



# Tenant Opportunity to Purchase Act (TOPA)

A.3353 Mitaynes / S.221 Myrie

## Success Story: Fed-Up Bronx Tenants Buy Their Own Building

The New York Times

A Landlord 'Underestimated'  
His Tenants. Now They Could  
Own the Building.

In 2017, a new landlord bought out 700 E. 134th St. for \$4M and quickly moved to start jacking up rents.

Tenants banded together to fight back and eventually worked with a nonprofit to buy the building as a limited equity co-op. Tenants will now be able to buy their apartments for just \$2,500 each.

## What is TOPA?

Right now, landlords who put buildings up for sale in New York do not have any obligations to offer existing tenants any priority in buying rights - even though there are a number of success stories of tenants buying their building. As a result, landlords have every incentive to sell their building to the highest bidder, encouraging the growth of corporate mega-landlords.

TOPA would give tenants in eligible buildings the right to the first offer when their building goes on sale. If an eligible building owner rejects this offer, they must give tenants the opportunity to match any offer by a third party. Tenants could buy the building together and own it as a cooperative, turn the building into publicly owned housing, or work with a nonprofit to remain a permanently affordable rental.

## Why We Need It: Curbing Mega-Landlords

After the 2008 crash, the real estate market in NY consolidated in a small set of hands, as predatory landlords bought up distressed properties, flipped them, and helped accelerate inequality and gentrification.

Today, with millions in back rent still unpaid after the pandemic, New York's housing market is at risk of consolidation once again. Firms like Blackstone are already aggressively buying out properties, especially in low-income neighborhoods of color. TOPA would let us avoid the worst excesses of post-2008, curbing the spread of mega-landlords and ensuring a more equitable recovery.

## Why We Need TOPA: 1392 Sterling Place

For a year, tenants at the Crown Heights property have been on rent strike in protest of a landlord who has failed to respond to scores of building violations and kept 1/3 of units in the housing complex vacant.

Tenants suspect the no-show landlord is keeping the building in derelict condition to force out residents and, eventually, sell the property.

With TOPA, tenants could form a tenant union, buy the building as a tenant cooperative and have more say in their living conditions.

## Why We Need It: Safer Living Conditions

Tenants across New York are living in unsafe or filthy living conditions, often thanks to landlords who ignore repairs in the hope of eventually selling the property to the highest bidder. Even without a building going on sale, TOPA would help tenants fight for safer living conditions by ending the incentive for landlords to hold properties in disrepair to sell them off.

## Cities and States with TOPA:

Washington D.C.  
San Francisco  
Minneapolis  
Boston\*  
Berkeley, CA\*  
Oakland, CA\*

\*Cities experimenting with TOPA strategies

## Endorsements

Citywide Tenant Union of Rochester  
UHAB  
New Economy Project  
Citizen Action  
Northwest Bronx Community and Clergy Coalition  
Met Council on Housing

## What Buildings are Eligible for TOPA?

Almost all rental buildings in NYS except:

- Government-owned buildings.
- Properties owned by and operated as a hospital, convent, monastery, extended care facility, convalescent home, or dormitories owned by educational institutions.
- Single-family homes (that are not owned by a corporation).

## Get Involved:

Learn more about TOPA and other bills in HJ4A's 2023 platform here:

[hj4a.org/takeaction](https://www.hj4a.org/takeaction)

## How Will It Work?

When a landlord offers a building for sale, tenants in eligible buildings have the right to form a tenant union that has legal rights of 1) first offer and 2) first refusal of purchase. Here's how the process will work:

1. *Owner Notifies Tenants of Intention to Sell:* Owner must deliver notice of intent to sell to every tenant over 18 years old.
2. *Tenants Respond to Owner:* Following notification, tenants have 20-45 days to deliver a statement indicating an intent to purchase to the owner. Tenants must organize and secure either 50% of residents willing to sign their name or willing to affirmatively waive their rights to purchase.
3. *Opportunity to Form Tenant Union:* After receiving the statement, the owner will give tenants an additional 45-90 days to form a tenant association or assign their purchase rights to a development partner.
4. *Offer Accepted/Rejected:* The owner is free to accept or reject the offer.
  - If the owner accepts the offer, they can receive incentives including tax exemptions.
  - If the owner rejects the first offer, they can solicit offers from third parties, with tenants maintaining the right of first refusal and the right to match the price and terms of a third party offer.
5. *Securing Financing:* Tenants and/or qualified purchasers will be given 30-120+ days after entering into a purchase contract to secure financing. This may also involve appraisal if tenants feel the market offer is too high.

## How Does This Create Affordable Housing?

First, TOPA protects existing tenants' right to stay at the current rent. Second, TOPA buyers will only be able to sell or rent to income eligible households – households below 80% of AMI. Finally, TOPA puts permanent restrictions on buildings, including affordability and owner-occupancy restrictions.

## Common Questions

*Will tenants actually take advantage of this program? How many tenants can actually afford to buy out their buildings?*

**YES!** DC's TOPA law has been used to preserve thousands of units of affordable housing. NY's program would have a variety of means to encourage tenants to use the program. Tenants would be able to work with nonprofit housing providers, community land trusts, and other entities to support them in the process. They would be eligible for a variety of financial assistance programs, including affordable housing preservation programs, property tax exemptions, low to no interest financing, and operating subsidies.