

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) 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.