



Housing

Welcome

**Anti-Displacement
Technical Advisory Committee
(TAC) Meeting #2**

May 12, 2021

Agenda Overview

- 🏠 Welcome
- 🏠 Introductions/roll call
- 🏠 Guiding principles
- 🏠 San Jose market conditions
- 🏠 Discussion/polling on COPA policy features
 - Process
 - Applicability
- 🏠 Wrap up/next steps



Introductions

Name and
Organization/Affiliation



Guiding Principles

- Balance the interest of all stakeholders
- Protect tenants from displacement
- Minimize the impact on property owners
- Helping as many people as possible
- Easy for city to administer



Scale of Consensus

🏠 Poll Voting

- 🏠 1 - I could not accept it
- 🏠 2 - I could live with it but have big concerns
- 🏠 3 - I have mixed feelings
- 🏠 4 - I generally like it
- 🏠 5 - I love it





Housing

Understanding COPA Process and Applicability

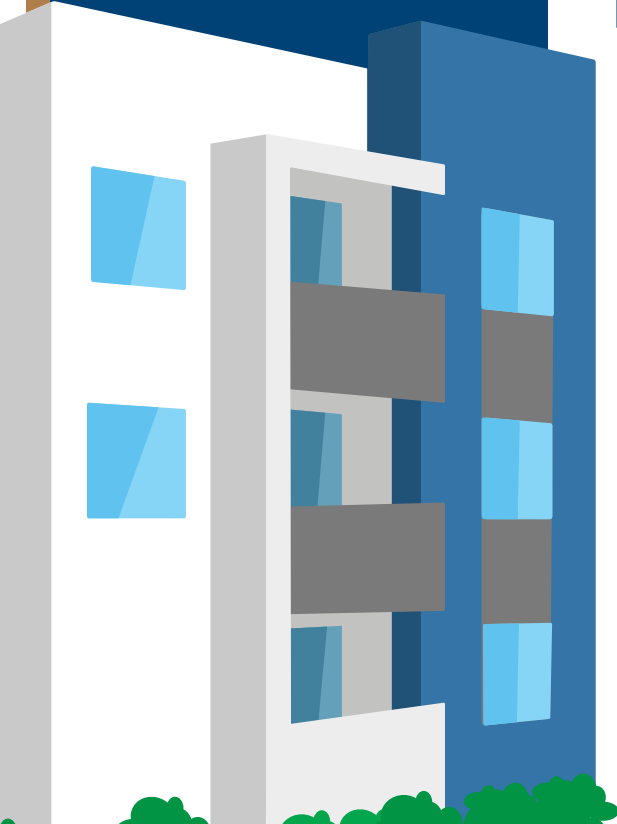
Background and Context for COPA Process and Applicability

Anti-Displacement
Technical Advisory Committee
Meeting #2

May 12, 2021

Asn Ndiaye

*Partnership for the Bay's
Future Fellow, Housing
Department*



Overview

- 🏠 Objectives
- 🏠 San José Context
- 🏠 COPA Process
- 🏠 Applicability
- 🏠 Next Steps



San Jose

Objectives

- Reach common understanding of the market
- Agree on source data and policy options
- Make recommendations for Stakeholder Advisory Committee (SAC) to consider
- Make suggestions to improve program design



San José Rental Market Summary



San José Rental Market Summary

Overview of San José rental market

- Housing units by building size
- Housing units by price and time frame
- Racial breakdown of housing occupancy



San José Existing Rental Market

Building Type	Number of Households	Percent of Households
SFH	31,439	22%
SFH Attached	13,900	10%
2-4 Units	17,667	13%
5-19 Units	26,455	19%
20-49 Units	13,112	9%
50+ Units	36,381	26%
Total	140,514	100%



Source: 2019 5-year ACS

San José Existing Rental Market

Time Period	Number of Sales	Average Days from Listing to Close	Average Price per Building sf	Average Price per Unit	Average # of Units per Property
Pre-Pandemic 3/18 to 4/20	82	151	\$442	\$293k	14
During Pandemic 4/20 to 4/21	31	115	\$411	\$287k	21
TOTAL 1/18 to 4/21	113	137	\$431	\$291k	16

