

District 1 — Roma Dawson
District 3 — Barry Del Buono
District 5 — Ruben Navarro
District 7 — Victoria Partida (VC)
District 9 — Don Jackson
Mayor — VACANT
Lived Experience (Mayor) — Sketch Salazar
Lived Experience Alternate (Mayor) — VACANT

Alain Mowad — District 2
Linh Vong — District 4
Jen Beehler — District 6
Huy Tran — District 8
Roberta Moore — District 10
Daniel Finn — CAAC MR
(C) 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 9, 2024

Virtual [Zoom Link](#)

Start time: 5:45 PM

Web ID: **940 5398 8541**

Location: City Hall, Wing Rooms 118-120

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.

Beginning Tuesday, February 6, 2024, the City of San José will limit verbal comment for Brown Act meetings to **in person only**. The public will still be able to watch live broadcasts of commission meetings on Zoom. The public may attend meetings in person to provide comment or may provide written comments on agenda items.

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 to join the meeting.
- 3) **Telephone Device Instructions:** For participants who would like to listen to the meeting on their telephones, please dial **888-475-4499 (Toll Free)**.
- 4) **Public Comments prior to meeting:** If you would like to submit your comments prior to the meeting, please e-mail mindy.nguyen@sanjoseca.gov or call **(408) 534-2961 by 12pm the day 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	<p>I. Call to Order & Orders of the Day</p> <ul style="list-style-type: none"> A. Chair reviews logistics for Zoom meetings
5:46	<p>II. Introductions and Roll Call</p>
5:50	<p>III. Consent Calendar</p> <ul style="list-style-type: none"> A. Approve the Minutes for the Regular Meeting of April 11, 2024 ACTION: Approve the April 11, 2024 action minutes
6:00	<p>IV. Reports and Information Only</p> <ul style="list-style-type: none"> A. Director B. Council Liaison C. Chair
6:10	<p>V. Open Forum</p> <p><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></p>
	<p>VI. Old Business</p>
	<p>VII. New Business</p>
6:15	<p>A. Measure E Spending Plan (R. VanderVeen, S. Bass, Housing Department) ACTION: As the Measure E Oversight Committee, review the staff report and provide possible recommendations to the City Council on the two scenarios for the proposed spending plan and changes to the percentage allocations of Measure E Transfer Tax Revenue for Fiscal Year 2024-2025.</p>
7:45	<p>B. Ad Hoc Report: Peer Led Advisory Committee on Homelessness (R. Dawson, D. Finn, S. Salazar, HCDC) ACTION: Hear updates and recommendations from the Ad Hoc Committee.</p>

- 8:15** **C. Commission Nominations for Officers**
(R. VanderVeen, Housing Department)
ACTION: Make nominations for positions of Chair and Vice Chair of the Commission to serve in Fiscal Year 2024-2025 commencing with the first Commission meeting after the June regular meeting.

- 8:30** **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.

- 8:35** **IX. Meeting Schedule**
- The next **Regular Meeting** for the Commission is scheduled to be held on **Thursday, June 13, 2024 at 5:45 p.m. in Wing Rooms 118-120 at San José City Hall, 200 E. Santa Clara St., San José, CA 95113**. Items tentatively expected to be heard are:

- Rent Stabilization Program Quarter 3 Mobilehome Interaction Log
- Rent Stabilization Program Semi-Annual Report
- Elections for Chair and Vice Chair for Fiscal Year 2023-2024

- 8:40** **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.

The Levine Act requires a Party in a Proceeding before the City of San José that involves any action related to their contract, license, permit, or use entitlement to disclose any campaign contributions to City elected or appointed officials totaling more than \$250 within the 12 months prior to the City decision. A Participant to a Proceeding may voluntarily report a campaign contribution. Please visit <https://www.sanjoseca.gov/your-government/appointees/city-clerk/levine-act> for updated forms and information.

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: Mindy Nguyen
200 East Santa Clara Street, 12th Floor
San José, California 95113
Tel: (408) 534-2961
Email: mindy.nguyen@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 11, 2024

MEMBERS PRESENT:	Roma Dawson Alain Mowad Ruben Navarro Jen Beehler Huy Tran Roberta Moore Ryan Jasinsky Daniel Finn Sketch Salazar	Commissioner (D1) Commissioner (D2) Commissioner (D5) <i>arrived at 6:07pm</i> Commissioner (D6) Commissioner (D6) Commissioner (D10) Chair (ML) Commissioner (MR) Lived Experience (CW)
MEMBERS ABSENT:	Barry Del Buono Linh Vong Victoria Partida Don Jackson	Commissioner (D3) Commissioner (D4) Vice Chair (D7) Commissioner (D9)
STAFF PRESENT:	Rachel VanderVeen Walter Lin Stephanie Gutowski Kelly Hemphill John Wildemuth Mindy Nguyen Karly Wolak	Assistant Director of Housing Deputy Director, Public Works Policy and Planning Administrator, Housing Homelessness Response Division Manager, Housing Senior Electrician, Public Works Development Officer, Housing Senior Supervisor, Housing

(I) Call to Order & Orders of the Day

A. Chair Jasinsky called the meeting to order at 5:47 p.m.

(II) Introductions – Commissioners and staff introduced themselves.

