



**BALTIMORE CITY COUNCIL
ECONOMIC AND COMMUNITY DEVELOPMENT
COMMITTEE**

Mission Statement

On behalf of the Citizens of Baltimore City, the Committee on Economic and Community Development (ECD) is responsible for supporting strong thriving communities. ECD will review proposed zoning and land use changes, tackle issues related to economic development, oversee housing policy, and promote equitable economic opportunity for all Baltimore residents.

The Honorable Sharon Green Middleton

PUBLIC HEARING

March 12, 2024

2:01 PM

CLARENCE "DU" BURNS COUNCIL CHAMBERS

22-0206

Vacant Structures - Registration Fees and Penalties

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BILL SYNOPSIS

Committee: Economic and Community Development

Bill: 22-0206

Vacant Structures – Registration Fees and Penalties

Sponsor: *President Mosby*

Introduced: *March 21, 2022*

Purpose:

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.

BY repealing and re-ordaining, with amendments,
Article 13 - Housing and Urban Renewal
Sections 4-8(c) and 4-9
Baltimore City Code
(Edition 2000)

By adding
Article 13 - Housing and Urban Renewal
Section 4-8(d)
Baltimore City Code
(Edition 2000)

Effective: 90 days after the date it is enacted

Agency Reports

City Solicitor	Proposing an amendment – to be able to approve for form and sufficiency.
Department of Finance	Opposes
Dept of Housing & Community Development	Opposes
Baltimore City Fire Department	Defers to DHCD

Analysis

Background

City Code

Subtitle 4 of Article 13 of the City Code deals with vacant dwellings and structures. It defines a vacant structure as “...any structure this is subject to an unabated violation notice issued under §116 {Unsafe Structures} of the Baltimore City Building Code”. The subtitle excepts structures not intended for occupancy such as a storage building.

Bill Analysis

This bill if enacted would create a process to register vacant structures in Baltimore City. This would include fees to be collected when a structure is registered and penalties for unregistered structures.

Registration

Vacant properties would be required to be renewed every 6 months until they are no longer vacant. This is a change from the current requirement which requires property owners to register every year. Owners of vacant structures would need to pay a one-time registration fee:

- \$300 for residential structures.
- \$500 for all other types of structures.

Once registered each structure will incur a \$50 renewal fee every 6 months.

Penalties

Vacant structures would incur penalties if it is found that they have unabated notices or orders issued under City codes at the time of a registration renewal.

- \$500 at the first registration renewal of the structure if violations continue unabated.
 - \$750 at the next renewal if violations continue unabated.
 - \$1000 at the next renewal if violations continue unabated.
-

- For subsequent renewals the fee will be double the fee charged the previous year if violations continue unabated.

If a registration or renewal takes place as a result of the identification of a violation of the subtitle or if a property owner does not comply voluntarily or in a timely manner the registration or renewal fee will be \$500.

Agency Reports

The Law Department in its report notes that some issues with the language of the bill – including that there is some confusion as to the registration fees and how they are applied. As well as issues with how penalties are applied to any vacant structure that is not a rooming house or a non-owner occupied dwelling unit (see attached report from the Law Department). The Law Department urges amendments to address these issues.

The Law department is proposing an amendment to the bill to remove the doubling of fees for continued unabated violations from the previous year.

The Department of Housing and Community Development does not support this bill. It raises concerns in its report that the bill if enacted would:

1. Create a more laborious system for the department without being clear that it would result in more abatement of violations than is seen currently.
2. DHCD in its report raises concerns not just with the workload itself but with the need to implement new software in order to effectively carry out the new registration and penalty process which they feel would exceed the 90 day implementation period currently in the bill.
3. DHCD also raised concerns around property titles – with many vacant structures having defunct ownership not all responsible parties for vacant structures could be tracked down and held accountable. Thought DHCD notes that currently 71% of privately owned vacant building notices & 63% of private lots are registered.

