



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: March 23, 2023

Approved

Date

3/24/23

SUPPLEMENTAL

**SUBJECT: CITY INITIATIVES ROADMAP - HOUSING STABILIZATION:
COMMUNITY OPPORTUNITY TO PURCHASE PROGRAM STATUS
REPORT**

REASON FOR SUPPLEMENTAL

This memorandum reflects commissioner and public feedback of the proposed Community Opportunity to Purchase Act (COPA) Program at the Housing and Community Development Commission (Commission)'s Special Meeting on March 16, 2023, which occurred after the main memorandum submission deadline.

COMMISSION RECOMMENDATION/INPUT

Commission members heard the draft COPA Program proposal at a Special Meeting on March 16, 2023. At its meeting, the Commission passed two motions:

Commissioner Moore made a motion, seconded by Commissioner Navarro, that COPA should “[i]nclude incentives that properties acquired through COPA are sold to their renters who remain in place.” The motion passed 8-0 with one abstention, as follows:

Yes	Dawson, Shoor, Del Buono, Navarro, Partida, Jackson, Moore, Cardoza (8)
No	None (0)
Abstaining	Finn (1)
Absent	Jasinsky, Vong, Wheeler, Oppie (4)

Vice Chair Dawson made a motion, seconded by Commissioner Del Buono, to “[s]upport staff recommendations for the draft program in the Commission report dated March 9, 2023, pages 23-32.” The motion passed 7-1 with one abstention, as follows:

Yes	Finn, Dawson, Shoor, Del Buono, Navarro, Partida, Cardoza (7)
No	Moore (1)
Abstaining	Jackson (1)
Absent	Jasinsky, Vong, Wheeler, Oppie (4)

In addition to the above motions, the following input was provided at the meeting.

Commissioner Comments

Commissioner	Comments
Commissioner Moore	Expressed opposition to the COPA program. Voiced appreciation for the level of outreach and staff’s attempt to address concerns, but said that COPA is not necessary as realtors are eager for business, there are lots of listings, and realtors can help nonprofits find properties. Additional transparency on 1 to 4-unit properties is not necessary. Concern that program would add liability to realtors or owners. Voiced support for resources for property rehabilitation.
Commissioner Finn	Discussed brokers fees, asked staff to explain how the proposal reflected lessons learned from other cities, and cited concern about cost to the taxpayer from creating a new program.
Commissioner Jackson	Confirmed with staff that rents in COPA purchased buildings would be regulated, that 1031 exchanges would be allowed, and that real estate professionals would still be able to solicit sales as long as they still followed the COPA process for applicable properties. Confirmed that pocket listings would be subject to the COPA process.
Vice Chair Dawson	Expressed support for the COPA program. Lauded PolicyLink’s work on anti-displacement and their leadership. Acknowledged COPA would be a paradigm shift, which is what the City needs, and to increase the number of tools to help with displacement. Concerned about the exemption for properties built in the last 15 years as reducing the number of subject properties and making administration more challenging. Expressed frustration about prevalent misinformation on the program, and that more program supporters were not present tonight for a balanced public comment period. Was in favor of the City’s technology interface as helpful. Opined that the City should act now to leverage other agencies’ existing and future preservation funding sources, such as Bay Area Housing and Finance Authority.
Commissioner Navarro	Confirmed with staff that the property owner would not be required to sell, even if the nonprofit makes the highest offer. Endorsed the City being creative and working in different ways to help provide affordable housing. Discussed

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Commissioner	Comments
	whether brokers could get fees on COPA properties, and whether COPA would apply to Accessory Dwelling Units.
Chair Shoor	Asked what changes staff made as a result of stakeholder feedback. Expressed support for the COPA program. Made the analogy of the program as giving a scrappy, small kid a chance to be picked for a team on the playground.
Commissioner Del Buono	Said that COPA would be a good program for the City and would level the playing field for nonprofits.
Commissioner Partida	Expressed support for the COPA program. There is a housing crisis and many people who are displaced stay in their neighborhoods even though not housed. One displaced person in her neighborhood moved into their car and parked in front of their previous residence. Asked if preservation units qualify for Regional Housing Needs Allocation credit.
Commissioner Cardoza	Expressed that she would want to see people be able to build equity through the program. Expressed that displacement is a real problem and that people need support. Asked about the City’s qualified nonprofit approval process, as there are a range of nonprofits with differing levels of capacity and commitment.

