



Memorandum

TO: RULES & OPEN
GOVERNMENT
COMMITTEE

FROM: Mayor Sam Liccardo
Councilmember Raul Peralez
Councilmember Sergio Jimenez
Councilmember Pam Foley
Councilmember Matt Mahan

SUBJECT: SEE BELOW

DATE: September 22, 2021

**Submitted electronically*

APPROVED:

DATE:

Sam Liccardo *Sergio Jimenez* *Pam Foley* *Matt Mahan*
September 22, 2021

SUBJECT: COMPASSIONATE SAN JOSÉ – BOLD HOUSING SOLUTIONS

RECOMMENDATIONS:

1. To meet the goal of the [Community Plan to End Homelessness](#) to double shelter capacity to by 2025, have 1,000 pandemic-era emergency interim housing community (EIHC) units and 300 Homekey motel units under construction or completed by December 2022—including those recently completed—to accelerate our response to our homelessness crisis. This work should include the following tasks necessary to achieve rapid acceleration of our efforts:
 - a. Identify the requisite amount of Homekey, ARPA, HHAP, or other eligible public funding for an additional six EIHCs in every Council District not currently hosting an EIHC or Bridge Housing Community (BHC), and work with the Mayor’s Office to identify additional philanthropic support;
 - 1) A single slate of six sites shall be approved at a single Council meeting, no later than June 2022, in a single “up or down” vote on the entire slate. Sites that are ready before June 2022 can be voted on and approved by Council at an earlier date.
 - 2) Site selection will occur collaboratively with the participation of every councilmember and the community, but ultimate decision-making will remain the domain of the entire Council.
 - 3) Any alternative sites suggested by any councilmember must be deemed feasible for near-term housing development by the City Manager prior to qualifying for Council consideration.

- 4) At least one location shall provide homes for unhoused individuals in employment or training programs, such as SJ Bridge and the Conservation Corps, and at least one location shall provide a home for women and children who have endured domestic violence, with appropriate discretion. Resolve all legal and regulatory issues to enable this.
- b. Discuss with the County of Santa Clara their willingness to begin to provide basic mental health and addiction treatment services for EIHCs for a specified duration, so that one-time City resources can be better focused on expanding our inventory of units;
- c. Densify existing sites with the space and non-profit capacity to accommodate additional tenants, such as the existing EIHC at Rue Ferrari, prioritizing unhoused residents in the immediate vicinity;
- d. Make any modifications to City building code necessary to safely enable multi-story EIHC development;
- e. Resolve all legal and regulatory issues to enable the City to prioritize EIHCs for unhoused residents in the immediate neighborhoods to ensure that local neighborhoods directly benefit from the presence of EIHCs;
- f. Direct Public Works and Housing staff to work with Caltrans staff, Mayor's Office staff, and philanthropic partners such as Sand Hill Properties, in our joint exploration of creative use of Caltrans-owned land around and under freeway intersections and exits for construction of safe, dignified housing on low-cost land prioritizing districts who have not identified a site;
- g. Improve the financial sustainability of EIHC and BHC operational budgets by identifying opportunities for (a) cost efficiencies, (b) partnering with the Santa Clara County Housing Authority to explore program alignment for funding to offset the annual operational cost of these communities, (c) employing work-ready EIHC residents to perform tasks otherwise paid for through contracted companies, such as security, maintenance, shuttle driving, and management;
- h. Explore funding opportunities, including any savings identified in the above work on cost efficiencies in the operations budget, for an "enhanced services" program for the surrounding neighborhoods who host EIHCs and BHCs, as outlined in Councilmember Jimenez's 2020 memo that was previously approved by Council;
- i. Work with Comcast and other telecommunication partners to include access to internet connectivity on the sites, leveraging the efforts and resources of the Mayor's Office of Technology and Information (MOTI);
- j. Explore incentives for private land owners with underutilized surface parking lots willing to host an EIHC, which may include negotiated ground lease revenue, waived

