

December 15, 2020

Mayor Brandon Scott and Baltimore City Council
100 Holiday Street
Baltimore, Maryland 21202

RE: Baltimore City Needs to Expand the Affordable Housing Trust Fund

Dear Mayor and City Council:

This letter is submitted into the record of the Affordable Housing Trust Fund Commission public meeting on December 15, 2020. The purpose of this letter is to indicate the sense of the Commission members that more resources need to be provided to meet the housing needs of very low and extremely low-income Baltimore households. These are the households the Affordable Housing Trust Fund was established to serve. The allocation of resources should be tied to a quantified need, with the allocation aimed at meeting a certain percentage of the identified need.

The Commission thanks the Mayor and City Council for their continued willingness to support new and existing affordable housing in Baltimore City. The creation and funding of the Affordable Housing Trust Fund, as established by City Charter, Commission-led, and administered by the local housing agency, Baltimore Department of Housing and Community Development (DHCD), designed to fund affordable housing development and innovation within the City's limits, was a critical step by city officials in meeting housing needs of Baltimore residents. Additionally, the City's recent creation of COVID-19 relief resources to persons experiencing lapses to employment and pending evictions is especially laudable.

For Baltimore, a City with a housing segregation history framed by redlining, we know that many Baltimoreans have not been stably housed for decades and that the pandemic has exacerbated this issue for many of the families who most need governmental supports. The following datapoints demonstrate just some the City's need for an expansion of housing opportunities for families with incomes at or below 50% of the Area Median Income (AMI):

- In 2020, the Baltimore Point in Time count found that 2,193 people are experiencing homelessness on any given night. This indicates that homelessness occurs in Baltimore at much higher rates than elsewhere in Maryland, particularly for youth, and people experiencing homelessness in Baltimore are disproportionately African American;
- 20% of all Baltimore households are severely cost burdened -- more than half of all severely cost burdened households are renters earning below 50% AMI; and
- An Aspen Institute report earlier this year estimated that as many as 330,000 Maryland residents may be at risk of eviction due to Covid related economic impacts. Tens of thousands of these could be Baltimore residents.

In thinking about Baltimore constituents' housing needs, the challenge is that, when the City is no longer in a state of Covid related emergency, the gaps in housing as a means for maintaining safety, establishing roots, and building wealth in the City will continue for its neediest populations. Considering this, even as the City continues to respond to emergency housing needs through the rent relief program, for example, it's important that there is also an investment to prepare for housing challenges outside of COVID-19 implications – including a pipeline of production and preservation that can be sustained for years to come.

The Affordable Housing Trust Fund (AHTF) is key tool for achieving these goals. The current approach to funding the AHTF provides a dedicated source of funds, but as it is tied in part to real estate transactions, it is volatile and may not provide the housing development resources from year to year. A combination of real estate related tax transfers and setting a baseline for the annual appropriation to the Trust Fund – tied to an identified percentage of housing needs, would provide much needed stability, as well as additional resources to ensure that the City's housing market is contributing to jobs, economic vitality, and the development of affordable housing. The City began down this path through the 2018 Memorandum of Understanding that envisioned an allocation of \$20 million per year to the Trust Fund by FY 2023 through

the real estate surtax and a commitment of other City/DHCD funds. Because of the unstable nature of the surtax, the actual revenue to the fund has been significantly lower than what was outlined in the MOU in the last two years. A more stable funding commitment would provide more predictability and the resources needed each and every year to help our mission-minded housing partners to preserve, rehab, and produce the housing units needed to meet the needs of community residents, and our shared goals for neighborhood stability and healthy communities. This approach would also provide economic stimulus through construction and rehabilitation - creating jobs for employees, contractors, and suppliers in the housing market across the city.

During our time of service Commission members have become acutely aware of the depth of housing needs for low income Baltimore residents. DHCD has created a framework for investment in the city. It is expected that the State will soon release a housing needs study that provides updated analysis of housing needs across the state. The Commission suggests that the Mayor and Council identify critical housing needs indicators for low income Baltimore residents, create a goal of how much of that need will be met over a certain period of time, and then establish an annual funding baseline for the Affordable Housing Trust Fund (and other mechanisms) to meet that need. The current pace of funding is not nearly enough to keep up with need. The Commission encourages the Mayor and Council to use this commitment to help encourage and invite increased private sector investment to leverage Affordable Housing Trust Fund investments.

The needs of Baltimore residents call for an increased level of investment and urgency to meet the moment.

Respectfully submitted into the record.

Affordable Housing Trust Fund Commission.