(III) Consent Calendar

A. Approve the Consent Calendar which includes Minutes for the Regular Meeting of March 14, 2024.

Commissioner Beehler made the motion to approve the Consent Calendar with a grammatical edit on page 4 and 5 with a second by Commissioner Dawson. The motion passed 7-0-1.

Yes	Finn, Jasinsky, Dawson, Mowad, Beehler, Tran, Moore (7)
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Housing & Community Development Commission
DRAFT Minutes – Regular Meeting of April 11, 2024

No	None (0)
Abstain	Salazar (1)
Absent	Del Buono, Vong, Navarro, Partida, Jackson (5)

(IV) Reports and Information Only

A. Chair: Chair Ryan Jasinsky reviewed logistics and guidelines for participation.

Director: Ms. Rachel VanderVeen shared that the Council passed the Tenant Preferences Program at the March 26th City Council meeting. She shared that the Rent Stabilization Program Strategic Plan will be heard at the Community and Economic Development Committee on April 20th. In addition, she shared that the State Auditor released a report on April 9th regarding the expenditures on homelessness for three government agencies: the State of California, the City of San Jose, and the City of San Diego. Ms. VanderVeen provided an update to the spring recruitment for the Lived Experience seat. An alternate will be selected by June 2024.

B. Council Liaison: No updates were given as the Council Liaison was not present.

(V) Open Forum

(VI) Old Business

(VII) New Business

A. Draft 2024-2024 Annual Action Plan
(S. Gutowski, Housing)

ACTION: 1) Conduct a Public Hearing on Draft Fiscal Year 2024-2025 Annual Action Plan (Action Plan) and take public comment, as required by the U.S. Department of Housing and Urban Development (HUD); 2) Provide Housing Department staff with input on the draft Action Plan and proposed funding; and 3) Recommend that the City Council approve the draft Action Plan.

Commissioner Salazar recused herself due to a conflict of interest. Commissioners asked clarifying questions and gave feedback to staff. Commissioner Navarro made the motion to approve the Draft 2024-2025 Annual Action Plan with a second by Commissioner Dawson. The motion passed 8-0-1.

Yes	Finn, Jasinsky, Dawson, Mowad, Navarro, Beehler, Tran, Moore, (8)
No	None (0)
Abstain	Salazar (1)

**Housing & Community Development Commission
DRAFT Minutes – Regular Meeting of April 11, 2024**

Absent	Del Buono, Vong, Partida, Jackson (5)
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**B. Housing Trust Fund Budget
(K. Hemphill, Housing Department)**

ACTION: Acting as the Housing Trust Fund Oversight Committee, the Commission recommend that the Acting Director of Housing approve the expenditure plan for the Housing Trust Fund of \$2,313,222 in homelessness priorities for Fiscal Year 2024-2025.

Commissioners asked clarifying questions and gave feedback to staff. Commissioner Tran made the motion to approve the Housing Trust Fund expenditure plan with a second by Commissioner Navarro. The motion passed 7-2.

Yes	Finn, Dawson, Mowad, Navarro, Tran, Moore, Salazar (7)
No	Jasinsky, Beehler (2)
Absent	Vong, Tran, Moore, Salazar (4)

(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 9, 2024 at 5:45 p.m., Wing Rooms 118-120, at San José City Hall, 200 E. Santa Clara St., San José, CA 95113.** Items expected to be heard are (updated):

- Rent Stabilization Program Quarter 3 Mobilehome Interaction Log
- Rent Stabilization Program Semi-Annual Report
- Elections for Chair and Vice Chair for Fiscal Year 2023-2024

(X) Adjournment

Chair Jasinsky adjourned the meeting at 7:56 p.m.

**Housing & Community Development Commission
DRAFT Minutes – Regular Meeting of April 11, 2024**



Memorandum

TO: HOUSING AND COMMUNITY
DEVELOPMENT COMMISSION

FROM: Rachel VanderVeen
Jim Shannon

SUBJECT: SEE BELOW

DATE: May 2, 2024

Approved

Date

**SUBJECT: PROPOSED SPENDING PLAN FOR MEASURE E REAL PROPERTY
TRANSFER TAX REVENUE FOR FISCAL YEAR 2024-2025**

RECOMMENDATION

As the Measure E Oversight Committee, review the staff report and provide possible recommendations to the City Council on the two scenarios for the proposed spending plan and changes to the percentage allocations of Measure E Transfer Tax Revenue for Fiscal Year 2024-2025.