- fees on the development of the EIHC, or waived parking requirements on their future redevelopment project.
2. In response to the Biden Administration’s plea for leading cities to identify clear goals for addressing homelessness by December 2022 of (a) “the number of people experiencing homelessness to be placed into stable housing,” and (b) “the number of new units of ...housing serving people experiencing homelessness to be added to the development pipeline,” by 2022, report the following specific goals for the next 16 months:
 - a. **Rehousing: Housing 1,500 San Jose residents by December 31, 2022**

This goal reflects the funding capacity we have estimated for housing individuals with the assistance of San Jose Emergency Housing Vouchers (369), anticipated County Emergency Housing Vouchers allocated for San Jose residents (455), Rapid-Rehousing slots (300), and units of completed PSH housing (200), and if HUD allows consideration of new completed EIHC housing (300+).
 - b. **Homeless-Serving New Units: Providing a total of 2,300 new permanent and transitional units serving homeless individuals that will be under development or construction by December 31, 2022.**

This goal reflects the approximately 1,384 units we believe can emerge from new permanent supportive projects funded by the City and County, 239 units from two hotels for which we are submitting Project Homekey applications, and 683 units from EIHCs that will be in the pipeline.
 3. Continue to partner with Councilmember Jimenez to temporarily locate a “safe parking” RV site at or near the future police training facility in his district. Determine how a registry or other mechanism could help ensure that the facility will provide primary priority to serve Council District 2 residents, rather than merely attracting RVs from other communities unwilling to serve RV residents in their area.
 4. To facilitate the identification and implementation of drug treatment options, explore with the County of Santa Clara the creation of a detention facility for individuals arrested for minor criminal offenses—such as disturbing the police, simple assault, public indecency, or vandalism—where the person:
 - a. is under the influence of methamphetamine or another stimulant or psychoactive substance at the time of their arrest;
 - b. poses a safety or crime risk that makes the person inappropriate for voluntary detention in the County’s Mission Street Recovery Center/ Sobering Center;
 - c. is kept a sufficient duration to enable the individual to become free of the influence of the substance prior to release, within the duration proscribed by the courts and the Due Process Clause; and
 - d. is provided information about treatment options.

Potential sites for such a facility might include either of the existing jails or Mission Street Recovery Center/ Sobering Center, among others.

5. Direct City Staff to outreach to County staff to coordinate on joint efforts to:
 - a. provide drug treatment, mental health, and related services at EIHCs, described *supra*;
 - b. identify and lease sites under County control for future development of EIHCs;
 - c. create a drug detention facility, as described *supra*

Background

We have a unique opportunity amid this pandemic—with new sources of federal and state funding, clear alignment articulated through the [Community Plan to End Homelessness](#) among the City, Housing Authority, County, and community partners led by Destination:Home, and new innovations in housing construction and development—to get traction on the most intractable of problems in our community: homelessness.

We can start by accelerating our work on what's working: The development of prefabricated emergency and transitional communities that we piloted for the first time in the earliest days of the pandemic.

When Mayor Liccardo and then-City Manager Dave Sykes convened key city staff to launch the first three EIHCs, we confirmed what we long suspected. Housing could be built much faster, and more cost-effectively, with the appropriate quality and privacy for residents to ensure a safe, dignified place to live. Our first three pilot EIHCs have been constructed in months rather than years, at a fraction (about \$110,000 per unit) of the standard \$750,000 cost per unit, providing private bedrooms and bathrooms to recently unhoused residents with communal kitchens and other facilities. The philanthropic community has responded strongly to Mayor Liccardo's requests for their participation, with generous contributors such as Peter & Susanna Pau, John & Sue Sobrato, and Destination:Home providing more than \$15 million so far for three of the five EIHCs under development. Thanks to Jim Ortbal, Jacky Morales Ferrand, Matt Cano, and James Stagi, and many others for their remarkable work in "proving out" this innovative approach to housing, and for their responsiveness to our call in March 2020.

Our [Community Plan to End Homelessness](#) calls for the doubling of our transitional and shelter capacity countywide, from 1,882 to 3,764 units. We have good reason to believe that the 1,000 units contemplated by this plan—of which 317 have been built already and are nearly fully occupied—can serve as both transitional, and if necessary, permanent housing. Beyond the completion of 397 units of transitional housing (adding 80 BHC beds to the EIHC projects), we have no clear pathway to reaching our collective goal—hence the need for this initiative.

