Community + Land + Trust

TOOLS FOR DEVELOPMENT WITHOUT DISPLACEMENT

THE BALTIMORE HOUSING ROUNDTABLE

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The Baltimore Housing Roundtable

The United Workers initiated the Baltimore Housing Roundtable in 2013 to bring together homeowners, renters and people who are homeless, non-profit developers, community associations, religious institutions, policy experts and university faculty, around the human rights values of universality, equity, participation, transparency, and accountability.

It now has developed a membership coalition with a mission to realize a Baltimore City where everyone has the right to housing that is affordable, habitable, secure and accessible, and the right to equitable economic and community development.

ROUNDTABLE MEMBERS AND ENDORSERS

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Youth Empowered Society
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**Endorsers*

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Executive Summary

"We need a different kind of political leadership in the 21st century and hopefully it's emerging. We need a political leadership that can create and sustain a growth narrative that can speak not only to the downtown growth agenda, making sure the university-led growth agenda continues but can also speak to communities of longtime poverty and can make the connections between those two, and can develop a substantive perspective and practice around inclusive prosperity."

—JEREMY NOWACK co-founder of the Reinvestment Fund and Chairman of Federal Reserve Bank of Philadelphia Board of Directors (June 18, 2013)[1]

The history of development in Baltimore has been separate and unequal, shaped by policies fueling racial segregation and deindustrialization that disproportionately affected Black households. Since the 1970s, the city has pursued a "trickle down" development policy with millions in public subsidies designed to attract private investors. This created an Inner Harbor speculative real estate boom that also produced homelessness and rising housing costs. Undeterred, the city has continued its focus on developing the "Gold Coast," and expanding public subsidies to attract private capital. Of the 50 largest cities in the United States, Baltimore has moved to 15th in terms of census tracts that have gentrified.

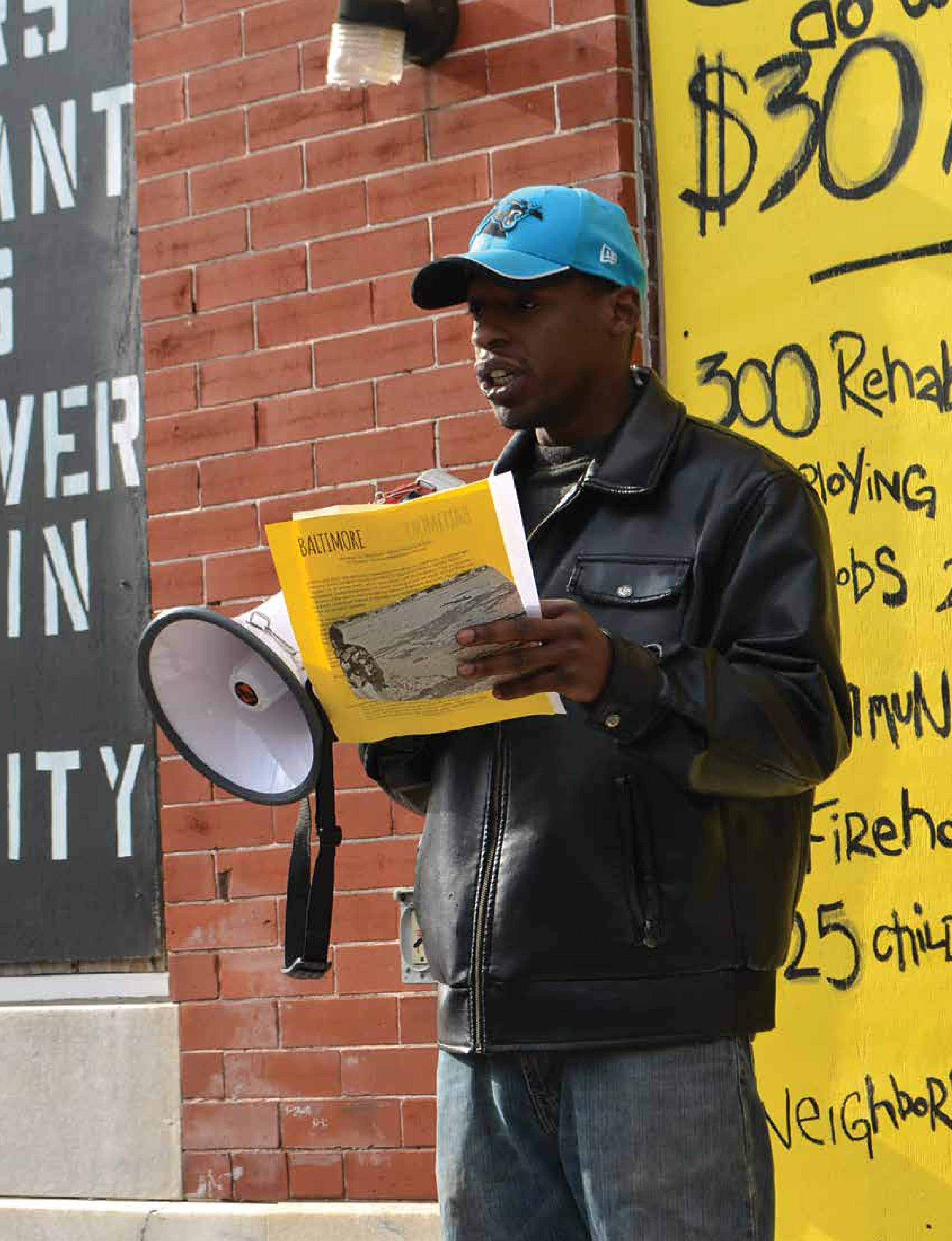
To date, this development has not "trickled down" to lower-income residents, whose incomes have not kept pace with rising costs of living, especially housing costs. Low-wage service sector jobs are prevalent, with sporadic work schedules, few benefits, and lethargic wage growth. Law enforcement efforts have "criminalized" the most acute victims of this economy, Black males, and saddled them with criminal histories that push them to marginal and temporary employment. When combined with all the people currently on disability-related assistance and diminished federal housing assistance for households with incomes under $25,500 annually, the city's "trickle down" approach seems destined to force the eviction of thousands of city residents. Currently, almost one third of city households are at risk of homelessness or without housing. Further, tens of thousands of vacants dominate Baltimore's landscape—the most visible reminder of the failure of the current development priorities.

There is another way. A principled and evidence-based fair development policy that emphasizes equity and accommodates the increased land and housing costs that successful development produces is possible. Housing models that have proven resistant to speculative pressure, such as Community Land Trusts (CLTs), exist in other municipalities and are developing in Baltimore. These should be subsidized and assisted to at least the same extent that the city has assisted private developers. CLTs outperform other low-income first time homebuyer programs, energize neighborhoods, retain public subsidies, and provide housing that resists speculative pressure.

Baltimore is plagued with thousands of vacant properties and homes. But challenges are often opportunities in disguise. Vacant properties present an ideal opportunity for conversion to CLTs, and CLTs can shepherd the demolishing, greening, or transforming of vacant property into community goods and housing. Developing CLTs through transforming vacant property also presents equally ideal employment opportunities to city residents who struggle most with the employment market and who can be trained to do the thousands of jobs needed to transform vacant homes and property. Community-driven housing and jobs combined into a single initiative will increase community wealth and meet human need in marginalized communities in Baltimore.

This report recommends a 20/20 Vision to advance this new fair development approach: $20 million in city funds annually committed for community-based jobs to deconstruct and green vacant houses, and $20 million in city funds annually committed for permanently affordable housing. This initiative involves public financing, public assistance with property acquisition, and public support for community infrastructure and planning. Specifically, we recommend the city:

- Ensure adequate public financing for the 20/20 Vision through municipal bonds, a vacant housing surtax, and other sources and make them available to Community Land Trusts (CLTs) to transform vacant properties into vibrant community spaces and permanently affordable homes, in particular for those families with incomes below 30% Area Median Income (AMI).
- Facilitate the transfer of vacant properties to CLTs through existing programs or a newly created land bank.
- Ensure residents are trained and then employed, particularly those who face employment barriers, in the thousands of jobs that will be created through the 20/20 Vision.
- Support community planning and infrastructure, including leadership development in communities, to ensure sustainable and successful CLTs.



Introduction

> **"We recognize the primary role of land in housing and development, and believe that land ownership should never be used to deprive others of their fundamental right to housing. As such, we envision areas in the city where communities own and control land, and put it to productive use for housing, recreation, agriculture, sustainable industry, or aesthetics."**
>
> **—VISION STATEMENT, Baltimore Housing Roundtable**

Faced with economic, demographic, and cultural trends that make rust belt cities increasingly desirable, cities such as Baltimore inevitably reach a crossroads. One path blindly embraces the assumption that any form of private capital investment in Baltimore will benefit all residents in at least some way. The second path requires a different kind of political leadership that creates intentional pathways and public incentives for investment to meet human need, in particular the needs of those communities that have long faced inequity, deprivation, and injustice. The Baltimore uprising of April 2015 demonstrated that this kind of leadership is an imperative.

To date, the City of Baltimore has provided billions of dollars in tax breaks and incentives like Tax Increment Financing (TIF), Payments in Lieu of Taxes (PILOTs), and tax credits for redevelopment of Baltimore's "Gold Coast" surrounding the harbor, with the stated hope that good jobs and affordable housing will follow. A clear and effective strategy to ensure these investments benefit poor, working class residents, whether they live in neighborhoods targeted for wealth or in the rest of Baltimore's majority Black neighborhoods, has been absent.

Baltimore has a tremendous opportunity to address these failures and overcome a long history of structural racism reflected in formal discriminatory housing policies during the first half of the twentieth century and deindustrialization in the second half. Throughout the last century, private capital and public policy combined to cabin poor, working class and mostly Black communities into certain neighborhoods, leaving them without the jobs needed to thrive.

The current "trickle down" approach continues this failed paradigm. The majority of people in Baltimore have been afforded primarily low-wage, non-unionized service sector jobs characterized by increasingly temporary, part-time, and contingent work. To compound the failure, the many residents with criminal records, due to an overzealous and demonstrably biased criminal justice system, face rampant discrimination and are forced to engage in the even lower wage and more unpredictable temporary labor market. There are also at least 63,984 city residents on disability-related public assistance who will not benefit from "trickle down" development.[2]

To make matters worse, the greater the success of "Gold Coast" development the more hardship for struggling communities. This "success" translates into a 16% increase in average rents since March 2011 at a time of wage stagnation and high unemployment.[3] Additionally, home prices in the Baltimore metro region, while still lower than the state as a whole, have risen by 67%, adjusted for inflation since the 1970s,[4] pricing out ever more families. Indeed, of the fifty largest cities in the United States, Baltimore has moved up to fifteenth in terms of census tracts that have gentrified.[5]

Baltimore needs private investment for its economic development. But if public funds are to subsidize and guide these investments, they should prioritize our values and needs. We believe that the incoming tide of development can lift all boats only if it is principled and based on human rights values. We embrace and propose a fair development strategy centered on equitable development benefiting all communities through a transparent, participatory, and accountable process. Fair development principles are value-based scaffolding upon which we can build inclusive development policies.

Below we review the history of failed development in Baltimore and then outline an alternative approach that places human rights and human needs at the center of public policy, and recognizes the indivisibility of employment and housing. Investment in neglected communities requires both.

This alternative approach involves employing community residents to create community wealth through a two pronged approach: (1) deconstructing[6] (or demolishing where deconstructing is not feasible) vacant homes and greening these properties for community and food-related purposes, and (2) creating a permanently affordable housing sector that ensures against involuntary displacement. The keystone for this new housing sector is developing a series of community land trusts (CLTs), new neighborhood-based institutions that give residents the power to participate in development.

