
By: ~~Senator Conway~~ **Senators Conway and Dyson**

Introduced and read first time: February 10, 2006

Assigned to: Rules

Re-referred to: Education, Health, and Environmental Affairs and Budget and
Taxation, February 16, 2006

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 6, 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 ~~Program funds, matching funds, and~~ transfer that
17 must be assigned to the Department of Housing and Community Development if
18 title is transferred from the initial buyer under certain circumstances; ~~requiring~~
19 ~~the Department to distribute the matching funds and a portion of the net~~
20 ~~proceeds of transfer to a local government under certain circumstances;~~
21 ~~requiring a contract of sale to an initial buyer to disclose certain information;~~
22 ~~requiring an annual report from qualifying counties and municipal corporations~~
23 ~~local governments~~ on the use of Program funds; requiring the Secretary to adopt
24 certain regulations; defining certain terms; and generally relating to the
25 establishment of the Workforce Housing Grant 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; AND

4 (4) THE COMBINED AMOUNT OF PROGRAM FUNDS AND QUALIFYING
5 LOCAL GOVERNMENT MATCHING FUNDS USED TO DEVELOP THE WORKFORCE
6 HOUSING UNIT.

7 (H) "PRIORITY FUNDING AREA" HAS THE MEANING STATED IN § 5-7B-02 OF
8 THE STATE FINANCE AND PROCUREMENT ARTICLE.

9 ~~(H)~~ (I) "PROGRAM" MEANS THE WORKFORCE HOUSING GRANT PROGRAM.

10 ~~(H)~~ (J) "QUALIFYING LOCAL GOVERNMENT" MEANS A COUNTY OR
11 MUNICIPAL CORPORATION THAT QUALIFIES FOR PARTICIPATION IN THE PROGRAM
12 UNDER § 4-1803 OF THIS SUBTITLE.

13 (K) "WORKFORCE HOUSING" MEANS:

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

17 (2) HOMEOWNERSHIP HOUSING THAT:

18 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, IS
19 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN
20 60% AND 120% OF THE AREA MEDIAN INCOME; OR

21 (II) IN TARGET AREAS THAT ARE RECOGNIZED BY THE SECRETARY
22 FOR PURPOSES OF ADMINISTERING THE MARYLAND MORTGAGE PROGRAM, IS
23 AFFORDABLE TO A HOUSEHOLD WITH AN AGGREGATE ANNUAL INCOME BETWEEN
24 60% AND 150% OF THE AREA MEDIAN INCOME.

25 4-1802.

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

27 (B) THE PROGRAM PROVIDES FLEXIBLE CAPITAL FUNDS TO QUALIFYING
28 ~~COUNTIES~~ LOCAL GOVERNMENTS FOR DEVELOPMENT COSTS OF WORKFORCE
29 HOUSING.

30 (C) FUNDING FOR THE PROGRAM SHALL BE AS PROVIDED IN THE STATE
31 BUDGET.

32 4-1803.

33 (A) A ~~COUNTY~~ LOCAL GOVERNMENT QUALIFIES FOR PARTICIPATION IN THE
34 PROGRAM IF:

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

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

5 (II) A COMPREHENSIVE PLAN;

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

7 (I) HAVE A WORKFORCE HOUSING ELEMENT;

8 (II) ASSESS WORKFORCE HOUSING NEEDS; AND

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

11 (3) ~~THE COUNTY~~ LOCAL GOVERNMENT PROVIDES A STATEMENT TO THE
12 DEPARTMENT INDICATING:

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

14 (II) A REASONABLE EXPECTATION OF THE ~~COUNTY'S~~ LOCAL
15 GOVERNMENT'S ABILITY TO PROVIDE THE MATCHING FUNDS REQUIRED UNDER §
16 4-1804 OF THIS SUBTITLE.

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

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

21 (2) REDEVELOPMENT OF EXISTING RESIDENTIAL AREAS;

22 (3) STREAMLINED REGULATORY PROCESSES AND REDUCED
23 REGULATORY FEES FOR CONSTRUCTION OR RENOVATION;

24 (4) FINANCIAL INCENTIVES FOR CONSTRUCTION AND RENOVATION
25 INCLUDING LOCAL PROPERTY TAX CREDITS;

26 (5) SPECIAL ZONING REGULATIONS FOR CONSTRUCTION AND
27 RENOVATION INCLUDING INCLUSIONARY ZONING;

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

30 (7) COORDINATION WITH NEIGHBORING JURISDICTIONS;

31 (8) COORDINATION WITH PRIVATE SECTOR EMPLOYERS; AND

32 (9) LEVERAGING OF FEDERAL FINANCIAL ASSISTANCE.

