



January 30, 2024

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 Specialist II  
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 Planning Design and Implementation Branch  
 Homelessness Programs  
 CA Department of Housing and Community Development  
 2020 W. El Camino Avenue, Suite 650  
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Dear Christina:

Permanent Supportive Housing (PSH) developers, operators, and advocates from across the state are pleased to support the proposal described herein for increasing HCD services funding caps, as a result of AB2483. We understand that HCD intends to request public comment in February and this letter is in anticipation of that request.

This letter describes a common methodology for calculating recommended revised services caps, and is based on the following principles:

- Salary data stems from externally recognized and validated sources: This includes referencing Corporation for Supportive Housing's (CSH) research as well as Talent.com salary midpoint information.
- Case Manager positions must be in increments of .5 FTE. Recruiting and geographic realities dictate that PSH on-site staffing needs to be at the level of 0.5 increments at minimum, with hiring 1.0 FTEs being ideal.

- Annual increases in HCD services funding caps are indexed to CPI vs. a standard rate increase that often fails to capture the realities of inflation. As noted in PSH Coalition Cost Study data, per unit costs rose 4-5.5% annually between 2019 and 2022 without any increase in headcount; allowing HCD caps to adjust with inflation will make it financially feasible to keep up with costs of service provision. A policy of “CPI or 2.5%, whichever is higher” would be true to operating realities.

Building on the principles above, the proposed methodology for revised HCD services funding caps for PSH units includes the following basic assumptions:

1. Staff are the most valuable asset in creating stability for PSH residents. As such, PSH staff ought to be paid fairly as against the responsibilities of their roles using externally validated, market salary data, adjusted annually. This source should use CA-specific data or be indexed for CA cost of living vs. national samples.

	Base	Incl. fringe (33.5%)
<b>Case Mgr</b>	<b>\$ 77,019</b>	<b>\$ 102,820</b>
<b>Supervisor</b>	<b>\$ 88,500</b>	<b>\$ 118,148</b>
<b>Admin staff</b>	<b>\$ 44,610</b>	<b>\$ 59,554</b>
<b>Program Dir</b>	<b>\$ 94,796</b>	<b>\$ 126,553</b>

2. HCD services funding caps should allow for a reasonable level of supervision and overhead.
  - a. We recommend that supervisory costs be set at 15% and included in the direct cost of site operations. If you assume a ratio of six case managers to one supervisor AND assume that the supervisor’s compensation is 16% higher than the case manager (as is the case in the image above), then the supervision rate alone would be 15%. Overhead – that is, other costs associated with legal, communications, executive oversight, etc. – would be capped at 10%.
  - b. Moreover, staff ratios matter at multiple levels: site staff to number of units; site staff to supervisor; and overall PSH staff to director and administrative roles. Our model assumes tighter ratios for chronically homeless households and for buildings with 3 or more PSH target populations. Please recall that the UC Berkeley Turner Report identified that multiple PSH set-aside populations in a single building increases the cost per unit, often substantially.<sup>1</sup>

We have modeled out slightly more spacious ratios for non-chronically homeless households and/or 1-2 PSH target populations in a building. See below:

<sup>1</sup> “Permanent Supportive Housing as a Solution to Homelessness: The Critical Role of Long-Term Operating Subsidies” Carolina Reid, Turner Center, UC Berkeley, 2023.  
[https://turnercenter.berkeley.edu/research-and-policy/ps-h-homelessness-cost/?mc\\_cid=fccfb35a5c&mc\\_eid=UNIQID](https://turnercenter.berkeley.edu/research-and-policy/ps-h-homelessness-cost/?mc_cid=fccfb35a5c&mc_eid=UNIQID)

**RATIOS -> For Chronic Homeless AND OR 3 or more PSH Set-Aside Populations**

15	PSH Units to each Case Manager		
6	Case Managers to every Supervisor		
15	Case Managers to every Admin		
40	Case Managers per Director		

**RATIOS -> For Non-Chronic, Special Needs AND OR between 1-2 PSH Set-Aside Populations**

20	PSH Units to each Case Manager			
8	Case Managers to every Supervisor			
15	Case Managers to every Admin			
50	Case Managers per Director			

3. Set realistic, step-wise increases aligned to increases in PSH units. On-site presence is vital and fractional staffing is incredibly challenging. As such, we modeled step-wise increases of 0.5 FTE case managers aligned with staffing ratios. For instance, the HCD Cap for a building with 1 to 7 units targeted to chronically homeless PSH would allow for a 0.5 Case Manager (to align with a 1:15 ratio of case managers to residents); a building with between 8 and 15 residents would have a cap that allows for 1.0 FTE case manager at that property.
4. The methodology applies to all PSH developments across the spectrum from developments with mixed PSH/non-PSH populations to 100% PSH. As such, services budgets must adequately cover services for all of the project's residents and thus the Resident Service Coordinator is a base assumption. The calculations herein are for additional services beyond the RSC.

