

HB852 Homeowner Protection Program (Senate).pdf

Uploaded by: Ellis, Dan

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

Corporate Office
(410) 327-1200

25 E 20th Street
(410) 675-1855 (fax)

Baltimore, Maryland 21218
www.nhsbaltimore.com

March 25, 2021

Senator Guy Guzzone
Chair, Budget and Taxation Committee
3 West - Miller Senate Office Building
Annapolis, Maryland 21401

RE: SUPPORT of House Bill 852

Dear Chairperson Guzzone and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore. NHS, a non-profit working in Baltimore City, believes all residents deserve the opportunity for decent housing and financial opportunities for their families. We accomplish this by offering housing counseling, financial coaching, affordable loans to low and moderate income customers, conducting acquisition and renovation on vacant properties, community engagement, and helping money flow into historically disinvested communities. Last year we helped over 450 families purchase homes, invested in the preservation of over 100 homes to help seniors age in place and invested and leveraged over \$25 million in West Baltimore. I have had the privilege of working with legislators and advocates from around the state over the past 9 years to identify equitable solutions for tax sale.

NHS of Baltimore **Strongly Supports** HB852. The bill is designed to protect the most vulnerable residents of Maryland who are at risk of losing their homes to tax sale. NHS has worked with many customers at risk of losing their homes to tax sale, and many of these customers faced bills of less than \$2,000, but with very limited income were confronted with the possibility of losing their homes. Resources available to help these homeowners are currently very limited. Payment plans are typically not available, and in many cases, partial payment are not accepted. This leaves homeowners, living on very limited income, with the challenge of coming up with a large lump sum payment or face the risk of losing their homes. For many of these homeowners, their homes have been in their families for many years and are fully paid off. The loss of generational wealth, often from minority households, created by the current tax sale system underscores the importance of creating ways to further support homeowners.

HB852 provides significant protections to numerous homeowners impacted by tax sale. The Homeowner Protection Program allows the State Ombudsman to work with homeowners, determine what supports are needed, connect the homeowner to additional resources available, and structure repayment in a way that is affordable to the homeowner. These steps will help bring economic equity to homeowners who are able to enroll in the program. We look forward to working together with the State Ombudsman to ensure the most vulnerable residents are able to access the Homeowner Protection Program. We strongly support HB852 and respectfully request a **favorable report**.

Sincerely,

Daniel T. Ellis
Executive Director



HB852 Senate Testimony - MVLS.pdf

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Position: FAV



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MARYLAND SENATE BUDGET AND TAXATION
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB852: PROPERTY TAX – TAX
SALES – HOMEOWNER PROTECTION PROGRAM
TUESDAY, MARCH 30, 2021

Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify.

My name is Amy Hennen, and I am the Director of Advocacy and Financial Stabilization at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY20, MVLS volunteers and staff lawyers provided legal services to 4,459 people across the state. Approximately 30% of our cases focus on consumer issues like foreclosure, tax sale, bankruptcy, and debt collection. For the reasons explained below, we respectfully request a favorable report on House Bill 852.

Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to the overall problem of vacant and abandoned properties all over the state. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was and is to protect communities and homeowners, especially those that are low-income and elderly, who face the devastating effects of the tax sale process. As part of our work on this issue, MVLS provides individual representation for homeowners in tax sale. In the last two years, MVLS volunteers and staff represented 115 individual homeowners. In addition, MVLS has partnered with the Pro Bono Resource Center of Maryland since 2014 to conduct tax sale workshops aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected, the average homeowner in tax sale is a low-income senior who has lived in their home for at least 15 years, with a household income of \$30,000 or less per year. Many of these clients survive on a fixed income, and struggle to pay their bills even before a tax sale happens.

The two largest hurdles faced by homeowners in tax sale are (1) understanding the tax sale process itself, and (2) finding the money to redeem. I have counseled many clients facing tax sale, and, in my experience, most homeowners just do

not understand the current tax sale process. Most of my time with tax sale clients is spent educating the homeowner about the tax sale process itself. The redemption process is even more confusing to explain because it can be different depending on where the homeowner is in the process.

Last year, Estelle came to MVLS to help her save her home when she had nowhere else to turn. Estelle is 88 years old and a core resident of her Middle East neighborhood in Baltimore City since 1962. For 58 years, she has raised her family in Middle East, participated in community events, and been a staple in her neighborhood. Through the years, Estelle has watched her friends and community members vacate their homes due to tax sale and has witnessed them anxiously searching for affordable housing elsewhere.

