



Housing

Community Opportunity to Purchase Program (COPA)

**Community and Economic
Development Committee**

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COPA definition

Gives Qualified Nonprofit Organizations (“QNP”) an opportunity to make the first offer to buy rental properties before the properties are put on the open market, and the right to make a final offer to match terms & conditions of a third-party bid.



COPA is a priority Anti-Displacement Strategy

San José Citywide Residential Anti-Displacement Strategy AUGUST 2020

BACKGROUND
On June 12, 2018, the City Council prioritized the issue of displacement within the Housing Crisis Response Workplan in Item #9: Develop Anti-Displacement Strategies.
This Citywide Residential Anti-Displacement Strategy provides 10 recommendations to **prevent, mitigate, and decrease** displacement in San José.

OUR VISION
As San José grows and secures planned investments, we should maximize the positive opportunities and minimize the negative impacts for our vulnerable residents, so they can succeed in our changing City.

THANK YOU TO OUR PLANNING PARTNERS

- Community**: Nearly 1,000 engaged individuals, 78 Community Organizations
- Policylink Anti-Displacement Policy Network**: San José ADPN Team, Cities of Austin, Buffalo, Santa Fe, Denver, Portland, Boston, Philadelphia, Nashville
- City of San José**: Office of Economic Development, Planning, Building, and Code Enforcement Department, Housing Department
- Citywide Residential Anti-Displacement Strategy**

HOW TO PREVENT, MITIGATE, AND DECREASE DISPLACEMENT

- 1 Produce** enough housing for residents at all income levels.
- 2 Preserve** the affordable housing that already exists.
- 3 Protect** current residents from displacement where neighborhoods are changing rapidly.

STRATEGY SELECTION — Selection of the recommended solutions was based on the following criteria:

- Responsiveness** to needs surfaced through community engagement process
- Effort required** based on current staffing levels and capacity of potential service providers
- Examples of **other jurisdictions** employing the strategies
- Creating a foundation** to build community capacity or to involve other sectors
- Potential impact** to help identified needs and change current conditions
- Reasonableness of resources** needed for staffing, outreach, capacity building, capital projects
- Appropriateness of City's role** in each type of strategy

San José Citywide Residential Anti-Displacement Strategy • www.sanjoseca.gov/displacement

- City Council approved the Citywide Residential Anti-Displacement Strategy on September 22, 2020
 - COPA is priority #3
- A community / tenant right to purchase was also a priority of the January 2020 Ending Displacement in San José Community Strategy Report
 - City was a co-author

Goal: Improve resident stability & market opportunities

“Buyers right now are looking for those value-add assets where they can make improvements and **increase rental income** while providing much-needed and much sought-after housing in a growing Western market.” *(emphasis added)*

What San Jose Investors Are Looking for Now

MHN
MULTI-HOUSING NEWS



PROPERTY TYPES > MULTIFAMILY

Off-Market Sales Gain Traction with CRE Owners and Buyers

“...industry experts estimate that **at least half the deals that trade are never brought to market.**

Some experts posit that as much as 80 percent of closed deals are “one and done”—meaning only one buyer had a shot at the property.” *(emphasis added)*

Community and stakeholder engagement

- 🏠 Technical Advisory Committee (9 meetings)
 - Technical subject matter experts
 - Diverse representation
 - By invitation
- 🏠 Stakeholder Advisory Committee (7 meetings)
 - Open to public
 - Available interpretation in Spanish, Vietnamese
- 🏠 Ad hoc stakeholder meetings (38 so far)
- 🏠 45 organizations, 200+ different individual attendees



Smallest properties close faster than larger

Type of San José Rental Home	Percentage of San José's Rental Stock	Sales Price per Unit (rounded)	Average Days to Close
Single family homes	32%	\$1.4 M	11
Condos & townhomes		\$825 K	18
2- to 4-unit properties	13%	\$500 K	60
5+-unit properties	55%	\$296 K	119



Sources: CoStar, PropertyRadar.com, Zillow/MLS

Property sales: Timing & price by number of units

San José Property Number of Units	Number of Sales	Average Days from Listing to Close	Average Price per Unit	Average # of Units per Property
5-9 units	59	114 days	\$297 K	7
10-14 units	18	108 days	\$329 K	12
15-24 units	19	170 days	\$307 K	18
24-49 units	11	210 days	\$302 K	37
50+ units	6	351 days	\$241 K	70
TOTAL	113	137 days	\$291 K	16

Source: CoStar.com



COPA program elements

- 🏠 **Applicability:** The building types and sizes that the ordinance would apply to
- 🏠 **Exemptions:** Building types the ordinance would NOT apply to
- 🏠 **Incentives:** Incentives for property owners to sell to a nonprofit buyer
- 🏠 **Timeline:** The steps of the transaction and the amount of time for each step



COPA program elements (continued)

- 🏠 **Affordability:** Target income for residents to serve under the program
- 🏠 **Qualifications of Buyers:** Criteria for nonprofit potential buyers to qualify to participate in the program
- 🏠 **Tenant Rights:** Level of engagement with tenants required and recommended
- 🏠 **Enforcement:** Role for City and range of remedies



Next steps

Actions	Timing
Concluding TAC and SAC meetings on COPA	End Oct.
More individual and group stakeholder meetings	Oct. to Jan.
Prepare draft program description for public review	Oct. to Nov.
Public review period & refinements	Nov. to Dec.
Draft program to Housing & Community Development Commission	Jan. / Feb.
Draft program to Community & Economic Development Committee	Jan. / Feb.
Draft program to City Council	Feb. / Mar.



Recognize and thank the COPA Team

- 🏠 Kristen Clements
- 🏠 Josh Ishimatsu
- 🏠 Asn Ndiaye
- 🏠 Elizabeth Guzman
- 🏠 CAO: Chris Alexander





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UPDATE: Community Opportunity to Purchase Act (COPA)

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