

HOUSE BILL 1149

N1, Q1

0lr1705
CF 0lr3549

By: **Delegates Stewart, Acevero, Lehman, Moon, Palakovich Carr, and Ruth**

Introduced and read first time: February 6, 2020

Assigned to: Environment and Transportation and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Social Housing**
3 **Subprogram**
4 **(Social Housing Act)**

5 FOR the purpose of establishing the Social Housing Subprogram within the Partnership
6 Rental Housing Program operated by the Department of Housing and Community
7 Development; specifying the purposes of the Subprogram; requiring the Department
8 to take certain actions related to the Subprogram; authorizing the Department, in
9 administering the Subprogram, to act either directly or through the Community
10 Development Administration; establishing certain qualifying criteria for a social
11 housing project; authorizing a political subdivision or a certain housing authority to
12 apply for a Subprogram loan; requiring the Department to consider certain factors
13 when reviewing an application for a Subprogram loan; requiring the Department to
14 give preference to a certain loan application under certain circumstances and to deny
15 a certain loan application under certain circumstances; authorizing a Subprogram
16 loan to include certain terms; authorizing the Department to modify certain terms
17 of a Subprogram loan to facilitate repayment of the Subprogram loan and achieve
18 the purposes of the Subprogram; authorizing the Department to take certain actions
19 if a Subprogram loan is secured by a mortgage; authorizing the Department to assign
20 a certain mortgage or convey certain property without approval or execution by the
21 Board of Public Works; prohibiting a person from knowingly making or causing to be
22 made a false statement or report in a certain document; prohibiting a loan applicant
23 from knowingly making or causing to be made a false statement or report to influence
24 a certain action of the Department; establishing a certain penalty for a certain
25 violation; establishing a certain preference for awards to Subprogram applications
26 under certain conditions; requiring the Department to fund the Subprogram through
27 the Partnership Rental Housing Fund of the Partnership Rental Housing Program;
28 specifying certain additional funds to be contributed to the Fund; requiring the clerk
29 of a circuit court to collect a certain surcharge for certain filings made to the court;
30 requiring the distribution of a certain surcharge to the Fund; altering the State
31 transfer tax on certain instruments; restricting the use of a certain credit for first–

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 time Maryland home buyers; requiring the State Department of Assessments and
2 Taxation to deduct and credit a portion of the State transfer tax to the Fund;
3 requiring the Department of Housing and Community Development to establish
4 maximum financing limits for certain projects of not less than certain amounts;
5 altering certain conditions on the approval by the Department of Housing and
6 Community Development of an application for a certain proposed partnership
7 project; requiring the Subprogram to be operational and accept applications for social
8 housing projects not later than a certain date; making certain stylistic and
9 conforming changes; defining certain terms; and generally relating to the State
10 transfer tax, court filing fees, and the Social Housing Subprogram.

11 BY renumbering

12 Article – Housing and Community Development
13 Section 4–1209
14 to be Section 4–1210
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2019 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Housing and Community Development
19 Section 4–503, 4–1201, 4–1205, 4–1206, 4–1207(a), and 4–1208(f)
20 Annotated Code of Maryland
21 (2019 Replacement Volume and 2019 Supplement)

22 BY adding to

23 Article – Housing and Community Development
24 Section 4–1209 and 4–1211
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2019 Supplement)

27 BY repealing and reenacting, with amendments,

28 Article – Housing and Community Development
29 Section 4–1210
30 Annotated Code of Maryland
31 (2019 Replacement Volume and 2019 Supplement)
32 (As enacted by Section 1 of this Act)

33 BY repealing and reenacting, with amendments,

34 Article – Real Property
35 Section 3–601(a)
36 Annotated Code of Maryland
37 (2015 Replacement Volume and 2019 Supplement)

38 BY repealing and reenacting, with amendments,

39 Article – Tax – Property
40 Section 13–203(a) and (b)(3) and 13–209(a)
41 Annotated Code of Maryland

1 (2019 Replacement Volume)

2 BY repealing and reenacting, without amendments,
 3 Article – Tax – Property
 4 Section 13–203(b)(1)
 5 Annotated Code of Maryland
 6 (2019 Replacement Volume)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 8 That Section(s) 4–1209 of Article – Housing and Community Development of the Annotated
 9 Code of Maryland be renumbered to be Section(s) 4–1210.

