

HOUSE BILL 1104

C9, Q1

2lr2470

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.



1 Article – Tax – Property
2 Section 7–249
3 Annotated Code of Maryland
4 (2019 Replacement Volume and 2021 Supplement)

5 BY repealing and reenacting, without amendments,
6 Article – Tax – Property
7 Section 7–518
8 Annotated Code of Maryland
9 (2019 Replacement Volume and 2021 Supplement)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
11 That Section(s) 14–511 of Article – Real Property of the Annotated Code of Maryland be
12 renumbered to be Section(s) 14–512.

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

15 **Article – Real Property**

16 14–501.

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

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

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

21 (2) Is organized or managed by:

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

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

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

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

32 (2) Contains language restricting the transfer, lease, sublease, assignment,
33 or occupancy of the property with regard to:

1 (i) Potential transferees, sublessees, assignees, or occupants; and

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

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

6 **14-511.**

7 (A) (1) **TO THE EXTENT PRACTICABLE, THE DEPARTMENT OF HOUSING
8 AND COMMUNITY DEVELOPMENT SHALL RESERVE 2.5% OF THE TOTAL COMMUNITY
9 DEVELOPMENT BLOCK GRANT FUNDS AWARDED TO THE STATE IN A GIVEN YEAR FOR
10 NONENTITLEMENT AREAS FOR AWARD TO AFFORDABLE HOUSING LAND TRUSTS IN
11 THE NONENTITLEMENT AREAS.**

12 (2) **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT
13 ENTITLEMENT AREAS THAT RECEIVE COMMUNITY DEVELOPMENT BLOCK GRANT
14 FUNDS AWARD 2.5% OF THE TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT
15 FUNDS AWARDED TO THE ENTITLEMENT AREAS IN A GIVEN YEAR IN A MANNER
16 CONSISTENT WITH PARAGRAPH (1) OF THIS SUBSECTION.**

17 (B) **THIS SECTION MAY NOT BE CONSTRUED TO AUTHORIZE THE USE OF
18 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR A PURPOSE THAT VIOLATES
19 FEDERAL LAW OR REGULATION.**

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

22 **Article – Real Property**

23 **14-509.**

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

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

29 **Article – Tax – Property**

30 **7-249.**

1 **(A) IN THIS SECTION, “AFFORDABLE HOUSING LAND TRUST” AND**
2 **“AFFORDABLE HOUSING LAND TRUST AGREEMENT” HAVE THE MEANINGS STATED**
3 **IN § 14–501 OF THE REAL PROPERTY ARTICLE.**

4 **(B) REAL PROPERTY IS NOT SUBJECT TO PROPERTY TAX IF THE REAL**
5 **PROPERTY IS:**

6 **(1) OWNED BY AN AFFORDABLE HOUSING LAND TRUST; AND**

7 **(2) NOT SUBJECT TO AN AFFORDABLE HOUSING LAND TRUST**
8 **AGREEMENT.**

9 **(C) THIS SECTION:**

10 **(1) SHALL BE CONSTRUED TO SUPERSEDE THE AUTHORITY GRANTED**
11 **UNDER § 7–518 OF THIS ARTICLE; BUT**

12 **(2) MAY NOT BE CONSTRUED TO AFFECT THE PROVISIONS OF §**
13 **14–509 OF THE REAL PROPERTY ARTICLE.**

14 7–518.

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

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

19 (1) owned by an affordable housing land trust; and

20 (2) not subject to an affordable housing land trust agreement.

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

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

28 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect June
29 1, 2022. Section 3 of this Act shall remain effective for a period of 40 years and 1 month
30 and, at the end of June 30, 2062, Section 3 of this Act, with no further action required by
31 the General Assembly, shall be abrogated and of no further force and effect.