

## City and County of San Francisco

## Department of Human Services



April 24, 2003

Gloria L. Young, Clerk  
 San Francisco Board of Supervisors  
 1 Dr. Carlton B. Goodlett Place, Room 244  
 San Francisco, CA 94102-4689

Trent Rhorer  
 Executive Director

Deputy Directors  
 Janice Anderson Santos  
 Jim Buick  
 Sally Kipper

RE: Supervisor McGoldrick Inquiry No. 20030318-011  
 Implementation of Proposition N  
 Dated March 24, 2003

Dear Ms. Young:

This letter is in response to the above referenced inquiry. Please note that Supervisor McGoldrick's questions are in bold.

**1. Any new and existing programs designated by DHS as implementing the provisions of Care Not Cash**

Two DHS programs will be responsible for implementing the provisions of Care Not Cash. The County Adult Assistance Program (CAAP), which administers the City's cash assistance programs for single adults without minor children, will be responsible for identifying homeless CAAP clients and ensuring that they have access to shelter and meals in the new benefit package.

DHS' Division of Housing and Homeless Programs will be responsible for managing the City's automated shelter reservation system and expanding the Master Lease hotel program. Along with these responsibilities, the CAAP and the Housing and Homeless divisions will work together to coordinate the behavioral health and support services provided to Prop N's target population.

**2. Policies adopted or under consideration by any department to assist in implementation of Care Not Cash.**

Policy	Description	Implementation Timeline
Expand DHS Master Lease Hotel Program	DHS will add hundreds of new Master Lease units to increase affordable housing options for shelter residents and homeless CAAP clients.	The New Master Lease units will begin coming on line in May, 2003. DHS will continue to expand the number of units throughout FY2003-04.

Policy	Description	Implementation Timeline
<p>Develop a coordinated intake, referral and client identification system to replace the current shelter lottery system.</p>	<p>DHS is currently developing a City-wide Homeless Management Information System (HMIS) that will include:</p> <ol style="list-style-type: none"> <li>1) An automated shelter bed reservation system</li> <li>2) Demographic information on homeless individuals receiving services in San Francisco</li> <li>3) Information to assist case managers identify appropriate services for clients</li> </ol>	<p>The HMIS Pilot program began in January, 2003 with selected shelter beds. The coordinated shelter bed reservation system will be operational and will replace the shelter lottery system in July, 2003.</p> <p>Current homeless CAAP clients will be enrolled in the system starting in May, 2003</p> <p>Beginning July 1, all new homeless CAAP clients will be enrolled.</p>
<p>Enhance mental health and substance abuse services</p>	<p>DHS will ensure that every homeless CAAP recipient is offered a comprehensive assessment to identify potential behavioral health service needs. DHS will allocate Prop N funds to increase DPH-administered behavioral health services targeted to CAAP recipients.</p> <p>DHS will establish a methadone maintenance fund to help clients maintain methadone treatment if they are currently using their cash grant to purchase methadone services.</p>	<p>Services will be available in July, 2003.</p>
<p>Increase access to health services</p>	<p>Shelter residents will be offered a comprehensive medical exam, which will include testing for common illnesses such as TB. A medications fund will be created to ensure clients with chronic illnesses have access to critical medications.</p>	<p>Services will be available in July, 2003.</p>

Policy	Description	Implementation Timeline
Expand supportive services	<p>DHS will enhance case management services offered to Master Lease residents.</p> <p>DHS will provide money management services to Master Lease residents.</p> <p>DHS will increase SSI advocacy services on behalf of clients.</p> <p>DHS will establish a “move-in/out fund” to help cover the costs associated with moving into private housing.</p> <p>As part of an assessment process DHS will be able to determine the barriers to accessing housing (ie. Move-in costs, multiple evictions, etc.).</p>	Services will be available in July, 2003.
Ensure access to meals	All Prop N clients will be offered 3 meals per day.	Services will be available in July, 2003.

**3. Current projected cost savings or increases associated with plans for implementation of the initiative.**

Proposition N establishes an annual baseline budget for housing, services and aid payments for homeless CAAP clients that is based on the amount appropriated for CAAP cash assistance for homeless individuals in FY02-03. The FY02-03 appropriation totals \$13.9M, and the program will not generate any savings or additional costs.

