Preservation Building Blocks Series

2026

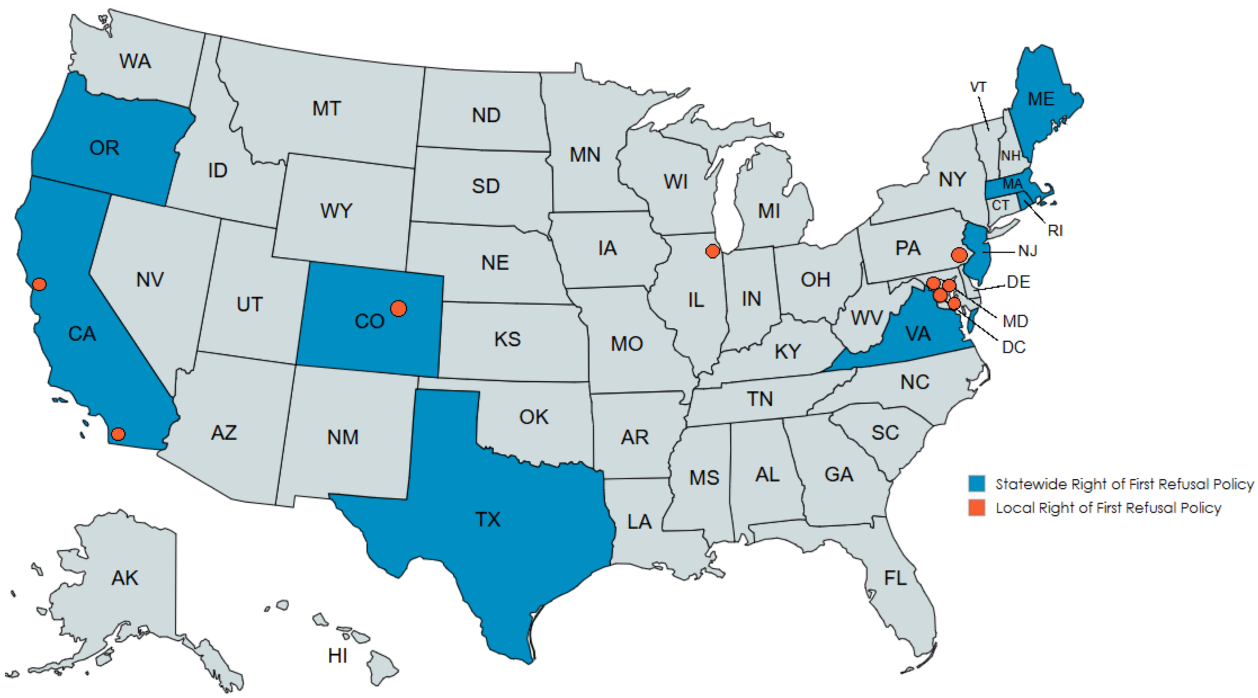
Preserving Housing Through Community Ownership

Community ownership of affordable housing refers to models that place housing under the ownership or stewardship of residents, nonprofit organizations, public agencies, or other mission-driven entities rather than speculative or profit-motivated investors. These models offer housing stability and are designed to preserve long-term affordability, strengthen resident voice, and ensure that housing decisions reflect community needs rather than short-term market pressures.

Community ownership through right of first refusal (ROFR) policies offer a practical strategy for shifting control of housing from the open market to residents and community-based entities. These policies require property owners to provide advance notice of a planned sale or if affordability is to expire, giving tenants, qualified nonprofit organizations, or local governments the first opportunity to purchase multifamily rental housing before it is sold on the open market. ROFR policies create a structured pathway to preserve affordability and prevent displacement in neighborhoods experiencing rising housing costs.

ROFR frameworks can empower residents by expanding access to collective homeownership and long-term tenancy, while also enabling mission-driven partners to steward housing for public benefit rather than for profit. The value of such a law or program depends on how the right is assigned, whether residents have real capacity to take action, and whether public funding and qualified buyers are ready when a sale occurs. As a result, community ownership models supported by ROFR policies serve as both a preservation tool and a mechanism for stabilizing communities over time, aligning housing outcomes with long-term affordability and resident control.

Figure 1: State and Local Right of First Refusal Policies *(as of August 2026)*



State Programs:

- California State Notice Law
- Colorado Right of First Refusal and First Offer
- Maine Preservation and Relocation Rule
- Massachusetts 40T
- New Jersey Uniform Housing Affordability Controls
- Oregon Publicly Supported Housing Preservation
- Rhode Island Preservation of Federally Insured or Assisted Housing
- Texas Urban Land Bank Program
- Virginia Preservation of Affordable Housing

Local Programs:

- Chicago District 606 Pilot Program
- Denver Preservation of Affordable Housing Ordinance
- Montgomery County MD Right of First Refusal
- Philadelphia Preservation of Affordable Housing
- Prince George's County MD Right of First Refusal
- San Francisco Community Opportunity to Purchase Act
- San Diego Deed-Restricted Affordable Housing Preservation Ordinance
- Takoma Park MD Tenant Opportunity to Purchase Act
- Washington, DC Tenant Opportunity to Purchase Act and District Opportunity to Purchase Act

In affordable housing policy, a right of first refusal generally refers to a legal requirement that gives an eligible party the option to purchase a property on the same terms as a third-party offer, or within a set process defined by law. Related frameworks include right of first offer, which gives the eligible buyer the first chance to make an offer before the property is marketed, and first right to purchase, which is often used more loosely to describe either model.

ROFR policies require owners of certain affordable multifamily rental properties to provide advance notice when affordability restrictions are set to expire, when the owner intends to take action that would end the property's affordability, or when the owner intends to sell. These actions may include prepaying a federally assisted mortgage, terminating mortgage insurance, or ending rent subsidies or restrictions - steps that could lead to higher rents and displaced residents. In such circumstances, ROFR policies require owners to notify public agencies and current residents, sometimes up to 24 months in advance, giving tenants, qualified nonprofit organizations, or local governments the opportunity to purchase the rental property before it is placed on the open market.

TWO DISTINCT RIGHT OF FIRST REFUSAL MODELS

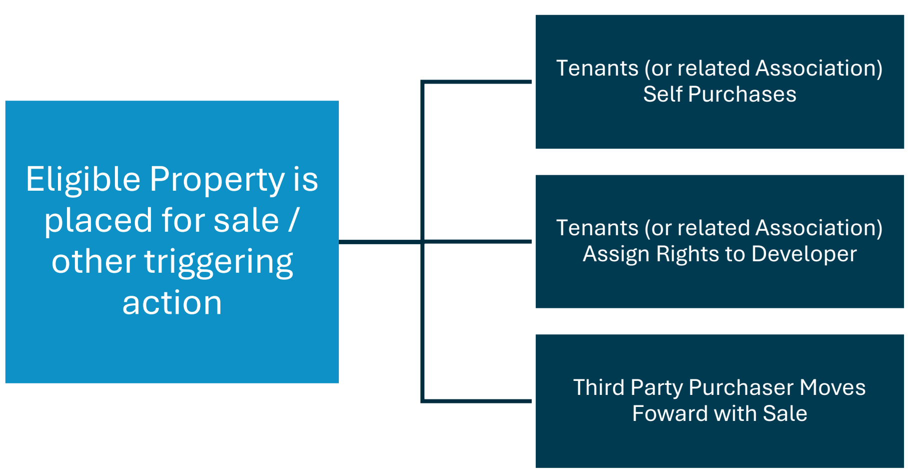
ROFR policies are generally structured under two models:

- Tenant-based, which gives tenants the ability to buy their building or assign their rights to a nonprofit; and
- Jurisdiction-based, which allows designated public or nonprofit entities to exercise the right to purchase a building on behalf of the community and existing residents.

When Tenants Hold the Right of First Refusal

Tenant ROFR policies grant tenants the right to buy their building directly when an owner decides to sell or allow tenants to assign their purchase rights to a buyer of their choice – often a mission-driven nonprofit capable of preserving the property as affordable rental housing. When tenants hold the ROFR, the policy can function as both an anti-displacement tool and an opportunity for tenant empowerment and control. In most circumstances, tenants are required to form a Tenant Association to exercise the ROFR and it is this Tenant Association that makes legal decisions and acts on behalf of the existing residents.

Figure 2: Pathway of Tenant-based ROFR



Though a less common outcome, by requiring landlords to notify tenants of their intent to sell, tenant ROFR policies can create a pathway to homeownership by giving residents the opportunity to purchase their homes or building directly. Rather than being displaced when a property changes hands because of rising costs or redevelopment, a tenant ROFR policy gives residents advance notice of sale, time to organize, and the chance to secure financing to collectively acquire their building. If successful in obtaining the necessary funding, tenants, often through a Tenant Association, can jointly purchase the for-sale property themselves by matching the market price. A tenant ROFR requires the owner to accept the Tenant Association's purchase offer if it matches the market price. Thus, tenant ownership can help maintain diversity in gentrifying neighborhoods and reduce displacement by allowing tenants to remain in

increasingly expensive areas through cooperative ownership. In practice, however, the most common approach is for tenants to assign their purchase rights to a mission-oriented buyer of their choosing. This approach often allows tenants to negotiate not only for acquisition of the current homes, but also for rent protections, repair commitments, or longer-term affordability covenants to improve other quality of life aspects.

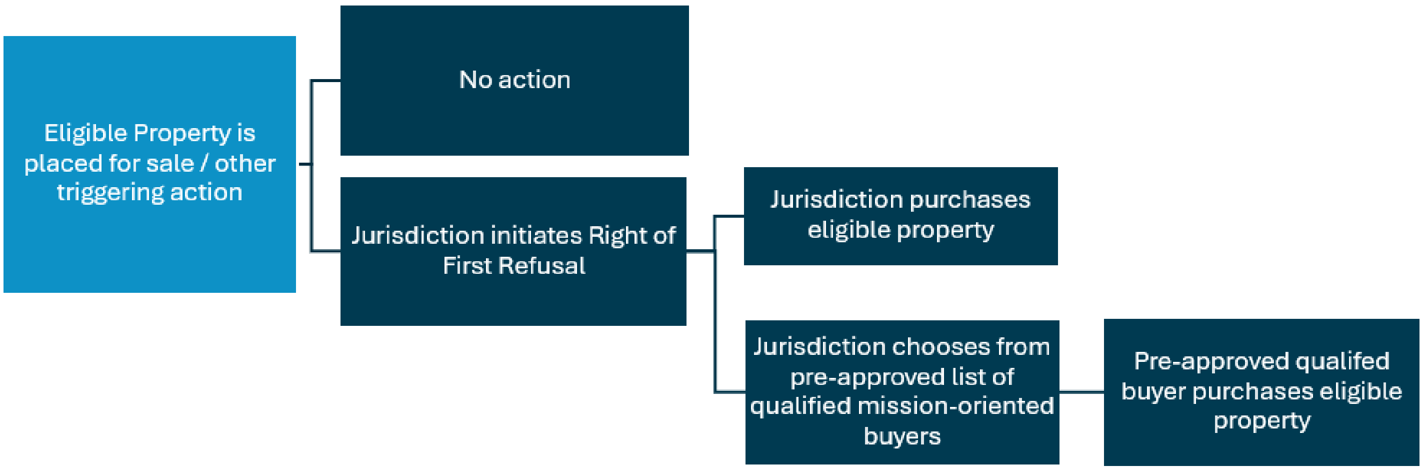
By creating opportunities for residents to become owners or long-term renters in partnership with mission-oriented developers, rather than displaced residents, these policies support long-term housing stability, preserve affordability, and enable communities to retain greater control over their neighborhoods.

When Jurisdictions Hold the Right of First Refusal

A jurisdictional ROFR gives local government agencies and qualified nonprofits the option to purchase certain multifamily rental buildings when they are offered for sale or, depending on the law, when an existing affordability period is set to end. When jurisdictions hold the right of first refusal, the policy is usually designed to preserve existing affordable housing at scale. Local governments or qualified nonprofits can step in when properties are at risk of conversion to market-rate housing, especially valuable when affordability restrictions are expiring or buildings are located in rapidly gentrifying areas. Realistically, these models must be paired with preservation funds, technical assistance, and a pre-approved buyer list to ensure acquisition costs are reasonable, timely acquisition is feasible, and preserved housing remains affordable over time.

Most jurisdictions do not acquire affordable housing properties directly through a ROFR themselves. Instead, they often rely on a pre-approved or qualified buyer list composed of mission-oriented affordable housing owners committed to keeping preserved housing affordable, resilient, and safe for low-income residents. Pre-approved or qualified buyers may be required to demonstrate experience in affordable housing preservation and the capacity to acquire properties quickly when a ROFR is triggered. If chosen by the jurisdiction to act on its behalf, it is then the responsibility of the qualified buyer to secure appropriate acquisition and preservation financing, in line with the preservation intent of the ROFR policy, match the market price, and move through the purchase process.

