

June 29, 2021

The Honorable Phylicia Porter  
Baltimore City Council  
100 N. Holiday Street, Suite 500  
Baltimore, MD 21202

Re: Vacant Housing

Dear Councilmember Porter and members of the City Council,

In my capacity as Executive Director of the Westport Community Economic Development Corporation, I serve the communities of Westport, Lakeland, Mt Winans and St. Paul through our Harbor West Collaborative initiative. The biggest millstone around the neck of community development in our neighborhoods is absentee vacant property owners who have bought and held properties particularly in Westport, some for over a decade. Of the 2151 residential units we have in our statistical neighborhood area, approximately 7.2% were vacant as of 2019. This does not include properties that appear to be residential along Annapolis Rd. corridor but are zoned commercial. The vast majority of these vacant units are in Westport's commercial corridor, with the largest property owner being H C LLC, or HC LLC whose principal owner is David Baird of Virginia – a super predator in the world of community development. This company is not only buying vacant properties and not improving them, through their agent Jody Buck with Cummings & Co Realtors, they are aggressively continuing to purchase properties. Their activity not only undermines our work to acquire and rehab these vacant properties in Harbor West but also makes it more difficult to finance the acquisition and renovation of the vacant units we are able to acquire. Funders ask us for the market information in our neighborhoods, which includes the number of vacant units, to assess whether or not our project is a good investment. Too many vacants, too much risk, no construction loan. In any other world, Westport's light rail stop, proximity to the waterfront, proximity to downtown and the casino, and proximity to 295 and I-95 would make it very attractive to our lenders. However the volume and age of vacants, some with vacant building notices from 2009 give our lenders heartburn. Even with the coming waterfront project we have a heavier lift than we should to secure funding. Some of these units never make it to market because it is less expensive for the owners to pay the taxes and keep the properties secure than to make necessary improvements and place them in service.

The sickness of vacancy has invaded Mount Winans and Lakeland. There is a growing number of vacants in Lakeland along the walking path to the school. We fear the landlords have watched the success of HC LLC in Westport and are replicating his model. This must end.

The solution we offer is twofold; make it more difficult to buy and hold by increasing the property registration fee for vacant homes and make it easier for community development corporations to acquire properties through bulk tax sale.

We propose increasing the property registration fee for those units with vacant building notices over 2 years old from \$30 to \$3000. This fee should be increased by 10% every year that the unit is not placed in service with a certificate of occupancy. The escalating fee would incentivize owners of vacant units to either sell them, or improve them for occupancy. We have presented this idea to senior staff at DHCD and they have given no regulatory or legal reason why this is not possible. The response from one staffer was that if the property owners could afford to improve them they would which, with all due respect to that staffer, is patently false. HC LLC can afford to improve the properties they own or they wouldn't be acquiring more; they currently own over 37 vacants. We made offers on 11 of their properties as their acquisition cost plus 20% and they turned us down. These predators are not interested in receiving a decent return on their investment. They want to crush our neighborhoods and make it impossible for us to develop permanently affordable housing so that long time residents can participate in the upside that will come with the waterfront development.

Secondly, there needs to be better communication between DHCD and the Comptroller's office regarding the special tax sale process. The community of community land trusts through the umbrella organization SHARE has given DHCD their priority list of tax sale properties with the understanding that these properties would be pulled from the May sale and sold in bulk in October of the same year since 2018. The understanding is that the community land trusts would then be able to have the liens released, have the City foreclose on those properties and we would then be able to purchase them. Each year we provide a list and each year we hear nothing back from DHCD. This is a waste of our time and is very frustrating. We need to have a working group composed of both DHCD and Comptroller's office staff to help facilitate this process.

These solutions still require improved access to capital for community development corporations and community land trusts, however, with these no cost actions we can make our initiatives more attractive to lenders. We will take a step towards being on more equal footing as our for profit peers.

We urge you to take action on these recommendations with all deliberate speed. Our children in Harbor West have grown up in the midst of urban decay that should never have been. Greed has caused irreparable harm and it is our job to stop making excuses change course.

Sincerely,

Lisa R. Hodges-Hiken  
Executive Director  
Westport Community Economic Development Corporation