



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Analysis of Short-Term Action Plan Update

OVERVIEW

On December 9, 2025, the City Council will hear an informational item presented by the Homelessness Strategies and Solutions Department (HSSD) and San Diego Housing Commission (SDHC) on the implementation of the Short-Term Action Plan on Homelessness (Short-Term Action Plan) to identify replacement shelter beds for 614 existing beds planned for imminent closure in December 2024. This is the first update since the Short-Term Action Plan was initially presented to Council on September 24, 2024, and Council took subsequent action to support plan implementation on October 1, 2024.

On November 22, 2024, the SDHC Board approved three new emergency shelter contracts, which along with one existing shelter contract¹ will provide 263 replacement shelter beds. Across the four shelter contracts, partial-year operating costs for FY 2025 are estimated to be \$3.6 million, which falls within the \$4.2 million General Fund allocation budgeted in FY 2025 to fund replacement shelter beds. The full annualized cost for the replacement beds starting in FY 2026 is estimated to be \$6.6 million, which largely aligns with the full-year operating budget available for the relocated shelters, meaning there will be no fiscal impact to the General Fund.

Through a combination of Safe Sleeping, diversion efforts, and planned replacement beds in the Short-Term Action Plan, our analysis indicates that the City will be able to maintain overall sheltering capacity through the remainder of the fiscal year at levels comparable to the beginning of FY 2025 (2,500 beds and tents), though these measures also increase reliance on shorter term shelter options such as Safe Sleeping. Additionally, if diversion resources are not prioritized for shelter residents once current shelter residents transition out from the relocated shelter programs, capacity could decrease in future years.

¹ This existing shelter contract was formerly for the Golden Hall Bridge Shelter, which is one of two shelters relocating in December 2024, as will be discussed later. The service provider previously at Golden Hall will instead operate replacement beds at the Veterans Village campus with the existing contract modified to reflect the changes in shelter site and program operations.

The purpose of this report is to provide additional context on how the Short-Term Action Plan makes progress towards providing immediate replacement shelter beds and implementing the City’s overarching Community Action Plan on Homelessness, as well as to note that it does not require significant increases to General Fund expenditures in FY 2025 or FY 2026. As HSSD and SDHC plan to continue exploring opportunities to expand shelter capacity, our Office will continue to review and assess any potential fiscal implications to the General Fund associated with additional proposals brought before Council.

BACKGROUND

June 2023 Comprehensive Shelter Strategy Signaled Relocation of Shelter Programs

In June 2023, HSSD released a [Comprehensive Shelter Strategy](#) describing shelter programs that require relocation through December 2024 due to a variety of site-specific factors. Since the strategy’s release, there have been several developments, including an [Updated Comprehensive Shelter Strategy](#) released in July 2024 and shifts in the timeline for some shelter relocations. As a result, three shelter programs are planned to go offline in FY 2025, resulting in a loss of 614 beds in December 2024 and 40 beds in June 2025:

- Planned to close December 2024:
 - Paul Mirabile Center Interim Housing for Homeless (350 beds) due to conversion of shelter into a detox and sober living center
 - Golden Hall Bridge Shelter (264 beds) due to expiration of temporary fire permit
- Planned to close June 2025:
 - Rachel’s Promise (40 beds) due to a redevelopment project

FY 2025 Adopted Budget Set Aside \$6.1 Million for Replacement and New Shelter Beds

In anticipation of shelter relocations, the current year Adopted Budget redirected anticipated General Fund savings of \$4.2 million from the partial-year operations of shelters planned for relocation towards identification of replacement shelter beds. This included an estimated \$3.0 million from the Golden Hall shelter and \$1.2 million from the Paul Mirabile Center shelter. Additionally, the Adopted Budget included \$1.9 million from the General Fund for new emergency shelter contingent on Council approval of a lease or acquisition of a property – specifically, a former industrial facility located at Kettner Boulevard and Vine Street proposed to house up to 1,000 new shelter beds – which is currently pending negotiations. Of this allocation, \$1.3 million was intended as ongoing funding and \$650,000 as one-time to support initial shelter start-up costs.

