

# FIXED PRICING MODEL FREQUENTLY ASKED QUESTIONS

## 1. What is the 90 Day Priority Period?

The **homeowner priority application period** beginning April 1, 2024 and ending on June 20, 2024 that is open to current City residents, who intend to purchase a property for their primary residence!

**Duration:** 90 Days

**Priority Review:** Applications for properties that will be used as a primary residence are prioritized during this period.

**Purchase Information:** Properties purchased for use as a primary residence will sell for \$1!! Applicants must provide proof of available funding of no less than \$90,000 to complete the renovations and are subject to the application vetting process.

Applicants are required to pay a \$100 application fee. If the application is approved and moves to settlement, the application fee will be applied as a credit to the settlement statement. If the application is rejected, the application fee will be refunded.

## 2. Is this the “Dollar House Program?”

The Fixed Pricing Program is a property disposition program that offers City-owned properties for sale ranging from \$1.00 to \$3,000.00 based on the type of applicant.

## 3. 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.

## 4. Who do I contact for more information?

For more information, please visit <https://dhcd.baltimorecity.gov/fixed-pricing-program> , or contact DHCD Development at 410-396-4111 or email [developmentinfo@baltimorecity.gov](mailto:developmentinfo@baltimorecity.gov) .

## 5. Where can I apply to purchase a property?

To submit an application to purchase a property through the Fixed Pricing Program, visit <https://buyintobmore.baltimorecity.gov/>

## 6. What is the rationale for the six-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. It has been shown that providing increased homeownership opportunities to broader populations will help stabilize neighborhoods and contribute to a more equitable city. In support of these goals, DHCD developed a homeownership period of six years (12 months to obtain Use & Occupancy permit + 5 Years as primary residence) to help ensure that these properties are retained for homeownership.

## 7. 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 Fixed Pricing Land Disposition Agreement is below for reference:

*“19. Extensions of Time. Except where the proposed use is a green space and subject to the provisions of this Agreement, the times within which the Purchaser must submit Preliminary Plans, Project Description, evidence of equity capital, commitments for mortgage financing, the deadline for Conveyance, and the times within which the Purchaser must commence and complete the development of the Property, and the construction of the Improvements thereon, and the time for Settlement in this Agreement, may be extended in writing by the Department, in its sole discretion, upon good and sufficient cause therefore being shown by the Purchaser, for such periods of time as the Department deems advisable. Any such extension of*

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*time shall be in writing and in such form as will enable it to be recorded among the Land Records of Baltimore City. The Department shall not unreasonably deny an extension.”*

## **8. How will the City deal with multiple offers?**

DHCD will accept applications on a rolling basis. Once an offer is received for a specific address, DHCD will remove the property from the BuyIntoBmore site while under review. Beginning April 1, 2024, reviews will be conducted promptly, and

award or rejection decisions rendered within two weeks of receipt of an application. Each application will be subject to a vetting process in accordance with the Department’s application review criteria. Properties will be awarded once an applicant successfully passes the vetting process. If an applicant is unable to pass the vetting process, they will be given five business days to remedy the issue. If unable to remedy the issue or the property is unable to move forward to settlement for some other reason, the property will be re-offered on the BuyIntoBmore site.

## **9. How will we track the 6-year primary residence requirement for homeowner applicants?**

The Purchaser must maintain the property as the Purchaser’s primary residence for a minimum of 5 years after issuance of a use and occupancy permit, which should be obtained within 12 months of settlement, unless there is an approved LDA extension. This requirement will be included in a deed restriction on the property, which will be recorded in Land Records. If the Purchaser wants to sell the property before the five year residency requirement expires, they must have the sale approved by DHCD and will be required to pay DHCD a pro-rated portion of \$3,000 calculated based on the date of settlement or issuance of the use and occupancy. 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 whether the status changes over the 6-year period.

## **10. 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.

## **11. 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.

## **12. 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. The majority of the City inventory will require significant rehabilitation in order to bring the property to code. It is estimated that rehabs require approximately \$125 - \$150 per square foot to complete and, as such, most rehabs will require significantly MORE than \$90,000. However, DHCD determined that \$90,000 is the minimum amount of assets, or financing, that a purchaser would need to have on hand to prove that they could afford to complete the scope of work. Therefore, to keep the vetting process clear, consistent, and equitable, \$90,000 per property is used across the board.

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## 13. 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](mailto:developmentinfo@baltimorecity.gov). Additionally, Mayor Scott 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 Tax Certificate 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](http://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.

## 14. 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. Applicants can apply for additional properties as they obtain use & occupancy permits on previously purchased properties, not to exceed 12 properties at any given time. Applicants should not submit multiple applications under different entities.

## 15. Will speculators be able to take advantage of the program?

The fixed pricing is limited to the purchase of 12 properties at a time, and we have shared other criteria that must be met before being approved. Applicants should not submit multiple applications under different entities.

This criteria involves a review of other properties owned by the applicant, and their status in the renovation process. The Land Disposition Agreement requires property owners to start work, and to obtain a use and occupancy permit within a specified timeline. DHCD has made changes to our compliance process, and we will not tolerate speculation activities and will hold those accountable to complete the work they stated would take place.

## 16. How will DHCD ensure applicants don't abuse the 12 property limit by creating multiple LLCs?

The 12 property limit will be per primary applicant, and utilizing the Tolemi suite, HCD is able to utilize identity linking technology/ algorithms to link together associated properties and owners based on common factors including, but not limited to, mailing addresses and related names as part of the vetting process to reduce the likelihood of abuse of the policy.

## 17. What is the criteria for selecting properties that will be included on the BuyIntoBmore site?

Only vacant buildings and vacant lots in distressed housing market typologies E through J will qualify for sale under the Fixed Pricing Program and listed for sale on the BuyIntoBmore site. Not all properties in these typologies will be available but selected based on the agency strategy work to achieve whole block outcomes. Through the community-based block level planning process, many variables are reviewed that influence what path is chosen for specific property acquisitions and dispositions. Some properties in these typologies may go into other disposition programs or held for site assembly as a result of that planning process.



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### **18. How does the Fixed Pricing Program factor into whole block outcomes?**

This policy only applies to properties that are listed on BuyintoBmore it does not change the way we will continue to work with communities in the creation of neighborhood specific housing strategies that include planned acquisition and disposition strategies. We continue to work with neighborhoods residents, elected officials, relevant CDCs and community associations to determine which MCC properties will be listed on BuyintoBmore or be held or go through a different disposition process like RFP, RFQ, or Bundle sale.

### **19. How does the Fixed Pricing Program address equity?**

This policy addresses equity making the purchase of City owned properties more accessible through lower, and more transparent prices for select City properties. The policy did go through an internal equity review by DHCD's dedicated Equity Officer.

### **20. How does Fixed Pricing address affordability?**

This policy addresses affordability by setting prices at an affordable transparent rate that allows developers seeking to develop affordable housing to purchase properties at a lower cost and more accurately plan for their acquisition costs. It also addresses affordability by setting the \$1 price for Community Land Trusts that will hold properties as affordable in perpetuity through deed restrictions. DHCD also employs many programs that address affordability through subsidies and development incentives. There is nothing in this policy that prevents DHCD from continuing to encourage affordable housing through those programs. In fact, it will help those initiatives by setting a transparent low price for acquiring vacant properties.