



JUSTICE FOR ALL

MARYLAND HOUSE WAYS AND MEANS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
HB 0867: BALTIMORE CITY - COLLECTION OF UNPAID PROPERTY TAXES
POSITION: SUPPORT WITHOUT AMENDMENTS
TUESDAY, MARCH 28, 2023

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Chair Atterbeary and distinguished members of the Committee, thank you for the opportunity to testify in support of SB766/HB867 without amendments.

My name is Timothy Chance, and I am the Tangled Title Attorney 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 tax sale foreclosure work, we see hundreds of clients at risk of losing their housing due to unpaid property taxes. For the reasons explained below, we respectfully request your support of SB766/HB867 without any amendments.

MVLS represents clients who face losing their homes due to unpaid property taxes or citations. Unpaid property taxes often affect the poorest homeowners in the most distressed neighborhoods and the resulting tax sales contribute to vacant and abandoned properties all over the state. Tax sale has a disproportionate effect on Black homeowners and communities of color. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was to protect communities and homeowners, especially people with lower incomes and the elderly, who face the most devastating effects of the tax sale process. Since 2014, MVLS has maintained a partnership with the Pro Bono Resource Center of Maryland to conduct annual tax sale clinics 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 at our 2020 tax sale clinics, 72% of clients are seniors, 48% were disabled, 85% identified as Black, and 72% reported a household income of \$30,000 or less per year. Many of these clients survive on fixed incomes and struggle to pay their bills even before a tax sale happens. We also found that most homeowners live in multigenerational households where they provide shelter and support for their children and grandchildren. The property tax system has long had the inequitable outcome of stripping wealth from Black families and communities. For these families, the predominant form of accumulated wealth that they have, and that they can pass on to their families, is the equity in their homes. The loss of these homes further exacerbates the existing wealth gap.

The proposed amendment would eliminate protections for properties with tangled titles. Many properties are owned by deceased relatives of the residents. This is an especially prevalent issue among our Black and Brown communities. Because the properties are owned by heirs who are not listed on the deed, they are not considered to be owner-occupied. Without access to many critical housing stabilization resources, many of these folks face an increased likelihood of losing their homes in tax sale foreclosure. Below is an example that MVLS has seen of how a tangled title almost led to the loss of the family home in tax sale.

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. In 2022, the property went into tax sale and Evelyn had to pay \$3,335 to redeem the property so that she could 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 there was the very real chance that the home would be lost to the family.

Evelyn's story is just one of many. Homeowners who owe at least \$750 in property taxes or citations, or a combination of both, are at risk of losing their home to tax sale. Unfortunately, by the time someone comes to MVLS at risk of tax sale, it is often very difficult to come up with the lump sum they would need to keep their property out of tax sale or redeem it. This is even more difficult for folks with tangled titles. Our clients are typically older adults on a fixed income and coming up with hundreds or thousands of dollars all at once is nearly impossible.

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. We support SB766/HB867, as originally drafted, which would allow Baltimore City to divert residential properties from the tax sale into a program that would conduct outreach and connect homeowners, including those with tangled titles, with resources to allow them to both pay their tax bill over time and avoid loss of their home.

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

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Maryland Volunteer Lawyers Service (MVL) removes barriers to justice through free civil legal help, community engagement, and advocacy for equitable laws. Our vision is for a fair legal system that is free of injustice and equitably serves underrepresented Marylanders.