The Department of Finance opposes this legislation. In its report it notes that if this legislation is enacted but fails to secure additional compliance from owners of vacant structures the department estimates a loss of over \$17,000 in revenues. The Department believes that the new structure – both of the fees and the biannual registration process may discourage additional participation from property owners. Finance also sees potential cost could also include additional staff for DHCD to ensure compliance.

The Department of Finance also noted that it believes that additional penalties could push more properties into the in-rem foreclosure process which they believe should be stabilized before the fee structure is modified

Additional Information

Fiscal Note: Not Available

Information Source(s): Baltimore City Code, Reporting Agencies, Bill 22-0206.

Analysis by: Anthony Leva Direct Inquiries to: 410-396-1091

Analysis Date: January 18, 2024

**CITY OF BALTIMORE
COUNCIL BILL 22-0206
(First Reader)**

Introduced by: President Mosby, Middleton

Introduced and read first time: March 21, 2022

Assigned to: Economic and Community Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Housing and Community Development

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Vacant Structures – Registration Fees and Penalties**

3 FOR the purpose of revising the registration process for vacant structures; modifying the
4 registration fee for vacant structures; modifying the registration renewal process for vacant
5 structures; modifying the penalties applied to vacant structures in violation of City Code;
6 providing for a special effective date; and generally relating to registration fees and penalties
7 for vacant structures.

8 BY repealing and re-ordaining, with amendments,
9 Article 13 - Housing and Urban Renewal
10 Sections 4-8(c) and 4-9
11 Baltimore City Code
12 (Edition 2000)

13 By adding
14 Article 13 - Housing and Urban Renewal
15 Section 4-8(d)
16 Baltimore City Code
17 (Edition 2000)

18 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
19 Laws of Baltimore City read as follows:

20 **Baltimore City Code**

21 **Article 13. Housing and Urban Renewal**

22 **Subtitle 4. Registration of Non-Owner-Occupied Dwellings,**
23 **Rooming Houses, and Vacant Structures**

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 22-0206

§ 4-8. Registration fees.

(c) *Vacant structures.*

(1) *INCREASED FEE.*

Except as otherwise specified in this [section, an annual] SUBTITLE, A ONE-TIME registration fee, in addition to any fee that might also be required by subsection (a) or (b) of this section, must be paid for vacant structures at the following rates:

(I) [(1)] for residential structures – [\$100] \$300 per structure.

(II) [(2)] for all other structures – [\$250] \$500 per structure.

(2) *VACANT STRUCTURE PENALTIES.*

IF A VACANT STRUCTURE HAS ANY UNABATED VIOLATION NOTICES OR ORDERS ISSUED UNDER THE CITY BUILDING, FIRE, AND RELATED CODES ARTICLE AT THE TIME A REGISTRATION RENEWAL IS REQUIRED, THE AMOUNT OF THE RENEWAL FEE IS AS FOLLOWS:

(I) \$500 AT THE FIRST REGISTRATION RENEWAL OF THE VACANT STRUCTURE, IF VIOLATIONS CONTINUE UNABATED;

(II) \$750 AT THE NEXT RENEWAL IF VIOLATIONS CONTINUE UNABATED;

(III) \$1,000 AT THE TIME OF THE NEXT RENEWAL IF VIOLATIONS CONTINUE UNABATED; AND

(IV) FOR SUBSEQUENT RENEWALS, THE FEE SHALL BE DOUBLE THE FEE CHARGED THE PREVIOUS YEAR, IF VIOLATIONS CONTINUE UNABATED.

§ 4-9. Term and renewal.

(A) *IN GENERAL.*

A registration TERM expires on December 31 of each year, unless:

(1) it is renewed [and the annual registration fee paid before then,]; OR

(2) THE STRUCTURE IS A VACANT STRUCTURE.

(B) *VACANT STRUCTURE REGISTRATION TERM AND RENEWAL.*

(1) *DURATION.*

A REGISTRATION FOR A VACANT STRUCTURE IS VALID FOR 6 MONTHS FROM THE DATE OF REGISTRATION.

