



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: February 7, 2025

Approved

Date:

2/11/25

COUNCIL DISTRICT: 10

SUBJECT: Operational Agreement for Via del Oro Emergency Interim Housing Site

RECOMMENDATION

Adopt a resolution authorizing the Housing Director or his designee, to negotiate and execute a grant agreement with HomeFirst Services of Santa Clara County for the Via del Oro Emergency Interim Housing site in an amount not to exceed \$2,744,620 retroactive from February 1, 2025 through June 30, 2025.

SUMMARY AND OUTCOME

The Housing Department recommends delegating authority to the Housing Director, or his designee, to negotiate and execute a grant agreement totaling \$2,744,620 with HomeFirst Services of Santa Clara County (HomeFirst) for the Via del Oro Emergency Interim Housing (EIH) site. This agreement will fund supportive services, 24/7 site operations, and asset management at the site, beginning February 1, 2025, through June 30, 2025. With City Council approval, this agreement would increase the City's capacity to support the most vulnerable residents by adding 135 units of emergency housing, providing a total of 150 beds at the Via del Oro EIH site. The Housing Department is seeking retroactivity for this agreement to provide adequate time for HomeFirst to ramp up services and hire/train on-site staff.

Table 1 – Cost Summary of Via del Oro EIH Site

EIH Site	Units	Service Provider	Investment	Per Unit Cost	Term	Per Unit Cost Per Day
Via del Oro	135	Home First	\$2,744,620	\$20,331	February – June 2025	\$135.52

BACKGROUND

The City invests in numerous programs to prevent people from experiencing homelessness, provide shelter to people experiencing homelessness, and end homelessness for people through permanent housing opportunities, in alignment with the goal of achieving functional zero. The Santa Clara County Community Plan to End Homelessness set a goal of creating 2,000 new emergency or transitional units countywide by 2025, and since 2020, nearly 880 units have been produced across the county. The City has significantly contributed to this effort, delivering 600 units of emergency interim housing and 42 additional safe parking spaces. With ongoing projects in the pipeline, the City remains on track to continue making substantial contributions toward this shared goal.¹ The City currently operates six EIH sites: Evans Lane, Felipe, Guadalupe, Mabury, Monterey/Bernal, and Rue Ferrari. The EIH program currently has a total capacity of 785 beds across all sites.

On June 6, 2023,² City Council directed staff to develop a cost-benefit analysis of a new EIH project at the Via del Oro site, an approximate three-acre property located at the southeast corner of Via del Oro and San Ignacio Avenue (6370 San Ignacio, San José). On April 16, 2024, City Council authorized the City Manager to execute a 10-year lease agreement with the Sobrato Family Foundation to build and operate an EIH project at the Via del Oro site and authorized the Director of Public Works to execute a Project Delivery agreement with DignityMoves for the development of the Via del Oro EIH site.³

¹ 2020-2025 Santa Clara County Community Plan to End Homelessness, Web Link:

https://files.santaclaracounty.gov/exjcpb1571/2024-11/communityplan_2020-2025.pdf?VersionId=3LCV7VHf9hdsOh05UsQncuA6JEUMXmbj

² Item #: 8.4, File #: 23-842, Date: June 6, 2023, Title: City Initiatives Roadmap – Recreational Vehicles Communities Supportive Parking and Emergency Interim Housing, Web Link:

<https://sanjose.legistar.com/View.ashx?M=F&ID=12027346&GUID=EB20DE44-947B-42E9-8C5C-D644326BA24B>

³ Item #: 8.3, File #: 23-1391, Date: October 17, 2023, Title: Actions Related to the Via del Oro – Mobile Quick Build Shelter and Housing Cost Benefit Analysis, Web link:

<https://sanjose.legistar.com/View.ashx?M=F&ID=12351512&GUID=9B38069B-41F6-46D9-8EF6-134A767296EB>

Construction of the Via del Oro EIH site is scheduled for completion in February 2025, with operations set to commence in March 2025.

ANALYSIS

Via del Oro EIH Site

The Via del Oro EIH site features 135 modular units with the capacity to serve up to 150 adult individuals. The site provides on-site laundry buildings, shared restrooms/shower buildings, shared meal preparation and dining areas, dog parks, on-site parking, and storage for program participants' belongings.

In assessing the costs and benefits of this EIH project, staff explored opportunities to bring innovative design and development strategies to help support a model that could be installed in a temporary fashion and transferred/relocated in the future at a reasonable cost. This EIH site will utilize sleeping cabins and community buildings from LIT Workshop⁴ that are California Department of Housing and Community Development certified to support rapid design and development, provide quality facilities, control costs, and achieve a competitive cost-per-bed project rate.

Service Provider Procurement and Operations

In March 2024, the Housing Department released a Request for Proposals inviting pre-qualified organizations to oversee both property management (maintenance and operations) and program management (program activities and supportive services) for multiple EIH sites, including the Via del Oro EIH site. The Request for Proposals established that the City is standardizing policies and procedures across all EIH sites and implementing new asset management activities for awarded site operators through new grant agreements for all EIH sites. The Housing Department is currently developing standardized policy and procedure guidelines that HomeFirst will utilize for the Via del Oro EIH site operations if a grant agreement is authorized, as recommended in this memorandum.

