

Odette Ramos
Baltimore City Councilwoman
District 14



James Torrence
Baltimore City Councilman
District 7

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Testimony

**23-0362 In Rem Foreclosure, Scope of Subtitle
23-0363 Land Bank Authority
SUPPORT WITH SPONSOR AMENDMENTS**

Chair Costello and Distinguished Members of the Ways and Means Committee:

We are writing to humbly request your support for **23-0363 Land Bank Authority and 23-0362 In Rem Foreclosure-Scope of Subtitle** with sponsor amendments.

23-0363 Land Bank Authority creates Baltimore's Land Bank using the state enabling legislation and language in the Charter.

23-0362 In Rem Foreclosure - Scope of Subtitle allows for the Land Bank to conduct In Rem foreclosure actions on behalf of the City.

We will be addressing both of these bills at the same time.

The Need

We know that there are over 13,000 vacant properties with Vacant Building Notices on them (and hundreds if not thousands more without VBNs) and 20,000 vacant lots. Baltimore City only owns less than 1,000 of the vacant properties and ½ of the vacant lots.

Vacant properties are a symptom of the racist housing policies of the past, including the 1911 zoning laws crafted in our Chambers, the block busting that occurred in the 1940s and 1950s, as well as the consistent investment in what Dr. Lawrence Brown calls the White L, and leaving out the Black Butterfly from any investment or development thinking. According to a study from 21st Century Cities, vacant properties and lots cost our city \$200million per year in maintenance costs, police and fire costs, and lost revenues from property taxes. Vacant properties are associated with high violent crime rates, and high instances of substance abuse and the dealing that ensues, high asthma and other health problems. Students walking to school next to vacant properties exhibit additional stressors that block learning.

Residents such as Mr. Bell, Ms. Jones, Ms. Patricia, Ms. Rodriguez in our respective districts have lived next to vacant properties for several decades, damaging their property and causing health concerns. Elders across our City continue to wait and wait for action. It has been almost three years since Lt. Butrim, Lt.

Sadler and FireFighter/Paramedic Lucayo lost their lives to a vacant property collapsing onto them. One third of our fires are currently in vacant and abandoned properties.

This moment calls upon us to do something extraordinary to address this crisis. It is an opportunity to turn the tide from despair to opportunity. Mr. Bell, Ms. Jones, Ms. Patricia, Ms. Rodriguez and all of the other elders living next to vacant properties deserve to live their lives without this problem next to them. Families of fire fighters deserve to have their loved ones come home. Residents deserve neighborhoods they can be proud of without being displaced. And our city deserves to grow by building and rehabbing homes to meet the housing crisis in Maryland.

The incredible initiative that was made by Mayor Scott, GBC and BUILD - which we support - creates an opportunity that didn't exist before. The money to do something drastic, something strategic, and something to scale. The support of the state to move in this direction cannot be understated.

Baltimore City now has the political will, we have the money coming, now we need the right tools. The Land Bank, coupled with the work of DHCD, through using In Rem, provides us the tools to ensure we can tackle this crisis, so that Mr. Bell can age with dignity, so that residents feel that our leaders care about them, and so that we can grow our city. This is an all hands on deck moment. When we have a crisis, like COVID or gun violence, we throw every single tool at the crisis to assist. This is the same situation - all of the tools are needed to attack this crisis.

Mr. Chair and colleagues, I'm grateful for your support and look forward to passage of this bill. This testimony outlines the details of the initiative.

Baltimore's Land Bank

Baltimore's Land Bank is designed to add capacity so attack this crisis to scale. We brought together a diverse group of stakeholders—including neighborhood representatives, community organizations, and developers—to plan our approach. This stakeholder group met for two years to determine the best way to move forward prior to introducing the legislation, and still meets every other week to touch base on progress and provide updates. We started our work with agreement on our core values:

- Equity: Aiming to apply this tool fairly, addressing segregation and focusing on historically neglected neighborhoods.
- Flexibility: The tool should adapt to the diverse needs of different communities.
- Transparency: Actions by the Land Bank must be open and clear.
- Community Driven: The Land Bank is designed to help communities reach their goals, and should work directly with communities
- Efficiency: The tool will streamline the acquisition and disposal of properties.

The legislation begins where the 2009 efforts ended. We incorporated language from the Charter, from the state legislation, and many hours of work with the Law Department. The Center for Community Progress provided consulting for us as we moved through our legislative development process. We added

the values I outlined above, and the most difficult part became the principle of *Best Outcome* which we worked hard with the Law Department to define. Our stakeholder group continues to meet and is growing.

The Land Bank is intended to enhance, not replace, DHCD's efforts. Initially, we considered focusing the Land Bank solely on acquisition and disposition, but we've since realized we need all available tools. The Land Bank will bring additional resources, flexibility, and urgency to address vacant properties through rehabilitation or demolition. With \$7 billion expected from recent initiatives, Baltimore needs every resource to deploy this funding effectively. The Land Bank will focus on the most challenging and neglected neighborhoods, while DHCD continues its work in established Impact Investment Areas and nearby neighborhoods.

The question often comes up as to why don't we just give more funds to DHCD to expand its capacity, rather than create another entity. Some say it might just be easier to go to one entity for properties. The Land Bank provides the flexibility to fundraise and staff up. It will work in the more challenging neighborhoods of our city to really make sure we tackle all of the vacant properties, not just some of them. DHCD has the work they have already started in the Impact Investment areas and adjacent areas that are already in the pipeline. In fact, DHCD has 676 properties in the In Rem pipeline right now. The Land Bank is designed to add capacity, including capacity to acquire properties on behalf of the City through In Rem, and truly attack vacant properties and lots at scale to resolve this housing crisis.

