

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

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and Agricultural Land Preservation

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB567 - Residential Property - Affordable Housing Land
Trusts - Authority to Establish Condominium Regimes**

March 22, 2023

Thank You Chair Smith, Vice-Chair Waldstreicher, and members of the Judicial Proceedings Committee, I am Delegate Robbyn Lewis testifying on behalf of HB567, which will strengthen opportunities for homeownership for low- and moderate-income Marylanders.

This bill fixes a loophole in the Affordable Housing Land Trust Act, which was enacted in 2010 (Maryland Annotated Code, Real Property § 14-501). The loophole increases the cost of developing homes; this bill will lower those costs, thereby enabling the creation of more affordable homes and putting ownership in the reach of more hardworking Marylanders.

It is important to understand the basics of this 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 in 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 into 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, an AHLT 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.

Please note that all stakeholder testimony from the House hearing, including that from an expert attorney of affordable housing, is attached to my written testimony, for your ease of reference.

In closing, thank you for your consideration and I respectfully request a favorable report for HB567.

A handwritten signature in black ink, appearing to read "R. Lewis", with a long horizontal flourish extending to the right.

Delegate Robbyn Lewis

District 46, Baltimore City