



PCRC
PENINSULA
CONFLICT
RESOLUTION
CENTER



Community Forum
May 30, 2023, 6-8pm

East Palo Alto Opportunity to Purchase Act

About PCRC



PCRC

PENINSULA CONFLICT RESOLUTION CENTER

MISSION: To partner with community members to intentionally engage and collaborate on complex issues.

VISION: A world in which people advance equity, practice empathy and understand differences.

Peninsula Conflict Resolution Center (PCRC) builds community vibrancy and power by providing long term, community centered and systems-supported programs in four critical areas - high needs neighborhoods, corresponding schools, jails, and key workplaces. PCRC has been deeply embedded in San Mateo County for over *30 years*.

Agenda

- Introductions
- Community Agreements
- Ice-Breaker
- Group Discussion
 - Break -
- Policy Facts
- Group Discussions

Objectives

- Continue to hear questions, comments, and concerns about Opportunity to Purchase policy to present to City Council
- Sharing facts about the policy
- Update on how the city has shaped the proposed policy based on community feedback
- Solution Oriented: toward a middle ground that makes housing more inclusive

Reminder: Not all questions will be answered today. Please join us on June 13 for a deeper policy discussion.

Staff Introductions



Karen Camacho
Housing & Economic
Development Manager



Benjamin Toney
Housing Policy Fellow

cityofepa.org/housing/page/east-palo-alto-opportunity-purchase-act-epa-opa-0

East Palo Alto Opportunity to Purchase Act (EPA OPA)

Part 1: Community Forum
Tuesday, May 30, 2023
6:00 - 8:00 PM
Location: Cooney Landing

Part 2: Policy Discussion
Tuesday, June 13, 2023
6:00 - 8:00 PM
Location: City Hall

Part 1: Foro Comunitario
Martes, 30 de mayo, 2023
6:00 - 8:00 PM
Lugar: Cooney Landing

Parte 2: Discusión de la Política
Martes, 13 de junio, 2023
6:00 - 8:00 PM
Lugar: City Hall

Save the Date! Apunte la Fecha

Join us for a discussion on the City Council's consideration of an **Opportunity to Purchase** policy. This **two-part** in-person discussion will be facilitated by PCRC (a neutral party), and will deep dive into some of the questions you may have. Please plan to attend both meetings. **RSVP at: www.tinyurl.com/RSVP-opportunitytopurchase.**

CONTACT INFORMATION

Housing Division
1960 Tate Street

Visit cityofepa.org/housing and select "East Palo Alto Opportunity to Purchase Act" to access these slides, previous presentations, and other information.



Group Agreements

- Some of the most critical conversations we need to have are emotional, painful, and uncomfortable (e.g., equity issues), but we can only build a sense of community with emotional safety and trust.
- Think about your top 1-3 agreements.

- Be Respectful
- Speak From Your Own Experience
- Share the Air
- Don't Assume. Ask.
- Open to New Ideas
- Speak One At a Time
- Remember Time Constraints
- Unfinished Business

Framing Activity

- Please introduce yourself to your group.
 - Name
 - Pronouns
 - What is your housing situation?
 - Homeowner
 - Tenant
 - Property owner
- 1) What CLARIFYING QUESTIONS are you coming to this meeting with that you would like to be addressed?
- 1) What concerns do you currently have regarding the Opportunity Purchase Act?
- 1) What are you hoping to walk away knowing more about after this meeting?

Opportunity to Purchase Facts

Visit cityofepa.org/housing and select “East Palo Alto Opportunity to Purchase Act” to access this information.

cityofepa.org/housing/page/east-palo-alto-opportunity-purchase-act-epa-opa-0

East Palo Alto Opportunity to Purchase Act (EPA OPA)

SAVE THE DATE! May 30 & June 13
¡APUNTE LAS FECHAS! 30 de mayo y el 13 de junio

Join us for a discussion on the City Council's consideration of an Opportunity to Purchase policy. This **two-part** discussion will be facilitated by PCRC (a neutral party). Please plan to attend both meetings. **RSVP at www.tinyurl.com/RSVP-opportunitytopurchase.**