Council Requested Short-Term Action Plan for Immediate Shelter Needs

During the Council meeting on July 22, 2024, Council approved a motion to request the Mayor’s Office and City staff, along with key stakeholders and Council offices, develop a Short-Term Action Plan on Homelessness. The action plan would identify steps to address the City’s immediate shelter needs given the imminent relocation of the Golden Hall and Paul Mirabile Center shelters and subsequent need to identify 614 replacement shelter beds. On September 24, 2024, HSSD and SDHC presented various short-term options and recommendations for Council to consider, including expanding the City’s two Safe Sleeping sites by 232 tent spaces, offering diversion resources to assist shelter residents with finding permanent and long-term housing options, and exploring opportunities to partner with shelter providers, convert City-owned facilities, and lease new shelter sites. This includes site searches and reviews in response to a SDHC-issued Request for Qualifications (RFQ) seeking potential shelter sites and providers

released late July 2024. On October 1, 2024, Council confirmed support for implementation of the Short-Term Action Plan to maintain sheltering capacity, prioritizing the expansion of Safe Sleeping, Safe Parking, diversion and financial assistance, and non-congregate shelter options particularly for seniors and families.

FISCAL AND POLICY DISCUSSION

Short-Term Action Plan Update Identifies 263 Replacement Beds

Following SDHC and HSSD discussions with shelter partners and the SDHC RFQ process, the SDHC Board was presented with and approved three shelter contracts for replacement beds on November 22, 2024. Along with an existing operating agreement (formerly for the Golden Hall shelter), these four contracts will provide a total of 263 replacement beds to various populations as part of implementing the Short-Term Action Plan:

Program	Replacement Beds	Description	Contract Terms
Father Joe’s Villages Single Adult & Seniors Interim Shelter Program (Veterans Village Campus)	130 beds	Mix of non-congregate, semi-congregate, and congregate shelter beds for single adult men and seniors Referrals will be facilitated through the Coordinated Shelter Intake Program	Existing contract terms, of which FY 2025 is the second of three one- year renewal options; beds anticipated to be available December 10, 2024
TURN Behavioral Health Services Interim Shelter Program	56 beds	Non-congregate shelter beds for adults with an alcohol use condition and experiencing homelessness, in partnership with the County of San Diego This is a continuation of a program formerly known as the Serial Inebriate Program (SIP) as an interim shelter, rather than transitional housing Referrals will be through the San Diego Police Department as an alternative to incarceration Referrals will not be made through the Coordinated Shelter Intake Program	January 1, 2025 to June 30, 2025, with four one- year renewal options
City of San Diego Veterans Interim Shelter Program (Veterans Village Campus)	40 beds	Semi-congregate shelter beds for veterans experiencing homelessness Referrals will be facilitated through the Coordinated Shelter Intake Program	December 1, 2024 through June 30, 2025 with four one-year renewal options
San Diego Rescue Mission South County Lighthouse Interim Shelter (National City)	37 beds	Congregate shelter beds for individuals identifying as male or non-binary Referrals will be facilitated through the Coordinated Shelter Intake Program	December 1, 2024 through June 30, 2025 with four one-year renewal options
Total	263 beds		

Replacement Beds Anticipated to Have No Notable General Fund Impact

As seen in the table on the following page, partial-year operating costs for FY 2025 across the four shelter contracts are estimated to be \$3.6 million. Given the \$4.2 million General Fund allocation to fund replacement shelter beds, the Adopted Budget fully funds the FY 2025 operating costs for the planned 263 replacement beds, with approximately \$642,000 remaining for contingency costs.

For next fiscal year, FY 2026, the full annualized cost for the replacement beds is estimated at \$6.6 million. The total budget available for the relocated shelter programs is \$6.3 million, of which the

\$4.2 million allocation represents partial-year savings in FY 2025. As a result, the full annualized cost of \$6.6 million to operate replacement beds aligns closely with the current full-year operating budget of \$6.3 million, with a minor net increase of \$281,000. According to HSSD staff, there are sufficient grant funds associated with one of the relocated shelter programs to fully fund this delta in FY 2026.

Program	FY 2025 Operation Months	FY 2025 Operating Costs (partial-year)	FY 2026 Operating Costs (annualized)	FY 2026 Per Bed Night
Father Joe’s Villages Single Adult & Seniors Interim Shelter Program	Approx. 7 months	\$ 1,979,377	\$ 3,792,255	\$ 79.92
TURN Behavioral Health Services Interim Shelter Program	6 months	374,120	748,240	36.61
City of San Diego Veterans Interim Shelter Program	7 months	632,312	1,083,963	74.24
San Diego Rescue Mission South County Lighthouse Interim Shelter	7 months	571,901	980,403	72.60
Total		\$ 3,557,710	\$ 6,604,861	

Notes: Per Bed Night figures include SDHC administrative costs in addition to contract operator costs.

