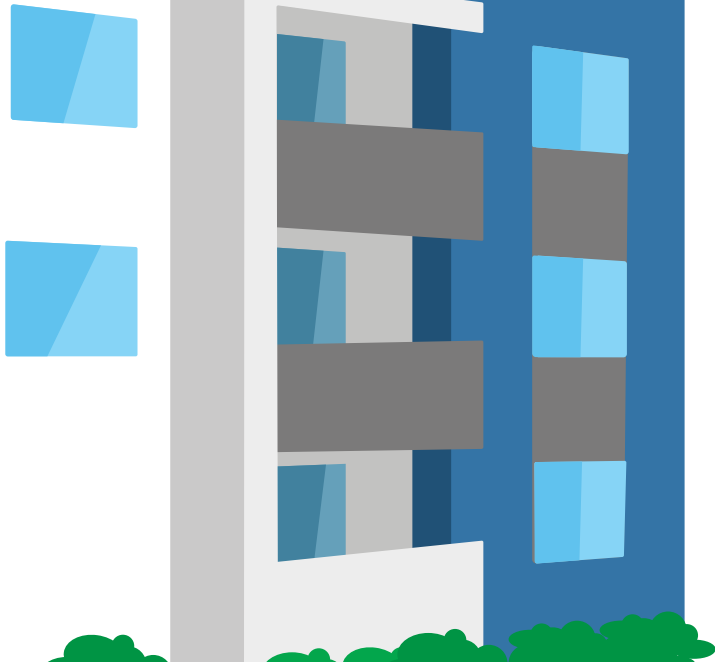




*Housing*

# Community Opportunity to Purchase Act (COPA) Proposal Update

**Public Stakeholder Meeting**  
November 17, 2022



# Agenda

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- 🏠 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, shouting, interrupting others
- 🏠 Be curious
- 🏠 Speak from your perspective
- 🏠 Keep an open mind
- 🏠 Everyone has space to talk



# 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

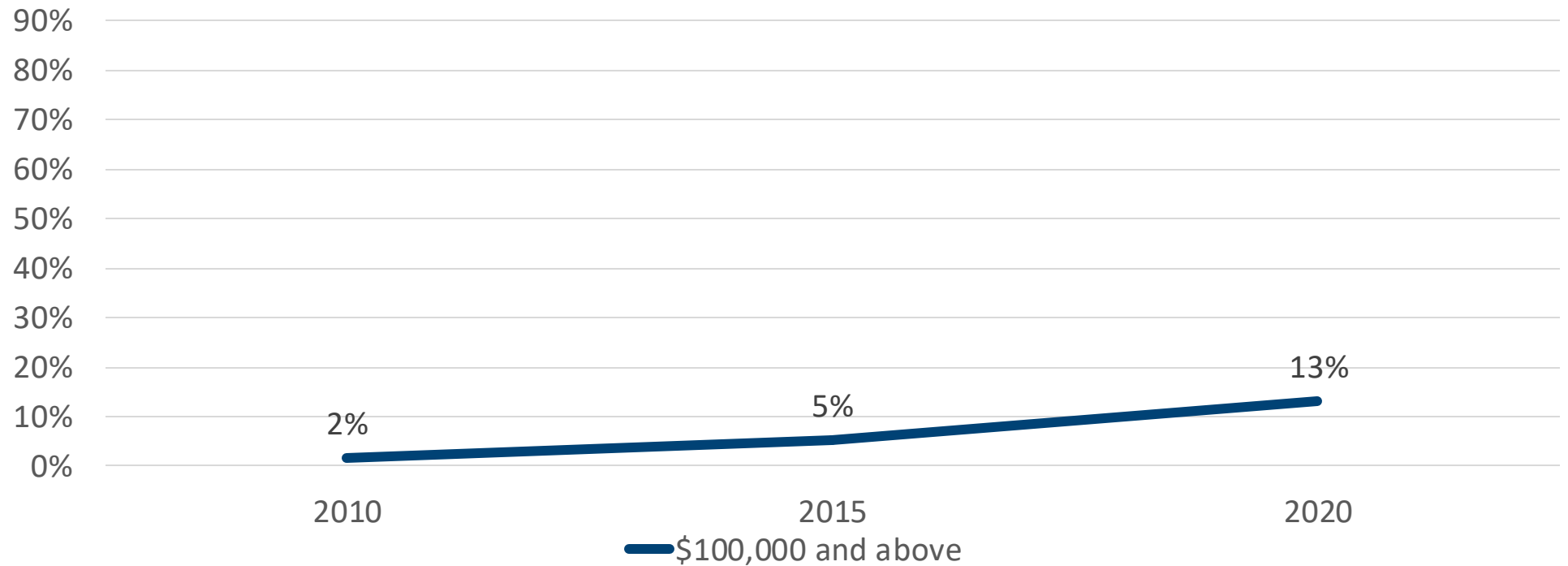
Share of San José Cost-burdened Renter Households by Income, 2010-2020