Estelle was proactive and made sure to apply for the Homeowner's Property Tax Credit every year. This tax credit is often critically important for homeowners facing financial hardships to reduce their tax liability and avoid losing their home to tax sale. However, this past year Estelle was hospitalized for an extended period of time, and as a result, she missed the Homeowner's Property Tax Credit application deadline. In Maryland, a homeowner is required to submit the application every single year and be requalified for the program. Without the tax credit, Estelle was facing a property tax bill that she simply couldn't afford on her limited pension. When she was finally released from the hospital, instead of focusing on her recovery, Estelle had to face the threat of losing of her home to tax sale. Estelle needed to pay \$2,017.11 in a short time to keep her home out of the tax sale auction. With no savings and a limited income, she had few options. Desperate to save her home, Estelle began looking around her home identifying any furniture that she might be able to sell to try to raise the funds. She also began making a list of everyone she knew that she might be able to borrow money from to pay her property taxes. Thankfully, Estelle also took one more key step – she contacted MVLS. Once Estelle was matched with an attorney, they contacted the Maryland State Department of Assessment and Taxation. The attorney explained the situation and requested that the property tax credits be applied retroactively. Once the attorney had filed the necessary paperwork, the credits were approved, and Estelle was able to remain in her home. Not only does she have the peace of mind that her home has been saved, but her presence in the community provides benefits to all her neighbors as well.

MVLS has been fighting to even the playing field for low-income Marylanders for decades, and we know that poor Marylanders are most often forced to face tax sale without an advocate. This imbalance of power makes it more likely that our clients will continue to struggle to get out of tax sale. HB852 would dramatically improve outcomes for people in Estelle's position. Consequently, we urge a favorable report.

Mister Chair and members of the Committee, thank you again for the opportunity to testify.

HB0852-BT_MACo_SUP.pdf

Uploaded by: Kinnally, Kevin

Position: FAV



MARYLAND
Association of
COUNTIES

House Bill 852

Property Tax - Tax Sales - Homeowner Protection Program

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 30, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 852. This bill would establish a Homeowner Protection Program to offer homeowners facing tax sale potential cost avoidance, and provide help like payment assistance, foreclosure mediation, and other services.

The tax sale process, or more specifically the potential for a property to go to tax sale, presents a much-needed tool of last resort to ensure that property owners remit payment for their fair share of taxes and charges connected to public services. Of course, no jurisdiction wants to send any property to tax sale if it can be avoided.

MACo strongly prefers that homeowners receive all counseling, education, information, and support which may be available to them, and additional assistance when appropriate, to help them pay on time and avoid going through tax sale. To that end, MACo supports this bill as a wise approach to facilitating access to support services at the time when it is most helpful.

Counties have a vested interest in maintaining their most effective collection tool, which provides certainty for local budgets, protects funding for essential services, and establishes a level playing field for property owners. As such, MACo appreciates that this bill balances the interests of property owners, investors, and local governments.

HB 852 contemplates a novel approach to divert homeowners from the private tax lien process into an alternative program to minimize tax collection costs, assist with the payment of overdue taxes, and allow homeowners to remain in their homes.

For these reasons, MACo requests a **FAVORABLE** report on HB 852.

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Uploaded by: Mitchell, Susan

Position: FAV



House Bill 852 – Property Tax - Tax Sales - Homeowner Protection Program

Position – Support

Maryland REALTORS® wholeheartedly supports establishing the Homeowner Protection Program in the Department of Assessments and Taxation to divert vulnerable homeowners from the private tax lien sale process to enable them to stay in their homes and supports HB 852 as amended and passed by the House.

Maryland REALTORS requests a favorable report of HB 852.

For any questions, please contact bill.castelli@mdrealtor.org; susan.mitchell@mdrealtor.org; or lisa.may@mdrealtor.org

HB0852_Homeowner_Protection_Program_MLC_FAV.pdf

Uploaded by: Plante, Cecilia

Position: FAV



TESTIMONY FOR HB0852 PROPERTY TAX – TAX SALES – HOMEOWNER PROTECTION PROGRAM

Bill Sponsor: Delegate Kaiser

Committee: Budget and Tax

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of HB0852 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

There are so many Marylanders who are one major medical bill from bankruptcy. They struggle every month to pay rent and put food on the table for themselves and their families. For these Marylanders, owning a home is a piece of stability, as they don't have to pay escalating rental amounts. They also pay down on their mortgage, thereby making their future more secure.