Furthermore, the Housing Department reported to City Council on December 17, 2024,⁵ regarding the Housing Department's ongoing efforts to conduct a comprehensive cost analysis of all interim housing projects and implement a per-unit cost model across all EIH sites. The cost analysis of the EIH program consists of four main elements: food, site security, property and asset management, and supportive services staffing plans. This cost analysis will inform the negotiation and implementation of the Via del Oro EIH

⁴ LIT Workshop is the procured contractor for the development of the Via del Oro EIH site.

⁵ Item #: 2.22, File #: 24-2348, Date: December 17, 2024, Title: Actions Related to Grant Agreements for Multiple Emergency Interim Housing Program Sites, Web link:

<https://sanjose.legistar.com/View.ashx?M=F&ID=12351512&GUID=9B38069B-41F6-46D9-8EF6-134A767296EB>

site operator grant agreement with HomeFirst and will assist with determining where costs could be reduced.

HomeFirst will be responsible for the following site operational activities at the Via del Oro EIH site.

- 1) **Site Management** – HomeFirst will ensure a safe, well-maintained environment through clear policies, operational protocols, and security measures that prioritize program participant and staff safety.
- 2) **Supportive Services** – HomeFirst will deliver individualized support to ensure program participant well-being and development. All support services and resource connections will be geared toward facilitating successful transitions to stable housing.
- 3) **Asset Management** – HomeFirst will ensure the long-term functionality, safety, and health of the EIH site through strategic planning and proactive maintenance. The **Table** below outlines the asset management tools and reports under development to ensure effective EIH site management.

Table 2 – Asset Management Tools and Reports

Asset Management Tool/Report	Purpose	Cadence
Unit Event Tracker	This tool is designed to enhance reporting accuracy and improve operational efficiency by tracking unit occupancy, turnover, and maintenance data.	Weekly
Unit Inspection Report	A detailed report that lists maintenance and structural issues to project capital expenses and proactively addresses these issues to save costs.	Semi-Annual
Unit Turnover Expense Report	A detailed report providing total costs associated with unit turnovers to provide historical data for each unit and more accurately project costs of property maintenance of an EIH site.	Semi-Annual
Physical Needs Assessment	A comprehensive evaluation of a property's physical condition, identifying existing maintenance issues, building code violations, and potential future repair needs to determine the long-term viability of the property and prioritize necessary capital expenditures for its upkeep.	Annual

Local Preference Prioritization

As directed by City Council on October 17, 2023, staff continues to evaluate City-wide priorities and develop a program participant local preference list for the Via del Oro EIH site.⁶ Referrals will be prioritized by local preference 90 days prior to the site opening and 30 days following opening. Local preference is defined as a 1.5-mile radius from the Via del Oro EIH site. Remaining units will be prioritized for individuals living in City identified Targeted Outreach and Engagement Program areas and no re-encampment zones. City-funded outreach teams from HomeFirst conduct targeted outreach to individuals experiencing unsheltered homelessness to support the EIH site referral process. In addition, the Via del Oro EIH site is participating in the Encampment Resolution Fund Round Three Program

EVALUATION AND FOLLOW-UP

The grant agreement with HomeFirst recommended in this memorandum allows for the service provider to ramp up and oversee operations and property and asset management as the Via del Oro EIH site begins operations in March 2025. Concurrently, the Housing Department will continue working with its EIH site operator partners to centralize the purchasing of food, site security, and property and asset management in order to maximize the economies of scale for cost savings and consistency of services. In addition, the Housing Department will finalize its efforts to standardize policies and procedures across all EIH program sites, implement new property and asset management activities, and establish standardized operational costs across program sites.

Staff will return to City Council in spring 2025 to recommend new grant agreements for all EIH sites that will commence in July 2025, including the Via del Oro EIH site. Accordingly, this memorandum recommends a grant agreement ending on June 30, 2025.

COST SUMMARY/IMPLICATIONS

1. TOTAL COST OF CONTRACT/AGREEMENT

Contract Agreement Amount: \$2,744,620

TOTAL CONTRACT/AGREEMENT AMOUNT: \$2,744,620

⁶ Item #: 8.3, File #: 23-1391, Date: October 17, 2023, Title: Actions Related to the Via del Oro – Mobile Quick Build Shelter and Housing Cost Benefit Analysis, Web link:

<https://sanjose.legistar.com/View.ashx?M=F&ID=12351512&GUID=9B38069B-41F6-46D9-8EF6-134A767296EB>

2. SOURCE OF FUNDING: Multi-Source Housing Fund-Encampment Resolution Funding Grant 3 and City Housing Authority Litigation Award.

3. FISCAL IMPACT: The action recommended in this memorandum is fully funded from the Multi-Source Housing Fund, Encampment Resolution Funding Grant 3, and City Housing Authority award, with no impact on the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Grant Agreement	2024-2025 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	231B	Encampment Resolution Funding Grant Round 3	\$2,410,542	\$2,400,000	N/A	12/03/2024 Ord. No. 31152
448	209X	Emergency Shelters	\$3,100,000	\$344,620	996	10/22/2024 Ord. No. 31130

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office and the City Manager’s Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the February 25, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

February 7, 2025

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CEQA

Determination of Consistency with the Mitigated Negative Declaration for the Emergency Interim Housing Programs project (Resolution No. RES2023-380), File No. ER24-015.

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

The principal author of this memorandum is Pamay Bui, Development Officer, Housing Department. For questions, please contact Cupid Alexander, Deputy Director, Housing Department, at cupid.alexander@sanjoseca.gov or (408) 535-3860.