**4. Any projected increases/decreases in resources currently going to other City programs that will result from implementation proposals under consideration.**

The Care Not Cash budget of \$13.9M will be used to pay for housing, services and aid grants for homeless CAAP clients. This \$13.9 million will fund an expansion to DHS’ Hotel Master Lease Program in order to increase affordable housing options for CAAP recipients and shelter residents. In addition, these funds will be used to expand behavioral health services, including services provided through the Department of Public Health. DHS will also increase spending on case management services and other support services to help transition shelter residents into stable housing situations.

**5. Revenues and expenditures budgeted in the 2003-04 Mayor's budget for implementation of these programs.**

See #4.

**6. Any collateral effects of implementation proposals on other populations served by the City.**

In addition to homeless CAAP clients, shelter residents who would be better served in stable housing settings that have on-site services (such as SSI recipients) will have expanded access to affordable housing options under Care Not Cash. Other long-term shelter residents, including employed homeless individuals, will also have access to the expanded housing units resulting in fewer non-CAAP clients in shelter.

**7. Projected numbers of person who will be affected by proposed changes in policies with an explanation of such effects.**

The services provided under Care Not Cash will be targeted to the estimated 2,800 CAAP clients who will be homeless at the beginning of FY03-04. It is important to note that Care Not Cash will not impact CAAP clients who are not homeless.

As noted above, Care Not Cash will also provide expanded housing opportunities for long-term shelter residents who are not CAAP recipients. An estimated 200 residents in DHS' shelter system are SSI recipients, and DHS will provide the necessary services to assist these clients in transitioning into more stable housing such as the Master Lease Program.

**8. A detailed timetable for full implementation of each of the initiative's provisions.**

See responses to Questions #2 and #9.

**9. Explanation of any phasing of implementation with specific target dates for each phase, the number of homeless individuals served in each phase and how they will be served.**

March, 2003	Complete first round of RFQ's to expand the Master Lease housing Program;
April, 2003	HMIS training for DHS staff begins;
May – June, 2003	Enroll CAAP clients in new system
June – July, 2003	Training for 150 CAAP staff on reservations and changes in procedures;

- July, 2003 and ongoing DHS will begin intake of all new homeless applicants (approximately 400) and those CAAP clients already in shelter (approximately 750);
- August, 2003 – January, 2004 Care Not Cash conversion for current CAAP homeless clients at renewal (1/6 of the CAAP Homeless caseload each month)

**10. To the extent hotel rooms are contemplated as a part of the implementation of housing service requirements, the number of hotel rooms that will be available at each stage of implementation; the specific number of homeless persons that will be accommodated; the dates such rooms will come on line; the specific hotels, addresses, owners, number of rooms available; copies of the contracts (agreements) signed with hotel owners; the number of vacancies currently existing in such hotels; the number of rooms under new Master Lease programs with the City that will actually be used to serve CAAP recipients; other non-CAAP populations that will be offered housing under new Master Lease programs contemplated by DHS.**

We are currently working with hotel owners and non-profit agencies to identify and lease numerous hotels. There are several factors that affect the timeline for Master Lease expansion; including the physical condition of the hotels, the pace at which hotel owners negotiate terms, and the process for City procurement and contract approval. As such, it is difficult to project when the units will be available to the program. As indicated earlier in this report, the rooms under the Master Lease Program expansion will be targeted to homeless CAAP recipients and to long term shelter residents who have the means to pay rent (SSI recipients, employed individuals, etc.).

The following lists the number of rooms that will be under lease and the projected dates:

Hotel	Address	Units	Projected Date of Opening	Current Vacancies
Arlington	480 Ellis Street	25	May 1, 2003	25
Royan	405 Valencia Street	69	June 1, 2003	40
California Drake	1541 California St.	51	July 1, 2003	20
Raymond	1011 Howard	96	October 1, 2003	56
268-270 McAllister	268-270 McAllister	80	January 1, 2004	80

As of April 24, 2003, the contracts for each of these hotels have not yet been approved by the Human Services Commission.