Losing a home is devastating. Not only because of the fact that you, and your family, have lost your place to live, but also because all of the time you have spent paying down a mortgage gives you nothing back, and you have to start over. Losing a home because you can't pay your taxes is even worse.

This bill will establish a Homeowner Protection Program in the Office of Assessments and Taxation. Low-income residents will be able to apply for the program if their home has an assessed value of less than \$300,000 and if they have a combined income of less than \$60,000. Priority is given for those who are over 60 years old or are receiving disability payments. Being in the Homeowner Protection Program will help them avoid losing their home to a tax sale for three years, while the Department will work with them to apply for programs to help get the taxes paid.

This will be such a welcome relief to those who need this help. It is shocking how often those who are poor, or elderly with fixed incomes, or those on disability, are susceptible to losing their homes because of failure to pay taxes. We support the General Assembly in working hard to find solutions that will provide support to those who need the most help.

We support this bill and recommend a **FAVORABLE** report in committee.

HB852 testimony 3.21.pdf

Uploaded by: Ramos, Odette

Position: FAV

From the Office of

ODETTE RAMOS

Councilwoman District 14



(410) 396 - 4814 | odette.ramos@baltimorecity.gov
100 N. Holliday Street, Room 505, Baltimore MD 21202

March 30, 2021

HB852 – Property Taxes – Tax Sales – Homeowner Protection Program

Position: SUPPORT

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

I am writing to urge your support of HB852 – Property Taxes – Tax Sales – Homeowner Protection Program.

This bill creates the Homeowner Protection Program for which residents in danger of tax sale could apply to help save their homes. Maryland uses a Tax Lien Sale system to collect taxes and liens. In this system, homeowners who do not pay their taxes and liens go into tax sale. Their liens are sold to investors, who then go to the homeowner demanding the payment, up to 18%, and additional legal fees. The people normally victims of tax sale are our older adults who no longer have mortgages. They may forget to pay taxes, or have a medical event that needs to be paid, or helping family members during COVID and tough times so they can't pay their taxes. It is shameful to have our older adults be stressed and possibly lose their homes in this way.

In Baltimore City during the 2020 tax sale, which was moved from May to July, 3578 homeowners found themselves on the tax sale list, and 1,475 homeowners went through the Tax Sale, 91 of whom were in my district. Tax sales occur in our predominantly Black neighborhoods.

As an advocate for years prior to becoming a member of the Baltimore City Council, we lead the creation of and reporting after the Tax Sale Task Force a few years ago. While the task force came up with recommendations to provide more tools to address vacant properties cycling through the tax sale and more protections for homeowners, we need to do more. Thanks to Chair Kaiser's leadership and that of advocates who continue this work, we now have a chance for real reform to protect homeowners from this predatory practice.

The Homeowner Protection Program under this bill would have the state purchase the liens rather than an investor. The relationship regarding collections would be between the state and the homeowner, at a much lower interest rate and for a longer time. The jurisdictions get their funds owed to them, while the homeowner gets the important chance to pay back their debt without additional fees.

I am grateful for this much needed reform. Please pass this important legislation to protect homeowners, make our jurisdictions whole, and provide a more humane way of tax collection.

Respectfully submitted,

Odette Ramos, Baltimore City Council, District 14

SenateHB 852_MCRC_FAV.pdf

Uploaded by: Stern, Isadora

Position: FAV



Maryland Consumer Rights Coalition

Testimony to the Senate Budget & Taxation Committee
HB852: Tax Sales-Homeowner Protection Program
Position: Favorable

March 30, 2021

The Honorable Senator Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Good afternoon. Thank you for allowing me to present testimony in favor of HB 852, the Homeowner Protection Program. My name is Marceline White and I'm the executive director of the Maryland Consumer Rights Coalition (MCRC). MCRC is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, organizing, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of HB 852 and thank Chair Kaiser for her thoughtful approach to addressing the devastating issue of tax sale foreclosure.

For the past four years, MCRC's SOAR (Securing Older Adult Resources) program as part of our comprehensive financial capabilities work has led efforts to promote the Homeowners' Tax Credit. We extensively market the program, train service providers, VITA staff, and others how to screen for it, and partner with older-adult, legal services, and financial providers to increase the number of applicants each year. In 2020, MCRC returned \$139,360 in tax credits to financially fragile older adults. In addition, using these tax credits, we averted tax lien foreclosures for three older adults and ensured they could remain in their homes.

