

HOUSING AND COMMUNITIES

Financing and Technical Assistance Considerations for an Opportunity to Purchase Policy

Donovan Harvey

Elizabeth Burton

Owen Noble



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Executive Summary

With rising rents, displacement, and decreasing Black homeownership, municipalities are increasingly considering tenant opportunity to purchase (TOPA) policies as a potential solution. However, to achieve their intended impact, these policies need to be complemented by context-appropriate financing tools and a robust technical assistance ecosystem.

Building on the experience of technical assistance providers in Washington, DC—the city with the oldest TOPA policy in the nation—this report offers recommendations and lessons learned for successful TOPA implementation, including tracking sociodemographic disparities in unit distribution, enhancing operating support for service providers, and proactively engaging tenants in policy design. Then, using Minneapolis as a case study, we assess the potential upper-bound financing needs for a TOPA policy.

Taken together, these findings have implications for cities like Chicago, which has recently introduced TOPA pilot programs in two regions of the city, and cities considering a TOPA policy, such as Minneapolis. Our analysis suggests that, if well-designed and sufficiently resourced, TOPA policies have the potential to mitigate tenant housing instability and act as a key affordable housing preservation tool.

Understanding citywide trends in rental property ownership and the condition of properties that are potentially eligible for opportunity-to-purchase (OTP) programs will be key for equitable policy implementation. In this report, we analyze Minneapolis’s open-source rental license database with Hennepin County’s parcel-level property assessment data to estimate that approximately 92 percent, or 92,192 units, would potentially be eligible for OTP. This equates to more than \$17 billion in assessed market value. While it is highly unlikely that all for-sale OTP-eligible properties will be purchased by tenants, this figure provides a sense of the upper bound of the financing supports needed for an OTP-policy.

Furthermore, 32 percent of OTP-eligible properties in Minneapolis are single-family homes or two-to-four-unit buildings, likely an increase from years past because of the increase of large investor-owned single-family properties. The prevalence of this housing stock in Minneapolis reflects the local policy decision to include properties of one to five units, which differs from other local OTP policies.

To maximize TOPA's potential impact as an antidisplacement and homeownership tool, interested municipalities will need to complement well-designed financing sources with effective implementation strategies, including technical assistance. In addition to examining rental property trends in Minneapolis, we identify five discrete stages of the TOPA process using Washington, DC's long-term TOPA technical assistance as a framework, and then explain the training and technical assistance needs associated with each stage. The five stages are as follows: (1) before the offer of sale, (2) between the offer of sale and tenant association formation, (3) between tenant association formation and reaching a development plan, (4) between the contract and purchase, and (5) after the purchase. Because tenants need sufficient training and technical assistance to navigate the TOPA process, we detail some common challenges faced by technical assistance providers during each stage. We then offer policy design and implementation recommendations to mitigate those challenges. The analyses outlined above led to five policy recommendations:

1. Support tenant organizations before the OTP process begins.
2. Ensure sufficient operating support for tenant services providers.
3. Emphasize tenant operability in OTP policy design, which can reduce the need for technical assistance.
4. Proactively assess OTP-eligible property conditions and distribution by neighborhood characteristics to inform more targeted tenant support.
5. Monitor and regularly revisit exemption criteria. Because OTP policy leans heavily on property-level exemptions, this will be key to equitable implementation.

Financing and Technical Assistance Considerations for an Opportunity to Purchase Policy

In September 2019, the Minneapolis City Council held a study session to explore the feasibility of a renter opportunity to purchase (OTP) policy. Influenced by Washington, DC's Tenant Opportunity to Purchase Act (TOPA),¹ the oldest such policy in the nation, such legislation would give renters (and potentially other organizations, such as nonprofits), the first opportunity to purchase their building if it is put up for sale.

The city's interest in an OTP policy came out of a broader effort to increase rental housing affordability and close racial disparities in housing, with previous research finding that the Twin Cities have the "largest Black-white homeownership gap of any metropolitan region in the nation" (Freemark, Noble, and Su 2021). This effort included the "adoption of the Minneapolis 2040 plan, the Unified Housing Policy, the Renters-First Policy, and the Strategic and Racial Equity Action Plan."² The Minneapolis 2040 plan in particular drew national attention for eliminating single-family zoning throughout the entire city.

In February of the following year, Minneapolis selected the Coalition for Nonprofit Housing and Economic Development (CNHED) and the Local Initiatives Support Corporation (LISC) Twin Cities to serve as research consultants for the project. Their work culminated in the *Opportunity to Purchase Policy Options for the City of Minneapolis* report, which was published in January 2021 (Bruton and Nicholls 2021) and served as a critical reference for this report. The work outlined three potential OTP policies for this city, including one similar to Washington, DC's, TOPA policy and another more similar to San Francisco's Community Opportunity to Purchase (COPA) policy. For greater policy context on the prospective Minneapolis OTP pathways, see Appendix A: Estimating Opportunity to Purchase Eligibility in the Minneapolis Rental Market.

Chicago has also taken significant steps to implement an opportunity to purchase policy. In September 2020, the Chicago City Council passed the Woodlawn Housing Preservation Ordinance, which aims to prevent displacement of residents of the Woodlawn neighborhood on the city's South Side. Among a host of antidisplacement measures, the preservation ordinance introduced a TOPA program for a specific geography within the neighborhood.

In September 2024, the Chicago City Council passed the Northwest Side Preservation Ordinance. Modeled after the aforementioned Woodlawn Housing Preservation Ordinance, the Northwest Side Preservation Ordinance created a five-year TOPA pilot program for a geography including several rapidly gentrifying neighborhoods on the city’s Northwest Side.

Using Washington, DC’s, TOPA policy as a framework, our report aims to complement the CNHED–LISC Twin Cities report and other scholarship related to opportunity to purchase policies by providing greater practical context on the training and technical assistance required for tenants to successfully navigate the tenant purchase process. Our hope is that this context, coupled with recommendations and lessons learned, can support the successful implementation of prospective or emerging OTP policies. In addition, using Minneapolis as a case study, we provide an example estimate of the landscape of potentially TOPA-eligible properties and outline key housing market, neighborhood-level, and property characteristics that could be tracked for more equitable policy implementation.

Background

We introduce two core goals animating conversations around an opportunity to purchase policy: racial justice and community ownership. We then place OTP policies into a larger housing policy context before discussing alternative OTP models.

Racial Equity

Both in Minneapolis and in cities across the country, advocates and policymakers frequently cite racial equity goals when calling for or implementing OTP policies. Advocates for these policies typically cite two pathways for achieving racial equity goals. First, a potential policy would increase housing stability and decrease the risk of displacement for renter households, which are disproportionately households of color. Second, a TOPA policy would create new pathways for renters to pursue homeownership and, ultimately, build wealth.³ Minneapolis’s draft OTP legislation also reflects these priorities, explicitly citing the aims of “promoting equitable ownership opportunities for Black, Indigenous and People of Color communities” and “prevent[ing] involuntary displacement of all renters, in particular, racially diverse renters.”⁴

While these policies are race neutral, targeting renters regardless of demographic background, this focus on racial equity reflects growing awareness of the role past and present-day housing policies have played in perpetuating racial inequity. Policies such as forceful removals, redlining, mortgage denials, and subprime lending have narrowed opportunities for people of color, particularly Black Americans, to

own their homes. As a result of this legacy, a majority of Black and Latinx households today are renters (57 percent and 52 percent, respectively), compared with 27 percent of white, non-Latinx households (Aurand et al. 2023). As discussed above, this racial homeownership gap is larger in Minneapolis than in any other metropolitan region in the US. Because homeownership is promoted as the primary mechanism for wealth-building in the US—with practices such as government-insured mortgages and preferential tax treatment supporting this approach—Black and Latinx families are excluded from essential wealth-building opportunities. As a result, these communities disproportionately bear the impact of escalating rent costs, resulting in disproportionately high rates of housing cost burden for renters with low incomes and renters of color.

In DC, TOPA works as a tool to create long-term affordable housing for Black and immigrant households. Ward 8, a region in the southeast part of the city, experienced the most TOPA rental assignments from 2006 to 2020 (Trout et al. 2023). With 93 percent of Ward 8’s population identifying as Black or two or more races, TOPA has been used to stabilize affordable housing for Black residents in the District. In addition to preserving housing, TOPA also provides a mechanism to create cooperative ownership opportunities or, less often, condominium conversion for Black and immigrant communities that have otherwise been excluded from the traditional homeownership path. TOPA has led to the formation of 771 limited equity cooperative (LEC) units in DC from 2006 to 2020, likely formed by majority-immigrant or majority-Black tenant associations (Trout et al. 2023). Although LECs are challenging to finance, organize, and govern, public and private funding to support their formation creates homeownership options for residents with lower incomes, who are often people of color.

In addition to directly offering limited wealth-building opportunities by allowing the creation of LECs, an OTP policy may also indirectly support wealth-building by preserving affordable housing and preventing displacement. With lower housing costs, renter households would have more disposable income to pursue income- or wealth-building opportunities (e.g., investing in education) or save for longer-term goals. If Minneapolis’s eventual OTP policy covered single-family housing and provided those prospective purchasers with financing support, it would provide an additional pathway to wealth-building and likely have a greater impact on Black and immigrant residents in neighborhoods where single-family homes increasingly convert to rentals (Freemark, Noble, and Su 2021). Thirty percent of properties purchased by investors in the largest 40 metro areas in the US were in majority-Black neighborhoods (Walker and Noble 2022), and institutional owners of single-family homes are more likely to increase rents and file evictions than other landlords, especially for tenants with lower incomes.⁵

However, research suggests that relying on homeownership for wealth-building can exacerbate the racial wealth gap (Schuetz 2020). Thus, an OTP policy to create homeownership opportunities for renters and renters of color should work in concert with other wealth-building approaches, such as baby bonds and employer-matched saving accounts.

Community Ownership

In addition to racial equity, policymakers and proponents of OTP policies often center community ownership as a key policy goal. According to a research guide published by the Urban Institute, community ownership is a tool “used to shift power back to residents [from large investors] by enabling them to purchase land or buildings in their neighborhoods with the support of partnering organizations and additional resources.”⁶ Similarly, the Housing Justice Center website states, “We know our community is stronger when our neighbors who rent are able to invest in their housing.”⁷ An OTP policy could create an additional pathway for tenants or communities (through a community-based nonprofit) to achieve community ownership. Specifically, such a policy might include a right of first offer, requiring the seller to offer the holder with first rights to buy the property before listing it publicly, or a right of first refusal, allowing the holder with first right to match any offerings (Meixell 2020). Community land trusts—a housing model in which a nonprofit owns the land on which a building is constructed, while residents own or rent their individual properties—are another common tool used to support community ownership.

Closely related to community ownership is the concept of “decommodified housing,” or housing that has been removed from the private real estate market, typically with the goal of preserving long-term affordability. There are two main types of decommodified housing: public or social housing, which is typically owned by a public entity, and shared-equity models, in which ownership is typically shared between residents and community members or organizations. The latter category includes limited equity cooperatives, which are one possible outcome of a completed tenant purchase under an OTP policy. Research has demonstrated the role that housing commodification—the process by which the financial returns of housing take primacy over its other uses (namely, as shelter)—plays in decreasing housing affordability. For example, housing speculation is a key driver of increased housing costs (Gao, Sockin, and Xion 2020), and conditioning housing access on ability to pay necessarily entails decreased access for people with low incomes.

Finally, the term community ownership is often used in contrast with investor or institutional ownership. Increasing rates of institutional investor ownership, particularly of single-family homes, were an explicit concern of the policymakers championing OTP legislation in Minneapolis, with the draft

ordinance noting, “Minneapolis has become a target for investors leading to the loss of affordable housing and displacement of renters who are disproportionately low-income and racially diverse.”⁸ Investors purchased 24 percent of all single-family homes sold nationwide in 2021, up from typical rates of 15 to 16 percent in the preceding decade.⁹ Minneapolis is no exception to this trend. In 2005, 4.1 percent of single-family rentals were owned by an investor landlord who owned at least three units; by 2020, that figure had increased more than threefold to 13.5 percent (Freemark, Noble, and Su 2021). As discussed above, investor ownership can have negative impacts on community-level housing stability, with investor owners more likely to file for eviction.

Complementary Policies

As discussed throughout this report, a standalone OTP policy is insufficient to support long-term housing affordability without a set of complementary policies. Tenant and community OTP policies provide one mechanism for tenants and nonprofits to preserve affordable housing and ensure meaningful tenant control, but policies to protect tenants also need to be in place for a TOPA or OTP policy to be effective (Howell 2016). Without tenant protections, tenants could be pushed out of their homes before being notified that the property is being put up for sale, thus circumventing the spirit of an OTP policy. Just cause eviction protections can prevent landlords from filing evictions on tenants solely to remove them from a building, and rent control can help prevent landlords from pricing people out of buildings through drastic rent increases (Crowder et al. 2021). For example, research shows that San Francisco’s just cause evictions and rent control laws (for units built before 1979) have reduced displacement for residents with the lowest incomes (Kumar and Skelton 2022). And strong tenant protection policies in DC, such as rent control and mechanisms for tenant organizing, strengthen TOPA’s effectiveness. In fact, DC’s TOPA legislation was enacted alongside other policies to strengthen tenant protections, such as rent control, after tenant coalitions protested and demanded stronger laws to protect residents from displacement due to rapid gentrification (Huron 2014; Howell 2021).

In addition, tenant associations or their developer partners primarily use financing tools such as the Low-Income Housing Tax Credit (LIHTC), the DC-funded Housing Production Trust Fund and Housing Preservation Fund, and project-based Section 8 housing vouchers to preserve affordability during the TOPA process (Trout et al. 2023). Rent control through TOPA is the main preservation tool for unsubsidized housing in DC (Trout et al. 2023). While TOPA does not have a formal funding structure, the law provides tenant associations with time to purchase the building. The additional time allows tenant associations to solicit acquisition, repair, and predevelopment funding in a time frame that does not require competing with developers, who can access capital far more quickly.

Some of the tenant protections cited in this section do not yet exist in Minneapolis. For example, although Minneapolis voters approved a 2021 ballot proposition authorizing the city council to regulate private market rents,¹⁰ no such ordinance has passed. Similarly, the city has not introduced a just cause eviction policy. However, advocacy for stable, affordable housing has increased in Minneapolis. The city enacted policies to prevent displacement of renters, including the 4d Affordable Housing Incentive Program, an advance notice of sale policy,¹¹ and an ordinance that places limitations on tenant screening criteria (Bruton and Nicholls 2021).

Alternative Opportunity to Purchase Models

Throughout this report, we use DC's Tenant Opportunity to Purchase Act as a framework to understand potential equity and implementation considerations for cities interested in developing an OTP policy, including Minneapolis. OTP policies, such as TOPA or community opportunity to purchase (COPA), can increase affordability or improve housing conditions. As a result of TOPA in DC, 16,224 affordable units were created or preserved and 12 percent of DC's housing stock received significant renovation or repair from 2006 to 2020 (Trout et al. 2023).

The TOPA process in DC starts with residents receiving a TOPA notice when their building is put up for sale. In order to exercise their TOPA rights, the tenants must form a tenant association within 45 days of the TOPA notice. In the next 120 days, the tenant association must sign a purchase contract, often assigning their rights to a developer of their choice or forming an LEC. Through DC's TOPA process, 95.5 percent of the units remain rentals, enabled by a 1995 amendment that allowed tenant associations to assign their rights to a developer (Trout et al. 2023). The tenant association often leverages their rights with developers by negotiating certain levels of affordable rent and housing conditions. Within the next 120 days (or 240 days in certain cases),¹² the building must be purchased by the entity chosen in the previous step, with financing secured and development plans negotiated (Trout et al. 2023). While DC's TOPA predominantly preserves affordable rental housing, the inclusion of single-family and two-to-four-unit properties in Minneapolis's OTP would allow the policy to support ownership opportunities for smaller multifamily and single-family properties as well.

In September 2025, in response to current housing market challenges and long-standing pressure from the real estate industry, the Washington, DC, city council passed the Rebalancing Expectations for Neighbors, Tenants and Landlords (RENTAL) Act.¹³ Among other changes, the RENTAL Act exempts new construction from TOPA for 15 years and removes buildings with two to four units from TOPA eligibility. While the effect of these changes remains to be seen, Washington, DC's, TOPA law remains a national model for other jurisdictions.

Another notable example of an OTP policy is San Francisco's Community Opportunity to Purchase Act (COPA). In 2019, the San Francisco Board of Supervisors unanimously approved Ordinance No. 79-19, "Nonprofit Organizations' First-Right-to-Purchase Multi-Family Residential Buildings." The policy gives approved nonprofits the first right to purchase properties with three or more units, as well as lots on which three or more units are being (or could be) constructed.¹⁴ In addition to assigning the right of first purchase to nonprofit organizations rather than tenants, there are other key differences between San Francisco's COPA and DC's TOPA. Principally, all COPA projects must be permanently affordable rentals. A 2020 amendment allowed for COPA buildings to convert to LECs if permanent affordability is maintained.¹⁵

San Francisco's COPA timeline is shorter than that of TOPA because nonprofits, rather than tenants, are the main actor. Property owners must notify the approved nonprofits of the sale before putting their building up for sale publicly. The nonprofits must then express their interest in purchasing the building within 5 days of receiving notice, with an additional 25 days to make an offer. If the offer is rejected, the nonprofit may exercise their first right of refusal and match the third-party offer to acquire the building. These preservation projects in San Francisco receive a soft commitment for permanent financing, whereas DC projects go through a competitive request for proposal process for funding (Duranti-Martínez and Greenberg 2023). COPA also includes a partial exemption from the city's transfer tax when sold to the approved nonprofit. The San Francisco COPA model provides affordable housing in perpetuity and works with the tenants; however, the nonprofit holds the power, whereas tenant-led decisionmaking is a key aspect of TOPA. San Francisco's COPA has preserved 230 units since 2019, out of more than 1,000 units preserved citywide since 2013 (Duranti-Martínez and Greenberg 2023).

