



**Office of the City Auditor**

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**Report to the City Council  
City of San José**

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**AUDIT OF THE CITY'S  
HOMELESS ASSISTANCE  
PROGRAMS: MORE  
COORDINATION AND  
BETTER MONITORING  
CAN HELP IMPROVE THE  
EFFECTIVENESS OF  
PROGRAMS**

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**Report 18-07  
November 2018**

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November 1, 2018

Honorable Mayor and Members  
Of the City Council  
200 East Santa Clara Street  
San José, CA 95113

## **Audit of the City's Homeless Assistance Programs: More Coordination and Better Monitoring Can Help Improve the Effectiveness of Programs**

Located in one of the most expensive housing markets in the country, the City of San José has for years devoted resources toward building affordable and supportive housing units. Nevertheless, at least 4,350 San José residents were “homeless” in January 2017. This includes the chronically homeless, unaccompanied and transition-age youth, families with children, and veterans. With an operating budget of about \$13 million for 2017-18, the San José Housing Department's Homeless Intervention and Solutions team coordinates with and funds various community-based organizations to provide homeless assistance services as part of the region-wide effort to address homelessness. The objective of our audit was to assess the effectiveness of the City's homeless assistance programs.

### **Finding I: Additional Coordination Is Needed to Address High Cost of Homelessness.**

Homelessness is a complex problem requiring interdisciplinary, interagency, and intergovernmental action to effectively respond. Within the City of San José, the Housing Department is considered primarily responsible for the City's homeless response, but homelessness affects many City departments. Other departments that routinely handle calls or issues related to homelessness include the Police Department, the Fire Department, Parks, Recreation, and Neighborhood Services (PRNS), the Department of Transportation, Code Enforcement, and the Library. We estimate that the total cost of homelessness to these departments is over \$30 million. While individuals within these departments reach out to the Housing Department when needed, a more coordinated strategy would be beneficial. The City Manager has identified “*Creating Housing and Preventing Homelessness*” as one of eight enterprise priorities to focus on the challenges that require organizational bandwidth and financial resources. To that end, it will continue to be important to identify and include all relevant departments, and coordinate response in a strategic manner. This includes ensuring field personnel have up-to-date information on available services, and continuing to work with the County to include additional County agencies in the broader effort to coordinate homeless response efforts.

**Finding 2: A Lack of Sufficient Interim and Permanent Housing Options Makes Housing Encampment Residents Challenging.** San José has a high rate of unsheltered homeless residents. In January 2017, 74 percent of San José’s 4,350 homeless residents were unsheltered. Homeless residents and encampments were found in every Council District. Depending on the size and location of encampments, the City may prioritize a site for “abatement” – that is, clean-up and removal of encampments along San José streets, parks, and waterways. Over the last five years, expenditures for abatements grew from \$1.3 million to \$2 million, and the number of encampment abatements increased from 49 sites to 563 sites. Because the Housing Department does not require service providers to report services provided to encampment residents before and after an encampment abatement action, it is difficult to determine the overall extent of outreach performed in conjunction with abatement actions. This makes it equally difficult to track the effectiveness of abatement actions – specifically, whether homeless residents were helped into housing, or whether the abatement action simply forced the problem to a different part of the City. Moreover, the lack of sufficient interim or permanent housing options makes housing encampment residents after an abatement challenging. In our opinion, the Housing Department should assess the availability of emergency or temporary shelter and interim housing options, and determine whether San José can do more to ensure willing residents have access to immediate, emergency housing solutions – particularly when they are the subject of an abatement action.

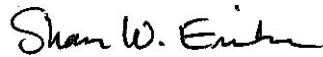
**Finding 3: Improved Performance Management of City-Funded Homeless Service Providers Can Help Ensure the Effectiveness of Homeless Assistance Programs.** The City relies on community-based organizations (CBOs) to implement and deliver its homeless assistance programs. While the City provided over \$10 million in grants for the City’s homeless assistance program in FY 2017-18 there is limited aggregated program-level data by which to evaluate the effectiveness of this program. We tabulated performance information from over 30 reports and 18 grant agreements for nine active grantees, and categorized that information by strategy area. We found that only two grantees successfully met all agreed-upon performance targets outlined in their FY 2017-18 grant agreements. Further, even though grantees were missing targets, we did not find evidence of performance adjustments or formalized documented feedback on grantee progress reports. Although Housing had a goal of conducting monitoring visits every two years, it had only completed 16 of 81 visits; it had not fully utilized its risk assessment methodology to determine its on-site monitoring visits since FY 2015-16; and it had excluded all City-funded grants from its formal risk assessment process. Finally, the City’s current grant monitoring database is difficult to use and cannot easily aggregate grantee reported data. In our opinion, the Housing Department should regularly monitor grantees, perform its risk assessments, review and provide feedback on performance, and strengthen its process to assess overall program effectiveness.

**Finding 4: Delays in Contract Execution Put Stress on Grantees.** The City develops service contracts with its homeless service providers on an annual basis. During the audit, we observed that many of the City’s grantees began providing services prior to full execution of their contract agreements. In one case, this meant the grantee was not reimbursed for services rendered until more than six months into the contract year. These delays can negatively impact grantee operations and consequent service delivery to the City’s residents. We recommend Housing establish processes to limit retroactive agreements in the future.

This reports includes 14 recommendations to improve the City’s oversight and management of its homeless assistance program. We plan to present this report at the November 8, 2018 meeting of the Neighborhood Services & Education Committee. We would like to thank the Housing

Department for their assistance during the audit process. The Administration has reviewed this report and its response is shown on the yellow pages.

Respectfully submitted,



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City Auditor

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# Introduction

The mission of the City Auditor’s Office is to independently assess and report on City operations and services. The audit function is an essential element of San José’s public accountability and our audits provide the City Council, City management, and the general public with independent and objective information regarding the economy, efficiency, and effectiveness of City operations and services.

In accordance with the City Auditor’s Fiscal Year (FY) 2017-18 Work Plan, we have completed an audit of the performance metrics and effectiveness of the City’s homeless assistance programs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We limited our work to those areas specified in the “Audit Objective, Scope, and Methodology” section of this report.

The Office of the City Auditor thanks the Housing Department, Parks, Recreation, and Neighborhood Services (PRNS), the City Manager’s Office, the Fire Department, the San José Police Department, Environmental Services Department (ESD), Planning Building and Code Enforcement (PBCE) and the City Attorney’s Office for their time and insight during the audit process.

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## Background

The San José Housing Department is responsible for managing the City’s affordable housing portfolio, housing production, homelessness interventions and solutions, neighborhood capital investment, public services, rent stabilizations, and tenant protection. Among its core responsibilities are to:

- Manage and oversee the City’s loan portfolio, provide loan servicing, and administer affordability requirements
- Provide financing and technical assistance for the rehabilitation, development, and new construction of affordable apartments through loans and grants; provide homebuyer assistance; and administer Inclusionary and Housing Impact fee programs
- Coordinate local and regional efforts to end homelessness; respond to encampment and community concerns; fund supportive services and subsidies for unhoused populations; and create interim and permanent housing opportunities

- Invest in at-risk residents and neighborhoods; provide funding for housing and community development capital projects; and provide support to public service organizations
- Provide programs and requirements that stabilize rents and that protect tenants in apartments and mobile home parks; mitigate impacts of displacement; and prevent retaliation.

The Housing Department also manages the grant programs that fund the City's homeless interventions and solutions. As described in the scope and methodology section of this report, our audit primarily focused on that function.

### **Budget and Staffing**

The largest share of City funding towards homelessness is dedicated to building affordable and supportive housing units. For example, in its September 2018 "*Affordable Housing and Production and Preservation Report for January 1, 2018 Through June 30, 2018*", the Housing Department reported that the City had committed about \$57 million to build affordable units housing units (completed and in process).

The Housing Department's budget for the "Homelessness Interventions and Solutions" Core Service for FY 2018-19 is about \$22 million. This is an increase of almost \$9 million from the previous year's budget of \$13 million. The Homeless Interventions and Solutions Division has seven budgeted FTE.<sup>1</sup>

The Homeless Interventions and Solutions team manages all aspects of the City's homeless assistance programs including: housing programs, crisis response, policy strategy, coordination with the County, etc. There are two main program categories described below.

- I. Homelessness Response Team which includes the following strategies:
  - a. *Crisis Response*: Street-based outreach, engagement, case management, and essential services such as mobile hygiene, warming locations, and temporary and incidental shelters and Overnight Warming Locations.
  - b. *Rapid Rehousing*: Provides time-limited subsidies and supportive services to employed or employable homeless people.<sup>2</sup>
  - c. *Affordable Housing*: Provides case management and financial support to prevent families from becoming homeless, rental subsidies, and supportive services for chronically homeless persons with HIV/AIDS.

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<sup>1</sup> There are currently two vacancies.

<sup>2</sup> The Plaza Hotel's 47 units are used as interim housing for rapid rehousing participants who are searching for permanent housing in which to use their vouchers.

- d. *Initiatives*: Manages the Homeless Census and Survey, provides workforce development for homeless individuals and supports county-wide campaigns, including the employment strategy.
2. Encampment Response which includes the following activities:
    - a. Offering outreach and engagement services for individuals at encampment sites before and after abatement actions.
    - b. Removing unauthorized encampments, prioritizing sites based on location and conditions. The City contracts with Tucker Construction to abate the sites.<sup>3</sup>

Three grants analysts and one development officer in the Housing Department's grants team are responsible for the monitoring, contract development, review, and follow-up of Housing's homeless assistance grants.<sup>4</sup>

### **Continuum of Care and Regional Coordination**

The County provides many of the services required to address homelessness including health care, social services, behavioral health, and components of the justice system. Effectively serving homeless residents requires significant coordination amongst stakeholders. These stakeholders include representatives from local organizations serving homeless people within Santa Clara County, including businesses, advocates, non-profits, service providers, the faith community, homeless subpopulations, as well as research, policy, and planning groups.

To facilitate this coordination, the U.S. Department of Housing and Urban Development (HUD) recommends areas form a local "continuum of care" (CoC) group to ensure efforts to end homelessness are implemented efficiently and effectively across the area.<sup>5</sup> The local CoC encompasses the geographic area of Santa Clara County, and is primarily administered out of the Santa Clara County Office of Supportive Housing. Currently, the Santa Clara County CoC focuses mainly on coordination of non-profits and service providers.<sup>6</sup>

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<sup>3</sup> The City has a Memorandum of Agreement with the Santa Clara Valley Water District for encampment clean up, trash removal and prevention.

<sup>4</sup> We should note that in the 2018-19 budget cycle the Housing Department requested one additional position in the grants team to manage and monitor the Housing Department's grant portfolio. The position was not funded for 2018-19.

<sup>5</sup> 24 Code of Federal Regulations (CFR) Section 578

<sup>6</sup> The City's Housing Director is actively involved with the CoC and is currently on the CoC Board.

### **Best Practices and the Housing First Approach**

According to the United States Interagency Council on Homelessness (USICH):

*An end to homelessness means that every community will have a systematic response in place that ensures homelessness is prevented whenever possible or is otherwise a rare, brief, and non-recurring experience.*

*Specifically, every community will have the capacity to:*

- *Quickly identify and engage people at risk of and experiencing homelessness.*
- *Intervene to prevent the loss of housing and divert people from entering the homelessness services system.*
- *Provide immediate access to shelter and crisis services, without barriers to entry, while permanent stable housing and appropriate supports are being secured.*
- *When homelessness does occur, quickly connect people to housing assistance and services—tailored to their unique needs and strengths—to help them achieve and maintain stable housing.*

In February 2015, the City Council endorsed *Destination: Home's Community Plan to End Homelessness*,<sup>7</sup> which is based on the Housing First approach to addressing homelessness. *Housing First* is an approach to homeless assistance that prioritizes providing permanent housing to people who are homeless without preconditions, and potentially before serving other needs.<sup>8</sup>

To realize the potential efficiency of a Housing First approach, participants are assessed so that their individual service needs are matched to appropriate programs.

### **Santa Clara County's Coordinated Assessment System**

In November 2015, the Santa Clara County CoC launched its Coordinated Assessment System,<sup>9</sup> a centralized effort to coordinate client intake, assessment, prioritization, and referral processes for individuals and families seeking housing and

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<sup>7</sup> <https://destinationhomesv.org/the-2015-2020-community-plan-to-end-homelessness/>

<sup>8</sup> Other approaches to addressing homelessness often require homeless people to be “ready” for housing, by addressing a potential host of problems before being granted access to housing, including mandated participation in services. In contrast, Housing First offers permanent housing without preconditions and barriers to entry, such as sobriety. Additionally, supportive services are offered to participants, but those services are not required, as services have been found to be more effective when participation is by choice. Studies have shown the Housing First approach to be effective at reducing costs associated with shelter, psychiatric and medical inpatient hospitalization, emergency room visits, substance abuse treatment, and criminal justice. For formerly chronic homeless people, Housing First programs have been shown to decrease housing costs and service costs.

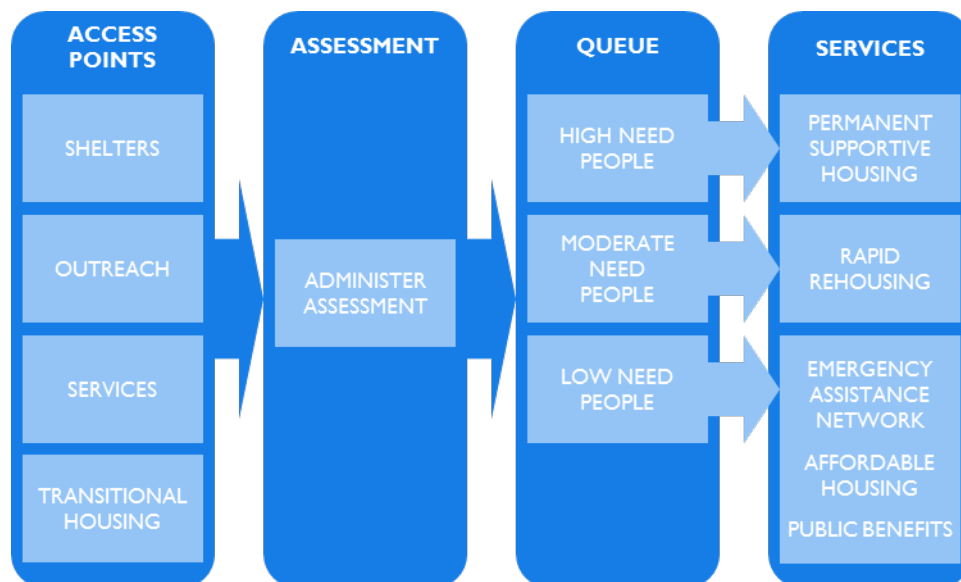
<sup>9</sup> Individuals must complete this assessment to receive services. HUD requires all CoCs to implement a centralized or coordinated assessment system “with the goal of increasing the efficiency of local crisis response systems and improving fairness and ease of access to resources, including mainstream resources” (HUD Notice CPD-17-01, “Notice Establishing Additional Requirements for a Continuum of Care Centralized or Coordinated Assessment System”).

services. The effort is intended to match homeless people with the community resources that are the best fit for their individual situation, prioritizing the most vulnerable households, and reducing barriers to housing.

As shown in Exhibit I below, the system has four steps:

1. Households go to one of 50 access points in Santa Clara County.
2. Each household completes a standard assessment that determines their level of need.<sup>10</sup>
3. The results of the assessment determine the priority list for housing assistance, in what is known as the “Community Queue.”
4. Households may be matched to available housing resources and referred to programs based on the assessment.

**Exhibit I: Santa Clara County’s Coordinated Assessment System Is Designed to Match Homeless People With Appropriate Services**



Source: Audit team summary of information from Santa Clara County Office of Supportive Housing.

<sup>10</sup> The standardized assessment used in Santa Clara County is the Vulnerability Index - Service Prioritization Decision Assistance Tool (VI-SPDAT). Developed by OrgCode and Community Solutions, the VI-SPDAT contains around 50 questions, mostly yes/no, to assess the household’s vulnerability and need. There are different VI-SPDATs for single adults, families with at least one child, and for youth between 18 to 24 years old.

### Sources of Funding for City-funded Homeless Assistance Programs

Generally speaking, the City's Housing Department funds various non-profit agencies to provide homeless assistance services, rather than providing those services itself. The City receives the following federal funding for the City's homeless assistance programs. This includes:

- *Community Development Block Grant (CDBG)*: Federal funding through the CDBG program is intended to help jurisdictions address various community development needs, including but not limited to affordable housing development, land acquisition, housing rehabilitation, public services, community and economic development, capital improvement projects, public facilities/infrastructure, and code enforcement.<sup>11</sup> In 2017-18, the City allocated about \$690,000 of its CDBG funding for homeless assistance programs.<sup>12</sup>
- *HOME Investment Partnerships (HOME) Program*: This funding is used for various housing-related programs and activities, typically to address the housing needs of jurisdictions through the preservation or creation of affordable housing opportunities. Eligible uses include tenant-based rental assistance, homebuyer assistance, rehabilitation, and new construction. In 2017-18 about \$1.3 million in tenant-based rental assistance grant funds were expended.
- *Emergency Shelter Grant Program (ESG)*: This program supports outreach to and shelters for homeless individuals and families. ESG also supports programs that prevent homelessness or rapidly re-house homeless individuals and families. In 2017-18 about \$71,000 in ESG expenditures were incurred.
- *Housing Opportunities for People with AIDS (HOPWA)*: This program supports communities in developing affordable housing opportunities and related supportive services for low income persons living with HIV/AIDS and their families. HOPWA eligible activities include direct housing, support

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<sup>11</sup> As an "entitlement jurisdiction," the City receives federal funding from HUD to strengthen and revitalize communities through housing and neighborhood investment. Eligibility for participation as an entitlement community is based on population data provided by the U.S. Census Bureau and metropolitan area delineations published by the Office of Management and Budget. HUD determines the amount of each entitlement grantee's annual funding allocation by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas. The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. Eligible grantees are as follows:

- Principal cities of Metropolitan Statistical Areas (MSAs)
- Other metropolitan cities with populations of at least 50,000
- Qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities).

<sup>12</sup> CDBG funding for homeless assistance programs is limited to 15 percent of the overall CDBG allocation and 15 percent of the preceding year's program income.



services, information and referral, resource identification, and technical assistance. In 2017-18, \$1.3 million HOPWA grant funds were expended.

- *Housing Trust Fund (HTF)*: This is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. HTF will have funded \$2.5 million in homeless assistance grants for homeless programs and activities in 2017-18.<sup>13</sup>

In addition, the City invests in its homeless assistance programs through the General Fund and through HALA funds:

- *Housing Authority Litigation Award (HALA) and General Fund*:<sup>14</sup> The General Fund and HALA accounted for about \$3 million in homeless assistance grants in 2017-18.<sup>15</sup>

In FY 2017-18, homeless assistance program grants totaled \$10.3 million. See Appendix A for a listing of the grantees. Actual expenditures for grants and program staff totaled \$10.2 million of the \$11.4 million budgeted that year.<sup>16</sup> Exhibit 2 shows the actual homeless assistance program expenditures since 2013-14. In FY 2018-19, the budget increased to \$21 million.<sup>17</sup>

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<sup>13</sup> Includes \$500,000 in personal and non-personal Housing Department expenditures.

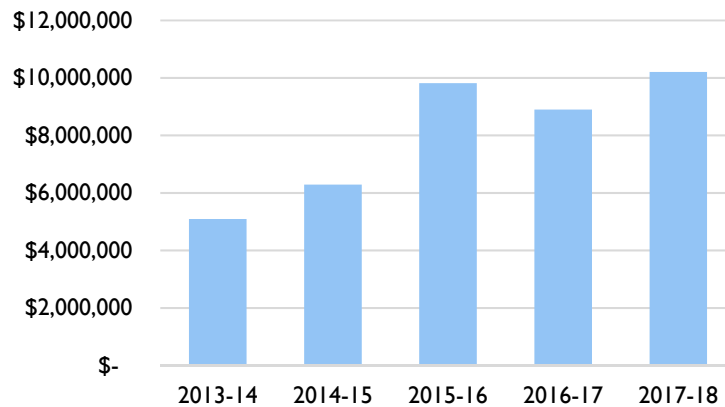
<sup>14</sup> On behalf of the City of San José Housing Authority (CSJHA), the Housing Authority of the County of Santa Clara filed suit against U.S. Department of Housing and Urban Development (HUD) in the U.S. Court of Federal Claims for breach of contract by HUD resulting in underpayment of funds. The suit was successful, and CSJHA received \$36.3 million in a litigation award in 2016 ("Housing Authority Litigation Award Funds"). \$4 million in *one-time funding* moneys have been set-aside for housing grants.

<sup>15</sup> Includes \$1.3 million in personal and non-personal Housing Department expenditures.

<sup>16</sup> The \$11.4 million included \$3 million in Homelessness Outreach and Case Management Programs, \$700,000 in Interim Supportive Housing Development, and \$7.6 million in Tenant Based Rental Assistance and Rapid Rehousing Programs. It does not include \$1.7 million for the Joint Encampment Response Team.

<sup>17</sup> In FY 2018-19, the budget increased to \$21 million which included \$10 million for Homelessness Outreach and Case Management programs, \$705,000 in Interim Supportive Housing Development, and \$9.7 million in Tenant Based Rental Assistance and Rapid Rehousing Programs. This does not include \$1.7 million for the Joint Encampment Response Team.

**Exhibit 2: City Funding for Homeless Assistance Grant Programs Has Nearly Doubled Since FY 2013-14<sup>18</sup>**



Source: FMS and Adopted Budget Actual Expenditures

**The City Has Recently Received Additional State Funding**

The City was recently awarded an \$11.4 million Homeless Emergency Aid Program (HEAP) grant from the State.<sup>19</sup> HEAP is a \$500 million block grant program designed to provide direct assistance to cities and counties to address the homelessness crisis throughout California. Eligible uses include, but are not limited to the following:

- Homelessness prevention activities,
- Criminal justice diversion programs for homeless individuals with mental health needs,
- Establishing or expanding services meeting the needs of homeless youth or youth at risk of homelessness, and
- Emergency aid.

The Housing Department is in the process of determining appropriate uses for this funding.

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**Audit Objective, Scope, and Methodology**

The objective of our audit was to review the effectiveness of the City’s homeless response program. We did the following to meet our audit objectives:

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<sup>18</sup> Includes personal and non-personal Housing Department expenditures.

<sup>19</sup> In August 2018, the California Homeless Coordinating and Financing Council (HCFC) announced the launch of the Homeless Emergency Aid Program (HEAP). Authorized by Senate Bill (SB) 850, was signed into law by Governor Brown in June 2018. HEAP funds are intended to provide funding to CoCs and large cities (LCs) with populations over 330,000, so they may provide immediate emergency assistance to people experiencing homelessness.

