

SAN JOSÉ CHALLENGE GRANT SUMMARY

Community-Based Partners	Fellow	Government Partner
<p>Lead Partner: SOMOS Mayfair</p> <p>Additional Partner: VietUnity</p>	<p>Aboubacar “Asn” Ndiaye</p>	<p>Kristen Clements Policy and Grants Division Manager, San José Housing Department</p>

CONTEXT

San José is the largest city participating in the Challenge Grant (CG). Prior to 2016, the city had one of the region’s most conservative rent stabilization ordinances but has since introduced changes lowering the rent increase cap, passed a Tenant Protection Ordinance (TPO) that established Just Cause eviction, and set up a Rent Stabilization Program (RSP). The City of San José entered the CG to continue advancing its Anti-Displacement Strategy (ADS) which includes affordable housing policies like Community Opportunity to Purchase Act (COPA), assessing the feasibility of a land trust model, and local tenant preferences for affordable housing.

POLICY JOURNEY

Prior to the CG, the City of San José made the following progress in equitable housing policies:

- **Apartment Rent Ordinance (ARO):** San José first passed a rent stabilization ordinance in 1979 known as ARO. ARO initially did little to preserve affordable housing for low-income renters in San José since the allowable rent increase surpassed observed increases in market rents.¹ In 2016, the ordinance was changed to limit rent increases to 5%.
- **Tenant Protection Ordinance (TPO):** Passed in 2017, TPO eliminated no-cause evictions for certain rental units and required that landlords use “Just Cause” for notices to vacate.
- **Housing Payment Equality Ordinance (HPEO):** Passed in 2019, HPEO prohibited the rejection of potential tenants solely based upon payment with Section 8 housing vouchers.
- **RSP Team:** Set up in 2017, the RSP team oversees the aforementioned tenant protection programs and has grown from two to 16 full-time employees.

At the start of the CG, the San José CG team initially decided to pursue the following policies:

- Establish a **Local Preservation Ordinance** requiring owners of unsubsidized affordable housing who intend to sell to give notice and first right of purchase to the City, qualified local nonprofits, and tenant groups.
- Assess the feasibility of a **Community Land Trust** in San José.
- **Local tenant preferences** for affordable housing, such as neighborhood preference and a displaced tenant preference.

¹ Economic Roundtable (2016). *Study of the Apartment Rent Ordinance of the City of San José: Final Report*. Retrieved from: <https://www.sanjoseca.gov/Home/ShowDocument?id=14321>

Through the CG, the San José CG team decided to focus its policy priorities on the following:

- **Citywide Residential Anti-Displacement Strategy (ADS)** (passed in September 2020)
- **Community Opportunity to Purchase Act (COPA)**

COMMUNITY ENGAGEMENT

Led by community-based organizations (**CBO**) SOMOS Mayfair and VietUnity, the CG team held 22 community meetings and 25 individual stakeholder meetings in collaboration with additional CBOs, including Working Partnerships USA, Silicon Valley @ Home, and the Law Foundation of Silicon Valley. These meetings enabled the CG team to engage with those opposed to COPA – landlord groups often fronted by Asian and Pacific Islander community members – and have their perspectives reflected in subsequent iterations of COPA. Through these meetings, the CG team gathered feedback from over 200 individuals, resulting in the most extensive public engagement process in recent San José history for a housing department policy.

The San José CG team also engaged two advisory committees – (1) a technical advisory committee made up of policy and housing experts and (2) a community advisory committee made up of interested citizens – over 18 meetings for eight months, resulting in changes to COPA. These meetings were facilitated by an external consulting firm with community facilitation expertise and Vietnamese and Spanish interpreters. These committees were in part successful thanks to SOMOS Mayfair’s and their partners’ efforts to develop a community COPA framework outside of the City-led community engagement efforts. This “two track” strategy helped prepare community members and organizations to actively participate and contribute during committee meetings.

POLICY JOURNEY HIGHLIGHTS

Successes

- The CG team successfully finalized the city-wide ADS and received approval from the City Council in September 2020. The plan includes 10 recommendations within the framework of protecting tenants and the preservation and production of housing. Two of the three policies staff were directed to work on – tenant preferences and COPA – advanced under the CG.
- The community engagement process of this policy effort has been very robust and beneficial, especially the partnership between SOMOS Mayfair and VietUnity.
- The CG team has found more interest than anticipated from City Councilmembers in a COPA-style program, possibly opening new avenues to additional preservation strategies.

Compromises

- Throughout the policy-making process, the CG team had to compromise on aspects of their COPA proposal to make it politically and operationally practical and give it the highest chance of obtaining the necessary City Council votes. In particular, the COPA proposal excludes single-family homes, townhomes, and condos, has a short timeline for nonprofits to submit offers after receiving notice of sale, and omits the “right of first refusal,” meaning a property owner can reject a nonprofit’s offer of purchase despite matching or exceeding the market rate.

Challenges

- At the start of the CG, the CG team did not have a cohesive strategy for engaging communities across different racial and ethnic backgrounds. The logistics and costs of ensuring accessibility and translating materials to multiple languages, as well as creating an enduring and broad coalition of support for policies across different demographics, was challenging to navigate. Ultimately, the CG team engaged additional partners to support these efforts.
- Contextual factors also affected the work of the CG team. The 2020 and 2022 election cycles changed the composition of the City Council and contributed to a polarizing environment that further politicized housing issues and influenced the level of risk elected officials were willing to take in supporting contentious policy efforts.

STATUS OF POLICY PRIORITIES (AS OF MARCH 2022)

Work on COPA is paused from March through July 2022 as City of San José staff focus on finalizing their Housing Element Plan (though COPA is a proposed strategy within the plan). SOMOS Mayfair continues to hold events to advocate for COPA progress and approval. The City of San José and SOMOS Mayfair will continue to work together on COPA in the Breakthrough Grants.

City staff are also currently waiting on state direction for a tenant preference analysis methodology but have continued conducting data analysis on protected class residents in affordable housing in San José. They are seeking a FUSE Executive Fellow to support the tenant preference work.