



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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FY 2026 Homelessness Programs and Funding

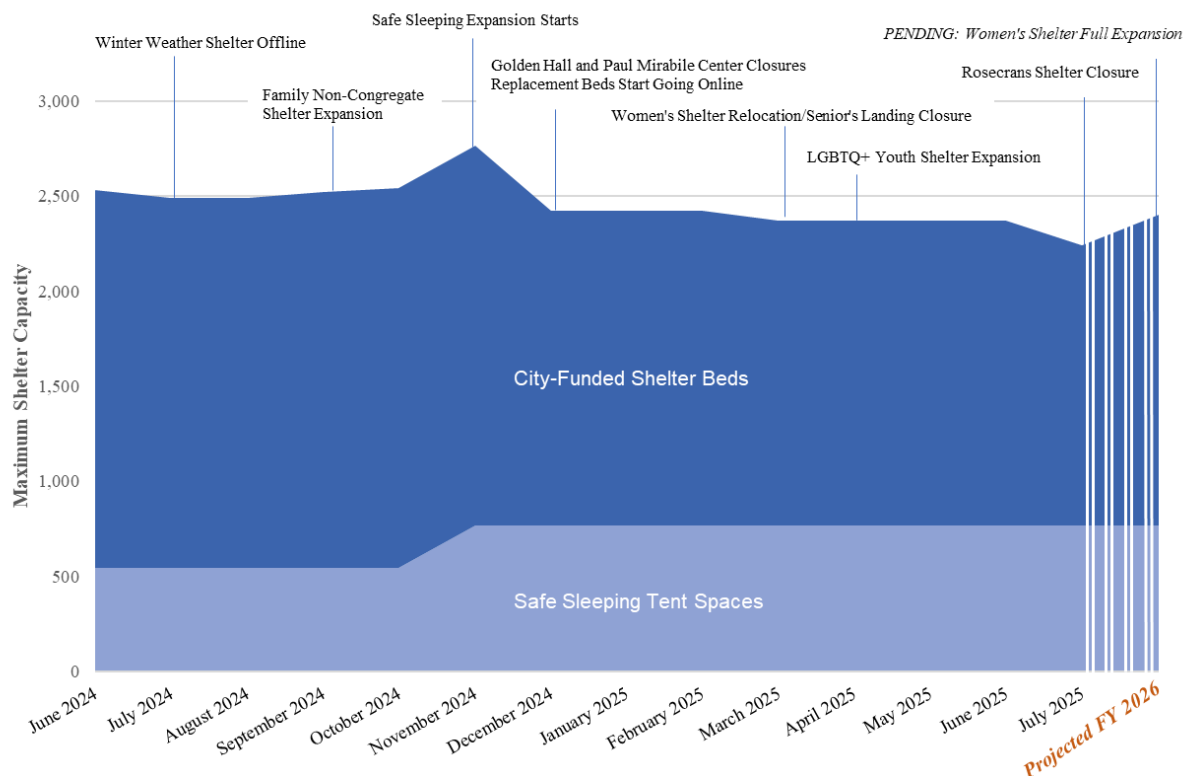
Since FY 2021, our Office has released an annual comprehensive report compiling planned citywide homelessness expenditures across various funding sources at the start of each fiscal year. Because funding for homelessness programs is appropriated through multiple Council actions across two agencies, it can be difficult to get a clear picture of total funding provided in any given year. This report describes homelessness programs and funding for FY 2026. Our Office worked with the Homelessness Strategies and Solutions Department (HSSD) and the San Diego Housing Commission (SDHC) to capture projected homelessness expenses in this report.

BACKGROUND

In contrast to prior years, FY 2026 reflects a transition to maintaining the City's existing shelter capacity with limited available funding at the City and State level. Beginning in November 2017, the City began expanding its efforts to address homelessness starting with establishing three bridge shelters in response to a Hepatitis A outbreak. In the years that followed, the City significantly ramped up homelessness programs and associated funding, including additional State homelessness funds beginning in FY 2019, as will be detailed later. City-funded shelter beds grew from 700 (half of which only operated during the winter months) prior to November 2017 to a peak of around 2,000 shelter beds in the Fall of 2024 before the closures of the Golden Hall and Paul Mirabile Center Shelters in December 2024. With the City's overall budget constraints limiting further shelter bed expansion in FY 2025, the City focused on identifying replacement shelter for 614 beds at the two aforementioned shelters that went offline to maintain overall shelter capacity, as summarized in the [Short-Term Action Plan on Homelessness](#) presented to Council on December 9, 2025.

