

ARMISTEAD HOMES CORPORATION

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February 12, 2021

Honorable Kumar P. Barve, Chairman
Environment and Transportation Committee
251 House Office Building
6 Bladen Street
Annapolis, MD 21401

**RE: House Bill 825 - Maryland Cooperative Housing Act - Dispute Settlement
and Eviction**

Hearing Date: February 16, 2021 Position: SUPPORT

Dear Honorable Chairman Barve and Committee Members:

This letter is submitted on behalf Armistead Homes Corporation (hereinafter “AHC”). AHC, is a non-profit housing corporation, consisting of 1,512 homes situated on 164 acres of land in northeast Baltimore City. Through a cooperative effort, AHC enables individuals and families, to fulfill their housing needs for a relatively low cost. Membership in the Corporation is gained by purchasing the right of perpetual use of an AHC dwelling. The member buys a certificate of membership which entitles him/her to the remainder of the 1st 99-year renewable leasehold agreement with an option to renew a 2nd 99-year renewable lease. The leasehold agreement provides rights to use the particular dwelling to live in and the use of the land that the dwelling sits on. At the same time the member receives a share in the land and holdings of AHC as a whole by way of membership, with no one person owning any land or buildings.

The Armistead is a Cooperative Housing community and is subject to Maryland Landlord-Tenant law. It must follow the eviction procedures set forth in Title 8 of the Maryland Real Property Article. There is no need for another layer of procedures that serves only to delay the collection of operating charges due.

The testimony provided today is in support of repealing and reenacting, with amendments, Section 5-6B-30 and repealing section 5-6B-31 of the Maryland Cooperative Housing Act. Those particular sections deal with the dispute settlement and eviction procedures within a Cooperative Housing Corporation. The current law, as written, has created significant financial hardship on Armistead Homes Corporation (AHC) and we are concerned that we will be unable to operate given the requirements we must follow. The procedures and notices required by the current law have resulted in a significant delay in the collection of the assessments which AHC relies on to operate on a daily basis. Additionally, AHC has been forced to expend additional resources, both financial and personnel, in order to be compliant. While we completely understand and advocate for transparency within AHC as well as the rights

of our members, we are struggling and experiencing difficulty due to loss of revenue we depend on to operate in that we are required to wait for a member to be three months delinquent before we can proceed with legal action. The current law also requires that we notify each member who has failed to pay assessments owed to the cooperative and provide them with a hearing prior to proceeding with an action to evict them for failure to pay rent. This has impacted AHC's day to day operations in that it is not receiving the assessments it relies on to operate and forces hearings before the Board that most of the tenants do not attend. Currently, approximately 8 percent (or 120 of the leaseholders) are continually delinquent with their monthly assessments. The increase in personnel and postage expenses to comply with the notice requirements of the law coupled with the delay in receiving its assessments, has resulted in significant financial strain. House Bill 825 would remove the requirements of dispute settlement mechanism as it relates to failure to pay assessments which benefits AHC in that it can proceed with recovering unpaid assessments through the already in place judicial system and established landlord/tenant law, and it can continue to operate effectively.

We therefore ask for your support for House Bill 825. We are available to answer any questions which you may have. Please feel free to contact and one of the persons listed below:

Respectfully submitted,

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