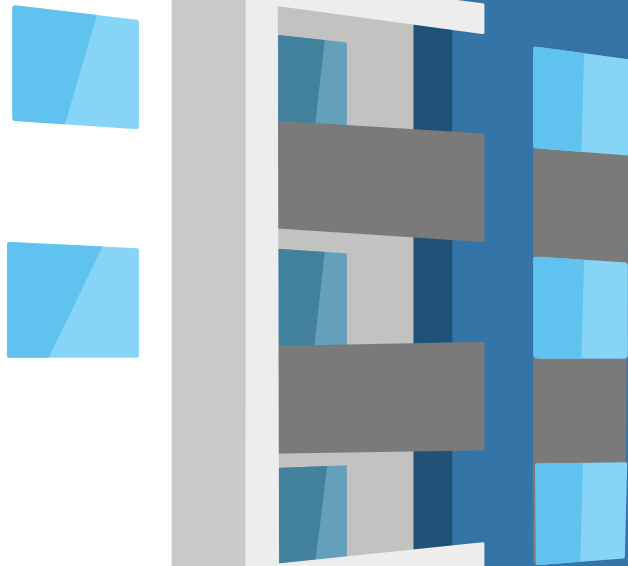




Housing

Community Opportunity to Purchase Act (COPA) Proposal Update

Public Stakeholder Meeting
November 14, 2022



Spanish Interpretation Available



Agenda

- 🏠 Welcome
- 🏠 Introduction to presenters
- 🏠 Where we are in the process
- 🏠 Revisiting the purpose of COPA
- 🏠 Overview of draft Revised Framework
- 🏠 Q&A
- 🏠 Wrap up/next steps



Where we are in the process

- Sep 2020: City Council approved the *Citywide Residential Anti-Displacement Strategy*, including direction to explore COPA
- Apr 2021 to Jan 2022: Extensive stakeholder/community engagement process; over 500 people engaged in 50 meetings
- Jan – May 2022: *Pause on COPA due to Housing Element work*
- Jun – Oct 2022: COPA research resumes
- Nov 2022 – Jan 2023: Public review of draft Revised Framework
- Spring 2023: Housing & Community Development Commission, City Council Committee (CEDC), then full City Council



Discussion Norms

- 🏠 All participants will exhibit respect for each other and for the speakers
 - Disrespect can include swearing, personal attacks
 - Distracting side conversations that are not directed to the presentation content
- 🏠 The chat function is enabled to facilitate greater transparency and for more questions to be asked
 - We will monitor the chat, and reserve the right to disable the chat function if the conversation becomes disrespectful



Revisiting the Purpose of COPA



COPA goals

- 🏠 **Prevent displacement** of lower-income renters
- 🏠 Grow the amount of **permanently affordable housing in the city**
- 🏠 **Empower tenants** with knowledge to participate in the acquisition process
- 🏠 Provide tools to support **community ownership opportunities** and other asset building opportunities
- 🏠 **Increase market transparency** for nonprofit buyers



COPA overview

- **Affordable housing providers** would get the opportunity to make the **first offer** to buy **2+ unit** properties covered by the program before they are listed on the open market.
- If an owner **rejects** an initial offer from affordable housing provider and then gets an offer from a third-party buyer, COPA provides the right for the affordable housing provider to make a **final counter-offer**.
- COPA would **NOT** require sellers to accept the counter-offer.
 - COPA only includes a right to make an offer and counter-offer.



