



Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development

Elaine Bonner-Tompkins
Janmarie Peña
Elsabett Tesfaye

RESJ Policy Handbook: Land Use, Housing, and Economic Development

Executive Summary of OLO Report Number 2024-11

June 18, 2024

Summary: This handbook is intended as a reference for developing policies that advance racial equity and social justice (RESJ) in land use, housing, and economic development. Four findings emerge from the research, information, and data reviewed for this report:

- Racial and ethnic disparities in land use, housing, and the economy result from racial and ethnic inequities that have been fostered by local government policies and practices.
- Advancing RESJ in land use, housing, and economic development requires addressing both historic and contemporary racial inequities that foster and sustain racial and social disparities in outcomes.
- Promising practices for advancing RESJ in land use and housing center the needs of Black, Indigenous, and other People of Color (BIPOC) and prioritize increasing housing affordability and quality and reducing residential segregation.
- Promising practices for advancing RESJ in the local economy center the needs of BIPOC and prioritize advancing equity in wealth, business ownership, banking and finance, income and employment, economic development, and tax policy.

OLO offers six recommended discussion issues for the Council’s consideration with the Executive Branch, Montgomery Planning, and the Montgomery County Economic Development Corporation (MCEDC).

Frameworks for Advancing RESJ in Policymaking

Advancing RESJ in policymaking is both a process and an outcome. Developing policies that advance RESJ requires an equitable process where underserved communities have a meaningful say in decision-making. Developing policies that advance RESJ also requires a commitment **to reducing racial and social inequities** (e.g., structural and systemic biases) **to reduce racial and social disparities**.

Among existing frameworks for advancing RESJ in policymaking, there are four common elements:

- Center BIPOC stakeholders to co-develop, implement, and evaluate policy efforts. People from BIPOC communities should be included as full partners in policy design, implementation, and evaluation.
- Reckon with history by acknowledging and addressing racial inequities. An understanding of the historic and contemporary racial and social inequities that foster racial and social disparities is essential to developing policy solutions to advance RESJ.
- Replace inequitable policies with policies that advance RESJ. This includes:
 - Replacing policies that foster residential segregation with “mobility and access” policies.

- Replacing policies that extract resources from BIPOC communities with “infusion and investment” policies.
- Replacing policies that disproportionately punish BIPOC residents and communities with “care and repair” policies.
- Consider each BIPOC community individually. Name each BIPOC and other underserved community separately and identify how the policy or program proposal recommended would impact members of each community to ensure proportional investments and action.

Advancing RESJ in Land Use and Housing

Advancing RESJ in land use and housing requires addressing **racial and social inequities in land use and housing** that have advantaged many White households at the expense of BIPOC households.

Historic inequities in land use and housing include:

- Government sanctioned violence;
- Creation of White-only suburbs;
- Racially restrictive housing covenants and bylaws in housing contracts and deeds;
- Displacement and loss of Black-owned land through eminent domain; and
- Racial steering and blockbusting that reinforced racial segregation in housing.

Contemporary racial and social inequities in land use and housing include:

- The absence of meaningful BIPOC engagement in land use planning;
- Exclusionary zoning that places density restrictions in areas zoned for single-family homes;
- Biased lending, appraisals, and enforcement of anti-discrimination laws;
- Inadequate investment and zoning in BIPOC communities; and
- Risk of BIPOC displacement through gentrification.

Racial and social inequities in land use and housing have fostered **residential segregation and racial disparities in homeownership and housing security**. For example, in Montgomery County:

- Latinx and Black residents disproportionately resided in lower-income Census tracts in 2018 while White residents disproportionately resided outside of these Census tracts.
- Only 54 percent of Latinx households and 43 percent of Black households were owner-occupied in 2021 compared to 77 percent of White households and 69 percent of Asian households.
- A majority of Latinx and Black renting households were housing cost-burdened in 2021, compared to 45 percent of White and 38 percent of Asian renting households.
- Among families experiencing homelessness in 2021, 84 percent were Black, 12 percent were White, and three percent were Native American.

Promising practices for advancing RESJ in land use and housing seek to diminish the harmful effects of racial and social inequities. Promising practices for advancing RESJ in land use focus on five RESJ goals:

- Increasing BIPOC engagement in land use planning;
- Prioritizing RESJ in land use planning;
- Increasing investments in under-resourced communities;
- Increasing affordable housing in well-resourced communities.; and
- Preventing BIPOC displacement.

Promising practices for advancing RESJ in housing focus on four RESJ goals that overlap with land use:

- Reversing residential segregation;
- Advancing RESJ in homeownership;
- Advancing RESJ in housing security; and
- Advancing RESJ in housing quality.

Advancing RESJ in the Economy

Advancing RESJ in the economy requires addressing **racial and social inequities in the economy** that have advantaged many White households at the expense of BIPOC households. Historically, there have been three main drivers of racial and social inequities in the economy:

- The theft of BIPOC land and labor from the colonial era to the end of slavery;
- The exploitation of BIPOC communities post-Reconstruction; and
- The exclusion of BIPOC from wealth-building opportunities during the 20th Century.

Contemporary drivers of racial inequity in the economy include:

- Persistent inequities in the labor market;
- Persistent inequities in the finance market;
- Persistent inequities in tax policies; and
- Persistent inequities in economic development.

Racial and social inequities in the economy have fostered **racial disparities in wealth, business ownership, banking, income, and employment**. For example, in Montgomery County, in 2017:

- Two-thirds of White and Asian residents were employed in management, business, science, and arts occupations, while less than half of Black residents and only a quarter of Latinx residents were employed in such positions.
- Among firms with paid employees, for every 100 workers, there were five White-owned firms, 4.4 Asian-owned firms, 4.3 Native American-owned firms, 1.4 Latinx-owned firms, and one Black-owned firm.

Additionally, in Montgomery County in 2021:

- Seven and five percent of White and Asian households had a net worth of zero compared to 13 percent of Native American, 14 percent of Latinx, 22 percent of other race, and 27 percent of Black households.
- One percent of White and Asian households were unbanked compared to three percent of other race, six percent of Native American, seven percent of Black, and 10 percent of Latinx households.
- The median income for White households was \$139,000 compared to \$129,000 for Asian, \$111,000 for multiracial, \$95,000 for Native American, \$86,000 for Latinx, and \$83,000 for Black households.

Promising practices for advancing RESJ in the economy seek to actualize six RESJ economic goals:

- Wealth equity;
- Entrepreneurship equity;
- Banking and finance equity;
- Income and employment equity;
- Equitable economic development; and
- Equitable tax policy.

Recommended Discussion Issues

Based on this report's findings, OLO offers six recommended discussion issues for Council consideration:

1. **Council Oversight.** How can this policy handbook inform the Council's oversight of land use, housing, and economic development policies, programs, and practices to advance RESJ?
2. **New Policies.** What are the implications of this policy handbook for developing new land use, housing, and economic development policies, programs, practices, and amendments?
3. **Existing Policies.** What are the implications of this policy handbook for reviewing and assessing existing land use, housing, and economic development policies, programs, and practices?
4. **RESJ Assessments.** What are the implications of this policy handbook for updating RESJ assessments of new policy proposals in land use, housing, and economic development?
5. **RESJ Action Plans.** How can this policy handbook help inform the development of RESJ Action Plans among departments with key land use, housing, and economic development functions?
6. **Planning Board and MCEDC.** How can this policy handbook inform the Planning Board as it seeks to develop, implement, and evaluate land use policies, programs, and practices to advance RESJ? How can this handbook inform MCEDC's efforts to advance economic development?

For a complete copy of OLO-Report 2024-11, go to:

<http://www.montgomerycountymd.gov/OLO/Reports/CurrentOLOReports.html>

Office of Legislative Oversight Report 2024-11

Table of Contents

Executive Summary.....	i
1. Introduction	1
2. Overview of RESJ in Policymaking.....	4
3. RESJ in Land Use and Housing.....	13
4. RESJ in the Economy	51
5. Project Findings and Recommended Discussion Issues	86
Appendix: Primer on Land Use	

List of Charts and Tables

Numbers	Charts	Pages
1	Historical Tactics of Racialized Housing and Land Use	15
2	Contemporary Tactics of Racialized Housing and Land Use	21
3	Promising Practices for Advancing RESJ in Land Use	39
4	Promising Equity Practices for General Plans and Other Land Use Plans	42
5	Promising Practices for Advancing RESJ in Housing	45
6	Historic Drivers of Racial Inequities in the Economy	53
7	Contemporary Drivers of Racial Inequities in the Economy	57
8	Promising Practices for Advancing RESJ in the Economy	72

Numbers	Tables	Pages
1	Residents Inside and Outside of Equity Focus Areas by Race and Ethnicity, 2018	29
2	Residents Inside and Outside of Equity Focus Areas by Income, English Proficiency, Educational Attainment, and Occupation, 2018	30
3	Homeownership Rate by Race and Ethnicity, United States and Montgomery County, MD	31
4	January 2009 to December 2014 Housing Discrimination Complaints, Montgomery County	33
5	Percent of All and Renter-Occupied Households by Race and Ethnicity, Montgomery County	34
6	Percent of Cost-Burdened Renter Households by Race and Ethnicity	34
7	Eviction Orders and Evictions by Montgomery County Election Districts (FYs 2014-2017)	35
8	Percent of Cost-Burdened Owner Households by Race and Ethnicity	35
9	Percent of Residents by Race and Ethnicity, Montgomery County, MD and Select Zip Codes	38
10	Self-Employed Montgomery County Residents by Race and Ethnicity, 2018	66
11	Small Business Ownership Rate by Race, Ethnicity, and Nativity, 2010	66

Chapter 1: Introduction

The mission of the Office of Legislative Oversight (OLO) is to provide accurate information, analysis, and independent findings and recommendations that help the County Council fulfill its legislative oversight function. Legislative oversight includes the Council's monitoring of publicly funded agencies and their performance, and applying this knowledge to develop public policies, budgets, and revenue sources.

In 2019, the Council established the Racial Equity and Social Justice (RESJ) Act to systemically apply an equity lens to government decision-making to advance RESJ.¹ Applying a RESJ lens refers to the process of paying attention to race, ethnicity, and other social constructs when analyzing problems, looking for solutions, and defining success.² Toward this end, the RESJ Act defines:

- **Equity** as fair and just opportunities and outcomes for all people.
- **Race** as a social construct that artificially divides people into distinct groups based on characteristics such as physical appearance, ancestral heritage, cultural affiliation, cultural history, ethnic classification, and the social, economic, and political needs of a society.
- **Social justice** as the belief that everyone deserves to benefit from the same economic, political, and social rights and opportunities, free from health disparities, regardless of race, socioeconomic status, age, sex – including based on gender identity or orientation, religion, disability, or other characteristics.
- **Racial equity and social justice** as changes in policy, practice, and the allocation of resources so that neither race nor social justice constructs predict one's success, while improving opportunities and outcomes for all.

The RESJ Act requires OLO to assess the anticipated RESJ impact of each bill and zoning text amendment (ZTA) the Council considers. The RESJ Act also requires OLO to offer recommended amendments to advance RESJ for bills and ZTAs it anticipates could adversely impact RESJ. Given these requirements, the Council tasked OLO to develop a policy handbook to advise itself, County agencies and departments, and other stakeholders on best practices for advancing RESJ in local policy.

This handbook is intended as a reference for developing policies, programs, and practices that advance RESJ in land use, housing, and economic development. It is also intended as a resource for developing recommended amendments for bills and zoning text amendments anticipated to have an adverse impact on RESJ if adopted.

It is incumbent upon governments to identify and enact new policies aimed at reducing the racial and social inequities it helped to create. The effectiveness of policy options aimed at advancing RESJ depends on their capacity to address racial inequities that foster racial and social disparities. Toward this end, policymakers need to understand these embedded racial inequities by policy area.

¹ Montgomery County Council, Bill 27-19 Racial Equity and Social Justice, <https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/RacialEquity/Bill27-19.pdf>

² Adapted from definition of racial equity lens from Equity in the Center, Awake to Woke to Work: Building a Race Equity Culture, Appendix B, 2018 <https://ncwwi-dms.org/index.php/resourcemenue/resource-library/inclusivity-racial-equity/advancing-racial-equity/1456-awake-to-woke-to-work-building-a-race-equity-culture/file>

Several key findings emerge from the information and research reviewed for this report:

- Since local governments have fostered racial and social inequities, they must also bear responsibility for advancing RESJ in society.
- Historic and contemporary racial and social inequities in land use, housing, and economic development have fostered disparities in each of these policy areas. Historic inequities include the theft of BIPOC land and labor and exploitation of BIPOC communities, and the exclusion of BIPOC from wealth-building opportunities. Contemporary inequities include inequitable land use planning, discrimination in labor and finance markets, under-investment in BIPOC communities and the risk of displacement.
- Racial and social inequities in land use, housing and the economy have fostered residential segregation; racial disparities in home ownership, housing security, and housing quality; and racial disparities in household wealth, income, employment, and entrepreneurship.
- Promising practices for advancing RESJ in land use include increasing BIPOC engagement in land use decisions, prioritizing RESJ in land use decision, increasing affordable housing in well-resourced communities, and increasing investments in BIPOC communities.
- Promising practices for advancing RESJ in housing include policy solutions that reverse residential segregation and increase homeownership, housing security, and housing quality for BIPOC constituents and communities.
- Promising practices for advancing RESJ in the economy include policy solutions that increase BIPOC wealth, businesses, incomes, employment, and economic development outcomes.

Based on these findings, OLO offers several recommended issues for discussion for the Council’s Planning, Housing and Parks (PHP) and Economic Development (ECON) Committees. The Committees can consider these recommended issues as they review and evaluate existing land use, housing, and economic development policies to discern their impact on RESJ and as they consider adopting new policies and programming aimed at advancing RESJ in these policy areas.

The remainder of this report is presented in four chapters:

- **Chapter 2: Overview of RESJ in Policymaking** describes key terms, provides an overview of the role of government in both fostering and ameliorating racial inequities, and offers broad frameworks for developing policy solutions to advance RESJ across policy areas.
- **Chapter 3: RESJ in Land Use and Housing** describes the drivers of racial inequities in land use and housing, data on racial disparities in land use and housing, and promising practices for advancing RESJ in land use and housing.
- **Chapter 4: RESJ in the Economy** describes the drivers of racial inequities in the economy, data on racial disparities in the economy, and promising practices for advancing RESJ in the economy.

- **Chapter 5: Findings and Discussion Issues** summarizes this report’s key findings and offers recommended discussion issues for the Council’s PHP and ECON committees.

Acknowledgments. OLO staff member Karen Pecoraro assisted with this report co-authored by Elaine Bonner-Tompkins, Janmarie Peña, and Elsabet Tsfaye.

Chapter 2: Overview of Racial Equity and Social Justice in Policymaking

The intent of this chapter is to describe key terms essential to understanding racial equity and social justice. This chapter also provides an overview of the role of government in both fostering and ameliorating racial inequities and offers broad frameworks for developing policy solutions to advance RESJ across policy areas. It is presented in four parts:

- A. Key Terms and Definitions
- B. Government Role in Fostering Racial Inequities and Disparities
- C. Government Role in Advancing RESJ
- D. Frameworks for Developing Policy Solutions to Advance RESJ

Several findings emerge from the information and analysis reviewed in this chapter:

- Because governmental policies and practices have fostered racial and social inequities, governments should lead efforts aimed at advancing RESJ in governmental decision-making.
- Through the RESJ Act, the County recognizes the essential role of government in advancing RESJ by requiring policymakers, departments, and agencies to consider the RESJ implications of proposed bills and master plans, and programs and initiatives in recommended budgets.
- Racially inequitable policies often allow for the segregation of resources and risks by race and ethnicity, create inherited group advantage and disadvantage, allow for the differential valuation of human life by race and ethnicity, or limit the self-determination of BIPOC.
- Best practices for developing government policies to advance RESJ include recognizing the history of racial inequity and that one-size-fits-all approaches rarely promote RESJ; and partnering with BIPOC stakeholders to co-develop, implement, and evaluate policy efforts.

A. Key Terms and Definitions.

As noted by the Center for Budget and Policy Priorities (CBPP), “(p)olicy is not race neutral.”³ They note that public policies have been developed and implemented within a broader cultural context reflecting **White supremacy** - the belief that White people are inherently superior to people of other racial groups. They further note that today’s policies need not be explicitly race-based to worsen or extend racial inequities. Instead, they note that:

“(P)olicies can have those effects if they ignore the history of governmental and private actions that enforced racial segregation and held back people of color or ignore the continuing impact of racial bias and other forms of discrimination that ultimately hold all of us back.”⁴

To help contextualize the need to advance racial and social justice in fiscal policymaking, CBPP offers the following definition of equity-related terms to help policymakers make better-informed policy choices that advance racially and socially equitable communities and economies.

- **Antiracist policies** refer to policies that seek to dismantle the racism embedded in our social, economic, and political systems and structures, which result in persistent racial inequities.

³ Cortney Sanders, Michael Leachman, and Erica Williams, 3 Principles for an Antiracist, Equitable, State Response to COVID-19 – and a Stronger Economy, Center for Budget and Policy Priorities, April 29, 2021, page 4

⁴ Ibid

- **Racial equity** is achieved when racial and ethnic background no longer predicts a group's social or economic well-being.⁵
- **Structural racism** refers to the historical, cultural, institutional, and interpersonal policies or practices that routinely advantage White people while producing cumulative and chronic adverse outcomes for People of Color.
- **People or communities of color** refer to racial groups that are not White.
- **White supremacy** refers to the idea (ideology) that White people and the ideas, thoughts, beliefs, and actions of White people are superior to People of Color and that their ideas, thoughts, beliefs, and actions are ever present in our institutional and cultural assumptions.

Understanding RESJ also requires distinguishing between **racial disparities** and **racial inequities**. Racial disparities refer to differences in outcomes by race and ethnicity while racial inequities refer to biases at the individual, institutional, and structural levels that foster racial disparities by race and ethnicity.

Further, the term **systemic racism** characterizes the interaction between policies and practices that create and reinforce racial inequality in the U.S. Tricia Rose describes racism as a system that persists regardless of individual racial prejudice or intent because it has the four essential elements of a system:⁶

- It has identifiable parts (racial inequity across multiple policy areas),
- The parts are interconnected (racial inequities in one area foster racial inequities in another),
- The parts produce an effect that is greater than the sum of its parts (e.g. residential segregation fosters school segregation which depresses property values and the tax base for public schools in Black communities, reinforcing residential segregation), and
- The outcomes persist in a variety of circumstances (e.g. today's Black-White racial wealth gap is as wide as it was in the 1960's).

OLO adopts these definitions for this report along with the definitions of equity, race, and racial equity and social justice referenced in the RESJ Act. Additionally, the terms People or Communities of Color and Black, Indigenous, and Other People of Color (BIPOC) are used interchangeably in this report.

B. Government Role in Fostering Racial Inequities and Disparities.

Government actions, both historic and contemporary, have worked to create racially inequitable structures that work to benefit and privilege White people at the expense of BIPOC.

Historic government policies and practices that have fostered racial inequities include:

- Exploitation of Indigenous and African peoples through genocide, land theft, and enslavement.
- Exclusion of BIPOC from political & judicial systems that established racially inequitable policies.
- Enactment of Jim Crow laws mandating segregation and second-class citizenship of BIPOC.
- Seizures of BIPOC-owned properties via state-sanctioned violence, eminent domain, and discrimination.
- New Deal Era policies in housing, labor, and social welfare that excluded BIPOC from wealth-building opportunities.

⁵ Ibram Kendi, *How to Be An Antiracist*, One World, 2019

⁶ Tricia Rose, *Metaracism: How Systemic Racism Devastates Black Lives and How We Break Free*, Basic Books, 2024

- Racially biased implementation of the G.I. Bill that denied homeownership, higher education, and business loan benefits to BIPOC veterans.

Contemporary government policies and practices further embedding racial inequities include:

- The War on Drugs, the resulting mass incarceration of Black and Latinx people, and disinvestment in the communities where returning citizens reside.
- Reverse redlining, where subprime loans that carry higher interest rates are targeted to BIPOC constituents and communities for housing and consumer purchases.
- Voter disenfranchisement via overturning of key provisions of the Voting Rights Act of 1965 that have disproportionately created additional barriers for BIPOC constituents to vote.

Racial inequity in government policies and practices is also rooted in asymmetrical power, where White constituents hold disproportionately more power as decision-makers than BIPOC constituents relative to their share of the population.

When considering the history of racial and social inequity in the U.S., the policies and practices of federal and state governments have been determinative. For example, the theft of Indigenous land and African labor and racialized enactment of Jim Crow laws and New Deal era policies that prospered White families at the expense of BIPOC families, were driven by the policies of federal and state governments. Current drivers of racial and social inequity such as the War on Drugs and the mass incarceration of Black and Latinx residents also largely results from federal and state policies and practices.

Local governments have also contributed to historical and contemporary racial and social inequities. Historic racial and social inequities fostered by local governments include the use of violence and the endorsement of vigilante violence (e.g., arson, assaults, lynchings) to enforce racial segregation and disenfranchise Black residents; exclusionary zoning to foster racial and socio-economic segregation in housing and land use; and the use of eminent domain and urban renewal to displace Black communities largely for the benefit of White commuters and businesses.

Contemporary racial and social inequities fostered by local government decisions include inadequate public investments in infrastructure and amenities in BIPOC communities relative to historic under-investments and current community needs; regressive property tax assessments that result in Black and Latinx homeowners often paying more than their fair share of local taxes; and the inadequate enforcement of existing anti-discrimination laws. Because local governments have fostered racial and social inequities, they too must help bear the responsibility for advancing RESJ in society.

Racial and social inequities driven by government policies have fostered disparities by race and ethnicity across a broad spectrum of life outcomes. For example, in 2020 in Montgomery County:⁷

- The median White worker earned \$46 per hour vs. \$20 per hour for the median Latinx worker.
- A majority of Asian and White students (61 percent and 68 percent) attended low-poverty schools where less than a quarter of students were low-income (eligible for free- and reduced-priced meals) compared to 20 percent and 26 percent of Latinx and Black students.

⁷ Estimates based on IPUMS data provided by the National Equity Atlas <https://nationalequityatlas.org/indicators>

- A majority of Asian and White people between the ages of 25 and 64 (72 percent and 76 percent) had a bachelor's or higher degree compared to 40 percent of Black people and 27 percent of Latinx people.
- Three-quarters of White and 71 percent of Asian households owned their homes compared to 53 percent of Latinx households and 40 percent of Black households.
- Most Black and Latinx renters (55 percent and 63 percent) were cost burdened, expending 30 percent or more of their income on housing, compared to 41 percent and 43 percent of Asian and White renters.
- Twice as many Black households lacked a car (14 percent) compared to White, Asian, and Latinx households (6 percent – 7 percent).

C. Government Role in Advancing RESJ.

Given the role of government in creating and reinforcing structural racism, it is the responsibility of government to actively dismantle it through eliminating policies and practices that exacerbate racial inequity and promoting those that advance racial equity. The persistence of racial disparities despite the repeal of overtly racist laws and practices demonstrates that “race-neutral” policies aimed at ending racial discrimination have been ineffective at eliminating the structures that inherently work to advantage White people and disadvantage BIPOC in society.

The Government Alliance for Race and Equity (GARE) recognizes that local jurisdictions are uniquely situated to examine and disrupt structural racism in public policies, programs, and practices. To help support local jurisdictions in their efforts to advance racial equity by ameliorating structural racism, GARE offers the following guidance:⁸

- Recognize that while advancing racial equity is urgent, lasting change cannot happen overnight, so strive to balance progress with pragmatism, seeking not perfection but meaningful steps forward every day.
- Recognize that racial equity work must be both data and story driven to expose, measure, and disrupt structural racial inequities. Toward this end, jurisdictions should use data, history, and stories to explain the systems and structures that created racial inequities.
- Recognize that progress in advancing racial justice in the U.S. has been driven by community organizing led by BIPOC communities. So, when working to build the skills of government staff and leaders to advance racial equity, recognize that success can only be achieved when centering and collaborating with BIPOC communities.

Recognizing the essential role of local government in advancing RESJ, Montgomery County enacted the RESJ Act in 2019 and its amendments in 2020. Specific elements of the RESJ Act aimed at ensuring that County offices, departments, and agencies advance RESJ in government decision-making include requiring:⁹

⁸ GARE Communications Guide, May 2018 <https://www.racialequityalliance.org/wp-content/uploads/2018/05/1-052018-GARE-Comms-Guide-v1-1.pdf>

⁹ Bills 27-19 and 44-20, Montgomery County Racial Equity and Social Justice Act and Amendments, Montgomery County Code, November 19, 2019, and December 1, 2020

- The Office of Racial Equity and Social Justice (ORESJ) to “perform an equity assessment to identify County policies and practices that must be modified to redress disparate outcomes based on race or social justice.”
- Each County department and office “to develop a racial equity and social justice action plan designed to remedy individual, institutional, and structural racism or social justice issues adversely impacting County residents.”
- The Executive “to explain how each management initiative or program that would be funded” in the “annual recommended operating and capital budgets” or “in a supplemental appropriation promotes racial equity and social justice;”
- The Office of Legislative Oversight to “submit a statement to the Council describing the racial equity and social justice impact, if any, of each bill under consideration by the Council” and each zoning text amendment;
- The Council to “establish a process to explain how each special appropriation promotes racial equity and social justice;”
- The Planning Board to “consider the impact of (each master) plan on racial equity and social justice in the County;” and
- The Council to “establish a structure to provide oversight of the County’s progress in meetings its racial equity and social justice goals.”

D. Frameworks for Developing Policy Solutions to Advance RESJ.

Based on a review of resources from subject matter experts, this section describes three approaches for developing policy solutions to advance racial equity and social justice: (1) dismantle policies that perpetuate racial inequity; (2) apply guiding principles to develop anti-racist policies; and (3) apply principles for promoting racial equity in policy and program development.

Dismantle Policies that Perpetuate Racial Inequity. Another recommended best practice for advancing racial equity is to dismantle policies that perpetuate racial inequity.¹⁰ The Grassroot Policy Project observes that policies, practices, and decisions that foster racial inequity often exhibit one or more of the following characteristics:¹¹

- **They allow for the segregation of resources and risks.** These include redlining, subprime lending (reverse redlining), certain zoning policies, toxic dumping policies, and the use of property taxes to fund public education.
- **They create inherited group disadvantage or advantage.** These include the intergenerational transfer of wealth through estate inheritance, lack of reparations for historical injustices, and admissions procedures at universities that consider legacy.

¹⁰ Sandra Hinson, Richard Healey, and Nathaniel Weisenberg. Race, Power and Policy: Dismantling Structural Racism (prepared for National People’s Action by the Grassroots Policy Project, n.d.); https://www.racialequitytools.org/resourcefiles/race_power_policy_workbook.pdf

¹¹ Ibid

- **They allow for the differential valuation in human life by race.** This includes the use of curriculum policies that teach certain histories and not others, as well as racial profiling and discretionary sentencing.
- **They limit the self-determination of certain groups of people.** This includes policies that result in disproportionate incarceration rates for people of color and lack of proportional representation in elections and governmental decision-making.

The book *Metaracism* offers a complementary framing of the of how to dismantle policies that perpetuate racial inequities.¹² In Rose’s study and analysis of more than 100 policies in housing, education, criminal justice, and lending, she finds three common features of racially inequitable policies:

- **Containment** that seeks to control Black people who are viewed as harmful. Examples of containment policies that seek to contain Black people include redlining, racial zoning and school boundaries that create and reinforce residential segregation.
- **Extraction** that seeks to remove resources and value from Black people and communities. Examples of extraction policies include Black land seizures and widespread lending discrimination that have fostered the racial wealth gap.
- **Punishment** that also seeks to control Black people and communities through the criminal justice system. Examples of punishment policies include the War on Drugs and the consequent mass incarceration of Black people.

Rose further observes that racially inequitable policies can exhibit a combination of these three common features. To advance racial equity, Rose recommends replacing:

- Containment policies with “mobility and access” policies such as inclusionary zoning,
- Extraction policies with “infusion and investment” policies that benefit Black communities, and
- Punishment policies with “care and repair” policies that eliminate racial bias in law enforcement and address root causes.

Apply Guiding Principles to Develop Antiracist Policies. Another promising practice for diminishing racial inequity is to apply anti-racist guiding principles in developing policy options. The authors of *The Hidden Rules of Race* recommend that policymakers consider six guiding principles for advancing racial equity in government decision-making that can be applied to reduce racial and social inequities:¹³

- **Reckon with history.** Our nation has not fully reckoned with its fraught racial history. In all policy-making processes and political discourse, an acknowledgement of the complex reasons for our unequal starting places is important. This anti-racist guiding principle aligns with the first key feature of structural approaches to policy development being rooted in historical and cultural understanding.

¹² Rose

¹³ Andrea Flynn, Susan Holmberg, Dorian Walker, and Felicia Wong, *The Hidden Rules of Race: Barriers to An Inclusive Economy*, Cambridge University Press, 2017

- **Acknowledge that race-neutral policies are rarely race-neutral.** Race-neutral or color-blind policies have both racial origins and racial consequences. From New Deal policies to mandatory minimum sentencing, race neutral policies have often led to racially unequal outcomes. It is important to acknowledge that color-blind “rules” manifest themselves in the context of longer-term trends.
- **Acknowledge that trickle-down policies have disproportionately hurt people of color and White middle and working classes.** The rise of trickle-down ideology has led to a rollback of policies designed to promote inclusive growth. Disinvestment from public goods and the safety net, permissiveness among regulators, and the erosion of worker power have increased economic insecurity and diminished life outcomes for BIPOC and for low- and middle-income White Americans. Neoliberal policies have destabilized the middle class.
- **Move away from universal policies and towards targeted universal policies.** Universal policies have failed to address the needs of marginalized communities while disproportionately benefiting Whites. Thus, they have exacerbated racial gaps. However, these policies have not benefited Whites uniformly, and in fact have also hurt the White middle class. A strategy of targeted universalism – one that benefits all but is crafted to favor the most disadvantaged and therefore provides race-specific results – is designed to narrow racial and social disparities.
- **Recognize that explicitly inclusive rules work.** Explicitly inclusive racial rules are still needed to reverse the long legacy of explicitly exclusive racial rules. In the past, we have seen race-focused policies help to close the gap in outcomes between Black and White people. A 21st Century plan for inclusion must accept the reality of unequal starting points and opportunities.
- **Recognize that who writes the rules matters.** People make rules, and it is critical that people who are in power are diverse economically, racially, ethnically, by gender, and by age. Black political exclusion throughout American history has resulted in a power imbalance in who gets to write the rules. In periods of greater racial inclusion, representation, and power (e.g., Reconstruction), policymakers rewrote the racial rules to become more inclusive.

PolicyLink also offers two additional priorities for investing public resources that align with the guiding principles for developing racial equitable policies advocated in *The Hidden Rules of Race*:¹⁴

- **Engage historically underserved communities in prioritizing investments.** Equitable outcomes come about through equitable processes in which underserved communities that have been systematically denied full opportunities to participate in social, economic, and civic life have a meaningful say in decision-making. Rather than quickly choosing the most “shovel-ready” projects, local governments should partner with and co-create policy and program strategies with grassroots and resident-led organizations most impacted by structural racism.
- **Explicitly name racial equity as a goal, with specific targets.** Recovery plans should explicitly prioritize racial equity as a goal, name specific targets that produce meaningful equity results at scale and articulate the strategies to achieve those targets.

¹⁴ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan

Principles for Promoting Racial Equity in Policies and Programs. Racial equity expert Marlysa Gamblin also offers a set of guiding principles for developing policy solutions that diminish racial inequities and advance racial equity in government policies and programs.¹⁵ The following principles offer a roadmap for policymakers to work with BIPOC stakeholders to reduce racial inequities and disparities.

- **Principle 1: Center the needs and leadership of communities of color first.** When an idea is first raised, before the policy or program design is complete, ask what the impact will be on people of color. Experts of color, including scholars, practitioners, and advocates in relevant subject areas, including individuals with lived experience should be consulted. People from communities of color should be included as full partners in the policy design, implementation, and evaluation.
- **Principle 2: Name and consider each community of color individually, avoiding terms such as “minority.”** Each community has its own history, experiences, and challenges. It is essential to recognize that circumstances are often very different – both between various communities and within them. Name Black, Indigenous, Latinx, and other communities separately and identify how the policy or program proposal would impact members of each community.
- **Principle 3: Analyze the specific outcomes for each racial and ethnic group.** Because of Principle 2, there are different “whys” behind the varying outcomes that different communities experience. Also, not all BIPOC communities have the same outcomes. There are four questions to consider: How does each racial and ethnic group fare with each outcome that is being measured? What are the reasons for the outcomes experienced by each racial and ethnic group? What is the disaggregated racial and ethnic makeup of the population this policy serves? What is expected to be, the impact of this policy on each racial and ethnic population?
- **Principle 4: Set up policies and programs that are responsive in a way that is proportionate to the disparate impacts.** Not understanding why and how to do this is a common reason for why well-intentioned initiatives fail to promote greater racial equity. Most policies and programs treat all communities the same, regardless of the different starting points or barriers faced by specific racial and ethnic communities. Instead, responses should be community- and circumstance-driven. A broad-based approach will provide everyone the same level of support while a racially equitable approach would provide targeted support based on specific needs. More specifically, the support should be proportionate to the disparate impacts and be deeply rooted in the specific community’s history of discrimination.
- **Principle 5: Create a robust implementation and monitoring plan that is reflective of and accountable to BIPOC staff, institutions, and communities.** While policy design is important, it is equally important to evaluate that targeted support is provided in a thoughtful, racially equitable way. Inviting experts of color in from beginning, as discussed in Principle 1, will help inform how the implementation stage is formulated. Policies and programs must be sufficiently resourced for effective implementation and for enforcement of policies and program rules. Entities of color that directly serve their communities, and other experts of color with lived and/or scholarly experience, should be assigned to co-lead the implementation process. Lastly, legislation, policies, or programs should outline a racially equitable implementation plan.