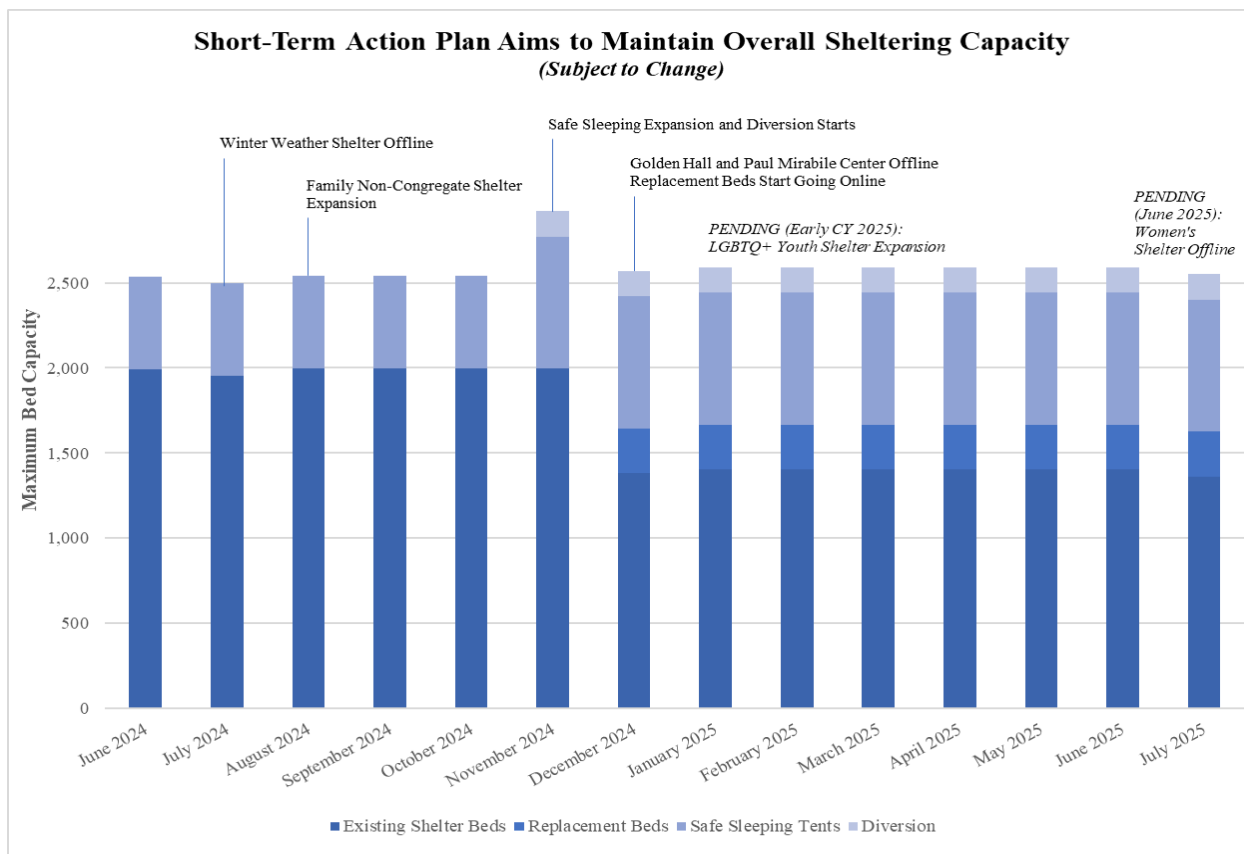
New Shelter Average Operating Costs Are Below Systemwide Average, But Include Increases

On a per night basis, the replacement shelter programs range from \$36.61 to \$79.92 per bed night, and average \$68.80 per night. These operating costs fall below the citywide shelter average of \$84 per bed night, as assumed in the [Community Action Plan Update](#) heard by Council in November 2023. Although below the systemwide average, we note that the highest per bed night of \$79.92 at the 130-bed Adults & Seniors Interim Shelter Program is an increase of \$12.87 per bed night, or 19.2%, compared to when the same service provider was operating the 272-bed shelter program at Golden Hall, which was budgeted at \$67.05 per bed night in FY 2025. The per bed night for the Adults & Seniors Interim Shelter Program is also \$5.68 more than the Veterans Interim Shelter Program, which will be operating at the same campus. SDHC staff shared that operating costs at the Adults & Seniors Interim Shelter Program align with shelter contracts systemwide, and although costs are challenging to compare between sites even for the same service provider, the current program budget reflects (1) losses in efficiency and economies of scale due to the reduction of beds from 264 beds at Golden Hall to 130 beds at the Veterans Village campus, and (2) other program costs that were not fully reflected in the budget when the program operated out of Golden Hall.