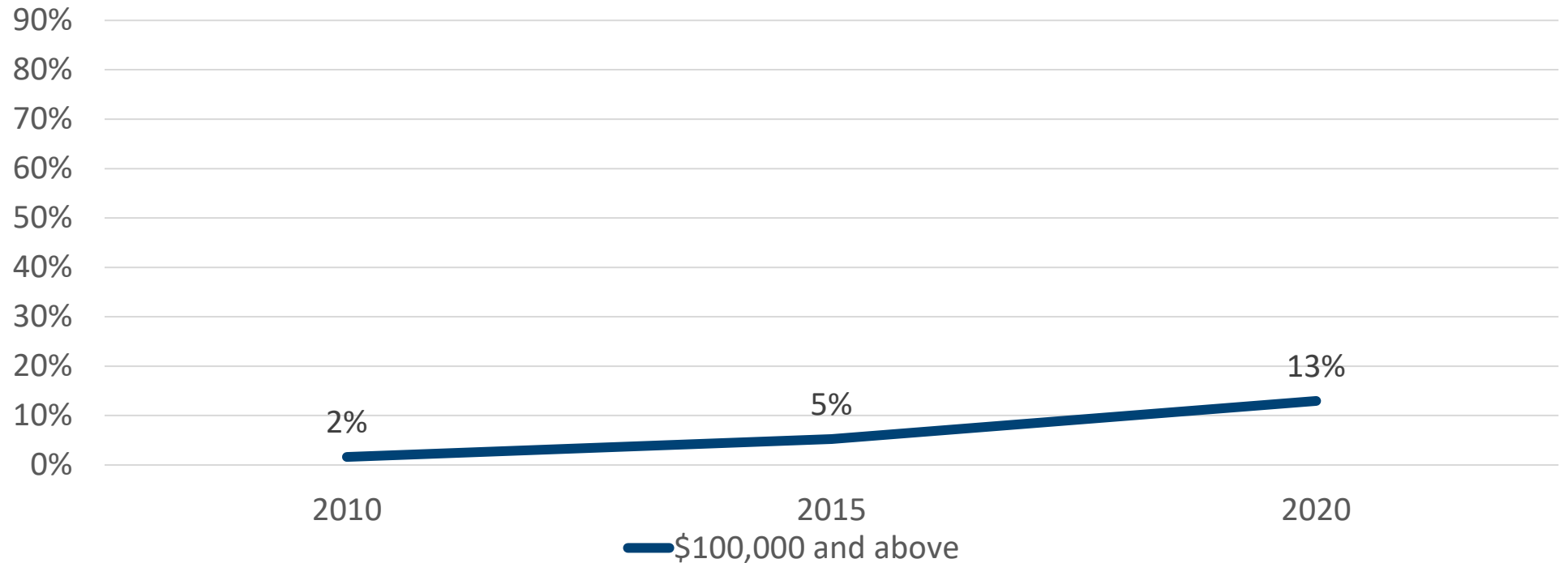
COPA could help cost-burdened renters

Share of San José Cost-burdened Renter Households by Income, 2010-2020



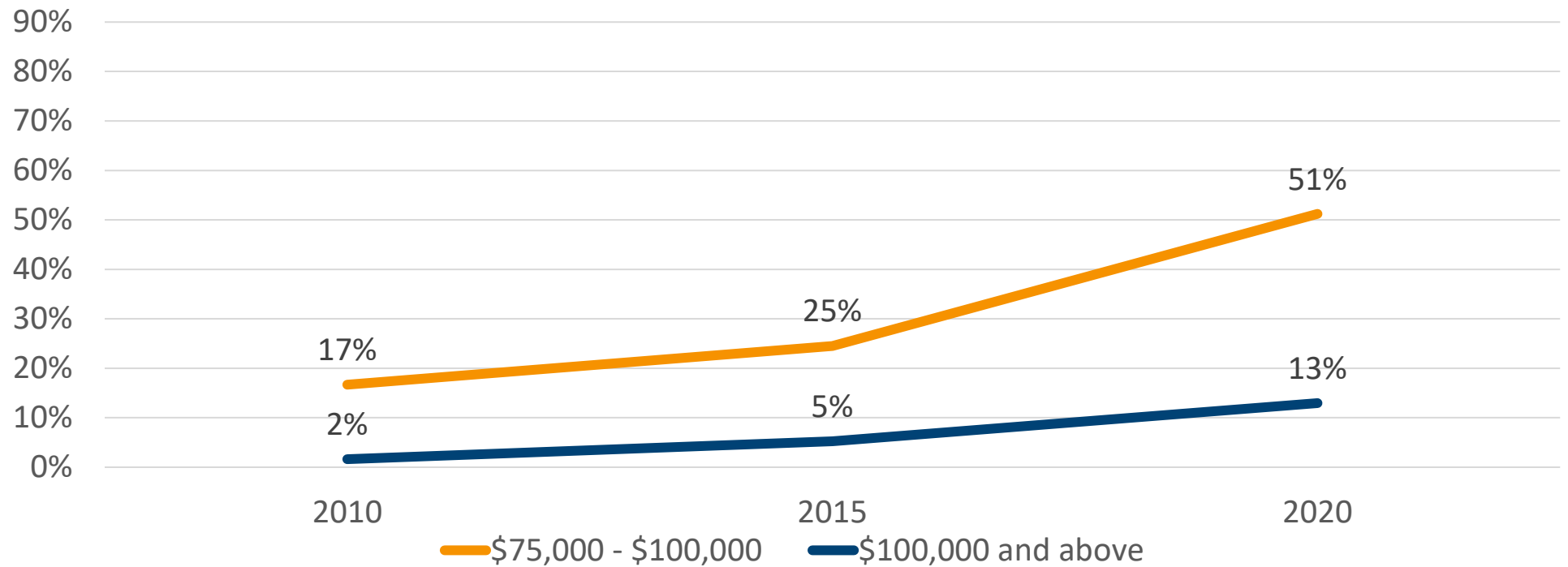
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