



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: August 20, 2024

IBA Report Number: 24-24

FY 2025 Homelessness Programs and Funding

Since FY 2021, our Office has released an annual comprehensive report compiling citywide planned homelessness expenditures across various funding sources at the start of each fiscal year. This report describes homelessness programs and funding for FY 2025. Our Office worked with the Homelessness Strategies and Solutions Department (HSSD) and the San Diego Housing Commission (SDHC) to reflect projected homelessness expenses in this report.

BACKGROUND

In recent years, the City has significantly ramped up homelessness programs and associated funding. Beginning in November 2017, the City began expanding its efforts to address homelessness with the establishment of three bridge shelters in response to a Hepatitis A outbreak that disproportionately affected those experiencing homelessness. The operation of the three shelters was initially funded with \$6.5 million in SDHC funds on a one-time basis for a partial year.¹ In the years following, the City established the Homelessness Response Center, two of the three Safe Storage facilities, four Safe Parking sites, three shelters focused on behavioral health services, expanded homelessness outreach efforts, and opened non-congregate shelter options. On July 18, 2024, HSSD released an updated [Comprehensive Shelter Strategy](#) detailing the Department's accomplishments in emergency shelter and sheltering options in FY 2024, including opening two new Safe Sleeping sites, two new non-congregate shelters for families and domestic violence survivors, and expanding bed capacity at existing congregate shelter programs. The City's current shelter capacity stands at 1,998 beds and 544 Safe Sleeping tents, but further changes to the City's shelter system are anticipated with the pending relocation of more than 700 shelter beds in FY 2025.

In December 2018, the City Council approved the first of a series of one-time multi-year State grants, summarized on the next page. Most notably, State funds include the Homeless Housing, Assistance and Prevention Program (HHAP) grants, which have been used as the main funding source to expand the City's homelessness services, including partially funding the bridge shelters. These grants have supported a wide range of homelessness programs, including storage facilities,

¹ In FY 2025, the City's bridge shelter program is expected to total around \$14.4 million, with the relocation of the Golden Hall bridge shelter planned for the end of calendar year 2024. Total expenditures supporting emergency shelters— including non-bridge shelters – is \$42.2 million, as shown Attachment I.

outreach, safe parking, prevention and diversion, family reunification, flexible spending, landlord engagement, and rapid rehousing. Thus, much of the program expansions since the creation of the bridge shelter programs were funded with one-time grant resources, which created a structural deficit in the homelessness budget. Starting in FY 2024, the City has made progress closing this structural deficit by providing ongoing funding. New ongoing City General Fund resources to support ongoing operational costs for homelessness programs has increased due to the spend down of previous grant rounds resulting in more limited HHAP funds moving forward, providing some fiscal stability to many of the City’s homelessness programs. For instance, in FY 2023, one-time HHAP funds made up 23.1% (\$39.9 million) of the City’s total homelessness budget, but in FY 2025, reliance on one-time HHAP funds has reduced by slightly more than half to 10.6% (or \$24.4 million).

State Grant	Amount (in millions)	Projected Availability
Homeless Emergency Aid Program (HEAP)	\$ 14.1	Fully expended
HHAP-1	\$ 22.5	Fully expended
HHAP-2	\$ 10.6	Esitimated to be fully expended in FY 25
HHAP-3	\$ 27.5	Estimated to be <i>largely</i> expended in FY 25
HHAP-4	\$ 22.5	Estimated to be <i>largely</i> expended in FY 25
HHAP-5	\$ 22.9	Approx. 35% available for FY 2026

HSSD anticipates the HHAP-5 allocation plan will be presented to Council for approval before the end of calendar year 2024. Notably, the FY 2025 State Adopted Budget includes a total of \$1.0 billion for a sixth round of HHAP. At this time, the exact amount of funding the City should anticipate is unknown, but funding will be allocated based on the most recently available homelessness point-in-time count. Similar to HHAP-5, the sixth round of HHAP funds will be provided in two disbursements with 50% available upfront for programming in FY 2026 and the remaining 50% available once certain expenditure requirements are met, likely late in FY 2026 or early 2027.

