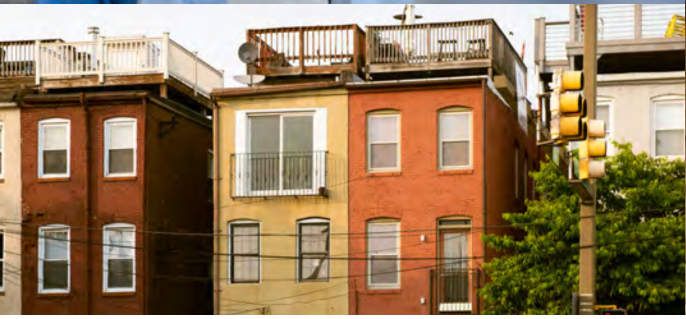



COVID-19 AND HOMEOWNERSHIP IN BALTIMORE



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COMMUNITY DEVELOPMENT NETWORK OF MARYLAND

UMBC COMMUNITY LEADERSHIP

COVID-19 AND HOMEOWNERSHIP IN BALTIMORE

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FOREWORD

The COVID-19 pandemic exposed stark disparities in health and housing, highlighting the importance of stable and affordable housing for all. The National Fair Housing Alliance's (NFHA) Keys Unlock Dream Initiative (KUDI) seeks to provide greater access to homeownership for underserved communities affected by redlining and disinvestment. By advancing equity-building solutions based on sound, robust research, KUDI aims to reduce the racial wealth and homeownership gaps. NFHA is proud to support community-driven organizations working to increase opportunities for Baltimore residents. Let's continue to partner toward a future where everyone has access to safe, affordable, and fair housing.

Laurie Benner
Associate Vice President of Housing and Community Development
National Fair Housing Alliance

INTRODUCTION

This paper represents the collaborative efforts of several organizations – the Baltimore Neighborhood Indicators Alliance - Jacob France Institute (BNIA-JFI), the Community Development Network of Maryland (CDN), the National Fair Housing Alliance (NFHA), and the University of Maryland Baltimore County (UMBC) Community Leadership Program – to explore the impact of COVID-19 on homeownership in Baltimore City, especially in predominantly Black and Hispanic neighborhoods. We look at the impact of COVID-19 itself as well as policy responses to the pandemic, starting the year before the pandemic hit (2019) through 2021-2023 (depending on the data source). This is a multi-layered, multi-faceted topic that we begin to explore in the pages that follow. It is important to understand key dynamics and questions as Baltimore collectively makes crucial housing policy decisions in the months and years ahead.

In writing the paper, we examined several data sets that can be used to measure changes in Baltimore's homeownership rates over time. The data indicates that homeownership rates in Baltimore may be stagnant or falling in most of the City's neighborhoods while rising in a limited number of predominantly white and Hispanic neighborhoods. [1] To put the local and federal data into context, we conducted an extensive literature review of studies, reports and news stories from other mixed-market cities, as well as state and national sources. We also interviewed Baltimore homeownership experts, who gave generously of their time, knowledge and experience working with homebuyers and homeowners. [2]

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[1] The two main sources of data used in this report to measure homeownership are the American Community Survey (ACS) and Maryland Property View. The data for occupancy by race and ethnicity is obtained from the 1-Year 2018, 2019, and 2021 ACS Estimates. The ACS is a survey administered to a sample of households. Occupied housing units are classified as either owner-occupied or renter-occupied (see ACS 2017 Subject Definitions https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2021_ACSSubjectDefinitions.pdf). A housing unit is owner-occupied if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for, which provides a proximate measure of home ownership. Using the ACS measure for owner-occupancy (or homeownership) allows for comparisons nationally and among other cities. However, because it is based on a sample, its accuracy at small-scale geographies (such as a census tract) may become questionable. Therefore, at smaller scales, Maryland Property View provides a more accurate account of property information for all parcels in Baltimore City. The records include ownership and tax status information, which assumes that if a property is claiming the Maryland Homestead Property Tax, available to primary residences, then the property is owner-occupied (see MD Property View https://planning.maryland.gov/Pages/OurProducts/PropertyMapProducts/MDPropertyViewProducts.aspx).

[2] The findings of the report are the authors' only. We respect that not all of the interviewees share our conclusions. The interviewees included (in alphabetical order by last name): Denitra Braham, Toni Davis Spivey, Dan Ellis, Tonika Garibaldi, John Kern, Leila Kohler-Freuh, Annie Milie, Ali Morris, Zena Moore, David Sann, and Kari Snyder.

Drawing on this combination of sources and perspectives, we root our findings in the historic and ongoing challenges of Black homeownership in Baltimore and beyond, while recognizing that different dynamics are at work in the growing Hispanic community. And we highlight critical differences in the housing market between productive and predatory capital. [3] We argue that an important impact of COVID-19 on homeownership in Baltimore was an explosion of far-reaching policy recommendations from a range of voices in the city's housing policy debates. [4] Finally, in addition to offering examples of local and state policy recommendations that respond to Baltimore's homeownership challenges, we emphasize the need for collaborative city-wide leadership: to bring different parties to the table, hammer out a division of responsibilities, identify funding, and stick with the work for at least a decade.

COVID-19 IN BALTIMORE

In our efforts to move on from COVID-19, to recover from individual and collective trauma, we rarely discuss - at least in public - what we just experienced. To understand the pandemic's impact on homeownership, we have to remember how it unfolded. In Baltimore, reported cases peaked in early January 2022 at 2,500, while reported deaths surged during several peaks, in May 2020, January 2021, May 2021, and February 2022, averaging three to seven reported deaths per day. [5] The total number of deaths from COVID-19 in Baltimore was 1,972 as of October 1, 2023. [6] While grim, these numbers fail to fully capture the depth of suffering of the thousands of Baltimoreans who contracted serious cases of COVID-19, lost family members and friends, were physically and socially isolated, had their working hours reduced or lost their jobs, dealt with severe disruptions to their own or the children's education, and had to rely on donated necessities to survive the crisis.

