



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik Soliván

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

DATE: May 18, 2026

Approved

Date:

6/3/2026

COUNCIL DISTRICTS: 2, 3, 4, 6, 7, 9, 10

RECOMMENDATION

Adopt a resolution authorizing the Housing Director, or his designee, to:

- (a) Accept the return of \$5,389,120.16 of Homekey Round 2 funds from LifeMoves relating to the Homekey Branham Lane Emergency Interim Housing site and authorize the reallocation and disbursement of \$5,206,780.43 of those funds to Episcopal Community Services of San Francisco with \$182,339.73 reserved for security services to support the continued operation of the Homekey Branham Lane Emergency Interim Housing site.
- (b) Negotiate and execute grant agreements, amendments, modifications, extensions, and all related documents necessary to implement agreements with the following service providers for the security and operation of Interim Housing sites and the continued operation of the Safe Parking and Motel Programs, each for the applicable contract term and in amounts not to exceed those set forth below, subject to the appropriation of funds:
 - (1) HomeFirst Services of Santa Clara County for the following Interim Housing and Motel sites:
 - (i) Alura Motel Program – Not to exceed \$1,350,000 (July 1, 2026 – June 30, 2027);
 - (ii) Cerone Emergency Interim Housing – Not to exceed \$5,400,000 (July 1, 2026 – June 30, 2027);
 - (iii) Cherry Emergency Interim Housing – Not to exceed \$4,200,000 (July 1, 2026 – June 30, 2027);

- (iv) Felipe Emergency Interim Housing – Not to exceed \$2,357,000 (July 1, 2026 – June 30, 2027);
 - (v) Mabury Emergency Interim Housing – Not to exceed \$2,355,000 (July 1, 2026 – June 30, 2027);
 - (vi) Monterey/Bernal Emergency Interim Housing – Not to exceed \$3,150,000 (July 1, 2026 – June 30, 2027);
 - (vii) Via del Oro Emergency Interim Housing – Not to exceed \$5,080,000 (July 1, 2026 – June 30, 2027);
 - (viii) Rue Ferrari Emergency Interim Housing – Not to exceed \$7,010,000 (July 1, 2026 – June 30, 2027); and
 - (ix) Navigation Hub – Not to exceed \$1,100,000 (July 1, 2026 – December 31, 2026).
- (2) LifeMoves for the following Interim Housing and Safe Parking sites:
 - (i) Guadalupe Emergency Interim Housing – Not to exceed \$2,908,290 (July 1, 2026 – June 30, 2027);
 - (ii) Motel Voucher Program – Not to exceed \$4,849,408 (July 1, 2026 – June 30, 2027); and
 - (iii) Safe Parking for Recreational Vehicles (VTA Santa Teresa Lot) – Not to exceed \$1,592,700 (July 1, 2026 – June 30, 2027).
- (3) PATH for the following Interim Housing and Motel sites:
 - (i) Evans Lane Emergency Interim Housing – Not to exceed \$3,850,000 (July 1, 2026 – June 30, 2027);
 - (ii) Pacific Motor Inn Homekey Interim Housing – Not to exceed \$4,005,000 (July 1, 2026 – June 30, 2027);
 - (iii) Bristol Motel Program – Not to exceed \$1,600,000 (July 1, 2026 – June 30, 2027); and
 - (iv) Fontaine Motel Program – Not to exceed \$1,700,000 (July 1, 2026 – June 30, 2027).
- (4) WeHOPE for the following Safe Parking and Motel sites:
 - (i) Safe Parking for RVs (1300 Berryessa Road) – Not to exceed \$2,790,000 (July 1, 2026 – June 30, 2027);
 - (ii) Arena Homekey Interim Housing – Not to exceed \$4,200,000 (July 1, 2026 – June 30, 2027);
 - (iii) Motel 6 Program – Not to exceed \$1,810,000 (July 1, 2026 – June 30, 2027); and
 - (iv) Plaza Hotel Program – Not to exceed \$1,300,000 (July 1, 2026 – June 30, 2027).
- (5) Episcopal Community Services of San Francisco for the following Interim Housing and Motel sites:
 - (i) Casa Linda Motel Program – Not to exceed \$1,300,000 (July 1, 2026 – June 30, 2027); and

- (ii) Homekey Branham Lane Interim Housing – Not to exceed \$5,206,780.43 (retroactively from June 1, 2026 – June 30, 2027) and \$182,339.73 set aside for security.
- (c) For each of these agreements, exercise up to three additional six-month or one-year options to extend the term of the agreement, through no later than June 30, 2030, subject to the appropriation of funds.

