

**OFFICE OF HOMELESS SERVICES  
FISCAL YEAR 2025 BUDGET TESTIMONY  
APRIL 15, 2024**

**INTRODUCTION**

Good morning, President Johnson and Members of City Council. I am David Holloman, Executive Director of the Office of Homeless Services. Joining me today is Peter Curran, Deputy Director for Finance, Contracts and Asset Management. Also with us are members of the OHS executive team. I am pleased to provide testimony on the Office of Homeless Services' Fiscal Year 2025 Operating Budget.

**DEPARTMENT MISSION & PLANS**

**Mission:** The Office of Homeless Services (OHS) provides leadership, coordination, planning, and mobilization of resources to make homelessness rare, brief, and nonrecurring in the city, in pursuit of the Mayor's vision to improve quality of life and effectively deliver impactful services for all Philadelphians. Philadelphia's homeless services system consists of more than 75 homeless, housing, and social service providers, mostly nonprofits, working together with local, state, and federal governmental entities.

**Plans for Fiscal Year 2025:**

The Office of Homeless Services plans to continue to focus on the quality of our key services, Homelessness Prevention and Diversion; Emergency and Temporary Housing; Permanent Housing; and Infrastructure and Administrative Services.

**Homelessness Prevention and Diversion**

We will continue our work to keep people who are in a home, in their home, through our homelessness prevention efforts. OHS also plans to strengthen partnerships with our fellow City agencies and other partners to help us more effectively and efficiently serve the most vulnerable among us, facilitating not only their access to services, but easing the process of exiting our services.

**Emergency and Temporary Housing**

With the growth in homelessness among our senior population, we plan to continue the effective work of the non-congregate shelters that house seniors, including focusing on their long-term housing goals and plans for them to age safely and with dignity. We plan to further accommodate the increase in family homelessness by opening a new family intake center.

Additionally, OHS will increase the number of people who exit temporary housing with increased income from either benefits or employment. We will also improve accessibility for individuals with disabilities who enter crisis shelter.

## Permanent Housing

OHS will continue to help people secure permanent housing. OHS will contribute toward this goal by maintaining its nationally recognized Landlord Affairs Unit (LAU), which serves as a liaison between Philadelphia landlords and prospective tenants in search of affordable housing.

## Infrastructure and Administrative Services

The Infrastructure and Administrative Services Program has two divisions that support all service delivery. They provide the financial, technological, operational, and informational backbone for the provision of the services OHS provides.

The FY25 Proposed Budget includes funding to maintain client service levels, while ensuring that OHS implements needed reforms based on the findings and recommendations from an ongoing independent review. OHS has developed a fiscal corrective action plan that fully details how we will ensure there is not a repeat of budget overspending, including developing comprehensive Standard Operating Procedures (SOPs). These SOPs make significant changes to the fiscal review and other processes to ensure greater accountability across the board.

## PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$9,931,274	\$8,252,751	\$10,635,985	\$9,785,985	\$10,635,985	\$850,000
Class 200 - Purchase of Services	\$58,638,836	\$60,066,264	\$69,544,170	\$81,401,515	\$77,701,846	(\$3,699,669)
Class 300/400 - Materials, Supplies & Equipment	\$344,127	\$236,857	\$344,127	\$344,127	\$344,127	\$0
Class 500 - Contributions	\$32,421	\$15,000	\$32,421	\$32,421	\$32,421	\$0
<b>Total</b>	<b>\$68,946,658</b>	<b>\$68,570,872</b>	<b>\$80,556,703</b>	<b>\$91,564,048</b>	<b>\$88,714,379</b>	<b>(\$2,849,669)</b>

### Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$88,714,379, a decrease of \$2,849,669 from Fiscal Year 2024 estimated obligation levels. This decrease is due primarily to one-time funding in FY24 to cover prior-year invoices.

The proposed budget includes:

- \$10,635,985 in Class 100, an \$850,000 increase over FY24. This increase in funding is due to a one-time transfer from Class 100 to 200 in FY24.

