

UNOFFICIAL COPY OF HOUSE BILL 1006
EMERGENCY BILL

N1

6lr2859
CF 6lr2494

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

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,
17 Article - Real Property
18 Section 11-102.1(f), ~~11-137(n)~~ 11-137(a) and (n), and 11-138(b)
19 Annotated Code of Maryland
20 (2003 Replacement Volume and 2005 Supplement)

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

Article - Real Property

11-102.1.

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

"NOTICE OF INTENTION TO CREATE A CONDOMINIUM

..... (Date)

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

Section 1

Rights that apply to all tenants

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

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

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

(3) If you do not choose to purchase your unit, and the annual income for all present members of your household did not exceed (the APPLICABLE income eligibility figure OR FIGURES for the appropriate area which equals approximately 80 percent of the median income for your county or standard metropolitan area) for 20...., you are entitled to receive \$375 when you move out of your residence. You are also entitled to be reimbursed for moving expenses as defined in the Maryland Condominium Act over \$375 up to \$750 which are actually and reasonably incurred. If the annual income for all present members of your household did exceed (the APPLICABLE income eligibility figure OR FIGURES for the appropriate area which equals approximately 80 percent of the median income for your county or standard metropolitan area) for 20...., you are entitled to be

1 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
2 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
3 you must make a written request, accompanied by reasonable evidence of your
4 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
5 days after your request has been received.

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

11 Section 2

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

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

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

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

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

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

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

38 (4) "UNREIMBURSED MEDICAL EXPENSES" MEANS THE COST OF MEDICAL
39 EXPENSES NOT OTHERWISE PAID FOR BY INSURANCE OR SOME OTHER THIRD PARTY,
40 INCLUDING MEDICAL AND HOSPITAL INSURANCE PREMIUMS, CO-PAYMENTS, AND

1 DEDUCTIBLES; MEDICARE A AND B PREMIUMS; PRESCRIPTION MEDICATIONS;
 2 DENTAL CARE; VISION CARE; AND NURSING CARE PROVIDED AT HOME OR IN A
 3 NURSING HOME OR HOME FOR THE AGED.

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

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

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

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

15 If you meet all of these qualifications and desire an extended lease, then you
 16 must complete the enclosed form and execute the enclosed lease and return them. The
 17 completed form and executed lease must be received at the office listed below within
 18 60 days of the date of this notice, or in other words, by (Date). If your
 19 completed form and executed lease are not received within that time, you will not be
 20 entitled to an extended lease.

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

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

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

32 You may apply for an extended lease and, at the same time, choose to purchase
 33 your unit. If you apply for and receive an extended lease, your purchase contract will
 34 be void. If you do not receive an extended lease, your purchase contract will be
 35 effective and you will be obligated to buy your unit.

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

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

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

8
9
10"

11 11-137.

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

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

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

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

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

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

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

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

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

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

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

13 (II) EXCEPT IN BALTIMORE CITY, THE FIGURES SHALL
14 REASONABLY APPROXIMATE:

15 1. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
16 EACH COUNTY;

17 2. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
18 EACH METROPOLITAN STATISTICAL AREA; AND

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

22 (III) IN BALTIMORE CITY, THE FIGURE SHALL REASONABLY
23 APPROXIMATE 100% OF THE MEDIAN HOUSEHOLD INCOME FOR THE BALTIMORE
24 METROPOLITAN STATISTICAL AREA.

25 (2) ~~A~~ EXCEPT IN BALTIMORE CITY, A county or incorporated municipality
26 [which is in a standard metropolitan statistical area] may by ordinance or resolution
27 [adopt] ~~the~~ FROM THE FIGURES PREPARED BY THE SECRETARY OF STATE
28 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE APPLICABLE income eligibility
29 figure OR FIGURES [applicable to] TO BE USED IN the county or [standard
30 metropolitan statistical area] INCORPORATED MUNICIPALITY.

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

34 ~~(3)~~ (4) ~~IF~~ EXCEPT IN BALTIMORE CITY, IF A COUNTY OR
35 INCORPORATED MUNICIPALITY DOES NOT SELECT AN INCOME ELIGIBILITY FIGURE
36 OR FIGURES, 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR THE COUNTY
37 SHALL BE USED.

1 11-138.

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

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

13 (3) Unless written acceptance of the offer is sooner delivered to the
14 owner by the county, incorporated municipality or housing agency, the offer shall
15 terminate, without further act, 60 days after it is delivered to the county, incorporated
16 municipality or housing agency. If the offer terminates, the owner may grant the
17 rental facility to any person for any purpose on terms and conditions not more
18 favorable to a buyer than those offered by the owner to the county, incorporated
19 municipality or housing agency.

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

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

24 (II) AT LEAST 20 PERCENT OF THE UNITS IN THE FACILITY AS
25 RENTAL UNITS FOR 15 YEARS FROM THE DATE OF ACQUISITION FOR HOUSEHOLDS
26 THAT DO NOT EXCEED THE APPLICABLE INCOME ELIGIBILITY FIGURE UNDER §
27 11-137(N) OF THIS TITLE FOR THE COUNTY OR INCORPORATED MUNICIPALITY IN
28 WHICH THE RENTAL FACILITY IS LOCATED.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
30 any residential rental facility for which the notice to the tenants required under §
31 11-102.1 of the Real Property Article has not been given on or before March 16, 2006.

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

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

