


FROM	NAME & TITLE	Andy Frank, Acting Real Estate Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Real Estate, City Hall		
	SUBJECT	21-0024R - Informational Hearing - Baltimore City Tax Sale		

DATE:

TO

The Honorable President and
 Members of the City Council
 City Hall, Room 400

July 13, 2021

Position: Support

The Department of Real Estate is reporting on 21-0024R - Informational Hearing - Baltimore City Tax Sale. The purpose of this resolution is to learn more about the demographics of property owners in tax sale; discussing the City’s powers related to the state; programs already in place to assist homeowners in tax sale; possible reforms; an update on implementation of the In Rem Foreclosure process for vacant and abandoned properties; and any other relevant information of interest to the Baltimore City Council.

Background

The Comptroller’s Department of Real Estate operates three programs that relate in different ways to the Baltimore City Tax Sale. Six months after the Director of Finance holds the annual tax sale, any certificates that were not acquired are referred to the DoRE to sell to the public. Currently, the DoRE is responsible for over 1,300 certificates from the 2020 tax sale. The complete list of these certificates’ property addresses, owners, liens, and other information can be found on the DoRE’s website: <https://comptroller.baltimorecity.gov/realestate/functions>

The three programs are:

- **Vendor Lien Program.** Properties in the vendor lien program (VLP) must be vacant and have municipal liens that exceed the assessed value of the property. Under the program, developers can negotiate a reduction in municipal liens in exchange for a commitment to return the property to productive use, which generally means renovating the property for homeownership or rental. The renovation of these vacant homes has a positive impact on the neighborhoods in which they are located. Without the reduction in liens, the financially upside-down property is not economically feasible to redevelop. Under the program, the purchaser of the tax sale certificate pays the greater of the assessed value or the sum of the base taxes and water bill. Once the Board of Estimates has approved the lien reduction, the purchaser is responsible for the process of foreclosing on the right of redemption.
- **Traditional Purchase.** If a certificate is not eligible for the VLP, it is still available for purchase. Certificates are sold for the amount of the lien without negotiated reduction. The majority of traditional purchasers are still vacant.
- **Legacy Properties.** The City owns about 1,300 properties, mostly lots, that were acquired by tax sale in the more than 20 years ago. DoRE has the authority to sell these properties. This process is summarized in a memo send from the Law Department to the Comptroller’s Office.

In order to resell this subset of City-owned property that the City has acquired via the tax sale process, the Comptroller’s office must create a list of property, from “time to time,” arranged by Councilmanic District, and given to the President and Members of the City Council. City Code, Art. 28, § 8-3(b). The City Council must then publish the list in the City Council’s Journal. City Code, Art. 28, § 8-3(b).

The City Councilmembers then have 30 days from publication to object to the Comptroller's reselling of these properties in the method provided in Section 8-3. City Code, Art. 28, § 8-3(b)(2), (c). Any properties that City Councilmembers object to selling must be removed from the list. City Code, Art. 28, § 8-3(c)(1). Those properties able to be sold by the Comptroller from the certified list still need approval of the Board of Estimates and any deed must be approved by the City Solicitor for form and legal sufficiency. City Code, Art. 28, § 8-3(d.)

The Department of Real Estate supports the passage of City Council Resolution 21-0024R.

CC: Celeste Amato, Chief of Staff
Erika McClammy, Deputy Comptroller