¹⁵ Marlysa Gamblin, Using a Racial Equity Scorecard for Policy and Programs, Bread for the World Institute 2020

Overall, Gamblin’s racial equity principles incorporate many of the key features and recommendations offered by other experts for developing policy options that diminish racial inequities. These include:

- Encouraging policymakers to recognize the history of racial inequity;
- Naming racial equity as an explicit policy goal;
- Recognizing that one-size-fits-all approaches are rarely effective at promoting racial equity; and
- Partnering with BIPOC stakeholders to develop, implement, and evaluate policy efforts.

Chapter 3: RESJ in Land Use and Housing

Local governments shape land use and housing practices and opportunities in several ways that include:¹⁶

- Developing land use plans,
- Enacting zoning changes,
- Approving capital improvement plans,
- Setting property tax rates and fees,
- Establishing building and housing codes,
- Funding housing vouchers, and
- Establishing affordable housing goals.

As policymakers consider implementing policies, programs and practices aimed at improving racially equitable land use and housing outcomes, they need to understand land use and housing inequities, the policy drivers of those inequities, and best practices for advancing RESJ. This chapter describes the policy drivers of racial inequities in land use and housing, data on racial disparities, and promising practices for advancing RESJ in land use and housing in four parts:

- A. Policy Drivers of Racial Inequities in Land Use and Housing**
- B. Data on Racial Disparities in Land Use and Housing**
- C. Promising Practices for Advancing Racial Equity in Land Use**
- D. Promising Practices for Advancing Racial Equity in Housing**

Several findings emerge from the information synthesized in this chapter:

- Historic drivers of racial inequity in land use and housing, both nationally and locally, include state and extrajudicial violence, exclusionary zoning, racial housing covenants and bylaws, racialized public housing policies, urban renewal, and White flight.
- Contemporary drivers of racial inequity in land use and housing include exclusionary zoning, racially inequitable land use planning, lack of BIPOC engagement in planning, under-investment in BIPOC neighborhoods, and the threat of BIPOC displacement through gentrification.
- Racial inequities in land use and housing foster and sustain residential racial segregation and racial disparities in homeownership, housing burden, and access to community amenities.
- Land use and housing decisions that prioritize racial equity in planning and that increase affordable housing in well-resourced neighborhoods, increase investments in BIPOC communities, and manage redevelopment to prevent displacement offer the greatest promise for advancing RESJ.

¹⁶ See the Appendix for a description of key land use decisions shaped by local government policy and action.

A. Policy Drivers of Racial Inequities in Land Use and Housing

There is a tendency to attribute land use and housing inequities and disparities by race and ethnicity to personal choices and flaws among BIPOC people without economic resources. Researchers, however, cite the history of government and private sector policies, programs, and practices as the determinants of racial inequities in land use and housing.¹⁷ As observed by the Federal Reserve Bank of Minneapolis, the effects of past discrimination linger “resulting in lower values and overall long-term disinvestment in (Black and Latinx) communities.”¹⁸

This section summarizes how government policies and practices, as well as how private sector policies and actions, have fostered racial inequities in land use and housing that contribute to racial disparities in housing and other opportunities. This section also highlights how these inequities affect the quality of life for BIPOC residents. It is presented in two in parts:

- 1. Historic Tactics of Racialized Land Use and Housing** describes historical racial inequities in land use and housing policies whose legacies impact land use and housing opportunities today; and
- 2. Contemporary Tactics of Racialized Land Use and Housing** describes contemporary racial inequities in land use and housing policies that also shape current land use and housing opportunities today.

Together, historic and contemporary racial inequities in land use and housing have created and reinforced racial segregation in housing and opportunities whereby thriving White communities were created to the exclusion of BIPOC. As described by the Urban Institute:¹⁹

“America’s separate and unequal neighborhoods did not evolve naturally or result from unfettered market forces. Rather, they resulted from plans, policies, and practices of racial exclusion and disinvestment that primarily targeted Black people and laid the foundation for the segregation of other people of color. These policies and practices systematically denied Black people access to well-resourced and opportunity-rich [White] neighborhoods while denying the neighborhoods where they and other people of color live access to resources and investments.”

In sum, residential segregation by race and ethnicity and disparities in housing and other opportunities described in the next section reflect both prior and current policy decisions in land use and housing rather than random outcomes or differences in behavior among various demographic groups. Since current housing disparities reflect policy decisions that fostered and sustained housing inequities by race and ethnicity, policies and resources can be developed and applied to reverse these trends.

¹⁷ Margery Austin Turner and Solomon Greene, “Causes and Consequences of Separate and Unequal Neighborhoods,” Urban Institute, <https://www.urban.org/racial-equity-analytics-lab/structural-racism-explainer-collection/causes-and-consequences-separate-and-unequal-neighborhoods>

¹⁸ Alyssa Augustine, “Fed’s Racism and the Economy” series explores housing inequity, Federal Reserve Bank of Minneapolis, March 5, 2021

¹⁹ Turner and Greene

1. Historic Tactics of Racialized Land Use and Housing.

The Othering and Belonging Institute has identified eight “tactics” of racialized housing – sets of governmental and private sector policies - that have fostered racial segregation, exclusion, and dispossession across the country.²⁰ These and other tactics describe historical racial inequities in land use and housing. Chart 1 summarizes nine historic tactics of racialized land use and housing. Descriptions of how each tactic has fostered racial inequities and disparities in housing and land use locally follow.

Chart 1: Historical Tactics of Racialized Housing and Land Use

Types of Tactics	Examples of Tactics
State Violence and Dispossessions	<ul style="list-style-type: none"> • Forced removal from land and housing. • Racialized rights to property ownership. • Police enforced containment to certain areas and neighborhoods. • State-sponsored terror targeting specific groups of people of color. • Justification through association of race with criminality and immorality.
Extrajudicial and Militia Violence	<ul style="list-style-type: none"> • Violence carried out by individuals or groups outside of government. • Acts like arson, assault, lynching, and threats of violence. • Enabled by impunity or endorsement from police, prosecutors, courts, media outlets and others. • Sometimes formalized as public threats, such as “Sundown towns.”
Exclusionary Zoning	<ul style="list-style-type: none"> • Zoning codes and regulations often justified by public health rationales that exclude communities by race, ethnicity, and income by increasing housing costs and making them unaffordable for many BIPOC residents. • Examples of exclusionary zoning codes include neighborhoods zoned exclusively for single family houses, and zoning codes requiring minimum lot or home sizes.
Creation of White-Only Suburbs	<ul style="list-style-type: none"> • Federal programs to support White homeownership via the Home Owners’ Loan Corporation, Federal Housing Administration, and Veteran’s Administration. • Creation of new suburban communities exclusively for White residents.
Racially Restrictive Covenants and Bylaws	<ul style="list-style-type: none"> • Clauses in contracts and property deeds that forbid the resale and sometimes the rental of such property to non-whites, particularly Blacks. • After the Supreme Court decided that racially restrictive covenants could not be legally enforced, many White communities continued to bar BIPOC from purchasing property in their communities by requiring potential buyers to become community members before purchasing and prohibiting BIPOC purchasers from becoming community members to keep their communities segregated.

²⁰ Eight tactics identified by Eli Moore in “Roots, Race & Place: Origins of Racial Exclusion and Dispossession in Bay Area Housing” Presentation, Othering and Belonging Institute at UC Berkeley, June 2021: state violence and dispossession, extrajudicial and military violence, exclusionary zoning, racially restrictive covenants and bylaws, racialized public housing policies, loss of Black-owned land, racial steering and blockbusting, and municipal fragmentation and White flight. Ninth tactic listed is creation of White-only suburbs.

Chart 1: Tactics of Racialized Housing and Land Use, Continued

Types of Tactics	Examples of Tactics
Racialized Public Housing Policies	<ul style="list-style-type: none"> • Wartime public housing was officially segregated with few exceptions. • The construction of public housing for White and Black people was unequal. • Location of public housing was also racialized. • Due to “racial rationing,” fewer public units were available to Black families. • Opposition to public housing justified through “color-blind” appeals.
Displacement and Loss of Black-Owned Land	<ul style="list-style-type: none"> • Demolition and redevelopment of predominantly Black neighborhoods. • Through eminent domain, local redevelopment agencies condemned areas as “blighted” and seized properties from homeowners and tenants. • Poor housing conditions, a direct result of segregation and institutional disinvestment, were blamed on residents themselves. • Publicly funded infrastructure replaced Black neighborhoods and was designed to serve predominantly White commuters and business interests.
Racial Steering and Blockbusting	<ul style="list-style-type: none"> • “Steering” is the practice of guiding prospective homebuyers toward or away from certain neighborhoods based on race. • “Blockbusting” was the practice of provoking White fear of racial change in neighborhoods for the real estate industry to profit from the transactions. White-owned homes were sold for low prices to realtors and were re-sold to Black families at inflated prices through predatory funding schemes. • Practices were perpetuated through industry guidelines, intimidation of realtors or community members who were willing to do business with BIPOC, and intimidation of new or prospective BIPOC residents.
Municipal Fragmentation and White Flight	<ul style="list-style-type: none"> • White homeowners leaving areas of increasing diversity for newly incorporated suburbs, which provided mechanisms for local political power to keep those new communities exclusive. • Municipal fragmentation allows local governments to retain significant authority over their taxing and planning in ways that promote racial segregation and exclusivity. • Federal and state governments facilitated this process by “delegating to individual municipalities the power to incorporate, tax, spend tax revenues exclusively on those who live within municipal boundaries, and critically, to control their respective land use, primarily through the zoning power.”

State Violence and Dispossession. Indigenous Americans affiliated with the Piscataway Nation lived in the area known as Montgomery County when Europeans first colonized the area in the 17th Century.²¹ In the 1630s, Europeans began to settle in Maryland and launch military expeditions against the Indigenous peoples.²² For next hundred years, the colony went to war against the Indigenous, entered into and then broke treaties, and continued to encroach upon Indigenous lands.²³ By 1744, the chiefs of Six Nations relinquished all claims to Maryland, left, and joined Iroquois nations north in Pennsylvania, New York, and Ontario, Canada.²⁴ Some bands, however, eventually returned to Maryland and settled in present-day Charles and Prince George's Counties.²⁵

In 1688, the earliest colonial land grants in present day Montgomery County began to carve up the land and names were attached to large tracts that formed the basis for a plantation economy reliant upon enslaved African labor that lasted until the Civil War.²⁶ Under British and U.S. governments, the forced dispossession of land from Native peoples followed a "logic of economic profit and racial hierarchy that became institutionalized through law, establishing a thread of racial capitalism, which carries through to the more contemporary forms of racial exclusion in housing."²⁷ By 1790, Montgomery County had 18,000 residents: about two-thirds were White and the remainder primarily Black and enslaved.²⁸ Tobacco was the dominant crop and local transportation networks connecting small towns and hamlets helped to support the economy.²⁹

Extrajudicial and Military Violence. Before and after the Civil War, the County relied on government-sanctioned violence to sustain the racial hierarchy. This included the use of militia to apprehend formerly enslaved Africans who were seeking freedom and the lynching of Black men in the late 19th Century.³⁰ Further, the Civil War and the collapse of the plantation system reconfigured the County.³¹ Racially- and class-segregated communities began emerging, which remained mostly rural and agricultural well into the 20th Century. White towns, with names like Rockville, Poolesville, and Gaithersburg developed while a small network of Black communities composed of descendants who were free before the Civil War and newly free emerged.³² These Black communities included Scotland, Emory Grover, Ken-Gar, Lyttonsville, and Good Hope.³³

²¹ David Rothstein, Baltimore and Ohio Railroad, Metropolitan Branch Bridge 9A (Talbot Avenue Bridge), Silver Spring, Maryland – Written Historical and Descriptive Data. Historic American Engineering Record (HAER No. MD-195), National Park Service, U.S. Department of the Interior, 2019

²² Maryland at a Glance, Historical Chronology. Maryland Manual On-Line, State of Maryland, Accessed June 3, 2024

²³ Ibid

²⁴ Ibid

²⁵ Matthew McKnight, The Remarkable Survival and Resilience of Maryland's Piscataway Peoples, The Maryland Historical Trust Blog, November 24, 2023 <https://mdhistoricaltrust.wordpress.com/tag/native-american/>

²⁶ David Rothstein

²⁷ Roots, Race & Place: A History of Racially Exclusionary Housing in the San Francisco Bay Area, Haas Institute for a Fair and Inclusive Society Public Education Report, UC Berkeley, June 2021

²⁸ David Rothstein

²⁹ Ibid

³⁰ See Eugene Meyer, A Shameful Past, MoCo360, March 29, 2021; 2021 Reimagining Public Safety Task Force Recommendations Report, Montgomery County, Maryland, February 2021, page 7 <https://www.montgomerycountymd.gov/rps/Resources/Files/reports/rps-task-force-recommendations-report.pdf>

³¹ David Rothstein

³² Ibid

³³ Ralph Buglass, Montgomery County, Maryland Historic African-American Communities, Montgomery History, August 2023

As observed by Richard Rothstein, “[d]uring much of the twentieth century, police tolerance and promotion of cross burnings, vandalism, arson, and other violent acts to maintain residential segregation was systematic.”³⁴ For example, Silver Spring was known as a “sundown suburb” where White residents threatened violence against Black people located within its borders after dark.³⁵

Exclusionary Zoning. Exclusionary zoning refers to local zoning codes that are designed to exclude communities by race, ethnicity, or income. Examples of exclusionary zoning include neighborhoods zoned exclusively for single family houses as well as zoning codes requiring minimum lot or home sizes. These regulations increase the cost of housing and make them unaffordable to many BIPOC residents.³⁶ While racially segregated housing was the rule in many communities before zoning began, zoning shifted and reinforced segregated housing. Whereas Black and White families were concentrated on different streets, zoning fostered wider expanses of segregation by community and neighborhood.

Of note, the Supreme Court found explicit racial zoning to be unconstitutional in 1917. Yet, with encouragement and guidance from the federal government, localities continued to perpetuate racial segregation through exclusionary zoning, where middle-class neighborhoods were designated for single-family homes with the open racial intent of “prevent[ing] lower-income African Americans from living in neighborhoods where middle-class [W]hites resided.”³⁷ Moreover, since White people sought racially segregated neighborhoods, exclusionary zoning perpetuated racial inequity because the exclusion of BIPOC residents increased the value of White-owned land.

The General Assembly adopted a zoning ordinance for the County in 1927 and created the Maryland-National Capital Park and Planning Commission (M-NCPPC) following the Supreme Court decision declaring single family zoning constitutional.³⁸ M-NCPPC zoning power, eminent domain, and the review of subdivision applications were used to reinforce racial segregation in the County and to destroy Black neighborhoods that were in the way of development, parks, and roads for White residents.³⁹

Creation of White-Only Enclaves. Exclusionary zoning coupled with federal homeownership programs also fostered racial segregation through the creation of White-only enclaves. Homeownership programs created during the Great Depression – including the Home Owner’s Loan Corporation (HOLC), Federal Housing Administration, and Veterans Administration – facilitated stable homeownership and wealth creation for millions of White families while deliberately excluding Black families.

The practice of denying HOLC loans in Black neighborhoods based on color coded appraisal maps came to be known as redlining. Of note, a study of 409 HOLC loans by Montgomery Planning for the Mapping Segregation Project found that 400 of the loans were made to White residents in the County while seven were made to Black residents.⁴⁰

³⁴ Richard Rothstein, *The Color of Law*

³⁵ *Ibid*

³⁶ Saki Bailey et al., *How Racism Shaped the Housing Crisis and What We Can Do About It*, Shareable, page 8

³⁷ Richard Rothstein, page 48

³⁸ Marty Swaim, *A Very Brief History of Segregated Neighborhoods in Montgomery County, Challenging Racism: Getting Started through Stories and Conversations*, July 20, 2020, pages 23-24

³⁹ *Ibid*

⁴⁰ “Briefing on Mapping Segregation Project,” Montgomery Planning, November 23, 2022.

https://montgomeryplanningboard.org/wp-content/uploads/2022/11/Mapping-Segregation-Staff-Report_12-1-22.pdf

Racially Restrictive Covenants and Bylaws. Racially restrictive covenants reinforced the creation of White-only enclaves that limited residential options for Black people and solidified racial segregation. Racial “covenants barred primarily Black residents (as well as Jewish and Asian residents to a lesser extent) from new communities and constrained expansion of existing neighborhoods.”⁴¹ With racial covenants, a single developer could “limit access to dozens of dwellings in perpetuity to create racially homogenous White neighborhoods, which were considered desirable.”⁴²

An analysis by Montgomery Planning for the Mapping Segregation Project found widespread use of racial restrictive covenants in Silver Spring and the greater Downcounty Planning Area.⁴³ These covenants “legitimized the false belief that diversity led to economically depressed neighborhoods, established a baseline of racial exclusivity, and influenced the socio-economic growth of Montgomery County for the first 70 years of the 20th Century.”⁴⁴ While the Supreme Court found racially restrictive covenants to be unenforceable by government in 1948, private citizens were permitted to include these covenants in land records.⁴⁵ In turn, the County’s White population more than doubled between 1950 to 1960 from 164,401 to 340,928 persons compared to a ten percent increase in the Black population from 10,330 to 11,527 residents.⁴⁶ Whereas Black people accounted for more than a third of the County’s population in 1900, they accounted for only three percent of County residents in 1960.⁴⁷

Racialized Public Housing Policies. Government funded housing projects through the Lanham Act, the Public Works Administration, and the U.S. Housing Authority “creat[ed] or solidif[ied] racial residential segregation in every metropolitan area they had touched.”⁴⁸ Housing projects for White tenants typically had superior facilities, amenities, services, and maintenance than projects for Black tenants. Like elsewhere, Montgomery County also reinforced racial segregation with its public housing policies for returning World War II veterans with low family incomes.⁴⁹ Temporary housing for White veterans were built at Columbia Union College in Takoma Park and along Sligo Creek Parkway near Silver Spring while temporary housing for Black veterans was built near Forest Glen.⁵⁰

Displacement and Loss of Black-Owned Land. Post emancipation, Black people established 40 settlements across the County.⁵¹ Yet, as the County’s White population boomed between 1900 and 1960, many Black residents were pushed into increasingly concentrated spaces that became pockets of poverty. The County’s historically Black communities often turned into “rural ghettos” that lacked running water and paved streets and where single-family homes became over-crowded tenements. Pressured by encroaching White suburbanization and industry, many rural Black communities began disintegrating and experienced disinvestment and displacement.

⁴¹ Montgomery Planning, Attachment A: Working Draft of the Mapping Segregation Report: Racial Restrictive Covenants, Black Homeownership, and HOLC Loans in the Downcounty Planning Area, December 1, 2022. page 12

⁴² Ibid

⁴³ Ibid

⁴⁴ Ibid

⁴⁵ Ibid, page 25

⁴⁶ Ibid

⁴⁷ Ibid

⁴⁸ Richard Rothstein, page 25

⁴⁹ Montgomery History, How Montgomery County Grew in the 1950’s.

⁵⁰ MacMaster, pages 331-332, cited by Montgomery History

⁵¹ Heritage Montgomery, Early African American Communities. Accessed June 3, 2024

<https://www.heritagemontgomery.org/moco-history/historic-african-american-communities/early-history-local-african-american-communities/>

The disinvestment and displacement of historically Black communities was exacerbated by urban renewal policies, eminent domain, and rezoning sites from residential to industrial uses. For example, the draft plan of Thrive Montgomery 2050 observed that:

“Some communities suffered the devastating impacts of urban renewal policies of the 1960’s. Others faced pressure to sell their houses or farms to developers for housing subdivisions. These communities declined because an accumulation of racially motivated actions paired with social, political, and economic circumstances. The very few of these communities that survived in some way include Ken-Gar in Kensington, Lyttonsville in Silver Spring, River Road in Bethesda, Scotland in Potomac, Stewartown in Gaithersburg, and Tobytown in Travilah.”⁵²

Swaim further observes that the loss of Black-owned land “meant that many Black landowners lost the equity that they had built up in previous years and any future equity in the growing county suburbs.”⁵³

Racial Steering and Block Busting. Racial steering and block busting have also reinforced racial segregation in housing. Racial steering refers to realtors only showing prospective BIPOC buyers/renters housing in BIPOC communities and only showing prospective White buyers/renters housing in White communities. Conversely, block busting refers to realtors capitalizing on White fear of racial integration by encouraging White homeowners to sell their homes in integrating communities for low prices and to then resell the homes to Black families at inflated prices.

Historically, realtors, mortgage companies, civic associations, and apartment complexes engaged in racial steering in Montgomery County through the 1970s by preventing Black residents from owning or renting in the County except in historical Black enclaves. As observed by Montgomery Planning:⁵⁴

- Racial steering and threats of violence were used to prevent Black homeownership;
- Racial steering artificially constrained Black population growth during the 20th Century;
- Real estate professionals were unwilling to show Black people properties in all-white communities for fear of censure or boycotts;
- Agreements between real estate professionals, lenders, and improvement associations prohibited sales to people of color; and
- Apartment managers and owners routinely denied persons of color rental housing.

It is likely that block busting in the County also occurred with White families migrating to the western side of the County as BIPOC families moved into neighborhoods on the eastern side of the County.

Municipal Fragmentation and White Flight. Municipal fragmentation refers to the power that federal and state governments have delegated to local governments to incorporate, tax, and spend tax revenues exclusively on those who live within their boundaries and to control their respective land use primarily through zoning power. Municipal fragmentation allows local jurisdictions to retain significant authority over their taxing and planning in ways that can promote racial segregation and exclusivity.

⁵² Nspiregreen and Public Engagement Associates, page 48

⁵³ Swaim, page 19

⁵⁴ Montgomery Planning, Attachment A.

Historically, municipal fragmentation has enabled White flight: the exodus of White residents from increasingly diverse communities to predominantly White ones. During the 20th Century, housing opportunities in White-only enclaves were a lure for White migration to Montgomery County following the integration of public schools in the District of Columbia and Prince George’s County.⁵⁵ White-only enclaves also attracted White residents migrating to the Washington area from other parts of the country as demand for federal workers increased.⁵⁶ The desire of many White residents to reside in predominately White neighborhoods coupled with the power of municipalities to create racially exclusive communities enabled the creation and reinforcement of residential segregation by race, ethnicity, and income.

2. Contemporary Tactics of Racialized Land Use and Housing.

In addition to the legacy of historical racial inequities, there are contemporary racial inequities that foster racial and social disparities in land use and housing. Chart 2 summarizes six contemporary tactics of racialized housing and land use from a review of relevant research followed by descriptions of how these tactics manifests nationally and locally.

Chart 2: Contemporary Tactics of Racialized Housing and Land Use

Types of Tactics	Examples of Tactics
Absence of Meaningful BIPOC Engagement	<ul style="list-style-type: none"> • Reliance on neighborhood power structures for community engagement dominated by affluent and predominantly White single-family homeowners • Reliance on community engagement approaches that often exclude BIPOC and lower-income stakeholders (e.g. letter and public hearings)
Inequitable Land Use Planning	<ul style="list-style-type: none"> • Ignore historic and contemporary inequities in planning and housing • Prioritize property owners rather than all residents that include renters • Prioritize single family home neighborhoods rather than all communities, including multi-family unit communities • Inadequate focus on equitable economic development • Inadequate focus on environmental justice
Exclusionary Zoning	<ul style="list-style-type: none"> • Zoning restrictions on multi-family dwellings, affordable homes, group homes, and housing for under-served groups (e.g. persons with disabilities) in residential areas zoned exclusively for single-family homes. • Density restrictions in residential areas and large lot requirements
Biased Lending, Appraisals, and Enforcement	<ul style="list-style-type: none"> • Predatory lending in BIPOC communities • Racial bias in home appraisals • Inadequate enforcement of anti-discrimination laws

⁵⁵ See Kathryn Zickuhr, *Discriminatory Housing Practices in the District: A Brief History*, D.C. Policy Center, October 24, 2018; Kilolo Kojakazi, et. al., *The Color of Wealth in the Nation’s Capital*, the Urban Institute, November 1, 2016

⁵⁶ Montgomery Planning, Attachment A.

Chart 2: Contemporary Tactics of Racialized Housing and Land Use, Continued

Types of Tactics	Examples of Tactics
Inadequate Investment and Zoning in BIPOC communities	<ul style="list-style-type: none"> • Inadequate investment in infrastructure and amenities based on historic under-investments and current community needs. • Prioritize business interests over public health in BIPOC communities. • Neither track nor analyze data to understand disparities in capital investments or land use enforcement by community or demographics
Risk of BIPOC Displacement through Gentrification	<ul style="list-style-type: none"> • Focus on racially and socioeconomically integrating low-income BIPOC communities without commensurate focus on integrating higher-income or predominantly White communities. • Few safeguards aimed at maintaining existing affordable housing in neighborhoods at risk of gentrification (e.g. community trust, rent control)

Inadequate Engagement with BIPOC Stakeholders in Land Use Planning. Effective land use planning requires “public participation and meaningful outreach to all populations so that all people have a voice and access to decision-making.”⁵⁷ Yet, for decades, jurisdictions have relied on neighborhood power structures dominated by affluent and predominantly White single-family homeowners to inform land use planning. In the County, this includes civic associations which have disproportionately advocated for the interests of predominantly White and affluent single family home communities.

An over-reliance on civic associations to engage community members in land use planning has resulted in decisions and resource allocations that disproportionately benefit higher-income and predominantly White single-family neighborhoods. The over-reliance on civic associations for community engagement has also led to the denial and under-funding of land use projects and resources that could benefit lower-income, majority BIPOC communities.

Contemporary land use planning processes continues to inadequately engage BIPOC stakeholders while privileging White constituents. More specifically, Planning’s community engagement processes often rely on neighborhood power structures such as homeowners’ associations that are dominated by single-family home communities that are disproportionately White and affluent. For example:

- BIPOC community engagement was largely absent from the development of Thrive Montgomery 2050. The Council partnered with Nspiregreen and Public Engagement Associates to solicit the perspectives of BIPOC stakeholders about their vision for land use in the County. However, the general plan that was enacted disproportionately reflected the perspectives of White constituents residing in predominantly White and affluent single-family neighborhoods rather than BIPOC constituents residing in predominantly BIPOC, moderate- or low-income neighborhoods.

⁵⁷ American Planning Association

- BIPOC community engagement has also been inadequate for master plans such as the Silver Spring Downtown and Adjacent Communities Plan enacted in 2022. Whereas 30 percent of residents in the plan area identified as Black and 48 percent identified as White, only 8 percent of community engagement participants identified as Black compared to 77 percent of participants who identified as White.⁵⁸

In their RESJ review of Thrive Montgomery 2050, Nspiregreen and Public Engagement Associates observed that:⁵⁹

“Historically, there has frequently been an atmosphere of distrust around planning because there are often limited opportunities for everyday citizens to participate and truly be empowered in making the important decisions regarding the future growth and development of their communities. This dynamic is compounded by a legacy of exclusion reinforced through racism and classism. Generally speaking, power and decision-making authority in planning has been reserved for those with privileges associated with wealth, education, race and/or social status. This imbalance has contributed to a dynamic where the interests of ‘capital’ have often trumped the interest of the public good.”

In sum, community engagement efforts that do not engage BIPOC stakeholders in ways that are proportionate to their share of the population can contribute to land use decisions that too often benefit the privileged few rather than the public good and BIPOC constituents at large.

Inequitable Land Use Planning. Comprehensive land use plans are supposed to prioritize three goals: equity, economic development, and the environment.⁶⁰ Yet, a study of comprehensive plans found that most did not talk about equity, nor did they include many goals or recommendations that could advance equity.⁶¹ The study’s authors found that one of the biggest deterrents to prioritizing equity in general plans was the difficulty among planners in recommending a redistribution of land uses away from the status quo. They recommended that plans make equity a guiding principle and identify vulnerable people and communities to ensure they are protected from hazards and have equitable access to amenities.

Thrive Montgomery 2050 was similarly developed to prioritize equity, the environment, and economic development among other goals such as affordable housing and development along transit corridors. While there is acknowledgement that the County’s land use decisions throughout much of the 20th century “used zoning to build parks, and to approve permits and amenities for all White developments,”⁶² Thrive 2050 does not offer specific solutions aimed at addressing historic or contemporary racial inequities in land use that foster racial disparities.

⁵⁸ Montgomery Planning, Silver Spring Downtown and Adjacent Communities Plan, Appendix A: Demographics and Silver Spring Downtown and Adjacent Communities Plan Community Engagement Report.

⁵⁹ Nspiregreen and Public Associates, page 44

⁶⁰ Carolyn Loh and Rose Kim, Are We Planning for Equity: Equity Goals and Recommendations in Local Comprehensive Plans, Journal of the American Planning Association, 2020

⁶¹ Ibid

⁶² Swaim, page 19

To describe the potential for land use planning to advance RESJ, in their RESJ review of Thrive 2050 Nspiregreen and Public Engagement Associates observe that:⁶³

“While capitalism’s market theory has its merits, one of its flaws is that it has no mechanism by which externalities (like pollution) get paid for. Planning’s prescriptions are designed to correct for market failure(s) when the market is not able to correct itself. As such, planning is one of the primary tools available to us to deal with the problems of racial inequities and social injustices, which most often show up in the form of segregation, poverty, and its associated impacts.”

In sum, to help address racial inequities and social injustices in land use that most often show up in the form of segregation and poverty, land use planning and resulting plans must meaningfully prioritize RESJ.

Exclusionary Zoning. Exclusionary zoning refers to the use of zoning to exclude persons with limited resources from well-resourced communities. One goal of zoning is to promote public health outcomes by separating incompatible land uses like residential areas from industrial areas. However, another impact of zoning has been to segregate people by race, ethnicity, and income. For example, zoning limits the building of multi-family dwellings, affordable homes, group homes for persons with disabilities, and housing for underserved groups in residential areas zoned exclusively for single-family homes. This excludes people in need of these housing options from communities that are often rich in resources.

Exclusionary zoning continues to foster socioeconomic and racial segregation. Research across 95 metropolitan areas found that density restrictions in land use created concentrations of poverty and wealth.⁶⁴ This study found that density restrictions exacerbated the concentration of affluence such that the wealthy walled themselves off from less affluent households.⁶⁵ Another study found that density restrictions contributed to higher housing prices and economic segregation.⁶⁶ These findings are consistent with the theory that exclusionary zoning enables opportunity hoarding that channels amenities into affluent communities and denies those assets to lower-income communities.⁶⁷

Regarding exclusionary zoning locally, the Metropolitan Washington Regional Fair Housing Plan for Montgomery County found that:

- “Montgomery County’s zoning laws are a significant impediment to fair housing. Zoning laws allow apartments on less than two percent of county land and more than one-third of the county is restricted to single family homes.”⁶⁸

⁶³ Nspiregreen and Public Associates, page 44

⁶⁴ Study by Michael C. Lens and Paavo Monkkonen cited by Richard Florida and CityLab, “The Segregation that Zoning Inflicts on Cities” The Atlantic, January 5, 2016

⁶⁵ Ibid

⁶⁶ Stephen Menedian, Samir Gambhir, and Chin-Wei Hsu, “Single-Family Zoning in Greater Los Angeles” Othering and Belonging Institute, UC Berkeley, March 2, 2022

⁶⁷ Richard Reeves, Commentary: ‘Exclusionary zoning’ is opportunity hoarding by upper middle class. Brookings. May 24, 2017

⁶⁸ Metropolitan Washington Regional Fair Housing Plan, Montgomery County, Metropolitan Washington Council of Governments, November 2023, page 185 https://www.mwcog.org/assets/1/28/MoCo_final_withcover1.pdf

- The County has “(a)ttempted to relax zoning restrictions to allow low- and moderate-income housing in 2010 by introducing a new zoning designation: commercial/residential” in select areas. Areas zoned commercial/residential account for only a tiny percentage of the County.⁶⁹
- Yet, in 1980, the County set aside nearly a third of its land mass (93,000 acres) for the Agricultural Reserve that limits residential development to one home per 25 acres.⁷⁰

Collectively, these exclusionary zoning policies in Montgomery County reinforces racial and socioeconomic segregation in housing and limits the supply of housing, including affordable housing.

Biased Lending, Appraisals, and Enforcement. Biased lending refers to predatory lending practices where higher interest loans are targeted to BIPOC borrowers and communities regardless of their credit history. Biased lending also refers to discrimination in home financing where BIPOC applicants are rejected for loans at higher rates regardless of their incomes and credit histories. Biased appraisals refer to appraising homes in BIPOC communities for less than their actual market value. Both biased lending and appraisal practices increase the cost of housing for BIPOC households.

