



**BALTIMORE
HOUSING**

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

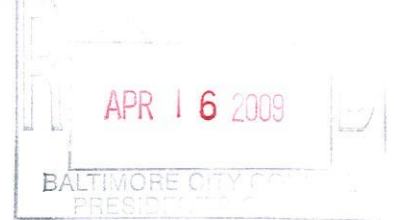
MEMORANDUM

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

From: Paul T. Graziano, Commissioner

Date: April 15, 2009

Re: **City Council Bill 09-0106R Outer Harbor Initiative - A Community
Redevelopment Strategy**



Baltimore Housing has reviewed City Council Bill 09-0106R, which was introduced for the purpose of requesting that the Baltimore City Council through the Community Development Subcommittee review and approve the Outer Harbor Initiative (OHI).

The intent of City Council Bill 09-0106R is to identify a comprehensive strategy that would redevelop vacant, abandoned or speculator held housing. While we cannot completely endorse all provisions of this strategy, Baltimore Housing shares with the supporters of the resolutions the same goal to eliminate the scourge of these blighting properties and we pledge to continue to work with all of our partners, including Chesapeake and Anne Arundel Habitat for Humanity, to support their vital efforts in our community.

Abandoned properties drain money from innocent homeowners, cost local governments throughout the state revenue, and reduce the quality of life in affected communities. According to a study by Temple University of vacant properties in Philadelphia, a single abandoned house on a block can reduce the value of all other properties by an average of \$6,720. Among other things, the reduced value prevents other homeowners from building wealth. More directly, local government's failure to collect even a small percent of delinquent property taxes due to abandonment can result in billions of lost revenues.

In Baltimore City, there are nearly 30,000 abandoned properties (structures and lots) which comprise nearly 13% of the total property in the City. The City currently owns nearly 10,000 vacant properties, or 1/3 of all vacant property in the City. To reverse this trend, Mayor Dixon has introduced City Council Bill 09-0261, which would create the Land Bank Authority of Baltimore City, a non-profit quasi-governmental entity with the primary responsibility and authority for acquiring, maintaining, and selling abandoned property in order to solve the challenges created by these blighting properties. We believe that the arguments outlined in the recital section of City Council Bill 09-0106R echo many of the reasons for the creation of the Land Bank Authority.

Comments



City Council Bill 09-0106R's request for increased investment in Code Enforcement parallels Baltimore Housing's current plan to streamline and revolutionize our entire enforcement strategy. We are presently seeking passage of City Council Bill 09-0309, which would grant Housing Code Enforcement (HCE) the authority to issue citations to property owners of vacant or dilapidated property once the owner has been placed on notice of the violations and has failed to abate them. We believe that this new tool would compel recalcitrant owners to rehab and maintain their property in a more timely fashion than the current process of litigating violators in District Court. We anticipate that the citation process will yield significant increases in revenue that will fund the recruitment of additional inspectors and more comprehensive code enforcement initiatives. Unfortunately, we cannot make a commitment of specific funding percentages outside of the City's normal budget process.

Baltimore Housing supports formulating a comprehensive strategy in which targeted neighborhoods could improve public safety through collaboration with organizations such as Habitat for Humanity. For our part, we believe that vigilant code enforcement is essential to protect the "sweat equity" contributed by the local chapters in their heroic rehabilitation projects. Working with the Chesapeake chapter (CHH), Baltimore Housing concentrated code enforcement resources on the 1100 block of Ward Street in the Pigtown/Washington Village neighborhood where CHH had a number of properties under active rehab. HCE methodically identified and targeted for prosecution each vacant or poorly maintained property on the block in order to support CHH's projects underway. We believe that the Ward Street project served as model for this comprehensive strategy cited in the resolution.

As stated previously, Baltimore Housing endorses the ultimate goal of the resolution even if we cannot concur with all of its specific details. In particular, the request for a commitment for \$20 million over five years unfortunately is money that Baltimore Housing does not possess at this time. The resources of the Affordable Housing Trust Fund, CDBG and HOME funds have been dedicated to projects already underway.

Another of our specific concerns is that the resolution's text appears to advocate directing resources exclusively to the two local Habitat for Humanity chapters. Both these organizations are tremendous assets to our community and it is for this reason that Baltimore Housing has funded their activities through CDBG grants and the coordinated sale of vacant property. Also, both chapters have been specifically identified as partners in the City's Neighborhood Stabilization Program. However, Baltimore Housing works and supports the efforts of a number of other community based non-profit developers in addition to a number of quality for-profit developers throughout the City. Further, City procedures

would not typically support the identification of specific partner entities without a fair and open public process.

Another concern is the bill's limited focus on developing affordable housing. We believe that this may prove to be an inflexible strategy. While Baltimore Housing is acutely aware of the lack of quality, affordable housing in the City, there is a growing body of evidence to support the idea that, in order to be sustainable, affordable housing must be part of a larger, mixed income community. Only by creating vibrant neighborhoods with a range of housing types and prices can affordable housing fully succeed. Consequently, the former public housing sites such as Flag House, Lexington Terrace, and Claremont were redeveloped to become mixed income communities. The Uplands and O'Donnell Heights projects are also being planned to reflect this philosophy.

With regards to the Westport Project Baltimore Housing was pleased to secure a commitment to use the approved TIF funds to produce the 200 affordable units both on the Westport redevelopment site and the adjacent neighborhood. These units will also be incorporated into the larger context of a mixed income community. Should additional funds become available, we will certainly support expanding the number of affordable units.

In consideration of the issues presented, Baltimore Housing supports the intent of City Council Bill 09-0106R but cannot support its adoption in its present form. We applaud the bills sponsors for opening the discussion of a redevelopment strategy for Outer Harbor neighborhoods.

PTG:pmd

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