

HOUSE BILL 1240

C8

8lr1488

By: **Delegates Lafferty and Lierman**

Introduced and read first time: February 8, 2018

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Assisted Housing Preservation Act – Assisted Projects, Protected Actions, and**
3 **Duties of the Department of Housing and Community Development**

4 FOR the purpose of applying certain provisions of law to an owner of a certain assisted
5 project that pays or intends to pay in full as of the maturity date certain mortgage
6 financing; applying certain provisions of law to an owner of an assisted project on
7 the termination or expiration of a certain State subsidy; providing that certain
8 properties qualify as an assisted project if the project, the owner of the project, or a
9 lender to the project receives certain State subsidies in relation to the project under
10 certain circumstances; requiring the Department of Housing and Community
11 Development to establish and maintain a certain database; requiring the
12 Department to establish a certain mechanism for providing a certain notice; stating
13 the required contents of a certain database; requiring the Department to establish a
14 plan to preserve units in a certain assisted project as affordable housing for
15 low-income residents when certain federal or State subsidies are due to expire;
16 requiring the Department to notify the Division of Consumer Protection of the Office
17 of the Attorney General if the Department has evidence of a violation of certain
18 provisions; and generally relating to the duties of the Department of Housing and
19 Community Development and the scope of assisted projects and protected actions
20 under the Assisted Housing Preservation Act.

21 BY repealing and reenacting, without amendments,
22 Article – Housing and Community Development
23 Section 1–101(a) and (d) and 7–101
24 Annotated Code of Maryland
25 (2006 Volume and 2017 Supplement)

26 BY repealing and reenacting, with amendments,
27 Article – Housing and Community Development
28 Section 7–102(a) and 7–105
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2006 Volume and 2017 Supplement)

2 BY adding to
3 Article – Housing and Community Development
4 Section 7–105.1 and 7–405
5 Annotated Code of Maryland
6 (2006 Volume and 2017 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
8 That the Laws of Maryland read as follows:

9 **Article – Housing and Community Development**

10 1–101.

11 (a) In this Division I of this article the following words have the meanings
12 indicated.

13 (d) “Department” means the Department of Housing and Community
14 Development.

15 7–101.

16 (a) In this title the following words have the meanings indicated.

17 (b) “Assisted household” means one or more individuals who occupy a rental unit
18 in an assisted project.

19 (c) “Assisted project” means a property that qualifies under § 7–105 of this
20 subtitle.

21 (d) “Assisted unit” means a dwelling unit that is in an assisted project and is
22 subject to regulatory requirements regarding:

23 (1) the rent the owner may charge; or

24 (2) the maximum annual income of the household occupying the unit.

25 (e) “Designated household” means a household that qualifies under § 7–213 of
26 this title.

27 (f) “Notice of intent” means a notice of intent to take a protected action in
28 accordance with Subtitle 2 of this title.

29 (g) “Owner” means a person who holds legal title to an assisted project or any
30 mortgagee in possession, receiver, trustee, or other person that may take a protected action.

1 (h) "Owner's offer" means the written offer made by the owner to parties having
2 a right of first purchase under § 7-204 of this title.

3 (i) (1) "Project-based § 8 rental assistance" means federal rental assistance
4 under § 8 of the United States Housing Act of 1937, 42 U.S.C. § 1437f, to the owner or
5 lender of a housing project under a new construction program, a substantial rehabilitation
6 program, a loan management assistance program, or a property disposition program.

7 (2) "Project-based § 8 rental assistance" does not include rental assistance
8 made directly to a tenant under existing certificate or voucher programs.

9 (j) "Protected action" means a sale, conveyance, transfer, prepayment,
10 termination, failure to renew, or expiration under § 7-102(a) of this title.

11 (k) "Relocation expenses" means costs incurred to:

12 (1) hire contractors, labor, vehicles, or equipment to transport personal
13 property;

14 (2) pack and unpack personal property;

15 (3) disconnect and reconnect utilities, such as water, telephone, gas, or
16 electric, and to perform related services;

17 (4) disconnect and install personal property;

18 (5) insure personal property to be moved;

19 (6) pay rental application fees and make security deposits; and

20 (7) pay other costs that the Secretary determines are reasonable.

21 (l) "Tenant protection assistance" means payments to, and extensions of leases
22 for, the occupant or former occupant of an assisted unit in connection with a protected
23 action as required under § 7-212 of this title.

24 7-102.

