

SB819 - Real Property – Sale of Apartment Facilities – Rights of Qualified Organizations

**Hearing before the Senate Judicial Proceedings Committee,
Feb. 28, 2023**

Position: FAVORABLE

SB819 would require that local Housing Authorities and associated legal entities, certain housing-related nonprofit organizations, and developers of senior living facilities, known as “qualified organizations,” be given the opportunity to purchase apartment buildings before they are offered for sale to private buyers in order to increase or preserve existing affordable housing. It sets forth a procedure for seller notification to the Department of Housing and Community Development regarding sale of affected properties to facilitate this process. SB819 also provides for a special non-lapsing fund to assist qualified organizations with financing their purchases of affected properties.

SB819 builds on existing Right of First Refusal (ROFR) laws from Montgomery, Prince George’s, and Howard Counties, none of which would be preempted by this bill. SB819 would provide an additional affordable housing preservation option for all localities and serve as a building block to encourage new efforts to provide affordable housing for all Marylanders.

Affordable homes are being saved by Right of First Refusal laws enacted nationally and locally. DC’s Tenant Opportunity to Purchase Act (TOPA) along with the District Opportunity to Purchase Act (DOPA) has kept more than 1,000 units as affordable housing since 2002. The Community Opportunity to Purchase Act (COPA) in San Francisco has saved 100’s of homes since 2019. Prince George’s ROFR process has preserved 1395 units since being adopted in 2021.

SB 819 provides an opportunity for local affordable housing partners to purchase apartment buildings that go on the market. It does not require the seller to accept an offer from a qualified organization should the seller receive a higher offer from a private buyer, nor does it compel the seller to turn down an offer from a private buyer if no qualified organization makes an offer. It simply provides that should a seller intend to accept an offer from a private buyer that is lower than an offer made by a qualified organization, the seller must first offer to sell the property to the qualified organization on the same terms as those offered by the private buyer. If the qualified organization declines to do so, the seller is free to proceed with the sale to the private buyer.

Marylanders need safe and affordable housing now! At a time of ever rising rents the answer will not be found in only building more homes that will not be habitable for years. Our state and localities will need more options. This bill among many will help to give us a chance to preserve and provide affordable housing for residents of our state.

I urge the Committee’s report of Favorable on SB819.

Sincerely,

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