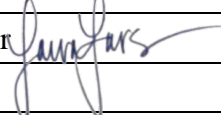




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	September 16 th , 2024
SUBJECT	City Council Bill 23-0362

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 23-0362, In Rem-Vacant and Abandoned Property, the purpose of which is to permit a Land Bank Authority of Baltimore, or representative of the authority to initiate and participate in certain In Rem foreclosure proceedings on behalf of the Mayor and City Council of Baltimore City; and providing for a contingent effective date.

Background

This legislation would authorize a land bank to participate in the In Rem foreclosure process. The In Rem Foreclosure process allows properties that have liens greater than their assessment values to be acquired by the City after filing a foreclosure case. In Rem streamlines the property acquisition, reducing timelines from up 36 months to 12 months.

Under the current In Rem process, only the Department of Housing and Community Development (DHCD) has that authority. While there is currently no land bank in Baltimore, City Council Bill 23-0363 seeks to establish the Baltimore City Land Bank Authority, which could acquire, manage, and develop vacant, abandoned, and tax foreclosed properties.

Fiscal Impact

The City's budget includes \$1.1 million in the DHCD budget (Service 749-Property Acquisition-Disposition and Asset Management). Funding in Fiscal 2023 created 8 positions, the Fiscal 2024 budget created an additional 3 positions. The Fiscal 2025 budget maintains current staffing levels for this service.

Fiscal Year	Item	Budget
2023	Funding for 8 New Positions: <ul style="list-style-type: none">4 Assistant Counsel positions4 Paralegals	\$734,516
2024	Funding for 3 New Positions: <ul style="list-style-type: none">1 Operations Manager1 Assistant Counsel1 Data Analyst	\$388,693

The Circuit Court is responsible for adjudicating In Rem cases. If the caseload grows significantly from this change the City may incur additional operating costs from expanding staffing levels for the Circuit Court.

Other Considerations

DHCD uses the In Rem foreclosure process as part of their larger development framework, acquiring properties to return them to productive use and include in specific development projects. This legislation will directly impact DHCD operations by authorizing an additional entity to utilize this process and potentially pulling resources away from DHCD. It is unclear how the process will work should both DHCD and the land bank want to acquire the same properties, possibly resulting in the In Rem process being less efficient due to overlap of authority.

Conclusion

The In Rem process was created by the state of Maryland in 2019. In Fiscal 2023 the city made its first investments into In Rem activities. This legislation seeks to permit a land bank authority the ability to utilize the In Rem process. This legislation will directly impact DHCD operations by authorizing an additional entity to utilize this process and potentially pulling resources away from city agencies.

For the reasons stated above, the Department of Finance Defer to DHCD City Council Bill 23-0362.

cc: Michael Mocksten
Nina Themelis