

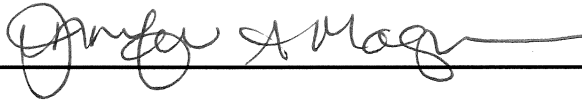
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: BRIDGE HOUSING COMMUNITIES **DATE:** December 8, 2017

Approved



Date

12/8/17

REPLACEMENT

REASON FOR REPLACEMENT

Following the publication of the Bridge Housing Communities Council memorandum on December 1, 2017, members of the community have inquired about the accuracy and clarity of the location descriptions for several sites listed on Attachment A – Unranked Site List. The revised Attachment A addresses these concerns by replacing or modifying the description language on some of the sites to more accurately correspond with the associated APNs. There have been no other changes to the original memorandum.

RECOMMENDATION

- (a) Provide input and approve the proposed scoring matrix to create a prioritized list of sites in order of viability and readiness for development of a Bridge Housing Community (BHC);
- (b) Provide input and approve the community engagement plan to implement a City-wide and site-specific community outreach plan for three or fewer sites identified through the proposed scoring matrix;
- (c) Provide input and approve the design, structure, operations, and implementation timeline for BHCs, including the feasibility of alternative program options; and
- (d) Direct staff to return to Council with three or fewer sites for final approval following the completion of community outreach and full environmental review process.

OUTCOME

Approval of this item will provide clear direction from the City Council to the Housing Department on the development of BHCs in San José. This will include feedback and direction from the City Council on 1) BHC siting criteria resulting in the prioritization of potential sites; 2) the recommended costs and feasibility of implementing one or more BHCs or potential alternatives; 3) the BHC community outreach plan; and, 4) the BHC development timeline.

EXECUTIVE SUMMARY

On August 29, 2017, staff provided recommendations to City Council on revised BHC siting criteria. After much discussion, Council directed staff to return in 60 days with evaluation and recommendations on a number of actions related to the development, operation, implementation, and feasibility of BHCs. The focus of this memorandum includes the staff response to each of the Council-directed items, as detailed below:

Approval of site prioritization methodology - In addition to the original 99 City owned sites identified early in the process, letters from the Mayor and the City Council yielded an additional 23 new potential BHC sites owned by the Santa Clara County Water District (SCVWD), Valley Transportation Agency (VTA), and Caltrans. Prior to applying the new prioritization methodology and formally ranking potential sites for BHC, the Housing Department is requesting that the City Council review and approve the methodology to ensure consistency with the City Council's direction and the BHC vision.

Cost and Feasibility – One of the driving factors in moving forward with BHC is the cost and feasibility of developing and operating one or more BHC sites. A detailed list of costs is provided for each element of development and operation of BHC. The Housing Department has provided a number of cost options for the City Council to consider. In addition to providing an analysis of the BHC costs, a summary of alternative solutions and their costs are included along with the benefits and challenges with each of the identified alternatives.

Outreach – As directed, the Housing Department has initiated work to identify a professional facilitator and develop a detailed community outreach plan that includes two stages of outreach:

- General outreach – The Housing Department considered conducting regional community meetings but staff is not recommending this approach. Given the level of community concerns about the BHCs, large community meetings would not be an effective forum to provide meaningful community engagement. Instead, it is recommended that only site specific outreach be conducted.
- Site specific outreach – Once a prioritized list of potential sites has been established, staff will conduct site specific meetings focused within adjacent neighborhoods. The goal of these meetings is to engage and inform the surrounding neighborhoods about homelessness and solicit community concerns and ideas around Bridge Housing in their neighborhoods.
- Ongoing neighborhoods outreach – Staff will convene regular meetings during and after construction of the BHC to ensure cohesive integration into the neighborhoods.

Development Timeline – Included in this report is a detailed BHC project timeline. The project timeline is divided into four key areas:

- Planning
- Pre-development
- Development
- Post Development

Based on the projected timeline, a BHC will take approximately 12 months to develop and fully implement once the BHC plan is approved by Council.

BACKGROUND

The 2017 Homeless Census and Survey conducted by Applied Survey and Research, enumerated 4,350 homeless individuals in San José, with 74% of the population being unsheltered. The Survey findings also underscored the vulnerability of the population, with 70% of respondents reporting one or more disabling physical or mental conditions. According to a recent report by the County's Office of Supportive Housing, Santa Clara County emergency shelters have the capacity to provide 1,253 shelter beds on any given night. Approximately 1,070 of those emergency shelter beds are in San José.

With an insufficient supply of shelter beds to meet the immediate needs of the local homeless population, the City has initiated several short-term housing interventions over the past several years to address this need, including:

- The declaration of a Shelter Crisis to provide overnight warming locations in four City facilities during inclement weather resulting in up to 120 shelter beds during periods of inclement weather;
- The adoption of an incidental and temporary shelter ordinance for the provision of shelter at any assembly use facility which resulted in over 100 additional overnight shelter beds in 2016-2017; and
- The conversion of two hotels creating 102 new units for interim housing.

Despite these efforts, there remains a continued need for additional housing interventions.

On December 8, 2015, the City Council directed staff to continue to explore the operation of a sanctioned encampment pilot to meet the needs of unsheltered homeless people in the community. At Council direction, the Housing Department coordinated with the County Office of Supportive Housing to identify potential operators and concepts for unconventional housing programs, including sanctioned encampments. While this approach did not result in the identification of partners for a specific City project due to a variety of regulatory barriers, staff returned to Council on June 28, 2016, to share the results of this process and recommend exploration of a new State law to address these challenges and create a path forward for more

immediate housing options. Council approved this new approach and staff began working with State legislators on potential approaches.

As a direct result of this work, on September 27, 2016, AB 2176, authored by Assembly member Nora Campos, was signed into law by Governor Jerry Brown. Effective January 1, 2017, the bill amended the Shelter Crisis Act to authorize a five-year pilot program allowing the City of San José, upon a declaration of a shelter crisis and adoption of an ordinance establishing local building, health, and safety standards, to create BHCs for the homeless, and compliance with other terms of the bill including transition plans for each resident. This includes temporary housing in new or existing structures on City-owned or City-leased property.

On October 4, 2016, the Housing Department provided the City Council with an information memorandum regarding the Work Plan for Implementing AB 2176. In that memorandum, staff indicated that the Department would pursue a series of actions outlined below to design and implement the BHC model.

Site Identification

As part of a 9-1 motion at the June 28, 2016 City Council meeting, the City Council approved a staff report with the requirement that each Councilmember propose and identify a site within their District where bridge housing communities, as defined by AB 2176, might be located. To assist the City Council, the Housing Department obtained a list of city-owned sites from the Office of Real Estate to identify potential sites for BHCs communities that met a minimum set of standards necessary to provide housing and services for up to 25 people at each site. These basic minimum standards included:

- Access to transit (ideally no further than ½-mile from a bus stop or LRT transit station);
- Ready access to utilities (electricity, water, and sanitary sewer);
- A vacant or minimally developed (i.e., paving only) site of at least 0.50 acres; or
- A 10,000 square-foot building plus parking for 16 vehicles and a dumpster enclosure.

Staff met with all Council offices to review the list and to discuss potential options in their districts. On April 12, 2017, staff presented the City-owned site list to the Neighborhood Commission to discuss community outreach strategies to all Districts. As a result of the Commission meeting, Housing Department staff started to schedule meetings with small groups of neighborhood leaders in each District. The goal of these meetings was to obtain feedback and identify neighborhood concerns in small focus group settings about the program and the potential locations before outreaching to the broader community.

While the intent of these meetings was to engage neighborhood leaders early in the development of the program concept, concerns were raised about the lack of inclusiveness of the outreach process. Many of the meetings drew interest from large numbers of residents, who received notification through social media groups and word-of-mouth, as opposed to official notification

by the City. As a result, some of the meetings were not successful in creating an effective dialogue and left members of the community confused and very concerned about the overall program and process.

Despite these challenges in the outreach process, staff received considerable input regarding locations on the list of City-owned properties from neighborhood associations, community action groups, environmental organizations, and residents. Concerns ranged from possible noise, safety, and traffic impacts for adjacent residential parcels to potential environmental impacts.

BHC Design Process

In early 2017, the Housing Department was approached by the Gensler architecture firm with an offer to provide, on a *pro bono* basis, a design process for the emergency sleeping cabins (ESC) that are allowable in BHCs. Gensler is a world-wide company with 30 offices in the United States and 16 more around the world.

