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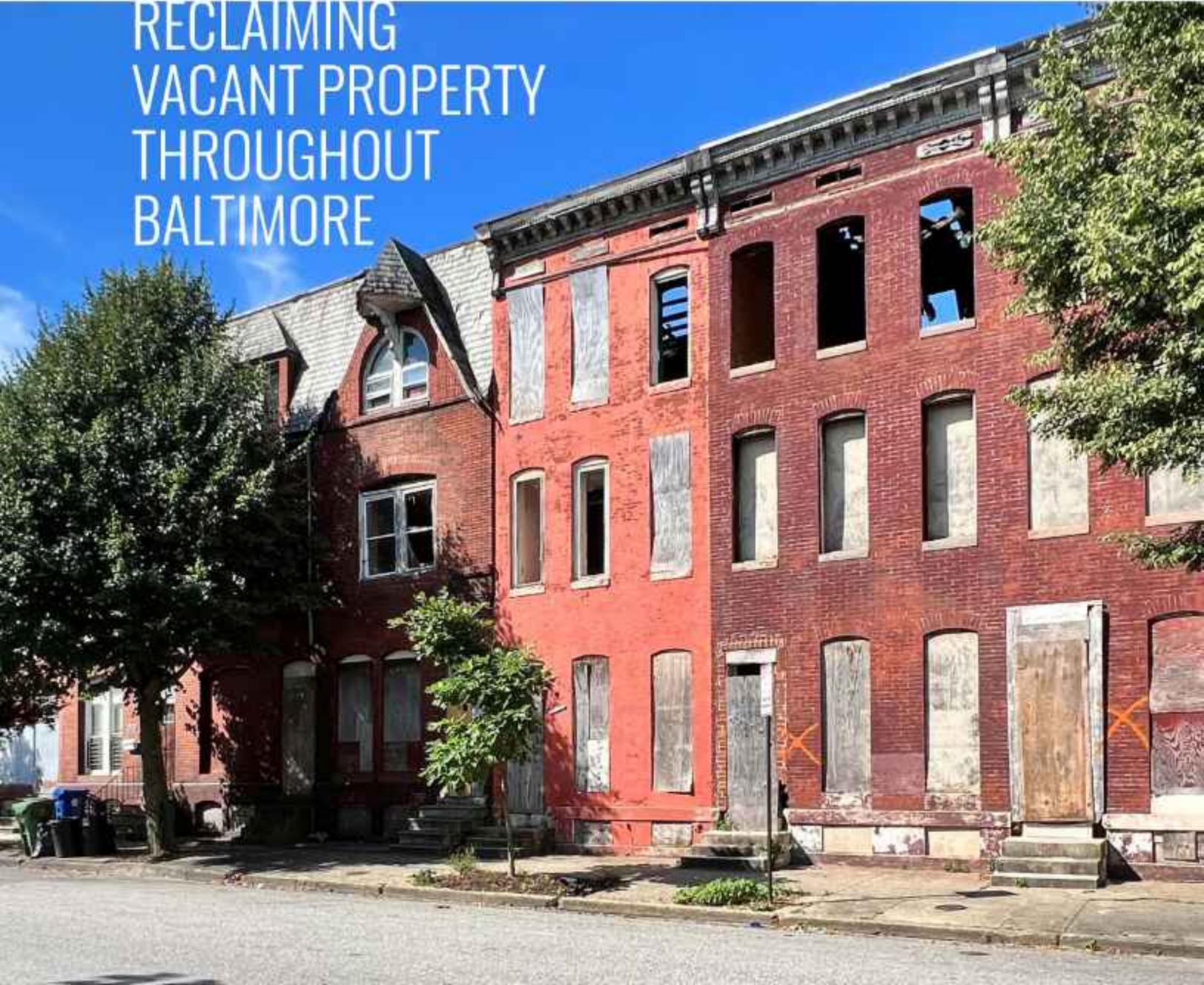


Prepared by czbLLC for ReBUILD Metro and BUILD

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# WHOLE BLOCKS, WHOLE CITY

## RECLAIMING VACANT PROPERTY THROUGHOUT BALTIMORE



## ACKNOWLEDGEMENTS

### Prepared by

czb



### Sponsored by

ReBUILD Metro



Baltimoreans United In  
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## FOREWORD

# It is time for a new vision for Baltimore.

Baltimore is rich with dedicated, capable people working hard to make it a better city and improve the lives of its residents. Yet, for many Baltimoreans, the needle has hardly moved in years. Thousands still live in concentrated poverty in neighborhoods that have suffered decades of disinvestment reflecting Baltimore's pervasive racial barriers.

As scholar-activist Lawrence Brown has aptly written, Baltimore is the city of the "white L and the Black butterfly." Baltimore's Black community is largely segregated by race, and differentiated by income; the median Black household earns barely half of the median white household income. Despite efforts spanning many decades, these disparities have changed little. In some respects, they may have become more pronounced and more painful.

The pervasive presence of vacant, abandoned properties is one of the most visible features of the "Black butterfly." It is not just that properties are abandoned by their owners, but that once vacant, they stay empty. While properties that become vacant in some parts of the city are rapidly rehabilitated, elsewhere they stubbornly remain vacant, devaluing their surroundings not only financially but psychologically. They undermine the very fabric of these neighborhoods.

While vacant, abandoned properties are not the only factor standing between residents of Baltimore's low-income neighborhoods and a better quality of life, they are perhaps the most fundamental one, and certainly the most visible. It is long overdue to start looking at these properties in a different light, as a different way of thinking about Baltimore's future. Instead of thinking about fixing a house here, or demolishing a house there, why don't we ask instead: Is it possible to enable all Baltimoreans to live in decent neighborhoods, with a decent quality of life? And if so, what would it take?

Those are the questions that this report both asks and answers. It can be done. It will not come easily, it will not happen overnight, and it will not be inexpensive. But it can be done. Baltimore does not have to accept a status quo of crumbling empty rowhouses blighting its neighborhoods and draining funds from the City's limited resources.

Everyone who reads this already knows that the status quo is not good for Baltimore. That has been true for a long time. For all the dynamism of some parts of the city, Baltimore has been losing population for decades. But this is a critical moment. While Baltimore has been drawing immigrants and Millennials, the number of people leaving the city is much larger; if not for the growth in the Latino population, Baltimore would have lost 100,000 people since 2000. More importantly, it is losing its middle class, and above all, its Black middle class. Since 2000, Baltimore has lost 14,000 homeowners, including nearly 5,000 Black homeowners.

Barring a change in course, matters are more likely to get worse rather than better in the future. Since 2016, immigration has slowed down and, given the political toxicity of the issue, is unlikely to go back up any time



soon. Dropping birth rates mean that there will be progressively fewer young college graduates looking to move to cities in future generations. In the long run, the flow of immigrants and Millennials is likely to slow down. If Baltimore cannot hold its existing population or draw others, its population loss will accelerate. As that time approaches, changing the city's trajectory becomes an increasingly urgent matter.

Changing Baltimore's trajectory means changing the city's housing market, particularly in terms of drawing more homebuyers. Some positive trends may be starting to appear. There is good evidence that during the last two years, housing demand in Baltimore is on an upswing. House prices and sales volumes have increased sharply in many of Baltimore's less affluent neighborhoods. Places like Edmonson Village and Walbrook have seen dramatic rises in sales prices in the past five years, particularly in the last two. The upswing has been driven by many different factors, including pandemic-induced demand; the question,

therefore, is whether Baltimore can build on this trend for the long term, or whether it is fated to become a short-term blip with little impact on the city's long-term trajectory.

But changing a community's trajectory is not just about economics and building the market. It is about fostering fundamental racial and social justice. Whatever the rhetoric, if the status quo is perpetuated, or addressed in small, halting steps, leaders and engaged citizens will fail to change the lives of those most deeply harmed by the pervasive inequality of their living conditions. It is that goal that makes the need for a new vision that can heal the city's distressed and disadvantaged neighborhoods so compelling.

This report calls for a radical new strategy to address the city's vacant properties. We call it the *Whole Block & Whole Area Strategy*. It is a strategy that has the potential to slow, and perhaps reverse the city's economic and population decline. But above all, it is a strategy grounded in a basic

principle of social and racial justice, that every Baltimorean, whatever their race or income, should be able to live in a decent neighborhood and enjoy a decent quality of life.

The report lays out that strategy in detail, so there is no need to discuss it here. But it is worth looking briefly at some of the conditions that will have to be met if it is to be successful.

**It will take an ‘all hands on deck’ commitment.** No transformative strategy can be carried out by city government alone, or by a crowd of public, nonprofit and private sector actors each operating separately in their own silo. City government, nonprofit organizations, developers, private sector corporations, and civic leaders need to acknowledge that they share a common goal, and learn how to work together as partners in an integrated process of change, mobilizing their legal powers, technical capacity, and financial resources toward that goal.

**It will demand patience.** The strategy has many moving parts. Just putting the pieces together for the strategy—before anything happens on the ground—will take more than a year, while acquiring all the properties on a block or in a neighborhood could take years, and sustained change on any block or in any neighborhood will take still more years. The accumulated damage of decades cannot be undone easily, or quickly.

**It will demand substantial resources.** Unlike Vacants to Value (V2V), which concentrated on those parts of the city where markets were strong enough that developers were ready to use their own money to rehab vacant properties, the whole block strategy must build on strengths in areas with weaker markets, where public money will be needed to fill market gaps. The strategy, moreover, cannot be limited to rehabbing vacant properties, and walking away. It must

address the other issues destabilizing the same blocks—predatory landlords, struggling low-income homeowners, and neglected parks, playgrounds, and vacant lots.

**It will demand a sustained commitment to equity and engagement.** Residents of each neighborhood must be part of the process, actively sharing in the decisions about their neighborhood’s future. That future, moreover, needs to be based on equity and inclusion. This is not a strategy of gentrification, to replace existing residents with newcomers. It is a strategy designed to simultaneously improve market conditions while improving neighborhoods for their present residents. It is our hope that it will serve as a spur for further transformative initiatives to build stronger communities and foster opportunity for all Baltimoreans.

This is just the beginning. Other challenges, of a legal, technical, or organizational nature that must be addressed are detailed in the report. But nothing this important, and this demanding, ever comes easily. And all of the challenges, however daunting, can be overcome with enough will, hard work, and solid, strategic thinking. In the end, the real issue is whether the will is there.

We believe that Baltimore is ready to accept the challenge of transformation, and do the hard work needed to make it a reality. It is in that spirit that we offer this strategy for change.

—Alan Mallach



## EXECUTIVE SUMMARY

Baltimore has made noteworthy progress on vacant property reclamation in recent years but still has nearly 15,000 buildings with active Vacant Building Notices (VBNs), and almost 90% of them are stubbornly rooted in areas with high concentrations of both vacancy and poverty. A new approach is needed that looks beyond vacancy and is capable of achieving the health of entire blocks and groups of blocks in any part of the city—but especially in West Baltimore, East Baltimore, and Park Heights. Baltimore can do this by properly deploying \$2.5 billion of public capital in an equitable manner—a manner that seeks to restore whole blocks and insists on healthy neighborhoods for all Baltimoreans.

Having lost population continuously since 1950, 95% of Baltimore's population today is too young to have been alive when the city last grew. Left in the wake of those 70 years of shrinkage is a persistently large volume of vacant buildings, vacant lots, and other nearby properties negatively affected by vacancy.

Commissioned by ReBUILD Metro and Baltimoreans United In Leadership Development (BUILD), *Whole Blocks, Whole City* is part analysis and part strategy. It contains a systematic analysis of Baltimore's nearly 15,000 VBNs (structures with vacant building notices), some 20,000 vacant lots, the thousands of additional properties immediately near and therefore imperiled by proximate vacancy, and the underlying market conditions on all blocks that can either lead to or ward off additional vacancy. It also presents a strategy for how to address these problems and what that will cost.

*Whole Blocks, Whole City* is a sobering reality check.

- It definitively asserts that Baltimore's vacant property problem is not the mere equivalent of a series of vacant buildings that need to be addressed except in the rare instance when a vacant property emerges on a strong block in an otherwise vibrant neighborhood. Instead, what the city has on its hands are dozens of long-distressed neighborhoods that are overwhelmed by poverty and disinvestment. In these neighborhoods, the problem to solve is vacancy as both symptom and cause. Contiguous areas of whole blocks need to be stabilized; the disposition of any one building is but a component part of a much wider set of work that must be undertaken.
- It estimates that the public sector will need to invest approximately \$2.5 billion to attract and leverage \$4.4 billion in private

capital to properly address this structural problem in the city's residential real estate market. It is clear that public sector capital must be spent first, be spent smartly, and remain patiently invested for the long haul.

- It outlines a course of work that will take more than a decade to do, relies on significant public-private partnerships, and will probably require the creation of entirely new systems and organizations.

This report also comes on the heels of two important recent studies that note the substantial costs of the status quo, and the benefits of decisive intervention and success. The first, released in September 2022 from the Johns Hopkins 21st Century Institute, demonstrates that vacant housing is directly and indirectly costing Baltimore City \$200 million per year.<sup>1</sup> The second, a 2020 study conducted by ESI for the Baltimore Development Corporation, highlights the positive economic effects of attracting more households to Baltimore City with a range of income levels.<sup>2</sup>

As *Whole Blocks, Whole City* makes clear, if Baltimore can control and stabilize vacant properties in its distressed neighborhoods it stands to make valuable gains on many important fronts for which stability is an absolute prerequisite. By addressing not just vacancy but the conditions that make vacancy more likely, Baltimore will finally be able to build a firm floor in its housing market. If not, the bottom of the city's housing market will continue to weaken, precipitating even more vacancy and abandonment.

The reality is that while Baltimore has been both creative and aggressive, and sometimes successful, in tackling vacant properties in neighborhoods that are not abjectly distressed, 85% of the vacant



property problem in Baltimore is in distressed neighborhoods where a different approach and far greater resources will be needed.

*Whole Blocks, Whole City* shows that 15% of the city's vacancy problems are scattered in neighborhoods where there is enough residual market strength that the emergence of a vacant property almost never triggers a domino effect. This is because vacancies that are scattered on relatively high value blocks generally present the market with opportunities to buy-low, fix, and sell for a profit with manageable levels of risk. On those occasions where such buy-low opportunities are present but deemed beyond market tolerance, the public sector can often bridge appraisal and other gaps with the right blend of incentives.

But block and neighborhood conditions where 85% of the city's vacancy problems exist defy interventions that are not sufficiently comprehensive and patient, and are not also geared towards resolving the underlying market weakness at the root of ongoing disinvestment. The essential truth of the city's weak market dilemma is that about nine in ten of Baltimore's vacant properties are in neighborhoods most impacted by persistent poverty and by racial segregation. In these parts of Baltimore, vacancy never just goes away; a much more strategic approach will be needed.

<sup>1</sup> Mary Miller and Mac McComas, (2022), *The Cost of Baltimore's Vacant Housing*.

<sup>2</sup> ESI (2020), *The Power of Residential Growth*. See also Caitlin Furio and Richard Voith (2016), *The Economic Case for Fixing Blight*.

Creating a different, more strategic approach that considers the importance of the people who currently live in these communities is particularly important in Baltimore City. Baltimore has a well-documented history of disparate treatment of neighborhoods and communities based on race. The “quarantining of Baltimore’s black population in isolated slums” was long the norm, first formally pioneered in Baltimore in 1911 when the City Council passed “the first housing segregation ordinance directed at Black people.” This continued through the 1930s when the Federal Housing Administration institutionalized practices that furthered segregation and disinvestment. According to the Urban Institute, “neighborhoods [in Baltimore] that are less than 50 percent African American receive nearly four times the investment of neighborhoods that are over 85 percent African American.”<sup>3</sup>

This report shows that it is possible and necessary to respond in a different way to the city’s vacant property problem—relying on investment and inclusion as guiding principles. The only way to tackle this problem is to acknowledge that where problems like vacancy are most entrenched and intractable—in the city’s most distressed neighborhoods—is exactly where public energy and resources must go. And if energy and resources are deployed in distressed areas, then a “build from strength” approach within those areas is imperative.

**- Whole Blocks, Whole City argues for a bold departure from business as usual in Baltimore, while also tapping into successful elements of past efforts.**

In average and stronger market areas,

Vacants to Value (V2V) demonstrated that a package of incentives can stimulate the market, but is insufficient in weak markets with entrenched vacancy. Additionally, in these same stronger market areas, Healthy Neighborhoods has shown the power of combining resident leadership development with home ownership and wealth building opportunities. In the weaker areas, EBDI leveraged the inherent strength of important institutions to advance large-scale redevelopment. HOPE VI showed that deconcentrating poverty in public housing can help surrounding blocks become more vibrant. Both strategies created dramatic changes but required significant community dislocation to achieve sought-after outcomes. Following these two large-scale efforts, ReBUILD Metro’s work from Greenmount West to Oliver and Broadway East, defined by the comprehensive whole block & whole area approach recommended in this report, is a real-time example of what can work throughout Baltimore’s most distressed neighborhoods without massive relocation or displacement. Going forward, it is conceivable to dramatically increase the scale and comprehensiveness of this whole block approach, without displacement, to address the entrenched vacancy in other, similarly distressed parts of Baltimore.

**- Whole Blocks, Whole City estimates that Baltimore has roughly 70,000 properties that require attention.** Vacant buildings, vacant lots, and nearby properties infected by vacancy will not fix themselves, are not fixable through a series of small-scale efforts, and are overwhelmingly in the city’s most distressed neighborhoods.

**- Whole Blocks, Whole City has projected that properly fixing these problems will require a public investment of roughly \$2.5 billion.** Over 20 years, that is an average of \$125 million per year in patient, public funding.

**- Whole Blocks, Whole City recommends that whole areas of Baltimore’s most distressed neighborhoods become targets for reinvestment.** In these areas, control of vacant property will be an essential first step towards stability. Home ownership rates need to rise and poverty needs to fall, and as *Whole Blocks, Whole City* makes clear, that simply will not happen if a critical mass of stability, comprising hundreds of properties spanning many contiguous blocks, is not first obtained and then buttressed with a range of ambitious community development work.

**- Whole Blocks, Whole City also makes clear that activating the strategic work needed will require overcoming five key challenges** along the way.

1. Legal tools to gain control of properties outside the private market will be needed.
2. Demand will have to be sustained, and this cannot happen without a strategic focus on making whole blocks attractive to the market.
3. A range of financial tools will be needed, from patient equity to affordable debt.
4. Implementation capacity will need to grow.
5. And genuine community partnership must be the ultimate basis for all decisions.

While ambitious in scale and scope, the approach recommended by *Whole Blocks, Whole City* is carefully calibrated to this moment in Baltimore’s history. For the city to be a thriving, revitalized, and inclusive option for households in Greater Baltimore through the next few decades, it must address persistently high concentrations of vacancy in distressed neighborhoods head-on. And, unlike a decade or two or three ago, the city and its broad network of public and private partners is now equipped—thanks to previous successes and lessons learned—with levels of strength and experience that make a more comprehensive and robust approach to vacancy a realistic one.

<sup>3</sup> Urban Institute (2019), “The Black Butterfly:” Racial segregation and investment patterns in Baltimore. (<https://apps.urban.org/features/baltimore-investment-flows/>). See also “The Fruits of Government Sponsored Segregation by Richard Rothstein (2015) Working Economics Blog, Economic Policy Institute (<https://www.epi.org/blog/from-ferguson-to-baltimore-the-fruits-of-government-sponsored-segregation/>)

## PREFACE

### A STRATEGY FOR PEOPLE

The central purpose of the Whole Block & Whole Area strategy described in this report is to benefit the people who live today in the three areas that are the focus of the strategy: East Baltimore, West Baltimore and Park Heights. It starts with the basic premise that every Baltimorean, whatever their income, race, or ethnicity, should be able to live in a decent neighborhood and in decent housing conditions.

All residents, renters or owners, poor or non-poor, will be better off in neighborhoods which are not overwhelmed by vacant, boarded houses or vacant, trash-strewn lots. This is not true of many Baltimore neighborhoods today. But reinvesting in high-vacancy areas has to happen in a way that allows the people who live in those neighborhoods to stay as the vacant houses are restored and the neighborhood improves. This strategy is designed to make that possible.

As vacant houses are rehabilitated and vacant lots are reused, conditions will improve at adjacent occupied housing—the homes of the people who already live on the same blocks. Under this strategy, struggling low-income homeowners will receive help to fix up their homes so they can stay in them. Landlords will be offered a combination of carrots and sticks, in the form of code enforcement coupled with assistance fixing up their properties, if they keep their units at least as affordable as before. In some cases, properties that are renter-occupied and in need of major improvements will have to be acquired and rehabilitated—but those buildings will be prioritized for affordable housing and the work will either be completed around sitting tenants or they will be allowed to come back to their units after rehabilitation.

Too often, neighborhood change is posed as a zero-sum proposition: either neighborhood disinvestment continues and concentrated poverty and hypervacancy remain, or it gentrifies. The neighborhood improves but low-income families are displaced and frozen out of the neighborhood's future. The goal with this strategy is to demonstrate that there is another way, that neighborhoods can welcome new investment and become better places to live for the people who already live there.



## HOW TO USE THIS DOCUMENT

*Whole Blocks, Whole City: Reclaiming Vacant Property Throughout Baltimore* presents a comprehensive strategy to address stubbornly high vacancy levels and their wide ranging impacts on everything from the City's fiscal stability, to the socioeconomic health of its neighborhoods, to its ability to compete in the regional housing market.

Through a review of historical patterns and context, as well as rigorous analysis of current conditions, this document makes a case for a significant pivot in how Baltimore addresses vacant properties so that transformative progress can be made on the struggling blocks where the vast majority of vacant properties remain.

To help guide this pivot, this document is divided in four parts to aid effective and clear-eyed decision-making over the coming decade.

### PART 1 VACANT PROPERTIES IN BALTIMORE: A PERSISTENT PROBLEM WITH FRESH URGENCY

Part 1 traces today's vacancy challenges to the beginning of Baltimore's population decline in 1950 and the more recent decline in total households. As households declined in number, housing demand and investment dropped in a manner that reflected well-rooted patterns of racial and income segregation.

Recent declines in the number of properties with Vacant Building Notices (VBNs) is noted, but so is the preponderance of remaining VBNs on unhealthy blocks where market conditions resist common interventions. Consequently, a different approach—one that learns from past successes that aimed for neighborhood-level outcomes—will be needed to make a meaningful dent going forward. And substantial progress is a requirement if Baltimore hopes to overcome demographic headwinds and the fragility of its revitalized areas.

### PART 2 TYPOLOGY OF BALTIMORE BLOCKS

Part 2 builds from observations in Part 1 about market conditions, how they are influenced by concentrations of VBNs, and how they determine the probability of VBN resolution.

It presents a Typology of Baltimore Blocks as a tool for understanding block-level conditions across the city, their correlation to the underlying circumstances that make VBNs resistant to intervention, and the implications of each block type for the development of realistic goals and strategies.

The seven block types identified in Part 2 include a built-in recognition of the role that "control" over vacancy plays in weaker markets, and the reality that consolidated ownership of vacant assets by the City or its partners is a critical precondition for stability and for the sustainability of any revitalization effort.

### PART 3 CONTROL, STABILIZE, AND REVITALIZE: A WHOLE BLOCK & WHOLE AREA STRATEGY FOR BALTIMORE

Part 3 lays out the Whole Block & Whole Area Strategy as a sequential, multi-stage process that applies specific tools at specific times—according to block conditions—to achieve durable whole-block health.

The need for robustly resourced work is emphasized, with an estimated \$2.5 billion in patient public capital needed to fully address disinvestment on blocks with open VBNs citywide, which will attract \$4.5 billion in private capital investments. Recognizing the need to focus limited resources that fall short of that amount, principles to guide Whole Area identification are provided and boundaries for Whole Area work are demonstrated for the three largest concentrations of vacancy in the city: East Baltimore, West Baltimore, and Park Heights.

### PART 4 ACTIVATING THE WHOLE BLOCK & WHOLE AREA STRATEGY

Part 4 addresses five key challenges that must be overcome in order to activate the Whole Block & Whole Area Strategy. These include sufficient:

- Acquisition tools
- Levels of housing demand
- Financial resources
- Multi-layered capacity, and
- Outreach & engagement

Part 4 also uses a hypothetical eight-block whole area to demonstrate how the Whole Block & Whole Area Strategy would be implemented over a 10-year period.

## VACANT PROPERTIES IN BALTIMORE: A PERSISTENT PROBLEM WITH FRESH URGENCY

The nearly 15,000 properties in Baltimore with vacant building notices (VBNs) are a familiar crisis stemming from decades of declining demand and disinvestment. While efforts in recent years have made real progress reducing vacancy in the city's healthier neighborhoods, almost 90% of remaining vacancies are concentrated on blocks where low demand and high levels of poverty call for a more comprehensive and robust approach to reclaiming vacant properties than has yet been attempted.

The need for a new approach that can produce transformative results—especially in East Baltimore and West Baltimore—is underscored by two factors that threaten the city's prospects for vitality over the next few decades: the reality that Baltimore will be competing with other communities and regions for households in a country where population growth is slowing rapidly, and the threat that highly concentrated vacancy and associated issues in East and West Baltimore pose to the sustainability of gains made in areas that have experienced reinvestment and revitalization.

# 01



# A PROBLEM LONG IN THE MAKING

Baltimore's elevated levels of residential vacancy has roots that go back at least 70 years to the time when the city and most of its peers in the Northeast and Midwest began to experience population loss for the first time in their histories. Since 1950, when the census counted a record 949,708 Baltimoreans, the city's population has fallen with each subsequent census. By 2020, it was 364,000 below its peak—a loss equivalent to the current population of Cleveland.

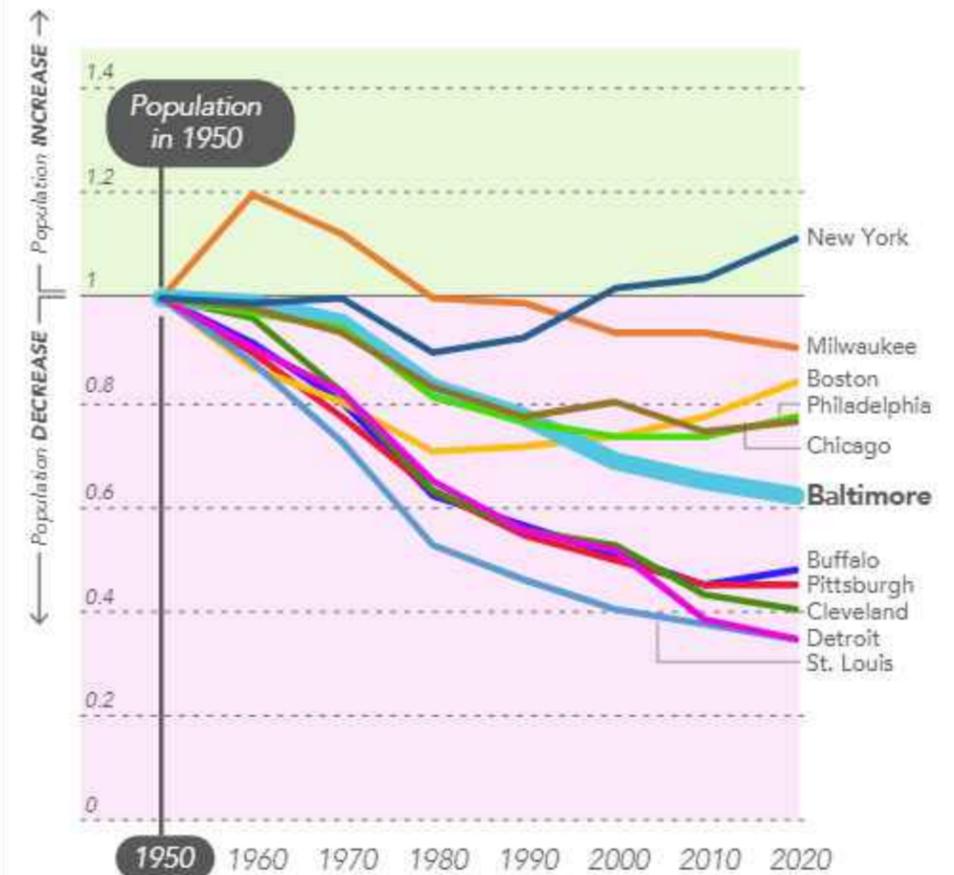
Now just 62% of its former size, Baltimore has fared better than many other large cities that were dominated by manufacturing economies at the end of World War II. Detroit, St. Louis, and Cleveland, for example, all have populations today that are 40% or lower than their 1950 figures and have the largest expanses of depopulated "urban prairie" in North America to show for it. At the same time, Baltimore has fared noticeably worse than its peers on the East Coast—New York, Boston, and Philadelphia—all of which have rebounded to some degree in population, though only New York has completely erased its mid-century losses.

In all of these cities, population losses fueled by post-war suburbanization and deindustrialization had a profound impact on demand for housing. These impacts were shaped by long-established patterns of racially segregated settlement that were already in place by 1950 and that heavily influenced patterns of real estate devaluation and concentrations of poverty as the cities shrank.

But the impacts of population loss on housing demand—and a rise in prolonged vacancies and housing abandonment—were not immediate. Household size began to drop dramatically, too, after 1950, as households with only one or two people became much more common and the cohabitation of extended families became much less common. In Baltimore, the average household had 3.5 individuals in 1950, but only 2.4 by 2020. Consequently, the total number of households—and the demand for housing—kept growing for another few decades after the population peaked. By 1970, the number of households in Baltimore reached its all-time high of 289,349 before beginning its own decades-long slide.

**Baltimore's population in 2020 was 62% of its 1950 peak, falling in between peers that experienced much steeper losses (such as Detroit, St. Louis, and Cleveland) and those that have rebounded to some degree (New York, Boston, and Philadelphia)**

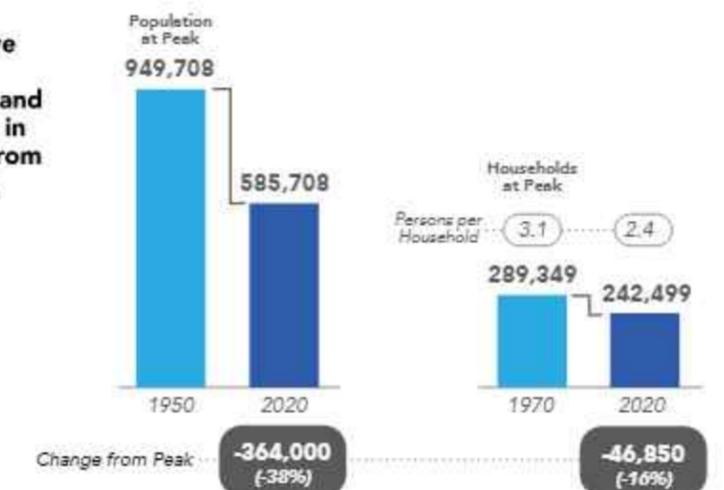
Population change since 1950 in Baltimore and major industrial peers



Source: U.S. Census Bureau, Decennial Census; all cities presented had 500,000 or more residents in 1950 and were manufacturing hubs.

**Declining household sizes have meant much shallower declines in the total number of Baltimore households, which peaked in 1970 or 20 years after the population peaked**

Comparative change in population and households in Baltimore from peak years



Source: U.S. Census Bureau, Decennial Census; 2020 household figure is from American Community Survey 5-year estimates.

When the number of households in Baltimore was at its peak in 1970, the city's vacancy rate was 5%—a level generally considered healthy for a metropolitan housing market. A rate lower than 5% makes it difficult for newcomers to find a place to live or for local households to move when their life circumstances require a shift to larger or smaller housing. And when a vacancy rate approaches or exceeds 10%, prices tend to soften in a manner that prompts disinvestment by owners.

