

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Sub-Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 17, 2019 Budget and Finance Meeting

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Budget Priority Report: Housing

Executive Summary

- The Association of Bay Area Governments (ABAG) set a goal for the construction 28,869 new housing units in San Francisco in the seven-year period from 2015 to 2022. In the three years between 2015 and 2017, the City met nearly 90 percent of its seven-year goal of constructing market rate housing, but only met 20 percent of its goal to construct housing affordable to low-income households and 13 percent of its goal to construct housing affordable to moderate income households. The increase in rents and purchase price makes housing unaffordable to many San Francisco residents.
- San Francisco funds the development of housing affordable to low income and some moderate income households through developer fees, general obligation bonds, annual general fund allocations, and other sources. The Mayor's Office of Housing and Community Development (MOHCD), which administers the City's housing programs, plans expenditures of \$500 million between FY 2018-19 and FY 2020-21 to construct approximately 3,300 new affordable housing units. In addition, MOHCD plans expenditures of \$119.4 million in FY 2018-19 and FY 2019-20 to assist non-profit housing providers in purchasing small apartment buildings to maintain the affordability of the apartments.
- The City has relied on developer fees as a recurring source of revenues for affordable housing development. The amount of developer fee revenues depends on construction of new housing or commercial space subject to developer fees; Inclusionary Housing fees paid by developers decreased by more than 50 percent from \$107.3 million in 2017 to \$51.1 million in 2018. According to discussions with City staff, developer fee revenues are expected to be low in FY 2019-20 and FY 2020-21 due to a decrease in new housing and commercial space construction.
- The City has formed an Affordable Housing Bond Working Group and has included a \$300 million Affordable Housing Bond in the draft Capital Plan to be submitted to the voters in November 2019. The Board of Supervisors could consider expanding the role of the Affordable Housing Bond Working Group, or form another working group, to evaluate options to implement new recurring revenue sources, in addition to developer fees, to fund affordable housing.

Regional Housing Allocation Goals

The State of California mandates regional Councils of Government to develop Regional Housing Needs Plans that determine how many housing units, including affordable units, that each local community must plan to accommodate. The Association of Bay Area Governments (ABAG) is the regional Council of Government for the San Francisco Bay Area. ABAG sets Regional Housing Need Allocation (RHNA) goals for local communities, which are submitted annually to the State Department of Housing and Community Development. The RHNA goals for San Francisco in the seven-year period from 2015 to 2022 are 28,869 additional units of housing. As of the end of 2017, San Francisco had permitted 17,157 additional units of housing, or approximately 59 percent of the goal, as shown in Table 1 below.

Table 1: Regional Housing Needs Assessment, 2015-2022

RHNA Housing Goals 2015 to 2022	Permitted Units				Total 2015-2017	% of Goal	Deficit as of 2018
	2015	2016	2017				
Total Housing Units	28,869				17,157	59%	11,712
Very Low (<50% AMI)	6,234	429	410	468	1,307	21%	4,927
Low (<80% AMI)	4,639	179	353	427	959	21%	3,680
Moderate (80-120% AMI)	5,460	113	333	268	714	13%	4,746
Market Rate (> 120% AMI)	12,536	2,874	3,604	4,641	11,119	89%	1,417

Source: Planning Department Housing Inventory 2018

^a “Very low income” indicates household income of 50 percent or less of the Area Median Income (AMI), equal to \$59,200 or less for a family of four in 2018.

^b “Low income” indicates a household income from 51 percent to 80 percent of AMI, equal to \$59,201 to \$94,700 for a family of four in 2018.

^c “Moderate income” indicates a household income of 81 percent to 120 percent of AMI, equal to \$94,701 to \$141,100 for a family of four in 2018.

^d “Above moderate income” indicates a household income of more than 120 percent of AMI, equal to more than \$141,101 for a family of four in 2018.

Table 1 is the number of units that have been permitted, but may not as yet have been constructed (see sections below for details on actual housing production numbers by affordability categories). Permits for market-rate housing met 89 percent of RHNA goals by the end of 2017, indicating that market-rate housing is well on track to meet, and will likely exceed the RHNA goals. By contrast, permits for very-low to moderate income housing, which composes the various categories that are designated as “affordable housing”, were only 13 percent to 21 percent of RHNA goals by the end of 2017, indicating that San Francisco will not meet the affordable housing production goals.

Housing Policies and Programs to Achieve Affordability

Inclusionary Housing

The Inclusionary Affordable Housing program was established in 2002 under Planning Code Section 415, which required that new residential housing developments of 10 or more units pay an Affordable Housing Fee or provide a percentage of housing units at below market rate. The Board of Supervisors revised the Inclusionary Affordable Housing program in 2017.

The Inclusionary Affordable Housing program requires that 13 percent of on-site units for developments of 10 to 24 housing units be affordable to households with income at 55 percent of AMI for rental housing or 80 percent of AMI for ownership housing. If developers elect to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 20 percent of the development's housing units.

For housing developments of 25 or more units:

- For rental projects, 20 percent of on-site housing units must be below market rate, including 10 percent affordable to households with income at 55 percent of AMI, 4 percent affordable to households with income at 80 percent of AMI, and 4 percent affordable to households with income at 110 percent of AMI.
- If the developer of rental housing of 25 or more units elects to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 30 percent of the development's housing units.
- For ownership projects, 20 percent of on-site housing units must be below market rate, including 10 percent affordable to households with income at 80 percent of AMI, 5 percent affordable to households with income at 105 percent of AMI, and 5 percent affordable to households with income at 135 percent of AMI
- If the developer of ownership housing of 25 or more units elects to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 33 percent of the development's housing units

Mayor's Office of Housing and Community Development

Housing Access

The Mayor's Office of Housing and Community Development (MOHCD) administers various rental and housing ownership programs to assist San Francisco residents in accessing existing housing.

Rental Housing Placement

MOHCD manages listings and applications for several rental programs, including (a) housing units affordable to low income and very low income households that are operated by nonprofit agencies, and (b) inclusionary housing units affordable to low and moderate income households.

Ownership Assistance

MOHCD has three programs to assist San Francisco residents to purchase homes, including:

(a) Inclusionary housing units for-sale at below market rate. Inclusionary housing units are below market rate units available to first time homebuyers through a lottery system.

(b) Downpayment Assistance Loan Program. The Downpayment Assistance Loan Program provides down payment assistance to qualified low and middle income first time home buyers in the form of a deferred payment loan up to \$375,000. Homebuyers must make a down payment of at least 5 percent of the purchase price, and obtain a 30-year fixed rate first mortgage through a participating lender. This loan requires no monthly payments for 30 years; the principal loan amount and an equitable share of the property appreciation become due and payable at the end of 30 years or upon sale, rent, or transfer of the property.

(c) City Second Loan program. The City Second Loan program assists low and moderate income first time homebuyers to purchase a market rate housing unit in eligible properties. Homebuyers must make a down payment of at least 5 percent of the purchase price, and obtain a 30-year fixed rate first mortgage through a participating lender. The City Second Loan program provides second mortgage assistance up to \$375,000. The loan is a 40-year deferred loan due upon sale, rent, or transfer of the property. The principal loan amount and an equitable share of the property appreciation become due and payable at the end of 30 years or upon sale, rent, or transfer of the property.

Housing Financing

MOHCD facilitates the development of new and preservation of existing affordable housing by providing acquisition and predevelopment financing for nonprofit developers of affordable housing, loans to nonprofit agencies to purchase small sites or make capital repairs of existing sites, and gap financing for affordable housing development. Due to availability of low-income housing tax credits, MOHCD's capital financing is largely targeted to development of rental housing affordable to low income and very low income households. MOHCD generally makes funding available through a Notice of Funding Availability (NOFA) or Request for Proposals/Qualifications (RFP/RFQ).

Other Housing Services

MOHCD provides eviction defense and tenant counseling, alternative dispute resolution for residents of supportive housing, and counseling for San Francisco residents on renting affordable housing or purchasing homes for the first time. MOHCD also provides housing assistance to persons living with HIV, survivors of domestic violence, and residents of San Francisco Housing Authority housing.

MOHCD Funds

MOHCD administers two major housing funds: the Housing Trust Fund and the Affordable Housing Fund.

Housing Trust Fund

The voters approved the Housing Trust Fund in 2012. The language of the initiative stated that Housing Trust Fund would receive an initial appropriation of \$20 million in the first year of the fund, with funding amounts set to increase by a minimum of \$2.8 million per year until the annual amount is \$50 million per FY. The actual annual appropriation to the Housing Trust Fund is subject to Mayoral and Board of Supervisors discretion. The Mayor and Board can increase funding of the Housing Trust Fund in any given fiscal year over and above the amount required by Charter. The appropriation to the Housing Trust Fund was \$54 million in FY 2018-19, of which \$20 million is on Controller's Reserve, pending repayment of outstanding loans made by the Housing Trust Fund.

The FY 2018-19 Housing Trust Fund budget is \$59.1 million, which includes \$34 million in funds appropriated by the Board of Supervisors in FY 2018-19 and \$25.1 million encumbered or carried forward from FY 2017-18. These funds are allocated to the Down Payment Assistance Loan Program (DALP), Housing Stabilization Program, Complete Neighborhoods Infrastructure, and Affordable Housing Development, as shown in Table 2 below.

