

UNOFFICIAL COPY OF HOUSE BILL 1006
EMERGENCY BILL

N1

(6lr2859)

ENROLLED BILL

-- Environmental Matters/Judicial Proceedings --

Introduced by **Delegates Lawton, Barkley, Bronrott, Franchot, Gutierrez,
Hixson, King, Madaleno, Montgomery, and Simmons**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Real Property - Condominium Conversions - Income Eligibility for**
3 **Extended Leases - Purchase of Rental Facility by Local Government or**
4 **Housing Agency**

5 FOR the purpose of altering the ~~calculation of~~ method of calculating certain income
6 eligibility figures prepared by the Secretary of State; establishing the income
7 eligibility figure that shall be used in Baltimore City; authorizing a county or
8 incorporated municipality, ~~except Baltimore City~~, to select the income eligibility
9 figure to be used in the county or incorporated municipality; establishing the
10 income eligibility figure to be used if ~~a~~ the county or incorporated municipality
11 does not select a figure; altering the options for disposition of a certain rental
12 facility purchased by a county, incorporated municipality, or housing agency;
13 making certain conforming changes in a certain notice; defining a certain term;
14 providing for the application of this Act; making this Act an emergency measure;
15 and generally relating to conversion of certain rental facilities to condominiums.

16 BY repealing and reenacting, with amendments,

1 Article - Real Property
 2 Section 11-102.1(f), ~~11-137(n)~~ 11-137(a) and (n), and 11-138(b)
 3 Annotated Code of Maryland
 4 (2003 Replacement Volume and 2005 Supplement)

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

7 **Article - Real Property**

8 11-102.1.

9 (f) The notice referred to in subsection (a) of this section shall be sufficient for
 10 the purposes of this section if it is in substantially the following form. As to rental
 11 facilities containing less than 10 units, "Section 2" of the notice is not required to be
 12 given.

13 "NOTICE OF INTENTION TO
 14 CREATE A CONDOMINIUM

15 (Date)

16 This is to inform you that the rental facility known as
 17 may be converted to a condominium regime in accordance with the Maryland
 18 Condominium Act. You may be required to move out of your residence after 180 days
 19 have passed from the date of this notice, or in other words, after (Date).

20 Section 1

21 Rights that apply to all tenants

22 If you are a tenant in this rental facility and you have not already given notice
 23 that you intend to move, you have the following rights, provided you have previously
 24 paid your rent and continue to pay your rent and abide by the other conditions of your
 25 lease.

26 (1) You may remain in your residence on the same rent, terms, and conditions
 27 of your existing lease until either the end of your lease term or until
 28 (Date) (the end of the 180-day period), whichever is later. If your lease term ends
 29 during the 180-day period, it will be extended on the same rent, terms, and conditions
 30 until (Date) (the end of the 180-day period). In addition, certain
 31 households may be entitled to extend their leases beyond the 180 days as described in
 32 Section 2.

33 (2) You have the right to purchase your residence before it can be sold publicly.
 34 A purchase offer describing your right to purchase is included with this notice.

35 (3) If you do not choose to purchase your unit, and the annual income for all
 36 present members of your household did not exceed (the APPLICABLE

1 income eligibility figure OR FIGURES for the appropriate area ~~which equals~~
 2 ~~approximately 80 percent of the median income for your county or standard~~
 3 ~~metropolitan area~~) for 20...., you are entitled to receive \$375 when you move out of
 4 your residence. You are also entitled to be reimbursed for moving expenses as defined
 5 in the Maryland Condominium Act over \$375 up to \$750 which are actually and
 6 reasonably incurred. If the annual income for all present members of your household
 7 did exceed (the APPLICABLE income eligibility figure OR FIGURES for the
 8 appropriate area ~~which equals approximately 80 percent of the median income for~~
 9 ~~your county or standard metropolitan area~~) for 20...., you are entitled to be
 10 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
 11 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
 12 you must make a written request, accompanied by reasonable evidence of your
 13 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
 14 days after your request has been received.

15 (4) If you want to move out of your residence before the end of the 180-day
 16 period or the end of your lease, you may cancel your lease without penalty by giving
 17 at least 30 days prior written notice. However, once you give notice of when you
 18 intend to move, you will not have the right to remain in your residence beyond that
 19 date.

20 Section 2

21 Right to 3-year lease extension or 3-month rent payment
 22 for certain handicapped citizens and senior citizens

23 The developer who converts this rental facility to a condominium must offer
 24 extended leases to qualified households for up to 20 percent of the units in the rental
 25 facility. Households which receive extended leases will have the right to continue
 26 renting their residences for at least 3 years from the date of this notice. A household
 27 may cancel an extended lease by giving 3 months' written notice if more than 1 year
 28 remains on the lease, and 1 month's written notice if less than 1 year remains on the
 29 lease.

30 Rents under these extended leases may only be increased once a year and are
 31 limited by increases in the cost of living index. Read the enclosed lease to learn the
 32 additional rights and responsibilities of tenants under extended leases.