SUMMARY AND OUTCOME

The Housing Department (Department) recommends that the City Council delegate authority to the Housing Director, or his designee, to negotiate and execute new grant agreements totaling \$69,296,518 in state and local funds to support the continued operation and security of the City's Emergency Interim Housing (EIH) sites, as well as the continued operation of the Safe Parking and Motel Programs. All agreements related to continued program operations will begin on or after June 1, 2026, with most operating through June 30, 2027, and one program operating on a shorter timeline consistent with current available funding.

BACKGROUND

The City invests in a comprehensive portfolio of interim housing and supportive programs for individuals experiencing homelessness, all of which align with the City's goal of bringing homelessness to functional zero. This portfolio includes EIH sites, safe parking programs, the Navigation Hub, and motel-based programs that provide immediate, low-barrier shelter options for those in crisis.

As the City's shelter portfolio has expanded in both scale and complexity, the Department has continued refining operational models to improve consistency, efficiency, and participant outcomes across all shelter types.

Table 1 summarizes the City's shelter assets, organized by program type, and identifies the sites for each new grant agreement proposed in this memorandum. Since last fiscal year, the Cherry and Cerone EIH sites have been completed and are now operational, increasing the City's total shelter capacity across all 22 sites to 1,820 units and 2,202 beds.

Table 1 – Overview of Shelter Portfolio

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

Homekey Award and Operator Transition

Homekey is a statewide grant program administered by the California Department of Housing and Community Development to rapidly expand interim and permanent housing for people experiencing or at risk of homelessness. The program funds the acquisition, rehabilitation, or master leasing of properties such as hotels and motels to create safe, service-enriched housing.

On September 9, 2021, the California Department of Housing and Community Development released a Notice of Funding Availability for approximately \$1.45 billion in Homekey Round 2 funding.

In response, the City Council authorized applications for three sites: the Pacific Motor Inn, the Arena Hotel, and Homekey Branham Lane, the City-owned property at Branham Lane and Monterey Road.¹

In November 2022, the City Council authorized the acceptance of \$51,552,800 in Homekey Round 2 funds for the construction and operation of the Homekey Branham Lane interim housing shelter, with LifeMoves serving as the developer, property manager, and service provider.

A standard agreement governing the use of the Homekey funds was executed in December 2022 between the City, the California Department of Housing and Community Development, and LifeMoves. On February 28, 2023, the City Council adopted a resolution appropriating \$10,852,800 of Homekey Round 2 funding for operations of the Homekey Branham Lane site. The resolution stated the City would hold the funds and release them to LifeMoves upon the site receiving a Certificate of Occupancy and execution of an operations agreement between LifeMoves and the City.

In March 2023, the City executed a Conditional Construction Grant Agreement with LifeMoves, coinciding with the commencement of construction of the site. The agreement further stipulated that upon meeting the conditions established by City Council in February 2023, LifeMoves would receive the full operating fund balance upfront, plus any interest accrued while the City held the funds. Following execution of the operations agreement in February 2025, the City transferred \$10,852,800 to LifeMoves, along with \$562,262.97 in accrued interest. In total, LifeMoves received \$11,415,062.97 to support operations at the Homekey Branham Lane.

In March 2026, the City determined that LifeMoves would not continue as the operator of the site following concerns about conduct inconsistent with the City's expectations for shelter management. LifeMoves will conclude operations at the site by July 31, 2026. As part of the transition, LifeMoves will return \$5,389,120.16 in unused Homekey funds to the City, which will be reallocated to support the incoming operator at the Homekey Branham Lane shelter site.

The Department is proposing a transition in shelter operations from LifeMoves to Episcopal Community Services to strengthen program oversight, enhance service delivery, and ensure alignment with the City's operational and performance expectations. This transition reflects evolving program needs and the Department's commitment to maintaining safe, stable, and well-managed shelter environments. Episcopal Community Services will begin onboarding, staffing, and training activities on

¹ Item 8.3, File #22-1609, Meeting Date: November 1, 2022, Memorandum Title: City Initiatives Roadmap - Emergency Housing System Expansion: Actions Related to the Homekey Program Round 2 Funds from the California Department of Housing and Community Development for Interim Housing Located at Branham Lane and Monterey Road, Web Link: <https://sanjose.legistar.com/View.ashx?M=F&ID=11354038&GUID=68EBE340-7EDC-4587-B400-810E9D89620A>

June 1, 2026, and is expected to assume full operational responsibility by August 1, 2026. Timely execution of this transition is critical to ensuring that the \$5,389,120.16 in returned Homekey funds are expended prior to the spending deadline of June 30, 2027.