Table 2: Housing Trust Fund Budget and Expenditures FY 2018-19

Program Area	FY 2017-18 Carryforward and FY 2018-19 Budget	Allocated and Encumbered Funds	Available Balance/ Future Encumbrance
<u>Down payment Assistance Loan Program^a</u>			
Down payment Assistance Loan Programs	4,295,092	1,952,730	2,342,362
First Responders Down payment Assistance	1,000,000	375,000	625,000
Subtotal DALP	5,295,092	2,327,730	2,967,362
<u>Housing Stabilization Programs</u>			
Healthy Homes/Lead Grants	20,087	14,271	13,432
Energy Efficiency Loans	157,594	157,594	0
Housing Counseling and Assistance	1,215,728	1,102,895	112,833
Eviction Defense/Prevention and Tenant Housing Stabilization	3,194,872	3,151,574	43,298
MALP/HOA Relief	385,626	24,446	361,180
Small Site Acquisition/ Rehab ^b	6,694,610	1,127,496	5,567,114
General Housing Stabilization	112,465		112,465
Subtotal Housing Stabilization	11,780,982	5,578,276	6,210,322
<u>Complete Neighborhoods Infrastructure^c</u>			
Austin Alley	300,000	300,000	0
<u>Affordable Housing Development^d</u>			
Program Delivery	28,321,478	22,294,706	6,026,772
	2,876,237	2,088,093	788,144
Subtotal Housing Trust Fund	50,909,823	36,297,094	16,948,075
Housing Trust Fund Certificates of Participation (COPs)	8,204,270	6,901,558	1,302,712
TOTAL Housing Trust Fund w/ COPs	59,114,093	43,198,652	18,250,787

Source: Budget and Legislative Analyst based on information provided by MOHCD

^a Funds are currently being distributed to homebuyers selected through a lottery

^b Funds are committed to active small sites projects

^c Funds are committed to nonprofit organizations selected through a competitive process

^d Funds are committed to pipeline projects

Attachment II contains further details on the Housing Trust Fund budget in FY 2018-19.

Affordable Housing Fund

Planning Code Section 415 established the Affordable Housing Fund, which receives Affordable Housing fee and Jobs-Housing Linkage fees¹ paid by developers. Affordable Housing Fund revenues are allocated to affordable rental housing projects, generally as gap financing to leverage private, federal, state, and local funds. As of June 30, 2018, the Affordable Housing fund balance was \$185.6 million, as shown in Table 3 below. According to MOHCD, these funds are wholly committed to pipeline housing projects, which are shown in Table 6 below.

Table 3: Affordable Housing Fund Balance as of June 30, 2018

Source	Amount
Inclusionary Housing	\$96,655,462
Jobs Housing Linkage	74,049,742
Market Octavia	92,755
Eastern Neighborhoods – Mission and SOMA	3,625,378
Condo Conversion Program	7,870,844
Van Ness and Market Downtown Residential	3,289,244
Total	\$185,583,425

Source: 2017-18 Annual Report

General Obligation Bonds

San Francisco voters approved \$310 million in general obligation bonds in November 2015 to pay for affordable housing development. As of December 2018, the Board of Supervisors had approved the sale of approximately \$218 million. The allocation of the \$310 million is \$80 million for public housing redevelopment, \$100 million for low-income housing development, \$50 million for Mission housing development, and \$80 million for middle income housing. Approximately 1,600 new housing units are expected to be built.

¹ Planning Code Section 413 establishes the Jobs-Housing Linkage fee on some hotel, entertainment, office, and restaurant developments of 25,000 square feet or more to fund affordable housing requirements. Planning Code Sections 416 and 417 set specific affordable housing fees on residential development in the Market Octavia and Eastern Neighborhoods.

Table 4: Housing Units Funded by General Obligation Bonds

	Approximate Amount	Housing Units
<u>Public Housing</u>		
Potrero HOPE SF	47,923,000	289
Sunnydale HOPE SF	30,200,000	228
Bond Issuance and Reserves/Contingencies	1,877,000	
Subtotal Public Housing	80,000,000	517
<u>Low-Income Housing</u>		
4840 Mission Predevelopment Only	3,000,000	
Small Sites Program	25,733,000	77
500 Turk Street	26,154,731	108
1296 Shotwell Construction	22,205,269	94
88 Broadway/735 Davis Construction	17,064,844	157
Balboa Park Upper Yard/2340 San Jose	4,115,156	112
Bond Issuance and Reserves/Contingencies	1,727,000	
Subtotal Low Income Housing	100,000,000	548
<u>Mission Housing</u>		
1990 Folsom	46,033,659	143
681 Florida	3,133,341	130
Bond Issuance and Reserves/Contingencies	833,000	
Subtotal Mission Housing	50,000,000	273
<u>Middle-Income Housing</u>		
Down-payment Assistance Loan	34,430,000	112
Teacher Next Door	5,000,000	60
Middle-Income Teacher : 43rd & Irving	29,000,000	82
Middle-Income: 88 Broadway	7,043,832	21
Middle-Income: Balboa Park Upper Yard	2,956,168	18
Bond Issuance and Reserves/Contingencies	1,570,000	
Subtotal Middle Income Housing	80,000,000	293
Total	310,000,000	1,631

Source: Budget and Legislative Analyst based on information provided by MOHCD

Performance Measures

MOHCD reports to the U.S. Department of Housing and Urban Development (HUD) on achievement of goals detailed in MOHCD's strategic plan and action plan. One of the three overarching objectives in MOHCD's strategic plan is that families and individuals are stably housed. Attachment I shows the FY 2017-18 goals and actual measures reported to HUD.

Rehabilitation and New Construction

A major component of the ongoing budgetary allocations and administrative work of MOHCD involves the funding of new affordable housing development. As noted, major sources of funding for affordable housing are the Inclusionary and Jobs-Housing Linkage fees, and, to a lesser extent, allocations out of the Housing Trust Fund. In addition, there are a series site-specific funding streams that provide housing dollars to projects that meet certain geographical and income requirements. Non-recurrent funding for new construction may also be providing through bond issues, and "windfall" sources such as the Educational Revenue Augmentation Fund (ERAF).

The typical affordable housing project will use a variety of financing sources to support the costs of predevelopment, as well as hard construction costs. Developing affordable housing in San Francisco is quite expensive – the typical unit will range between \$500,000 to upwards of \$750,000, and even higher in some select cases, based on site acquisition costs.

Sources of Non-City Funds

The major federal funding source that currently supports new affordable housing development in the Low Income Tax Credit program (LIHTC), which is a federal tax subsidy given to large banks and other corporations who provide equity over a 15 year term in return for receiving a federally guaranteed tax credit that is used to reduce taxation on profits. LIHTC will generally cover 30 to 50 percent of total costs of developing new affordable housing. The other major source of non-city funding is long-term permanent loan financing, which will typically compose around 15 to 20 percent of total project costs. Additional funding is occasionally provided through the Federal Home Loan Bank loan programs, which is typically a relatively small portion of total project funding.

MOHCD Gap Financing

MOHCD provides the difference in the form of gap financing. This refers to a long-term, 55 year, 3 percent loan of any amount necessary to cover the gap between total development costs and the funds that have been procured through tax credits, and various sources of longer-term permanent financing. Gap financing, while technically a loan, has the characteristics of a grant, in that MOHCD will typically defer repayment of interest over the full course of the project loan, and will generally retire or refinance principal at the end of the 55 year term. The funding source is structured as a loan in order to allow the City to impose certain

project requirements in terms of the income levels that will be served, and various deed restrictions to insure long-term “permanent” affordability.

Local funding allocations that are currently budgeted or planned by MOHCD to be used for New Construction and Rehabilitation are shown in Table 5 below. Recurring funds make up more than one-half of the City’s financing of new construction and rehabilitation in FY 2018-19 through FY 2020-21, of which approximately 46 percent comes from the Affordable Housing Fund, funded by Inclusionary and Jobs-Housing Linkage fees paid by developer, and approximately 7 percent comes from the Housing Trust Fund. General Obligation Bonds and surplus Educational Revenue Augmentation Funds (ERAF), which are non-recurring, make up approximately one-third of City financing of new construction and rehabilitation.

Table 5: Uses for Rehabilitation and New Construction

	FY 2018-19	FY 2019-20	FY 2020-21	Total
<u>Recurring Funds</u>				
Affordable Housing Fund	186,600,736	22,895,269	21,228,676	230,724,681
Housing Trust Fund	3,266,957	33,045,073	0	36,312,030
<u>Non-Recurring Funds</u>				
Prop A Affordable Housing Bonds	80,948,208	5,680,000	33,071,324	119,699,532
ERAF	14,000,000	48,456,004		62,456,004
<u>Other Funds</u>				
Half Mile from 5M		24,000,000		24,000,000
Market Octavia			8,500,000	8,500,000
Downtown	3,000,000			3,000,000
California Pacific Medical Center	300,000	1,054,927		1,354,927
Other	10,132,368	7,050,000		17,182,368
Totals	298,248,269	142,181,273	62,800,000	503,229,542

Source: Budget and Legislative Analyst based on information provided by MOHCD

Approximately 3,376 new units of affordable housing are expected to be completed between FY 2018-19 and FY 2020-21, as shown in Table 6 below.

Table 6: New Units by Household Income

	Number of New Units by Household Income			
	0-30% AMI	30-60% AMI	>60% AMI	TOTAL
2018-19 Subtotal	84	1,443	109	1,636
New Construction	18	734	56	808
Treasure Island	66	15	53	134
San Francisco Housing Authority (SFHA)	0	354	0	354
HOPE SF	0	167	0	167
Proposition A General Obligation Bonds	0	173	0	173
2019-20 Subtotal	69	1,150	115	1,334
New Construction	69	645	115	829
HOPE SF	0	395	0	395
Proposition A General Obligation Bonds	0	110	0	110
2020-21 Subtotal	165	124	117	406
New Construction	0	124	117	241
HOPE SF	165	0	0	165
Totals, 2018-2021	318	2,717	341	3,376

Source: Budget and Legislative Analyst based on information provided by MOHCD

Attachment II contains further details on the construction of new units by project and location.

Small Site Acquisition

The Small Site Program was established in 2014 to provide City financing to assist in the acquisition of multi-unit buildings of five to 25 units, in which two-thirds of the tenants have household incomes of less than 80 percent of the AMI. The goal of the program is to protect existing tenants from potential eviction and displacement if the building were to be sold or converted to other uses.

The City provides funding for sites that are acquired and managed by various non-profit housing developers, as well as the San Francisco Community Land Trust. The latter are responsible for ongoing property and project management, including rent collection, re-rental of vacant units, and all property maintenance, repair and upkeep, as well as provision of any supplemental supportive services set out in the MOHCD funding agreement.

MOHCD plans Small Site Program expenditures in FY 2018-19 and FY 2019-20 of \$119.4 million, as shown in Table 7 below.

