



HB 16
TAX SALES – HOMEOWNER PROTECTION PROGRAM – FUNDING
HEARING BEFORE THE HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
March 26, 2024
POSITION: SUPPORT

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for pro bono civil legal services in Maryland. PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics to over 6,200 clients annually. **PBRC supports HB 16 because the ongoing existence of Maryland’s Homeowner Protection Program is vital to helping homeowners facing tax sale to resolve their property tax delinquencies and to avoid foreclosure.**

The clients served by our tax sale prevention clinics held in Baltimore in 2023 represented some of our state’s most vulnerable citizens: 60% were seniors, 30% were disabled, 72% identify as Black, and 78% reported annual household incomes of less than \$30,000. On average, our 2023 Baltimore clients encountered in our clinics had owned their homes for 24 years, and 70% of them owned their homes free of a mortgage. As lower-income homeowners, the predominant form of accumulated wealth that they have, and that they can pass on to their families, is the equity in their homes.

Homeowners who call us after they receive a notice that their taxes are delinquent or that their lien was sold at the tax sale auction almost inevitably are confused: they don’t fully understand what the tax sale is or what the auction is, what it means for their property interest, or how to resolve the situation. Most homeowners we encounter try to pull together the funds to pay or redeem – either through family help or a through eligibility for a financial assistance program – but they often delay or fail to complete the redemption process in a timely manner because they don’t have critical information about deadlines, additional resources, or processes to redeem. Maryland’s Homeowner Protection Program (HPP), implemented in 2023, now helps homeowners faster, more directly, and earlier in the process by informing homeowners of the redemption process and by guiding them to available resources. Most critically, the HPP pays the delinquency for enrolled homeowners and puts them on a three-year repayment plan, thereby ensuring the homeowner cannot lose the home to tax sale for at least the repayment period. Over the next few years, the HPP can greatly increase the number of homeowners who pay off their property tax delinquencies and retain their homes. However, the HPP needs dedicated funding to continue operating into the future. Establishing a donor fund and requiring tax sale investors – those who profit from the practice of third-party lien purchasing – to pay a fee directly supporting the HPP is the practical mechanism for creating a needed funding stream.

PBRC supports HB 16, which will help ensure the continuation of Maryland’s Homeowner Protection Program, thereby preserving homeownership and the transfer of intergenerational wealth for our state’s most vulnerable residents while stabilizing communities. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on HB 16.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.
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