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Baltimore Housing Policy





Community Scope

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Baltimore Housing Policy

Authors

Anne A. Burnett and Peter M. Dolkart

"I have lived in one house in Baltimore for nearly forty-five years. It has changed in that time, as I have - but somehow it still remains the same." - H.L. Mencken

Overview

This issue of *Community Scope* focuses on the history of housing policy in Baltimore. Over a century ago, beginning with the tactics of restrictive zoning and covenants, followed by mortgage "redlining" and "blockbusting," generations of minorities became trapped in impoverished urban neighborhoods. A city once the home for the largest free-black population of any community in the country at the start of the Civil War (1861), with a functioning black middle class after the war during Reconstruction, it was also the city where some of the first housing segregation laws were approved in 1910.¹

This paper explores the origins and implementation of policies and practices that made inevitable the decline of once stable neighborhoods and communities in Baltimore. While some of these practices were overt in their intent to separate residents by race, ethnicity and religion, others resulted from a legacy of incremental decisions made by people who may have been unaware of their consequences. The paper also provides an overview of current initiatives, almost exclusively community-based and grassroots-driven, to remake a hardened landscape and to disperse and expand opportunities for quality affordable housing within the Baltimore metropolitan region.

From the Ashes

Modern Baltimore emerged from the ashes of the Great Fire of 1904. Most of the city was destroyed by a fire that started in a cotton warehouse and quickly spread, destroying 1,545 buildings in 30 hours and leaving more than 70 blocks and 140 acres of the

downtown area burned.² The rebuilding of downtown Baltimore gave the city the opportunity to widen streets, reduce lot density and finally construct public infrastructure, including modern water and sewer systems. Population migration, already in progress with the construction of street car lines and new roads for automobiles, accelerated dramatically. Affluent families were the first to abandon downtown out of fear of future blazes and public health epidemics. With the subsequent municipal annexation of county land in 1914, the flood gates to suburbanization opened as residents pursued lower property tax rates and front lawns.

A new civic order formed in the hollowed burnt district. Lines of demarcation separating races and ethnic communities became fixed along the street grid layout and in daily social relations. McCulloh Street in the Mount Royal district became the racial dividing line. Within six years of the Great Fire, African-Americans were no longer welcome in theaters, parks, restaurants, hotels and department stores. Hence, segregation in public places was established as part of the prevailing social order.

"The 'common sense of the community' centered on the white race is a unit in its decision that negro invasion of white residential sections must cease now and forever more." - Samuel L. West, Baltimore City Council, Sponsor of Ordinance 610 in 1910

Residential Segregation Takes Hold

Prior to 1900, predominantly African-American neighborhoods did not exist in Baltimore. Beginning in the early 20th century, African-Americans from the rural South began moving north in great numbers. Early on, African-American neighborhoods were largely confined to the areas directly northeast and northwest of downtown. On June 9, 1910, W. Ashbie Hawkins, a civil rights attorney, purchased a row house at 1834 McCulloh Street, becoming the first African-American to own a home in any predominately white neighborhood. *The Baltimore Sun* referred to the purchase as a "negro invasion."³

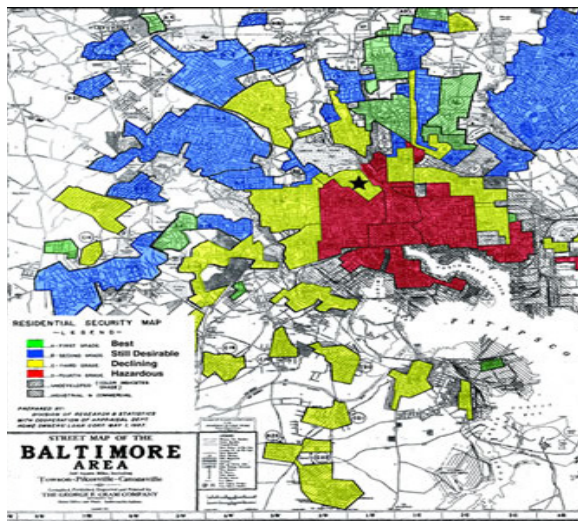
The City Council responded to the Hawkins home purchase by proposing Ordinance 610, which divided the city into black blocks and white blocks: "No negro can move into a block in which more than half are white and no white person could move into a block in which more than half the residents are colored."⁴ Sponsors of the ordinance cited the U.S. Supreme Court's *Plessy v. Ferguson* decision as the basis for the legality of the nation's first racially restrictive zoning ordinance. The courts quickly invalidated this law as too vague to enforce, resulting in three subsequent enactments of modified segregation ordinances. Each new ordinance was overturned until a final version succeeded in passing legal sufficiency in 1913.⁵

When the U.S. Supreme Court ultimately struck down residential racial segregation ordinances in 1917,⁶ Baltimore enacted a strategy used in Chicago in which building and health department inspectors lodged code violations against owners who ignored the unofficial racial exclusion rule. Communities and property owners then imposed restrictive covenants that ensured no population group by race, nationality or religion would deviate from their existing zones.⁷

With the outbreak of World War I halting most European immigration, northern U.S. factories began recruiting African-Americans from the rural South who were eager to escape poverty and Jim Crow laws for jobs in the cities. By 1920, the population of African-Americans in Baltimore was steadily rising, and the segregation laws could not prevent blacks from moving into formerly white neighborhoods recently abandoned by "white flight" to the new suburbs. Land development companies, notably the Roland Park Company, began to construct new neighborhoods in Baltimore County that utilized legal deeds containing binding covenants prohibiting sales to African-Americans and, subsequently, Jews.

