

Frequently Asked Questions

Please note that these Frequently Asked Questions were uploaded to the City website on Friday, December 3 and were based on public questions and comments received at the December 1, 2021 community meeting and via email during the period from November 16, 2021 to December 3, 2021. The responses are based on the November 16, 2021 draft Ordinance in the staff report. Any additional questions received after this document was uploaded will be documented by staff and shared with the City Council. Any updates made to this document will be noted at the top.

General

What is the objective of this Ordinance?

The main objectives of the East Palo Alto Opportunity to Purchase Act (EPA OPA) are anti-displacement and creation of affordable homeownership and rental opportunities.

Why does EPA need an East Palo Alto OPA?

An EPA OPA is a tool for tenants to stay in place and get a chance to purchase themselves, rent, or become homeowners with or without nonprofit assistance; for there to be permanent affordability for current and future generations of East Palo Alto residents; and to provide first-time homeownership opportunities for low-income families, which has been a City Council priority for many years.

What is the EPA OPA process?

- Owner decides to sell their residential property and EPA OPA applies (see the Applicability & Exemptions section).
- Owner notifies Potential Eligible Purchasers of their intent to sell.
- Potential Eligible Purchasers submit a statement expressing interest in purchasing or waive their rights by not submitting a statement within the specified timeframe. If Potential Eligible Purchasers waive their rights, then the owner may proceed with listing and marketing their residential property.
- Potential Eligible Purchasers who submitted a statement expressing interest get additional time to submit an initial offer.
- Owner accepts or rejects initial offer(s). If the owner accepts, the parties proceed to closing.
- If the owner rejects, they may then list and market their residential property and enter into a conditional contract with a third party. The Potential Eligible Purchasers who submitted an initial offer may have a chance to match a third-party offer. If they do not match, the owner may proceed with selling to the third party.
- The parties sign paperwork and close.

Applicability & Exemptions

To what and whom does the Ordinance apply?

The Ordinance applies to certain sales of residential properties in East Palo Alto. When an owner to whom the Ordinance applies chooses to sell their property, they must provide notice to the Potential Eligible Purchasers. The Potential Eligible Purchaser could be a tenant and/or Qualified Nonprofits and the City, depending on the housing and occupancy type. The Ordinance gives the Potential Eligible Purchaser the opportunity to make an offer within a specified timeframe (the “Right of First Offer”) and, if applicable, to later match any third-party offers that the owner wishes to accept (the “Right of First Refusal”).

- In a non-owner-occupied single-family dwelling with a tenant, the Potential Eligible Purchaser is the tenant. The tenant may assign their rights to a Qualified Nonprofit. A Qualified Nonprofit is a nonprofit organization that has been certified through a City process that will be detailed in the Administrative Guidelines to the Ordinance (please also see the “Qualified Nonprofits” section).
- In a non-owner-occupied single-family dwelling without a tenant, the Potential Eligible Purchasers are Qualified Nonprofits and the City.
- In non-tenant occupied single-family dwellings, the Potential Eligible Purchasers are Qualified Nonprofits and the City.

Are there any exemptions to this Ordinance?

The Ordinance includes multiple exemptions based on occupancy type and transfer type.

- Owner-occupied single-family dwellings are exempt from the Ordinance. A single-family dwelling is “owner-occupied” if it is occupied by the owner as their principal residence for at least one year prior to the sale.
- Transfers between family members -- spouses, domestic partners, parents and children, siblings, and/or grandparents – and transfers through inheritance are exempt from the Ordinance.
- Sales of properties up to 4 units in emergency health situations (of an owner) are exempt from the Ordinance.

The full list of exempt transfers is provided in Section 14.26.040 of the draft Ordinance.

What do I need to do if my property is exempt or if I am making an exempt transfer?

If the property is exempt (i.e., an owner-occupied single-family home), the owner does not need to file any additional paperwork prior to or during the sale of their property. After the sale of the property, the owner must submit a document and sign under penalty of perjury that the exemption applied. This template will be provided by the City and posted on the City's website.

For an exempt transfer, the only action an owner must take is to sign a document under penalty of perjury self-certifying one of the exemptions and submit supporting document(s) to the City. This template will be made available on the City's website. The City will keep records of the exemption claim but will **not** make a determination on whether the property is exempt.