33 In determining whether your household qualifies for an extended lease, the
 34 following definitions apply:

35 (1) "Handicapped citizen" means a person with a measurable limitation of
 36 mobility due to congenital defect, disease, or trauma.

37 (2) "Senior citizen" means a person who is at least 62 years old on the date of
 38 this notice.

39 (3) "Annual income" means the total income from all sources for all present
 40 members of your household for the income tax year immediately preceding the year in

1 which this notice is issued but shall not include unreimbursed medical expenses if the
 2 tenant provides reasonable evidence of the unreimbursed medical expenses or
 3 consents in writing to authorize disclosure of relevant information regarding medical
 4 expense reimbursement at the time of applying for an extended lease. "Total income"
 5 means the same as "gross income" as defined in § 9-104(a)(7) of the Tax - Property
 6 Article.

7 (4) "UNREIMBURSED MEDICAL EXPENSES" MEANS THE COST OF MEDICAL
 8 EXPENSES NOT OTHERWISE PAID FOR BY INSURANCE OR SOME OTHER THIRD PARTY,
 9 INCLUDING MEDICAL AND HOSPITAL INSURANCE PREMIUMS, CO-PAYMENTS, AND
 10 DEDUCTIBLES; MEDICARE A AND B PREMIUMS; PRESCRIPTION MEDICATIONS;
 11 DENTAL CARE; VISION CARE; AND NURSING CARE PROVIDED AT HOME OR IN A
 12 NURSING HOME OR HOME FOR THE AGED.

13 To qualify for an extended lease you must meet all of the following criteria:

14 (1) A member of the household must be a handicapped citizen or a senior
 15 citizen and must be living in your unit as of the date of this notice and must have been
 16 a member of your household for at least 12 months preceding the date of this notice;
 17 and

18 (2) Annual income for all present members of your household must not have
 19 exceeded ([80 percent of applicable median income] THE APPLICABLE
 20 INCOME ELIGIBILITY FIGURE OR FIGURES FOR THE APPROPRIATE AREA) for 20.....;
 21 and

22 (3) You must be current in your rental payments and otherwise in good
 23 standing under your existing lease.

24 If you meet all of these qualifications and desire an extended lease, then you
 25 must complete the enclosed form and execute the enclosed lease and return them. The
 26 completed form and executed lease must be received at the office listed below within
 27 60 days of the date of this notice, or in other words, by (Date). If your
 28 completed form and executed lease are not received within that time, you will not be
 29 entitled to an extended lease.

30 If the number of qualified households requesting extended leases exceeds the 20
 31 percent limitation, priority will be given to qualified households who have lived in the
 32 rental facility for the longest time.

33 Due to the 20 percent limitation your application for an extended lease must be
 34 processed prior to your lease becoming final. Your lease will become final if it is
 35 determined that your household is qualified and falls within the 20 percent
 36 limitation.

37 If you return the enclosed form and lease by (Date) you will be
 38 notified within 75 days of the date of this notice, or in other words, by
 39 (Date), whether you are qualified and whether your household falls within the 20
 40 percent limitation.

1 You may apply for an extended lease and, at the same time, choose to purchase
2 your unit. If you apply for and receive an extended lease, your purchase contract will
3 be void. If you do not receive an extended lease, your purchase contract will be
4 effective and you will be obligated to buy your unit.

5 If you qualify for an extended lease, but due to the 20 percent limitation, your
6 lease is not finalized, the developer must pay you an amount equal to 3 months rent
7 within 15 days after you move. You are also entitled to up to \$750 reimbursement for
8 your moving expenses, as described in Section 1.

9 If you qualify for an extended lease, but do not want one, you are also entitled to
10 both the moving expense reimbursement previously described, and the payment
11 equal to 3 months' rent. In order to receive the 3 month rent payment, you must
12 complete and return the enclosed form within 60 days of the date of this notice or by
13 (Date), but you should not execute the enclosed lease.

14 All application forms, executed leases, and moving expense requests should be
15 addressed or delivered to:

- 16
- 17
- 18"

19 11-137.

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

21 (2) "Annual income" means the total income from all sources, of a
22 designated household, for the income tax year immediately preceding the year in
23 which the notice is given under § 11-102.1 of this title, whether or not included in the
24 definition of gross income for federal or State tax purposes. For purposes of this
25 section, the inclusions and exclusions from annual income are the same as those
26 listed in § 9-104(a)(8) of the Tax - Property Article, "gross income" as that term is
27 defined for the property tax credits for homeowners by reason of income and age, but
28 shall not include unreimbursed medical expenses if the tenant provides reasonable
29 evidence of the unreimbursed medical expenses or consents in writing to authorize
30 disclosure of relevant information regarding medical expense reimbursement at the
31 time of applying for an extended lease.

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

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

36 (ii) A household which includes a handicapped citizen who has been
37 a member of the household for a period of at least 12 months preceding the giving of
38 the notice required by § 11-102.1 of this title.