Table 7: Funding for Small Site Acquisition

Funding Source	FY 2018-19	FY 2019-20	Total
Housing Trust Fund - COP	5,960,000	14,043,190	20,003,190
Housing Trust Fund - Small Sites	4,357,268	2,835,024	7,192,292
Affordable Housing Fund - Small Sites	2,057,036	109,376	2,166,412
SOMA Stabilization	400,000		400,000
Downtown Preservation	19,400,000	13,600,000	33,000,000
General Obligation Bonds	10,649,000	1,498,000	12,147,000
ERAF	40,000,000		40,000,000
Other	4,185,205	338,810	4,524,015
Total	87,008,509	32,424,400	119,432,909

Source: Budget and Legislative Analyst based on information provided by MOHCD

Between 2014 and 2018 the City financed the acquisition and/or preservation of 830 housing units by non-profit organizations, as shown in Table 8 below.

Table 8: Acquisition/ Preservation of Housing Units by Non-Profit Organizations

Year	Number of Units
2014	384
2015	130
2016	149
2017	122
2018	49
Total	830

Source: Housing Inventory 2014 through 2018

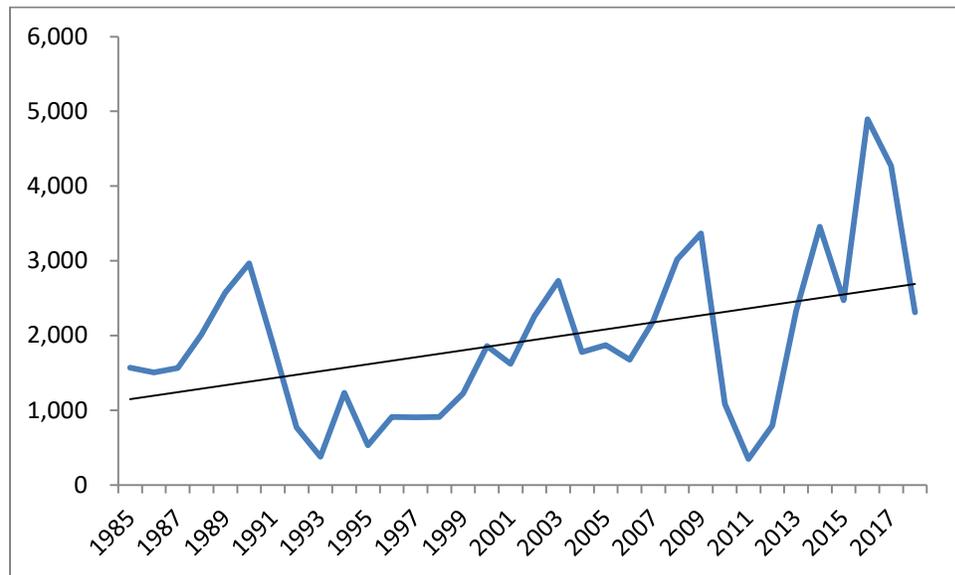
Attachment II shows the number of units by location and year.

Housing Construction Trends

Total Housing Construction

Between 1985 and 2018, the annual construction of new housing varied from year to year, but the total number of new units completed each year was higher on average between 2013 and 2018 than in earlier years, as shown in Figure 1 below. Between 2013 and 2018, 3,200 housing units were completed in each year on average. However, in 2018, the number of completed housing units decreased by 80 percent, from 4,270 units completed in 2017 to 2,309 units completed in 2018.

Figure 1: Total New Units Completed, 1985-2018



Source: Budget and Legislative Analyst based on information in the San Francisco Housing Inventory

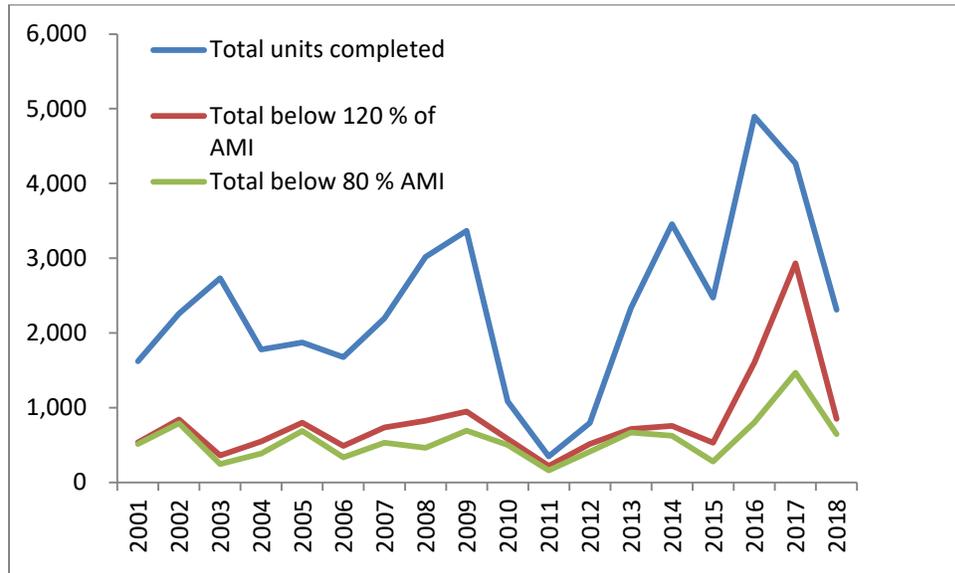
Decrease in Inclusionary Housing Fees Deposited to Affordable Housing Fund

The reduction in housing construction reduces the developer fees paid to the Affordable Housing Fund. The City collected \$107.3 million in Inclusionary Housing fees in 2017, which decreased by more than 50 percent to \$51.1 million in 2018.

Affordable Housing Construction

Between 2001 and 2018, completion of housing affordable to households with income less than 80 percent of AMI made up approximately one-quarter of housing construction, and completion of housing affordable to households with income between 80-120 percent of AMI made up approximately one-tenth of housing construction, as shown in Figure 2 below.

Figure 2: Total Construction, and Construction by Various Affordability Indexes, 2001-2018

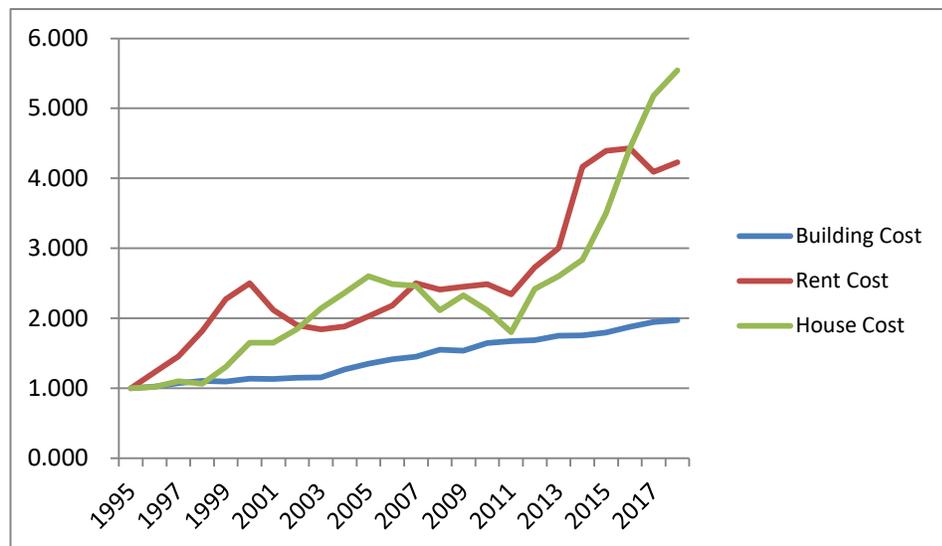


Source: Budget and Legislative Analyst based on San Francisco Housing Inventory data

Housing Cost Trends

Rents and housing purchase prices are increasing in San Francisco at a much higher rate than the costs to build housing. Between 1995 and 2018, the cost to build a housing unit doubled, but the cost to rent housing increased four-fold and the cost to purchase housing increased five-fold, as shown in Figure 3 below. ²

Figure 3: Building Cost, Rent, and Housing Purchase Price Index 1995-2018



Source: Budget & Legislative Analyst, Housing Inventory, Engineering News Record data

² The base year for building, rent, and housing purchase cost index is 1995 in which the index for each category = 1.00. The 2018 building cost index = 1.97, rent index = 4.23, and house price index = 5.54

The building cost index does not include the cost of land and other factors, such as fees and regulations, that impact final rents and purchase prices. Multiple other factors also impact rents and housing purchase prices, including rising incomes and restricted supply.

Policy Considerations

In the three years between 2015 and 2017, the City met nearly 90 percent of its five-year goal of constructing market rate housing, but only met 20 percent of its goal to construct housing affordable to low-income households and 13 percent of its goal to construct housing affordable to moderate income households. The increase in rents and purchase price makes housing unaffordable to many San Francisco residents.

The City has relied on developer fees as a recurring source of revenues for affordable housing development. The amount of developer fee revenues depends on construction of new housing or commercial space subject to developer fees; in 2018, developer fee revenues decreased by more than 50 percent compared to 2017 revenues. According to discussions with City staff, developer fee revenues are expected to be low in FY 2019-20 and FY 2020-21 due to a decrease in new housing and commercial space construction.

The City has formed an Affordable Housing Bond Working Group and has included a \$300 million Affordable Housing Bond in the draft Capital Plan to be submitted to the voters in November 2019. The Board of Supervisors could consider expanding the role of the Affordable Housing Bond Working Group, or form another working group, to evaluate options to implement new recurring revenue sources, in addition to developer fees, to fund affordable housing.