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"Red areas represent those neighborhoods in which the things that are now taking place in the Yellow neighborhoods, have already happened. They are characterized by detrimental influences in a pronounced degree, undesirable population or infiltration of it." - HOLC Street Map of Baltimore Area, 1937



HOLC Street Map of Baltimore Area, 1937⁸

Redlining Institutionalized

During the Great Depression, the federal government established the Home Owners' Loan Corporation (HOLC) to handle emergency refinancing to homeowners facing foreclosure. As part of that function, HOLC initiated a process of "surreptitiously mapping 239 cities, dividing neighborhoods into various real estate categories" for the purpose of preventing the federal government and private financial institutions from being exposed to risky loans. Four colors were used as classification on the maps: green, blue, yellow and red. Red deemed a neighborhood "hazardous" and "dangerous," leading to a new real estate and banking term: redlining. Neighborhoods labeled "red" were unable to receive conventional mortgage financing. In Baltimore, predominantly African-American neighborhoods and neighborhoods that were subsequently identified with public housing were also categorized as hazardous to lending. Neighborhoods that were home to large

concentrations of Eastern European, Jewish, Italian and Irish immigrants in east and southern Baltimore were similarly classified.

The Federal Housing Administration (FHA), the successor to HOLC, was tasked with promoting homeownership by guaranteeing mortgages made by private lenders for creditworthy borrowers. FHA insisted on a rigid, white-black demarcation in housing by openly supporting racist covenants that largely excluded African-Americans — even those middle class and wealthier — by refusing to insure mortgages for minority homeowners wherever they lived. As such, African-Americans were cut off from legitimate bank mortgages, leading to worsening financial predation in Baltimore.

Impact of World War II

World War II brought a flood of new people to Baltimore who were attracted by the large number of war-related manufacturing and production jobs in the city. Many of Baltimore's war-industry workers lived in deplorable conditions that were in violation of both the city's housing and health codes. Planning officials estimated that the city lacked at least 9,000 housing units for lower-income residents.⁹ Twelve public housing complexes were constructed in the late 1930s and mid-1940s and were racially segregated. Of those dozen, six complexes containing about 3,000 units were for whites, and six complexes containing about 3,000 units were for blacks.¹⁰ Additional public housing complexes opened in the early 1950s. Altogether, nearly 7,000 units, more than half the family public housing units built in Baltimore, were built when segregation was both legal and the standard practice.¹¹

As World War II concluded, Baltimore officials determined that nearly 26,000 existing dwellings required substantial repair or replacement.¹² They specifically identified the need for over 6,800 new units solely to house the growing African-American population. The first real estate restrictive covenants began to expire in late 1944, and African-American families started to purchase and rent homes on the east side of Fulton Avenue, crossing another racial line of demarcation in existence since 1910. Local, state and federal leaders pushed public housing to relieve

the housing crisis while preserving the practice of racial segregation. The Housing Authority of Baltimore City (HABC) continued to run two separate public housing programs, one for African-American residents and one for white residents.¹³

"Gas lighted streets. Spotless front steps. Colorful screen paintings. These you would say are Baltimore. True. But Baltimore, like most American cities, is also block after block of incredibly bad housing." - The Baltimore Project, broadcast on NBC, 1953

The Baltimore Plan

The urgent challenges of the wartime industrial expansion exacerbated substandard housing conditions in Baltimore. Even during the war, certain civic organizations, such as the recently established Citizens Planning and Housing Association (CPHA), focused on the future of Baltimore's housing by anticipating the needs of thousands of servicemen seeking acceptable homes to start and raise new families. CPHA promoted the creation of a Baltimore Master Plan and a comprehensive housing registry to monitor the use and ownership of Baltimore residential property.¹⁴

The postwar years saw the success of two specific housing reform initiatives: the adoption of new building, fire and health code requirements and the creation of the City Housing Court to enforce the new standards. By 1950, "the Baltimore Plan" had already cleared over 100 blocks of blighted, distressed neighborhoods.¹⁵

The plan was acclaimed as a national model for slum clearance. NBC televised a documentary film, "The Baltimore Project," in 1953 that dramatized the cleanup of slums by fining owners who did not clean up their properties. However, the plan also caused instances of large scale displacement, particularly for African-Americans. After a 27-block section of East Baltimore was targeted for stricter code enforcement, property owners opted not to make repairs but instead evict their tenants and sell the buildings. Rental rates skyrocketed.¹⁶

