

Summary of Community Investments & Changes in the Mayor's Proposed Budget FY 2026-27 & FY 2027-28

The FY 2026-27 and FY 2027-28 Proposed Budget reflects reductions to grants and contracts across multiple City departments. This document is intended to help community organizations who advocate for programming understand thematic and departmental changes to the budget. The budget funds overall programming; for individual grant or contract decisions, please confirm award decisions and timing with the relevant department.

Cost-of-Doing Business (CODB): The Mayor's Proposed Budget funds a CODB increase of 1.4 percent in FY 2026-27 and 3 percent in FY 2027-28 for all General Fund ongoing nonprofit contracts.

Community Safety and Street Response: This includes an increase in funding for homelessness and behavioral health outreach programs, as well as extending HEART funding into FY 2026-27. The proposed budget also fully funds SCRT.

The budget consolidates street outreach functions under the Department of Public Health. This includes the transfer of behavioral health workers, the professional services agreement for the Homeless Engagement Assistance Response Team (HEART), and contracts covering approximately 100 outreach and coordination staff from the Department of Emergency Management and the Department of Homelessness and Supportive Housing to the Department of Public Health.

Street Violence Reduction Initiative: The Adult Probation Department (ADP), the Department of Children, Youth and Their Families (DCYF) and Public Health Department (DPH) established a new street violence reduction program. Housed under ADP's budget, this program will fund credible messengers, life coaches, and violence interrupters in targeted neighborhoods. The Mayor's Public Safety team will continue to convene monthly meetings with criminal justice departments, schools, public health, and other city partners to coordinate violence prevention efforts to prevent a resurgence in future violence, strengthen families, address root causes and sustain long-term community safety. Through these collaborative efforts, street outreach and violence intervention services will continue uninterrupted during the transition to the new program.

Homelessness, Housing, & Our City, Our Home (OCOH): The budget adds funding for interim and transitional housing, homelessness prevention services, and behavioral health treatment and recovery beds.

The budget invests in new rapid rehousing subsidies and emergency hotel vouchers for families, families in inadequate SROs, families fleeing domestic violence, pregnant women, individual adults (including adults living in large vehicles), and transitional age youth. The budget also allocates funding for a new SFUSD-aligned family shelter to double stayover capacity, and expands transitional housing designed to launch young adults into independence.

In addition to housing subsidies, the proposed OCOH budget also expands programs that prevent families from losing housing in the first place, including shallow subsidies for at-risk households, civil legal services, workforce development, financial coaching, structured case management for families receiving emergency rental assistance, housing navigation for Family Resource Centers (overseen by the Department of Early Childhood); and tenant-based subsidies for older adults and people with disabilities, eviction prevention, and general legal services (overseen by the Mayor's Office of Housing and Community Development).

The budget invests in adults with acute behavioral health needs by funding the expansion of residential addiction treatment and recovery-focused supportive housing, including an expansion of the City's RESTORE residential addiction treatment program and conversion of Permanent Supportive Housing sites to recovery-focused communities. There will be increased access to medication-assisted treatment for individuals with substance use disorder. The budget also funds the Mayor's Moving On Initiative, a structured pathway for

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Permanent Supportive Housing residents ready to graduate to independent housing.

The budget also allocates funding for provider stabilization by providing bridge funding for shelter and housing operator nonprofits under acute financial stress to sustain services amid rising costs and high tenant needs.

Climate Action: The budget provides funding for the City's Climate Action Plan, including core climate planning, building electrification, clean transportation, and EV charging development.

Workforce Development: Workforce program funding reductions are primarily driven by a new co-working service model that consolidates Community Resource Hubs, Comprehensive Job Centers, and Neighborhood Job Centers, and reflects a transition to new Centralized Job Centers. Additional grant reductions are due to services being reprocured at a reduced level through a new RFP, and will impact sector-specific workforce initiatives.

Children & Families: The proposed budget provides significant investments in children, parents, and families, exceeding the funding requirements for the Children's Service Baseline and Early Care and Education Baseline. At DCYF, the budget maintains grant allocation funding to provide high-quality, culturally responsive services to the target populations across 250 different programs. The proposed budget includes increased funding to the San Francisco Unified School District, some of which will support the arts, athletics, libraries, and physical education.

