



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: October 6, 2025

Approved

Date:

10/17/25

COUNCIL DISTRICT: 6

**SUBJECT: Grant Agreement with WeHOPE for Operations at the Arena Hotel
Interim Housing Program**

RECOMMENDATION

Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute a grant agreement with WeHOPE for the oversight and provision of services at the Arena Hotel in an amount not to exceed \$2,700,000, retroactive from October 1, 2025, through June 30, 2026.

SUMMARY AND OUTCOME

Approval of the recommendation will authorize the Housing Director, or his designee, to enter into a grant agreement with WeHOPE, to provide continuity of interim housing and supportive services at the Arena Hotel, located at 817 The Alameda, San José, for unsheltered individuals experiencing homelessness. This operator transition represents the first step in an intentional repositioning of the Arena Hotel, with future opportunities for a new redevelopment partner, subsidy layering through investments from the Santa Clara County Housing Authority for operations totaling \$2.1 million annually for three years, and supporting a thoughtful approach to neighborhood integration. Together, these actions are designed to enhance compatibility between the neighborhood and program participants while reinforcing the City of San José's (City) enduring commitment to delivering high-quality sheltering options for San José's most vulnerable community members.

BACKGROUND

On June 21, 2022, the City Council adopted Resolution No. 80599 authorizing the City to appropriate \$4,994,000 from the State of California Project Homekey funds and \$12,915,258 in City Measure E funds to operate the Arena Hotel as an 89-unit interim emergency shelter for people experiencing homelessness for the first seven years.

On June 1, 2023, the City executed a grant agreement with the development entity Urban Housing Communities (also known as Blieu Companies, Inc.) to operate the Arena Hotel, later amended in December 2023 and August 2024. Urban Housing Communities subcontracted with HomeFirst Services of Santa Clara County, Hyder Property Management Professionals, and Code 4 Private Security for supportive services, property management, and security, respectively. The City terminated the agreement with Urban Housing Communities.

Following the City Council's extension of the Shelter Crisis Act Declaration on June 17, 2025, the Housing Department issued a Request for Proposal to identify qualified and experienced operators to manage the City's interim housing sites and provide supportive services to individuals and families experiencing homelessness. The solicitation sought to ensure that sites are operated safely, efficiently, and in a service-enriched manner to support participants' successful transition into permanent housing.

ANALYSIS

WeHOPE submitted a proposal and was deemed eligible and qualified. The determination was based on its extensive experience in delivering case management and essential needs services for households experiencing homelessness throughout the Bay Area and Los Angeles region. In addition, WeHOPE currently has contracts with the City for the Berryessa Safe Parking Program and the Dignity on Wheels initiative that provides showering and laundry services. A Notice of Intent to Award was issued to WeHOPE on August 28, 2025.

WeHOPE will succeed Urban Housing Communities and administer operations to ensure uninterrupted service delivery by providing social services and meals for program participants, property and asset management, and on-site security, either directly or through subcontracts.

The proposed delegation of authority will allow for the timely execution of an agreement necessary to preserve continuous operations at the Arena Hotel by providing shelter and services to unhoused residents. This award is part of a broader effort to reposition the property through improved operations, funding support from the Santa Clara County Housing Authority, and the creation of a clear redevelopment plan that supports the surrounding community. Consistent with City contracting requirements, the Housing

Director, or his designee, will ensure that all agreements comply with fiscal, legal, and programmatic standards established by the City Council.

EVALUATION AND FOLLOW-UP

The Housing Department's Grant Management team will monitor WeHOPE's performance quarterly per City protocols. Updates regarding program outcomes and financial accountability would be incorporated into the City's Consolidated Homelessness Annual Report, which is presented to City Council each fall.

COST SUMMARY/IMPLICATIONS

The actions recommended in this memorandum allow for the execution of an agreement with WeHOPE in the amount of \$2.7 million for the continued operation of the Arena Hotel through June 30, 2026, using resources budgeted in the Real Property Transfer Tax Fund (Fund 404) to support interim housing operations of Project HomeKey sites.

The Santa Clara County Housing Authority has also approved an operating subsidy of up to \$2.1 million for an initial one-year term, effective January 1, 2026, with an option to extend two more years, for Section 8 project-based voucher holders residing at the Arena Hotel. Staff will bring forward a City Council memorandum to negotiate and execute an agreement with the Santa Clara County Housing Authority to receive this funding. Once approved, these new funds will be included as part of a future budget process to partially offset City costs.

The Arena Hotel operations costs for future years are subject to appropriation and will be included as part of the annual budget development process.

BUDGET REFERENCE

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2026 Proposed Operating Budget Page *	Last Budget Action (Date, Ord. No)
404	224R	Measure E - Project Homekey 2.0 (40% ELI)	\$5,920,073	\$2,700,000	933	6/17/2025, 31230

** The 2025-2026 Adopted Operating Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.*

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 28, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with any funding sources or contracts in the staff's recommended action in this memorandum.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
Erik L. Soliván
Housing Director

The principal author of this memorandum is Kevin Sharps, Development Officer, Housing Department. For questions, please contact Kevin Sharps at (408) 534-2935 or Cupid Alexander, Deputy Director, Housing Department, at cupid.alexander@sanjoseca.gov.