Source: CoStar.com



San José Existing Rental Market

Building Size	Number of Sales	Average Days from Listing to Close	Average Price per Building sf	Average Price per Unit	Average # of Units per Property
50+ Units	6	351	\$403	\$241k	70
24-49 Units	11	210	\$416	\$302k	37
15-24 Units	19	170	\$465	\$307k	18
10-14 Units	18	108	\$477	\$329k	12
5-9 Units	59	114	\$418	\$297k	7
TOTAL	113	137	\$431	\$291k	16



Source: CoStar.com

San José Existing Rental Market

Type of Housing	Native American	API	Black or African American	Hispanic/Latinx	Other or Multiple Races	White, Non-Hispanic	Grand Total
Single Family	64%	69%	40%	59%	57%	72%	67%
Duplex	2%	1%	2%	3%	3%	1%	2%
Triplex or Fourplex	8%	4%	10%	8%	8%	3%	5%
5 to 9 Units	6%	4%	6%	7%	8%	4%	5%
10 to 19 Units	11%	4%	10%	7%	7%	4%	5%
20 to 49 Units	1%	4%	9%	6%	6%	4%	4%
50+ Units	5%	14%	23%	10%	11%	12%	12%
Grand Total	100%	100%	100%	100%	100%	100%	100%



Source: 2019 PUMS Data

San José Existing Rental Market

- Non-White San Joseans are likelier to live in multi-family housing.
- Latinx families are twice as likely to live in "small multifamily" than White families.
- Black San Joseans are least likely to live in single family housing.



Potential Consensus Items

- 🏠 Right of First Offer
- 🏠 1031 Exchange Collaboration
- 🏠 Exemptions
 - Family, trust, or inheritance
 - Owner occupancy
 - Condo/cooperatives
 - Government/court transfers



Higher Priority Items

🏠 Process

- Statement of Interest
- Due diligence/offer
- Acceptance and refusal
- Time to close