The design process included a series of Visioning Workshops held by Gensler. Program attendees included city staff, housing advocates, nonprofit partners, and several Gensler architects and designers. The goal of these sessions was to clarify and understand project objectives of the BHC program. Issues discussed included space requirements, image, budget, schedule, planning concepts and strategies as they relate to existing and future facilities. These interactive sessions helped to set a clear direction for the program.

Following the session, Gensler coordinated a participative Design Charrette in June of 2017. This activity included Housing Department representatives, end users, homeless services providers, design students from San José State University, representatives from the Neighborhoods Commission, and the Gensler's design team. Results from this process included two initial designs for the ESCs and a generic site design for a BHC.

BHC Developer and Operator Selection

The Housing Department issued a Request for Qualifications (RFQ) to find a developer and/or operator for the BHCs on January 13, 2017. Four responses to the RFQ were received by the March 8, 2017 deadline and were reviewed by a panel that included staff from Housing Department and the County's Office of Supportive Housing. Three of the four respondents were selected as qualified partners through the process, including:

- Habitat for Humanity – Developer;
- HomeFirst – Operator; and
- LifeMoves – Operator/Developer

Through this selection process, these organizations have been identified as qualified partners that may be awarded contracts to partner or work independently on the development and operation of a BHC site.

Most Recent City Council Direction

On August 29, 2017, staff provided recommendations to City Council on revised BHC siting criteria. After much discussion, Council provided staff with direction to return in 60 days with a prioritized list of sites in order of viability and readiness. Additionally, the City Council provided staff with the following direction to further develop BHC's:

1. Maintain the original Council direction of identifying potential sites for siting a Bridge Housing Community in each Council district.
2. Slightly revise the original evaluation criteria for potential sites to the following:
 - a) Access to transit *or commitment from another agency to provide transportation*;
 - b) Ready access to utilities (electricity, water and sanitary sewer); and
 - c) A vacant or minimally developed site of at least 0.50 acres or a 10,000 square foot building plus parking for 16 vehicles and a dumpster enclosure.
3. Identify additional sites that could host a BHC pilot project, as follows:
 - a) Staff should attempt to identify commercial or industrial site; and
 - b) Staff should also renew requests to other public agencies—specifically the County, Santa Clara Valley Water District, Valley Transportation Authority, and Caltrans—to identify underutilized lands in their inventories for potential use as a BHC site.
4. Return to City Council in 60 days with the list of potential BHC sites and seek Council direction as to whether to proceed with a BHC pilot project on three or fewer sites. In order to frame this decision for the Council, staff should provide the following items:
 - a. A prioritized list of sites in order of viability and readiness for development.
 - b. A detailed community outreach plan, which should include:
 - i. A small number of regional community meetings (North, South, East, West and Central San José) to begin the outreach process;
 - ii. Participation at each community meeting from the project designer, developer and program operator to provide details of tiny home prototype, program structure, security, operations, good neighbor plans, etc; and
 - iii. Management of the meeting by an experienced professional facilitator, preferably a facilitator who will consider work on a pro-bono basis.
5. Provide recommendations as to whether the benefits of a BHC pilot program outweigh the opportunity cost of the resources and staff time necessary to implement it. In making this recommendation, staff should give an account of the funding that is currently set

aside for the BHC project, and identify other potential homelessness programs or projects that it could be used to support.

6. Provide a comprehensive timeline for future work on BHCs. The timeline should show how long the outreach process and potential task force process would take and should also estimate when the Council would be able to approve a final BHC project and when that project would be up and running.

In addition to providing staff direction, the Mayor and Council committed to sending letters to other public agencies requesting that they work with Housing Department staff to identify underutilized sites that they would be willing to lease to the City for a BHC. On August 30, 2017, The Santa Clara Valley Water District (SCVWD) contacted Housing Department staff to provide a list of 12 District owned sites as potential BHC sites. On September 5, 2017, the Mayor's office sent letters, signed by the entire City Council, to the Valley Transportation Agency (VTA), Santa Clara County Board of Supervisors, San José Evergreen Community College District, and Caltrans.

The Housing Department has also initiated a process of selecting an experienced facilitator to implement the community outreach and engagement plan. Following the August Council meeting, staff identified several professional facilitators, providing each with the draft proposed outreach plan to obtain bids for the work. It is anticipated that a facilitator will be selected by the end of December. Once selected, the facilitator will review the outreach plan to provide additional feedback on the process, meeting structure, and content.

At the September 20, 2017 Rules and Open Government Committee meeting, Councilmember Rocha requested that staff analyze the possibility of renting single family or multifamily residences to the homeless or those at risk of homelessness, in order to provide the City Council with an additional option to consider as it deliberates on the BHC issue. The analysis of master leasing units is contemplated in the BHC Programmatic Alternatives section of this memorandum.

Lastly, on October 17, 2017, the City Council held a priority setting session to add items to the Priority List and rank those items in priority order. The City Council added Sanctioned Encampments with the direction to continue to explore the operation of a sanctioned encampment pilot to meet the immediate needs of unsheltered homeless people in the community. This memorandum addresses this City Council priority as it includes sanctioned encampments as an alternative to BHCs.

ANALYSIS

The analysis below provides a comprehensive overview of the necessary steps and actions to rank, site, develop, and operate a BHC, while also creating a roadmap for community outreach

and engagement regarding the overall process. Staff also presents a comparative framework of alternative design and program options to evaluate the cost effectiveness and feasibility of each model. Lastly, staff provides a comprehensive timeline for implementation of the BHC model.

BHC Site Identification and Prioritization

Despite progress with both the design process and the competitive selection of Habitat for Humanity and HomeFirst to develop and operate the BHC sites, identification of viable sites for BHCs remains one of the primary hurdles on moving forward with the planning and development of the BHCs.

By the end of September 2017, the City had received a total of 23 new potential BHC sites from three separate agencies, including the SCVWD, VTA and Caltrans. Combined with the original list of 99 City owned properties, staff evaluated the basic characteristics of all 122 sites with the goal of identifying at least one viable site in each district.

- City of San José Original site list: 99 sites
- Water District Potential Site List: 12 sites
- Caltrans Potential Site List: 7 sites
- Valley Transportation Authority Potential Site List: 4 sites

Staff also evaluated 12 sites recommended by residents through community meetings or direct resident contact. Most of these sites are privately owned, while the rest are owned by other public agencies that have not offered the sites for consideration. Although some of these sites are potentially viable, they have not been included in this report due to lack of site control, which is required under AB2176 (See **Attachment A** for full list of unranked sites).

Site Prioritization Methodology

The first phase of site evaluation applies the revised basic site criteria directed by the City Council on August 29th. The revised criteria include:

- a) Access to transit *or commitment from another agency to provide transportation*;
- b) Ready access to utilities (electricity, water and sanitary sewer);
- c) A vacant or minimally developed site of at least 0.50 acres or a 10,000 square foot building plus parking for 16 vehicles and a dumpster enclosure

After applying the revised basic site criteria as directed by Council to all 122 sites, the original list of City sites was reduced to a list of 37 potentially viable BHC locations.

Prior to the August 29th City Council meeting, staff received a significant amount of public feedback from residents related to the siting of BHCs. Residents expressed that the sites should be located far away from schools, parks, and residential neighborhoods. Some residents shared concerns about the potential environmental impact of BHCs and stated that it must be fully

considered when selecting a location. Many residents also expressed concerns that the locations would attract new homeless individuals to the area creating quality of life impacts. The overwhelming response from residents was that the sites should be located away from any activated park, school, or residential use.

During the August 29th meeting, the City Council considered eliminating sites in proximity to parks, schools, and residential neighborhoods. The City Council acknowledged the community's concerns, but directed staff to apply the revised criteria and develop a prioritized list in order of viability and readiness.

