



City Council Public Hearing
December 7, 2021

East Palo Alto Opportunity to Purchase Act

Agenda

- **Background/Staff Direction**
- **Summary of Additional Outreach, Feedback, & Responses**
- **Overview of Key Recommended Changes to the Ordinance**
- **Recommendations/Next Steps**

City Council Direction

City Council direction at Public Hearing held November 16, 2021:

1.) Hold community meeting on EPA OPA

2.) Make changes to draft Ordinance

- Removal of appraisal option for (non-exempt) single-family homes
- Addition of confidentiality language

Additional Outreach

Community meeting held on Zoom December 1, 2021 at 6pm

- Presentation by staff on the Ordinance
- 30-minute Q&A on Ordinance, with responses from staff
- Public comment (no staff responses)
- Approximately 276 attendees

Staff "Office Hours" (December 3 and 6)

- 1-hr time blocks with staff to pose questions/concerns
- 5 individuals registered for 20 -60 minutes each

City Website – EPA OPA

Website contains background information, recording of community meeting and City Council meeting links, FAQs, and emails/letters received

The screenshot shows a web browser displaying the City of East Palo Alto website. The URL in the address bar is <https://www.cityofepa.org/housing/page/east-palo-alto-opportunity-purchase-act-epa-opa-0>. The page header includes the City of East Palo Alto logo and navigation links: "I WANT TO", "DEPARTMENTS", "GOVERNMENT", "BUSINESS", and "REGISTER TO VOTE". A search bar is located in the top right. The main content area is titled "HOUSING" and features a sidebar with links: "About Us", "Accessory Dwelling Units (ADUs)", "East Palo Alto Opportunity to Purchase Act (EPA OPA)", "Inclusionary Housing", "Housing Element Update", and "Below Market Rate Housing Program". The main content area is titled "East Palo Alto Opportunity to Purchase Act (EPA OPA)" and includes a section for "UPCOMING: Community Meeting - December 1, 2021 at 6pm". Below this, there is text about the community meeting on Wednesday, December 1, 2021, from 6-8pm. The page also contains sections for "Opportunity to Purchase ('OPA') Policy", "Background: City Council Consideration of an East Palo Alto OPA", and "Partnership for the Bay's Future Challenge Grant".

City of EAST PALO ALTO California

I WANT TO DEPARTMENTS GOVERNMENT BUSINESS REGISTER TO VOTE

Search

HOUSING

About Us

Accessory Dwelling Units (ADUs)

East Palo Alto Opportunity to Purchase Act (EPA OPA)

Inclusionary Housing

Housing Element Update

Below Market Rate Housing Program

CONTACT INFORMATION

1960 Tate St.
East Palo Alto, CA 94303
650-853-3100

East Palo Alto Opportunity to Purchase Act (EPA OPA)

UPCOMING: Community Meeting - December 1, 2021 at 6pm

Join City staff on Wednesday, December 1, 2021 from 6-8pm for a community meeting on East Palo Alto OPA. Staff will present on the ordinance, take questions from participants, and solicit public input.

This meeting will take place on Zoom and will have interpretation. See event entry in the menu to the left or click here to view the event directly.

Opportunity to Purchase ("OPA") Policy

An Opportunity to Purchase ("OPA") Policy gives tenants, qualified nonprofits, or jurisdictions the first opportunity to purchase a residential property or assign their right to purchase to another entity when the owner is ready to sell.

Sometimes known as "TOPA/COPA" (Tenant Opportunity to Purchase Act/Community Opportunity to Purchase Act), "DOPA" (District Opportunity to Purchase Act, in Washington, DC), or even "MOPA" (Municipal Opportunity to Purchase Act), these policies are intended to prevent displacement and promote community stability by providing pathways to homeownership and a mechanism to keep rental housing affordable.

Background: City Council Consideration of an East Palo Alto OPA

Partnership for the Bay's Future Challenge Grant

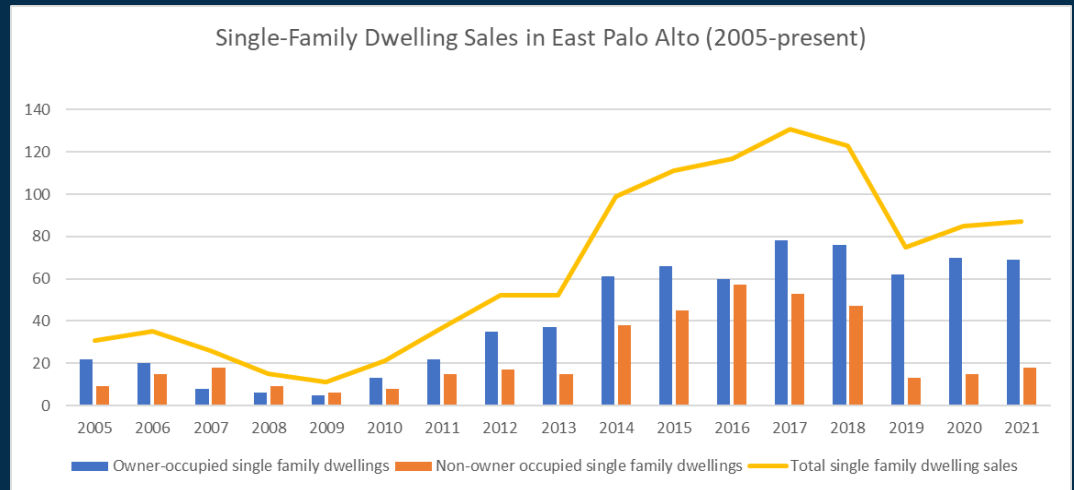
On June 4, 2019, via Resolution No. 5128, the City Council authorized the City Manager to submit an application to the Partnership for the Bay's Future for a Challenge Grant.