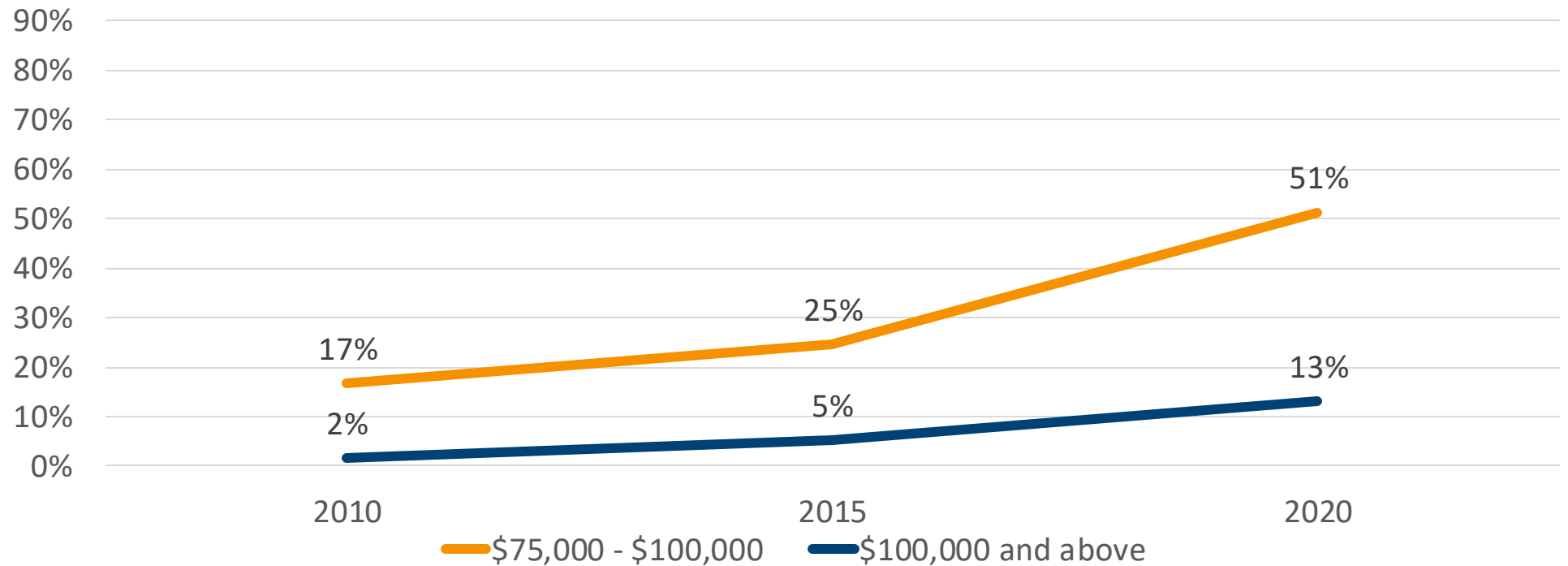
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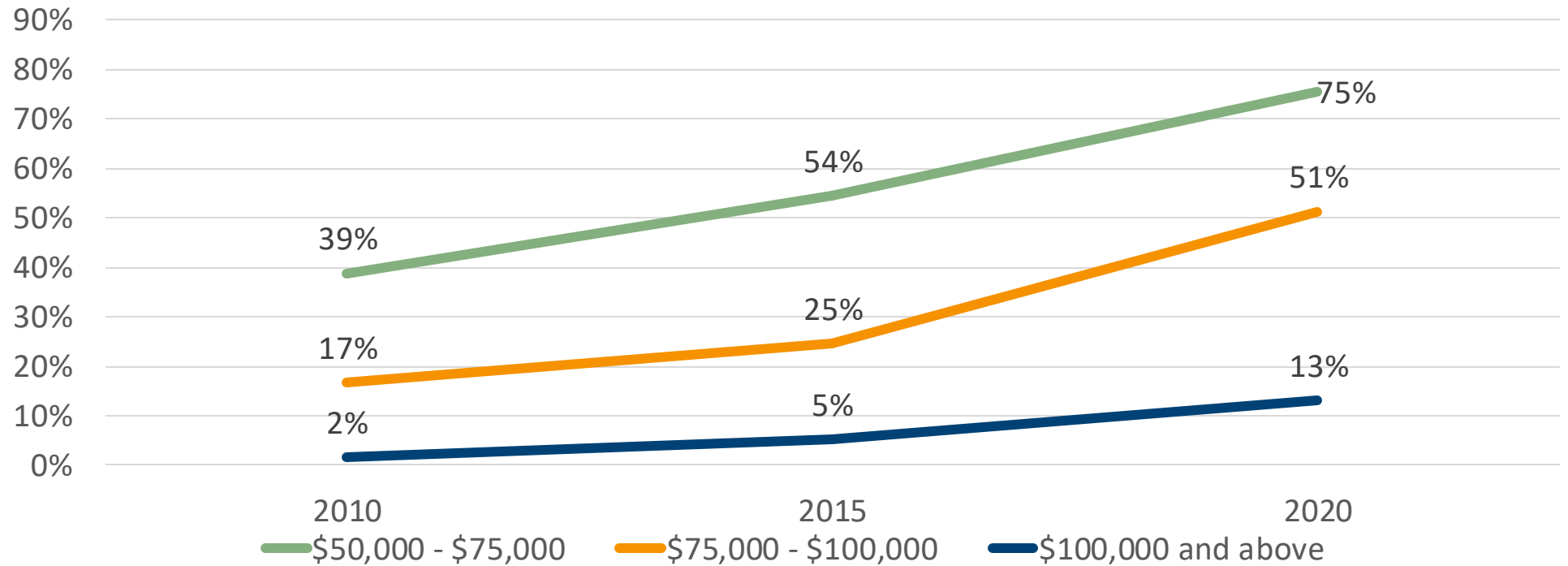
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## Share of San José Cost-burdened Renter Households by Income, 2010-2020