In fact, we began our work promoting, screening, and helping older adults apply for the Homeowners' Tax Credit as an outgrowth of our work on tax-lien foreclosures. In many parts of Maryland, but particularly in Baltimore, too many older adults were at risk of losing their homes, the majority of which had been paid off, as well as all the equity, due to a tax-lien that they were unable to afford. Not only would an individual lose a home, but a family would also lose the intergenerational wealth from the home, a community would lose an elder, and an empty house may affect home values in a neighborhood.



Maryland Consumer Rights Coalition

This is a short-sighted policy but one driven in part by the revenue needs of municipalities as federal funding has declined and states have needed to increase fines, fees, and find other revenue sources for their budgets. Recognizing the unintended consequences of the policy enabling tax lien foreclosures, this body has passed a series of measures that have improved the process and reduced the number of individuals who experience the threat of a tax lien foreclosure each year.

Yet, as I recounted, our program assisted three homeowners this year. Legal service providers that we partner with assisted others. Neighborhood CDFIs that MCRC works with assisted still others.

Not only are tax lien foreclosures an economic rights issue, but they are also a racial equity issue. Eighty-seven percent of applicants were African-American women, 68% are 65 years or older, and the median income was \$21,300. Since many own their homes outright, the vast majority of our clients have paid their bills on time for many years. However, in their current financial situation, any unexpected cost could be cataclysmic.

HB 852 provides a thoughtful, comprehensive approach to the issue of tax-lien foreclosures. HB 852 establishes an office and funding for a Homeowner Protection Program and Ombudsman. Individuals who would otherwise be sent to tax sale, will instead, be routed through this program and receive assistance applying for tax credits, benefits, and other assistance. This program will withhold homes from tax sale but ensure that the state is paid the tax lien or the tax sale certificate. The Program will work with the homeowner to ensure that the cost to redeem the home is repaid through a payment plan, application of other credits, or in other ways.

As a result of the passage of HB 852, no homeowner will lose their home to tax sale but neither will the state or municipality forgo the revenue. This is a common-sense and compassionate approach to this public policy problem.

For all these reasons, we are in strong support of HB852 and urge a favorable report.

Best,

Marceline White
Executive Director

HB 852_FWA_MML SENATE.pdf

Uploaded by: Fiore, Justin

Position: FWA



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

March 30, 2021

Committee: Senate Budget and Taxation Committee

Bill: HB 852 – Property Tax – Tax Sales – Homeowner Protection Program

Position: Support as Amendment

Reason for Position:

The Maryland Municipal League supports HB 852, which would help keep more financially struggling residents in their homes by establishing the Homeowner Protection Program.

The tax sale process is an extremely important and must be balanced carefully. The League believes this legislation maintains that balance and will help our shared constituents who need it the most. We respectfully requested a technical amendment in the House to include municipal governments where appropriate and it was taken by the committee.

Therefore, the League respectfully requests that this committee provide HB 852 with a favorable report with amendments.

FOR MORE INFORMATION CONTACT:

Scott A. Hancock	Executive Director
Angelica Bailey	Director, Government Relations
Bill Jorch	Director, Research & Policy Analysis
Justin Fiore	Manager, Government Relations

MBIA Testimony HB 852.pdf

Uploaded by: Graf, Lori

Position: UNF

March 30, 2021

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Office Building,
3 West Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: HB 852 Property Tax – Tax Sales – Homeowner Protection Program

Dear Chairman Guzzone:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding HB 852 Property Tax – Tax Sales – Homeowner Protection Program. MBIA Opposes the Act in its current version.

This bill would increase the transfer tax rate on property valued at over \$1 million and credit that money to a homeowner's protection fund. MBIA respectfully opposes this measure. While this measure is designed to give wealthier citizens a higher tax burden, the measure fails to take into account the fast appreciation of property values that may have pushed properties owned by families with only moderate income above this threshold. This would be punishing property owners that took risks and only recently are in a position that places their property above this value threshold. This measure would act as an impediment to liquidating a high value asset class that many people invest in with the intent of selling in order to build their wealth. This increased transfer tax would also apply to multi-family properties and apartment buildings. This increased cost would be passed on to the tenants. This would have a negative effect on housing affordability.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee