THE IMPACT OF THE TAX SALE PROCESS ON NEIGHBORHOODS

An experience with vacants owned by one landlord

Lowell Larsson
Greater Greenmount Community Association
Greater Greenmount Community Association
Catchment Area
Helpful Data To Know About Vacant Properties

- Property’s address
- Property’s block and lot numbers
- Property’s City Council District
- Property owner’s name
- Property owner’s address
- Additional properties owned
- Outstanding water bills
- Building permits issued (past and current)
- Housing code citations
- Housing code violations
- Code enforcement legal section actions taken
- Condemnation status
- Board of Municipal & Zoning Appeals status
- Tax sale status
- Multi-family dwelling license status
Sources of Data – The Current Method

State of Maryland Data Sources
- SDAT Real Property Database
- SDAT Business Database Search
- Maryland Land Records
- Maryland Judiciary Case Search

City of Baltimore Data Sources
- Baltimore CityView Map
- Baltimore City CodeMap
- Housing Existing Permit Search
- Housing Violations Search
- Condemned Property Search
- Code Enforcement Legal Section Housing Court Docket
- Code Enforcement Legal Section Case Tracking
- Code Enforcement Legal Section Violation Notice Search
- Code Enforcement Legal Section Violation Citation Search
- Multi-Family Dwelling License Search
- Board of Municipal & Zoning Appeals Search
- Water Bill Lookup
Sources of Data – Using Project BOLD

Wireframe Design Property Events Example with Data Filtering Sliders (Credit: Joel Stevenson)
Scott Wizig from Houston, Texas

- He purchased most, if not all, of his properties in Baltimore through the Tax Sale process
- He illustrates how our current system can be manipulated for personal gain at the expense of neighborhoods
- His total purchases exceed several hundred properties
- $30,000 in fines were no deterrent to him

Photo credit:
Lisa Billings Buffalo News
Scott Wizig – A Tax Sale Maven

• In 2003 he was prosecuted by New York State and City of Buffalo
• In 2004, shut out of NY, he increased his presence in Baltimore City
• He purchased properties using multiple LLC
• By 2012 he had about 150 properties that were nuisances or declared vacant.

Photo credit:
Lisa Billings Buffalo News
Wizig’s 150 Vacant/Nuisance Properties in 2012
Scott Wizig’s Moneymaking Strategy

- Purchase Tax Sale Certificate
- Collect interest and fees. A $500 tax bill can climb to $3,000 in two years
- If owner does not pay interest and fees, file a foreclosure
- Once owned, sell the property “as is, where is” to the unwary, hold the note, charge exorbitant fees and, perhaps, take back the property to sell again.
Scott Wizig Example
Investment Property!
Scott Wizig Example
Investment Property!

• “During the 2002 tax sale, Wiz Homes LLC successfully bid $1,382 for a tax lien on 3029 Windsor Ave., a HUD-owned vacant house in West Baltimore. When the federal Department of Housing and Urban Development failed to redeem the lien, Wizig obtained a judgment of foreclosure in January of this year [2004].

• While clearly a tedious method of property acquisition, it can yield a tidy profit. Just seven months after obtaining title, Wiz Homes sold the Windsor Avenue property to an individual investor, Un J. Lee, of Rockville, for $26,000—a 2,000 percent profit, minus attorney fees.”

City Paper, *The Man Behind the Curtain*, Oct 6, 2004
Scott Wizig Example
Home Ownership!
A typical Wizig lease-to-purchase contract is structured as follows:

- The Wizig LLC holds the note; it is the “bank”
- A two-year rental agreement before monthly payments start accruing toward the purchase price
- Exorbitant fees
- 12% interest
- Tenant responsible for repairs landlord is legally required to make
- Repairs are made by Wizig contractors at double the market rate
Want to become a MILLIONAIRE?
Become a SLUMLORD!
• Enacted by State of Maryland and amended in 2012
• Enables community associations who meet certain criteria to seek enforcement of many Baltimore City Code provisions through the courts
• Property must have a condition which significantly affects residents of the neighborhood or obstructs the reasonable use of other property in the neighborhood
Response to Wizig

In April 2013 a lawsuit was filed against nine Wizig LLCs covering 57 of the 150 nuisance/vacant properties. It was a joint effort by:

- Six community associations
- Community Law Center
- Abell Foundation
- Venable LLP
- University of Maryland Francis King Carey School of Law
- Baltimore City Housing
Lawsuit Results

- In 2014 Baltimore City Circuit Court judge ordered clean-up of properties
- Wizig immediately filed for bankruptcy
- In August 2015 a U.S. District Bankruptcy judge approved an agreement requiring the demolition of 34 properties and an $85,000 settlement
- The lawsuit highlighted the need for easier access to data from many sources
- The lawsuit highlighted the need to modify the tax sale process

“Houston's Scott Wizig Agrees to Fix Blighted Baltimore Properties; We Patiently Wait for Hell to Freeze Over”

Houston Press-Aug 25, 2015
Neighborhood Outcomes
2101 Greenmount Ave Before & After
Neighborhood Outcomes
2214 Kirk Ave Before & After
Neighborhood Outcomes
1906 Bonaparte Ave Before & After
Neighborhood Outcomes
302 E 24th St Before & After

A community-maintained garden
Conclusion

It is time for our tax sale policy to head in a new direction

Photo by Raechel Romero on Unsplash
Thanks for your interest!

Lowell Larsson
Greater Greenmount Community Association
treasurer@greatergreenmount.org