



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Caron Watkins Interim Director, Office of Equity & Civil Rights Interim Chief Equity Officer
ANALYST	Zachary Wellman Equity Policy Analyst, Office of Equity & Civil Rights
DATE	November 12, 2024
SUBJECT	OECR Report on Baltimore City Council Bill 24-0595 City-Wide Affordable Housing Development District

OECR POSITION: Favorable

SUMMARY OF LEGISLATION

The Office of Equity & Civil Rights (OECR) has reviewed and is herein reporting on City Council Bill 24-0595 – *City-Wide Affordable Housing Development District*. This is an ordinance to establish a district that is eligible to receive the public investment portion of Mayor Brandon Scott’s 15-year comprehensive vacant housing and community reinvestment strategy.

The bill seeks to accomplish the following:

- Establish a City-Wide Affordable Housing Development District.
- Enable the use of Tax Increment Financing (TIFs) city-wide.
- Define certain terms related to affordable housing development and non-contiguous Tax Increment Financing (TIF).
- Create the Tax Increment Fund known as the “City-Wide Affordable Housing Development District Tax Increment Fund.”
- Outline the properties that consist of the City-Wide Affordable Housing Development District.
- Outline the use of property taxes in the Development District.
- Outline what may be done with the funds in the Tax Increment Fund should bonds be outstanding and should no bonds be outstanding.
- Granting power to the Director of Finance to do all acts to execute all documents and certificates related to the Development District and Tax Increment Fund.
- Provide for the way and restrictions in which the size of the Development District may be altered.
- Provide that the provisions of this ordinance be servable.
- Provide for an effective date 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.

