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MAYOR

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HB 1128

March 20, 2025

TO: Members of the Senate Education, Energy and Environment Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: House Bill 1128 - Land Bank Authorities - Powers and Authority

POSITION: Letter of Concern

Chair Feldman, Vice Chair Kagan and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **has concerns with** House Bill (HB) 1128.

If enacted, HB 1128 would give a local Land Bank Authority the ability to create a special fund for the purpose of pledging the assets of the authority in order to leverage private investment; make loans or grants, in the form required by the land bank authority, to assist with the financing of projects; and enter into partnerships with other entities to facilitate the financing of projects.

During the last term of the Mayor and City Council, the BCA opposed City Council Bill 23-0363 which would have established a Land Bank Authority (LBA) in Baltimore City. The Bill was withdrawn after discussions around establishing a local authority revealed that there was no need for a quasi-governmental entity tasked with functions that the Baltimore City Department of Housing and Community Development (DHCD) currently carries out such as the acquisition, disposition and demolition of vacant properties.

The City DHCD is positioned as the best entity to address Baltimore City's vacant housing crisis. The LBAs that could be created by HB 1128 would replicate many of the functions DHCD currently handles and the City has a strategic plan outlined in its 15-year [vacancy reduction strategy](#) to eliminate vacant properties. The cost of setting up the LBA, with respect to both time and resources, and the lack of a dedicated funding stream for an LBA both threaten the progress and current momentum that DHCD has to eliminate vacant properties.

One significant element of the bill that the BCA would like to highlight is the section that would allow land banks to put reverter clauses in their disposition agreements. **Based on an analysis performed by the City Law Department, we have concerns that this section is likely an impermissible restraint on alienation - namely lines 9-20 on page 3 that allow a LBA to retake possession after the new owner fails to comply with a side agreement.** While this determination

ultimately rests with the Office of the Attorney General, the BCA would like to ensure that this portion of the bill is analyzed to resolve the issue.

Additionally, the bill allows for a county or municipal law that authorizes In Rem foreclosure to authorize an LBA to exercise the powers and duties of the county or municipality under State law authorizing in rem foreclosure. Currently, a City agency or department is able to file an In Rem foreclosure action as we take the role of the collector in these instances. The delinquent taxes that are owed on the property are owed to the City, and therefore if authorized by local law, the City agency or department (in our case, DHCD) may file what is essentially a collection action for unpaid taxes and municipal charges. Conceptually, the changes included in HB 1128 would be a significant departure from current practices as it would allow a non-City entity to file actions to collect without then requiring that entity to remit to the City the amount owed that is at the heart of the foreclosure case. Depending on the number of In Rem foreclosures that an LBA files over time, this could lead to a significant amount of funding diverted from core City services.

Among other issues, the BCA has made significant process in reducing vacant housing in Baltimore City and an LBA is not the appropriate entity to further those efforts. In fact, the creation of an LBA would likely cause confusion and slow the progress made due to duplicative functions and a current lack of funding. A Land Bank, not being a City department or agency, presumably would not have the same access to such information and guidance as a municipal agency has in the event the Court or a defendant questions the lien amounts.

Since 2016, the BCA has reduced the total vacant housing stock by the largest margin in over a decade, enacted a local vacant property tax rate, created a non-contiguous tax increment financing district, and have worked heavily with State DHCD to expand the resources and tools available to eradicate vacant housing across the City. As vacant property reduction work benefits most from being executed by an official city agency, the BCA would like to ensure that the extensive efforts that are underway with State support are not compromised. Under Mayor Scott's leadership, the City has worked closely with the State – particularly the Moore-Miller Administration - and other stakeholders to develop and fund a holistic comprehensive strategy to reduce the number of vacant properties in Baltimore.

The BCA appreciates the efforts to advance LBAs across the State, however, would like to ensure that the work that is currently underway is not compromised. **If HB1128 were to be amended to exclude jurisdictions who have existing In Rem processes in place, the BCA could support the legislation.** For these reasons, the BCA respectfully requests consideration of the above concerns on HB 1128.