

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 Assistant Director

Jim Shannon Budget Director

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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

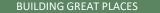
- Identifying cost savings and efficiencies that do not result in service impacts;
- Eliminating vacant positions, the removal of which is expected to have minimal service impacts;
- Reducing or eliminating current services, including the consideration of budget reductions for Mayor and City Council 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			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 BUILDING GREAT PLAC	5%	\$2,500,000	5%	\$2,500,000	5%	\$2,500,000



2024-2025 Spending Plan Scenarios

Housing

		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
5. Homelessness Prevention, Gender-based Violences Programs, Legal Services and Rental Assistance	\$4,750,000	\$4,750,000
Santa Clara County ContractEviction Protection and Diversion	\$4,500,000 \$250,000	\$4,500,000 \$250,000
6. Homeless Support Programs, Shelter Construction and Operations	\$31,750,000	\$42,750,000
 First Street Interim Housing Operations Supportive Parking Site Berryessa Road Lived in Vehicle Safe Parking Site City Outreach Team (Reactive) Interim Housing Construction & Operations Storm Water Permit Implementation Safe or Alternative Sleeping Sites Outreach, Sanitation & Other Support Services Recreational Vehicle Pollution Prevention Program 	\$3,600,000	\$3,000,000 \$1,700,000 \$1,000,000 \$600,000 \$21,425,000 \$15,025,000 \$10,000,000 \$3,600,000 \$1,425,000





- 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 Item VII-A Rachel VanderVeen Assistant Director

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