Tenant Opportunity to Purchase Technical Assistance in Washington, DC, and Implications for Minneapolis

Ensuring adequate financing is only one of many supports necessary to ensure an OTP policy is successful. Even if sufficient funding was available across all stages of the TOPA process (e.g., earnest money deposits, acquisition financing, and financing for rehabilitation)—itself an ambitious policy objective—tenant purchasers still need significant training and technical assistance to navigate the complex, multistep process of purchasing a building. Research suggests that the provision of technical assistance can have a significant impact on TOPA outcomes: in Washington, DC, "buildings that received

[technical assistance from community-based organization] were more than three times as likely to register their TOPA rights as those that did not” (Duranti-Martinez and Greenberg 2023).

In this section, we identify five discrete stages of the TOPA process—before the offer of sale, between the offer of sale and tenant association formation, between tenant association formation and reaching a development plan, between the contract and purchase, and after the purchase—and explain the training and technical assistance needs associated with each stage. We then detail common challenges to delivering technical assistance during each stage and offer policy design and implementation recommendations to mitigate those challenges.

We engaged in a combination of document review, interviews, and a review of publicly available demographic, administrative, and property data. The qualitative data on technical assistance were collected from interviews with DC TOPA technical assistance providers, a government agency, and development consultants. All interviewee names have been withheld to protect confidentiality.

Stage 1: Forming an Association and Assigning Rights

In Washington, DC, the TOPA process begins when a building owner notifies tenants of an “offer of sale” for the building. Under most conditions, tenants have 45 days from receiving the offer of sale to form and register a tenant organization and formally indicate their interest in exercising their TOPA rights. At the same time, building owners also register their intent to sell with the DC Department of Housing and Community Development’s Rental Conversion and Sale Division, which publishes TOPA– related filings received during the prior week in a weekly report.¹⁶ Although tenant organizers and service providers aim to learn about potential sales before they are filed, the TOPA weekly report is the primary mechanism through which they, and the public, become aware of TOPA notices.

Although Minneapolis has not yet decided the specifics of an OTP policy, the city’s draft ordinance would similarly require a building owner to notify residents of the owner’s intent to sell and would give tenants between 45 days (for buildings of 5 to 50 units) and 60 days (for buildings with more than 50 units) to form a renters’ organization and exercise or assign their rights. In Chicago, the TOPA provisions of the Jackson Park Housing Pilot Ordinance—which cover parts of the Woodlawn and South Shore neighborhoods—requires landlords to notify tenants 60 days prior to listing a property for sale (30 days if four or fewer units), and gives tenants between 15 and 90 days to form an association and exercise their rights.

In principle, tenants can form a tenant organization¹⁷ and submit a letter of interest and registration application without the aid of experienced tenant organizers. However, because the TOPA tenant

organization process involves a number of legal conditions, trained tenant organizers often play an instrumental role in helping tenants form an organization and advance to the next stage of the process

Unlike more traditional tenant organizing, where harnessing and asserting the collective power of tenants is the principal goal and no formal structure is required, tenant organizations that wish to exercise TOPA rights in DC must

- have legal capacity to hold real properties, elect officers, and adopt bylaws;
- file articles of incorporation; and
- represent a majority of occupied rental units as of the time of registration.¹⁸

Commenting on the difference between TOPA organizing and other forms of tenant organizing, an interviewee noted:

“It’s not like we are organizing around this cause, you know, or organizing to go speak to the council. It’s not a political movement. We have deadlines...It’s trying to break down a complicated law into a way folks will understand. So it’s like popular education, then it’s like...trying to help people understand a real estate transaction, and how they play into the rights that they have within this real estate transaction. And then it’s a lot of like legal [and] technical kind of work throughout the process. So when we say tenant organizing, it is, I think, very distinct from your other types of organizing.”

The requisite legal and financial education in TOPA tenant organizing adds a layer of complexity to the already difficult task of organizing a building. In addition, the three criteria listed above create additional challenges for organizers beyond the inherent complexity of TOPA tenant organizing. For instance, electing officers and adopting bylaws is often a novel process for tenants, one made more complicated in buildings with residents from diverse backgrounds. Similarly, while a “majority of occupied rental units” may appear to be a straightforward criterion, it can be more complicated in practice. Under DC’s TOPA statute, a head of household is unable to vote in a tenant organization election if any member of the household has been employed by the building owner in the three months prior to the election. However, pointing to the practical difficulty of making such a determination, a community-based organization interviewee described the case of a building resident who was paid informally by the building manager to clean common areas.

Far from being legal minutiae, compliance with the rules set forth in DC’s TOPA statute is critically important for tenants and their advocates. The importance of these rules in ensuring a fair decisionmaking process notwithstanding, the formation of the tenant organization can also be subject

to legal scrutiny. Both building owners and prospective purchasers have a significant financial interest in tenants not exercising their TOPA rights. Moreover, they also tend to have more financial resources and greater familiarity with legal and real estate systems. In Washington, DC, challenging the formation of a tenant organization is one approach building owners and sellers have used to prevent tenants from exercising their rights.

In addition to the technical nature of TOPA organizing, interviewees also explained that linguistic diversity and building size can increase the amount of time and staff capacity required to organize a building. In both Washington, DC, and Minneapolis, which are both very linguistically diverse, tenant services providers likely employ organizers who speak the most common languages in their respective jurisdictions (e.g., Spanish, Amharic). For example, the Latino Economic Development Corporation employs several multilingual organizers who are fluent in Spanish. This “traditional” linguistic diversity likely does not require that the tenant services provider hire new staff, but the need for multilingual organizers may constrain capacity and create bottlenecks in the organizing process. However, in the case of building-level pockets of less commonly spoken languages, or when organizing in geographies where such languages are more commonly spoken, mainstream tenant services providers may need to partner with other community-based organizations or professional translation services to organize tenants. Linguistic diversity can prove particularly challenging when organizing tenant meetings. A multilingual organizer interviewee explained that, unless simultaneous translation is available, the need for sequential translation can significantly increase the length of meetings—a significant cost in a time-constrained process.

BOX 1

“Stage 0”: Tenant Organizing and Technical Assistance Before an Offer of Sale

Although the TOPA process technically begins with an offer of sale, the work of tenant services providers and TOPA organizers can begin much earlier. Under the best conditions, tenants and organizers have only 45 days to form and register a tenant organization and formally express interest in exercising their TOPA rights. However, because TOPA notices are posted on a delay, tenant services providers typically have less than 45 days to work with tenants.

The period before an offer of sale is received thus represents an important opportunity for proactive policy education and organizing, as any work conducted during this period means there is less to do once the TOPA “clock” has officially started. During this “pre-TOPA” period, interviewees described conducting proactive outreach to buildings in active rental markets, with the goal of increasing awareness of tenants’ TOPA rights in the event they receive a notice.

Taking a finer-grained approach, one interviewee explained that their organization also monitors multifamily brokerage websites and listservs to learn about potential building sales in advance of a TOPA notice. In addition to covering TOPA rights, these initial conversations are also intended to build a relationship between the community-based organization and tenants and otherwise lay the groundwork for future organizing. The interviewee went on to explain, “We start trying to talk to them about TOPA rights, but also engage them on something else—maybe they have bad housing conditions—[to try to] get them to know to call us when [a notice is received].”

While interviewees emphasized that proactive outreach can pay dividends once an offer of sale is received, many acknowledged that, because of limited capacity, they had to prioritize supporting tenants who have begun the TOPA process. Similarly, interviewees from the DC Department of Housing and Community Development noted that the agency’s TOPA technical assistance grants largely focus on activities after an offer of sale is received.

Proactive policy awareness efforts are likely to be particularly important in cities where residents are much less likely to have had personal experience, either directly or secondhand, with tenants collectively purchasing a building.

Source: Authors’ interviews with DC tenant services providers and housing organizers.

Stage 2: Negotiating the Contract

In DC, after tenants successfully form a tenant association and register it with DC Department of Housing and Community Development’s Rental Conversion and Sale Division, a new 120-day clock starts to sign a purchase contract. To reach a contract, the tenant association must agree on their ownership path, such as assigning their rights to a third party or purchasing the building as a tenant association. Depending on which path they choose, the tenant association, often with the support of tenant services providers, must vote on a legally binding development plan. In addition, the building owner may require the tenant organization to pay an earnest money deposit of up to 5 percent of the contract purchase price.¹⁹ These steps require additional assistance from development consultants and specialized lawyers, along with continued support from community-based organizations to collect needed information from residents and educate them about all the possible options. In accordance with the three OTP policy options in Minneapolis, both options 1 and 2 would go through this stage; however, option 1 would only follow the steps for forming tenant ownership models. Option 3, like a COPA model, could follow similar steps to the developers receiving DC TOPA rights.

In DC, the community-based organization that helped organize the building in stage 1 would continue to provide guidance to the tenant association on development plans in stage 2. The technical assistance providers discuss with tenants whether they want to be owners through cooperatives or

condo models or negotiate affordability and conditions by assigning their rights to a developer. Housing counselors and development consultants work together to educate the tenants as soon as possible on each potential outcome through a series of meetings to understand the short- and long-term scenarios, informed by background research. The initial feasibility assessment contains three components: (1) surveying households to understand their income, household size, unit condition, and aging or family needs; (2) evaluating the physical building, which includes a capital needs assessment and estimates of renovation and acquisition costs; and (3) drafting a financial plan to understand the public and private lenders available to the building, which often requires the data from the first step. Collecting this information requires immense trust, underscoring the importance of relationship-building during the initial organizing stage.

