



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván  
Jim Shannon

**SUBJECT:** See Below

**DATE:** November 24, 2025

Approved

Date:

12/4/25

**COUNCIL DISTRICTS: 2, 3, 6, 7, 10**

**SUBJECT: Actions Related to Grant Agreements for Multiple Emergency Interim Housing Program Sites**

## **RECOMMENDATION**

(a) Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute Emergency Interim Housing program grant agreements with the following nonprofit service providers:

(1) HomeFirst Services of Santa Clara County for the following Emergency Interim Housing sites:

- (i) Felipe in an amount not to exceed \$1,248,122 from January 1, 2026 through June 30, 2026;
- (ii) Mabury in an amount not to exceed \$1,227,854 from January 1, 2026 through June 30, 2026;
- (iii) Monterey/Bernal in an amount not to exceed \$1,719,027 from January 1, 2026 through June 30, 2026;
- (iv) Rue Ferrari in an amount not to exceed \$3,887,180 from January 1, 2026 through June 30, 2026; and
- (v) Via del Oro in an amount not to exceed \$2,749,804 from January 1, 2026 through June 30, 2026.

(2) LifeMoves for the Guadalupe Emergency Interim Housing site in an amount not to exceed \$1,384,900 from January 1, 2026 through June 30, 2026; and

(3) PATH for the Evans Lane Emergency Interim Housing site in an amount not to exceed \$2,016,404 from January 1, 2026 through June 30, 2026.

(b) Adopt a resolution authorizing the City Manager, or her designee, to accept the contribution of \$3,000,000 from HCA Healthcare / Good Samaritan to fund operations for the Cherry Emergency Interim Housing site and affordable housing projects, and to negotiate and execute related documents to receive grant funds without requiring further City Council action.

- (c) Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute an amendment to the current grant agreement with HomeFirst Services of Santa Clara County to replace Measure E Funding with the new HCA Healthcare / Good Samaritan funds, in an amount not to exceed \$2,000,000, to provide supporting services, 24/7 site operations, and asset management at the Cherry Emergency Interim Housing site in Fiscal Year 2025-2026.
- (d) Adopt the following Appropriation Ordinance amendments in the Real Property Transfer Tax Fund:
  - (1) Decrease the Measure E – 15% Homeless Support Programs Reserve by \$3,926,546; and
  - (2) Increase the Interim Housing Construction and Operations (15% HSP) appropriation to the Housing Department by \$3,926,546.
- (e) Adopt the following Appropriation Ordinance amendments in the General Fund:
  - (1) Decrease the Interim Housing – Rue Ferrari Expansion Capital Improvements appropriation to the Public Works Department by \$1,200,000; and
  - (2) Increase the Interim Housing Construction and Operation City-Wide Expenses appropriation to the Housing Department by \$1,200,000.
- (f) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund:
  - (1) Establish an estimate for Revenue from Local Agencies in the amount of \$3,000,000; and
  - (2) Establish the HCA Healthcare / Good Sam appropriation to the Housing Department in the amount of \$3,000,000.

## **SUMMARY AND OUTCOME**

The Housing Department recommends delegating authority to the Housing Director, or his designee, to negotiate and execute seven grant agreements totaling \$14,233,291 of state and local funds to maintain the continuity of site operations at seven Emergency Interim Housing (EIH) program sites, beginning January 1, 2026 through June 30, 2026. This action also seeks retroactive approval for grant agreements with a term start date of January 1, 2026, to allow execution of the grant agreements after that date and minimize any service disruptions.

Table 1 below outlines a cost summary of the seven EIH sites discussed in this memorandum.

**Table 1 – Cost Summary of EIH Sites**

Service Provider	Site Name / Address	Units	Funding Investment*	Cost Per Unit
<b>HomeFirst Services of Santa Clara County</b>	<b>Felipe</b> 928 Felipe Ave.	39	\$1,248,122	\$32,003
	<b>Mabury</b> 1410 Mabury Rd.	38	\$1,227,854	\$32,312
	<b>Monterey/Bernal</b> 6066 Monterey Rd.	78	\$1,719,027	\$22,039
	<b>Rue Ferrari</b> 5898 Rue Ferrari	190	\$3,887,180	\$20,459
	<b>Via del Oro</b> 6370 San Ignacio	135	\$2,749,804	\$20,369
<b>LifeMoves</b>	<b>Guadalupe</b> 702 Guadalupe Pkwy	96	\$1,384,900	\$14,426
<b>PATH</b>	<b>Evans Lane</b> 2078 Evans Lane	48	\$2,016,404	\$42,008

*\*Note: All seven recommended EIH grant agreements are for the term beginning January 1, 2026 through June 30, 2026.*

## **BACKGROUND**

The City of San José (City) invests in a broad portfolio of programs to support individuals experiencing homelessness, including various interim housing sites, all aligned with the City's goal of achieving functional zero for homelessness.

