

Maryland Department of Housing and Community Development
NCSHA 2009 Awards

Category: Homeownership
Sub-Category: Encouraging New Production
Entry Name: The Oliver Project

“Informed and empowered homeowners form the foundation of healthy communities”

BACKGROUND

Carnell and Angela Dawson and their five small children lived in a hardcore section of East Baltimore marked by extreme poverty, unemployment and crime; where empty lots and abandoned buildings pockmarked the neighborhoods and drug dealers sold their wares openly and marked their territory with violence. Encouraged by a city campaign to combat the culture of silence that allowed the drug trade to flourish - and determined that her children grow up in a safe environment - Angela Dawson began reporting crimes to police. The drug dealers responded with a campaign of intimidation. Then, late one evening in October 2000, a drug dealer firebombed the Dawson home, killing the entire family.

The sheer brazenness of the crime and the magnitude of the tragedy galvanized efforts to revitalize that community and reclaim it from violence and crime.

The Oliver Project is one such effort.

The Maryland Department of Housing and Community Development has committed up to \$720,000 from its *Downpayment and Settlement Expense Loan Program/Community Partners Incentive Program* to assist with downpayment and closing costs for borrowers who will be purchasing homes in the newly created **Oliver Development Project** in East Baltimore. The Oliver Project calls for the development of 72 units over the next two year. Sixty-two of the units will be newly constructed single family homes; the remaining ten units will be existing units that are rehabilitated. A core element of the project is the creation of homeownership for low and moderate income families.

While East Baltimore has high rates of poverty, unemployment, and crime, its strongest asset is its location near developing downtown Baltimore and close proximity to Washington, DC and is poised for a successful transformation. East Baltimore is located just four blocks north of the Johns Hopkins Medical Institution and just a mile north of the popular and prosperous Fells Point neighborhood. It has essential access to employment and recreation activities, and the elementary education in the community is considered one of the finest in the city. In addition, there are strong redevelopment initiatives taking place in the area:

- The **East Baltimore Biotech Park** will provide mixed use development and up to 8,000 new jobs for workers with a diverse range of skill sets.
- **Broadway Overlook** is a successful new HOPE VI development located nearby that includes 166 new mixed-income housing units.

The partnership between the private sector, the city, and the state is critical to the Oliver Development Project. The project is sponsored privately by TRF Development Partners, which is a partnership between Baltimoreans United in Leadership Development (BUILD) and The Reinvestment Fund (TRF). The Maryland Department of Housing and Community Development's role in the project is twofold; first, each borrower will purchase their home using the department's **Maryland Mortgage Program**. In addition, each borrower will receive \$10,000 toward downpayment and settlement expenses in the form of a zero percent deferred loan: a \$5,000 *Downpayment and Settlement Expense Loan Program (DSELP)* loan plus a \$5,000 loan through one of DHCD's innovative Partner Match Programs – the Community Partners Incentive Program (CPIP). The CPIP loan will be matched by Baltimore City's contribution up to \$5,000.

One of the main goals of the project is to create homeownership for low and moderate income families.

The Oliver project will help revitalize an area in East Baltimore that is overwhelmed with high crime, unemployment, and poverty rates. Forty-four percent of the 2,309 parcels in that area are either vacant or have abandoned structures on them, and 419 occupied units are considered uninhabitable structures or structures in poor condition. The Oliver Project plan will make affordable housing available to families with annual household incomes ranging from 48 percent to 80 percent of Area Median Income. In 2009, the Area Median Income for Baltimore City is \$82,100. The median income for the community in which the Oliver Street project is located is approximately \$22,000 per year.

The Oliver Project developers intend to develop and sell the units by offering staggered price points. The lower end range will have a target sales price of \$135,000, the moderately priced units will be offered around \$155,000, and the final stage will offer higher end prices at \$175,000. Research shows that the staggered pricing concept will ensure both strong project affordability as well as support sustainable upward movement in the real estate market. The first phase of this new development known as Preston Place is now for sale and consists of newly constructed three-story three-bedroom homes.

By utilizing the **Maryland Mortgage Program**, homebuyers will receive a wide variety of mortgage options to choose from, all with the lowest interest rates and most favorable fixed rate terms in Maryland. The downpayment assistance being provided will be in the form of a 0% deferred loan, repayable at the time of sale or transfer of the property. The combination of these

two funding sources makes homeownership affordable and sustainable for low and moderate income homebuyers.

Borrowers must qualify and receive a first mortgage under DHCD's **Maryland Mortgage Program**. Baltimore City is considered a targeted investment area; therefore borrowers do not have to be first-time homebuyers. However, they do have to meet the Income Limits and Maximum Acquisition Costs set for the project. Homebuyer education is required under the **Maryland Mortgage Program**, which is essential to successful homeownership.

Borrowers also must qualify and receive a subordinate loan or grant from Baltimore City in the amount of \$5,000 in order to obtain the maximum \$10,000 loan from DHCD.

The Oliver Project's down payment and closing cost assistance commitment is funded from state-appropriated funds. The **Maryland Mortgage Program** is funded with proceeds from the sale of tax-exempt mortgage revenue bonds.

The Oliver Project is an excellent example of how public/private partnerships can successfully address a critical issue such as *affordable* homeownership. The project is being developed by a private partnership while the mortgage financing and downpayment assistance is being provided by the city and state housing finance agencies.

This project stands as a testament to the legacy of Carnell and Angela Dawson and their five children. When a community comes together for a good cause and works with partners to achieve a common goal, the result is an improvement in the lives of the people who live there. That is why the Oliver Project is proving to be a win-win investment for Baltimore, the private investment community, and the state.