

WITNESS SHEET
SENATE JUDICIAL PROCEEDINGS COMMITTEE

DATE OF HEARING: FEBRUARY 28, 2007

SENATE BILL NO.: 755

HOUSE BILL NO.:

**SUBJECT: GROUND RENTS PROPERTY OWNED BY BALTIMORE CITY – REIMBURSEMENT
 FOR EXPENSES - NOTICES**

SPONSORED BY: SENATOR GLADDEN

PLEASE PRINT CLEARLY AND LIMIT YOUR SPEAKING TIME TO 3 MINUTES OR LESS

SUPPORT	SUPPORT WITH AMENDMENTS	OPPOSE	NAME AND ADDRESS	REPRESENTING	PHONE NO.
✓	✓		Lorenzo Bellamy, Esq.	Alexander & Cleaver	
	✓		R. Marc Goldberg, Esq.	Ground Rent Owners Coalition	
	✓		Katherine K Howard	Regional Management, Inc	410-539-2370
✓			Joseph Bryce, State House	Governor's office	410-974-3330
✓			<div style="border: 1px solid black; padding: 5px; display: inline-block;"> PAUL GRAZIANO William Burgee </div>	Panel Balto Housing	410-269
✓	✓				0207

IF THERE IS WRITTEN TESTIMONY, PLEASE PROVIDE 20 COPIES ONE HOUR BEFORE THE HEARING TO THE COMMITTEE STAFF, THANK YOU FOR YOUR COOPERATION

**SENATE OF MARYLAND
JUDICIAL PROCEEDINGS COMMITTEE
VOTING RECORD**

DATE 3-16-07

SB 755

HB _____

SJR _____

HJR _____

MOTION FWA

BILL PASSED FAILED _____

FAVORABLE _____

FAVORABLE WITH AMENDMENT

AMENDMENT _____

RE-REFER _____

I.D. No./SPONSOR _____

UNFAVORABLE _____

VOTE FAV

HOLD _____

ADOPTED Yes

OTHER _____

	YEAS	NAYS
SENATOR FROSH, CHAIRMAN	✓	
SENATOR GLADDEN, VICE CHAIRMAN	✓	
SENATOR BROCHIN	✓	
SENATOR FOREHAND	✓	
SENATOR HAINES	✓	
SENATOR JACOBS	✓	
SENATOR MOONEY	✓	
SENATOR MUSE	✓	
SENATOR RASKIN	✓	
SENATOR SIMONAIRE	✓	
SENATOR STONE	✓	
TOTAL	11	—



SENATE JUDICIAL PROCEEDINGS COMMITTEE
BRIAN E. FROSH, CHAIRMAN • COMMITTEE REPORT SYSTEM
DEPARTMENT OF LEGISLATIVE SERVICES • 2007 MARYLAND GENERAL ASSEMBLY

FLOOR REPORT

SENATE BILL 755

Ground Rents - Property Owned by Baltimore City - Reimbursement for Expenses - Notices

SPONSOR: Senator Gladden

COMMITTEE RECOMMENDATION: Favorable with amendments (2)

BILL SUMMARY:

This bill limits a ground lease holder, if property is abandoned or distressed, and owned by Baltimore City, to get reimbursed *only* for up to 3 years past due ground rent (and prohibits the GLH from also getting reimbursed for the expenses associated with filing the action for collecting the past due ground rent).

The bill also specifies a single place to send documents regarding ground rents on properties owned or acquired by the city.

COMMITTEE AMENDMENTS: The committee adopted 2 amendments.

Amendment No. 1 – changes the name of the designated Baltimore City government office for receiving notices regarding City-owned property that is subject to a ground rent

Amendment No. 2 – changes the effective date to July 1, 2007

BILL SUMMARY:

The bill restricts the amount that a landlord or ground rent holder may recover in a suit, action, or proceeding to recover back (past-due) rent to only three years of past-due rent if the property is • owned or acquired by Baltimore City; and • abandoned property or distressed property. The bill specifically exempts abandoned property or distressed property owned or acquired by the city from provisions governing the payment of specified expenses incurred by a ground rent holder in collecting back (past due) rent and/or bringing an ejectment action.

A landlord may request in writing that Baltimore City acquire the reversionary interest under the ground rent for the market value established at the time that the city acquired the leasehold interest in the property.

Any bill, notice, or other document regarding property subject to a ground rent that is owned or acquired by the city must be sent to the Director of the Department of Finance.

CROSS FILE:

HB 458 (Delegate Tarrant) -- ENV

R. MARC GOLDBERG, P.C.
ATTORNEY AT LAW

201 N. CHARLES STREET
SUITE 600
BALTIMORE, MARYLAND 21201
(410) 576-1155
(410) 576-0129 fax

GROUND RENT OWNERS COALITION
TESTIMONY IN SUPPORT OF SB 755
WITH AMENDMENTS

GROUND RENTS - PROPERTY OWNED BY BALTIMORE CITY -
REIMBURSEMENT FOR EXPENSES - NOTICES

Offered Before The Senate Judicial Proceedings Committee

February 28, 2007

The GRO Coalition is a collection of real estate investors, attorneys, and other individuals from across Maryland who own ground rents.

