

**CITY OF BALTIMORE
COUNCIL BILL 07-0244R
(Resolution)**

Introduced by: Councilmembers Welch, Conaway, Holton, Kraft, Clarke, Branch, Curran,
Young, Mitchell, D'Adamo, Harris, President Rawlings Blake, Councilmember Spector
Introduced and adopted: January 22, 2007

A COUNCIL RESOLUTION CONCERNING

**Request for State Legislation – To Abolish Future Ground Rents and To Limit the
Deleterious Economic Affects of Ground Rent Ejectments
on Property Owners in Baltimore City**

FOR the purpose of requesting the Honorable Members of the Baltimore City Senate and House Delegations to the 2007 Session of the Maryland General Assembly to introduce legislation to abolish the archaic system of residential ground rents in Baltimore City and to limit the devastating economic impact of ejectment proceedings on persons who own property located on existing ground rent lands; urging the Honorable Chairs and Members of the Senate Judicial Proceedings and House Environmental Matters Committees to give the legislation favorable consideration; and, should both Houses of the legislature report the measures favorably, fervently calling upon the Governor to sign the legislation into law.

Recitals

On November 7, 2005, the Council adopted a resolution requesting the introduction of State legislation to abolish ground rent, a specialized form of real estate ownership where the land is owned by one party, and the real property located on the land is owned by someone else. Ground rent leases are typically leases for 99 years, renewable forever at the option of the tenant who, in the practical sense, is the owner of the property. The tenant of a ground rent property pays the real property taxes and other real property assessments, has control of the property, and the tenant's interest in the property is usually much more valuable than that of the owner of the ground rent.

The Council sought the change in State law because of dangers inherent in Baltimore's system of ground rents that were brought to light when a house in the increasingly popular area of Washington Village was auctioned off for nearly \$100,000 because the homeowner had failed to pay a few \$100s in ground rent. The owners of the ground rent, who gained control of the property through a legitimate court process, pocketed the net proceeds of the sale, and the homeowners, who owned the property outright but did not live there, got nothing.

Under current Maryland law, if ground rent is more than 6 months overdue, the ground rent owner can file an ejectment action in court to obtain full title to the property. Even though the ground rent owner is required to notify everyone with an interest in the property, if the homeowners cannot be found, all that is required is to post a notification on the property. If the property is vacant or if the tenant of a rental property does not inform the owner of the posting, there is no way to ensure that the owner is aware of the court proceeding that is taking place.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 According to published accounts, tens of thousands of Baltimore City residents as well as a
2 lesser number of residents of Baltimore and Anne Arundel counties are affected by this archaic
3 system of residential ground rent, a system that originated hundreds of years ago in England
4 when people paid rent to live on land they could not otherwise afford. Ground rent owners in the
5 past six years have filed nearly 4,000 lawsuits, called ejectments, in Baltimore City alone to
6 redeem their ground rents and “eject” the property owner from the houses built on their land.

7 Bills have been introduced in past sessions of the Maryland General Assembly in an effort to
8 address the system that can legally be used to take away the homes that people have worked a
9 lifetime to own. In 2006 Senate Bill 471/House Bill 683 – Ground Rents - Actions for Ejectment
10 -Reasonable Efforts to Locate Tenant, that would have required a landlord under a ground lease
11 who seeks to serve process in an action for ejectment by posting show that efforts to locate the
12 tenant included a person-search using a national skip-trace database received unfavorable report
13 from the House Environmental Matters and Senate Judicial Proceedings Committees.

14 Senate Bill 489 – Real Property - Ground Rents - Prohibition on Creation of Ground Rent
15 Lease – , that would have prohibited the creation of new ground rents or the sublease of existing
16 ones, after October 1, 2006, failed in the Senate Judicial Proceedings Committee, as did Senate
17 Bill 502 – Real Property - Ground Rents - Limitation on Total Expenses Recoverable in
18 Ejectment Action– , that would have limited the total amount a plaintiff or holder of a ground
19 rent may recover as reimbursement in actions arising from an action.

20 As long as ground rents exist in Baltimore City and the real estate market continues to attract
21 speculators looking to make exorbitant profits, as well as legitimate home buyers seeking to ‘buy
22 up’ in neighborhoods undergoing gentrification, the existence of ground rents creates a situation
23 ripe for abuse of unsuspecting, uninformed, or unsophisticated homeowners.

24 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
25 Honorable Members of the Baltimore City Senate and House Delegations to the 2007 Session of
26 the Maryland General Assembly are requested to introduce legislation to abolish the archaic
27 system of residential ground rents in Baltimore City and to limit the devastating economic
28 impact of ejectment proceedings on persons who own property located on existing ground rent
29 lands; the Honorable Chairs and Members of the Senate Judicial Proceedings and House
30 Environmental Matters Committees are urged to give the legislation favorable consideration;
31 and, should both Houses of the legislature report the measures favorably, the Governor is
32 fervently called upon to sign the legislation into law.

33 **AND BE IT FURTHER RESOLVED,** That this Resolution be forwarded to the Honorable Chairs
34 and Members of the Senate and House Delegations to the Maryland General Assembly following
35 the convening of the 2007 Session on January 10, 2007.

36 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the
37 Mayor, the Chairs and Members of the Baltimore City Senate and House Delegations to the 2007
38 Session of the Maryland General Assembly, the Chairs and Members of the House
39 Environmental and Senate Judicial Proceeding Committees, the Executive Director of the Office
40 of State Relations, and the Mayor’s Legislative Liaison to the City Council.