

File No. 230420

Committee Item No. 2

Board Item No. 21

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date May 3, 2023

Board of Supervisors Meeting Date May 9, 2023

### Cmte Board

- Motion
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- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER (Use back side if additional space is needed)

- Youth Commission Referral 4/24/2023
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Brent Jalipa Date April 28, 2023

Completed by: Brent Jalipa Date May 3, 2023

1 [Calling on the Mayor to Fund 2,000 New Shelter or Temporary Housing Placements]

2

3 **Resolution calling on Mayor London N. Breed to fund 2,000 new shelter or temporary**  
4 **housing placements over the next two fiscal years.**

5

6 WHEREAS, In June, 2022, the Board of Supervisors unanimously adopted File No.  
7 220281, the Place for All Ordinance, establishing the policy goal of providing immediate exits  
8 from the street for everyone willing to accept them, as soon as possible; and

9 WHEREAS, This was a significant change in policy direction, driven by a growing  
10 realization among San Franciscans that shelter for all is a humanitarian imperative, and the  
11 quickest way to end unsheltered homelessness with limited resources; and

12 WHEREAS, The evidence shows that shelter for all policies are the quickest, most cost  
13 effective way to end unsheltered homelessness; and

14 WHEREAS, In New York City, which provides over twice as many shelter placements  
15 per capita than San Francisco and guarantees residents a legal right to shelter, 96.2% of  
16 people experiencing homelessness have some form of shelter or transitional housing; and

17 WHEREAS, In Boston, which provides over twice as many shelter placements per  
18 capita than San Francisco, 95.2% of people experiencing homelessness have some form of  
19 shelter or transitional housing; and

20 WHEREAS, On January 31, 2023, Supervisor Mandelman submitted a letter of inquiry  
21 to the Department of Emergency Management requesting a summary of resources needed to  
22 ensure prompt citywide removal of encampments within 24 hours; and

23 WHEREAS, On February 28, 2023, the Department responded that “under the context  
24 of ample shelter for all that is accessible 24 hours a day and if we preserved the current

25

1 resource levels from each department, we would be able to respond to everything rapidly –  
2 likely within 24 hours”; and

3 WHEREAS, All Home’s 2021 Regional Action Plan, on file with the Clerk of the Board  
4 of Supervisors in File No. 220281, found that “in order to reduce unsheltered homelessness  
5 rapidly, most cities or counties will need to frontload investment into interim housing options,  
6 such as leasing or purchasing motels, tiny homes, mobile homes, or other temporary housing  
7 options”; and

8 WHEREAS, The Bay Area Council Economic Institute’s 2021 Report on  
9 Homelessness, titled New Urgency, New Solutions, on file with the Clerk in File No. 220281,  
10 found that “a Bay Area Shelter mandate could shelter the vast majority of the region’s  
11 homeless population for approximately \$245 million in one-time capital expenditures and \$481  
12 million in annual spending on services and management”; and

13 WHEREAS, In a March 17 letter to the Board of Supervisors, on file with the Clerk in  
14 File No. 230115, Bay Area Council CEO Jim Wunderman called on the City to focus on  
15 shelter, highlighting the fact that HSH estimates they can stand up seven shelter placements  
16 for the cost of one permanent housing placement; and

17 WHEREAS, A broad coalition of San Francisco stakeholders have called for the City to  
18 prioritize a rapid expansion of shelter, including the San Francisco Travel Association, SF  
19 Benefit District Alliance, Council of District Merchants Associations, Coalition for San  
20 Francisco Neighborhoods, SF Marin Medical Society, Union Square Alliance, and SF Bar  
21 Owners’ Alliance; now, therefore, be it

22 RESOLVED, That the San Francisco Board of Supervisors hereby calls on Mayor  
23 Breed to fund 2,000 new shelter or temporary housing placements over the next two fiscal  
24 years.

25 .

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Alondra Esquivel-Garcia, Director, Youth Commission

FROM: Brent Jalipa, Assistant Clerk  
Budget and Finance Committee

DATE: April 24, 2023

SUBJECT: PROPOSED RESOLUTION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed Resolution, introduced by Supervisor Rafael Mandelman on April 12, 2023. This item is being referred to the Youth Commission for comment and recommendation.

