

City Initiatives Roadmap – Housing Stabilization:

Community Opportunity to Purchase Program Status Report

**Community and Economic
Development Committee**

March 27, 2023
Item d(3)

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Why COPA?

Goals:

- 🏠 Prevent displacement of lower-income renters
- 🏠 Grow the amount of permanently affordable housing
- 🏠 Empower tenants with knowledge to better plan for their futures, participate in acquisition process
- 🏠 Provide tools to support community ownership opportunities



COPA Public Engagement by the Numbers

16

Advisory
Committee
meetings

37

1-on-1
stakeholder
meetings

1,200

Approximate combined
total attendance

12

General
public
meetings

50

Organizations
that participated
in meetings

480⁺

different people
participated in any
COPA meeting



Preventing Displacement and Homelessness

To prevent further displacement and homelessness, San José needs **more** nonprofit housing providers

- San José has a mismatch between rents and household incomes for many categories of jobs
- Local study found 25% of displaced lower-income renters became homeless
- Nonprofit housing providers
 - Match renters' incomes to housing costs
 - Mission aligned with City's



Removing Barriers through COPA

Barriers	COPA Solution
Market timelines are too fast	Allow nonprofits to assess their ability to assemble affordable housing funding and make competitive offers
Key properties may be unknown to nonprofit buyers	Require all properties in program to notify QNPs of sale

COPA Process – First Offer and Final Offer

- Owner would notify Qualified Nonprofits (QNP) when property is coming up for sale
 - QNP could make the first offer to buy properties covered by the program before open listing
- If owner rejects an initial QNP offer, and then gets offer from third-party buyer, QNP could make their final offer before owner sells to third party
- COPA would not require owners to accept any offer
- COPA would not require owners to sell to any one buyer



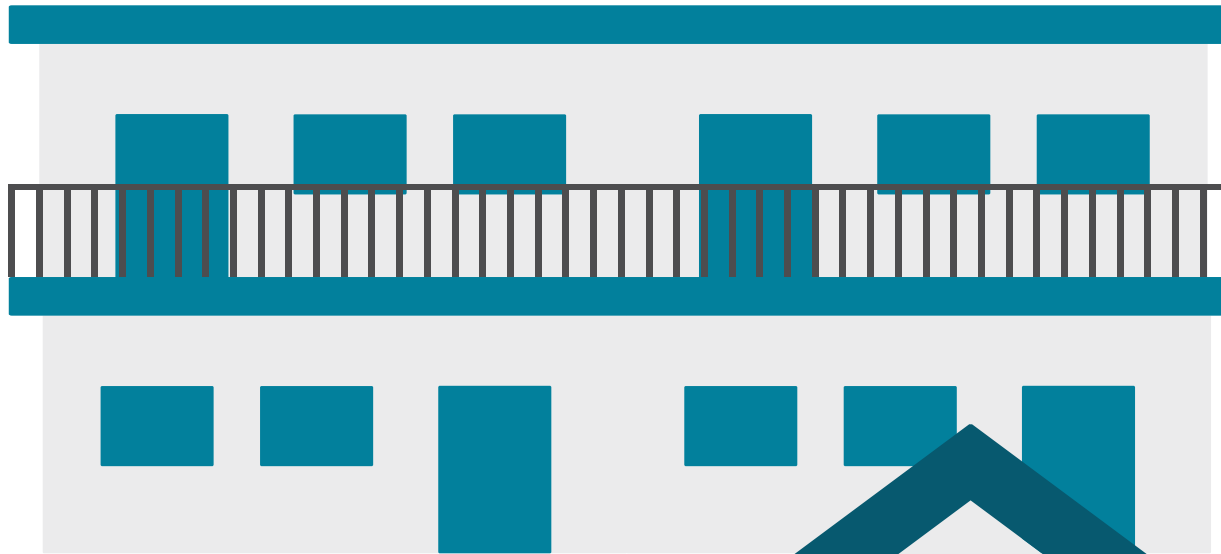
COPA Process Timeline

Timeline	Days	Applicable to Owners
Letter of Intent Period	15	Of 2+-unit properties (unless property were exempt)
Offer period	25	Who receive an offer from a Qualified Nonprofit (QNP)
Closing period	120	Who choose to <u>accept</u> an offer from a QNP
Counter-offer period	7	Who receive an offer from a QNP and a third-party

Total waiting period for most property owners } Max. required waiting period before listing



Applicability and Exemptions



All properties with
2+ units built at
least 15 years ago

Ordinance
includes exemptions
for specific properties



Qualified Nonprofit (QNP) Criteria



Nonprofit 501(c)(3) housing organizations



Successful track record in acquiring, rehabilitating, and managing at least one similar affordable housing property



Housing Department staff would recertify QNPs on a regular basis



Tenant Engagement

- 🏠 Tenants must be notified of owner's intent to sell at the same time as QNPs
- 🏠 QNPs must reach out to tenants



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Effective Date of Proposed Program

- 🏠 Later of 12 months, or when these tasks are completed:
 1. Program regulations drafted, outreach conducted, regs approved by CMO
 2. At least two Qualified Nonprofits approved
 3. Technology tool operational
 4. Financing identified

- 🏠 City to issue notice 60 days in advance of when COPA will go into full effect



Enforcement and Incentives



Educational
approach
Extensive
outreach



Administrative
enforcement

- Gradual process, from letter to fines
- Fines connected to other City fee schedules



Cooperation on
tax-advantaged
(1031)
property sale
timelines



Staff exploring
possible
financial
incentives on
City fees, taxes

Homeownership options under COPA

- 🏠 QNPs could operate properties acquired through COPA as rentals or could convert to ownership model
- 🏠 If QNP owner eventually decides to resell, they would have to offer tenants a first opportunity to purchase
- 🏠 City support for ownership conversions
 - Guided by consultant feedback and broader City strategy on homeownership
 - Further defined in future City NOFAs
- 🏠 Community Land Trusts with track record could purchase for community ownership





Housing

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