ANALYSIS

The Department conducted a comprehensive cost analysis of all Interim Housing projects and has begun implementing cost reduction strategies across multiple shelter sites to improve operational efficiency. As part of this work, staff are partnering with service providers to centralize key operational functions, beginning with site security. Centralizing these services is designed to reduce costs, ensure consistent service delivery, and allow providers to focus more fully on delivering supportive services to shelter participants.

Streamlining Contracting to Enhance Service Delivery

The Department has incorporated service provider feedback to improve efficiency in the contract amendment process and reduce administrative delays that can impact timely payments between contract terms. To address this, the Department will implement a new contracting structure consisting of a Master Agreement for each program, followed by streamlined Project Request Forms to authorize specific scopes of work with options to extend the contract term. This approach will significantly reduce the length and complexity of amendments, allowing for faster legal review and execution. As a result, the Department anticipates fewer gaps between contract terms, more timely processing of payments, and a more consistent and efficient year-round funding process for service providers.

Centralizing Operational Functions: Security and Property Management

Centralized security services are now in the early stages of implementation and are scheduled to be fully deployed across all sites as of July 1, 2026. Efforts to centralize property and asset management functions are still underway and will advance as procurement and operational planning are completed. Through this phased approach, the City is assuming responsibility for security, property management, and asset management services across all Interim Housing sites, strengthening systemwide coordination and supporting a more unified response to unsheltered homelessness.

CalAIM Integration and Care Coordination

Complementing the City's service centralization efforts, the Department is integrating California Advancing and Innovating Medi-Cal, known as CalAIM, as a pilot program and strengthening coordination and continuity of care through improved alignment between City and County systems under Coordinated Entry. This work is designed to streamline access to services, reduce fragmentation, and ensure that participants receive consistent, coordinated support as they move through the homelessness response system. CalAIM implementation is expected to generate reimbursement-based revenue that will support eligible shelter operation costs and participant services.

Table 2 provides an overview of the City's Interim Housing portfolio, organized by program type and service provider. It also includes key performance measures for each site, such as the number of beds, current occupancy rates, and exits to permanent housing destinations. Permanent housing destinations are defined as transitions to stable living environments, including permanent housing and other transitional housing that leads to permanency, for the reporting period of July 1, 2025, to May 15, 2026.² The table also identifies the sites for each new grant agreement proposed in this memorandum.

Table 2 – Shelter Program Occupancy and Placements

Program Type	Service Provider	Site Name / Address	Units / Spaces	Exits to Permanent Housing *	Current Occupancy Rate
EIH	HomeFirst	Cerone** – 3950 Zanker Rd.	200	0%	58.7%
		Cherry** – 5205 Cherry Ave.	136	20.00%	70.5%
		Felipe – 928 Felipe Ave.	39	16.67%	97.9%
		Mabury – 1410 Mabury Rd.	38	33.33%	98.4%
		Monterey/Bernal – 6066 Monterey Rd.	78	36.36%	98.00%
		Rue Ferrari – 5898 Rue Ferrari	268	55.00%	94.6%
		Via del Oro – 6370 San Ignacio	150	28.57%	97.2%
	LifeMoves	Guadalupe – 702 Guadalupe Pkwy.	96	18.52%	97.20%
		Evans Lane – 2078 Evans Lane	142	68.35%	88%
Homekey	PATH	The Arena – 817 Alameda Blvd.	114	14.93%	97.20%
		Homekey Branham Lane – 1 Branham Lane 95136	168	23.21%	95.80%
		Pacific Motor Inn – 455 S. Second Street	72	77.78%	83.50%
Motel Program Sites		Alura – 1378 Oakland Road	56	18.18%	95.60%
		Bristol – 3341 S. Bascom Avenue	66	15.00%	89.60%
		Casa Linda – 1669 Monterey Road	42	9.09%	93.40%
		Fontaine – 2460 Fontaine Rd.	76	6.45%	90.00%

