

# HOUSE BILL 1330

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By: **Delegate Stewart**

Introduced and read first time: February 11, 2022

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Partnership Rental Housing Program – Mixed–Income Housing Developments**  
3 **(More Homes for Marylanders Act)**

4 FOR the purpose of establishing that the Partnership Rental Housing Program operated  
5 by the Department of Housing and Community Development include goals with  
6 regard to, and conditions that apply to, households of middle income; establishing  
7 certain requirements for and prohibitions on the Department relating to funding and  
8 the issuance of bonds; establishing qualifications for initial occupancy for households  
9 of lower and middle income under the Program that use area median income as a  
10 determinant; and generally relating to the Partnership Rental Housing Program.

11 BY repealing and reenacting, with amendments,  
12 Article – Housing and Community Development  
13 Section 4–1201, 4–1202, and 4–1204 through 4–1208  
14 Annotated Code of Maryland  
15 (2019 Replacement Volume and 2021 Supplement)

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

18 **Article – Housing and Community Development**

19 4–1201.

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

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

22 (c) “Household of lower income” means a household that qualifies under [§  
23 4–1206] **§ 4–1206(A)** of this subtitle.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

5           **(F) “MIXED–INCOME HOUSING DEVELOPMENT” MEANS MIXED–INCOME**  
6 **RENTAL HOUSING WHERE AT LEAST 70% OF THE UNITS ARE RESERVED FOR**  
7 **HOUSEHOLDS WITH A GROSS ANNUAL INCOME THAT DOES NOT EXCEED 75% OF THE**  
8 **AREA MEDIAN INCOME FOR A HOUSEHOLD OF LIKE SIZE.**

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

12           **[(f)] (H) (1)** “Partnership rental housing” means rental housing financed  
13 under this subtitle, **INCLUDING A MIXED–INCOME HOUSING DEVELOPMENT.**

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

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

18 4–1202.

19 The General Assembly finds that:

20           (1) there is a shortage of decent, safe, and sanitary rental housing for  
21 households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME;**

22           (2) the private sector often cannot develop, improve, operate, and maintain  
23 housing for households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME;** and

24           (3) to address this shortage, a partnership is needed among the State,  
25 political subdivisions, housing authorities, the private sector, and households of lower  
26 income **AND HOUSEHOLDS OF MIDDLE INCOME** to develop, operate, and maintain  
27 housing for households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME.**

28 4–1204.

29 The purposes of the Program are to:

30           (1) provide decent, safe, and sanitary rental housing for households of  
31 lower income **AND HOUSEHOLDS OF MIDDLE INCOME;**

1 (2) provide financial assistance to political subdivisions or housing  
2 authorities to acquire, construct, reconstruct, renovate, or rehabilitate rental housing  
3 affordable to households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME**;

4 (3) stimulate the development and ownership of rental housing for  
5 households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME** by political  
6 subdivisions, housing authorities, or partnerships that include political subdivisions or  
7 housing authorities;

8 (4) provide financial assistance to private sector entities to acquire,  
9 construct, reconstruct, renovate, or rehabilitate housing units:

10 (i) for sale to political subdivisions, housing authorities, or  
11 partnerships that include political subdivisions or housing authorities, as affordable rental  
12 housing for households of lower income **AND HOUSEHOLDS OF MIDDLE INCOME**; or

13 (ii) for occupancy by households of lower income **AND HOUSEHOLDS**  
14 **OF MIDDLE INCOME** that include one or more individuals with disabilities or special needs;

15 (5) promote affordable housing programs and increased contributions to  
16 the production of affordable rental housing by political subdivisions, housing authorities,  
17 and the private sector, including for profit and nonprofit entities;

18 (6) encourage households of lower income **AND HOUSEHOLDS OF MIDDLE**  
19 **INCOME** that live in partnership rental housing to contribute actively to the operation or  
20 maintenance of the housing or the community;

21 (7) finance rental housing that is:

22 (i) to be occupied by households of lower income **AND HOUSEHOLDS**  
23 **OF MIDDLE INCOME**;

24 (ii) to be owned by political subdivisions or housing authorities or  
25 partnerships that include political subdivisions or housing authorities; and

26 (iii) expected to be financially self-sufficient, without further  
27 governmental financing for maintenance, renovation, or operating subsidies; and

28 (8) encourage the private sector to provide rental housing for households of  
29 lower income **AND HOUSEHOLDS OF MIDDLE INCOME** that include one or more  
30 individuals with disabilities or special needs.

31 4-1205.

32 (a) The Department shall:

1 (1) administer the Program;

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

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

7 (b) The Department may establish:

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

9 (i) individual partnership rental housing units;

10 (ii) any one partnership project; or

11 (iii) any political subdivision or housing authority;

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

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

17 **(C) IN ADMINISTERING THE PROGRAM, THE DEPARTMENT SHALL**  
18 **PRIORITIZE FUNDING FOR ANY PROPOSED PARTNERSHIP PROJECT THAT A**  
19 **POLITICAL SUBDIVISION OR HOUSING AUTHORITY AGREES TO MAINTAIN AS A**  
20 **MIXED-INCOME HOUSING DEVELOPMENT FOR AT LEAST 75 YEARS.**

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

23 **(2) THE DEPARTMENT AND THE ADMINISTRATION MAY NOT**  
24 **CONDITION THE AWARD OF A LOAN FROM THE FUND ON ISSUANCE OF BONDS BY THE**  
25 **DEPARTMENT OR THE ADMINISTRATION.**

26 4-1206.

27 **(A)** A household qualifies as a household of lower income:

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

1 (i) 50% of the [statewide] AREA median income for a household of  
2 like size; or

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

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

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

9 (ii) an applicable federal requirement.