Researchers have consistently found that BIPOC borrowers, especially Black borrowers, are targeted for subprime loans.⁷¹ Subprime loan holders pay more in financing costs and experience a higher risk of foreclosure.⁷² Starting in the 1970s, most Black borrowers - including those with higher incomes, good credit, and/or a positive financial history - were steered to subprime loans. As a result, Black people disproportionately lost more wealth from home foreclosures when the housing market collapsed.⁷³

Researchers have also found that BIPOC homeowners, especially Black homeowners, receive considerably lower valuations for their homes compared to White homeowners suggesting racial discrimination in home appraisals. For example, an analysis from Brookings found that, relative to neighborhoods with very few or no Black residents, homes of similar quality in majority Black neighborhoods with similar amenities were worth 23 percent less, or \$48,000 per home on average.⁷⁴

⁶⁹ Ibid

⁷⁰ Ibid, page 186

⁷¹ Williams, Richard et al. 2005. “The Changing Face of Inequality in Home Mortgage Lending.” *Social Programs* 52(2):181-208; “State of Housing in Black America.” and “Unequal Burden: Income and Racial Disparities in Subprime Lending in America.” U.S. Department of Housing and Urban Development. cited in Bread for the World, *Racial Wealth Gap Simulation Policy Guide*, 2018 <https://www.bread.org/sites/default/files/racial-wealth-gap-policy-packet.pdf>

⁷² Ibid

⁷³ U.S. Department of Housing and Urban Development 2000d. “Unequal Burden: Income and Racial Disparities in Subprime Lending in America.” HUD User Policy Development and Research Information Service; Bocian, Debbie Gruenstein, Wei Li, and Keith S. Ernst. “Foreclosures by Race and Ethnicity: The Demographics of a Crisis.” Center for Responsible Lending. June 2010 cited by Bread for the World, 2018

⁷⁴ Andre M. Perry, Jonathan Rothwell, and David Harshbarger, “The Devaluation of Assets in Black Neighborhoods: The Case of Residential Property,” The Brookings Institution, November 27, 2018. <https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/>

A 2022 report from the National Fair Housing Alliance’s provides a detailed background on bias in the home appraisal industry. The report describes that:⁷⁵

- The appraisal system in the U.S., shaped largely by HOLC race-based appraisal policies, has historically undervalued homes in communities of color;
- Appraisal principles and practices have perpetuated an unfounded association between risk and race of homeowners and community residents;
- Discrimination in appraisals continues on an individual and systemic basis;
- Appraisal discrimination is one of the key drivers of today’s wealth gap;
- Discretion in the appraisal system can also be used to overvalue homes and target people of color for predatory loans, further reducing the wealth of communities of color; and
- The appraiser workforce suffers from a lack of diversity, whereby 96.5 percent of property appraisers are White and about 70 percent are men.

The inadequate enforcement of housing anti-discrimination laws is another contemporary racial inequity in housing. Although the intent of the federal Fair Housing Act is to prevent discrimination in housing and to advance racial integration in housing, neither goal has been implemented consistently. Federal, state, and local civil rights offices responsible for investigating discrimination complaints and proactively enforcing fair housing laws have rarely been sufficiently funded.⁷⁶ Moreover, provisions to affirmatively further fair housing with the goal of reversing racial segregation have been largely ignored by policymakers.

Inadequate Investment and Zoning in BIPOC Communities. Another contemporary driver of racial inequity in land use and housing is inadequate investment and zoning in BIPOC communities. As previously noted, zoning was used to create and reinforce a racial hierarchy in local land use. Zoning was used to build parks and amenities for all White communities while siting environmentally risky land uses with public health risks in BIPOC communities. For example, Lyttonsville, a historically Black community west of downtown Silver Spring that lacked paved roads and sewer systems until the 1960s, is zoned adjacent to industrial areas. Yet, the County ensured that White developments surrounding Lyttonsville were built with paved roads, water, sewers, and electricity and cited adjacent to non-industrial areas.⁷⁷

Contemporary drivers of inadequate investment and zoning in BIPOC communities locally include:

- A lack of RESJ prioritization or consideration in capital investment and code enforcement efforts;
- The allocation of scarce public resources to infrastructure and amenities based on complaints or community influence rather than on an objective analysis of community need;
- An absence of data collected or analyzed on land use investments and zoning decisions by race, ethnicity, or community to help inform data-driven decision making in land use; and
- Over-reliance on the adequate public facilities ordinance that often allocates scarce infrastructure investments to more affluent communities with new development rather than to existing BIPOC communities that often have the greatest need.

⁷⁵ Part I: Background, “Identifying Bias and Barriers, Promoting Equity: An Analysis of USPAP Standards and Appraiser Qualifications Criteria,” National Fair Housing Alliance, January 2022.

<https://nationalfairhousing.org/issue/issue-appraisal-bias/>

⁷⁶ See for example Keeanga-Yamahtta Taylor description of under-funding of HUD civil rights division efforts described in *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*, 2019

⁷⁷ Swaim

As a result of these inadequate investments and zoning in BIPOC communities locally, Nspiregreen and Public Engagement Associates observed BIPOC stakeholders across Montgomery County perceive that amenities and zoning enforcement in the County is racialized.⁷⁸

Threat of Displacement through Gentrification. A final contemporary driver of racial inequity in land use is the threat of widening disparities in housing by race, ethnicity, and income because of displacement through gentrification. Historically, government policies have fostered racial segregation by concentrating White households in amenity-rich neighborhoods while concentrating BIPOC households in lower-income neighborhoods with fewer amenities and wealth building opportunities. The racial wealth gap, especially between White and Black households, is a legacy of racial segregation in land use rather than a result of differences in employment or education by race.⁷⁹

The passage of federal and local fair housing laws did not address racial disparities in housing and land use fostered by historical racial inequities in Montgomery County. Without reparations for communities and individuals specifically harmed by historic racial inequities, racial disparities in housing and land use have persisted. In their RESJ review of Montgomery County's current general plan, Thrive 2050, Nspiregreen and Public Engagement Associates, observed the following:⁸⁰

"In 2022, across America, we are still seeing communities of color disproportionately dealing with eroding infrastructure, substandard living conditions, and environmental justice issues like unsafe drinking water. These neighborhoods do not exist by coincidence, they were 'carved out' on the map, years ago, by people who wielded the 'dark side' of planning's power. Too often, when these communities are finally paid attention, the original residents are displaced and unable to benefit. The cycle of disinvestment and real estate speculation in communities of color have been well documented over time, making 'gentrification' one of the hottest issues impacting urban America today."

Given the dynamics of racial segregation in housing and land use, affordable BIPOC neighborhoods often include older, lower-quality housing, few community amenities, and higher density zoning codes as compared to predominantly White single-family neighborhoods. These conditions often make BIPOC neighborhoods especially attractive to developers for re-development. If re-development makes affordable communities attractive to higher-wealth households - which given the racial wealth gap will disproportionately be White and Asian, then residents in BIPOC neighborhoods, especially renters, could be displaced as housing costs rise result from an influx of wealthier households moving into re-developing communities.

Other local drivers of the risk of displacement through gentrification include:

- Depressed property values in BIPOC communities;
- Insufficient safeguards to maintain existing affordable housing stock (e.g. community land trusts, no fault evictions);
- Lack of affordable housing investments in gentrifying communities;

⁷⁸ Nspiregreen and Public Engagement Associates, Thrive Montgomery 2050: Racial Equity and Social Justice Review, 2022 https://montgomerycountymd.gov/exec/Resources/Files/RESJReport_9-2022.pdf

⁷⁹ See next chapter for discussion of the racial wealth gap.

⁸⁰ See page 45 or Nspiregreen and Public Engagement Associates

- Absence of affordable housing options in high-income communities; and
- Governmental focus on integrating affordable BIPOC communities without a commensurate focus on integrating higher-income and opportunity-rich predominantly White communities.

Of note, the development of the Purple Line, which will connect New Carrollton in Prince George's County to Bethesda in Montgomery County by transit, presents a displacement risk among the many households that reside in affordable housing units along the 16-mile corridor. Constituents along this route, especially BIPOC households in Langley Park, Takoma Park, Long Branch, and Silver Spring, could see their housing costs and burden increase significantly if redevelopment along the route triggers an influx of wealthier households that increase housing demand and prices.

B. Data on Racial Disparities in Land Use and Housing

What do land use and housing disparities by race and ethnicity look like particularly for Montgomery County? This subsection summarizes national and local data to describe racial and ethnic disparities across five indicators of land use and housing equity:

- Residential segregation;
- Homeownership;
- Discrimination in housing;
- Housing security; and
- Housing quality.

The data reviewed in this section show that land use and housing disparities by race and ethnicity are wide and pervasive both nationally and locally.

Residential Segregation. Historic and contemporary racial and social inequities in land use and housing manifest in the persistence of residential segregation. As recognized by the Urban Institute: “[a] typical [W]hite person lives in a neighborhood that is 75 percent [W]hite and only 8 percent African American, whereas a typical African American person lives in a neighborhood that is only 35 percent [W]hite and 45 percent African American.”⁸¹

As observed by the Othering and Belonging Institute, racial segregation does not benignly describe a practice where people choose to abide in communities with residents of similar racial, ethnic, and socioeconomic backgrounds.⁸² Instead, residential segregation reflects a racial and socioeconomic hierarchy where there are winners and losers in terms of opportunities and assets. They find that:

⁸¹ Margery Austin Turner and Solomon Greene, “Causes and Consequences of Separate and Unequal Neighborhoods,” Urban Institute, 2017

⁸² Eli Moore, Nicole Monojo, and Mauri, Nicole. Roots, Race, & Place. A History of Racially Exclusionary Housing in the San Francisco Bay Area, October 2019 <https://belonging.berkeley.edu/rootsraceplace>

“Segregation extracts wealth and creates barriers that exclude people of color from various resources. It functions to hoard these resources among the groups that are included and restrict the access of the excluded groups. Segregation meant that African Americans, Asian Americans, Latinx people, Native Americans, and other people of color were excluded from access to economic and educational opportunities, public investment, and other resources essential for building wealth, owning land, and attaining equitable economic power.”⁸³

Equity Focus Areas. Data compiled by Montgomery Planning on Equity Focus Areas illuminates residential segregation in Montgomery County. Equity Focus Areas (EFAs) refer to communities with high concentrations of BIPOC constituents, low-income households, and English language learners.⁸⁴ EFAs are primarily found along the I-270 Corridor, the Route 29 Corridor, and the eastern portion of the County.⁸⁵

As described in Tables 1 and 2, Latinx and Black residents were concentrated in EFAs, as were residents who spoke English less than well. Whereas 26.5 percent of the County’s population resided in EFA’s in 2018, 38.5 percent of Black and 48.4 percent of Latinx constituents and 44.6 of residents who did not speak English very well resided in EFA’s.

Table 1: Residents Inside and Outside of Equity Focus Areas by Race and Ethnicity, 2018

	% Inside of Equity Focus Areas	% Outside of Equity Focus Areas	Total Population
Population	26.5%	74.5%	1,040,133
<i>Percent by Race and Ethnicity</i>			
White	13.1%	86.9%	462,859
Black	38.5%	61.5%	184,104
Asian or Pacific Islander	24.7%	75.3%	151,859
Other Race	23.8%	76.2%	40,565
Hispanic or Latinx	48.4%	51.6%	200,746

Source: OLO calculations of 2018 American Community Survey data compiled by Montgomery Planning, 2021

As described in Table 1, about 26.5 percent of the County’s population resided in EFA’s in 2018 (275,873 of 1,040,133 County residents).⁸⁶ Yet, only 13 percent of White constituents resided in EFA’s compared to 39 percent of Black of constituents and 48 percent of Latinx constituents. Lower-income households were also concentrated in EFAs: 11.9 percent of households residing with EFAs had incomes below the poverty level compared to 5.1 percent of households outside the EFAs. Moreover, as described in Table 2, the average household income within the EFAs was \$89,950 compared to \$163,368 for households outside of the EFAs.

⁸³ Ibid

⁸⁴ Montgomery County Department of Planning. Equity Agenda for Planning. The Equity Focus Areas Analysis, 2020 <https://montgomeryplanning.org/planning/equity-agenda-for-planning/the-equity-focus-areas-analysis/>

⁸⁵ Ibid

⁸⁶ Demographic Profile of Equity Focus Areas & Area Outside of EFAs, Montgomery Planning, 2021. https://mcatlas.org/filetransfer/EFAs/Story_map/SB_Round2_StaticBGs/Demo%20profiles%20EFA%20Non-EFA%20MoCo%20ACS%202018.pdf

Table 2: Residents Inside and Outside of Equity Focus Areas by Income, English Proficiency, Educational Attainment, and Occupation, 2018

	% Inside of Equity Focus Areas	% Outside of Equity Focus Areas	Countywide Metric
County Population	26.5%	74.5%	1,040,133
Age 5+: Speak English Less Than “Very Well”	44.6%	55.4%	136,281
Age 16+: Management, Business, Science or Arts Occupation	18.3%	81.7%	312,620
Age 25+: Graduate/Professional Degree	14.9%	85.1%	227,924
People with Incomes Below the Poverty Line	11.9%	5.1%	6.9%
Average Household Income	\$89,950	\$163,368	\$144,723

Source: OLO calculations of 2018 American Community Survey data compiled by Montgomery Planning, 2021⁸⁷

Conversely, as observed in Table 2, White constituents, those with graduate or professional degrees, and those employed in management, business, science, and arts occupations were concentrated outside of EFA’s. Whereas 74.5 percent of the County’s population resident outside of EFA’s, 86.9 percent of White residents, 85.1 percent of constituents with graduate or professional degrees, and 81.7 percent of constituents in management, business, science, and arts occupations resided outside of EFA’s.

Demographic Profile of Council Districts. Data compiled by Montgomery Planning by Council district also demonstrates the persistence of residential segregation locally where in 2020:⁸⁸

- White residents were concentrated in the most affluent Council district, accounting for 69 percent of District 1 constituents (Bethesda, Chevy Chase, and Potomac) compared to 43 percent of County constituents overall. Approximately six in 10 District 1 households had incomes exceeding \$150,000 compared to one in 10 households that had incomes of less than \$50,000.
- Asian and Pacific Islander residents were concentrated in the next most affluent Council district, accounting for 20 percent of District 3 constituents (Rockville and Gaithersburg) compared to 15 percent of County constituents. About a third of District 3 households had incomes exceeding \$150,000 compared to a quarter of households that had incomes of less than \$50,000.
- Black and Latinx residents were concentrated in the least affluent districts (Districts 5 & 6) as:
 - Black residents accounted for 38 percent of District 5 constituents (White Oak, Colesville, and Burtonsville) vs. 18 percent of County residents. About a quarter of District 5 households had incomes above \$150,000 while another quarter had incomes of less than \$50,000.

⁸⁷ Equity Focus Areas and Area Outside of EFAs (2018), Research and Strategic Projects, Montgomery County Planning Department, M-NCPPC, March 2021
https://mcatlas.org/filetransfer/EFAs/Story_map/SB_Round2_StaticBGs/Demo%20profiles%20EFA%20Non-EFA%20MoCo%20ACS%202018.pdf

⁸⁸ Demographic Profile of Council Districts, Montgomery Planning, 2022. <https://montgomeryplanning.org/wp-content/uploads/2022/05/Montgomery-County-Council-District-Profiles-2022-1.pdf>

- Latinx residents accounted for 35 percent of District 6 constituents (Wheaton, Glenmont, and Aspen Hill) vs. 20 percent of County residents. About a quarter of District 6 households had incomes above 150,000 while less than a quarter had incomes of less than \$50,000.

Homeownership. Historic and contemporary racial and social inequities in land use and housing also manifest in the persistence of racial and ethnic disparities in rates of homeownership. An analysis of data in Table 3 shows that Black households have the lowest homeownership rates nationally and locally, while White households have the highest rates. Latinx households have the next lowest rate of homeownership at both levels while Asian households have a high rate of homeownership at the local level. In the County, the largest homeownership disparity is between Black and White households, with the homeownership rate of White households nearly double that of Black households.

Table 3: Homeownership Rate by Race and Ethnicity, United States and Montgomery County, MD⁸⁹

Race and ethnicity	United States	Montgomery County
All	65.4	65.7
Asian	62.7	69.1
Black	44.0	43.3
Native American	53.9	--
Native Hawaiian or Pacific Islander	44.3	--
White	72.6	77.1
Latinx	50.6	54.3

Source: Table S0201, 2021 American Community Survey 1-Year Estimates, Census Bureau.

Disparities in homeownership are often attributed to individual differences, especially in earnings and education. However, data suggests that structural factors are more to blame. An Urban Institute study of Census data from 2000 to 2017 found that, among people younger than 35, Black college graduates had lower homeownership rates than White households without a high school diploma. The study noted disparities in gender, credit scores, debt, and parental wealth as drivers of the homeownership gap.⁹⁰

Mortgage lending disparities. Racial disparities in mortgage denial rates contribute to lower rates of homeownership among BIPOC. A study of 2020 Home Mortgage Disclosure Act (HMDA) data by the Urban Institute found that Black borrowers had the highest mortgage denial rate (27.1 percent), followed by Latinx borrowers (21.9 percent), Asian borrowers (14.9 percent), and White borrowers (13.6 percent). Further, the study found that Black and Latinx borrowers experienced higher denial rates across loan purposes (i.e., purchase, improvement, refinancing) compared to White and Asian borrowers.⁹¹

⁸⁹ Latinx is an ethnicity rather than a race. Therefore, Latinx people are included in multiple racial groups throughout this chapter, unless where otherwise noted.

⁹⁰ Jung Hyun Choi and Laurie Goodman, “Why Do Black College Graduates Have a Lower Homeownership Rate Than White People Who Dropped Out of High School?” Urban Institute, February 27, 2020.

⁹¹ Jung Hyun Choi and Peter J Mattingly, “What Different Denial Rates Can Tell Us About Racial Disparities in the Mortgage Market,” Urban Institute, January 13, 2022.

A study of national HMDA data from 2018 to 2021 by the Minneapolis Fed found that Black applicants were 2.8 percentage points more likely than White applicants to have applications denied for a conventional 30-year mortgage. Asian and Latinx applicants were 2.1 and 1.4 percentage points more likely to be denied than White applicants. The analysis found that disparities remained even after controlling for various borrower characteristics, including loan amount, income, and credit score.⁹²

Discrimination in Housing. The Fair Housing Act of 1968 prohibits discrimination by race and other protected classes in renting, selling, and financing of housing.⁹³ While the law lifted many formal barriers to residential integration, discrimination in housing and lending markets persists “in ways that can be harder to detect and combat such as agents showing fewer units to well-qualified home seekers of color or screening applicants using algorithms with built-in biases.”⁹⁴

A review of national data demonstrates the persistence of housing discrimination by race. Nationally, 19 percent of housing discrimination complaints reported in 2021 were based on race compared to 17 percent in 2020.⁹⁵ Of note, the vast majority of all housing discrimination complaints (82 percent) allege discrimination in rental housing.⁹⁶ Further, a 2021 study of 25,000 interactions with rental property managers in the 50 largest U.S. cities found that Black and Latinx renters experienced widespread housing discrimination.⁹⁷ The report also found higher levels of discrimination were correlated with residential segregation and disparities in economic mobility.⁹⁸

A review of local data also finds housing discrimination by race, national origin, and color are significant drivers of housing discrimination complaints in the County. As noted in Table 4, the largest number of housing discrimination complaints submitted to the County’s Office of Human Rights were for income discrimination followed by discrimination by race, national origin, ancestry, and color.⁹⁹

⁹² Kim-Eng Ky and Katherine Lim, “The Role of Race in Mortgage Application Denials,” Federal Reserve Bank of Minneapolis, January 5, 2022.

⁹³ “History of Fair Housing,” U.S. Department of Housing and Urban Development.
https://www.hud.gov/program_offices/fair_housing_equal_opp/aboutfheo/history

⁹⁴ Turner, Margery and Solomon Greene, “Causes and Consequences of Separate and Unequal Neighborhoods” Structural Racism Explainer Collection, Urban Institute

⁹⁵ “2022 Fair Housing Trends Report,” National Fair Housing Alliance, November 30, 2022.
<https://nationalfairhousing.org/resource/2022-fair-housing-trends-report/>

⁹⁶ Ibid

⁹⁷ “Large National Study Finds Widespread Housing Discrimination,” National Low Income Housing Coalition, December 6, 2021. <https://nlihc.org/resource/large-national-study-finds-widespread-housing-discrimination>

⁹⁸ Ibid

⁹⁹ “2022 Fair Housing Trends Report,” National Fair Housing Alliance, November 30, 2022.
<https://nationalfairhousing.org/resource/2022-fair-housing-trends-report/>

Table 4: January 2009 to December 2014 Housing Discrimination Complaints, Montgomery County

Basis	Number of Claims	% of Claims
Source of Income	48	33.3
Race, National Origin, Ancestry, or Color	39	27.1
Disability – Physical or Mental	25	17.4
Children/Family	12	8.3
Retaliation	7	4.8
Marital Status	5	3.5
Religion	3	2.1
Sex/Gender	3	2.1
Age	2	1.4
Total Claims	144	100.0

Source: Adapted from Page 14 Table in 2015 Analysis of Impediments to Fair Housing Choice, Montgomery County.

Housing discrimination testing in the County also found direct evidence of discrimination based on source of income, as “[h]ousing providers were refusing to accept Housing Choice Vouchers (HCV).”¹⁰⁰ In 2018, 52 percent of HCV recipients nationwide were Black, 24 percent were White, 19 percent were Latinx, and three percent – were Asian or Pacific Islander.¹⁰¹

While racial discrimination in housing persists, the Urban Institute observes that “merely prohibiting individual acts of discrimination cannot reverse entrenched patterns of residential segregation” as intended with the Fair Housing Act’s “affirmatively furthering fair housing” requirements for federal housing and community development funds.¹⁰² They further observe, however, that “this requirement has been inconsistently and weakly enforced.”¹⁰³

Housing Security. Racial and social inequities in land use and housing also foster contemporary racial and ethnic disparities in housing security among renters, homeowners, and unhoused persons.

Renters. Lower rates of homeownership results in BIPOC making up a larger share of renters, whom generally have less economic security. Unlike the housing payments of mortgage holders, renters often have variable housing costs that are subject to increase, putting the long-term affordability of their housing at risk. Lower levels of incomes and wealth among renters as compared to homeowners further exacerbates their housing security risk. Nationally, the median wealth of renters was \$5,728 in 2020, compared to \$336,600 for homeowners.¹⁰⁴ Locally, the median household income of renters was \$72,005 in 2021 compared to \$117,345 for all households.¹⁰⁵

¹⁰⁰ “2015 Analysis of Impediments to Fair Housing Choice,” Montgomery County Department of Housing and Community Affairs, 2015. https://www.montgomerycountymd.gov/DHCA/community/fair_housing.html

¹⁰¹ “Policy Basics: The Housing Choice Voucher Program,” Center on Budget and Policy Priorities, April 12, 2021. <https://www.cbpp.org/research/housing/the-housing-choice-voucher-program>

¹⁰² Turner and Greene, page 3

¹⁰³ Ibid

¹⁰⁴ Hays and Sullivan

¹⁰⁵ Table S2503, Financial Characteristics, 2021 American Community Survey 5-Year Estimates, Census Bureau cited by Janmarie Pena, Racial Equity and Social Justice Impact Statement (RESJIS) for Bill 16-23, Office of Legislative Oversight (OLO), Montgomery County Government, March 27, 2023

As observed in Table 5, Black and Latinx households are overrepresented among the County’s renter households while Native American and Pacific Islander households are proportionately represented and White and Asian households are underrepresented.

Table 5: Percent of All and Renter-Occupied Households by Race and Ethnicity, Montgomery County¹⁰⁶

Race and ethnicity	All Households	Renter-Occupied Households
Asian	14.4	12.2
Black	18.0	30.0
Native American	0.3	0.3
Pacific Islander	0.1	0.1
White	55.0	40.5
Latinx	14.3	18.8

Source: Table S2502, 2021 American Community Survey 5-Year Estimates, Census Bureau

Data in Table 6 also shows that BIPOC renters are more likely to be cost-burdened which is defined as paying 30 percent or more of income on housing. A majority of Black and Latinx renter households were cost burdened nationally and locally compared to a minority of White and Asian renter households.

Table 6: Percent of Cost-Burdened Renter Households by Race and Ethnicity

Race/ethnicity	United States	Montgomery County
All	51.1	51.4
Asian	44.0	38.3
Black	57.9	56.6
Native American	50.5	--
Native Hawaiian or Pacific Islander	54.0	--
White	47.9	44.6
Latinx	54.8	63.3

Source: Table S0201, 2021 American Community Survey 1-Year Estimates, Census Bureau.

A household is considered severely cost burdened when it spends more than 50 percent of its income on housing.¹⁰⁷ In 2021, the Montgomery County Department of Housing and Community Affairs (DHCA) found that the County had more than 20,000 households who were severely housing cost burdened: on average, they earned less than \$31,000 per year and spent more than half their income on rent. They also found that 80 percent of renters earning up to \$70,000 per year were housing cost burdened.¹⁰⁸

¹⁰⁶ Table S2502, 2021 American Community Survey 5-Year Estimates cited by Janmarie Pena, RESJIS for Bill 16-23

¹⁰⁷ Ibid

¹⁰⁸ Montgomery County Department of Housing and Community Affairs. 2021. Annual Report for Fiscal Year 2020 and 2021, July 1, 2019 – June 30, 2021. <https://www.montgomerycountymd.gov/DHCA/reports.html>

Evictions. In a study of eviction data from 1,195 counties, researchers at the Eviction Lab found that Black and Latinx renters were disproportionately threatened with eviction and evicted.¹⁰⁹ This data suggests that Black and Latinx residents could also be most impacted by evictions at the local level. A comparison of American Community Survey data and 2014 to 2017 local data compiled by OLO in Table 7 shows that Black and Latinx residents were over-represented in election districts with the highest annual averages of eviction orders and evictions. Conversely, White residents were over-represented in election districts with the lowest annual averages of eviction orders and evictions.

Table 7: Eviction Orders and Evictions by Montgomery County Election Districts (FYs 2014-2017)

District	Places in Election District	Average Orders	Average Evictions	Over-represented Groups ¹¹⁰
13	Silver Spring & Wheaton-Glenmont	3,861	245	Black, Latinx
9	Gaith., Mont. Vill. & South Germtwn	2,564	259	Black, Latinx
5	Burtonsville and White Oak	2,447	155	Black
4	Rockville	802	78	White, Asian
2	Clarksburg & North Germantown	608	50	Black, Asian
7	Bethesda, Glen Echo & Somerset	166	25	White
6	Darnestown & North Potomac	160	15	Asian
8	Olney & Brookeville	103	8	White
1	Laytonsville	70	9	White
12	Damascus	58	7	White
10	Potomac	55	3	White, Asian
3	Poolesville	9	2	White
11	Barnesville	2	0	White

Source: Adapted from Table 13 in OLO Report 2018-10, Evictions in Montgomery County.

Homeowners. Data in Table 8 suggests BIPOC homeowners are also more likely to be cost-burdened. Nationally and locally, Black, Latinx, and Asian homeowners are cost-burdened at a higher percentage than all households, while White homeowners are cost-burdened at a lower percentage.

Table 8: Percent of Cost-Burdened Owner Households by Race and Ethnicity

Race/ethnicity	United States	Montgomery County
All	27.6	25.4
Asian	32.3	30.1
Black	35.8	28.1
Native American	31.1	--
Native Hawaiian or Pacific Islander	34.4	--
White	25.1	22.1
Latinx	35.6	31.8

Source: Table S0201, 2021 American Community Survey 1-Year Estimates, Census Bureau.

¹⁰⁹ Peter Hepburn, Renee Louis, and Matthew Desmond, “Racial and Gender Disparities among Evicted Americans,” Eviction Lab, Princeton University, December 16, 2020. <https://evictionlab.org/demographics-of-eviction/>

¹¹⁰ Based on comparison of County and election district demographics from 2016 ACS 5-Year Estimates (Table DP05). In this comparison, a racial/ethnic group is considered over-represented if their representation in the election district exceeds their overall representation in the County by at least two percentage points.

Research also suggests Black and Latinx homeowners are more vulnerable to foreclosure than White homeowners. An analysis of the 2000s housing crisis found that the highest foreclosure rates were experienced in Black, Latinx, and racially integrated neighborhoods.¹¹¹ The researchers also found that the fleeing of White residents and growing population of Black and Latinx residents during this time exacerbated residential segregation.¹¹²

Unhoused Residents. The National Alliance to End Homelessness highlighted that nationally, Black people experienced the most striking disparity in homelessness. While Black Americans account for 13 percent of the U.S. population, they accounted for 39 percent of people experiencing homelessness and 50 percent of unhoused families with children in 2020. The Alliance explains that disproportionality in homelessness results from systemic inequities that create disparities in areas such as poverty, segregation, incarceration, and access to quality health care.¹¹³

Disproportionality in homelessness is also present at the local level. Among single adults experiencing homelessness in the County in 2021, 56 percent were Black, 33 percent were White, five percent were Native American, and four percent were Asian or Pacific Islander. Among families experiencing homelessness, 84 percent were Black, 12 percent were White, and three percent were Native American.¹¹⁴

Effects of COVID-19 pandemic. In their 2021 report, “Housing Insecurity and the COVID-19 Pandemic,” the Consumer Financial Protection Bureau explained:

“Communities of color have disproportionately suffered the health and economic impacts of the COVID-19 pandemic, including increased levels of housing insecurity. As of December 2020, Black and Hispanic households were more than twice as likely to have reported being behind on housing payments than [W]hite households.”¹¹⁵

Data confirms increased housing insecurity locally among BIPOC residents. According to Household Pulse Survey data for the Washington Area between January 26 and February 7, 2022:¹¹⁶

- Among renter households, 22 percent of Latinx and 20 percent of Black households were behind on rent payments, compared to nine percent of Asian and five percent of White households.
- Among owner households, 14 percent of Latinx, nine percent of Black, and eight percent of Asian households were behind on mortgage payments, compared to two percent of White households.

¹¹¹ Matthew Hall, Kyle Crowder, and Amy Spring, “Neighborhood Foreclosures, Racial/Ethnic Transitions, and Residential Segregation,” *American Sociological Review*, April 21, 2015.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4479290/>

¹¹² Ibid

¹¹³ “Homelessness and Racial Disparities,” National Alliance to End Homelessness, Updated October 2020.

<https://endhomelessness.org/homelessness-in-america/what-causes-homelessness/inequality/>

¹¹⁴ “Point in Time Survey,” Montgomery County Interagency Commission on Homelessness.

<https://www.montgomerycountymd.gov/homelessness/numbers.html>

¹¹⁵ “Housing Insecurity and the COVID-19 Pandemic,” Consumer Financial Protection Bureau, March 2021.

https://files.consumerfinance.gov/f/documents/cfpb_Housing_insecurity_and_the_COVID-19_pandemic.pdf

¹¹⁶ Housing Tables (1a, 1b), Week 42 Household Pulse Survey: January 26 – February 7, U.S. Census Bureau, February 16, 2022. <https://www.census.gov/data/tables/2022/demo/hhp/hhp42.html>

For the 2022 round of the County COVID-19 Rent Relief Program, 46 percent of applicants were Black, 24 percent were Latinx, 8 percent were White, and 2 percent were Asian or Pacific Islander.¹¹⁷ Since December 2021, among Maryland Homeowner Assistance Fund applicants from Montgomery County, 47 percent were Black, 26 percent were White, 20 percent were Latinx, and 10 percent were Asian.¹¹⁸

The 2021 Annual Homeless Assessment Report from the U.S. Department of Housing and Urban Development (HUD) focused exclusively on sheltered homelessness, since the pandemic interfered with Point-in-Time counts of unsheltered homelessness. The data demonstrated general reductions in sheltered homelessness, likely due to federal COVID relief resources and innovations among local homelessness response systems. However, the data indicated an increase in chronic homelessness, jumping 20 percent from the year prior. Further, Black people continued to be largely overrepresented among people experiencing sheltered homelessness.¹¹⁹

Housing Quality. Racial and social inequities in land use and housing also manifest as disparities in housing quality. More specifically, through limiting housing and economic opportunities for BIPOC families, BIPOC residents live in substandard housing conditions at higher rates than White residents. Deficiencies in housing quality undermine the health and well-being of BIPOC residents.¹²⁰

Inadequate housing refers to housing with severe or moderate physical problems, “including plumbing and heating deficiencies; rodent and cockroach infestations; and structural issues such as cracks and holes in walls and ceilings, water leaks, broken windows, and crumbling foundations.”¹²¹ In 2011, approximately 10.1 percent of Black and 7.5 percent of Latinx households with children lived in inadequate housing nationally, compared to 3.9 percent of White households.¹²²

Local data on troubled multifamily rental properties also suggest that local disparities in housing quality by race and ethnicity exist. For example, DHCA identifies multifamily rental properties in the County as compliant, at-risk, troubled, or TBD. Troubled properties are defined as having one or more of the following conditions:¹²³

- Rodent or insect infestation affecting 20 percent or more of the units in the building
- Extensive or visible mold growth on interior walls or exposed surfaces

¹¹⁷ “DHHS Pulse Report: COVID-19 Impact and Recovery,” Montgomery County Department of Health and Human Services, December 14, 2022. <https://www.montgomerycountymd.gov/covid19/Resources/Files/pulse/DHHS-Pulse-221214.pdf>

¹¹⁸ Grants & Loans Program: Demographic Data (page 4), Homeowner Assistance Fund Data Dashboard, Maryland Department of Housing and Community Development, December 9, 2022. <https://app.powerbigov.us/view?r=eyJrIjojODRjMWI5ZjMtZjY2Yy00YzMOlTg4NTQtMDI2ODk5NTQyNTYyIiwidCI6IjJkM2I4ZDAwLWY5YmUtNDZINy05NDYwLTRIZjJkOGY3MzE0OSJ9>

¹¹⁹ “Latest Federal Data Provides a Valuable, but Incomplete, View of Homelessness in the First Year of COVID-19,” National Alliance to End Homelessness, February 4, 2022. <https://endhomelessness.org/blog/latest-federal-data-provides-a-valuable-but-incomplete-view-of-homelessness-in-the-first-year-of-covid-19/>

¹²⁰ David E. Jacobs, Environmental Health Disparities in Housing, *American Journal of Public Health*, December 2011. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3222490/>

¹²¹ Ibid

¹²² Evidence Matters: Impacts of Housing on Children, U.S. Department of Housing and Urban Development, Fall 2014. https://www.huduser.gov/portal/periodicals/em/EM_Newsletter_fall_2014.pdf

¹²³ “Troubled Property Frequently Asked Questions,” Montgomery County Department of Housing and Community Affairs. https://www.montgomerycountymd.gov/DHCA/community/code/faq-troubled_property.html

- Windows that do not permit a safe means of egress
- Pervasive or recurring water leaks resulting in chronic dampness, mold growth, or personal property damage in more than one unit
- Lack of one or more working utilities that is not shut off due to tenant non-payment

Troubled properties are subject to annual inspections by DHCA due to the severity and quantity of housing code violations observed during their most recent inspection.¹²⁴

As of May 13, 2024, 184 of 623 multifamily rental properties (29.5 percent) were designated as at-risk or troubled. Nearly sixty percent of these properties were in the 20912, 20910, and 20901 zip codes.¹²⁵ Table 9 demonstrates that Black residents are largely overrepresented in each of these zip codes.