FY 2025 HOMELESSNESS PROGRAMS AND FUNDING

Because homelessness programs receive significant support from grants – which are appropriated outside of the budget process – as well as funds included in the SDHC budget, the City’s total spending plan for homelessness is set through 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. This annual report aims to consolidate these actions and funding sources into one document for easier reference.

Table 1 in the attachment provides a comprehensive listing of the City’s planned homelessness expenditures in FY 2025, subject to change throughout the fiscal year. 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 Update](#), heard by Council in November 2023, such 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 sitting as the Housing Authority, also allocates significant funding of its own towards homelessness. Notably, the FY 2025 Adopted Budget includes as a budget mitigation measure \$8.0 million from the City’s Affordable Housing Fund (AHF) to offset an equal amount of withheld contributions from the City General Fund, of which \$6.0 million was redirected from the SDHC’s affordable housing Notice of Funding

Availability. These AHF backfill funds are displayed in the “AHF/Low-Income Housing Lease Revenue Fund” column. Other SDHC, federal, State, and County funds are captured in the table’s “Other” column.² Table 2 shows that most programs are *administered* by SDHC (shaded in grey) alongside other regional partners and providers, and a majority of programs are *funded* through HSSD’s budget.

At the time of last year’s annual report on homelessness programs and funding ([IBA Report 23-21](#)), planned expenditures in FY 2024 across the City and SDHC budget totaled \$204.4 million. As of this writing, the total for FY 2025 is \$230.7 million, an increase of \$26.3 million or 12.9% over FY 2024.

There are several notable fiscal risks in the City’s homelessness budget that warrant close monitoring. The use of \$8.0 million from the Affordable Housing Fund to fill the funding gap for existing homelessness programs along with less available one-time HHAP funding anticipated in future years signals the potential for serious challenges in identifying sufficient ongoing revenue to support homelessness expenditures, especially if no new revenue sources become available. Other major sources of uncertainty are future service levels and associated costs. The FY 2025 Adopted Budget includes \$1.9 million for additional shelter beds, currently proposed for a 1,000-bed permanent emergency shelter site – the lease for the site located at Kettner Blvd and Vine St was first presented to City Council on July 22, 2024. Although the lease is still pending, if approved, the operation of the shelter program is estimated to cost up to \$30.7 million annually, which cannot be supported within existing City resources without significant tradeoffs with other City services. Additionally, growth in expenditures for existing shelter programs and unknown costs to identify replacement sites in FY 2025 add to the City’s uncertainties.

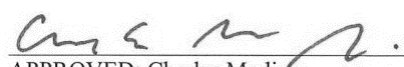
CONCLUSION

This report reflects the City’s combined efforts with SDHC to address homelessness in FY 2025. 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. Further, from a policy standpoint, having this information provided in one place allows the Council and public to better assess whether limited resources are wholistically aligned with strategies in the Community Action Plan on Homelessness, and whether the City is striking an appropriate balance between crisis strategies and housing solutions. Given that the FY 2025 homelessness budget was balanced with a \$8.0 million contribution from the Affordable Housing Fund, which otherwise would have gone towards affordable housing and other programs, it is important to evaluate the fiscal sustainability of the City’s current and planned homelessness efforts. We look forward to continuing to work with HSSD staff on ways to address fiscal sustainability.

Our Office thanks HSSD and SDHC staff for their help in the creation of Attachments I and II.



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² All funding sources in the “Other” column include: federal Moving to Work, Veterans Affairs Supportive Housing, and Continuum of Care; County Capital Grants and grant funds for the Domestic Violence Shelter; State Encampment Resolution Grant, funds for the Domestic Violence Shelter, and Family Homelessness Challenge Grant funds; and SDHC discretionary funds.