The City's current shelter capacity stands at 1,474 beds – following the closure of the 150-bed Rosecrans Shelter at the end of July 2025 – and 767 Safe Sleeping tents, but shelter beds are anticipated to increase to 1,634 beds during FY 2026 with the expansion of the Women and Family Shelter from 50 beds to a planned 210 by the end of calendar year 2025. The following figure reflects shelter capacity throughout FY 2025 noting various milestones as well as projected capacity in FY 2026.

FY 2026 Shelter Capacity Projected Around 1,600 Beds and 767 Tent Spaces (Subject to Change)



Note: Intended for illustrative purposes only. Dates of relocations, replacements, and expansions are approximate and subject to change. Maximum bed capacity will differ from daily bed operational capacity.

In December 2018, the City Council approved the first of a series of one-time multi-year State grants, summarized below. Most notably, State funds include the Homeless Housing, Assistance and Prevention Program (HHAP) grants, which were used as the main funding source to expand the City's homelessness services, including partially funding the bridge shelters. These grants have since supported a wide range of homelessness programs such as emergency shelter, storage facilities, outreach, safe parking, prevention and diversion, and family reunification. 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.

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	Fully expended
HHAP-3	\$ 27.5	Estimated to be <i>largely</i> expended in FY 26
HHAP-4	\$ 22.5	Estimated to be <i>fully</i> expended in FY 26
HHAP-5	\$ 29.9	Approx. 9% available for FY 2027
HHAP-6	\$ 25.8	Approx. 60% available for FY 2027

Starting in FY 2024, the City began making progress to close this structural deficit by providing ongoing funding. New to the FY 2026 Adopted Budget is the inclusion of 2020's Measure C revenue as an ongoing City funding source. This represents funding collected from a portion of a hotel tax increase that is dedicated specifically to homelessness programs (pending final court approval). Ongoing City General Fund resources to support ongoing operational costs for

homelessness programs have increased due to limited availability of future HHAP funds, which has provided 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 funding for homelessness, but in FY 2026, proportional reliance on one-time HHAP funds has reduced by more than half to 9.0% (or \$25.2 million).

HSSD anticipates the HHAP-6 allocation plan for the use of \$25.8 million will be presented to Council for approval at the beginning of calendar year 2026; Council already heard an informational item on the City’s HHAP-6 funding application on July 14, 2025. Similar to recent HHAP rounds, HHAP-6 will be provided in two disbursements with 50% available upfront for programming in FY 2026 and the remaining 50% available once certain expenditure and performance metric requirements are met, likely sometime in FY 2027.

Looking forward, the 2025-2026 State Adopted Budget reduces funding for the seventh round of HHAP by half to \$500 million (recent HHAP rounds were funded at \$1.0 billion), thereby likely reducing the City’s next HHAP allocation roughly by half. The impact of reduced funding for HHAP-7 to the City will depend on the allocation method, which is currently unknown: funds could be fully available upfront in FY 2027 or could continue to be split between two disbursements. Regardless, if future State HHAP funds are no longer available, the City would face a significant funding gap in FY 2028, currently estimated to be close to \$20 million – with a possible funding gap starting in FY 2027, if the City’s full HHAP-7 allocation is not fully available upfront.

FY 2026 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 an initial Council approval but can be spent over multiple fiscal years without further Council action. Therefore it can be difficult to get a complete picture of the programs and investments anticipated to address homelessness in any given 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 2026; these are subject to change throughout the fiscal year as needs and funding shift. 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. The City’s efforts to address homelessness are funded by the City’s General Fund (22.0%), State HHAP funds (9.0%), and other funds (69.0%). Other funds largely consist of federal support for housing vouchers and permanent supportive housing services, as well as funds allocated towards homelessness by SDHC, as governed by the City Council. 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.

