

1 H.640

2 Introduced by Representatives Cina of Burlington, Burrows of West Windsor,
3 Christie of Hartford, Colburn of Burlington, Troiano of
4 Stannard, and Vyhovsky of Essex

5 Referred to Committee on

6 Date:

7 Subject: Housing

8 Statement of purpose of bill as introduced: This bill proposes to afford the
9 tenants of an apartment building the rights to receive notice of the landlord's
10 intent to sell the building and to negotiate in good faith and purchase the
11 building.

12 An act relating to creating tenant rights to purchase an apartment building

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. FINDINGS; PURPOSE; INTENT

15 (a) Findings. The Vermont General Assembly finds:

16 (1) Housing is a human right.

17 (2) Housing is a social determinant of health.

18 (3) Affordable housing increases access to the human right of housing
19 and promotes public health.

1 (4) The Vermont housing market creates barriers to affordable housing
2 for many Vermonters, which has led to economic distress, health problems,
3 displacement, homelessness, and migration out of State.

4 (5) Affordable housing is threatened by the impact of the current natural
5 disaster of the COVID-19 pandemic, which not only worsened the preexisting
6 conditions of the housing market but also caused new economic challenges and
7 health problems for tenants of apartments.

8 (6) Essential affordable housing was preserved in Vermont during the
9 recovery from the natural disaster of Tropical Storm Irene because the owners
10 of homes in mobile home parks were able to jointly purchase their parks as
11 they came up for sale, pursuant to 2012 Acts and Resolves No. 137 (S.99), “An
12 act relating to supporting mobile home ownership, strengthening mobile home
13 parks, and preserving affordable housing.”

14 (7) Affordable housing can be preserved in Vermont during the recovery
15 from the natural disaster of the COVID-19 pandemic by granting the rights of
16 first refusal to jointly purchase their buildings to the tenants of apartments.

17 (b) Legislative intent and purpose.

18 (1) It is the intent of the Vermont General Assembly to protect the
19 human right of housing and to promote public health during the recovery from
20 the COVID-19 pandemic by preserving affordable housing.

1 (2) The Vermont General Assembly intends to preserve affordable
2 housing in Vermont by expanding the rights of tenants in the housing market.

3 (3) This act affords the tenants of an apartment building the rights to
4 receive notice of the landlord’s intent to sell the building and to negotiate in
5 good faith and purchase the building.

6 (4) It is the purpose of this act to focus State, municipal, and private
7 resources on assisting tenants recovering from the pandemic and on ensuring
8 that, in the long term, Vermonters have an adequate supply of safe, affordable
9 housing.

10 Sec. 2. 9 V.S.A. chapter 137 is amended to read:

11 CHAPTER 137. RESIDENTIAL RENTAL AGREEMENTS

12 * * *

13 Subchapter 5. Tenant Rights to Purchase Building

14 § 4476. TENANT RIGHTS TO PURCHASE BUILDING

15 (a) Notice.

16 (1) An owner of a residential building that contains three or more
17 dwelling units shall give to each tenant and to the Commissioner of Housing
18 and Community Development notice by certified mail, return receipt
19 requested, of the owner’s intention to sell the building.

1 (2) If a tenant refuses the notice, or it is otherwise undeliverable, the
2 owner shall send the notice by first-class mail to the tenant's last known
3 mailing address.

4 (3) The notice shall state the following:

5 (A) the owner intends to sell the building;

6 (B) the price, terms, and conditions under which the owner offers the
7 building for sale;

8 (C) a list of the affected tenants;

9 (D) the status of compliance with applicable statutes, rules, and
10 permits, to the owner's best knowledge, and the reasons for any
11 noncompliance; and

12 (E) that for 45 days following the notice, the owner shall not make a
13 final unconditional acceptance of an offer to purchase the building and that if
14 within the 45 days the owner receives notice pursuant to subsection (c) of this
15 section that a majority of the tenants intend to consider purchase of the
16 building, the owner shall not make a final unconditional acceptance of an offer
17 to purchase the building for an additional 120 days, starting from the 46th day
18 following notice, except one from a group representing a majority of the
19 tenants or from a nonprofit corporation approved by a majority of the tenants.