Table 1: FY 2025 Funding for Homelessness (in thousands)								
Subject to Change								
System Component	Strategy	Programs	City General Fund	State HHAP 2.0, 3.0, 4.0, 5.0	Federal CDBG/ESG/ HOME ARP	AHF/Low-Income Housing Lease Revenue Fund	Other	Total
Housing & Services	Permanent Housing	Federal Voucher Support	\$ -	\$ -	\$ -	\$ -	\$ 95,467.4	\$ 95,467.4
		CoC Permanent Supportive Housing Service	-	-	-	-	6,028.0	6,028.0
		Landlord Engagement	-	-	-	2,757.6	-	2,757.6
		Supportive Services - 1,000 Vets	-	-	-	-	182.8	182.8
		New Permanent Supportive Housing ¹	-	-	-	-	-	-
	Subtotal	\$ -	\$ -	\$ -	\$ 2,757.6	\$ 101,678.2	\$ 104,435.8	
	Rapid Rehousing	Rapid Rehousing - CoC Program	-	-	-	-	3,303.7	3,303.7
		Rapid Rehousing - SDHC Program	-	-	-	320.6	1,173.8	1,494.4
		Rapid Rehousing - City Programs	-	412.9	332.7	-	-	745.6
	Subtotal	\$ -	\$ 412.9	\$ 332.7	\$ 320.6	\$ 4,477.5	\$ 5,543.7	
	Prevention and Diversion	Housing Instability Prevention Program ²	-	-	-	-	5,200.0	5,200.0
		Prevention and Diversion	-	-	-	2,747.0	1,200.0	3,947.0
		Eviction Prevention Program	962.6	-	-	-	2,037.4	3,000.0
		Family Reunification	-	785.5	-	-	-	785.5
		Flexible Spending	-	-	-	195.2	-	195.2
Subtotal	\$ 962.6	\$ 785.5	\$ -	\$ 2,942.2	\$ 8,437.4	\$ 13,127.7		
Crisis Response & Stabilization	Shelters	Bridge Shelter - 16th and Newton	-	5,890.2	-	-	1,758.8	7,649.0
		Systemwide Shelter Ancillary	2,282.6	334.5	-	-	1,470.2	4,087.3
		Bridge Shelter - 17th and Imperial	-	2,092.1	-	1,821.2	-	3,913.3
		Domestic Violence Shelter	-	-	-	-	3,000.0	3,000.0
		Bridge Shelter - Golden Hall (Upstairs) ⁴	725.5	-	-	2,153.4	-	2,878.9
		Replacement/New Shelter Sites	3,000.0	-	-	-	-	3,000.0
		Family Non-Congregate Shelter	-	-	1,000.0	1,582.4	-	2,582.4
		Youth Case Management & Shelter	-	2,481.4	-	-	-	2,481.4
		LGBTQ+ Youth Services and Shelter	400.0	1,569.0	-	-	-	1,969.0
		New Permanent Shelter/Kettner & Vine ³	1,914.6	-	-	-	-	1,914.6
		Interim Housing for Homeless Adults ⁴	560.1	-	614.2	-	-	1,174.3
		Replacement/New Shelter Sites	1,200.0	-	-	-	-	1,200.0
		Connections Interim Housing	1,130.8	-	-	-	-	1,130.8
		Women's Shelter ⁴	554.1	-	-	539.2	-	1,093.3
		Shelter Contract Compensation Increases	1,048.8	-	-	-	-	1,048.8
		Seniors Landing Non-Congregate Shelter	950.0	-	-	-	-	950.0