The proposed budget also expands San Francisco's record investments in early care and education, including tuition support for families earning up to 200% of the area median income, compensation for early care educators, childcare facility improvements, and funding for Family Resource Centers.

Tenant Right to Counsel: The proposed budget fully funds the Tenant Right to Counsel program, providing guaranteed legal representation for all individuals facing unlawful detainer notices, and continues support for tenant counseling, financial assistance, rent subsidies, and place-based direct services at HOPESF and RAD properties. The budget supports Immigration Legal Services and the Gender-Based Violence Prevention and Intervention portfolios, including funding for domestic violence emergency shelter and support, crisis lines, legal services, and prevention, advocacy, and education. Additionally, it funds \$1.86 million one-time for immigrant legal defense, supporting existing attorney capacity to provide additional technical expertise, standardized resources, and court practice guidance to partners and stakeholders and provide local response services and representation in immigration courts.

Food Security: Funding levels at HSA for direct food access in communities increase, with food access programming maintained at DPH.

Pretrial Services Transition & Lapsing Grant Funds: In response to Assembly Bill 102 signed by Governor Newsom and the Superior Court's formal request, the Mayor's Office is transitioning the City's pretrial services from the nonprofit SF Pretrial to the Adult Probation Department, starting July 1, 2026 with a full transition in January 2027. This aligns San Francisco with the majority of California counties that designate adult probation departments as their primary pretrial services providers.

Concurrently, the Mayor's Office is funding expiring grant-funded programs at the Juvenile Probation Department that were created in response to the Governor's DJJ Realignment mandate. Totalling approximately \$2.9 million, these grants cover re-entry support and housing, home-based foster care programs, community-based family therapy in collaboration with DPH, career technical education, and a college and career liaison for justice-involved youth.

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Department Information - Other Changes to Departmental Grant & CBO Portfolios

In light of the projected and ongoing deficit, budget reductions were made in multiple departments, which may affect existing contracts in FY 2026-27 and FY 2027-28 or future funding levels. Community members and organizations should follow up with department staff for specific information. A summary of funding levels (both maintained and changed) by department is included below.

Office of the City Administrator (ADM)

The grant portfolio for the Office of Labor Standards Enforcement is reduced in the second year of the budget in FY 2027-28.

The grant budget at the Office of Civic Engagement and Immigrant Affairs is maintained at the same level as the current fiscal year. The budget does not fund the Community Ambassadors Program (CAP) as the program was wound down in the current fiscal year.

Agency for Human Rights (AHR)

The proposed budget finalizes the consolidation of two City departments and creates the Agency for Human Rights, which is comprised of the Human Rights Commission and the Department on the Status of Women. The proposed budget partially reduces AHR's funding for the Dream Keeper Initiative, specifically funding allocated for Opportunities for All and Juneteenth, starting in FY 2026-27 as the department prioritizes key program areas. The proposed budget includes funding for RFP 100, RFP 101, and the Mayor's Strong Starts initiative focused on maternal and infant health disparities.

Dream Keeper Initiative (DKI) - Cross-Departmental

The proposed budget reduces total DKI funding across departments, with the majority of the funding under HRC (now named the Agency for Human Rights).

- **AHR:** RFP 100 and RFP 101 are fully funded for two years in the proposed budget. RFP 100 invests in programming for community health, arts and culture, youth development, and workforce initiatives. RFP 101 provides organizational capacity building to community-based organizations.
- **OEWD:** DKI program funding was re-procured in FY 2025-26. Community Economic Development programs will provide targeted technical assistance and support to small businesses in their growth phase under the Community Economic Development program. For Workforce Development, program investment is centered around the Public Safety Academy and Industries of Opportunities.
- **DPH:** Funding levels are maintained in DPH overdose prevention initiatives. The funding for Feeding 5000 program has been moved to HSA and is reduced.

Department of Adult Probation (ADP)

The department's grant portfolio will expand to include \$1.9 million to fund the CBOs supporting ADP's new violence reduction initiative in collaboration with the Department of Children, Youth and Their Families (DCYF) and the Department of Public Health (DPH).

Arts Commission (ART)

The Arts Commission and Grants for the Arts expect to award more grant funding in FY 2026-27 than in the prior year due to upward revisions in Hotel Tax revenue forecasts. These increases are spread across the Arts Impact Endowment, Cultural Centers, Cultural Equity Endowment, and Grants for the Arts.

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Department of Building Inspection (DBI)

The proposed budget fully funds DBI's \$4.7 million grant portfolio in both FY 2026-27 and FY 2027-28.

Department of Children, Youth and Their Families (DCYF)

The proposed budget maintains existing grant allocation funding at DCYF in both FY 2026-27 and FY 2027-28.

Department of Early Childhood (DEC)

The budget will expand access to high-quality childcare and education, allowing hundreds of families to benefit from free and low-cost childcare.

The budget also maintains investments in enhanced compensation for teachers and improvements to childcare facilities with an emphasis on infant and toddler spaces. Family Resource Centers continue to maintain ongoing funding.

Department of Public Health (DPH)

The proposed budget maintains DPH's core safety net hospital and clinic operations while implementing approximately \$20 million in ongoing General Fund contract reductions, prioritizing programs with demonstrated outcomes, Medi-Cal-billable services, and the strongest community impact.

The Sugary Drinks Distributor Tax (SDDT) realignment to prioritize direct food access is maintained, with DPH food access programs preserved alongside expanded programming at HSA, OEWD, and SFUSD partnerships.

The Bereavement Fund is fully maintained, and the budget includes a \$2 million reinvestment in board and care home rates to preserve essential capacity.

The budget funds staffing for a new Residential Care Facility for the Elderly at 624 Laguna Street opening in early 2027 for low-income behavioral health clients aged 60 and over. The budget restructures Permanent Housing Advanced Clinical Services with new DPH staff positions, supports the conversion of permanent supportive housing sites to voluntary recovery communities, and expands access to long-acting injectable buprenorphine.

By October 2026, DPH will consolidate three low-volume clinic sites — Southeast Mission Geriatric Services and the Cole Street and Larkin Street Community Health Programs for Youth clinics — by reassigning clinical staff to higher-demand locations. All current patients will be offered seamless transitions to other DPH outpatient sites, and CBO partners Larkin Street and Huckleberry House will continue their programming at the existing locations.

Contract reductions are otherwise focused on lower-volume, underutilized, or duplicative services and on restructuring. Under new state spending requirements from Proposition 1's Behavioral Health Services Act (BHSA), \$4.8 million in contracted services and \$3.2 million in planned-but-not-contracted services will not move forward, and Housing and Full-Service Partnership costs will shift from the General Fund to dedicated BHSA funding. Harm reduction supply contracts are reduced or restructured. Additional reductions wind down the BAART perinatal Drug Medi-Cal Opioid Treatment Program, end the jail health peer services contract following the expiration of state funding, reduce pilot SUD patient navigator positions across eight outpatient providers, restructure peer services contracts, and shift administrative work from CBO staff to City staff. Finally, DPH will work with the Health Access Points (HAP) to adjust to a 6.6% across-the-board reduction in FY 2027-28, with \$10.4 million in HAP funding preserved across seven providers.

The Managed Alcohol Program transitions to additional Medical Respite capacity, a previously planned 5150 pilot is eliminated as it was not launched, and the RESTORE residential addiction treatment program

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continues at the newly opened Central Waterfront location following the lease expiration of the original RESTORE I site.

Department of Public Works (DPW)

The proposed budget maintains funding for the Pit Stop program and grants to Community Based Organizations for street cleaning workforce programs.

Office of Economic and Workforce Development (OEWD)

The proposed budget includes reductions to departmental grant funding at the Office of Economic and Workforce Development to recalibrate program budgets with current fiscal constraints. These adjustments aim to enhance operational efficiency while prioritizing the Department’s core workforce development, community economic development, and small business support programs with the greatest community impact.

Human Services Agency (HSA)

The HSA budget includes approximately \$6.1 million in ongoing General Fund reductions across community-based organization (CBO) grants and program areas — \$3.1 million within the Department of Benefits and Family Support (BFS) and \$3.0 million within the Department of Disability and Aging Services (DAS), primarily across CBO portfolios.