We must redirect and raise resources for fair development with a bold 20/20 Vision financed primarily through city bonds, specifically:

- $20 million annually from municipal economic development bonds or other revenue sources for jobs involving deconstructing or demolishing nuisance and vacant properties, creating parks, and producing food; and
- $20 million annually from municipal community development bonds or other sources to create community-driven and permanently affordable housing.

Meeting this 20/20 Vision will bring economic and community development together and advance a new unitary and equitable paradigm of fair development.

Principles of Fair Development

UNIVERSALITY

Development shall increase all city residents' ability to access the resources required to meet their fundamental needs including good jobs, education, health care, food, housing, and social security. It shall address these needs in a coordinated way. No single development goal shall be pursued to the detriment of other fundamental needs. Development must not result in the displacement of individuals or communities.

EQUITY

Development policies must enable equality of opportunity and outcome by prioritizing populations and communities with the greatest need. The city shall ensure residents have priority for jobs that pay living wages, are protected in the right to organize, are guaranteed workplace protections and benefits, and communities most in need shall get priority to public services.

PARTICIPATION

Development decisions including, but not limited to, the provision of public contracts, subsidies, tax expenditures, and tax increment financing, must reflect the meaningful input of all city residents and other relevant stakeholders. In order to do so, the city must create processes at all phases of development, including but not limited to planning, formation, implementation, and monitoring that gather meaningful input from residents and relevant stakeholders.

TRANSPARENCY

Public subsidies for development must be discussed, decided, implemented, and monitored in an open, easily accessible manner that maximizes examination and review by city residents.

ACCOUNTABILITY

Public representatives and publicly subsidized developers are under a duty to engage in development that is universal, equitable, indivisible, participatory, and transparent, and shall be held responsible for breach of that duty by an effective means of redress and remedy.

The Development of Baltimore

Separate and Unequal

"Baltimore Apartheid was accomplished through two tools: segregation and serial displacement."

—DR. LAWRENCE BROWN, Professor at Morgan State University

Development in Baltimore has been defined by racial segregation and exclusion. In particular, race-based segregation in Baltimore has been a cornerstone of housing law for the better part of the last century. In the early 1900s, the city used zoning laws to keep Black families from living anywhere but a few specific neighborhoods in the name of "health and sanitation."[7] When this was outlawed, restrictive covenants were placed in deeds, preventing White homeowners from selling their homes to Black residents.[8] By the time this was banned in 1948, another separate but unequal housing system was well underway—the expansion of White homeownership beyond the city's boundaries fueled by the redlining practices of banks and the Federal Housing Administration that limited mortgage insurance to White households.[9] In short, public policy steered investment to the suburban ring outside Baltimore, and White households gladly followed. Simultaneously, public policy rewarded industrialists who merged companies and moved jobs overseas.[10] Suburbanization also drew other jobs out of the city. Eighty percent of retail activity in the region took place within city borders in 1950 but was down to 18% by 1992.[11]

Altogether, separate and unequal regional development through the 1970s left a mostly Black Baltimore to confront the loss of the city's core of manufacturing jobs and escalating urban disinvestment. Unemployment among Black men has remained double that of White men since the 1940s, at which time over 10% of Black men became jobless, growing to nearly 30% in the 1970s. While some Black families achieved homeownership in the 1970s and 1980s, when racial discrimination in housing was made illegal, for many others it was already out of reach. The disparate trends in jobs and homeownership have persisted into the present day and been the driving forces behind a tremendous racial wealth gap. The average Black family owns only 6% of the wealth of the average White family, and a significant gap remains between the Black homeownership rate of 47% and White rate of 72%.[12]

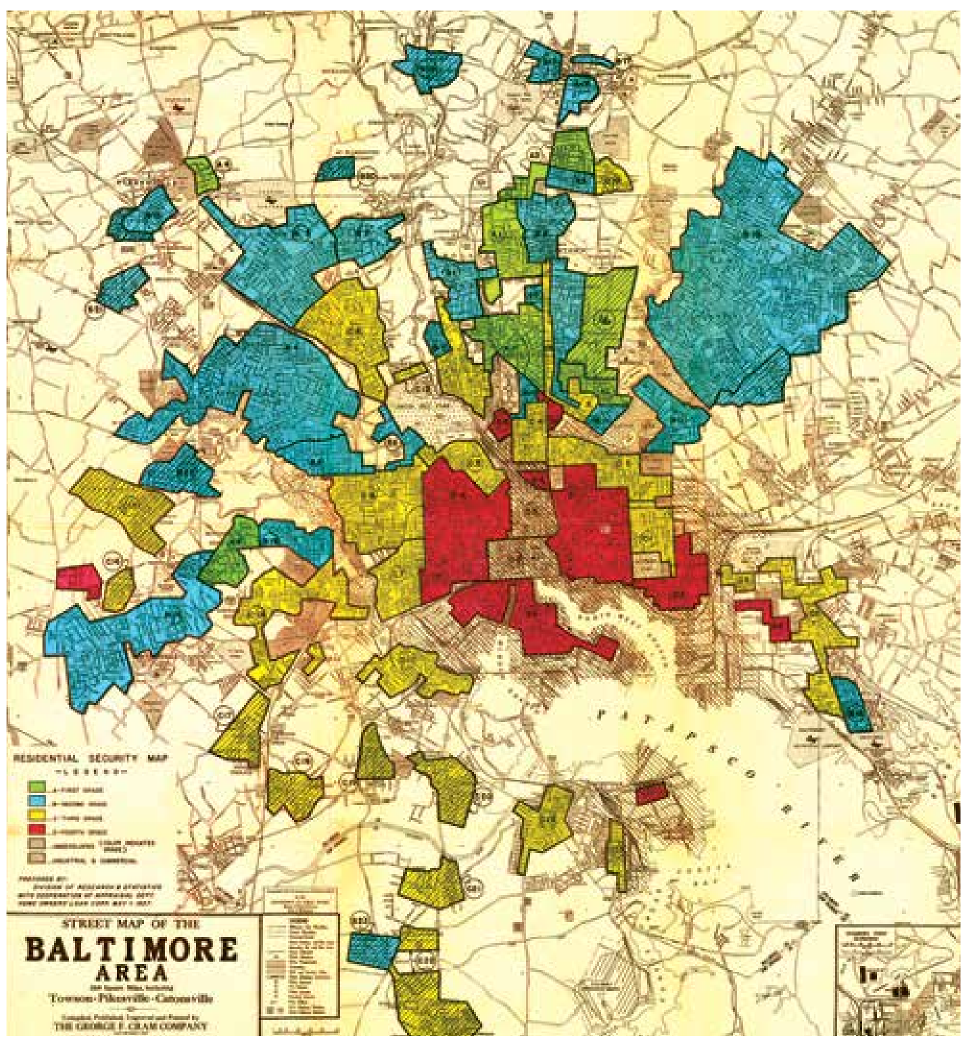
Housing Market Typology and Redlining

In the Great Depression, the federal government's Home Owners' Loan Corporation (HOLC) secretly mapped 239 cities, dividing neighborhoods into risk categories based on age and condition of housing, as well as race, ethnicity, class, religion, and economic status of residents.[1] The maps were designed to prevent the federal government and banks from exposure to risky loans, and neighborhoods colored red on the maps were deemed hazardous—where banks had stopped issuing mortgages, or were charging exorbitant fees and interest rates.[2] These "redlined" maps effectively excluded Black families and certain immigrants from homeownership opportunities.[3]

Remarkably, the Baltimore City Planning Department, the Department of Housing and Community Development (DHCD), and The Reinvestment Fund jointly have developed a "Housing Market Typology" map for the city that looks eerily similar to the redlining maps used for much of twentieth century.[4] The typology map classifies each city neighborhood on a spectrum of market strength, from "stressed" and "middle-market stressed," to "regional choice" and "middle-market choice," using housing related data such as vacant housing rates, median sales price, and owner occupancy.

As noted in a recent report by the Abell Foundation,

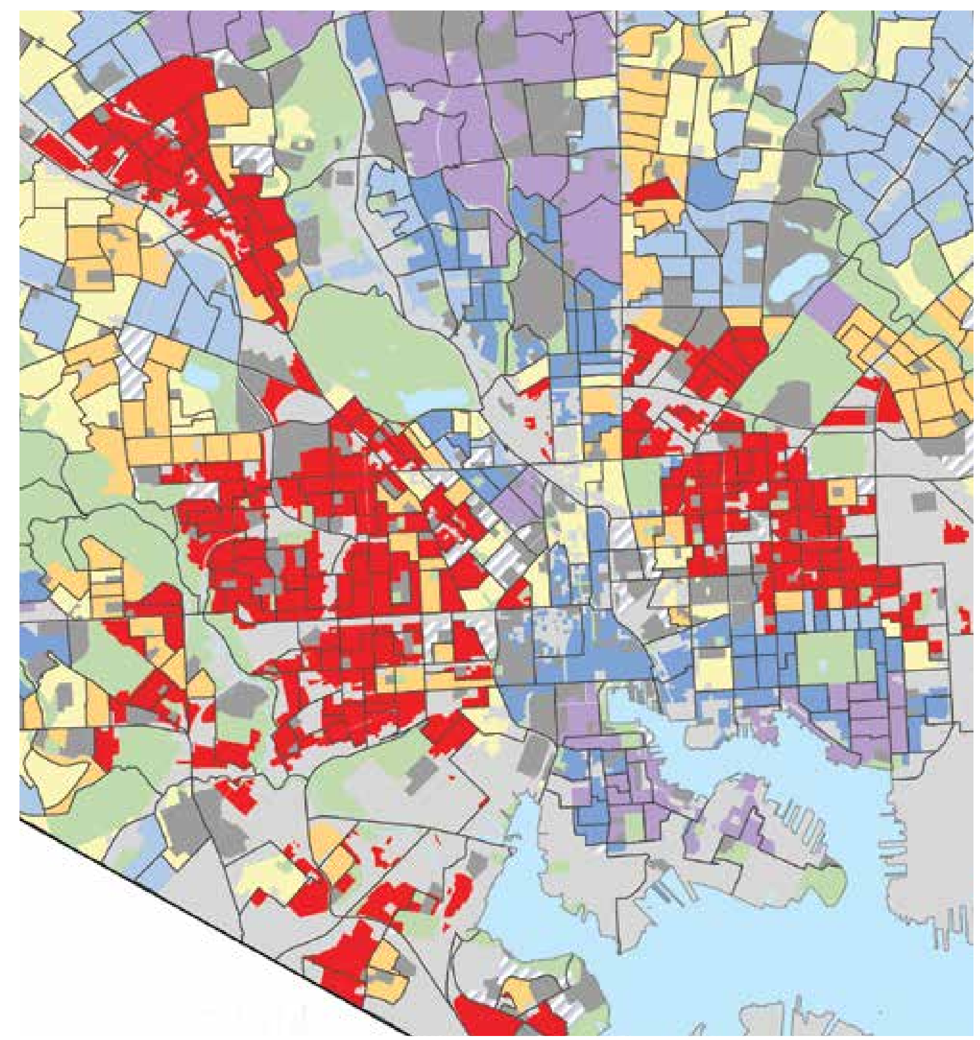
1937 Baltimore redlined by U.S. Home Owners Loan Corporation.



1. Pietila, *Not In My Neighborhood, How Bigotry Shaped A Great Amecian City* (Dee, Chicago 2010) at 61.
2. Id.
3. Id., at 7–72. See also Rothstein, *The Making of Ferguson, Public Policies at the Root of its Troubles,* Economic Policy Institute (October 15, 2014),
4. See http://archive.baltimorecity.gov/Government/AgenciesDepartments/Planning/MasterPlansMapsPublications/HousingMar ketTypology.aspx (last visited 11/20/2015)

"market typology shows in which neighborhoods there is a market for redevelopment," and was used to select the 86 neighborhoods (out of 250) that receive streamlined code enforcement on vacant housing and expedited receivership under the Vacants to Value program.[5] A June 2015 City Planning Department memo explains that the typology is used to allocate city resources and states: "Community and economic development tools for struggling neighborhoods are often different from tools for middle-market neighborhoods or regional choice neighborhoods."[6]

The use of market typology to determine which neighborhoods should receive augmented public service and public resources, such as heightened code enforcement, raises serious questions about equity and democracy in Baltimore. Independent vacant housing policy expert Allan Mallach cautions, "the process of creating a typology and classifying neighborhoods accordingly, although in itself value-neutral, risks being used in ways that are inconsistent with good planning and social equity, if the typology become an implicit vehicle for neighborhood 'triage'—making decisions that certain neighborhoods are less worthy of attention than others."[7]



2014 Housing Market Typology, middle-market stressed & stressed areas denoted in red.

5. See Jacobson, *Vacants to Value*, (prior note).
6. Department of Planning Memo to City Council, June 22, 2015, on City Council Resolution #15-0226R/Community Economic Development in Struggling Neighborhoods.
7. Mallach, *Bringing Buildings Back, From Abandoned Properties to Community Assets*, 2nd Ed. [2010 National Housing Institute] at 236.

Forty Years of False Starts and Failed Development

Baltimore's response over the last forty years to this racialized crisis of poverty, housing, and development has been "trickle down" development. Chasing a tourism-based economy and a new base of wealthier residents, the city has given outside developers virtually unrestricted access to public money and cheap land. Simultaneously, much of the remaining city budget went to law enforcement. Rather than generate decent jobs and a decent standard of living, this strategy has generated incarceration, fractured families, and criminal records for residents, along with precarious poverty wage jobs and unaffordable housing.

> **"But if you just want to leave us out of everything, how's that going to help the redevelopment of the area?"**
>
> **—RANDY FORD, United Workers leader impacted by university expansion in West Baltimore**

The public subsidies used to create and maintain the Inner Harbor are well known. Over $2 billion has been spent building and maintaining the city's tourist facilities since the 1970s and hundreds of millions more in subsidies have been directed to tourism-related businesses.[13] According to urban redevelopment expert Mark Levine,

> In this superheated speculative environment—critics called it the "casino economy"—redevelopment dollars cascaded into the Inner Harbor. During the 1980s, the skyline around the waterfront became dotted with new office towers, as more than 3.5 million square feet of "Class A" office space was developed downtown. Fifteen hotels opened in the vicinity of the harbor between 1980 and 1989, more than tripling the number of hotel rooms available . . . Luxury housing was built and gentrified neighborhoods around the harbor saw property values soar . . . Downtown property values quadrupled during the decade. By the mid-1980s, speculative real estate development began spreading to traditional working class communities, such as Fells Point and Canton, east and west of the downtown waterfront. City planners and developers began envisioning a Baltimore "Gold Coast" of marinas, shoreline promenades, commercial establishments, and luxury housing, extended from the Inner Harbor for miles along the city waterfront.[14]

As property values rose, homelessness increased. In 1988, the City Planning Department observed:

> This social and economic development is not working for all people . . . the repercussion of the gentrification process of the Inner Harbor put in the street all the individuals without enough resources to pay the new rates of rents.[15]

Homelessness was the canary in the coal mine—the first sign of the human toll that the relationship between economic development, land values, and housing costs would take. As Baltimore and other rust belt cities transformed from manufacturing to service economies in the 1970s, one million Single Room Occupancy (SRO) hotels were lost nationally.[16] Demolitions and structural conversions (rentals to condominiums, etc.) between 1973 and 1983 permanently removed 4.5 million units from the housing stock.[17] Low-income households occupied half these units. In Baltimore, Inner Harbor redevelopment extinguished practically all of the 23 SROs that existed prior thereto.[18]

Ignorant or perhaps intentionally blind to the human cost of "Gold Coast" development, the city continued unabated. Since the 1980s, the city and state have offered up public subsidies to two sports stadiums ($500 million), an expanded convention

center ($151 million), a marine biology center ($147 million), the Wyndham and Grand Hyatt hotels ($85 million), a biotech park redevelopment effort involving the neighborhood surrounding Johns Hopkins Hospital ($212.6 million), a casino ($10 million), and a tower to house the headquarters of a $29.1 billion corporation, Exelon ($298 million).[19]

To date, this development has not "trickled down" to meet the most basic needs of the majority of our residents. Today, most job seekers (over 60%) report that they are unable to find a job that offers a living wage—an income high enough to support a family.[20] Indeed, most jobs today in Baltimore (72%) are in the service sector, which provides the average worker with low wages and no benefits such as health insurance, as confirmed by a 2011 United Workers (UW) survey of over 1,000 people employed at the Inner Harbor.[21] The average worker in the hospitality and leisure industry can expect to make $518 week, or $26,936 annually based on a 40-hour workweek.[22] Yet even earning at that level is illusory. UW also found that it was common for Inner Harbor jobs to involve ever-changing and sporadic work schedules making regular earnings and economic security elusive.[23] Moreover, they found rampant wage theft in the Inner Harbor, along with "job churning" to avoid pay raises and sexual harassment.[24]

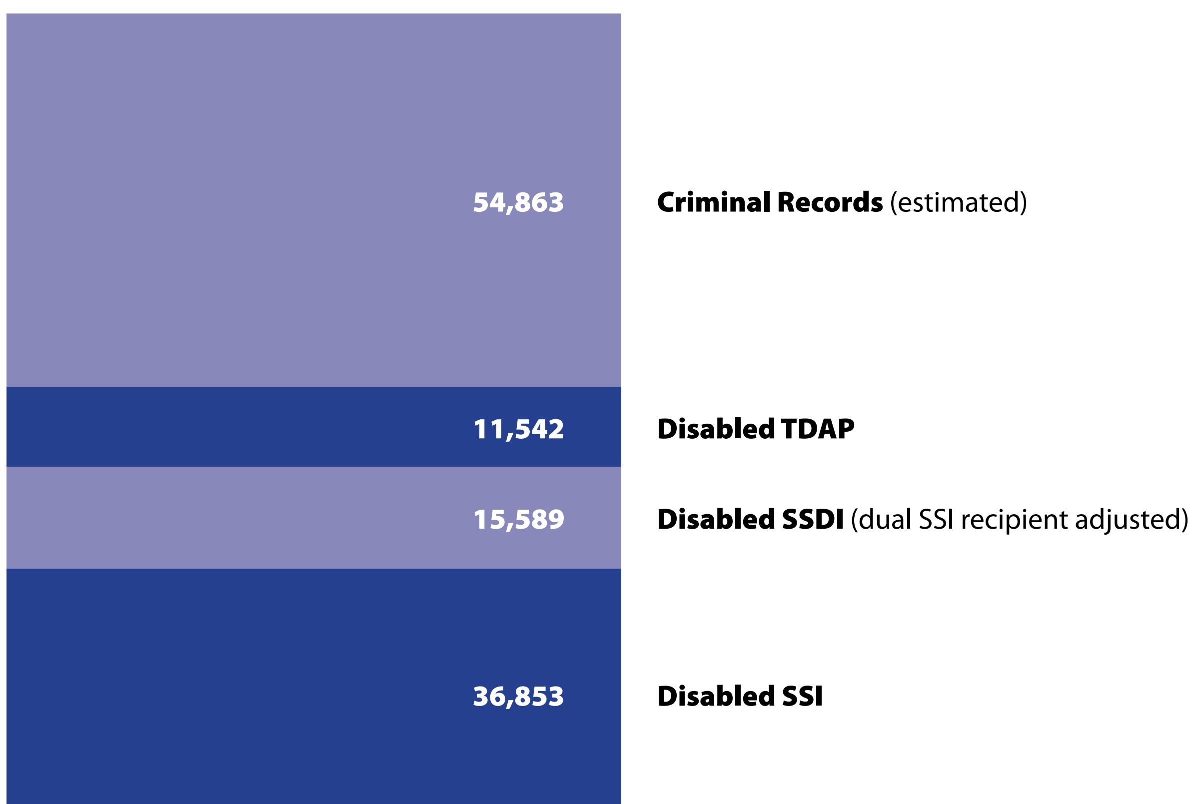
While the fate that awaits those who actually find employment is precarious, those who are chronically unemployed fare even worse. The number of Baltimoreans suffering unemployment has grown significantly over time. In 1970, 72.8% of Black males aged 16–64 were employed. By 2010, this had dropped to 57.5%.[25] While White males experienced a drop in employment during the same period, it was far less, from 83% to 78.3%.[26] Data from other cities suggest that Black males disproportionately relied upon manufacturing employment and thus suffered more when the economy transitioned.[27]

Mistaking an economic problem for a social one, city budgets devoted increasingly more resources to law enforcement and criminalization. From 1986 to 2015 the city police department budget increased by 243% vastly eclipsing the budgets of the Department of Recreation and Parks, Health, and Employment Development.[28] The familial and community impact of the manufactured criminality and high rates of arrest and incarceration has been well documented.[29] The collateral consequences of the criminal records produced by every one of these cases exacerbates employment obstacles.[30]

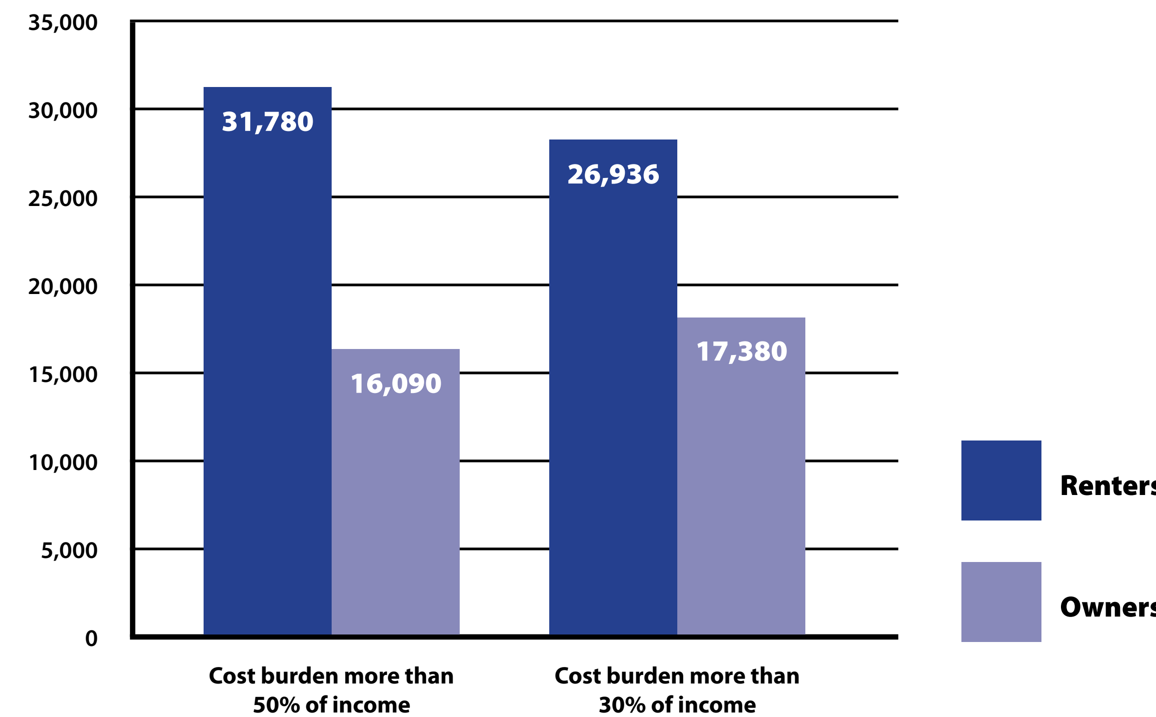
Today, unemployment continues to persist among city residents, particularly Black men, with the rate remaining above 30%.[31] In 2014, the Opportunity Collaborative conducted research on employment barriers in Baltimore, which included interviews with workforce development managers and a survey of more than 1,000 active job seekers. They found that 82% of job seekers faced at least three barriers to employment—such as a mismatch in skills, a criminal record, or a lack of funds to pay for transportation or appropriate clothes—and 55% faced six or more barriers.[32] A criminal record is a key employment barrier affecting one in five job seekers. Without regard to skills or much else, criminal records permanently relegate the mostly Black men that bear them for life to the fringes of mainstream employment opportunities. Additionally, 54,863 people passed through the Baltimore City District and Circuit Courts in 2014 alone and emerged with criminal record histories, seriously impacting their employment prospects.[33]

