



POLICY BRIEF: Tenant Opportunity to Purchase Act Program (TOPA)

Issue Summary: The Tenant Opportunity to Purchase Act (TOPA) program, if enacted in the City of Los Angeles, would require owners of rental occupied units to offer tenants the right-of-first-refusal when the owner decides to sell the building. Under the program, building owners would be required to notify tenants and the Mayor's Office of the opportunity to purchase. The notification therefore initiates a process that affords tenants the opportunity to organize, raise funds, and solicit outside assistance in order to purchase their unit and/or building. A TOPA-type program, would also give tenants the option to assign their rights to a third-party.

Background: In 1980, the District of Columbia implemented TOPA as a strategy to address a city-wide housing crisis characterized by a severe shortage of available rental housing, new conversion controls that were ineffective at preserving affordable housing, and tens of thousands of households in need of housing assistance. There are approximately 135,000 rental units in Washington, D.C. and 780,000 in the City of Los Angeles.

The TOPA process is complex; the program requires a mechanism to ensure tenants are aware of their opportunity to purchase their building before it is sold to an outside buyer, a tenant support system (including loan assistance), and a public education mechanism to solicit and distribute information. Washington, D.C. established an Office of Tenant Advocate (OTA) in order to assist tenants with the TOPA process; the proposed 2008 OTA budget is over \$1.8 million. Furthermore, a 2006 Washington, D.C Rental Housing Conversion and Sale Act Task Force report concluded that "TOPA currently requires owners to provide tenants as much as 420 days from the date they initially notified of the owner's intent to sell." In some cases, if 420 days have elapsed without a sale, the process starts over.

Status: Chief Legislative Analyst recommendations for program implementation requested. Stakeholder group to be convened by the City of Los Angeles.

Position Recommendation: Oppose

Support: None Registered

Opposition: South Bay Association of Realtors