
By: **Senator McFadden (By Request - Baltimore City Administration)**

Introduced and read first time: January 31, 2005

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City - Redemption of Ground Rents - Abandoned or Distressed**
3 **Property**

4 FOR the purpose of requiring a tenant seeking to redeem a ground rent on certain
5 abandoned or distressed property subject to condemnation in Baltimore City to
6 pay certain back rent and provide a certain affidavit to the State Department of
7 Assessments and Taxation under certain circumstances; authorizing a landlord
8 of certain property in Baltimore City whose ground rent has been redeemed to
9 file a certain claim with a certain Baltimore City unit of government to collect
10 certain amounts under certain circumstances; making stylistic changes; and
11 generally relating to the redemption of ground rents in Baltimore City.

12 BY repealing and reenacting, without amendments,
13 The Public Local Laws of Baltimore City
14 Section 21-17(a)
15 Article 4 - Public Local Laws of Maryland
16 (1979 Edition and 1997 Supplement, and 2000 Supplement, as amended)
17 (As enacted by Chapter 429 of the Acts of the General Assembly of 2003)

18 BY repealing and reenacting, with amendments,
19 Article - Real Property
20 Section 8-110(g)
21 Annotated Code of Maryland
22 (2003 Replacement Volume and 2004 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article 4 - Baltimore City**

26 21-17.

27 (a) (1) In this section the following words have the meanings indicated.

- 1 (2) "Abandoned property" means:
- 2 (i) an unoccupied structure or vacant lot on which taxes are in
3 arrears for at least 2 years;
- 4 (ii) a building:
- 5 1. that is unoccupied by owner or tenant;
- 6 2. that is unfit for habitation;
- 7 3. that has deteriorated to the point where:
- 8 A. the building is structurally unsound; or
- 9 B. the cost of rehabilitation significantly exceeds the post
10 rehabilitation market value; and
- 11 4. regarding which the owner has been issued a violation
12 notice from the City requiring the owner to:
- 13 A. rehabilitate the building to conform to minimum code
14 habitability requirements; or
- 15 B. demolish the building for health and safety reasons;
- 16 (iii) a vacant lot on which a building has been demolished; or
- 17 (iv) any building in a block of row houses where the block:
- 18 1. as a whole contains 70% abandoned property as defined
19 under subparagraph (i), (ii), or (iii) of this paragraph; and
- 20 2. is determined by the City to require a whole-block remedy,
21 provided that any tenant or owner-occupant has been offered assistance in
22 accordance with subsection (1) of this section.
- 23 (3) "Distressed property" means a parcel of real property that is subject
24 to a tax lien or liens with a lien or liens to value ratio equal to or greater than 15%, as
25 determined by the Baltimore City Department of Housing and Community
26 Development, and that:
- 27 (i) contains a dwelling unit or other structure that:
- 28 1. has deteriorated to the extent that the dwelling unit or
29 other structure constitutes a serious and growing menace to the public health, safety,
30 and welfare; and
- 31 2. is subject, under the building code of Baltimore City or the
32 housing code of Baltimore City, to an expired violation notice and order to correct the
33 deteriorated conditions; or

1 (ii) is subject to a lien or liens in an amount greater than \$1000 for
 2 work done by the Baltimore City Department of Housing and Community
 3 Development.

4 **Article - Real Property**

5 8-110.

6 (g) (1) (i) A tenant who has given the landlord notice in accordance with
 7 subsection (b) of this section may apply to the State Department of Assessments and
 8 Taxation to redeem a ground rent as provided in this subsection.

9 (ii) When the Mayor and City Council of Baltimore City [condemn]
 10 CONDEMNS property that is subject to an irredeemable ground rent, the City shall
 11 become the tenant of the ground rent and, after giving the landlord notice in
 12 accordance with subsection (b) of this section, may apply to the State Department of
 13 Assessments and Taxation to extinguish the ground rent as provided in this
 14 subsection.

15 (2) The tenant shall provide to the State Department of Assessments and
 16 Taxation:

17 (i) Documentation satisfactory to the Department of the lease and
 18 the notice given to the landlord; and

19 (ii) Payment of a \$20 fee, and any expediting fee required under §
 20 1-203 of the Corporations and Associations Article.

21 (3) (i) On receipt of the items stated in paragraph (2) of this
 22 subsection, the Department shall post notice on its website that application has been
 23 made to redeem or extinguish the ground rent.

24 (ii) The notice shall remain posted for at least 90 days.

25 (4) [No] EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS SUBSECTION,
 26 NO earlier than 90 days after the application has been posted as provided in
 27 paragraph (3) of this subsection, a tenant seeking to redeem a ground rent shall
 28 provide to the Department:

29 (i) Payment of the redemption amount and up to 3 years' back rent
 30 to the extent required under this section and § 8-111.1 of this subtitle, in a form
 31 satisfactory to the Department; and

32 (ii) An affidavit made by the tenant, in the form adopted by the
 33 Department, certifying that:

34 1. The tenant has not received a bill for ground rent due or
 35 other communication from the landlord regarding the ground rent during the 3 years
 36 immediately before the filing of the documentation required for the issuance of a
 37 redemption certificate under this subsection; or

1 2. The last payment for ground rent was made to the
2 landlord identified in the affidavit and sent to the same address where the notice
3 required under subsection (b) of this section was sent.