FY 2017-18 Performance Measures: Families and Individuals are Stably Housed

Priority Need 1A: Develop and Maintain Affordable Housing	Goal	Actual	Over/ (Under) Goal
Goal 1Ai. Increased supply of affordable housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of affordable housing units created	1612	413	(1,199)
<i>Performance Measures: Output Indicators</i>			
Number of Permanent Supportive Housing units built for TAY (Parcel U, 17th & Folsom)	17	0	(17)
Number of Permanent Supportive Housing units built for seniors (24th St)	316	0	(316)
Number of Permanent Supportive Housing units built for veterans (MBS3E)	0	12	12
Number of Permanent Supportive Housing units built for homeless families	108	40	(68)
Number of affordable housing units built for low-income households at or below 60% AMI	907	137	(770)
Number of BMR housing units developed	200	224	24
Number of workforce housing units developed beyond BMR	64	0	(64)
Goal 1Aii. Preserve and Maintain Affordable Housing Supply			
<i>Performance Measures: Outcome Indicators</i>			
Number of affordable housing units preserved or maintained	531	619	88
<i>Performance Measures: Output Indicators</i>			
Number of units where lead hazards are addressed	5	2	(3)
Number of public housing units converted to private ownership under the Rental Assistance Demonstration program	0	0	0
Number of single family homes rehabilitated	23	198	175
Number of multifamily units rehabilitated	403	400	(3)
Number of public housing units rebuilt under HOPE SF	100	19	(81)
Priority Need 1B: Make Housing Affordable	4,286	2,064	(2,222)
Goal 1Bi. Increased affordability of rental housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of lower income households served with the assistance of rental subsidies (LOSP)	24	24	0
Goal 1Bii. Increased opportunities for sustainable homeownership			
<i>Performance Measures: Outcome Indicators</i>			
Number of new homeowners created	190	222	32
<i>Performance Measures: Output Indicators</i>			
Number of new COP holders	30	37	7
Number of new DTHP holders	100	128	28
Number of individuals receiving pre-purchase education and counseling	3500	3,652	152
Number of individuals receiving post-purchase education and counseling	375	193	(182)
Number of households receiving downpayment assistance loans	60	60	0
Number of households receiving loans to purchase shares in co-ops	0	0	0
Number of new BMR owners	150	69	(81)
Number of MCCs issued	50	35	(15)
Goal 1Biii. Increase access to rental and homeownership housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of households placed in BMR and affordable rental housing	500	155	(345)
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving assistance in accessing housing, including preparing for successful rental application	2,400	3,384	984
Number of new and re-rental opportunities	200	155	(45)
Number of existing BMR rental units	1,445	1,729	284

Priority Need 1C: Prevent and End Homelessness	Goal	Actual	Over/ (Under) Goal
Goal 1Ci. Reduced rate of evictions			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals whose evictions have been prevented	3,000	3,288	288
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving legal representation	3,800	4,174	374
Number of individuals receiving tenant education and counseling	2,300	2,516	216
Number of individuals receiving short-term rental assistance	385	462	77
Number of individuals receiving financial assistance, including moving costs, security deposits, utilities, last month's rent	0	0	0
Goal 1Cii. Transitional housing is available for those who need it			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals and/or families moving to permanent housing	5	3	(2)
<i>Performance Measures: Output Indicators</i>			
Number of individuals and/or families placed in transitional housing	15	15	0
Goal 1Ciii. Homeless people receive basic shelter and support services			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals moved into more stable housing	220	169	(51)
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving rapid-rehousing services, including case management, and housing placement	600	517	(83)
Number of individuals receiving short-term rental assistance	50	59	9
Number of individuals receiving financial assistance, including moving costs, security deposits, utilities, last month's rent	100	169	69
Number of individuals and families receiving shelter services	695	621	(74)
Number of units subsidized through LOSP	25	n/a	n/a
Priority Need 1D: Provide Supportive Housing Services			
Goal 1Di. Increased access to services for public housing residents			
<i>Performance Measures: Output Indicators</i>			
Number of residents engaged in case management across four HOPE SF sites and beginning in 2016-2017 eight RAD sites	253	361	108
Number of resident service referrals across four HOPE SF sites and beginning in 2016-2017 eight RAD sites	1300	1,769	469
Goal 1Dii. Increased access to permanent supportive housing and transitional housing for PLWHA			
<i>Performance Measures: Outcome Indicators</i>			
Outcome Indicator 1Dii: Number of individuals more stably housed	524	537	13
<i>Performance Measures: Output Indicators</i>			
Number of individuals housed in long-term residential care facilities	162	164	2
Number of individuals housed in permanent facilities	68	68	0
Number of individuals housed in transitional facilities	22	28	6
Number of individuals receiving shallow rental subsidies	65	74	9
Number of individuals receiving long-term deep rental subsidies	207	203	(4)

Source: 2017-18 Consolidated Annual Performance and Evaluation Report

Table A.2: FY 2018-19 Housing Trust Fund Budget, Expenditures, and Encumbrances as of March 2019

Program Area	Prior Year Funds	FY 2018-19 Budget	FY 2017-18 Carryforward and FY 2018-19 Budget	Allocated	Encumbered	Allocated and Encumbered Funds	Available Balance/ Future Encumbrance
<u>Down payment Assistance Loan Program^a</u>							
Down payment Assistance Loan Programs	1,295,092	3,000,000	4,295,092	1,952,730	0	1,952,730	2,342,362
First Responders Down payment Assistance		1,000,000	1,000,000	375,000	0	375,000	625,000
Subtotal DALP	1,295,092	4,000,000	5,295,092	2,327,730	0	2,327,730	2,967,362
<u>Housing Stabilization Programs</u>							
Healthy Homes/Lead Grants	20,087	0	20,087	6,655	0	14,271	13,432
Energy Efficiency Loans		157,594	157,594	669	156,925	157,594	0
Housing Counseling and Assistance	10,333	1,205,395	1,215,728	481,240	621,655	1,102,895	112,833
Eviction Defense/Prevention and Tenant Housing Stabilization	44,488	3,150,384	3,194,872	989,807	2,161,767	3,151,574	43,298
MALP/HOA Relief	385,626	0	385,626	24,446	0	24,446	361,180
Small Site Acquisition/ Rehab ^b	4,194,610	2,500,000	6,694,610	18,900	1,108,596	1,127,496	5,567,114
General Housing Stabilization	112,465	0	112,465				112,465
Subtotal Housing Stabilization	4,767,609	7,013,373	11,780,982	1,521,717	4,048,943	5,578,276	6,210,322
Complete Neighborhoods Infrastructure ^c	1,586,034	750,000	2,336,034	571,554	809,005	1,380,559	955,475
Austin Alley	300,000	0	300,000	200,155	99,845	300,000	0
Affordable Housing Development ^d	9,134,010	19,187,468	28,321,478	17,891,189	4,403,517	22,294,706	6,026,772
Program Delivery	(172,922)	3,049,159	2,876,237	1,963,829	124,264	2,088,093	788,144
Subtotal Housing Trust Fund	16,909,823	34,000,000	50,909,823	24,476,174	9,485,574	36,297,094	16,948,075
Housing Trust Fund Certificates of Participation (COPs)	8,204,270	0	8,204,270	3,963,453	2,938,105	6,901,558	1,302,712
TOTAL Housing Trust Fund w/ COPs	25,114,093	34,000,000	59,114,093	28,439,627	12,423,679	43,198,652	18,250,787

Source: MOHCD

^a Funds are currently being distributed to homebuyers selected through a lottery^b Funds are committed to active small sites projects^c Funds are committed to nonprofit organizations selected through a competitive process^d Funds are committed to pipeline projects

Table A.6: New Affordable Housing Construction Financed by City Sources

	Number of Units			TOTAL
	0-30% AMI	30-60% AMI	>60% AMI	
2018-19 Subtotal	84	1,443	109	1,636
New Construction	18	734	56	808
Prop A: Mission Neighborhood 1990 Folsom Gap		115	27	142
88 Broadway/735 Davis Senior gap	13	31	8	52
88 Broadway/735 Davis Family gap balance	5	98		103
Prop A: 88 Broadway Family Middle Income			21	21
490 S. Van Ness Gap		80		80
1950 Mission Gap		155		155
2060 Folsom (17th & Folsom) Gap		126		126
681 Florida Gap (2070 Bryant)		129		129
Treasure Island	66	15	53	134
Treasure Island C3.1 Mercy + CC (Project 2 Predev)	66	15	53	134
SFHA	0	354	0	354
HOPE VI Bernal Dwellings		160		160
HOPE VI Rehab Predev Hayes South		110		110
HOPE VI Rehab Predev Hayes North		84		84
HOPE SF	0	167	0	167
HOPE SF Sunnydale Block 6 Gap		167		167
PROP A	0	173	0	173
Prop A: Sunnydale Ph 1A3, Block 3APredev		173		173
2019-20 Subtotal	69	1,150	115	1,334
New Construction	69	645	115	829
Midtown Gap		128	11	139
5M Transfer Parcel (967 Mission) gap		96		96
Prop A: 500 Turk Gap		121		121
1068 Mission PSH and Seniors Gap		258		258
Treasure Island C3.2 Veterans Housing (Gap)			104	104
South Park Scattered Site Gap Loan	69	42		111
HOPE SF	0	395	0	395
HOPE SF - Potrero - Ph 2, Block B Vertical gap		165		165
HOPE SF - Potrero - Ph 3, Blk Q Vertical Predev		55		55
HOPE SF - Sunnydale Ph 1B, Blk 7 Predev		69		69
HOPE SF Hunters View Phase III Vertical Gap		106		106
PROP A	0	110	0	110
Prop A: Potrero - Ph 3, Block R Infra & Vert Predev		110		110
2020-21 Subtotal	165	124	117	406
New Construction	0	124	117	241
Prop A: Middle Income Teacher Housing 43rd+Irving			81	81
Balboa Park Upper Yard		94	36	130
Parcels R, S & U Gap		30		30
HOPE SF	165	0	0	165
HOPE SF - COP Debt Service				
HOPE SF - Potrero - Ph 3, Blk M1 Predev	65			65
HOPE SF - Sunnydale Blk 9 Predev	100			100
Totals, 2018-2021	318	2,717	341	3,376
Source MOCD				

Table A.8: Acquisition/ Preservation of Housing Units by Non-Profit Organizations