		Winter Weather Shelter ⁴	500.0	-	-	-	302.9	802.9
	New Family Non-Congregate (Expansion)	429.0	-	-	-	292.9	721.9	
	Bishops Shelter	605.5	-	-	-	-	605.5	
	Transitional Housing	-	-	-	264.6	-	264.6	
	Subtotal	\$ 15,301.0	\$ 12,367.3	\$ 1,614.2	\$ 8,119.6	\$ 5,066.0	\$ 42,203.4	
	Safe Parking	New Safe Parking at H-Barracks ³	3,340.9	-	-	-	1,200.0	4,540.9
		Safe Parking Programs	975.0	1,830.0	-	-	497.2	3,302.1
		Safe Parking Ancillary	-	501.8	-	-	-	501.8
	Subtotal	\$ 4,315.9	\$ 2,331.8	\$ -	\$ -	\$ 1,697.2	\$ 7,843.1	
	Safe Sleeping	"O" Lot at Balboa Park	4,088.9	-	-	-	-	4,088.9
		20th and B Street Lot	1,561.9	-	-	-	-	1,561.9
	Subtotal	\$ 12,066.1	\$ -	\$ -	\$ -	\$ -	\$ 12,066.1	
	Substance Use Disorder Shelters & Services	Rosecrans Sprung Shelter	252.1	4,059.2	-	834.2	-	5,145.5
		Harm Reduction Interim Shelter ⁴	2,356.4	-	-	-	-	2,356.4
		Safe Haven	425.9	-	-	-	-	425.9
		Serial Inebriate Program	-	-	-	145.0	-	145.0
		Subtotal	\$ 3,034.4	\$ 4,059.2	\$ -	\$ 979.2	\$ -	\$ 8,072.8
Engagement Services	Outreach	Homeless Outreach Team	3,701.1	-	-	-	3,701.1	
		Coordinated Outreach Program	650.0	2,731.3	-	-	3,381.3	
		Other Outreach Activities ⁵	1,564.7	-	240.3	-	1,805.0	
		Multidisciplinary Outreach Team Pilot	1,032.5	-	-	-	1,032.5	
	Subtotal	\$ 6,948.2	\$ 2,731.3	\$ 240.3	\$ -	\$ -	\$ 9,919.9	
	Storage	Storage Connect Center I	1,182.0	-	-	-	-	1,182.0
		Storage Connect Center II	300.0	-	-	-	-	300.0
		Storage Ancillary	230.9	-	-	-	-	230.9
		Think Dignity Storage Facility	225.4	-	-	-	-	225.4
		Subtotal	\$ 1,938.3	\$ -	\$ -	\$ -	\$ -	\$ 1,938.3
	Other	Encampment Resolution Grant Services ⁶	-	-	-	-	4,982.5	4,982.5
		Public Restrooms	4,210.0	-	-	-	-	4,210.0
		Homelessness Response Center	1,730.7	-	-	-	-	1,730.7
		Day Center for Homeless Adults	850.0	-	-	-	-	850.0
		Various Supportive Services Programs	-	-	-	-	766.5	766.5
		PEER College Course	-	-	-	-	187.6	187.6
		HHAP Set-Aside for Information Management	-	149.6	-	-	-	149.6
	Subtotal	\$ 6,790.7	\$ 149.6	\$ -	\$ 50.0	\$ 5,936.5	\$ 12,926.8	
Admin	Admin	HSSD Administration	6,445.0	754.5	-	-	309.9	7,509.4
		SDHC Administration	778.1	825.2	61.4	587.0	2,909.9	5,161.6
		Subtotal	\$ 7,223.1	\$ 1,579.7	\$ 61.4	\$ 587.0	\$ 3,219.8	\$ 12,671.1
Grand Total		\$ 58,580.4	\$ 24,417.3	\$ 2,248.6	\$ 15,756.2	\$ 130,512.6	\$ 230,748.8	