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

12 **Article – Housing and Community Development**

13 4–503.

14 (a) In this section, “Fund” means the Partnership Rental Housing Fund.

15 (b) There is a Partnership Rental Housing Fund.

16 (c) The Fund consists of:

17 (1) money appropriated by the State to the Partnership Rental Housing
 18 Program;

19 (2) money made available to the Partnership Rental Housing Program
 20 from the sale of general obligation or other bonds including the proceeds of the sale of bonds
 21 authorized by Chapter 625 of the Acts of the General Assembly of 1988 and Chapter 97 of
 22 the Acts of the General Assembly of 1989;

23 **(3) REVENUE DISTRIBUTED TO THE FUND UNDER § 3–601 OF THE**
 24 **REAL PROPERTY ARTICLE AND § 13–209 OF THE TAX – PROPERTY ARTICLE;**

25 **[(3)] (4)** investment earnings of the Fund; and

26 **[(4)] (5)** repayment of loans from the Fund except to the extent any State
 27 or federal law governing the proceeds of bonds prohibits the recycling of money.

28 (d) Subject to the approval of the Legislative Policy Committee and § 7–209 of the
 29 State Finance and Procurement Article, after the first 8 months of a fiscal year, the
 30 Department may transfer unencumbered money in the Fund among the Partnership Rental
 31 Housing Fund, the Rental Housing Programs Fund, the Homeownership Programs Fund,
 32 and the Special Loan Programs Fund, if the Secretary determines that demand is:

1 (1) less than anticipated for the fund from which money is being
2 transferred; and

3 (2) greater than anticipated for the fund to which money is being
4 transferred.

5 4–1201.

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

7 (b) “Fund” means the Partnership Rental Housing Fund.

8 (c) “Household of lower income” means a household that qualifies under § 4–1206
9 of this subtitle.

10 **(D) “HOUSEHOLD OF MIDDLE INCOME” MEANS A HOUSEHOLD THAT**
11 **QUALIFIES UNDER § 4–1206 OF THIS SUBTITLE.**

12 **[(d)] (E)** “Housing authority” means a housing authority authorized under
13 Division II of this article.

14 **(F) “LARGE PROJECT” MEANS A PARTNERSHIP PROJECT WITH MORE THAN**
15 **40 RESIDENTIAL UNITS.**

16 **[(e)] (G) (1)** “Partnership project” means an undertaking that the Program
17 finances to acquire, construct, reconstruct, renovate, or rehabilitate a building or
18 improvement, or a part of a building or improvement.

19 **(2) “PARTNERSHIP PROJECT” INCLUDES THE DEVELOPMENT OF:**

20 **(I) PARTNERSHIP RENTAL HOUSING; AND**

21 **(II) A SOCIAL HOUSING PROJECT.**

22 **[(f)] (H) (1)** “Partnership rental housing” means rental housing **OTHER**
23 **THAN A SOCIAL HOUSING PROJECT** financed under this subtitle.

24 (2) “Partnership rental housing” includes apartments, condominium units,
25 cooperatives, town houses, town homes, single room occupancy and shared living unit
26 facilities, and single–family homes.

27 **[(g)] (I)** “Program” means the Partnership Rental Housing Program.

28 **(J) “SMALL PROJECT” MEANS A PARTNERSHIP PROJECT WITH NOT MORE**
29 **THAN 40 RESIDENTIAL UNITS.**

1 **(K) “SOCIAL HOUSING PROJECT” MEANS MIXED-INCOME RENTAL HOUSING**
2 **DEVELOPED UNDER § 4-1209 OF THIS SUBTITLE.**

3 **(L) “SUBPROGRAM” MEANS THE SOCIAL HOUSING SUBPROGRAM WITHIN**
4 **THE PROGRAM.**

5 4-1205.

6 (a) The Department shall:

7 (1) administer the Program;

8 (2) adopt policies and procedures that encourage partnership rental
9 housing throughout the State; and

10 (3) adopt regulations to carry out the Program, including regulations that
11 specify criteria for local contributions to the cost of partnership projects undertaken by a
12 political subdivision or housing authority.