- Reviewed and tested for reasonableness the 2017 biannual Point-In-Time Count for Santa Clara County conducted by Applied Survey Research
- Reviewed relevant federal reports including:
  - 2017 Annual Homeless Assessment Report (AHAR) to Congress
  - Relevant resources on homelessness by the United States Interagency Council on Homelessness (USICH)
- Reviewed the 2015-2020 Community Plan to End Homelessness in Santa Clara County (including the annual progress reports)
- Reviewed the Housing Department's:
  - Annual Action Plans
  - Consolidated Annual Performance Evaluation Report (CAPER)
  - Five Year (2015-2020) Consolidated Plan
- Reviewed relevant council memos including:
  - Temporary and Incidental Shelter Ordinance
  - Bridge Housing
- Interviewed staff from the Housing Department; Parks, Recreation and Neighborhood Services; Police and Fire Departments; Environmental Services Department; and the Library Department
- Reviewed 18 homeless assistance grant agreements for FY 2017-18 for compliance with their performance metrics in the context of the City's goals. We reviewed the following:
  - Grant Agreements
  - Annual risk assessments and monitoring reports
  - Quarterly performance reports
  - Monthly invoices submitted via the City's grants management system (Webgrants)
  - Relevant federal audits
- Reviewed the 2017-18 request for proposal for the City's Rapid Rehousing Program
- Summarized actual expenditures and approved budget by Fund and appropriation using a combination of the City's Financial Management System (FMS) and the adopted budget documents for 2013-14 to 2018-19
- Reviewed reports from relevant databases including
  - Homeless Management Information System (HMIS)

## Homeless Assistance Programs

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- Salesforce
  - the City's grants management system (Webgrants)
- Reviewed relevant City of San José Municipal Code Sections and State and Federal guidelines
- Interviewed staff from the following organizations that received City grants
  - The Health Trust
  - PATH
  - Downtown Streets Team
  - Bill Wilson Center
  - HomeFirst
- Interviewed staff from the following organizations
  - Winter Faith Collaborative
  - BitFocus
- Contacted staff from the following cities to understand their responses and initiatives to address homelessness
  - County of Santa Clara
  - County of Santa Cruz
  - Marin County
  - City of San Diego
  - City of Houston
  - County of Los Angeles
  - City of Fresno
  - City of Seattle

# Finding I Additional Coordination Is Needed to Address High Cost of Homelessness

## Summary

More than 4,000 San José residents were counted as “homeless” in January 2017. This includes the chronically homeless, unaccompanied and transition-age youth, families with children, and veterans. A regional effort is underway to address homelessness in Santa Clara County. Within the City of San José, the Housing Department is considered primarily responsible for the City’s homeless response, but homelessness affects many City departments. Departments that routinely handle calls or issues related to homeless individuals include the Police Department, the Fire Department, Parks, Recreation, and Neighborhood Services (PRNS), Department of Transportation, Code Enforcement, and the Library. We estimate that the cost of homelessness to these departments could be over \$30 million citywide annually. While individuals within these departments reach out to Housing Department staff when needed, a more coordinated strategy would be beneficial. The City Manager has identified “*Creating Housing and Preventing Homelessness*” as one of eight enterprise priorities to focus on the challenges that require organizational bandwidth and financial resources. To that end, it will continue to be important to identify and include all relevant departments and coordinate response in a strategic manner, and to continue working with the County to include additional County agencies in the broader effort to coordinate homeless response efforts.

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## More Than 4,000 San José Residents Were Counted as Homeless in January 2017

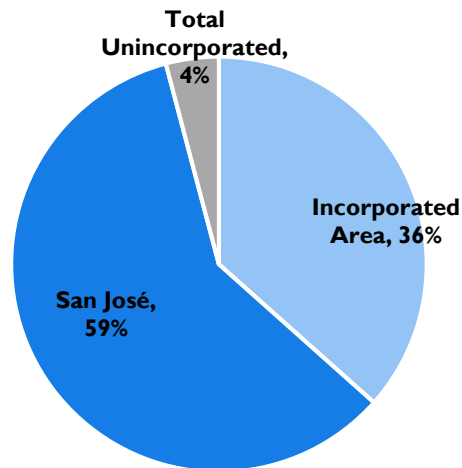
Official estimates of homeless people come from Point-In-Time Counts.<sup>20</sup> In January 2017, the official estimate of homeless San José residents was 4,350. This was 59 percent of Santa Clara County’s 7,394 homeless residents.<sup>21</sup>

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<sup>20</sup> The Point-In-Time (PIT) count is a nationwide effort to count sheltered and unsheltered homeless individuals. As required by the Department of Housing and Urban Development, Point-In-Time Counts are conducted on one night in the last ten days of January, at least every two years. Local organizing groups send teams to count and survey the homeless people within small geographic areas. Despite being widely assumed to be an undercount of the actual number of people experiencing homelessness, Point-In-Time Counts are considered the most feasible method available to measure the number of homeless people in America. Prior to Point-In-Time Counts, there were no good estimates of the number of homeless people in America. As a 1985 report from the Government Accountability Office (GAO) concluded: “no one knows how many homeless people there are in America,” but that there was general agreement that the homeless population was growing. San José’s last Point-In-Time Count was the 2017 City of San José Homeless Census and Survey, which appears to have been carried out in alignment with HUD methodology. The City of San José has been leading the Point-In-Time Count effort for Santa Clara County, but the County is planning to take over for the next Point-In-Time Count in 2019.

<sup>21</sup> None of Santa Clara County’s other incorporated areas account for more than 10 percent of the County’s homeless population. San José also accounts for 54 percent of Santa Clara County’s overall 2018 population, and 14 percent of Santa Clara County’s land area.

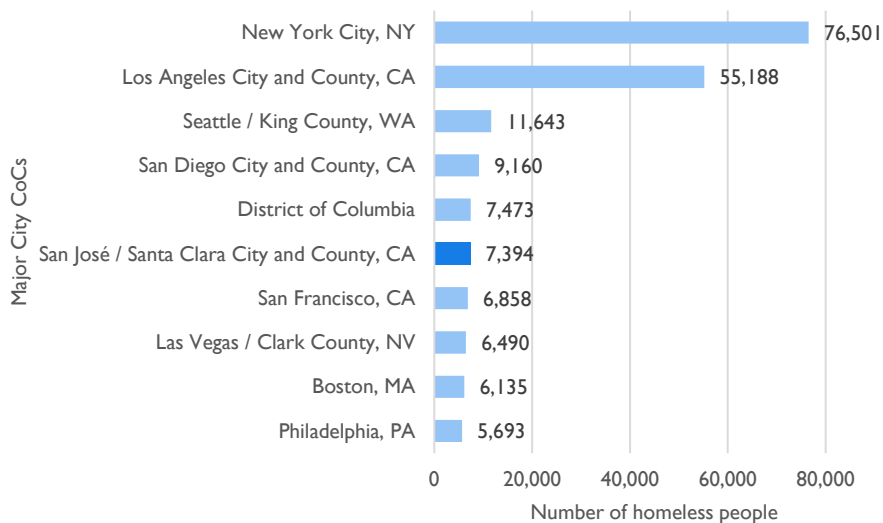
**Exhibit 3: San José Accounts for 59 percent of Santa Clara County’s Total Homeless Population**



Source: Audit team summary of data from the 2017 Santa Clara County Homeless Census & Survey Comprehensive Report from Applied Survey Research. Note: Differences due to rounding.

HUD refers to CoCs that contain one of America’s 50 most populous cities, which includes San José, as “Major City CoCs”. Santa Clara County’s reported 7,394 homeless residents ranks as the 6th most among “Major City CoCs” in the country. Since 2007, the number of homeless Santa Clara County residents has increased three percent.

**Exhibit 4: Santa Clara County has the 6th Most Homeless Residents of “Major City CoCs”**

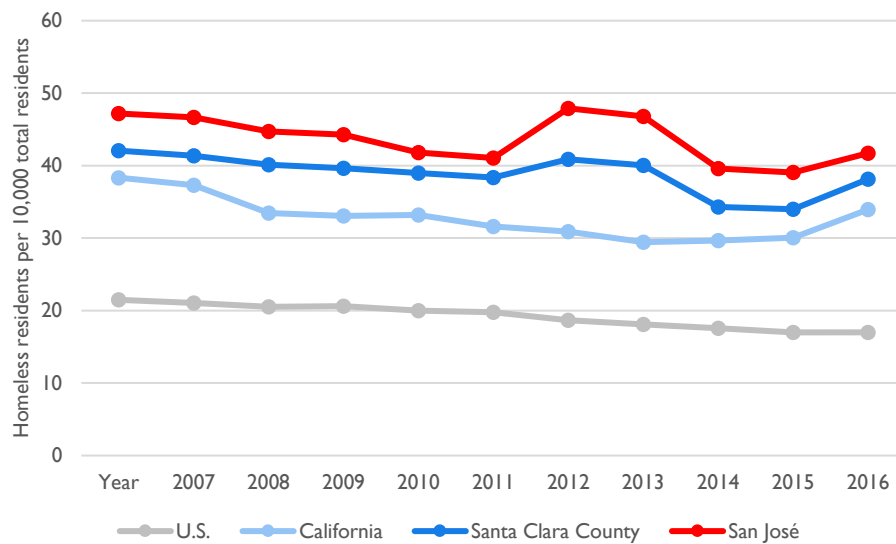


Source: The 2017 Annual Homeless Assessment Report to Congress: Part I from U.S. Department of Housing and Urban Development.

Santa Clara County’s total population, poverty rate, and rent prices act as upward pressures on the number of homeless people in our region.<sup>22</sup> The inadequate supply of affordable housing to meet the current demand limits potential solutions for homeless residents.

At least since 2007, San José’s rate of homelessness per capita has been higher than Santa Clara County as a whole, higher than California overall, and higher than the nation as a whole.

**Exhibit 5: San José Has a Higher Rate of Homelessness Than the County, State, and Nation**



Source: Audit team analysis based on Point-In-Time Count data from HUD and Applied Survey Research, and population data from U.S. Census Bureau and the California Department of Finance. Annual Point-In-Time Count data is reported by HUD for the U.S., California, and Santa Clara County. Interim Point-In-Time estimates for San José extrapolated from HUD estimates for Santa Clara County. Santa Clara County totals are inclusive of San José.

**Who is Homeless in San José?**

A “homeless person” is defined by Federal law to be someone without a fixed, regular, and adequate nighttime residence; residing in shelters; or with a primary residence that is not meant for regular sleeping accommodations.<sup>23</sup>

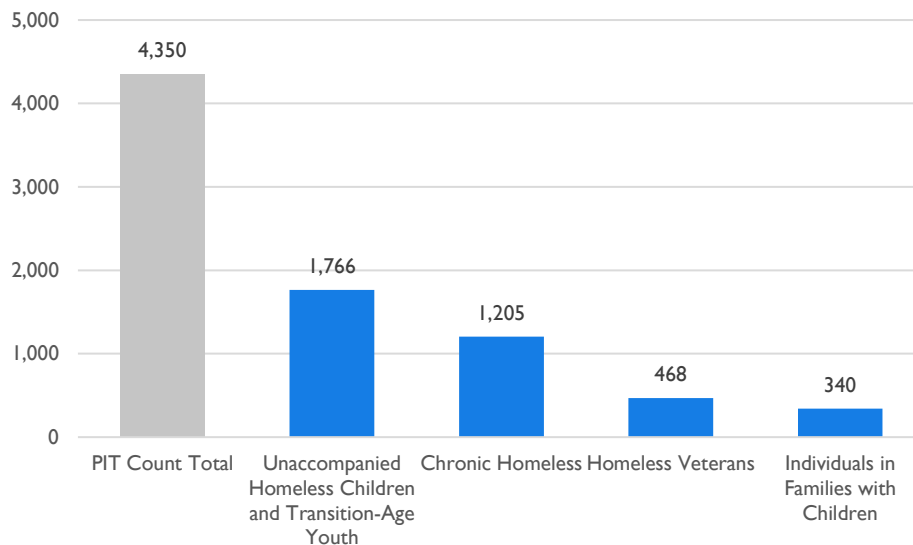
<sup>22</sup> In 2016, the number of homeless people in Santa Clara County was correlated with the County’s total population of 1,919,402 (from the U.S. Census), poverty rate of 9 percent (from the U.S. Bureau of Labor Statistics), and high rent prices.

<sup>23</sup> 42 USC 11302, Chapter 119 known as the McKinney-Vento Homeless Assistance Act.

The biennial Point-In-Time Count<sup>24</sup> provides some information about who is homeless. Data is gathered and recorded for several subpopulations with particular needs:<sup>25</sup>

- “*Chronically homeless*” people are those with a physical or mental disability, living in a place not meant for human habitation, or in an emergency shelter; who have been homeless for at least one year or on at least four separate occasions in the last three years where the combined length of time homeless is at least one year; or families with a head of household who meet the above criteria.
- “*Homeless Veterans*” refer to any homeless people who have served on active duty in the U.S. armed forces (including Reserves and National Guard who were called up to active duty).
- “*Homeless Families with Children*” are families with at least one adult (18 years old or more) and one child (under 18 years old).
- “*Unaccompanied Homeless Children*” are children under the age of 18 years without a present parent or guardian; and “*Transition-Age Youth*” refer to unaccompanied homeless people aged 18 to 24 years old.<sup>26</sup>

### Exhibit 6: San José Homeless Residents, by HUD-defined Subpopulations



Source: Audit team summary of 2017 San José Homeless Census and Survey from Applied Survey Research. Note: Differences due to rounding. HUD-defined subpopulations are not mutually exclusive, as noted previously.

<sup>24</sup> <http://www.sanjoseca.gov/DocumentCenter/View/70076>

<sup>25</sup> These subpopulations are not mutually exclusive. So for example: a veteran who meets the definition of “chronically homeless” would be counted as both a “homeless veteran” and “chronically homeless.”

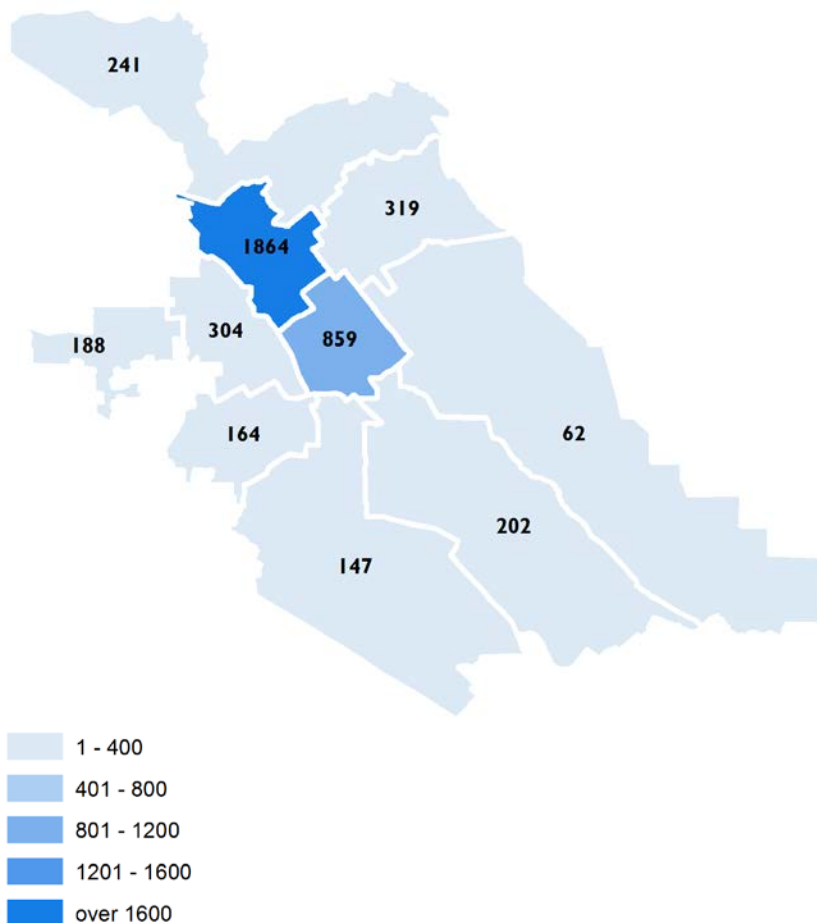
<sup>26</sup> “Unaccompanied Homeless Children” and “Transition-Age Youth” are often grouped together in reports and studies.



### Homeless Residents Were Found in Every City Council District

The Point-In-Time Count provides some information about where homeless residents were found. As shown in Exhibit 7, they were found in every City Council district.

**Exhibit 7: Homeless People, by City Council District**



Source: Audit team map based on Housing Department analysis of 2017 San José Homeless Census and Survey

Although we were unable to obtain detailed information about who is homeless by district, it is fair to assume that there are homeless veterans, chronically homeless people, homeless families, and homeless youth in every City Council district.

### Additional People Are “At Risk of Homelessness”

The definition of a homeless person may not apply to someone who is temporarily housed, or someone who is likely to experience homelessness. It should be noted that the “homeless population” is hardly a static number, as people often move in and out of homelessness. Furthermore, the point-in-time estimates do not include

those who live perilously close to homelessness. So while the estimated 4,350 homeless San José residents seems like a large number, it is only a fraction of the affected population.

Federal law defines those “at risk of homelessness” as those with income at or below 30 percent of Area Median Income, lacking resources to attain housing stability, and living under conditions that are associated with housing instability and an increased risk of homelessness.<sup>27</sup> Those conditions include moving frequently for economic reasons, living in someone else’s home, being notified that their current living situation will end, living in a hotel or motel, living in overcrowded housing, or exiting a medical or criminal justice institution. As a result, estimating the number of people at risk of homelessness is difficult.<sup>28</sup>

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### **A Regional Effort Is Underway to Address Homelessness**

According to HUD, areas that contain one of America’s 50 largest cities (“Major City CoCs”) account for 51.5 percent of the nation’s homeless people. One of the reasons for cities bearing a larger share of the homeless population is that a region’s larger cities tend to attract more of that region’s homeless people. Therefore, larger cities within a region, like San José,<sup>29</sup> benefit from the collective efforts of its regional partners to reduce the number of homeless people throughout the region.

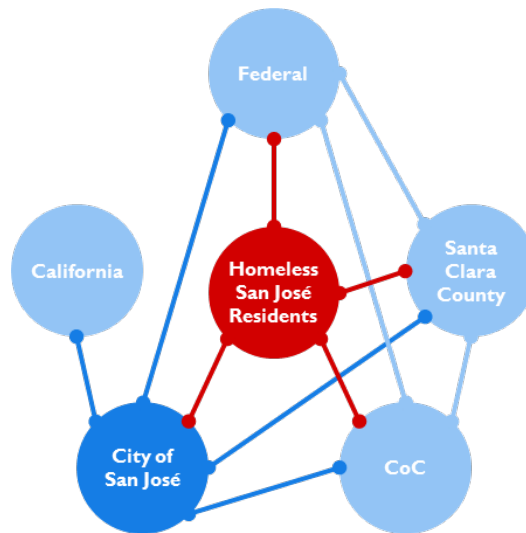
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<sup>27</sup> In 42 United States Code (USC) 11360, Chapter 119 known as the McKinney-Vento Homeless Assistance Act.

<sup>28</sup> For example, the City of San José has in the past used the number of households receiving Section 8 assistance whose gross income is 30 percent or less than Area Median Income, to calculate 14,507 people “at-risk of homelessness” in Santa Clara County. However, this number excludes those that are not in Section 8, and formerly homeless people receiving rapid rehousing. Given that the Section 8 waiting list has been closed since 2006 and is not expected to reopen in the near future, this number is clearly an undercount.

<sup>29</sup> According to the 2017 San José Homeless Census and Survey, 83 percent of San José’s homeless survey respondents reported living in Santa Clara County before their current experience of homelessness.

**Exhibit 8: Significant Coordination Between Federal, State, and Local Agencies and Groups Occurs in Order to Address Homelessness in San José**

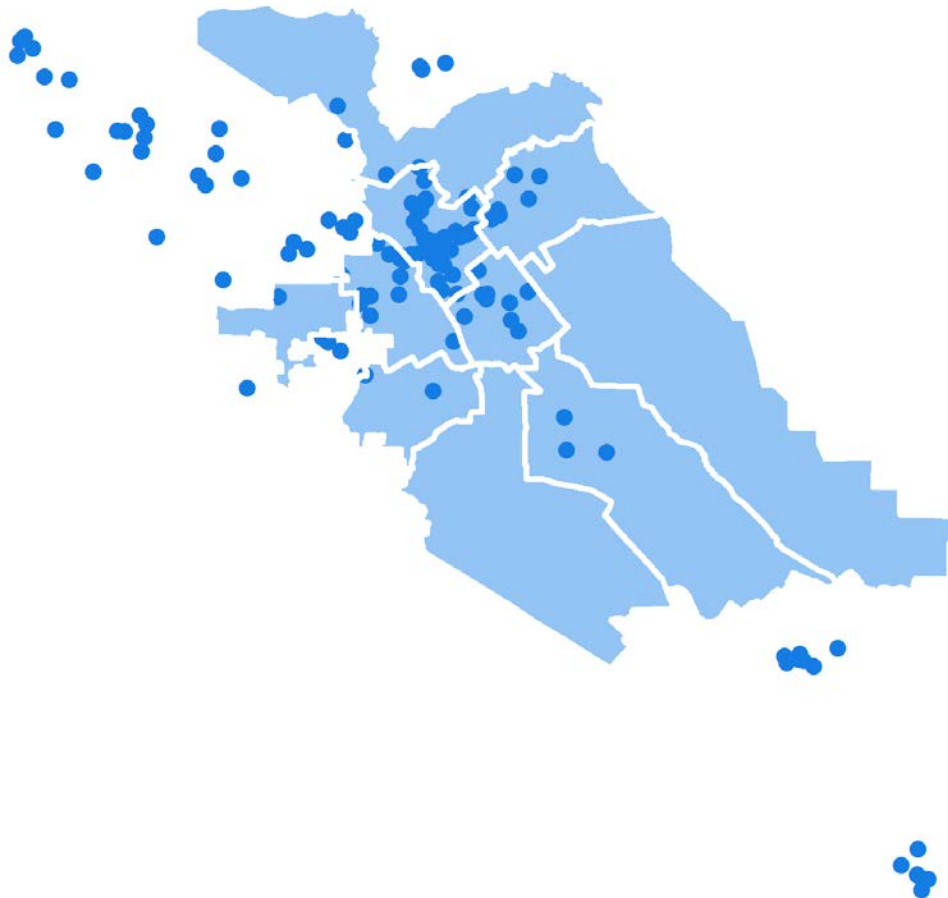


Source: Audit team

In Santa Clara County, there is a broad collection of non-profits, members of the faith community, businesses, and other community groups working to address homelessness. See [Appendix B](#) for a listing of some of the services offered by these local homeless service agencies.<sup>30</sup>

<sup>30</sup> The Homeless Resource Guide is also available online at <http://ca-sanjose.civicplus.com/DocumentCenter/View/11171>.

