



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joe Rois,
City Auditor

SUBJECT: Preliminary Review of the Allocation
Process and Monitoring of COVID-19
Related Housing Grants

DATE: December 4, 2020

RECOMMENDATION

We recommend that the City Council accept the City Auditor's preliminary review of the allocation process and monitoring of COVID-19 related housing grants.

SUMMARY

We reviewed the allocation process and monitoring of emergency COVID-related service grants the City has made using funding from the U.S. Department of Housing and Urban Development (HUD) and the State of California. This preliminary review, the third in a series on emergency expenses,¹ aims to support cost recovery oversight, including compliance with federal and state record-keeping, procurement, and audit requirements, as outlined in the Recovery Annex of the City's Emergency Operations Plan. Housing grants are also regularly audited by state and federal funding agencies and the City's independent financial auditors as part of the Single Audit.²

The objective of this audit was to assess the allocation process and monitoring of COVID-19 related grants by the Housing Department. Our review focused on non-capital expenses, namely contracted services for homeless sheltering, rental assistance, local assistance, and food and necessities distribution through non-profit community-based organizations (grant subrecipients).

We found that Housing received a significant increase in grant funding to address the emergency. The City has received over three times the amount of funding than it usually receives annually from HUD, as well as additional state and federal funding. The City has moved quickly to award grants to service providers to address the impacts from the COVID-19 emergency, including grants for temporary non-congregate shelter space for high-risk individuals and congregate shelter operations;³ rental assistance;

¹ The first two memos, *Preliminary Review of Controls to Document COVID-19 Recovery Costs* (May 2020) and *Preliminary Review of Documentation for Costs Included in the July 2020 Coronavirus Relief Fund Interim Report* (October 2020), are available for review on our website: www.sanjoseca.gov/your-government/appointees/city-auditor/audit-reports.

² Single Audits test compliance requirements most likely to cause improper payments, fraud, waste, abuse, or generate audit findings as outlined in 2 CFR part 200. The City's external Single Audits can be found on our website: <https://www.sanjoseca.gov/your-government/appointees/city-auditor/external-financial-audits>.

Other audits of City programs by state and federal agencies may also be found at: <https://www.sanjoseca.gov/your-government/appointees/city-auditor/other-external-audits>.

³ Non-congregate sheltering enables individuals to isolate and quarantine in separate rooms, as opposed to congregate sheltering, in which people share a large space. Congregate shelter is more typical of natural disasters, like evacuations from flooding areas.

and delivery of food and necessities, including diapers and calming kits.⁴ While Housing staff have experience in contracting and monitoring subrecipients under state and federal grants, staff capacity has been strained by the urgency of the emergency and the increased amount of grant money to be allocated and monitored. Additionally, the piecemeal issuance of grant funding, changes in grant regulations, and different types of services required during the emergency have made contract development and monitoring challenging.

Housing has appropriately documented the method of selection of subrecipients for the receipt of grant funds and has updated grant monitoring policies and procedures to adjust for the COVID-19 environment; however, due to an extensive contract development period and limited staff capacity, contract monitoring has been limited. Some subrecipients have been delayed in submitting monthly reimbursement requests and quarterly performance reports. Housing staff have reviewed reimbursement requests and supporting documentation that have been submitted for appropriateness and provided subrecipients technical support. However, staff have not yet been able to conduct on-site monitoring to validate grantee performance or formal desk reviews to provide program, financial, and management oversight. Housing staff plan to monitor all grantees receiving COVID-19 related grants after the contract development phase, prioritizing subrecipients whose contracts have already ended, or who received a significant increase in funding or change in service provision. To this end, the Department released a request for proposals (RFP) to contract a consultant to conduct subrecipient monitoring. The RFP was released on November 30, 2020 and Housing anticipates a consultant will begin monitoring in early 2021.

BACKGROUND

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) confirmed the first diagnosed case of a U.S. resident with COVID-19, a new, highly infectious virus. In response, the City established its Pandemic Management Team and activated a Pandemic Response Plan. On March 16, Santa Clara County issued a shelter-in-place order, providing that individuals could only leave their residence to perform essential activities. On the same day, the City's Emergency Operations Center (EOC) reached full operation. Since that time, the City has worked to support the continuity of essential City services (such as public safety) and provide emergency-related services.

