



Housing

Proposed Changes to the Percentage Allocations and the Spending Plan for FY 2023-2024 Including Uncommitted Funds Recaptured from FY 2020-2021 through FY 2022-2023 for Measure E Transfer Tax Funds

**Housing & Community
Development Commission**

May 11, 2023
Item VII-B

Rachel VanderVeen
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Background

- On March 3, 2020, San José voters approved Measure E, a transfer tax on certain types of real estate transactions
- On June 23, 2020, City Council designated HCDC as the City's Real Property Transfer Tax Community Oversight Committee
- On April 19, 2022, City Council held the second and final public hearing on amendments to Council Policy 1-18 regarding the use of Measure E proceeds
- On March 21, 2023 Mayor Mahan released his March Budget Message directing changes to on a one-time basis to Measure E revenue staff



This Action's Objectives



Review and provide possible recommendations to City Council on the FY 2023-24 Measure E revenue spending plan



Review and provide possible recommendations for the reallocation of \$87 million of previously uncommitted revenue



Uncommitted Funding by Activity

Funded Activities Under Previous Spending Plans	Uncommitted Funding
Funding for New Construction of Affordable Rental Housing – Extremely Low-Income Households	\$18,237,291
Funding for Acquisition and Rehabilitation	\$24,609,040
Acquisition of Hotels	\$3,316,187
Funding for the Construction of Commercial Space for New Affordable Housing Developments	\$3,817,275
Funding for Land Acquisition	\$10,000,000

Uncommitted Funding by Activity (cont.)

Funded Activities Under Previous Spending Plans	Uncommitted Funding
ADU Program	\$4,903,083
Funding for New Construction of Affordable For-Sale Housing	\$3,087,500
Funding for New Construction of Affordable Rental Housing – Moderate-Income Households	\$2,342,833
Total	\$70,313,209

An additional \$17 million is being reprogrammed within the Homeless Prevention, Rental Assistance and Homeless Support Programs categories

One-time Policy Change: Uncommitted Allocation Percentages

Spending Category	Current %	Proposed %
Extremely Low-Income Households	45%	21%
Low-Income Households	35%	57%
Moderate-Income Households	10%	0%
Homeless Prevention	10%	4%
Homeless Support Programs	15%	18%
Administration	5%	22%



Spending Plan for Uncommitted Funds

Administration Fee is taken from the total amount available before the allocations to the other priorities

1. Administration Fee	22%	\$19,427,897
<ul style="list-style-type: none"> Housing Homeless Response Staff (3 FTE) City Manager’s Office Homelessness Coordination Team (3 FTE) Measure E Revenue Stabilization Reserve 		\$2,472,741 \$1,852,470 \$15,102,956

Spending Plan for Uncommitted Funds

1. Affordable housing for extremely low-income households	21%	\$14,200,000
<ul style="list-style-type: none"> Funding for New Construction of Affordable Rental Housing 		\$14,200,000
2. Affordable housing for low-income households	57%	\$38,635,253
<ul style="list-style-type: none"> Funding for New Construction of Affordable Rental Housing Funding for Commercial Space in Affordable Housing Funding for Inflation Reserve Funding for Land Acquisition and Acquisition/Preservation 		\$21,300,000 \$1,335,253 \$11,000,000 \$5,000,000
3. Affordable housing for moderate-income households	0%	\$0

Spending Plan for Uncommitted Funds

4. Homelessness Prevention and Solutions	4%	\$2,712,628
<ul style="list-style-type: none"> • Eviction Prevention and Diversion 		\$2,712,628
5. Homeless Support Programs and Shelter Operations	18%	\$12,054,868
<ul style="list-style-type: none"> • Overnight Warming Locations (OWLs) • Motel Program • Public Works Interim Shelter Site Identification and Development (4 FTE) • Interim Housing Operation and Maintenance Reserve 		\$1,500,000 \$8,000,000 \$2,006,789 \$548,079
TOTAL (including Administration Fees)		\$87,030,646

One-time Policy Change: 2023-2024 Allocation Percentages

Spending Category	Current %	Proposed %
Extremely Low-Income Households	45%	0%
Low-Income Households	35%	0%
Moderate-Income Households	10%	0%
Homeless Prevention	10%	20%
Homeless Support Programs	N/A	80%



Spending Plan for 2023-2024 Revenues

1. Administration Fee	5%	\$2,500,000
2. Affordable housing for extremely low-income households	0%	\$0
3. Affordable housing for low-income households	0%	\$0
4. Affordable housing for moderate-income households	0%	\$0

Administration Fee is taken from the total amount available before the allocations to the other priorities

