



Housing

Measure E: Refund Pilot for Certain Nonprofit Transfers of Real Property

December 7, 2021

Item 8.2

City Council

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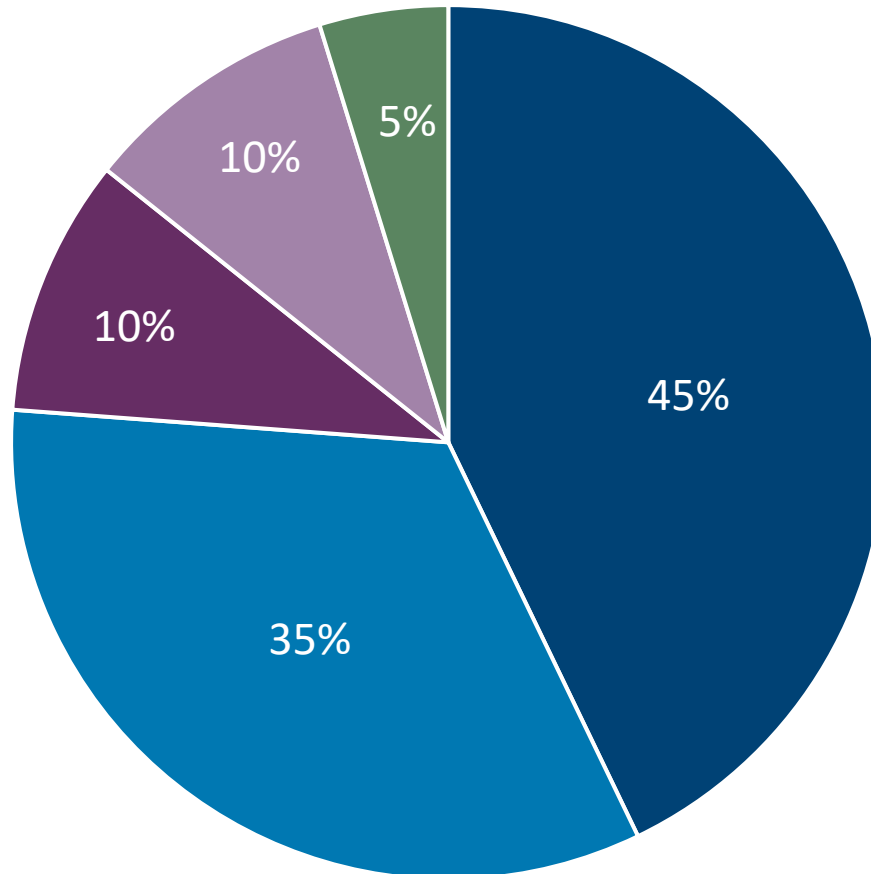
Assistant to the City Manager
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Background & Today's Action

- 🏠 March 3, 2020: San José voters approved Measure E, a transfer tax on certain types of real estate transactions
- 🏠 Jan. 5, 2021: Council directed City Manager and City Attorney to explore options for a refund program for nonprofits selling property in San José
- 🏠 Today: Proposed pilot program, from January 1, 2021 (retroactive) through June 30, 2023. Refunds for certain nonprofits and affordable housing developers.



Use of Measure E Funds in FY 2020-21



- \$12,710,000 (45%)**
Permanent supportive housing and affordable rental housing for extremely low-income households
- \$9,975,000 (35%)**
Permanent supportive housing and affordable rental housing for low-income households
- \$2,850,000 (10%)**
Below-market-rate for-sale housing and rental housing for moderate-income households
- \$2,850,000 (10%)**
Homelessness prevention and rental solutions
- \$1,500,000 (5%)**
Program administration



Policy Challenge: A Balancing Act

Measure E Funds

Nonprofit Refunds

Addressing homelessness

Funding affordable housing

Encouraging nonprofit development of affordable housing

Encouraging local philanthropy

Supporting low-income San Jose residents



Qualifying Providers or Grantmaking

Education

- Public preschool or K-12
- 51% + Extremely Low-Income San José students

Community-Based Health Service

- Health, mental health, patient services program, not hospitals
- 51%+ of clients ELI San José residents

Affordable Housing

- Emergency shelter in San José for unhoused residents
- Deed restricted affordable housing in San José, 51%+ ELI residents

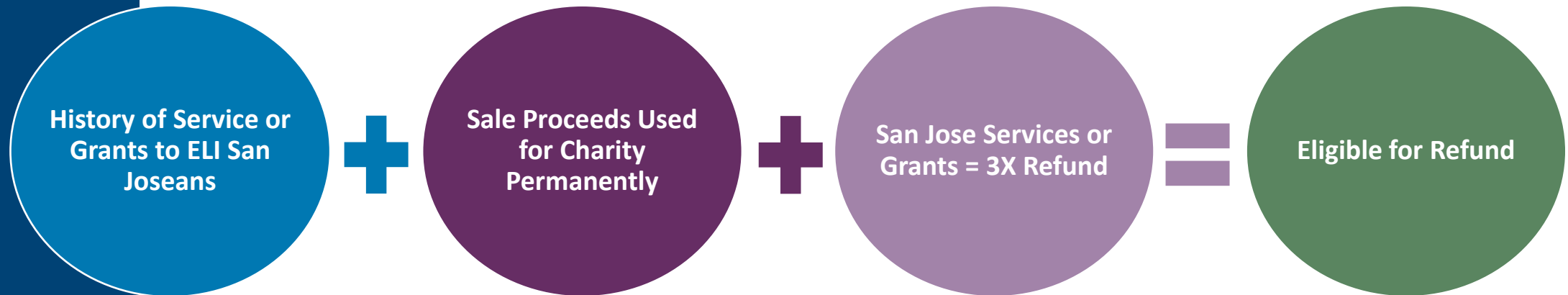
Human Services

- Services in San José for homelessness prevention; survivors of gender-based violence; seniors; residents with disabilities
- 51%+ of clients must be ELI San José residents

Updated Definition: Human Services

- 🏠 *“Human Services” means services provided to help Extremely Low Income residents in the areas of homelessness prevention and accessing permanent housing; services for survivors of gender-based violence or sexual assault; ~~or~~ services for seniors or individuals with disabilities; supportive and social services for children, youth, and families; services for the unhoused; food distribution services including, but not limited to, services provided by food pantries and food banks; or services provided by multi-service human and social service agencies, where at least fifty-one percent (51%) of the clients served are Extremely Low-Income San José residents.*

Requirements to Get a Nonprofit Refund



Affordable Housing Development Refund

🏠 Affordable Housing

- Preserve or create affordable housing
- New construction or acquisition/rehabilitation
- Restricted to low income residents (80% of the Area Median Income or below) for at least 30 years.
- Real property or ground lease with a term of 60+ years.

🏠 Nonprofit Buyer

- Purchaser must be either a charitable organization or a limited partnership with a charitable organization as a general partner.

🏠 Refund Invested in the Property

- Renovations to the Property or Services to the Residents



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