



*Housing*

# Measure E Transfer Tax Annual Report for FY 2021-2022

**Housing & Community  
Development Commission**

November 10, 2022  
Item VII-A

**Kemit Mawakana**  
Division Manager

**Shelsy Bass**  
Senior Development Officer

# Background

- 🏠 On March 3, 2020, San José voters approved Measure E, a transfer tax on certain types of real estate transactions
- 🏠 On June 16, 2020, the City Council adopted an amendment to City Council Policy 1-18, which included the Council-approved Spending Plan for Measure E
- 🏠 On April 19, 2022, the City Council adopted an amendment to Council Policy 1-18 to amend the spending priorities for Measure E
- 🏠 On May 17, 2022, the City Council approved amended Measure E Spending Plans for FY 2020-21 and FY 2021-22 to accommodate additional revenues



# Purpose

As the Measure E Oversight Committee, the Commission's responsibility is to:

- a) Review and provide comments to the City Council on the annual spending plan of the Transfer Tax revenues as set forth in Council Policy 1-18
- b) Review and provide comments to the City Council of any proposed amendments to the annual Spending Plan of the Transfer Tax revenues so that the Plan comports with Council-approved priorities and requirements under Measure E
- c) Review the expenditure of the Transfer Tax revenues for the prior fiscal year.



# Measure E Transfer Tax Spending Priorities, Budget and Funds Collected

Spending Priority	% of Funds	Approved Spending Plan FY 21-22	Funds Collected FY 20-21
Administration Fee (5% before below allocations)		\$2,000,000	\$2,000,000
Creation of New Affordable Housing for ELI	40%	\$35,200,000	\$43,200,000
Creation of New Affordable Housing for LI	30%	\$26,400,000	\$32,400,000
Creation of New Affordable Housing for MI	5%	\$4,400,000	\$5,400,000
Homelessness Prevention and Rental Assistance	10%	\$8,800,000	\$10,800,000
Homeless Support Programs	15%	\$13,200,000	\$16,200,000
<b>Total</b>	<b>100%</b>	<b>\$90,000,000</b>	<b>\$110,000,000</b>

# Measure E Expenditures and Outcomes

## FY 2021-2022

Expenditure Category	Use	Outcome	Spent FY 20-21
Homelessness Prevention and Rental Assistance	Homeless student housing - Bill Wilson Center	56 homeless students housed	\$62,652
	Homelessness prevention - Destination: Home	928 households served	\$6,161,737
	Homelessness prevention – Destination: Home - for victims of domestic violence.	49 households served	
<b>Total</b>			<b>\$6,224,389</b>



# Measure E Expenditures and Outcomes

## FY 2021-2022

Expenditure Category	Use	Outcome	Spent FY 20-21
Administration	Funding Underwriting for two new developments, creation and review of a Request for Proposals of six City-owned sites	Commitment for 160 affordable homes and review of applications resulting in the City entering into exclusive negotiation agreements that may result in up to 562 affordable homes	\$1,007,037
<b>Total</b>			<b>\$1,007,037</b>



# Measure E Transfer Tax Commitments

Spending Priority	Approved Spending Plan	Commitments
Construction of New Affordable Housing	The Charles	\$9,675,885
	1860 Alum Rock	\$7,500,000
Project Homekey	Arena Hotel	\$20,857,436
	Pavilion Inn	\$576,283
Other Significant Commitments	African American Cultural Center	\$560,000
	Tenant Improvements in Affordable Housing	\$2,601,067
<b>Total</b>		<b>\$41,770,671</b>



# New Construction Funding Timelines



**Development Process can take 1 - 3 years**





# Recommendation

Review the Measure E Transfer Tax Annual Report for Fiscal Year 2021-2022 and provide possible recommendations to staff.





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# Housing Crisis Work Plan Update

