

## MEMORANDUM

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

From: Alice Kennedy, Acting Housing Commissioner

Date: November 18, 2021



**Re: City Council Bill 21-0172 Baltimore City Legacy Residents – Urban Homesteading Program**

### Bill Background

If enacted, City Council Bill 21-0172 would establish the Baltimore City Urban Homesteading Pilot Program and charge DHCD with the administration of the program. The purpose of the program is to revitalize and stabilize Baltimore City's Neighborhoods by providing legacy residents with an affordable path to homeownership.

### DHCD Comments

While DHCD supports the intent of the program we currently offer a variety of resources and opportunities for homeowners, future homeowners, and legacy residents through the agency's Office of Homeownership & Housing Preservation (HHP). These programs support the path to homeownership and lessen the maintenance burdens of homeownership for Baltimore City residents. These activities include:

- **Housing Rehabilitation and Repairs:** Addresses emergencies, code violations, and health and safety issues for eligible owner-occupied properties.
- **Weatherization:** Energy efficiency improvements that lower utility bills and make homes safer and more comfortable. Available for eligible owner-and tenant-occupied properties.
- **Lead Hazard Reduction:** Lead remediation projects for eligible owner- and tenant-occupied properties. Household must include a pregnant woman or a child under 6. Available for eligible owner-and tenant-occupied properties.
- **Tax Sale Prevention:** DHCD's Tax Sale Services Coordination and Prevention division assists homeowners in avoiding tax sale and in understanding and navigating the tax sale process.

The City also offers a range of programs to support home buyers:



- **Baltimore City Employee Homeownership Program:** \$5,000 for employees of City and quasi-City agencies who have been employed for at least six months.
- **Buying Into Baltimore:** \$5,000 awarded by lottery to people who attend a Live Baltimore Trolley Tour and meet other conditions.
- **Community Development Block Grant (CDBG) Homeownership Assistance Program:** \$5,000 for first-time homebuyers with a household income at or below 80% of area median income. Currently, this is \$54,950 for a household of one, \$62,800 for two, or \$78,500 for four.
- **Direct Homeownership Assistance Program:** An additional \$5,000 for CDBG Homeownership Assistance Program recipients who (a) purchase the house they have rented and occupied for at least six months, or (b) have a household member with a disability.
- **Live Near Your Work:** This partnership with participating employers encourages homeownership near places of employment. The City matches employers' contributions between \$1,000 and \$2,500, for total incentives of \$2,000-\$5,000+, depending on the employer.
- **Vacants to Value Booster:** \$10,000 incentive for properties that were subject to a Vacant Building Notice for at least one year prior to (a) rehabilitation of the property by an investor/developer, or (b) sale of the property to a homebuyer who intends to renovate the property using an acquisition/rehabilitation loan.

DHCD currently conducts a “no wrong door”, single point-of-entry for programs through the LIGHT Intake & Assessment Unit to best coordinate the delivery of a variety of no- and low-cost services to help homeowners become more self-sufficient, safer, more stable and healthier in their homes.

DHCD currently strategically acquires, manages, and disposes of real property to create housing and economic development opportunities for Baltimore's neighborhoods. DHCD's Development division, employs four methods for the purchase of City owned property; Requests for Proposals (RFP)/Requests for Qualifications (RFQ), Expressions of Interest (EOI), the Side Yard Program and most relative to the proposed legislation, the “Vacants to Value” Program.

- **Requests for Proposals/Requests for Qualifications:** DHCD uses RFP/RFQ's to seek developers or development teams for large scale projects that require extensive experience in urban revitalization initiatives, a proven track record of community partnerships, and financial and organizational capacity to successfully implement and complete complex redevelopment projects within a timely period.
- **Expressions of Interest:** DHCD uses EOI's to field market interest in specific redevelopment opportunities of city-owned properties. The EOI helps DHCD plan for upcoming RFP cycles by identifying which opportunities have the strongest

market interest. It is intended that the EOI will serve as a basis of establishing a list of interested and qualified firms to be invited to respond to future Request for Proposals.

- **Side Yard Program:** The program provides an opportunity for property owners adjacent to city-owned vacant lots to purchase these side lots “as is.” Property owners may use the lots for various purposes including gardens, landscape, fencing the property and if applicable, driveways and existing property expansion. Interested adjacent owners can apply for up to two sideyards.
- **Open Bid/Vacants to Value:** Most relative to the proposed legislation the, “Vacants to Value” Program is geared towards interested homeowners, small developers or entities wishing to bid on individual or small bundles of City-owned properties.