Based on these principles and assumptions, we recommend revised caps for Supportive and Special Needs populations as noted in the tables below. The methodology in determining these amounts is included as reference tables at the end of this letter.

**For developments targeted to chronically homeless households and properties with 3 or more PSH set-aside populations:**

# of PSH Units	Recommended Cap Per unit / per year (PUPY) (2023 dollars)
1 to 30	\$10,000
31 to 75	\$9,400
Greater than 75	\$9,000

**For non-chronically homeless households, special needs populations, and/or properties with 1-2 PSH set-aside populations:**

# of PSH Units	Recommended Cap PUPY (2023 dollars)
1 to 30	\$8,500
31 to 80	\$6,800
Greater than 80	\$6,600

### Additional Recommendations

In addition to these recommendations for changes to the caps, we also recommend a policy change once projects are in operation.

Specifically, we recommend flexibility to increase services when needed and when revenue is available. One of the arguments for having service caps is to create a reasonable limit to how much project cash flow can be directed to service provision, which can reduce supportable private debt and increase the need for public funds. This limit makes sense at the time of project development when the amount of public and private debt is determined. However, once projects are in operation, the project may evolve leading to changes to project operations and cash flow that could increase both the need for services and the ability to pay for them from cash flow. Sometimes project cash flow can decrease over time, and sometimes cash flow can improve, especially when additional rental assistance income becomes available. (This has generally been achieved either by 1) collecting more than the underwritten rent from units with tenant-based vouchers; 2) adding additional project-based vouchers; or 3) through large increases to the contract rent on existing project-based vouchers.) This additional income coming into the project from non-HCD sources should be allowed to be used for additional service provision when it is needed and when the revenue is available.

Currently, projects in these circumstances can only increase services paid from cash flow to the extent they do not exceed the services caps. The rest of the income then flows through to pay the residual receipts lenders who then get the benefit of these increased rental subsidy streams. We recommend that in this circumstance, project owners be allowed to seek a waiver of the service caps when this increased cash flow is instead needed to provide vital services to keep residents safely housed and thriving, beyond the services caps. In addition, we recommend that HCD allow developers to use residual receipts to pay for services. Regardless, HCD would still receive its required .42% payment or other administrative fees.

HCD could implement this as part of the AB2483 implementation by adding this waiver provision into the Uniform Multifamily Regulations. HCD then could create standards for approval of such a waiver to be included in the Asset Management procedures.

Thank you for your consideration of these recommendations. If you have any questions regarding the methodology or its assumptions, please contact Ann Goggins Gregory from MidPen Housing at [ann.gregory@midpen-housing.org](mailto:ann.gregory@midpen-housing.org) or 650.242.2164 on behalf of the

Coalition. If you have questions about any other aspect of this letter, you can also contact Natalie Bonnewit at [natalie@bonnewit.com](mailto:natalie@bonnewit.com) or J.T. Harechmak at [jt@nonprofithousing.org](mailto:jt@nonprofithousing.org).

Cordially,

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	Base	W/fringe (33.5%)
Case Mgr	\$ 77,019	\$ 102,820
Supervisor	\$ 88,500	\$ 118,148
Admin staff	\$ 44,610	\$ 59,554
Program Dir	\$ 94,796	\$ 126,553

*The below would be for CHRONIC HOMELESS and/or 3 OR MORE PSH GROUPS*

15	PSH Units to each Case Manager
6	Case Managers to every Supervisor
15	Case Managers to every Admin
40	Case Managers per Director

UNIT RANGES	Recommended
1 to 30	\$10,000
31 to 75	\$9,400
Greater than 75	\$9,000

\$	9,196	MEDIAN PUPY
\$	9,764	AVERAGE PUPY

### Chronically Homeless households and/or 3 or more PSH Set-Aside Population

AB 2483 -> Staffing ratios, costs, etc. -> Analysis for HCD

	Base	W/fringe (33.5%)
Case Mgr	\$ 77,019	\$ 102,820
Supervisor	\$ 88,500	\$ 118,148
Admin staff	\$ 44,610	\$ 59,554
Program Dir	\$ 94,796	\$ 126,553

Talent.com, 2023

RECOMMENDATIONS - REVISED

The below would be for NON-CHRONIC and/or 1-2 PSH GROUPS

RATIOS -> For Non-Chronic, Special Needs AND OR between 1-2 PSH Set-Aside Populations

