

SENATE BILL 744

C9, P3

2lr1558
CF HB 927

By: **Senator Hettleman**

Introduced and read first time: February 7, 2022

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Housing and Community Development – Affordable Housing – Listing and**
3 **Disposal of Excess Real Property**

4 FOR the purpose of requiring the Department of Planning to provide a list of excess real
5 property owned by the State to the Department of Housing and Community
6 Development; requiring the Department of Housing and Community Development
7 to determine whether any of the listed properties are suitable for use or
8 redevelopment as affordable housing; requiring units of State government to develop
9 proposals to donate or sell excess real property determined to be suitable for use or
10 redevelopment as affordable housing; and generally relating to the listing and
11 disposal of excess real property for use as affordable housing.

12 BY adding to
13 Article – Housing and Community Development
14 Section 2–203
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2021 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – Housing and Community Development
19 Section 4–504(b)
20 Annotated Code of Maryland
21 (2019 Replacement Volume and 2021 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Housing and Community Development
24 Section 4–504(e)
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2021 Supplement)

27 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – State Finance and Procurement
2 Section 5–310(a) and (b)
3 Annotated Code of Maryland
4 (2021 Replacement Volume)

5 BY adding to
6 Article – State Finance and Procurement
7 Section 5–310(d)
8 Annotated Code of Maryland
9 (2021 Replacement Volume)

10 BY repealing and reenacting, with amendments,
11 Article – State Finance and Procurement
12 Section 10–305(b) and 10–306(c)
13 Annotated Code of Maryland
14 (2021 Replacement Volume)

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

17 **Article – Housing and Community Development**

18 **2–203.**

19 (A) IN THIS SECTION, “AFFORDABLE HOUSING” MEANS RESIDENTIAL
20 PROPERTY THAT IS:

21 (1) RENTED TO THE PUBLIC AT A RATE THAT ALLOWS A HOUSEHOLD
22 OF LOW– OR MODERATE–INCOME IN THE STATE TO PAY NOT MORE THAN 30% OF ITS
23 MONTHLY INCOME IN RENT; OR

24 (2) SOLD TO THE PUBLIC AT A PRICE THAT IS AFFORDABLE TO A
25 HOUSEHOLD OF LOW– OR MODERATE–INCOME IN THE STATE.

26 (B) (1) (I) ON RECEIPT OF THE LIST OF EXCESS REAL PROPERTY
27 PROVIDED UNDER § 5–310 OF THE STATE FINANCE AND PROCUREMENT ARTICLE,
28 THE DEPARTMENT SHALL, IN CONSULTATION WITH THE UNITS OF STATE
29 GOVERNMENT THAT CONTROL THE PROPERTIES, DETERMINE IF ANY OF THE LISTED
30 PROPERTIES ARE SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE
31 HOUSING.

32 (II) THE DEPARTMENT SHALL IDENTIFY A PROPERTY AS
33 SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE HOUSING IF THE
34 PROPERTY:

1 1. IS LOCATED IN AN AREA DESIGNATED AS A PRIORITY
2 FUNDING AREA UNDER TITLE 5, SUBTITLE 7B OF THE STATE FINANCE AND
3 PROCUREMENT ARTICLE;

4 2. DOES NOT BELONG IN A CATEGORY OF PROPERTY
5 LISTED IN § 5-310(C)(1)(I) OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

6 3. IS ADEQUATELY SIZED FOR ANY TYPE OF
7 RESIDENTIAL USE;

8 4. HAS ACCESS TO PUBLIC UTILITIES; AND

9 5. HAS ACCESS TO FEASIBLE INGRESS AND EGRESS
10 POINTS.

11 (2) ON OR BEFORE DECEMBER 31, 2023, AND EACH DECEMBER 31
12 THEREAFTER, THE DEPARTMENT SHALL COMPILE A LIST OF PROPERTIES IT HAS
13 DETERMINED ARE SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE
14 HOUSING.

15 (3) FOR EACH PROPERTY INCLUDED IN THE LIST REQUIRED UNDER
16 PARAGRAPH (2) OF THIS SUBSECTION, THE DEPARTMENT SHALL:

17 (I) GIVE NOTICE OF THE DETERMINATION TO THE UNIT OF
18 STATE GOVERNMENT THAT CONTROLS THE PROPERTY; AND

19 (II) ADVISE THE UNIT OF STATE GOVERNMENT OF THE
20 REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION.

