



Importance of Tax Sale Data on a Local, State, and National Level

Baltimore Data Day
Center for Community Progress
July 13, 2018



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Center for Community Progress

About Us



Center for Community Progress

- **Mission:** To foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods.
- **Services: Technical assistance,** education and training, policy, and research. Focus on systems-level change.
- **Snapshot:** Since 2010, technical assistance has been provided to more than 250 urban, suburban, and rural communities, in over 30 states.
- **Leadership & Education:** Be on the lookout for upcoming webinars, leadership programs, and place-based trainings. Follow us at:



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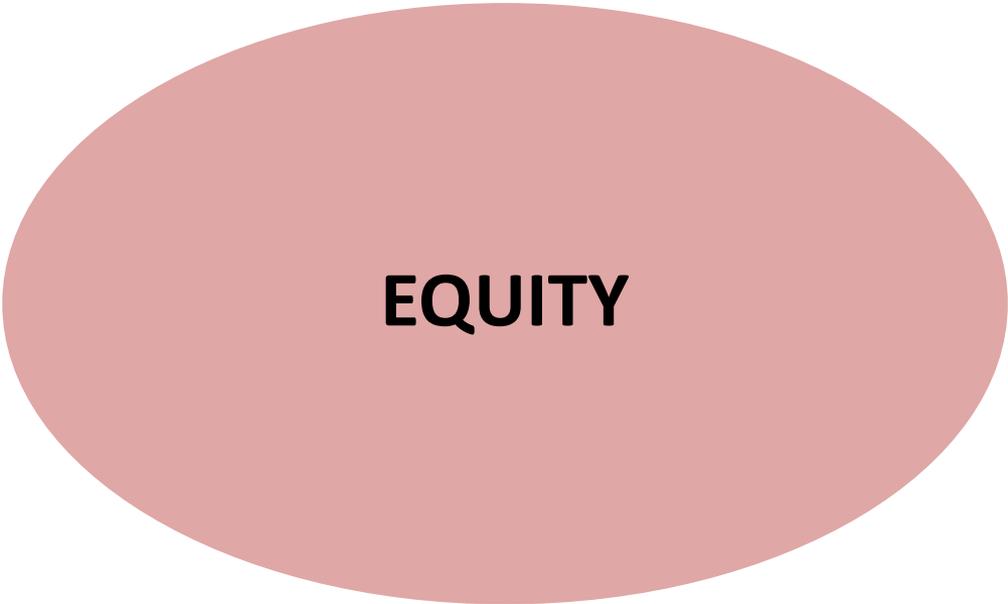


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Why focus on vacancy and abandonment?



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What role do tax (certificate) sales play?



Q: What is a common predictor of vacancy and abandonment?

A: Tax Delinquency

Q: What is one of the more effective interventions for tax delinquent, vacant, and abandoned properties?

A: Predictable transfer to new, responsible owner

Q: What is one of the biggest barriers to transferring properties to new responsible owners?

A: Loss of control due to the sale of tax certificates

Why is tax sale data important?

More Revenue

More Control

Less Revenue

Less
Vacancy

FICTION

DATA

FACT

More
Vacancy

No harm to vulnerable
owner occupants

Less Control

More harm to vulnerable
owner occupants

Overview: Assessment of Baltimore City's Tax Sale System



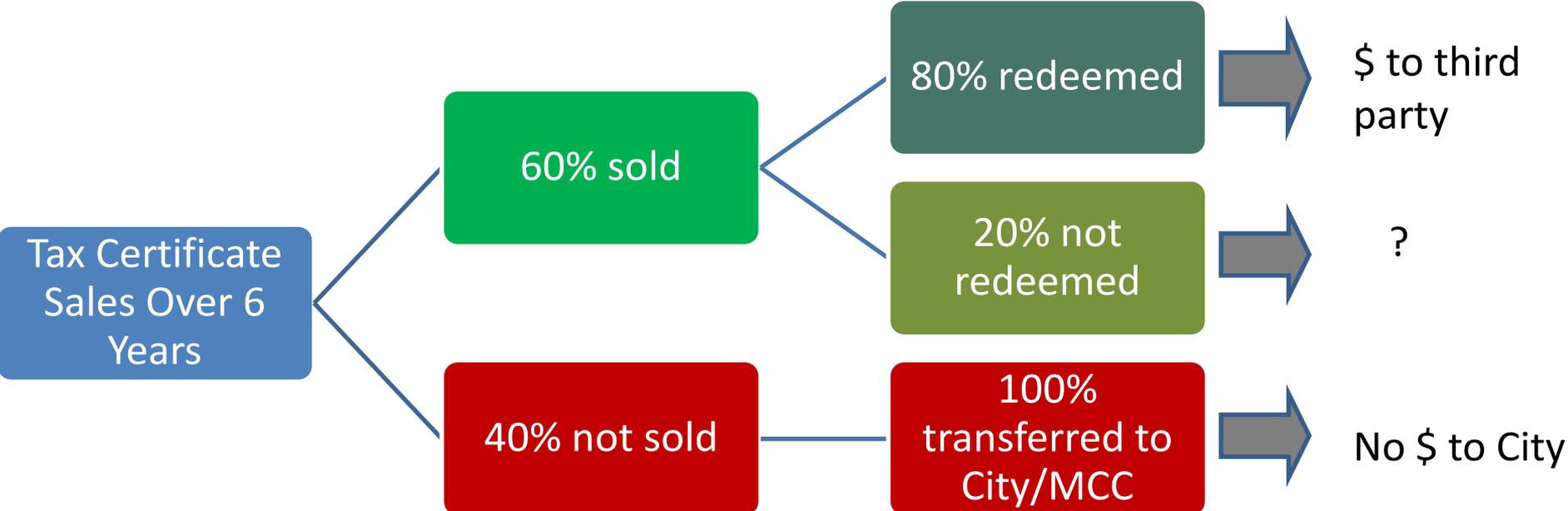
Evaluate the overall delinquent property tax enforcement system with a particular focus on three areas:

