



Maryland Department of Housing and Community Development
Homeownership Works (HOW)
Category: Homeownership
SubCategory: Encouraging New Construction

Homeownership Works (HOW) responds to two urgent, if long-delayed, priorities for Maryland to effectively redress the legacy of its racial oppression. The first is to close gaps in household wealth across racial categories by elevating depressed property values in capital deficient neighborhoods, those predominantly occupied by historically disadvantaged households. The second is to strengthen these neighborhoods so they effectively support the aspirations and well-being of those living within them. The capital needed in these neighborhoods is blocked by low property values, creating an, “Appraisal Gap,” the difference between cost to build or renovate housing and post-construction projected values.

These advance the Department’s mission of creating quality, affordable housing opportunities for lower-income Maryland households and revitalizing challenged communities. They also engage the broadening awareness that discriminatory patterns of disinvestment require strategic public investment to reverse. HOW is a creative way to use American Rescue Plan Act funds to leverage other state and federal resources, as well as the Department’s experience creating its multifamily private-public production platform, to stabilize neighborhoods through a single-family homeownership production program.

HOW’s program strategy is to generate public-private investment to produce quality, affordable homeownership and build household equity by elevating property values, thereby closing the pervasive appraisal gap. Legacy Homeowners in the vicinity are prioritized for renovation funding. The program collaborates with local stakeholders to target the housing investments and to related revitalization initiatives. The Department is partnering to strengthen community social infrastructure, so new and existing residents together add to an area’s revitalization momentum. HOW is underway in two communities on a pilot basis with \$10MM, expanding this summer with an additional \$10MM.

HOW’s Theory of Change

Disinvested communities are trapped in chronic decay because low property values cannot collateralize the private investment they need to revive. Public subsidy fails to fill this gap both because there is not enough of it and because it is not typically invested with the primary aim of elevating property values. In order to unlock the needed private capital, HOW finances quality, affordable, single-family homeownership units assembled at a scale to elevate property values. Elevated values reduce the appraisal gap, reducing the need for public subsidy.

The deteriorated built environment is of course only one factor responsible for the dearth of capital in physically depleted communities. Perceptions of violence, educational inferiority, and inordinately high taxes relative to the quality of city services play significant roles as well. Nevertheless, disinvestment contributes heavily to the severity of these other deterrents to revitalization. For example, depopulated neighborhoods offer young people very weak social infrastructure while at the same time providing a welcoming environment for criminal activity. And underpopulated neighborhoods furnish less tax revenue

to support strong municipal services and weak political demand from constituents. The Department's Neighborhood Revitalization grants have demonstrated this concept in several neighborhoods where groups produced higher property values after concentrated investments in vacant properties.

HOW's innovation is to refocus the public policy response from addressing the physical manifestation of disinvestment to directly transforming its cause by systematically removing the primary, self-reinforcing hurdle to a functioning real estate market, depressed values.

HOW's principal program elements are:

1. The new construction of quality, affordable for-sale units in strategically assembled sites.
2. Renovation assistance and related support to, "Legacy Homeowners" - current lower income, often older residents whose housing suffers from deferred maintenance and functional obsolescence.
3. Social infrastructure efforts to cultivate strong connections among new and existing residents to break down social isolation and build strong interpersonal, and intergenerational relationships.
4. Associated investments in blight elimination, infrastructure renewal, and public amenities.
5. The involvement of a cohort of skilled, though undercapitalized emerging developers committed to building businesses capable of helping capital depleted communities to move forward.

Results to Date: Johnston Square (City of Baltimore)

The Department is partnering with ReBuild Metro (RBM), a community-based organization pursuing a comprehensive revitalization agenda encompassing multifamily and commercial properties, as well as public amenities. Under HOW, 34 now former row homes, will be rebuilt as for-sale housing. In addition, 24 deteriorated, occupied homes will be renovated. Because of HOW's scale, the City has prioritized the acquisition of vacant properties, a perennial challenge in Baltimore neighborhoods.

Construction is advancing in two phases. The general contractor has structurally stabilized, cleaned out, and restored infrastructure connections to the city's utilities. Design work is underway for all projects and four buildings are now in vertical construction. The first phase general contractor is a small, minority Baltimore business. As design work is completed up to two additional similar contractors will be engaged in order to maintain the most impactful pace of production.

Legacy Homeowners

The Department held a series of meetings with residents organized by RBM in the Spring of 2022 to explain the renovation resources available to, "Legacy Homeowners." As a result, the Department has received 26 applications for scopes of work averaging \$50,000/DU. Two units are finished. Eleven others are now in construction or will be shortly. To boost production, the Department is partnering with RBM to allow the organization to perform much of the direct work with homeowners and contractors.

