


FROM	NAME & TITLE	Robert Cename, Budget Director <i>R. Cename</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 22-0207 Vacant Building Notices		

DATE:

TO

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

June 13, 2022

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 22-0207, Vacant Building Notices, the purpose of which is to define the term “vacant building notice” and to create and amend certain penalties for failing to abate a vacant building notice.

Background

Under the City’s Building, Fire, and Related codes, a “vacant structure” is defined as a building or part of a building that is unoccupied and either “unsafe or unfit for human habitation” or a nuisance property. As one of the City’s agencies with code enforcement authority, the Department of Housing and Community Development (DHCD) issues notices for vacant buildings. Failure to abate a vacant building notice currently carries a \$900 fine, which the proposed legislation would increase to \$1,000. In addition, the proposed legislation would establish that each day that a vacant building notice is not abated be considered a separate offense of \$1,000.

Fiscal Impact

The Department of Finance estimates that the proposed legislation will not represent a significant fiscal impact for the City. Environmental citation data indicates that the City has issued more than 3,800 citations for failure to comply with a vacant building notice since 2007, equivalent to roughly \$3.5 million in fines. The majority of these citations, 52.4% or 2,025, have been issued between 2021 and 2022. The data demonstrates that payment for this citation takes a very long time, resulting in a low collection rate, 47.5% since 2008 and 35.4% for citations issued in the last two years. The table below illustrates the payment status breakdown of these citations:

Failure to Comply with Notice or Citation for Unsafe Structures		
2007 - 2022		
Citation Status	Number of Citations	Amount Paid
Abated	17	\$415
Open	2,579	\$68,106
Paid	1,050	\$1,346,938
Voided	215	\$0
Total	3,861	\$1,415,458

As the above table indicates, only 1,050 or 27.2% of total citations for this type of violation have been paid, while the majority of those citations are still open (2,579 or 66.8%). For the paid citations, it took an average of 595 days or roughly 20 months for payment after the citation was issued, and in some cases close to 11 years. The data does not indicate if these payments were made as the result of a tax sale or foreclosure procedure.

Of the 2,579 unpaid violations, a total of 2,024 or 78.5% have been outstanding for less than five years, but as the table below indicates, more than 550 citations have been open for more than five years on average:

Open Failure to Comply with Notices for Unsafe Structures 2007 - 2022		
Unpaid Periods	Number of Citations	Average Days Outstanding
More than 10 Years	151	3,951
Between 5 and 10 Years	404	2,593
Between 1 and 5 Years	1,111	845
Less than 1 Year	913	145
Total	2,579	1,053

The legislation proposes increasing the fine by \$100, from \$900 to \$1,000, for failure to comply with notice or citation for unsafe structures. Based on historical data, there are an average of 275 citations issued per year for this type of violation, for an estimated increase in revenues of \$7,500. Additionally, it is anticipated that the implementation of this provision will be maintained within existing resources, so no additional operational costs would be incurred with the adoption of this provision.

Additionally, as proposed for Section 116.11.4 of this bill, unabated notices for vacant structures would be considered separate offenses with a daily fine of \$1,000. Based on discussions with DHCD and the Law Department, this is duplicative of other sections in the code that already grant this authority. Therefore, Finance does not anticipate additional revenue or expenses from this section of the proposed legislation.

Other Considerations

This legislation intends to promote behavioral change among owners of vacant properties who have received environmental citations and have not paid these violations. In theory, the proposed fee increase will accelerate the payment of the violations or the change of ownership for more productive use of cited vacant and abandoned properties; however, there is no evidence supporting that these increases will result in this expected outcome, and it could potentially discourage private interest on the acquisition of vacant property.

There are multiple pieces of legislation currently before City Council that aim to implement similar measures of fining owners of vacant properties for various reasons. While the current legislation increases one fine by \$100, Finance believes it is important that these measures are looked at in a coordinated manner to assess the impact that additional fines and fees might have on the current vacant housing stock and market. In addition to these measures, there are the recommendations from the Administration’s 30-Day Vacant Review and the Tax Sale Workgroup, which are also looking vacants in the City. The scale of the issue of vacants in the City is an enormous and complex challenge and it is critical that all measures put forward work together to address this strategically.

Conclusion

This legislation proposes to increase the fine for failure to abate a vacant building notice by \$100. Based on current collection rates, the Department of Finance does not anticipate a significant fiscal impact for the City. In addition, the provision establishing each day that the notice is not abated as a separate offense is duplicative of authority already granted in the code.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 22-0207.

cc: Henry Raymond
 Natasha Mehu
 Nina Themelis