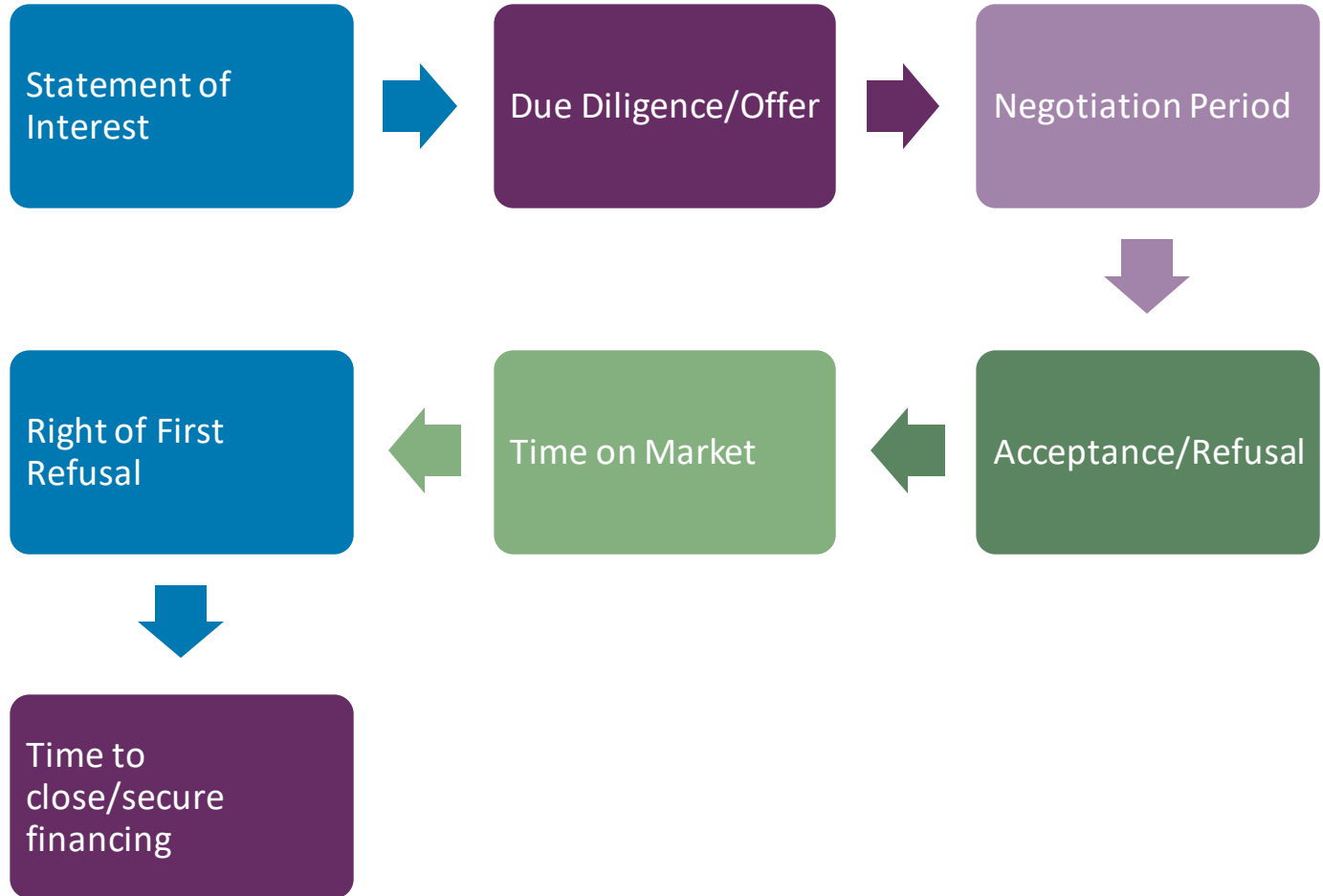
🏠 Minimum and maximum units



COPA Process



COPA Process



COPA Process in Other Jurisdictions

🏠 San Francisco

- Streamlined process for qualified non-profits
- Total maximum process of 90 days
- Deals are facilitated by SF Accelerator Fund and significantly subsidized

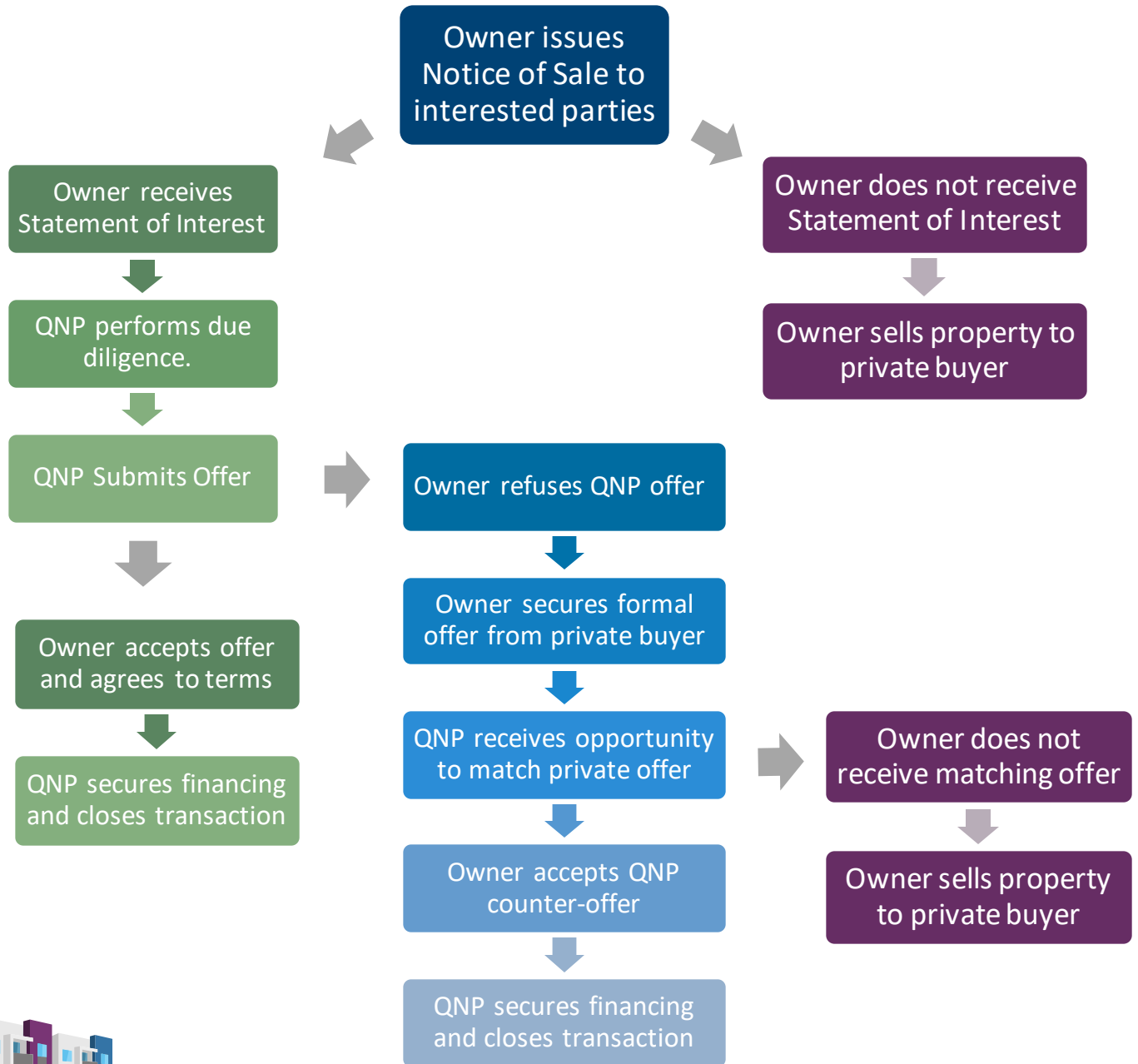
🏠 District of Columbia

- Formation of a tenant association required
- Total maximum time of 360 days, standard timeline 240 days
- Significant funding available to support transactions

🏠 Berkeley (proposed)

- Timelines vary by size of building, shorter timelines for smaller buildings
- Longer timelines to allow partnerships between tenants and qualified non-profits





Time on Market

Building Size	Number of Sales	Average Days Listing to Close
50+ Units	6	351
24-49 Units	11	210
15-24 Units	19	170
10-14 Units	18	108
5-9 Units	59	114
TOTAL	113	137

Source: CoStar.com



COPA Initial Process: Things to Consider

- 🏠 Time to notify all interested parties
- 🏠 Initial research
- 🏠 Engage tenants
- 🏠 Estimate rehab costs
- 🏠 Information on rents and operating costs
- 🏠 Look into likely available financing
- 🏠 Put together offer



COPA Process: How long should the initial process take?

- Statement of interest
 - 3-5 days
 - 5-10 days
 - 10-15 days
 - 15-30 days
- Due Diligence/Offer
 - 20-30 days
 - 30-45 days
 - 45-60 days
 - 60-90 days

Poll



COPA Process: Acceptance and Refusal

- ▲ Offer is accepted, buyer and owner move to financing and closing
- ▲ Offer is rejected
 - Owner can offer property to open market
 - Once owner secures offer from open market, owner must give non-profit the opportunity to match the offer



COPA Process: Financing and Closing

- 🏠 Time to close
- 🏠 Coordination on 1031 Exchanges
- 🏠 Escrow/lender letter



COPA Process: Questions

- Acceptance or Refusal
 - 3-5 days
 - 5-10 days
 - 10-15 days
 - 15-30 days
- Time to seek offers/First Refusal
 - 20-30 days
 - 30-45 days
 - 45-60 days
 - 60-90 days

Poll



COPA Process: Questions

- Secure Financing/Closing
 - 30-45 days
 - 45-60 days
 - 60-90 days
 - 90-120 days