## DHCD Findings

Specific to the proposed legislation DHCD has identified significant areas of concern:

1. The legislation does not take in to account the necessary access to capital needed to complete renovations costing \$100,000 - \$300,000 depending on the size and condition of the property.
2. The legislation is duplicative in nature, contradictory to standard lending practices, and in some cases restrictive. Furthermore, it would complicate or hinder the use of standard acquisition/rehab loans such as FHA 203k loans. These loans require draws based on completed work and inspections and would not provide for funds to be held in an escrow account. The legislation denies access to the needed capital to complete property renovations.
3. The legislation calls for the property to be leased to the prospective buyer while repairs are being made – by leasing the property, this prohibits a buyer to obtain financing and capital needed to complete rehabilitation of the property and obtain a use and occupancy permit.
4. Based on the restrictive nature of the location of properties as proposed in the legislation, the cost of rehab is greater than area sales prices, which would immediately put buyers under water.
5. The timing of the requirements in the legislation for obtaining a use and occupancy permit, but then still allowing for repairs after the use and occupancy do not align.
6. The majority of properties will be next to private vacants which limits participants ability to obtain homeowners insurance.
7. As drafted the Legislation calls on the Department to establish a registry of properties that meet certain criteria in a designated

- neighborhood and offer them for purchase through the program. DHCD has already identified 4 Impact Investment Areas and suggests deleting the criteria in the Bill.
8. The Legislation calls on the Department to establish a registry of properties available for purchase through the program. DHCD already has a public facing registry of properties, including buildings and vacant lots that are available for purchase. DHCD suggests deleting the registry requirement from the Bill.
  9. The Bill requires the agency to determine if a property is able to be “repaired and made compliant” with the Building, Fire and Related Codes and Health Articles. DHCD would not be able to definitively determine if a building is able to be repaired and made compliant without specialized expertise. DHCD suggests deleting this requirement from the Bill.
  10. The Legislation calls on the agency to determine if a property is “likely” to be purchased by a prospective homeowner. There is no requirement in the legislation that the participant make the property their principal residence for a specified amount of time after the transfer of ownership from the City.
  11. The Legislation requires the agency to conduct a property inspection and produce an estimate of the cost of repairs. DHCD does not have the staff expertise or resources to produce an estimate of the cost of repairs. Those evaluations should be made by a licensed contractor specialized in the appropriate trade.

DHCD recognizes the negative impact that housing policy has had over the years on our black and brown communities from redlining to historic disinvestment. Our agency is committed to redress the systemic issues that have plagued our City. DHCD has been conducting a review of property disposition policies to identify opportunities to advance equitable access to property, as well as increase disposition efficiencies. DHCD is an active participant in the Comptroller’s Office property disposition working group and realizes there are opportunities for improved collaboration related to the property disposition process.

Currently all city-owned property is listed publicly, and anyone can submit an offer to purchase. These properties are mostly in disinvested, historically redlined neighborhoods, and anyone can submit an offer. DHCD requires proof of financing to fully renovate the property and generally expects a \$90,000 renovation funding minimum. A key change to policy that the agency is reviewing is a change in timing for closing on a property – moving to utilizing an escrow process like what is being suggested in the urban homesteading legislation.

The agency has developed a draft proposal that aims to reduce disposition processing time to 90 days by:

1. Implementing SLATE software

2. Completing a review of all publicly available educational materials – including translation services – to ensure a consistent and clear process, as well as ensure ready access to resources
3. Creating a fixed pricing model for properties that meet specific criteria
4. Seeking pre-approval from the Board of Estimates for identified properties and a corresponding standard LDA
5. Establishing rehab pricing minimums
6. Providing a clear and consistent path for application review
7. Increasing the agencies Marketing Budget in FY22 and FY23
8. Completing a Side Yard Policy Review in conjunction with the Comptroller's Office of Real Estate
9. Employee Retraining and Education

Keeping low-income homeowners & Legacy Residents in their homes is a key strategy to preserving affordable housing in our city. DHCD supports the intent of this legislation however the proposal laid out in this Bill is i duplicative of work already underway by the Department, and/or is contradictory to standard practices and procedures regarding lending and property rehabilitation. At its core, the proposed legislation will not create opportunities to generate wealth and redress racist housing policies. DHCD is committed to reorganization, increased marketing, and improvement of pricing policy, to make the sale of city-owned properties a clear, predictable, and transparent process for all Baltimoreans.

## DHCD Analysis

DHCD has operational and fiscal concerns regarding the implementation of the proposed legislation. This legislation is an unfunded mandate and is duplicative of many services and incentives the agency already provides.

### Program Participation

- Page 3 lines 13 through 20 of the Bill defines Legacy Resident as an “individual who resides in the City of Baltimore for a period of 15 continuous years prior to June 30, 2022, OR for at least 15 continuous years before moving out of Baltimore City subsequent to a foreclosure, short sale, or deed in lieu of foreclosure on a home that was the resident’s principal residence for those 15 years; and was purchased or refinanced during the period beginning on Jan. 1, 2001 and ending Dec. 31, 2008.” This definition raises several questions worth additional consideration. If a resident lost a habitable house because of foreclosure, would they have the capital or credit to get the loans necessary to renovate a vacant property? What types of foreclosure does this legislation apply to; Mortgage foreclosure, Tax Sale foreclosure, In-rem foreclosure? Lines 15

through 20, on page 3 of the Bill should be deleted because of its ambiguity. DHCD defines a legacy resident as someone who has resided in a property in the City of Baltimore for a period of at least 15 continuous years.

- Pages 6 and 7 of the proposed legislation outlines the eligibility requirements for program participation. DHCD currently evaluates applications to determine the following:
  - The appropriateness of the proposed project or rehabilitation
  - The feasibility of the proposed development
  - The capacity of the applicant to undertake and complete the project and the ability to demonstrate appropriate financial resources
  - An acceptable credit history, a record of responsible property ownership and management
  - And, where applicable, previous development experience
- The eligibility requirements for program participation as laid out on pages 6 and 7 of the proposed legislation are confusing, the program is open to individuals who are 18 years old or older, is a legacy resident of Baltimore, and is a first-time homebuyer, among other eligibility requirements. “And’s” and “or’s” seem to be missing from this section.
- Ownership verification would not be difficult to determine but actual proof of residency would be very difficult to establish at a level that may be able to withstand an audit. Verification of residential addresses and lengths of residency may be impractical to verify dating back 10 continuous years and it would be difficult to determine if program applicants who are renting in Baltimore are in compliance with the terms of their current lease.

### DHCD Staffing Capacity

DHCD has concerns around the additional staffing capacity this program would require to evaluate applications for some of the eligibility requirements laid out in the Bill. Additional staff would be needed to complete application verification and software upgrades may be needed to manage the process. The agencies process for application approval does not need to be included in the enabling legislation and is better suited for the Rules and Regulations that must be adopted to carry out the program. The program participation requirements laid out in the legislation are even more stringent than the existing Vacants to Value program and could potentially limit the number of participants.

### Registry

- As drafted the Legislation calls on the Department to establish a registry of properties that meet certain criteria in a designated neighborhood and offer them for purchase through the program. DHCD has already identified 4 Impact Investment Areas in East, West, Southwest and Park Heights that have been historically overlooked by investors and revitalization initiatives and subject to redlining. DHCD is focused on building



markets and wealth creation through homeownership in historically disinvested communities throughout the City. Limiting qualifying criteria such as those suggested in Section 2C, 3D-1, could have the unintended consequence of limiting access to this program. (See Appendix, Figure 1.)

- DHCD suggests deleting the criteria on page, 5 lines 2 through 11 to designate neighborhoods and meet certain criteria identified in the Bill. DHCD is already focused on community development work throughout the City, by further limiting neighborhoods eligible for participation in this program we run the risk of re-enforcing residential segregation and limiting the inventory of eligible properties available for revitalization. DHCD is focused on building markets and wealth creation through homeownership in historically disinvested communities throughout the City. Limiting qualifying criteria such as those suggested in Section 2C, 3D-1, could have the unintended consequence of limiting access to this program just because a resident lives one block outside of a designated boundary.
- The Legislation calls on the Department to establish a registry of properties available for purchase through the program. DHCD already has a public facing [registry](#) of properties, including buildings and vacant lots that are available for purchase and is undergoing a comprehensive review of the disposition process, in tandem with the Comptroller's office, and reevaluating the engagement, speed, pricing and transparency around the revitalization of properties within the agency's inventory.
- DHCD suggests deleting the registry requirement on page, 5 lines 12 through 30 for a number of reasons;
  - Lines 22 and 23 require the agency to determine if a property is able to be "repaired and made compliant" with the Building, Fire and Related Codes and Health Articles. Theoretically, every building that has a vacant building notice could be repaired and made compliant provided the owner has the financial resources and willingness to do so. Unless in a Building Official's opinion, a structure is so dangerously unsound or so deteriorated that rehabilitation is not feasible and the structure needs to be demolished, DHCD would not be able to definitively determine if a building is able to be repaired and made compliant without specialized expertise. Properties offered through the Vacants to Value program are offered on an "as-is" basis.
  - Lines 24 and 25 require the agency to determine if a property is "likely" to be purchased by a prospective homeowner. DHCD would have no way of guaranteeing long term homeownership outcomes after the property is rehabilitated. The owner of the property may decide to offer the property for rent or resale. There is no requirement in the legislation that the participant make the property their principal residence for a specified amount of time after the transfer of ownership from the City.
  - Lines 28 through 30 require the agency to conduct a property inspection and produce an estimate of the cost of repairs. DHCD's Development Division