Table 9: Percent of Residents by Race and Ethnicity, Montgomery County, MD and Select Zip Codes¹²⁶

Race/ethnicity	Montgomery County	20912 Zip Code	20910 Zip Code	20901 Zip Code
Asian	15.2	4.3	7.9	7.8
Black	18.4	37.2	29.4	28.8
Native American	0.4	0.6	0.2	0.1
Native Hawaiian or Pacific Islander	0.0	0.0	0.0	0.0
White	48.8	35.9	49.8	46.8
Latinx	19.7	22.3	11.7	11

Source: Table DP05, 2021 American Community Survey 5-Year Estimates, Census Bureau.

C. Promising Practices for Advancing RESJ in Land Use and Housing

This section is presented in two parts to separately describe promising practices for advancing racial equity and social justice in government decision-making for land use and housing. Given the influence of land use policies in shaping housing policies and how housing goals also shape land use policies, the promising practices described in each section overlap and complement one another.

Note: Although a comprehensive review of whether existing County policies and programs align with promising practices for advancing RESJ in land use and housing was beyond the scope of this project, OLO finds that the County employs several promising strategies for advancing RESJ in land use and housing but not all of them. These include inclusionary zoning policies and banning the box on rental applications with the County’s Housing Justice Act. Additional research would be required to understand the extent to which the County has policies and programs that align with promising practices for advancing RESJ in land use and housing and the efficacy of these approaches for ameliorating racial and ethnic inequities and disparities.

¹²⁴ Ibid

¹²⁵ OLO Analysis of ‘Troubled Properties Analysis’ dataset in DataMontgomery.

¹²⁶ Demographic data on based on U.S. Census Bureau’s Zip Code Tabulation Areas (ZCTA), which may have slightly different boundaries than USPS zip codes.

1. Promising Land Use Practices for Advancing RESJ

Based on a review of available research and resources, this section describes five sets of promising practices for advancing racial equity and social justice in local land use. These RESJ practices are listed in Chart 3 followed by a narrative describing each set of promising practices in greater detail.

Chart 3: Promising Practices for Advancing RESJ in Land Use

RESJ Goals	Promising Practices and Strategies
Increase BIPOC Engagement in Land Use	<ul style="list-style-type: none"> • Target outreach to BIPOC, renters, low-income families, and youth; • Create new community engagement structures for BIPOC inclusion; • Develop planning academies for under-represented groups; • Partner with community organizers for BIPOC outreach; and • Increase accountability for BIPOC engagement in land use (including ZTA’s general plans, master plans and subdivision regulations).
Prioritize RESJ in Land Use	<ul style="list-style-type: none"> • Apply a RESJ lens to consider impact of proposed land use decisions (e.g., general plans, master plans, subdivision regulations, and conditional uses).
Increase Investments in Under-Resourced Neighborhoods	<p>Adopt and implement place-based approaches that provide resources to improve:</p> <ul style="list-style-type: none"> • Housing and school quality; • Available medical care; • Banking resources and retail opportunities; • Public libraries and other community amenities; and • Access to healthy food, clean water, and air.
Increase Affordable Housing in Resourced Neighborhoods	<p>Adopt and expand mobility-based approaches that implement:</p> <ul style="list-style-type: none"> • Zoning reforms to expand densities and multifamily housing zones; • Subsidies for BIPOC or lower-income home buyers; • Inclusionary affordable housing with affirmative marketing to residents of BIPOC neighborhoods; and • Enforce prohibition of discrimination against renters with subsidies.
Prevent BIPOC Displacement through Gentrification	<p>Adopt and implement approaches to adopt or expand:</p> <ul style="list-style-type: none"> • Inclusionary zoning; • Rent control with code enforcement; • Prohibitions of evictions except for just cause; • Limits on condominium conversions; • Support for community land trusts; and • Property tax freezes for new owners who assume rent control.

Increase BIPOC Stakeholder Engagement in Land Use Decisions. Public participation and meaningful outreach to all populations is a recognized best practice to ensure all demographic groups have a voice to help shape decision-making in land use.¹²⁷ Yet, for most jurisdictions, the planning process is structurally biased toward wealthy homeowners. Local land use planning, for example, typically relies on neighborhood power structures dominated by single-family homeowners who are disproportionately White and affluent.

¹²⁷ American Planning Association, Equity for All

The absence of BIPOC stakeholders in land use planning often skews land use decisions toward the benefit of constituents in predominantly White communities who often advocate for lower density and against socioeconomic diversity to maximize their property values. The absence of BIPOC voices can also undermine support for investments in affordable housing and equitable economic development that can narrow racial and ethnic inequities and disparities in land use.

The American Planning Association (APA) reports some jurisdictions have broadened their outreach to ensure that under-represented community members, including “renters, lower-income households, people who are experiencing homelessness, people of color, youth and families have more voice in the procedural and substantive decision-making processes.”¹²⁸ This outreach can include:

- New community engagement structures to foster inclusion;
- Planning academies to educate under-represented community members on land use development processes;
- Partnering with community organizers to conduct community outreach;
- Increasing accountability for community engagement structures inclusive of BIPOC stakeholders; and
- Increasing the diversity, inclusion, and retention of BIPOC planners to better connect the perspectives of BIPOC stakeholders into the land use decision-making process

Broadening outreach strategies and creating new structures to ensure that under-represented community members have more influence in planning and can help narrow contemporary racial inequities in land use. Nspiregreen and Public Engagement Associates offer the following recommendations for improving outreach and engagement in BIPOC communities:¹²⁹

- Invest significant resources in grassroots recruitment and engagement with and for under-represented populations.
- Offer meetings at different times and days to include people who work in the evenings and make meetings more accessible with less writing and more oral communication that mirrors the way people speak and understand English.
- Utilize onsite childcare during engagement events.
- Make engagement far more convenient and accessible by convening meetings in traditionally underserved communities at times and locations convenient to them.
- Reach out to the County’s nonprofits and faith-based groups in the beginning of the process and collaborate with a subset of them as genuine partners in outreach and engagement.
- Touch base with communities early in the process to understand their concerns, needs, and aspirations and then follow-up and work with them throughout the process.
- Involve youth directly in all aspects of the work and be innovative in how you reach them.
- Bring land use planning discussions to the people by seeking engagement at metro stops, international grocery stores, food banks, libraries, cultural exchanges, barber shops, public schools, Montgomery College, and the Universities at Shady Grove.
- Table at public events, parades, festivals, urban walking trails, and grocery stores.
- Tailor surveys to people you want to reach by creating more than one survey to help gather input from various perspectives.

¹²⁸ Ibid

¹²⁹ RESJ Review of Thrive, page 11

- Have trusted constituents who are part of communities (e.g., community ambassadors) to convene conversations and co-host meetings/events with planning staff.
- Offer compensation for community participation and facilitation.
- Invest additional time to engage BIPOC communities in planning.
- Conduct door to door canvassing with residents from low-income backgrounds and BIPOC communities.

Prioritize Racial Equity and Accountability for Racial Equity in Land Use Planning. A second recognized best practice in land use planning is prioritizing equity, the environment, and economic development in land use decisions.¹³⁰ Few land use planners have the capacity to prioritize equity in plans because they often do not understand how inequities, especially racial inequities, have shaped historical and contemporary inequities in land use and resulting disparities by race, ethnicity, and income. While land use plans may articulate a desire to advance equity, few plans do so in measurable ways or consider if their plans will make the most vulnerable members of the community better or worse off. Explicit plans to narrow social inequities and racial inequities are rarely evident among land use plans.

The County's RESJ Act requires Montgomery Planning to consider RESJ in land use planning. Amendments to the Act also require the County Council to formally consider the anticipated RESJ impact of proposed zoning text amendments (ZTA) by reviewing a RESJ impact statement for each proposed ZTA before enacting them. Yet, neither the Council nor the Planning Commission are required to formally consider the anticipated RESJ impact of other land use decisions, such as master plans, subdivision regulations, and conditional use applications, which may have a more significant RESJ impact than ZTAs.

To increase accountability for prioritizing RESJ in land use decisions, the Council and the Planning Commission could require RESJ impact statements for all land use plans, including general plans, master plans, subdivision reviews, and other land use plans. Officials could also require that land use planners prioritize RESJ in land use plans by developing specific regulations and required practices toward this end.¹³¹ Chart 4 on the next page from researchers Carolyn Loh and Rose Kim describes promising equity practices for general plans that could also apply to master plans and other land use plans.

¹³⁰ Carolyn Loh and Rose Kim, *Are We Planning for Equity? Equity Goals and Recommendations in Local Comprehensive Plans*, *Journal of the American Planning Association*, November 3, 2020

¹³¹ *Ibid*

Chart 4: Promising Equity Practices for General Plans and Other Land Use Plans

Plan Elements	Promising Equity Practices
Overall Plan Organization	<ul style="list-style-type: none"> • Ensure the plan reflects community conditions and good practice • Ensure the planning leadership represents the community’s diversity • Make plan accessible to all users • Make sure plan data and maps describe the community
Overall Equity Orientation	<ul style="list-style-type: none"> • Make equity an organizing principle for the plan • Include demographic analysis to identify socially vulnerable populations • Identify neighborhoods with high concentrations of vulnerable people
Forms of Public Participation	<ul style="list-style-type: none"> • Ensure community’s full range of diversity in planning process • Incorporate feedback into the plan
Housing and Land Use	<ul style="list-style-type: none"> • Include housing goals and objectives that provide housing for all ages and income levels
Transportation	<ul style="list-style-type: none"> • Make sure there are transportation options for all residents • Plan for nonmotorized options
Environment, Hazards, and Safety	<ul style="list-style-type: none"> • Identify natural and human-caused hazards • Identify areas of high-crime and/or where residents do not feel safe
Community Facilities	<ul style="list-style-type: none"> • Take inventory and map community facilities
Food	<ul style="list-style-type: none"> • Include goals and objectives about food security and access
Economic Development	<ul style="list-style-type: none"> • Make equitable economic development an explicit goal in the plan
Future Land Use	<ul style="list-style-type: none"> • Make future land use choices transparent

Source: Loh and Kim

Invest in Under-Resourced BIPOC Neighborhoods. Investing in under-resourced predominantly BIPOC neighborhoods created by government-sponsored segregation is another recognized best practice for advancing RESJ in land use planning. While racial segregation enabled predominantly White communities to build wealth and hoard resources, it often left BIPOC neighborhoods bereft of quality resources and opportunities. Increasing investments in under-resourced BIPOC neighborhoods can help counter the racial and social inequities resulting from prior land use decisions.

In their RESJ review of the Thrive Montgomery 2050, Nspiregreen and Public Engagement Associates observe that:¹³²

“To address segregation and economic inequality established in past zoning/land use planning, deliberate mechanisms need to be introduced to create racially and economically inclusive communities. Planning needs to consider social and economic consequences of efforts to integrate. Communities that face historic challenged need special attention paid to community development and stabilization to ensure that existing social networks and institutions are strengthened so that it is not harder for the existing community to survive in the reimagined one, but they feel a central part of it.”

¹³² Nspiregreen and Public Engagement Associates, page 48

To promote racial equity and social inclusion in local land use, Nspiregreen and Public Engagement Associates further recommend that the County: “(c)onduct analysis to determine social and economic costs of past discriminatory practices to develop an implementation plan to address the legacies of racism;” and “(e)ncourage distribution of assets and resources that reflects a prioritization of historically disadvantaged residents, giving them a change to “catch up” and level the playing field.”¹³³

Rothstein and Rothstein also identify investing in under-resourced BIPOC neighborhoods as a best practice for advancing racial equity in land use. Specific strategies they recommend include targeting additional resources to improve: housing and school quality; available medical care; financial resources, public libraries; transportation and retail options; and access to healthy food, clean water, and air.¹³⁴ These are referred to as place-based approaches.

Increase Affordable Housing in Well-Resourced Neighborhoods. A fourth best practice in land use planning for advancing RESJ is increasing affordable housing opportunities in well-resourced neighborhoods. Due to government-sponsored segregation, well-resourced neighborhoods are often predominantly White neighborhoods exclusively zoned for single-family homes, often on large lots. Expanding affordable housing options in well-resourced neighborhoods could help counter the racial inequities resulting from land use decisions that fostered racial and socioeconomic segregation.

Nspiregreen and Public Engagement Associates observe that to address segregation and economic inequality established by past zoning or land use planning, “established areas need to create opportunities for the less privileged to access the schools, jobs, natural resources and other benefits through housing opportunity and improved physical access.”¹³⁵ They further observe that if the County is “going to promote development in the (under-resourced) growth-areas with new market rate housing, there should also be a provision of new low-income housing in high-income areas to allow for housing choices in different markets.”¹³⁶

Rothstein and Rothstein offer several strategies - referred to as mobility approaches - for expanding affordable housing in well-resourced neighborhoods:¹³⁷

- Zoning reforms to expand densities and allow multifamily housing in predominantly White single-family neighborhoods;
- Subsidies for BIPOC or lower-income home buyers;
- Inclusion of housing that is affordable to lower- and middle-income families with affirmative marketing to residents of BIPOC neighborhoods; and
- Enforcing the prohibition of discrimination against renters who get housing subsidies.

¹³³ Ibid, page 40

¹³⁴ Rothstein and Rothstein

¹³⁵ Ibid

¹³⁶ Nspiregreen and Public Engagement Associates, page 50

¹³⁷ Rothstein and Rothstein

Equity experts observe the necessity to employ each of these best practices simultaneously rather than to simply upzone (increase densities) alone because upzoning in and of itself could exacerbate racial segregation in land use.¹³⁸ They observe that increasing density may help ease the housing shortage. Yet, they note that while increasing density is a prerequisite to affordability, it must be paired with measures to reduce racial segregation and lift-up disadvantaged communities to advance RESJ.¹³⁹

Measures that should accompany upzoning include building more public and cooperative housing and increasing housing subsidies so those hurt by segregationist policies can afford to live in what are now called “high opportunity” areas. Additionally, upzoning needs to occur in the most exclusive, low-density places to expand BIPOC access to high-opportunity communities.

Manage Redevelopment to Prevent BIPOC Displacement Through Gentrification. A fifth promising practice for advancing RESJ in land use is managing the redevelopment of BIPOC communities to prevent displacement. As observed with the third equitable land use best practice, investing in BIPOC neighborhoods can advance RESJ. Yet, investments that fosters massive community turnover and the displacement of BIPOC residents can exacerbate racial inequities in land use, transportation, and other opportunities if redevelopment triggers gentrification where BIPOC constituents are involuntary pushed out of their communities due to rising housing costs.

As the County invests in redeveloping predominantly BIPOC communities to offset the negative effects of government sanctioned racial desegregation, Nspiregreen and Public Engagement Associates recommend that Montgomery Planning and County officials pay “special attention” to “community development and stabilization to ensure that existing social networks and institutions are strengthened so it is not harder for the existing community to survive in the reimagined one, but feel a central part of it.”¹⁴⁰ Through focus groups, they further observe that BIPOC residents across the County have a fear of displacement, especially along the Purple Line corridor.¹⁴¹

Equity experts have identified several strategies for managing redevelopment to prevent BIPOC displacement through gentrification:¹⁴²

- Inclusionary (mixed-income) zoning that requires new market rate projects to set aside some units in gentrifying neighborhoods for low- and moderate-income households;
- Rent control with code enforcement;
- Prohibitions of evictions except for just cause such as non-payment of rent, illegal activity, property damage, or sustained failure to follow lease rules;
- Limits on condominium conversions by allowing tenants/jurisdiction the option of first purchase;
- Support for community land trusts to create and preserve affordable housing;
- Property tax freezes for new building owners who assume rent control obligations of previous rental owners; and
- Eliminate (ban the box) automatic restrictions on rental applicants with arrest records.

¹³⁸ Saki Bailey et al., page 17

¹³⁹ Ibid

¹⁴⁰ Nspiregreen and Public Engagement Associates, page 48

¹⁴¹ Ibid, pages 20-22

¹⁴² Ibid

2. Promising Housing Practices for Advancing RESJ.

Based on a review of available research and resources, this section describes four sets of goals for advancing RESJ in housing and promising practices for advancing each goal.¹⁴³ These RESJ goals are listed below in Chart 5 followed by a narrative describing each equity goal and set of promising practices in greater detail.

Chart 5: Promising Practices for Advancing RESJ in Housing

RESJ Housing Goals	Promising Practices and Strategies
Reverse Residential Segregation	<ul style="list-style-type: none"> • Eliminate exclusionary zoning • Inclusionary housing programs • Affordable housing development in well-resourced areas • Fair housing assessment and enforcement
Advance RESJ in Homeownership	<ul style="list-style-type: none"> • Community ownership of land • Homeownership assistance and fair lending enforcement • Control real estate speculation • Address home appraisal discrimination
Advance RESJ in Housing Security	<ul style="list-style-type: none"> • Affordable housing preservation and production • Expanded tenants’ rights and services • Financial assistance for renters • Tenant option to purchase laws • Foreclosure intervention • Property tax relief • Housing First programs
Advance RESJ in Housing Quality	<ul style="list-style-type: none"> • Home rehabilitation • Code enforcement and tenant empowerment

Reverse Residential Segregation. An essential goal for advancing RESJ in housing is to reverse residential segregation by race, ethnicity, and income to expand access and opportunities particularly for BIPOC constituents. As policymakers consider strategies for actualizing this RESJ goal, local governments can consider implementing four promising practices to reverse residential segregation:

¹⁴³ This section synthesizes policy recommendations from the Poverty and Race Research Action Council (PRRAC) report and the Grounded Solutions Network and best practices for advancing housing equity recognized by several researchers and think tanks, including PolicyLink, ChangeLab Solutions, Local Housing Solutions, and the National Low Income Housing Coalition.

- **Eliminate exclusionary zoning regulations.** To help BIPOC constituents access well-resourced neighborhoods that have traditionally been reserved for White residents, PRRAC suggests that local governments can work towards eliminating exclusionary zoning regulations. PolicyLink observes that single-family, residential zoning dependent on car-based transit continues to be harmful for low-income residents. Instead, they recommend that land use and zoning regulations be reformed to encourage high-density, inclusionary, and transit-oriented development.¹⁴⁴ Of note, the Unlocking Possibilities Program within the American Jobs Plan provides incentives for jurisdictions to reform exclusionary zoning.¹⁴⁵
- **Prioritize racial equity in inclusionary housing programs.** Another strategy PRRAC suggests is to expand BIPOC access to well-resourced neighborhoods and the use of inclusionary or “fair share” housing programs. Grounded Solutions Networks explains that inclusionary housing programs call for the creation of affordable housing units when new development occurs. They offer fourteen recommendations for prioritizing racial equity in inclusionary housing programs, including choosing income targets for affordable units that match those of BIPOC renter households; requiring or encouraging the construction of unit sizes that match the household sizes of BIPOC renter households; and establishing high-bar marketing requirements to ensure BIPOC renters have access to units.¹⁴⁶ The County’s Moderately Priced Dwelling Unit (MPDU) program is an example of an inclusionary housing program.
- **Support government funded affordable housing development in well-resourced areas.** To avoid perpetuating segregation, PRRAC recommends local governments ensure that the administration of federal housing programs – such as the Low-Income Housing Tax Credit and Housing Trust Fund – provides low-income residents access to highly-resourced areas.
- **Pass and enforce fair housing laws and assess fair housing conditions.** PRRAC and Grounded Solutions Network suggest local governments can address segregation by passing and enforcing stronger fair housing protections, including source of income anti-discrimination laws that protect households receiving housing choice vouchers or other government benefits. Of note, source of income is protected in the County’s Fair Housing Law.¹⁴⁷

Additionally, Grounded Solutions Network suggests local governments can fulfill their mandate to affirmatively further fair housing (AFFH) through assessing barriers to fair housing. Of note, the County completed an Analysis of Impediments to Fair Housing Choice assessment in 2015 to comply with HUD requirements of fair housing planning.¹⁴⁸

¹⁴⁴ Kalima Rose and Teddy K’-Nam Miller, “Healthy Communities of Opportunity: An Equity Blueprint to Address America’s Housing Challenges,” PolicyLink, 2016. <https://www.policylink.org/resources-tools/healthy-communities-of-opportunity>

¹⁴⁵ “Fact Sheet: Biden-Harris Administration Announces New Actions to Build Black Wealth and Narrow the Racial Wealth Gap,” White House Statements and Releases, June 1, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/01/fact-sheet-biden-harris-administration-announces-new-actions-to-build-black-wealth-and-narrow-the-racial-wealth-gap/>

¹⁴⁶ “Advancing Racial Equity in Inclusionary Housing Programs: A Guide for Policy and Practice,” Grounded Solutions Network. <https://groundedsolutions.org/tools-for-success/resource-library/racial-equity-inclusionary-housing>

¹⁴⁷ “Your Guide to Fair Housing,” Montgomery County Office of Human Rights, July 2007. <https://www.montgomerycountymd.gov/humanrights/Resources/Files/fairhousinglaws.pdf>

¹⁴⁸ “2015 Analysis of Impediments to Fair Housing Choice”

Advance RESJ in Homeownership. Another essential goal for advancing RESJ in housing is to reduce disparities in homeownership by race, ethnicity, and income to expand housing opportunities and household wealth particularly for BIPOC constituents. As policymakers consider strategies for narrowing disparities in homeownership, three promising practices emerge from a review of research literature that local governments can consider implementing to advance RESJ in housing.

- **Promote community ownership and control of land.** PRRAC and Grounded Solutions Network suggest local governments can increase BIPOC homeownership by expanding community ownership and control of land and housing through funding community land trusts and limited equity cooperatives. With Community Land Trusts (CLTs), non-profits retain land in trust on behalf of the community. Purchasing a home in a CLT is more affordable because only the home is purchased, not the land. Homeowners lease the land from the CLT in a long-term, renewable lease and agree to sell their home at a restricted price to keep it affordable in perpetuity.¹⁴⁹ With limited equity cooperatives, residents each share ownership in a corporation (usually a non-profit) that owns and manages the property. Residents of limited equity cooperatives agree to restrict the sales price of units and receive limited equity so that units can remain affordable to new lower-income purchasers.
- **Invest in homeownership assistance programs and fair lending enforcement.** PRRAC and Grounded Solutions Network suggest local governments can also increase BIPOC homeownership and equitable wealth-building opportunities by funding homeownership assistance programs such as housing counseling and education programs, down payment assistance programs, and lending programs for low- and moderate-income households. PRRAC suggests local governments should also ensure sufficient resources are devoted to investigating and enforcing fair lending laws to reduce racial bias in lending.
- **Control real estate speculation by corporate investors.** Real estate speculation by corporate investors contributes to rising housing costs and reduces homeownership and property ownership opportunities for BIPOC. An analysis of Redfin data by the Washington Post found that majority Black neighborhoods were heavily targeted by real estate investors in 2021.¹⁵⁰ PolicyLink suggests local governments implement policies and taxes to control real estate speculation, including land value uplift, property flipping, out-of-state investor and transactions, and vacancies.¹⁵¹
- **Address racial discrimination in home appraisals.** Local Housing Solutions suggests local governments can combat racial discrimination in home appraisals by understanding the appraisal process and considering reforms that could complement other local policies that address racial inequities in housing, such as policies to reduce housing discrimination, affirmatively further fair housing, and expand affordable housing in resource-rich neighborhoods.¹⁵²

¹⁴⁹ “Community Land Trusts,” Grounded Solutions Network. <https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts>

¹⁵⁰ Kevin Schaul and Jonathan O’Connell, “Investors Bought a Record Share of Homes in 2021. See Where.,” The Washington Post, February 16, 2022. <https://www.washingtonpost.com/business/interactive/2022/housing-market-investors/>

¹⁵¹ “Strategies to Advance Racial Equity in Housing Response and Recovery: A Guide for Cities during the COVID-19 Pandemic,” PolicyLink, July 2020. <https://www.policylink.org/resources-tools/housing-racial-equity-covid>

¹⁵² Jess Wunch, “Addressing Racial Inequities in Home Appraisals,” Local Housing Solutions. <https://localhousingolutions.org/lab/notes/addressing-racial-inequities-in-home-appraisals-and-valuation/>

Advance RESJ in Housing Security. Another essential goal for advancing RESJ in housing is to reduce disparities in housing security by race, ethnicity, and income. As policymakers consider strategies for narrowing disparities in housing security, a review of available research suggests local governments should focus on three sets of stakeholders: *renters, homeowners, and unhoused residents*.

Renters

- **Invest in the preservation and production of affordable housing.** PRRAC and Grounded Solutions Network suggest local governments can increase housing availability for BIPOC renters by funding the preservation and production of affordable housing for low- and very low-income households. To improve housing security and support reversing segregation, PRRAC suggests affordable housing efforts be focused on highly-resourced and gentrifying areas. Grounded Solutions Network offers several strategies, including: acquiring and rehabilitating “at-risk” housing stock; using publicly owned land to facilitate affordable housing; and developing a housing trust fund that collects locally generated revenue for public investments in affordable housing. They also offer strategies for generating revenue to fund affordable housing investments through the market. ChangeLab Solutions also offers a comprehensive toolkit for preserving, protecting and expanding affordable housing.¹⁵³

Of note, through the Affordable Housing Opportunity Fund (AHOF), the County maintains a dedicated pool of revolving funds to provide developers with short-term financing for acquiring properties at risk of loss of affordability.¹⁵⁴

- **Provide for expanded tenants’ rights and services.** PRRAC and Grounded Solutions Network suggest local governments can promote housing stability for renters by enacting rent regulations and just cause requirements for evictions. PRRAC suggests that local governments can also support tenants by fully funding legal services and promoting models for collaboration among legal services, tenant organizations, supportive services, and systemic change organizations. The End Rental Arrears to Stop Evictions (ERASE) effort led by the National Low Income Housing Coalition offers several resources to help local jurisdictions protect renters from evictions.¹⁵⁵
- **Expand financial assistance programs for renters.** PRRAC suggests governments consider funding housing voucher programs to enable economic mobility for families. Localities often rely on the federal Housing Choice Voucher (HCV) program to provide long-term rental assistance to low-income residents. While the HCV program has been proven to reduce housing instability, current funding for the program falls short of demand, causing long waitlists.¹⁵⁶

¹⁵³ “Preserving, Protecting, & Expanding Affordable Housing,” ChangeLab Solutions, April 2015.

<https://www.changelabsolutions.org/product/preserving-protecting-expanding-affordable-housing>

¹⁵⁴ “Affordable Housing Opportunity Fund,” Montgomery County Department of Housing and Community Affairs.

https://www.montgomerycountymd.gov/DHCA/housing/multifamily/affordable_housing_opportunity_fund.html

¹⁵⁵ “Tenant Protections Resources,” ERASE Project, National Low Income Housing Coalition.

<https://nlihc.org/tenant-protections>

¹⁵⁶ Sonya Acosta and Erik Gartland, “Families Wait Years for Housing Vouchers Due to Inadequate Funding,” Center on Budget and Policy Priorities, July 22, 2021. <https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>

Local governments can address this gap by developing locally funded housing voucher programs. For instance, Arlington County allocates \$14 million in local funding to the Housing Grant program, which provides a monthly rental subsidy to qualifying low-income residents.^{157,158} Available data suggests the program disproportionately benefits Black residents.¹⁵⁹ Additionally, PRRAC suggests local governments can consider tax credits for renters to promote greater equity between homeowners and renters.

- **Enact tenant option to purchase laws.** PRRAC and Grounded Solutions Network suggest local governments can preserve affordable housing for renters through enacting tenant option to purchase laws or right of first refusal laws. Grounded Solutions Network explains that tenant right of first refusal laws give tenants the right to purchase their rental unit individually or entire rental building collectively before the owner puts it on the market or accepts an offer from another buyer. Laws typically allow tenants to assign their rights to other entities, such as non-profit partners or affordable housing providers, that agree to maintain the property as affordable rental housing. The County's Right of First Refusal (ROFR) law requires owners of multifamily rental properties to offer the County, the Housing Opportunities Commission (HOC), and any certified tenant organization at the property (in that order) the right to buy the property before selling to another party.¹⁶⁰

Homeowners

- **Invest in foreclosure intervention programs.** Grounded Solutions Network suggests local governments can promote housing stability for BIPOC and lower-income homeowners through funding foreclosure intervention programs. Such programs could include loan assistance, homeowner counseling, and mortgage purchase or modification programs that help homeowners facing financial hardship to avoid losing their homes.
- **Provide property tax relief to Black and Latinx homeowners.** PRRAC suggests local governments can support Black and Latinx homeowners by addressing disproportionate property tax burdens. PolicyLink explains that various cities have established tax foreclosure programs to promote housing stability for low-income homeowners, including Cleveland, Detroit, Philadelphia, and Washington, DC.¹⁶¹

¹⁵⁷ "Adopted FY 2023 Budget," Arlington County, Virginia.

<https://www.arlingtonva.us/files/sharedassets/public/budget/documents/fy-2023/fy-2023-adopted/adopted-fy-2023-budget-infographic.pdf>

¹⁵⁸ "Housing Grants Program Snapshot," Department of Human Services, Arlington County, Virginia, October 2021.

<https://www.arlingtonva.us/files/sharedassets/public/budget/documents/fy-2023/fy-2023-work-sessions/housing-grants-program-at-a-glance.pdf>

¹⁵⁹ Fiscal Year 2022 Annual Affordable Housing Report, Arlington County, Virginia.

<https://www.arlingtonva.us/files/sharedassets/public/housing/documents/affordable-housing/fy2022-indicators.pdf>

¹⁶⁰ Memorandum from Linda McMillan to the Planning, Housing, and Economic Development Committee, Montgomery County Council, December 3, 2021.

¹⁶¹ "Strategies to Advance Racial Equity in Housing Response and Recovery: A Guide for Cities during the COVID-19 Pandemic"

Unhoused Residents

- **Invest in Housing First programs.** Grounded Solutions Network suggests local governments can address homelessness by employing the Housing First approach, which prioritizes providing permanent housing to unhoused residents. Housing First programs typically provide rental assistance according to a household’s individual needs. The County states it uses the Housing First approach in its Housing Continuum of Care (CoC) system.¹⁶² A 2019 OLO report provides an inventory of rent subsidy programs in the County.¹⁶³

Advancing RESJ in Housing Quality. Another essential goal for advancing RESJ in housing is to reduce disparities in housing quality by race, ethnicity, and income. As policymakers consider strategies for narrowing disparities in housing quality, two promising practices emerge from a review of the research literature that local governments can consider implementing to advance RESJ in housing.

- **Provide funding for home rehabilitation.** PRRAC and Grounded Solutions Network suggest local governments can support improved housing quality for BIPOC through developing home repair funds for low-income homeowners. Grounded Solutions Network explains local governments can establish need-based rehabilitation assistance programs that provide homeowners assistance or financing with favorable terms to make health and safety upgrades.
- **Invest in proactive code enforcement and tenant empowerment.** Grounded Solutions Network explains local governments can preserve low-cost rental properties and prevent their degradation by proactively enforcing building codes. PolicyLink suggests local governments can also support improved housing quality for tenants by investing in tenant education and organizing to help tenants address pervasive problems through negotiating fair resolutions with landlords.¹⁶⁴ ChangeLab Solutions offers a guide for designing, implementing, and improving proactive rental inspection programs that advance health and equity as an alternative to complaint-based inspection programs.¹⁶⁵

¹⁶² “Overview,” Housing for All, Montgomery County, Maryland.

<https://www.montgomerycountymd.gov/homelessness/overview.html>

¹⁶³ Aron Trombka and Victoria Hall, “Inventory of Rent Subsidy Programs in Montgomery County,” Office of Legislative Oversight, Montgomery County, Maryland, May 14, 2019.

<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/Inventory-Rent-Subsidy-Programs.pdf>

¹⁶⁴ “Strategies to Advance Racial Equity in Housing Response and Recovery: A Guide for Cities during the COVID-19 Pandemic”

¹⁶⁵ “A Guide to Proactive Rental Inspections,” ChangeLab Solutions, November 2022.

<https://www.changelabsolutions.org/product/healthy-housing-through-proactive-rental-inspection>

Chapter 4: RESJ in the Economy

Local governments shape practices and opportunities in the local and regional economy in several ways. This includes that establishing labor market rules such as the minimum wage, tax policies, environmental regulations, and governmental expenditures for public services and goods. Government regulations and investments also shape where businesses invest; where residents live, work, and play; and the broader economic landscape of local communities.

As policymakers consider implementing policies, programs and practices aimed at advancing racial equity and social justice in the economy, they need to understand the scope of economic inequities by race and ethnicity, the policy drivers of those inequities, and best practices for advancing RESJ in the local economy. Toward this end, this chapter is presented in the following three parts:

- A. Policy Drivers of Racial Inequities in the Economy**
- B. Data on Economic Inequities**
- C. Promising Practices for Advancing Economic Equity**

This chapter relies on reports authored by researchers with the Brookings Institution, the Urban Institute, the Roosevelt Institute, PolicyLink, the Federal Reserve Bank of Boston, the Center for Budget and Policy Priorities, and others on best practices for advancing economic equity. Several findings emerge from the information synthesized in this chapter:

- Historic drivers of racial inequity in the economy include the theft of BIPOC land and labor, the economic exploitation of BIPOC communities, and the exclusion of BIPOC individuals and communities from national and local wealth-building opportunities.
- Contemporary drivers of racial inequity in the economy include persistent inequities in the labor market, finance market, tax policy, and economic development.
- Racial and social inequities in the economy foster and sustain the racial wealth divide and racial disparities in entrepreneurship, finance, employment, income, and economic development.
- Policy solutions that focus on narrowing racial gaps in wealth, entrepreneurship, income, and employment offer the greatest promise for advancing RESJ in the economy.

