

Community Opportunity to Purchase Program (COPA)

Community and Economic Development Committee

October 25, 2021

Jacky Morales-Ferrand Director

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Gives Qualified Nonprofit Organizations ("QNPs") an opportunity to make the <u>first offer</u> 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

Housing



San José Citywide Residential Anti-Displacement Strategy AUGUST 2020

BACKGROUND

OUR VISION

can succeed in our changing City.

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

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.

Community Policylink Anti-City of San José Displacement **Policy Network** Office of Economic Development Citywide sidential Anti San José ADPN Team lanning, Building, and Code Enforcement Cities of Austin Buffalo, Santa Fe, Strategy Denver, Portland, **Housing Department** loston, Philadelpha Nashville HOW TO PREVENT, MITIGATE, AND DECREASE DISPLACEMENT Produce enough housing for Preserve the affordable housing Protect current residents residents at all income levels. that already exists. from displacement where neighborhoods are changing rapidly

THANK YOU TO OUR PLANNING PARTNERS

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

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

 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

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

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Goal: Improve resident stability & market opportunities

"Buyers right now are looking for those valueadd 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



ROPERTY TYPES > MULTIFAMIL

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)

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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

Housing

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		

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INVESTING IN PEOPLE

BUILDING GREAT PLACES



Property sales: Timing & price by number of units

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



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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







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.



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Recognize and thank the COPA Team

Kristen Clements

Josh Ishimatsu

Asn Ndiaye

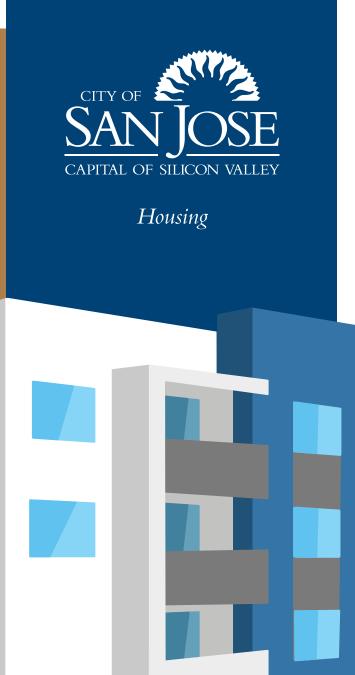
Elizabeth Guzman



▲ CAO: Chris Alexander



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UPDATE: Community Opportunity to Purchase Act (COPA)

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