

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 123

(Delegate Feldman, *et al.*)

Environmental Matters

Judicial Proceedings

Real Property - Condominiums - Conversion of Rental Facilities - Extended
Leases

This emergency bill expands the class of individuals, from a “handicapped citizen” to include an individual with a “disability” as defined under the bill, who must be offered an extended lease when a rental facility is converted to a condominium. The bill also alters the allocation among households who must be offered extended leases.

The bill applies to any residential rental facility for which an application for registration with the Secretary of State has not been filed on or before March 15, 2006.

Fiscal Summary

State Effect: Any change in State activities would not materially affect State finances.

Local Effect: The bill would not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: Under the bill, “disability” means: (1) a physical or mental impairment that substantially limits one or more of an individual’s major life activities; or (2) a record of having a physical or mental impairment that substantially limits one or more of an individual’s major life activities. “Disability” does not include the current illegal use

of or addiction to a controlled dangerous substance, as defined in State law, or a controlled substance, as defined in federal law.

When extended leases must be offered by the developer, among designated households that include individuals with disabilities, priority must be given to households that include an individual who requires wheelchair accessible housing.

Current Law: When a rental facility with 10 or more units will be converted to a condominium, the developer must give notice to the tenants and meet other requirements, including honoring existing leases. The developer must also offer a lease extension of three years to a household that: (1) meets the income eligibility standard prepared by the Secretary of State (approximately 80% of the median income for each county and standard metropolitan statistical area); and (2) includes an individual who is either a “senior citizen” (an individual at least age 62) or a “handicapped citizen.” Under the provision, a handicapped citizen is a person with a measurable limitation of mobility due to congenital defect, disease, or trauma. The developer is not required to grant extended leases to more than 20% of the units in a condominium.

The senior citizen or handicapped citizen must have lived in the household for at least 12 months preceding the notice. After complying with specified terms for notice and acceptance, the lease must be for a term of at least three years from the date the notice of the conversion is given. The lease terminates upon the occurrence of any of the following: (1) 90 days following the death or departure of the last senior citizen or handicapped citizen; (2) eviction of the tenant under specified circumstances; or (3) voluntary termination of the lease by the tenant.

If a county or incorporated municipality finds and declares that a rental housing emergency exists, the county or municipality may: (1) grant the right to an extended lease beyond the three-year period; and (2) expand the eligibility for extended leases to additional categories of persons. If a county or municipality does expand eligibility, a lease to a person in an additional category may not exceed three years.

Background: The bill’s definition of “disability” tracks the definition used in the federal Americans with Disabilities Act, as well as federal and State fair housing laws. The effect of the change is to include individuals with developmental disabilities as well as individuals with physical disabilities in the category of individuals who must be offered extended leases when a rental facility is converted to a condominium.

Additional Information

Prior Introductions: None.

Cross File: SB 10 (Senator Frosh, *et al.*) – Judicial Proceedings.

Information Source(s): Secretary of State, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2006
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Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510