

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING MAINTAINING THE CURRENT PERCENTAGE ALLOCATIONS UNDER COUNCIL POLICY 1-18, SECTION 22, 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 maintaining the current percentage allocations under Council Policy 1-18, Section 22, for the Measure E revenue and the resulting spending plan for FY 2024-2025;

**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 and resulting Spending Plan, the current percentage allocations for the Measure E spending priorities Fiscal Year 2024-2025 under Council Policy 1-18, Section 22, are hereby approved, as follows:
  - (1) 5% for administration, with the remaining revenue allocated as follows:
  - (2) 10% for homelessness prevention, gender-based violence programs, legal services, and rental assistance;
  - (3) 40% for creation of new affordable housing for Extremely Low-Income households earning less than 30% of area median income ("AMI") as defined by the U.S. Department of Housing and Urban Development;
  - (4) 30% for creation of new affordable housing for Low-Income households earning less than 80% of AMI as defined by the U.S. Department of Housing and Urban Development;
  - (5) 5% for creation of new affordable housing for moderate-income rental housing up to and including 120% AMI, including but not limited to, rent-restricted Accessory Dwelling Units forgivable loans, down payment assistance, land trusts, shared equity programs, and first-time homeownership opportunities for households up to 120% AMI; and
  - (6) 15% primarily for homeless support programs, shelter construction and operations, that may include, but is not limited to, case management,

outreach teams, encampment services, safe parking, homeless shelters and interim housing construction and operations. In addition, should the City Manager's Five-Year General Fund Forecast determine that sufficient resources are available to support the aforementioned programs in accordance with prior City Council direction over the five-year forecast horizon, any residual funds are eligible for homelessness prevention.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk