
By: **Delegates Rosenberg, Cardin, Carter, Morhaim, Oaks, and Pugh**

Introduced and read first time: February 10, 2006

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Condominiums - Conversion of Rental Facilities - Extended**
3 **Leases and Moving Expenses**

4 FOR the purpose of providing that an owner of a residential rental facility who
5 intends to convert all units to condominiums shall notify all tenants at the same
6 time; providing that a certain period to remain in a residence begins when a
7 tenant receives a purchase offer; altering the percentage of units that a
8 developer converting a certain rental facility to a condominium is required to set
9 aside for certain households that qualify for extended leases; altering the
10 maximum amount of certain moving expenses for which a developer is required
11 to reimburse certain households; altering the calculation of a certain income
12 eligibility figure; making certain conforming changes; altering the contents of a
13 certain notice of intention to create a condominium; altering a certain definition;
14 and generally relating to conversion of certain rental facilities to condominiums.

15 BY repealing and reenacting, with amendments,
16 Article - Real Property
17 Section 11-102.1(a) and (f) and 11-137
18 Annotated Code of Maryland
19 (2003 Replacement Volume and 2005 Supplement)

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

22 **Article - Real Property**

23 11-102.1.

24 (a) (1) (I) Before a residential rental facility is subjected to a
25 condominium regime, the owner, and the landlord of each tenant in possession of any
26 portion of the residential rental facility as his residence, if other than the owner, shall
27 give the tenant a notice in the form specified in subsection (f) of this section. The
28 notice shall be given after registration with the Secretary of State under § 11-127 of
29 this title and concurrently and together with any offer required to be given under §
30 11-136 of this title.

1 (II) IF AN OWNER OF A RESIDENTIAL RENTAL FACILITY INTENDS
2 TO SUBJECT THE ENTIRE FACILITY TO A CONDOMINIUM REGIME, THE OWNER SHALL
3 GIVE A NOTICE IN THE FORM SPECIFIED IN SUBSECTION (F) OF THIS SECTION TO ALL
4 TENANTS AT THE SAME TIME.

5 (III) IF AN OFFER REQUIRED TO BE GIVEN UNDER § 11-136 OF THIS
6 TITLE IS NOT GIVEN TO A TENANT CONCURRENTLY WITH THE NOTICE DESCRIBED IN
7 SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE 180-DAY PERIOD THAT IS TRIGGERED
8 BY RECEIPT OF THE NOTICE UNDER THIS SECTION DOES NOT BEGIN UNTIL THE
9 TENANT RECEIVES THE PURCHASE OFFER.

10 (2) The owner and the landlord, if other than the owner, shall inform in
11 writing each tenant who first leases any portion of the premises as his residence after
12 the giving of the notice required by this subsection that the notice has been given. The
13 tenant shall be informed at or before the signing of lease or the taking of possession,
14 whichever occurs first.

15 (3) A copy of the notice, together with a list of each tenant to whom the
16 notice was given, shall be given to the Secretary of State at the time the notice is
17 given to each tenant.

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

22 "NOTICE OF INTENTION TO
23 CREATE A CONDOMINIUM

24 (Date)

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

29 Section 1

30 Rights that apply to all tenants

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

35 (1) You may remain in your residence on the same rent, terms, and conditions
36 of your existing lease until either the end of your lease term or until
37 (Date) (the end of the 180-day period), whichever is later. If your lease term ends
38 during the 180-day period, it will be extended on the same rent, terms, and conditions
39 until (Date) (the end of the 180-day period). In addition, certain

1 households may be entitled to extend their leases beyond the 180 days as described in
2 Section 2.

3 (2) You have the right to purchase your residence before it can be sold publicly.
4 A purchase offer describing your right to purchase is included with this notice. IF A
5 PURCHASE OFFER IS NOT INCLUDED WITH THIS NOTICE, THE 180-DAY PERIOD THAT
6 YOU MAY REMAIN IN YOUR RESIDENCE DOES NOT BEGIN UNTIL YOU RECEIVE THE
7 PURCHASE OFFER.

