(d) 1: City Council Focus Area Status Report: Reducing Unsheltered Homelessness

Executing Work While Building the Infrastructure for Long-Term Impact

Neighborhood Services and Education Committee
December 11, 2025

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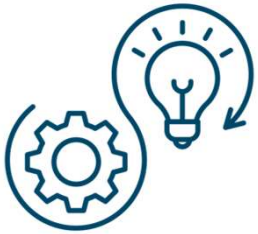
City of San José
City Manager's Office

Agenda

1. Focus Areas 2.0 – City Council Approved Evolution
2. Execution as Learning – Focus Area Portfolio Update
3. What's Next? Focus Areas and the Fiscal Year (FY) 2026-2027 Budget Process

Focus Area 2.0 – City Council Approved Evolution

Philosophy Behind 2.0

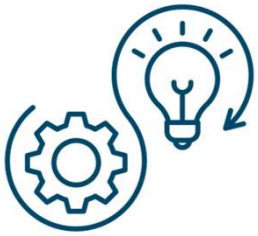


We are cultivating an organizational mindset of learning and continuous improvement that will drive results for our community

- While data support storytelling, numbers alone do not show progress and require context setting
- Learning in public builds trust and accountability
- Retrospection contributes to learning and understanding
- Progress requires humility, iteration, and commitment (and psychological safety for execution)

Focus Area 2.0 – City Council Approved Evolution

Philosophy Behind 2.0



We are cultivating an organizational mindset of learning and continuous improvement…**with different types of questions**

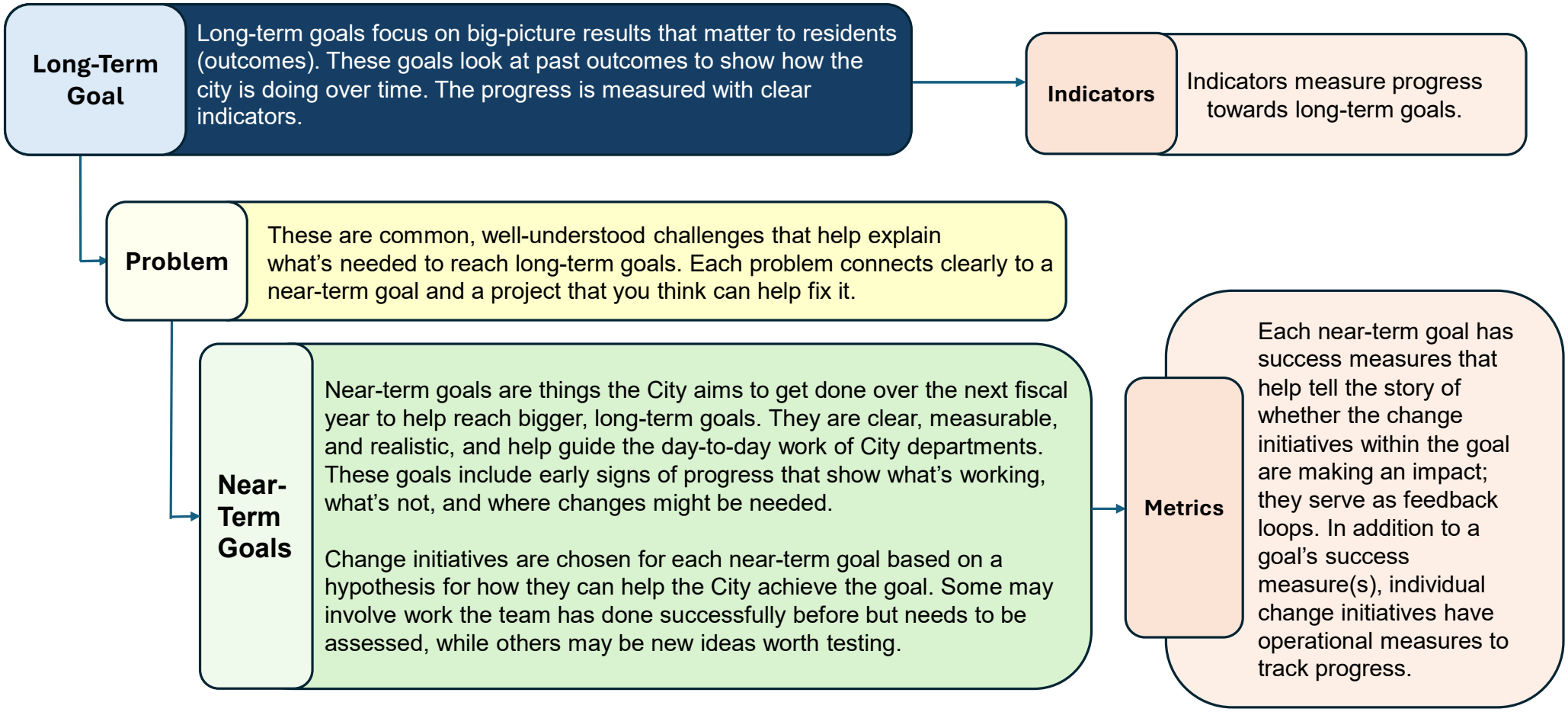
- What are we seeing in our metrics to date? How are we making sense of what we're seeing?
- What are we learning?
- What are we observing? What are we missing? What's getting in the way?
- What kind of support would be helpful?
- What will we adjust in the next cycle to have the most impact?

