

Ground rent called unjust

O'Malley joins legislators in calling for support of new laws

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Calling the system "fundamentally unfair and unjust," Gov. Martin O'Malley joined a group of state legislators yesterday in supporting new laws to prevent homeowners from losing their houses over unpaid ground rents.

"It's a horrible injustice when you can be thrown out in the cold for \$24," O'Malley said, standing in front of the

Canton rowhouse of a man who nearly lost his property before Christmas over just such a debt.

While O'Malley earlier backed proposed emergency legislation to ban new ground rents, the news conference marked the first time the governor had publicly supported a broad range of specific ground rent reforms.

O'Malley called homeownership the "building block of the middle class" and said the state's ground leasing system, which dates to Colonial times, needs to be modernized.

In a statement, O'Malley said the proposals would strike a balance between protecting homeowners and the prop-

erty rights of ground rent owners.

An estimated 80,000 Baltimore homes are subject to ground rent, typically for \$100 or less per year. The system was popularized in the early 20th century when developers sought to hold down the prices of new homes for working-class people. Ground rents also exist in Baltimore and Anne Arundel counties.

O'Malley's remarks centered on a Senate bill to scrap the Circuit Court process known as ejectment, in which ground rent owners sue to seize the property from homeowners who fail to pay their rent.

An investigative series by *The Sun* in [Please see GROUND RENT, 10B]



O'Malley supports effort for new ground rent laws

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December documented that ground rent owners filed nearly 4,000 lawsuits over the past six years, seeking possession of homes or thousands of dollars in fees.

Baltimore judges awarded homes to ground rent owners at least 521 times between 2000 and the end of March 2006, the newspaper found by analyzing court computer data and studying hundreds of case files.

The Senate bill allows ground rent owners to place a lien on the home of anyone who fails to pay them, but not to seize the property. Homeowners would be liable for the lien amount as well as interest and attorney's fees of no more than \$500.

Other Senate bills would require that ground rent owners register holdings online so that property owners could easily track them down and expand options for buying out ground leases.

Led by Del. Maggie L. McIntosh, chairwoman of the House Environmental Matters Committee, lawmakers in the House are drafting similar proposals.

"This reform package will protect Maryland families from losing their homes by providing homeowners with better protection, better understanding and better opportunities to buy their own ground rents and provide a more equitable remedy for failure to pay the ground rent," McIntosh, a Baltimore Democrat, said in a statement.

Mayor Sheila Dixon, who was with O'Malley at the news conference, said: "It's a cold day, but it's an extremely important day. This is so important to Baltimore."

"Your home is the place that you feel most secure in," added Del. Curtis S. Anderson, a Baltimore Democrat.

Anderson called the reform package "homeland security for the people of Baltimore."

As lawmakers pushed for reforms, a representative of ground rent owners urged caution.

Kathleen Kelly Howard, general counsel for Regional Management Inc., which manages ground rents and residential properties, said proposed reforms have "various degrees of merit." But she voiced support for a task force that could study each of them in detail.

"There also are details that may or may not have varying degrees of merit," Howard said. "We really need to be very cautious about any solution that changes the nature of a property right. That's a very serious step."

State Sen. Lisa A. Gladden, a Baltimore Democrat, sought to lighten the mood at the outdoor news conference with a presentation to Vernon Onheiser, whose South Milton Avenue rowhouse served as a backdrop.

Onheiser nearly lost the house he's lived in for 46 years over



Vernon Onheiser (left), who almost lost his home because of a \$24 ground rent debt, watches Gov. Martin O'Malley introduce City Councilman James B. Kraft (second from left) and other officials.

JED KIRSCHBAUM [SUN PHOTOGRAPHER]

what began as a \$24 ground rent debt. The matter was resolved after City Councilman James B. Kraft intervened, and the man's sister paid the ground rent owner

nearly \$18,000 to satisfy the debt.

"A home is not just about a home," Gladden said as she handed Onheiser a plaque. It read: "Ground Sweet Ground."

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