

SENATE BILL 641

N1
HB 1500/06 – ENV & W&M

71r2930
CF HB 96

By: **Senator Raskin**

Introduced and read first time: February 2, 2007

Assigned to: Judicial Proceedings and Budget and Taxation

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 2006 Supplement)

21 BY adding to
22 Article – Tax – Property
23 Section 9–246
24 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2001 Replacement Volume and 2006 Supplement)

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

4 **Article - Real Property**

5 11-102.1.

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

10 "NOTICE OF INTENTION TO CREATE A CONDOMINIUM

11 (Date)

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

16 Section 1

17 Rights that apply to all tenants

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

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

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

1 (3) If you do not choose to purchase your unit, and the annual income for all
2 present members of your household did not exceed (the applicable income
3 eligibility figure or figures for the appropriate area) for 20..., you are entitled to
4 receive \$375 when you move out of your residence. You are also entitled to be
5 reimbursed for moving expenses as defined in the Maryland Condominium Act over
6 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for
7 all present members of your household did exceed (the applicable income
8 eligibility figure or figures for the appropriate area) for 20..., you are entitled to be
9 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
10 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
11 you must make a written request, accompanied by reasonable evidence of your
12 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
13 days after your request has been received.

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

18 Section 2

19 Right to [3-year] **5-YEAR** lease extension or 3-month rent payment
20 for certain individuals with disabilities and senior citizens

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

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

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

33 (1) (i) "Disability" means:

1 1. A physical or mental impairment that substantially limits one or
2 more of an individual's major life activities; or

3 2. A record of having a physical or mental impairment that
4 substantially limits one or more of an individual's major life activities.

5 (ii) "Disability" does not include the current illegal use of or addiction to:

6 1. A controlled dangerous substance as defined in § 5–101 of the
7 Criminal Law Article; or

8 2. A controlled substance as defined in 21 U.S.C. § 802.

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

11 (3) "Annual income" means the total income from all sources for all present
12 members of your household for the income tax year immediately preceding the year in
13 which this notice is issued but shall not include unreimbursed medical expenses if the
14 tenant provides reasonable evidence of the unreimbursed medical expenses or
15 consents in writing to authorize disclosure of relevant information regarding medical
16 expense reimbursement at the time of applying for an extended lease. "Total income"
17 means the same as "gross income" as defined in § 9–104(a)(7) of the Tax – Property
18 Article.

19 (4) "Unreimbursed medical expenses" means the cost of medical expenses not
20 otherwise paid for by insurance or some other third party, including medical and
21 hospital insurance premiums, co-payments, and deductibles; Medicare A and B
22 premiums; prescription medications; dental care; vision care; and nursing care
23 provided at home or in a nursing home or home for the aged.

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

25 (1) A member of the household must be an individual with a disability or a
26 senior citizen and must be living in your unit as of the date of this notice and must
27 have been a member of your household for at least 12 months preceding the date of
28 this notice; and

29 (2) Annual income for all present members of your household must not have
30 exceeded (the applicable income eligibility figure or figures for the
31 appropriate area) 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 20
10 percent limitation, priority will be given to qualified households who have lived in the
11 rental facility for the longest time.

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

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

19 You may apply for an extended lease and, at the same time, choose to purchase
20 your unit. If you apply for and receive an extended lease, your purchase contract will
21 be void. If you do not receive an extended lease, your purchase contract will be
22 effective and you will be obligated to buy your unit.

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

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

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

34

1
2

2”

3 11-137.

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

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

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

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

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

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

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

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

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

4 11-140.

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

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

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

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

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

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

23 **Article - Tax - Property**

24 **9-246.**

25 (A) **THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
26 **GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY**
27 **GRANT, BY LAW, A TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL**
28 **CORPORATION PROPERTY TAX IMPOSED ON RESIDENTIAL REAL PROPERTY**
29 **OWNED BY A DEVELOPER THAT:**

30 (1) **CONVERTS A RESIDENTIAL RENTAL FACILITY TO A**
31 **CONDOMINIUM; AND**

1 **(2) OFFERS EXTENDED LEASES TO TENANTS OF THE RESIDENTIAL**
2 **RENTAL FACILITY.**

3 **(B) A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY LAW,**
4 **FOR:**

5 **(1) THE AMOUNT AND DURATION OF A PROPERTY TAX CREDIT**
6 **UNDER THIS SECTION;**

7 **(2) THE CRITERIA AND QUALIFICATIONS FOR THE GRANTING OF**
8 **THE CREDIT; AND**

9 **(3) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS**
10 **SECTION.**

11 SECTION 2. AND BE IT FURTHER ENACTED, That § 9-246 of the
12 Tax – Property Article as enacted by Section 1 of this Act shall be applicable to all
13 taxable years beginning after June 30, 2007.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 June 1, 2007.