1. Increasing revenues and decreasing expenses
2. Reducing vacancy and abandonment
3. Protecting vulnerable owner-occupants

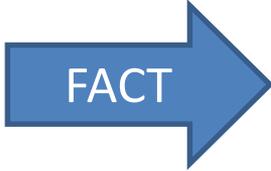
Methodology:

1. On the ground interviews
2. Review of state and local laws pertaining to delinquent property tax enforcement
3. **Analysis of data sets for the past six years of tax sales**
4. Collective expertise of working across the country

Data Results: Assessment of Baltimore City's Tax Sale System



OUTSTANDING QUESTIONS
Timing and Value of Penalty, Interest and Fees?
Vacancy?
Owner Occupancy? Vulnerable Owner Occupants?



Maryland Tax Sale Task Force



Task Force Composition

- State senators and delegates, local government officials, local/national nonprofit representatives, and tax lien industry representatives.
- Met for 6 months, offered recommendations in January 2018 report

Legislative Recommendations

- Create judicial *in rem* tax foreclosure as alternative to sale of tax liens (sell the property, not the debt!)
- Tools to expedite or remove vacant properties from tax sale
- Various consumer protections, including providing additional notice of resources for vulnerable property owners facing delinquency

Data Recommendations

- Track value of liens sold, and amount and timing of interest, penalty, and feed to purchasers
- Track vacant properties and how many certificates are recycled
- Track number of properties acquired by purchasers

National Perspective: Data Analysis Supports Elimination of Tax Sale



Michigan

- Eliminated sale of tax liens in 1999
- Property forfeited to county in second year of delinquency and county forecloses in third year of delinquency
- Foreclosed property either auctioned off to private market or automatically transferred to land bank, if one exists

New York

- Many local governments (e.g., Schenectady, Erie County, Rochester) moving away from the sale of tax liens in favor of conducting judicial *in rem* foreclosure – Debt vs. Dirt
- Foreclosure actions can be filed in bulk (multiple properties in one action), property itself can be auctioned off to private market or transferred to land bank

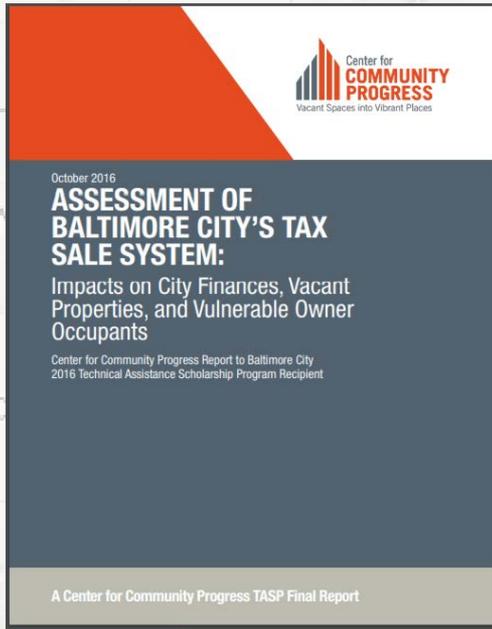
Key Takeaways



- Better tax sale data is needed in Baltimore City and across Maryland (e.g. separation of liens, interest, penalty, and fees; definitions of vacancy, owner occupancy, and vulnerable owner occupants; add geocoding capabilities)
- Baltimore City is selling those certificates that have the highest probability of redemption, effectively *transferring to the private market* the high rates of interest payable, and paid, on the redemption of all of these parcels *rather than* collecting these amounts as *public revenues*.
- It is neither efficient nor effective to “recycle” those certificates that do NOT sell in subsequent May Certificate Sales as they continue remaining vacant, accruing debt, imposing public safety costs, and deterring new ownership.

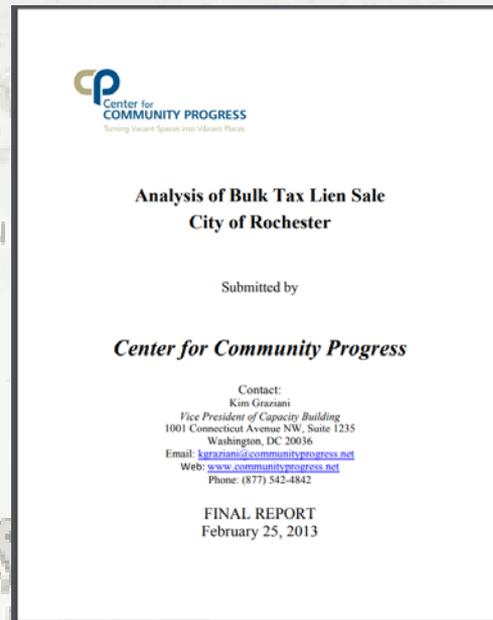
RECOMMENDATION: SELL THE PROPERTY, NOT THE DEBT!!!

Additional Resources



**Assessment of Baltimore
City's Tax Sale System
(2016)**

Available for review at
www.communityprogress.net



**Analysis of Bulk Tax Lien
Sale: City of Rochester
(2013)**

Report of the Task Force to Study Tax Sales in Maryland

Established by SB823/HB659 in the 2017 General
Assembly session

Available for review at
[http://communitydevelo
pmentmd.org/wp-
content/uploads/2018/0
1/Tax-Sale-Report-
Final-1-17-2018.pdf](http://communitydevelopmentmd.org/wp-content/uploads/2018/01/Tax-Sale-Report-Final-1-17-2018.pdf)



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