



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Caron Watkins Interim Director, Office of Equity & Civil Rights Interim Chief Equity Officer
<b>ANALYST</b>	Zachary Wellman Equity Policy Analyst, Office of Equity & Civil Rights
<b>DATE</b>	November 12, 2024
<b>SUBJECT</b>	OECR Report on Baltimore City Council Bill 24-0594 City-Wide Affordable Housing Bond Issuance

**OECR POSITION: Favorable**

**SUMMARY OF LEGISLATION**

The Office of Equity & Civil Rights (OECR) has reviewed and is herein reporting on City Council Bill 24-0594 – *City-Wide Affordable Housing Bond Issuance*. This is an ordinance to finance the public portion of Mayor Brandon Scott’s 15-year comprehensive vacant housing and community reinvestment strategy.

The bill seeks to accomplish the following:

- Define certain terms related to non-contiguous Tax Increment Financing (TIF).
- Fund the Tax Increment Fund (Created in City Council Bill 24-0595).
- Approve the issuance of Tax Increment bonds.
- Determine that the issuance of said bonds adhere to the Tax Increment Act and serve the purpose of vacancy reduction, building rehabilitation, increasing affordable housing, undertaking urban renewal, and investing in public infrastructure.
- Determine a maximum for the first series of Bonds issued (\$65 million).
- Outline the acceptable use of the Bond funds.
- Ensure Bonds are issued in an equitable manner with oversight from the Chief Equity Officer.
- Require the Chief Equity Officer’s provide recommendations Bond distribution.
- Require the Department of Housing and Community Development (DHCD) and the Department of Finance (DoF) to provide a presentation to the City Council at the end of each fiscal year on the initiative.
- Outline the way in which Bonds will be repaid.
- Outline the way which excess Tax Increment Revenues will used.
- Require the Board of Finance to approve the terms of all Bonds issued.

- Outline the way in which taxes on interest will be managed.
- Require a Development District for the distribution of Bonds herein in accordance with the Tax Increment Act (Outlined in City Council Bill 24-0595).
- Provide an effective date for the ordinance of the day it is enacted.

The bill accomplishes this by the authority of Article 2 – General Powers, Section 62 of the Baltimore City Charter.

## EQUITY ANALYSIS

Baltimore is the birthplace of redlining, a discriminatory housing policy dating back to 1910 that systematically denied housing to primarily Black residents and other residents of color on the basis of race due to presumed lending “risks.” The term “redlining” originates from the Home Owners’ Loan Corporation (HOLC) “Residential Security Map of Baltimore” in 1937, as seen in Figure 1, in which areas of high lending risk were outlined in red lines. The districts depicted in red and yellow coincided with high rates of the Black, Indigenous, and People of Color (BIPOC) residency and meant that residents were ineligible for Federal Housing Administration (FHA) loans, an essential tool in achieving homeownership, among others.

As a result, BIPOC residents were relegated to leaving red-lined districts to own a home. In Figure 2, red-lined districts in the HOLC map translated to disproportionately low percentages of BIPOC residency by 2010, meaning the systematic denial of housing for BIPOC residents in the early 20th century resulted in persisting segregation of residents far beyond its prohibition in 1968 by the Fair Housing Act.

Figure 1.