SUMMARY AND OUTCOME

Measure E has quickly become a critical source of funding for the production of affordable housing, interim housing construction and operations, and funding for homeless prevention and rental assistance programs. This memorandum provides the overview of two scenarios for the proposed spending plan for Fiscal Year (FY) 2024-2025.

Consistent with the objectives laid out in the [Mayor's March Budget Message](#), the Administration seeks to recognize new funding that can be used to support services to individuals experiencing homelessness, reallocate a portion of Measure E revenues from affordable housing development to interim housing and other homeless support programs, and still preserve some alternative funding for affordable housing developments currently on the waitlist from the October 2023 Notice of Funding Availability (NOFA) released by the Housing Department. However, due to unsecured revenue that would support interim housing, the Administration seeks to receive approval for a greater reallocation of Measure E resources as a contingency plan should some of the additional funding fail to materialize than what will be included in the 2024-2025 Proposed Operating Budget. In accordance with this direction, the City Manager's Office has initiated the process of making modifications to the percentage allocations outlined in Section 22 of [City Council Policy 1-18](#).

The Housing and Community Development Commission (Commission) as oversight committee will review and provide comment on two proposed scenarios for the FY 2024-2025 spending plan for Measure E Real Property Transfer Tax Revenue. While the Administration has released a two-year plan, this memorandum will only address the spending plan for FY 2024-2025, as the spending plan for FY 2025-2026 will be presented to the Commission in Spring 2025.

Attachment A provides an overview of the two spending plans proposed for FY 2024-2025 for the projected \$50 million of revenue.

Table 1: Comparison of Measure E Spending Plans

	Existing Policy		Scenario 1		Scenario 2	
Measure E Total Available	\$50,000,000		\$50,000,000		\$50,000,000	
Spending Category Items	%	Allocation	%	Allocation	%	Allocation
Affordable Housing Development	75%	\$35,625,000	23%	\$11,000,000	0%	\$0
Homelessness Prevention, Gender-based Violences Programs, Legal Services and Rental Assistance	10%	\$4,750,000	10%	\$4,750,000	10%	\$4,750,000
Homeless Support Programs, Shelter Construction and Operations	15%	\$7,125,000	67%	\$31,750,000	90%	\$42,750,000
Total Funds Allocated		\$47,500,000		\$47,500,000		\$47,500,000
Administration Fee	5%	\$2,500,000	5%	\$2,500,000	5%	\$2,500,000

As part of the adoption of the 2024-2025 Proposed Operating Budget, the Administration will seek approval of the above two scenarios that reallocates projected Measure E revenue. The adopted budget will reference Scenario 1, with the condition that it is subject to change based on receipt of additional revenue throughout FY 2024- 2025. The additional revenue will be evaluated during a regular budget update to the City Council as part of the 2023-2024 Annual Report in October, or during the Mid-Year Budget Review in February. In the event that the identified potential revenue is not received, budget actions will be recommended in accordance with Scenario 2.

BACKGROUND

History of Measure E and Existing Spending Allocations

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. The formal name of the tax is the Real Property Transfer Tax, commonly referred to as Measure E revenues. In June 2020, the City Council amended City Council Policy 1-18 adding 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 permanent 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 2**. Those allocation percentages are the current spending priorities and allocations under the Policy.

Table 2: Current 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%

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

Stormwater Permit Compliance

The San Francisco Bay Regional Water Quality Control Board previously rejected the City's third submittal of the Direct Discharge Plan, which in accordance to the Stormwater Permit requirements, shall demonstrate a commitment to and a plan for increasing shelter and addressing trash, sanitary and other services to reduce discharges associated with unsheltered homeless populations living in waterways and in vehicles near storm drains. The San Francisco Bay Regional Water Quality Control Board concluded that the City shall prioritize shelter and services to people experiencing unsheltered homelessness who are living near receiving waters (within 500 feet) and needs to incorporate this as a criterion for encampment abatement. Failure

to comply with these mandates could expose the City to significant legal and financial risks. The City resubmitted its fourth revised plan on March 6, 2024. Though the Board has not yet responded, actions included in the 2024-2025 Proposed Operating Budget are intended to meet the enhanced requirements identified in the most recent submittal.