13 (b) **[The] SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE** Department
14 may establish:

15 (1) maximum limits for financing that it will provide to:

16 (i) individual partnership rental housing units;

17 (ii) any one partnership project; or

18 (iii) any political subdivision or housing authority;

19 (2) a process for approving financing for partnership projects that
20 encourages a broad geographic distribution of money; and

21 (3) the time that a household may occupy the partnership rental housing
22 after the annual income of the household exceeds the continuing occupancy income limits
23 for households of lower income.

24 **(C) FOR PARTNERSHIP PROJECTS UNDERTAKEN BY A POLITICAL**
25 **SUBDIVISION OR HOUSING AUTHORITY, THE DEPARTMENT SHALL ESTABLISH**
26 **MAXIMUM FINANCING LIMITS OF NOT LESS THAN:**

27 **(1) \$75,000 PER UNIT FOR A LARGE PROJECT; AND**

28 **(2) \$2,000,000 FOR A SMALL PROJECT, REGARDLESS OF THE NUMBER**
29 **OF UNITS.**

1 **[(c)] (D)** In administering the Program, the Department may make loans either
2 directly or through the Administration.

3 4–1206.

4 **(A) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**
5 household qualifies as a household of lower income:

6 (1) for initial occupancy, if the gross annual income of the household does
7 not exceed:

8 (i) 50% of the statewide median income for a household of like size;
9 or

10 (ii) a lower income level that the Secretary establishes for a
11 particular partnership project or for a unit of partnership rental housing to be occupied by
12 one or more individuals with disabilities or special needs; and

13 (2) for continuing occupancy, if the gross annual income for the household
14 does not exceed the greater of:

15 (i) an income level that the Secretary establishes; and

16 (ii) an applicable federal requirement.

17 **(B) (1) THIS SUBSECTION APPLIES ONLY TO THE SOCIAL HOUSING**
18 **SUBPROGRAM.**

19 **(2) THE SECRETARY SHALL SET INCOME GUIDELINES FOR INITIAL**
20 **AND CONTINUING OCCUPANCY FOR HOUSEHOLDS OF LOWER INCOME AND**
21 **HOUSEHOLDS OF MIDDLE INCOME BY CONSIDERING:**

22 **(I) THE MEDIAN INCOME FOR THE AREA;**

23 **(II) THE MINIMUM INCOME NEEDED TO AFFORD AVAILABLE**
24 **STANDARD RENTAL UNITS IN THE AREA;**

25 **(III) FEDERAL INCOME GUIDELINES, INCLUDING THE**
26 **REQUIREMENTS OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT PROGRAM;**
27 **AND**

28 **(IV) ANY OTHER RELEVANT FACTOR.**

29 4–1207.

1 (a) Except as provided in subsection (c) of this section, the Department may
2 approve an application for a proposed partnership project only if:

3 (1) the application is authorized by the chief elected official of the political
4 subdivision or, if there is no chief elected official, by the governing body of the political
5 subdivision in which the project is located;

6 (2) the political subdivision or housing authority:

7 (i) contributes from non-State sources the land for the partnership
8 rental housing **OR SOCIAL HOUSING PROJECT**;

9 (ii) funds the part of the acquisition cost of the property that is
10 attributable to the value of the land; or

11 (iii) makes a contribution under § 4-1208(d)(2) **OR § 4-1209(E)(2)**
12 of this subtitle that equals or exceeds the value of the land;

13 (3) the political subdivision or housing authority is to have an ownership
14 interest in the partnership project or in the rental units financed by the Program and sold
15 to the political subdivision or housing authority or to a partnership that includes the
16 political subdivision or housing authority;

17 (4) the political subdivision or housing authority directly or indirectly
18 manages the partnership project;

19 (5) the rental units financed by the Program are to be occupied on
20 completion of the acquisition, construction, reconstruction, renovation, or rehabilitation by:

21 **(I) IN THE CASE OF PARTNERSHIP RENTAL HOUSING,**
22 households of lower income; **OR**

23 **(II) IN THE CASE OF A SOCIAL HOUSING PROJECT, HOUSEHOLDS**
24 **REPRESENTING ALL INCOME LEVELS;**

25 (6) **EXCEPT IN THE CASE OF A SOCIAL HOUSING PROJECT, AND** unless
26 prohibited by any applicable federal requirement, the households of lower income occupying
27 the partnership project or the part financed by the Program are required to contribute
28 services to enhance or maintain the partnership project or the community in a way that the
29 political subdivision or housing authority accepts; and

30 (7) it is reasonable to anticipate that:

31 (i) more State subsidies will not be needed for long-term occupancy
32 by households of lower income; and

(ii) rental income, including any contribution to allow for more affordable rents under § 4-1208(d) OR § 4-1209(E)(2) of this subtitle, will be enough to pay the operating costs of the partnership project and to build an adequate reserve for the long-term maintenance and renovation of the partnership project.

