

**Performance Audit of the  
Department of Homelessness & Supportive Housing**

**Prepared for the**

**Board of Supervisors  
of the City and County of San Francisco**

**by the**

**San Francisco Budget and Legislative Analyst**

**August 6, 2020**

# BOARD OF SUPERVISORS

## BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 | (415) 552-9292

August 6, 2020

President Norman Yee and Members of the San Francisco Board of Supervisors  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Dear President Yee and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Performance Audit of the Department of Homelessness and Supportive Housing*. In response to a motion adopted by the Board of Supervisors in July 2019 (Motion 19-208), the Budget and Legislative Analyst conducted this performance audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114 and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The performance audit contains four findings and six recommendations, of which five are directed to the Executive Director of the Department. The Executive Summary, which follows this transmittal letter, summarizes the Budget and Legislative Analyst's findings and recommendations. Our recommendations intend to improve the effectiveness of data management, service delivery, program monitoring for homeless programs in the City.

The Executive Director of the Department of Homelessness and Supportive Housing has provided a written response to our performance audit, attached to this report on page 36. The Department agrees with all of our recommendations.

President Yee and Members of the Board of Supervisors

August 6, 2020

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We would like to thank the staff at the Department of Homelessness and Supportive Housing, as well as stakeholders and service providers, for the assistance they provided during the audit.

Respectfully submitted,



Severin Campbell  
Principal

cc: Supervisor Fewer  
Supervisor Haney  
Supervisor Mandelman  
Supervisor Mar  
Supervisor Peskin  
Supervisor Preston  
Supervisor Ronen  
Supervisor Safai  
Supervisor Stefani  
Supervisor Walton

Mayor Breed  
DHS Executive Director  
Clerk of the Board  
City Attorney's Office  
Mayor's Budget Director  
Controller

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## Executive Summary

The Board of Supervisors directed the Budget and Legislative Analyst's Office to conduct a performance audit of the administration of homeless services programs by the Department of Homelessness and Supportive Housing through a motion (M19-108) passed in July 2019. The scope of this performance audit includes the Department's governance and oversight, staffing, contracting, program monitoring, and information systems. Broadly, we looked for opportunities to improve the effectiveness and efficiency of Department operations.

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## The Problem of Homelessness in San Francisco

The Department of Homelessness and Supportive Housing was created in the FY 2016-17 budget to consolidate homeless programs and services performed by the Department of Public Health (DPH), Human Services Agency (HSA), and other City departments into one department. The Department completed a Strategic Framework in October 2017, redefining the City's approach to programs and services for the homeless population. Core to the new strategy was Coordinated Entry, which changed the City's processes for homeless individuals to access housing. Previously, homeless individuals and families could access services through different venues and service providers. Coordinated Entry provided specific entry points into the homeless service system and a standardized assessment tool to prioritize services.

Between 2015, the year before the creation of the new Department of Homelessness and Supportive Housing, and 2019, the Point in Time Count showed an increase in the homeless population of 19 percent, many of whom were unsheltered, as shown in Exhibit i below.

**Exhibit i: Increase in Homeless Population 2015 to 2019**

Source: Point in Time Count

## The Department of Homelessness and Supportive Housing

The reasons for the increase in the homeless population, especially the unsheltered population, is likely due to a number of factors, including high land/housing prices and lack of affordable housing in San Francisco and the Bay Area, but the formation of the Department of Homelessness and Supportive Housing has not yet changed the trajectory of the increase in the homeless population.

The Department has assessed its own progress toward achieving the goals identified in its Strategic Framework, identifying achievement of four of nine goals, including implementing a coordinated system, improving response to street homelessness and ending large encampments, as shown below.

	Original Due Date	Revised Due Date	Department Assessment
Design and implement coordinated system	Dec 2018	Dec 2019	Achieved
No families with children unsheltered	Dec 2018		Achieved
Plan to reduce youth homelessness	Jul 2018		Achieved
Improve response to street homelessness	Oct 2018		Achieved

Source: Five-Year Strategic Plan Update and Implementation Plan July 2019

One goal—ending large, long term encampments—was temporarily achieved, but has re-emerged. However, two goals—ending family homelessness, and implementing performance accountability—were delayed, while other goals were still in process, as shown below.