- \$77,701,846 in Class 200, a \$3,699,669 decrease from FY24. This decrease is due primarily to one-time funding in FY24 to cover prior-year invoices. This funding will maintain current service levels.
- \$344,127 in Class 300/400, level with FY24. This funding will provide materials, supplies, and equipment necessary to carry out the agency’s mission.
- \$32,421 in Class 500, level with FY24.

**STAFFING LEVELS**

The department is requesting 149 budgeted positions for FY25, level with FY24.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	149	122
Number of Exempt Positions	38	36
Number of Executive Positions (deputy level and above)	5	5
Average Salary of All Full-Time Positions	\$71,391	\$70,953
Median Salary of All Full-Time Positions	\$70,819	\$74,980

**NEW HIRES**

New Hires (from 7/1/2023 to December 2023)	
	Total Number of New Hires
Black or African American	12
Asian	2
Hispanic or Latino	1
White	1
Total	16

**PROGRAM BASED BUDGETING:**

**Program Name:** Prevention, Diversion & Intake

**Program Number:** 06

**FY25 Proposed General Fund: \$7,586,799**

**Program Description:** Homelessness prevention and diversion services help households in a housing crisis stabilize and maintain their current housing or identify and create new pathways to stability by providing counseling, mediation, problem solving, and financial assistance. These efforts help families at imminent risk of homelessness avoid shelter admission by providing alternatives that are effective and safe. Information about Homelessness Prevention Services is accessed by phone to a central hotline number, or in-person to an intake center. People may be served by OHS intake staff or referred to community-based organizations for assessment and assistance.

**FY25 Strategic Goals:**

- OHS will continue to expand and tailor services to meet the unique needs of the immigrant, refugee, and Limited English Proficiency (LEP) community. OHS was awarded another Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) grant to continue this work, which includes the convening of an Advisory Board. Grant funding has supported the hiring of consultants to market services, recruit and train staff and providers, and work with OHS on making services more accessible and available to people with LEP.
- OHS will provide homelessness prevention and diversion services through the network of community-based organizations, with an emphasis on multi-month rental assistance, funded by the Federal Department of Housing and Urban Development ((HUD) and the Housing Trust Fund, to prevent shelter admission and stabilize families.
- OHS will implement the HOME Investment Partnership American Rescue Plan (HOME ARP) plan in 2024. Activities will include production or preservation of affordable housing; tenant-based rental assistance (TBRA); supportive services, including homeless prevention services; housing counseling; and purchase and development of non-congregate shelter

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of households provided homeless prevention assistance*	2,310	1,200	1,200

\*Additional COVID funds and a decision to use Homeless Assistance Program funds for homeless prevention led to increased numbers in FY23. Given decreased federal funding for FY24 and beyond, numbers are expected to decrease going forward.

**PROGRAM BASED BUDGETING: PROGRAM NAME: EMERGENCY & TEMPORARY HOUSING**

**Program Number: 07**

**FY25 Proposed General Fund: \$63,541,299**

**Program Description:** Emergency, temporary housing continues to be a core service to meet the immediate and short-term housing crises when people experience literal homelessness. Shelters save lives. They provide safety, meals, housing case management, connections with employment, family stability, and behavioral health services.

**FY25 Strategic Goals:**

- Increase the number of people who exit temporary housing with increased total income from either benefits or employment. From 10/1/22-9/30/23, forty percent of those whose income at exit was reported to have increased income. We continually strive to increase earned and non-employment cash income year over year.
- Continue the effective work of the non-congregate shelters that house older adults, a population that is growing, including focusing on their long-term housing goals and plans for them to age safely and with dignity.
- Provide on-site technical assistance to nonprofit shelter operators to strengthen housing-focused case management and operational practices.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY4 Target	FY25 Target
Percent of exits to permanent housing destinations from shelter and transitional housing programs*	35%	30%	30%
Median length of stay in shelter, transitional, and safe haven programs (in days)**	59	80	80

\*Due to a decrease in federal funding, OHS projects that this measure will decrease in FY24 and FY25.

\*\*The target has risen due to the end of federal funding related to COVID-19 which helped decrease the median length of stay in FY23.

