

LEGISLATIVE DIGEST

[Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax - Services to Prevent Homelessness - \$60,000,000]

Ordinance reallocating approximately \$60,000,000 in unencumbered revenues from the Our City, Our Home Fund to allow the City to use revenues from the Homelessness Gross Receipts Tax for certain types of services to prevent homelessness; and finding that the reallocation is necessary to achieve purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

Existing Law

November 2018's Proposition C, codified at Article 28 of the Business and Tax Regulations Code, imposed a Homelessness Gross Receipts Tax to help fund programs to prevent and address homelessness. The City deposits the proceeds of this tax in the Our City, Our Home ("OCOH") Fund. The City may use the OCOH Fund on four "eligible programs," as follows:

- At least 50% for permanent housing, of which up to 12% may fund short-term rental subsidies, at least 20% must support homeless youth aged 18 through 29, and at least 25% must support homeless families with children under 18.
- Up to 10% for shelters and hygiene programs.
- Up to 15% for homelessness prevention.
- At least 25% for mental health for homeless individuals.

The Board of Supervisors may amend Article 28 by ordinance, by a two-thirds vote and only to further the overall findings and intent of Proposition C.

Amendments to Current Law

The ordinance would authorize the City, during Fiscal Years 2023-24 and 2024-25 only, to increase the OCOH funding for shelter, homelessness prevention, limited-time rental assistance, and permanent housing not specifically limited to youth and families, despite the percentage caps that would otherwise apply to certain of those categories. The City would pay for this by reallocating OCOH funds that would help pay for permanent housing that supports youth aged 18 through 29, and families with children under 18. In Fiscal Year 2023-24, the ordinance would reallocate approximately \$21 million. In Fiscal Year 2024-25, the ordinance would reallocate approximately \$39 million. The total OCOH funds allocated for mental health services during these two fiscal years would still be at least 25%. After 2024-25, the percentages for the eligible programs would revert to those specified in Article 28.

Background Information

The City is able to reallocate OCOH funding that would otherwise fund permanent housing for homeless youth and families in large part because it has obtained approximately \$94 million from other sources (state and federal funds) for those programs. Given the current state of the homelessness crisis, it is necessary to reallocate funding to where it is most needed.

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