

City of San José Housing & Community Development Commission

District 1 — Roma Dawson (VC)

District 3 — Barry Del Buono

District 5 — Ruben Navarro

District 7 — Victoria Partida

District 9 — Don Jackson

Mayor — Zenia Cardoza

Lived Experience (Mayor) — Sketch Oppie

Lived Experience Alternate (Mayor) — Jerome Shaw

(C) Alex Shoor — District 2

Linh Vong — District 4

Andrea Wheeler — District 6

Huy Tran — District 8

Roberta Moore — District 10

Daniel Finn — CAAC MR

Ryan Jasinsky — CAAC ML

Commissioners are appointed by corresponding Council Members, but do not need to reside in that Council District.

REGULAR MEETING AGENDA

May 11, 2023

Virtual [Zoom Link](#)

Start time: 5:45 PM

Web ID: **940 5398 8541**

Location: City Hall Tower 5th Floor, Room 550

888-475-4499 (Toll Free)

Members of the public have a choice to attend the meeting either in person at the location listed above, or to attend virtually, viewing and listening to the meeting by following the instructions below. Additional instructions are provided below to those members of the Public who would like to comment on items on the agenda.

How to attend the Housing & Community Development Commission Meeting:

- 1) **In person:** For participants that would like to attend in person, the physical location is listed on the upper left of this page.
- 2) **Electronic Device Instructions:** For participants who would like to join electronically from a PC, Mac, iPad, iPhone, or Android device, please click this URL: [Zoom Link](#).
 - a. Use a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
 - b. Enter an email address and name. The name will be visible online and will be used to notify you that it is your turn to speak.
 - c. When the Chair calls for the item on which you wish to speak, click on “raise hand.” Speakers will be notified shortly before they are called to speak.
 - d. When called, please limit your remarks to the time limit allotted.
- 3) **Telephone Device Instructions:** For participants who would like to join on their telephones, please dial **888-475-4499 (Toll Free)** and when prompted, enter meeting Webinar ID: **940 5398 8541**. You may also **press *9 to raise a hand to speak**.
- 4) **Public Comments prior to meeting:** If you would like to submit your comments prior to the meeting, please e-mail Luisa.Cantu@sanjoseca.gov or call **(408) 535-8357 no less than 90 minutes before the start of the meeting**. Comments submitted prior to the meeting will be considered as if you were present in the meeting.

*Note that the times for items shown below are approximate and intended only to notify the Commission of the approximate amount of time staff expects each item might take.
Please note that items may be heard before or after the times shown, and plan accordingly.*

APPROX. TIME	AGENDA ITEM
5:45	I. Call to Order & Orders of the Day A. Chair reviews logistics for Zoom meetings
5:46	II. Introductions and Roll Call
5:50	III. Consent Calendar A. Approve the Minutes for the Regular Meeting of April 13, 2023 ACTION: Approve the April 13, 2023 action minutes.
6:00	IV. Reports and Information Only A. Director i. Update on recruitment for open Commission seats B. Council Liaison C. Chair
6:10	V. Open Forum <i>Members of the Public are invited to speak on any item that does <u>not</u> appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak during Open Forum; however, the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate due to a large number of speaker requests.</i>
6:15	VI. Old Business
	VII. New Business
6:20	A. Nomination for Officers (K. Clements, Housing Department) ACTION: Make nominations for positions of Chair and Vice Chair of the Commission to serve in Fiscal Year 2023-24 commencing with the first Commission meeting after the June regular meeting. (No memo.)
6:40	B. Proposed Changes to the Percentage Allocations and the Spending Plan for Fiscal Year 2023-2024 Including Uncommitted Funds Recaptured from Fiscal Year 2020-2021 through Fiscal Year 2022-2023 for Measure E Transfer Tax Funds (R. VanderVeen, Housing Department)

ACTION: Review the staff report and provide possible recommendations to the City Council regarding the following:

- A. Proposed changes to the percentage allocations in the allocation framework for Fiscal Year 2023-2024 to:
 - (1) 5% for administration with the remaining revenue allocated as follows:
 - (2) 0% for the creation of new affordable housing for extremely low-income households;
 - (3) 0% for the creation of new affordable housing for low-income households;
 - (4) 0% for the creation of new affordable housing for moderate-income households;
 - (5) 20% for homeless prevention, gender-based violence programs, legal services, and rental assistance; and
 - (6) 80% for homeless support programs including shelter construction and operations
- B. Proposed spending plan for Fiscal Year 2023-2024 based upon the changes to percentage allocations, that includes the reallocation of \$87 million of uncommitted revenue comprised of \$17 million from FY 2020-2021, \$20.4 million from FY 2021-2022, and \$49.5 million from FY 2022-2023 to:
 - (1) 22% for administration, with the remaining revenue allocated as follows:
 - (2) 21% for the creation of new affordable housing for extremely low-income households
 - (3) 57% for the creation of new affordable housing for low-income households;
 - (4) 0% for the creation of new affordable housing for moderate-income households;
 - (5) 4% for homeless prevention, gender-based violence programs, legal services and rental assistance; and
 - (6) 18% for homeless support programs including shelter construction and operations.

8:00 **Break (10 mins)**

8:10 **C. Informational Briefing on the Soft Story Seismic Retrofit Program (A. Chacko, Department of Planning, Building and Code Enforcement)**
ACTION: Receive the briefing on the Soft Story Seismic Retrofit Project and provide feedback to staff on the outreach and engagement strategy to maximize stakeholder participation and input on program elements.

9:15 **D. Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan to Reallocate a Portion of Community Development Block**

**Grant Cares Act Funding Awarded by the United States Department of Housing and Urban Development
(K. Clements, Housing Department)**

ACTION: a) Conduct a Public Hearing on the Fiscal Year 2019-2020 Annual Action Plan to reallocate a portion of the Community Development Block Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funding awarded by the United States Department of Housing and Urban Development (HUD) to the City of San José;

b) Approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan to amend the CDBG-CV Program Allocation Plan and reallocate \$250,000 in unused CDBG-CV funds from the Law Foundation of Silicon Valley to Sacred Heart Community Services for the Eviction Diversion and Settlement Program; and

c) Recommend to the City Council it approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan.

9:45

VIII.

Open Forum

Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission (per [Section 2.08.2840](#) of the San José Municipal Code). Meeting attendees are usually given two (2) minutes to speak during Open Forum; however, the time limit is in the discretion of the Chair of the meeting, and may be limited when appropriate due to a large number of speaker requests.

9:50

IX.

Meeting Schedule

The next **Regular Meeting** for the Commission is scheduled to be held on **Thursday, June 8, 2023, at 5:45 p.m. in room T-550 at San José City Hall, 200 E. Santa Clara St., San José, CA 95113.** Items tentatively expected to be heard are:

- Election of Officers
- Rent Stabilization Program Annual Report
- Rent Stabilization Program FY 2022-23 Quarter 3 Report for Apartments, Including the Apartment Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance
- Rent Stabilization Program FY 2022-23 Quarter 3 Report for Mobilehomes
- Final Draft 2023-2031 Housing Element

9:55

X.

Adjournment

The City's [Code of Conduct](#) is intended to promote open meetings that welcome debate of public policy issues being discussed by the City Council, their Committees, and City Boards and Commissions in an atmosphere of fairness, courtesy, and respect for differing points of view.

You may speak to the Commission about any discussion item that is on the agenda, and you may also speak during Open Forum on items that are not on the agenda and are within the subject matter jurisdiction of the Commission. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during Open Forum. Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the Commission unless listed on the agenda, which has been posted not less than 72 hours prior to meeting. Agendas, Staff Reports and some associated documents for the Commission items may be viewed on the Internet at <http://www.sanjoseca.gov/hcdc>. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

Correspondence to the Housing & Community Development Commission is public record and will become part of the City's electronic records, which are accessible through the City's website. Before posting online, the following may be redacted: addresses, email addresses, social security numbers, phone numbers, and signatures. However, please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the Housing & Community Development Commission, will become part of the public record. If you do not want your contact information included in the public record, please do not include that information in your communication.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk, 200 East Santa Clara Street, 14th Floor, San José, California 95113, at the same time that the public records are distributed or made available to the legislative body. Any draft resolutions or other items posted on the Internet site or distributed in advance of the Commission meeting may not be the final documents approved by the Commission. Contact the Office of the City Clerk for the final document.

On occasion, the Commission may consider agenda items out of order.

The Housing & Community Development Commission meets every second Thursday of each month (except for July and sometimes December) at 5:45pm, with special meetings as necessary. If you have any questions, please direct them to the Commission staff. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

To request translation or interpretation services, accommodation, or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events, or printed materials, please call (408) 535-1260 as soon as possible, but at least three business days before the meeting. Please direct correspondence, requests, and questions to:

City of San José Housing Department
Attn: Luisa Cantu
200 East Santa Clara Street, 12th Floor

San José, California 95113

Tel: (408) 535-8357

Email: Luisa.Cantu@sanjoseca.gov

Para residentes que hablan español: Si desea mas información, favor de llamar a Luisa Cantu al 408-535-8357.

Tiếng Việt: Xin vui lòng liên lạc Janie Le tại 408-975-4462.

對於說華語的居民: 請電 408-975-4450 向 Ann Tu 詢問詳細事宜。

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

MEETING ACTION MINUTES

April 13, 2023

MEMBERS PRESENT:	Roma Dawson	Vice Chair (D1)
	Alex Shoor	Chair (D2) <i>left 8:00pm to 9:30pm</i>
	Barry Del Buono	Commissioner (D3)
	Linh Vong	Commissioner (D4) <i>left 10:00pm</i>
	Andrea Wheeler	Commissioner (D6)
	Victoria Partida	Commissioner (D7)
	Don Jackson	Commissioner (D9)
	Roberta Moore	Commissioner (D10)
	Zenia Cardoza	Mayor (CW)
	Daniel Finn	Commissioner (MR)
	Sketch Oppie	Lived Experience (CW) <i>arrived 5:47</i>
MEMBERS ABSENT:	Ruben Navarro	Commissioner (D5)
	Huy Tran	Commissioner (D8) Commissioner
	Ryan Jasinsky	(ML)
STAFF PRESENT:	Kristen Clements	Commission Acting Secretary, Housing Department
	Luisa Cantu	Commission Assistant Secretary, Housing Department
	Lucas Ramirez	Council Liaison, District 2 Office
	Emily Hislop	Division Manager, Housing Department
	Kelly Hemphill	Division Manager, Housing Department
	Stephanie Gutowski	Senior Development Officer, Housing Department
	Noel Padilla	Senior Analyst, Housing Department
	Vanessa Pacheco	Analyst I, Housing Department

(I) Call to Order & Orders of the Day

- A. Chair Shoor called the meeting to order at 5:45 p.m. and reviewed logistics for Zoom meetings**

(II) Introductions – Commissioners and staff introduced themselves.

(III) Consent Calendar

- A. Approve the Minutes for the Regular Meeting of March 9, 2023 and for the Special Meeting of March 16, 2023**

ACTION: Approve the March 9, 2023 and March 16, 2023 action minutes.

Vice Chair Dawson made the motion to approve the minutes for both the meetings of March 9, 2023 and March 16, 2023, with a second by Commissioner Del Buono. The motion passed 11-0.

**Housing & Community Development Commission
Draft Minutes – Regular Meeting of April 13, 2023**

Yes	Finn, Dawson, Shoor, Del Buono, Vong, Wheeler, Partida, Jackson, Moore, Cardoza, Oppie (11)
No	None (0)
Absent	Jasinsky, Navarro, Tran (3)

(IV) Reports and Information Only

- A. Chair:** Chair Alex Shoor reviewed logistics and guidelines for participation. Chair Shoor reminded commissioners to check their emails regularly for upcoming in-person meeting information from staff.
- B. Director:** Ms. Kristen Clements updated the Commission regarding the Mayor’s budget message from March, which included redirecting Measure E funds. Staff will send that memo out to commissioners. The Community Opportunity to Purchase proposal, which the Commission heard on March 16, 2023, will be heard at the City Council meeting on April 25, 2023, with the Commission’s recommendations included in the memo. Ms. Clements gave an update on commissioner recruitments, with appointments to be heard at the City Council meeting on June 13, 2023. Ms. Clements also announced the retirement of Housing Director Jacky Ferrand-Morales and stated that the Director plans to join the Commission meeting in May to say goodbye.
- C. Council Liaison:** Mr. Lucas Ramirez reported the groundbreaking for the Monterey-Branham Emergency Interim Housing Community, funded by the State’s Project HomeKey funds and in partnership with Life Moves. This community will provide shelter for 204 beds for unhoused residents of San José.

(V) Open Forum

(VI) Old Business

(VII) New Business

A. First Draft Fiscal Year 2023-2024 Annual Action Plan

(S. Gutowski, Housing Department)

ACTION: 1) Conduct a Public Hearing on the Draft Fiscal Year 2023-2024 Annual Action Plan (Action Plan) for the use of federal funds from the U.S. Department of Housing and Urban Development (HUD), and take public comment as required by HUD, 2) Provide Housing Department staff with input on the draft Action Plan and proposed funding, and 3) Recommend to the City Council it approve the Draft Action Plan.

