

Tenant Opportunity to Purchase Act (TOPA) - HD 2984/SD 1672
A Revenue-Neutral Local Option To Stabilize Housing

- › TOPA in a nutshell: **HD 2984/SD 1672** (AKA “An Act to guarantee a tenant’s first right of refusal”) would allow cities and towns the local option of providing tenants in multi-family buildings the right to match a third-party offer when their homes are being sold. TOPA is revenue neutral, does not regulate sales price, and explicitly exempts small landlords.
- ★ **TOPA Enabling Act is critical *now* to address COVID-related housing speculation.**
 - The pandemic is causing increasing distress in the housing market and is expected to result in more turmoil, speculative purchases and resident displacement.
 - Already billion-dollar investment funds have been set up for distressed properties.
 - Cities and towns desperately need tools as the housing crisis worsens.
- ★ **TOPA is essential during the pandemic to help tenants keep their homes.**
 - Housing stabilization now is a public health issue. TOPA would help prevent the displacement of vulnerable tenants.
- ★ **TOPA would help blunt deepening inequities.**
 - Displacement and unaffordable rents disproportionately impact people of color, seniors, people with disabilities, and other vulnerable groups -- and increase segregation in our communities.
 - TOPA would help to avert speculation of 2008 when huge amounts of wealth were lost by communities of color and working class families.
- ★ **TOPA is cost-neutral.**
- ★ **TOPA is an Enabling Act** that only goes into effect in municipalities that choose it.
- ★ **Small landlords explicitly are excluded from TOPA.**
- ★ **TOPA contains safeguards to protect owners:**
 - *TOPA’s timeframes are designed to be typical of a normal real estate market in which properties are purchased with a combination of cash equity and debt.*
 - TOPA imposes no price restrictions: sales are at market-rate.
 - TOPA allows tenants to designate their rights to a non-profit organization.
 - Tenants are prohibited from selling their rights.
 - Small owners are exempted from TOPA.
- ★ **TOPA could move thousands of rental units to permanent affordability - every year.**
 - This bill is based on a Washington D.C. ordinance that has helped preserve thousands of homes since its enactment in 1980.

*TOPA Enabling Act- HD 2984/SD 1672 - is essential NOW in the Pandemic
to divert housing from speculators and give tenants a fighting chance to avoid displacement.*

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A Revenue-Neutral Local Option To Stabilize Housing: Why We Need it Now

Examples of how TOPA could help stabilize neighborhoods and avoid displacement:

- At 6 Humphreys Place in Dorchester, the owner sent building-wide eviction notices to residents, because a buyer wanted to purchase the building empty. With the support of City Life/Vida Urbana, the 20+ residents organized a tenants association and reached out to non-profit buyers that could pay the market price. The owner, however, sold the building to the initial buyer who continued efforts to evict the residents.

Had TOPA been in place in Boston, a non-profit buyer could have purchased the building at the third-party price, avoiding a long and very difficult fought battle by the residents to stay in their homes and guaranteeing permanently affordable housing in the community.

- A 20-year resident of Chinatown lived in a building on Johnny Court with her husband and three young children. In 2015, the building was sold to an investor, who at first raised their rent from \$930 to \$1,450 a month. The family was forced out after the investor-owner demanded \$2,600 per month, as he converted the units one by one to short-term rental use. The Chinatown Community Land Trust had prepared a purchase offer for the building, but the owner sold to the investor. With TOPA in place, residents could have preserved their housing and taken it permanently out of the speculative market.

How does the TOPA Enabling Act work?

In municipalities that adopt TOPA, multi-family property owners notify tenants and the municipality when they decide to sell a property. Tenants can form a tenant association, made up of tenants in at least 51 percent of the tenant-occupied units. Tenants can designate a non-profit organization, local housing authority, or successor entity to the tenant association to act on their behalf.

The tenant association or its designee has the right to make a first offer to purchase after being notified of the sale. Additionally, when the owner enters a contract to sell the property to a third party, the tenant association/designee can agree to the terms of the third-party contract or make a counter offer. If they agree to the third-party contract, the tenant association/designee has a reasonable period of time to perform due diligence, secure financing, and close on the purchase of the building. Otherwise, the owner can sell to a third party. The TOPA Enabling Act also includes a tenant opportunity to purchase process for short sales and foreclosures.

The TOPA Enabling Act neither brings in additional revenue nor requires additional expenditures. As an enabling act, it simply allows municipalities to adopt tenant right-of-first-refusal ordinances. Existing state and local housing funding programs could be deployed to properties acquired via TOPA programs, and additional sources will be needed to fully stabilize neighborhoods and provide housing needed by low and moderate income tenants.

Stabilizing housing is a public health necessity during the Pandemic.
Support the TOPA Enabling Act - HD 2984/SD 1672