**File No. 230420**  
**Resolution calling on Mayor London N. Breed to fund 2,000 new shelter or temporary housing placements over the next two fiscal years.**

Please return this cover sheet with the Commission's response by email to:  
Brent.Jalipa@sfgov.org.

\*\*\*\*\*

**RESPONSE FROM YOUTH COMMISSION**    Date: \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Youth Commission**

**From:** [Adam Francis](#)  
**To:** [Safai, Ahsha \(BOS\)](#); [Walton, Shamann \(BOS\)](#); [Ronen, Hillary](#); [ChanStaff \(BOS\)](#)  
**Cc:** [BOS-Legislative Aides](#); [MandelmanStaff, \[BOS\]](#); [Jalipa, Brent \(BOS\)](#); [Thornhill, Jackie \(BOS\)](#); [Conrad Amenta](#)  
**Subject:** Support for Resolution 230420 - Budget and Appropriations Committee  
**Date:** Tuesday, May 2, 2023 2:49:47 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco Supervisors Chan, Ronen, Safai, Walton and staff:

I'm writing today on behalf of the San Francisco Marin Medical Society (SFMMS), a nonprofit association representing more than 3500 physicians of all medical specialties and modes of practice in San Francisco and Marin counties. **SFMMS physician leadership would like to express their support for Supervisor Mandelman's resolution (File # 230420) calling on the Mayor to fund 2,000 new shelter or temporary housing placements over the next two fiscal years.**

Our physician members are on the frontlines of care for our most underserved and underrepresented patient populations, bringing a unique perspective to issues of housing and homelessness. Housing issues in San Francisco, and specifically the lack of shelter capacity, have a tangible effect on the health outcomes of our communities. A lack of shelter capacity can contribute to unhoused individuals arriving in already overwhelmed emergency rooms ill-suited to provide for their needs, further straining a workforce stretched to the limit by the COVID-19 pandemic and our city, state, and country's mental health crisis.

We know that San Francisco will continue to provide more permanent housing per capita than any other city in the U.S., but even as we lead the nation in this effort, roughly 55% of people experiencing homelessness in San Francisco are unsheltered. Shelters are better waiting rooms for housing than sidewalks. We cannot make the perfect the enemy of the good and continue to subject individuals to the deadly and dehumanizing effects of unsheltered homelessness.

While we respect the issue is complex and that the proposal will require ongoing dialogue regarding implementation, SFMMS applauds the resolution's goal. We believe approval will advance this cause and are enthusiastic to participate in the dialogue.

Thank you,

***Adam Francis***

Senior Director, Advocacy and Policy  
San Francisco Marin Medical Society  
[www.sfmms.org](http://www.sfmms.org)

**From:** [Hsieh, Frances \(BOS\)](#)  
**To:** [Jalipa, Brent \(BOS\)](#)  
**Subject:** FW: Budget Funding for Shelter and Housing  
**Date:** Tuesday, May 2, 2023 4:38:13 PM  
**Attachments:** [2023.5.2 RescueSF Budget Proposals 2023-24.pdf](#)

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For the public file for 230420.

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**From:** Mark Nagel <mark.nagel@rescuesf.org>  
**Sent:** Tuesday, May 2, 2023 4:19 PM  
**To:** Chan, Connie (BOS) <connie.chan@sfgov.org>; Groth, Kelly (BOS) <kelly.groth@sfgov.org>; Hsieh, Frances (BOS) <frances.hsieh@sfgov.org>  
**Cc:** Lori Brooke <lori.brooke@rescuesf.org>  
**Subject:** Budget Funding for Shelter and Housing

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Connie, Kelly, and Frances,

In advance of tomorrow's hearing of the Budget and Appropriations Committee, we're writing to support the resolution calling for new shelter and housing placements in next year's budget. Back in March, we formally proposed to the Mayor's office that the City fund 1,000 new shelter beds in leased hotels and 1,000 units of housing in leased apartments. Attached to this email, we have included a PDF of some of the supporting materials that we submitted to the Mayor's office.

