

## **AGREEMENT BETWEEN CITY OF BALTIMORE / BUILD / GBC TO:**

### **1. END THE CRISIS OF VACANT AND ABANDONED PROPERTIES IN BALTIMORE CITY OVER THE NEXT 15 YEARS, STARTING WITH STRATEGIC, PUBLIC INVESTMENT IN A MINIMUM OF 37,500 “MUST ADDRESS” PROPERTIES, WITH AN AGREED UPON PATHWAY TO PUBLIC INVESTMENT IN 45,000 PROPERTIES IF NEEDED**

Mayor Scott, BUILD, and GBC (“Parties”) agree that we can and must end the crisis of vacant and abandoned properties in Baltimore City over the next 15 years. This work will include addressing tens of thousands of abandoned homes, vacant lots, and occupied homes in need of improvement. These transformative actions will be guided by the Parties’ shared belief in community-led development without displacement, building equity, and addressing the wealth gap through homeownership. This will create thriving mixed-income neighborhoods, and providing housing that is safe and affordable, at scale. These investments and actions will also begin to address Baltimore’s well-documented history of disparate treatment of neighborhoods and communities based on race – including, but not limited to – the legacy of racially restrictive covenants pioneered in Baltimore and the legacy of redlining. While this work has begun, we believe this work must be accelerated with strategic, public investment in a minimum of 37,500 “must address” properties primarily in East Baltimore, West Baltimore, South Baltimore, and Park Heights where the impact of disinvestment is most acute, with an agreed upon pathway to public investment in 45,000 properties if it is needed. [1]

### **2. USE A “WHOLE BLOCKS” APPROACH THAT REPAIRS BROKEN HOUSING MARKETS**

Mayor Scott, BUILD, and GBC commit to the “whole blocks” approach that will be required to address this crisis. A whole blocks approach strategically invests in the entire neighborhood. The “whole blocks” approach means that public and private reinvestment addresses every vacant house, empty lot, and at-risk property on any block that is identified for redevelopment. This joint commitment of Mayor Scott, BUILD, and GBC to address “whole blocks” will leverage at least \$2 of direct, private investment for every \$1 of public investment over time. We will measure our success – in part – based on the number of whole blocks that are returned to health. When entire neighborhoods are returned to health, they will be safe, attractive, quality places where people and businesses can thrive. All parties agree that a publicly available tool will be shared that tracks “whole blocks” identified for redevelopment, blocks begun, and blocks completed through this work. [2]

### **3. GENERATE A MINIMUM OF \$3.0 BILLION IN NEW PUBLIC INVESTMENT OVER 15 YEARS THROUGH A COMBINATION OF CITY, STATE, AND PRIVATE INVESTMENT**

Over recent months, Mayor Scott, BUILD, and GBC have worked with Public Financial Management (PFM) and its affiliates, a trusted family of companies, to review and vet potential funding sources and financing mechanisms that could generate this level of investment. The attached white paper from PFM summarizes their work, initial analysis, and identified sources of investment. Informed by this work, Mayor Scott, BUILD, and GBC agree that we can generate a minimum of \$3.0 billion in public investment from the City, State, and private partners over the next 15 years, and commit to seek additional funding as needed. We believe this city, state, philanthropic, and private social impact investment will leverage more than \$5 billion in market-driven private investment and will more than pay for itself at the city and state level as the analysis by PFM suggests.

In addition to the tens of thousands of properties identified above, this investment will address the associated infrastructure work necessary (such as streets and alleys, electricity, plumbing, recreation, and parks) to ensure that rehabbed and newly constructed homes are on whole blocks in whole neighborhoods. This activity is of such a scale that it will build a stronger, more equitable economy for Baltimore and Maryland.

These sources include, but are not limited to:

- Issuing non-contiguous TIF bonds in subsequent tranches for specific vacant houses. If successful, these TIFs are expected to generate at least \$150 million over 15 years;
- Reinstating the city’s Industrial Development Authority (IDA), which can generate \$150 million in public investment over 15 years;
- Seeking \$900 million in state housing funding over 15 years;
- Requesting a new stream of revenue, such as a local share of state sales tax receipts from Baltimore City, which can be used to leverage \$1.5 billion over 15 years;
- Generating \$300 million in social impact bonds and other creative private or philanthropic investments to support this work over the next 15 years.

After several years of this program, analysis from PFM suggests that we will start seeing benefits in additional income tax, property tax, and other public revenues that we could leverage to generate additional bonds in the amount of an additional \$500 million to \$700 million if needed. If private investment does not occur at the expected level, we commit to seek additional public investment necessary to address 45,000 properties citywide.