The City moved quickly to reallocate funding to support emergency shelter, food and necessities distribution, and local assistance. In April 2020, the City Council accepted Housing's proposed amendments to the City's consolidated housing plan, which reallocated \$6.2 million in existing FY 2019-20 Community Development Block Grants (CDBG) from HUD. In July, the City Council accepted a second amendment to allocate an additional \$589,000 in CDBG and \$6.5 million in federal HOME Investment Partnership (HOME) grants.⁵ These reallocated grants went toward local assistance for small businesses, food and necessities distribution, rental assistance, and homeless sheltering.

⁴ Calming kits have items to help children cope with stress, including a book, a feelings wheel, calming strategy cards, and a squeeze heart.

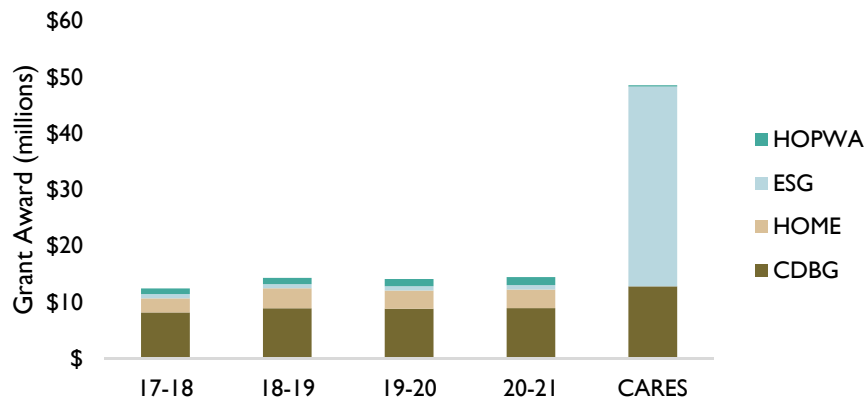
⁵ Two contracts were partly funded with \$3,199,500 in 2020-21 HOME grants, passed by City Council in August 2020 as part of the FY 2020-21 action plan, bringing the total value of those initial HOME-funded contracts to \$9.7 million.

Federal and State Assistance

The City also received a significant increase in the amount of federal and state assistance for homeless sheltering and support, food distribution, and other emergency services beyond what Housing usually provides.

Through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the City received additional federal grant funding through stimulus grants disbursed by HUD.⁶ These grants, issued piecemeal from April through September, were based on the same formula HUD uses to allocate annual federal housing grants and on a formula based on COVID-related risk factors. The City received \$350,000 in stimulus grants for Housing Opportunities for People with AIDS (HOPWA), \$12.8 million in CDBG, and \$35.5 million in Emergency Solutions Grants (ESG), which are primarily for homeless assistance. As shown in Exhibit I, the total housing grant funding through CARES was more than three times the amount of federal housing grants the City usually receives in a year.

Exhibit I: HUD Formula Grants to San José



Source: Auditor analysis of HUD grant allocations as of September 25, 2020. This chart illustrates the magnitude of the stimulus funding relative to baseline formula grants the City generally receives.

Note that HUD awarded stimulus grants from CARES in FY 2019-20 and 2020-21; these are separate from the \$178 million in CRF that the City received through CARES.