A. Policy Drivers of Racial Inequities in the Economy

Policy conversations about racial inequality in the economy often focus on closing gaps in education and income.¹⁶⁶ They also often focus on personal choices and place the onus for “fixing centuries of racial inequities back on the shoulders of Black people.”¹⁶⁷ The belief is that if BIPOC could acquire the same educational attainment or income as White people, racial disparities on the economy would disappear. These claims, however, have been thoroughly debunked as economists have demonstrated changes in BIPOC habits and practices ... “are wholly inadequate to bridge the racial chasm in wealth.”¹⁶⁸

¹⁶⁶ Flynn, Holmberg, Walker, and Wong

¹⁶⁷ Vanessa Williamson, Closing the racial wealth gap requires heavy, progressive taxation of wealth. Brookings, December 9, 2020

¹⁶⁸ Ibid

This section summarizes how government policies and practices, as well as how private sector policies and actions, have fostered racial inequities in the economy that contribute to racial disparities in economic outcomes. This section also highlights how these inequities affect the quality of life for BIPOC. It is presented in two in parts:

1. **Historic Racial Inequities in the Economy** describes racially inequitable policies that have fostered racial disparities in the economy historically and whose legacies contribute to contemporary racial disparities in the economy; and
2. **Contemporary Racial Inequities in the Economy** describes contemporary racial inequities the economy that foster and often exacerbate racial disparities in the economy today.

Together, racial inequities in the economy, both historic and contemporary, rooted in building White wealth at the expense of BIPOC land and labor have created and reinforced the racial wealth divide that fosters racial disparities in the economy. As noted by the Federal Reserve Bank of Boston:¹⁶⁹

“(T)he practices and policies that laid the groundwork for and built the U.S. were explicitly designed to ensure an absolute accumulation of intergenerational wealth and concentrated power for white people, particularly men. A legacy of land theft, slavery, racial segregation, disenfranchisement, and other exclusive policies against Black and Indigenous people and people of color produced a racialized economy that decimated these communities and intentionally barred survivors and descendants from building wealth, socioeconomic well-being, and resilience.”

Racial inequities in the economy, like racial inequities in land use and housing, have also fostered racial segregation via occupational segregation and the exclusion of BIPOC from economic benefits disproportionately enjoyed by White constituents. The exclusion of BIPOC constituents from opportunities to build generational wealth reflect both prior and current economic policies rather than random outcomes or differences in behavior among various demographic groups. Since current economic disparities reflect policy decisions that fostered and sustained economic inequities by race and ethnicity, policies and resources can be developed and applied to reverse these trends.

1. Historic Racial Inequities in the Economy.

Three sets of racial inequities emerge as historic drivers of the racial wealth gap: the theft of Indigenous land and Black labor to build White wealth, the exploitation of BIPOC communities and workers to enhance White wealth, and the exclusion of BIPOC communities from the nation’s wealth-building opportunities. These three drivers of racial inequities in the economy are summarized in Chart 6 followed by descriptions of how each driver has fostered racial inequities and disparities in the economy.

¹⁶⁹ Field Note, 2020-2, December 2020 – Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020, Regional and Community Outreach

Of note, the historic tactics of racialized land use and housing described in Chapter 3 contribute to the racial wealth gap and racial inequities in the economy as economic activity and wealth are derived in part from land, land uses, and housing. Homeownership especially shapes family wealth and the racial wealth gap. So, when considering the drivers of racial inequity in the economy and wealth, the historic drivers of racial inequity in land use and housing should also be considered.

Chart 6: Historic Drivers of Racial Inequities in the Economy

Historic Drivers	Examples of Driver Tactics
Theft of BIPOC Land and Labor	<ul style="list-style-type: none"> • Theft of Indigenous lands and genocide of Indigenous peoples • Exclusive allotment of stolen lands to White men • Government policies (Slave Codes) that supported the bondage and sale of African people for the enrichment of White people • State- and community-sponsored violence to enforce slavery and land thefts • Use of enslaved-produced goods to build agricultural industry in the South and manufacturing and finance industries in the North
Exploitation of BIPOC Communities	<ul style="list-style-type: none"> • Use of the 13th amendment and “Black Codes” to create system of Black convict labor (i.e. slavery by another name) • Sharecropping and tipped labor to exploit Black labor • BIPOC denied citizenship and power to change Jim Crow laws • BIPOC taxation without representation or services • Government sanctioned violent attacks on BIPOC and their communities by White people, destroying individual and community assets • Exploitation of BIPOC communities in U.S. territories and colonies
Exclusion of BIPOC from Wealth-Building Opportunities	<ul style="list-style-type: none"> • Workplace segregation prohibiting lucrative forms of entrepreneurship, skilled private sector jobs, and white-collar government jobs for BIPOC • Exclusion of BIPOC from New Deal policies • Exclusion of BIPOC veterans from higher education and low-cost loan benefits for mortgages and business loans • Exclusion of BIPOC communities from other wealth-building opportunities • Destruction of BIPOC communities for urban renewal and highway projects

Theft of BIPOC Land and Labor. Theft of BIPOC land and labor mainly refers to government-sponsored policies and practices that sanctioned the theft of Indigenous land, the massacre of Indigenous people, and enslavement of Africans from the Colonial era through the end of the Civil War. Colonists and later the U.S. government and state governments used war, disease, and broken treaties to take Indigenous lands and transfer them to White settlers and immigrants via a variety of national and state laws that included the Land Ordinance Acts, the Indian Removal Act, and the Homestead Act.¹⁷⁰ These historic government policies and actions enabling the theft of Indigenous lands enriched White Americans at the expense of impoverishing the nation’s First Peoples.

¹⁷⁰ The Legacy of White Affirmative Action: A Short (and Incomplete) History of Race and Racism in the United States, Racial Equity Workshop Phase 1: Foundations in Historical and Institutional Racism, Racial Equity Institute, October 15, 2018

National and state governments also used slave codes to subjugate Black people and steal their labor to advantage White people. Whereas White former indentured servants were granted land and resource allotments at the end of their servitude, slaves codes were used to make Black servitude was permanent and involuntary based on heredity. Systems of violence were created and used to enforce slave codes to sanction the appropriation of Black labor for the benefit of White slaveowners and interests at large. These systems created the nation's first racial wealth gap. As observed in the Hidden Rules of Race:¹⁷¹

“Various economists have calculated the amount of lost wages on enslaved Black workers to be between \$6.5 and \$10 trillion in today’s dollars. The legacy of expropriation of wages, which would have served as an asset-building platform that would have compounded over time, certainly explains some percentage of today’s wealth gap.”

Researchers at the Urban Institute further observe that formerly enslaved Black people who bought their freedom also had their wealth taken in their pursuit of freedom.¹⁷²

Overall, the expropriation of enslaved Black labor to manufacture enslaved-produced goods built the agricultural economy of the South and the manufacturing and finance industries of the North that supported and sustained the Industrial Revolution and American capitalism. In turn, “economic historians have identified this legacy of expropriation as a foundation for much of the wealth accumulated by Whites.”¹⁷³ In sum, the government enactment and enforcement of the slave codes enriched White Americans at the expense of impoverishing Black Americans.

Exploitation of BIPOC Communities. The exploitation of BIPOC communities refers to government-sponsored policies and practices that sanctioned the theft of BIPOC land and labor for the benefit of White economic interests from the end of the Civil War to the beginning of the 20th Century.

The end of the Civil War ended government-sanctioned slavery through three Constitutional amendments: the 13th amendment granting freedom to the formerly enslaved, the 14th amendment granting them citizenship, and the 15th amendment granting them the right to vote. Yet, federal enforcement of these amendments ended with the Hayes Tilden Compromise that removed federal troops from the South after Reconstruction, thus:¹⁷⁴

“(L)eaving Blacks totally unprotected from white violence and setting (the) stage for 50 years of intense repression, denial of political, civil, and educational rights that African Americans had struggled for and to an extent won during the Reconstruction after the Civil War.”

The loss of federal enforcement for the Reconstruction amendments enabled the enactment of a variety of government policies that that facilitated the economic exploitation of Black communities for the benefit of White interests. This in turn widened the racial wealth gap. These included use of:¹⁷⁵

- Jim Crow voting laws to deny Black men’s voting rights and the opportunity to challenge racial segregation, land-seizures, and labor theft.

¹⁷¹ Flynn, Holmberg, Walker, and Wong

¹⁷² Urban Institute, “The Color of Wealth in the Nation’s Capital”

¹⁷³ Flynn, Holmberg, Walker, and Wong

¹⁷⁴ The Legacy of White Affirmative Action, Racial Equity Institute

¹⁷⁵ Urban Institute, The Color of Wealth in the Nation’s Capital

- The 13th amendment loophole, allowing enslavement for incarcerated persons, to create a system of Black convict labor using Black Codes that criminalized vagrancy and minor infractions.
- Sharecropping to create a debt peonage system to exploit Black labor by leaving most formerly enslaved Black people landless after emancipation despite President Johnson’s promise to allocate 40 acres of land to each former slave who fought in the Civil War.
- Tipped wages for domestic and restaurant workers to depress the wages paid to formerly enslaved Black workers by White employers.
- Occupational and industry segregation outlawing lucrative forms of entrepreneurship and skilled private sector jobs for Black people, and restricting employment of Black people in government.
- Government sanctioned violence against Black people and their communities by White people aimed at destroying individual and community assets to reinforce the racial social order.

Government policies were also used to economically exploit other communities of color, especially the theft of BIPOC lands to enrich White residents. These policies include:¹⁷⁶

- The Homestead Act and the Dawes Act that authorized the seizure of Indigenous lands and the removal of Indigenous peoples from their ancestral lands for the benefit of White settlers, U.S. born and immigrants from Europe.
- The massive transfer of land from Mexicans to White people following the end of the Mexican-American War in ceded territory that would eventually become the states of California, Texas, Utah, New Mexico, Arizona, Nevada, parts of Colorado, and Wyoming.
- Exploitation of BIPOC workers and lands in U.S. territories and colonies to advance White economic interests following the colonialization of Hawaii and later Puerto Rico, Guam, and the Philippines following the Spanish-American War.
- Laws and court decisions that forbid or limited immigration from Asian, Africa, and Latin America (the Chinese Exclusion Act of 1882, the Immigration Act of 1817, and Johnson Reed Immigration Act of 1924) and denied citizenship to non-White immigrants (*Ozama v. U.S.* and *Thind v. U.S.*).

Beginning with Reconstruction, BIPOC constituents also experienced taxation without representation and inequitable access to public services that further widened economic inequities by race and ethnicity. For example, Black refugees and recently emancipated persons, rather than taxpayers at large, were taxed to support the Freedmen’s Bureau.¹⁷⁷ Moreover as observed nationally and locally:¹⁷⁸

“(F)or all the taxes Black people paid, they got little or nothing in return. Where Black neighborhoods began, paved streets, sidewalks and water and sewer lines often ended. Black taxpayers helped to pay for the better-resourced schools white children attended. Even as white supremacists treated “colored” schools as another of the white man’s burdens, the truth was that throughout the Jim Crow era, Black taxpayers subsidized white education.”

¹⁷⁶ The Legacy of White Affirmative Action, Racial Equity Institute

¹⁷⁷ Urban Institute, *The Color of Wealth in the Nation’s Capital*

¹⁷⁸ Andrew Kahrl, “It’s Time to End the Quiet Cruelty of Property Taxes,” *The New York Times*, April 11, 2024

In short, during the post-Reconstruction era, the introduction of Jim Crow laws reinforcing racial segregation in all areas of society, seizures of Indigenous lands in North America and around the globe, the displacement of BIPOC peoples, and limits on non-European immigration enabled the economic exploitation of BIPOC communities. New systems of economic exploitation evolved that enabled many native and foreign-born White residents to build wealth while leaving many BIPOC destitute and in debt.

Exclusion of BIPOC from Wealth-Building Opportunities. The exclusion of BIPOC from wealth-building opportunities refers to government-sponsored policies and practices that broadened the welfare state and economic opportunities for White residents during the 20th Century, particularly from the 1930's to the 1970's, but denied these economic opportunities to BIPOC residents, especially African Americans.

As the U.S. emerged from the Great Depression, federal policies bolstered the new White middle class through homeownership and other opportunities to build and protect wealth. In particular, the Social Security Act of 1935 crafted a social safety net for White people while eligibility criteria for these supports disproportionately hurt People of Color. For example, the Act excluded farm and domestic workers, two-thirds of whom were Black, Mexican, or Asian. Researchers estimate the exclusion from this part of the safety net cost Black people alone over \$143 billion.

Between 1934 and 1968, following the creation of the Federal Housing Administration, affordable government-backed mortgages created a platform for wealth in White neighborhoods while only two percent of these secured mortgages were issued to Black applicants. Oliver and Shapiro write:¹⁷⁹

“The Federal Housing Administration’s actions have had a lasting impact on the wealth portfolios of Black Americans. Locked out of the greatest mass-based opportunity for wealth accumulation in American history, African Americans who desired and were able to afford homeownership found themselves consigned to central-city communities where their investments were affected by the “self-fulfilling proficiencies” of the FHA appraisers: cut off from sources of new investment, their homes and communities deteriorated and lost value in comparison to those homes and communities that FHA appraisers deemed desirable.”

As described in the racial inequities in land use and housing chapter, accompanying these stimulus packages were racial covenants attached to residential property and redlining of neighborhoods predominantly occupied by BIPOC. The GI Bill established in 1944 was also implemented in a racially exclusionary way that denied loans to Black veterans and reinforced housing segregation.

Collectively, taxation, housing, and transportation policies led to the suburbanization of America where between 1933 and 1978, these policies enabled 35 million White families to purchase homes in the suburbs but restricted Black families to central cities. As noted by Oliver and Shapiro the “suburbanization of America” was principally financed and encouraged by actions taken by the federal government that supported suburban growth from the 1930s through the 1960s.

¹⁷⁹ Melvin Oliver and Thomas Shapiro, “Disrupting the Racial Wealth Gap” Sociology for the Public, May 7, 2019

In sum, Oliver and Shapiro observe that “historic wealth-amassing government policies” including the Homestead Acts, Federal Housing Act, and the GI Bill “facilitated property ownership, homeownership, business development, and education largely for Whites, while systematically excluding similar opportunities” for Black and other people of color.¹⁸⁰ They further find that the racial wealth gap is the “result of both this historic legacy and the enduring contemporary racial discrimination.”¹⁸¹

2. Contemporary Racial Inequities in the Economy.

In addition to the legacy of historical racial inequities in the economy, there are four sets of contemporary racial inequities in the economy that foster racial and social disparities in the labor market, finance market, and entrepreneurship. These contemporary racial inequities in the economy are summarized in Chart 7 and followed by descriptions of how these contemporary racial inequities manifest in the economy.

Of note, the contemporary tactics of racialized land use and housing described in the prior chapter also contribute to contemporary racial inequities in the economy and racial wealth gap. Racial inequities and disparities in homeownership in particular shape contemporary racial inequities in the economy.¹⁸²

Chart 7: Contemporary Drivers of Racial Inequities in the Economy

Drivers	Examples of Driver Tactics
Inequities in the Labor Market	<ul style="list-style-type: none"> • Racial discrimination in employment • Occupational segregation • Mass incarceration and collateral damages
Inequities in the Finance Market	<ul style="list-style-type: none"> • Biases in banking access • Biases in financing for mortgages and businesses (e.g., subprime loans) • Biases in appraisals and valuations
Inequities in the Tax Code and Enforcement	<ul style="list-style-type: none"> • Regressive tax codes (capital gains v. income; mortgages v. renter) • Regressive property tax assessments • Biased tax code enforcement
Inequities in Economic Development	<ul style="list-style-type: none"> • Inequities in business development • Barriers facing BIPOC businesses, especially Black-owned businesses

Inequities in the Labor Market. Inequities in the labor market primarily refers to discrimination in the labor market that disadvantages BIPOC workers, women, and persons with disabilities. Despite federal, state, and local laws prohibiting discrimination in employment and the economy, as observed by researchers with the Economic Policy Institute (EPI): “(s)tructural racism, gender stereotypes, and bias

¹⁸⁰ Ibid

¹⁸¹ Ibid

¹⁸² Six contemporary drivers of racial inequity in land use and housing noted previously are absence of meaningful BIPOC engagement in land use planning; inequitable land use planning; exclusionary zoning; racially biased lending and appraisal practices; inadequate investment and zoning practices in BIPOC communities; and risk of BIPOC displacement through gentrification.

based on national origin, religion, age, and disabilities are embedded in many employment practices that lead to discrimination and hostile work environments.”¹⁸³

Racial and social inequities in the labor market manifest in at least three ways: as conscious and unconscious racial bias throughout the employment process, as occupational segregation where BIPOC workers, especially women of color, are concentrated in the lowest paying and least desirable jobs, and as adverse economic impacts from mass incarceration on BIPOC returning citizens and BIPOC communities. These inequities that harm BIPOC workers conversely privilege many White workers in the labor market.

Regarding bias in employment, researchers have found evidence of discrimination at all educational levels and job sectors.¹⁸⁴ Several studies have found that applicants with “white-sounding” names are more likely to obtain an interview than those with “non-White-sounding” names.¹⁸⁵ More specifically, resumes with “white-sounding” names received 50 percent more callbacks than resumes with “African American-sounding” names.¹⁸⁶ Researchers have also found discrimination in in-person interviews, and advancement, promotion and retention decisions.¹⁸⁷

Discrimination in the labor market reduces BIPOC earnings, widens economic inequities, and contributes to stress and negative health outcomes for BIPOC workers.¹⁸⁸ Yet, BIPOC and White workers disagree in their understanding of how discrimination impacts the workplace: while two-thirds of Black professionals believe they have to work harder than their White colleagues to advance, only 16 percent of their White peers agreed with that statement.¹⁸⁹

Occupational segregation that concentrates BIPOC workers into the lowest-paid and often most hazardous positions exacerbates economic inequities. Rooted in the legacy of Jim Crow where Black people were excluded from nearly every occupation except the lowest paying ones like domestic and agriculture workers¹⁹⁰ - occupational segregation today results from segregated job recruiting and referral networks and subjective hiring and promotion criteria.¹⁹¹ Structural changes in the economy, including the increasing proportion of BIPOC workers in temporary jobs also exacerbates inequity.¹⁹²

¹⁸³ Jenny Yang and Jane Lui, *Strengthening Accountability for Discrimination: Confronting Fundamental Power Imbalances in the Employment Relationship*. Economic Policy Institute, January 15, 2021

¹⁸⁴ *Racial Wealth Gap Learning Simulation Policy Packet*. Bread for the World Institute, 2019

<https://www.bread.org/sites/default/files/racial-wealth-gap-policy-packet.pdf>

¹⁸⁵ Yang and Lui

¹⁸⁶ National Bureau of Economic Research, “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination.” July 2003 as cited by Bread for the World Institute

¹⁸⁷ Bread for the World Institute

¹⁸⁸ Ruqaiyah Yearby, “The Impact of Structural Racism in Employment and Wages on Minority Women’s Health,” *American Bar Association Human Rights Magazine*, August 1, 2018, cited by Yang and Lui

¹⁸⁹ Pooja Jain-Link and Julia Taylor Kennedy, “Being Black in Corporate America,” *Center for Talent Innovation*, 2019 cited by Yang and Lui

¹⁹⁰ During the Jim Crow era, if Black people had professional occupations, they could only serve Black clients.

¹⁹¹ Yang and Lui

¹⁹² *Ibid*

Mass incarceration’s disparate impact on BIPOC communities and the collateral consequences of incarceration, especially employment restrictions, also undermines asset accumulation for BIPOC families.¹⁹³ As observed by Bread for the World:¹⁹⁴

“African Americans are up to 10 times as likely to be stopped, arrested, or sentenced for drug-related offenses than their white counterparts, yet the evidence that is available suggests that both communities use and sell drugs at the same rates. African American families are therefore more likely to become poor and/or food insecure when a breadwinner or other earner in incarcerated.”

Inequities in the Finance Market. Inequities in the finance market include racial bias in lending and home appraisals as described in the prior chapter on contemporary inequities in housing and land use. They also include racial biases in the finance market that adversely impact BIPOC seeking to launch and grow small businesses, which is described in the inequities in economic development subsection below. Overall, inequities in the finance market exacerbate racial inequities in the economy despite the intent of the Community Reinvestment Act to reduce discriminatory credit practices against low-income communities.

Along with forces such as racial bias in lending, barriers to banking services fuel the racial wealth divide through hindering BIPOC from accessing the necessary capital to build wealth and increasing the reliance of BIPOC on costly nonbank alternatives, such as check cashing, money orders, and payday loans. Further, lacking a bank account creates additional barriers to readily receiving public benefits and needed financial assistance, especially during emergencies such as the COVID pandemic.

The declining number of Black-owned banks and the disproportionate closing of brick-and-mortar bank branches in majority-Black communities makes it more difficult for Black community members to access banking services.¹⁹⁵ Today, majority-Black neighborhoods are much less likely to have a bank branch than non-majority Black neighborhoods.¹⁹⁶

Black and Latinx householders and businesses are also more likely to have subprime loans that carry higher interest rates, fees, and long-term costs than prime loans.¹⁹⁷ Many studies have shown that Black households are much more likely than similarly qualified White households to be steered into a subprime loan. The rise of subprime lending contributed to the 2008 housing crisis and the widening of the racial wealth gap as 240,000 African Americans lost their homes due to foreclosure.¹⁹⁸

¹⁹³ Bread for the World, page 27

¹⁹⁴ Ibid

¹⁹⁵ Kristen Brody, Mac McComas, and Amine Ouazad, An Analysis of Financial Institutions in Black-Majority Communities: Black Borrowers and Depositors Face Considerable Challenges in Accessing Banking Services, The Brookings Institution, November 2, 2021, <https://www.brookings.edu/research/an-analysis-of-financial-institutions-in-black-majority-communities-black-borrowers-and-depositors-face-considerable-challenges-in-accessing-banking-services/>

¹⁹⁶ Ibid

¹⁹⁷ Lawrence Morse, Historical Factors Accounting for Differences in Black and White Wealth and Homeownership, Racial Equity Workshop Phase 1: Foundations in Historical and Institutional Racism; Bread for the World.

¹⁹⁸ Bocain, Debbie Gruenstein, Wei Li, and Keith Ersnt, “Foreclosures by Race and Ethnicity: The Demographics of a Crisis.” Center for Responsible Lending. June 2010 cited by Bread for the World.

The low valuation of housing in predominantly BIPOC communities from biased property assessments is another contemporary racial inequity in the finance market. As observed by Brookings researchers, homes in Black and Latinx neighborhoods “are likely depressed twice over: the market price is held down because of bias against the neighborhood and values can be depressed still further through discrimination in the lending markets and appraisals.”¹⁹⁹ The biased valuation of homes in predominantly Black and Latinx communities further exacerbates racial inequities in the economy since home equity accounts for a greater share of BIPOC wealth than White wealth.²⁰⁰ It also places BIPOC families at greater risk of displacement due to gentrification as described in the prior chapter on pages 27-28.

Inequities in the Tax Code and Enforcement. Inequities in the tax code refers to the disparate tax treatment that typical lower-income and lower-wealth BIPOC households experience relative to higher-income and -wealth White households. As observed by the Center on Budget and Policy Priorities, White supremacy and structural racism have created and perpetuated disparities in power, resources, and opportunities that have systemically disadvantaged BIPOC communities and preserved the privilege of an elite, largely White class through tax policy.²⁰¹ They note, for example, current tax policies that limit the ability to raise revenue to invest in shared opportunities – such as various property tax limits and supermajority requirements to raise revenue – hail directly from the post-Reconstruction era and reinforce White supremacy by making it harder to raise taxes on White property owners.²⁰²

Collectively, racial inequities in income and wealth contribute to racial disparities in how households experience the tax code that has been constructed to disproportionately benefit affluent White households.²⁰³ For example, the privileged tax treatment of income from investments vs. work (e.g., taxing capital gains at lower rates than earned income) advantages White households because they are more likely to have investments and wealth. Whereas White families accounted for 67 percent of U.S. families in 2023, they received 92 percent of tax benefits for reduced taxation rates for capital gains and dividends.²⁰⁴ Other regressive tax policies that disproportionately benefit White families include:²⁰⁵

- Charitable contributions where White families receive 91 percent of tax benefits;
- Qualified business income deduction where White families receive 90 percent of tax benefits;
- Deductibility of mortgage interest where White families receive 84 percent of tax benefits; and
- Exclusion of employer contributions for medical insurance where White families receive 82 percent of tax benefits.

¹⁹⁹ Jonathon Rothwell and Andre Perry “Biased Appraisals and the Devaluation of Housing in Black Neighborhoods” Brookings, November 17, 2021

²⁰⁰ Joseph Dean, “The Racial Wealth Divide and Black Homeownership: New Data Shows Small Gains, Deep Fragility.” National Community Reinvestment Coalition, February 28, 2024

²⁰¹ Sanders, Leachman, and Williams

²⁰² Ibid

²⁰³ See Dorothy Brown, *The Whiteness of Wealth*, 2021

²⁰⁴ Cronin, DeFilippes, and Fischer, 2023, cited in “Disparities in the Benefits of Tax Expenditures by Race and Ethnicity.” U.S. Department of the Treasury, January 20, 2023

²⁰⁵ Ibid

Of note, there are some progressive tax policies that disproportionately benefit BIPOC. For example, whereas Black families accounted for 11 percent of U.S. families in 2023, they received 19 percent of the tax benefits from the Earned Income Tax Credit (EITC).²⁰⁶ However, because the Internal Revenue Service chooses to focus its tax enforcement on taxpayers who claim the EITC rather than on taxpayers who under-report income,²⁰⁷ Black taxpayers are audited at three to five times the rate of non-Black taxpayers.²⁰⁸ As such, the contemporary enforcement of federal tax policies is racially inequitable.

Unlike the income biases in federal tax code and enforcement – which foster racial inequities because BIPOC residents on average have lower incomes and wealth – there is increasing evidence that property tax appraisals are racially biased. Whereas properties in BIPOC neighborhoods are often undervalued for sales purposes, they may be over-valued for taxation purposes with BIPOC households paying more than their fair share of taxes.²⁰⁹

For example, a study of 118 million homes in the U.S. found that Latinx and Black residents face a 10 to 13 percent higher tax burden for the same bundle of public services.²¹⁰ Two drivers of the tax assessment gap are noted: property tax assessments do not discount for anti-BIPOC bias in the housing market and BIPOC property owners are less likely to appeal property tax assessments. Taken together, the higher property tax burden experienced by Black and Latinx households is a contemporary racial inequity of local property tax policy that ultimately widens the racial wealth gap.

Inequities in Economic Development. Inequities in economic development refers to inequities in governmental approaches to strengthen local economies and inequities faced by BIPOC entrepreneurs in launching and building profitable businesses. Inequitable approaches to economic development and barriers to BIPOC business development are rooted in historic and contemporary biases against BIPOC communities broadly and U.S. born Black entrepreneurs specifically.

As observed by the International Economic Development Council (IEDC), the practice of economic development in the U.S. is rooted in structural racism and the dispossession of wealth. While economic development professionals post World War II “oversaw a boon of (f)ederally backed programs supporting business attraction, incentives, real estate development practices, middle-class homeownership, increased access to higher education and expanded infrastructure,” these programs too often “expressly excluded” BIPOC communities “from reaping the benefits.”²¹¹

More specifically, public- and private-sector leaders often collaborated to attract businesses to communities through a variety of incentives and strategies aimed at:²¹²

²⁰⁶ Ibid

²⁰⁷ Char Adams, “A Black professor has long said what the IRS now admits: The tax system is biased.” NBCBLK, May 23, 2023

²⁰⁸ Elzayn et al. “Measuring and Mitigating Racial Disparities in Tax Audits.” Stanford University, 2023 cited by Daniel Werfel, Commissioner, Internal Revenue Service letter to the United States Senate, May 15, 2023

²⁰⁹ Caitlyn Young, “What Policymakers Need to Know About Racism on the Property Tax System” The Urban Institute, March 15, 2023

²¹⁰ Carlos Avenancio-Leon and Troup Howard, “The Assessment Gap: Racial Inequalities in Property Taxation” The Quarterly Journal of Economics, Volume 137, Issue 3, August 2022

²¹¹ International Economic Development Council (IEDC) A Playbook for Equitable Economic Development (p. 19-21) [https://www.iedconline.org/clientuploads/Resources/Race_Equity_EconDev/Final_IEDC_Playbook_Web_\(1\).pdf](https://www.iedconline.org/clientuploads/Resources/Race_Equity_EconDev/Final_IEDC_Playbook_Web_(1).pdf)

²¹² Rethinking environmental racism: White privilege and urban development in Southern California, Annuals of the Association of American Geographers, March 2000 cited in IEDC.

- Enticing firms and factories to locate or expand;
- Offering firms valuable land;
- Influencing land-use development;
- Providing housing for workers, often new and upgraded; and
- Offering subsidies and tax reductions/exemptions to large firms.

These strategies are rooted in the long-held belief in economic development that recruiting larger businesses is the best strategy for enhancing business revenue and job creation within regions.^{213 214} Yet, the location of recruited businesses away from BIPOC communities and often from public transportation access has meant that BIPOC communities and constituents have often enjoyed neither the revenue nor the employment benefits of economic development.

Research further suggests traditional economic development efforts focused on recruiting large businesses have not garnered greater economic growth than small businesses. For example, between 2000 and 2017, small businesses generated 8.4 million net new jobs in the U.S., nearly double that of large businesses.^{215 216}

The IEDC also observes that “(e)ntrepreneurship has proven to be a viable path for stimulating economic development and increasing the financial agency of BIPOC.”²¹⁷ For example, they note that the “median net worth for Black business owners is twelve times higher than those of Black non-business owners while the majority of female Black and (Latina) entrepreneurs who are also mothers are able to contribute to 50 percent or more of their household finances.”²¹⁸

Entrepreneurs of color represent a fraction of all business owners due to a variety of barriers. These barriers are rooted in lower levels of asset ownership resulting from a legacy of structural racism, as well as contemporary inequities in access to mainstream financial services and capital. For example, a study by the Small Business Administration found that Black- and Latinx-owned businesses are more likely to have been denied credit, to receive only a portion of the funding requested, or to refrain from applying for needed funding out of fear their applications will be rejected.²¹⁹ Additional hurdles that act as contemporary inequities to BIPOC entrepreneurship include lack of connection to technical assistance, a lack of potential contracts, and a lack of exposure to entrepreneurial culture and peer networks.²²⁰

²¹³ A new approach: Putting “smokestack chasing” behind us. Economic Alliance of Greater Baltimore, 2018 cited in IEDC.

²¹⁴ Examining the local value of economic development incentives: Evidence for four U.S. cities. Metropolitan Policy Program Brookings Institution cited in IEDC.

²¹⁵ Landing Amazon HQ2 isn’t the right way for a city to create jobs. Here’s what to do instead. Brookings Institution cited in IEDC.

²¹⁶ Frequently asked questions about small businesses. Office of Advocacy U.S. Small Business Administration, December 2018 cited in IEDC

²¹⁷ The tapestry of Black business ownership in America: Untapped opportunities for success. Association for Enterprise Opportunity, February 2016 cited by IEDC.

²¹⁸ Economic management of mothers: Entrepreneurship, employment, and motherhood wage penalty. Ewing Madison Kauffman Foundation, January 2021 cited by IEDC

²¹⁹ From COVID-19 Recovery Outlook: Minority-Owned Businesses, Office of Legislative Oversight, Stephen Roblin, September 21, 2020

²²⁰ The tapestry of Black business ownership in America: Untapped opportunities for success. Association for Enterprise Opportunity, February 2016 cited by IEDC.

Research from the Congressional Black Caucus Foundation (CBCF) further describes contemporary inequities impacting BIPOC businesses and U.S. born Black entrepreneurs specifically.²²¹ Of note, they observe that business owners need three types of capital to successfully launch and grow a business:²²²

- Human capital referring to a business owner’s education, work experience and credentials;
- Business capital referring to financial capital to help start a business and grow a business; and
- Social capital referring to relationships key to starting and supporting a business.

Reviewing available research by race, ethnicity, and nativity, CBCF finds that White entrepreneurs have the best access to each capital type, followed by immigrants of color who tend to have higher levels of educational attainment, access to startup capital, and social capital than U.S. born entrepreneurs of color and Black business owners specifically.²²³ They further observe that social trust (belief in good will, honesty, and integrity of others) as a component of social capital is often absent among U.S. born Black entrepreneurs due to a legacy of racism in the U.S. that is reinforced with contemporary negative experiences when seeking business startup loans with banks. They note that:²²⁴

“(W)hen compared to Whites, African Americans and other minorities have less access to professional social capital networks that are the foundation for business development and expansion. At the same time, immigrants of color are able to effectively translate the networks and resources that are established as component of the immigration process into social capital.”

B. Data on Racial Disparities in the Economy

What do data on disparities in the economy by race and ethnicity look like? This subsection summarizes available data to describe economic disparities by race and ethnicity across five measures:

- Wealth;
- Entrepreneurship;
- Banking and financial services;
- Income and employment; and
- Local economic development.

