



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván

**SUBJECT:** See Below

**DATE:** June 6, 2025

Approved

Date:

6/10/2025

**COUNCIL DISTRICT:** Citywide

**SUBJECT:** Resolution Authorizing Emergency Procurement for Service Providers for the Safe Sleeping Navigation Hub and the Motel Program

## **RECOMMENDATION**

Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute grant agreements with operators for the following programs serving unsheltered homelessness within the City of San José:

- (a) Safe Sleeping Navigation Hub Program, in an amount of \$2,400,000 retroactive from July 1, 2025, through June 30, 2026; and
- (b) Motel Program, in an amount of \$6,860,045 retroactive from July 1, 2025, through June 30, 2026.

## **SUMMARY AND OUTCOME**

The Housing Department staff recommendation will delegate authority to the Housing Director, or his designee, to negotiate and execute contracts totaling \$9,260,045 for the Safe Sleeping Navigation Hub Program (Navigation Hub) and Motel Program with the operator HomeFirst Services of Santa Clara County, allowing the City of San José (City) to continue delivering interim housing solutions to unhoused residents and help achieve its goal of adding over 1,000 new units of dignified shelter to its portfolio by end of calendar year 2025. The agreement is retroactive to July 1 in order to allow the contractor to begin work and be paid while the processing of the contract, post Council approval, is underway in case the fully executed contract is processed after July 1, 2025.

## **BACKGROUND**

The San Francisco Bay Regional Water Quality Control Board (Water Board) approved the City's Direct Discharge Trash Control Plan (Direct Discharge Plan) in June 2024. The Direct Discharge Plan documented a systematic and comprehensive implementation of actions the City will undertake to address and mitigate discharges from individuals living in the Municipal Regional Stormwater Permit Direct Discharge Plan Area (Direct Discharge Plan Area), a combined 27-mile stretch of Coyote Creek, Guadalupe River, and Los Gatos Creek, that is and has historically been heavily impacted by encampments.

As one of the first steps noted in the Direct Discharge Plan, the City conducted a waterway count focused specifically on enumerating people living within the Direct Discharge Plan Area. Over 20 miles of encampments along the Coyote Creek, Guadalupe River, and Los Gatos Creek have been cleared to date by the Parks, Recreation, and Neighborhood Services Department - Beautify San José team, and now many of the individuals previously residing in encampments along those waterways have relocated to Columbus Park and other large encampments.

The resources requested in this memorandum, under the Shelter Crisis Declaration for streamlined procurement, support the City's compliance with the Water Board Direct Discharge Plan. The Housing Department will use the Navigation Hub and Motel Program to align with the multi-departmental encampment management approach to maximize the number of people from these abatements of large encampments who can be transitioned into a motel and other managed spaces.

## **ANALYSIS**

The City's shelter system provides interim housing, safe sleeping and parking, and other opportunities for unsheltered individuals and families residing in encampments across San José. This system will expand through the addition of the Navigation Hub and the Motel Program. These programs offer supportive services, meals, showers, toilets, and laundry facilities in a decent, safe, managed space.

### ***The Safe Sleeping Navigation Hub***

The Navigation Hub is a low-barrier, non-congregate, tent-based shelter site that will function as a triage location for people relocated from encampments in the Direct Discharge Plan Area before their referral to other locations in the shelter system. The Navigation Hub will consist of 48 regular and eight ADA-accessible tents in a fenced setting where participants can access basic needs services, including food, water,

showers, and case assessment and supportive services for a total of 56 units. In collaboration with the operators at different sheltering sites, including Emergency Interim Housing (EIH), and specifically at the Motel Program sites described below, the Navigation Hub operator will coordinate supportive transportation for participants from encampments to the Navigation Hub and from the Navigation Hub to their next shelter opportunity. The Housing Department anticipates that the Navigation Hub will serve over 200 people in its first year of operation at a total annual cost of \$2.4 million for the operations of the site, comprising of Security (\$230,000), Food (\$300,000), Supportive Services & Staffing (\$1,175,000), Property Management (\$295,000), and the balance (\$400,000) in overhead and indirect costs. The Navigation Hub is currently being developed at the vacant parcel located at 1157 E. Taylor Street by the Public Works Department and is expected to be completed in July 2025.

### ***The Motel Program***

The Motel Program will open approximately 251 units, with a total of approximately 331 beds and up to 20 safe parking spaces of interim shelter at five motels across the City in four City Council Districts. As people exit the Navigation Hub, they will be directed primarily to one of the five Motel Program sites depending on factors that will meet individual needs and household composition.

The Motel Program will have a total cost of \$6,860,045 (\$20,725 per bed) comprising of Security (\$800,000), Food (\$825,000), Supportive Services & Staffing (\$3,100,000), Property Maintenance (\$763,000), and the balance (\$1,372,045) in overhead and indirect costs. The Motel Program operator will provide case management, supportive services, food, security, and other services aligned with the operation of the existing four motels owned by the City. The lower cost per bed will test a revised service delivery model that aims to standardize the ratio of case managers to clients across the asset portfolio and synchronize more coordinated service delivery with County services. In addition, the Housing Department will include in the contract, authority to reduce or reassign to the Department the budget line items for property maintenance (unit repairs and turns), food, and security services as part of the overall cost reduction effort. This is part of the Housing Department's broader effort to standardize service delivery and reduce operating costs by centrally procuring these services for the entire asset portfolio, which is expected to scale up to over 1,800 units by the end of the calendar year.

In addition, no later than by Friday, June 13, 2025, the Housing Department will release an Information Memorandum that contains detailed information on the shift in strategy that led to the Motel Program.

### ***Shelter Crisis Declaration and Streamlining Procurement***

The City Council has acknowledged the emergency of unsheltered homelessness as a threat to public health and safety for all residents of San José. On December 8, 2015, City Council first declared a shelter crisis under California Government Code section 8698 *et seq.* Pursuant to the Shelter Crisis Act codified in California Government Code section 8698 *et seq.*, upon declaration of a shelter crisis, the provisions of state or local regulatory statutes, regulations, and ordinances prescribing standards of housing, health, or safety are deemed suspended to the extent that strict compliance with such regulations or ordinances would in any way prevent, hinder, or delay the mitigation of the effects of the shelter crisis.

Since then, the City Council has continuously extended that declared shelter crisis. On December 17, 2024, the City Council, through Resolution No. RES2024-251, once again declared the continued existence of a shelter crisis in San José under California Government Code section 8989. City Council proclaimed, as required under California Government Code section 8630, the existence of a local emergency caused by conditions or threatened conditions of homelessness in San José that, if not corrected, constitute a threat to the safety of persons and property within the territorial limits of the City beyond the control of the services, personnel, equipment, and facilities of the City.

To respond to the crisis, City Council granted the Administration additional flexibility when developing and operating shelter resources to ensure timely delivery and increased availability to San José's unsheltered residents. With City Council's proclamation and extension of this shelter crisis declaration, City staff can leverage the provision for emergency purchases under San José Municipal Code Section [4.12.220 \(Emergency Purchases\)](#) to contract for services necessary to meet the shelter crisis. On December 17, 2024, City Council, through Resolution No. RES2024-251 declared the continued existence of a shelter crisis in San José under California Government Code section 8989. The City has leveraged this declaration to streamline the procurement process and ensure the timely procurement of shelter operations service providers. With City Council's proclamation and extension of this shelter crisis declaration, City staff can leverage the provision for emergency purchases under San José Municipal Code Section [4.12.220 \(Emergency Purchases\)](#) to contract for services necessary to meet the shelter crisis. The Housing Department will enter into grant agreement from July 1, 2025, to June 30, 2026, with HomeFirst of Santa Clara County as the operator for the Safe Sleeping Navigation Hub and the Motel Program. The agreement is retroactive to July 1 in order to allow the contractor to begin work and be paid while the processing of the contract, post Council approval, is underway in case the fully executed contract is processed after July 1, 2025.

A long-standing and valued partner of the City, HomeFirst of Santa Clara County currently operates multiple EIH communities, overnight warming locations, and serves as one of the City's two main outreach partners. HomeFirst of Santa Clara County has consistently demonstrated adaptability during emergencies such as floods, severe weather, and viral outbreaks that threaten the City's unsheltered residents. As a lead outreach provider at high-profile encampments like Columbus Park and the future operator of the Navigation Hub, staff believes that HomeFirst is also well positioned to manage the entire Motel Program process—from outreach to placement—efficiently and effectively.

