

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN JOSE APPROVING THE PERCENTAGE
ALLOCATIONS FOR THE SPENDING OF MEASURE E
REAL PROPERTY TRANSFER TAX REVENUES
TOTALING \$50.0 MILLION ANTICIPATED TO BE
RECEIVED IN FISCAL YEAR 2024-2025**

WHEREAS, on March 3, 2020, San José voters approved Measure E, which established a transfer tax on real estate transactions where the purchase price exceeds \$2 million; and

WHEREAS, in June 2020, the Council of the City of San José (“City”) amended City Council Policy 1-18 to include a new Section 22 that specifies the spending priorities and percentage allocations for Measure E revenue, along with a process for amending the spending priorities and percentage allocations; and

WHEREAS, on April 19, 2022, the City Council adopted, under Resolution No. 80472, amendments to the spending priorities for Measure E revenues under Council Policy 1-18; and

WHEREAS, on May 17, 2022, the City Council adopted, under Resolution No. 80504, amendments to the percentage allocations for the Measure E spending priorities for Fiscal Years (“FY”) 2020-2021, 2021-2022, and 2022-2023; and

WHEREAS, on March 21, 2023, the City Council approved the Mayor’s March Budget Message for FY 2023-2024, which included direction to the City Manager to explore the use of uncommitted Measure E resources for reallocation to homeless prevention, support, and management to fund various programmatic initiatives in the March Budget Message to reduce unsheltered homelessness, including the doubling of the FY 2023-2024 homelessness prevention category on a one-time basis; and

WHEREAS, on June 13, 2023, the City Council adopted RES2023-215 maintaining the percentage allocations under Council Policy 1-18 for Fiscal Year 2023-2024's anticipated revenue and further adopted RES2023-216 which reallocated the percentage allocation for Measure E spending priorities for Measure E revenue generated in fiscal years 2020-2021, 2021-2022, and 2022-2023; and

WHEREAS, on March 19, 2024, the City Council approved the Mayor's March Budget Message for FY 2024-2025, which included direction to the City Manager to include in the proposed budget an analysis of the impact of the reallocation of any Measure E revenue for the provision of essential services to the City's unhoused residents, and meet stormwater permit requirements, including the impact of the City's ability to issue new Notices of Funding Availability ("NOFAs") for affordable housing, and the impact if any, on NOFA waitlisted projects and other projects in the pipeline; and

WHEREAS, 60 days' public notice was issued and City Council held two public hearings, on May 14, 2024 and June 10, 2024, on the proposed changes to the percentage allocations for the spending priorities of Measure E Real Property transfer tax revenues, pursuant to the requirements under Section 22 of Council Policy 1-18; and

WHEREAS, City staff anticipates approximately \$50 million in Measure E revenue for FY 2024-2025 and proposes that the City Council approve one-time modifications to the percentage allocations for the Measure E revenue and the resulting Spending Plan for FY 2024-2025, as described in Manager's Budget Addendum #28 dated May 31, 2024;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (a) Under Section 22 of Council Policy 1-18, the City Council establishes the spending priorities and their percentage allocations for the revenue generated from the Measure E real property transfer tax, and may amend such priorities and their allocations through the public process set forth therein.
- (b) For Fiscal Year 2024-2025's anticipated revenue of \$50 million, the following one-time percentage allocations for the Measure E spending priorities under the proposed Spending Plan for Fiscal Year 2024-2025 are hereby approved:
 - (1) 5% for administration, with the remaining revenue allocated as follows:
 - (2) 12% for the creation of new affordable housing for extremely low-income households;
 - (3) 11% for the creation of new affordable housing for low-income households;
 - (4) 2% for the creation of new affordable housing for moderate-income households;
 - (5) 10% for homeless prevention, gender-based violence programs, legal services and rental assistance; and
 - (6) 65% for homeless support programs including shelter construction and operations.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk