

INTRODUCTORY*

**CITY OF BALTIMORE
COUNCIL BILL _____**

Introduced by: President Mosby

A BILL ENTITLED

AN ORDINANCE concerning

Baltimore City Legacy Residents – Urban Homesteading Program

FOR the purpose of revitalizing Baltimore’s neighborhoods by reviving the Baltimore City Urban Homesteading Program for legacy residents; establishing the Program; specifying criteria for Program participants; creating Program procedures; defining certain terms; and generally related to the Baltimore City Urban Homesteading Program.

BY adding to

Article 13 - Housing and Urban Renewal
Section(s) 2C-1 through 2C-8, to be under the new subtitle designation,
“Subtitle 2C. Baltimore City Urban Homesteading Program”
Baltimore City Code
(Edition 2000)

Recitals

Whereas, Baltimore City has an insidious history of uprooting Black families from their homes and their communities, beginning with the trade of enslaved people, which separated families and violently displaced tens of thousands of Black Marylanders;

Whereas, Baltimore City was the home of the United States’ first racial zoning policy, “redlining”, which denied Black neighborhoods access to private financial capital, further displacing Black families in Baltimore City and keeping them from building generational wealth;

Whereas, a 2018 National Community Reinvestment Coalition study found that the majority of neighborhoods that were subject to redlining from 1935 to 1939 are now low-to-moderate income communities, and they continue to experience persistent economic inequality and residential segregation;

Whereas, from 1951 to 1975, urban renewal projects in Baltimore City displaced 10,599 Black households, stripping them of homeownership;

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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Whereas, in the 2000's, Baltimore City's Black families were disproportionately targeted by sub-prime mortgage lenders selling adjustable rate mortgages, which, when the Great Recession began, reset interest rates to a level far exceeding home buyers' expectations, causing mass defaults and foreclosures, resulting in Black families losing their homes at rates higher than White families;

Whereas, in 2012, Wells Fargo Bank agreed to pay a settlement of \$175 million in response to claims that it disproportionately targeted Black households for sub-prime mortgage lending, \$7.5 million of which went to families in Baltimore City;

Whereas, from 2007 to 2017, the homeownership rate in Baltimore City fell from 51% to 47%, and the rate at which Black families owned homes sank to 42%;

Whereas, approximately 10,000 Black families in Baltimore City continue to be displaced every year due to foreclosures and rental evictions; and

Whereas, the above history of uprooting Black families gives purpose to the substance of this Ordinance: establishing pathways to homeownership for legacy residents in historically redlined communities; addressing homeownership inequalities among Black families; retaining long-term residents of Baltimore City; and correcting the institutional racism created by redlining policies.

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 13. Housing and Urban Renewal

SUBTITLE 2C. BALTIMORE CITY URBAN HOMESTEADING PILOT PROGRAM

§ 2C-1. DEFINITIONS.

(A) *IN GENERAL.*

IN THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) *DEPARTMENT.*

“DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

(C) *ESCROW ACCOUNT.*

“ESCROW ACCOUNT” MEANS A FINANCIAL INSTRUMENT WHEREBY TWO OR MORE PARTIES INVOLVED IN A LEGAL TRANSACTION DEPOSIT ASSETS, DOCUMENTS, OR MONEY WITH AN INDEPENDENT THIRD PARTY, WHO DELIVERS THE ASSETS, DOCUMENTS, OR MONEY TO A NAMED BENEFICIARY UNDER SPECIFIED CIRCUMSTANCES.

(D) *FIRST TIME HOMEBUYER.*

(1) *IN GENERAL.*

“FIRST TIME HOMEBUYER” MEANS AN INDIVIDUAL WHO:

- (I) HAS HAD NO OWNERSHIP INTEREST IN THE INDIVIDUAL’S PRINCIPAL RESIDENCE DURING THE 15-YEAR PERIOD PRIOR TO JUNE 30, 2022; OR
- (II) AS PART OF A DIVORCE PROCEEDING, SURRENDERED AN OWNERSHIP INTEREST IN THE INDIVIDUAL’S PRINCIPAL RESIDENCE AT LEAST 3 YEARS PRIOR TO JUNE 30, 2022.

(2) *INCLUSION.*

“FIRST TIME HOMEBUYER” INCLUDES THE SPOUSE OF AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

(E) *LEGACY RESIDENT.*

“LEGACY RESIDENT” MEANS AN INDIVIDUAL WHO RESIDED IN BALTIMORE CITY FOR:

- (1) A PERIOD OF 15 CONTINUOUS YEARS PRIOR TO JUNE 30, 2022; OR
- (2) AT LEAST 15 CONTINUOUS YEARS BEFORE MOVING OUT OF BALTIMORE CITY SUBSEQUENT TO A FORECLOSURE, SHORT SALE, OR DEED IN LIEU OF FORECLOSURE ON A HOME THAT:
 - (I) WAS THE RESIDENT’S PRINCIPAL RESIDENCE FOR THOSE 15 YEARS; AND
 - (II) WAS PURCHASED OR REFINANCED DURING THE PERIOD BEGINNING ON JANUARY 1, 2001 AND ENDING ON DECEMBER 31, 2008.

(F) *PARTICIPANT.*

“PARTICIPANT” MEANS AN INDIVIDUAL WHOSE APPLICATION FOR A PROPERTY ON THE PROPERTY REGISTRY HAS BEEN APPROVED BY THE DEPARTMENT.

(G) *PRINCIPAL RESIDENCE.*

“PRINCIPAL RESIDENCE” MEANS THE ONE LOCATION WHERE AN INDIVIDUAL REGULARLY RESIDES AND IS THE LOCATION DESIGNATED BY THE INDIVIDUAL FOR THE LEGAL PURPOSE OF VOTING, OBTAINING A DRIVER’S LICENSE, AND FILING INCOME TAX RETURNS.

(H) *PROGRAM.*

“PROGRAM” MEANS THE BALTIMORE CITY URBAN HOMESTEADING PROGRAM ESTABLISHED BY THIS SUBTITLE.

(1) *REDLINING.*

(1) *IN GENERAL.*

“REDLINING” MEANS THE RACIALLY-MOTIVATED SYSTEMATIC DENIAL OF VARIOUS SERVICES TO RESIDENTS OF SPECIFIC NEIGHBORHOODS OR COMMUNITIES, EITHER EXPLICITLY, THROUGH THE SELECTIVE RAISING OF PRICES OR THROUGH DENIAL OF LOANS.

(2) *INCLUSION.*

“REDLINING” INCLUDES A NEIGHBORHOOD’S DESIGNATION AS A “4TH GRADE NEIGHBORHOOD” ON THE “1935 FEDERAL HOME OWNERS’ LOAN CORPORATION RESIDENTIAL SECURITY MAP OF BALTIMORE, MD”.

§ 2C-2. PROGRAM ESTABLISHED.

(A) *IN GENERAL.*

THERE IS A BALTIMORE CITY URBAN HOMESTEADING PROGRAM ADMINISTERED BY THE DEPARTMENT.

(B) *PURPOSE OF PROGRAM.*

THE PURPOSE OF THE PROGRAM IS TO REVITALIZE AND STABILIZE BALTIMORE CITY’S NEIGHBORHOODS BY PROVIDING LEGACY RESIDENTS WITH AN AFFORDABLE PATH TO HOMEOWNERSHIP.

§ 2C-3. AVAILABLE PROPERTIES.

(A) *DESIGNATED NEIGHBORHOODS.*

(1) *IN GENERAL.*

THE DEPARTMENT SHALL DESIGNATE NEIGHBORHOODS IN WHICH TO ADMINISTER THE PROGRAM.

(2) *DESIGNATED NEIGHBORHOODS - CRITERIA.*

A NEIGHBORHOOD MAY BE DESIGNATED FOR THE PROGRAM IF THE DEPARTMENT DETERMINES THAT THE NEIGHBORHOOD:

- (1) HAS BEEN OVERLOOKED BY INVESTORS AND REVITALIZATION INITIATIVES, OR WAS HISTORICALLY SUBJECT TO REDLINING; AND

(2) HAS ASSETS THAT CAN PROVIDE A CENTRAL FOCUS FOR REVITALIZATION, INCLUDING:

- (I) PUBLIC MARKETS;
- (II) PUBLIC SPACES;
- (III) TRANSIT CORRIDORS; AND
- (IV) EMERGING HOUSING AND COMMERCIAL DEVELOPMENT ACTIVITY.

