

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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 5, 2022

Returned to second reading: March 7, 2022

Senate action: Adopted with floor amendments

Read second time: March 7, 2022

CHAPTER _____

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~~, sell, or lease excess real property determined to be
10 suitable for use or redevelopment as affordable housing; requiring the Comptroller
11 to distribute a certain amount of income tax revenue from individuals to the Rental
12 Housing Fund on or before a certain date; and generally relating to ~~the listing and~~
13 ~~disposal of~~ excess real property ~~for use as~~ and affordable housing.

14 BY adding to
15 Article – Housing and Community Development
16 Section 2–203
17 Annotated Code of Maryland
18 (2019 Replacement Volume and 2021 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Housing and Community Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 4–504(b), (c), and (d)
2 Annotated Code of Maryland
3 (2019 Replacement Volume and 2021 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article – Housing and Community Development
6 Section 4–504(e)
7 Annotated Code of Maryland
8 (2019 Replacement Volume and 2021 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – Housing and Community Development
11 Section 4–504(e)
12 Annotated Code of Maryland
13 (2019 Replacement Volume and 2021 Supplement)
14 (As enacted by Section 1 of this Act)

15 BY repealing and reenacting, without amendments,
16 Article – State Finance and Procurement
17 Section 5–310(a) and (b)
18 Annotated Code of Maryland
19 (2021 Replacement Volume)

20 BY adding to
21 Article – State Finance and Procurement
22 Section 5–310(d)
23 Annotated Code of Maryland
24 (2021 Replacement Volume)

25 BY repealing and reenacting, with amendments,
26 Article – State Finance and Procurement
27 Section 10–305(b) and 10–306(c)
28 Annotated Code of Maryland
29 (2021 Replacement Volume)

30 BY adding to
31 Article – Tax – General
32 Section 2–605.2
33 Annotated Code of Maryland
34 (2016 Replacement Volume and 2021 Supplement)

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

37 **Article – Housing and Community Development**

38 4–504.

1 (b) There is a Rental Housing Fund.

2 (c) The Department shall use the Fund to operate, make loans, and pay expenses
3 of the Rental Housing Program, including reserves for anticipated future losses directly
4 related to the Rental Housing Program, as provided in the State budget.

5 (d) The Department shall administer the Fund either directly or through the
6 Administration.

7 (e) The Fund consists of:

8 (1) money appropriated by the State for the Rental Housing Program under
9 § 4-402 of this title;

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

12 (3) money appropriated under § 4-501(c) of this subtitle;

13 (4) money transferred to the Fund in accordance with §§ 4-502(e),
14 4-503(d), and 4-505(h) of this subtitle and § 3-203(i) of this article;

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

17 (6) investment earnings of the Fund; AND

18 (7) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-605.2 OF THE
19 TAX – GENERAL ARTICLE.

20 Article – Tax – General

21 2-605.2.

22 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-604 AND 2-605
23 OF THIS SUBTITLE, ON OR BEFORE JUNE 30, 2022, THE COMPTROLLER SHALL
24 DISTRIBUTE \$30,000,000 OF THE INCOME TAX REVENUE FROM INDIVIDUALS TO THE
25 RENTAL HOUSING FUND ESTABLISHED UNDER § 4-504 OF THE HOUSING AND
26 COMMUNITY DEVELOPMENT ARTICLE.

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

29 Article – Housing and Community Development

1 **2-203.**

2 (A) IN THIS SECTION, "AFFORDABLE HOUSING" MEANS RESIDENTIAL
3 PROPERTY THAT IS:

4 (1) RENTED TO THE PUBLIC AT A RATE THAT ~~ALLOWS IS AFFORDABLE~~
5 FOR A HOUSEHOLD OF LOW- OR MODERATE-INCOME IN THE STATE TO PAY NOT
6 ~~MORE THAN 30% OF ITS MONTHLY INCOME IN RENT; OR~~

7 (2) SOLD TO THE PUBLIC AT A PRICE THAT IS AFFORDABLE TO A
8 HOUSEHOLD OF LOW- OR MODERATE-INCOME IN THE STATE.

9 (B) (1) (I) ON RECEIPT OF THE LIST OF EXCESS REAL PROPERTY
10 PROVIDED UNDER § 5-310 OF THE STATE FINANCE AND PROCUREMENT ARTICLE,
11 THE DEPARTMENT SHALL, IN CONSULTATION WITH THE UNITS OF STATE
12 GOVERNMENT THAT CONTROL THE PROPERTIES, DETERMINE IF ANY OF THE LISTED
13 PROPERTIES ARE SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE
14 HOUSING.

