

2025 -- H 5299

LC001146

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO PROPERTY -- LEASED LAND DWELLINGS

Introduced By: Representatives McNamara, Cruz, Solomon, Potter, Slater, Fogarty,
Cotter, Carson, Spears, and McEntee

Date Introduced: February 05, 2025

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 34-18.2-2 and 34-18.2-3 of the General Laws in Chapter 34-18.2
2 entitled "Leased Land Dwellings" are hereby amended to read as follows:

3 **34-18.2-2. Definitions.**

4 As used in this chapter, the following words shall have the following meanings:

5 (1) "Corporation" means the Rhode Island housing and mortgage finance corporation (the
6 "corporation") established pursuant to chapter 55 of title 42 ("Rhode Island housing and mortgage
7 finance corporation"), and also commonly referred to as "RIHousing".

8 ~~(1)~~(2) "Homeowner" shall mean and include any person, corporation, partnership or
9 association owning a residential dwelling which is located on leased land.

10 ~~(2)~~(3) "Land owner" shall mean and include any person, corporation, partnership or
11 association owning land which is leased to another or others whereon there is situated a residential
12 dwelling or dwellings.

13 ~~(3)~~(4) "Leased land" shall mean and include any land owned by any person, corporation,
14 partnership or association upon which there is situated a leased residential dwelling owned by any
15 person, corporation, partnership or association other than the owner of the land.

16 ~~(4)~~(5) "Residential dwelling" shall mean and include any structure located on leased land
17 and used primarily for residential purposes.

18 **34-18.2-3. Transfer of leased land — Right of first refusal.**

19 (a) In any instance in which a landowner has been sent a certified letter from an

1 incorporated homeowners' association indicating that the association has at least fifty-one percent
2 (51%) of the homeowners owning residential dwellings on the landowners' land as members and
3 has articles of incorporation specifying all rights and powers, including the power to negotiate for
4 and acquire land on behalf of the member homeowners, then, before leased land may be sold for
5 any purpose and before it may be leased for any purpose that would result in a discontinuance, the
6 owner shall notify the association by certified mail of any bona fide offer that the owner intends to
7 accept, to buy the leased land or to lease it for a use that would result in a discontinuance. The
8 owner shall also give notice by certified mail to the incorporated homeowners' association of any
9 intention to sell or lease the land for a use which will result in a discontinuance within fourteen (14)
10 days of any advertisement or other public notice by the owner or his or her agent that the land is
11 for sale or the land upon which the residential dwelling is located is for lease.

12 (b) The notice to the homeowners' association shall include the price, calculated as a single
13 lump sum amount which reflects the present value of any installment payments offered and of any
14 promissory notes offered in lieu of cash payments or, in the case of an offer to rent the capitalized
15 value of the annual rent, and the terms and conditions of the offer. Any incorporated homeowners'
16 association entitled to notice under this section shall have the right to purchase, in the case of a
17 third party bona fide offer to purchase, or to lease in the case of a third party bona fide offer to
18 lease, the land, provided it meets the same price and the same terms and conditions of any offer of
19 which it is entitled to notice under this section by executing a contract or purchase and sale or lease
20 agreement with the owner within one hundred eighty (180) days of notice of the offer. No owner
21 shall attempt to terminate the tenancy of any member of the incorporated homeowners' association
22 except for nonpayment of rent for a period of one hundred and eighty (180) days following a notice
23 of sale or lease under this section. No owner shall unreasonably refuse to enter into, or unreasonably
24 delay the execution of a purchase and sale or lease agreement with a homeowners' association that
25 has made a bona fide offer to meet the same price and the same terms and conditions of an offer
26 for which notice is required to be given pursuant to this section. Failure of the incorporated
27 homeowners' association to execute such a purchase and sale agreement or lease within the first
28 one hundred eighty (180) day period shall serve to terminate the right of the association to purchase
29 or lease the land. The time periods may be extended by agreement of the association and the owner.
30 Nothing herein shall be construed to require an owner to provide financing to any association or to
31 prohibit an owner from requiring an association which is offering to lease land to have within its
32 possession a sum equivalent to the capitalized value of the proposed rent of the land and requiring
33 that a portion of the sum, of an amount necessary to pay the rent on the land for a period of no
34 greater than two (2) years, be kept in escrow for such purpose during the term of the lease. In the

1 event that an incorporated homeowners' association accepts an offer under this section, the tenancy
2 of the members of the association shall be extended on a month to month basis until the time set in
3 the offer for closing on the offer.