Notes: 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 separated out administrative costs from program operating costs, to the best of our knowledge. There will likely be changes to some allocations and fund sources as staff identify carryforward funding from the close out of FY 2024 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.

¹ At the time of this writing, funds designated for new permanent supportive housing in the SDHC and City's Bridge to Home Notices of Funding Availability have yet to be determined.

² Funding from Permanent Local Housing Allocation.

³ Program is pending start-up.

⁴ Program is anticipated to be relocated in FY 2025.

⁵ Other Outreach Activities include Downtown San Diego Partnerships (\$939,658 General Fund and \$240,342 HOME-ARP), Bridge Shelters and Caltrans (\$600,000 General Fund), CARE Events and Outreach HUB (\$25,000 General Fund) homelessness outreach.

⁶ Services from the State Encampment Resolution Grant include outreach (\$800,000), mobile medical services (\$800,000), and housing and supportive services (\$3.4 million).

Table 2: Program Administering and Funding Entities		
Program	Administering Entity	Funding Entity
Federal Voucher Support	SDHC	SDHC
CoC Permanent Supportive Housing Services	SDHC	SDHC
Landlord Engagement	SDHC	SDHC
Supportive Services - 1,000 Vets	SDHC	SDHC
Rapid Rehousing - SDHC Program	SDHC	SDHC
Rapid Rehousing - City Programs	SDHC	HSSD/EDD/SDHC
Rapid Rehousing - CoC Program	SDHC	SDHC
Housing Instability Prevention Program	SDHC	HSSD
Prevention and Diversion	SDHC	SDHC
Eviction Prevention Program	SDHC	EDD
Family Reunification	HSSD	HSSD
Flexible Spending	SDHC	SDHC
Bridge Shelter - 16th and Newton	SDHC	HSSD/SDHC
Bridge Shelter - Golden Hall (Upstairs)	SDHC	HSSD/SDHC
Bridge Shelter - Golden Hall Transition Site	HSSD	HSSD
Bridge Shelter - 17th and Imperial	SDHC	HSSD/SDHC
Domestic Violence Shelter	HSSD	HSSD
Family Non-Congregate Shelter	SDHC	HSSD/EDD/SDHC
Transition-Age Youth Shelters	SDHC	HSSD
Interim Housing for Homeless Adults/Transition Site	SDHC	HSSD/EDD
LGBT+ Youth Services and Shelter	SDHC	HSSD
New Permanent Shelter/Kettner & Vine	TBD	HSSD
Senior Non-congregate Shelter	HSSD	HSSD
Connections Housing	SDHC	HSSD
Women's Shelter	SDHC	HSSD/SDHC
Winter Weather Shelter	HSSD	HSSD
Shelter Contract Compensation Increases	HSSD/SDHC	HSSD
New Family Shelter Expansion	SDHC	HSSD/SDHC
Bishop Shelter	SDHC	HSSD
Transitional Housing	SDHC	SDHC
Safe Parking Programs	HSSD	HSSD
New Safe Parking Program at H-Barracks	HSSD	HSSD
"O" Lot at Balboa Park	HSSD	HSSD
20th and B Street Lot	HSSD	HSSD
Sprung Shelter	SDHC	HSSD
Harm Reduction Interim Shelter	SDHC	HSSD
Safe Haven	County	HSSD
Serial Inebriate Program	SDHC	SDHC
Homeless Outreach Team	Police Dept	Police Dept
Coordinated Outreach Program	HSSD	HSSD
Other Outreach Activities	HSSD	HSSD/EDD
Multidisciplinary Outreach Team Pilot	SDHC	HSSD
Storage Connect Center I	SDHC	HSSD
Storage Connect Center II	SDHC	HSSD
Think Dignity Storage Facility	SDHC	HSSD
Encampment Resolution Grant Services	HSSD	HSSD
Public Restrooms	HSSD	HSSD
Homelessness Response Center	SDHC	SDHC/HSSD
Day Center for Homeless Adults	SDHC	HSSD
Various Supportive Services Programs	SDHC	SDHC
PEER College Course	SDHC	SDHC
Capacity Building	SDHC	SDHC

Notes: 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.