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By: **Montgomery County Delegation**  
 Introduced and read first time: February 8, 2006  
 Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Montgomery County - Maryland Condominium Act - Rental Housing**  
 3 **Emergency**  
 4 **MC 612-06**

5 FOR the purpose of providing that certain developers in Montgomery County are not  
 6 required to grant extended leases covering a certain percentage of the units  
 7 within a condominium to certain households; providing for the allocation of  
 8 condominium units under certain circumstances; providing that in Montgomery  
 9 County, on finding and declaring a certain rental housing emergency, the county  
 10 or an incorporated municipality in the county may grant a certain family a right  
 11 to a certain extended lease; providing that a right to an extended lease may not  
 12 result in a requirement that a developer set aside more than a certain  
 13 percentage of the total number of condominium units for an extended lease;  
 14 providing for a certain maximum term of an extended lease; providing for a  
 15 certain election by the tenants of a certain rental property; making stylistic  
 16 changes; and generally relating to the Maryland Condominium Act.

17 BY repealing and reenacting, with amendments,  
 18 Article - Real Property  
 19 Section 11-137 and 11-140  
 20 Annotated Code of Maryland  
 21 (2003 Replacement Volume and 2005 Supplement)

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

24 **Article - Real Property**

25 11-137.

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) "Annual income" means the total income from all sources, of a  
 28 designated household, for the income tax year immediately preceding the year in

1 which the notice is given under § 11-102.1 of this title, whether or not included in the  
2 definition of gross income for federal or State tax purposes. For purposes of this  
3 section, the inclusions and exclusions from annual income are the same as those  
4 listed in § 9-104(a)(8) of the Tax - Property Article, "gross income" as that term is  
5 defined for the property tax credits for homeowners by reason of income and age, but  
6 shall not include unreimbursed medical expenses if the tenant provides reasonable  
7 evidence of the unreimbursed medical expenses or consents in writing to authorize  
8 disclosure of relevant information regarding medical expense reimbursement at the  
9 time of applying for an extended lease.

10 (3) "Designated household" means any of the following households:

11 (i) A household [which] THAT includes a senior citizen who has  
12 been a member of the household for a period of at least 12 months preceding the  
13 giving of the notice required by § 11-102.1 of this title; or

14 (ii) A household [which] THAT includes a handicapped citizen who  
15 has been a member of the household for a period of at least 12 months preceding the  
16 giving of the notice required by § 11-102.1 of this title.

17 (4) "Handicapped citizen" means a person with a measurable limitation  
18 of mobility due to congenital defect, disease, or trauma.

19 (5) "Household" means only those persons domiciled in the unit at the  
20 time the notice required by § 11-102.1 of this title is given.

21 (6) "Rental facility" means property containing 10 or more dwelling units  
22 intended to be leased to persons who occupy the dwellings as their residences.

23 (7) "Senior citizen" means a person who is at least 62 years old on the  
24 date that the notice required by § 11-102.1 of this title is given.

25 (b) A developer may not grant a unit in a rental facility occupied by a  
26 designated household entitled to receive the notice required by § 11-102.1 of this title  
27 without offering to the tenant of the unit a lease extension for a period of at least 3  
28 years from the giving of the notice required by § 11-102.1 of this title, if the household  
29 meets the following criteria:

30 (1) Had an annual income [which] THAT did not exceed the income  
31 eligibility figure applicable for the county or incorporated municipality in which the  
32 rental facility is located, as provided under subsection (n) of this section;

33 (2) Is current in its rent payment and has not violated any other  
34 material term of the lease; or

35 (3) Has provided the developer within 60 days after the giving of the  
36 notice required by § 11-102.1 of this title with an affidavit under penalty of perjury:

37 (i) Stating that the household is applying for an extended lease  
38 under this section;

1 (ii) Setting forth the household's annual income for the calendar  
2 year preceding the giving of the notice required by § 11-102.1 of this title together  
3 with reasonable supporting documentation of the household income and, where  
4 applicable, of unreimbursed medical expenses or a written authorization for  
5 disclosure of relevant information regarding medical expense reimbursement by  
6 doctors, hospitals, clinics, insurance companies, or similar persons, entities, or  
7 organizations that provide medical treatment coverage to the household;

8 (iii) Setting forth facts showing that a member of the household is  
9 either a handicapped citizen or a senior citizen who, in either event, has been a  
10 member of the household for at least 12 months preceding the giving of the notice  
11 required by § 11-102.1 of this title; and

12 (iv) Has executed an extended lease and returned it to the developer  
13 within 60 days after the giving of the notice required by § 11-102.1 of this title.

