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Senate Bill 704
Appraisal Gap From Historic Redlining Financial Assistance Program - Alterations
Hearing of the Senate Education, Energy, and the Environment Committee
February 29, 2024
1:00 PM

FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization that seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. PJC is committed to racial equity and seeks to end oppression and dismantle racist systems and institutions that perpetuate oppression in any form, including white supremacy, both internally at the PJC and externally in our broader communities, by dedicating funds, time, and staff to follow through with these commitments.

The **PJC supports Senate Bill 704**, in which Maryland would expand eligibility for financial assistance under the Appraisal Gap from Historic Redlining Financial Assistance Program to include individuals purchasing certain properties as owner-occupants. This change would aim to rectify historical injustices stemming from redlining practices, which have perpetuated disparities in homeownership, particularly affecting Black communities.

History of Redlining in America:

Redlining is a discriminatory practice that originated in the 1930s when government agencies and financial institutions systematically marked neighborhoods with high African American populations as high-risk areas for mortgage lenders, leading to limited if any access to home loans and insurance. This discriminatory practice denied people of color the ability to purchase homes outside of predetermined, chronically disinvested, areas.

Redlining was officially banned in the United States with the passage of the Fair Housing Act in 1968 and the Community Reinvestment Act in 1977. But despite these legal measures, the effects of historic redlining still persist in many communities, perpetuating disparities in wealth, education, and economic opportunities.¹

Wealth Creation Through Homeownership:

Homeownership serves as a cornerstone for wealth creation, providing families with a stable asset that appreciates over time. While some progress has been made, the vestiges of redlining endure in Maryland. This

¹ Coates T-N. The Case for Reparations. The Atlantic 2023. <https://www.theatlantic.com/magazine/archive/2014/06/the-case-for-reparations/361631/> (accessed February 16, 2024).

discriminatory practice has already limited opportunities for Black families for generations to accumulate wealth through homeownership by denying them access to its benefits, such as stable housing costs, the transfer of generational wealth that comes with selling the home or passing the property on to one's heirs, and access to home equity loans that allow homeowners to leverage the equity in their homes for purposes such as education, home improvements, or investments.² Access to owning a home creates a multitude of ways that families can create wealth for themselves and their communities.

By expanding eligibility for financial assistance in the Appraisal Gap From Historic Redlining Financial Assistance Program to individual home purchasers and not just housing developers, Maryland takes a significant step towards rectifying historic injustices, promoting equity, and fostering the creation of generational wealth within historically marginalized families and communities.

For those reasons, PJC urges this committee to issue a favorable report on SB 704. Thank you for your time and consideration.

For more information contact:

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² Kamin D. Black Homeowners Face Discrimination in Appraisals. The New York Times 2020.
<https://www.nytimes.com/2020/08/25/realestate/blacks-minorities-appraisals-discrimination.html> (accessed February 15, 2024).