
By: **Delegate Hixson**

Introduced and read first time: February 14, 2006

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums - Conversion of Rental Facilities - Extended Leases -**
3 **Property Tax Credit**

4 FOR the purpose of altering the minimum period of a certain extended lease that a
5 developer converting a rental facility to a condominium is required to offer
6 certain households under certain circumstances; authorizing the governing body
7 of a county or municipal corporation to grant, by law, a property tax credit
8 against the county or municipal corporation property tax imposed on certain
9 property owned by a developer that converts a residential rental facility to a
10 condominium and offers extended leases to tenants of the residential rental
11 facility; authorizing the county or municipal corporation to provide, by law, for
12 the amount, duration, and application of the property tax credit and any other
13 provision necessary to carry out the credit; providing for the application of this
14 Act; and generally relating to the conversion of rental facilities to
15 condominiums.

16 BY repealing and reenacting, with amendments,
17 Article - Real Property
18 Section 11-102.1(f), 11-137(b) and (f)(1), and 11-140(c)
19 Annotated Code of Maryland
20 (2003 Replacement Volume and 2005 Supplement)

21 BY adding to
22 Article - Tax - Property
23 Section 9-243
24 Annotated Code of Maryland
25 (2001 Replacement Volume and 2005 Supplement)

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

1

Article - Real Property

2 11-102.1.

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

7
8

**"NOTICE OF INTENTION TO
CREATE A CONDOMINIUM**

9

..... (Date)

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

14

Section 1

15

Rights that apply to all tenants

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

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

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

29 (3) If you do not choose to purchase your unit, and the annual income for all
30 present members of your household did not 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
33 receive \$375 when you move out of your residence. You are also entitled to be
34 reimbursed for moving expenses as defined in the Maryland Condominium Act over
35 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for
36 all present members of your household did exceed (the income eligibility
37 figure for the appropriate area which equals approximately 80 percent of the median
38 income for your county or standard metropolitan area) for 20...., you are entitled to be
39 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium

1 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
2 you must make a written request, accompanied by reasonable evidence of your
3 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
4 days after your request has been received.

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

10 Section 2

11 Right to [3-year] 5-YEAR lease extension or 3-month rent payment
12 for certain handicapped citizens and senior citizens

13 The developer who converts this rental facility to a condominium must offer
14 extended leases to qualified households for up to 20 percent of the units in the rental
15 facility. Households which receive extended leases will have the right to continue
16 renting their residences for at least [3] 5 years from the date of this notice. A
17 household may cancel an extended lease by giving 3 months' written notice if more
18 than 1 year remains on the lease, and 1 month's written notice if less than 1 year
19 remains on the lease.

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

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

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

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

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

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

38 (1) A member of the household must be a handicapped citizen or a senior
39 citizen and must be living in your unit as of the date of this notice and must have been

1 a member of your household for at least 12 months preceding the date of this notice;
2 and

3 (2) Annual income for all present members of your household must not have
4 exceeded (80 percent of applicable median income) for 20....; and

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

7 If you meet all of these qualifications and desire an extended lease, then you
8 must complete the enclosed form and execute the enclosed lease and return them. The
9 completed form and executed lease must be received at the office listed below within
10 60 days of the date of this notice, or in other words, by (Date). If your
11 completed form and executed lease are not received within that time, you will not be
12 entitled to an extended lease.

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

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

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

24 You may apply for an extended lease and, at the same time, choose to purchase
25 your unit. If you apply for and receive an extended lease, your purchase contract will
26 be void. If you do not receive an extended lease, your purchase contract will be
27 effective and you will be obligated to buy your unit.

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

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

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

1
 2
 3"

4 11-137.

5 (b) A developer may not grant a unit in a rental facility occupied by a
 6 designated household entitled to receive the notice required by § 11-102.1 of this title
 7 without offering to the tenant of the unit a lease extension for a period of at least [3]
 8 5 years from the giving of the notice required by § 11-102.1 of this title, if the
 9 household meets the following criteria:

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

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

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

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

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

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

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

32 (f) (1) The extended lease shall provide for a term commencing on
 33 acceptance and terminating not less than [3] 5 years from the giving of the notice
 34 required by § 11-102.1 of this title.

1 11-140.

2 (c) Upon finding and declaration of a rental housing emergency caused by the
3 conversion of rental housing to condominiums, a county or an incorporated
4 municipality may by the enactment of laws, ordinances, and regulations, take the
5 following actions to meet the emergency:

6 (1) Grant to a designated family as defined in § 11-137 of this title a
7 right to an extended lease for a period in addition to that period provided for in §
8 11-137 of this title. The right to an extended lease may not, in any event, result in a
9 requirement that a developer set aside for an extended lease more than 20 percent of
10 the total number of units.

11 (2) Otherwise extend any of the provisions of § 11-137 of this title except
12 that:

13 (i) More than 20 percent of the total number of units may not be
14 required to be set aside; and

15 (ii) The term of an extended lease for any family made a designated
16 family by a county or an incorporated municipality may not exceed [3] 5 years.

17 (3) Require that the notice required to be given under § 11-102.1 of this
18 title be altered to disclose the effects of any actions taken under this section.

19

Article - Tax - Property

20 9-243.

21 (A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
22 BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY GRANT, BY LAW, A TAX
23 CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX
24 IMPOSED ON RESIDENTIAL REAL PROPERTY OWNED BY A DEVELOPER THAT:

25 (1) CONVERTS A RESIDENTIAL RENTAL FACILITY TO A CONDOMINIUM;
26 AND

27 (2) OFFERS EXTENDED LEASES TO TENANTS OF THE RESIDENTIAL
28 RENTAL FACILITY.

29 (B) A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY LAW, FOR:

30 (1) THE AMOUNT AND DURATION OF A PROPERTY TAX CREDIT UNDER
31 THIS SECTION;

32 (2) THE CRITERIA AND QUALIFICATIONS FOR THE GRANTING OF THE
33 CREDIT; AND

34 (3) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That § 9-243 of the Tax -
2 Property Article as enacted by Section 1 of this Act shall be applicable to all taxable
3 years beginning after June 30, 2006.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 June 1, 2006.