FILE NO. 251003

REVISED LEGISLATIVE DIGEST

(7/14/2026, Amended in Board)

[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; require that City funding for new Site-Based PSH for people experiencing homelessness be used for Drug-Free 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, where the funding is for new construction, or the Board of Supervisors has waived the funding prohibition requirement based on specific findings; 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; and require HSH to adopt rules and regulations establishing standards and protocols for evictions from City-funded Drug-Free Housing.

Existing Law

Currently, there is no law requiring or prohibiting the City from funding any model of permanent supportive housing.

Amendments to Current Law

The proposed ordinance would state that it is City policy to expand the availability of Site-Based Permanent Supportive Housing that prohibits on-site illicit drug use ("Drug-Free PSH") to meet the demand from individuals who prefer that option. The goal of this policy is to promote long-term housing stability and minimize returns to homelessness.

The ordinance would also require the City to include in any contract, grant agreement, or loan agreement to increase the City's Site-Based Permanent Supportive Housing Portfolio a requirement that the Site-Based PSH operator operate the Site-Based PSH as Drug-Free Housing, consistent with the regulations adopted by the Department of Homelessness and Supportive Housing ("HSH"). This requirement would not apply where operation of the new housing as Drug-Free PSH would conflict with standards imposed by law or by a condition of other funding or where the City agreement is to fund the development and construction of a new building. In addition, the Board of Supervisors may waive the requirement based on findings that such waiver is necessary to meet the demand for Drug-Tolerant PSH; the waiver is recommended by HSH or the Mayor's Office of Housing and Community Development; and

the sponsoring department has committed to enter into a Good Neighbor Agreement with the housing operator.

The ordinance would require HSH to survey residents of Site-Based PSH to assess their interest in living in Drug-Free PSH, and submit a report to the Board of Supervisors summarizing their findings and plans to meet demand.

Finally, the ordinance would require HSH to adopt rules establishing standards for City-funded Drug-Free PSH and agency protocols for providing support to residents facing eviction from Drug-Free Housing for Illicit Drug Use.

Background Information

This ordinance is a substitute of the ordinance in Board File No. 25-1003, which was introduced on October 7, 2025. This legislative digest reflects amendments made on May 28, 2026 and July 9, 2026, in the Public Safety and Neighborhood Services Committee. Those amendments:

- reframed the policy as a requirement that the City include operating standards in funding agreements for the operation of Drug-Free Housing;
- added a requirement that HSH develop rules and regulations governing resident evictions for illicit drug use and agency protocols relating to supportive services;
- provide that before an operator may evict a resident who has engaged in Illicit Drug Use but is otherwise in compliance with all lease terms, the operator must receive confirmation from HSH that the resident has been offered alternative housing or shelter to ensure that they are not evicted into homelessness.

Permanent Supportive Housing 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.

With few exceptions, San Francisco's PSH sites 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.

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