In addition to those seeking work, there are thousands of other city residents with disabilities subsisting on low and fixed incomes who will not benefit from "Gold Coast" development. In 2014, 36,853 disabled residents received Supplemental Security Income (SSI) and another 24,990 benefited from its companion program, Social Security Disability Insurance (SSDI).[34] Approximately 9,401 received

Baltimore Households Unlikely to Benefit from Increased City Employment Opportunities



Housing Cost Burden



benefits from both programs simultaneously.[35] Another 11,542 received state based disability (Temporary Disability Assistance Program) payments as they awaited SSI and SSDI determinations.[36] Monthly payments in TDAP and SSI are below the federal poverty level, while SSDI pays roughly 40% of prior earnings.[37]

If all these groups are added together, there are 118,847 city residents unlikely to substantially benefit from any job increases "trickle down" development might bring. And those with jobs are located disproportionately in the low-wage service sector.

The intersection of limited incomes and housing costs is reflected in a host of housing data. Fifty-three percent of city renters (58,716) and 40% of homeowners (33,470) pay more than one-third of their income in housing, which is considered unaffordable by the federal government.[38] Last year, at least 2,638 residents experienced homelessness on any given particular night and over 66,537 households teetered on its edge with eviction judgments for non-payment of rent.[39] Foreclosure filings enveloped another 4,380.[40] When these numbers are totaled and compared to census figures, approximately one-third of Baltimore households were homeless or at risk of homelessness.[41]

As housing costs rise and the city offers no real solutions, Baltimore's families have clearly struggled to keep a roof over their head. When significant numbers of people are constantly threatened with homelessness and the city can offer only trickle-down development that, if successful, will further increase housing costs, the only reasonable conclusion is that involuntary displacement of a certain class of residents is a foreseeable part of the city's plan and policy.

Left Out of the Equation: No Plan to House Baltimore's Poorest Families

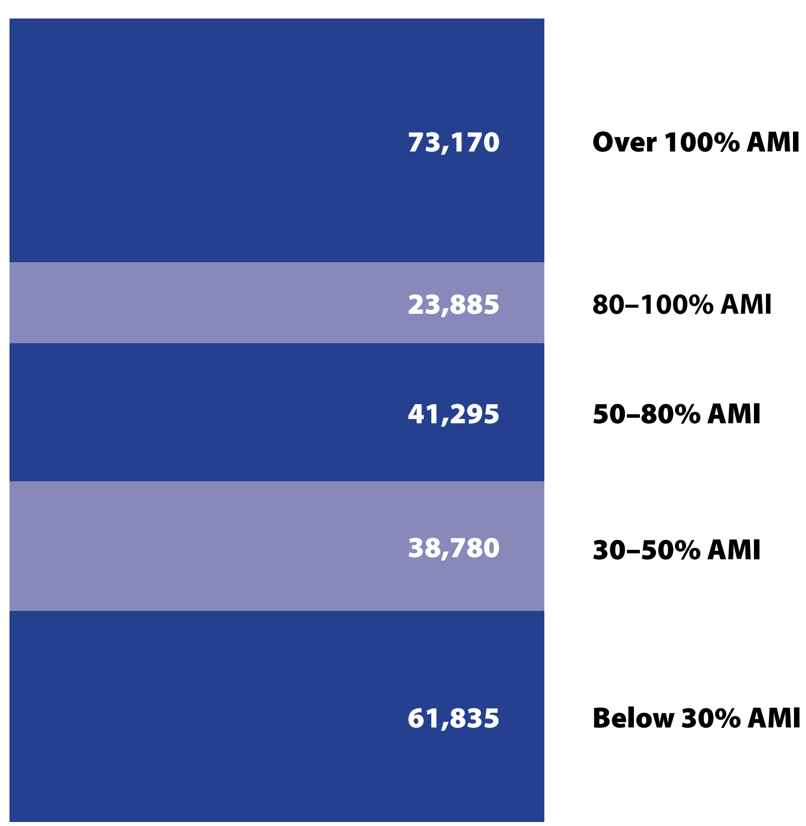
The city and the federal government calculate housing need based on Area Median Income (AMI). One hundred percent AMI for Baltimore is $83,500, derived from a geographic area that includes the entire Baltimore-Towson region.[42] (Median income in the city itself for White households is $63,958 compared to $33,610 for Black households. [43]) With this regionally-based AMI, the city estimates that 61,835 city residents have annual incomes below 30% AMI, or $25,500.[44]

While the city provides its own money to subsidize economic development, it relies almost exclusively on federal government housing subsidies to assist the large number of residents who subsist on incomes below 30% AMI. Since the 1980s, however, the federal government has systematically reduced this aid by neglecting public housing, incentivizing its destruction and privatization, and reducing housing assistance to those with annual incomes below 30% AMI. Moreover, the city has no comprehensive housing or community development plan to fill the gap.

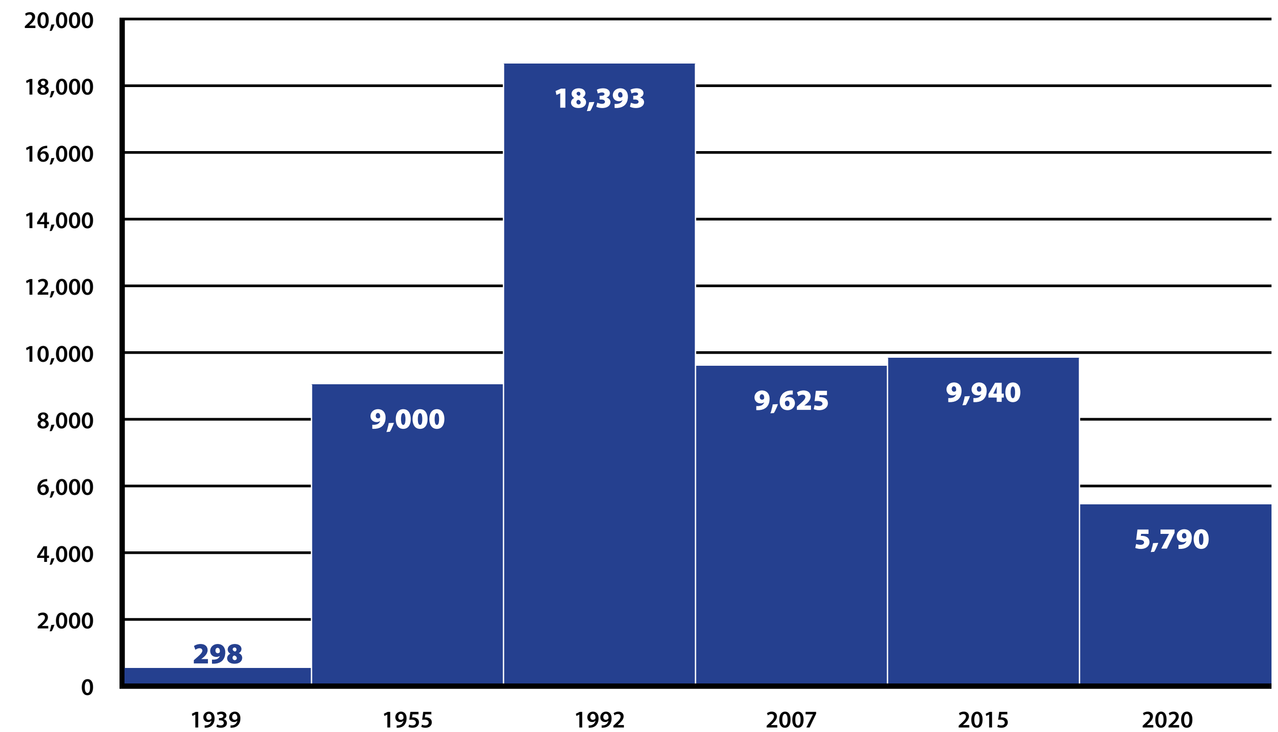
Publicly owned rental housing is the oldest affordable housing program in the country and one of the only existing housing programs capable of meeting the needs of residents at or below 30% AMI. However, starved for federal funds since the 1970s and falsely conflated with *causing* poverty, these permanent fixtures of deeply affordable housing have been lost to deterioration, demolition, and privatization. Whereas Baltimore had 18,393 public housing units in 1992, it has just 9,940 today.[45] The city has most recently accepted funding from the federal government to transfer ownership of roughly 4,000 of the city's remaining public housing stock to private developers through the Rental Assistance Demonstration program (RAD) and is seeking to expand this conversion strategy.[46]

Housing Choice Vouchers (HCV or "Section 8") or "project-based" vouchers (tied to particular housing) have become the preferred federal program for housing families at or below 30% AMI. Vouchers include a margin of profit—which rises with gentrification—for the landlord and, at the end of a voucher

Number of Baltimore Households by Area Median Income



Baltimore Public Housing Units



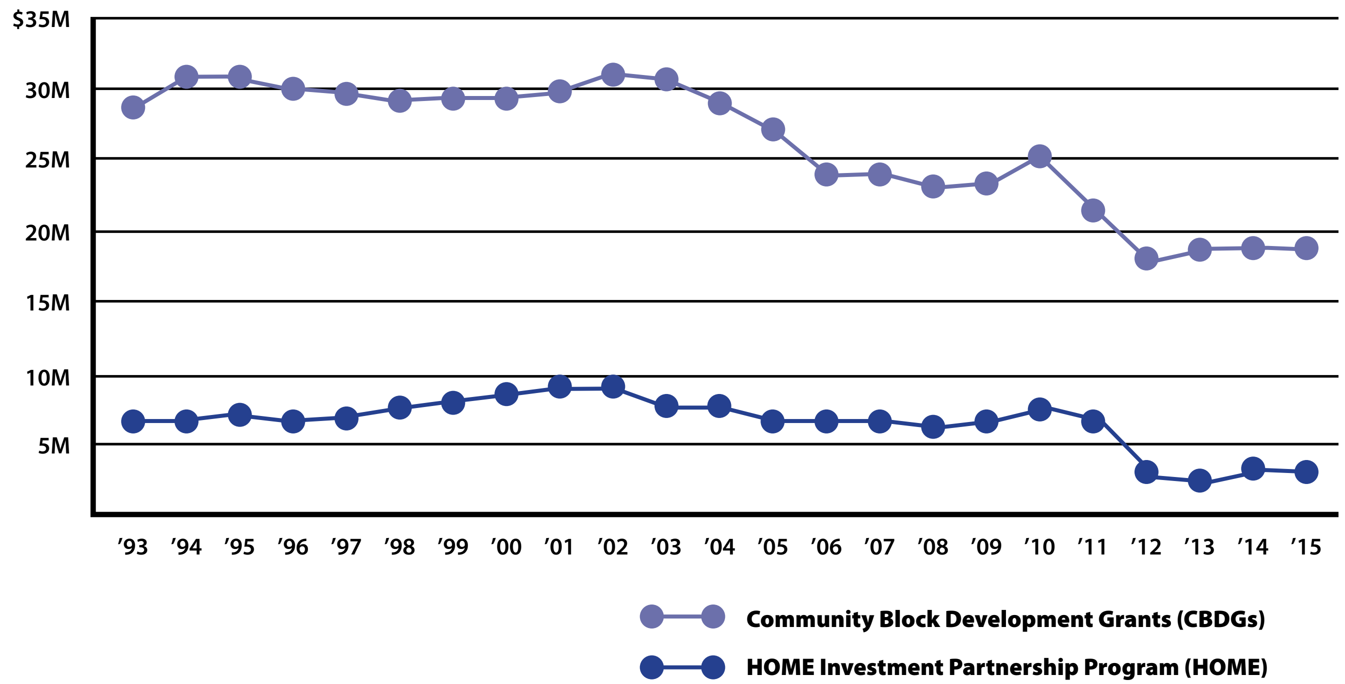
contract landlords may opt out of the program and seek wealthier tenants who can afford higher rents. Like public housing, HCV funds have been under constant threat of budget cuts. In fact, most recently, the Obama Administration announced a $28 million cut to the city's HCV allocation.[47]