**Exhibit 9: Many Community-Based Organizations and Other Groups Provide Homeless Services**

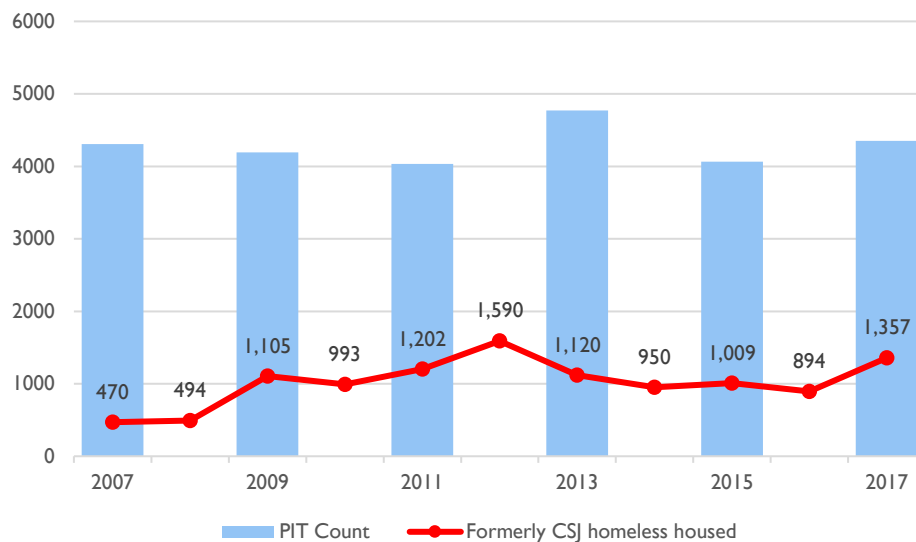


Source: Audit team summary from various sources, including the Housing Department and Santa Clara County. Note: Only the City of San José is outlined in the graphic above, while locations noted outside of the City are still within Santa Clara County. Further, most the services above are delivered by non-profits, sometimes through City or County grants.

**Collectively 1,357 Formerly Unhoused San José Residents Were Housed in FY 2016-17**

The U.S. Interagency Council on Homelessness (USICH) identifies the “ultimate measure” of success as the reduction in the number of people experiencing homelessness. According to HMIS data, 1,357 unduplicated formerly homeless San José residents were housed through the collective efforts of local jurisdictions and non-profit service providers in FY 2016-17. Given that there were 4,350 total homeless people in San José in January 2017, it can be assumed that the number of homeless people in San José would be 31 percent higher without the efforts of those partners.

**Exhibit 10: Formerly Homeless San José Residents Housed By the Collective Efforts of the Local Jurisdictions and Non-profit Service Providers**



Source: San José Homeless Census and Survey (prepared by Applied Survey Research, 2017) and City of San José Housing Department. Note: Point-In-Time Count data is a count on one night in January of the indicated year, while the “Formerly CSJ homeless housed” is a fiscal year total.<sup>31</sup>

### Many City Departments Respond to Homeless Individuals

The Housing Department is considered primarily responsible for the City’s homeless response, but homelessness affects many City departments. Departments that routinely handle calls or issues related to homeless individuals include the Police Department, the Fire Department, PRNS, DOT, Code Enforcement, and the Library Department.

<sup>31</sup> Santa Clara County’s HMIS tabulates the number of households permanently housed through the collective efforts of local jurisdictions and community-based service providers, of which there were over 2,000 in 2017 in all of Santa Clara County – including 1,357 unduplicated formerly homeless San José residents. It should be noted that location (which is self-reported) has not been consistently tracked over the years, so jumps in the number of formerly homeless San José residents housed (like that from 2016 to 2017) are likely influenced by inconsistencies in the data.

### Exhibit 11: Multiple City Departments Respond to Homelessness Concerns



Source: Audit team analysis

#### The Cumulative Cost to Respond to Homeless Concerns Is Substantial

San José residents can report concerns to many different departments. In addition to the Housing Department’s homeless concerns hotline this includes:

- 911/311 for Police and Fire related calls;
- DOT abandoned vehicles or parked RVs;<sup>32</sup>
- Parks concerns hotline for issues arising in City parks; and
- Code Enforcement services request line.

We estimate that the cost of these responses to departments can be over \$30 million citywide. The section below describes the extent of the responses.

The Fire Department responds to fires resulting from encampments and medical calls. In 2016 the Fire Department initiated an informal response study to gain a general understanding of response network impacts relative to the City’s unsheltered homeless population. The Department estimated that about 7 percent (3,100 out of 46,000 calls) of all calls initiated in the six-month period (July through December 2016) were homelessness related calls.<sup>33</sup> If that trend held true, we estimate that it would amount to almost \$12 million of the Department’s \$179 million Emergency and Medical Response budget in 2018-19.

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<sup>32</sup> See the [Audit of Vehicle Abatement: The City Could Improve Customer Service for Vehicle Abatement Requests](#).

<sup>33</sup> Includes over 200 homeless-related calls that were cancelled, were the wrong location, or there was no incident.

Calls to the Police Department range from noise complaints, vagrancy, disturbances, and assaults. According to the Department a majority of their calls in the downtown core involve homeless related issues. The Police Department also provides support when there is an encampment abatement in progress. If the Police Department responded to a similar percentage of calls as the Fire Department (about 7 percent), we estimate that this would amount to at least \$19 million of the Department's \$279 million budget for emergency response and patrol in 2018-19.<sup>34</sup>

PRNS's park rangers are tasked with patrolling and providing enforcement of homeless encampments along Coyote Creek and Guadalupe River Park corridors. In addition, the rangers might sometimes issue citations if necessary to homeless individuals at City parks for trespassing.<sup>35</sup> Actual expenditures as allocated in FMS were about \$234,000 for 2017-18.

ESD staff are not directly involved with homeless individuals but for coordinating, monitoring, and reporting the City's Direct Discharge Program, which is in large part the homeless encampment cleanup aspect of Housing's Homeless Response Team's work. ESD staff conduct quarterly creek assessments to monitor the progress of the program. This program is approved by the Regional Water Quality Control Board and is integral in ensuring the City's compliance with the trash reduction provision of the Municipal Regional Stormwater Permit. The implementation of the program requires 15 percent trash reduction; without it, the City would jeopardize compliance. ESD estimated that its staff costs for these quarterly assessments and coordination with the Housing Department were about \$150,000.<sup>36</sup>

DOT staff responds to calls about individuals living in their vehicles. We estimate that the staff costs for these responses was about \$12,000 for 2017-18.

Code Enforcement staff responds to complaints that deal with *private* property, not public. The complaints deal not with the homeless individuals themselves, but more with the consequences of encampments.

Library staff encounter homeless patrons at many libraries. This includes providing information and use of library facilities and computers. Some libraries — particularly MLK, and the Biblioteca, Joyce Ellington, Bascom, and Tully branches also deal with related issues including belongings that are left outside the library buildings.

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<sup>34</sup> Includes about \$366,000 in expenditures for providing support during an encampment abatement.

<sup>35</sup> According to PRNS, it is in the process of reviewing rangers' role in patrolling the parks and waterways because of concerns from rangers about their safety.

<sup>36</sup> The abatement expenditures do not include expenditures from regional government and non-profit partners such as the Santa Clara Water District, Downtown Streets Team, Keep Coyote Beautiful, and the South Bay Clean Creeks Coalition.

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### **City Staff Could Benefit from Formalized Information Sharing and Coordination**

One risk with having so many different departments responding to homeless concerns is that City staff responding to calls about homeless individuals may not be aware of resources, or conditions of those resources, available to homeless individuals. Another risk is that the Housing Department is not informed of individuals in need of services/resources. Information sharing and coordination is important not only for tracking homeless concerns across City departments, but also because the Housing Department is well positioned to identify and connect individuals with appropriate resources.

For example, the Library reports that it coordinates and communicates with the Housing Department regularly, but not on a formal meeting cycle. In addition, other departments may reach out to the Housing Department for their assistance but there does not appear to be any regular meetings other than those for encampment abatements. Housing meets regularly with ESD, PRNS and Police to address encampment abatements. Some departments expressed interest in having a more coordinated and regular interaction with the Housing Department for information sharing.

### **The City Can Improve Its Internal Coordination to Provide a More Comprehensive Response**

The City Manager recently identified “*Creating Housing and Preventing Homelessness*” as one of eight enterprise priorities focusing on challenges that require organizational bandwidth and financial resources. According to the City Manager’s Office, the purpose of this priority is to determine the best use of resources, coordination, and performance measures.

As staff work on this priority moves forward, it will be important to identify and include all relevant departments and coordinate response in a strategic manner. This includes sharing information and data about homeless contacts and problems associated with those contacts. Coordinating these relationships and sharing this information with the Housing Department (as the City’s designated homelessness coordinator) on a regular basis will benefit all parties.

**Recommendation #1: To facilitate a more coordinated City-wide response to homelessness, the City Manager’s Office should coordinate and schedule regular meetings of the City Manager’s “*Creating Housing and Preventing Homelessness*” initiative with all relevant departments to share information, discuss response strategy and develop a proactive approach on homelessness response.**



## Information-Sharing

As described above, City staff from a variety of departments interface with San José residents who are homeless. For example, staff from the Police Department noted that because they have had a long-term relationship with Housing Department's outreach coordinator, they contact the coordinator when they have questions. The Housing Department reports that it conducts one-off trainings for City staff when requested. Formalizing this training and coordination would be beneficial.

Ensuring the City's field staff have copies of printed materials listing available homeless services would provide a consistent message about what services are available.<sup>37</sup> Another option would be to provide field staff with a resource repository such as an app that quickly guides them on the appropriate resources such as available shelters, food pantries, shower facilities, etc. that they can provide to individuals that they come into contact with.

Link-SF is San Francisco's first mobile-optimized website that connects homeless and low-income residents with critical and life-saving resources nearby. Focusing on basic services such as food, shelter, medical care, hygiene services, and technology access, Link-SF utilizes cutting-edge technology to stream the most up-to-date information to the people who need it most. Link-SF was designed with three user groups in mind: 1) A growing population of low-income San Franciscans who rely on mobile technology to meet their basic needs, 2) Service providers who can use the most real-time data to direct clients in need, and 3) Everyday people who can use this information as a way to help refer San Francisco's homeless population to a social service agency nearby.<sup>38</sup>

**Recommendation #2: To ensure all staff have relevant information to provide and respond to residents who are homeless or on the verge of homelessness, the Housing Department should work to formalize dissemination of information resources for field personnel, including up-to-date information on available services.**

## Coordination Regarding Shelters With CUP Conditions

In addition to connecting individuals to available resources, stronger coordination between City Departments also affects other City responsibilities. For example, PBCE is primarily responsible for the City's controls over certain land uses, or types of businesses, that have an impact on the community. Some uses are only allowed with the approval of a "Conditional Use Permit" (CUP). A CUP gives the City an opportunity to impose additional conditions on these projects, as a condition of project approval. A CUP is required for approval of an emergency shelter in

<sup>37</sup> For example, see Homeless Services handout at <https://www.sccgov.org/sites/oir/Documents/sj-hmls-svcs-guide.pdf>

<sup>38</sup> <http://datalook.io/link-sf/>

San José, and can include conditions relating to: public nuisance, shuttle service for residents, private security plans, regular shelter resident meetings, etc.<sup>39</sup>

PBCE's Code Enforcement responds reactively to complaints—including complaints about emergency shelters. When a complaint is filed, Code Enforcement then confirms the violation and provides corrective actions, as necessary.<sup>40</sup>

San José's emergency shelters also are part of the City's Multiple Housing Program inspections process. Multiple Housing Program inspections occur on a six-, five-, or three-year cycle, depending on the building's assigned tier.<sup>41</sup> Code Enforcement's multiple housing inspection team recently developed a checklist to remind their inspectors to review CUP requirements for emergency shelters, and plans to forward any issues related to CUP violations to the Housing Department for follow-up. Code Enforcement anticipates rolling this out to inspectors in November 2018.

In response to our audit, the Housing Department provided copies of the CUPs to five shelters. Proactively clarifying CUP conditions with grantees should help ease compliance with the Multiple Housing Program inspections.

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### **Regional Coordination Provides a Comprehensive Response to High Rates of Homelessness**

The Santa Clara County CoC's primary organizational focus has been on the non-profits providing services to the homeless community. This has included coordinating assessment of homeless individuals, and trainings on the County's Homeless Management Information System (HMIS) database. Santa Clara County's Office of Supportive Housing coordinates day-to-day operations of the CoC.

Although the Office of Supportive Housing meets separately with other Santa Clara County agencies to aid coordination between the CoC and those agencies, those other agencies have not generally been included in the CoC. This is despite the fact that many of the broader set of issues underlying homelessness – including poverty, mental health, jails, etc. – lie within the purview of those other County agencies.

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<sup>39</sup> The CUP for one shelter listed 25 conditions, one of which requires a private security firm (approved by the Chief of Police) to patrol a route (approved by the Director of Planning) within a one-mile radius of the shelter, and produce a nightly report to shelter management. The CUP for another shelter listed 23 conditions, none of which relate to a private security firm.

<sup>40</sup> Our review of Code Enforcement records for complaints at San José's shelters found that the complaints were mainly building and/or site related (e.g. overgrown vegetation, bed bugs, mildew in showers, fence too tall).

<sup>41</sup> Funded by the Residential Occupancy Permit, San José's Multiple Housing Program uses a three-tier service delivery model to ensure buildings are maintained in safe decent, and sanitary conditions. Tiers are assigned to buildings based on defined criteria. See <http://www.sanjoseca.gov/index.aspx?NID=445> for more information on the Multiple Housing Program.

### **Inter-agency Collaboration Is Critical to a Coordinated Response**

The County is better positioned to provide many of those services. With the encouragement of a San José City Councilmember, the Countywide Homeless Task Force was formed so that City officials can work more directly with the County agencies to address these various issues.

The United States Interagency Council on Homelessness identified breaking down silos as a “key focus” to improve access to federal resources and coordination with local and state resources. Homelessness is a complex problem requiring interdisciplinary, interagency, and intergovernmental action to effectively respond. As such, interagency collaboration is considered necessary for implementing many of the United States Interagency Council on Homelessness’s strategies, including:

- Increasing collaborative planning among and within all levels of government; increasing joint endeavors between government and the non-profit and private sectors; identifying and removing barriers to collaboration; and
- Seeking opportunities to conduct data matches and share data to better understand the impact of homelessness on the costs and outcomes of mainstream programs and to target initiatives to populations that need support across multiple systems.

The City Manager’s Office reports that, as part of the “*Creating Housing and Preventing Homelessness*” priority, the City Manager and the Santa Clara County Executive have met to discuss collaboration and alignment of resources and services, and held the first joint meeting of multiple department heads from the City and County to discussion possibilities for collaboration.

**Recommendation #3: To ensure a broader range of County and relevant stakeholders are involved in the coordinated approach to homeless response efforts the City Manager’s Office should continue working with the County to include additional County agencies in the broader effort.**

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## **Finding 2      A Lack of Sufficient Interim and Permanent Housing Options Makes Housing Encampment Residents Challenging**

### **Summary**

San José has a high rate of unsheltered homeless residents. In January 2017, 74 percent of San José’s 4,350 homeless residents were unsheltered. Homeless residents and encampments were found in every Council District. Depending on the size and location of encampments, the City may prioritize a site for “abatement” – that is, clean-up and removal of encampments along San José streets, parks, and waterways. The Housing Department took over encampment abatement from the City’s Environmental Services Department in 2013 because it was determined that Housing staff would be best positioned to provide homeless services along with the abatements. Expenditures for abatements have ranged from \$1.3 million in FY 2013-14 to over \$2 million in FY 2017-18—which exceeded expenditures for all previous years. Since FY 2012-13, the number of encampment abatements has also increased significantly—563 sites abated from July 2017 through April 2018 compared to 49 sites from April 2013 to December 2013. The Department’s current agreements with its providers do not require the providers to track and report services provided to encampment residents before and after an encampment abatement action. Finally, the lack of sufficient interim housing options makes housing encampment residents after an abatement challenging. In our opinion, the Housing Department should review interim housing options to determine if increases in capacity would temporarily house willing encampment residents.

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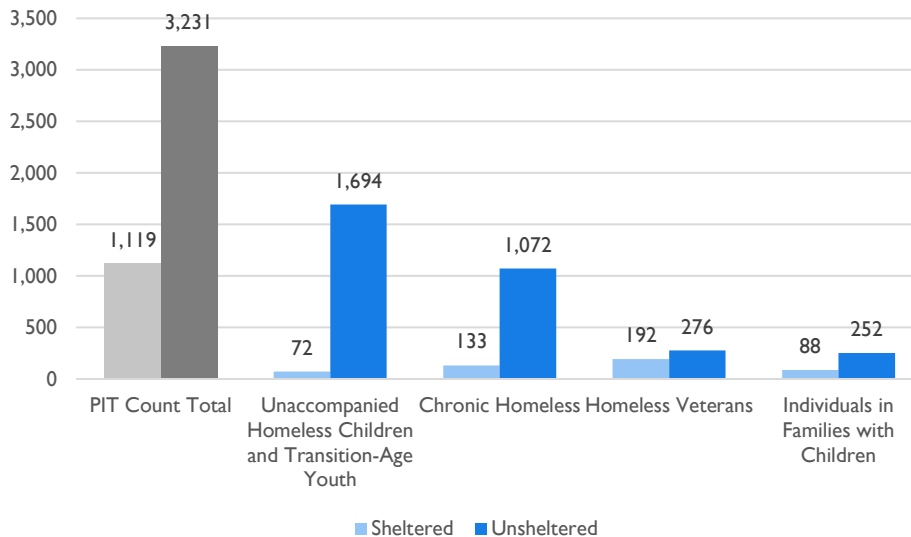
### **San José Has a High Rate of Unsheltered Homeless Residents**

Of San José’s 4,350 homeless residents, 74 percent or 3,231 people were unsheltered in 2017.<sup>42</sup> “Unsheltered homeless” people are identified as those whose primary nighttime location is a public or private place not designated for, or ordinarily used as, a regular sleeping accommodation for people (for example, vehicles or parks).

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<sup>42</sup> According to the 2018 *Silicon Valley Index* report, Santa Clara County has the highest percentage (74 percent) of unsheltered populations among Bay Area Counties (including San Francisco, Sonoma, Marin, Alameda, Napa, San Mateo and Contra Costa counties).

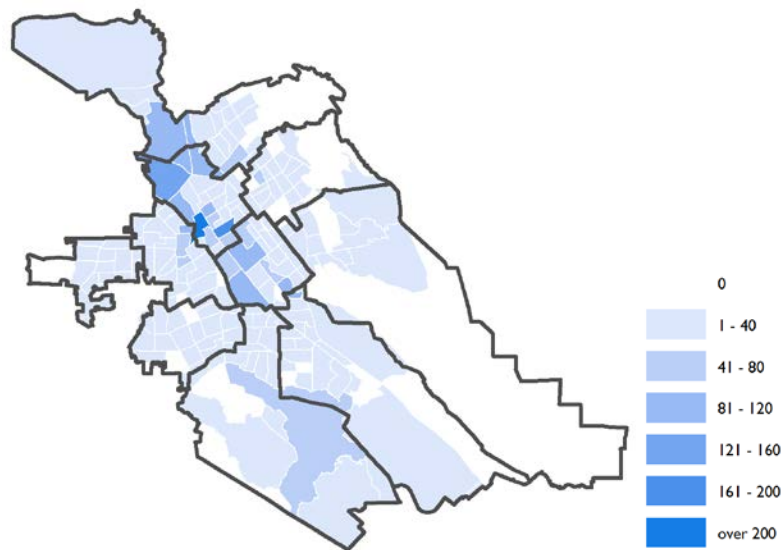
**Exhibit 12: The High Rate of Unsheltered Homeless Residents Can Also Be Seen in the HUD-defined Subpopulations**



Source: Audit team summary of 2017 San José Homeless Census and Survey from Applied Survey Research. Note: Differences due to rounding. HUD-defined subpopulations are not mutually exclusive, as noted previously.

Data from the 2017 San José Homeless Census and Survey showed unsheltered San José residents in every City Council district.

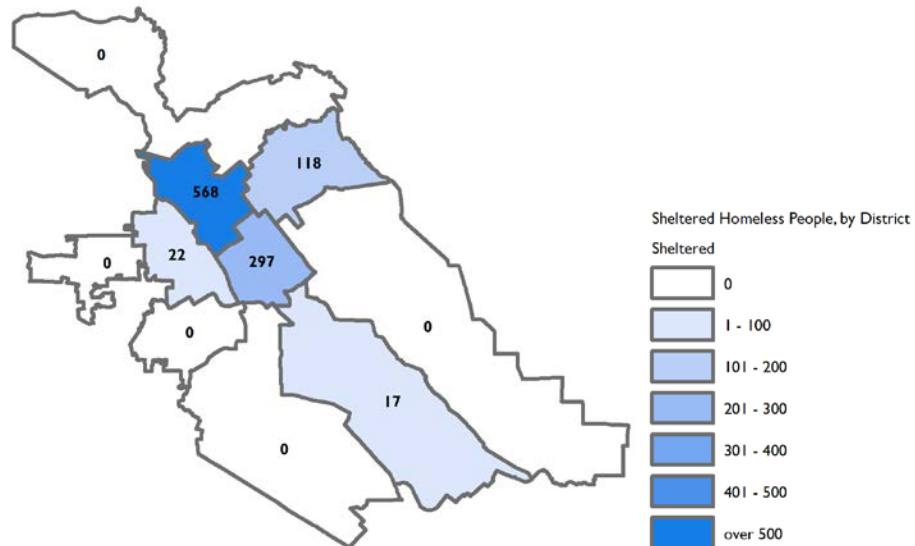
**Exhibit 13: In January 2017, Unsheltered San José Residents Were Counted in Every City Council District**



Source: Audit team summary of data from 2017 San José Homeless Census and Survey from Applied Survey Research.

People who are staying in emergency shelters, transitional housing programs, or safe havens are referred to as “sheltered homeless.” Most of San José’s sheltered homeless residents were concentrated in just five City Council districts with the majority located around downtown.

