DATA OFFICER BRIEFING MEMORANDUM

TO: Members of the San Francisco Homelessness Oversight Commission

Prepared by : Commissioner Guerrero, Data Officer

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Executive Summary

Standard federal economic measures fail to reflect the reality of household financial instability in high-cost urban environments. The **Asset Limited, Income Constrained, Employed (ALICE)** framework provides a standardized, county-specific cost-of-living benchmark that bridges the gap between official poverty statistics and true housing stability.

Applying the ALICE methodology to existing Department of Homelessness and Supportive Housing (HSH) data streams, specifically Coordinated Entry, Rapid Rehousing (RRH) exit trajectories, and prevention targeting, enables the Commission to evaluate whether system exits achieve long-term financial viability or merely displace households into post-subsidy risk windows.

1. Fundamentals of the ALICE Model

Developed by United For ALICE, the framework measures working households earning above the Federal Poverty Level (FPL) but below a bare-bones local cost of living (*United For ALICE, 2019/2023*). It relies on three structural principles:

1. **Household Unit Analysis:** Focuses on non-institutionalized households, excluding group quarters such as shelters, dormitories, or correctional facilities (*United For ALICE, 2019*).
2. **Household Survival Budget:** Calculates county-level basic costs across seven core categories: housing, child care, food, transportation, health care, technology, and taxes (*Camoin Associates, 2025*).
3. **Tri-Tier Economic Classification:** Categorizes households into three distinct bands: (a) Below FPL, (b) ALICE (above FPL, below Survival Threshold), and (c) Above Survival Threshold (*United For ALICE, 2023*).

Nationally, 41% of households (54.5 million) live below the ALICE threshold (*United For ALICE, 2024*). ALICE households represent the essential workforce; retail, child care, food service, and direct-care workers who lack emergency savings and financial resilience (*Michigan Association of United Ways, 2023*). Systemic racial and household disparities persist across this population; between 2010 and 2018, Black households below the ALICE threshold grew by 11% compared to 1% for White households, with single-parent households exhibiting the highest vulnerability rates (*ALICE in Focus: Children, 2025*).

2. San Francisco Economic Reality & Benefits Cliff Dynamics

San Francisco's basic cost of living renders the Federal Poverty Level inadequate as a standalone measurement baseline for housing stability.

- **Local Budget Benchmark:** Caltrans estimates the annual survival cost for a family of three in San Francisco County at **$154,100 ($12,800/month)** approximately **41% above the California statewide average** (*Caltrans Demographic Profile, 2026*; *United Way Bay Area Real Cost Measure, 2024*).
- **The Income / Benefits Cliff:** A benefits cliff occurs when incremental wage gains trigger sudden eligibility phase-outs for CalWORKs/TANF, CalFresh/SNAP, Medi-Cal, or child care subsidies, yielding a net reduction in disposable income (*Fed Communities, 2026*; *Urban Institute, 2025*). Direct-care worker modeling shows ~17% encounter severe benefit cliffs during routine wage progression (*NCBI/PMC, 2026*).
- **The Post-Subsidy Rehousing Cliff:** Terner Center research documents that Rapid Rehousing (RRH) caseloads statewide grew sixfold over the past decade, but the abrupt end of time-limited financial assistance frequently exposes households to secondary homelessness (*Terner Center for Housing Innovation, UC Berkeley*). Families exiting homelessness via RRH are overwhelmingly ALICE households employed above the FPL but residing below the San Francisco Survival Budget threshold.

3. Application to San Francisco Homelessness Data

Integrating ALICE requires no new survey infrastructure; it involves cross-referencing HSH's existing administrative metrics against established local benchmarks:

- **Family Homelessness Trends:** The 2024 Point-in-Time (PIT) Count recorded 405–437 homeless families (a 94% increase from 2022), with 90% of unsheltered families living in vehicles (*SF.gov PIT Report, 2024*). The 2026 Count recorded a further increase to 465 families (*SFist, May 2026*).
- **Methodological Continuity:** Commission review previously established that a formal methodology bridge between the 2024 and 2026 counts remains unpublished (*HOC Data Officer Report, June 4, 2026*). ALICE metrics provide a consistent, continuous baseline independent of PIT methodology shifts (*Stanford Housing Equity, 2025*).

4. Strategic Policy Recommendations for HSH Oversight

In accordance with the Homelessness Oversight Commission's mandate to establish performance metrics and conduct data-driven policy oversight, I recommend that HSH:

1. **Adopt a Secondary Benchmark in Dashboard Reporting:** Request that HSH Coordinated Entry and Housing Demographics dashboards report household income

against both the FPL and the SF ALICE Survival Budget ($154,100 for a family of 3). Exits should be classified as *ALICE-Stable* (Above Threshold) versus *FPL-Only Exit* (Below Threshold).

2. **Operationalize Post-Subsidy Risk Tracking:** Cross-reference active Rapid Rehousing caseloads against the SF Household Survival Budget to identify families approaching subsidy expiration while still below the ALICE threshold, transforming post-subsidy cliff exposure into a trackable prevention window.
3. **Embed Benefits Cliff Variables into Prevention Targeting:** Incorporate benefit phase-out thresholds (CalFresh, Medi-Cal, child care) as explicit risk factors within homelessness prevention prioritization algorithms.
4. **Utilize Public Budget Data:** Leverage United For ALICE's existing, peer-reviewed San Francisco County budget methodology to avoid redundant research expenditures.

Sources & References

1. **United For ALICE**, *Research Methodology & National Overview* (2019/2023/2024), unitedforalice.org.
2. **California Department of Transportation (Caltrans)**, *San Francisco County Demographic and Economic Profile* (2026).
3. **United Way Bay Area / United Ways of California**, *Real Cost Measure San Francisco County Profile* (2024).
4. **Terner Center for Housing Innovation (UC Berkeley)**, *Navigating the Post-Subsidy Cliff* (Nápoles, Economy & Reid).
5. **Urban Institute**, *Balancing at the Edge of the Cliff* (2025); **Fed Communities**, *The Benefits Cliff, Explained* (2026).
6. **NCBI/PMC**, *Benefits Cliffs and Financial Stability for the Direct Care Workforce* (2026).
7. **San Francisco Homelessness Oversight Commission**, *Data Officer Report* (June 4, 2026).
8. **SF.gov**, *Point-in-Time Count Reports* (2024, 2026); **Stanford Housing Equity**, *Hidden from Sight: SF PIT Analysis*.