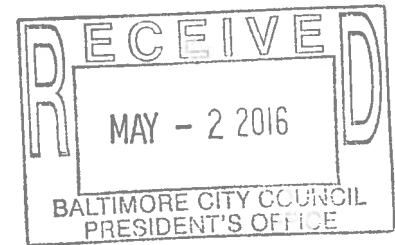




BALTIMORE HOUSING

STEPHANIE
RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD



MEMORANDUM

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

From: Paul T. Graziano, Commissioner

Date: April 26, 2016

Re: **City Council Bill 16-0614 - Tax Sales - Interest Rate on Redemptions**

The Department of Housing and Community Development (HCD) has reviewed City Council Bill 16-0614, for the purpose of reducing the interest rate applicable to the redemption of certain residential property from a tax sale.

If enacted, this bill would lower the interest rate paid to tax sale certificate purchasers by holders of the certificate from the current 18% to 12% for owner occupied properties. The goal of the reduction of the interest rate is to reduce the financial hardship for longtime and elderly residents of the City, who are unaware that their home is in tax sale and are unable to redeem the tax sale certificate due to high fees.

Representatives from HCD participated on a tax sale taskforce in 2015 to increase efforts by the City to prevent property owners from going into tax sale. One of the recommendations was to reduce the interest rate to discourage investors from purchasing the certificates to collect the interest on the fees versus an interest in investing and improving the housing stock in the city. The taskforce also recommended a Tax Sale Coordinator position be developed and that position is funded by the Finance Department and located in the Division of Green, Healthy and Sustainable Homes at HCD. The Tax Sale Coordinator's role is to educate social service providers and the general public about the tax sale process, coordinate services between city agencies and between city agencies and non profit partners, heighten awareness of public and private resources to prevent people's homes from going into tax sale and directly assist service providers or homeowners as needed.

The Department of Housing and Community Development strongly encourages the passage of City Council Bill 16-0614.

PTG:sd

cc: Ms. Angela Gibson, *Mayor's Office of Government Relations*
Mr. Colin Tarbert, *Deputy Mayor*