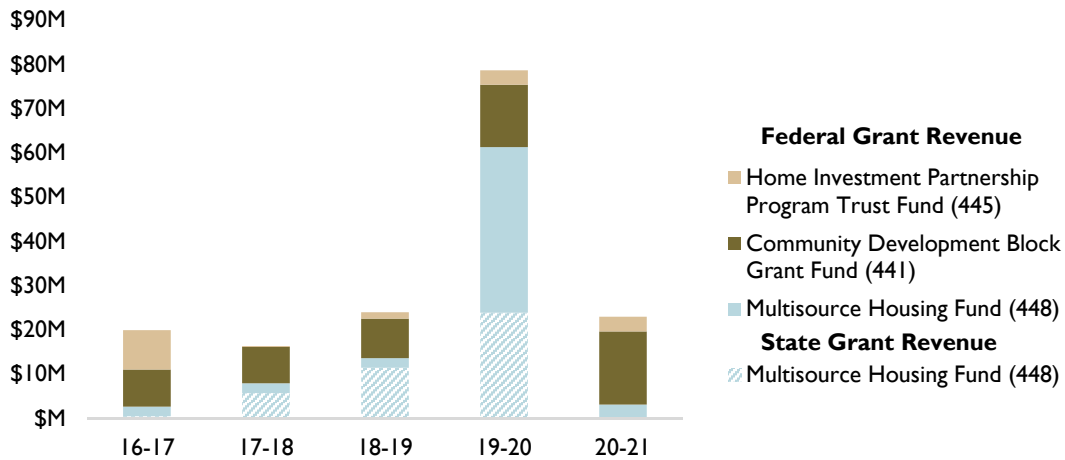
The City also received housing grants from the state. In FY 2019-20, before the emergency, the City received \$23.8 million in Homeless Housing Assistance and Prevention (HHAP) grant funds. Following the emergency, the state made COVID-19 response an eligible expense for these funds, as well as Homelessness Emergency Assistance Program (HEAP) block grants distributed in FY 2018-19. The state also passed Senate Bill (SB) 89, which gave cities additional money for emergency sheltering, including \$3.9 million to San José in March 2020.⁷

As shown in Exhibit 2, the total federal and state grant revenue that flows through the City’s housing funds increased significantly as a result.

⁶ These grants are in addition to the \$178 million in Coronavirus Relief Funds (CRF) that the City received from the U.S. Department of Treasury through the CARES Act.

⁷ In addition to these COVID-related service grants, the City received \$10.9 million for the acquisition of a hotel for use as a shelter through Project Homekey. Some of the grants received have also gone toward capital costs, like HHAP toward Bridge Housing Communities. See Appendix C for more information.

Exhibit 2: Housing Grants From the Federal and State Government



Source: Auditor analysis of City's FY 2020-21 Proposed Operating Budget and HUD grant allocations as of September 25, 2020.

Note: The Multisource Housing Fund includes HOPWA, ESG, and state grants.

This preliminary review assesses the allocation process and monitoring of grants the City issued to subrecipients using these reallocated grants (HOME, CDBG, HHAP) and stimulus grants (HOPWA, ESG, CDBG, SB 89) as of August 21, 2020. From April through August, Housing contracted 14 subrecipients under 17 agreements to provide \$37 million in services,⁸ including:

- temporary non-congregate shelter space for people at high-risk for COVID-19,
- rent and utilities assistance for individuals and families financially impacted by COVID-19,
- food delivery to vulnerable residents, like seniors and people with disabilities,
- diaper and calming kit distribution to low-income families and childcare home providers,
- expanded congregate homeless shelter space to facilitate social distancing, and
- grants to support small businesses affected by COVID-19.

Additional contracted services through subrecipients followed in later months, including childcare and homeless outreach services.

While Housing has experience in contracting and monitoring subrecipients under state and federal grant programs, the urgency of the emergency, and the amount of funding the Department has received and needs to allocate, contract, and monitor have strained staff capacity, which has also been limited due to vacancies.⁹ Housing reports that they are prioritizing contract development for remaining grant funds, and that they have not yet begun formally monitoring subrecipients through on-site monitoring or desk

⁸ This figure includes \$7.7 million in Coronavirus Relief Funds (CRF) and \$3 million in Housing Authority Litigation Award (HALA) funding that supplemented the federal and state grants under our review. Additional HHAP funds went toward capital contracts. See Appendix B for a list of the contracts reviewed.

⁹ As of November 2020, Housing had three vacancies in the Grants Management Unit: a housing policy and planning administrator, a development officer, and an overstrength staff specialist.

reviews. Staff have created a risk prioritization to determine order for subrecipient monitoring and have issued an RFP for outside monitoring assistance.