Council Bill 22-0206

1 (2) *RENEWAL PERIOD.*

2 A VACANT STRUCTURE REGISTRATION MUST BE RENEWED EVERY 6 MONTHS UNTIL THE
3 PROPERTY IS DEREGISTERED.

4 (3) *RENEWAL FEE.*

5 A \$50 FEE MUST BE PAID FOR EACH REGISTRATION RENEWAL FOR A VACANT
6 STRUCTURE.

7 (4) *RENEWAL FEE*

8 THE REGISTRATION FEE OR RENEWAL FEE FOR A VACANT STRUCTURE IS \$500 IF:

9 (I) THE APPLICABLE REGISTRATION OR RENEWAL TAKES PLACE AS THE RESULT OF
10 THE IDENTIFICATION OF A VIOLATION OF THIS SUBTITLE; AND

11 (II) THE APPLICABLE REGISTRATION OR RENEWAL DOES NOT TAKE PLACE THROUGH
12 VOLUNTARY AND TIMELY COMPLIANCE WITH THIS SUBTITLE.

13 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 90th day
14 after the date it is enacted.

Economic and Community Development Committee

22-0206

**Vacant Structures - Registration Fees and
Penalties**

Agency Reports

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
EBONY M. THOMPSON, ACTING SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

January 10, 2024

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

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

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 22-0206 for form and legal sufficiency. It would modify sections of the vacant structure registration fees contained in Subtitle 4 of Article 13 of the City Code by increasing the amount of the registration fees, changing the registration fee to be paid once and not annually, requiring an escalating amount of penalties for vacant structures with unabated violation notices “at the time a registration renewal is required” and shortening the registration term to every six months if the structure is vacant.

Currently, Section 14-1(i) of Article 13 of the City Code defines a vacant structure as “any structure that is subject to an unabated violation notice issued under § 116 {“Unsafe Structures”} of the Baltimore City Building Code.” With this definition of a vacant structure, the bill’s proposed changes are confusing.

The bill proposes (line 4 of page 2) to make the registration fees in Section 4-8(c) apply “except as otherwise specified in this subtitle” instead of as otherwise specified in that Section 4-8. The registration fees in Section 4-8(c) were intended to be for vacant structures that are not rooming houses detailed in Section 4-8(a), nor non-owner-occupied dwelling units detailed in Section 4-8(b). This is because subsection (c) is the overall type of building regulated by Subtitle 4 – vacant structure – with subsections (a) and (b) pulled out as subtypes. By changing the introductory language to subsection (c) to say that the fees are “unless otherwise specified in this subtitle” is unclear because there appears to be nothing in the rest of Subtitle 4 that would impose any other registration fees on vacant structures.

Next, the bill adds a “Penalties” section as part of the registration fee for vacant structures. This nomenclature is confusing because it is unclear if the penalties are meant to be fines, which the General Assembly caps at \$1,000. City Charter, Art. II, § (48). If so, the Charter would require the removal of lines 20 and 21 on page 2 of the bill. Yet, it’s hard to conceive of these as penalties because every structure regulated by Subtitle 4 is already defined as having unabated violations. Thus, the “Penalties” purported to be added to the registration fee amount under Section 4-8(c)

works more as an additional registration fee amount that would be payable by owners of all vacant structures—rooming houses, non-owner-occupied dwellings, and non-residential structures.

Additionally, the bill removes the annual registration fee for vacant structures that are not rooming houses or unoccupied dwellings, and instead changes that to a onetime fee paid by all vacant structures. The changes in Section 4-8(c) would appear to mean that only a vacant structure that is also a rooming house or a non-owner-occupied dwelling unit would ever have the requirement for annual re-registration under this bill. As written, the non-residential vacant structures only register once by paying the fee. Thus, those non-residential structures would never be subject to the escalating penalty structure in Section 4-8(c)(2) because those entities never re-register. These issues need to be clarified in amendments so that the bill can operate as intended.