CPHA research during the 1940s and '50s revealed a lack of housing options for African-American families and led to the creation of additional public housing. In the period between 1950 and 1964, HABC constructed three African-American public housing high-rises next to older low-rise projects - Lafayette Courts, Lexington Terrace and Murphy Homes - creating a large, dense cluster of poverty and segregation around downtown Baltimore. Even with these projects, there were still not enough units for the new minority residents. By 1950, Baltimore's population had topped out at its high-water mark, 950,000, with 24 percent being African-American.¹⁷

"It's hard to think, looking back, of any single public decision that's proven to be more important to Baltimore City than the question in the 1948 election. It was a very shortsighted decision." - Robert C. Embry Jr. former Baltimore City housing commissioner

Lines are Drawn

In 1948, Maryland voters approved an amendment to the state constitution that requires any future land expansion by Baltimore City into a neighboring county to be approved by the voters residing within the annexation area. This effectively blocked the city from any future geographic growth.¹⁸

The historical reverberations of this referendum were the subject of a *Baltimore Magazine* (December 2007) series "100 years: The Twelve Events that shaped Baltimore." Jim Duffy, author of the piece, explained the consequences, "The timing couldn't have been worse. In the postwar years, wealthy city residents moved to the suburbs in droves, leaving the core of our metropolitan area saddled with the bulk of the poor and needy—and without the tax base to provide services for them. Unlike in the past, the city was now unable to capture any of the booming suburban wealth it had done so much to create."¹⁹

In David Rusk's 1995 book, *Baltimore Unbound: A Strategy for Regional Renewal*, he opined that the city's survival depended on crossing its political borders to form regional housing and planning agencies that

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formulated policy initiatives for the entire metropolitan area. He made a direct connection between the 1948 referendum and the ills that plagued Baltimore 50 years later. Duffy did not find it to be a coincidence. “Healthy cities grow, and unhealthy cities don’t.”²⁰

Blockbusting

Baltimore native and NAACP attorney Thurgood Marshall successfully argued for the end of segregation in public education in the 1954 landmark U.S. Supreme Court case *Brown v. Board of Education*. His hometown became the first major city to start integrating its neighborhood schools.²¹ During this period, real estate companies began to exploit the racial anxieties of white city residents in order to maximize their profits from housing sales by utilizing “blockbusting.”

Blockbusting worked in areas close to expanding black neighborhoods, where investors and agents would float generous offers to the first white residents willing to sell their houses. Homeowners often would accept the offers, as it was difficult to sell their homes after desegregation due to the lack of mortgage financing because of redlining. Then, agents would use the presence of new minority residents to play up fears of racial change among the remaining white residents. As the white residents quickly started putting their homes up for sale, the market became glutted, allowing blockbusters to obtain the properties at a substantial discount. Once acquired, these real estate companies would quickly sell or rent the homes to African-Americans.

Race-based lending practices often still prevented minority purchasers from obtaining conventional mortgages. Consequently, blockbusters offered prospective minority buyers a “rent-to-own” financing arrangement known as the contract system or land installment. The financing arrangements were often rigged installment plans with financial traps for the express purpose of repossessing the home when the buyer missed one payment in order to sell it again. These transactions required neither recordation nor settlement, and most importantly, no appraisal was needed, so the real estate companies were not constrained by market values in pricing the homes for sale. Unregulated savings and loan banks affiliated with the real estate company would offer high-rate mortgages to the purchasers reflecting above-market sale prices. In order to pay these

usury mortgage terms, owners sometimes resorted to subdividing homes into apartments and skimping on repairs, allowing properties to fall into decay.

Blockbusting turned out to be effective and extremely profitable for developers. In 1969, fair housing activists discovered that one developer in particular, the Morris Goldseker Company, had bought homes north of Edmondson Avenue for an average of \$7,320 and sold them immediately for \$12,387; exacting a 69 percent markup from minority homebuyers. The system hastened urban decline and prevented a generation of African-Americans from owning homes and building wealth.

In 1960, the Baltimore City Council enacted an anti-blockbusting ordinance by banning door-to-door soliciting by real estate agents; the practice of blockbusting diminished but did not end. Its lingering effects continued to impact the rental housing market. When a neighborhood began to desegregate, landlords would rapidly evict white tenants who were on monthly rents and leases. Property owners then raised rents and required weekly payments. Segregation and re-segregation of apartment complexes was so absolute that not a single multiracial apartment complex existed in the Baltimore metropolitan area in 1962.²²

*“It’s no surprise that Harlem Park was hit hard by the April riot, along with the adjacent neighborhood of Sandtown. The Highway to Nowhere didn’t kill Freddie Gray, but it put a poisoned wound in the place where he lived.” - Jesse Walker, *The Wound in West Baltimore: How City Planners Killed a Community**

The Highway to Nowhere

In 1945, Baltimore hired master planner Robert Moses to devise an East-West Expressway that would cross through the city. Moses proposed building a sunken road that would bulldoze through Howard and Charles Street and into the downtown business district. The proposal would have involved razing 200 city blocks and relocating 19,000 residents. Moses’ initial concept was revised several times throughout the next two decades. The final plan was designated as the I-170 East-West Expressway and was designed to link to the future I-95 interchange at the Inner Harbor.²³