A map of "Community Covid Vulnerability Index" published by Morgan State University researchers in 2023 indicates that the most vulnerable neighborhoods to COVID-19 in Baltimore, as determined by a neighborhood's health profile and determinants of susceptibility based on social demographics, were low-income Black and Hispanic neighborhoods in East, West and South Baltimore. According to the study, the highest levels of vulnerability were in Greater Rosemont (West), Oldtown/Middle East (East),

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[3] Katz, Dowdall, Goldstein, and Preis, 2022.
[4] czbLLC (for ReBUILD Metro and BUILD), 2023; Fight Blight Bmore, 2023; Ramos and Torrence, 2023.
[5] New York Times, March 23, 2023.
[6] Baltimore City COVID-19 Dashboard.

and Brooklyn/Curtis Bay/Hawkins Point (South). [7] Linking this susceptibility to Baltimore's affordable housing crisis, a 2021 study by the University of Pennsylvania's Housing Initiative captured the serious vulnerabilities of Baltimore's renters prior to COVID-19: 52% were rent-burdened, and over 80% reported they were either going into debt or just managing to make ends meet. The study reports that "the onset of the pandemic greatly impacted tenants' ability to pay rent and this financial precarity has persisted over time." [8]

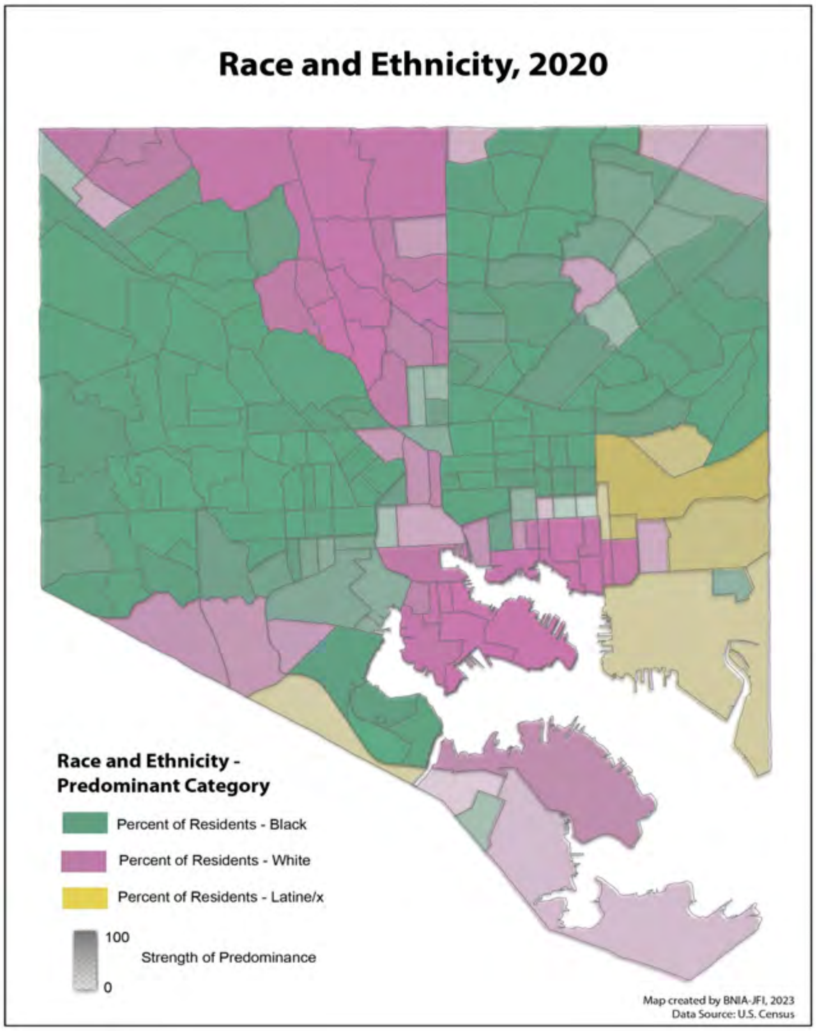
Baltimore's Temporary Rental Support Program launched in July 2020, and in combination with the federal eviction moratorium in August 2020, provided a measure of temporary financial relief. The study found that Baltimore residents receiving rental assistance were slightly less likely to move or to experience homelessness, though they continued to face difficulties paying rent. The subsidy reduced the share of assisted households who said they were going into debt. [9] As federal funds run out and evictions return to pre-pandemic rates, Baltimore Renters United, a citywide coalition of independent nonprofits, legal services organizations, tenants' associations, and community-based organizations, continues to advocate forcefully for sustained emergency rental assistance, just cause eviction, and tenant safety.

Why is the prevalence and experience of low-income renters important to our understanding of COVID's impact on homeownership in Baltimore? The rental and homeownership markets in Baltimore are interconnected in important ways. In a paper on overcoming barriers to homeownership in Baltimore, during the decade prior to COVID, Scott and Iyer pointed out that the percentage of renters in Baltimore increased, and 50% of those renters were cost-burdened, making the transition to homeownership much more difficult. [10] From 2007 to 2017, following the Great Recession, the percentage of Black households in owner-occupied properties decreased in Baltimore to 42%. Financial challenges facing renters during COVID-19 further reduced the pool of potential homebuyers.

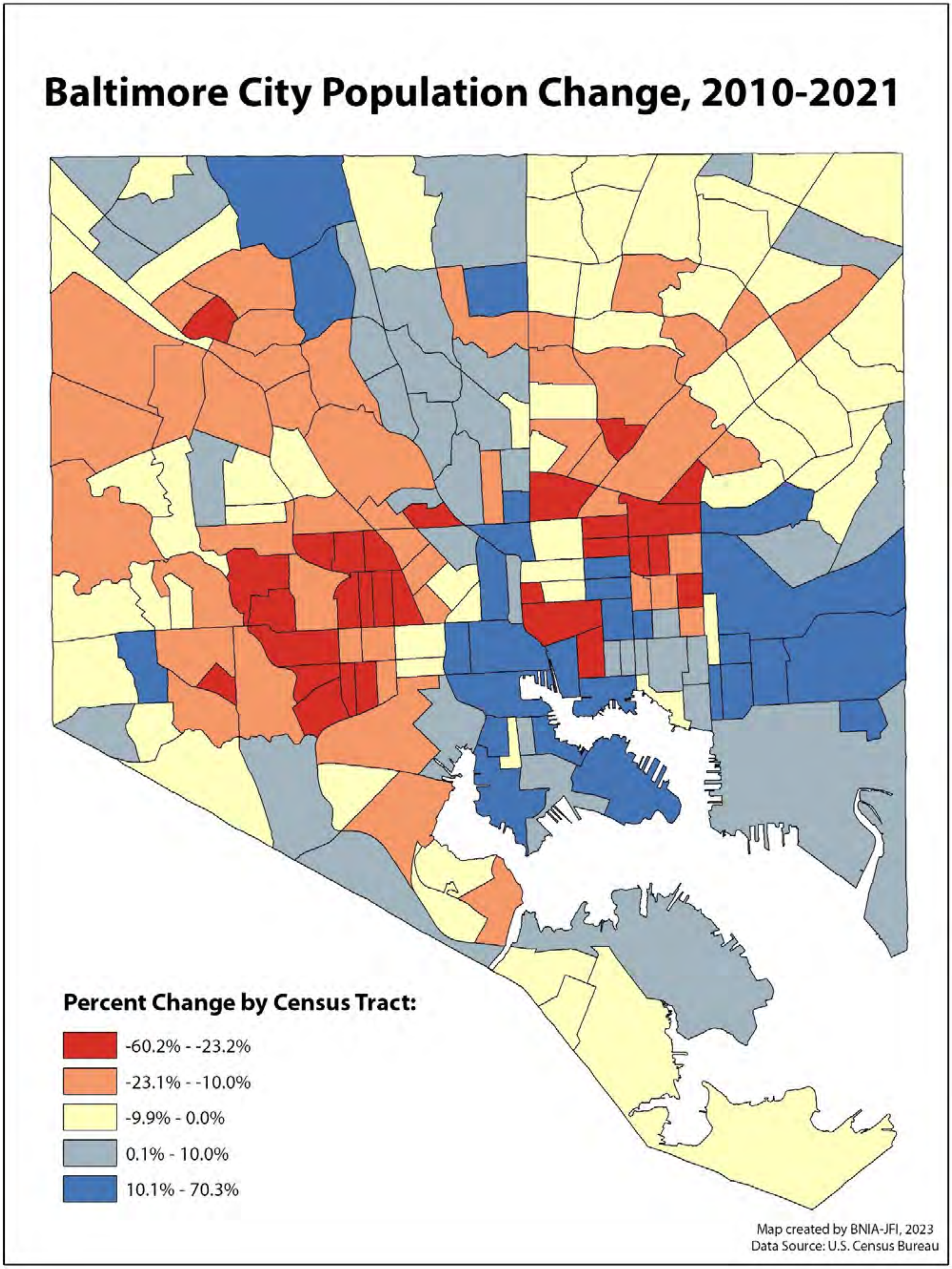
IMPACTS OF COVID-19 ON HOMEOWNERS AND HOMEBUYERS