Our analysis demonstrates that the City has cost-effective tools to bring 2,000 people inside, next year. We have identified enough hotel rooms. We have confirmed the pricing of the hotel rooms. We have confirmed that apartments are available to rent in San Francisco and elsewhere in the Bay Area. We have prepared financial projections.

The City's current "go slow" approach to addressing homelessness is ineffective, too expensive, and unacceptable. We very much hope that you will urge the Mayor's office to take urgent and bold action on homelessness. We're happy to answer any questions you may have about our proposal or the materials that we have sent.

Thank you!

Mark and Lori

Mark Nagel  
[mark.nagel@RescueSF.org](mailto:mark.nagel@RescueSF.org)



# Budget Proposals, FY 2023-24

May 2, 2023



# Take Urgent Action on Homelessness



- The City should use its most cost-effective solutions to end homelessness: converted hotels for shelter and leased apartments for housing
- These proposals are realistic and tangible
  - We have identified more than enough hotel rooms to create shelter for 1,000 people
  - We have confirmed expected lease costs for the hotels
  - We have confirmed that the Bay Area has enough vacant apartments for 1,000 people leaving homelessness
- We show four-year financial projections for two scenarios
  - 1,000 shelter beds and 1,000 apartments in FY 23-24
  - 1,000 shelter beds and 1,000 apartments in each of FY 23-24 & 24-25



# Hotel Conversion: 711 Post



- Non-congregate
- 250 beds, mostly single rooms



- Minimal capital expenses
- \$30k annual opex per bed

# Availability of Hotel Rooms



- We are working with a real estate professional who is contacting hotel owners on our behalf
- At 711 Post, the ratio of beds to rooms is 2 to 1. The City needs 500 rooms to offer 1,000 new shelter beds
- We have identified more than 1,000 available rooms, more than enough for the City's needs

Status	Hotels	Rooms
Yes	4	283
Maybe	3	288
Potential Referral	n/a	500
Subtotal	7	1,071
To be Contacted	149	8,518

# Hotel Lease Rates

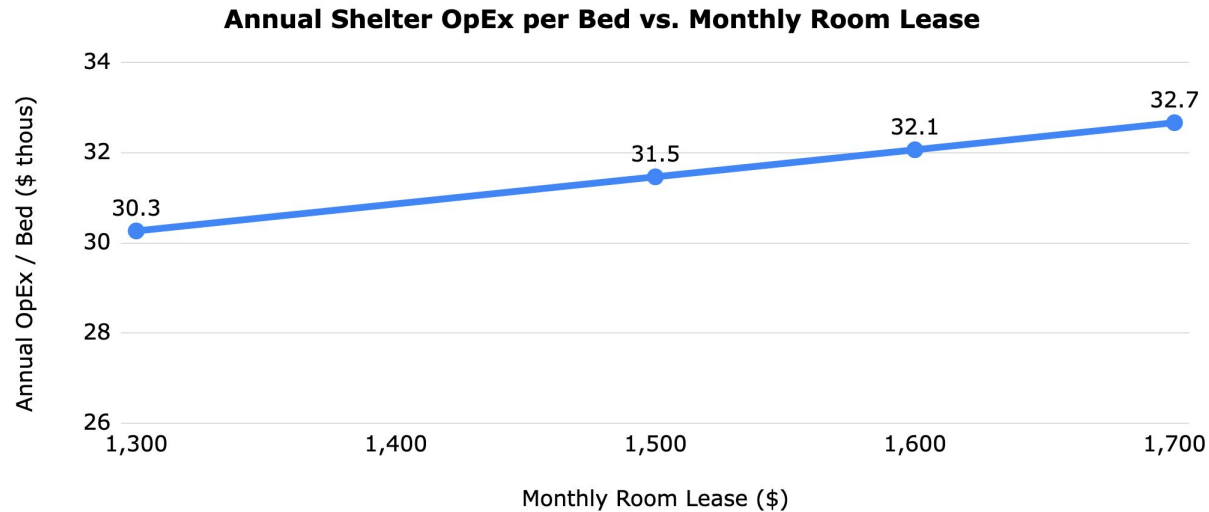


- The operating expenses at 711 Post are \$30k per bed per year, a very cost-effective result compared to other shelter
- One of the cost drivers at 711 Post is the favorable monthly lease rate of approximately \$1,300 per room
- We have obtained market intelligence through our real estate agent and from a hotel owner that we know
- In the current environment, the City should expect to rent other hotels at a monthly lease rate between \$1,500 and \$1,700 per room

