

BUILD Written Testimony for Appraisal Gap Legislat

Uploaded by: Bishop Kevin Daniels

Position: FAV



WRITTEN TESTIMONY
**THE IMPORTANCE OF SUPPORT TO ADDRESS
THE APPRAISAL GAP IN HISTORICALLY REDLINED COMMUNITIES**

*Submitted by: BUILD (Baltimoreans United in Leadership Development)
Bishop Kevin Daniels, BUILD Strategy Team*

BUILD supports the passage of SB 704 which makes alterations to strengthen the Appraisal Gap From Historic Redlining Financial Assistance Program because of the impact it can have for addressing the racial wealth gap, particularly in communities in Baltimore and across the state, that have been impacted by redlining and other forms of destructive and racially discriminatory housing policies and practices.

We can see the impact of these historic policies most clearly in places like Baltimore City, where BUILD has organized and worked for justice for more than 45 years.

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.

These vacant and abandoned properties are concentrated in neighborhoods like West Baltimore, East Baltimore, and Park Heights, that were focus of racially discriminatory housing policies and practices. Redlining – which this legislation particularly calls out – was pioneered in Baltimore more than a century ago.

These policies and practices have broken the housing market in many neighborhoods across Baltimore City.

Many of BUILD's member congregations and organizations, including my own, are located in neighborhoods where the costs to rehabilitate homes are significant. But those investments are made at a loss, because of the number of abandoned properties in the surrounding neighborhood.

In this context, continuing investment in this Appraisal Gap Financial Assistance Program and the proposed changes in this legislation are crucial. The legislation makes it possible for individual homeowners who purchase properties to qualify for assistance, as well as developers.

These changes will be crucial and make it more possible for the program to address the racial wealth gap in Baltimore City and across the state where it is implemented, while also incentivizing affordable homeownership, so that families can build wealth across Maryland.

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 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. This work in East Baltimore has benefited greatly from the existing Appraisal Gap program, and these changes make it possible for more individuals and families to benefit as well.

BUILD is also working in close partnership with Baltimore City and with the Greater Baltimore Committee, having developed a focused and vetted plan to address the crisis of vacant and abandoned housing in Baltimore City at scale.

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 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.

Park Heights Renaissance_Support_SB704_Appraisal G

Uploaded by: Bryan Alston

Position: FAV

Senate Bill 704 – Appraisal Gap From Historic Redlining Financial Assistance Program

Position Support

Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
3 West Miller Senate Office Building
Annapolis, MD. 21401

BOARD OF
DIRECTORS

February 28, 2024

CHAIR
Kevin Seawright

VICE CHAIR & SECRETARY
Ellen H. Parker

TREASURER
John Muchai, CPA

MEMBERS
Samuel Burris
Jeff Cherry
Olivia Farrow, Esq.
Tereina Galloway
Hon. Sharon Green-
Middleton
Arthur Hill, III, Ed.D
Venroy July
Peter Lee
Tiffany Royster
Sabrina Tapp-Harper
Lucinda Ware
Vacarro Watson
Deborah Woolford

CEO
Yolanda Jiggetts

Dear Mr. Chairman and the Members of the Committee:

Park Heights Renaissance (PHR) supports Senate Bill 704 - Appraisal Gap from Historic Redlining Financial Assistance Program. We are encouraged by Governor's Moore commitment to prioritize policy that addresses the racial wealth gap and reverses decades of disinvestment suffered by communities like Park Heights. Creating pathways to homeownership combined with whole block outcome strategies are key priorities for PHR.

Park Heights is the largest urban renewal area in this region, has over 20K residents, 12 neighborhoods and approximately 1500 vacant and abandoned properties. Our mission is to develop successful partnerships, strategies and resources that support the effective implementation of the Park Heights Master Plan (PHMP).

The rehabilitation of vacant property is critical for Park Height Renaissance to effectuate its mission. Appraisal gap funding alleviates the often-difficult burden developer's and property owners face when the appraised property value is less than the cost to build.

SB 704 expanded reach to benefit of owner occupants provides PHR the opportunity to accelerate and bring to scale development opportunities that focus on homeownership outcomes, while also addressing affordable homeownership with intentionality.

We strongly support SB 704 – Appraisal Gap from Historic Redlining Financial Assistance Program. Approval of this legislation will allow PHR in partnership with the State, to have positive impacts in our community and effectively implement the Park Heights Master Plan objectives.

