

Expedited Bill No. 7-07
Concerning: Tenant Displacement -
Sale of Rental Housing - Right of First
Refusal
Revised: 07-02-07 Draft No. 6
Introduced: April 24, 2007
Enacted: July 3, 2007
Executive: July 15, 2007
Effective: July 15, 2007
Sunset Date: None
Ch. 6, Laws of Mont. Co. 2007

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive,
and Councilmembers Floreen, Knapp, Elrich, Leventhal, Andrews, Trachtenberg, Berliner, and
Ervin

AN EXPEDITED ACT to:

- (1) require the owner of certain rental housing built [before] after a certain date to give the County, the Housing Opportunities Commission, and any tenant organization the right to buy the rental housing before it is sold to another person; [[and]]
- (2) modify the circumstances under which the Department of Housing and Community Affairs may allow certain rent increases; and
- (3) generally amend the law relating to tenant displacement and sale of rental housing.

By amending
Montgomery County Code
Chapter 53A, Tenant Displacement
Section 53A-5

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 53A-5 is amended as follows:

53A-5. Sales not requiring right of first refusal.

(a) Agreement not to convert.

(1) An owner may sell rental housing without providing any right of first refusal under Section 53A-4 if the Department approves a written agreement that:

(A) prohibits the buyer from converting the rental housing for at least 5 years after the sale;

(B) the Department received from the prospective buyer at least 30 days before the sale; and

(C) except as provided in paragraph (2)(B), requires the buyer to follow the voluntary rent increase guidelines published annually under Section 29-53 during:

(i) the first 3 years of the agreement, for all tenants who resided in the rental housing when the Department approved the agreement; and

(ii) the last 2 years, for each of these tenants who qualifies as a low- or moderate-income tenant under Department regulations.

(2) The Department may:

(A) approve or reject an agreement with the buyer under this subsection only after considering the:

(i) physical condition of the rental housing, including any rehabilitation necessary to correct dangerous defects;

(ii) tenants' ability to afford rent increases; and

(iii) need to preserve low- and moderate-income rental housing in the County;

28 (B) allow the buyer to increase rents above the limits in
29 paragraph (1)(C) only when the Department decides that
30 a greater increase is justified by:

31 (i) unforeseen circumstances beyond the buyer's
32 control; or

33 (ii) ~~[[necessary]]~~ rehabilitation or renovation to the
34 rental housing.

35 (3) The Department annually must verify the buyer's compliance
36 with the rent increase limits required by this subsection.

37 (b) Other exceptions. An owner also does not have to provide a right of
38 first refusal for a sale:

39 (1) under the terms of a bona fide mortgage or deed of trust;

40 (2) to a mortgagee in lieu of foreclosure;

41 (3) under a court order;

42 (4) from one co-tenant to another co-tenant by operation of law;

43 (5) under a will or intestate distribution;

44 (6) to the State or a local government;

45 (7) of a minority title interest; or

46 (8) of a mobile home park]; or

47 (9) of rental housing for which the initial building permit was
48 issued after February 5, 1981].

49 **Sec. 2. Expedited Effective Date.**

50 The Council declares that this legislation is necessary for the immediate
51 protection of the public interest. This Act takes effect on the date on which it
52 becomes law.

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54 *Approved:*

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Marilyn J. Praisner *July 5, 2007*

Marilyn Praisner, President, County Council Date

57 *Approved:*

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Isiah Leggett *July 15, 2007*

Isiah Leggett, County Executive Date

60 *This is a correct copy of Council action.*

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Linda M. Lauer *July 17, 2007*

Linda M. Lauer, Clerk of the Council Date