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By: **Delegates McIntosh, Anderson, Bobo, Bronrott, Cane, V. Clagett, Doory,  
Frush, and Glassman**

Introduced and read first time: February 10, 2006

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Workforce Housing Grant Program - Establishment**

3 FOR the purpose of establishing the Workforce Housing Grant Program; requiring a  
4 county to meet certain criteria to be a qualifying county eligible to participate in  
5 the Program; requiring qualifying counties to provide certain matching funds;  
6 establishing certain criteria for distribution and drawing down of Program  
7 funds; requiring counties to use Program funds for certain costs and in  
8 accordance with certain plans; authorizing qualifying counties to transfer  
9 Program funds to certain municipal corporations under certain circumstances;  
10 establishing when income eligibility limits for the Program may be extended;  
11 requiring the Secretary of Housing and Community Development to establish  
12 annually the maximum amount of Program funds a county may use for a certain  
13 purpose; requiring rental units developed under the Program to remain  
14 affordable as workforce housing for a certain time period; establishing the  
15 amount of net proceeds of transfer that must be assigned to the Department of  
16 Housing and Community Development if title is transferred from the initial  
17 buyer under certain circumstances; requiring an annual report from qualifying  
18 counties and municipal corporations on the use of Program funds; requiring the  
19 Secretary to adopt certain regulations; defining certain terms; and generally  
20 relating to the establishment of the Workforce Housing Grant Program.

21 BY adding to

22 Article - Housing and Community Development

23 Section 4-1801 through 4-1813, inclusive, to be under the new subtitle

24 "Subtitle 18. Workforce Housing Grant Program"

25 Annotated Code of Maryland

26 (2005 Volume)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

28 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Housing and Community Development**

2 SUBTITLE 18. WORKFORCE HOUSING GRANT PROGRAM.

3 4-1801.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
5 INDICATED.6 (B) "AFFORDABLE" MEANS THAT HOUSING COSTS DO NOT EXCEED 30% OF A  
7 HOUSEHOLD'S INCOME.8 (C) "AREA MEDIAN INCOME" MEANS THE MEDIAN HOUSEHOLD INCOME FOR  
9 THE AREA ADJUSTED FOR HOUSEHOLD SIZE AS PUBLISHED AND ANNUALLY  
10 UPDATED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN  
11 DEVELOPMENT.12 (D) "DEVELOPMENT COSTS" MEANS COSTS RELATED TO ACQUISITION, SITE  
13 CLEARANCE AND PREPARATION, RELOCATION, CONSTRUCTION, RENOVATION,  
14 FINANCING, REFINANCING, ENGINEERING, AND ARCHITECTURAL PLANS.15 (E) "HOUSEHOLD OF LOW OR MODERATE INCOME" MEANS A HOUSEHOLD  
16 THAT A QUALIFYING COUNTY DETERMINES CANNOT AFFORD A SALES PRICE OR  
17 RENT SUFFICIENT TO INDUCE PRIVATE ENTERPRISE IN THE QUALIFYING COUNTY  
18 TO DEVELOP ENOUGH ADEQUATE AND SAFE HOUSING WITHOUT THE ASSISTANCE  
19 OF A PROGRAM.

20 (F) "HOUSING COSTS" MEANS:

21 (1) RENT FOR A RENTAL HOUSING UNIT; OR

22 (2) MORTGAGE PRINCIPAL AND INTEREST, REAL PROPERTY TAXES, AND  
23 INSURANCE FOR A HOUSING UNIT THAT IS FOR SALE.24 (G) "NET PROCEEDS OF TRANSFER" MEANS ALL AMOUNTS PAID TO THE  
25 ORIGINAL BUYER OR OBLIGATIONS OF THE ORIGINAL BUYER ASSUMED BY A  
26 PURCHASER OF A WORKFORCE HOUSING UNIT MINUS:

27 (1) REASONABLE TRANSACTION COSTS;

28 (2) THE SALES PRICE PAID BY THE ORIGINAL BUYER; AND

29 (3) COSTS INCURRED BY THE ORIGINAL BUYER FOR CAPITAL  
30 IMPROVEMENTS TO THE WORKFORCE HOUSING UNIT.

31 (H) "PROGRAM" MEANS THE WORKFORCE HOUSING GRANT PROGRAM.

32 (I) "WORKFORCE HOUSING" MEANS:

1 (1) RENTAL HOUSING THAT IS AFFORDABLE FOR A HOUSEHOLD WITH  
2 AN AGGREGATE ANNUAL INCOME BETWEEN 50% AND 100% OF THE AREA MEDIAN  
3 INCOME; OR

4 (2) HOMEOWNERSHIP HOUSING THAT:

5 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, IS  
6 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN  
7 60% AND 120% OF THE AREA MEDIAN INCOME; OR

8 (II) IN TARGET AREAS THAT ARE RECOGNIZED BY THE SECRETARY  
9 FOR PURPOSES OF ADMINISTERING THE MARYLAND MORTGAGE PROGRAM, IS  
10 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN  
11 60% AND 150% OF THE AREA MEDIAN INCOME.

