

SB0445, HB0625
Appraisal Gap from Historic Redlining Financial Assistance Program
In Support

February 21, 2023
House: Environment and Transportation
Senate: Education, Energy, and the Environment

I am writing in support of Senate bill SB0445 and House bill HB0625, Appraisal Gap from Historic Redlining Financial Assistance Program.

Baltimore has a well-documented history of disparate treatment of neighborhoods and communities based on race. The “quarantining of Baltimore’s black population in isolated slums” was long the norm, first formally pioneered in Baltimore in 1911 when the City Council passed “the first housing segregation ordinance directed at Black people.” This continued through the 1930s when the Federal Housing Administration institutionalized practices that furthered segregation and disinvestment. According to the Urban Institute, “neighborhoods [in Baltimore] that are less than 50 percent African American receive nearly four times the investment of neighborhoods that are over 85 percent African American.”¹

85% of the vacancy problems in the City of Baltimore defy long-standing redevelopment interventions because, unlike the appraisal gap funding approach, existing programs are not geared towards resolving the underlying market weakness at the root of ongoing disinvestment. The essential truth of Baltimore’s weak market dilemma is that about nine in ten of Baltimore’s vacant properties are in neighborhoods most impacted by persistent poverty and by racial segregation. In these parts of Baltimore, vacancy never just goes away; because vacancy is the result of disinvestment, not its cause.

ReBUILD Metro’s experience demonstrated when the appraisal gap is consistently funded, vacancy drops, and reinvestment increases exponentially. Over the past 15 years, we have redeveloped over 450 abandoned properties in long-distressed East Baltimore neighborhoods. By using both public and private funding (similar to that proposed by SB0445, HB0625), we have eliminated 85% of the vacant properties, area murdered was cut by 50%, the population increased by 45%, and stronger market conditions created approximately \$50 million of wealth for local homeowners. All of this was accomplished without displacing families and maintaining the community’s racial composition, which remains 93% Black.

These types of results can be achieved in other formerly redlined areas if the proper funding and support of Senate bill SB0445 and House bill HB0625 is approved.

Sincerely,



Sean Closkey
President

¹ Urban Institute (2019), ‘The Black Butterfly:’ Racial segregation and investment patterns in Baltimore. (<https://apps.urban.org/features/baltimore-investment-flows/>). See also “The Fruits of Government Sponsored Segregation by Richard Rothstein (2015) Working Economics Blog, Economic Policy Institute (<https://www.epi.org/blog/from-ferguson-to-baltimore-the-fruits-of-government-sponsored-segregation/>)