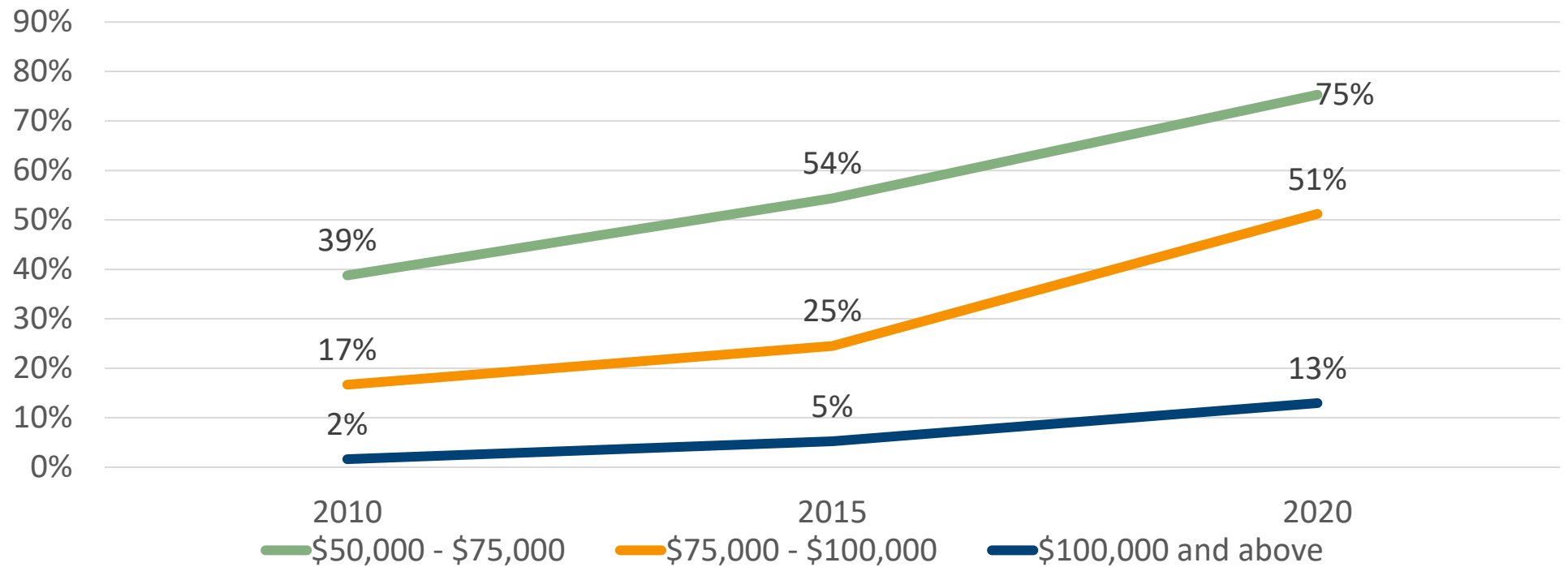
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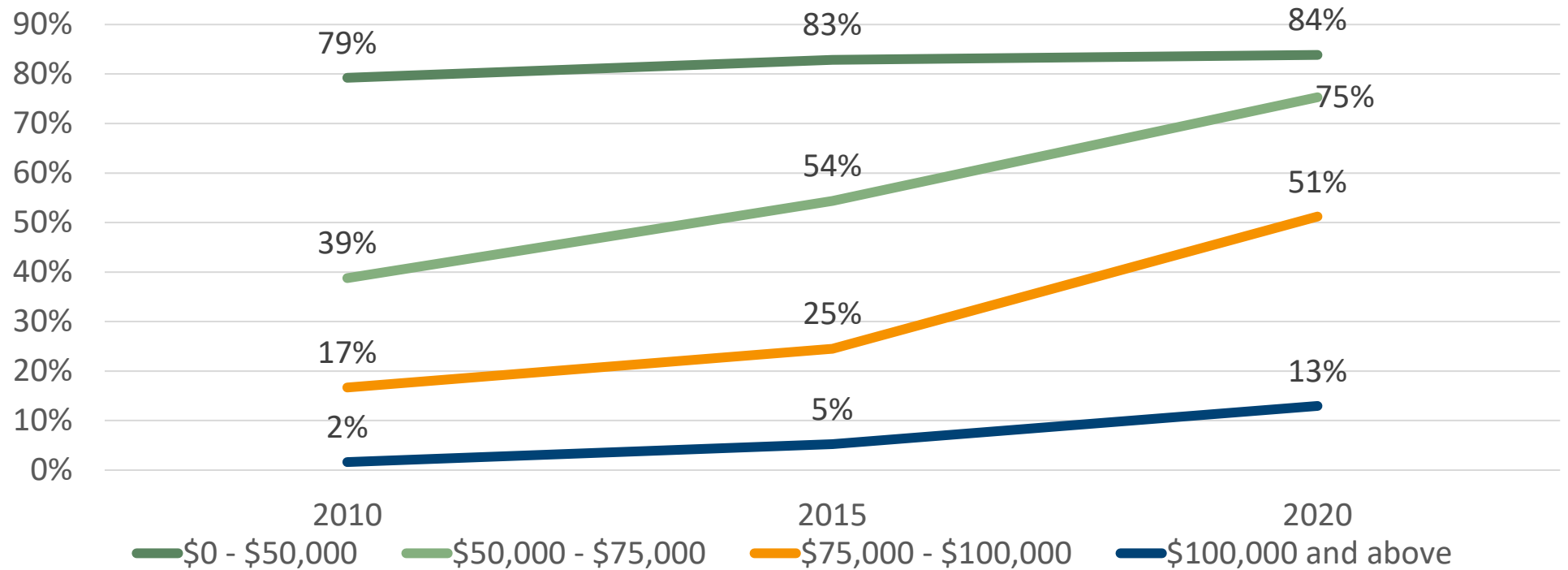
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COPA could help cost-burdened renters