### **EVALUATION AND FOLLOW-UP**

The Housing Department's Grant Management team monitors and reviews grant agreement outcomes and performance metrics on a quarterly basis. Therefore, the Navigation Hub and the Motel Program will be monitored and reviewed following the Housing Department's Grant Management team's protocols. Additionally, updates on homelessness program outcomes are also provided in the City's Consolidated Homelessness Annual Report, scheduled to be heard annually in the fall as part of the Focus Area scorecard report by the Neighborhood Services and Education Committee.

### **COST SUMMARY/IMPLICATIONS**

**1. AMOUNT OF RECOMMENDATION:**

Hotel-based Interim housing programs

- |                          |              |
|--------------------------|--------------|
| • Navigation Hub Program | \$ 2,400,000 |
| • Motel Program          | \$ 6,860,045 |

TOTAL PROJECT COSTS	\$ 9,260,045
---------------------	--------------

**2. SOURCE OF FUNDING:** Total of \$8,383,590 from Real Property Transfer Tax Fund comprising of \$5,983,590 from the Safe or Alternative Sleeping Sites (15% HSP) appropriation, \$1,400,000 from the Interim Housing Construction and Operations (15% HSP) appropriation, and \$1,000,000 from the Lived in Vehicle Safe Parking Site (15% HSP) appropriation; and \$876,455 is funded through Encampment Resolution Funding Grant – Round 3, Multi-Source Housing Fund.

**3. FISCAL IMPACT:** The actions recommended in this memorandum will enable the Housing Department to implement two new grant agreements, in Fiscal Year 2025-2026, which will support individuals and families experiencing homelessness in San José. The City's 2026-2030 Five-Year Forecast and Revenue Projections incorporated preliminary 2025-2026 cost estimates of \$2.0 million for the operations of the Navigation Hub which is now anticipated not to exceed \$2.4 million, and \$14.0

**Subject: Resolution Authorizing Emergency Procurement for Service Providers for the Safe Sleeping Navigation Hub and the Motel Program**

million for the Motel Program. The \$14.0 million figure covers both motel/hotel rooms acquisition or leases, and minimal level of supportive services such as security services and meals. This memorandum addresses only the agreements for supportive services for the Navigation Hub and the Motel Program; agreements for the leasing of motel rooms will be brought forth later.

**BUDGET REFERENCE**

The table below identifies the funds and appropriations proposed to fund the grant agreements recommended as part of this memorandum.

<b>Fund #</b>	<b>Appn #</b>	<b>Appn. Name</b>	<b>Total Appn</b>	<b>Amt. for Contract</b>	<b>2025-2026 Proposed Budget Page*</b>	<b>Last Budget Action was (Date, Ord. No.)</b>
404	230L	Safe or Alternative Sleeping Sites (15% HSP)	\$0**	\$5,983,590	933	N/A
404	230G	Interim Housing Construction and Operations (15% HSP)	\$25,000,000	\$1,400,000	933	N/A
404	230H	Lived in Vehicle Safe Parking Site (15% HSP)	\$0**	\$1,000,000	933	N/A
448	231B	Encampment Resolution Funding Grant – Round 3	\$2,410,540	\$876,455	922	N/A

\* The 2025-2026 Proposed Budget was released on May 1, 2025 and is scheduled to be approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.

\*\* The appropriation is established or increased from the 2025-2026 Proposed Operating Budget per the Recommended Amendments to the 2025-2026 Proposed Operating and Capital Budgets City Managers Budget Addendum.

**COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, the Planning, Building and Code Enforcement Department, and Public Works Department.

HONORABLE MAYOR AND CITY COUNCIL

June 6, 2025

**Subject: Resolution Authorizing Emergency Procurement for Service Providers for the Safe Sleeping Navigation Hub and the Motel Program**

Page 7

## **PUBLIC OUTREACH**

This item will be posted on the City Council's Agenda website for the June 17, 2025, City Council meeting.

## **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with any funding sources or contracts in the staff's recommended action in this memorandum.

## **CEQA**

Mitigated Negative Declaration for the EIH Programs Project (Resolution No. 2023-380), File No. ER22-198.

## **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Erik L. Soliván  
Housing Director

For questions, please contact Cupid Alexander, Deputy Director, Housing Department, at [cupid.alexander@sanjoseca.gov](mailto:cupid.alexander@sanjoseca.gov).