



Bill No.: _____
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By: **Montgomery County Delegation**

A BILL ENTITLED

AN ACT concerning

**Montgomery County - Maryland Condominium Act - Rental Housing
Emergency**

MC 612-06

FOR the purpose of providing that certain developers in Montgomery County are not required to grant extended leases covering a certain percentage of the units within a condominium to certain households; providing for the allocation of condominium units under certain circumstances; providing that in Montgomery County, on finding and declaring a certain rental housing emergency, the county or an incorporated municipality in the county may grant a certain family a right to a certain extended lease; providing that a right to an extended lease may not result in a requirement that a developer set aside more than a certain percentage of the total number of condominium units for an extended lease; providing for a certain maximum term of an extended lease; providing for a certain election by the tenants of a certain rental property; making stylistic changes; and generally relating to the Maryland Condominium Act.

BY repealing and reenacting, with amendments,

Article - Real Property

Section 11-137 and 11-140

Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.

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(2003 Replacement Volume and 2005 Supplement) 21

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 22
MARYLAND, That the Laws of Maryland read as follows: 23

Article - Real Property 24

11-137. 25

(a) (1) In this section the following words have the meanings indicated. 26

(2) “Annual income” means the total income from all sources, of a 27
designated household, for the income tax year immediately preceding the year in 28
which the notice is given under § 11-102.1 of this title, whether or not included in the 29
definition of gross income for federal or State tax purposes. For purposes of this 30
section, the inclusions and exclusions from annual income are the same as those 31
listed in § 9-104(a)(8) of the Tax – Property Article, “gross income” as that term is 32
defined for the property tax credits for homeowners by reason of income and age, but 33
shall not include unreimbursed medical expenses if the tenant provides reasonable 34
evidence of the unreimbursed medical expenses or consents in writing to authorize 35
disclosure of relevant information regarding medical expense reimbursement at the 36
time of applying for an extended lease. 37

(3) “Designated household” means any of the following households: 38

(i) A household [which] THAT includes a senior citizen who has 39
been a member of the household for a period of at least 12 months preceding the 40
giving of the notice required by § 11-102.1 of this title; or 41

(ii) A household [which] THAT includes a handicapped citizen who 42
has been a member of the household for a period of at least 12 months preceding the 43
giving of the notice required by § 11-102.1 of this title. 44

(4) “Handicapped citizen” means a person with a measurable limitation 45
of mobility due to congenital defect, disease, or trauma. 46

(5) “Household” means only those persons domiciled in the unit at the time the notice required by § 11–102.1 of this title is given. 47
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(6) “Rental facility” means property containing 10 or more dwelling units intended to be leased to persons who occupy the dwellings as their residences. 49
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(7) “Senior citizen” means a person who is at least 62 years old on the date that the notice required by § 11–102.1 of this title is given. 51
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(b) A developer may not grant a unit in a rental facility occupied by a designated household entitled to receive the notice required by § 11–102.1 of this title without offering to the tenant of the unit a lease extension for a period of at least 3 years from the giving of the notice required by § 11–102.1 of this title, if the household meets the following criteria: 53
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(1) Had an annual income [which] THAT did not exceed the income eligibility figure applicable for the county or incorporated municipality in which the rental facility is located, as provided under subsection (n) of this section; 58
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(2) Is current in its rent payment and has not violated any other material term of the lease; or 61
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(3) Has provided the developer within 60 days after the giving of the notice required by § 11–102.1 of this title with an affidavit under penalty of perjury: 63
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(i) Stating that the household is applying for an extended lease under this section; 65
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(ii) Setting forth the household’s annual income for the calendar year preceding the giving of the notice required by § 11–102.1 of this title together with reasonable supporting documentation of the household income and, where applicable, of unreimbursed medical expenses or a written authorization for disclosure of relevant information regarding medical expense reimbursement by doctors, hospitals, clinics, insurance companies, or similar persons, entities, or organizations that provide medical treatment coverage to the household; 67
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(iii) Setting forth facts showing that a member of the household is either a handicapped citizen or a senior citizen who, in either event, has been a member of the household for at least 12 months preceding the giving of the notice required by § 11-102.1 of this title; and

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

(c) The developer shall deliver to each tenant entitled to receive the notice required by § 11-102.1 of this title, simultaneously with the notice:

(1) An application on which may be included all of the information required by subsection (b)(3) of this section;

(2) A lease containing the terms required by this section and clearly indicating that the lease will be effective only if:

(i) The tenant executes and returns the lease not later than 60 days after the giving of the notice required by § 11-102.1 of this title; and

(ii) The household is allocated 1 of the units required to be made available to qualified households based on its ranking under subsection (k) of this section and the number of tenants executing and returning leases;

(3) A notice, delivered in the form specified in § 11-102.1(f) of this title, setting forth the rights and obligations of the tenant under this section; and

(4) A copy of the public offering statement which is registered with the Secretary of State.