Vice Chair Dawson made the motion to move to close the public hearing, with a second by Commissioner Moore. The motion passed 11-0.

Housing & Community Development Commission
Draft Minutes – Regular Meeting of April 13, 2023

Yes	Finn, Dawson, Shoor, Del Buono, Vong, Wheeler, Partida, Jackson, Moore, Cardoza, Oppie (11)
No	None (0)
Absent	Jasinsky, Navarro, Tran (3)
Abstain	None (0)

Commissioner Vong made the motion to recommend to the City Council it approve the Draft Action Plan, with a second by Commissioner Cardoza. The motion passed 11-0.

Yes	Finn, Dawson, Shoor, Del Buono, Vong, Wheeler, Partida, Jackson, Moore, Cardoza, Oppie (11)
No	None (0)
Absent	Jasinsky, Navarro, Tran (3)
Abstain	None (0)

(I) Orders of the Day (continued)

Per the Chair's request to reverse the order on the agenda of items B and C, Commissioner Finn made the motion that the Commission vote on this request, with a second by Commissioner Dawson. The motion failed, 5-5-1.

Yes	Dawson, Shoor, Vong, Partida, Oppie (5)
No	Finn, Del Buono, Wheeler, Moore, Cardoza (5)
Absent	Jasinsky, Navarro, Tran (3)
Abstain	Jackson (1)

B. Rent Stabilization Program Fees for Fiscal Year 2023-2024

(E. Hislop, Housing Department)

ACTION: Review the proposed fee structure for Fiscal Year 2023-2024 for the Rent Stabilization Program as stated below, and recommend that the City Council approve the proposed fees:

- i. Annual Apartment Rent Control Fee: increase from \$65.00 per unit to \$72.00
- ii. Annual Apartment Non-Rent Control Fee: increase from \$15.00 per unit to \$34.00

**Housing & Community Development Commission
Draft Minutes – Regular Meeting of April 13, 2023**

- iii. Annual Mobilehome Rent Control Fee: increase from \$30.00 per unit to \$33.00, and
- iv. Fees in connection with withdrawal of a building under the Ellis Act Ordinance: maintain \$2,833 per unit for up to 10 units and \$951 per unit for over 10 units.

Commissioner Moore made the motion that staff propose an increase in the Annual Apartment Rent Control Fee limited to 5%, for a total of \$68.25 instead of \$72, with a second by Commissioner Oppie. The motion failed, 2-6-3.

Commissioner Shoor had to step out of the meeting for part of the discussion on this item so abstained from voting.

Yes	Moore, Oppie (2)
No	Dawson, Del Buono, Vong, Wheeler, Partida, Jackson (6)
Absent	Jasinsky, Navarro, Tran (3)
Abstain	Shoor, Finn, Cardoza (3)

Commissioner Partida made the motion to recommend that the City Council adopt the proposed fees:

- i. Annual Apartment Rent Control Fee: increase from \$65.00 per unit to \$72.00
- ii. Annual Apartment Non-Rent Control Fee: increase from \$15.00 per unit to \$34.00
- iii. Annual Mobilehome Rent Control Fee: increase from \$30.00 per unit to \$33.00, and
- iv. Fees in connection with withdrawal of a building under the Ellis Act Ordinance: maintain \$2,833 per unit for up to 10 units and \$951 per unit for over 10 units,

with a second by Commissioner Del Buono. The motion passed, 8-2-1.

Yes	Finn, Dawson, Del Buono, Wheeler, Partida, Jackson, Cardoza, Oppie (8)
No	Vong, Moore (2)
Absent	Jasinsky, Navarro, Tran (3)
Abstain	Shoor (1)

**C. Housing Trust Fund Budget for Fiscal Year 2023-2024
(K. Hemphill, Housing Department)**

ACTION: Acting as the Housing Trust Fund Oversight Committee, recommend that the Director of Housing approve the expenditure plan for the Housing Trust Fund of

**Housing & Community Development Commission
Draft Minutes – Regular Meeting of April 13, 2023**

\$2,927,184 (*corrected*) for Fiscal Year (FY) 2023-2024.

Chair Shoor recused himself from this vote due to an appearance of a conflict of interest and left the room.

Commissioner Oppie recused herself from this vote due to a conflict of interest given her financial support as a member of the Destination: Home Lived Experience Advisory Board and left the room.

Commissioner Moore made the motion that the Commission, acting as the Housing Trust Fund Oversight Committee, recommend that the Director of Housing approve the expenditure plan for the Housing Trust Fund of \$2,927,184 for Fiscal Year 2023-2024, with a second by Commissioner Wheeler. The motion passed, 8-0-2.

Yes	Finn, Dawson, Del Buono, Wheeler, Partida, Jackson, Moore, Cardoza (8)
No	None (0)
Absent	Jasinsky, Navarro, Tran, Vong (4)
Abstain	Shoor, Oppie (2)

(VIII) Open Forum

Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

(IX) Meeting Schedule

The next Regular Meeting for the Commission is scheduled to be held on **Thursday, May 11, 2023, at 5:45 p.m., Tower room T-550, at San José City Hall, 200 E. Santa Clara St., San José, CA 95113.** Items expected to be heard are (updated):

- Nominations for Officers for FY 2023-2024
- Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan to Reallocate Use of CDBG-CV Funds
- Measure E Budget FY 2023-2024
- Draft Soft Story Program

(X) Adjournment

Chair Shoor adjourned the meeting at 10:29 p.m.



Memorandum

TO: HOUSING AND COMMUNITY
DEVELOPMENT COMMISSION

FROM: Rachel VanderVeen

SUBJECT: SEE BELOW

DATE: May 5, 2023

Approved

Date

SUBJECT: PROPOSED CHANGES TO THE PERCENTAGE ALLOCATIONS AND THE SPENDING PLAN FOR FISCAL YEAR 2023-2024 INCLUDING UNCOMMITTED FUNDS RECAPTURED FROM FISCAL YEAR 2020-2021 THROUGH FISCAL YEAR 2022-2023 FOR MEASURE E TRANSFER TAX FUNDS

RECOMMENDATION

Review the staff report and provide possible recommendations to the City Council regarding the following:

- A. Proposed spending plan and changes to the percentage allocations in the allocation framework for Fiscal Year 2023-2024 to allocate:
 - (1) 5% for administration with the remaining revenue allocated as follows:
 - (2) 0% for the creation of new affordable housing for extremely low-income households;
 - (3) 0% for the creation of new affordable housing for low-income households;
 - (4) 0% for the creation of new affordable housing for moderate-income households;
 - (5) 20% for homeless prevention, gender-based violence programs, legal services and rental assistance; and
 - (6) 80% for homeless support programs including shelter construction and operations;
- B. Proposed spending plan for Fiscal Year 2023-2024 based upon the changes to percentage allocations that includes the reallocation of \$87 million of uncommitted revenue comprised of \$17 million from FY 2020-2021, \$20.4 million from FY 2021-2022, and \$49.5 million from FY 2022-2023 to spend:
 - (1) 22% for administration, with the remaining revenue allocated as follows:
 - (2) 21% for the creation of new affordable housing for extremely low-income households

- (3) 57% for the creation of new affordable housing for low-income households;
- (4) 0% for the creation of new affordable housing for moderate-income households;
- (5) 4% for homeless prevention, gender-based violence programs, legal services and rental assistance; and
- (6) 18% for homeless support programs including shelter construction and operations.

SUMMARY AND OUTCOME

In accordance with the direction from the [Mayor's March Budget Message](#) as approved by the City Council, staff has initiated the process of making one-time modifications to the percentage allocations outlined in [Council Policy 1-18](#). Approximately \$87 million of uncommitted funds have been identified within Measure E revenue over three spending plans which will be reallocated to funding for affordable housing, homeless prevention, gender-based violence programs, legal services and rental assistance and funding for homeless support programs. In addition, for fiscal year 2023-2024, staff proposes that all revenue be spent within the following priorities: funding for homeless prevention, gender-based violence programs, legal services and rental assistance and funding for homeless support programs including shelter construction and operations.

The Housing and Community Development Commission (Commission) as oversight committee will provide comment on the FY 2023-2024 spending plan for Measure E Property Tax Revenue and a reallocation of previously received revenue. **Attachment A** provides a detailed overview of the identified \$87 million of uncommitted revenue by year from the FY 2020-2021, FY 2021-2022, and FY 2022-2023 spending plans. The spending plan for FY 2023-2024, included as **Attachment B** to this memo will allocate \$50 million in Measure E funds with changes to the percentage allocations. Finally, **Attachment C** provides an overview of the reallocation of the funds and the proposed 2023-2024 spending plan as a consolidation to show the overall spending plan for the identified \$137 million of revenue. The identified \$137 million of Measure E revenue will be programed towards the development of four affordable housing developments, operation and maintenance of interim housing locations, preservation, eviction prevention, and rental assistance.

Measure E has quickly become a critical source of funding for both the production of affordable housing, interim housing operations, and funding for homeless prevention and rental assistance programs. This memorandum provides the modifications to the percentage allocations for the Measure E real property tax revenue, and the resulting spending plan for FY 2023-2024.

BACKGROUND

On March 3, 2020, San José voters approved Measure E which established a transfer tax on real estate transactions in which the purchase price exceeds \$2 million. In June 2020, the City Council amended City Council Policy 1-18 to include a new Section 22 that specifies the spending priorities and percentage allocations for Measure E revenue, along with a process for

making changes to the percentage allocations. Any modification of the percentage allocations requires:

- 60-day public notice in advance of the effective date of the proposed allocation change;
- At least two public hearings prior to City Council action; and
- Two-thirds vote of the City Council.

On April 19, 2022, the City Council approved modifications to the spending priorities and the allocation percentages of Measure E revenue under Section 22 of Council Policy 1-18 as detailed in **Table 1**.

Table 1: Measure E Spending Priorities and Percentage Allocations Approved April 2022
Measure E Spending Priorities (Does not include 5% Administration Fees)

Spending Priority	% of Transfer Tax
Creation of New Affordable Housing for Extremely Low-Income Households	40%
Creation of New Affordable Housing for Low-Income Households	30%
Creation of New Affordable Housing for Moderate-Income Households	5%
Homelessness Prevention and Rental Assistance	10%
Homeless Support Programs Including Shelter Construction and Operations	15%

Measure E also allows 5% of the revenue to be used for administrative purposes. This percentage is taken before the percentage allocations are applied.

On March 21, 2023, the City Council approved the Mayor's March Budget Message for Fiscal Year 2023-2024, which included direction to the City Manager to explore the use of uncommitted Measure E resources for reallocation to homeless prevention, support, and management to fund various programmatic directions in the March Budget Message to reduce unsheltered homelessness, including the doubling of the 2023-2024 homelessness prevention category on a one-time basis.

In accordance with this guidance and the process identified in the Measure E ballot measure, the Housing Department a [public notice on May 2, 2023](#), 60 days in advance of the proposed changes to the spending priorities becoming effective. Two public hearings have been scheduled as required by Section 22 of Council Policy 1-18. Concurrent with the 2023-2024 Proposed Budget, the first public hearing will be held at City Council on Tuesday, May 16, 2023, and the second public hearing will be held at City Council on Monday, June 12, 2023. The adoption of the 2023-2024 Proposed Operating Budget, which includes the recommended spending plan, and the one-time modifications of the allocations will be considered by the City Council on June 13, 2023.

ANALYSIS

Measure E revenue continues to be a critically important source to fund the production of affordable housing, interim housing operations, and homeless prevention, gender-based violence programs, legal services and rental assistance. Measure E revenue for FY 2023-2024 is anticipated to be \$50,000,000. To-date, the City Council has committed \$138.5 million of revenue generated by the Measure E Transfer tax to develop more than 300 affordable apartments, assist 80 homeless students to find housing, and assist over 1,000 families to stay in their homes through rental assistance and eviction diversion programs.

Measure E Reallocated Funds

Staff has identified \$87 million of uncommitted Measure E funds available to be reallocated to align with direction from the City Council's approval of the Mayor's March Budget Message. Details of specific amounts from specific fiscal year spending plans and the affected categories can be found in **Attachment A**. Affordable Housing Development programs comprised \$70 million of revenue that is affected by this reallocation, including funding for the development of affordable housing, acquisition and rehabilitation programs including land acquisition, and an accessory dwelling unit funding program. Details related to the uncommitted funds are included in **Table 2**. An additional \$17 million of funds previously planned for the homeless prevention and homeless support programs was also identified as uncommitted. Examples of these funds include operating funds for the Arena Hotel and the Pacific Motor Inn, both of which have not yet opened, resulting in savings in these categories. The \$17 million dollars will be reallocated to new activities within the homeless prevention and homeless support programs within the overall spending plan as shown in **Attachment C**.

Table 2 below outlines proposed activities included in prior years' spending plans that will no longer be funded under the proposed revised spending plan for FY 2023-2024, which includes rollovers of unspent funds from previous years.