The GRO Coalition's mission is to adequately strike a balance between protecting consumer rights and protecting existing property interests of its member real estate investors and professionals.

The GRO Coalition extends its open hand to the legislature in modernizing the existing procedure for the collection of ground rents. Of the eight administration bills, the GRO Coalition supports, with amendments, most, but not all.

The GRO Coalition supports efforts to make ground rent redemption a natural part of every capital real estate transaction so that, by natural means, ground rents will become extinct, within a short period of time.

Meanwhile, however, Tenants have an existing obligation to pay ground rent. Tenants may be given several notices to pay their obligations, but the nature of the ground rent property interest is such that failure to pay does result in consequences.

The GRO Coalition welcomes the opportunity to work with the legislature in crafting appropriate solutions which balance the existing property rights of ground rent owners with reasonable additional protections for Tenants.

GRO Coalition Testimony In Support of SB 755
With Amendments
February 28, 2007
Page 2

GRO generally supports this bill with the following issues addressed:

Issue:

- City retroactively preventing recovery of expense reimbursement by later acquiring the property described in the bill.

GRO Coalition response:

- Insert a requirement that the acquisition by Mayor and City Council must be not less than 180 days prior to the institution of such collection procedures.
- This will prevent later acquisition by the City (or later notice by the City of its acquisition) from retroactively preventing the ground rent owner from recovering reimbursement for already incurred expenses in attempted collection.

Issue:

- Non-payment by City after proper rendering of invoice for ground rent has no penalty allowed.

GRO Coalition response:

- Add a provision that this restriction on reimbursement for expenses only applies in a ground rent ejectment action or its preliminary procedures.
- **Specific amendments offered:**
- Page 2, line 26, after "Baltimore" add "more than 180 days prior to the institution of such suit, action or proceeding" (to avoid having a City acquisition after the proceeding begins, have the later effect of not allowing recovery of expenses, City should notify GRO when it institutes its acquisition so no ground rent action will then be taken)
- Page 3, line 15, after "Baltimore" add "more than 180 days prior to the institution of such suit, action or proceeding" (to avoid having a City acquisition after the proceeding begins, have the later effect of not allowing recovery of expenses, City should notify GRO when it institutes its acquisition so no ground rent action will then be taken)



SHEILA DIXON
MAYOR

OFFICE OF GOVERNMENT RELATIONS

SB 755

88 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401
TELEPHONE: 410-269-0207

February 28, 2007

TO: Members of the Senate Judicial Proceedings Committee

FROM: Demaune Millard, Director

RE: SB 755 – Ground Rents on Property Owned by
Baltimore City

POSITION: SUPPORT WITH AMENDMENTS

Chairman Frosh, Vice-Chairman Gladden and Members of the Senate Judicial Proceedings Committee, please be advised that the Baltimore City Administration **supports with amendments** Senate Bill 755.

Senate Bill 755 seeks to prohibit ground rent owners from charging Baltimore City fees on properties that are owned by the City and contain structures that are abandoned or distressed; it provides a central City administrative point of contact for ground rent owners to send bills and other notices for ground rents; and it seeks to encourage owners of ground rents on Baltimore City owned properties to sell their ground rents for market value to the City.

Through initiatives like the Project 5000, which seek to address blight and abandoned property, Baltimore City has become the owner of last resort of thousands of properties with vacant and distressed buildings. Many of these properties contain ground rents, and as a result, the City now pays more than 1300 ground rent bills annually and could be liable for thousands more that are not billed. In addition to the existing properties owned by the City, more than half of the other 16,000 vacant buildings in Baltimore have ground rents on them.

These ground rent owners did not seek ejectment on these abandoned properties, thus avoided paying taxes and taking on the liability of owning a distressed building. Baltimore City should not now be subject to paying exorbitant fees that result from the threat of ejectment. The City will pay three years of back rent as required by law and, as a remedy for the ground rent owner, the City will consider purchasing the ground rent from the owner for market value as established at the time of the leasehold acquisition.

Baltimore City would like to offer one amendment to the bill. We would like to replace the current point of contact (the Supervisor of Asset Management of the Department of Housing and Community Development) with the "Director of the Department of Finance." This change will provide a quicker and less bureaucratic payment process for ground rent owners.

We respectfully request your assistance in securing a **favorable with amendments** report on Senate Bill 755.

cc: Baltimore City Senators
Paul Graziano, Housing Commissioner
Bill Burgee, DHCD

BY: Baltimore City

AMENDMENTS TO SENATE BILL NO. 755

(First Reading File Bill)

AMENDMENT NO. 1

On page 5, in lines 7 through 9, strike "Supervisor of Asset Management, Baltimore City Department of Housing and Community Development" and substitute "DIRECTOR, BALTIMORE CITY DEPARTMENT OF FINANCE".