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By: **Chair, Education, Health, and Environmental Affairs Committee (By  
Request - Departmental - Housing and Community Development)**

Introduced and read first time: January 16, 2006

Rules suspended

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 1, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Department of Housing and Community Development - Partnership Rental**  
3 **Housing Program - Individuals with Disabilities**

4 FOR the purpose of altering resident eligibility requirements under the Partnership  
5 Rental Housing Program; authorizing the Secretary of Housing and Community  
6 Development to establish certain income limits; altering the requirement for  
7 certain local government contributions; authorizing the Department to approve  
8 the use of partnership rental housing funds for units that are not owned by a  
9 political subdivision or housing authority under certain circumstances; altering  
10 the purposes of the Program to include certain private sector entities under  
11 certain circumstances; altering the requirements for certain regulations; and  
12 generally relating to the Partnership Rental Housing Program and the  
13 Department of Housing and Community Development.

14 BY repealing and reenacting, with amendments,  
15 Article - Housing and Community Development  
16 Section 4-1202, 4-1204, 4-1205(a), 4-1206, 4-1207, and 4-1208(c) and (d)  
17 Annotated Code of Maryland  
18 (2005 Volume)

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

1 **Article - Housing and Community Development**

2 4-1202.

3 The General Assembly finds that:

4 (1) there is a shortage of decent, safe, and sanitary rental housing for  
5 households of lower income;

6 (2) the private sector often cannot develop, improve, operate, and  
7 maintain housing for households of lower income; and

8 (3) to address this shortage, a partnership is needed among the State,  
9 political subdivisions, housing authorities, THE PRIVATE SECTOR, and households of  
10 lower income to develop, operate, and maintain housing for households of lower  
11 income.

12 4-1204.

13 The purposes of the Program are to:

14 (1) provide decent, safe, and sanitary rental housing for households of  
15 lower income;

16 (2) provide financial assistance to political subdivisions or housing  
17 authorities to acquire, construct, reconstruct, renovate, or rehabilitate rental housing  
18 affordable to households of lower income;

19 (3) stimulate the development and ownership of rental housing for  
20 households of lower income by political subdivisions, housing authorities, or  
21 partnerships that include political subdivisions or housing authorities;

22 (4) provide financial assistance to private [developers] SECTOR  
23 ENTITIES to acquire, construct, reconstruct, renovate, or rehabilitate housing units:

24 (I) for sale to political subdivisions, housing authorities, or  
25 partnerships that include political subdivisions or housing authorities, as affordable  
26 rental housing for households of lower income; OR

27 (II) FOR OCCUPANCY BY HOUSEHOLDS OF LOWER INCOME THAT  
28 INCLUDE ONE OR MORE INDIVIDUALS WITH DISABILITIES OR SPECIAL NEEDS;

29 (5) promote affordable housing programs and increased contributions to  
30 the production of affordable rental housing by political subdivisions [or], housing  
31 authorities, AND THE PRIVATE SECTOR, INCLUDING FOR PROFIT AND NONPROFIT  
32 ENTITIES;

33 (6) encourage households of lower income that live in partnership rental  
34 housing to contribute actively to the operation or maintenance of the housing or the  
35 community; [and]

1 (7) finance rental housing that is:

2 (i) to be occupied by households of lower income;

3 (ii) to be owned by political subdivisions or housing authorities or  
4 partnerships that include political subdivisions or housing authorities; and

5 (iii) expected to be financially self-sufficient, without further  
6 governmental financing for maintenance, renovation, or operating subsidies; AND

7 (8) ENCOURAGE THE PRIVATE SECTOR TO PROVIDE RENTAL HOUSING  
8 FOR HOUSEHOLDS OF LOWER INCOME THAT INCLUDE ONE OR MORE INDIVIDUALS  
9 WITH DISABILITIES OR SPECIAL NEEDS.

10 4-1205.

11 (a) The Department shall:

12 (1) administer the Program;

13 (2) adopt policies and procedures that encourage partnership rental  
14 housing throughout the State; and

15 (3) adopt regulations to carry out the Program, including regulations  
16 that [set minimum and maximum] SPECIFY CRITERIA FOR local contributions to the  
17 cost of [each successive] partnership [project] PROJECTS undertaken by a political  
18 subdivision or housing authority [based on the fiscal capacity of the political  
19 subdivision or housing authority, as provided in § 4-1207(a)(8) of this subtitle].

20 4-1206.

21 A household qualifies as a household of lower income:

22 (1) for initial occupancy, if the gross annual income of the household does  
23 not exceed:

24 (i) 50% of the statewide median income for a household of like size;  
25 or

26 (ii) a lower income level that the Secretary establishes for a  
27 particular partnership project OR FOR A UNIT OF PARTNERSHIP RENTAL HOUSING TO  
28 BE OCCUPIED BY ONE OR MORE INDIVIDUALS WITH DISABILITIES OR SPECIAL  
29 NEEDS; and

30 (2) for continuing occupancy, if the gross annual income for the  
31 household does not exceed the greater of:

32 (i) [140% of initial occupancy limits for partnership projects for the  
33 year of continuing occupancy] AN INCOME LEVEL THAT THE SECRETARY  
34 ESTABLISHES; and

1 (ii) an applicable federal requirement.