As directed since 2017, the development of these sites should be equally distributed between all ten council districts, with each council district housing a least one. Homelessness is felt in every single one of our districts. Staff should prioritize council districts that have not yet housed an EIHC or BHC.

Currently, the City has footed the bill for the construction of these units and the provision of services in these EIHC communities, relying on increasing HHAP funding allocations that the Big City Mayors have endeavored to secure from the State of California. Since the County and

the regional CoCs also benefit from that same HHAP funding, there should emerge opportunities for real partnership from that and other sources.

RV Safe Parking

We applaud Councilmember Sergio Jimenez for his efforts working with City Staff to host a safe RV parking site at or near the future site of the police training facility. Just a year and a half ago, the Councilmember faced extreme community resistance to two EIHC sites in District 2 and we support him now in his efforts to host another housing solution in his district.

Methamphetamine Use and Addiction

The scourge of methamphetamine has afflicted neighborhoods in San Jose and throughout the West Coast, and too many residents in encampments suffer from high levels of methamphetamine addiction. Long term use of methamphetamine has been shown to induce psychosis and permanent brain injury, trapping users in a downward spiral of self-destruction and despair. Our residents share their fears and frustration of many 911 calls to report behavior ranging from merely erratic to threatening and violent. Small business owners and industrial employers routinely complain of broken windows, threats, and unsafe environments that have caused employees to quit.

In response, our police officers express frustration that they have no options in responding to reduce the risks posed by those under the influence. Mental health care workers cannot (and will not) respond violent and criminal behavior safely without the police. “Zero-bail” and other policies at the jail seeking to reduce jail populations prevent any detention for minor crimes. There is nowhere near the detoxification and inpatient treatment capacity needed to address the crisis of addiction in our community, as the number of treatment beds in Santa Clara County pales dramatically in comparison to other counties. Finally, Mission Street Sobering Center serves only those who voluntarily agree to stay. This “hamster wheel” of arrest and immediate release of individuals under the influence of methamphetamine does nothing to help the addict, and results in very high levels of recidivism that torments our lowest-income communities.

At the very minimum, we need a detention facility where a methamphetamine-addicted individual who has committed criminal activity can be off the street, unable to hurt themselves and others, and given access to addiction treatment resources. Of course, we need far more: specifically, a dramatic expansion of the existing drug treatment infrastructure of detoxification centers, inpatient beds, and outpatient services. We could also use a criminal justice system better aligned to reduce the harms of methamphetamine addiction, as Honolulu has long provided a promising model for reducing addiction and recidivism through its Project Hope, but it requires broad consensus among the County, local judges, and District Attorney. The City has no control, funding, or authority over behavioral health, drug treatment, or criminal justice systems, but our lead role in law enforcement can at least provide an inroad for a partnership to get addicted residents off the streets safely. We hope this can be the start of larger conversations about more comprehensive solutions that are desperately needed.

The Longer View

In the first five years (2015-2020) of the Community Plan, we together were able to house 17,000 now formerly unhoused residents in permanent housing. For every person permanently

housed, however, two more people fell into homelessness or needed assistance. We have much work to do to accelerate our efforts.

Over the next five years, we will do more. The concrete targets that our countywide partners have established through our collaboration sets ambitious goals by 2025:

1. House 20,000 people through the supportive housing system
2. Expand the Homelessness Prevention System and other early interventions to serve 2,500 people per year
3. Double temporary housing and shelter capacity to reduce the number of people sleeping outside
4. Achieve a 30% reduction in annual inflow of people becoming homeless

We have already gotten off to a good start despite the pandemic. Since January 2020, our collective efforts with the County, Housing Authority, Destination:Home, and constellation of partner non-profits have rehoused nearly 4,900 homeless residents.

We need to continue and accelerate this momentum in the year ahead. We seek formal Council authorization to declare that we are all-in, and clear direction for Staff, to better confront the single greatest challenge facing our City.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.