Based on these recommendations, Housing Department staff has developed standard scoring criteria to apply, pending Council approval, to each of the 37 potential sites as part of the next evaluation phase (See **Attachment B** for the recommended scoring matrix). Considering the extensive feedback from the community and City Council as well as development principles, staff focused four key factors in scoring site viability and readiness:

1. Community Feedback and Adjacent Use Buffers: Based on community concerns received during the initial outreach process, staff factored in setbacks from Pre-K -12th grade schools and adjacent residential uses into the proposed scoring system. In an effort to create a comparable standard for setbacks from Pre-K-12th grade schools and residential, the Housing Department reviewed the Marijuana Collective zoning requirements, a site use that generates increased foot and vehicle traffic and could be somewhat similar in terms of impact to surrounding areas. Staff also examined several other similar temporary housing communities in other jurisdictions, finding similar buffers applied at those sites. As outlined in the table below, staff further stressed the need for site separation given initial community feedback.

Table 1

Adjacent Use Buffers		
Proximity	BHC Proposed Distance	Marijuana Collective Distance
Proximity to Schools	.25 miles or more (about 1,320 FT)	About 1,000 FT
Proximity to Residential	.10 miles or more (about 530 FT)	About 150 FT

2. Site Readiness: Several factors are employed to score site readiness, including:
 - a. **Land Ownership** – a site will score higher if clear site control is identified including ownership by the City or an expressed interest in providing a land lease by a partner agency;
 - b. **Site Preparation** – evaluating site prep work needed such as removing trees/vegetation, leveling the site, etc. (i.e. the less site preparation is needed, the higher a site will score); and,

- c. **Lot Size** – a larger site will receive a higher score. Larger lots allow increased flexibility for BHC to optimize use and create effective buffers from adjacent properties ensuring thoughtful integration into the surrounding community.
3. **Environmental Constraints**: During the initial assessment, staff considered obvious environmental factors such as the Riparian Corridor Protection Policy and flood plain designations. To score sites under this section, City staff will work with the contracted environmental consultant David J Powers to perform a preliminary environmental analysis and screening. Each site will be screened for several environmental constraints commonly encountered at development projects in San José, including: hazardous materials/contaminants, geological hazards, flooding, habitat, noise, air quality, and historic issues.
4. **Accessibility to Services/Necessities**: A site will receive additional points if it is located near services and transit.

The collective ranking will result in an overall viability and readiness score used to prioritize each potential site. Below is a table describing the recommended scoring range and classifications

Table 2

Bridge Housing Community: Site Scoring Matrix		
Score Range	Score Range Classification	Score Range Description
1-25	Not Viable	Sites are either not usable or presented major development challenges
26-40	Somewhat Viable	The site meets the minimum requirements but may not be ideal and will require some site mitigation adding additional cost and time to develop
41-62	Fully Viable	The site meets the minimum requirements and will require minimal site mitigation to develop.

As described in the methodology, the viability and readiness ranking and scoring is based on known factors. If this scoring matrix is approved by Council, staff will apply the matrix to all sites to develop a ranked list. It should be noted here that AB 2176 does not exempt the City from CEQA and the review process could alter the site priority or potentially eliminate sites from the list. As such, staff suggests taking the top five to ten sites from the final ranked list and initiating a CEQA evaluation immediately to identify three or fewer sites as the final recommended site selection(s) for BHCs. To ensure fair and equitable distribution, staff also recommends limiting BHCs to a maximum of one site per Council District.

BHC Design and Operations

Sleeping Cabin Designs

In early 2017 Gensler conducted a visioning and design session, focused specifically on the design of the Emergency Sleeping Cabins (ESC), the type of temporary housing structure authorized under the new law. The result of the session provided a strong focus on creating cost-effective, livable spaces for unhoused residents. The community participants in this process identified a set of core principles to guide the effort to ensure a safe, secure, and sustainable environment that aligns with the social, economic, and environmental goals of the surrounding communities. Participants stated that the project should blend into the surrounding setting though a progressive design that is vitalizing, dignified, respectful, and humble.

Since early September, Housing Department staff have convened a BHC Collective comprised of Housing Department staff, representatives from Gensler, Habitat for Humanity and HomeFirst. Representing interests and expertise in design, development and site operations, the Collective has been meeting regularly to provide Gensler with feedback on the final two ESC design concepts and conceptual site designs as well as to develop a site operations plan and community outreach strategy.

The two ESC designs have provided the development team with the basis for estimating cost. The two ESC designs take different approaches to creating a unique aesthetic yet incorporating efficiency, practicality and comfort. The goal is to construct up to two prototypes to showcase the designs so that both residents and end-users will have an opportunity to tour and provide feedback before the ESC goes into final production. Construction of the prototypes will be completed in late winter or early spring. Through stakeholder feedback, the developer and BHC Collective will further evaluate the design to assess methods and materials to create cost effective and streamlined production of the units.

Site Design

In addition to discussing design and constructability of the ESCs, the Collective has focused efforts on creating one or more site concepts. The final site design will greatly depend on the specific sites but Gensler has created two basic design concepts to provide a visual representation of what a BHC might look like and how the community might function. The concepts include two different approaches. Each plan illustrates possible ESC placement, community facilities that including separate restrooms with showers in one building and a separate building to accommodate office space for on-site staff, small meeting rooms for residents to meet with case managers, a small community kitchen, and recreation area. The site concepts also demonstrate how parking and other possible amenities might be accommodated.

The site concepts provide a basic visual guide to help observers understand how a community might look, feel and function. However, once sites are identified, additional outreach will be conducted to solicit community and stakeholder input on site specific designs. Individual site

plans will be developed providing greater detail with specific measurements, placement, and proximity. In addition to the two site concepts, Gensler has created a set of adjacency plans. These plans illustrate how BHC sites might be designed to incorporate natural or artificial barriers to adjacent properties creating buffers from roads or residential neighborhoods.

Both the cabin and site designs will be presented at the December 12, 2017 Council meeting.

Construction and Development

Through Gensler's designs, the development team has been able to provide an estimated cost for construction of the ESC and the site development. Habitat for Humanity has been selected as the BHC developer through the competitive RFQ process and proposed to build the ESCs off-site using an existing production and assembly system. This building concept allows Habitat staff and volunteers to build in mass at their east bay facility, promoting efficiency and cost-effective construction. Once assembled, the ESCs will be transported to each site and installed using a combination of Habitat staff and volunteer labor. Surrounding neighbors and potential end users will be invited to volunteer both at the east bay facility constructing or at the on-site installation.

Each site will require some level of site preparation, including grading and infrastructure improvements. All sites will require water, sewer, electrical and communications to be connected from the street to the site. Each ESC will be equipped with electrical to accommodate at least one plug, smoke detectors and heaters while the community space will require all of the listed utilities.

As mentioned, each site will integrate community space for residents and staff. Space design will vary from site to site depending on the site constraints, community population, and budget; however, the general site concept includes separate community buildings for bathroom and shower facilities and one or more buildings used for general resident and staffing use as described above. The community buildings will be premanufactured buildings transported to the site. The developer will modify each of the manufactured buildings to ensure design continuity and accessibility.

Development Costs

Based on the conceptual designs developed by Gensler, Habitat for Humanity has provided preliminary project costs that includes two pricing options. The first option is based on a one-half acre site that will house 20 residents while the second option proposes to house up to 40 residents on a one-acre site. The total development cost consists of three development subsets including site development, community buildings, and ESCs. The site development costs include site preparation, demolition, grading, utilities, hardscape, landscape, and ESC preparation. Community Buildings and ESC include all modifications and improvements and on-site installation. The total development cost for these two options is illustrated below.

Table 3

Development	Option 1 – 20 Sleeping Cabins	Option 2 – 40 Sleeping Cabins
Site Development	\$1,011,000	\$1,775,000
Community Buildings	\$400,000	\$400,000
Emergency Sleeping Cabins	\$400,000	\$750,000
Total Development	\$1,811,000 (\$90,550/cabin)	\$2,925,000 (\$73,125/cabin)

A full cost analysis including development and operations is detailed later in this report. Based exclusively on the development costs Option 1 equates to a cost of approximately \$90,550 per unit. Option 2 equates to approximately \$73,125 per unit. By comparison, an apartment of permanent supportive housing in a multi-family development costs approximately \$600,000.

These overall development costs are based on the conceptual designs and are preliminary. The goal is to further evaluate and refine designs, construction methods and materials to reduce building costs. There will also be opportunities for volunteer labor and donated materials throughout the pre-development and development process. As with all new and unique pilot projects, initial costs are generally higher than established approaches; however, the pilot process will likely result in improved efficiencies and cost reductions in the ongoing development of BHCs.