City Council Direction on Developing the 2024-2025 Proposed Operating Budget

The City Council's approval of the Mayor's March Budget Message for Fiscal Year 2024-2025 directed the City Manager to bring forward a Proposed Budget that addresses the General Fund shortfall as projected in the 2025-2029 Five-Year General Fund Forecast and allows for investments the areas identified in the March Budget Message by considering the following strategies:

- Identifying cost savings and efficiencies that do not result in service impacts;
- Eliminating vacant positions, the removal of which is expected to have minimal service impacts;
- Reducing or eliminating current services, including the consideration of budget reductions for Mayor and City Council Offices, that – while important and valued by many – must be considered in order to bring the General Fund into structural alignment and still fund the City Council's most critical priorities as identified in the March Message; and
- Identifying any revenue sources that could be used to offset these service reductions, including new contributions from state and regional partners and the potential reallocation of a portion of Measure E resources over a multi-year period, for the provision of necessary services to our homeless residents and to meet Stormwater Permit requirements.

The City Manager's 2024-2025 Proposed Operating Budget complies with this direction by leveraging all four strategies, including General Fund cost and service reductions, position eliminations, recognizing new revenues, and the reallocation of Measure E revenues in both 2024-2025 and 2025-2026 to provide sheltering and support services to unhoused residents currently living along waterways and other services as described below.

Noticing and Public Hearing

In accordance with this guidance and the process identified in the Council Policy, the City issued a [notice of public hearing](#) to the City's website on May 1, 2024, 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 2024-2025 Proposed Budget, the first public hearing will be held at City Council on Tuesday, May 14, 2024, and the second public hearing will be held at City Council on Monday, June 10, 2024. The approval of the 2024-2025 Proposed Operating Budget, which includes the recommended spending plan, along with any modifications as included in the Mayor's June Budget Message for Fiscal Year 2024-2025 will be considered by the City Council on Tuesday June 11, 2024.

ANALYSIS

Measure E revenue continues to be a critically important source to fund the production of affordable housing, interim housing operations, homeless prevention, gender-based violence programs, legal services and rental assistance. Measure E revenue for FY 2024-2025 is currently estimated to be \$50 million. To-date, the City Council has committed over \$150 million of revenue generated by the Real Property Transfer Tax to develop more than 400 affordable apartments, assist over 100 homeless students find housing, add over 450 units to the City of San Jose's interim housing portfolio, and assist over 1,900 households to stay in their homes through rental assistance and eviction diversion programs.

Based on City Council's direction by their approval of the March Budget Message for Fiscal Year 2024-2025, the proposed spending plan for \$50 million of projected revenue in FY 2024-2025 is detailed in **Attachment A**. The spending plan includes two scenarios: 1) the allocation of Measure E revenue assuming that the City receives outside resources to support interim housing; and 2) a contingency plan to Scenario 1 (referred to as Scenario 2) where the City receives a lower level of outside resources to fund interim housing. This memorandum will explain the differences in the two scenarios as well as under what circumstances the scenarios would be utilized under.

Scenario 1 Assumptions

Scenario 1 assumes that outside funding will be received that will be available to partially support the City's Interim Housing Portfolio. As described in **Table 3** below, a total of \$17 million may be available. The City has successfully secured a federal earmark of \$1.0 million that will support the Rue Ferrari Expansion Project. As a partner in addressing homelessness, Santa Clara County has been actively seeking to leverage grant funding from the State of California to support homeless support services, including seeking the allocation of \$5.0 million of the State's Housing and Homeless Incentive Program to the City; though not yet officially approved by the State and the local Medi-Cal Managed Care Plans, these resources are likely to be received. Less certain, the Administration will also continue to seek additional State funding in collaboration with all our system partners to generate a further \$11.0 million to support the City's interim housing portfolio. The City is also optimistic that Valley Water will continue to be a financial partner as we work to address Stormwater Permit compliance related to unhoused residents along the waterways, but conversations have not yet progressed to the point where additional funding can be recognized.

Table 3: External Resources for Interim Housing

New External Resources for Interim Housing	
Federal Earmark - Rue Ferrari Expansion Project	\$1,000,000
State Housing and Homeless Incentive Program*	\$5,000,000
State of California Grant Funding*	\$11,000,000
Valley Water - Safe Sleeping Sites	TBD
Total	\$17,000,000

*Not yet a specific commitment

Spending Plan for FY 2024-2025 – Scenario 1

Affordable Housing (\$11 million)

- **New Construction** – The proposed plan sets aside \$11 million towards the construction of new affordable housing of which \$5.8 million is for the development of housing for extremely low-income households and \$5.2 million for low-income households. The funds will be used to support waitlisted developments from the October 2023 NOFA. This reflects a decrease of \$24.6 million that would be available to these spending categories under the current Council Approved spending priority allocations.

