



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: October 27, 2025

Approved

Date:

11/4/25

COUNCIL DISTRICT: Citywide

SUBJECT: Resolution Authorizing New Operators and Grant Agreements for the Motel Program

RECOMMENDATION

Adopt a resolution authorizing the Housing Director, or his designee, to increase Motel Program operational funding by \$476,224, from the amount of \$6,860,045 previously approved by City Council, to a total of \$7,336,269, and negotiate and execute grant agreements with the following entities to operate the Motel Program as provided below:

- (a) An amount not to exceed \$3,270,463 to HomeFirst for Bristol Hotel, Casa Linda Motel, and Fontaine Inn, retroactively from July 1, 2025, through December 31, 2025; retroactively for Motel 6 from July 1, 2025, through December 31, 2025; and for the continued operation of Alura Inn retroactively from July 1, 2025, through June 30, 2026;
- (b) An amount not to exceed \$1,312,400 to PATH, for Bristol Hotel, from December 1, 2025, to June 30, 2026;
- (c) An amount not to exceed \$818,933 to Razing the Bar, for Casa Linda Motel, from December 1, 2025, to June 30, 2026;
- (d) An amount not to exceed \$928,434 to PATH, for Fontaine Inn, from January 1, 2026, to June 30, 2026; and
- (e) An amount not to exceed \$1,006,039 to WeHOPE, for Motel 6, from January 1, 2026, to June 30, 2026.

SUMMARY AND OUTCOME

Approval of this action would increase Motel Program funding by \$476,224 to address the higher operational costs associated with engaging four separate service providers. These costs include additional staffing across four motel sites and the provision of meals to program participants. The recommended action in this memorandum would also authorize the Housing Director, or his designee, to negotiate and execute four operating contracts—with the operators noted above—for a total amount not to exceed \$7,336,269, which also includes expenses incurred by HomeFirst for operations at a fifth motel site (the Alura Inn).

The recommended action would ensure continuity of shelter and supportive services for program participants while transitioning operations at four motel sites (Bristol Hotel, Casa Linda Motel, Fontaine Inn, and Motel 6) from HomeFirst to newly selected service providers. This transition would strengthen accountability, service coordination, and operational efficiency across the Motel Program. The Housing Department will continue to work closely with community partners to manage existing motel sites and connect residents relocated from high-impact encampments to the City's shelter portfolio and other long-term housing opportunities. Due to administrative processing timelines, the contracts must be retroactive to compensate for current ongoing preparations at the motel sites.

BACKGROUND

In June 2024, City Council adopted a comprehensive sheltering strategy that included two scalable solutions: a motel leasing strategy to quickly create shelter opportunities for unhoused individuals, and a supportive outdoor sleeping strategy, which was later redirected into a Navigation Hub site model. The motel leasing strategy provides flexibility to align outreach efforts with available shelter capacity, particularly in addressing high-visibility, high-impact encampments.

In June 2025, pursuant to the City's Proclamation of a Local Emergency for the Homeless Shelter Crisis in the City of San José and San José Municipal Code Chapter 4.12, the Housing Department exercised its emergency authority to designate HomeFirst as the operator of the Motel Program. The Motel Program consists of 251 units with 331 beds and provides supportive services, meals, and hygiene and laundry facilities at five motel sites across San José.

The City initially contracted with HomeFirst to operate and provide services for all five motel sites beginning in June 2025,¹ in order to quickly scale up and open the motel

¹ Item #: 8.8, File: 25-725, Council Date: 6/17/25, Resolution Authorizing Emergency Procurement for Service Providers for the Safe Sleeping Navigation Hub and the Motel Program. <https://sanjose.legistar.com/LegislationDetail.aspx?ID=7424288&GUID=9FA2723E-B88D-452B-9D9D-52F4BA69DC21&Options=&Search=>.

sites. After opening the motel sites with HomeFirst, the City selected three additional organizations through a competitive Request for Proposal process. This memorandum requests that City Council approve an increase of \$476,224 to the total award for the Motel Program to the originally approved \$6,860,045 to a total of \$7,336,269. And reallocate funds to the following three additional organizations: PATH, Razing the Bar, and WeHOPE. Each organization has demonstrated capacity in serving unhoused residents and providing services such as case management, supportive services, and emergency and interim housing management.

