

CDN HB1104 FAVORABLE W AMENDMENTS.pdf

Uploaded by: Claudia Wilson Randall

Position: FWA



Testimony HB 1104
Ways & Means Committee
March 1, 2022
Position: FAVORABLE with AMENDMENTS

Dear Chairperson Atterbeary and Members of the Ways & Means 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 communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

HB 1104 -Requires the Department of Housing and Community Development to reserve 2.5% of community development block grant funds awarded to the State for non-entitlement areas for award to affordable housing land trusts in non- entitlement areas.

Over the past century, racially motivated housing policies have adversely affected communities of color, leading to persistent place-based racial and health disparities. Structural inequities from discriminatory housing policies — such as restrictive covenants, redlining, blight and appraisal guidelines, and exclusionary zoning — continue to impact housing affordability, quality and safety, stability, and neighborhood conditions in cities today.

Maryland needs more affordable housing. According to the Maryland Housing Needs Assessment, the state needs 85,000 affordable housing units statewide to keep up with the demand. This is critical for human health, economic growth and recovery and education. Fortunately, equitable policy solutions like Community Land Trusts have been proven to help residents access high-quality, affordable homes and reduce exposure to unhealthy living environments, lessen the cost burden of housing, and enhance housing and neighborhood stability.

We are requesting that this bill be amended to include

- A section addressing residential condos, and
- A section on how SDAT should value homeowner land trust properties.

We urge your favorable report with these amendments.

Submitted by Claudia Wilson Randall, Executive Director

Testimony on MD HB 1104.pdf

Uploaded by: Daniel Ehrenberg

Position: FWA

Testimony on HB 1104

My name is Daniel Ehrenberg and I am a board member of the Community Development Network of Maryland, a resident of Montgomery County and an affordable housing attorney that works with Affordable Housing Land Trusts (AHLTs) in Maryland and elsewhere.

I first want to thank the co-sponsors, Delegates Charles, Henson, Jones, Landis and Turner, for introducing HB 1104. The bill will provide immense help to AHLTs in fulfilling their mission of providing affordable housing in perpetuity to low- and moderate-income families who otherwise would not be able to afford to purchase a home. Exempting land trust property that are owned by AHLTs will allow AHLTs to conserve their resources so they can focus on making the land trust homes as affordable as possible.

In addition to the property tax relief, there are two other issues concerning AHLTs that, if added to HB 1104, would assist them in their activities of developing affordable housing land trust properties and keeping them more affordable.

I. Condominium Developments

A number of AHLTs are developing multi-unit land trust properties. To enable them to provide the 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 monetary resources from developing affordable land trust units. It is unnecessary since the purpose of Affordable Housing Land Trust Agreement is to keep the condominium units perpetually affordable.

Section 14-502 of the MD Real Property Code Ann., which is the Affordable Housing Land Trust Act (found at MD Real Property Code Ann. Sec. 14-501 et seq., already provides that an Affordable Housing Land Trust Agreement is not a ground lease and exempts the Affordable Housing Land Trust Agreement from statutes pertaining to ground leases. However, the current statute does not address condominiums and does not specifically state that the Affordable Housing Land Trust Agreement is not a leasehold estate.

A simple fix to the Condominium or Land Trust statute would exempt Affordable Housing Land Trust Agreements from being deemed “leasehold estates” for purposes of the Condominium Act. This would allow AHLTs to develop residential condominiums without going through the complex, costly and time-consuming two-step structure. I respectfully urge to amend HB 1104 to remedy this issue pertaining to AHLTs using condominiums.

II. Assessing Homeowner- owned Land Trust Properties

The Affordable Housing Land Trust Act at Section 14-509 provides that in assessing an affordable housing land trust property, “the property shall be assessed based on its market value subject to any restrictions in the affordable housing land trust agreement.” However, many land trust homeowners have not been able to have their land trust homes assessed in accordance with Section 14-509. It appears that the State Department of Assessments and Taxation (SDAT) needs additional guidance to implement this provision.

At a minimum, a chapter needs to be added to the Maryland Assessment Procedure Manual on assessing land trust properties that are owned by AHLT homeowners. Such a chapter would specify in detail how land trusts properties need to be assessed per Section 14-509 of the Affordable Housing Land Trust Act. There already is a chapter on valuing perpetual conservation easements so the addition of a chapter on land trust assessments is not an unusual request.

However, it may be better to specify in more detail in the Affordable Housing Land Trust Act the manner in which land trust properties are to be assessed so that AHLT homeowners pay their fair share of property taxes. Florida and North Carolina have adopted statutes that describe in more detail how community land trust properties are to be assessed. I respectfully urge you to modify Section 14-509 to provide more specificity and direction as to how land trust properties are to be assessed.

HB1104-WM_MACo_SWA.pdf

Uploaded by: Kevin Kinnally

Position: FWA



House Bill 1104

Affordable Housing Land Trusts - Funding and Property Tax Exemption

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means and Environment and
Transportation Committees

Date: March 1, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1104 with **AMENDMENTS**.

This bill would require the Department of Housing and Community Development, to the extent practicable, to reserve 2.5% of certain community development block grant funds for affordable housing land trusts in nonentitlement areas. In addition, the bill would exempt from taxation property owned by an affordable housing land trust and not subject to an affordable housing land trust agreement.

Affordable housing land trusts provide affordable housing to low- and moderate-income families through affordable housing land trust agreements and are organized or managed by a nonprofit organization that buys land on behalf of a community and holds it in trust.