25 (a) Each owner of an assisted project is subject to this title if the owner takes or
26 intends to take any of the following protected actions:

27 (1) the prepayment in full before the maturity date **OR THE PAYMENT IN**
28 **FULL AS OF THE MATURITY DATE** of mortgage financing that is:

29 (i) insured under § 221(d)(3) of the National Housing Act, 12 U.S.C.
30 § 1715l(d)(3), and assisted under § 101 of the Housing and Urban Development Act of 1965,
31 12 U.S.C. § 1701s, or under § 8 of the United States Housing Act of 1937, 42 U.S.C. § 1437f;

1 (ii) insured under § 221(d)(3) of the National Housing Act, 12 U.S.C.
2 § 1715l(d)(3), and bears interest at a rate determined under § 221(d)(5) of the National
3 Housing Act;

4 (iii) insured or assisted under § 202 or § 236(a) or (b) of the National
5 Housing Act, 12 U.S.C. § 1701q or 12 U.S.C. § 1715z-1(a) or (b);

6 (iv) insured or assisted under § 515 of the Housing Act of 1949, 42
7 U.S.C. § 1485; or

8 (v) held by the United States Department of Housing and Urban
9 Development and insured or assisted, or formerly insured or assisted, under a program
10 authorized by a statute referred to in item (1) of this subsection;

11 (2) the termination before expiration of or failure to exercise any stated
12 renewal option under an agreement providing for project-based § 8 rental assistance for
13 any units in an assisted project;

14 (3) the expiration, including a failure to extend after the expiration, of an
15 agreement providing for project-based § 8 rental assistance to any units in an assisted
16 project; [or]

17 (4) the sale or conveyance of an assisted project by the owner in conjunction
18 with, or within 1 year after the effective date of, any of the events described in item (1), (2),
19 or (3) of this subsection; **OR**

20 **(5) THE TERMINATION OR EXPIRATION OF A SUBSIDY FROM THE**
21 **STATE RECEIVED IN RELATION TO AN ASSISTED PROJECT BY THE ASSISTED**
22 **PROJECT, THE OWNER OF THE ASSISTED PROJECT, OR A LENDER TO THE ASSISTED**
23 **PROJECT.**

24 7-105.

25 A property qualifies as an assisted project if:

26 (1) it is a building or buildings under common ownership containing 10 or
27 more dwelling units intended to be leased to assisted households for occupancy as their
28 primary residences; and

29 (2) (i) a loan financing the property is insured or assisted under §
30 221(d)(3), § 202, or § 236(a) or (b) of the National Housing Act, 12 U.S.C. § 1701q, §
31 1715l(d)(3), or § 1715z-1, or § 515 of the Housing Act of 1949, 42 U.S.C. § 1485; [or]

32 (ii) **THE PROJECT, THE OWNER OF THE PROJECT, OR A LENDER**
33 **TO THE PROJECT RECEIVES SUBSIDIES FROM THE STATE IN RELATION TO THE**

1 PROJECT, INCLUDING LOANS, GRANTS, TAX CREDITS, OR OTHER FINANCIAL
2 SUPPORT; OR

3 (III) the project, the owner of the project, or a lender to the project
4 receives project-based § 8 rental assistance.

5 **7-105.1.**

6 (A) (1) THE DEPARTMENT SHALL ESTABLISH AND MAINTAIN A DATABASE
7 OF ALL ASSISTED PROJECTS THAT RECEIVE FEDERAL OR STATE SUBSIDIES.

8 (2) THE DATABASE SHALL INCLUDE INFORMATION REGARDING
9 EXPIRATION DATES OF ANY SUBSIDIES.

10 (3) THE DEPARTMENT SHALL ESTABLISH A MECHANISM FOR GIVING
11 NOTICE 1 YEAR BEFORE A SUBSIDY ON AN ASSISTED PROJECT EXPIRES.

12 (B) THE DEPARTMENT SHALL ESTABLISH A PLAN TO PRESERVE UNITS IN
13 AN ASSISTED PROJECT AS AFFORDABLE HOUSING FOR LOW-INCOME RESIDENTS
14 WHEN FEDERAL OR STATE SUBSIDIES RECEIVED BY THE ASSISTED PROJECT ARE
15 DUE TO EXPIRE.

16 **7-405.**

17 IF THE DEPARTMENT HAS EVIDENCE OF A VIOLATION OF THIS TITLE, THE
18 DEPARTMENT SHALL NOTIFY THE DIVISION OF CONSUMER PROTECTION OF THE
19 OFFICE OF THE ATTORNEY GENERAL.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2018.