Homelessness Prevention and Rental Assistance (\$4.75 million)

- **Homelessness Prevention** – \$4.5 million will be dedicated towards homelessness prevention activities. 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.
- **Eviction Diversion and Settlement Program** – \$250,000 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 temporary financial impacts 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.

Homeless Support Programs including Shelter Construction and Operations (\$31.75 million)

- **First Street Interim Housing (Formerly the Surestay Hotel)** – \$3.0 million has been set aside to support the maintenance and operations at First Street Interim Housing. The program provides various support services to 58 households, including meals, case management, life skills development, employment opportunities, housing navigation, and linkages to other community resources. The funding will cover expenses such as staff salaries, site maintenance, utilities, security, food for clients, and residents' supplies.
- **Berryessa Safe Parking** – \$1.7 million will be allocated to support the development of a safe parking site at 1300 Berryessa Road. The project aims to provide a secure location with amenities for individuals living in cars and RVs. The funding will be utilized for the construction of a kitchen, laundry facility, storage units, restrooms, lighting, water management, and other essential amenities.
- **Lived-In Vehicle Safe Parking Site** – \$1.0 million will be used to open one safe parking site for residents of lived-in vehicles to relocate into. In contrast to the existing Berryessa Safe Parking Site, this new site will provide a minimally serviced, controlled environment for lived-in vehicles to be parked off streets and into safety.
- **City Outreach Team (Reactive)** – \$600,000 will fund a program that provides reactive outreach services in response to concerns received from San José 311, homelessness concerns hotline, or other sources, about an individual or encampment.
- **Interim Housing Construction and Operations** – \$10.4 million will be allocated for commitments to new interim housing construction and ongoing operations and maintenance of existing interim housing, which includes \$2.4 million of the existing allocation and \$8.0 million of additional funding. As described in the 2024-2025 City Manager's Budget Request and 2025-2029 Five-Year Forecast, the General Fund Base Budget includes \$25 million of ongoing resources to support this portfolio in 2024-2025, an amount that increases to \$40 million in 2025-2026. This action would reallocate \$8 million of this cost from the General Fund to Measure E resources in 2024-2025, and may reallocate an additional \$25 million in 2025-2026.
- **Stormwater Permit Compliance Implementation** – \$15.0 million will be necessary in 2024-2025 to comply with Stormwater Permit requirements which involves preventing and removing discharges associated with people experiencing unsheltered homelessness and relocating individuals away from waterways. This amount decreases to \$10.6 million in 2025-2026.
 - *Safe or Alternative Sleeping Sites* – \$10.0 million will be allocated towards developing sleeping sites for approximately 500 unsheltered community

members that are currently in encampments that may be along waterways. While the scope and operational model of these sites are under development, the identified goal is to move these unsheltered community members to a managed environment within a tent or other minimal temporary shelter. (anticipated to be \$5.0 million in 2025-2026)

- *Outreach, Sanitation, and other Support Services* – \$3.6 million will be allocated to providing sanitation services to encampments along waterways. Outreach and other support services will be dedicated towards meeting the basic needs of residents along the waterways and conduct housing assessments to refer and place individuals into shelter and housing opportunities. (anticipated to be \$3.9 million in 2025-2026)
- *Recreational Vehicle Pollution Prevention Program* – \$1.4 million will be allocated towards the RV Pollution Prevention Program which provides waste disposal services to residents of RVs and lived-in vehicles so that waste from vehicles is prevented from entering into the storm drains and waterways. (anticipated to be \$1.7 million in 2025-2026)

Administration (\$2.5 million)

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

Scenario 1 is reliant upon receiving \$11 million of grant funding from the State of California. If these funds are not recognized by the City, the Administration will implement Scenario 2.

Spending Plan for FY 2024-2025 – Scenario 2

Scenario 2 is a contingency plan to Scenario 1 in a situation where the City does not recognize \$11 million of the revenue identified in *Table 3* above. The below highlights the significant differences between the two scenarios.

Affordable Housing (\$0) - Scenario 2 shifts the earlier identified \$11 million from Affordable Housing development spending category to Interim Housing Construction Operations within the Homeless Support Programs category. Later this memorandum will explain the impacts to the affordable housing pipeline this change creates.

Homeless Support Programs including Shelter Construction and Operations (\$42.75 million) - This category, while remaining mostly the same as seen in Scenario 1, adds \$11 million to Interim Housing Construction and Operations raising the commitment from \$10.4 million to \$21.4 million; however, the overall purpose remains the same:

- **Interim Housing Construction and Operations** – \$21.4 million will be allocated for commitments to new interim housing construction and ongoing operations and maintenance of existing interim housing. As described in the 2024-2025 City Manager’s Budget Request and 2025-2029 Five-Year Forecast, the General Fund Base Budget includes \$25 million of ongoing resources to support this portfolio in 2024-2025. This action would reallocate \$19 million of this cost to Measure E resources in 2024-2025.