Social Infrastructure and Comprehensive Community Improvement

RBM holds regular meetings with local leaders to tackle community issues and to identify future development priorities. Future projects include a sports field, affordable multifamily rental housing, and the conversion of vacant lots into parks.

Results to Date: The Historic Pine Street (The City of Cambridge)

HOW is at work in three domains:

Blight Elimination/Infrastructure/Public Amenity Development

The City of Cambridge and the Department, working according to a comprehensive plan developed by stakeholders, started work by replacing obsolete water and sewer lines into the community. Several blighting properties have been removed. The historic Waugh cemetery is being re-fenced and bounded by a scenic walkway and a refurbished park. Finally, the City has also used State funds to locate a neighborhood grocery store in the heart of Pine Street.

New Construction

Currently Habitat Choptank is undertaking the modular construction of 12 homes. These homes are currently in construction and will be completed and sold over the next two quarters. Buyers for several of the units have been identified.

HOW will finance an additional ~10 sites for which a development team was selected under a RFP, Home Partnership, Inc. (HPI). The City and State are now finalizing a development agreement, but the team has already begun site analysis and HPI has sought and received conceptual site plan approval.

As pre-development work on these homes gets underway, HPI is organizing a Homebuyers Club among neighborhood residents. Meetings will be organized around a homebuyer education curriculum over 10 months. Perhaps as important as the information, the Club will provide peer support among participants as they become ready to buy homes. It will also strengthen the social fabric in the neighborhood as they connect with one another.

Legacy Homeowners

As in Johnston Sq., outreach efforts to Legacy Homeowners have been led by the State and its local partner Habitat Choptank and 12 Legacy Homeowners have indicated an intention to apply for assistance renovating their homes. The preliminary estimates estimate budgets of \$75,000 per property. Work will begin shortly.

Summary

HOW addresses a centuries old American problem with new ideas, energy, and resources. It enables local residents to fulfill plans they have created and to build the household assets racism has denied them by harnessing what we understand about real estate markets and community revitalization. It will offer an example to build upon and inspire.

VISUAL AIDS

1. JOHNSTON SQUARE (CITY OF BALTIMORE) VISION PLAN



ILLUSTRATIVE PLAN

The illustrative plan above identifies key developments and public realm improvements to ReBUILD Johnston Square. Key improvements include the following:

VISION

Johnston Square will revitalize to become a safe, walkable neighborhood complete with diverse housing choices for all people and anchored by thriving businesses, supportive services and institutions. Public streets and open spaces will connect people and create welcoming community places. The plan is crafted to improve access to transportation options and amplify economic opportunities. Sustaining programs and operations will support social networks, reinvestment and economic growth.

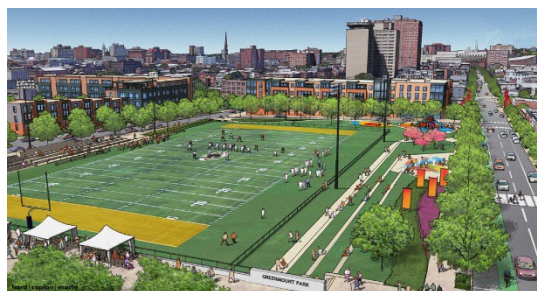
1. Create a Vibrant and Connected **Public Realm** for All
2. Build **Impactful Developments** to Create a Mixed Income and Diverse Community
3. Develop Sustaining **Programs and Operations** to Support Social Networks, Reinvestment and Economic Growth

PUBLIC REALM PROJECTS

- 1 Biddle St/Fallsway Gateway
- 2 Greenmount Ave /Hoffman St Gateway
- 3 Greenmount Park
- 4 Greenmount Ave Streetscape
- 5 Hoffman St Corridor Greenway
- 6 Preston-Biddle Streetscape
- 7 Valley St Streetscape
- 8 Henrietta Lacks Educational Park, Second Phase

KEY DEVELOPMENT PROJECTS

- A 300 Block of East Chase St (Residential/Commercial)
- B 1100 Block of Barclay St (Mixed-use Residential)
- C 1100 Block of Greenmount Ave (Mixed-use Residential)
- D 508 East Preston St (Residential/Commercial Mixed-use)
- E 400-600 Blocks of East Biddle & 1200 Block of Brentwood (New & Renovated Residential)
- F 700 E Chase St Apartments (under construction)