The Land Bank does not replace DHCD. DHCD remains responsible for key functions beyond acquisition and disposition, including permitting, code enforcement, community services, vacancy prevention, and other vital initiatives.

Chart 1 attached is a side by side comparison between DHCD and Baltimore's Land Bank. Chart 2 is an outline of DHCD's and the Land Bank's core functions, demonstrating the need for DHCD's work relative to the Land Bank.

Equity

The Land Bank is designed to conduct In Rem actions to acquire vacant properties and dispose of them in a strategic manner creating intentional mixed income communities. Through amendment this is clarified that it is the intent of the Council that the Land Bank work in areas that have been traditionally ignored. The Land Bank paves the way to ensure that Baltimore's goals toward equitable development and reversing the impact of our racist housing policies of the past are accomplished.

Efficiency and Flexibility

We cannot wait to grow capacity by two employees a year like it seems DHCD is doing. The Land Bank is attached to the city as a quasi-government entity but does not have to work through the City's HR process and can raise funds outside of city government. Hiring with flexibility and with urgency allows for the Land Bank to assist with Baltimore's ultimate goal now and not four, eight, or 10 years from now. The Land Bank Board will hire a director, community organizers, lawyers, and finance staff.

Baltimore's Land Bank requires a resolution from the Board of Estimates to authority to sell properties on the City's behalf without having to go through the Board of Estimates. The Land Bank will use the same Fixed Prices that DHCD has already established, because it cuts down the time for disposition by removing the negotiating time. All of the properties DHCD sells use the same pricing, and this will be no different.

Baltimore's Land Bank also has the authority to float bonds, borrow money, and get creative with financing to help make sure projects get done. Lending or grants from the Land Bank can help leverage additional funds and work with existing funds like the Affordable Housing Trust Fund to ensure that intentional mixed income communities are created.

Community Driven:

The Land Bank will enhance existing strategic and neighborhood plans, collaborating with residents to achieve the best outcomes while considering the city's overall needs. Its initial hires will include outreach staff to engage with long-neglected areas, guiding the acquisition and disposition process.

A newly added Community Advisory Panel will meet regularly to provide guidance and address any issues with property contracts. This panel will also make recommendations to the Land Bank for necessary actions. For example, it will also be a panel that residents can come to if the contracts with buyers of the properties are not fulfilled. The Community Advisory Panel will make recommendations to the Land Bank for action.

Transparency and Accountability:

The Land Bank will maintain a detailed inventory of properties, including their acquisition and disposition status, to ensure transparency for residents and buyers and hold the Land Bank accountable for property maintenance and progress.

It will adhere to rigorous reporting requirements: semi-annual progress reports to the City Council, annual reports and audits to both the City Council and the General Assembly. This accountability ensures high standards in its operations.

Oversight of the Land Bank includes the Mayor, City Council, and a 13-member Board composed of the Mayor or designee, Council President or designee, Comptroller or designee, DHCD Commissioner, four residents from high-vacancy areas, and experts in finance and equitable development. The Board will comply with the Open Meetings Act.

An Interim Board will be established to set up the Land Bank, including nominating members for the full Board, filing necessary documents, and initiating regulations and hiring. The Interim Board will report to the City Council after six months and consists of experts in organizational and community development.

Land Banks across the Country

A Land Bank is an entity solely dedicated to acquisition and disposition of vacant and abandoned properties and lots. There are over 200 of these entities across the nation. They have different governance structures, forms, and revenue systems, but all of them are dedicated to acquisition and disposition of vacant and abandoned properties. The Center for Community Progress which hosts the National Land Bank Network is assisting us with the creation of Baltimore's Land Bank. [Click here for more information.](#) The strategy has worked across the nation.

In April of this year, JP Morgan Chase issued their report recently entitled "Tackling Persistent Residential Vacancy, Abandonment, and Disrepair" where they share best practices across the nation that they have supported to attack vacant properties. The report can be found [here.](#) They outline four strategies for this important work:

- Build local capacity- meaning continue to build the nonprofit and small developer sector to enable black and brown organizations to be a part of the revitalization of neighborhoods.
- Leverage diverse financing resources - thinking creatively about how to get the resources needed to tackle the crisis
- Create and expand Land Banks - "Land Banks bring together diverse partners and financing tools to address persistent vacancies at scale." (page 1 of their report)
- Vacancy prevention using home repair, Heirs property intervention, etc. tools to help prevent vacant buildings in the first place include home repair programs, tax credits, heirs property interventions, and more.

Conclusion

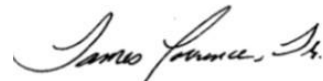
Baltimore's Land Bank is designed to attack vacant properties to scale; bringing partners together, getting creative about the work, being completely transparent and accountable, and translating efficiency and flexibility to results. Baltimore needs all of the tools in the toolbox to make sure that we once and for all eliminate this cancer in our city, that was of our own making.

Thank you for your consideration of this legislation, and we humbly ask for your support with sponsor amendments.

Respectfully Submitted:



Odette Ramos
Baltimore City Councilwoman, District 14



James Torrence
Baltimore City Councilman, District 7