Table 2: Uncommitted Funding by Activity to be Reallocated

Funded Activities Under Previous Spending Plans	Uncommitted Funding
Funding for New Construction of Affordable Rental Housing – Extremely Low-Income Households	\$18,237,291
Funding for Acquisition and Rehabilitation	\$24,609,040
Acquisition of Hotels	\$3,316,187
Funding for the Construction of Commercial Space for New Affordable Housing Developments	\$3,817,275
Funding for Land Acquisition	\$10,000,000
ADU Program	\$4,903,083
Funding for New Construction of Affordable For-Sale Housing	\$3,087,500
Funding for New Construction of Affordable Rental Housing – Moderate-Income Households	\$2,342,833

Funded Activities Under Previous Spending Plans	Uncommitted Funding
Total	\$70,313,209

Measure E Spending Plan for FY 2023-2024 and Reallocated Funds

The proposed spending plan for \$50,000,000 of projected revenue in FY 2023-2024 and \$87,030,646 of uncommitted funds is detailed in **Attachment C**. The proposed spending plan and modification to the percentage allocations being considered through the public hearing process include doubling the commitment to homelessness prevention from 10% to 20% with the remaining revenue all being committed to homeless support programs.

The proposed spending plan continues to direct funds towards critical housing programs for the residents of San José, while following direction regarding prioritizing uncommitted funds to reduce unsheltered homelessness.

Spending Plan for Reallocated Funds

A total of \$87 million will be reallocated into a new spending plan. The spending plan proposes to move funds for the development of affordable housing and reduces the spending of certain proposes.

Affordable Housing (\$52.8 million)

- New Construction** – The plan sets aside \$35.5 million towards the construction of new affordable housing, of which \$14.2 million is for the development of housing for extremely low-income households and \$21.2 is for low-income households. An amount of \$11.0 million set aside as an inflation reserve for developments under construction. There are currently four developments in the pipeline that are awardees of the Housing Department's [December 2021 Notice of Funding Availability](#) (NOFA). These four developments represent 595 affordable homes and need an estimated \$93 million of funding to be able to be competitive for state and other funding sources. City commitments to these developments are crucial as these projects are currently fighting inflation and rising interest rates. The \$35.5 million dollars dedicated to new construction for these four projects will fill the gap from other available funding sources. The \$11.0 million inflation reserve will be utilized to ensure that projects already under construction can be completed if situations arise in which a larger City commitment is necessary due to rising costs of materials or delays in project creating larger than budgeted construction interest.
- Acquisition/Rehabilitation** – The plan allocates \$5,000,000 to be made available for the acquisition and rehabilitation of existing market-rate apartments. This is a strategy identified in the City Council-approved Anti-Displacement Strategy to preserve existing low-cost housing. Staff has been working for the past six months to issue a Notice of Funding Availability (NOFA). The NOFA will be issued in the coming year to begin

awarding these funds. Providing preservation funding will support the City's Anti-Displacement Strategy that seeks to keep lower-income residents in their homes, to prevent them from being priced out of their neighborhoods and losing their support networks, and to avoid them falling into homelessness.

- **Funding for Commercial Improvements in Affordable Housing** - The Housing Department has already discussed awards to help fund commercial space improvements with owners of three affordable housing developments. In the Housing Department's most recently released new construction NOFA, extra points were given to developments that proposed onsite childcare facilities as these onsite childcare facilities are an extreme benefit to the development and the overall surrounding community. Additionally, there are scenarios where a developer has elected to build commercial space for a community-based nonprofit that provides essential services to the community. Nonprofits struggle to gather the resources necessary to complete tenant improvements needed to occupy their buildings. In support of these developments' ability to construct required commercial spaces for these priority uses, staff has allocated \$1.3 million to assist in the necessary tenant improvements at 777 West San Carlos for childcare, Tamien Station Affordable for childcare, and 1860 Alum Rock for Amigos de Guadalupe.

Homeless Prevention, Gender-Based Violence Programs, Legal Services, and Rental Assistance (\$2.7 million)

- **Eviction Diversion and Settlement Program** – \$2.7 million will be dedicated to the City's Eviction Diversion and Settlement Program. The purpose of the Eviction Diversion and Settlement Program is to intervene in pending eviction court actions based on non-payment of rent due to lingering financial impacts of the COVID-19 pandemic experienced by tenants, in which the tenant households are able to pay rent going forward. In eligible cases, the landlord receives payment for all or part of the unpaid rent and agrees to dismiss the eviction action, and the tenant household remains stably housed. The Measure E funds would cover rental assistance for 250 San José households involved in eviction lawsuits and fund the additional staffing needed to implement the program for FY 2023-2024.

Administration (\$19.4 million)

- **Measure E Revenue Stabilization Reserve** – The 2022-2023 budgeted estimate for Real Property Transfer Tax revenues (Measure E) is \$65.0 million. However, due to the significant slowdown within the residential and commercial real estate market, this estimate (already lower than prior year collections of \$110 million) is unlikely to be met. As a result, the Administration recommends allocating \$15.1 million into a reserve to provide capacity to absorb the likely revenue shortfall in the current year to ensure that funding commitments stay intact.
- **Increase Housing Department Homeless Response Staff Capacity** – Funding of \$2.4 million within the Housing Department – anticipated to be spent over a 3-year period – will provide for enhanced levels of outreach, engagement, and data tracking to help meet

the March Budget Message’s objective “to create new capacity to move at least 1,000 people who are currently living in the most environmentally-destructive and unsafe encampments into safer alternatives by the end of the calendar year.” It will also support a pilot of a small team of trauma-informed specialists that can work in close concert with Beautify San José and the Police Department in advance of encampment abatements, or to maintain abated encampments.

- **Add City Manager’s Office Homeless Coordination Team** – Funding in the amount of \$1.9 million is for three limit-dated positions in the City Manager’s Office of Administration, Policy, and Intergovernmental Relations through June 30, 2026. The roles will provide support to the Deputy City Manager position focused on advancing the City’s efforts on ending homelessness and improving the quality of life for both the housed and the unhoused, including overall project coordination and accountability, policy work around allowable encampment areas, data analysis, and interdepartmental and interagency coordination.

Spending Plan for FY 2023-2024

The spending plan does not include funding for the development of new affordable housing projects beyond the \$35.5 million for the four projects referenced above, as it reallocates all of the remaining funding for homeless support programs and homeless prevention, gender-based violence programs, legal services and rental assistance. This leaves \$0 for the development of affordable housing in the FY 2023-2024 spending plan. Without new funding for affordable housing development, the Housing Department will not be able to release a Notice of Funding Availability in FY 2023-2024. As the recommended allocation change is only recommended on a one-time basis, Measure E revenues received in 2024-2025 would be allocated in accordance with the percentage allocations in Council Policy 1-18, Section 22. Accordingly, new funds for affordable housing development would become available in 2024-2025.

The Spending Plan for FY 2023-2024 allocates the majority of the funds to address the homeless crisis.

Homeless Support Programs including Shelter Construction and Operations (\$38 million)

Interim Shelter Construction Operations and Maintenance – \$18.9 million will further support construction efforts and long-term operating and maintenance costs of interim housing communities, operating motels, safe parking sites, and similar approaches to reduce the City’s unsheltered homeless population. To align with previous and current City Council direction to sustain interim housing communities over the long-term, total annual costs of the existing seven EIH sites (including the recently authorized Monterey/Branham site) and five other EIH/safe parking sites could reach \$50 million by 2029-2030, of which a substantial portion would need to come from local City sources, such as Measure E or other General Fund sources. Allocating additional one-time funds now both provides for near-term resources for site, acquisition and construction costs, and extends the amount of time when additional ongoing funding would become necessary. An updated analysis of the Fiscal

Sustainability of Interim Housing Operations and Maintenance costs previously included in [Manager's Budget Addendum #3](#) during the 2022-2023 budget development process, will be issued later this month. However, the City will continue to aggressively pursue external resources to the maximum extent possible.

- **Staffing Resources** – \$2.0 million to be overseen by the Public Works Department– and anticipated to be spent over a 3-year period – is recommended to continue to facilitate the site identification, design, and construction/improvement of sites for Emergency Interim Housing, safe parking, or other uses to shelter currently unsheltered homeless residents at a more rapid pace.
- **Interim Shelter Operations and Maintenance** – The plan has dedicated \$5.5 million towards the operations and maintenance of interim shelter sites in coordination with the City's Public Works Department. Since the inception of the Measure E Transfer tax, the City has increased its interim housing stock by 403 beds. These sites include the Homekey sites, the Surestay Hotel, Pacific Motor Inn, Pavilion Inn, and Branham and Monterey. All these sites require ongoing operations and maintenance funding from the City.
- **Interim Shelter Operation and Maintenance Reserve** – \$3.6 million will continue to support the expanding City stock of interim shelter locations. The City needs to have a long-term funding strategy in place for their future operating and maintenance costs. In addition to continuing to pursue all available federal, state, county, philanthropic, or other external resources to support the operation and maintenance of these sites, ongoing City funding commitments will be needed. These funds will be utilized for future years' operating and maintenance needs.
- **San José Bridge Program** – Funding in the amount of \$5 million extends the San José Bridge Program through 2023-2024, ensuring capacity for approximately 120 participants of formerly unsheltered residents that receive employment and housing services while they help beautify the City, with the goal to transition to permanent housing and employment.
- **Overnight Warming Locations: Support Programs**– Operated by HomeFirst, the City's overnight warming locations (OWLs) utilize existing City facilities to provide nightly shelter for individuals experiencing homelessness during the cold weather months each year. The goal of the congregate shelter is to offer low barrier services and basic needs, including a warm space to sleep, meals, storage, and transportation. \$1,500,000 of Measure E revenue will fund the operations of the OWL program, serving up to 60 individuals each night in at least two locations. OWLs have been funded by the Housing Trust Fund, a limited resource for this program.
- **Care Coordination Project:** An additional \$1 million is programed towards the Care Coordination Project, operated by the County of Santa Clara, a community-wide effort centralizing the care of the County's most vulnerable and long-term homeless residents by bringing together all services and benefits that participants need to obtain and maintain housing. These services include drug and alcohol rehabilitation, mental health services, government benefits and housing resources. The identified Measure E funds

will fund nine case managers to assist up to 180 individuals with supportive services to keep them permanently housed.

- **Homeless Outreach:** Another \$3.7 million will be utilized to fund contracts with partners who work directly with unhoused individuals within encampments. Homeless outreach and engagement teams are the first responders to San José's unsheltered homeless population. The overall goals of outreach are to: build trust between outreach workers and the homeless; meet the basic needs of clients; refer and place individuals into a variety of shelter and housing opportunities; and, conduct housing assessments. The assessments are used to populate the Homeless Management Information System (HMIS) so that unsheltered individuals have access to housing programs. Outreach teams usually make the first contact with the most vulnerable people living outside. They complete the assessments and enter them into HMIS. Outreach teams have previously been funded by one-time sources including American Rescue Plan Act funds and state Homeless Housing Assistance and Prevention funds. Funding these activities with Measure E will provide the resources needed for these critical services.
- **Motel Programs** – Motels provide safe and private temporary shelter to vulnerable unsheltered populations, including families, youth, and survivors of gender-based violence. Operated by LifeMoves, the Motel Voucher Program provides temporary motel stays and individualized support to transition homeless families with minor children to either permanent or other temporary housing. Also operated by LifeMoves, the Temporary Housing Access Program provides temporary motel stays and support to homeless individuals enrolled in an employment program, as well as individuals residing in homeless encampments. \$8 million of revenue will be dedicated to these programs.
- **Therapeutic Specialist** – Funding of \$827,520 within the Housing Department anticipated to be spent over a three-year period – will provide for two full time employees, who will be trauma-informed specialists that can work in close concert with the BeautifySJ Team and the Police Department to advance abatement operations in a safe and humane way. This activity is new and was included in the Mayor's March Budget Message.

Homeless Prevention and Rental Assistance (\$9.5 million)

- **Homeless Prevention** – The plan dedicates \$9.5 million towards homeless prevention activities. Programs supported by this category include but are not limited to Destination: Home's Homelessness Prevention System which is a network of agencies working together to prevent homelessness for households across Santa Clara County. The goal of the Homelessness Prevention System is to expand the ability of families with children to become quickly connected to prevention services with multiple points of entry to keep them housed. The System identifies households at risk of experiencing homelessness and provides client-centered services, including short-term rental subsidies, financial assistance, and supportive services to help them regain stability. Measure E will fund program personnel and financial support for at-risk San José households.

Administration Fee (\$2.5 million)

- **Administration** - \$2.5 million is programed towards administration fee. This cost covers personnel and outside costs that support the initiatives within the Measure E spending plan.

In summary, the proposed spending plan includes \$50 million in expected FY 2023-2024 Measure E revenue and \$87 million of reallocated revenue from prior years. The proposed uses of these funds include \$21.9 million for administrative, \$50 million for homeless support programs, shelter construction and operations, \$12 million for homelessness prevention and rental assistance and \$52.8 million of revenue for the funding of the development of affordable housing for extremely low- and low-income households. With the City Council's acceptance of the plan, staff will pursue any necessary contracts or proceed with financing commitment to act on the above proposed priorities.

EVALUATION AND FOLLOW-UP

The Commission in its role as oversight committee will also review the annual expenditure report in fall 2023 to ensure it is consistent with the Amended Spending Plan. Future spending plans will be reviewed by the Commission.

