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**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

**HB58 - Workgroup on Minority Homeownership, Neighborhood  
Revitalization, and Household Wealth Equity**

Environment and Transportation Committee

February 9, 2021

**What this Bill Does**

This bill establishes the Workgroup on Minority Homeownership, Neighborhood Revitalization, and Household Wealth Equity which will report findings and recommendations to the Governor by December 1, 2021.

The Workgroup will assess the available inventory of available housing by location and cost (excluding rental housing), as well as the rates of homeownership by professionals and non-professionals alike by race, socioeconomic and location. The Workgroup will study the barriers to homeownership for low and moderate-income households, including the role and value of credit and housing counseling services. It will review the mortgage application process and study rates of denial by racial group and socioeconomic status, the process for assessing the value of residential real property in the State, and the impact on homeowners when the assessed and market value for properties are significantly different. The Workgroup will research the foreclosure process and barriers that homeowners face to accessing a defense; the loss mitigation process and the reasons for denial for borrowers facing foreclosure; and the processes for tax sales and foreclosures and how this process impacts low-income homeowners and people of color. The Workgroup also will review state, federal, and local legislation pertaining to the aforementioned issues. Finally, the Workgroup will study the impact of homeownership on neighborhood revitalization and the building of generational wealth.

With this information, the Workgroup will present recommendations to:

1. promote homeownership,
2. create wealth-building opportunities for minority households, and
3. to assist borrowers facing foreclosure to include the mediation process.

The ultimate goal is to understand how Maryland can better support its residents in buying and retaining a home.

This Workgroup will be crafted to reflect the populations at the center of the study - namely Black, Indigenous, and people of color (BIPOC) in Maryland - and the organizations and institutions that impact homeownership. The workgroup membership has minimum standards of 40% representation from BIPOC groups and 20% representation of individuals under 45 years of age.

With sponsor amendments, this Workgroup will consist of one representative from each of the following sectors: banking, credit unions, community development, counselors for first time home buyers, advocates for residents in foreclosure, experts on the Community Reinvestment Act, and attorneys who protect consumers from predatory mortgage products. The workgroup will also include one representative from each of the following organizations: CASA, the National Association of Real Estate Brokers, the National Urban League, the NAACP, the Maryland Association of Realtors, UnidosUS, and the Baltimore Metropolitan Council. One member of the Senate and one member of the House will also be appointed to the workgroup, in addition to two representatives from DHCD.

### **Why this bill matters**

In 2015, the Maryland Sustainable Growth Commission's "Neighborhood Stabilization & Homeownership Workgroup" completed a report titled *Homeownership for Stronger Neighborhoods*. This report reflects the times: it focused on economic recovery from the Great Recession. It is time that we update this report to reflect current crises: the racial wealth gap, racial disparities in housing, lending, and homeownership rates, the devaluation of Black and brown neighborhoods, and rampant evictions and foreclosures.

The omission of race and equity in the 2015 report leaves us with a wholly incomplete picture of Maryland's homeownership data. In order to build a robust housing market that meets the needs of all Marylanders, we must have a complete picture of the market. Therefore, the objective of the proposed Workgroup is to build on the 2015 report by conducting research with a strong focus on the barriers that BIPOC in Maryland in particular face to attaining and retaining a home.

This research is critical as the rate of homeownership among both Black and Hispanic Marylanders is approximately 25% less than white residents in the state<sup>1</sup>. We know Black homeowners pay higher mortgage rates at origination; continue to pay higher interstate rates due to a lack of refinancing opportunities; pay higher insurance premiums; and higher property taxes than similarly situated white homeowners. And, nearly 25% of the disparity in homeownership costs for Black homeowners is due to local property tax assessments<sup>2</sup>. This cuts into potential retirement savings for Black homeowners to the tune of nearly \$70,000 over a lifetime.

The benefits of homeownership are varied but a major benefit is the opportunity to build generational wealth. For decades white Marylanders have had this opportunity because laws did not

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<sup>1</sup> National Association of Real Estate Brokers, *2020 State of Housing in Black America* <https://www.nareb.com/shiba-report/>

<sup>2</sup> Michelle Aronowitz, et al., *The Unequal Costs of Black Homeownership*, October 1, 2020.

preclude them from homeownership.<sup>3</sup> New incentives and more flexible loans have an insufficient impact on Black homeownership because they do not take into account the larger issue of systemic racism and inequities<sup>4</sup>. We need a comprehensive strategy around affordable housing, economic inclusion and homeownership and the commission will be tasked to build just that.

### **Why you should support the bill**

When the housing market works for everyone, not only are those directly impacted by the suggestions of this workgroup benefitted, the whole state is better off. COVID-19 has laid bare the chronic systemic racism that impacts Black residents all across the country and Maryland is not immune to that. Black families face higher rates of unemployment, less wealth and homeownership, and these factors will make the recovery from the pandemic all that much harder for them.<sup>5</sup>

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<sup>3</sup> Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America*, 2017

<sup>4</sup> The Abell Report, *Overcoming Barriers to Homeownership in Baltimore City*, Summer 2020.

<sup>5</sup> *Id.*