10 **(B) A HOUSEHOLD QUALIFIES AS A HOUSEHOLD OF MIDDLE INCOME:**

11 **(1) FOR INITIAL OCCUPANCY, IF THE GROSS ANNUAL INCOME OF THE**  
12 **HOUSEHOLD:**

13 **(I) IS GREATER THAN 50% BUT NOT MORE THAN 75% OF THE**  
14 **AREA MEDIAN INCOME FOR A HOUSEHOLD OF LIKE SIZE; OR**

15 **(II) DOES NOT EXCEED A LOWER INCOME LEVEL THAT THE**  
16 **SECRETARY ESTABLISHES FOR A PARTICULAR PARTNERSHIP PROJECT OR FOR A**  
17 **UNIT OF PARTNERSHIP RENTAL HOUSING TO BE OCCUPIED BY ONE OR MORE**  
18 **INDIVIDUALS WITH DISABILITIES OR SPECIAL NEEDS; AND**

19 **(2) FOR CONTINUING OCCUPANCY, IF THE GROSS ANNUAL INCOME**  
20 **FOR THE HOUSEHOLD DOES NOT EXCEED THE GREATER OF:**

21 **(I) AN INCOME LEVEL THAT THE SECRETARY ESTABLISHES;**  
22 **AND**

23 **(II) AN APPLICABLE FEDERAL REQUIREMENT.**

24 4-1207.

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

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

30 (2) the political subdivision or housing authority:

1 (i) contributes from non-State sources the land for the partnership  
2 rental housing;

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

5 (iii) makes a contribution under § 4-1208(d)(2) of this subtitle that  
6 equals or exceeds the value of the land;

7 (3) the political subdivision or housing authority is to have an ownership  
8 interest in the partnership project or in the rental units financed by the Program and sold  
9 to the political subdivision or housing authority or to a partnership that includes the  
10 political subdivision or housing authority;

11 (4) the political subdivision or housing authority directly or indirectly  
12 manages the partnership project;

13 (5) the rental units financed by the Program are to be occupied on  
14 completion of the acquisition, construction, reconstruction, renovation, or rehabilitation by  
15 households of lower income **OR HOUSEHOLDS OF MIDDLE INCOME**;

16 (6) unless prohibited by any applicable federal requirement, the  
17 households of lower income **OR HOUSEHOLDS OF MIDDLE INCOME** occupying the  
18 partnership project or the part financed by the Program are required to contribute services  
19 to enhance or maintain the partnership project or the community in a way that the political  
20 subdivision or housing authority accepts; and

21 (7) it is reasonable to anticipate that:

22 (i) more State subsidies will not be needed for long-term occupancy  
23 by households of lower income **OR HOUSEHOLDS OF MIDDLE INCOME**; and

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

28 (b) The rental units financed by the Program may include, as among those that  
29 must be occupied by households of lower income **OR HOUSEHOLDS OF MIDDLE INCOME**,  
30 rental units restricted for occupancy to meet other federal or State occupancy requirements.

31 (c) The Department may approve the use of partnership rental housing funds for  
32 a unit of partnership rental housing that does not comply with each requirement set forth  
33 in subsection (a) of this section if:

34 (1) the unit will be occupied by a household of lower income **OR A**

1 **HOUSEHOLD OF MIDDLE INCOME** that includes one or more individuals with disabilities  
2 or special needs; and

3 (2) the project in which the unit is located complies with the requirements  
4 of the other State housing programs financing the project, if any.

5 4–1208.

6 (a) A political subdivision, housing authority, or other eligible borrower may  
7 participate in the Program and do all things necessary or convenient to its participation,  
8 including:

9 (1) developing, acquiring, improving, owning, operating, and managing  
10 rental housing;

11 (2) borrowing money; and

12 (3) mortgaging, pledging, and granting a security interest in real or  
13 personal property related to a particular partnership project.

14 (b) Except as provided in subsection (g) of this section, the Department may not  
15 require a borrower to repay money made available under the Program, unless the borrower:

16 (1) sells the partnership project; or

17 (2) fails to operate the partnership project for the benefit of households of  
18 lower income **AND HOUSEHOLDS OF MIDDLE INCOME** in accordance with agreements  
19 between the Department and the political subdivision or housing authority.

20 (c) The Department shall secure the obligations of the borrower by using a  
21 mortgage, deed of trust, or other security device that the Department accepts on the  
22 property or on revenues derived from the property.

23 (d) (1) To allow for more affordable rents, a political subdivision or housing  
24 authority may contribute local money, including locally administered federal money or  
25 federal rental assistance.

26 (2) The contributions of political subdivisions or housing authorities under  
27 § 4–1207(a)(2)(iii) of this subtitle may include the costs of:

28 (i) necessary studies, surveys, tests, plans, and specifications;

29 (ii) architectural, design, engineering, and other special services;

30 (iii) site preparation;

31 (iv) indemnity and surety bonds and premiums on title and hazard

1 insurance; and

2 (v) other costs of development.

3 (e) To participate in the Program and to receive loans, a political subdivision or  
4 housing authority may not be required to pledge its full faith and credit.

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

7 (1) §§ 12–401, 12–402, and 12–405 of this article; and

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

9 (g) If necessary to comply with, or receive the benefit of, federal or other financial  
10 assistance, funds provided under the Program may be made available as a deferred  
11 payment loan repayable on the later of:

12 (1) the occurrence of one of the events set forth in subsection (b) of this  
13 section; or

14 (2) a maturity date set by the Department.

15 SECTION 2. AND BE IT FURTHER ENACTED, That in fiscal year 2024, the  
16 Governor shall appropriate \$50,000,000 to the Partnership Rental Housing Fund.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
18 1, 2022.