What about ADUs and JADUs? Does having one on my single-family lot subject my property to the Ordinance?

Staff indicated at the November 16, 2021 meeting that the City Council may wish to consider exempting ADUs in the Ordinance. Staff has received many comments and concerns about ADUs and JADUs and will raise this at the December 7 meeting.

Can I transfer my residential property to a family member under EPA OPA?

Yes – EPA OPA exempts transfers between immediate family members, including spouses, domestic partners, parent and child, siblings, grandparent and grandchild.

Can my residential property still go to my heirs under EPA OPA?

Yes – EPA OPA exempts transfers to heirs upon the death of the owner.

Can my residential property be exempt if I have a health emergency?

Yes – EPA OPA exempts small property owners who need to sell their residential property quickly due to a health emergency.

I'm living in my home and am thinking of selling. What if I need to move out to stage the house prior to selling it?

If an owner has lived in their single-family home during the year prior to marketing the home for sale, their property remains exempt from the Ordinance. The owner may proceed to list and market the house.

What if I move away temporarily, but I ultimately have to sell my single-family home?

If the owner has not lived in the house for one year prior and the transfer is not exempt, then the property would be subject to the Ordinance as a non-owner-occupied single-family dwelling.

Sales

If EPA OPA applies to my residential property and I decide to sell, what will be the sales price of my residential property?

The sales price under EPA OPA can be market value. Owners have a right to accept or reject initial offers from Potential Eligible Purchasers (tenants, Qualified Nonprofits, and the City). If the owner rejects the initial offer(s) and subsequently receives a third-party offer they want to accept, or have conditionally accepted, the Potential Eligible Purchaser(s) who made the initial offer then have ten days to match the third-party offer for a single-family dwelling, or at least thirty days for a (2+) unit property. If they do not, the owner can proceed with the sale to the third party.

If the Potential Eligible Purchaser matches the third-party offer, do I have to accept?

Yes – if the Potential Eligible Purchaser(s) who submitted an initial offer match(es) the third-party offer, the owner must then proceed with closing on the Potential Eligible Purchaser's offer. Note that a Potential Eligible Purchaser only has a right to match a third party offer if they had submitted an initial offer.

What is the purpose of the appraisal process and how does it work?

City Council directed staff to remove the appraisal provision for single family homes.

In an OPA policy, the sales price is governed by the market because Potential Eligible Purchasers have the right to match the offers made by third parties. The purpose of an appraisal process is to further ensure that tenants are protected from displacement by preventing arbitrary and exorbitant offers of sale that effectively prohibit a Potential Eligible Purchaser from purchasing the units. In Washington, DC, TOPA policymakers drafted language to prevent cases like the Museum Square case, where the property owner informed Section 8 tenants that they would have to pay \$250 million (more than \$800,000 per apartment) to purchase the property, or they would be forced to leave. The property's assessed value of \$36 million did not come near the \$250 million the owner offered.

How does the Ordinance enable tenants, Qualified Nonprofits, or the City to purchase?

The proposed Ordinance provides Potential Eligible Purchasers with timelines, adequate notice, and assignment of rights.

How does the Ordinance harmonize with the typical offer and contract process when the owner seeks third-party offers on the open market?

If the Potential Eligible Purchaser has the right of first refusal because they timely submitted a statement of interest letter and a timely offer, then the owner is obliged to disclose to the Potential Eligible Purchaser(s) any third-party offers that the owner intends to accept or has conditionally accepted, and the Potential Eligible Purchaser can match the offer within 10 days (or 30 days for a 2+ unit building). The conditional agreement between the Potential Eligible Purchaser and the third party may contain a contingency that no Potential Eligible Purchaser exercises their right of first refusal within this time period.

The Ordinance sets forth timeframes for the right of first refusal and closing period and places a limit on the deposit amount that the owner may require from the Potential Eligible Purchaser to enter into contract.

It is important to note that the Ordinance would not take effect for six months after adoption. This six-month implementation period provides time to make clarifications and adjustments and bring the practices of the real estate transaction into alignment with the Ordinance's requirements.

Will this Ordinance affect my home value?