Other "affordable housing" programs simply do not reach residents with the greatest housing needs below 30% AMI. For instance, the city's Inclusionary Housing Ordinance (IHO), enacted in 2007, promised some set-aside of housing for lower income residents in larger development projects.[48] However, the IHO is so full of loopholes that most developments have been exempt. In seven years, only 32 units have been developed under this law.[49] All are affordable only to residents with incomes above 80% AMI (approximately $68,000).[50]

The program with the greatest political support, the Low-Income Housing Tax Credit (LIHTC) program, created in 1986, leads to a similar gap in true affordability. The program, which is a major source for affordable rental housing, allocates credits to investors in a development project that sets aside a portion of housing units to rent at rates affordable primarily to households earning 60% of AMI ($51,360).[51] Community development practitioners have at times been able to combine LIHTCs with other federal funds, such as Community Development Block Grants (CDBGs), HOME Investment Partnership program (HOME), and Housing Choice Vouchers (HVC) to deepen affordability. These subsidies are becoming scarce.[52] Further, all of these projects suffer the same fate of subsidy loss when private developers flip affordable units to market rate

> **"I don't understand when they keep saying affordable—I'm like 'affordable to who?'"**
> **—TONY SIMMONS, Right to Housing Alliance**

CDBG and HOME Allocations in Baltimore from 1993–2015



at the end of one, five, 10, or in some cases 30 year contracts. Once the property has "gone to market," low-income residents are pushed out and community development practitioners must start all over to re-create affordable housing stock.

In fact, even while taking into account new LIHTC properties, since 1990, the city has suffered a net loss of at least 9,756 federally-subsidized affordable housing units.[53] At least some of these losses have been in areas primed for mass displacement of current residents in the name of "revitalization" without any provision for current residents to return to the redeveloped housing. One recent example is Chapel NDP Apartments, a HUD-subsidized development of 173 affordable townhomes, formerly located in Washington Hill near the Johns Hopkins Hospital. As part of the planned gentrification of the Hopkins area with the intent of capitalizing on the hospital's expansion, Chapel NDP was sold to private developers who demolished all of the townhomes in 2005 with the city's blessing and without a right of return for Chapel NDP residents.[54] A 304-unit luxury apartment complex known as Jefferson Square Apartments arose in its place in 2014. Rent for a two-bedroom unit at Jefferson Square starts at $2,665 per month.[55]

As the federal government retreats from its obligation to provide housing assistance to localities, we must reboot and rethink our local approach. The city, through the regional Opportunity Collaborative of which it is a member, acknowledges that "the market does not produce any rental homes for people at the lowest income level: 30% [AMI]" and that families at 30% AMI may well be working full-time jobs

> **"If the cost of living was cheaper, a lot more people would be in homes. They would be able to rent these properties. But the cost of properties is going up higher and higher every year, but our income is not getting higher and higher every year so it really doesn't benefit us—the community."**
>
> **—DOREEN HICKS, United Workers leader**

such as a "[f]ood prep worker with two dependents ($22,900 household income) or a retail salesperson with three dependents ($24,900 household income)" and still be unable to afford any housing that the private real estate market produces.[56] The Collaborative estimates that there is an unmet regional need for 51,000 new housing units for households at or below 30% AMI—the largest single unmet need in the region by far.[57] Yet, Baltimore City officials have offered no housing plan or community development plan that is responsive to those most in need, the poor working class or fixed income families at or below 30% AMI that make up over 25% of the city's population.[58]

This landscape is surely dismal from a human rights perspective. It is clear that development policies have not universally benefited all communities and have harmed many over the decades. It is no exaggeration to say that investing only in the needs of those with wealth has even deprived the city of much-needed tax revenue to fund schools, infrastructure, and recreation centers.[59]

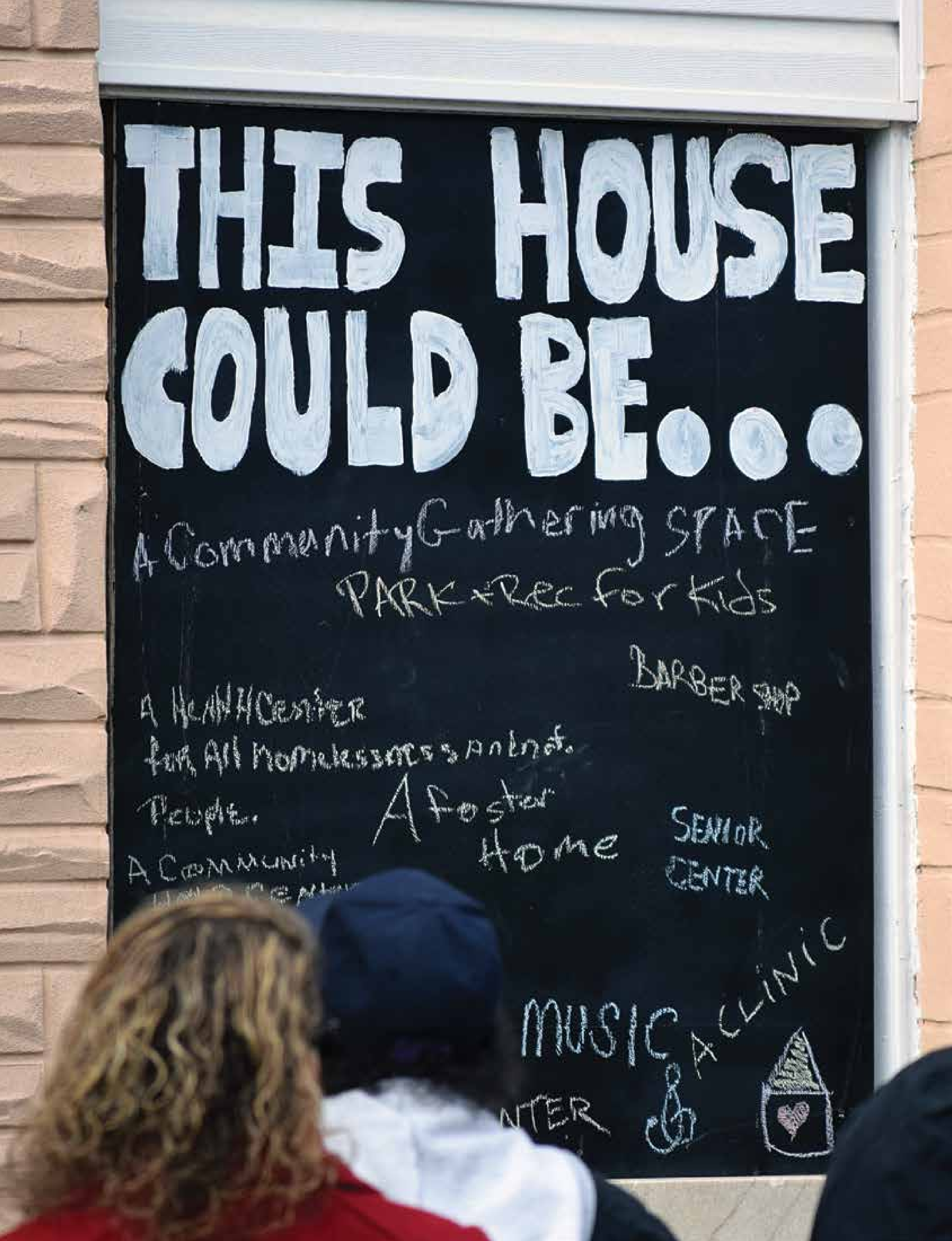
Failed development has brought capital back and a larger White population to the city for the development of tourism and gentrified neighborhoods.[60] However, the rest of Baltimore—the majority of households—has been dismissed and decimated through policies guaranteed to create involuntary displacement for poor working class residents not able to secure dwindling housing subsidies and for middle class households unable to keep pace. Baltimore has an enormous opportunity to flip the script on abusive development through the very problem created by the failures of the past—the roughly 30,000 to 40,000 vacant homes that have become as much a symbol of Baltimore as the Inner Harbor.

Maryland's Tax Credit Point System Currently Fails to Serve People with the Lowest Incomes

Although the Low Income Housing Tax Credit (LIHTC) program creates more "affordable" housing than any other program in the country, Maryland's tax credit point system currently prioritizes housing that serves people with higher incomes to the detriment of households most in need.

The Maryland Department of Housing and Community Development decides annually which housing projects deserve low income housing tax breaks. Projects can earn up to 200 points for having qualities that the state wants to promote. Under federal law, all tax credit projects must make a certain number of units affordable to households earning less than 60% of the Area Median Income (AMI). The state must provide more points to projects that serve people with the greater need—people who earn under 30% AMI. Yet, Maryland chooses to award a minimal number of points under these criteria. A development serving mostly 30% AMI would likely still lose out in the competitive process to a development that only serves 60% AMI if the development for higher incomes obtained higher point values in weightier categories. Maryland has the option to award points in a way that meets the needs of households with the lowest incomes.

Source: MD Code, Housing & Community Dev. 2-102(a)(9); Qualified Allocation Plan for LIHTC, Dept. of Housing & Community Dev., July 8, 2014, p.8.



A Fair Development Opportunity

"We did a survey over in East Baltimore . . . and I literally looked left to right, up and down the street there was nothing but vacant houses. And that shocked me. And I couldn't believe that in a whole entire neighborhood there was just nobody in those houses."

—SIDNEY BOND, Housing Our Neighbors

The most prevalent symbols of Baltimore's failed development—tens of thousands of abandoned properties—allow us to build an alternative housing and development economy that could represent a turning point for the city. Estimates of vacant houses in Baltimore range from 16,000 to 46,782.[61] Using both census and city data, the Baltimore Neighborhood Indicators Alliance, a division of the Jacob France Institute at the University of Baltimore, estimates that there are approximately 31,000 vacants.[62] Of the over 16,000 properties that the city considers vacant—those that have outstanding citations by housing code inspectors for being vacant and uninhabitable—approximately 4,000 to 5,000 are owned by the city itself.[63] A recent survey of vacants in east Baltimore by Housing Our Neighbors (HON) confirms the city's numbers vastly underestimate the number of vacant properties, including vacant city-owned properties, as many properties surveyed have not been inspected.

