



Testimony before the Baltimore City Council

Regarding  
**Case 21-0172: Baltimore City Legacy Residents  
Urban Homesteading Program**

December 20, 2021  
Via Virtual Platform

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Dear Council President Mosby and Members of the Council:

Thank you for providing the opportunity to submit written testimony for today's hearing.

My name is Melissa Bondi, and I am speaking today on behalf of Enterprise Community Partners.

Enterprise is a national nonprofit headquartered here in Maryland, which exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy best practices and innovations at every level of government and build and manage communities ourselves. Since 1982, we have invested \$44 billion and created 781,000 homes across all 50 states – all to make home and community places of pride, power and belonging.

In Baltimore City, Enterprise has invested over \$1 billion in capital and over \$8.1 million in grants to produce or preserve over 21,000 affordable homes and 1.9 million sq. ft. of commercial and community space. We also lead programs in communities, provide technical assistance, and support many mission-minded organizations, networks, and service providers.

As a longtime provider and partner to the City, many housing providers, and community organizations, we are committed to devoting our resources, and leveraging them with public and private sector tools and investments, including the proposed concepts introduced today. With that in mind, we applaud the Council for considering multiple new initiatives that would produce, protect, and promote greater housing affordability in Baltimore.

Our thoughts regarding the Urban Homesteading Program concept are shared below for your consideration. We would welcome the opportunity to discuss them in more detail as you may deem appropriate.

## Statement of Need and Background

As you know, the most recent [Maryland Housing Needs Assessment](#) (HNA) provides accurate analysis about housing needs in the State of Maryland between 2020 and 2030; proposes a menu of recommendations, including new state and local level tools to better align with current and future housing needs; and focuses on ways to meet the needs for all income groups, including those affecting families earning 30% and 60% of area median income.

According to the HNA, Greater Baltimore regional needs by category in high/highest need areas are<sup>1</sup>:

- High cost-burden rates
- Significant housing quality concerns
- High poverty and low household incomes
- High shares of elderly adults and persons with disabilities
- Highest share of non-white residents

Also, for the Greater Baltimore region, homeownership needs, and recommendations include<sup>2</sup>:

Needs to be Addressed:

- Disparities in homeownership by race
- Lack of long-term public and private support for homeownership
- High concentrations of long-standing vacant units

The HNA identifies these Priority Actions for Greater Baltimore:

- Increased homeowner education and tools for foreclosure prevention and home maintenance
- Streamline, centralize, and make more accessible the acquisition-rehabilitation process
- Increase funding for homebuyers

## Affordable Home Ownership Programs: Concept and Design

Affordable home ownership programs rely most often on a combination of fundamental premises, which may be prioritized, scaled, or otherwise tailored to help meet specific outcomes. The fundamental building blocks are:

- Subsidizing the cost and/or financing of the home purchase
- Subsidizing the cost and/or financing of rehabilitation or repairs
- Reducing the risk of the government and partner agencies in conducting the transaction
- Reducing the risk to the home purchaser to achieve and sustain housing stability as a pathway to economic mobility
- Increasing the value and conditions on site where the home is located
- Increasing the equity and wealth creation possible to be realized by the homeowner, the government entity, or both
- Achieving other community priorities, such as closing race inequities in home ownership and housing stability, stabilizing the housing market in neighborhoods, increasing housing supply, meeting the needs of populations that may not have equitable access to home ownership, location, and access to amenities for affordable home ownership products, and others.

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<sup>1</sup> Maryland Housing Needs Assessment, page 34

<sup>2</sup> Ibid, page 38

Confirming the goals and outcomes most desired for the Urban Homesteading program from this list can be helpful in deciding what program design is most effective to deliver them.

### **Proposals for Urban Homesteading Program**

The city of Baltimore could pursue a number of ways to implement the ‘nuts and bolts’ of an Urban Homesteading program. It could begin with a pilot of a small segment of properties in a location designated by the Council based on an established criterion like the Housing Market Typology, for example.

The program could be structured to ensure clear, intentional decisions on which parties accept risk in transactions, who determines when work is complete, and who retains control over the parcels as they are improved into quality, habitable, affordable homes.

We have considered some preliminary outlines for how to leverage the City’s power of contracting and enforcement to ensure homes in this program receive the necessary investment and repairs to make them truly worthy neighborhood assets. We have also considered the types of public-private partnerships, within a variety of sectors, that might help to ensure work is done at scale, cost-effectively, and with accountability to ensure that both home buyers, and the homes themselves, are well-positioned for success.

