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March 16, 2026

RE: SV@Home Response to the Mayor's March Budget Message

Dear Mayor Mahan, Vice Mayor Foley, and Honorable Councilmembers:

On behalf of SV@Home, we appreciate the opportunity to comment on the Mayor's March Budget Message and the difficult choices facing the City this budget season. We are pleased that at a time when fiscal constraints could easily push housing solutions to the margins, the Mayor's efforts keep housing production central to the City's agenda.

We are especially encouraged by the focus on reducing barriers to housing development through meaningful structural reforms. Streamlining fees, guaranteeing permit timelines, and stripping away unnecessary building codes are valuable structural changes that could significantly ease housing production.

We also appreciate the inclusion of construction tax waivers as a strategy to reduce development costs for affordable housing. This is an important acknowledgment that local fees can affect project feasibility, especially in today's difficult financing environment. At the same time, the Council should recognize that this tool will not benefit all affordable housing types equally. Developments using project-based vouchers are already exempt from construction taxes.

There is currently a pipeline of projects with some funding secured and firm commitments of project-based vouchers for permanent supportive housing: a critically necessary response to chronic homelessness. Similarly, acquisition-rehabilitation projects, despite being essential preservation and anti-displacement tools, often have relatively low construction valuation, so construction tax waivers produce only modest savings. For these reasons, construction tax waivers should be viewed as one helpful tool, but not a standalone solution. The City should continue to identify additional tools to support permanent supportive housing, acquisition-rehab, and preservation, including direct local gap financing, fee deferrals, and other targeted subsidy mechanisms.

We are pleased that the March Budget Message would maintain the commitment of **10% of Measure E funds for homelessness prevention**. This remains one of the City's most important tools to keep households stably housed and prevent homelessness before it occurs. We urge the Council not only to preserve this commitment, but to direct any identified surplus or additional flexible revenue toward prevention.

At the same time, we are concerned that no funding is identified for tenant protection Housing Element programs beyond homelessness prevention. San José's Housing Element includes important commitments to reduce displacement and protect housing stability, but those commitments will not be meaningful without dedicated resources.

In particular, the City should identify funding for **proactive code enforcement** and **eviction prevention strategies** in Housing Element Programs including S-6, S-12, and S-28. Proactive

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code enforcement is especially important in older rental housing, where unsafe conditions and deferred maintenance can threaten tenants and contribute to displacement. Eviction prevention, including legal services, emergency assistance, and outreach, remains essential to keeping vulnerable households housed. San José cannot meet its housing goals by focusing only on production while underinvesting in the stability of current renters.

The directive to the City Manager to “bring recommendations to update the Ellis Act in a way that incentivizes investment in older housing stock, while protecting against displacement” should clearly state that tenant protections must not be weakened. The Ellis Act is an important tool to help prevent the displacement of lower-income households. While the City should absolutely explore ways to support reinvestment in older housing stock, that cannot come at the expense of tenants. The Council should make clear that any recommendations brought forward must preserve and strengthen anti-displacement protections—not dilute them.

Finally, the March Budget Message identifies no funding to support the existing pipeline of new affordable housing developments currently advancing toward construction, nor for the preservation of existing affordable housing. Given our shortfall of existing resources, staff needs direction and funding to support exploration of the next generation of affordable housing funding.

Regulatory reform, fee waivers, and process improvements are all valuable—but they are not substitutes for actual subsidy. Affordable housing, especially homes serving extremely low-income households and people exiting homelessness, does not pencil without public investment. Likewise, preserving affordable homes and naturally occurring affordable housing often requires capital to acquire, rehabilitate, and stabilize properties before they are lost to speculation or deterioration.

If San José is serious about being bold on housing, that boldness must include funding for affordable housing production and preservation—not just reforms to make development easier. We urge the Council to identify any available one-time or ongoing resources that can be directed toward local gap financing, acquisition-rehabilitation opportunities, and permanent supportive housing pipeline needs.

We appreciate the Mayor's effort to advance meaningful housing reforms in a difficult budget year. To truly meet this moment, however, San José must pair production-focused reforms with investments in housing stability, tenant protections, anti-displacement strategies, and affordable housing investment.

We urge the Council to:

1. **Support construction tax waivers while recognizing their limits**, especially for permanent supportive housing and acquisition-rehabilitation projects;
2. **Preserve the 10% Measure E commitment to homelessness prevention** and direct any identified surplus or additional funds toward prevention;
3. **Fund tenant protection Housing Element programs beyond homelessness prevention**, including proactive code enforcement and eviction prevention;

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4. **Clarify that any Ellis Act recommendations must not weaken tenant protections** and must prioritize anti-displacement outcomes; and
5. **Identify funding for affordable housing production and preservation**, recognizing that structural reform alone cannot close the affordability gap.

SV@Home stands ready to partner with the City in advancing a housing agenda that is both ambitious and equitable- one that not only makes it easier to build, but ensures that lower-income residents, tenants, and people experiencing or at risk of homelessness are not left behind.

Thank you for your leadership and consideration.

Sincerely,

Sincerely,



Regina Celestin Williams
Executive Director