# Sensitivity: Lease Rate per Room



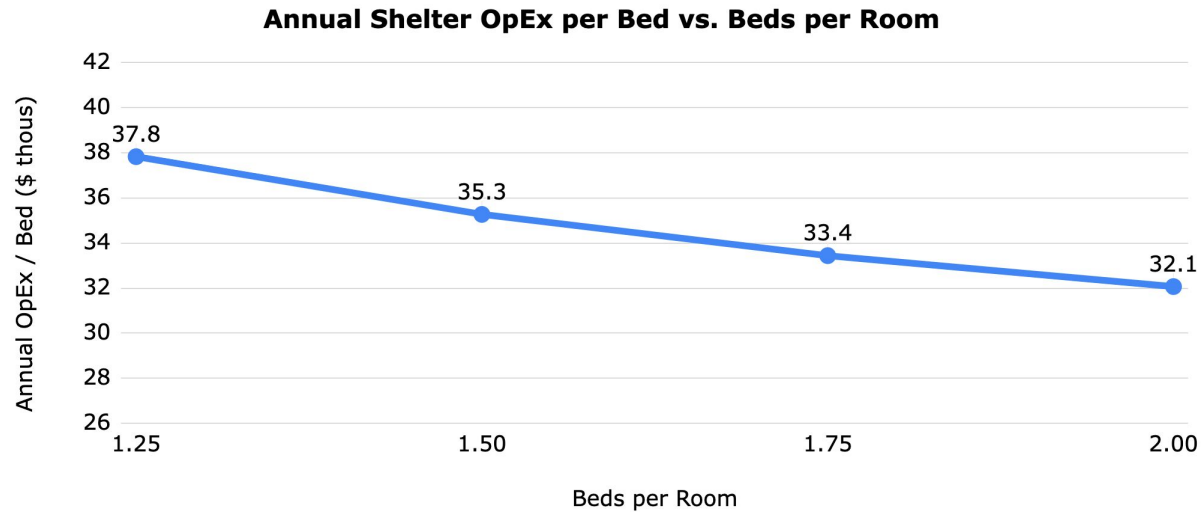
- Scenarios range from \$1,300 (711 Post) to \$1,700 (from hotel owners)
- Even with costlier leases, operating expenses remain relatively low because the lease at 711 Post represents only 26% of total operating expenses



# Sensitivity: Beds per Room



- At 711 Post, the ratio of beds to rooms is 2 to 1
- At ratios of 1.75 or 1.5, costs rise, but total expenses remain relatively low
- In the budget proposal, it is recommended to aim for a ratio of 2 to 1



# Availability of Apartment Rentals



- The proposal calls for 1,000 apartment rentals: 500 for Rapid Rehousing and 500 for Permanent Supportive Housing
- The City needs to find landlords willing to rent to people leaving homelessness, and the City requires a large number of available units
- There are sufficient apartments available for less than \$2,500 per month
  - More than 13,000 units in the Bay Area

	Available Rental Units
San Francisco	1,936
East Bay	9,025
North Bay	1,424
Peninsula	919
<hr/> Total	<hr/> 13,304

Source: Craigslist, Apr. 12, 2023.

# Implementation



- The City will need stronger administrative capabilities to open so much new shelter and housing in one year
- The City should consider investing additional resources into HSH
- HSH should outsource the implementation to third party contractors. Issue separate Requests for Proposals (“RFP”) for:
  - converting hotels to shelter, and
  - leasing apartments
- Preparation should begin in May and June so that HSH can issue the RFPs at the start of July

