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Seeing Value in City's Low-Income Housing
By Jen DeGregorio/The Daily Record

A California company invested \$17 million in that and another complex, confident that it can make a profit in Baltimore's low-income housing market.

A California real estate company invested \$17 million in Baltimore real estate. Not surprising, given the explosion of property values, but Hampstead Partners Inc. invested in affordable housing for low-income families. The Lester Morton and Clay Courts apartment complexes in East Baltimore were built in the early 1970s with federal Department of Housing and Urban Development subsidies. The federal housing program provides subsidies to developers of housing for low-income earners, as well as housing vouchers that subsidize the cost of rental units. Since the 1970s, Lester Morton and Clay Courts had fallen into a state of disrepair and crime, becoming a haven for drug use and violence. But last year Hampstead Partners bought the 214 units in the complexes, investing about \$32,000 per unit in upgrades. Along with improving the physical shape of the buildings and units, the company added playgrounds, a community center and other improvements. The city police department also helped crack down on crime in the complexes. "This is the kind of developer we're looking for in the city," said Housing Commissioner Paul T. Graziano. "It's proof that investment in affordable housing can be profitable." About 10,500 families in Baltimore live in HUD-regulated projects, said housing department spokesman David Tillman. But many of those projects are notoriously rundown and crime infested, often due to landlords' neglect. The Pall Mall Apartments in Northwest Baltimore are an example of failed HUD-subsidized projects, according to city officials, with drug use and shootings. In July, the city revoked the Pall Mall landlord's multifamily dwelling license for failing to provide security and other services at the apartments. The revocation will likely close the units. "We are going after the failure and irresponsibility of apartments like Pall Mall," Graziano said. While not launching an official initiative, the city will focus more intently on bringing developers like Hampstead Partners to Baltimore, Graziano said.

Hampstead Partners is also in the process of rehabilitating the Poppleton Place Apartments in Southwest Baltimore. The company has its eye on a number of other sites throughout the city, said Hampstead Partners President Chris Foster. "There's good opportunity in affordable housing," Foster said. "There are a lot of properties that are reaching the end of their regulatory agreements with HUD." More than 10 companies throughout the country focus on developing federally-subsidized housing units, Foster said. Funding comes in a variety of forms, including federal grants, low-interest loans, tax credits and direct renter subsidies, Foster said. Renters in Lester Morton and Clay Courts pay between \$50 and \$450 per month, depending upon individual needs, Foster said. "What we're seeing is that you can make money providing affordable housing in Baltimore City," Tillman said. "If it's done well and you're a responsible landlord, the market will take over."