



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Alice Kennedy, Commissioner, Housing and Community Development
CC	Mayor's Office of Government Relations
DATE	August 14, 2025
SUBJECT	25-0059 Building, Fire, and Related Codes – Vacant Building Receivers – Failure to Sell

Position: Favorable

BILL SYNOPSIS

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 25-0059 Building, Fire, and Related Codes – Vacant Building Receivers – Failure to Sell for the purpose of permitting a vacant building receiver to offer the property for sale to the Mayor and City Council of Baltimore City, if the property fails to sell at public auction; and providing certain limitations on the sale price.

If enacted, City Council Bill 25-0059 would allow a vacant building receiver to sell any of its properties that fail to sell at public auction to the City of Baltimore for purchase. If approved, this Bill will take effect on the 30th day following its enactment.

SUMMARY OF POSITION

DHCD greatly appreciates the intent of City Council Bill 25-0059 to introduce an added layer of flexibility to the sale of vacant properties acquired through the Receivership process.

Receivership is a nuisance abatement tool. The goal of Receivership is to have a vacant building notice abated by the owner, lender or the successful bidder at a Receivership auction. Receivership is a civil action in which the City petitions the District Court to appoint a third party (receiver) to take control of a vacant property and auction the property to a qualified buyer. In filing the Receivership action, the City must name all owners and lien holders in the petition to appoint the receiver and provide written notice to other creditors. The Receivership petition is heard in Baltimore City District Court where the interested parties are given an opportunity to challenge the appointment. Generally, it takes around six months to get from the filing of the petition to the appointment of the receiver.

Approximately 50% of all Receivership cases filed go to auction. In cases where a receiver is not appointed, DHCD will continue to hold the owner accountable to abate the vacant building notice. If the filing of a petition results in the receiver being appointed, then the receiver will prepare the property for auction. Properties are expected to go to auction within two to three months of the receiver being appointed. All Receivership properties are advertised in local papers of general circulation and on the websites of both the receiver and the auctioneer. Currently the only residential property receiver in Baltimore City is One House At A Time, Inc (OHAAT). For commercial properties DHCD works with the Casey Group as the receiver.

All bidders at a Receivership auction must be pre-qualified by the receiver prior to the auction to bid on properties. Pre-qualification information and applications are available on the receiver's website. The receiver must have all applications at least five business days before the scheduled auction. Properties are sold at auction to the highest pre-qualified bidder. After the auction, the sale must be ratified by the court and then the receiver and the successful bidder are able to settle on the property. Settlement typically occurs around 90 days after auction.

Currently, if a property does not sell at auction, it will be offered for sale on the receiver's website at \$5,000 or best offer. If the property does not sell through the website offering the receiver will be struck, the property remains in the name of the original owner and if the City wishes to gain title, they must file a tax sale foreclosure action or initiate eminent domain action.

With the City serving as the buyer of last resort, Receivership could then be used on properties that don't yet have a clearly identified market while limiting the risk to the receiver. Importantly, the City would not be required to purchase properties that fail to sell at auction. This legislation would provide that recourse as an option. When the Receivership process works properly, the City never takes possession of a property's title. For those cases that do not go as intended, this legislation would offer a more expedient and economical option than starting over with tax sale foreclosure, in rem, or condemnation. Ultimately though, DHCD's ideal outcome will remain having the original owner retain the property by making all necessary repairs and returning it to productive use.

FISCAL IMPACT

The fiscal impact of City Council Bill 25-0059 would be contingent on two factors, the state of the housing market and the degree to which DHCD decides to purchase the vacant Receivership properties that fail to sell at auction. For example, in the years that led to 2020, OHAAT consistently had about 70 properties that had failed to sell at an auction on their website for immediate sale. Currently, as the market for such properties is much stronger, there are none. Moving forward, these fluctuations can be expected to continue in direct correlation to demand. The other important consideration is that the City would not be obliged to purchase the properties that fail to sell at auction. We would simply gain the legal authority to do so, should we deem it necessary. In those instances, the vacant properties would be purchased at no more than the receiver's cost and would typically range between \$2500 and \$5000.

AMENDMENTS

DHCD does not seek any amendments to this Bill at this time.