	Original Due Date	Revised Due Date	Department Assessment
Implement performance accountability	Dec 2019	Jun 2021	In Process - Delayed
End family homelessness	Dec 2021	Dec 2022	In Process - Delayed
Reduce chronic homelessness by 50%	Dec 2022		In Process
Reduce youth homelessness by 50%	Dec 2022		In Process - New

Source: Five-Year Strategic Plan Update and Implementation Plan July 2019

This audit identified four areas of improvement in the administration of programs and services for the homeless population, including improved monitoring of service providers, expediting hiring of vacant positions, improving functionality of the Online Navigation and Entry (ONE) system, and improving governance and oversight of the Department of Homelessness and Supportive Housing. The four findings are summarized below.

### 1. The Department does not sufficiently monitor provider contracts to ensure service goals are met

Most services and programs for the homeless population are provided by non-profit providers, but in FY 2019-20, these services were underspent

The Department administers most of its services through contracts with service providers. The total budgeted amount for contracts for FY 2019-20 is \$209.4 million, but actual expenditures are expected to be \$182.9 million, \$26.5 million less than budgeted, as shown in Exhibit ii below.

#### Exhibit ii: FY 2019-20 HSH Contracts and Projected Expenditures by Source

Source	FY 2019-20 Budget	Projected Spending	Projected Year-End Balance
<i>State Grants</i>			
Mental Health Services Act	\$2,041,738	\$2,017,565	\$24,173
Transitional Housing Placement	2,080,249	1,538,619	541,630
Other State Grants	23,227,930	12,936,149	10,291,781
Subtotal State Grants	27,349,917	16,492,333	10,857,583
<i>Federal Grants</i>			
Federal Grants	12,619,782	10,515,528	2,104,254
Subtotal Federal Grants	12,619,782	10,515,528	2,104,254
<i>City Funds</i>			
Annual General Fund	126,792,507	118,507,876	8,284,631
Continuing General Fund	17,610,633	13,758,919	3,851,714
Care Not Cash	20,205,763	19,607,367	598,396
ERAF	815,719	688,552	127,167

Source	FY 2019-20 Budget	Projected Spending	Projected Year-End Balance
Subtotal City Funds	165,424,622	152,562,713	12,861,909
One Time	4,004,535	3,331,821	672,714
<b>Total</b>	<b>\$209,398,856</b>	<b>\$182,902,395</b>	<b>\$26,496,461</b>

Source: HSH Contracts report

The Department does not have documented policies defining program monitoring, and our review shows widespread inconsistencies

The Department's goal in the Strategic Framework to implement performance accountability by December 2019 was delayed, with the achievement date now extended to June 2021, as shown above. From a sample review of contracts, it appears that the Department has not adopted consistent practices in establishing performance metrics for providers in the contracting process, and has not developed internal policies and procedures to monitor program performance. Program monitoring reports reveal inconsistent practices for reporting by providers and show no documentation of management review or verification of self-reported information. It is unclear how the Department identifies program or provider deficiencies, and whether a corrective action process exists for under-performing contractors. Nor has the Department formally documented the causes of service provider underspending as a whole, limiting the Department's ability to address the causes. The Department must prioritize developing adequate and consistent protocols for monitoring all programs and contractors, as well as training for program staff at the Department, to ensure the effective delivery of these critical services to the City's homeless population.

## 2. The Department has been slow to fill new and vacant positions

The Department of Homelessness and Supportive Housing currently has 36 vacant positions out of 139 budgeted positions, and projects over \$1 million in salary and fringe savings in FY 2019-20. Since the City created the Department in FY 2016-17, the Department has consistently carried vacant positions year to year, with a vacancy rate in FY 2019-20 of nearly 30 percent, as shown in Exhibit iii below.

**Exhibit iii: Authorized and Vacant Positions, FY 2016-17 to FY 2019-20**

<b>Fiscal Year</b>	<b>Authorized Positions</b>	<b>Vacant Positions</b>	<b>Vacancy Rate</b>
2016-17	108.91	20	18.4%
2017-18	114.67	17	14.8%
2018-19	121.92	17	13.9%
2019-20	138.75	36	25.9%

Sources: ASOs, Dept vacancy reports provided FY 2017-2020

The Board of Supervisors approved an increase of 17 positions in FY 2019-20, recognizing an urgent need to supplement the workforce to ensure the delivery of program goals, but as of March 11, 2020, 11 of those newly authorized positions had not been filled.

[With ongoing staffing shortages, the Department cannot perform to its maximum capacity](#)

Department managers expressed concern that the “Department’s core administrative functions and program management may not have appropriate staffing to conduct the work efficiently and effectively”, and in its May 2019 report, the Controller’s Office noted, “the vacancy rate in HSH affects its ability to deliver services across the department”. In order to meet service needs and maintain adequate administrative staff to manage and oversee programs effectively, the Department must prioritize hiring immediately.