In 1968, the city razed about 300 row houses along Boston and Elliott streets in the neighborhood of Canton as part of the project. This ignited community opposition in the predominately white and ethnic neighborhoods located east of downtown Baltimore. Former U.S. Sen. Barbara Mikulski, then a social worker and community activist, formed the Southeast Committee Against the Road (SCAR) to protect her neighbors' homes and businesses from destruction. SCAR succeeded in killing the East-West Expressway project nearly a decade later.²⁴

Unfortunately, the demise of the expressway did not come soon enough to rescue the West Baltimore neighborhoods of Rosemont and Harlem Park, African-American communities in which 74 percent of the residents owned their home. Over 900 houses had disappeared by 1971 to construct a 2.3-mile segment of the highway, the only portion of the defunct I-170 project that now exists. The orphaned stub of the expressway emerges from downtown running west through a wide trench cut through a residential neighborhood before coming to an abrupt end near the West Baltimore Amtrak platform. It is often referred to by locals as "the Ditch" but is better known as the "Highway to Nowhere."

The Dollar House Program

After canceling the I-170 East-West Expressway construction, Baltimore officials faced two specific problems created by the defunct project – justly compensating those individuals whose homes were demolished and determining the future of vacated, boarded houses that had not been demolished and were eyesores with significant maintenance costs and negative tax revenue. The Maryland General Assembly subsequently approved legislation that provided displaced homeowners with additional compensation beyond the depressed market value payment they had originally received. The city conceived a practical solution to deal with the empty and derelict row houses acquired through eminent domain that would become emblematic of a "do-it-now" era in which all problems seemed solvable.

In 1973, the city launched the Dollar House Program. The city's Department of Housing and Community Development (HCD) offered these empty and derelict

properties to "urban homesteaders" for a dollar if the new owners would promise to rehab them and reside in them for a specified period of time.²⁵ The city also had to make sure the prospective homeowners had the financial capability to finish the project and hold up their end of the bargain. To do so, the city would issue nontaxable bonds at 3 percent interest and then relend the money it raised to the urban homesteaders at 4 percent so they could rehab the houses. For the homesteaders, the deal was too good to refuse, as it did not require a substantial down payment, and they could purchase a house that they might otherwise have been unable to afford.

In addition, specialized city staff served as matchmakers to pair the new homeowners with reputable contractors, architects and other building trade professionals who could perform the work. In return for the technical assistance, residents did sweat equity by planting trees, landscaping streets and preserving historic features such as brick sidewalks and other amenities. "The only way I could get a house was to homestead," Catherine Van Allen, a Baltimore kindergarten teacher told *The New York Times* in 1986. "I was a single schoolteacher and teachers in Baltimore don't make a whole lot - I only make about \$20,000 now." She had waited on line for eight days, sleeping in a tent, until she reached the front of the line and bought a dilapidated house in a rundown section of the West Baltimore neighborhood of Hollins Market. The same day, the city sold 299 abandoned buildings at bargain prices as part of the homesteading program.²⁶

"The Dollar House Program was a successful short-lived initiative that helped revive a handful of neighborhoods with a concentration of unoccupied, city-owned properties," acknowledged current Housing Commissioner Michael Braverman.²⁷ The legacy of its success is seen in the property values and in the demand created for impacted neighborhoods such as Otterbein, Barre's Circle and Ridgley's Delight.²⁸ He attributed the success of the program to a few key factors, including proximity to downtown, the contiguity of houses in self-contained whole blocks, availability of low-interest city-backed loans and a dedicated and well-staffed city office that provided renovation guidance.²⁹

“Baltimore City should not be viewed as an island reservation for use as a container for all the poor of a contiguous region, including Anne Arundel, Baltimore, Harford, Carroll, and Howard counties.” - Judge Marvin J. Garbis, U.S. District Court, ruling in Thompson v. HUD, 2005

Thompson v. HUD

In 1995, the ACLU, on behalf of a class of Baltimore African-American public housing residents, filed a lawsuit, *Thompson v. HUD*. Similar to other public housing desegregation cases, the *Thompson* case was triggered by the proposed demolition of a high-rise public housing development, with plans to locate replacement housing in neighborhoods with similar levels of segregation. The U.S. Department of Housing and Urban Development (HUD) had funded the Hope VI initiative, which enabled HABC to demolish six public housing complexes located throughout the city and convert them from high-rise towers into multi-income townhouse communities that included both rental and homeownership units. The *Thompson* plaintiffs included a broader historical claim that the city and HABC, with HUD approval, acted in concert over many decades to create a deeply segregated system of public housing.³⁰

A partial consent decree in the *Thompson* case, approved in 2005, required HABC to provide new housing opportunities for over 3,000 impacted families both at the redeveloped former public high-rise sites and at individual scattered site houses located in income-diverse neighborhoods throughout the Baltimore Metropolitan Region. To carry out these mandates, the Baltimore Housing Mobility Program, one of the nation’s largest relocation initiatives, was discreetly rolled out. The program purposely operates as inconspicuously as possible to avoid the political and community opposition that halted HUD’s Move to Opportunity for Fair Housing Program aimed at relocating low-income families during the early 1990s.³¹

