

**MEMORANDUM**

TO: County Council

FROM: Kathleen Boucher, Senior Legislative Attorney *KWB*

SUBJECT: **Introduction: Expedited Bill 18-07**, Tenant Displacement – Sale of Mobile Home Park – Right of First Refusal

**Expedited Bill 18-07**, Tenant Displacement – Sale of Mobile Home Park – Right of First Refusal, sponsored by Council President Praisner and Councilmember Knapp, is scheduled to be introduced on July 19, 2007. A public hearing is tentatively scheduled for July 31, 2007 at 1:30 p.m.

Bill 18-07 requires the owner of a mobile home park to give the County, the Housing Opportunities Commission, and a tenant organization an opportunity to buy the mobile home park before it is sold to another person.

This packet contains:

Expedited Bill 18-07  
Legislative Request Report

Circle #

1  
4

Expedited Bill No. 18-07.....  
Concerning: Tenant Displacement –  
Sale of Mobile Home Park – Right of  
First Refusal  
Revised: 07-08-07 Draft No. 1  
Introduced: July 19, 2007  
Expires: January 19, 2009  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President Praisner and Councilmember Knapp

**AN EXPEDITED ACT to:**

- (1) require the owner of a mobile home park to give the County, the Housing Opportunities Commission, and a tenant organization an opportunity to buy the mobile home park before it is sold to another person; and
- (2) generally amend the law relating to tenant displacement and the sale of rental housing.

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

<b>Boldface</b>	<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:**

1 **53A-5. Sales not requiring right of first refusal.**

2 (a) Agreement not to convert.

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

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

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

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

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

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

19 (2) The Department may:

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

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

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

26 (iii) need to preserve low- and moderate-income rental  
27 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) rehabilitation or renovation to the rental housing.

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

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

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

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

40 (3) under a court order;

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

42 (5) under a will or intestate distribution;

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

44 (7) of a minority title interest[; or

45 (8) of a mobile home park].

46 **Sec. 2. Expedited Effective Date.**

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

50 *Approved:*

51

52

Marilyn Praisner, President, County Council

Date

## LEGISLATIVE REQUEST REPORT

### Expedited Bill 18-07

#### *Tenant Displacement – Sale of Mobile Home Park – Right of First Refusal*

- DESCRIPTION:** Require the owner of a mobile home park to give the County, the Housing Opportunities Commission, and a tenant organization an opportunity to buy the mobile home park before it is sold to another person.
- PROBLEM:** The County has an increasing need to preserve rental housing and maintain a portion of it as affordable to low- and moderate-income tenants.
- GOALS AND OBJECTIVES:** Repeal language in County Code §53A-5 that exempts the owner of a mobile home park from the right of first refusal established in County Code §53A-4.
- COORDINATION:** DHCA
- FISCAL IMPACT:** To be requested.
- ECONOMIC IMPACT:** To be requested.
- EVALUATION:** To be requested.
- EXPERIENCE ELSEWHERE:** To be researched.
- SOURCE OF INFORMATION:** Joe Giloley, Chief, Division of Housing and Code Enforcement, Department of Housing and Community Affairs
- APPLICATION WITHIN MUNICIPALITIES:** To be researched.
- PENALTIES:** No new penalties established.