1. View of Greenmount Avenue and Hoffman Street

2. View of proposed Johnston Square Field

3. View of 1100 Block of Greenmount Ave and Chase Street



BRNI: Johnston Square Rental Rehab

709 & 719 Mura Street



BRNI: Johnston Square Rental Rehab

1204 Homewood





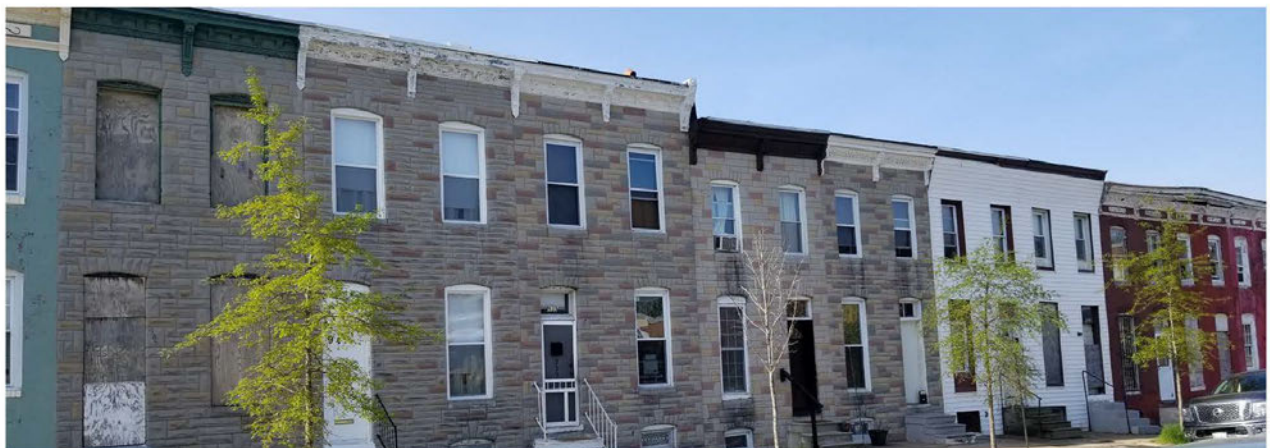
BRNI: Johnston Square Rental Rehab

1127 & 1129 Greenmount Avenue



BRNI: Johnston Square Rental Rehab

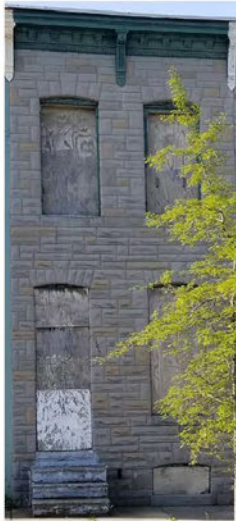
925, 927, 931, 943 E Chase Street





BRNI: Johnston Square Rental Rehab

925, 927, 931, 943 E Chase Street



BEFORE (FRONT)



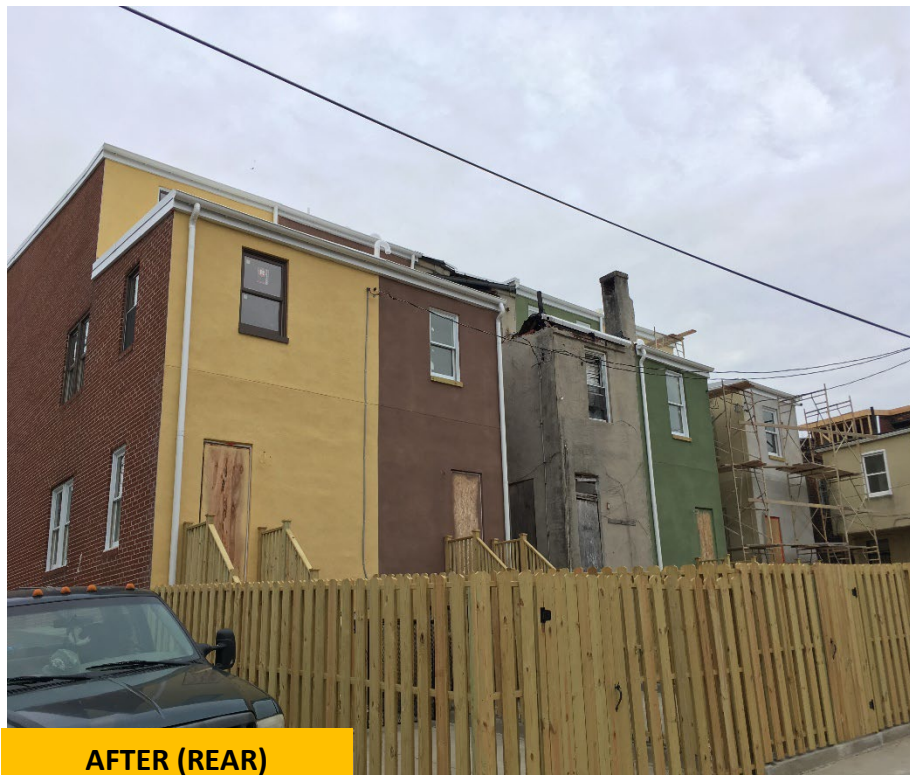
DURING (FRONT)