(d) Within 75 days after the giving of the notice required by § 11-102.1 of this title, the developer shall notify each household [which] THAT submits to the developer the documentation required by subsection (b)(3) of this section:

(1) Whether the household meets the criteria of subsection (b) of this section, and, if not, an explanation of which criteria have not been met; and

- (2) Whether the extended lease has become effective. 100
- (e) Within 75 days after the giving of the notice required by § 11–102.1 of this 101
title, the developer shall provide to any county, incorporated municipality, or housing 102
agency **[which]** THAT has a right to purchase units in the rental facility under § 103
11–139 of this title: 104
- (1) A notice indicating the number of units in the rental facility being 105
made available to qualified households under subsection (k)(1) of this section; 106
- (2) A list of all households meeting the criteria of subsection (b) of this 107
section, indicating the ranking of each in relation to that number; 108
- (3) A list of all households returning the affidavit required by subsection 109
(b) of this section **[which]** THAT do not meet all the criteria of subsection (b) of this 110
section and copies of the notifications sent to these households under subsection (d) of 111
this section; and 112
- (4) A list of all households as to whom a lease has become effective. 113
- (f) (1) The extended lease shall provide for a term commencing on 114
acceptance and terminating not less than 3 years from the giving of the notice 115
required by § 11–102.1 of this title. 116
- (2) Annually, on the commencement date of the extended lease, the 117
rental fee for the unit may be increased. The increase may not exceed an amount 118
determined by multiplying the annual rent for the preceding year by the percentage 119
increase for the rent component of the U.S. Consumer Price Index for Urban Wage 120
Earners and Clerical Workers (CPI–W) (1967 = 100), as published by the U.S. 121
Department of Labor, for the most recent 12–month period. 122
- (3) Except as this section otherwise permits or requires, the extended 123
lease shall contain the same terms and conditions as the lease in effect on the day 124
preceding the giving of the notice required by § 11–102.1 of this title. 125

(g) A designated household **[which]** THAT exercises its rights under this section shall not be denied an opportunity to buy a unit at a later date, if one is available.

(h) (1) A designated household **[which]** THAT executes an extended lease under this section **[which]** THAT is accepted thereafter may not terminate its extended lease under § 11-102.1 of this title. A designated household may terminate its extended lease at any time, with notice to the developer or any subsequent titleholder as follows:

(i) At least a 1-month notice in writing shall be given when less than 12 months remain on the lease; and

(ii) At least a 3-month notice in writing shall be given when 12 months or more remain on the lease.

(2) Any lease executed under this section shall set forth the provisions for termination contained in this subsection.

(i) The title to units subject to the provisions of this section may be granted to a person who is not a member of the designated household, provided that:

(1) The provisions of this section continue to apply despite any transfer of title to a unit occupied by a designated household as provided in this section;

(2) The designated household is provided written notice of the change of ownership of title by the new titleholder; and

(3) The vendor of any such unit provides the purchaser written disclosure that the unit is occupied by a designated household subject to the provisions of this section at the time of or prior to the execution of a contract of sale.

(j) The extended tenancy provided for in this section shall cease upon the occurrence of any of the following:

(1) 90 days after the death of the last surviving senior citizen or

handicapped citizen residing in the unit, or 90 days after the last senior citizen or
handicapped citizen residing in the unit has moved from the unit;

(2) Eviction for failure to pay rent due in a timely fashion or violation of
a material term of the lease; or

(3) Voluntary termination of the lease by the designated household
under subsection (h) of this section.

(k) (1) A developer shall set aside a percentage of the total number of units
within a condominium for designated households.

(2) (I) [A] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS
SUBSECTION, A developer is not required to grant extended leases covering more than
20 percent of the units within a condominium to designated households.

[(2)] (II) If the number of units occupied by designated households
[which] THAT meet the criteria of subsection (b) of this section exceeds 20 percent,
then the number of available units for tenancy under the provisions of this section
shall be allocated as determined by the local governing body. If the local governing
body fails to provide for allocation, then units shall be allocated by the developer,
based on seniority by continuous length of residence.

