



BRANDON M. SCOTT
MAYOR

*100 Holliday Street, Room 250
Baltimore, Maryland 21202*

March 6, 2024

Council President Nick Mosby
Council Vice President Sharon Green Middleton
Councilwoman Odette Ramos
Members of the Committee
100 N. Holliday Street
Baltimore, MD 21202

Re: Fixed Pricing Policy

Thank you for convening a hearing on the Department of Housing and Community Development's (DHCD) fixed pricing model for the sale of vacant houses.

I am aware of your concerns about the policy and I am in receipt of your request to further delay the vote on the fixed pricing item at the upcoming Board of Estimates (BOE) meeting.

I want to be clear about what the BOE is deciding today:

1. Setting fixed prices for the disposition of City-owned property through the BuyIntoBmore website; and
2. Establishing a standing agenda item for the BOE to approve of the disposition of these properties.

While I acknowledge the concerns raised in the hearing and by community partners are valid, they are in no way related to the fixed pricing items before the BOE. In fact, Councilwoman Ramos in her testimony stated that she supports establishing a fixed price and making the process to dispose of city-owned properties more transparent. That is precisely what is being voted on by the Board of Estimates today.

The concerns raised center on the community engagement process used to inform policy development, how this policy will support whole block outcomes, the impact to equity and affordability, and concerns about potential speculators taking advantage of an easier disposition process. These are all reasonable and important concerns that are worthy of response and consideration, but they are simply unrelated to what is being heard at the BOE.

Therefore, after careful consideration, I have decided to proceed with the fixed pricing policy being heard at the BOE today and plan to implement it as I continue to work with urgency to address Baltimore's vacant housing crisis.

With that said, I will respond to your concerns about the execution of this policy below, and propose next steps to work alongside the Council and community to fully address them.

Community Engagement Process

Over the course of 2022, DHCD reviewed pricing models from other jurisdictions around the country, and consulted with communities, developers (for profit and non-profit), and non-profit organizations to write the initial draft of the policy. The fixed pricing policy was published for public feedback on the DHCD website on two separate occasions, first on February 10, 2023 and then an updated version on September 26, 2023. DHCD received commentary after the first publishing and incorporated that public feedback into the second version that was posted online. The agency also posted a separate FAQ with the second published draft for comment that addressed the feedback that was received, but was not incorporated into the policy. Additionally, DHCD discussed the proposed policy at various community meetings, IIA workgroup meetings, and in discussions with practitioners over the past two years at various stages of policy development. The feedback we received was overwhelmingly positive about the general concept and was valuable in helping to shape changes that we have made to the policy throughout the process.

Supporting Whole Block Outcomes

I am committed to achieving whole block outcomes and believe that fixed pricing will support that goal. DHCD sells properties via multiple avenues and processes beyond BuyIntoBmore: unsolicited bids/proposals, bundle sales, RFPs/RFQs, negotiated sales, property swaps, side yard disposition and EOIs (expression of interest). Together, all of these tools help us achieve whole block outcomes. And we need each of these tools working together, as quickly as possible, to eliminate vacant properties at scale. While DHCD offers smaller groupings of properties to developers for redevelopment which are "mid-range" offerings designed specifically for whole block outcomes and larger RFPs for larger sites or bigger offerings, we want everyone to benefit from Baltimore's renaissance. BuyIntoBaltimore and fixed pricing helps us distribute properties one at a time. With this approach we have a disposition option that works for teachers, nurses, firefighters, police officers, non-profits, community-based developers - not just big developers - who want to be a part of building a home, and rebuilding Baltimore along the way. The sale of single properties can still help us get to scale, and having fixed pricing as one of our tools will help us get there. Again, we don't want a one-size-fits-all approach to achieving whole block outcomes, we need all tools in the toolbelt, and for each tool to be as nimble as possible. Finally, it is important to note that the City reserves the right to reject offers when necessary, including those that don't align with community led development or whole block outcomes.

Equity and Affordability

I have been clear with my team from the start that if we rebuild our city in a way where gentrification and displacement are core to the experience of residents, then we will have failed in this work. We must rebuild Baltimore the right way. That means addressing historical injustices and growing our population by building equitable neighborhoods without displacement. That is why we centered our redevelopment strategy around the following values:

- Community-led development without displacement;
- Building equity and addressing the wealth gap through homeownership;
- Create thriving, mixed-income neighborhoods;
- Provide housing that is safe & affordable at scale.

We embody these values through the components of our [comprehensive vacants reduction vision](#). The decisions about which properties go into BuyIntoBmore are made with these values in mind.

Speculators

Councilwoman Ramos shared concerns about real estate investors and speculators acquiring BuyIntoBmore properties. As a reminder, properties sold on BuyIntoBmore with fixed pricing must meet minimum requirements. For example, applicants do not settle on properties unless they have outlined specific plans to imminently start work on the acquired property. The City/DHCD can hold properties, which would not transfer ownership to possible speculators. DHCD also has compliance staff that monitor progress on properties sold, ensuring that buyers obtain a Use and Occupancy permit within the negotiated time period after settlement. Ultimately, we have the authority to take back any properties that the City has disposed of that violate the Land Disposition Agreement.

What's Next

I have worked with urgency to address Baltimore's vacant housing crisis since my first day in office. I am proud that we have achieved a nearly 15% reduction in vacant properties over the last three years. While I understand your concerns, I do not share the desire to delay our progress by deferring this vote on fixed pricing.

Instead, in response to your concerns, and recognizing that they have more to do with how we execute the policy than the policy itself, I am directing Commissioner Kennedy and DHCD to take the following actions over the next twelve months:

1. Develop an anti-displacement and equity-based framework based on significant community input that will guide DHCD's work to ensure our values are reflected in our policy decisions.
2. Develop a public facing tool to track progress toward whole block outcomes.
3. Update our vacants strategy website to clarify to the public how we will create affordable housing at scale.
4. Provide quarterly public reports to the City Council on the sales of City-owned properties (including the demographics of buyers).
5. Provide an annual review of the efficacy of the fixed pricing policy specifically as it relates to the speed of disposition, alignment with whole block outcomes, and evaluation of the success of the program as it relates to Use and Occupancy.

Through these steps, I hope that we can find common ground in our shared work to achieve whole block outcomes and eliminate vacant properties in the City of Baltimore. I thank you for your continued engagement and partnership on this important topic.

In Partnership,



Brandon M. Scott
Mayor
City of Baltimore

cc: Faith Leach, City Administrator, City of Baltimore
Marvin James, Chief of Staff, City of Baltimore
Alice Kennedy, Housing Commissioner, City of Baltimore
John David Merrill, Deputy Chief of Staff, City of Baltimore
Nina Themelis, Director, Mayor's Office of Government Relations
Ty'lor Schnella, Council Liaison, Mayor's Office of Government Relations