



DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING

# FY2024-25 and FY2025-26 HSH Budget Proposal

**Homelessness Oversight Commission**  
February 12, 2024



# FY25 & FY26 Budget Development

2

## January 4th Homeless Oversight Commission Presentation

- Two-Year Citywide Budget Projections and Mayor's Budget Instructions

## Stakeholder Input Sessions on HSH Budget Priorities

- Meetings with Provider Networks (HESPA, SHPN, HSN, BIPOC reps): Dec 15<sup>th</sup> & Feb 7<sup>th</sup>

## February 12th Homeless Oversight Commission Presentation

- Overview of Department's Proposed Two-Year Budget
- Changes in FY25 & FY26 Budget



# Citywide Fiscal Outlook

3

## Projected nearly \$800 M General Fund deficit over next two fiscal years

### Key Drivers of Deficit:

- Revenue continues decline, slow-to-no growth in major tax revenues and sluggish local economic recovery
- High office vacancies negatively impacting tax revenues; hospitality sector slow to rebound
- Increased health care cost for City workers (up 9%)
- City's one-time funds to balance budget will be exhausted during next three years

### Mayor's Budget Instructions:

- Propose 10% ongoing General Fund reductions in FY24-25 and FY25-26: ~\$27 M
- Propose 5% contingency reductions: ~\$13 M
- Meet target by leveraging new revenue sources to reduce General Fund expenditures
- Do not propose new positions, instead eliminate vacant positions to generate cost savings



# Our City, Our Home Fund Shortfall

Homelessness Gross Receipts Tax Forecast  
(in \$ million)

Year	Actuals	Budget / Prior Proj.	Current Proj.	Change
FY21-22	278.6			
FY22-23	247.9			
FY23-24		293.5	255.1	(38.4)
FY24-25		297.6	253.8	(43.8)
FY25-26		305.7	253.6	(52.1)
FY26-27		323.5	269.0	(54.5)
FY27-28		329.1	274.7	(54.4)

## Revenue is forecasted to be lower than budgeted

- November forecast showed \$134.3M difference from budget from FY23-26
- HSH’s share of shortfall totals: \$100.7M over 3-year period
- Updated revenue projection will be shared at OCOH Committee meeting on March 28th



# Proposed Budget Overview

5 Proposed Budget as of 2/5/24 and not reflective of final balancing

\$ in millions	FY23-24 Adopted	FY24-25 Dept Request	\$ Change from FY23-24	FY25-26 Dept Request	\$ Change from FY24-25
<b>Total Budget</b>	<b>\$713.3</b>	<b>\$689.4</b>	<b>(\$23.8)</b>	<b>\$625.5</b>	<b>(\$63.9)</b>
<i>Revenue</i>	<i>\$411.2</i>	<i>\$378.5</i>	<i>(\$32.6)</i>	<i>\$308.8</i>	<i>(\$69.7)</i>
<i>General Fund</i>	<i>\$302.1</i>	<i>\$310.9</i>	<i>\$8.8</i>	<i>\$316.7</i>	<i>\$5.8</i>