[7] Sheikhattari, April 6, 2023.
[8] Reina, Goldstein, and Bazil, April 2021.
[9] Reina, Goldstein, and Bazil, April 2021.
[10] Scott and Iyer, July 2020.

Alan Mallach's pre-COVID-19 study of Baltimore neighborhoods shows clearly that in the context of overall population loss, Black middle-class families were leaving the city while upwardly mobile young white individuals were moving in, resulting in predominantly Black neighborhoods growing poorer, while predominantly white neighborhoods were growing wealthier. [11] These population trends appear to have continued during COVID. In the maps showing [Race and Ethnicity in Baltimore](2020) and [Population Change in Baltimore 2010-2021], we see that most predominantly Black neighborhoods lost population, while predominantly white neighborhoods and areas with a significant Hispanic presence in Southeast have held steady or gained population.



[11] Mallach, April 2020.


Baltimore City Population Change, 2010-2021
Percent Change by Census Tract:
-60.2% - -23.2%
-23.1% - -10.0%
-9.9% - 0.0%
0.1% - 10.0%
10.1% - 70.3%
Map created by BNIA-JFI, 2023
Data Source: U.S. Census Bureau

When COVID-19 first started shutting down parts of the economy in March 2020, many feared a tsunami of foreclosures, but the government took prompt action to prevent a foreclosure crisis. On March 27, 2020 a federal foreclosure moratorium went into effect as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the initial response to the sharp economic downturn caused by COVID-19. The moratorium excluded privately owned mortgages, and expired on July 31, 2021. In Maryland, the state imposed a complementary moratorium on new residential foreclosures from April 2020 to June 2021. In the first half of 2023, well after the moratoriums had ended, Maryland's foreclosure rate was third highest in the country (.23% of housing units with a foreclosure filing, compared to a national average of .13% housing units with a foreclosure filing). Baltimore was among the metropolitan areas with foreclosure activity above pre-COVID pandemic averages. [12]

Compared to the height of the previous foreclosure crisis in 2010, more homeowners had significant equity in their homes, so fewer homes completed the foreclosure process to become real-estate owned or bank-owned properties. Most homeowners in financial duress could sell the properties and pay the balance on their loans.[13] Also, federal funding directed through state and local channels provided needed support to homeowners. The Homeowner Assistance Fund was established by the American Rescue Plan Act to help homeowners experiencing financial hardship due to the COVID-19 pandemic. In 2021, the Maryland Department of Housing and Community Development was awarded $248 million from the U.S. Treasury department to assist homeowners struggling with their mortgage payments or other housing costs. Maryland designed their program to leverage loss mitigation tools to facilitate long-term sustainable and affordable mortgage as opposed to short-term assistance. As of October 1, 2023, the Homeowner Assistance Fund has assisted 1,843 households and provided more than $26.6 million in Baltimore City. [14]

During COVID-19, the housing market in Baltimore experienced rising prices and falling inventory. Initially, from March 2020 through November 2021, interest rates were low and stable. As more people worked from home, the demand for housing was high, and the average price for a home in Baltimore rose to over $200,000 in 2021 for the first time since 2007 (just before the foreclosure crisis and Great Recession kicked in). Even after interest rates rose in 2022, Live Baltimore reported that almost 9,500 homes were purchased that year, generating $2.37 billion in investment, with price gains in every

[12] ATTOM, July 13, 2023.
[13] Stewart, December 14, 2022.
[14] Maryland Department of Housing and Community Development, October 1, 2023.

category. [15] The market was extremely lively in 2021 and 2022, and much of this activity was investor-driven. In several predominantly Black neighborhoods, such as Broadway East, Carrollton Ridge, and Harlem Park, 60% of the homes sold from 2019 were bought by investors. Over the first half of 2022, more than a third of all Baltimore home sales were investor purchases, double the rate of the first half of 2021. [16]

While the recent rise in foreclosures is concerning, foreclosures have not had a major impact on homeownership in Baltimore during COVID-19. The ongoing impact of investor purchases is a much greater concern. It is worth taking a minute to think about the impact of investors on both homebuyers and homeowners. In an excellent paper about the impact of investors written during COVID-19, Katz and co-authors proposed a useful framework. [17] They stress that they are not critical of all investors, but in their analysis of changing housing markets in Philadelphia (which shares many of Baltimore's characteristics), Jacksonville, and Richmond, they observe that many of the new entrants into the housing market are large institutional landlords like private equity firms and hedge funds. Corporate investors offer quick, cash transactions, outbidding **current homebuyers**. They may hold onto properties for a long time, increasing the ratio of renters to homeowners in a neighborhood, which hurts **future homebuyers**. In addition, "pernicious flippers, wholesale buyers, and institutional homebuyers may target low-information homeowners with offers of quick cash without inspections, which can lead to **current homeowners** leaving cash on the table." [18] This deployment of capital has had a disproportionately negative effect on Black and Hispanic residents of the cities they studied.