### **3. Although the ONE System was designed to manage and track clients, rather than manage the housing inventory, it is being relied upon to do both**

The Department of Homelessness and Supportive Housing created the ONE System to coordinate the homeless response system by tracking clients, establishing eligibility for services and facilitating entry into housing as determined by the Coordinated Entry Assessment tool. The ONE System is being used to facilitate the matching process of clients into various housing solutions, with very limited functionality for actually tracking and collecting data about housing portfolios. The housing inventory is an amalgamation of several different programs with differing eligibility criteria and requirements based on federal and grant requirements, and many of the units in these programs are not yet entered into the ONE System. This results in longer wait times for eligible clients, additional burdens on housing provider and Department staff, and limited and inaccurate information on available units. The Department should prioritize enhancing the

ONE System to track all relevant housing unit information so that clients can be placed as quickly as possible.

#### 4. There is currently no formal oversight of the Department

Since the Department was created in 2016, policy and operational decisions have been made by the Executive Director, in consultation with the Mayor, and with input and guidance from Focus Strategies, a consulting firm. The Local Homeless Coordinating Board (LHCB) serves as an advisory board to the Department, and provides governance and oversight over the Department's federally funded operations. While this body meets regularly, and provides a forum for discussion of policies, it does not have any formal oversight over Department operations or programs, outside of those funded by the federal Continuum of Care

*The Department does not have a consistent forum for service provider and stakeholder input*

The creation of a new Department of Homelessness and Supportive Housing and implementation of a Coordinated Entry system was a significant change in practice for both City staff and for service providers, but no ongoing process was set up to allow input from service providers and other stakeholders on the impact of the new Department and implementation of Coordinated Entry on services and outcomes. The Mayor established a Working Group in 2019 in response to a request by service providers and other stakeholders that the City create a commission to oversee the Department. We believe that this Working Group, which functions much like the Local Homeless Coordinating Board Committees established in the NYC and Chicago Continuums of Care, provides a model that should be incorporated into the Local Homeless Coordinating Board. This would ensure providers have a more effective and consistent opportunity to provide feedback on policy and operations related to homeless services, and that the Department would be subject to more transparent oversight.

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## Introduction

The Board of Supervisors directed the Budget and Legislative Analyst's Office to conduct a performance audit of the administration of administration of homeless services programs by the Department of Homelessness and Supportive Housing through a motion (M19-108) passed in July 2019.

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## Scope

The scope of this performance audit includes all Department of Homelessness and Supportive Housing administrative functions, including governance and oversight, staffing, contracting, program monitoring, and information systems. Broadly, we looked for opportunities to improve the effectiveness and efficiency of Department operations.

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## Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), 2018 Revision, issued by the Comptroller General of the United States, U.S. Government Accountability Office. In accordance with these requirements and standard performance audit practices, we performed the following performance audit procedures:

- Conducted an entrance conference on December 5, 2019, with the Department Director and management staff to introduce the audit team and discuss the audit process.
- Submitted an initial Request for Information to obtain core documents.
- Conducted interviews with Department management and other staff to gain an overview of Department functions and processes, and with representatives from non-profit providers and homeless advocacy organizations.
- Reviewed assessments and reports by external entities, including reports by the San Francisco Controller, Supporting Partnerships for Anti-Racist Communities (SPARC), Focus Strategies, Local Homeless Coordinating Board, and other reports.
- Reviewed the Department's budget, organizational chart, strategic framework, implementation plan, policies and procedures; program monitoring reports, and other Department documents.

- Analyzed the Department's organizational structure and oversight, budget, staffing and vacancies, program monitoring, information systems, and other Department administrative processes.
- Conducted a literature review to identify best practices related to homelessness and supportive housing programs.
- Submitted a draft report, with findings and recommendations, to the Acting Director of the Department of Homelessness and Supportive Housing on July 13, 2020; and conducted an exit conference with the Department staff on July 21, 2020.
- Submitted the final draft report, incorporating comments and information provided in the exit conference, to the Acting Director of the Department of Homelessness and Supportive Housing on July 27, 2020.

We would like to thank the staff of the Department, as well as staff from provider and stakeholder agencies, for their assistance during this audit process.

