

SB 759 Testimony.docx.pdf

Uploaded by: Antonio Hayes

Position: FAV

ANTONIO HAYES
Legislative District 40
Baltimore City

Finance Committee



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 222
Annapolis, Maryland 21401
410-841-3656 · 301-858-3656
800-492-7122 Ext. 3656
Antonio.Hayes@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Hayes in Support of Senate Bill 759: Real Property – Ground Rent
Redemption Fund – Establishment**

March 2, 2022

Dear Chairman Smith and Members of the Judicial Proceedings Committee,

For the majority of the last decade, Baltimore experienced a larger drop in homeownership than the national average. The reasons for this decline included a lack of investment in safe neighborhoods and an inability to compete with real estate investors who buy houses in inexpensive areas with cash. These barriers are even more significant for potential Black homeowners. Disproportionally lower loan acceptances additionally hinder Black home loan applicants.

Shockingly, Maryland is one of only three states that still follow residential ground rent policies, and Baltimore is the epicenter of that practice in Maryland. As a result, homeowners risk losing their places of residence if they cannot pay the exorbitant delinquent ground rents they were previously unaware of. Senate Bill 759 would create a fund to alleviate the burden of ground rent for those who cannot afford it and may be at risk of losing their homes. This fund could even allow homeowners to buy out the lease and be exempt from any future ground-related issues.

A July 2020 report by the Abell Foundation also suggested building financial support systems to prevent further decline of homeownership in Baltimore. Senate Bill 759 will establish a non-lapsing fund that ensures that only those who need the financial assistance are provided the grants. Therefore, this bill could stabilize the growing disparity caused by ground rents between residents of different economic and racial backgrounds. This bill has significant potential to mitigate the detrimental effects of an outdated practice.

Thus, I urge a favorable report on Senate Bill 759.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio Hayes".

Senator Antonio L. Hayes
40th Legislative District – MD

SB0759.docx (2).pdf

Uploaded by: Director Michael Higgs

Position: INFO

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



MICHAEL HIGGS
Director

CORBETT WEBB
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: March 2, 2022

BILL: SB0759

TITLE: Real Property - Ground Rent Redemption Fund - Establishment

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) notes that SB0759 has the opposite effect of the sponsor's legislative intent as written; the sponsor's intent is to *reduce* the number of Ground Rents in the State, not expand the number of Ground Rents.

The only consequence of not registering a Ground Rent with SDAT is the Ground Rent is unenforceable. Once registered, ground rents become active, enforceable, and subject to the \$20,000,000 grant.

This bill will result in more unregistered ground rents actually *becoming* registered and therefore enforced.

While the Department is always against mandatory appropriations, SDAT appreciates that the sponsor is working on amendments to correct the fundamental drafting errors in the bill.

For these reasons, SDAT offers this Letter of Information and strongly urges a reconsideration of SB0759 in its current form.