
By: Delegates McIntosh, Anderson, Bobo, Bronrott, Cane, V. Clagett, Doory, Frush, and Glassman Glassman, Holmes, Arnick, Cluster, Hogan, Jennings, Lawton, Malone, McConkey, Montgomery, Parker, Pugh, Sossi, Stern, Stull, and Weir

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Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2006

CHAPTER _____

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

1 BY adding to
2 Article - Housing and Community Development
3 Section 4-1801 through 4-1813, inclusive, to be under the new subtitle
4 "Subtitle 18. Workforce Housing Grant Program"
5 Annotated Code of Maryland
6 (2005 Volume)

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

9 **Article - Housing and Community Development**

10 **SUBTITLE 18. WORKFORCE HOUSING GRANT PROGRAM.**

11 4-1801.

12 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
13 INDICATED.

14 (B) "AFFORDABLE" MEANS THAT HOUSING COSTS DO NOT EXCEED 30% OF A
15 HOUSEHOLD'S INCOME.

16 (C) "AREA MEDIAN INCOME" MEANS THE MEDIAN HOUSEHOLD INCOME FOR
17 THE AREA ADJUSTED FOR HOUSEHOLD SIZE AS PUBLISHED AND ANNUALLY
18 UPDATED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN
19 DEVELOPMENT.

20 (D) "DEVELOPMENT COSTS" MEANS COSTS RELATED TO ACQUISITION, SITE
21 CLEARANCE AND PREPARATION, RELOCATION, CONSTRUCTION, RENOVATION,
22 FINANCING, REFINANCING, ENGINEERING, ~~AND~~ OR ARCHITECTURAL PLANS.

23 (E) "HOUSEHOLD OF LOW OR MODERATE INCOME" MEANS A HOUSEHOLD
24 THAT A QUALIFYING ~~COUNTY LOCAL GOVERNMENT~~ DETERMINES CANNOT AFFORD A
25 SALES PRICE OR RENT SUFFICIENT TO INDUCE PRIVATE ENTERPRISE IN THE AREA
26 OF THE QUALIFYING COUNTY LOCAL GOVERNMENT TO DEVELOP ENOUGH
27 ADEQUATE AND SAFE HOUSING WITHOUT THE ASSISTANCE OF A PROGRAM.

28 (F) "HOUSING COSTS" MEANS:

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

30 (2) MORTGAGE PRINCIPAL AND INTEREST, REAL PROPERTY TAXES, AND
31 INSURANCE FOR A HOUSING UNIT THAT IS FOR SALE.

32 (G) "NET PROCEEDS OF TRANSFER" MEANS ALL AMOUNTS PAID TO THE
33 ORIGINAL BUYER OR OBLIGATIONS OF THE ORIGINAL BUYER ASSUMED BY A
34 PURCHASER OF A WORKFORCE HOUSING UNIT MINUS:

35 (1) REASONABLE TRANSACTION COSTS;

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

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

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

5 (I) "QUALIFYING LOCAL GOVERNMENT" MEANS A COUNTY OR MUNICIPAL
6 CORPORATION THAT QUALIFIES FOR PARTICIPATION IN THE PROGRAM UNDER §
7 4-1803 OF THIS SUBTITLE.

8 (J) "WORKFORCE HOUSING" MEANS:

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

12 (2) HOMEOWNERSHIP HOUSING THAT:

13 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, IS
14 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN
15 60% AND 120% OF THE AREA MEDIAN INCOME; OR

16 (II) IN TARGET AREAS THAT ARE RECOGNIZED BY THE SECRETARY
17 FOR PURPOSES OF ADMINISTERING THE MARYLAND MORTGAGE PROGRAM, IS
18 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN
19 60% AND 150% OF THE AREA MEDIAN INCOME.

20 4-1802.

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

22 (B) THE PROGRAM PROVIDES FLEXIBLE CAPITAL FUNDS TO QUALIFYING
23 ~~COUNTIES~~ LOCAL GOVERNMENTS FOR DEVELOPMENT COSTS OF WORKFORCE
24 HOUSING.

25 4-1803.

26 (A) A ~~COUNTY~~ LOCAL GOVERNMENT QUALIFIES FOR PARTICIPATION IN THE
27 PROGRAM IF:

28 (1) ~~THE COUNTY OR A MUNICIPAL CORPORATION WITHIN THE COUNTY~~
29 LOCAL GOVERNMENT HAS:

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

32 (II) A COMPREHENSIVE PLAN;

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

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- 1 (I) HAVE A WORKFORCE HOUSING ELEMENT;
- 2 (II) ASSESS WORKFORCE HOUSING NEEDS; AND
- 3 (III) CONTAIN GOALS, OBJECTIVES, AND POLICIES TO PRESERVE OR
4 DEVELOP WORKFORCE HOUSING; AND

5 (3) THE ~~COUNTY~~ LOCAL GOVERNMENT PROVIDES A STATEMENT TO THE
6 DEPARTMENT INDICATING:

- 7 (I) A DESIRE TO PARTICIPATE IN THE PROGRAM; AND
- 8 (II) A REASONABLE EXPECTATION OF THE ~~COUNTY'S~~ LOCAL
9 GOVERNMENT'S ABILITY TO PROVIDE THE MATCHING FUNDS REQUIRED UNDER §
10 4-1804 OF THIS SUBTITLE.

