and leverage their expertise and experience in affordable housing development, enhancing the policy's overall effectiveness in meeting the needs of low-income residents of Baltimore City while attracting higher income families to previously blighted and disinvested neighborhoods. The policy also risks perpetuating historical injustices against black and brown communities in Baltimore. The city's troubled history with redlining, restrictive covenants, and other discriminatory practices has long marginalized these communities. Without specific safeguards, this policy will favor more affluent, predominantly white investors, exacerbating socioeconomic disparities in Baltimore. Therefore, it is crucial to include income restrictions for purchasing vacant properties and ensure that all reclaimed units serve the need to fill the gap in affordable and available housing for those most in need of such.

The National Low Income Housing Coalition's 2023 report underscores the urgent need for housing at the deepest levels of affordability in Baltimore. Specifically, Baltimore City has only 38 units available and affordable at 30% AMI, and 63 units at 50% AMI for every 100 families in need. The report also demonstrates Baltimore has no gap in availability of units above 80% AMI with 101 units available and 106 market rate units available at 100% AMI. By targeting the utilization of vacant buildings and land to meet the needs of very low and extremely low-income residents, the city can make significant strides in closing the affordability gap and supporting its most vulnerable residents. Given the acute shortage of affordable housing units for residents with incomes at or below 60% of the Area Median Income (AMI), this policy presents an opportunity to address this gap directly.

Lastly, the condition that, if “within a six-year period the property is sold, a prorated portion of the \$3,000 incentive must be repaid,” lacks the necessary rigor to ensure ongoing support for affordable housing. The affordable housing crisis demands solutions that secure long-term affordability to ensure that low-income families have stable, accessible housing options. The proposed six-year period for homeowner vacant building purchases is insufficient. Instead, Baltimore must align with best practices in affordable housing initiatives, which typically mandate a 15-year compliance period. Such an extended timeframe is crucial to prevent rapid turnover and speculation, which can undermine the stability of revitalizing neighborhoods and displace long-term residents.

I will suggest the city apply a more stringent and impactful approach: if at any point during a 30-year period, the property is sold to an individual not meeting the criteria of 80% or below the Area Median

Income (AMI), the seller should be required to repay the full \$3,000 value. This repayment should be directed into a dedicated fund designed to support housing for low-income residents of Baltimore City. Such a measure would not only extend the commitment to affordable housing but also create a self-sustaining mechanism for funding future affordable housing projects. This approach ensures that the benefits of the initial investment are continuously recycled back into the community, reinforcing the city's commitment to its low-income residents.

By adopting a 15-year compliance period and a more robust repayment condition, Baltimore can take a significant step towards addressing its affordable housing crisis in a meaningful, sustainable manner. These modifications would better align the policy with the city's broader goals of promoting equitable development, preventing displacement, and fostering inclusive communities.

The CED Doctor Rx, LLC urges the Mayor, City Council, and Board of Estimates to reconsider the policy's current framework. It is imperative to adopt a more inclusive, equitable approach that prioritizes the needs of low-income families and leverages the strengths of a broader spectrum of nonprofit organizations committed to affordable housing development. Only through thoughtful, targeted measures can Baltimore truly address its housing crisis and ensure a fairer, more just future for all its residents. I urge the City of Baltimore to reconsider the proposed policy's terms to reflect these critical priorities.

Submitted respectfully,
Dr. Dwanda L. Farmer
Owner, The CED Doctor Rx, LLC