Year of Acquisition	Location	Units
2014	3155 Scott Street	24
	1280 Laguna Street	182
	201 Turk Street	174
	151 Duboce Ave	4
2014 Total		384
2015	217 Eddy Street	104
	308 Turk Street	20
	2840 Folsom Street	6
2015 Total		130
2016	3329 20th Street	10
	70 Belcher Street	5
	1500 Cortland Avenue	4
	1353 Folsom Street	3
	3840 Folsom Street	4
	462 Green Street	6
	1684 Grove Street	3
	644 Guerrero Street	4
	568 Natoma Street	5
	380 San Jose Street	4
2 Townsend Street	101	
2016 Total		149
2017	3800 Mission Street	5
	269 Richland Avenue	6
	4042 Fulton Street	5
	63 Lapidge Street	6
	3198 24th Street	8
	1015 Shotwell Street	10
	2217 Mission Street	8
	35 Fair Avenue	4
	2976 23rd Street	14
	19 Precita Avenue	3
	3353 26th Street	10
	55 Laguna	40
	344 Precita Street	3
2017 Total		122
2018	106 South Park	24
	289 9th Avenue/ 800 Clement Street	16
	534 Natoma Street	5
2018 Total		45

Source: Housing Inventory 2014-2018/ MOHCD

Budget Priority Report: Homelessness

Executive Summary

- The 2017 Point in Time count of San Francisco's homeless population was 7,499, relatively unchanged from the 2015 Point in Time count of 7,539. Of the homeless population in San Francisco, 41 percent of the individuals counted in the 2017 point-in-time count had been homeless for less than one year, and 25 percent were homeless for the first time in 2017. According to the Department of Homelessness and Supportive Housing, while in past years the City focused resources on chronically homeless individuals and building permanent supportive housing, investment is now needed in homelessness prevention. Homeless prevention programs are: Homeward Bound, Family Reunification, Eviction Prevention, Move-In Assistance, and Flexible Grants
- In May 2018 the Board of Supervisors adopted a resolution urging the Mayor to prioritize prevention of homelessness within the budget and named specific priorities related to spending within Department of Homelessness and Supportive Housing: increasing rapid rehousing subsidies, developing a Transition Aged Youth focused navigation center, investing in problem solving initiatives, and increasing outreach to individuals with mental illness through the Homeless Outreach Team (HOT) or the Street Medicine Team. Since last year the department has (1) worked with the City's Real Estate Division and Public Works to identify a site for a Transition Aged Youth navigation center; (2) secured \$400,000 in private funding to provide flexible grants that support problem solving initiatives to help prevent; (3) increased the supply of rapid rehousing grants available; and (4) Increased the SF Hot and Homeless Encampment teams in January of 2019
- The Department has identified funding priorities for FY 2019-20 that include shelter bed expansion, adding functionality to the department's data management system, and increasing Department resources to better implement programs that are expanded in response to new funding.

Bay Area and San Francisco Homeless Count and Programs

Regionally, the United States Department of Housing and Urban Development (HUD) estimates that the homeless population across the nine Bay Area Counties¹ remained the same from 2007-2017, with approximately 28,240 homeless individuals counted each year across all counties. During the same time period, regional efforts to address homelessness focused largely on building permanent supportive housing: the Bay Area achieved a 100 percent increase in the number permanent supportive housing units over the same ten year period.²

In San Francisco, the Department of Homelessness and Supportive Housing estimates that while 50 people exit homelessness on a weekly basis, 150 people newly become homeless. The large increase in supportive housing units, the relatively unchanging homeless count, and the relative inflows and outflows of homelessness suggest several things: 1) it is unlikely that the region will be able to build its way out of the homelessness crisis; and 2) developing a strategy to address homelessness requires attention at all stages of homelessness, and is best addressed in its early stages.

Given these factors the Department of Homelessness and Supportive Housing has stated that their current focus is on preventing homelessness before it happens and rehousing people as quickly as possible; the Department considers this strategy to be both cost effective and the least traumatic resolution to instances of homelessness.

Regional Homelessness

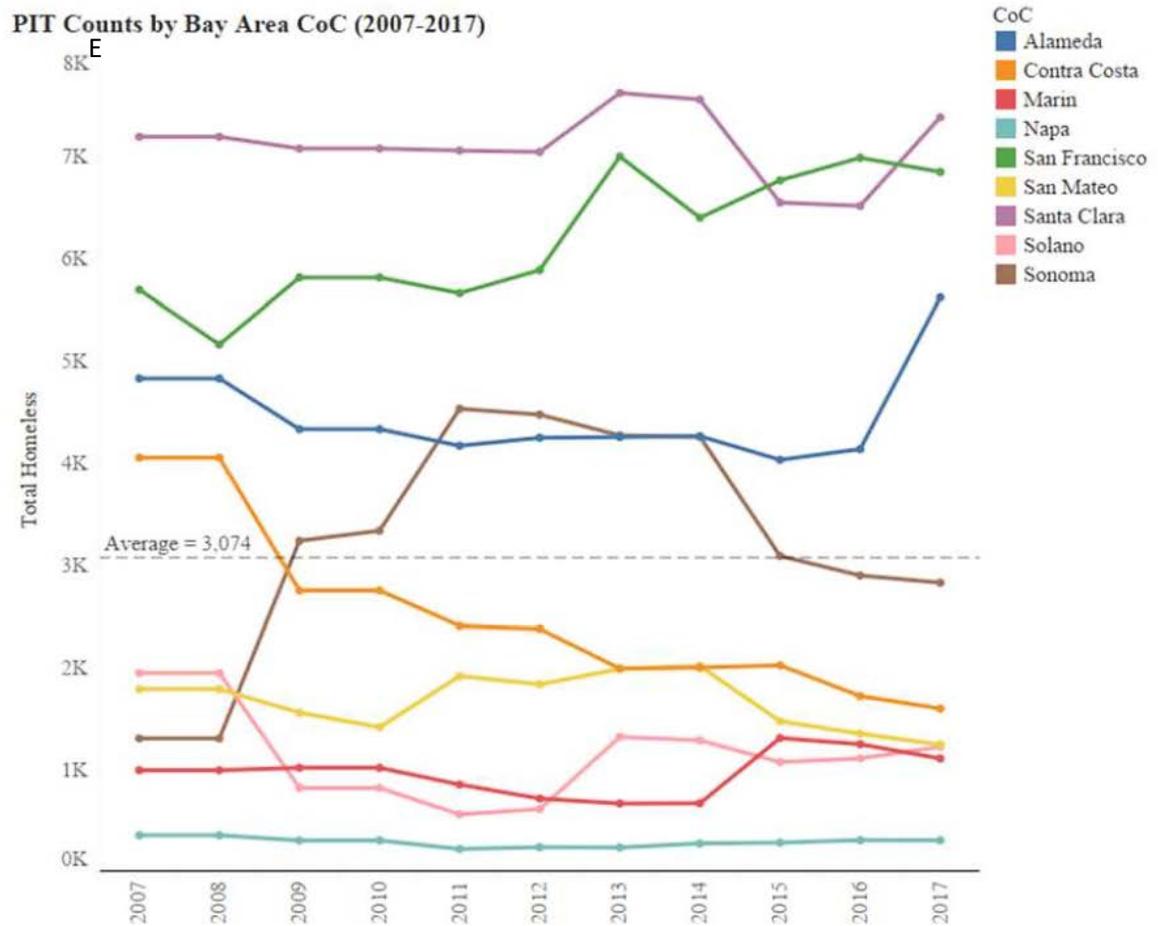
From 2007 to 2017, the total number of homeless individuals remained relatively constant across the nine bay area counties, with some counties experiencing an increase in homelessness and some experiencing a decrease. Between 2007 and 2017, the homeless population in San Francisco grew from 6,377 to 7,499, roughly an 18 percent increase.³ Exhibit 1 below shows year-over-year increases/decreases among the nine bay area counties.

¹ Napa, San Mateo, Santa Clara, Solano, Contra Costa, San Francisco, Marin, and Sonoma

² Homelessness in the Bay Area Memo prepared November 2018 by the San Francisco Department of Homelessness and Supportive Housing

³ 2017 Point in Time Count

Exhibit 1: Change in Bay Area Region Homeless Count 2007-2017



Source: Homelessness in the Bay Area Memo prepared November 2018 by the San Francisco Department of Homelessness and Supportive Housing

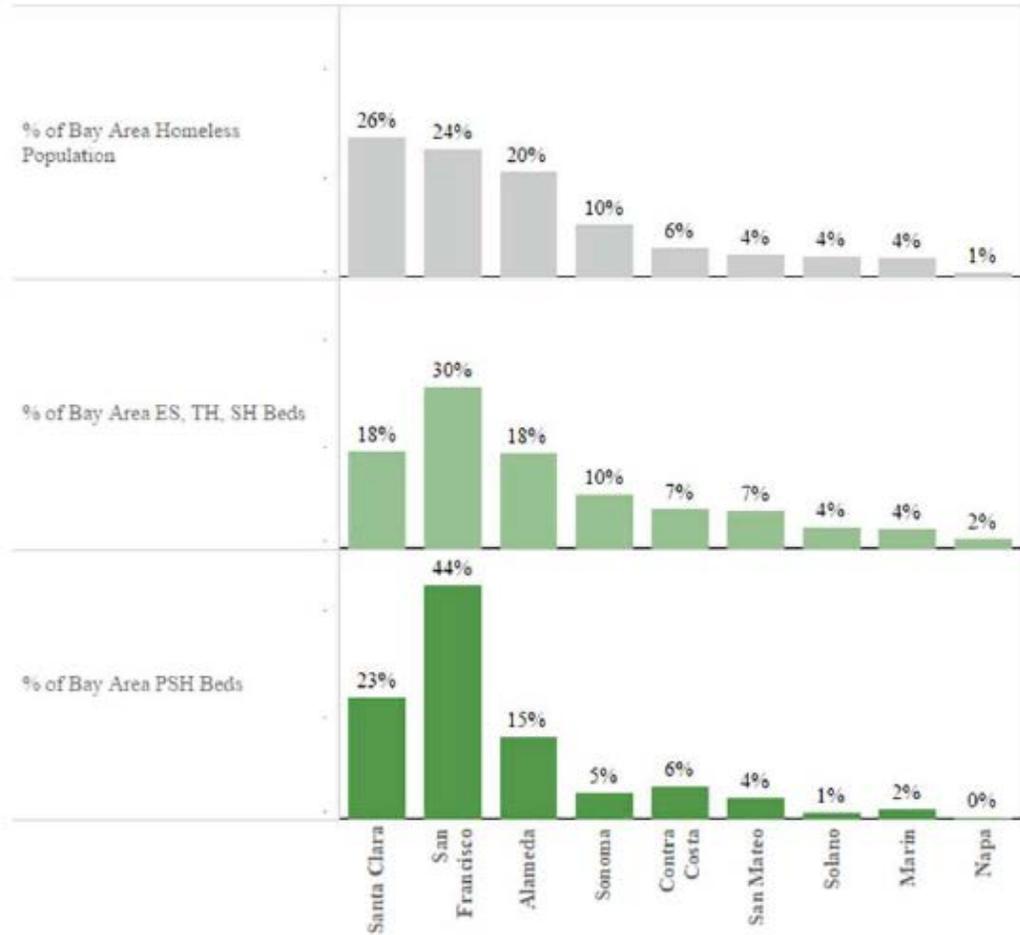
In 2017, Bay Area Counties acknowledged that although the homelessness crisis was regional in nature, efforts to address homelessness remained confined within the counties. More recently, counties have begun to work more collaboratively to address the homelessness crisis, attempting to achieve economies of scale and use resources more efficiently. Homeless service expansion in the Bay Area from 2007 to 2017 focused largely on increasing the supply of permanent supportive housing. The region doubled the supply of housing units between 2007 and 2017 from 10,391 units to 20,940 units. In contrast, temporary housing solutions, including emergency shelters, transitional housing beds, and safe haven beds, decreased by two percent regionally.

