



MEMORANDUM

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

From: Alice Kennedy, Housing Commissioner

Date: January 11, 2024

Re: City Council Bill 22-0206 - Vacant Structures – Registration Fees and Penalties

Introduction

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 22-0206 for the purpose of revising the registration process for vacant structures; modifying the registration fee for vacant structures; modifying the registration renewal process for vacant structures; modifying the penalties applied to vacant structures in violation of City Code; providing for a special effective date; and generally relating to registration fees and penalties for vacant structures.

If enacted, City Council Bill 22-0206 would replace the current annual registration fee with an increased, one-time, registration fee for vacant structures. The Bill would increase the \$100 annual fee per structure to a \$300 one-time fee per structure for residential structures and from \$250 annually to a \$500 one-time fee for all other structures. The legislation would also tie the registration renewal fee amount to any unabated violation notices at the time of renewal. If a violation continues unabated at the time of registration renewal the fee would be \$500 at the time of the first renewal, \$750 at the second renewal and \$1,000 at the third renewal. If the violation continues unabated thereafter the fee shall be double the fee charged the previous year. . The legislation requires that registration for vacant properties be renewed every 6 months. Presently vacant building registration is required annually.

DHCD Analysis

The legislation is intended to modify the City's current vacant property registration program to incentivize vacant property owners to address outstanding code violations by tying the bi-annual registration fee for vacant structures to any unabated violation notices. While DHCD appreciates the Sponsor's intent, the legislation might not incentivize the abatement of code violations and complicates the current registration program requirements, processes and purpose.

The [Baltimore City Code, Article 13, Subtitle 4-2](#), requires every owner of a non-owner-occupied dwelling unit, "whether occupied or vacant, whether it is producing revenue or not producing revenue, whether habitable or not habitable," to file a registration statement with the Housing Commissioner. An annual registration must be completed for all non-owner-occupied

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property including; vacant lots, vacant buildings, multifamily dwellings (MFD) and 1- and 2-family dwellings.

This registration provides valuable contact information to the City of Baltimore, including:

- a description of the premises by street number,
- the name, street address, telephone number, and email address of the premises' owner of record and the premises' managing operator, if other than the owner, and if the owner is a corporation, partnership, limited partnership, limited liability company or similar entity;
- the name, street address, telephone number, and email address of a natural person who serves as the owner's Chief Executive Officer, Managing Partner, or Managing Member, or in a similar authoritative position.

Property owners are required to register their vacant structures every year and this information is vital to the agency to ensure the owners of vacant structures can be reached and held accountable for keeping them clean and secure at all times.

The City regularly cleans, secures, and liens privately owned vacant structures. Owners of registered vacant structures that provide a valid email address will receive email notification at the time the City creates a work order to clean and/or secure their vacant property. This provides a last opportunity for the owner to correct and contact the inspector so that they can complete the work themselves and thus cancel the work order. If the City gets to the property before the owner or responsible party does and cleans/boards the vacant property in question, the property owner will receive a bill that may become a lien if it goes unpaid.

Requiring owners of vacant properties to renew registration every 6 months would create additional work for DHCD staff and further complicates DHCD's Property Registration and Licensing program. DHCD would object to the shortening of the registration renewal term for vacant properties and would recommend that it remain an annual requirement. Should the legislation be approved as drafted, DHCD would require 8 additional administrative staff to coordinate this work.

The following annual property registration fees now apply.

- 1 and 2 Family Dwellings \$30 per dwelling unit
- Multiple Family Dwellings \$35 per dwelling unit, \$25 per rooming unit
- Vacant Residential Structures \$100 per structure, plus \$30 per dwelling unit
- All other Vacant Structures \$250 per structure
- Vacant Lots \$25 per lot

The computation proposed in the legislation is more labor intensive than the current system and creates a complex penalty schedule that can't be programmed into existing software. The

implementation of this legislation would require IT upgrades, more staff, and additional training to appropriately enforce this legislation.

Additionally, many vacant properties do not have a responsible party to register the property, for example a deceased owner or a defunct entity. The lack of clear title of many privately owned vacant properties poses a significant challenge to the City, such as their ongoing need for routine maintenance and emergency services. It is uncertain if imposing the fee schedule outlined in this legislation would compel answerable property owners to abate the vacant building notice more expeditiously than we are presently seeing.

Finally, this Ordinance takes effect on the 90th day after the date it is enacted. DHCD would need additional time for implementation including software upgrades, additional hiring, and training. We are in the process of implementing a new registration and licensing software as well as filling empty positions in the registration and licensing office. This legislation could not be implemented with the current system and would require substantial changes, additional costs, and delays in launching the new system.

Increasing the amount and frequency of vacant property registration fees may not necessarily get the desired response from the property owner and may dissuade property owners from registering. Presently, approximately 71% of privately owned VBNs and 63% of private lots are registered. These numbers reflect the fact that many vacant properties don't have a responsible party to register the property, changes to City Law and staffing limitations around compliance and enforcement.

Conclusion

DHCD recognizes the blighting influence city owned and privately-owned, vacant properties have on our communities and the hardships they can impose on adjacent residential properties. However, we have theoretical and practical concerns around the complexity of enacting a requirement to bill property owners for registration based on the escalating fees and penalties for unabated violations. Imposing the graduated fee schedule would add additional administrative burden for the agency around implementation and collection and could complicate the path to rehabilitation. It also remains unclear if this legislation would compel property owners to abate the vacant building notice more expeditiously than we are presently seeing or if penalties would be able to be recouped in many circumstances. It is reasonable to conclude that a vacant property owner would observe this new fee schedule and just choose not to register their vacant property.

DHCD supports this bill in concept. DHCD is committed to working with the sponsor to develop legislation that meaningfully incentivizes vacants that have been registered for many years to abate the vacant building notice. For the reasons outlined in our analysis, we are not confident that this bill, both in theory and practice, will have the desired effect of encouraging vacant property owners to get these buildings back into productive reuse.

We respectfully request an **unfavorable** report on Council Bill 22-0206.

Brandon M. Scott, Mayor • **Alice Kennedy**, Housing Commissioner

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AK/sm

cc: Ms. Nina Themelis, Mayor's Office of Government Relations