



**BILL SYNOPSIS**

**Committee: Economic and Community Development**

**Bill: 22-0250**

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**The Councilmember Mary Pat Clarke Opportunity to Purchase Act**

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**Sponsor:** Councilmember Ramos, et al.

**Introduced:** June 27, 2022

**Purpose:** For the purpose of repealing City Code, Article 13, Subtitle 6 {"Tenant’s Right of First Refusal"} as obsolete and replacing it with a subtitle establishing a tenant’s opportunity to purchase certain rental facilities; defining certain terms; establishing certain exemptions from the subtitle; providing for certain rules of interpretation; authorizing the Commissioner of the Department of Housing and Community Development to adopt rules and regulations to carry out the subtitle; requiring that a landlord provide a notice of offer of sale to certain persons on deciding to sell a rental facility; establishing certain procedures for landlords and tenants in instances where a party submits a statement of interest to purchase a rental facility; allowing for the landlord to require certain earnest money deposits; permitting the assignment of certain rights; prohibiting a waiver of certain rights absent agreed-on consideration; requiring certain disclosures if a rental facility is transferred to a party other than a tenant; requiring certain reports; providing for certain penalties; and generally relating to providing tenants with the opportunity to purchase certain rental facilities.

**Effective:** The 30th day after the date it is enacted

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**Agency Reports**

City Solicitor	Favorable with Amendment
Department of Finance	Not Opposed
Department of Housing and Community Development	
Housing Authority of Baltimore City	

Board of Municipal and Zoning Appeals	No Position
Department of Planning	No Objection
Office of Equity and Civil Rights	

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## Analysis

### Current Law

Article 13 (Housing and Urban Renewal) Subtitle 6 (Tenant’s Right of First Refusal) of the Baltimore City Code provides tenants of rented single-family homes the right of first refusal when a landlord voluntarily sells the property. Certain transfers, such as transfers to family members or through inheritance, are exempted from the requirements. The subtitle outlines the process for a landlord to sell a rented single-family home, including notification to the tenant, required conditions of offers and contracts, and certifying compliance. The subtitle also authorizes tenants to seek injunctive relief for violations and provides that landlords who fail to comply with the requirements of the subtitle are guilty of a misdemeanor and subject to a fine of up to \$500.

### Bill Summary

Bill 22-0250 would replace the existing Article 13, Subtitle 6 with a new subtitle providing tenants with an opportunity to purchase rented dwelling units (as defined in the City Building Code) from the landlord before the dwelling is sold to a third party. Certain transfers, such as transfers to family members or through inheritance, would be exempted from the requirements.

Under the new subtitle, the landlord would be required to provide a written offer of sale, including the asking price and material terms of sale, to the tenant and to the Commissioner for the Department of Housing and Community Development (Commissioner) before settlement on a transfer to another party. It would also require a new offer of sale if the terms of the sale materially change after the initial offer (excluding increases in the sale price).

The new subtitle would further outline the process and timeline for tenants to accept the offer of sale, ensure a reasonable time for the tenant to secure financing, and allow the landlord to require an earnest money deposit. The new subtitle would also allow tenants to exercise their rights in conjunction with third-parties or by assigning or selling their rights to another private or governmental party. Tenants would not be able to waive their rights under the subtitle, except in exchange for consideration that the tenant considers acceptable.

When transferring a property subject to the subtitle to a party other than the tenant, the landlord would be required to file an affidavit with the land records certifying that they complied with the requirements. Additionally, within 30 days of transferring a property subject to the subtitle, whether to the tenant or a third-party, the landlord would be required to report the transfer to the Commissioner.

The new subtitle would also provide that landlords who fail to comply with any of its requirements are guilty of a misdemeanor and subject to a fine of up to \$1000 for each violation.

The Commissioner would be authorized to create rules and regulations to carry out the subtitle, and would also be required to submit an annual report to the Mayor and City Council by June 30 of each year with the number of transfers subject to the subtitle and any recommendations for legislative or policy changes.

### **Amendments**

The Law Department suggested an amendment to remove the tenant's ability to transfer their rights to a third-party or, in the alternative, to limit the ability to transfer their rights to a third-party to after the tenant receives an offer from the landlord.

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### **Additional Information**

**Fiscal Note:** Not Available.

**Information Source(s):** Baltimore City Code, Reporting Agencies, Bill 22-0250.

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