The two main components to the Baltimore Housing Mobility Program are the subsidized relocation of public housing residents to communities with low

levels of subsidized housing, poverty and/or minority populations and comprehensive counseling on finances and landlord relationships. The mobility program is administered by the Baltimore Regional Housing Partnership, a nonprofit established by the *Thompson* settlement. It resettles participants in “opportunity areas” with participants receiving special rent subsidies geared toward costlier county rents. As of December 2017, the Mobility Program has leased to 3,832 families, with 12,421 people in those leased households. An additional 14,574 families are on a waiting list that has been closed since April 1, 2017.³²

In 2011, three county residents, the Baltimore County Branch of the NAACP, and Baltimore Neighborhoods Inc. filed a housing discrimination complaint against Baltimore County under the federal Fair Housing Act. The complaint accused the county of perpetuating segregated clusters of renters with government subsidies by not implementing policies to expand affordable options in prosperous neighborhoods. After nearly five years of negotiations, *The Baltimore Sun* reported in March 2016 that Baltimore County agreed to set up a \$30 million fund to help build 1,000 homes for low-income African-American families in prosperous county neighborhoods and to start a mobility program modeled after Baltimore City’s current program.³³

The agreement further identifies 116 census tracts where county government policies will encourage the construction of affordable housing units set aside primarily for low-income African-American families. The county also brought forward legislation to their council that would prohibit landlords from refusing to rent to tenants with federal rental subsidies, including Housing Choice Voucher recipients. The bill was defeated in 2017 by a vote of 6-1.³⁴

“Inclusionary zoning is an at-minimum strategy to make sure that all the new development is available for a range of families. But have you created a Community Land Trust? Are you preserving public housing and in fact increasing it?” - Mary Patillo, professor, Northwestern University, speaking to a conference in Baltimore, 2016

Baltimore's Inclusionary Housing Ordinance

Inclusionary zoning policies typically serve three roles: (1) "impel developers to produce more housing that is affordable for low- and middle-income renters, and, less commonly, homeowners"; (2) "require or incentivize developers to set aside a portion of units in a market-rate residential development for low- or moderate-income households"; and (3) "capitalize on market growth to encourage developers to produce new affordable housing, unlike other programs that use direct subsidies."³⁵ Strictly speaking, Baltimore does not have an "inclusionary zoning law." Baltimore has an excess of vacant units, approximately 16,000 according to HCD, but the issue is quality not quantity. The housing stock is old and decaying in neighborhoods blighted by boarded and derelict structures, not well served by public transportation and not near employment centers and quality schools.

Baltimore's new comprehensive zoning code adopted in 2016, Transform Baltimore, provides few leverage tools to encourage or compel developers to include units for low- and moderate-income residents in new housing communities. This is largely because adjacent lots are relatively easy to acquire and few building plans max out at the full density permitted, so density bonuses are not in demand. Consequently, zoning plays a minimal role in affordable housing production in Baltimore.

CHPA, the very same civic reform organization that campaigned to modernize Baltimore's fire, building and public health codes in the late 1940s, returned to its roots to advocate for an Inclusionary Housing (IH) ordinance. Working with the city council, CHPA in 2007 ultimately secured passage of an inclusionary housing ordinance, which went into effect in 2009. But it is triggered only when the city either provides a subsidy or the developer seeks rezoning for market-rate projects with more than 30 units. The IH ordinance requires developers to keep 10 percent to 20 percent of a project's units affordable, based on a scale correlated to median income.

The fatal flaw in the ordinance is that the city agreed to offset the costs of the affordable units for developers, using either density bonuses or cash payments from

a new inclusionary housing fund. However, since the density bonuses are rarely applicable and the fund lacks a dedicated funding source, the housing commissioner was empowered to provide a waiver exempting projects from the full provisions of the IH ordinance.³⁶ Consequently only 32 affordable units have been created under the law so far, according to the Inclusionary Housing Board established to administer the ordinance. More than 9,000 new market-rate and luxury units have been completed or approved since 2010 in neighborhoods around the Inner Harbor and downtown, with most of these new homes being exempt from IH ordinance.³⁷ City Councilman Bill Henry, then-chairman of the Housing & Urban Affairs Committee, stated "It really boils down to, if the city doesn't put up money to subsidize units, then units don't get built."³⁸

Land Bank Authority

Experiencing a population loss of almost 350,000 residents since 1950, Baltimore was challenged with over 16,000 vacant buildings, roughly 25 percent of which were city-owned, as of 2010.³⁹ Blocks of boarded houses had become the image most often associated with Baltimore on gritty television programs. Efforts to reduce the number of vacant, blighted structures efficiently were hindered by bureaucratic and legal roadblocks.

In order to hold a recalcitrant property owner responsible for a vacant structure, the city's only legal recourse at the time was to prosecute or sue the owner in court, a time consuming process with an uncertain outcome. The responsibility to identify potential purchasers, rehabbers and developers of these properties fell to a variety of offices spread across different branches of government. The city charter further complicated matters by requiring the city council to approve an ordinance to authorize the sale of any single city-owned property, which doomed any effective sales contracts. State laws governing the city's delinquent tax sales also stymied efforts to sell or to demolish properties quickly.