- 20 PSH Units to each Case Manager
- 8 Case Managers to every Supervisor
- 15 Case Managers to every Admin
- 50 Case Managers per Director

UNIT RANGES	Recommended
1 to 30	\$8,500
31 to 80	\$6,800
Greater than 80	\$6,600

\$ 6,724 MEDIAN PUPY  
\$ 7,182 AVERAGE PUPY

Other costs:												
Min units	Max units	Case mgrs	Supervisors	Admin	Prog Dir	Tenant-facing (PUPY)	Other non-staff costs (PUPY)	Total annual cost (cap)	PUPY based on min # of units	PUPY based on PUPY ave clients	PUPY based on max # of units	
1	10	0.5	0.063	0.033	0.010	\$ 100	\$ 50	\$ 62,870	\$ 62,870	\$ 11,431	\$ 6,287	
11	20	1	0.125	0.067	0.020	\$ 100	\$ 50	\$ 126,415	\$ 11,492	\$ 8,156	\$ 6,321	
21	30	1.5	0.188	0.100	0.030	\$ 100	\$ 50	\$ 189,960	\$ 9,046	\$ 7,449	\$ 6,332	
31	40	2	0.250	0.133	0.040	\$ 100	\$ 50	\$ 253,505	\$ 8,178	\$ 7,141	\$ 6,338	
41	50	2.5	0.313	0.167	0.050	\$ 100	\$ 50	\$ 317,050	\$ 7,733	\$ 6,968	\$ 6,341	
51	60	3	0.375	0.200	0.060	\$ 100	\$ 50	\$ 380,595	\$ 7,463	\$ 6,858	\$ 6,343	
61	70	3.5	0.438	0.233	0.070	\$ 100	\$ 50	\$ 444,141	\$ 7,281	\$ 6,781	\$ 6,345	
71	80	4	0.500	0.267	0.080	\$ 100	\$ 50	\$ 507,686	\$ 7,151	\$ 6,724	\$ 6,346	
81	90	4.5	0.563	0.300	0.090	\$ 100	\$ 50	\$ 571,231	\$ 7,052	\$ 6,681	\$ 6,347	
91	100	5	0.625	0.333	0.100	\$ 100	\$ 50	\$ 634,776	\$ 6,976	\$ 6,647	\$ 6,348	
101	110	5.5	0.688	0.367	0.110	\$ 100	\$ 50	\$ 698,321	\$ 6,914	\$ 6,619	\$ 6,348	
111	120	6	0.750	0.400	0.120	\$ 100	\$ 50	\$ 761,866	\$ 6,864	\$ 6,596	\$ 6,349	
121	130	6.5	0.813	0.433	0.130	\$ 100	\$ 50	\$ 825,411	\$ 6,822	\$ 6,577	\$ 6,349	
131	140	7	0.875	0.467	0.140	\$ 100	\$ 50	\$ 888,956	\$ 6,786	\$ 6,561	\$ 6,350	
141	150	7.5	0.938	0.500	0.150	\$ 100	\$ 50	\$ 952,501	\$ 6,755	\$ 6,546	\$ 6,350	

REFERENCE B: Methodology and Detail

Non-Chronically Homeless and Special Needs households, and/or 1-2 PSH Set-Aside Populations



AB 2483 -> Staffing ratios, costs, etc. -> Analysis for HCD

	Base	Incl. fringe
Case Mgr	\$ 77,019	\$ 102,820
Supervisor	\$ 88,500	\$ 118,148
Admin staff	\$ 44,610	\$ 59,554
Program Dir	\$ 94,796	\$ 126,553

Based on CSH guidelines

Svc Coordtr II	\$ 69,000	\$ 91,770
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\*\* Based on MidPen salary midpoint

RATIOS

75	Non-supportive units per Services Coordinator
6	Services Coordinators per Supervisor
15	Services Coordinators per Admin
50	Coordinators per Director

Other costs: Other non-												
Tenant-facing staff costs												
Min units	Max units	Svc Coordntr	Supervisors	Admin	Prog Dir	(PUPY)	(PUPY)	Total annual cost (cap)	PUPY min clients	PUPY ave clients	PUPY max clients	
40	80	0.800	0.133	0.053	0.016	\$ 100	\$ 50	\$ 103,370	\$ 2,584	\$ 1,723	\$ 1,292	
81	120	1.340	0.223	0.089	0.027	\$ 100	\$ 50	\$ 173,145	\$ 2,138	\$ 1,723	\$ 1,443	
121	150	1.807	0.301	0.120	0.036	\$ 100	\$ 50	\$ 233,444	\$ 1,929	\$ 1,723	\$ 1,556	

REFERENCE C: Methodology and Detail  
Non-Supportive Units