



Department of Benefits
and Family Support

Department of Disability
and Aging Services

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MEMORANDUM

September 16, 2022

TO: President Kahn and Members of the Human Services Commission

THROUGH: Trent Rhorer, Executive Director

FROM: Celia Pedroza, Acting Budget Manager

CC: Shireen McSpadden, Director of the Department of Homelessness & Supportive Housing

SUBJECT: **Homelessness and Supportive Housing Fund: FY21-22 Report**

This memo provides an analysis of the FY21-22 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 FY21-22 savings (including comparisons to projections from the start of the fiscal year and the FY21-22 budgeted amount). This memo also reports on the projected Homelessness and Supportive Housing Fund savings and budgeted amount for the current fiscal year (FY22-23).



London Breed
Mayor

Trent Rhorer
Executive Director

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 the 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).

Fiscal Year 22-23 Issues

Both of the Care not Cash savings vehicles will be affected by the continuing COVID pandemic during FY22-23. The homeless CAAP caseload has risen steadily since December 2020. Social distancing requirements have reduced the total congregate shelter bed capacity, which compromises the City’s ability to offer shelter in lieu of full CAAP grants. However, to the extent that the City is able to bring additional shelter options online to house the homeless, this enables HSA to increase savings from reduced CAAP grants.

Another factor, which affects the maximum pool of Care not Cash savings, is the 11% CAAP grant Cost-of-Living-Adjustment (COLA) that takes effect in October 2022. This COLA will increase the cash amount each recipient receives each month, as well as the possible savings for each reduced grant.

Caseload Data and Source of Fund Savings

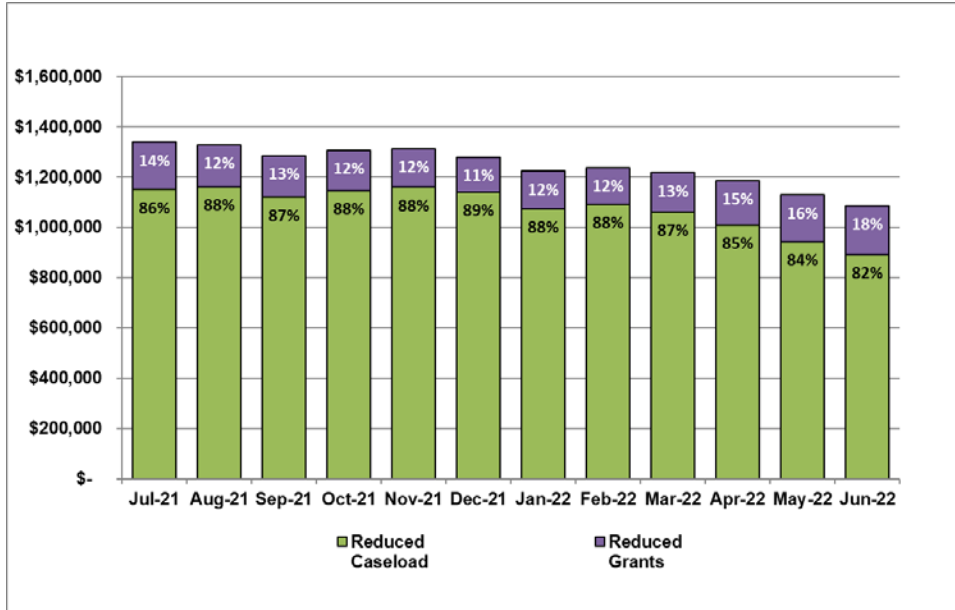
The table below compares the actual monthly homeless CAAP caseload during FY21-22 to projections from the beginning of the year. The actual homeless caseload was higher than the projected caseload across the entire fiscal year. The caseload saw constant growth, which accelerated during the final months of FY21-22.

Month	Projected # CAAP Homeless	Actual # CAAP Homeless	Difference (Actual - Projected)	% Variance
Jul-21	742	832	90	11%
Aug-21	740	810	70	9%
Sep-21	744	882	138	16%
Oct-21	743	939	196	21%
Nov-21	744	915	171	19%
Dec-21	744	952	208	22%
Jan-22	745	1,057	312	30%
Feb-22	745	1,034	289	28%
Mar-22	745	1,087	342	31%
Apr-22	745	1,180	435	37%
May-22	746	1,272	526	41%
Jun-22	746	1,365	619	45%

The chart below shows that the bulk of the savings continues to stem from a reduced homeless caseload relative to the 2003 baseline level (versus reduced cash grants). However, there was a slight shift in the source of the savings over the course of the year, with an increased proportion coming from savings attributed to grants. During FY22-23, the

share of savings attributable to reduced grants is further projected to rise, as San Francisco’s shelter capacity gradually returns to pre-pandemic levels.