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Tuesday, May 30, 2023
6:00 - 8:00 PM
Location: Cooley Landing

Part 2: Policy Discussion
Tuesday, June 13, 2023
6:00 - 8:00 PM
Location: City Hall
Interpretation will be available

Part 1: Foro Comunitario
Martes, 30 de mayo, 2023
6:00 - 8:00 PM
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Lugar: City Hall
Traducción interpretada disponible

More Information: An Opportunity to Purchase policy would provide tenants, affordable housing providers, or the City the opportunity to purchase a residential building when the owner is ready to sell. This policy is intended to promote affordable and preserve community stability by providing an opportunity to purchase housing for current residents. City Council will be considering this policy this year, and we need your feedback on how to shape this ordinance to best support our community's needs.

Para más información, visite www.cityofepa.org/housing

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Goal of EPA OPA

As a reminder, the City has a number of policies and programs that address tenant protections and housing production. Council chose to explore a local preservation ordinance that can help promote homeownership opportunities and address gaps in anti-displacement efforts.

Protections	Production	Preservation
<ul style="list-style-type: none"> • Rent Stabilization Ordinance (1984) • Income-Based Rental Housing Ordinance (2000) • Ellis Act Ordinance (2007) • Rent Stabilization and Just Cause for Eviction Ordinance (2010) • Tenant Protection Ordinance (2014) • Measure O (2016) 	<ul style="list-style-type: none"> • Transient Occupancy Tax Revenue (10%) for Affordable Housing (1998) • Inclusionary Housing (2002) • Housing Impact Fee Nonresidential (“Commercial Linkage Fee”) (2013) • Housing Impact Fee Residential (2014) • Westside Area Plan/General Plan adoption (2016) • Measure HH (2018) • Inclusionary Housing (2019) • Westside Area Plan/General Plan adoption (2016) 	<ul style="list-style-type: none"> • Condominium Conversion Ordinance (2012) • Mobile Home Park Conversion and Closure Ordinances (2014) <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> ● Proposed Opportunity to Purchase Act </div>



What is Opportunity to Purchase?

The first part is the **Tenant Opportunity**, which helps tenants purchase the home or building where they live.

For certain properties, Opportunity to Purchase:

1. Requires the owners to notify tenants of sale,
2. Gives tenants the chance to make the first offer,
3. Gives tenants a tiebreaker if they can match the best competing offer

OPA protects the Seller's right to initiate a sale, the right to define the price that makes an offer acceptable, and the right to choose to not to accept any of the offers made.

*OPA includes exemptions based on community feedback, including owner occupancy, family transfers, medical and financial emergencies, and more



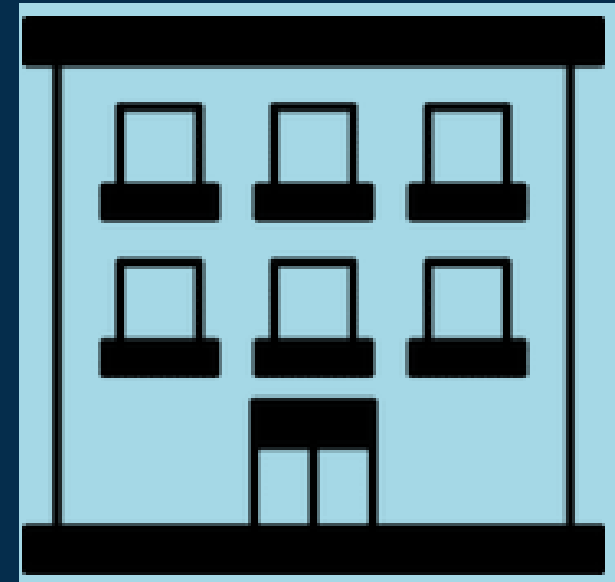
What is OPA?

However, not everybody can afford to buy a home, even with support from a city policy.

The 2nd part is the **Community Opportunity**. It's very important for neighbors who can't afford to buy – it helps Affordable Housing Developers purchase a residential building when an owner is ready to sell, and convert it into permanently affordable housing.