“[We] believe in having multitude of options. Residents are in power, so recognize it. [We] educate as we go through the process so [tenants are] exercising rights in a well-informed way to carry through multiyear development plan. Don’t want [tenants] to come back and say [we] wish you talked [us] through this.”

—Housing counseling service interviewee

If the tenant association decides on a rental option, they seek a development partner to assign their rights, often soliciting offers through a request for proposals. The tenant association and its lawyer then review these proposals and meet with developers, working with them to refine their offers. By the end of the 120-day period, the tenant association signs a contract with the developer, which secures the earnest money deposit. Tenant associations on the tenant ownership path often work more closely with a development consultant with expertise in LEC formation. LISC DC and the National Housing Trust, both mission-oriented lenders, will often make loans to tenant associations to pay the earnest money deposit. This flexible funding helps tenant associations advance to the next stage of the TOPA process. CNHED’s and LISC Twin Cities’ report on TOPA cited multiple local lenders that provide earnest money deposits and predevelopment loans for multifamily buildings (e.g., LISC Twin Cities and the Greater Minnesota Housing Fund) and single-family housing (e.g., Homeownership Opportunity Minneapolis, Minnesota Housing Impact Fund, and NeighborWorks Home Partners) (Bruton and Nicholls 2021).

With multiple development options and a short amount of time, technical assistance providers must quickly get necessary information to tenants, all while brokers, attorneys, developers, and other bad actors persistently target tenants to assign their rights to them. The 120-day race thus proves challenging for many tenant associations seeking to reach a contract and secure the earnest money deposit. However, they can find support during this stage from a coalition of providers, including

development consultants, lawyers with knowledge of TOPA, and housing counselors—and this foundational infrastructure for OTP technical assistance exists in Minneapolis. Organizations such as Project for Pride in Living, Artspace, and Land Bank Twin Cities have experience developing LECs (11 LECs existed in Minneapolis in 2015),²⁰ while Inquilinxs Unidas Por Justicia, Jewish Community Action, and other organizations educate and build tenant power.

Technical assistance providers in DC note that this process requires trust with tenants, which housing counselors build from the beginning, but the level of need exceeds current funding and capacity. Furthermore, lawyers who have been working with TOPA buildings since the law's inception and experienced development consultants are leaving the field. It will take time for the technical assistance infrastructure in a city with a new TOPA law to cultivate expertise in the OTP law and learn how cross-sector providers can work together to negotiate development plans. These providers must also collaborate with building landlords to receive accurate building financials and technical documentation, with DC providers noting it can be difficult to receive quick, trustworthy data on capital flows. Collaborating with landlords may prove more difficult in cities implementing their first TOPA, where landlords are unfamiliar with OTP processes and may intentionally withhold information in retaliation.

Regardless of technical assistance providers' trust and expertise, interviewees noted the challenge of reaching agreement across diverse tenants with various incomes, lengths of tenancy, conditions across units, and range of languages spoken. Long-term residents may want cooperatives, higher-income tenants may prefer converting to condos, and other residents may prioritize the biggest buyout or an affordable rental option. Across the building, residents may speak up to four or five different languages, requiring interpretation for equitable discussions surrounding development plans. Providers noted that tenant-powered decisionmaking across diverse groups requires more than 120 days to fully understand and discuss their building's TOPA options. While private developers often criticize the extension of time TOPA creates, averaging an additional five months of development planning in DC (Trout et al. 2023), a new OTP may require more time in the first few years of implementation, given technical assistance providers' lack of legacy OTP knowledge.

BOX 2

Understanding the TOPA Tenant Services Ecosystem

An ecosystem of cross-sector service experts provides education and assistance to tenant associations across the TOPA or OTP process. As cities develop OTP policies, stakeholders should be in conversation about broader affordable housing preservation goals as well as OTP-specific challenges and

opportunities. Formal collaboration, such as a convened OTP working group, and informal collaboration between stakeholders benefits the current and future buildings organizing around this legislation. Networks should include space with the local government agency administering the law to discuss systemic issues across tenant providers and time without the agency for OTP-specific information sharing. Furthermore, these structures should have clear governance and decisionmaking processes, as groups include diverse, and sometimes competing, outlooks.

Players in the DC TOPA ecosystem include:

- **Tenant organizers.** Organizers include both publicly funded community-based organizations providing technical assistance to TOPA tenants and grassroots organizers advocating for tenants' rights, such as the Cancel Rent or Stomp Out Slumlords campaigns working together to educate tenants about their rights. TOPA technical assistance community-based organizations provide the primary assistance once buildings receive a notice, while grassroots coalitions may reach buildings before the TOPA notice. Collaboration between organizers can build trust and more quickly connect tenants to resources. The locally funded community-based organizations also need to collaborate across buildings that have received notices. In DC, they divide buildings weekly when the notices are publicly posted by the DC Department of Housing and Community Development.
- **Development consultants.** Collaborating with tenant organizers, development consultants create development plans alongside tenant associations and, once they have decided their path, help put it into action. Development consultants also connect with stakeholders outside of the technical assistance ecosystem, such as developers, property management companies, and lenders.
- **Legal aid providers.** Specialized lawyers to support tenant associations through the legality of TOPA is crucial. Often, these lawyers work at local legal services organizations, small, specialized firms, or as pro bono lawyers at larger private firms.
- **Local government agencies.** The agency that administers TOPA in DC also manages the grant process for community-based organizations providing technical assistance to TOPA building tenants. The necessary paperwork for each stage of the TOPA process must be filed with the agency. Through the grant management side, the agency oversees grantmaking, supports the community-based organizations, and provides technical assistance compliance.

Source: Authors' interviews with DC tenant services providers, housing organizers and government stakeholders.

Stage 3: Securing Financing to Purchase the Property

The third stage in DC is an additional 120 days (or 240 days if a financing letter of interest is obtained), moving from the preacquisition phase in stage 2 to beginning to implement the plans in stage 3, which includes due diligence for legal documents and successful financing. The tenant association (or the entity to which the tenant association assigned their rights in stage 2) must secure financing to purchase the

building, or the TOPA process ends. This process is guided by the technical assistance providers' financial landscape, created in the previous stage.

Financing TOPA buildings in DC often requires combining private dollars (from LISC, Enterprise, or other community development financial institutions) and public dollars, such as from DC's Preservation Fund or LIHTC equity (co-ops ineligible). In Minneapolis, CNHED and LISC Twin Cities noted using both public funds and community development financial institution dollars for acquisition costs, such as the Minneapolis Small and Medium Multifamily Fund, Minneapolis Home Financing, LISC Twin Cities, and Land Bank Twin Cities. Incorporating single-family homes into the OTP process in Minneapolis would require incorporating homeownership program funding streams, the Minnesota Housing Impact Fund, and NeighborWorks Home Partners to target that housing stock. Tenants generally need to be at or below a certain income threshold for a building to qualify for public subsidy, with the income threshold varying based on the financing source. Community development financial institutions are generally more willing to take on the risk of providing a short-term bridge loan than public lenders, but support from the city can help lenders mitigate their lending risk. While securing funding for tenant associations seeking to buy their building can be difficult without organizational credit history, DC has a record of tenants successfully purchasing their buildings. Leaning on the credentials of the community-based organization guiding them often increases lenders' trust to make acquisition loans. Mission-oriented, nonprofit development consultants and developers help build trust with residents during the financing period because they are not receiving a direct share of the payment and hold trust with public and private lenders that support affordable housing preservation. In DC's current financial climate, interviewees noted that it takes at least two to three months to prepare acquisition loans.

Acquiring TOPA or OTP buildings is often difficult in the current economic environment, particularly for tenant association purchases. Outside of a few primary lenders in DC, lenders are often unfamiliar with TOPA law, and tenant associations operate outside of the typical lending system. Building in more time for implementation for a first stage would help lenders get accustomed to the OTP timeline. Without mainstream credentials to receive loans, TOPA or OTP buildings require rapid, occasionally bespoke financing. With the rental options, structural barriers remain to finance affordable housing. Lenders and third-party contractors require multiple reviews and appraisals, often from people in other localities unfamiliar with the law. Given the tight TOPA timeline, moving loans through these processes can be difficult, particularly with outside buyers waiting for the TOPA process to end and immediately purchase the building. Even if the tenant association succeeds in acquiring loans to purchase the TOPA building, more challenges lie ahead to identify long-term affordable financing solutions to pay off the debt.

Stage 4: Post-Purchase

Technical assistance needs after a building is purchased are heavily dependent on the development track that tenants select. In this section, we discuss the technical assistance needs associated with two common development tracks: tenant purchase (either as an LEC or as condominiums) and assignment of rights to a third-party developer. Regardless of development track, interviewees highlighted that tenants have less of an incentive after the building purchase to continue their relationship with a tenant services provider. Because technical assistance needs persist in the post-purchase stage, albeit in a different form, the increased risk of tenants discontinuing this relationship can be a challenge.

Tenant Purchase

If tenants elect to purchase their building, either as a cooperative or through conversion to condominiums, community-based organizations can assist residents in navigating the challenges that come from transitioning from tenants to owners. Despite the tenants' tremendous accomplishment—described by one interviewee as “the glorious moment in the signing room”—a great deal of work often remains after a building is purchased, including conversion to a new ownership structure, building rehabilitation, and ongoing property management needs.

