



# PUBLIC INTEREST LAW COMMITTEE

POWERED BY MSBA & A2JC

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## HB693

### Renters' Rights and Stabilization Act of 2024

#### FAVORABLE

The Public Interest Law Committee (PILC) of the Maryland Access to Justice Commission is the public interest community of attorneys, judges, academics and public interest organizations within the Maryland State Bar Association. PILC supports HB693 because we believe that property law should advance equity and end racial disparities in Maryland.

Understanding that different sections of the MSBA may have a different perspective, PILC provides the public interest perspective on the provisions in HB693 related to the first right of refusal.

The right of first refusal provisions in HB693 give renters a path to homeownership that keeps them in their home and in their community. Communities thrive when households are rooted in their neighborhood and have a long-term stake in community-economic development. Many renters want to be part of that development without worrying about lease terminations or rising rents. They also want access to building equity and long-term wealth. Right of first refusal is one tool in the toolbox to accomplish these aims.

A [Shelterforce](#) article highlighted how “a 2013 report from the D.C. Fiscal Policy Institute found that [Washington, D.C.’s right of first refusal law] helped preserve nearly 1,400 units of affordable housing in the District between 2003 and 2013, at just a fraction of a cost of building new affordable units. [The right of first refusal law] and Washington, D.C.’s Housing Production Trust Fund have led to the creation of 4,400 limited-equity co-op units across 99 buildings.”

The right of first refusal will also help reduce racial disparities in homeownership. While Black households make up 30% of all Maryland households, they compose 43% of all renter households ([2022 ACS data](#)). According to the [2020 Maryland Housing Needs Assessment](#), the Black homeownership rate is 26 percentage points lower than that of white households.

A November, 2023 [Washington Post](#) article discussed how in 1983 four tenants purchased their 6-unit apartment building. None of them earned more than \$15,000 a year. “In a city that has seen many Black and low-income residents pushed out by housing costs and rising rents, the four African American women long ago claimed a piece of the city, and they held on.” Each of these former renters remained in their homes and their neighborhood for over 40 years.

HB693 focuses on properties that typify the so-called “naturally occurring affordable housing” segment: properties of one to four units. These properties (240,119) account for 31% of all rented units in the state ([2022 ACS data](#)). The vast majority of the rental market is therefore unaffected by this tailored legislation.

The timeline of procedural steps under HB693 for tenants’ exercise of the right of first refusal is modest and shorter than timelines in other jurisdictions. For instance, in Washington D.C., tenants have 45 days to create and incorporate an organization, 120 days to negotiate a contract of sale, and then 240 days to obtain financing. In contrast, HB693 provides tenants no time to form a group, 20 days to notify the seller of their intent to purchase, then 10 days to pay a deposit and show proof of financing, and 90 days to close.

HB693 also establishes an Office of Tenants’ Rights, which would raise awareness among renters about their right of first refusal and options for financing their purchase.

For the reasons stated above, the Public Interest Law Committee of the Maryland Access to Justice Commission urges the House Environment and Transportation Committee to issue a FAVORABLE report on HB693. For more information, please contact [reena@msba.org](mailto:reena@msba.org).