



Testimony SB 859

Education, Health & Environmental Affairs Committee

February 23, 2021

Position: FAVORABLE

Dear Chairman Pinsky & Members of the Education, Health & Environmental Affairs Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

SB 859 proposes to create state-wide financial assistance pool to close the appraisal gap experienced when the cost of development exceeds bank appraisals/affordability and encourage the development of homeownership opportunities for households making less than \$75,000 per year in sustainable communities.

Many of these communities are historically disinvested black communities across the state that have seen their housing markets decimated and have been unable to attract new residents for home ownership. The key reason that potential investors are reluctant to put money into buying and fixing up houses in these areas throughout the state is because the properties later don't appraise high enough to reflect the improvements. In fact, rehabbed properties often appraise for less than the value of the home plus the improvements, discouraging future buyers to invest in the community.

Despite the passage of the Fair Housing Act, houses in predominantly black communities have been generally appraised at lower values than houses in majority white communities. This is true even when comparing housing stocks that have the same characteristics (age, square footage, number of rooms, etc.) and neighborhoods of equal socioeconomic status.

This bill may be an excellent strategy to attract investment in long vacant communities and giving lower income community members an opportunity for ownership.

We respectfully request a favorable report for SB 859.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network of MD