



Odette Ramos

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Testimony
SB855 – Baltimore City – Property Tax – In Rem Foreclosure
March 8, 2023
FAVORABLE with Amendments

Honorable Chair Guzzone and Distinguished Members of the Senate Budget and Taxation Committee:

I am writing to urge your support for **HB855 – Baltimore City – Property Tax – In Rem Foreclosure**. Thanks so much to Chair Carter and the Scott Administration for introducing this legislation.

Baltimore City's biggest obstacle in eliminating vacant and abandoned properties through rehab or demolition is the fact that most of the vacant and abandoned properties in our City are privately owned. Of the just under 15,000 vacant and abandoned properties – indicated as such with a Vacant Building Notice, Baltimore City government only owns 1200 of these properties. Most of these properties are tax delinquent and cycle through tax sale each year, staking up the liens to the point where no one will bid on the property. In fact, the house in Stricker Street that collapsed and killed three fire fighters had over \$50k liens, and just down the street from that house is another with over \$200,000 of liens on the property.

Thanks to enabling legislation sponsored by Senator Eckardt and Delegate Holmes in 2019, and legislation passed by the previous administration in our city, Baltimore City has begun to implement In Rem foreclosure, a process by which Baltimore City can foreclose on the liens on vacant and abandoned properties where the liens exceed the value of the property. We now have a partnership with the Circuit Court which has created a dedicated docket for these cases. This process is a complete gamechanger for us – where we can foreclose on these properties with excessive liens and take possession within 6-9 months of filing.

While Baltimore has just started this process, we are requesting expansion of In Rem to include the properties where liens are below the value of the property.

SB855 as amended authorizes Baltimore City to expand our In Rem process to foreclose on liens below the value of the property. This is critical to meet our goals for acquisition of vacant properties in a block by block fashion so that we can turn them into productive use. Of the 455 vacant properties in two neighborhoods in the district I represent, 28% of them are eligible for In Rem foreclosure today, while an additional 35% are “approaching” In Rem, meaning they have delinquent liens but they are not above the assessed value yet. While we are working on legislation to create additional fees and penalties to impose on these properties to get them into In Rem, an expansion of the process to include these properties that are “approaching” In Rem would be more expedient. This new expansion also would reduce the need to use receivership or tax sale to auction properties to the highest bidder and risk a bidder that does not have the community's goals in their interest.

To avoid any challenge of this law as a taking, the amendments provided ensure there is the possibility of proceeds to the old owner. That is not needed in the original In Rem because the liens exceeding the value of the property mean the property has no value and is derelict. In this new expanded In Rem, the assessed value still is higher than the liens, so there has to be a chance for proceeds to the owner.

Baltimore City is making great progress to finally eliminate vacant and abandoned properties. In Rem, and the expansion of In Rem through SB855 is one of the many necessary pieces of the puzzle.

I urge your favorable report for this legislation.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "Odette", written in a cursive style.

Odette Ramos
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