Regardless of the actual number, vacant housing decreases equity for nearby or adjacent homeowners, discourages landlords from keeping rental properties up to code, and creates a moral crisis in a city where people who are homeless wait interminably on subsidized housing waiting lists and scramble for a declining number of shelter beds, while houses remain unused. One recent study of Philadelphia's estimated 40,000 vacants found that these eyesores reduce the value of the city's homes by an average of $8,000 per home, cost the city $20 million annually in maintenance costs, and deprive the city of $2 million per year in tax revenues.[64] A similar study of eight cities in Ohio found that 25,000 vacant properties cost those cities $15 million each year to maintain and have deprived those cities of $49 million cumulatively in tax revenue.[65] Assuming Baltimore has approximately 31,000 vacant and abandoned houses, these properties likely cost the city approximately $17,050,000 in direct maintenance costs and $1,550,000 in tax revenue each year, not to mention an average cost of $1,472 annually in increased policy and fire services for each vacant property.[66] Homeowners likely lose an average of $8,000 in lost home value for homeowners living near vacants (which could total $496 million in lost value if we assume two houses are impacted by each vacant).

To date, Baltimore has looked primarily to the

A People's Census of Baltimore's Homes

Vacant Housing Survey by Housing Our Neighbors

A 2014–2015 survey of vacant housing reveals the discrepancy between the city's vacant housing count and the actual number of such structures. For every 10 vacant houses identified, only six were recognized as vacant by city records. Secondly, an enormous amount of capital is circulating in the neighborhood without benefitting the residents. The cumulative total of the last three prior sales of all vacant properties identified brought the owners $29,958,177, yet only 13 of these properties (3.4%) are currently owned by neighborhood residents. Individual and community equity declines as speculators, city government and Johns Hopkins hold these vacant properties.

Among the survey findings:

- **381 vacant structures were identified**
- **222 structures (58.3%) had received a vacant notification from the City**
- **159 structures (41.7%) are not officially considered vacant**
- **Only 13 houses were recorded as the principal residence of the owner**
- **The City or Housing Authority of Baltimore City (HABC) owned 61 buildings (16%)**
- **The Johns Hopkins University owned 17 buildings (4.5% of the total; 5.3% of the privately owned buildings)**
- **The current total assessed value of the buildings was $15,437,900**
- **The range of assessed values was $1,600 to $221,000**
- **The assessment most frequently used was $10,200 (158 buildings)**
- **The sum of the last sale prices of these houses was $14,597,380**
- **The cumulative prices for the last three sales was $29,958,177**

The survey focused on the 15 x 6 block sector of East Baltimore, bounded by Ashland Avenue, Fayette Street, Lakewood Avenue, and Washington Street. It was led by Housing Our Neighbors, and supported by Amazing Grace Lutheran Church, Baltimore Redevelopment Action Coalition for Empowerment (BRACE), and the McElderry Park Community Association.

speculative housing market for help in solving the vacant and affordable housing challenges that very market created. Like the tax breaks and economic incentives discussed previously, the city's approach to vacant housing has been focused on investors and speculators. Under the much acclaimed Vacants to Value program, there are no affordability restrictions on the properties transferred to private developers. Rowhouses redistributed to one private developer in the Oliver neighborhood are selling for over $220,000, with an advertised estimated monthly mortgage payment of around $1,200 per month—far above what a family at 30% or even 60% of AMI can afford. As a recent study on Vacants to Value observed, the program "does not address the city's affordable housing crisis."[67]

Rather than exclusively incentivizing outside investors to take over vacant homes, the city could look first to its own residents, incentivizing and empowering them to take control of vacant properties. By making vacant property available to neighborhood organizations and providing seed money through municipal bond proceeds and other sources, the city could provide motivated neighborhood residents with concrete tools to be change agents. Vacant properties could be deconstructed, demolished, and rebuilt as permanently affordable housing, green spaces, and/or commercial development, employing community residents—including those currently facing employment barriers—to do the development.

Reimagining this kind of inclusive city must begin with a fundamental shift that places human need at the center of public policy and plans to meet these needs, as government is elected to do. The majority of Baltimore residents have a deep need for and right to high quality, affordable housing, and decent jobs. A development approach that draws on innovative but tested tools for inclusive development to create good jobs and, simultaneously, a viable core of deeply affordable housing is the kind of strategic investment that justice and good sense requires in Baltimore.

At least two new development tools will be necessary to realize this vision. First, community land trusts (CLTs) offer neighborhood control of land in a democratic, participatory way, through a unique legal structure that guards against displacement, rising property values, and puts people—not corporate developers—at the center of fair development. Second, vacant property in the city must be accessible to motivated community groups through either a revised Vacants to Value program or a land bank, as utilized in Cleveland, Philadelphia, and other municipalities.

Ultimately, all levels of government should fund this initiative. Baltimore City has significant capacity to raise funds through the power to issue bonds, impose a tax on vacants, prioritize CDBG and HOME funds, provide tax breaks, and condition market rate development on inclusionary benefits—all of which could be harnessed to support community-driven development. Similar reforms and reprioritization at the state and federal level should follow to fully support this form of development.

We must seize the opportunity presented now in Baltimore to reject "trickle down" policies and embrace inclusive, accountable, and evidence-based fair development in order to begin the hard work of dismantling the structural racism and structural inequality that divides us.

Community Land Trusts

A community land trust (CLT) is a hybrid between public and private housing, as well as private and community property ownership.[68] CLTs utilize a unique "ground lease" structure, which affords individuals and families ownership of the home but the CLT retains ownership of the land. This allows the CLT to control resale values and grants the CLT a priority to purchase.[69] Like private housing it enables individual homeowners to secure a return on equity but curbs speculative pressure by "right-sizing" the equity return to the individual and retaining affordability and any public subsidy for the community.

A CLT is governed by a local board of directors that sets the priorities for the CLT's acquisition of property, assistance to owners, and implementation of a resale formula used when a CLT owner sells their property. Such trusts can operate rental housing as well and can recognize renters as CLT members, enabling all residents of the CLT to participate in governance. Thus, the neighborhood's collective action is empowered by land ownership, giving teeth to the concept of community self-determination.

CLTs can undertake an assessment and determine what mix of housing is needed in the community, whether its housing affordable to families with incomes at 30% AMI or homeownership affordable at 80% AMI (approximately $68,000). The CLT may then acquire, rehabilitate, and sell vacant property using a 99-year renewable affordable housing land trust agreement at prices that are affordable to families with those incomes. The family obtains a mortgage similar to any other homeownership opportunity, and a part of the family's mortgage payment each month goes to pay down the principal on the mortgage loan—thereby building equity. When a family seeks to sell their home subsequently, the resale formula in the land trust agreement dictates the resale price. While resale formulas differ, the most effective ones require that if the family that bought the property at a price affordable to someone with income at 30% AMI, the property's resale price should be set at a rate that is affordable to someone at 30% AMI plus a credit to the seller for any improvements made to the property. In this way, the homeowner builds wealth by paying down principal on the mortgage and may share some in price appreciation in the market, but the property itself continues to stay affordable and meet community needs. If a would-be resident cannot obtain a mortgage, a renter agreement may be the best option with the CLT retaining ownership of the property formally.

"In northeast Baltimore, we have so little control. Absentee landlords. Absentee speculators. Absentee land owners who let their property deteriorate. It's time we had some say in our own community and how it's developed, according to our needs."

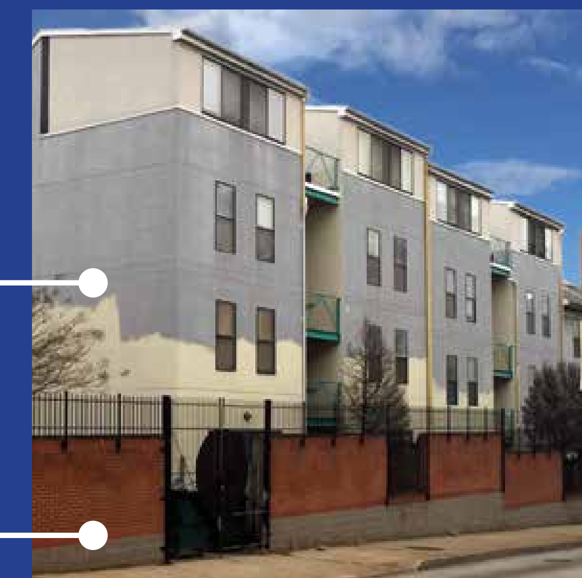
—REV. TY HULLINGER, Northeast Housing Initiative

Stabilizing Homes and Families

One major advantage of CLTs in a fair development framework is that they provide more stable housing for lower income residents than the private market, and for a significant number of buyers they serve as a bridge to the private market. Several studies have shown that roughly 50% of all first-time, low-income homebuyers revert to rental housing within five years of buying their first home.[70] By contrast, within five years of buying a CLT home, nearly 90% of low-income, first-time CLT buyers remained in their CLT homes or had purchased another home with help from the equity they had built in the CLT home.[71] Upon resale, the CLT owners obtained an average of approximately $14,000 in equity after 5.4 years from paying down their mortgages ($4,294) shared price appreciation ($7,889) and a credit for

What Is a Community Land Trust?

A community land trust (CLT) keeps properties affordable and in the hands of the community by putting the house, not the land it occupies, on the market and allowing only people with low inomes to buy.



A New Homebuying Process

1. New resident buys home
2. Annual fee for leasing land paid to CLT
3. Mortgage payment each month goes to pay down the principal, building equity
4. House is sold through at affordable price set by resale formula in Land Trust Agreement
5. Homeowner may share in some price appreciation in the market and secure return on equity
6. Opportunity to own home granted to a new resident

capital improvements ($1,348).[72] Thus, CLTs are a much more effective stepping stone for low-income families to build wealth and sustain that wealth than purchase assistance for traditional homeownership.

Safeguarding Public Investment

CLTs are also a better use of public subsidies because the benefits created by the subsidies stay with the housing indefinitely, even upon resale, thereby creating permanently affordable housing. Under current down payment assistance or lower interest rate programs, when a home that has been subsidized with public funds is sold at market value, often only five years later, the public investment in creating affordable housing evaporates. As Kelly Little, a non-profit community developer in Baltimore remarked upon learning about the CLT model:

> Normally, we would buy a row house for $30,000, put $90,000 of rehabilitation into it, and sell it for $60,000, with the help of home purchase subsidies. After a few years, the owner would sell it for $100,000, pocket the subsidy and the equity and leave the community and we'd consider that a success story! Given what I've learned about CLTs, I'm not sure anymore that's a success.[73]

CLTs have been used both in thriving, gentrifying urban neighborhoods and in and neighborhoods dominated by vacants. In the neighborhoods near the thriving waterfront or anchor institutions like Johns Hopkins or University of Maryland, CLTs can help sustain income and race-inclusive communities. The permanent affordability and community control aspects of CLTs discussed above guarantee that no matter how much land values increase, there will still be opportunities for long-time residents to remain in that community and share in the benefits of development without adding to rising housing prices. After learning more about CLTs, Baltimore City Councilman Bill Henry wished he had known about CLTs when he was a developer in the 1990s with the former Patterson Park Community Development Corporation:

> At Patterson Park CDC, one of our goals after consulting with the community was to create new and expanded homeownership opportunities that would raise home values for the entire community. When we had succeeded in large part around Patterson Park, we began looking to expand our operations further north, but the potentially affected community associations worried that our strategy of developing higher-end homeownership opportunities would raise housing values, rents, and eventually taxes so much that current residents would be priced out of their longtime neighborhood. They wanted development; they just didn't want to be displaced from their family and social networks by that development. I wish we had known then about community land trusts so that we could have engaged in that kind of development without displacement.[74]

Community Land Trusts: Neutral Impact on Neighboring Property Values

Maryland has a distinct advantage in creating and sustaining community land trusts (CLTs) because state law already has been changed to address potential concerns that have been raised about CLTs in other jurisdictions. Enacted in 2010, the Maryland Affordable Housing Land Trust Act distinguishes CLTs from ground leases and ground rents, and determines how CLTs should be appraised for tax and valuation purposes. The Act states that any land trust-related sale will be marked as "non-arms length" to ensure that the property will not be considered as a comparable in the appraisal of any surrounding property. In short, the transaction will be handled the same way that a "non-arms-length" sale between a parent and child is handled: not included for appraisal purposes and with no impact on the value of surrounding properties.

