



Department of Benefits
and Family Support

Department of Disability
and Aging Services

MEMORANDUM

August 27, 2024

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TO: President Kahn and Members of the Human Services Commission

THROUGH: Trent Rhorer, Executive Director

FROM: Celia Pedroza, Budget Director

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

SUBJECT: **Homelessness and Supportive Housing Fund: FY23-24 Report**



London Breed
Mayor

Trent Rhorer
Executive Director

This memo provides an analysis of the FY23-24 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 FY23-24 savings (including comparisons to projections from the start of the fiscal year and the FY23-24 budgeted amount). This memo also reports on the projected Homelessness and Supportive Housing Fund savings and budgeted amount for the current fiscal year (FY24-25).

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 how accurate its projections were for the year. The Commission is then to adopt the 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 24-25 Changes

A 0.3% CAAP grant Cost-of-Living-Adjustment (COLA) will take effect in October 2024. 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

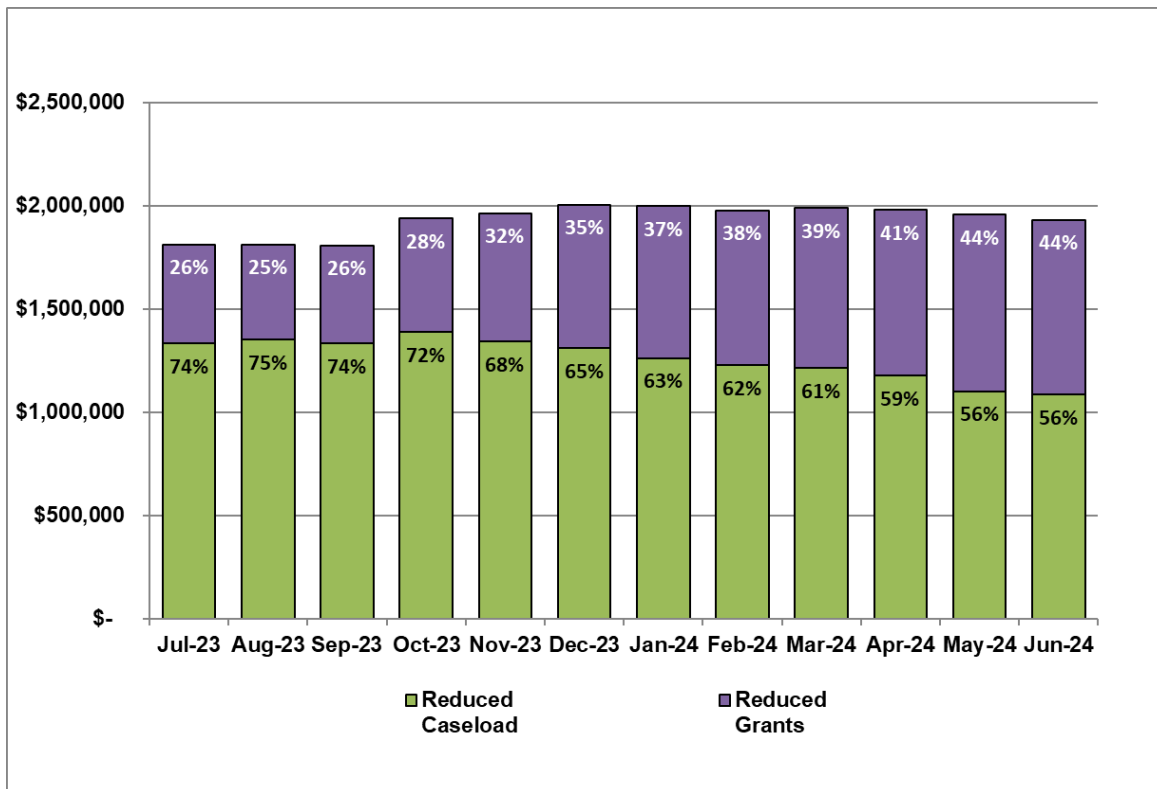
The table below compares the actual monthly homeless CAAP caseload during FY23-24 to budget caseload projections developed in Spring 2023. The actual homeless caseload began the fiscal year lower than projected, but then increased across the latter half of the year. This is a transient caseload and positive and negative variances are not uncommon throughout the year; however the increasing trend experienced in FY23-24 may be attributed to a backlog of cases occurring during a data system migration last fall combined with an increase in the overall CAAP caseload, with a larger proportion of that increase consisting of homeless clients.