(B) *PROPERTY REGISTRY.*

(1) *IN GENERAL.*

IN CONSULTATION WITH THE CITY COMPTROLLER'S DEPARTMENT OF REAL ESTATE, THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL CREATE A REGISTRY OF PROPERTIES AVAILABLE FOR PURCHASE THROUGH THE PROGRAM.

(2) *REGISTRY CRITERIA.*

A PROPERTY MAY BE PLACED ON THE REGISTRY IF THE DEPARTMENT DETERMINES THAT:

- (1) THE CITY OWNS THE PROPERTY AND HAS THE AUTHORITY TO SELL THE PROPERTY;
- (2) THE PROPERTY IS ABLE TO BE REPAIRED AND MADE COMPLIANT WITH THE BUILDING, FIRE, AND RELATED CODES ARTICLE AND THE HEALTH ARTICLE;
- (3) THE PROPERTY IS LIKELY TO BE PURCHASED BY A PROSPECTIVE HOMEOWNER; AND
- (4) THE PROPERTY IS LOCATED IN A NEIGHBORHOOD THE DEPARTMENT HAS SELECTED FOR THE PROGRAM.

(C) *PROPERTY INSPECTION.*

THE DEPARTMENT MUST INCLUDE AN ESTIMATED COST OF REPAIRS FOR EACH PROPERTY LISTED ON THE REGISTRY.

§ 2C-4. PROGRAM PARTICIPATION.

(A) *ELIGIBILITY.*

AN INDIVIDUAL IS ELIGIBLE TO PARTICIPATE IN THE PROGRAM IF THE INDIVIDUAL:

- (1) IS 18 YEARS OLD OR OLDER;
- (2) IS A LEGACY RESIDENT OF BALTIMORE CITY;

- (3) IF CURRENTLY LEASING A PROPERTY, IS IN COMPLIANCE WITH EXISTING LEASE TERMS FOR A CONTINUOUS PERIOD OF 12 MONTHS PRIOR TO APPLYING FOR PROGRAM PARTICIPATION;
- (4) IS ABLE TO DEMONSTRATE THE ABILITY TO AFFORD THE MATERIALS AND THE ABILITY TO AFFORD OR COMPLETE THE REPAIRS REQUIRED, TO BRING A LISTED PROPERTY INTO COMPLIANCE WITH THE BUILDING, FIRE, AND RELATED CODES ARTICLE AND THE HEALTH ARTICLE; AND
- (5) RESIDED IN A DESIGNATED NEIGHBORHOOD FOR:
 - (I) ANY PERIOD OF ANY 10 CONTINUOUS YEARS PRIOR TO THE RESIDENT'S SUBMISSION OF AN APPLICATION TO THE PROGRAM; OR
 - (II) ANY PERIOD OF 10 CONTINUOUS YEARS BEFORE MOVING OUT OF THE NEIGHBORHOOD SUBSEQUENT TO A FORECLOSURE, SHORT SALE, OR DEED IN LIEU OF FORECLOSURE ON A HOME THAT:
 - (A) WAS THE PRINCIPAL RESIDENCE OF THE INDIVIDUAL; OR
 - (B) WAS PURCHASED OR REFINANCED DURING THE PERIOD BEGINNING ON JANUARY 1, 2001 AND ENDING ON DECEMBER 21, 2008.

(B) *APPLICATION PROCESS.*

(1) *APPLICATION.*

TO APPLY FOR PROGRAM PARTICIPATION, AN INDIVIDUAL MUST COMPLETE AN APPLICATION CREATED AND PROVIDED BY THE DEPARTMENT.