frequently issues "Inspection Right of Entry" to open buildings to potential buyers to evaluate the conditions of the building and provides publicly facing photos on the Vacants to Value website. DHCD does not have the staff expertise or resources to produce an estimate of the cost of repairs. Those evaluations should be made by a licensed contractor specialized in the appropriate trade.

## Implementation & Program Procedure

DHCD has serious financial and organizational capacity concerns around the complexity of implementing and managing the Urban Homesteading program. The Department of Finance anticipates the program would cost \$791,345 and would require additional staff to qualify and monitor participant progress, provide ongoing technical assistance to participants, conduct the required inspections and approve and manage the disbursement of funds to contractors. DHCD anticipates a high demand for participation in the Urban Homesteading Program and would anticipate the need for (9) additional staff including:

- (1) Operations Officer II
- (1) Construction Project Supervisor II
- (2) Rehabilitation Technicians II
- (3) Rehabilitation Technicians III
- (1) Rehabilitation Loan Processor
- (1) Office Support Specialist III

- Page 8, line 8 describes conditions which must be met to approve an individual's application, one of which is to complete a walk-through inspection of the property with a staff member of the program. DHCD has liability concerns of performing walk through inspections and would recommend an amendment to require a liability release to participate in the program.
- Page 9, lines 6 – 8 require the department to execute a lease with qualifying program participants whereby the City serves as the lessor and the participant as lessee for a period of two years at the cost of \$1.00 a year. The leasing component of the Bill raises legal questions and may prevent participants from accessing capital to complete the rehabilitation of the property. The City Council is unable to legislate the lease rates and sale prices of properties, furthermore participants will not be able to get a FHA or conventional rehab loan if they are leasing the property. Participants would need to go to settlement and hold title in order to obtain the necessary capital loan in order to complete the anticipated repairs costing anywhere between \$100k and \$300k. DHCD would recommend an amendment to remove the leasing component from the Bill.
- Page 9, lines 9 & 10 require the Department to clear the property of any trash, debris or other refuse. The Bill does not specify if the clearing of the property includes the exterior





and interior. DHCD inspects properties within the City's inventory and when appropriate, makes referrals to DPW for work orders to address cleaning, boarding and cutting of the exterior of properties. Clearing the interior would be extremely expensive and potentially dangerous. This requirement should be deleted from the Bill and properties should be offered through the program on an "as-is" basis. Should this requirement remain in the Bill, consideration should be made as to the annual additional fiscal impact on the city.

- Page 9, line 22 describes situations where the lessee will be performing the repairs. The Bill states that "If the participant chooses to complete repairs by him or herself, with the departments approval the participants may deduct the cost of the repairs he or she is completing from the funds deposited into the escrow account." Some work requires a licensed professional and the legislation as drafted suggests program participants can do all of the work themselves and avoid hiring a professional. DHCD would recommend an amendment to specify the lessee may perform repairs "where permitted by code."
- Page 9, lines 27 through 34 require the program participant to obtain a use and occupancy permit, or temporary certificate of occupancy and take residency within 6 months of executing the lease. As written the agency would serve as the lessor and the participant as lessee for a period of two years, which may be extended. If this is meant to be a two-year program DHCD would recommend an amendment to delete the temporary use and occupancy reference and extend the period of time to two years which is more in line with typical rehab timelines.
- Page 10, lines 5 through 7 calls on the agency to complete quarterly inspections of the property to ensure repairs are being made. Quarterly inspections are not needed as long as program participants pull permits and call for appropriate work inspections. Additionally, most rehab loans require their own private inspections in order to process draw payments. This requirement should be deleted from the Bill.
- Page 10, line 12 calls on the department to conduct a final inspection at the end of the lease term to verify if the property is in compliance with the BFRC and the repairs itemized on the list have been completed. Final inspections are not necessary and should be satisfied as long as the program participant received their use and occupancy permit. DHCD recommends an amendment to add requirements that participant should:
  - obtain all permits
  - schedule all inspections
  - maintain property clean and secure at all times
  - register property
  - not occupy property or use for any purpose until the use and occupancy permit is issued

