

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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November 14, 2025

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: November 19, 2025 Budget and Finance Committee Meeting

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| Item 3 File 25-1049 | Department: Public Health |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve Amendment No. 1 to the contract between the Department of Public Health (DPH) and Catholic Charities to extend the agreement term by five years, from June 30, 2026, to June 30, 2031, and increase the maximum agreement amount by \$7,317,206 for a new total not-to-exceed amount of \$13,426,414 to provide partial rent subsidies and housing advocacy to individuals with HIV/AIDS who are homeless or at risk of homelessness. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> On July 1, 2021, DPH entered into an agreement with Catholic Charities for a not-to-exceed amount of \$6,109,208, with an initial term from July 1, 2021, through June 30, 2026, and five one-year options to extend through June 30, 2031. The contract currently services approximately 154 households per year. Key deliverables are client intake, assessment, annual eligibility recertification, and a mandatory individual housing stability plan for new subsidy recipients within one month of enrollment. The performance data reported by Catholic Charities in the FY 2023-24 monitoring report was unreliable due to a misinterpretation of key metrics by Catholic Charities. Consequently, we could not confirm whether the grantee is meeting its established program objectives, despite their self-reported success. Based on prior experience with this contractor, DPH believes the program is performing well and the FY 2023-24 program monitoring confirmed program eligibility and enrollment for a sample of clients. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The proposed amendment increases the total agreement amount to a new total not-to-exceed amount of \$13,426,414 over the ten-year term (July 1, 2021, through June 30, 2031). The contract is funded by the General Fund. The contract includes an indirect cost allocation of \$172,722, which is calculated as 15 percent of the total budget including \$852,110 for direct assistance (rental subsidies) Excluding direct assistance from the calculation would save \$127,817, enough to provide rental subsidies to 10-15 additional individuals. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> DPH should (1) consider adjusting the indirect cost recovery of this contract to exclude rental subsidies and redirect the annual savings to additional rental subsidies for clients and (2) clarify the definitions of the performance metrics for its HIV rental subsidy programs. The Board of Supervisors should approve the proposed resolution. | |

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND**Assisted Housing and Health Program**

The Department of Public Health (DPH) administers the Assisted Housing and Health Program, aimed at stabilizing the housing situations of individuals living with HIV/AIDS through the provision of partial rent subsidies and short-term housing advocacy. Services include outreach, intake assessment, development of individual housing stability plans, and support from a housing specialist. Under an existing agreement with DPH, Catholic Charities provides services under the program.

To be eligible, clients must be San Francisco residents, have a confirmed HIV diagnosis, be homeless, or be housed but are in danger of losing secure housing. For clients who are not currently housed, the housing specialist will assist clients with applications for transitional or permanent housing opportunities. To qualify for the partial rent subsidy, clients must be housed and have an income of 30 percent or less of the HUD median income, which is \$32,750 per year, or \$2,729 per month, for 2025.

Priority enrollment is for low-income, uninsured San Francisco residents. Secondary enrollment is for low-income, underinsured SF residents. Clients must meet low-income status, defined as 600 percent or less of the Federal Poverty Level. This threshold was increased from 500 percent in January 2025 to align with the California State Office of AIDS requirements.

Procurement and Original Agreement

On November 4, 2020, DPH issued a Request for Proposals seeking providers to support two HIV Health Services Rental Subsidies programs. Proposals had to meet a set of a minimum qualifications, and qualified proposals were scored by a panel based on the following scoring criteria: Proposal and Agency Overview (6 points), Relevant Program Experience (18 points), Experience with the Target Population and Cultural Competency (18 points), Program Design and Coordination (28 points), and 12 Month Budget and Documentation (30 points), for a total of 100 possible points. Up to 10 bonus points were provided based on a bidder rating discount for Local Business Enterprise certified applicants. A minimum of 75 points was necessary to be eligible for a contract.

A total of two responses were received—one for each program.¹ Catholic Charities submitted the sole proposal for the Assisted Housing and Health Program, which received a score of 88.66 points out of 100 points possible. San Francisco AIDS Foundation submitted the sole proposal for the HIV Rental Subsidies program and received a contract in 2021 that the Board of Supervisors amended on March 1, 2023 (File 23-0122) to provide standard, shallow, and partial rental subsidies to 330 unduplicated clients.

On July 1, 2021, DPH entered into an agreement with Catholic Charities for a not-to-exceed amount of \$6,109,208, with an initial term from July 1, 2021, through June 30, 2026, and five one-year options to extend through June 30, 2031, to provide \$250/month rental subsidies and \$50 per year for assistance with food and personal care to 240 clients each. The agreement did not require Board of Supervisors approval because its term was less than 10 years, and the amount was under \$10 million.

Increase in Subsidy Amount

In the first two years of the contract (FY 2021-22 and FY 2022-23), Catholic Charities did not meet the target unduplicated client count of 240 due to clients exiting the program to other programs that provided larger subsidies according to DPH staff. The \$250 monthly subsidy had not been increased in at least 24 years, and the Mayor's Office of Housing and Community Development (MOHCD) advised that the subsidy was no longer sufficient to support housing stability in most cases in San Francisco.

