



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

FY2024-25 and FY2025-26 Budget Overview

Homelessness Oversight Commission

January 4, 2024



City Fiscal Outlook

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The City projects a General Fund deficit almost **\$800 million** for the upcoming two-year budget cycle

Key Drivers:

- 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



Current Year HSH Budget Issues

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- HSH's **General Fund** allocation supports permanent housing, emergency shelter, outreach, and other critical services
- Costs to deliver homeless services continue to increase (higher insurance costs, food, cost of housing subsidies)
- Our City, Our Home Fund (Proposition C's Homelessness Gross Receipts Tax) has an expected **\$134 million shortfall** through FY26 that will need to be closed
- Shelter bed expansion funded with one-time state and local funds have created structural deficit in HSH's ongoing operating budget



FY24-26 Mayor's Budget Priorities

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- **Improving** public safety and street conditions
- **Restoring** the City's economic vitality
- Reducing **homelessness** and transforming **mental health** service delivery
- Ensuring **accountability & equity** in services and spending



Mayor's Budget Instructions

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- Propose General Fund **reduction targets of 10%** in FY24-25 and FY25-26, and propose an additional 5% in **contingency reductions**
- HSH's reduction target equates to **\$27 million** in ongoing General Fund expenditures and **\$13 million** contingency reduction proposal
- Departments can meet target by leveraging new revenue sources to reduce General Fund expenditures
- Departments should not propose new positions but consider eliminating vacant positions to generate cost savings



2024 Budget Timeline

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- **December:** 5-Year Financing Update (Joint Report)
- **January - February:** Two public budget meetings at Commission and engagement with stakeholders
- **February 21:** Proposed HSH budget **submitted** to Mayor's Office
- **March-May:** Mayor's Office budget development
- **June 1:** Mayor releases **proposed** FY2024-26 Budget
- **June:** Board of Supervisors **budget hearings** and revisions



Upcoming Budget Meetings

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• **Public Homeless Oversight Commission meetings**

- February 12, 2024

• **Meetings with Stakeholders including**

- Meetings with Provider Groups (HESPA, SHPN, HSN)
- Strategic Framework Advisory Committee
- HSH briefed grantees on budget outlook at quarter leadership meeting in December.