

Wondering what is involved in Inclusionary Housing?

Frequently Asked Questions

Developed by BRIDGE (Baltimore Regional Initiative Developing Genuine Equality)
On affordable housing and related inclusionary zoning issues in the city
A summary of proposed legislation before the City Council is also below.

Action: Let the City Planning Commission and your City Council representative know your concerns. Inclusionary Housing is another way of developing genuine equality in our city. It impacts educational quality and crime and safety issues that affect all city residents.

Grow Baltimore the Right Way! Inclusionary Housing in Baltimore City

January 2007

1. What's going on in the Housing Market?

- ❖ In the Baltimore Region, median home prices rose by 99% from 2000 to 2004, while wages only rose by 19%!
- ❖ In May, 2006, 70% of home listings in Baltimore City were for over \$150,000.
- ❖ In Anne Arundel and Howard Counties, homes priced at or below \$140,000 virtually disappeared altogether in 2005.
- ❖ The result is a housing market that is like a car dealership with only Hummers and Mercedes Benz, and no Tauruses or Civics despite a strong market for them.

2. Who gets help with housing?

- ❖ Just about everyone does. The biggest housing subsidy in the U.S. is the mortgage deduction tax credit. This represents \$100 billion per year, most of which goes to middle and upper income homeowners. This is about 5 times what is spent on housing programs for low and moderate income people.
- ❖ Baltimore City's New Construction Tax Credit—a tax credit for people who can afford a newly constructed home—represented over \$4 million over the last five years. Most of this went to homeowners in parts of the city where new or rehabbed homes generally go for over \$300,000 and \$400,000.

3. What is considered affordable?

- ❖ A home is affordable when the cost (rent or mortgage, and taxes) is not more than 30% of the household's gross income. When someone is paying over 30% they are considered "housing burdened."
- ❖ In 2000, just before the real estate boom, 1/3 of City residents were housing burdened.

- ❖ Two thirds of city households make \$56,000 or less (e.g. teacher, school counselor, physician's assistant). At that salary a family can afford to purchase a home for about \$175,000 or rent a home for \$1400 per month.
- ❖ Half of city residents are below a household income of \$42,000 (EMT technician, carpenter, truck driver). At that salary, a family can afford to purchase a home for about \$125,000 and rent a home for \$1,075 a month.
- ❖ Nearly 27% of city residents make \$22,000 a year and can afford to rent a home for \$541 a month and purchase one for \$66,000 (home health aide, school bus driver).

4. What is the difference between "Affordable" and "Inclusive?"

- ❖ Some opponents of inclusionary housing say there is "plenty of affordable housing" in the city. "30% of listings are below \$150,000." However, that statement does not pay attention to where the houses are located and in what condition. "Where?" affordable homes are located and "how much work do they need to be decent?" is just as important as "how much?."
- ❖ The goal of Inclusionary Housing is to end the practice of concentrating people by income and set a new course for how we want to develop as a city.
- ❖ The key to inclusionary housing is linking people with opportunity:
- ❖ Safe streets, Clean parks
- ❖ Good or improving schools
- ❖ Grocery stores with fresh fruits and vegetables
- ❖ Jobs
- ❖ Finally, housing policy is school policy:
- ❖ Low income children in low-income schools score around the 24th percentile on standardized tests.
- ❖ Low income children in majority middle class schools score around the 48th percentile, that's twice as high!

5. Why Now? Aren't we just getting the market going in Baltimore City?

- ❖ The experience in Atlanta, Washington, D.C., Boston and other cities suggests that the time to get an inclusionary housing framework in place is before the market "skyrockets" everywhere. Once the market is uniformly hot and development is already occurring everywhere, it is far more costly to try to build in affordable housing. In the long run, a lack of affordable housing can even create a loss of jobs and workforce at all income ranges.

- ❖ Waiting to put inclusionary housing in place until the market is uniformly hot is like saying let's only put the saddle on after the horse is out of the barn.

6. Where has this been done before?

- ❖ 100 years ago Baltimore was built to be inclusive for practical reasons. The "Poppleton Plan" of the late 1800's included price differences of 6:1 on the same block.
- ❖ Today there are over 150 inclusionary housing ordinances around the country, including Boston, Cambridge, San Francisco, New York, and now Washington D.C. is developing an ordinance.
- ❖ In Maryland, we have 35 years of experience in Montgomery County. Over 11,000 affordable homes ("moderately priced dwelling units") have been developed since the law was put into effect. Montgomery County has far fewer elementary schools where low-income children are concentrated. The county's housing policy is one of the reasons why its school system has excelled.

