Key D.C. Council Member Says Law Being Exploited by Renters Needs to Change

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A key District of Columbia council member says she will fight to close legal loopholes exposed by a News4 I-Team investigation. Jodie Fleischer reports.

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Renters are exploiting a decades-old D.C. law to make huge profits, but in the process, they're holding up home sales and costing buyers and sellers thousands of dollars.

“We know that this was not the intent of the law, and so we have to address it,” said D.C. Councilwoman Anita Bonds, who chairs the committee on housing and neighborhood revitalization.

Bonds acknowledged it will likely be a bitter fight, as is anything involving tenants’ rights in the District.

In this case, everyone seems to agree the Tenant Opportunity to Purchase Act (TOPA) serves a purpose: It keeps longtime renters from being booted out of gentrifying neighborhoods.

TOPA was designed to protect affordable housing by giving renters the first chance to buy their place if it goes up for sale.

But the News4 team found some renters are also using it to hold sales hostage while they negotiate for a piece of the profits.

- **Some Renters Make Tens of Thousands Exploiting Old DC Law**

  “I’m not trying to make the sale fail, apart... I’m trying to change who the buyer is,” said TOPA attorney Andrew McGuire, who converted his entire law practice to handle only these cases.

  McGuire estimates TOPA rights amount to a $100 million per year industry in DC; he’s even trademarked the phrase, “Got TOPA?”

  TOPA rights are a commodity and should be able to be shopped around on the open market, he says.

DC Attorney’s Entire Practice Devoted to TOPA Payouts for Renters.
Key D.C. Council Member Says Law Being Exploited by Renters Needs to Change - NBC4 Washington

Getting TOPA payouts for renters has become Andrew McGuire’s entire law practice. Jodie Fleischer reports. (Published Thursday, June 8, 2017)

"If you get TOPA rights and somebody knocks on your door and says I'll give you $500, how do you know they're not worth $500,000?" McGuire said.

The DC Association of Realtors believes this use of TOPA will ultimately raise the price of homes and rents across the District because those who have to pay renters to leave a property will simply pass that cost on to the next buyer or renter.

DCAR President Colin Johnson said the law does serve a purpose when large apartment buildings in gentrifying neighborhoods go condo, but he doesn’t think it’s effective for single-family homes or row houses where a renter only has one room or the English basement.

Some D.C. Renters Make Tens of Thousands of Dollars Exploring Decades-Old Law

TOPA was designed to keep longtime renters from being forced out of gentrifying neighborhoods or to help them afford a new lease in a different building by giving them the chance to buy their place first, but tenants don’t want to or can’t afford to buy, they can make big bucks by selling those rights. Jodie Fleischer reports. (Published Thursday, May 11, 2017)

"I think the law definitely needs changing," Johnson said. "I don’t see what the advantage is for a tenant to be able to trade their rights to somebody else and how that helps them either purchase a home or stay within a home."

DCAR said its members are seeing too many abuses of the law, and they’ve yet to see one renter successfully buy a whole building. Instead, renters are selling their rights to buy to the highest bidder.

"In many cases, these are not senior citizens who are being displaced in a transitioning or developing neighborhood," DCAR CEO Ed Krauze said. "These are smart young smart people who have figured out 'I can get some money.'"

"It’s like someone actually sticking a gun to your head," said Yolanda Smith, who’s been trying to sell a home she owns. "Had I known I would never, ever, ever rent property in Washington, D.C."

A first-time home buyer named Clara spent years as a renter and sees the value in tenants having rights, but she agrees the law needs fixing after losing her contract on a Capitol Hill row house the night before closing.

"It was just, poof, just taken away from me," said Clara, "I was up for collaborating with [the tenant] to figure out what she wanted and what she needed to stay ... but instead what I got back was, 'What's your best offer?'"
Councilwoman Bonds said she's heard the complaints.

"As it is with any law from at least that far back in our history, there are changes that need to be made," she said. "One of the things we have to do is clearly define 'tenant.'"

Bonds said she's also aware of the new industry of TOPA chasers that's popped up to recruit renters.

"We know that this was not the intent of the law, and so we have to address it," Bonds said.

She said she plans to convene a working group this summer with representatives from the real estate industry and tenants groups to work together on fixing the law.

The DC Realtors Association has already drafted proposed legislation to eliminate TOPA in single unit sales.

Reported by Jodie Fleischer, produced by Rick Yarborough, shot by Steve Jones and Jeff Piper, and edited by Steve Jones.