November 10, 2022

Item VII-B

**Housing and Community Development Commission**

**Office of Economic Development and Cultural Affairs**

Jerad Ferguson, Housing Catalyst

**Housing Department**

Kristen Clements, Division Manager



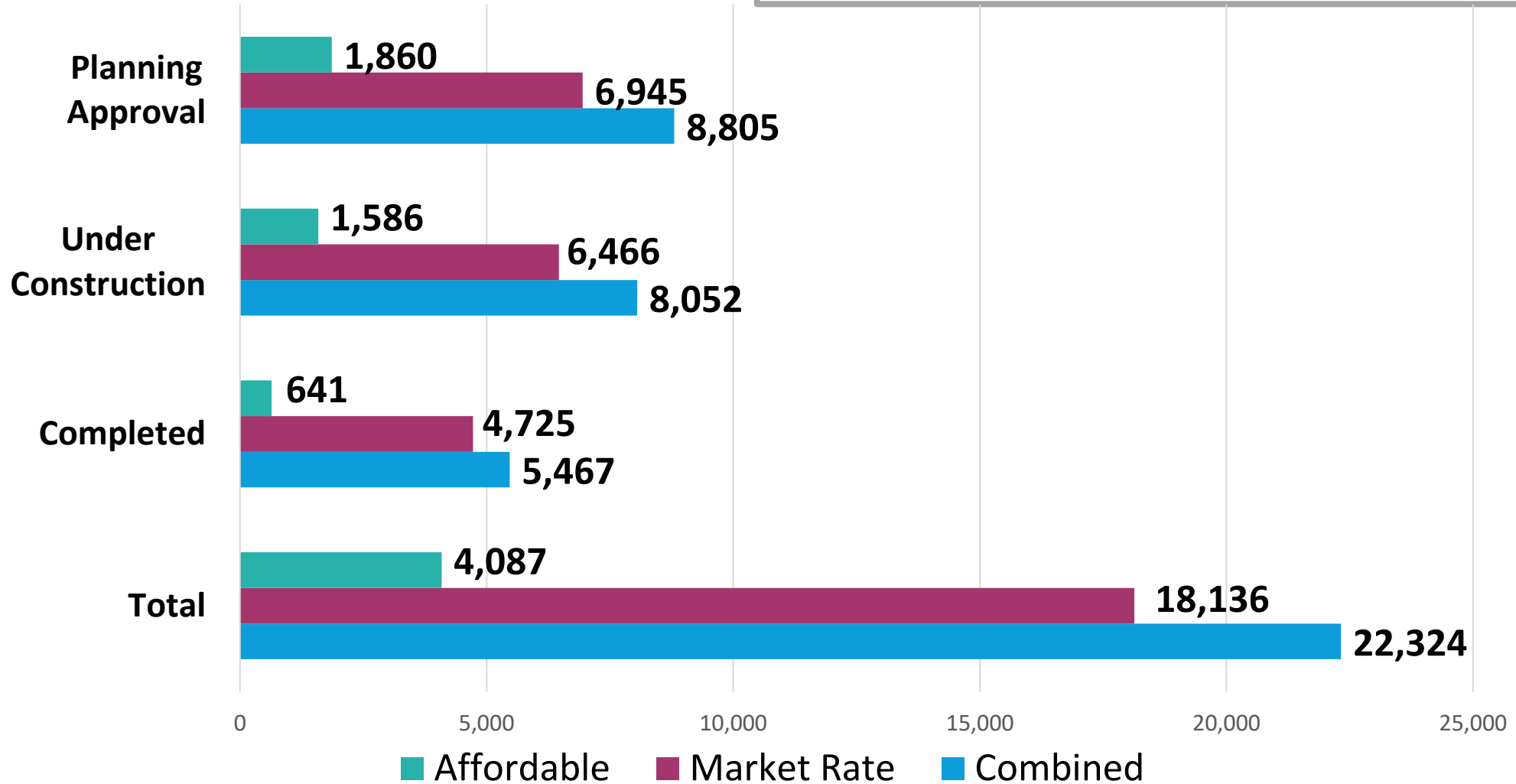
# | Housing Crisis Work Plan

- 23 work items completed since 2018 to facilitate new housing.
- Residential Capacity: *Update to Downtown Strategy, Housing in Business Corridors, North San José*
- Affordable Housing: *Commercial Linkage Fee, Updates to Inclusionary Housing Ordinance, Parks Credit for Moderate Income Housing, Commercial Space Requirements*

# Overall Progress

2018 → 2022 Q3

**25,000 Housing Units by 2023**  
**Entitled, Under Construction, or Completed**  
15,000 Market Rate Units  
10,000 Affordable Units



# Transition to Housing Catalyst Team Work Plan

## Housing Crisis Work Plan 2018-2023



## Housing Catalyst Team Work Plan 2023+

- 25,000 housing unit goal
- Biannual reporting
- Inter-departmental team focused primarily on housing production
- Unified location for tracking policies and programs

- Aligned with Housing Element
- Regional Housing Needs Allocation as Unit Goal
- Annual Reporting
- Inter-departmental team focused on housing production, protection, and preservation
- Unified location for near-term policies and programs

# | Increase to City Subsidy for Affordable Housing

- Increased Cost of Development
- Depleted Measure E Funds

	Per-Unit Amounts
City Contribution	\$125,000
Average Measure A Contribution	\$200,000
Recommended Amount	<b>\$325,000</b>

# Highlighted Work Items

- ✓ **Housing Element update for 2023-2031 cycle**
- ✓ **Temporary Suspension of Construction Taxes for Affordable Housing**
- ✓ **Allow for 100% Affordable Housing through Site Development Permit**

## Next Steps

- **Housing Element update Approval at Council in June 2023**
- **Housing Catalyst Team Work Plan to Community and Economic Development Committee in June 2023**



Review the final status report on implementation of the Housing Crisis Work Plan and the transition to a newly-established Housing Catalyst Team Work Plan aligned with the timeline and goals of the Housing Element, and make possible recommendations to staff or the City Council.

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