



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner

Date: August 16, 2021

Re: City Council Bill 21-0058 Real Property Tax - Installment Plans

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 21-0058 for the purpose of authorizing that the real property taxes to be owed on certain properties may be paid through a monthly installment plan; establishing the maximum term for an installment payment plan in accordance with State law; requiring the Director of Finance to adopt regulations to implement this subtitle; defining certain terms; providing for a special effective date; and generally relating to installment payments of real property taxes in Baltimore City.

If enacted, City Council Bill 21-0058 would allow the Director of Finance to create an option for a monthly installment plan for the payment of certain real property taxes on owner occupied properties. Taxpayers are presently allowed to make advanced lump sum payments or pay property taxes in two equal installments, which can be difficult for homeowners on a fixed income. This legislation would allow City homeowners more flexibility in paying property taxes by creating a monthly installment payment plan.

Keeping low-income homeowners in their homes is a key strategy to preserving affordable housing in our city. The DHCD Division of Homeownership & Housing Preservation's Tax Sale Coordination and Prevention Services Program assists homeowners in avoiding tax sale by promoting tax sale clinics and community-based information sessions, assisting homeowners with applications for State Homeowners and Homestead Tax credits and working with community partners to assist homeowners in applying for other public assistance. DHCD's Tax Sale Ombudsmen would promote this payment option with populations in danger of facing tax sale should the Bill be approved.

The legislation as drafted requires that in order to be eligible for the monthly installment program a property must be: owner occupied and show proof of ownership through SDAT, or if the owner's name is not on the deed, that the applicant for the program show sufficient evidence that the deed is being transferred to the resident or being amended to reflect the resident's ownership of the property. The Law Department suggests an amendment to remove the eligibility requirements of the Bill so that all those deemed to owe property tax under state law would be allowed to participate in this installment-payment plan and not have to show proof of ownership.

DHCD is in support of this amendment. Homeowners without their names on their deeds is an all-too-common problem facing our legacy households. Without their names on the deeds to their properties, individuals are ineligible for property tax credits, home improvement programs, and other sources of assistance that can lower household expenses and help make it easier to pay bills. Often times younger generations living in the family home are faced with large lump-sum property tax bills without the resources to pay them and find themselves ineligible for assistance programs because of “bad deeds” and "tangled titles". DHCD actively works with The *My Home, My Deed, My Legacy* initiative to help homeowners correct these problems.

DHCD supports creating payment plans to provide financial flexibility to our most vulnerable homeowners who may experience difficulty paying tax bills. By electing to allow installment plans we would be supporting our most vulnerable homeowners.

DHCD supports the intent of City Council Bill 21-0058, but **defers to the Department of Finance** as the directly impacted agency.

AK/sm

cc: Ms. Nina Themelis, *Mayor's Office of Government Relations*