

ROBBYN LEWIS
Legislative District 46
Baltimore City



The Maryland House of Delegates
6 Bladen Street, Room 424
Annapolis, Maryland 21401
410-841-3772 · 301-858-3772
800-492-7122 Ext. 3772
Robbyn.Lewis@house.state.md.us

Health and Government Operations
Committee

Subcommittees

Health Occupations and Long Term Care

Public Health and Minority
Health Disparities

House Chair

Joint Committee on Program Open Space
and Agricultural Land Preservation

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB13 - Residential Property -
Affordable Housing Land Trusts -
Authority to Establish Condominium Regimes**
Hearing date: March 26, 2024

Thank You Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee, I am Delegate Robbyn Lewis testifying on behalf of HB13, which will create more homeownership opportunities for low- and moderate-income Marylanders.

The bill before you is in the exact same posture as its Senate crossfile, SB199, which was introduced by Vice Chair Waldstreicher and passed the Senate unanimously on February 22nd.

HB13 fixes a loophole in the Affordable Housing Land Trust Act, which was enacted in 2010 (Maryland Annotated Code, Real Property § 14-501). The loophole has the paradoxical result of increasing the cost of developing affordable homes, thereby undermining the Act's intent. The bill before you close the loophole, lower development costs, thereby unlocking the potential of the Housing Land Trust model in Maryland.

It is important to understand the basics of the Affordable Housing Land Trust model of homeownership. The 2010 Act defined Affordable Housing Land Trusts (AHLT), also known as "community land trusts". These are entities that turn renters into homeowners, by means of a special type of community ownership that prevents rapidly rising housing costs. AHLTs, which are often created and managed by nonprofit organizations, buy land and develop homes on behalf of a community and hold it in trust.

In an AHLT, homeowners enter an extended (as long as 99-years) renewable lease with the land trust, and pay an annual maintenance fee. Over time, these folks build equity and grow their family's wealth.

Please note that a "home" can be a single-family house on a lot, or a rowhouse, townhouse or a unit – basically, an "apartment" - within a multi-family building. In the case of a multi-family building, the AHLT maintains ownership of the land, while the multifamily building on that land is leased to a condo association set up by the AHLT. In this arrangement, the condo association owns or leases the building, and the homeowner, i.e., the condo unit owner, owns their unit outright,

When a homeowner decides to sell, the home must be sold to another income-qualified buyer, who will then enter a new lease with the land trust. Every homeowner in the land trust has a stake in the success of their neighbor - a principle called shared equity. The land trust limits the sale price to maintain affordability. Ultimately, the homes remain accessible to more Maryland families, protected from speculation, gift and price shocks.

Here's how the bill works: it exempts AHLTs from certain provisions in the Affordable Housing Land Trust Act that drive up the cost of development for multifamily buildings.

The Residential Condominium Act (Maryland Real Property Code Ann. Sec. 11-01 et. seq.) states that a residential condo cannot be created on a "leasehold estate." This is based on Maryland's historic ground lease system. As a result, a land trust must create a two-part ownership structure, which adds significant expense and complexity, ultimately making it financially impossible to create affordable multifamily housing under the land trust model.

Thank you for your consideration. I respectfully request a favorable report for HB13.

Sincerely,

Delegate Robbyn Lewis