While tenant purchasers can elect to convert their building to condominiums or market-rate cooperatives, given this report's emphasis on preserving affordability, we focus on conversions to LECs. That said, despite being strongly associated with TOPA, tenant purchase is a fairly uncommon development outcome. On average, only 5 percent of TOPA notices where tenants exercised their rights ended with tenants forming an LEC from 2006 to 2020; of the 61 LECs formed since 1990, only 25 were established between 2010 and 2023 (Trout et al. 2023).

Conversion to Cooperative

The formal conversion to an LEC happens after tenants purchase a building. In Washington, DC, “most limited equity cooperatives organized under DC law are incorporated as general cooperative associations” under the General Cooperative Association Act of 2010 (NLSP and HCPI 2021). However, cooperatives (both housing and otherwise), are governed by different rules in different jurisdictions, which affects the process for and feasibility of establishing an LEC after tenant purchase. In Minneapolis, for example, cooperatives are organized under Minnesota Statutes 308A (Cooperatives) and 308B (Cooperative Associations). A 2016 inventory of cooperatives in Minneapolis contended that the openness and flexibility of Minnesota's cooperative statutes—a feature at least partially shared with

Washington, DC— were among the attributes that made “Minneapolis (and Minnesota in general) a favorable location to legally, if not physically, establish a co-op” (Anderson and Pierson 2016).

In DC, for a tenant organization to convert its newly purchased building into an LEC, it must write governing documents, including articles of incorporation and cooperative bylaws. Decisions made during this process affect the day-to-day functioning of the LEC, as the bylaws address critical questions such as the balance of power between the board of directors and membership, the process by which members can be removed from the cooperative, and whether the cooperative will allow nonmember renters, among others. Reflecting on their experience helping tenant organizations draft cooperative bylaws, an interviewee from a community-based organization emphasized the importance of developing these bylaws in clear, easily interpretable language:

“We try to bring in some sort of democratic education principles ... not just going off a lawyer template with legal jargon, [but] going back to language access, making sure that it’s in everyday language so they understand: ‘What are the general policies? What are the impacts down the line?’”

The process of forming a governing board and drafting bylaws is an opportunity for tenants to continue gaining experience working collaboratively and democratically, this time without a landlord or building owner serving as a common adversary. As a different interviewee from the same organization noted, this democratic experience builds both member engagement and the capacity of the board to make decisions in the future.

Building Rehabilitation

The second major “bucket” of technical assistance for new cooperatives is support in rehabilitating the newly purchased building. At the purchase price for which tenant purchase is a feasible development option, buildings are much more likely to have significant renovation needs. To support the new LEC in rehabilitating their building, tenant services providers will help the cooperative board assess the need for renovation, develop a renovation plan, secure financing, and, depending on the extent of the renovations, assist in temporary relocation efforts.

“Often, affordable rental buildings come with significant deferred maintenance from a few years or even decades of neglect. At best, buildings are maintained but need upgrades to aging appliances, fixtures, and systems. More often, buildings need funding to: replace decades-old plumbing, electrical systems, or HVAC systems; address weatherization issues such as deficient insulation, gaps in walls

and floors, or roof leaks; and improve common areas, such as stairwells, elevators, and community rooms.”

—Howell, Bruton, and Clemens (2020)

While rehabilitation needs are often a point of discussion throughout the entire negotiating process—from being the impetus for some tenant organizations to form before TOPA to informing the purchase price of the building during contract negotiations—building rehabilitation kicks off in earnest once tenants have purchased the building. Tenant services providers can play a very active role in supporting tenants throughout this process, with an interviewee explaining that technical assistance in this stage principally involves (1) helping ensure critical repairs are carried out immediately, including potentially supporting temporary tenant relocation; (2) working with engineers, architects, and other contractors to create a construction plan and cost out the renovation; and (3) securing financing to complete the renovation, which is often part of the larger process of securing permanent financing to “take out,” or pay back, the loan to acquire the building.

Ongoing Property Management Support

The third and final major “bucket” of technical assistance for newly formed LECs is ongoing property management support. Once converted to a LEC, the cooperative board must decide if it plans to manage the property directly or if it will contract with a dedicated property management company. Technical assistance needs vary depending on the path chosen, but an interviewee noted it can be challenging for residents to shift from wearing their “tenant hats” to their “owner hats,” with the latter requiring residents to address the financial health and physical conditions of the entire building, rather than just individual units or households.

If the cooperative board elects to manage the property directly, tenant services providers will support the (often first-time) building managers in leading day-to-day building operations, including maintaining the property, ensuring adequate financial reserves, and staying in compliance with cooperative regulations. MiCasa, one of the organizations interviewed for this report, offers a cooperative leadership academy to support cooperative board leaders. And the DC Department of Housing and Community Development, in partnership with the National Center for Housing Management, also offers a free online property management training course that includes “owners of ... Limited Equity Cooperatives’ (LECs) and condominiums” among its target audiences.²¹ In addition to providing direct technical assistance, tenant services providers can also facilitate awareness of and access to similar resources in Minneapolis.

More commonly, cooperative boards will hire dedicated property management companies to oversee day-to-day operations. However, this approach is not without challenges. Prior research on DC's TOPA policy suggests that it can be difficult for LEC boards to find a property management company familiar with the financial and legal structure of LECs, to say nothing of the company's alignment with the social values and commitments commonly associated with the LEC model (Howell, Bruton, and Clemens 2020). Moreover, it can be difficult for boards without a significant real estate professional presence to monitor and assess the performance of a property management company. Tenant services providers thus play an important role in matching LECs with value-aligned property management companies familiar with the LEC model and supporting the LEC board in evaluating the management company's performance.

Assigning Rights to a Third-Party Purchaser

For TOPA notices in which residents decide to exercise their rights, the most common outcome is that rights are assigned to a third-party developer. According to data collected by CNHED and the Urban Institute between 2006 and 2020, in properties where the tenant association registered interest in purchasing, the associations assigned rights to a rental developer 63.3 percent of the time. As discussed above, a tenant organization assigning rights to a rental developer is a potential development outcome in only the second of three policy options examined in the CNHED–LISC Twin Cities report (Bruton and Nicholls 2021). Under this approach, the tenant organization meets with rental developers interested in purchasing the building before selecting the development partner that most aligns with the organization's goals, which typically include maintaining affordability.

Postpurchase affordability is usually maintained in part through federal (e.g., LIHTC) and district (e.g., Housing Production Trust Fund, First Right Purchase Program) subsidies. While still affordable compared with market-rate units, rents in LIHTC units may be higher than prepurchase rents, especially in buildings subject to Washington, DC's rent control regulations. Moreover, because DC's rent control regulations exempt federally or district-subsidized units, absent a development agreement that regulates rental rates, tenants in tax-credit buildings may also face steeper rent increases than those permissible under the rent control law. Securing rent restrictions in line with those permitted under rent control can thus become a priority for tenant organizations and tenant services providers. The study authors go on to write that “the most common outcome of rental assignments is continued rent control with specific improvements to housing conditions.” An interviewee from a tenant services provider shared a similar perspective:

“The most common outcome is assigning your rights to either a nonprofit or for-profit developer who promises in a development agreement to do exactly that—preserve affordability. So, the

restriction of rent increases [and] repairs if the property is going to convert from a regular rent-controlled building into a tax-credit property. Tax-credit rents are usually higher than older rent-controlled rents in DC, and their rent increases are not regulated the same. So, we build into development agreements that tenants' rent increases will continue to follow rent control, even if the property is going to convert to a tax-credit property."

In other cases, preserving affordability can mean assigning rights to a developer that commits to extending existing affordability covenants, such as Housing Assistance Program contracts. These contracts, which typically expire after 20 years, are negotiated between a local public housing agency and a property owner and define the number of units eligible for Section 8 rental subsidies.²²

In either case, tenant services providers can support tenant organizations and residents by ensuring the developer partner complies with the terms laid out in the development agreement. Because it is often incumbent on tenants to report violations of a development agreement, similar to the enforcement mechanism for DC's rent control policy, provider support can increase the likelihood that developers comply with the binding agreement. That support notwithstanding, an interviewee noted that this development path generally leads to a lighter, more hands-off relationship with tenants, especially when compared with the level of involvement associated with forming a tenant organization or supporting a fledgling LEC.

Policy Recommendations

Support Tenant Organizations Before the TOPA Process Begins

Educating and organizing rental buildings around improving property conditions, preventing evictions, and advocating for rent control before a TOPA notice builds cohesion among tenants and makes them more likely to engage with the TOPA process (Trout et al. 2023). With a new tenant protection law, a municipality would need to increase advocacy around TOPA while connecting with other tenant organizing efforts across the city.

Ensure Sufficient Operating Support for Tenant Services Providers

Interviewees cited limited capacity from tenant services providers as a key challenge across all stages of the TOPA process. By providing grants and other funding to local tenant services providers, Cities can play a key role in ensuring providers are able to support tenants under an OTP policy.

As part of this operating support, cities should also consider formally supporting collaboration between tenant services providers and the city. This collaboration, which can take the form of formal

cross-sector working groups or more informal connections between providers, would allow providers to coordinate efforts and stay abreast of the rapidly shifting tenant purchase and real estate landscapes.