In Baltimore, from 2019 to 2021, the percentage of owner-occupied homes fell from 55% to 53%, while the Black homeownership rate (43%) remained 18 percentage points lower than the white homeownership rate (61%). [19] The following maps of Baltimore below illustrate the owner-occupancy rate in 2021, and changes in owner-occupancy rate from 2019 - 2021, by Census tract. In 2021, 15 neighborhoods, primarily in West, East and South Baltimore, had homeownership rates of less than 20%, which is extremely low in a city with an abundance of single-family homes. The higher rates of homeowners are concentrated along the Harbor, in the far West, Northwest, and Northeast parts of the city. Even many of these higher- homeownership areas saw a

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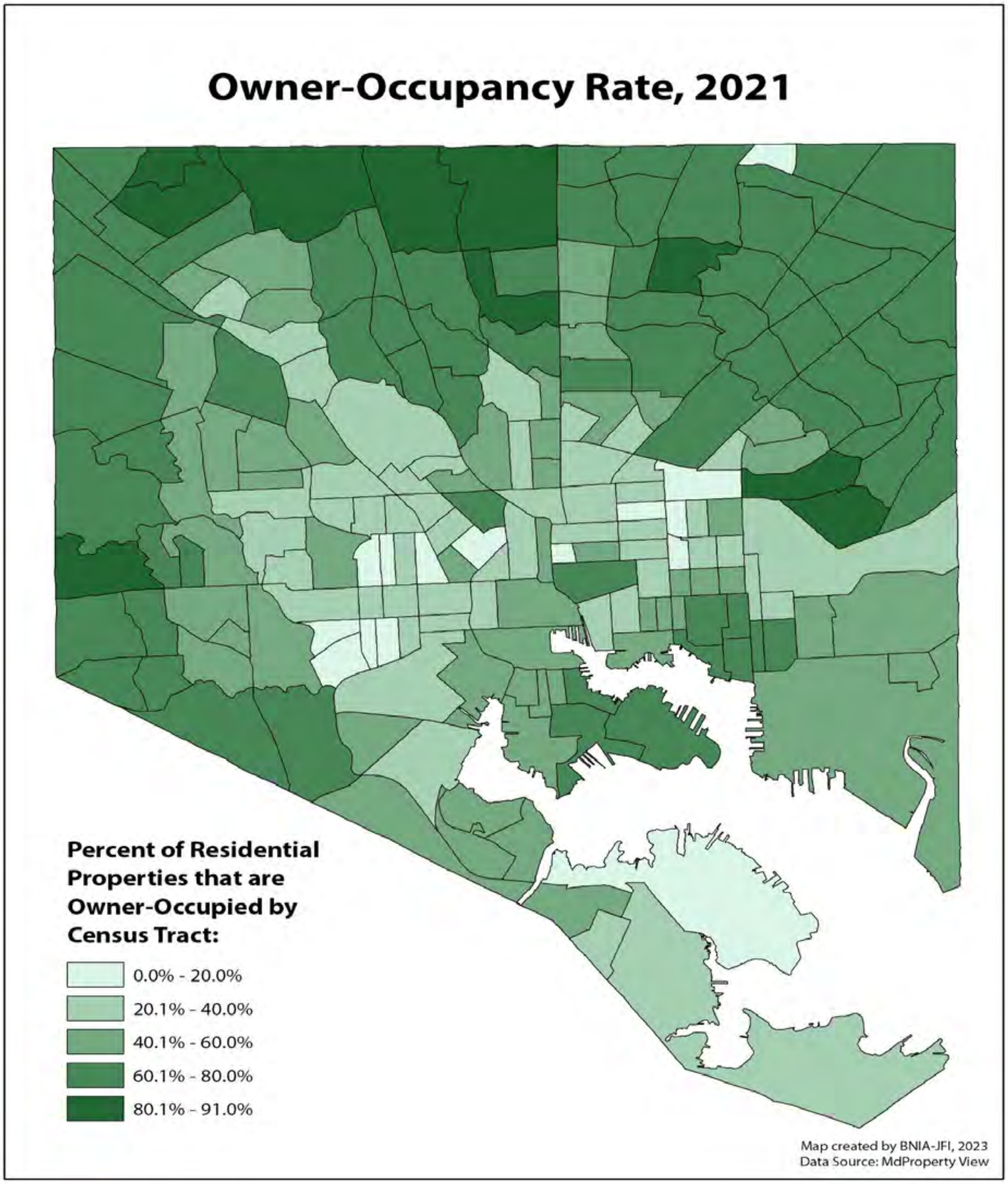
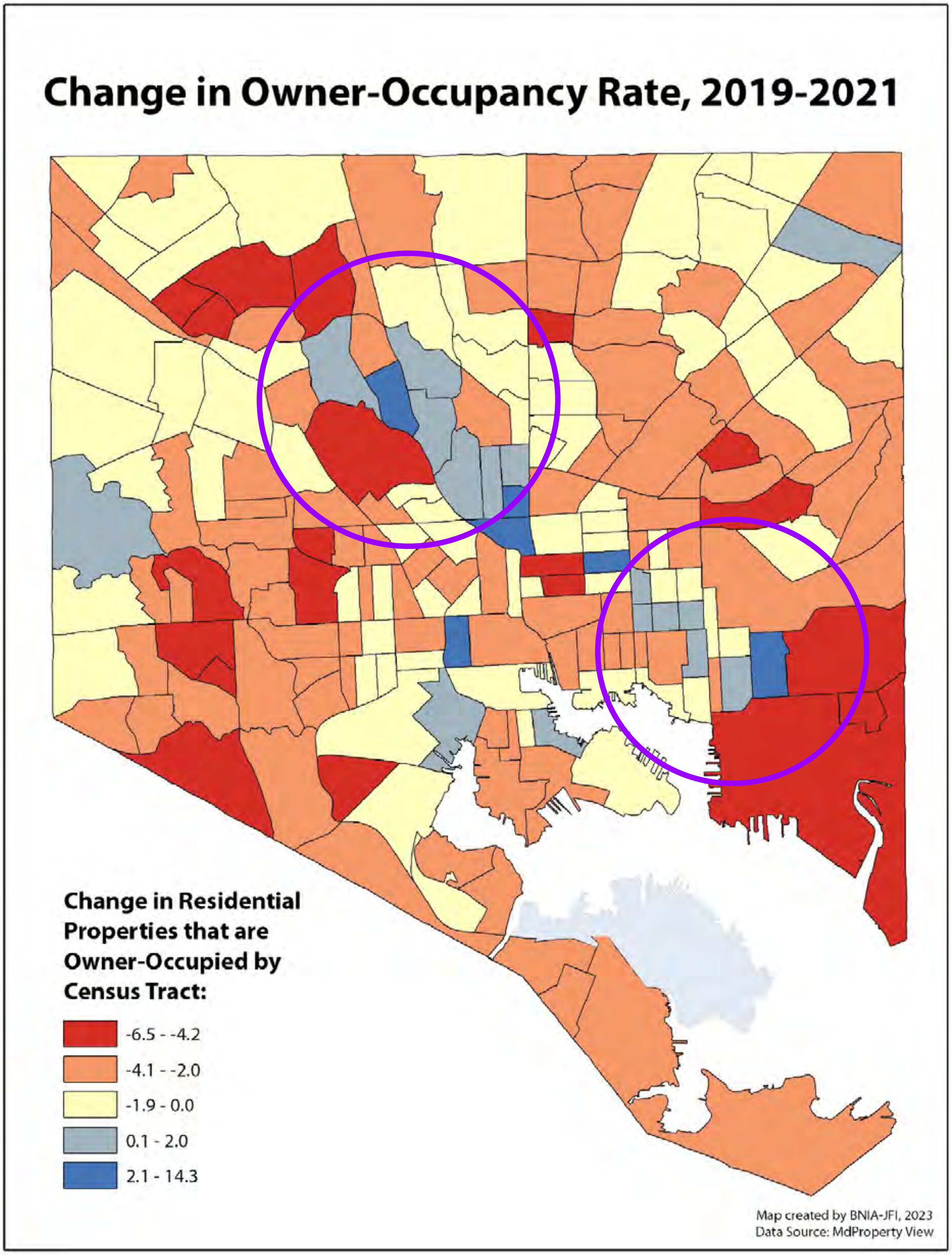
[15] Live Baltimore, February 20, 2023.
[16] Bologna, October 28, 2022.
[17] Katz, Dowdall, Goldstein, and Preis, 2022.
[18] Katz, Dowdall, Goldstein, and Preis, 2022.
[19] Baltimore Neighborhood Indicators Alliance (2023). Sources: MD Property View (owner-occupancy map) and American Community Survey 1-Year Estimates, Table S2502 (homeownership rates).