7. This sounds good in principle. How will inclusionary developments affect my neighborhood and quality of life?

- ❖ The management of market-rate rental developments is generally very different than the management of all low-income housing. Market rate development managers will have the economic incentive to maintain the highest standards. Property management has a huge impact on everyone's quality of life!
- ❖ Research also shows that residents that receive public resources and are living in mixed-income communities take more pride in, are more invested in the maintenance of and, participate more in their communities.
- ❖ Community sponsorship is also important. We are currently developing a strategy for engaging congregations to be of support to low-income families who are trying to make a new life in safer and better neighborhoods in the Baltimore region.
- ❖ A study of property values in Montgomery County found no negative impact on property values for homes located near inclusionary homes, and a 2005 study by MIT of the Greater Boston area demonstrated that single home property values are not affected by mixed-income, multi-family rental developments in the same neighborhood or close by.
- ❖ In the long-run, everyone stands to benefit from an inclusionary housing approach-low, middle, and upper income residents. A city with inclusive neighborhoods will be stronger, safer, and more economically viable than one of exclusive "enclaves" and concentrated low-cost housing.

8. What is included in the Inclusionary Housing Bill?

- ❖ The Inclusionary Housing Bill introduced in the City Council on December 4, 2006 has two main components: increasing resources available to support inclusionary housing and creating a framework for inclusionary development for larger projects.

- ❖ Increase Resources Available to Support Inclusionary Housing.
- ❖ Establish an Inclusionary Housing Trust Fund using 20% of City transfer taxes and recordation fees.
- ❖ Create a Framework for Inclusionary Development for Larger Projects (with the intent of holding the developer harmless through cost-offsets and City investments. Preference is given to long-time, nearby residents.)
- ❖ Ensure at least 20% inclusionary zoning homes where there is Major Direct Public Subsidy and Significant Rezoning.
- ❖ Ensure at least 10% inclusionary homes where there is No Major Direct Public Subsidy or Significant Rezoning.
- ❖ The Inclusive Housing Coalition will also be advocating for provisions to ensure there are units affordable to residents all along the income scale, including everyone from bus drivers and home health aides, to school principals and firefighters.

9. What Inclusionary Housing Bill is....

- ❖ A flexible approach that ensures that a complement of affordable housing is being built where there are larger development projects throughout the City
- ❖ An opening to link people from all walks of life to opportunity, not just those who can pay the highest price for it.
- ❖ An opportunity to signal to the Baltimore region that it is time to take leadership on this issue.

10. What Inclusionary Housing Bill is Not...

- ❖ A plan to meet all of the affordable housing need in Baltimore City.
- ❖ A total solution to solving the problem of large-scale displacement.
- ❖ An attempt to create affordable housing by taking it "out of the developer's pockets."
- ❖ A rigid set of requirements that will stifle development.

11. Is this really a good use of limited City resources, especially the cost of building homes in hot market areas?

- ❖ An important question that all residents who invest their tax dollars in Baltimore City need to ask is, is it a good use of City resources to continually place low-income families in unsafe neighborhoods with poor schools, no grocery stores and few job opportunities? Does this just further stress city police, health and community services and maintain low quality of life for the majority of City residents?

- ❖ It's time for the City to invest in its residents and the housing market much the same way you invest in the stock market—a diverse portfolio of investments is much stronger. A diverse portfolio spreads your risk and guarantees a higher rate of return. In this case, the return is students doing better in schools, parents having more job opportunities with safer commutes, families having healthier food options, and long-time residents who have the opportunity to get ahead.
- ❖ The City should balance its investments in new redevelopments where the City needs to put in lots of money (higher risk, like an initial public offering in the stock market), in existing communities on the rise (medium risk, like a growth stock), and places where the market is already strong (low risk, like a blue chip stock). Balanced investments are likely to produce better results for Baltimoreans.
- ❖ It's time the City gets smart about its investments!

The Baltimore City Inclusive Housing Coalition will advocate for the passage of strong Inclusionary Housing legislation over the next several months. To get involved and become part of a District Action Council Team, please contact Chris Gladora at Citizens Planning & Housing Assoc., (410) 539-1369, ext. 110.

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