4 (5) No earlier than 90 days after the application has been posted as
5 provided in paragraph (3) of this subsection, a tenant seeking to extinguish an
6 irredeemable ground rent OR TO REDEEM A GROUND RENT ON ABANDONED OR
7 DISTRESSED PROPERTY THAT WAS ACQUIRED OR IS BEING ACQUIRED BY THE MAYOR
8 AND CITY COUNCIL OF BALTIMORE THROUGH CONDEMNATION shall provide to the
9 Department:

10 (i) Payment of up to 3 years' back rent to the extent required under
11 this section and § 8-111.1 of this subtitle, in a form satisfactory to the Department;
12 and

13 (ii) An affidavit made by the Director of the Office of Property
14 Acquisition and Relocation in the Baltimore City Department of Housing and
15 Community Development certifying that:

16 1. The property is abandoned property, as defined in §
17 21-17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as
18 defined in § 21-17(a)(3) of the Public Local Laws of Baltimore City;

19 2. The property was acquired or is being acquired by the
20 Mayor and City Council of Baltimore City through condemnation;

21 3. A thorough title search has been conducted;

22 4. The landlord of the property cannot be located or
23 identified; and

24 5. The existence of the ground rent is an impediment to
25 redevelopment of the site.

26 (6) At any time, the tenant may submit to the Department notice that
27 the tenant is no longer seeking redemption or extinguishment under this subsection.

28 (7) Upon receipt of the documentation, fees, and where applicable, the
29 redemption amount and 3 years' back rent to the extent required under this section
30 and § 8-111.1 of this subtitle, the Department shall issue to the tenant a ground rent
31 redemption certificate or a ground rent extinguishment certificate, as appropriate.

32 (8) The redemption or extinguishment of the ground rent is effective to
33 conclusively vest a fee simple title in the tenant, free and clear of any and all right,
34 title, or interest of the landlord, any lien of a creditor of the landlord, and any person
35 claiming by, through, or under the landlord when the tenant records the certificate in
36 the land records of the county in which the property is located.

37 (9) The landlord, any creditor of the landlord, or any other person
38 claiming by, through, or under the landlord may file a claim with the Department in

1 order to collect all, or any portion of, where applicable, the redemption amount and 3
2 years' back rent to the extent required under this section and § 8-111.1 of this
3 subtitle, without interest, by providing to the Department:

4 (i) Documentation satisfactory to the Department of the claimant's
5 interest; and

6 (ii) Payment of a \$20 fee, and any expediting fee required under §
7 1-203 of the Corporations and Associations Article.

8 (10) (I) A landlord whose ground rent has been extinguished may file a
9 claim with the Baltimore City Director of Finance to collect an amount equal to the
10 annual rent reserved multiplied by 16.66, which is capitalization at 6 percent, by
11 providing to the Director:

12 [(i)] 1. Proof of payment to the landlord by the Department of
13 back rent under paragraph (9) of this subsection; and

14 [(ii)] 2. Payment of a \$20 fee.

15 (II) A LANDLORD OF ABANDONED OR DISTRESSED PROPERTY
16 CONDEMNED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY WHOSE
17 GROUND RENT HAS BEEN REDEEMED MAY FILE A CLAIM WITH THE BALTIMORE CITY
18 DIRECTOR OF FINANCE TO COLLECT THE REDEMPTION AMOUNT, BY PROVIDING TO
19 THE DIRECTOR:

20 1. PROOF OF PAYMENT TO THE LANDLORD BY THE
21 DEPARTMENT OF BACK RENT UNDER PARAGRAPH (9) OF THIS SUBSECTION; AND

22 2. PAYMENT OF A \$20 FEE.

23 (11) (i) In the event of a dispute regarding the extinguishment amount
24 as calculated under paragraph [(10)] (10)(I) of this subsection, the landlord may
25 refuse payment from the Baltimore City Director of Finance and file an appeal
26 regarding the valuation in the Circuit Court of Baltimore City.

27 (ii) In an appeal, the landlord is entitled to receive the fair market
28 value of the landlord's interest in the property at the time of the extinguishment.

29 (12) In the event of a dispute regarding the payment by the Department
30 to any person of all or any portion of the collected redemption amount and up to 3
31 years' back rent to the extent required by this section and § 8-111.1 of this subtitle,
32 the Department may:

33 (i) File an interpleader action in the circuit court of the county
34 where the property is located; or

35 (ii) Reimburse the landlord from the fund established in § 1-203.3
36 of the Corporations and Associations Article.

1 (13) The Department is not liable for any sum received by the Department
2 that exceeds the sum of:

3 (i) The redemption amount; and

4 (ii) Up to 3 years' back rent to the extent required by this section
5 and § 8-111.1 of this subtitle.

6 (14) The Department shall credit all fees and funds collected under this
7 subsection to the fund established under § 1-203.3 of the Corporations and
8 Associations Article. Redemption and extinguishment amounts received shall be held
9 in a ground rent redemption and ground rent extinguishment account in that fund.

10 (15) The Department shall maintain a list of properties for which ground
11 rents have been redeemed or extinguished under this subsection.

12 (16) The Department shall adopt regulations to carry out the provisions of
13 this subsection.

14 (17) Any redemption or extinguishment funds not collected by a landlord
15 under this subsection within 20 years after the date of the payment to the
16 Department by the tenant shall escheat to the State. The Department shall annually
17 transfer any funds that remain uncollected after 20 years to the State General Fund
18 at the end of each fiscal year.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 June 1, 2005.