15 (II) THE DEPARTMENT SHALL IDENTIFY A PROPERTY AS
16 SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE HOUSING IF THE
17 PROPERTY:

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

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

23 3. IS ADEQUATELY SIZED FOR ANY TYPE OF
24 RESIDENTIAL USE;

25 4. HAS ACCESS TO PUBLIC UTILITIES; AND

26 5. HAS ACCESS TO FEASIBLE INGRESS AND EGRESS
27 POINTS.

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

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

3 **(I) GIVE NOTICE OF THE DETERMINATION TO THE UNIT OF**
4 **STATE GOVERNMENT THAT CONTROLS THE PROPERTY; AND**

5 **(II) ADVISE THE UNIT OF STATE GOVERNMENT OF THE**
6 **REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION.**

7 **(4) THE LIST REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION**
8 **SHALL BE MADE AVAILABLE TO THE PUBLIC.**

9 **(C) (1) (I) EXCEPT AS PROVIDED IN PARAGRAPHS (4) AND (5) OF THIS**
10 **SUBSECTION, ON RECEIPT OF THE NOTICE REQUIRED UNDER SUBSECTION (B)(3) OF**
11 **THIS SECTION, A UNIT OF STATE GOVERNMENT SHALL, IN CONSULTATION WITH THE**
12 **DEPARTMENT AND THE DEPARTMENT OF PLANNING, DEVELOP A PROPOSAL TO**
13 **~~DISPOSE OF~~ DONATE, SELL, OR LEASE THE LISTED PROPERTY BY:**

14 **1. DONATING OR SELLING THE PROPERTY TO A**
15 **NONPROFIT ORGANIZATION THAT ~~INTENDS~~ CONTRACTS TO USE OR REDEVELOP THE**
16 **PROPERTY AS AFFORDABLE HOUSING; ~~OR~~**

17 **2. SELLING THE PROPERTY TO A BUYER THAT ~~INTENDS~~**
18 **CONTRACTS TO USE OR REDEVELOP THE PROPERTY AS AFFORDABLE HOUSING; OR**

19 **3. LEASING THE PROPERTY TO A LESSEE THAT**
20 **CONTRACTS TO USE THE PROPERTY AS AFFORDABLE HOUSING.**

21 **(II) IF, AFTER REASONABLE EFFORT, THE UNIT IS UNABLE TO**
22 **IDENTIFY A SUITABLE NONPROFIT ORGANIZATION ~~OR BUYER, BUYER, OR LESSEE~~ IN**
23 **ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE UNIT SHALL**
24 **DEVELOP A PROPOSAL TO SELL THE PROPERTY AT AUCTION.**

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

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

1 **(3) WHEN A PROPERTY IS ~~DISPOSED OF~~ DONATED, SOLD, OR LEASED**
 2 **IN ACCORDANCE WITH A PROPOSAL DEVELOPED UNDER THIS SUBSECTION, THE**
 3 **UNIT SHALL GIVE NOTICE OF THE DISPOSITION TO THE DEPARTMENT.**

4 **(4) A UNIT MAY NOT PROPOSE TO ~~DISPOSE OF~~ DONATE, SELL, OR**
 5 **LEASE A PROPERTY UNDER THIS SUBSECTION IN A MANNER THAT WOULD VIOLATE**
 6 **ANY COVENANT OR APPLICABLE FEDERAL LAW.**

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

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

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

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

18 **(3) THE NUMBER OF PROPERTIES THAT WERE SOLD OR LEASED**
 19 **PURSUANT TO PROPOSALS DEVELOPED UNDER THIS SECTION; AND**

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

22 4-504.

23 (b) There is a Rental Housing Fund.

24 (e) The Fund consists of:

25 (1) money appropriated by the State for the Rental Housing Program under
 26 § 4-402 of this title;

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

29 (3) money appropriated under § 4-501(c) of this subtitle;

30 (4) money transferred to the Fund in accordance with §§ 4-502(e),
 31 4-503(d), and 4-505(h) of this subtitle and § 3-203(i) of this article;

1 (5) funds received by the Department or the Administration from the
2 federal government or other public or private sources; ~~land~~

3 (6) investment earnings of the Fund; ~~land~~; ~~AND~~

4 (7) revenue distributed to the Fund under § 2-605.2 of the Tax – General
5 Article; AND

6 ~~(7)~~ **(8) PROCEEDS FROM SALES OF EXCESS REAL PROPERTY**
7 **CONDUCTED IN ACCORDANCE WITH PROPOSALS DEVELOPED UNDER § 2-203(C) OF**
8 **THIS ARTICLE.**

9 Article – State Finance and Procurement

10 5-310.

