

Department of Legislative Services  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

Senate Bill 241

(Senator Kelley, *et al.*)

Judicial Proceedings

Environment and Transportation

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**Real Property - Senior Apartment Facilities - Conversion**

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This bill requires a landlord to provide each tenant of a “senior apartment facility” a written notice at least 180 days before converting the senior apartment facility into an apartment facility for the general population. A landlord has to allow any tenant who requests to move before the conversion date to terminate the lease with at least one month’s written notice, and the landlord may not withhold any portion of that tenant’s security deposit for rent that would have become due under any remaining term of the lease following the termination of the lease.

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**Fiscal Summary**

**State Effect:** The bill’s imposition of existing penalty provisions by the Office of the Attorney General (OAG) does not have a material impact on State finances or operations. If OAG’s Consumer Protection Division receives fewer than 50 complaints per year stemming from the bill, the additional workload can be handled with existing resources. Any increase in District Court caseloads can likely be handled with existing resources.

**Local Effect:** The bill is not anticipated to materially affect local government finances.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** “Senior apartment facility” means an apartment building or complex that contains four or more individual dwelling units and is housing for “older persons” as defined by federal law (42 U.S.C. § 3607). The federal law defines housing for older persons as housing that is (1) provided under any state or federal program designed and

operated to assist elderly persons; (2) intended for, and solely occupied by, persons age 62 or older; or (3) intended for persons age 55 or older (demonstrated by specified policies and procedures) and complies with federal rules for occupant age verification. The definition of a senior apartment facility does not include an assisted living facility or nursing home.

“Landlord” means the owner of a senior apartment facility.

*Notice of Conversion:* Notices provided to tenants must include (1) a statement that the senior apartment facility will be converted to an apartment facility for the general population; (2) the date of the conversion; and (3) a statement that the tenant has the right to terminate the lease at any time before the conversion date, if the tenant gives the landlord at least one month’s written notice.

*Penalties:* To the extent that a resident of a senior apartment facility is harmed by a violation of the bill, the violation is considered to fall within the Maryland Consumer Protection Act (MCPA) and those enforcement duties and powers conveyed to OAG’s Division of Consumer Protection.

**Current Law/Background:** No State laws require notification and establish other rights for tenants who are age 55 and older and reside in a senior apartment facility that is being converted to an apartment facility for the general population.

Under the Maryland Condominium Act (MCA), however, before a residential rental facility is subjected to a condominium regime, the owner and the landlord of each tenant must give the tenant a required notice of the conversion. An offer for the tenant to purchase the rental property under conversion must also be extended. A tenant may not be required to vacate, with limited exceptions, until 180 days after receiving the notice. If an offer to purchase is not included with the notice of the conversion, the 180-day period does not begin until the tenant receives the purchase offer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$1,000 for the first violation and up to \$5,000 for each subsequent violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

**Small Business Effect:** Small businesses that own a senior apartment facility and seek to convert that facility to an apartment facility for the general population may experience increased costs due to providing notices, allowing tenants to terminate leases before the conversion, and being subject to penalties in the event of noncompliance.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Judiciary (Administrative Office of the Courts), Department of Housing and Community Development, Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2016  
kb/kdm Revised - Senate Third Reader - March 18, 2016  
Revised - Enrolled Bill - May 13, 2016

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