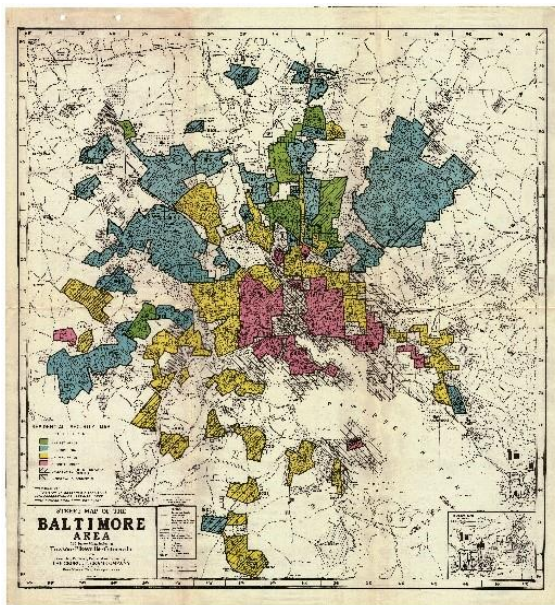
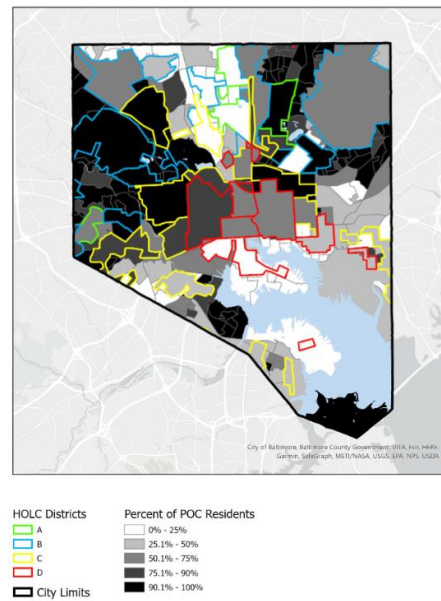
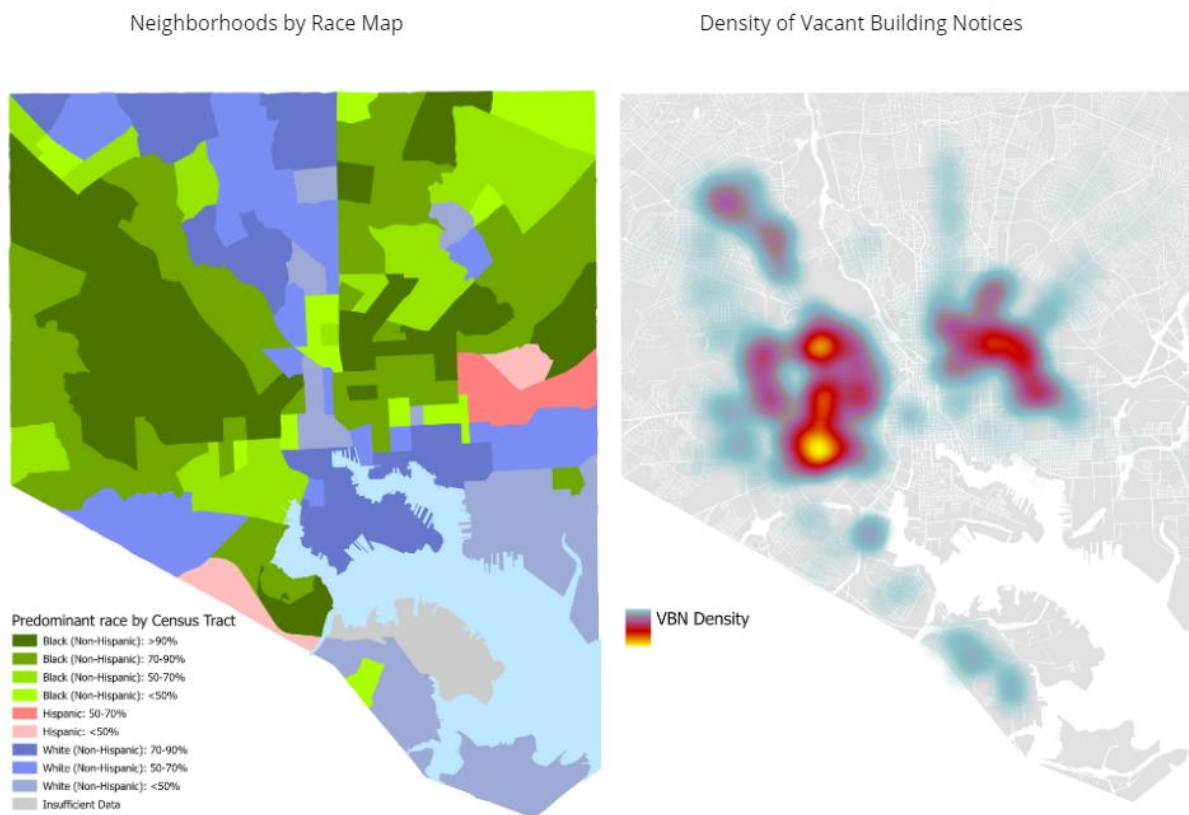


Figure 2.



As seen in Figure 3, regions that constitute Baltimore’s “Black Butterfly” (or those with high rates of Black residency) coincide with the highest density of vacant properties. It can also be observed from Figure 1 and Figure 3 that the vacancy crisis exists predominately in formerly red and yellow-lined districts. This trend is the result of disinvestment and segregationist urban policies, which worked in tandem with redlining throughout the 20th century to ostracize Black residents from wealth-building, homeownership, and urban renewal projects. Instead, community investment was prioritized in the “white L” (neighborhoods with high rates of white residency) to the detriment of Black communities in Baltimore. From these maps, it can be concluded that the vacancy crisis is one that inequitably plagues Black residents and is a product of pre-Civil Rights Era systemic racism that still has material consequences on their neighborhoods today.