1 4-1804.

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

5 4-1805.

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

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

13 (2) IF A COUNTY IS A QUALIFYING LOCAL GOVERNMENT, AND A
14 MUNICIPAL CORPORATION IN THE COUNTY IS ALSO A QUALIFYING LOCAL
15 GOVERNMENT, THE DEPARTMENT SHALL:

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

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

20 1. TO EACH QUALIFYING LOCAL GOVERNMENT IN THE
21 COUNTY THAT IS A MUNICIPAL CORPORATION, AN AMOUNT OF PROGRAM FUNDS
22 BASED ON THE MUNICIPAL CORPORATION'S SHARE OF THE COUNTY POPULATION;
23 AND

24 2. TO THE COUNTY, THE BALANCE OF THE COUNTY'S SHARE
25 OF PROGRAM FUNDS; OR

26 (3) IF A COUNTY IS NOT A QUALIFYING LOCAL GOVERNMENT, BUT A
27 MUNICIPAL CORPORATION IN THE COUNTY IS A QUALIFYING LOCAL GOVERNMENT,
28 THE DEPARTMENT SHALL:

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

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

1 4-1806.

2 BEFORE DRAWING DOWN ANY PROGRAM FUNDS, A QUALIFYING ~~COUNTY~~ LOCAL
3 GOVERNMENT SHALL:

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

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

8 4-1807.

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

12 4-1808.

13 ~~(A) A QUALIFYING COUNTY LOCAL GOVERNMENT SHALL USE PROGRAM~~
14 ~~FUNDS FOR DEVELOPMENT COSTS ASSOCIATED WITH A WORKFORCE HOUSING~~
15 ~~DEVELOPMENT LOCATED IN A PRIORITY FUNDING AREA IN ACCORDANCE WITH THE~~
16 ~~5-YEAR CONSOLIDATED PLAN OR COMPREHENSIVE PLAN OF:~~

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

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

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

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

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

23 ~~(C) IF A MUNICIPAL CORPORATION WITHIN A QUALIFYING COUNTY HAS A~~
24 ~~5-YEAR CONSOLIDATED PLAN OR A COMPREHENSIVE PLAN WITH A WORKFORCE~~
25 ~~HOUSING ELEMENT, THE QUALIFYING COUNTY MAY TRANSFER PROGRAM FUNDS TO~~
26 ~~THE MUNICIPAL CORPORATION AND THE MUNICIPAL CORPORATION SHALL~~
27 ~~ADMINISTER THE PROGRAM FUNDS IN ACCORDANCE WITH PROGRAM~~
28 ~~REQUIREMENTS THE QUALIFYING LOCAL GOVERNMENT.~~

29 4-1809.

30 WITH THE CONSENT OF THE DEPARTMENT, IN APPROPRIATE CIRCUMSTANCES,
31 A QUALIFYING ~~COUNTY~~ LOCAL GOVERNMENT MAY EXTEND THE INCOME
32 ELIGIBILITY LIMITS FOR A WORKFORCE HOUSING UNIT DEVELOPED WITH PROGRAM
33 FUNDS TO INCLUDE A HOUSEHOLD OF LOW OR MODERATE INCOME.

1 4-1810.

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

5 (B) THE PER UNIT MAXIMUM ESTABLISHED BY THE SECRETARY SHALL BE
6 EQUAL TO APPROXIMATELY 10% OF THE REGIONAL AVERAGE CONSTRUCTION COSTS
7 APPLICABLE TO THE QUALIFYING ~~COUNTY~~ LOCAL GOVERNMENT FOR A
8 COMPARABLE WORKFORCE HOUSING UNIT.

9 4-1811.

10 (A) RENTAL UNITS DEVELOPED UNDER THIS SUBTITLE SHALL REMAIN
11 AFFORDABLE AS WORKFORCE HOUSING FOR A PERIOD OF AT LEAST ~~40~~ 25 YEARS.