decline in homeownership during the first two years of COVID-19, which is deeply concerning. The primary parts of the City experiencing an increase in homeownership during COVID-19 were in Central Baltimore and adjacent to Patterson Park.




Change in Owner-Occupancy Rate, 2019-2021
Change in Residential Properties that are Owner-Occupied by Census Tract:
-6.5 - -4.2
-4.1 - -2.0
-1.9 - 0.0
0.1 - 2.0
2.1 - 14.3
Map created by BNIA-JFI, 2023
Data Source: MdProperty View

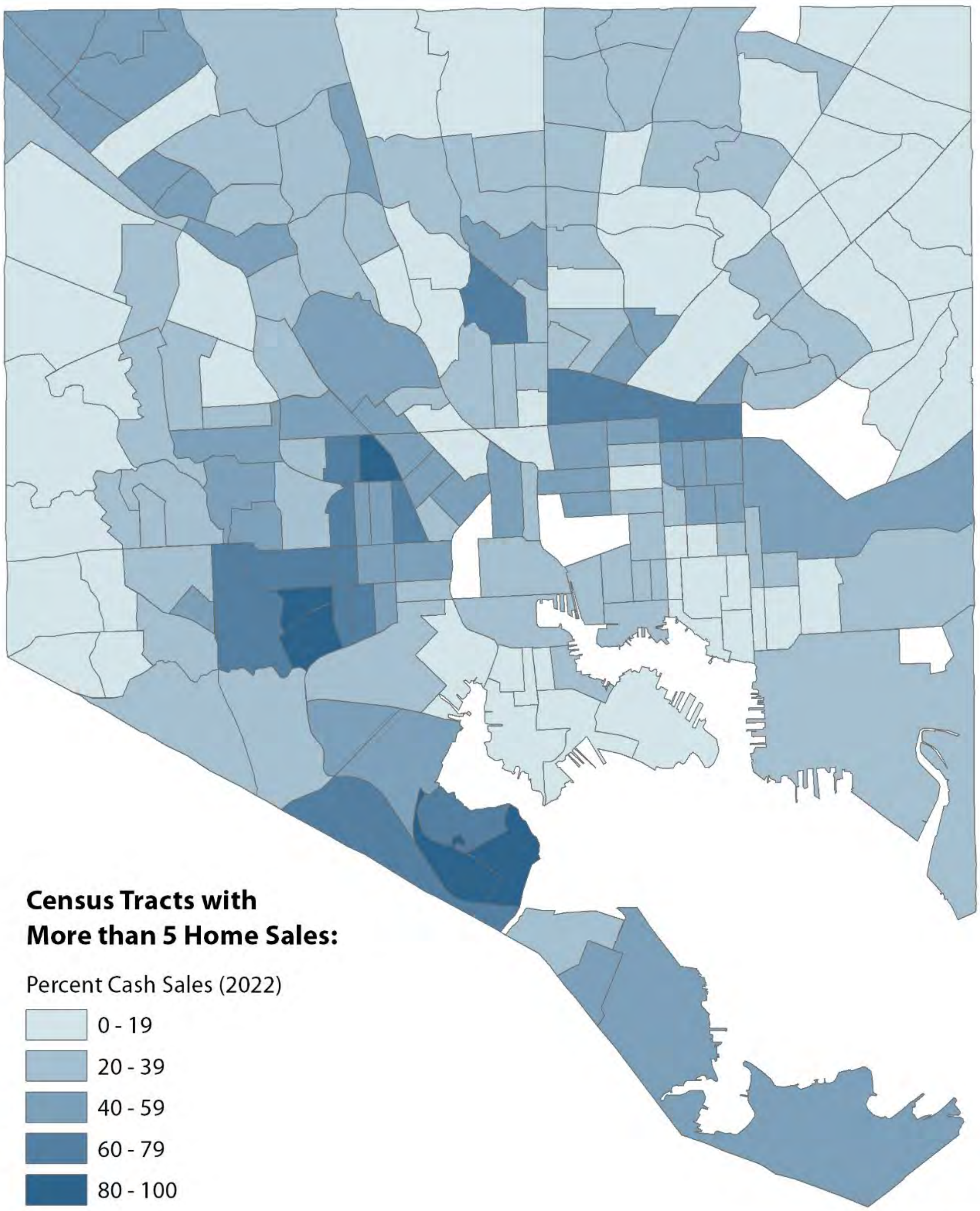
The continued decline of homeownership rates in most majority-Black neighborhoods during COVID-19 occurred despite an uptick in the rate of mortgage loans originated (obtained) by Black homebuyers in Baltimore. As the chart below indicates, the rate of mortgage loans originated increased from 5.5 (per 1,000 population) to 10.0 for Black homebuyers, while they rose from 0.7 to 1.3 for Hispanic homebuyers, and 7.9 to 13.8 for white homebuyers.

Table 1: Rate of Mortgage Loans Originated by Race and Ethnicity per 1,000 Population, 2019-2021

	2019	2020	2021	Change (2019-2020)
Black/African-American	5.5	7	10	4.6
Hispanic	0.7	0.9	1.3	0.6
White/Caucasian	7.9	12.9	13.8	6
All	17.9	26.5	33.5	15.5

However, gains in Black mortgage utilization appear offset by ongoing losses in homeownership, linked to death, outmigration and sales to investors. Interestingly, there was a decline in cash sales from 2019 to 2021 in many predominantly Black neighborhoods. Baltimore homeownership experts that we interviewed attributed to diminished inventory in areas where investors were active before COVID-19, as well as investors using mortgages, instead of cash, to sell properties to each other. That said, the rates of cash sales, a rough proxy for investor sales, in the predominantly Black neighborhoods remain very high (40% to over 80%) in parts of South, West and East Baltimore, and in the Park Heights area in the Northwest.

