COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Praisner, Leventhal, and Subin

AN EXPEDITED ACT to:

(1) modify the priority rules governing [[eligibility for]] allocation of certain extended [[tenancies]] leases when certain rental housing is converted to condominiums;
(2) clarify that a person who leases a rental housing unit but does not reside in the unit may execute an extended lease on behalf of certain eligible households under certain circumstances;
(3) make certain legislative findings;
(4) define certain terms;
(5) provide that this Act does not apply to a rental facility for which the owner has given certain notice before a certain date;
[[(2)]] (6) make certain technical and stylistic changes; and
[[(3)]] (7) generally amend the law governing conversion of rental housing to condominiums.

By amending
Montgomery County Code
Chapter 11A, Condominiums
Section 11A-5, Extended Leases

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The County Council for Montgomery County, Maryland approves the following Act:
Sec. 1. Section 11A-5 is amended as follows:

11A-5. Extended Leases.

(a) Authority. In accordance with the legislative findings and declaration of a rental housing emergency caused by conversions of rental housing to condominiums, this [section] Section is enacted [pursuant to] under authority [contained in] granted by §11-140 of the Real Property Article.

(b) Definitions. In this [section] Section the following words have the meanings indicated.

(1) (A) Except as provided in subparagraph (B), “annual income” has the meaning stated in §11-137 of the Real Property Article.

(B) In subsections (d) and (f), “annual income” does not include income received by an individual who is employed by a non-profit entity for the purpose of monitoring, supervising, or caring for disabled individuals who reside in the same household as part of a program operated by the non-profit entity.

(2) “Disabled individual” means an individual who has a physical or mental impairment that substantially limits one or more of the individual’s major life activities.

[[(2) “Handicapped citizen” has the meaning stated in §11-137 of the Real Property Article.]]

(3) [[“Senior citizen” has the meaning stated in §11-137 of the Real Property Article.]] “Handicapped citizen”, “household”, and “senior citizen” have the meanings stated in §11-137 of the Real Property Article.
(c) **Life tenancies.** A household that includes a senior citizen or handicapped citizen is entitled to an extended lease for a period of no less than the lifetime of the senior citizen or handicapped citizen if the:

1. household meets the annual income limit established in subsection [(g)](h); and

2. senior citizen or handicapped citizen has been a member of the household for [a period of] at least 12 months [preceding] before the [giving of] notice required by §11-102.1 of the Real Property Article is given.

(d) **Three-year tenancies.** The following [tenant] households[], in the following order of priority, [shall be] are eligible for a 3-year extended leases of three (3) years [as a “designated family," pursuant to the provisions of §11-140 of the Real Property Article], subject to the [tenant] households eligible for life tenancies under [section 11A-5(a),] subsection (c) and [limited to] the [twenty (20) set aside] 20% limit established in [§11-137 §11-140 of the Real Property Article] lease:

1. A household that includes a senior citizen or disabled individual and meets the annual income limit [established] in subsection [(g)](h), regardless of [the length of time that] how long the senior citizen or disabled individual has been a member of the household.

2. A household that includes a senior citizen or disabled individual, regardless of whether the household meets the income limit established in subsection (g) or the length of time that the senior citizen or disabled individual has been a member of the household.]
(3) Any other household that meets the annual income limit established in subsection [(g)] (h).

(3) A household that includes a senior citizen or disabled individual, regardless of whether the household meets the annual income limit in subsection [(g)] (h) or how long the senior citizen or disabled individual has been a member of the household.

(e) Lessee.

(1) If the lessee of a rental unit does not occupy the unit when the notice required by §11-102.1 of the Real Property Article is given, and the unit is occupied by a household that is eligible for a 3-year extended lease under subsection (d), the lessee may execute a 3-year extended lease on behalf of the eligible household.

(2) A lessee that executes a 3-year extended lease as provided in paragraph (1) may retain the lease until the end of the specified 3-year period even if there is a change in the membership of the household that occupies the unit, so long as the household that occupies the unit at any particular time meets the eligibility criteria for a 3-year extended lease under subsection (d).

(f) Priority.

(1) If the total number of households eligible for an extended lease exceeds the 20% limit established in §11-140 of the Real Property Article, the available units must be allocated in the following order of priority:

(A) to households eligible for a life tenancy under subsection (c);
(B) to households eligible for a 3-year lease under subsection (d)(1);

(C) to households eligible for a 3-year lease under subsection (d)(2); and

(D) to households eligible for a 3-year lease under subsection (d)(3).

(2) [In the event] If allocating extended leases to all [[members of a class designated herein] household category designated under subsection (c) and subsection (d)(1), (2), and (3) cannot be accommodated within] households in any of the 4 categories listed in paragraph (1) would exceed the [twenty (20)] [[20 percent]] [limitation contained in state law] 20% limit established [under]] in §11-140 of the Real Property Article, priority within the [class shall be established by seniority in continuous residency in the rental facility; further allocations of opportunities for extended tenancies beyond seniority, and continuous residency may be made by executive regulation] category must be based on household annual income, with the lowest income household receiving the highest priority and the highest income household receiving the lowest priority.

[(f)] (g) Extended tenancies. Extended tenancies under this section are subject to termination rights contained in [[§11-137(f)] §11-137(h)] of the Real Property Article.

[(g)] (h) Income Limit. The household annual income limit under this section is 80% of the median household income of the metropolitan statistical area in which the County is located, as determined by the Secretary of State under [§11-140] §11-137(n) of the Real Property Article.
(i) A notice of intent to create a condominium required by §11-102.1 of the Real Property Article must include notice of the rights created by this Section.

[[[(h)[ (i) Regulations. The [county executive, by executive regulations adopted] County Executive may adopt regulations under method (3) [of section 2A-15 of this Code, may provide for implementation of] to implement this [section] Section, including [promulgation and enforcement of] regulations that establish:

(1) recordation requirements for owners of condominium units subject to life tenancies under this [section] Section; and

(2) prohibitions against [changes of] changing business or leasing practices to circumvent the [giving of extended tenancies under] application of this [section] Section.

Sec. 2. Legislative Findings.

The County Council reaffirms the findings set forth in Section 11A-1 of the County Code. Specifically, the County Council finds that a rental housing emergency exists in the County that is caused in part by the conversion of rental housing to condominiums. The County Council’s findings are based on its understanding of the nature and incidence of condominium conversion that have occurred or are expected to occur in the County, the hardship experienced by tenants who are displaced when rental housing is converted to condominiums, and the scarcity of rental housing in the County.

Sec. 3. Applicability.

This Act does not apply to a rental facility for which the owner has given notice of intent to convert to the tenants and Secretary of State, as required by §11-102.1 of the Real Property Article, before December 6, 2005.

Sec. [[2]] (4). Expedited Effective Date.
The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

George L. Leventhal, President, County Council

December 15, 2005

Date

Approved:

Douglas M. Duncan, County Executive

December 31, 2006

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

January 3, 2006

Date