14 (c) The developer shall deliver to each tenant entitled to receive the notice  
15 required by § 11-102.1 of this title, simultaneously with the notice:

16 (1) An application on which may be included all of the information  
17 required by subsection (b)(3) of this section;

18 (2) A lease containing the terms required by this section and clearly  
19 indicating that the lease will be effective only if:

20 (i) The tenant executes and returns the lease not later than 60  
21 days after the giving of the notice required by § 11-102.1 of this title; and

22 (ii) The household is allocated 1 of the units required to be made  
23 available to qualified households based on its ranking under subsection (k) of this  
24 section and the number of tenants executing and returning leases;

25 (3) A notice, delivered in the form specified in § 11-102.1(f) of this title,  
26 setting forth the rights and obligations of the tenant under this section; and

27 (4) A copy of the public offering statement which is registered with the  
28 Secretary of State.

29 (d) Within 75 days after the giving of the notice required by § 11-102.1 of this  
30 title, the developer shall notify each household [which] THAT submits to the  
31 developer the documentation required by subsection (b)(3) of this section:

32 (1) Whether the household meets the criteria of subsection (b) of this  
33 section, and, if not, an explanation of which criteria have not been met; and

34 (2) Whether the extended lease has become effective.

35 (e) Within 75 days after the giving of the notice required by § 11-102.1 of this  
36 title, the developer shall provide to any county, incorporated municipality, or housing

1 agency [which] THAT has a right to purchase units in the rental facility under §  
2 11-139 of this title:

3 (1) A notice indicating the number of units in the rental facility being  
4 made available to qualified households under subsection (k)(1) of this section;

5 (2) A list of all households meeting the criteria of subsection (b) of this  
6 section, indicating the ranking of each in relation to that number;

7 (3) A list of all households returning the affidavit required by subsection  
8 (b) of this section [which] THAT do not meet all the criteria of subsection (b) of this  
9 section and copies of the notifications sent to these households under subsection (d) of  
10 this section; and

11 (4) A list of all households as to whom a lease has become effective.

12 (f) (1) The extended lease shall provide for a term commencing on  
13 acceptance and terminating not less than 3 years from the giving of the notice  
14 required by § 11-102.1 of this title.

15 (2) Annually, on the commencement date of the extended lease, the  
16 rental fee for the unit may be increased. The increase may not exceed an amount  
17 determined by multiplying the annual rent for the preceding year by the percentage  
18 increase for the rent component of the U.S. Consumer Price Index for Urban Wage  
19 Earners and Clerical Workers (CPI-W) (1967 = 100), as published by the U.S.  
20 Department of Labor, for the most recent 12-month period.

21 (3) Except as this section otherwise permits or requires, the extended  
22 lease shall contain the same terms and conditions as the lease in effect on the day  
23 preceding the giving of the notice required by § 11-102.1 of this title.

24 (g) A designated household [which] THAT exercises its rights under this  
25 section shall not be denied an opportunity to buy a unit at a later date, if one is  
26 available.

27 (h) (1) A designated household [which] THAT executes an extended lease  
28 under this section [which] THAT is accepted thereafter may not terminate its  
29 extended lease under § 11-102.1 of this title. A designated household may terminate  
30 its extended lease at any time, with notice to the developer or any subsequent  
31 titleholder as follows:

32 (i) At least a 1-month notice in writing shall be given when less  
33 than 12 months remain on the lease; and

34 (ii) At least a 3-month notice in writing shall be given when 12  
35 months or more remain on the lease.