## The Problem of Homelessness in San Francisco

The homeless population in San Francisco has grown at a faster rate than the City's population overall. The total number of homeless people living in the City increased from 7,008 in 2013 to 8,035 in 2019, a 15 percent increase, as shown in Exhibit I below. The unsheltered population increased by 20 percent, from 4,315 in 2013 to 5,180 in 2019.

**Exhibit I: Increase in Homeless Population in San Francisco 2013-2019**



Source: Annual Point in Time Count

The total population of San Francisco increased by 5 percent from 2013 to 2019, compared to the 20 percent increase in the homeless population. The homeless population makes up nearly 1 percent of the City's total population, as shown in Exhibit II below.

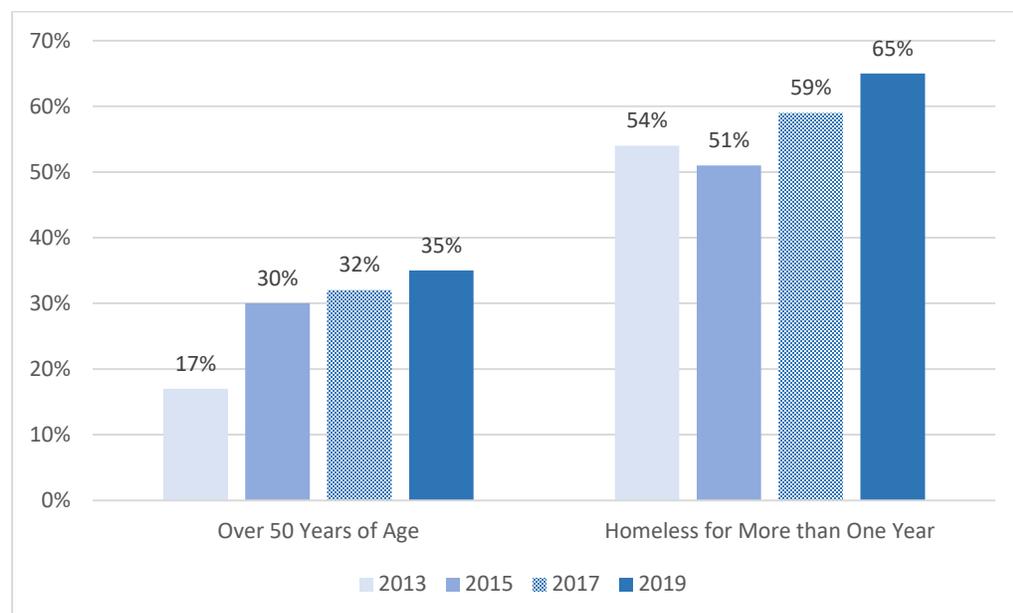
### Exhibit II: Increase in San Francisco's Homeless and Total Population 2013 to 2019

	2013	2015	2017	2019	Percent Change
<b>Homeless Population</b>					
Sheltered	2,693	2,417	2,505	2,855	6%
Unsheltered	4,315	4,358	4,353	5,180	20%
<b>Total Homeless Population</b>	<b>7,008</b>	<b>6,775</b>	<b>6,858</b>	<b>8,035</b>	<b>15%</b>
San Francisco Population	839,841	863,836	879,166	881,549	5%
Homeless Population as % of Total Population	0.83%	0.78%	0.78%	0.91%	

Source: Point in Time Count and U.S. Census

According to the Point in Time Count, the homeless population was older and experienced homelessness for a longer period of time in 2019 than in 2013, as shown in Exhibit III below.

### Exhibit III: Increase in the Age of the Homeless Population and Length of Time Experiencing Homelessness 2013 to 2019



Source: Point in Time Count

In 2013, the City's policy was "Housing First", for which homeless individuals were to be placed back into market rate housing as quickly as possible, and followed by social services. Chronically homeless individuals that would not succeed in market rate housing were to be placed in permanent housing. The City's Ten-Year Plan to End Chronic Homelessness was in place from 2004 to 2014, which considered the primary need of homeless individuals was to obtain stable housing, and that treatments for other needs were more likely to succeed if the individual was stably housed.

### **Administration of Homeless Services Prior to 2016**

The Human Services Agency (HSA) and the Department of Public Health (DPH) were the two City agencies most responsible for administering homeless services in San Francisco prior to 2016. HSA programs included the shelter system resource centers and drop-ins, rental subsidies, and master leases for supportive housing and services. DPH provided permanent supportive housing through the Direct Access to Housing program, and other health and behavioral health services.

Citywide spending on programs and services for the homeless population in FY 2013-14 was \$178 million, increasing to nearly \$200 million in FY 2014-15. One-quarter of spending was for behavioral health services and one-third was for permanent supportive housing. The balance of spending was for a variety of programs and services, including shelter and transitional housing, rent subsidies, case management, legal services, and other services.

In late 2015, Mayor Ed Lee announced plans to consolidate homeless programs and services, which were performed by various City agencies, into a new City department.

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## **Creation of the New Department of Homelessness and Supportive Housing**

The Department of Homelessness and Supportive Housing was created in the FY 2016-17 budget, with a first year budget of \$202 million. Programs and staff were reallocated from HSA and DPH into the new Department, with some new positions added to meet the operational requirements of the new Department.

### **Strategic Framework**

The Department completed a Strategic Framework in October 2017, which laid out the Department's five-year goals from 2018 through 2022. The eight strategic goals are shown in Exhibit IV below.

**Exhibit IV: Strategic Framework 2018 to 2022**

Goals	Goal Timeline				
	2018	2019	2020	2021	2022
<b>System Change</b>					
Design and implement coordinated system	x				
Implement performance accountability		x			
<b>Population Focus</b>					
Reduce chronic homelessness by 50%					x
No families with children unsheltered		x			
End family homelessness				x	
Plan to reduce youth homelessness	x				
<b>Special Focus</b>					
Improve response to street homelessness	x				
End large, long term encampments		x			

Source: Strategic Framework

The Department's July 2019 update to the Strategic Framework and implementation plan assessed their achievement of the Framework's goal. According to this assessment, the Department had achieved five of the eight goals, was delayed in achieving to three of the eight goals, was in process of achieving the eighth goal, and added a ninth goal, as shown in Exhibit V below.

**Exhibit V: Achievement of Strategic Framework Goals July 2019**

	Original Due Date	Revised Due Date	Department Assessment
<b>System Change</b>			
Design and implement coordinated system	Dec 2018	Dec 2019	Achieved
Implement performance accountability	Dec 2019	Jun 2021	In Process - Delayed
<b>Population Focus</b>			
Reduce chronic homelessness by 50%	Dec 2022		In Process
No families with children unsheltered	Dec 2018		Achieved
End family homelessness	Dec 2021	Dec 2022	In Process - Delayed
Plan to reduce youth homelessness	Jul 2018		Achieved
<i>Reduce youth homelessness by 50%</i>	<i>Dec 2022</i>		<i>In Process - New</i>
<b>Special Focus</b>			
Improve response to street homelessness	Oct 2018		Achieved
End large, long term encampments	Jul 2019		In Process <sup>1</sup>

Source: 5-Year Strategic Framework Update & Implementation Plan July 2019

<sup>1</sup> According to the Department, this was temporarily achieved, but the issue of large tent encampments has re-emerged.

### **Coordinated Entry System**

The Department of Homelessness and Supportive Housing implemented a new coordination system, which changed the City's processes for people experiencing homelessness to access housing. Previously, homeless individuals, youth, and families could access services through different venues and service providers. The Department began implementation of Coordinated Entry in Fall 2018, which provided for:

- (1) Specific entry points into the homeless service system;
- (2) Standardized assessment tool to prioritize services; and
- (3) Streamlined process for accessing services.

Coordinated Entry begins with specific access points operated by non-profit providers under contract to the Department. These access points are located at different locations throughout the City, generally during weekday hours, and different access points serve adults, families, and youth.

The Department contracted with Focus Strategies to develop and implement the assessment tool, which includes a list of questions for individuals seeking services. The responses to the questionnaire are scored, with more weight given to individuals who are considered to be more vulnerable, have longer periods of homelessness, or have greater barriers to housing. The assessment tool is designed to identify priority for services but not the types of services needed. According to Focus Strategies, the threshold scores to identify priority access to services are not fixed; the threshold score can vary depending on the availability of housing.

### **Problem Solving**

Because access to housing is limited, services provided to many homeless individuals are "problem solving" rather than housing. The Strategic Framework provided for prevention, problem solving, and rapid rehousing as key components of the Department's Homeless Response System. Problem solving consists primarily of:

- Eviction prevention, including cash assistance to pay back rent, budgeting advice, case management, and referrals to other services;
- Homeward Bound, providing assistance to homeless individuals in connecting with family and friends; and
- Flexible financial assistance designed to help people rapidly exit the crisis of homelessness.