The data reviewed in this section show that the economic disparities experienced by race and ethnicity are wide and pervasive locally and nationally. Available data also suggests that economic inequities and disparities by race and ethnicity have widened because of the pandemic.

²²¹ Tiffany Howard, *The State of Black Entrepreneurship in America: Evaluating the Relationship Between Immigration and Minority Business Ownership*, Center for Policy Analysis and Research, Congressional Black Caucus Foundation, April 2019

²²² Ibid

²²³ Ibid

²²⁴ Ibid, page 19

Wealth. Wealth refers to someone’s net worth: the value of all their assets - including income, real estate, stocks, and personal property - minus all their liabilities. Net worth is the preeminent measure of financial empowerment because it reflects the cumulative impact of intergenerational transfers of resources and differential access to wealth-building opportunities over time. As noted in the Hidden Rules of Race and elsewhere, it takes wealth to build wealth – to invest in homes, education, new businesses, and future generations.²²⁵ Wealth also enables families to absorb the financial shocks of recessions, including the economic impact of the COVID-19 pandemic.

Of note, the Federal Reserve’s Survey of Consumer Finances in 2013 found that the wealthiest 10 percent of White households hold nearly two-thirds (65 percent) of the country’s wealth. Other White households hold about another fifth (22 percent) of the country’s wealth, leaving only 13 percent for everyone else.²²⁶ In turn, the average White family had ten times the amount of wealth as the average Black family in 2016 and eight times the wealth of the average Latinx family.²²⁷ Further, while Black people accounted for 13 percent of all residents in the U.S., they held less than three percent of the nation’s wealth.²²⁸

According to the most recent Survey of Consumer Finances, the median White household had \$285,000 in wealth in 2022 compared to \$536,000 for the median Asian household, \$45,000 for the median Black household, \$62,000 for the median Latinx household, and \$63,000 for all other households.²²⁹ The gap in wealth by race and ethnicity is even larger among families with children. Black households with children had one cent in wealth for every dollar in wealth had by White households with children (\$294 v. \$47,250). Latinx households with children, meanwhile, had eight cents in wealth compared to every dollar in wealth among White households with children (\$3,637 v. \$47,250).²³⁰

Disparities in wealth by race and ethnicity also persist across educational attainment levels where:²³¹

- The median wealth of White adults who had attended college was 7.2 times higher than their Black adult peers and 3.9 times higher than their Latinx adult peers.
- The median wealth of White single parents was 2.2 times more than the median wealth of Black two-parent households and 1.9 times more than the median wealth of Latinx two-parent households.
- The median White household that includes a full-time worker has 7.6 times more wealth than the median Black household that includes a full-time worker and 5.4 times more wealth than the median Latinx household with a full-time worker.

²²⁵ Flynn, Holmberg, Walker, and Wong

²²⁶ What We Get Wrong About Closing the Racial Wealth Gap, Samuel DuBois Cook Center at Duke University, 2018

²²⁷ Board of Governors of the Federal Reserve System, “Greater Wealth, Greater Uncertainty: Changes in Racial Inequity in Survey of Consumer Finances, Accessible Data,” 2022

²²⁸ Vanessa Williamson, “Closing Racial Wealth Gap Requires Heavy, Progressive Taxation of Wealth” Brookings, December 9, 2020

²²⁹ Board of Governors of the Federal Reserve System

²³⁰ *Christine Percheski and Christina Gibson-Davis, “A Penny on the Dollar: Racial Inequalities in Wealth among Households with Children” Socius: Sociological Research for a Dynamic World Volume 6, 2020*

²³¹ Oliver and Shapiro

Local data suggest even wider wealth gaps in the Washington Metropolitan region than nationally. Data compiled by the Urban Institute in 2014 found that White households had more than 80 times the wealth of U.S.-born Black households and 21 times the wealth of Latinx households. More specifically their survey of families in the District of Columbia, parts of Montgomery and Frederick Counties, Alexandria, and Arlington County using the National Asset Scorecard found that:²³²

- White households had a median wealth of \$284,000 compared to \$13,000 for Latinx households, \$3,500 for U.S.-born Black households, and \$3,000 for African-born Black households.
- Chinese households had slightly less wealth than White households (\$220,000), although the difference was not statistically significant.
- Korean (\$496,000), Vietnamese (\$423,000), and East Indian (\$573,000) households reported the highest amounts of median wealth, though they were not statistically significant.

State data illustrates similar disparities by race and ethnicity in wealth: in 2021 the median White household in Maryland had a net worth of \$413,000 compared to \$49,000 for the median Black household, \$137,000 for the median Latinx household, and \$539,000 for the median Asian household.²³³

Entrepreneurship. Nationally, Black and Latinx residents represent about 28 percent of the population, but only eight percent of the nation’s business owners with employees.²³⁴ Available local data also evidences disparities in entrepreneurship by race and ethnicity, particularly with respect to revenue. For example, while the 2012 Survey of Business Owners indicates Black and Latinx firms each accounted for 15 percent of local firms in Montgomery County and Asian firms accounted for 14 percent of County firms. However, Asian firms accounted for four percent of local business revenue, Black firms accounted for 1.7 percent of local business revenue, and Latinx firms accounted for 1.5 percent of local business revenue.²³⁵

Local data on self-employed residents also demonstrates racial and ethnic disparities in entrepreneurship. 2018 Census data on self-employed residents in Table 10 shows White residents were overrepresented among the self-employed compared to their share of the population, while Black, Latinx, and other race residents were under-represented among the self-employed.²³⁶

²³² Kilolo Kojakazi, et. al.,

²³³ Survey of Income and Program Participation 2021 data cited by Prosperity Now Scorecard

²³⁴ Joseph Parilla and Darin Redus “How a new Minority Business Accelerator grant program can close the racial entrepreneurship gap.” Brookings. December 9, 2020

²³⁵ Racial Equity Profile Montgomery County, Office of Legislative Oversight Report 2019-7, Montgomery County Office of Legislative Oversight, July 15, 2019

²³⁶ From COVID-19 Recovery Outlook: Minority-Owned Businesses, Office of Legislative Oversight, Stephen Roblin, September 21, 2020

Table 10. Self-Employed Montgomery County Residents by Race and Ethnicity, 2018

Race/Ethnicity	County Population	Incorporated Business	Unincorporated Business
White	52%	67%	59%
Black	19%	11%	13%
Asian	15%	16%	13%
Multiracial	10%	5%	12%
Other	5%	1%	3%
Not Latinx	80%	85%	84%
Latinx	20%	15%	16%

Source: American Community Survey, 2018

Local data on business ownership among firms with paid employees also demonstrates disparities by race and ethnicity. Among firms with paid employees in 2017, for every 100 workers, there were five White-owned firms, 4.4 Asian-owned firms, and 4.3 Native American-owned firms compared to one Black-owned firm and 1.4 Latinx-owned firms.²³⁷

National data on business ownership by race, ethnicity, and nativity suggests that a majority of BIPOC businesses in Montgomery County could be immigrant-owned because immigrants account for a greater share of small business owners in the U.S., especially among Black and Asian entrepreneurs. As noted by CBCF, foreign-born residents accounted for 20 percent of business owners compared to 14.4 percent of the entire population and 17.1 percent of the labor force.²³⁸

As observed in Table 11, foreign-born residents owned smaller businesses at a higher rate than U.S.-born residents (3.5 percent v. 3.3 percent). Moreover, foreign-born Black and Asian residents had small business ownership rates that were double the rate of U.S.-born Black and Asian residents.

Table 11: Small Business Ownership Rate by Race, Ethnicity, and Nativity, 2010

Race/Ethnicity	U.S.-Born	Foreign-Born
Black	1.1%	2.1%
Latinx	1.6%	2.0%
Asian	2.5%	4.7%
White	3.8%	6.8%
Total	3.3%	3.5%

Source: Analysis of Foreign Policy Institute data by CBCF

²³⁷ Annual Business Survey and NES-D services; Survey of Business Owners, American Community Survey compiled by National Equity Atlas.

²³⁸ Tiffany Howard, The State of Black Entrepreneurship in America, Congressional Black Caucus Foundation, April 2019

A comparison of data from Montgomery County's Minority, Female, and Disabled-Owned Business Program to the County's demographics also demonstrates an under-representation of BIPOC-owned businesses. Whereas persons of color (Black, Latinx, Asian, Native American and Other Race persons) accounted for 55 percent of all residents, firms owned by persons of color accounted for 18 percent of Montgomery County Government procurement contracts in FY20.²³⁹ More specifically, Latinx-owned firms accounted for 7.5 percent of contracts, African American-owned firms accounted for 6.5 percent of contracts, Asian-owned firms accounted for 3.6 percent of contracts, and Native-American owned firms accounted for less than one-tenth of one percent of contracts.²⁴⁰

Further, Montgomery County's 2014 Disparity Study conducted by Griffin and Strong, found statistically significant differences in business ownership and procurement opportunities by race, ethnicity, and gender.²⁴¹ The 2014 disparity study compared the share of BIPOC business enterprises that were qualified to perform work for Montgomery County to the total number of dollars awarded to such firms. It conducted this analysis across four business categories:

- **Construction:** all firms whose line of business falls into traditional commercial construction functions, including general contractors, repair, maintenance, electrical, mechanical, painting, plumbing, and other specialty trade contractors.
- **Professional services:** architects, engineers, lawyers, accountants, doctors, and other specialized consultants.
- **Services:** other skilled and non-professional services.
- **Goods:** supplies, goods, parts, and other tangible services.

Across each of these business categories, the disparity study found that Black firms were under-represented among vendors and receipts generated from prime contracts, while Latinx firms were over-represented among construction and professional services contracts relative to their share of the local marketplace. More specifically, from 2008 to 2012:

- Black firms accounted for 11 percent of the **construction** marketplace, but less than two percent of prime contracts while White male firms accounted for 74 percent of the construction marketplace and 79 percent of prime contracts and Latinx businesses accounted for 6 percent of the construction marketplace and 13 percent of prime contracts.
- Black firms accounted for 8 percent of the **professional services** marketplace, but less than two percent of prime contracts for such. Conversely, White male businesses accounted for 82 percent of the professional services marketplace and 92 percent of prime contracts while Latinx businesses accounted for one percent of the professional services marketplace but nearly four percent of prime contracts.
- Black firms accounted for nearly 13 percent of the **services** marketplace, but less than one percent of prime contracts for services. Conversely, White male businesses accounted for 76 percent of the services marketplace and 88 percent of prime contracts for services.

²³⁹ Minority, Female, and Disabled-Owned Business Program, FY 20 Annual Report, Office of Procurement, Montgomery County, Maryland

²⁴⁰ Ibid

²⁴¹ Montgomery County Disparity Study Final Report, Griffin and Strong, July 11, 2014
<https://www.montgomerycountymd.gov/cat/services/disparitystudy.html>

- Black firms accounted for 6 percent of the **goods** marketplace, but less than one percent of prime contracts for goods. Conversely, White male businesses accounted for 86 percent of the goods marketplace and nearly 97 percent of prime contracts while Latinx businesses accounted for 3 percent of the goods marketplace but less than one percent of prime contracts for goods.

Nationally, the number of Black-owned businesses dropped by 41 percent from February to April 2020, followed by immigrant-owned businesses at 36 percent, Latinx-owned businesses at 32 percent, Asian-owned businesses at 26 percent, and White-owned businesses at 17 percent.²⁴² BIPOC business owners were in a more precarious position to begin with, and the design of the Paycheck Protection Program (PPP) largely failed them as they were less likely to receive PPP loans or the full loan amounts sought.²⁴³

Banking and Financial Services. Racial disparities in accessing banking and financial services such as bank accounts can undermine wealth-building in BIPOC communities. And during emergencies like the pandemic, lacking a bank account creates additional barriers to receiving needed financial assistance.

National estimates for unbanked and underbanked adults demonstrate disparities by race and ethnicity.²⁴⁴ In 2019, the Federal Reserve estimated that 14 percent of Black adults and 10 percent of Latinx adults were unbanked, compared to 3 percent of White adults. Moreover, 32 percent of Black adults and 22 percent of Latinx adults were underbanked, relying on check cashing or other alternative financial products, versus 11 percent of White adults.²⁴⁵

Local estimates for unbanked and underbanked adults demonstrate similar racial disparities. 2021 data compiled by Prosperity Now estimates that one percent of White and Asian households in Montgomery County were unbanked compared to three percent of other race households, six percent of Native American households, seven percent of Black households and ten percent of Latinx households.²⁴⁶ They further estimate that 10 percent of White households and 14 percent of Asian households were underbanked as compared to 20 percent of other race households, 27 percent of Native American households, 32 percent of Black households and 33 percent of Latinx households in the County.²⁴⁷

Income and Employment. Local disparities in measures of income and employment by race and ethnicity are also sizable as described below.

²⁴² Sanders, Leachman, and Williams

²⁴³ Federal Reserve Bank of New York, "Press Release: Credit Survey Finds White-Owned Small Businesses Were Twice As Likely to be Fully Approved for Financing as Black- and Latino-Owned Firms" April 15, 2021

²⁴⁴ Unbanked refers to households who do not have a checking, savings, or money market account. Underbanked refers to households that have a bank account but also use alternative financial services or products, such as a money orders, check cashing, pawn shop loans, auto title loans, payday loans, or paycheck or tax refund advances.

²⁴⁵ Banking and Credit, Report on the Economic Well-Being of U.S. Households in 2019, Board of Governors of the Federal Reserve System, May 2020, <https://www.federalreserve.gov/publications/2020-economic-well-being-of-us-households-in-2019-banking-and-credit.htm>

²⁴⁶ Prosperity Now estimates using FDIC National Survey of Unbanked and Underbanked Households and American Community Survey, 2021, Prosperity Now Scorecard

²⁴⁷ Ibid

- **Income:** In Montgomery County, the median income for White households was \$139,000 in 2021 compared to \$129,000 for Asian households, \$111,000 for multiracial households, \$95,000 for Native American households, \$86,000 for Latinx households and \$83,000 for Black households.²⁴⁸
- **Poverty:** In Montgomery County, three percent of White residents and six percent of Asian residents lived in poverty in 2020 compared to 11 percent of Black and Latinx residents and nine percent of other race residents.²⁴⁹
- **Households with Zero Net Worth:** In Montgomery County, seven percent of White households and five percent of Asian households had zero net worth in 2021 compared to 13 percent of Native American households, 14 percent of Latinx households, 22 percent of other race households, and 27 percent of Black households.²⁵⁰
- **Unemployment:** Locally, 3.5 percent of White residents and 4.2 percent of Asian residents experienced unemployment in 2021 compared to 4.8 percent of multiracial residents, 5.2 percent of Native American residents, 5.7 percent of Latinx residents, 6.4 percent of other race residents, and 8.1 percent of Black residents.²⁵¹

Disparities in income and employment may in part reflect the differential engagement of residents in the labor market by race and ethnicity. Whereas White and Asian residents are over-represented among higher income occupations, Latinx and Black workers are over-represented among lower-income, front facing positions.²⁵² Nearly two-thirds (64 and 62 percent) of White and Asian residents in the workforce were employed in management, business, science and arts occupations in 2017, while less than half of Black residents (45 percent) and only a quarter of Latinx residents were employed in such positions.

Of note, differences in educational attainment by race and ethnicity do not explain all the difference in unemployment rates by race and ethnicity as Black workers with college degrees experienced higher unemployment rates than White workers with college degrees. Continuing discrimination in the labor market accounts for much of the gap in unemployment rates by race and ethnicity²⁵³ that contributes to the racial and ethnic disparities in income and employment as well as wealth and entrepreneurship.

²⁴⁸ American Community Survey, 2021 cited by Prosperity Now Scorecard

²⁴⁹ IPUMS USA data cited by the National Equity Atlas.

²⁵⁰ Prosperity Now Estimates using 2021 SIPP and American Community Survey data

²⁵¹ American Community Survey, 2021 cited by Prosperity Now Scorecard

²⁵² See <https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/COVID-19Recovery-DisparitiesTeleworkRaceEthnicity.pdf>

²⁵³ <https://www.epi.org/publication/labor-day-2019-racial-disparities-in-employment/>

Local Economic Development. Disparities by race and ethnicity among the economic measures reviewed in the chapter likely reflect inequities in the local economy and labor market that foster and sustain economic inequality in Montgomery County. The Brookings Institution finds that inclusive regional growth enables more people to invest in their skills and purchase goods and services.²⁵⁴ Yet, Brookings analysis of the Metropolitan Washington economy between 2009 and 2019 suggests it is neither strong nor inclusive relative to other large metropolitan regions with a million or more residents.²⁵⁵ They found that the changes in the regional economy for Metropolitan Washington ranked in the bottom third among 53 large metropolitan regions reviewed based on:

- Changes in jobs and gross domestic product;
- Inclusion as reflected in the change in employment rate, median earnings, and relative poverty;
- Racial inclusion as reflected in change in gaps in employment, earnings, and poverty between the White population and BIPOC;
- Prosperity as reflected in change in average annual wage and standard of living; and
- Geographic inclusion as reflected by median earnings and poverty rates between top and bottom census tracts.

More specifically, based on changes in the local economy between 2009 and 2019, Brookings finds the Washington Metropolitan Region (DMV) ranked:

- **37th in Growth** in economic and entrepreneurial activity due to ranking –
 - 39th in jobs growth (+10.3%)
 - 38th in gross metropolitan product growth (+16.2%), and
 - 26th in jobs growth and young firms (+4.1%).
- **52nd in Change in Inclusion** in employment, income, and poverty due to ranking –
 - 50th in change in employment rate (+2.4%),
 - 48th in change in median earnings (+3.1%), and
 - 52nd in change in relative poverty rate (+0.4%).
- **51st in Change in Racial Inclusion** that measures the gap between the non-Hispanic White population and BIPOC for employment, median earnings, and the share of people earning less than 50 percent of the local median wage (known as the relative poverty rate). The DMV ranked 51st on this measure due in part to ranking –
 - 50th in change in the White/BIPOC employment gap (+0.1%)
 - 49th in change in the White/BIPOC median earnings gap (+\$3,812)
 - 34th in change in White/BIPOC relative poverty gap (-0.3%)
- **43rd in Change in Prosperity** that describes the change in average wealth and income produced by an economy due to ranking –

²⁵⁴ Brookings Metro Monitor 2021 Dashboard, February 2021 - Berube, Crump, and Friedhoff
<https://www.brookings.edu/interactives/metro-monitor-2021/>

²⁵⁵ Ibid

- 27th in change in productivity (+5.4%)
- 44th in change in average annual wage (+5.8%)
- 48th in change in standard of living (+2.9%)
- **37th in Change in Geographic Inclusion** that measures the gap between the most advantaged (top 20 percent) and the least advantaged (bottom 20%) census tract on employment rate, median income, and relative poverty rate. The DMV ranked 37th on this measure due to ranking –
 - 21st in change in top/bottom neighborhood employment rate gap (-2.0%)
 - 43rd in change in top/bottom neighborhood median income gap (+\$7,979)
 - 36th in change in top/bottom neighborhood relative poverty rate gap (-0.2%)

Overall, between 2009 and 2019, Metropolitan Washington ranked low in achieving economic growth overall and equitable growth relative to other large metropolitan areas. Further, among local DMV jurisdictions, Montgomery County likely ranked below the median in economic and equitable growth since most measures suggest that economic growth in the District of Columbia and Northern Virginia has outpaced growth in Suburban Maryland and Montgomery County.²⁵⁶

C. Promising Practices for Advancing Economic Equity

So, what can local jurisdictions do to address the racial and social inequities in their economies? PolicyLink advised that equity cannot be achieved without a fight or a plan, and the lessons from past recovery efforts are clear: absent a race-conscious approach and sharp focus on delivering measurable benefits to those most impacted, recovery efforts will leave frontline communities and communities of color behind and further entrench racial inequities.²⁵⁷

This subsection offers a synthesis of best practices for advancing economic equity recognized by several researchers and think tanks.²⁵⁸ Collectively, these institutions recognize the value of equitable, antiracist policies as best practices to advance racial and social equity. Toward this end, this subsection is presented in six parts to illustrate how local jurisdictions can advance best practices to reverse racial and social inequities in the economy by pursuing six goals. These RESJ goals are listed in Chart 8 on the next page followed by a narrative describing each equity goal and set of promising practices in greater detail.

²⁵⁶ For example, see https://www.washingtonpost.com/local/md-politics/prince-georges-has-overtaken-montgomery-as-top-job-creator-in-maryland-suburbs/2020/01/19/218c3646-38b6-11ea-bf30-ad313e4ec754_story.html or https://www.washingtonpost.com/local/maryland-news/northern-virginias-economic-growth-risks-leaving-maryland-suburbs-behind/2020/01/04/9c6e7126-1cf5-11ea-b4c1-fd0d91b60d9e_story.html

²⁵⁷ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan, <https://www.policylink.org/resources-tools/american-rescue-plan-10-priorities>

²⁵⁸ These include the Brookings Institution, the Roosevelt Institute, and the Center for Budget and Policy Priorities

Note: although a comprehensive review of whether existing County policies and programs align with promising practices for advancing RESJ in the economy was beyond the scope of this project, OLO finds that the County employs some promising strategies for advancing RESJ in the economy but not all of them. These include government contracting and procurement opportunities for BIPOC-owned businesses and providing income supports to lower-wage workers via the Montgomery County Working Families Income Supplement. Additional research would be required to understand the extent to which the County has policies and programs that align with promising practices for advancing RESJ in the economy and the efficacy of these approaches for reducing racial and ethnic inequities and disparities.

Chart 8: Promising Practices for Advancing RESJ in the Economy

RESJ Economic Goals	Promising Practices and Strategies
Advance Wealth Equity	<ul style="list-style-type: none"> • Reparations • Baby Bonds • Focus on a Few Cross-Sector, High-Equity Investments
Advance Entrepreneurship Equity	<ul style="list-style-type: none"> • Invest in Black-Owned Businesses • Enhance BIPOC Contracting and Procurement • Invest in Intermediaries for BIPOC-Owned Businesses • Expand Cooperative Businesses
Advance Banking and Finance Equity	<ul style="list-style-type: none"> • Community Reinvestment Act Reform • Promote Safe and Affordable Banking Products
Advance Income and Employment Equity	<ul style="list-style-type: none"> • Expand Income Supports • Enhance Employee Benefits to Improve Job Quality • Strengthen Workforce Pipeline and Development • Strengthen Anti-Discrimination Infrastructure
Advance Equitable Economic Development	<ul style="list-style-type: none"> • Invest in Green Sector • Focus on Talent Development • Targeted Hiring • Targeted Contracting • Target BIPOC Communities • Evaluate Shovel Ready Projects for Equity
Advance Tax Equity	<ul style="list-style-type: none"> • Raise Revenue from the Wealthy • Roll-Back Ineffective Economic Development Practices • Remove Barriers to Increasing Taxes • Increase Oversight for Property Tax Assessments • Expand Tax Relief for Low-Income Homeowners

Best Practices for Advancing Wealth Equity. As policymakers consider strategies for narrowing disparities in wealth by race and ethnicity and promoting economic growth, three recommendations emerge from the research literature that local governments can consider.

- **Reparations.** Reparations - ranging from individual payments for descendants of enslaved Black Americans to college tuition, student loan forgiveness, and housing and business grants for descendants - have been recommended by researchers as effective anti-racist policies for addressing wealth disparities.²⁵⁹ Most researchers recognize that efforts focused exclusively on education or income will be insufficient for narrowing the many-fold disparities in wealth by race and ethnicity.

Given the potential cost of reparations and the historical policy drivers of wealth inequities, researchers and advocates typically view the federal government as the entity best positioned to provide reparations. Yet, some local governments are recognizing their roles in fostering racial wealth inequities and have considered developing community reparation programs that compensate African Americans for prior unconstitutional, discriminatory policies. For example, Evanston, IL launched a community reparations program to provide first time homeowners grants of up to \$25,000 for Black residents whose relatives experienced housing discrimination during the 1960's.²⁶⁰

- **Baby Bonds.** Baby bonds refer to trust accounts funded by the government and provided to every newborn infant on a sliding scale based on family income or wealth. They are intended to provide substantial assets to young adults who would otherwise not have the financial means to pursue wealth-building opportunities such as education or home ownership without going into or exacerbating substantial debt.²⁶¹ Proposals for baby bonds, funded by the federal government, have ranged from \$1,000 - \$2,000 per year to \$60,000 overall for children born to families with less than the median wealth.²⁶² Baby bonds would disproportionately benefit the 77 percent of Black families with less than the national median in household wealth, helping to narrow the racial wealth gap.²⁶³
- **Prioritize a few deep, cross-sector, high-impact equity investments.** Rather than dispersing small amounts of funding across many programs, PolicyLink advises that local governments should prioritize public funding to support a small number of high-impact investments that work across sectors to deliver racial equity goals that include narrowing the racial wealth gap.²⁶⁴ Examples of deep, cross-sector, high-impact equity investments local jurisdictions can consider include:²⁶⁵
 - Guaranteed income program pilots;
 - The purchase and rehabilitation of vacant buildings to create more available and affordable property for county-provided services like health clinics and early learning centers; and
 - Connecting labor unions and workforce intermediaries to invest in apprenticeships.

²⁵⁹ See William Darity and A. Kirste Mullen, *From Here to Equality: Reparations for Black Americans in the Twenty-First Century*, The University of North Carolina Press, 2020; and Rashawn Ray and Andre Perry, *Why We Need Reparations for Black Americans*, Brookings, 2020

²⁶⁰ Evanston Local Reparations <https://www.cityofevanston.org/government/city-council/reparations>

²⁶¹ See Cassidy, et. al. "Baby Bonds: A Universal Path to Ensure the Next Generation has the Capital to Thrive", Samuel DuBois Cook Center, Duke University, December 2019

²⁶² Ibid and Flynn, Holmberg, Walker, and Wong

²⁶³ Flynn, Holmberg, Walker, and Wong

²⁶⁴ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan

²⁶⁵ Ibid

Best Practices for Advancing Entrepreneurship Equity. As policymakers consider strategies for narrowing disparities in entrepreneurship by race and ethnicity and promoting economic growth, four sets of recommendations emerge from the research literature that local governments can consider.

- **Invest in Black-Owned Businesses.** Perry and Romer of the Brookings Institution recommend investments in Black-owned businesses to grow the economy in several ways.²⁶⁶ First, they recommend increases in homeownership for BIPOC households with specific targets since entrepreneurs often use the equity within their homes to launch businesses. Second, they recommend investments in **Black-owned employer firms in high-growth industries** and in high-revenue industries such as utilities, wholesale trade, and manufacturing that demand larger sums of startup capital. Third, they recommend investments in **top industries for Black businesses, including** health care and social assistance businesses. Finally, they recommend place-based investments that create incentives for consumer-facing firms and high-growth businesses to operate in BIPOC communities and Black neighborhoods especially.
- **BIPOC Contracting and Procurement.** According to Perry and Romer, governments and corporations can encourage growth and activity by adopting new procurement processes that facilitate inclusion.²⁶⁷ Anchor institutions such as universities and health centers can also make formal agreements to buy from or contract with local BIPOC-owned businesses. Towards these ends, these institutions can set goals to increase the number of BIPOC-owned businesses that qualify for government and large corporate contracts to accelerate growth among them.

PolicyLink also recommends that governments employ inclusive contracting and procurement practices to ensure BIPOC entrepreneurs have access to these opportunities. These practices include:²⁶⁸

- Using “best value contracting” to require prime bidders to propose plans for maximizing utilization of BIPOC-owned business enterprises;
- Streamlining certification processes;
- Breaking up large contracts into smaller subcontracts;
- Helping subcontractors grow into prime contractors; and
- Removing onerous financial burdens for small businesses.

Governments can also conduct disparity studies to better understand contract recipients relative to the County’s population. In 2012, Treuhart and Rubin found that 15 states had set explicit statewide numerical goals ranging from five percent to 25 percent for procurement and contracting for minority or women-owned business enterprises.²⁶⁹

²⁶⁶ Perry and Romer

²⁶⁷ Ibid

²⁶⁸ Treuhart and Rubin

²⁶⁹ Ibid

- **Intermediaries that Support BIPOC-Owned Business Enterprises.** Intermediaries provide financing, technical assistance, and support for businesses owned by BIPOC entrepreneurs. They can be public or private initiatives and offer technical assistance focused on for-profit models, non-profit models, or some combination of both.²⁷⁰ PolicyLink recommends intermediaries focus on building “inclusive entrepreneurship ecosystems” – comprehensive systems of business support that help start and scale up BIPOC businesses.²⁷¹ Inclusive entrepreneurship ecosystems focus on five tasks:
 - Provide entrepreneurial supports that serve BIPOC business owners. This can include the use of Minority Business Accelerators that focus on growing BIPOC businesses with at least one million in revenues with significant growth potential²⁷² and technology industry opportunity hubs that support the growth of BIPOC businesses and talent in this sector.²⁷³
 - Increase access to capital through new products and community navigators. This can include fostering relationships between BIPOC businesses and banks²⁷⁴ and investing in local, nonprofit community development financial institutions to provide funding and technical assistance for neighborhood-based businesses in BIPOC communities.²⁷⁵
 - Expand supplier diversity by building the capacity of subcontractors to become prime contractors and growing intermediaries that connect purchasers to vendors.
 - Strengthen commercial corridors in BIPOC communities.
 - Grow and diversify sectors through targeted efforts to support and scale BIPOC-owned businesses in growing, higher paying sectors.

- **Cooperative Businesses.** PolicyLink advises that support for small businesses through cooperative business development will assist BIPOC-owned businesses as about 60 percent of new co-ops are owned by BIPOC.²⁷⁶ They note co-ops are value-driven businesses that put workers and community benefits at the core of their missions. Co-ops operate under seven principles:
 - Voluntary and open membership,
 - Democratic control (one member, one vote);
 - Member economic cooperation;
 - Autonomy and independence;
 - Education, training, and information;
 - Cooperation with other co-ops; and
 - Concern for community.

²⁷⁰ Ibid

²⁷¹ Ibid

²⁷² Parilla and Redus

²⁷³ Reniya Dinkins, Sifan Liu, Rodney Sampson and Justin Sampson, “An Atlanta Organization’s Mission to Bring Racial Equity to the Tech Ecosystem” Brookings, July 21, 2020

²⁷⁴ Perry and Romer

²⁷⁵ Treuhaft and Rubin

²⁷⁶ Ibid

PolicyLink finds that they support wealth creation, quality jobs and meaningful change for underserved populations. Of note, to advance sustainable economic development, Montgomery County's Fiscal Year 2022 Climate Work Plan included an analysis of opportunities to transition legacy businesses into worker-owned co-ops, particularly those with the greatest potential to advance racial equity.²⁷⁷

Best Practices for Advancing Banking and Finance Equity. As policymakers consider strategies for narrowing disparities in banking and financial services by race and ethnicity, two sets of recommendations emerge from the research literature that local governments can consider.

- **Community Reinvestment Act Reform.** The Community Reinvestment Act (CRA) requires federal financial institution regulators to assess the record of each bank in meeting the credit needs of communities, including low- and moderate-income neighborhoods and individuals.²⁷⁸ To address inequities in banking and financial services, researchers at Brookings recommend that CRA supervisory tools be modernized to leverage microdata and better measure racial disparities across a range of banking services.²⁷⁹

The National Community Reinvestment Coalition (NCRC) – an association that organizes around ending discrimination in lending, housing, and business – has developed a platform for modernizing the CRA to improve accountability to low- and moderate-income communities and advance racial equity. NCRC's platform for reforming CRA assessments includes maintaining emphasis on the presence of bank branches, explicitly considering bank activity in BIPOC communities, and refining ratings to allow for a more nuanced understanding of bank performance.²⁸⁰ NCRC provides technical assistance and resources for local governments and organizations to advocate for CRA reform, including through passing local resolutions.²⁸¹

²⁷⁷ Economic Development, Montgomery County FY22 Climate Work Plan, Department of Environmental Protection, Montgomery County, Maryland, December 1, 2019, page 20

<https://www.montgomerycountymd.gov/green/Resources/Files/climate/climate-work-plan-fiscal-year-2022.pdf>

²⁷⁸ Community Reinvestment Act, Community Developments Fact Sheet, Office of the Comptroller of the Currency, March 2014, <https://www.occ.gov/publications-and-resources/publications/community-affairs/community-developments-fact-sheets/pub-fact-sheet-cra-reinvestment-act-mar-2014.pdf>

²⁷⁹ Brody, McComas, and Ouazad

²⁸⁰ Josh Silver, Principles for CRA Regulatory Reform, NCRC, May 21, 2018, <https://ncrc.org/principles-for-cra-regulatory-reform/>

²⁸¹ Joesph Reed, Local Resolutions: One Tool in Supporting Appropriate CRA Reform, NCRC, November 4, 2019, <https://ncrc.org/local-resolutions-one-tool-in-supporting-appropriate-cra-reform/>

- **Promoting Safe and Affordable Banking Products.** According to research from the Federal Deposit Insurance Corporation (FDIC), minimum balance requirements, high/unpredictable account fees, and banking history are among the top reasons cited by unbanked households for not having a bank account.²⁸² In 2006, the San Francisco Office of Financial Empowerment launched the Bank On San Francisco Program to help address barriers to banking and connect unbanked residents to safe and affordable banking products.²⁸³ Bank On has since grown to a national movement of 97 state and local coalitions comprised of government agencies, financial institutions, and community organizations.²⁸⁴ Bank On coalitions “provide outreach and programming to connect residents to safe financial products, partner with local financial institutions to facilitate account access, and work to integrate banking access strategies into nonprofit and government social services.”²⁸⁵

Local governments can support Bank On by forming a coalition or joining an existing coalition. Bank On Maryland is coordinated by the CASH Campaign of Maryland and currently consists of 13 members, three of which are state/local government agencies.²⁸⁶ The City of Gaithersburg is a member of Bank On Maryland and coordinates the Bank On Gaithersburg coalition through their Community Services Division.²⁸⁷

Best Practices for Advancing Income and Employment Equity. As policymakers consider strategies for narrowing disparities in income and employment by race and ethnicity, four sets of recommendations emerge from the research literature that local governments can consider.