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

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

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

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

9 (8) "UNREIMBURSED MEDICAL EXPENSES" MEANS THE COST OF
 10 MEDICAL EXPENSES NOT OTHERWISE PAID FOR BY INSURANCE OR SOME OTHER
 11 THIRD PARTY, INCLUDING MEDICAL AND HOSPITAL INSURANCE PREMIUMS,
 12 CO-PAYMENTS, AND DEDUCTIBLES; MEDICARE A AND B PREMIUMS; PRESCRIPTION
 13 MEDICATIONS; DENTAL CARE; VISION CARE; AND NURSING CARE PROVIDED AT
 14 HOME OR IN A NURSING HOME OR HOME FOR THE AGED.

15 (n) (1) (I) The Secretary of State shall prepare [an] income eligibility
 16 [figure] FIGURES for each county and standard metropolitan statistical area of the
 17 State[, which shall reasonably approximate 80 percent of the median income for each
 18 county and standard metropolitan statistical area].

19 (II) EXCEPT IN BALTIMORE CITY, THE FIGURES SHALL
 20 REASONABLY APPROXIMATE:

21 1. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
 22 EACH COUNTY;

23 2. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
 24 EACH METROPOLITAN STATISTICAL AREA; AND

25 3. THE UNCAPPED LOW INCOME LIMITS AS ADJUSTED FOR
 26 FAMILY SIZE CALCULATED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN
 27 DEVELOPMENT FOR ASSISTED HOUSING PROGRAMS.

28 (III) IN BALTIMORE CITY, THE FIGURE SHALL REASONABLY
 29 APPROXIMATE 100% OF THE MEDIAN HOUSEHOLD INCOME FOR THE BALTIMORE
 30 METROPOLITAN STATISTICAL AREA.

31 (2) A EXCEPT IN BALTIMORE CITY, A county or incorporated municipality
 32 [which is in a standard metropolitan statistical area] may by LAW, ordinance, or
 33 resolution [adopt] SELECT the FROM THE FIGURES PREPARED BY THE SECRETARY
 34 OF STATE UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE APPLICABLE income
 35 eligibility figure OR FIGURES [applicable to] TO BE USED IN the county or [standard
 36 metropolitan statistical area] INCORPORATED MUNICIPALITY.

1 (3) THE FIGURE PREPARED BY THE SECRETARY OF STATE UNDER
2 PARAGRAPH (1)(III) OF THIS SUBSECTION SHALL BE THE INCOME ELIGIBILITY
3 FIGURE USED IN BALTIMORE CITY.

4 ~~(3)~~ (4) ~~IF EXCEPT IN BALTIMORE CITY, IF~~ A COUNTY OR
5 INCORPORATED MUNICIPALITY DOES NOT SELECT AN INCOME ELIGIBILITY FIGURE
6 OR FIGURES, 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR THE COUNTY
7 SHALL BE USED.

8 11-138.

9 (b) (1) A county or an incorporated municipality may provide, by local law or
10 ordinance, that a rental facility may not be granted to a purchaser for the purpose of
11 subjecting it to a condominium regime unless the county, incorporated municipality or
12 housing agency has first been offered in writing the right to purchase the rental
13 facility on substantially the same terms and conditions offered by the owner to the
14 purchaser. The local law or ordinance shall designate the title and mailing address of
15 the person to whom the offer to the county, incorporated municipality or housing
16 agency shall be delivered.

17 (2) The offer shall contain a contingency entitling the county,
18 incorporated municipality or housing agency, to secure financing within 180 days
19 from the date of the offer.

20 (3) Unless written acceptance of the offer is sooner delivered to the
21 owner by the county, incorporated municipality or housing agency, the offer shall
22 terminate, without further act, 60 days after it is delivered to the county, incorporated
23 municipality or housing agency. If the offer terminates, the owner may grant the
24 rental facility to any person for any purpose on terms and conditions not more
25 favorable to a buyer than those offered by the owner to the county, incorporated
26 municipality or housing agency.

27 (4) If the county, incorporated municipality, or housing agency purchases
28 the rental facility, it shall retain or provide for the retention of:

29 (I) [the] THE property as a rental facility for at least 3 years from
30 the date of acquisition; OR

31 (II) AT LEAST 20 PERCENT OF THE UNITS IN THE FACILITY AS
32 RENTAL UNITS FOR 15 YEARS FROM THE DATE OF ACQUISITION FOR HOUSEHOLDS
33 THAT DO NOT EXCEED THE APPLICABLE INCOME ELIGIBILITY FIGURE UNDER §
34 11-137(N) OF THIS TITLE FOR THE COUNTY OR INCORPORATED MUNICIPALITY IN
35 WHICH THE RENTAL FACILITY IS LOCATED.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
37 any residential rental facility for which the notice to the tenants required under §
38 11-102.1 of the Real Property Article has not been given on or before March 16, 2006.

39 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~
40 ~~June 1, 2006.~~

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
2 measure, is necessary for the immediate preservation of the public health or safety,
3 has been passed by a yea and nay vote supported by three-fifths of all the members
4 elected to each of the two Houses of the General Assembly, and shall take effect from
5 the date it is enacted.