Share of San José Cost-burdened Renter Households by Income, 2010-2020



COPA is an anti-displacement policy that would promote racial equity

- 🏠 Moment at which a building owner sells often triggers re-positioning of a property via rent increases that families may struggle to afford
 - In contrast, purchase by a nonprofit developer that can access public subsidies would stabilize existing residents and ensure permanent affordability
- 🏠 Racial equity: Displacement pressures are affecting communities of color most acutely



COPA addresses challenges that other solutions do not

- 🏠 COPA addresses **two major challenges** that affordable housing developers encounter in preservation of lower-cost housing
 - Market timelines
 - Market transparency
- 🏠 These issues cannot be resolved through additional technical assistance to affordable developers



COPA is key component of a housing preservation ecosystem

- 🏠 Why is Housing Preservation worth investing in?
 - Preserving low-cost housing delivers **significantly faster results** than building new affordable housing (1-2 years versus 5 years)
 - Preserving low-cost housing is **about 50% less expensive** than than building new affordable housing
 - Preserving low-cost housing projects **allow residents to stay in the neighborhoods where they already have community ties**



Affordable housing preservation funding is growing

- ▲ **Significant state and regional funding** is anticipated for **affordable housing preservation** in the coming years
- ▲ **Annual program impact will scale with amount of funding allocated** from local, regional, and state funding sources
 - Immediate impact (\$5M local allocation only): 10 -15 units/year
 - Mid-term impact (\$25-50M allocation): 80-160 units/year
 - Impact in mid-/long-term (all proposed regional/state funding sources become available): 380 units/year



COPA/TOPA policies in other cities are successful when funding and strong program design are in place

🏠 Washington D.C. (TOPA):

- Over 2,000 units preserved via TOPA between 2015 and 2018
- Provides clear evidence that impact scales with funding
- Supports development of many Limited Equity Cooperatives

🏠 San Francisco (COPA):

- Preserved 144 units since 2019, but units typically cost 30-50% less than new affordable housing construction
- City staff and advocates report that a longer letter of intent timeline would increase number of COPA acquisitions in SF



Overview of Revised COPA Framework



Roadmap for this Section

We will now present revisions to COPA draft framework. These revisions are based on:

- Synthesis of comments made in public stakeholder meetings in fall/winter 2021-2022
- Review of findings from interviews with expert stakeholders
- Staff research and data analysis



Elements of COPA Framework

- **Applicability:** Which properties are covered? What kinds of exemptions are granted?
- **Timeline:** How long do Qualified Nonprofits have to submit a Letter of Intent to Make an Offer and, if interested, an offer on a property? How long do they have to close on the sale?
- **Qualified Nonprofit (QNP) Qualifications:** Which types of organizations can become QNPs? How will non-local QNPs partner with community groups?
- **Tenant Engagement:** How will COPA support tenant education and empowerment?
- **Implementation:** How can technology be leveraged to make the QNP notifying process easier? How will the City track the effectiveness of COPA?



