



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Matt Loesch

SUBJECT: SEE BELOW

DATE: March 13, 2023

Approved

Date

3/17/2023

**SUBJECT: CITY INITIATIVES ROADMAP: EMERGENCY HOUSING SYSTEM
EXPANSION**

RECOMMENDATION

Accept the staff report on Site Identification and Operational Considerations for Emergency Interim Housing.

SUMMARY AND OUTCOME

This report builds on the City's efforts to expand emergency housing and safe parking options, and to enhance the quality of life of unhoused residents, while adding dedicated quality of life and supportive services around existing and future emergency interim housing (EIH) locations. It provides the City Council with a timely update in response to prior City Council direction [[Item 8.3](#)] on November 29, 2022.

BACKGROUND

On [June 21, 2022](#), the City Council approved a staff recommendation to expand the capacity of the EIH system through expansions of existing EIH sites in Districts 2 and 3 and through new sites in Districts 4 and 10, with amendments outlined in memoranda [from former Mayor Sam Liccardo, Councilmember Pam Foley, and former Councilmember Raul Peralez](#), and former [Councilmember \(and current Mayor\) Matt Mahan](#), including amendments on the dais to continue exploring other potential sites in Districts 4 and 10, and to evaluate the potential for no encampment zones and enhanced services near EIH communities.

On [August 3, 2022](#), the Rules and Open Government Committee approved memoranda from former [Mayor Sam Liccardo, and Councilmembers Sergio Jimenez and Pam Foley](#), and [Councilmember Cohen](#) that directed the Administration to explore the feasibility and viability of

other sites in Districts 4 and 10, and any other districts, and to initiate community outreach and notification of potential sites.

The August 3, 2022 approval included direction for staff to return to City Council with a proposed approach to preserve quality of life around existing and future EIH sites, including an evaluation of no encampment zones and potential necessary service enhancements. This direction further required identifying existing conditions at EIH and Bridge Housing Community program sites and describing the successes of these sites.

From July through October 2022, the Administration worked to follow up on the direction, from the City Council on June 21, 2022 and the Rules and Open Government Committee on August 3, 2022, by initiating extensive community outreach and notification, as well as initiating additional site exploration that provided the community an opportunity to suggest sites for potential use as EIH. In early September 2022, the Administration posted to its EIH website a list of the newly suggested sites and sites that would be re-evaluated from the existing list that was included in the June 21, 2022 memorandum. In September and October 2022, the Administration initiated evaluation of new sites and those being re-evaluated, and posted updates on September 30, 2022 and the second week of November 2022.

On November 29, 2022, the City Council approved [staff's recommendations](#) for the removal of the Noble Avenue location from consideration and to pursue the Cerone¹ (District 4) and Cottle² (District 10) locations while continuing to pursue other identified sites, pursue implementing a subpopulation focus at EIH sites by level of care needed, and to explore partnerships with healthcare providers—both public and private—to provide onsite medical and other resources for residents at the EIH sites.

In addition, staff received direction to accelerate the timeline for implementation of an EIH at the Cerone site by executing and planning procurement activities concurrently with negotiations with the Santa Clara Valley Transportation Authority (VTA), and continue to evaluate sites in District 4 in the EIH Alternative Suggested Sites List that could be utilized as a safe parking site. The City Council also approved the consideration of service enhancements surrounding EIH sites as part of the 2023-2024 Proposed Budget Development Process in the context of the City's budgetary position and other critical City Council priorities. As directed by City Council's approval of a memorandum from former Mayor Liccardo and Councilmember Cohen, staff will also evaluate alternative service enhancements and no encampment zones through the issuance of a Manager's Budget Addendum subsequent to the release of the 2023-2024 Proposed Operating Budget in early May 2023.

¹ [Map Location of Cerone Site](#)

² [Map Location of Cottle Site](#)

ANALYSIS

The analysis below includes updates on City Council direction from November 29, 2022.

Councilmember Cohen, Recommendation #1b - Accelerate the timeline for implementation of an EIH at the Cerone site by executing planning and procurement activities concurrently to negotiations with VTA

If staff begins negotiations with VTA for use of the Cerone site, at that time, staff will initiate the process to create a pre-qualification list of design builders for this upcoming site and project. Staff will also begin narrowing down potential contractors to those most qualified to deliver a project that meets the City's requirements for schedule, quality, and cost. The pre-qualification process should limit the time and resources needed to evaluate proposal responses from previously qualified design builders. This will enable a shorter turn-around to build an EIH project, from receipt of proposals to City Council award of contract. Staff is using this type of process for the Rue Ferrari expansion project as negotiations with the property owner and control of the property by the City is proceeding ahead on a more expeditious pace.