1. Notification
2. First Offer
3. Tiebreaker
4. Protects the rights of the Sellers

These two parts work together to help EPA residents stabilize housing.



Facts: Applicability/Exemptions

- **Does OPA apply to every property and transaction in EPA?**
- **Fact:** Multiple exemptions have been included at the request of community members.
 - Key Exemptions include family transfers, local ownership, medical and financial emergency. See Section 14.26.040 of the draft policy for details.
 - David Rosen & Associated Report estimates approx. 1-2 dozen qualifying transactions per year
- **Does OPA only help households who are close to becoming homeowners?**
- **Fact:** OPA has two primary parts: One designed to help households that might be prepared to purchase in the near future, and another to help Affordable Housing Providers stabilize households which are not close to purchasing
 - Under the current system, there is no way for an Affordable Housing Provider or the City to know if a tenant is being evicted when the owner wants to sell; and there is no place for the landlord to refer the tenant to for resources. This policy creates a proactive notification system that helps support systems to act quickly and look for funding solutions.

Facts: Property Values

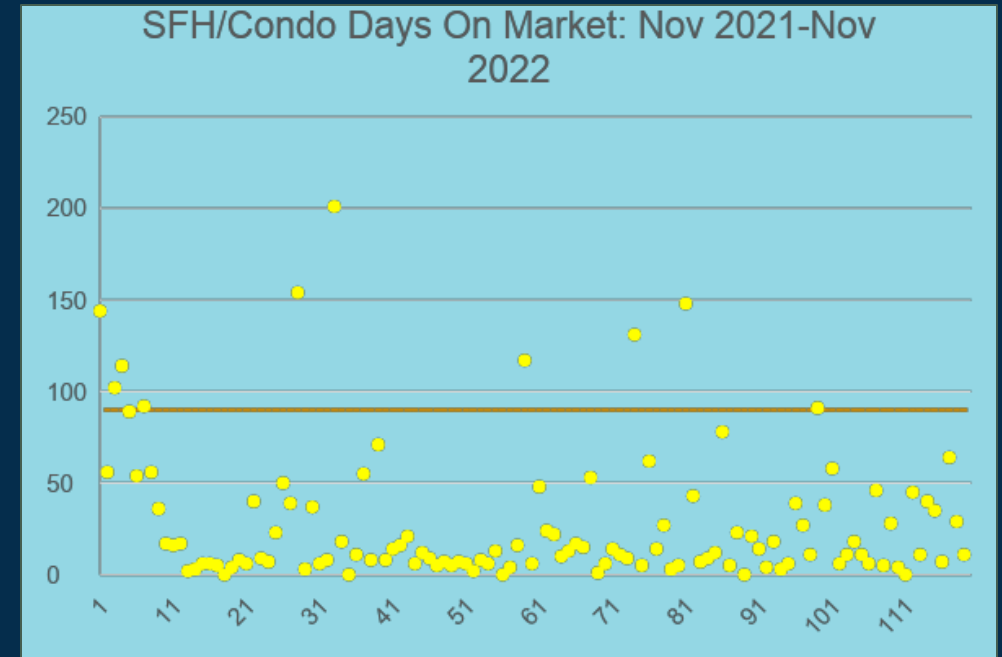
- **Does OPA empower bad faith low ball offers?**
- **Fact:** Sellers are empowered to reject low ball first offers and advertise to the broader market for a better price.
 - In fact, a low first offer is bad strategy for the buyer because it increases the chances that the right of first refusal will be cancelled
- **Does OPA reduce the opportunity for competition?**
- **Fact:** OPA strengthens the local market by increasing the number of potential purchasers, coordinating public funding where possible, and equipping sellers with a First Offer before they go to market.

