

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?



Elements of COPA Framework (cont'd)

- ◆ **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?
- ◆ **Homeownership:** What can COPA do to support access to homeownership for lower-income residents? What other City action is needed?



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 – Revised Framework

<u>Timeline Element</u>	<u>Number of 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	120 (prev., 100 days)	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 (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 **1** (previously: 3) properties
3. Since November 2022, Housing Department has eliminated proposal for “Emerging QNPs” category



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 around \$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



Homeownership Options Under COPA

- COPA can be used by a QNP either to allow for conversion to condos/co-ops or to continue as a rental property
 - Conversions from rental model to condos/co-ops most likely 2-6 years after acquisition, based on consultant feedback
- For properties that are successfully acquired by QNPs, if/when the QNP eventually decides to resell they must first offer the property for tenant purchase



Homeownership Options Under COPA (continued)

- Housing Department support for co-op/condo conversions to be guided by consultant feedback and broader Housing Department strategy on homeownership
 - Will be further defined in City's Notice of Funding Availability (NOFA)
- More information and research on homeownership under COPA will be available in a memo posted on the Housing Department's COPA webpage



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 – 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
- Property owners who sell to QNPs will receive fee waivers for San José property transfer tax



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

