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The Honorable Jacob Day

Secretary, Maryland Department of Housing and Community Development

Chair, Baltimore Vacants Reinvestment Council

Sent via email

RE: Furthering Discussions Regarding the Baltimore Vacants Reinvestment Council (BVRC) 10th Letter

Secretary Day, Commissioner Kennedy, and Members of the BVRC:

Thank you for the opportunity to provide my thoughts on our vacant property work. In this letter, I comment on the two known fraud scams that our city has endured related to the purchase of vacant properties as reported by the *Baltimore Banner*, and outline how our strategies can work to avoid this in the future. I also provide the summary data on In Rem eligible properties based on the Department of Finance data I received in September.

Two Scams/Fraud schemes in Baltimore City, and how we avoid them in the future.

Last week, the *Baltimore Banner* reported on an investment scheme that includes roughly 700 properties across the city. The publication also reported two years ago on a fraud scam that has impacted an additional over 1,000 properties. Together, these events have a significant impact on our neighborhoods, and if we do not accelerate our acquisition and disposition work, it may get worse. One of the main trends they have in common is that they may have acquired properties through private transactions or systems that require the highest bid purchase.

In previous letters, I have reported that approximately 85-90% of the reduction in vacant properties in the past few years is the result of private transactions, not transfers from the City government inventory. It is significant to note that one of the factors that has caused this may be the investment schemes described by the *Baltimore Banner*. The lesson here is to continue to monitor private transactions and accelerate In Rem for the City to purchase and protect these predatory investments from happening. We must move strategically also to realize our vision of intentional mixed income communities.

ABC Capital. Two years ago, the *Baltimore Banner* exposed an extremely elaborate scheme that took advantage of investors and continued the damage in neighborhoods. The owners of ABC Capital purchased vacant homes across the city and convinced investors from around the world to invest in Baltimore. Then ABC Capital transferred the properties to the owners in the form of LLCs and said they would become the property managers. The investment was for the rehabilitation of the home and then the investor would see their money grow as rental income.

Those investors believed, based on photos, that the homes were rehabbed and rented, because rent checks were coming in. Eventually, those rental payments to investors stopped. One of the properties in my district - 815 E 33rd - became a victim of this scam. The investor was a gentleman from Bogota, Colombia. When he and other

investors traveled to Baltimore to find out what was going on with their investments, they were surprised to see many of the homes not rehabbed at all, and in fact, significantly damaged and falling apart.

In the case of 815 E 33rd, the investor chose to try to get his funding back by rehabbing the property and selling. In other cases, investors sold as is. In other cases, the properties are still sitting because the investor has determined that the property is a loss. These have become burdens on our city.

New York Investors led by Benjamin Eidlisz. The *Baltimore Banner* recently reported on a similar investment scheme, where a New York gentleman and his friends decided to invest in Baltimore. They purchased unoccupied, rented, and VBN properties, using the Debt Service Coverage Ratio (DSCR) loan product that uses the value of the property, not income, as a factor. Without doing any work on these properties, the investors re-sold them and inflated the appraisals. Rents were collected, but improvements were not made in the rental properties, and in fact, none of them had rental licenses. It seems from the *Banner* coverage that the loans were not paid back. Most, if not all, of the properties financed by these buyers are in mortgage foreclosure. This will leave properties either continuing to be vacant or lead to more vacant properties which will be held by the banks. Also, Wall Street clamped down on lending in Baltimore as a result, but hopefully has slowly been lending again more recently.

Purchasing at the highest bid. While further research is needed to determine the magnitude of the issue, I believe several of the properties purchased by these investors were purchased through private sale, but also through specific systems the City has that sell property and liens to the highest bidder with little regard for the outcome.

- **Regular tax sale foreclosure** is the method of tax collection used in Maryland. Each jurisdiction “sells” the unpaid debt on a property during the tax lien sale in May. Investors purchase the liens at the highest bid, and the City is made whole. Baltimore City gets the \$17-\$20million owed in liens. The investor then contacts the owner to collect the debt, collects the 12% interest, and additional lawyer fees. The owner has two years to redeem. Otherwise, the investor can foreclose on the property. This is a predatory industry that I have been trying to eliminate for several years.

This past May, there were 4,346 non-owner-occupied properties with liens sold in tax sale. These are properties that could end up in the hands of owners without the best interests of the city in mind. Further analysis is taking place to understand how many VBN properties and vacant lots are in this set of properties.