2 4-1207.

3 (a) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE  
4 Department may approve an application for a proposed partnership project only if:

5 (1) the application is authorized by the chief elected official of the  
6 political subdivision or, if there is no chief elected official, by the governing body of the  
7 political subdivision in which the project is located;

8 (2) the political subdivision or housing authority:

9 (i) contributes from nonstate sources the land for the partnership  
10 rental housing; [or]

11 (ii) funds the part of the acquisition cost of the property that is  
12 attributable to the value of the land; OR

13 (III) MAKES A CONTRIBUTION UNDER § 4-1208(D)(2) OF THIS  
14 SUBTITLE THAT EQUALS OR EXCEEDS THE VALUE OF THE LAND;

15 (3) the political subdivision or housing authority is to have an ownership  
16 interest in the partnership project or in the rental units financed by the Program and  
17 sold to the political subdivision or housing authority or to a partnership that includes  
18 the political subdivision or housing authority;

19 (4) the political subdivision or housing authority directly or indirectly  
20 manages the partnership project;

21 (5) the rental units financed by the Program are to be occupied on  
22 completion of the acquisition, construction, reconstruction, renovation, or  
23 rehabilitation by households of lower income;

24 (6) the households of lower income occupying the partnership project or  
25 the part financed by the Program are required to contribute services to enhance or  
26 maintain the partnership project or the community in a way that the political  
27 subdivision or housing authority accepts; AND

28 (7) it is reasonable to anticipate that:

29 (i) more State subsidies will not be needed for long-term  
30 occupancy by households of lower income; and

31 (ii) rental income, including any contribution to allow for more  
32 affordable rents under § 4-1208(d) of this subtitle, will be enough to pay the operating  
33 costs of the partnership project and to build an adequate reserve for the long-term  
34 maintenance and renovation of the partnership project[]; and

35 (8) for the second and each succeeding partnership project that a  
36 political subdivision or housing authority undertakes, the percentage of the local

1 contribution to the partnership project exceeds the percentage of the local  
2 contribution to the immediately preceding partnership project, unless the Secretary  
3 determines that the political subdivision or housing authority:

4 (i) currently is making substantial commitments to affordable  
5 housing; or

6 (ii) is at taxing capacity and lacks discretionary surplus money].

7 (b) The rental units financed by the Program may include, as among those  
8 that must be occupied by households of lower income, rental units restricted for  
9 occupancy to meet other federal or State occupancy requirements.

10 (C) THE DEPARTMENT MAY APPROVE THE USE OF PARTNERSHIP RENTAL  
11 HOUSING FUNDS FOR A UNIT OF PARTNERSHIP RENTAL HOUSING THAT IS NOT  
12 OWNED IN WHOLE OR IN PART BY A POLITICAL SUBDIVISION OR HOUSING  
13 AUTHORITY IF:

14 (1) THE UNIT WILL BE OCCUPIED BY A HOUSEHOLD OF LOWER INCOME  
15 THAT INCLUDES ONE OR MORE INDIVIDUALS WITH DISABILITIES OR SPECIAL NEEDS;  
16 AND

17 (2) THE PROJECT IN WHICH THE UNIT IS LOCATED COMPLIES WITH THE  
18 REQUIREMENTS OF THE OTHER STATE HOUSING PROGRAMS FINANCING THE  
19 PROJECT, IF ANY, INCLUDING REQUIREMENTS FOR LOCAL SUPPORT OR LOCAL  
20 CONTRIBUTION.

21 4-1208.

22 (c) The Department shall secure the obligations of the political subdivision  
23 [or], housing authority, OR PRIVATE SECTOR ENTITY by using a mortgage, deed of  
24 trust, or other security device that the Department accepts on the property or on  
25 revenues derived from the property.

26 (d) (1) To allow for more affordable rents, a political subdivision or housing  
27 authority may contribute local money, including locally administered federal money  
28 or federal rental assistance.

29 (2) [Political] THE CONTRIBUTIONS OF POLITICAL subdivisions or  
30 housing authorities [with greater fiscal capacity shall make larger contributions to  
31 acquire, construct, reconstruct, renovate, or rehabilitate partnership rental housing,  
32 excluding the cost of the land, but including] UNDER § 4-1207(A)(2)(III) OF THIS  
33 SUBTITLE MAY INCLUDE the costs of:

34 (i) necessary studies, surveys, tests, plans, and specifications;

35 (ii) architectural, design, engineering, and other special services;

36 (iii) site preparation; [and]

1 (iv) indemnity and surety bonds and premiums on title and hazard  
2 insurance; AND

3 (v) OTHER COSTS OF DEVELOPMENT.

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