



MEMORANDUM

To: Council President Joe LaCava and Councilmembers

From: Lisa Jones, President and CEO, San Diego Housing Commission

Date: May 20, 2025

Subject: San Diego Housing Commission Response to Mayor's May Release of the Proposed Fiscal Year 2026 Budget

The proposed Fiscal Year (FY) 2026 City budget that Mayor Todd Gloria released on May 14 includes funding for crucial programs that were among the San Diego Housing Commission's (SDHC) priorities for this challenging budget season. However, we remain concerned about the lack of funding for additional critical housing and homelessness programs. This memo provides an overview of SDHC's continuing budget priorities for the City Council's consideration as we navigate the significant financial challenges the City and SDHC face in the upcoming fiscal year.

We know tough choices will need to be made about funding availability for specific programs. We will continue to collaborate with the City in seeking alternative funding sources, such as commitments from the County of San Diego and philanthropic funding, to maintain operations for several programs going forward. The following programs and priorities are essential to maintaining and advancing our mission of providing person-centered, innovative housing solutions that promote affordable housing for the San Diego community:

SDHC remains concerned that funding for several important programs and initiatives is not identified in the proposed FY 2026 City budget. We respectfully request that the City fund and/or collaborate with SDHC to secure alternative funding for the following items:

- **Affordable Housing Preservation Fund: \$5,000,000**
 - SDHC has identified fund balances within the Neighborhood Enhancement Fund (Fund #400877) to satisfy this budget request as aligned with the goals and eligible activities of Council Resolution 313282. SDHC is working with the City Attorney's Office to facilitate an agreement to disburse the funds for use by SDHC within an affordable housing preservation fund. SDHC will request Council approval for disbursement and use of these funds for the affordable housing preservation fund.
 - SDHC will provide an update to Land Use and Housing Committee later this summer on options SDHC and/or the City could pursue to develop an affordable housing preservation fund.

- **Rosecrans Shelter Ramp-Down: \$500,000**
 - The proposed City budget and the proposed County budget do not provide funding for the continued operation of the shelter, nor for a ramp-down plan.
 - The Rosecrans Shelter provides up to 150 shelter beds for people experiencing homelessness in the City of San Diego and is the result of a collaboration among the City, the County, SDHC, the Lucky Duck Foundation, and Alpha Project.
 - The shelter is on County-owned land and differs from other traditional shelters by offering on-site behavioral health services funded by the County.
 - SDHC urges the allocation of approximately \$500,000 to responsibly ramp down the site over a 60-day period through August 2025, and support efforts to exit clients to alternative shelter or safe sleeping accommodations.
 - Although every effort will be made to prevent clients impacted by the shelter closure from exiting the program to unsheltered homelessness, if funding is not identified to support ramp-down operations in Fiscal Year 2026, there is a significant likelihood that this unfortunate outcome could occur.

SDHC appreciates the Mayor's inclusion of the following programs in the proposed FY 2026 Budget:

- **Housing Instability Prevention Program (HIPP): \$5,800,000**
- **Eviction Prevention Program (EPP): \$3,000,000**
- **Day Center for Adults Experiencing Homelessness: \$527,774**
- **Community Harm Reduction Shelter: \$2,178,735**
- **Rachel's Promise Center for Women and Children: \$5,611,268**