4-1208.

(f) For PARTNERSHIP rental housing financed from the Fund and owned or managed by a housing authority, this subtitle supersedes:

(1) §§ 12-401, 12-402, and 12-405 of this article; and

(2) all other restrictions on tenant income under Division II of this article.

4-1209.

(A) THERE IS A SOCIAL HOUSING SUBPROGRAM WITHIN THE PROGRAM.

(B) THE PURPOSES OF THE SUBPROGRAM ARE TO:

(1) STIMULATE THE CONSTRUCTION OF SOCIAL HOUSING;

(2) INCREASE AND IMPROVE THE SUPPLY OF DECENT, SAFE, AND SANITARY SOCIAL HOUSING AT COSTS THAT ARE AFFORDABLE TO HOUSEHOLDS OF ALL INCOME LEVELS; AND

(3) SUPPORT ECONOMIC GROWTH AND ACTIVITY BY FINANCING, IN WHOLE OR IN PART, THE CONSTRUCTION OF SOCIAL HOUSING PROJECTS.

(C) THE DEPARTMENT SHALL:

(1) ADMINISTER THE SUBPROGRAM, PROVIDED THAT THE DEPARTMENT MAY ACT EITHER DIRECTLY OR THROUGH THE ADMINISTRATION; AND

(2) ADOPT REGULATIONS TO CARRY OUT THE SUBPROGRAM THAT PROVIDE FOR:

(I) THE DEVELOPMENT OF SOCIAL HOUSING PROJECTS THROUGHOUT THE STATE;

(II) OCCUPANCY RESTRICTIONS, PROVIDED THAT A HOUSEHOLD THAT BECOMES INELIGIBLE FOR THE HOUSEHOLD'S CURRENT UNIT SHALL HAVE:

1 1. THE OPTION TO MOVE TO AN AVAILABLE UNIT WITHIN
2 THE SOCIAL HOUSING PROJECT FOR WHICH THE HOUSEHOLD IS ELIGIBLE; AND

3 2. PRIORITY FOR THE AVAILABLE UNIT OF HOUSING
4 OVER A HOUSEHOLD NOT CURRENTLY RESIDING IN THE SOCIAL HOUSING PROJECT;

5 (III) APPLICATIONS FOR MONEY FROM THE FUND;

6 (IV) CHARGES THAT SHALL BE IMPOSED ON SUBPROGRAM
7 LOANS; AND

8 (V) THE RECAPTURE OF MONEY OF THE FUND FROM A
9 BORROWER THAT DOES NOT USE THE MONEY IN A TIMELY MANNER.

10 (D) (1) A PROJECT QUALIFIES AS A SOCIAL HOUSING PROJECT UNDER
11 THIS SECTION IF IT MEETS THE REQUIREMENTS OF THIS SUBSECTION.

12 (2) A SOCIAL HOUSING PROJECT SHALL REMAIN PERMANENTLY IN
13 PUBLIC OWNERSHIP AND MAY NOT REVERT TO PRIVATE OR NONPROFIT OWNERSHIP
14 UNDER ANY CIRCUMSTANCES.

15 (3) (I) A SOCIAL HOUSING PROJECT SHALL INCLUDE THREE TIERS
16 OF RENTAL UNITS, FOR WHICH RENTAL RATES AND OCCUPANCY RESTRICTIONS
17 SHALL BE SET IN ACCORDANCE WITH THIS PARAGRAPH.

18 (II) 1. THE RENTAL RATE FOR A TIER I UNIT SHALL BE THE
19 ESTIMATED MARKET RATE FOR THE UNIT.

20 2. A POLITICAL SUBDIVISION OR HOUSING AUTHORITY
21 MAY INCLUDE WITH ITS APPLICATION A PLAN TO OFFER A DISCOUNT RATE LESS
22 THAN OR EQUAL TO 10% FOR RENTS IN THIS TIER.