## Available Properties

Below is a helpful set of charts that outline the total universe of Vacant Buildings across the City. Based on an analysis by DHCD's Research & Analytics team, only 315 city-owned properties in



47 out of the City's 270+ neighborhoods would be eligible for this program, per the legislation's property eligibility stipulations. Of more than 15,000 registered VBNs, only 1,280 are owned by the City. ([Link](#) to DHCD Key Stats Dashboard.) Below is a summary table of available properties and key data that speaks to the true rehabilitation cost as compared to median Household income of these properties.

As the summary table below (Figure 1) demonstrates; there are *only 315 properties potentially eligible* as prescribed by the legislation. Almost *two-thirds (62%) of these 315 properties* are right next to at least 1 property with an active Vacant Building Notice (VBN). Moreover, *nearly half (48%) of these eligible properties are on blocks with over 50% vacancy*. Even if a potential homeowner can obtain financing and insurance (highly unlikely), these homesteaders will be immediately underwater while living on blighted blocks.

Figure 1, Analysis Summary of Available Properties

*Analysis completed by DHCD's Research and Analytics team. Date sources: ACS 5-Year Estimates and DHCD Administrative Data.*

Potential Houses	Eligible Properties on a block with over 50% vacancy	Properties directly next to at least 1 VBN	Median Rehab Cost	Median household income 2015-2019, eligible neighborhoods	% Of median income needed to rehab	Owners spending over 30% on housing 2015-2019	Renters spending over 30% on housing 2015-2019
315	150	195	\$105,573	\$25,188	459%	27%	55%



Figure 2, Neighborhood Rehab Analysis

Analysis completed by DHCD's Research and Analytics team. These neighborhoods represent eligible properties, according to 1937 HOLC "Redlining" Map. Date sources: ACS 5-Year Estimates and DHCD Administrative Data.

Neighborhood	Potential Eligible Properties	Sum of Properties On a Block with Over 50% Vacancy	Sum of Adjacent to VBN	Median Rehab Cost	Median Household Income 2015-2019	% of Median Income Needed to Rehab	Owners Spending Over 30% on Housing 2015-2019	Renters Spending Over 30% on Housing 2015-2019
ARLINGTON	7	0	6	\$144,655.00	\$36,621.34	395%	23%	50%
BEREA	4	2	4	\$88,858.50	\$31,121.27	286%	34%	50%
BETTER WAVERLY	1	0	1	\$118,330.00	\$34,412.48	344%	33%	57%
BIDDLE STREET	1	0	0	\$21,977.00	\$35,518.36	62%	47%	39%
BOYD-BOOTH	9	6	6	\$26,877.50	\$21,879.76	123%	21%	63%
BROADWAY EAST	23	10	16	\$184,075.00	\$33,677.71	547%	24%	52%
CARROLLTON RIDGE	6	2	5	\$21,857.50	\$30,632.62	71%	19%	61%
CENTRAL PARK HEIGHTS	20	5	12	\$100,700.00	\$38,825.86	259%	27%	46%
COPPIN HEIGHTS/ASH-CO-EAST	2	0	2	\$94,540.00	\$41,220.18	229%	25%	44%
DARLEY PARK	3	0	2	\$32,598.50	\$29,621.65	110%	9%	81%
DRUID HEIGHTS	3	0	1	\$93,837.50	\$25,624.40	366%	16%	70%
EAST BALTIMORE MIDWAY	7	3	5	\$25,122.50	\$26,193.38	96%	34%	53%
EASTERWOOD	1	1	1	\$12,673.16	\$38,360.86	33%	30%	68%
EDGEWOOD	1	0	0	\$90,431.45	\$41,129.35	220%	32%	71%
FRANKLIN SQUARE	17	6	12	\$79,950.00	\$24,886.86	321%	33%	55%
FRANKLINTOWN ROAD	3	0	2	\$68,466.50	\$21,016.30	326%	18%	48%
GAY STREET	1	0	0	\$179,967.50	\$30,600.67	588%	43%	43%
GREENSPRING	5	3	5	\$103,120.25	\$33,897.05	304%	34%	51%
HARLEM PARK	31	21	27	\$225,250.00	\$18,990.97	1186%	32%	63%
IRVINGTON	1	0	0	\$75,700.00	\$42,591.88	178%	24%	43%
LANGSTON HUGHES	4	0	2	\$19,630.00	\$31,765.00	62%	38%	48%