- **Income Supports.** PolicyLink recommends the public sector advance minimum wage standards, universal basic income, earned income tax credit (EITC), and use of hazard pay for essential workers earning the lowest wages as strategies for advancing income equity.²⁸⁸ They recommended the use of American Rescue Plan funds toward these ends and including young workers, especially those without children, and persons without individual identification numbers in local EITC programs. In 2018, 22 percent of Native American women and 21 percent of Latina and Black women were eligible for the federal EITC program compared to 11 and 12 percent of White and Asian women.²⁸⁹

²⁸² How America Banks: Household Use of Banking and Financial Services, 2019 FDIC Survey, FDIC, October 2020, <https://www.fdic.gov/analysis/household-survey/2019report.pdf>

²⁸³ 2006: Bank On San Francisco, Accomplishments, San Francisco Office of Financial Empowerment, San Francisco, California, <https://sfgov.org/ofe/about-us/accomplishments>

²⁸⁴ Coalitions, BankOn, <https://joinbankon.org/coalitions/>

²⁸⁵ Our Coalition, BankOn Maryland, CASH Campaign of Maryland, <https://bankonmaryland.org/partners/>

²⁸⁶ Our Coalition, BankOn Maryland

²⁸⁷ Bank On Gaithersburg, Community Services Division, Gaithersburg, Maryland <https://www.gaithersburgmd.gov/services/community-services/bank-on-gaithersburg>

²⁸⁸ Treuhaft and Rubin; PolicyLink: 10 Priorities for Advancing Racial Equity Through American Rescue Plan

²⁸⁹ Chuck Marr and Yiyuan Huang “Women of Color Especially Benefit from Working Family Tax Credits” Center on Budget and Policy Priorities, September 9, 2019

- **Enhance Employee Benefits to Improve Job Quality.** Black and Latinx workers (especially women) experienced the steepest job losses during the pandemic while simultaneously facing the most barriers to regaining work. To connect unemployed and low-wage workers to good jobs and careers, PolicyLink recommends jurisdictions adopt paid leave policies for family and medical leave and also boost child tax credits.²⁹⁰ PolicyLink also recommends jurisdictions improve job quality by adopting provisions for workers that require that employers provide health insurance, social security, retirement plans, and workers compensation.²⁹¹ They cite Connecticut as an example where state law requires all employers with 50 or more employees provide paid sick leave annually.²⁹²
- **Workforce Pipeline and Development.** Best practices recommend a variety of workforce pipeline strategies aimed at connecting unemployed and low-wage workers with good jobs and careers, reducing occupational segregation, and improving economic equity in the labor market. These include career and technical education, training and placement, dual generation workforce development strategies, support for returning citizens, learn and earn opportunities for young workers, worker training credits, and public-private sector partnerships focused on regionally significant industries. PolicyLink further recommends jurisdictions invest in community-based pre-apprenticeship programs for construction jobs and apprenticeships and workforce intermediary partnerships that train and place disadvantaged and low-wage workers in good jobs in growing industries such as health care, professional and financial services, and information technology.²⁹³
- **Strengthen Anti-Discrimination Infrastructure.** Since discrimination by race and ethnicity persist in the labor market, researchers have recommended strengthening the anti-discrimination infrastructure to improve employment and income equity. Martha Ross of the Brookings Institution, for example, recommends that jurisdictions increase their funding of equal employment opportunity agencies so they can sufficiently investigate complaints and collect adequate data on compensation by race and gender.

Additional strategies for strengthening the anti-discrimination infrastructure in employment include adopting policies that require employers to report employment and pay data by race, ethnicity, gender, and occupation and expanding legal protections against anti-discrimination to cover all workers and protect against practices that coerce employees to waive their rights to legally challenge unfair or unethical treatment. Montgomery County's Office of Human Rights serves as the local equal employment agency for the County investigating local discrimination complaints.²⁹⁴

²⁹⁰ Treuhaft and Rubin

²⁹¹ Ibid

²⁹² Ibid

²⁹³ Treuhaft and Rubin; PolicyLink: 10 Priorities for Advancing Racial Equity Through American Rescue Plan

²⁹⁴ About the Office of Human Rights, Montgomery County Government

<https://www.montgomerycountymd.gov/humanrights/about/who.html>

Best Practices for Advancing Equitable Economic Development. According to PolicyLink, best practices for promoting equitable economic development focus on delivering good jobs and business opportunities for BIPOC communities. They state this requires a race-conscious approach to reduce racial inequities and disparities in employment, ownership, and access.

As policymakers consider strategies for advancing equitable economic development opportunities that narrow inequities in employment and entrepreneurship by race and ethnicity and advance economic growth, six sets of best practices emerge from the research literature that local governments can consider. One of these best practices - targeted contracting with BIPOC-owned businesses – overlaps with best practices for advancing entrepreneurial equity described previously.

- **Invest in Green Sector, New Economy.** PolicyLink recommends that local jurisdictions use public funds to build the next economy, focusing on the green sector and infrastructure jobs.²⁹⁵ This includes investing in household weatherization, energy efficiency, and climate resilience hubs and other critical infrastructure and services communities need to withstand our changing climate. This also includes increasing the pipeline of under-represented groups in clean energy occupations. Researchers at the Brookings Institution advocate for an increased pipeline among Black, Asian and women workers as electricians, electrical power-line installers and repairers; nuclear power reactor and power plant operators; roofers, plumbers, pipefitters, and steamfitters; and heating, air conditioning and refrigeration mechanics, and installers.²⁹⁶

Other green sector investments aimed at enhancing economic and environmental equity include laying broadband in rural and urban communities lacking fast internet connections, supporting environmental justice communities, and expanding public and employee ownership as described in the Green Stimulus Plan. PolicyLink also recommends funding for water infrastructure projects and projects that expand access to transportation, and projects that lessen the environmental impact of transportation systems in the highest poverty communities of color.²⁹⁷

- **Organize Economic Development Strategy Around Development and Deployment of Talent.** Researchers with the Shared Prosperity Partnership observe that conventional economic development strategies on business attraction and marketing have failed to provide benefits to enough Americans and in turn have exacerbated inequality.²⁹⁸ They recommend jurisdictions instead should invest more in job training and orient their incentives and services to talent development. Toward this end, they recommend that jurisdictions:
 - Realign economic development investments to support proven training solutions;
 - Target incentives to promote practices that help build local talent pipelines;
 - Develop new hiring tools that facilitate more efficient and equitable hiring practices;
 - Test new financing vehicles that allow individuals training for high-demand jobs to repay training costs over time with a portion of their salaries;

²⁹⁵ PolicyLink, Build an Equitable Economy – Covid 19 and Race: Principles for a Common Sense, Street-Smart Recovery, 2020

²⁹⁶ Mark Muro, Adie Tomer, Ranjitha Shivaram, and Joseph Kane, “Advancing Inclusion Through Clean Energy Jobs,” Brookings, April 18, 2019

²⁹⁷ PolicyLink, Build an Equitable Economy

²⁹⁸ John Ratkloff, Nathan Arnosti, and Alan Berube, “How States Can Support Shared Prosperity by Promoting Human Capital Development” Shared Prosperity Partnership.

- Incentivize private sector training by establishing a worker training tax credit; and
- Experiment with new regional intermediaries that connect middle schools, high schools, community colleges, and other higher educational institutions, along with in-demand skills providers, with businesses in key growth sectors.

Shared Prosperity Partnership cite Skillful in Colorado as an example of a jurisdiction implementing key elements of the talent-driven economic development strategy.²⁹⁹ Skillful trains career coaches to focus on helping workers without college degrees recognize the skills they have, the training they may need, and the opportunities within their reach. It also trains employers to help them hire workers for the skills they need rather than requiring certain credentials or level of experience as a proxy.

- **Targeted Hiring.** Researchers at PolicyLink recommend jurisdictions establish goals or hiring requirements for publicly subsidized projects to advance economic growth and equity.³⁰⁰ They further recommend requiring targeted hiring and living wages for the jobs created by projects supported by public funding.³⁰¹ Five targeted hiring best practices are recommended.
 - **BIPOC and Women Hiring Policies with Specific Goals.** PolicyLink notes that the federal government establishes minority and women hiring goals at the regional level for all federally funded construction contracts and that state and localities may set higher goals.³⁰² At the federal level, minority and women hiring targets cover contracts over \$10,000 and hiring goals can range from 0.5 percent to 87.3 percent.³⁰³ Minnesota offers a state example where its Department of Human Rights has issued goals for BIPOC and women employment in state-funded construction projects for each city and county.³⁰⁴ The BIPOC and women hiring goals in Minnesota apply to contracts in excess of \$100,000 for employers with more than 40 employees.³⁰⁵ For Ramsey and Hennepin County, hiring goals on state-funded construction projects were set at 32 percent BIPOC participation and six percent female participation.³⁰⁶
 - **Local Hiring Ordinance on Publicly Subsidized Projects.** Local hiring ordinances refers to requirements for government contractors to employ local residents for publicly funded projects. In 2012, PolicyLink found that more than 10 cities had passed local hiring ordinance and target areas, which may be defined jurisdiction-wide or within a defined sub-area within a jurisdiction or around a development.³⁰⁷

²⁹⁹ Ibid

³⁰⁰ Treuhaft and Rubin

³⁰¹ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan

³⁰² Treuhaft and Rubin

³⁰³ Ibid

³⁰⁴ Ibid

³⁰⁵ Ibid

³⁰⁶ Ibid

³⁰⁷ Ibid

- Thresholds that trigger local hiring ordinances may include: the dollar amount of the subsidy or the project; the size of the project; and whether it covers construction jobs only, or also the permanent jobs that follow. Thresholds for local hiring ordinances may also include “first source” policies that require or incentivize businesses to hire residents from local training programs. The City of East Palo Alto provides an example of having a local hiring ordinance that covers all redevelopment projects that receive more than \$50,000 in city subsidies: their ordinance calls for 30 percent local hiring for both construction and permanent retail jobs.³⁰⁸
- **Community Benefits Agreements**, usually between a developer and community groups, outline the community benefits on a publicly funded project in a binding contract. Common provisions of community benefit agreements include local and BIPOC hiring, living wage, job training, minority contracting, and affordable housing agreements. PolicyLink finds that BIPOC hiring goals under community benefit agreements have ranged from 20-35 percent.³⁰⁹ As an example, they noted that the community benefit agreement negotiated to develop the Kodak Theatre in Los Angeles resulted in residents filling 70 percent of permanent jobs and 19 percent of construction jobs.³¹⁰
 - **Community Workforce/Project Labor Agreements** can set the terms and conditions of employment, including wages, benefits, schedules, and work rules associated with new development. These agreements can also include targeted hiring, training, and outreach programs. PolicyLink finds that more than 100 community workforce and project labor agreements have been negotiated over the past 80 years for both public and private-funded projects.³¹¹ Local hiring provisions within these agreements typically range between 20 and 50 percent.³¹² The community workforce agreement for the Clean Energy Works Portland pilot project to retrofit 500 Portland homes with energy efficiency upgrades, for example, required 80 percent of jobs go to local residents, 30 percent of the work hours go to under-represented groups, and that wages were at least 180 percent of the state median.³¹³
 - **Targeted Contracting.** Researchers recommend jurisdictions establish minority procurement requirements for government contracts and publicly subsidized projects to advance economic growth and equity. Three sets of best practices emerge from their recommendations.
 - **BIPOC Business Enterprise Set Asides for Government Contracts.** Researchers at PolicyLink recommend contracting and procurement set asides vary based on the demographics of the jurisdiction. Toward this end, they found that among 15 states with explicit numerical goals for procurement and contracting with BIPOC or women-owned business enterprises, the set aside requirement for BIPOC-owned businesses ranged from five to 25 percent.³¹⁴

³⁰⁸ Ibid

³⁰⁹ Ibid

³¹⁰ Ibid

³¹¹ Ibid

³¹² Ibid

³¹³ Ibid

³¹⁴ Treuhart and Rubin

- Of note, Montgomery County’s targets for Minority, Female, and Disabled-Owned (MFD) business participation vary by contract type: 10 percent for goods, 19 percent for professional services, 21 percent for construction, and 22 percent for non-professional services contracts.³¹⁵ In FY20, the county met its MFD contracting targets for goods, construction, and non-professional contracts.³¹⁶ The share of MFD participation among professional services contracts, however, missed the mark with MFD contracts accounting for 10 percent of such contracts vs. the MFD goal of 19 percent.³¹⁷
- **Adopt Inclusive Contracting and Procurement Practices.** Researchers at the Brookings Institution and Policylink recommend governments and corporations encourage growth and activity by adopting procurement processes that facilitate inclusion.³¹⁸ This can include anchor institutions such as universities and health centers making formal agreements to buy from or contract with local/BIPOC-owned businesses. Inclusive contracting and procurement practices to ensure that under-represented entrepreneurs can access these opportunities include using “best value contracting” to require prime bidders to propose plans for maximizing utilization of BIPOC businesses, streamlining certification processes, breaking up large contracts into smaller subcontracts, helping subcontractors grow into prime contractors, and removing onerous financial burdens for small businesses.³¹⁹ Governments can also conduct disparity studies to better understand contract recipients relative to their population.
 - **Fund Entrepreneurship Initiatives to Increase the Supply of BIPOC Businesses.** Researchers have also recommended jurisdictions fund initiatives aimed at addressing the historic lack of access to startup capital, networks, resources, and support among BIPOC business owners.³²⁰ For example, Launch Tennessee - a public-private partnership to support entrepreneurship - provides matching grants to incentivize growth for companies owned by BIPOC and those located in Opportunity Zones.³²¹ Another innovative example in investing in BIPOC businesses is California’s use of its Public Employees Retirement System to invest in venture capital funds run by people of color and women, which outperform many other venture capital funds.³²²

³¹⁵ Office of Procurement Minority, Female, and Disabled-Owned Business Program

³¹⁶ Minority, Female, and Disabled-Owned Business Program, FY 20 Annual Report, Office of Procurement, Montgomery County Government

³¹⁷ Ibid

³¹⁸ Treuhart and Rubin; Perry and Romer

³¹⁹ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan; and Denise Fairchild and Katrina Rose, “Inclusive Procurement and Contracting: Building a Field of Policy and Practices” Emerald Cities Collaborative and PolicyLink, February 2018

³²⁰ Donnie Charleston, “How States Can Support Shared Prosperity by Promoting Quality Jobs,” Shared Prosperity Partnership

³²¹ Ibid

³²² Ibid

- **Target BIPOC Communities.** Researchers recommend jurisdictions prioritize economic development projects in historically disinvested neighborhoods.³²³ In response to the legacy of redlining and decades of disinvestment that have created blighted communities, the Shared Prosperity Partnership recommends jurisdictions respond with place-based investments. They note that “strong evidence exists for place-based strategies ... (that include) developing workforce pipelines that target specific geographies.”³²⁴ They cite Connecticut’s Innovation Places Initiative as an example of effective place-based economic development that promotes growth and equity: the Initiative has distributed \$30 million in competitive grants for business incubators and open space initiatives to attract talent mostly in the state’s struggling older cities. Winners of these grants have used their proceeds to install Wi-Fi hotspots, create technology incubators and accelerators and to support other place-making projects. PolicyLink also recommends jurisdictions consider providing tax credits to businesses that donate to community projects in distressed areas to enhance growth and equity.
- **Evaluate “Shovel Ready” Economic Development Projects for Equity.** PolicyLink recommends jurisdictions evaluate “shovel ready” projects that are being considered for funding and eliminate those that will cause displacement or other harms to BIPOC and low-income communities.³²⁵ They suggest using a “cumulative impact assessment” framework to assess the impact of the economic development investment when added to other past, present and foreseeable future actions.³²⁶ The use of a tool to evaluate the anticipated impact of “shovel ready” projects on racial and social equity should also be considered.

Best Practices for Advancing Tax Equity. The Center on Budget and Policy Priorities recommends jurisdictions create revenue systems that are capable of supporting an equitable future where barriers created by racism are no longer obstacles to opportunity.³²⁷ The Urban Institute also contends that local policymakers can take steps to advance RESJ in property tax assessments.³²⁸ To advance equity in tax policies and enforcement, jurisdictions can consider five policy options:³²⁹

- **Raise Revenue from Wealthy Individuals and Corporations.** The Center for Budget and Policy Priorities notes that federal, state, and local governments in the U.S. raise much less revenue as a share of the economy than most other industrialized nations.³³⁰ This contributes to racial and economic inequality as reflected by the 400 richest American billionaires having more total wealth than all 10 million Black American households combined.³³¹

³²³ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan;

³²⁴ Charleston

³²⁵ PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan;

³²⁶ Ibid

³²⁷ Center for Budget and Policy Priorities

³²⁸ Caitlyn Young, What Policymakers Need to Know about Racism in the Property Tax System, The Urban Institute, March 15, 2023

³²⁹ These overlap with best practices for advancing housing security for homeowners noted on page 45.

³³⁰ Sanders, Leachman and Williams

³³¹ Vanessa Williamson, Closing the racial wealth gap requires heavy, progressive taxation of wealth, Brookings Institution, December 9, 2020

Because wealth in the U.S. is so highly concentrated and because the wealthiest Americans are almost exclusively White, the racial wealth gap is also concentrated among the wealthiest families.³³² Taxes on estates and inheritances, and higher marginal tax rates on income could help to narrow the racial wealth gap as these taxes would apply to the extremely wealthy who are disproportionately White. Increased taxation of wealthy individuals and profitable corporations could also add to the progressivity of the local tax code. As noted by researchers, income taxes rewards wealth over work by taxing income from ownership (capital gains) at much lower rates than income from salaries and wages.³³³ Further, state and local taxes are generally regressive.³³⁴ Revenues generated from increased local taxes on wealthy individuals and profitable corporations could be used to fund equitable economic programming.

- **Redirect Revenue from Ineffective Economic Development Programs to Equitable Investments.** Researchers estimate that economic development incentives cost states and localities \$45 - \$95 billion per year, despite evidence that they are largely ineffective.³³⁵ Incentives such as tax breaks and grants often reward companies for business activity they would have engaged in anyway or have a low “bang for the buck.”³³⁶ They often exacerbate racial and social inequities as the corporations that benefit the most from these breaks are typically owned by White and wealthy stakeholders.³³⁷ Redirecting revenue from ineffective tax breaks and grants to more equitable economic investments could improve economic supports for BIPOC communities and low-income residents that would also improve RESJ.
- **Remove Barriers to Increasing Taxes.** CBPP warns that many jurisdictions have enacted policy barriers that make it more difficult to raise revenue to fund equitable investments more difficult. These include supermajority requirements to raise revenue, limits on income tax rates, and limits on growth in annual spending. These also include property tax limitations that expand racial income gaps by providing disproportionate savings to White people who are more likely to be homeowners and own more valuable homes than BIPOC due to government policies that fostered racial segregation in housing and the economy at large.

Montgomery County currently requires a supermajority vote of the County Council to raise revenue via its spending affordability guidelines. These guidelines place a ceiling on property tax revenues and the total operating budget and allocates projected revenue among agencies based on it.³³⁸ The County’s Charter specifies that any aggregate operating budget exceeding the spending affordability guidelines requires the approval of eight rather than six of the 11-member Council.³³⁹ Thus, without a supermajority of Council support, the County must close budget gaps mostly if not entirely through spending cuts.

³³² Williamson

³³³ Ibid

³³⁴ Ibid

³³⁵ See CBPP and The Economics of a Targeted Economic Development Subsidy by Matthew Mitchel, Michael Farren, Jeremy Horpedahl, and Olivia Gonzalez, Mercatus Center at George Mason University, 2019

³³⁶ Timothy Bartik, “But For” Percentages for Economic Development Incentives: What percentage estimates are plausible based on the research literature? Upjohn Institute Working Paper 18-289, July 2018

³³⁷ CBPP

³³⁸ The Budget Process, Montgomery County Council, <https://www.montgomerycountymd.gov/COUNCIL/about/budget.html>

³³⁹ Ibid

- **Increase Oversight for Property Tax Assessments.** As observed by the Urban Institute, many of the reports of property tax inequity have emerged from analyses conducted by outside entities.³⁴⁰ Localities seeking to advance RESJ in property tax assessments could implement accuracy checks and RESJ analyses earlier in the assessment process to ensure BIPOC and low-income property-owners are not unfairly burdened. Towards this end, assessors can create and apply RESJ tools to help evaluate the impact of assessment policies and practices on BIPOC and lower-income communities.
- **Expand Tax Relief Programs to Reduce the Tax Burden of BIPOC and Lower-Income Homeowners.** Currently, many localities employ property tax relief programs for a variety of constituents including for veterans, persons with disabilities, seniors, and for homeowners more broadly. To reduce the property tax burden for lower-income property owners, which would disproportionately benefit BIPOC property owners, jurisdictions could use “property tax circuit breakers” that base property tax payments in part on property owners’ incomes. Property tax circuit breakers can be activated at a certain income level and/or when a property owner experiences housing burden (expending more than 30 percent of household income on housing) or severe housing burden (expending more than half of household income on housing). As observed by the Urban Institute:³⁴¹

“These programs may help offset regressivity in the property tax system by shifting tax subsidies from wealthier homeowners to homeowners with low incomes. They can also improve residential stability by protecting (BIPOC) residents from gentrification which drives up property taxes and can subsequently lead to displacement.”

³⁴⁰ Young

³⁴¹ Young, p. 4

Chapter 5: Project Findings and Recommended Discussion Issues

The County's Racial Equity and Social Justice (RESJ) Act requires OLO to assess the anticipated RESJ impact of each bill and zoning text amendment (ZTA) the Council considers. The RESJ Act also requires OLO to offer recommended amendments to advance RESJ for bills and ZTAs that could adversely impact RESJ. Given these requirements, the Council tasked OLO to develop a policy handbook to advise itself, County departments, and other stakeholders on best practices for advancing RESJ in local policy.

This handbook is intended as a reference for developing policies that advance RESJ in land use, housing, and economic development. It is also intended as a resource for developing recommended amendments for bills and zoning text amendments anticipated to have an adverse impact on RESJ if adopted. This chapter summarizes this project's nine key findings and offers six recommended discussion issues for the Council's consideration.

Summary of Key Findings

Finding 1. Since local governments have fostered racial and social inequities, they also must bear responsibility for advancing racial equity and social justice in society.

When considering the history of racial and social inequity in the U.S., the policies and practices of federal and state governments have been determinative. For example, the theft of Indigenous land and African labor, enactment of Jim Crow laws, and New Deal era policies that prospered White families at the expense of BIPOC families, were largely driven by federal and state policies. Yet, local governments have also endorsed racially and socially inequitable policies historically as well as contemporary drivers of racial and social inequity, including the War on Drugs and the mass incarceration of Black and Latinx residents.

Historic racial and social inequities fostered by local jurisdictions such as Montgomery County include the use of:

- Violence and the endorsement of vigilante violence (e.g., arson, assaults, lynchings) to enforce racial segregation and disenfranchise Black residents.
- Exclusionary zoning to foster racial and socio-economic segregation in housing and land use.
- Eminent domain and urban renewal to displace Black communities largely for the benefit of White commuters and businesses.

Contemporary racial and social inequities fostered by local government decisions include:

- Inadequate public investments in infrastructure and amenities in BIPOC communities relative to historic under-investments and current community needs.
- Regressive property tax assessments that result in Black and Latinx homeowners disproportionately paying more than their fair share of local taxes.
- Inadequate enforcement of existing anti-discrimination laws.

Because local governments, including Montgomery County, have fostered racial and social inequities in society, they must bear responsibility for advancing racial equity and social justice in society.

Finding 2. Montgomery County’s Racial Equity and Social Justice Act recognizes the essential role of local government in advancing RESJ in society.

Montgomery County’s Racial Equity and Social Justice Act recognizes the essential role of local government in advancing RESJ by requiring officials, departments, and agencies to consider the RESJ implications of proposed bills, master plans, and recommended budget initiatives.

RESJ Act mandates aimed at ensuring the County advances racial equity and social justice in government decision-making include requiring:³⁴²

- The Office of Racial Equity and Social Justice (ORESJ) to “perform an equity assessment to identify County policies and practices that must be modified to redress disparate outcomes based on race or social justice.”
- Each County department and office “to develop a racial equity and social justice action plan designed to remedy individual, institutional, and structural racism or social justice issues adversely impacting County residents.”
- The Executive “to explain how each management initiative or program that would be funded” in the “annual recommended operating and capital budgets” or “in a supplemental appropriation promotes racial equity and social justice.”
- The Office of Legislative Oversight to “submit a statement to the Council describing the racial equity and social justice impact, if any, of each bill under consideration by the Council” and each zoning text amendment.
- The County Council to “establish a process to explain how each special appropriation promotes racial equity and social justice.”
- The Planning Board to “consider the impact of (each master) plan on racial equity and social justice in the County.”
- The Council to “establish a structure to provide oversight of the County’s progress in meetings its racial equity and social justice goals.”

Finding 3. Developing policy solutions to advance RESJ requires centering BIPOC stakeholders, reckoning with history, replacing racially inequitable policies with equitable ones, and considering the specific needs of each BIPOC group.

The consensus among subject matter experts is that advancing RESJ is both a process and an outcome. They content that racially and socially equitable outcomes only come about through equitable processes where underserved communities that have been systematically denied full opportunities to participate in social, economic, and civic life have a meaningful say in decision-making. Based on this understanding there are four common recommended steps for developing policy solutions to advance RESJ:

³⁴² Bills 27-19 and 44-20, Montgomery County Racial Equity and Social Justice Act and Amendments, Montgomery County Code, November 19, 2019, and December 1, 2020

- **Center BIPOC stakeholders to co-develop, implement, and evaluate policy efforts.**³⁴³ This step requires engaging historically underserved communities in prioritizing investments and centering their needs and leadership in all steps of the policymaking process. When an idea is first raised, before the policy or program design is complete, consider what the impact will be on BIPOC. BIPOC experts, including scholars, practitioners, advocates in relevant subject areas and individuals with lived experience should be consulted. People from BIPOC communities should be included as full partners in the policy design, implementation, and evaluation.
- **Reckon with history.**³⁴⁴ The U.S. has not fully reckoned with its fraught racial history. As such, they recommend that in all policy-making processes and political discourse, an acknowledgement of the complex reasons for our unequal starting places is important. An understanding of the historic and contemporary racial and social inequities that foster contemporary racial and social disparities is essential to developing policy solutions with the power to advance RESJ.
- **Replace inequitable policies with policies that advance RESJ.**³⁴⁵ There are three features of racially inequitable policies: they seek to *contain* BIPOC often through policies that foster residential segregation; they seek to *extract* resources from BIPOC often through policies that sustain the racial wealth gap; and they seek to *punish* BIPOC through the criminal justice system. To counter these inequitable policies, “mobility and access” policies should replace containment policies; “infusion and investment” policies that benefit BIPOC communities should replace extraction policies, and “care and repair” policies should replace punishment policies.
- **Consider each BIPOC community individually.**³⁴⁶ Each community has its own history, experiences, and challenges. It is essential to recognize that circumstances are often very different – both between various communities and within them. Name Black, Indigenous, Latinx, and other communities of color separately and identify how the policy or program proposal would impact members of each community.

Finding 4. Historic and contemporary racial and social inequities in land use and housing have advantaged many White and affluent households at the expense of many BIPOC households.

Historic and contemporary racial and social inequities in land use and housing have disproportionately advantaged White households at the expense of Black, Indigenous, and other People of Color (BIPOC) households. Collectively, land use and housing inequities have fostered the hoarding of public resources and community amenities in White-only communities, the extraction of Black wealth through eminent domain, and the under-resourcing of communities where BIPOC live. These historic inequities in land use and housing have occurred both nationally and locally in Montgomery County.

Historic racial and social inequities in land use and housing, characterized as the historic tactics of racialized housing and land use, include:

³⁴³ See PolicyLink, 10 Priorities for Advancing Racial Equity Through the American Rescue Plan and Gamblin

³⁴⁴ See Flynn, Holmberg, Walker, and Wong

³⁴⁵ See Rose

³⁴⁶ See Gamblin

- **State violence** that forced the dispossession of Indigenous lands and formed the basis for the plantation economy reliant on stolen African labor.
- **Extrajudicial and militia violence** sanctioned by government to enforce the racial hierarchy.
- **Exclusionary zoning** that fostered the use of zoning regulations to reinforce racial segregation.
- **Creation of White-only suburbs** through federal policies, local land use rules and investments.
- **Racially restrictive housing covenants and bylaws** in housing contracts and deeds that forbid the sale and the rental of properties to Black, other People of Color, and/or Jewish households.
- **Racialized public housing policies** post World War II that fostered racial segregation in housing.
- **Displacement and loss of Black-owned land** through eminent domain that demolished and displaced predominantly Black neighborhoods.
- **Racial steering and blockbusting** that reinforced racial segregation in housing and provoked White fear for racial change in neighborhoods to undermine racial integration.
- **Municipal fragmentation and White flight** that sustained racial segregation despite the enactment of federal, state, and local anti-discrimination laws in housing.

Contemporary racial and social inequities in land use and housing, characterized as the contemporary tactics of racialized housing and land use, include:

- **The absence of meaningful BIPOC engagement** in land use planning from the reliance of planning agencies on community engagement structures and approaches that privilege affluent homeowners.
- **Inequitable land use planning** that ignores racial and social inequities in planning.
- **Exclusionary zoning** that places zoning restrictions on multifamily dwellings, affordable homes, and housing for under-served groups in residential areas zoned for single-family homes.
- **Biased lending, appraisals, and enforcement of anti-discrimination laws** that enables predatory lending in BIPOC communities and racial bias in home appraisals despite fair housing laws.
- **Inadequate investment and zoning in BIPOC communities** in terms of infrastructure to address historic under-investments and current community needs.
- **Risk of BIPOC displacement through gentrification** as there are few efforts aimed at maintaining existing affordable housing and building more of it, especially in affluent communities.

Finding 5. Racial and social inequities in land use and housing have fostered residential segregation and racial disparities in homeownership and housing security.

Historic and contemporary racial and social inequities in land use and housing have fostered residential segregation and racial disparities in homeownership and housing security.

- **Residential segregation.** Data on Equity Focus Areas (EFAs) demonstrates residential segregation by race, ethnicity, and income across the County. EFAs refer to communities along the I-270 Corridor, the Route 29 Corridor, and the eastern portion of the County with high concentrations of BIPOC constituents, low-income households, and English language learners.³⁴⁷

³⁴⁷ Montgomery County Department of Planning. Equity Agenda for Planning. Equity Focus Areas Analysis, 2020 <https://montgomeryplanning.org/planning/equity-agenda-for-planning/the-equity-focus-areas-analysis/>

In 2018, Latinx and Black residents were concentrated in EFAs, as were residents who indicated they spoke English less than well. Whereas 27 percent of the County's population resided in EFAs, 39 percent of Black, 48 percent of Latinx, and 45 percent of English language learning constituents resided in EFAs. Lower-income households were also concentrated in EFAs: 12 percent of households residing within EFAs had incomes below the poverty level compared to five percent of households outside the EFAs. The average household income within EFAs was \$89,950 compared to \$163,368 outside of EFAs.

Conversely, White residents, those with graduate/professional degrees, and those employed in management, business, science, and arts occupations were concentrated outside of EFAs. Whereas 75 percent of the County's population resided outside of EFAs, 87 percent of White residents, 85 percent of constituents with graduate or professional degrees, and 82 percent of constituents in management, business, science, and arts occupations resided outside of EFAs.

- **Homeownership.** Available data also demonstrates gaps in homeownership rates by race and ethnicity. Whereas in 2021, 77 percent of White households and 69 percent of Asian households in Montgomery County were owner-occupied, only 54 percent of Latinx households and 43 percent of Black households were owner-occupied.
- **Housing insecurity.** Available data further shows that BIPOC renters are more likely to face housing insecurity as they are more likely to be cost-burdened which is defined as paying 30 percent or more of household income on housing. Whereas in 2021, 63 percent of Latinx and 57 percent of Black renting households were housing cost-burdened in Montgomery County, 45 percent of White and 38 percent of Asian renting households were housing cost-burdened.

A review of data also demonstrates racial disparities in homelessness. Among single adults experiencing homelessness in the County in 2021, 56 percent were Black, 33 percent were White, five percent were Native American, and four percent were Asian or Pacific Islander. Among families experiencing homelessness, 84 percent were Black, 12 percent were White, and three percent were Native American.

Finding 6. Promising practices for advancing RESJ in land use and housing center the needs of BIPOC communities and prioritize increasing housing affordability and quality and reducing residential segregation.

Promising practices for advancing RESJ in land use and housing seek to diminish the harmful effects of racial and social inequities in several ways. First, promising practices for advancing RESJ in land use focus on advancing five RESJ goals:

- **Increasing BIPOC engagement in land use planning** by targeting both one-way and two-way outreach to renters, low- and moderate-income families, youth and BIPOC households.
- **Prioritizing RESJ in land use planning** by applying a RESJ lens to key land use decisions.
- **Increasing investments in under-resourced communities** by adopting approaches that enhance housing, school quality, available medical care, and access to healthy food and other amenities.
- **Increasing affordable housing in well-resourced communities** through zoning reforms to expand densities, subsidies for lower-income households, and enforcement of anti-discrimination laws.

- **Preventing BIPOC displacement** through inclusionary zoning, rent control, code enforcement, just cause only evictions, community land trusts, and property tax credits for legacy residents.

