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Dr. Hillary Kunins, Director of Behavioral Health Services and Mental Health SF
San Francisco Department of Public Health
101 Grove Street
San Francisco, CA 94102

City and County of San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 250
San Francisco, CA 94102

San Francisco Behavioral Health Services Commission
1 Dr Carlton B. Goodlett Place, Room 416
San Francisco, CA 94102

RE: Increasing Housing Subsidies for Fiscal Year 2026-2029 BHSA Three-Year Integrated Plan

Dear Board of Supervisors and Commission Members,

The Tenderloin Neighborhood Development Corporation (TNDC) is writing to express concern about the operating subsidy levels for the Full Service Partnership Permanent Supportive Housing in the Behavioral Health Services Act (BHSA) Fiscal Year (FY) 2026-2029 Three-Year Integrated Plan. **For the Plan, we are requesting that the MHSA/BHSA housing subsidy program be funded based on Fair Market Rents (FMR) with annual increases to effectively operate supportive housing.**

As an example, MHSA/BHSA referrals are made to 51 units in TNDC's supportive housing buildings. For just over half of these units, the Local Operating Subsidy Program (LOSP) administered by the Mayor's Office of Housing and Community Development (MOHCD) or a Project-Based Voucher contract (PBV) administered by the Housing Authority of the City and County of San Francisco provide operating or rental subsidies that cover the total cost of operations for these units. However, for another 21 units across three of TNDC's buildings, the MHSA/BHSA-funded annual operating subsidy is under-sized. It totals \$190,000, which is \$9,000 per unit per year or \$750 per unit per month, which is woefully inadequate to effectively operate supportive housing units. To ensure that supportive housing units can be effectively operated, the MHSA/BHSA funded subsidy amounts should be increased to match FMR. Underfunding operating subsidies of the housing for people in Full Service Partnerships is not aligned with BHSA's goals of supporting long-term recovery and stabilizing people with acute behavioral health needs. To increase and

right-size the amount of financial assistance for subsidies so that funding matches the cost of operations, we recommend applying the funding formula used by the Department of Housing and Urban Development (HUD) for the Housing Choice Voucher (HCV) program that is widely known as Section 8. For the HCV program, HUD uses a locality's FMR to calculate subsidy amounts. Using FMR, MHSA/BHSA subsidies would total \$21,000 per unit per year, more than twice what they are currently. The under-sizing of MHSA subsidies has been compounded over the years, since they have remained flat for each of the last six years. In contrast, the HCV program provides annual increases based on FMR that cover operating expense inflation. **Accordingly, the MHSA/BHSA housing subsidy program should be funded using FMR with initial rates of \$21,000 and receive annual increases.**

Additionally, we recommend that the San Francisco Department of Public Health (DPH) ensure that supportive housing providers are effectively engaged in matters pertaining to funding, programming, and operating supportive housing. We recommend that Behavioral Health Services staff with the Department of Public Health (DPH) conduct regular meetings to discuss the adequacy of BHSA housing-related expenditures with the housing providers receiving BHSA funding. This engagement should inform further BHSA expenditure planning.

We appreciate the opportunity to provide these recommendations for BHSA housing subsidies to utilize FMR that aligns with the HCV program. This will ensure that the costs for operating units are correctly resourced, which sustains supportive housing and creates better outcomes for our sector and those experiencing acute behavioral health needs.

Thank you,



Jesse Rawlins, Policy Manager
Tenderloin Neighborhood Development Corporation

CC: Daniel Tsai, Director, Department of Public Health
Dan Adams, Director, Mayor's Office of Housing and Community Development
Shireen McSpadden, Director, Department of Homelessness and Supportive Housing
Jessica Brown, Director, Office of Justice, Equity, Diversity, and Inclusion/Behavioral Health Services Act, Department of Public Health
Danyelle Marshall, Deputy Director, Office of Justice, Equity, Diversity, and Inclusion/Behavioral Health Services Act, Department of Public Health