Yolanda Jiggetts,



Chief Executive Officer

SB0704 - MBA - FAV - GR24.pdf

Uploaded by: Evan Richards

Position: FAV



SB 704 - Appraisal Gap From Historic Redlining Financial Assistance Program - Alterations

Committee: Senate Education, Energy, and the Environment Committee

Date: February 29, 2024

Position: Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** SB 704. This legislation expands eligibility for financial assistance from the Appraisal Gap From Historic Redlining Financial Assistance Program to include individuals who purchase a qualified property after a qualified project is completed.

Maryland's banks oppose discrimination in any form and recognize the negative role redlining played in preventing underserved communities from building wealth through homeownership. The Appraisal Gap from Historic Redlining Financial Assistance Program aims to provide financial assistance to these communities. However, only developers can access these funds under current Maryland law. SB 704 will allow these funds to go directly to Maryland families who are looking to invest in underserved communities.

Banks across Maryland have made significant commitments to expand their support for programs and initiatives that promote equity and economic empowerment for underserved communities while creating more inclusive opportunities for success. MBA supports policy initiatives that aim to increase wealth building in all communities.

Accordingly, MBA urges issuance of a **FAVORABLE** report on SB 704.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

SB704_DHCD_SUPPORT.pdf

Uploaded by: Gregory Hare

Position: FAV



WES MOORE
Governor
ARUNA MILLER
Lt. Governor
JACOB R. DAY
Secretary
JULIA GLANZ
Deputy Secretary

DATE: February 29, 2024
BILL NO.: Senate Bill 704
TITLE: Appraisal Gap from Historic Redlining Financial Assistance Program – Alterations
COMMITTEE: Senate Education, Energy, and the Environment Committee

Letter of Support

I'm writing to express my support for SB 704. The Community Development Administration finances the production of approximately 4,000 rental housing units a year, and we assist thousands of homeowners through a range of downpayment assistance programs. Our team has a tremendous amount of experience producing housing and creating programs that promote homeownership. As a part of our efforts, and in conjunction with the Appraisal Gap from Historic Redlining Financial Assistance Program (SB 859/HB1239), the Department has created a program called UPLIFT, which stands for Utilizing Progressive Lending Investments to Finance Transformation.

The primary goal for UPLIFT is to increase property values and provide wealth-building homeownership opportunities for targeted households by accelerating the pace of development, construction, and sale of quality affordable housing in low-income census tracts and designated Sustainable Communities. This program is designed to help close the appraisal gap that occurs in historically redlined communities.

Ensuring these critical resources stay in the community is crucial to these efforts. Hence, the ability to transfer financial support to homeowners once the property has been completed is a necessary component of the program.

Specifically, the alteration will allow the Department to:

- Provide financial assistance to homebuyers through a promissory note.
- The promissory note to homebuyers will allow DHCD to convert the financial assistance into a grant, of which 20% will be forgiven each year over five (5) years.
- By providing forgivable grants, this financial assistance will ensure the targeted communities maintain a stabilized homeowner base and discourage the immediate sale or transfer of the property.
- In the event a property must be sold within the first five (5) years, homeowners will benefit from any increase in equity of the home value and the accrued financial assistance from the Appraisal Gap from the Historic Redlining Financial Assistance Program, while ensuring homeowners don't unduly benefit from the premature sale of the property.

I want to thank the committee for their time and ask that you support these changes.

Gregory Hare,

Assistant Secretary | Director of the Community Development Administration
Department of Housing and Community Development



BaltimoreCounty_FAV_SB0704.pdf

Uploaded by: John Olszewski

Position: FAV

JOHN A. OLSZEWSKI, JR.
County Executive



JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: **SB 704**

TITLE: Appraisal Gap From Historic Redlining Financial Assistance Program – Alterations

SPONSOR: Senator Hayes

COMMITTEE: Education, Energy, and the Environment

POSITION: **SUPPORT**

DATE: February 29, 2024

Baltimore County **SUPPORTS** Senate Bill 704 – Appraisal Gap From Historic Redlining Financial Assistance Program – Alterations. This legislation alters the Appraisal Gap program, which supports both affordable housing developers in constructing and renovating homes in and homebuyers looking to purchase in historically undervalued census tracts.

