



**BALTIMORE
HOUSING**

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, Executive Secretary

From: Paul T. Graziano, Commissioner

Date: June 30, 2009

Re: **City Council Bill 09-0136R Investigative Hearing - Urban Modular Home Factory**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 09-0136R, which was introduced for the purpose of Baltimore City creating and operating an urban modular home factory; requesting the Commissioner of Housing to explore the efficacy of modular homes in urban areas; and asking the Director of Finance to determine the fiscal impact of the City entering into the modular home building arena.

City Council Bill 09-0136R proposes that modular homes, in which approximately 80% of the construction takes place in a factory-controlled environment but which is built with the same standards and materials that conform to local building codes, would be a significant benefit to the Baltimore community. The resolution further suggests that the City should study the feasibility of investing in the establishment of a local modular home factory because approximately 3,000 units could be produced yearly to eliminate blighted housing and vacant lots and that the enterprise would yield \$750 million in profit after 10 years and \$36 million in annual property taxes. The availability of quick and affordable housing would improve the quality of life in neighborhoods populated by 30,000 new home owners and renters.

DHCD, and our sister agency, the Housing Authority of Baltimore City (HABC), share the same goals of the sponsors of this resolution. Specifically, we support the swift construction of as many units of affordable, energy efficient, environmentally sustainable housing that is necessary to serve the needs of Baltimore City residents. However, we believe that the specific proposal for the City to invest in the establishment of a local modular home factory needs significantly more study and analysis than the time afforded before the already scheduled committee hearing.

Neither DHCD nor HABC are direct participants in the home construction industry but rather we solicit proposals and then award contracts to private and nonprofit development organizations to construct new units on behalf of our agencies. While City Council Bill 09-0136R proposes an intriguing endeavor, the fundamental questions remains whether a local government should be an investor or even a direct participant in a an otherwise competitive private market industry,

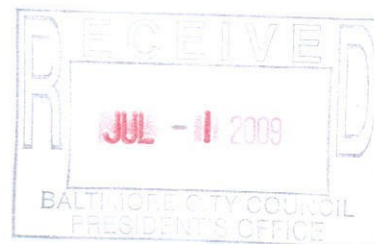


even if it is to achieve a greater societal good such as the availability of affordable housing.

The Department of Housing and Community Development has no objection to the adoption of City Council Bill 09-0136R but recommends that the proposal be further studied by the Departments of Planning, Law and Finance as well as the Baltimore Development Corporation for additional comment.

PTG:pmd

cc: Ms. Angela Gibson
Mr. Andrew Frank
Ms. Diane Hutchins



*No objection/
comment*