

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

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

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**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

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

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

- (i) unforeseen circumstances beyond the buyer's control; or
- (ii) [[necessary]] rehabilitation or renovation to the rental housing.

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

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

- (1) under the terms of a bona fide mortgage or deed of trust;
- (2) to a mortgagee in lieu of foreclosure;
- (3) under a court order;
- (4) from one co-tenant to another co-tenant by operation of law;
- (5) under a will or intestate distribution;
- (6) to the State or a local government;
- (7) of a minority title interest; or
- (8) of a mobile home park[; or
- (9) of rental housing for which the initial building permit was issued after February 5, 1981].

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

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

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55 *Approved:*

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57       /s/

July 5, 2007

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Marilyn Praisner, President, County Council

Date

58 *Approved:*

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60       /s/

July 15, 2007

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Isiah Leggett, County Executive

Date

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

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63       /s/

July 17, 2007

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Linda M. Lauer, Clerk of the Council

Date