**11. To the extent that shelter beds will be used to implement the housing service requirements of the initiative, the actual shelters that will be used for such services;**

It is anticipated that the following shelters will be used for implementation of the requirements under Prop N:

1. Multi-Service Center South (Capacity: 380 beds)
2. Next Door Program (Capacity: 280 beds)
3. Episcopal Sanctuary (Capacity: 280 beds)
4. A Man's Place (Capacity: 75 beds)
5. Dolores Street (Capacity: 100 beds)
6. Hospitality House (Capacity: 50 beds)

**The number of shelter beds currently available on average in those shelters;**

The above lists the number of beds in each shelter.

**The number of homeless individuals who are turned away on average at those shelters;**

There have been no homeless individuals turned away from shelters in 2003.

**The projected numbers of homeless individuals that will be turned away from shelters at each stage of implementation of Proposition N;**

We do not anticipate that there will be individuals turned away as a result of Proposition N implementation.

**The relative costs of using such shelters in comparison with using hotel rooms to provide housing services;**

The costs of shelter beds and master leased units vary depending on the level of services and size of the program. For example, the annual unit costs of the master lease program range from a low of \$3,700 per unit annually at the Arlington to a high of approximately \$9,000 per unit at the Royan. Under the shelter program, the Next Door Program costs approximately \$7,000 per bed annually, while the lowest cost shelters are less than \$3,000 per bed.

The average annual cost to the City of a master lease unit is about \$6,250. This cost includes the total costs of operating the hotel as well as the provision of on-site services. The average annual cost of a shelter bed is about \$5,100.

**The number of homeless individuals currently in CAAP program using shelters without deduction from their assistance checks who will be required to pay for such shelter from their checks as a result of implementation plans together with the total amount of money that would be generated for DHS's budget from such deductions.**

DHS estimates that approximately fifty to sixty percent of shelter residents are CAAP recipients. Under Proposition N, homeless CAAP recipients will not pay for their shelter beds. Rather, homeless CAAP recipients will receive \$59 in cash assistance and a guaranteed shelter bed that will be reserved for them through the automated shelter bed reservation system. DHS assumes that the vast majority of CAAP recipients who are currently in the shelter system will remain there.

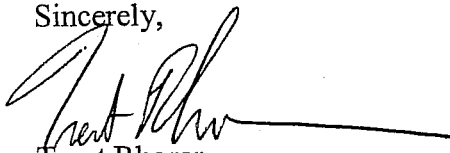
The Prop N funding is established using the FY02-03 appropriation for cash assistance payments to homeless CAAP recipients. This amount, referenced earlier in this document, totals \$13.9 million. DHS currently projects that approximately \$7.4 million of the \$13.9 million will be spent on housing and services for this population, while the remaining \$6.5 million will continue to be spent on cash grants. Due to the fluid nature of this population, these figures will likely change throughout the course of the year.

**12. Any services other than housing that are contemplated as part of the implementation of Proposition N, including the cost of such services, the agencies that will provide such services, the specific locations where such services will be provided, and all contracts that have been signed for the delivery of such services.**

See #2 for the list of other services. We are still in discussions with our community partners and other City government agencies to develop the service delivery package for Proposition N. Once the service delivery package is finalized, DHS will be able to complete the line budget for Proposition N. This budget will be finalized in time to be included in the Mayor's budget submission to the Board of Supervisors on June 1, 2003.

If you have any questions about this information, please contact Steve Arcelona, Chief of Staff at 557-6348.

Sincerely,



Trent Rhorer  
Executive Director

cc: Supervisor Jake McGoldrick  
Budget Analyst

<b>Table 1. GA Payments in other CA Counties</b>			
<b>County</b>	<b>Max. Cash Grant per Month</b>	<b>Max Grant - Homeless Clients</b>	<b>Comments</b>
Alameda	\$336.00	\$18.00	Homeless persons offered shelter, treatment, and support services.
Contra Costa	\$167.00	n/a	Only disabled, unemployable clients receive the full \$167; employable adults receive \$148.
Los Angeles	\$221.00	n/a	L.A. has a 9-month time limit.
Marin	\$373.00	n/a	Only 200 GA cases; clients must comply with a set of program manadates to receive aid.
Orange	\$279.00	n/a	Orange County has a 3 month time limit.
<b>San Francisco</b>	<b>\$395.00</b>	<b>\$59.00 (Prop N)</b>	
San Mateo	\$58.00	n/a	Recipients in drug treatment receive no cash aid.
Santa Clara	\$316.00	\$138.00	Homeless persons offered shelter, treatment, and support services.
Source: Survey of California counties conducted in November 2001 and January 2002.			