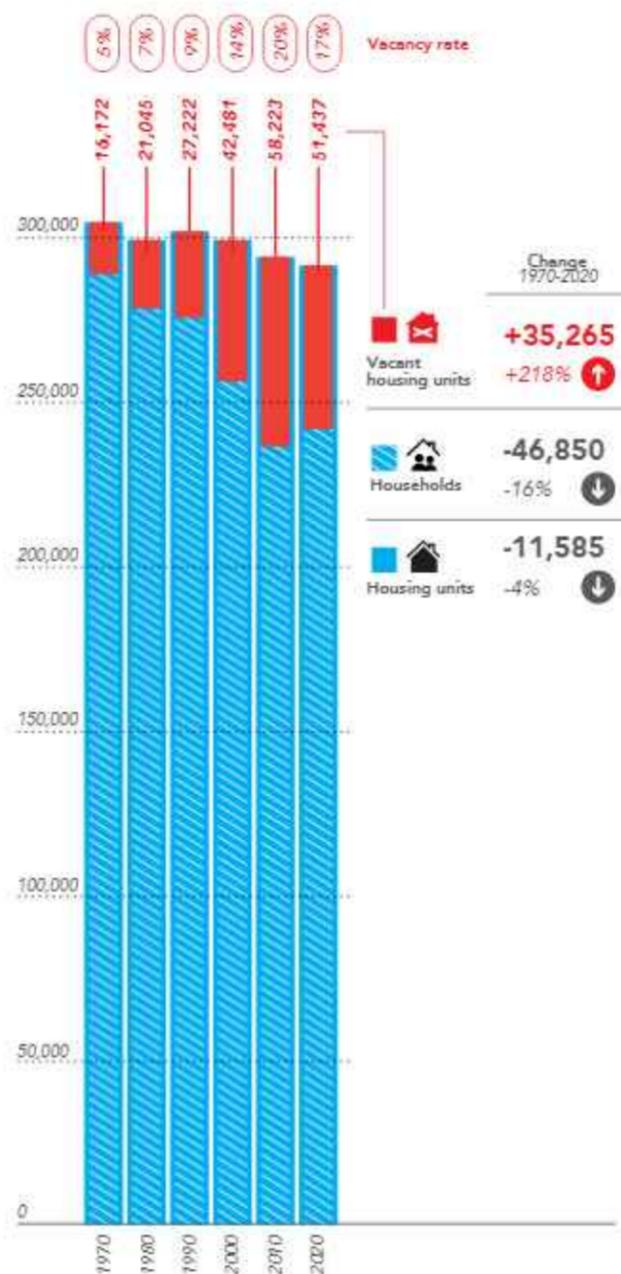
During the Great Depression and World War II, vacancy in Baltimore was low and overcrowding was a common concern as economic collapse, followed by wartime rationing, resulted in limited production of new housing. By the 1950s, overcrowding was eased to some extent (and for some households) by suburbanization into Baltimore County and by new public housing developments. To the extent that there were instances of prolonged vacancy in the city during this time—as opposed to temporary vacancies that occur when a housing unit is in-between occupants—they could be found in areas with concentrations of obsolete and dilapidated housing, which became primary targets for urban renewal.

After 1970, and as the decline in households far outpaced the decline in housing units, vacancy rates began a steady rise—to 7% by 1980 and 9% by 1990. By 2000, 14% of housing units in Baltimore were vacant and the total number of vacant units was above 40,000. More problematic, though, was the increase in vacant units that were not for sale, for rent, or occupied on a part-time basis. These chronically vacant housing units went from comprising less than a third of all vacancies in 1980 (or 6,300 units) to half of all vacancies by 2000 (or 20,800 units).

The rise in vacancies in general, and chronic vacancies in particular, reflected seismic changes to investment behaviors in neighborhoods that were vulnerable to decline. After all, **when vacancy persists** beyond the few days or weeks needed to swap new tenants in for old, or beyond the weeks or months it takes to make everything from minor repairs to major upgrades, **something is generally wrong**. Either the housing unit itself has proved unappealing for the price being asked, or the unit-

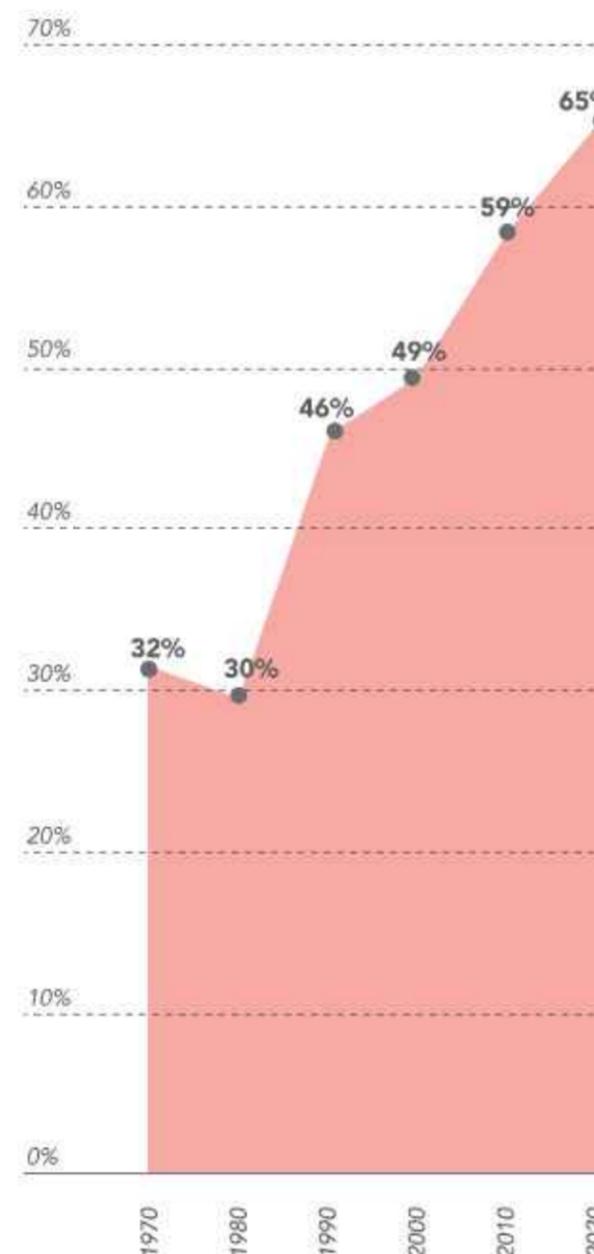
As the gap between the number of households and housing units grew after 1970, the number of vacant units ballooned—reaching a high water mark around 2010

Baltimore's balance of households and housing units, 1970-2020



Source: U.S. Census Bureau, Decennial Census (1970-2000) and American Community Survey 5-year estimates (2010 and 2020)

Share of vacant housing units that are chronically empty, 1970-2020



Source: U.S. Census Bureau identification of housing units as vacant "other" in the Decennial Census (1970-2000) and American Community Survey 5-year estimates (2010 and 2020)

As vacancy levels have risen, a rising share of vacant housing units have been chronic vacancies resulting from simple turnover from one occupant to the next

changed debt load and capitalization rate, and adapt their target market assumptions and their portfolio expectations accordingly. Home owners adjacent to vacancies make similar though different adjustments (fewer or less costly capital improvements, for example), given their distinct expectations of imputed value.

However prudent an investor-owner may be, and however committed to any given property, there is a point where it is not possible to reliably market and lease even the best unit-price combination of a particular property if the block itself is not appealing. The owner can control the condition of the property and hope their level of stewardship influences the properties nearby, but they are ultimately at the mercy of what nearby owners decide to do with their holdings. Likewise, however committed to their residence a homeowner may be, they are also at the mercy of the decisions made by neighbors.

**When vacancy occurs that is prolonged, the math of investor ownership changes dramatically.**

Expectations about future value and tax advantages become lowered and, eventually, rental property is no more than a vehicle for meager cash flows. In other words, on its way to prolonged vacancy, the unit degrades both literally and financially.

Expectations also get adjusted with respect to tenant demand. Owners of units whose only value becomes cash flow are reluctant to make more than the most minor of repairs, eventually ceasing to make even those. When deterioration—of the unit and eventually tenant demand—occurs on a block of rowhouses compromised by location or outlook, it rarely leads to anything but vacancy of greater duration which, in turn, triggers adjoining vacancy. This contagion of vacancy and disinvestment took hold of large sections of Baltimore after 1990.

price combination in the context of the block and neighborhood has proved unappealing.

In response to vacancy, which translates into lower gross revenue for a landlord, prudent owners adjust their offering. They lower their asking price or upgrade their unit, or both. Investor owners then account for a

## FROM SYMPTOM OF DECLINE TO DRIVER OF DECLINE

Increased vacancy in the 1990s and into the 2000s became a driver of even greater levels of vacancy and was closely tied to existing levels of block and neighborhood health in Baltimore. Simply put, healthy blocks tended to cope better with vacancy than struggling ones.

On healthy blocks in healthy areas of the city during this time, homeownership rates for single-family houses (attached or detached) were high, property conditions were consistently strong, the capacity of residents to manage neighborhood affairs and advocate for their blocks was relatively strong. Such areas were, in most cases, protected from increased vacancies and remain so today. On the rare occasion that prolonged vacancies happened there, market actors viewed the vacancies as opportunities to be seized.

Conversely, prolonged vacancies were most likely to become concentrated and spread on blocks that were already struggling. In these areas homeownership rates were already low—a sign that demand by owner-occupants had been reduced to levels that provided an opening to investors, who proceeded to underinvest in properties that were already suffering from deferred maintenance. Fewer homeowners and the long-term continuity

they provide meant lower levels of resident leadership capacity, lower standards, and a less than positive image. In time, vacancies became increasingly viewed as confirmations of limited demand and another signal to withdraw energy and capital from these blocks. With declining demand and the least expensive housing in the city, poverty became ever more concentrated in these areas.

With vacancies rising and socioeconomic conditions worsening on struggling blocks, neighborhoods of largely middle- and working-class households that often served as a buffer between healthier and struggling neighborhoods faced rising risks of instability. In these areas, and within the context of a city with a declining number of households, the presence of just a few prolonged vacancies became a serious threat to confidence. Such blocks could transition rapidly from a decades-long appearance of stability to a sense of slippage. And over the course a decade, or potentially less, the confluence of vacancy and all of its effects—falling homeownership rates, falling prices, a growing share of unstable households—might erode any remaining sense of stability.

When population loss leads to a housing surplus, blocks that are healthy to begin with will tend to cope better with vacancies than blocks that are struggling

	Healthy blocks	“Middle” blocks		Struggling blocks
		STABLE	SLIPPING	
<b>What characteristics do these blocks usually have to begin with?</b>				
 <b>Owner-occupancy rate</b>	High	High	High but declining	Low and declining
 <b>Property conditions and reinvestment</b>	Excellent conditions and evidence of reinvestment	Good conditions, modest evidence of reinvestment	Conditions are a mix	Poor conditions and evidence of disinvestment far outweighs reinvestment
 <b>Residential leadership capacity</b>	Strong	Strong	Modest or diminishing relative to growing complexity and number of problems	Insufficient relative to size and complexity of problems
 <b>Image</b>	Positive	Mostly positive	Increasingly negative	Negative
<b>How is prolonged vacancy viewed by the market?</b>	An opportunity to reposition an asset on a block that is widely viewed as an asset	A signal to moderate expectations and investment	A signal to pull back on expectations and investment	Confirmation of limited demand
<b>How do market actors respond to prolonged vacancy?</b>	Investors upgrade units to better compete for households with options  Good buyers materialize with plans to acquire and rehab	Investors lower rents or make modest upgrades to compete  Single-family homes find buyers, but a growing number of buyers are flippers or investors	Investors lower rents to attract renters and make minimal upgrades; professional investors begin to pull out  Single-family homes sell increasingly to investors  When better blocks are nearby, owners or investors may emerge seeking 'buy-low' opportunities	Professional investors focused on long-term asset management stay away  Investors who remain or enter are focused on short-term cash flow  Homeowners view themselves as either hold-outs or pioneers

Vacancies in Baltimore continued to surge after 2000. By 2010—at the apex of the subprime mortgage crisis and its global financial fallout—an estimated 58,223 housing units were vacant according to the U.S. Census Bureau’s American Community Survey, or one in every five units. And of those, nearly 60%, or 34,000 units, were chronically vacant. Abandonment of entire structures became more widespread on struggling and slipping blocks.

While the Census Bureau provides vacancy rates for housing units going back several decades, exact counts of vacant structures (which may contain one or multiple units) depend on local observations and methods. For years now, Baltimore has maintained an inventory of vacant structures that receive a Vacant Building Notice (or VBN), which include buildings that are unoccupied and are either (1) unsafe and uninhabitable or (2) have registered multiple unaddressed code violations. The VBN serves an administrative function for the city while communicating to owners (about concerns and expectations) and to neighbors and the wider public (about the status of a building).

Based on the City’s criteria for counting vacant

buildings, there are currently just under 15,000 VBNs in Baltimore—a number that is likely an undercount given the absence of perfect occupancy information on all properties and the day-to-day cycling of properties from vacant to occupied and vice versa. It nevertheless represents a trackable number of properties that meet the City’s criteria, a way to analyze the impacts of vacant buildings, and a way to study the path of properties after they receive a VBN.

In terms of the total volume of VBNs in recent years, City records show that the total crested at nearly 17,000 VBNs in 2017 and 2018 before dropping to current levels under 15,000. This decline in vacant structures echoes findings from the American Community Survey for housing unit vacancy. Between 2010 and 2020, the housing unit vacancy rate dropped from 20% to 17% as the number of households in Baltimore increased (up by almost 4,000) while the number of housing units decreased (down by nearly 3,000). All of this suggests that vacancies in Baltimore plateaued and stabilized in the period between the Great Recession and the COVID-19 pandemic, though it remained higher than levels recorded in 2000.

Vacant Building Notices, or VBNs, are issued to vacant properties deemed by the City of Baltimore to be uninhabitable, unusable, or nuisances; there are **roughly 15,000 such buildings in 2022**—a number that has declined in recent years.

Vacant Building Notices (VBNs), Yearly Average



Source: City of Baltimore DHCD Dashboard

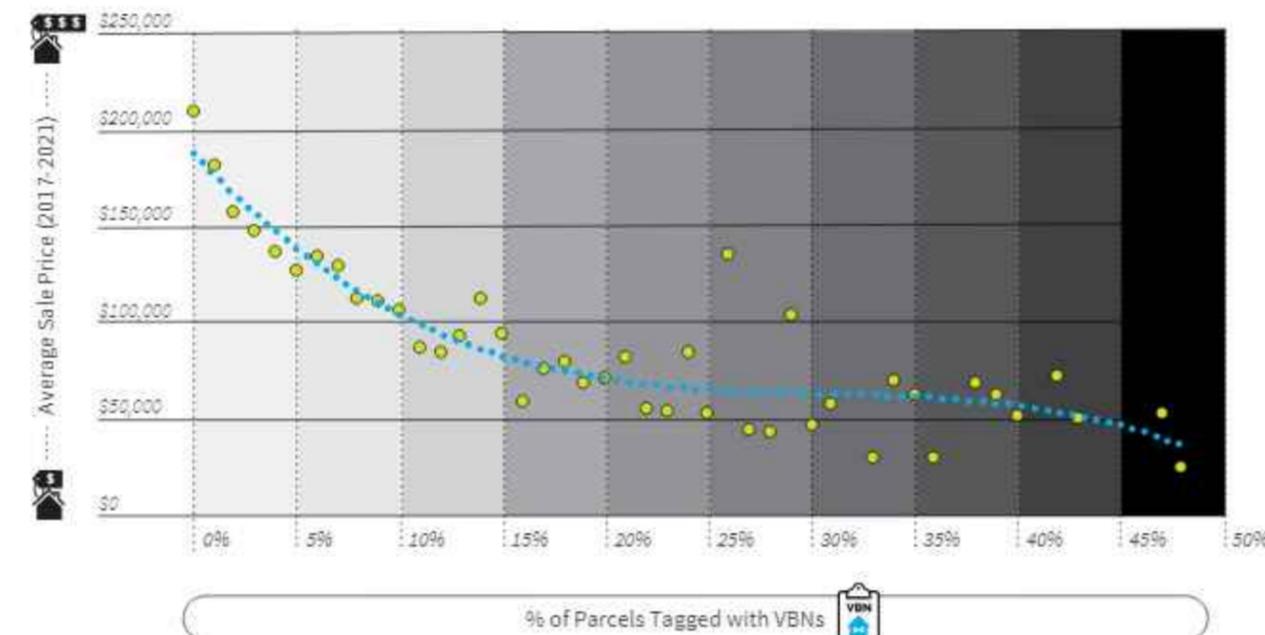
While the reduction in total VBNs since 2018 and a declining vacancy rate are positive trends, the tracking of VBN locations and their impact on Baltimore’s blocks demonstrates their negative and lasting influence on housing sub-markets. Between 2017 and 2021, for example, an analysis of complete blocks in Baltimore (no vacant lots) found that just one VBN eroded the average sale price of single-family homes on the block compared to complete blocks with no VBNs. By the time a block has a VBN concentration of 5% (or just two VBNs on a block with 40 houses), the average sale price is reduced 35% compared to a zero VBN block.

The same analysis showed that average sale prices tend to stabilize at roughly 60-70% below the prices on a zero VBN block when VBN rates rise above 15% (or six VBNs on a block with 40 houses). At that point, the impact of vacancy and the other qualities of struggling blocks have been priced into the market and influence ongoing investment behaviors in ways that make recovery at the block level exceedingly difficult.

The impacts of VBNs on property values comes at a steep price to the City of Baltimore. In the 2022 report *The Costs of Baltimore’s Vacant Housing* for the Johns Hopkins 21st Century Cities Initiative, Miller and McComas estimate that the city’s 15,000 VBNs result in \$100 million in lost revenue annually based on the reduced value of VBNs themselves, the reduced value of surrounding properties, and lowered collection of income taxes and utility fees. Over 10 years, that equates to \$1 billion in lowered revenues that cannot be reinvested in neighborhoods and infrastructure.

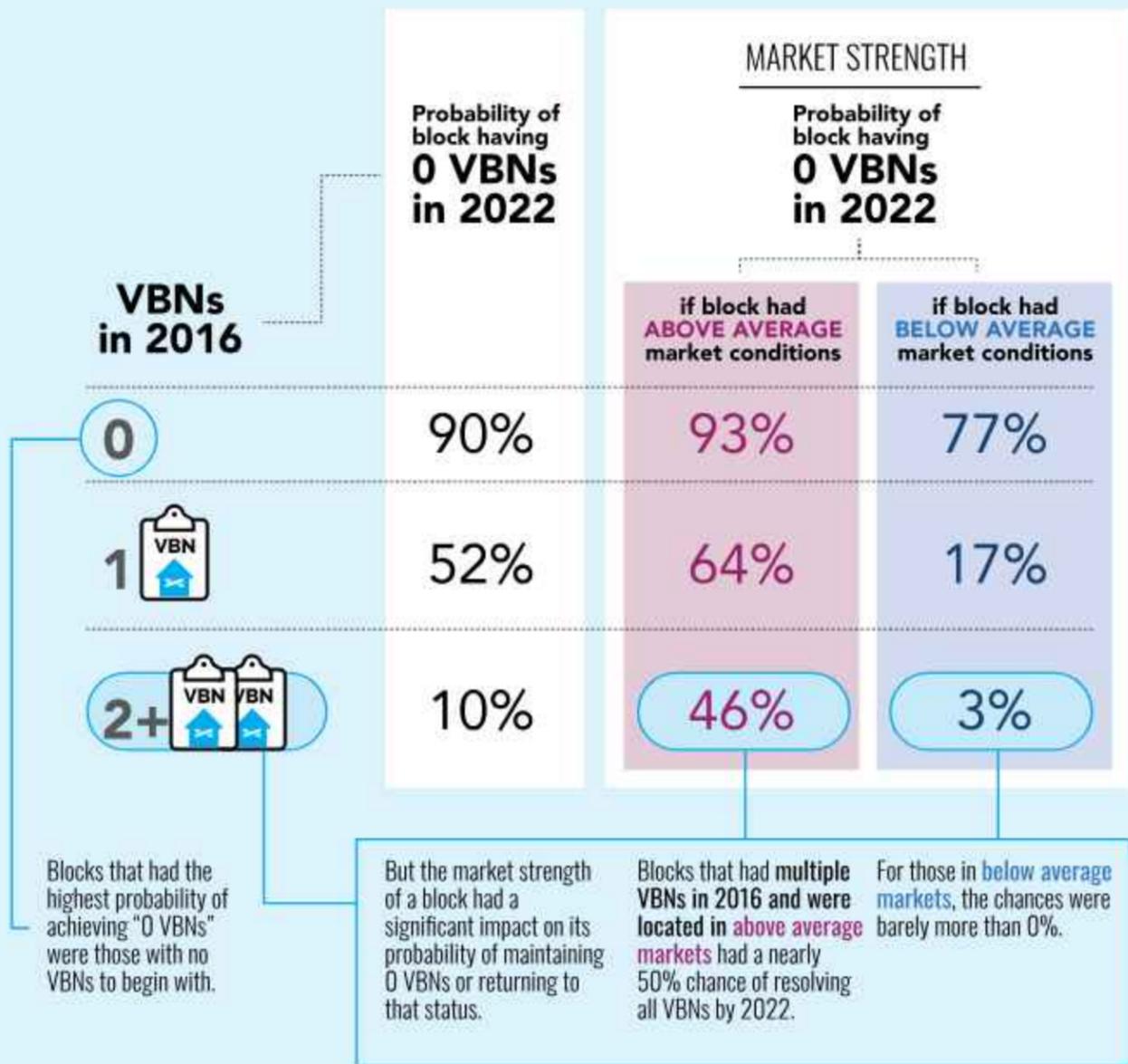
Even a single VBN has a noticeable impact on what buyers are willing to pay for homes on a given block; going from a 0% to a 5% concentration of VBNs shaves 35% off of the average sale price.

Average Sale Price (2017-2021) on Blocks with No Vacant Lots, by % of Parcels Tagged with VBNs



Source: czb analysis of VBN and real estate sales data provided by City of Baltimore

Based on the number of VBNs a block had in 2016, what was its **probability of having 0 VBNs in 2022**—and how did market strength influence that probability?



Source: czb analysis of City of Baltimore VBN data; market strength of a block is based on citywide block-level analysis of nearby sale prices and VBN counts (where "nearby" is within 1,500 feet of an analyzed block)

## STUBBORN CONCENTRATIONS OF VACANCY

The decline in the number of VBNs since 2016, from nearly 17,000 to just under 15,000, is good news considering the negative impacts of VBNs. It is also part of a positive story at the block-level in Baltimore. Not only did the number of VBNs decline, but so did the total number of blocks with one or more VBNs. The number of blocks with no VBNs increased by 22% to just under 2,000 blocks while the number of blocks with one or multiple VBNs declined from 2,301 in 2016 to 1,940 by 2022.

This change underscores the extent to which healthier blocks in Baltimore are better able to cope with prolonged vacancies than struggling blocks—and how just a single VBN poses serious problems for struggling blocks. For example, the blocks in Baltimore that were most likely, by far, to have no VBNs in

2022 were blocks that had no VBNs in 2016. Indeed, 90% of blocks with no VBNs in 2016 made it to 2022 without a VBN occurrence. Among blocks with no VBNs in 2016, those located in markets of above average strength (stronger prices and less vacancy on nearby blocks than the city average) were noticeably more likely to remain zero VBN blocks than those in below average markets.

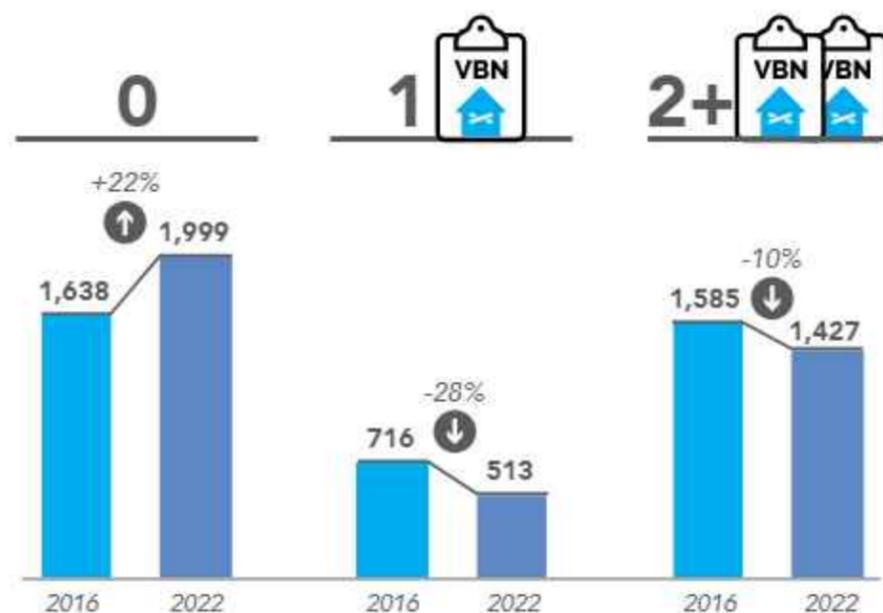
Among blocks that had just one VBN in 2016, the probability of reaching 2022 with zero VBNs shrank to 52%—with a much wider distinction based on market strength. Only 17% of blocks in below average markets that had one VBN in 2016 had achieved zero VBNs by 2022, compared to 64% of similar blocks in above average markets.

For blocks that had two or more VBNs in 2016, only 10% had zero VBNs by 2022. And for blocks in below average markets, the prospect of becoming a VBN-free block was vanishingly small—just 3%.

The key takeaway from this analysis is that Baltimore has been succeeding when it comes to resolving vacancy on stronger blocks where it is not yet the contagion that undermines broader stability. This success is critical to

Citywide, the number of blocks with no VBNs grew between 2016 and 2022, driven to a large extent by the decline in blocks with just a single VBN.

Vacant Building Notices (VBNs) Counts at Block Level, 2016 and 2022



Source: czb analysis of City of Baltimore VBN data

bolstering the City of Baltimore’s fiscal strength and its competitive position in the regional housing market.

However, success with recovering VBNs has been much more limited elsewhere in the city. In weaker markets with struggling blocks, where vacancies are hardest to dislodge, they can be found in stubbornly high concentrations.

Of the 14,850 open VBNs in Baltimore in summer 2022, fully 87% were located in areas of below-average market strength, where blocks have the lowest probability of making measurable headway on VBNs. Just 3%, or 489 VBNs, constituted the “low-hanging fruit” that remain in areas of above average market strength and that remain necessary to resolve in order to preserve the health of already healthy blocks.

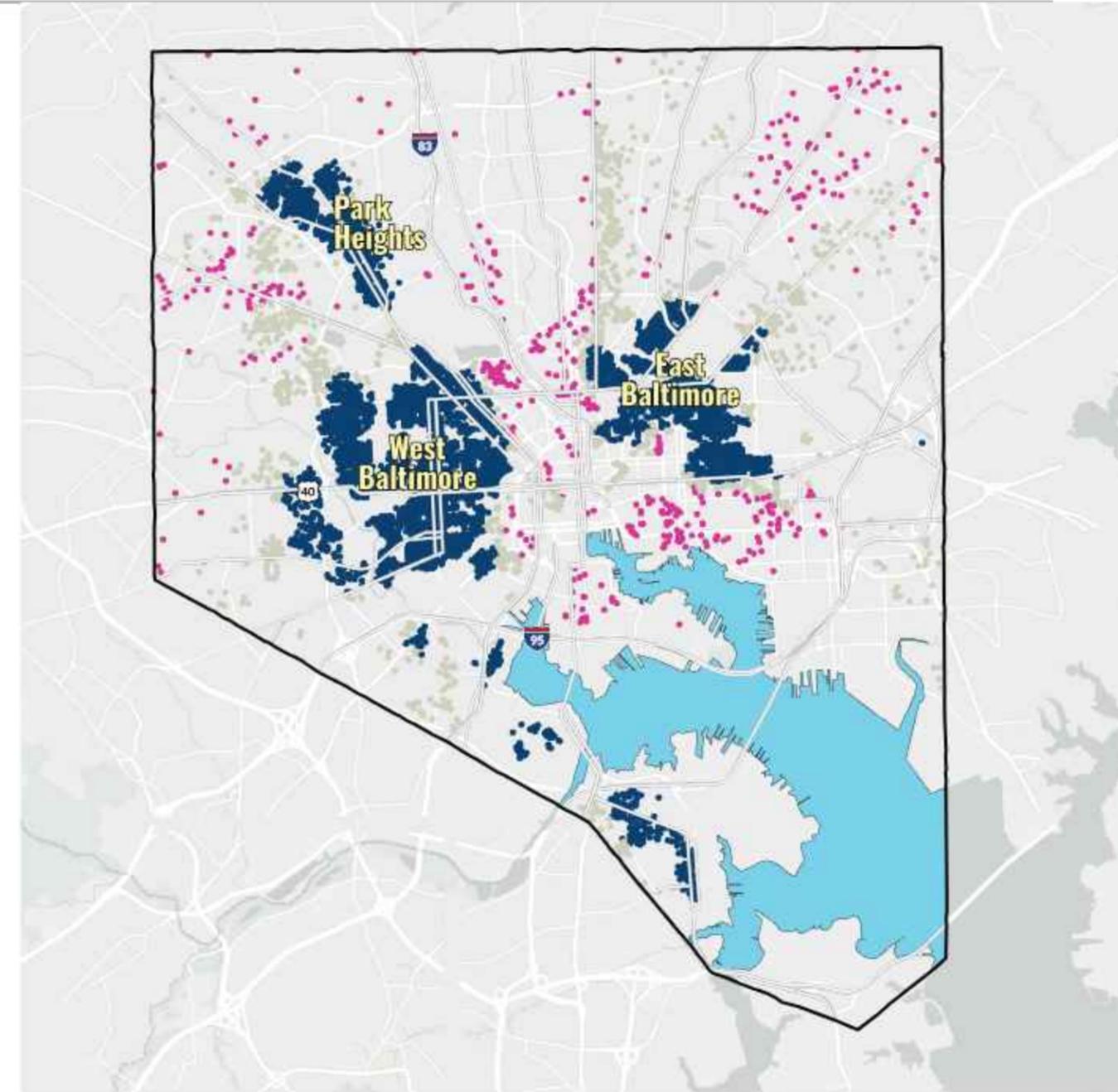
Mapping the locations of open VBNs in Baltimore, alongside an assessment of market strength at the block level, reveals that open VBNs in below-average markets are heavily concentrated in just two areas: West Baltimore and East Baltimore—parts of the city that have long struggled with vacancy, economic dislocation, and the systemic barriers posed by racially segregated housing. Another clear concentration of open VBNs on below-average blocks can be found in Park Heights.

Together, these stubborn concentrations of vacancy represent a challenge that past or existing strategies in Baltimore have been unable to address in sustainable ways for large areas. But there are lessons to be learned from past interventions that should inform work going forward, and now is the time to actually unwind historic disadvantages endemic to West Baltimore and East Baltimore.

### Where are open VBNs located in 2022?



Source: ctb analysis of City of Baltimore VBN data for summer 2022; market strength analysis based on average sale prices and VBN concentrations within 1,500 feet of analyzed blocks



### Open VBNs and Market Strength

The nearly 15,000 dots on this map represent every open VBN in summer 2022 categorized by the market strength of their block, a measure that incorporates nearby sales prices and VBN concentrations. See the market strength analysis in Part 2 for further detail on definitions of market strength.

- VBNs in areas with below average sales prices
- VBNs in areas with average sales prices
- VBNs in areas with above average sales prices

## Why are rowhouses a particular challenge when it comes to addressing prolonged vacancies?

**Prolonged vacancies are a challenge for any block of any type in any city. But they are a particular challenge for neighborhoods dominated by rowhouses. Why?**

### Common walls and flat roofs

The common walls and flat roofs that are the hallmarks of most rowhouse construction are prone to physical compromise without diligent maintenance. When they become compromised—which becomes more likely during periods of prolonged vacancy—they affect adjoining units.



## The convergence of vacant rowhouses and block health

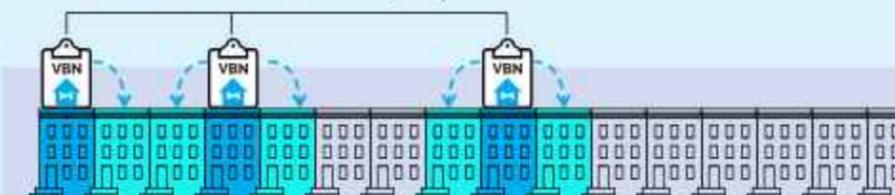
On a typical line of 16 rowhouses, one vacancy in the middle of the block may impose physical stress on two adjoining properties—this means that nearly 20% of the block is directly exposed to the physical risks of prolonged vacancy.

**Nearly 20%**  
of the block is  
directly exposed



**If this is a healthy block**, with high levels of homeownership and investors with an eye on long-term asset value, it has a higher likelihood of withstanding these risks until the vacant structure becomes reoccupied.

**50%** of the block is directly exposed



On a block with multiple VBNs, the number of properties directly exposed to the physical risks of prolonged vacancy escalates rapidly. Three VBNs may directly impact the physical soundness of 50% of the block's properties.