Operations

HomeFirst was selected through a competitive RFQ as the site operator for the BHC. HomeFirst owns and operates the Boccardo Reception Center (BRC), Santa Clara County’s largest year-round homeless shelter, and operates the two seasonal cold weather shelters in Sunnyvale and Gilroy. In addition to providing emergency shelter services, HomeFirst employs homeless outreach throughout San José as well as providing street-based case management services. The HomeFirst proposal specifically presented a plan developed by an experienced operations team that included architects, urban planners, homeless advocates, and nonprofit providers. HomeFirst focused on BHCs providing a safe and supportive environment for clients to receive a comprehensive array of services that will help them reintegrate into society, increase their self-sufficiency, and successfully transition into permanent housing.

Operational Cost Categories

Operations Staffing – represents the minimal number of staff required to operate and maintain each BHC. These costs include maintenance and janitorial staff as well as two Resident Coordinators to cover basic BHC oversight during regular office hours and provide the day-to-day management of the site. Operational costs remain consistent regardless of the

service levels. Due to minimal staffing levels required to operate these communities, there is very little variation in operational expenses between sites hosting 20 or 40 residents.

Services Staffing – represents the various levels of services offered at each BHC. These costs increase based on the higher level of service for the clients. Below is a more detailed description of services and level of service under each option.

Fixed Site Costs – include ongoing costs required to operate and maintain each BHC. Examples of fixed costs are utilities, repair and maintenance, furnishings, and supplies.

Discretionary Costs – include three basic site control costs that are optional to each BHC. These costs include 24/7 on site security, meal services for residents (two meals per day per resident), and transportation (see cost breakdown below).

Service Staffing Plans

The three service plan options provided by HomeFirst include a basic, mid-level, and optimal service plan. Each plan has an option for staffing sites of up to 20 or up to 40 residents. Given that site operations, fixed cost, and discretionary costs are consistent between BHC Models, the variation in cost is based on the proposed level of service under each plan. Services Staffing levels within each option have been adjusted to the BHC Model (number of residents). The number of Resident Coordinators, Case Managers and Activity Coordinators are based on a staffing to resident ratio.

Basic Service Plan –The basic plan includes Resident Coordinators on site 24/7. The Resident Coordinator would focus on ensuring residents are safe, and that on-site amenities are coordinated for utilization. Minimal support services would be offered to residents. This plan could also include a self-managed community model with program participants serving as the Resident Coordinators.

Mid-level Service Plan – Under this plan, in addition to Resident Coordinators support, a full time Case Manager will be provided for daily drop-in support services to supplement client case managers assigned through the County's coordinated assessment system. The Mid-level plan also includes a full time Activity Coordinator that will collaborate with outside providers to obtain on-site services, facilitate workshops and community building activities, and help coordinate site amenities during business hours along with Resident Coordinator.

Optimal Service Plan – Under the Optimal Service Plan, in addition to the mid-level services, additional Resident Coordinators are included to ensure better resident coordination and support.

Operational Cost Variables

Between the range of service plan options, the site operation costs factors, and the two BHC Models, a significant number of BHC implementation options are available to choose from. The first operations model (proposing sites of up to 20 residents) provide a cost range of \$920,300 to \$1,152,000, equating to \$46,015 to \$57,600 per resident annually. Although costlier overall, the second model (proposing sites of up to 40 residents) provides economy of scale with a range of \$1,108,000 to \$1,343,000, which equates to a cost of \$27,000 to \$33,575 per resident.

In addition to considering the three levels of service under the two service models, staff evaluated the costs in each of the four cost categories. Operations Staffing, Services Staffing and Fixed Costs are baseline costs that offer little room for savings. However, the Discretionary Costs categories provides an opportunity to further reduce the proposed operations cost. As described above, the Discretionary category consists of three basic site control costs:

Table 4

	20 - Unit BHC	40 - unit BHC
24/7 Security	\$219,000	\$219,000
Meal services	\$55,500	\$109,500
Transportation	\$74,500	\$74,500
	\$349,000 (17,450/cabin)	\$403,000 (\$10,075/cabin)

While eliminating or reducing security, meal, and transportation services would reduce operation cost by 30% to 36%, staff recommends against this action. Eliminating or significantly scaling back security services, at least initially, may jeopardize safety and security of the site and its residents. Eliminating meals and transportation services may place additional burdens on the residents as they struggle to gain housing and economic stability.

As a member of the BHC Collective, HomeFirst has been involved in both the ESC and site design process to help ensure that these communities are planned for the type of services that will best support the proposed population. HomeFirst has provided several options for site operations and on-site services. The service plan options range from basic to one that provides optimal supportive services for sites serving either up to 20 or up to 40 residents. Tables 5 and 6 below illustrate cost of each service option available with fixed site costs and discretionary costs included.

Table 5

BHC Model 1			
Support for up to 20 residents (Annual Costs)			
Category	Basic Service Plan	Mid-level Service Plan	Optimal Service Plan
Operations Staffing	\$136,000	\$136,000	\$136,000
Services Staffing	\$185,300	\$343,500	\$417,000
Fixed Site Costs	\$250,000	\$250,000	\$250,000
Discretionary Costs	\$349,000	\$349,000	\$349,000
	\$920,300 (\$46,015/cabin)	\$1,078,500 (\$53,925/cabin)	\$1,152,000 (\$57,600/cabin)

Table 6

BHC Model 2			
Support for up to 40 residents (Annual Cost)			
Category	Basic Service Plan	Mid-level Service Plan	Optimal Service Plan
Operations Staffing	\$136,000	\$136,000	\$136,000
Services Staffing	\$244,000	\$353,000	\$479,000
Fixed Site Costs	\$325,000	\$325,000	\$325,000
Discretionary Costs	\$403,000	\$403,000	\$403,000
	\$1,108,000 (\$27,700/cabin)	\$1,217,000 (\$30,425/cabin)	\$1,343,000 (\$33,575/cabin)

BHC Programmatic Alternatives – Feasibility and Cost Assessment

Working with data from the County Office of Supportive Housing and input from various community stakeholders and program end users, staff evaluated a series of alternative unconventional shelter and housing options to compare with the BHC model described above. Each alternative option has been scaled to align and compare to 40 BHC units and projected a 5-year total cost.

Safe Parking

Safe Parking – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$0	\$260,000 (6,500/resident)	\$260,000

Safe Parking is an emergency intervention program that provides legal and safe parking spaces for homeless individuals with vehicles. The projected costs assume the use of existing parking lots requiring no land or development costs. These costs are based on an overnight parking program with security coverage only at night. If additional permitting, access to services such as access to food or showers, or the leasing of the property is necessary, the annual operating cost would increase. It should be noted that as a newly adopted City Council priority, staff will be initiating work in January 2018 to advance the development of potential safe parking opportunities in San José.

Benefits - This makes Safe Parking a relatively easy and inexpensive option for a short-term intervention. The annual operating cost per unit is \$6,500. In the case of Safe Parking a unit is a vehicle, which could potentially house an individual or a family. Operating costs include minimal case management, security, and administration.

Challenges – The program requires that individuals continue to live in their vehicles and does not create a habitable living space to fully meet client’s basic daily needs. Siting for the program may prove difficult and given the unique nature of the program, legal use may require the development of an ordinance to permit the activity and mitigate for potential impacts on the surrounding community.

Sanctioned Encampments

Sanctioned Encampment – 40 units		
Development Cost (Site Development)	Annual Operating Cost	Total First Year Cost
\$2,100,000 (\$52,500/resident)	\$1,343,000 (\$33,575/resident)	\$3,443,000 (86,075/resident)

Sanctioned encampments are the most basic emergency shelter option, offering tents on public or private land that have been sanctioned for residential use. Sanctioned encampments come in many different forms and sizes and they can be temporary or long-term. Temporary encampments assume a short duration with little to no site improvement or amenities. Long-term encampments assume a site will be used at least one year and typically include basic amenities and services such as common buildings for restrooms, laundry, meals and services. There are currently a number of sanctioned encampments operating throughout the United

States, ranging from more formal, permitted communities in Seattle, Washington to short-term, emergency tent campgrounds in parking lots in San Diego, California.

The proposed model assumes a one acre site for a long-term sanctioned encampment. Included in site development is site grading, utilities, roads and pathways, vehicle access, lights, tents, building the common areas and other general site improvements. The annual operating cost for under this model includes fulltime site management, case management, meal services, minimal transportation services and 24/7 security. A unit in this case refers to a tent, which could house an individual or a couple. The operating costs are similar to the bridge housing at \$33,575 per unit for an encampment hosting 40 tents.