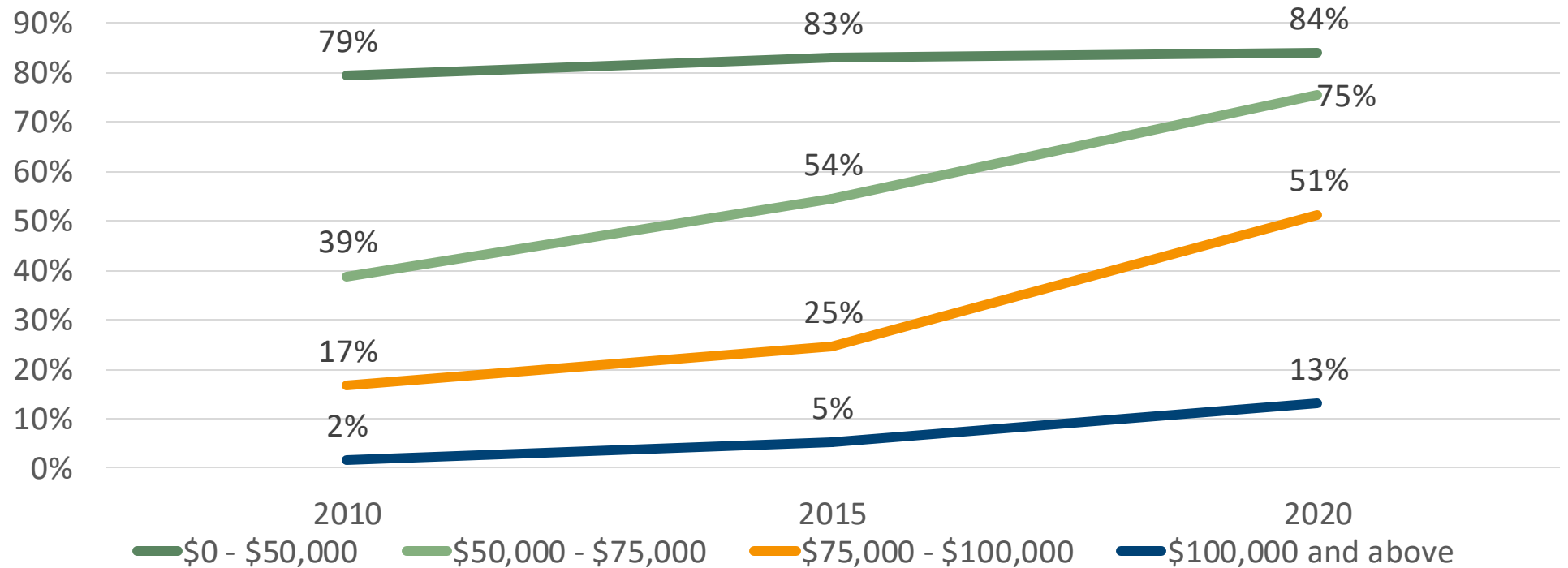
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Share of San José Cost-burdened Renter Households by Income, 2010-2020