Councilmember Cohen, Recommendation #2 - Direct the City Manager to continue to evaluate sites in District 4 in the EIH Alternative Suggested Sites List that could be utilized as a safe parking site and report progress to the City Council Office on an ongoing basis

City staff re-visited the pre-existing EIH site evaluation lists from the June 21, 2022 and November 29, 2022 City Council staff reports. The following five sites were deemed as the most feasible to re-evaluate as potential safe parking sites. The preliminary re-evaluations are provided below:

1. **Old Agnews Site – Center Rd and Cabrillo Rd – City owned**
This is a narrow site that is mostly paved, although no condition assessment of the pavements' capability to support recreational vehicle (RV) parking has been performed, and would require some level of clean up to be acceptable for operation. The deed restrictions recorded on this site prior to the City taking ownership prohibit certain uses including "homeless shelters or half-way house". Therefore, a Safe Parking program is highly unlikely at this site.
2. **Disk Dr and Grand Blvd Alviso Northwest of Fire Station 25 – City owned**
This large site is not improved or paved, and is in a flood zone that has habitat and other environmental regulations that govern its use. Overhead power lines run through the middle of the site. The water table is near the surface and the unimproved ground/soil is likely to need improvement to support RV parking. The cost to bring the site to a useable condition would need to be assessed. Therefore, a Safe Parking program is highly unlikely at this site.

3. Undeveloped Parcel of Alviso Park off Trinity Park Dr – City owned

This decent sized site is not improved or paved, and is in a flood zone and may have habitat and other environmental regulations that govern its use. It may be a potential future expansion site for Alviso Park. The Parks, Recreation, and Neighborhood Services Department and City Attorney’s Office would need to weigh in on the appropriateness of further evaluation of this interim use. The water table is near the surface and the unimproved ground/soil is likely to need improvement to support RV parking. The cost to bring the site to a useable condition would need to be assessed. Therefore, a Safe Parking program is highly unlikely at this site.

4. Gold St and Gold St Connector under SR 237 – Caltrans-Owned Site

This decent sized site is not improved or paved, and is in a flood zone, and may have habitat and other environmental regulations that govern its use. The site is owned by Caltrans and a lease would need to be negotiated to allow this interim use. The cost to bring the site to a useable condition would need to be assessed. There is much work and coordination needed for this site to be considered feasible.

5. Caltrans-Owned Site – Gold St and Gold St Connector North of SR 237

This small-sized site is not improved or paved, and is in a flood zone, and may have habitat and other environmental regulations that govern its use. The site is owned by Caltrans and a lease would need to be negotiated to allow this interim use. The cost to bring the site to a useable condition would need to be assessed. There is much work and coordination needed for this site to be considered feasible.

Staff Recommendation #2 - Pursue the VTA Cerone and Cottle sites, while continuing to pursue other identified sites

City staff pursued further planning and advancement of the Cerone and Cottle sites, while continuing to advance and pursue other identified/potential sites. The table below provides a high-level snapshot of sites under construction, evaluation, planning, and pre-development:

Council District	Site Name	Project Status	# Beds	Tentative Construction** Completion Date
2	Rue Ferrari Expansion	Lease amendment negotiations (Caltrans) and starting design	100	December 2024
2	Monterey/Branham	Contracts executed with developer, set to begin construction	204	April 2024
3	Guadalupe Parkway	Final construction stage, with scheduled completion and opening in April and May, respectively	96	May 2023
4	Cerone Yard	Pending negotiation with property owner (VTA)	~100	N/A
10	Cottle Rd	Pending negotiation with property owner (VTA) to survey site	~100	N/A*

Council District	Site Name	Project Status	# Beds	Tentative Construction** Completion Date
10	85/Great Oaks	Site feasibility being confirmed with property owner (esVolta), along with viability of the other potential D10 site (VTA Cottle Rd site), prior to efforts to negotiate site control with owner	~100	December 2025*
10	85/Santa Teresa	On hold pending outcome of Cottle Rd and 85/Great Oaks evaluations and negotiations, potential setback exception discussed with Caltrans	~40-50	December 2025*

*City Council has currently approved one site per District, including the Cottle Rd location. Negotiation and evaluation is ongoing on each of these sites simultaneously.

** This date estimates a construction completion date, when the physical site is estimated to be built out. The site may be open and available to accept clients months after construction is completed due to the time needed to secure operations contracts and resources.

Site Evaluation, Pursuit, Planning, and Pre-Development Updates

This section provides more detailed updates on most of the sites listed in the table above, and additional information about locations that are not far enough along in the evaluation or property negotiation process to enable public discussion at this early stage.

