



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 22, 2022

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FY 2023 Homelessness Programs and Funding

On June 8, 2022, the City Council's Public Safety and Livable Neighborhoods Committee considered approval of the third round of State Homeless Housing, Assistance, and Prevention funding (HHAP-3) in the amount of \$27.5 million. This is a multi-year State grant for homelessness programs that must be spent by June 30, 2026. During the meeting, Council President Pro Tem Montgomery Steppe asked our Office to produce a comprehensive listing of planned homelessness expenditures in FY 2023, similar to [IBA Report 21-19](#) which had listed planned costs for FY 2022. Our Office worked with the Homelessness Strategies and Solutions Department (HSSD), the San Diego Housing Commission (SDHC), and the Economic Development Department (EDD) to reflect those projected expenses in this report. As stated in [our review of the FY 2023 Proposed Budget](#), we continue to recommend that staff bring forward this information for future budget processes to increase transparency and inform budget decisions.

BACKGROUND

The City significantly increased its efforts to address homelessness in November of 2017 with the establishment of three Bridge Shelters in response to the Hepatitis A outbreak. The operation of the three shelters were initially funded with \$6.5 million in SDHC funds on a one-time basis for a partial year. In FY 2023, the program is expected to total over \$20 million. The City also established a new storage facility and a housing navigation center shortly after the Bridge Shelters.

In December 2018, the City Council approved the first of a series of one-time multi-year State grants, summarized below, which have been used to partially fund the Bridge Shelter Program as well as continue the expansion of homelessness services. These grants have supported storage facilities, outreach, safe parking, prevention and diversion, family reunification, flexible spending, landlord engagement, and rapid rehousing. In FY 2022, the City provided one-time General Funds to expand shelters, substance use disorder services, outreach, and rapid rehousing. Thus, much of the program expansion since the Bridge Shelters has been supported with one-time resources. Ongoing funding needs to be identified in the future if these programs are to continue.

The COVID-19 pandemic brought about unprecedented one-time funding to the City, some of which was used to support the Bridge Shelter Program as part of Operation Shelter to Home in FY 2020 and FY 2021. This had the effect of prolonging the availability of City HHAP funds. During

our Office’s review of the FY 2023 Proposed Budget, HSSD staff estimated that most of the HHAP funding will be spent by the end of FY 2023. We do note that the City is expected to receive a fourth round of HHAP funds after it submits an application by September 30, 2022, although the exact amount of the grant is unknown at this time.

State Grant	Amount (in millions)	Projected Availability
Homeless Emergency Aid Program (HEAP)	\$ 14.1	Fully expended
HHAP-1	\$ 22.5	Estimated to be fully expended in FY 23
HHAP-2	\$ 10.6	Estimated to be fully expended in FY 23
HHAP-3	\$ 27.5	Estimated to be <i>largely</i> expended in FY 23

FY 2023 HOMELESSNESS PROGRAMS AND FUNDING

Because homelessness programs are largely supported by grants – which are appropriated outside of the budget process – as well as funds included in the SDHC’s budget, the City’s total spending plan for homelessness is made up by several separate Council actions. Additionally, HHAP grants require one initial Council approval but can be spent over multiple fiscal years without further Council action. Therefore, it is difficult to get a complete picture of the programs and investments anticipated to address homelessness in the upcoming fiscal year, which is why this report and IBA Report 21-19 are necessary.

Table 1 in the attachment provides a comprehensive listing of the City’s planned homelessness expenditures for FY 2023. Activities reflected in the table are broken up by major components of the homeless service system, consistent with those identified in the [Community Action Plan on Homelessness](#) so that discrete programs can be seen as components of a larger system. Although significant, HHAP funding is only one of many resources used to support the City’s efforts to address homelessness. The SDHC, governed by the City Council, also allocates significant funding of its own towards homelessness, which makes up most of the resources captured in the table’s “Other” column.¹ Table 2 shows that most programs are administered by SDHC (shaded in grey) alongside other regional partners and providers, and many are funded by HSSD.

At the time of IBA Report 21-19, total planned expenditures in FY 2022 across the City’s and SDHC’s budget were \$145.4 million. As of this writing, the total for FY 2023 is \$172.7 million, an increase of \$27.3 million over FY 2022. This increase is mostly driven by the HHAP-3 funds, General Funds, and SDHC federal Moving to Work funds largely supporting additional shelter expansion and increased voucher support. We note that about \$53 million in *one-time* funds will support *ongoing* programs in FY 2023. The fourth round of HHAP funding will partially mitigate the funding gap in FY 2024 but over \$25 million in ongoing resources could still be needed to eliminate the structural deficit in the City’s Homelessness Program.

We offer the following notes to help interpret the tables in Attachment I.

¹ All funding sources in the “Other” column include: federal Moving to Work, Veterans Affairs Supportive Housing, and Continuum of Care; City Affordable Housing Funds and Permanent Local Housing Allocation allocated to the City by the State; and SDHC discretionary funds.

Notes for Table 1:

- The table does not capture all homelessness-related expenses such as homeless encampment abatement through CleanSD, the Police Department's Neighborhood Policing Division, or other costs related to direct or indirect department involvement with those experiencing homelessness. Rather, the focus is on services provided.
- Our Office attempted to more completely separate administrative costs from program operating costs than was done in IBA Report 21-19. This accounts for some minor variances when comparing program costs in both tables.
- There will likely be changes to some allocations and fund sources as staff identify carryforward funding from the close out of FY 2022 and as program needs fluctuate. We note that HSSD staff reports on HSSD-funded homelessness expenditures in a memorandum attached to quarterly budget monitoring reports.

Notes for Table 2:

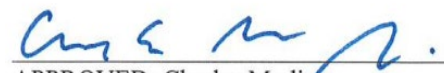
- The “Administering Entity” column reflects the agency that takes the primary role in administering a City program which is typically done by contracting with a provider. Note that other partnerships may be involved in operating a program that are not reflected.
- The “Funding Entity” column reflects the entity that contributes funding toward a program; which may also be the administrator, or may transfer the funds to another agency to operate.

CONCLUSION

Having a clear, comprehensive, and publicly available homelessness spending plan reflecting City and SDHC resources is critical for monitoring program expenses over time, and for providing public transparency on the City’s efforts to address homelessness. Our Office continues to recommend that departmental staff bring forward a comprehensive homelessness spending plan during the budget process to inform Council budget decisions, given the interconnectedness of the City’s and SDHC’s homelessness budgets.² This will allow our Office to focus on providing Council a more complete analysis of the proposed budget and will facilitate a clearer budget discussion. Further, from a policy standpoint, having this information would allow the Council and public to better assess whether limited resources, as a whole, are aligned with strategies in the Community Action Plan on Homelessness and are striking an appropriate balance between crisis strategies and housing solutions.

Our Office thanks HSSD, SDHC, and EDD staff for their help in the creation of Attachment I.


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² In the FY 2023 budget process, there were changes to program allocations in the City budget that impacted the SDHC’s budget which were not clearly apparent in the budget documents available.

Table 1: FY 2023 Funding for Homelessness (\$ in millions)								
System Component	Strategy	Programs	City General Fund	State HHAP 1.0, 2.0, 3.0	Federal CDBG / ESG	Other	Total	
Housing & Services	Permanent Housing	Federal Voucher Support	\$ -	\$ -	\$ -	\$ 55.0	\$ 55.0	
		New Permanent Supportive Housing	-	-	-	15.0	15.0	
		City Notice of Funding Availability	-	-	-	8.5	8.5	
		CoC Permanent Supportive Housing Svcs	-	-	-	4.2	4.2	
		Landlord Engagement	-	-	-	2.9	2.9	
		Supportive Services - 1000 Vets	-	-	-	0.2	0.2	
			Subtotal	-	-	-	85.8	85.8
	Rapid Rehousing	Rapid Rehousing - SDHC Program	-	-	-	2.7	2.7	
		Rapid Rehousing - City Programs	-	1.1	0.3	0.4	1.9	
		Rapid Rehousing CoC Program	-	-	-	1.5	1.5	
			Subtotal	-	1.1	0.3	4.6	6.1
	Prevention and Diversion	Prevention and Diversion	-	-	-	2.0	2.0	
		Family Reunification	-	0.5	-	-	0.5	
Flexible Spending		-	-	-	0.5	0.5		
Subtotal		-	0.5	-	2.5	3.0		
Crisis Response & Stabilization	Shelters	Bridge Shelter - 16th and Newton	-	6.6	-	-	6.6	
		Bridge Shelter - 17th and Imperial	1.9	1.3	-	-	3.1	
		Bridge Shelter - Golden Hall	-	9.6	-	-	9.6	
		Non-Congregate Hotels ¹	-	3.4	0.5	-	3.9	
		Youth Case Management & Shelter ¹	-	4.1	-	-	4.1	
		LGBT Youth Services and Shelter ¹	1.5	-	-	-	1.5	
		Interim Housing for Homeless Adults	1.7	-	0.5	-	2.1	
		Womens Shelter ¹	-	1.1	-	-	1.1	
		Connections Housing	0.4	-	0.7	-	1.0	
		Bishops Shelter	0.6	-	-	-	0.6	
		Ancillary Shelter Costs	1.6	-	-	-	1.6	
		Start-up Costs for New Shelters ¹	5.2	-	-	-	5.2	
	Transitional Housing	-	-	-	0.3	0.3		
	Inclement Weather	-	-	-	-	-		
			Subtotal	12.8	26.1	1.7	0.3	40.8
	Safe Parking & Camping	Safe Camp Pilot Program - Seniors ¹	0.2	-	-	-	0.2	
		Safe Parking Programs	-	1.3	0.4	-	1.8	
			Subtotal	0.2	1.3	0.4	-	2.0
	Substance Use Disorder Shelters & Services	Sprung Shelter	-	5.0	-	-	5.0	
		Harm Reduction Interim Shelter	2.0	-	-	-	2.0	
SMART Program ¹		1.9	-	-	-	1.9		
Safe Haven ¹		0.2	0.3	-	-	0.5		
Serial Inebriate Program		0.3	-	-	0.2	0.4		
PLEADS Diversion Program		-	0.2	-	-	0.2		
		Subtotal	4.3	5.5	-	0.2	10.0	
Engagement Services	Outreach	Homeless Outreach Team	3.6	-	-	-	3.6	
		Coordinated Outreach Program	1.5	2.1	-	-	3.6	
		Downtown & Urban Core	1.0	-	-	-	1.0	
		Multidisciplinary Outreach Team Pilot ¹	0.5	-	-	-	0.5	
		Subtotal	6.6	2.1	-	-	8.8	
	Storage	Storage Connect Center I	-	1.9	-	-	1.9	
		Storage Connect Center II	1.0	0.0	-	-	1.0	
		Think Dignity Storage Facility	0.3	0.0	-	-	0.3	
		Subtotal	1.3	1.9	-	-	3.2	
	Other	Homelessness Response Center	0.3	-	1.0	0.3	1.6	
		Various Supportive Services Programs	-	-	-	0.8	0.8	
		Day Center for Homeless Adults	0.2	-	0.5	-	0.7	
		PEER College Course	0.3	-	-	0.2	0.4	
Capacity Building		-	-	-	0.1	0.1		
Subtotal		0.7	-	1.5	1.3	3.5		
Admin	Admin	SDHC Administration	0.5	1.4	0.1	4.8	6.8	
		HSSD Administration	2.4	-	-	-	2.4	
		EDD Administration	-	-	0.0	0.4	0.5	
		Subtotal	2.9	1.4	0.2	5.2	9.6	
Grand Total			\$ 28.8	\$ 39.9	\$ 4.1	\$ 99.9	\$ 172.7	