(2) *REQUIREMENTS.*

THE APPLICATION MUST INCLUDE:

- (1) THE PROPERTY OR PROPERTIES THE INDIVIDUAL IS INTERESTED IN;
- (2) DOCUMENTATION OF THE AMOUNT AND SOURCE OF FUNDS THE INDIVIDUAL PLANS TO USE TO REPAIR THE PROPERTY;
- (3) A LIST OF EACH OF THE INDIVIDUAL'S RESIDENTIAL ADDRESSES AND DATES OF RESIDENCE FOR THE 10 CONTINUOUS YEARS THE INDIVIDUAL LIVED IN BALTIMORE CITY;
- (4) THE AMOUNT AND SOURCE OF THE INDIVIDUAL'S TOTAL INCOME;
- (5) A HOMEOWNERSHIP COUNSELING CERTIFICATE FROM A CITY-APPROVED COUNSELING AGENCY; AND
- (6) ANY OTHER INFORMATION THE DEPARTMENT DEEMS NECESSARY.

§ 2C-5. APPROVAL OF APPLICATION.

(A) *IN GENERAL.*

THE DEPARTMENT MUST APPROVE AN INDIVIDUAL'S APPLICATION IF THE INDIVIDUAL:

- (A) HAS COMPLETELY AND ACCURATELY SUBMITTED AN APPLICATION AS DESCRIBED IN § 2C-4 OF THIS SUBTITLE;
- (B) HAS DEMONSTRATED THAT THE INDIVIDUAL HAS ACCESS TO FUNDS IN THE AMOUNT OF THE DEPARTMENT'S ESTIMATED COST TO REPAIR THE PROPERTY;
- (C) HAS COMPLETED A WALK-THROUGH INSPECTION OF THE PROPERTY WITH A STAFF MEMBER OF THE PROGRAM; AND
- (D) HAS AGREED TO COMPLETE AN ITEMIZED LIST OF REPAIRS CREATED AND PROVIDED BY THE DEPARTMENT.

(B) *MULTIPLE APPLICATIONS.*

IF THE DEPARTMENT RECEIVES MULTIPLE APPLICATIONS FOR THE SAME PROPERTY, THE DEPARTMENT SHALL:

- (1) GIVE PRIORITY TO AN APPLICANT WHO:
 - (I) IS A FIRST TIME HOMEBUYER;
 - (II) HAS A HOUSEHOLD INCOME AT OR BELOW 80% OF THE CITY'S AVERAGE MEDIAN INCOME; OR
 - (III) IS A PARTICIPANT IN THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT HOUSING CHOICE VOUCHER PROGRAM; OR
- (2) IF NONE OF THE APPLICANTS MEET ANY OF THE CRITERIA IN (B)(1), SELECT AN APPLICATION BY RANDOM LOTTERY.

§ 2C-6. PROGRAM PROCEDURE.

(A) *COMPENSATION OF CONTRACTORS.*

(1) FOLLOWING THE DEPARTMENT'S APPROVAL OF AN APPLICATION:

- (I) THE PARTICIPANT SHALL SELECT CONTRACTORS TO COMPLETE THE REQUIRED REPAIRS ON THE PROPERTY;
- (II) THE DEPARTMENT SHALL PREPARE A LEASE FOR THE PROPERTY BY THE CITY AS LESSOR AND THE PARTICIPANT AS LESSEE, FOR A TERM OF 2 YEARS FROM THE DATE OF SIGNATURE, AT THE COST OF \$1.00 A YEAR; AND
- (III) THE DEPARTMENT SHALL CLEAR THE PROPERTY OF ANY TRASH, DEBRIS, OR OTHER REFUSE.

(B) *EXECUTION OF LEASE.*

AFTER COMPLETING THE TASKS REQUIRED BY SUBSECTION (A) OF THIS SECTION, THE PARTICIPANT AND THE DEPARTMENT SHALL EXECUTE THE LEASE DESCRIBED IN SUBSECTION (A) OF THIS SECTION.