Second, promising practices for advancing RESJ in housing focus on four goals that overlap with goals for advancing RESJ in land use:

- **Reversing residential segregation.** Promising practices to reverse residential segregation include eliminating exclusionary zoning, advancing inclusionary housing, and enforcing fair housing laws.
- **Advancing RESJ in homeownership.** Promising practices to advance this goal include community land trusts, homeownership assistance programs, and fair lending enforcement.
- **Advancing RESJ in housing security.** Promising practices here include affordable housing preservation and production, expanded tenants' rights, financial assistance for renters, foreclosure intervention, property tax relief, and housing first programs.
- **Advancing RESJ in housing quality.** Promising practices to advance housing quality include home rehabilitation programs, strategic code enforcement, and tenant empowerment initiatives.

Finding 7. Historic and contemporary racial and social inequities in the economy have advantaged White and affluent stakeholders at the expense of many BIPOC stakeholders.

Racial and social inequities in the economy, both historic and contemporary, rooted in building White wealth at the expense of BIPOC land and labor have created and reinforced the racial wealth divide and other racial disparities in the economy. Just as racial inequities in land use and housing fostering residential segregation, racial inequities in the economy have fostered occupational segregation and the exclusion of BIPOC from economic benefits disproportionately enjoyed by White constituents. The exclusion of BIPOC constituents from opportunities to build generational wealth results from economic policies rather than random outcomes or differences in behavior among various demographic groups.

Historically, there have been three main drivers of racial inequities in the economy:

- **The theft of BIPOC land and labor** via the thefts of Indigenous lands, African labor, and Black-owned land from the colonial through the antebellum eras.
- **The exploitation of BIPOC communities** post Emancipation through sharecropping, convict labor, Jim Crow laws, government-sanctioned attacks on BIPOC communities, and the exploitation of BIPOC communities in U.S. territories and colonies.
- **The exclusion of BIPOC from wealth-building opportunities** during the 20th Century including from lucrative jobs and forms of entrepreneurship, New Deal policies, and GI Bill benefits.

Contemporary drivers of racial inequity in the economy include:

- **Persistent inequities in the labor market** that include racial discrimination in employment, occupational segregation, the mass incarceration of Black and Latinx constituents, and the collateral damage of mass incarceration on BIPOC communities.
- **Persistent inequities in the finance market** that include biases in banking access, financing for mortgages and businesses, and property appraisals and valuations.
- **Persistent inequities in tax policies** that include regressive tax codes, regressive property tax assessments and biased tax enforcement.

- **Persistent inequities in economic development** that include inequities in business development and barriers facing BIPOC businesses, especially Black-owned businesses.

Finding 8. *Racial and social inequities in the economy have fostered racial disparities in wealth, entrepreneurship, banking, income, and employment.*

Historic and contemporary racial and social inequities in the economy have fostered racial disparities across several economic indicators of well-being both nationally and locally.

Wealth. Available data demonstrates a sizable wealth gap by race and ethnicity with Black households experiencing the lowest levels of wealth followed by Latinx households. For example:

- Nationally, the median wealth of Asian households was \$536,000 in 2022 and \$285,000 for White households compared to \$62,000 for Latinx and \$45,000 for Black households.³⁴⁸
- In Maryland, the median wealth of Asian households was \$539,000 in 2021 and \$413,000 for White households compared to \$137,000 for Latinx and \$49,000 for Black households.³⁴⁹
- In the Washington Metropolitan region, East Indian (\$573,000), Korean (\$496,000), and Vietnamese households (\$423,000) reported the highest amounts of median wealth in 2014, followed by White (\$284,000), Chinese (\$220,000), Latinx (\$13,000), U.S. born Black (\$3,500), and African-born Black households (\$3,000).³⁵⁰

Entrepreneurship. Available data demonstrates gaps in entrepreneurship by race and ethnicity. In 2012, Black and Latinx residents represented about 28 percent of the U.S. population, but only eight percent of the nation’s business owners with employees.³⁵¹ Local data also evidences racial disparities in business ownership and revenue where:

- In 2012, Black and Latinx firms each accounted for 15 percent of Montgomery County businesses and Asian firms accounted for another 14 percent.³⁵² Yet, Black firms accounted for 1.7 percent of local business revenue, Latinx firms accounted for 1.5 percent of local revenue, and Asian firms accounted for four percent of local revenue.³⁵³
- In 2017, among Montgomery County firms with paid employees, for every 100 workers there were five White-owned firms, 4.4 Asian-owned firms, 4.3 Native American-owned firms, 1.4 Latinx-owned firms, and one Black-owned firm.³⁵⁴

³⁴⁸ Board of Governors of the Federal Reserve System

³⁴⁹ Survey of Income and Program Participation 2021 data cited by Prosperity Now Scorecard

³⁵⁰ Kilolo Kojakazi, et. al.,

³⁵¹ Joseph Parilla and Darin Redus “How a new Minority Business Accelerator grant program can close the racial entrepreneurship gap.” Brookings. December 9, 2020

³⁵² Racial Equity Profile Montgomery County, Office of Legislative Oversight Report 2019-7, Montgomery County Office of Legislative Oversight, July 15, 2019

³⁵³ Ibid

³⁵⁴ Annual Business Survey and NES-D services; Survey of Business Owners, American Community Survey compiled by National Equity Atlas.

Banking. Local data estimates also demonstrate racial disparities in banking with Black and Latinx households experiencing the highest rates of being unbanked and underbanked. For example, in 2021:

- One percent of White and Asian households were unbanked (did not have a banking account), compared to three percent of other race, six percent of Native American, seven percent of Black, and 10 percent of Latinx households.³⁵⁵
- An estimated 10 percent of White and 14 percent of Asian households were underbanked, relying on alternative financial products such as pay day loans, as compared to 27 percent of Native American, 32 percent of Black, and 33 percent of Latinx households.³⁵⁶

Income and Employment. Local racial disparities in measures of income and employment are also sizable with Black and Latinx households experiencing the worst outcomes. For example:

- **Income:** In 2021, the median income for White households in Montgomery County was \$139,000 compared to \$129,000 for Asian, \$111,000 for multiracial, \$95,000 for Native American, \$86,000 for Latinx, and \$83,000 for Black households.³⁵⁷
- **Poverty:** In Montgomery County, three percent of White residents and six percent of Asian residents lived in poverty in 2020 compared to 11 percent of Black and Latinx residents, and nine percent of other race residents.³⁵⁸
- **Households with Zero Net Worth:** Seven percent of White and five percent of Asian households in Montgomery County had a net worth of zero in 2021 compared to 13 percent of Native American, 14 percent of Latinx, 22 percent of other race, and 27 percent of Black households.³⁵⁹
- **Unemployment:** In Montgomery County, 3.5 percent of White residents and 4.2 percent of Asian residents experienced unemployment in 2021 compared to 4.8 percent of multiracial residents, 5.2 percent of Native American residents, 5.7 percent of Latinx residents, 6.4 percent of other race residents, and 8.1 percent of Black residents.³⁶⁰
- **Occupational Segregation:** In 2017, two-thirds of White and Asian residents in the local workforce were employed in management, business, science, and arts occupations, while less than half of Black residents and only a quarter of Latinx residents were employed in such positions.³⁶¹

³⁵⁵ Prosperity Now estimates using FDIC National Survey of Unbanked and Underbanked Households and American Community Survey, 2021, Prosperity Now Scorecard

³⁵⁶ Ibid

³⁵⁷ American Community Survey, 2021 cited by Prosperity Now Scorecard

³⁵⁸ IPUMS USA data cited by the National Equity Atlas.

³⁵⁹ Prosperity Now Estimates using 2021 SIPP and American Community Survey data.

³⁶⁰ American Community Survey, 2021 cited by Prosperity Now Scorecard

³⁶¹ See <https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/COVID-19Recovery-DisparitiesTeleworkRaceEthnicity.pdf>

Finding 9. Promising practices for advancing RESJ in the economy center advancing equity in wealth, entrepreneurship, banking and finance, income and employment, economic development, and tax policy.

Promising practices for advancing RESJ in the economy seek to diminish the harmful effects of racial and social inequities that have fostered racial and social disparities in the economy. More specifically, they seek to remediate the historic theft of BIPOC land and labor, exploitation of BIPOC communities, and exclusion of BIPOC from wealth-building opportunities. Promising practices also seek to eliminate persistent racial inequities in the labor and finance markets, tax policies, and economic development.

To address inequities in the economy that foster racial and social disparities, promising practices seek to actualize six RESJ economic goals:

- **Wealth equity.** Promising practices to narrow the racial wealth gap fostered by historic and contemporary racial inequities in the economy include reparations, baby bonds, and investing in cross sector, high-equity investments like guaranteed income programs.
- **Entrepreneurship equity.** Promising practices to narrow racial disparities in entrepreneurship include investing in Black-owned businesses, increasing BIPOC contracting and procurement, investing in intermediaries for BIPOC-owned businesses, and expanding cooperative businesses.
- **Banking and finance equity.** Promising practices to narrow racial disparities in banking and finance include reform the Community Reinvestment Act to increase the number of banking institutions in BIPOC communities and promoting safe and affordable banking products.
- **Income and employment equity.** Promising practices to narrow racial disparities in income and employment include expanding income supports for low-wage occupations, enhancing employee benefits to improve job quality for low-wage occupations, strengthening workforce pipeline and development, and strengthening anti-discrimination enforcement.
- **Equitable economic development.** Promising practices to narrow racial inequities in economic development include investing in the green sector, focusing on talent development, targeting BIPOC hiring and contracting, and targeting economic development investments in BIPOC communities.
- **Equitable tax policy.** Promising practices to advance RESJ in tax policy include raising additional revenue from the wealthy to fund programs that advance RESJ, rolling back ineffective economic development programs and reallocating resources to advance RESJ, increasing oversight of property tax assessments, and expanding property tax relief for low-income homeowners.

Recommended Discussion Issues

As the County Council reviews and considers the findings from this handbook in its oversight of Montgomery County Government and other County-funded agencies including the Montgomery County Planning Department and the Montgomery County Economic Development Corporation, OLO recommends six items for discussion during Committee worksessions and other convenings.

1. Council Oversight. How can this policy handbook inform the Council’s oversight of land use, housing, and economic development policies, programs, and practices to advance RESJ?

As observed in Finding 2, the RESJ Act requires the Council to “establish a structure to provide oversight of the County’s progress in meeting its racial equity and social justice goals.” Given this requirement, OLO recommends the Council, via worksessions of the Planning, Housing, and Parks (PHP) and Economic Development (ECON) committees, discuss how this handbook could be used to assist the Council in its oversight of County departments and County-funded agencies delivering land use, housing, and economic development programs and services.

Recommended questions to consider during discussion include:

- How can this handbook assist the PHP and ECON Committees in their respective oversight of County departments and agencies under their purview?
- How can the Council use this policy handbook to help hold itself accountable for advancing RESJ in policymaking, programming, and service delivery?
- Beyond its RESJ reviews of proposed policies, what other tasks or RESJ reviews should the Council undertake based on the information described in this handbook?

2. New Policies. What are the implications of this policy handbook for developing new land use, housing, and economic development policies, programs, practices, and amendments?

The RESJ Act does not mandate a specific process for developing policies that advance RESJ. However, as observed in Finding 3, there are recognized guiding principles for developing policies that advance RESJ. These include centering BIPOC stakeholders, reckoning with history, replacing inequitable policies with equitable ones, and considering each BIPOC group separately in policy development.

Given these observations, OLO recommends the Council, via worksessions of PHP and ECON committees, discuss how this handbook could be used to develop new land use, housing, and economic development policies that advance RESJ. Recommended questions to consider during discussion include:

- How can an understanding of racial inequities and disparities, and best practices for advancing RESJ in land use, housing, and economic development be used to develop new policies? What is the alignment between proposed policies and best practices for advancing RESJ?
- How do legislation and zoning text amendment sponsors (i.e. Council members, the Executive Branch and Planning Commission) engage with BIPOC stakeholders and communities in the County to develop new policies?
- What are the parameters for pursuing policies aimed at narrowing racial disparities given the backlash against affirmative action programs that seek to address racial disparities, such as minority business development programs?

- How can the County’s use of disparities studies to authorize contracting and procurement opportunities for women- and BIPOC-owned businesses help inform what specific best practices for advancing RESJ in land use, housing and economic development are feasible?

3. Existing Policies. What are the implications of this policy handbook for reviewing and assessing existing land use, housing, and economic development policies, programs, and practices?

As observed in Finding 2, the RESJ Act requires ORESJ to “perform an equity assessment to identify County policies and practices that must be modified to redress disparate outcomes based on race or social justice.” As observed in Finding 3, inequitable policies often seek to *contain* BIPOC by fostering and reinforcing residential segregation; *extract* resources from BIPOC through policies that sustain or widen the racial wealth gap; and *punish* BIPOC through the criminal justice system.

Given these observations, OLO recommends the Council discuss with the ORESJ leadership how this handbook could help inform the RESJ assessment of existing land use, housing, and economic development policies in the County. Recommended questions to consider during discussion include:

- What tools and/or models has ORESJ considered to assess the RESJ impact of existing County policies? Are there other jurisdictions with similar requirements that have been studied or have practices that ORESJ may replicate?
- How can an understanding of racial inequities, data on racial disparities, and best practices for advancing for RESJ in land use, housing, and economic development, be operationalized in the review, revision, and update of existing policies? What is the alignment between existing policies and best practices for advancing RESJ?

4. RESJ Assessments. What are the implications of this policy handbook for updating RESJ assessments of new policy proposals in land use, housing, and economic development?

As observed in Finding 2, the RESJ Act requires the Council to consider the anticipated RESJ impact of bills, master plans, and recommended budget initiatives. Three offices develop RESJ assessments:

- On behalf of the County Executive, the Office of Racial Equity and Social Justice (ORESJ) develops racial equity impact assessments (REIAs) to explain how each management initiative, recommended operating and capital budget, and recommended supplemental appropriation advances RESJ;
- OLO develops racial equity and social justice impact statements (RESJISs) to explain how each bill and zoning text amendment advances RESJ; and
- Central Council also develops RESJIS to explain how special appropriations advances RESJ.

As each office considers the anticipated RESJ impact of the policy proposals under their purview, the information referenced in this handbook could assist them in understanding the RESJ context and potential RESJ impacts of proposed land use, housing, and economic development policies considered for adoption.

Given this potential, OLO recommends that the Council, via worksessions of the PHP and ECON committees, discuss the utility of using this handbook to help prepare future REIAs and RESJISs in land use, housing, and economic development.

5. RESJ Action Plans. How can this policy handbook help inform the development of RESJ Action Plans among departments with key land use, housing, and economic development functions?

As observed in Finding 2, the RESJ Act requires “each County department and office to develop a racial equity and social justice action plan designed to remedy individual, institutional, and structural racism or social justice issues adversely impacting County residents.” Toward this end, Montgomery County Executive Regulation 15-21 requires each department and office to develop its initial RESJ action plan by 2025 inclusive of several components:³⁶²

- A community engagement process to ensure that community members have meaningful opportunities to contribute to departmental decision-making;
- RESJ trainings and workshops for staff;
- Use of RESJ considerations in establishing new programs and evaluating existing ones;
- Promotion of RESJ in operating and capital budget requests;
- A description of the historical context and data describing racial and social disparities; and
- Targets and strategies for achieving department and office specific RESJ goals.

As County offices and departments delivering land use, housing, and economic development functions develop their RESJ action plans, the information and data referenced in this handbook could be used toward this end. Given this potential, OLO recommends the Council discuss with departments, offices, and agencies responsible for land use planning, housing, and economic development how this handbook could assist them in developing their RESJ Action Plans.

Recommended questions to consider during discussion include:

- What training on RESJ has the department or office delivered to staff? Are staff aware of the historic and contemporary drivers of racial and social inequity in land use, housing, and/or economic development? What is the plan for improving staff awareness?
- How does the department’s workforce compare to the diversity of the County and the clients served? What disparities, if any, are evident? What are the department’s RESJ goals relative to this data?
- How is the department and/or office monitoring the experiences County residents have by race, ethnicity, income, location and/or other social constructs? What racial and social disparities are evident in their data? What are their RESJ goals relative to this data?
- How do best practices for advancing RESJ in land use, housing, and in the economy described in this policy handbook align with departmental policies and practices? What is the gap between best practices and current practices? In what ways can the gap be narrowed?

³⁶² Montgomery County Executive Regulation 15-21, Racial Equity and Social Justice Action Plan, July 26, 2022, [https://www.montgomerycountymd.gov/exec/Resources/Files/15-21\(1\).pdf](https://www.montgomerycountymd.gov/exec/Resources/Files/15-21(1).pdf)

6. Planning Board and Montgomery County Economic Development Corporation (MCEDC). How can this policy handbook inform the Planning Board as it seeks to develop, implement, and evaluate land use policies, programs, and practices to advance RESJ? How can this handbook inform MCEDC's economic development efforts?

As observed in Finding 2, the RESJ Act requires that the Planning Board consider how each master plan advances RESJ. Master plans, however, are one of many land use decisions the Planning Board makes as the County's land use decision-making body. As noted in the Appendix, other key land use decisions recommended by the Planning Board for the Council's approval include developing minor master plans, functional plans, subdivision regulations, and applications for conditional uses.

Given the multiple ways the Planning Board influences local land use policies and practices, OLO recommends the Council discuss how the Planning Board applies or could apply a RESJ lens to the development of all its land use decisions and how this policy handbook could assist in their RESJ efforts. For example, the Planning Board could discuss how it applies a RESJ lens to its consideration of conditional use applications. Further, OLO encourages the Council to discuss with the Planning Board how it implements and evaluates land use policies to advance its RESJ goals.

Similarly, the Council can discuss with MCEDC representatives how this policy handbook can help inform its efforts to enhance economic development in the County and the role of equitable economic development toward this end.

Appendix: Primer on Land Use

This appendix describes local government's role in managing land use decisions as follows:

- What is Land Use?
- What is Zoning?
- What are General Plans?
- What are Master Plans?
- What are Sector Plans and Minor Master Plans?
- What are Subdivision Regulations?
- What are Conditional Uses?
- What are Functional Plans?

Other land use policies that help determine what gets built and how include environmental review standards, historic preservation laws, building codes, growth boundaries, adequate public facilities requirements, and development moratoriums. There are other levers of land use determined or influenced by local government that are also important but beyond the scope of this appendix. They include capital improvement programs and operating budgets expenditures for infrastructure, impact taxes derived from development, historic preservation, conservation, public financing, sewerage systems, and resource management.

What is Land Use? Land use describes the human use of land.³⁶³ Land use includes economic and cultural activities in a place such as agricultural, residential, industrial, mining, and recreational uses. Moreover, public and private lands often entail different uses. For example, urban development often occurs on privately owned lands while a focus on conservation and protecting land for wildlife uses more typically occurs in public-owned lands such as parks and wilderness. Other land uses can also include commercial, mixed-use, and transportation uses.

Land use planning refers to the goal of using land to further the welfare of people and their communities by creating convenient, equitable, healthful, efficient, and attractive environments for present and future generations.³⁶⁴ These intended goals of land use planning, however, often actualize as tradeoffs among these goals. For example, convenient and efficient land uses may be racially inequitable because they exacerbate or sustain housing segregation while the development of healthful and attractive environments may undermine economic efficiency. Since the launch of land use planning with the invention of zoning codes at the beginning of the 20th century, land use has been more pragmatically defined to reference the government's power to determine what can be built and where.

The government's contemporary planning power to regulate land use is generally authorized through zoning, general plans, master plans, and subdivision regulations which are described below. Additional authority granted to local governments to shape local land use decisions include public facilities and infrastructure funded through capital improvement plans such as transportation investments, public housing, government buildings, and resources for energy consumption and climate resilience.

³⁶³ See EPA.gov

³⁶⁴ Planetizen. Planopedia. What is Land Use? Un dated article on Planetizen Web Site.
<https://www.planetizen.com/definition/land-use#>

What is Zoning? Zoning is “the set of land use regulations local governments use to separate land into different sections, or zones, with specific rules governing the activities on the land within each zone.”³⁶⁵ More specifically, a core intention of zoning is to “separate incompatible land uses.”³⁶⁶ Zoning codes often include regulations related to:³⁶⁷

- **Use:** What the land will be used for (e.g., commercial, public land, single-family residential, medium-density residential)
- **Density:** Number of buildings or individual units per ground area. For residential, typically defined as dwelling unit per acre or dwelling unit per lot.
- **Lot Size and Placement of Buildings on Lots:** Minimum lot sizes are used often in suburban, single-family zones to maintain and ensure a certain amount of lawn/green space and maintains a barrier to access certain neighborhoods.
- **Building Heights:** Vertical height of building, either in feet or stories.
- **Parking Minimums:** Number of off-street parking spaces required per building area, building, or unit. Single family residential zoning typically regulates off-street parking as two off-street spots per home; multi-family residential typically defines one parking spot per unit.
- **Accessory Uses:** An additional structure that is not the primary purpose of the lot but enhances it, such as garages or sheds. They typically follow different rules than the primary structure. This category includes Accessory Dwelling Units.

Most jurisdictions in the U.S. regulate land by separating residential, commercial, and industrial uses from each other, and give residential zones the greatest protection from land uses that may cause nuisances or hazards to residents. This type of zoning is referred to as Euclidean zoning and is the most common form of zoning in the U.S. While it can be helpful in enforcing the separation of industrial land from residential land uses to protect against potential pollution risks it has also exacerbated segregation issues, limited housing supply, and encouraged urban sprawl.³⁶⁸ In particular, restrictions on minimum lot sizes, strict building codes, and other elements of Euclidean zoning have increased housing costs, limited new housing construction, worsened affordability issues, and increased inequality.³⁶⁹

Urban Institute researchers observe that in addition to defining uses, zoning codes also describe a set of procedures.³⁷⁰ For example, they note that zoning codes “establish processes for allowing new uses or forms (e.g. how to change the zoning ordinance so a gym can serve food or add a sign), reviewing development projects such as renovations or construction, and allowing exceptions and appeals.”³⁷¹

³⁶⁵ Daniele Fogel, “Introduction to Zoning: A Brief Overview” Presentation, Othering and Belonging Institute at UC Berkeley, November 19, 2021,

³⁶⁶ American Planning Association, Planning for Equity Policy Guide, 2019

³⁶⁷ Ibid

³⁶⁸ Freemark, Lo, Noble, and Hariharan

³⁶⁹ Boston University School of Law. The Problem with Euclidean Zoning. July 19, 2018
<https://sites.bu.edu/dome/2018/07/19/the-problems-with-euclidean-zoning/>

³⁷⁰ Freemark, Lo, Noble, and Hariharan

³⁷¹ Ibid

They further observe that “(p)rojects undergoing zoning review must also adhere to other regulations ... including environmental review standards, civil rights requirements, historic preservation laws, subdivision regulations, growth limits, and building codes.”³⁷² Finally, they observe that “although zoning defines allowed uses, what it allows does not always manifest. Any investment or built change in a community also reflects the economy of the neighborhood and metropolitan area.”³⁷³

In Montgomery County, the power to zone land is delegated to the County Council under the Regional District Act.³⁷⁴ Prior to the establishment of home rule in the County in 1915, the General Assembly held the power to zone land in the County via appointment of County Commissioners and administration of local zoning policy decisions by the State of Maryland.³⁷⁵ In 1927, The Maryland-National Capital Park and Planning Commission (M-NCPPC), was founded by an act of the Maryland General assembly in 1927.³⁷⁶ The Commission is a bi county agency serving Montgomery and Prince George’s counties to provide long-range planning and park acquisition and development. In 1948 voters of Montgomery County approved a home rule chapter, the first county in the State of Maryland to be granted home rule, shifting the local political power from the Maryland General Assembly to the County.³⁷⁷

The Montgomery County Council is the final authority on land use matters.³⁷⁸ The Council's powers include approval of area master plans, functional master plans (such as the master plan for bikeways and the master plan for historic preservation), and decisions about zoning on individual parcels.

The Council’s zoning authority allows it rezone land in Montgomery County. Rezoning in the County can occur using of one of three different types of amendments:

- **A Sectional Map Amendment** that implements a comprehensive rezoning of an area of the County, usually to implement the recommendations of a master plan. Sectional Map Amendments are proposed only by the Planning Board or the County Council.
- **A Local Map Amendment** that rezones a particular parcel of land by the property owner or a contract purchaser.

³⁷² Ibid

³⁷³ Ibid

³⁷⁴ Chapter 59 of the County Code describing the Zoning Ordinance does not apply to the following municipalities who have their own planning functions: Brookeville, Poolesville, Laytonsville, Rockville, Barnesville, Gaithersburg, and Washington Grove.

³⁷⁵ Prince George’s County, MD. Department of Parks and Recreation. Our Story. (Undated, MNCPPC, MD website). <https://www.mncppc.org/186/Our-Story#>

³⁷⁶ Maryland Manual On-Line. [Local Government: Intercounty & Regional Agencies. Maryland - National Capital Park & Planning Commission](https://msa.maryland.gov/msa/mdmanual/35interc/03mnparkf.html)-Origin & Function. Origin & Functions. © Copyright October 14, 2022 Maryland State Archives. <https://msa.maryland.gov/msa/mdmanual/35interc/03mnparkf.html>

³⁷⁷“Montgomery County Maryland Our History and Government.” 1999. A Joint Project of Montgomery County, Maryland, and the Montgomery County Historical Society. <https://montgomerycountymd.gov/cct/Resources/Files/history.pdf>

³⁷⁸ Montgomery County Council, Legislative Branch. Master Plans. https://www.montgomerycountymd.gov/COUNCIL/Master_Plans/

- **A Zoning Text Amendment** authorized by the County Council acting as the District Council that amends the Zoning Ordinance. The Council may amend the Zoning Ordinance to create new zones or delete existing ones or to change standards governing the development and uses allowed in particular zones.³⁷⁹ A majority of Council members must vote in the affirmative to adopt a zoning text amendments.³⁸⁰

What are General Plans? General Plans refer to a community’s long-term vision for land use and growth. A general plan or comprehensive plan is intended to serve as a blueprint for the use of land to meet a jurisdiction’s vision for the future. Maryland’s land use article requires that planning commissions prepare a comprehensive plan for its jurisdiction and present its plan to the local legislative body for its consideration and adoption. Each jurisdiction must review and if necessary, update its comprehensive plan every ten years.

Typical elements of comprehensive plans include sections on:

- Land use that outlines desired patterns of growth and development
- Housing that assesses community housing needs and affordability
- Transportation that describes patterns and facilities including for bicyclist and pedestrians
- Community facilities that include their location and character
- Development regulations and implementation

Local jurisdictions also have the discretion to put additional elements in their comprehensive plan that can include sections on flood control, pollution control conservation, natural resources, public utilities, and transit- and pedestrian-oriented development. Comprehensive plans are used by local planning department to develop master plans for specific communities.

Montgomery County’s general plan has guided local land use decisions since 1957.³⁸¹ The County’s first general plan was adopted more than 30 years after planning (and zoning) practices were established in Prince George’s and Montgomery Counties.³⁸² The most significant update to the County’s General Plan was enacted in 1964 establishing the “wedges and corridor” plan aimed at channeling growth along major roads while preserving wedges of open space, farmland, and low-density residential.

In 2022, the Council updated the County’s general plan by adopting Thrive Montgomery 2050 to focus future growth in downtowns, activity centers, and along key corridors, including I-29. The Montgomery County Planning Department states that Thrive 2050:³⁸³

³⁷⁹ Montgomery Planning. The Zoning Text Amendment Process.

https://montgomeryplanning.org/wp-content/uploads/2020/06/MP_ZTAOnePager_061020_side1.pdf

³⁸⁰ American Legal Publishing. Division 7.2, Section 7.2.4.D.

³⁸¹ Montgomery Planning. General Plans: General Plan on Wedges and Corridors. May 24, 2019

<https://montgomeryplanning.org/planning/master-plan-list/general-plans/>

³⁸² Montgomery Planning. On Wedges and Corridors: A general plan for the Maryland-Washington Regional District in Montgomery and Prince George’s counties (1964). October 26, 2017

<https://montgomeryplanning.org/planning/master-plan-list/general-plans/wedges-corridors-general-plan-1964/>

³⁸³ Montgomery Planning, Thrive Montgomery 2050 website

“(S)ets a vision for the county and encompasses broad, county-wide recommendations for land use, zoning, housing, the economy, equity, transportation, parks and open space, the environment, and historic resources. These recommendations provide guidance for future master plans, county and state capital improvement processes, and other public and private initiatives that influence land use and planning in the county.”

What are Master Plans? Master Plans: Establishes land use policy for a defined geographic area and set visions for the future with specific recommendations intended to help implement that vision. It provides comprehensive guidelines for the use of public and private land. Master plans provide comprehensive guidelines for use of private and public land, zoning, transportation, schools, parks, libraries, and fire and police stations as well as address housing, historic preservation, pedestrian and trail systems and environmental issues. Planners create new master plans every 15 or 20 years.

What are Sector Plans and Minor Master Plans? Both sector and minor master plans are triggered by changes in specific areas of a master plan necessitating a reconsideration of elements included in the master plan. A sector plan is a detailed plan for a portion of a master plan area that is adjacent to transit or covering a central business district or another commercially developed area. A sector plan can be adopted as part of a new master plan or as an amendment to an existing master plan.

A minor master plan usually reassesses a portion of a master plan to address a change that was not anticipated when the plan was adopted. For example, the Takoma Park minor Master Plan updated portions of the 2000 Takoma Park Master Plan reconceptualizing the Washington Adventist Hospital and University campuses, the Erie Center, and the area along Maple Avenue. There are 25 sector plans and three minor master plans across the County.

Of note, the recommendations of master plans and sector plans can be implemented only through the zoning process. It requires a separate legislative act of the County Council to place the recommended zone or zones on the land.³⁸⁴

What are Subdivision Regulations? A subdivision is when a plot of land is divided into two or more parcels. This process is often used to create multiple residences or industrial properties out of a single piece of land. A subdivision is designed to maximize the usage of a plot of land while increasing growth.³⁸⁵ A subdivision can be created on land ranging from hundreds of square feet to hundreds of acres.³⁸⁶ In Montgomery County Chapter 50, Subdivision Regulations of the Montgomery County Code, provides for the legal division and subsequent transfer of land. It requires the coordination of new transportation facilities with other existing and planned facilities, a determination of adequate public facilities, and land for public use. The Subdivision Regulations include the application requirements for subdividing property, as well as requirements for adequate public facilities and improvements to lots based on the impact of subdivision.³⁸⁷

³⁸⁴ Montgomery County Planning. Planning, Zoning, and Subdivision in Montgomery County, Maryland. 4th edition. March 1991

³⁸⁵ Mansion Global. Subdivision. What is a Subdivision? Updated March 11, 2022
<https://www.mansionglobal.com/library/subdivision>

³⁸⁶ Ibid.

³⁸⁷ Montgomery Planning. Subdivision Regulations Rewrite.
<https://montgomeryplanning.org/development/subdivision-regulations-rewrite/>

What are Conditional Uses? Conditional Uses, also known as Special Exceptions, grant specific uses that are not permitted without restriction in the zone where it is located. Conditional Uses are predetermined to be conditionally compatible with land uses that are permitted by right in a particular zone if certain statutory criteria (conditions) governing the use are satisfied. The Conditional Use process is designed to provide interested parties opportunities to participate in the process. In turn, the process requires public notices and hearings to allow neighbors, homeowners’ associations, and other interested parties the opportunity to comment on potential impacts on properties and the immediate area.

Chart A: The Conditional Use Process³⁸⁸

Application	<ul style="list-style-type: none"> • Conditional Use (CU) applications submitted to the Planning Department • Planning Department conducts intake review to verify filing requirements are met. • Planning Department sends the application to the Office of Zoning and Administrative Hearing (OZAH) for official filing. • Hearing Examiner (HE) schedules a public hearing to begin within 120 days after the date an application was accepted. • OZAH sends notice of the hearing to all confronting and abutting property owners and others, and posts the application on its website
Review	<ul style="list-style-type: none"> • The Planning Director may provide a report for review by the Planning Board at a public meeting or issue a report and recommendation directly to the HE. • The Planning Director may provide a report and recommendation for the Planning Board at a public meeting or issue a report and recommendation directly to the HE.
Hearing and Decision	<p>Planning Board</p> <ul style="list-style-type: none"> • The Planning Board holds a public hearing on the application. • The Board’s recommendation and the Technical Staff Report are forwarded to OZAH. <p>Hearing Examiner</p> <ul style="list-style-type: none"> • The HE conducts a public hearing on the CU application. • The HE has 30 days to issue a Report and Decision or to extend that time limit. • The HE’s report and decision becomes the final decision unless the Board of Appeals (BOA) receives a timely request for oral argument. <p>Board of Appeals</p> <ul style="list-style-type: none"> • If a request for oral argument is made, it must be filed with the BOA. • The Planning Board must issue a resolution reflecting the BOA’s decision no later than 30 days after voting on the matter. • Any aggrieved party may file a petition for judicial review of the Planning Board’s action within 30 days after the Board’s written resolution in the case.

³⁸⁸ Montgomery County Government. Conditional Use and Conditional Use Modification Process. https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/ZoningProcesses/Conditional_use_and_conditional_use_modificationV2.pdf

What are Functional Plans?³⁸⁹ Functional Plans provide guidance and recommendations from a countywide perspective on large systems, such as transit corridors, bicycle networks, and roadway classifications. Planners create or update functional plans as needed as changes in patterns of development, environmental protection, and public health and safety arise. Examples of approved and adopted functional plans include: The Bicycle Master Plan (2018), Functional Plan for Patuxent River Watershed (1993), Rustic Roads Functional Master Plan Update (2023), Purple Line Functional Plan (2010), and Master Plan of Historic Preservation (1979).

³⁸⁹ Montgomery Planning, Countywide Planning and Policy. Functional Plans
<https://montgomeryplanning.org/planning/countywide/>