WRITTEN TESTIMONY
**THE IMPORTANCE OF FLEXIBILITY FOR
THE STRATEGIC DEMOLITION & SMART GROWTH IMPACT FUND
AS PART OF HB 599 / SB 483**

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BUILD supports the passage of Housing & Community Development Finance Act (HB 599 / SB 483) as part of the Governor's Housing Package because of the transformative impact it can have on addressing vacant and abandoned housing in Baltimore City as well as the impact and flexibility it will provide for other jurisdictions around the state.

Baltimore City is facing a crisis of vacant and abandoned homes. Not only are there more than 13,000 vacant and abandoned buildings. There are 21,000 vacant lots and tens of thousands of houses at significant risk of vacancy because of their proximity to other vacant properties.

This is not a new crisis for Baltimore City. It is a crisis rooted in our city's long history of destructive and racially discriminatory housing policies and practices, including redlining that was pioneered in Baltimore more than a century ago.

In this context, the changes to the Strategic Demolition and Smart Growth Impact Fund in this proposed bill – known more commonly in Baltimore City as Project CORE – will be transformative, especially when they are combined with the proposed investments made in Gov. Moore's budget.

They make Project CORE and similar funds in other parts of the state more flexible so that they can be maximally useful on the ground to act in at-scale and strategic ways.

BUILD's History and Track Record on this issue

BUILD – Baltimoreans United In Leadership Development – is a broad-based, non-partisan coalition of more than 35 religious congregations, non-profits, and schools in Baltimore. Founded in 1977, BUILD has a long, productive track record acting on issues related to housing, jobs, schools, safety, and more. This has included the creation of the nation's first living wage ordinance in Baltimore City and working with the state legislature to invest $1 billion in rebuilding Baltimore City's aging school infrastructure in recent years. We are part of the Industrial Areas Foundation (IAF), the nation's oldest and largest multi-faith organizing network in the United States.

For 15 years, BUILD has worked in East Baltimore to address vacant and abandoned properties. As part of that work, we created – with other national partners – a non-profit developer called ReBUILD Metro. ReBUILD Metro has transformed 450 properties into homes in four neighborhoods in East Baltimore, representing a collective investment of more than $120 million – without displacing a single resident.[1] This investment has

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[1] In the two neighborhoods where ReBUILD Metro has worked for the longest period of time, we have reduced the vacancy rate to only 7.8%, down from 48%, a decrease of 85%. The population has increased by 45%, compared to a decrease in population citywide. Our work has increased the wealth of nearby homeowners by more than $50 million, all while the neighborhoods themselves have

also helped reduce the murder rate in the areas where we work by more than half. It has created mixed-income communities with affordable housing at scale.

Our work in East Baltimore has utilized Project CORE funds. And we have seen what could be possible if these funds were made more flexible and if they could be used for debt service or credit enhancements to allow for larger, more focused investments over time.

Flexibility in the Strategic Demolition & Smart Growth Impact Fund is Critically Important to Acting At Scale

Over the last year, BUILD has worked in close partnership with Baltimore City and with the Greater Baltimore Committee to develop a focused and vetted plan to address the crisis of vacant and abandoned housing in Baltimore City at scale. The same values that have driven BUILD's work in East Baltimore are incorporated into this plan.

By acting at scale – which the flexibility to use these funds as debt service or credit enhancements makes possible – more strategic investments can be made to rebuild neighborhood housing markets. This is exactly what we have done in East Baltimore in recent years. This work has increased population in these neighborhoods and more than doubled property tax income for the city and increased population in these neighborhoods during that time.

The key to this success has been a "whole blocks" approach that invests in every vacant property, vacant lot, and at-risk property. This is possible citywide, but only with at-scale and strategic investment over time.

We cannot afford not to act as a state.

A recent study from Johns Hopkins' 21st Century Cities Initiative by Mary Miller and Mac McComas laid out both the scope and the financial cost of our status quo – more than $100 million per year in lost tax revenue. Similar studies have identified $170 million in potential new, annual revenue to the state if this issue is addressed. Our own, non-partisan analysis – working with Public Financial Management – backs up this return on investment.

But the human costs are even greater. We see every day the immeasurable costs in lives, in spirit, and in hope, as block after block of abandoned lots and boarded-up buildings in our historically disinvested neighborhoods remain neglected.

It should be no surprise that in Oliver and Broadway East today – the neighborhoods where BUILD and ReBUILD Metro have worked the longest – that more than $50 million in wealth for nearby homeowners has been created and that the homicide rate in these neighborhoods has been cut in half.

By investing in neighborhoods at scale – something made more possible by this act – we can invest in the communities and the people who matter most. We can create a return on investment that puts the State of Maryland on more healthy economic footing for the future.

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remained more than 90% Black. We have done this without displacing a single family and ensuring that community-driven, mixed income development is central to that work.