

Council Bill 21-0037R

Informational Hearing – Studying Options to Rid Baltimore City of Vacant Properties

I thank the sponsors of this ordinance for their thoughtful consideration of the issues involved in getting more of Baltimore City's vacant homes rehabilitated. I agree with the contents of the Council Bill, but I think the proposals could be more useful if they were supplemented and fleshed out further.

Regarding additional fines: We have to remember that in the case of truly abandoned properties the collection rate will tend to be low and many properties will end up with tax sale liabilities. These tax delinquent properties will need to be addressed if they are ever to become reoccupied.

Regarding efforts to speed up receivership: I believe that reducing the time needed to get properties into receivership runs into two restraints. First, housing inspectors are expected to contact the property owner and induce that person to start rehabilitation. The inspectors may issue \$900 citations in some cases. Contacting a responsible owner may be difficult and efforts to do so may slow down a potential receivership.

The other constraint on receivership (even before COVID) is the limit in the number of cases that the attorneys in the legal section can handle each year. Each inspection district has a different number of viable receivership cases. If the attorney assigned to the district cannot get to all of them, the case will have to wait until next year or later. Eastern District seems to me to have an unusually high number of viable cases.

Regarding taxes on vacancy: Though this may not be possible based on state law, my preference would be to set a minimum assessment of \$20.00 per square on all buildings (vacant or not.) I would also like to consider increasing the tax rate on land to \$4.00 per \$100.00. Any additional taxes collected by these changes could be used to lower the tax rate on property that is in better condition. Any changes to assessments and tax rates should be revenue neutral overall.

Though the assessing taxes and fines may induce a property owner that truly desires to rehabilitate the property to do so more expeditiously, many property owners have just given up. As such, they are immune to financial concerns because they never intend to pay their municipal liens anyway. These properties must eventually enter receivership or foreclosure if they are ever going to be rehabilitated.

As an outside observer it appears to me that critical HCD functions are slowed by lack of adequate staffing. That is a problem because Receivership and foreclosure cases are driven by HCD lawyers and the sale of city owned property and the sale of tax certificates to third parties involves HCD Development Division employees. In addition to other important changes, reducing vacancy will require key departments to be fully and adequately staffed.

I would also like for DHCD to consider using a standard proforma when bidding on all vacant houses. That would allow each home or tax certificate sale to be evaluated against all other proposals. If the city decides to favor one type of development - rehab for homeownership for example

– incentives could be reflected explicitly on the proforma. I believe that the use of a single form could speed the property disposal process and help produce a perception that the process is open and fair.

Finally, we must always remember that newly rehabilitated homes contribute to the city's financial wellbeing while vacant homes are a drag on city finances. Trying to save money by understaffing HCD is counterproductive.

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