



HOUSE BILL 2
WAYS and MEANS COMMITTEE
January 25, 2024
Position: FAVORABLE

Dear Chair Atterbeary and Members of the Ways and Means Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

HB 2 Baltimore City – Authority to Set Special Rates for Vacant and Abandoned Property

The current tax system requires all properties to be taxed at the same rate. These rates are based on the state assessment of value. Vacant properties are typically assessed for a significantly lower value than occupied properties but have a much higher cost to the city with demands for city services. The effective result of this is occupied properties subsidizing the services demanded for vacant properties. This results from the very low amount of taxes paid by vacant properties due to low assessments.

Two recent studies concluded that vacant properties cost Baltimore City over \$100 million annually in direct costs through city services and an additional \$100 million annually in reduced collections because of the direct impact of the vacant properties on the value of surrounding properties. This annual cost to the city is directly attributed to the 14,339 vacant properties in Baltimore. This means that the direct cost to the city in provision of services and lost revenue is more than \$13,000 for each vacant property.

The Maryland General Assembly needs to find ways to for the city to attract greater investment to begin to repair the harm done by redlining, disinvestment and population loss. A large social sector provides important services to residents and buoys the local economy: nearly every third job in the city is with a nonprofit employer. But this also illustrates the city's limited economic vibrancy.

Almost all vacant properties in Baltimore have tax assessments below \$40,000. This results in a tax bill that is less than \$1,000. The result is that the remaining city taxpayers are over taxed. These properties are not only blighting our neighborhoods physical environment they are also utilizing a disproportionate number of resources and blocking revitalization efforts. Giving Baltimore City the ability to create special property tax rates could help address this problem. Vacant properties could be taxed at a rate appropriate for the services demanded or a minimum tax for vacant properties could be determined to ensure support for the needed city services.

We urge your favorable report for HB 2.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network