Poll

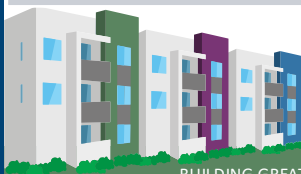


COPA Applicability

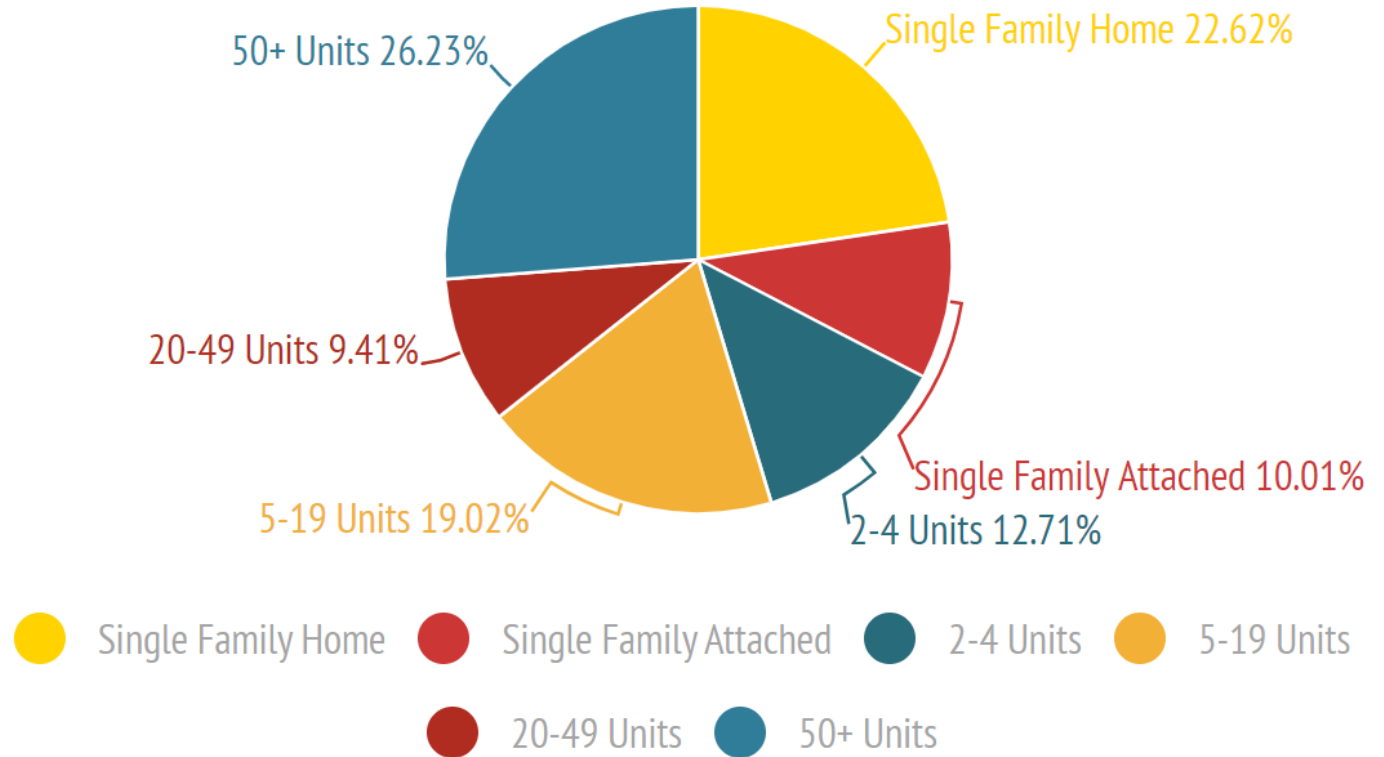


Applicability in Other Jurisdictions

Jurisdiction	Floor	Exemptions/ Requirements
San Francisco (COPA)	3+	Qualified Non-Profits are given the initial notice.
District of Columbia (TOPA)	5+	The City requires tenant associations
	2-4	Shorter purchase timeline than 5+
	1 (SFH)	SFH covered if the tenant is elderly or has a disability
Berkeley (TOPA)	3+	Owner-occupied exempted
	2	Includes 1 unit with multiple households
	1 (SFH)	Owner-occupied exempted



Overview of Units in San José



Pros and Cons of Maximum Number of Units

Pros

- Less paperwork for larger property owners
- Focuses program on most likely properties
- Higher overall cost

Cons

- Can miss out on larger preservation opportunities (esp: LIHTC)
- More efficient to manage
- Lower costs per unit



What should be included in this program?

Floor (Minimum)

- 🏠 SFH
- 🏠 Duplex
- 🏠 Triplex
- 🏠 Quadplex
- 🏠 5+

Ceiling (Maximum)

- 50
- 🏠 75
- 🏠 100
- 🏠 None

Poll



Wrap Up & Next Steps

- SAC Meeting #2: 5/20, 6 – 7:30 pm
- TAC Meeting #3: 5/27, 1 - 2:30 pm
- Feedback survey



Thank you!

