



BALTIMORE CITY
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

VACANT BUILDING RECEIVERSHIP





Vacant Building Problem

Vacant Building Data

- Population - 950K to 600K
- Current # of vacant buildings – estimated 16,500 (approximate 2,500 city-owned)
 - 10,000 vacants in concentrated areas
 - 6,000 vacants scattered sites

Strategies

- Demolition
- Traditional Code Enforcement Tools
 - Injunctions
 - Citations
 - Criminal Penalties



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What to do???





SECTION 121 VACANT BUILDING RECEIVER

121.1 Scope. This § 121 applies to a vacant structure, as defined in § 116.4 {“Unsafe vacant structures”}, for which a notice or order to rehabilitate or to demolish is outstanding.

121.2 In general. The Building Official may petition the court for appointment of a receiver to rehabilitate a vacant property, to demolish it, or to sell it to a qualified buyer.

121.3 Contents of petition. The petition for appointment of a receiver must include:

1. a copy of the original violation notice or order, and
2. a verified pleading that:

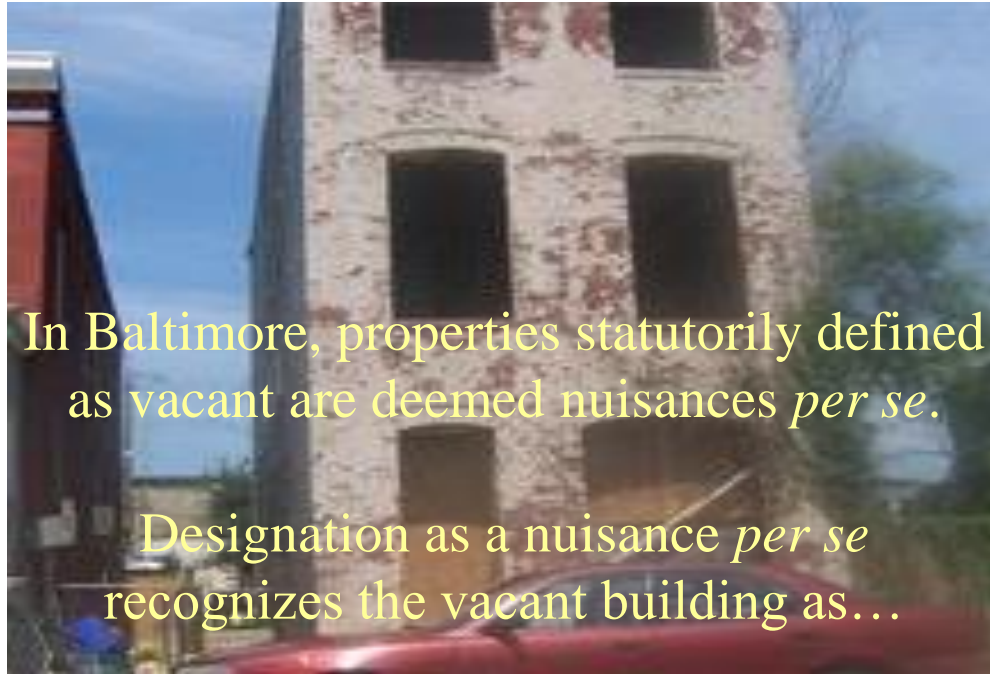
Baltimore City Charter & Codes
Building, Fire and Related Codes
Section 121 of the Building Code

<http://legislative.reference.baltimorecity.gov/city-codes>





Receivership can quickly address and remedy nuisance properties.



In Baltimore, properties statutorily defined as vacant are deemed nuisances *per se*.

Designation as a nuisance *per se* recognizes the vacant building as...

(Building, Fire and Related Codes of Baltimore City § 116.4

Strategies to Tackle Vacants - Tools to Track and Monitor





Court Process

Receivership Action is filed in Court–

- Property owner and all others with a secured interest are served as Defendants
- Bureau of Liens and all judgment creditors and lien holders are notified

Who gets “appointed”

– to sell, demolish *or* rehabilitate

- Court may allow the owner, mortgagee or other person with an interest in the property to rehab IF, they prove to the Court they have the \$ means and experience to do so, OR
- Court will appoint a Receiver to sell the property to abate the “nuisance”



Receivership can transfer or rehabilitate the vacant property.