20 (b) Resident intent to negotiate; timetable.

1 (1) The tenants shall have 45 days following notice under subsection (a)
2 of this section to determine whether they intend to consider purchase of the
3 building through a group representing a majority of the tenants or a nonprofit
4 corporation approved by a majority of the tenants.

5 (2) A majority of the tenants is determined by one vote per leasehold,
6 and no tenant shall have more than three votes or 30 percent of the aggregate
7 building vote, whichever is less.

8 (3) During this 45-day period, the owner shall not accept a final
9 unconditional offer to purchase the building.

10 (c) Response to notice; required action.

11 (1) If the owner does not receive notice from the tenants during the 45-
12 day period, or if the tenants notify the owner that they do not intend to consider
13 purchase of the building, the owner has no further restrictions regarding sale of
14 the building pursuant to this section.

15 (2) If, during the 45-day period, the owner receives notice in writing that
16 a majority of the tenants intend to consider purchase of the building, then the
17 owner shall:

18 (A) not accept a final unconditional offer to purchase from a party
19 other than leaseholders for 120 days following the 45-day period, a total of 165
20 days following the notice from the leaseholders;

1 (B) negotiate in good faith with the group representing a majority of
2 the tenants or a nonprofit corporation approved by a majority of the tenants
3 concerning purchase of the building;

4 (C) consider any offer to purchase from a group representing a
5 majority of the tenants or from a nonprofit corporation approved by a majority
6 of the tenants; and

7 (D) accept an offer from the tenants or nonprofit corporation if the
8 offer:

9 (i) equals or exceeds the appraised value of the property; or

10 (ii) is on substantially equivalent terms and conditions as the best
11 reasonable offer from another third party.

12 (d) Penalties.

13 (1) An owner who sells a building without complying with this section:

14 (A) is liable to the tenants in the aggregate amount of \$10,000.00 or
15 50 percent of the gain realized by the owner from the sale, whichever is
16 greater; and

17 (B) commits an unfair practice in trade and commerce in violation of
18 section 2453 of this title.

19 (2) The Department of Housing and Community Development may:

20 (A) impose an administrative penalty of not more than \$5,000.00 per
21 violation;

1 (B) bring a civil action for damages or injunctive relief, or both; and

2 (C) refer a violation to the Attorney General or State's Attorney for
3 enforcement pursuant to subdivision (1)(B) of this subsection (d).

4 (e) Exceptions. The provisions of this section do not apply when the sale,
5 transfer, or conveyance of the building occurs through one or more of the
6 following:

7 (1) through a foreclosure sale;

8 (2) to a member of the owner's family or to a trust for the sole benefit of
9 members of the owner's family;

10 (3) among the partners who own the building;

11 (4) incidental to financing the building;

12 (5) between joint tenants or tenants in common;

13 (6) pursuant to eminent domain;

14 (7) pursuant to a municipal tax sale.

15 (f) Requirement for new notice of intent to sell.

16 (1) Subject to subdivision (2) of this subsection, a notice of intent to sell
17 issued pursuant to subsection (a) of this section is valid:

18 (A) for a period of one year from the expiration of the 45-day period
19 following the date of the notice; or

20 (B) if the owner has entered into a binding purchase and sale
21 agreement with a group representing a majority of the tenants or a nonprofit

1 corporation approved by a majority of the tenants within one year from the
2 expiration of the 45-day period following the date of the notice until the
3 completion of the sale of the building under the agreement or the expiration of
4 the agreement, whichever is sooner.

5 (2) During the period in which a notice of intent to sell is valid, an
6 owner shall provide a new notice of intent to sell, consistent with the
7 requirements of subsection (a) of this section, prior to making an offer to sell
8 the building or accepting an offer to purchase the building that is either more
9 than five percent below the price for which the building was initially offered
10 for sale or less than five percent above the final written offer from a group
11 representing a majority of the tenants or a nonprofit corporation approved by a
12 majority of the tenants.

13 (g) Good faith. A group representing a majority of the tenants or a
14 nonprofit corporation approved by a majority of the tenants shall negotiate in
15 good faith with the owner for purchase of the building.

16 Sec. 3. EFFECTIVE DATE

17 This act shall take effect on July 1, 2022.