Spending Plan for 2023-2024 Revenues

5. Homelessness Prevention and Solutions	20%	\$9,500,000
<ul style="list-style-type: none"> Homeless Prevention and Rental assistance 		\$4,750,000
6. Homeless Support Programs and Shelter Operations	80%	\$38,000,000
<ul style="list-style-type: none"> Interim Housing Operation and Maintenance Reserve Surestay Operations Public Works Interim Shelter Staffing (5.0 FTE) Public Works Interim Shelter Maintenance CARE Coordination Program (CCP) Homeless Outreach Contracts SJBridge Interim Shelter Site Identification and Development Housing Homeless Response Staffing (2.0 FTE) 		\$3,081,730 \$500,000 \$2,000,000 \$3,000,000 \$1,000,000 \$3,700,000 \$5,000,000 \$18,890,750 \$827,520
TOTAL (including Administration Fees)		\$50,000,000

Impact

- 🏠 Unable to release a New Construction NOFA in FY 2023-2024
- 🏠 Currently waitlisted developments will not be able to move forward
- 🏠 Only four developments will move forward
 - 525 N. Capitol Ave
 - 605 Blossom Hill (VTA)
 - 2080 Almaden Apartments
 - 1371 Kooser Street
- 🏠 Large reduction in funds for new Preservation NOFA



Recommendation

Review the staff report and provide possible recommendations to the City Council regarding the following:

- A. Proposed changes to the percentage allocations in the allocation framework for Fiscal Year 2023-2024 to:
- i. 5% for Administration and allocating the remaining revenue as follows:
 - ii. 0% for Creation of Affordable Housing - ELI
 - iii. 0% for Creation of Affordable Housing - LI
 - iv. 0% for Creation of Affordable Housing - Mod
 - v. 20% for Homeless Prevention
 - vi. 80% for Homeless Support



Recommendation

- B.** Proposed spending plan for Fiscal Year 2023-2024 based upon the changes to percentage allocations, that includes the reallocation of \$87 million of uncommitted revenue comprised of \$17 million from FY 2020-2021, \$20.4 million from FY 2021-2022, and \$49.5 million from FY 2022-2023 to:
- 1) 22% for Administration and allocating the remaining revenue as follows:
 - 2) 21% for Creation of Affordable Housing- ELI
 - 3) 57% for Creation of Affordable Housing- LI
 - 4) 0% for Creation of Affordable Housing- MI
 - 5) 4% for Homeless Prevention homeless prevention, gender-based violence programs, legal services and rental assistance; and
 - 6) 18% for Homeless Support including shelter construction and operations





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INFORMATIONAL BRIEFING SOFT STORY SEISMIC RETROFIT PROGRAM

HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

Lisa Joiner – Deputy Director, Planning, Building and Code Enforcement

Abraham Chacko – Project Manager, Planning, Building and Code Enforcement

Item VII-C

MAY 11, 2023

Soft Story Seismic Retrofit Program - Definitions

General Definition

A soft story building is a multi-story building in which one or more floors have windows, wide doors, large unobstructed commercial spaces, or other openings in places where a shear wall would normally be required for stability as a matter of earthquake engineering design.

[Soft story building - Wikipedia](#)



Source: [Dingbat \(building\) - Wikipedia](#)

Soft Story Seismic Retrofit Program - Definitions

Project Definition

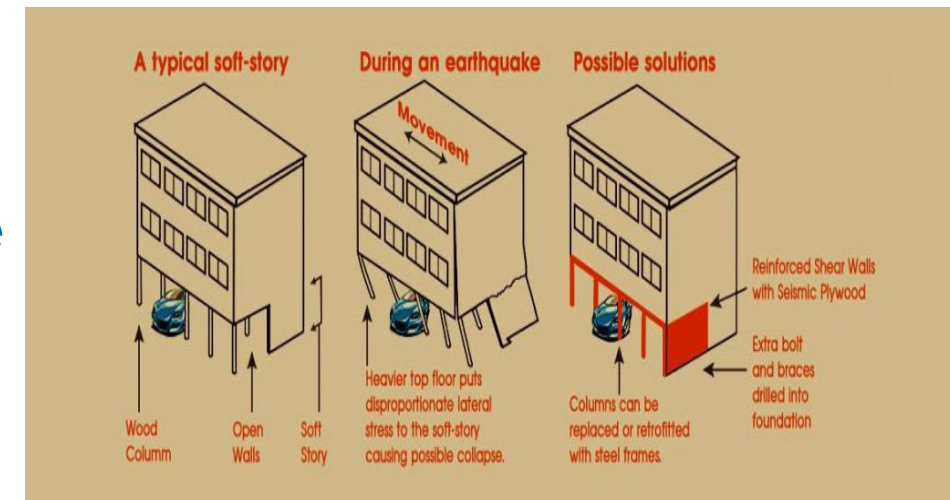
For this project, Soft Story residential buildings are existing wood frame, multi-unit residential building of **two or more stories** and **three or more dwelling units**, and the ground floor contains parking, large windows or garage doors, or other similar open floor or basement space that cause soft, weak, or open-front wall lines.