Administration and Homelessness Prevention and Rental Assistance (no changes) – Scenario 2 makes no recommended changes to the Administration or Homelessness Prevention and Rental Assistance categories.

Other Revenue Sources and Impacts to Affordable Housing Development Pipeline

The City of San José Housing Department has strived towards equitable investments in affordable housing throughout San José. Since its inception in 1987, the Department has assisted in the development of more than 21,000 housing opportunities through an investment of \$2 billion. The City’s Regional Housing Needs Allocation for the 2023-2031 (sixth cycle) Housing Element is 62,200 housing units. Fifty-five percent of these units must be affordable (i.e., for extremely low-, very low-, low-, and moderate-income households). During the City’s Regional Housing Needs Allocation for the 2014-2022 (fifth cycle) Housing element, the City only created 26% of the affordable housing production goal. The City’s Housing Catalyst Work Plan incorporates programs and strategies to produce and preserve affordable housing in alignment with the City’s 2023-2031 Housing Element. One of these strategies has been the release of three NOFAs regarding affordable housing development over the past three years: a new construction NOFA in December of 2021, a new construction NOFA in October 2023, and an acquisition and rehabilitation NOFA also in October 2023. **Attachment C** provides an overview of the remaining NOFA awardees that need funding commitments approved by the City Council.

While Measure E is a critical source of funding for the development of permanent affordable housing, it is not the only revenue source available to fund their construction. The Housing Department has six funding sources where the development of affordable housing is an allowable use: Low-and Moderate-Income Housing Asset Fund (LMIHAF), Inclusionary Housing Ordinance Fee Fund (IHO), Commercial Linkage Fee Funds (CLF), the Affordable Housing Investment Fee Fund (AHIF), Measure E Real Property Transfer Tax (Measure E) and federal HOME Investment Partnerships Program (HOME) funds.

In addition to these funds, proceeds from the potential sales of Vermont House, a 17-unit permanent housing facility operated by the City, and the Monterey/Bernal Emergency Interim Housing (EIH) site, to the County will be utilized for affordable housing development. The County will utilize funds from the California Health Facilities and Finance Authority to purchase the two sites for a combined price of up to \$8 million. While the transfer of City property is subject to appraisal and negotiation, both the County and the City would like to move this deal forward.

Table 4 outlines staff's current review of all funding sources available for affordable housing development and their projected revenue through the end of FY 2024-2025 under both of the scenarios, and under the currently approved allocations under Section 22 of Council Policy 1-18 after the commitment of funds to the developments shown in **Attachment C**.

Table 4: Resources for Future Affordable Housing Developments

Funding Source	2024-2025 Current Measure E Allocations	2024-2025 Proposed Budget (Scenario 1)	2024-2025 Proposed Budget (Scenario 2)
2024-2025 Measure E Funds	\$35,625,000	\$11,000,000	\$0
Santa Clara County - California Health Facilities Finance Authority	\$0	\$8,000,000	\$0
Prior Year Measure E Funds	\$3,989,309	\$3,989,309	\$3,989,309
Low- and Moderate-Income Housing Asset Funds (456)	\$6,392,550	\$6,392,550	\$6,392,550
HOME Investment Partnership Program Trust Fund (445)	\$5,908,247	\$5,908,247	\$5,908,247
Inclusionary Fee Funds (451)	\$5,081,384	\$5,081,384	\$5,081,384
Commercial Linkage Fee (448)	\$10,340	\$10,340	\$10,340
Affordable Housing Impact Fee	\$250,000	\$250,000	\$250,000
Total	\$57,256,830	\$40,631,830	\$21,631,830

October 2023 New Construction NOFA Waitlist

In October 2023 the department released a \$50 million NOFA for the development of new multifamily affordable housing. The department received 17 applications requesting \$257 million dollars in funding, oversubscribing the amount of funding available by over five times. Of the 17 applications, four developments were awarded and 13 were placed on the waitlist. These thirteen waitlisted developments represent a request of \$207 million to create 1,527 affordable homes, of which 405 homes would provide supportive services. The Housing Department will not release a new NOFA in fiscal year 2024-2025. Instead, the Housing Department expects to bring select waitlisted projects forward to the City Council for recommended funding commitments once proposed projects are assessed for readiness and as staff capacity and additional funding becomes available. Waitlisted developments are summarized in **Attachment B**.

Without any modifications to the Measure E spending allocations, Measure E revenues of \$35.6 million would have been allocated towards affordable housing development. Combined with other existing resources, a total of \$57.2 million would have been available to fund waitlisted developments. These funds would have enabled the department to potentially fund the first five

developments creating 476 affordable homes of which 145 homes would have provided supportive housing, to the residents of the City of San Jose.

