



Neighborhood Housing Services of Baltimore, Inc.

March 25, 2024

Senator Guy Guzzone, Chair
Miller Senate Office Building
3 West
Annapolis, Maryland 21401

RE: House Bill 243

Honorable Chair Guzzone and Members of the Committee:

I am the Chief Executive Officer of Neighborhood Housing Services of Baltimore (NHS), and a resident of Baltimore City. Our organization believes that economic and social justice are a right for all residents and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment. I also have the privilege of serving as co-chair of the Baltimore City Tax Sale Task Force appointed by Mayor Scott.

Over the past ten years I have worked to advocate for changes to the tax sale system that support residents and communities. With support from this committee and the full legislature we have together made significant improvements to the tax sale system. While more change is needed, we can be proud of the work accomplished together. Many of the changes that have been made have been limited only to Baltimore City. These include raising the threshold for owner occupied properties to be included in tax sale, increasing the amount of time for filings on owner occupied properties which provides additional time before significant fees begin to be imposed for legal work on the property, and removing water bills from tax sale. HB243 addresses many of these critical issues. We certainly support extending these protections across the state.

Unfortunately, during the legislative process in the House, HB243 which was originally a bill that provided a lot of help across the state was amended. The amendment limited the protection from water bills being included in tax sale to only owner occupied properties. In 2019 the legislature passed SB96 which removed all water bills from tax sale in Baltimore City. This protection helped ensure residential properties and churches did not lose their properties due to unpaid water bills. This was important legislation because included in the protection were churches, heir properties when the property remains in the name of a deceased relative, and small landlords. HB243 as amended removes those protections. As a result of the change, this bill will be a significant step backwards in the protections provided to Baltimore property owners. We therefore strongly oppose this legislation.



25 E. 20th Street, Suite 170 Baltimore, Maryland 21218
Office: 410-327-1200
Fax: 410-675-1855
www.nhsbaltimore.org



Neighborhood Housing Services of Baltimore, Inc.

Attached to this testimony is a fact sheet providing additional information about HB243. Thirty-eight groups from around the state have signed onto the fact sheet opposing this bill. As originally drafted, the bill was designed to provide protection to vulnerable residents across the state. Unfortunately as amended the bill harms vulnerable residents of our state.

We ask that the Committee issue an unfavorable report on HB243.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Ellis".

Daniel T. Ellis
Chief Executive Officer



25 E. 20th Street, Suite 170 Baltimore, Maryland 21218
Office: 410-327-1200
Fax: 410-675-1855

www.nhsbaltimore.org

Opposition to HB 243 — No One, Regardless of Homeownership Status, Should Lose Their Home Over Water Bills

The amended HB 243 will leave thousands of low-income families and tenants across the state vulnerable to the loss of their homes due to water bills. It would take away housing protections in Baltimore City by reauthorizing the tax sale to collect water debt for residential properties that do not have official designation as “owner occupied.” This means that renters, misclassified homes, and tangled title homes could end up in tax sale foreclosure and evictions due to overdue water bills as little as \$350.

History: The Water Taxpayer Protection Act of 2019 ensured no home or place of worship would be sent to tax sale for water bills in Baltimore City. HB 243 would gut these protections.

The Harms of HB 243

- **One-third of Marylanders would be excluded from protections and could face eviction after tax sale foreclosure over water bills.** More than 750,000 households in the state rent their homes and could face eviction with as little as 30 days notice after tax sale foreclosure. Black households are twice as likely to rent in Maryland and would be disparately impacted. In Maryland, nearly half (47%) of Black households are renters compared to less than a quarter of white households (23%).
- **More than 3,000 homes in Baltimore City alone have tangled titles, many others are misclassified, and many are family-owned homes — all would face tax sale foreclosure over water bills.** The state’s database designating homes as owner-occupied or not contains errors. A person could inherit their home from a family member and not have the legal title to the property, making it more likely the home will default to a non-owner-occupied designation. Heirs properties are a problem throughout the state, impacting rural and urban communities alike, disproportionately affecting Black communities and low income communities that do not have access to estate planning. In other cases, a family home may be owned by a member who doesn’t live there but pays for it to care for their relatives.
- **Despite improvements, water billing remains a problem in Baltimore City.** In Baltimore City, the Department of Public Works has a long history of poor records, resulting in water bills that are off by hundreds or even thousands of dollars. Residents should not have to defend their homes from tax sale while also sorting out issues from notoriously error-ridden water bills. Baltimore City’s new Office of the Customer Advocacy and Appeals is still being staffed up.
- **Tax sale leads to vacant and abandoned properties.** The more vulnerable residents are exposed to the risk of losing their homes in tax sale, the more vacant properties will result, and the harder it will be to restore the homes and reinvigorate neighborhoods.

The Maryland General Assembly must protect all community members from the threat of losing their homes due to water bills and reject HB 243 as amended.

More Information:

- At the annual tax sale, Marylanders, whose past-due water debt is sold to investors, must reclaim their property at a steep price. In order to avoid foreclosure, owners must pay investors the liens, plus interest, court costs, legal fees, and postage.
- Tax lien certificate holders must be repaid the lien plus 18% (Baltimore City) for non-homeowner occupied homes. If not paid 4 months after tax sale, fees and costs may be added. If not paid 6 months after tax sale, the investor can file to foreclose on non-owner-occupied houses.
- Renters are required to receive just 30-days notice prior to eviction after tax sale foreclosure.
- Many tax sale purchasers do not actually intend to acquire properties through tax sale - they only want to collect the interest and fees. Homeowners may believe they have lost their properties in foreclosure and walk away, but the purchasers never record a new deed.
- What's more, the windfall from the interest and fees does not generate revenue for the local government; it all goes to the investors.
- Many advocates observe that tax sale leads to evictions, homelessness, and property abandonment. Baltimore's neighborhoods are already plagued by all three.

The following organizations OPPOSE HB 243 as amended:

- | | | |
|--------------------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|
| 1) 1199SEIU United Healthcare Workers East | 14) Economic Action Maryland | 27) NHS of Baltimore |
| 2) Baltimore Renters United | 15) Fight Blight Bmore | 28) Northeast Community Organization (NECO) |
| 3) Campaign for Justice Safety and Jobs | 16) Food & Water Watch | 29) Organizing Black |
| 4) CASA | 17) Habitat for Humanity of the Chesapeake | 30) Parity Baltimore |
| 5) CASH Campaign of Maryland | 18) Housing Options & Planning Enterprises, Inc. | 31) Pro Bono Resource Center of Maryland |
| 6) Chesapeake Physicians for Social Responsibility | 19) Jews United for Justice | 32) Public Justice Center |
| 7) Citizens Policing Project | 20) Latino Economic Development Center (LEDC) | 33) Shore Legal Access |
| 8) Clean Water Action | 21) Making Changes | 34) South Baltimore Community Land Trust Inc |
| 9) Community Development Network of Maryland | 22) Maryland Center on Economic Policy | 35) Sowing Empowerment & Economic Development, Inc. |
| 10) Community Law Center | 23) Maryland Volunteer Lawyers Service | 36) The SOS Fund |
| 11) Community Legal Services of Prince George's County, Inc. | 24) Mothers On The Move | 37) University of Baltimore School of Law Community Development Clinic |
| 12) Disability Rights Maryland | 25) NAACP - Baltimore Branch | 38) Woodbourne-McCabe Neighborhood Association |
| 13) Dr. Marvin J. Perry, Morgan State University MSU | 26) NAACP Legal Defense and Educational Fund (LDF) | |