Reduce the Need for Technical Assistance by Emphasizing Tenant Operability in Policy Design

As demonstrated throughout this report, successful TOPA efforts in Washington, DC, required extensive technical assistance. While some of this complexity is inherent to a process that involves laypeople making complex legal and financial decisions, an interviewee noted that some of the process's complexity is an artifact of how the TOPA statute is designed. Policymakers in cities creating new TOPA statutes should emphasize practical usability, such as ensuring TOPA notices are written in easy-to-understand language, so that tenants are able to access their rights under the legislation.

Proactively assessing TOPA-eligible property conditions and distribution by neighborhood characteristics can inform more targeted tenant support. While top-line summary statistics show that potentially eligible units generally reflect overall rental property distribution, we found that properties needing additional financial or technical assistance resources to reach acceptable property quality are disproportionately located in racially or ethnically concentrated areas of poverty. Advocates and policymakers can use these data to conduct targeted outreach and ensure that a policy's benefits are distributed equitably.

In a Policy that Leans Heavily on Property-Level Exemptions, Monitoring and Revisiting Exemption Criteria Will Be Key to Equitable Implementation

The inclusive TOPA eligibility criteria proposed by CNHED resulted in a universe of potentially eligible properties that generally reflected citywide racial and economic rental market trends. But monitoring which landlords actually receive the exemptions— as well as identifying the neighborhood characteristics where their properties are located, their building conditions, and their form of ownership—will be key to understanding if this inclusive coverage remains representative.

Conclusion

Renters face higher rents and less access to homeownership without tenant power mechanisms to alleviate the unaffordability crisis. A renter opportunity to purchase policy increases tenant power in the real estate process and can create opportunities to preserve affordable housing. Furthermore, opportunity-to-purchase policies, depending on their design, can provide a process to create limited-equity cooperatives (an affordable cooperative ownership model) or traditional homeownership

opportunities. This report explores the technical assistance needed to support governments, community-based organizations, and residents in municipalities interested in implementing a TOPA policy. In addition, using Minneapolis as a case study, it demonstrates how analysis of the housing stock, cost, and geography of housing units potentially eligible for OTP can inform effective policy design and implementation strategies.

The CNHED and LISC report on OTP options in Minneapolis and CNHED's recent evaluation of Washington, DC's TOPA policy were crucial frameworks for this research (Bruton and Nicholls 2021; Trout et al. 2023). Our overview of TOPA technical assistance in DC provides lessons for other jurisdictions seeking to implement a TOPA policy across the five stages of TOPA or OTP technical assistance. We find that 92 percent of housing units in Minneapolis are OTP eligible.²³ For more detail regarding our analysis of the potentially OTP-eligible units in Minneapolis, see Appendix A.

Our analysis led to five policy recommendations for potential OTP policy, which include allocating enough financial support for providers, using data for targeted outreach to areas with racially or ethnically concentrated areas of poverty, and ensuring tenants are supported throughout the entire process. This future work could provide additional data on the public and private funding needed for this law to be successful. And lessons learned in other cities implementing TOPA statutes will continue as cross-sector stakeholders and residents implement this important tool for preserving affordable housing and building tenant power.

Appendix A. Estimating Opportunity to Purchase Eligibility in the Minneapolis Rental Market

As discussed in the introduction, the *Opportunity to Purchase Policy Options for the City of Minneapolis* report (Bruton and Nicholls 2021) outlined three prospective OTP policy options for the city.

- **Option 1: Tenant opportunity to purchase.** Prioritizing tenants' rights, only a tenant or tenant organization would be allowed to exercise rights under this policy option. They would also be able to assign those rights to a person or entity of their choice, without restriction. Tenants would have significant freedom in choosing a development path, including outcomes that do not preserve long-term affordability. This option is most similar to DC's TOPA policy.
- **Option 2: Tenant or qualified organization opportunity to purchase, with preservation restrictions.** Seeking to balance tenants' rights with the long-term preservation of affordable housing, qualified organizations (i.e., city-certified housing developers or community-based organizations) would be able to exercise OTP rights along with a tenant or tenant organization. Buildings purchased through this policy would also be required to abide by certain renter protections, including rent stabilization.
- **Option 3: Qualified organization opportunity to purchase, with preservation restrictions.** Prioritizing affordable housing preservation, only qualified organizations would be allowed to exercise rights under this policy option. Like option 2, buildings purchased through this policy would be required to abide by certain renter protections.

In November 2021, following a cross-departmental process, Minneapolis released a renter opportunity to purchase draft ordinance.²⁴ Based heavily on option 2, the draft ordinance would allow renters or a renters' organization to exercise OTP rights, followed by the city and qualified nonprofits. The draft policy would also require renters in buildings with five or more units to work with a "supportive partner" (a city-certified technical assistance provider) as they navigate the OTP process. The city convened two public information sessions in December 2021, but the last update on the Minneapolis Housing Policy and Development website reads, "Next steps will be determined by Mayor and City Council in 2022."²⁵

An OTP policy can be a powerful tool to help jurisdictions ensure that rental housing is affordable, high quality, and, depending on policy design, resident owned. If Minneapolis were to introduce such a policy, it must determine how it will support financing the purchase of buildings and the magnitude and terms of resources provided to tenants. With this in mind, our research attempts to provide advocates, planners, and policymakers in Minneapolis with research and data estimates regarding

- the number and assessed market value of properties potentially eligible for purchase under an OTP policy;
- city-specific rental market considerations, including the geographic distribution of potentially eligible units by racial and economic neighborhood makeup and variation in housing condition and building type;
- technical assistance considerations for successful tenant support and implementation.

For estimates regarding the scope and scale of properties potentially eligible for conversion under an OTP policy, we used an April 2023 extract of Minneapolis's open-source rental license database with property-level information on rental property quality, short-term rental status, ownership, and unit count. We then combined this with Hennepin County's parcel-level property assessment data (also from April 2023) to obtain additional information on tax exemptions, homesteading status, land-use descriptions, and building age to create a variable that flagged if a rental property would potentially be eligible for OTP conversion under policy conditions and exemptions proposed by CNHED. Unlike many other TOPA/COPA policies and proposals, we did not exclude rentals based on building size, age, or condition. Exemptions and exclusions used to create the TOPA variable flag include

- single-family properties with a homestead tax exemption, signaling an individual owner occupies the property;
- properties owned by state or local governments, educational institutions, or cooperative corporations; and
- LIHTC properties.

Rental units without any assessed market value data were also excluded from the universe of analyzable rentals, which removed 331 properties and 9,036 units from the dataset. To understand variation in unit distribution by neighborhood, we used American Community Survey five-year estimates for 2017 to 2021. These included census tract-level estimates regarding resident median income, poverty rates, and the race and ethnicity of the head of each household.²⁶ We used established

geographic neighborhood typologies of Racially/Ethnically Concentrated Areas of Affluence (RCAAs, defined as census tracts that are at least 80 percent white and have a median household income around twice the national average, or \$137,000 in 2019) and Racially/Ethnically Concentrated Areas of Poverty (R/ECAPs, defined as census tracts with 50 percent or more households or color and 40 percent or more individuals at or below the poverty line) to better understand potential racial and economic disparities in policy implementation.

Estimating Opportunity to Purchase Eligibility in the Minneapolis Rental Market

Like other cities across the US, Minneapolis has seen an increase in rental and homeownership prices. Gentrifying neighborhoods experience a higher rate of cost increases compared with nongentrifying neighborhoods, resulting in the displacement of Black residents (Goetz et al. 2019). According to the Hennepin County assessor's report, the value of real property increased by 5.6 percent in 2022 alone. The median price of a single-family home is \$391,000, a 70 percent increase from 2015.

Furthermore, a rise in investor-owned housing in the Twin Cities has resulted in more rental single-family homes and less resident wealth from homeownership (Freemark, Noble, and Su 2021). The increase in these investor-owned homes is concentrated in neighborhoods with higher shares of low-income residents and people of color, such as North Minneapolis. Living in Minneapolis continues to become more unaffordable for the city's residents, but implementing an OTP ordinance could preserve affordable housing for lower-income residents and provide stable ownership opportunities through the formation of LECs.

Different OTP policy designs prioritize different housing, tenant, and racial equity outcomes. The proposed Minneapolis OTP policy is intended to address myriad housing and racial equity concerns, such as the racial wealth and homeownership gap, involuntary tenant displacement, and housing stability. While CNHED's policy overview lays out the various trade-offs and Minneapolis-specific implementation considerations of the three proposed options, proactively thinking through metrics to monitor policy utilization will be key to increasing equitable implementation across all neighborhoods and by all tenants, especially tenants with low incomes and tenants of color. For example, if Minneapolis choose to only offer tenants (and not qualified organizations) the opportunity to purchase, there should be proactive tracking of policy outcomes by tenants' race and income, variation in property values and subsequent wealth accumulation by tenant-buyers, whether tenant-buyers are able to afford property maintenance and upkeep, and variation in the sociodemographic characteristics of which tenants are forced or choose to sell or move.

Our analysis builds on CNHED's housing market analysis by providing additional metrics to monitor, in order to help cities interested in creating an OTP policy ensure that the selected policy option is implemented equitably. We start with an overview of the variation in potential racial and economic benefits of an OTP policy through neighborhood-level geographic proxies of R/ECAPs and RCAAs. We go on to outline the distribution of properties eligible for purchase under an OTP policy by building type and location based on neighborhood categorizations, neighborhood-level racial and economic characteristics, building types, and property conditions.

