



TESTIMONY

HB 567

Judicial Proceedings Committee

March 23, 2023

Position: FAVORABLE

Dear Chairman Smith and Members of the Senate Judicial Proceedings Committee

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

HB 567 – Authorizes a condominium regime to be established on certain land owned by an affordable housing land trust.

A number of Affordable Housing Land Trusts (AHLT) are developing multi-unit land trust properties. To enable them to provide units for homeownership rather than rental, the AHLTs are using condominiums. However, the current Residential Condominium Act, located at MD Real Property Code Ann. Sec. 11-101 et seq., provides at Section 11-102(a)(2)(ii) that a residential condominium cannot be created on a “leasehold estate”. This means that AHLTs that use an Affordable Housing Land Trust Agreement, which in fact is a ground lease that leases the land to an AHLT homeowner, cannot directly create a residential condominium of AHLT homeowners.

To get around this prohibition, the AHLT must create two condominium regimes (a commercial condominium and then a residential condominium) to allow for the AHLT to develop a multi-unit condominium of AHLT homeowners/condominium owners. This two-step structure creates added complexity and time, and diverts resources from developing affordable land trust units. It is unnecessary since the purpose of AHLT Agreement is to keep the condominium units perpetually affordable.

There is an urgent need for affordable housing in Maryland we want to have as many tools as possible to address this need. Community Land Trusts offer an excellent opportunity.

We respectfully request a favorable report for HB 567.

Submitted by Claudia Wilson Randall, Executive Director