Public Feedback

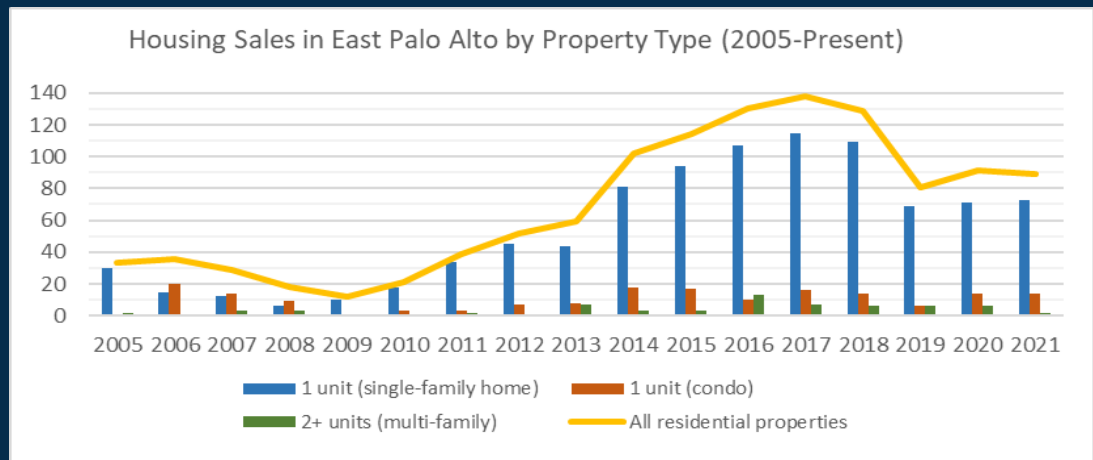
- Outreach (FAQs)
- Qualified nonprofits (*staff recommended change in Ordinance*)
- Applicability (*staff recommended change in Ordinance*)
- Wealth-building of long-standing residents
- Appraisal (*staff recommended change in Ordinance*)
- Timelines (*staff recommended change in Ordinance*)
- 1031 Exchange (FAQs)
- Financial impacts (FAQs)
- Affordable housing (FAQs)

Applicability + Housing Conditions

Single Family Home Applicability		
	Single Family (incl. condos)	% of Total Single Family (incl. condos)
Owner-Occupied (exempt)	3,045	70%
Non-Owner-Occupied (potentially subject)	1,284	30%
Total	4,329	100%



Owner-Occupied sales comprise the majority of single-family/condo sales.



Multi-family dwellings make up a small fraction of all residential sales in East Palo Alto.

Applicability + Housing Conditions

4,583 parcels in East Palo Alto

- **~ 1/3 owned by non-East Palo Alto residents**

~ 5% of parcels owned by East Palo Alto residents who own other properties in the city

Key Changes to Ordinance (1)

1. Exempt owner-occupied properties of three or fewer units, regardless of the number of ADUs on the same lot.



Single Family Dwelling (incl. condos) with ADUs



Duplex with ADUs



Triplex with ADUs

All exempt

Key Changes to Ordinance (2)

2. Eliminate the Appraisal Section altogether, not just for single-family dwellings.
3. 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.
4. 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.
5. Create a 15% Margin Rule for a Potential Eligible Purchaser to have the Right of First Refusal (matching offer).

Key Changes to Ordinance (3)

6. **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.
7. **Increase** the contract purchase deposit amount from 1% to 3%.
8. **Clarify** that owners can also pursue legal actions to enforce the Ordinance.
9. **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.

Ordinance Language Corrections

Section	Correction
Section 14.26.020. Definition of Guidelines	<i>City Council</i> instead of <i>City Manager</i> as described in Section 14.26.170.A
Section 14.26.110. Contract Negotiation.	B. Reduced Price. If the Owner sells or contracts to sell the Residential Property to a Third-Party Purchaser for a price more than ten <u>fifteen</u> percent (15%) less than the price offered to the Potential Eligible Purchaser
Section 14.26.110. Contract Negotiation.	E. Deposit. The Owner shall not require the Potential Eligible Purchaser to pay a deposit of more than one-three <u>three</u> percent (3%) of the contract sales price to make a contract.
Section 14.26.160. Financial Assistance.	City Manager to develop guidelines for financial assistance when there is a program to subsidize OPA purchases. Add: <i>for City Council's approval</i> to make consistent with recommendation for Council to adopt the guidelines.
Section 14.26.160.A Implementation.	The provision of Sections 14.26.010 14.26.010 through 14.26.060 14.26.160 shall take effect ninety (90) days after the City Council adopts Administrative Guidelines.
Section 14.26.120 Long-Term Affordability.	<i>*not noted in staff report.</i> Added affordability limit to <i>Low-Income Households</i> for future vacancies, in alignment with Inclusionary Housing Ordinance.

Recommendation

1. Waive the first reading and introduce an Ordinance titled "East Palo Alto Opportunity to Purchase Act" ("EPA OPA"), adding Chapter 14.26 to the East Palo Alto Municipal Code.
2. Find that the adoption by the City Council of the amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Ordinance Process

Ordinances require 2 votes (readings)

- First Reading – introduction
- Second Reading – adoption

To "waive" the first reading means...

- To adopt an ordinance, it needs to first be introduced by its title by motion, and then the City Clerk or the designated person is required to **read out-loud** the entire ordinance. The reading of the entire ordinance may be waived.
- It does not mean that the Council will not debate the ordinance, or allow for public comment, or the ordinance will not need to be brought back to Council for adoption at another public meeting.

Next Steps



- If directed, staff will return with Ordinance for Second Reading and adoption



- Staff work on guidelines and funding source in early 2022



- Ordinance takes effect in July 2022

Questions/Discussion