Benefits – Sanctioned encampments offer some cost savings over other alternative housing options. Compared with the proposed BHC model, there would be a combined site development and construction savings of approximately \$825,000 per site. It should be noted, however, that development costs for a sanctioned encampment model are largely driven by the proposed site development and infrastructure elements (i.e. site preparation and a permanent facility for showers, restrooms, and services). Construction costs could be further decreased, for example, by providing portable restroom and shower facilities and eliminating the need for connections to utilities or sewage systems.

Challenges – Sanctioned encampments present many challenges. Unlike many of its alternative housing counterparts, the shelter provided through sanctioned encampments provides little to no protection during the cold weather season and the quality of the tent shelter tends to degrade quickly. Recently, examples of sanctioned encampments in nearby cities such as Oakland have highlighted the potential dangers of providing this type of substandard housing even on an interim basis, with fires and public safety issues forcing the closure of some sites.

Furthermore, based on staff's experience with siting BHC's identifying a site for sanctioned encampment would present significant regulatory and community challenges. Finally, under current zoning and general plan requirements there are no land use designations for permitted tent camping in San José. On December 7, 2015, the City Attorney prepared a briefing for the Mayor and City Council on the Municipal and State law constraints and potential liabilities as they relate to Sanctioned Encampments in California. Based on the city Attorney's analysis, State law does not prohibit sanctioned encampments but the State Shelter Crisis Act would not provide relief from ordinary negligence for newly constructed campgrounds. Therefore, the City would need to comply with any and all applicable building, fire, ADA, and Housing code requirements when constructing these facilities.

Travel Trailer Micro Housing

Travel Trailer Micro Housing – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$2,380,000 (\$59,500/unit)	\$1,343,000 (\$33,575/resident)	\$3,723,000 (\$93,075/units)

Travel trailers are a type of micro housing. They provide slightly better quality housing than the tent encampments. This model assumes a one acre site. The development costs include, site development equivalent to sanctioned encampments and the costs of the trailers. A very basic new travel trailer that sleeps two is estimated at \$7,000. However, travel trailers tend to devalue quickly and higher quality trailers could be purchased for a greater price.

The estimated annual operating cost for travel trailer micro housing is consistent with bridge housing and sanctioned encampments, which include onsite management, case management, meal services, transportation services, and 24/7 security. These costs cover insurance, staffing, and the provision of supportive services, primarily case management.

Benefits – As with sanctioned encampments, Travel Trailer Micro Housing offer a slight cost savings over bridge housing. Between site development and construction, the overall saving from bridge housing would equal approximately \$545,000.

Challenges – Although more durable than tents, standard travel trailers are not designed and constructed for daily ongoing use. They are designed for occasional recreational use. As such, the long-term, continued residential use will likely result in ongoing repairs and replacement over a 5-year period. Adding to this challenge is the cost and availability of replacement components. Further, this model of housing would not be covered under the existing provisions of AB 2176, creating added regulatory barriers for siting and establishing such a community including State and local requirements.

Motel Leases

Motel Leases – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$0	\$2,260,000 (\$56,500/resident)	\$2,260,000 (\$56,500/resident)

Renting motel rooms is an expensive method for providing temporary shelter or housing. However, it does provide flexibility for rapidly increasing or decreasing capacity based on need and funding. The cost estimates included here are based on an average motel cost of \$100/night per room. Rooms can accommodate individuals, couples, or families. Operating costs also include case management and other supportive services designed to help people increase income and obtain housing.

Benefit – Although there is a higher ongoing operations cost, there are no development costs. Additionally, if a viable motel is located to support this use, individuals might be housed sooner than other housing options which would require build time.

Challenges – Locating hotel/motels willing to master lease multiple may be challenging in San José, given the high demand for hotels and the current ordinance restrictions allowing only motel

or hotel operators to lease a maximum of 49% of their rooms for residential use. Rather than one master lease with 40 available units, it is more likely that multiple leases would be required with different hotel/motels to achieve 40 units, creating a scattered site program which may be difficult to manage on an ongoing basis.

Rapid Rehousing

Rapid Rehousing – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$0	\$800,000 (\$20,000/resident)	\$800,000 (\$20,000/resident)

Rapid Rehousing is a housing program that provides short-term financial assistance and support to quickly re-house homeless individuals and families in their own housing. This program model has no development costs because the costs are based on subsidizing rent in existing apartment units in the community.

Based on Fair Market Rent values published by HUD for Santa Clara County, the operating cost of Rapid Rehousing is estimated at \$20,000 per unit. In this program model a unit refers to an efficiency or studio apartment, which could house either an individual or couple. Rapid Rehousing aims to use the lightest level of service necessary, typically housing search, landlord mediation, and case management, to assist the household. Households sign their own lease with the landlord and remain in the unit when they exit the program. The annual cost represented in this model only includes the rental subsidy. This model excludes all services, including housing placement services often provided with these programs.

Benefit – Rapid rehousing has no developments costs because it takes advantage of rental existing units in the community. The program is a national, best-practice model in helping people exit homelessness and enter into permanent housing and self-sufficiency.

Challenges – The tight local rental market makes it challenging to find apartment units to lease. Further, due to the high cost of living in this area, capital investments may also be necessary to develop affordable housing units that provide preferences for households that are being served by rapid rehousing programs, further slowing this approach as an immediate relief to homelessness or instability. Given the high demand for existing affordable housing in San José, one unintended consequence is a potential reduction of affordable units available to other low-income renters.

Apartment Master Leasing

Apartment Master Leases – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$0	\$1,664,000 (\$41,600/resident)	\$1,664,000 (\$41,600/resident)

Apartment Master Leasing is very similar to Rapid Rehousing. Under rapid rehousing and other rental subsidy programs, households qualify individually for the rental subsidy. Subsidy holders then choose their rental unit and negotiate the lease directly with the rental owner. Under an apartment master lease program, the funding agency leases a minimal number of apartments over a designated period; generally, on an annual basis. In return for the set aside units, the funding agency pays the full monthly rent for each of the set aside units over the designated period, whether occupied or not. Operating costs also include case management and other supportive services designed to help people increase income and obtain housing.

It should be noted that this model assumes a mix of efficiency and one-bedroom apartments at Fair Market Rent values, but does not include rooms in single family homes. From the experience of Housing staff and partner agencies experienced with master leasing, identifying single family homes with rooms for rent and then placing clients in those homes with an adequate level of services and oversight creates operational and services challenges that make it an infeasible option to support

Benefits – Similar to rapid rehousing programs, apartment master leasing is significantly cheaper than other permanent housing options, mainly because it takes advantage of existing units in the community. This program ensures that a certain number of rental units are set aside for the funding agency to access as they are needed. This program also provides the funding agency with the flexibility to immediately place renters in units as they become available without having to compete with other renters. Additionally, it allows renters with poor credit or rental history to obtain housing more easily.

Challenges – Like rapid rehousing and motel leases, the tight local rental market makes it difficult to find apartments to lease. Owners are often reluctant to set aside large number of rental units, forcing a scattered site approach which can limit program efficiency and oversight. The master leasing agencies also assumes considerable ongoing expenses for the rental units and the full liability for each apartment. Given the high demand for existing affordable housing in San José, one unintended consequence is a potential reduction of affordable units available to other low-income renters.

Container Housing

Container Housing – 40 units		
Development Cost	Annual Operating Cost	Total First Year Cost
\$10,670,000 (\$266,750/units)	\$1,343,000 (\$33,575/resident)	\$12,013,000 (300,325/units)

Container Housing is a form of modular housing utilizing one or more metal shipping containers converted to create micro studios housing units. This types of housing include small kitchens and bathrooms. These units are generally built to meet health and safety code standards and have a service life of 20 to 30 years, comparable with standard construction. These existing metal

containers are modified off-site and delivered and installed similar to other manufactured housing.

This model assumes a one acre site. The development costs include, site development equivalent to bridge housing, and purchase and installation of the units. The estimated annual operating cost for travel trailer micro housing is consistent with bridge housing and sanctioned encampments, which include fulltime site management, case management, meal services, minimal transportation services and 24/7 security. These costs cover insurance, staffing, and the provision of supportive services, primarily case management.