The modifications to the percentage allocations must be approved by the City Council. Should the City Council reject the proposed allocation modifications, the staff will maintain the activities but will align the spending amounts based on the Council approved percentage allocations. The timeline for the entire process is outlined below.

Table 3: Timeline for Measure E Spending Plans and Modifications of the Percentage Allocations for both Reallocated Funds and the FY 2023-2024 funds

Activity	Date
Minimum 60-day notice to proposed changes to the Measure E percentage allocations	5/2/2023
Proposed Measure E Spending Plan for both Reallocated funds and Fiscal Year 2023-2024 to Measure E Oversight Committee (Housing and Community Development Commission)	5/11/2023
First Public Hearing to consider changes to the Measure E percentage allocations	5/16/2023
Second Public Hearing to consider changes to the Measure E percentage allocations	6/12/2023
City Council Action to Approve the Budget and Measure E Percentage Allocations	6/13/2023
Adoption of changes to the Measure E percentage allocations	7/1/2023

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the Commission's May 11, 2023 meeting.

COMMISSION RECOMMENDATION/INPUT

Commissioners' comments to this memo will be transmitted to the Council at the second public hearing on June 12, 2023 where the spending priorities in Council Policy 1-18 section 22 will be discussed. Commissioners may also wish to compose a letter to the City Council or delegate the letter be written by the Chair or staff, and may wish to authorize a member of the Commission to speak publicly on the Commission's behalf.

FISCAL/POLICY ALIGNMENT

There is no ongoing fiscal impact to the General Fund or other City funds as a result of the actions recommended in this memorandum.

/s/

RACHEL VANDERVEEN

Assistant Director, Housing Department

The principal author of this memorandum is Shelsy Bass, Senior Development Officer. For questions, please contact Rachel VanderVeen, Assistant Director, at Rachel.VanderVeen@SanJoseCA.gov or (408) 535-8231.

Attachment A: Spending Plans by Fiscal Year with Identified Reallocation Amounts

Attachment B: Proposed FY 2023-2024 Spending Plan

Attachment C: Total Proposed Fund Use

**ATTACHMENT A: SPENDING PLANS BY FISCAL YEAR WITH IDENTIFIED
REALLOCATION AMOUNTS**

FY 2020-2021

Spending category items	Allocations	2020-2021 Budget	Expended / committed	Balance to be reallocated	New percentages after reallocation
Permanent supportive and affordable rental housing for extremely low-income households	45%	\$21,948,872	\$21,948,872	\$0	69%
Funding for New Construction of Affordable Rental Housing		\$21,948,872	\$21,948,872		
Affordable rental housing for low-income households	35%	\$17,160,790	\$4,975,000	\$12,185,790	16%
Funding for New Construction of Affordable Rental Housing		\$4,975,000	\$4,975,000		
Acquisition and rehabilitation of existing buildings for low- income housing		\$12,185,790		\$12,185,790	
Below market-rate for-sale housing and rental housing for moderate income households	10%	\$4,903,083		\$4,903,083	0%
ADU Program		\$4,903,083		\$4,903,083	
Homelessness Prevention & Rental Solutions	10%	\$5,018,083	\$5,018,083	\$0	16%
Destination Home: Homelessness Prevention		\$2,735,000	\$2,735,000		
Bill Wilson Center: Student Housing - FY 2020-2021		\$55,000	\$55,000		
Bill Wilson Center: Student Housing - FY 2021-2022		\$60,000	\$60,000		
Destination Home: Homelessness Prevention FY - 22-23		\$2,168,083	\$2,168,083		
Administration Fee	5%	\$1,500,000	\$1,500,000	\$0	4%
Measure E Total Available		\$50,530,828	\$33,441,955	\$17,088,873	

FY 2021-2022

Spending category items	Allocations	2021-2022 Budget	Expended / committed	Balance to be reallocated	New percentages after reallocation
Creation of New Affordable Housing for Extremely Low-Income Households	40%	\$43,206,156	\$38,668,865	\$4,537,291	36%
Funding for New Construction and Land Acquisition for Affordable Rental Housing		\$20,200,000	\$15,662,709	\$4,537,291	
Acquisition of Hotels		\$22,506,156	\$22,506,156		
Measure E - Non-Profit Agency Refunds		\$500,000	\$500,000		
Creation of New Affordable Housing for Low-Income Households	30%	\$32,404,617	\$23,599,842	\$8,804,775	22%
Funding for New Construction, Land Acquisition for Affordable Rental Housing		\$20,092,117	\$20,092,117		
Funding for the Construction of Commercial Space for New Affordable Housing Developments		\$6,825,000	\$3,007,725	\$3,817,275	
Funding for Acquisition and Rehabilitation*		\$4,987,500	\$0	\$4,987,500	
Measure E - Non-Profit Agency Refunds		\$500,000	\$500,000		
Creation of New Affordable Housing for Moderate-Income Households	5%	\$5,400,770	\$3,057,937	\$2,342,833	3%
Funding for New Construction of Affordable Rental Housing.		\$4,900,770	\$2,557,937	\$2,342,833	
Measure E - Non-Profit Agency Refunds		\$500,000	\$500,000		
Homelessness Prevention, Gender-based Violence Programs, Legal Services and Rental Assistance	10%	\$10,801,539	\$10,801,539		10%

Spending category items	Allocations	2021-2022 Budget	Expended / committed	Balance to be reallocated	New percentages after reallocation
Destination Home: Homeless Prevention and Rental Assistance		\$3,200,000	\$3,200,000		
Destination Home: Homeless Prevention and Rental Assistance Serving Victims of Domestic Violence		\$600,000	\$600,000		
Rental Assistance, Supportive Services, Deposits and Move-in Support for targeted encampments		\$3,149,974	\$3,149,974		
Eviction Diversion and Settlement Program		\$1,851,565	\$1,851,565		
Guadalupe River Housing Support (10% HRP)		\$2,000,000	\$2,000,000		
Homeless Support Programs, Shelter Construction and Operations	15%	\$16,202,309	\$11,460,000	\$4,742,309	11%
Operation and Construction of Interim Housing		\$15,345,309	\$6,500,000	\$8,845,309	
Outreach Contracts		\$857,000	\$4,960,000	(\$4,103,000)	
Administration Fee	5%	\$2,000,000	\$2,000,000	\$0	2%
Measure E Total Available		\$110,015,391	\$89,588,183	\$20,427,208	

FY 2022-2023

Spending category items	Allocation percentages	2022-2023 Budget	Expended / committed	Balance to be reallocated	New percentages after reallocation
Creation of New Affordable Housing for Extremely Low-Income Households	40%	\$24,700,000	\$4,683,813	\$20,016,187	8%
Funding for New Construction of Affordable Rental Housing		\$13,700,000		\$13,700,000	
Funding for Acquisition and Rehabilitation		\$3,000,000		\$3,000,000	
Acquisition of Hotels		\$8,000,000	\$4,683,813	\$3,316,187	
Creation of New Affordable Housing for Low-Income Households	30%	\$18,525,000	\$4,089,250	\$14,435,750	7%
Funding for New Construction of Affordable Rental Housing		\$3,525,000	\$4,089,250	(\$564,250)	
Funding for Acquisition and Rehabilitation		\$5,000,000		\$5,000,000	
Funding for Land Acquisition		\$10,000,000		\$10,000,000	
Creation of New Affordable Housing for Moderate-Income Households	5%	\$3,087,500		\$3,087,500	0%
Funding for Affordable For-Sale Housing		\$3,087,500		\$3,087,500	
Homelessness Prevention, Gender-based Violences Programs, Legal Services and Rental Assistance	10%	\$6,175,000	\$3,462,372	\$2,712,628	6%
Destination Home: Homeless Prevention and Rental Assistance		\$3,460,000	\$2,466,917	\$993,083	
Destination Home: Homeless Prevention and Rental Assistance Serving Victims of Domestic Violence		\$600,000		\$600,000	
Bill Wilson Center: Student Housing		\$60,000	\$60,000		

Spending category items	Allocation percentages	2022-2023 Budget	Expended / committed	Balance to be reallocated	New percentages after reallocation
Rental Assistance, Supportive Services, Deposits and Move-in Support for targeted encampments		\$2,055,000	\$935,455	\$1,119,545	
Homeless Support Programs, Shelter Construction and Operations	15%	\$9,262,500		\$9,262,500	0%
HomeFirst: Arena Hotel Operations		\$3,000,000		\$3,000,000	
PATH: Pacific Motor Inn Operations		\$3,000,000		\$3,000,000	
Emergency Interim Housing Maintenance and Operations		\$1,800,000		\$1,800,000	
Guadalupe River Park Housing Support		\$580,000		\$580,000	
Reserve for Emergency Interim Housing Operations		\$882,500		\$882,500	
Administration Fee	5%	\$3,250,000	\$3,250,000	\$0	21%
Measure E Total Available		\$65,000,000	\$15,485,435	\$49,514,565	

ATTACHMENT B: PROPOSED FY 2023-2024 SPENDING PLAN

	City Council Approved Allocation Percentages and Spending Plan		Proposed FY2023-2024 Spending Plan with Modifications to Allocation Percentages	
Spending Category Items	Allocation percentages per current Council Policy	2023-2024 Allocation per current Council Policy	Allocation percentages per proposed plan	Proposed 2023-2024 Plan
Creation of New Affordable Housing for Extremely Low-Income Households	40%	\$19,000,000	0%	\$0
Creation of New Affordable Housing for Low-Income Households	30%	\$14,250,000	0%	\$0
Creation of New Affordable Housing for Moderate-Income Households	5%	\$2,375,000	0%	\$0
Homelessness Prevention, Gender-based Violence Programs, Legal Services and Rental Assistance	10%	\$4,750,000	20%	\$9,500,000
County of Santa Clara: Homeless Prevention and Rental Assistance				\$9,500,000
Homeless Support Programs, Shelter Construction and Operations	15%	\$7,125,000	80%	\$38,000,000
Interim Housing Operation and Maintenance Reserve				\$4,750,000
Homeless Outreach				\$3,700,000
SJ Bridge				\$3,500,000
Homelessness Coordination Team (CMO 3 years)				\$1,852,470
Interim Shelter Site Identification and Development				\$2,006,789
Interim Shelter Site Identification and Development				\$18,890,750
Homeless Response Staffing (3 years)				\$3,299,991
Total Funds Allocated		\$47,500,000		\$47,500,000

	City Council Approved Allocation Percentages and Spending Plan		Proposed FY2023-2024 Spending Plan with Modifications to Allocation Percentages	
Spending Category Items	Allocation percentages per current Council Policy	2023-2024 Allocation per current Council Policy	Spending Category Items	Allocation percentages per current Council Policy
Administration Fee	5%	\$2,500,000	5%	\$2,500,000
Administrative Costs				\$2,500,000
Measure E Revenue Stabilization Reserve				
Measure E Total Available		\$50,000,000		\$50,000,000

ATTACHMENT C: TOTAL PROPOSED FUND USE

City Council Approved Spending Categories and Allocation Percentages		Reallocation Proposed Plan		FY 2023-2024 Proposed Plan		Total Funds in Proposed Plan
Spending category and Proposed Activities	Allocation Percentages per approved spending priorities	Allocation percentage of reallocation	Allocation of unspent funds from previous years	Proposed Modification to Allocation percentages	Proposed 2023-2024 Spending Plan	Total fund uses in 2023-2024
Creation of New Affordable Housing for Extremely Low-Income Households	40%	21%	\$14,220,000	30%	\$0	\$14,220,000
Funding for New Construction of Affordable Rental Housing			\$14,220,000			
Creation of New Affordable Housing for Low-Income Households	30%	57%	\$38,615,253	0%	\$0	\$38,615,253
Funding for New Construction of Affordable Rental Housing			\$21,280,000			
Funding for Commercial Space in Affordable Housing			\$1,335,253			
Funding for Inflation Reserve for Affordable Developments Under Construction			\$11,000,000			
Funding for Land Acquisition & Acquisition/ Preservation			\$5,000,000			
Creation of New Affordable Housing for Moderate-Income Households	5%	0%	\$0	0%	\$0	\$0

City Council Approved Spending Categories and Allocation Percentages		Reallocation Proposed Plan		FY 2023-2024 Proposed Plan		Total Funds in Proposed Plan
Spending category and Proposed Activities	Allocation Percentages per approved spending priorities	Allocation percentage of reallocation	Allocation of unspent funds from previous years	Proposed Modification to Allocation percentages	Proposed 2023-2024 Spending Plan	Total fund uses in 2023-2024
Homelessness Prevention, Gender-based Violence Programs, Legal Services and Rental Assistance	10%	4%	\$2,712,628	20%	\$9,500,000	\$12,212,628
Eviction Prevention and Diversion			\$2,712,628			
Homeless Prevention and Rental Assistance					\$9,500,000	
Homeless Support Programs, Shelter Construction and Operations	15%	18%	\$12,054,868	80%	\$38,000,000	\$50,054,868
OWLs			\$1,500,000			
Motel Program			\$8,000,000			
Public Works Interim Shelter Site Identification and Development (4.0 FTE)			\$2,006,789			
Interim Housing Operation and Maintenance Reserve			\$548,079		\$3,081,730	
Surestay Operations					\$500,000	
Public Works Interim Shelter Staffing (5.0 FTE)					\$2,000,000	
Public Works Interim Shelter Maintenance					\$3,000,000	
CARE Coordination Program					\$1,000,000	
Homeless Outreach Contracts					\$3,700,000	
SJ Bridge					\$5,000,000	

City Council Approved Spending Categories and Allocation Percentages		Reallocation Proposed Plan		FY 2023-2024 Proposed Plan		Total Funds in Proposed Plan
Spending category and Proposed Activities	Allocation Percentages per approved spending priorities	Allocation percentage of reallocation	Allocation of unspent funds from previous years	Proposed Modification to Allocation percentages	Proposed 2023-2024 Spending Plan	Total fund uses in 2023-2024
Interim Shelter Site Identification and Development					\$18,890,750	
Housing Homeless Response Staffing (2.0 FTE)					\$827,520	
Total Funds Allocated			\$67,602,749		\$47,500,000	\$115,102,749
Administration Fee	5%	22%	\$19,427,897	5%	\$2,500,000	\$21,927,897
Housing Homeless Response Staff (3.0 FTE)			\$2,472,471			
City Manager's Office Homelessness Coordination Team (3.0 FTE)			\$1,852,470			
Measure E Revenue Stabilization Reserve			\$15,102,956			
Administrative Costs					\$2,500,000	
Measure E Total Available			\$87,030,646		\$50,000,000	\$137,030,646



AFFORDABLE HOUSING NETWORK of Santa Clara County

P.O. Box 5313, San Jose, CA 95150 - Phone 408-691-6153 - Email ahnscc@gmail.com

To: Housing and Community Development Commission

From: Affordable Housing Network of Santa Clara County

Regarding: Allocation of Measure E funds

May 5, 2023

Dear Commissioners,

SAVE MEASURE E HOUSING FUNDS!