Percent of Home Sales for Cash, 2022



Map created by BNIA-JFI, 2023
Data Source: RBIntel

The maps and data indicate there is a long-term hole in the Black homeownership bucket in Baltimore. Black homeowners in Baltimore, unlike many of their white peers, often are not consistently benefitting from the creation of generational wealth through homeownership. This predates COVID-19, and appears to have been exacerbated by the pandemic. Through a series of interviews, Baltimore homeownership experts helped us understand important dynamics at work among the Black homebuyers and homeowners they work with:

- When COVID-19 first hit, low and moderate-income people faced greater exposure to the pandemic, as well as reduced hours at their jobs and less overtime. Those who lost partners and other loved ones ended up having to cover their mortgages solo instead of sharing the expense, and post-foreclosure moratorium may be at risk of foreclosure.
- As housing prices went up during COVID-19, the bottom of the market increased from $75,000 to $125,000, which made the lower end of the market harder to access. Given the prevalence of investors at the bottom of the market, first-time homebuyers have been increasingly likely to buy from investors who may not prioritize the buyer's financial sustainability.
- COVID-19 created a seller's market, and buyers had to push to the top of their affordability. More recently, as interest rates have risen, the combination of high prices and high interest rates has been knocking out buyers making around 80% of median income out of the housing market. They are competing with investors as well as with each other. If they do succeed in buying a house, any major bump in expenses can create a financially precarious situation for the buyer.
- Single Black women are a key home buying demographic in Baltimore, and they face all the challenges listed above. One organization focused on helping Black women access homeownership noted that student debt is a huge problem as well. Staff at this organization believe that canceling or reducing student debt would go a long way towards improving their clients' debt-to-income ratios and long-term financial wellbeing.

Alongside the intersection of COVID-19 with multiple long-term challenges facing Black homebuyers and homeowners in Baltimore, there has been an increase in the Hispanic population, mortgage utilization, and homeownership rates. In the decade leading up to COVID-19, from 2010 to 2020, the Hispanic population in Baltimore grew by a remarkable 77%. In the narrower COVID-19 time frame, from 2019 to 2021, the percentage of Baltimore residents who identify as Hispanic grew modestly from 5.3% to 5.6%.

Of particular note is that from 2019 to 2021, the communities with the *highest percentage* of Hispanic residents in 2021 were in Southeast Baltimore (Greektown/Bayview at 30.5%, and Southeastern at 31%), while the areas with the *fastest growing* Hispanic population were in South Baltimore: Brooklyn/Curtis Bay/Hawkins Point (up 32%) and Westport/Mount Winans/Lakeland (up 64%). [20] Clearly the Hispanic population in Baltimore is becoming a substantial presence outside of Southeast Baltimore, and the longstanding division of Baltimore into highly segregated Black and white neighborhoods, while still largely accurate, is starting to become a more complex mosaic.

From a homeownership perspective, Baltimore City Home Mortgage Disclosure Act (HMDA) data cited above indicates that the rate of mortgage loan origination among Hispanic residents, while low, almost doubled during COVID-19, from 0.7 per 1,000 persons in 2019 to 1.3 in 2021. According to the 2019 and 2021 One-Year American Community Survey (ACS), homeownership rates among Baltimore Hispanic residents increased substantially, from 37% to 50%, an apparent increase of 13%. We believe the ACS data under-represents undocumented residents, who are less likely to be homeowners, and therefore overstates the Hispanic homeownership rate. Organizations working with Hispanic residents in Southeast Baltimore affirm that they face substantial challenges both as renters and homebuyers, especially if they are undocumented. Landlords who are so inclined find it easy to exploit undocumented renters, because the renters are unlikely to report landlord abuses to the authorities. While this motivates undocumented renters to pursue homeownership, access to credit is limited because they have access to very few loan options, and the options that exist have high interest rates and fees. The transition to homeownership depends on their ability to establish credit and save money.

BALTIMORE IN A LARGER CONTEXT

Studies at the national and state levels, as well as analyses of housing markets in other mixed and weak-market cities, provide the context for what we see in Baltimore before and during COVID-19. It is wrenching but accurate that throughout the United States, Black homeownership has not proven an effective solution to the racial wealth gap. The *2022 State of Housing in Black America*[21] outlines a series of problems facing Black

[20] All the statistics above are from the Baltimore Neighborhood Indicators Alliance, 2023.
[21] Carr and Zonta, 2022.

homebuyers and homeowners in well-documented detail, as does *Examining Racial Disparities in Maryland's Housing Market.* [22]

We can characterize the main challenges as:

- Institutional discrimination, including outdated credit scoring models, are hardwired in the mortgage lending system; people of color face more hurdles refinancing, accessing mortgage loans, and building home value than white homebuyers.
- Borrowers of color are more likely to have homes appraised below the contract priced during sale or refinancing, which can perpetuate a cycle of disinvestment.
- Homeowners of color experience lower-than-average home values in areas with a high percentage of minority residents, and their values have been slower to recover from the Great Recession.
- High interest rates and high housing prices are making homes harder to afford and, given deep-rooted income and wealth racial inequalities, hit Black homebuyers harder.
- Black buyers disproportionately are forced to compete with large institutional investors aggressively purchasing properties in Black communities.

Several city-level studies released during COVID-19 focus on the escalation of institutional investors purchasing and controlling residential properties in Black neighborhoods. The report by Katz and coauthors on investor home purchases in Philadelphia, Jacksonville, and Richmond traces a key link between the Great Recession and today's housing market, despite the obvious differences. Traditionally, mortgage and home improvement loans are the lifeblood of housing, and exclusionary practices (such as redlining and segregation) that cut off this lifeblood harmed residents of color and their neighborhoods. However, the subprime mortgages that led to the Great Recession showed that access to toxic, predatory capital – what housing scholar Keeanga-Yamahtta Taylor terms "predatory inclusion"[23] – can be equally damaging. In the same vein, large-scale "parasitic purchasing" by institutional investors in low-income neighborhoods before and during COVID-19 continues the long-term exploitation of people and neighborhoods of color.[24]

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[22] University of Maryland National Center for Smart Growth, Enterprise Community Partners, and Clower & Associates, December 2022.
[23] Keeanga-Yamahtta Taylor, 2019.
[24] Katz, Dowdall, Goldstein, and Preis, 2022.