8 (3) If you do not choose to purchase your unit, and the annual income for all
9 present members of your household did not exceed (the income eligibility
10 figure for the appropriate area which equals approximately [80] 70 percent of the
11 median income for your county or standard metropolitan area) for 20...., you are
12 entitled to receive \$375 when you move out of your residence. You are also entitled to
13 be reimbursed for moving expenses as defined in the Maryland Condominium Act
14 over \$375 up to [\$750] \$1,000 which are actually and reasonably incurred. If the
15 annual income for all present members of your household did exceed (the
16 income eligibility figure for the appropriate area which equals approximately [80] 70
17 percent of the median income for your county or standard metropolitan area) for 20....,
18 you are entitled to be reimbursed up to [\$750] \$1,000 for moving expenses as defined
19 in the Maryland Condominium Act actually and reasonably incurred. To receive
20 reimbursement for moving expenses, you must make a written request, accompanied
21 by reasonable evidence of your expenses, within 30 days after you move. You are
22 entitled to be reimbursed within 30 days after your request has been received.

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

28 Section 2

29 Right to 3-year lease extension or 3-month rent payment for certain
30 [handicapped citizens] INDIVIDUALS WITH DISABILITIES and senior citizens

31 The developer who converts this rental facility to a condominium must offer
32 extended leases to qualified households for up to [20] 40 percent of the units in the
33 rental facility. Households which receive extended leases will have the right to
34 continue renting their residences for at least 3 years from the date of this notice. A
35 household may cancel an extended lease by giving 3 months' written notice if more
36 than 1 year remains on the lease, and 1 month's written notice if less than 1 year
37 remains on the lease.

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

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

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

5 (1) (I) "DISABILITY" MEANS:

6 1. A PHYSICAL OR MENTAL IMPAIRMENT THAT SUBSTANTIALLY
7 LIMITS ONE OR MORE OF AN INDIVIDUAL'S MAJOR LIFE ACTIVITIES;

8 2. A RECORD OF HAVING A PHYSICAL OR MENTAL IMPAIRMENT
9 THAT SUBSTANTIALLY LIMITS ONE OR MORE OF AN INDIVIDUAL'S MAJOR LIFE
10 ACTIVITIES; OR

11 3. BEING REGARDED AS HAVING A PHYSICAL OR MENTAL
12 IMPAIRMENT THAT SUBSTANTIALLY LIMITS ONE OR MORE OF AN INDIVIDUAL'S
13 MAJOR LIFE ACTIVITIES.

14 (II) "DISABILITY" DOES NOT INCLUDE CURRENT ILLEGAL USE OF OR
15 ADDICTION TO:

16 1. A CONTROLLED DANGEROUS SUBSTANCE DEFINED IN § 5-101
17 OF THE CRIMINAL LAW ARTICLE; OR

18 2. A CONTROLLED SUBSTANCE AS DEFINED IN 21 U.S.C. § 802.

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

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

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

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

34 (2) Annual income for all present members of your household must not have
35 exceeded ([80]70 percent of applicable median income) 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
10 [20] 40 percent limitation, priority will be given to qualified households who have
11 lived in the rental facility for the longest time.

12 Due to the [20] 40 percent limitation your application for an extended lease
13 must be processed prior to your lease becoming final. Your lease will become final if it
14 is determined that your household is qualified and falls within the [20] 40 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 40 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] 40 percent limitation,
25 your lease is not finalized, the developer must pay you an amount equal to 3 months
26 rent within 15 days after you move. You are also entitled to up to [\$750] \$1,000
27 reimbursement for 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 (a) (1) In this section the following words have the meanings indicated.

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

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

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

18 (ii) A household which includes [a handicapped citizen] AN
19 INDIVIDUAL WITH A DISABILITY who has been a member of the household for a period
20 of at least 12 months preceding the giving of the notice required by § 11-102.1 of this
21 title.

22 (4) ["Handicapped citizen" means a person with a measurable limitation
23 of mobility due to congenital defect, disease, or trauma.]

