



MEMORANDUM

August 19, 2019

TO: President Kahn and Members of the Human Services Commission

THROUGH: Trent Rhorer, Executive Director

FROM: Emily Gibbs, Budget Manager

CC: Jeff Kositsky, Director of Department of Homelessness & Supportive Housing

SUBJECT: **Homelessness and Supportive Housing Fund: FY18-19 Report**

This memo provides an analysis of the FY18-19 savings for the Homelessness and Supportive Housing Fund (formerly the Human Services Care Fund). The first section briefly describes how the fund works. The following sections describe the actual FY18-19 savings (including comparisons to projections from the start of the fiscal year and the FY18-19 budgeted amount). This memo also reports on the projected Homelessness and Supportive Housing Fund savings and budgeted amount for the current fiscal year (FY19-20).

Background

In October 2003, the City adopted the ordinance that established the Homelessness and Supportive Housing Fund, which pays for housing and services for homeless CAAP clients through savings resulting from the implementation of Proposition N (known as *Care Not Cash*). **The ordinance requires that on an annual basis the Human Services Agency report whether its projections were accurate for the year. The Commission is then to adopt findings and transmit them to the Board of Supervisors and the Office of the Controller.**

Two sources of savings are specified for Homelessness and Supportive Housing Fund:

1. Savings from reductions in the homeless CAAP caseload – The ordinance establishes a baseline of 3,000 total homeless CAAP clients, and savings are generated if the number of homeless CAAP clients falls below the baseline.
2. Savings from grant reductions – The savings resulting from reduced grants for homeless CAAP recipients are also added to the fund. Grants are reduced for clients who are offered shelter (either because they refused a permanent housing unit, or are waiting to be referred to a permanent housing unit).

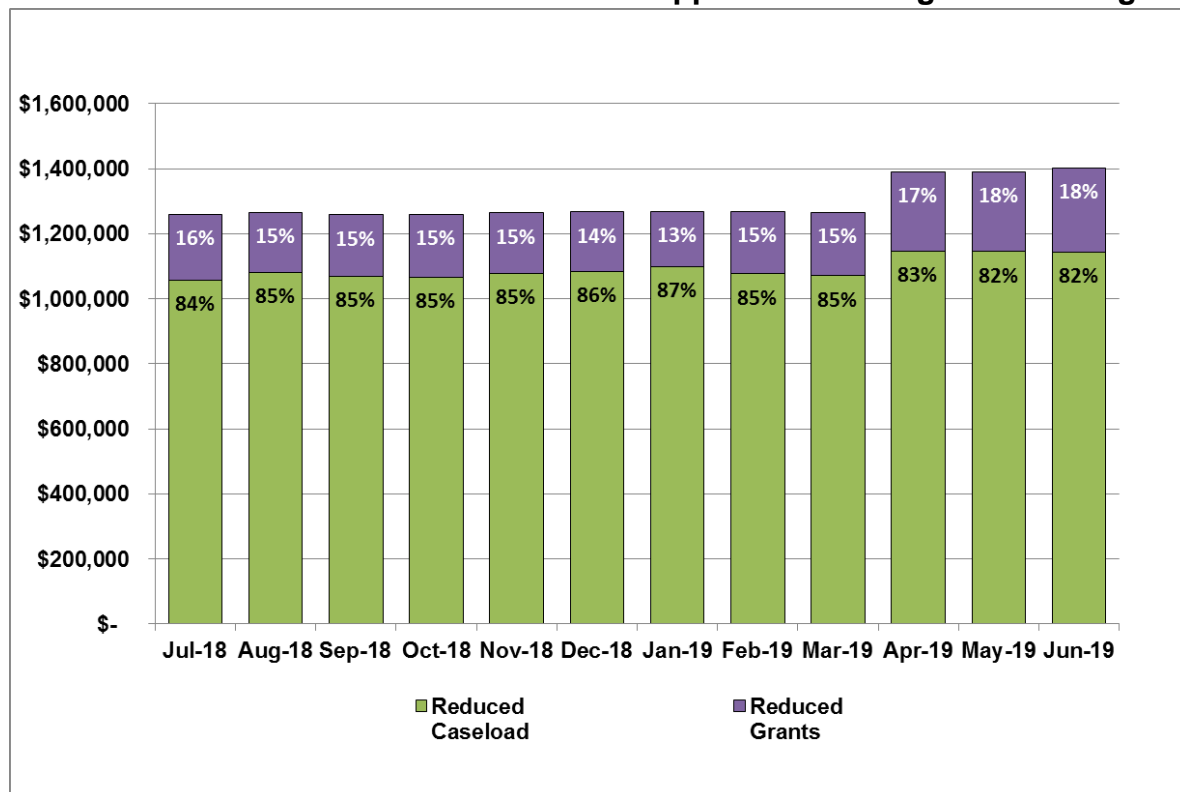
Caseload Data and Source of Fund Savings

The table below compares the actual homeless CAAP caseload during FY18-19 to projections from the beginning of the year. On average, the actual homeless caseload was less than the projected caseload for the first nine months of the fiscal year, though the caseload increased in April.