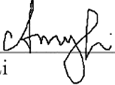
At the time of last year’s annual report on homelessness programs and funding ([IBA Report 24-24 REV](#)), planned expenditures in FY 2025 across the City and SDHC budget totaled \$315.9 million. As of this writing, the total for FY 2026 is \$280.7 million, a decrease of \$35.2 million or 11.1% over FY 2025. This decrease is attributed to \$85.1 million for two State Homekey projects

that were funded on a one-time basis in FY 2025, which is partially offset by \$45.5 million associated with a new State Homekey+ project proposal submitted Spring 2025 to provide permanent supportive housing for veterans and individuals at risk or experiencing homelessness with behavioral health challenges.

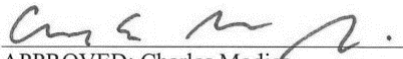
CONCLUSION

This report reflects the City's combined efforts with the San Diego Housing Commission to address homelessness in FY 2026. Having a clear, comprehensive, and publicly available homelessness spending plan reflecting both 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 holistically 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.

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



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APPROVED: Charles Modica
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Table 1: FY 2026 Funding for Homelessness (in thousands)								
Subject to Change								
System Component	Strategy	Programs	City General Fund	State HHAP 3.0, 4.0, 5.0, 6.0	Federal CDBG/ESG/HOME ARP	Other	Total	
Housing & Services	Permanent Housing	Federal Voucher Support	\$ -	\$ -	\$ -	\$ 115,149.1	\$ 115,149.1	
		CoC Permanent Supportive Housing Services	-	-	-	7,730.0	7,730.0	
		Landlord Engagement	-	-	-	2,289.0	2,289.0	
		Supportive Services - 1,000 Vets	-	-	-	111.7	111.7	
		New Permanent Supportive Housing	-	-	10,000.0	39,142.0	49,142.0	
		Subtotal	\$ -	\$ -	\$ 10,000.0	\$ 164,421.7	\$ 174,421.7	
	Rapid Rehousing	Rapid Rehousing - CoC Program	-	-	-	3,225.2	3,225.2	
		Rapid Rehousing - SDHC Program	-	-	-	1,162.6	1,162.6	
		Rapid Rehousing - City Programs	-	-	35.0	-	35.0	
		Subtotal	\$ -	\$ -	\$ 35.0	\$ 4,387.9	\$ 4,422.9	
	Prevention and Diversion	Housing Instability Prevention Program ²	5,800.0	-	-	-	5,800.0	
		Prevention and Diversion	-	400.0	262.3	2,890.9	3,553.2	
		Eviction Prevention Program ³	2,700.0	-	-	-	2,700.0	
		Family Reunification	-	834.0	-	-	834.0	
		Flexible Spending	-	-	-	195.2	195.2	
		Seniors Safe at Home	-	-	-	58.7	58.7	
		Subtotal	\$ 8,500.0	\$ 1,234.0	\$ 262.3	\$ 3,144.8	\$ 13,141.2	
	Crisis Response & Stabilization	Shelters	Bridge Shelter - 16th and Newton	-	7,147.7	-	-	7,147.7
			Women and Family Shelter	3,915.3	1,500.3	-	-	5,415.5
Single Adult & Senior Interim Shelter (VVSD)			-	3,611.7	-	-	3,611.7	
Bridge Shelter - 17th and Imperial			-	3,523.2	-	-	3,523.2	
Domestic Violence Shelter			-	-	-	3,000.0	3,000.0	
Youth Case Management & Shelter			-	2,367.2	-	-	2,367.2	
Family Non-Congregate Shelter			1,509.2	-	740.4	-	2,249.7	
System-wide Shelter Ancillary			1,643.8	-	-	500.0	2,143.8	
LGBTQ+ Youth Services and Shelter			1,230.0	720.0	-	-	1,950.0	
Connections Interim Housing			1,265.8	-	614.2	-	1,880.0	
