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Changes to TOPA – D.C. Rental Act of 2025

29 Jan 2026

The Rebalancing Expectations for Neighbors, Tenants, and Landlords (RENTAL) Act of 2025 (the "Act") became effective on December 31, 2025.

The Act implements significant changes to the District of Columbia Tenant Opportunity to Purchase Act (TOPA). Please note that this summary is not intended to be an exhaustive list, but rather a high-level overview of several key provisions. Those who may be involved in TOPA transactions, including lenders, investors, developers, and property owners, should consult their legal counsel regarding the Act's requirements and implications, particularly with respect to exemption eligibility, verification of required notices and filings, and whether transactions already underway should be reviewed through a gap analysis to assess the impact of the Act.

INCREASED NUMBER OF EXEMPTIONS

The Act expands the number of transactions that are exempt from TOPA. Some notable exemptions include:

New Multifamily Construction Exemption

A sale of a building constructed within the past 15 years is now exempt from TOPA if the sale occurs within 15 years after the issuance of a permanent certificate of occupancy. Previously, this exemption applied only to certain buildings receiving a tax abatement and only to the first sale within 10 years after issuance of a certificate of occupancy. The Act broadens this exemption to apply to any sale during the 15-year period, not just the first sale. The exemption applies retroactively to the Act's effective date of December 31, 2025. Thus, a building that received a permanent certificate of occupancy before December 31, 2025 will be exempt from TOPA for the remaining portion of the 15-year period following issuance of the certificate of occupancy.

More Housing Accommodations are Exempt

A sale or other transfer of interest in a property owned by and licensed as a hospital, convent, monastery, skilled nursing home, memory care home, assisted living home, senior personal care independent living home, extended care facility, or convalescent or rehabilitation home, or in a dormitory owned or leased by an educational institution are now exempt from TOPA.

Transfer of Ownership Interests

The Act now permits the admission of one or more limited partners or investor members who, individually or collectively, will hold only a minority interest in the ownership entity and will make capital contributions. Subject to some exceptions, the Act also allows for the exit of limited partners or investor members who have previously made capital contributions. However, newly admitted investors are prohibited from acquiring any additional interest in the ownership entity within 12 months following their initial admission. In practice, these changes are expected to reduce barriers for investors (as the lengthy and costly TOPA process may have deterred investment in multifamily properties in the District) and encourage

increased investor participation in District multifamily projects.

Estate Transfers

Estate transfer, even for consideration, to family members (including surviving spouses, domestic partners, or heirs), as well as transfers to trusts or entities controlled by family members, do not constitute a sale for TOPA purposes.

The burden of proving that a sale or transfer is exempt from TOPA remains with the building owner. Notably, the Act eliminates the option for landlords to request an official decision from the District regarding whether TOPA applies to a specific sale or transfer.

NOTICE REQUIREMENTS

The Act modifies notice requirements associated with both exempt and non-exempt transactions. For transactions that qualify for one or more of the exemptions described above, an offer of sale to tenants is not required. However, a Notice of Transfer must be provided in each such instance. One additional notable amendment to the Act is that bona fide foreclosure sales are now exempt from TOPA, but still require a Notice of Transfer. A Notice of Transfer does not grant purchase rights to tenants but serves to notify them that the property is exempt from TOPA. In addition, all leases for exempt buildings must disclose to prospective tenants that the building is exempt from TOPA. For existing tenants, landlords of exempt properties must provide written notice regarding the applicability of the exemption no later than March 31, 2026.

For transactions that are not exempt from TOPA, the Act imposes additional notice requirements to inform tenants of (1) their right to receive free assistance and training regarding their TOPA rights from DHCD approved Tenant Support Providers, and (2) the names and contact information of all Tenant Support Providers certified at the time of the offer (which will be made available on a publicly accessible DHCD website), in addition to the existing notice requirements.

QUALIFIED PURCHASER

Under the Act, “Qualified Purchasers” (developers who are certified and approved by the District) may now qualify to acquire TOPA properties. Once obtained, certification as a Qualified Purchaser is valid for four years. DHCD is working to create a publicly accessible database of Qualified Purchasers. For the first four years following the Act’s effective date, any entity previously designated as a pre-approved developer under 14 DCMR § 2499.1 will automatically receive certification as a Qualified Purchaser. In practice, this may increase the ability of nonprofit organizations to compete with market purchasers and support the creation of affordable housing in the District.

NON-INTERFERENCE “COOLING” PERIOD

In buildings with five or more units, tenant organizations may not assign their TOPA rights to a third party within the first 45 days after receiving an offer of sale unless they have completed required training and registration. For buildings with fewer than five units, a 22-day period applies.

Under the Act, owners, prospective third-party purchasers, and others with an interest in the sale are prohibited from interfering with tenant decision-making. Prohibited interference includes negotiating with tenants before certified Tenant Support Providers have been notified, attempting to influence tenants without disclosing a financial interest in the transaction, or failing to inform tenants of their right to free assistance and training from an approved Tenant Support Providers.

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CHANGES TO TOPA D.C. RENTAL ACT OF 2025

The Act requires the Mayor to establish a public online database (known as the TOPA Transparency Portal) within one year of the Act's effective date. The portal will provide public access to information regarding TOPA transactions and tenant actions, including basic information about properties offered for sale, whether a tenant organization has been formed, whether development agreements have been filed, and whether a Notice of Transfer has been submitted. The portal will show only offers of sale after the applicable 15-day cooling-off period has passed.

TOPA CONTRACT REQUIREMENTS

Any written agreement or contract with tenants under TOPA will be unenforceable unless it is filed with DHCD within 30 days after execution by all parties and includes certain minimum information, such as the property address and ward, unit count, purchase price, and details regarding rent stabilization or affordability.

DHCD is required to provide standard contract templates and to issue rules governing the minimum information that must be included in TOPA purchase agreements. Although use of the templates is not mandatory, they will identify provisions and details that must be included for compliance.

In conclusion, while many challenges and questions to the interpretation of the Act's provisions are expected, our firm will continue to monitor the developments and provide updates as needed.

This alert is not intended to contain legal advice or to be an exhaustive review. If you have any questions related to TOPA or the Act, please contact your J&C attorney.

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