Mayor Sheila Dixon in 2008 proposed the creation of a Land Bank Authority, a quasi-government entity or nonprofit corporation focused on the conversion of vacant, abandoned and tax-delinquent properties

into productive use. Using successful examples of land banks in Detroit, Michigan, Genesee County, Michigan (City of Flint), and Cuyahoga County, Ohio (City of Cleveland), the Dixon administration successfully amended the city charter, via state legislation, to authorize the creation of a Baltimore land bank. However, the legislation stalled in the city council due to opposition over the potential startup costs of a new entity and a perceived loss of authority and discretion over the fate of properties in their elected districts if these functions were delegated to an independent land bank.⁴⁰ In addition, civic groups voiced concerns about ensuring community involvement and an open process to a land bank's functions.

Consequently, in 2009, the land bank initiative was terminated in favor of reorganizing the code enforcement process and creating efficiencies in the sales and disposition process within the existing city governmental structure. The result was the launch of the Vacants to Value (V2V) Program in 2010.

"V2V is not only important for Baltimore, but as a model for other cities. Almost every city in the United States is facing the parallel challenges of daunting needs on the one hand and limited resources on the other." - Center for Community Progress, 2017

Vacants to Value (V2V)

V2V is a market-based, data-driven, geographically focused program that employs a variety of strategies to eliminate blight, expedite the sale of city-owned properties, compel private owners to renovate their properties and place houses in the hands of a court-appointed receiver to sell them to prequalified buyers for renovation. The program targets vacant buildings in Baltimore's middle-market neighborhoods by using a detailed Housing Market Typology that classifies every single vacant property to target public intervention based on neighborhoods that show a market for redevelopment. These "Middle Neighborhoods" are communities with affordable housing and sufficiently stable employment rates, crime rates and public school performance, which attract new buyers and residents.⁴¹

The program streamlined the disposition of city-owned properties through reorganization, increased marketing and improvement of pricing policy establishing a clear, predictable and transparent process. The changes have reduced the amount of time it takes for buyers to take title to city-owned buildings. The city designated Streamlined Code Enforcement Neighborhoods (SCENs) in middle-market neighborhoods by forcing scattered vacant properties in otherwise strong neighborhoods to rehabilitate without ever going to court. Within a SCEN, the city can issue a citation to compel repairs or mandate a court-ordered sale as part of an aggressive program called "receivership" after repeated citations are ignored.

V2V also established Community Development Clusters as areas where a large concentration of vacant properties and other distress conditions are present but which, by virtue of their proximity to areas of strength, have drawn developer interest in rehabilitating properties for market-rate sale or rental. The city has designated 24 clusters, including the Barclay, Oliver and Patterson North neighborhoods. In addition, the city targeted a variety of local, state and federal programs offering homeownership incentives to encourage the purchase of previously vacant homes. For entire severely distressed blocks, the city implemented a mix of strategies -- including targeted demolition, acquisition and active promotion of creative non-housing uses -- to support long-term housing value.⁴²

In 2017, the city commissioned a five-year performance evaluation of V2V from the Center for Community Progress, a nonprofit that focuses on successful strategies to address vacant and abandoned properties. The report found that V2V has been very effective in returning vacant properties to productive use in areas where market conditions enable strategies to leverage private resources. The Center for Community Progress believes that these properties would not have been reused in the absence of the V2V program.⁴³ An earlier report issued by the Abell Foundation in November 2015 also concluded that V2V has made an important difference during a difficult recovery in the housing market, but the study also asserted that the city potentially overstated the

impact of V2V. The report stated that the program itself was not the catalyst for the redevelopment of hundreds of properties included in the city's list of completed properties. The report's findings were based on more than 200 properties that had no building permits for renovation to prove when or if repairs were actually made. In addition, nearly 300 houses purported to be part of V2V's success were purchased by investors on the private market without interaction with the program.⁴⁴

Abell's report further noted that the limited availability of loans to finance extensive rehabilitation costs is a major impediment to the program's success. The report compared the V2V model with a review of land bank authorities in other jurisdictions such as Detroit and Cleveland and concluded that their success is determined largely by access to funding for demolition and renovation and not necessarily by the fact that land banks are separate entities from a local government. The report ultimately concluded that land banks' ability to access and leverage capital is a compelling reason for Baltimore to take another look at land banks.⁴⁵

Rental Assistance Demonstration (RAD)

HABC operates about 10,000 public housing units across the city and administers rental voucher programs (often referred to as "Section 8") to more than 12,000 households. Due to chronic underfunding by the federal government over the last two decades, HABC faced an enormous backlog of repairs and improvements needed for the approximately 10,000 dwelling units in its inventory. In 2013, Baltimore was selected as one of the first cities to implement HUD's Rental Assistance Demonstration (RAD) program to convert public housing units to long-term Section 8 units.⁴⁶

RAD authorized HABC to sell to private developers approximately 4,000 units located at 22 of its public housing facilities in order to leverage the value of the properties to finance much-needed capital improvements at the public housing facilities. After the sale, the units will be renovated, upgraded and operated with substantial energy efficiency. By the end of 2018, the former public housing properties will be privately owned but federally subsidized. Both HUD

and HABC insist that under RAD, these properties will be operated as if they were public housing; however, affordable housing and disability advocates fear that this is privatization and phasing out of public housing. They have sought further safeguards and protections, including grievance procedures from potential mistreatment by property managers.⁴⁷

