



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 31, 2023

IBA Report Number: 23-21

FY 2024 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 2024. 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 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 took initial steps towards addressing homelessness with the establishment of three bridge shelters in response to a Hepatitis A outbreak that disproportionately affected those experiencing homelessness. The operations 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 2024, the program is expected to total around \$20 million. Shortly after establishing the bridge shelters, the City established the first of three storage facilities and the Homelessness Response Center.

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 have been used to partially fund the bridge shelters as well as continue the expansion of homelessness services. These grants have supported a wide range of homelessness programs, including storage facilities, 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, creating a structural deficit in the homelessness budget. In contrast to past practice, however, the FY 2024 Adopted Budget includes \$32.0 million in new ongoing City General Funds to support ongoing operational costs for homelessness programs funded under HSSD, providing some fiscal stability to many of the City's homelessness programs.

During the COVID-19 pandemic, the City received unprecedented one-time COVID-19 relief funding for people experiencing homelessness. A portion of these relief funds supported bridge

shelters through Operation Shelter to Home in FY 2020 and FY 2021. By utilizing relief funds first, the City extended the availability of its HHAP grant funds. On June 20, 2023, City Council heard and approved the fourth round of HHAP funding in the amount of \$22.5 million. In FY 2024, the City provided one-time HHAP funds, including carryforward HHAP funds from prior years, to fund shelter operations, safe parking programs, substance use disorder services, coordinated outreach, and rapid rehousing. Based on our Office’s review of the FY 2024 Proposed Budget, we estimate that most of the HHAP funding received to date will be spent by the end of FY 2024.

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 by FY 24
HHAP-2	\$ 10.6	Estimated to be fully expended by FY 24
HHAP-3	\$ 27.5	Estimated to be <i>largely</i> expended in FY 24
HHAP-4	\$ 22.5	Estimated to be <i>largely</i> expended in FY 24

Notably, the FY 2024 State Adopted Budget includes a total of \$1.1 billion for a fifth round of HHAP. The City is expected to receive this next round of funding after it submits an application, which should be available no later than September 30, 2023. 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. The State Adopted Budget also includes intent language for a sixth round of HHAP in FY 2025.

FY 2024 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 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 annual report is necessary.

Table 1 in the attachment provides a comprehensive listing of the City’s planned homelessness expenditures for FY 2024. 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 a majority of programs are funded through HSSD’s budget.

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, Low and Moderate Income Housing Asset Funds, and Permanent Local Housing Allocation (allocated to the City by the State); County Capital Grants; State Encampment Resolution Grant and Family Homelessness Challenge Grant funds; and SDHC discretionary funds.

At the time of last year's annual report on homelessness programs and funding ([IBA Report 22-20](#)), total planned expenditures in FY 2023 across the City and SDHC budget were \$172.7 million. As of this writing, the total for FY 2024 is \$204.4, an increase of \$31.7 million over FY 2023, which includes \$2.9 million in carryover City General Fund savings from FY 2023 for SDHC programs. This increase is mostly driven by new ongoing City General Funds, as previously mentioned.

Although the City has made progress closing the structural deficit in the homelessness budget by providing ongoing funding, we anticipate roughly \$8 million could be needed to mitigate a funding gap in FY 2025 due to the loss of carryforward HHAP funds the City has relied on in recent years for operating costs. However, if allowable expenditures for HHAP change or HHAP funding is discontinued in future years, the City would have to identify other funding sources, such as the General Fund, to maintain current service levels. The City's Government Affairs Department continues to advocate for ongoing State HHAP funding and HSSD is engaging our Office and the Department of Finance to identify a long-term funding plan.

Other sources of uncertainty in the City's homelessness budget include future service levels and the associated costs. The FY 2024 Adopted Budget includes \$5 million for shelter expansion (including new Safe Sleeping sites) and \$1.5 million to relocate a significant share of existing shelter beds due to various site-specific reasons – 930 beds out of the existing 1,784 beds (52.1%) are expected to be replaced through December 2024. Although HSSD's [Comprehensive Shelter Strategy](#) released in June 2023 provides cost estimates for new shelter options, these estimates range widely to upwards of \$20 million and are largely uncertain. Hence, in addition to future ongoing revenue sources, the funding gap is also dependent on the cost of expanding and operating the City's emergency response shelter system.