(3) (I) IN MONTGOMERY COUNTY, A DEVELOPER IS NOT REQUIRED TO
GRANT EXTENDED LEASES COVERING MORE THAN 50 PERCENT OF THE UNITS
WITHIN A CONDOMINIUM TO DESIGNATED HOUSEHOLDS.

(II) 1. IN MONTGOMERY COUNTY, IF THE NUMBER OF UNITS
OCCUPIED BY DESIGNATED HOUSEHOLDS THAT MEET THE CRITERIA OF
SUBSECTION (B) OF THIS SECTION EXCEEDS 50 PERCENT, THEN THE NUMBER OF
AVAILABLE UNITS FOR TENANCY UNDER THE PROVISIONS OF THIS SECTION SHALL
BE ALLOCATED AS DETERMINED BY THE COUNTY OR INCORPORATED MUNICIPALITY.

2. IF THE COUNTY OR INCORPORATED MUNICIPALITY FAILS
TO PROVIDE FOR ALLOCATION, THEN UNITS SHALL BE ALLOCATED BY THE

DEVELOPER, BASED ON SENIORITY BY CONTINUOUS LENGTH OF RESIDENCE.	179
(1) (1) If a conversion to condominium involves substantial rehabilitation or reconstruction of such a nature that the work involved does not permit the continued occupancy of a unit because of danger to the health and safety of the tenants, then any designated household executing an extended lease under the provisions of this section may be required to vacate their unit not earlier than the expiration of the 180-day period and to relocate at the expense of the developer in a comparable unit in the rental facility to permit such work to be performed.	180 181 182 183 184 185 186
(2) If there is no comparable unit available, then the designated household may be required to vacate the rental facility. When the work is completed, the developer shall notify the household of its completion. The household shall have 30 days from the date of that notice to return to their original or a comparable rental unit. The term of the extended lease of that household shall begin upon their return to the rental unit.	187 188 189 190 191 192
(3) The developer shall give 180 days' notice prior to the date that units must be vacated. The notice shall explain the household's rights under this subsection and subsection (m) of this section.	193 194 195
(m) (1) The developer shall pay households that qualify as to income under subsection (b)(1) of this section \$375 when the household vacates the unit and for moving expenses as defined in § 11-101 of this title in excess of \$375 up to \$750 which are actually and reasonably incurred. The household shall make a written request for reimbursement accompanied by reasonable evidence of the costs incurred within 30 days of moving. The developer shall reimburse the household within 30 days following receipt of the request.	196 197 198 199 200 201 202
(2) If a household does not qualify as to income under subsection (b)(1) of this section, the developer shall reimburse moving expenses as defined in § 11-101 of this title, up to \$750, actually and reasonably incurred to the designated households eligible under this subsection. The designated household shall make a written request	203 204 205 206

for reimbursement accompanied by reasonable evidence of the costs incurred within 207
 30 days of moving. The developer shall reimburse the designated household within 30 208
 days following receipt of the request. 209

(3) The developer shall also pay a compensation equivalent to 3 months' 210
 rent within 15 days of moving to the designated households eligible under this 211
 subsection. 212

(4) The following designated households **[which]** THAT meet the 213
 applicable criteria of subsection (b) of this section are eligible under this subsection: 214

(i) A designated household **[which]** THAT does not execute an 215
 extended lease; 216

(ii) A designated household **[which]** THAT is precluded from having 217
 an extended tenancy by the limitation of subsection (k) of this section; or 218

(iii) A designated household **[which]** THAT is required to vacate 219
 their rental unit under subsection (l)(2) of this section. 220

(5) A developer shall also reimburse moving expenses as defined in § 221
 11-101 of this title, up to \$750, actually and reasonably incurred, to a designated 222
 household who returns to their rental unit under subsection (l)(2) of this section. The 223
 designated household shall make a written request for reimbursement accompanied 224
 by reasonable evidence of the costs incurred within 30 days following the designated 225
 household's return. The developer shall reimburse the designated household within 226
 30 days following receipt of the request. 227