Source: Md. Code Real Prop. §14-509(b) and §§ 14-501 et seq.

Community-Driven Development

CLTs are a natural partner for Community Development Corporations (CDC) seeking to maintain their investments in affordable homeownership or to mitigate the negative effects of gentrification. CLTs take charge of stewardship of the property, community organizing, and planning for the community's needs in a participatory manner, allowing CDCs to focus on the actual property development.

In neglected neighborhoods, CLTs are a tool that can be used to stimulate activism and build new community institutions that own land and redevelop vacants. A traditional CLT utilizes what is called a "tripartite" board made up of community residents, CLT residents, and public stakeholders (city officials, community developers, finance experts). While the trust itself is a non-profit organization similar to other tax-exempt institutions, board membership, if done well, involves community outreach, education, and activism. CLTs can begin incrementally by taking ownership and stewardship of vacant lots and green spaces and move on to vacant housing rehabilitation, or demolition where necessary. CLTs should select developers who share their values and objectives, and actively participate in the attraction of investment. Instead of leaving development to those who reside outside the neighborhood, CLTs are empowered to make development meet neighborhood needs through the participation of the whole neighborhood.

CLTs have been gaining recognition and traction over the last 40 years with over 200 in existence nationwide.[75] They are in operation in Cleveland, Philadelphia, and other challenging real estate markets like Durham, N.C.[76] These existing institutions are proving that government officials and community residents can work together to share prosperity through development and retain public investments in housing and community infrastructure for generations. With these public subsidies, they also can generate good jobs and community cohesion.

In short, CLTs bring residents together, outperform other first-time, low-income homeowner programs, and retain housing-related public subsidies within the community rather than allowing them to evaporate into private profit. Ensuring broad inclusion of residents in development, CLTs can serve as anchor of an equitable development strategy.

Commercial CLTs

Most small business owners are also renters and suffer the same speculative pressures that renters face in the housing market. Because small businesses are one of the top sources for job creation, creating commercial land trusts is a potentially viable and effective parallel strategy to combine with housing land trusts. While commercial land trusts are a relatively new strategy, they have been developed in several cities, including the Crescent City Community Land Trust in New Orleans and Japantown Community Land Trust in San Francisco.[77] The recent commitment by the Baltimore Development Corporation (BDC) to focus on empty storefronts and vacant commercial buildings is promising, but a commercial land trust strategy would ensure that effort is guided by fair development principles.[78]

CLTs in Baltimore

The Charm City Land Trust (CCLT) was the first CLT created in Baltimore. CCLT was founded in 2002 to acquire land for development for community open space, permanently affordable homeownership, and community building businesses in McElderry Park, Patterson Place and Upper Fells Point. Another CLT, the Northeast Housing Initiative (NEHI), is in development. NEHI has a similar mission to CCLT but will focus on neighborhoods in northeast Baltimore, including Frankford and Belair-Edison.

The Charm City Land Trust currently stewards 17 vacant lots in McElderry Park as green space behind the Amazing Grace Lutheran Church at 2424 McElderry Street. Known as the "Amazing Port Street Project," the space is a green "sacred commons" reclaimed from a blighted stretch of demolished properties and redeveloped into community garden beds that cultivate vegetables for local food aid. CCLT also provides spaces for public gatherings. The centerpiece is "half a block of green space for play, one of the only open green spaces in McElderry Park."[79] CCLT recently closed on its first residential property—a fixer-upper donated by a bank for rehabilitation. According to CCLT board member, Pastor Gary Dittman, "we want to transform the community tragedy of foreclosure into a moment of promise." [80]

NEHI grew from a small group of a dozen housing advocates at St. Anthony of Padua —Most Precious Blood Roman Catholic Church in 2013 to what is now a vibrant association of 30 members. Key leaders in the group have participated in the Baltimore Housing Roundtable since its inception. Receiving technical assistance from the University of Maryland Law School Clinic on Community Development and a CLT consultant, NEHI has completed a viability and business plan and expects soon to be acquiring vacant properties for redevelopment. According to NEHI leader Chris Lafferty,

> Through intensive research our community members determined that the community land trust will be the most effective method for arresting decline and enabling the creation and maintenance of communities that are sustainable, as well as ethnically, racially, and economically diverse.[81]

> **"The housing market is a market. Profit is the bottom line. Many community residents cannot keep pace and need an alternative. A community land trust is that alternative."**
>
> **—AYRIKA FLETCHER, Vice President, Charm City Community Land Trust**

Combatting Structural Racism through Community Land Trusts

Black communities have been explicitly denied opportunities to build wealth decade after decade. Today, in a tight credit market, loans made to Black families have declined by 83% and in Baltimore Black households receive less than a quarter of new mortgages despite being the majority of the population. CLTs with lower transactions costs, affordability protections, and supportive services provide Black communities the much deserved opportunity to obtain financing, build equity, and sustain their investments in neighborhoods at a time when traditional lending avenues have been significantly restricted.

Source for Data: Taz George and Bing Bai, The Weak Housing Market Recovery in Baltimore has Hurt African Americans the Most, URBAN INSTITUTE (2015).

Dudley Street Neighborhood Initiative

Dudley Street Neighborhood Initiative (DSNI) was formed in the 1980s in the predominately Black and Latino Dudley neighborhood where vacant houses and rats were prevalent at the time. According to the Boston Redevelopment Authority, in 1980, "the per capita income of the Dudley Square residents was one of the lowest in the nation, on par with the poorest counties in Mississippi, or Indian Reservations of the West."[82] DSNI successfully prompted the city to undertake a massive cleanup of the garbage, vacant lots, and abandoned cars that had plagued the neighborhood.[83] Next DSNI convened a series of community meetings to create a vision for neighborhood development focusing on permanently affordable housing through a CLT called "Dudley Neighbors," parks, playgrounds, and a small business-oriented main street.[84] DSNI worked with the City of Boston and private foundations to obtain control over the vacant lots through eminent domain, among other tools, and finance its neighborhood plan.

"Almost three decades after the land trust was created, the number of vacant lots within Dudley Triangle can be counted on one hand and litter is no longer a problem."[85] In their place DSNI has developed or assisted in the development of 225 permanently affordable homes in its land trust, a 10,000 acre greenhouse, community garden, charter school, and a number of parks.[86] DSNI has provided a high degree of stability for its residents. Since 1988, only four residents in the homeownership units of the land trust have experienced foreclosure.[87] According to the land trust resident and president Evelyn Correa, "we watch out for each other, when we get packages, when we go on vacation, just simple little things, they go a long way. It's really good to have the stability of having the same neighbors all the time."[88]

Expanding DSNI's footprint has been significantly more difficult, however, due to the rising cost of land around the neighborhood. According to Harry Smith, director of sustainable development at DSNI: "Now it's been discovered and developers are buying land for a lot more than what we can. We are trying to scramble to try and create as much capacity as possible to withstand some of the market pressures."[89]

20/20

New Vision for Fair Development

There is near universal agreement that Baltimore is in desperate need of good jobs that can maintain a family at a decent standard of living as well as sustainable, permanently affordable housing. Meeting these two needs would lead to a Baltimore of vibrant and healthy neighborhoods. These goals have been elusive to date. Baltimore has failed to increase housing and job opportunities, especially for neglected communities, while also addressing the challenge of increased housing costs that come with development. But the 20/20 Vision for Fair Development, using an annual commitment of $20 million for jobs for city residents to deconstruct vacants and $20 million for creating a community controlled housing sector allows us to rise to the challenge.

How the 20/20 Vision for Fair Development works:

1

The city clearly commits to the goal of meeting the basic human needs of Baltimore residents through more equitable distribution of development resources and benefits.

2

The city appropriates money in its capital budget for the 20/20 Vision by authorizing $20 million in bonds for jobs deconstructing, demolishing, and greening vacant housing, and $20 million in bonds to develop and renovate vacant properties into community controlled permanently affordable housing.

3

Money for housing is deposited in a non-lapsing dedicated trust fund that is accountable to the community and prioritized to support this comprehensive community revitalization.

4

The city's Vacants to Value program or the city charter-authorized (but never created) land bank authority assists and facilitates vacant property acquisition for communities, and property is transferred to groups with a demonstrated interest and capacity to operate land trusts.

5

Financial and municipal experts and stakeholders work with CLTs to develop and then implement community master plans. In this way, we ensure adequate community infrastructure and planning to enable diverse communities to successfully participate.

6

City residents are trained and offered jobs renovating residential housing, deconstructing and/or demolishing vacant housing, and converting abandoned property into community, commercial, and green spaces.

7

Municipal, financial, and community leaders and experts provide ongoing support for each other through a multi-stakeholder board for the CLT and ensure support for their successors to achieve long-term sustainability.

With a 20/20 Vision, Baltimore can turn a fair development opportunity into a reality for families and communities. across the city.

Financing

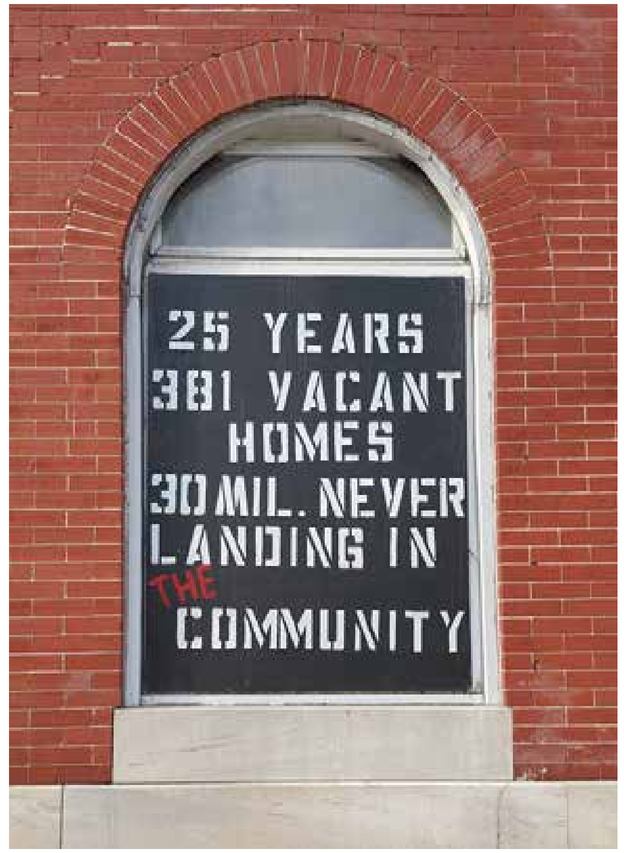
It is well within the city's reach to provide adequate and sustainable financing for fair development. Baltimore has authorized roughly $550 million in public debt over the last 12 years.[90] Bond issues for community and economic development make up roughly 42% of this total.[91] In addition to being able to redirect the resources already being invested in community and economic development bonds financed by general tax proceeds, the city should also explore imposing a new surtax on vacant housing to penalize speculators and recoup a small portion of the costs of vacants to city residents each year.

Relying on a combination of financing tools, including those noted above, Baltimore City should make a minimum $40 million annual commitment to equitably transforming our city landscape. These funds should be directed to community-driven rehabilitation, deconstruction, demolition, and stewardship of vacant property, with a minimum of $20 million being deposited in a city housing trust fund controlled by a community-dominated governance board. This fund would receive proceeds from city bonds and other public sources as well as be able to accept housing related funds from private banks, foundations, and individuals. Expenditures would be prioritized to meet the needs identified in community-driven comprehensive neighborhood revitalization plans.