No – when the owner decides to sell a property that is subject to the Ordinance, the owner can accept or reject any offer submitted by a Potential Eligible Purchaser. If the owner rejects the offer, the owner can then seek any third party offers. If the owner does intend to accept or conditionally accept a third-party offer, the owner then gives those Potential Eligible Purchaser(s), who timely submitted a letter of interest and timely submitted an offer, a limited time to match it. If neither the Potential Eligible Purchaser nor the third party makes an offer that satisfies the owner, the owner is not under any obligation to sell the property. By giving the Potential Eligible Purchaser the opportunity to match a third-party offer, the owner has more reassurances that the owner will be accepting an offer that closely reflects the market value of the property.

As an example of home values, Washington, DC real estate values have continued to rise each year. Per a [2018 DC Policy Center Housing report](#), from 1995, homes increased in value by 4.5 times, compared to 2.6-fold increases in the greater Washington Metro area. DC is the only jurisdiction in the area that has a comprehensive TOPA. A [2020 study](#) found that DC rental properties that received TOPA notices between 2013-2019 (meaning the owners notified tenants that the property they lived in was going up for sale and what their rights are under TOPA, as required by law) have seen consistent increases in land prices and cost per unit. The cost per unit in 2013 for these properties was just above \$100,000 and in 2019 was over \$250,000.

How does the Ordinance handle off-market sales or unsolicited offers?

For a non-exempt property, owners who intend to accept or conditionally accept an unsolicited offer will be legally required to state their interest to sell the property and give the opportunity to Potential Eligible Purchasers to timely submit a letter of interest and then a matching offer. If no Potential Eligible Purchaser submits a letter of interest and an offer, the owner can move forward with the sale to the third party who made the unsolicited offer if the owner wishes to do so.

Timelines

What is the purpose of the different timelines?

There are specific timelines for each stage of the process, to ensure the tenants, Qualified Nonprofits, or the City have reasonable time to organize, express interest, submit an offer, secure funding, and close, while also balancing the residential property owner's need to sell. The policy adds time to the process, but it does not control the sales price. The EPA OPA timelines are tailored to achieve the objectives of the Ordinance: to prevent the displacement of the residents and to create more affordable homeownership and affordable rental opportunities.

What is the purpose of the longer timelines?

The purpose of the longer timelines is to provide tenants with an opportunity to stay in place with either an opportunity to first make an offer and purchase, or to get a nonprofit landlord who is committed to providing affordable rents and not displacing residents. Timelines differ depending on property type and reflect how long it may take for the Potential Eligible Purchasers to organize, express interest, submit an offer, secure funding, and close, while also balancing the residential property owner's need to sell.

What are the different timelines, and how do they work?

- The EPA OPA policy has timelines for the different stages of the process, including the Statement of Interest period, the Right of First Offer period, the Right of First Refusal period, and the Closing.
- The Statement of Interest period is the time for Potential Eligible Purchasers to submit a statement indicating interest in purchasing.
- The Right of First Offer period is the initial offer period for Potential Eligible Purchasers to submit an offer to purchase.
- The Right of First Refusal period is the time for the Potential Eligible Purchasers who submitted an initial offer to match the third party's offer.
- The Closing period is the time for the Potential Eligible Purchaser and Owner to close on a purchase.

The timelines in these different stages of the process differ by housing type: 1) Non-Owner Occupied 1-3 Unit Dwellings with Tenants, 2) Non-Owner Occupied 1-3 Dwellings without Tenants, and 3) Non-Exempt Multi-Family Dwellings (4+ Units). For an overview of staff's recommended timelines, please see the December 7 staff report available at cityofepa.org/housing.

For any Potential Eligible Purchaser to be able to submit an offer, they are required to timely submit a letter of interest.

For any Potential Eligible Purchaser to be able to submit a matching offer to a third-party offer, they are required to timely submit an offer.

Is there a way to expedite these timelines?

If Potential Eligible Purchasers waive their rights by not submitting a letter of interest (and therefore no offer) within the specified timeframe, then the owner can proceed to market and sell the property and no further provisions of the Ordinance apply. This would shorten the timeframe to a total of 30 days, which is the length of the Notice Period.

The Ordinance otherwise requires a minimum specified timeframe for each phase of the process.

What happens if the tenant in a non-owner-occupied single-family dwelling does not wish to express interest or make an offer?

