



# Neighborhood Housing Services of Baltimore, Inc.

Corporate Office  
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July 15, 2020

Sharon Green Middleton, Chair  
Danielle McCray, Vice Chair  
Eric Costello, Member  
Edward Reisinger, Member  
Robert Stokes, Member  
Samuel Johnson, Staff  
Budget, Taxation and Economic Development committee  
Baltimore City Council

RE: Letter of Support for Ordinance 20-0529 (introduced on 5/11/20)

*Sent via email*

Dear Chair Middleton, Vice Chair McCray and Members of the Committee:

Thank you for the opportunity to submit a letter of support for Ordinance 20-0529. Over the past 8 years I have had the privilege of serving as co-chair of the Baltimore City Tax Sale Work Group. Our group has been directly involved in the development of this legislation. Additionally, Neighborhood Housing Services of Baltimore (NHS) is involved in acquiring and facilitating the redevelopment of properties. Our work is currently focused on the redevelopment of 100 homes in the Panway neighborhood of West Baltimore, adjacent to Coppin State University.

In 2016, the Tax Sale Work Group, in partnership with Baltimore City under the leadership of the Director of Finance, Henry Raymond, applied for and secured significant technical assistance from the Center for Community Progress (CCP) Technical Assistance Support Program. In their study, CCP found that the current tax sale system contributes directly to the blight and abandonment of vacant properties in Baltimore. Review of data provided by Baltimore City revealed that 6,000 properties cycle through the tax sale every three years. In the current tax sale system, the city sells the debt on the property to debt collectors who typically do not want ownership of the properties. This creates a barrier for redevelopment as debt purchasers inflate the cost of vacant properties often making acquisition cost prohibitive.

Ordinance 20-0529 authorizes a new system for use with vacant properties. The In Rem process sells the property rather than the debt on the property. Current state legislation approved in 2019 enables Baltimore City to utilize the In Rem process for any properties with a vacant building





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notice where the amount of the liens exceed the current state assessment for the property. Ordinance 20-0529, drafted by the Baltimore City Department of Housing and Community Development (DHCD), enables the department to begin using the new tax sale system for property acquisition.

Baltimore City has about 16,000 vacant building notice properties. Currently, acquisition of these properties using the tax sale system typically takes 2-3 years. The new In Rem system will cut the acquisition time in half. Under the legislation, DHCD will be able to prevent vacant properties from falling into the cycle of speculative debt buyers purchasing interest in the property without assuming any responsibilities for maintenance or improvements to the property. This approach does not serve the interests of Baltimore City or its residents. The end result of the In Rem system is that vacant properties can be transferred to responsible owners committed to investing into city neighborhoods and properties. This outcome serves the city well.

## **NHS is in strong support for Ordinance 20-0529.**

As the Committee and DHCD progress forward with the ordinance, we have one area for additional consideration. The current ordinance has a process that is expected to take 12-18 months for DHCD to gain insurable title. By including the steps of service in ordinance, rather than regulation, there is very limited flexibility for DHCD to work with title attorneys, title insurance companies, and the courts to identify ways to move the properties to productive use more quickly. When the state legislation was passed, the expectation was that it would take 6-9 months for properties to move through the entire process. By including the steps in regulation, DHCD would be able to identify and easily change the steps in the process to ensure efficiency. We encourage the city to consider removing the notice requirements from the ordinance and including them, instead, in regulation.

NHS offers its strong support for Ordinance 20-0529. We appreciate the partnership with the city over the past 4 years as we worked together to identify an alternate tax sale system, pass state enabling legislation, and now working in partnership with DHCD on this legislation. Ultimately, we anticipate working together to return properties to productive use.

Sincerely,

Daniel T. Ellis  
Executive Director