Month	Projected # CAAP Homeless	Actual # CAAP Homeless	Difference (Actual - Projected)	% Variance
Jul-18	529	563	34	6%
Aug-18	529	513	(16)	-3%
Sep-18	529	545	16	3%
Oct-18	529	549	20	4%
Nov-18	529	521	(8)	-2%
Dec-18	529	507	(22)	-4%
Jan-19	529	476	(53)	-11%
Feb-19	529	521	(8)	-2%
Mar-19	529	534	5	1%
Apr-19	529	593	64	11%
May-19	529	595	66	11%
Jun-19	529	596	67	11%

The chart below shows that the bulk of the savings continues to stem from a reduced homeless caseload (versus reduced cash grants). During the year, reduced caseloads accounted for between 82% and 87% of the monthly Homelessness and Supportive Housing Fund savings.

Source of Actual Homelessness and Supportive Housing Fund Savings



FY18-19 Fund Savings

The table below compares the projected savings from the beginning of the fiscal year with the actual savings. The FY18-19 actual Homelessness and Supportive Housing Fund savings are about five hundred ninety three thousand greater than was projected. The savings were greater than projected partially due to lower caseloads than projected in the first nine months, but in larger part due to a CAAP grant increase on April 1, 2019. The CAAP grant increased by 10 percent in line with the 10 percent increase in the CalWORKs grant adopted in the FY 18-19 State budget. This increase was not anticipated in the city budget.

Month	Projected	Actual	Difference
Jul-18	\$1,247,172	\$1,259,348	\$12,176
Aug-18	\$1,247,172	\$1,265,656	\$18,484
Sep-18	\$1,247,172	\$1,258,672	\$11,499
Oct-18	\$1,247,172	\$1,259,202	\$12,029
Nov-18	\$1,247,172	\$1,264,264	\$17,092
Dec-18	\$1,247,172	\$1,267,001	\$19,829
Jan-19	\$1,247,172	\$1,269,105	\$21,933
Feb-19	\$1,247,172	\$1,267,959	\$20,787
Mar-19	\$1,247,172	\$1,266,630	\$19,458
Apr-19	\$1,247,172	\$1,389,679	\$142,507
May-19	\$1,247,172	\$1,390,020	\$142,848
Jun-19	\$1,247,172	\$1,401,895	\$154,723
Total FY18-19	\$14,966,067	\$15,559,432	\$593,365

Fund Budget Versus Actual Savings for FY18-19

The FY18-19 budgeted amount for the Homelessness and Supportive Housing Fund was \$15,006,859. As shown below, the actual savings for FY18-19 was around five hundred and fifty thousand greater than budgeted.

FY18-19 Homelessness and Supportive Housing Fund Budget Comparison

Budget	\$15,006,859
Actual	\$15,559,432
Amount Under-Funded	\$552,573

Projected FY19-20 Fund Savings

The savings for FY19-20 is currently projected at \$18,251,671. The official Homelessness and Supportive Housing Fund budget for FY19-20 is \$17,873,142 (\$378,529 less than the current projection). The projection has been updated to reflect mid-year grant increases.

Month	Care Fund Projections
Jul-19	\$1,385,852
Aug-19	\$1,385,852
Sep-19	\$1,385,852
Oct-19	\$1,566,013
Nov-19	\$1,566,013
Dec-19	\$1,566,013
Jan-20	\$1,566,013
Feb-20	\$1,566,013
Mar-20	\$1,566,013
Apr-20	\$1,566,013
May-20	\$1,566,013
Jun-20	\$1,566,013
Total FY19-20	\$18,251,671

Recommendations

HSA staff recommends that the Commission adopt the findings regarding the FY18-19 Homelessness and Supportive Housing Fund savings of \$15,559,432 and transmit the information to the Board of Supervisors and the Office of the Controller (in the form of the accompanying memo).

In July or August of 2020, HSA will present the actual savings for FY19-20 and compare the data to the budgeted amount and the projections detailed above.