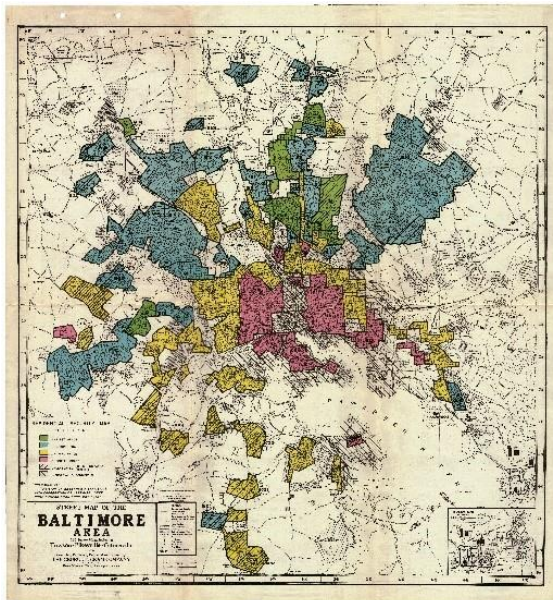
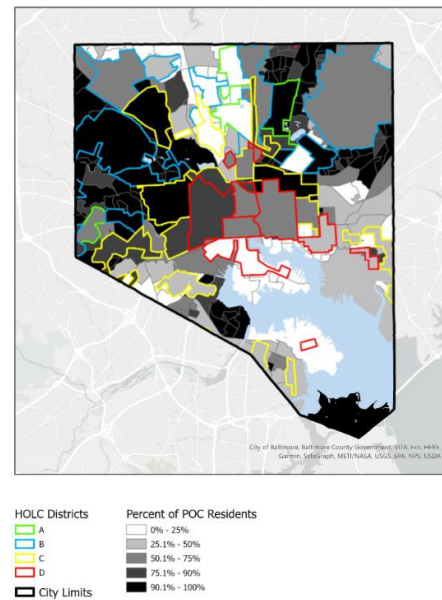
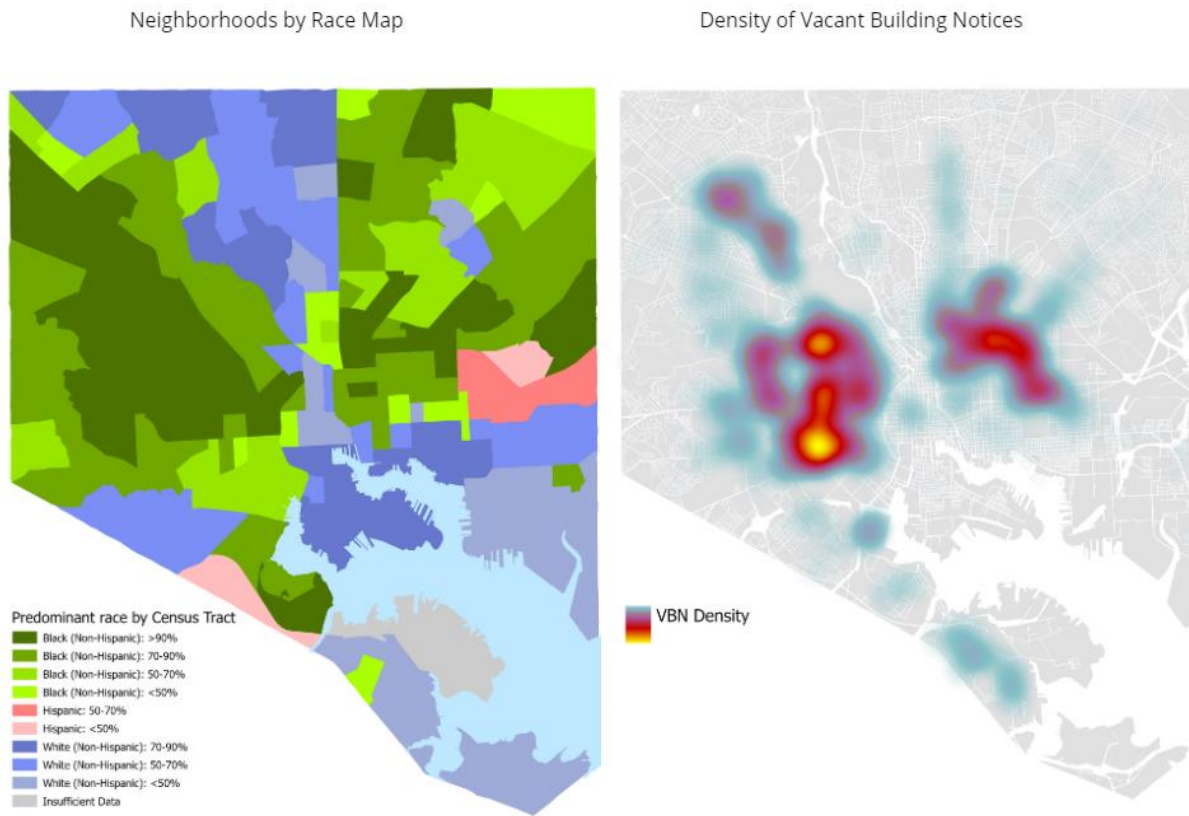


Figure 2.



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 Scott and the DHCD have devised a plan to aggressively and equitably tackling 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 24-0595 intends to remedy some of the prevailing consequences of redlining, blockbusting, and historic disinvestment into marginalized communities by creating a City-Wide Affordable Housing Development District. The creation of this district enables the City to establish a Tax Increment Fund which, once funded, can be used to issue bonds for the rehabilitation of a large portion of the over 13,000 vacant properties throughout Baltimore. The Development District

must first be created in order for the City to establish the Tax Increment Fund and issue TIF Bonds for vacant property redevelopment in adherence with the Tax Increment Financing Act and Article II – Section 62 of the Baltimore City Charter. This City-Wide Development District will allow the first-of-its-kind non-contiguous TIFs to be utilized by multiple developers to rehabilitate vacant properties across the entire city. With this strategy, the Mayor, City Council, and partners will be able to target vacancies on a neighborhood basis and systematically reinvest in underserved Baltimore communities through the Tax Increment Fund.

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 spanned 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.

CONCLUSION

The Office of Equity & Civil Rights has discerned equitable intent behind the non-contiguous Tax Increment Financing strategy, as well as the creation of the City-Wide Affordable Housing District and the Tax Increment Fund. The OECR supports the Administration’s pilot initiative to combat Baltimore’s vacancy crisis through unprecedented public financing mechanisms. As such, the Office of Equity and Civil Rights respectfully requests a **favorable** committee report on City Council Bill 24-0595.

Respectfully Submitted,



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>