



JUSTICE FOR ALL

MARYLAND HOUSE JUDICIARY COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB865: BALTIMORE CITY – RESIDENTIAL REAL
PROPERTY – DISCLAIMED PROPERTY AND EXEMPTIONS FROM
PREPAYMENT

Susan Francis
EXECUTIVE DIRECTOR

WEDNESDAY, MARCH 8, 2023

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Chair Clippinger and distinguished members of the Committee, thank you for the opportunity to testify in support of House Bill 865.

My name is Margaret Henn, and I am the Deputy Director at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. MVLS was founded in 1981 by a group of concerned Maryland lawyers, legal services providers and leadership of the Maryland State Bar Association. Since then, our statewide panel of over 1,700 volunteers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY22, MVLS volunteers and staff lawyers provided legal services to 3,458 people across the state. As part of our Advance Planning Project and My Home, My Deed, My Legacy Project, we encounter numerous clients facing economic barriers, such as probate fees and large property tax bills, which make it impossible to transfer property. For the reasons explained below, we respectfully request a favorable report on HB865.

The Advanced Planning Project is an outreach effort designed to stabilize neighborhoods, preserve family assets and reduce the number of properties with deed and title entanglements that prevent homes from being in productive use. In conjunction with community partners, MVLS is raising awareness about the importance of estate planning, especially in the context of community stabilization in Baltimore City. As part of the My Home, My Deed, My Legacy Project, MVLS provides homeowner legal clinics to help clients stabilize their homes, through estate planning discussions, and secure critically important resources, including the Homeowners' Property Tax Credit. MVLS' community outreach and provision of legal services on these issues are statewide as the challenges with deeds and estate administration is a statewide problem. Additionally, the My Home, My Deed, My Legacy Project provides continuing direct representation, both by volunteer attorneys, MVLS staff attorneys, and myself, to clients navigating the probate process.

Many of these clients are the surviving relatives of deceased homeowners. Oftentimes, although our clients have lived in their home for decades and are the de facto owners, these homes are still titled in the deceased's name. Our clients are paying the property taxes, making mortgage payments, and making

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needed repairs to the home. The home is the only asset that the family has, and our clients are the children or grandchildren of the named owner and are unaware that they must go through probate to retitle the deed. Estate administration is an expensive and time consuming process, and in addition to the fees associated with estate administration, our clients must pay any outstanding property taxes in order to eventually record the new deed. This presents a major barrier for our clients because they must bear the full burden of the taxes without access to the Homeowners' Property Tax Credit. The historical over-assessment of homes in communities of color coupled with our clients' limited resources directly leads to housing destabilization and the extraction of wealth in these communities. Without the resources to pay any outstanding taxes, many of our clients face the prospect of losing their homes in tax sale foreclosure. Below is an example that MVLS has seen of how the requirement to pay outstanding taxes to record a new deed can have a ruinous effect on a household facing financial hardship.

Evelyn lives in Baltimore City and is currently in the process of probating her grandmother's estate so that she and her family can move back into the family home. Evelyn has been in the process of estate administration for several years now mainly due to several years of outstanding property taxes, water bills, and environmental citations. Evelyn had to completely pay these bills, which totaled \$3,335 down to \$0 so that she can proceed with recording the deed, and this created an added burden on top of her usual living expenses. Her annual income is \$36,000 so that additional cost was almost insurmountable. The deed is now being recorded but this process has been substantially delayed due to the requirement to prepay those municipal bills. The requirement to prepay property taxes to record a new deed after a relative's death creates a near-insurmountable barrier for families facing financial hardships. This requirement leads directly to homelessness.

MVLS supports HB865 because it would remove a significant barrier standing in the way of Maryland families' ability to sustain homeownership. Additionally, the removal of the prepayment of outstanding taxes is not an abatement of those taxes, it is instead a requirement to enter into a payment plan with the City. The taxes stay on the property and these individuals are still incentivized to pay the taxes like every other homeowner, but they can now access those critical resources while still allowing the city to collect these taxes eventually. HB865 offers greater community stabilization because if the home is lost, not only does the family suffer, the community at large suffers from vacant or derelict properties.

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