



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Ortiz

SUBJECT: SEE BELOW

DATE: October 28, 2025

Approved

Date 10/27/2025

SUBJECT: Coordination of Homelessness Activities Audit Report.

RECOMMENDATION

1. Accept the report and the Administration's response.
2. Direct the City Manager to collaborate with the Housing Department to design and propose metrics that measure the achievement of outcomes by service providers funded by the City of San José, providing services to City Programs. These metrics would supplement audit recommendations 5, 6, and 7, which aim to improve oversight for Housing's service providers.

BACKGROUND

The City of San José spends approximately \$75 million annually on contracts with service providers to combat homelessness. Despite this enormous expenditure, residents have seen limited improvement in homeless concerns, and members of the unhoused community continue to struggle across the city.

At the same time, San José faces a budget shortfall that is expected to increase in the coming years due to limited federal support. Given these financial constraints, the City must be strategic with its limited resources, ensuring that contracts and funding are awarded to organizations that demonstrate meaningful outcomes in reducing homelessness.

As noted within the audit, multiple reports have been written that highlight the gaps in oversight that exist between the City and our shelter service providers. These gaps represent opportunities for improvement that will further inform the Housing Department in implementing improvements to our unhoused relief strategy.

ANALYSIS

To ensure accountability of our service providers and maximize their impact, the City Manager and Housing Department should develop metrics that:

- Set clear, measurable goals for service providers, such as shelter and permanent housing placements, housing retention rates, and successful exits from homelessness.
- Establish a clear and quantitative framework to assess performance across all providers.
- Recommend aligning funding to proven effectiveness, ensuring city resources support service providers that deliver outcomes.
- Incorporate feedback from all stakeholders.

Developing performance metrics can be achieved using existing staff resources. In the long run, aligning funding with proven effectiveness may help the city save costs by ensuring investments lead to significant progress in reducing homelessness.

Staff should return to Council with a proposed framework for review and approval by April 2026. The framework should include both short-term and long-term measures for implementation, along with a process for periodic evaluation and adjustment.

This action supports the City's goals of accountability, transparency, and fiscal responsibility. It will help ensure San José's homelessness response is guided by measurable outcomes and that public funds are allocated to programs that demonstrate effectiveness.