In one alternative, the City could use an RFP or other competitive process to select mission-minded contractor(s) to perform the repairs to a subset of homes in the program. The City would manage and oversee the contracts to make sure work is done properly, on time, and on budget. Risk for meeting these goals would be with the contractor, not a homeowner nor the City. Upon completion of the repairs – say, up to \$100,000 per unit - the homes would be safe and habitable and ready for a sales transaction to a Baltimore household. And the assets would be improved and bring greater value back to the City for disposition. The City might negotiate a volume discount for multiple properties to be included in any given RFP, which could save some resources and ensure a coordinated timeline for supplies, labor, inspections, and completion of the improvements.

In another alternative, the City could contract with mission-minded developers with expertise in the housing product type to purchase the houses for \$1 each, under an agreement to ensure comparable repairs as described above are completed onsite.

In either alternative, DHCD’s Office of Homeownership could maintain a registry of eligible “legacy resident” households, using homebuyer training completion, income levels, Baltimore residency, and/or other criteria that fit the community goals of the Urban Homesteading program.

We believe that pairing the program with housing counseling services for eligible households would also aid in home buyer preparedness and increase chances of a successful, stable housing program. Contracts with housing counseling agencies or use of existing programs would also be managed and enforced by Baltimore City, using criteria for home buyer eligibility established by the Council or designees. This would better ensure that eligible Baltimore households will be ready for the requirements of home ownership, maintenance, and sustaining housing stability. It would also provide homeowners in the program with resources to contact over the program period should they need additional support.

Once homes are ready for occupancy, they would be ‘sold’ to households at a cost not to exceed \$100,001 - the purchase price of \$1 and a soft loan of up to \$100,000 between the City and the home buyer. We would be happy

to discuss ideas on how the loans might be structured to maximize affordability and the program's success, while also ensuring the City receives tax revenue and other accrued benefits to help offset and subsidize the program. Affordability will be memorialized and maintained by a covenant subject to terms and duration as determined by the Council and Administration.

Thank you again for your support of housing affordability innovation in Baltimore City. We appreciate your consideration of these views and welcome the opportunity to work with you again in the new year to help meet the needs of Baltimore residents.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Bondi". The signature is fluid and cursive, with the first name "Melissa" written in a larger, more prominent script than the last name "Bondi".

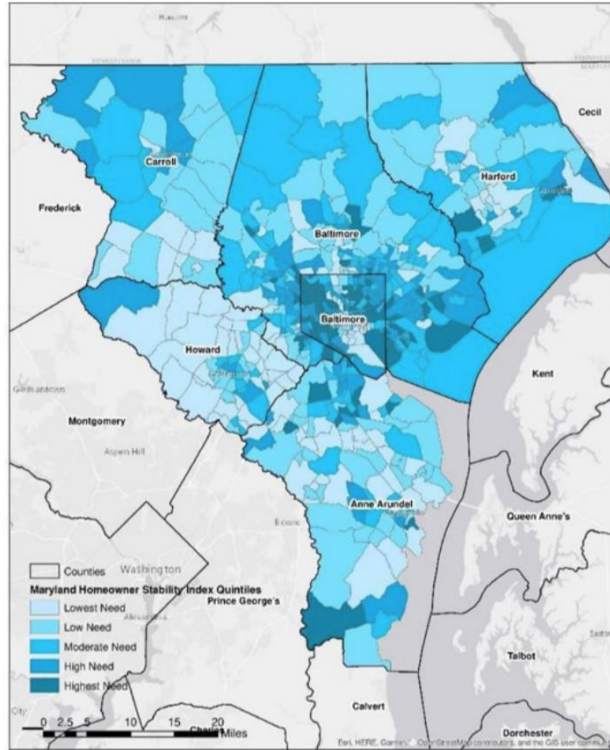
Melissa Bondi  
Mid-Atlantic State & Policy Director

Cc: David Bowers, Vice President & Mid-Atlantic Market Leader  
Ashley Johnson-Hare, Mid-Atlantic Senior Program Director

**Homeowner stability:** Greater Baltimore

Map 1 and Tables 1–4 show needs among homeowners by need category in the Greater Baltimore region and how needs intersect with race and ethnicity and special populations.