In addition to the required amendment attached to this report, the Law Department can work to address these other issues so that the bill can be clarified. Assuming all necessary amendments are adopted, the Law Department can approve the bill for form and legal sufficiency.

Very truly yours,



Hilary Ruley
Chief Solicitor

cc: Ebony M. Thompson, Acting City Solicitor
Nina Themelis, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Jeffery Hochstetler, Chief Solicitor
Teresa Cummings, Assistant Solicitor
Michelle Toth, Assistant Solicitor

AMENDMENTS TO COUNCIL BILL 22-0193
(1st Reader Copy)

Proposed by: Law Dep't

On page 3, delete lines 11-19.



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

Brandon M. Scott, Mayor | Alice Kennedy, Housing Commissioner

417 East Fayette Street | Baltimore, MD 21202 | 443-984-5757 | dhcd.baltimorecity.gov

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

417 East Fayette Street • Baltimore, MD 21202 • 443-984-5757 • dhcd.baltimorecity.gov



AK/sm

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

**F
R
O
M**

Name & Title	James W. Wallace, Fire Chief 
Agency Name & Address	Baltimore City Fire Department 401 E. Fayette Street, Mezzanine
Subject	City Council Bill #22-0206 – Vacant Structures – Registration Fees and Penalties

CITY OF
BALTIMORE
MEMO



TO: The Honorable Nick J. Mosby, President
And All Members of the Baltimore City Council
City Hall, Room 408

DATE: March 8, 2024

The proposed legislation revises vacant structure registration fees and penalties.

The Baltimore City Fire Department defers to the Department of Housing and Community Development on Council Bill 22-0206.

JW/kw

FROM	NAME & TITLE	Bob Cename, Deputy Finance Director <i>RC</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 22-0206 Vacant Structures – Registration Fees and Penalties		

DATE:

TO

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

January 19, 2024

Position: Oppose

The Department of Finance is herein reporting on City Council Bill 22-0206 Vacant Structures – Registration Fees and Penalties, the purpose of which is to revise the registration process and modify the registration fees for vacant structures. The proposed legislation would also modify the penalties applied to vacant structures in violation of City Code.

Background

Article 13, Subtitle 4 of Baltimore City Code currently requires all vacant structures to be registered with the City at an annual rate of \$100 per residential structure and \$250 for all other structures. This legislation would change the registration from an annual fee to a one-time registration fee, and it would increase the amount to \$300 per residential structure and \$500 for all other structures. The vacant structure registration would be valid for 6 months and there would be an additional \$50 renewal fee for each registration renewal. All of the above listed fees would be increased to \$500 if the resulting registration or renewal occurs following a violation or is done so in a matter neither voluntarily or timely. Upon registration renewal, there could be additional penalties incurred of \$500, increasing over time, if the vacant structure has any unabated violation notices or orders issued under the Baltimore City Code.

The current registration fee schedule for vacant structures was originally enacted in June 2010 with the passage of City Council Bill 10-0516 (Ordinance 10-342). Since that time, additional steps have been taken to hold the owners of vacant structure responsible, including the conspicuous posting of ownership information on vacant properties (City Council Bill 19-0429/Ordinance 20-428). There have also been citywide workgroups developed to help tackle the vacant housing concerns within the City.

In Washington, D.C., a similar registration fee schedule exists which requires both an initial and an annual registration fee of \$250 for properties vacant for 30 days or more. Failure to register could lead to a penalty of between \$1,000-\$2,000. The City of Philadelphia requires owners of unoccupied residential properties to apply for a Vacant Residential Property License with an annual renewal. This requires a \$165 initial license fee along with a \$20 application fee, and each license renewal is an additional \$165.

Fiscal Impact

In general, the Finance Department considers that any initiative pursuing adjustments to City fees should be in accordance to the City’s fee policy, which intends to provide guidance in determining the appropriate level for fees based on City costs for providing services.