23 (III) THE RENTAL RATE FOR A TIER II UNIT SHALL BE EQUAL TO:

24 1. THE UNIT'S SHARE OF:

25 A. OPERATING COSTS FOR THE SOCIAL HOUSING
26 PROJECT; AND

27 B. ANY VACANCY LOSS FOR THE SOCIAL HOUSING
28 PROJECT; AND

1 **2. A. THE UNIT'S SHARE OF REPAYMENT COSTS FOR**
2 **ANY MUNICIPAL BONDS OR FUND LOANS USED TO FINANCE THE DEVELOPMENT OF**
3 **THE SOCIAL HOUSING PROJECT; OR**

4 **B. AFTER ANY MUNICIPAL BONDS OR FUND LOANS HAVE**
5 **BEEN REPAYED, A FEE THAT SHALL BE NOT LESS THAN 80% AND NOT MORE THAN**
6 **100% OF THE AMOUNT PREVIOUSLY CHARGED UNDER ITEM A OF THIS ITEM.**

7 **(IV) THE RENTAL RATE FOR A TIER III UNIT SHALL BE EQUAL**
8 **TO:**

9 **1. THE RENTAL RATE FOR A TIER II UNIT; MINUS**

10 **2. THE DIFFERENCE BETWEEN THE RENTAL RATE FOR A**
11 **TIER I UNIT AND THE RENTAL RATE FOR A TIER II UNIT.**

12 **(V) FEES COLLECTED UNDER SUBPARAGRAPH (III)2B OF THIS**
13 **PARAGRAPH SHALL BE REMITTED TO THE DEPARTMENT AND DEPOSITED IN THE**
14 **FUND.**

15 **(VI) THE OCCUPANCY OF UNITS IN EACH OF THE THREE TIERS**
16 **SHALL BE RESTRICTED AS FOLLOWS:**

17 **1. TIER I UNITS SHALL BE MADE AVAILABLE TO**
18 **HOUSEHOLDS OF ALL INCOME LEVELS;**

19 **2. TIER II UNITS SHALL BE MADE AVAILABLE ONLY TO**
20 **HOUSEHOLDS OF MIDDLE INCOME; AND**

21 **3. TIER III UNITS SHALL BE MADE AVAILABLE ONLY TO**
22 **HOUSEHOLDS OF LOWER INCOME.**

23 **(4) (I) A SOCIAL HOUSING PROJECT SHALL INCLUDE:**

24 **1. A MINIMUM PERCENTAGE OF RENTAL UNITS**
25 **RESERVED FOR SENIORS;**

26 **2. A MINIMUM PERCENTAGE OF ONE-BEDROOM RENTAL**
27 **UNITS RESERVED FOR INDIVIDUALS AND COUPLES;**

28 **3. AN EQUAL NUMBER OF TIER I UNITS AND TIER III**
29 **UNITS; AND**

1 4. A NUMBER OF TIER II UNITS THAT IS LESS THAN OR
2 EQUAL TO THE COMBINED NUMBER OF TIER I UNITS AND TIER III UNITS.

3 (ii) RENTAL UNITS RESTRICTED FOR OCCUPANCY TO MEET
4 OTHER FEDERAL, STATE, OR LOCAL OCCUPANCY REQUIREMENTS MAY BE COUNTED
5 TOWARD THE MINIMUM REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

6 (5) UNITS IN A SOCIAL HOUSING PROJECT SHALL BE DESIGNED TO
7 FACILITATE AGING IN PLACE.

8 (6) A SOCIAL HOUSING PROJECT IN AN URBAN OR SUBURBAN AREA
9 SHALL BE:

10 (i) CONSTRUCTED AT A HIGH DENSITY RELATIVE TO THE
11 COUNTY OR MUNICIPAL CORPORATION IN WHICH THE SOCIAL HOUSING UNIT IS
12 LOCATED; AND

13 (ii) LOCATED WITHIN A REASONABLE WALKING DISTANCE OF
14 HIGH-FREQUENCY PUBLIC TRANSIT AND QUALITY SCHOOLS, WHEN AVAILABLE IN
15 THE COUNTY OR MUNICIPAL CORPORATION.

16 (e) (1) (i) ONLY A POLITICAL SUBDIVISION OR A LOCAL HOUSING
17 AUTHORITY ESTABLISHED UNDER DIVISION II OF THIS ARTICLE MAY APPLY FOR A
18 SUBPROGRAM LOAN.

19 (ii) FOR RENTAL HOUSING FINANCED UNDER THE
20 SUBPROGRAM AND OWNED OR MANAGED BY A HOUSING AUTHORITY, THIS SUBTITLE
21 SUPERSEDES:

22 1. §§ 12-401, 12-402, AND 12-405 OF THIS ARTICLE;
23 AND

24 2. ALL OTHER RESTRICTIONS ON TENANT INCOME
25 UNDER DIVISION II OF THIS ARTICLE.

26 (2) (i) TO ALLOW FOR MORE AFFORDABLE RENTS, A POLITICAL
27 SUBDIVISION OR HOUSING AUTHORITY MAY CONTRIBUTE LOCAL MONEY,
28 INCLUDING LOCALLY ADMINISTERED FEDERAL MONEY OR FEDERAL RENTAL
29 ASSISTANCE.

30 (ii) THE CONTRIBUTIONS OF POLITICAL SUBDIVISIONS OR
31 HOUSING AUTHORITIES UNDER § 4-1207(A)(2)(III) OF THIS SUBTITLE MAY INCLUDE
32 THE COSTS OF:

- 1 1. NECESSARY STUDIES, SURVEYS, TESTS, PLANS, AND
2 SPECIFICATIONS;
- 3 2. ARCHITECTURAL, DESIGN, ENGINEERING, AND
4 OTHER SPECIAL SERVICES;
- 5 3. SITE PREPARATION;
- 6 4. INDEMNITY AND SURETY BONDS AND PREMIUMS ON
7 TITLE AND HAZARD INSURANCE; AND
- 8 5. OTHER COSTS OF DEVELOPMENT.

9 (3) IN REVIEWING AN APPLICATION FOR A SUBPROGRAM LOAN
10 UNDER THIS SECTION, THE DEPARTMENT SHALL CONSIDER:

11 (I) THE EXTENT TO WHICH HOUSEHOLDS OF LOWER AND
12 MIDDLE INCOME WILL BE ASSISTED BY THE PROPOSED PROJECT;

13 (II) THE NUMBER AND PERCENTAGE OF HOUSEHOLDS OF
14 LOWER AND MIDDLE INCOME CURRENTLY LIVING IN THE COMMUNITY WHERE THE
15 PROJECT IS PROPOSED;

16 (III) THE QUANTITY, CONDITION, AND AFFORDABILITY OF
17 RESIDENTIAL PROPERTY IN THE COMMUNITY WHERE THE PROJECT IS PROPOSED;

18 (IV) THE ECONOMIC FEASIBILITY OF THE PROPOSED PROJECT;

19 (V) THE DEGREE OF LOCAL GOVERNMENT INCENTIVE AND
20 SUPPORT PROVIDED TO THE PROPOSED PROJECT, INCLUDING CONTRIBUTION OF
21 LAND, ABATEMENT OF TAXES OR FEES, DIRECT OR INDIRECT RENTAL SUBSIDIES,
22 AND GRANTS;

23 (VI) DETAILS OF HOW ANY CONTRACTORS OR SERVICE
24 PROVIDERS WILL BE SELECTED FOR THE PROJECT; AND

25 (VII) ANY OTHER RELEVANT FACTORS.

26 (4) IN DETERMINING WHETHER TO AWARD A SUBPROGRAM LOAN
27 UNDER THIS SECTION, THE DEPARTMENT SHALL:

28 (I) DENY AN APPLICATION THAT DOES NOT INCLUDE A

1 REQUIREMENT THAT ANY CONTRACTOR SELECTED TO WORK ON THE PROJECT PAY
2 THE PREVAILING WAGE RATE SET FOR THE LOCALITY BY THE COMMISSIONER OF
3 LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND
4 PROCUREMENT ARTICLE; AND

5 (II) GIVE PREFERENCE TO AN APPLICATION THAT:

6 1. PRIORITIZES THE USE OF:

