

**Tenant Opportunity to Purchase Act (TOPA) - H.1260/S.786**  
***A COST-FREE LOCAL OPTION TO STABILIZE HOUSING: WHY WE NEED IT NOW***

**What does the Tenant Opportunity to Purchase Act (TOPA) do?**

- **In a nutshell:** *TOPA* (aka “An Act to Guarantee a Tenant’s First Right of Refusal” H.1260/S.786) in municipalities that adopt it, gives tenants in multi-family properties the opportunity to purchase their homes, when offered for sale, including in the foreclosure context – by matching the purchase price of a third-party purchaser. The opportunity to purchase can be designated to a non-profit. The Act is revenue neutral.
- **TOPA Enabling Act is needed more than ever to address Post-Pandemic housing speculation.**
  - The COVID 19 pandemic is expected to result in an avalanche of foreclosures, resident displacement, and speculative purchases. Already, post-pandemic investment funds are being set up for distressed residential properties.
  - Even before the pandemic, our housing production system had completely failed to provide sufficient housing for low and moderate income people.<sup>1</sup>
- **TOPA Enabling Act gives municipalities tools urgently needed in light of the Pandemic.**
  - Housing stabilization now is a public health issue. Cities and towns desperately need tools *before* the housing crisis worsens. As in 2008, municipalities have few options to avert suffering and displacement that result when real estate speculators buy rental properties. A few people (many from out of state) will continue to benefit from the suffering of many.
- **TOPA Enabling Act would help blunt deepening inequities.**
  - Displacement and unaffordable rents disproportionately impact people of color, single parents with children, seniors, people with disabilities, and other vulnerable groups -- and increase segregation in our communities. TOPA would help avert this inequity.
- **TOPA Enabling Act is a local option: it applies only in municipalities that choose it.**
- **TOPA Enabling Act is revenue neutral and does not require any new taxes.**
- **TOPA Enabling Act is a market-driven strategy that does not impose hardships.**
  - Owners get a market price, tenants save their homes, and housing can be preserved as affordable for future residents. ⇒ Small landlords explicitly are excluded from TOPA.
- **Thousands of rental units stand to be preserved with the TOPA Enabling act.**
  - This bill is based on a Washington D.C. ordinance that has helped preserve thousands of homes since its enactment in 1980.

*The TOPA Enabling Act would provide municipalities an essential tool to divert housing from speculators and give tenants a fighting chance to stay in their homes.*

---

<sup>1</sup>For years rents have risen faster than incomes, such that, Massachusetts has/had:

- A shortage of close to 170,000 rental homes affordable/available to extremely low income renters: only 61 units for every 100 very low income families.
- Evictions of more than 15,000 families in 2016; that is, 43 families per day.
- The fastest rate of increase of homelessness *nationwide* in 2018, per HUD, with 20,068 families homeless.

**Tenant Opportunity to Purchase Act (TOPA)- H.1260/S.786**  
***A COST-FREE LOCAL OPTION TO STABILIZE HOUSING: WHY WE NEED IT NOW***

**What are some examples of how TOPA could help stabilize neighborhoods?**

- 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 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.

*Ensuring housing stability for all now is a moral imperative and a public health necessity.*