- **Wholesaling** is the “We Buy Houses” trend. This sometimes does not occur in vacant houses, although it can when there is a family member with a vacant home they no longer can handle. Wholesaling is when an investor agrees to pay an owner a certain amount to sell the property, the owner assigns the contract to the investor who then sells the property for a higher amount, leaving the owner without the full value of the property. Assigning contracts is legal in Maryland, and wholesaling is currently not regulated. For the most part, those who practice wholesaling are not licensed real estate agents. Delegate Rosenberg, at my request a few years ago, sponsored legislation to regulate wholesaling, which failed in the General Assembly. Generally, the challenge with Wholesaling is the seller not getting the full value of the property, and the purchaser having the ability to do what they please with the property which could be against the interests of the city. There are wholesalers that are doing the right thing, but there are those who don’t. Another attempt at regulating Wholesaling is warranted, and something I’ll speak with the Delegate about again.
- **Receivership** is a city process explained in past letters, where the court will assign a receiver after the City files a case stating the owner is negligible in taking care of the property. If the owner fails to appear or they cannot rehab the property, the court assigns a receiver (One House At A Time, OHAAT) that auctions the property to the highest bidder. While there are pre-qualifications that must be met to bid, several of these investors meet those qualifications. This strategy is often used if the owner is paying the property taxes and the property is dilapidated. After the auction, the liens are released to ensure a free and clear title (see previous discussions on lien release). To give you an idea of the caseload, according to One House At A Time, in 2020, there were

212 vacant properties sold through receivership. In 2024, there were 161 vacant properties sold in receivership.

As I have reported before, I was the Interim Director for One House At A Time, which is the City's receiver, when we worked with DHCD, District Court, title companies, and the auction house to streamline the process. Receivership can be a good tool for properties that are dilapidated, and the taxes are being paid. However, auctioning the property off to the highest bidder does not fit in with the whole block strategy and does not allow us to control the outcome of the property.

Here's one way to avoid these schemes in the future. Our city has a reputation as a place where people can take advantage of with few consequences. Some of the people coming to invest do not believe we have the mechanisms for enforcement, that residents are not trained to know their rights, and that investing and holding vacant properties costs nothing. We now have tools in place to counter all of this, and we have to do a better job supercharging those tools to send the message that this behavior is not tolerated in our city, and to ensure our vision for strategic and intentional mixed income communities is realized.

- **Reform Tax Sale.** As discussed earlier in this letter, complete and total tax sale reform removes the third party collectors from the tax and lien collection process. The Department of Finance becomes the collector, and we will create a Tax Sale Services office or partner with organizations to work with homeowners to ensure they can pay through payment plans, using the Homeowner's Property Tax Credit, and the like. Making it easier for homeowners to pay is critical to this strategy. In addition, all the VBN properties and lots will go to In Rem or In Rem 2, then DHCD can work with partners to get the properties back to productive use. Removing tax sale on vacant properties helps to take out the unknown from the purchase of the vacant properties and protects our neighborhoods and residents from predatory investors. The authorization to create our own tax collection system is needed from the General Assembly. It almost passed two years ago, and we will go back to the General Assembly once we are ready to implement the local reforms.
- **Supercharge DHCD acquisition and disposition:** As discussed in previous letters, accelerating In Rem 1, adding In Rem 2, reforming the property donation program, expanding our acquisition strategies, and adding significant capacity to our disposition is critical to protecting our communities from predatory investors, and provides us with a greater opportunity to realize the vision of creating intentional mixed income communities. In addition to investing city dollars, we need to bring in partners to help.

The FY2026 budget only added \$1.2million for additional positions in DHCD, where significant investment in systems and capacity is needed. The BVRC, TIF, private or public funds being amassed for the work do not include city capacity - and it should. The reason I asked for a staffing plan during budget hearings is to understand what actual capacity is needed to get the job done, and our plan to fund it. Strategic partnerships can also provide the capacity needed. Below are two examples of how we can expand our acquisition strategies:

- **Expand In Rem.** Currently, DHCD is still filing 40-60 In Rem cases per month, where our goal is 200 per month. The courts were provided funds to expand to meet this new capacity goal, and the process for expansion is moving forward. DHCD has hired several lawyers and paralegals. More can be done:
 - Partner with our law schools and law firms. As suggested in a previous letter, we should partner with our law firms to add staffing, as well as establish a law clinic at the University of Baltimore or the University of Maryland to assist with handling cases.
 - Pass my In Rem 2 bill and implement it immediately. A hearing is scheduled on November 4th. In Rem 2 is where the liens are below the assessed value of the property. In the analysis in the next section of this letter, you can see that an additional 50% of the privately owned VBN properties are eligible for In Rem 1.