12 4-1802.

13 (A) THERE IS A WORKFORCE HOUSING GRANT PROGRAM.

14 (B) THE PROGRAM PROVIDES FLEXIBLE CAPITAL FUNDS TO QUALIFYING  
15 COUNTIES FOR DEVELOPMENT COSTS OF WORKFORCE HOUSING.

16 4-1803.

17 (A) A COUNTY QUALIFIES FOR PARTICIPATION IN THE PROGRAM IF:

18 (1) THE COUNTY OR A MUNICIPAL CORPORATION WITHIN THE COUNTY  
19 HAS:

20 (I) A 5-YEAR CONSOLIDATED PLAN APPROVED BY THE UNITED  
21 STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; OR

22 (II) A COMPREHENSIVE PLAN;

23 (2) THE PLANS LISTED IN ITEM (1) OF THIS SUBSECTION:

24 (I) HAVE A WORKFORCE HOUSING ELEMENT;

25 (II) ASSESS WORKFORCE HOUSING NEEDS; AND

26 (III) CONTAIN GOALS, OBJECTIVES, AND POLICIES TO PRESERVE OR  
27 DEVELOP WORKFORCE HOUSING; AND

28 (3) THE COUNTY PROVIDES A STATEMENT TO THE DEPARTMENT  
29 INDICATING:

30 (I) A DESIRE TO PARTICIPATE IN THE PROGRAM; AND

31 (II) A REASONABLE EXPECTATION OF THE COUNTY'S ABILITY TO  
32 PROVIDE THE MATCHING FUNDS REQUIRED UNDER § 4-1804 OF THIS SUBTITLE .

1 (B) THE WORKFORCE HOUSING ELEMENT IN THE 5-YEAR CONSOLIDATED  
2 PLAN OR THE COMPREHENSIVE PLAN OF A QUALIFYING COUNTY OR OF A MUNICIPAL  
3 CORPORATION WITHIN A QUALIFYING COUNTY MAY INCLUDE:

4 (1) PRESERVATION AND RENOVATION OF EXISTING HOUSING STOCK;

5 (2) REDEVELOPMENT OF EXISTING RESIDENTIAL AREAS;

6 (3) STREAMLINED REGULATORY PROCESSES AND REDUCED  
7 REGULATORY FEES FOR CONSTRUCTION OR RENOVATION;

8 (4) FINANCIAL INCENTIVES FOR CONSTRUCTION AND RENOVATION  
9 INCLUDING LOCAL PROPERTY TAX CREDITS;

10 (5) SPECIAL ZONING REGULATIONS FOR CONSTRUCTION AND  
11 RENOVATION INCLUDING INCLUSIONARY ZONING;

12 (6) EFFORTS TO PRESERVE WORKFORCE HOUSING STOCK FOR  
13 SUBSEQUENT FIRST-TIME HOMEBUYERS AND RENTERS;

14 (7) COORDINATION WITH NEIGHBORING JURISDICTIONS;

15 (8) COORDINATION WITH PRIVATE SECTOR EMPLOYERS; AND

16 (9) LEVERAGING OF FEDERAL FINANCIAL ASSISTANCE.

17 4-1804.

18 A QUALIFYING COUNTY SHALL PROVIDE A DOLLAR-FOR-DOLLAR MATCH FOR  
19 PROGRAM FUNDS USED TO DEVELOP UNITS OF WORKFORCE HOUSING UNDER THIS  
20 SUBTITLE.

21 4-1805.

22 THE DEPARTMENT SHALL PROPORTIONATELY DISTRIBUTE THE ANNUAL  
23 APPROPRIATION OF PROGRAM FUNDS AMONG QUALIFYING COUNTIES BASED ON  
24 EACH QUALIFYING COUNTY'S SHARE OF THE STATE POPULATION.

25 4-1806.

26 BEFORE DRAWING DOWN ANY PROGRAM FUNDS, A QUALIFYING COUNTY  
27 SHALL:

28 (1) PROVIDE EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT THE  
29 PROGRAM FUNDS WILL BE MATCHED BY THE COUNTY ON A DOLLAR-FOR-DOLLAR  
30 BASIS; AND

31 (2) MEET OTHER PROGRAM CRITERIA ADOPTED BY THE SECRETARY.

1 4-1807.

2 THE DEPARTMENT SHALL REDISTRIBUTE AMONG QUALIFYING COUNTIES THE  
3 PROGRAM FUNDS THAT HAVE NOT BEEN DRAWN DOWN BY A QUALIFYING COUNTY  
4 WITHIN A 2-YEAR PERIOD.

5 4-1808.

