

MEMORANDUM

To: President Kahn and Members of the Human Services Commission

Cc: Shireen McSpadden, Director of the Department of Homelessness & Supportive Housing

Through: Trent Rhorer, Executive Director

From: Emily Gibbs, Budget Manager

Date: August 19, 2021

Subject: Homelessness and Supportive Housing Fund: FY20-21 Report

This memo provides an analysis of the FY20-21 savings for the Homelessness and Supportive Housing Fund (formerly the Human Services Care Fund). The first section briefly describes how the fund works. The following sections describe the actual FY20-21 savings (including comparisons to projections from the start of the fiscal year and the FY20-21 budgeted amount). This memo also reports on the projected Homelessness and Supportive Housing Fund savings and budgeted amount for the current fiscal year (FY21-22).

BACKGROUND

In October 2003, the City adopted the ordinance that established the Homelessness and Supportive Housing Fund, which pays for housing and services for homeless CAAP clients through savings resulting from the implementation of Proposition N (known as *Care Not Cash*). **The ordinance requires that, on an annual basis, the Human Services Agency report whether its projections were accurate for the year. The Commission is then to adopt findings and transmit them to the Board of Supervisors and the Office of the Controller.**

Two sources of savings are specified for Homelessness and Supportive Housing Fund:

1. Savings from reductions in the homeless CAAP caseload – The ordinance establishes a baseline of 3,000 total homeless CAAP clients, and savings are generated if the number of homeless CAAP clients falls below the baseline.
2. Savings from grant reductions – The savings resulting from reduced grants for homeless CAAP recipients are also added to the fund. Grants are reduced for clients who are offered shelter (either because they refused a permanent housing unit, or are waiting to be referred to a permanent housing unit).

FISCAL YEAR 21-22 ISSUES

Both the Care not Cash savings vehicles will be affected by the continuing COVID pandemic and economic recession during FY21-22. The homeless CAAP caseload has risen steadily since December 2020. Social distancing requirements have reduced the total congregate shelter bed capacity, which compromises the City's ability to offer shelter in lieu of full CAAP grants. On the other hand, to the extent that the City has been able to bring shelter-in-place hotel



rooms online to house the homeless, this enables HSA to increase savings from reduced CAAP grants.

Another factor, which affects the maximum pool of Care not Cash savings, is the 5.3% CAAP grant Cost-of-Living-Adjustment (COLA) that takes effect in October 2021. This COLA will increase the cash amount each recipient receives each month, as well as the possible savings for each reduced grant. This COLA will, to some degree, counteract the lost Care not Cash savings resulting from increased CAAP payments to homeless individuals.

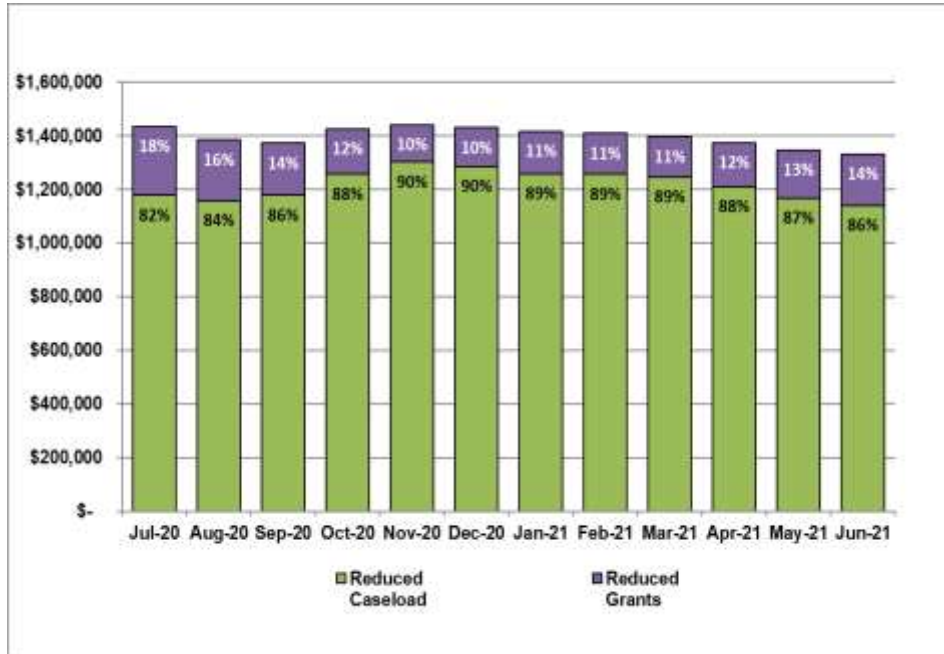
CASELOAD DATA AND SOURCE OF FUND SAVINGS

The table below compares the actual monthly homeless CAAP caseload during FY20-21 to projections from the beginning of the year. The actual homeless caseload was lower than the projected caseload for nearly the entire fiscal year. This gap was at its widest in November, due to a shrinking homeless CAAP caseload, and then lessened over the subsequent months as the caseload grew.

