



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Alice Kennedy, Housing Commissioner 
<b>DATE</b>	October 22, 2024
<b>SUBJECT</b>	<b>24-0601 Property Taxes – Special Rate for Vacant and Abandoned Property</b>

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

10/22/24

**Position: Support**

Introduction

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 24-0601 Property Taxes – Special Rate for Vacant and Abandoned Property for the purpose of requiring a special property tax rate for vacant and abandoned property; providing for the promulgation of rules and regulations; requiring a certain notice be sent to owners of real property within the City limits; requiring a certain annual report; defining certain terms; providing for a special effective date; and generally relating to the property tax levied on vacant and abandoned property.

If enacted, City Council Bill 24-0601 would set the tax rate for a vacant structure, as defined in the City’s Building Code, to be three times the full rate property tax established each year. If the structure is defined as vacant for more than one tax year, the rate is four times the full rate property tax. The bill would also require notice be provided to owners of vacant structures. If enacted, the law would sunset on July 1, 2029.

DHCD Analysis

DHCD supported recent State efforts to authorize local governments, including the Mayor and City Council of Baltimore City, to set special property tax rates for certain vacant and abandoned property that is subject to the county property tax. The proposed legislation will allow for the City to set special rates for certain classes which provides an additional tool to ensure that we are able to further our historic efforts in the reduction of the total number of vacant properties.

The extended effective date and timeline for implementation outlined in this Bill will allow DHCD time to work with the Department of Finance and the Administration to adopt rules and regulations to carry out

the provisions of the subtitle. In the development of the rules and regulations consideration will be given for special instances, for example, some individuals may have unknowingly purchased a structure that is subject to a vacant building notice because it was not rehabilitated in compliance with applicable local laws and regulations. In those instances, we will conduct outreach and engagement to those properties that are occupied with a VBN and work to assist them obtaining the necessary permits to abate their VBNs so as to not be negatively impacted.

DHCD will also work closely with the Administration and the Department of Finance as they prepare to make the determination of which structures are eligible for the increased tax rate established by this Ordinance. The process may be further coordinated with other partners as necessary such as the Department of Transportation, BDC, HABC, the Department of Planning and SDAT to make sure we have the most up-to date data on all vacant structures within the City. Site conditions can change rapidly due to fire or with other emergency demolition, that can turn a vacant building into a vacant lot, which is not always immediately recorded in land records. Singling out these properties may require additional coordination to determine which structures are eligible for the increased tax rate.

We appreciate the implementation of this bill with a tiered approach. This bill provides a step toward improving the current tax system in Baltimore City and allows the city to make informed decisions about how to allocate its resources as well as address the large number of vacant properties. DHCD does not anticipate the legislation as a significant source of revenue generation for the City. The Bill will function alongside the current tax sale system but may have the effect of creating more properties eligible for the In-rem process for vacant buildings.

In 2020 the City Council enacted *20-0529 Property Tax - In Rem Foreclosure and Sale - Vacant and Abandoned Property* allowing for *In Rem* foreclosure of vacant, high tax-lien properties. The objective of the legislation was to minimize wait times related to the tax sale cycle and tax certificate expiration and give the City authority to sell property for redevelopment and blight-elimination objectives after foreclosure is completed. In order for a property to be in rem eligible, the city liens must be higher than the assessed value of the property.

DHCD is committed to employing this new property tax rate for special classes, alongside with existing tools for conducting property acquisition for vacant properties where liens exceed assessed value, and work to streamline the property acquisition processes to address blight and abandonment in the City.

## Conclusion

DHCD respectfully requests a **favorable** report on City Council Bill 24-0601.