The Baltimore Housing Roundtable

The Baltimore Housing Roundtable was formed in 2013 as a coalition of nonprofit developers, community associations, religious institutions, policy experts and local universities seeking to propose a specific action plan to address Baltimore's lack of quality affordable housing. Their organizational vision statement says they "believe that land ownership should never be used to deprive others of their fundamental right to housing" and therefore they "envision areas in the city where communities own and control land, and put it to productive use for housing, recreation, agriculture, sustainable industry or aesthetics."⁴⁸

In 2016, the Roundtable released a report, *Community + Land + Trust, Tools for Development Without Displacement*, which advocates for prioritizing community-controlled, perpetual affordable housing as part of a comprehensive community development strategy. The report recommended a "20/20 Vision" to advance a new development approach: \$20 million in city funds annually committed for community-based jobs to deconstruct vacant houses, and \$20 million in city funds annually committed for permanent affordable housing.⁴⁹

The report prominently features Community Land Trusts (CLTs) as a recommended model for establishing perpetual affordability in Baltimore. CLTs are nonprofit, community-based organizations whose mission includes permanent storage of land for community benefits and perpetual preservation of the affordability of housing on that land. CLTs make it possible for limited-income households to own homes on land that is leased from the CLT through typically a 99-year renewable ground lease. Under these arrangements, the owner holds the deed to his or her home but leases the land on which the home sits, which belongs to the land trust.⁵⁰

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Baltimore's experience with CLTs as a mechanism for housing affordability is still in its nascent stage. There are only two Baltimore-based CLTs in operation as of June 2018, the North East Housing Initiative and the Charm City Land Trust. Both entities are only in the initial process of acquiring the first home in their inventory. There are efforts to potentially establish CLTs in the neighborhoods of Remington, Waverly, Curtis Bay and Brooklyn.⁵¹

"The proposed amendment will appear on ballots as Question J. ... This trust fund would focus on those folks... the poorest of the poor. I don't see how anybody could oppose that." - Odette Ramos, Community Development Network of Maryland, 2016

The Affordable Housing Trust Fund (AHTF)

Seeking to put components of the 20/20 Vision into place, supporters mounted a 2016 campaign called "Housing for All: Baltimore" to amend the Baltimore City Charter to establish an AHTF to provide financial assistance for production, maintenance or expansion of affordable housing. The AHTF, when funded through municipal bonds, could be used for predevelopment activities, capital and operating assistance for the creation of community land trusts, affordable housing related services, as well as administrative and planning costs. The charter amendment was drafted purposely to empower both the mayor and city council to create and direct funds into the AHTF.⁵² The AHTF is administered by HCD and governed by an appointed commission of 11 community members and the HCD commissioner. Proponents intended for the AHTF to serve households with incomes at or below 50 percent of Area Medium Income (AMI) with at least half of the units in any three-year period serving households with incomes at or below 30 percent of AMI, including 25 percent of those units serving households at or below 20 percent of AMI. Furthermore, all rental housing funded by the AHTF must remain affordable for a minimum of 30 years.⁵³

In early 2016, the Housing for All Coalition drafted charter amendment language for legal approval for

the ballot measure. A diverse coalition of Baltimore organizations from housing advocacy groups, unions, immigrant rights organizations, housing developers and community groups mobilized to petition the amendment to referendum. The amendment was presented to voters in November 2016 as "Question J." Eighty-three percent of Baltimore citizens voted overwhelming to approve Question J, establishing the AHTF.⁵⁴

The Coalition envisioned the campaign as falling into two phases. Phase One was securing passage of the ballot initiative that established the AHTF. Phase Two, currently in progress, is about capitalizing the fund with dedicated revenue as well as working with the mayor and city council to nominate and confirm the 12-person commission that oversees the AHTF.

Housing Policy Today

With the election of Catherine E. Pugh as new mayor in 2016, the Pugh Transition Report did not mention the Baltimore Housing Roundtable or the 20/20 Vision. Instead, the report recommended a separation and fundamental restructuring of the city's two housing agencies. Since the late 1960s, Baltimore's HCD and HABC were administered in tandem by a single commissioner/executive director, and they operated under a single brand and logo known as "Baltimore Housing." During her election campaign, Mayor Pugh cited the separation of the agencies as an early priority for her administration, arguing that as two distinct entities, they would better maximize their ability to apply for federal funding and additional resources.⁵⁵ In June 2017, the two housing agencies were separated and Michael Braverman was named the new housing commissioner leading HCD independently from HABC.