We first of all want to thank Housing and Community Development Commissioners for their support of COPA (Community Opportunity to Purchase Act) at their March 16 meeting. Unfortunately, after extensive lobbying by wealthy real estate investors and landlords, City Council rejected the COPA proposal that would have helped create permanently affordable housing units through preservation. We did win a small victory, however, in the Council's adoption of a provision in a memo by Councilmembers Ortiz, Jimenez, and Cohen, calling for "Housing staff to study and develop a work plan centered around housing preservation."

However, even this small concession to struggling renters is already in danger. In his budget message, Mayor Matt Mahan is calling for diversion of "uncommitted Measure E resources to his other priorities: moving unhoused people out of sight, increased police staffing, building a locked mental health facility for unhoused people, and establishing "no-encampment zones".

Measure E was passed by voters in 2020 based on City Council's explicit promise to use it to address the City's desperate affordable housing crisis. "It's hard to imagine the City Council diverting the money for other uses — now or in the foreseeable future," wrote the Mercury News at the time. "The need is too great." But now that the crisis is worse than ever, the Mayor proposes **drastically reducing** the 75% share of Measure E funds allocated to affordable housing by City Council in 2022.

The effect of this diversion is that there would be **no new city funds at all** for the preservation plan that the City Council just decided to create – or for any other affordable housing projects not already funded or included in the recent NOFA.

Reduced spending on housing is consistent with Mahan's entire approach to the homelessness crisis, as shown by the promotion in his budget message of San Antonio's Haven for Hope shelter as a model program. Haven for Hope is an 1600-capacity facility designed by Donald Trump's notorious Interagency Council on Homelessness director, [Robert Marbut](#), and enthusiastically endorsed by Texas Gov. Greg Abbott.

Marbut, like Trump, is well-known for opposing the evidence-based "Housing First" approach to ending homelessness used by HUD, the State of California, and by cities all across the country. Housing First recognizes the common-sense reality that homelessness is caused by high rents. In San Jose, for example, a household would have to [work four full time minimum wage jobs](#) just to be able to pay the median rent. Marbut, on the other hand, claims that homelessness is a behavioral problem best addressed by punishment and "treatment" to make people work harder. He calls his approach the "Velvet Hammer".

Haven for Hope and a similar shelter Marbut designed in Florida (Safe Harbor) have outdoor courtyards where unhoused people who fail to enlist in programs and follow all rules are forced to sleep on a concrete floor, largely exposed to the elements, and frequently subject to assaults, rapes, and threats of terror.

Marbut-designed shelters have particularly poor records of transitioning people into permanent housing. Safe Harbor in Florida, for example, only moves [7% of its residents](#) into permanent housing. These poor results, together with comments by many Marbut supporters (including Trump) suggest that their motivations have more to do with economic reasons – keeping unhoused people out of sight - than with humanitarian concerns.

Affordable Housing Network is not opposed to emergency interim housing. It is an important part of the solution. However, without permanent housing available to move into, people remain at risk of returning to the streets, or being displaced from San Jose. The LifeMoves-operated Emergency Interim Housing facility in Mountain View pressured residents to [move to Central Valley cities](#) that suffer greater racial segregation and fewer economic and educational opportunities.

We believe that the City Council's 2022 Measure E allocation of 75% to permanent housing and 25% to homelessness prevention and services is the proper balance between the two.

Specifically, Affordable Housing Networks requests that HCDC Commissioners take the following actions:

- 1) That HCDC exercise its Measure E oversight authority by refusing to allow reallocation of funds away from affordable housing (affordable housing includes creation of permanently affordable units through preservation). Maintain the 2022 allocation of 75% to housing and 25% to homelessness prevention and services.
- 2) That HCDC explicitly reaffirm San Jose's commitment to the Housing First approach to ending homelessness. Moving away from Housing First is bad policy, inhumane, and could complicate San Jose's access to state and federal funds.
- 3) That HCDC explicitly reject the punishment-based "Haven for Hope" model and require all San Jose shelter and Emergency Interim Housing programs adhere to Housing First policy guidelines.

Thank you so much for your work, and for taking the time to consider our recommendations.

Sincerely,

Sandy Perry, President

Housing and Community Development Commission
200 E Santa Clara St
San Jose, CA 95113

Re: Allocation of Measure E funds

May 7, 2023

Dear Commissioners:

MEASURE E HOUSING FUNDS ARE FOR HOUSING!

First, I thank the Housing and Community Development Commissioners for their support of COPA (Community Opportunity to Purchase Act) at their meeting in March 2023. I am disappointed that City Council rejected the COPA proposal that would have helped create permanently affordable housing units through preservation. However, I appreciate the provision in a memo by Councilmembers Ortiz, Jimenez, and Cohen that calls for "Housing staff to study and develop a work plan centered around housing preservation."

Yet we are facing a funding emergency for affordable housing. In his budget message, Mayor Matt Mahan proposed to divert "uncommitted Measure E resources" to his other priorities: moving unhoused people out of sight, increased police staffing, building a locked mental health facility for unhoused people, and establishing "no-encampment zones" that have been found counterproductive.

Measure E was passed by voters in 2020 based on City Council's explicit promise to use it to address the City's desperate affordable housing crisis. "It's hard to imagine the City Council diverting the money for other uses — now or in the foreseeable future," wrote the Mercury News at the time. "The need is too great." But now that the crisis is worse than ever, the Mayor proposes **drastically reducing** the 75% share of Measure E funds that the City Council allocated in 2022 for construction of new affordable housing. It will not help unhoused people to get temporary transitional housing if there is no new affordable housing in the pipeline for them to transition into.

The effect of this diversion is that there would be **no new city funds at all** for the preservation plan that the City Council just decided to create – or for any other affordable housing projects not already funded or included in the recent NOFA.

Reduced spending on housing is consistent with Mahan's entire approach to the homelessness crisis, as shown by the promotion in his budget message of San Antonio's Haven for Hope shelter as a model program. Haven for Hope is an 1600-capacity facility designed by Donald Trump's notorious Interagency Council on Homelessness director, [Robert Marbut](#), and enthusiastically endorsed by Texas Gov. Greg Abbott.

Marbut, like Trump, is well-known for opposing the evidence-based "Housing First" approach to ending homelessness used by HUD, the State of California, and by cities all across the country. Housing First recognizes the common-sense reality that homelessness is caused by high rents. In San Jose, for example, a household would have to [work four full time minimum wage jobs](#) just to be able to pay the median rent. Marbut, on the other hand, claims that homelessness is a behavioral problem best addressed by punishment and "treatment" to make people work harder. He calls his approach the "Velvet Hammer".

Haven for Hope and a similar shelter Marbut designed in Florida (Safe Harbor) have outdoor courtyards where unhoused people who fail to enlist in programs and follow all rules are forced to sleep on a concrete floor, largely exposed to the elements, and frequently subject to assaults, rapes, and threats of terror.

(see image on next page)



Marbut-designed shelters have particularly poor records of transitioning people into permanent housing. Safe Harbor in Florida, for example, only moves [7% of its residents](#) into permanent housing. These poor results, together with comments by many Marbut supporters (including Trump) suggest that their motivations have more to do with economic reasons – keeping unhoused people out of sight - than with humanitarian concerns.

Although we need some interim emergency housing, without permanent housing available to move into, people remain at risk of returning to the streets, or being displaced from San Jose. The LifeMoves-operated Emergency Interim Housing facility in Mountain View pressured residents to [move to Central Valley cities](#) that suffer greater racial segregation and fewer economic and educational opportunities.

I believe that the City Council's 2022 Measure E allocation of 75% to permanent housing and 25% to homelessness prevention and services is the proper balance between the two.

Specifically, I request that HCDC Commissioners take the following actions:

- 1) **That HCDC exercise its Measure E oversight authority by refusing to allow reallocation of funds away from affordable housing production, preservation, and protection. Maintain the 2022 allocation of 75% to housing and 25% to homelessness prevention and services.**
- 2) **That HCDC explicitly reaffirm San Jose's commitment to the Housing First approach to ending homelessness.** Moving away from Housing First is bad policy, inhumane, and could complicate San Jose's access to state and federal funds. Although not all the Housing First programs are operated correctly, that does not negate the underlying principles. Additional oversight of service providers would get this policy back on track.
- 3) **That HCDC explicitly reject the punishment-based "Haven for Hope" model and require all San Jose shelter and Emergency Interim Housing programs adhere to Housing First policy guidelines.**

Thank you so much for your work, and for taking the time to consider my recommendations.

Sincerely,

Kathryn Hedges
Affordable Housing Tenant





May 10, 2023

Housing & Community Development Commission
200 E. Santa Clara St.
City of San José, CA

Re: Housing and Community Development Commission Agenda for May 11, 2023 Item VII-B

Dear Housing and Community Development Commissioners,

The Housing Staff memo dated May 5, 2023 regarding Proposed Changes to the Percentage Allocations and The Spending Plan for Fiscal Year 2023-2024 Including uncommitted funds recaptured from Fiscal Year 2020-2021 through Fiscal Year 2022-2023 for Measure E Transfer Tax Funds will significantly change current policy to reallocate funds from new construction projects targeting permanent affordable housing production.

VTA has several projects in the Transit-Oriented Development Portfolio pipeline that have considered Measure E as a potential local match funding source for two projects ready to apply for The California Department of Housing and Community Development Super Notice of Funding Availability (NOFA) in 2024. The policy change proposed in this memo could impact near term development competitiveness of VTA affordable housing projects that have both Permanent Supportive Housing (PSH) and Rapid Re-Housing (RRH) units as required by the County of Santa Clara Measure A Affordable Housing funds in the City of San José:

VTA Projects	Proposed PSH Units	Proposed RRH Units	Total Proposed Supportive Housing Units
Berryessa	30	19	49
Capitol	51	0	51
Total	81	19	100

We ask that the City consider alternative policy measures to include funding for near term, new construction projects with PSH and RRH units to mitigate impacts from any changes to the 23-24 FY Measure E Spending Plan.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Ron Golem', is placed above the printed name.

Ron Golem
Director of Real Estate & Transit-Oriented Development

Cc: Rachel VanderVeen, Assistant Housing Director

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DESTINATIONHOMESV.ORG

May 10, 2023

Housing & Community Development Commission
City of San Jose
200 East Santa Clara Street, 5th Floor
San Jose, CA 95113

Re: Proposed Changes to Measure E Spending Plan (Item VIIIB on the May 11th Commission Meeting Agenda)

Dear Commissioners,

On behalf of Destination: Home, a public-private partnership dedicated to ending homelessness in Silicon Valley, **I write to express our serious concerns over the proposed changes to the Measure E spending plan.** This is a short-sighted and ill-advised proposal that breaks faith with the voters and will set back our collective efforts to address San Jose's housing and homelessness crisis.

When Measure E was approved in 2020, the voters were told that this tax would predominantly go towards building more affordable housing and the City Council adopted a corresponding spending plan that allocated this funding to a number of key housing programs - with the vast majority of funding going towards new affordable housing production, which we know is critically-important to solving our homelessness crisis.