On such a block, levels of homeownership are likely to be low to begin with, and investors are more likely to be focused on cash flow over long-term investment. This **combination of rowhouse vacancy with weak market dynamics** makes the vacancies all the more stubborn and hard to address—and it is a combination that describes large areas of East and West Baltimore.

## A MIXED TRACK RECORD

In response to the challenges of prolonged and concentrated vacancy—as well as the correlated problems of concentrated poverty and racially segregated residential patterns—Baltimore has made important and informative gains, however imperfect, that shed light on how best to approach the problem of stubbornly concentrated VBNs in the 2020s.

Canton, Patterson Park, and Highlandtown, for example, are all dense rowhouse neighborhoods that survived Baltimore's downturn and are now on a firm path to vibrancy. Baltimore's central business district remains walkable and well-connected to fundamentally intact neighborhoods that are healthy, such as Federal Hill and Butcher's Hill.

In fact, significant portions of Baltimore's core, from the Inner Harbor to Brewer's Hill along Eastern Avenue, and from Mount Vernon to Reservoir Hill and Druid Hill Park, and north along Charles Avenue to Johns Hopkins are comprised of very strong real estate submarkets, and none of these gains have materialized by accident. In some cases, such as the redevelopment of Lafayette Courts into the mixed-income Pleasant View Gardens, steps toward building a more inclusive city have been taken.

Importantly, these cases provide key elements of the blueprint for successfully tackling the city's remaining inventory of open VBNs because most of **Baltimore's successes have occurred under one or both of the following conditions: (1) when the restoration of a whole block and whole area to genuine health has been the measure of success and, therefore, the backbone of the strategy to get there, and (2) when resources have been sufficiently responsive to market conditions, especially in weaker markets where public resources need to be substantial and well-targeted to make up for a lack of willingness by the private sector.**

In contrast, Baltimore's failures to improve neighborhoods have occurred in the absence of either condition. Demolition as a tool that has sometimes doubled as a strategy is a case in point. While demolition removes blighted property and is an important part of a vacancy strategy, when done indiscriminately it serves to treat the vacant building as the problem rather than acknowledge that neighborhood health is the goal. When the vacant building has been defined as the problem, its

removal has too often been the definition of success, resulting in insufficient follow-up to achieve true block-level health and thus minimize the need for future demolitions.

In many cases in the 20th century, demolition was part of a broader strategy—but to facilitate the regrettable placement of highways and other urban renewal projects. These projects eliminated vacant properties but also served to corral and concentrate poverty, resulting in social and economic isolation that did not serve long-term neighborhood health and aided the spread of vacancy in destabilized neighborhoods on the margins of urban renewal areas. And when areas leveled by urban renewal remained vacant for years afterwards, it was an absence of public resources to overcome market weakness that was often to blame for limited private interest.

When there have been failures to reclaim high vacancy blocks in East and West Baltimore neighborhoods—areas often hit hard by urban renewal and highway building—it has been because too little public money was spent, the money that was spent was not targeted enough to have an impact, and blocks with high vacancy rates were treated not as block-level problems to address through a comprehensive suite of tools, but as blocks with a vacancy problem. In too many cases, money was spent subsidizing the rehabilitation of the least number of vacant buildings needed to initiate momentum to prompt private involvement, rather than see through the restoration of block-level health.

Against these general shortcomings, a program such as Vacants to Value (V2V) stands as a notable recent success story—not because it served as a strategy to bring about block-level health, but because it served as a surgical tool that was remarkably effective at curing vacancy before it could cause greater damage. In so doing, it served the purposes of strengthening the health of whole blocks in a market responsive way, making it an important tool for clearing the limited number of VBNs in above-average markets (but not the vast majority of VBNs).

Some recent efforts in Baltimore, such as EBDI, have been broader in application than V2V and have demonstrated the potential power of large-

Strategies and tools **properly account** for the ability (high or low) and willingness (high or low) of private parties to invest in a neighborhood; public resources are **sufficiently scaled** to a market's strengths or weaknesses



Strategies and tools **do not properly account** for low ability and/or low willingness of private parties to invest in a neighborhood; public resources are **insufficiently scaled** or too dispersed to change market behaviors

HIGH

Responsiveness to Market and Socioeconomic Conditions

LOW

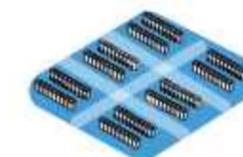


Individual Property

Positive outcomes are sought for **individual properties and their immediate neighbors**



Block(s)



Neighborhood(s)

Scale of Outcomes Sought

Positive outcomes are sought for an **entire neighborhood or group of neighborhoods**, with level of effort and resources sized accordingly

scale, well-resourced work in areas with stubbornly high vacancy. While they have achieved positive market outcomes, they have often done so on an exclusionary basis that conflicts with interests of long-time residents—something that must be avoided going forward.

Decades of efforts to address vacancy and blight in Baltimore—the successes and the failures—provide direction to a road not yet taken. **There has never been a successful large-scale effort at addressing disinvestment across the bulk of the distressed blocks in East and West**

**Baltimore that was inclusive, sought and succeeded in deconcentrating poverty, right-sized housing supplies to sustainable levels of demand, and resulted in inclusive, mixed-income, healthy rowhouse neighborhoods anchored by homeowners.** With the vast majority of VBNs in areas that have proven resistant to past efforts—even ones that yielded successful-seeming outputs, such as large numbers of demolitions—a new and robustly resourced approach will be needed if fundamentally different outcomes are sought.

# FRESH URGENCY

Under ordinary circumstances, 15,000 VBNs—most of which are on blocks where vacancy has become intractable—should represent an existential challenge for any community. These circumstances have now existed in Baltimore for years, and while broader trendlines are beginning to point in the right direction, **there is every indication that progress on VBNs in weaker areas will not occur even as VBNs on healthier blocks are resolved.**

On top of this challenge of devoting considerable new energy and focus to areas of stubbornly high vacancy, two factors that will determine the long-term health of the City of Baltimore give this work fresh urgency.

**The first factor is demographic.** Simply put, perpetual population growth in the United States is no longer something that can be

counted on to help solve demand-related problems—including large supplies of vacant housing. While population projections have long foreseen a slowdown in population growth in the 21st century, few demographers foresaw the flatlining of population growth that has occurred since 2020 according to the Census Bureau's Population Estimates program. Though part of this is attributable to COVID-19 deaths, other key factors have included crashing birth rates and lower levels of immigration than at any point since the mid-1960s. While a rebound in population growth is predicted for the years following the pandemic, the reality of much-slower growth appears to have staying power.

This matters to Baltimore because it means that all regions and all communities will be

competing for their share of a stagnant or slow-growing national population. If recent history is any indication, this does not bode well for Baltimore. The Baltimore metropolitan area has, itself, been growing decade after decade even as the city's population has declined. And it ranked in the middle of its Northeast peers between 2010 and 2020 in terms of regional population growth. From a national perspective, though, Greater Baltimore's growth rate over the past decade placed it in the bottom 25% of major metropolitan areas.

Within a region that has grown more slowly than most other metropolitan regions, the City of Baltimore is the least well-positioned community to compete for growth. Seventy straight years of population loss is one piece of the evidence for this, but so are more recent measurements of the city's ability to compete for housing demand. For example, the city failed to gain ground between 2000 and 2020 among regional households earning \$75,000 or more (\$50,000 in 2000 dollars) and continues to have a share of those households (14.6%) that is below the city's actual share of the region's population (20.6%). While the city made modest gains among the region's college-educated adults between 2000 and 2020, that share, too, remains below the city's overall share of regional residents.

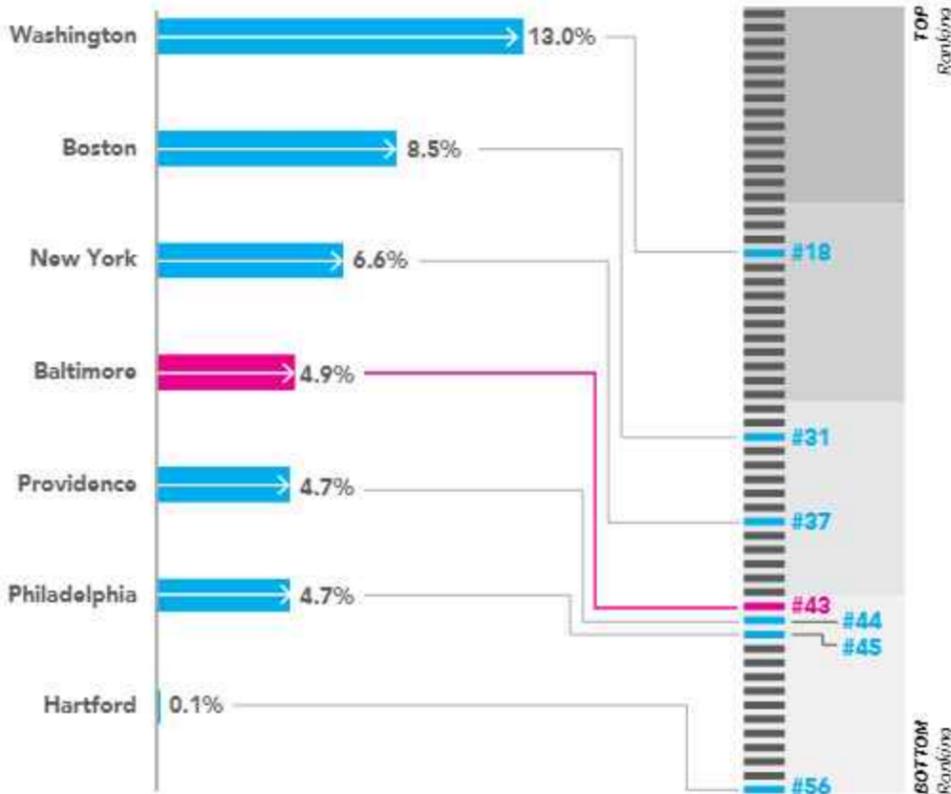
A more remarkable change since 2000 has been the erosion of the city's ability to hold on to the region's African American middle class. While the city had 42% of Black households that earned solidly middle class incomes or more in 2000, that had fallen to barely 30% by 2020, as the safer, more predictable, and less vacancy-prone suburbs of Baltimore County beckoned.

To have a steady pipeline of households ready and willing to occupy vacant properties, Baltimore will have to compete more successfully with its suburbs. That will only get harder in the coming decades, and having large areas of the city compromised by

**Within the Baltimore region, the city continues to lag as a community of choice for households that have the ability to choose where they live—and has lost substantial ground in attracting and retaining the African American middle class**

Among major metropolitan areas along the Northeast Corridor, the **Baltimore region has grown at a rate slightly below average** since 2010; nationally, though, its growth rate is in the bottom 25%

**% Change in Metro Population, 2010-2020**



Source: U.S. Census Bureau, Decennial Census

**City of Baltimore's share of the metropolitan area's...**



Source: czb analysis of U.S. Census Bureau's Decennial Census and American Community Survey 5-year estimates.



vacancy and blight will not help it compete with communities across Greater Baltimore, let alone other parts of the country.

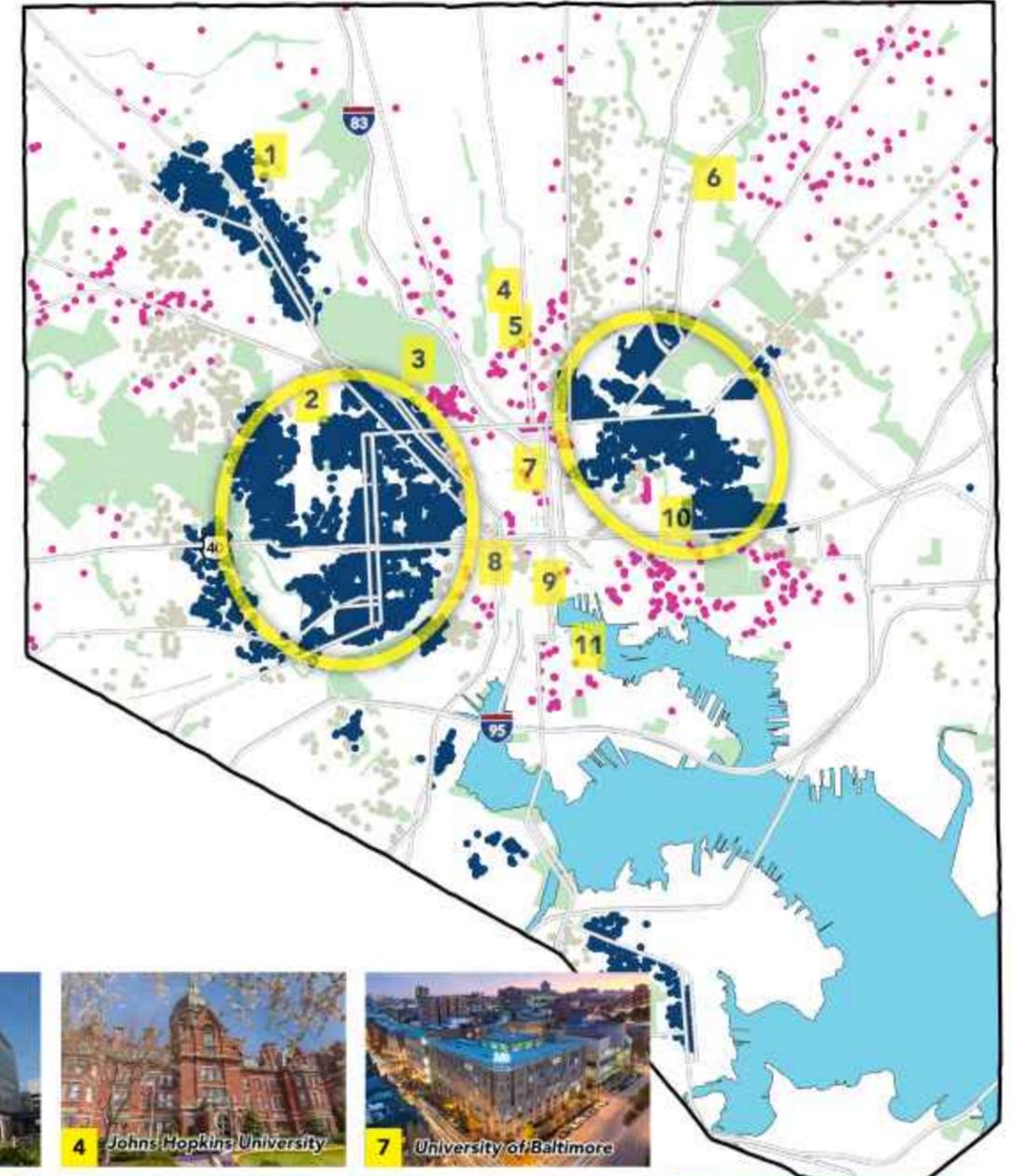
**The second factor is geographic.** The overwhelming concentrations of vacancy found in East and West Baltimore are adjacent to, and contain, many of Baltimore’s vital organs. These include regional economic, health care, education, and recreational assets concentrated in or around downtown Baltimore. And they include many of the strong or revitalized neighborhoods that have helped the city maintain its share of housing demand in the region—even if that share is still low—and that are competitive on a regional basis today.

But the long-term health of areas currently considered strong in Baltimore is not guaranteed. The stubborn concentrations of vacancy in East and West Baltimore make all presently strong parts of Baltimore vulnerable due to the negative impact of vacancy concentrations on the City’s fiscal health and ability to invest in core infrastructure and services. They also remain an ever-present threat to stable, working-class blocks near East and West Baltimore that remain highly susceptible to the nearby vacancies. And, most importantly, their continued presence threatens to lock-in the extreme socioeconomic disparities and polarization that are at the heart of many of Baltimore’s struggles.

Resolving vacancy and blight in East and West Baltimore are not new goals, and the patchwork of past attempts—all insufficient to sustainably turn the tide, even if they represented hard-won progress—can be found on nearly every block. But they must be the focus of far more comprehensive and highly-resourced work going forward if Baltimore is to position itself as a vibrant and competitive city well into the 21st century, and if the community seeks meaningful and durable improvement on a broad range of social, economic, and fiscal challenges.

### Open VBNs with Market Strength

- VBNs in areas with below average sales prices
- VBNs in areas with average sales prices
- VBNs in areas with above average sales prices



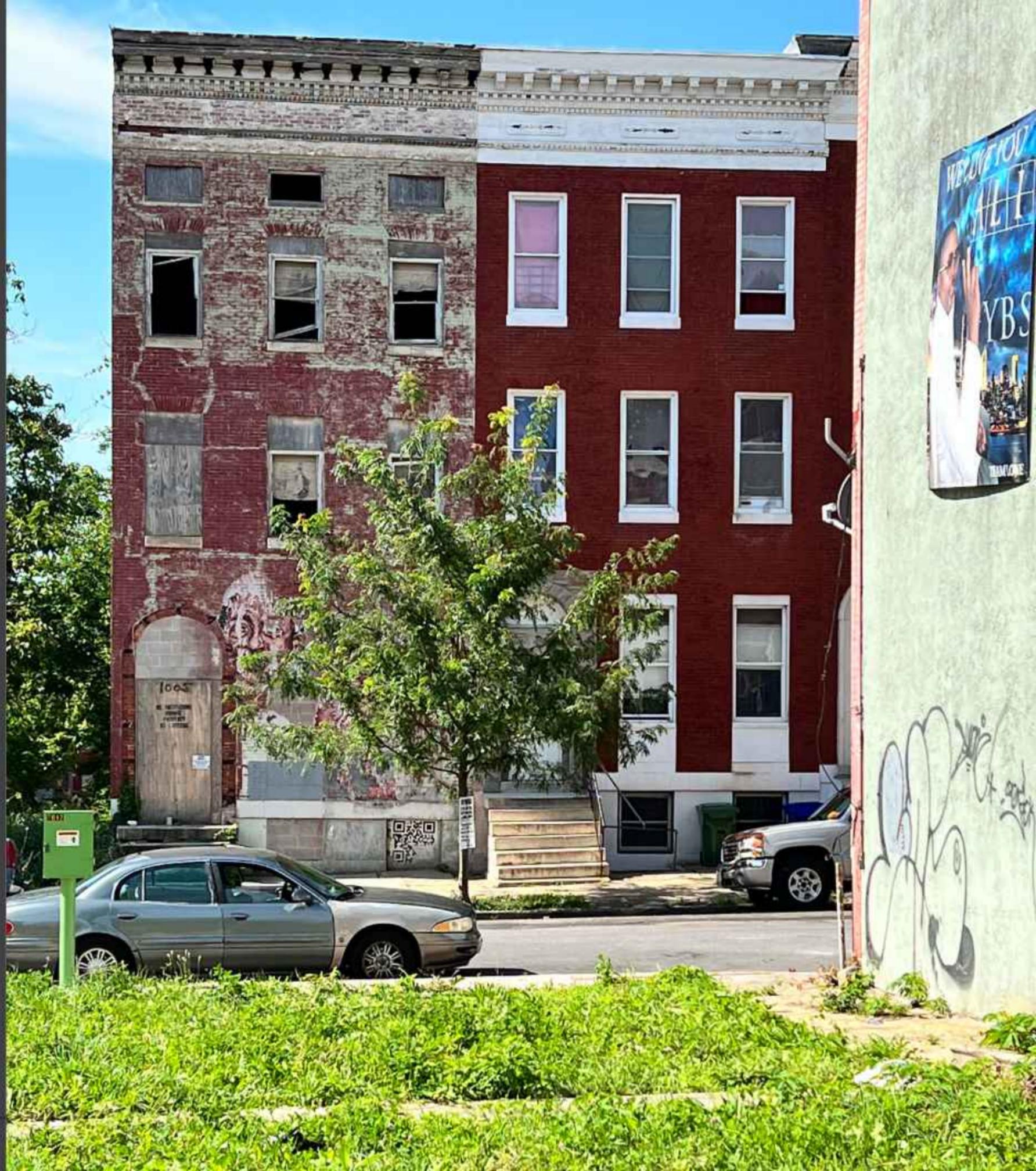
### Assets



## TYOLOGY OF BALTIMORE BLOCKS

Nearly 3,000 blocks in Baltimore, or roughly two-thirds of all blocks, have properties with open Vacant Building Notices (VBNs). Efforts to reclaim VBNs must reflect the market context of these blocks to ensure that strategies and tools are tailored to result in healthier blocks that resist future vacancy.

To aid the development of effective interventions, seven block types have been identified that have implications for setting realistic goals for different blocks, using the right tools in the right order, and ensuring that efforts are properly resourced to bring about blocks that are sustainability healthy.



# GUIDANCE FOR ACTION ON BALTIMORE'S BLOCKS

When Baltimore has intentionally and successfully nurtured conditions that allow blocks to resist the rooting and spread of prolonged vacancy, or to resolve established vacancies, two conditions have generally been met, as noted in Part 1: (1) work has been performed in a manner that seeks outcomes at the level of whole blocks rather than individual properties and (2) the strategies and tools involved have been responsive to market conditions and the willingness of private capital to participate in neighborhood improvement—with robust public resources filling gaps where private confidence is low.

In light of these conditions, this effort to define a new strategy for the City of Baltimore's VBNs has produced a block-level market typology that features seven distinct block types to inform effective strategy development for whole blocks and areas of multiple blocks. After numerous iterations with a variety of datasets, a typology based on two broad components emerged.

## Market Strength

The typology's market strength component uses two simple measures. One is the average of nearby sales prices for single-family homes during the period 2017 to 2021. The other is the number of nearby open VBNs during summer 2022. "Nearby" encompasses sales and VBNs within 1,500 feet of an analyzed block.

For this component, higher sales prices and lower VBN counts are indications of markets where demand is high enough to sustain healthy investment behaviors that limit the probability of prolonged vacancies. Conversely, lower sales prices and higher VBN counts are indications of markets where demand is relatively weak—too weak for vacant properties to be viewed as opportunities.

See block-level map of Market Strength on page 42. 

## Control of Vacancy

The typology's second component is based on observations that, within areas of softer market conditions and concentrated vacancy, there was a noticeable difference in how stable a block looked and felt. When different variables were explored to explain this distinction, it was often a function of ownership. Areas where vacant structures and lots were owned by a set of common owners—often one or more public or non-profit agencies—blocks felt more stable, more managed, and better prepared for revitalization.

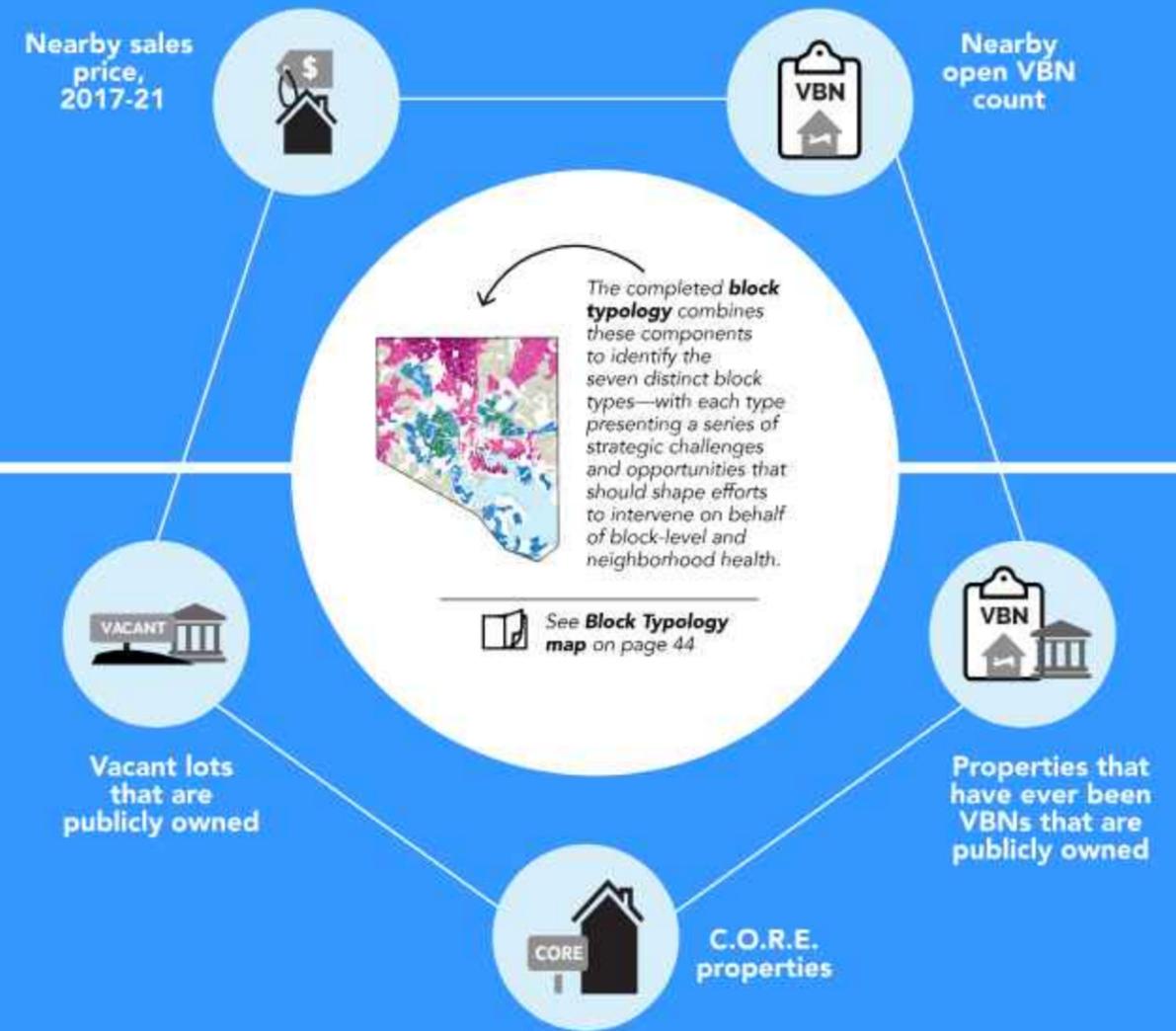
Three measures were selected to help gauge the extent to which vacancies are controlled on Baltimore blocks: (1) the share of properties that have ever been VBNs that are currently (as of 2022) under public/MCC ownership, (2) the share of vacant lots that are publicly owned, and (3) the share of properties that have been impacted by Project C.O.R.E., the State/City initiative to accelerate blight removal in Baltimore.

These measures were then applied to blocks that registered as having below average market strength. Higher levels of control over vacancy are indicative of weak market blocks that are closer to achieving stability (a critical pre-condition of rehabilitation and revitalization) than weak market blocks where control over vacancy is low.

See block-level map of Control of Vacancy on page 43. 

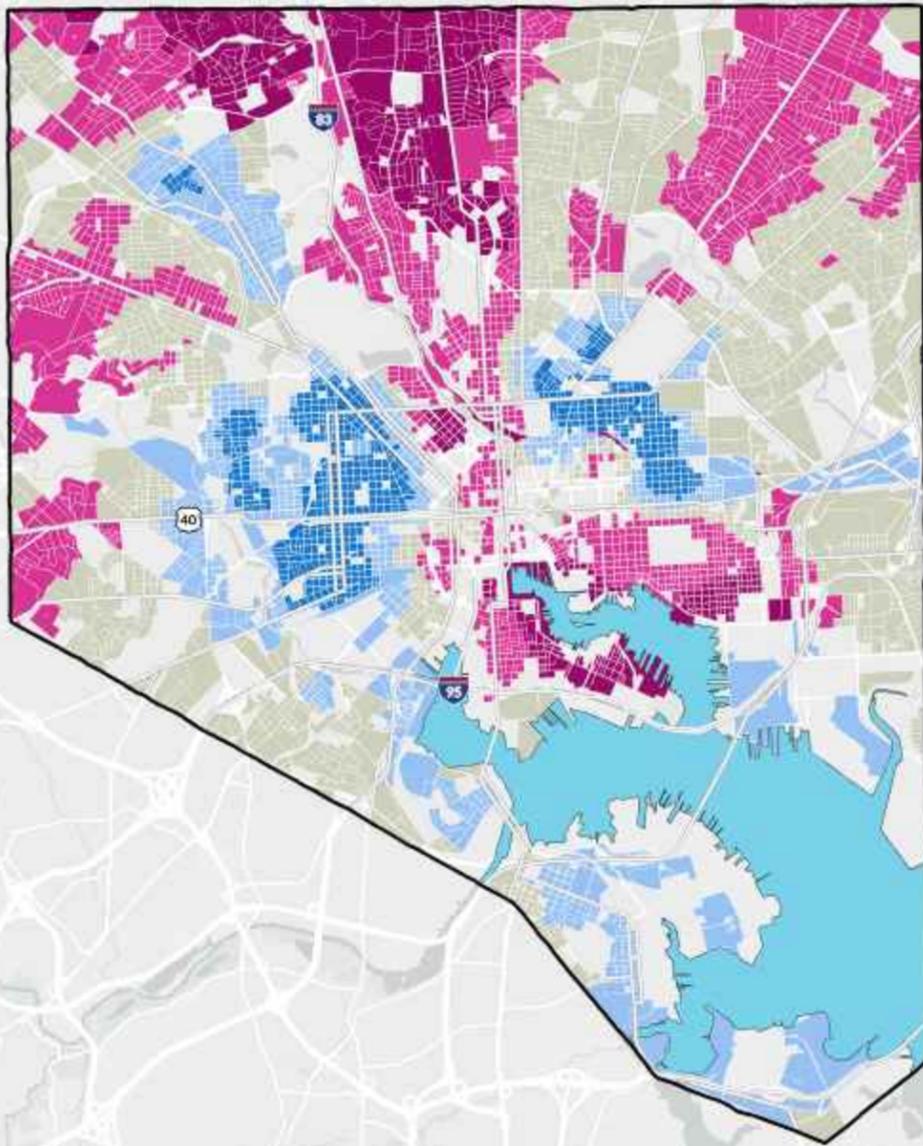
### COMPONENT 1

## MARKET STRENGTH



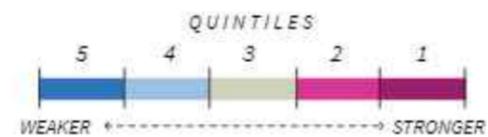
### COMPONENT 2

## CONTROL OF VACANCY



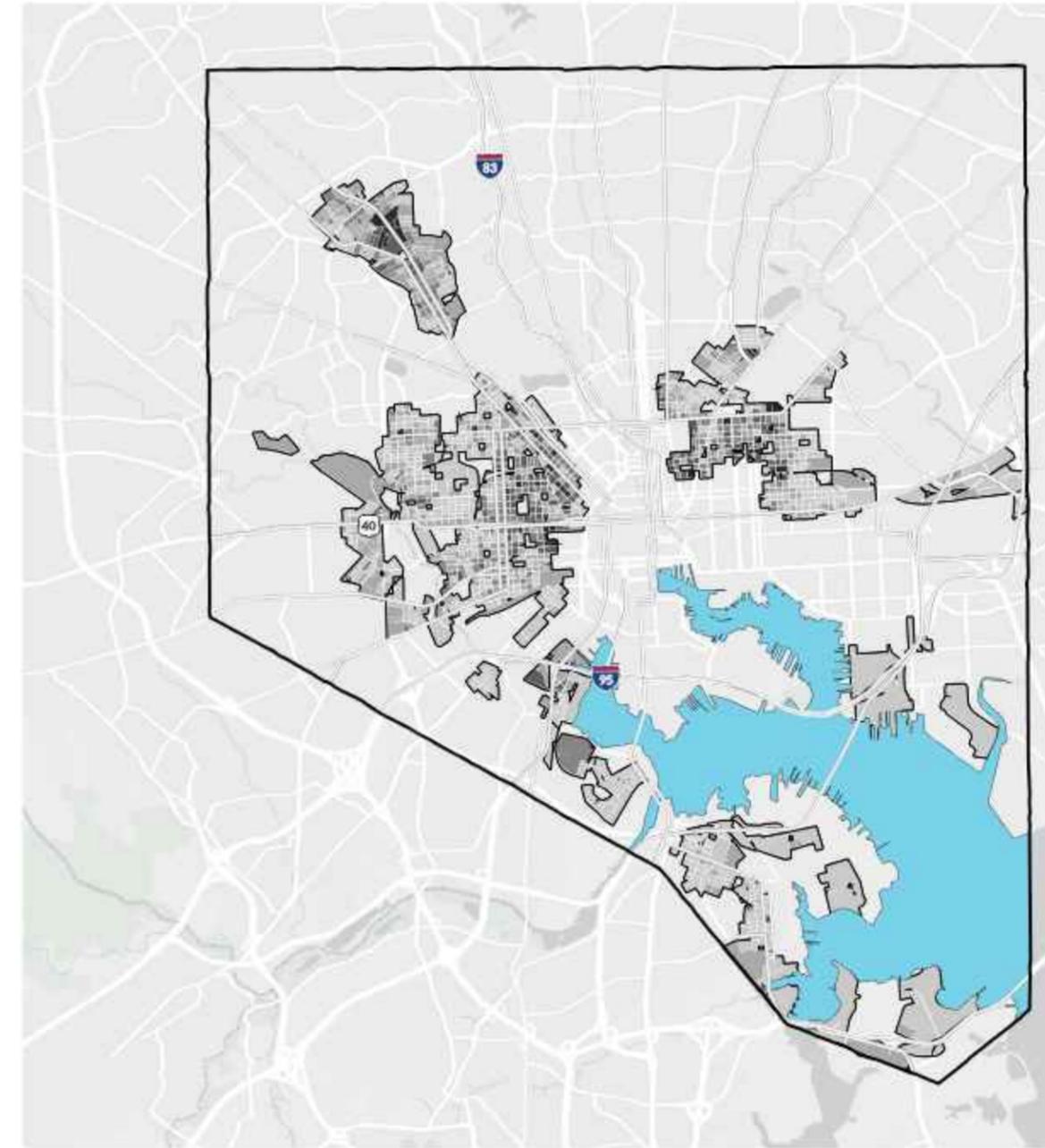
### COMPONENT 1 MARKET STRENGTH

#### Market Strength



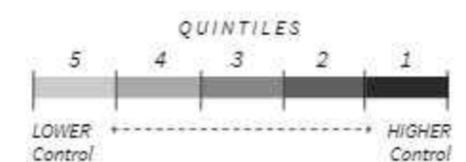
Based on the measurements used for the Market Strength component, blocks were categorized into quintiles. The middle, or 3rd, quintile includes blocks that are of average market strength for Baltimore. Quintiles 1 and 2 are above average and quintiles 4 and 5 are below average.

