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TRANSMITTED VIA EMAIL

April 12, 2022

Honorable Mayor Sam Liccardo and Members of the City Council
City of San Jose

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Davis, Carrasco, Cohen, Esparza, Foley, Jimenez, Mahan, and Peralez.

Item 8.1 : Proposed Changes to the Spending Priorities and Percentage Allocations Measure E Real Property Transfer Taxes.

We write today to support the staff recommendation to adjust the spending priorities and percentage allocation for Measure E tax receipts, as reviewed and accepted by the council on February 15, 2022. This adjustment will reallocate a portion from each of the current spending categories to create a new Homeless Services Programs priority. As outlined in the staff memorandum, this action is being taken to respond to the additional funding needed for the construction and ongoing service obligations of emergency interim housing and hotel acquisition projects undertaken to respond to the immediate shelter and service needs of those facing homelessness in the city.

Interim housing opportunities are important additional tools in the City's homeless and displacement response, and their success depends on providing both shelter and supportive services. The needs of those living unhoused in our city are profound, and we are committed to a continuum of responses, including displacement and homeless prevention, support for a range of interim shelter and harm mitigation efforts, and the continued development of the permanent affordable homes people need.

Since its passage by the voters in 2020, with strong leadership from the Mayor and Council, Measure E has become an essential resource in the City's response to the housing crisis. Owing to the record-breaking sales of commercial property during the pandemic, the program has outperformed expectations and already generated over a \$100 million. These are resources that will keep thousands of families and individuals in their homes and build and create thousands of new affordable homes. This was what the voters approved -- with the added assurance that only a super majority vote by council could change the allocation priorities. Even as we support the proposed changes, this should not be a decision taken lightly by this council, as the faith of the voters is essential to ongoing support for housing solutions.

As we expand the priorities and uses of Measure E we must acknowledge that we know how to respond to the displacement, homelessness, and housing affordability crisis -- ensuring that everybody has a safe and stable home they can afford. Our greatest challenge remains our limited resources. The latest \$150 million NOFA for affordable development received proposals for \$240 million from projects well underway, and Planning staff report a much

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longer pipeline of affordable projects under development. Critical County Measure A funds are nearly spent down. Challenges at the state level, are making the importance of local funding sources all the more important.

In San Jose 34,000, about 25%, of renter households pay over half of their incomes for rent. These households are overwhelmingly extremely-low and very-low income working families struggling mightily every day, and with very little buffer should they face increased costs or unexpected expenses. Over 22,000 renters, and many lower-income homeowners, live in overcrowded or severely-overcrowded homes. Reflecting enduring racial injustices and stratification, those suffering from housing instability, most vulnerable to displacement and homelessness, are disproportionately BIPOC residents of our city. These are conditions that hurt people, that create lasting impacts on everything from educational attainment to health, that perpetuate family and community instability that is holding us back collectively from realizing the full potential of this city.

As you expand our response to the multiple dimensions of this crisis, you must continue to commit to expanding our collective capacity. San Jose needs to take a leadership role in supporting a regional affordable housing bond initiative to be coordinated by the recently formed Bay Area Housing Finance Agency. We must commit to a feasible, but robust increase in the Commercial Linkage Fee to address increased demand from the largest commercial development pipeline in the City's history. We must embrace and invest in new approaches to creating affordable homes through housing preservation. We must continue to streamline the housing development process, and continue to get better at providing emergency rental assistance where and when it is needed most.

The needs are tremendous, the challenges are great, but we know the solutions and must redouble our commitment.

Sincerely,



Regina Celestin Williams
Executive Director