7 A. UNIONIZED LABOR;

8 B. COOPERATIVE OR WORKER-OWNED BUSINESSES; AND

9 C. MINORITY-OWNED BUSINESSES;

10 2. ADDS TO THE TOTAL AVAILABLE HOUSING STOCK IN A
11 COMMUNITY;

12 3. MAXIMIZES LAND USE, ESPECIALLY IN DENSE URBAN
13 AREAS, BY REPURPOSING OLDER INFRASTRUCTURE OR THROUGH INNOVATIVE
14 LAND USE AND DEVELOPMENT PLANS; AND

15 4. PROVIDES FOR SIGNIFICANT ENVIRONMENTAL AND
16 CLIMATE BENEFITS, INCLUDING CONSTRUCTION TECHNIQUES THAT PROMOTE
17 ENERGY EFFICIENCY AND RECYCLING.

18 (F) (1) MONEY IN THE FUND MAY BE USED TO MAKE LOANS TO AN
19 APPROVED APPLICANT TO:

20 (I) ACQUIRE OR CONSTRUCT A SOCIAL HOUSING PROJECT; OR

21 (II) CONVERT AN EXISTING NONRESIDENTIAL BUILDING OR
22 BUILDINGS TO A SOCIAL HOUSING PROJECT.

23 (2) A SUBPROGRAM LOAN MAY:

24 (I) BE FOR ALL PROJECT COSTS NOT REQUIRED TO BE PAID BY
25 THE POLITICAL SUBDIVISION OR HOUSING AUTHORITY THROUGH MONETARY OR
26 IN-KIND CONTRIBUTIONS REQUIRED UNDER § 4-1207 OF THIS SUBTITLE;

27 (II) BE SECURED BY A MORTGAGE LIEN;

28 (III) BE SUBORDINATE TO OTHER FINANCING;

1 (IV) HAVE AN INTEREST RATE AS LOW AS 0%;

2 (V) BE PAYABLE OUT OF SURPLUS CASH;

3 (VI) BE A DEFERRED PAYMENT LOAN;

4 (VII) PROVIDE FOR AN EQUITY PARTICIPATION BY THE
5 DEPARTMENT OR CONTINGENT INTEREST PAYABLE OUT OF SURPLUS CASH OR NET
6 EQUITY; OR

7 (VIII) HAVE ANY OTHER TERMS THE DEPARTMENT MAY REQUIRE.

8 (3) TO FACILITATE REPAYMENT OF THE SUBPROGRAM LOAN AND
9 ACHIEVE THE PURPOSES OF THE SUBPROGRAM, THE DEPARTMENT MAY MODIFY:

10 (I) THE INTEREST RATE;

11 (II) THE TIME OR AMOUNT OF PAYMENT; OR

12 (III) ANY OTHER TERM OF THE SUBPROGRAM LOAN.

13 (4) (I) IF A SUBPROGRAM LOAN IS SECURED BY A MORTGAGE, THE
14 DEPARTMENT MAY:

15 1. ENFORCE THE MORTGAGE;

16 2. FORECLOSE ON THE MORTGAGE AND TAKE TITLE TO
17 THE MORTGAGED PROPERTY OR TAKE DEED IN LIEU OF FORECLOSURE;

18 3. CONVEY TITLE TO A PURCHASER;

19 4. OBTAIN AND ENFORCE A DEFICIENCY JUDGMENT;

20 5. ALLOW ASSUMPTION OF THE MORTGAGE; AND

21 6. CONTRACT WITH A PRIVATE MORTGAGE SERVICER TO
22 PERFORM ON BEHALF OF THE DEPARTMENT ANY FUNCTIONS A SERVICER
23 ORDINARILY PERFORMS.

24 (II) WITHOUT APPROVAL OR EXECUTION BY THE BOARD OF
25 PUBLIC WORKS, THE DEPARTMENT MAY:

1 **(II) IN ADDITION TO THE FEES ESTABLISHED IN**
 2 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, A CLERK SHALL:**

3 **1. COLLECT A \$75 SURCHARGE ON INSTRUMENTS**
 4 **RECORDED UNDER THIS SUBSECTION; AND**

5 **2. DISTRIBUTE ALL SURCHARGES COLLECTED UNDER**
 6 **THIS SUBPARAGRAPH TO THE PARTNERSHIP RENTAL HOUSING FUND**
 7 **ESTABLISHED UNDER § 4-503 OF THE HOUSING AND COMMUNITY DEVELOPMENT**
 8 **ARTICLE.**

9 (3) The recording costs under this subsection shall also apply to
 10 instruments required to be recorded in the financing statement records of the State
 11 Department of Assessments and Taxation.