24 (I) "DISABILITY" MEANS:

25 1. A PHYSICAL OR MENTAL IMPAIRMENT THAT
26 SUBSTANTIALLY LIMITS ONE OR MORE OF AN INDIVIDUAL'S MAJOR LIFE ACTIVITIES;

27 2. A RECORD OF HAVING A PHYSICAL OR MENTAL
28 IMPAIRMENT THAT SUBSTANTIALLY LIMITS ONE OR MORE OF AN INDIVIDUAL'S
29 MAJOR LIFE ACTIVITIES; OR

30 3. BEING REGARDED AS HAVING A PHYSICAL OR MENTAL
31 IMPAIRMENT THAT SUBSTANTIALLY LIMITS ONE OR MORE OF AN INDIVIDUAL'S
32 MAJOR LIFE ACTIVITIES.

33 (II) "DISABILITY" DOES NOT INCLUDE CURRENT ILLEGAL USE OF
34 OR ADDICTION TO:

35 1. A CONTROLLED DANGEROUS SUBSTANCE DEFINED IN §
36 5-101 OF THE CRIMINAL LAW ARTICLE; OR

37 2. A CONTROLLED SUBSTANCE AS DEFINED IN 21 U.S.C. § 802.

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

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

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

7 (b) A developer may not grant a unit in a rental facility occupied by a
8 designated household entitled to receive the notice required by § 11-102.1 of this title
9 without offering to the tenant of the unit a lease extension for a period of at least 3
10 years from the giving of the notice required by § 11-102.1 of this title, if the household
11 meets the following criteria:

12 (1) Had an annual income which did not exceed the income eligibility
13 figure applicable for the county or incorporated municipality in which the rental
14 facility is located, as provided under subsection (n) of this section;

15 (2) Is current in its rent payment and has not violated any other
16 material term of the lease; or

17 (3) Has provided the developer within 60 days after the giving of the
18 notice required by § 11-102.1 of this title with an affidavit under penalty of perjury:

19 (i) Stating that the household is applying for an extended lease
20 under this section;

21 (ii) Setting forth the household's annual income for the calendar
22 year preceding the giving of the notice required by § 11-102.1 of this title together
23 with reasonable supporting documentation of the household income and, where
24 applicable, of unreimbursed medical expenses or a written authorization for
25 disclosure of relevant information regarding medical expense reimbursement by
26 doctors, hospitals, clinics, insurance companies, or similar persons, entities, or
27 organizations that provide medical treatment coverage to the household;

28 (iii) Setting forth facts showing that a member of the household is
29 either [a handicapped citizen] AN INDIVIDUAL WITH A DISABILITY or a senior citizen
30 who, in either event, has been a member of the household for at least 12 months
31 preceding the giving of the notice required by § 11-102.1 of this title; and

32 (iv) Has executed an extended lease and returned it to the developer
33 within 60 days after the giving of the notice required by § 11-102.1 of this title.

34 (c) The developer shall deliver to each tenant entitled to receive the notice
35 required by § 11-102.1 of this title, simultaneously with the notice:

36 (1) An application on which may be included all of the information
37 required by subsection (b)(3) of this section;

1 (2) A lease containing the terms required by this section and clearly
2 indicating that the lease will be effective only if:

3 (i) The tenant executes and returns the lease not later than 60
4 days after the giving of the notice required by § 11-102.1 of this title; and

5 (ii) The household is allocated 1 of the units required to be made
6 available to qualified households based on its ranking under subsection (k) of this
7 section and the number of tenants executing and returning leases;

8 (3) A notice, delivered in the form specified in § 11-102.1(f) of this title,
9 setting forth the rights and obligations of the tenant under this section; and

10 (4) A copy of the public offering statement which is registered with the
11 Secretary of State.

12 (d) Within 75 days after the giving of the notice required by § 11-102.1 of this
13 title, the developer shall notify each household which submits to the developer the
14 documentation required by subsection (b)(3) of this section:

15 (1) Whether the household meets the criteria of subsection (b) of this
16 section, and, if not, an explanation of which criteria have not been met; and

17 (2) Whether the extended lease has become effective.

