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Regina Celestin Williams
Executive Director

March 18, 2024

City of San Jose City Council
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113**Re: Item 3.3 Approval of the Fiscal Year 2024-2025 Mayor's March Budget Message**

Dear Mayor Mahan and City Councilmembers,

The Mayor's March Budget Message has historically been accepted by the council as the beginning of a budget process, which will proceed through the council's adoption of the final 2024-2025 budget in June. We agree that we must act with urgency to bring our neighbors in from the streets and into permanent homes. We are deeply concerned, however, that the proposed priorities are neither fully reflective of the needs and interests of the city, responsible in the near term nor sustainable over time. As a result, acceptance of this message must be contingent on the following provisions:

- 1. Continue your commitment to a balanced approach to our response to the crisis of homelessness and displacement by maintaining the Measure E spending plan that supports both the provision of shelter and the creation of homes people can permanently afford.**
- 2. Identify new sources of funding to account for the significant ongoing costs of supporting interim shelters and a comprehensive homelessness response system. Rather than pitting solutions against one another, we must seek new sources of revenue to support both of these key priorities.**

Providing more affordable housing is a top priority for San Jose residents and leaving this out of the budget fails the commitments we have made to invest in permanent housing stability for current and future generations.

The Annual Community Survey shows that addressing homelessness and providing more affordable housing are the top two priorities for residents yet, affordable housing production is left out of the Mayor's budget message. **Providing more affordable housing is the top priority for Black and Latinx residents who suffer the most under the weight of our housing crisis.**

The lack of affordable housing options is a serious threat to our community: 70,000 families in our community are rent-burdened, and it is the primary factor driving more of our neighbors into homelessness every day.

We have permanent projects ready to go. The most recent city Affordable Housing Funding Notice of Funding Availability identified an additional 13 affordable developments waitlisted for city funding, representing more than 1,500 new affordable homes all of which would be at risk if Measure E funds were to be diverted.

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Permanent affordable housing is a critical part of a system of response to the crisis of displacement and homelessness in our communities.

Permanent affordable housing is an integral part of a system of response laid out in the city's implementation plan for the Community Plan to End Homelessness. Data from [Destination: Home's Continuum of Care](#) showed that only ¼ of the people in interim housing or shelters in Santa Clara County last year were able to secure permanent housing and 75% of the folks who transitioned did so with the help of a supportive housing program and/or other form of housing subsidy. In recognizing the importance of interim shelter, we must remember that the measure of our success is the number of people who can achieve permanent housing stability.

The only true solution to homelessness is permanent housing. Stable, affordable homes are proven to be what we need to stop overcrowding, rent burdening, displacement, and evictions.

Next week you will have the opportunity to support an innovative local tenant preference policy that targets affordable housing investments to address community instability, displacement, and homelessness. This solution is only going to be effective if we continue to invest in affordable housing.

Emergency interim shelter is important, but the current costs of expanding these resources are unsustainable and will require an ongoing independent revenue source.

The city must look for permanent revenue streams to fund the significant and continuous interim operating costs. The most recent commitments to the Cerone and Rue Ferrari sites show development costs of \$200,000 and \$224,000 per bed, and an estimated \$70 million per year in system-wide operating costs per year by 2028 under current expansion plans. The required financial commitment to maintaining these interim sites is unfeasible and has already begun to impact the city's budget deficits.

While we understand the difficult decisions that lie ahead given this year's fiscal challenges, we urge you to keep **both** ending homelessness and increasing the availability of affordable housing as top priorities. Towards that end, we urge the council's support for the recommendations included in the memorandum submitted by Councilmembers Ortiz, Candelas, and Jimenez to enable a discussion grounded in a full accounting of costs and the impact of different approaches.

SV@Home is committed to working towards common understanding and support for comprehensive solutions to end the housing crisis in San Jose. We believe that no single strategy will be effective on its own and that addressing the needs of the most vulnerable members of our communities requires embracing a balanced systemic response. Affordable housing is an invaluable asset to our city and we must treat it as such.

Sincerely,



Regina Celestin Williams
Executive Director