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## SEC. 41B.4. QUALIFIED NONPROFITS.

(a) **Annual Selection of Qualified Nonprofits.** The Agency shall establish a process for certifying nonprofit organizations that meet the following criteria:

(1) The organization is a bona fide nonprofit, as evidenced by the fact that it is exempt from federal income tax under 26 U.S.C. § 501(c)(3);

(2) The organization has demonstrated a commitment to the provision of affordable housing for low- and moderate-income City residents, and to preventing the displacement of such residents;

(3) The organization has demonstrated a commitment to community engagement, as evidenced by relationships with neighborhood-based organizations or tenant counseling organizations;

(4) The organization has demonstrated the capacity (including, but not limited to, the legal and financial capacity) to effectively acquire and manage residential real property at multiple locations in the City; and

(5) The organization has, within the previous five years, acquired or partnered with another housing development organization to acquire at least two residential buildings using funding provided by the Agency, or has acquired or partnered with another nonprofit organization to acquire at least two residential buildings under this Chapter 41B.

Nonprofit organizations that the Agency certifies as having met these criteria shall be known as “Qualified Nonprofits.” An organization’s certification as a Qualified Nonprofit shall be valid for three years. The Agency shall solicit new applications for Qualified Nonprofit status at least once each calendar year, at which time existing Qualified Nonprofits shall be eligible to apply for renewed certification as Qualified Nonprofits. In the absence of new information raising doubts about whether the organization qualifies as a Qualified Nonprofit, an existing Qualified Nonprofit’s application for renewed certification as a Qualified Nonprofit shall be routinely and swiftly granted.

(b) **Existence and Publication of Qualified Nonprofits List.** The Agency shall publish on its website, and make available upon request, a list of Qualified Nonprofits. In addition to such other information as the Agency may include, this list shall include contact information for each Qualified Nonprofit. This contact information shall include, but need not be limited to, a mailing address, an e-mail address that the Qualified Nonprofit monitors regularly, and a telephone number.

(c) **Disqualification of Qualified Nonprofits.** The Agency shall promptly investigate any complaint alleging that a Qualified Nonprofit has failed to comply with this Chapter 41B. If, after providing the Qualified Nonprofit with notice and opportunity to be heard, the Agency determines that a nonprofit organization listed as a Qualified Nonprofit has failed to comply with this Chapter, the Agency may suspend or revoke that nonprofit organization’s certification as a Qualified Nonprofit.

■ (Added by Ord. [79-19](#), File No. 181212, App. 5/3/2019, Eff. 6/3/2019)

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## SEC. 41B.5. GENERAL PROVISIONS.

(a) **First Right to Purchase Conferred.** This Chapter 41B shall be construed to confer upon each Qualified Nonprofit a first right to purchase any Multi-Family Residential Building for Sale in the City. This first right to purchase shall consist of both a right of first offer, as set forth in Section 41B.6, and a right of first refusal, as set forth in Section 41B.7.

(b) **Confidential Information Protected.** Any information obtained from a Seller by a Qualified Nonprofit under this Chapter 41B—including, but not limited to, disclosures made under Section 41B.6(c) and (e), and terms and conditions of an offer of Sale made under Section 41B.7(b)—shall be kept confidential to the maximum extent permitted by law, except that a Qualified Nonprofit may, if otherwise permitted by law, share such information with other Qualified Nonprofits to facilitate Qualified Nonprofits’ exercise of the rights conferred by this Chapter. Nothing in this Chapter permits or requires the disclosure of information where such disclosure is otherwise prohibited by law.

(c) **Preexisting Rights Unaffected.** This Chapter 41B shall not be construed to impair any contract, or affect any property interest held by anyone other than the Seller of a Multi-Family Residential Building (including, but not limited to, any interest held under a mortgage, deed of trust, or other security interest; any option to purchase; or any right of first offer or right of first refusal), in existence before the effective date of this Chapter.

■ (Added by Ord. [79-19](#), File No. 181212, App. 5/3/2019, Eff. 6/3/2019)

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## SEC. 41B.6. RIGHT OF FIRST OFFER.

(a) **General Construction.** This Section 41B.6 shall be construed to confer upon each Qualified Nonprofit a right of first offer with respect to any Multi-Family Residential Building for Sale in the City, as set forth in this Section.

