

1 [Administrative Code - Expanding Recovery Oriented Permanent Supportive Housing]

2

3 **Ordinance amending the Administrative Code to state that it is City policy to expand**
 4 **the availability of Permanent Supportive Housing (“PSH”) for people experiencing**
 5 **homelessness that emphasizes abstinence from illegal substance use (“Recovery**
 6 **Housing”); to prohibit the City from funding PSH for people experiencing**
 7 **homelessness that bars evictions on the basis of drug use alone (“Drug Tolerant**
 8 **Housing”) until at least 25% of the City’s PSH portfolio is operated as Recovery**
 9 **Housing, except where operation of the funded housing as Recovery Housing would**
 10 **conflict with standards imposed by law or as a condition of other funding; and to**
 11 **authorize the Board of Supervisors to suspend the funding restriction by Resolution**
 12 **for a specific expenditure, upon finding that the expenditure is in the public interest.**

13 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.
 14 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 15 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 16 **Board amendment additions** are in double-underlined Arial font.
 17 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 18 **Asterisks (* * * *)** indicate the omission of unchanged Code
 19 subsections or parts of tables.

20 Be it ordained by the People of the City and County of San Francisco:

21 Section 1. The Administrative Code is hereby amended by adding Chapter 12K,
 22 consisting of Sections 12K.1 through 12K.8, to read as follows:

23 **CHAPTER 12K: PERMANENT SUPPORTIVE HOUSING; RECOVERY HOUSING**

24
 25 **SEC. 12K.1. FINDINGS.**

1 (a) Permanent Supportive Housing (“PSH”) plays a significant role in San Francisco’s
2 response to homelessness by combining affordable housing assistance with voluntary support services
3 intended to address the needs of chronically homeless people, including families with children, seniors,
4 and persons with chronic disabilities. The support services are intended to build independent living and
5 tenancy skills, and connect people with community-based health care, treatment, and employment
6 services.

7 (b) San Francisco generally operates its PSH facilities using a “Housing First” or “Drug
8 Tolerant” approach, which affirms the principle that people experiencing homelessness should be
9 connected to a permanent home quickly, with as few barriers as possible. State law also promotes a
10 Housing First approach by requiring that state-funded PSH be operated consistent with the core
11 components of Housing First policies, as set forth in State law. For example, California Welfare and
12 Institutions Code Section 8255 provides that state-funded PSH must follow the rule that “use of alcohol
13 or drugs in and of itself, without other lease violations, is not a reason for eviction,” and that state-
14 funded supportive services must be “informed by a harm-reduction philosophy that recognizes drug
15 and alcohol use and addiction as a part of tenants’ lives.” Some – but not all – of San Francisco’s
16 PSH is state-funded, and subject to state Housing First mandates.

17 (c) Recovery Housing, by contrast, is operated as a substance-free living environment to
18 support individuals in recovery from addiction. In a 2015 policy brief, the U.S. Department of Housing
19 and Urban Development (“HUD”) recommended that “Recovery Housing, when administered in a
20 manner consistent with this brief and in a community that has adopted the principles of Housing First
21 communitywide, can be a part of a larger community approach grounded in choice for people who are
22 experiencing homelessness and have substance use disorders. HUD strongly encourages [Continuums
23 of Care] to adopt a system-wide Housing First orientation that removes barriers whenever possible
24 and that addresses the housing needs of people at all stages of recovery. When operated in a manner
25

1 consistent with this guidance, Recovery Housing might not be in conflict with this approach so long as
2 entry into the program is based on the choice of the program participant.”

3 (d) Recovery Housing models of PSH that align with federal Housing First standards would
4 add an important new option for PSH residents exiting homelessness and broaden the City's array of
5 evidence-based solutions to addressing homelessness and substance use disorders that are so visible on
6 City streets. By removing barriers to drug-free and recovery-focused options for formerly unhoused
7 persons, Recovery Housing would better serve many PSH residents, who include families with children,
8 seniors, and individuals at all stages of recovery from substance use disorders and/or risk of relapse.

9 (e) Recovery from substance use disorders takes many forms, and abstinence-based programs
10 and drug-free living environments should have a place in the City's overall approach to helping people
11 exit homelessness. By postponing the expansion of PSH that employs a Housing First or Drug Tolerant
12 model until 25% of the City's PSH portfolio offers Recovery Housing options, this measure will
13 diversify the City's PSH options to match the diversity of pathways out of homelessness.