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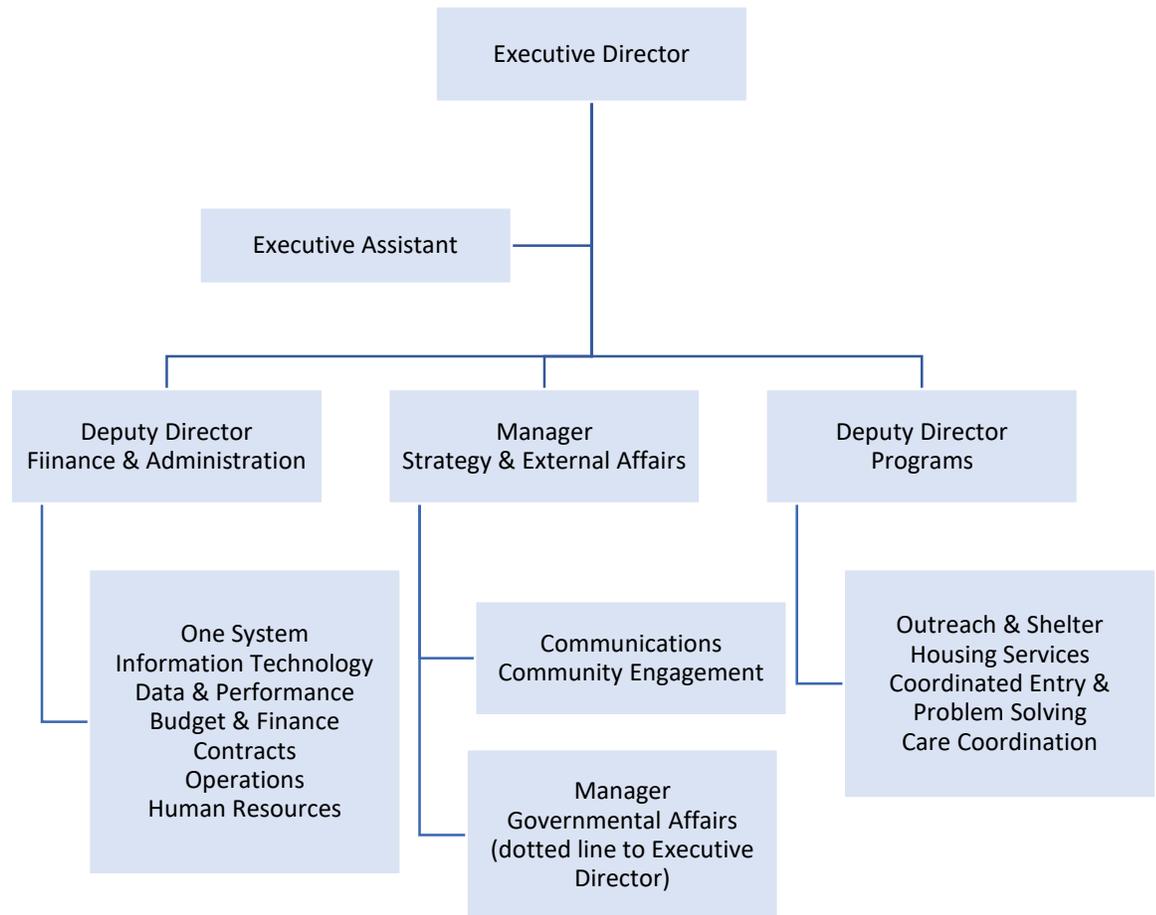
## The Department of Homelessness and Supportive Housing in FY 2019-20

The Department of Homelessness and Supportive Housing defines six areas of focus:

- Coordinated Entry, which organizes the Homeless Response System;
- Problem Solving, which is intended to intervene before or immediately after a person enters the Homeless Response System;
- Street Outreach, which is intended to connect with individuals living outside the Homeless Response System;
- Temporary Shelter, including emergency shelters, navigation centers, and stabilization beds;
- Housing, including rapid rehousing, rent subsidies, and permanent supportive housing; and
- Housing Ladder, which is intended to help residents of permanent supportive housing or rapid rehousing to relocate housing without ongoing social services.

The Department organization in FY 2019-20 is shown in Exhibit VI below.

## Exhibit VI: Department of Homelessness and Supportive Housing Organization



Source: Department of Homelessness and Supportive Housing

In FY 2019-20 Department has approximately 139 positions and an annual budget of \$364 million. The Department's budget is largely allocated to contracts with community based organizations and other service providers, who provide shelter, housing, outreach, and other services to homeless individuals and families. General Fund support to the Department in FY 2019-20 is \$200 million, which includes an advance of funds pending the outcome of litigation pertaining to proposition C, which in November 2018 approved a gross receipts tax for homeless services.