While counties support efforts to incentivize affordable housing, MACo is concerned that this bill could have a significant fiscal impact on county revenues sorely needed to fund education, public health, public safety, infrastructure, and other essential services.

While the overall impact of the bill is unclear, counties request flexibility in enacting and administering the proposed property tax exemption. As such, MACo urges the Committee to authorize rather than mandate the property tax exemption, or to follow the more common path and authorize tax credits to effect the desired reduction in tax burden without distortion of the underlying tax base.

Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on HB 1104.

Ashman Testimony- HB 1104 Affordable Housing Land

Uploaded by: Barbara Zektick

Position: UNF



February 24, 2022

Delegate Vanessa E. Atterbeary
Chair, Ways & Means Committee
Room 131
House Office Building
Annapolis, Maryland 21401

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

Re: Opposition to HB 1104

Dear Committee Chairs and Members of the Committees:

The Mayor and City Council of Gaithersburg oppose House Bill 1104, Affordable Housing Land Trusts - Funding and Property Tax Exemption, and respectfully request that you grant this bill an unfavorable report.

This bill requires the Department of Housing and Community Development to reserve a certain percentage of Community Development Block Grant (CDBG) funds awarded to the State for non-entitlement areas for award to affordable housing land trusts in the non-entitlement areas. It also establishes the intent of the General Assembly that certain entitlement areas award a certain percentage of community development block grant funds to affordable housing land trusts. As a CDBG entitlement community, the City of Gaithersburg considers this to be an unwarranted encroachment upon local government authority.

Beginning in 2003, the City of Gaithersburg has received CDBG funds directly from the Department of Housing and Urban Development (HUD). The overall goals of the CDBG Program are to provide decent housing, a suitable living environment, and expanded economic opportunities, principally for low- and moderate-income persons. The City has always committed its annual CDBG funding to support these goals. Gaithersburg uses a significant percentage of its regular CDBG award for closing costs and down payment assistance to income-eligible first-time homebuyers, eviction prevention/housing stabilization programs, and contracts with a third-party, nonprofit provider of job training and employment counseling services.

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaitthersburgmd.gov • gaitthersburgmd.gov

MAYOR
Jud Ashman

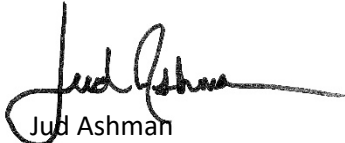
COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Jim McNulty
Ryan Spiegel
Robert T. Wu

CITY MANAGER
Tanisha R. Briley

In addition to recommendations provided by staff, the City has designed a community-wide Citizen Participation Plan to provide for and encourage citizen participation in the CDBG program. The primary goal of this Plan is to provide all residents of the community with adequate opportunity to participate in an advisory role in the planning, implementation, and assessment of the City's CDBG program. We respectfully ask the State to allow decisions relating to the prioritization of our CDBG funding to be left to the communities and residents those funds are intended to serve.

For the reasons stated herein, we respectfully request an unfavorable vote on House Bill 1104.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jud Ashman", with a long, sweeping horizontal stroke extending to the right.

Jud Ashman
Mayor
City of Gaithersburg

HB 1104_UNF_MML.pdf

Uploaded by: Justin Fiore

Position: UNF



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

March 1, 2022

Committee: House Ways and Means Committee

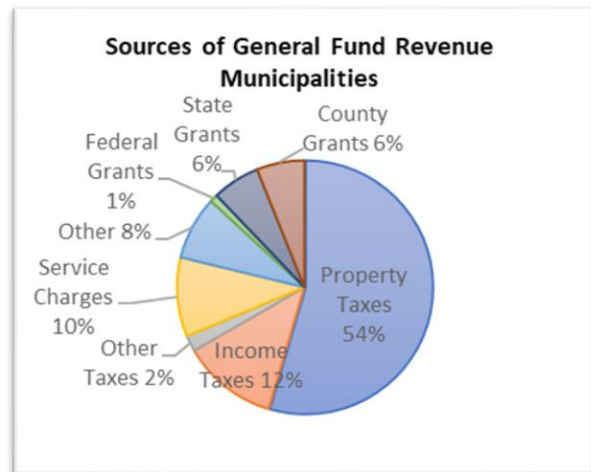
Bill: HB 1104 – Affordable Housing Land Trusts – Funding and Property Tax Exemption

Position: Oppose

Reason for Position:

The Maryland Municipal League opposes HB 1104 which would mandate that local governments exempt all affordable housing land trust properties from real property tax. MML's position does not extend to the provisions of the bill that require DHCD to set aside funds affordable housing land trusts.

As it stands, municipalities are overdependent on property taxes to provide essential services for their residents. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Local jurisdictions have little control over the other major sources of revenue, leaving municipalities with few options when fiscal challenges arise.



Therefore, the League respectfully requests that this committee provide HB 1104 with an unfavorable report.

FOR MORE INFORMATION CONTACT:

1212 West Street, Annapolis, Maryland 21401

410-268-5514 | 800-492-7121 | FAX: 410-268-7004 | www.md-municipal.org

Scott A. Hancock
Angelica Bailey
Bill Jorch
Justin Fiore

Executive Director
Director, Government Relations
Director, Research & Policy Analysis
Manager, Government Relations

HB1104-WM- OPP.pdf

Uploaded by: Natasha Mehu

Position: UNF



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/>*