Month	Projected # CAAP Homeless	Actual # CAAP Homeless	Difference (Actual - Projected)	% Variance
Jul-20	762	789	27	3%
Aug-20	781	823	42	5%
Sep-20	801	788	(13)	-2%
Oct-20	821	648	(173)	-27%
Nov-20	840	575	(265)	-46%
Dec-20	860	606	(254)	-42%
Jan-21	880	652	(228)	-35%
Feb-21	899	652	(247)	-38%
Mar-21	919	666	(253)	-38%
Apr-21	939	730	(209)	-29%
May-21	958	803	(155)	-19%
Jun-21	978	853	(125)	-15%

The chart below shows that the bulk of the savings continues to stem from a reduced homeless caseload (versus reduced cash grants). During the FY, reduced caseloads accounted for between 82% and 90% of the monthly Homelessness and Supportive Housing Fund savings. The City's reduced ability to offer shelter during the COVID pandemic contributed to the loss of CAAP grant-based savings, which shrunk as a portion of the total savings as compared with FY19-20. During FY21-22, the share of savings attributable to reduced grants is projected to rise, as San Francisco's shelter capacity gradually returns to pre-pandemic levels.

Source of Actual Homelessness and Supportive Housing Fund Savings



FY20-21 FUND SAVINGS

The table below compares the budgeted savings, projected savings as of July 2020, and actual savings for FY20-21. Compared with the July 2020 projection, the FY20-21 actual Homelessness and Supportive Housing Fund savings are \$862,214 less than expected.

The July 2020 projection lowered the expected monthly savings compared with the budgeted projection, as it became clear as early as May 2020 that shelter closures were causing CAAP aid payments to rise. The reduced ability to generate savings from lowered grant amounts was so pronounced during FY20-21, that it more than offset the higher-than-expected savings resulting from the lower average monthly caseload.

Month	Budgeted Projection	Projection from July 2020	Actual	Difference from July Projection
Jul-20	\$1,530,571	\$1,489,587	\$1,434,381	(\$55,206)
Aug-20	\$1,527,961	\$1,485,696	\$1,384,235	(\$101,461)
Sep-20	\$1,525,349	\$1,481,803	\$1,372,008	(\$109,795)
Oct-20	\$1,522,736	\$1,477,910	\$1,425,490	(\$52,420)
Nov-20	\$1,520,122	\$1,474,015	\$1,440,338	(\$33,677)
Dec-20	\$1,517,508	\$1,470,120	\$1,429,084	(\$41,035)
Jan-21	\$1,514,892	\$1,466,223	\$1,415,238	(\$50,985)
Feb-21	\$1,512,275	\$1,462,326	\$1,408,251	(\$54,075)
Mar-21	\$1,509,658	\$1,458,427	\$1,396,241	(\$62,186)
Apr-21	\$1,507,039	\$1,454,528	\$1,373,906	(\$80,623)
May-21	\$1,504,420	\$1,450,629	\$1,345,943	(\$104,685)
Jun-21	\$1,501,801	\$1,446,728	\$1,330,662	(\$116,066)
Total FY20-21	\$18,194,333	\$17,617,991	\$16,755,777	(\$862,214)

PROJECTED FY21-22 FUND SAVINGS

The savings for FY21-22 is currently projected at \$17,936,844, which corresponds to a projected average monthly caseload of 858. The official Homelessness and Supportive Housing Fund budget for FY21-22 is \$18,208,567 (\$271,723 more than the current projection). The average monthly caseloads project to remain largely stable, but the monthly Care Fund savings projects to rise as shelter capacity returns, and the 5.3% CAAP grant increase takes effect in October 2021.

Month	Caseload Projections	Care Fund Projections
Jul-21	832	\$1,338,822
Aug-21	861	\$1,327,421
Sep-21	856	\$1,329,016
Oct-21	860	\$1,478,662
Nov-21	859	\$1,500,655
Dec-21	860	\$1,520,287
Jan-22	860	\$1,538,110
Feb-22	860	\$1,554,229
Mar-22	861	\$1,568,818
Apr-22	861	\$1,582,025
May-22	861	\$1,593,983
Jun-22	861	\$1,604,815
Total FY21-22	858	\$17,936,844

RECOMMENDATIONS

HSA staff recommends that the Commission adopt the findings regarding the FY20-21 Homelessness and Supportive Housing Fund savings of \$16,755,777 and transmit the information to the Board of Supervisors and the Office of the Controller (in the form of the accompanying memo).

In August of 2022, HSA will present the actual savings for FY21-22, and compare the data to the budgeted amount and the projections detailed above.