The tenant has 30 days to submit a letter of interest expressing interest in purchasing. If the tenant wishes to waive their right by not submitting a letter of interest within the specified timeframe, the other Potential Eligible Purchasers (Qualified Nonprofits and the City) still have the 30 days to submit their own letter of interest. If by the end of the 30 days, no Potential Eligible Purchaser submits a letter of interest, the owner can proceed to market and sell the property and no further provisions of the Ordinance apply.

What if I receive a third-party offer with a shorter timeline?

The property will still be subject to the Ordinance timeline for the Right of First Refusal, if there was a Potential Eligible Purchaser offer timely submitted.

What about a 1031 Exchange?

Nothing in EPA OPA prohibits a seller from pursuing a 1031 Exchange. A "1031 Exchange" allows for the deferment of capital gains tax when an investor sells one property and acquires another of "like kind," in addition to meeting other requirements, within a certain timeframe. A 1031 Exchange is a specific transaction type that is

outside the scope of the Ordinance. Since a 1031 Exchange requires coordination of the timing of the close of sale on the sold property with the purchase of the replacement property, a third-party purchaser or an owner pursuing that transaction would factor in the OPA timelines when deciding to sell or make an offer.

Affordability

What is the purpose of the long-term affordability provision?

The purpose of the long-term affordability provision in the Ordinance is to ensure that any units purchased by a Qualified Nonprofit or the City remain affordable to current and future tenants and, if the units are sold, that they are sold at a price affordable to low- and moderate-income households. Placing affordability restrictions on units purchased through the EPA OPA aligns with the overall purpose of the Ordinance, which is to prevent displacement of tenants and to provide affordable homeownership opportunities. Please note that any tenants who receive government subsidy or assistance to purchase a single-family dwelling under the Ordinance would also be subject to the long-term affordability provision.

When does an affordability restriction apply, and what is it?

If a Qualified Nonprofit or the City acquires a rental property and continues to rent out the units, the rents must remain affordable to the current tenants (when the property is purchased), and the average rental rate of all the units on the property cannot exceed 50% of the Area Median Income (AMI). If the average rental rate exceeds 50% AMI, the rent for any vacant units must be affordable to 50% AMI households or below.

Alternative models, such as a community land trust, whereby the CLT owns the land and leases it at an affordable price with tenant collective ownership of the structure, are also possible. In those cases, the same rental affordability provision in the Ordinance would apply.

If a Qualified Nonprofit or the City acquires a (non-owner-occupied) single-family dwelling with no tenant or a two-unit property and intends to make the units available for purchase, the sales price will be calculated using the method prescribed in the City's Inclusionary Housing Ordinance (Chapter 18.37 of the Municipal Code) and made affordable to households at 80% AMI and 120% AMI.

If a Qualified Nonprofit or the City acquires a multifamily rental property of 3 or more units and intends to make the units available for purchase, they must go through a condominium conversion process to sell the units to the current tenants (when the property is purchased), in addition to any vacant units, with the additional requirement that they sell the units at an affordable price. The same for-sale affordability provision in the Ordinance would apply.

These affordability restrictions will remain in place in perpetuity.

Will tenants be disqualified from their units for being over-income?

No – if the tenant does not qualify for the unit, the tenant still has the protections given by the Rent Stabilization Ordinance. Any tenant who resides in any unit at the time of the sale of a Residential Property under this Ordinance cannot be subject to eviction based on their failure to meet income restrictions or other eligibility requirements imposed by this Ordinance.

How will the City ensure compliance?

The affordability restrictions, which may take the form of a deed restriction enforceable by the City or a land lease with an affordability covenant, will be recorded against the residential property.

Right of First Refusal

Under what circumstances do I have to disclose third-party offers, and to whom?

When the owner decides to sell a property that is subject to the Ordinance, the owner can accept or reject any offer submitted by a Potential Eligible Purchaser. If the owner rejects the offer, the owner can then seek third party offers. If the owner does intend to accept or conditionally accept a third-party offer, the owner then gives those Potential Eligible Purchasers who timely submitted a letter of interest and timely submitted an offer, a limited time to match it. If neither the Potential Eligible Purchaser nor the third party makes an offer that satisfies the owner, the owner is not under any obligation to sell the property.