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LUCILLE PARK	2	0	0	\$22,768.93	\$29,414.52	77%	33%	65%
MIDDLE EAST	16	13	7	\$232,733.00	\$33,953.80	685%	22%	57%
MIDTOWN-EDMONDSON	9	4	7	\$10,055.51	\$22,710.92	44%	27%	70%
MILTON-MONTFORD	1	0	1	\$204,070.00	\$31,748.14	643%	29%	48%
MONDAWMIN	2	1	2	\$81,369.65	\$33,922.11	240%	23%	44%
MOSHER	2	0	1	\$7,886.00	\$0.00		7%	45%
NEW SOUTHWEST/MOUNT CLARE	2	2	2	\$37,188.00	\$29,727.46	125%	28%	60%
NORTHWEST COMMUNITY ACTION	1	0	0	-\$50,364.73	\$30,829.84	-163%	27%	69%
OLDTOWN	21	19	2	\$10,487.73	\$13,699.78	77%	14%	44%
OLIVER	19	10	14	\$171,551.25	\$32,889.65	522%	28%	58%
PARK CIRCLE	4	1	2	\$95,219.08	\$12,630.95	754%	35%	43%
PARKVIEW/WOODBROOK	1	0	1	\$75,350.00	\$30,194.53	250%	23%	71%
PENN NORTH	7	6	5	\$92,210.00	\$30,737.15	300%	17%	60%
PENROSE/FAYETTE STREET OUTREACH	7	1	5	\$27,820.00	\$25,475.54	109%	31%	67%
POPPLETON	6	4	0	\$207,988.85	\$17,824.12	1167%	19%	48%
ROSEMONT	1	0	0	\$54,941.50	\$35,102.88	157%	37%	56%
ROSEMONT HOMEOWNERS/TENANTS	4	0	2	\$24,728.75	\$10,680.91	232%	53%	60%
SANDTOWN-WINCHESTER	32	13	23	\$56,507.57	\$11,280.20	501%	32%	44%
SHIPLEY HILL	7	3	4	\$38,076.93	\$21,480.13	177%	25%	64%
SOUTH CLIFTON PARK	3	1	2	-\$25,220.00	\$40,376.30	-62%	20%	31%
TOWANDA-GRANTLEY	1	0	0	\$43,955.00	\$39,645.81	111%	38%	51%
UNION SQUARE	2	2	2	\$192,014.50	\$8,499.30	2259%	14%	80%
UPTON	11	11	1	\$139,206.88	\$15,270.14	912%	16%	59%
WALBROOK	1	0	1	\$121,210.00	\$44,910.26	270%	26%	56%
WAVERLY	1	0	1	\$120,650.00	\$54,727.81	220%	29%	53%
WOODMERE	2	0	1	\$118,761.26	\$35,695.39	333%	37%	62%