6 (A) A QUALIFYING COUNTY SHALL USE PROGRAM FUNDS FOR DEVELOPMENT  
7 COSTS ASSOCIATED WITH A WORKFORCE HOUSING DEVELOPMENT IN ACCORDANCE  
8 WITH THE 5-YEAR CONSOLIDATED PLAN OR COMPREHENSIVE PLAN OF:

9 (1) THE QUALIFYING COUNTY; OR

10 (2) A MUNICIPAL CORPORATION WITHIN THE QUALIFYING COUNTY.

11 (B) A QUALIFYING COUNTY MAY USE ITS PROGRAM FUNDS IN A MUNICIPAL  
12 CORPORATION LOCATED WITHIN THE COUNTY:

13 (1) AFTER CONSULTATION WITH THE MUNICIPAL CORPORATION; AND

14 (2) WITH THE CONSENT OF THE MUNICIPAL CORPORATION.

15 (C) IF A MUNICIPAL CORPORATION WITHIN A QUALIFYING COUNTY HAS A  
16 5-YEAR CONSOLIDATED PLAN OR A COMPREHENSIVE PLAN WITH A WORKFORCE  
17 HOUSING ELEMENT, THE QUALIFYING COUNTY MAY TRANSFER PROGRAM FUNDS TO  
18 THE MUNICIPAL CORPORATION AND THE MUNICIPAL CORPORATION SHALL  
19 ADMINISTER THE PROGRAM FUNDS IN ACCORDANCE WITH PROGRAM  
20 REQUIREMENTS.

21 4-1809.

22 WITH THE CONSENT OF THE DEPARTMENT, IN APPROPRIATE CIRCUMSTANCES,  
23 A QUALIFYING COUNTY MAY EXTEND THE INCOME ELIGIBILITY LIMITS FOR A  
24 HOUSING UNIT DEVELOPED WITH PROGRAM FUNDS TO INCLUDE A HOUSEHOLD OF  
25 LOW OR MODERATE INCOME.

26 4-1810.

27 (A) THE SECRETARY SHALL ESTABLISH ANNUALLY THE MAXIMUM AMOUNT  
28 OF PROGRAM FUNDS THAT A QUALIFYING COUNTY MAY USE TO DEVELOP A UNIT OF  
29 WORKFORCE HOUSING.

30 (B) THE PER UNIT MAXIMUM ESTABLISHED BY THE SECRETARY SHALL BE  
31 EQUAL TO APPROXIMATELY 10% OF THE REGIONAL AVERAGE CONSTRUCTION COSTS  
32 APPLICABLE TO THE QUALIFYING COUNTY FOR A COMPARABLE HOUSING UNIT.

33 4-1811.

34 (A) RENTAL UNITS DEVELOPED UNDER THIS SUBTITLE SHALL REMAIN  
35 AFFORDABLE AS WORKFORCE HOUSING FOR A PERIOD OF AT LEAST 40 YEARS.

1 (B) IF AN INITIAL BUYER OF A HOMEOWNERSHIP UNIT DEVELOPED THROUGH  
2 THE PROGRAM TRANSFERS TITLE TO THE UNIT:

3 (1) WITHIN 5 YEARS OF THE DATE OF PURCHASE, THE INITIAL BUYER  
4 SHALL ASSIGN 100% OF THE NET PROCEEDS OF TRANSFER TO THE DEPARTMENT;

5 (2) DURING THE PERIOD THAT IS MORE THAN 5 YEARS BUT LESS THAN  
6 25 YEARS FROM THE DATE OF PURCHASE, THE INITIAL BUYER SHALL ASSIGN TO THE  
7 DEPARTMENT A PERCENTAGE OF THE NET PROCEEDS OF TRANSFER THAT BEGINS  
8 AT 95% AND DECLINES BY 5% FOR EACH SUBSEQUENT YEAR OF OWNERSHIP; AND

9 (3) DURING THE PERIOD THAT IS 25 YEARS OR MORE FROM THE DATE OF  
10 PURCHASE, THE INITIAL BUYER IS NOT REQUIRED TO ASSIGN ANY PORTION OF THE  
11 NET PROCEEDS OF TRANSFER TO THE DEPARTMENT.

12 (C) THE DEPARTMENT SHALL USE THE NET PROCEEDS OF TRANSFER  
13 RECEIVED UNDER THIS SECTION TO DEVELOP WORKFORCE HOUSING UNDER THE  
14 PROGRAM.

15 4-1812.

16 A QUALIFYING COUNTY AND ANY MUNICIPAL CORPORATION TO WHICH A  
17 QUALIFYING COUNTY TRANSFERS PROGRAM FUNDS SHALL REPORT ANNUALLY TO  
18 THE DEPARTMENT ON OR BEFORE JANUARY 1 OF EACH YEAR ON THE USE OF  
19 PROGRAM FUNDS.

20 4-1813.

21 THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE PURPOSES  
22 OF THE PROGRAM.

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