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BOARD OF SUPERVISORS
SAN FRANCISCO

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BY AK

June 25, 2018

Dear Members of the Budget & Finance Committee;

San Francisco is experiencing a homelessness and housing crisis. With the failure of Proposition D earlier this month a proposed \$40 Million investment in homelessness and housing was left unfunded, jeopardizing critical investments and new programs focused on reducing and preventing homelessness. Additionally, in this past election San Francisco voters passed Proposition F calling for legal services to support tenants facing eviction in our city, but no funding source was identified in that measure. In partnership with the Mayor's Budget Office, we are pleased to jointly present a plan to fund these critical housing intervention and homeless prevention services in the upcoming two-year budget with three newly available sources.

Proposition D was expected to generate revenues of \$32 million in FY 2018-19 and \$64 million in FY 2019-20; of which \$13.4 million and \$27.2 million would have been allocated to the Department of Homelessness and Supportive Housing (HSH). The remainder of the programmatic funds would have been allocated to the Mayor's Office of Housing and Community Development (MOHCD).

This plan draws on new resources included in the State's proposed budget, currently under the Governor's consideration, to support housing and homeless services from the State of California, coupled with newly identified recent reduction in retiree health costs approved by the Health Service System Board on June 15, 2018. With these sources, we are able to expand, fortify, and enhance services to prevent displacement, provide exits from street homeless, and add permanent housing units. Additionally, this rebalancing proposal includes an additional new investment which will provide funding for full scope legal services and representation to tenants facing eviction in our city.

This proposed rebalancing plan includes: 1) financial support in FY 2019-20 for the on-going homelessness programs previously funded in FY 2018-19; 2) new homeless programs in the FY 2018-19 budget which were contingent on Proposition D revenues which are no longer available (rapid rehousing, TAY Navigation Center, and flexible housing subsidy pool); and 3) significantly increases and expands legal assistance funding for tenants facing eviction through MOHCD. Details on the program expansions and funding sources are available below.

We look forward to continuing to work together with the Budget and Finance Committee and the full Board of Supervisors to finalize the FY 2018-19 and FY 2019-20 budget and ensure these critical programs and investments are funded.

Handwritten signature of London Breed in black ink.

London Breed
President, Board of Supervisors
Mayor-Elect

Handwritten signature of Malia Cohen in black ink.

Malia Cohen
Chair, Budget and Finance Committee

Rebalancing Plan: Allocated Uses and Identified Sources

	FY 2018-19 (\$ millions)	FY 2019-20 (\$ millions)
USES		
Extend Critical Programs (Housing, Navigation Centers, Prevention)		(13.4)
Rapid Rehousing - Adult & TAY	(5.0)	(6.0)
TAY Navigation Center	(1.0)	(3.4)
Capital for Replacement Shelter/TAY Nav Center Capital	(4.7)	
Flex Housing Subsidy Pool	(2.0)	(3.0)
Eviction Legal Representation for Tenants (MOHCD)	(1.4)	(3.4)
Total Uses	(14.1)	(29.2)
SOURCES*		
State Emergency Homelessness Funds - Onetime	10.7	11.5
State Emergency Solutions Grant - On-going	2.0	3.0
General Fund - Retiree Health Savings	1.4	14.7
Total Sources	14.1	29.2
Surplus/(Gap)	0.0	0.0

*Adjustments to fund balance have been made to match sources to uses in compliance with the State grant funding requirements and timelines.

Expand and Continue Critical Homeless Services

The City’s homelessness crisis, and the conditions that exist on streets every day are not acceptable. We cannot continue to allow people to live in tents or doorways, nor endure illness and addiction alone on our streets. These investments will help provide meaningful change for those struggling with homelessness.

This rebalancing plan will ensure critical programs which had been dependent on Proposition D’s revenue, beginning in FY 2018-19 will move forward, and the programs initiated in the first year of the budget will receive continued support in the second year of the budget. These are shared priorities for critical service expenditures including expanded navigation and shelter capacity, permanent exits from homelessness, and interventions that target families and youth experiencing homelessness.