In February 2023, DPH increased the subsidy amount per client to \$400 per month for adults without dependents and \$500 per month for adults with dependents (4 clients max). DPH reduced the target unduplicated client count from 240 to 154 in FY 2023-24, allowing the same overall contract budget to serve fewer clients with a larger housing subsidy. According to DPH, no existing clients were removed from the program due to the reduced UDC target. A breakdown of UDC and units of service (UOS) is shown in Exhibit 1 below.

¹ The panel review team included a contractor from the Santa Clara County Health Department, a coordinator and manager from Santa Clara County HIV Health Services, and a manager from San Francisco DPH HIV Health Services.

Exhibit 1: Unduplicated Client Count and Units of Service Summary FY 2021-22 to FY 2023-24

| | Target UDC | UDC Achieved | % UDC Achieved | Target UOS | UOS Achieved | % UOS Achieved |
|------------|-----------------------|-------------------------|---------------------------|-----------------------|-------------------------|---------------------------|
| FY 2021-22 | 240 | 218 | 91% | 72,852 | 83,220 | 87.50% |
| FY 2022-23 | 240 | 208 | 87% | 64,749 | 83,220 | 77.80% |
| FY 2023-24 | 154 | 170 | 110% | 53,201 | 53,400 | 99.60% |

Source: DPH

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the grant agreement between the Department of Public Health (DPH) and Catholic Charities to extend the agreement term by five years, from June 30, 2026, to June 30, 2031, and increase the maximum agreement amount by \$7,317,206 for a new total not-to-exceed amount of \$13,426,414.

The amendment also incorporates the following updates into the agreement:

- Increase the income eligibility threshold for the program from 500 percent or less of the Federal Poverty Level to 600 percent or less of the Federal Poverty Level to align with the California State Office of AIDS requirements. (the requirement to maintain 30% or less of the HUD median income to qualify for the subsidy is unchanged)
- Decrease the number of unduplicated client count (UDC) in the budget and performance goals from 240 in FY 2021-22 to 154 starting in FY 2023-24 and continuing through FY 2030-31.
- Effective September 1, 2025, increase the monthly subsidy amounts from \$500 to \$550 for households with dependents (4 clients) and from \$400 to \$450 for households without dependents (150 clients).
- Transition of the program from the ARIES database to HIV Care Connect due to ARIES's decommissioning in April 2025.

Scope of Work

The Assisted Housing and Health Program aims to stabilize the housing of low-income San Francisco residents living with HIV/AIDS through partial rent subsidies and short-term housing advocacy, with the overarching aim to ensure clients have access to and remain in necessary medical care. The target population includes seniors and individuals with co-occurring conditions such as Hepatitis C, mental health, and substance use issues.

Catholic Charities provides services to clients Monday through Friday from 8:30 am to 5:00 pm, and by appointment after regular business hours. Drop-in services are available from 2 - 4 p.m. daily. Services are provided at 990 Eddy Street in San Francisco.

Key deliverables include client intake, assessment, annual eligibility recertification, and the mandatory development of an individual housing stability plan for new subsidy recipients within

one month of enrollment. The unit of service is defined as one day of partial rent subsidy payment to a landlord, combined with housing advocacy. This structure supports an estimated 53,400 units of service, calculating 154 clients receiving subsidies for 365 days at a 95 percent occupancy rate. Individuals who are experiencing homelessness and are only receiving housing specialist support to identify housing opportunities do not begin to count toward units of service until they are receiving a subsidy.

Performance Monitoring

The contract requires annual contract monitoring with performance objectives separately established by DPH HIV Health Services. While DPH's FY 2023-24 monitoring report showed Catholic Charities generally meeting self-reported program performance metrics (such as housing stability, case management outcomes, and exits from the program), our review found the data to be unreliable. For example, one metric required 80% of recipients who had been in the program for a full year to maintain housing or move to care. Catholic Charities incorrectly used the total number of recipients (including those who joined mid-year) as the denominator and reported 100% success. Because of this and other similar errors, we cannot confirm whether the grantee is actually achieving its program objectives. DPH staff report that they will clarify the definition of the performance metrics so that the Department and Catholic Charities have the same standards to measure the performance of the program. Based on prior experience with this contractor, DPH believes the program is performing well and the FY 2023-24 program monitoring confirmed program eligibility and enrollment for a sample of clients.

Fiscal and Compliance Monitoring

The Human Services Agency conducted the FY 2024-25 Citywide Nonprofit Fiscal and Compliance Monitoring for the grantee and identified no findings. In addition, the DPH Business Office of Contract Compliance rated Catholic Charities as a "low risk" agency in October 2025 based on a review of the organization's historical financial performance.

FISCAL IMPACT

The proposed amendment increases the total agreement amount to a new total not-to-exceed amount of \$13,426,414 over the ten-year term (July 1, 2021, through June 30, 2031).

The total amount includes contract budget of \$12,475,185 and a contingency amount of \$951,229, which cannot be used without a modification to the agreement. Exhibit 2 shows the total budget by year and the not to exceed amount and Exhibit 2 summarizes the total expenses and revenues budgeted for the duration of the agreement term.