Instead, under Scenario 1, and with the support of proceeds from the sale of the Vermont House and Monterey/Bernal EIH site, the department anticipates that it will only potentially be able to fund the first three waitlisted developments creating 228 affordable homes, of which 38 are supportive housing units. Under Scenario 2, which also assumes that the City and County do not come to terms on the sale of the Vermont House and Monterey/Bernal EIH, the department anticipates only being able to potentially fund the first two waitlisted developments, creating 127 affordable homes and only 13 supportive housing units. As the department expressed to NOFA applicants that waitlisted developments would be brought before the City Council as funding becomes available, the reducing of funds will cause the waitlisted developments to wait longer for funding to become available from other sources. Without a City commitment in the near future, the other waitlisted affordable housing developments may not be able to move forward with securing other permanent financing commitments and will continue to accrue additional holding costs plus interest costs from any predevelopment financing, potentially leading to project infeasibility.

EVALUATION AND FOLLOW-UP

The Commission in its role as oversight committee will also review the annual expenditure report in Fall 2024 to ensure it is consistent with Approved FY 2023-2024 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. Any funds that are allocated to the Creation of New Affordable Housing for Extremely Low-Income Households, Creation of New Affordable Housing for Low-Income Households, or Creation of New Affordable Housing for Moderate-Income Households categories will be utilized to fund the construction of developments currently on the City's waitlist from the October 2023 NOFA.

Table 5: Timeline for Measure E Spending Plans and Modifications of the Percentage Allocations for FY 2024-2025 funds

Activity	Date
Minimum 60-day notice to proposed changes to the Measure E percentage allocations	5/2/2024
Proposed Measure E Spending Plan for Fiscal Year 2024-2025 to Measure E Oversight Committee (Housing and Community Development Commission)	5/9/2024
First Public Hearing to consider changes to the Measure E percentage allocations	5/14/2024

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Second Public Hearing to consider changes to the Measure E percentage allocations	6/10/2024
City Council Action to Approve the Budget and Measure E Percentage Allocations	6/18/2024
Adoption of changes to the Measure E percentage allocations	7/1/2024

PUBLIC OUTREACH

This memorandum will be posted on the City’s website for the Commission’s May 9, 2024 meeting.

COMMISSION RECOMMENDATION/INPUT

Commissioners’ comments to this memo will be transmitted to the Council at the second public hearing on June 10, 2024, 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.

/s/

RACHEL VANDERVEEN
Assistant Director,
Housing Department

/s/

JIM SHANNON
Budget Director

The principal authors of this memorandum are Francisco Montes, Development Officer, Michael Jun, Senior Development Officer, and Shelsy Bass, Senior Development Officer. For questions, please contact Rachel VanderVeen, Assistant Director, Housing Department, at Rachel.VanderVeen@SanJoseCA.gov or (408) 535-8231.

Attachment A: Proposed FY 2024-2025 Spending Plan

Attachment B: Waitlisted 2023 NOFA Developments

Attachment C: Awarded NOFA Projects with Outstanding Council Approved Awards

ATTACHMENT A: PROPOSED FY 2024-2025 SPENDING PLAN

Spending Category Items	%s	2024-2025 Proposed Spending Plan - Scenario 1	%s	2024-2025 Proposed Spending Plan - Scenario 2
Creation of New Affordable Housing for Extremely Low-Income Households	12%	\$5,830,000	0%	\$0
Funding for New Construction of Affordable Rental Housing		\$5,830,000		\$0
Creation of New Affordable Housing for Low-Income Households	11%	\$5,170,000	0%	\$0
Funding for New Construction of Affordable Rental Housing.		\$5,170,000		\$0
Creation of New Affordable Housing for Moderate-Income Households	0%	\$0	0%	\$0
Funding for New Construction of Affordable Rental Housing		\$0		\$0
Homelessness Prevention, Gender-based Violences Programs, Legal Services and Rental Assistance	10%	\$4,750,000	10%	\$4,750,000
Santa Clara County Contract		\$4,500,000		\$4,500,000
Eviction Protection and Diversion		\$250,000		\$250,000
Homeless Support Programs, Shelter Construction and Operations	67%	\$31,750,000	90%	\$42,750,000
First Street Interim Housing Operations		\$3,000,000		\$3,000,000
Supportive Parking Site Berryessa Road		\$1,700,000		\$1,700,000
Lived In Vehicle Safe Parking Site		\$1,000,000		\$1,000,000
City Outreach Team (Reactive)		\$600,000		\$600,000
Interim Housing Construction and Operations		\$10,425,000		\$21,425,000
Storm Water Permit Implementation		\$15,025,000		\$15,025,000
<i>Safe or Alternative Sleeping Sites</i>		<i>\$10,000,000</i>		<i>\$10,000,000</i>
<i>Outreach, Sanitation and Other Support Services</i>		<i>\$3,600,000</i>		<i>\$3,600,000</i>
<i>Recreational Vehicle Pollution Prevention Program</i>		<i>\$1,425,000</i>		<i>\$1,425,000</i>
Total Funds Allocated		\$47,500,000		\$47,500,000
Administration Fee	5%	\$2,500,000	5%	\$2,500,000