Transfer to abate nuisance–

- By public auction to pre-qualified bidders, or
- By private sale if all parties with a secured interest agree as to price and price is Fair Market Value (FMV)

Rehabilitate to abate nuisance

– contract for *or* perform rehabilitation

- Sign contracts, borrow money using receiver's lien as security
- Manage the property after rehabilitation for up to 2 years, applying any rent to retire costs of rehabilitation
- Foreclose on receiver's lien or accept a deed in lieu of foreclosure



Property owners can avoid the appointment of a Receiver by:

- Proving present ability to complete the razing or rehabilitation within a reasonable time
- agreeing to comply with a specified schedule for razing or rehabilitation, and
- posting bond, in an amount determined by the Court, as security for performance of the required work in compliance with the specified schedule.



Receivership is specifically *not* a governmental taking

Receivership has long been recognized as a valid governmental exercise of police power in the abatement of public nuisance. - Mugler v. Kansas, 123 U.S. 623 (1887)



*After rehabilitation this property sold to a homeowner for
\$339,500*



Receivership is a Code Enforcement Action, but supports neighborhoods and strengthens community involvement.





...attracting trash
and
graffiti





**Receivership can quickly move control of nuisance property
to qualified third-party developer.**





before and after





Receivership transfer to third-party developers saves municipal acquisition and rehabilitation dollars.



become a cleared site for new in-fill construction



Streamlined Code Enforcement



*Before
and
after...*

Target individual vacant
properties in strong
Neighborhoods.



Sold for over \$300,000 to homeowner.



