

## Bold Move in SF on Housing Crisis

06.06.19 | Linda J. Rosenthal, JD



All around the nation, there are twin crises in housing: availability and affordability. In the largest, most popular, metropolitan areas, the issue is the most dire; even high-salary professionals have trouble finding living spaces to rent.

It's no secret that San Francisco is a nightmare of shockingly high rents and limited housing supply for the many people who flock there for job opportunities or pleasant weather. The average rent for an apartment in that city is \$3,609; that amount buys the right to roost in a much-less-than-palatial 792 square feet. Over 90% of apartments in that city rent for more than \$2,000 a month.

### New Housing Ordinance

A housing crisis this acute – and worsening all the time – must be attacked in a variety of ways and through different actors and agencies. There is recent welcome news from the San Francisco Board of Supervisors who have taken an important step to safeguard some of the existing housing supply for those on the lower end of the income scale.

Part of the problem in that metropolitan area is that speculators have created a massive swing upward in home purchase and rental prices. They have gobbled up more and more of the existing housing supply, including even single-room-occupancy buildings, with the goal of evicting tenants and flipping the property.

In December 2018, San Francisco Supervisor Sandra Lee Fewer introduced an ordinance modeled to some extent after the Tenant Opportunity to Purchase Act that's worked well since 1980 in Washington, D.C. There, in certain circumstances, tenants have been "given the right of first refusal to buy the buildings they live in when their landlords are looking to sell, which has led to the



development of many housing co-ops.”

Supervisor Fewer’s ordinance, called the Community Opportunity to Purchase Act (COPA) works a bit differently. Instead of giving tenants the right of first refusal, this new law, if adopted, would “confer upon certain nonprofit organizations a first-right-to-purchase, consisting of both a right of first offer and a right of first refusal, over all multi-family residential buildings (and related construction sites and vacant lots) in the City, for the purpose of creating and preserving rent-restricted affordable rental housing.”

The proposed law would apply to all multifamily properties (defined as having three or more housing units). An owner wanting to sell would be required to “notify a set of housing nonprofits regarding the property’s availability.” While the seller is not required to sell, if one of the qualified organizations “expresses interest” but the seller receives a higher offer from a private buyer, the nonprofit must be given the chance to meet that price.

This proposed ordinance was the result of a “four-year organizing effort.” The first hurdle cleared was in February 2019 when the city’s Planning Commission endorsed the idea, writing that “[t]he Commission finds that the proposed ordinance aligns with the Planning Department’s goals and priorities.”

A legislative aid to Ms. Fewer explains that “nonprofits often have trouble competing on the open market” with speculators....By granting nonprofits the first opportunity to bid on these properties, this is going to have a big impact in giving them a fighting chance in buying more buildings and preserving more housing.

It’s “far from a total solution to San Francisco’s housing shortage woes,” according to Supervisor Fewer, but, if passed, it would “... provide affordable housing nonprofits with a critical tool to stop the bleeding.”

In early April, a tentative head-count showed that 10 of the 11 supervisors supported the proposal. By the final vote, in mid-April, all eleven had signed on.

### ***Conclusion***

“COPA is a policy and a legislative tool,” but it will only be effective if the necessary funding can be put in place. Supporters will work “with the city to find permanent funds to purchase [COPA-eligible] buildings.” Of course, that is “no trivial matter in a city where the median value of a single-family home is estimated to be \$1.57 million....”

But having this first right to review and to make offers on property is “a big step” which will enable qualified nonprofits in San Francisco to “deploy the affordable housing dollars they do raise or receive from the city more efficiently.”