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## GROUND

Legislation would prohibit new rents; support grows for reforming system

BY JUNE ARNEY AND FRED SCHULTE [SUN REPORTERS]

An emergency bill to ban new ground rents appeared headed yesterday for easy passage in the General Assembly, with even the ground rent owners agreeing to support the measure.

"Times have changed, and they no longer serve a public purpose," Sen. George W. Della Jr., a Baltimore Democrat and sponsor of the bill, said at the first legislative hearing on ground rent reform. "Do away with new residential ground rents and we will have begun to deal with the problem head on."

It is not yet clear whether proposals to change broader aspects of the existing ground rent system will sail through as easily as the bill discussed yester-

day at the Senate Judicial Proceedings Committee. But support for change is gaining among legislators beyond the Baltimore region.

"The ground rent system is obviously very broken," House Speaker Michael E. Busch said yesterday in a statement. "It is incumbent upon

the legislature to protect the residents and their

property across Maryland."

The proposed emergency bill follows an investigative series in The Sun last month that documented how a few of the largest ground rent owners in Baltimore City have used state laws rooted in Colonial practices to seize homes or charge homeowners thousands of dollars in fees over delinquent bills as small as \$24.

The emergency legislation, which is co-sponsored by the governor's office, seeks to end a relatively recent practice by some investors and rehabbers of putting new ground rents on properties that are sold after undergoing renovations. A ground rent runs for 99 years and is renewable forever unless bought out by the homeowner.

"Hopefully, in the next week or so you'll see a whole host of reforms. But do no more harm. Stop the bleeding," Joseph C. Bryce, top policy and legis-[Please see GROUND RENT, 10A]

Ground rent bill near passage

[From Page 1A] ing, as did an attorney working on

lative aide to Gov. Martin O'Malley, testified yesterday. "Don't put more families in this state in the situation that some families have found themselves in."

Sheila Dixon, who earlier this month succeeded O'Malley as Baltimore mayor, testified that ground rent is "being used in a predatory way."

"An estimated \$3 million of wealth transfer takes place each year from our homeowners to ground rent owners," she said.

"I'm optimistic about this one," Sen. Brian E. Frosh, chairman of the Senate committee, said in an interview after the hearing. "I'm hoping we'll have a complete package. But, this one, to me, seems to be a no-brainer."

"There are so many glaring examples of inequity that I think that folks who are not affected by ground rents are sympathetic."

A companion emergency bill is set for a hearing before the House **Environmental Matters Commit**tee next week.

Sen. Jamie Raskin, like Frosh a Montgomery County Democrat, said that legislators from outside the Baltimore area were "aghast" to learn how the system works.

"The economic logic for ground rents is obsolete in 2007," he said. "There are a lot of us being educated for the first time, but it's quite a scandalous state of af-

The Ground Rent Owners Coalition, a group of some of the largest owners, filed a statement in Graziano, commissioner of the support of the bill, though it did Baltimore Department of Housnot address new ground rents ing and Community Developspecifically.

"The Coalition supports efforts to modernize the administration Kelly Howard, testified against of ground rents in a way that does the emergency bill yesterday. She not endanger the constitutional is general counsel for Regional rights," the statement said.

R. Marc Goldberg, a ground rent ken on behalf of the group, de- ty. clined to comment after the hear-

behalf of the organization.

An alliance of lawmakers has pledged additional measures to reform ground rent law. Those include steps to:

doesn't oppose the elimination of there are. City officials last week new ground rents in principle, but wants to make sure that the broader topic is thoughtfully studied before any action is taken.

"No, I'm not taking the position • End the ejectment process that that we need to create new seize people's homes over unpaid sponse to a question from Frosh rent. Owners instead would have during the hearing. "If you want

from the Sun articles."

mendations in a measured and

Because there is no central regis-

DEMOCRATIC SEN. JAMIE RASKIN OF MONTGOMERY COUNTY

power similar to obtaining a lien to stop ground rents dead in their on a house if ground rent isn't

 Reduce legal and other fees that ground rent holders can charge in fees often are many times the study the issue and "make recom- more," the report said. amount of rent owed.

 Make it easier for property owners to buy out ground rents and phere." eliminate the waiting period before they can redeem newer ones. • Require ground rent owners to register their holdings through the Department of Assessments and Taxation.

"There are a lot of people who have a vested interest in existing ground rents, so that debate will be more expansive," said Paul T.

Only one speaker, Katherine protection of existing property Management Inc., which manages ground rents and residential and commercial properties in Balowner and attorney who has spo- timore City and Baltimore Coun-

Howard said her organization

released research indicating that they exist on about one-third of the city's 235,000 homes, most of them occupied by their owners or tenants in lower-income areas. The number was based on an analysis of property transaction allows ground rent owners to ground rents," she said in re- records dating to the early 1980s. There are lesser numbers of ground rents in Baltimore and Anne Arundel counties.

The ground leasing system may have helped working class families afford homes in the previous century, but today it hinders efforts to rebuild troubled neighborhoods, according to a city Department of Planning report prepared for state legislators.