Unfortunately, **the new proposal abandons this thoughtful, balanced approach by drastically shifting funding away from affordable housing.** In fact, other than reserving a modest amount of funding to fulfill commitments to four existing developments, **the proposed plan would leave ZERO Measure E funding to support any additional affordable housing developments in San Jose** - even though the City currently has three developments waitlisted for funding and there are at least a dozen additional prospective developments making their way through the pipeline.

These are real projects that the City will simply be unable to fund if it goes through with this drastic shift in Measure E funding. And even if the City is in a position to restore affordable housing funding in the future (which seems questionable given the current fiscal outlook), any short-term pause in affordable housing funding creates exponentially longer delays in bringing new developments to fruition and threatens to kill some projects all together.

It's important to note that we support the City's interest in expanding temporary housing and shelter options in San Jose, which is one of the strategies of the Community Plan to End Homelessness. However, cannibalizing affordable housing funding to do so will have enormous negative implications.

Expanding shelter options will only be successful if we concurrently build more affordable housing to ensure folks utilizing these facilities have a path to a permanent home; otherwise we risk seeing people stuck in shelter for years on-end, as has sadly happened in other communities and circumstances (i.e. New York City, following disaster response, etc). In addition, the extremely high ongoing operational costs of current temporary housing and shelter programs demonstrates that investing in this strategy alone will not be a sustainable path for the City over the long-term.

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DESTINATIONHOMESV.ORG

In order to make progress in our efforts to end homelessness in Silicon Valley, we must continue investing in BOTH temporary shelters and permanent affordable housing, and explore avenues for raising additional funding so that we can fund all of these interventions at the scale required to meet the need in our community.

That's why **we hope you will join us in expressing your opposition to this new proposal and urge the City Council to maintain the existing Measure E spending plan**, which properly balances our limited funding across the most critical needs in our community, and to consider other alternatives for further expanding both temporary shelter and permanent affordable housing in San Jose.

Sincerely,

Jennifer Loving
CEO

From: [Penny Pollock](#)
To: [Cantu, Luisa](#)
Subject: Measure E funding
Date: Wednesday, May 10, 2023 5:04:34 PM

[External Email]

I am writing to express my opposition to the budget for Measure E proposing to allocate \$0 funding for new homeless non-congregate housing projects. In times of budget deficits it is all too easy to pull back on building affordable housing and promise it will start again in better times. That kind of thinking is one of the reasons we have such an enormous deficit in affordable housing units in San Jose and Santa Clara county.

The current spending plan, [adopted by council in 2022](#), still serves that purpose. It sets aside 75% of the funds exclusively for affordable housing, while also making some money rightly available for effective prevention, shelter, and service activities.

Penny Pollock

May 10, 2023

To: Housing and Community Development Commission and San Jose City Council Members

From: The Virginian Apartment's tenants

Regarding: Allocation of Measure E funds

Dear Commissioners and Council Members,

The Virginian Apartments located at 1718, 1724, 1730 Virginia Ave, San Jose CA 95116 is an 18-unit, three-building complex in East Side San José (District 5) built in 1962. This complex is home to us, a close network of majority Spanish-speaking, immigrant neighbors. Many of us have raised our families in these apartments for almost two decades.

In late 2021, SOMOS Mayfair and South Bay Community Land Trust (SBCLT) notified us that the the property was listed for sale online. Some of us were unaware that the property was up for sale. Between October through December 2021, these two organizations talked to us about community ownership opportunities and local supporting measures - like the 2020 voter approved ballot Measure E that targets funding to preserve existing housing like ours. After learning about the community land trust model, we all voted unanimously in support of SBCLT pursuing purchase of the then \$5.5 million (now \$5,250,000) complex.

During the last budget cycle our then City Councilmember Magdalena Carrasco helped secure capacity-building funding for SBCLT to pursue purchase of the Virginian Apartments and their first property, a 4-plex in Downtown San José, and all City Council members voted to support housing preservation through the Measure E budget allocation. We were very excited that things seemed to be moving in the right direction!

In late summer 2022, the property was taken off the market - unsold. We were relieved, but still committed to working with SBCLT to purchase the property. It seemed to work in our favor anyway since Measure E acquisition/rehab funds were scheduled to be released in early 2023.

With the new timeline in mind SBCLT connected with The Virginian Apartments Trustee Sally Plicka in December 2022 and informed her about their interest to purchase the

property with Measure E as the main identified funding source. In late March 2023, Sally Plicka notified us that she's considering listing the building because the SBCLT has yet to access the City of San José's Measure E Preservation Funds. We wrote her a letter signed by all the tenants last month requesting more time to complete the transaction. This past Thursday (5/4), she agreed to hold off from listing the property until mid-June, once we know more about the Measure E funds.

We understand that Mayor Matt Mahan, is proposing to drastically reduce the share of Measure E funds if not eliminate them altogether! The devastating effect is that it will delay the acquisition process and in turn cost us our home. All of us are low-income families living in older buildings with much deferred-maintenance, so we all run the risk of being evicted upon sale in the open market. The Measure E funds are deeply important to us because they will guarantee this purchase and assurance that we will not be displaced from our community. It means we will have the opportunity to rehabilitate and collectively own the apartments as a cooperative, maintaining affordable housing for generations to come.

Now is the moment for the city to demonstrate that they are committed to ending displacement and keeping families housed by releasing the preservation funds that have been earmarked for rehabilitation and acquisition for over two years! We urge HCDC, the Mayor's office, and the City's Housing Department to save and release this funding as soon as possible.

We hope you can help us nourish this thriving future with the South Bay CLT. We will request a meeting with you in the near future. We greatly appreciate your attention.

Sincerely,

Tenants of The Virginian Apartments

10 de mayo 2023

Para: Comisión de Vivienda y Desarrollo Comunitario y Miembros del Concejo Municipal de San José

De: Inquilinos de Virginian Apartments

Con respecto a: Asignación de fondos de la Medida E

Estimados Comisionados y Concejales,

The Virginian Apartments, ubicado en 1718, 1724, 1730 Virginia Ave, San José CA 95116, es un complejo de tres edificios de 18 unidades en el este de San José (Distrito 5) construido en 1962. Este complejo es hogar a una red cercana de mayoría hispano hablantes, vecinos inmigrantes - nuestro hogar. Muchos de nosotros hemos criado a nuestras familias en estos departamentos durante casi dos décadas.

A fines del 2021, SOMOS Mayfair y South Bay Community Land Trust (SBCLT) nos notificaron que la propiedad estaba a la venta en línea. Algunos de nosotros no sabíamos que la propiedad estaba a la venta. Entre octubre y diciembre de 2021, estas dos organizaciones nos hablaron sobre las oportunidades de propiedad comunitaria y las medidas locales de apoyo, como la Medida E aprobada por los votantes en la boleta electoral de 2020 que apunta a la financiación para preservar viviendas existentes como la nuestra. Después de conocer el modelo de fideicomiso de tierras comunitarias, todos votamos unánimemente a favor de que SBCLT buscara la compra del complejo de \$5.5 millones (ahora \$5,250,000).

Durante el último ciclo presupuestario, nuestra entonces concejal de la ciudad, Magdalena Carrasco, ayudó a asegurar fondos de desarrollo de capacidades para SBCLT para ejercer la compra de Virginian Apartments y su primera propiedad, un 4-plex en el centro de San José, y todos los concejales de la ciudad votaron para apoyar la preservación de la vivienda a través de la Medida E. ¡Estábamos muy emocionados de que las cosas parecían moverse en la dirección correcta!

A fines del verano de 2022, la propiedad se retiró del mercado, sin vender. Nos sentimos aliviados, pero aún comprometidos a trabajar con SBCLT para comprar la propiedad. Parecía funcionar a nuestro favor de todos modos, ya que los fondos de adquisición/rehabilitación de la Medida E estaban programados para ser publicados a principios de 2023.

Con el nuevo cronograma en mente, SBCLT se conectó con la fideicomisaria de The Virginian Apartments, Sally Plicka, en diciembre de 2022 y le informó sobre su interés en comprar la propiedad con la Medida E como fuente principal de financiación identificada. A fines de marzo de 2023, Sally Plicka nos notificó que está considerando enlistar el edificio en el mercado porque SBCLT aún no ha accedido a los Fondos de Preservación de la Medida E de la Ciudad de San José. Le escribimos una carta firmada por todos los inquilinos el mes pasado solicitando más tiempo para completar la transacción. El jueves pasado (5/4), acordó posponer la lista de la propiedad hasta mediados de junio, una vez que sepamos más sobre los fondos de la Medida E.

¡Entendemos que el alcalde Matt Mahan propone reducir drásticamente la parte de los fondos de la Medida E si no eliminarlos por completo! El efecto devastador es que retrasará el proceso de adquisición y, a su vez, nos costará nuestro hogar. Todos nosotros somos familias de bajos ingresos que vivimos en edificios antiguos con mucho mantenimiento diferido, por lo que todos corremos el riesgo de ser desalojados por la venta en el mercado abierto. Los fondos de la Medida E son muy importantes para nosotros porque garantizarán esta compra y la seguridad de que no seremos desplazados de nuestra comunidad. Significa que tendremos la oportunidad de rehabilitar y poseer colectivamente los apartamentos como cooperativa, manteniendo viviendas asequibles para las siguientes generaciones.

¡Ahora es el momento para que la ciudad demuestre que está comprometida a terminar con el desplazamiento y mantener a las familias alojadas mediante la liberación de los

fondos de preservación que se han destinado a la rehabilitación y adquisición durante más de dos años! Instamos a HCDC, la oficina del Alcalde y el Departamento de Vivienda de la Ciudad a proteger y liberar estos fondos lo antes posible.

Esperamos que pueda ayudarnos a nutrir este futuro próspero con el South Bay Community Land Trust. Solicitaremos una reunión con usted en un futuro próximo. Agradecemos mucho su atención.

Atentamente,

Inquilinos de The Virginian Apartments

1718 #1 [REDACTED] Date/ Fecha 5/9/23

1718 #2 [REDACTED] Date/ Fecha 5-9-23

1718 #3 [REDACTED] Date/ Fecha 5/9/23

1718 #4 [REDACTED] Date/ Fecha 5-9-23

1718 #5 [REDACTED] Date/ Fecha 05-09-23

1718 #6 [REDACTED] Date/ Fecha 05-09-23

1724 #1 [REDACTED] 10 Date/ Fecha 5/09/23

1724 #2 [REDACTED] Date/ Fecha 5/09/23

1724 #3 [REDACTED] Date/ Fecha 5/09/23

1724 #4 [REDACTED] Date/ Fecha 05/08/23

1724 #5 [REDACTED] Date/ Fecha 5/09/23

1724 #6 [REDACTED] Date/ Fecha 5/09/23

1730 #1 [REDACTED] Date/ Fecha 5/09/23

1730 #2 [REDACTED] Date/ Fecha 05/09/23

1730 #3 [REDACTED] Date/ Fecha 05-09-23

1730 #4 [REDACTED] Date/ Fecha 05-09-23

1730 #5 [REDACTED] Date/ Fecha 05-09-23

1730 #6 [REDACTED] Date/ Fecha 05-09-23



701 Lenzen Ave. San José, CA. 95126 • info@siliconvalleydebug.org • 408.971.4965

May 10, 2023

Housing and Community Development Commission

Re: Agenda Item B Measure E Transfer Tax Funds

Dear Commissioners,

We write to urge you to defend the intended spirit of Measure E that San Jose voters approved in 2020 and were led to believe would be used for “affordable housing for seniors, veterans, disabled, and low-income families and helping homeless residents move into shelters/permanent housing.”¹ We are aware that the full text of the ballot does not include specific language around allocating this money to housing for these residents in need but it is without a doubt, that this ballot measure was presented to us, the voters, as a housing solution for vulnerable communities. We voted for Measure E with this in mind. The City also designated specific uses for the funding after it passed. This is why we are concerned with the continued attempts by the Mayor to reallocate Measure E money away from the priorities of permanent housing solutions identified through a long community and city staff process. We urge this commission, as the representatives entrusted to provide community oversight over the expenditure of the tax revenues to recommend to the City Council and Mayor to reject reallocating funds from Measure E for only temporary housing solutions and criminalizing poverty, both not the intended use by San Jose voters.

The need for multiple solutions to homelessness is even greater now than it was in 2020, and is even more reason why permanent strategies that the city has not even begun to implement should get started, including the creation of permanently affordable units through preservation. If the city is following its own budgeting guidelines of “budgeting for equity”, any plans of reallocating Measure E money from permanent housing for intended communities is inconsistent. We are concerned that the attempt to reallocate these funds is the most recent example of the City declaring their commitment to make housing a priority and then not fulfilling that commitment. We see this pattern as both not meeting the continued dire need for housing for lower resourced communities and also, whether intentionally or unintentionally, misleading the residents of this city in believing that their elected officials are prioritizing housing the way they feel it is needed, evident by Measure E ballot even passing.