# Base Case Scenario



- Base Case Scenario reflects real estate market research and HSH data
- Shelter
  - Hotel lease rate of \$1,600 per room per month. Projections use current market rate, which is higher than rate of \$1,300 at 711 Post
  - 2 beds per room – same ratio as 711 Post
  - 30% of hotel rooms already have two beds. Model assumes purchasing remaining second beds at \$200 per bed
  - Other startup renovations of \$330 per bed – same as 711 Post. Operating hotels are in good condition and do not need a lot of work
- Housing
  - Startup costs of \$11k per apartment and annual operating expenses of \$42k per year – same assumptions in HSH report for “A Place for All”



# One-Year Plan: Shelter & Housing Units



	Fiscal Year			
	23-24	24-25	25-26	26-27
<u>Shelter Beds</u>				
Starting	2,728	3,613	3,613	3,613
Increase	1,000	0	0	0
Decrease	(115)	0	0	0
Ending	3,613	3,613	3,613	3,613
<u>RRH Units</u>				
Starting	1,758	2,258	2,258	2,258
Increase	500	0	0	0
Decrease	0	0	0	0
Ending	2,258	2,258	2,258	2,258
<u>PSH Units</u>				
Starting	10,655	11,155	11,155	11,155
Increase	500	0	0	0
Decrease	0	0	0	0
Ending	11,155	11,155	11,155	11,155

- The “One-Year Plan” includes only programs in FY 23-24
  - 1,000 shelter beds in converted hotels
  - 500 leased apartments for Rapid Rehousing
  - 500 leased apartments for Permanent Supportive Housing

# One-Year Plan: Financial Projections



\$ mln	Fiscal Year			
	23-24	24-25	25-26	26-27
<u>Shelter</u>				
CapEx	0.4	0.0	0.0	0.0
OpEx	32.1	32.1	32.1	32.1
Total	32.5	32.1	32.1	32.1
<u>Leased RRH</u>				
Startup Costs	5.5	0.0	0.0	0.0
OpEx	20.8	20.8	20.8	4.2
Total	26.3	20.8	20.8	4.2
<u>Leased PSH</u>				
Startup Costs	5.5	0.0	0.0	0.0
OpEx	20.8	20.8	20.8	20.8
Total	26.3	20.8	20.8	20.8
Total Spending	85.0	73.6	73.6	57.0

- Shelter
  - Initial capex of only \$400k
  - Annual opex of only \$32.1 mln
- Housing
  - Same assumptions for RRH and PSH
  - Initial total startup costs of \$11 mln
  - Annual opex of \$42 mln
- Total spending
  - Peaks in 23-24 at \$85 mln, drops to \$74 mln for next two years, and then declines to \$57 mln
  - Assume 3 year RRH subsidy, after which 20% of residents stay on PSH

# Two-Year Plan: Shelter & Housing Units



	Fiscal Year			
	23-24	24-25	25-26	26-27
<u>Shelter Beds</u>				
Starting	2,728	3,613	4,613	4,613
Increase	1,000	1,000	0	0
Decrease	(115)	0	0	0
Ending	3,613	4,613	4,613	4,613
<u>RRH Units</u>				
Starting	1,758	2,258	2,758	2,758
Increase	500	500	0	0
Decrease	0	0	0	0
Ending	2,258	2,758	2,758	2,758
<u>PSH Units</u>				
Starting	10,655	11,155	11,655	11,655
Increase	500	500	0	0
Decrease	0	0	0	0
Ending	11,155	11,655	11,655	11,655

- The “Two-Year Plan” includes both FY 23-24 and 24-25. Same programs in each year
- Over two years:
  - 2,000 shelter beds
  - 2,000 units of housing

