



BILL SYNOPSIS

Committee: Taxation, Finance and Economic Development

Bill 20-0529

**Property Tax – In Rem Foreclosure and Sale
– Vacant and Abandoned Property**

Sponsor: Council President on behalf of the Administration

Introduced: May 11, 2020

Purpose:

For the purpose of requiring the Director of Finance to withhold from tax sale certain real property designated by the Board of Estimates for foreclosure and sale under a certain process; authorizing the Mayor and City Council acting by and through the Department of Housing and Community Development to initiate an in rem foreclosure and sale of certain real property for delinquent taxes...

Effective: Date of Enactment

Agency Reports

City Solicitor	
Department of Planning	No Objection
Department of Housing and Community Development	Favorable
Department of Real Estate	
Department of Finance	

Analysis

Background

The City of Baltimore partnered with non-profit and community development organizations and elected officials at the state level to create enabling legislation to allow counties and Baltimore City to create an in rem foreclosure process whereby the City and other jurisdictions may forgo the annual tax sale and instead initiate and prosecute in rem foreclosure of certain vacant and abandoned properties through circuit court proceedings.

What “In Rem” Means

“In rem” means that a lawsuit is being directed solely against a property instead of a person. When a court makes an in rem decision it makes it regarding the property itself and laws concerning the property regardless of who owns it. In an in rem case the rights of the property, and not an owner’s interest in term of its physical position and land laws are paramount. In rem can be translated as “against the thing” as opposed to action against the person.

Current Tax Sale Process

Tax sale foreclosure action often takes between 18 – 24 months to complete from the time a foreclosure case is filed. Properties are on a 3-year tax cycle, and tax lien certificates expire after 2 years, so if a foreclosure case isn’t filed before expiration, the City must wait an additional year for a new certificate to result from the next tax sale before it can begin foreclosure proceedings. This results in unnecessarily long turnaround times and leads to delays in neighborhood improvement efforts and revenue generation for the City.

Applicable Properties

1. The Real Property must be:
 - A vacant lot;
 - An improved property cited as vacant and unsafe or unfit for habitation or other authorized use on a housing or building violation notice;
2. The real property must be at least 6 months in arrears on taxes and liens;
3. The total amount of liens for unpaid taxes on the property must exceed the lesser of the total value of the property as last determined by:
 - The Maryland Department of Assessments and Taxation; or
 - An appraisal report prepared not more than 6 months before the filing of a complaint under this section by a real estate appraiser who is licensed under Title 16 of the State Business Occupations and Professions Article.

Additional Information

Fiscal Note: Not Available

Information Source(s): Agency Reports

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