The transition report further recommended a reorganization of HCD to create "a quasi-public Community Development Agency (CDA)," which would allow for increased flexibility and "innovative uses of public financing tools to create more immediate investment dollars and improved capacity to link public tools with new private financial resources."⁵⁶ The recommendations encouraged the proposed CDA to recruit a team of experts to study the feasibility of using city revenue streams to underwrite the

expansion of general obligation bonds, tax increment financing and other municipal fund sources and to explore the organization of a special purpose demolition authority. Without stating it explicitly, the report seemed to describe some of the very capabilities, tools and resources that are utilized by land bank authorities in Philadelphia, Cleveland and Detroit.⁵⁷

In 2018, the city announced a plan to invest \$55 million into creating housing, recreation and business opportunities in city neighborhoods that have lacked new investment for decades. The city plans to acquire the money for the fund by leasing city-owned parking garages to the Maryland Economic Development Corporation, which will in turn float city revenue bonds for investors to purchase. The city expects this process to yield about \$55 million.⁵⁸

The Neighborhood Impact Investment Fund was established from the recommendations of the Pugh Transition Report to establish a CDA. It is intended to operate as an independent nonprofit organization closely aligned with the city but not as an agency within the city government.⁵⁹

Affordable housing advocates had much to celebrate on election night in 2016 — the AHTF had been approved, and voters had granted the council expanded spending authority with the adoption of the AHTF charter amendment. The legislative body always had the authority to create or raise new taxes and fees, but the charter had restricted the council to directing the flow of revenue to the city's general fund only. Baltimore's strong mayoral system had exclusively reserved the power to appropriate funds to any specific program or agency to the mayor through the budget and appropriations process. The council members could approve, disprove or reduce the amount appropriated in the mayor's spending bills, but they could not introduce a bill of their own or increase the amount of funds appropriated. For the first time in city history, the charter amendment permitted the council through legislation to direct revenue to the AHTF exclusively.

In December 2017, the city approved the allocation of \$10 million in future bond money to fund affordable housing initiatives. The funding would be

available in 2019 and continue through mid-2021, however, it is not explicitly directed to the AHTF and is significantly less than the \$40 million annually sought by the Baltimore Housing Roundtable for the Community Land Trust. Housing Commissioner Braverman acknowledged during his testimony before the board that this was not what advocates had expected. "Clearly we aren't meeting the need," he told the board, "but, as a city, we're spending or leveraging close to \$40 million a year for affordable housing, broadly defined." By using the word, "broadly," Braverman explained that he was referring not only to new housing constructed for low-income families, but also the preservation of existing moderate-rent housing and "keeping seniors in their homes" through loan programs and subsidies.⁶⁰

In December 2018, Mayor Pugh and city council members approved legislation to fund the AHTF. According to *The Baltimore Sun*, the new ordinance imposes excise taxes on the transfer and the recording of real estate sales exceeding \$1 million. The excise taxes are estimated to generate \$13 million a year. Additionally, the mayor has agreed to allocate \$2 million to \$7 million annually that, by fiscal 2023, would provide a total of \$20 million a year to the trust.⁶¹ The \$20 million figure was the original annual funding goal of the 20/20 Vision campaign launched by the Baltimore Housing Roundtable. Mayor Pugh also appointed all of the 11 community member slots on the 12-member commission overseeing the AHTF. The commission includes private and nonprofit developers, real estate professionals, people who were once homeless, low-income housing residents and social workers.

Conclusion

Historically, housing policy in the United States has been made in isolation, and the city of Baltimore is no exception. In recent years, however, there has been an effort to demonstrate how housing is connected to different outcomes. For example, the Equality of Opportunity Project, now known as Opportunity Insights, has demonstrated how the neighborhood that one grows up in may shape an individual's economic future and how the importance of housing in one's life extends beyond a means of shelter.⁶²

In Baltimore, the effort to provide fair and affordable housing has largely been led by community-based movements organized at the neighborhood level

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and by skilled advocacy in the federal courts. In 1910, NAACP attorney W. Ashbie Hawkins crossed an invisible racial line to purchase a house in a white neighborhood. The Baltimore City Council responded to Hawkins' action and to other issues in the city by approving one of the first housing segregation ordinances in the nation. Later generations of civil rights activists, including Baltimore's own Thurgood Marshall, began to dismantle discriminatory ordinances through court cases hard fought and won. As a result, Baltimore became the first major city to desegregate its schools, but thousands of residents moved away from the city in the years that followed, propelled by such tactics as blockbusting. Public works projects such as highway construction and public housing complexes hastened a broader divestment and isolation of minority neighborhoods.

Today, Baltimore's housing policy can be characterized as incremental efforts to reverse decades of discriminatory housing practices imposed by government policies and private market customs. The city of Baltimore has endeavored over the years to reverse the legacy by adopting ideas, such as an Inclusionary Housing ordinance, or crafting their own local innovative strategies, such as the Vacants to Value initiative. The Baltimore Housing Mobility Program, formed as a result of a federal court decree, is beginning to show results from moving families out of concentrated poverty in the city to achieve positive outcomes in suburban communities. But, this was only accomplished through discreet efforts.

Recently, following a broad grassroots coalition that led to a ballot initiative, Baltimore leaders announced a multiyear agreement to fund the Affordable Housing Trust Fund in an effort to address the city's history of housing discrimination. Though Baltimore's housing policy remains a work in progress, it continues to be a key tool for increasing economic mobility, particularly among the city's low-income and underserved residents.

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