- **Extending Critical Homeless Services Programs:** This plan provides funding in FY 2019-20 for new and continued programming including:
 - Doubling Homeward Bound to expand capacity to reunite persons experiencing homelessness with families or loved ones.
 - New units of permanent supportive housing in newly constructed affordable housing and continued support for master leased units.
 - Enhanced services in existing permanent supportive housing to better meet the acute needs of residents.
 - Operations of four navigation centers opening in the next year, including one serving women who are pregnant.
 - Expansion of shelter capacity and funding to replace closing shelters.

- **Rapid Rehousing:** Expanding the rapid rehousing voucher program for adults and TAY- a program provides a declining rent subsidy and income stabilization supports so that clients can find and maintain housing.
- **Navigation Centers:** Funding a new Navigation Center tailored for the needs of transitional aged youth (TAY) and one-time capital for the replacement of existing shelters or construction of the new TAY Navigation Center.
- **New Housing Exits:** Funding the Flexible Housing Subsidy Pool to create new permanent exits from homelessness

Funding for Eviction Legal Representation for Tenants

No tenant should face eviction alone in San Francisco. The voters of San Francisco agree, and approved Proposition F on June 5, 2018. However, this measure did not include any identified funding. Keeping San Franciscans in their homes is one of the most cost effective ways to prevent homelessness and help residents maintain access to affordable housing. We know that tenants who have legal support through the eviction process are much more likely to maintain their housing.

This rebalancing plan includes a ramp up to \$3.4 million in additional annual funding to support free legal counsel for tenants facing eviction. This amount builds off of the \$2 million in existing full scope legal representation currently available and anticipates the \$0.5 million the Board of Supervisors has indicated it will be allocating to this program area. This additional funding will allow the City to provide full scope legal representation to tenants facing eviction beginning January 1, 2019. This funding level assumes that a majority of tenants facing eviction will take advantage of the services available to them and that legal service providers will focus on households earning 120% of the Area Median Income and below.

New Revenue Sources

After the introduction of the June 1 Proposed Budget, three funding sources have become available.

The first is a reduction in retiree health costs per the rates approved by the Health Service System Board at their June 15, 2018 meeting. These final approved rates are lower than the assumed rates included in the proposed budget and will generate \$16.1 million in General Fund savings over the two-year budget to be allocated to this plan.

The State's proposed budget, currently under the Governor's consideration, includes additional support for housing and homeless services. It creates the Homeless Emergency Aid Program to provide one-time grants to address homelessness, and augments the existing Emergency Solutions Grant (ESG) to provide on-going funding for housing and homeless services. The anticipated one-time allocation to San Francisco is \$27.7 million and must be fully encumbered by June 2021. This rebalancing plan assumes the utilization of \$22.2 million in FY 2018-19 and FY 2019-20, with a final allocation of \$5.5 million to continue programming in FY 2020-21. This rebalancing plan assumes \$2 million growing to \$3 million of the on-going support through the ESG program.