KEY AUDIT FINDINGS

I. Allocation of grants

Federal guidelines through HUD generally recommend (but do not always require) competitive selection of subrecipients to ensure open and full competition in awarding of federal money. Exceptions to competitive requirements are allowed during emergency and/or exigent circumstances, though justifications for those exceptions should be well-documented, and grantees should follow their own procurement procedures. Similarly, the City's Municipal Code allows for non-competitive contracts during emergency and/or exigent circumstances, so long as selection decisions are documented in a publicly accessible format.

Whether subrecipient selections are competitively made or not, it is important for the City to ensure subrecipients have the experience and capacity to provide services quickly and effectively, particularly given the emergency. Under normal circumstances, subrecipients demonstrate capacity to deliver services by providing Housing formal proposals, including detailed staff budgets, cost allocation plans, and other important financial information. According to the Department, Housing also reviews potential subrecipients' past financial audits, and looks at past performance, internal controls, agency budgets, and staffing plans to gain a fuller understanding for capacity to deliver services.

Preliminary Audit Observations

- We reviewed 17 grant agreements for COVID-19 related services and found that Housing properly documented the method of selection of subrecipients in each instance. Of those agreements, eight were sole source with at least one through Council-directed action, seven were contract amendments, and two were through an expedited competitive selection process initiated during the emergency. We should note that some of the subrecipients received or are anticipated to receive multiple grants (see Appendix B for a list of the subrecipients and the services to be provided).
- Due to the influx of federal and state grants to the City, Housing has contracted subrecipients for much more money and services than they have previously. Several subrecipients received substantially more funding from prior years, including three sole source contracts of over \$1 million that went to subrecipients who had not received substantial City grant funding in the past three fiscal years. For example, one organization received seven times the maximum amount of funding that it had received over the previous three fiscal years.
- Because of the emergency, staff have relied on less formal, self-reported assessments of subrecipient capacity to provide services (i.e., verbal discussions or through email). Housing has reported that, during the emergency, they have made more award decisions based on conversations with subrecipients and the County to ascertain service-delivery capacity, but that they will use competition as grants require.
 - Of the eight sole source contracts to subrecipients, three were selected based on formal letters of proposal to Housing. In some instances, selections were

made using both formal and informal communications. For example, one subrecipient had submitted three proposed budgets for up to \$3 million, however the final award was for \$4 million. Housing reported that this final award was determined based on conversations with the subrecipient about their capacity.

- Though Housing reports that it requires all subrecipients to submit project financial workbooks that include cost allocation plans, budgets, and other information, at the time of the audit, Housing had received just 11 complete workbooks out of 17 that were due to Housing as of November 2020.
- Due to the limited number of service providers available during the emergency, some subrecipients are providing services with which they haven't had prior experience, such as food delivery.
 - Less experienced service providers may have difficulty initiating service delivery and require more guidance and technical assistance from Housing staff. For example, Housing staff report that one provider had no prior experience with managing the type of delivery system for which they were contracted. According to Housing, the services were initially delayed, and staff have been working with the organization to revise its delivery strategy to get necessities to families and individuals in need.
 - Five subrecipients contracted to deliver tenant-based rental assistance did not have prior experience with administering the specific grant program and required additional technical assistance from Housing, and had a longer "ramp up" period than anticipated.
- Lastly, we found some minor errors and inconsistencies in contracts that resulted from uncertain, changing state and federal funding sources during contract development and the urgency of the emergency.¹⁰ Housing and the City Attorney's Office intend to amend contracts as necessary to reflect actual funding sources and grant terms.

2. Monitoring of grants

The City is subject to federal, state, and local requirements for the use of funds granted to the City. Housing's monitoring policies and procedures manual helps to ensure compliance with these requirements. Some specific elements of the procedures include:

- Reviewing monthly reimbursement and quarterly performance reports to ensure that line item expenses and total project budgets meet the terms of the agreements and that subrecipients are delivering contracted services.
- Conducting desk reviews and on-site monitoring to review subrecipients' documentation and management of grant awards, as well as to validate reported performance and determine whether they are meeting outreach requirements. Federal guidelines state

¹⁰ For example, more SB 89 funds were contracted to subrecipients than had been granted to the City. Some contracts under the same grant source had inconsistent language related to grant requirements, while others had typos or miscalculations in performance measures.

that grantees such as the City should not rely solely on reported documentation and that on-site monitoring should still be conducted to validate the data.