**Exhibit 14: In January 2017, Homeless Residents Were Sheltered in Five of San José’s City Council Districts**



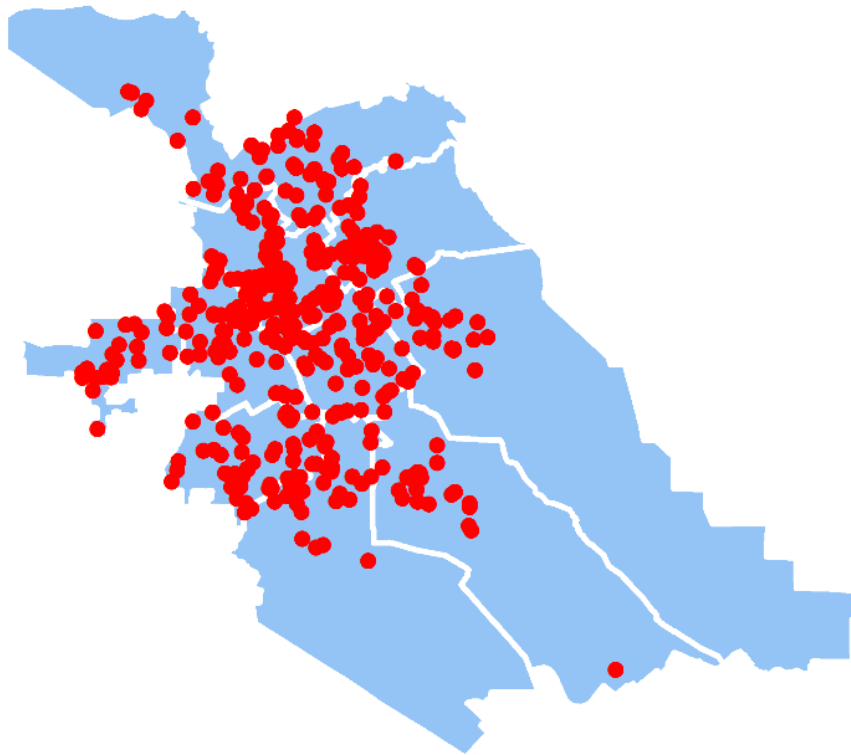
Source: Audit team summary of Housing Department data from the Santa Clara County Office of Supportive Housing’s 2017 Housing Inventory Count. Note: In January 2017, an additional 97 homeless San José residents were sheltered in confidential locations, who were not included in the exhibit above.

**Homeless Concerns Are Reported In Every City Council District**

The Housing Department maintains a Homeless Concerns Hotline where residents can report homelessness-related concerns. The Housing Department responds to these calls by sending outreach teams to contact homeless individuals at the reported location. A review of this data found that in FY 2017-18, there were 5,100 calls and emails to the Homeless Concerns Hotline, and around 400 reported sites of homeless people in San José.<sup>43</sup> Those reports located homeless San José residents in every City Council District.

<sup>43</sup> Housing Department data showed that during FY 2017-18 there were almost 400 reported homeless encampments in San José. However, some of those sites were not considered encampments.

**Exhibit 15: Reported Locations of Homeless People Are in Every City Council District**



Source: Audit team summary of Housing Department data showing around 400 sites reported through the 5,100 calls and emails to the Housing Concerns Hotline in FY 2017-18.

Some of the reports to the Homeless Concerns Hotline include reports of encampments, or unpermitted camps located in San José. Depending on the size and location of the encampment, the City may prioritize the site for an abatement—removal and prevention activities to clean encampments, while offering encampment users appropriate assistance.<sup>44</sup>

Generally, an abatement involves the City dispatching outreach staff to the encampment location where staff attempts to contact the residents. If contact is made, outreach staff conducts assessments with willing residents and notifies residents of the impending abatement. Residents are provided a minimum of 72 hours in advance of an abatement. On the day of an abatement, City staff and the abatement contractor will remove belongings, conduct a site check to make sure that no individuals remain on site. Tents and structures at the site may also be removed.

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<sup>44</sup> 2018 Draft encampment abatement policies.



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### **The City Has Budgeted \$1.5 Million Annually On Encampment Abatement**

The Housing Department took over encampment abatement from ESD in 2013 because it was determined that Housing staff would be best positioned to provide homeless services along with the abatements. The City has budgeted about \$1.5 million annually on encampment abatements along with additional resources for outreach, and other services through its grants with agencies that provide those services citywide.<sup>45</sup>

Abatements generally require a 72 hour notice to residents. The Housing Department reports that outreach workers reach out to the residents to offer services and resources. The City has an agreement with a vendor for the clean-up of sites, disposal, and storage of personal belongings.

Expenditures for abatements have ranged from \$1.3 million in FY 2013-14 to over \$2 million in FY 2017-18. In FY 2013-14 and FY 2014-15 abatement expenditures included clean-up and abatement of one of the City's largest encampments—the Jungle.

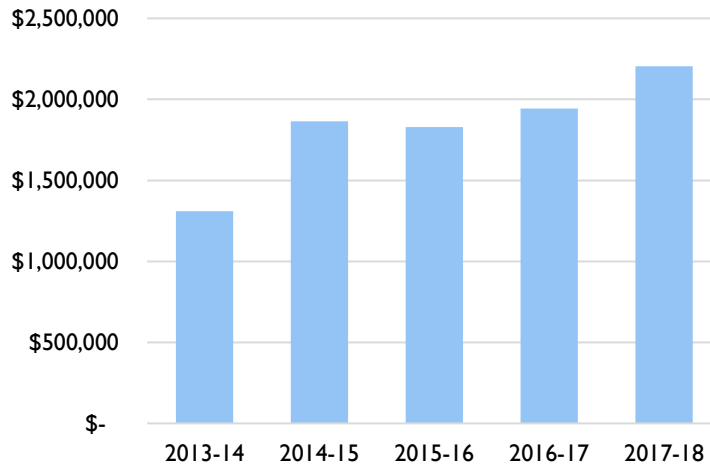
FY 2017-18 expenditures exceeded expenditures for all previous years. \$960,000 of the 2018 expenditures were for cleanup of encampment sites. Another \$1.2 million was for abatement-related personal and non-personal expenditures in the Housing Department, PRNS, SJPD, and ESD.<sup>46</sup> Exhibit 16 shows the expenditure history for abatement since 2013-14.

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<sup>45</sup> The \$1.5 million does not include expenditures by regional and non-profit partners, including the Santa Clara Water District, Downtown Streets Team, Environmental Services Department costs for doing quarterly creek assessments, Keep Coyote Beautiful, etc.

<sup>46</sup> The remaining \$83,000 in abatement expenditures were for various other vendors including the San José Conservation Corp, Downtown Streets Team, Greenwaste, etc.

**Exhibit 16: Encampment Abatement Expenditures Have Increased Since FY 2013-14**



Source: City's Financial Management System

Multiple departments are involved in encampment abatements—Housing Department, Police Department, ESD, and PRNS. The Santa Clara Water District has provided a \$175,000 grant to fund two Park Rangers to patrol and provide enforcement of homeless encampments along the Coyote Creek and Guadalupe River Park corridors. Staff from Housing, PRNS, and ESD meet regularly to discuss abatement efforts and results.<sup>47</sup>

Encampment abatements are initiated for a variety of reasons. Per Housing staff, most of the abatements are initiated near creeks to keep trash out of the waterways. Others are initiated because of resident complaints through the homeless concerns hotline.

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**The Number of Encampment Abatements Has Increased Significantly**

Since FY 2012-13, the number of encampment abatements has increased significantly. From July 2017 through April 2018, the Housing department initiated abatement of 563 sites compared to 49 sites from April 2013 to December 2013.<sup>48</sup> Housing regularly schedules monthly abatements near creeks. Over half the clean-ups (400 of 563 sites) were near creeks.

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<sup>47</sup> The City of Seattle uses *The Navigation Team* as their approach for addressing the issue of people living unsheltered in Seattle. The team is comprised of specially trained Seattle Police Department (SPD) officers, a supervising police sergeant, an outreach coordinator, an encampment response manager, field coordinators, and contracted outreach providers.

<sup>48</sup> We should note that FY 2013-14 and FY 2014-15 expenditures included one of the City's largest encampment abatements on Story Road covering about 68 acres. Beginning December 1, the official posting and cleanup effort took just over two weeks to complete, ending on December 20, 2014. Multiple City departments including Housing, ESD, PRNS, Public Works and the Police Department were involved in this large effort.

The City has a Memorandum of Agreement with the Santa Clara Water District for encampment clean-up, trash removal and prevention. The two agencies have agreed to a Joint Abatement Team and meet regularly to discuss areas of concern. In addition, a 2015 lawsuit and the resulting consent decree obligated the City to keep its waterways free of trash. This has contributed to the increase in the City's encampment abatement efforts—especially near waterways.

Many sites have been abated multiple times. The Housing Department has regularly scheduled monthly abatements at sites near waterways posted on its website – pointing to a persistent and recurring problem requiring a more strategic approach.

### **Housing Should Finalize Revisions to Its Encampment Abatement Policies and Procedures**

The Department's current policies were developed in 2013 when the program was transferred to the Department. These policies are part of the City's Memorandum of Agreement with the Santa Clara Valley Water District for encampment cleanup, trash removal and prevention. The Housing Department is in the process of revising these policies and procedures which are expected to be completed by December 2018.

**Recommendation #4: Finalize encampment abatement policies and clarify provisions regarding which encampments will be prioritized for abatement, and noticing requirements (pre and post abatement).**

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### **Tracking the Impact of Abatement Actions**

The Housing Department contracts for outreach and engagement services. Some of these services are directly related to the City's abatement actions. However, the agreements with the providers do not require them to provide a breakdown on resource/services provided by abatement action. For example, the City's agreement with one grantee requires the grantee to provide outreach services to homeless individuals in San José to connect them with resources and services but does not require any reporting by location of encampment or results of those outreach contacts.

Without this information, it is difficult to determine the overall extent of outreach performed in conjunction with an abatement action. It makes it equally difficult to track the effectiveness of abatement actions. Specifically, whether homeless residents were helped into housing, or whether the abatement action simply forced the problem to a different part of the City.

The United States Interagency Council on Homelessness highlights the importance of impactful, effective efforts to end homelessness, and defines a successful homeless assistance program by one measure – a reduction in the number of people

experiencing homelessness. Outreach and engagement during abatement actions are part of the City's homeless assistance strategy and, as such, their contribution towards reducing homeless should be measured.

In addition, encampment closures impact the lives of the City's homeless residents in several ways. For example, according to the National Coalition for the Homeless:

*Apart from the obvious burden of having to regularly relocate, those displaced by encampment sweeps often lose personal belongings including vital documents, necessary medications, and objects of sentimental value. Bonds of community which help people living on the street to cope with their situation are broken. Along with other forms of the criminalization of homelessness, encampment sweeps can also further erode the trust between people experiencing homelessness and the system allegedly set up to assist them.*

To ensure its actions are appropriate and humane as well as efficient and effective, San José should include short- and long-term outcome measures that will indicate whether the intervention is on track for success or if course corrections are needed.

**Recommendation #5: The Housing Department should require grantees to report on: a) outreach conducted at encampments; b) encampment residents referred to shelters/services; c) number of residents who accepted referrals and the types of referrals accepted; and d) number of assessments completed. In addition, the Housing Department should summarize this by abatement and use this information to inform what kind of services encampment residents need, future service and allocations, whether resident concerns were addressed, etc.**

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### **A Lack of Sufficient Alternatives Makes Housing the Unsheltered Population and Encampment Residents Challenging**

When residents are cleared from an encampment, they face significant challenges due to the lack of sufficient housing options. The City's rapid rehousing and permanent supportive housing strategies provide options to house eligible unsheltered residents. However, space is limited. For example, from November 15, 2015 to October 31, 2017, just 14 percent of unduplicated households in the community queue received referrals to permanent housing.<sup>49</sup>

While emergency shelter access is by way of referral, once placed in shelter, the aim is to ensure individuals move from shelter to permanent housing quickly.

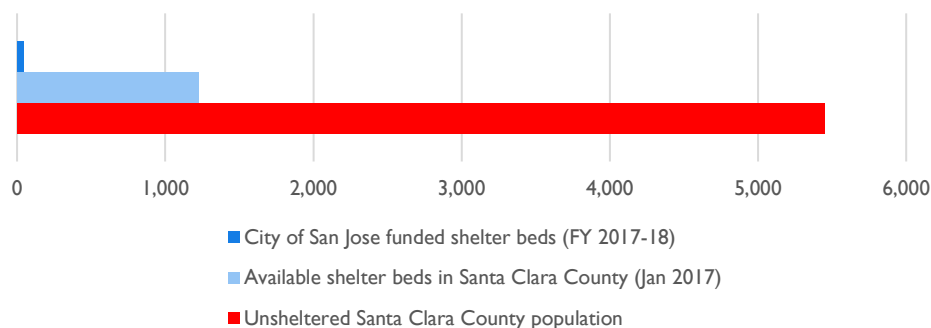
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<sup>49</sup> Permanent housing includes both rapid rehousing and permanent supportive housing placements.

However, it is our understanding that encampment residents may or may not necessarily be a priority for permanent housing because of their status in the community queue. The region’s move to the Coordinated Assessment System (CAS) means that individuals are referred to permanent housing via the community queue. That is, individual placement into available housing options relies on the individual’s score and priority in the referral queue.<sup>50</sup>

Furthermore, there are only 1,225 emergency shelter beds in the county. Of these, 571 are seasonal beds; 508 beds are available year-round. The City of San José directly funds at least 28 of the 1,225 emergency shelter beds.<sup>51</sup> In addition, although the Housing Department may offer shelter on the spot to those moved from an encampment, these shelter beds are available for more than just abated encampment residents.<sup>52</sup>

**Exhibit 17: Shelter Capacity Is Inadequate to Meet Need for Unhoused Santa Clara County Residents**



Source: Compilation of Santa Clara County Housing Inventory Count and Santa Clara County Homeless Census and Survey

According to a 2015 Santa Clara County commissioned *Homeless Service Facility Asset Study*, homeless individuals frequently face barriers to accessing even emergency shelters (i.e. admissions barriers that screen them out). This contributes to homeless individuals not accessing emergency housing options and could contribute to underutilization of shelters.

To address this, jurisdictions across the country are studying ways to move away from old shelter models to low barrier, housing-focused shelter options. For now, it points to the need to coordinate collecting and sharing of information about

<sup>50</sup> This is a community-wide intake process that uses a standard triage tool (VI-SPDAT) to match people experiencing homelessness to existing community resources that are best fit for their situation.

<sup>51</sup> Shelter bed count was pulled from the 2017 Santa Clara County CoC Housing Inventory Count (HIC).

<sup>52</sup> There are more than 5,400 unsheltered homeless residents in Santa Clara County, and 3,231 unsheltered individuals in the City of San José.

emergency housing options with relevant field staff, and make that information available to homeless residents seeking shelter.

### **Seattle Has a Stated Goal of Requiring That Housing Alternatives Be Provided at the Time of Encampment Abatement**

The City of Seattle's rules on encampment abatement require housing alternatives to be provided prior to an abatement (in some instances). Specifically, the rules state that:

*Prior to removing an encampment, the City shall offer alternative locations for individuals in an encampment or identify available housing or other shelter for encampment occupants. The alternatives shall be available to the encampment occupant starting on the date an encampment removal notice is posted and shall continue to be available until the encampment removal is completed. The City shall maintain, or cause to be maintained, a daily list of alternatives, which list shall be shared with FAS [Finance and Administrative Services] and outreach staff. The alternatives may include housing programs, shelter programs with or without day programs, authorized encampments, and "no-barrier" authorized shelter or encampment programs. The City is not required to provide additional alternatives to individuals who have been previously or are currently excluded from all usual and appropriate alternatives because of the individual's behavior.*

We should also note that Seattle has committed to increasing the City of Seattle's bridge housing and shelter units by 25 percent. The plan creates additional shelter capacity for more than 500 people; Seattle reports that it has already opened 124 new shelter spaces, which serve approximately 150 people.<sup>53</sup>

### **Addressing the Immediate Needs of Former Encampment Residents**

San José has multiple strategies in play to deal with the crisis in housing affordability, and a long-term strategy to build affordable housing.<sup>54</sup> These include: Safe Parking, Bridge Housing, an Incidental Shelter Program, and motel vouchers. But in the meantime, encampment residents are in competition with other residents for few placements in emergency shelters, permanent housing, or other programs.<sup>55</sup> In

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<sup>53</sup> <https://www.seattle.gov/homelessness/addressing-the-crisis>

<sup>54</sup> The Housing Department reports that as of September 2018, 928 affordable units are in some phase of development or entitlement process. So far, 64 of the 928 units have been completed.

<sup>55</sup> In September 2018, a 9th U.S. Circuit Court of Appeals panel found that a law in Boise, Idaho, that prohibits sleeping in public spaces violates the U.S. Constitution's Eighth Amendment protections against cruel or unusual punishment "as it imposes criminal sanctions against homeless individuals for sleeping outdoors, on public property, when no alternative shelter is available to them."

addition, strict requirements for entry into emergency shelter or interim housing options may limit entry for those who would otherwise accept these options.<sup>56</sup>

Identifying appropriate housing solutions for encampment residents prior to performing an abatement is important. The Housing Department currently does not track and is unable to provide data on the number of offers of shelter that have been made to abated residents, and the number of offers that were accepted. Without that information, the Department cannot document whether encampment residents were housed, or if they simply moved to a different part of the city following an abatement action.

**Recommendation #6: The City should use the upcoming funding cycle to assess emergency shelter or other interim housing solutions, and determine whether San José can do more to ensure residents have access to immediate, emergency housing solutions – particularly when they are the subject of an abatement action.**

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<sup>56</sup> It should be noted that a number of the available emergency shelter programs are only available to select groups (e.g. women with children, youth ages 11-17).

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## **Finding 3      Improved Performance Management of City-Funded Homeless Service Providers Can Help Ensure the Effectiveness of Homeless Assistance Programs**

### **Summary**

The City relies on community-based organizations (CBOs) to implement and deliver its homeless assistance program. While the City provided over \$10 million in grants for the City's homeless assistance program, there is limited aggregated program-level data by which to evaluate the effectiveness of this program. We tabulated performance information from over 30 reports and 18 grant agreements for nine active grantees, and categorized that information by strategy area. We also found that only two grantees reported successfully meeting all agreed-upon performance targets outlined in their FY 2017-18 grant agreements. Further, even though grantees were missing targets, we did not find evidence of adequate performance adjustments or formalized documented feedback of grantee progress reports on a quarterly basis. Although Housing had conducted some monitoring visits, it had not fully utilized its risk assessment methodology to determine its on-site monitoring visits since FY 2015-16. In addition, all City-funded grants were excluded from that process. Finally, the City's current grant monitoring database is difficult to use and cannot easily aggregate grantee reported data. In our opinion, the Housing Department should regularly monitor grantees, perform its risk assessments, review and provide feedback on performance, and strengthen its process to assess overall program effectiveness.

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### **The City Relies on Community-Based Organizations to Implement and Deliver Its Homeless Assistance Program**

The City's Housing Department relies on community-based organizations (CBOs) to deliver direct services to homeless residents in San José. In FY 2017-18, nine CBOs led City-funded service delivery through 18 different grant agreements. The Housing Department's Grants Management team facilitates the proposal, contracting and monitoring process for these grants, coordinating with the Homeless Interventions and Solutions Division staff to set contract terms and performance targets. Performance targets for grantees are set based on outcomes that the Housing Department anticipates and in conjunction with the Santa Clara County CoC.

In order to ensure that grantees implement activities in line with City's overall strategy to address homelessness, Housing employs a monitoring strategy to track

grantee progress towards performance measures defined in grantee contracts. This includes performing an annual risk assessment to identify the highest risk grantees, desk reviews of grantee invoices and performance reports, and in-person monitoring visits to identified grantees.

**The City’s Homeless Assistance Is Currently Focused on Four Strategies**

As shown in Finding I, San José’s homeless populations are diverse. This requires different strategies to successfully help individuals off the streets and into housing. To respond to this diversity of need, the City’s grantees provide services through four strategies: Rapid Rehousing, Crisis Response, Supportive Housing, and Prevention services.

As required by their grant agreements, grantees provide periodic reports of services delivered. However, the Housing Department does not have an easy way to aggregate grantee reported performance. Thus, while the City provided over \$10 million in grants in FY 2017-18 for its homeless assistance program, there is no aggregated program-level data by which to evaluate the effectiveness of this program. For example, to prepare the information shown in Exhibit 18 below, we had to tabulate performance information from over 30 reports for 18 grant agreements for nine active grantees, and categorize that information by strategy area.

**Exhibit 18: Summary of Activities Reported by Grantees for FY 2017-18**

RAPID REHOUSING		
449	Homeless people provided supportive services	Rapid rehousing is designed to help individuals and families quickly exit homelessness and return to permanent housing via access to short term subsidized rental housing.  In FY 2017-18, three CBOs were contracted to implement the City’s rapid rehousing services.
156	Households provided rental subsidies	
2,765	Housing checks issued	
1,882	Case management sessions	
455	Employment development sessions	
759	Housing search sessions	
90	Housing inspections performed	

CRISIS RESPONSE <sup>57</sup>		
406	Homeless people provided shelter at Overnight Warming Locations	<p>A front line to homelessness response, crisis response services focus on ensuring people can meet their most basic needs such as shelter, food, clothing, and personal hygiene as well as connecting people who experience homelessness including encampment residents to housing assistance and/or available services through outreach.</p> <p>In FY 2017-18, five<sup>58</sup> CBOs were contracted to implement the City's crisis response services.</p>
612	Homeless people provided shelter at year-round emergency shelter	
5,455	Outreach contacts made	
13,375	Total shelter days provided	
6,562	Case management sessions	
439	Entry assessments performed	

PERMANENT SUPPORTIVE HOUSING		
129	Chronically homeless households housed	<p>Permanent supportive housing is a program that combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness and/or disability.</p> <p>In FY 2017-18 the City in partnership with the County of Santa Clara provided permanent supportive housing services, targeting the City's chronically homeless population. Another CBO targeted survivors of domestic violence (DV) experiencing homelessness with a long-term project aim of assisting project participants into permanent housing.</p>
140	Chronically homeless households provided supportive services	
6	Domestic violence survivors experiencing homelessness provided supportive services	

<sup>57</sup> These numbers represent only City-funded services and does not account for the efforts other non-profits, faith communities, or local businesses.

<sup>58</sup> Totals for crisis response services represent grantee reported data for three CBOs. This is because two CBOs did not submit progress reports for this FY 2017-18 period though they maintained active contracts for this period.

PREVENTION		
71	Households provided financial assistance to prevent homelessness	In addition to the provision of temporary and permanent housing services for homeless residents, Housing supports homeless prevention. FY 2017-18 initiatives included: emergency rental assistance and support to families at risk of becoming homeless, a homeless veterans campaign, and employment support services to participants enrolled in rapid rehousing.
93	Homeless or formerly homeless people enrolled in employment program	
3,884	Employment development sessions	
10	Homeless or formerly homeless people placed in permanent jobs <sup>59</sup>	In FY 2017-18, two CBOs were contracted to lead the City's homelessness prevention efforts.

Source: Auditor summary of Housing's FY 2017-18 homeless assistance grantee progress reports

While this data shows program accomplishments overall, Housing Department staff does not have the ability on a day-to-day basis to link aggregated performance metrics to program goals, outcomes, and compare the performance of the Housing Department's grantees to those of the CoC. Furthermore, as described later in this Finding, Housing staff cannot easily assess the dollars spent to achieve these outcomes.

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### Using Aggregate Data to Optimize Program Performance

Efforts to optimize program performance of the City's homeless assistance strategies is vital to ensuring efficient service delivery for the following reasons:

- 1) Many of the City's homeless service providers fall short of performance targets (detailed below);
- 2) Over the last ten years, little change has been observed in the overall number of homeless residents in San José, and;
- 3) The Housing Department acknowledges its contribution to homeless assistance services is wholly inadequate to meet the need for services of over 4,300 homeless San José residents.