The Department's budget increased by 80 percent from the Department's first budget in FY 2016-17 of \$202 million to the FY 2019-20 budget of \$364 million. Much of the funding increase is for new and expanded programs, including additional funding for navigation centers and permanent supportive housing.

However, as noted below, the Department had budget surpluses in FY 2017-18 and FY 2018-19 due to staff vacancies, underspending by community based providers, and delays in implementing projects. The Department's staffing and oversight of community based organizations are discussed in Sections 1 and 2 of this report.

**Exhibit VII: Department Budgeted and Actual Expenditures FY 2017-18 and FY 2018-19**

	Staff Costs	Other Operating Costs	Community Based Organizations & Aid Assistance	Housing & Other Continuing Projects	Total
<b>FY 2017-18</b>					
Original	\$15,587,246	\$56,423,718	\$169,537,518	\$13,328,708	\$254,877,189
Actual	13,607,560	47,867,026	135,185,387	0	196,659,973
Surplus/ (Deficit)	\$1,979,686	\$8,556,692	\$34,352,130	\$13,328,708	\$58,217,216
Percent	13%	15%	20%	100%	23%
<b>FY 2018-19</b>					
Original	\$17,470,926	\$45,654,904	\$182,821,407	\$38,581,152	\$284,528,389
Actual	15,535,841	50,901,314	152,094,694	4,223,302	222,755,152
Surplus/ (Deficit)	\$1,935,085	(\$5,246,410)	\$30,726,713	\$34,357,850	\$61,773,237
Percent	11%	(11%)	17%	89%	22%

Source: City Budget System

## The Department's Role in Responding to COVID-19

The City's Public Health Officer ordered City residents to shelter-in-place on March 17, 2020 in response to the COVID-19 pandemic, and revised the shelter-in-place order on March 31, 2020. The March 31, 2020 shelter-in-place order excluded homeless individuals, but stated that these individuals are "strongly urged to obtain shelter, and governmental and other entities are strongly urged to, as soon as possible, make such shelter available and provide handwashing or hand sanitation facilities to persons who continue experiencing homelessness".

The City's response to COVID-19, including provisions for homeless individuals, has been coordinated by the Department of Emergency Management, with programs for homeless individuals being carried out by several City departments. Public Works contracted for hand washing and toilet facilities, the Human Services Agency and the Department of Homelessness and Supportive Housing provided for hotel rooms to serve unsheltered COVID-vulnerable individuals, and the Department of Emergency Management and the Department of Homelessness

and Supportive Housing set up safe sleeping sites to allow social distancing at tent encampments.

The COVID-19 pandemic reversed earlier gains by the Department of Homelessness and Supportive Housing to relocate individuals in tent encampments to other housing, for which according to the Department's July 2019 Strategic Framework Update and Implementation Plan, the Department had achieved its goals to end large, long-term encampments. While the City's Healthy Streets Operations Center was able to relocate individuals in a large encampment in the Tenderloin by the end of June, the Department of Homelessness and Supportive Housing, in partnership with the Healthy Streets Operations Center, will have long term responsibility for ensuring shelter for homeless individuals during an extended COVID-19 pandemic.

The City's ability to respond swiftly to the COVID-19 pandemic demonstrates the capacity of agencies, including the Department of Homelessness and Supportive Housing, to provide flexible programming and effective responsiveness to address immediate public health needs. A similar sense of urgency will be necessary to achieve necessary progress in addressing the City's ongoing homeless crisis, and the COVID-19 response could provide a useful model to move forward quickly.

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## 1. Contract Management and Program Monitoring

The Department administers most of its services through grant agreements with community based providers and other contracts, most of which transitioned over from DPH and HSA when the Department was created. From a sample review of contracts, it appears that the Department has not adopted consistent practices in establishing performance metrics for providers in the contracting process, and has not developed internal policies and procedures to monitor program performance. Program monitoring reports reveal inconsistent practices for reporting by providers and show no documentation of management review or verification of self-reported information. It is unclear how the Department identifies program or provider deficiencies, and whether a corrective action process exists for under-performing contractors. According to Department data, service contracts will underspend their budgeted funding for FY 2019-20 by nearly 13 percent. Reasons for underspending, including delays in program start-up and contractors' short staffing, need to be formally documented and addressed to ensure that contractors are able to provide the level of contracted service. The Department must prioritize developing adequate and consistent protocols for monitoring all programs and contractors, as well as training for program staff at the Department, to ensure the effective delivery of these critical services to the City's homeless population.