4 (c)(1) When an owner has been properly notified under the terms of this section of the
5 existence of an incorporated homeowners' association, the owner shall include in any purchase and
6 sale agreement or lease agreement which would be subject to this section, a statement informing
7 the purchaser or lessee of the homeowners association's right of first refusal pursuant to this
8 section.

9 (2) In addition, the homeowners' association shall record in the land evidence records of
10 the city or town where the leased land is located, a copy of its articles of incorporation together
11 with a statement setting forth its statutory right of first refusal to purchase or lease the land of the
12 owner pursuant to this section.

13 (3) The right of first refusal created herein shall not be deemed to allow a homeowners'
14 association to vary the terms of any offer made to an owner and to make a counteroffer to said
15 owner. The homeowners' association shall have the right of first refusal only on the exact terms
16 and conditions as set forth in the offer received by the owner; provided, however, that the
17 homeowners' association shall not be required to meet any terms or conditions that would result in
18 the removal of members of the association from the property which is the subject of the offer.

19 (4) The right of first refusal created herein shall inure to a homeowners' association for the
20 time periods provided in this section, beginning on the date of notice to the homeowners'
21 association. The effective period of the right of first refusal shall apply separately for each
22 substantially different bona fide offer to purchase the land or to lease it for a purpose that would
23 result in a discontinuance, and for each offer the same as an offer made more than three (3) months
24 prior to the later offer; provided, however, that in the case of the same offer made by a prospective
25 buyer who has previously made an offer for which notice to a homeowners' association was
26 required by this section, the right of first refusal shall apply only if the subsequent offer is made
27 more than six (6) months after the earlier offer. The right of first refusal shall not apply with respect
28 to any offer received by the owner for which notice to a homeowners' association is not required
29 pursuant to this section.

30 (5) No right of first refusal shall apply to a government taking by eminent domain or
31 negotiated purchase, a forced sale pursuant to a foreclosure, transfer by gift, devise or operation of
32 law, or a sale to a person who would be included within the table of descent and distribution if there
33 were to be a death intestate of a landowner.

34 (d) In any instance in which the incorporated homeowners' association of leased land is

1 not the successful purchaser or lessee of the land, the seller or lessor of the land shall prove
2 compliance with this section by filing an affidavit of compliance in the official land evidence
3 records of the city or town where the property is located within seven (7) days of the sale or lease
4 of the land.

5 (e) No landowner shall attempt to increase any rental amount due regarding leased land
6 from the time of his or her receipt of any bona fide offer to purchase or to lease for a purpose which
7 would result in a discontinuance, until the expiration of the time period during which a
8 homeowners' association may exercise its right of first refusal or until the time set in the offer for
9 closing on the offer.

10 (f) In the event that an owner terminates the tenancies of all of the members of the
11 incorporated association, the right of first refusal created by this section shall inure to the benefit
12 of the former membership of the association for a period of one year after the termination of the
13 tenancies, or until the houses which they occupied are removed or destroyed, whichever first
14 occurs, with the former members having the same rights and obligations as existed prior to the
15 terminations.

16 (g) The landowner shall tender a written lease incorporating the terms and conditions of
17 the tenancy to all tenants and prospective tenants. The lease shall not be inconsistent with the
18 provisions of this chapter.

19 (h) A covenant of good faith and fair dealing shall be deemed to be incorporated into the
20 terms and conditions of all tenancies between a homeowner and landowner involving a residential
21 dwelling which is located on leased land, as well as the negotiation process associated therewith.

22 (i)(1) RIHousing shall work with the department of housing, the infrastructure bank, and
23 other appropriate private and public entities to investigate and determine ways to further assist an
24 incorporated homeowners' association (hereinafter the "association") to exercise rights to purchase
25 the leased land pursuant to the right of first refusal established in this section, identify the barriers
26 to transferring these kinds of properties to the homeowners' association, and make
27 recommendations on how to address these issues and barriers.

28 (2) The corporation may promulgate rules and regulations to implement the provisions of
29 this subsection.

30 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO PROPERTY -- LEASED LAND DWELLINGS

1 This act would direct RIHousing to work with the department of housing, the infrastructure
2 bank, and other appropriate private and public entities to investigate and determine ways to further
3 assist an incorporated homeowners' association to exercise rights to purchase leased land pursuant
4 to the right of first refusal.

5 This act would take effect upon passage.

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