Table 3a. Adult Shelters						
Shelter*	Location	Tot. # of Beds		03-04 Amt.		# of Meals Served/Day
		02-03 Amt.	03-04 Amt.	# of Individuals Served Meals/Day	# of Meals Served/Day	
MSC South	525 5th St. (So. of Mkt.)	380	\$1,740,975	\$1,740,975	380	3
Next Door	1001 Polk (Tenderloin)	280	\$2,199,497	\$2,199,497	280	3
Sanctuary	201 8th St. (SOMA)	225	\$1,012,781	\$1,012,781	225	3
A Man's Place	399 Fremont (So. Beach)	119	\$379,397	\$379,397	119	3
Dolores St.	1050 So. Van Ness (Mission)**	100	\$532,597	\$532,597	100	3
A Woman's Place	1049 Howard St. (SOMA)	60	\$221,774	\$221,774	60	3
Hospitality House	146 Leavenworth (Tenderloin)	30	\$219,781	\$219,781	30	3
Providence	1601 McKinnon (Bayview)	75	\$233,310	\$233,310	-	0
St. Boniface	150 Golden Gate (Tenderloin)	80	\$168,793	\$168,793	-	0
Ella Hill Hutch	1050 McAllister (Western Addition)	70	\$253,871	\$253,871	-	0
<b>Total</b>		<b>1,419</b>	<b>\$6,962,776</b>	<b>\$6,962,776</b>		

\*DHS also contracts with a consortium of churches to provide 270 winter-only shelter beds (November through March). The annual cost is \$301,547.

\*\*Dolores St. has 4 locations, all of which are located in the Mission.

<b>Table 2a. Current Master Lease Hotel Program</b>				
<b>Hotel<sup>1</sup></b>	<b>Location</b>	<b># of Units</b>	<b>Current Vacancies<sup>2</sup></b>	<b>Rental Rate<sup>3</sup></b>
Vincent	459 Turk (Tenderloin)	103	6	\$463/mo.
Jefferson	440 Eddy (Tenderloin)	111	6	\$463/mo.
Hartland	909 Geary (Tenderloin)	137	2	\$463/mo.
Seneca	34 6th St. (SOMA)	204	15	\$463/mo.
Mission	520 So. Van Ness (Mission District)	248	24	\$463/mo.
<b>TOTAL</b>		<b>803</b>	<b>53</b>	
<sup>1</sup> DHS also administers the 45-unit Leroy Looper Hotel. The \$100,000 annual cost of this hotel is funded entirely through a federal H.U.D. grant.				
<sup>2</sup> In most cases, hotels are required to fill vacancies after a 7 day turnaround. Higher-than-normal vacancies at the Seneca and Mission are due to extensive rehabilitation projects.				
<sup>3</sup> The maximum rent is \$463/mo. across all hotels. Clients can receive up to \$150/mo in rental subsidies depending on their income level.				

Table 2b. New CNC Master Lease Sites					
Hotel	Location	# of Units	Current Vacancies	Rental Rate <sup>1</sup>	Launch Date
Arlington	480 Ellis (Tenderloin)	25	25	\$463/mo.	Already open
Royan	405 Valencia (Mission District)	69	40	\$463/mo.	Already open
Mentone	387 Ellis (Tenderloin)	70	35	\$463/mo.	July 1, 2003
Cal Drake	1541 California (Tenderloin)	51	25	\$463/mo.	July 1, 2003
Raymond	1011 Howard (SOMA)	96	56	\$463/mo.	Oct. 1, 2003
268-270 McAllister	268-270 McAllister (Tenderloin)	80	50	\$463/mo.	Oct. 1, 2003
Additional Master Lease Units <sup>2</sup>	N/A	600	N/A		
<b>Sub-total</b>		<b>991</b>	<b>231</b>		

<sup>1</sup>Clients can receive up to \$150/mo. in rental subsidies depending on their income level.  
<sup>2</sup>DHS is currently in negotiation to bring the additional 600 units on board during FY03-04.