Table 2 provides a summary of the City's interim housing sites, categorized by type, and denotes which sites are proposed for new grant agreements in this memorandum.

**Table 2 – Overview of Interim Housing Portfolio**

Interim Housing Site Type	Site Name
<b>EIH</b>	Felipe*
	Mabury*
	Monterey/Bernal*
	Rue Ferrari*
	Via del Oro*
	Guadalupe*
	Evans Lane*
	Branham
	Cerone
	Cherry
<b>Motel Program</b>	Alura
	Arena
	Bristol
	Casa Linda
	First Street
	Fontaine
	Motel 6
	Pacific Motor Inn
	Pavilion
	Plaza
<b>Safe Parking</b>	Berryessa
	Santa Teresa
<b>Navigation Hub</b>	Taylor Street

*\*Note: Denotes sites with new grant agreements recommended in this memorandum.*

Of all the sites listed above in Table 2, the Cherry and Cerone EIH sites are not yet complete; estimated completion dates are tentatively scheduled for December 2025. Once these two EIH sites become operational, the City will have a total of 1,840 units with a capacity of 2,151 beds.

The Housing Department has conducted a comprehensive cost analysis of all interim housing projects and implemented cost reductions at multiple EIH sites to maximize operational efficiency. Staff have been working closely with City partners to centralize the purchasing of meal provisions, site security, and property and asset management services. This centralization aims to maximize economies of scale, reduce costs, ensure consistent service delivery, and allow partners to focus on delivering supportive services to EIH program participants.

Once the procurement selection of standardized operators is complete, the City will assume responsibility for providing meal services, site security, and property and asset

management services at all EIH sites, eliminating the need for site operators to manage these services directly.

## **ANALYSIS**

On May 15, 2025, the Housing Department released a Request for Proposal for supportive services providers. The Request for Proposal invited qualified operators to submit bids to operate the City's current EIH sites. Each incumbent operator submitted a proposal and was selected to continue operating their respective sites. The selected operators are responsible for day-to-day operations to ensure a service-enriched environment that supports program participants working toward permanent housing.

The EIH facilities include clean and well-maintained restrooms and shower areas, on-site laundry buildings, and designated dog parks to accommodate program participants' pets. There is also on-site parking, ensuring convenient access for residents who own vehicles. To support the nutritional needs of program participants, the sites are also equipped with meal preparation areas and communal dining rooms where individuals can gather and share meals in a welcoming setting. Service provider staff are available on-site as part of standard operations to offer case management and other supportive services, helping residents transition toward more permanent housing solutions. Together, these amenities and services foster a sense of community and stability for individuals experiencing homelessness in San José.

City staff are continuing progress towards centralizing contracts related to meal provisions, site security, and property and asset management services. Until these centralized contracts are finalized, the grant agreements with all site operators will include flexible language that will enable the City to activate master contracted services, including meal provisions, site security, and property and asset management services, upon completion after identifying if cost savings are achieved.

Table 3 outlines key performance measures for the seven EIH sites currently in operation.

**Table 3 – Key Performance Measures of EIH Sites**

Service Provider	EIH Site	Units	Exits to Permanent Housing Fiscal Year 2024-2025	Current Occupancy Rate Fiscal Year 2024-2025
<b>HomeFirst Services of Santa Clara County</b>	Felipe	39	5	94%
	Mabury	38	5	97%
	Monterey/Bernal	78	7	95%
	Rue Ferrari	190	14	94%
	Via del Oro*	135	0	75%
<b>LifeMoves</b>	Guadalupe	96	8	93%
<b>PATH</b>	Evans Lane	48	49	91%

*\*Note: Via del Oro's occupancy rate is low because the site opened in April 2025 and was still in the ramp-up phase at the time this memorandum was written.*

## **EVALUATION AND FOLLOW-UP**

The Housing Department will continue to monitor program implementation across all EIH sites, tracking operational performance, costs, and program participant outcomes through established key performance indicators. Regular data collection and evaluation will ensure accountability and help identify best practices and areas for improvement across the EIH program. Next fiscal year, the Housing Department plans to provide a comprehensive report to City Council summarizing the operations of all EIH sites, highlighting any cost efficiencies achieved and lessons learned from ongoing management and service coordination. These findings will inform future decisions regarding potential portfolio expansion, service optimization, and resource allocation, further advancing the City's goal of reducing homelessness and supporting residents in their transition to stable, permanent housing.

## **COST SUMMARY/IMPLICATIONS**

The actions recommended in this memorandum would authorize the execution and extension of agreements with multiple nonprofit service operators to provide supportive services, security, 24/7 site operations, and property and asset management services at multiple EIH sites.

The recommended actions utilize budgeted resources totaling \$14,233,291 across several funding sources to support operations at seven EIH sites including the following funding sources: Real Property Transfer Tax Fund (Fund 404) of \$6,376,607, Homeless Housing, Assistance, and Prevention Fund (Fund 454) of \$1,784,312, Multi-Source Housing Fund (Fund 484) of \$4,455,380, and the General Fund (Fund 001) of \$1,199,999. In addition, prior year encumbrances of \$416,993 in the General Fund will be used for the Evans Lane EIH.

