Mayor's Office of Housing and Community Development
City and County of San Francisco

Daniel Lurie
Mayor

Daniel Adams
Director

Community Opportunity to Purchase Act (COPA)
Frequently Asked Questions

This FAQ does not constitute legal advice. You may wish consult with a real estate professional or real estate attorney.

Q: What is the Community Opportunity to Purchase Act (COPA)?
A: The Community Opportunity to Purchase Act, or COPA, is a City law that gives qualified non-profit organizations the right of first offer and/or refusal to purchase most multifamily properties for sale in San Francisco. The law aims to prevent tenant displacement and create long-term affordability. The text of the ordinance can be found in the San Francisco Administrative Code Chapter 41B and is linked here.

Q: How long has COPA been in effect?
A: The legislation went into effect on September 3, 2019 and was amended on November 13, 2020 and April 23, 2024.

Q: What properties are subject to COPA?
A: COPA applies to multi-family residential buildings in San Francisco, which are defined as privately-owned real property on which (a) 3 or more residential units exist, including without limitation mixed-use properties; (b) lots on which 3 or more residential units are under construction; and (c) vacant lots on which 3 or more residential units could be built under the Planning Code and other applicable laws. Sales of TIC (Tenancy-In-Common) properties with multiple owners may be subject to COPA if the entire property is being sold in a single transaction or a series of related transactions.

Q: Does COPA apply to the sale of a property with 2 legal residential units and a 3rd illegal or "in-law" unit?
A: No. All units of a subject residential property must be legal residential units and conform to legal requirements, such as Building Code standards or permit provisions.

Q: How do recent laws regarding lot splits and ADU construction factor into the computation of 3+ units for vacant lots?
A: The Seller of a vacant lot must comply with COPA if the current San Francisco Planning Code and other City laws--including zoning requirements--permits the use as residential and would allow the development of at least three residential units (i.e. by right). For example, a Seller would not need to comply with COPA if a Buyer would need to obtain a variance or conditional use approval to develop 3 units or more on the vacant lot. Each permitted or constructed ADU would be considered a lawful unit of the property.

Q: Are any properties exempt or excluded from COPA?

A: The following transactions are excluded from COPA: (1) Deeds of Trust; (2) Transfers by Federal or State Entities; (3) Transfers into Living Trusts or of the property in probate to an heir*; (4) Transfers between spouses, domestic partners and certain other family members; and (5) Certain transfers by Nonprofits. Otherwise, the property and transaction are subject to COPA regulations. *Probate sales to third parties are subject to COPA. These sales must comply with COPA requirements after the court confirmation process.

Q: What does COPA require Sellers to do before listing or otherwise selling a property?
A: Sellers must first provide a Notice of Sale to all Qualified Nonprofits (QNPs)l.

Q: What happens if an Owner of a property receives an unsolicited purchase offer?
A: If an Owner receives an unsolicited offer, they must notice the QNPs including the items COPA requires in a notice as well as the offer price. If no QNP expresses interest in 5 calendar days, the Owner can enter into contract with the party who submitted the unsolicited offer. If any QNP expresses interest, then the Right of First Offer and Right of First Refusal apply

Q: What are Qualified Nonprofit Organizations (QNPs)?
A: These are organizations that have been approved by the Mayor's Office of Housing and Community Development (MOHCD) to purchase properties under COPA. The Seller must contact everyone on the current list of QNPs with a "Seller's Notice of Sale" if the property is subject to COPA. You can find the current list of QNPs at https://sfmohcd.org/community-opportunity-purchase-act-copa

Q: What does COPA require in a Seller's Notice of Sale to QNPs?
A: A Seller's Notice of Sale to QNPs must contain at least the following:

1) The number of residential rental units in the property;
2) The address of each rental unit;
3) The rate of rent due for each unit.

Q: Is the Seller required to disclose the proposed list price to QNPs as part of the Seller's Notice of Sale?
A: No. While the proposed list price is not required in the Seller's Notice of Sale to QNPs, the Seller must disclose the list price if requested by a QNP when attempting to exercise their Right of First Offer and/or Right of First Refusal. Note that any changes in terms of the sale of the property, including list or sales price, will require the Seller to submit a new Seller's Notice of Sale to interested QNPs.

Q: How does COPA's Right of First Offer work?
A: Once the Seller delivers the Notice of Sale, QNPs have 5 calendar days to provide written notice to the Seller expressing interest in purchasing the property.

Q: What happens if 5 days pass after the Notice of Sale and there no QNP responses?
A: If no QNP makes an offer for the property during this period, a Seller may proceed with listing and marketing the property and offer to sell the property to other purchasers.

Q: What are the next steps for a Seller if a QNP responds to a Notice of Sale expressing interest in the property?
A: The Seller must notify tenants of the QNP's interest and provide additional disclosures as specified in the COPA legislation and the MOHCD-supplied tenant notification form.
From the time these two actions are completed, the QNP has 25 days to make a purchase offer, thereby exercising its Right of First Offer. If a Seller does not accept the offer, the QNP has a legal Right of First Refusal to match the price and terms of an offer from a third party, if the Seller intends to accept that offer.

Q: How does COPA's Right of First Refusal work?
A: If a Seller receives a third party (non-QNP) offer to purchase their property and wishes to accept that offer, the Seller must offer the property for purchase to a QNP on the same terms and conditions. The Seller must include in the terms and conditions the identical price and amount of commission to be paid to the third-party purchaser's broker. QNPs have 30 days to exercise their Right of First Refusal.

Q: If the Seller accepts an offer by a QNP, is there a mandatory time for due diligence or financing contingencies?
A: Yes. Under these circumstances, a QNP would have 60 days to conduct due diligence and secure financing, unless otherwise agreed upon in writing. If the QNP is not able to secure financing in 60 days, then the Seller is free to list the property on the open market.

Q: What happens if the property is not sold?
A: If, within one year of providing the Notice of Sale the Seller has not executed a purchase and sale agreement for the property, the Seller must provide each QNP with a new Notice of Sale indicating Seller's continued intent to sell the property. Each year thereafter on that date, the Seller must provide QNPs with a Notice of Sale until the property is sold.

Q: What happens if a Seller no longer wants to sell the property?
A: If the Seller elects to not sell the property, the Seller shall provide each QNP with written notice that the Seller no longer intends to sell the property.

Q: What actions constituting "removing the property from the market" would trigger the Seller to restart the notification process?
A: Every year after the anniversary date of the Seller's Notice of Sale, if the Building remains for sale, the Seller shall provide each Qualified Nonprofit with a new notification of the Seller's continued intent to Sell the Building, and at that time shall provide each Qualified Nonprofit with a new opportunity to make an offer to Purchase the Building until the Building is Sold to a Qualified Nonprofit or a Purchaser, as applicable. If the Seller elects to not Sell the Building, the Seller shall provide each Qualified Nonprofit with written notice that the Seller no longer has intent to Sell the Building.

Q: If a seller has already complied with COPA and their building is still on the market, does the subsequent addition of a new qualified QNP to the current QNP list require the seller to begin the process anew?
A: No. If the building is still on the market and a new QNP has been added to the QNP list, the Seller does not need to begin the Notice of Sale process anew. However, if there are any changes to the terms of the Sale of the property or listing of the property, the Seller must provide an updated Notice of Sale to the QNPs.

Q: What does a Seller do if they didn't comply with COPA at the outset by providing a Notice of Sale to QNPs?
A: If the Seller prematurely markets the property without following COPA guidelines, the Seller must start from the beginning by following all requirements of the COPA notification process.

Q: Are there COPA filing requirements Sellers must satisfy?
A: Yes. Every Seller of a multi-unit residential property must submit a COPA Seller Declaration Form to MOHCD under penalty of perjury affirming that they complied with the COPA legislation. The Declaration **must be submitted within 15 days after the sale**. The COPA Seller Declaration form can be found at https://sfmohcd.org/community-opportunity-purchase-act-copa. The form should be submitted to: copa.mohcd@sfgov.org or mailed to:

Mayor's Office of Housing and Community Development
Attn: COPA Seller Declaration Form
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

Q: Are There Fines, Penalties or Risks of Claim If a Seller Violates COPA?
A: Yes. If a Seller violates the COPA legislation, a QNP may file civil legal actions against the Seller and seek recovery of their attorney's fees. Damages from the civil legal action shall equal the difference between the market price of the property at the time of the sale in violation of COPA, and the price which the QNP could have purchased the property at the time when damages are awarded, i.e., at the time of a future trial some months or years later. Where the Seller's violation of COPA has been found to be "knowing or willful" civil penalties may be assessed, which are presumed to equal 10% of the value of the multi-unit residential property for the first violation, 20% for the second violation, and 30% for any subsequent violation. Fines may also be sought by the City. Any party who "willfully colluded" with a Seller to violate COPA may also be subject to a civil action under COPA. Certain fines apply for a Seller's failure to file a Declaration.

Q: Are there protections for existing tenants of COPA purchased properties?
A: Yes. Each existing residential tenant in the building will be permitted to retain that tenant's existing leasehold interest, including subleases, according to the terms of that tenant's existing lease. This aligns with the policy objective of COPA to stem displacement, especially for vulnerable households, and to stabilize neighborhoods experiencing turnover of multifamily properties and tenants.

Q: Are there Rent Restrictions for COPA purchased Properties?
A: Yes. QNPs must maintain COPA purchased Properties as rent-restricted affordable housing in perpetuity.

Q: What are the affordability levels for COPA purchased Properties?
A: The average of all rent and utilities paid by all residential tenants must not exceed the amount that is equal to 30% of 80% of Area Median Income, as adjusted for household size. QNPs have the sole responsibility to ensure that such average is maintained for a Building purchased under COPA. Gross household income of any new tenants in the Building will not exceed 120% of Area Median Income, as adjusted for household size and published by MOHCD.

Q: Is there a form of the Notice of Special Restriction (NSR) provided by MOHCD for use by QNPs?
A: Yes. You can find a form of the NSR here.

Q: Can COPA purchased Properties be converted into Limited Equity Housing Cooperatives (Co-ops)?
A: Yes. QNPs may convert COPA purchased properties as rent-restricted affordable housing into a limited equity housing cooperative under Subdivision Code Division 11, provided that such QNPs shall fully comply with the requirements of Subdivision Code Division 11 and these COPA purchased Properties remain restricted as affordable housing in perpetuity under a new Notice of Special Restriction.

Q: Are there any benefits for Sellers?
A: Yes.

1. Partial City Transfer-Tax Exemption. The increased tax rate imposed by subsections (d), (e), and (f) of Business and Tax Rules Code Section 1102 will not apply to a transfer of property under Section 41B.6 of the ordinance. This caps the transfer tax rate at $3.75 per

$500, providing significant reduction in transfer tax for properties with sale prices exceeding $5 million.

2. Potential Federal Tax Benefits. Any Qualified Nonprofit that purchases a Building under the Right of First Offer pursuant to COPA will work with the Seller to facilitate the realization of any federal tax benefits available under 26 U.S.C. §1031.