
By: **Delegates Lawton, Barkley, Bronrott, Franchot, Gutierrez, Hixson,
King, Madaleno, Montgomery, and Simmons**

Introduced and read first time: February 9, 2006

Assigned to: Environmental Matters

A BILL ENTITLED

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 certain income eligibility figures
6 prepared by the Secretary of State; authorizing a county or incorporated
7 municipality to select the income eligibility figure to be used in the county or
8 incorporated municipality; establishing the income eligibility figure to be used if
9 a county or incorporated municipality does not select a figure; altering the
10 options for disposition of a certain rental facility purchased by a county,
11 incorporated municipality, or housing agency; making certain conforming
12 changes in a certain notice; and generally relating to conversion of certain rental
13 facilities to condominiums.

14 BY repealing and reenacting, with amendments,
15 Article - Real Property
16 Section 11-102.1(f), 11-137(n), and 11-138(b)
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2005 Supplement)

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

21 **Article - Real Property**

22 11-102.1.

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

1 "NOTICE OF INTENTION TO
2 CREATE A CONDOMINIUM

3 (Date)

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

8 Section 1

9 Rights that apply to all tenants

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

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

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

23 (3) If you do not choose to purchase your unit, and the annual income for all
24 present members of your household did not exceed (the income eligibility
25 figure for the appropriate area which equals approximately 80 percent of the median
26 income for your county or standard metropolitan area) for 20...., you are entitled to
27 receive \$375 when you move out of your residence. You are also entitled to be
28 reimbursed for moving expenses as defined in the Maryland Condominium Act over
29 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for
30 all present members of your household did exceed (the income eligibility
31 figure for the appropriate area which equals approximately 80 percent of the median
32 income for your county or standard metropolitan area) for 20...., you are entitled to be
33 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
34 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
35 you must make a written request, accompanied by reasonable evidence of your
36 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
37 days after your request has been received.

38 (4) If you want to move out of your residence before the end of the 180-day
39 period or the end of your lease, you may cancel your lease without penalty by giving
40 at least 30 days prior written notice. However, once you give notice of when you

1 intend to move, you will not have the right to remain in your residence beyond that
2 date.

3 Section 2

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

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

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

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

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

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

22 (3) "Annual income" means the total income from all sources for all present
23 members of your household for the income tax year immediately preceding the year in
24 which this notice is issued but shall not include unreimbursed medical expenses if the
25 tenant provides reasonable evidence of the unreimbursed medical expenses or
26 consents in writing to authorize disclosure of relevant information regarding medical
27 expense reimbursement at the time of applying for an extended lease. "Total income"
28 means the same as "gross income" as defined in § 9-104(a)(7) of the Tax - Property
29 Article.

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

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

35 (2) Annual income for all present members of your household must not have
36 exceeded ([80 percent of applicable median income] THE INCOME
37 ELIGIBILITY FOR THE APPROPRIATE AREA) for 20.....; and

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

3 If you meet all of these qualifications and desire an extended lease, then you
4 must complete the enclosed form and execute the enclosed lease and return them. The
5 completed form and executed lease must be received at the office listed below within
6 60 days of the date of this notice, or in other words, by (Date). If your
7 completed form and executed lease are not received within that time, you will not be
8 entitled to an extended lease.

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

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

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

20 You may apply for an extended lease and, at the same time, choose to purchase
21 your unit. If you apply for and receive an extended lease, your purchase contract will
22 be void. If you do not receive an extended lease, your purchase contract will be
23 effective and you will be obligated to buy your unit.

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

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

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

35

36

37 "

1 11-137.

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

6 (II) THE FIGURES SHALL REASONABLY APPROXIMATE:

7 1. 80 PERCENT OF THE MEDIAN INCOME FOR EACH COUNTY;

8 2. 80 PERCENT OF THE MEDIAN INCOME FOR EACH
9 METROPOLITAN STATISTICAL AREA; AND

10 3. THE LOW INCOME LIMITS CALCULATED BY THE U.S.
11 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR ASSISTED HOUSING
12 PROGRAMS.

13 (2) A county or incorporated municipality [which is in a standard
14 metropolitan statistical area] may by ordinance or resolution [adopt] SELECT the
15 income eligibility figure [applicable to] TO BE USED IN the county or [standard
16 metropolitan statistical area] INCORPORATED MUNICIPALITY.

17 (3) IF A COUNTY OR INCORPORATED MUNICIPALITY DOES NOT SELECT
18 AN INCOME ELIGIBILITY FIGURE, 80 PERCENT OF THE MEDIAN INCOME FOR THE
19 COUNTY SHALL BE USED.

20 11-138.

21 (b) (1) A county or an incorporated municipality may provide, by local law or
22 ordinance, that a rental facility may not be granted to a purchaser for the purpose of
23 subjecting it to a condominium regime unless the county, incorporated municipality or
24 housing agency has first been offered in writing the right to purchase the rental
25 facility on substantially the same terms and conditions offered by the owner to the
26 purchaser. The local law or ordinance shall designate the title and mailing address of
27 the person to whom the offer to the county, incorporated municipality or housing
28 agency shall be delivered.

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

32 (3) Unless written acceptance of the offer is sooner delivered to the
33 owner by the county, incorporated municipality or housing agency, the offer shall
34 terminate, without further act, 60 days after it is delivered to the county, incorporated
35 municipality or housing agency. If the offer terminates, the owner may grant the
36 rental facility to any person for any purpose on terms and conditions not more
37 favorable to a buyer than those offered by the owner to the county, incorporated
38 municipality or housing agency.

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

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

5 (II) AT LEAST 20 PERCENT OF THE UNITS IN THE FACILITY AS
6 RENTAL UNITS FOR 15 YEARS FROM THE DATE OF ACQUISITION FOR HOUSEHOLDS
7 THAT DO NOT EXCEED THE APPLICABLE INCOME ELIGIBILITY FIGURE UNDER §
8 11-137(N) OF THIS TITLE FOR THE COUNTY OR INCORPORATED MUNICIPALITY IN
9 WHICH THE RENTAL FACILITY IS LOCATED.

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