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Figure 3, VBN Ownership

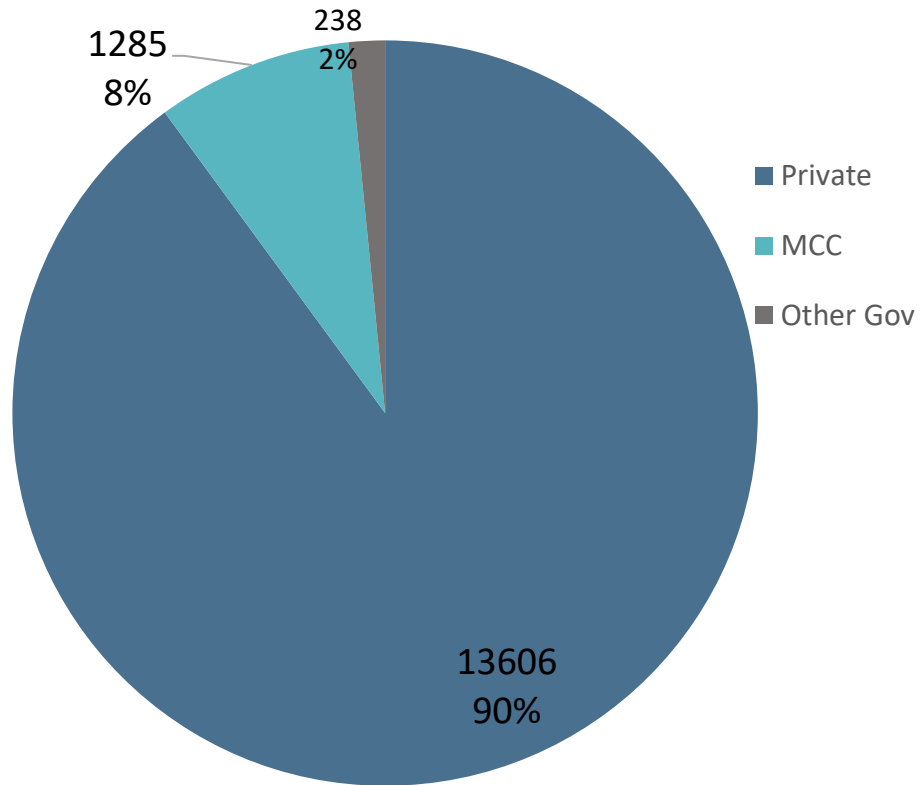


Figure 4, MCC Owned VBN Strategic Planning

Existing Project includes:

1. Major Redevelopment Areas (e.g. Poppleton)
2. Development Division Project (e.g. Ambrose Kennedy Park)
3. Community Development Zone

All existing projects are available for view via [CoDeMap](#).

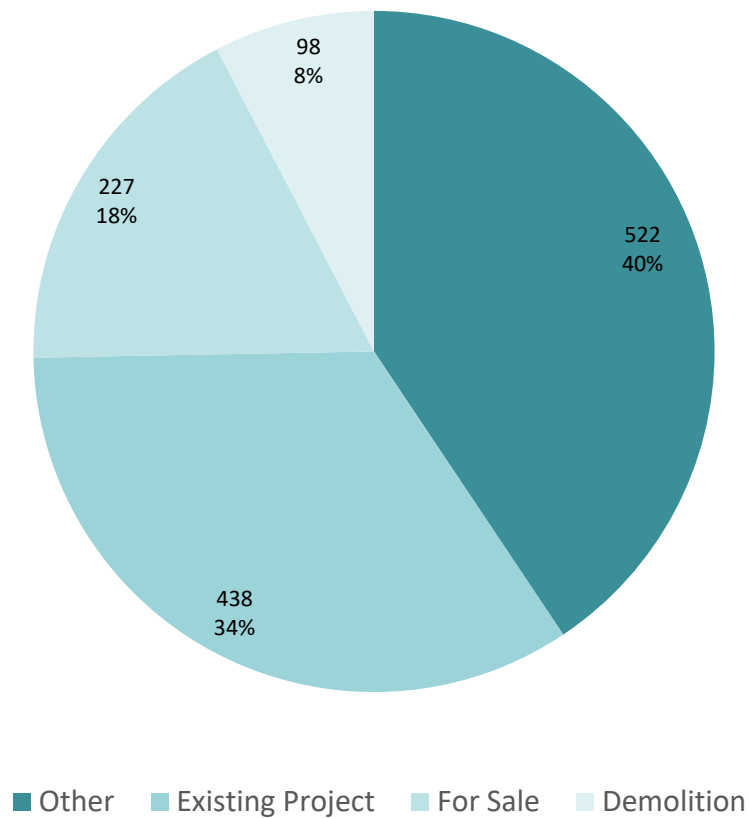
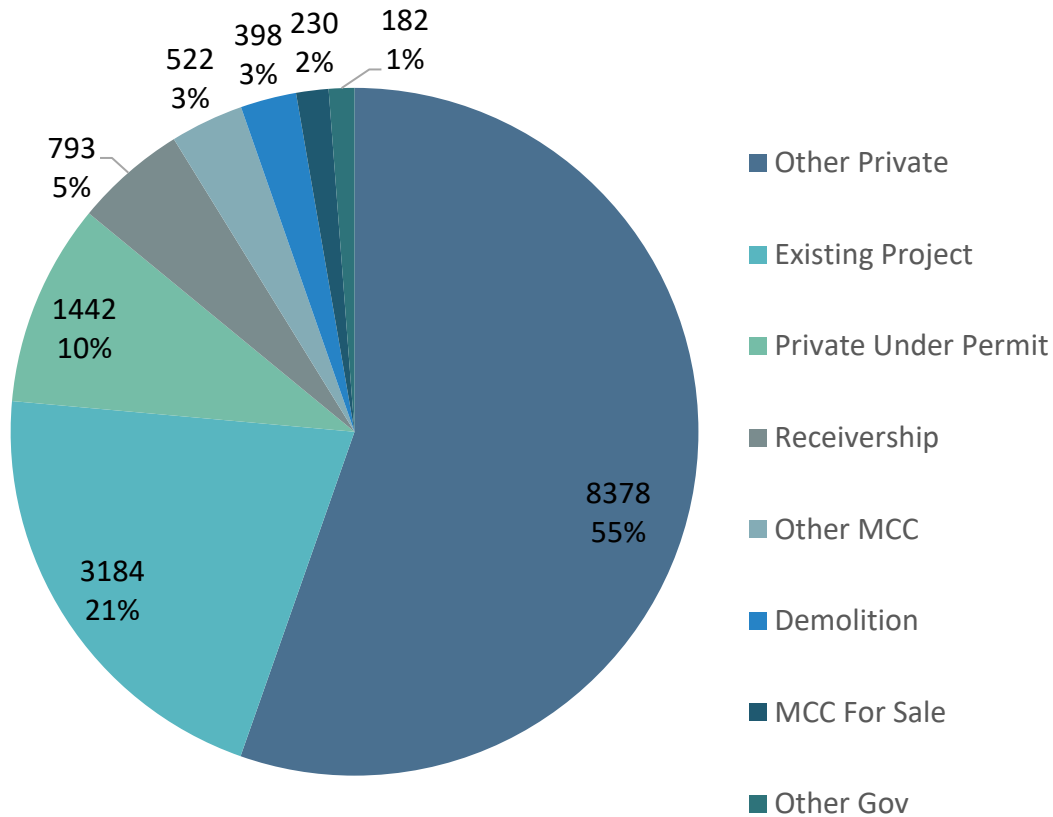




