

**Developing Recommendations for a Tenant Opportunity to Purchase Act (TOPA)
for Unincorporated Los Angeles County**

According to the California Housing Partnership’s 2021 Affordable Housing Outcomes Report, between 2000 and 2019, the County's inflation adjusted median household rent increased by 45 percent, while the median household income has only increased 16 percent. With rents rising at a far greater rate than household income, 54 percent of all renter households are cost burdened or paying over 30 percent of their income on rent, and 30 percent are severely cost burdened or spending over 50 percent of their income on rent. People of color are more likely to experience cost burden, and Black and Latinx renters are most cost burdened at 62 percent and 56 percent, respectively. In focusing on households at or below 50 percent Area Median Income (AMI), 47 percent of all low-income renter households are severely cost burdened. Severely cost burdened households are vulnerable to displacement and at increased risk of homelessness.

The unequal growth in income and rent has placed considerable strain on renter households. By spending a significant portion of their income on rent, vulnerable

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households struggle to afford such essentials as food, clothing, healthcare, and access to transportation. With less income available to cover expenses for necessities, unaffordable housing has been shown to negatively impact overall health and wellbeing.¹

To address these inequities and disparities, prevent displacement, and ensure housing stability for improved health and well-being, the Board has recently prioritized areas at risk for displacement for LACDA's Notice of Funding Availability (NOFA) for affordable housing; allocated funding to expand rental assistance and protect vulnerable tenants; and strengthened pathways towards homeownership for low-income households. By allocating funding to the COVID-19 Rent Relief Program, Stay Housed LA County Program (Eviction Prevention and Defense), and Foreclosure Prevention and Mortgage Assistance, the County prevented homelessness and increased housing stability during the COVID pandemic. Additionally, in partnership with mission-driven entities, the Board established the Pilot Community Land Trust (CLT) Partnership Program which launched in April 2021.

Building upon the County's efforts, another strategy for consideration that has been successfully implemented in other jurisdictions is the Tenant Opportunity to Purchase Act (TOPA).² For instance, Washington, D.C. adopted its TOPA ordinance in 1980, and San Francisco adopted its Community Opportunity to Purchase Act (COPA) in 2019. Similarly, the cities of Berkeley and Oakland are exploring this policy. This proposed

¹ Social Determinants of Health research: <https://health.gov/healthypeople/objectives-and-data/social-determinants-health/literature-summaries/housing-instability>).

² County of Los Angeles Chief Executive Office report, in response to May 12, 2020 Board Motion, *Emergency Rental and Mortgage Relief: Directive 6*. On August 4, 2020, CEO report provided recommendations on a "right to purchase" policy and summarized examples from other jurisdictions.

strategy addresses disparities by expanding the pool of potential buyers should owners of certain types of property decide to sell. This expanded pool may include tenants, mission-driven affordable housing developers, community land trusts, and any other person or entity that is committed to providing permanent affordable housing, so they may compete with larger speculative forces in the housing market. The opportunities created for these potential buyers include an exclusive window during which they may make first offers to purchase a property. The Owner is free to reject these offers but will receive financial incentives to accept. Should an Owner reject all first offers and decide to proceed with a third-party sale, those who made an earlier offer reserve the right to match the terms of a third-party offer. Local advocates consisting of the LA CLT Coalition, Legal Aid Foundation of Los Angeles, and LA Acquisition-Rehabilitation Working Group, organized and developed a policy document for consideration, to include a local TOPA proposal.

By allowing tenants and affordable housing partners to make offers to purchase their buildings when offered for sale, property ownership remains with the community while sellers receive fair returns on their investment. TOPA aims to prevent displacement, preserve affordable housing, and improve the health, social, and economic well-being of community residents.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the Department of Consumer and Business Affairs (DCBA), in collaboration with the Los Angeles County Development Authority (LACDA), Department of Regional Planning, and County Counsel, to work with local, community-based,

mission-driven entities (~~LA Community Land Trust Coalition, Legal Aid Foundation of Los Angeles, and the LA Acquisition-Rehabilitation Working Group~~), housing providers, real estate professionals, and other relevant stakeholders to review best practices and lessons learned to develop recommendations for a TOPA policy for the County's unincorporated areas, and report back in 90 days. The recommendations for the proposed County's TOPA should include, but not limited to:

- a) TOPA ordinance and administrative and supporting policies, including anti-displacement and affordability measures; incentives for sellers; incentives for the community and right-to-organize;
- b) Review existing programs and services to identify potential opportunities to leverage and build upon during implementation of the proposed ordinance;
- c) Program process and design, including definition of qualified purchasers/entities (tenants or organizations) to purchase for-sale rental properties and enforcement mechanisms
- d) Staffing needs and costs after maximally leveraging private nonprofit partners such as Community Development Financial Institutions etc., need for resources, and a proposed subsidy pool for acquisition and rehabilitation;
- e) Technical assistance needs;
- f) Community outreach and engagement plan;
- g) Proposed timeline and milestones;
- h) Key data elements to track progress and outcomes; and

- i) Funding/resource assessment.
- 2. Provide DCBA with delegated authority to enter into agreements with consultants/contractors, as needed, in order to produce the 90-day report back.
- 3. Direct CEO in consultation with DCBA and LACDA, to identify overall proposed cost and potential funding sources for implementation of the proposed TOPA ordinance and program.

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