- Remove the pre-file notice, which is not required in the state enabling law, as a way to shorten the timeline. This is still being discussed so as not to jeopardize the insurability of the property.
- **Reform the vacant property donation program.** Currently, the property donation program allows a property owner to donate their vacant properties to the City. However, the property has to be free and clear of any third-party liens, and the owner pays \$600 to donate the property to cover the transfer and recordation fees. Reform will need to include removing the \$600 fee, and DHCD needs to do a better job of determining the third-party liens or tangled title issues. Currently, one of our title companies has dozens of donated properties that cannot be transferred to the city due to judgments and tangled title issues.

Supercharging our processes and getting them to be efficient and effective will be one way to protect our city from these predatory investors.

In Rem Eligibility Data 2025

Each September, I request the entire list of VBN properties and vacant lots and the entirety of the liens against each property. It is important to have it in September because it is past tax sale season and because if taxes are going to be paid, they are usually paid by this time. The data comes from the Department of Finance.

The data is important to determine if a VBN property or a vacant lot is eligible for In Rem 1 or In Rem 2. This provides us with information to assist with advocacy, but also to plan ahead and be strategic in our acquisitions depending on neighborhood goals and where we want to target efforts. It can also help us understand the clusters of In Rem eligible properties. I have collected the data for the past three years. I have not yet had the opportunity to look at trend data, but I look forward to doing so. I have asked for a map of these as well.

Appendix A has two charts, one depicting the In Rem 1 and In Rem 2 eligible VBN properties, and the other depicting the vacant lots. It is organized by City Council district. There are notes explaining the data, our analysis, and some data accuracy issues following the charts. The total number of vacant properties and lots are off by about 1,000 VBNs, and I think that's just because the DHCD and Finance communications on new VBNs.

The top line: Roughly 23% or 3037 of the privately owned VBN properties and 48% or 4861 of the privately owned vacant lots are eligible for In Rem 1. Roughly 50% or 5366 of the VBN properties and 23% of the vacant lots are potentially eligible for In Rem 2. These are significant numbers of vacant and abandoned properties and lots that are eligible for In Rem. The numbers will change once the Vacant Property Tax kicks in next year, making more vacant properties and lots eligible for In Rem 1. We could make a substantial impact in neighborhoods by acquiring and being strategic about the outcomes of each property.

Thank you again for the opportunity to provide discussion for our work. I look forward to further discussion.

In partnership,



Odette Ramos
Baltimore City Councilwoman, 14th District

Appendix A.

Chart of In Rem 1 and In Rem 2 Eligible properties. Please see notes about the data on next page.

VBN PROPERTIES									
# by District	total	privately owned	mayor & cc/Gov't owned	privately owned in-rem 1.0 eligible	percentage privately owned In Rem1	privately owned in-rem 2.0 eligible	percentage privately owned In rem 2	privately owned total open-recievables	privately owned total assessed value
1	174	174	0	4	2%	86	49%	\$1,168,160.82	\$21,981,333.00
2	63	62	1	1	2%	45	73%	\$627,770.34	\$8,479,100.00
3	73	73	0	4	5%	35	48%	\$1,043,294.13	\$11,337,932.00
4	145	139	6	10	7%	76	55%	\$1,911,898.47	\$14,234,666.00
5	169	161	8	44	27%	63	39%	\$1,872,215.61	\$10,583,898.00
6	937	883	54	259	29%	432	49%	\$15,392,908.45	\$48,106,759.00
7	1,897	1,761	136	481	27%	889	50%	\$29,824,265.14	\$93,112,700.00
8	300	295	5	40	14%	173	59%	\$5,841,431.12	\$26,373,425.00
9	4,087	3,842	245	1,462	38%	1,717	45%	\$60,206,017.85	\$103,759,383.00
10	651	598	53	95	16%	346	58%	\$9,017,506.19	\$35,848,518.00
11	196	163	33	19	12%	96	59%	\$1,915,755.88	\$29,367,963.00
12	1,444	1,316	128	321	24%	691	53%	\$17,197,876.62	\$87,087,297.00
13	1,088	1,032	56	215	21%	540	52%	\$11,380,555.71	\$44,455,665.00
14	394	330	64	82	25%	177	54%	\$4,244,357.04	\$20,361,634.00
total	11,618	10,829	789	3,037	28%	5,366	50%	\$161,644,013.37	\$555,090,273.00

Source: Baltimore City Department of Finance, Analysed by Councilwoman Odette Ramos office

