



MEMORANDUM

September 17, 2020

TO: President Kahn and Members of the Human Services Commission

THROUGH: Trent Rhorer, Executive Director

FROM: Emily Gibbs, Budget Manager

CC: Abigail Stewart-Kahn, Director of the Department of Homelessness & Supportive Housing

SUBJECT: **Homelessness and Supportive Housing Fund: FY19-20 Report**

---

This memo provides an analysis of the FY19-20 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 FY19-20 savings (including comparisons to projections from the start of the fiscal year and the FY19-20 budgeted amount). This memo also reports on the projected Homelessness and Supportive Housing Fund savings and budgeted amount for the current fiscal year (FY20-21).

**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 20-21 Issues**

Both the Care not Cash savings vehicles will be affected by the COVID pandemic and economic recession during FY20-21. The homeless CAAP caseload began to rise as early as March 2020, and projects to continue growing as more homeless fall into circumstances requiring them to apply for CAAP aid. Social distancing requirements have reduced the total congregate shelter bed capacity, which could compromise 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 would enable HSA to increase savings from reduced CAAP grants.

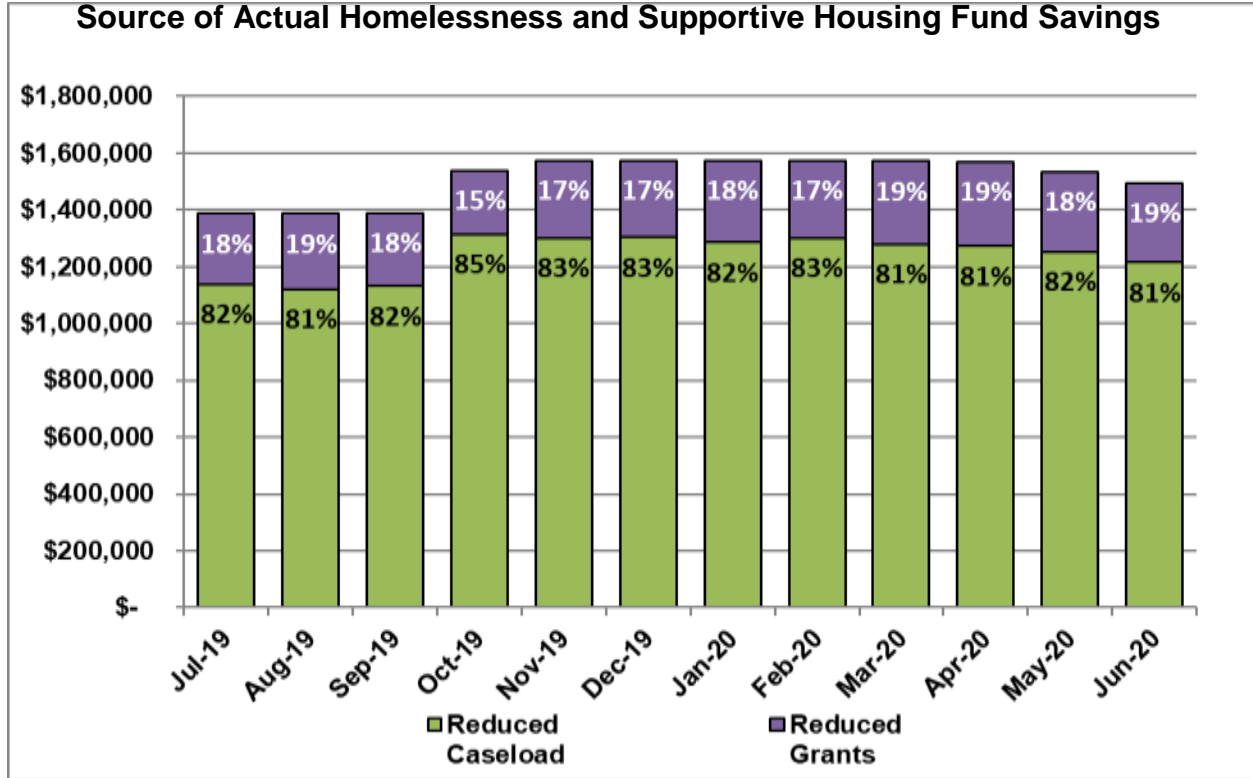
Another factor, which affects the maximum pool of Care not Cash savings, is the 13% CAAP grant Cost-of-Living-Adjustment (COLA) that took effect in October 2019. This COLA increases the cash amount each recipient receives each month, as well as the possible savings for each reduced grant. This COLA will, to some degree, counteract the lost Care not Cash savings resulting from a higher homeless CAAP caseload.

### **Caseload Data and Source of Fund Savings**

The table below compares the actual homeless CAAP caseload during FY19-20 to projections from the beginning of the year. On average, the actual homeless caseload was less than the projected caseload for the first eight months of the fiscal year. The caseload then began to grow in March, rising to 15% above the projected monthly caseload in June. The COVID pandemic and economic shutdown likely contributed to the late-year growth in homeless CAAP enrollments.

<b>Month</b>	<b>Projected # CAAP Homeless</b>	<b>Actual # CAAP Homeless</b>	<b>Difference (Actual - Projected)</b>	<b>% Variance</b>
<b>Jul-19</b>	<b>612</b>	<b>605</b>	<b>(7)</b>	<b>-1%</b>
<b>Aug-19</b>	<b>612</b>	<b>644</b>	<b>32</b>	<b>5%</b>
<b>Sep-19</b>	<b>612</b>	<b>615</b>	<b>3</b>	<b>0%</b>
<b>Oct-19</b>	<b>612</b>	<b>554</b>	<b>(58)</b>	<b>-11%</b>
<b>Nov-19</b>	<b>612</b>	<b>580</b>	<b>(32)</b>	<b>-6%</b>
<b>Dec-19</b>	<b>612</b>	<b>576</b>	<b>(36)</b>	<b>-6%</b>
<b>Jan-20</b>	<b>612</b>	<b>604</b>	<b>(8)</b>	<b>-1%</b>
<b>Feb-20</b>	<b>612</b>	<b>581</b>	<b>(31)</b>	<b>-5%</b>
<b>Mar-20</b>	<b>612</b>	<b>616</b>	<b>4</b>	<b>1%</b>
<b>Apr-20</b>	<b>612</b>	<b>622</b>	<b>10</b>	<b>2%</b>
<b>May-20</b>	<b>612</b>	<b>653</b>	<b>41</b>	<b>6%</b>
<b>Jun-20</b>	<b>612</b>	<b>723</b>	<b>111</b>	<b>15%</b>

The chart below shows that the bulk of the savings continues to stem from a reduced homeless caseload (versus reduced cash grants). During the year, reduced caseloads accounted for between 81% and 85% of the monthly Homelessness and Supportive Housing Fund savings. During FY20-21, the share of savings attributable to reduced caseload is projected to shrink.



**FY19-20 Fund Savings**

The table below compares the projected savings from the beginning of the fiscal year with the actual savings. The FY19-20 actual Homelessness and Supportive Housing Fund savings are about eighty three thousand less than was projected. The savings were less than projected partially due to the higher-than-expected caseloads that HSA saw in the final months of FY19-20. The projected monthly savings jump starting in October 2019 is due to the CAAP grant COLA.

Month	Projected	Actual	Difference
Jul-19	\$1,385,852	\$1,386,052	\$200
Aug-19	\$1,385,852	\$1,387,609	\$1,757
Sep-19	\$1,385,852	\$1,388,521	\$2,669
Oct-19	\$1,566,013	\$1,538,686	(\$27,327)
Nov-19	\$1,566,013	\$1,573,497	\$7,484
Dec-19	\$1,566,013	\$1,574,798	\$8,785
Jan-20	\$1,566,013	\$1,573,088	\$7,076
Feb-20	\$1,566,013	\$1,574,616	\$8,603
Mar-20	\$1,566,013	\$1,571,729	\$5,717
Apr-20	\$1,566,013	\$1,570,650	\$4,637
May-20	\$1,566,013	\$1,534,456	(\$31,557)
Jun-20	\$1,566,013	\$1,495,033	(\$70,980)
<b>Total FY19-20</b>	<b>\$18,251,671</b>	<b>\$18,168,734</b>	<b>(\$82,937)</b>

**Fund Budget Versus Actual Savings for FY19-20**

The FY19-20 budgeted amount for the Homelessness and Supportive Housing Fund was \$17,873,142. As shown below, the actual savings for FY19-20 was \$295,592 greater than budgeted.

**FY19-20 Homelessness and Supportive Housing Fund Budget Comparison**

Budget	\$17,873,142
Actual	\$18,168,734
Amount Under-Funded	\$295,592

Historically, the official budgeted fund balance has differed from the final projection because of the time gap between HSA’s official budget submission (February), and its final updated projection (June). The projection is continually revised after February as actual caseload data comes in.

**Projected FY20-21 Fund Savings**

The savings for FY20-21 is currently projected at \$17,617,991, which corresponds to a projected average monthly caseload of 870. The official Homelessness and Supportive Housing Fund budget for FY20-21 is \$18,194,333 (\$576,342 more than the current projection). Subsequent to HSA’s budget submission in June, HSA received the May and June 2020 caseload figures which turned out higher than previously expected. The higher caseloads pushed future month caseload projections higher and, consequently, the projected monthly savings lower.

Month	Caseload Projections	Care Fund Projections
Jul-20	762	\$1,489,587
Aug-20	781	\$1,485,696
Sep-20	801	\$1,481,803
Oct-20	821	\$1,477,910
Nov-20	840	\$1,474,015
Dec-20	860	\$1,470,120
Jan-21	880	\$1,466,223
Feb-21	899	\$1,462,326
Mar-21	919	\$1,458,427
Apr-21	939	\$1,454,528
May-21	958	\$1,450,629
Jun-21	978	\$1,446,728
<b>Total FY20-21</b>	<b>870</b>	<b>\$17,617,991</b>

## **Recommendations**

**HSA staff recommends that the Commission adopt the findings regarding the FY19-20 Homelessness and Supportive Housing Fund savings of \$18,168,734 and transmit the information to the Board of Supervisors and the Office of the Controller (in the form of the accompanying memo).**

In July or August of 2021, HSA will present the actual savings for FY20-21 and compare the data to the budgeted amount and the projections detailed above.