Facts: Funding

- **Would the City lose property tax revenue if tax-exempt Affordable Housing Organizations purchase properties?**
- **Fact:** The city won't lose money, it'll spend it on an urgently needed public social good: Affordable Housing and anti-displacement.
 - Affordable Housing Preservation will also make use of Public Funds from Regional and State Government, effectively bringing money into the city
 - The city can actually save money by adding to the Affordable Housing stock sooner rather than later as costs continue to rise.
- **Is there funding to support OPA implementation?**
- **Fact:** There are downpayment assistance programs to support the tenant purchases, and also affordable housing preservation funding sources to support community purchases.
 - The City can also devote local funding to support the conversion to permanently affordable housing

Facts: Timelines

- **Are the transaction timelines long?**
- Rapid transactions and off-market deals can exclude local purchasers.
 - The city has adjusted timelines multiple times to find a middle ground that still opens opportunity
- **Are the timelines fixed for each transaction**
- Timelines define the maximum allotted time for each transaction. Both Buyers and Sellers have the ability to speed up timelines by taking certain steps
 - Sellers can give notice to purchasers early
 - Purchasers can waive First Offer at the 15-day mark



Time Period (as of March 2022)	1 unit	2-3 unit	4+ unit
Statement of Interest	15-30 day	15-30 day	15-30 day
First Offer	30 day	60 day	90 day
First Refusal Match	5 day	20 day	20 day
Closing	30 day	90 day	120 day

Facts: Sale and ROFR

- **Does OPA force Sellers to sell to a particular party?**
- **Fact:** OPA protects the Seller's right to choose when they want to initiate a sale and the right to decide when a buyer's offer is good enough to accept.
 - Sellers retain the right to accept the first offer, accept a third party offer, or accept no offers at all
- **How does the Right of First Refusal (ROFR) work?**
- **Fact:** ROFR can only be executed after the seller denies the First Offer and approves a following offer, at which point the price has almost certainly gone up
 - ROFR can only be initiated by the seller when they approve the price given by an acceptable offer
 - In response to concerns about ROFR, the city has placed a time cap and a price cap on applicability

Recap of Changes to Ordinance based on Community Feedback (as of March 2022)

1. Eliminate the Appraisal section altogether, not just for single-family dwellings.
2. Clarify that receipt of an unsolicited offer prompts a Notice of Intent to Sell only if the owner intends to accept it or takes some action with the intent to sell the property.
3. Clarify that Potential Eligible Purchasers must timely submit a letter of interest to then have the right to submit an offer. They also must submit a timely offer to then have the right to match any third-party offers.
4. Create a 15% Margin Rule for a Potential Eligible Purchaser to have the Right of First Refusal (matching offer).
5. City Council will certify and re-certify the Qualified Nonprofits, not the City Manager. The principles for determining nonprofit eligibility are set by the Ordinance, but the criteria will be codified in the future administrative guidelines and must be approved by the City Council.
6. Increase the contract purchase deposit amount from 1% to 3%.
7. Clarify that owners can also pursue legal actions to enforce the Ordinance.
8. City Council shall approve the inaugural version of the Administrative Guidelines. Staff would seek City Council approval of the Administrative Guidelines prior to June 30, 2022.
9. Exempt properties from the Ordinance that are owned by East Palo Alto residents.
10. Exempt households with emergency circumstances from the Ordinance.
11. Break down the 30-day Statement of Interest period into two phases of 15 days each, requiring Potential Eligible Purchasers to express interest in exercising their rights under the Ordinance within the first 15 days after receiving a Notice of Intent to Sell, followed by a Statement of Interest 15 days thereafter (if applicable).
12. Allow for shortening of the EPA OPA timelines with the consent of both parties in cases where there is only one Potential Eligible Purchaser.
13. Shorten the timelines overall, with the goal of a 90-day maximum timeline for single family dwellings, including a 15-day early waiver of rights in cases where potential purchasers know they will not make an offer

Group Discussion

- Based on the information you just heard, what is something new that you learned?
- What clarifying questions do you have regarding the information you just heard?
 - 15 minute discussion
 - Notetaker, please report-back to the whole group.

Additional Questions

- Email questions or comments to housing@cityofepa.org
- Join us at the City Hall for the **June 13th Policy Discussion!**
- City Council feedback in July (no ordinance presented, just policy discussion)
- Visit www.cityofepa.org/housing



Email Me