(n) The Secretary of State shall prepare an income eligibility figure for each 228
 county and standard metropolitan statistical area of the State, which shall 229
 reasonably approximate 80 percent of the median income for each county and 230
 standard metropolitan statistical area. A county or incorporated municipality 231
[which] THAT is in a standard metropolitan statistical area may by ordinance or 232
 resolution adopt the income eligibility figure applicable to the county or standard 233

metropolitan statistical area.	234
11–140.	235
(a) The intent of the General Assembly of Maryland is to facilitate the orderly development of condominiums in Maryland. The General Assembly recognizes, however, that the conversion of rental dwellings to condominiums can have an adverse impact on the availability of rental units, resulting in the displacement of tenants.	236 237 238 239 240
(b) A county or incorporated municipality may, by legislative finding, recognize and declare that a rental housing emergency exists in all or part of its jurisdiction and has been caused by the conversion of rental housing to condominiums. The jurisdiction shall consider and make findings as to:	241 242 243 244
(1) The nature and incidence of condominium conversions;	245
(2) The resulting hardship to and displacement of tenants; and	246
(3) The scarcity of rental housing.	247
(c) 【Upon】 EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, ON finding and declaration of a rental housing emergency caused by the conversion of rental housing to condominiums, a county or an incorporated municipality may by the enactment of laws, ordinances, and regulations, take the following actions to meet the emergency:	248 249 250 251 252
(1) Grant to a designated family as defined in § 11–137 of this title a right to an extended lease for a period in addition to that period provided for in § 11–137 of this title. The right to an extended lease may not, in any event, result in a requirement that a developer set aside for an extended lease more than 20 percent of the total number of units.	253 254 255 256 257
(2) Otherwise extend any of the provisions of § 11–137 of this title except that:	258 259

(i) More than 20 percent of the total number of units may not be required to be set aside; and	260 261
(ii) The term of an extended lease for any family made a designated family by a county or an incorporated municipality may not exceed 3 years.	262 263
(3) Require that the notice required to be given under § 11–102.1 of this title be altered to disclose the effects of any actions taken under this section.	264 265
(D) (1) IN MONTGOMERY COUNTY, ON FINDING AND DECLARATION OF A RENTAL HOUSING EMERGENCY CAUSED BY THE CONVERSION OF RENTAL HOUSING TO CONDOMINIUMS, THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN THE COUNTY MAY BY THE ENACTMENT OF LAWS, ORDINANCES, AND REGULATIONS TAKE THE ACTIONS SPECIFIED IN THIS SUBSECTION TO MEET THE EMERGENCY.	266 267 268 269 270
(2) (I) THE COUNTY OR AN INCORPORATED MUNICIPALITY IN THE COUNTY MAY GRANT TO A DESIGNATED FAMILY AS DEFINED IN § 11–137 OF THIS SUBTITLE A RIGHT TO AN EXTENDED LEASE FOR A PERIOD IN ADDITION TO THAT PERIOD PROVIDED FOR IN § 11–137 OF THIS SUBTITLE.	271 272 273 274
(II) THE RIGHT TO AN EXTENDED LEASE MAY NOT, IN ANY EVENT, RESULT IN A REQUIREMENT THAT A DEVELOPER SET ASIDE FOR AN EXTENDED LEASE MORE THAN 50 PERCENT OF THE TOTAL NUMBER OF UNITS.	275 276 277
(3) THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN THE COUNTY MAY OTHERWISE EXTEND ANY OF THE PROVISIONS OF § 11–137 OF THIS SUBTITLE EXCEPT THAT:	278 279 280
(I) MORE THAN 50 PERCENT OF THE TOTAL NUMBER OF UNITS MAY NOT BE REQUIRED TO BE SET ASIDE; AND	281 282
(II) THE TERM OF AN EXTENDED LEASE FOR ANY FAMILY MADE A DESIGNATED FAMILY BY THE COUNTY OR AN INCORPORATED MUNICIPALITY WITHIN THE COUNTY MAY NOT EXCEED 3 YEARS.	283 284 285

(4) BEFORE A CONVERSION TO A CONDOMINIUM, THE COUNTY OR AN 286
INCORPORATED MUNICIPALITY WITHIN THE COUNTY MAY PROVIDE FOR AN 287
ELECTION BY THE TENANTS OF THE RENTAL PROPERTY BEING CONVERTED TO 288
APPROVE OR REJECT THE CONVERSION. 289

[(d)] (E) Within 10 days of the enactment of a law, ordinance, or regulation 290
under this section, a county or incorporated municipality shall forward a copy of the 291
law, ordinance or regulation to the Secretary of State. 292

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 293
October 1, 2006. 294