Figure 3: Pathway of Jurisdiction-based ROFR



The main distinction between the two ROFR models is who holds the purchase right and how preservation decisions are made. Tenant-based models place decision-making power closest to residents, creating leverage for tenants to buy, negotiate, or assign rights based on their priorities. Jurisdiction-based models centralize the right with public agencies or qualified nonprofit partners, which can make preservation more scalable but may offer residents less direct control unless tenant engagement is built into the process. In both models, the right itself is only one part of the preservation strategy; acquisition financing, technical assistance, buyer readiness, and clear timelines determine whether the policy can move from notification to actual preservation.

CASE STUDIES

Below is a selection of case studies at the city, county, and state level:

Washington, DC: Tenant Opportunity to Purchase Act

Washington, DC's Tenant Opportunity to Purchase Act (TOPA) is one of the longest-standing and most comprehensive tenant ROFR policies and has served as a model for similar policies in other jurisdictions.[1] Enacted in 1980, TOPA requires owners of multifamily rental properties with five or more units in the District to notify tenants of their intent to sell. This notice triggers the tenants' right of first refusal, allowing residents to purchase their building or transfer their purchase rights to a developer of their choosing.

[1] In Washington, DC, the District government also holds a jurisdictional right of first refusal, called District Opportunity to Purchase Act (DOPA). DOPA has never been exercised.

TOPA is a tenant empowerment tool that promotes affordable housing preservation. However, the outcome of a TOPA deal ultimately reflects the priorities of the Tenant Association, including long-term affordability, building improvements, and maintenance needs. While full tenant buyouts of entire buildings are relatively rare, Tenant Associations frequently use TOPA to negotiate alternative outcomes such as rent protections, cash buyouts, or commitments to complete necessary repairs.

Meridian Manor Apartments, acquired by NHT through Washington, DC's TOPA.

In practice, most housing units preserved through DC's TOPA remain as affordable rental housing. Tenant Associations most often assign their rights to a nonprofit or mission-driven developer and use the TOPA process to negotiate with potential developers before codifying agreements about rents or renovations, before assigning their TOPA rights to a specific buyer. The assigned buyer then acquires the property on behalf of the Tenant Association and, if mission oriented, converts the property to long-term affordable rental housing or a limited-equity cooperative. Between 2006 and 2020, more than 16,000 housing units were preserved through TOPA, making it a critical anti-displacement tool in rapidly gentrifying neighborhoods across the District.

Chicago: 606 District Pilot Program

Chicago's Tenant Opportunity to Purchase Block (606) District Pilot Program offers a highly localized example of a tenant-based ROFR program. Implemented in March 2025, in the City's 606 neighborhoods, the program requires landlords within the Predominance of the Block (606) District boundaries to notify tenants when they intend to sell and gives tenants the right of first refusal to purchase their building by matching a third-party offer. The program applies to rental properties of different sizes, with distinct timelines for two- to four-unit properties and properties with more than five units. Properties with one to two units do not require a Tenant Association to exercise the ROFR. If the purchaser uses public funds to acquire a rental property under the ordinance, the property must remain rent-restricted affordable housing for at least 30 years. The City of Chicago created the program to help preserve affordable housing along the 606 Trail corridor, where residents are experiencing the effects of rising home values. Because the pilot program is relatively new, data on its effectiveness is not yet available.

San Francisco: Community Opportunity to Purchase Act

San Francisco's Community Opportunity to Purchase Act (COPA) is a tenant-protection and preservation policy that gives qualified nonprofit organizations the first chance to buy certain properties when they are offered for sale. Beginning in 2019 and amended in 2020, COPA applies to buildings with three or more residential units and vacant land that could support three or more units, with the goal of preventing displacement and keeping homes permanently affordable. Sellers must notify qualified nonprofits (QNPs) of their intent to sell, giving QNPs five days to exercise their right of first offer and express interest in purchasing the property. The seller must also give QNPs the right of first refusal to match a competing third-party offer.