Across the region, San Francisco’s efforts to provide services for homeless individuals outpace other communities’ services. Based on 2017 estimates, San Francisco had 24 percent of the homeless population, but 30 percent of all temporary/emergency beds and 44 percent of all permanent supportive housing.

From 2007 to 2017, San Francisco increased the number of permanent supportive housing units by 3,259 units and increased shelter beds by 278. More detail on percentage of services provided by county can be found below in Exhibit 2.

Exhibit 2: Homeless Services by County 2017

Figure 3. Percent of Total Bay Area Homeless Population vs. Beds (2017)



Source: Homelessness in the Bay Area Memo prepared November 2018 by the San Francisco Department of Homelessness and Supportive Housing

Although the homelessness crisis is occurring regionally, there are indications that San Francisco’s crisis is more significant: San Francisco has 78 homeless individuals per 10,000 residents, the highest number per capita among the counties, while regionally counties average 36 homeless individuals per 10,000 residents. Furthermore, San Francisco’s unsheltered homeless population increased 56 percent from 2007 to 2017.

Of the homeless population in San Francisco, 41 percent of the individuals counted in the 2017 point-in-time count had been homeless for less than one

year, and 25 percent were homeless for the first time in 2017. This suggests an opportunity to intervene at an earlier stage of homelessness, which decreases the trauma experienced by individuals facing the potential of homelessness, increases the stability of individuals facing potential homelessness, and decreases costs to the City and County of San Francisco. While in past years the City focused resources on chronically homeless individuals and building additional permanent supportive housing, the large number of newly homeless individuals leads the Department of Homelessness and Supportive Housing to believe it is worth investing more in homelessness prevention in order to best address homelessness. Programs that address these issues are: Homeward Bound, Family Reunification Programs, Eviction Prevention, Move-In assistance, and Flexible Grants.

FY 2018-19 Board of Supervisors Resolution

In May 2018 the Board of Supervisors adopted a resolution urging the Mayor to prioritize prevention of homelessness within the budget and named specific priorities related to spending within Department of Homelessness and Supportive Housing: increasing rapid rehousing subsidies, developing a Transition Aged Youth focused navigation center, investing in problem solving initiatives, and increasing outreach to individuals with mental illness through the Homeless Outreach Team or the Street Medicine Team. A status update on these requests is provided below.

TAY Navigation Center

The Department is currently exploring the feasibility of creating a navigation center for Transition Age Youth at three different sites, and meets weekly with the Real Estate Department and the Department of Public Works to follow up on these sites and to consider others. The Department is seeking a site that is convenient for youth, has adequate space to host a navigation center with on-site resource center, and is not prohibitively expensive. The Department has also completed its procurement process for a TAY Navigation Center service provider.

Investment in Problem Solving Initiatives

The Department secured \$400,000 in private funding to implement problem-solving initiatives at its adult access points. This funding supports flexible grants to remove barriers to housing for clients who do not necessarily need long-term financial support. Examples include: paying off a debt to a roommate or utility company; providing 2-3 months of rental assistance while a client starts a new job; and assisting with car repairs so a client can return to work. The Department anticipates they will be able to support 400 individuals with flexible grants in FY 2018-19.

Increased outreach to individuals with mental illness through the Homeless Outreach Team (SFHOT)

The Department received additional funding to expand SFHOT outreach in the four downtown BART/MTA stations and Golden Gate Park, and received funding to support the encampment resolution team. Expanded services started in January 2019 and are funded at an increased level through the end of FY 2019-20.

Increased Rapid Rehousing subsidies

The Department received additional funding for rapid rehousing subsidies following last year's budget priority hearing, including \$11 million in state funding for three years of rapid rehousing services through FY20-21 (\$2 million for adults; \$9 million for TAY). Contract funding for adult rapid rehousing increased by \$1,733,497 between FY 2017-18 and FY 2018-19. Funding for rapid rehousing for transitional age youth increased by \$2,391,295 between FY 2017-18 and FY 2018-19.

Homelessness in San Francisco

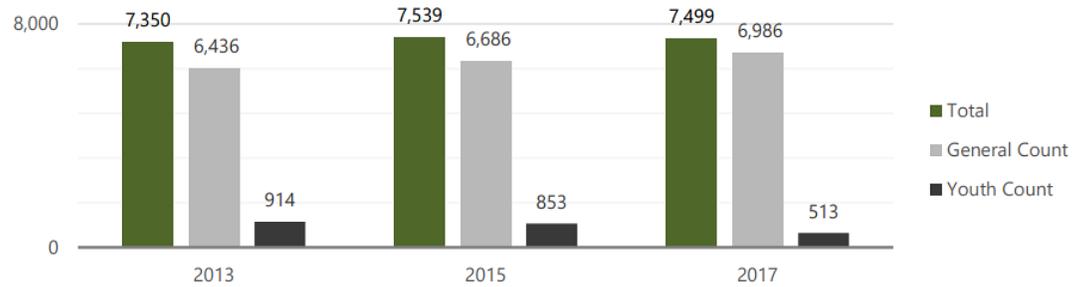
The U.S. Department of Housing and Urban Development (HUD) requires that all jurisdictions receiving federal funding for homeless assistance conduct a biennial homeless Point in Time (PIT) count. The PIT includes a visual count of all individuals who are living unsheltered on the street, and a detailed count of individuals who are living in temporary shelter. In addition, there is an in-depth follow up survey with a sample of homeless individuals, and San Francisco conducts a youth specific survey. Because the count is done bi-annually, the most recent data available is from 2017. The Department anticipates that the 2019 point in time data will be available in June 2019.

In 2017 the San Francisco PIT survey counted 7,499 individuals: 4,353 were living unsheltered while 3,146 were residing in temporary shelters, residential facilities, or hospitals. The 2017 count was generally the same as the counts in 2015, which counted 7,539 individuals.

Over the past decade, the homeless population in San Francisco has grown from 6,377 to 7,499, roughly an 18 percent increase. The Department of Homelessness and Supportive Housing, based on guidelines from HUD, suggests that multiplying the PIT by a factor of 2.77 provides a rough estimate for the number of people who experience homelessness on an annual basis (roughly 20,000).

Exhibit 3: Comparison of Point in Time Count 2013, 2015, 2017

Figure 1. TOTAL NUMBER OF HOMELESS INDIVIDUALS, SHELTERED AND UNSHELTERED, ENUMERATED DURING THE GENERAL POINT-IN-TIME HOMELESS COUNT AND YOUTH COUNT WITH TREND



Source: Applied Survey Research. (2015-2017). San Francisco Homeless Count. Watsonville, CA.

Source: Applied Survey Research. (2017-2017) San Francisco Homeless Count⁴

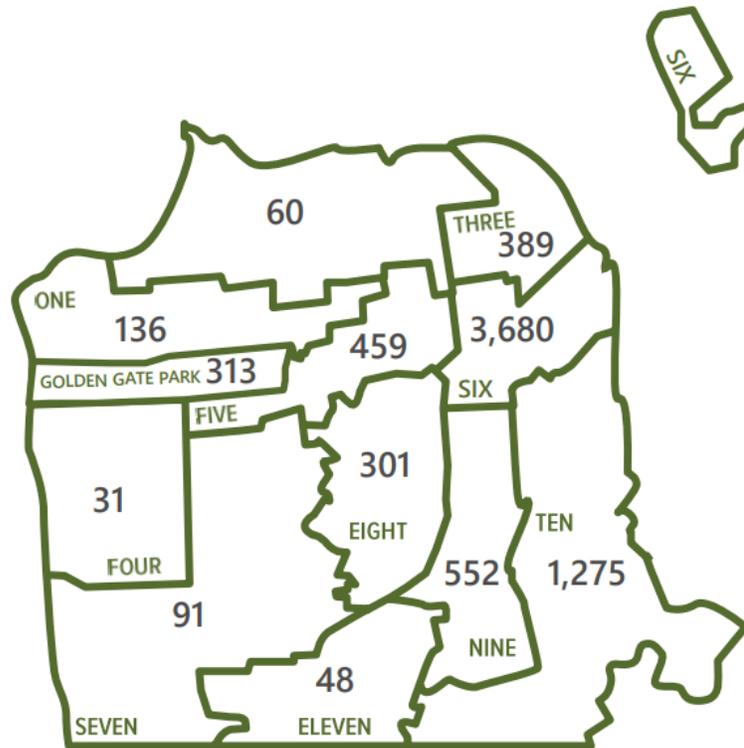
Distribution of Homelessness Resources

The PIT count has consistently demonstrated that a disproportionate number of homeless individuals reside in Supervisor District 6, with 49 percent of the homeless individuals identified in the 2017 PIT living in this district, followed by District 10 which had 17 percent of homeless individuals, and District 9 with 8 percent of the homeless population. The map below shows the number of homeless individuals by district based on the PIT count.