- Using a risk assessment to identify high-risk subrecipients to monitor for a given year.

Because of the emergency, HUD has waived certain requirements around on-site activities, however HUD has not provided specific guidance on how Housing should postpone or replace monitoring of subrecipients.

Preliminary Audit Observations

- Housing extended documentation deadlines to give subrecipients more flexibility and allow them to focus on expediting service delivery during the emergency. Despite extended deadlines, some subrecipients have been delayed in submitting required documentation.
 - As of October 2020, Housing had received 32 of 37 expected¹¹ monthly reimbursement requests; five were late or missing. We did note that of those we reviewed, it appears Housing staff closely reviewed the reimbursement request and supporting documentation (e.g., invoices, timecards) to ensure costs were reasonable and supported. In at least one instance, Housing disallowed questionable costs from a subrecipient.
 - As of November 2020, Housing received eight performance reports¹² that should have been submitted by August 10, 2020, per Housing's extended deadline. Housing staff report that they followed up with subrecipients as needed and extended deadlines to prioritize service delivery.
- In response to the emergency, Housing updated its monitoring policies and procedures to account for the COVID-19 environment, including replacing desk reviews with virtual desk reviews and postponing on-site monitoring.
 - Due to limited staffing capacity in Housing, remote desk reviews or virtual on-site monitoring have not been conducted to date. This includes reviews for three completed, short-term contracts fully reimbursed by the City. Housing staff have been focused on developing contracts to meet the short timelines of the COVID-19 related grant programs.
 - Housing plans to monitor all subrecipients based on a risk prioritization. Housing reports that subrecipients that have completed their grants or have received significant increases in funding will be prioritized for monitoring once the Department has completed its contract development phase, though the timeline and process have not yet been determined.
 - The Department has issued an RFP to contract a consultant to conduct subrecipient monitoring.

¹¹ Housing reported monthly reimbursements were not expected for subrecipients that experienced service delays.

¹² For all contracts reviewed. Performance reports are for the period of April – June 2020, though subrecipients with grant terms near or after June 2020, or that had experienced a delay in services, were not expected to submit a report, according to Department staff. One subrecipient, whose contract ended early, did not submit a performance report. Of the eight reports submitted, subrecipients reported serving 83,044 unduplicated participants/households primarily for food delivery.

- Housing staff is offering technical assistance to subrecipients, such as trainings on grant and documentation requirements. In some instances, Housing staff have expanded technical assistance to provide support for emergency services delivery, like identifying means of distribution or otherwise helping to guide program implementation. Housing reports that technical assistance helps improve subrecipients' ability to follow regulations, though technical assistance does not serve the same purpose as desk reviews and on-site monitoring in that it does not validate subrecipient performance.

CONCLUSION

Housing has received a significant increase in state and federal grants – more than three times the amount of annual federal housing grants – to address COVID-19 impacts on San José's housed and unhoused residents. Because the increased funding has come intermittently and the regulations around the funding have been changing, allocating and monitoring grants has been challenging. Staff have been working through an extended contract development period with different service providers and have not yet begun formal monitoring of subrecipients, though staff continue to review reimbursement requests and supporting documentation and offer technical support.

As Housing moves forward, it will be important that the Department continue to document sole source selections, take steps to ensure subrecipients' capacity to deliver contracted services, and follow City and departmental procedures for subrecipient selection in accordance with federal guidelines. Furthermore, staff must implement plans to formally monitor subrecipients to validate the level of service delivery provided to the San José community.

We reviewed this report with the City Manager's Office and the Housing Department and incorporated their views and feedback. The City Auditor's Office thanks the management and staff from the Housing Department, City Manager's Office, and City Attorney's Office for their time, information, insight, and cooperation during the preparation of this report.