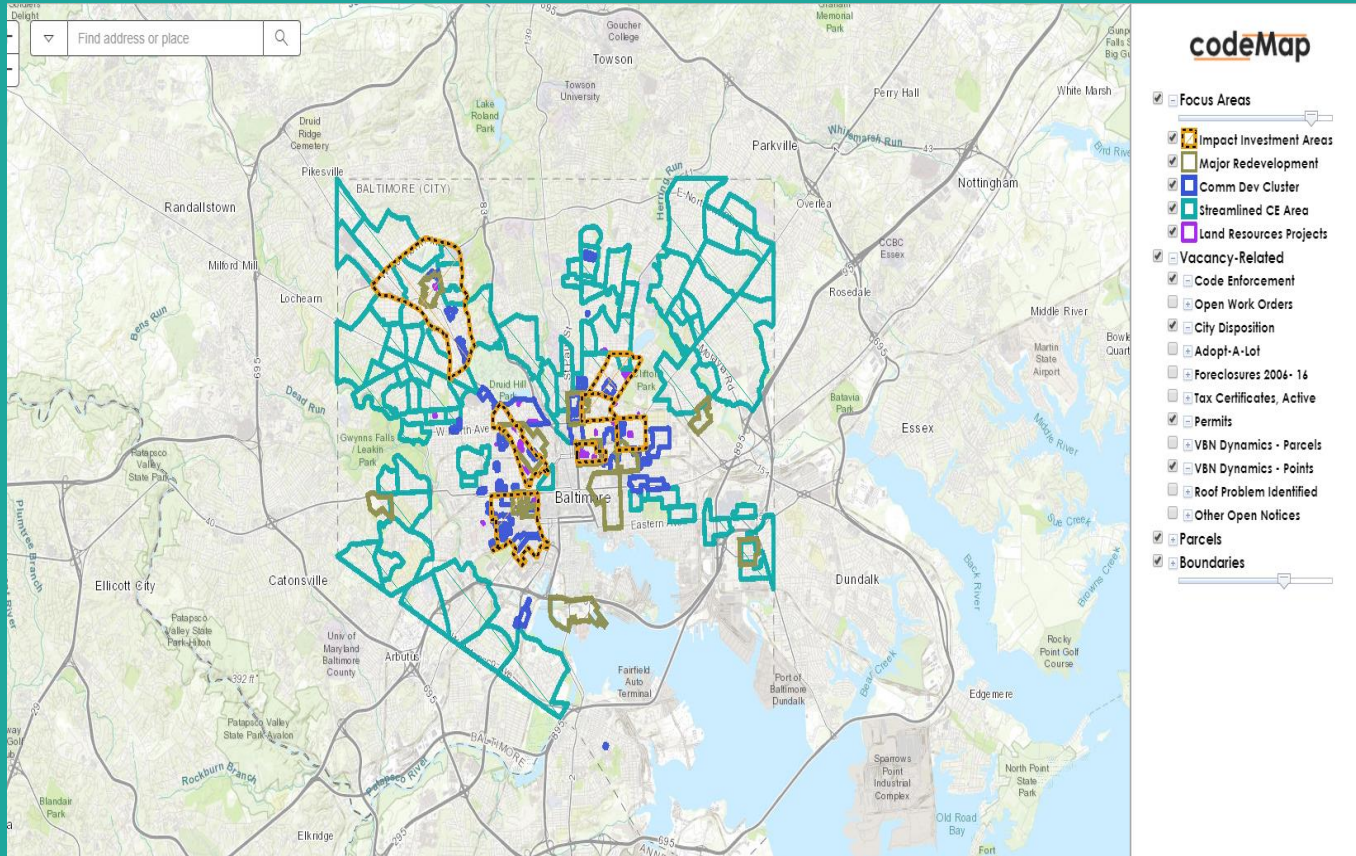
Neighborhood Clusters

Clustered in neighborhoods on the rebound.



Five adjacent fire-damaged brownstones.

CodeMap



Timeframe from referral to transfer

Day 1 = Referral for receivership



Day 45 = Receive Title Work



Day 120 = Petition Served/Court Hearing

Receiver Appointment



Day 160 = Auction



Day 190 = Sale Ratified



Day 240 = Transfer to new owner



Receiverships Filed

- Per year, an average of 500 receivership cases filed
- Since 2012 more than 4,500 receivership cases filed
- In 2019 over \$5 million in total sale proceeds
- Since 2011 over 2,500 Use and Occupancy Permits issued from case referral



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Who is the Receiver?

One House At A Time, Inc.

Helping to rebuild Baltimore



<http://www.onehousebaltimore.org/>



What Does The Court Order?

The Receiver MUST...

Transfer to abate nuisance–

- By public auction to pre-qualified bidders,

Public Auction

- Follow rules regarding Notice of Public Auctions
- Sell the property to the high bidder at public auction

Pre-qualified Bidder

- Must demonstrate the ability and expertise needed to rehabilitate the property within a reasonable time



What Does *One House* Do?

- Prequalifies Bidders;
- Advertises Auctions;
- Schedules Auctions;
- Sells Property at Auction;
- Submits Reports of Sale to Court;
- Schedules Settlement;
- Distributes Proceeds from Settlement;
- Prepares Final Accounting with the Court; and
- Terminates Receivership.



What is expected of the receivership buyer?




The receivership buyer takes title subject to the Vacant Building Notice. The buyer MUST abate the Vacant Building Notice



Taking Properties to Auction

One House At A Time [About](#) [Properties](#) [Become a Buyer](#) [Success Stories](#) [FAQs](#) [Contact Us](#)

Helping to rebuild Baltimore



A nonprofit that streamlines the transfer of vacant properties to you

Property Listings Listed as "Auction"

Properties listed below will be available at our October 20th auction

Radisson Cross Keys, 11 am

5100 Falls Road, Baltimore, MD 21210

Only qualified bidders are eligible to participate.

[Click here](#) to apply to become a bidder. [Click here](#) for directions to the auction.

The minimum bid for each property is \$5,000.00. Titles are delivered free and clear of all liens and encumbrances. You pay only the bid price and your closing costs.

To access a property for inspection prior to the auction, contact A.J. Billig, at 410-296-8440.

(Browse "Immediate Sales" on our website for properties available now to qualified bidders.)

Sort Listing By:

- Street Name
- Neighborhood
- Property Type
- Listing Zip Code

Search Properties

Street Name:
- Any Street -

Neighborhood:
- Any Neighborhood -

Zip Code:
- Any Zip Code -

Property Type:
- Any Property Type -

[Search](#)



How to qualify to bid?