Applicability



Applicability – Revised Framework

🏠 All properties with 2+ units, with the following exceptions:

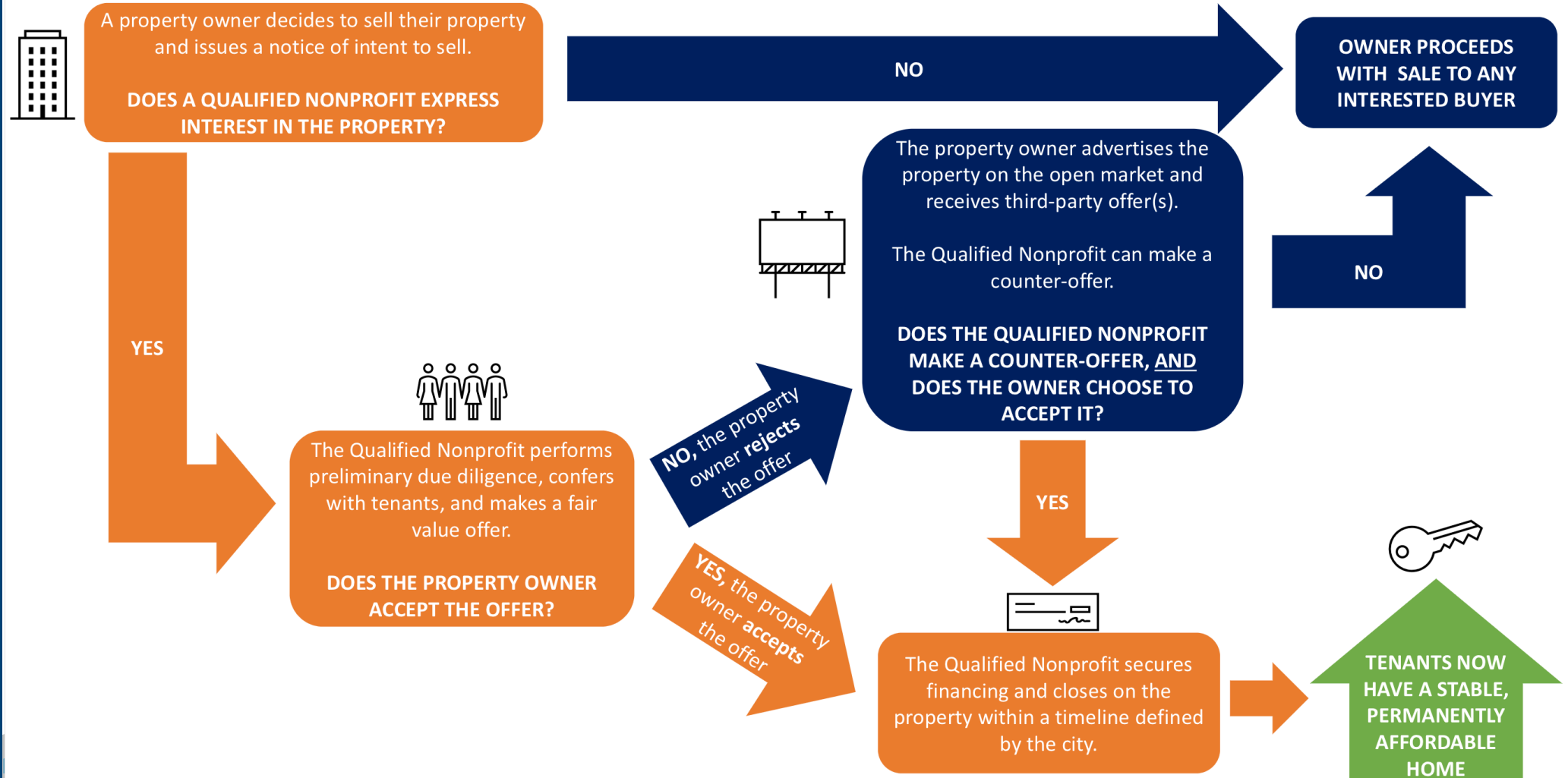
- Owner-occupied 2- to 4-unit properties
- Family transactions
- Properties in foreclosure or bankruptcy
- Partial ownership transfers
- **New: Properties built within the last 15 years**