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APPENDIX A

Scope And Methodology

This is the third in a series of reports the City Auditor's Office is issuing related to compliance with State and Federal reimbursement guidelines resulting from the COVID-19 emergency.¹ The objective of this audit was to assess the allocation process and monitoring of COVID-19 related grants by the Housing Department. We should note that the state and federal programs that issued grant funding have extensive criteria and we did not audit for strict compliance with all aspects of each grant program. We focused our review on the procedures the Housing Department and City have set to operate within the emergency to understand how and whether the City has addressed risks in managing these 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.

To do this, we reviewed:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (April 2020) to understand housing grant sources and limits on use
- Federal guidelines to understand requirements, restrictions, and risks around housing grants issued by the U.S. Department of Housing and Urban Development (HUD), including:
 - CARES Act Supplemental Award Information for HOPWA Grantees (April 2020)
 - Eligible ESG Program Costs for Infectious Disease Preparedness (March 2020)
 - Quick Guide to CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease Response (April 2020)
 - HUD Frequently Asked Questions (HOPWA, August 2020; HOME, May 2020)
 - HUD Office of the Inspector General (OIG) COVID-19 Bulletins (2020)
 - HUD OIG Integrity Bulletins on Internal Controls, Subrecipient Monitoring, and Procurement & Contracting (2016)
- HUD waivers and related information to understand COVID-19 related changes to program requirements, including:
 - Availability of Waivers of Community Planning and Development (CPD) Grant Program and Consolidated Plan Requirements to Prevent the Spread of COVID-19 and Mitigate Economic Impacts Caused by COVID-19 (April 2020)

¹ In December 2019, the City finalized a Recovery Annex (Annex) to the Emergency Operations Plan that provides a framework for the recovery process and identifies the roles and responsibilities of City departments. In the Annex, the role of the City Auditor's Office is to: Support the Budget Office, Office of Emergency Management, and Finance Department with cost recovery oversight, including compliance with federal and state record-keeping, procurement, and audit requirements, as requested. We should note that some staff in the City Auditor Office have been designated as Disaster Service Workers (DSW) by City policies. As such, DSWs may be asked to serve at locations, times and under conditions other than normal work assignments and these assignments have included duties within the EOC. EOC work of staff did not relate nor cross over with the audit subject of Housing Grants. As such, this did not impair auditor independence.

- Flexibilities and Waivers Granted by the CARES Act and Mega Waiver and Guidance (June 2020)
 - City of San José COVID-19 Waiver Notifications for HOME and HOPWA
- Oversight guidance issued by HUD to understand monitoring and oversight requirements more generally, including:
 - A Guidebook for Community Development Block Grant (CDBG) Grantees on Subrecipient Oversight (March 2005)
 - HOME Program Guide (October 1998)
 - Housing Opportunities for Persons with AIDS (HOPWA) Grantee Oversight Resource Guide (August 2020)
- State guidance on use of COVID-19 Emergency Homelessness Funding, including:
 - City of San José award letter (March 2020)
 - Agreement with the state on the use of funds (April 2020)
 - Homeless Coordinating and Financing Council COVID-19 Frequently Asked Questions (April 2020)
- The Housing Department's policies and procedures for grants monitoring as documented in the *Grants Management Unit's Grants Monitoring Policies and Procedures Manual* (revised July 24, 2020)
- City rules on emergency and sole-source procurement under Chapter 4.12 of the City's Municipal Code on Procurements of Goods and Services
- Memos and presentations to City Council, including substantial amendments to the 2015-20 consolidated plan and the FY 2019-20 annual action plan (April 21, 2020 and June 30, 2020) and the 2020-25 consolidated housing plan and FY 2020-21 annual action plan (August 11, 2020)
- Past audit reports to identify any areas of concern or any outstanding audit recommendations, and to better understand program compliance with federal regulations:
 - The U.S. Department of Housing and Urban Development's Federal Fiscal Year (FFY) 2020 Program Monitoring Visit to assess the City's performance and compliance with program regulations and requirements for ESG and HOPWA programs funds (for Program Year 2018)
 - The City's Single Audit Reports prepared by Macias Gini & O'Connell LLP (FYs 2017-18 and 2018-19) and Grant Thornton LLP (FY 2016-17)

We also did the following:

- Reviewed 17 grant agreements to understand outreach requirements, target populations, number and types of services contracted, reporting requirements, performance measurement, and other grant requirements
- Reviewed risk prioritization assessments to understand specific factors that inform Housing's subrecipient prioritization methodology
- Reviewed subrecipient documentation submitted to Housing, and cross-referenced with required documentation based on the agreements and grants monitoring manual, including:

- 11 project financial workbooks
 - 32 reimbursement requests, including a close review of expenses submitted under seven grants, based on a judgmental sampling covering a range of grant funding sources and service types. We prioritized grant agreements with higher contract values and completed terms, and checked expenses against contracted budgets and supporting documentation, as well as for reasonableness.
 - Eight quarterly performance reports
- Reviewed memos to City Council for documentation of subrecipient selection for all 17 agreements
 - Reviewed three written proposals for grant funding submitted to Housing, and one email exchange with associated proposed budget documents
 - Interviewed Housing staff on the Grants Management Team to better understand staff capacity, monitoring and technical assistance practices, and assessment of subrecipient capacity to deliver services
 - Checked all subrecipients' standing in the federal System for Award Management
 - Reviewed Form 700s (public conflicts of interest disclosure forms) for select Housing staff making selection decisions for grant awards
 - Compared contracted and anticipated COVID-19 related funding to subrecipients (as of August 21, 2020) to grants funding from the last three fiscal years, as tracked in the City's grants management database, WebGrants
 - Reviewed other source and use of fund documentation, including HUD awards, the City's FY 2020-21 Proposed Budget, and the City's Fiscal Recovery Update and Coronavirus Relief Fund Rebalancing memo (September 22, 2020)

APPENDIX B

Contracts and Services Reviewed

| Agency | Funding Source | Funding Amount | Contract Term | Service | Contracted unduplicated participants/ households |
|---------------------|----------------|----------------|----------------------------|---|--|
| Abode | CRF* | \$728,855 | May 2020 – June 2020 | Temporary shelters for vulnerable populations | 90 |
| Bill Wilson Center | HOME | \$1,000,000 | April 2020 – December 2020 | Tenant-based rental assistance for participants who have experienced a loss of income due to COVID-19 | 40 |
| Catholic Charities | HOME | \$4,000,000 | April 2020 – December 2020 | Tenant-based rental assistance for participants who have experienced a loss of income due to COVID-19 | 230 |
| Destination: HOME | HHAP, HALA | \$5,000,000 | March 2020 – March 2021 | Homeless prevention and employment for low-income families | 200 |
| First 5 | CDBG | \$400,000 | March 2020 – December 2020 | Family calming kits and diaper kits for low-income families and childcare providers | 5,292 |
| HomeFirst | CDBG-CVI | \$2,850,860 | March 2020 – June 2020 | Overnight warming locations for homeless residents | 80 |
| HomeFirst | SB 89, CRF | \$2,529,000 | July 2020 – June 2021 | Interim housing for participants who must be in isolation or quarantined due to COVID-19 | 100 |
| HomeFirst | SB 89, CRF | \$7,090,270 | June 2020 – June 2022 | Interim housing for participants who must be in isolation or quarantined due to COVID-19 | 200 |
| LifeMoves | CDBG | \$2,000,000 | March 2020 – December 2020 | Motel vouchers for homeless families awaiting shelters, or temporary/permanent housing | 210 |
| Loaves & Fishes | CDBG | \$1,200,000 | March 2020 – May 2020 | Providing meals to seniors, disabled, homeless individuals and families, and low-income residents | 77,750 |
| Next Door Solutions | HOME | \$346,485 | April 2020 – December 2020 | Tenant-based rental assistance for domestic violence survivors | 25 |
| Opportunity Fund | CDBG | \$2,500,000 | July 2020 – June 2021 | Microenterprise grants for low-income participants with businesses | 145 |
| PATH | ESG-CV2, CRF | \$2,678,044 | June 2020 – June 2021 | Emergency interim housing at Evans Lane | 170 |
| Sacred Heart | HOME | \$4,250,000 | April 2020 – December 2020 | Tenant-based rental assistance for low-income populations | 246 |
| The Health Trust | HOPWA-CV | \$209,618 | July 2019 – June 2020 | Tenant-based rental assistance and supportive services for low-income participants living with HIV/AIDS | 95 |