# Two-Year Plan: Financial Projections



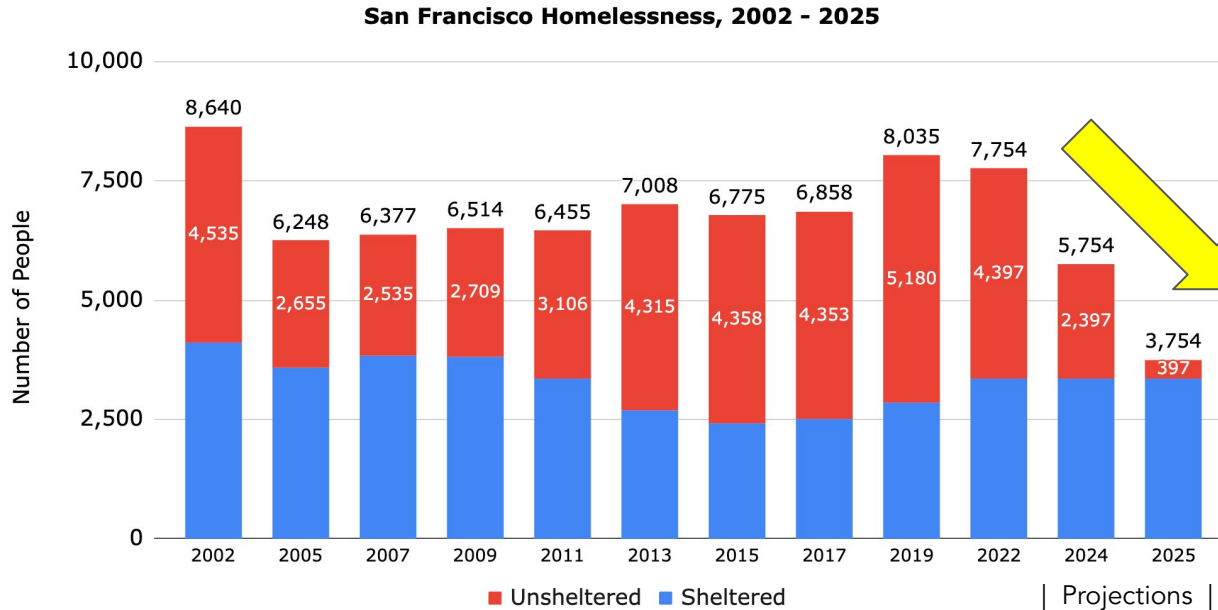
\$ mln	Fiscal Year			
	23-24	24-25	25-26	26-27
<u>Shelter</u>				
CapEx	0.4	0.4	0.0	0.0
OpEx	32.1	64.1	64.1	64.1
<b>Total</b>	<b>32.5</b>	<b>64.5</b>	<b>64.1</b>	<b>64.1</b>
<u>Leased RRH</u>				
Startup Costs	5.5	5.5	0.0	0.0
OpEx	20.8	41.5	41.5	24.9
<b>Total</b>	<b>26.3</b>	<b>47.0</b>	<b>41.5</b>	<b>24.9</b>
<u>Leased PSH</u>				
Startup Costs	5.5	5.5	0.0	0.0
OpEx	20.8	41.5	41.5	41.5
<b>Total</b>	<b>26.3</b>	<b>47.0</b>	<b>41.5</b>	<b>41.5</b>
<b>Total Spending</b>	<b>85.0</b>	<b>158.6</b>	<b>147.2</b>	<b>130.6</b>

- Shelter
  - Annual opex of \$64 mln for 2,000 beds
- Housing
  - Cumulative startup costs of \$22 mln
  - Peak annual opex of \$83 mln
- Total spending
  - Peaks in 23-24 at \$159 mln, drops to \$147 mln for next two years, and then declines to \$131 mln

# Ending Unsheltered Homelessness



- Over the next two years, the City could bring 4,000 people inside, driving unsheltered homelessness almost to zero



Note: Projections for the next two years do not include net inflows into homelessness.

# Conclusion: Bold Action is Possible



- The City must act with urgency to show real results on homelessness
- Our proposal builds on the City's demonstrated successes
  - Converting hotels into shelter
  - Leasing apartments for housing
- The proposal is impactful and cost-effective
  - 2,000 people in shelter and housing for peak annual funding \$85 mln
  - 4,000 people in shelter and housing for peak annual funding of \$159 mln
  - These proposals are significantly less expensive than the HSH plan under "A Place for All" or the five-year strategic plan. (More analysis to follow.)
- San Francisco could almost eliminate unsheltered homelessness in two years

## Introduction Form

*(by a Member of the Board of Supervisors or the Mayor)*



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)  
*(Routine, non-controversial and/or commendatory matters only)*
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor  inquires..."
- 5. City Attorney Request
- 6. Call File No.  from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission       Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes                       No

*(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)*

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: