



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 16, 2022

TO: Honorable Councilmember Chris Cate, Budget Review Committee Chair, and
Honorable Budget Review Committee Members

FROM: Rolando Charvel, Department of Finance Director and City Comptroller

SUBJECT: Fiscal Year 2023 Budget Review Committee Referral Responses for the May 4, 2022,
Morning Session

This memorandum provides responses and/or follow-up information to unanswered questions asked at the Budget Review Committee meeting held on the morning of May 4, 2022. The Department of Finance has worked with the appropriate department(s) to obtain answers to these questions and provide a consolidated response. The responses are listed by department in the order that they were reviewed by the Committee.

Homelessness Strategies and Solutions

COUNCIL DISTRICT 1

QUESTION:

How has the Homelessness Strategies and Solutions Department (HSSD) communicated with the San Diego Housing Commission (SDHC) regarding the programs that will be transitioned?

RESPONSE:

The Transition conversation began in the fall of 2021. The HSSD senior team and SDHC program leads meet on a weekly basis to discuss contracts and also have separate weekly meeting to discuss programs. During the contract meetings, HSSD and SDHC collaborated to discuss what contracts would be extended by SDHC. With regards to the FY 2023 budget for SDHC, our finance team provided information to SDHC to ensure they could adequately prepare for their March 2022 budget presentation to their board.

In early February 2022, HSSD communicated that the City would issue RFPs for both outreach and new shelters. It was also communicated that beginning in FY 2023 the following programs would transition to HSSD: Coordinated Street Outreach, Family Reunification Program, Safe Parking, and the Palm Ave shelter. Additionally, the transition plan set forth that new programs administered by SDHC in FY 2023 would be the County Sprung Structure and the Downtown Women's Shelter. New programs for HSSD in FY 2023 would include new non-congregate shelters, new congregate shelters, and Safe Havens in partnership with County Behavioral Health Services.

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In March 2022, the HSSD leadership and SDHC VP for Strategic Initiatives met to further discuss transition details for FY 2022-23 for programs and activities impacting the MOU between the City and SDHC. This transition for FY 2023 has three of the 20 programs administered by SDHC transitioning to HSSD. It was established that the overall objective of the transition planning was to improve coordination and collaboration between City & SDHC through refined focus areas.

QUESTION:

Is there a commitment that every single person in an encampment will be notified by the city before being swept?

RESPONSE:

Yes, this has always been the process. Likewise, while the City's HSSD department will be directly administering the Outreach contract, the work will continue in the same way it has been, which includes our non-profit service providers conducting outreach at encampments prior to abatement events.

QUESTION:

In the ever-changing environment of tackling homelessness there is a concern about the reduction in flexible spending. How will HSSD address this concern?

RESPONSE:

There continues to be a commitment to the value of flexible spending and the impact it has on preventing people from falling into homelessness. The City is actively pursuing grants which can fund these activities and has just submitted a grant application to the State of California to provide a flexible spending pool to families in need.

QUESTION:

If you offer non-congregate care, how do we ensure that the non-congregate care is going to those who truly need it versus those who would prefer it?

RESPONSE:

HSSD analyzed intake data for City-funded congregate shelters to assess trends. This data helped to inform which populations were most in need of alternatives to congregate shelters. In creating non-congregate shelters, the focus is vulnerable populations, including seniors and families with young children. In many settings, non-congregate shelters have been shown to be more cost-efficient and for many vulnerable populations, non-congregate shelters yield better outcomes.

COUNCIL DISTRICT 4

QUESTION:

How does HSSD plan to integrate the recommendations from the Ad-Hoc Committee in the system? Specifically, regarding the comments on black residents.

RESPONSE:

The deputy director of HSSD has served on the Ad Hoc Committee since its inception and has taken a lead in analyzing data and providing input to help inform the recommendations included in the draft action plan report.

Additionally, HSSD in partnership with the Regional Task Force on Homelessness (RTFH) received technical assistance from the State on how to set goals for achieving equity in the crisis response system.

QUESTION:

What steps are being taken to ensure we are making up for the reduction in rapid housing?

RESPONSE:

The FY 2023 budget continues to fund Rapid Rehousing (RRH) with grant funding from HHAP 1.0 and HHAP 2.0. In FY 2022, there was an additional investment of \$1.0 million in one-time funding which was not available in FY 2023.

However, important to note, the overall budget for Rapid Rehousing across the system has increased, as the San Diego Housing Commission has added an additional \$1.3 million in Moving to Work dollars, which offsets the \$1.0 million in one-time funding that was in the FY 2022 budget. In making decisions on how to budget General Fund resources, HSSD considered the system-wide available resources that were available for RRH, outside of the department budget. These available funding streams include the Affordable Housing Fund, Emergency Solutions Grant, Moving to Work program funds, Continuum of Care (CoC) funding (including CoC HHAP funding), as well as the SDHC budget surplus.

While it has been noted that the HHAP funding of \$910,000 for Rapid Rehousing is currently funding 63 households, it is recommended that the Commission share how many total households will be served in the City with the full \$5.5 million in Rapid Rehousing in comparison to the Community Action Plan goal of 800 households. In addition, HSSD has identified some internal budget adjustments to the HHAP 3.0 Budget to allocate a portion for new families to receive Rapid Rehousing in Fiscal Year 2023.

COUNCIL DISTRICT 6

QUESTION:

Please explain the rationale for the transition of programs from SDHC to HSSD. Could you provide more details on items such as the timing of the current contracts (for the three services), and when they end?

RESPONSE:

In 2021, the Mayor established the Homelessness Strategies and Solutions Department which was adopted in Fiscal Year 2022 with the expectation to oversee a comprehensive network of Citywide programs that provide immediate assistance and long-term solutions to meet the needs of those experiencing homelessness. The department has been working to build capacity to provide greater oversight and accountability over homelessness program outcomes. In addition, in order to inform strategy and drive cost effectiveness, the department requires access to timely and accurate data that will help drive program improvements and cost efficiencies. The Coordinated Street outreach program, in particular, serves as the entry point of many clients to our system and access to the information on the populations being served through outreach gives the department much more insight for designing other interventions to meet the needs of the populations on the streets. Likewise, the Outreach program operates in close coordination with other City departments such as Neighborhood Policing Division, Environmental Services Department and Performance and Analytics (Panda). As such, the

interdepartmental coordination of this program is critical for its success. The City's relationships with other agencies such as Caltrans, Metropolitan Transit System, and the Navy also often play a critical role in both regional and focused coordination efforts for outreach. Similarly, the Family Reunification Program falls under the outreach umbrella. HSSD is also working to expand partnerships with external stakeholders such as the RTFH, County behavioral health and increase the field of other providers.

Three of the contracts will be transferred to HSSD in FY 2023. One of these is the Coordinated Street Outreach Program which requires a Request for Proposal (RFP) that will soon close, and the contract will be brought to committee in June. The other two, which will operate under non-profit agreements, should be executed by June 30, 2022. We are working in close coordination with the Housing Commission to ensure a smooth transition that does not disrupt any programming.

QUESTION:

Please provide additional details on the RFP, when is it due? When would the city start to oversee the contract? Is there any overlap? What are the plans to ensure a smooth transition?

RESPONSE:

The RFP is scheduled to close May 15, 2022 at which time a panel will review the respondents, negotiate an award and bring forward to Council for approval at the end of June for a July first start date. The city will be working with SDHC and all providers to ensure a smooth transition. Likewise, the city has recruited for an Outreach Program Manager who will be on board by the beginning of the fiscal year and will oversee the transition, focusing on maintaining continuity of care for those currently served through the program.

QUESTION:

SDHC has six to seven employees that are managing these contracts. Do we have the staff to take on these programs?

RESPONSE:

As a new department, we are building capacity to effectively administer programs and services that will increase not only the crisis response system but the overall system of care. The department is currently in the hiring/interview stages for two additional positions to help oversee contracts and outreach which will bring the departments staff count to 12. In addition, the proposed budget includes three additional FTEs which will enable us to better manage data, contracts and have expanded capacity for processing invoices.

QUESTION:

Is there a cost benefit analysis for the shallow subsidy? If so, could you please provide more detail regarding it?

RESPONSE:

While shallow subsidies are a cost-effective way of keeping people from falling into homelessness, when embarking on a shallow subsidy program for any population, but in particular seniors, a long-term sustainable funding source needs to be considered or the program could have catastrophic effects once the funding source ends. At the moment HSSD does not have a sustainable funding source that would enable the necessary long-term impact of a program such as this; however, as a Rental Assistance Program, we would be happy to

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work with the San Diego Housing Commission if they would like to consider this type of programming with some of their federal funding that may be utilized as a more sustainable resource.

COUNCIL DISTRICT 8

QUESTION:

We're only discussing the general fund budget, but there are a lot of other funding sources and we need to ensure there is adequate Council oversight and transparency. What's the long-term vision for the budget process for this department?

RESPONSE:

The HSSD department budget is made up of many funding sources. HSSD has presented on both General Fund and Grant funding in the Volume 1 narrative, including a breakdown of the department's programs and their associated funding sources and amounts. The department brings all funding to Council for approval and appropriation and will be bringing our newest grant, HHAP 3.0, to Council in June 2022. In addition, the department is ensuring we provide a comprehensive overview of department spending both from General Fund and Grant funding quarterly through the quarterly monitoring process with information also sent directly to the Land Use and Housing Committee as well as Council.

QUESTION:

Would the department consider working on developing a public platform that is accessible in multiple languages, and regularly updated by the department, to inform residents about any outreach activities that are occurring in each neighborhood and includes all organizations and City Departments involved with homelessness outreach and the results from these outreach events?

RESPONSE:

Yes, the department would be willing to consider working on the development of this public platform.

QUESTION:

San Diego Housing Commission Outreach staff have identified hot spots in District 8. How will the department move forward with the Housing Commission to prioritize these hot spots in District 8?

RESPONSE:

HSSD is currently hiring an Outreach Manager position to oversee all outreach programs in partnership with SDHC and all providers. The HSSD Outreach Manager will also work with all Council District Offices to ensure equitable and comprehensive coordination of services that will be data driven.



Rolando Charvel
Department of Finance Director and City Comptroller

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