The resulting pattern is an easily recognizable map of Baltimore's market geography.



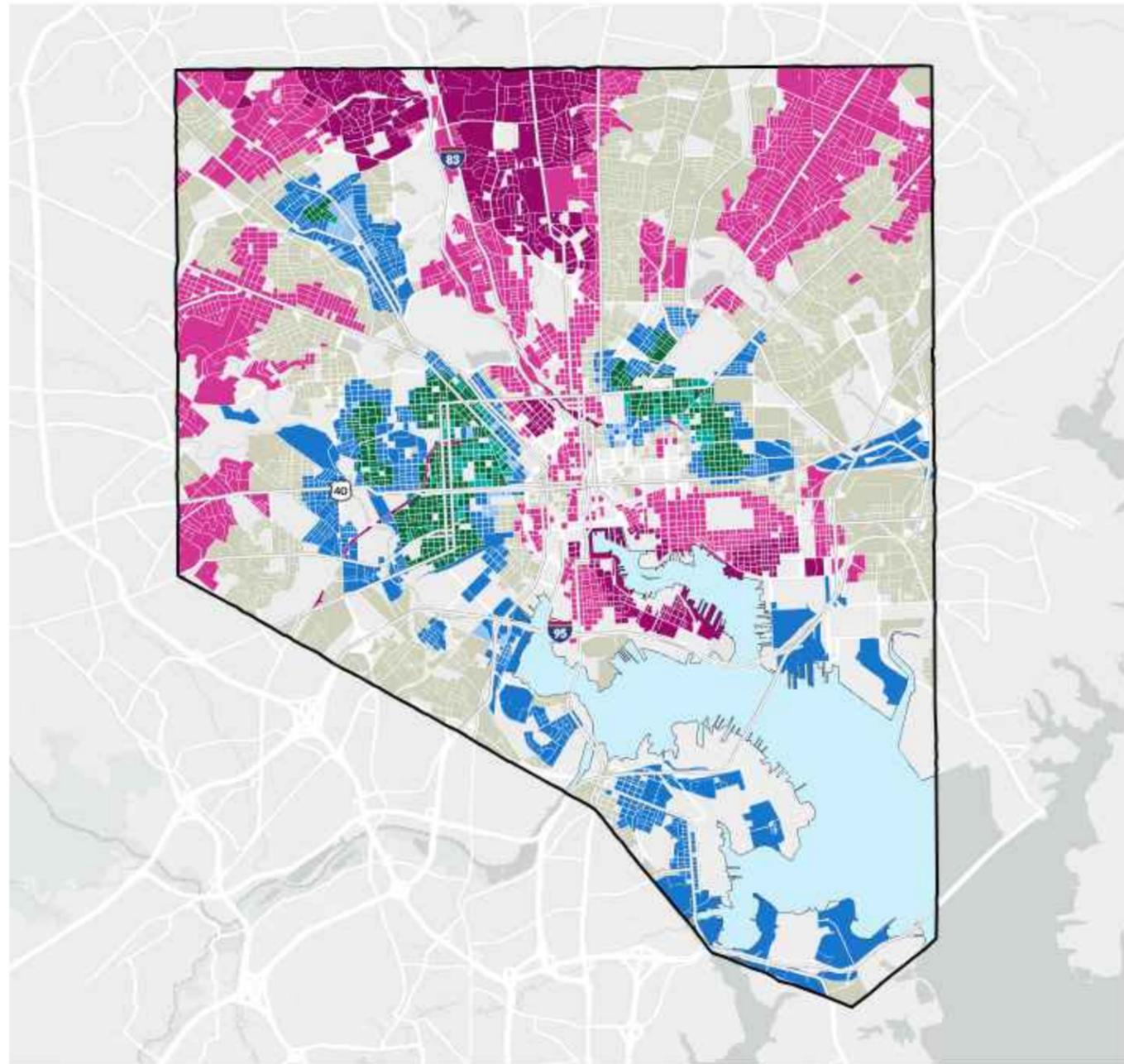
### COMPONENT 2 CONTROL OF VACANCIES

#### Control Over Vacant Property Ownership in Baltimore's Weakest Markets



Blocks with Market Strength categorizations of quintiles 4 and 5 (weaker) were grouped into additional quintiles based on measurements of the Control of Vacancy. Quintile 1 includes blocks with the highest levels of control and quintile 5 includes blocks with the lowest levels of control.

The resulting geography of control is a reflection of past and ongoing efforts to assemble vacant properties and land.



When the two components are combined, the result is a block typology with seven block types. Areas of average and above average market strength comprise three types: Strongest, Strong, and Average. Areas of below average market strength are split into Weak and Weakest categories, which are further split into categories of high and low control of vacancy.

### Characteristics of Baltimore Blocks, by Block Type

Market Strength	Market Strength			WEAK		WEAKEST	
	STRONGEST	STRONG	AVERAGE	High Control	Low Control	High Control	Low Control
<b>Number of Blocks</b>	397	1,394	1,382	105	741	155	399
<b>Share of Baltimore Blocks</b>	9%	31%	30%	2%	16%	3%	9%
<b>Number of Parcels</b>	14,724	56,990	70,540	6,213	35,302	11,511	23,881
<b>Average Sale Price (2016-2022)</b>	\$478,043	\$228,510	\$127,761	\$78,013	\$78,351	\$63,464	\$61,786
<b>Open VBNs</b>	31	458	1,513	894	3,747	2,620	5,587
<b>Share of All Open VBNs</b>	0.2%	3.1%	10.2%	6.0%	25.2%	17.6%	37.6%
<b>Vacant Lots</b>	581	2,480	4,538	2,194	2,586	4,131	2,170
<b>Open VBNs Plus Vacant Lots as % of Parcels</b>	4%	5%	9%	50%	18%	59%	32%
<b>Rehabbed VBNs (2016-2022)</b>	72	956	2,084	247	1,550	420	1,127
<b>Demolished One-time VBNs</b>	27	44	181	694	261	1,479	521
<b>Ratio of VBN Rehabs to VBN Demos</b>	2.7	21.7	11.5	0.4	5.9	0.3	2.2
<b>Share of blocks in Census tracts with high poverty rate (&gt;20%)</b>	1%	16%	49%	88%	85%	88%	87%

Among the many distinctions to be made between these seven block types, the following is critical to understanding VBNs in Baltimore:

63% of VBNs are on Weak or Weakest blocks with low control of vacancy. These are the most difficult and costly environments in which to achieve stability and move towards whole block health. **Rehabs that have happened on these blocks (or 41% of all VBN rehabs since 2016) are highly vulnerable to future vacancy and a perpetuation of the "whack-a-mole" nature of VBNs in areas of high vacancy.**

# STRATEGIC IMPLICATIONS AND GOALS FOR BALTIMORE'S BLOCK TYPES

The Block Typology is a decision-making tool to guide work on whole blocks and groups of blocks in Baltimore. It indicates the characteristics and conditions present on a block, but it also suggests the types of goals that are incrementally attainable on blocks of different types, the strategies and tools that are most responsive to a block's existing context, and the role of public subsidy in stronger versus weaker markets.

LOWEST  
↑  
Public Share of Investment Resources to Leverage Private Investment  
↓  
HIGHEST

	Realistic Near-Term <b>Physical/Property Goals</b> to Promote Block-Level Health	Realistic Near-Term <b>Social Goals</b> to Promote Block-Level Health	<b>General Strategies and Tools</b> That Are Aligned with Type and Outcomes
<b>STRONGEST</b>	VBNs eliminated	Become more socio-economically inclusive	Surgical treatment of individual VBNs (V2V) Mixed-income rehab and infill development
<b>STRONGEST</b>	VBNs eliminated	Become more socio-economically inclusive	Surgical treatment of individual VBNs (V2V) Mixed-income rehab and infill development
<b>AVERAGE</b>	VBN rates sharply reduced Number of blocks with distressed properties falls	Become more socio-economically inclusive Homeownership rates rise	Surgical treatment of individual VBNs within a whole block strategic context that includes infrastructure investments to boost confidence and support for owner/rental reinvestment
<b>WEAK, High Control</b>	VBN rates decline Rehabs rise Values rise Private reinvestment by homeowners and investors rises	Poverty rates begin to decline Homeownership rates rise Quality of life and sense of safety improve	Within a whole block strategic context, stabilize all vacant and problem properties; invest in infrastructure and lay the groundwork for successful rehab, especially near vital assets
<b>WEAK, Low Control</b>	Control over vacancy rises, especially near vital assets (more blocks transition to high control) Conditions become more stable and predictable	Poverty rate stabilizes Quality of life and sense of safety improve	Acquire VBNs, vacant lots, and troubled properties not yet controlled by public or allied entities; lay the groundwork for stabilization within a whole block strategic context.
<b>WEAKEST, High Control</b>	VBN rates decline Rehabs rise Values rise Private reinvestment by homeowners and investors rises	Poverty rate stabilizes Homeownership rates rise Quality of life and sense of safety improve	Within a whole block strategic context, stabilize all vacant and problem properties; invest in infrastructure and lay the groundwork for successful rehab, especially near vital assets
<b>WEAKEST, Low Control</b>	Control over vacancy rises, especially near vital assets (more blocks transition to high control) Conditions become more stable and predictable	Poverty rate stabilizes Quality of life and sense of safety improve	Acquire VBNs, vacant lots, and trouble properties not yet controlled by public or allied entities; lay the groundwork for stabilization within a whole block strategic context

## CONTROL, STABILIZE, AND REVITALIZE: A WHOLE BLOCK & WHOLE AREA STRATEGY FOR BALTIMORE

Baltimore has struggled to solve its vacant building problem for decades. Failure to make transformative progress in the 1980s and 1990s is a major reason the problem shifted from just a symptom of population and household loss to a driver of continued decline on well over a thousand blocks, as noted in Part 1. While the city's VBN problem has calcified in some parts of the city, other parts of Baltimore have been revitalized, which Part 2's Block Typology illustrates in stark relief.

Recognition of the conditions most correlated with success in Baltimore—pursuing comprehensive outcomes that build the health of entire blocks, and using tools that are responsive to market conditions—leads to the inevitable conclusion that dismantling Baltimore's VBN problem means dismantling its extensive unhealthy block problem, which necessitates the Whole Block & Whole Area approach.



# DEFINING THE PROBLEMS TO SOLVE

**With thousands of vacant buildings still not being absorbed into the market as redevelopment opportunities—within the longstanding context of a racially and economically divided city and region—significant handicaps have emerged over decades that require attention alongside vacant properties.**

One is that having largely decamped to suburban counties where there is a perception of safer neighborhoods, more stable housing prices, and better schools, Baltimore's middle class has shrunk to a considerable degree, leaving behind a city that has some wealth at the top and a great deal of concentrated poverty at the bottom.

Another is highly constrained municipal finances, a consequence of losing, and for decades failing to win back, the middle class. Without sizable state and federal subsidies—which cannot always be counted on to materialize—cities cannot easily maintain municipal systems (water and sewer and other infrastructure and services) to good standards. In the face of this, cost-saving actions degrade conditions and further validate decisions to leave.

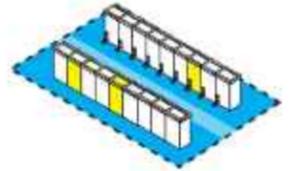
A third is that, as economic segregation is further entrenched, virtually no amount of money is sufficient to turn the tide and bring about neighborhood health in areas of extremely concentrated poverty. All that is guaranteed in those areas is that after spending enormous amounts of money, nothing will have fundamentally changed.

**Given the breadth of the issues that are intricately tied to vacancies, addressing the VBN problem requires recognition—first and foremost—that VBNs themselves are not the problem to solve. Rather, there are two more nuanced problems to center future efforts around.**



## PROBLEM #1: PERSISTENT VACANCY OR VULNERABILITY TO VACANCY AT THE BLOCK LEVEL

As Parts 1 and 2 demonstrate, the overwhelming majority of VBNs today are not isolated cases. They are found, instead, on blocks that have multiple vacancies, which tend to be surrounded by other blocks with multiple vacancies. Moreover, these blocks have a range of associated conditions present—highly concentrated poverty, low levels of reinvestment in occupied properties, higher than average levels of crime—that have entrenched a state of low demand.

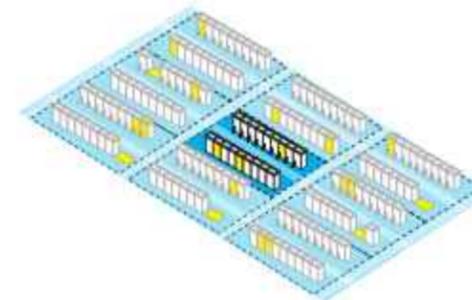


Therefore, rather than vacancy alone, the problem to solve in Baltimore is persistent vacancy or vulnerability to vacancy at the block level. A focus on block level health and how it influences demand—especially by the middle class—is a requirement for successful intervention.

Very specifically and intentionally, interventions must create housing opportunities that appeal to working- and middle-class families on empirically safe blocks in empirically safe neighborhoods with empirically high performing schools.

## PROBLEM #2: STABILITY OF WHOLE BLOCKS AND WHOLE AREAS AS A PRECONDITION FOR SUCCESSFUL REHAB AND NEIGHBORHOOD HEALTH

A second problem, closely related to the first, is the reality that working towards comprehensive block-level health on deeply dysfunctional blocks cannot begin if there is any uncertainty about who owns what vacant properties and what their plans for the future might be. A block riddled with question marks, or surrounded by other blocks riddled with question marks, is not ready for rehab or any other work that is reliant on private risk.



In addition to a focus on block level health as the route to solving persistently low demand (and high vacancy), interventions must acknowledge the imperative of working in a proper sequence—which means stabilizing whole blocks and whole areas if they are not already stable.

An inescapable part of becoming stable, in addition to clear control over vacant properties, is an amelioration of high and concentrated poverty. Block-level stability and health cannot be sustainably achieved unless there is unmistakable clarity about the need for mixed-income outcomes.

# WHOLE BLOCK & WHOLE AREA STRATEGIC FRAMEWORK

To directly address the problems that need to be solved in order to make transformational progress with Baltimore's VBNs, a Whole Block & Whole Area strategy is proposed. The strategy has a sequential, multi-part framework to assist the City of Baltimore and a wide range of partners with the work of selecting groups of blocks for focused and comprehensive intervention, and then using a complete set of tools to successfully complete different types of work at different stages.

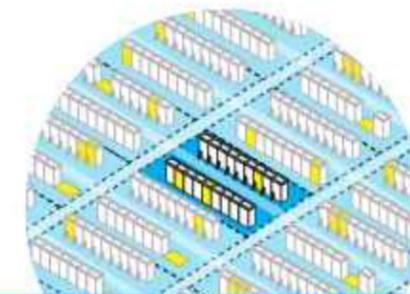


*“Whole Block & Whole Area” is a comprehensive commitment to a collection of blocks where work happens from end to end so that groups of entire blocks are on a clear trajectory towards market and socio-economic health.*

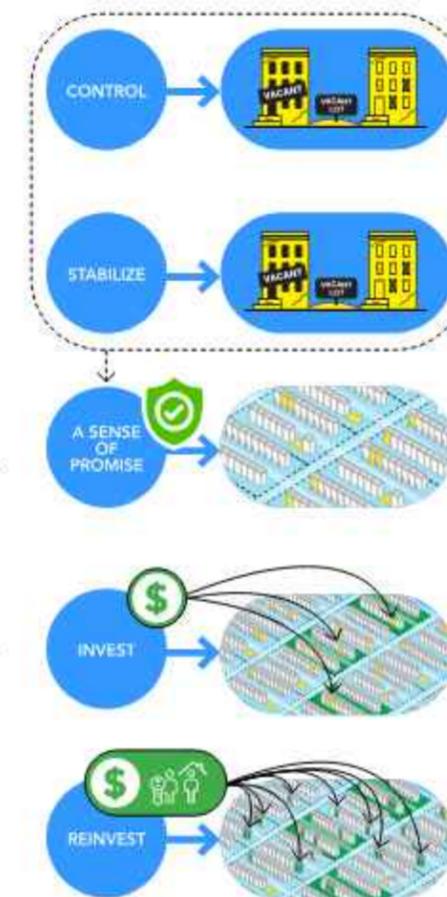
## FIVE SEQUENTIAL STAGES OF WORK

The five stages of work in the Whole Block & Whole Area framework reflect the imperatives—learned from Baltimore's past successes—of focusing on outcomes at the block-level and beyond while being responsive to market conditions. They also reflect the importance of stability as the precondition to sustainable rehab and reinvestment work.

Where a given block enters this sequence depends on its Block Type. The weak and weakest blocks with low control of vacancy will require work beginning at stage one. Weak and weakest blocks with high control of vacancy may be ready to begin at stage two. An average block might be a good fit for stages three or four, depending on its context. And the strong and strongest blocks will tend to be good candidates for the continuation of surgical intervention on isolated VBNs.



- 1 Control the whole block & whole area**  
**All vacant structures, vacant lots, and neglected properties are owned** by allied entities with resources and capacity to stabilize all properties.
- 2 Stabilize the whole block & whole area**  
**All vacant and distressed-looking properties are secured** and express a sense of stability and order to both neighbors and the wider market.
- 3 Make the whole block & whole area promising**  
 The combination of control and stability, combined with early investments in the public realm, impart a **sense of promise and upward momentum to groups of whole blocks.**
- 4 Invest in the whole block & whole area**  
**Rehab and infill** activity begins to occur within the context of stable and promising blocks where public dollars reliability leverage private investments.
- 5 Reinvest in the whole block & whole area**  
 Healthy levels of **reinvestment by homeowners and landlords**—driven by confidence in the future of the whole area—become a reliable expectation that ensures the **sustainability of all other public and private investments.**



Tackling the 15,000 open VBNs in Baltimore is a challenge too large to undertake—the resources to address each one simply do not exist, nor does the capacity to address each one while coping with the creation of new VBNs day-after-day. Shifting the focus from 15,000 VBNs to the nearly 3,000 blocks with VBNs is also not workable, especially when the imperative to make entire blocks and surrounding blocks healthy—to help keep new VBNs from emerging—requires more work than resolving just the VBNs.

No present system exists to cope with the combination of VBN locations, assembly, demolition, construction, and development expenses, and the opportunity costs imposed by the time it will take to clear the VBN inventory. This means that decisions have to be made about how to prioritize and focus while also building up the systems necessary to carry out the work.

Sizing the work of intervention into feasibly fixable areas is one important step towards putting the Whole Block & Whole Area strategic framework into action. Among the 3,000 blocks that have open VBNs today, there are blocks of various strengths and physical configurations. Some are comprised of long runs of 40 rowhouses, but others have runs of 10 rowhouses or less. Most blocks are rectangular, but many are trapezoidal. Some street and alleyways continue straight to the other side of a crossing street, while others dead end and many dogleg.

Baltimore's blocks, in short, are consistently inconsistent. This means that application of a strategy such as Whole Block & Whole Area will require careful, context-driven work that builds on strengths and aggregates blocks (of 20 to 100 parcels, counting both sides of the street) into whole areas of between 250 and 500 total parcels. A whole area of this size is regarded by seasoned practitioners as the optimal range for generating a successful linkage of physical transformation and community development.

If an optimal "whole area" contains 250 to 500 parcels over a collection of related blocks, this means that work can be scaled to between 335 and 671 whole areas. In many cases, it may also make sense to group whole areas into three or four clusters.



BALTIMORE AS A COLLECTION OF WHOLE BLOCKS & WHOLE AREAS

Residents



585,000

Households



242,000

Parcels



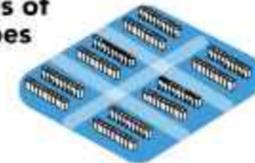
224,000

Blocks with VBNs



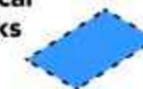
3,000

Approximate whole areas or groupings of related blocks with 250-500 parcels of all types



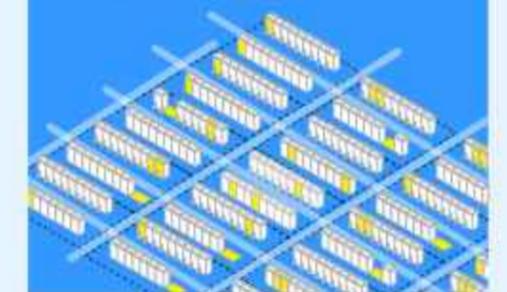
335-671

Parcels on typical Baltimore blocks



20-100

Rather than a focus on Baltimore's 15,000 VBNs, this strategic framework requires that all planning and work be oriented around whole areas of whole blocks and ALL properties on those blocks



# STRATEGY COMPONENTS AND ACTIVITIES

Within each whole block and whole area, a wide range of tools and activities will be needed to perform end-to-end work that touches all properties in some way. This ranges from planning and engagement to the more granular and transactional work of acquiring individual properties, rehabbing a VBN, or planting trees. Some tools and activities will be necessary in all five stages of Whole Block & Whole Area work. Others, importantly, should only be used once a block has been stabilized and is ready for more advanced work.

## STRATEGY COMPONENTS AND ACTIVITIES

What would this involve?

During which stages of work?

	PLANNING	ENGAGEMENT	ACQUISITION	STABILIZATION	REHABILITATION AND DEVELOPMENT	AFFORDABILITY AND INCLUSION	HOMEOWNERSHIP	PUBLIC REALM IMPROVEMENTS	MARKETING
What would this involve?	Development of a whole area action plan to guide work during all five stages, identify resource requirements, and ensure proper integration of all components and activities; update and refine action plans as conditions change and progress is made	Full resident involvement in whole block and whole area planning processes, including planning for public realm improvements, stabilization, rehabs, affordability, and marketing  Cultivation of resident leadership capacity to sustain high levels of communication and engagement as blocks become healthier	Acquisition of all VBNs and other blighted properties by the City or allied partners through direct purchase, tax foreclosure, eminent domain, and other means	Secure any unsecure vacant properties  Stabilize walls/roofs, or otherwise mothball future rehab prospects  Demolition of properties not feasible to secure or rehab  Proper management of vacant land	Full rehab of VBNs and other blighted properties  Infill of vacant lots  Upgrades, structural or cosmetic, to all occupied properties through partnerships with homeowners and landlords	Mixed-income outcomes for all rehab and infill, regardless of Block Type  Improvements to occupied properties that provide opportunities for existing residents to remain but in better housing	Prioritization of rehabbed VBN sales to homeowners  Assist first-time buyers with the purchase and improvement of occupied properties (non-VBNs)	Street and sidewalk improvements  Lighting maintenance and upgrades  Street tree maintenance and replanting	Promotion of improvements and opportunities in a manner that strengthens image and produces a pipeline of good buyers
During which stages of work?	ALL STAGES 	ALL STAGES 	STAGE 1, 2 	STAGE 2 	STAGE 4,5 	STAGE 4,5 	STAGE 4,5 	STAGE 3,4 	STAGE 3,4,5 

## CONTEXT-SENSITIVE APPLICATION OF STRATEGY

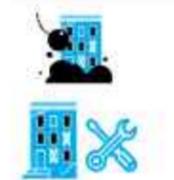
Every block in Baltimore shares characteristics with hundreds or even thousands of other blocks. But inconsistencies in block configuration in Baltimore, as well as variations in ownership patterns and existing property conditions, means that the detailed approach to each block under the Whole Block & Whole Area framework will be different. To be effective, the work must be responsive to the context of a given block, which means that those performing the work must apply the framework with fresh eyes and an understanding of each block's opportunities and challenges.

In this prototypical example of a Weak or Weakest block in Baltimore, proper planning will point the way to a proper application of tools and activities under the Whole Block & Whole Area strategic framework:



### Acquire and Assess VBNs

On this block, VBNs are next to other vacated rowhouses that do not yet fit the criteria to be declared VBNs but are well on their way to achieving that status and must be addressed. Identifying all vacant properties, assessing their condition, and moving to acquire them will be critical first steps.



### Demolish When Necessary; Rehabilitate When Appropriate

When a VBN threatens the integrity of adjoining row houses, demolition will generally make more sense than rehab. But this decision creates a lengthier, more complex, and staged recovery as the property goes from VBN to vacant lot to infill opportunity to construction.

When possible, rehabilitation of row houses that are marketably sized (likely to find good buyers when rehabbed) will make sense.



### Concurrent Resident Leadership Development and Housing Quality Improvements

While VBNs are being acquired and disposed of, and while vacant rowhouses are (when possible) being acquired and evaluated on this block, it is notable that there are 20 households living on the block that represent opportunities for community engagement and the chance to develop resident leadership capacity.

Owners should be engaged to determine if assistance with upgrading their properties is needed, and that assistance should be negotiated and provided so they are retained as members of the community and their properties begin to grow in value. Renters should be engaged so they understand their rights as renters and so they have the chance to participate in a range of important work, from leadership development to home buyer education.



### The Establishment of New, Higher Standards and New Norms on the Block

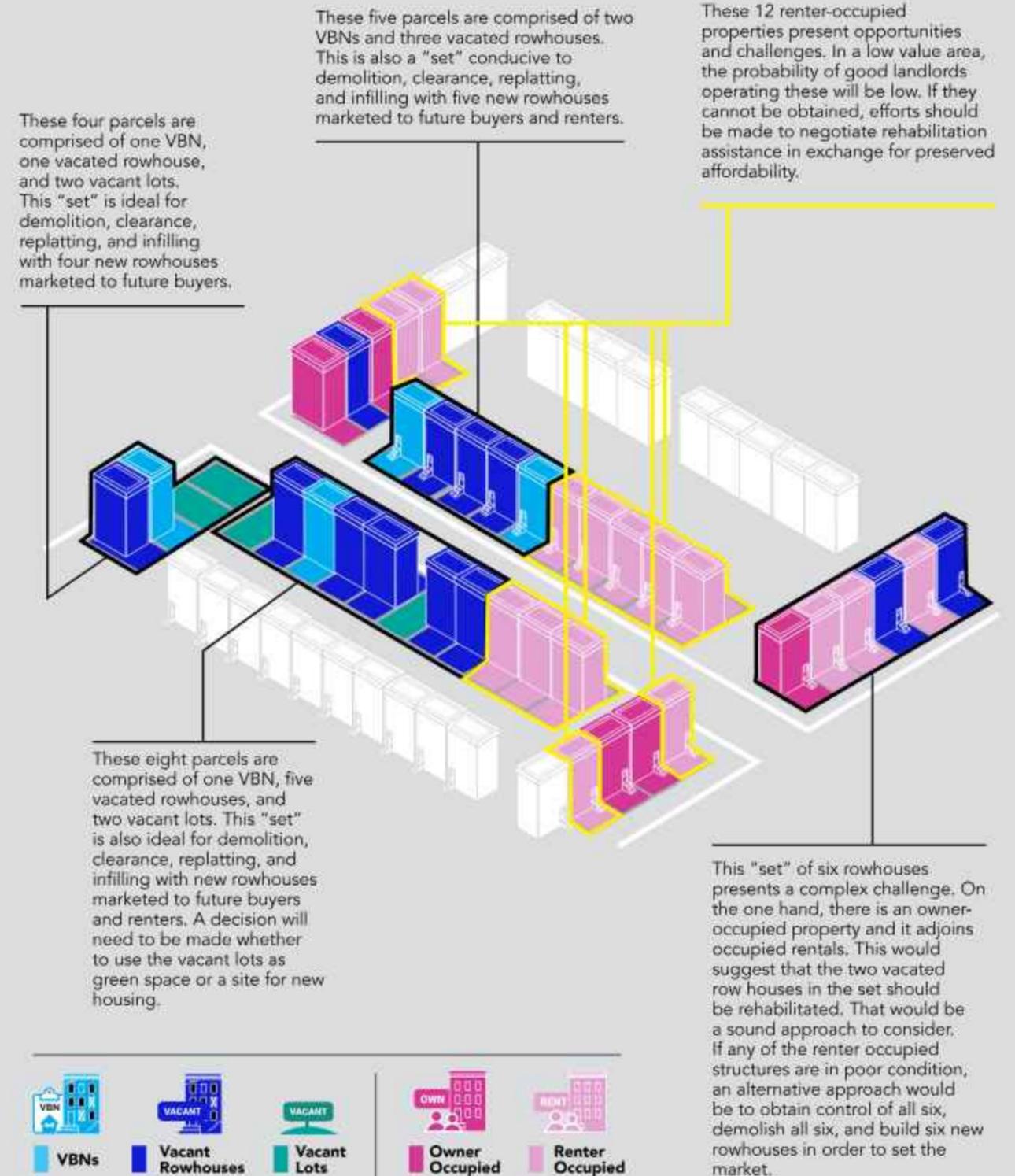
Each activity—from the conditions assessment to planning and design, to construction—is an opportunity to engage the community, to begin setting higher standards for the block, and to nurture a shared commitment to block health.

New and upgraded property will set new standards. And intensive, complementary code enforcement, along with compliance assistance, will have to accompany real estate activities.



### Coordinated Infrastructure

While community engagement and real estate pre-development work is occurring, prioritizing these blocks for end-to-end infrastructure upgrades within the City's capital improvement planning processes must also occur.