Benefits – As with other forms of modular housing, container housing is generally faster to produce than permanent housing. At \$368,000 per unit to develop this type of housing is cheaper than standard permanent supportive housing, which ranges from at \$600,000 to \$800,000 per unit, but more expensive than any other temporary housing option. If land cost is removed, the development cost is reduced to \$266,000 per unit.

Challenges – As short-term housing, container housing is one of the more expensive types of interim housing. If developed for a longer-term use, this type of housing can be very cost effective. Additionally, unless built under AB 2176, these units require a more robust planning and building review process.

BHC Cost, Benefits, and Available Funding

Staff evaluated the BHC model against the other alternative options for interim housing. To ensure a fair comparison, staff used 40 units as a basis for all housing types, including BHC. While many of the costs listed below could be modified or reduced based on service and operation levels identified earlier in this memorandum, staff believes the expenses below reflect an appropriate level of support for a pilot project, while creating a baseline for comparative analysis. The development cost is based on site development and construction costs only. To ensure an equitable comparison, land cost was not considered. For the purposes of this comparison, it is assumed that these alternative solutions will be constructed on City land. The request letter sent to partner agencies by the Mayor and City Council that yielded an additional 23 sites was specific to Bridge Housing Communities. Should the City Council direct staff to pursue one or more of the alternative solutions, site selection would need to be further evaluated. In some cases, the acquisition of land might be required to complete some of the alternative solutions if the City sites are not appropriate for those uses.

Staff has also included the cost of building a supportive housing development in order to provide a comparison of the cost of interim solutions versus the cost of building affordable housing. The per unit development cost for supportive housing is lower than the actual development cost because the City is able to leverage its funds with Measure A funding and tax credit financing.

Table 7

Housing Type (assumes 40 units)	(A) Total Development Cost	(B) Per Unit Development Cost	(C) Annual Operating Cost	(D) Per Unit Operating Cost (annual funding needed)	(E) Total Costs First Year
Safe Parking	\$0	\$0	\$260,000	\$6,500	\$260,000
Rapid Rehousing	\$0	\$0	\$800,000	\$20,000	\$800,000
Sanctioned Encampment	\$2,100,000	\$52,500	\$1,343,000	\$33,575	\$3,443,000
Bridge Housing Communities	\$2,925,000	\$73,125	\$1,343,000	\$33,575	\$4,268,000
Travel Trailer Micro Housing	\$2,380,000	\$59,500	\$1,343,000	\$33,575	\$3,723,000
Apartment Master Lease	\$0	\$0	\$1,664,000	\$41,600	\$1,664,000
Motel Leases	\$0	\$0	\$2,260,000	\$56,500	\$2,260,000
Container Housing	\$10,670,000	\$266,750	\$1,343,000	\$33,575	\$12,013,010
Permanent Supportive Housing ⁱ	\$43,010,843 ¹	\$122,375 ²	N/A	N/A	\$8,933,375 ³

**See note in Sanctioned Encampments section on cost variability*

While the BHC model falls in the middle range of cost, as a program it offers more stability and permanency as a housing model than safe parking or sanctioned encampments, but less amenities and support than master leasing, rapid rehousing, or container housing which place clients in potentially permanent homes. The primary benefit of BHC is the underlying AB 2176 legislation, which provides streamlining efficiencies with land use and regulatory issues and liability protection for the City and its operators.

To ensure a successful first year of the BHC pilot implementation, staff recommends adopting the Optimal Service Plan as proposed by HomeFirst, which will serve up to 40 newly housed residents. By selecting the second model, the BHC pilot will serve a greater number of residents while benefiting from an economy of scale. Once awarded and under agreement, the BHC developer and operator can move forward with planning and development. These efforts will include outreach to partner agencies to leverage resources in support of the BHCs. Pending the identification of funding, City staff and the BHC Collective will evaluate successes and potential areas of improvement after a year of operation. The group will assess the level of service and adjust accordingly as funding allows. As the BHC residents and staff becomes more self-sufficient, there may be a reduced need for security and supportive services.

¹ Total development cost is based on the average cost of the last three supportive housing developments funded by the City.

² The per unit subsidy cost is the amount the City subsidy only. The total average per unit cost is \$589,190.

³ The total amount needed is based on the average size of the three developments – 73 units multiplied by the average City subsidy cost of \$122,375. The actual amount needed would vary depending on the actual size of the development.

Proposed Community Outreach

As mentioned earlier, the Housing Department is in the process of identifying a professional facilitator to manage the community outreach process. The following plan will serve as the proposed framework for this outreach plan:

Site Specific Neighborhood Outreach

Once a prioritized list of potential sites has been established, the Housing Department will take the top potential sites and initiate CEQA reviews for each site. Concurrently, staff will conduct site specific meetings with focused outreach within adjacent neighborhoods. The goal of these meetings is to engage and inform the surrounding neighborhoods about homelessness and solicit community concerns and ideas around Bridge Housing in their neighborhoods. Staff will work closely with the City Council office and the facilitator to ensure that the outreach is broad and inclusive.

Meeting Format – The City will engage a professional, third-party facilitator to facilitate each meeting. The proposed meeting format will include:

- Broad overview of homelessness in San José and the region, available homeless services (City and County), affordable housing needs and strategies to address the needs of the unhoused population
- Overview of BHC concepts and BHC update
- Development partners will provide overview of BHC design, development, and operations and solicit feedback from the community
- Interactive activity to engage the community and solicit ideas, concerns and potential neighborhood challenges that will result in the creation of a neighborhood plan that includes BHC integration

Participants – City Council office, Housing Department staff, Neighborhood Residents, BHC Partners including Gensler, Habitat for Humanity, and HomeFirst.

Communication – 1) Housing Department constant contact email distribution - including bridge housing community contacts, community based organizations/service providers, homeless advocates, neighborhood contacts, and faith based organizations 2) coordination with impacted City Council offices 3) coordination with Neighborhood Leadership Groups 4) Neighborhood Associations

Ongoing Neighborhood Outreach

Once the final BHC site(s) is approved by the City Council, staff will work with neighborhood leaders in those neighborhoods to establish site specific BHC partnerships that will include neighborhood leaders, engaged residents, service providers, BHC developer and operator, BHC

residents and any other potential stakeholders. Staff will convene regular meetings during and after construction of the BHC to ensure cohesive integration into the neighborhoods.

Meeting Format – The City will conduct regular meetings at local community centers, libraries, or the BHC site. The proposed meeting topics will include:

- Coordinated participative activities that will include community’s visioning
- Discussion of ongoing neighborhood outreach
- Development of BHC Good Neighbor policies
- Coordinated communication
- Broader neighborhood needs and resources
- Neighborhood updates

Participants – City Council office, Housing Department staff, neighborhood leaders, engaged residents, Habitat for Humanity, HomeFirst, Service providers. Guests participant may include SJPD Crime Prevention, and other City departments.

Project Timelines

Included in this report is a detailed BHC project timeline (see **Attachment C**). The project timeline is divided into four key areas:

- Planning
- Pre-development
- Development
- Post Development

Based on the projected timeline, the BHC will take approximately 12 months to plan, develop and occupy once the BHC plan is approved by Council.

Next Steps

Given the unique nature of the project and the number of variables present, staff recommends moving forward with a pilot project. A pilot project of one year allows the City to assess annual operating costs, review potential impacts, and study the programmatic effectiveness. It also allows a small cohort of participants to test the livability of the newly designed sleeping cabins and ensure the structures are durable and meet the various needs of the residents and the surrounding community. Following this one-year pilot, staff would return to Council with the results and offer recommendations for next steps which could include expanding, maintaining, or terminating the program, pending the identification of funding.

To proceed with this course of action, staff recommends that Council accept the new scoring matrix and outreach plan. This will allow staff to narrow the search parameters and create a

ranked list of viable locations throughout the City. If approved, staff will then move forward with targeted outreach and full environmental evaluation of the top sites. Staff will then return to Council with final recommendations for locations, contracts for development and operations of the sites, acceptance of the final sleeping cabin designs from Gensler, and a declaration of a new Shelter Crisis under AB 2176, including the adoption of all building, health, and safety codes necessary to operate a BHC.

COST IMPLICATIONS

Staff has provided the range of options for developing and operating one or more BHC, as well as several potential alternative housing solutions. Currently, one-time funding of \$2,300,000 in the General Fund is budgeted to implement BHCs.