# Proposed Budget Overview

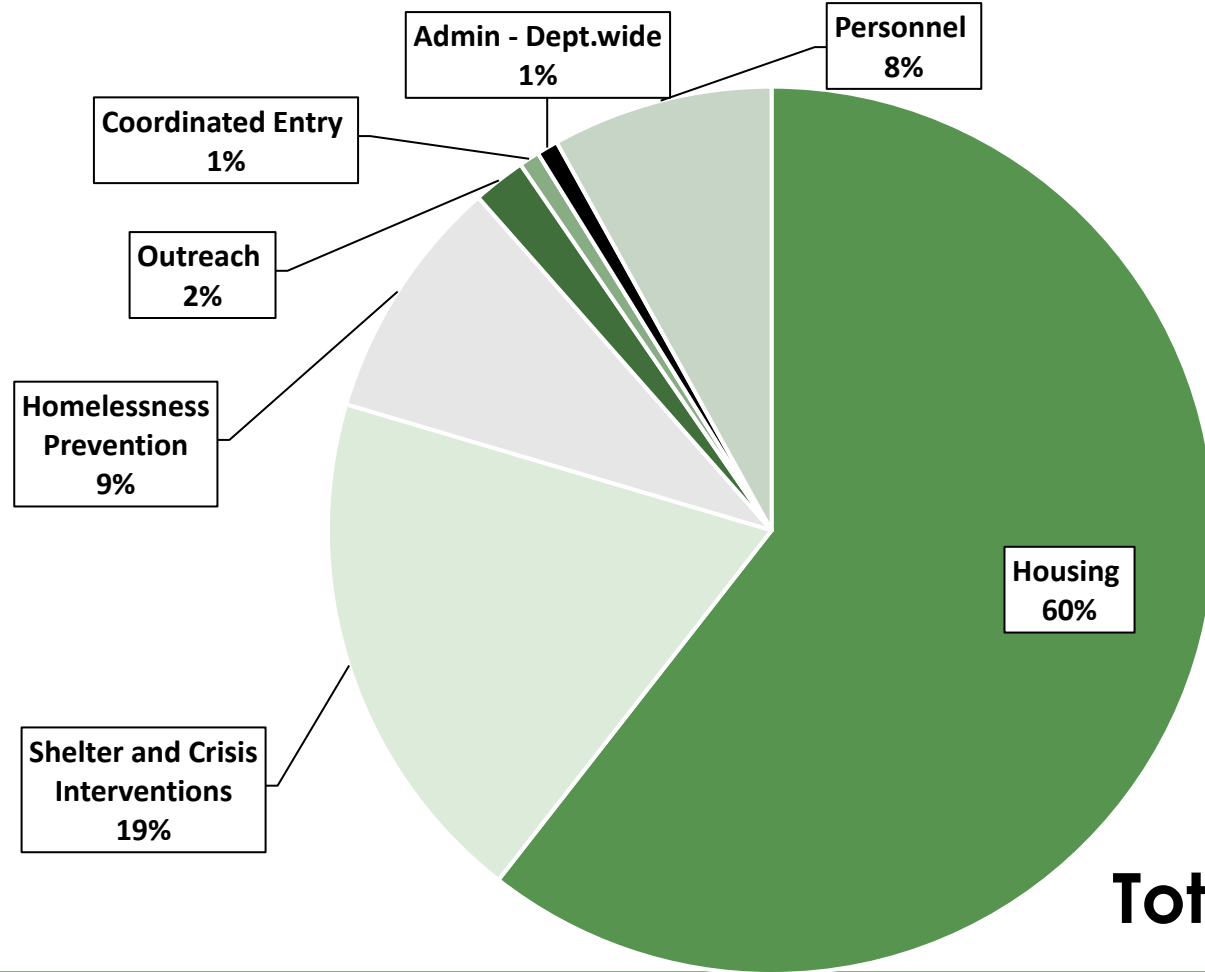
6 Proposed Budget as of 2/5/24 and not reflective of final balancing

\$ in millions	FY23-24 Adopted	FY24-25 Dept Request	\$ Change from FY23-24	FY25-26 Dept Request	\$ Change from FY24-25
Salaries and Benefits	45.3	48.8	3.5	50.8	2.0
Grants and HSH Programs	586.5	558	(28.5)	491.5	(66.5)
Professional Services and Capital	31.2	30.6	(0.6)	31.2	0.6
Materials and Supplies	0.2	0.2	-	0.2	-
Interdepartmental Services	50.1	51.9	1.8	51.9	-
<b>TOTAL</b>	<b>713.3</b>	<b>689.4</b>	<b>(23.8)</b>	<b>625.5</b>	<b>(63.9)</b>



# FY24-25 Proposed Budget by Service Area

7



**Total Budget: \$689.4M**



# HSH Revenues Declining

8

*Proposed Budget as of 2/5/24 and not reflective of final balancing*

	Change From Prior Year Increase/(Decrease)	Change from Prior Year Increase/(Decrease)
HSH Revenue Sources	FY24-25 \$ in millions	FY25-26 \$ in millions
Our City, Our Home Fund (Prop C)	(19.8)	(13.4)
State Homeless Hsg, Assistance & Prevention (HHAP) 4 Grant (Multi-year grant budgeted in FY23-24)	(40.7)	-
State Homeless Hsg, Assistance & Prevention (HHAP) 5 Grant	43.5	(43.5)
Encampment Resolution Fund (ERF) 2R Grant (Mission Cabins) (Multi-year grant budgeted in FY23-24)	(6.5)	-
Encampment Resolution Fund (ERF) 3 Grant	7.9	(7.9)
HHIP / IPP Grant Funding	4.9	(4.9)
Other Adjustments & Loss of One-time State PATH funds	(22)	-
<b>Total Increase/(Decrease) Compared to FY23-24 Revenues</b>	<b>(32.6)</b>	<b>(69.7)</b>





# Proposal to Maintain Mayor’s Initiatives

9

Proposed Budget as of 2/5/24 and not reflective of final balancing

\$ in Millions	FY24-25	FY25-26
<b>General Fund Reduction Target – 10% ongoing</b>	<b>(27.0)</b>	<b>(27.0)</b>
Additional 5% Contingency	(13.5)	(13.5)
<b>General Fund Target</b>	<b>27.0</b>	<b>27.0</b>
<i>Align NCS costs with existing per bed shelter rates; reduce cost by \$10 M annually</i>	10.0	10.0
<i>Identified one-time ERAF savings</i>	2.0	
<i>New HHAP 5 grant funding</i>	8.5	8.5
<i>Leveraging new stage grant funding</i>	2.5	2.5
<i>GF Budget Savings</i>	4.0	6.0
<b>Contingency Target</b>	<b>13.5</b>	<b>13.5</b>
<i>Reduction to HSH Grants Programming (To be determined)</i>	13.5	13.5



# FY24-26 Position Summary

	<b>FY24 Adopted Budget</b>	<b>FY25 Proposed Budget</b>	<i>Change from FY24</i>	<b>FY26 Proposed Budget</b>	<i>Change from FY25</i>
<b>Full-Time Equivalent (FTE) Positions</b>	<b>247.1</b>	<b>259.9</b>	<b>12.8</b>	<b>260.8</b>	<b>0.8</b>

- Adopted FY24 budget included partial funding for new FTE and large one-time attrition cut = 18 FTE
- Proposed FY25 budget restores attrition level and includes full cost of FTE added last year

### **Current Vacancies and Projected Salary Savings**

- HSH has 47 vacancies in various stages of hiring process
- HSH gave up an additional \$765K of salary savings to MBO for midyear budget cuts



# FY25 & FY26 Capital Planning Requests

11

## HSH's Request to Capital Planning Committee

- **\$4.9 M in FY24-25 and \$17.5 M in FY25-26 for 1001 Polk Family Shelter Project**
  - Funding to complete the seismic retrofit and renovation of emergency family shelter
  - Convert the adult shelter program to a family shelter program
- **\$1.2 M in FY24-25 for 525 5th Street Adult Shelter Project**
  - Funding to prepare concept and schematic plan for the new replacement shelter for cost estimating and pre-bond planning
- **\$2 M in FY24-25 and \$2 M in FY25-26 for 260 Golden Gate Family Shelter**
  - Funding to demolish existing building and redesign a replacement shelter, including permanent supportive housing units



# 2024 Budget Timeline

12

- **February 21:** Proposed HSH budget **submitted** to Mayor's Office
- **March-May:** Mayor's Office budget development
- **March 28:** Controller's revises Prop C (OCOH) revenue projections; HSH presents its Prop C proposed budget to OCOH Oversight Committee
- **June 1:** Mayor releases **proposed** FY24-26 Budget
- **Mid-June:** Board of Supervisors **budget hearings** and revisions
- **July:** Board of Supervisors **adopts** final FY25 & FY26 Budget