Logic models are the backbone of Focus Areas 2.0

They help us clarify how our work is intended to create impact by clearly aligning strategies with problems and articulating testable assumptions that we can learn from and adapt to.

Focus Area 2.0 – City Council Approved Evolution

Logic Model Structure



Focus Area 2.0 – City Council Approved Evolution

Building the Infrastructure for Long-Term Impact (June – December 2025)

Activities focused on people, processes, and technology to sustain new learning infrastructure

Month (2025)	Milestone	Purpose
July - September	Completion of FY 2025-2026 logic models and retrospective training series • Conducted staff workshops and deep-dive consultations • Articulated Long-Term Goals, Problem Areas, Change Initiatives, and Near-Term Goals • Established indicators and metrics to serve as feedback loops • Initiated implementation of select change initiatives	Established foundations for shared understanding and learning
September 30	Council adoption of Model 2.0	Formalized governance and accountability structure
October - November	Completion of retrospective trainings and dashboard buildouts • Provided retrospective trainings for execution leaders in each Focus Area; training on performance leadership • Held first monthly retrospectives in each Focus Area • Conducted user experience interviews for publish dashboards • Finalized data structure and collected data sets for dashboards	Capacity building and operational rollout
December	Committee briefings and launch of first iteration of dynamic publish dashboards	Community learning

Execution as Learning

Reducing Unsheltered Homelessness Focus Area

Reducing Unsheltered Homelessness Focus Area

Long-Term Goal. Move toward functional zero in unsheltered homelessness by proactively and effectively managing the shelter system, increasing throughput into permanent housing, and improving data systems to guide investment.

Indicators	# of New Units Online *(705 by Calendar Year 2025)*	Cost Reduction *(up to 20% across 24 sites)*	No-Encampment Zones Maintained *(26 miles; ≤ 65 re-encampments/quarter in waterway NEZs; ≥ 80% of re-encampments resolved within NEZs in 2 business days)*	Forecasting Tool Updates *(quarterly, multi-department data)*
Problem Areas	**1. Shelter System Capacity & Operations**	**2. Sustainable Funding**	**3. Environmental Compliance & Public Spaces**	**4. Data & Forecasting Infrastructure**
Near-Term Goals (FY26)	1.1. Bring all planned 705 shelter units online by the end of Calendar Year 2025. 1.2. Standardize shelter system operations, budgets, and performance metrics across all 24 sites to decrease costs by up to 20% by June 2026. 1.3. Improve outreach & engagement tracking to increase placements into shelter, housing, and services.	2.1. Sustain and stabilize diversified funding sources to reduce reliance on one-time or annual allocations. 2.2. Implement CalAIM billing for eligible services to sustain operations & reduce reliance on General Fund.	3.1. Maintain environmental compliance in 26 miles of priority waterways & corridors by maintaining No-Encampment Zones (NEZs), limiting re-encampment and displacement impacts. 3.2. Maintain NEZs in public spaces around Emergency Interim Housing sites to limit re-encampment & ensure site accessibility.	4.1. Improve homelessness forecasting and reporting tools. 4.2. Strengthen HMIS data exchange with County and deploy new reporting tools.
Change Initiatives	• Expand County Partnership on Service Delivery & System Alignment.	• Expand County Partnership on Service Delivery & System Alignment.	• Expand County Partnership on Service Delivery & System Alignment.	• Homelessness Data Consolidation Project. • Homelessness Forecasting Tool.

