

# HOUSE BILL NO. 5240

October 25, 2023, Introduced by Reps. Edwards, Dievendorf, Byrnes, Wilson, Paiz, Rheingans, Hood and Tsernoglou and referred to the Committee on Economic Development and Small Business.

A bill to provide tenants with the first opportunity to purchase certain rental properties from landlords.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act may be cited as the "tenant opportunity to  
2 purchase act".

3           Sec. 3. As used in this act:

4           (a) "Bona fide offer of sale" means an offer of sale for a  
5 rental property that meets any of the following conditions:

6           (i) Is for a price and other material terms that are at least  
7 as favorable as those accepted by a purchaser in an arm's-length

1 third-party contract.

2 (ii) In the absence of an arm's-length third-party contract, is  
3 an offer of sale with a price and other material terms comparable  
4 to that at which a willing seller and a willing buyer would sell  
5 and purchase the rental property, or the appraised value.

6 (b) "Rental agreement" means an agreement that establishes or  
7 modifies the terms, conditions, rules, regulations, or any other  
8 provisions concerning the use and occupancy of a rental unit.

9 (c) "Rental property" means any real property that contains  
10 one or more rental units. Rental property includes an apartment  
11 unit, a boardinghouse, a rooming house, and a single- or multiple-  
12 family dwelling. Rental property does not include a hotel, motel,  
13 motor home, or other tourist accommodation, when used as a  
14 temporary accommodation for guests or tourists, or premises used as  
15 the principal place of residence of the owner and rented  
16 occasionally during temporary absences, including vacation or  
17 sabbatical leave.

18 (d) "Rental unit" means a structure or part of a structure  
19 used as a home, residence, or sleeping unit by a single person or  
20 household unit, or any grounds, or other facilities or area  
21 promised for the use of a residential tenant.

22 (e) "Sale" or "sell" means the transfer in exchange, in  
23 exchange for money or other thing of economic value, of a present  
24 interest in the rental property, including beneficial use, whether  
25 the value of the present interest is the fee interest in the rental  
26 property or substantially equal to the value of that fee interest.

27 (f) "Tenant" means a person that occupies a rental unit for  
28 residential purposes with the landlord's consent for an agreed-upon  
29 consideration.

1 (g) "Tenant association" means an association, corporation, or  
2 other organization that represents at least a majority of the  
3 tenants in the rental property. For purposes of this act, a tenant  
4 association does not include an association, corporation, or other  
5 organization organized by the owner of the rental property.

6 Sec. 5. Beginning on the effective date of this act, before an  
7 owner of a rental property offers the rental property for sale,  
8 sells the rental property, solicits any offer to purchase from or  
9 accepts any unsolicited offer to purchase from any third-party  
10 purchaser, or issues a notice to vacate for purposes of demolition  
11 or discontinuance of housing use, the owner of the rental property  
12 shall first give the tenants of the rental property or tenant  
13 association an opportunity to purchase the rental property at a  
14 price and terms that represent a bona fide offer of sale.