Veterans Interim Shelter (VVSD)			1,032.3	-	-	-	1,032.3	
South County Lighthouse Interim Shelter			933.7	-	-	-	933.7	
Family Semi-Congregate Shelter			678.3	-	-	-	678.3	
Bishops Shelter			592.3	-	-	-	592.3	
Transitional Housing			-	-	-	357.2	357.2	
Subtotal		\$ 12,800.7	\$ 18,870.0	\$ 1,354.6	\$ 3,857.2	\$ 36,882.5		
Safe Parking		Safe Parking Programs (incl. H-Barracks)	1,815.9	2,184.1	-	-	4,000.0	
		New Safe Parking at Old Central Elementary	250.0	-	-	-	250.0	
		Safe Parking Ancillary	100.0	-	-	-	100.0	
		Subtotal	\$ 2,165.9	\$ 2,184.1	\$ -	\$ -	\$ 4,350.0	
Safe Sleeping		Safe Sleeping Ancillary	6,263.2	-	-	958.2	7,221.3	
		"O" Lot at Balboa Park	5,049.8	-	-	-	5,049.8	
		20th and B Street Lot	2,151.0	-	-	-	2,151.0	
		Subtotal	\$ 11,313.0	\$ -	\$ -	\$ 958.2	\$ 12,271.1	
Substance Use Disorder Shelters & Services		Harm Reduction Interim Shelter	1,970.3	-	-	-	1,970.3	
		Alcohol Use Disorder Interim Shelter	712.6	-	-	-	712.6	
		Rosecrans Sprung Shelter (wind-down) ⁴	464.8	-	-	-	464.8	
		Safe Haven	438.7	-	-	-	438.7	
		Subtotal	\$ 3,586.4	\$ -	\$ -	\$ -	\$ 3,586.4	
Engagement Services	Outreach	Homeless Outreach Team	5,030.0	-	-	-	5,030.0	
		Coordinated Outreach Program	2,000.0	1,500.0	-	-	3,500.0	
		Downtown Street Outreach	1,180.3	-	-	-	1,180.3	
		Multidisciplinary Outreach Team Pilot ⁵	-	-	-	750.0	750.0	
		Other Outreach Activities	25.0	-	-	-	25.0	
		Subtotal	\$ 8,235.3	\$ 1,500.0	\$ -	\$ 750.0	\$ 10,485.3	
	Storage	Storage Connect Center I (incl. ancillary)	1,528.6	-	-	-	1,528.6	
		Think Dignity Storage Facility	225.4	-	-	-	225.4	
		Subtotal	\$ 1,754.0	\$ -	\$ -	\$ -	\$ 1,754.0	
	Other	Encampment Resolution Grant Services ⁶	-	-	-	3,281.5	3,281.5	
		Homelessness Response Center	233.3	-	-	250.0	483.3	
		Day Center for Homeless Adults	875.6	-	-	-	875.6	
		Various Supportive Services Programs	-	-	-	675.6	675.6	
		Public Restrooms	750.0	-	-	-	750.0	
		Coordinated Shelter Intake Program	235.7	-	-	-	235.7	
PEER College Course		-	-	-	93.8	93.8		
Capacity Building		-	-	-	25.0	25.0		
Subtotal	\$ 2,094.7	\$ -	\$ -	\$ 4,325.8	\$ 6,420.5			
Admin	Admin	HSSD Administration	7,410.9	450.0	-	-	7,860.9	
		SDHC Administration	1,840.6	944.6	98.5	-	2,883.7	
		HMIS Set-Aside	-	30.0	-	-	30.0	
		Subtotal	\$ 9,251.5	\$ 1,424.6	\$ 98.5	\$ -	\$ 10,774.6	
Grand Total			\$ 61,852.4	\$ 25,212.7	\$ 11,750.5	\$ 181,845.6	\$ 280,661.1	

HHAP = Homeless Housing, Assistance and Prevention Program; CDBG = Community Development Block Grant; ESG = Emergency Solutions Grant; ARP = American Rescue Plan

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 2025 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, \$45.5 million is anticipated from a new Homekey+ proposal to provide housing for veterans and individuals at risk or experiencing homelessness, along with \$3.6 million from the City's Permanent Local Housing Allocation planned for the City's FY 2026 Bridge to Home Notices of Funding Availability for households at risk or experiencing homelessness. Funds to be awarded to new permanent supportive housing (PSH) in the SDHC FY 2026 Notice of Funding Availability have yet to be determined, but will likely include the award of Veterans Affairs Supportive Housing (VASH) vouchers.