- **R/ECAP:** a census tract with a “racial/ethnic concentration threshold of 50 percent of more ... [and] 40 percent or more individuals living at or below the poverty line”²⁷
- **RCAA:** Researchers at the Center for Urban and Regional Affairs in Minneapolis define these as census tracts that are at least 80 percent white and have a median household income of around twice the national average, or \$131,778 in 2022.²⁸

As of April 2023, we estimate that if offered for sale, approximately 92 percent of units (92,192 units), would potentially be eligible for OTP conversion. This equates to more than \$17 billion in assessed market value. We recognize it is highly likely that this overestimates the number of potentially eligible units. In addition to the variable definitions outlined above we reference the following key variables and metrics in the next section.

- **Potentially OTP-eligible units:** all units in Minneapolis's rental licensing dataset, excluding exempt properties (single-family homes that are homesteaded, LIHTC buildings, publicly owned properties, etc.)
- **Assessed market value:** the total market value of the parcel and rental property as recorded by the Hennepin County Assessor's office in April 2023²⁹

Equitable Distribution of Benefits

Tracking the geographic distribution of units potentially eligible for OTP conversion and their assessed values—especially when compared with the overall rental landscape distribution and future analyses of properties that undergo OTP conversion—can help planners and policymakers track equitable policy implementation. Overall, the geographic distribution of potentially eligible OTP units and their assessed market values generally mirrors racial and economic trends in the larger rental market. This is likely because of the inclusive overall eligibility criteria, which include the vast majority of rentals as potentially eligible. This general alignment reemphasizes the inextricable links between racial and economic trends and rental housing distribution in Minneapolis.

It is notable that neighborhoods with comparatively low median incomes contain more than half of all OTP-eligible units (around 54 percent) but only hold 46 percent of the assessed market value of rental properties (table A1). In DC, only 36 percent of TOPA unit sales occurred in census tracts with lower median incomes (\$65,000 or less) compared with 64 percent of units in neighborhoods with higher median incomes. Planners and policymakers should conduct additional research into the factors driving these geographic differences to ensure that residents in higher-income neighborhoods are not disproportionately benefiting from the policy.

TABLE A1

Potential TOPA-Eligible Unit Distribution by Neighborhood Characteristics

	Total rental units	Share of total rental units	Share of potentially TOPA-eligible rental units	Share of assessed market value of potentially TOPA-eligible properties
Total	99,307		92%	97%
Racial concentrations of poverty and affluence				
R/ECAP tracts	5,479	5%	5%	5%
RCAA tracts	1,313	1%	1%	2%
Other tracts	91,856	94%	94%	93%
Neighborhood median income				
Low-income	53,195	53%	54%	46%
Moderate-income	28,693	29%	29%	30%
Middle-income	9,738	10%	10%	14%
High-income	7,022	7%	7%	10%
Neighborhood share of people of color				
Low share BIPOC	22,556	23%	24%	26%
Medium share BIPOC	5,965	58%	57%	59%
High share BIPOC	19,129	19%	19%	16%

Source: Authors' analysis of parcel and rental licensing datasets, along with 2021 American Community Survey five-year sociodemographic data at the tract level. R/ECAP and RCAA tract definitions can be found in the text preceding this table.

Notes: TOPA = tenant opportunity to purchase policy; R/ECAP = Racially/Ethnically Concentrated Areas of Poverty; RCAA = Racially/Ethnically Concentrated Areas of Affluence; BIPOC = Black, Indigenous, and other people of color. Tracts were designated as low, moderate, middle, and high income if there were less than 80 percent, 80 to 119 percent, 120 to 149 percent, or greater than 150 percent of the national median income in 2021 (\$76,330). "Neighborhood share of people of color" tract designations were created using rounded jenks natural breaks based on the distribution of Minneapolis census tract racial demographics. Low-share tracts had less than 25 percent people of color, medium-share tracts had between 25 and 53 percent people of color, and high-share tracts had 54 percent or more people of color.

Building Type and Property Condition

We used rental licensing data to further explore the variable quality and habitability of potentially OTP-eligible rental units across Minneapolis. Rental licensing data contained information on rental property condition, with properties ranked from tier 1 (highest quality) to tier 3 (lowest quality). Tier 2 and 3 properties have multiple documented issues that may or likely have an urgent impact on renter safety

and property habitability. Lower-quality rental properties contain approximately 7 percent, or 6,548 units, of all potentially OTP-eligible rental units. On average, these properties were also slightly older than rentals overall (with a median build year of 1915 versus 1921) and had lower median assessed market values. While these properties had lower assessed market values, which may put them at a more feasible price point for tenant conversion, they also likely require more initial investment in property inspection, repairs, and rehabilitation than other buildings.

It is also notable that while tier 2 and 3 properties only represent 7 percent of potential OTP-eligible units, they are disproportionately located in R/ECAPs (30 percent of low-quality units) and underrepresented in RCAAs (1 percent of low-quality units), as seen in table A2. Similar to concerns raised above regarding disproportionate lower assessed market values in lower-income neighborhoods, potential OTP-eligible properties in R/ECAPs may need enhanced financial resources and technical assistance to ensure properties undergoing conversion receive the rehabilitation and renovations necessary.

Single-family rentals make up about 13 percent of all rental units, with more than 99 percent potentially eligible for OTP conversion. While TOPA/COPA policies have largely excluded single-family rentals, CNHED's three proposed OTP policy options all included single-family rentals, as they are disproportionately located in the historically Black Northside. The exclusion of single-family rentals could limit the scope and impact of the policy, hindering tenants in these neighborhoods from fully benefiting from OTP.

TABLE A2

Property Characteristics, Ownership, and Distribution of Potential TOPA–Eligible Units

	Rental Unit Share		Neighborhood Distribution	
	Total rental units	Potential TOPA–eligible units	Share of TOPA units in RCAAs	Share of TOPA units in R/ECAPs
Rental tier				
Tier 1	93%	93%	2%	4%
Tier 2	5%	5%	<1%	10%
Tier 3	2%	2%	<1%	20%
Building size				
Single family	13%	14%	3%	3%
2–4 units	17%	18%	4%	4%
5–20 units	16%	17%	1%	5%
21–50 units	17%	17%	1%	5%
51+ units	37%	34%	1%	7%
Form of ownership				
Institutional investor	54%	55%	<1%	5%
Total	100% (99,307 units)	92%	2%	5%

Source: Authors’ analysis of previously noted parcel and rental licensing datasets, along with 2021 American Community Survey five-year sociodemographic data at the tract level. RECAP and RECAA tract definitions can be found in the text preceding this figure.

Notes: TOPA = tenant opportunity to purchase policy; R/ECAP = Racially/Ethnically Concentrated Areas of Poverty; RCAA = Racially/Ethnically Concentrated Areas of Affluence.

CNHED also noted that the increase in single-family rentals in Minneapolis is in part because of the influx of corporate and institutional investors that acquired bulk foreclosed single-family properties—largely a result of racialized predatory lending practices preceding the Great Recession.

Considerations for Data-Driven Policy Monitoring

The prior sections highlight key housing market and neighborhood metrics that policymakers can track after implementation to understand if an OTP policy is addressing its stated goals. However, to fully understand the distribution of potential benefits, researchers and policymakers would need to collect data that capture characteristics such as race or income at the building and individual levels. Table A3 presents potential guiding questions and evaluation metrics by policy option.

TABLE A3

Metrics to Track throughout Implementation to Understand the Different Potential Distributions of Benefits

Implementation monitoring guiding questions	Relevant policy options	Potential evaluation metrics
Does this increase homeownership/long-term wealth-building opportunities for tenants of color and tenants with low incomes?	Option 1 and option 2	- Short and long-term ownership rates by tenant race and income - Variation in market value of converted properties by tenant-owner race and income
Does this increase renter stability?	All	- Rate of conversion in gentrifying, R/ECAP, and RCAA neighborhoods - Tenant-owner length of tenure compared to residents in the same neighborhood with similar characteristics
How does successful policy utilization vary by neighborhood?	All	- Rate of conversion in gentrifying, R/ECAP, and RCAA neighborhoods - Assessed property value of converted properties by neighborhood
Are tenants of color and tenants with low incomes utilizing the policy at the same rate as others?	Option 1 and Option 2	Short and long-term ownership rates by tenant-owner race and income
What housing market factors (property type, age, condition, units available) affect or are related to more equitable, successful policy utilization?	All	- Rate of conversion by property type and form of ownership - Assessed property value of converted properties by property type and form of ownership

Sources: Authors' analysis.

Notes: R/ECAP = Racially/Ethnically Concentrated Areas of Poverty; RCAA = Racially/Ethnically Concentrated Areas of Affluence. Policy options refer to the three prospective opportunity to purchase policy options proposed in Scott Bruton and Gretchen Nichols, *Opportunity to Purchase Policy Options for the City of Minneapolis* (Coalition for Nonprofit Housing and Economic Development, 2021): Option 1: Tenant opportunity to purchase; Option 2: Tenant or qualified organization opportunity to purchase, with preservation restrictions; Option 3: Qualified organization opportunity to purchase, with preservation restrictions.

