



*Housing*

# Proposed Changes to the Percentage Allocations and the Spending Plan for FY 2024-2025

**Housing & Community  
Development  
Commission**

May 9, 2024  
Item VII-A

**Rachel VanderVeen**

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# Background

- On March 3, 2020, San José voters approved Measure E, a transfer tax on certain types of real estate transactions
- On June 23, 2020, City Council designated HCDC as the City's Real Property Transfer Tax Community Oversight Committee
- On April 19, 2022, City Council held the second and final public hearing on amendments to Council Policy 1-18 regarding the use of Measure E proceeds
- On March 12, 2024, the City Council approved the Mayor's March Budget Message directing the City Manager to address General Fund Shortfall



# Direction from Mayor's March Budget Message

- 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.



# 2024-2025 Proposed Allocation Percentages

| Spending Category               | Current % | Scenario 1 % | Scenario 2 % |
|---------------------------------|-----------|--------------|--------------|
| Extremely Low-Income Households | 40%       | 12%          | 0%           |
| Low-Income Households           | 30%       | 11%          | 0%           |
| Moderate-Income Households      | 5%        | 0%           | 0%           |
| Homeless Prevention             | 10%       | 10%          | 10%          |
| Homeless Support Programs       | 15%       | 67%          | 90%          |



# 2024-2025 Proposed Allocation Percentages

| Spending Category              | Current Policy |              | Scenario 1 |              | Scenario 2 |              |
|--------------------------------|----------------|--------------|------------|--------------|------------|--------------|
|                                | %              | \$           | %          | \$           | %          | \$           |
| Affordable Housing Development | 75%            | \$35,625,000 | 23%        | \$11,000,000 | 0%         | \$0          |
| Homeless Prevention            | 10%            | \$4,750,000  | 10%        | \$4,750,000  | 10%        | \$4,750,000  |
| Homeless Support Programs      | 15%            | \$7,125,000  | 67%        | \$31,750,000 | 90%        | \$42,750,000 |
| Administration                 | 5%             | \$2,500,000  | 5%         | \$2,500,000  | 5%         | \$2,500,000  |

# 2024-2025 Spending Plan Scenarios

|                                                           | Scenario 1  | Scenario 2  |
|-----------------------------------------------------------|-------------|-------------|
| 1. Administration Fee                                     | \$2,500,000 | \$2,500,000 |
| 2. Affordable housing for extremely low-income households | \$5,830,000 | \$0         |
| 3. Affordable housing for low-income households           | \$5,170,000 | \$0         |
| 4. Affordable housing for moderate-income households      | \$0         | \$0         |

Administration Fee is taken from the total amount available before the allocations to the other priorities

# 2024-2025 Spending Plan Scenarios

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Scenario 1                                                                                                                           | Scenario 2                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>5. Homelessness Prevention, Gender-based Violences Programs, Legal Services and Rental Assistance</b>                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>\$4,750,000</b>                                                                                                                   | <b>\$4,750,000</b>                                                                                                                   |
| <ul style="list-style-type: none"> <li>Santa Clara County Contract</li> <li>Eviction Protection and Diversion</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                     | \$4,500,000<br>\$250,000                                                                                                             | \$4,500,000<br>\$250,000                                                                                                             |
| <b>6. Homeless Support Programs, Shelter Construction and Operations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>\$31,750,000</b>                                                                                                                  | <b>\$42,750,000</b>                                                                                                                  |
| <ul style="list-style-type: none"> <li>First Street Interim Housing Operations</li> <li>Supportive Parking Site Berryessa Road</li> <li>Lived in Vehicle Safe Parking Site</li> <li>City Outreach Team (Reactive)</li> <li>Interim Housing Construction &amp; Operations</li> <li><i>Storm Water Permit Implementation</i></li> <li><i>Safe or Alternative Sleeping Sites</i></li> <li><i>Outreach, Sanitation &amp; Other Support Services</i></li> <li><i>Recreational Vehicle Pollution Prevention Program</i></li> </ul> | \$3,000,000<br>\$1,700,000<br>\$1,000,000<br>\$600,000<br>\$10,425,000<br>\$15,025,000<br>\$10,000,000<br>\$3,600,000<br>\$1,425,000 | \$3,000,000<br>\$1,700,000<br>\$1,000,000<br>\$600,000<br>\$21,425,000<br>\$15,025,000<br>\$10,000,000<br>\$3,600,000<br>\$1,425,000 |

# Impact

- A potential reduction of units able to be funded from the waitlisted developments from 476 to 228 or 127 new homes.
- Possibility that some affordable housing developments will not be able to move forward as they wait for City of San Jose Commitments
- Increased number of Interim Housing options
- Compliance with Stormwater Permit requirements





# 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.





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May 4, 2024  
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