

HB 1329

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

## FISCAL AND POLICY NOTE

House Bill 1329 (Delegate V. Clagett)  
Environmental Matters

## **Real Property - Residential Leases - Community Land Trusts**

This bill exempts a residential lease of real property leased by a community land trust from the statutory right to redeem a lease (including a ground lease) by the tenant, if the trust retains an option to purchase a structural improvement to the property at a price determined by a formula as provided in the terms of the residential lease.

## Fiscal Summary

**State Effect:** The bill would not directly affect governmental operations or finances.

**Local Effect:** None.

### **Small Business Effect:** None.

## Analysis

**Current Law:** Generally, except for apartment and cooperative leases, any reversion reserved in a lease for longer than 15 years is redeemable, at the option of the tenant, after one month's notice to the landlord for a sum equal to the annual rent reserved multiplied by a factor determined by when the lease was entered into. The reversion may also be redeemed for a lesser sum specified in the lease or for a sum to which the parties agree at the time of redemption.

Chapter 464 of 2003 established an alternative method for redemption of a ground lease by a tenant through submission of documentation, if specified criteria are met, to the

State Department of Assessments and Taxation (SDAT) and obtaining from SDAT a ground rent certificate.

**Background:** Generally, under a lease like the one described in the bill, commonly called a “ground lease,” “ground rent” is paid to the owner of land for the use of the property for a long-term (*e.g.*, 99 years) lease with the lessor retaining title to the land. The lease creates a leasehold estate in the lessee and is commonly renewable. Redemption is a statutorily created right by which a tenant may obtain fee simple title to the property by paying a fee to the landowner.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2004  
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