



WRITTEN TESTIMONY
**THE IMPORTANCE AND NECESSITY OF
EXPANDING IN REM FORECLOSURE IN BALTIMORE CITY**
Bill: HB 865 / SB 769

*Submitted by: BUILD (Baltimoreans United in Leadership Development)
Rev. Cristina Paglinauan (BUILD Executive Team)*

BUILD supports (with amendments supported by the sponsor) the passage of HB 865 / SB 769 that will expand the use and applicability of in rem foreclosure.

Baltimore City is facing a crisis of vacant and abandoned homes. Not only are there approximately 15,000 vacant and abandoned structures. There are 21,000 vacant lots and 34,000 houses at significant risk of vacancy because of their proximity to other vacant properties. That's 70,000 properties directly impacted by this issue.

More than that, fully 31% of residential properties in the city are vacant or houses next to vacant properties. These houses – most often row homes – impact whole blocks and whole communities when they become vacant.

This is not a new crisis for Baltimore City. It is a crisis rooted in our city's long history of destructive and racially discriminatory housing policies and practices, including redlining that was pioneered in Baltimore more than a century ago.

These vacant and abandoned homes have stubbornly existed through the administrations of multiple mayors and governors: not because they have not tried but because the solution they proposed required additional tools like in rem foreclosure and because it has not met the scale of the need.

BUILD's History and Track Record on this issue

BUILD – Baltimoreans United In Leadership Development – is a broad-based, non-partisan coalition of more than 35 religious congregations, non-profits, and schools in Baltimore. Founded in 1977, BUILD has a long, productive track record acting on issues related to housing, jobs, schools, safety, and more. This has included the creation of the nation's first living wage ordinance in Baltimore City and working with the state legislature to invest \$1 billion in rebuilding Baltimore City's aging school infrastructure in recent years. We are part of the Industrial Areas Foundation (IAF), the nation's oldest and largest multi-faith organizing network in the United States.

For 15 years, BUILD has worked in East Baltimore to address vacant and abandoned properties. As part of that work, we created – with other national partners – a non-profit developer called ReBUILD Metro. [ReBUILD Metro has transformed 450 properties into homes in four neighborhoods in East Baltimore](#), representing a collective investment of more than \$120 million.

In the two neighborhoods where ReBUILD Metro has worked for the longest period of time, we have reduced the vacancy rate to only 7.8%, down from 48%, a decrease of 85%. The population has increased by 45%, compared to a decrease in population citywide. Our work has increased the wealth of nearby homeowners by more than \$50 million, all while the neighborhoods themselves have remained more than 90% Black.

We have done this without displacing a single family and ensuring that community-driven, mixed income development is central to that work.

Expanding In Rem Foreclosure is necessary

Expanded in rem foreclosure is a necessary tool in Baltimore City's existing fight against long-term abandoned properties in Baltimore City.

In February 2023, [BUILD released a report](#), prepared independently by some of the foremost community development experts in the country (czbLLC with the support of Alan Mallach), called *Whole Blocks, Whole City: Reclaiming Vacant Property throughout Baltimore*.

This 113 page report analyzes vacancy, ownership, and tax delinquency on every block in Baltimore City and offers concrete recommendations for action citywide and at the individual block level, depending on the number of vacant properties and structures on that block. The full report is included in this submission through the link provided in the previous paragraph.

One of the key recommendations in that report (see p. 111-112) is for the state legislature to expand In Rem Foreclosure so that it can apply to more vacant properties. As the report makes clear – under current law:

While there is little doubt that almost any vacant lot created as a result of demolition would meet this definition [under current law and therefore eligible for in rem foreclosure], it is likely that quite a few vacant structures would not, especially in the absence of any statutory guidance to appraisers.

To make this concrete, on February 16th, BUILD held a press conference outside the Greater Harvest Baptist Church in southwest Baltimore with nearly 300 faith and community leaders and Mayor Brandon Scott. The press conference released the aforementioned report and announced BUILD's and Mayor Scott's commitment to address vacant and abandoned houses citywide at the scale and speed necessary for it to be successful.

Across the street from Greater Harvest Baptist Church, there are nine houses that provided the backdrop for the press conference. Eight of those houses are currently vacant. The church has been trying to purchase these vacant houses for years – working with multiple city administrations. They have been able to acquire three of the properties and Baltimore City owns one.

Of the four properties remaining, two are currently eligible for in rem foreclosure; the other two are not. Our understanding is that the other two would be eligible if the proposed legislation were adopted.

This story is repeated on block after block across Baltimore City.

If – as BUILD's report makes clear – we can only tackle Baltimore's vacant and abandoned housing crisis by considering whole blocks and whole neighborhoods, we must ensure we have the tools necessary to ensure it is addressed.

We Must Act Now.

As a city and a state, we have no other choice than to act because the current situation is too costly.

A [recent study from Johns Hopkins' 21st Century Cities Initiative by Mary Miller and Mac McComas](#) laid out both the scope and the financial cost of our status quo. The financial cost to taxpayers in Baltimore City of

doing nothing is at least \$200 million per year. This has an additional impact on the state budget – through property and income tax.

The human cost is even greater. We see every day the immeasurable cost in lives, in spirit, and in hope, as block after block of abandoned lots and boarded-up buildings in our historically disinvested neighborhoods remain neglected, until tragedy strikes.

Last October marked the 20-year anniversary of a tragedy in our city, a fire that took the lives of Angela and Carnell Dawson and their 5 children: Keith, Kevin, Carnell Jr., Juan and LaWanda. The fire was set in retaliation for the Dawsons reporting drug activity in front of their home on Preston Street. It was out of their appalling, unacceptable deaths that BUILD's vision and strategy of reinvesting in east Baltimore was born.

In Oliver and Broadway East today, where BUILD and ReBUILD Metro have worked the longest, not only have we reduced vacancy by 85%, not only have we created more than \$50 million in wealth for nearby homeowners, not only have these neighborhoods themselves remained more than 90% Black – what is more, the homicide rate in these neighborhoods has been cut in half.

This reduction in violence should not be a surprise. A [recent study in Philadelphia](#) corroborates that crime and gun violence decrease in neighborhoods when we address vacant and abandoned structures. You can see the correlation clearly on [a map of Baltimore that BUILD created](#), overlaying homicides on neighborhoods where chronically vacant and abandoned homes and properties exist.

The tragedies we see nearly every day in our city – from fires to gun violence – demand our courage and our action. The expansion of in rem foreclosure in the 2023 legislative session is a concrete step we can and must take now.