

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING MAINTAINING THE CURRENT PERCENTAGE ALLOCATIONS UNDER COUNCIL POLICY 1-18, SECTION 22, FOR THE SPENDING OF MEASURE E REAL PROPERTY TRANSFER TAX REVENUES TOTALING \$50.0 MILLION ANTICIPATED TO BE RECEIVED IN FISCAL YEAR 2023-2024

WHEREAS, on March 3, 2020, San José voters approved Measure E, which established a transfer tax on real estate transactions where the purchase price exceeds \$2 million; and

WHEREAS, in June 2020, the Council of the City of San José (“City”) 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 amending the spending priorities and percentage allocations; and

WHEREAS, on April 19, 2022, the City Council adopted, under Resolution No. 80472, amendments to the spending priorities for Measure E revenues under Council Policy 1-18; and

WHEREAS, on May 17, 2022, the City Council adopted, under Resolution No. 80504, amendments to the percentage allocations for the Measure E spending priorities for Fiscal Years (“FY”) 2020-2021, 2021-2022, and 2022-2023; and

WHEREAS, on March 21, 2023, the City Council approved the Mayor’s March Budget Message for FY 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 initiatives in the March Budget

Message to reduce unsheltered homelessness, including the doubling of the FY 2023-2024 homelessness prevention category on a one-time basis; and

WHEREAS, sixty days' public notice was issued and City Council held two public hearings, on May 16, 2023 and June 12, 2023, on the proposed changes to the percentage allocations for the spending priorities of Measure E Real Property transfer tax revenues, pursuant to the requirements under Section 22 of Council Policy 1-18; and

WHEREAS, City staff anticipates approximately \$50 million in Measure E revenue for FY 2023-2024 and proposes that the City Council approve maintaining the current percentage allocations under Council Policy 1-18, Section 22, for the Measure E revenue for FY 2023-2024;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (a) Under Section 22 of Council Policy 1-18, the City Council establishes the spending priorities and their percentage allocations for the revenue generated from the Measure E real property transfer tax, and may amend such priorities and their allocations through the public process set forth therein.
- (b) For Fiscal Year 2023-2024's anticipated revenue of \$50 million, the current percentage allocations for the Measure E spending priorities Fiscal Year 2023-2024 under Council Policy 1-18, Section 22, are hereby approved, as follows:
 - (1) 5% for administration, with the remaining revenue allocated as follows:
 - (2) 10% for homelessness prevention, gender-based violence programs, legal services, and rental assistance;

- (3) 40% for creation of new affordable housing for Extremely Low-Income households earning less than 30% of area median income (“AMI”) as defined by the U.S. Department of Housing and Urban Development;
- (4) 30% for creation of new affordable housing for Low-Income households earning less than 80% of AMI as defined by the U.S. Department of Housing and Urban Development;
- (5) 5% for creation of new affordable housing for moderate-income rental housing up to and including 120% AMI, including but not limited to, rent-restricted Accessory Dwelling Units forgivable loans, down payment assistance, land trusts, shared equity programs, and first-time homeownership opportunities for households up to 120% AMI; and
- (6) 15% primarily for homeless support programs, shelter construction and operations, that may include, but is not limited to, case management, outreach teams, encampment services, safe parking, homeless shelters and interim housing construction and operations. In addition, should the City Manager’s Five-Year General Fund Forecast determine that sufficient resources are available to support the aforementioned programs in accordance with prior City Council direction over the five-year forecast horizon, any residual funds are eligible for homelessness prevention.

ADOPTED this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk