



Real Property Section

To: Judicial Proceedings Committee (Senate)

From: Legislative Committee of the Real Property Section Counsel

Date: February 28, 2024 [Hearing Date February 29, 2024]

Subject: **SB481 – Renters' Rights and Stabilization Act of 2024**

Position: **Information Only re Tenants' Rights of First Refusal**

The Real Property Section Counsel of the Maryland State Bar Association (MSBA) **opposes the Tenant's Right of First Refusal portion of Senate Bill 481 – Renters' Rights and Stabilization Act of 2024.**

****Note: MSBA supports all aspects of the bill except on the issue of a tenant's right of first refusal and has submitted separate testimony regarding those issues. MSBA defers to its practice-specific sections to provide any information or testimony on the tenant's right of first refusal, and the MSBA Real Property Section submits testimony on this limited portion of the bill.***

This bill would increase the District Court surcharge for cases involving summary ejectment, tenant holding over, or breach of lease that seeks a judgment for possession of residential property. The MSBA supports this aspect of the bill.

This bill also seeks to create an "Office of Tenants' Rights" who will create a "Tenants' Bill of Rights" and to create a "right of first refusal to purchase the property" in favor of a tenant, group of tenants, subtenant, lease, sublessee, or any other individual who is entitled to possession of occupancy or a residential unit. It the "right of first refusal" aspect of the bill that Real Property Section Counsel of the MSBA opposes.

After many years of applying a similar tenants rights law to single family residential property in the District of Columbia, the District Council essentially repealed the law. It had turned into a weapon used by lawyers and others to simply harass and demand sums to go away even when the tenant had no interest in purchasing the property. Maryland has some of the highest real estate transaction costs in the nation. The tenants' right of first refusal aspect of this bill will simply increase those costs for tenants and everyone else.

The offer to purchase is supposed to contain appraisal information, architectural plans and specifications, and operating information. Why would all that be required? Presumably the tenant lives in the residence and knows the property well. No other person who is interested in purchasing the property has a right to receive such information.

How will any purchaser know whether the seller complied with the law? If the tenant files an action to restrain or enjoin a sale, shouldn't such tenant be required to record a lis pendens in

the land records? What happens if the action is filed after the closing?

For these reasons, the Real Property Section Counsel of the MSBA **opposes the Tenant's Right of First Refusal portion of Senate Bill 481 and asks for an unfavorable report as to that aspect of the bill.** Thank you for your consideration.