12 **Article – Tax – Property**

13 13-203.

14 (a) (1) Except as provided in subsections (a-1) and (b) of this section, the rate
 15 of the transfer tax is:

16 **(I) 0.4% OF THE CONSIDERATION PAYABLE FOR THE**
 17 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS LESS THAN OR EQUAL TO**
 18 **\$250,000;**

19 **(II) 0.5% of the consideration payable for the instrument of writing**
 20 **IF THE CONSIDERATION IS GREATER THAN \$250,000 BUT LESS THAN OR EQUAL TO**
 21 **\$1,000,000; OR**

22 **(III) 0.85% OF THE CONSIDERATION PAYABLE FOR THE**
 23 **INSTRUMENT OF WRITING IF THE CONSIDERATION IS GREATER THAN \$1,000,000.**

24 (2) The consideration:

25 (i) includes the amount of any mortgage or deed of trust assumed
 26 by the grantee; and

27 (ii) subject to item (i) of this paragraph, includes only the amount
 28 paid or delivered in return for the sale of the property and does not include the amount of
 29 any debt forgiven or no longer secured by a mortgage or deed of trust on the property.

30 (b) (1) In this subsection, “first-time Maryland home buyer” means an
 31 individual who has never owned in the State residential real property that has been the
 32 individual’s principal residence.

1 (3) Notwithstanding any other provision of law, for a sale of improved
2 residential real property to a first-time Maryland home buyer who will occupy the property
3 as a principal residence, the rate of the transfer tax is 0.25% of the consideration payable
4 for the instrument of writing and the transfer tax shall be paid entirely by the seller,
5 **PROVIDED THAT THE CONSIDERATION PAYABLE FOR THE INSTRUMENT OF WRITING**
6 **DOES NOT EXCEED \$250,000.**

7 13-209.

8 (a) (1) Before any other distribution under this section, in any fiscal year that
9 bonds secured by a pledge of the State transfer tax are outstanding, the revenue from the
10 transfer tax shall be used to pay, as and when due, the principal of and interest on the
11 bonds.

12 (2) The Department shall deduct the cost of administering the transfer tax
13 from the taxes collected under this title and credit those revenues to the fund established
14 under § 1-203.3 of the Corporations and Associations Article.

15 **(3) THE DEPARTMENT SHALL DEDUCT ALL TRANSFER TAX REVENUE**
16 **IN EXCESS OF 0.5% OF THE CONSIDERATION PAYABLE FOR AN INSTRUMENT OF**
17 **WRITING FROM THE TAXES COLLECTED UNDER § 13-203(A)(1)(III) OF THIS**
18 **SUBTITLE AND CREDIT THOSE REVENUES TO THE PARTNERSHIP RENTAL HOUSING**
19 **FUND ESTABLISHED UNDER § 4-503 OF THE HOUSING AND COMMUNITY**
20 **DEVELOPMENT ARTICLE.**

21 ~~[(3)]~~ (4) Except as provided in paragraph ~~[(4)]~~ (5) of this subsection, after
22 deducting the revenues required under paragraphs (1) ~~[and]~~, (2), **AND (3)** of this
23 subsection, the revenue from transfer tax is payable to the Comptroller for deposit in a
24 special fund.

25 ~~[(4)]~~ (5) In any fiscal year in which transfer tax revenue is used to pay
26 debt service on outstanding bonds under paragraph (1) of this subsection, the distribution
27 of revenues in the special fund under this section and as specified in § 5-903(a)(2)(i)1A of
28 the Natural Resources Article, for State land acquisition, or to the Agricultural Land
29 Preservation Fund to the extent any debt service is attributable to that Fund, shall be
30 reduced by an amount equal to the debt service for the fiscal year.

31 SECTION 3. AND BE IT FURTHER ENACTED, That the Social Housing
32 Subprogram shall be operational and accept applications for social housing projects not
33 later than July 1, 2021.

34 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
35 1, 2020.