About half of the city's 16,000 vacant houses have ground rents, which requires the city to negotiate with two sets of property owners per building before condemning properties, the report said.

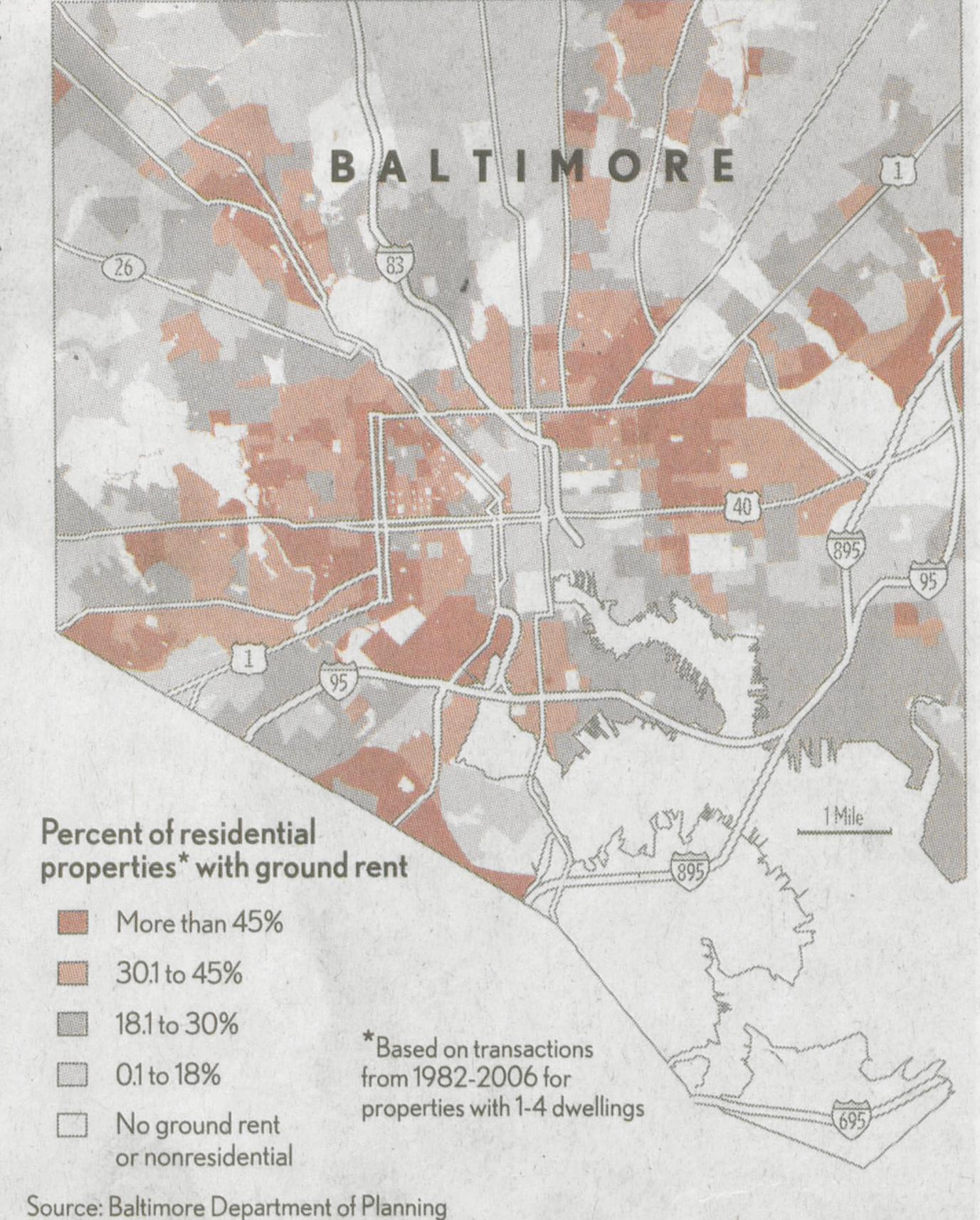
tracks, that's up to you. ... But ev-City officials also are concerned eryone needs to take a step back that "the added fear created by the ground rents now serves as a Howard recommended the crepotential impediment to home disputes over back rent. Those ation of a legislative task force to purchase in the City of Balti-

> less emotionally charged atmos- june.arney@baltsun.com fred.schulte@baltsun.com

try of ground rents, nobody To read previous articles, go to knows for certain how many baltimoresun.com/groundrent

## CITY GROUND RENTS

The areas where ground rents are common are shown below, based on a review of records in which Baltimore officials located 74,000 properties that have them. The total number remains unknown.



CHRISTINE FELLENZ[SUN CARTOGRAPHER]



Ground rent is "being used in a predatory way," Baltimore Mayor Sheila Dixon told the Senate Judicial Proceedings Committee. NANINE HARTZENBUSCH [SUN PHOTOGRAPHER]