



BERNARD C. "JACK" YOUNG
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 806

February 25, 2020

TO: Members of the Senate Judicial Proceedings Committee

FROM: Nicholas Blendy, Deputy Director of Government Relations

RE: Senate Bill 806 – Real Property – Redemption or Extinguishment of Ground Rents

POSITION: SUPPORT

Chair Smith, Vice Chair Waldstreicher, and Members of the committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 806.

Senate Bill (SB) 806 alters a section of the Real Property Article relating to a redemption or extinguishment of a ground rent to provide that it is effective to conclusively divest the reversion from the ground lease holder and vest said reversion into the leasehold tenant, in titles relating to ground leases on residential property.

This bill will aid the BCA's Department of Housing and Community Development (HCD) in furthering community revitalization efforts. Acquiring all interests in properties—including ground rents, sub-rents and sub-sub-rents, if present—is essential in assembling and repurposing abandoned and under-utilized, privately held real property. SB 806 will aid in more efficiently carrying out the intent of the code.

Presently, the State Department of Assessment and Taxation (SDAT) will not issue certificates of extinguishment on ground rents where there is more than one ground rent outstanding. Under existing law, the extinguishment certificate conclusively proves that the erstwhile leasehold owner is granted fee simple title. However, gaining fee simple title sometimes requires merging multiple reversionary property interests in the same property with the leasehold through extinguishment or redemption. As such, ground rents, sub-rents and sub-sub rents must currently be acquired or extinguished separately.

The proposed amendment to the code under SB 806 is intended to allow for one or more of multiple interests to be contemporaneously acquired through the SDAT certificate of extinguishment, thereby avoiding the costs of and delay in filing multiple condemnations. The BCA estimates real cost savings of more than \$2,500.00 as well as saving an average of one year in each land assemblage project.

SB 806 is an important upgrade to help realize the intent of this section of the code. In real terms, it would help the BCA eliminate a small but significant backlog of ground rent extinguishments as we pursue economic growth in the City of Baltimore.

We respectfully request a **favorable** report on SB 806.