Newly included in this year's report are the City's recent prevention efforts, including the Housing Instability Prevention Program and the Eviction Prevention Program:²

- ***Housing Instability Prevention Program (HIPP)***: First funded in FY 2023, HIPP provides tiered monthly subsidies between \$250 and \$750 for up to two years to households with low income and unstable housing conditions. Payments can be used to assist with rent and other housing-related expenses. For FY 2024, HIPP is anticipated to receive \$4.3 million and assist 300 households over the two years. Prior to HIPP, SDHC administered the Housing Stability Assistance Program (HSAP), which launched March 15, 2021. HSAP provided rental and utilities payment assistance to low-income households who experienced financial hardship during the COVID-19 pandemic. The program received federal and State funds and wound down in FY 2023. As of May 1, 2023, SDHC has spent a total of \$218.6 million through HSAP (excludes administrative costs) and served more than 18,000 households.

² We note that prior year IBA annual reports on homelessness programs and funding had not included the City's recent prevention efforts related to rental relief and eviction prevention. These prevention efforts are newly being captured in this year's report.

- **Eviction Prevention Program:** The Eviction Prevention Program provides education and legal services for low-income renters facing eviction. The program was initially created in response to the expiration of statewide pandemic-related eviction protections. As of April 2023, the program has assisted 1,572 low-income renters, including 325 renters who received full legal assistance and 1,365 renters who received some legal assistance. As part of the final budget modifications, the City Council approved \$3.0 million to fund a one-year contract extension to operate the Eviction Prevention Program. The program was initially funded in FY 2022 with \$5.0 million from federal Community Development Block Grant (CDBG) funds, which was fully expended by the end of FY 2023. The Legal Aid Society of San Diego is the program operator.

CONCLUSION

This report reflects the City’s combined effort with SDHC to address homelessness in FY 2024. 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 allows 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. While the City took a significant step towards increasing fiscal stability of its homelessness programs by providing \$32.0 million in ongoing General Funds, it is important to recognize the fiscal risks of relying upon the State to continue to provide one-time HHAP grants. We look forward to continuing to work with HSSD staff on ways to mitigate these risks.