² Of total program costs, \$1.9 million funds client financial assistance, case management, and supportive services.

³ Funded through the Economic Development Department budget.

⁴ Due to the lack of General Funds anticipated to be available for this purpose, the Rosecrans wind-down will be funded with carryforward HHAP funds previously allocated for SDHC administered programs. For background, \$488,000 (including \$23,241 for SDHC administrative costs) was identified as part of final budget modifications recommended by our Office from freed up General Fund at two shelters that would instead receive an equal amount in Opioid Settlement Funds. However, due to coordination challenges, previously identified eligible expenditures are lower than anticipated, and at most \$70,307 is projected to be available from the City General Fund off set by Opioid Settlement Funds. Hence, any remaining Rosecrans wind-down expenditures will be funded out of carryforward HHAP funds.

⁵ Funded by \$750,000 in State funds awarded in the 2023-2024 State Budget.

⁶ State Encampment Resolution Grants are budgeted for housing and housing navigation services.

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
New Permanent Supportive Housing	SDHC	SDHC
Rapid Rehousing - CoC Program	SDHC	SDHC
Rapid Rehousing - SDHC Program	SDHC	SDHC
Rapid Rehousing - City Programs	SDHC	HSSD/EDD/SDHC
Housing Instability Prevention Program	SDHC	HSSD
Prevention and Diversion	SDHC	HSSD/EDD/SDHC
Eviction Prevention Program	SDHC	EDD
Family Reunification	HSSD	HSSD
Flexible Spending	SDHC	SDHC
Seniors Safe at Home	SDHC	SDHC
Bridge Shelter - 16th and Newton	SDHC	HSSD
Women and Family Shelter	SDHC	HSSD
Single Adult & Senior Interim Shelter (VVSD)	SDHC	HSSD
Bridge Shelter - 17th and Imperial	SDHC	HSSD
Domestic Violence Shelter	HSSD	HSSD
Youth Case Management & Shelter	SDHC	HSSD
Family Non-Congregate Shelter	SDHC	HSSD/EDD
LGBT+ Youth Services and Shelter	SDHC	HSSD
Connections Housing	SDHC	HSSD/EDD
Veterans Interim Shelter (VVSD)	SDHC	HSSD
South County Lighthouse Interim Shelter	SDHC	HSSD
Family Semi-Congregate Shelter	SDHC	HSSD
Bishops Shelter	SDHC	HSSD
Transitional Housing	SDHC	SDHC
Safe Parking Programs	HSSD	HSSD
New Safe Parking at Old Central Elementary	HSSD	HSSD
"O" Lot at Balboa Park	HSSD	HSSD
20th and B Street Lot	HSSD	HSSD
Harm Reduction Interim Shelter	SDHC	HSSD
Alcohol Use Disorder Interim Shelter	SDHC	HSSD
Rosecrans Sprung Shelter	SDHC	HSSD
Safe Haven	County	HSSD
Homeless Outreach Team	Police Dept	Police Dept
Coordinated Outreach Program	HSSD	HSSD
Downtown Street Outreach	HSSD	HSSD
Multidisciplinary Outreach Team Pilot	SDHC	SDHC
Other Outreach Activities	HSSD	HSSD
Storage Connect Center	SDHC	HSSD
Think Dignity Storage Facility	SDHC	HSSD
Encampment Resolution Grant Services	HSSD	HSSD
Homelessness Response Center	SDHC	SDHC/HSSD/EDD
Day Center for Homeless Adults	SDHC	HSSD
Various Supportive Services Programs	SDHC	SDHC
Public Restrooms	HSSD	HSSD
Coordinated Shelter Intake Program	SDHC	SDHC/HSSD
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. 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.