Timeline



COPA Process Overview



Timeline – Revised Framework

<u>Timeline Element</u>	<u>Number of (Calendar) days</u>	<u>Applicable to:</u>
Letter of Intent Period	15	Property owners of 2+ unit buildings (unless property is exempt)
Offer period	25	Property owners who receive an offer from a Qualified Nonprofit
Closing period	100 (previously, 60 days for 2-4 unit properties)	Property owners who accept an offer from a Qualified Nonprofit
Counter-offer period	7	Property owners who receive an offer from a QNP and a third-party

Maximum time property owners are required to wait before advertising (40 days total)

Time property owners must provide **only if accepting a QNP offer**



Qualified Nonprofit Criteria



Qualified Nonprofit (QNP) criteria – Revised Framework

1. Housing Department Staff will recertify QNPs on a regular basis
2. QNPs must be nonprofit, 501(c)(3) organizations that have successfully acquired and managed a minimum of **3** (down from 4) properties



Qualified Nonprofit (QNP) criteria – Revised Framework (continued)

3. “Emerging QNPs” can acquire smaller properties (2-5 units) if they meet any of the following criteria:
- They hire highly experienced staff
 - They hire experienced consultants who provide support during acquisition and rehabilitation
 - They have successfully acquired and managed **2 (down from 3)** properties



Affordability



Affordability: Revised Framework

- No changes proposed to this element of the framework
- COPA to target renter families earning between 30-80% of AMI (for 1-person household, this is \$35K-94K)
- Staff continues to actively research how COPA can support affordable homeownership for lower-income families
 - Current proposal focuses on ownership options for 60-120% AMI
 - Focusing on alternative models of homeownership like limited equity cooperatives and community land trusts



Tenant Empowerment



Tenant Empowerment – Revised Framework

- 🏠 Tenants must be notified of property owner's intent to sell at the same time as QNPs
- 🏠 Notification letter is intended to:
 - Reduce tenant uncertainty and dispel fears about property sales
 - Provide information regarding tenant rights
 - Clarify that deed-restricted affordable housing would result from COPA purchase
 - Provide information about role and ways of contacting QNPs with questions
- 🏠 Notification would be consistent with laws and programs that inform tenants of conditions



Education, Enforcement, and Incentives



Education, Enforcement, and Incentives – Revised Framework

- 🏠 Administrative enforcement:
 - Gradual process, from letter to fines connected to other city fee schedules
- 🏠 Education: Extensive outreach to property owners and tenants
- 🏠 For joint partnerships, ensure program funding sources can cover costs associated with affordable housing developer knowledge transfer



Implementation



Implementation – Framework Clarifications

- 🏠 Housing Department should create a technology tool for property owners to give notice to QNPs
 - City-operated website portal for property owners to enter in information about their property and automatically notify QNPs
 - May be able to create opt-in for QNPs to indicate for which property types they're interested in receiving notifications



Feedback and Q&A



Feedback and Q&A Norms

- 🏠 Using the “raise hand” function on Zoom, please raise your “hand” to speak
- 🏠 The order in which participants raise their hands will be monitored and participants will be called on in the order they raise their hands.
- 🏠 Individuals who have not asked questions will be prioritized over those who have already asked one or more questions



Upcoming timeline

🏠 Next COPA Public Meeting:

Thursday, November 17th

6:00 to 8:00 pm

In-person meeting

Gardner Community Center

520 W. Virginia St, San José, CA 95125

[Registration](#)

- 🏠 Winter 2023: More public meetings in January
- 🏠 Spring 2023: Housing Commission and City Council Committee review (CEDC), then City Council



For more information or to submit comments

How was this meeting for you? Please take a survey and let us know how we can improve:

https://docs.google.com/forms/d/e/1FAIpQLScWhP098MZSTf0hp3DukZWEb9zI9uVCMV0op0NmentgrJyG6w/viewform?usp=sf_link

Email the Policy Team via the COPA webpage
(link at the bottom):

<https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-policy-plans-and-reports/copa>



Thank you!