Reducing Unsheltered Homelessness Focus Area

Status Snapshot

PROBLEM AREA	PROBLEM STATEMENT	#	GOAL	STATUS	UPDATE
1. Shelter System Capacity & Operations	The City continues to face a shortfall in units and spaces despite recent expansion.	**1.1**	Bring all planned 705 shelter and safe parking units online by end of CY2025.	**On Track**	7 of 9 sites open (415 units). Cherry (128 units / 136 beds) will come online Dec 10, with Cerone (162 units / 200 beds) following later in 2025.
		1.2	Standardize shelter system operations, budgets, and performance metrics across all 24 sites to decrease costs by up to 20% by June 2026.	**On Track**	Working to transition 6 of 24 sites to new providers, including contract renegotiations and staffing model adjustments to better align staffing across systems.
		1.3	Improve outreach & engagement tracking to increase placements into programs, services, shelter, and housing.	**On Track**	Finalized Enhanced Engagement Program staffing model, started hiring 4.0 FTE to team, and completed a GIS/ESRI needs assessment with the goal of collecting more timely geospatial data.
2. Unsustainable Funding	The City's shelter system lacks stable, long-term revenue sources.	**2.1** **2.2**	Sustain and stabilize funding sources for shelter and interim housing operations by reducing reliance on one-time allocations and implementing CalAIM billing for eligible services.	**Off Track**	CalAIM setup requires new infrastructure and funding-flow alignment across the County, City, and health partners. Ongoing County funding uncertainty means we are not on track to launch these services within the current timeframe.
3. Environmental Compliance & Public Spaces	Sustaining clean waterways and establishing No-Encampment Zones around Emergency Interim Housing sites remains difficult with limited shelter capacity.	**3.1** **3.2**	Maintain compliance & public space cleanliness in 26 miles of priority waterways and maintain NEZs citywide around EIH sites, limiting re-encampment & displacement impacts.	**On Track**	125 abatements in NEZs, with the first 30 days used as an educational grace period, only 45 post-Day 31 abatements counted (≤65 target). All re-encampments were resolved within two business days; no grace period going forward in established NEZs.
4. Data & Forecasting Infrastructure	The City lacks consistent and reliable inflow-outflow data to forecast homelessness.	**4.1** **4.2**	Improve homelessness forecasting and strengthen HMIS data exchange with the County.	**At-Risk**	Data lakehouse, Salesforce integration, and HMIS collaboration with the County are underway, but complex cross-jurisdiction systems may slow full use of these tools.

Problem Area 1: Shelter System Capacity & Operations

What We're Learning

1. Rapid expansion of several new shelter sites created significant operational limits and coordination needs.*
2. Simultaneous work on coordinated entry reform required deeper alignment with County and providers.
3. Columbus Park activation highlighted the need for real-time data sharing and daily tactical coordination.
4. Managing expansion, transitions, and budget pressures revealed complex interdependencies.
5. Key Insight: Major system changes cannot be isolated: capacity, operations, and funding must be aligned and governed together.

** For some sites, complex requirements with partner agencies (e.g., Santa Clara Valley Transportation Authority (VTA)) have slowed activation timelines and require sustained coordination.*

Problem Area 2: Sustainable Funding

What We're Learning

1. Budget reductions, contract realignment, and subsidy layering efforts highlighted limits of City-only funding strategies.
2. Leveraging CalAIM requires coordinated service delivery models tied to client acuity, not just contract changes.
3. Sustainable funding depends on shared infrastructure: HMIS, service documentation, and data integration with County systems.
4. Key Insight: Long-term financial sustainability cannot be achieved without joint operational, data, and funding alignment with the County.

Problem Area 3: Environmental Compliance & Public Spaces

What We're Learning

1. Establishing 26 miles of No-Encampment Zones exposed gaps in shelter capacity and system readiness.
2. Abatements along the waterway triggered migration to other parts of the city, requiring rapid shifts in encampment management, outreach and engagement strategies.
3. PRNS and Neighborhood Quality of Life teams face pressure to monitor movement, sustain compliance, and respond to re-encampments.
4. Key Insight: Enforcement alone cannot sustain compliance: success depends on synchronized outreach, ongoing monitoring, and coordinated shelter placement.

Problem Area 4: Data & Forecasting Infrastructure

What We're Learning

1. Forecasting efforts proved that accurate modeling depends on consolidating departmental data into a governed, shared environment.
2. Building the data lakehouse required deep coordination on hosting, permissions, taxonomy, and long-term maintenance.
3. ITD partnership and staff onboarding revealed the level of technical capacity needed to sustain this work.
4. Key Insight: Forecasting cannot advance without strong data infrastructure and governance. The foundation is as critical as the model itself.

What's Next? Focus Areas and the FY 2026-2027 Budget Process

What's Next?

Focus Areas and the FY 2026-2027 Budget Process

Embedding Focus Area discussion into the Budget Process to ensure co-creation of strategies aimed to meet our Long-Term Goals

January

Priority Setting.
Staff will embed Focus Areas into the 2026-2027 Preliminary General Fund Forecast and Budget Priorities Study Session to cultivate a discussion that supports the City Council articulating its priorities (given budget constraints and required reductions) in advance of the Mayor's March Message.

February

March

Mayor's March Message.
Direction given through the Message will inform exploration/scoping of future focus area work, that may include problem areas or specific change initiatives for FY 2026-2027. Any contemplated changes for the following fiscal year should be explored in this context.

April

City Manager's Proposed Budget.
The Administration may propose change initiatives for FY 2026-2027, stemming from learnings derived from current year's execution.

May

Budget Study Session.
The Administration will embed Focus Area learnings into a Budget Study Session; this will include recommended changes to the following year's Focus Area work.

Manager's Budget Addendum (MBA).
The Administration will publish an MBA that summarizes all feedback/ideas contemplated through the budget process and establishes a recommended path for FY 2026-2027.

June

June Budget Message.
Through the adoption of the June Budget Message, the City Council will formally adopt the Focus Area workplans for FY 2026-2027.