(b) **Opportunity for Qualified Nonprofits to Submit Offers.** Before the Seller of a Multi-Family Residential Building may offer that Building for Sale to any Purchaser other than a Qualified Nonprofit, or otherwise solicit any offer to Purchase that Building from any Purchaser other than a Qualified Nonprofit, the Seller shall notify each Qualified Nonprofit, via e-mail, of its intent to Sell the Building, and shall provide each Qualified Nonprofit with an opportunity to make an offer to Purchase the Building as set forth in subsections (d)–(f). The Seller shall submit this notification on the same calendar day and, to the extent possible, at the same time, to each of the e-mail

addresses included on the Agency's list of Qualified Nonprofits pursuant to Section 41B.4(b).

(c) **Related Disclosures.** When the Seller, pursuant to subsection (b), notifies each Qualified Nonprofit, via e-mail, of its intent to sell a Multi-Family Residential Building, the Seller shall also provide each Qualified Nonprofit with the following information:

- (1) The number of rental units in the Building;
- (2) The address or location of each rental unit; and
- (3) The rate of rent due for each unit.

(d) **Time for Qualified Nonprofits to Express Interest.** No later than 11:59 p.m. on the fifth full calendar day after a Seller has, pursuant to subsection (b), notified each Qualified Nonprofit, via e-mail, of its intent to Sell a Multi-Family Residential Building, each Qualified Nonprofit shall notify the Seller and every other Qualified Nonprofit, via e-mail, as to whether or not the Qualified Nonprofit wishes to further consider whether to make an offer to Purchase the Building. If, after 11:59 p.m. on the fifth full calendar day after a Seller has notified each Qualified Nonprofit of its intent to Sell the Building, no Qualified Nonprofit has notified the Seller that it wishes to further consider whether to make an offer to Purchase the Building, the Seller may immediately proceed to offer the Building for Sale to, and to solicit offers of Purchase from, prospective Purchasers other than Qualified Nonprofits, subject to the right of first refusal set forth in Section 41B.7. If, at or before 11:59 p.m. on the fifth full calendar day after a Seller has notified each Qualified Nonprofit of its intent to Sell the Building, each Qualified Nonprofit has notified the Seller that the Qualified Nonprofit does not wish to further consider whether to make an offer to Purchase the Building, the Seller may likewise immediately offer the Building for Sale to, and solicit offers of Purchase from, prospective Purchasers other than Qualified Nonprofits, subject to the right of first refusal set forth in Section 41B.7.

(e) **Additional Disclosures.** If, no later than 11:59 p.m. on the fifth full calendar day after a Seller has notified each Qualified Nonprofit of its intent to Sell a Multi-Family Residential Building, any Qualified Nonprofit has, consistent with subsection (d), notified the Seller that the Qualified Nonprofit wishes to further consider whether to make an offer to Purchase the Building, the Seller shall disclose to each such Qualified Nonprofit, via e-mail, the name or names of any tenant or tenants in each rental unit of the Building, as well as any available contact information for each tenant.

(f) **Time for Qualified Nonprofits to Make Offer.** Upon receipt, via e-mail, of the disclosures described in subsection (e), each such Qualified Nonprofit (that is, each Qualified Nonprofit that has, consistent with subsection (d), notified the Seller that the Qualified Nonprofit wishes to further consider whether to make an offer to Purchase the Building) shall have 25 additional calendar days to decide whether to make an offer to Purchase the Building, and to submit any such offer to the Seller. Any such offer of Purchase shall be presumed to be contingent upon the Qualified Nonprofit's ability to conduct due diligence and secure financing in a manner consistent with subsection (g), unless the Seller and the Qualified Nonprofit expressly agree otherwise in writing.

(g) **Seller Free to Accept or Reject Offer.** The Seller is free to accept or reject any offer of Purchase submitted by a Qualified Nonprofit under subsection (e). Any such acceptance or rejection shall be communicated in writing. If the Seller rejects all such offers of Purchase, or if the 25-day period described in subsection (e) has elapsed and no Qualified Nonprofit has submitted an offer of Purchase, the Seller may immediately offer the Building for Sale to, and solicit offers of Purchase from, prospective Purchasers other than Qualified Nonprofits, subject to the right of first refusal set forth in Section 41B.7.

(h) **Seller's Acceptance of Offer.** If the Seller accepts an offer of Purchase submitted by a Qualified Nonprofit, the Qualified Nonprofit shall have 60 days to conduct due diligence and secure financing related to the Purchase, unless the Seller and the Qualified Nonprofit have expressly agreed otherwise in writing. At the end of this 60-day period (or any other period to which the Seller and the Qualified Nonprofit have expressly agreed in writing), the Seller shall proceed to Sell the Multi-Family Residential Building to the Qualified Nonprofit in a manner consistent with the Qualified Nonprofit's offer of Purchase.