All parties agree that federal investments can and should also be leveraged in this work, where appropriate.

All parties will work together to identify the \$300 million in social impact bonds and other creative private or philanthropic investments to support this work over the next 15 years.

#### **4. UTILIZE AN EXISTING FINANCING OR SPECIAL PURPOSE ENTITY**

Mayor Scott, BUILD, and GBC agree that an existing financing or special purpose entity (e.g., Stadium Authority, MEDCO, etc.) should finance a portion of the needed bonds. The use of such an entity will ensure:

- Longevity and consistency, over multiple Mayors and City Councils, to increase confidence of investors and to ensure this long-term work continues over the 15 years;
- Production of units coming back into productive reuse and accountability to agreed upon community development standards and values;
- Financing for a portion of the needed bonds.

The financing or special purpose entity must uphold and be accountable in governance and performance to Mayor Scott, BUILD, and GBC’s shared belief in community-led development without displacement, building equity, and addressing the wealth gap through homeownership. Doing so will create thriving mixed-income neighborhoods, and provide housing that is safe and affordable, at scale. These values, and any standards for performance (e.g., related to pace and quality of development, using a “whole blocks” approach, leveraging private investment, etc.) will be upheld using a rigorous evaluation and oversight framework, including: exploring the creation of an advisory board within an existing entity, the creation of a comprehensive performance evaluation system by DHCD, the drafting of governing documents memorializing these values and standards, and/or legislating these values and standards. [3]

#### **5. COLLABORATE TO SUPPORT THE RAPID EXPANSION OF AN ENTIRE INDUSTRY**

Mayor Scott, BUILD, and GBC recognize the importance of bringing together resources to support the rapid expansion of an entire industry that will be needed to undertake this work, as well as to ensure that priority is given to local businesses and organizations, particularly those that are BIPOC-led and owned, and that hire locally. This includes investing in the housing and community development sector, workforce development, home ownership counseling, neighborhood and housing marketing, resident pipeline creation, homeowner repair programs, and estate planning. This process should be guided by clear performance standards and metrics. Mayor Scott, BUILD, and GBC commit to establishing a working group that supports this work to ensure the ecosystem of workforce development, developers, and ancillary industries are prepared to implement this ambitious vacants reduction strategy.

*EXPLANATORY NOTES:*

- [1] The Impact Investment areas described in [DHCD's Framework for Community Development](#) and some areas immediately adjacent to those Impact Investment Areas offer immediate opportunities to achieve inclusive, economically sustainable growth supported by a comprehensive multi-agency, multi-partner strategy. As these areas and others identified for investment stabilize and grow, they will fuel subsequent public and private investments as well as transformational development in adjacent communities. Based on analysis conducted by czbLLC in its "Whole Blocks, Whole City" report, we believe those properties not addressed with public investment can and will be addressed using a combination of both existing and new public tools as well as private investment.
- [2] The "whole blocks" approach described above will build from the work of City DHCD, BUILD, ReBUILD Metro, and other private investors.

The whole blocks approach that City DHCD has been employing, works with partners to braid together interventions in a coordinated and strategic fashion. This approach includes developing implementation plans that are grounded in community and are driven by each individual neighborhood's vision; it also includes acquisition, disposition, demolition, stabilization, receivership, site assembly, investing in the homes of legacy residents, and offering flexible financing tools to small and mid-size developers.

The successful work of BUILD, ReBUILD Metro, and other private investors – working in partnership with the City and State – in Greenmount West, Johnston Square and parts of Oliver and Broadway East has further demonstrated the market for living in these neighborhoods. This model has also been strengthened by czbLLC's "Whole Blocks, Whole City" report, which lays out an implementation plan citywide.

Building on these current approaches will require:

- Commitment of Mayor Scott, BUILD, and GBC to our shared values of:
  - community led development without displacement,
  - building equity and addressing the wealth gap through homeownership,
  - keeping rental markets affordable,
  - creating thriving mixed-income neighborhoods, and
  - providing housing that is safe and affordable;
- Refining or creating community-driven plans, developed in partnership with residents of specific neighborhoods and blocks.
- Possible statutory and regulatory changes to streamline the process of acquiring and disposing of vacant structures and making the rehabilitation process easier and less expensive.

- [3] We expect the selected financing or special purpose entity will involve memoranda of understanding or intergovernmental agreements with Baltimore DHCD and other parties to leverage their strengths (including, e.g., DHCD's current tools) as part of this work. All parties remain open-minded about how these relationships will be structured and implemented in order to ensure the most effective implementation and use of public resources as well as to leverage the more than \$5 billion in private capital needed to achieve our shared goals.