# COSTS AND CONSTRAINTS

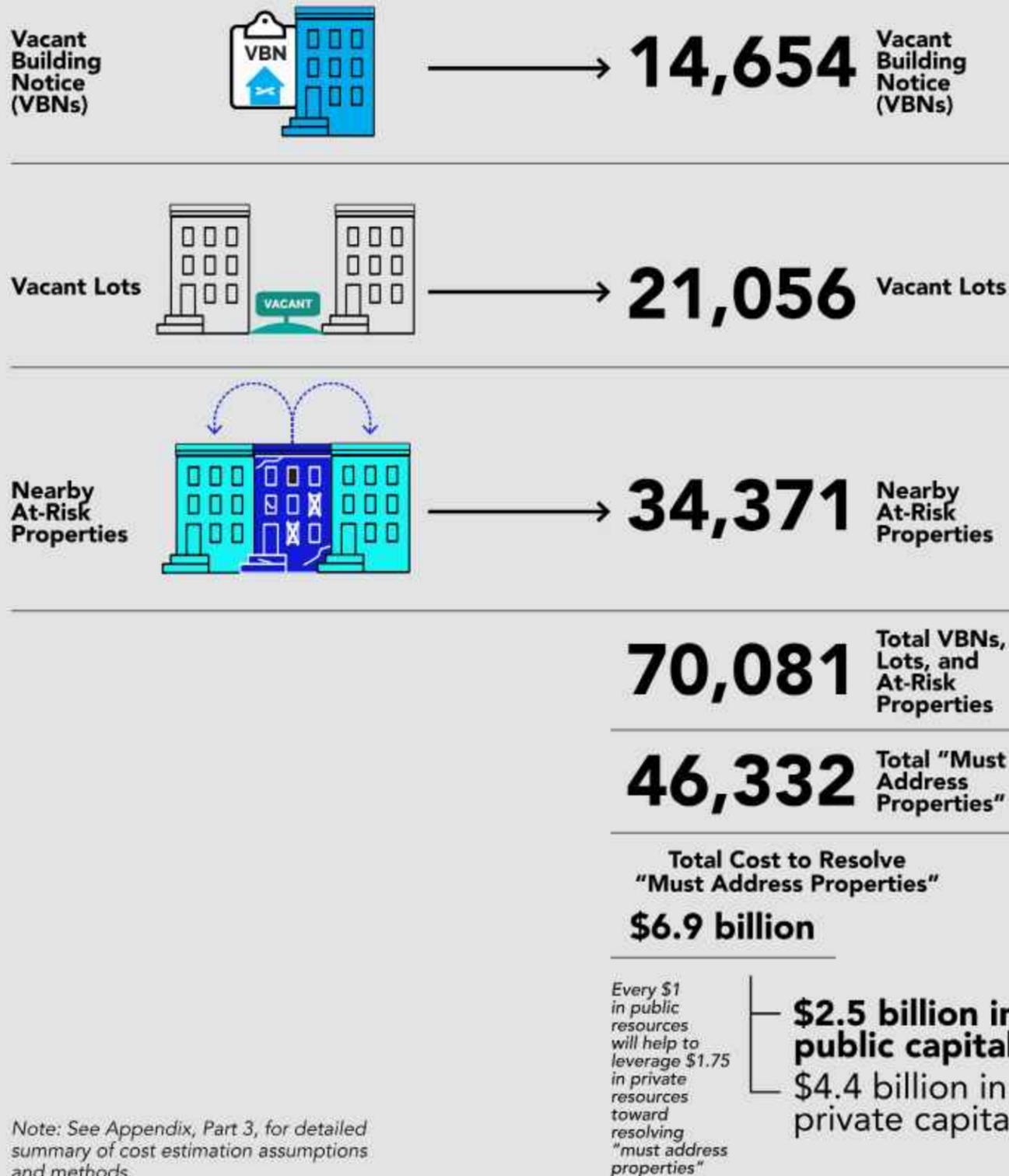
For the Whole Block & Whole Area strategic model to work and to yield transformative and sustainable outcomes over a series of blocks, one operating rule is essential: **The community must operate the model robustly.** Under-resourced half-measures that spread efforts too thinly to have an impact, or that withdraw resources too soon—before private investment behaviors have entered a virtuous cycle—cannot work and have never worked in the parts of Baltimore with stubborn vacancies. Rehabbed properties that have become vacant once again are a reality in Baltimore, and a cautionary tale to learn from. To operate robustly, the community must be clear-eyed about what “robustly” costs, their target market, and the constraints that those costs and aspirations impose in terms of the number of whole areas that can be worked at the same time.

### Properties that must be addressed

To determine what it will cost to operate robustly in a whole area it is critical to determine the minimum number of properties that must be addressed for success to become probable, which aids in estimating the volume of resources that must be counted on for work to proceed. This number will be a function of open VBNs, vacant lots in the area, and nearby or adjoining properties that are at-risk of becoming VBNs.

The minimum number, importantly, will always be smaller than the combined number of VBNs, vacant lots, and nearby at-risk properties because it can be assumed that addressing of portion of these properties will generate momentum that leads to remaining troubled properties being addressed by the private sector without intervention. The weaker the market, though, the closer the minimum number of properties to address will be to the total number of troubled properties. That is, the deeper the distress, the larger the necessary public intervention.

## PROPERTIES TO ADDRESS AND ESTIMATED CITYWIDE COST



Note: See Appendix, Part 3, for detailed summary of cost estimation assumptions and methods.

## CITYWIDE INTERVENTION COST ESTIMATE

Use of a conservative multiplier to estimate the number of at-risk properties near VBNs suggests that, altogether, there are nearly 70,000 vacant or endangered properties on the 2,963 blocks in Baltimore that have at least one VBN. When market conditions on blocks are factored in to determine the minimum number of properties that “must be addressed” to restore confidence and give sufficient momentum for private investment to finish the work, the minimum that emerges is 46,332, or 66% of all vacant or endangered properties.

Based on this conservative figure, a citywide recovery cost of about \$6.9 billion comes into focus, of which it can be assumed that the private market would be able and willing to cover roughly 65% of the costs (\$4.4 billion) if 35% (**\$2.5 billion**) is furnished by public and philanthropic sources in the form of subsidies, gap financing, strategic coherence, and sober recognition of the imperative to generate mixed-income settlement patterns.

These costs may be understood as the long neglected expense of finally, and properly, transforming hundreds of distressed blocks—most of them in East and West Baltimore—into places that lead regional households to reconsider the city and willingly choose Baltimore over its suburban competition. Put another way, this roughly \$7 billion problem is the cumulative cost of decades of deferred maintenance, the result of which is an appraisal gap that the private sector will not close without help.

This citywide expense, staggering though it is, is just the cost of catching up on disinvestment in residential real estate. It does not include doing so in a manner that renders the final housing products affordable to households with annual incomes below \$50,000. That will require additional significant funding.

# COSTS AND CONSTRAINTS

Total estimated costs at the citywide level ignore, of course, the nuances of Block Types and the influence they will have on the scale and costs of work. What does it look like when these estimates are translated to individual blocks in each of the Block Types?

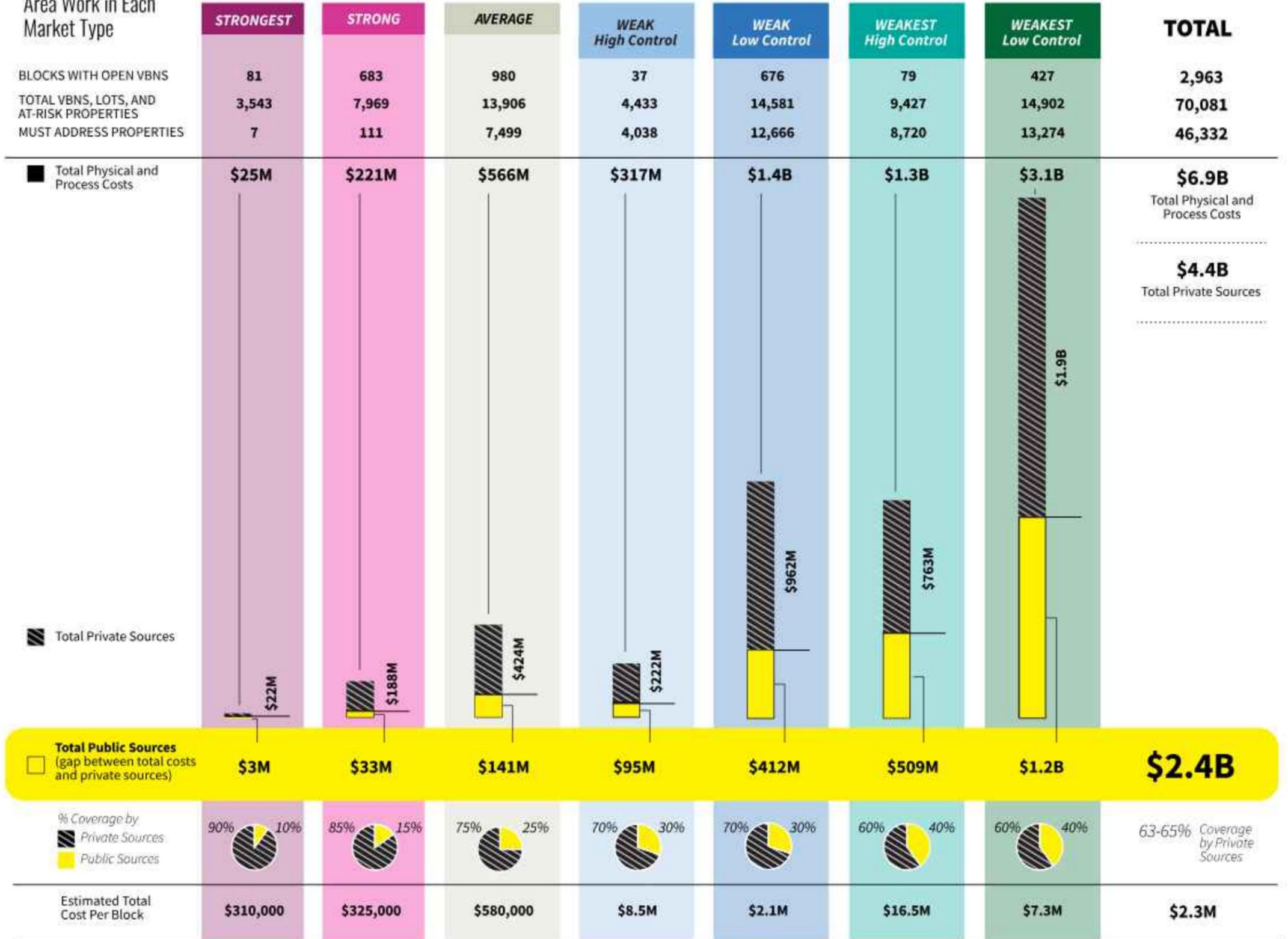
The cost for a full and proper recovery works out to a rule of thumb where, on the strongest blocks with VBNS, an average of \$310,000 will need to be spent to treat "must address properties" and the private market can be expected to cover 90% of that cost. By contrast, on the city's most challenged blocks, the cost per block to treat "must address properties" can be expected to be much higher and the reliance on private sector resources much lower.

Altogether, the four Weak and Weakest block types account for 89% of the total cost to resolve "must address properties" (or \$6.1 billion), of which the private sector can be expected to cover between 60% and 70% depending on the block type. And although the "High Control" blocks are better positioned for stabilization than those with "Low Control," they tend to have far greater concentrations of vacant lots, which result in higher per-block costs due significant levels of infill construction.

Given the limited and shrinking number of strongest and strong blocks with open VBNS, as well as the imperative to make transformative gains in East and West Baltimore, "operating robustly" will typically require multi-million dollar public and philanthropic commitments per block to close funding gaps even before accounting for costs to ensure affordable outcomes.

These substantial and patient resource requirements are the biggest constraint on how many whole blocks and whole areas can be treated, from end to end, at any given time. This necessitates a deliberate, principle-driven approach to selecting areas of work.

## COST Estimates for Whole Block & Whole Area Work in Each Market Type



## GUIDANCE FOR AREA SELECTION

The reality that only a fraction of the resources needed to resolve all “must address properties” will be available in the near term is not a reason to do nothing. Indeed, much can be accomplished if choices are made about where to start and sufficiently robust resources are patiently deployed. Every successful whole block and whole area, moreover, will make it easier to attract resources and homebuyers for future areas of work.

Where, exactly, should the work start? In cases where resources are dwarfed by the scale of the challenge, cities often begin work where community assets exist to be strengthened or preserved—assets such as stable blocks, public facilities, landmarks, important commercial streets, and the like. Where progress in Baltimore has been achieved at the neighborhood level, this approach as proved successful.

When it comes to execution of the Whole Block & Whole Area Strategy—essential when working in a highly distressed part of Baltimore—strengths are also an important place to start. To succeed in West Baltimore, East Baltimore, or Park Heights, however, it will not suffice to work at the margins. The community must be willing to work on challenging blocks in its most challenging neighborhoods where strengths are more difficult to readily identify—and to patiently follow the strategy’s sequential stages. The hard work that Baltimore has done to cultivate the health of several core neighborhoods in recent years has put it in a position to make this leap.

Doing so will require care with regard to drawing the boundaries for whole areas, as well as clarity about the essential benchmarks to track that will indicate progress toward whole area health.

### Principles for Assembling Whole Areas

Within the consistently inconsistent nature of Baltimore’s block structure and geography, there are principles that can be used to guide the selection of whole areas—alongside considerations of cost related to the presence of different Block Types—and increase the probability of successful whole area outcomes. For example:

#### Proximity to readily understood strengths

Using the selection of whole blocks and whole areas to preserve and protect clear community assets—parks, schools, a local landmark, a block with high owner-occupancy—is a wise way to allocate limited resources and build from existing strengths.

#### 250-500 Parcels

Any given whole area should be kept within the bounds of 250 to 500 parcels to ensure that a large enough area is being treated to make an impact while also keeping it manageable.

#### Clear boundaries/edges

The selection process should use boundaries that look and feel obvious to neighborhood residents, such as railroad lines, cemeteries, parks, or major corridors that tend to delimit one functional area from another.

#### Contiguosness

A whole area where blocks are clustered together is preferable compared to a linear line of blocks, or an arrangement where one block is isolated from the others.

#### Identifiable focal points

When possible, having an identifiable center—a small park, a small commercial core, a landmark, a preeminent block—can give an area a better sense of cohesion and identity.

#### Similarities in housing

A grouping of blocks that have broad similarities in housing types—width, stories, vintage, style—can be advantageous to the sense of cohesion in a whole area as well as functional advantages for stabilization and rehab work.

### Metrics to Track in Selected Whole Areas

There are a number of measurements that can be used to track the progress of whole blocks and whole areas and to set goals that will signify success. The number of VBNs, vacant lots, and property values are among the obvious metrics to follow and will be critical to planning efforts. And measurements may vary from area to area depending on the types of progress sought by residents.

Two longer-term metrics, though, will be fundamental for measuring success because they represent conditions that absolutely must be met to turn the tide on VBNs and inoculate blocks from their return:

#### Homeownership rate of at least 50%

Low or declining homeownership rates are a telltale sign of low or slipping demand—and a block’s diminishing appeal to households who have choices. Reversing this condition is essential.

Blocks that have homeownership rates below 50% should aim for a 50% goal. And blocks above 50% that have been slipping should aim to stabilize and then improve their rates.

#### Poverty rate of no more than 25%

Concentration of poverty into relatively small areas is not healthy for the City of Baltimore as a whole, nor for the areas where the concentrations occur. Sustainable recovery of good property investment behaviors—and stabilization and growth of homeownership—cannot happen where poverty is substantially higher than the city average.

The challenge of poverty, and especially concentrated poverty, is national in scope. Baltimore is not unique in any respect. Future improvements in housing conditions in Baltimore’s distressed neighborhoods constitute but one part of a larger system that supports families in poverty.

When a whole area is within a part of the city with a poverty rate above 25%, the goal should be to bring it to 25% or lower. Mixed-income outcomes, regardless of Block Type, is the key to fairer and healthier distributions of poverty.

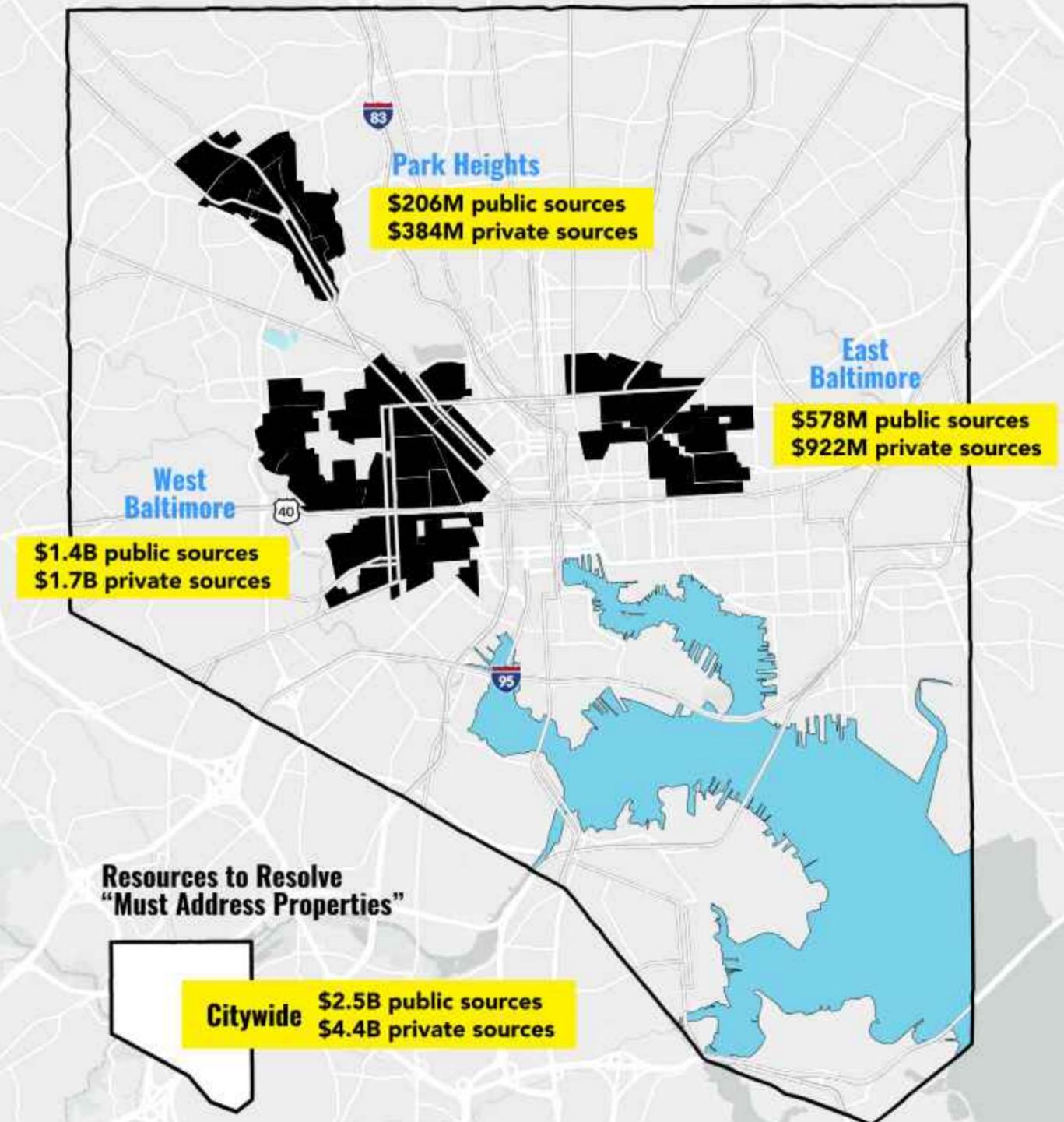
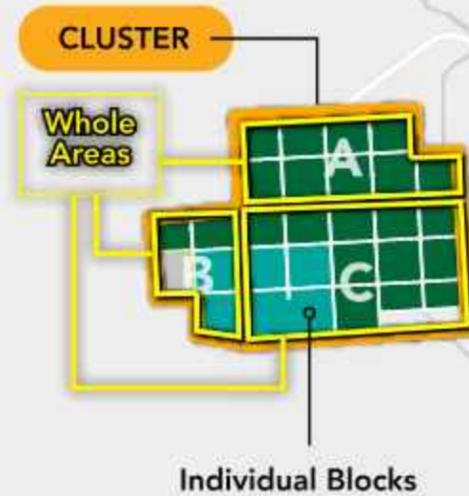
## GUIDANCE FOR AREA SELECTION

With the greatest concentrations of VBNs currently located in West Baltimore, East Baltimore, and Park Heights, where market conditions are also highly challenging, the successful implementation of the Whole Block & Whole Area model in those parts of Baltimore will determine whether or not the city makes meaningful headway on its remaining supply of vacant properties. Indeed, combined, the three represent nearly 80% of the estimated total citywide physical costs of resolving VBNs and ensuring block-level health.

But how might the work be approached in these parts of Baltimore? For explanatory purposes only, the following pages convert subsets of West Baltimore, East Baltimore, and Park Heights into multiple clusters. In turn, each of these **clusters** contains several “**whole areas**,” and each “**whole area**” contains—on average—between 6-12 **blocks**. These block groupings constitute the smallest recommended geography to justify the investment that a proper revitalization effort will require, as this is the minimum size needed to stabilize the immediate market. Within each “**whole area**” of 6-12 blocks there will be some blocks that are nearer to assets than others, and some blocks stabler than others. Within each cluster of “**whole areas**,” this will also be true.

The nomenclature used here—numbered clusters (1, 2, 3, etc.) comprised of “**whole areas**” with an alphabetic designation (A, B, C, et etc.)—roughly approximates a sequence of effort deemed practicable. But the sequence shown is merely illustrative, presented here primarily to convey the recommendations that an intervention needs to be large enough to matter and small enough to remain manageable, and that work undertaken within a cluster (among whole areas), should build from strength and leverage proximity to existing assets such as universities, community centers, churches, and similarly important institutions or economic drivers.

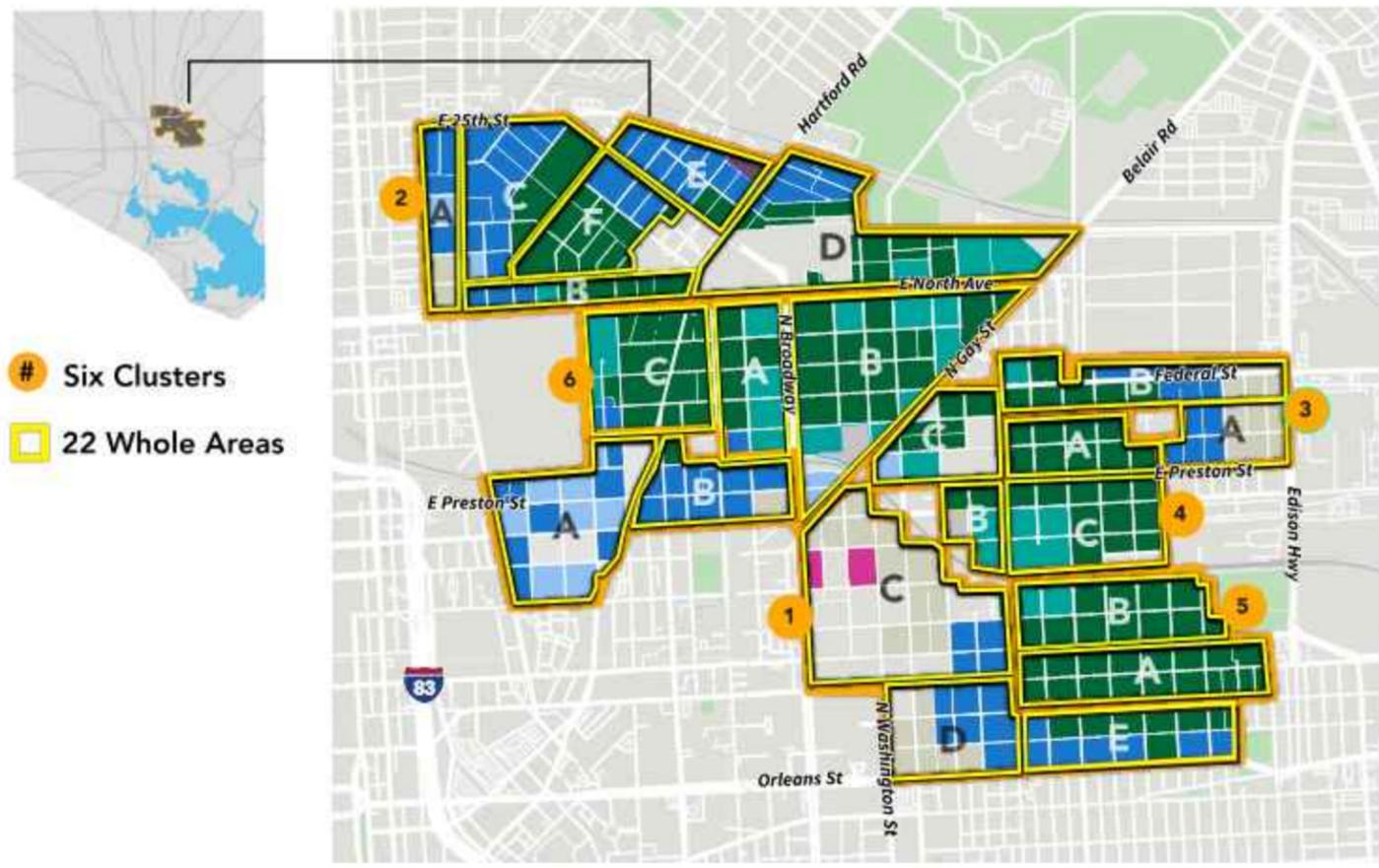
Seasoned community developers and private real estate interests will evaluate on-the-ground realities in the context of their mission and risk tolerance, of course. But it should be expected that starting where there already are measurable strengths that can be leveraged will result in shorter recovery times, more durable recovery, and a greater leverage ratio of scarce public resources.



## GUIDANCE FOR AREA SELECTION

### East Baltimore Example

22 Whole Areas Arranged into Six Clusters



	Open VBNs	2,873
	Vacant Lots	3,402
	Other Properties at Risk of Abandonment	4,238
	Total Properties in Park Heights Estimated to Require Attention	10,513
	Estimated Total Physical and Process Costs	\$1.5B
	Public Sources (gap between total costs and private sources)	\$578M
	Average Cost Per Whole Area	\$66M

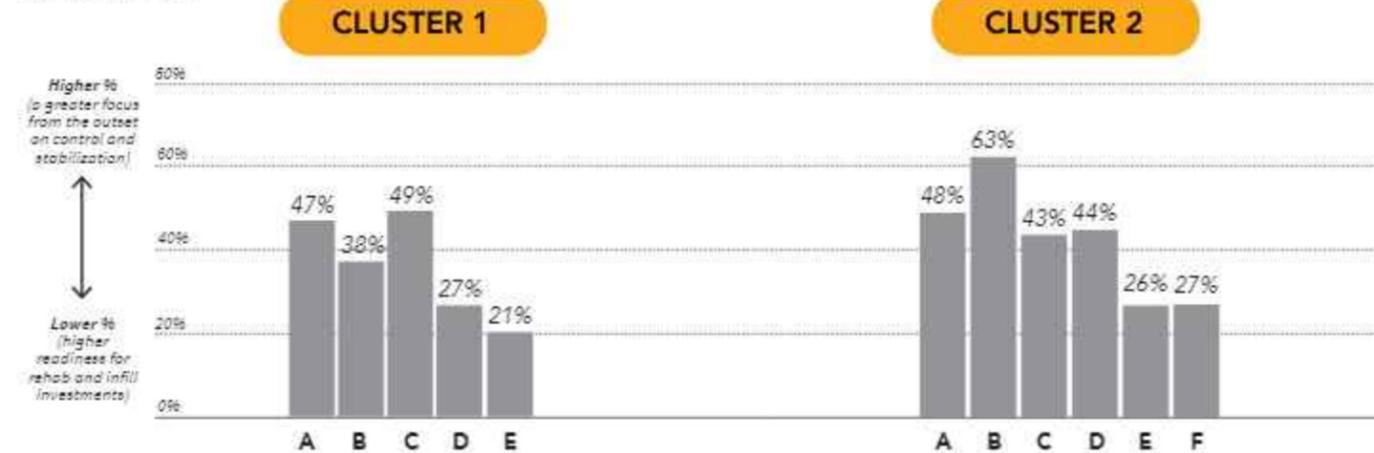


Analysis of East Baltimore blocks with high concentrations of VBNs suggests the potential for 22 Whole Areas that can be grouped into six clusters of related Whole Areas.

Market Strength in East Baltimore is stronger towards the south and west in Clusters 1 and 2, where blocks are closest to being ready for serious rehabilitation work. In Clusters 3 through 6, levels of control over vacancy are low and will require significant acquisition activity as a precursor to rehabilitation.

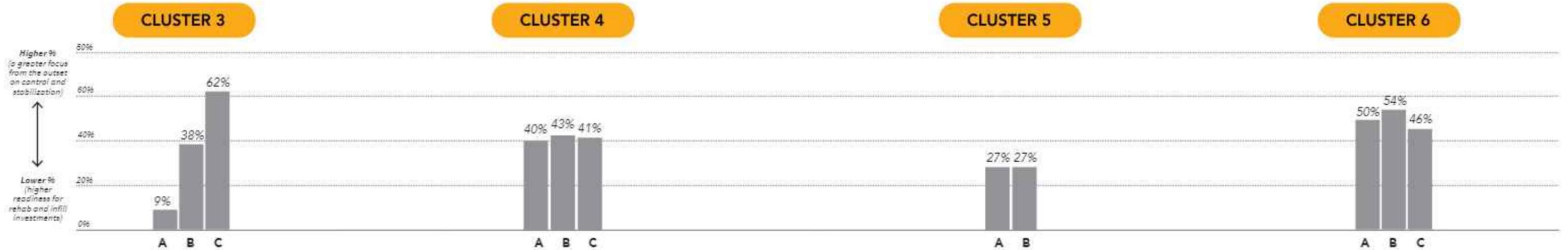


### Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent

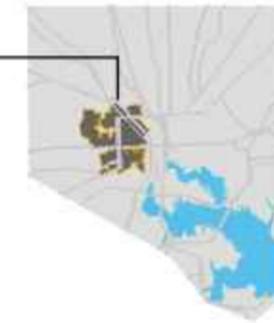
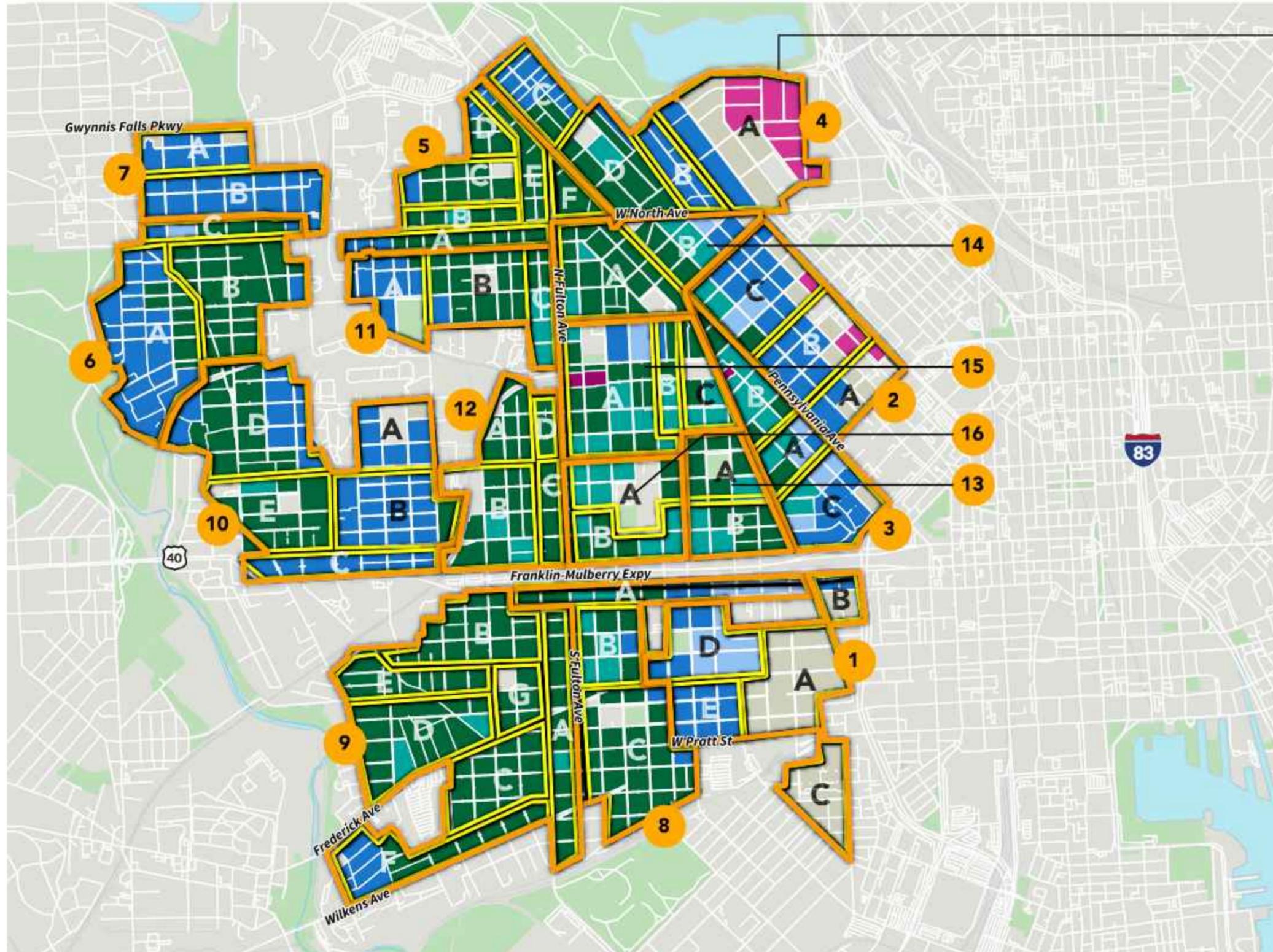




Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent



GUIDANCE FOR AREA SELECTION



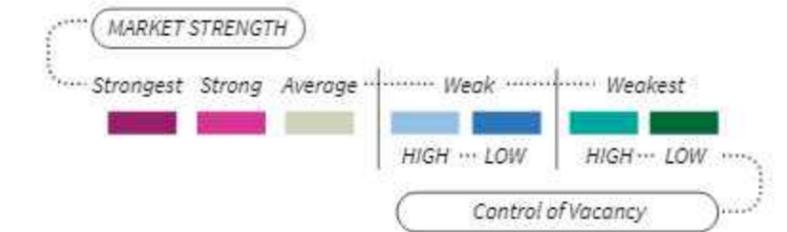
West Baltimore Example

57 Whole Areas Arranged into 16 Clusters

# 16 Clusters

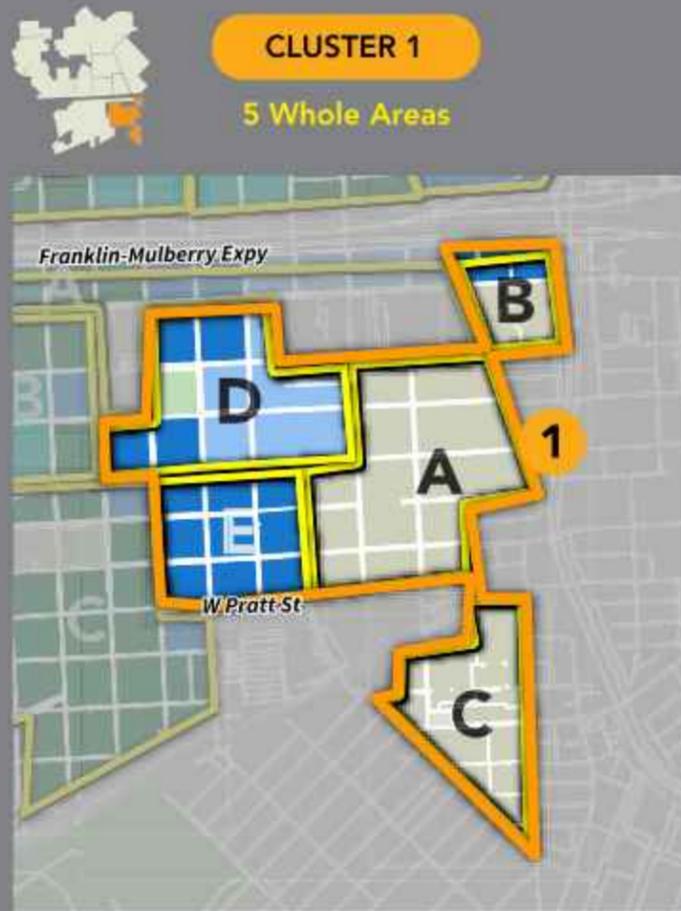
57 Whole Areas

	Open VBNs	6,613
	Vacant Lots	5,664
	Other Properties at Risk of Abandonment	9,212
	Total Properties in Park Heights Estimated to Require Attention	21,489
	Estimated Total Physical and Process Costs	\$3.1B
	Public Sources (gap between total costs and private sources)	\$1.4B
	Average Cost Per Whole Area	\$55M

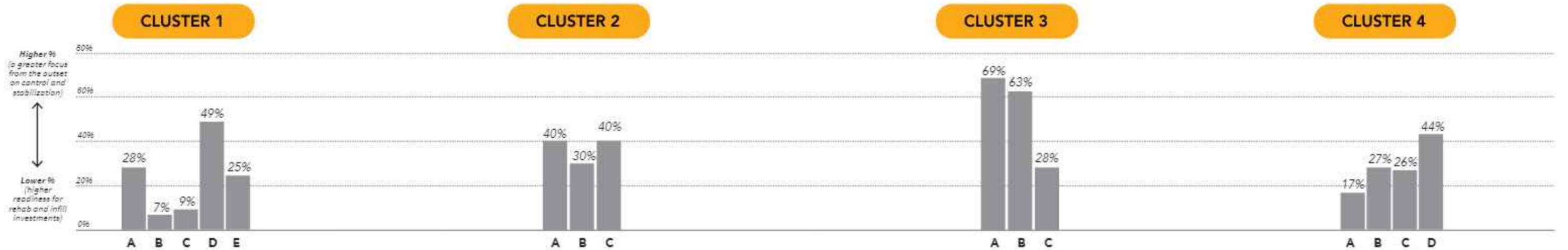


Analysis of West Baltimore blocks with high concentrations of VBNs suggests the potential for 57 Whole Areas that can be grouped into 16 clusters of related Whole Areas.