<b>Table 2c. Master Lease Units and Total Costs, 02-03 and 03-04</b>			
<b>FY02-03</b>			
<b>Hotel</b>	<b>Total Units</b>	<b>Total Cost</b>	
Vincent	103	\$447,692	
Jefferson	111	\$593,275	
Hartland	137	\$572,729	
Seneca	204	\$715,302	
Mission	248	\$788,540	
Modified Payment Program	n/a	\$1,504,473	
<b>Total</b>	<b>803</b>	<b>\$4,622,010</b>	
<b>FY03-04</b>			
<b>Hotel</b>	<b>Total Units</b>	<b>Available Units</b>	<b>Total Cost</b>
Vincent	103	103	\$447,692
Jefferson	111	111	\$593,275
Hartland	137	137	\$572,729
Seneca	204	204	\$715,302
Mission	248	248	\$788,540
Arlington	25	25	\$159,723
Royan	69	40	\$702,312
Mentone	70	35	\$695,396
Cal Drake	51	25	\$101,412
Raymond	96	56	\$503,723
268-270 McAllister	80	50	\$561,980
Additional Master Lease Units <sup>1</sup>	600	n/a	\$1,575,730
THC MPP - Current Hotels	n/a	n/a	\$1,504,473
<b>Total</b>	<b>1,794</b>	<b>1,034</b>	<b>\$8,922,286</b>
<sup>1</sup> The cost for additional units is prorated to reflect the fact that the units will be brought on later in FY03-04.			

<b>Table 8a. Care Not Cash Budget</b>		
	<b>03-04 Amt.</b>	
<b>Total CNC Budget</b>	<b>\$13,904,979</b>	
Reduced Grant	\$510,195	
Full Grant	\$4,950,494	
<b>Total Aid Payments</b>	<b>\$5,460,689</b>	
<b>"Care" Budget</b>	<b>\$8,444,290</b>	
<b>Budget Items</b>	<b>03-04 Amt.</b>	<b>Notes</b>
<b>Housing</b>		
Arlington (St. Vincent)	\$159,723	Under contract
Royan (THC)	\$702,312	Under contract
Mentone (THC)	\$695,396	Ready July 1, 2003
California Drake (THC)	\$101,412	Ready July 1, 2003
Raymond (THC)	\$503,723	Ready Oct. 1, 2003
268-270 McAllister (Conard)	\$561,980	Ready Oct. 1, 2003
Program Support - Salary	\$81,246	
Program Support - Fringe	\$13,618	
Move-in costs	\$100,000	Covers costs assoc. w/ moving into private housing
Additional ML units for Jan '04	\$779,100	Cost of adding roughly 200 new units around Jan. '04
Additional ML units for Mar. '04	\$796,630	Cost of adding roughly 409 new units around Mar. '04
<b>Housing Sub-total</b>	<b>\$4,495,140</b>	
<b>Services</b>		
Behavioral Health Roving Team	\$440,000	Scaled-up version of Baker Place team that serves DAH hotels; Will be phased in in 03-04
Residential Treatment slots	\$1,414,740	57 slots at \$68/day; pay facilities on a fee-for-service basis
Redwood Center	\$275,000	13 residential treatment slots; work order to DPH
Detox slots	\$322,000	115 episodes @ \$2,800/episode (based on DAH costs)
Methadone maintenance	\$164,010	30 clients per year @ \$5,467/client (based on analysis of current CAAP clients' utilization)
Shelter case management	\$158,775	Case mgrs. @ Next Door and MSC So.
Training	\$83,416	Training for shelter case managers and ML support counselors
Rep payee slots	\$203,000	200 rep payee slots @ \$1,015/slot per yr. (based on THC costs)
<b>Services Sub-total</b>	<b>\$3,060,941</b>	
<b>Shelter</b>		
24 Hrs. @ Sanctuary	\$142,234	Cost assoc. w/ keeping Sanctuary open 8am-4pm
New beds @ Sanctuary	\$118,284	25 additional beds; results in 250 total beds @ Sanctuary
Providence winter shelter annualization	\$127,251	Annualize 50 "winter-only" beds; results in 125 total year-round beds @ Providence
St. Paulus shelter beds	\$76,350	30 beds @ \$2,545/bed per yr.
Backfill for EHAP cuts to ECS, Central City, and Dolores St.	\$150,000	One-time cost to cover EHAP cuts
Shelter bed replacement	\$150,000	One-time cost for replacing shelter beds
150 Otis overflow shelter	\$100,000	Tentative opening 10/1/03
<b>Shelter Sub-total</b>	<b>\$864,119</b>	
<b>Meals</b>	<b>\$24,090</b>	Covers b'fast @ Dolores St. & dinner @ Hosp. House
<b>TOTAL COSTS</b>	<b>\$8,444,290</b>	

