



BRANDON M. SCOTT
MAYOR

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

HB 1104

March 1, 2022

TO: Members of the House Ways and Means Committee
FROM: Natasha Mehu, Director, Office of Government Relations
RE: HB 1104 -Affordable Housing Land Trusts - Funding and Property Tax Exemption
POSITION: OPPOSE

Chair Atterbeary, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** House Bill (HB) 1104.

HB 1104 requires the State Department of Housing and Community Development (DHCD) to reserve 2.5% of Community Development Block Grant (CDBG) Funds annually awarded to the State to be awarded to affordable housing land trusts in nonentitlement areas. It also requires that entitlement areas award 2.5% of their annual CDBG funds to affordable housing land trusts.

Baltimore City is an entitlement area for CDBG funds. The BCA has supported and actively funded community land trust (CLT) efforts for a number of years, and participated in community discussions for over a decade. In our experience, while they have been a marvelous community organizing and galvanizing tool they have so far not proven to be a viable mechanism for producing affordable housing. The City has consciously not used CDBG funds to support CLT development because of the poor outcomes associated with such efforts.

Unlike some other funding sources, CDBG requires repayment of funds when expenditures do not result in some reasonable level of goal attainment. The history of CLTs in Baltimore have not been associated with reasonable goal attainment. The City is using CDBG funds to support some planning around CLTs, but the level of funding required by HB 1104 – would translate to around \$550,000 a year at the current annual CDBG allocation – way above what is needed for planning efforts. Additionally, the real strength of CLT is the ability to ameliorate the impact of high land costs on the development of affordable housing. This is not one of the major problems Baltimore faces in developing such housing.

HB 1104 would also present a direct challenge to the home rule status of Baltimore City and the Counties. The State does not have the right to dictate allocation decisions that are up to the jurisdictions and then force us to be responsible for the consequences of those decisions. For some perspective, if this bill moves forward, In CFY 2022 Baltimore was allocated 22,378,771 in CDBG funds. 2.5% of this is \$559,469. If we were forced to reserve this amount for CLTs we would need to make cuts to other programs such as our Emergency Roof program or the First-time Homebuyer Incentive program. Or we would have to eliminate subrecipients to our funds.

For these reasons, we respectfully request an **unfavorable** report on HB 1104.

*Annapolis – phone: 410.269.0207 • fax: 410.269.6785
Baltimore – phone: 410.396.3497 • fax: 410.396.5136
<https://mogr.baltimorecity.gov/>*