CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director
DATE	October 30th, 2025
SUBJECT	Bill 25-0080 – In Rem Foreclosure – Vacant Structures and Nuisance Properties

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

Position: Defer to DHCD
The Department of Finance is herein reporting on City Council Bill 25-0080, In Rem Foreclosure – Vacant Structures and Nuisance Properties, the purpose of authorizing certain property located in Baltimore City identified as a vacant structure or nuisance property under the Baltimore City Building Code to be subject to a certain In Rem foreclosure process; requiring certain procedures for an in-rem foreclosure; requiring the City to take certain actions to compensate the interested parties in property that is acquired through an in-rem foreclosure; specifying the circumstances under which an In Rem foreclosure judgement may be reopened; making conforming changes; defining certain terms; and generally relating to In Rem foreclosure of vacant property in Baltimore City.

Background
Baltimore City has several tools to fight blight and vacancy. One of these tools is called In Rem foreclosure; a legal mechanism used when property owners fail to resolve outstanding obligations that exceed the property's assessed value. The process requires extensive due diligence and notice, including certified mail to owners, public notice by newspaper publication, and a 50-year title search to identify potential claimants. If no resolution is reached, the City may seek an In Rem judgment, which allows the City to either retain the property for public use or sell it at public auction.

Properties foreclosed through this program often contribute to neighborhood blight, discouraging investment and undermining revitalization efforts. By acquiring title, the City can transfer these properties to qualified developers or community stakeholders for rehabilitation. When a property's value exceeds the amount of taxes and liens owed, surplus proceeds from the sale are distributed to lienholders in order of priority, as required by law. This protects the rights of interested parties while enabling the City to return long-neglected properties to productive use.

In Rem
The In Rem process enables the City to target abandoned or chronically neglected vacant lots and

buildings for tax lien foreclosure in a timely and legally sound manner. On average, foreclosure cases take just under six months from filing to judgment. To date, DHCD has successfully acquired 570 properties through the In Rem process. These properties are then conveyed to developers who can rehabilitate them and return them to productive use.

City Council Bill 25-0080

Council Bill 25-0080 authorizes Baltimore City to expand its judicial In Rem foreclosure process to include vacant structures and nuisance properties, as defined in the Baltimore City Building Code. The bill establishes a new process to acquire these nuisance properties, which may not necessarily be vacant.

Currently, only vacant properties are eligible for In Rem. Under Baltimore City Building Code § 116.4.1.2, a vacant property is defined as:

1. unoccupied, and
2. either:
    - A. unsafe or unfit for human habitation or other authorized use, or
    - B. a nuisance property.

A nuisance property is legally distinct from a vacant property. Under Baltimore City Building Code § 116.4.1.3, a nuisance property is defined as either:

1. An unoccupied structure with two or more final, non-appealable Building, Fire, or Property Maintenance Code violations that remain unabated for at least ten days beyond the correction deadline; or
2. The exterior premises of an unoccupied structure that, within the past twelve months, received six or more final, non-appealable violation notices under Property Maintenance Code §§ 305 or 306 ("Exterior Sanitary Maintenance – General" and "Trash, Garbage, and Debris," respectively).

A vacant property (§116.4.1.2) focuses on occupancy and condition — whether the building is unoccupied, and either unsafe or a nuisance. While a nuisance property (§116.4.1.3) focuses on code violations and maintenance issues — it identifies properties with a pattern of repeated or uncorrected code violations that negatively affect the surrounding area.

Comparing Vacant Properties to Nuisance Properties

Feature	Vacant Property (§116.4.1.2)	Nuisance Property (§116.4.1.3)
Occupancy status	Must be unoccupied	Must be unoccupied
Condition	Either (A) unsafe/unfit for human habitation or (B) a nuisance property	Not necessarily unsafe, but has persistent code violations
Basis for designation	Based on physical condition or public safety risk	Based on code enforcement history (unabated or repeated violations)

Fiscal Impact

The Department of Finance anticipates a significant fiscal impact from this legislation, with far-reaching consequences. Costs will arise from the operational demands of implementing the new workflow process outlined in City Council Bill 25-0080, which would increase DHCD's operational expenses for the In Rem program. Additionally, including nuisance properties in the In Rem process could reduce the quality of property titles, potentially discouraging developers—large and small—from acquiring these properties.

DHCD anticipates needing to create an entirely new In Rem process to implement the process established by City Council Bill 25-0080 for nuisance properties. This process would run in parallel with the one that DHCD has already established for vacant and abandoned buildings with liens that exceed the property's assessed value.. Based on current estimates each In-Rem case costs $2,500 to process; this includes staff salaries, legal filings, certified mail, newspaper publication, title searches, appraisals, and recording fees. DHCD set a goal of—and budgeted for—520 In Rem acquisitions for Fiscal Year 2026. Assuming that City Council Bill 25-0080 is enacted DHCD anticipates an additional 260 In-Rem cases which would cost $650,000. DHCD's current budget cannot absorb this increase.

City Council Bill 25-0080 would also have far-reaching implications for the City's ability to convey properties for redevelopment. DHCD believes removing the court-overseen service-of-process requirements would negatively impact the quality of title the City obtains through foreclosure, thereby limiting its ability to convey marketable title to developers for rehabilitation or redevelopment. Developers depend on clear title when receiving property from the City. The lack of clear title could dissuade developers from working with the City or significantly delay redevelopment efforts. If developers are unwilling to purchase properties eligible under Bill 25-0080, the City would be unable to recover unpaid taxes and code liens on long-delinquent and abandoned properties.

Conclusion

City Council Bill 25-0080 seeks to broaden Baltimore City's In Rem foreclosure authority to include nuisance properties in addition to vacant ones. While the intent to address blight and chronic code violations is clear, the proposed expansion introduces substantial legal, fiscal, and operational concerns. By extending foreclosure to properties that may still retain market value or lack imminent safety risks, the City risks constitutional challenges related to takings and just compensation.

Operationally, implementing a new In Rem workflow for nuisance properties would require significant additional resources that are not currently budgeted. The estimated $650,000 in unplanned costs for Fiscal Year 2026 underscores the potential strain on DHCD's existing capacity. In sum, while the bill aims to strengthen the City's blight-remediation tools, its current structure may create new risks that outweigh its potential benefits. Additional safeguards, funding, and legal review may be necessary to ensure the expanded In Rem process is both constitutionally sound and operationally sustainable.

For the reasons stated above, the Department of Finance defers to DHCD on City Council Bill 25-0080.

cc: Michael Mocksten
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