

FROM	NAME & TITLE	Robert Cename, Budget Director <i>R. C. C.</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 22-0100R – Informational Hearing-Judicial In Rem Foreclosure		

DATE:

TO

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

August 23, 2022

The Department of Finance is herein reporting on City Council Bill 22-0100R, Informational Hearing-Judicial In Rem Foreclosure, the purpose of which is to have the Department of Housing and Community Development, Law Department, and other parties provide the City Council with information about the in rem foreclosure process. Specifically, a description of the process, the City's capacity to increase in rem foreclosure cases, the role of the Circuit Court in the process, and recommended measures to support these efforts.

The City holds an annual tax lien certificate sale to collect delinquent real property taxes and other unpaid charges owed to the City, which are liens against the property. For many of the properties in the tax sale process there are no buyers during the annual auction and the City becomes the holder of the tax sale certificate. The City may choose to foreclose on those properties during the two-year period that the certificate is active. Since properties are on a three-year cycle in the tax sale process, if the City does not file a foreclosure action before the certificate expires then the City must wait an additional year for the property to be listed again and receive a new certificate.

Due to the high volume of certificates and the time and resources required to complete the foreclosure process for each property, it is not uncommon for certificates to expire before the Department of Housing and Community Development (DHCD) can act. The discrepancy of the certificate period and the tax sale cycle creates a backlog of properties that the City must wait to foreclose on until the next tax sale cycle begins, possibly impeding DHCD and community redevelopment projects.

In 2020, the City enacted Ordinance 20-393, Property Tax-In Rem Foreclosure and Sale-Vacant and Abandoned Property, which established the in rem foreclosure process. The in rem process is an alternative to the lengthy tax sale foreclosure process.

The in rem foreclosure process provides the City increased flexibility in filing foreclosures. It maintains due process for owners and enables DHCD to more efficiently acquire properties for redevelopment. DHCD received additional resources in Fiscal 2023 to support additional positions, specifically attorneys and paralegals, to provide increased capacity for the in rem process.

The Department of Finance will attend the hearing for this Resolution and respond to any fiscal inquiries.

cc: Henry Raymond
Natasha Mehu
Nina Themelis