36 (2) Any lease executed under this section shall set forth the provisions  
37 for termination contained in this subsection.

1 (i) The title to units subject to the provisions of this section may be granted to  
2 a person who is not a member of the designated household, provided that:

3 (1) The provisions of this section continue to apply despite any transfer  
4 of title to a unit occupied by a designated household as provided in this section;

5 (2) The designated household is provided written notice of the change of  
6 ownership of title by the new titleholder; and

7 (3) The vendor of any such unit provides the purchaser written  
8 disclosure that the unit is occupied by a designated household subject to the  
9 provisions of this section at the time of or prior to the execution of a contract of sale.

10 (j) The extended tenancy provided for in this section shall cease upon the  
11 occurrence of any of the following:

12 (1) 90 days after the death of the last surviving senior citizen or  
13 handicapped citizen residing in the unit, or 90 days after the last senior citizen or  
14 handicapped citizen residing in the unit has moved from the unit;

15 (2) Eviction for failure to pay rent due in a timely fashion or violation of  
16 a material term of the lease; or

17 (3) Voluntary termination of the lease by the designated household  
18 under subsection (h) of this section.

19 (k) (1) A developer shall set aside a percentage of the total number of units  
20 within a condominium for designated households.

21 (2) (I) [A] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS  
22 SUBSECTION, A developer is not required to grant extended leases covering more than  
23 20 percent of the units within a condominium to designated households.

24 [(2)] (II) If the number of units occupied by designated households  
25 [which] THAT meet the criteria of subsection (b) of this section exceeds 20 percent,  
26 then the number of available units for tenancy under the provisions of this section  
27 shall be allocated as determined by the local governing body. If the local governing  
28 body fails to provide for allocation, then units shall be allocated by the developer,  
29 based on seniority by continuous length of residence.

30 (3) (I) IN MONTGOMERY COUNTY, A DEVELOPER IS NOT REQUIRED TO  
31 GRANT EXTENDED LEASES COVERING MORE THAN 50 PERCENT OF THE UNITS  
32 WITHIN A CONDOMINIUM TO DESIGNATED HOUSEHOLDS.

33 (II) 1. IN MONTGOMERY COUNTY, IF THE NUMBER OF UNITS  
34 OCCUPIED BY DESIGNATED HOUSEHOLDS THAT MEET THE CRITERIA OF  
35 SUBSECTION (B) OF THIS SECTION EXCEEDS 50 PERCENT, THEN THE NUMBER OF  
36 AVAILABLE UNITS FOR TENANCY UNDER THE PROVISIONS OF THIS SECTION SHALL  
37 BE ALLOCATED AS DETERMINED BY THE COUNTY OR INCORPORATED MUNICIPALITY.



1 (ii) A designated household [which] THAT is precluded from having  
2 an extended tenancy by the limitation of subsection (k) of this section; or

3 (iii) A designated household [which] THAT is required to vacate  
4 their rental unit under subsection (l)(2) of this section.

5 (5) A developer shall also reimburse moving expenses as defined in §  
6 11-101 of this title, up to \$750, actually and reasonably incurred, to a designated  
7 household who returns to their rental unit under subsection (l)(2) of this section. The  
8 designated household shall make a written request for reimbursement accompanied  
9 by reasonable evidence of the costs incurred within 30 days following the designated  
10 household's return. The developer shall reimburse the designated household within  
11 30 days following receipt of the request.

12 (n) The Secretary of State shall prepare an income eligibility figure for each  
13 county and standard metropolitan statistical area of the State, which shall  
14 reasonably approximate 80 percent of the median income for each county and  
15 standard metropolitan statistical area. A county or incorporated municipality  
16 [which] THAT is in a standard metropolitan statistical area may by ordinance or  
17 resolution adopt the income eligibility figure applicable to the county or standard  
18 metropolitan statistical area.

19 11-140.

20 (a) The intent of the General Assembly of Maryland is to facilitate the orderly  
21 development of condominiums in Maryland. The General Assembly recognizes,  
22 however, that the conversion of rental dwellings to condominiums can have an  
23 adverse impact on the availability of rental units, resulting in the displacement of  
24 tenants.