18 (e) Within 75 days after the giving of the notice required by § 11-102.1 of this
19 title, the developer shall provide to any county, incorporated municipality, or housing
20 agency which has a right to purchase units in the rental facility under § 11-139 of this
21 title:

22 (1) A notice indicating the number of units in the rental facility being
23 made available to qualified households under subsection (k)(1) of this section;

24 (2) A list of all households meeting the criteria of subsection (b) of this
25 section, indicating the ranking of each in relation to that number;

26 (3) A list of all households returning the affidavit required by subsection
27 (b) of this section which do not meet all the criteria of subsection (b) of this section and
28 copies of the notifications sent to these households under subsection (d) of this
29 section; and

30 (4) A list of all households as to whom a lease has become effective.

31 (f) (1) The extended lease shall provide for a term commencing on
32 acceptance and terminating not less than 3 years from the giving of the notice
33 required by § 11-102.1 of this title.

34 (2) Annually, on the commencement date of the extended lease, the
35 rental fee for the unit may be increased. The increase may not exceed an amount
36 determined by multiplying the annual rent for the preceding year by the percentage

1 increase for the rent component of the U.S. Consumer Price Index for Urban Wage
2 Earners and Clerical Workers (CPI-W) (1967 = 100), as published by the U.S.
3 Department of Labor, for the most recent 12-month period.

4 (3) Except as this section otherwise permits or requires, the extended
5 lease shall contain the same terms and conditions as the lease in effect on the day
6 preceding the giving of the notice required by § 11-102.1 of this title.

7 (g) A designated household which exercises its rights under this section shall
8 not be denied an opportunity to buy a unit at a later date, if one is available.

9 (h) (1) A designated household which executes an extended lease under this
10 section which is accepted thereafter may not terminate its extended lease under §
11 11-102.1 of this title. A designated household may terminate its extended lease at any
12 time, with notice to the developer or any subsequent titleholder as follows:

13 (i) At least a 1-month notice in writing shall be given when less
14 than 12 months remain on the lease; and

15 (ii) At least a 3-month notice in writing shall be given when 12
16 months or more remain on the lease.

17 (2) Any lease executed under this section shall set forth the provisions
18 for termination contained in this subsection.

19 (i) The title to units subject to the provisions of this section may be granted to
20 a person who is not a member of the designated household, provided that:

21 (1) The provisions of this section continue to apply despite any transfer
22 of title to a unit occupied by a designated household as provided in this section;

23 (2) The designated household is provided written notice of the change of
24 ownership of title by the new titleholder; and

25 (3) The vendor of any such unit provides the purchaser written
26 disclosure that the unit is occupied by a designated household subject to the
27 provisions of this section at the time of or prior to the execution of a contract of sale.

28 (j) The extended tenancy provided for in this section shall cease upon the
29 occurrence of any of the following:

30 (1) 90 days after the death of the last surviving senior citizen or
31 [handicapped citizen] INDIVIDUAL WITH A DISABILITY residing in the unit, or 90
32 days after the last senior citizen or [handicapped citizen] INDIVIDUAL WITH A
33 DISABILITY residing in the unit has moved from the unit;

34 (2) Eviction for failure to pay rent due in a timely fashion or violation of
35 a material term of the lease; or

1 (3) Voluntary termination of the lease by the designated household
2 under subsection (h) of this section.

3 (k) (1) A developer shall set aside a percentage of the total number of units
4 within a condominium for designated households. A developer is not required to grant
5 extended leases covering more than [20] 40 percent of the units within a
6 condominium to designated households.

7 (2) If the number of units occupied by designated households which meet
8 the criteria of subsection (b) of this section exceeds [20] 40 percent, then the number
9 of available units for tenancy under the provisions of this section shall be allocated as
10 determined by the local governing body. If the local governing body fails to provide for
11 allocation, then units shall be allocated by the developer, based on seniority by
12 continuous length of residence.