Exhibit 2: Not to Exceed Amount

| Year | Amount |
|-----------------------------|---------------------|
| FY 2021-22 (Actual) | \$1,077,636 |
| FY 2022-23 (Actual) | 997,193 |
| FY 2023-24 (Actual) | 1,180,459 |
| FY 2024-25 (Budget) | 1,292,986 |
| FY 2025-26 (Budget) | 1,305,916 |
| FY 2026-27 (Budget) | 1,324,199 |
| FY 2027-28 (Budget) | 1,324,199 |
| FY 2028-29 (Budget) | 1,324,199 |
| FY 2029-30 (Budget) | 1,324,199 |
| FY 2030-31 (Budget) | 1,324,199 |
| Total Budget | \$12,475,185 |
| Contingency (12%)* | 951,229 |
| Not to Exceed Amount | \$13,426,414 |

Source: DPH

*The contingency of \$951,229 is equal to 12% of the total budget for FY 2025-26 through FY 2030-31

Exhibit 3: Grant Budget Summary by Fiscal Year, Proposed Extended Term

| Expenses | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | 5-Year Total |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Salaries | 189,426 | 189,426 | 189,426 | 189,426 | 189,426 | 947,130 |
| Employee Benefits | 66,299 | 66,299 | 66,299 | 66,299 | 66,299 | 331,495 |
| Total Personnel | 255,725 | 255,725 | 255,725 | 255,725 | 255,725 | 1,278,625 |
| Operating Expense | 43,642 | 43,642 | 43,642 | 43,642 | 43,642 | 218,210 |
| Direct Assistance | 852,110 | 852,110 | 852,110 | 852,110 | 852,110 | 4,260,550 |
| Subtotal Direct Costs | 1,151,477 | 1,151,477 | 1,151,477 | 1,151,477 | 1,151,477 | 5,757,385 |
| Indirect Cost (15.0%) | 172,722 | 172,722 | 172,722 | 172,722 | 172,722 | 863,610 |
| Total Expenses | \$1,324,199 | \$1,324,199 | \$1,324,199 | \$1,324,199 | \$1,324,199 | \$6,620,995 |

Source: DPH

Budget Summary*Direct Assistance*

In FY 2026-27, the budget for direct assistance (rental subsidies, basic needs, and back rent) totals \$852,110, accounting for 64.3 percent of the total budget, while personnel, other operating expenses, and indirect costs account for the remaining 35.7 percent.

Rental subsidies total \$836,400 (of the \$852,110 budget) and assume a \$450 monthly stipend for 150 clients and a \$550 monthly stipend for four families.

As noted above, the monthly subsidies increased in 2025. According to DPH staff, the increase was based on a 6.17 percent increase in the cumulative local inflation rate (CPI for San Francisco-Oakland-Hayward, CA) between February 2023 (when the previous subsidy amounts were established) and August 2025 and rounded to the nearest \$50 because this will be the only adjustment during the extension term. The client's income eligibility for receiving the subsidy remains unchanged (less than 30 percent of the U.S. Department of Housing and Urban Development median income).

Staffing

For FY 2026-27, the proposed budget allocates \$255,725 in personnel costs to fund 2.83 full time equivalent (FTE) positions, including 2.13 FTE case managers, 0.50 FTE program director, 0.15 FTE program coordinator, and 0.05 FTE associate deputy director.

Indirect Costs Comparison to Other Subsidy Administration Contracts

The annual budget includes an indirect cost allocation of \$172,722, which is equal to 15 percent of the total budget of \$1.15 million, including \$852,110 in direct assistance. According to DPH, this allocation covers shared costs for accounting, payroll, contracts, HR, facilities, IT, executive salaries and benefits, and operating expenses. Other subsidy administration contracts we have reviewed (such as Files 25-0073, 25-0042, 24-0671, 23-0403, and 23-0122) do not include direct assistance in the calculation for indirect costs. If we exclude the budget for direct assistance, the indirect cost allocation of \$172,722 reflects 58 percent of the remaining budget of approximately \$300,000. We also found that this contract's overhead efficiency is lower than that of similar agreements, providing only 64 percent in direct services, compared to the general average of 75 percent across the other five contracts we surveyed. This difference is due to the unusual application of indirect costs to the housing subsidy budget. If the indirect costs excluded the subsidy amount, it would amount to \$44,905 per year, which is \$127,817 less than the current contract budget of \$172,722. According to DPH, a portion of the savings would still need to fund accounting staff to properly administer the subsidies, however DPH is in discussions with Catholic Charities to reduce the indirect cost recovery of this contract and increase the subsidy budget to accommodate 10 – 15 additional individuals.

Funding Source

The agreement will be funded by the General Fund.

RECOMMENDATIONS

1. DPH should (1) consider adjusting the indirect cost recovery of this contract to exclude rental subsidies and redirect the annual savings to additional rental subsidies for clients and (2) clarify the definitions of the performance metrics for its HIV rental subsidy programs.
2. The Board of Supervisors should approve the proposed resolution.