[Administrative Code - Expanding Drug-Free Permanent Supportive Housing]

Ordinance amending the Administrative Code to state that it is City policy to expand the availability of Site-Based Permanent Supportive Housing ("PSH") that prohibits on-site illicit drug use among residents ("Drug-Free PSH") to meet the demand of people experiencing homelessness who prefer such a residential option; bar the City from funding new Site-Based PSH for people experiencing homelessness that prohibits evictions on the basis of drug use alone ("Drug-Tolerant PSH"), except where operation of the housing as Drug-Free PSH would conflict with standards imposed by law or by a condition of other funding, or the Board of Supervisors has waived the funding prohibition based on specific findings; and require the Department of Homelessness and Supportive Housing ("HSH") to survey residents of Site-Based PSH to assess their interest in living in either Drug-Tolerant PSH or Drug-Free PSH and report on the survey findings and HSH's strategies to meet PSH residents' demands.

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

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

Section 1. The Administrative Code is hereby amended by adding Chapter 12K, consisting of Sections 12K.1 through 12K.7, to read as follows:

CHAPTER 12K: PERMANENT SUPPORTIVE HOUSING; DRUG-FREE PERMANENT SUPPORTIVE HOUSING

SEC. 12K.1. FINDINGS.

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

(b) With few exceptions, San Francisco's PSH sites currently adhere to the drug-tolerant policies reflected in California's current implementation of the "Core Components of Housing First," as set forth in California Welfare and Institutions Code Section 8255. These policies apply to state-funded PSH, and provide that "use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction," and that supportive services must be "informed by a harm-reduction philosophy that recognizes drug and alcohol use and addiction as a part of tenants' lives." Some – but not all – of San Francisco's PSH is state-funded, and subject to the state's current Housing First mandates. To the extent locally funded PSH in San Francisco adheres to drug-tolerant provisions, however, it does so as a voluntary policy choice subject to revision by the Board of Supervisors.

(c) The near universality of drug-tolerant policies in San Francisco's PSH portfolio fails to serve the needs of many PSH residents seeking to stabilize their lives as they exit homelessness. This is especially true for those residents who are in recovery or seeking to recover from substance use disorders ("SUDs"), but it is similarly true for those supportive housing residents not in recovery who would prefer to avoid the myriad harms and risks associated with living in a residential community where the use of illicit drugs is expressly tolerated.

(d) Moreover, many of the externalities that arise from residents' illicit drug use overburden the City's public health and public safety resources because of elevated acuity and drug-related behavioral health challenges, diminishing San Franciscans' confidence in their city government's response to homelessness overall. According to data from the Office of the Chief Medical Examiner, between June 2024 and July 2025, 26% of overdose deaths occurred in PSH, a higher percentage than in shelters, hospitals, private homes, or on the street. Drug-related behaviors and associated lawlessness lead to public nuisances that routinely rob law-abiding PSH residents and neighbors of the quiet enjoyment of their own residences and neighborhoods. Just one PSH facility alone generated 654 police calls for service in a single year — averaging nearly two calls per day. A sample of 15 PSH sites showed 5,872 police calls for service during that same time frame.

(e) Drug-Free PSH operates as a residential community free of illicit drug use, avoiding the multitude of negative externalities of illicit drugs that bedevil many Drug-Tolerant PSH sites in San Francisco. As compared to Drug-Tolerant PSH, drug-free housing options would also better support individuals exiting homelessness who are in recovery from addiction or alcoholism as well as those at elevated risks to develop SUDs. The 2025 Homelessness Needs Assessment, published by the Our City, Our Home Oversight Committee in accordance with Business and Tax Regulations Code Section

2810(e)(2)(B), reported that 53% of single adults and 28% of families served through HSH's housing programs had substance use or mental health disorders.

(f) As of March 2026, the choices afforded to program participants are insufficiently prioritized in San Francisco's current operation of PSH. More Drug-Free PSH options would add an important new choice for PSH residents exiting homelessness, and would broaden the City's array of evidence-based solutions to more effectively address homelessness and substance use disorders that are so visible on City streets. By removing barriers to drug-free options for formerly unhoused persons and honoring the choice of some PSH residents who would prefer to live in a drug-free residential community, the policies advanced in this Chapter 12K would better serve many PSH residents, who include families with children, seniors, and individuals at all stages of recovery from SUDs and at heightened risk of suffering harms associated with illicit drug use.

SEC. 12K.2. DEFINITIONS.

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

"City" means the City and County of San Francisco.

"Drug-Free Permanent Supportive Housing" or "Drug-Free PSH" means Site-Based PSH where on-site illicit drug use is prohibited and is grounds for eviction, provided that participation in Medication-Assisted-Treatment, administered by a licensed healthcare provider in accordance with applicable laws and medical guidance, shall not be deemed illicit drug use.

"Drug-Tolerant Permanent Supportive Housing" or "Drug-Tolerant PSH" means Site-Based PSH where the use of illicit drugs, without any other lease violation, is not a basis for eviction, and applicants are accepted regardless of their sobriety or use of substances, completion of treatment, or

participation in recovery services.