Public Comments

Individual	Comments
Paul Soto	Commented that the purpose of a COPA program should be to create community control and investment. Expressed concern that the COPA program, as proposed, does not achieve intended goals and instead would increase nonprofit organizations’ influence.
Sandy Perry	Voiced support for preservation programs and COPA. Expressed concern regarding the fast rates of residential displacement and loss of affordable housing units compared to the slow rate of affordable housing production.
Gustavo	Questioned the need for a COPA program if Qualified Non Profits (QNP) can contact a broker or realtor to find properties for purchase. Voiced support for increased housing production rather than increased renter protections.
Dilsa Gonzales	Voiced support for COPA program. Cited experience within own family of rent increases, displacement, and inability to purchase a home due to high cost and cash offer competition.
Cheryl Lubow	Voiced opposition to COPA program. Expressed concern with any delay in a purchase timeline, any restriction to transaction processes, and stated that even with a COPA program, tenants may still experience rent increases or evictions.
Dan	Voiced opposition to COPA program. Expressed concern for special privileges given to QNPs and lack of need for program, when nonprofits already have ability to make offers for property purchase.

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Individual	Comments
Maria Theresa Barcenas	Voiced support for COPA program. Cited personal and community experiences of displacement, financial and housing instability.
Norma Chavez	Voiced support for COPA program and its ability to provide housing stability. Shared that her family had been displaced four times, and cited many community experiences of displacement.
George	Voiced opposition to COPA program. Expressed concern for increase in administrative and taxpayer costs and his personal rights to buy a home.
Timothy	Expressed opposition to COPA program and concern for special privileges given to QNPs at others' expense.
Mina Young	Expressed concern that a COPA program would decrease rental unit availability, and for potential increases in costs to buyers and sellers for the time needed to research and understand COPA.
Thomas	As a broker, expressed concern that a COPA program would be expensive, unnecessary and disruptive. Questioned why a COPA program is needed when QNPs have ability to search online for properties available for purchase.
Mac	Voiced opposition to COPA program and expressed concern for the fairness of privileges given to QNPs in the proposed COPA program.
Lisa	Voiced opposition to COPA program and expressed concern for its infringement on rights for small mom and pops.
Jason	Opposed COPA because it interferes with the free market, which must be unconstitutional.
Jennifer Liu	Voiced opposition to COPA program. Suggested development-friendly policies for affordable housing be created to increase affordable housing.
Jake Shemano	Expressed support for the COPA program and wanted it to take effect more quickly. Suggested tax benefits such as transfer tax relief to incentivize use of the program.
Gina Zari	Expressed confusion over the need for a COPA program. It is unclear why a COPA program is needed as a buyer can just contact a realtor to find properties for purchase. Concern it makes realtors' functions illegal. Expressed concern for small property owners who face regulation and concern they may feel further alienated by a COPA program.
Doug Goss	Expressed concern regarding the need for a COPA program. Cited examples and statistics of properties listed on market for longer than the proposed COPA timelines, which demonstrates lack of need for COPA, and that only a small amount of properties with 2- to 4 units sell off-market.
Neil Collins	Expressed concern for the unintended consequences of a COPA program. Stated other jurisdictions who have COPA programs have not gotten the results they wanted and expressed confusion as to why the City would try a similar program. SCCAOR suggests funds be given directly to tenants.

Individual	Comments
Jenny Zhao	Voiced opposition for a COPA program. Stated that there is no evidence that the majority of small buildings sell off-market. Mom and pop owners should not be treated worse than nonprofits. Nonprofits should buy on the open market like everybody else does. Expenditures on a COPA program would be a waste.
David Eisbach	Expressed concern for time delay during property transactions under the proposed program, and that time is important if the market changes. Concerned about costs of the program. Does not understand how buildings could be rehabilitated if bought by a nonprofit if seller could not do it.
Carl Lee	As a broker and 50-year resident from Mayfair, expressed sympathy for displacement that occurs in San José and stated COPA is not the answer.
Will Cha	Expressed opposition to a COPA program. As a realtor, expressed concerns that realtors would be prohibited from soliciting business.
Sandra Weber	As a real estate agent, expressed opposition to a COPA program but support for vouchers as a preferable alternative.
Gene Hunt	As a realtor, expressed opposition to a COPA program and did not see the need for the program. Proposal is what realtors already do. Expressed understanding for the need to address displacement and homelessness.
Stephanie	As a residential realtor, expressed opposition to a COPA program and offered her capable assistance to buyers.
Dimitri	Voiced opposition to a COPA program. Characterized benefits to nonprofits under COPA as unfair and cheating. Nonprofits' challenges can be solved by working with qualified real estate professionals.
Scott Weber	Stated he was agnostic to a COPA program but asked what the problem is, what the solution should be, and whether nonprofits are interested. Concerned about property rights.

/s/
JACKY MORALES-FERRAND
 Director, Housing Department

The principal author of this memo is Elizabeth M. Guzman, Senior Development Officer, and Josh Ishimatsu, Acting Division Manager. For questions, please contact Kristen Clements, Acting Deputy Director, at kristen.clements@sanjoseca.gov or 408-535-8236.