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CB 22-0296 – Rezoning 810 Leadenhall St.

Hearing of the Economic and Community Development Committee, June 13, 2023

Position: Oppose

Public Justice Center urges the Committee to pause consideration of the 810 Leadenhall Street rezoning until the project is revised to include affordable housing or the Council passes CB 22-0195, which would mandate affordable units by law.

Public Justice Center strongly supports adding more rental housing stock throughout Baltimore City to increase the supply of housing for residents of all income types. However, the City has failed or refused to pass an *effective* inclusionary housing law since one was first proposed in 2006, and has had no inclusionary housing law at all for almost a year, despite CB 22-0195 having been introduced over 16 months ago.

Accordingly, Public Justice Center stands with the Sharp Leadenhall Community to affirm that Black neighborhoods matter and demand development without displacement – especially when that development is receiving a special “spot zoning” from the City of questionable legality.

Development without affordable units at 810 Leadenhall is inconsistent with the Master Plan and will further displacement of predominately Black community residents, many of whom cannot afford rising market rents. 810 Leadenhall is within the boundaries of the Sharp Leadenhall Master Plan area as shown in the Plan's maps:

<https://planning.baltimorecity.gov/sites/default/files/SharpLeadenhall.pdf> Due to its proximity to Federal Hill and Otterbein, the neighborhood is vulnerable to gentrification. The Master Plan anticipates that "high-density infill construction" will bring "more residents to the neighborhood" and attempts to deal with the threat that this could bring to the remnants of an encircled, historic African American community. Thus, one of the Plan's central visions is that new development will create "opportunities for affordable units, while maintaining the existing fabric." Specifically, the Master Plan provides: "[N]ew housing construction include an affordable component...the existing Sharp-Leadenhall urban renewal plan will be amended to required affordable units to be include with new residential development above a certain size."

However, contrary to the Master Plan, the plan for 810 Leadenhall does not include any affordable units. Despite the obvious relevance of the Master Plan to the legal test for spot zoning, the Planning Commission does not reference it in their findings. Accordingly, there has

been no substantial “change” to justify the need for the proposed zoning change for this development when the proposed rezoning is not responsive to the long-anticipated and still-central demand of the Sharp Leadenhall community around affordable housing.

The Planning Commission failed to conduct an equity analysis for this proposed rezoning to determine the impact of additional construction of high rent apartments on an historic Black community. Had the Planning Department conducted the required equity analysis, they would have seen a more complete picture of population trends. Due to the recent development of high-rent apartments, occupied almost entirely by an influx of affluent, White singles, the population of Sharp Leadenhall has increased by 53%. In the process, **Sharp Leadenhall is rapidly losing its identity as an historic Black community in the midst of the overwhelmingly white South Baltimore peninsula.**

As of 2010, Sharp Leadenhall had a mixed but majority Black population of 68.25%. But by 2020, the population of Sharp Leadenhall had grown by a striking 53% from new development. Virtually all of the growth was among white households, who now comprise 45% of the Sharp Leadenhall residents. The Black population declined to 45% of the population. On the surface, this may look like integration, but the trend is unmistakable. **If new development, like that proposed for 810 Leadenhall Street, continues to be 100% high rent -- and affordable housing is not included – working class Black residents will become a smaller minority subject to displacement by rising rents and property values.**

The Inclusionary Housing Bill, CB 22-0195, would help mitigate the effects of 810 Leadenhall by mandating the inclusion of units affordable to predominately Black, working-class residents in the surrounding neighborhood. Inclusionary housing laws have produced 110,000 housing units in 258 programs, mostly since 2000. Jurisdictions including Pittsburgh, Philadelphia, Chicago, Washington D.C., Montgomery County and many others have passed inclusionary housing laws that impose more stringent requirements than what is proposed in DB 22-0195. For example, Chicago requires 20% of units to be affordable; Pittsburgh requires even deeper affordability than CM Ramos’s bill. Other jurisdictions have made inclusionary housing work, Baltimore can as well. We gave residential rental developers \$38 million in tax subsidies alone in FY 2023. Yet, we have zero affordable units to show for it. If the bill at issue in this hearing passes, 810 Leadenhall will receive both a special rezoning and likely millions of tax subsidies under the High Performance Market Rate Rental Housing tax credit. And again, predominately Black, working-class residents in the surrounding community will not benefit. Baltimore is investing heavily in market rate rental housing development and should receive a benefit for all current Baltimore residents in the form of integrated, affordable housing units.

A Finance analysis indicated that the Inclusionary Housing bill and its companion, CB 23-0369 would have small initial cost and begin costing the City up to \$3.5 million in Year 10. This is small price tag compared to the \$38 million/year that the City is giving away to developers right now. We agree with Finance and [Ernst & Young](#) that the City’s current tax credits are bloated and inefficient, i.e., they provide too much tax subsidy to developers without any showing that a development needs the subsidy in order to be built. Of the \$38 million/year in rental housing tax

credits, Ernst & Young found that the High Performance is inefficient, poorly targeted and “may not contribute much to the net housing supply.” The Brownfield credit oversubsidizes developers and “is not cost-effective” to the City. Yet, the City has not proposed to cap these [bloated developer handouts that have produced only market-rate rental housing in the “white L.”](#) Instead, the City proposes to cap the one rental housing tax credit that actually benefits the predominately Black current residents of City neighborhoods in CB 23-0369. This is the opposite of equity.

Cost of Doing Nothing. There is a cost to doing nothing. By allowing the status quo to persist, Baltimore is subsidizing segregation by subsidizing market-rate development in the white L that is unaffordable to the majority of Black families in Baltimore. Segregation and separate-and-unequal development has a real cost every day to city residents and has been demonstrated in numerous studies. **Consideration of the “cost” of inclusionary housing to the City must be balanced against the greater societal cost of reinforcing existing patterns of segregation and disinvestment.**

Inclusionary Housing is an essential tool for building more affordable, integrated neighborhoods in Baltimore City. If a developer is receiving a major public subsidy or significant zoning change, they should make at least 10% of those units affordable to households earning no more than 60% of Area Median Income (AMI) (\$62,700 for a family of three), plus an additional 5% of units affordable at even lower incomes if the city offers the developer additional subsidy to do so. There are no waivers or exceptions that plagued the city’s prior inclusionary law and made it ineffective. Our coalition estimates that CB 22-1095 with sponsor amendments would create over 1,000 new affordable units over the next decade. With CB 22-1095, Baltimore has a chance to break with development policies that subsidized segregation and separate-and-unequal development and create a more equitable, integrated future.

Inclusionary housing provides ALL Baltimore residents the opportunity to participate in Baltimore’s redevelopment, such as 810 Sharp Leadenhall, as the integrated, equitable City that we deserve. Public Justice Center urges the Committee to pause its consideration of CB 22-0296 until the development includes affordable units or the City passes an inclusionary housing law. If you have any questions, please contact: Matt Hill, hillm@publicjustice.org, 410-625-9409, ext. 229.