21 (4) THE LIST REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION
22 SHALL BE MADE AVAILABLE TO THE PUBLIC.

23 (C) (1) (I) EXCEPT AS PROVIDED IN PARAGRAPHS (4) AND (5) OF THIS
24 SUBSECTION, ON RECEIPT OF THE NOTICE REQUIRED UNDER SUBSECTION (B)(3) OF
25 THIS SECTION, A UNIT OF STATE GOVERNMENT SHALL, IN CONSULTATION WITH THE
26 DEPARTMENT AND THE DEPARTMENT OF PLANNING, DEVELOP A PROPOSAL TO
27 DISPOSE OF THE LISTED PROPERTY BY:

28 1. DONATING THE PROPERTY TO A NONPROFIT
29 ORGANIZATION THAT INTENDS TO USE OR REDEVELOP THE PROPERTY AS
30 AFFORDABLE HOUSING; OR

1 **2. SELLING THE PROPERTY TO A BUYER THAT INTENDS**
2 **TO USE OR REDEVELOP THE PROPERTY AS AFFORDABLE HOUSING.**

3 **(II) IF, AFTER REASONABLE EFFORT, THE UNIT IS UNABLE TO**
4 **IDENTIFY A SUITABLE NONPROFIT ORGANIZATION OR BUYER IN ACCORDANCE WITH**
5 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE UNIT SHALL DEVELOP A PROPOSAL**
6 **TO SELL THE PROPERTY AT AUCTION.**

7 **(III) A PROPOSAL DEVELOPED UNDER THIS PARAGRAPH SHALL**
8 **BE SUBMITTED TO THE BOARD OF PUBLIC WORKS FOR CONSIDERATION IN**
9 **ACCORDANCE WITH § 10-305 OF THE STATE FINANCE AND PROCUREMENT**
10 **ARTICLE.**

11 **(2) ANY PROCEEDS FROM A SALE OF EXCESS REAL PROPERTY THAT**
12 **RESULTS FROM A PROPOSAL DEVELOPED UNDER THIS SUBSECTION SHALL BE**
13 **APPLIED TO THE RENTAL HOUSING FUND UNDER § 4-504 OF THIS ARTICLE.**

14 **(3) WHEN A PROPERTY IS DISPOSED OF IN ACCORDANCE WITH A**
15 **PROPOSAL DEVELOPED UNDER THIS SUBSECTION, THE UNIT SHALL GIVE NOTICE OF**
16 **THE DISPOSITION TO THE DEPARTMENT.**

17 **(4) A UNIT MAY NOT PROPOSE TO DISPOSE OF A PROPERTY UNDER**
18 **THIS SUBSECTION IN A MANNER THAT WOULD VIOLATE ANY COVENANT OR**
19 **APPLICABLE FEDERAL LAW.**

20 **(5) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO**
21 **SUPERSEDE THE RIGHT OF A PERSON FROM WHOM REAL PROPERTY WAS ACQUIRED**
22 **OR THEIR SUCCESSOR IN INTEREST TO REACQUIRE THE PROPERTY UNDER § 8-309**
23 **OF THE TRANSPORTATION ARTICLE.**

24 **(D) ON OR BEFORE DECEMBER 31, 2024, AND EACH DECEMBER 31**
25 **THEREAFTER, THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN**
26 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE:**

27 **(1) THE NUMBER OF PROPOSALS SUBMITTED TO THE BOARD OF**
28 **PUBLIC WORKS UNDER THIS SECTION;**

29 **(2) THE NUMBER OF PROPERTIES THAT WERE DONATED PURSUANT**
30 **TO PROPOSALS DEVELOPED UNDER THIS SECTION;**

31 **(3) THE NUMBER OF PROPERTIES THAT WERE SOLD PURSUANT TO**
32 **PROPOSALS DEVELOPED UNDER THIS SECTION; AND**

1 **(4) THE TOTAL AMOUNT OF PROCEEDS APPLIED TO THE RENTAL**
2 **HOUSING FUND AS A RESULT OF PROPOSALS DEVELOPED UNDER THIS SECTION.**

3 4–504.

4 (b) There is a Rental Housing Fund.