(C) *FUNDS IN ESCROW.*

- (1) THE PARTICIPANT SHALL DEPOSIT A SUM EQUAL TO THE REPAIR ESTIMATE PROVIDED BY THE DEPARTMENT INTO AN ESCROW ACCOUNT WITH A FINANCIAL INSTITUTION THAT IS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.
- (2) AS WORK IS COMPLETED AND APPROVED BY THE PARTICIPANT AND THE DEPARTMENT, FUNDS FROM THE ESCROW ACCOUNT SHALL BE DISBURSED TO COMPENSATE THE CONTRACTORS.
- (3) IF THE PARTICIPANT CHOOSES TO COMPLETE REPAIRS BY HIM OR HERSELF, WITH THE DEPARTMENT'S APPROVAL THE PARTICIPANT MAY DEDUCT THE COST OF THE REPAIRS HE OR SHE IS COMPLETING FROM THE TOTAL FUNDS DEPOSITED INTO THE ESCROW ACCOUNT DESCRIBED IN THIS SECTION.

§ 2C-7. PROGRAM REQUIREMENTS.

(A) *RESIDENCY.*

WITHIN 6 MONTHS OF EXECUTING THE LEASE, THE PARTICIPANT MUST:

- (1) BEGIN REPAIRS TO THE PROPERTY;
- (2) OBTAIN A CERTIFICATE OF OCCUPANCY OR TEMPORARY CERTIFICATE OF OCCUPANCY AS DESCRIBED IN § 111 {"OCCUPANCY PERMIT; CERTIFICATE OF COMPLETION"} OF THE BALTIMORE CITY BUILDING CODE; AND
- (3) MAKE THE PROPERTY THE PARTICIPANT'S PRINCIPAL RESIDENCE.

(B) *REQUIRED REPAIRS.*

DURING THE TERM OF THE LEASE, THE PARTICIPANT SHALL COMPLETE THE REPAIRS TO THE PROPERTY SPECIFIED ON THE ITEMIZED LIST PROVIDED BY THE DEPARTMENT AS DESCRIBED IN § 2C-5(A) OF THIS SUBTITLE.

(C) *INSPECTIONS.*

THE DEPARTMENT SHALL CONDUCT QUARTERLY INSPECTIONS OF THE PROPERTY TO ENSURE REPAIRS ARE BEING MADE.

(D) *VIOLATION OF LEASE.*

A VIOLATION OF THE TERMS OF THE LEASE MAY CAUSE A DEFAULT UNDER THE LEASE, RESULTING IN THE TERMINATION OF THE LEASE AND FORFEITING THE PARTICIPANT'S CLAIM ON THE PROPERTY.

(E) *FINAL INSPECTION.*

AT THE END OF THE LEASE TERM, THE DEPARTMENT SHALL CONDUCT A FINAL INSPECTION OF THE PROPERTY TO VERIFY IF:

- (1) THE PROPERTY IS IN COMPLIANCE WITH THE BUILDING AND FIRE CODES OF BALTIMORE CITY; AND
- (2) THE REPAIRS ITEMIZED ON THE LIST PROVIDED BY THE DEPARTMENT ARE COMPLETE.

(F) *TRANSFER OF OWNERSHIP.*

FOLLOWING THE FINAL INSPECTION, THE DEPARTMENT SHALL TRANSFER OWNERSHIP OF THE PROPERTY TO THE PARTICIPANT IF:

- (1) THE PARTICIPANT HAS COMPLIED WITH ALL THE TERMS OF THE LEASE;
- (2) THE PROPERTY IS IN COMPLIANCE WITH THE BUILDING AND FIRE CODES OF BALTIMORE CITY; AND
- (3) THE REPAIRS ITEMIZED ON THE LIST PROVIDED BY THE DEPARTMENT ARE COMPLETE.

§ 2C-8. RULES AND REGULATIONS.

SUBJECT TO TITLE 4 {“ADMINISTRATIVE PROCEDURE ACT – REGULATIONS:”} OF THE CITY GENERAL PROVISIONS ARTICLE, THE DEPARTMENT SHALL ADOPT RULES AND REGULATIONS TO CARRY OUT THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted. It will remain effective until December 31, 2025; and, immediately after that date with no further action by the Mayor and City Council, this Ordinance will be abrogated and of no further effect.