The Appraisal Gap program’s funding is currently utilized to support affordable housing developers working in low-income census tracts and state-designated Sustainable Communities in order to help close appraisal gaps that occur in historically redlined neighborhoods. SB 704 will broaden the program so that the funding can additionally be used to assist individuals who purchase a qualified property in these census tracts after it has been completed by an affordable housing developer. This individual must reside as an owner-occupant, and must have purchased the home at an affordable sales price as determined by the Maryland Department of Housing and Community Development’s regulations.

Baltimore County supports this program’s efforts to make homeownership available to more residents and address challenges related to appraisal gaps in historically redlined communities. The additional flexibility for how this funding can be used provided by this legislation will make qualified projects more affordable to buyers through subsidies for the purchase- providing support not just to the businesses looking to develop in these census tracts but the individuals who desire to live there.

Accordingly, Baltimore County urges a **FAVORABLE** report on SB 704 from the Senate Education, Energy, and the Environment Committee. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB704 PJC Written Testimony - Final.pdf

Uploaded by: Kelsey Carlson

Position: FAV



Kelsey Carlson, Paralegal
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
410-625-9409, ext. 269
carlsonk@publicjustice.org
she/her

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:

Kelsey Carlson
Public Justice Center
carlsonk@publicjustice.org
(410) 625-9409

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).

Economic Action Maryland SB704 FAV.pdf

Uploaded by: Marceline White

Position: FAV



Testimony to the Education, Energy, and the Environment Committee
SB704 Appraisal Gap from Historic Redlining Financial Assistance Program-Alterations
Position: Favorable

The Honorable Brian Feldman, Chair
2 West, Miller Office Building
Annapolis, MD 21401
Cc: Members, EEE Committee

Chair Feldman and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are here in support of SB704.

Economic Action works on housing justice through our fair housing, tenant advocacy, and Homeowners' and Renters' Tax Credit programs. We've also been extensively involved in research, task forces, and policy related to mitigating the foreclosure crisis, expanding homeownership, and spurring community reinvestment.

SB704 addresses the issue of appraisal gaps in historically redlined communities by providing financial assistance to prospective homeowners who seek to purchase a house in a historically redlined neighborhood. In Baltimore, research has shown that the median home in majority-white neighborhoods is worth over twice as much, or \$138,627 more, as the median home in a Black-majority neighborhood¹.

Legislation in 2023 provided financial assistance to affordable housing developers to renovate homes in historically redlined neighborhoods which have had trouble getting traditional financing. SB704 builds on last year's legislation by providing funds for potential homeowners to purchase these homes.

SB704 will help close the appraisal gap, invest in traditionally underserved neighborhoods, increase housing stock and expand racial equity and justice.

For all these reasons, we support SB704 and urge a favorable report.

Best,

Marceline White
Executive Director

¹ <https://www.brookings.edu/articles/homeownership-racial-segregation-and-policies-for-racial-wealth-equity/>

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494
info@econaction.org · www.econaction.org · Tax
ID 52-2266235

Economic Action Maryland is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

SB0704-EEE-SUPP.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB704

February 29th, 2024

TO: Members of Senate Education, Energy, and Environment Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 704 – Appraisal Gap from Historic Redlining Financial Assistance Program - Alterations

POSITION: Support

Chair Feldman, Vice Chair Kagan, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 704.

This legislation would expand eligibility for financial assistance under the Appraisal Gap from Historic Redlining Financial Assistance Program to include individuals who purchase certain qualified property after a project is completed, at an affordable sales price and as an owner-occupant. These changes provide clarity on who is eligible for the program and will assist with program implementation.

The purpose of the Program is to provide financial assistance geared towards covering the appraisal gap between what it costs to build or redevelop a home and what it can be sold for in historically redlined neighborhoods. This appraisal gap is one of the most critical obstacles to homeownership in the City and is most prevalent in communities that have been historically redlined and disinvested. Homeownership is one of the most effective paths to creating intergenerational wealth, by clarifying who is eligible for funding to cover the gap between construction costs and what the market will bear, this Bill may make owning a home a reality for hundreds of city families.

Through its Community Catalyst Grants program, the City's Department of Housing and Community Development has begun to address the lack of capital and appraisal gap but is limited in the support that can be provided. An effective State Appraisal Gap program can leverage City and other resources to redevelop vacant and under-utilized properties for homeownership in historically redlined neighborhoods and increase the City's tax base.

We respectfully request a **favorable** report on Senate Bill 704.