"Illicit drug use" means the use of a controlled or regulated substance in a manner that is unlawful under state or federal law, including use without a valid prescription or outside the scope of lawful medical or other legally permitted use, regardless of whether the substance itself may be lawfully possessed or used under other circumstances.

"PSH Resident Survey" means the survey described in Section 12K.5.

"Site-Based Permanent Supportive Housing" or "Site-Based PSH" means subsidized rental housing where 100% of the units are for individuals and households with a history of homelessness, in a building that is owned or master leased by the City or a non-profit organization funded by the City, that imposes no time limit on occupancy, and provides supportive services to help residents maintain housing.

"Site-Based Permanent Supportive Housing Portfolio" means the total number of Site-Based PSH units that are operated or funded by the City at a given time.

SEC. 12K.3. DECLARATION OF POLICY.

It shall be City policy to expand the availability of Drug-Free PSH to meet the demand from individuals in need of Site-Based PSH who prefer that option as an alternative to Drug-Tolerant PSH. The goal of this policy is to promote long-term housing stability and minimize returns to homelessness.

SEC. 12K.4. USE OF CITY FUNDS FOR DRUG-TOLERANT PERMANENT SUPPORTIVE HOUSING PROHIBITED EXCEPT WHERE DRUG-FREE HOUSING MODEL CONFLICTS WITH LAW OR FUNDING CONDITION.

(a) Except as stated in subsections (c) and (d) of this Section 12K.4, the City shall not expend funds for any contract, grant agreement, or loan agreement to increase the City's Site-Based Permanent Supportive Housing Portfolio unless the contract, grant agreement, or loan agreement would exclusively fund Drug-Free PSH.

(b) The prohibition set forth in subsection (a) includes, but is not limited to: (1) entering into a grant agreement to fund an organization to provide services or operations for new Drug-Tolerant PSH, (2) entering into a grant agreement to subsidize operations and/or rents for new Drug-Tolerant PSH, and (3) entering into a loan agreement for the development and construction of any new Drug-Tolerant PSH.

(c) The prohibition set forth in subsection (a) shall not apply to any contract, grant agreement, or loan agreement for Site-Based PSH where operation of such Site-Based PSH as Drug-Free PSH would be prohibited by law or in conflict with applicable conditions of funding.

(d) The Board of Supervisors may waive the prohibition set forth in subsection (a) by resolution only if the Board makes the following findings:

(1) Such waiver is necessary to meet the demand for Drug-Tolerant PSH as determined by the PSH Resident Survey conducted under section 12K.5, or is otherwise determined by the Board to be in the public interest; and

(2) Waiver is recommended by either the Department of Homelessness and Supportive Housing ("HSH") or the Mayor's Office of Housing and Community Development; and

(3) The sponsoring Department has committed to entering into a Good Neighbor Agreement with the housing operator intended to address anticipated neighborhood concerns.

SEC. 12K.5. MEASURING DEMAND FOR DRUG-TOLERANT AND DRUG-FREE PERMANENT SUPPORTIVE HOUSING.

(a) Within six months of the effective date of the ordinance in Board File No. 251003 enacting this Chapter 12K, HSH shall, in collaboration with the Controller's Office, conduct a survey of PSH residents to assess their interest in living in Drug-Free PSH as an alternative to Drug-Tolerant PSH ("PSH Resident Survey"). The survey instrument shall explain the drug-related policies that apply in each type of housing.

(b) Within one month of the completion of the PSH Resident Survey, HSH and the Controller's Office shall prepare a report summarizing the results of the survey and shall submit the report to the Board of Supervisors, along with a resolution for the Board to acknowledge receipt of the survey report.

(c) Within three months of the completion of the PSH Resident Survey, HSH shall prepare a report describing the strategies it intends to implement to meet the demand measured in the PSH Resident Survey for Drug-Free PSH and Drug-Tolerant PSH, in accordance with Section 12K.3, and shall submit that report to the Board of Supervisors together with a resolution for the Board to acknowledge its receipt.

SEC. 12K.6. RULES AND REGULATIONS.

HSH, in consultation with the Department of Public Health, shall promulgate rules and regulations to carry out the provisions of this Chapter 12K, that:

(a) Establish standards for Drug-Free Permanent Supportive Housing operators that:

(1) Prohibit the use of illicit drugs on the premises;

(2) Provide that a single relapse or instance of illicit drug use may not be treated as an automatic cause for eviction or termination from a program, but that participants be offered relapse support; and

(3) Provide that an operator may seek to terminate a resident's tenancy when a participant's behavior substantially disrupts or impacts the welfare of the community in which the participant resides;

(b) Reaffirm HSH's commitment to use its best efforts to provide alternative housing or shelter to an individual who is living in Drug-Free PSH, where such individual is at risk of eviction, or is discharged from the program.

(c) HSH shall submit such rules and regulations to the Board of Supervisors prior to the implementation of any new Drug-Free PSH site.

SEC. 12K.7. UNDERTAKING FOR THE GENERAL WELFARE.

In enacting and implementing this Chapter 12K, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

Section 2. Effective Date. This ordinance shall become effective at 12:00 a.m. on the

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31st day after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____/S/_____
ANNE PEARSON
Deputy City Attorney