While additional property- and individual-level data are necessary for targeted outcome tracking, disparities in property conditions, assessed market values, and investor-owner concentration indicate the need for sufficient and targeted support for tenants in historically marginalized neighborhoods.

Notes

- ¹ In this context, “opportunity to purchase,” refers to the general class of policies that give an individual, organization, government or other legal entity the opportunity to purchase a building being listed for sale, including policies that exclusively give *tenants* that right. The latter policies, commonly called tenant opportunity to purchase (TOPA; after Washington, DC’s, Tenant Opportunity to Purchase Act), are a subset of the broader category of OTP policies. When referencing the broader category, including Minneapolis’ proposed policy options *at large* (such as when discussing potential purchase eligibility in Appendix A), we use the term OTP. In all other cases, including when discussing potential *tenant* purchase in Minneapolis, we use the term TOPA, which is more common.
- ² A copy of the draft ordinance can be found at Steve Fletcher, Jeremiah Ellison, Cam Gordon, and Jeremy Schroeder, “Renter Opportunity to Purchase Ordinance,” City of Minneapolis, <https://www2.minneapolismn.gov/media/content-assets/www2-documents/departments/Renter-OTP-Ordinance-DRAFT.pdf>.
- ³ “Tenant Opportunity to Purchase,” Housing Justice Center, accessed February 12, 2025, <https://www.hjcmn.org/topa/>. The collaborative uses the term “TOPA” throughout their website. For clarity, we use the term OTP to describe their position.
- ⁴ Fletcher, Ellison, Gordon, and Schroeder, “Renter Opportunity to Purchase Ordinance.”
- ⁵ Alexander Hermann, “8 Facts about Investor Activity in the Single-Family Rental Market,” Joint Center for Housing Studies of Harvard University, July 18, 2023, <https://www.jchs.harvard.edu/blog/8-facts-about-investor-activity-single-family-rental-market>.
- ⁶ David C. Blount, Katie Elder, Samantha Fu, Kaela Girod, Jessica Perez, and Bill Pitkin, “Pursuing Housing Justice: Interventions for Impact,” Urban Institute, May 24, 2023, <https://www.urban.org/apps/pursuing-housing-justice-interventions-impact>.
- ⁷ “Tenant Opportunity to Purchase,” Housing Justice Center.
- ⁸ Jeremiah Ellison and Aisha Chughtai, “Affordable Housing Preservation Ordinance,” City of Minneapolis, July 12, 2024, <https://lims.minneapolismn.gov/download/Agenda/6299/4743/AHPORDINANCEDRAFT.pdf>.
- ⁹ Tim Henderson, “Demographics Economy Investors Bought a Quarter of Homes Sold Last Year, Driving Up Rents,” Stateline, July 22, 2022, <https://stateline.org/2022/07/22/investors-bought-a-quarter-of-homes-sold-last-year-driving-up-rents/>.
- ¹⁰ “Rent Control in Minnesota (Minneapolis and Saint Paul),” Nolo, updated February 8, 2023, <https://www.nolo.com/legal-updates/rent-control-in-minnesota-minneapolis-and-saint-paul.html>.
- ¹¹ Affordable Housing Building Sale Ordinance, Chapter 244, Article XVIII.
- ¹² The process can be extended to 240 days with a financing letter of interest.
- ¹³ D.C. Law 26-80. Rebalancing Expectations for Neighbors, Tenants, and Landlords (RENTAL) Amendment Act of 2025. <https://code.dccouncil.gov/us/dc/council/laws/26-80>.
- ¹⁴ “Administrative. Business and Tax Regulations Code – Nonprofit Organizations’ First-Right-to-Purchase Multi-Family Residential Buildings,” Ordinance No. 79-19, Board of Supervisors of the City and County of San Francisco, April 23, 2019, <https://sfmohcd.org/sites/default/files/Documents/MOH/COPA/COPA%20-%20Legislation-09-03-2019.pdf>.
- ¹⁵ “Administrative. Business and Tax Regulations Code – Nonprofit Organizations’ First-Right-to-Purchase Multi-Family Residential Buildings,” Ordinance No. 79-19.

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- ¹⁶ “Weekly Report on Tenant Opportunity to Purchase Act (TOPA) Filings,” Department of Housing and Community Development, DC.gov, <https://dhcd.dc.gov/page/weekly-report-tenant-opportunity-purchase-act-topa-filings>.
- ¹⁷ DC’s TOPA statute uses the term “tenant organization,” while Minneapolis’s draft ordinance uses the term “renter organization.” The term “tenant association” is more common in the literature, but we use the terms interchangeably in this report.
- ¹⁸ See the Code of the District of Columbia § 42–3404.11, Accommodations with five or more units, <https://code.dccouncil.gov/us/dc/council/code/sections/42-3404.11>.
- ¹⁹ “TOPA 5 or More Units,” Office of the Tenant Advocate, DC.gov, accessed February 16, 2025, <https://ota.dc.gov/node/644122>.
- ²⁰ According to data collected by the Urban Homesteading Assistance Board (UHAB), this 2019 report notes there were 11 limited equity co-ops in Minneapolis in 2015. <https://metro council.org/Housing/Policy-Work/Affordable-Homeownership/Metropolitan-Councils-Affordable-Homeownership-Rep.aspx>.
- ²¹ “Property Management Training,” Department of Housing and Community Development, DC.gov, accessed February 16, 2025, <https://dhcd.dc.gov/service/property-management-training>.
- ²² “HUD Section 8 Renewal Guide: What Investors Need to Know,” Janover HUD Loans, updated December 8, 2022, <https://www.hud.loans/hud-loans-blog/hud-section-8-renewal-guide/>.
- ²³ These include all units in Minneapolis’s rental licensing dataset, excluding exempt properties (single-family homes that are homesteaded, LIHTC buildings, and publicly owned properties).
- ²⁴ Fletcher, Ellison, Gordon, and Schroeder, “Renter Opportunity to Purchase Ordinance,” Minneapolis.gov, accessed January 30, 2026, <https://www2.minneapolismn.gov/media/content-assets/www2-documents/departments/Renter-OTP-Ordinance-DRAFT.pdf>.
- ²⁵ “Renter Opportunity to Purchase Ordinance Process,” City of Minneapolis, accessed February 12, 2025, <https://www2.minneapolismn.gov/government/departments/cped/housing-policy-development/renter-opportunity-to-purchase-feedback/>.
- ²⁶ Because of data reliability issues at the census tract level, we use the term “BIPOC” (Black, Indigenous, and other people of color) to describe census-aggregated groups of individuals that did not identify as white alone. We recognize that current and historic housing stability, discrimination, and wealth disparities are not uniform experiences among different racial and ethnic groups.
- ²⁷ R/ECAPs are a neighborhood metric created by the US Department of Housing and Urban Development to create policies aimed at deconcentrating neighborhoods deemed to have too great a share of people in poverty or residents of color, such as HOPE VI, Moving to Opportunity, and Affirmatively Furthering Fair Housing. See “Racially or Ethnically Concentrated Areas of Poverty (R/ECAPS),” HUD GIS Helpdesk, US Department of Housing and Urban Development, updated February 3, 2025, <https://hudgis-hud.opendata.arcgis.com/datasets/HUD::racially-or-ethnically-concentrated-areas-of-poverty-r-ecaps/explore>.
- ²⁸ RCAs were created to counter the dominant deficit narrative associated with residents and communities in neighborhoods with higher shares of people in poverty and residents of color that resulted in the creation of metrics like the R/ECAP. Twin Cities researchers frequently use RCAs and R/ECAPs in tandem to pathologize whiteness and wealth hoarding in RCAs. They also argue that these neighborhoods’ racial and sociodemographic makeups are codependent, as capital is extracted from R/ECAPs (often in the form of rent to landlords in RCAs), thereby creating and sustaining concentrated poverty for residents of color in these communities.
- ²⁹ Our team recognizes the limitations of solely using property assessment data to understand the potential wealth transfer implications of TOPA. Recent research points to racialized disparities in property assessment, with a study from 2003 to 2016 showing Black and Hispanic homeowners paying up to 13 percent more in property
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taxes for the same services as their white counterparts. At the same time, Black residents' homes have lower market valuations. Unfortunately, historic Minneapolis property sales data were limited to only 40 percent of potentially eligible units, meaning we were unable to conduct a quantitative analysis of this racialized disparity between tax burden and property valuation for potential TOPA properties.

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About the Authors

Donovan Harvey is a former research associate in the Housing and Communities Division at the Urban Institute. He was a member of the Cities and Neighborhoods practice area, and his research interests include urban mobility, governance, and housing, with focuses on social and cooperatively owned housing. Donovan earned his BA in sociology from Hofstra University and his MPP from the University of Chicago Harris School of Public Policy

Elizabeth Burton is a former research analyst in the Housing and Communities Division, where her research focuses on affordable housing, eviction prevention, decommodified housing, and neighborhood change. She also helped manage the National Neighborhood Indicators Partnership.

Owen Noble is a former research analyst in the Housing and Communities Division. Their research covers how rental property ownership trends affect tenant and community outcomes, inclusive LGBTQ+ data collection, and issues at the intersection of housing affordability and stability, zoning and land use, and transportation justice. Before joining Urban, Noble worked at the Center for Urban and Regional Affairs, mapping the landscape of landlords in North Minneapolis.

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