Efficiently directing resources necessitates documenting the City's homeless assistance through limited, standardized performance indicators across its four strategy areas and then aggregating that data for analysis. Without this information, evaluating long-term viability and reviewing program effectiveness is difficult, if not impossible.

For example, the City of Seattle aggregates data from its service providers' in five key areas: exits to permanent housing, average length of stay in shelter, returns to

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<sup>59</sup> Note permanent jobs are defined as a 3-month minimum contract which means employment may not be guaranteed after that time-period.

homelessness, entries from homelessness, and the utilization rate of shelters and services. Results are updated quarterly on their CoC's website.<sup>60</sup> The City of Houston prioritizes the number of people exiting homelessness.<sup>61</sup>

### **Limited Data Analysis to Determine Effectiveness of City's Homeless Assistance**

Housing's ability to effectively analyze the large body of data they require their grantees to report is limited. Our tally of FY 2017-18 performance report data shows in FY 2017-18 homeless assistance grantees reported about 40 unique outcome indicators. However, none of these measures are routinely aggregated by strategy area like we did in Exhibit 18 above. This limits the Housing Departments' ability to use this data to effectively assess the performance of its homeless assistance program.

Aggregated performance data would allow Housing Department staff to highlight areas where strategies are succeeding and identify areas where improvements can be made. For example, despite having limited data, the department made significant changes to its rapid rehousing strategy. These changes were intended to improve the ability of rapid rehousing to serve its participants more effectively and included an increase to rapid rehousing grants allocations.<sup>62</sup> Exhibit 19 shows consolidated performance report data for the three CBOs leading Housing's rapid rehousing strategy. It shows several agreed-upon objectives were missed in FY 2017-18.

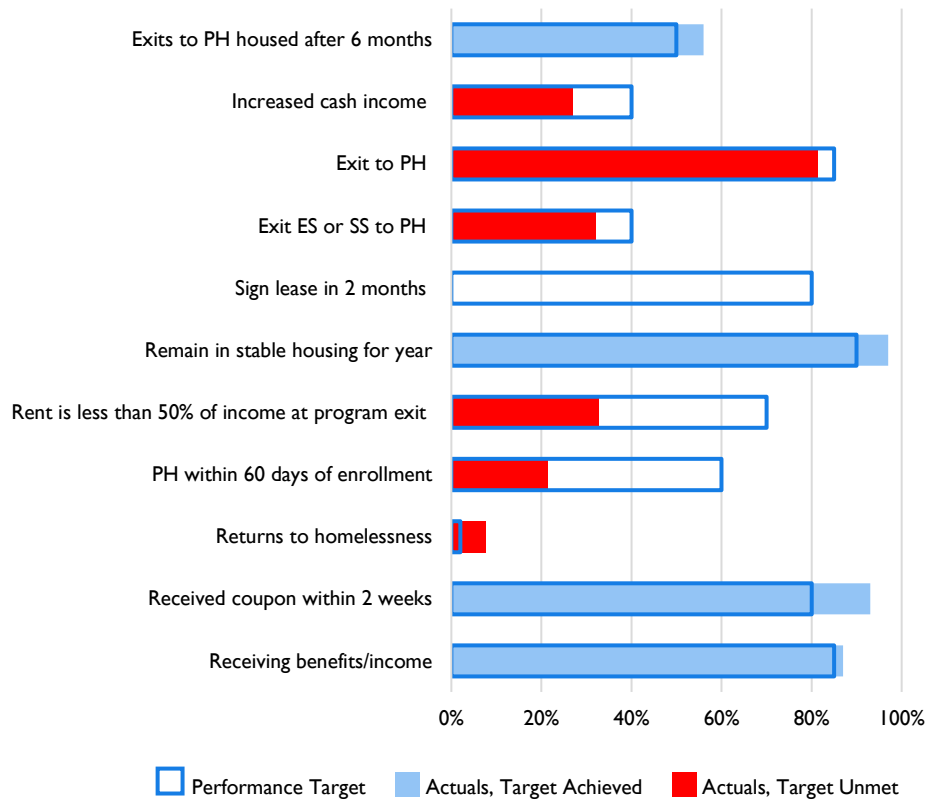
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<sup>60</sup> <http://allhomekc.org/quarterly-data/>

<sup>61</sup> It appears that each of these cities have used this data to make significant changes to their program. For example, the Texas counties of Harris and Fort Bend (which contain the City of Houston) saw a significant drop in their homeless population from 8,538 in 2011 to 3,412 in 2017. That CoC focused all of its different service providers on the collective goal of permanently housing people. In their system, each service provider is responsible for doing its part to support this overall goal. Using this approach, that CoC started with a specific population of homeless people (homeless veterans), and gradually expanded its efforts to other subpopulations (chronic homeless people were next).

<sup>62</sup> Rapid rehousing is an evidence-based strategy that assists households to achieve and maintain housing stability. Over the last two years, the local Continuum of Care has led a county-wide effort to significantly increase rapid rehousing services and implement countywide policies, metrics and referrals through the Coordinated Assessment System. The Housing Department made changes to its RRH program in alignment with the CoC strategy.

**Exhibit 19: Rapid Rehousing Participant Outcomes, by Percent of Target**



Source: Audit team summary of select CBO progress report data. Note: ES represents emergency shelter, PH permanent housing, and SS supportive services. Data represents most recent quarter from FY 2017-18 Housing progress reports.

**Data Management Software Systems Inhibit Aggregation**

Grantee-level data for the City’s homeless assistance services is collected in the City’s grants management system, and the CoC’s Homeless Management Information System (HMIS). During our review, we found limits in the Housing Department’s ability to aggregate project results with those systems. The current limitations of the City’s grants management system impedes opportunities to learn from project results and adjust grantee goals appropriately on an ongoing annual basis. Additionally, as shown above, the City’s grants monitoring system does not facilitate the compilation of information about the City’s grant performance, and Housing cannot easily view aggregate information on grantee performance in one place. Specifically, the City’s grants monitoring system cannot generate historical reports of strategy or even individual grantee performance.

Although the City can request reports from HMIS, the City does not have direct access into HMIS at this time. Some standard reports (such as those that are required by HUD) are already set up in the HMIS system and are available upon request. Non-standard reports require additional time and funding for the vendor to set up and fulfill the request.

Helpful HMIS reports could include: exits to permanent housing; average length of stay in a program; returns to homelessness; entries from homelessness; housing and shelter utilization rates; housing retention after 6, 12, and 24 months; HUD-defined subpopulations served; etc. The Housing Department should work with Santa Clara County to determine if the identified reports would require any additional modifications to HMIS.

**Recommendation #7: To analyze the effectiveness of the City's homeless assistance efforts, the Housing Department should use HMIS to:**

- a) Aggregate City of San Jose data by strategy area (rapid rehousing, permanent housing, crisis response, and prevention) and report on key performance indicators including: exits to permanent housing, returns to homelessness, number of participants enrolled per strategy area;**
- b) Compare the performance of the City's homeless assistance by strategy area to identified targets and the performance of the CoC on a semi-annual basis.**

#### **Finalize HMIS Access**

As described earlier, HMIS collects data on clients and homelessness services provided, which can be used to improve community efforts to house and serve homeless individuals living in Santa Clara County and the City of San José.<sup>63</sup> While Housing is in process of obtaining direct access to HMIS, historically this has not been the case. Instead, City staff requested HMIS reports from the City's homeless assistance grantees, or the HMIS vendor. We recommend the City finalize negotiations with the County for access to HMIS.

**Recommendation #8: The City should obtain direct access to HMIS.**

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#### **Grantees Did Not Meet Key Performance Targets**

Our review of grantee performance in FY 2017-18 showed that only two grantees reported meeting all performance targets outlined in their grant agreements. Other grantees fell significantly short of key agreed-upon performance targets. For example:

- One grantee reported 20 percent of clients placed in permanent housing returned to homelessness – compared to an agreed-upon target of 2

<sup>63</sup> In FY 2017-18 the City contributed \$120,000 to HMIS operations through the Care Coordination Project. As such, getting access to the reports could be negotiated as a condition of future contracts.

percent. Other grantees had better results with two other grantees reporting 0 percent and 3 percent respectively.

- Not one grantee achieved the performance target of project participants that spend less than 50 percent of income on rent.
- Rapid rehousing grantees (expected to ensure 60 percent of participants are placed into permanent housing within 60 days of receiving a housing voucher) fell significantly short as well – reporting only 21 percent of project participants on average moved from homeless to housing in less than 60 days.
- Similar delays to placement into permanent housing were observed in FY 2016-17 where average time from program enrollment to permanent housing placement was 69 days with ten participants waiting four months or longer prior to successfully securing housing for their vouchers.

### **Strengthen Performance Tracking Process**

Even though grantees were missing targets, we did not find evidence of performance adjustments or formalized documented feedback of reports on a quarterly basis. We can assume that if a comprehensive review of grantee performance were occurring, significant underperformance across outcomes from year to year across would be less common.

The monitoring visits that Housing Department staff conducts (described later in this Finding) are focused on confirming data reported by grantees. However, enhancing Housing's process to identify and target potential underperformance early is important to ensure progress towards effective project delivery.

### **Setting Realistic Goals: Example of Rapid Rehousing Transition**

Although Housing Department staff told us that they anticipated the transition to the rapid rehousing strategy might cause some grantee performance results to be below performance targets, these targets were unchanged from previous levels. In our opinion, the anticipated transition performance should have been reflected when setting the actual targets.<sup>64</sup>

In 2013, Housing modified the target population of its rapid rehousing strategy from 'chronically homeless persons' to 'non-chronic, work-able homeless persons'. In 2017, Housing made further changes to the design of its rapid rehousing strategy. Changes during the transition were aligned with nation-wide best practices including: aligning with the CoC to use the community queue as the referral source

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<sup>64</sup> Housing staff stated performance measures were based new participants enrolling in the program as referrals from the community queue. However, Housing did not anticipate the impact transitioning participants who entered prior to 2017 would have on the ability of its rapid rehousing grantees to meet their contracted targets.



for new participants and consolidating case management under three service providers through formalized contract agreements.<sup>65</sup>

In addition, the duration of City-funded rental subsidies was reduced from a maximum of 24 months to a 12-month maximum. In an August 8, 2017 City Council memo, the Housing Department indicated a short-term subsidy aligned with an *anticipated* reduction in the intensity of case management services due to non-chronic homeless individuals as the target population.<sup>66</sup>

However, without the process to gather and track key measures of performance (measures described above), evaluating the success of the recent rapid rehousing transition will be difficult, and some comparisons might not be possible.

**Recommendation #9: The Housing Department should develop and implement performance management processes, including:**

- a) A continuous feedback loop between grantees and Housing staff (program and grants teams);**
- b) A template and standards for conducting quarterly reviews of grantee performance that would assess grantee progress towards targets, any obstacles to date, and areas for improvement; and**
- c) Utilize project results to set realistic grantee performance targets and goals.**

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### **Risk Assessments Are Needed to Determine On-Site Monitoring Visit Needs**

The grants team reported using a risk assessment to determine the need of its on-site monitoring visits. For example, the Housing Department reported in its FY 2017-18 *Annual Action Plan* and *Consolidated Annual Performance Evaluation Report* (CAPER) that it used an annual risk assessment for all sub-recipients, in addition to the quarterly review of progress reports, as an oversight mechanism.<sup>67</sup>

During our review, we found although Housing has conducted monitoring visits to some grantees, it has not fully administered its risk assessment since FY 2015-16.

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<sup>65</sup> Prior to the transition, six agencies supported the City's rapid rehousing efforts through the provision of case management services. Pre-transition, some of these agencies operated through memorandums of understanding with the City.

<sup>66</sup> Although the County's HMIS case notes reportedly contain data Housing could have used to inform why participants might be unsuccessful in rapid rehousing candidates, the Housing Department does not have immediate access to and apparently did not utilize that data. Without accessing that data, it appears that the Housing Department may have made the decision to shorten its rapid rehousing timeframe for finding housing based on insufficient information and without using available data sources to inform their decision making.

<sup>67</sup> Housing's FY 2018-19 CAPER Draft also references the use of a risk assessment to determine monitoring visits for its grantees.

The FY 2015-16 risk assessment process resulted in six grants receiving an on-site monitoring visit based on results of their risk assessment score. Exhibit 20 shows the risk assessments performed since FY 2015-16 and the total documented monitoring visits.

### **Exhibit 20: Few On-site Monitoring and Risk Assessments Were Completed**

Fiscal Year	# Of Homeless Assistance Grants Awarded	# Risk Assessments Completed	# On-Site Monitoring Visits Performed	% Of Grants Receiving A Monitoring Visit
FY 2015-16	32	10	8	25%
FY 2016-17	24	0	3	13%
FY 2017-18	25	0	5	20%

Source: Audit team summary of grantee quarterly performance reports.

### **The City's Risk Assessment Model Excludes Many Grants From Monitoring**

As shown above, risk assessments were fully completed for only eight of 32 active homeless assistance grants in FY 2015-16. In part, this was because only grantees receiving federal funds were assessed for risk. That means that 25 of 32 active grants at that time were excluded from the Department's formal assessment of what grants were to be monitored. City-funded grants were not included. The process has not been administered nor changed since FY 2015-16. That is, Housing's current risk assessment model does not include City-funded grants.

To demonstrate the effect of excluding City-funded grants: in FY 2017-18 City-funded grants accounted for over half of all homeless assistance grant expenditures, but would not be scored as grantees requiring monitoring visits under the current risk assessment process.<sup>68</sup>

### **The Risk Assessment Criteria For Evaluating Grantees Needs Review**

The Housing Department's risk assessment process contains vague criteria to assess risk. For example, the risk assessment identifies prior or existing areas of significant concern found during monitoring visits as a condition to flag a grantee. However, analysts may not have a common understanding of significance – including how many concerns are considered significant and what type of concerns are applicable.

In addition, the grantee's ability to meet performance targets from year to year are not specifically mentioned in the risk assessment. Though the current scoring

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<sup>68</sup> Despite having received funding in previous years and not completing a risk assessment, one HALA-funded grantee did receive a monitoring visit in 2017.

model includes a review of grantee performance reports as criteria to assess risk. an analyst has no way of weighting an underperforming grantee as more risky than a grantee that has historically exceeded its performance targets.

### **Annual Risk Assessments Can Help Mitigate Staffing Challenges**

The Housing Department has experienced significant turnover. One grantee mentioned frequent turnover of grants analysts reporting that their analyst changed three times throughout the course of a year. Housing Department has acknowledged that its current grant review and monitoring process needed improvement.

The Housing Department has assigned risk assessment administration to senior-level staff who have competing job duties. During our review, no entry level or new analysts performed the risk assessment. This limits the staff time available to conduct risk assessments.

In our opinion, performance of adequate risk assessments is important because it is a function that helps Housing Department to prioritize grant monitoring and optimize existing staff resources.

**Recommendation #10: To ensure effective risk management for its homelessness assistance grants, the Housing Department should:**

- a) Develop and implement procedures for an annual risk assessment of all active grants to include an annual monitoring plan for grantees;**
- b) Assign sufficient staff resources to conduct annual risk assessments for all active grant agreements; and**
- c) Develop training procedures on risk assessments.**

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### **Shortcomings in Regular Monitoring**

Housing Department states it is committed to emphasizing that funding is contingent on performance and underperforming grantees risk termination. In a 2017 memo to the City Council, the department emphasized:

*Agencies that are performing will continue to receive funding in the subsequent year. Should an agency fall short of performance goals, the Department will work with underperforming agencies to develop a six-month corrective action plan to improve performance to meet expected goals. Agreements with agencies that continue to underperform will be terminated.*

### **Limited Monitoring Has Been Performed**

Over the last three fiscal years only 16 out of 81 grant agreements that we reviewed had received on-site monitoring visits. Housing Department's Annual Action plan states on-site monitoring visits are to occur for its grantees every two years. In addition, we found much of Housing's monitoring and performance improvement efforts were not documented including: ongoing informal communication with its grantees and monthly invoice reviews.

Conducting and sharing the results of monitoring visits takes time. For example, during FY 2016-17, one grantee received a monitoring visit that resulted in very minor findings. The monitoring report was completed and monitoring results shared with the grantee within two weeks of the monitoring visit. However, the report on another grantee) was not available until almost two months after the monitoring visit even though the findings of that monitoring visit were more significant, and potentially more pressing. Specifically, that monitoring visit had resulted in one finding and three concerns from City staff including *"a sizable amount of funding remaining at the end of the contract year."*

### **The Importance of Verifying Reported Results**

We found the City's current monitoring system falls short in ensuring the accuracy of these reports. Grantee reports serve as Housing's primary record of grantee progress towards contracted performance targets. Ensuring the accuracy of reported information is critical. The City's grants management system serves as the main repository of grantee progress reports, yet it is difficult to use and Housing Department staff cannot easily export out the data to compare performance across grantees and amongst strategy areas.

Without adequate monitoring systems and procedures in place some grantees may over report project results. For example, we observed one the City's rapid rehousing grantees appeared to be significantly surpassing its target of unduplicated clients when compared to the City's two other organizations managing the same strategy. However, a review of grantee databases submitted with quarterly reports showed that some grantees reported individual participants while others reported households. This not only makes the comparison of project results difficult amongst grantees, but results in the sense that some grantees appear to be serving a much larger population.

In addition, during the audit we reviewed individual grantee progress report data. We found that some individual grantees appeared to be falling significantly short of contracted targets. When brought to the attention of Housing Department staff, performance report data was observed as inaccurate. While these reports were available to Housing Department staff, they had not observed this discrepancy thereby highlighting another weakness in the department's monitoring process and systems.

The City is in the early process of reviewing options to replace the City's current grants management system.<sup>69</sup> Until that time, Housing Department staff will need to adapt existing monitoring systems to ensure they adequately capture grantee progress towards performance objectives. In this case we recommend establishing performance dashboards for its grantees.

### **Large Body of Grant-Related Data**

Housing staff manages a large body of grant related data—making the streamlining of information critical to ensure grants analysts and division managers have the information they need to make improvements to the City's homeless assistance programs.

In addition to carrying a large portfolio of grants, on a monthly and quarterly basis analysts review a cumbersome amount of information. For example, one City-funded monthly progress report included the submission of 112 pages of expenditures and financial invoices, and 119 pages of mostly programmatic results. This is a large body of information to sift through in addition to monitoring activities, responding to grantee concerns, ensuring compliance with federal guidelines, etc. As such, systems should be developed to manage this information from grantee to analyst to division manager.

### **Lack of Alignment Among Different Reporting Sources Make Performance Monitoring Difficult**

Housing's grants management team relies on a variety of systems to manage grantee progress including the City's grants management system, and third party generated source data from HMIS. The City's grants management system is one of the main repositories of information to evaluate grantee performance. The City's grants management system was created in 2006, and became operational in January 2010. Grantees upload quarterly progress reports and financial invoices to the system for review by the Housing Department's grants team. On the other hand, the county-wide HMIS system is used to store data on all homelessness services provided county-wide, and to improve the ability of local CBOs to provide access to housing and services for homeless individuals living in Santa Clara County and the City of San José.

In at least one instance we found discrepancies in key performance data between what was reported in HMIS and the information stored in the City's grants management system. Specifically, Housing's grantee progress report data showed higher exits to permanent housing than the HMIS system observed—a key measure of the program success. This could indicate that some grantees may be over

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<sup>69</sup> According to staff, while procuring a new grants monitoring database is not currently in process, the City is looking at including a contract lifecycle/grants management module into the new e-procurement system that the Finance Department is in the process of replacing.

reporting their impact. However, the City's current monitoring efforts proves insufficient to capture these reporting errors.

### **Lack of Policies and Procedures**

Inconsistencies in the administration of the department's risk assessment and monitoring activities may in part be a result of Housing Department's lack of procedures in place for administration of the risk assessment or grant monitoring. While the City-wide grants manual provides general guidelines for grants monitoring Housing may need additional guidance to address its own internal processes. To ensure consistent monitoring and grantee oversight, policies and procedures should be developed and implemented to support efficient, effective monitoring and risk assessment activities.

**Recommendation #11: To effectively manage monitoring activities and utilize monitoring results to improve project delivery of its homeless response grants, the Housing Department should:**

- a) **Develop monitoring procedures including an annual monitoring plan, grantee performance summary, and upload monitoring reports and risk assessment to the City's grants management system;**
- b) **Conduct on-site monitoring visits for each homeless assistance contract at least every two years as has been described in its annual action plan; and**
- c) **Compare grantee progress reports against HMIS reported data on a semi-annual basis to ensure the accuracy of grantee reported performance metrics.**

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### **More Collaboration Between the Homeless Response and Grants Monitoring Team Is Needed**

The Housing Department has acknowledged that coordination between their program and grants monitoring staff could be improved. In particular, there is room for the two teams to collaborate more closely on the ongoing monitoring of its homeless assistance grantees. Currently, the program team is heavily involved during the early stages of grant implementation. Specifically, the program team assists in developing service delivery design during request for proposal stages and setting performance targets during contracting. After this, it is primarily the grants team that manages contracts terms and tracking achievement of performance targets.

To improve coordination between the program and grants team, the Housing Department should consider standardizing the criteria to assess grantee progress across monitoring systems. For example, Housing might consider including key

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performance indicators which demonstrate overall program success into Housing's grant monitoring and risk assessment procedures.

**Recommendation #12: The Housing Department should formalize collaboration between the grants team and the program team to integrate overall program outcomes with criteria for risk assessment and grant monitoring.**

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### Improved Monitoring of Expenditures by Strategy

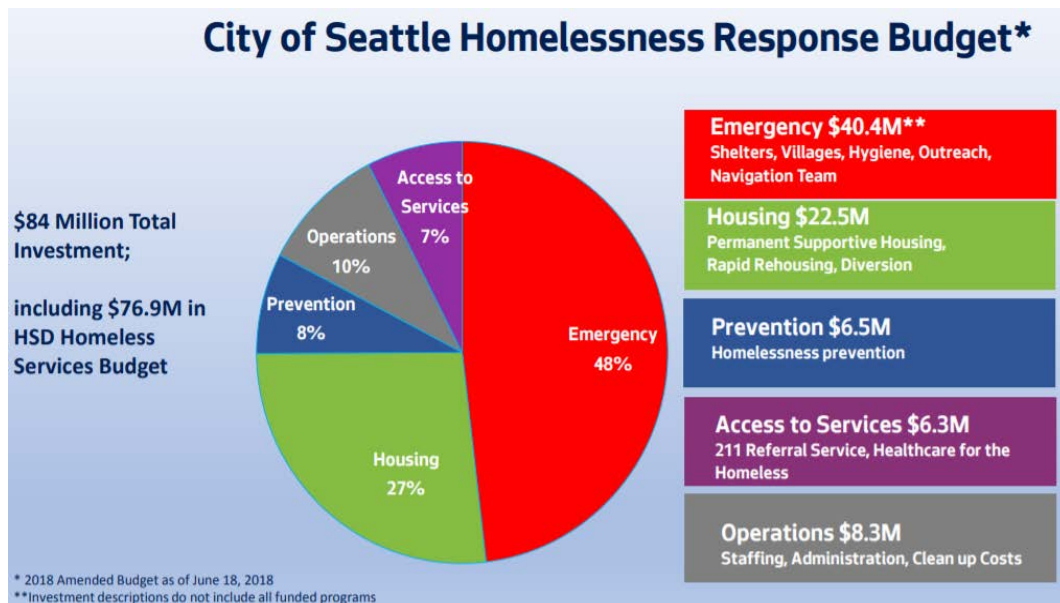
Since FY 2013-14, the City has expended between \$5 and \$10.2 million annually on homeless assistance services. As currently configured, the City's Financial Management System can only summarize actual homeless assistance services expenditures by the agreement, fund, or appropriation. Grantees submit invoices to the Housing Department that tracks how all expenditures relate to specific homeless services. The Housing Department may be able to use its grantee budget tracking mechanism to summarize this information by program, or it may have to manually calculate these amounts (similar to what we did to assemble the units of service shown in Exhibits 18 and 19).

