



COMMUNITY DEVELOPMENT NETWORK OF MARYLAND

Thank you for the opportunity to provide testimony for this hearing on Baltimore's tax sale system. Our Baltimore City members, known as the Baltimore Equitable Community Development Network (BE/CDN), represent more than 40 community-based nonprofits, developers, and community development professionals. Many of our members have supported and guided our neighbors through the tax sale system, and are familiar with the many administrative flaws and predatory nature of the system.

We ask the Council to consider the following when it comes to tax sale:

- **The current Tax Sale system has two significant racist impacts on Baltimore's Black residents: uprooting legacy homeowners and creating more vacant properties.**

The current system disproportionately impacts older Black homeowners. Even if they can keep their homes due to a combination of homeowner tax credits and paying down the tax balance, going through the process of trying to get their outstanding balance paid down adds significant physical harm. If they do lose their home to tax sale, then they are left to scramble to find a place to live, the surrounding neighborhood has a new vacant property, and the social community they participate in--whether it's their block, their church, or their friends, feels that loss as well.

As many of you know, vacant properties are also a physical and a social harm that Black residents and neighborhoods experience the most. As a result, Baltimore's Black residents--particularly those in some of the poorest parts of the City--are injured twice by this system: once when they or a neighbor lose their home, and again when that home becomes vacant and abandoned.

To add further insult to injury, our current system allows tax lien purchasers to profit off of this loss and suffering by allowing them to charge an additional 11% of the value of a lien as pure profit. Why are we incentivizing investors, the broad majority of whom have no stake or interest in the welfare of our city, to profit off our neighbors' pain?

- **The short-term gain to the City's budget is dramatically offset by the long-term cost.**

The average tax lien for the 2021 tax sale was **\$3,336.59**. The cost of re-housing and providing wrap-around services to the family that loses their home for that outstanding tax balance is far greater than \$3300/family. This doesn't even include the social cost to that homeowner's community, both from the loss of that individual and their family to the cost of the new vacant property on the block.

- **The COVID-19 pandemic is not over.**

As the City Council is aware, the COVID-19 pandemic is still present, with the Delta variant surging among unvaccinated individuals, like [young children, who cannot be vaccinated until midwinter 2022, at the earliest](#), and the immunocompromised. Many of our legacy homeowners, even if vaccinated, may be immunocompromised, or have family members living with them who are immunocompromised or cannot be vaccinated. It is not in Baltimore's public health interests to exacerbate a pandemic further by displacing hundreds of residents.

- **Recent reforms can help, but lasting change can only be made through a systemic overhaul.**

We applaud efforts such as Councilmember McCray's December 2020 bill to create an exemption program for certain legacy homeowners, Delegate Kaiser's March 2021 bill to create a tax relief program for all Marylanders, and Councilmember Ramos' bill, currently in progress, to address misclassified properties. However, due to the administrative needs of some of these programs, they only address some of the flaws in our tax sale system, and not the underlying causes.

We hope that the Council's attention to this issue will spur the City of Baltimore to take further steps for meaningful reform, as outlined in the policy paper by Margaret Henn, Dan Ellis, and the Tax Sale Work Group. Thank you again for your time and consideration on this important matter. For your reference, we have included a bibliography of additional policy and research papers on the city's tax sale system.

Sincerely,
Hieu Truong
Organizer, BE/CDN