25 (b) A county or incorporated municipality may, by legislative finding,  
26 recognize and declare that a rental housing emergency exists in all or part of its  
27 jurisdiction and has been caused by the conversion of rental housing to  
28 condominiums. The jurisdiction shall consider and make findings as to:

- 29 (1) The nature and incidence of condominium conversions;
- 30 (2) The resulting hardship to and displacement of tenants; and
- 31 (3) The scarcity of rental housing.

32 (c) [Upon] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, ON  
33 finding and declaration of a rental housing emergency caused by the conversion of  
34 rental housing to condominiums, a county or an incorporated municipality may by the  
35 enactment of laws, ordinances, and regulations, take the following actions to meet the  
36 emergency:

37 (1) Grant to a designated family as defined in § 11-137 of this title a  
38 right to an extended lease for a period in addition to that period provided for in §  
39 11-137 of this title. The right to an extended lease may not, in any event, result in a

1 requirement that a developer set aside for an extended lease more than 20 percent of  
2 the total number of units.

3 (2) Otherwise extend any of the provisions of § 11-137 of this title except  
4 that:

5 (i) More than 20 percent of the total number of units may not be  
6 required to be set aside; and

7 (ii) The term of an extended lease for any family made a designated  
8 family by a county or an incorporated municipality may not exceed 3 years.

9 (3) Require that the notice required to be given under § 11-102.1 of this  
10 title be altered to disclose the effects of any actions taken under this section.

11 (D) (1) IN MONTGOMERY COUNTY, ON FINDING AND DECLARATION OF A  
12 RENTAL HOUSING EMERGENCY CAUSED BY THE CONVERSION OF RENTAL HOUSING  
13 TO CONDOMINIUMS, THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN  
14 THE COUNTY MAY BY THE ENACTMENT OF LAWS, ORDINANCES, AND REGULATIONS  
15 TAKE THE ACTIONS SPECIFIED IN THIS SUBSECTION TO MEET THE EMERGENCY.

16 (2) (I) THE COUNTY OR AN INCORPORATED MUNICIPALITY IN THE  
17 COUNTY MAY GRANT TO A DESIGNATED FAMILY AS DEFINED IN § 11-137 OF THIS  
18 SUBTITLE A RIGHT TO AN EXTENDED LEASE FOR A PERIOD IN ADDITION TO THAT  
19 PERIOD PROVIDED FOR IN § 11-137 OF THIS SUBTITLE.

20 (II) THE RIGHT TO AN EXTENDED LEASE MAY NOT, IN ANY EVENT,  
21 RESULT IN A REQUIREMENT THAT A DEVELOPER SET ASIDE FOR AN EXTENDED  
22 LEASE MORE THAN 50 PERCENT OF THE TOTAL NUMBER OF UNITS.

23 (3) THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN THE  
24 COUNTY MAY OTHERWISE EXTEND ANY OF THE PROVISIONS OF § 11-137 OF THIS  
25 SUBTITLE EXCEPT THAT:

26 (I) MORE THAN 50 PERCENT OF THE TOTAL NUMBER OF UNITS  
27 MAY NOT BE REQUIRED TO BE SET ASIDE; AND

28 (II) THE TERM OF AN EXTENDED LEASE FOR ANY FAMILY MADE A  
29 DESIGNATED FAMILY BY THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN  
30 THE COUNTY MAY NOT EXCEED 3 YEARS.

31 (4) BEFORE A CONVERSION TO A CONDOMINIUM, THE COUNTY OR AN  
32 INCORPORATED MUNICIPALITY WITHIN THE COUNTY MAY PROVIDE FOR AN  
33 ELECTION BY THE TENANTS OF THE RENTAL PROPERTY BEING CONVERTED TO  
34 APPROVE OR REJECT THE CONVERSION.

35 [(d)] (E) Within 10 days of the enactment of a law, ordinance, or regulation  
36 under this section, a county or incorporated municipality shall forward a copy of the  
37 law, ordinance or regulation to the Secretary of State.



1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 2006.