² HUD Exit Destination Categories Weblink: <https://files.hudexchange.info/resources/documents/HMIS-Programming-Specifications-CoC-APR-and-ESG-CAPER.pdf>

Program Type	Service Provider	Site Name / Address	Units / Spaces	Exits to Permanent Housing *	Current Occupancy Rate
		Motel 6 – 2081 N. First Street	94	28.33%	96.10%
		Motel Voucher Program (MVP) – 1560 N. First Street 95112	97	72.16%	92.70%
		Plaza – 96 S. Almaden Ave. 95113	43	26.32%	96.00%
Safe Parking Sites	WeHOPE	Berryessa – 1300 Berryessa Road	86	56.62%	98.80%
	LifeMoves	Santa Teresa – 6500 Santa Teresa Blvd.	42	95.83%	98.50%
Navigation Hub	HomeFirst	Navigation Hub – 1157 E. Taylor Street	56	83.25%	67.85%

**Denotes newly opened sites that may reflect lower utilization rates due to recent program implementation.

EVALUATION AND FOLLOW-UP

The Department continues to monitor operations across all sites in the City's portfolio, tracking performance, costs, and participant outcomes through established metrics. With the recent expansion and implementation of enhanced security measures, ongoing data collection remains critical to ensuring accountability, maintaining service quality, and identifying opportunities for improvement. Findings from these efforts have been recently summarized in an information memorandum³ and will be further reported at an upcoming Study Session to the City Council in September, if the City Council approves that direction that was included in the Mayor's June Budget Message for Fiscal Year 2026-2027 that will be considered on June 9, 2026, highlighting systemwide performance, cost efficiencies, and lessons learned to help inform future decisions on program scale, service delivery, and resource allocation in support of the City's efforts to reduce homelessness.

FISCAL IMPACTS

The recommended actions allocate a total of \$69,296,518 from multiple funding sources to support operations at 20 EIH and two Safe Parking sites, and security services. These sources include the Real Property Transfer Tax Fund (Fund 404) in the amount of \$30,375,659; the Homeless Housing, Assistance and Prevention Fund (Fund 454) in the amount of \$16,000,000; the Multi-Source Housing Fund (Fund 448) in the amount of

³ <https://www.sanjoseca.gov/Home/Components/News/News/7332/5167>

\$7,170,859; the Building Homes and Jobs Act Fund (Fund 456) in the amount of \$2,000,000; and the General Fund (Fund 001) in the amount of \$13,750,000.

BUDGET REFERENCE

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

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2026-2027 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
454	209X	Emergency Shelters	\$16,031,875	\$16,000,000	909	NA
456	231B	Housing Shelter	\$2,000,000	\$2,000,000	866	NA
448	232I	Pacific Motor Inn Operations	\$1,555,200	\$1,555,200	932	NA
448	TBD	Arena Hotel Operations	\$534,000	\$534,000	932	NA
448	224K	Project Homekey 2.0	\$4,872,820	\$4,872,820	932	NA
404	230G	Interim Housing Construction and Operations (15% HSP)	\$42,750,000	\$28,694,341	944	NA
001	229S	Interim Housing Construction and Operations	\$13,750,000	\$13,750,000	819	NA
404	224R	Measure E - Project Homekey 2.0 (40% ELI)	\$0**	\$1,681,318	944	NA
448	2236	Emergency Shelter Grants	\$658,211	\$208,839	932	NA

*The 2026-2027 Proposed Operating Budget was released on May 2, 2026, and is scheduled to be reviewed on June 9, 2026, and adopted on June 16, 2026, by the City Council.

** The appropriation is established or increased from the 2026-2027 Proposed Operating Budget per the Recommended Amendments to the 2026-2027 Proposed Operating Budget and 2026-2027 Proposed Mid-Biennial Capital Budget City Manager's Budget Addendum.

COORDINATION

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

HONORABLE MAYOR AND CITY COUNCIL

May 18, 2026

Subject: Actions Related to Grant Agreements for Multiple Interim Housing Sites

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PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 16, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Mitigated Negative Declaration for the Emergency Interim Housing Programs project and Addenda thereto, adopted October 24, 2023 (Resolution No. RES2023-380), File No. ER22-198.

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

For questions, please contact Vanessa Butera, Interim Division Manager, Housing Department, at Vanessa.Butera@sanjoseca.gov.