Source of Actual Homelessness and Supportive Housing Fund Savings



FY21-22 Fund Savings

The table below compares the budgeted savings, projected savings as of July 2021, and actual savings for FY21-22. Compared with the July 2021 projection, the FY21-22 actual Homelessness and Supportive Housing Fund savings are \$3,009,613 less than expected.

The July 2021 projection reflected a slightly higher monthly savings compared with the budgeted projection, as it assumed a more immediate transition from the pandemic and the availability of additional shelter beds for this population. The shrinking actual monthly savings correlates with the constant homeless CAAP caseload growth which occurred during FY21-22. As more individuals entered the caseload, more dollars were paid in aid grants rather than accumulated into the Care fund.

Month	Budgeted Projection	Projection from July 2021	Actual	Difference from July Projection
Jul-21	\$1,368,885	\$1,338,822	\$1,338,822	\$0
Aug-21	\$1,369,387	\$1,327,421	\$1,327,481	\$59
Sep-21	\$1,368,217	\$1,329,016	\$1,285,170	(\$43,846)
Oct-21	\$1,471,961	\$1,478,662	\$1,307,001	(\$171,660)
Nov-21	\$1,487,865	\$1,500,655	\$1,312,934	(\$187,721)
Dec-21	\$1,502,421	\$1,520,287	\$1,279,061	(\$241,226)
Jan-22	\$1,515,596	\$1,538,110	\$1,222,673	(\$315,437)
Feb-22	\$1,527,555	\$1,554,229	\$1,236,861	(\$317,367)
Mar-22	\$1,538,407	\$1,568,818	\$1,217,350	(\$351,468)
Apr-22	\$1,548,258	\$1,582,025	\$1,185,057	(\$396,968)
May-22	\$1,557,204	\$1,593,983	\$1,129,224	(\$464,759)
Jun-22	\$1,557,204	\$1,604,815	\$1,085,596	(\$519,219)
Total FY21-22	\$17,812,960	\$17,936,844	\$14,927,231	(\$3,009,613)

Projected FY22-23 Fund Savings

The savings for FY22-23 is currently projected at \$16,567,584, which corresponds to a projected average monthly caseload of 1,497. The official Homelessness and Supportive Housing Fund budget for FY22-23 is \$18,825,945 (\$2,258,361 more than the current savings projection). The average monthly caseloads are projected to continue rising, though not to the same degree as during FY21-22. Despite this projected caseload growth, the monthly Care Fund savings are projected to remain constant. This is due to two reasons. Firstly, as part of the city’s shelter capacity restoration, CAAP will begin guaranteeing shelter beds to new CAAP applicants, with the plan to gradually expand this offer to existing aid recipients as well. Secondly, the 11% CAAP grant increase will raise the dollar amount contributed to the Care fund from each case that’s under the 3,000 caseload baseline.

Month	Caseload Projections	Care Fund Projections
Jul-22	1466	\$1,029,154
Aug-22	1454	\$1,097,054
Sep-22	1478	\$1,144,142
Oct-22	1494	\$1,481,581
Nov-22	1489	\$1,482,854
Dec-22	1495	\$1,481,126
Jan-23	1495	\$1,480,544
Feb-23	1506	\$1,477,708
Mar-23	1510	\$1,476,398
Apr-23	1519	\$1,474,188
May-23	1523	\$1,472,886
Jun-23	1534	\$1,469,949
Total FY22-23	1497	\$16,567,584

Recommendations

HSA staff recommends that the Commission adopt the findings regarding the FY21-22 Homelessness and Supportive Housing Fund savings of \$14,927,231 and transmit the information to the Board of Supervisors and the Office of the Controller (in the form of the accompanying memo).

In August of 2023, HSA will present the actual savings for FY22-23, and compare the data to the budgeted amount and the projections detailed above.