In BFS, ongoing reductions are concentrated in three program areas: Fire Victims Support is reduced by lowering the maximum length of time recipients can receive rent subsidies to 12 months; Prop F / CAAP aid expenditures are reduced to reflect savings from client discontinuances tied to substance use treatment requirements and lower overall Prop F costs; and Employment Services are reduced by ending specialized employment programs in areas where state mandates around work participation requirements have softened and where affected sub-populations can be served through HSA’s general employment services offerings.

In DAS, ongoing reductions are concentrated in the Access & Empowerment, Case Management & Care Navigation, Community Connection & Engagement, and Self Care & Safety service areas. Strategies to meet CBO grant reductions in previous years have included pausing new programs to stop increased spending obligations, leveraging state and federal funding to offset reductions, right-sizing contract budgets based on historical spending levels, and reviewing program performance. FY 2025-26 saw the first actions to reduce or terminate grants using a lens of what are “core” services central to DAS’s mission, and that analysis will continue in FY 2026-27 and beyond.

Dignity Fund baseline programming is fully maintained, with \$3 million growth in the baseline funded for FY 2026-27 as scheduled.

Homelessness and Supportive Housing (HSH)

The budget sustains investments in core services for families, transitional age youth, and adults. The Department also administers a portion of the Our City, Our Home tax (see the Homelessness, Housing, & Our City, Our Home section) which includes an expansion of services including rapid rehousing for individuals and families, expansions of hotel vouchers for victims of domestic violence and an expansion of the RESTORE program, a residential addiction treatment program. The department is in the process of implementing its multi-year procurement plan and will have various RFP cycles throughout the year.

Juvenile Probation Department (JUV)

Through the City’s baselines, JUV’s five grant-funded programs will continue to be funded. These programs include: Multi-Systemic Therapy, an intensive community-based family therapy model that serves ten

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justice-involved youth at a time over three to five months; the Intensive Services Foster Care program provides eight professional foster homes for high-risk youth age 16 and older who are court-ordered to out-of-home placement and have no family placement option; Reentry Support Services and Reentry Housing provide transitional housing and wraparound support for youth and young adults released from the Secure Youth Treatment Facility; and the County Office of Education Career Technical Education program delivers urban agriculture and culinary vocational training inside the Secure Youth Treatment Facility, along with college enrollment support, to prepare youth for employment and continued education upon release.

Mayor's Office of Housing and Community Development (MOHCD)

The MOHCD budget continues three primary priorities: expanding affordable housing, preventing eviction and stabilizing housing, and fostering community safety and neighborhood vitality. The budget includes ongoing reductions to community-based organization grants and positions, partially offset by increases in the Local Operating Subsidy Program (LOSP) as the City advances its affordable housing pipeline.

In FY 2026-27 and FY 2027-28, MOHCD will continue to expand its new construction pipeline of affordable housing and the supply of permanent supportive housing units. Catalytic investments at the Balboa Reservoir site, new construction projects, capital improvements to existing MOHCD-funded properties, and new transitional housing projects for victims of domestic violence and sex trafficking will move forward. Approximately 820 Local Operating Subsidy Program permanent supportive housing units will be under construction during the two fiscal years. MOHCD is also extending portfolio stabilization efforts for its 30,000+ unit affordable housing portfolio amid industry-wide pressure from rising operating costs and rent collection challenges.

Last year's Board-approved budget included a reduction in general civil legal services, from \$4.2 million in FY 2024-25 to \$3 million in FY 2025-26 and \$1.2 million in FY 2026-27. The proposed budget refocuses these services on general civil legal services which prevent homelessness and restores funding to \$4.2 million in both FY 2026-27 and FY 2027-28.

The community-based grant portfolio reduces to approximately \$4 million in FY 2026-27, down to \$1.3 million in FY 2027-28. The remaining programs concentrate in information & referral, case management, and workforce development for the LGBTQ+ community and children, youth, and families. This includes a portion of Family Resource Center funding included in community-based services previously programmed at MOHCD that will be transferred to the Department of Early Childhood as part of consolidating early-childhood and family-services administration.