| Month | Budgeted # CAAP Homeless | Actual # CAAP Homeless | Difference (Actual - Budgeted) | % Variance |
|--------|--------------------------------|------------------------------|--------------------------------------|------------|
| Jul-23 | 897 | 847 | (50) | -6% |
| Aug-23 | 910 | 824 | (86) | -10% |
| Sep-23 | 913 | 857 | (56) | -7% |
| Oct-23 | 897 | 833 | (64) | -8% |
| Nov-23 | 870 | 906 | 36 | 4% |
| Dec-23 | 866 | 957 | 91 | 9% |
| Jan-24 | 834 | 1,026 | 192 | 19% |
| Feb-24 | 814 | 1,073 | 259 | 24% |
| Mar-24 | 796 | 1,097 | 301 | 27% |
| Apr-24 | 785 | 1,146 | 361 | 32% |
| May-24 | 777 | 1,254 | 477 | 38% |
| Jun-24 | 766 | 1,276 | 510 | 40% |



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), although the proportion has decreased in recent months. Over the course of the year, monthly savings were relatively steady ranging from \$1.8M to \$2M.

Source of Actual Homelessness and Supportive Housing Fund Savings



FY23-24 Fund Savings

The table below compares the budgeted savings, projected savings as of July 2023, and actual savings for FY23-24. Compared with the July projection, the actual fund savings were \$705,684 higher than projected. The increased savings are driven by reduced grant amounts, partially offset by the higher than projected caseloads.



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| Month | Budgeted Projection | Projection from July 2023 | Actual | Difference from July Projection |
|----------------------|---------------------|---------------------------|---------------------|---------------------------------|
| Jul-23 | \$1,857,679 | \$1,811,820 | \$1,811,820 | \$0 |
| Aug-23 | \$1,856,186 | \$1,870,311 | \$1,810,494 | (\$59,817) |
| Sep-23 | \$1,855,793 | \$1,870,116 | \$1,808,016 | (\$62,100) |
| Oct-23 | \$1,857,600 | \$1,874,575 | \$1,936,860 | \$62,285 |
| Nov-23 | \$1,860,823 | \$1,875,562 | \$1,963,919 | \$88,357 |
| Dec-23 | \$1,861,182 | \$1,876,436 | \$2,004,915 | \$128,478 |
| Jan-24 | \$1,864,979 | \$1,877,151 | \$1,997,379 | \$120,229 |
| Feb-24 | \$1,867,272 | \$1,876,647 | \$1,976,103 | \$99,456 |
| Mar-24 | \$1,869,482 | \$1,879,224 | \$1,987,794 | \$108,570 |
| Apr-24 | \$1,870,761 | \$1,880,941 | \$1,979,120 | \$98,180 |
| May-24 | \$1,871,658 | \$1,882,324 | \$1,956,258 | \$73,934 |
| Jun-24 | \$1,872,886 | \$1,883,544 | \$1,931,657 | \$48,113 |
| Total FY23-24 | \$22,366,301 | \$22,458,650 | \$23,164,334 | \$705,684 |

Projected FY24-25 Fund Savings

The savings for FY24-25 is currently projected at \$22,847,197, which corresponds to a projected average monthly caseload of 982. The official Homelessness and Supportive Housing Fund budget for FY24-25 is \$23,118,299 (\$271,102 higher than the budgeted savings projection). During budget development (in Spring 2024), the increased caseload in FY23-24 was not reasonably expected to continue, and thus the projected caseloads in FY24-25 are less than the ending caseloads in FY23-24. HSA will monitor caseloads and adjust projections as needed as part of ongoing budget management.

| Month | Caseload Projections | Care Fund Projections |
|----------------------|----------------------|-----------------------|
| Jul-24 | 923 | \$1,871,517 |
| Aug-24 | 964 | \$1,866,783 |
| Sep-24 | 975 | \$1,865,520 |
| Oct-24 | 984 | \$1,916,816 |
| Nov-24 | 996 | \$1,915,484 |
| Dec-24 | 1003 | \$1,914,671 |
| Jan-25 | 1007 | \$1,914,241 |
| Feb-25 | 1005 | \$1,914,396 |
| Mar-25 | 1000 | \$1,914,997 |
| Apr-25 | 992 | \$1,915,850 |
| May-25 | 980 | \$1,917,226 |
| Jun-25 | 958 | \$1,919,697 |
| Total FY24-25 | 982 | \$22,847,197 |



Recommendations

HSA staff recommends that the Commission adopt the findings regarding the FY23-24 Homelessness and Supportive Housing Fund savings of \$23,164,334 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 2025, HSA will present the actual savings for FY24-25, and compare the data to the budgeted amount and the projections detailed above.