13 (l) (1) If a conversion to condominium involves substantial rehabilitation or
14 reconstruction of such a nature that the work involved does not permit the continued
15 occupancy of a unit because of danger to the health and safety of the tenants, then
16 any designated household executing an extended lease under the provisions of this
17 section may be required to vacate their unit not earlier than the expiration of the
18 180-day period and to relocate at the expense of the developer in a comparable unit in
19 the rental facility to permit such work to be performed.

20 (2) If there is no comparable unit available, then the designated
21 household may be required to vacate the rental facility. When the work is completed,
22 the developer shall notify the household of its completion. The household shall have
23 30 days from the date of that notice to return to their original or a comparable rental
24 unit. The term of the extended lease of that household shall begin upon their return
25 to the rental unit.

26 (3) The developer shall give 180 days' notice prior to the date that units
27 must be vacated. The notice shall explain the household's rights under this subsection
28 and subsection (m) of this section.

29 (m) (1) The developer shall pay households that qualify as to income under
30 subsection (b)(1) of this section \$375 when the household vacates the unit and for
31 moving expenses as defined in § 11-101 of this title in excess of \$375 up to [\$750]
32 \$1,000 which are actually and reasonably incurred. The household shall make a
33 written request for reimbursement accompanied by reasonable evidence of the costs
34 incurred within 30 days of moving AND REASONABLE SUPPORTING DOCUMENTATION
35 OF THE ANNUAL HOUSEHOLD INCOME AS REQUIRED UNDER SUBSECTION (B)(3)(II)
36 OF THIS SECTION. The developer shall reimburse the household within 30 days
37 following receipt of the request.

38 (2) If a household does not qualify as to income under subsection (b)(1) of
39 this section, the developer shall reimburse moving expenses as defined in § 11-101 of
40 this title, up to [\$750] \$1,000, actually and reasonably incurred to the designated
41 households eligible under this subsection. The designated household shall make a
42 written request for reimbursement accompanied by reasonable evidence of the costs

1 incurred within 30 days of moving. The developer shall reimburse the designated
2 household within 30 days following receipt of the request.

3 (3) The developer shall also pay a compensation equivalent to 3 months'
4 rent within 15 days of moving to the designated households eligible under this
5 subsection.

6 (4) The following designated households which meet the applicable
7 criteria of subsection (b) of this section are eligible under this subsection:

8 (i) A designated household which does not execute an extended
9 lease;

10 (ii) A designated household which is precluded from having an
11 extended tenancy by the limitation of subsection (k) of this section; or

12 (iii) A designated household which is required to vacate their rental
13 unit under subsection (l)(2) of this section.

14 (5) (I) A DEVELOPER SHALL REIMBURSE A DESIGNATED HOUSEHOLD
15 THE DIFFERENCE BETWEEN THE AMOUNT OF RENT THE DESIGNATED HOUSEHOLD
16 PAID AT THE RENTAL FACILITY AND THE AMOUNT OF RENT PAID AT THE
17 RELOCATION SITE UNDER SUBSECTION (L)(2) OF THIS SECTION FOR THE LENGTH OF
18 TIME THE DESIGNATED HOUSEHOLD WAS REQUIRED TO BE AWAY FROM THE
19 RENTAL FACILITY.

20 (II) A developer shall also reimburse ALL moving expenses as
21 defined in § 11-101 of this title, [up to \$750] actually and reasonably incurred, to a
22 designated household who returns to their rental unit under subsection (l)(2) of this
23 section. The designated household shall make a written request for reimbursement
24 accompanied by reasonable evidence of the costs incurred within 30 days following
25 the designated household's return. The developer shall reimburse the designated
26 household within 30 days following receipt of the request.

27 (n) The Secretary of State shall prepare an income eligibility figure for each
28 county and standard metropolitan statistical area of the State, which shall
29 reasonably approximate [80] 70 percent of the median income for each county and
30 standard metropolitan statistical area. A county or incorporated municipality which is
31 in a standard metropolitan statistical area may by ordinance or resolution adopt the
32 income eligibility figure applicable to the county or standard metropolitan statistical
33 area.

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