Figure 3.



Over the past several months, Mayor Brandon M. Scott and the Department of Housing and Community Development (DHCD) have devised a plan to aggressively and equitably tackle Baltimore's vacant and underdeveloped properties in partnership with Greater Baltimore Committee (GBC) and Baltimoreans United in Leadership Development (BUILD). Mayor Scott's strategy calls for public and private investment to redevelop a minimum of 37,500 properties with a clear plan to address as many as 45,000 properties by garnering a projected \$3 billion in local, state, and private investment.

City Council Bill 24-0594 intends to remedy some of the prevailing consequences of redlining, blockbusting, and historic disinvestment of marginalized communities by funding a city-wide affordable housing bond fund with \$65 million to rehabilitate a large portion of the over 13,000

vacant properties throughout Baltimore. The funds would be used to issue TIF Bonds that can then be used for construction costs associated with restoring vacant properties and building public infrastructure to provide more affordable housing.

Affordable Housing TIF	Traditional TIF
Citywide with a focus on areas with high vacancy rates	Defined project and development area – boundaries are contiguous
Uses prior year assessment that includes properties have received a Use and Occupancy permit and are included in the TIF District	TIF Bonds are sold based on development that is ready to proceed: the increased property taxes from the completed development repays the TIF Bond
City sponsored with multiple developers	One primary developer
No special tax as City sponsored and affordable housing	Developer is subject to special tax to ensure sufficient tax revenues

Because the vacancy crisis is one that is a direct consequence of the systemic racism in housing that spans much of Baltimore’s past, the Bill’s intent should result in wide-reaching improvements to the equity of Baltimore’s most forgotten, excluded, and underrepresented residents. The Bill explicitly focuses this investment strategy on those who have been systematically excluded from affordable, sustainable, and healthy housing and communities.

### OPERATIONAL ANALYSIS

The bill outlines the involvement of the Chief Equity Officer, or successor position with comparable duties, in ensuring that the Bonds are distributed equitably in a way that is consistent with its intended purpose. The bill also requires the Chief Equity Officer to make recommendations on the distribution of grant funds that prioritizes one, or more, of the following in order:

- i. The principal developer is a Legacy Resident.
- ii. The principal developer has completed one of the City’s Developer Incentive programs.
- iii. The development plan demonstrates that at least 20% of the occupants of the redeveloped property will be Legacy Residents.
- iv. The development plan demonstrates that at least 15% of the residents will be at 80% Regional Median Income and additional 15% of the residents will be five (5) at 60% Regional Median Income.

This provision of the ordinance creates additional safeguards that will ensure the non-contiguous TIF Bonds are not used nor distributed in a way that is inconsistent with the initial equitable intent of the Bill. It will also ensure, through additional oversight, that the fund established by the bill will remain in service to vulnerable, blighted, historically marginalized, and chronically disinvested residents rather than large, external developers not native to the communities which the Bill seeks to remedy.

The OECR welcomes inclusion in this city-wide initiative and the opportunity to collaborate with other City agencies and partners to ameliorate inequity that stems from the disinvestment into marginalized communities.

## CONCLUSION

The Office of Equity & Civil Rights has discerned equitable intent behind the non-contiguous Tax Increment Financing strategy and supports the Administration's pilot initiative to combat Baltimore's vacancy crisis through unprecedented public financing mechanisms. The OECR is confident that the oversight and recommendations provided by the Chief Equity Officer in the distribution of these Bonds will ensure the impact of the legislation will be as equitable as the stated intent of the Bill. As such, the Office of Equity and Civil Rights respectfully requests a **favorable** committee report on City Council Bill 24-0594.

Respectfully Submitted,



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Caron Watkins

Interim Director, Office of Equity & Civil Rights

## APPENDIX

### *Figure 1:*

Johns Hopkins Libraries. (1970, January 1). *Residential Security Map of Baltimore MD*. JScholarship. <https://jscholarship.library.jhu.edu/items/7583d1ed-61d7-4373-9ad2-e23ec862f3ee>

### *Figure 2:*

Pett, J. (2021, December 4). The Persistent Effects of Redlining in Baltimore. ArcGIS StoryMaps. <https://storymaps.arcgis.com/stories/a2d055fecc4c4b259f10f19dd375e546>

### *Figure 3:*

City of Baltimore. (2023, December 11). Mayor Scott's approach to addressing Baltimore's vacant properties at scale. <https://www.baltimorecity.gov/vacants#Challenge>