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

Introduced and read first time: January 31, 2005

Assigned to: Judicial Proceedings

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 15, 2005

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

4 FOR the purpose of establishing that when the Mayor and City Council of Baltimore  
5 City condemns certain abandoned or distressed property that is subject to a  
6 redeemable ground rent, the City becomes the tenant of the ground rent;  
7 requiring a tenant seeking to redeem a ground rent on certain abandoned or  
8 distressed property subject to condemnation in Baltimore City to pay certain  
9 back rent and provide a certain affidavit to the State Department of  
10 Assessments and Taxation under certain circumstances; authorizing a landlord  
11 of certain property in Baltimore City whose ground rent has been redeemed to  
12 file a certain claim with ~~a certain the~~ Baltimore City ~~unit of government~~  
13 Director of Finance to collect certain amounts under certain circumstances;  
14 making stylistic changes; and generally relating to the redemption of certain  
15 ground rents in Baltimore City.

16 BY repealing and reenacting, without amendments,  
17 The Public Local Laws of Baltimore City  
18 Section 21-17(a)  
19 Article 4 - Public Local Laws of Maryland  
20 (1979 Edition and 1997 Supplement, and 2000 Supplement, as amended)  
21 (As enacted by Chapter 429 of the Acts of the General Assembly of 2003)

22 BY repealing and reenacting, with amendments,  
23 Article - Real Property  
24 Section 8-110(g)  
25 Annotated Code of Maryland

1 (2003 Replacement Volume and 2004 Supplement)

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

4 **Article 4 - Baltimore City**

5 21-17.

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

7 (2) "Abandoned property" means:

8 (i) an unoccupied structure or vacant lot on which taxes are in  
9 arrears for at least 2 years;

10 (ii) a building:

11 1. that is unoccupied by owner or tenant;

12 2. that is unfit for habitation;

13 3. that has deteriorated to the point where:

14 A. the building is structurally unsound; or

15 B. the cost of rehabilitation significantly exceeds the post  
16 rehabilitation market value; and

17 4. regarding which the owner has been issued a violation  
18 notice from the City requiring the owner to:

19 A. rehabilitate the building to conform to minimum code  
20 habitability requirements; or

21 B. demolish the building for health and safety reasons;

22 (iii) a vacant lot on which a building has been demolished; or

23 (iv) any building in a block of row houses where the block:

24 1. as a whole contains 70% abandoned property as defined  
25 under subparagraph (i), (ii), or (iii) of this paragraph; and

26 2. is determined by the City to require a whole-block remedy,  
27 provided that any tenant or owner-occupant has been offered assistance in  
28 accordance with subsection (1) of this section.

29 (3) "Distressed property" means a parcel of real property that is subject  
30 to a tax lien or liens with a lien or liens to value ratio equal to or greater than 15%, as

1 determined by the Baltimore City Department of Housing and Community  
2 Development, and that:

3 (i) contains a dwelling unit or other structure that:

4 1. has deteriorated to the extent that the dwelling unit or  
5 other structure constitutes a serious and growing menace to the public health, safety,  
6 and welfare; and

7 2. is subject, under the building code of Baltimore City or the  
8 housing code of Baltimore City, to an expired violation notice and order to correct the  
9 deteriorated conditions; or

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

### 13 **Article - Real Property**

14 8-110.

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

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

24 (III) WHEN THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY  
25 CONDEMNS ABANDONED OR DISTRESSED PROPERTY THAT IS SUBJECT TO A  
26 REDEEMABLE GROUND RENT, THE CITY SHALL BECOME THE TENANT OF THE  
27 GROUND RENT AND, AFTER GIVING THE LANDLORD NOTICE IN ACCORDANCE WITH  
28 SUBSECTION (B) OF THIS SECTION, MAY APPLY TO THE STATE DEPARTMENT OF  
29 ASSESSMENTS AND TAXATION TO REDEEM THE GROUND RENT AS PROVIDED IN THIS  
30 SUBSECTION.

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

33 (i) Documentation satisfactory to the Department of the lease and  
34 the notice given to the landlord; and

35 (ii) Payment of a \$20 fee, and any expediting fee required under §  
36 1-203 of the Corporations and Associations Article.

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

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

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

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

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

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

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

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

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

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

33 1. The property is abandoned property, as defined in §  
34 21-17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as  
35 defined in § 21-17(a)(3) of the Public Local Laws of Baltimore City;

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

38 3. A thorough title search has been conducted;

1 4. The landlord of the property cannot be located or  
2 identified; and

3 5. The existence of the ground rent is an impediment to  
4 redevelopment of the site.

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

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

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

16 (9) The landlord, any creditor of the landlord, or any other person  
17 claiming by, through, or under the landlord may file a claim with the Department in  
18 order to collect all, or any portion of, where applicable, the redemption amount and 3  
19 years' back rent to the extent required under this section and § 8-111.1 of this  
20 subtitle, without interest, by providing to the Department:

21 (i) Documentation satisfactory to the Department of the claimant's  
22 interest; and

23 (ii) Payment of a \$20 fee, and any expediting fee required under §  
24 1-203 of the Corporations and Associations Article.

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

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

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

32 (II) A LANDLORD OF ABANDONED OR DISTRESSED PROPERTY  
33 CONDEMNED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY WHOSE  
34 GROUND RENT HAS BEEN REDEEMED MAY FILE A CLAIM WITH THE BALTIMORE CITY  
35 DIRECTOR OF FINANCE TO COLLECT THE REDEMPTION AMOUNT, BY PROVIDING TO  
36 THE DIRECTOR:

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

## 2. PAYMENT OF A \$20 FEE.

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

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

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

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

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

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

(i) The redemption amount; and

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

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

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

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

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

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