Figure 5, Overall VBN Strategy Breakdown



## Funding

- The additional staffing, administrative and operating costs proposed in this legislation would require a dedicated funding source. Barring a funding source DHCD does not currently have the financial and organizational capacity to implement the Baltimore City Urban Homesteading Program.
- This legislation is a companion Bill to City Council Bill *21-0173 Baltimore City Home Repairs Grant Program*, which would provide grants up to \$25,000 for residents in disinvested communities to make repairs to their homes and City Council Bill *21-0174 Baltimore City Senior Homeowners Grant Program*, which would provide \$5,000 for seniors citywide at risk of losing their homes due to predatory reverse mortgages. Taken together they are collectively referred to as “House Baltimore” and should be considered in tandem.

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## Other Considerations

As written the legislation would take effect on the 30th day after enactment and will remain in effect until December 31, 2025. DHCD would recommend an amendment to move the effective date to 365 days after enactment to allow the agency time for additional hiring and program design.

## Conclusion

It is an undeniable fact that racist and segregationist policies have negatively impacted black and brown residents of Baltimore, and neighborhoods in which they have lived. Historic disinvestment has created communities in Baltimore with blighted blocks, and we have experienced a reduction in homeownership within our communities of color.

We know that homeownership creates opportunities – it strengthens our communities, creates stability for our children and families – reducing trauma - and can be a source of investment and generational wealth. But, there are significant barriers to homeownership and affordable homeownership that need to be addressed, and the proposed legislation does not address these issues.

Selling a house for a dollar is the easiest component – it is the access to capital and lending, affordability, and comprehensive community revitalization that also need be in place in order to achieve the homeownership outcomes that we know we need in our City.

DHCD is actively working on an Affordable Mortgage Program – expanding flexible lending in order to support homeownership opportunities between \$50,000 and \$80,000, for properties that do not need significant renovations. Often these properties are purchased by investors, and immediately offered for rent, when we could assisting in creating a homeownership opportunity with monthly mortgage payments between \$400 - \$700.

DHCD also works across the City, and in our Impact Investment Areas to offer development incentives that close the appraisal gap and support the rehabilitation of properties for homeownership outcomes. When there is a focused, strategic approach in areas where there is a concentration of investment – in historically disinvested areas – there is ability to create socioeconomic, diverse, strong communities. The greatest opportunity for success to support homeownership opportunities - not on blocks with 50% vacants, where only one or two properties are being rehabilitated - but as part of a comprehensive approach to neighborhood and community development.



Outreach and education is also an important component to increasing homeownership opportunities for both low-income and middle-class persons of color. Working with non-profit partners, DHCD supports homeownership counseling, as well as the more in-depth homeownership coaching model. Supporting a pipeline of qualified buyers is an important piece of improving the racial wealth and creating opportunities for general wealth through homeownership.

DHCD is committed to creating homeownership opportunities and supporting these important outcomes by addressing root causes and breaking down barriers that limit homeownership opportunities for people of color.

DHCD **opposes** the passage of City Council Bill 21-0172.

*AK/sm*

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



## Appendix

Figure , DHCD's Impact Investment Areas (IIAs)