As shown in Exhibit 21, the City of Seattle provides a public summary of budget by program areas.<sup>70</sup> In our opinion, this type of chart provides valuable information to aid future decision making.

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<sup>70</sup> The City of Fresno reports a similar breakdown of information in its Annual Action Plan to the Federal Government (<https://www.fresno.gov/darm/wp-content/uploads/sites/10/2016/11/PY-2017-18-AAP-HUD-Acknowledged-9.22-and-10.2.2017.pdf>).

**Exhibit 21: Example of City of Seattle’s Homeless Programs**



Source: City of Seattle QI report to the Human Services, Equitable Development, and Renter Rights Committee

Tracking expenditures by service area is important for planning and future decision making. For example, case management is a considerable output of the City’s homeless assistance program. In FY 2017-18, grantees reported over 8,400 case management services were provided by the City’s rapid rehousing and crisis response strategies—yet the Housing Department does not have a consistent mechanism in place to report back on total expenditures for these case management sessions. As a result of our audit, Housing began tracking expenditures by program area, and plans to include that information in its upcoming annual report.

**Recommendation #13: Housing should continue developing a system to track homeless assistance grant expenses by service/program and include this breakdown in its annual report to City Council.**



## **Finding 4      Delays in Contract Execution Put Stress on Grantees**

### **Summary**

The City develops service contracts with its homeless service providers on an annual basis. During the audit, we observed many of the City's grantees began providing services prior to full execution of their contract agreements. In one case, this meant the grantee was not reimbursed for services rendered until more than six months into the contract year. These delays can negatively also impact grantee operations and consequent service delivery to the City's residents. We recommend Housing establish processes to limit retroactive agreements in the future.

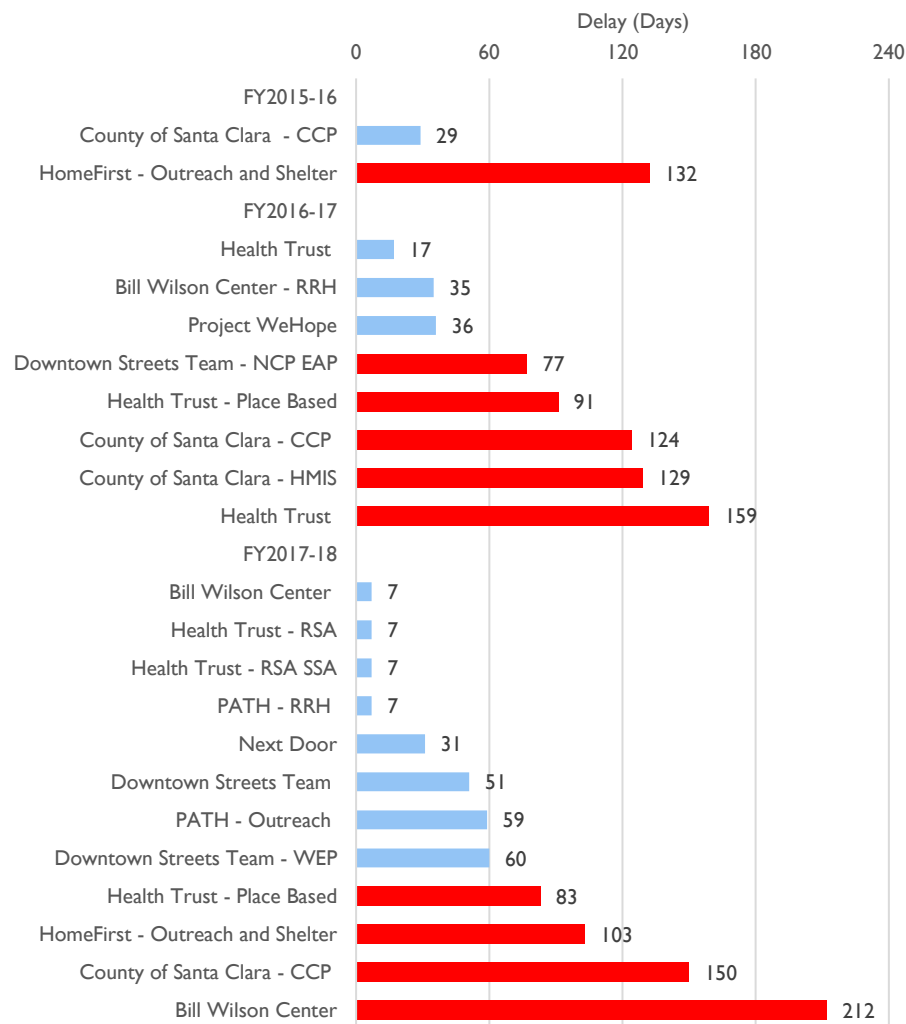
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### **Grantees Began Work Outlined in Agreements Prior to Full Execution of the Agreement**

We pulled 27 agreements from FY 2015-16, FY 2016-17 and FY 2017-18 to review timeliness of grant execution. We observed delays in execution in all three fiscal years across both federal and City funding sources. More than half of the sample (14 out of 27 agreements) showed full contract execution occurred more than 60 days after contract start date. Some of the longest delays were observed in cases where contracts were allowed to lapse, then renewed through the amendment process. In amendment cases, over half of the agreements reviewed (9 out of 16) experienced delays of 60 or more days. Despite the lapse between amendments, grantees continued providing daily services.

Exhibit 22 demonstrates the length of time in days sampled contracts took to reach execution from agreement start date to fully executed agreement.

**Exhibit 22: Half of Agreements Since FY 2015-16 Were Executed 60 Days After Service Provision Began**



Source: Audit team summary of select agreements. Delays of more than 60 days are highlighted in red to emphasize increasing stress place on grantee to meet contractual obligations without fully executed agreements in place.

Delays occurred for both federal and City funding sources. In addition, delays in execution can be significant. In the case of one provider, the contract was finally executed eight days before the project end date. Six contracts required more than four months to reach full execution.

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### **City Rules Discourage Retroactive Agreements**

The City's guidance on "Using and Completing the City of San José Standard and Master Consulting Agreement Forms"<sup>71</sup> states that "[A]llowing a consultant to start work before an agreement is executed should occur only under limited circumstances."

Without active agreements in place the City cannot disburse funding in accordance with federal grant management standards. For example, a 2017 HUD monitoring report of the ESG program found San José had not disbursed its 2015 and 2016 ESG funding on a quarterly basis. The report highlighted concerns in disbursement delays indicating this may lead "the City's ESG U.S. Treasury to believe these funds are not necessary to address the needs of homeless and those at risk of homelessness in San José."<sup>72</sup>

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### **Grantees Frequently Begin Work Prior to Agreement Execution**

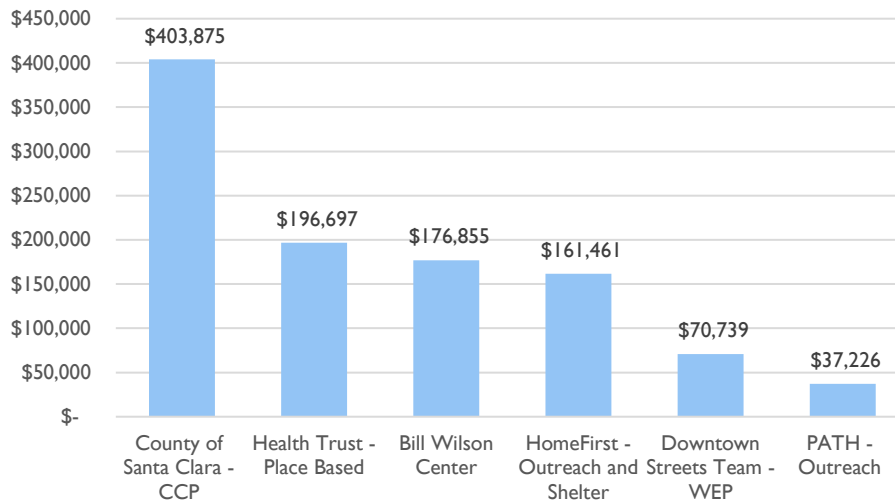
As a result of the delayed execution, grantees sometimes started work prior to a fully executed agreement raising concerns of grantees providing services without a legally binding document. We reviewed invoices from the City's grants management system, and found that many grantees continued to provide services as if contract renewal had occurred. For example, many grantees continued to provide services before fully executed agreements were in place. In two cases we found disbursement did not begin until more than six months into the contract year. Exhibit 23 shows retroactive payments for services rendered without a fully executed agreement in place.

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<sup>71</sup> <http://www.sjcity.net/DocumentCenter/View/13855>

<sup>72</sup> <http://www.sanjoseca.gov/DocumentCenter/View/80568>

**Exhibit 23: Over \$1 Million in Retroactively Paid Invoices Without Executed Agreement in FY 2017-18**



Source: Audit team summary of the City's grants management system invoices.

Further, one grantee we spoke to was concerned about this reimbursement delay because of how it impacts the agency's operations and cash flow.

Delayed execution also impacts service delivery with consequent service delays inhibiting San José residents from receiving services in a timely manner. For example, in one case services were slated to begin January 1, 2018, however, the contract was not fully executed until February 21, 2018. As a result, service provision did not begin until sixty days post-contracted start date.<sup>73</sup>

While Housing relies on retroactive service clauses to address these delays in full contract execution, we recommend Housing establish processes to limit retroactive agreements in the future.

**Recommendation #14: Develop processes to limit retroactive agreements and ensure grant agreements are executed in a timely manner.**

<sup>73</sup> In FY 2017-18 Downtown Streets Team received \$135,000 from the General Fund to supplement encampment abatement clean-up efforts through trash and debris removal in San José (Tully Road, Senter Road, and Keyes Street).

## Conclusion

A majority of the Santa Clara County's homeless population is in San José. Grantees provided resources and services to these residents via homeless assistance grants the City provides. We found that overall the City should track the results of these efforts in a more systemic manner and use these results to better inform future decisions. In addition, the City's encampment abatements have increased significantly and residents lack temporary housing options because of the limited number of shelter beds. Finally, Citywide coordination to addressing homelessness would be beneficial.

### RECOMMENDATIONS

#### **Finding 1: Additional Coordination is Needed to Address High Cost of Homelessness**

Recommendation #1: To facilitate a more coordinated City-wide response to homelessness, the City Manager's Office should coordinate and schedule regular meetings of the City Manager's "Creating Housing and Preventing Homelessness" initiative with all relevant departments to share information, discuss response strategy and develop a proactive approach on homelessness response.

Recommendation #2: To ensure all staff have relevant information to provide and respond to residents who are homeless or on the verge of homelessness, the Housing Department should work to formalize dissemination of information resources for field personnel, including up-to-date information on available services.

Recommendation #3: To ensure a broader range of County and relevant stakeholders are involved in the coordinated approach to homeless response efforts the City Manager's Office should continue working with the County to include additional County agencies in the broader effort.

#### **Finding 2: A Lack of Sufficient Interim and Permanent Housing Options Makes Housing Encampment Residents Challenging**

Recommendation #4: Finalize encampment abatement policies and clarify provisions regarding which encampments will be prioritized for abatement, and noticing requirements (pre and post abatement).

Recommendation #5: The Housing Department should require grantees to report on: a) outreach conducted at encampments; b) encampment residents referred to shelters/services; c) number of residents who accepted referrals and the types of referrals accepted; and d) number of assessments completed. In addition, the Housing Department should summarize this by abatement and use this information to inform what kind of services encampment residents need, future service and allocations, whether resident concerns were addressed, etc.

Recommendation #6: The City should use the upcoming funding cycle to assess emergency shelter or other interim housing solutions, and determine whether San José can do more to ensure residents have access to immediate, emergency housing solutions – particularly when they are the subject of an abatement action.

### **Finding 3: Improved Performance Management of City-Funded Homeless Service Providers Can Help Ensure the Effectiveness of Homeless Assistance Programs**

Recommendation #7: To analyze the effectiveness of the City's homeless assistance efforts, the Housing Department should use HMIS to:

- a) Aggregate City of San Jose data by strategy area (rapid rehousing, permanent housing, crisis response, and prevention) and report on key performance indicators including: exits to permanent housing, returns to homelessness, number of participants enrolled per strategy area; and
- b) Compare the performance of the City's homeless assistance by strategy area to identified targets and the performance of the CoC on a semi-annual basis.

Recommendation #8: The City should obtain direct access to HMIS.

Recommendation #9: The Housing Department should develop and implement performance management processes, including:

- a) A continuous feedback loop between grantees and Housing staff (program and grants teams);
- b) A template and standards for conducting quarterly reviews of grantee performance that would assess grantee progress towards targets, any obstacles to date, and areas for improvement; and
- c) Utilize project results to set realistic grantee performance targets and goals.

Recommendation #10: To ensure effective risk management for its homelessness assistance grants, the Housing Department should:

- a) Develop and implement procedures for an annual risk assessment of all active grants to include an annual monitoring plan for grantees;
- b) Assign sufficient staff resources to conduct annual risk assessments for all active grant agreements; and
- c) Develop training procedures on risk assessments.

Recommendation #11: To effectively manage monitoring activities and utilize monitoring results to improve project delivery of its homeless response grants, the Housing Department should:

- a) Develop monitoring procedures including an annual monitoring plan, grantee performance summary, and upload monitoring reports and risk assessment to the City's grants management system;
- b) Conduct on-site monitoring visits for each homeless assistance contract at least every two years as has been described in its annual action plan; and
- c) Compare grantee progress reports against HMIS reported data on a semi-annual basis to ensure the accuracy of grantee reported performance metrics.

Recommendation #12: The Housing Department should formalize collaboration between the grants team and the program team to integrate overall program outcomes with criteria for risk assessment and grant monitoring.

Recommendation #13: Housing should continue developing a system to track homeless assistance grant expenses by service/program and include this breakdown in its annual report to City Council.

**Finding 4: Delays in Contract Execution Put Stress on Grantee**

Recommendation #14: Develop processes to limit retroactive agreements and ensure grant agreements are executed in a timely manner.

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## APPENDIX A

### List of FY 2017-18 Grantees (\$10.3 Million)

Contract Total	Project Name
<b>The Health Trust</b>	
\$5,131,942	<ul style="list-style-type: none"> <li>• Rapid Rehousing Tenant Based Rental Assistance Program - Subsidy Administrator</li> <li>• Rental Subsidy Program Administrator: Place-Based Rapid Rehousing Program</li> <li>• Rapid Rehousing Tenant Based Rental Assistance Program – Subsidy Administrator and Supportive Services</li> <li>• Destination: Home Employment Initiative and Homeless Prevention System</li> <li>• Housing for Health Program</li> <li>• HOPWA VAWA Demonstration Project*</li> </ul>
<b>HomeFirst</b>	
\$1,256,000	<ul style="list-style-type: none"> <li>• Overnight Warming Locations and Shower and Sanitation Program</li> <li>• Citywide Outreach and Shelter Project</li> </ul>
<b>Downtown Streets Team</b>	
\$1,200,000	<ul style="list-style-type: none"> <li>• Work Experience Program</li> <li>• Encampment Abatement Project</li> </ul>
<b>County of Santa Clara</b>	
\$1,096,000	<ul style="list-style-type: none"> <li>• Care Coordination Project, UPLIFT, HMIS</li> </ul>
<b>Bill Wilson Center</b>	
\$1,000,000	<ul style="list-style-type: none"> <li>• Rapid Rehousing for Youth and Families</li> <li>• Rapid Rehousing and Supportive Services</li> </ul>
<b>People Assisting the Homeless (PATH)</b>	
\$460,000	<ul style="list-style-type: none"> <li>• San José Rapid Rehousing</li> <li>• San José Homeless Outreach Program</li> </ul>
<b>Amigos de Guadalupe</b>	
\$100,000	<ul style="list-style-type: none"> <li>• Posada Project</li> </ul>
<b>Next Door Solutions</b>	
\$62,218	<ul style="list-style-type: none"> <li>• HOPWA VAWA Demonstration Project- Transitional Housing*</li> </ul>
<b>Project WeHOPE</b>	
No New Funding FY 2017-18	<ul style="list-style-type: none"> <li>• Dignity on Wheels</li> </ul>

Source: Auditor compiled grant agreements for FY 2017-18

\* Denotes reference to 2017 calendar year rather than fiscal year

# APPENDIX B

## Brochure of Homeless Services in Santa Clara County



### HOMELESS SERVICES

INFORMATION ON ADDITIONAL SERVICE AGENCIES & HOUSING OPPORTUNITIES ARE AVAILABLE ONLINE AT:

[www.housingscc.org](http://www.housingscc.org)  
[www.scohousingsearch.org](http://www.scohousingsearch.org)

(toll free) 1-877-428-8844

FREE HOUSING SEARCH DATABASE & SUPPORT CENTER

#### HOUSING FOR FAMILIES WITH CHILDREN

**Emergency Shelter for Families - Waiting List Hotline** 408-926-8885

**City Team International/Heritage Home** 408-294-1238  
Emergency shelter for homeless or abandoned pregnant women 18 & over during their last trimester of pregnancy. Drug & alcohol services available.

**Family Supportive Housing/San José Family Shelter** 408-926-8885

692 N. King Road  
Call between 10:00 a.m. - 11:00 a.m. M-F for availability.  
Emergency shelter for families with children - boys over 12 OK. Case management, workshops, child care, on-site tutoring and monthly bus passes. 90 day limit.

**LifeMoves Shelter Network/Commercial Street Inn** 408-271-1630

250 Commercial Street  
Open 24 Hours a day  
Shared housing for women & women with children (boys under 12 yrs) - 30 days free, 60 days max.

#### DOMESTIC VIOLENCE, FAMILY & CHILDREN ISSUES

**Asian Americans for Community Involvement (AACI)** 408-975-2730

2400 Moorpark Avenue, Suite 300  
8:30 a.m. - 5:30 p.m. M-F  
Call for assessment & appointment. Multilingual services, programs, & referrals for adults, seniors, & children.

**Community Solutions** Main 408-779-2113/408-842-7138  
24-Hour Domestic Violence/Rape Crisis Line 1-877-363-7238  
Youth & Family Crisis Line 408-685-4118

16294 Church Street, Suite 103, Morgan Hill  
9015 Murray Avenue, #100, Gilroy  
9:00 a.m. - 5:00 p.m. M-F  
Sexual assault & domestic violence prevention; intervention counseling & housing services.

**Domestic Violence Support Network Hotline** 24 Hour Crisis Hotline 800-572-2782

375 South Third Street (WVCA)  
9:00 a.m. - 5:00 p.m. M-F  
Information, advocacy, & referrals. All calls are confidential.

**Family Violence Center** 408-277-3700

1671 The Alameda, Suite 100  
8:00 a.m. - 5:00 p.m. M-F  
Staffed by San José Police Department; investigation of child & elder abuse, stalking, & domestic violence cases.

**Next Door** Main 408-501-7550  
24 Hour Hotline 408-279-2982

234 East Gish Road, Suite 200  
9:00 a.m. - 8:00 p.m. M-Th & 9:00 a.m. - 5:00 p.m. F  
Serves men, women & children (boys up to 18 years). Confidential shelter, advocacy, teen & children's programs, & counseling. Female domestic violence victims accepted 24 Hours a day.

**YWCA Rape Crisis Center** 408-295-4011 ext 233/650-495-7273

24-Hour Crisis Hotline 408-287-3000  
YWCA of Silicon Valley, Domestic Violence Department  
1.800.572.2782 (24 Hour Bilingual Crisis Line)  
9:00 a.m. - 5:00 p.m.  
373 South 3rd Street  
Confidential shelter, advocacy, therapy, counseling, legal advocacy, children's programs & referrals. Call for appointment.

#### DROP-IN DAY TIME SERVICE CENTERS

**Bill Wilson Center/Drop-in Center** 408-925-0231

693 S 2nd Street  
9:00 a.m. - 9:00 p.m. M-F & 9:00 a.m. - 1:00 p.m. Sa-Su  
Serves youth ages 12-24. Food, clothing, showers, lockers, phone, computers, laundry, housing referrals, mental health services, employment training, education support, counseling, & workshops.

**City of San José/Grace Community Center** 408-293-0422

484 E. San Fernando Street  
9:00 a.m. - 4:00 p.m. M, T & Th; 9:00 a.m. - 1:30 p.m. Wed.; 10:00 a.m. - 2:00 p.m. Sat  
Drop-in Therapeutic Recreation Center. Mental health counseling & support groups, resources, recreation & leisure, fitness, health & hygiene programs (showers & laundry) & daily lunch program (small fee for lunch). One time \$5 membership fee.

**Gilroy Compassion Center - Day Center** 408-763-7120

8425 Monterey Road, Gilroy  
8:00 a.m. - noon M-F  
Snacks, bathrooms, clothing.

**Opportunity Center** 650-853-8672

33 Encina Avenue, Palo Alto  
8:00 a.m. - 4:00 p.m. M-F  
Center provides showers, case management & assistance with CAID's. Clothes closet distributes free clothing, sleeping bags, backpacks, shoes, winter gear, & toiletries. Emergency rental & utility assistance for qualifying families & individuals, by appointment.

#### HOUSING FOR SINGLE MEN & WOMEN

**Bill Wilson Center Transitional Housing Program** 408-289-5803

Single 408-289-5803  
Pregnant/Parenting 408-289-5835

693 Soeth 2nd Street  
Serves youth ages 18 to 24. Housing & support services for 1 to 2 years, case management, job search assistance, life skills workshops, assistance with enrolling in educational programs, parenting classes & transportation assistance. Shared living in a supervised setting.

**City Team/Rescue Mission** 408-288-2153

1174 Old Bayshore Highway  
Check-in Begins at 5:30 p.m. First Come, First Serve.  
Drop-in Service 4:00 p.m. - 6:15 p.m.  
Overnight emergency shelter, drug & alcohol programs, showers, food & clothing.