Administrative Costs		\$2,500,000		\$2,500,000
Measure E Total Available		\$50,000,000		\$50,000,000

Attachment B: Waitlisted 2023 NOFA Developments

NOFA Applications on Waitlist							
Project Name	Site Address	Developer	Council District	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested
Alum Rock East	2920-2928 Alum Rock Avenue, San Jose, CA	Charities Housing	5	63	13	\$46,485,033	\$9,300,000
East Santa Clara Senior	675 E. Santa Clara St, San Jose, CA	Eden Housing	3	64	0	\$51,148,031	\$9,600,000
Winchester Blvd Apts (Driftwood)	1390 S. Winchester Blvd, San Jose, CA	Charities Housing	1	101	25	\$82,290,957	\$14,850,000
501 Almaden	501 S. Almaden Avenue, San Jose, CA	Satellite Affordable Housing Associates	3	53	13	\$42,065,011	\$7,800,000
Berryessa Apartments	1565 Mabury Road, San Jose, CA	Affirmed Housing	4	195	94	\$155,852,122	\$12,500,000
Casa De Novo Community Apts	2188 The Alameda, San Jose, CA	Abode Housing Development	6	59	29	\$57,693,517	\$8,700,000
E. Santa Clara St Large Family Apts	675 E. Santa Clara St, San Jose, CA	Core Affordable Housing, LLC	3	114	0	\$99,154,055	\$16,950,000
VTA Capitol Station	E. Capitol & Narvaez Ave, San Jose, CA 95136	MidPen Housing	2	203	51	\$171,212,936	\$20,250,000
Milestone Senior Arts Colony	934-948 East Santa Clara St, San Jose, CA	Milestone Housing Group, LLC / Abode Housing Development	3	103	52	\$69,095,948	\$15,000,000
520-544 W. Alma Ave	520-544 W. Alma Ave, San Jose, CA	Resources for Community Development	6	91	18	\$74,376,876	\$13,650,000

Camden Place	1999 Camden Avenue, San Jose, CA	Abode Communities	9	90	23	\$88,924,088	\$13,500,000
259 Meridian Family Apartments	259 Meridian Avenue, San Jose, CA	Milestone Housing Group, LLC / Affordable Housing Access, Inc.	6	154	39	\$101,836,886	\$18,000,000
The Gardens at Cathedral of Faith	2315 Canoas Garden, San Jose, CA	Sand Hill Property Company	9	237	48	\$160,141,662	\$47,400,000
Totals				1527			\$207,500,000

Attachment C: NOFA Awarded Developments

December 2021 New Construction NOFA Awardees							
Project Name	Site Address	Developer	Council District	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested
2080 Almaden Apartments	2080 Almaden Ave, San Jose, CA	Affirmed Housing	6	80	42	\$55,619,833	\$18,750,000
VTA 605 Blossom Hill	605 Blossom Hill Rd, San Jose, CA	EAH Housing	10	89	29	\$71,483,828	\$17,675,000
Totals				169	45		\$36,425,000
October 2023 New Construction NOFA Awardees							
Project Name	Site Address	Developer	Council District	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested
Vista Montana	71 Vista Montana, San Jose, CA	Charities Housing	4	95	24	\$75,991,574	\$14,100,000
Hawthorn Seniors Apartments	124 N. 15th Street, San Jose, CA	Santa Clara County Housing Authority	3	103	21	\$88,914,736	\$15,150,000
Santa Teresa Multifamily	5885 Santa Teresa Blvd, San Jose, CA	Charities Housing	10	49	24	\$38,941,929	\$7,250,000
Algarve Apartments	1135 E. Santa Clara St, San Jose, CA	Abode Housing Development	3	91	46	\$87,146,846	\$13,500,000
Totals				338	115		\$50,000,000
October 2023 Acquisition and Rehabilitation NOFA							
Project Name	Site Address	Developer	Council District	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested
TBD	TBD	TBD	TBD	TBD	TBD	TBD	\$5,000,000
Totals				0	0		\$5,000,000
Overall Total				507	160		\$91,425,000