**Map 1. Maryland Homeowner Stability Index, Needs by Category, Greater Baltimore region**



**Table 1. Homeowner Needs by Category, Greater Baltimore region**

LOW/LOWEST NEED AREAS	MODERATE NEED AREAS	HIGH/HIGHEST NEED AREAS
<ul style="list-style-type: none"> <li>• More housing stability</li> <li>• Fewer housing quality concerns</li> <li>• Low poverty and high household incomes</li> <li>• Tight housing market (high occupancy, high home prices)</li> <li>• Lowest share of non-white residents</li> </ul>	<ul style="list-style-type: none"> <li>• Lower than average owner cost-burden rate</li> <li>• Some residents with special housing needs</li> <li>• Stable housing market, with average prices</li> <li>• Higher home loan delinquency rate</li> </ul>	<ul style="list-style-type: none"> <li>• High cost-burden rates</li> <li>• Significant housing quality concerns</li> <li>• High poverty and low household incomes</li> <li>• High shares of elderly adults and persons with disabilities</li> <li>• Highest share of non-white residents</li> </ul>

For a full discussion of each category, see Appendix G.

## Priority needs & actions: Greater Baltimore

Stakeholders from the Greater Baltimore Maryland, drawing on data from the Maryland Homeowner and Renter Stability Indices, additional data, and experience working in the Greater Baltimore region, identified a series of priority needs and actions affecting owners, renters, and

cross-cutting issues affecting residents living in this region. Each priority need and action, as well as cross-cutting issues, are discussed in more detail in the remainder of this subsection.

### Priority needs among homeowners

- Disparities in homeownership by race**  
 Stakeholders highlighted the gap in homeownership rates among white households living in the Greater Baltimore region and households of color. As of 2016, the homeownership rate among Black households was 46 percent, 31 percent lower than the 77 percent rate for white households across all the counties in this region and Baltimore City.<sup>91</sup> This gap is partially explained by lack of financial and homebuyer education specifically designed to reach Black and other underrepresented groups and access to capital and services from lending institutions.
- Lack of long-term public & private support for homeownership**  
 Stakeholders in this region highlighted a need for ongoing public and private funding and services to help people both become homeowners and stay homeowners over time, especially for lower-income households.<sup>92</sup> These households are especially difficult to serve in the current homeownership market. In some parts of the Greater Baltimore region, these households can become homeowners, but then often lack resources to maintain a home over time. Stakeholders explained that homeowners' incomes do not increase proportional to homeownership costs, with limited public and private funding to help offset those costs.
- Vacant homes**  
 The Greater Baltimore region has one of the highest vacancy rates in the state (10 percent as of 2017), and many stakeholders noted that the loss of stable income due to the impact of the coronavirus will exacerbate vacant homes in this region. While some local jurisdictions in this region already have tools in place to acquire vacant property and repurpose it (notably, Baltimore City's Vacants to Value Program), it is often a time-consuming and expensive process, especially to prevent widespread blight. To that end, Governor Hogan tasked Maryland DHCD with developing a plan to support community growth in the City of Baltimore by reducing blight and encouraging investment in Baltimore's underserved communities. Since FY16, the State of Maryland has directed more than \$98 million to Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise), eliminating more than 4,300 units of blight and leveraging more than \$237 million worth of investment in these communities. Stakeholders shared a need to proactively stabilize homeowners to prevent vacancy and streamline the acquisition-rehabilitation process to address existing and new vacant property.<sup>93</sup>

### Priority actions to serve homeowners

- Increase homeowner education and tools for foreclosure prevention and home maintenance.**  
 Implementation of this action should include more local and state resources that assist with home maintenance and preventative measures, such as foreclosure counseling and legal services, in addition to building increased awareness of existing homeowner stabilization programs. Stakeholders shared that the most effective use of these tools and resources would be through multiyear funding commitments that enable a sustained, place-based effort.
- Streamline the acquisition-rehabilitation process.**  
 A goal of a more streamlined process should be to support early intervention in vacant or properties at-risk of becoming vacant. Actions that pair interested homebuyers with low-cost homes in need of repair, such as programs like Baltimore City's Vacants to Value Program or combined home purchase and repair mortgages, could improve the housing supply and promote community reinvestment.
- Increase funding for the homebuyers.**  
 Increased funding to complement the Maryland Mortgage Program, which provides home loans to eligible Marylanders, would help more Marylanders attain homeownership. Investment in assistance that supports these first-time homebuyers, such as down payment and settlement expenses, will help more Marylanders achieve this goal and enable them to accrue wealth. Stakeholders noted that increased funding would enable the program to offer a higher amount of assistance for down payments or other expenses, with lack of cash for down payment assistance cited consistently as a barrier to becoming a homeowner in Maryland.<sup>94</sup>