If a qualified nonprofit buys the property through COPA, the building must remain rent-restricted affordable housing, preserving long-term affordability rather than creating temporary subsidized units. As of December 2025, 436 homes have been preserved through COPA. San Francisco's COPA aligns with California's broader affordable housing preservation priorities, including the state's Notice of Opportunity to Submit an Offer to Purchase (NOSOP) requirements.[2] Together, these policies support long-term affordability by giving qualified entities notice and purchase rights before certain affordable housing developments lose their affordability restrictions. The state policy and San Francisco's local COPA both give mission-driven buyers a stronger opportunity to acquire and preserve affordable housing before it is sold on the open market.

Prince George's County, Maryland: Right of First Refusal

Prince George's County's Right of First Refusal Program offers a county-level example of a jurisdictional ROFR, implemented in 2015 to preserve affordable rental housing. The purpose is to preserve existing rental housing in the county, especially units affordable to low- and moderate-income households, rather than lose them to conversion or market-rate redevelopment. The program requires owners of multifamily rental properties with 20 or more units to notify Prince George's County Department of Housing and Community Development (DHCD) when they decide to sell the property, giving the County the opportunity to exercise its ROFR rights to purchase the property or assign those rights to a third party.

[2] California Government Code Sections 65863.10, 65863.11, and 65863.13.

The County itself has not purchased a property outright, instead, employing a list of qualified developers that the County assigns its rights to. These developers have been pre-approved, with demonstrated affordable housing acquisition and preservation experience. If they are interested in purchasing a for-sale property through the County's ROFR, they must submit a proposal demonstrating why they are best suited for the acquisition and preservation of the specific property. In some circumstances, Prince George's County DHCD has chosen to not exercise it's ROFR, but instead used the ROFR as leverage to encourage an existing third-party purchaser to maintain affordability once they purchase the multifamily property.

Hamilton Manor, acquired by NHT through Prince George's County ROFR.

The ROFR program has become an important preservation tool, preserving [2,691 units between 2020 and 2025](). In 2021, the County created a $15 million Right of First Refusal Preservation Fund, that was further funded by the state in 2022, to expand and support the program by helping finance acquisitions, preservation, and other costs tied to ROFR projects.

Colorado: Local Government's Right of First Refusal and First Offer for Multifamily Properties

Under Colorado's Local Government's Right of First Refusal and First Offer for Multifamily Properties legislation, passed in 2024, local governments are granted a right of first refusal and a right of first offer to purchase qualifying multifamily rental properties for use as long-term affordable housing or mixed-income development. The policy is time-bound and slated to end in December 2029.

Enacted in response to the state's growing housing affordability crisis, Colorado's jurisdictional ROFR legislation is statewide enabling legislation, designed to help prevent existing affordable housing from being converted to market-rate units when affordability restrictions expire. For multifamily rental properties with five or more units that already operate as affordable housing, local governments hold a ROFR when the property is sold. This allows them to match any offer received by the seller and purchase the property, helping ensure it is preserved as long-term rental housing. Property owners must notify local governments at least two years before affordability restrictions are set to expire, again six months prior to expiration, and upon their official intent to sell. These notice requirements are intended to give local governments sufficient time to assess options and plan for a potential acquisition. For all other multifamily rental properties more than 30 years old and with between 15 and 100 units, Colorado's policy provides local governments with a right of first offer. Under ROFO, local governments must be notified of the owner's intent to sell and either they or designated Housing Authorities are given the opportunity to indicate whether they are interested in making an offer before the property is marketed. As a relatively new program, there is no data yet on its success and impact.

CONCLUSION

Right of first refusal policies are a practical tool for preserving affordable housing because they create an intervention point before existing affordable properties are lost to speculative sale, market-rate conversion, or affordability restrictions expire. Though not exhaustive, examples from Washington, D.C., Chicago, San Francisco, Prince George's County, and Colorado show that ROFR, TOPA, COPA, and ROFO policies can be adapted to different market conditions and governance structures while advancing the shared goals of affordability, resident stability, and community ownership. Tenant-based models are strongest when the policy goal is to increase resident agency, while jurisdiction-based models are better suited to preserving housing at greater scale. Both cases are strongest when paired with dedicated funding, qualified buyers, technical support, and clear implementation timelines. As housing costs continue to rise, these policies offer an important framework for shifting affordable housing preservation from a reactive crisis response to a proactive strategy rooted in community ownership and long-term stewardship.