



# Memorandum

**TO:** HONORABLE MAYOR AND  
MEMBERS OF THE CITY  
COUNCIL

**FROM:** Vice Mayor Kamei

**SUBJECT:** Agenda Item 8.3 - City  
Initiatives Roadmap - Housing  
Stabilization: Community  
Opportunity to Purchase Act  
Program Proposal

**DATE:** 04/25/2023

Approved:

## RECOMMENDATION

1. Direct City Manager to remove the Community Opportunity to Purchase Act (COPA) program from the Housing Department's Work Plan per the Community and Economic Development Committee's recommendation,
2. Do not accept the alternative recommendations in the Staff Memo,
3. Direct staff to explore vehicles for acquiring, rehabilitating, and/or building rental property for the purpose of preventing displacement in impacted communities, such as Community Development Corporations (CDCs), and Economic Development Corporations (EDCs), and other similar entities that can act as a vehicle for investing in preserving naturally occurring affordable housing in impacted communities or otherwise preventing displacement of said impacted communities.
  - A. Return to the Community and Economic Development Committee with a status update by the end of calendar 2023.

## BACKGROUND

The City of San Jose has focused on developing and implementing housing policies that focus on “the 3 Ps”—production, protection, and preservation—since the adoption of the Housing Crisis Work Plan in 2018 to address overall housing needs, to maintain housing affordability, and to prevent displacement. This work plan initially centered on the production of affordable homes, of which 10,305 have been approved and 4,849 have been occupied. The work plan also accelerated the production of naturally affordable housing such as the production of over 1,300 accessory dwelling units (ADUs).

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The work plan also outlined strategies with respect to *preservation*—a policy category primarily directed at *preventing displacement*. One such strategy outlined within this category was to “Explore the Creation of a Land Acquisition Loan Fund,”<sup>1</sup> which reflects the spirit of this memo. Indeed, it is this policy demand that gave birth to the proposed Community Opportunity to Purchase Act (COPA) program. Other well-proven vehicles, however, are also available which respond to the need to fight displacement and preserve affordable housing that are more cost-effective.

Other local agencies in California (and elsewhere in the United States) rely on publicly backed Community Development Corporations (CDCs) or Economic Development Corporations (EDCs) to leverage multiple funding sources to achieve the policy outcome motivating COPA: the prevention of displacement caused by the loss of affordable housing stock. Numerous examples ranging from local 501(c)(3) non-profit organizations funded through local, state, and federal grant money, to directly operated public development entities exist. The City could tailor such entities to suit our local realities. Reliance on such proven models would fill the policy gap COPA sought to address, but without the attendant uncertainties, potential inefficiencies, or unintended consequences.

We also have an opportunity to work with other local jurisdictions, especially the County of Santa Clara considering the Board of Supervisors’ referral on August 31, 2021, to assist the establishment of CDCs. Through this process, staff can analyze different forms that a CDC/EDC or similar entity might take, as well as look at how the City can leverage public/private partnerships with existing non-profits to acquire, manage, and rehabilitate affordable housing.

Accordingly, I urge my colleagues to adopt the recommendation above.

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<sup>1</sup> See Housing Crisis Workplan Summary Chart, available at <https://sanjose.legistar.com/View.ashx?M=F&ID=10895134&GUID=DC1EED18-7DA4-4240-A987-EA90F7E73142>