¹ <https://www.sanjoseca.gov/home/showdocument?id=45889>

To make matters worse, the proposals by Mayor Mahan to use Measure E funds to build a locked mental health facility is moving our city in the opposite direction; we are not building housing for those in need and instead we are criminalizing those with mental health concerns. It also implies that Mayor Mahan somehow associates those with mental health concerns with homelessness. And while there is absolutely a population in our city that are experiencing both, locking them in a mental health jail is not addressing the causes of both mental health and homelessness. We, at De-Bug, have been extensively involved in the county process discussing the building of a new jail, a new mental health facility or reallocating those funds towards preventative and holistic solutions. We have witnessed the public outcry from those who have experienced incarceration and those with loved ones with mental health concerns and building a locked mental health facility is going to cause more harm in our city and communities. Mayor Mahan's proposal is not in touch with those of us, from this city, who have been participating in that process and expressing our deepest concerns around the harm a mental health facility would cause. In addition to the mental health facility, Mayor Mahan has advocated for more police and homelessness prevention. We know from experience that homelessness prevention does not mean housing people but often means sweeping encampments, displacing already displaced people, destroying what little belongings they have. We are unclear if he plans to use Measure E funds to hire more police officers or continue the devastating practice of sweeping encampments but we know these are not far reaching concerns and would like clarity on the intended use of Measure E funds for "homelessness prevention."

As you consider where to allocate funding, it is not enough to retain the previously approved projects and the most recent NOFA funding, as the City Manager's budget message outlines - spending less on housing only further demonstrates the lip service affordable housing gets. We ask the commission to keep the 2022 Measure E allocation of 75% to permanent housing and 25% to homelessness prevention and services, and reject attempts to redirect Measure E funds to punish and harm our community.

Finally, we are calling on this oversight body to address the concerns mentioned here and from others in our city about the allocation of Measure E funds away from its intended purpose. This oversight body is in a key position of influence to impact the decision making of the Mayor and the City Council. Our communities have not felt heard in this process as these budget plans continue to reveal themselves and look to be pushed through. We believe this oversight body has an opportunity and a responsibility to affirm the intention of San Jose voters when we made Measure E a reality to help communities in need have access to permanent housing.

Thank you for your time and consideration.

Liz Gonzalez
Organizer, Silicon Valley De-Bug

Andrew Bigelow
Organizer, Silicon Valley De-Bug



Memorandum

TO: HOUSING AND COMMUNITY
DEVELOPMENT COMMISSION

FROM: Lisa Joiner

SUBJECT: SEE BELOW

DATE: May 4, 2023

Approved

Date

**SUBJECT: INFORMATIONAL BRIEFING ON THE SOFT STORY SEISMIC
RETROFIT PROGRAM**

RECOMMENDATION

Receive the briefing on the Soft Story Seismic Retrofit Project and provide feedback to staff on the outreach and engagement strategy to maximize stakeholder participation and input on program elements.

SUMMARY AND OUTCOME

This memorandum provides a progress report to the Housing and Community Development commission (Commission). In 2021, the City of San José received a federal grant to identify multi-story buildings with 5+ units that could be classified as “soft story,” develop a mandatory citywide ordinance, and implement a compliance program. Soft Story residential buildings are existing wood frame, multi-unit residential building of two or more stories and three or more dwelling units, and the ground floor contains parking, large windows or garage doors, or other similar open floor or basement space that cause soft, weak, or open-front wall lines. These buildings need seismic upgrades for them to be more resilient in the event of an earthquake.

Staff is preparing to implement outreach to multiple stakeholders to ensure maximum participation in the process of creating the ordinance, inventory of buildings, compliance standards, and a limited number of rebates (collectively, Program). Inventory findings show that the ordinance may affect approximately 4,700 properties in San José with retrofit costs ranging from \$40,000 to \$130,000 per building. Staff is requesting recommendations on the outreach strategies and feedback on the inventory findings.

Upon the City Council’s approval of the ordinance, staff will begin post-ordinance outreach to all potentially subject properties. Owners will be encouraged to have a licensed engineer evaluate their properties to determine whether they are “Under” or “Not Under” the ordinance. Eligible property owners may be able to apply and receive a rebate from the City to offset some of the

costs associated with bringing their properties to compliance. Staff is currently working on developing a rebate application process that takes into consideration equity and disadvantaged tenants' demographics.

BACKGROUND

The City of San José has adopted building standards to ensure that newly constructed buildings can withstand most seismic events. However, older buildings in San José were built to previous building code standards that were less stringent with respect to seismic safety. One type of seismically vulnerable building is multifamily “soft story” buildings. A soft story building is a multi-story building in which one or more floors have windows, wide doors, large unobstructed commercial spaces, or other openings in places where a shear wall would normally be required for stability as a matter of earthquake engineering design¹. Soft story buildings pose a concern because one floor of the building (usually the ground floor parking or commercial space) has significantly less lateral rigidity than stories on top of them. These buildings have a greater risk than average of collapsing during an earthquake, which would render homes uninhabitable and could physically endanger residents. A 2003 report from the Association of Bay Area Governments (ABAG) estimated that soft story buildings would account for two-thirds of the uninhabitable buildings that could result from a major earthquake along the Hayward fault.² An earthquake of this magnitude could cause significant impacts in San José in terms of loss of life, response, and recovery costs. A study conducted in 2002 by San José State University's Engineering Department estimated that San José had approximately 1,100 soft story multifamily buildings with nearly 11,000 apartments housing more than 22,000 residents (assuming an average of two residents per apartment).

At the June 26, 2018, City Council meeting, the City Council accepted a staff report on the seismic retrofit of multifamily soft story buildings and directed staff to develop a policy framework for a mandatory multifamily soft story seismic mitigation ordinance. Council also directed staff to explore strategies that incentivize the redevelopment of multifamily soft story buildings into quality, affordable housing while minimizing displacement.

On February 25, 2021, City Council approved the 2021-2022 City Initiatives Roadmap which included the “Soft Story Building Earthquake Retrofit Policy” initiative (CR 26) as part of the “Emergency Management and Preparedness” Enterprise Priority. On May 16, 2022, City Council approved the 2022-2023 City Initiatives Roadmap which continued the prioritization of the “Soft Story Building Earthquake Retrofit Policy” as part of the scope of the “Disaster Ready and Climate Smart” initiative, part of the “Resilient and Sustainable City Infrastructure and Emergency Preparedness” Enterprise Priority.

¹ [Soft story building - Wikipedia](#)

² The HayWired Scenario: https://pubs.usgs.gov/sir/2017/5013/sir2Q175Q13ah_v1.1.pdf

The scope of this initiative is to develop a multifamily soft story seismic mitigation ordinance and an incentive retrofit program. The policy seeks to mitigate potential loss of life by reducing the structural vulnerabilities of buildings at risk of collapse in a seismic event.

In 2018, City staff applied to the California Office of Emergency Services for a pass-through of Federal Emergency Management Agency (FEMA) funds in the state's Hazard Mitigation Grant Program to develop a Soft Story Seismic Retrofit program for San José. On October 19, 2021, the City received final notification from the California Office of Emergency Services that the grant was approved. Subsequently, the City issued a Request for Proposal for engineering consultant design services with specialties primarily in structural and civil engineering. The City entered into an agreement with David Bonowitz, S.E. and team. A notice to begin work was issued on September 26, 2022.

Staff provided a status report on the Soft Story Seismic Retrofit Program to the Council's Community and Economic Development Committee on June 27, 2022. Staff anticipates providing another status report to the Community and Economic Development Committee in August 2023 prior to taking the recommendation for a proposed ordinance to City Council in fall 2023.

This memorandum provides an information briefing on the Housing and Community Development commission (Commission) and requests feedback on effective outreach strategies to multiple stakeholders to ensure maximum participation in the process and subsequent implementation of the rebate incentives.

ANALYSIS

For the purposes of this project, soft-story residential buildings are existing wood frame and are

- Multi-unit residential buildings
- Two or more stories that contain five or more dwelling units, and
- The ground floor contains parking, large windows or garage doors, or other similar open floor or basement space, that causes soft, weak, or open-front wall lines.

A mandatory ordinance requires the retrofitting of all residential buildings that are under this criterion. To that end, the primary purpose of the project is to develop a robust Soft Story Seismic Retrofit program for the City of San José so that owners of soft story properties will retrofit their properties to avoid collapse and reduce damages sustained in a major earthquake, and very importantly, avoid or limit harm to people living in the units. Guiding principles in developing the program include:

- Health and safety of residents
- Equity and inclusion of vulnerable and disadvantaged residents, and
- Minimizing the need for mass care and shelter in the event of an earthquake.

The initial scope of the project is to develop an inventory of potential properties that may be considered as soft-story properties. Other items in scope include:

- Developing a Mandatory Citywide Soft Story Seismic Retrofit Ordinance
- Implementing a Compliance Program, and
- Establishing a FEMA Grant Rebate Program.

Benefits of a Seismic Retrofit

According to the California Earthquake Authority (CEA) earthquake retrofitting a house is done to prevent displacement from the structure's concrete foundation. This makes a building safer and less likely to suffer damage during an earthquake. It is one of the cheapest seismic improvements available. A foundation bolting process usually costs a few thousand dollars and can be done within several days without the residents moving out³. Benefits include

- Preserves health and safety during an earthquake
- Reduces the number of displaced individuals that require Mass Care and Shelter - Cost of Mass Care and Shelter is estimated at \$222 per person per day (\$666,000 for 100 people per month) compared to Cost of Soft Story Mitigation - \$40,000 to \$130,000 per property
- Preserves the number of habitable spaces available.

Racial Equity Impact Analysis

Staff is doing outreach on and analyzing the timing of improved building safety outcomes for a successful Program, potential rent increases, and possible displacement effects on residents who are disproportionately members of protected classes. Outreach meetings will reflect this important aspect as the project progresses and the Program is further developed. Program design will also integrate and balance these considerations.

Outreach and Engagement

Outreach and engagement will be conducted in two phases: 1) a pre-ordinance outreach phase, and 2) a post-ordinance outreach phase. The purposes of each phase are described as follows:

- Pre-ordinance Outreach and Engagement – to provide information on the inventory findings and to receive feedback that will inform the development of the citywide ordinance and its subsequent implementation program including rebate incentives. Outreach is being planned with:
 - Realtor, Apartment, Owner, and Tenant Associations
 - Building Trades Council

³ [Benefits of Seismic Upgrades: Is Earthquake Retrofitting Worth It in CA? | CEA \(earthquakeauthority.com\)](https://www.earthquakeauthority.com/~/media/Files/CEA%20Publications/2017/04/Benefits%20of%20Seismic%20Upgrades%20Is%20Earthquake%20Retrofitting%20Worth%20It%20in%20CA%20-%20CEA.pdf)

- Post-ordinance Outreach – to provide information to property owners on the citywide ordinance, the implementation program, and available resources for ensuring compliance. The dissemination of information will be through website and brochures, public information meetings for property owners and residents, and access to a streamlined online process which will include conveyance of program information.

Staff requests feedback on the outreach and engagement strategy, including suggestions of stakeholder groups, not currently identified.

Owner and Tenant Costs

While property owners can refinance or obtain their own funding, there are several options that can be explored such as:

- FEMA funding in the form of rebates (approximately \$4.5 million may become available) can pay for soft costs to eligible property owners
- Property Assessed Clean Energy (PACE) funding, subject to City Council approval, through which property owners get loans from approved lenders and are paid back through annual property tax assessments
- Limited rent increases subject to City Housing Rental policies or restrictions

Staff will continue to study the impacts of each of these financing options for property owners and will include information in the final report.

Next Steps and Tentative Timeline

Staff from the participating departments are working to:

- Develop the pre-ordinance outreach and timeline
- Develop criteria for determining risk levels
- Develop compliance schedules based on multiple risk levels
- Develop criteria for rebate application based on equity and tenant demographics
- Establish a coordinated process for petitions for rent increase and its impact on staff workload
- Develop a streamlined online permitting process for property owners and inter-departmental access
- Develop a potential Permit and Inspection Fee Schedule
 - Assess impact of prioritizing soft story seismic retrofits on staff
 - Environmental and Historical Preservation assessment process for FEMA-funded projects

The tentative overall project timeline is as follows:

- Pre-ordinance outreach – May to July 2023
- Draft program to the Housing and Community Development Commission – August 2023
- Report to the Community and Economic Development Committee – August 28, 2023
- Draft ordinance to City Council – Fall 2023
- Post-ordinance outreach – Fall 2023
- Program implementation begins – January 2024

EVALUATION AND FOLLOW-UP

As stated in the timeline, a draft program will be brought back to the Housing and Community Development Commission during the month of August 2023. A status report to the Community and Economic Development Committee is planned for August 28, 2023. A draft of the ordinance will be presented to City Council during Fall 2023. This is a tentative schedule and may be subject to change based on the outreaches and completion of the final report and ordinance language.

PUBLIC OUTREACH

X This memorandum will be posted on the Housing Department website for the May 11, 2023, Commission meeting.

X Outreach will be conducted to multiple stakeholders as stated above in the pre- and post-ordinance outreach section.

COMMISSION RECOMMENDATION/INPUT

The Commission's feedback will be reflected in the reports to the Community and Economic Development Committee and to the full Council. Input will also inform staff on outreach approach and will be considered in the development of the ordinance and post ordinance implementation including the compliance program.