<b>Table 3b. Additional Shelter Beds</b>					
<b>Shelter</b>	<b>Location</b>	<b># of Beds</b>	<b>03-04 Amt.</b>	<b>Meal Service Expanded?</b>	<b>Launch Date</b>
Sanctuary	201 8th St. (SOMA)	25	\$118,284	Y	Available July 1, 2003
St. Paulus	930 Gough St.	30	\$76,350	N	Available July 1, 2003
150 Otis Shelter	150 Otis (SOMA/Mission)	60	\$100,000	N	Available Oct. 1, 2003
Providence	1601 McKinnon (Bayview)	50	\$127,251	N	Available July 1, 2003
<b>Total</b>		<b>165</b>	<b>\$421,885</b>		

<b>Table 3c. Total Units and Costs for Shelters, 02-03 &amp; 03-04</b>				
	<b>02-03</b>		<b>03-04</b>	
	<b># of Beds</b>	<b>Cost</b>	<b># of Beds</b>	<b>Cost</b>
Current Shelters	1,419	\$6,962,776	1,419	\$6,962,776
Additional Shelters	-	\$0	165	\$421,885
<b>Total</b>	<b>1,419</b>	<b>\$6,962,776</b>	<b>1,584</b>	<b>\$7,384,661</b>

## City and County of San Francisco

## Department of Human Services



Trent Rhorer  
Executive Director

Deputy Directors  
Janice Anderson Santos  
Jim Buick  
Sally Kipper

June 5, 2003

Harvey M. Rose  
Budget Analyst  
San Francisco Board of Supervisors  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

Dear Mr. Rose:

Thank you for the opportunity to respond to your report on the Department of Human Services' plan to implement Proposition N. Your report details many of the complexities of implementing this reform of the County Adult Assistance Programs (CAAP) in San Francisco. These complexities are compounded by the relatively short time between the approval of Proposition N (November 2002) and the implementation date (July 1, 2003), by the public process which we have undertaken to assist us in the development of our plan and by the recent court decision invalidating part of Proposition N.

Your report highlights some of the uncertainties surrounding the implementation of Proposition N. We have attempted to address these uncertainties by developing a plan that is flexible. Your report states that the Department of Human Services' plan does not provide, as of July 1, shelter and meals to all of the homeless in San Francisco who are currently receiving cash assistance. We agree. We have purposely developed a phased implementation plan which gradually adds services in the form of housing, meals and supportive services throughout the next fiscal year, which is consistent with the language in Proposition N.

Our plan is based on various assumptions about caseloads and requests for services. Based on our assumptions, our plan shows that by the spring of 2004 there will be sufficient services in place to meet the needs of San Francisco's homeless who are receiving assistance under the CAAP programs. However, these assumptions can only be validated by actual experience. Therefore, we will be carefully monitoring our caseloads and services throughout the year and adjusting our plan to meet any unexpected needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Trent Rhorer", with a long, sweeping horizontal line extending to the right.

Trent Rhorer  
Executive Director