

BUSINESS

East Palo Alto considers diluting controversial tenants' rights ordinance

Ordinance faced vocal opposition from some homeowners

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In the face of persistent concern over its potential effect on property values, East Palo Alto's City Council voted to table for up to 10 months and possibly water down a proposed ordinance that would give some renters first-dibs to buy their home.

The Opportunity to Purchase Act, which the City Council has been debating since last year, would offer renters, affordable housing nonprofits or the city a chance to buy certain properties before they go on the market. Supporters view the measure as a way to prevent corporate investors from snapping up housing stock and displacing renters, while vocal opponents worry it'll tank property values.



City analysis suggests the ordinance is unlikely to cause property values to fall in East Palo Alto, where the median price of a single-family home topped \$1 million in November — marking a nearly four-fold increase since 2012. But city staff acknowledged Tuesday there is limited research available on this issue, and even after months of discussion, the city has not been able to assuage some people's fears.

Unable to make further progress, council members voted unanimously Tuesday night to postpone further discussion by up to 10 months and directed staff to look into eliminating a key feature of the ordinance.

Though he supports giving tenants a shot at buying, "I'm certainly not interested in devaluing the value of people's lands and their homes," Mayor Ruben Abrica said.

The vote highlights how contentious these types of ordinances can be. San Jose, Berkeley and Oakland are considering similar measures, but Berkeley and Oakland both have stalled.

In January, East Palo Alto won a \$500,000 grant to help it continue efforts to pass and implement an Opportunity to Purchase Act.

The East Palo Alto ordinance would require owners who want to sell their property to first offer it to their tenants, a qualified nonprofit and/or the city. Even if one of those groups makes an offer, the seller could reject it in favor of a better one. But the owner would then have to return to the tenant, nonprofit or city and allow them to match the higher price. If they do, the owner would have to sell to them.

Council members asked city staff to look into eliminating the second half of that process for single-family homes. That would mean owners would have to allow tenants, nonprofits or the city to make an offer, but not to match a subsequent bid.

Homes owned by East Palo Alto residents — even if they are second residences or rental properties — would be exempt from the ordinance altogether. Dwellings up to four units would be exempt if the owner is selling to ward off a financial emergency, such as bankruptcy or foreclosure.

Council members also asked staff to research what happened to property markets in other cities that adopted similar ordinances — such as San Francisco.

The City Council will resume discussions on the proposed ordinance before the



Councilman Carlos Romero spoke in favor of the measure, saying the community is being “strangled” by investors. The ordinance would give tenants who potentially have paid tens or even hundreds of thousands of dollars of their landlord’s mortgage through rent a chance to buy, he said.

“Is that too much to ask? That’s a minimal amount of economic justice,” Romero said.

Many people who called into the council meeting agreed.

“It’s certainly not a panacea,” said Keith Ogden, a housing attorney with Community Legal Services in East Palo Alto, “but it gives some tenants a tool to stabilize their lives and possibly become homeowners.”

Others accused council members of “stealing equity” from homeowners and attempting to “crash the market.”

“It creates an untenable situation for tenants, nonprofits and the city,” said Terri Vines, “and it attacks the integrity of homeowners by significantly diluting their rights to just simply have liberty.”

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