If I am an owner and I am required to disclose third-party offers, do I have to disclose every third-party offer I receive to the Potential Eligible Purchaser?

No – you only have to disclose those offers that you intend to accept or that you have conditionally accepted.

How can I accept a third-party offer but then allow a Potential Eligible Purchaser to match the offer?

You conditionally accept the third-party offer subject to the Potential Eligible Purchaser's failure to timely match it.

How will confidentiality be maintained in the disclosure of a third-party offer to a Potential Eligible Purchaser(s)?

The Ordinance will have a confidentiality provision.

If the owner later ends up selling the property for less than 10% of the price offered by the Potential Eligible Purchaser, is the contract with the third party voided?

If the Owner sells or contracts to sell the property to a third-party purchaser for a price more than ten percent (10%) less than the price offered to the Potential Eligible Purchaser or for other terms which would constitute bargaining without good faith, the sale or contract is void and the Owner shall comply anew with all requirements of the Ordinance. However, if the owner is acting in good faith, and the sales price ends up being 10% less than what the Potential Eligible Purchaser offered because of circumstances later discovered such as an inspection report showing severe foundation damage, the owner can still proceed with the third-party sale.

Enforcement

Who will enforce this Ordinance?

Property owners, Potential Eligible Purchasers, and the City will enforce the Ordinance by complying with the Ordinance requirements and holding the other parties accountable through the multiple enforcement mechanisms established by the Ordinance. The main enforcement mechanisms that the Ordinance establishes are below (please note that changes to this section are being recommended to City Council on December 7):

1. By no later than thirty (30) days after any Sale, the Owner(s) must record with the San Mateo County's Recorder's Office a signed declaration, under penalty of perjury, affirming that the Sale of that Property substantially complied with the requirements of the Ordinance.
2. The City Attorney, any property owner non-exempted from this Ordinance, and/or any Potential Eligible Purchaser may bring a civil action to enforce the Ordinance.
3. A prevailing party in any action to enforce this Ordinance is entitled to civil damages and damages according to proof and reasonable attorneys' fees and costs. Also, a court may order that any transfer or sale of property made without complying with the requirements of the Ordinance be rescinded. Civil damages include:
 1. Any violation of the requirements of this Ordinance can be subject to a civil penalty not to exceed \$1,000 per day of violation.
 2. If the Owner's violation was knowing or willful, mandatory civil penalties equal to ten percent (10%) of the sale price for a first violation; twenty percent (20%) for the second, and thirty percent (30%) for each thereafter.
4. Suspension or Disqualification of Qualified Nonprofits. The City must investigate any complaint alleging that a Qualified Nonprofit has failed to comply with Section 14.26.150 of this Ordinance. If, after providing the Qualified Nonprofit with notice and

opportunity to be heard, the City determines that a Qualified Nonprofit has failed to comply with this Chapter, the City can suspend or revoke a Qualified Nonprofit's certification.

If the Potential Eligible Purchaser does not comply with the Ordinance, the owner can sell the home on the open market and can pursue civil penalties. If a contract has been already signed, the owner and the Potential Eligible Purchaser can pursue any contractual remedies for the breach of the contract as in any other contracts.

Qualified Nonprofits

How will the qualified nonprofit certification process work?

A 501(c)(3) organization or cooperative association may apply to become a certified qualified nonprofit if it fulfills the criteria outlined in the Ordinance and the Administrative Guidelines. The QNP's certification will be valid for (5) years. The City may solicit new applications each year. The list of QNPs will be published on the City's website.

What are the criteria to become a Qualified Nonprofit?

As a baseline, a Qualified Nonprofits is a 501(c)(3) organization or cooperative association that applies to become a certified qualified nonprofit and fulfills the criteria that will be outlined in the Administrative Guidelines. So far, staff has received the following input from City Council:

- That the QNP have the ability and capacity to acquire, rehabilitate and manage affordable housing.
- That the QNP have a commitment to furthering affordable housing preservation and anti-displacement.
- That the QNP have experience and history serving East Palo Alto residents, and if not, to partner with other local nonprofits to meet the baseline criteria

The Administrative Guidelines will further elaborate upon the qualification process. The public is invited to be involved in that process of developing these guidelines in the six months prior to the enactment of the policy.

How can we ensure Qualified Nonprofits have good practices in East Palo Alto?