Council District 2 Site Updates

➤ Rue Ferrari – Expansion Site

This City Council District 2 site expansion was approved by City Council. The project is expected to add approximately 100 units/beds to the existing 121 beds currently in operation at the site. Staff completed the site survey and executed a service order with the consultant, ELS Architecture and Urban Design, to complete design documents that will be used to solicit proposals for design-build services. Concurrently, staff is preparing a Request for Qualification for design-build services to secure a qualified pool of consultant/contractor teams that will be eligible to respond to the City’s Request for Proposal to complete the design and to construct the expansion project. The purpose of the Request for Qualifications is to reduce the time between proposal submittal, evaluation, and award of the construction contract by City Council. Staff aims to award a design-build contract in summer 2023, with an anticipated project completion by the end of 2024.

Other essential project elements include the negotiation of a lease amendment with Caltrans to both expand the footprint of the site, and to extend the term for an additional 15 years from expansion opening. In addition, the Housing and Public Works Departments are collaborating on the submittal of an anticipated State HomeKey 3.0 application, with an anticipated spring 2023

submittal. If awarded, the City would receive State funding to cover most of the estimated project cost.

➤ Monterey/Branham

The project site is located at the intersection of Branham Lane and Monterey Road in San José. This project will be constructed on a 2.39-acre City-owned site and will provide 204 new units of EIH. The financing is closing and the site will be cleared in mid-March; construction is anticipated to begin in April and complete approximately twelve months later. It will be a non-congregate, interim shelter for individuals and couples who are experiencing homelessness in the City and neighboring areas. Half of the units will be set aside for people who are chronically homeless, and the remainder of the units will serve people who are experiencing homelessness but do not meet the definition of chronically homeless.³

Council District 4 Site Option Updates

The City Council directed that the VTA Cerone Yard site in Council District 4 be pursued, while various other sites continue to be evaluated for safe parking and potential EIH if the Cerone site proves infeasible. Given the limited sites deemed viable in Council District 4, while staff is pursuing the Cerone site, we are also exploring a limited number of privately owned sites. Given the sites involve private property negotiations, detailed updates, when warranted, would be most appropriate in City Council Closed Session.

➤ Cerone Yard – New Site

A project at this site would be expected to add approximately 100+ units/beds to the Citywide inventory of EIH. Staff has had important discussions with VTA about the potential to develop a small portion of the Cerone Yard site as EIH (less than three acres of the 17 total undeveloped acres for EIH, with no impact on the VTA bus yard). VTA has future development plans for the site (private and VTA operations) that are currently being evaluated. Part of the overall discussion to build VTA's understanding of the secure and professional nature of an EIH operation includes providing key VTA personnel a tour of a City EIH community. Staff has also shared the fact that the City carved out a portion of a City employee parking lot near the Police Administration Building for EIH, as an example that EIH can be adjacent to other public sector operations and employees. VTA indicated it needs to have further internal discussions about the site use and employee needs and how EIH may or may not fit with those needs. Like the Cottle Rd site, Mayor Mahan is communicating with VTA about the importance of a portion of the VTA Cerone site for EIH.

Council District 10 Site Option Updates

³ The definition of chronically homeless is an individual who lives in a place not meant for human habitation continuously for at least 12 months, or on at least four separate occasions in the last three years, or has an adult head of household that is disabled.

The City Council directed that the Cottle site in Council District 10 be pursued, while the 85/Great Oaks and 85/Santa Teresa sites remain in consideration as alternatives for development as EIH. As discussed, the goal is for one of these sites to be developed as EIH at this time, given limited funding currently available and the desire to spread EIH across City Council Districts.

➤ Cottle Rd – New Site

A project at this site would be expected to add approximately 100 units/beds to the Citywide inventory of EIH. Staff is negotiating a license agreement with the site owner (VTA) to enable the site to be surveyed, which generates essential information to complete site design. City staff returned VTA's draft license agreement to VTA on January 20, 2023 with refinements on January 27, 2023 VTA indicated its legal review would take until February 24, 2023 or longer. As of March 6^t, 2023 the license agreement to survey the site is still under review by VTA legal staff. Staff indicated to VTA the City's desire to begin design of the site and to enter negotiations to lease the site to develop EIH. To reiterate the importance and urgency of the need and desire to move forward, Mayor Mahan is also communicating with VTA.

If the City receives positive and progressive steps from VTA, staff anticipates completing survey work and beginning lease negotiations and design in spring 2023.