**HomeFirst (formerly EMC LifeBuilders) Boccardo Reception Center** 408-294-2100, press 0

2011 Little Orchard Street  
Open 24 Hours  
Emergency shelter, basic needs, food, medical services, & case management.

**LifeMoves Shelter Network/Montgomery Street Inn** 408-271-5160

358 North Montgomery Street  
7:00 p.m. - 7:00 a.m. M-Sa  
Emergency shelter for men, 30 days free, 60 day maximum. Monthly bus passes. Shelter & transitional housing for single adult men. Case management, employment & housing assistance, medical services, workshops & monthly bus passes. Program assessments completed M-Th at 12:30 p.m.

**LifeMoves Shelter Network/Julian Street Inn** 408-271-0820

545 West Julian Street  
Open 24 Hours  
Referral based 90 day program offering comprehensive day services & shelter for men & women with mental health issues. Clinical case management, workshops, employment & housing assistance, medical/dental services, & monthly bus passes.

**LifeMoves Shelter Network/Commercial Street Inn** 408-271-1630

260 Commercial Street  
Open 24 Hours  
Shared housing for single women & women with children (boys under 12 yrs) - 30 days free, 60 days max.

**Salvation Army/Emmanuel House** 408-282-1175

405 North Fourth Street  
Link-up for overnight shelter between 1:30 p.m. & 2:30 p.m.; intake at 3:30 p.m.; first come, first served.  
Lunch - 12:15 p.m. & Dinner - 5:15 p.m. M-Sa  
Emergency shelter (14 free nights per year) & working-man's program.

#### RENTAL & OTHER ASSISTANCE

**Sacred Heart Community Services** 408-278-2160

1381 South First Street  
Food pantry & Clothes Closet: 9:00 a.m. - 4:00 p.m. M, W, Th; 9:00 a.m. - 6:00 p.m. F; 9:00 a.m. - noon F  
Services Registration: 9:00 a.m. - 3:00 p.m. M, W, Th; 9:00 a.m. - 5:00 p.m. F; 9:00 a.m. - 11:00 a.m. F  
Job development & placement, clothing & bag lunches. Computer & English classes. Home energy assistance program, public benefits assistance, family supports services.  
Food boxes for residents of: 95110, 95117, 95125, 95126, 95128 & 95134  
Rental & utility assistance for residents of following zip codes: 95008, 95110, 95111, 95113, 95117, 95118, 95124, 95125, 95126, 95128 & 95139

**Salvation Army** 408-282-1165

359 North Fourth Street  
8:00 a.m. - 12:00 p.m. & 1:00 p.m. - 3:00 p.m. M-Th;  
8:00 a.m. - noon F; information, referrals, clothes, senior meals, rental & move-in assistance, & food.  
1:00 p.m. - 3:00 p.m. T-Th (brown bag).  
Meals for seniors: 8:30 a.m. - 12:00 p.m. M-F.  
Family services: 8:30 a.m. - 11:30 p.m. & 1:00 p.m. - 3:00 p.m. M-Th; 8:00 a.m. - 12:00 p.m. F.  
Food services for residents of the following zip codes: 95013, 95035, 95050, 95051, 95054, 95111, 95112, 95119-123, 95126, 95128, 95131, 95132, 95134-39, 95141, 95192 & 95193  
Rental deposit & utility assistance for residents of the following zip codes: 95013, 95037, 95119-95125, 95127, 95132, 95135, 95137, 95138, 95139, 95141, 95148, 95192, 95193

**LifeMoves Shelter Network/Commercial Street Inn** 408-271-1630 ext 642

260 Commercial Street  
Call for Information  
Emergency Assistance for rental & utilities for following zip codes: 95002, 95050, 95051, 95035, 95053, 95054, 95112, 95116, 95131, 95133, 95134

**City of San Jose Rental Rights & Referrals Program** 408-975-4480

City of San José - Housing Dept., 12th floor  
200 East Santa Clara Street  
8:00 a.m. - 5:00 p.m. M-F (closed Holidays)  
Mediation & arbitration services for tenants & landlords of dwellings with three or more units & mobile homes.

**Community Services Agency of Mt. View & Los Altos** 650-968-0836

204 Sterlin Road, Mountain View  
9:00 a.m. - 12:00 p.m. & 1:30 p.m. - 4:00 p.m. M-F  
One-time assistance with rent, PG&E bill assistance, emergency food

services, senior services & holiday shopping for residents of following zip codes: 94022, 94024, 94035, 94040, 94041, 94043

**The Health Trust/AIDS Services** 408-961-9850/800-325-1890

1400 Parkmoor Avenue, Suite 230  
Housing placement, rental subsidies, case management, referrals, emergency financial assistance, transportation, & food for people with HIV/AIDS.

**Housing Authority of the County of Santa Clara** 408-275-8770

505 West Julian Street  
7:30 a.m. - 5:00 p.m. M-F (closed every other F)  
Rental subsidies & affordable housing for low-income families, seniors & persons with disabilities.

**Housing Choices Coalition** 408-284-0990

30 Las Colinas Lane  
9:00 a.m. - 5:00 p.m. M-F  
Rental, cooperative, &/or shared housing options for persons with developmental disabilities.

**MACSA (Mexican American Community Services Agency)** 408-928-1060

660 Sinclair Drive  
9:00 a.m. - 5:00 p.m. M-F  
Family literacy, early childhood education, health & wellness, Zumba classes, youth services, housing, & community facilities. Restorative justice program for youth released from incarceration. 52-week domestic violence program for men who were previously incarcerated.

**San José Unified School District** 408-535-4760

Healthy Start Family Resource Center  
1149 East Julian Street, Building G  
855 Lenzen Avenue, District Office room 100A  
8:00 a.m. - 4:00 p.m. M-F

**McKinney Program for Homeless Students** 408-535-6464

Insurance enrollment, renewal assistance for Medi-Cal, Healthy Families, Kaiser Child Health Plan, medical clinic for children ages 0-18 & monthly food program. School activities: nutrition & health education, school enrollment process, & school transportation. Children's school supplies, backpacks, & elementary school uniforms.

**Santa Clara County/General Assistance** 877-962-3633

1919 Senter Road  
8:00 a.m. - 5:00 p.m. M-F  
Financial assistance for single men & women. Rent & move-in assistance for Supplemental Security Income (SSI) recipients.

**Santa Clara County/Benefits Assistance Center** 877-962-3633

1867 Senter Road  
8:00 a.m. - 5:00 p.m. M-F  
Temporary Assistance for Needy Families (TANF), Medi-Cal, & Food Stamps.

**Santa Clara Unified School District** 408-423-3550

McKinney Program for Homeless Students: K-12 408-423-3550  
Adult Services: 408-423-3511

1840 Barton Street, Santa Clara  
9:00 a.m. - 3:00 p.m. M-Th  
School enrollment & transportation, free nutrition program, food program, school supplies, backpacks, & elementary school uniforms. Adults: GED, basic education, computer skills training, employment assistance, & support services.

**Senior Housing Solutions** 408-645-5962

1820 Main Street, Santa Clara  
8:00 a.m. - 4:30 p.m. M-F; Call for an Appts.  
Shared housing for seniors 60 & older; \$35,700 max. income.

**Belfrida** 408-615-9654

1820 Main Street, Santa Clara  
1 bedroom apartments for seniors age 62 & over.

**Santa Clara County Public Health/Public Information Line** 408-792-5040/408-885-3960

676 Lenzen Avenue  
8:00 a.m. - 5:00 p.m. M-F  
Case management & other services.

**Silicon Valley Independent Living Center** 408-894-9041

2202 North First Street  
7881 Church Street, Suite C, Gilroy  
9:00 a.m. - 5:00 p.m. M-F  
Information & referrals, housing search assistance, independent living skills, advocacy, limited emergency financial assistance, transition services from nursing home to community based living, personal care attendant services, assisted technology (AT) assessments & AI lending library, peer support groups, accessible computer lab.

**St. Joseph's Family Center** Main 408-846-1480 408-842-6662

7950 Church Street, Suite A, Gilroy  
9:00 a.m. - 4:00 p.m. M-F (closed 12:00 p.m. - 1:00 p.m.)  
Food assistance pantry, hot meals, employment services, emergency rental & utility assistance, & bus passes. Services targeted to residents of Gilroy & San Martin.

**Sunnyvale Community Services** 408-738-4321

715 Kifer Road, Sunnyvale  
9:00 a.m. - 11:30 a.m. & 1:00 p.m. - 4:00 p.m.  
Assistance with utilities, rental deposits, & move-in costs. Food program for families & seniors residing in the following zip codes: 94085, 94086, 94088, 94089  
Rental deposit & utility assistance for residents of the following zip codes: 94085-94089

**West Valley Community Services** 408-255-8033

10104 Vista Drive, Cupertino  
8:00 a.m. - 5:00 p.m. M, W, F & 8:00 a.m. - 8:00 p.m. T & Th. Closed from 12:00 p.m. - 1:00 p.m. & holidays  
Rental & utility assistance, case management services, information, referrals, food pantry, & transitional housing for single adults & women w/children under the age of 6.  
Food pantry: 10:00 a.m. - 11:15 p.m. & 1:00 p.m. - 4:15 p.m. M, W, F. Open until 7:15 p.m. Tu & Th.

**MEDICAL, MENTAL HEALTH & RECOVERY PROGRAMS****Adult Protective Services 408-755-7690/1-800-414-2002**

333 West Julian Street  
 Open 24 Hours  
 Report abuse/neglect of elders (over 65) or disabled adults (over 18). Assistance to adults over 65 years who are functionally impaired.

**Alum Rock Counseling Center/Mobile Crisis Intervention**

Main 408-294-0500  
 24 Hour 408-294-0579  
 1245 East Santa Clara Street  
 8:30 a.m. - 8 p.m. M-Th & 8:30 a.m. - 5:00 p.m. F  
 Outpatient short term counseling services for youth ages 21 & younger, mentoring & school based counseling.

**Santa Clara County Department of Alcohol & Drug Services (DADS)/Gateway 800-488-9919**

8:00 a.m. - 5:00 p.m. M-F  
 Assessment, detoxification, outpatient, residential, ancillary, & prevention services to adults (18 years & over).

**Santa Clara County Mental Health Services**

24-hour 800-704-0900  
**Momentum for Mental Health:** 408-260-4040  
 438 North White Road: 408-254-8828  
 2001 The Alameda: 408-261-7777  
 206 California Avenue, Palo Alto: 650-617-8340  
 8:30 a.m. - 5:00 p.m. M-F  
 Mental health, housing, & youth programs.  
 Call for intake.

**National Alliance for Mental Illness (NAMI) 408-453-0400**

1150 South Bascom Avenue, Suite 24  
 10:00 a.m. - 2:00 p.m. M-F  
 Self help, education, support & advocacy for consumers, families, & friends of people with psychiatric disabilities.

**Pathway Society, Inc. 408-244-1834**

1959 Scott Boulevard, Suite 30, Santa Clara  
 9:00 a.m. - 5:00 p.m. M-F  
 Mental health services; assistance with drug abuse, addiction & alcoholism; residential treatment center & transitional housing units, youth services.

**Gardner Family Health Network Healthcare for the Homeless Project 408-935-3908/408-263-8140**

Mobile Medical Unit - Call for schedule  
 Medical services, case management, substance abuse counseling, & referrals.

**Valley Medical Call Center 408-888-5000**

Appointments 1-888-334-1000  
 Main 408-888-5000  
 751 S. Bascom Ave.  
 8:30 a.m. - 5:00 p.m. M-F  
 9:00 a.m. - 9:00 p.m.  
 Express Clinic 7 days a week  
 (call for same day appointment at one of 5 sites - non emergency services provided)  
 Crisis outreach, walk-in crisis intervention, screening, & referrals to community-based mental health resources.

**Valley Homeless Clinic 408-272-6050**

2101 Alaxian Drive  
 Walk-in medical & psychiatric services.  
 Call for Hours; they vary by day Tu-F.

**VETERANS SERVICES****HomeFirst (Formerly EHC LifeBuilders) Veterans Services 408-510-7522**

2011 Little Orchard Street  
 8:00 a.m. - 4:30 p.m. M-F  
 Case management, transitional housing, communication & resolution workshops, job placement training, referrals to employment agencies, rental assistance & homelessness prevention services.

**Homeless Veterans Emergency Housing Facility (HVEHF) 408-533-0228**

10 Kirk Avenue  
 Call for application; no walk-ins accepted.  
 Serves male & female veterans, provides transitional housing, case management & supportive services.

**Goodwill Industries Silicon Valley Homeless Veterans Program 408-869-9128**

1080 North 7th Street  
 8:00 a.m. - 5:00 p.m. M-F  
 Employment, housing, food, clothing, bus passes, counseling & rental assistance for veterans & their families.

**Santa Clara County/Veterans Services Office 408-553-6000**

68 North Winchester Blvd., Santa Clara  
 8:00 a.m. - 4:00 p.m. (closed 12:00 p.m. - 1:00 p.m.) M-F  
 Assistance to veterans & their dependents in filing claims for disability compensation, pension, burial benefits & requests for copies of discharges from National Personnel Records.  
 Referrals to medical assistance & housing.

**VIA Palo Alto Health Center 650-493-5000/800-455-0057**

3901 Miranda Avenue, Palo Alto  
 8:00 a.m. - 4:00 p.m. M-F

**Vet Center 408-993-0729**

Call for address due to planned relocation  
 9:00 a.m. - 12:00 a.m. M-Sa  
 Psychotherapy & group, military, sexual trauma, PTSD, & bereavement counseling.

**LEGAL REFERRALS****Mental Health Advocacy Project 408-280-2420**

152 North 3rd Street, 3rd Floor  
 9:00 a.m. - 5:00 p.m. (closed 12:00 p.m. - 1:00 p.m.) M-F  
 Legal assistance & representation, information, referrals to individuals with mental illness or developmental disabilities.

Assistance provided in the areas of housing, government benefits & mental health patients' rights.  
 Eviction clinic 9:00 a.m. - 11:30 a.m. F (call 408-280-2424 for clinic Appts.).

**Health Legal Services 408-280-2430**

152 North 3rd Street, 3rd Floor  
 9:00 a.m. - 5:00 p.m. M-F (closed noon - 1:00 p.m.)  
 Legal assistance & representation, information, referrals to individuals with HIV. Assistance provided in the areas of public/private benefits & insurance, housing rights, discrimination, employment rights, estate planning & wills; debtor relief.

**Bay Area Legal Aid 408-283-3700**

Main 408-283-3700  
 408-850-7066  
 800-551-5554

**Bay Area Legal Aid 408-283-3700**

2 West Santa Clara Street, 8th floor  
 9:00 a.m. - 5:00 p.m. M-F (closed noon - 1:00 p.m.)  
 Legal counseling on benefits, tenant rights, & evictions.

**Legal Aid Society of Santa Clara County/Housing Counseling Program 408-283-1535**

480 North First Street  
 Eviction clinics & help with other housing related issues.

**Pro Bono Project of Silicon Valley 408-998-5298**

480 North First Street  
 8:30 a.m. - 5:00 p.m. M-F  
 Family law legal assistance for divorce, visitation, custody & domestic violence cases.

**FOOD & MEALS****City Team 408-288-2185**

1174 Old Bayshore Hwy.  
 Breakfast 6:30 a.m. - 7:00 a.m. & Dinner 5:00 p.m. - 5:45 p.m. M-F  
 Breakfast 8:30 a.m. - 9:00 a.m. & Dinner 5:00 p.m. - 5:45 p.m. Sa-Su.

**Loaves & Fishes 408-998-1500**

Serves at the following locations:  
**408 Eastside Neighborhood Center**  
 2150 Alum Rock Avenue  
 Hot meals: 4:30 p.m. - 5:30 p.m. M-F  
**St. Maria Goretti Church**  
 2980 Santer Road  
 Hot meals: 4:30 p.m. - 5:30 p.m. W & F  
 Grocery Bag Program: 10:00 a.m. - noon, third W of every month.  
**Goodwill**  
 1090 North 7th Street  
 Hot meals: 4:30 p.m. - 5:30 p.m. M, Tu & Th

**Martha's Kitchen 408-293-6111**

311 Willow Street  
 Hot meals: 4:00 p.m. - 5:00 p.m. Tu & W.

**Second Harvest Food Bank 1-800-984-3863**

750 Carter Avenue  
**Cypress Center**  
 4001 N. 1st Street  
 8:00 a.m. - 5:00 p.m. M-F  
 Distribution of food to service agencies & food to individuals in exchange for work.

**YOUTH SERVICES****Bill Wilson Center 408-243-0222**

Main 408-243-0222  
 24-Hour Crisis Line 408-850-6125  
 3490 The Alameda, Santa Clara  
 Runaway home & homeless youth shelter program for youth ages 11-17 years. Counseling for all ages.

**The Hub (Foster Youth Resource & Community Center) 408-792-1750**

591 North King Road, Suite 1  
 12:30 p.m. to 5:00 p.m. M-F  
 Serves current/former foster & ILP eligible probation youth ages 15-24. Eligible youth can get help with housing, employment, education, legal consultation, counseling, health care, transportation, food stamps, & ILP services/case management.

**EMQ Families First 408-379-3798/408-379-3790**

After Hours Crisis Line 408-379-9085/1-877-41-CRISIS  
 251 Hewelby Avenue, Campbell  
 8:30 a.m. - 5:00 p.m. M-F  
 Intake, referrals, & phone screening for families & children up to the age of 17 years. Community resources & information on public mental health services.

**Rebekah Children's Services 408-846-2100**

290 100F Avenue, Gilroy  
 11600 W. Campbell Ave., #201  
 9:00 a.m. - 5:00 p.m. M-F  
 Residential treatment, wraparound services, family linkage, foster care, adoption, educational services, risk prevention, & health center.

**San Jose Conservation Corps 408-283-7171**

Main 408-283-7171  
 408-639-9486

**San Jose Conservation Corps 408-283-7171**

2650 Santer Road  
 1500 Berger Drive  
 8:00 a.m. - 4:30 p.m. M-F  
 Job training, job placement, career planning, high school diploma/GED classes, drivers training, exposure to college/financial aid process, leadership development, & day care for children of participants. Services for individuals 17 1/2 & older.

**Unity Care Group 408-871-8822**

237 Race St.  
 8:00 a.m. - 5:00 p.m. M-F  
 Residential treatment, wraparound & mental health services, independent living skills training, employment assistance, & transitional housing to youth ages 11-24 years.

**StandUp For Kids - Silicon Valley 408-752-1272**

888-305-4543  
 The Village  
 25 E. Hedding Street, S.J.  
 8:30 p.m. - 8:30 p.m. Tues. & Fri 1:00 p.m. - 4:00 p.m. Sat  
 Food, showers, computer access, laundry, job search skills.

education assistance, & more for youth up to age 24.  
 Mentoring program matches youth with a caring adult who assists in creating plan for a positive future.

**EMPLOYMENT/VOCATIONAL SERVICES****Ascent Employment Program 408-257-8302**

4511 Moorpark Ave.  
 9:00 a.m. - 2:00 p.m. M-Th  
 Employment assistance.

**Center for Training & Careers 408-213-0961**

749 Story Rd., Suite 10  
 8:00 a.m. - 5:00 p.m. M-F  
 Job training & employment services.

**Day Worker Center of Mountain View 650-903-4102**

113 Escuela Ave., Mt. View  
 7:00 a.m. - 5:00 p.m. M-Sa  
 Job matching & placement, ESL classes, medical services, & legal assistance to day laborers.

**Downtown Streets Team Palo Alto office 650-304-1174**

San Jose office 408-899-7350

Weekly success team meetings held at following locations & times. Attend for more information, join the team, get off the streets & rebuild your life. Volunteer work readiness program with dedicated employment assistance, case management, transportation, & other services.

Community Center in Ponderosa Park  
 811 Henderson Avenue, Sunnyvale Tu 12:30 p.m.  
 Grace Community Center W 12:30 p.m.  
 Opportunity Center Th 12:30 p.m.  
 33 Enaina Avenue, Palo Alto

**NOVA/Job Seekers Center 408-730-7232**

408-774-2365

505 West Olive Street, Suite 550, Sunnyvale  
 8:00 a.m. - 5:00 p.m. M-F  
 One-stop center for job seekers, career advising, training, employment workshops, pre-layoff assistance & placement services.

**Center for Employment Training (CET) 408-730-7232**

701 Vine Street  
 8:00 a.m. - 5:00 p.m. M-F  
 Vocational training available to all low-income adults ages 17 & over. Must have High School Diploma or GED to enroll. Vocational ESL, immigration & citizenship services.

**Work2Future One Stop 408-794-1100**

1601 Foxworthy Avenue  
 2450 S. Bascom Avenue, Campbell  
 17666 Crest Avenue, Morgan Hill  
 8:00 a.m. - 5:00 p.m. M-F  
 Career center including employment services, workshops & job training resources. Veterans services also provided.

**VTA SERVICES****VTA Customer Service Call Center 408-321-2900**

800-894-9908  
 777 408-321-2330

Recorded route & schedule information 24 Hours in English, Spanish & Vietnamese.  
 Information Service Representative: 6:00 a.m. - 7:00 p.m. M-F, 7:30 a.m. - 4:00 p.m. Sa

**VTA Downtown Customer Service Center**

55A West Santa Clara Street  
 9:00 a.m. - 6:00 p.m. M-F (Closed holidays)

**HOMELESS OUTREACH****San José Citywide Homeless Outreach & Engagement Program 408-510-7600**

Outreach workers will respond within one business day to reports of homeless persons living on the streets & in encampments. Housing & supportive services offered.

**2-1-1**

Operates 24 Hours in English, Spanish, Vietnamese & 140 other languages.  
 Free, non-emergency information on available community services including assistance with basic needs, child & elder care, employment, health services, immigration, counseling, & opportunities to volunteer or donate.

INFORMATION ON ADDITIONAL  
 SERVICE AGENCIES & HOUSING OPPORTUNITIES  
 ARE AVAILABLE ONLINE AT:

[www.housingscc.org](http://www.housingscc.org)  
[www.scchousingsearch.org](http://www.scchousingsearch.org)

To request an accommodation, alternative language or format, for City-sponsored printed materials, meetings or events, please call the City of San Jose Housing Department at 408-535-3860 at least three business days before the meeting/event or the resources are needed.

# Memorandum

**TO:** SHARON W. ERICKSON  
CITY AUDITOR

**FROM:** Jacky Morales-Ferrand  
Lee Wilcox

**SUBJECT: RESPONSE TO THE AUDIT OF  
HOMELESS ASSISTANCE  
PROGRAMS**

**DATE:** October 30, 2018

Approved



Date

10-31-2018

We thank the audit staff for their professionalism and thorough work examining these programs serving our most vulnerable homeless persons.

Ending homelessness requires a community-wide coordinated approach to delivering services, housing, and programs. In 2014, the Housing Department and its partners worked towards a comprehensive, regional response to homelessness. With Destination: Home serving as the coordinating partner, leaders from the City, County, Housing Authority, Santa Clara Valley Water District, service providers, philanthropic institutions, community groups, and business organizations, created the Community Plan to End Homelessness in the County of Santa Clara, which was endorsed by the City Council in February 2015.