In order to become a Qualified Nonprofits, nonprofits must meet baseline criteria outlined in the Ordinance and expressed in further detail in the Administrative Guidelines, including that the Qualified Nonprofit must have a commitment to affordable housing preservation and anti-displacement, have the ability and capacity to acquire, rehabilitate, and manage affordable housing, and have experience and history serving East Palo Alto residents—and, if not, partnering with local nonprofits.

If a Qualified Nonprofit does not abide by the affordability requirements set forth in the Ordinance, any court of competent jurisdiction may enforce the affordability requirements of the Ordinance.

As a prevailing parties, an Owner or the City may take action to enforce the Ordinance. Please see Enforcement for more details.

Other

How does this Ordinance compare to other cities' Ordinances?

The EPA OPA is tailored to the community's needs and takes lessons learned from Washington DC's Tenant Opportunity to Purchase Act (TOPA) passed in 1980 and San Francisco's Community Opportunity to Purchase Act (COPA) passed in 2019. EPA OPA does not allow tenants to sell their rights, requires that qualified nonprofits have a commitment to anti-displacement and meet specific criteria, and seeks to give more time for the Statement of Interest period than San Francisco. Staff interviewed practitioners in San Francisco and learned that the short Statement of Interest period in San Francisco does not provide qualified nonprofits with enough time to state interest on a property. Staff also conducted outreach to tenants to understand how much time tenants in East Palo Alto would need in the different phases of the Ordinance. This includes time to gather financial information to pre-approve for a loan, to reach out to the different Qualified Nonprofits if they wish to assign their right and submit a joint Statement of Interest, and to close a deal in a competitive market. Staff also conducted outreach to residential property owners and real estate agents to understand where to streamline the Ordinance for the seller's needs. The EPA OPA policy does not provide any timeline extensions, unlike San Francisco and Washington, DC's policies, in order to provide more predictable and streamlined timelines for residential property owners and real estate agents supporting their clients.

In addition, San Francisco allows Qualified Nonprofits to match third party offers even when they have not submitted an initial offer. EPA OPA only allows Potential Eligible Purchasers to match an offer during the Right of First Refusal if they had already submitted a timely initial offer during the Right of First Offer period.

What have the outcomes of TOPA been in Washington DC?

Washington DC adopted a Tenant Opportunity to Purchase Act or "TOPA" in 1980. A DC Fiscal Policy Institute [study](#) on DC multi-family sales between 2014-2015 demonstrates that one-third of all multi-family transactions happened through TOPA. A 2018 [report](#) reveals that between 2015-2018, over 1,400 units were purchased through DC's Department of Housing and Community Development TOPA acquisition funds.

How does EPA OPA help address the affordability problem?

An EPA OPA policy aims to create pathways for tenants to become first-time homeowners and facilitate permanently affordable rental opportunities while enabling the seller to obtain a market price for their property. An OPA policy on its own cannot correct for all the shortcomings of existing housing policy and the housing market. However, some of its key features directly address the City's housing challenges and their disproportionate impact on lower-income residents, and especially low-income residents of color, in East Palo Alto.

If adopted, an OPA Ordinance would work alongside the many other housing policies and initiatives that the City has in place, including the Inclusionary Housing and Rent Stabilization programs, supporting the production of new affordable housing, supporting the production of ADUs, and others.

If the major objective is to provide affordable housing, how can an OPA purchase not be different than a purchase on the open market?

When the property is purchased under EPA OPA, it is expected that the purchaser (Potential Eligible Purchaser or third-party purchaser) pays, and the owner receives, market value. It is only after the purchase of the property that a Qualified Nonprofit or the City makes the units in the property available at below market-rate rents or sales prices. In the case where a tenant purchases a single-family dwelling with their own financial resources, a deed-restricted affordable unit is not created, but the tenant has become a homeowner in part through the benefit of longer lead time that the Ordinance affords.

Economic Analysis

What have real estate values been in Washington, DC? Have they slowed or increased?

Washington, DC real estate values have continued to rise each year. A DC Fiscal Policy Institute [report](#) demonstrates that between 2002-2018, at least 3,500 units were preserved through DC TOPA. A 2018 DC Policy Center [report](#) on the district's housing stock found that housing prices rapidly increased in the District of Columbia between 1995-2018; those who purchased a house before 1995 saw a 4.5-fold increase in their investments, which outperformed the 2.6-fold increase in the greater Washington Metro area.

