



**Statement of The Rural Maryland Council
To the House Environmental Matter Committee
To the Senate Judicial Proceeding Committee**

**Senate Bill 780 - House Bill 869
Affordable Housing Land Trust Act
March 4, 2010**

POSITION: Support

The Rural Maryland Council (RMC) is an independent state agency and the state's federally designated State Rural Development Council under the USDA's National Rural Development Partnership. Our charge is to identify challenges common to rural communities and to help craft solutions in a collaborative manner.

The Rural Maryland Council urges support for Senate Bill 780 / House Bill 869 Affordable Housing Land Trust Act, which would provide rural nonprofits and local rural jurisdictions (as well as their urban counterparts) an additional tool for providing and maintaining affordable housing for some of our state's most hardworking but low-income citizens.

In many rural communities, there is a serious shortage in the supply of affordable and safe housing – a major contributing factor to community and economic stability. Both the Housing Assistance Council, a national nonprofit that helps local organizations build affordable homes, and the Rural Assistance Center at the U.S. Department of Health and Human Services, site “affordability” as the biggest single barrier to homeownership in rural areas -- not employment and not poverty. Nearly 25 percent of families in Maryland's nine federally recognized rural counties are “cost burdened,” meaning they spend 30 percent or more of their income on housing. (The percentage is even higher in Baltimore and Prince George's County.) Despite the nation's recent economic downturn, houses continue to be the most valuable assets most Americans will ever own; however, limited access to quality credit and affordable mortgages impacts the investment potential for many rural families. Although the federal government has supported the production of low- and moderate-income single-family and rental housing for decades and improved the living conditions of millions of low-income rural Americans, funding for rural housing programs has not kept pace with the growing need.

Hard working, low-income rural residents need more options. SB 780 and HB 869 provide that option with virtually no burden on the state budget. The bill merely allows a land trust, whether operated by a local jurisdiction or a nonprofit, to subsidize the sale of homes to low- or moderate-income families. That family may own that house for as long as it wants, even passing it down as a family asset. The only stipulation is that when the house is sold, it must be sold at an affordable price to the next buyer –and that affordable price is determined by a re-sale formula that both seller and buyer agree to up front, and includes an appropriate fair return to the owner. There is no formula stipulated in the bill that applies across the board, which makes it even more rural-friendly.

The RMC participated in the summer study workgroup that discussed the potential shortfalls of the bill, as introduced last year. The RMC believes that this bill includes appropriate safeguards and consumer protections for both buyers and sellers, and urges the committee to approve the bill.