Studies from Memphis and Cleveland detail how this predatory dynamic is playing out in those cities. In Memphis, 25% of property purchases in 2020 were made by investors, while Black homeownership rates fell dramatically and average home prices rose sharply.[25] In Cleveland, corporations and LLCs increasingly have been adding one-to-three-family homes to their portfolios, and most vacant homes purchased by business buyers are not formally rehabbed. The authors of the Cleveland study state clearly that "such activity is part of the larger legacy of continued racial bias in the American housing market, insofar as households of color are offered an inferior product - substandard housing - at a higher price." [26] These studies make clear that the ongoing decline of homeownership in many Black Baltimore neighborhoods is part of a larger American housing crisis that has taken new twists and turns during COVID-19, while continuing to foster racial wealth inequality. To put it simply, we need approaches that fundamentally challenge the pre-COVID, COVID, and post-COVID housing market status quo, because "wealth building won't work while wealth extraction continues".[27]

NEW APPROACHES

During COVID-19, public officials urged residents to shelter in place, and – with the huge exception of essential workers who could not choose to stay home – to conduct economic, educational, political, and social activities online. The pandemic underscored the fundamental importance of having adequate shelter, as well as the high cost, in lives damaged and lost, paid by those who did not have access to decent housing. For homebuyers and homeowners, as we have discussed, COVID-19 spurred greater investor activity, increased demand for homes, greater competition among homebuyers, and much higher prices in the residential housing market.

However, the most significant impact of COVID-19 on homeownership (and housing more broadly) in Baltimore may be the view among housing advocates, practitioners, and researchers, that *the pandemic unleashed a fundamental rethinking of Baltimore's most severe housing challenge – vacant houses and lots – and generated multiple city-wide proposals calling for action at a scale commensurate with the problem.* These proposals recognize that, rather than focus narrowly on specific programs or neighborhoods, we need to change the trajectory of our city's depopulated and disinvested neighborhoods, to reverse the damaging and growing gap between the

[25] Mattingly, Choi, Pang, and Ratcliff, March 2022.
[26] Vacant and Abandoned Property Council, March 6, 2022.
[27] Greer, February 14, 2022.

wealthy and the poor, and to make decent, stable housing possible for the great majority of Baltimore residents. [28]

The three proposals we are referring to are:

- Fight Blight Bmore, "The Anatomy of Baltimore's Blight: Analysis of Policy and Practice Creating a pathway for Community Progress". (February 2023) supported by the Center for Community Progress.
- czb LLC, "Whole Blocks, Whole City: Reclaiming Vacant Property Throughout Baltimore". (January 2023) for ReBUILD Metro and BUILD, supported by the Abell Foundation.
- City Councilwoman Odette Ramos and City Councilman James Torrence, "Baltimore's Land Bank: Fact Sheet March 2023".

We do not have the space in this paper to analyze these proposals in depth. Instead we will explore how these proposals respond, or fail to respond, to two key Baltimore homeownership trends we have highlighted: (1) the impact of speculative investors on homebuyers and existing homeowners, and; (2) the hole in the Black homeownership bucket and resulting loss of opportunities to build generational wealth.[29]

A fundamental insight shared across the three proposals is that the current combination of government and private-sector policies and practices are not helping, and often are damaging, many Baltimore neighborhoods. The advocacy organization Fight Blight Bmore raised the alarm about harms inflicted by predatory policies and practices well before COVID-19 and makes clear in its 2023 report that current systems for controlling and abating housing issues in Baltimore have led to distressed housing, high vacancy rates, and decreased land values, all of which contribute to violence, crime, physical illness, and psychological trauma in lower and moderate-income Black communities. From this perspective, the impact of speculative investors is one of several negative trends driving depopulation and disinvestment.

To flip these trends, control has to be returned to the grassroots; community stakeholders have to be engaged as "key drivers of community renewal." The ReBuild

[28] Undergirding the three proposals we discuss is an important study also released during COVID-19: Mary Miller and Mac McComas, September 2022. "The Costs of Baltimore's Vacant Housing."

[29] An important update: in December 2023, Baltimore Mayor Brandon Scott endorsed a proposal based on the BUILD/ReBUILD Metro initiative to reclaim vacant properties throughout Baltimore, which included a plan developed by retired businessman Joe Meyerhoff to use Tax Increment Financing (TIFs) to finance the purchase and rehabilitation of vacant properties on a very large scale. For background on the Meyerhoff proposal, see Bologna, 2023.

Metro proposal emphasizes the failure of piecemeal approaches to neighborhood decline – “fixing a house here or demolishing a house there” – and advocates for a “Whole Block and Whole Area” approach that uses legal tools to acquire properties outside the private market, thereby countering the negative impacts of investors. The Land Bank proposal also advocates for wresting control of vacant properties away from market-driven approaches that serve speculators and investors rather than community residents. *There is significant consensus on the need to forcefully counter toxic market forces that currently exploit Baltimore residents and their neighborhoods*.

Preventing the loss of homeownership (fixing the hole in the Black homeownership bucket) has long been a focus of Fight Blight Bmore. In 2021, Fight Blight Bmore and Parity Homes launched the Stop Oppressive Seizures Fund, to distribute money to homeowners at risk of losing their properties through tax sale, while (more broadly) disrupting and dismantling predatory systems that erode ownership within communities of color. [30] They assert that from an individual, family, and neighborhood perspective, maintaining homeownership, especially among vulnerable seniors, is as important to Baltimore’s future as creating new homeowners. As we have seen, while HMDA numbers show an increase in Black utilization of mortgage products, the decline of Black homeownership continued during COVID-19. Fight Blight Bmore highlights the adverse impact that homeownership loss and blight have on residents’ mental and physical health, sense of identity, and community connections.

ReBUILD Metro also emphasizes that blight takes both a financial and psychological toll on Baltimore residents. Their view of City policies is more mixed than that of Fight Blight Bmore; they see Baltimore City government as having had some success with targeted programs in stronger-market areas, while causing significant community dislocation in the redevelopment of weak-market areas. ReBUILD Metro advocates taking action city-wide, not within discrete market silos. They connect the fate of the strong-market neighborhoods to that of weaker market areas, in asserting that the measurable decline in Baltimore’s Black middle class can not be reversed without addressing a total of 70,000 properties, concentrated in the city’s more distressed neighborhoods, that are vacant or at risk of becoming vacant. We agree that rehabilitating or building homes to attract new homeowners can not succeed without supporting existing homeowners through home repair, estate planning, and wealth building – fixing the hole in the bucket.

[30] Stop Oppressive Seizures Fund website, https://www.thesosfund.com/our-work-1.

RECOMMENDATIONS

Policy papers often end with a long list of recommendations that address the problem(s) that the papers have identified. For this paper, we want to center the community development industry, community-based and regional organizations, as well as local and state government. During COVID-19, members of Baltimore's academic, foundation, nonprofit, for-profit, and public sectors developed ambitious strategies and tools to address Baltimore's biggest housing challenges. Their reports convey that tackling Baltimore's falling population and homeownership rates requires thinking very big, about addressing the damage done by decades of racial discrimination, investing in highly depopulated and disinvested neighborhoods, and eventually reversing the city's population decline in ways that respect the residents who never left.

