

# HOUSE BILL 146

N1, Q1  
HB 96/07 – ENV & W&M

8lr1241

---

By: **Delegates Hixson, Hucker, and Mizeur**  
Introduced and read first time: January 18, 2008  
Assigned to: Environmental Matters and Ways and Means

---

## 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 2007 Supplement)

21 BY adding to  
22 Article – Tax – Property  
23 Section 9–248  
24 Annotated Code of Maryland  
25 (2007 Replacement Volume)

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

---

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



1

Article – Real Property

2

11–102.1.

3

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

7

“NOTICE OF INTENTION TO CREATE A CONDOMINIUM

8

..... (Date)

9

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

13

SECTION 1

14

Rights that apply to all tenants

15

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

19

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

26

(2) You have the right to purchase your residence before it can be sold publicly. A purchase offer describing your right to purchase is required to be included with this notice. If a purchase offer is not included with this notice, the 180–day period that you may remain in your residence does not begin until you receive the purchase offer.

31

(3) If you do not choose to purchase your unit, and the annual income for all present members of your household did not exceed ..... (the applicable income eligibility figure or figures for the appropriate area) for 20..., you are entitled to receive \$375 when you move out of your residence. You are also entitled to be reimbursed for moving expenses as defined in the Maryland Condominium Act over \$375 up to \$750 which are actually and reasonably incurred. If the annual income for all present members of your household did exceed ..... (the applicable income

1 eligibility figure or figures for the appropriate area) for 20...., you are entitled to be  
2 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium  
3 Act actually and reasonably incurred. To receive reimbursement for moving expenses,  
4 you must make a written request, accompanied by reasonable evidence of your  
5 expenses, within 30 days after you move. You are entitled to be reimbursed within 30  
6 days after your request has been received.

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

## 11 SECTION 2

### 12 Right to [3-year] **5-YEAR** lease extension or 3-month rent payment 13 for certain individuals with disabilities and senior citizens

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

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

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

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

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

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

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

33 1. A controlled dangerous substance as defined in § 5-101 of  
34 the Criminal Law Article; or

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

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

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

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

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

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

21 (2) Annual income for all present members of your household must not have  
22 exceeded ..... (the applicable income eligibility figure or figures for the  
23 appropriate area) for 20.....; and

24 (3) You must be current in your rental payments and otherwise in good  
25 standing under your existing lease.

26 If you meet all of these qualifications and desire an extended lease, then you  
27 must complete the enclosed form and execute the enclosed lease and return them. The  
28 completed form and executed lease must be received at the office listed below within  
29 60 days of the date of this notice, or in other words, by ..... (Date). If your  
30 completed form and executed lease are not received within that time, you will not be  
31 entitled to an extended lease.

32 If the number of qualified households requesting extended leases exceeds the 20  
33 percent limitation, priority will be given to qualified households who have lived in the  
34 rental facility for the longest time.

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

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

5 You may apply for an extended lease and, at the same time, choose to purchase  
6 your unit. If you apply for and receive an extended lease, your purchase contract will  
7 be void. If you do not receive an extended lease, your purchase contract will be  
8 effective and you will be obligated to buy your unit.

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

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

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

20 .....  
21 .....  
22 .....”

23 11-137.

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

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

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

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

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

3 (ii) Setting forth the household's annual income for the calendar  
4 year preceding the giving of the notice required by § 11-102.1 of this title together  
5 with reasonable supporting documentation of the household income and, where  
6 applicable, of unreimbursed medical expenses or a written authorization for disclosure  
7 of relevant information regarding medical expense reimbursement by doctors,  
8 hospitals, clinics, insurance companies, or similar persons, entities, or organizations  
9 that provide medical treatment coverage to the household;

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

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

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

20 11-140.

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

25 (1) Grant to a designated family as defined in § 11-137 of this title a  
26 right to an extended lease for a period in addition to that period provided for in  
27 § 11-137 of this title. The right to an extended lease may not, in any event, result in a  
28 requirement that a developer set aside for an extended lease more than 20 percent of  
29 the total number of units.

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

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

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

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

3 **Article - Tax - Property**

4 **9-248.**

5 (A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE  
6 GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY  
7 GRANT, BY LAW, A TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL  
8 CORPORATION PROPERTY TAX IMPOSED ON RESIDENTIAL REAL PROPERTY  
9 OWNED BY A DEVELOPER THAT:

10 (1) CONVERTS A RESIDENTIAL RENTAL FACILITY TO A  
11 CONDOMINIUM; AND

12 (2) OFFERS EXTENDED LEASES TO TENANTS OF THE RESIDENTIAL  
13 RENTAL FACILITY.

14 (B) A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE, BY LAW,  
15 FOR:

16 (1) THE AMOUNT AND DURATION OF A PROPERTY TAX CREDIT  
17 UNDER THIS SECTION;

18 (2) THE CRITERIA AND QUALIFICATIONS FOR THE GRANTING OF  
19 THE CREDIT; AND

20 (3) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS  
21 SECTION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That § 9-248 of the Tax -  
23 Property Article as enacted by Section 1 of this Act shall be applicable to all taxable  
24 years beginning after June 30, 2008.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 June 1, 2008.