# by District	total	privately owned	mayor & cc/Gov't owned	privately owned in-rem 1.0 eligible	percentage privately owned In Rem1	privately owned in-rem 2.0 eligible	percentage privately owned In rem 2	privately owned total open-recievables	privately owned total assessed value
VACANT LOTS									
# by District									
1	424	409	15	95	23%	126	31%	\$1,744,087.13	\$15,986,300.00
2	365	349	16	75	21%	108	31%	\$1,091,680.58	\$4,849,033.00
3	328	321	7	58	18%	109	34%	\$418,382.79	\$3,551,467.00
4	449	419	30	158	38%	100	24%	\$1,334,930.56	\$4,886,520.00
5	492	462	30	189	41%	112	24%	\$1,260,577.16	\$6,875,932.00
6	989	558	431	269	48%	115	21%	\$2,710,620.71	\$7,255,534.00
7	1,493	994	499	526	53%	201	20%	\$4,760,957.28	\$10,726,900.00
8	2,278	1,527	751	495	32%	446	29%	\$3,885,121.37	\$16,186,431.00
9	1,318	1,254	64	1,217	97%	37	3%	\$13,499,937.21	\$3,826,833.00
10	932	873	59	254	29%	293	34%	\$4,925,182.34	\$41,881,475.00
11	592	470	122	95	20%	268	57%	\$5,388,414.85	\$78,724,186.00
12	2,035	1,172	863	672	57%	236	20%	\$5,125,392.37	\$18,806,233.00
13	1,363	929	434	615	66%	124	13%	\$5,615,416.64	\$10,472,800.00
14	556	349	207	143	41%	81	23%	\$1,866,464.21	\$3,287,933.00
total	13,614	10,086	3,528	4,861	48%	2,356	23%	\$53,627,165.20	\$227,317,577.00

Source: Baltimore City Department of Finance, analyzed by Councilwoman Odette Ramos office

Notes about the charts:

Privately Owned VBN properties: Chart 1 in Appendix A provides a general overview of summary of the privately owned VBN properties eligible for In Rem 1 and In Rem 2, the percentage of them, and amount of the liens vs assessed value. It is also organized by the City Council district. You will note the following from this summary:

- The total amount of vacant properties reviewed is off. I'm not sure why roughly 1,000 are missing from this list. It could be that they are new VBNs, or a recording error between DHCD and Finance.
- This list has roughly 787 VBN properties owned by the Mayor and City Council, as well as the Housing Authority of Baltimore City and the State of Maryland. These government publicly owned vacant properties are removed for the purposes of our analysis.
- Roughly 28% or 3,037 of the privately owned VBN properties are eligible for In Rem 1 in that the unpaid liens exceed the assessed value of the property.
- Roughly 50% or 5,366 of the privately owned VBN properties are eligible for In Rem 2 where the unpaid liens are below the assessed value of the property and in arrears for at least a year. This calculation is a rough estimate. I estimated that if a VBN property had a specific value of unpaid liens or less, that they are about to pay the taxes and therefore not eligible for In Rem 2. This might be different depending on the value of the property. I assumed one amount for each district, with District 1 being \$3,000 and District 9 being \$500
- The last another 22% or roughly 2,426 are current on their taxes and paying the citations. There are four subsets that will need further analysis to understand what actions to take:
 - VBNs fully rehabbed but without permits and the U and O was never applied for
 - VBNs in the process of rehab
 - VBNs being held by a developer in the hopes of working on the entire block or area at the same time, and waiting for financing
 - VBNs being held by the owner and may need receivership intervention.

Privately Owned Vacant Lots: The same analysis was conducted for privately owned vacant lots using September 2025 data from the Department of Finance.

- The total amount of vacant lots may be inaccurate. This list has 13,614 vacant lots, when we've quoted different numbers in the past. This is the first year I am conducting this analysis for vacant lots, and DHCD is still doing work to clean up the vacant lot data.
- This list has roughly 3,358 vacant lots or 25% of the entire total of vacant properties are owned by the City or other government entity. These are removed for the purpose of our analysis. Please note that several City owned properties are slated for redevelopment already, such as in Park Heights and the Tivoly Project in Coldstream Homestead Montebello.
- Roughly 48% or 4,861 of the privately owned vacant lots are eligible for In Rem 1 where the unpaid liens exceed the assessed value of the property.
- Roughly 23% or 3,356 of the privately owned vacant lots are eligible for In Rem 2 where the unpaid liens are below the assessed value of the property and in arrears for at least a year. This calculation is a rough estimate. I estimated that if a VBN property had \$250 value of unpaid liens or less, that they are about to pay the taxes and therefore not eligible for In Rem 2. This might be different depending on the value of the property. For instance, properties in District 1 may be of more value and therefore the threshold to assume someone will pay the property taxes is higher. Separate analysis should be done district by district for accuracy.
- The last 1,869 or 29% are current on their taxes and paying the citations. While In Rem 1 and In Rem 2 can be used on vacant lots, receivership cannot be used on vacant lots. The only strategy for these vacant lots where the taxes and citations are being paid is private sale. The vacant property tax proposed in my legislation might help with this as an incentive to do something with the property, or for the liens to stack up enough for In Rem.

