



Memorandum

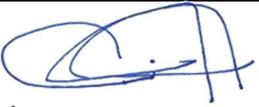
TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
Vice Mayor Chappie Jones
Councilmember Lan Diep
Councilmember Dev Davis
Councilmember Pam Foley

SUBJECT: SEE BELOW

DATE: September 18, 2020

**Signed Electronically*

APPROVED:  **DATE:** *September 18, 2020*

SUBJECT: CITYWIDE RESIDENTIAL ANTI-DISPLACEMENT STRATEGY

RECOMMENDATIONS

1. Accept Staff’s recommendations for the Residential Anti-Displacement Strategy.
2. For the recommendation workplans below, direct City Staff to include exploration and analysis of the following:
 - a. Recommendation 1: Support Equitable COVID-19 Recovery and Impact Mitigation Measures for Renters and Homeowners:
 - (1) Describe the annual costs to the City for the collaborative court and for any additional expenditure on attorneys
 - b. Recommendation 2: Establish a Neighborhood Tenant Preference for Affordable Housing:
 - (1) Consider how the City could lawfully encourage affordable housing developers to partner with neighborhood-serving non-profits that have demonstrated a strong understanding with the community, and can facilitate transparent and objective preferences for local residents
 - c. Recommendation 3: Explore a Community Opportunity to Purchase Program/Ordinance:
 - (1) Limit the range of properties subject to the program to those most suitable for community ownership by:

- i. As San Francisco has, exempting single-family homes and duplexes
 - ii. Impose an upper limit on the number of units (e.g., 50 units) due to the infeasibility of a community-based organization obtaining access to financing a large transaction
- (2) Ensure property owners receive market value—as determined through open bidding—particularly through a right-of-first-refusal process
- (3) Minimize the process delay in the sale timeline, taking into consideration a seller’s vulnerability to market movement, interest rate volatility and risk, and impacts of delay on property valuations
- (4) Establish criteria to restrict eligibility to those nonprofit qualified community developers that have the capacity to successfully transact a community purchase
- (5) If any for-profit entities shall be allowed to participate in the community purchase process, impose strict criteria to avoid conflicts of financial interest with community, city, and program goals
- (6) Establish a pilot period with an end date to return to Council with results and evaluation after implementation, upon engaging stakeholders including but not limited to affordable housing developers, community organizations, landowners, real estate brokers, and lenders

Background

Thank you to City staff for their thoughtfulness in crafting and presenting the Citywide Anti-Displacement Strategy. The City has the opportunity to address current and future resident displacement by exploring and analyzing strategies to stem the rate and risk of displacement in the City of San José.

The concept of home is very strong, especially for families and young school-age children. Numerous studies, including The MacArthur Foundation’s “How Housing Matters” program¹, document the negative effects of moving on a child’s educational attainment and future career success. This is especially true for low-income families that on average move more frequently due to job instability and eviction. This is but one of the many important reasons to protect our communities from displacement.

While it would be desirable to study and explore all ten recommendations presented by City staff, we appreciate their recommendation to concentrate staffing resources by prioritizing the first three recommendations. This approach recognizes the City’s current and future budget realities as we brace for impending shortfalls due to the continuing pandemic.

The presented recommendations are complex and require in-depth research and analysis of what has already been tried, what has and hasn’t worked, and what could or couldn’t work. We support the staff recommendation to explore the first three recommendations and come back to Council with their findings and approaches forward.

¹ <https://www.macfound.org/press/article/how-housing-matters-research-briefs/>

Specifically, for recommendation (3) Explore a Community Opportunity to Purchase Program/Ordinance, deep exploration and analysis is needed to understand and balance possible effects on market-value with the opportunity to preserve and shift ownership of property to the community. Included in our recommendations above are areas that need to be examined and brought back to Council for consideration.

We encourage staff to be thorough in their exploration an analysis and expeditious in returning back to Council as soon as possible.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.