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



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Table 1: FY 2024 Funding for Homelessness							
Subject to Change							
System Component	Strategy	Programs	City General Fund	State HHAP 1.0, 2.0, 3.0, 4.0	Federal CDBG/ESG	Other	Total
Housing & Services	Permanent Housing	Federal Voucher Support	\$ -	\$ -	\$ -	\$ 79,276,000	\$ 79,276,000
		CoC Permanent Supportive Housing Svcs	-	-	-	4,398,000	4,398,000
		Landlord Engagement	-	-	-	3,447,000	3,447,000
		Supportive Services - 1,000 Vets	-	-	-	195,000	195,000
		New Permanent Supportive Housing ¹	-	-	-	8,550,000	8,550,000
		Subtotal	-	-	-	95,866,000	95,866,000
	Rapid Rehousing	Rapid Rehousing - CoC Program	-	-	-	3,304,000	3,304,000
		Rapid Rehousing - City Programs	-	1,652,000	340,000	-	1,992,000
		Rapid Rehousing - SDHC Program	-	-	-	1,282,000	1,282,000
		Subtotal	-	1,652,000	340,000	4,586,000	6,578,000
	Prevention and Diversion	Prevention and Diversion	-	-	-	4,934,000	4,934,000
		Eviction Prevention Program	3,000,000	-	-	-	3,000,000
		Housing Instability Prevention Program ²	2,382,000	-	-	298,000	2,680,000
		Family Reunification	-	764,000	-	-	764,000
		Flexible Spending	-	-	-	244,000	244,000
Subtotal	5,382,000	764,000	-	5,476,000	11,622,000		
Crisis Response & Stabilization	Shelters	Bridge Shelter - Golden Hall/Transition Site	4,602,000	4,563,000	-	-	9,165,000
		Bridge Shelter - 16th and Newton	-	7,088,000	-	-	7,088,000
		New Shelter Capacity/Safe Sleeping Sites ³	5,000,000	-	-	-	5,000,000
		Ancillary Shelter Costs	4,400,000	188,000	-	320,000	4,908,000
		Bridge Shelter - 17th and Imperial	-	3,494,000	-	-	3,494,000
		Transition-Age Youth Shelters	475,000	2,230,000	-	-	2,705,000
		Interim Housing for Homeless Adults	1,811,000	-	455,000	-	2,266,000
		Family Non-Congregate Shelter ³	1,500,000	-	500,000	-	2,000,000
		LGBT+ Youth Services and Shelter ⁴	-	1,843,000	-	-	1,843,000
		Shelter Bed Replacements	1,500,000	-	-	308,000	1,808,000
		New Family Shelter ³	1,612,000	-	-	-	1,612,000
		Winter Weather Shelter	1,234,000	-	-	266,000	1,500,000
		Connections Housing	729,000	-	401,000	-	1,131,000
		Women's Shelter	1,068,000	-	-	-	1,068,000
		Senior Non-Congregate Shelter	925,000	-	-	-	925,000
	Bishop Shelter	573,000	-	-	-	573,000	
	Transitional Housing	-	-	-	434,000	434,000	
	Haven Interim Family Shelter	-	-	-	280,000	280,000	
	Subtotal	25,429,000	19,406,000	1,356,000	1,608,000	47,800,000	
	Safe Parking & Camping	Safe Parking Programs	975,000	1,656,000	-	783,000	3,414,000
		New Safe Parking ³	841,000	-	-	-	841,000
	Subtotal	1,816,000	1,656,000	-	783,000	4,255,000	
	Substance Use Disorder Shelters & Services	Sprung Shelter	-	4,665,000	-	-	4,665,000
Harm Reduction Interim Shelter		2,149,000	-	-	-	2,149,000	
Safe Haven		414,000	-	-	-	414,000	
Serial Inebriate Program		290,000	-	-	-	290,000	
Subtotal		2,853,000	4,665,000	-	-	7,518,000	
Engagement Services	Outreach	Coordinated Outreach Program	1,500,000	1,625,000	-	-	3,125,000
		Other Outreach Activities ⁵	1,850,000	230,000	-	-	2,080,000
		Homeless Outreach Team	3,428,000	-	-	-	3,428,000
		Multidisciplinary Outreach Team Pilot ⁶	1,000,000	-	-	750,000	1,750,000
		Subtotal	7,778,000	1,855,000	-	750,000	10,383,000
	Storage	Storage Connect Center I (incl. ancillary)	1,647,000	122,000	-	-	1,769,000
		Storage Connect Center II (incl. ancillary)	844,000	-	-	-	844,000
		Think Dignity Storage Facility	223,000	-	-	-	223,000
		Subtotal	2,714,000	122,000	-	-	2,836,000
	Other	Encampment Resolution Grant Services ⁷	-	-	-	1,988,000	1,988,000
		Homelessness Response Center	1,409,000	-	-	250,000	1,659,000
		Day Center for Homeless Adults	471,000	-	500,000	-	971,000
		Various Supportive Services Programs	-	-	-	805,000	805,000
		PEER College Course	250,000	-	-	188,000	438,000
		Capacity Building	-	-	-	50,000	50,000
Subtotal	2,130,000	-	500,000	3,281,000	5,911,000		
Admin	Admin	HSSD Administration	3,085,000	-	16,000	-	3,100,000
		SDHC Administration	2,290,000	1,277,000	152,000	4,818,000	8,536,000
		EDD Administration	-	-	-	450,000	450,000
		Subtotal	5,375,000	1,277,000	168,000	4,818,000	11,636,000
Grand Total		\$ 53,477,000	\$ 31,397,000	\$ 2,364,000	\$ 117,168,000	\$ 204,405,000	

Table 1 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 2023 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.

Values are rounded to the nearest \$1,000.