FISCAL/POLICY ALIGNMENT

This initiative is consistent with the Council approved 2022-2023 City Initiatives Roadmap and aligns with the established City Enterprise Priority "Resilient and Sustainable City Infrastructure and Emergency Preparedness," which states: Great cities are built on great infrastructure—often-invisible networks of pipes, wires, roads, facilities, and spaces that connect us—in every neighborhood. In addition, as seismic retrofits help to physically preserve existing housing, this work is consistent with the *Citywide Residential Anti-Displacement Strategy* that Council approved in September 2020.

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

May 4, 2023

Subject: Informational Briefing on the Soft Story Seismic Retrofit Project

Page 7

/s/

LISA JOINER

Deputy Director, Planning, Building and
Code Enforcement

The principal authors of this memorandum are Abraham Chacko, Project Manager and Lisa Joiner, Deputy Director for Planning, Building and Code Enforcement. For questions, please contact Abraham Chacko at Abraham.chacko@sanjoseca.gov or lisa.joiner@sanjoseca.gov

Memorandum

TO: HOUSING & COMMUNITY
DEVELOPMENT COMMISSION

FROM: Kristen Clements

SUBJECT: SEE BELOW

DATE: May 4, 2023

Approved

Date

SUBJECT: SEVENTH SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR 2019-2020 ANNUAL ACTION PLAN TO REALLOCATE A PORTION OF COMMUNITY DEVELOPMENT BLOCK GRANT CARES ACT FUNDING AWARDED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION

- a) Conduct a Public Hearing on the Fiscal Year 2019-2020 Annual Action Plan to reallocate a portion of Community Development Block Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funding awarded by the United States Department of Housing and Urban Development (HUD) to the City of San José;
- b) Approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan to amend the CDBG-CV Program Allocation Plan and reallocate \$250,000 in unused CDBG-CV funds from the Law Foundation of Silicon Valley to Sacred Heart Community Services for the Eviction Diversion and Settlement Program; and
- c) Recommend to the City Council it approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan.

OUTCOME AND SUMMARY

This action is the Seventh Substantial Amendment to the Fiscal Year (FY) 2019-2020 Action Plan (Action Plan). It will be heard at the May 11, 2023 Housing and Community Development Commission (Commission), and then heard at the May 23, 2023, City Council Meeting. A recommendation to City Council to approve this item would redirect \$250,000 of available and appropriated federal CDBG-CV funding to be used through October 2023 for emergency rental assistance payments to low-income households negatively impacted by the Coronavirus Disease 2019 (COVID-19). Rental assistance payments would be administered through the City's Eviction Diversion and Settlement Program and overseen by Sacred Heart Community Services.

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

May 4, 2023

Subject: Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan

Page 2

The City Council's approval would formally amend San José's plan for spending CDBG-CV funds awarded to the City through the federal CARES Act. This Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan would also amend the expenditure plan for CDBG-CV funds approved at the February 14, 2023 City Council meeting.¹ HUD action plans govern the expenditure of formula entitlement funds, competitive grants, and other federal funds that the City receives from HUD. Although the City is currently in the FY 2022-2023 Annual Action Plan period, it is necessary per HUD's direction to amend the City's FY 2019-2020 Annual Action Plan because San José's CARES Act funding was first recognized in that document.

BACKGROUND

After the COVID-19 shutdown in March 2020, the City passed a temporary eviction moratorium. In addition, the State enacted four temporary eviction protection and rent relief laws during the two subsequent years. However, after the sunset of the temporary eviction protections last summer, eviction filings soared to pre-pandemic levels. For example, in Santa Clara County, the rate of eviction cases is at one filing for every 195 households. During the past 18 months, the Department quickly pivoted to responded to the dynamic environment of eviction protections by providing supportive rent relief. The purpose of this proposed amendment is to utilize available funding to continue the Department's Eviction Diversion and Settlement Program to stabilize renters by paying their COVID-19-related rent arrearages.

All entitlement jurisdictions such as San José that receive HUD's federal funds by formula allocation are required to have an adopted Citizen's Participation Plan. San José's Citizen's Participation Plan describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans. It also requires a public process when a substantial amendment to programs funded in an Action Plan are proposed.

According to the City's Citizen Participation Plan,² a Substantial Amendment constitutes a change to a previously adopted Annual Plan that:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding; or
- Makes a significant change to an activity's proposed beneficiaries or persons served; or
- Funds a new activity not previously described in the Action Plan.

When a proposed change in program funding reaches one of these thresholds, the City must comply with the public process required in the Citizen Participation Plan for substantial

¹ See February 14, 2023, City Council Meeting Minutes:

<https://sanjose.legistar.com/View.ashx?M=M&ID=1074305&GUID=B52A1281-F971-471D-BDB4-DC82C8F5DA56>

² City of San José, *Citizen Participation Plan*, amended Aug. 4, 2020, <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/hud-reports/consolidated-annual-action-plans/citizen-participation-plan>

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

May 4, 2023

Subject: Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan

Page 3

amendments. This process requires a 30-day public comment period and two public hearings. Public hearings may be conducted virtually.

The last substantial amendment to the FY 2019-2020 Action plan, the Sixth Substantial Amendment, was approved by City Council at its February 14, 2023 meeting.³ Thus, this amendment is the Seventh Substantial Amendment.

ANALYSIS

In March 2021, the City Council approved the award of CDBG-CV funds to the Law Foundation of Silicon Valley to provide legal services pertaining to COVID-19. The Housing Department and Law Foundation staff agree that \$250,000 of these funds have a very low likelihood of being spent completely over the next few months. Therefore, the purpose of the Seventh Substantial Amendment is to reallocate CDBG-CV funds to address critical community needs.

The CDBG-CV funds must be used to prevent, prepare for, and respond to COVID-19. Sacred Heart Community Services has acted as the lead provider in administering City's Emergency Rental Assistance Round 1 funding and has a current agreement in place to continue managing the financial disbursement of rental assistance payments through the Eviction Diversion and Settlement Program.

The Eviction Diversion and Settlement Program works with landlords, tenants, and attorneys to cover rental arrears and stop pending eviction proceedings. The program prioritizes tenants that have received an unlawful detainer that are going through the court process for unpaid arrears and are at risk of losing their housing. As of March 30, 2023, 89 households have been served by the Diversion Program and offered the chance to remain housed. Demand for rental assistance remains high.

Therefore, the Housing Department proposes adding funding to the rental assistance program to assist an additional 25 tenants that have experienced COVID-19 hardship, with back rent for no more than six consecutive months. This activity is defined as an eligible use as outlined in CDBG-CV guidance.⁴ If the City Council approves, the Sacred Heart contract will be amended to add \$250,000 in available CDBG-CV funds and to extend its from June 30, 2023 through October 2023.

The proposed changes to the City's FY 2019-2020 Action Plan qualify as a Substantial Amendment because it increases funding to a new activity greater than \$100,000 and was not previously described in the Consolidated Plan or Action Plan.

³ *Sixth Substantial Amendment to the FY 2019-2020 Annual Action Plan* approved February 14, 2023
<https://sanjose.legistar.com/View.ashx?M=M&ID=1074305&GUID=B52A1281-F971-471D-BDB4-DC82C8F5DA56>

⁴ HUD Exchange, *CDBG-CV Toolkit*: <https://www.hudexchange.info/programs/cdbg-cv/cdbg-cv-toolkit/eligible-uses/public-services/#EGP>

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

May 4, 2023

Subject: Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan

Page 4

The proposed changes to CDBG-CV funding in the FY 2019-2020 Action Plan are provided in Table 1:

Table 1: FY 2023-2024 CDBG-CV Allocation

Eligible Activity	Proposed Outcome	Amount
Housing stability and Homelessness Prevention: provides temporary financial assistance, legal support, and other services to help at-risk families and individuals maintain their housing and avoid homelessness	Provide rental assistance to an estimated 25 households	\$250,000
Legal services in response to COVID-19		(\$250,000)
	TOTAL	\$0

The recommendation action in the memorandum primarily impacts the CDBG-CV fund. In the CDBG-CV fund, these actions include reallocating CDBG CARES Act funds from FY 2019-2020. If approved, these actions result in no net changes in overall funding. The action recommended in this memorandum have no impact on the General Fund and meets the CARES Act requirements. The Seventh Substantial Amendment to the FY 2019-2020 Action Plan will allow the City to reallocate the CDBG-CV funds to address critical needs in San José.

EVALUATION AND FOLLOW-UP

After the Commission's public hearing, staff will submit commissioners' and public comments to City Council. Once approved by Council, staff will submit the Seventh Substantial Amendment to HUD for approval. The performance outcomes of HUD-funded programs are reported to the public, the Commission, and the City Council in the Consolidated Annual Performance Evaluation Report each fall.

PUBLIC OUTREACH

- ☒ This memorandum will be posted on the Housing Department website for the May 11, 2023, Commission meeting.
- ☒ Outreach was undertaken for this item in addition to the agenda posting described above. These outreach efforts are described below.

Staff published official notices of the public meetings and 30-day public review period in newspapers as required by HUD. The Substantial Amendment is also posted on the Housing Department's website at www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/hud-reports/consolidated-annual-action-plans/2020-25-

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

May 4, 2023

Subject: Seventh Substantial Amendment to the FY 2019-2020 Annual Action Plan

Page 5

[consolidated-annual-action-plans](#). In addition, staff published official notices of the public meetings as required by HUD. These notices were posted in English, Spanish, Vietnamese, Chinese, and Tagalog and were published in *The Mercury News*, *the El Observador*, *Vietnam Daily News*, *World Journal*, and *the Asian Journal* newspapers.

In addition to submitting directly to staff, comments will be accepted prior to the hearing via a link on the City Council's agenda webpage as well as by e-mail to the City Clerk (city.clerk@sanjoseca.gov) by 12:00 p.m. the day of the hearing together with staff's responses when the document is submitted to HUD. The community also can comment virtually at the public hearing held by the City Council on May 23, 2023.

Staff will include all public comments provided to the City both verbally and in writing together with staff's responses when the Substantial Amendment is submitted to HUD.

COMMISSION RECOMMENDATION/INPUT

The Commission's input will be reflected to the City Council for its May 23, 2023 meeting. Staff will also include commissioners' and the public's comments from this meeting when the Substantial Amendment is submitted to HUD.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *Consolidated Plan 2020-25*, adopted by the City Council on August 11, 2020, and with the City's *Adopted Housing Element 2014-2023*, in that the action provides services to very low-income households. It also furthers the advancement of the *Community Plan to End Homelessness* approved by the City Council in February 2020 by preventing tenants' displacement due to non-payment of rent.

/s/

KRISTEN CLEMENTS

Acting Deputy Director of Housing

For questions, please contact Stephanie Gutowski, Grants Team Manager, at Stephanie.Gutowski@sanjoseca.gov, or Kristen Clements, Acting Deputy Director, at Kristen.Clements@sanjoseca.gov.

ATTACHMENT – Seventh Substantial Amendment to the FY 2019-2020 Action Plan Summary

Attachment

Seventh Substantial Amendment to the FY 2019-2020 Action Plan Summary

The following is a summary and draft language that amends the Fiscal Year 2019-2020 Annual Action Plan.

Background

This is a proposed seventh amendment to the City's Fiscal Year 2019-2020 Annual Action Plan. The purpose of the amendment is to utilize available Coronavirus Aid, Relief, and Economic Security (CARES) Act money awarded as a supplement to the Community Development Block Grant (CDBG-CV) funding before the spending deadline of October 1, 2023.

The City's Annual Action Plan details its funding strategy for the CDBG, Emergency Solutions Grant, HOME Investment Partnership, and Housing Opportunities for People with AIDS programs each year. Annual Action Plans implement a jurisdiction's Five-Year Consolidated Plan and are developed through public input, analysis, and planning. The Action Plan provides spending caps for the different programs or services funded by federal funds.

Substantial Amendment is Needed

All entitlement jurisdictions, such as San José, that receive Housing and Urban Development federal funds by formula allocation are required to have an adopted Citizen Participation Plan. San José's Citizen Participation Plan describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans. It also provides requirements for the public process to be used when a Substantial Amendment to programs funded in the Annual Action Plan is proposed. Per the City's Citizen Participation Plan, a substantial amendment constitutes a change to a previously adopted Five-Year Plan or Annual Plan that:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding, or
- Makes a significant change to an activity's proposed beneficiaries or persons served, or
- Funds a new activity not previously described in the Action Plan.

The proposed changes to the City's Fiscal Year 2019-2020 Action Plan qualify as a substantial amendment because they meet the Housing and Urban Development threshold of an increase of more than \$100,000 in funding, requiring a substantial amendment.

Proposed Amendment

This proposed Substantial Amendment reallocates CDBG-CV funds as follows:

Beginning on page 48 of the approved Fiscal Year 2019-2020 Annual Action Plan, amend the estimated amount of CDBG-CV and Activities in section AP-38 Project Summary, as follows

AP-38 Project Summary
Project summary Information

Table 1 – Project Summary

Fund	Activities	Need Addressed	Proposed Outcome	Allocation
CDBG - CV3	Eviction Diversion and Settlement Program- COVID – Sacred Heart	Affordable Housing	Assist 25 households with rental assistance	\$250,000
CDBG-CV3	Legal services related to COVID-19- Law Foundation			(\$250,000)
Total				\$0