<https://theconstructor.org/earthquake/soft-storey-buildings-earthquakes/15694/>

Soft Story Seismic Retrofit Program – Background and Grant

- 2014 - City Council directed staff to explore ways to incentivize soft story building retrofits
- 2017 - City Council ranked the development of a soft story retrofit program as the City's overall 8th policy priority
- 2018 - HMGP Application submitted to CalOES
- 2019 - Application forwarded to FEMA
- 2021
 - April – contacted by FEMA to modify the grant application into two phases
 - June – revised application re-submitted
 - September – Phase 1 grant awarded



<https://aoausa.com/a-soft-story-story-whats-trust-got-to-do-with-it-by-dee-soffer/>

Soft Story Seismic Retrofit Program – Guiding Principles

- Health and safety of residents
- Equity and inclusion of vulnerable and disadvantaged residents, and
- Minimizing the need for mass care and shelter in the event of an earthquake.

Issues we are Working On

- Develop the pre-ordinance outreach plan and timeline
- Develop criteria for determining risk levels
- Develop compliance schedules based on multiple risk levels
- Develop criteria for rebate application based on equity and tenant demographics

Issues we are Working On

- Establish a coordinated process for petitions for rent increase and assess impact on staff workload
- Develop a streamlined online permitting process for property owners and inter-departmental access
- Develop a potential Permit and Inspection Fee Schedule
 - Assess impact of prioritizing soft story seismic retrofits on staff
 - Environmental and Historical Preservation assessment process for FEMA-funded projects

Issues we are Working On

- Identify possible funding resources for property owners
- Create online platform for streamlined process
- Establish compliance process

Soft Story Seismic Retrofit Program - Timeline

- Pre-ordinance outreach – May to August 2023
- Draft program to the Housing and Community Development Commission – September 14, 2023
- Report to the Community and Economic Development Committee – October 23, 2023
- Draft ordinance to City Council – fall 2023
- Post-ordinance outreach – fall 2023
- Program implementation begins – January 2024

Recommendation

Receive the briefing on the Soft Story Seismic Retrofit Project and provide feedback to staff on the outreach and engagement strategy to maximize stakeholder participation and input on program elements.

INFORMATIONAL BRIEFING SOFT STORY SEISMIC RETROFIT PROGRAM

HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

Lisa Joiner – Deputy Director, Planning, Building and Code Enforcement

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Item VII-C

MAY 11, 2023



Housing

Seventh Substantial Amendment to the FY 2019- 20 Annual Action Plan

Housing & Community Development Commission
May 11, 2023
Item VII-D

Kristen Clements
Interim Deputy Director

Emily Hislop
Division Manager

Redirect CDBG CARES Act Funding

- Original activity, legal services, could not meet the contract spending deadline
- Seventh Substantial Amendment enables City to redirect and use \$250,000 in existing CDBG CARES Act funds to serve vulnerable community members impacted by COVID-19
- Funding is an eligible activity under public services, provides emergency payments for the following use:
 - Rent payments
 - Rental arrears

CDBG CARES Act FY 2023-2024 Funding

Eligible Activity	Proposed Outcome	Amount
Housing stability and Homelessness Prevention: provides temporary financial assistance, legal support, and other services to help at-risk families and individuals maintain their housing and avoid homelessness	Provide rental assistance to an estimated 25 households	\$250,000
Legal services in response to COVID-19		(\$250,000)
	TOTAL	\$0

Sacred Heart, Eviction Diversion Agreement

- Sacred Heart Community Services has led administration of COVID-19 emergency rental assistance payments since April 2021
- Sacred Heart's Eviction Diversion and Settlement Program contract will be amended to add \$250,000 for direct emergency rental assistance payments
- Contract will be extended from June 30, 2023 to October 31, 2023
- Provides one-time emergency rental assistance to tenants impacted by COVID-19 at imminent risk of eviction
- Tenants with extremely low incomes will be prioritized

Recommendation

- a) Conduct a public hearing on the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan to reallocate a portion of the Community Development Block Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funding awarded by the United States Department of Housing and Urban Development (HUD) to the City of San José;
- b) Approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan to amend the CDBG-CV Program Allocation Plan and reallocate \$250,000 in unused CDBG-CV funds from the Law Foundation of Silicon Valley to Sacred Heart Community Services for the Eviction Diversion and Settlement Program; and
- c) Recommend to the City Council it approve the Seventh Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan.



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Seventh Substantial Amendment to the FY 2019- 20 Annual Action Plan

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