➤ 85/Great Oaks – New Site

A project at this site would be expected to add approximately 100 units/beds to the Citywide inventory of EIH. Staff is continuing its evaluation of the site with esVolta, the owner of a 25-foot strip of land on the western edge of the Caltrans off-ramp area. esVolta is developing a battery storage and electric transmission line project on an adjacent property to the potential EIH site, with the transmission line and access vaults running under and to grade along the edge of the 25-foot strip of land. Discussions with esVolta staff and its contractor, Cupertino Electric, have so far indicated that both projects can coexist. City staff requested some additional information and project plan sheets as part of its due diligence to determine final project feasibility. Based upon the latest information, staff intends to share a potential project site layout to determine if esVolta can support and have its project coexist with an EIH.

If feasibility can be confirmed, staff would proceed to negotiate an easement, lease, or potential purchase of sufficient land from esVolta to enable a practical City EIH project (e.g., approach or achieve a 100 unit/bed project). In addition to controlling the esVolta land, the City would need to negotiate a lease with Caltrans for the remaining land between the esVolta parcel and the Caltrans off-ramp to assemble sufficient land to develop the project.

➤ 85/Santa Teresa Blvd – New Site

A project at this site would be expected to add approximately 40 to 50 units/beds to the Citywide inventory of EIH. Staff is continuing its evaluation of the site with the San José Fire Department and Caltrans. Given the small size and slopes on the southeast portion of the site, to accommodate even a modest number of units/beds (e.g., 40 to 50 units/beds), the emergency fire

lane would need to be situated inside the 30-foot minimum setback from the Caltrans on-ramp to southbound 85. Staff discussed this possibility with the Fire Department and Caltrans; both indicated it may be possible, but ultimate approval would require a more detailed design plan that Fire Department and Caltrans engineers could review. Given the smaller number of units this site could yield, staff is holding further design review until the final viability and practicality of the Cottle Rd and 85/Great Oaks sites are determined, given limited design resources and limited capital funding to build projects, and the greater unit/bed capacity of those other sites.

Valley Water Potential Sites

City staff has been in ongoing discussions with Valley Water about a range of potential sites. Staff will return to City Council after seeking community input for any sites that may be considered viable options.

Staff, Recommendation #3 - Implement a subpopulation focus at EIH sites by level of care needed

The Rules and Open Government Committee approval of the memorandum on [September 29, 2021](#), also included direction to study the costs of interim housing operations and provide options to reduce operating costs. The Housing Department, in partnership with the San Francisco Foundation, engaged HomeBase to conduct the study. The study will identify proven local and national best practices for interim housing, specifically:

- Models of services and operations that reduce operations and service costs;
- Service and operational models that engage residents in the governance and operations of their own community; and
- Service and support models that move participants to permanent housing.

The study will discuss acuity-based or subpopulation-designated sites, which may allow service providers to tailor program duration, site layout, and supportive service provision and staffing to better address the unique needs of distinct groups. The Housing Department will provide the results of the study and recommendations at the April 24, 2023 Community and Economic Development Council Committee.

Staff, Recommendation #4 - Explore partnerships with healthcare providers, both public and private, to provide onsite medical and other resources for residents at the EIH co-sites

The California Department of Health Care Services created the Housing and Homelessness Incentive Program. This is a Medi-Cal Managed Care Plan (MCP) incentive program through which MCPs may earn incentive funds for improving health outcomes and access to whole-person care services by addressing homelessness and housing insecurity as social drivers of health and health disparities. The Housing and Homelessness Incentive Program rewards MCPs for developing the necessary capacity and partnerships to connect their members to needed housing services and taking active steps to reduce and prevent homelessness. Each MCP must collaborate with the local Continuum of Care to complete an investment plan. The County of

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Santa Clara Office of Supportive Housing and the City Manager's Office are working with the MCP's to develop an investment plan. The Housing and Homelessness Incentive Program could be an opportunity for onsite medical resources at EIH.

The Housing Department is also exploring a partnership with a private healthcare provider. The Department met with that healthcare provider who expressed interest in providing onsite medical care as well as health education support. The Housing Department provided onsite tours of the EIH sites with the healthcare provider and a meeting with onsite services providers to better understand health needs and opportunities.

Update - Neighborhoods Surrounding EIH Sites: Service Enhancements and No Encampment Zones

On November 29, 2022, the City Council approved staff's recommendation that as part of the 2023-2024 Proposed Budget development process, in context of the City's budgetary position and other critical City Council priorities, consider the following approaches to maintain quality of life in neighborhoods surrounding current and future EIH sites through the provision of dedicated monitoring, reporting, blight reduction, community engagement, and housing resources to communities within a half-mile of existing EIH sites. Staff will provide the costs for these service enhancements and information on no encampment zones through the 2023 Manager's Budget Addendum Process.

EVALUATION AND FOLLOW-UP

Staff intends to return to City Council within 150 days with a report of progress.

COORDINATION

This memorandum was coordinated with the City Manager's Office, 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 March 28, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

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CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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/

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/s/

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