



San Francisco
Department of Public Health

Adopted Budget – FY26 & FY27

Our City, Our Home Fund

San Francisco Department of Public Health

September 25, 2025

Mental Health Service Area – Budget Overview

Programming

- **Continues all Mental Health funding** included in the OCOH Investment Plan and previous budgets
- **\$42 million in new investments (over two fiscal years)** included in adopted budget:
 - \$30 million to open ~180 new residential care & treatment beds
 - Open as of September 2025: 72 beds at Eleanora Fagan Center (Kean Hotel) & 62 recovery housing beds at Wells Place (Marina Inn) – with services ramping up
 - Est. opening 2026–2027: 44 residential care facility beds at 601 Laguna Street
 - \$12 million to increase capacity of intensive outpatient treatment and 5150 follow-up programs

Funding

- Uses one-time fund balance in the Mental Health service area to support existing and new investments
- Mental Health service area faces a **\$40 million per year funding cliff beginning in FY 27–28**
 - Approx. \$130 million per year of ongoing Mental Health spending; only \$90 million per year in projected Prop C revenue (including DPH's share of fund-wide interest income)



Mental Health – Operating Budget

Mental Health Operations	Current year	Budget cycle		Out years	
Uses	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Treatment Beds	32.5	52.9	57.4	59.2	60.9
Case Management	17.4	29.9	30.8	31.8	32.7
Assertive Outreach	21.5	25.2	25.6	26.4	27.2
Drop-In Services	4.8	7.2	7.4	7.7	7.9
Overdose Prevention & Substance Use Treatment*	8.2	7.0	7.2	7.4	7.6
Operating & Implementation	7.4	7.6	7.7	7.9	8.1
Ongoing spending	91.8	129.8	136.2	140.2	144.5
Sources					
Projected Prop C revenue	66.5	82.4	88.8	89.3	95.0
Projected interest income	-	5.6	5.6	5.6	5.6
HSH Prevention funding for PSH	2.4	1.9	1.4	0.9	0.4
Ongoing revenue	68.9	89.9	95.7	95.7	101.0
Structural surplus/(shortfall)	(23.0)	(39.9)	(40.4)	(44.5)	(43.5)

* Note: The higher level of projected spending in the Overdose Prevention & Substance Use Treatment category for FY 24–25 is due to delayed processing of prior-year invoices. Actual service levels did not change.

- New investments beginning in FY 25–26 and FY 26–27:
 - \$17M/year for Treatment Beds
 - \$6M/year for Case Management
- Mental Health spending level now at **\$130–140M per year**



Mental Health – Balancing Plan

Mental Health	Current year	Budget cycle		Out years	
Mental Health Operations	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Ongoing spending	(91.8)	(129.8)	(136.2)	(140.2)	(144.5)
Ongoing revenue	68.9	89.9	95.7	95.7	101.0
Fund balance (one-time)	72.2	84.6	44.6	4.2	-
Operations: Year-end surplus/(shortfall)	49.2	44.6	4.2	(40.3)	(43.5)
Mental Health Acquisition					
Facility acquisition	(27.2)	(28.4)	(30.4)	-	-
Acquisition fund & state grants (one-time)	83.2	62.8	34.4	4.0	4.0
Acquisition: Year-end surplus/(shortfall)	56.0	34.4	4.0	4.0	4.0
Total: Year-end surplus/(shortfall)	105.2	79.0	8.2	(40.3)	(43.5)

- Mental Health service area is **balanced through the two-year budget cycle** by spending down one-time fund balance
- Once one-time funds run out in FY 27–28: **\$40M/year funding cliff**
- Approx. \$60M in acquisition funding committed to remaining behavioral health capital projects



Mental Health – Acquisition Projects

1. **Geary Stabilization Unit:** opened April 2025 (*pictured at right*)
2. **624 & 601 Laguna** (residential care facilities): both properties acquired, opening in 2026–2027
3. **Treasure Island Behavioral Health Building:** permitting underway, opening 2028
4. **1660 Mission** (behavioral health services): purchase approved by BOS Budget & Finance Committee, opening in 2028



Proposition 1 Update

In May 2025, DPH was **awarded \$27.6 million** in the first round of state funding for behavioral health capital projects under Proposition 1:

- \$6.3 million to reopen 333 7th Street as a **16-bed enhanced dual diagnosis** (mental health + SUD) treatment facility – opening 2026
- \$21.3 million for **57 new locked mental health rehabilitation center (MHRC) beds** at Zuckerberg San Francisco General Hospital – opening 2027

DPH has been **awarded \$88 million** in state capital funding for behavioral health projects since 2022, with several projects leveraging Prop C funds as the local match.



333 7th Street (formerly Jo Ruffin Place)



Thank you!