Once City Council has weighed the range of options and provides direction, staff will need to further evaluate the cost implications on the Housing Department budget. For example, the current estimated cost for development and operations of a 40 unit BHC (described in cost comparison table) is \$4,268,000 per community for the first year. The first year cost includes the annual costs of \$1,343,000 per year, for operations. With the one-time set-aside of \$2,300,000, there remains a funding gap of \$1,968,000 for the first year with an unfunded annual cost of \$1,343,000. If directed to develop more than one site, the unfunded cost would significantly increase as outlined below:

40 unit BHC	First-year development and operation costs	Current funding set-aside	First year cost gap	Annual ongoing operation funding cost after year one
One BHC	\$4,268,000	\$2,300,000	\$1,968,000	\$1,343,000
Two BHC	\$4,268,000	\$0	\$4,268,000	\$1,343,000
Three BHC	\$4,268,000	\$0	\$4,268,000	\$1,343,000
Total	12,804,000	\$2,300,000	\$10,504,000	\$4,029,000

Should the City Council direct the development to one or more 20 unit BHC, the gap would be slightly smaller.

20 unit BHC	First-year development and operation costs	Current funding set-aside	First year cost gap	Annual ongoing operation funding cost after year one
One BHC	\$2,963,000	\$2,300,000	\$663,000	\$1,152,000
Two BHC	\$2,963,000	\$0	\$2,963,000	\$1,152,000
Three BHC	\$2,963,000	\$0	\$2,963,000	\$1,152,000
Total	\$8,889,000	\$2,300,000	\$6,589,000	\$3,456,000

Potential funding sources include the General Fund and the Housing Authority Litigation Award (HALA) funds. In the General Fund, there is an ongoing allocation of \$4.0 million for Rapid Rehousing; however, this allocation was supported by HALA funds rather than the General Fund for both 2017-2018 and 2018-2019. The use of the Rapid Rehousing funds for this purpose would limit the other activities supported by this funding. The City Council may also direct the Housing Department to evaluate the use of one-time HALA funds to pay for BHC development and operations. Should the City Council choose to utilize HALA funds for development of BHC rather than its current identified use to develop Permanent Supportive Housing, City Council will need to weigh the benefits of providing this short-term housing solution against that of longer term permanent housing. The City could also pursue funding from the County to support BHCs.

EVALUATION AND FOLLOW-UP

If approved, a funding plan would need to be developed to implement BHCs at a specific location(s). In addition, the City Council would consider the adoption of a resolution expanding the existing shelter crisis declaration consistent with the requirements of AB 2176, and the adoption of an ordinance, containing local building, safety, and other standards required by AB 2176.

POLICY ALTERNATIVES

Alternative #1: *Reject staff plans and propose another use of existing funds for homeless services/housing*

Pros: Could provide more immediate support for existing, established programs and services. Could support alternative emergency housing that is less expensive than the BHC model.

Cons: Does not take advantage of new legislation to create new emergency housing, as allowed under AB 2176. Funding or support of alternative emergency housing types would still not address the regulatory barriers or supply and demand issues present with other options.

**Reason for not
Recommending:** Rejecting staff plans would fail to utilize a new legislative tool that helps to effectively mitigate barriers such as zoning, building code, and other land use issues that tend to impede the development of such projects. The BHC model provides the most direct path to creating new emergency housing for individuals in need of shelter and support.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 12, 2017 Council Meeting.

COORDINATION

Preparation of this report has been coordinated with the Office of the City Attorney and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

This report is returning directly to the City Council based on the August 29, 2017 Council action.

CEQA

Not a Project, File No. PP17-009, Staff Report.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Ray Bramson, Acting Deputy Director, at (408) 535-8234.

Attachment A: Unranked Site List [revised 12/8/17]
Attachment B: Sample BHC Site Scoring Matrix
Attachment C: Proposed BHC Project Timeline

Attachment A - Unranked Site List

Address/Location	APN	Acreage	Council District
Water District Site List			
Upper Pen U/S of Highway 280, San Jose (Portion of APN)	254-29-023	3.3	4
The Los Capitancillos Meadow, San Jose	567-25-006	32	10
Almaden Valley Pipeline at Single Tree Way, San Jose	567-28-005	3.25	10
Almaden Valley Pipeline at Single Tree Way, San Jose	567-30-016	3.09	9
Along Almaden Expressway, N of Branham Lane, San Jose	459-01-021	1.77	9
Along Almaden Expressway, N of Branham Lane, San Jose	459-01-004	0.47	9
Along Almaden Expressway, N of Branham Lane, San Jose	459-02-001	0.74	9
Coyote Alamitos Canal off Galen Dr., San Jose	689-61-001	7.3	2
Coyote Alamitos Canal off Santa Teresa., San Jose	708-21-014	10.81	2
Corner of Pleasant Acres Dr. & Klein Rd., San Jose	652-03-020	10.63	Unincorporated
Between Venus Dr. and Terra Brava Pl., San Jose	676-04-047 (052, 016)	2.37	8
Corner of Shortridge and Sunset Ave., San Jose	481-19-017	0.26	5
VTA Site List			
Communications Hill	455-19-126,128,153	0.23	7
VTA Construction Staging/Storage Areas	254-03-016	1.23	3
VTA Construction Staging/Storage Areas	254-01-034	3.97	3
Delmas Avenue	259-46-118, 11 9,120,121	0.06	3
Caltrans			
SCL 87 @ Airport Parkway	N/A	2.5	3
SCL 101 @ Hellyer Ave. (North)	N/A	3	2
SCL 101 @ Oakland Road	N/A	1.5	3
SCL 101 @ Bernal Road	N/A	10	2
SCL 237 @ Gold Street	N/A	0.8	4

Address/Location	APN	Acreage	Council District
SCL 280/680/101 - SW Quadrant	N/A	2	7
SCL 280/87 - FLA 04-SCL-280-01	N/A	2.5	3
SCL 880 @ Race Street - North Side	N/A	1	6
City of San Jose			
S/s Williams Rd, approx. 350' E of Moorpark	381-19-025	0.57	1
NE corner Quito & Westmont	403-38-001	0.33	1
Former Westmont ROW btwn Westmont & Halifax	N/A	0.31	1
N/s Silver Creek Valley Rd opp. Piercy Rd	679-02-013	0.68	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-056	0.25	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-049	1.51	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-047	2.93	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-044	0.92	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-036	5.26	2
W/s Hellyer Ave, Nly of Silicon Valley Blvd	678-08-033	1.97	2
E/s Monterey, N/s Bernal (inside ramp loop)	678-03-036	2.57	2
Basking Ridge Av	678-02-035	31.99	2
Dove Hill Rd at Deans Place Wy, SE corner	676-81-005	0.34	2
E/s Monterey Rd between Kirby and Burnett Aves	725-01-023	72.73	2
Reed St, E, btwn 3rd St, S, & 4th St, S	472-27-106	0.24	3
Almaden Road, 1527	434-26-037	1.80	3
Woz Wy	265-25-126	0.83	3
Fuller Av, N side, btwn Bird Av & Delmas Av	264-41-087	0.54	3
Bird Av at Fuller Av, NE corner	264-41-066	0.17	3
Woz Wy	264-26-100	0.32	3
Woz Wy	264-25-128	0.33	3
Woz Wy	264-25-127	0.39	3
Santa Teresa St at Carlisle St, NE corner	259-35-026	0.15	3
Julian St, W, S side, E of Autumn St, N	259-29-098	0.15	3
Coleman at Guadalupe River	259-22-062	0.25	3

Address/Location	APN	Acreage	Council District
Clayton Av, S side, E of 87 Fwy/Guadalupe Py	259-22-029	0.03	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-08-102	4.30	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-08-098	3.67	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-07-113	5.23	3
E/s Guadalupe Fwy frontage road, N/s Taylor St	259-06-067	1.09	3
Guadalupe frontage road	259-06-065	0.80	3
Old San Pedro Street at Mission	259-05-078	0.28	3
San Pedro St at Taylor St, NE corner	259-05-048	0.09	3
87 Fwy/Guadalupe Py at Mission St, W, SE corner	259-04-019	0.65	3
Guadalupe frontage road	259-04-007	0.58	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-03-141	3.29	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-03-142	5.23	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-03-136	6.03	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-03-035	0.66	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-02-131	3.19	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-02-130	3.67	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-02-129	1.64	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-02-128	3.67	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	259-02-115	1.84	3
Nly terminus of West Court	249-65-102	0.24	3
6th St, N, W side, btwn Empire St, E & Washington St	249-47-018	0.10	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-39-133	3.28	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-39-129	3.67	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-39-124	3.67	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-38-111	1.92	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-38-092	0.43	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-28-080	2.85	3
Bounded by Rte 880, Rte 87, Taylor & Coleman	230-38-076	0.42	3
Sherwood Av, SW side, at intersection with Hamline St	230-21-078	0.01	3

