



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Housing Commissioner

Date: December 20, 2023

Re: City Council Resolution 23-0186R Informational Hearing - Examining the State of Baltimore's Middle Neighborhoods

The Department of Housing and Community Development (DHCD) has reviewed City Council Resolution 23-0186R for the purpose of inviting the Commissioner of DHCD and other relevant parties, to appear before the City Council to discuss the State of Baltimore's Middle Neighborhoods.

DHCD has been working collaboratively with the Mayor's Office, the Department of Planning, the Department of Transportation, the Department of Public Works, the Mayor's Office of Children and Family Success, the Mayor's Office of Neighborhood Safety and Engagement, the City Administrator, Live Baltimore and many other stakeholders on a Middle Neighborhoods strategy and investment approach geared towards stabilizing and growing our middle neighborhoods in hopes of strengthening housing markets and improving quality of life for Middle neighborhood residents.

DHCD is pleased to participate in an Informational Hearing to discuss our work as it relates to:

- (1) the systemic disinvestment of Baltimore's middle neighborhoods and its connection to the decline in Baltimore's population of working- and middle-class families;
- (2) ongoing efforts to revitalize these neighborhoods;
- (3) future strategies to invest in these neighborhoods; and
- (4) present challenges to reversing current trends and restoring these once-stable communities.

Background

Middle neighborhoods have many assets but are vulnerable. They are neither the most disinvested, nor wealthiest communities of Baltimore City. They have high, but declining rates of homeownership. Middle neighborhood residents make up the majority of Baltimore City's total population and residents of these neighborhoods are predominantly Black. Middle neighborhood resident's household incomes are significantly lower than area AMI. They also comprise more homeowners, and more homeowners that are age 65 or older.

City Government's role historically has been to manage available public funds and work to secure additional state and federal capital to ensure a standard quality of life, focused on the

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health and safety of all Baltimore City Residents, including Middle neighborhoods. A renewed effort to focus on these neighborhoods specifically was originally identified in the Middle Neighborhoods section of DHCD’s comprehensive framework, “*A New Era of Neighborhood Investment: A Framework for Community Development*” released in 2019. DHCD has seen some success with these interventions which included; operating funds for community led organizations, matching funds for rehab loans, architectural services, block projects and marketing for middle neighborhood groups.

Ongoing efforts

DHCD has been involved in this multi-partner approach since 2019 as a member of the Middle Neighborhoods Work Group which was a group of stakeholders organized by the Mayor’s Office as a sub-group of the City’s Neighborhood Cabinet. The objective of the Work Group was to generate recommendations and to discuss initiatives to further DHCD’s Middle Neighborhoods strategy. The group chaired by Live Baltimore, convened its first meeting in 2019. The workgroup included representatives from City Council, DOP, Baltimore City DHCD, State DHCD, Live Baltimore, City Schools, community development organizations (HNI, NHS, St. Ambrose, MD Community Development Network) developers and many representatives from the private sector.

This was followed by the work of the Middle Neighborhoods Planning Group, convened by the Department of Planning in 2020 and 2021 to develop an Implementation Plan for the workgroup recommendations which included categories such as; racial equity and displacement, housing stock, homeownership, commercial/retail, services/amenities and other items intended to prioritize middle neighborhood focus areas.

In July 2021 the Middle Neighborhoods Strategy was presented to City Leadership. In the Fall of 2021 applications opened for \$641M in ARPA funding. DHCD and the Planning Department would go on to secure a commitment of 9.7 million in ARPA funds and in combination with other funding strategies, is presently working in a coordinated effort with our partners on Middle Neighborhood Strategy implementation.

Strategies to invest

The Middle Neighborhood investment approach includes; ARPA funding, Healthy Neighborhood Inc. (HNI) funding and leveraging existing City resources, like CIP and DHCD Home repair programs. As part of Baltimore City’s Middle Neighborhood Strategy, the City is committing \$9.7M in ARPA funded investments in these communities including Wealth Building home repair grants for legacy residents (\$ 4 million) ARPA dollars will target 26 neighborhoods in 5 focus areas with the coordinated strategy up to 46 neighborhoods.

Other funding includes INSPIRE development incentives operated by DHCD (\$1.29 million); “Buy the Block” down payment assistance for tenants buying in their own neighborhood operated by Live Baltimore (\$3.4 million) and through the community organizing support of Healthy Neighborhood Inc. (HNI) for the neighborhood-based organizations in these targeted

areas (\$1 million) to promote the availability of City and other resources to residents, build neighborhood capacity, as well as ensure that these resources are equitably deployed to benefit residents and neighborhoods.

DHCD will continue to use existing home repair programs such as Rehabilitation, Housing Upgrades to Benefit Seniors, Weatherization and Lead Hazard Reduction to leverage impact.

In addition to the repair programs, DHCD supports the efforts of the My Deed, My Legacy Program. Ensuring that residents are the legal owner of a home, and on the deed, is a key piece to being eligible for tax credits and home repair programs. The home is also a source of generational wealth for many families and ensuring legal title to a property protects this wealth.

Present challenges

The existing challenges faced by Baltimore's Middle Neighborhoods lie on many levels, some are market driven and outside of our control, while some obstacles offer opportunities for City intervention. The biggest challenge historically is related to funding levels, which limit the number of individuals we can serve and development projects we can support. Funding levels dictate our ability to act and in what circumstances we can provide supports like home repair grants and development incentives. Additionally, some applicants need extra outreach and technical assistance when applying for home repair grants and some have difficulty in submitting the required supporting documentation necessary to verify AMI and complete the application.

Conclusion

DHCD is committed to working with the Administration to continue to stabilize and grow Middle neighborhoods. Reversing market failure in deeply distressed neighborhoods is a primary goal of the agency. These interventions fall across several DHCD Divisions and range from streamlined code enforcement, vacancy prevention efforts and maintaining the stability of legacy Baltimore residents by supporting vulnerable people in these communities. Growing our middle neighborhoods also means attracting more middle income Black and immigrant families, which is vital for the City as a whole to support the Mayor's Action Plan Pillar of Equitable Neighborhood Development. We believe the Middle Neighborhood Strategy will drive population growth with a focus on supporting seniors, preserving legacy residents and building generational wealth.

DHCD **supports** the passage of City Council Resolution 23-0186R.

AK/sm

cc: Ms. Themelis, Nina, *Mayor's Office of Government Relations*

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