ANALYSIS

Transitioning operations at the four motel sites to the newly selected providers ensures continuity of comprehensive services and program participant support, including case management, housing navigation, behavioral health coordination, food provision, and onsite security. HomeFirst will continue to operate the Alura Inn, while PATH, Razing the Bar, and WeHOPE assume responsibility for the remaining sites.

The Table below provides an overview of the transition of motel site operations from HomeFirst to the Request for Proposal awardees.

Table: Overview of Operator Transition for the Motel Program

Motel Site	Current Operator	Units/Beds	Future Operator	Planned Operations Term
Alura Inn	HomeFirst	42 units/ 56 beds	HomeFirst	July 2025 – June 2026
Bristol Hotel	HomeFirst	47 units/ 66 beds	PATH	December 2025 – June 2026
Casa Linda Motel	HomeFirst	34 units/ 43 beds	Razing the Bar	December 2025 – June 2026
Fontaine Inn	HomeFirst	52 units/ 72 beds	PATH	January 2026 – June 2026
Motel 6	HomeFirst	76 units/ 94 beds	WeHOPE	January 2026 – June 2026
Total Units and Beds		251 units/331 beds		

As of September 30, 2025, four active motel sites have supported the abatement of the Columbus Park encampment, housing over 210 people across 160 units. The Motel Program has been instrumental in preventing individuals from returning to unmanaged encampments or relocating downtown, assisting in removing more than 60 oversized vehicles, and providing safe shelter for families and individuals ahead of the winter season.

The fifth motel site, Motel 6, opened in October 2025, providing 76 additional units, further expanding capacity to reduce unsheltered homelessness citywide. The Motel Program will continue offering case management, housing problem-solving, and wraparound supportive services to individuals and families throughout Fiscal Year 2025-2026.

All proposed grant agreements authorized through this approval would fund services and operations at the five motel sites, not the purchase or leasing of any property. The Housing Department will maintain authority to reduce or reassign budget items in the respective operational budgets related to property maintenance (i.e., unit repairs and the cleaning of units during unit turnover), food, and security services for these agreements. This authority allows the City to assume those responsibilities directly where operationally appropriate.

EVALUATION AND FOLLOW-UP

The Housing Department's Grants Management team monitors and reviews grant outcomes and performance metrics on a quarterly basis. For these contracts, key metrics will include unit utilization rates, total program participants served, and other performance indicators. Each motel site within the Motel Program will be monitored and evaluated in accordance with the Grants Management team's established protocols.

COST SUMMARY/IMPLICATIONS

The actions recommended in this memorandum authorize the execution of four grant agreements with HomeFirst, PATH, Razing the Bar, and WeHOPE for a total amount not to exceed \$7,336,269 to operate the Motel Program sites through June 30, 2026. Funding includes \$6,860,045 in a previously approved allocation and an additional \$476,224 from the Real Property Transfer Tax Fund (Fund 404). These resources will support the provision of interim housing and supportive services for individuals and families experiencing homelessness in San José.

BUDGET REFERENCE

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

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2026 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
404	230L	Safe or Alternative Sleeping Sites (15% HSP)	\$7,117,396	\$476,224	933	10/21/2025 31252

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

COORDINATION

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

PUBLIC OUTREACH

This item will be posted on the City's Council Agenda website for the November 18, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Addendum to the Emergency Interim Housing Programs Mitigated Negative Declaration (Resolution No. RES2023-380), File No. ER25-073, Motel Transitional Housing and Congregate Shelters.

HONORABLE MAYOR AND CITY COUNCIL

October 29, 2025

Subject: Resolution Authorizing New Operators and Grant Agreements for the Motel Program

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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

Director, Housing Department

For questions, please contact Cupid Alexander, Deputy Director, Housing Department, at cupid.alexander@sanjoseca.gov or (669) 314-3884.