Address/Location	APN	Acreage	Council District
Noble Av, 14630	595-31-001	3.80	4
S/s Noble Av, 100' E of Mira Vista	595-24-055	1.70	4
Sierra Rd at Lundy Av, NW corner	245-27-021	0.06	4
Fallingtree Dr, W side, btwn Flickinger Av & Olive Tree Dr	244-03-001	0.05	4
S/s Grand Blvd btwn Archer St & Disk Dr	015-44-013	6.42	4
SE corner Grand Blvd & Trinity Park Dr	015-43-023	0.40	4
SW corner Grand Blvd & Trinity Park Dr.	015-43-022	0.28	4
Grand Bl, E side, N of Los Esteros Rd	015-30-070	4.26	4
Hwy 237, N of, E of Artesian Slough	015-30-061	10.43	4
Los Esteros Rd, N side, E of Grand Bl	015-30-058	3.16	4
Essex St at State St, SW Corner	015-12-032	0.07	4
State St at Essex St, NE Corner	015-11-006	0.07	4
N/s Story Rd, 800' W of King (on Knox Ave)	481-39-013	1.50	5
Saron Av, W side, btwn Sunset Ct & Lausett Av	481-21-114	0.01	5
Evans Ln, E side, btwn Almaden Rd & Almaden Ex	455-31-055	0.94	6
Evans Ln, E side, btwn Almaden Rd & Almaden Ex	455-31-053	4.99	6
Almaden Av at Alma Av, W, SW corner	434-11-034	0.35	6
Fuller Ave	264-48-119	0.02	6
Bird Av at Atlanta Av, SE corner	264-46-179	0.08	6
Bird Av, W side, btwn Fuller St & West Virginia St	264-43-078	0.67	6
Auzerais Av at Hannah St, SW Corner	264-42-001	0.14	6
San Carlos St, W, S side, W of Royal Av	264-15-022	0.03	6
Auzerais	264-11-109	2.25	6
San Carlos St, W, N side, W of Montgomery St	261-37-030	0.12	6
Park Av, 460	259-46-097	0.28	6
NW corner Tuers Rd & Capitol Expwy	499-35-001	1.38	7
Wool Creek Dr	477-20-161	12.99	7
W/s Roberts Ave opp. Vintage Way	477-12-003	10.00	7
Story Rd, N of Senter	472-12-073	0.38	7

Address/Location	APN	Acreage	Council District
Story Rd, N of, W of Remillard Ct	472-11-081	5.73	7
Story Rd, N side, btwn Remillard Ct & Union Pacific Railroad	472-11-062	10.65	7
Story Rd, N of, W of Remillard Ct	472-11-055	2.04	7
Story Rd, N of, W of Remillard Ct	472-11-054	17.09	7
Story Rd, N side, W of Union Pacific Railroad	472-11-009	12.97	7
Story Rd, N side, W of Remillard Ct	472-11-003	5.41	7
SE/s Yerba Buena Rd opp. Chisin St.	679-14-003	9.00	8
NE cor San Felipe Rd & Early Morning Lane	660-49-031	2.51	8
E/s Running Springs Rd opp. Hawk Crest Circle	660-49-005	4.03	8
NW corner Running Springs Rd & Grand Oak Way	660-46-016	2.36	8
N/s Running Springs Rd opp. Skywalker Dr.	660-36-001	3.95	8
Etruscan Dr at Alessandro Dr, NW corner	659-48-112	0.07	8
Aborn Rd at Alessandro Dr, SE corner	659-48-111	0.14	8
Aborn Rd at Alessandro Dr, SW corner	659-48-085	0.10	8
W/s Thousand Oaks Dr. opp. 1,000 Oaks Park	459-13-024	1.86	9
Excess Branham Lane ROW, Wly of Monterey Rd	N/A	1.55	10
NE cor Almaden Expwy & Coleman Ave	694-02-002	1.61	10
E/s Falcon Knoll Ct. & Falcon Ridge Ct.	583-69-001	18.80	10

Attachment B

Sample BHC Site Scoring Matrix

Document Objective: the scoring charts below are intended to guide the scoring/prioritization process for the BHC sites. Each site will be scored/prioritized using this document.

Step #1 Directions: Screen for minimum criteria, as defined by Council. A site will only advance to Step #2 screening if it meets the minimum criteria.

Step # 2 Directions: Score and rank all remaining sites.

Step #1: Minimum Criteria Evaluation

Minimum Criteria	Meets Minimum Criteria	Notes
A vacant or minimally developed site of at least 0.50 acres, OR A 10,000 SQ FT building, plus a dumpster enclosure and parking for 16 vehicles	(Y/N)	
Access to Water	(Y/N)	
Access to Sewage	(Y/N)	
Access to Electricity	(Y/N)	

Step #2: Score and Ranking (maximum score: 62)

Adjacent Use Buffers	Distance	Score
Proximity to Schools (PreK-12)	.25 miles or more	(0-10)
Proximity to Residential	.10 miles or more	(0-10)
Site Readiness	Site Mitigations	Score
Land Ownership – Private (0), Partner (5), City (10)	N/A	(0-5-10)
Site Preparation – Heavy (0), Moderate (5), Minimal (10)	Grading / Tree Cutting / Water Mitigation	(0-5-10)
Lot size -- .50 (1) 1.0 (2) 1.5 (3) 2.0 (4) 2.5 + (5)	N/A	(0-5)
Environmental Constraints	Comments	Score
Severe (0), Moderate (5), Minimal (10)		(0-5-10)
Accessibility to Services/Necessities	Distance	Score
Proximity to a Grocery Store	2 miles or less	(0-5)
Proximity to Transit	½ a mile from transit access	(0-2)

Total Score:

Narrative:

Attachment C – Proposed BHC Project Timeline Based on Staff Recommendation

BHC Project Timeline			
Task	Description	Start	Complete
Project Planning			
Site direction	Seek City Council direction on site selection and prioritization criteria and general siting		December 12, 2017
January 2018			
Develop ESC Building Code	Housing Department staff and Gensler to work with PBCE to develop ESC specific Building Code and BHC Ordinance	Early Winter	Spring
Site identification	Identify and rank BHC sites based on Council direction	Early Winter	Early Winter
Site specific outreach	Begin site specific outreach for potential sites	Early Winter	Ongoing
CEQA	1) Engage environmental consultant to perform EA for each site identified 2) Coordinate with PBCE to complete review and issue CEQA certifications	Early Winter	Early Summer
Pre-development agreement	Obtain City Council Approval	Late Winter	Late Winter
Pre-development			
Build prototype ESC	Developer to build prototype based on conceptual designs	Early Summer	Early Summer
Return to City Council	1) Adopt ESC specific Building Code and BHC Standards Ordinance 2) Adopt Shelter Crisis 3) Approval of BHC funding Commitment 4) Approval and execution of BHC developer and site operator agreements		Late Summer
Development			
Order pre-manufactured community buildings	Assumes at least two (2) manufactured units for bathroom/shower and community rooms	Late Summer	Early Winter
Site prep	1) Utilities 2) Drainage and Grading 3) On-site utility connections 4) Site security	Late Summer	Early Fall
Off-site assembly of ESC	Developer will construct ESC off-site	Late Summer	Late Fall
On-site construction	1) Delivery and installation of ESC 2) Modification of community buildings 3) Landscaping	Late Fall	Early Winter
Post Development			
Tenant referral	Begin County Coordinated Assessment during on-site construction	Late Fall	Early Winter
Occupancy	Includes site operator coordination of furniture, equipment, etc. & Tenant move-in	Early Winter	January 2019
Total Development Timeline		January 2019	
Council Update	Staff will provide an informational report back to Council one (1) year after first site opening		