Kim Hairston/The Baltimore Sun

Baltimore Mayor Brandon Scott speaks at a news conference in March 2022 when he announced $100 million in American Rescue Plan Act funding to address some of the city's housing issues, including vacant properties.


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Baltimore Mayor Brandon Scott will unveil an ambitious $3 billion plan Monday to attack the city's thousands of vacant properties, promising to address a decades-old problem with funding from a newly created Tax Increment Financing zone and a yet-to-be-secured state investment.

The proposal, which Scott plans to announce Monday evening alongside officials from the Greater Baltimore Committee and Baltimoreans United In Leadership Development, calls for a mix of public and private financing that would be used over 15 years to broaden the city's existing approach to rehabilitating vacant properties. Scott hopes the plan can address 35,000 city properties during that span.

"This is not a problem of 'Can it be done?' 'Does the city have the tools to do this?'" Scott said. "This is: 'Do we have the capital to do it at scale?'"

Of the $3 billion investment proposed, $300 million would come directly from Baltimore — half from borrowing via a revived industrial development authority and the rest from the sale of Tax Increment

Financing or TIF bonds. The TIF structure, typically used in Baltimore for new, high-profile development, would allow the city to borrow millions of dollars to help fund the acquisition, remediation and sale of vacant properties. The debt would be paid off with new tax revenue expected to be generated by the improved properties.

Unlike the city's existing TIF districts, which have compact boundaries, Scott has proposed a noncontiguous TIF zone that would be spread across the city's most vacant-prone communities, primarily in East and West Baltimore.

To bolster the proposed city investment, Scott will ask the state to contribute $900 million over 15 years. In a briefing with The Baltimore Sun about the plan, Scott's top finance and housing officials said there are existing resources and allocations Baltimore receives from the state that could be made more flexible to allow the city to better leverage the money.

Many of Scott's ideas rely heavily on the cooperation of state lawmakers, in particular a piece of the proposal that calls for giving Baltimore a share of the sales tax collected in the city. A 2% local share would generate enough revenue to pay debt service on $1.5 billion in other bonds to assist with vacant homes, Scott's team said.

However, state lawmakers are expected to grapple with budget tightening next year as revenue falls short of spending plans. On Tuesday, state officials announced a $3.3 billion reduction in planned transportation spending over the next six years.

Still, Scott's administration expects to make its requests to the state around vacant properties a centerpiece of its agenda for the Maryland General Assembly session beginning in January.

"I know that this governor, that our Senate president, that our speaker, that the secretary of the state housing community development team, understand the importance of this issue, and that we've been working and talking with them about that," he said. "And that they will make a significant investment into this plan."

Vacant properties have long been a persistent problem in Baltimore, where thousands currently sit empty. The properties are magnets for crime, and a Sun analysis found Baltimore's vacant homes catch fire at twice the national average rate.

The danger the properties pose to first responders who battle the frequent fires inside has been apparent during Scott's tenure. Three city firefighters died battling a blaze in January 2022 inside a vacant West Baltimore rowhouse. The building, damaged in a previous fire, collapsed on them.

In March of that year, Scott announced a $100 million allocation from the city's federal American Rescue Plan Act money to be used for the rehabilitation of vacant properties and other housing initiatives.

Amid other pressing issues such as implementing a crime plan and managing the impact of the coronavirus pandemic on Baltimore, vacant properties haven't often been the most visible piece of Scott's agenda since he took office in December 2020. Yet, as he enters a campaign for reelection in 2024, Scott has touted a reduction in the city's total number of vacant properties from 15,843 to 13,636.

The plan Scott will unveil Monday also calls for substantial private investment. The proposal relies on $300 million from philanthropic and community investments over the next 15 years. BUILD, a city-based group of congregations, schools and neighborhood associations working to improve housing, will join the GBC, a coalition of businesses and other city institutions, to collaborate on raising private funds, Scott's team said.

GBC President Mark Anthony Thomas cautioned that private investment will not come overnight, but the group backing Scott's plan and the proposed investment will help build confidence in Baltimore.

"What we have to do is send a signal that people are deeply invested in Baltimore's communities, that there is a universal commitment to get us to a better place," he said.

The Rev. George Hopkins, co-chair of BUILD, said the mayor's plan would bring much-needed investment to neighborhoods that have been ignored for generations while allowing existing redevelopments to expand. BUILD will work with the mayor's team to ensure development occurs without displacing residents, he said.

"This investment, our desire, intention and goal is that it benefits people who have lived in our communities, for many people generation after generation, and that as this change happens, that it benefits them," Hopkins said.

Baltimore Housing Commissioner Alice Kennedy said the Department of Housing and Community Development is positioned to do the necessary work. DHCD already has the authority to do project financing and to issue loans for acquisition and demolition of properties, she said. Kennedy argued that other cities have had to create land banks or new authorities because they didn't already have the necessary powers to tackle vacant properties.

An agreement between BUILD and GBC, however, does include a provision calling for an existing special purpose entity, such as the Maryland Stadium Authority, to help with the issuing of bonds. BUILD previously called for creating a new special purpose entity to assist with the vacant building problem.

Kennedy said Scott's plan will build on the strategy the city already has employed in impact investment areas. In those zones, the city has offered a holistic redevelopment plan that includes demolition and stabilization of properties, acquisitions, live-work incentives, down payment assistance and home repair grants. The plan also includes funds for infrastructure in the neighborhoods around the properties such as light posts, sidewalks and alleys that have been neglected or fallen apart as blocks were abandoned.

The funding infusion proposed by Scott would allow the city to add a new tool to the mix: loans for developers, Kennedy said. Those funds could help to close the appraisal gap — the difference between the cost to renovate a home and the price a renovated home can command on the market.

Stephen J.K. Walters, Baltimore-based author of "Boom Towns: Restoring the Urban American Dream," called the mayor's plan "an incredibly complicated way of staying on the wrong track."

"The first thing we have to understand about TIFs is they do not work," said Walters, a retired professor of economics at Loyola University Maryland.

Even when subsidies help developments get built, the completed projects typically fail to spark development and investment elsewhere. That's because the impediment to investment, which prompted the need for the subsidy in the first place, has not been removed outside of TIF boundaries, Walters said. Subsidies move revitalization and investment activity from one area to another rather than increasing the tax base more broadly, he said.

“The evidence on this is very clear from our own attempts and our own experiments,” Walters said. “This is not enough to stimulate a genuine renaissance in the city. It’s not enough to solve the disinvestment crisis that’s leading to all these vacancies and abandonments.”

If some of the loftier provisions of Scott’s plan come to fruition, specifically the state allowing the city to share in a portion of the sales tax, Scott’s plan also calls for property tax relief. The plan calls for a $1,000 cut on all owner-occupied properties in Baltimore. That figure would represent the greatest percentage for properties with the lowest assessments. About half of the city’s properties, those valued at $150,000 or less, would have an effective tax rate of 1.3% or lower, city officials said.

The proposed cut coincides with an effort by Renew Baltimore, with which Walters is involved, to gather signatures for a ballot question that would ask voters whether they want to step down the city’s property tax rate from 2.248% to 1.25% over six years. The petition effort, led by a group that bills itself as grassroots but has wealthy and powerful backers, narrowly failed to gather the necessary 10,000 signatures needed to get onto the ballot in 2022. Organizers already are gathering signatures for the 2024 election, however. Ballot questions in Baltimore almost always pass.