5 (e) The Fund consists of:

6 (1) money appropriated by the State for the Rental Housing Program under
7 § 4–402 of this title;

8 (2) repayments and prepayments of loans made under the Rental Housing
9 Program and from loan programs under this title that have been repealed;

10 (3) money appropriated under § 4–501(c) of this subtitle;

11 (4) money transferred to the Fund in accordance with §§ 4–502(e),
12 4–503(d), and 4–505(h) of this subtitle and § 3–203(i) of this article;

13 (5) funds received by the Department or the Administration from the
14 federal government or other public or private sources; [and]

15 (6) investment earnings of the Fund; **AND**

16 **(7) PROCEEDS FROM SALES OF EXCESS REAL PROPERTY CONDUCTED**
17 **IN ACCORDANCE WITH PROPOSALS DEVELOPED UNDER § 2–203(C) OF THIS**
18 **ARTICLE.**

19 **Article – State Finance and Procurement**

20 5–310.

21 (a) Each unit of the State government shall notify the Department in writing of:

22 (1) any real property that is in excess of the needs of the unit; or

23 (2) any substantial change to any real property owned by the State.

24 (b) Subject to subsection (c) of this section, for any real property identified under
25 subsection (a) of this section, the Department shall:

26 (1) study the proper disposition of the property;

27 (2) determine whether any local government or unit of the State
28 government is interested in the property; and

1 (3) make an appropriate recommendation to the using unit of the State
2 government and to the Board of Public Works.

3 **(D) ON OR BEFORE JUNE 1, 2023, AND EACH JUNE 1 THEREAFTER, THE**
4 **DEPARTMENT SHALL PROVIDE A LIST OF ALL PROPERTIES SUBMITTED TO THE**
5 **DEPARTMENT UNDER SUBSECTION (A)(1) OF THIS SECTION TO THE DEPARTMENT**
6 **OF HOUSING AND COMMUNITY DEVELOPMENT.**

7 10–305.

8 (b) (1) (i) Except as provided under subparagraph (ii) of this paragraph,
9 this subsection applies to the sale, transfer, grant, or exchange of:

10 1. real property identified under § 5–310(c)(1) of this article;
11 and

12 2. State–owned real or personal property, funded in
13 accordance with an appropriation act of the General Assembly, that has an appraised value
14 over \$100,000.

15 (ii) This subsection does not apply to the following dispositions of
16 property identified in subparagraph (i) of this paragraph:

17 1. leasing the property; or

18 2. the sale, transfer, grant, or exchange of a corrective or
19 access easement on the property.

20 (2) The Board may not approve the sale, transfer, exchange, or grant of
21 property until:

22 (i) the Department of General Services or the Department of
23 Natural Resources under Title 1, Subtitle 1 of the Natural Resources Article has submitted
24 to the Board two independent appraisals of the property that:

25 1. with regard to real property, consider the value of any
26 restrictive covenant that may be placed on the property; and

27 2. may not be publicly disclosed if the property is to be sold
28 at auction;

29 (ii) the following information has been submitted, by electronic mail
30 or facsimile and by certified mail, to the Senate Budget and Taxation Committee, the House
31 Appropriations Committee, and, for property that meets both criteria of paragraph (1)(i) of
32 this subsection, the Legislative Policy Committee:

1 1. a description of the property; and

2 2. if applicable, any justification for not selling, transferring,
3 exchanging, or granting the property in a manner that generates the highest return for the
4 State;

5 (iii) 45 days have elapsed since:

6 1. the information required by item (ii) of this paragraph was
7 received by the appropriate committees; and

8 2. the Board declared the property surplus; and

9 (iv) except for property sold under paragraph (4) of this subsection,
10 for property that meets both criteria under paragraph (1)(i) of this subsection and for which
11 the Board intends to approve a fee simple sale, transfer, exchange, or grant, the General
12 Assembly has approved the proposed disposition as provided under paragraph (3) of this
13 subsection.

14 (3) (i) Within 45 days after receiving the information submitted under
15 paragraph (2) of this subsection, the Legislative Policy Committee shall:

16 1. review the information and the public record created by
17 the Department of Planning for the property; and

18 2. A. approve the proposed disposition of the surplus
19 property and refer the property back to the Board for final disposition; or

20 B. refer the proposed disposition of the property to the full
21 General Assembly and notify the Board of the referral.