⁴ 2017 Point in Time Count, page 14

Exhibit 4: Number of Individuals Counted as Homeless by District 2017

Figure 3. UNSHELTERED AND SHELTERED POINT-IN-TIME COUNT RESULTS BY DISTRICT



Source: Applied Survey Research. (2017-2017) San Francisco Homeless Count⁵

As previously stated, the PIT includes a visual count of all individuals who are living unsheltered on the street, and count of individuals who are living in temporary shelter. Invariably, it is easier to count individuals who are living in a temporary shelter, as there are staff members who check people in and out of the shelter. This may mean that the PIT systematically over represents homeless populations in districts where services are available. At the same time, it is not possible to determine whether available resources *cause* unsheltered individuals to congregate in specific neighborhoods; If this were the case, even if districts with many homeless resources are over represented in the sheltered PIT count, they may also have larger populations of unsheltered individuals who are also uncounted.

The tables below show where homeless resources are located within the city. Because the resources available in a district are a confounding variable when considering total homeless population by district, it is important not to draw broad conclusions about the equity of available resources.

⁵ 2017 Point in Time Count, page 14

Emergency homeless resources, including navigation centers, shelter beds, and transitional housing units, are concentrated in districts 6, 9, and 10, while districts 1, 4, 7, and 11 have no emergency resources. District 5 also has some emergency resources, though less than other districts.

Exhibit 5: Available Homelessness Emergency Resource by District

District	Number			Percentage of total homeless population based on 2017 PIT ⁷	Percentage		
	Navigation Center Beds	Emergency Shelter Beds ⁶	Transitional Housing Units		Navigation Center Beds	Adult Emergency Shelter Beds	Transitional Housing Units
1	-	-	-	2%	-	-	-
2	-	-	4	1%	-	-	1%
3	-	8	35	5%	-	1%	12%
4	-	-	-	0%	-	-	-
5	-	40	48	6%	-	3%	16%
6	177	1,206	106	49%	35%	86%	35%
7	-	-	-	1%	-	-	-
8	-	11	38	4%	-	1%	13%
9	125	143	-	7%	24%	10%	-
10	207	-	70	17%	41%	-	23%
11	-	-	-	1%	-	-	-
Total	509	1408	301	94%	100%	100%	100%

Source: Homelessness and Supportive Housing Inventory of Resources

District 6, with nearly one-half of the homeless population based on the PIT count, has 77 percent of all permanent supportive housing. Although District 10 has 17 percent of all homeless individuals based on the PIT count, this district has just 1 percent of all permanent supportive housing units. There are no permanent supportive housing units located in Districts 4 or 11. The distribution of permanent supportive housing is shown in Exhibit 6 below.

⁶ 420 Winter shelter beds and 23 beds missing GIS data are not included in count

⁷ Four percent of the homeless population was counted in Golden Gate Park; an additional two percent are in confidential/scattered site locations across the city.

Exhibit 6: Permanent Supportive Housing Units by District, FY 2018-19⁸

District	Percentage of total homeless population based on 2017 PIT	Number of Permanent Supportive Housing Units	Percentage of total
1	2%	25	<1%
2	1%	132	2%
3	5%	356	5%
4	0%	-	-
5	6%	257	3%
6	49%	5733	75%
7	1%	25	<1%
8	4%	220	3%
9	7%	696	9%
10	17%	148	2%
11	1%	-	-
Total	94%	7592	99%

Source: Homelessness and Supportive Housing Inventory of Resources

Currently only two districts have emergency homeless resources (emergency shelters) for youth: Districts 5 and 6. District 6 had the largest youth homeless population (35 percent), followed by District 10 with 26 percent of the youth homeless population, as shown in Exhibit 7 below.

Exhibit 7: Emergency Shelter Beds for Youth by District, FY 2018-19⁹

District	Percentage of Youth Homeless Population	Number of Youth Emergency Shelter Beds	Percentage of Total
1	3%	0	0
2	0%	0	0
3	2%	0	0
4	1%	0	0
5	6%	26	39%
6	35%	40	61%
7	1%	0	0
8	9%	0	0
9	7%	0	0%
10	26%	0	0%
11	0%	0	0%
Total	90%	66	100%

Source: Homelessness and Supportive Housing Inventory of Resources

⁸ Does not include 89 scattered site PSH units for which GIS data is not available

⁹ Ten percent of the youth homeless population was counted in Golden Gate Park. (Total percentage is rounded)

Established Programs

Two major recent Department of Homelessness and Supportive Housing undertakings include (1) Online Navigation & Entry (ONE) System, and (2) coordinated entry implementation.

ONE system is a data management platform that combines 15 unique data management systems into one system, thus allowing for uniform measures of progress and ability to track individuals across homeless programs. The Department has completed phase one of the ONE System project, which allows the system to meet all data management needs in compliance with federal requirements. The ONE System is being used by HSH and its community-based nonprofit partners for adult and family assessment, prioritization and housing placement.

The second undertaking is coordinated entry, a community wide intake process designed to match people experiencing homelessness to available community resources that are the best fit for their situation. Coordinated entry is meant to standardize the assessment process to identify the best type of intervention. The system is organized into three subpopulations – adults, families with children, and youth – and the process for coordinated entry is organized into five parts – intake, problem solve, assess, prioritize, and refer. Family coordinated entry was launched in 2017, has assessed 1,477 families, and has three active access points, along with multiple mobile access point staff. These access points serve families with at least one minor child. Adult coordinated entry started in 2018, has assessed more than 5,000 adults, and has three access points, along with mobile access point staff. Coordinated Entry for Youth is launching in May of 2019. 266 youth between the ages of 18 and 24 were assessed at adult access points.

According to Department of Homelessness and Supportive Housing staff, the Department aims to intervene at the earliest stage possible when someone is at risk of becoming homeless. The Department's programs are tiered in an effort to be cost effective, and ensure that resources are appropriately matched to individuals' needs. Descriptions of some programs to support the homeless population are described below. They have been organized into the following categories: **problem solving & homelessness prevention**, programs that address individuals at risk of becoming homeless and those who are newly homeless; **emergency homelessness services**, programs that offer supports to individuals who are homeless, and **exits from homelessness**, or programs that move people off of the street into a stable housing situation.

This programs list is not comprehensive, though it covers many of the main programs run by the Department of Homelessness and Supportive Housing and other City departments to address homelessness in the city. An inventory of these services is included in Table 1 on page 11.

PROBLEM SOLVING & HOMELESSNESS PREVENTION PROGRAMS

In addition to services aimed at individuals who are already homeless the Department utilizes strategies to prevent homelessness or to quickly end homelessness for individuals who have recently become homeless. Services are described below and Exhibit 8 on page 14 shows the current inventory of services:

Homeward Bound reunites adults and families experiencing homelessness in San Francisco with family and friends in other communities who are willing to house them. The Department conducts a screening before sending a person to a new location and staff conduct follow-up calls once a person arrives in a new location. The Department currently serves approximately 850 Homeward Bound clients each year.

Family Reunification reunites unaccompanied youth with family members within our outside of San Francisco. This can be done through Homeward Bound or through programs run by our nonprofit partners.

Eviction Prevention helps households about to lose their housing with one-time financial assistance (utilities payment funds, back rent assistance, etc.) and or legal services. The Department expects to support 700 households in FY 2018-19.

Move-in Assistance provides security deposits, furniture allowances and other assistance for households who have found housing but need financial assistance to move-in.

Flexible Grants remove barriers to housing for clients who do not necessarily need long-term financial support. Examples include: paying off a debt to a roommate or utility company; providing 2-3 months of rental assistance while a client starts a new job; and assisting with car repairs so a client can return to work. The Department secured private funding and expects to support 400 individuals with flexible grants in FY 2018-19.

EMERGENCY HOMELESSNESS SERVICES

Temporary Shelters

The Department operates multiple types of temporary shelters: Adult emergency shelters, family shelters, TAY shelter, stabilizations beds, transitional housing, and Navigation Centers. Though they serve similar purposes, they operate differently and may serve different populations.

Navigation centers are meant to serve people coming out of encampments or living on the streets who have not utilized the emergency shelter system. Many of these individuals have been chronically homeless, defined as, “either (1) an unaccompanied homeless individual with a disabling condition who has been continuously homeless for a year or more, or (2) an unaccompanied individual with a disabling condition who has had at least four episodes of homelessness in the past three years.”¹⁰ Placement in a navigation center is temporary and is determined by the Department’s outreach programs on a case by case basis.

¹⁰ Department of Housing and Urban Development

These placements have fewer restrictions than placements in traditional emergency shelters, such as the ability to bring partners, pets, and possessions.

Emergency Shelters are overnight shelters that individuals can stay in for from one night to six months depending on the program. Historically emergency shelters for adults have had a waitlist of 1000 people or more, pointing to the need for the service. Emergency shelters have fewer on-site services when compared with navigation centers. Navigation centers have a staff to client ratio of 15:1, while traditional emergency shelters have a staff to client ratio of 41:1, or fewer in the case of some shelters.¹¹ There are check-in and check-out times at emergency shelters, and individuals with a bed must meet those times. If an individual does not return for check in for the evening, their bed may be given to another person on the waitlist for the night. If they don't return for 72 hours then their bed is given to someone on the waitlist.

Transitional Housing provides people with significant barriers to housing stability with a place to live and intensive social services for up to two years while they work toward self-sufficiency and housing stability. This intervention is not an exit from homelessness, as persons staying in transitional housing are still considered homeless, but sheltered. Transitional housing is most effective for veterans, single mothers, TAY, and families in the process of reunification. Transitional housing can offer services such as education, job training and placement, substance abuse counseling, parenting classes and child care services. The Department policy is for transitional housing residents to pay 30 percent of their income toward service fees. In some Transitional Housing programs a portion of these fees are returned to the participant upon exit from the program.

Outreach

As the Department works to reduce street homelessness, part of its strategy is to engage and stabilize the most vulnerable homeless individuals who are living on the streets. Street Outreach is primarily provided by the Homeless Outreach Team (HOT) and nonprofit partners and connects those living outside with the Homelessness Response System. This includes street outreach and engagement, encampment resolution, care coordination, Access Points and Resource Centers. The Encampment Resolution Team is a specialized team of the Department outreach staff whose goal is to address encampments effectively and compassionately.