**PROGRAM BASED BUDGETING:**

**Program Name:** Permanent Housing

**Program Number:** 08

**FY25 Proposed General Fund:** \$13,053,580

**Program Description:** Providing permanent safe, affordable, and accessible housing with wraparound services is the best way to resolve homelessness. Housed people are not homeless. Fifty-eight percent of the OHS inventory is permanent, according to the Housing Inventory Count (HIC), which is a census of homeless dedicated units counted on a single day to complement the annual Point In Time Count.

OHS employs two main long-term housing programs:

- Rapid Rehousing (RRH) is a one- to two-year tenant- or project-based subsidy accompanied by housing case management. It has an 85 percent success rate in preventing a return to homelessness two years after exiting the program.

- Permanent Supportive Housing (PSH) is a long-term subsidy with wraparound services designed especially for those who have behavioral health disabilities and may have been homeless for a long time. It has a 90 percent success rate.

**FY25 Strategic Goals:**

- OHS will continue to evolve and refine the PEACE Program, which helps homeless and formerly homeless older adults navigate to housing with higher levels of care. OHS will partner with hospitals, long term care facilities, and governmental entities to improve options for high quality care for elderly men and women.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of households provided rapid rehousing assistance to end their homelessness*	671	500	500
Percent of households who return to homelessness within two years after exiting to a permanent housing destination	25%	20%	20%
Number of households placed into all types of permanent housing, including permanent supportive housing and rapid rehousing	1,793	1,250	1,250

**PROGRAM BASED BUDGETING:**

**Program Name:** Infrastructure & Administrative Services

**Program Number:** 09

**FY25 Proposed General Fund:** \$4,532,701

**Program Description:** The Infrastructure and Administrative Services Program has two divisions that support all service delivery. They provide the financial, technological, operational, and informational backbone for the provision of the high-quality OHS services. Unlike many City departments, OHS is largely funded by grants from the state and federal governments as well as private philanthropic sources.

1. Policy, Planning, and Performance (P3) Division includes strategic planning, performance management, training, grants, data quality, and timely and accurate reporting to all funding entities. P3 also supports the HUD-funded Continuum of Care, which includes the Roadmap to Homes Board, committees, compliance, and the Homeless Management Information System.

2. Fiscal, Contracts, and Asset Management Division Is responsible for asset management, contracts, and finance. OHS works through an extensive network of mostly nonprofit providers, each of which has at least one contract for their services that is negotiated and managed by OHS, and most of which are paid by reimbursement.

**FY25 Strategic Goals:**

- P3 will embark on a new strategic planning process while continuing to lead the implementation of the Roadmap to Homes, the City’s strategic plan to make homelessness rare, brief, and nonrecurring. This process will focus on the Roadmap’s five pillars: expand homeless housing resources; coordinate across and integrate systems; implement transparent and inclusive quality improvement process; communicate more effectively; and connect people to employment and workforce development opportunities.
- P3 continues to focus on improving data quality and consistency, including implementation of new tools, reporting, and analysis with a racial equity lens to assess where the homeless services system may be skewed (and adjust accordingly). P3 is dedicated to improving community engagement and input into budgetary, policy, and programmatic decision-making through training, community meetings, online, and virtual input sessions until in-person meetings resume.
- Fiscal, Contracts and Asset Management (FCAM) will work to fully implement the OHS corrective action plan for Fiscal operations and any applicable recommendations that may come as a result of the OIGs investigation and the independent forensic audit. FCAM will continue to streamline the contracting, invoicing and payment processes to improve cash flow for providers, reduce time for payments, and ensure compliance, quality, accountability and efficiency.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Median length of time to confirm service provider contracts*	56	64	64

\*In FY23, OHS surpassed the goal for this measure, however, due to staffing constraints, 64 days remains a realistic target. OHS is taking steps to fill all staffing vacancies.

**OTHER BUDGETARY IMPACTS**

**Federal and State (Where Applicable)**

The sunseting of one-time federal Covid relief funding, which has resulted in the ending of 400 rental subsidies.