14
15 **SEC. 12K.2. DEFINITIONS.**

16 For purposes of this Chapter 12K, the following definitions apply:

17 “City” means the City and County of San Francisco.

18 “Drug Tolerant Housing” means Permanent Supportive Housing that is (1) prohibited by law
19 or by a condition of the receipt of funding, from evicting residents for the use of illicit drugs, without
20 any other lease violations, or (2) required by law or by a condition of the receipt of funding, to accept
21 applicants regardless of their sobriety or use of substances, completion of treatment, or participation in
22 services.

23 “Permanent Supportive Housing” or “PSH” means subsidized rental housing for individuals
24 and households with a history of homelessness, that imposes no time limit on occupancy, and provides
25 supportive services to help tenants maintain housing.

1 “Permanent Supportive Housing Portfolio” means the total number of PSH units that are
2 operated or funded by the City at a given time.

3 “Recovery Housing” means Permanent Supportive Housing that: (1) serves individuals with a
4 history of homelessness who are experiencing or at elevated risk of experiencing, substance use
5 disorder; (2) uses substance use-specific services, peer support, or physical design features to support
6 residents on a path to recovery from addiction; (3) emphasizes abstinence from illegal substance use;
7 and (4) allows residents to use prescribed medications for behavioral or physical health.

8
9 **SEC. 12K.3. DECLARATION OF POLICY.**

10 It shall be City policy to expand the availability of Recovery Housing to meet the demand from
11 individuals who seek to initiate or sustain recovery from substance use disorders, or who are at
12 elevated risk for substance use disorders.

13
14 **SEC. 12K.4. USE OF FUNDS PROHIBITED UNTIL SUFFICIENT RECOVERY**
15 **HOUSING; EXCEPTION WHERE RECOVERY HOUSING MODEL INCONSISTENT WITH**
16 **LAW OR FUNDING.**

17 (a) Except as stated in subsection (c), no funds appropriated by the City for any contract, grant
18 agreement, or loan agreement may be expended to increase the City’s Permanent Supportive Housing
19 Portfolio unless (1) the contract, grant agreement, or loan agreement would exclusively fund Recovery
20 Housing, or (2) the Controller has certified within the prior 12 months that as of the date of the
21 certification at least 25% of the City’s PSH qualifies as Recovery Housing.

22 (b) The prohibition set forth in subsection (a) includes, but is not limited to: (1) entering into a
23 grant agreement to fund an organization to provide services or operations for any Drug Tolerant
24 Housing, (2) entering into a grant agreement to subsidize operations and/or rents for any Drug

1 Tolerant Housing, and (3) entering into a loan agreement for the development and construction of any
2 new Drug Tolerant Housing.

3 (c) The prohibition set forth in subsection (a) shall not apply to any appropriation for a
4 contract, grant agreement, or loan agreement for PSH where operation of such PSH as Recovery
5 Housing would be prohibited by law or inconsistent with applicable conditions of funding.

6
7 **SEC. 12K.5. SUSPENSION BY BOARD OF SUPERVISORS.**

8 The Board of Supervisors may suspend the requirements of Section 12K.4 by resolution as to a
9 specific expenditure if it finds that the expenditure of funds for any contract, grant agreement, or loan
10 agreement to expand the City's portfolio of Permanent Supportive Housing is in the public interest,
11 notwithstanding the fact that the Controller has not certified that 25% of such portfolio qualifies as
12 Recovery Housing.

13
14 **SEC. 12K.6. ANNUAL ACCOUNTING OF RECOVERY HOUSING UNITS.**

15 By no later than March 1, 2025, and every year thereafter, the Controller shall submit to the
16 Board of Supervisors a report certifying: (1) the number of units in the City's Permanent Supportive
17 Housing Portfolio; and (2) the percentage of such units that qualify as Recovery Housing. The
18 Department of Homelessness and Supportive Housing, the Mayor's Office of Housing and Community
19 Development, and the Real Estate Division shall provide relevant data and documentation to the Office
20 of the Controller, and shall provide any assistance required to allow the Controller to submit the
21 annual report.

22
23 **SEC. 12K.7. RULES AND REGULATIONS.**

24 The Department of Homelessness and Supportive Housing, in consultation with the Department
25 of Public Health, shall promulgate rules and regulations to carry out the provisions of this Chapter