22 (ii) If the Legislative Policy Committee fails to take any action under
23 subparagraph (i)2 of this paragraph within the specified time period, the proposed
24 disposition shall be deemed approved by the Committee.

25 (iii) 1. If the proposed disposition of the surplus property is
26 referred by the Legislative Policy Committee to the full General Assembly, the proposed
27 disposition may not be approved by the Board unless it is approved by the passage of
28 legislation during the next legislative session of the General Assembly.

29 2. In any legislation passed in accordance with
30 subparagraph 1 of this subparagraph, the General Assembly may approve the proposed
31 disposition with or without conditions.

32 (4) If the Board has declared the property surplus, the Board shall sell the
33 property to the federal government, a local government, or a unit of federal or local
34 government for \$1.00, if:

1 (i) the government or unit has indicated its interest in acquiring the
2 land; and

3 (ii) a restrictive covenant is placed on the deed of transfer, in
4 accordance with § 5–906(e)(7) and (8) of the Natural Resources Article, that requires the
5 property to be maintained in a use that is consistent with its use at the time of transfer.

6 (5) Any revenues derived from the sale, transfer, exchange, or grant of
7 property identified under paragraph (1)(i)1 of this subsection shall be deposited in the
8 Advance Option and Purchase Fund under § 5–904(b) of the Natural Resources Article.

9 **(6) (I) IF THE BOARD HAS DECLARED THE PROPERTY SURPLUS,**
10 **THE BOARD SHALL DISPOSE OF PROPERTY DETERMINED BY THE DEPARTMENT OF**
11 **HOUSING AND COMMUNITY DEVELOPMENT TO BE SUITABLE FOR USE OR**
12 **REDEVELOPMENT AS AFFORDABLE HOUSING IN ACCORDANCE WITH A PROPOSAL**
13 **DEVELOPED UNDER § 2–203 OF THE HOUSING AND COMMUNITY DEVELOPMENT**
14 **ARTICLE.**

15 **(II) ANY REVENUES DERIVED FROM THE SALE, TRANSFER,**
16 **EXCHANGE, OR GRANT OF PROPERTY IN ACCORDANCE WITH A PROPOSAL**
17 **DEVELOPED UNDER § 2–203 OF THE HOUSING AND COMMUNITY DEVELOPMENT**
18 **ARTICLE SHALL BE DEPOSITED IN THE RENTAL HOUSING FUND UNDER § 4–504 OF**
19 **THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

20 10–306.

21 **(c) (1) THIS SUBSECTION DOES NOT APPLY TO PROPERTY DISPOSED OF**
22 **IN ACCORDANCE WITH A PROPOSAL DEVELOPED UNDER § 2–203 OF THE HOUSING**
23 **AND COMMUNITY DEVELOPMENT ARTICLE.**

24 **(2)** Except as provided in paragraphs [(2) and] (3) **AND (4)** of this
25 subsection, if cash is received as consideration for the disposition of a capital asset of the
26 State or any unit of the State government, the cash shall be applied to the State Annuity
27 Bond Fund Account for the payment of the principal of and interest on the bonded
28 indebtedness of the State.

29 **[(2)] (3)** If the capital asset is real property that is being leased or sold to
30 a private party for the purpose of realizing a transit-oriented development as defined under
31 § 7–101 of the Transportation Article, at the discretion of the State agency that is disposing
32 of the property, all or a portion of the cash proceeds resulting from the transaction shall be
33 deposited in the Baltimore City Community Enhancement Transit-Oriented Development
34 Fund established under Title 15 of the Economic Development Article for the purposes of
35 that Fund.

1 **[(3)] (4)** (i) If cash is received as consideration for the disposition of a
2 capital asset, and if the capital asset was originally purchased with special funds, the cash
3 shall be applied to the special fund.

4 (ii) Notwithstanding subparagraph (i) of this paragraph, cash
5 received as consideration for the disposition of helicopters, auxiliary helicopter equipment,
6 ground support equipment, or other capital equipment related to helicopters shall be
7 applied to the State Annuity Bond Fund Account for the payment of the principal of and
8 interest on the bonded indebtedness of the State.

9 **[(4)] (5)** If cash is received as consideration for the disposition of any real
10 or personal property of the State or any unit of the State government, other than a capital
11 asset, the cash shall be accounted for and paid into the State Treasury.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2022.