¹ Program is in development and expected to be in operation soon.

Table 2: Program Administering and Funding Entities		
Program	Administering Entity	Funding Entity
Federal Voucher Support	SDHC	SDHC
New Permanent Supportive Housing	SDHC	SDHC
City Notice of Funding Availability - Affordable Housing	EDD	EDD
CoC Permanent Supportive Housing Services	SDHC	SDHC
Landlord Engagement	SDHC	SDHC
Supportive Services - 1000 Vets	SDHC	SDHC
Rapid Rehousing - SDHC Program	SDHC	SDHC
Rapid Rehousing - City Programs	SDHC	HSSD/EDD/SDHC
Rapid Rehousing CoC Program	SDHC	SDHC
Prevention and Diversion	SDHC	SDHC
Family Reunification	HSSD	HSSD
Flexible Spending	SDHC	SDHC
Bridge Shelter - 16th and Newton	SDHC	HSSD
Bridge Shelter - 17th and Imperial	SDHC	HSSD
Bridge Shelter - Golden Hall	SDHC	HSSD
Non-Congregate Hotels	HSSD	HSSD
Youth Case Management & Shelter	SDHC	HSSD
LGBT Youth Services and Shelter	SDHC	HSSD
Interim Housing for Homeless Adults	SDHC	HSSD/EDD
Womens Shelter	SDHC	HSSD
Connections Housing	SDHC	HSSD/EDD
Bishops Shelter	SDHC	HSSD/EDD
Ancillary Shelter Costs	HSSD	HSSD
Start-up Costs for New Shelters	HSSD	HSSD
Transitional Housing	SDHC	SDHC
Inclement Weather	SDHC	HSSD
Safe Camp Pilot Program - Seniors	HSSD	HSSD
Safe Parking Programs	HSSD	HSSD
Sprung Shelter	SDHC	HSSD
Harm Reduction Interim Shelter	SDHC	HSSD
San Diego Misdemeanants At Risk Track (SMART) Program	HSSD	HSSD
Safe Haven	County	HSSD
Serial Inebriate Program	SDHC	HSSD/SDHC
Prosecution and Law Enforcement Assisted Diversion (PLEADS)	County	HSSD
Homeless Outreach Team	Police Dept	Police Dept
Coordinated Outreach Program	HSSD	HSSD
Downtown & Urban Core	HSSD	HSSD
Multidisciplinary Outreach Team Pilot	SDHC	HSSD
Storage Connect Center I	SDHC	HSSD
Storage Connect Center II	SDHC	HSSD
Think Dignity Storage Facility	SDHC	HSSD
Homelessness Response Center	SDHC	EDD/HSSD
Various Supportive Services Programs	SDHC	SDHC
Day Center for Homeless Adults	SDHC	EDD/HSSD
PEER College Course	SDHC	HSSD/SDHC
Capacity Building	SDHC	SDHC