



CHARM CITY LAND TRUSTS

2424 McElderry Street, Baltimore, MD 21205

February 17, 2023

Hon. Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

RE: HB 0567 Residential Property-Affordable Housing Land Trusts-Authority to Establish
Condominium Regimes

Dear Chairman Barve,

Charm City Land Trusts (CCLT), a community land trusts operating in Baltimore City supports HB 0567 and asks the Environment and Transportation Committee to give it a favorable report. The bill makes a technical change to the Condominium Act that will clear up confusion between its regulatory structure and that of Affordable Housing Land Trusts.

CCLT was incorporated in 2000 to provide permanently affordable housing to low income and rent burdened families in East Baltimore. The affordable housing sector in Baltimore City has become more robust thanks to grassroots organizing that resulted in the creation of the Affordable Housing Trust Fund (AHTF). The AHTF is a pot of city money dedicated to subsidizing permanently affordable housing development, specifically that of CLTs. CLTs use Affordable Housing Land Trust Agreements (AHLTAs) to maintain affordability through use of a resale formula that ensures that CLT homes are not sold at for-market prices. Nationally, CLT housing has proven to be stable, safe, and more attainable to working-class people of color.

A number of Affordable Housing Land Trusts (AHLTs) are developing multi-unit housing and providing the units for homeownership through a condominium-like structure. However, the current condominium law does not envision or make provision for the AHLT agreements. AHLT agreements, commonly known as ground leases (though distinct from “ground rents”), technically makes the AHLT housing a “leasehold estate.” Such estates are prohibited in the condominium structure that is governed by the Residential Condominium Act (MD Real Property Code Ann. Sec. 11-101 et seq.).

AHLTs must sidestep this prohibition by first creating a “commercial” condominium and then a “residential” one. These two-steps add complexity and confusion to financiers, both public and private, and operate to delay and prevent successful property acquisition and housing financing.

The Affordable Housing Land Trust Act (MD Real Property Code Ann. Sec. 14-501 et seq.) exempts the Affordable Housing Land Trust Agreement from statutes pertaining to ground leases but does not address condominiums. While legislative acts must be construed by the courts *in pari materi* (in harmony), there is no reason for this to be resolved by litigation. This simple fix to the Condominium statute would exempt Affordable Housing Land Trust Agreements from being deemed “leasehold estates” for purposes of the Condominium Act. The amendment is consistent both with the intent of the regulatory structure under both the AHLT and Condominium acts, in harmony with each considered together, and involves no fiscal cost to the state.

We thank you for your anticipated support and favorable report of HB 0567.

Sincerely,

Cheryl Bryant
Executive Director