Housing is not just housing. A home is a place where ideally we find space, safety, nurturing, self-expression, and connection. During COVID-19, we often had to stay home, but not all of us had decent, secure places to go home to. When we lack a home, or our homes are not in a stable condition or area, it is more difficult to get an education, to find a job, to stay healthy, to fully participate in the life of our communities. If we want Baltimoreans to thrive, we need to dramatically improve our city's housing access and conditions. We need to fix the hole in the homeownership bucket, create new homeownership opportunities, and build the collective capacity of our public, nonprofit and for-profit housing partners.

To achieve these goals, we should focus on four significant areas for community economic development organizations and partners.

Informing People of the Scope of the Problem
Community stakeholders cannot simply make lists of policies and programs for someone else to implement. The city must work to fully inform people about the scope of the problem, identify core challenges, and implement place-based **and** people-centered solutions.

How will the city's community development ecosystem step up *collectively* in a process that leads to actual change?

Helping Existing Homeowners and Renters Stay
Baltimore needs to prioritize helping residents remain in homes that are safe and habitable and pass appreciating assets to the next generation. Stabilizing and

improving conditions for existing residents should be part of a market-based strategy and not seen as charity.

- Implement a program to ensure all eligible Baltimore homeowners receive all relevant property tax credits, including but not limited to the Renter's Tax Credit, Homeowners' Tax Credit, Homestead Tax Credit, and Urban Agriculture Tax Credit. [31]

- Help older adults and low and moderate-income residents to access energy upgrades to reduce their monthly costs.

- Enact rules requiring an outside, independent appraisal under certain trigger conditions, to protect homeowners from pernicious flippers, wholesale buyers, and institutional homeowners who target low-information homeowners with offers of quick cash without inspections. [32]

- Allow individuals to opt out of unsolicited home buying offers, along the lines of Philadelphia's "do not call list" for unwanted home buying offers. [33] Also, New York City has created "cease and desist" zones to prohibit the solicitation of real estate listings from any homeowner whose name appears on a Department of State issued cease and desist list. [34]

- Ramp up the "*in rem*" foreclosure process focusing on vacant and abandoned tax sale properties. Include a pathway for heirs who want to retain the family home and bring the house back into productive use. [35]

- To help people attain homeownership, use Special Purpose Credit Programs specifically designed for low- and moderate-income populations of color that have been most harmed by segregationist policies in Baltimore. In simple terms, a lending institution can create a program specifically for Black individuals, Hispanic individuals, or any other group that has experienced disparities in lending access.[36]

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[31] Adapted from Fight Blight Bmore, 2023. See pp. 41- 49 for all the report's recommendations.
[32] Katz, Dowdall, Goldstein, and Preis, 2022.
[33] As cited in Katz, Dowdall, Goldstein, and Preis, 2022: https://clsphila.org/services/homebuying-scams/.
[34] New York Department of State. "Cease and Desist Zones."
[35] Fight Blight Bmore, 2023.
[36] The Equal Credit Opportunity Act (ECOA) of 1974 allows institutions to develop Special Purpose Credit Programs (SPCPs), which provide a tailored way to meet special social needs and benefit economically

Attracting People to Baltimore City

- Make a sustained commitment to equity and engagement to improve distressed neighborhoods for current residents while attracting new residents. In creating new opportunities for homeownership (and other forms of housing), focus on Baltimore's most distressed neighborhoods.

- Create legislation to support co-housing and cooperative development, and regulations to enable intergenerational housing (accessory dwelling units, duplexes, granny flats, in-law suites). [37]

- As discussed in the Baltimore Land Bank Authority fact sheet, and the ReBUILD Metro report on reclaiming vacant property throughout Baltimore, develop the legal tools and structures to gain control of properties outside of the private market and the financial tools and structures (especially patient public funding) to support the city-wide acquisition and disposition of vacant properties and lots.

- Incentivize intersectional work around schools, health, and workforce development, etc.
  Find innovative ways to connect new homeowners to other strategies. This connective tissue will help homeowner attraction as well as retention.

Building Capacity Among City, Nonprofits and For-Profit Partners

- To undertake the acquisition, disposition, and redevelopment of vacant properties and lots citywide will require a significant ramping-up of capacity and collaboration among City government, nonprofit organizations, developers, private sector corporations, and civic leaders. Effective and sustained high-level

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disadvantaged groups, including groups that share a common characteristic such as race, national origin, or gender. Properly designed, SPCPs can play a critical role in promoting equity and inclusion, building wealth, and removing stubborn barriers that have contributed to financial inequities, housing instability, and residential segregation. SPCPs are also consistent with and provide a targeted and effective way to further the purposes of other civil rights laws, including the Fair Housing Act's twin goals of overcoming discrimination and segregation. SPCPs are not limited to mortgage programs but can be used in other types of lending such as small business loans. Although SPCPs have been allowable for almost 50 years, there are a variety of reasons they've not been widely used, including lack of federal guidance. Civil rights organizations and housing leaders, federal agencies, and financial regulators have affirmed that SPCPs can be used in full compliance with the Fair Housing Act. Now that legal and regulatory guidance, instructive tools on program design and best practices, and data analysis resources are available, dozens of SPCPs have been brought to market. For additional information, see: https://nationalfairhousing.org/resource/special-purpose-credit-programs-virtual-forum-overview/

[37] Fight Blight Bmore, 2023.

leadership will be required for these groups to develop shared goals and work together effectively for a decade at least. [38]

- If a new quasi-public entity is created to focus on property acquisition, disposition, and redevelopment, Baltimore City Department of Housing and Community Development could focus on vacancy prevention through home repair, estate planning, and wealth building, while also reforming the permit office and grants management and building the capacity of the nonprofit sector. [39]

- The city will need a variety of mission-oriented partners and small developers to build community and nonprofit capacity. The City and organizations will need to focus on strengthening the capacity for real estate development. Organizations will need to be viewed as allies and not competitors.

- Baltimore City's antiquated and inefficient permitting system is a serious problem for developers at all levels. On September 20, 2023, the city announced the selection of Accela professional services for the overhaul and replacement of the City’s permitting and inspections system. With the help of ARPA dollars, the City is investing approximately $6 million to create a web-based, user-friendly design with an improved approval cycle.

The COVID-19 pandemic was a stark reminder that having a decent home is a necessity, not a privilege. Unfortunately the uptick in market activity in 2021 and 2022 did not translate into greater homeownership opportunities for many Baltimore residents. Instead, buying a home got more competitive and expensive, and overall homeownership rates declined. To make homeownership more affordable and available will require making the most of Baltimore’s huge stock of vacant properties and lots.

[38] czbLLC (for ReBUILD Metro and BUILD), 2023.
[39] Ramos and Terrence, 2023.

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