The policy establishes that City fees should be reviewed and updated on an ongoing basis to ensure that they keep pace with cost-of-living and or levels of cost recovery.

The Finance Department interprets that the proposed legislation intends to accomplish two goals:

- Increase registration compliance of vacant structure by restructuring the fee schedule and increasing charges for delinquency, and
- Create incentives for non-compliance owners of vacant properties to either register or to initiate a process that could expedite the transfer of vacant structures for productive use.

There is no guarantee that the proposed legislation would accomplish either goal. Furthermore, the legislation could potentially have an undesirable impact by discouraging continued compliance of owners of registered vacant structures.

Between 2019 and 2021, an average of 3,446 residential vacant structures have been annually registered, with commercial vacant structures have annually averaged 117 during this period. The City has issued an average of 1,350 notices to owners of residential vacant structures and 41 notices to owners of commercial vacant properties per year, indicating that 26.9% of the vacant structures in the City remain unregistered. Additionally, the City issued 3,675 citations for Failure to File a Registration of a Vacant Building where only 41.3% were paid, the other 31.4% were still open a the other 27.3% were either voided or abated at the time of this analysis.

If this legislation has no impact in compliance, meaning that there is no change in the number of registered vacant structures, the Department of Finance estimates a decline of \$17,550 in revenues from vacant structure registration. The following table illustrates this estimate:

Vacant Structure	Current Law			Proposed Legislation			Difference
	Registered (Ave 19-21)	Annual Registration	Average Revenue	One-Time Registration*	\$50 Semi-Annual Renewal	Subsequent Year Revenue	
Residential	3,446	\$100	\$344,600	\$300	\$100	\$344,600	\$0
Commercial	117	\$250	\$29,250	\$500	\$100	\$11,700	-\$17,550
Total	3,563		\$373,850			\$356,300	-\$17,550

* The table below assumes that current registered vacant structures will not pay the proposed one-time registration fee

Under this scenario, current owners of registered vacant structures will not have to pay the one-time registration proposed by the legislation, but they will proceed with renewal twice a year. It is unclear how a semiannual renewal process would benefit owners of registered vacant structures, but this additional step in the process could discourage registration and further increase abandonment of vacant structures.

The proposed legislation is also intending to enforce penalties on owners of registered vacant structure if other unabated violation notices are current at time of registration renewal. The fiscal impact of the

proposed legislation cannot be estimated, but the Finance Department considers that the proposed penalty structure will also discourage owner of properties in compliance with the vacant structure law to register and periodically renew registrations.

Finally, it is estimated that the implementation of the proposed legislation will be carried within existing resource. However, handling the potential increase of unregistered vacant structure and further abandonment of this type of properties would require additional City resources to be added to the budget. This includes an operational impact on DHCD's ability to implement this program.

Based on an assessment from DHCD, the agency would require at least 8 additional administrative staffers to coordinate the additional workload for the Property Registration and Licensing program if the legislation is approved as drafted. The agency would require (8) Office Support Specialist II positions which would have an annual cost of \$491,480. There would also be additional costs to update the existing software program for a more complex penalty schedule. This could add significant costs and delays to implementation, which would also delay agency training related to enforcement.

Other Considerations

Aside from the concerns expressed by DHCD in their bill response, there are additional concerns on potential outcomes of this legislation. In 2020, Baltimore City adopted legislation to develop an in-rem foreclosure process. Initial funding was provided in the Fiscal 2023 budget to begin implementing that process. An increase in penalties at this time could quickly push additional properties into the in-rem process at a time when the process is just underway. The Department of Finance believes that the process should be stabilized before any fee structures are modified.

Conclusion

For the reasons stated above, the Department of Finance opposes City Council Bill 22-0206 at this time.

Commented [BJ(D1)]: Fair to say?

cc: Michael Mocksten
Nina Themelis