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

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

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

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

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

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

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

21 **(D) ON OR BEFORE JUNE 1, 2023, AND EACH JUNE 1 THEREAFTER, THE**
22 **DEPARTMENT SHALL PROVIDE A LIST OF ALL PROPERTIES SUBMITTED TO THE**
23 **DEPARTMENT UNDER SUBSECTION (A)(1) OF THIS SECTION WHICH HAVE NOT BEEN**
24 **DONATED, SOLD, OR LEASED UNDER SUBSECTION (B) OF THIS SECTION TO THE**
25 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, THE SENATE**
26 **EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE, THE SENATE**
27 **BUDGET AND TAXATION COMMITTEE, THE HOUSE ENVIRONMENT AND**
28 **TRANSPORTATION COMMITTEE, AND THE HOUSE APPROPRIATIONS COMMITTEE.**

29 10-305.

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

- 3 1. real property identified under § 5–310(c)(1) of this article;
4 and
5 2. State–owned real or personal property, funded in
6 accordance with an appropriation act of the General Assembly, that has an appraised value
7 over \$100,000.

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

- 10 1. leasing the property; or
11 2. the sale, transfer, grant, or exchange of a corrective or
12 access easement on the property.

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

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

- 18 1. with regard to real property, consider the value of any
19 restrictive covenant that may be placed on the property; and
20 2. may not be publicly disclosed if the property is to be sold
21 at auction;

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

- 26 1. a description of the property; and
27 2. if applicable, any justification for not selling, transferring,
28 exchanging, or granting the property in a manner that generates the highest return for the
29 State;

30 (iii) 45 days have elapsed since:

- 31 1. the information required by item (ii) of this paragraph was
32 received by the appropriate committees; and

1 2. the Board declared the property surplus; and

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

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

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

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

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

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

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

22 2. In any legislation passed in accordance with
23 subsubparagraph 1 of this subparagraph, the General Assembly may approve the proposed
24 disposition with or without conditions.

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

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

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

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

1 **(6) (I) IF THE BOARD HAS DECLARED THE PROPERTY SURPLUS,**
2 **THE BOARD SHALL ~~DISPOSE OF~~ DONATE, SELL, OR LEASE THE PROPERTY**
3 **DETERMINED BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
4 **TO BE SUITABLE FOR USE OR REDEVELOPMENT AS AFFORDABLE HOUSING IN**
5 **ACCORDANCE WITH A PROPOSAL DEVELOPED UNDER § 2-203 OF THE HOUSING AND**
6 **COMMUNITY DEVELOPMENT ARTICLE.**

7 **(II) ANY REVENUES DERIVED FROM THE SALE, TRANSFER,**
8 **EXCHANGE, OR GRANT OF PROPERTY IN ACCORDANCE WITH A PROPOSAL**
9 **DEVELOPED UNDER § 2-203 OF THE HOUSING AND COMMUNITY DEVELOPMENT**
10 **ARTICLE SHALL BE DEPOSITED IN THE RENTAL HOUSING FUND UNDER § 4-504 OF**
11 **THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

12 10-306.

13 **(c) (1) THIS SUBSECTION DOES NOT APPLY TO PROPERTY ~~DISPOSED OF~~**
14 **DONATED, SOLD, OR LEASED IN ACCORDANCE WITH A PROPOSAL DEVELOPED**
15 **UNDER § 2-203 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

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

21 **[(2)] (3)** If the capital asset is real property that is being leased or sold to
22 a private party for the purpose of realizing a transit-oriented development as defined under
23 § 7-101 of the Transportation Article, at the discretion of the State agency that is disposing
24 of the property, all or a portion of the cash proceeds resulting from the transaction shall be
25 deposited in the Baltimore City Community Enhancement Transit-Oriented Development
26 Fund established under Title 15 of the Economic Development Article for the purposes of
27 that Fund.

28 **[(3)] (4) (i)** If cash is received as consideration for the disposition of a
29 capital asset, and if the capital asset was originally purchased with special funds, the cash
30 shall be applied to the special fund.

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

1 ~~[(4)]~~ **(5)** If cash is received as consideration for the disposition of any real
2 or personal property of the State or any unit of the State government, other than a capital
3 asset, the cash shall be accounted for and paid into the State Treasury.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
5 effect October 1, 2022.

6 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That, except as provided in
7 Section 3 of this Act, this Act shall take effect ~~October~~ June 1, 2022.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.