

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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: December 14, 2016 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The Department of Homelessness and Supportive Housing is requesting the release of \$6,486,776 on Budget and Finance Committee reserve in FY 2016-17.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Department of Homelessness and Supportive Housing’s budget included expenditures of \$12,129,400 in FY 2016-17 and \$50,214,200 in FY 2017-18 that were to be funded by the proposed \$0.75 Sales Tax submitted to the voters on the November 2016 ballot. These expenditures were placed on Budget and Finance Committee reserve pending the outcome of the November 2016 election. Because the voters did not approve the \$0.75 Sales Tax, the Mayor’s Office has identified \$6,486,776 in new Real Property Transfer Tax and MediCal Waiver revenues to partially fund FY 2016-17 Department of Homelessness and Supportive Housing expenditures on Budget and Finance Committee reserve. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Department of Homelessness and Supportive Housing will allocate (1) \$3,391,694 to fund services at the City’s homeless shelters and Navigation Centers,; and (2) \$3,095,082 to fund new permanent housing units, totaling \$6,486,776 in FY 2016-17. • \$3,391,694 in requested funds will be used for FY 2016-17 operating costs at (1) the City’s existing Civic Center Hotel Navigation Center at 20 12th Street; (2) the planned Central Waterfront Navigation Center on 25th Street, which is scheduled to open in early 2017; and (3) the City’s existing homeless shelters. • \$3,095,082 will (1) leverage federally-funded vouchers for single adults and veterans at four supportive housing sites; (2) subsidize housing for transitional age youth; (3) continue existing housing subsidies for seniors and disabled adults through a work order with the Human Services Agency; and (4) pay for increases in lease and personnel costs at existing supportive housing sites. • Annualized expenditures for these services in FY 2017-18 are \$14,058,276, subject to future Board of Supervisors approval. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the requested release of \$6,486,776 on Budget and Finance Committee reserve in FY -2016-17. 	

MANDATE STATEMENT

Administrative Code Section 3.3(e) provides for the committee of the Board of Supervisors having jurisdiction over the budget (Budget and Finance Committee) to place funds on reserve. These funds may be released by the Budget and Finance Committee.

BACKGROUND

The Department of Homelessness and Supportive Housing's budget included expenditures of \$12,129,400 in FY 2016-17 and \$50,214,200 in FY 2017-18 (shown in Table 1 below) that were to be funded by the proposed \$0.75 Sales Tax submitted to the voters on the November 2016 ballot. These expenditures were placed on Budget and Finance Committee reserve pending the outcome of the November 2016 election.

Table 1: Expenditures to be Funded by Proposed \$0.75 Sales Tax

	FY 2016-17	FY 2016-17
Administration and Management		
Other Professional Services	\$0	\$121,554
Outreach and Prevention		
Professional & Specialized Services	\$0	\$2,200,000
Shelter and Housing		
Temporary Salaries	\$204,170	\$415,967
Permanent Salaries	0	333,173
Mandatory Fringe Benefits	16,170	172,926
Community Based Organizations	11,162,060	37,423,580
Services of Other Departments	747,000	9,547,000
Total Reserve	\$12,129,400	\$50,214,200

Because the voters did not approve the \$0.75 Sales Tax, the Mayor's Office has identified a total of \$6,486,776 in increased Real Property Transfer Tax and MediCal Waiver¹ revenues to partially fund FY 2016-17 Department of Homelessness and Supportive Housing expenditures on Budget and Finance Committee reserve.

DETAILS OF PROPOSED LEGISLATION

The Department of Homelessness and Supportive Housing is requesting the release of \$6,486,776 on Budget and Finance Committee reserve in FY 2016-17.

¹ Increased Real Property Transfer Tax revenues are due to the approval by the voters of Proposition W in November 2016, increasing the transfer tax rate on property sales of more than \$5 million. An increase in MediCal Waiver funding to the Department of Public Health in FY 2016-17 frees up General Fund revenues previously appropriated in the Department's FY 2016-17 budget.

FISCAL IMPACT

As a result of the increased Real Property Transfer Tax and MediCal Waiver revenues, totaling \$6,486,776, the Department of Homelessness and Supportive Housing will allocate (1) \$3,391,694 to fund services at the City's existing homeless shelters and Navigation Centers, and the opening of a new Navigation Center in 2017; and (2) \$3,095,082 to fund new permanent housing units, totaling \$6,486,776 in FY 2016-17, as shown in Table 2 below.

Table 2: Proposed Release of Reserved Funds

	FY 2016-17 (Requested Release of Reserves)	FY 2017-18 (Annualized) *
Navigation Centers and Homeless Shelter Operations		
Existing Civic Center Hotel	\$600,000	\$1,000,000
New Central Waterfront Navigation Center	1,252,676	2,502,676
Existing Shelter System Operations	1,539,018	1,546,518
Subtotal, Navigation Centers & Homeless Shelters	\$3,391,694	\$5,049,194
Permanent Supportive Housing Subsidies		
Single Adults and Veterans	\$320,000	\$5,560,000
Transitional Age Youth	640,369	314,369
Lease and Personnel Costs for Existing Supportive Housing	1,387,713	2,387,713
Senior and Disabled Adults	747,000	747,000
Subtotal, Permanent Supportive Housing	\$3,095,082	\$9,009,082
Total	\$6,486,776	\$14,058,276

* FY 2017-18 expenditures are subject to future Board of Supervisors approval

\$3,391,694 in requested funds will be used for FY 2016-17 operating costs at (1) the City's existing Civic Center Hotel Navigation Center at 20 12th Street²; (2) the planned Central Waterfront Navigation Center on 25th Street, which is scheduled to open in early 2017³; and (3) the City's existing homeless shelters.

\$3,095,082 will (1) leverage federally-funded vouchers for single adults and veterans at four supportive housing sites⁴; (2) subsidize housing for transitional age youth⁵; (3) continue existing housing subsidies for seniors and disabled adults through a work order with the Human

² The City has two existing Navigation Centers; the other Navigation Center is located at 1950 Mission Street.

³ The Department of Public Works is currently overseeing the design, construction and equipment of the Central Waterfront Navigation Center at a cost of \$3.5 million.

⁴ These sites include the Crown Hotel and Winton Hotel (which opened in November 2016) and the National Hotel and Auburn Hotel (which are scheduled to open in early 2017).

⁵ FY 2017-18 Transitional Age Youth housing subsidies decreases to \$314,369 due to the loss of one-time funding for housing subsidies and workforce development programs.

Services Agency; and (4) pay for increases in lease and personnel costs at existing supportive housing sites.

Expenditures for homeless services in the FY 2017-18 Department of Homelessness and Supportive Housing budget will be subject to future Board of Supervisors approval.

RECOMMENDATION

Approve the requested release of \$6,486,776 on Budget and Finance Committee reserve in FY - 2016-17.