AFTER (FRONT)



BEFORE (REAR)



AFTER (REAR)



BEFORE (INTERIOR)



AFTER (INTERIOR)



AFTER (INTERIOR)

2. THE HISTORIC PINE STREET (CITY OF CAMBRIDGE) REVITALIZATION PLAN



Planning Process

The Pine Street Neighborhood Revitalization Plan was a multi-phased planning effort spanning seven months. Several key elements informed the plan, all of which played an important role in the priorities, strategies, and focus areas of the revitalization.



The revitalization strategies and tools within the plan are organized into five key focus areas, all of which are critical to implementing change in the neighborhood:

- Reduce and Mitigate Housing Vacancy
- Improve Housing Quality and Safety
- Maintain and Expand Housing Affordability
- Enhance and Activate Public Spaces
- Facilitate Social Cohesion

The strategies and tools reflect the community's input, market conditions and demographic trends, and also best practices from other cities facing similar challenges. The strategy recommendations and tools are segmented into an implementation framework which provides short-term, mid-term, and long-term steps the City can take to revitalize the neighborhood.



BEFORE



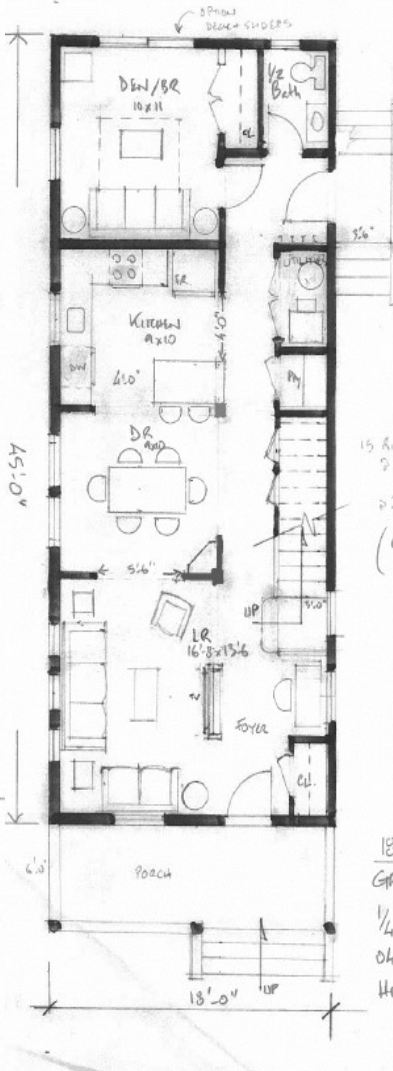
CONCEPTUAL RENDERINGS



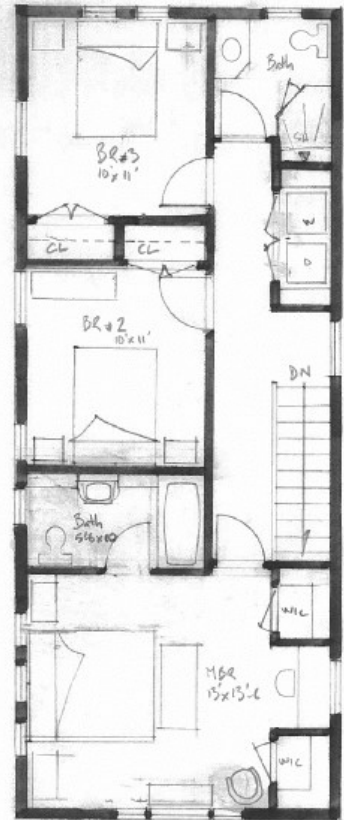
18FT HOUSE
3 Bedroom / 2 1/2 Baths
• 810 sq. ft. per floor
• 1620 sq. ft. total

TYPE A- HOUSE
(Horse')