Health Services

Both the Department and DPH operate **Stabilization Beds**. **Stabilization Beds** are an alternative to shelter for people who cannot be served in a congregate setting. These may also be emergency shelter beds that individuals enter upon being discharged from an acute care setting. This includes the Humming Bird Program, a 15 bed navigation center located at SF General Hospital that aims to stabilize people as they exit hospital care.

¹¹ Information provided by the Department

DPH operates the **Street Medicine Team**, a team that helps establish care for chronic health conditions and works to transition patients to stable health care.

EXITS FROM HOMELESSNESS

Permanent Supportive Housing is the most resource-intensive program within the Department’s portfolio. The program offers deeply subsidized supportive housing with on-site services such as case-management or medical services. Permanent supportive housing residents are among the highest need clients (e.g. individuals with mental or physical illness, individuals who have been homeless for long periods of time, or individuals who are working to overcome addiction). Once an individual is stabilized in housing and no longer needs onsite supportive services, the Department aims to move individuals to less resource intensive housing options in order to maximize its use of available housing placements. The Department estimates that there was a 15 percent turnover rate for the portfolio in FY 2017-18 and less than 5 percent turnover rate for families in FY 2017-18.

Rapid Rehousing provides time-limited rental assistance and services for people leaving homelessness. The goals of rapid rehousing include housing identification, temporary rental assistance, and case management. Typically individuals receive rapid rehousing services and subsidy for a period of 18 months.

Exhibit 8: Current Inventory of Homeless Services

Intervention	Capacity 2017-18	Capacity 2018-19	Increase/ (Decrease)
Eviction Prevention (slots/grants)	750	700	(50)
Homeward bound (slots/grants)	850	850	-
Resource Center Chairs	190	193	3
Navigation Center Beds	352	584 ¹²	232
Adult Shelter Beds (year round)	1,186	1,186	-
Family Shelter Units	167	179	12
Adult Winter Shelter Beds	375	420	45
TAY Shelter	40	40	-
Youth <18 shelter	26	26	-
Permanent Supportive Housing Units (Adults)	6,571	6,736 ¹³	165
Permanent Supportive Housing Units (Families)	710	799	89
Permanent Supportive Housing Units (TAY)	122	146	24
Transitional Housing Units Adults	149	121	(28)
Transitional Housing Units Families	33	33	-
Transitional Housing Units (TAY)	255	279	24
Rapid Rehousing Adults	25	60	35
Rapid Rehousing Families	850	294	(556) ¹⁴
Rapid Rehousing TAY	30	170	140
Problem solving flexible grants	-	400	400

Source: Data from Department of Homelessness and Housing

¹² Includes 75 beds at 1950 closed in November 2018; excluding these the current total is 509.

¹³ Excludes 89 beds for which GIS data are not available

¹⁴ A private grant for the Heading Home Campaign greatly increased the number of rapid rehousing grants during FY 17-18.

Historical Budgets and Spending

While several City departments provide services to or interact with San Francisco residents experiencing homelessness, the Department of Homelessness and Supportive Housing is the main service/program provider. The Department’s budget increased by 20 percent from \$217.4 million in FY 2016-17 (the first year of the Department) to \$260.6 million in FY 2019-20, as shown in Exhibit 9 below.

Exhibit 9: Department of Homelessness and Supportive Housing Expenditure Budget FY 2016-17 to FY 2018-19

Program	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Increase/ (Decrease)
Administration and management	\$15,057,491	\$12,844,257	\$7,761,646	\$8,102,233	\$340,587
Capital asset planning	500,000	5,925,000	-	-	n/a
Children’s Baseline	1,766,327	675,070	1,291,947	1,309,246	\$17,299
Outreach and prevention	10,066,777	11,430,429	12,353,143	12,582,178	\$229,035
Shelter and housing	183,538,026	208,061,995	250,892,898	226,066,983	(24,825,915)
Transition Aged Youth Baseline	6,453,161	11,447,723	12,228,755	12,535,045	\$306,290
Total	\$217,381,782	\$250,384,474	\$284,528,389	\$260,595,685	(\$23,932,704)

Source: City budget system

General Fund revenues make up approximately 65 percent of the 2018-19 budget with additional funding coming from state and federal sources.

Performance Measures

Official Performance Measures

The Department of Homelessness and Housing measures performance based on successful entry into housing, maintenance of housing once a person is housed, and utilization of available services. The Department combines some programs when measuring outcomes and examining programs individually becomes difficult. As the Department completes the implementation of the ONE system, the department plans to collect more detailed data and track system-wide and program-specific outcomes, but requires additional funding to increase the functionality of ONE system. In addition, because the Controller’s performance measures have changed from year to year, it is challenging to track the Department’s performance over time.

The Department’s performance goals and outcomes from the Controller’s Office Performance Data are listed in Appendix I. The Department is working to develop new performance measures to align with their 5-year strategic framework, released in October 2017. Since April 2018, the Department and the Controller’s

Office have developed appropriate performance measures for Rapid Rehousing Subsidies and Permanent Supportive Housing Units, but they are continuing to develop measures related to other aspects of their work. We provide a narrative description below.

Measures capturing utilization of available services

Many of the performance measures the Department currently captures relate to the utilization of available services. For example, if the Department utilized every available emergency shelter bed, this would be considered a success. In FY 2017-18 the Department met utilization based performance targets in the following categories:

- Number of individuals reunited with friends or family through the Homeward Bound program
- Percentage of all available year-round single adult homeless shelter beds used

The Department's ability to meet their targets in these categories is in part a testament to the demand for services. Areas where the department fell short of a utilization target in FY 2017-18 include:

- Number of families that secured or maintained housing due to a one-time grant
- Number of single adults that secured and/or maintained housing due to a one-time grant

In these instances the department was not able to meet the target in part because of the lack of affordable housing in the Bay Area housing market.

Measurements which have changed from 2017-18 to 2018-19, therefore historic performance is not available, include the following:

- Number of individuals (includes single adults and members of families) leaving homelessness due to placement in permanent supportive housing (*department on track to meet 2018-19 performance target*)
- Number of families leaving homelessness due to a rapid rehousing subsidy (*department on track to meet 2018-19 performance target*)
- Number of individuals leaving homelessness due to a rapid rehousing subsidy (*department has not yet met half of their 2018-19 performance target as of February 2019*)

Performance based measures

The Department captures several measures that describe outcomes rather than outputs. These include 1) the percentage of case managed families that are placed in permanent or transitional housing, enter a treatment program, or reunite with family, and 2) the percentage of homeless households still in supportive housing or other appropriate placements after one year. While the Department met its target for homeless individuals remaining in place if placed

appropriately, the Department did not meet its goal for case managers to place families into appropriate housing options; however, the department increased its success rate in FY 2017-18 when compared to FY 2016-17. More information is needed to fully assess program outcomes.

Gaps in Services

The Department of Homelessness and Supportive Housing has identified the following additional resource needs, including the need to increase its inventory for all housing options, and increase internal resources, both staffing and technological, in order to best utilize new available funding (e.g. ERAF funds) and best meet performance targets. Funding needs identified by the Department are described below.

1) Increase funding to complete a 1,000 bed shelter expansion

San Francisco's unsheltered homeless population increased 56 percent from 2007 to 2017, speaking to the need for additional emergency shelter options. During the 2017 biennial San Francisco City Survey completed by the Controller's Office, San Franciscans ranked homelessness and housing as the top issues faced by the City, with 33 percent of the individuals surveyed ranking the high number of homeless individuals and insufficient services as the most significant challenges for the City. Increasing shelter options supports homeless populations and addresses San Franciscans' high priority concerns. The cost of a shelter bed day is approximately \$52.

2) Expand the capacity of the ONE System (Data Management System) to include a robust shelter bed reservation system and manage housing inventory

The Board of Supervisors allocated \$35.6 million in excess Educational Revenue Augmentation Funds (ERAF) to the Department for additional shelter and housing units. According to the Department of Homelessness and Supportive Housing, these resources can be most efficiently accessed if data management systems best prioritize available housing resources. ONE system development began in 2016 and was implemented in 2017. To date the system is able to address federal requirements, and helps with client assessments including prioritizing clients and finding the most appropriate housing placement. The system does not have a robust shelter bed reservation component or a way to manage housing inventory. The Department's long-term objective is for the ONE system to support the full scope of functions, including client case management, emergency shelter reservation system, housing inventory management system and better connectivity with community based organizations' in-house systems. This additional complexity requires additional funding to deliver this broader scope of functionality and services.

3) Increase resources to allow the Department to better implement programs that are expanded in response to new funding

During the last three years, the Department has seen a rapid expansion in new funding for program expansion—including \$36.6 million in excess ERAF funds for additional shelter and housing unit. As program funding increases, the Department states that it needs additional internal resources and staffing to expedite the deployment of new services.

Appendix: Homeless and Housing Performance

Performance Measure	FY 2016-17 Actual	FY 17-18 Target	FY 17-18 Actual	FY 2018-19 Target	FY 18-19 actual to date
Number of families leaving homelessness due to a rapid rehousing subsidy	-	-	-	150	117 ¹
Number of individuals leaving homelessness due to a rapid rehousing rental subsidy ²	-	-	-	50	22 ¹
Number of families that secured and/or maintained housing due to a one-time grant	648	1153	956	800	Not yet available
Percent of case managed families in shelters that are placed in permanent or transitional housing, enter a treatment program, or reunite with family	53%	65%	47%	65%	57% ³
Number of individuals (includes single adults and members of families) leaving homelessness due to placement in permanent supportive housing ⁴	-	-	771	800	580 individuals; 81 families ¹
Number of individuals reunited with family or friends through the Homeward Bound program	880	750	825	825	336 individuals; 38 families ¹
Number of single adults that secured and/or maintained housing due to a one-time grant	790	1047	700	700	Not yet available
Percent of formerly homeless households (includes single adults and families) still in supportive housing or other appropriate placements after one year	97%	90%	97%	95%	Not yet available
Percentage of all available year-round single adult homeless shelter beds used	95%	95%	95%	95%	93% ²

¹ Measured through Feb 2019

² New measure in FY 2018-19

³ Through Q2 FY 2018-19

⁴ This measure was changed during FY 2018-19; previously supportive housing was measured by splitting measures into HSA and DPH units