

FIXED PRICING MODEL FREQUENTLY ASKED QUESTIONS

In response to the public comments received during the comment period for DHCD's proposed fixed pricing model for property disposition. All the comments were reviewed, and common "themes" were extracted for the development of this document. The policy document has also been updated to reflect/address some of the comments received.

1. What is the rationale for the ten-year homeowner period?

Mayor Scott has identified Equitable Neighborhood Development as one of his key pillars as part of his plan to grow the city. Homeownership has been shown to stabilize neighborhoods and providing increased homeownership opportunities to broader populations will contribute to a more equitable city. In support of these goals DHCD developed a homeownership period of 10 years to help ensure that these properties are retained for homeownership. After reviewing the comments and additional discussions, DHCD will reduce the homeowner period to a six-year requirement to allow flexibility and not unduly burden buyers.

2. Can DHCD extend the rehabilitation period to 12-24 months?

DHCD has historically had and will continue to use 12 months as the standard rehabilitation period. DHCD can issue extensions when requested if substantial progress has been made and/or circumstances beyond the buyer's control are delaying completion.

An excerpt from a standard land disposition agreement is below for reference:

" 15. Completion of Construction. The Developer shall diligently execute to completion the construction of the Improvements, on the Property and shall complete such construction not later than twelve (12) months from the date of the instrument of conveyance from the City, or as may be extended by permission of the Department, which shall not be unreasonably withheld. "

3. How will the City deal with multiple offers?

Applications will be reviewed on a first come, first served basis. If the background check is passed and financial capacity and ability to carry the project through to completion have been verified, then the first application would proceed through to award. If the first application is not awarded, then the next application submitted would be reviewed in the same manner.

4. How will we track 10-year primary residence requirement for homeowner applicants?

DHCD is reducing the requirement to five years use as a primary residence after issuance of a use and occupancy permit. Purchasers will be required to complete the renovation and receive a use and occupancy permit within 1 year of purchase, and to use the home as their primary residence after issuance of the use and occupancy permit for a minimum of five years. This requirement will be included in a deed restriction on the property, which will be recorded in land records. If the Owner wants to sell the property earlier than six years, they must have the sale approved by DHCD and will be required to pay a pro-rated portion of \$3,000 calculated based on the year that the property is sold. The Agency will monitor the residency requirement by requiring the Owner to submit a homestead tax credit application upon receipt of a use and occupancy permit and maintain the homestead tax credit status over the 5-year homeownership period. DHCD has hired a compliance officer to monitor the property sales of the division and the compliance officer will monitor whether the status changes over the 6-year period.

5. Will we sell properties next to vacant properties?

Properties that are listed on [BuyIntoBmore](#) are available for purchase regardless of nearby vacancies. However, adjacent vacant property can pose a risk to the successful renovation and sale of the property. Our goal is to work with purchasers to mitigate those risks by having a plan in place for the adjacent properties. Plans could include, but are not limited to, encouraging private acquisition, in rem acquisition, stabilization where feasible and referral for receivership for nearby vacants.

6. How will we monitor rehabs?

DHCD has an LDA Compliance Officer who monitors permitting throughout the contract period. If a Use & Occupancy permit is not obtained within the contract period, DHCD will take action to either reacquire the property or file a receivership case to force the property to be sold to another purchaser.

7. The typology map reference is outdated. When will it be updated?

The typology map has been updated and is available here: [2023 HOUSING MARKET TYPOLOGY MAP](#)

8. What was the rationale for a \$90,000 rehab minimum?

We clarified in the policy that it is not a minimum rehab pricing of \$90,000, but that each applicant must show documentation of \$90,000 in assets or pre-approved financing available for each vacant building included in the application. There is an understanding that rehab pricing will fluctuate, and that many of the properties in our inventory will require more than \$90,000 for a basic rehabilitation to code. However, DHCD determined that \$90,000 is the minimum amount of assets or financing that a developer would need to have on hand to prove that they could afford to complete the scope of work. Therefore, to keep the background check and eligibility process clear, consistent, and equitable, \$90,000 per property is used across the board.

9. How can DHCD improve responsiveness from City Staff?

We strive to provide excellent customer service and continue to work with staff to improve response times. Inquiries regarding purchase of city owned property can also be made via email to developmentinfo@baltimorecity.gov. Additionally, the mayor tasked agencies with finding ways to improve technology, customer service, and disposition processing times. In response, DHCD created and launched the [BuyIntoBmore](#) initiative, a new way for constituents and developers to invest in Baltimore City by creating a single access point to:

- Apply to purchase City-owned property
- Submit Request for Proposals and Requests for Qualifications
- Submit Expressions of Interest
- Apply to the City's Vendor Lien program
- Apply to adopt vacant lots through the Adopt A Lot program
- Apply for water access for community-managed open spaces

Similar to popular sites like Zillow and Redfin, the new [BuyIntoBmore](#) site (www.buyintobmore.baltimorecity.gov) aggregates information from SDAT and a number of City agencies to provide a comprehensive, user-friendly, GIS-based tool for constituents to apply to the various programs that allow them to invest in the City. Another exciting new feature is the ability to

accept application fees online eliminating the need for physical checks and/or coming downtown to pay processing fees.

To process the applications received via the BuyIntoBmore initiative and to monitor the other development related work DHCD is responsible for, the City procured a Tolemi suite of products (Slate, PubliCity and BuildingBlocks). The Tolemi suite is the solution for improving technology and reducing processing times because it will automate processes within a number of workflows, to allow seamless communication with applicants and other agencies, improve reporting functions, and track efficiencies.

10. Elaborate more on the criteria for what types of properties will be included in this model.

Vacant buildings and vacant lots in distressed typologies (currently E-J) that are listed for sale on the [BuyIntoBmore](#) site through the open bid program. Properties that do not qualify for this program will require valuations or appraisals and will be subject to traditional negotiations. be subject to traditional negotiations.

11. Will there be a maximum number of properties people can apply for?

Applicants will be allowed to apply to purchase up to 12 properties at a time under this program and must show sufficient funding for each of the rehabs at the time of application.

12. Are we providing funding?

No, we are not anticipating funding specifically for this program, but applicants are encouraged to apply for any other available funding programs.

In furtherance of Mayor Brandon Scott’s efforts to streamline the sale of city owned property and improve customer experience, the Department of Housing & Community Development (DHCD) has conducted a comprehensive review of its existing sales processes. As a result of this review, the agency has developed a proposal that aims to reduce the timeframe for processing sales of city owned property which can range from 180 to 365 days down to 90 days by:

1. Providing a clear and consistent path for application review by updating our background review checklist and making the criteria publicly available for prospective buyers.
2. Establishing a requirement that applicants must submit documentation showing a minimum of \$90,000 in assets available per property for each vacant building included in the application.
3. **Creating a fixed pricing model for properties that meet specific criteria.**
4. Seeking pre-approval from the Board of Estimates (BOE) for identified properties and a corresponding standard Land Disposition Agreement (LDA).

Improvements have already been implemented to address the first two items and have been posted on the DHCD [website](#). We are now seeking public comment on the proposal to create a fixed pricing model.

CREATE A FIXED PRICING MODEL FOR PROPERTIES THAT MEET SPECIFIC CRITERIA

After reviewing the sales data of the last five years and conducting a survey of how several municipalities manage the sale of City-owned property, DHCD proposes a fixed pricing model for certain City owned vacant buildings and lots in neighborhoods with stressed housing markets. Fixed pricing will increase transparency and streamline our disposition process in the city’s stressed neighborhoods, which are the most impacted by vacant properties. This will eliminate the need for protracted price negotiations for the majority of DHCD’s inventory of vacant properties, allowing these sales to move through our process much quicker. Adopting this model will also allow DHCD to advertise accurate pricing for these properties online so that interested buyers can make more informed decisions when selecting properties.

The fixed pricing program will only apply to properties located within [Baltimore City’s Housing Market Typology](#) categories E-J and will be limited to up to 12 properties per application. Applicants cannot apply for additional properties under this program until the first 12 properties are completed. All vacant building sales must be for redevelopment for residential use Please refer to the chart below for pricing information and additional criteria.

Purchaser Type	Property Type	Price	Criteria
For-Profit Developers	Vacant Building	\$3,000	<ul style="list-style-type: none"> • Must be Redeveloped for residential use.
501(c)(3) Nonprofits (50 or less employees)	Vacant Building	\$1,000	<ul style="list-style-type: none"> • Must be Redeveloped for residential use. •

Homeowner	Vacant Building	\$1	<ul style="list-style-type: none"> • Must maintain as primary residence for a minimum of 5 years after issuance of use and occupancy permit.
For-Profit Developer	Vacant Lot	\$1,000	<ul style="list-style-type: none"> • Must be redeveloped for residential use.
501©(3) Nonprofits (50 or less employees)	Vacant Lot	\$500	<ul style="list-style-type: none"> • Must be redeveloped for residential use.
Homeowner	Vacant Lot	\$1	<ul style="list-style-type: none"> • New Construction for residential use. • Must maintain as primary residence for a minimum of 5 years after issuance of use and occupancy permit.

- If a property is assessed for less than the fixed price, the property will be sold for the assessed value.
- For homeowner vacant building purchases, if the property is sold within the 6-year period, the original purchaser will be required to pay a pro-rated portion of \$3,000 calculated based on the year that the property is sold.
- Valuations or appraisals will still be required for commercial sites, RFP sites, stable/competitive neighborhoods (housing market typology map [Housing Market Typology](#) areas A-D), site assemblages above 12 properties, and any other disposition programs.

**** All Sales of vacant buildings require rehab of properties and issuance of a use and occupancy permit within 12 months from final settlement.***

These process innovations will significantly reduce the amount of time from application received to settlement by creating a clear, consistent, and transparent pricing model and process for all interested purchasers. Additionally, reducing subjectivity during application review and implementing a “no haggle” pricing model will create increased capacity for staff as there will be less time required to process applications for properties that meet the outlined criteria. We are presenting these proposals for public review and commentary prior to implementation.