OHAAT QUALIFIED BIDDER APPLICATION

COMPLETE ALL 6 SECTIONS OF THE APPLICATION,
SIGN & DATE IT, ATTACH THE REQUIRED INFORMATION
AND MAIL, EMAIL OR FAX IT TO:

One House at a Time.
3553 Chestnut Ave., Suite 2N
Baltimore, MD 21211
443.438.9113 fax
office@onehousebaltimore.org

*THE COMPLETED APPLICATION & ALL REQUIRED ATTACHMENTS MUST BE RECEIVED
NO LATER THAN FIVE (5) BUSINESS DAYS BEFORE THE AUCTION*

<http://www.onehousebaltimore.org>






Qualifying Bidders

To qualify to Bid, an applicant must demonstrate:

- Financial ability;
- Rehabilitation experience; and
- Be of good standing as a property owner in Baltimore.



Finding Properties for Auction

11:05 A.M.	Sold: \$10,000 2653 AISQUITH STREET Off Montpelier Street "Coldstream Homestead Montebello" 21218	A & E Services, LLC, et al. 17904-76 Liber FMC 8387, folio 548	207' x 75' In fee simple BLOCK PLAT (pdf)	Two story corner storefront building. Arranged for a store and apartment. Zoned P4, vacant, previously approved for a grocery store.
		For directions from your location, visit: maps.google.com		
				
Show More Photos				

11:30 A.M.	Sold: \$31,000 1617 N. BOND STREET Off Federal Street "Oliver" 21213	Pizzoli Investments, LLC 28567-99 Liber MB 17967, folio 340	15' x 75' In fee simple BLOCK PLAT (pdf)	Two story brick multi-group bayfront front townhome believed to contain 8 rooms (3 BR, 2 baths and basement).
		For directions from your location, visit: maps.google.com		
				
Show More Photos				



The Auction Process

- Auctions are held every two months.
- Bidders may view properties prior to auction.
- Websites have interior and exterior photographs.
- Anywhere from 30 to 50 properties auctioned.
- Bidding starts at \$5,000.
- All properties sold “As Is”.
- Deposit of \$3,000 or 10% of Sales Price.
- Buyers leave with Contract of Sale.
- All purchases are subject to the existing vacant building notice.
- Properties which fail to sell are listed on One House’s website for immediate sale.



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Auction Day





Transfer of Property

- One House At A Time never takes title.
- Report of Sale filed with District Court of Baltimore.
- Buyer schedules settlement with title company.
- Buyer pays all settlement costs.
- Property transferred free and clear of all liens.
- Failure to settle may result in forfeiture of deposit and One House sells the property again.
- Obtain use and occupancy permit in one year.



City's Expectations of Buyer after Receivership Auction



Timeframe for Rehab

Day 1 = Court Appoints Receiver



Day 90 = Receiver Auctions Property



Day 150 = Court Ratifies Sale



Day 180 = Settlement/Transfer to New Owner



Day 220 = Active open permits for Rehab



Day 360 = Use & Occupancy



Other Outcomes

Property owners/investors resolve housing code violations and pull permits to be able to participate in receivership auctions

Owners consent to receivership, some with a specified stay of the receiver's actions to enable them to rehabilitate

Creation of recognized “comparative sale values” utilizing auction prices to help stabilize market



Unanticipated Issues

Large number of dead people holding title to vacant properties, resulting in the opening of judicial probates so receivership can properly transfer property

Auction sale price less than government liens on property

Successful bidder becomes another receivership candidate due to failure to rehabilitate

Every property is unique, everyone takes a different path to a U&O



Top 10 Reasons Baltimore Recommends Receiverships

1. As nuisance abatement it is not a governmental taking
2. Can quickly address and remedy nuisance properties
3. Neighborhoods are supported and community involvement strengthened
4. Control of property quickly moves to third-party developer
5. Versatility - utilized flexibly – commonly owned properties, targeted blocks
6. Frees municipal acquisition dollars for other uses
7. Collects governmental liens and costs through sale proceeds
8. Facilitates public and private sector cooperation
9. Can be utilized collaboratively with municipal acquisition
10. Assists in transferring property owned by dead people



Websites

1. DHCD Baltimore - <https://dhcd.baltimorecity.gov>
2. CodeMap - <http://cels.baltimorehousing.org/codemap/codeMapExternal.html>
3. One House At A Time - www.onehousebaltimore.org
*see tab – “Properties” upcoming auctions & properties for immediate sale
“Become a Buyer” bidder application and criteria*



Thank You.

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