Resources are available in the Measure E – 15% Homeless Support Programs (HSP) Reserve, which is set aside specifically for homeless support activities, including EIH operations. The recommendations included in this memorandum will reallocate \$3,926,546 from this reserve to the Interim Housing Construction and Operations (15% HSP) appropriation to ensure continued operational support for multiple EIH sites. Additionally, remaining project savings from the expansion of the Rue Ferrari EIH site of \$1,200,000 are available and recommended for reallocation from the Interim Housing – Rue Ferrari Capital Improvements appropriation in the General Fund to the Interim Housing Construction and Operations (15% HSP) City-Wide Expenses appropriation in the General Fund to support EIH site operations.

In addition to approving the recommended seven EIH operating grant agreements, staff also recommends actions related to funding the Cherry EIH operating site agreement, which stems from a \$3,000,000 contribution made by HCA Healthcare (property owner of the Good Samaritan Hospital in San José) to the City.

This contribution originated from the City Council's November 14, 2024, approval of a Planning, Building, and Code Enforcement Department memorandum for the Planned Development Rezoning (PDC22-132) of the Good Samaritan Hospital site located at 2333 and 2425 Samaritan Drive in San José. As part of a supplemental memorandum, Vice Mayor Foley and Mayor Mahan recommended, and the City Council subsequently approved, that HCA Healthcare contribute \$3,000,000 to the City upon approval of the development rezoning to support the City's housing and homelessness initiatives. HCA Healthcare has since remitted the full contribution to the City. Staff recommends that City Council accepts the \$3,000,000 contribution and authorizes \$2,000,000 for supporting operations at the Cherry EIH site and \$1,000,000 for future affordable housing development activities.

Because the Cherry EIH site was recently funded on October 16, 2025, when City Council approved \$2,765,915 in Measure E funds to support the Cherry EIH site operations under a contract retroactive to October 1, 2025, through June 30, 2026, a reallocation of funding sources is required to allocate the HCA Healthcare contribution toward the Cherry EIH site. With the receipt of the HCA Healthcare contribution deposited in the Multi-Source Housing Fund, the Administration recommends allocating \$2,000,000 of the HCA Healthcare funds for the Cherry EIH site, resulting in available Measure E funds that would be reallocated to support operational needs at the Rue

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Ferrari EIH site operated by HomeFirst of Santa Clara County. Accordingly, staff recommends a funding reallocation between the Cherry and Rue Ferrari EIH sites to maximize the use of available resources.

**BUDGET REFERENCE**

The table below identifies the funds and appropriations to fund the agreements recommended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amt. for Contract	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No)
404	8746	Measure E – 15% Homeless Support Programs Reserve	\$4,237,472	(\$3,926,546)	\$0	1028	10/21/2025 31252
404	230G	Interim Housing Construction and Operations (15% HSP)	\$25,129,450	\$3,926,546	\$6,376,607	1027	10/21/2025 31252
484	209X	Emergency Shelters	\$4,755,380	\$0	\$4,455,380	1016	10/21/2025 31252
001	436I	Interim Housing – Rue Ferrari Expansion	\$2,786,000	(\$1,200,000)	\$0	929	10/21/2025 31252
001	229S	Interim Housing Construction and Operation	\$3,771,885	\$1,200,000	\$1,616,992*	898	10/21/2025 31252
454	209X	Emergency Shelters	\$7,146,171	\$0	\$1,784,312	993	10/21/2025 31252
448	R090	Revenue from Local Agencies	\$0	\$3,000,000	\$0	1015	6/17/2025 25-356
448	NEW	HCA Healthcare / Good Sam	\$0	\$3,000,000	\$0	N/A	N/A

*\*Note: The contract will be partially funded by a prior year encumbrance of \$416,993 in this appropriation.*

**COORDINATION**

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



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## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the December 16, 2025 City Council meeting.

## **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

## **CEQA**

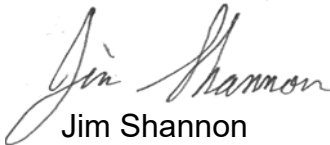
Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

## **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.

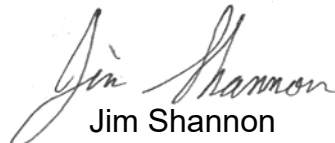
/s/

Erik L. Soliván  
Housing Director



Jim Shannon  
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2025-2026 moneys in excess of those heretofore appropriated wherefrom, said excess being at least \$3,000,000.



Jim Shannon  
Budget Director

The principal author of this memorandum is Ryan Sanders, Senior Development Officer, Housing Department. For questions, please contact Cupid Alexander, Deputy Director, Housing Department, at [cupid.alexander@sanjoseca.gov](mailto:cupid.alexander@sanjoseca.gov) or (669) 314-3884.