- ¹ In recent months, the City has submitted applications for the third round of State Homekey funds to support new permanent supportive housing. If Homekey funds are awarded, the City would be required to fund a local match for new permanent supportive housing, estimated to be at least \$8.5 million. This includes funding from this item which are drawn from the City's Permanent Local Housing Allocation funds. If this funding is not needed for the Homekey local match, the funds would be included in the next Bridge to Home NOFA, administered by EDD. Depending on the City's Homekey awards, additional local match could be needed, but such additional resource needs are not reflected in the table since the awards are still pending.
- ² For FY 2024, the Housing Instability Prevention Program is anticipated to receive around \$4.3 million, including \$2.3 million from City General Fund, \$1.8 million from FY 2023 carryover program savings, and \$298,000 from SDHC local funds. Of this funding, \$1.6 million is set aside to cover SDHC case management and administrative costs.
- ³ Program is in development and expected to be in operation soon.
- ⁴ This includes \$300,000 for youth outreach activities, which had previously been funded on an ongoing basis under a separate line item.
- ⁵ Other Outreach Activities include Downtown San Diego Partnerships (\$1.2 million), Bridge Shelters and Caltrans (\$600,000), Health Care in Action Mobile Medical Team (\$250,000), CARE Events and Outreach HUB (\$50,000) homelessness outreach.
- ⁶ The Multidisciplinary Outreach Team is anticipated to be funded by \$1.1 million from FY 2023 carryover savings from a separate program (unused funding from the LGBTQ+ Youth Shelter due to more start-up time needed than anticipated). Of this funding, \$100,000 is set aside to cover SDHC administrative costs.
- ⁷ Services from the State Encampment Resolution Grant include outreach (National Alliance on Mental Health and People Assisting the Homeless), housing services, and supportive 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 - SDHC Program	SDHC	SDHC
Rapid Rehousing - City Programs	SDHC	HSSD/EDD/SDHC
Rapid Rehousing - CoC Program	SDHC	SDHC
Prevention and Diversion	SDHC	SDHC
Eviction Prevention Program	SDHC	HSSD
Housing Instability Prevention Program	SDHC	HSSD
Family Reunification	HSSD	HSSD
Flexible Spending	SDHC	SDHC
Bridge Shelter - Golden Hall/Transition Site	SDHC	HSSD
Bridge Shelter - 16th and Newton	SDHC	HSSD
New Shelter Capacity/Safe Sleeping Sites	HSSD	HSSD
Ancillary Shelter Costs	HSSD	HSSD
Bridge Shelter - 17th and Imperial	SDHC	HSSD
Transition-Age Youth Shelters	SDHC	HSSD
Interim Housing for Homeless Adults	SDHC	HSSD/EDD
Family Non-Congregate Shelter	HSSD/SDHC	HSSD
LGBT+ Youth Services and Shelter	SDHC	HSSD
Shelter Bed Replacements	HSSD	HSSD
New Family Shelter	HSSD	HSSD
Winter Weather Shelter	HSSD	HSSD
Connections Housing	SDHC	HSSD/EDD
Women's Shelter	SDHC	HSSD
Senior Non-congregate Shelter	HSSD	HSSD
Bishop Shelter	SDHC	HSSD
Transitional Housing	SDHC	SDHC
Haven Interim Family Shelter	SDHC	SDHC
Safe Parking Programs	HSSD	HSSD
New Safe Parking Program	HSSD	HSSD
Sprung Shelter	SDHC	HSSD
Harm Reduction Interim Shelter	SDHC	HSSD
Safe Haven	County	HSSD
Serial Inebriate Program	SDHC	HSSD/SDHC
Coordinated Outreach Program	HSSD	HSSD
Other Outreach Activities	HSSD	HSSD
Homeless Outreach Team	Police Dept	Police Dept
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
Homelessness Response Center	SDHC	HSSD
Day Center for Homeless Adults	SDHC	EDD/HSSD
Various Supportive Services Programs	SDHC	SDHC
PEER College Course	SDHC	HSSD/SDHC
Capacity Building	SDHC	SDHC

Table 2 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.