STREET VIEW
1/4" = 1'-0"
HOW DESIGN

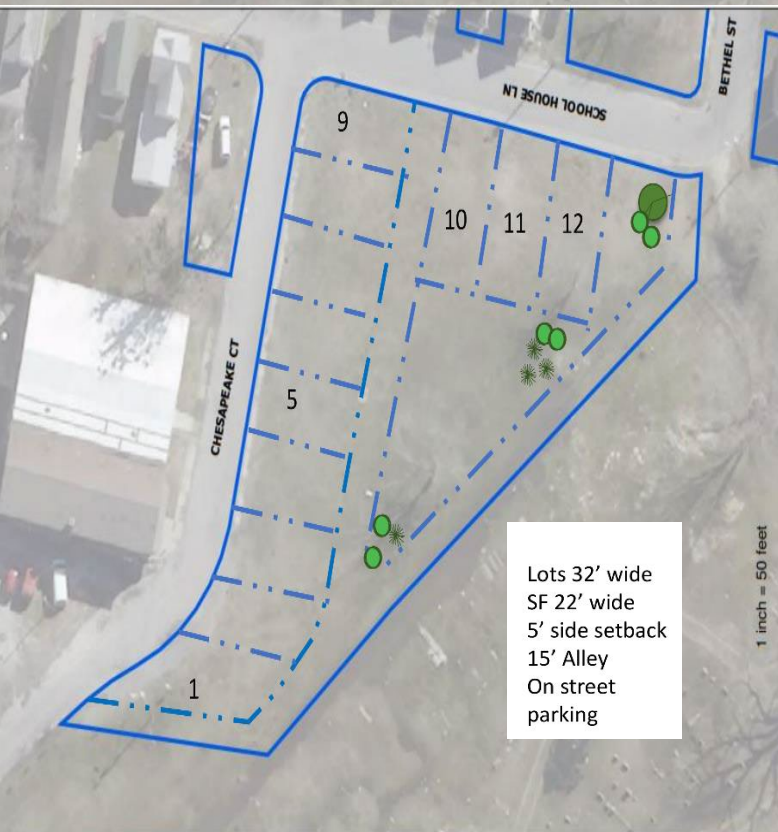
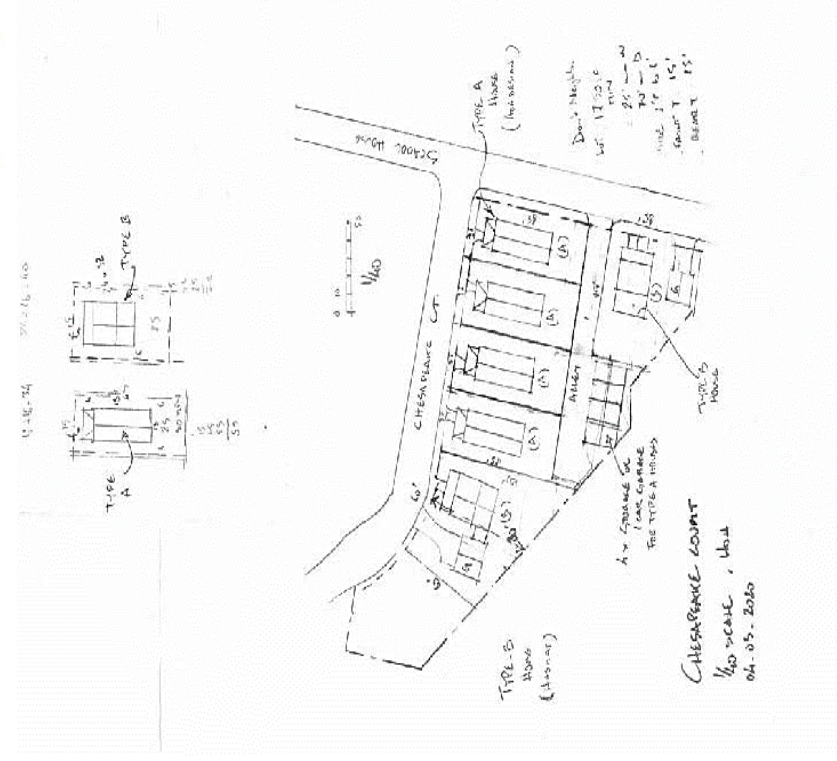


15 RINGS
9'7.5" x 11'5"
9'4" x 11"
9'2.2" x 10'4" x 1'
(9'-0" floor floor)
18FT HOUSE
GROUND LEVEL
1/4" = 1'-0"
04-03-2020
HOW DESIGN



18FT HOUSE
SECOND LEVEL
1/4" = 1'-0"
04-03-2020
HOW DESIGN

CHESAPEAKE COURT LOT



Lots 32' wide
SF 22' wide
5' side setback
15' Alley
On street parking



37' Wide lots with
10' driveway
22' Wide SF
5' Setbacks
15' alley
On site Parking