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|------------------|-----------------|-----------|-------------------------------|---|----|
| The Health Trust | HOPWA-CV | \$140,108 | November 2019 – December 2022 | Tenant-based rental assistance and supportive services for low-income participants living with HIV/AIDS | 65 |
| YWCA | HOME, CDBG, HTF | \$225,000 | July 2020 – June 2021 | Tenant-based rental assistance for domestic violence, sexual assault, and human trafficking survivors | 12 |

Source: Auditor analysis of subrecipient agreements

* Contract ended early due to shelter site closure, resulting in just over \$80,000 in expenses. The funding source for this contract changed over time, with staff reporting CRF funds will be used to reimburse the final expense.

Note: The funding amount for contracts that were amended due to COVID only includes the amount increased by the amendment, and not the original contract amount (for non-emergency services). Contracted unduplicated participants/households listed are specific to emergency funding sources, where possible.

APPENDIX C

Emergency Housing Grant Sources

| Grant Program | Awarding Agency | Amount (To City) | Expenditure Deadlines | Eligible Uses |
|---|--|---|--|---|
| Emergency Solutions Grant via CARES Act (ESG-CV) | HUD | \$35,520,318 | September 30, 2022 | Rapid rehousing, shelter operations, street outreach, homelessness prevention |
| Community Development Block Grants via CARES Act (CDBG-CV) | HUD | \$12,841,925 | September 30, 2022 | Acquisition and rehabilitation of affordable housing units; public facilities buildings and improvements; assistance to businesses, public services; short-term financial assistance for rent, mortgage, and utilities; acquisition or operating costs of hotels and motels to address needs for social distancing and isolation |
| Housing Opportunities for People With AIDS via CARES Act (HOPWA-CV) | HUD | \$349,726 | September 30, 2022 | Short-term financial assistance for rent, mortgage, and utilities; supportive services; isolation or quarantine at hotels, motels, or other locations for persons living with HIV/AIDS and household members not living with HIV/AIDS; other necessary actions to prevent, prepare for, and respond to coronavirus |
| COVID-19 Emergency Homelessness Funding via Senate Bill (SB) 89 | California Business, Consumer Services and Housing (BCSH) Agency | \$3,919,820 | Encumbered by June 30, 2020, expended by June 30, 2022 | COVID-19 prevention and containment efforts for shelters, including testing, handwashing stations, shelter enhancements to allow social distancing and isolation; emergency shelter operation; shelter capacity; isolation or quarantine at hotels, motels, or other locations; street outreach; transportation from shelters to medical care; staffing support |
| Homekey | California Department of Housing and Community Development (HCD) | \$11,953,474 (\$10,868,000 for hotel acquisition, \$1,085,474 in operating subsidy) | CRF funding: December 30, 2020; General Funding: June 30, 2022 | Acquisition or rehabilitation of hotels, motels; acquisition of other sites, including apartments, homes, care facilities, manufactured housing for permanent or interim housing; purchase of affordability covenants and restrictions for units; associated relocation costs; operating subsidies from state General Fund |
| FEMA Public Assistance (Category B) | Federal Emergency Management Agency (FEMA) | \$5,576,364* | Subject to FEMA extensions | Shelter operations, food and necessities |

* Estimated reimbursement for emergency sheltering pending application approval; not a stimulus grant.

Source: Auditor analysis of HUD grant allocations, state grant awards, the CARES Act, and the California Homeless Coordinating and Financing Council's Guide to Strategic Uses of Key State and Federal Funds to Reduce Homelessness During the COVID-19 Pandemic (July 2020).

Note: Eligible uses are not exhaustive. In addition to the sources listed, the City has reallocated other, non-emergency housing and homelessness prevention grants and sources, like HHAP, HEAP, HALA, and federal formula grants (HOME, CDBG). The City has also allocated \$26.4 million in CRF money toward homeless sheltering and support, according to the City's Fiscal Recovery Update and Coronavirus Relief Fund Rebalancing memo (September 22, 2020).