

Our City, Our Home Fund
Permanent Housing Inventory and Pipeline Partnership Meeting
March 15, 2022

Present: Jennifer Friedenbach (OCOH Oversight Committee), Ken Reggio (OCOH Oversight Committee), Nina Catalano (OCOH Oversight Committee), Michelle Cunningham-Denning (OCOH), Anne Romero (Mayor's Office of Housing and Community Development), Noelle Simmons (Department of Homelessness and Supportive Housing), Emily Cohen (HSH), Jessica Shimmin (Controller's Office)

Agenda

1. Welcome
2. Addressing the revenue shortfall in this year, next year, and beyond
 - Holding some funds in reserve is common in specialized funds like OCOH. A reserve would protect OCOH funded programs by providing a financial cushion to offset revenue shortfalls, like those experienced by the OCOH Fund this year.
 - Controller's Office is in the process of developing a policy.
 - NO CUTS TO PROGRAMS to fund the reserve, not now, not ever.
 - Reserve would be funded with unspent fund balances at the end of the fiscal year or with any surplus revenue. Reference to the grey colored Estimated Fund Balances in the OCOH spending presentation that the Controller's Office delivered on February 24 ([beginning at slide 11 of this deck](#)). Reserves would enable departments to set aside some of those Estimated Fund Balances to offset future shortfalls.
 - A reserve could have a cap on the amount of funds that could be held in reserve.
Note: at 3/24 OCOH Oversight Meeting the Controller's Budget Analysis Division suggested 10-20% of budget in each fund category based on research into best practices.
 - The Reserve would be built over the course of years- with each OCOH Fund category adding to the reserve as they are able at year end or with surplus.
 - Fund categories contribute to the reserve at their own pace: there's no requirement to fill the reserve by a certain date, or ever.
 - Members asked questions about the reserve:
 - Would programs be cut to create a reserve? If so, then could City reserves or other sources be used to offset a shortfall?
 - 10% annually, or 10% total?
 - What is the Committee's role in instituting a reserve?
 - Ken: Initial response is positive.
 - Member Cunningham-Denning: agreed that having a reserve is surplus is beneficial in times of uncertainty. She has found reserves to be helpful and necessary in her nonprofit work experience.
 - Member Friedenbach: We want to push forward on acquisition, so would prioritize pulling money out of flex pool, etc. Would like to be convinced that

OCOH needs its own reserve, given the other reserves in place. Recognized the hard work by the Department,

- Member Catalano: How to use other sources to offset shortfalls? Would like to focus on the importance of the dollars available now, even as taking steps to guard against future shortfalls.
- HSH said that whenever they set up an ongoing cost (i.e. an ongoing rental subsidy), they want to be able to sustain that cost over time. The reserve makes that possible in a very straightforward way.
- HSH has not yet received final revenue projections, which has made it difficult to balance the budget.
- The department will be looking for ways to use unspent funds to smooth the shortfalls over the next couple of years. As fund programs are established, the reserve will be helpful to avoid service disruptions.
- Year-end savings: fund reserve? Surplus collected could also go into the reserve.
- Looking at a bit more than \$56m in revenue reduction, slower ramp up on Committee's decision not to recommend full appropriation of TAY and Family housing.

3. OCOH Fund Budget

- a. What's changing, what's staying the same?
 - i. City is still aggressively pursuing acquisitions, including family and adult
 - ii. Would like to expand engagement with landlords to pave the way for Flex pool subsidies.
 - iii. Adding a longer-term development project for families in partnership with MOHCD. The idea behind the Notice of Funding Availability is seeding the supportive housing pipeline with OCOH dollars and adding new housing for families.
 - iv. Working to leverage Homekey funds. Homekey application and award timeline is out of synch with the BOS approval process, so to move quickly on acquisitions (before July), the Department needs to have the full amount available for Board approval, and then backfill with Homekey funds, if awarded.
 - v. Members talked about wanting to see family acquisitions and longer term, more affordable options for families.
 - vi. HSH and Mayor's Office feel confident that Homekey will fund the family project because so far, the state hasn't funded a family project. This makes SF's application more competitive.
- b. Member Reggio wants to continue to raise the issue of how much it costs to build and operate permanent supportive housing. He is interested in making sure that OCOH budgets are sufficient to cover increased costs for services, etc.
 - i. Department is still working on this; they want to avoid taking a different path with OCOH funds than they can support in the rest of the portfolio.
 - ii. In budgeting, HSH did increase Adult operating costs and added a 3% COLA.
 - iii. The City asked the Committee to think about the trade-off: paying more for services translates into fewer units.

OCOH Permanent Housing Inventory and Pipeline Liaison/Department Meeting

4. Next Steps

- Does HSH need anything from the Committee: not at this juncture. Will want help through the community engagement process and BOS Budget and Finance Committee.
- March 21 OCOH Special Meeting will focus on the Inventory Gaps Analysis section of the OCOH Needs Assessment
- March 24th OCOH Oversight Committee's regular meeting will provide revenue collection and projections, reserve strategy, and budget proposals from departments.