# 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 housing provider 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 providers encounter in preservation of lower-cost housing
  - Market timelines
  - Market transparency
- 🏠 These issues cannot be resolved through additional technical assistance to affordable housing providers



# 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 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

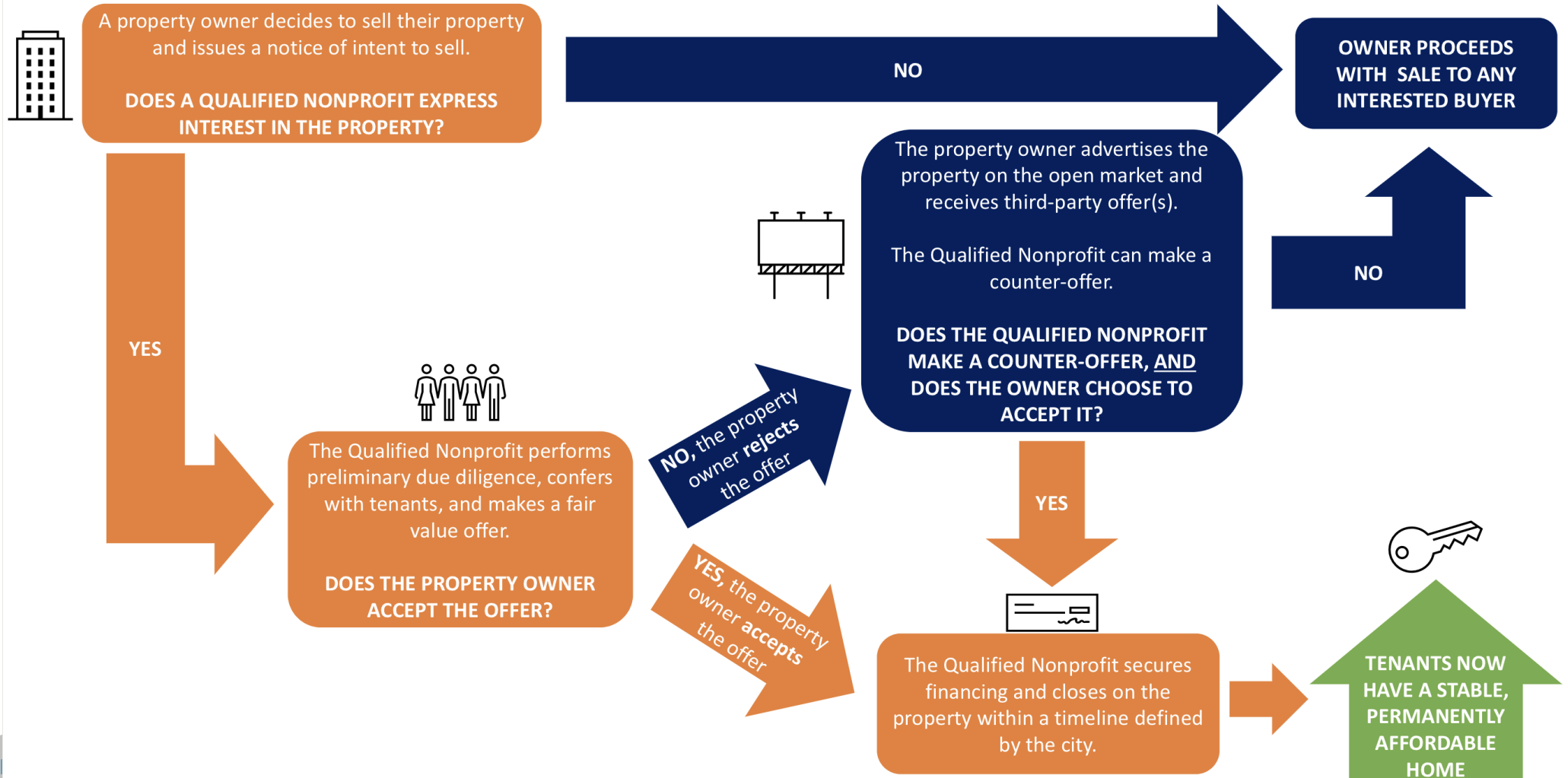
- 🏠 All properties with 2+ units, with the following exceptions:
  - Owner-occupied 2- to 4-unit properties
  - Family transactions
  - Properties in foreclosure or bankruptcy
  - Partial ownership transfers
  - **New: Properties built within the last 15 years**



# 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 letter of intent from a Qualified Nonprofit
Closing period	100 (previously, 60 days for 2-4 unit properties)	Property owners who <b>accept</b> 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



# Upcoming timeline

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- 🏠 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

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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!***