The Community Plan to End Homelessness is a five-year, community-wide roadmap to ending homelessness. This plan contains three strategies:

- Develop innovative strategies and transform systems to house homeless persons;
- Build housing for homeless persons and those at risk of homelessness; and
- Create client-centered strategies with different responses for different levels of need and different populations.

In alignment with the Community Plan to End Homelessness, the Housing Department prioritized programs to address the homeless crisis effectively, efficiently and collaboratively. The Department's strategy prioritizes housing based solutions and interventions, and because we have worked to build regional alignment and collaboration, the County is working in these same priority program areas. The Housing Department's three main strategies addressing homelessness in San José are:

1. *Housing Based Solutions:* Affordable housing opportunities either through rental subsidies, the development of permanent affordable housing, and/or supportive services to attain and maintain permanent housing.
2. *Interim Housing:* Temporary sheltering solutions with a bridge to permanent housing.

3. *Crisis Response Interventions:* Street-based services to homeless persons, such as outreach and engagement and case management, emergency shelter, mobile laundry and showers, and a homeless concerns hotline.

Over the last three years, this coordinated effort proved that a housing first model works. This collaboration demonstrates what experts have known for years: it is far more cost effective to permanently house someone than to continually care for them while they live on the streets. The most recent progress report for the Community Plan to End Homelessness highlights the model is working, successes across the entire system of care include:

- Creating 2,310 new housing opportunities;
- Permanently housing 5,154 people; and
- Stabilizing lives, with 94% of people in permanent supportive housing remaining housed.

The Community Plan to End Homelessness and the resulting collaboration and continual refinement of programs and outcomes across the County provides an important context to this audit.

#### Audit Findings

The Housing Department understands continual improvement is important and the audit presents an opportunity to refine some of its processes. However, there are two findings that require some additional context.

The second finding “Lack of Sufficient Interim and Permanent Housing Options Makes Housing Encampment Residents Challenging,” requires some additional framing. The County Office of Supportive Housing tracks the utilization rates of the existing shelter system. The most recent report of the Emergency Shelter/Transitional Housing for Homeless Individuals and Families from the County Office of Supportive Housing covered the period of July 1, 2017 to April 30, 2018. Based on the report, there were 731 beds with a 92% utilization rate. This means that there were approximately 58 unoccupied beds. Overtime, the utilization rate has increased from a low of 84% reported in 2015. However, there is still capacity in the system. Understanding why the system is not being fully utilized is an important piece of the puzzle before decisions are made about expanding it. For example, are there too many barriers (e.g. too many restrictions, no couples, etc.) preventing utilization. Also, it’s important to note that as part of the Community Plan to End Homelessness, and as a national best practice, rather than expanding an emergency shelter system the region has prioritized a Housing First approach. Finally, it’s important to add the County recently established a goal of increasing the emergency shelter, transitional housing, and/or interim housing capacity by 500 housing opportunities by the end of 2020. As of June 2018, capacity County-wide has grown by 150 housing opportunities; 46 units are in the Plaza Hotel. The City will continue to work with the County to explore creating more interim housing options and capacity in the City of San José.

Also mentioned in the second finding is the sharp increase in the number of encampment abatements. There is important background that must be highlighted which directly impacted this escalation. In 2015, the San Francisco Baykeeper filed a complaint against the City of San José on alleged Clean Water Act violations of the City's Stormwater Permit. The parties settled and the Baykeeper Consent Decree was approved in 2016. There are two terms to the settlement that are important context. First, the City must reduce its trash levels by 80% by 2019 and develop a comprehensive trash load reduction plan. Collaborating with the Environmental Services Department and Parks, Recreation and Neighborhood Services, the Housing Department increased encampment abatements and clean-ups along the City's creeks and watersheds removing trash in these areas in order to meet the agreements in the legal settlement.

When the Housing Department took over encampment abatement from the Environmental Services Department in 2013 it did so because it was determined that Housing staff would be best positioned to provide homeless services along with the abatements. However, the encampment abatement process is not a housing solution, it is a reactionary tool based on resident complaints and most recently the Baykeeper Consent Decree to keep waterways clear of hazards and debris. There are several other considerations to account for the effectiveness of an abatement in addition to homeless services, including:

- Amount of debris/trash removed thus preventing pollution in creeks;
- Mitigating safety and health concerns; and
- Responsive to resident concerns.

For the third finding, "Improved Performance Management of City-Funded Homeless Service Providers Can Help Ensure the Effectiveness of Homeless Assistance Programs," there is a Countywide collaborative processes that must be factored. Implementing the Community Plan to End Homelessness, the Housing Department, County and many local nonprofits went through an extensive systems realignment. These systems alignments were conducted to improve effectiveness of programs. Specifically, in FY17-18 the entire countywide Rapid Rehousing Program went through changes to align outcomes, change the referral process and subsidy structure and better utilize funding. These major changes resulted in a year of transition with lower outcomes and grantees not meeting performance targets. The Housing Department expects to see better results in FY18-19, particularly meeting or exceeding outcomes.

Finally, regarding grant performance and monitoring, it is important to acknowledge the Housing Department staffing challenges. The entire grants team, with the exception of one staff member, turned over in the last two years. While the Department is committed to onboarding and training its new team members, the complicated rules and regulations of federal funds takes time to learn. Additionally, the grants team has workload issues with three vacancies. During the FY17-18 budget process, the Housing Department requested the addition of one Senior Analyst position to take charge of monitoring processes, but was unsuccessful in obtaining budget authority. The

Department takes contracts seriously and with the appropriate resources the Department will improve the efficacy of its contracts and monitoring program.

Again, the Housing Department appreciates the work by the City Auditor and looks forward to implementation and completion of the identified recommendations.

## RECOMMENDATION AND RESPONSE

Recommendation #1: To facilitate a more coordinated City-wide response to homelessness, the City Manager's Office should coordinate and schedule regular meetings of the City Manager's "Creating Housing and Preventing Homelessness" initiative with all relevant departments to share information, discuss response strategy and develop a proactive approach on homeless response.

**Administration Response:** The Administration agrees with this recommendation.

**Green:** The City's interaction with homeless services is not limited to the Housing Department. The Administration recognizes the interdepartmental work necessary to effectively serve homeless residents. In 2018, the City Manager established eight Enterprise Priorities for the organization, with "Creating Housing and Preventing Homelessness" as one. This Enterprise Priority is led by the City Manager's Office and includes the following departments:

- Housing Department
- Department of Transportation
- Environmental Services Department
- Office of Economic Development
- Planning, Building, & Code Enforcement
- Parks, Recreation, & Neighborhood Services
- San José Police Department
- San José Fire Department
- Library

Regular meetings have been held, and will continue—ensuring interdepartmental coordination across the City organization. Recent meetings have focused on aligning City services to our homeless residents, analyzing the abatement program from a user-centric design to ensure "process" is not an obstacle to assisting our homeless population, and lastly, coordinating the abatement and prevention measures outlined in the City's "Baykeeper" agreement. The interdepartmental coordination efforts will continue to be a priority for the Administration as well as cross-agency collaboration with the County and non-profit community. Given the broad scope of services available to our homeless residents, interdepartmental collaborative and alignment is a priority.

**Target Date of Completion:** Complete

Recommendation #2: To ensure all staff have relevant information to provide and respond to residents who are homeless or on the verge of homelessness, the Housing Department should work to formalize dissemination of information resources for field personnel, including up-to-date information on available services.

**Administration Response:** The Housing Department agrees with this recommendation.

**Green:** The Housing Department produces homeless resource guides that are updated and printed annually. These guides are shared as a resource for people experiencing homelessness and for those who come into contact with homeless people. The Housing Department agrees more frequent distribution of the resource guide to departments could address information sharing issues and ensure the right field staff has the guide. The Homelessness Response Team coordinates monthly meetings with SJP, ESD and PRNS to discuss “hotspots” for homeless areas. The Department will distribute outreach materials at these meetings so Departments can share them with their field staff. Additionally, the Housing Department will conduct an annual training for City staff on its homeless concerns hotline and provide an overview of what resources are available.

**Target Date of Completion:** February 2019

Recommendation #3: To ensure a broader range of County and relevant stakeholders are involved in the coordinated approach to homeless response efforts the City Manager’s Office should continue working with the County to include additional County agencies in the broader effort.

**Administration Response:** The Administration agrees with this recommendation.

**Green:** Homelessness presents challenges that necessitate changes in traditional public administration practice, with a greater importance on cross-agency collaboration and relationship building. In recent months, there is a renewed effort to collaborate at an executive level with the County.

Given the cross-agency nature of this work, the City Manager’s Office and County Executive’s Office recently established a City-County working group made up of 16 department directors to foster better working relationships, establish a common set of metrics, and coordinate and align the County and City services that respond to our homeless residents. The first round of meetings was held on September 10, 2018 and November 15, 2018, with smaller group meetings occurring to dive deeper into specific issues. Meetings will continue bimonthly. This effort builds off the direction from the Mayor’s FY 2018-2019 June Budget Message to transition the Countywide Homeless Task Force formed by Councilmember Peralez to the Administration.



The Administration will continue this joint collaboration with the County around homelessness—ensuring the array of challenges faced are addressed by partnerships, aligning resources and services to maximize service delivery and impact to homeless residents.

**Target Date of Completion:** Complete

Recommendation #4: Finalize encampment abatement policies and clarify provisions regarding which encampments will be prioritized for abatement, and noticing requirements (pre and post abatement).

**Administration Response:** The Housing Administration agrees with this recommendation.

**Green:** The Housing Department will finalize the Abatement Program Guidelines which will contain comprehensive policies and procedures of the program in its entirety.

**Target Date of Completion:** November 2018

Recommendation #5: The Housing Department should require grantees to report on (a) outreach conducted at encampments, (b) encampment residents referred to shelters/services, (c) number of residents who accepted referrals and the types of referrals accepted, and (d) number of assessments completed. In addition, the Housing Department should summarize this by abatement and use this information to inform what kind of services encampment residents need, future service and allocations, whether resident concerns were addressed, etc.

**Administration Response:** The Housing Department agrees with this recommendation.

**Green:** The contracts with HomeFirst and PATH for outreach and engagement will be amended to add specific language ensuring that the impacts of outreach services at encampments are tracked:

- Encampment identification information
- Date of the visit
- Number of tents/structures
- Number of people at the encampment
- Number of contacts made
- Number of people at the encampment who were referred to shelter and/or services
- Number of people who accepted shelter
- Number of people who accepted services
- Number of Vulnerability Index - Service Prioritization Decision Assistance Tool surveys (VI-SPDATS) completed
- Notes about the encampment and surrounding area

The activities above will be added to the contracts and recorded in Salesforce. These activities will complement the existing outreach performance outcome as follows:

- 20% of participants will exit to permanent housing or temporary destinations (emergency shelter, transitional housing or institutions).

**Target Date of Completion:** December 2018

Recommendation #6: The City should use the upcoming funding cycle to assess emergency shelter or other interim housing solutions, and determine whether San José can do more to ensure residents have access to immediate, emergency housing solutions – particularly when they are the subject of an abatement action.

**Administration Response:** The Housing Department agrees with the recommendation, but finding a viable ongoing funding source may be challenging.

**Green:** Residents of encampments are offered shelter before the scheduled abatement. During FY 2017-18, the City paid for 28 nightly shelter beds at HomeFirst's Boccardo Reception Center to be used specifically for residents being displaced by abatements. The challenge is that the overwhelming majority of encampment residents did not want to go to the shelter for a variety of reasons. While the outreach teams offered shelter in different forms, such as at the emergency shelter or in a motel, the Housing Department continues exploring other emergency shelter or interim housing options.

In June 2018, Governor Jerry Brown signed Senate Bill 850 (SB 850) establishing the Homeless Emergency Aid Program (HEAP), a \$500 million one-time flexible block grant program. The program is designed to provide direct assistance to cities, counties, and Continuums of Care to address the homeless crisis throughout California. It is structured to provide immediate, one-time, flexible funding. The City of San José's allocation is \$11.4 million. In November, the Housing Department will bring forward proposed spending priorities to City Council that will include providing immediate housing opportunities for encampment residents. The Housing Department will implement the priorities identified by the City Council.

**Target Date of Completion:** The City Council will hear an expenditure plan for the new funding opportunity from SB 850, HEAP, in November 2018. Once approved by the City Council, the Housing Department will conduct a formal procurement, as well as contract amendment, process for new and increased interim housing options, some of which will target encampment residents.

**Recommendation #7:** To analyze effectiveness for the City's homeless assistance efforts, the Housing Department should use HMIS to:

- a) Aggregate City of San José data by strategy area (rapid rehousing, permanent housing, crisis response and prevention) and report on key performance indicators including: exists to permanent housing, returns to homelessness, number of participants enrolled per strategy area;
- b) Compare the performance of the City's homeless assistance by strategy area to identified targets and the performance of the CoC on a semi-annual basis.

**Administration Response:** The Housing Department agrees with this recommendation.

**Green:** The specific key performance indicators have been identified, including those used by the CoC. All homeless contracts will be reviewed to ensure that the key performance indicators are included in the contracts. The Housing Department agrees it makes sense to prepare performance summaries for each strategy area, so that staff can draw comparisons across grantees and with performance benchmarks. The first semi-annual report review will be completed at the end of the fiscal year.

**Target Date of Completion:** August 2019

**Recommendation #8:** The City should obtain direct access to HMIS.

**Administration Response:** The Housing Department agrees with this recommendation.

**Green:** The Housing Department has drafted a contract with the County of Santa Clara (Office of Supportive Housing) which includes funding the ongoing operations of the countywide Homeless Management Information System (HMIS) and a City of San José license for access.

**Target Date of Completion:** January 2019

**Recommendation #9:** The Housing Department should develop and implement performance management processes, including:

- a) A continuous feedback loop between grantees and Housing staff (program and grants teams);
- b) A template and standards for conducting quarterly reviews of grantee performance that would assess grantee progress towards targets, any obstacles to date and areas for improvements; and
- c) Utilize project results to set realistic grantee performance targets and goals.

**Administration Response:** Housing Department agrees with this recommendation.

**Yellow:** The Housing Department grants staff already receives performance information quarterly from grantees and the reports are reviewed. Analysts communicate orally in staff-initiated phone calls with grantees whose accomplishments are behind schedule. The Housing Department agrees

that ongoing quarterly tracking of grantees is important to achieve desired outcomes. The documentation of this monitoring function in a template would be optimal. However, development of the template and standards, and the additional work involved in producing these, is difficult in the near-term until the grants team reaches full staffing levels. Currently, the team of 8 FTEs has 3 FTE vacancies. One of the vacancies is the team manager, who is on temporary reassignment. In addition, to support the team's focus on consistent, effective and documented quarterly monitoring, the Housing Department will request a Senior Analyst position be created. The Housing Department's previous requests for a Senior Analyst to do this work were not approved.

**Target Date of Completion:** June 2019 for filling vacancies and pending approval of upgrading one position for FY 2018-19.

Recommendation #10: To ensure risk management for its homeless assistance grants, the Housing Department should:

- a) Develop and implement procedures for an annual risk assessment for all active grants to include an annual monitoring plan for grantees;
- b) Assign sufficient staff resources to conduct annual risk assessments for all active grant agreements; and
- c) Develop training procedures on risk assessments.

**Administration Response:** The Housing Department agrees with this recommendation.

**Yellow:** While the Grants Management team has risk assessment tools, the team needs to further develop and implement policies and procedures for annual risk assessments. These overarching procedures are an important part of ensuring that effective monitoring occurs regularly. Unfortunately, during FY 2017-18 and FY 2018-19, the Grants Management team lacked the resources to implement risk assessments due to staff turnovers and vacancies. The development of procedures and the development of training on the new procedures is a manager-level function. Once they are fully developed, managers should oversee that risk assessments are completed, and allocate both their time and analysts' time to complete them. The Housing Department had requested the addition of one Senior Analyst position to take charge of monitoring processes, but was unsuccessful obtaining budget authority. During the FY 2019-20 budget process, staff will continue to seek additional staff resources to develop and implement risk assessments and monitoring plans for grantees.

**Target Date of Completion:** June 2019 pending approval of one staff position for FY 2018-19.

Recommendation #11: To effectively manage monitoring activities and utilize monitoring results to improve project delivery of its homeless response grants, the Housing Department should:

- a) Develop monitoring procedures including an annual monitoring plan, grantee performance summary, and upload monitoring reports and risk assessment to the City's grants management system;
- b) Conduct on-site monitoring visits for each homeless assistance contract at least every two years as has been described in its annual action plan; and
- c) Compare grantee progress reports against HMIS reported data on a semi-annual basis to ensure the accuracy of grantee reported performance metrics.

**Administration Response:** The Housing Department agrees with this recommendation.

**Yellow:** The Housing Department understands that the monitoring policies and procedures are important to ensure effective project delivery of its homeless grants. As noted above, while the Grants Management team has risk assessment tools relevant to each federal funding source, it needs to create companion policies and procedures regarding their implementation. Unfortunately, during FY 2017-18 and FY 2018-19, the Grants Management team lacked the resources to implement risk assessments due to staff turnovers and vacancies. The team has a significant workload that is complex given the seven funding sources used for grants. However, going forward, management will ensure that an annual monitoring plan is developed. Grants Management will also create and implement a calendar of on-site monitoring visits that are documented. The development of policies and procedures, creation and review of standard performance summaries, and additional on-site monitoring visits will require a full staffing level for the team. During the FY 2019-20 budget process, staff will continue to seek additional staff resources at appropriate levels to develop and fully implement monitoring procedures and conduct on-site monitoring visits.

Finally, per the Housing Department's response to Recommendation #8, the Housing Department has drafted a contract with the County of Santa Clara (Office of Supportive Housing) which includes funding the ongoing operations of HMIS and a license for City of San José access. Having direct access to HMIS will allow the Housing Department to compare reports via Webgrants easily and regularly. The Grants Management Team will therefore have the tools to better compare reported data against HMIS.

**Target Date of Completion:** July 2020

Recommendation #12: The Housing Department should formalize collaboration between the grants team and the program team to integrate overall program outcomes with criteria for risk assessment and grant monitoring.

**Administration Response:** Housing Department agrees with this recommendation.

**Green:** Housing staff will examine outcome measures for new and revised homeless services contracts that include the listed criteria, incorporate best practices, and measure against benchmarks that are consistent with those used by the County. Second, staff will formalize written quarterly performance assessments per the Housing Department's response to Recommendation #11. The Grants Management team will incorporate quarterly meetings involving the Homelessness Response team and the Division Manager to review performance and discuss any suggested changes to assist grantees' performance.

**Target Date of Completion:** June 2019

Recommendation #13: Housing should continue developing a system to track homeless assistance grant expenses by service/program and include this breakdown in its annual report to City Council.

**Administration Response:** The Housing Department agrees with this recommendation.

**Green:** The City's Financial Management System can be clunky and it's difficult to pull program level data. This means the Department's Administrative Officer must pull the program level budget information manually, which can be done but is time consuming. The Department pulled this data for FY 2017-18 and for FY 2018-19. The Housing Department is exploring ways to automate this information, so it's less time consuming in the future. The Department included the information in its 2018 annual report and will continue to do so in future year reports.

**Target Date of Completion:** Complete

Recommendation #14: Develop processes to limit retroactive agreements and ensure grant agreements are executed in a timely manner.

**Administration Response:** Housing Department agrees with this recommendation.

**Green:** In examining this issue, it is helpful to identify exceptions in which services contracts could expected to be executed retroactively, as well as opportunities for internal process improvements reducing the number of retroactive contracts.

There are three legitimate reasons that retroactive contracts may be required, although these are a small portion of all contracts:

- First, any contract that is identified as a Budget Document through the Mayor's June budget message, by definition, occurs at the end of a fiscal year. Clarification of the scope, negotiation, and completion of these contracts at a peak workload time of year will take three to four months to complete. Either these must be approved to pay retroactively, or they could start in the second quarter of a fiscal year to avoid retroactive agreements.

- Second, contract amendments may be made part-way through a fiscal year to award additional, unexpectedly-available funds to grantees that are spending timely. Additional funds might become unexpectedly available during a fiscal year if loan repayments are made to that fund (CDBG, for example), or if other grantees are slower than expected in disbursing their funds. This reallocation of funds can enable the City to meet its federal spending deadlines. However, if these opportunities are identified in the Spring, that also is at peak workload timing so it can take time to execute this type of amendment.
- Third, contract amendments to add funds to an existing contract may occur near the end of a fiscal year if the timing of new RFP awards will not occur in time to continue services to the public uninterrupted. These interim contract amendments help to make sure that important services continue to the City's most vulnerable populations.

Aside from these appropriate retroactive approval examples, most contracts are awarded on annual cycles, some at different times of the year. But given the staffing level and volume of contracts, the grant process can be lengthy. The process is as follows. After award, the City's contract drafting, internal review, grantee negotiation, contract finalization, and disbursement process takes several weeks to complete. In most cases, staff attempts to complete steps simultaneously in an effort to reduce the amount of processing time. Final grant agreements are signed by multiple parties, executed at the City Clerk's Office, and entered into the City's on-line contracts system. Once the contract is in the system, Finance has a three-week timeline to issue checks or wire funds. As the Clerk's office must process hundreds of contracts at the end of a fiscal year, that step alone can take multiple weeks. In summary, if it takes six weeks for the City and a grantee to finalize an agreement, the time between grant finalization to the receipt of disbursements can easily take four to eight additional weeks. To meet contract execution deadlines at the end of the fiscal year requires three to four months of advance planning.

Some negotiation processes can take longer than others. Grantee responsibilities, program model, budget, and performance targets all must be discussed in-depth. Some outliers exist in which this process was unusually difficult. For example, the Audit cites the County's CCP contract as an outlier in the amount of time taken to approve. Like the City, the County is a large bureaucracy with many competing priorities, and the negotiating process was unusually long.

Creating a mechanically smooth grantmaking process is inherently challenging given the seven different funding sources noted in the Audit that support homeless programs. Each source has its own rules for use; therefore, each source needs its own services contract template. (Apart from homeless services, capital projects also require their own contract templates.) Further, the templates also must get updated as regulations change. Staffing turnover in both departments has made it challenging to establish a reliable and regular drafting and review process.

The Housing Department is committed to improving its grantmaking processes in coordination with the City Attorney's Office and has several ideas. Possible internal improvements include improving and creating contract templates that limit attorneys' review to just grant-specific information;

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clearer turnaround time expectations; improved workload tracking and contract prioritization tools to use with the City Attorney's Office; implementation of multi-year contracts with a mechanism for easier contract extensions; and, creating a better annual process calendar for the Grants Management team and City Attorney's Office.

Staff will work with the City Attorney's Office to institute some improved practices in the current fiscal year and through next year.

**Target Date of Completion:** July 2020

### **COORDINATION**

This memorandum has been coordinated with the City Manager's Office, the Attorney's Office, and the Budget Office.

### **CONCLUSION**

We thank the City Auditor and her staff for the recent audit of the Homeless Assistance Programs. The audit report contains 14 recommendations intended to improve service delivery to vulnerable homeless persons. We view the audit as opportunity to improve and look forward to implementing the recommendations.

/s/

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/s/

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