Market Strength in West Baltimore tends to be stronger on the eastern edges of Clusters 1 and 2, where several adjacent blocks of "average" strength are present, as are blocks with high levels of control over vacancy. Those represent areas of West Baltimore with lower acquisition and stabilization needs compared to much of Clusters 3 and 4.



Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent





CLUSTER 5

6 Whole Areas



CLUSTER 6

3 Whole Areas



CLUSTER 7

2 Whole Areas



CLUSTER 8

3 Whole Areas



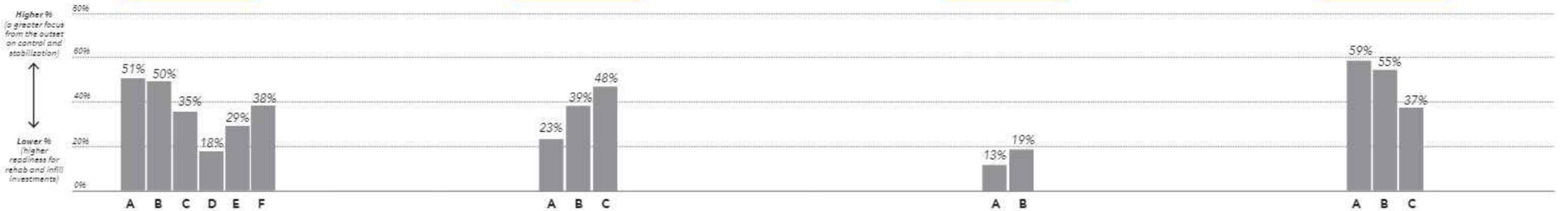
Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent

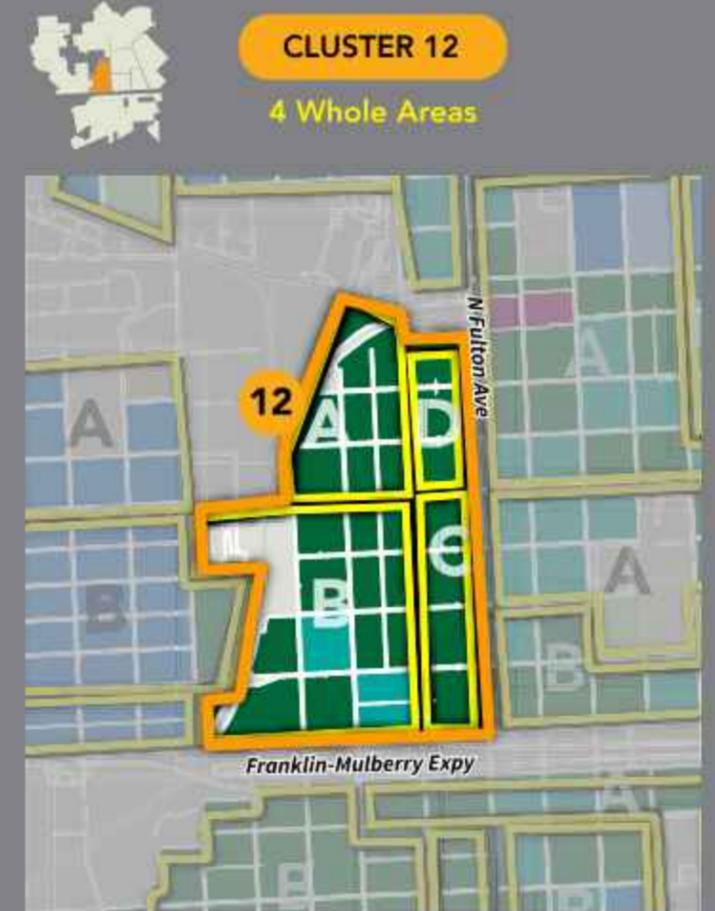
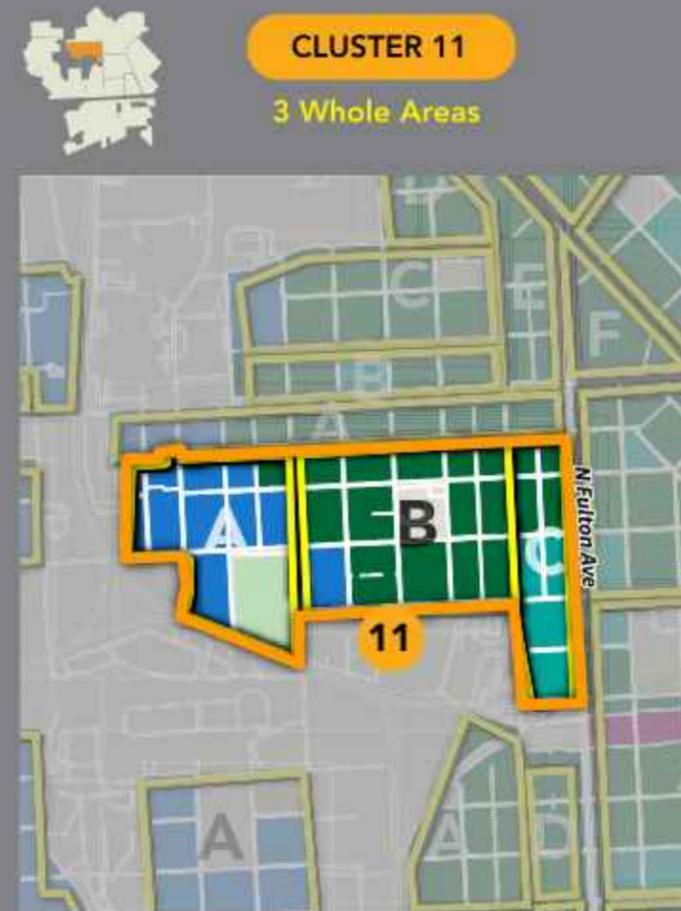
CLUSTER 5

CLUSTER 6

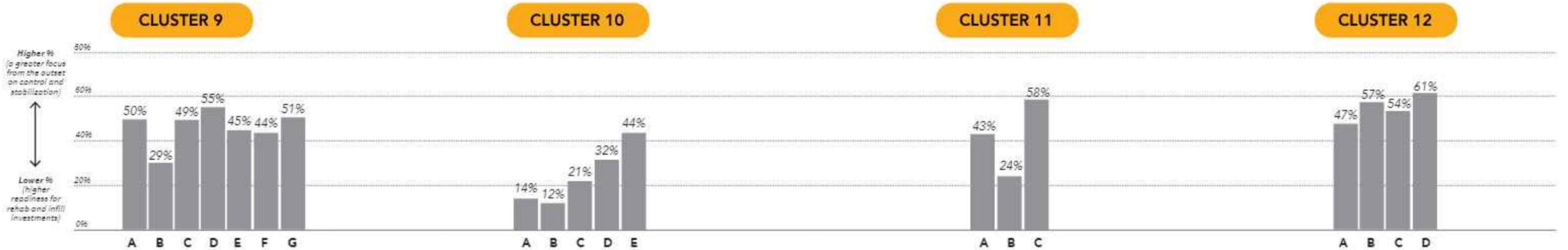
CLUSTER 7

CLUSTER 8





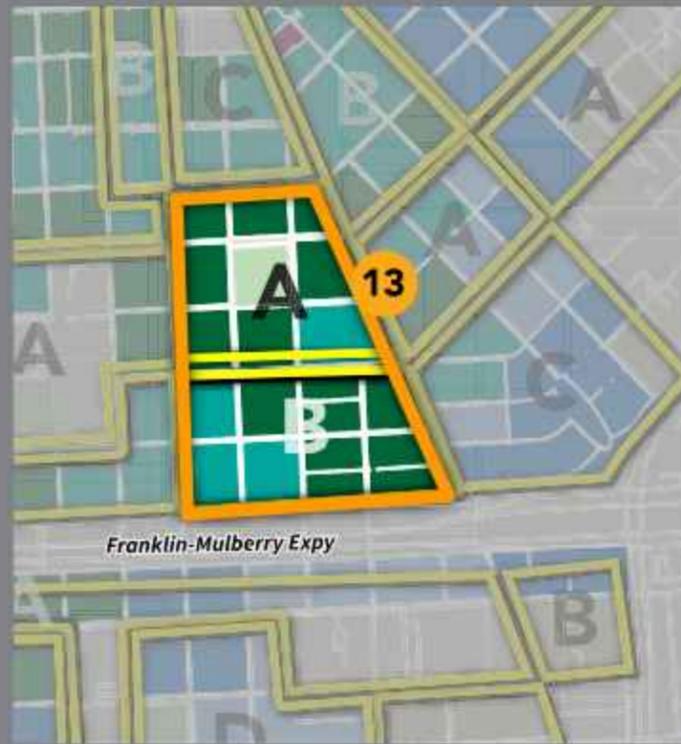
Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent





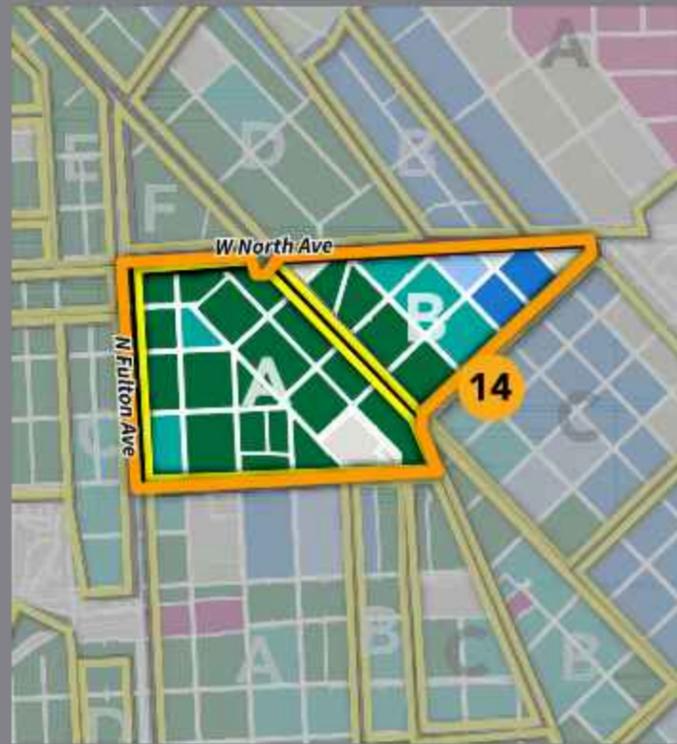
CLUSTER 13

2 Whole Areas



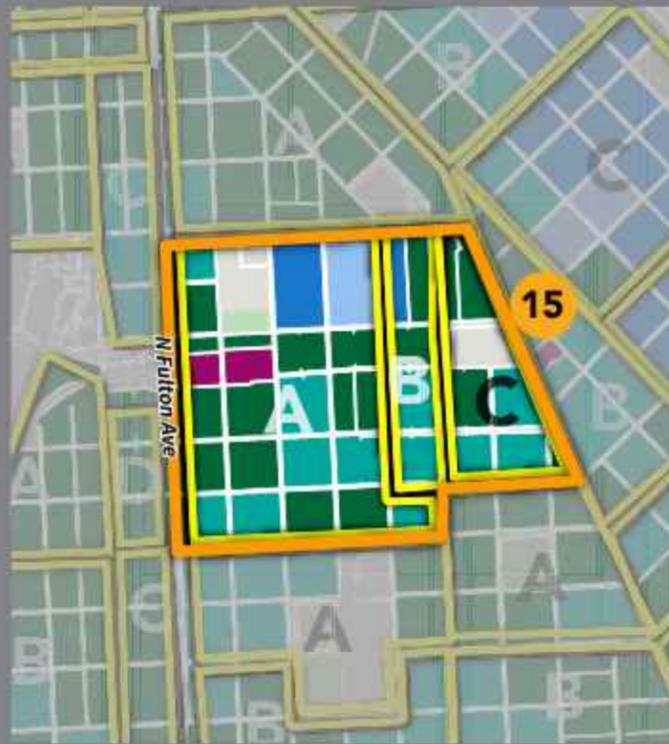
CLUSTER 14

2 Whole Areas



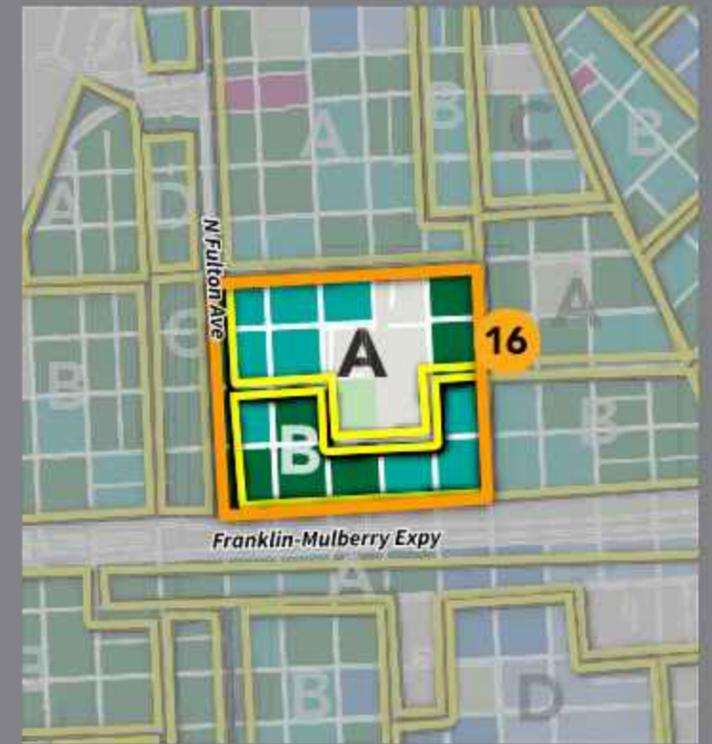
CLUSTER 15

3 Whole Areas



CLUSTER 16

2 Whole Areas



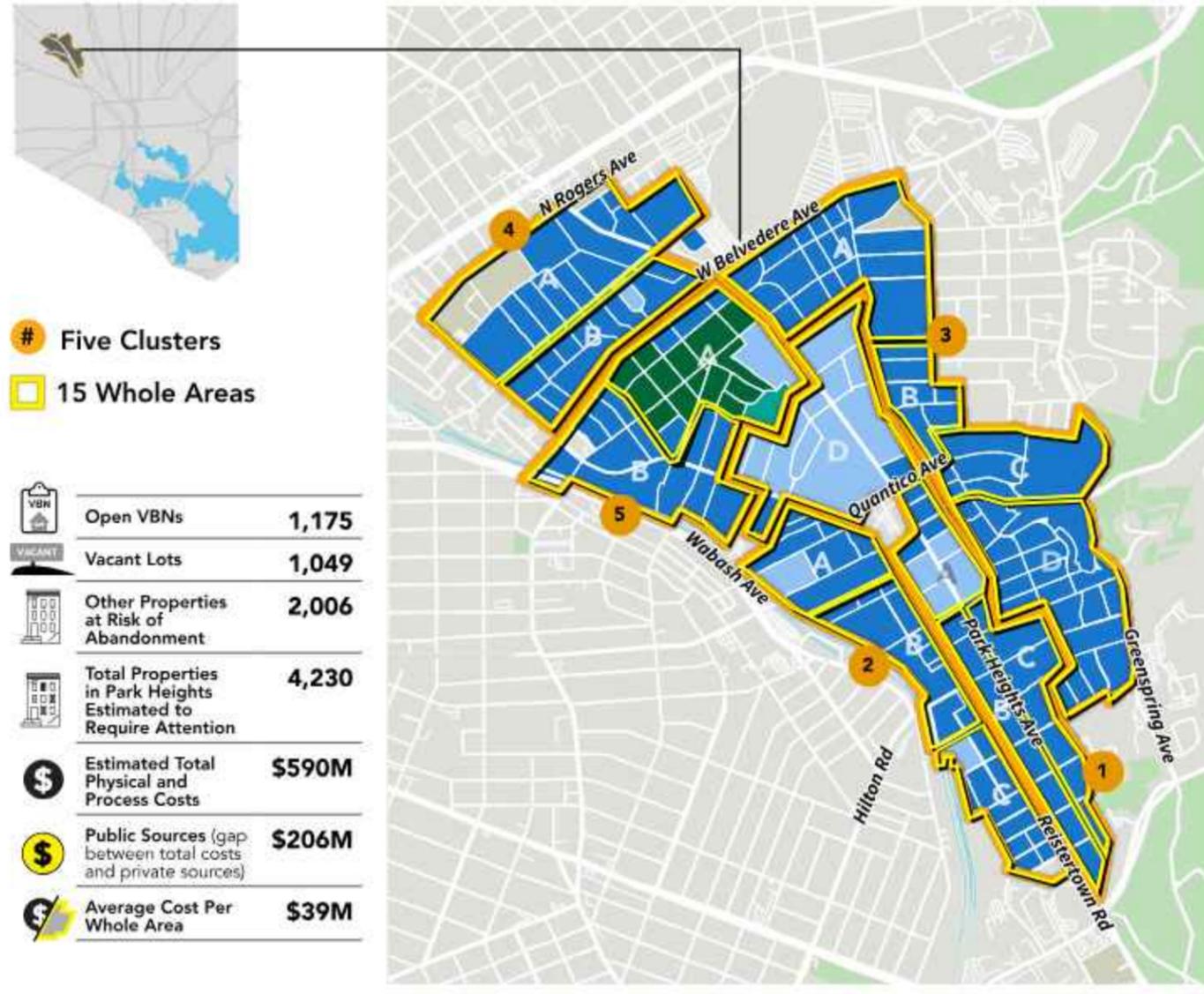
Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent



## GUIDANCE FOR AREA SELECTION

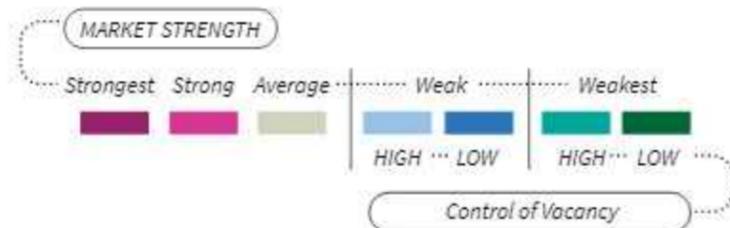
### Park Heights Example

15 Whole Areas Arranged into Five Clusters

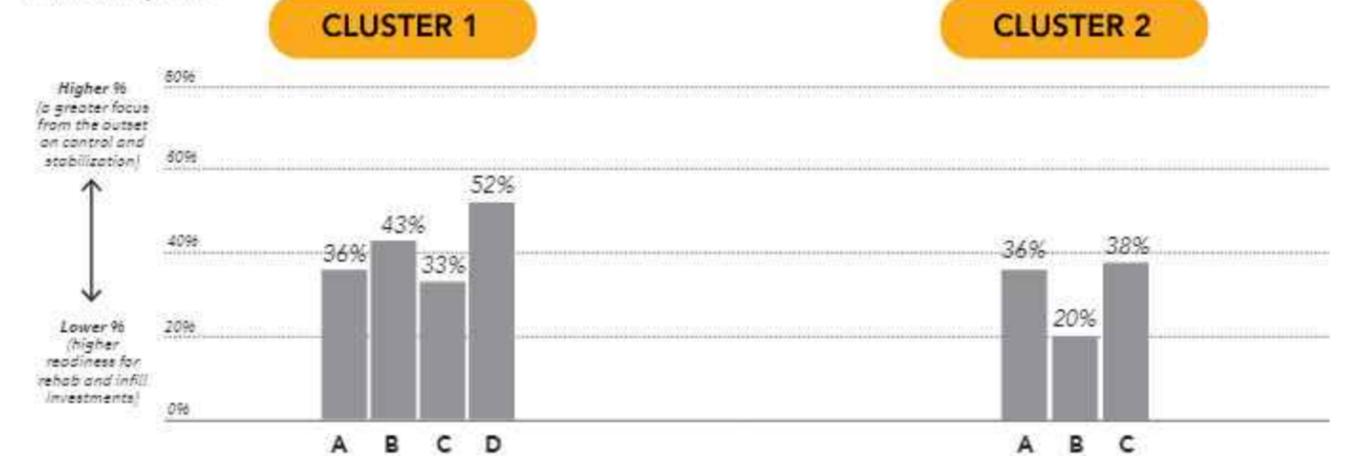


Analysis of Park Heights blocks with high concentrations of VBNs suggests the potential for 15 Whole Areas that can be grouped into five clusters of related Whole Areas.

Market Strength in Park Heights is consistently weak, but areas with the highest levels of control over vacancy are located along Park Heights Avenue in Cluster 1. Those areas are closest to being ready for rehabilitation, while significant acquisition and stabilization work is needed elsewhere.



Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent



**CLUSTER 3**  
4 Whole Areas



**CLUSTER 4**  
2 Whole Areas



**CLUSTER 5**  
2 Whole Areas

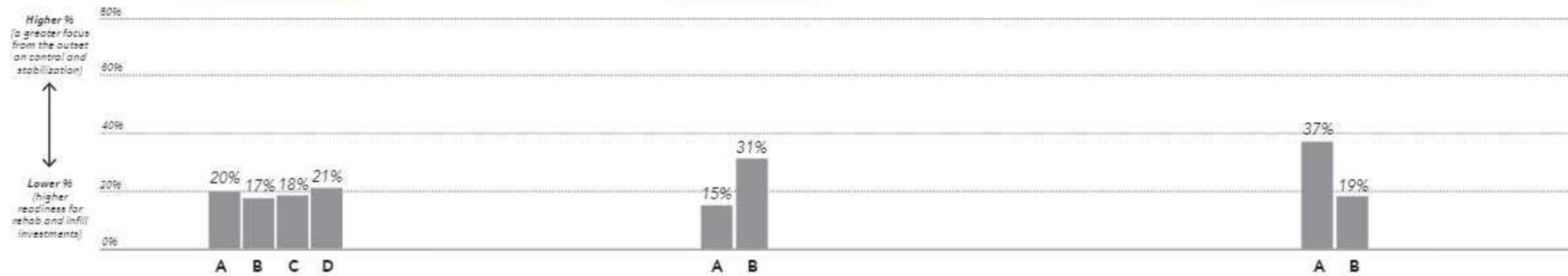


Share of Parcels that are VBNs, Vacant Lots and/or Tax Delinquent

**CLUSTER 3**

**CLUSTER 4**

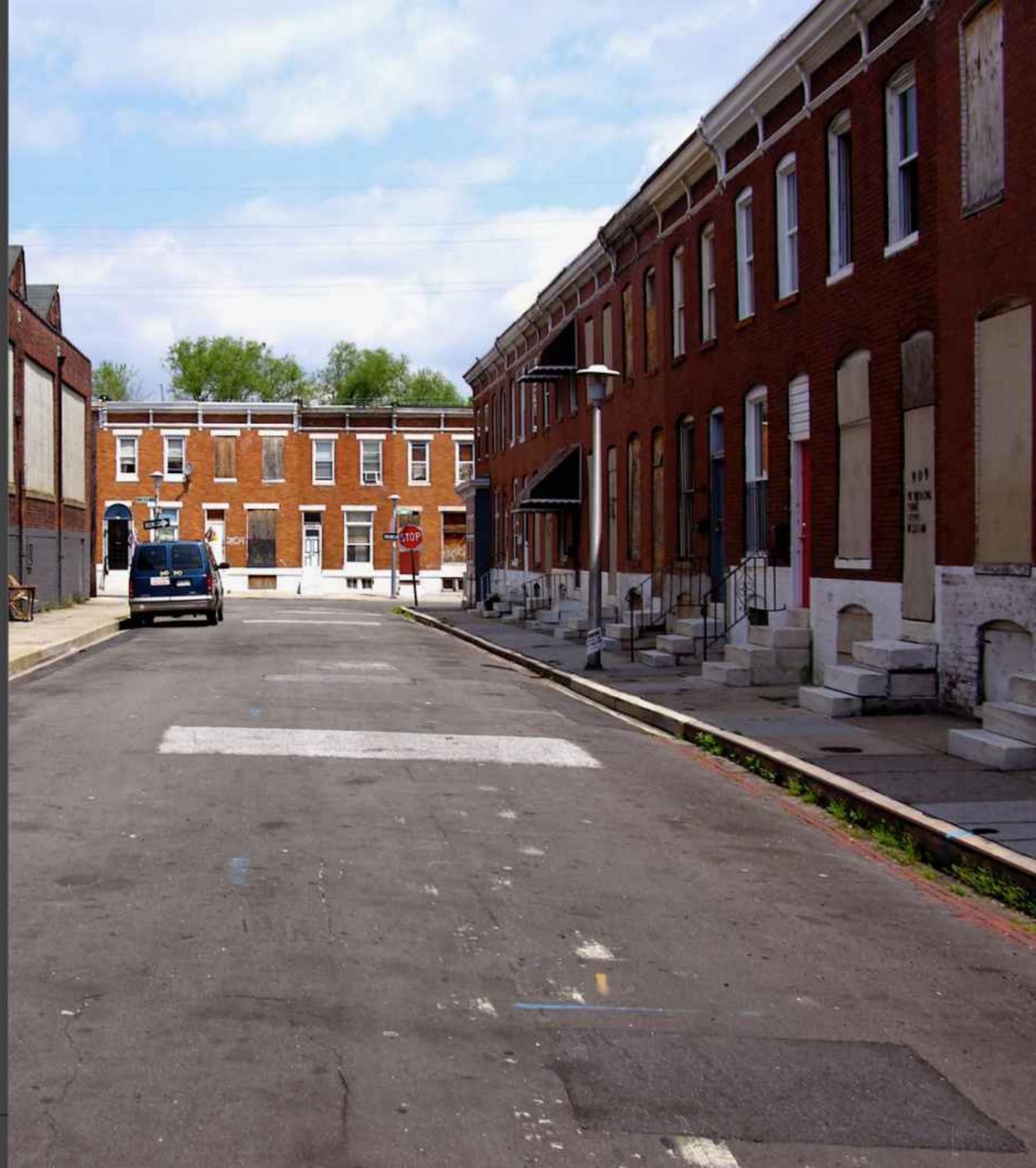
**CLUSTER 5**



## ACTIVATING THE WHOLE BLOCK & WHOLE AREA STRATEGY

As an unprecedented approach to addressing vacancy in Baltimore, the Whole Block & Whole Area Strategy will require unprecedented levels of resources, coordination, and patience. To get started, several challenges will have to be met to ensure that the stages of work can be performed simultaneously and robustly in multiple Whole Areas.

Once those challenges to activation are met, every Whole Area will require careful planning and execution over several years to achieve desired results and ensure that those results are sustainable.