Policy Area	Sub-Category	Program	Description	2018-19			One-time?	2019-20			TOTAL			
				GFS	non-GFS	Total		GFS	non-GFS	Total	GFS	non-GFS	TOTAL	
Education	Education Access	City college expansion	Summertime expansion	\$ 1,200,000	\$ -	\$1,200,000		\$ 1,200,000	\$ -	\$1,200,000		\$ 2,400,000	\$ -	\$ 2,400,000
Youth Services	Out of school time	After school time and summertime programming		\$ 500,000	\$ -	\$500,000		\$ 500,000		\$500,000		\$ 1,000,000	\$ -	\$ 1,000,000
	Early Care and Education	Supporting early childhood education programming	Bridge funding to Prop C spending	\$ 2,000,000	\$ -	\$2,000,000		\$ -		\$0		\$ 2,000,000	\$ -	\$ 2,000,000
Economic Development	Workforce Development	Skill and capacity building		\$ 500,000	\$ -	\$500,000		\$ 500,000		\$500,000		\$ 1,000,000	\$ -	\$ 1,000,000
Neighborhood Services	Cultural Districts	Cultural District Staffing central coordinator		\$ 175,000	\$ -	\$175,000		\$ 175,000	\$ -	\$175,000		\$ 350,000	\$ -	\$ 350,000
Homelessness	Prevention and Diversion	Flexible Housing Subsidy Pool	TAY / Family Subsidies	\$ 700,000	\$ -	\$700,000		\$ 700,000		\$700,000		\$ 1,400,000	\$ -	\$ 1,400,000
	Prevention and Diversion	Eviction prevention -Legal Defense		\$ 500,000	\$ -	\$500,000		\$ 500,000		\$500,000		\$ 1,000,000		\$ 1,000,000
Housing	Affordable Housing Access	Barrier Removal		\$ 200,000	\$ -	\$200,000		\$ 200,000		\$200,000		\$ 400,000		\$ 400,000
Public Safety	Restorative Justice	Pre-Trial Diversion		\$ 515,000	\$ -	\$515,000		\$ 515,000		\$515,000		\$ 1,030,000	\$ -	\$ 1,030,000
Clean Streets	Community Services	Neighborhood Clean and Green		\$ 255,578	\$ -	\$255,578		\$ 255,578		\$255,578		\$ 511,156		\$ 511,156
		Pit stop expansion		\$ 100,000	\$ -	\$100,000		\$ 100,000		\$100,000		\$ 200,000	\$ -	\$ 200,000
Public Health	Sexual Violence	Sexual Assault response and prevention	Policy and mediation manager	\$ 168,000	\$ -	\$168,000		\$ 168,000		\$168,000		\$ 336,000	\$ -	\$ 336,000
	Domestic Violence	Child Abuse Prevention		\$ 250,000	\$ -	\$250,000		\$ 250,000		\$250,000		\$ 500,000	\$ -	\$ 500,000
	Mental Health	Mental health services for homeless adults and families		\$ 100,000	\$ -	\$100,000		\$ 100,000		\$100,000		\$ 200,000		\$ 200,000
	AIDS/ HIV Services	Ryan White CARE Act Grant		\$ 333,000	\$ -	\$333,000		\$ 333,000		\$333,000		\$ 666,000	\$ -	\$ 666,000
Arts	Cultural Services	Arts Programming		\$ 200,000	\$ -	\$200,000		\$ 200,000		\$200,000		\$ 400,000	\$ -	\$ 400,000
Senior Services	Food Security	In-Home Grocery delivery		\$ 683,000	\$ -	\$683,000		\$ 683,000		\$683,000		\$ 1,366,000	\$ -	\$ 1,366,000
	Aging in Place	Health care and Activity programming		\$ 500,000	\$ -	\$500,000		\$ 500,000		\$500,000		\$ 1,000,000	\$ -	\$ 1,000,000
Community Services	Immigrant Protection Educator	Voting Registry education outreach		\$ 375,000	\$ -	\$375,000	x	\$ -		\$0		\$ 375,000	\$ -	\$ 375,000
	LGBTQ Services	LBGTQ Service programming		\$ 200,000	\$ -	\$200,000		\$ 200,000		\$200,000		\$ 400,000	\$ -	\$ 400,000
		Transgender Violence Prevention Capacity Building		\$ 200,000	\$ -	\$200,000		\$ 200,000		\$200,000		\$ 400,000		\$ 400,000
Elections	Open Source Voting Pilot	Eligible for State matching funds		\$ -	\$ -	\$0	x	\$ 2,000,000		\$2,000,000		\$ 2,000,000	\$ -	\$ 2,000,000
District Specific	District Specific Priorities	\$ 1M per district over two years		\$ 8,000,000	\$ -	\$8,000,000	x	\$ 3,000,000		\$3,000,000	x	\$ 11,000,000	\$ -	\$ 11,000,000
				\$ 17,654,578				\$ 12,279,578				Total \$ 29,934,156		

6/25/18