What is the potential economic impact of an EPA OPA on the City's budget?

Please see the October 5th and November 16th staff reports for an analysis. City Council and the community have expressed strong support for affordable homeownership opportunities. Properties purchased by Qualified Nonprofits for the purpose of providing affordable homeownership opportunities will not receive any property welfare tax exemption. The City's budget could also see a positive impact by

reducing the cost of displacement and homelessness in the community by this and other affordable housing policies that the City Council has adopted.

Does the City need a third-party economic study in order to pass an EPA OPA?

Third-party studies are not required to pass an Ordinance.

Staff consulted a variety of practitioners and professionals and conducted research before the introduction of EPA OPA. For an overview of staff analysis, see the October 5 and November 16 staff reports (with citations) and presentations.

Will this policy create disincentives to purchase a home in East Palo Alto or to build new housing in East Palo Alto?

The same concerns have been historically raised against rent stabilization protections and other resident anti-displacement policies already adopted by Council. However, the demand for housing and unsolicited purchase offers continues to increase in the City. These policies that intend to protect residents and benefit the entire community have not stopped the interest of developers in the City. In fact, the City is currently reviewing a development proposal for 605 residential units and other major residential proposals. For more information about the current residential and other development proposals being considered, please go to: <https://www.ci.east-palo-alto.ca.us/projects>.

East Palo Alto's location in San Mateo County—where, for every six low-wage jobs (\$20 an hour), there is one home affordable to the person working that job (monthly rent of \$1,500)—situates it in a region where job and population growth continue to drive up demand for housing. Since 2009, county-wide, home values have more than doubled, and rents have risen 41%. Regional housing demand has and will continue to influence the demand for new housing in East Palo Alto.

As noted elsewhere, the proposed Ordinance does not prevent the property owner from seeking offers on the open market and selling their property at market value.

Outreach

What has the process been to develop this Ordinance?

City Council has been discussing a potential housing preservation policy since 2018. This policy went through an ordinary public Ordinance process, which includes: City Council expressing interest and directing staff to study the policy (in 2018, 2019 and 2020); staff returning with a framework for City Council and community input and discussion (October 5, 2021); an introduction and public hearing of the draft Ordinance (November 16 and continued onto December 7); and a second and final public hearing of the Ordinance (date to be determined).

What outreach has been conducted for this Ordinance?

In order to arrive at the draft Ordinance staff proposed on November 16th, staff conducted outreach to nine affinity group meetings and two focus groups that held a diverse group of tenants, homeowners, and mom and pop landlords. Staff also consulted real estate professionals and expert practitioners in East Palo Alto and the region. Staff has continued to gather public comments at the October 5th and November 16th City Council meetings, at the December 1st community meeting, and via emails and office hours. The next City Council meeting is on December 7, 2021. If you have questions or comments about the Ordinance, please email housing@cityofepa.org.

Were real estate professionals consulted in constructing this Ordinance?

Yes – staff has been consulting with real estate professionals for the drafting of this Ordinance.

Why was the outreach done for this Ordinance different from the RBD Specific Plan Update?

A specific plan is a long-range planning exercise that envisions future development in a specified geographic area of the city and that requires full environmental review, updating of the City’s zoning ordinance, and parallel multi-year transportation and infrastructure planning. The current RBD Specific Plan Update is a process based on the potential addition of over four million square feet of office/R&D space (3 million more square feet than under the current planned capacity) and 440 housing units to the area.

A key difference between the EPA OPA and the specific plan update is that EPA OPA is a proposed ordinance. This Ordinance would affect residential property transactions in the City, with certain exemptions.

What outreach has the City continued to conduct to ensure that East Palo Alto residents are informed about the Ordinance?

On December 1st, City staff held a community meeting with the purpose of providing more information on EPA OPA, answering questions on the operational aspects of EPA OPA, soliciting feedback from stakeholders, and considering feedback and comments leading up to the City Council meeting on December 7th. Staff is posting and forwarding all emails received to City Council, holding office hours, and continuing to gather comments and questions sent to housing@cityofepa.org.