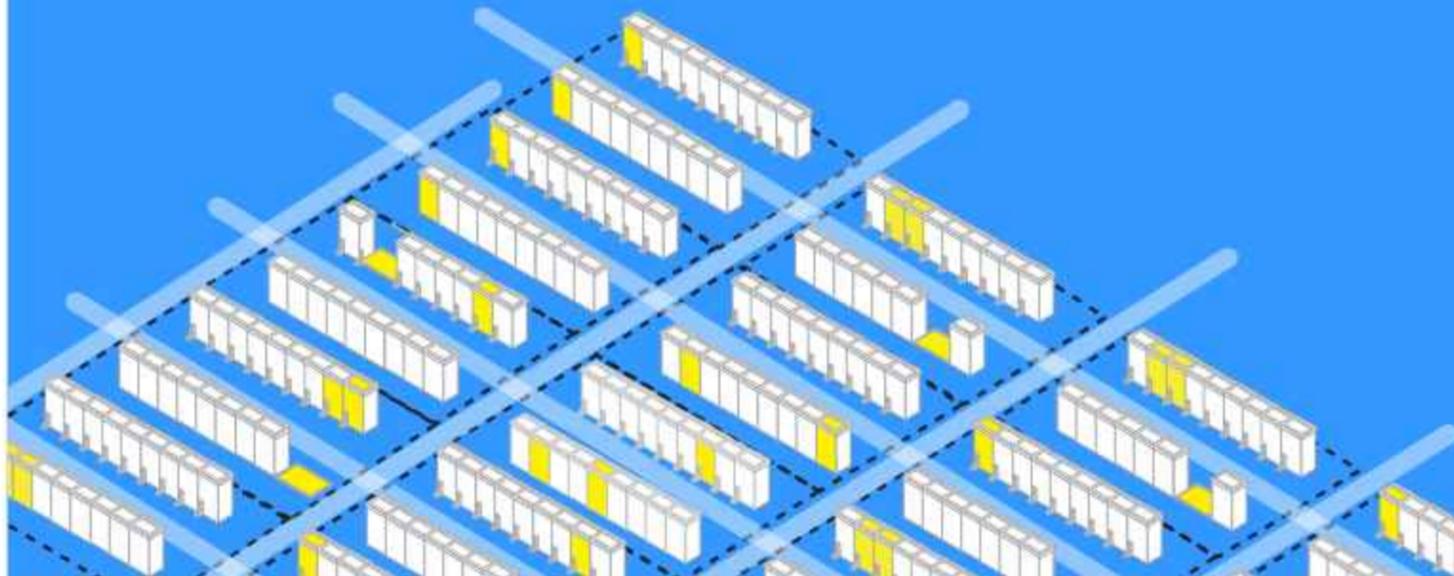
## FIVE KEY CHALLENGES TO STRATEGY ACTIVATION

The Whole Block & Whole Area strategy represents something unprecedented in Baltimore's history or, for that matter, in any large city facing similar social and economic challenges—a systematic, concerted, large-scale strategy to restore vacant properties and stabilize neighborhoods throughout the city, focusing on many of the city's most distressed and disinvested neighborhoods.

That strategy cannot succeed through an approach that is basically “more of the same.” On the contrary, it requires an entirely new way of organizing rehabilitation and revitalization around the Whole Block & Whole Area model. That model demands that efforts be

organized more systematically than ever before to be able to significantly increase the volume of rehabilitation activity, upgrade neighborhood infrastructure and quality of life, and ensure that there are homebuyers for rehabilitated houses. All of this will require that financial resources and revitalization capacity are in place to move forward efficiently and effectively.

In short, high-performing and effective systems must be built around five distinct topics. Unless all five of those pieces are pulled together, the Whole Block & Whole Area model is likely to fall short. Each one is a challenge, and putting together all five at the same time is an even greater one.



## ACQUISITION

For blocks with multiple vacant properties, unless they are all addressed—along with improvements to occupied properties and the public realm—the underlying dynamics of the block and neighborhood will not change, the market will not stabilize, and additional properties are likely to be abandoned even as nearby properties are being rehabilitated.

A fundamental condition to the strategy, therefore, is that the City and its partners must be able to gain control of all the vacant properties on the block and, on occasion, some of the problem occupied properties as well. While the first step in acquisition should always be an attempt to buy the property through a voluntary transaction from the owner, it is often impossible to obtain many properties through arms-length, private market transactions. Some owners may be unavailable or untraceable, ownership may be in dispute, some owners may be unwilling to sell or unreasonable in their demands, while some properties may be burdened by liens well in excess of their market value.

As a result, **legal tools to gain control of properties outside the private market will be needed to pursue the Whole Block & Whole Area strategy.** That, in turn, requires an extensive kit of legal acquisition tools, including tax foreclosure, receivership, spot blight eminent domain, and potentially forfeiture. Some of these tools exist in local

law but need to be amended in order to be most effectively used, while additional legal changes are needed to allow qualified non-governmental entities to be designated by the city to exercise these powers. Some of these changes can take place through action by Baltimore City Council, but others will need action by the Maryland State Legislature. Without strong tools for involuntary property acquisition, the strategy will be hamstrung from the beginning.

*See Summary of Acquisition Tools in the Appendix for more details*

## BUILDING MARKET DEMAND

If there is success in acquiring and rehabilitating properties under the Whole Block & Whole Area model, between 500 and 1,000 homes will be added each year to the Baltimore market. And a key part of the strategy is not only to rehabilitate the houses, but to sell them to owner-occupants in order to build greater neighborhood stability, foster intergenerational wealth, and increase homeownership in the city. Therefore, not only is it critical to make sure that there are enough homebuyers for these houses, but also to make sure that these efforts will not undermine the existing market for houses elsewhere in Baltimore.

This is not an unrealistic goal. There is a large untapped pool of potential homebuyers in Baltimore, including many families who live in the same neighborhoods where the work will occur, as well as families living elsewhere in the city and in the surrounding counties.<sup>1</sup> But this pool will not translate into actual homebuyers without a major effort, including:

- Proactive outreach to potential buyers through various media
- Homebuyer education and counseling
- Credit repair
- Access to down payment assistance and appropriate mortgage products
- Ensuring a strong support system for new homeowners
- Effective marketing of new and rehabilitated homes

A number of firms and organizations are already active in these areas, a number of which offer, to varying degrees, down payment assistance and suitable mortgage products. These products and organizations need to be integrated into a high-profile, comprehensive marketing and outreach strategy to build demand. In the end, even if vacant properties are controlled and rehabilitated, a key part of the strategy will have failed if the homes cannot be filled with owner-occupants.

<sup>1</sup> ESI (2020), *The Power of Residential Growth*. See also Caitlin Furio and Richard Voith (2016), *The Economic Case for Fixing Blight*.

## FINANCIAL RESOURCES

The Whole Block & Whole Area strategy calls for pulling together financial resources at levels unprecedented in the history of Baltimore's housing and community development efforts. While much of the resources that are initially invested will be recouped from the sale of houses, in many cases the houses—in order to reflect realistic market prices or to ensure affordability to lower income homebuyers—will have a market gap, meaning that they will have to be sold at prices below the total cost of acquisition and rehabilitation.

In addition, substantial soft costs will be incurred for planning, marketing, and community outreach. Other costs will be incurred in order to improve occupied housing on the same blocks as the vacant properties, as well as make improvements to the public realm. As a result, a large part of the total funds to be spent will have to be in the form of grants rather than loans, unless markets

outperform conservative projections. The table below summarizes the different uses involved, and the type of funds that each will require.

While it is obvious that substantial funds will be needed, what is less obvious is that funds from many different sources must all be integrated and scheduled to fit into a single comprehensive timetable. For example, once acquisitions take place and blocks become stable, construction funds must be available so that rehabilitation can begin in timely fashion. In the meantime, funds for marketing and outreach must be available so that a pool of buyers can be assembled. As rehabilitation is underway, funds must simultaneously be available for assistance to owners of occupied properties, and for improvements to streets, sidewalks, lighting, and trees. Market gap funds must be available as soon as sales of rehabilitated units begin.

USE	NATURE OF FUNDS
Property acquisition	Long-term (patient) >5 year loans
Rehabilitation	Short-term construction loans
Market gap financing	Grants or soft loans
Down payment assistance	Grants or soft loans
Greening and infrastructure upgrading	Grants
Assistance to low-income legacy homeowners	Grants or soft loans
Assistance to landlords	Long-term >10 year loans
Planning, management, marketing and community outreach	Operating grants

## MULTI-LAYERED CAPACITY

The Whole Block & Whole Area model proposes a massive operation to put the great majority of the city's vacant properties back into productive use within—as major development projects go—a very short time frame, spending hundreds of millions of dollars each year. Simply managing any operation of that size is a major organizational challenge, yet this is no ordinary operation. It will involve hundreds of separate construction projects going on at the same time along with a host of other neighborhood improvement activities, negotiating purchase of hundreds of properties, and conducting marketing, community outreach and more. Although Baltimore has a robust non-profit infrastructure, no organization in the city has the capacity at present to carry out this project.

This massive effort will not be carried out in its entirety by any one entity or organization. One entity is likely to be the overall manager of the effort, while individual CDCs, non-profit or for-profit developers, social service organizations, and contractors will carry out different pieces of the overall project within a framework established by the managing entity. That, in itself, makes it a massive organizational challenge as that entity will have to coordinate the work of dozens, if not hundreds, of separate partners. Thus, the first challenge will be to build an organization that has the ability to do that successfully. *That will require high-*

*level capacity for strategic planning, project management, contracting, budgeting, and program evaluation.*

That is only the first challenge. The proposed strategy is aimed at massively ramping up the rehabilitation of vacant houses in largely-neglected parts of Baltimore, but must not impede the ongoing activity taking place elsewhere in the city. To make sure that happens, there is likely to be a need for a greater number of capable contractors, more skilled construction workers, and more providers of services such as homeowner education and counseling than are currently available in the Baltimore market area. Some of these capacities can be expanded fairly quickly given adequate resources, but others may take some time. Expanding the pool of skilled construction workers, for example, even with the active engagement of Baltimore Public Schools and Baltimore City Community College, is a multi-year effort. If the strategy is to reach its targets, that process must be put in place well before the rehabilitation work actually begins.

## OUTREACH AND ENGAGEMENT

The era when top-down organizations, whether governmental or private, could decide unilaterally what should happen to a neighborhood is long past. The large-scale neighborhood interventions that are proposed can only happen if they are consistent with the needs and desires of the people who live in each neighborhood. That means that an ongoing process of engagement must take place in each neighborhood, in order to:

- Understand the needs and desires of the residents of the neighborhood;
- Educate the residents of the neighborhood about the options available under the strategy;
- Develop a neighborhood plan of action that reflects neighborhood needs and desires, and that has neighborhood support; and
- Build a relationship of trust between the project partners and neighborhood organizations and residents.

Outreach efforts will be led, wherever possible, by neighborhood-level organizations, such as CDCs, civic associations, churches, and others involved in carrying out the strategy.

The outreach process cannot take place after the fact, but *must happen before any substantial or visible activities have begun in the neighborhood.* It must be built into the strategic planning process from Day One.

# WHOLE AREA TRANSFORMATION IN PRACTICE

The five key challenges to activation of the Whole Block & Whole Area strategy are critical to address before a serious long-term commitment can be made to a single Whole Area, let alone dozens. Unless a long-term commitment exists—along with the required patience to execute the strategy and problem-solve at a highly granular level year by year—work is likely to end prematurely, or before the sustainable health of whole blocks and whole areas has been achieved. This is especially true for the Weak and Weakest block types.

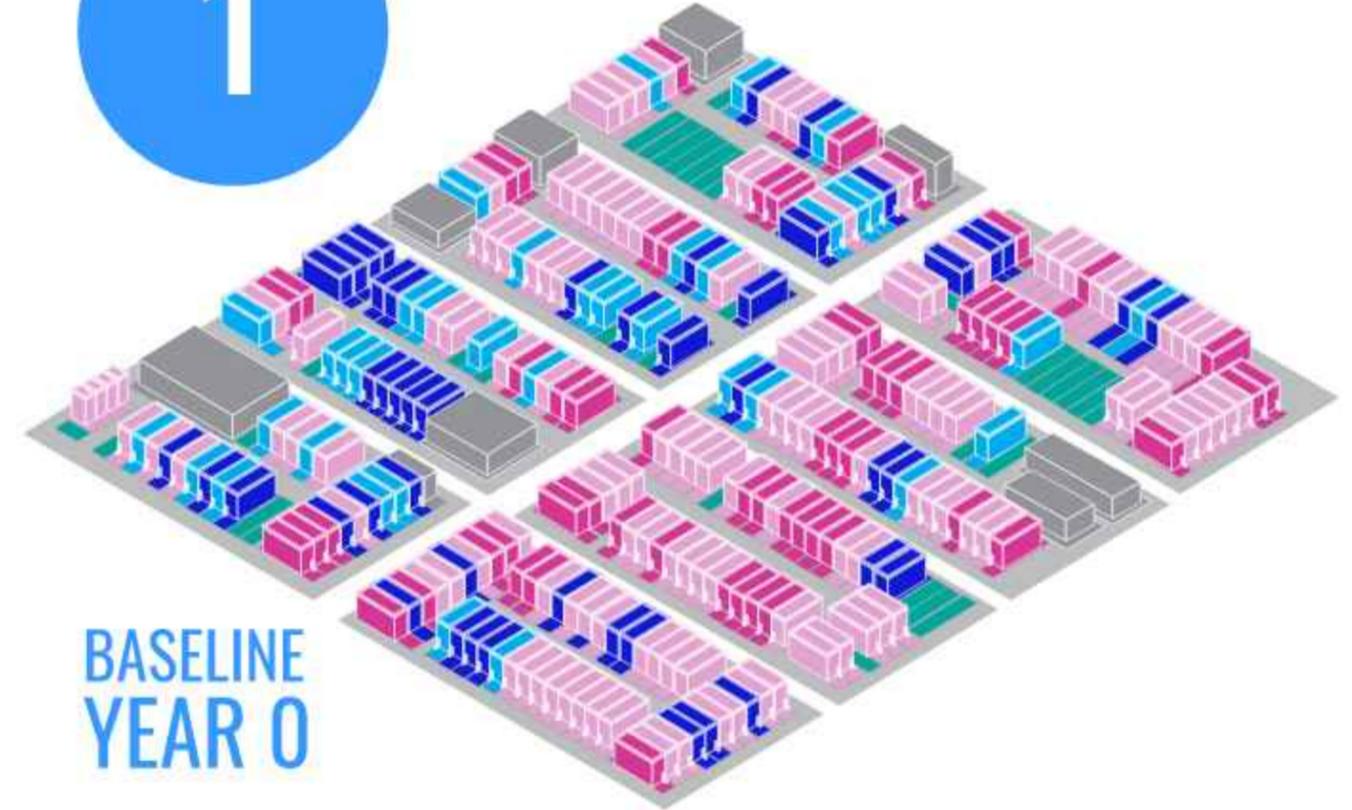
To demonstrate the type of work that would have to be aggressively pursued over several years to achieve transformative results, **consider the case of a hypothetical Whole Area in Baltimore comprised of eight blocks and 300 residential parcels.** These eight blocks are all categorized as Weak blocks with low levels of control over vacancy, which means that ownership of VBNs and vacant lots is highly decentralized—as is the ownership of vacant rowhouses that have not yet degraded to the point of receiving VBN status.

Before any work starts, 39% of residential parcels in the Whole Area are either VBNs, vacant lots, or vacant non-VBN rowhouses that are highly vulnerable to decline. Fully 31% of all residential structures are chronically vacant. And of all occupied residential structures, only 33% are owner-occupied.

**What will it look like to use the Whole Block & Whole Area strategic framework to sequentially achieve a healthy Whole Area where chronic vacancy is effectively eliminated?**



EXAMPLE:  
300 RESIDENTIAL PROPERTIES IN AN EIGHT BLOCK WHOLE AREA



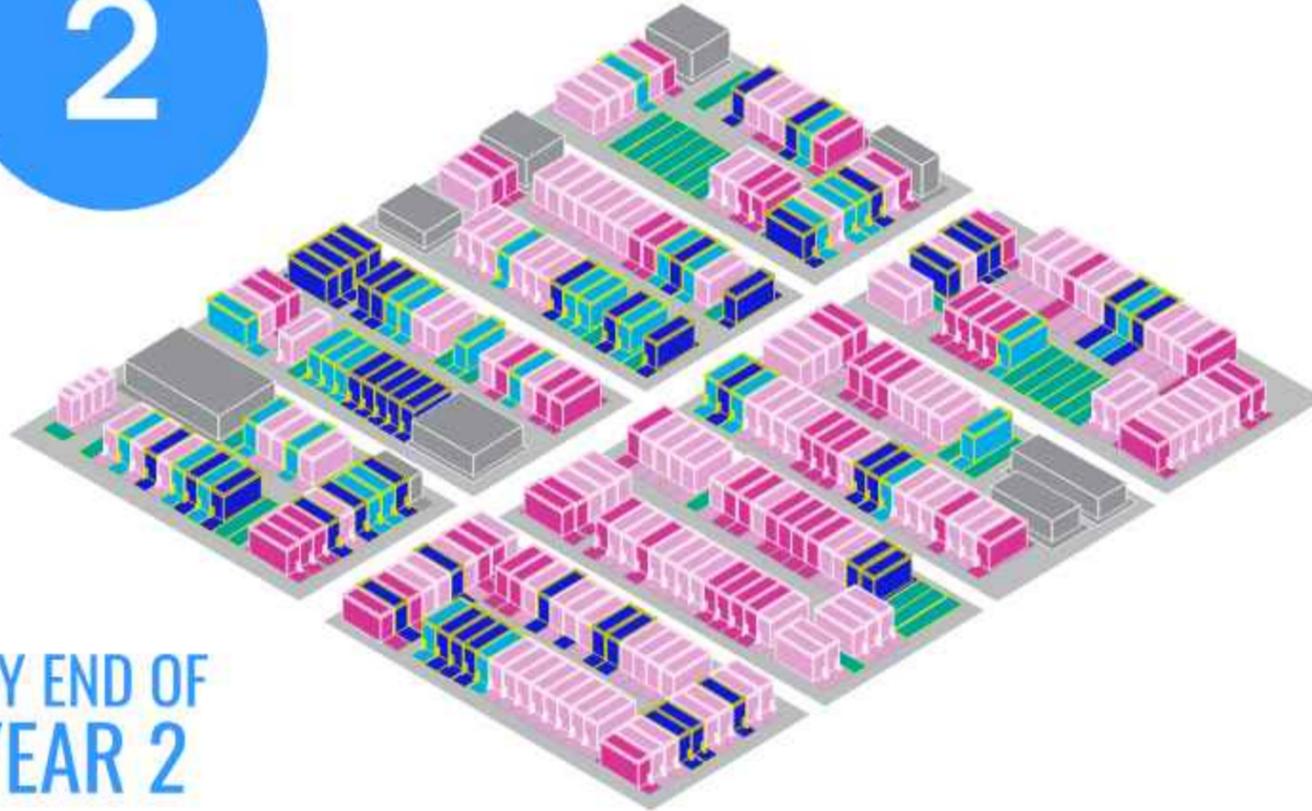
BASELINE  
YEAR 0

Eight blocks and  
300 residential parcels



<b>Total VBNs, Lots, and Vulnerable Properties</b>	<b>116</b>
<b>VBNs, Lots, and Vulnerable Properties as a % of Residential Parcels</b>	<b>39%</b>
<b>Owner-Occupancy Rate of Occupied Residential Structures</b>	<b>33%</b>
<b>Share of Residential Structures that are Chronically Vacant</b>	<b>31%</b>

# 2



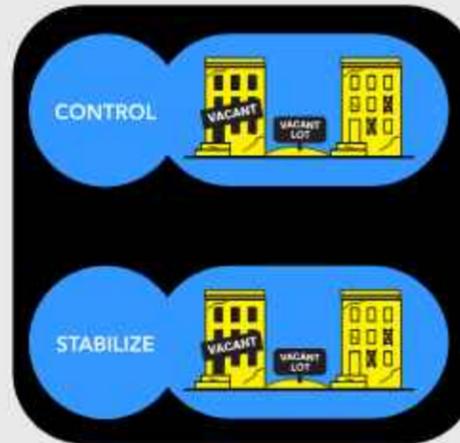
## BY END OF YEAR 2

The first two years of work on these eight blocks are primarily focused on achieving stability. Decentralized ownership of the 116 VBNs, vacant lots, and vacant non-VBN rowhouses is a key hurdle, and bringing those properties under the control of the City of Baltimore and its partners requires careful planning and the use of a wide range of well-resourced acquisition tools.

As ownership becomes centralized, work to physically secure or structurally stabilize the properties begins to take place. By the end of Year 2, the bulk of this work will be completed or well underway. So, too, will be the work of building relationships between the various stakeholders in the Whole Area so that their needs and aspirations are fully integrated into the work.

- Control All VBNs  
Assesse All VBNs
- Control All Vacant Rowhouses  
Assess All Vacant Rowhouses
- Control All Vacant Lots  
Assess All Vacant Lots

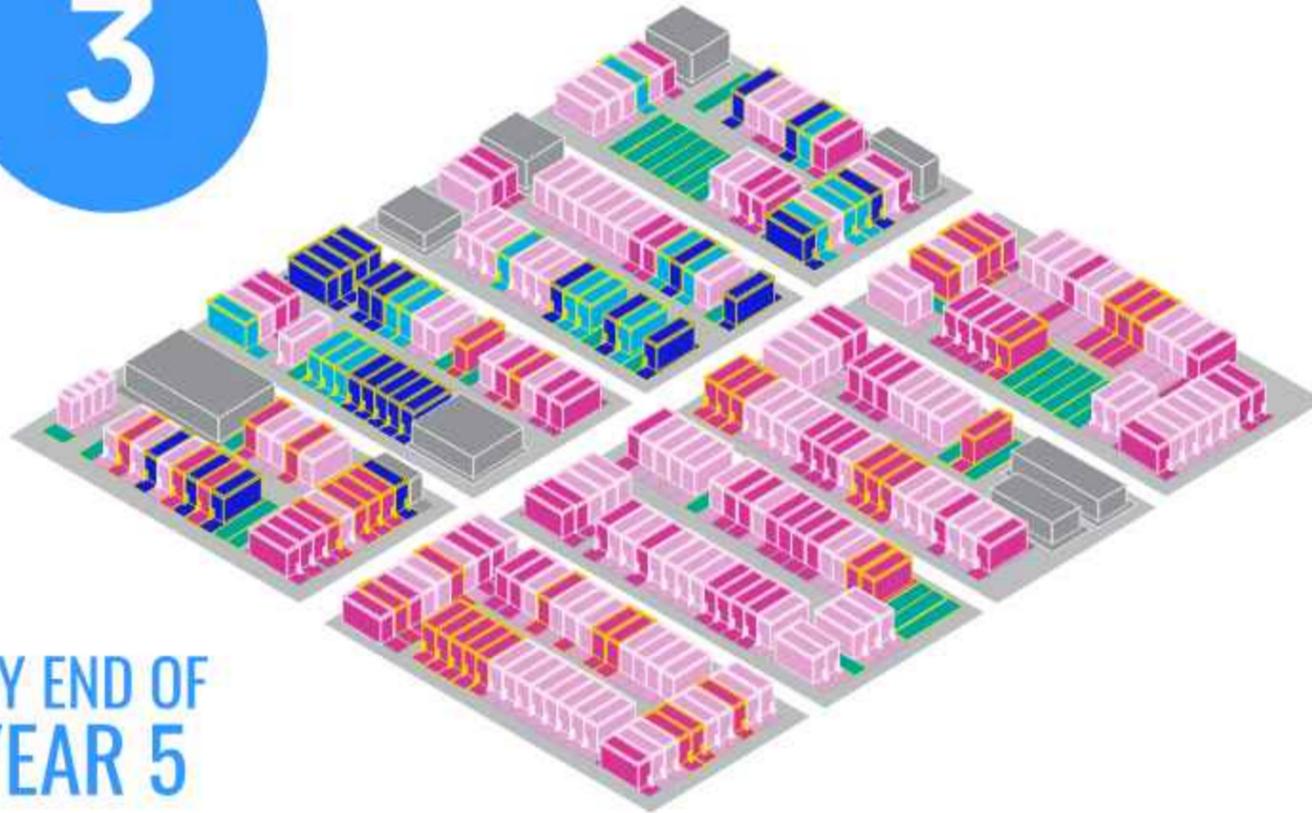
### FIVE SEQUENTIAL STAGES OF WORK



### COMPONENTS AND ACTIVITIES

<b>Planning</b>	Research performed to understand ownership patterns, the opportunities and challenges that exist on each block, and the types of work necessary to achieve Whole Area health
<b>Engagement</b>	Relationships developed with existing homeowners, renters, landlords, and other stakeholders to define opportunities, challenges, and goals
<b>Acquisition</b>	Acquisition tools and resources used to bring all "Must Address Properties" under control of the City and its partners
<b>Stabilization</b>	Condition of "Must Address Properties" assessed and work performed to secure and/or structurally stabilize properties and manage vacant lots
<b>Rehabilitation and Development</b>	NA
<b>Affordability and Inclusion</b>	NA
<b>Homeownership</b>	NA
<b>Public Realm Improvements</b>	NA
<b>Marketing</b>	NA

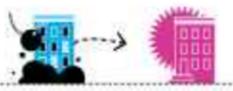
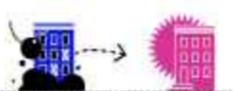
# 3



## BY END OF YEAR 5

During years three through five, the work of achieving control and stabilization of “Must Address Properties” has given way to the work of making the Whole Area and its blocks promising for investment and initiating a first round of major investments. This includes the rehab or redevelopment of 17 VBNs and 25 vacant non-VBN rowhouses, some of which are demolished and infilled. At the same time, the Whole Area’s vacant lots are cleaned, greened, and readied for future infill development.

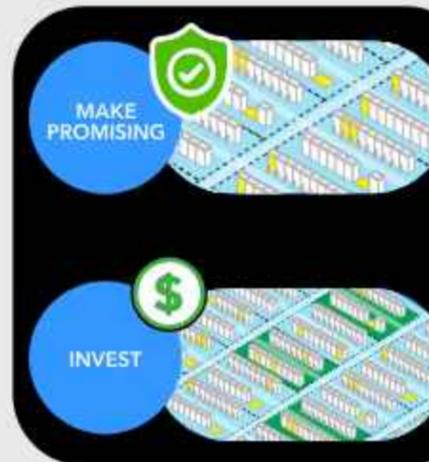
Importantly, the work in years three through five features investments in occupied properties through partnerships with existing homeowners and landlords—whose confidence in the future of the neighborhood is bolstered by major improvements to public infrastructure. By the end of Year 5, the Whole Area exhibits clear signs of promise to the wider market and is ripe for additional investment.

- 
**Strategic demolition and rehab of 50% of VBNs**

- 
**Strategic demolition and rehab of 50% of Vacant Rowhouses**

- 
**Prepare vacant lots for infill development (Clean & Green)**

- 
**Help all existing homeowners with upgrades to their homes**

- 
**Enter into agreement with rental property owners to upgrade properties while holding rent steady**

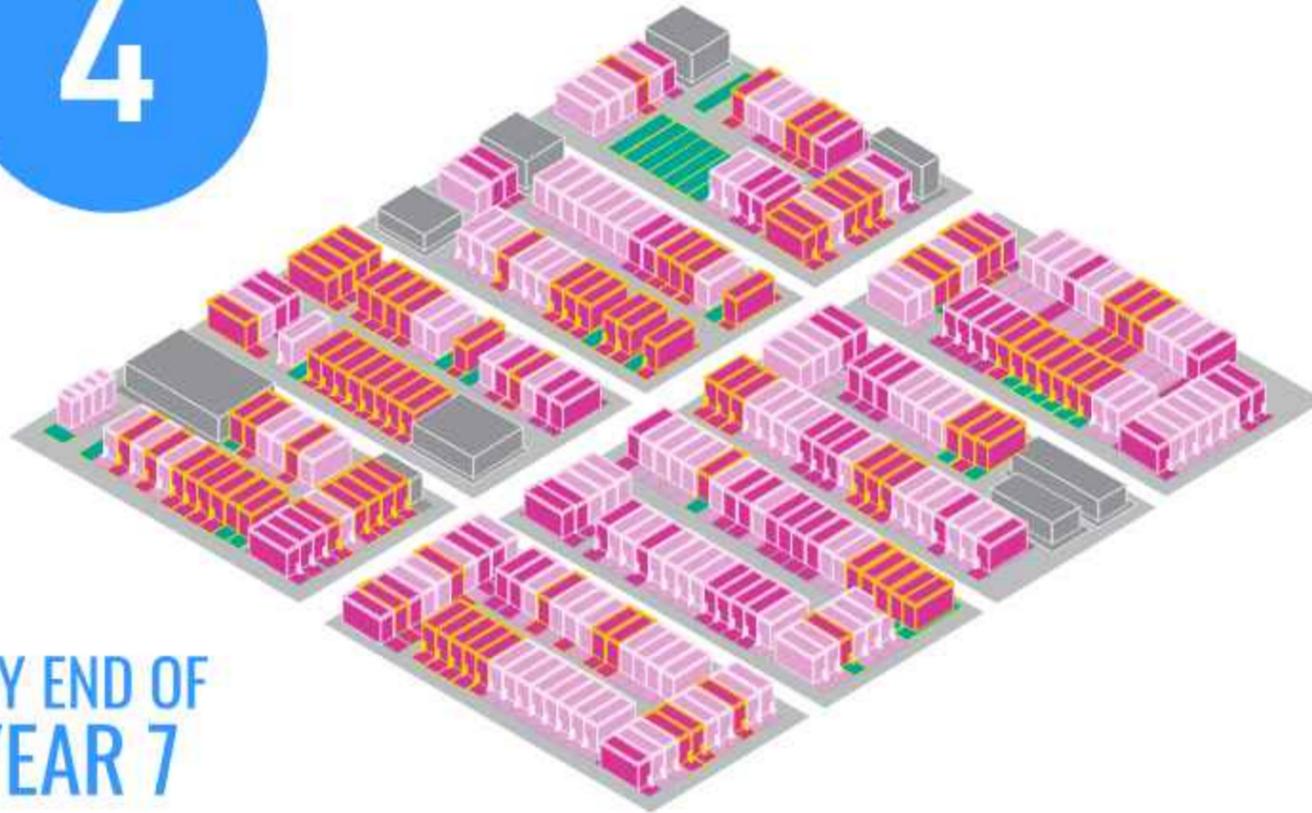

### FIVE SEQUENTIAL STAGES OF WORK



### COMPONENTS AND ACTIVITIES

<b>Planning</b>	Planning capacity is used to focus investments in the right places at the right times and to ensure that all investments are connected in ways that promote healthy neighborhood outcomes
<b>Engagement</b>	Partnerships developed with existing homeowners and landlords to stimulate upgrades to occupied properties; residents at the center of planning for public realm improvements; neighborhood leadership capacity is nurtured
<b>Acquisition</b>	NA
<b>Stabilization</b>	NA
<b>Rehabilitation and Development</b>	Private resources are leveraged with public investments to pursue carefully chosen rehab and redevelopment opportunities
<b>Affordability and Inclusion</b>	Investments in occupied rental properties are conditioned on rent stability to prevent involuntary displacement
<b>Homeownership</b>	Owner-occupancy is prioritized for newly rehabbed properties and infill development
<b>Public Realm Improvements</b>	Investments are made in streets, sidewalks, lightings, trees, and public art
<b>Marketing</b>	Promotion of neighborhood is initiated to create a steady pipeline of prospective homeowners

# 4



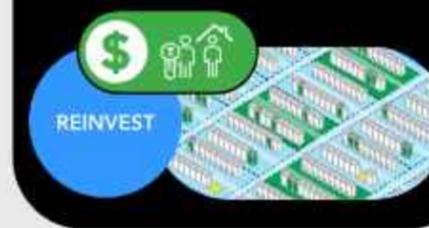
## BY END OF YEAR 7

As work enters its sixth seventh years, signs of promise in the Whole Area are used to leverage even greater levels of investment. The remaining 17 VBNs are rehabbed or redeveloped, as are the remaining 24 vacant non-VBN rowhouses. Work also begins on efforts to infill half of the 33 vacant lots in the neighborhood with new homes geared toward first-time homeowners.

As work on chronically vacant properties finishes, so do upgrades to occupied homes and rental properties—with the rents at rehabbed rental properties remaining stable to ensure the maintenance of affordable housing opportunities.