12 (B) IF AN INITIAL BUYER OF A HOMEOWNERSHIP WORKFORCE HOUSING UNIT
13 DEVELOPED THROUGH THE PROGRAM TRANSFERS TITLE TO THE UNIT AT ANY TIME,
14 THE INITIAL BUYER SHALL ASSIGN TO THE DEPARTMENT 100% OF THE COMBINED
15 AMOUNT OF PROGRAM FUNDS AND QUALIFYING LOCAL GOVERNMENT MATCHING
16 FUNDS USED TO DEVELOP THE UNIT.

17 ~~(B)~~ (C) IF AN INITIAL BUYER OF A HOMEOWNERSHIP WORKFORCE HOUSING
18 UNIT DEVELOPED THROUGH THE PROGRAM TRANSFERS TITLE TO THE UNIT:

19 (1) WITHIN 5 YEARS OF THE DATE OF PURCHASE, THE INITIAL BUYER
20 SHALL ASSIGN ~~100%~~ 20% OF THE NET PROCEEDS OF TRANSFER TO THE DEPARTMENT;

21 (2) DURING THE PERIOD THAT IS MORE THAN 5 YEARS BUT LESS THAN
22 ~~25~~ 15 YEARS FROM THE DATE OF PURCHASE, THE INITIAL BUYER SHALL ASSIGN TO
23 THE DEPARTMENT A PERCENTAGE OF THE NET PROCEEDS OF TRANSFER THAT
24 BEGINS AT ~~95%~~ 20% AND DECLINES BY ~~5%~~ 2% FOR EACH SUBSEQUENT YEAR OF
25 OWNERSHIP; AND

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

29 (D) OF THE FUNDS ASSIGNED TO THE DEPARTMENT UNDER SUBSECTIONS (B)
30 AND (C) OF THIS SECTION, THE DEPARTMENT SHALL DISTRIBUTE TO THE
31 QUALIFYING LOCAL GOVERNMENT:

32 (1) THE MATCHING FUNDS PROVIDED BY THE QUALIFYING LOCAL
33 GOVERNMENT FOR THE HOMEOWNERSHIP WORKFORCE HOUSING UNIT THAT
34 GENERATED THE NET PROCEEDS OF TRANSFER; AND

35 (2) A PROPORTIONATE SHARE OF THE NET PROCEEDS OF TRANSFER
36 BASED ON THE AMOUNT OF MATCHING FUNDS PROVIDED BY THE QUALIFYING
37 LOCAL GOVERNMENT FOR THE HOMEOWNERSHIP WORKFORCE HOUSING UNIT THAT
38 GENERATED THE NET PROCEEDS OF TRANSFER.

1 ~~(C)~~ (E) THE DEPARTMENT AND THE QUALIFYING LOCAL GOVERNMENTS
2 SHALL USE THE NET PROCEEDS OF TRANSFER FUNDS RECEIVED UNDER THIS
3 SECTION TO DEVELOP WORKFORCE HOUSING UNDER THE PROGRAM.

4 (F) THE CONTRACT OF SALE TO THE INITIAL BUYER SHALL DISCLOSE THE
5 COMBINED AMOUNT OF PROGRAM FUNDS AND QUALIFYING LOCAL GOVERNMENT
6 MATCHING FUNDS THAT MUST BE ASSIGNED TO THE DEPARTMENT IN THE EVENT OF
7 A TRANSFER OF TITLE.

8 (G) THE DEED TO THE INITIAL BUYER OF A HOMEOWNERSHIP WORKFORCE
9 HOUSING UNIT AND A DEED TO A TRANSFEREE FOR NO CONSIDERATION OF A
10 HOMEOWNERSHIP WORKFORCE HOUSING UNIT SHALL INCLUDE:

11 (1) THE REQUIREMENTS FOR REPAYMENT SET FORTH IN THIS SECTION;
12 AND

13 (2) A PROVISION CREATING A LIEN IN FAVOR OF THE DEPARTMENT
14 AGAINST THE HOMEOWNERSHIP WORKFORCE HOUSING UNIT FOR THE AMOUNTS
15 DUE UPON SALE AS SET FORTH IN THIS SECTION.

16 4-1812.

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

21 4-1813.

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

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