HOUSE BILL 1104

By: Delegates Charles, Henson, R. Jones, Landis, and Turner
Introduced and read first time: February 10, 2022
Assigned to: Ways and Means and Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 Affordable Housing Land Trusts – Funding and Property Tax Exemption

3 FOR the purpose of requiring the Department of Housing and Community Development to
4 reserve a certain percentage of community development block grant funds awarded
5 to the State for nonentitlement areas for award to affordable housing land trusts in
6 the non–entitlement areas; establishing the intent of the General Assembly that
7 certain entitlement areas award a certain percentage of community development
8 block grant funds to affordable housing land trusts; exempting from property taxes
9 real property held by an affordable housing land trust under certain circumstances;
10 and generally relating to affordable housing land trusts.

11 BY renumbering
12 Article – Real Property
13 Section 14–511
14 to be Section 14–512
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2021 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – Real Property
19 Section 14–501(a) through (c) and 14–509
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2021 Supplement)

22 BY adding to
23 Article – Real Property
24 Section 14–511
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2021 Supplement)

27 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 14–511 of Article – Real Property of the Annotated Code of Maryland be renumbered to be Section(s) 14–512.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article – Real Property**

14–501.

(a) In this subtitle the following words have the meanings indicated.

(b) “Affordable housing land trust” means an entity that:

(1) Provides affordable housing to low–income families and moderate–income families through an affordable housing land trust agreement; and

(2) Is organized or managed by:

(i) A nonprofit organization exempt from taxation under § 501(c)(2), (3), or (4) of the United States Internal Revenue Code; or

(ii) A unit or instrumentality of the State or a political subdivision of the State.

(c) “Affordable housing land trust agreement” means an agreement between an affordable housing land trust and a purchaser of real property owned by the affordable housing land trust, or for which the affordable housing land trust has a proprietary or reversionary interest, that:

(1) Grants the affordable housing land trust a preemptive right to purchase or repurchase the property, including any improvements on the property;

(2) Contains language restricting the transfer, lease, sublease, assignment, or occupancy of the property with regard to:
(i) Potential transferees, sublessees, assignees, or occupants; and

(ii) The price at which the property may be transferred; or

(3) Imposes other conditions on the use or transfer of the property that would trigger a reversionary interest and that are designed to ensure that the property remains available and affordable to low-income families and moderate-income families.

14–511.

(A) (1) To the extent practicable, the Department of Housing and Community Development shall reserve 2.5% of the total Community Development Block Grant funds awarded to the State in a given year for nonentitlement areas for award to affordable housing land trusts in the nonentitlement areas.

(2) It is the intent of the General Assembly that entitlement areas that receive Community Development Block Grant funds award 2.5% of the total Community Development Block Grant funds awarded to the entitlement areas in a given year in a manner consistent with paragraph (1) of this subsection.

(B) This section may not be construed to authorize the use of Community Development Block Grant funds for a purpose that violates federal law or regulation.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Real Property

14–509.

(a) In any assessment for tax purposes of property subject to an affordable housing land trust agreement, the property shall be assessed based on its market value subject to any restrictions in the affordable housing land trust agreement.

(b) The assessment shall note that the sale was not an arms-length transfer on the property tax record.

Article – Tax – Property

7–249.
(A) In this section, “affordable housing land trust” and “affordable housing land trust agreement” have the meanings stated in § 14–501 of the Real Property Article.

(B) Real property is not subject to property tax if the real property is:

1. Owned by an affordable housing land trust; and
2. Not subject to an affordable housing land trust agreement.

(C) This section:

1. Shall be construed to supersede the authority granted under § 7–518 of this Article; but
2. May not be construed to affect the provisions of § 14–509 of the Real Property Article.

(a) In this section, “affordable housing land trust” and “affordable housing land trust agreement” have the meanings stated in § 14–501 of the Real Property Article.

(b) The governing body of Frederick County may exempt real property from the Frederick County property tax if the real property is:

1. Owned by an affordable housing land trust; and
2. Not subject to an affordable housing land trust agreement.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be applicable to taxable years beginning after June 30, 2022.

SECTION 5. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022. Section 3 of this Act shall remain effective for a period of 40 years and 1 month and, at the end of June 30, 2062, Section 3 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.