



Commissioner Paul T. Graziano  
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The Maryland Consumer Rights Coalition and the undersigned organizations write to encourage the Baltimore Department of Housing and Community Development (HCD) and the Housing Authority of Baltimore City (HABC) to include direct assistance to help struggling homeowners avoid foreclosure as part of the allocation of the \$10 million that Baltimore City will receive from the National Mortgage Settlement.

As part of the National Mortgage Settlement, Maryland's Office of the Attorney General allocated \$10 million to Baltimore City, one of the communities in Maryland hardest hit by the foreclosure crisis. Since 2008, Baltimore City families have received 89,903 Notices of Intent (NOI) to foreclose on their homes, which indicate that a family has missed at least one mortgage payment. Moreover, in 2013 alone, foreclosure filings in Baltimore to date (the third quarter is not complete) already total 2,533, which means the annual total for this year is likely to exceed the 2012 total of 2,793.

Yet the \$10 million plan that was submitted and approved for Baltimore City's use of mortgage settlement funds does not contain solutions that will enable current homeowners to stay in their homes. The plan does little to address the plight of struggling families in danger of losing their homes, of communities that may lose another neighbor, and of a city that will lose needed tax revenues as more residents are pushed out of their homes. It does not include funding for emergency assistance for homeowners, for forbearances for families struggling to keep up with their mortgages, or to defray the costs to homeowners to refinance their mortgages.

The current proposal focuses instead on the demolition and subsequent redevelopment of 550 vacant buildings in Baltimore City. Under the plan, the city will:

- Demolish 578 structures in 10 Baltimore neighborhoods
- Set aside \$750,000 to provide incentive payments to individuals who purchase rehabilitated homes or purchase and rehabilitate homes in Vacants to Values neighborhoods.

While it is clear that there is a real need to remove dangerous, dilapidated structures throughout the city and to make way for green spaces and spur new development, we find it very disappointing that the proposal, as currently structured, does almost nothing to assist Baltimore City homeowners at risk of foreclosure. According to the terms of the settlement, funds can be spent on foreclosure prevention and foreclosure remediation efforts. This proposal, instead, focuses on helping new homebuyers and promoting redevelopment.

We would suggest that a portion of the city's mortgage settlement funding could instead be spent on:

- **Launching an Emergency Mortgage Assistance Fund for Baltimore City** -- modeled on the expired Maryland program, an EMAF would assist homeowners who have lost their jobs, suffered a drop in income, or are struggling with medical problems. Under such a program, qualified borrowers who are 3-to-12 months behind on their mortgages could receive a loan for as much as \$50,000 to cover arrearages and pay for up to two years of future mortgage payments. This \$50,000 cost per borrower compares favorably to the \$85,000 cost to relocate a renter in a house that is targeted for demolition or the \$170,000 allocated to relocate homeowners whose houses are slated for demolition.
- **Establish a nonprofit community banking program** -- modeled after the Boston Community Capital's Stabilizing Urban Neighborhoods (SUNS) Initiative, such a program would purchase owner-occupied homes facing foreclosure at current market value and sell the homes back to their former homeowners with a new mortgage.
- **Acquire and develop one permanent supportive housing project for homeless families and individuals** -- in Baltimore City's 10-year Plan to End Homelessness, stakeholders agreed to develop three sites for families. A portion of the city's settlement funds could be used to pilot this initiative.

The suggestions above illustrate that there are creative ways the city could use settlement funds to keep homeowners in their homes and to provide new housing for homeless families and individuals.

There are other problems with the city's current proposal as well. One of our concerns is that the incentive payments for new homebuyers are tied to areas where Baltimore City's Vacants to Values program is active. Yet because the program is not active in many of the communities targeted for demolition, these communities will not benefit from the \$750,000 in rehabilitation incentives the city has set aside.

Finally, there is a need to meaningfully engage affected communities in the demolition and redevelopment of their neighborhoods. This engagement must go beyond a single community meeting to ensure that residents understand the health and safety protocols required for demolition activities and know whom to contact if protocols are not being followed. Residents

should also have the opportunity to understand the timeline for demolition activities and to participate in shaping the greening and redevelopment opportunities.

We thank you for your consideration of our suggestions and concerns and hope that they will be included in a new iteration of the proposal.

Sincerely,

AARP Maryland  
Associated Black Charities  
Baltimore Jewish Council  
Baltimore Heritage  
Baltimore Neighborhoods, Inc.  
Civil Justice  
Good Jobs, Better Baltimore  
Health Care for the Homeless  
Homeless Persons Representation Project  
Legal Aid, Maryland  
Maryland Consumer Rights Coalition  
Project P.L.A.S.E.(People Lacking Ample Shelter and Employment)  
Public Justice Center