Together, these financial tools can provide Baltimore everything it needs to pursue fair development and a different future for our communities.

Decent Employment

Transforming vacant housing and land can provide employment (and paid employment training) to many currently left out of the labor market. Based on estimates from community developers, a single vacant house rehabilitation involves roughly 20 workers, almost half of whom are skilled (plumbers, electricians, masons). Many aspects of housing rehabilitation—dry walling, framing, tiling, staining floors—are ideal for work or on-the-job training for those with fewer skills. While on-the-job training would double the time normally required



to complete a single house (from, for example, four months to eight), it is estimated that a $20 million investment by the city could produce 200 renovations and employ almost 440 people in a single year. Another $20 million also could be used to deconstruct or demolish 1,500 vacant houses annually and transform the properties into green and food-related spaces. Deconstruction involves the careful removal and salvaging of key materials (bricks, plumbing, etc.) before demolition, which are then reused and repurposed in new and different ways, diverting these materials from landfills.[92] A deconstruction crew involves at least five construction workers, which if paid at $15 per hour would employ 640 workers through roughly 128 crews.[93]

The bulk of these jobs should be available to residents who are currently saddled with arrest and conviction histories, and others who struggle to find employment. Skills training and experience in this arena also lays the groundwork for worker-owned businesses and future employment. City bonds or other public money for such an initiative would cost less than half of the public subsidies that went into

20/20 Investment in Community Land Trusts Within Reach for Baltimore City

A Look at Baltimore City Bond Authorizations, 2004–2012

YEAR	AMOUNT	PURPOSE
2012	$34M	**School Renovations**
	8M	**Recreation & Parks**
	24M	**Community Developmen**t: acquisition, demolition, homeownership initiatives, creation of green spaces
	15.8 M	**Economic Development**: citywide commercial revitalization, Heritage Area grants
	17 M	**Public Buildings**: retrofits & code compliance, including ADA for city buildings
	1.2M	**Cultural Institutions**
2010	33.3M	**School Construction**, renovation, modernization
	18M	**Community Development**: for making operative the community development program of the Mayor and City Council
	16.2M	**Public Buildings**: construction, renovation, alternation, repair of city owned buildings
	16.7M	**Economic Development**: making operative the economic development program of the Mayor and City Council
	12.8M	**Recreation & Parks**: storm water systems & building equipping, renovation, alterations
	2.7M	**Cultural Institutions**
2008	43M	**School Construction:** modernization, reconstruction
	30.5M	**Community Development**: making operative the City's Community Development Plan
	15.3M	**Economic Development**: making operative the City's commercial and industrial development program
	16M	**Recreation & Parks**: acquisition, construction, installation, renovation, modernization of park land, property, structures, facilities
	12.5M	**Public Buildings**: renovation, repair, reconstruction of city facilities
	7.7M	**Cultural Institutions**
2006	36M	**School Construction**
	32M	**Community Development**: making operative City Community Development Plan
	10M	**Affordable Housing**: planning, developing, and executing the Affordable Housing program of the Mayor and City Council
	24.4M	**Economic Development:** making operative City's Economic Development plan
	9M	**Recreation & Parks**
	6.6M	**Cultural Institutions**
	2M	**Public Buildings**
2004	34M	**School Construction**, asbestos abatement, renovations
	33.5M	**Community Development**: making operative City's Community Development program
	29.8M	**Economic Development**: making operative the City's Economic Development program
	7.8M	**Public Buildings** repair, construction, renovation, etc.
	6.9M	**Recreation & Parks**: renovation, modernization, etc.
	8.1M	**Cultural Institutions**

Source: http://www.electionsmaryland.com/elections/baltimore/2007.html the Harbor Point development,which benefited only Exelon and the "Gold Coast" waterfront. Finally, while no single initiative will solve the challenge of unemployment in Baltimore, employing residents on development projects that create alternatives to the speculative housing market and facilitate worker-driven businesses go a long way to meeting fair development goals for the city.

Property Acquisition

Community control of property first involves property acquisition. In cities under intense development pressure, this acquisition can be costly and prohibitive. Baltimore, however, is still at the point where acquisition can be facilitated easily, even for communities without much financial capital.

To date, the city's Growing Green Initiative (GGI) has allowed communities to affordably lease and steward vacant land in ways that green neighborhoods, reduce storm water runoff, grow food, and create community spaces that add value to neighborhoods. Yet, the city's Vacants to Value program creates a high bar to community involvement, requiring bidders on private properties in the court receivership process to demonstrate access to $90,000 per building they bid upon.[94] Acquisition of city owned vacants can require significant capital up front.[95] In short, the city has created contradictions when it comes to community control of vacant green space and vacant housing.

These bars should be reduced for community groups that demonstrate capacity. Alternatively, the city could operationalize a land bank, which is already authorized by city charter.[96] The "bank" is a governmental entity that facilitates the conversion of vacant, abandoned, and foreclosed properties into productive use. There are presently over 125 land banks active in 10 states.[97] A land bank can clear title, extinguish tax liens, and transfer property to CLTs and CDCs easily. Land banks in Flint, Michigan and Cleveland, Ohio have been successful under market conditions similar to Baltimore City.[98]

Community Infrastructure & Planning

Successful land trusts depend on residents who are willing and able to take on the responsibility of property stewardship. Consequently, city government must support residents in ways that ensure properties will be stewarded over the long-term, whether they are Growing Green Initiative-related vacant properties or vacant houses.

Community leadership is a dynamic process and without attention to leadership development groups can form, flourish, and then decline and disappear when leaders age or relocate. We must guard against that risk with ongoing and sustainable support. The City Planning Department and Office of Sustainability already work directly with communities on greening, food policy, and comprehensive area plans. This work should be expanded to support CLTs, including support for leadership development and leadership succession. Best practices abound and can be shared and incentivized. The Baltimore Housing Roundtable developed a Housing Leadership School with technical assistance from the University of Maryland Francis King Carey School of Law Community Development Clinic. The partnership has nurtured NEHI's development into a CLT, and has groomed new community leaders.

The City Planning Department should also work hand-in-glove with existing and developing CLTs to ensure community development is consistent with comprehensive area plans that include affordable housing assessments, anticipate possible property appreciation and housing cost increases, and identify possible resources to meet need. Other municipalities have stepped up to incentivize and support CLT development, sometimes even operating their own. Burlington, Vermont used its Affordable Housing Trust Fund for the purpose of not only retaining and creating long-term affordable housing but to distribute capacity grants for CLTs.[100] CLTs also have been incorporated into the Burlington's Consolidated Plan, required by HUD, and receive HOME and CDBG funds. Baltimore should follow this lead.[101]

Seizing the Opportunity: Philadelphia

Philadelphia is leading the way in implementing new, aggressive tools to seize control of vacant property and prioritizing community-driven, permanently affordable housing. The Campaign to Take Back Vacant Land is a coalition of Philadelphia community, faith, and labor groups that joined together to advocate for the creation of a land bank in Philadelphia and the start of neighborhood-oriented community land trusts.

After more than four years of organizing, the campaign won a significant victory with the creation of a Philadelphia land bank that streamlines the disposition of city-owned vacants. Since its victory in December 2013, the Campaign to Take Back Vacant Land has turned to its other priority: seeding community-driven, permanently affordable housing. Seeking development without displacement, the campaign is providing policy assistance and technical support to communities interested in creating community land trusts. Already one neighborhood created the Community Justice Land Trust as a partner to the Women's Community Revitalization Project (a community development corporation), and the work has begun on two affordable housing, lease-purchase developments of over 60 units of housing. For those units, the Community Justice Land Trust will own the land to keep the properties permanently affordable while the buildings will be owned by families with a variety of incomes that meet the needs of the WCRP community.[99]

Conclusion and Recommendations

> **"We envision city, state, and federal governments enabling and facilitating the formation and maintenance of non-speculative housing, particularly community land trusts, under the principles stated here, by the fair use of governmental powers to plan, zone, tax, spend, and finance housing and community development."**
>
> **—VISION STATEMENT, Baltimore Housing Roundtable**

Since the 1970s, Baltimore City's development policy has used public subsidies to cater to the needs of private real estate and other developers. The results have left many neighborhoods, particularly those of color, on the sidelines with little public capital or public investment. Worse, the city's development policy, even when successful, increases land and housing values in a municipality where 40% of households struggle with housing costs and one-third are at risk of homelessness or without housing. When thousands of residents are on fixed incomes, hindered in securing employment, and beset by flat-lined wages, this policy is one of forced eviction. We need development but also policies that will create and support a vibrant, non-speculative housing sector that is permanently affordable, providing protection for city residents against involuntary displacement. Tried and tested models, such as community land trusts, exist in other cities and are developing in Baltimore. We recommend the city support this model and bring it to scale by:

1 Ensuring adequate public financing for the 20/20 Vision through municipal bonds and other sources and making those funds available to community land trusts to transform vacant properties into vibrant community spaces and permanently affordable homes. Specifically by:

1. Issuing $20 million annually in public funds through municipal economic development bonds and other sources for a vacant property; and a housing initiative that employs city residents to demolish, green, and rehabilitate vacant properties to produce community goods and meet community needs.
2. Issuing $20 million annually in public funds through municipal community development bonds and other sources to support, incentivize, and finance a network of community land trusts and CDCs that will create and steward a vibrant, non-speculative housing sector available to city residents at all

income levels, but with particular attention to those with incomes below 30% AMI.
3. Considering a tax on vacant housing that remains undeveloped.
4. Creating a non-lapsing city housing trust fund controlled by a community-dominated governance board that is able to receive public proceeds and accept housing-related funds from private banks, foundations, and individuals.
5. Allocating city CDBG and HOME funds to prioritize CLT projects and operating costs.
6. Lobbying for increased funding at the state level for community-driven development, such as by revising the Low-Income Housing Tax Credit Qualified Allocation Plan to favor development plans that address the needs of families whose incomes are at or below 30% AMI through CLTs and increasing dedicated funding for Maryland's Affordable Housing Trust for CLT's designed for very low-income people.
7. Strengthening and revising the city's Inclusionary Housing Ordinance to prioritize deeply affordable housing and incorporate CLTs for low-income people as potential beneficiaries of the ordinance.

2 Facilitating the transfer of vacant and other properties to community land trusts through existing programs or a newly created land bank. Specifically by:

1. Allowing community land trusts or community groups with demonstrated capacity (i.e., non-profit community development corporations) to acquire property at reduced costs under the Vacants to Value program.
2. Passing legislation creating a land bank to acquire, hold, and dispose of vacant properties in all neighborhoods of the city.

3 Supporting community planning and infrastructure, including leadership development in communities, to ensure sustainable and successful CLTs. Specifically by:

1. Assisting with developing comprehensive community plans that include affordable housing assessments, anticipate possible property appreciation and housing cost increases, and identify resources to meet need.
2. Supporting CLTs and community groups with leadership development efforts and leadership succession to ensure long-term sustainability and community participation.
3. Developing a comprehensive housing and community development plan for the city with specific strategies identified and targeted to meet the different needs of communities to create a broadly inclusive, sustainable city.
4. Exploring creating a city community land trust and assisting in developing CLTs with capacity grants.
5. Incorporating CLTs into existing greening, food policy, and comprehensive area plans.

4 Ensuring residents are trained and then employed, in particular those who face employment barriers, in the thousands of jobs that will be created through the 20/20 Vision. Specifically by:

1. Creating training programs for residents to learn different aspects of the construction trade.
2. Offering on-the-job training for residents.
3. Providing resident first hiring without discrimination of any kind, including discrimination against those with a history in the criminal justice system.

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