11 (B) THE WORKFORCE HOUSING ELEMENT IN THE 5-YEAR CONSOLIDATED
12 PLAN OR THE COMPREHENSIVE PLAN OF A QUALIFYING ~~COUNTY OR OF A MUNICIPAL~~
13 ~~CORPORATION WITHIN A QUALIFYING COUNTY~~ LOCAL GOVERNMENT MAY INCLUDE:

- 14 (1) PRESERVATION AND RENOVATION OF EXISTING HOUSING STOCK;
- 15 (2) REDEVELOPMENT OF EXISTING RESIDENTIAL AREAS;
- 16 (3) STREAMLINED REGULATORY PROCESSES AND REDUCED
17 REGULATORY FEES FOR CONSTRUCTION OR RENOVATION;
- 18 (4) FINANCIAL INCENTIVES FOR CONSTRUCTION AND RENOVATION
19 INCLUDING LOCAL PROPERTY TAX CREDITS;
- 20 (5) SPECIAL ZONING REGULATIONS FOR CONSTRUCTION AND
21 RENOVATION INCLUDING INCLUSIONARY ZONING;
- 22 (6) EFFORTS TO PRESERVE WORKFORCE HOUSING STOCK FOR
23 SUBSEQUENT FIRST-TIME HOMEBUYERS AND RENTERS;
- 24 (7) COORDINATION WITH NEIGHBORING JURISDICTIONS;
- 25 (8) COORDINATION WITH PRIVATE SECTOR EMPLOYERS; AND
- 26 (9) LEVERAGING OF FEDERAL FINANCIAL ASSISTANCE.

27 4-1804.

28 A QUALIFYING ~~COUNTY~~ LOCAL GOVERNMENT SHALL PROVIDE A
29 DOLLAR-FOR-DOLLAR MATCH FOR PROGRAM FUNDS USED TO DEVELOP UNITS OF
30 WORKFORCE HOUSING UNDER THIS SUBTITLE.

1 4-1805.

2 THE DEPARTMENT SHALL PROPORTIONATELY DISTRIBUTE THE ANNUAL
3 APPROPRIATION OF PROGRAM FUNDS ~~AMONG QUALIFYING COUNTIES BASED ON~~
4 ~~EACH QUALIFYING COUNTY'S SHARE OF THE STATE POPULATION AS FOLLOWS:~~

5 (1) IF A COUNTY IS A QUALIFYING LOCAL GOVERNMENT, AND NO
6 MUNICIPAL CORPORATION IN THE COUNTY IS A QUALIFYING LOCAL GOVERNMENT,
7 THE DEPARTMENT SHALL DISTRIBUTE PROGRAM FUNDS TO THE COUNTY BASED ON
8 THE COUNTY'S SHARE OF THE STATE POPULATION;

9 (2) IF A COUNTY IS A QUALIFYING LOCAL GOVERNMENT, AND A
10 MUNICIPAL CORPORATION IN THE COUNTY IS ALSO A QUALIFYING LOCAL
11 GOVERNMENT, THE DEPARTMENT SHALL:

12 (I) DETERMINE THE COUNTY'S PROPORTIONATE SHARE OF
13 PROGRAM FUNDS BASED ON THE COUNTY'S SHARE OF THE STATE POPULATION; AND

14 (II) FROM THE AMOUNT OF PROGRAM FUNDS DETERMINED UNDER
15 ITEM (I) OF THIS ITEM, DISTRIBUTE:

16 1. TO EACH QUALIFYING LOCAL GOVERNMENT IN THE
17 COUNTY THAT IS A MUNICIPAL CORPORATION, AN AMOUNT OF PROGRAM FUNDS
18 BASED ON THE MUNICIPAL CORPORATION'S SHARE OF THE COUNTY POPULATION;
19 AND

20 2. TO THE COUNTY, THE BALANCE OF THE COUNTY'S SHARE
21 OF PROGRAM FUNDS; OR

22 (3) IF A COUNTY IS NOT A QUALIFYING LOCAL GOVERNMENT, BUT A
23 MUNICIPAL CORPORATION IN THE COUNTY IS A QUALIFYING LOCAL GOVERNMENT,
24 THE DEPARTMENT SHALL:

25 (I) DETERMINE THE COUNTY'S PROPORTIONATE SHARE OF
26 PROGRAM FUNDS BASED ON THE COUNTY'S SHARE OF THE STATE POPULATION; AND

27 (II) DISTRIBUTE TO EACH QUALIFYING LOCAL GOVERNMENT IN
28 THE COUNTY THAT IS A MUNICIPAL CORPORATION, A PROPORTIONATE SHARE OF
29 THE AMOUNT OF PROGRAM FUNDS DETERMINED UNDER ITEM (I) OF THIS ITEM
30 BASED ON THE MUNICIPAL CORPORATION'S SHARE OF THE COUNTY'S POPULATION.

31 4-1806.

32 BEFORE DRAWING DOWN ANY PROGRAM FUNDS, A QUALIFYING ~~COUNTY~~ LOCAL
33 GOVERNMENT SHALL:

34 (1) PROVIDE EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT THE
35 PROGRAM FUNDS WILL BE MATCHED BY THE ~~COUNTY~~ QUALIFYING LOCAL
36 GOVERNMENT ON A DOLLAR-FOR-DOLLAR BASIS; AND

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

2 4-1807.

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

6 4-1808.

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

11 (1) ~~THE QUALIFYING COUNTY; OR~~

12 (2) ~~A MUNICIPAL CORPORATION WITHIN THE QUALIFYING COUNTY.~~

13 (B) ~~A QUALIFYING COUNTY MAY USE ITS PROGRAM FUNDS IN A MUNICIPAL~~
14 ~~CORPORATION LOCATED WITHIN THE COUNTY:~~

15 (1) ~~AFTER CONSULTATION WITH THE MUNICIPAL CORPORATION; AND~~

16 (2) ~~WITH THE CONSENT OF THE MUNICIPAL CORPORATION.~~

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

23 4-1809.

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

28 4-1810.

29 (A) THE SECRETARY SHALL ESTABLISH ANNUALLY THE MAXIMUM AMOUNT
30 OF PROGRAM FUNDS THAT A QUALIFYING ~~COUNTY~~ LOCAL GOVERNMENT MAY USE
31 TO DEVELOP A UNIT OF WORKFORCE HOUSING.

32 (B) THE PER UNIT MAXIMUM ESTABLISHED BY THE SECRETARY SHALL BE
33 EQUAL TO APPROXIMATELY 10% OF THE REGIONAL AVERAGE CONSTRUCTION COSTS
34 APPLICABLE TO THE QUALIFYING ~~COUNTY~~ LOCAL GOVERNMENT FOR A
35 COMPARABLE HOUSING UNIT.

1 4-1811.

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

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

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

8 (2) DURING THE PERIOD THAT IS MORE THAN 5 YEARS BUT LESS THAN
9 ~~25~~ 15 YEARS FROM THE DATE OF PURCHASE, THE INITIAL BUYER SHALL ASSIGN TO
10 THE DEPARTMENT A PERCENTAGE OF THE NET PROCEEDS OF TRANSFER THAT
11 BEGINS AT 95% AND DECLINES BY 5% FOR EACH SUBSEQUENT YEAR OF OWNERSHIP;
12 AND

13 (3) DURING THE PERIOD THAT IS ~~25~~ 15 YEARS OR MORE FROM THE DATE
14 OF PURCHASE, THE INITIAL BUYER IS NOT REQUIRED TO ASSIGN ANY PORTION OF
15 THE NET PROCEEDS OF TRANSFER TO THE DEPARTMENT.

16 (C) THE DEPARTMENT SHALL PROPORTIONATELY DISTRIBUTE TO A
17 QUALIFYING LOCAL GOVERNMENT THE NET PROCEEDS OF TRANSFER RECEIVED
18 UNDER THIS SECTION BASED ON THE AMOUNT OF MATCHING FUNDS PROVIDED BY
19 THE QUALIFYING LOCAL GOVERNMENT FOR THE HOMEOWNERSHIP UNIT THAT
20 GENERATED THE NET PROCEEDS OF TRANSFER.

21 ~~(C)~~ (D) THE DEPARTMENT AND THE QUALIFYING LOCAL GOVERNMENTS
22 SHALL USE THE NET PROCEEDS OF TRANSFER RECEIVED UNDER THIS SECTION TO
23 DEVELOP WORKFORCE HOUSING UNDER THE PROGRAM.

24 4-1812.

25 ~~A QUALIFYING COUNTY AND ANY MUNICIPAL CORPORATION TO WHICH A~~
26 ~~QUALIFYING COUNTY TRANSFERS PROGRAM FUNDS~~ LOCAL GOVERNMENT SHALL
27 REPORT ANNUALLY TO THE DEPARTMENT ON OR BEFORE JANUARY 1 OF EACH YEAR
28 ON THE USE OF PROGRAM FUNDS.

29 4-1813.

30 THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE PURPOSES
31 OF THE PROGRAM.

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