Identified Beds and Resources Address Replacement Needs, Some on a Temporary Basis

Actions included in the Short-Term Action Plan should allow the City to maintain overall capacity through a combination of sheltering options. As seen in the figure on the following page, the City had access to 1,956 shelter beds and 544 Safe Sleeping tents – totaling 2,500 beds and tents – at the beginning of FY 2025, prior to the relocation of 614 beds from the Golden Hall and Paul Mirabile Center shelters in December 2024. The Short-Term Action Plan includes the addition of

232 tents at the City’s two Safe Sleeping sites, up to 150 diversion² resources for residents at the shelters planned for relocation, and the previously discussed 263 replacement beds. As a result, sheltering capacity, when including diversion efforts, is estimated to include 2,592 shelter beds, tents, and resources in January 2025.



Notes: Intended for illustrative purposes only. Dates of relocations, replacements, and expansions are approximate and subject to change. Maximum bed capacity will differ from daily bed occupancy, especially for shelters going offline as intake is suspended to prepare for program transition. Diversion resources are assumed to be available for the remainder of FY 2025, but this is dependent on how quickly funds are expended. CY = calendar year

Although critical to maintain shelter capacity in the short-term and ensure relocated shelter residents have options, these measures also increase reliance on shorter term options. For instance, Safe Sleeping expansion is identified as a short-term option, and the two existing sites will eventually need to be relocated due to its temporary location on dedicated parkland in Balboa Park, as identified in HSSD’s Updated Comprehensive Shelter Strategy. Additionally, it is unclear whether diversion resources will still be prioritized for shelter residents once current shelter residents transition out from the relocated shelter programs. HSSD and SDHC have indicated ongoing plans to explore opportunities to expand shelter capacity and search for additional shelter sites.

² Diversion aims to assist newly homelessness households by identifying alternative permanent housing or providing other supports to avoid entering or staying in the shelter system. According to SDHC staff, the diversion resources provided by the Regional Task Force on Homelessness (RTFH) are existing resources that have been redirected to assist individuals living in emergency shelter during the shelter relocations to offer additional options. Following the shelter relocations, the RTFH diversion program will continue to operate, but priority for shelter residents relative to other service settings moving forward is unclear.

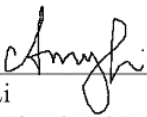
Short-Term Action Plan Aligns with Community Action Plan

In October 2019, the City Council approved the Community Action Plan on Homelessness, which intends to systemically address homelessness. In November 2023, Council heard the previously mentioned Community Action Plan Update (Update), reflecting progress since the initial plan's release and changes due to the pandemic. The Update identified the need for between 465 and 930 new shelter beds, beyond existing capacity. Because the Update included emergency shelter beds beyond solely City-funded beds, it is challenging to assess how the City's underlying shelter capacity and outstanding shelter needs have changed since 2023 when the Update was developed.

However, the Update envisions emergency shelter as part of a continuum of shelter and housing options for individuals experiencing homelessness; therefore, preserving existing shelter capacity through identifying replacement beds for those planned to go offline is aligned with the goals of the Update. Additionally, the initial Community Action Plan called for the conversion of transitional housing programs into emergency shelter beds, due to low utilization rates and higher costs while resulting in lower housing placement outcomes. This is consistent with the plans to convert the 56-bed program for adults with alcohol use conditions from transitional housing to interim emergency shelter.

CONCLUSION

Given limited budgetary resources, near-term funding commitments are particularly important to understand. As such, we note operating costs in FY 2025 and FY 2026 for the identified 263 replacement shelter beds can be fully funded under existing resources and are not anticipated to have a General Fund impact. The City's overall sheltering capacity should remain steady under the Short-Term Action Plan, though we note such measures will increase reliance on shorter term sheltering options. Finally, we also note the Short-Term Action Plan is consistent with the Community Action Plan on Homelessness and Update. As HSSD and SDHC plan to continue exploring opportunities to add more shelter beds and sites, our Office will continue to review and assess any potential fiscal implications to the General Fund associated with proposals brought before Council.



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