### FIVE SEQUENTIAL STAGES OF WORK



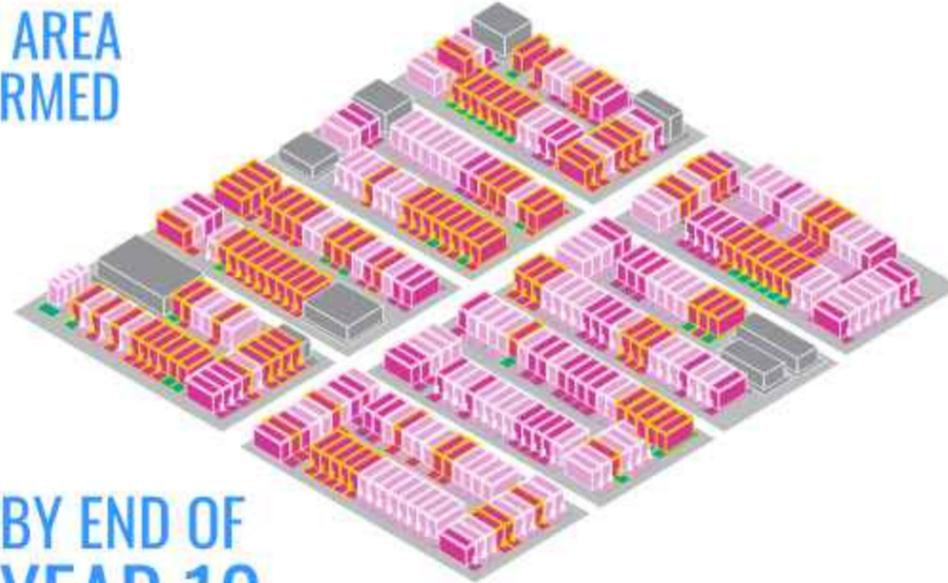
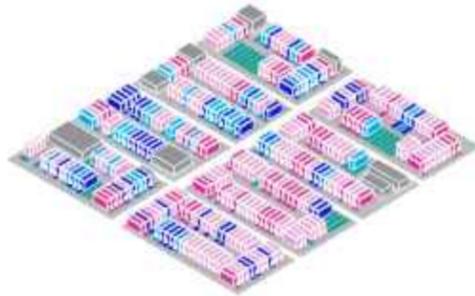
### COMPONENTS AND ACTIVITIES

<b>Planning</b>	Planning capacity is used to ensure that all investments are connected in ways that promote healthy neighborhood outcomes
<b>Engagement</b>	Neighborhood leadership capacity is further cultivated to ensure that long-time and newer residents are well-connected and successfully managing the affairs of improved blocks
<b>Acquisition</b>	NA
<b>Stabilization</b>	NA
<b>Rehabilitation and Development</b>	Private resources are leveraged with public investments to pursue remaining rehab and redevelopment opportunities
<b>Affordability and Inclusion</b>	Investments in occupied rental properties are conditioned on rent stability to prevent involuntary displacement
<b>Homeownership</b>	Owner-occupancy is prioritized for newly rehabbed properties and infill development
<b>Public Realm Improvements</b>	Additional investment in the public realm are made in consultation with residents
<b>Marketing</b>	Promotion of neighborhood is continued in order to create a steady pipeline of prospective homeowners

# 5

EXAMPLE:  
300 RESIDENTIAL PROPERTIES IN AN EIGHT BLOCK WHOLE AREA

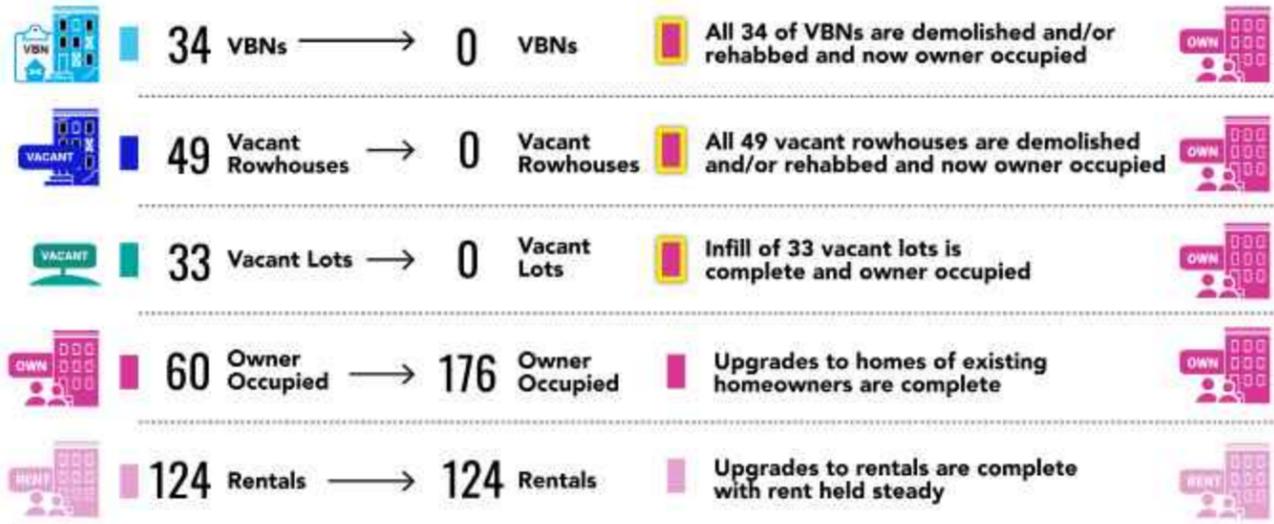
## A WHOLE AREA TRANSFORMED



BASELINE  
YEAR 0



BY END OF  
YEAR 10



	YEAR 0	END OF YEAR 10
Total VBNs, Lots, and Vulnerable Properties	116	0
VBNs, Lots, and Vulnerable Properties as a % of Residential Parcels	39%	0%
Owner-Occupancy Rate of Occupied Residential Structures	33%	59%
Share of Residential Structures that are Chronically Vacant	31%	0%

### FIVE SEQUENTIAL STAGES OF WORK



### ESTIMATED COSTS THROUGH YEAR 10 BASED ON AVERAGE COSTS FOR "WEAK, LOW CONTROL" BLOCKS:

**\$19.2 million for Whole Area**  
**\$2.4 million per Whole Block**  
**68% Private Sources**

At the end of Year 10, a decade of patient and robustly-resourced work has paid off. Chronic vacancy has been eliminated, the homeownership rate has reached nearly 60%, and conditions in the Whole Area have vastly improved. Every residential property has been upgraded in some way, public infrastructure has been refreshed, and there remain 124 rental properties to provide diverse and affordable housing opportunities.

At this stage, the Whole Area has achieved a level of health that should promote healthy cycles of reinvestment by private owners, ensuring that the probability of prolonged vacancy is low and that the neighborhood is able to cope with vacancies when they do occur.

For the entire City of Baltimore, the achievement of health in this Whole Area has yielded a stronger tax base that supports the City's fiscal health and its ability to invest in services and infrastructure. And it has made another corner of Baltimore competitive to middle-class households in the regional housing market.

**Perhaps the most critical time in this hypothetical 10-year process was early on when most resources were devoted to gaining control over VBNs and vacant lots.** In any selected whole area, only when substantial control has been achieved will private sector signals (about where, when, and under what conditions it will participate) become reliable guides for decision-making on rehabs, infill, and other non-acquisition investments.

## Part 2 Typology Methodology

### Geographic Unit of Analysis:

All typology data components are reported at the parcel-level. Parcels were assigned to blocks comprised of facing properties bounded by streets, alleys, railroad corridors, or other easily identifiable boundaries. In total, 4,573 blocks were analyzed for the typology.

### Block Analysis Method:

- Nearby sales price, 2017-21:** All arms-length single-unit home sales contained in City assessment records for 2017 through 2021 were assigned to their respective parcels. For each parcel, an average price was determined based on all sales within 1,500 feet (or roughly ¼ mile). Averages for each block were then calculated. Based on this average, each block was assigned a Z score to describe its deviation of the average for all blocks.
- Nearby open VBN count, 2022:** All open VBNs at the time of analysis (summer 2022) were assigned to their respective parcels. For each parcel, the number of nearby open VBNs was determined based on all VBNs within 1,500 feet. Averages for each block were then calculated. Based on this average count, each block was assigned a Z score to describe its deviation from the average count for all blocks.
- Market strength component:** The market strength of each block was calculated by averaging each block's Z scores for nearby sales price and nearby open VBNs. The average Z scores were then categorized based on their proximity to the average for all blocks for further analysis.
- Properties that have ever been VBNs that are publicly owned:** The City's inventory of VBNs ever issued were assigned to their respective parcels. At the block level, the rate of current public ownership of these parcels was calculated based on analysis of current ownership records. Based on this rate, each block was then assigned a Z score to describe its deviation from the average for all blocks.
- Vacant lots that are publicly owned:** The City's inventory of vacant lots analyzed to determine rates of public ownership at the block level. Based on this rate, each block was then assigned a Z score to describe its deviation from the average for all blocks.
- C.O.R.E. properties:** The inventory of all properties impacted in some manner by the City/State anti-blight initiative known as C.O.R.E. was analyzed to determine the rate of C.O.R.E. intervention at the block level. Based on this rate, each block was then assigned a Z-score to describe its deviation from the average for all blocks.
- Control over vacancy component:** Control over vacancy on each block was calculated by averaging each block's Z scores for public ownership of VBNs, public ownership of vacant lots, and C.O.R.E. interventions. The average Z scores were then categorized based on their proximity to the average for all blocks for further analysis.
- Block typology:** The final block typology was created by designating the categories in the market strength component, in order, as Strongest, Strong, Average, Weak, and Weakest. Blocks in the Weak and Weakest categories were then split into Low and High categories based on the control over vacancy component, with average or lower quintiles representing "Low" control and above average quintiles representing "High" control.

### Part 3 Cost Structure

The costs to “cure” Baltimore’s vacant building problem extend beyond the work of acquiring and then demolishing or rehabilitating them. As this report makes clear, every VBN is a physical structure that is no longer habitable and has had a wider impact on its surroundings for years if not decades.

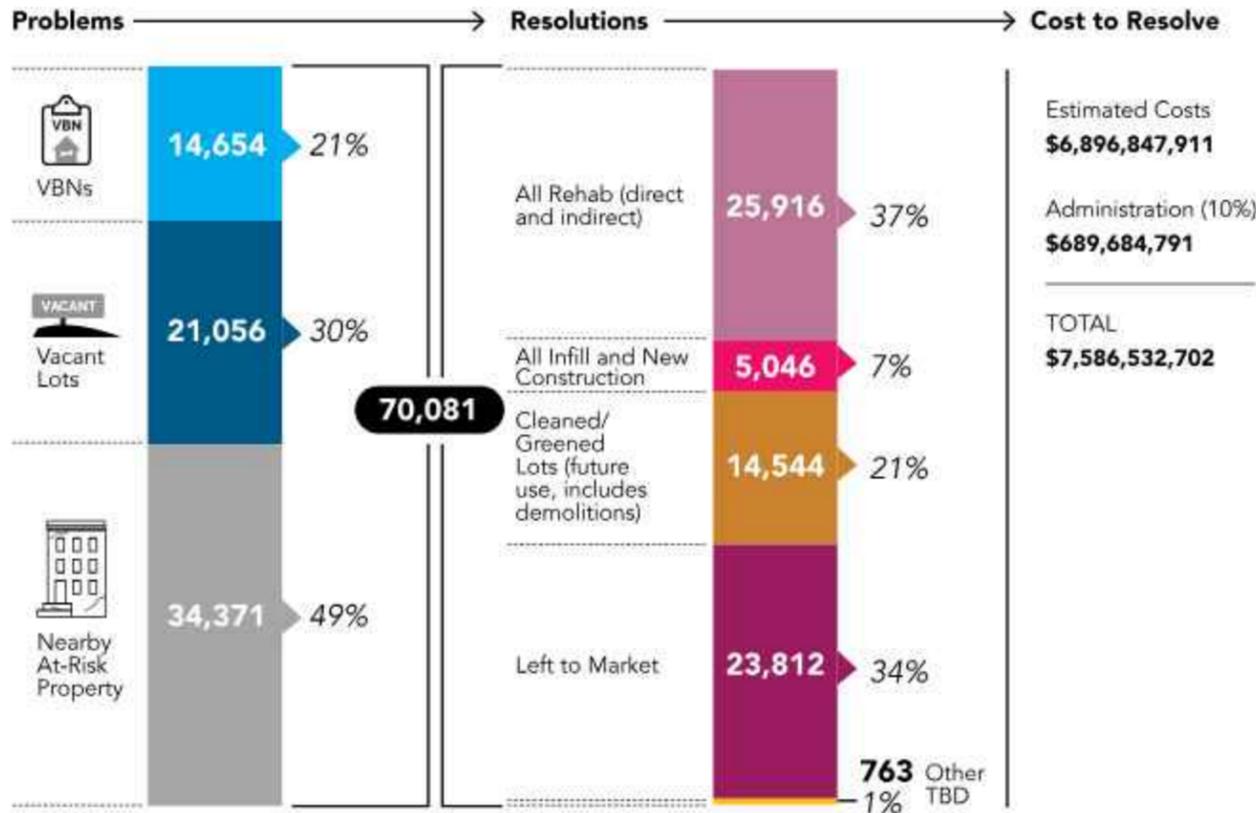
As such, no VBN exists in isolation from the physical and socio-economic conditions in the neighborhood. Accordingly, when there is a VBN, especially on blocks that are distressed, there is also a co-prevalence of vacant lots and of nearby distressed occupied property vulnerable to abandonment. Any legitimate hope of curing the city’s VBN problem invariably requires a massive undertaking comprised of tens of thousands of real estate actions orchestrated to occur in concert with an equally massive community development effort.

At the time of this report, the city was comprised of 224,777 properties (of all kinds, sizes, and shapes). Of these, czb estimates that 70,081 are a “problem.” By this, we mean about one-third of the city’s parcels are either VBNs (14,654), vacant lots (21,056), or residential buildings (many occupied) vulnerable to abandonment (34,371).

Each of these 70,081 “problems” is, in effect, not a single problem. Instead, they should be understood as tens of thousands of interconnected physical and social challenges, about 80% of which are heavily concentrated in just three areas: East Baltimore, West Baltimore, and Park Heights.

To estimate the cost of addressing these challenges, totaling nearly \$7 billion, numerous assumptions needed to be made. These assumptions, which are outlined here, are categorized by these three types of “problems.”

#### Problem and Resolution Summary



#### Condemned Building Disposition (Open Vacant Building Notice - VBN)



VBNs are a blight, the cause of additional blight, and the result of other blight. They are buildings that have been condemned. In some cases they cannot be rehabilitated. In many cases they can be rehabilitated but at great, and often prohibitive, cost. Nearly all will need to be acquired; some via the foreclosure route, others on the open market. This will be both essential and time-consuming. Independent of the challenge of building the capacity to clear VBNs at a rate greater than distressed neighborhoods generate them, a thorough process of acquisition and evaluation must precede redevelopment (rehabilitation or infill).

- 1. Acquisition:** All of the open VBNs in the city’s most distressed neighborhoods need to be acquired as the first step towards stability, a recommended precondition for development. Two-thirds of these can be obtained via the foreclosure route with an average cost estimated to be \$5,000. One-third will need to be purchased on the open market for an estimated average cost of about \$30,000 each (\$29,021) for residential VBNs, and about \$20,000 each (\$21,267) for VBNs in non-residentially zoned areas. **The total estimated cost to acquire recommended VBN’s is \$283 million.**
- 2. Evaluation:** Subsequent to acquisition, every VBN will need to be evaluated for structural integrity in the context of micro market conditions. This has been estimated to cost \$2,000 each. **The total estimated cost for evaluating VBNs is \$26.6 million.**
- 3. Post-Evaluation Option 1—Demolition (As Appropriate):** VBNs fall into three locational definitions. They either share both walls, one wall, or are stand-alone structures. czb has evaluated all of the blocks in the city and all of the VBNs and calculated how many have these characteristics. This impacts demolition expense, which ranges from \$20,000 for a stand-alone row house, on average, to \$40,000 when one wall is shared, to \$60,000 when in the middle of a

block. It was estimated that 50% of all VBNs in the city’s most distressed neighborhoods would need to be demolished, 25% in the city’s average neighborhoods, and none in the city’s strongest areas. The resulting average demolition cost was calculated to be \$55,511 for residential VBNs and \$55,599 for non-residential VBNs. **The total estimated cost for demolishing VBNs is \$372 million.**

- 4. Post-Evaluation Option 2—Demolition Followed by Cleaning and Greening:** Following demolition, it is estimated that in Baltimore’s most distressed neighborhoods, 50% of the demolished VBNs would remain vacant lots until market conditions improved to the point where the private sector might plausibly intervene. In the city’s average neighborhoods, 25% would remain vacant. For all demolition locations, the projected cleaning and greening costs are \$7,500/lot. **The total estimated cost for cleaning and greening newly cleared (as a result of VBN demolition) lots is \$28 million.**
- 5. Post-Evaluation Option 3—Demolition Followed by Residential Infill (New Construction):** The balance of the demolished VBNs are projected to be developed by public-private partnerships into new infill housing at an average construction cost of \$290,000 in the most distressed areas and \$322,500 in the city’s average neighborhoods. **The total estimated cost for developing new (infill) housing on newly vacated (following demolition) lots is \$860 million.**
- 6. Post-Evaluation Option 4—Rehabilitation:** The balance of acquired VBNs deemed suitable for rehabilitation—50% in highly distressed and 25% in average neighborhoods—are projected to be rehabilitated at a cost of \$261,000 in the most distressed neighborhoods and \$290,250 in the city’s average neighborhoods. **The total estimated cost for rehabilitating VBNs is \$1.48 billion.**

**VBN Cost Summary:**



Separate of the expense of addressing vacant lots or other nearby occupied property vulnerable to (at risk of becoming) abandonment, it is estimated that the city's VBN problem will cost **\$3.05 billion**. This estimate is also separate of both opportunity costs (of not tackling this problem as recommended) and the added expense of subsidizing future housing to be affordable to low- and moderate-income households. And it is separate of the expense of requisite public infrastructure upgrades.

**Vacant Lot Disposition**



Vacant lots are prevalent throughout Baltimore, more so than VBNs or nearby properties at risk of abandonment. Whereas 89% of VBNs are residential, and 88% of nearby at-risk properties are, fully 47% of the city's vacant lots are in non-residential areas. When in or at the edges of distressed residential neighborhoods, these lots have to be acquired to bring an added measure of stability to the blocks under consideration for revitalization.

**1. Acquisition.** There are 21,056 vacant lots in Baltimore, 53% (11,062) of which are in residentially zoned areas and the balance (9,994) in non-residentially zoned areas. It is recommended that 5,337 vacant (residential) lots be acquired at an average estimated cost of \$5,000 and that 6,802 vacant (non-residential) lots be acquired for the same average estimated cost. **The total estimated cost for acquiring vacant lots is \$61 million.**

**2. Post-Acquisition Option 1—Cleaning and Greening Vacant Lots.** Once acquired, vacant lots represent both future infill development opportunities and public space amenity potential. At the same time, vacant lots require significant control, the absence of which results in a vacuum vulnerable to disorder and contagious further decline. The estimated cost to clean and green the vast majority of the anticipated vacant lots acquired (10,706) is \$7,500. **The total estimated cost for cleaning and greening acquired vacant lots is \$80 million.**

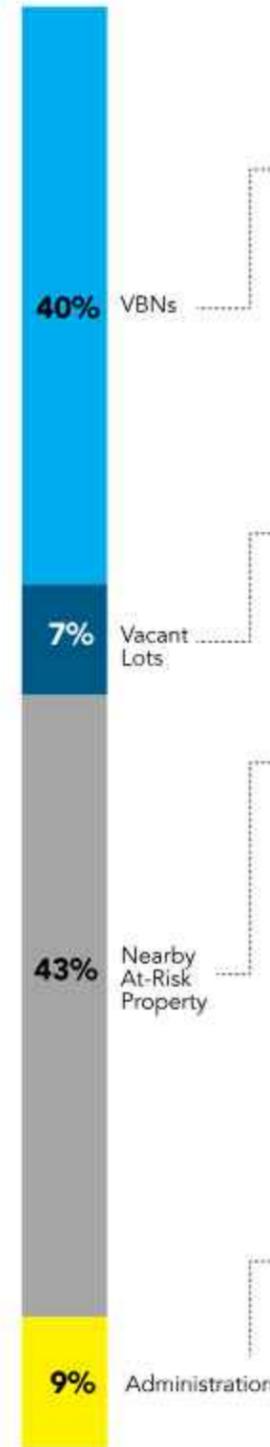
**3. Post-Acquisition Option 2—Residential Infill (New Construction).** The balance of the acquired vacant lots (1,432) are projected to be developed by public-private partnership into new infill housing at an average construction cost of \$290,000 in the most distressed areas and \$322,500 in the city's average neighborhoods. **The total estimated cost for developing new (infill) housing on newly acquired lots is \$415 million.**

**Vacant Lot Cost Summary:**



Separate of the expense of addressing VBNs or nearby properties at risk of abandonment, it is estimated that the city's vacant lot problem will cost **\$556 million**. This estimate is also separate of both opportunity costs (of not tackling this problem as recommended) and the added expense of subsidizing future housing to be affordable to low- and moderate-income households. And it is separate of the expense of requisite public infrastructure upgrades.

**Activity Cost Summary**



Problem	Activities to Resolve	Estimated Cost
<b>VBN</b> 	Acquisition	\$283,000,000
	Evaluation	\$26,600,000
	Demolition	\$372,000,000
	Clean/Green	\$28,000,000
	Infill	\$860,000,000
	Rehabilitation	\$1,480,000,000
<b>Total</b>		<b>\$3,049,600,000</b>
<b>Vacant Lots</b> 	Acquisition	\$61,000,000
	Clean/Green	\$80,000,000
	Infill	\$415,000,000
<b>Total</b>		<b>\$556,000,000</b>
<b>Nearby At-Risk Properties</b> 	Acquisition	\$851,000,000
	Evaluation	\$53,300,000
	Demolition	\$46,000,000
	Clean/Green	\$600,000
	Infill	\$202,000,000
	Rehabilitation	\$1,270,000,000
	Tenant Assistance	\$42,000,000
	Grants to Owners	\$830,000,000
<b>Total</b>		<b>\$3,294,900,000</b>
Subtotal		\$6,900,500,000
Administration (10%)		\$690,050,000
<b>Total</b>		<b>\$7,590,550,000</b>

## Part 4 Legal Tools for An Acquisition Strategy

The Whole Block & Whole Area strategy presented in this document is key to addressing Baltimore's vacant property challenges. In blocks with multiple vacant properties, unless they are all addressed – along with improvements to occupied properties on the same block – the underlying dynamics of the block will not change, and additional properties are likely to be abandoned, even as nearby properties are being rehabilitated. Baltimore can ill afford another decade of two steps forward, three back efforts.

A fundamental precondition to carrying out a whole-block strategy is that the entity responsible for executing so complex an undertaking across several blocks at ounces that it must be able to gain control of all the vacant properties on the block – and very likely at least some of the problem occupied properties as well. An inability to obtain a significant measure of end-to-end control of Baltimore's deeply troubled blocks translates into on-going vulnerability where progress on controlled properties is undermined by persistent problems with properties not under control.

The first step in acquisition should always be a good faith attempt to buy the property through a voluntary arm's-length transaction with the owner. Unfortunately, this is not always possible. Some owners may be unavailable or untraceable. Ownership may be in dispute. Some owners may be unwilling to sell or are unreasonable in their demands. And some properties may be burdened by liens well in excess of their market value.

As a result, tools to obtain control of properties beyond the private market are an absolute necessity for a whole-block strategy to be undertaken. The purpose of this appendix is to outline the key tools, and the most important changes to existing state law or Baltimore City ordinances that should be made in order to maximize the ability of a private entity acting in partnership with the City of Baltimore to acquire properties for whole-block strategies.

### A Spot blight eminent domain

Spot blight eminent domain is the power to take individual properties meeting blight criteria as defined in the law and subsequently convey them to private parties for reuse or rehabilitation, as distinct from taking properties in redevelopment areas as part of implementing a formally-adopted redevelopment plan. While almost all states permit the latter, a number, including New Jersey, Pennsylvania, Tennessee, Virginia and the District of Columbia, permit spot blight taking as well.

Spot blight eminent domain is a critical tool to deal with hold-out properties, or properties where (for whatever reason) taxes are being paid but the property has become blighted or a nuisance.<sup>1</sup> It is also likely to be a faster process than alternative methods such as tax foreclosure or receivership.

Baltimore currently has such a statute (Sec. 21-17 of Public Local Laws of Baltimore City)<sup>2</sup> but it is inadequate in a number of respects, both in general, and with respect to potential application to the current purpose.

- (1) It is linked to a highly problematic quick-take statute (Sec. 21-16), which requires that the City show that "the public interest requires the City to have immediate possession of said property", a standard that has resulted in a number of takings being struck down by state courts. Other state statutes, including that of New Jersey, do not require such a finding as a condition for quick-take eminent domain.
- (2) The current statute requires that taxes on the property be in arrears for at least two years. This obviates one of the main benefits of an eminent domain statute, which is to be able to take properties that are blighted but not eligible for tax foreclosure.
- (3) It makes no provision for delegation by the city of the exercise of the power of spot blight taking to appropriate third parties.
- (4) The statute allows taking of occupied properties on any "block of row houses" which "as a whole contains 70% abandoned property" in order to

further whole-block remedies. This is a positive provision; indeed Baltimore's may be the only spot blight statute with such language. It fails to address, though, both the problem of blighted occupied properties on blocks that fail to meet that high bar, and the fact that the 90% of the city's VBN problems are on blocks that don't meet that threshold<sup>3</sup>.

- (5) It makes no provision for the particular appraisal problems involved with making realistic determination of fair market value for abandoned urban properties that often have negative value; i.e., the cost to rehabilitate them exceeds their post-rehab market value.

With respect to the last point, New Jersey statutes provide a clear method for establishing fair market value for spot blight takings (N.J.S.A.55:19-102), which reads as follows:

With respect to any eminent domain proceeding carried out under section 37 of P. L. 1996, c. 62 (C. 55:19-56), the fair market value of the property shall be established on the basis of an analysis which determines independently:

- a. the cost to rehabilitate and reuse the property for such purpose as is appropriate under existing planning and zoning regulations governing its reuse or to demolish the existing property and construct a new building on the site, including all costs ancillary to rehabilitation such as, but not limited to, marketing and legal costs;
- b. the realistic market value of the reused property after rehabilitation or new construction, taking into account the market conditions particular to the neighborhood or subarea of the municipality in which the property is located; and
- c. the extent to which the cost exceeds or does not exceed the market value after rehabilitation, or demolition and new construction, and the extent to which any "as is" value of the property prior to rehabilitation can be added to the cost of rehabilitation or demolition and new construction without the resulting combined

cost exceeding the market value as separately determined. If the appraisal finds that the cost of rehabilitation or demolition and new construction, as appropriate, exceeds the realistic market value after rehabilitation or demolition and new construction, there shall be a rebuttable presumption in all proceedings under this subsection that the fair market value of the abandoned property is zero, and that no compensation is due the owner.

While not ideal, the language here above is a solid starting point. Cities in New Jersey have carried out many takings using this provision since it was enacted in 2004, and there appears to have never been the subject of a legal challenge.<sup>4</sup>

Spot blight taking is a key acquisition tool. Either the provisions of Sec. 21-16 and 21-17 should be substantially amended to address the issues laid out above, or a new spot blight eminent domain statute drafted.

### B In rem tax foreclosure

In 2019, the Maryland Legislature significantly expanded the City's powers to take vacant properties by enacting MD Tax-Prop Code § 14-873 et seq., permitting the city to take vacant properties directly through tax foreclosure direct rather than having to sell the tax liens on those properties at the City tax sale. This is a generally good statute, which, however, has some limitations in terms of its use for the proposed strategy.

- (1) The statute applies only to properties meeting this definition:

Real property may be subject to foreclosure and sale under this part only if:

- (1) the property consists of a vacant lot or improved property cited as vacant and unsafe or unfit for habitation or other authorized use on a housing or building violation notice; and
- (2) the total amount of liens for unpaid taxes

<sup>1</sup> Eminent domain is also useful in situations where the owner is willing to sell at a reasonable price, but the accumulated liens on the property significantly exceed the market value. In contrast to an arm's length transaction, an eminent domain proceeding extinguishes liens in excess of market value. This is sometimes referred to as a "friendly" eminent domain.

<sup>2</sup> This refers to laws passed by the state legislature specific to Baltimore City, as distinct from the City Code of local ordinances.

<sup>3</sup> This language is ambiguous, and the statute does not define 'block.' A reasonable inference would appear to be that it refers to a continuous block face of attached row houses.

<sup>4</sup> In practice, where the appraisal under this provision results in zero value, Newark, and I believe other cities, has adopted the policy of offering the owner \$5,000.

on the property exceeds the lesser of the total value of the property as last determined by the Department or as determined by an appraisal report prepared not more than 6 months before the filing of a complaint under this section by a real estate appraiser who is licensed under Title 16 of the Business Occupations and Professions Article.

The problem lies in part (2) of the definition. While there is little doubt that almost any vacant lot created as a result of demolition would meet this definition, it is likely that quite a few vacant structures would not, especially in the absence of any statutory guidance to appraisers. There is no inherent legal justification for imposing this limitation, and if possible, should be removed through amendment.<sup>3</sup>

It is also worth considering whether the statute could be amended to include blighted occupied properties, where there has been a history of code violations and complaints with respect to the property.

(2) Under the statute, only the City can exercise these powers, and there is no provision under which the City can delegate the power to bring in rem foreclosure proceedings against vacant properties to appropriate third parties. In some states, including New York City<sup>4</sup> and in New Jersey, legislation has been enacted to allow cities to pull certain properties from the regular tax sale process and create a special procedure to move the tax liens to qualified entities, which can then foreclose on the properties.

In rem tax foreclosure, like spot blight taking, is an essential acquisition tool. Although it may take longer than other methods, it is made all the more valuable in that it triggers no costs of acquisition other than the transaction costs (mostly legal fees) of the foreclosure action. We would recommend that the provisions of MD Tax-Prop Code § 14-873 et seq. be amended to reflect the above points.

### C Receivership

The most widely-used tool in the City's acquisition toolkit in recent years has been the authority for vacant property receivership under Sec. 121 of the City's Building Fire and Related Code. This ordinance, in addition to authorizing more or less conventional receivership proceedings, contains a particularly powerful alternative in Sec. 121.10:

A receiver appointed to sell a vacant building, in addition to all necessary and customary powers, may sell the property at public auction or private sale, following the provisions that apply to a receiver appointed under [...] the Maryland Rules.

This provision has been used aggressively by the City's Department of Housing and Community Development since 2010. Under the rubric of Vacants to Value or V2V, the Department initiates receivership proceedings in court. If the owner fails to intervene and commit to restoring the property to use, the court assigns the properties to a non-profit receiver created by the City (One House at a Time or OHAAT), which then holds regular auctions at which private for-profit or non-profit developers can buy properties. The developers then rehabilitate the properties, largely using their own resources.

Although the particular model of V2V was designed to work for particular target areas, the core receivership power applies to any "vacant structure [...] for which a notice or order to rehabilitate or to demolish is outstanding." The use of this power as part of the whole-block strategy would be significantly enhanced if the ordinance were amended to provide that the Building Official, who has the sole authority to bring receivership actions under the ordinance, may delegate that authority to qualified, appropriate third parties. In contrast to the other areas discussed here, which require state legislative action, this can take place through City Council action to amend the receivership ordinance.

### D Forfeiture

Under the principle of forfeiture, if someone is operating a property as a nuisance, in that it is causing harm to others, and fails to abate the nuisance after notice has been given, under certain circumstances that property can be forfeit to government; that is, a court can transfer ownership to the government. This principle is widely used – and in the eyes of many, widely abused – in the area of criminal forfeiture, where police departments have seized houses, cars and other properties that have been used for drug dealing or other criminal activity.

At least three states have enacted statutes that explicitly apply forfeiture to blighted, vacant properties, Illinois, Iowa and New York. A judicially-created forfeiture procedure has been created in Wayne County, Michigan (which includes Detroit), while other state statutes, including that of New Jersey, could be interpreted as authorizing it. Indeed, the Baltimore receivership program, with its ownership-transfer model, can be seen as conceptually closer to forfeiture than to the conventional understanding of receivership.

One advantage of an explicit forfeiture provision is that it could be used to create a more expedited process specifically with respect to properties whose owners or other responsible parties cannot be found after an appropriately diligent search. In such cases, the process followed in receivership, in which repeated notice is given to owners and substantial time granted to them to cure their violations and place their properties back into use, is effectively pointless, and could be substantially accelerated. We suggest that statutory language authorizing forfeiture of vacant properties, *in conditions where the owner cannot be found after diligent search, and no interested party appears to contest the proceedings in court, be added to the acquisition toolkit.*

<sup>3</sup> One can speculate that it might have been included in response to requests from the tax lien buying industry, which did not want to lose the opportunity to bid on potentially profitable properties.

<sup>4</sup> The New York City program, known as the 'third-party transfer' program, applies to distressed (but not necessarily vacant) multi-family properties. The New Jersey program, known as a 'Special Tax Sale', applies to properties that have been determined to be abandoned by the municipality.

# WHOLE BLOCKS, WHOLE CITY RECLAIMING VACANT PROPERTY THROUGHOUT BALTIMORE

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NOVEMBER 2022



Prepared by czbLLC for ReBUILD Metro and BUILD