



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván

**SUBJECT:** See Below

**DATE:** June 1, 2026

Approved

Date:

6/12/2026

**COUNCIL DISTRICT: 2**

**SUBJECT: Actions Related to the Homekey Standard Agreement and Transition of Responsibilities for the Branham Lane Interim Housing Community**

## **RECOMMENDATION**

Adopt a resolution:

- (a) Authorizing the City Manager, or her designee, to negotiate and execute an amendment to the Homekey Program Standard Agreement with the California Department of Housing and Community Development to remove LifeMoves as co-applicant, co-grantee, operator, designated payee, and/or other responsible party identified in the Standard Agreement and related Homekey documents for the Branham Lane Interim Housing Community, and to identify the City of San José as the sole grantee and responsible party under the Standard Agreement;
- (b) Authorizing the City Manager, or her designee, to negotiate and execute all documents necessary to remove LifeMoves as the operator, co-applicant, co-grantee, designated payee, and/or other responsible party identified in the Homekey Program Standard Agreement and related project documents, including any amendments, assignments, terminations, releases, or other documents required by the California Department of Housing and Community Development, lenders, regulatory agencies, or other project parties, and to recoup all program funding prepaid to LifeMoves; and
- (c) Authorizing the Housing Director, or his designee, to negotiate and execute all documents necessary to unwind, terminate, or amend project agreements with LifeMoves, including the ground lease, the Acquisition and Rehabilitation Grant Agreement, operating agreements, grant agreements, or other related agreements.

## **SUMMARY AND OUTCOME**

Approval of the recommended actions will authorize the transition of oversight, administrative, and California Department of Housing and Community Development (HCD) compliance responsibility for the Branham Lane Interim Housing Community from LifeMoves to Episcopal Community Services (ECS). The proposed action will remove LifeMoves from the Homekey Standard Agreement and related project documents where LifeMoves is currently identified as co-applicant, co-grantee, operator, or designated payee. The City will continue to ensure uninterrupted operations and services at the site through its selected operator, ECS. The City will retain ownership of the land and improvements.

The proposed transition reflects the City's interest in strengthening immediate and long-term oversight, improving accountability, simplifying governance, and ensuring operational continuity at the City-owned interim housing site and HomeKey requirements.

The proposed action also supports the City's continued exploration of conversion of the site to permanent housing, consistent with prior City Council policy discussions and recommendations advanced by Councilmember Campos' memorandum dated March 12, 2026<sup>1</sup> a part of the Fiscal Year 2026-2027 Mayor's March Budget Message approval.

## **BACKGROUND**

The Branham Lane Interim Housing Community was developed under the State of California Homekey Program Round 2. The project consists of 204 interim housing units for extremely low-income and chronically homeless residents located on City-owned property at Branham Lane and Monterey Road. The project was designed as a modular construction interim housing community with supportive services, case management, behavioral health services, employment services, and housing navigation services for residents.

The project is governed by several interrelated agreements. The City owns the underlying land and ground leased the project premises to LifeMoves for purposes of developing and operating the Branham Lane Interim Housing Community. The City also entered into a Conditional Acquisition and Rehabilitation Grant Agreement with LifeMoves to fund construction and site improvements. The proposed action will amend these agreements to remove LifeMoves from the project.

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<sup>1</sup> Item 3.3, File #26-251, Meeting Date: March 17, 2026, Memorandum Title: Approval of the Fiscal Year 2026-2027 Mayor's March Budget Message, Web Link:

<https://sanjose.legistar.com/View.ashx?M=F&ID=15312394&GUID=3217EC59-EFB6-4793-953C-F3F9D19F7589>

In addition, as part of the original project approval, the City Council expressed interest in preserving the long-term flexibility of the site, including the potential future conversion of the facility from interim housing to permanent housing. The project was intentionally designed with kitchenettes and unit configurations that could support a future conversion.

Since the site became operational, the Housing Department (Department) has continued evaluating the long-term operational structure for the site. Staff has determined that having the City serve as the sole grantee and responsible party to HCD, with operations continuing through ECS, will improve consistency, strengthen accountability, and better align the project with the Department's long-term operational and policy objectives for the property.

## **ANALYSIS**

Since the site became operational, staff has identified ongoing operational challenges related to site management, service delivery coordination, responsiveness, and implementation of operational standards and expectations. Staff has determined that direct Housing Department responsibility for the site will provide a more consistent management structure, strengthen accountability mechanisms, improve operational responsiveness, and better align site operations with the Department's operational standards, while improving coordination related to compliance obligations, resident services, and long-term site management, in coordination with ECS. The decision to designate ECS to assume site operations was made on an emergency basis pursuant to the authority provided under the Proclamation of Local Emergency Caused by Conditions and Threatened Conditions of Homelessness (Resolution No. RES2026-15).

The recommended transition will provide several benefits, including:

- Establishing clearer accountability and enhanced oversight for site operations, financial management, and regulatory compliance;
- Improving operational responsiveness and ensuring more consistent site management and implementation of the Department's operational standards, in coordination with ECS; and
- Supporting long-term operational stability while protecting the City's public investment in the facility.

The proposed changes will also provide greater flexibility for the City to evaluate and implement a future conversion of the site from interim housing to permanent housing, consistent with prior City Council discussions regarding the long-term use of the property.

The proposed action will not alter the public purpose of the project, which remains the provision of interim housing and supportive services for individuals experiencing homelessness. The site will continue to be operated in accordance with Homekey Program requirements and all applicable regulatory obligations.

Staff anticipates coordinating closely with HCD regarding all required amendments to the Homekey Standard Agreement and any associated documents necessary to remove LifeMoves as co-applicant, co-grantee, designated payee, and operator, and the recouping of all prepaid funds. Furthermore, removal of LifeMoves from the project requires more than an amendment to the HCD Standard Agreement. It will also require the City to amend, terminate, rescind, assign, or otherwise unwind related project documents, as appropriate, to fully disentangle LifeMoves from the project structure while preserving continuity of operations and compliance with Homekey requirements. Notwithstanding the transition, staff anticipates no interruption to ongoing resident services or operations during the transition process.

### **FISCAL IMPACTS**

The Department will recoup an estimated \$4,872,820 in funds prepaid to LifeMoves, which will be deposited in the Multi-Source Housing Fund. Payments to ECS will use the Project HomeKey 2.0 appropriation in the Multi-Source Housing Fund, which is budgeted at \$4,872,820 in the 2026-2027 Adopted Operating Budget. If the prepaid funding recouped from LifeMoves exceeds the Project HomeKey 2.0 budget in 2026-2027, staff will return to City Council to request appropriation of the funds.

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

The Department will work with the City Attorney's Office, City Manager's Office, and HCD to complete all required amendments to the Homekey Standard Agreement and related project documents. Staff will also coordinate any required transition documents, reporting updates, and operational approvals necessary to implement the City as the responsible owner of the site.

Staff will continue coordinating with HCD and other applicable agencies to ensure ongoing compliance with Homekey Program requirements, including occupancy restrictions, reporting obligations, affordability requirements, and applicable state and federal regulations. Any future actions requiring City Council approval will be brought forward for City Council consideration as necessary.

### **COORDINATION**

This report has been prepared in coordination with the City Attorney's Office and the City Manager's Budget Office.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting.

### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

No board, commission, or committee recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

### **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 Banu San, Deputy Director, Housing Department, at [Banu.San@sanjoseca.gov](mailto:Banu.San@sanjoseca.gov).