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### The Department has consistently underspent its contracts with service providers

As of March 2020, the Department had contracts with 59 providers for 350 programs, including Administration, Coordinated Entry, Housing, Outreach, and Temporary Shelter. Total contract funding in FY 2019-20 was \$240.6 million<sup>1</sup>. Contracts may be budgeted on an annual or multi-year basis, and contracts funded by federal and state grants or other sources may have a budget year that differs from the City's fiscal year. Total funding in FY 2019-20 for contracts with budgets corresponding to the City's fiscal year was \$209.4 million, with projected spending through June 30, 2020 of \$182.9 million and a projected year-end balance of \$26.5 million, as shown in Exhibit 1.1 below.

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<sup>1</sup> This excludes approximately \$10 million in contracts for COVID related services.

**Exhibit 1.1: FY 2019-20 Contract Budgets and Projected Expenditures by Source**

Source	FY 2019-20 Budget	Projected Spending	Projected Year-End Balance
<i>State Grants</i>			
Mental Health Services Act	\$2,041,738	\$2,017,565	\$24,173
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Other State Grants <sup>a</sup>	23,227,930	12,936,149	10,291,781
<b>Subtotal State Grants</b>	<b>27,349,917</b>	<b>16,492,333</b>	<b>10,857,583</b>
<i>Federal Grants</i>			
Federal Grants <sup>b</sup>	12,619,782	10,515,528	2,104,254
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Annual General Fund	126,792,507	118,507,876	8,284,631
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One Time	4,004,535	3,331,821	672,714
<b>Total</b>	<b>\$209,398,856</b>	<b>\$182,902,395</b>	<b>\$26,496,461</b>

Source: Department Budget & Expenditure Data July 2020

<sup>a</sup> Whole Person Care, Emergency, Solutions & Housing, Homeless Emergency Aid Program

<sup>b</sup> Continuum of Care, Emergency Solutions Grant, Veterans Administration

<sup>c</sup> Navigation Centers and Support Services

<sup>d</sup> Educational Revenue Augmentation Fund

The City's budget system records spending as annual or continuing accounts. Unspent continuing account funds are carried forward into the next year, and unspent annual account funds may be carried forward into the next year if approved by the Controller. In FY 2016-17 through FY 2018-19, the Department carried forward unspent funds into the next year, resulting in revised budgets that were higher than the original approved budget. Contracts with community based service providers are budgeted as City Grants. As shown in Exhibit 1.2 below, the Department had unspent annual City Grant funds in FY 2016-17 through FY 2018-19, equal to approximately 16-17 percent of each year's revised budget.

**Exhibit 1.2: Contract Budgets, Expenditures, and Remaining Balance FY 2016-17 through FY 2018-19 <sup>a</sup>**

	Original Budget	Revised Budget	Actual Expenditures	Remaining Balance
<b>FY 2016-17</b>				
Annual Funds	\$0	\$96,813,886	\$80,244,494	\$16,569,393
Continuing Funds	0	19,426,150	19,426,150	0
Total FY 2016-17	\$0	\$116,240,036	\$99,670,643	\$16,569,393
<b>FY 2017-18</b>				
Annual Funds	\$101,803,613	\$114,325,134	\$96,115,310	\$18,209,824
Continuing Funds	56,054,152	59,260,660	19,448,101	39,812,560
Total FY 2017-18	\$157,857,765	\$173,585,795	\$115,563,410	\$58,022,384
<b>FY 2018-19</b>				
Annual Funds	\$105,143,845	\$122,911,496	\$100,846,073	\$22,065,424
Continuing Funds	74,563,831	82,346,254	27,858,808	54,487,446
Total FY 2018-19	\$179,707,676	\$205,257,750	\$128,704,881	\$76,552,870

Source: City Grants, Department of Homelessness and Supportive Housing, Budget System

<sup>a</sup> In FY 2016-17 through FY 2018-19, annual City Grant budgets were funded by the General Fund, and continuing City Grant budgets were funded by the General Fund, Human Services Care Fund, and other grant funds.

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## The Department's Program Monitoring Policies

Most of the Department's work is performed through contracts with community based providers, which must be managed and monitored to ensure the effective delivery of programs. The Department's Strategic Framework set a goal of implementing performance accountability across all programs and systems by December 2019. According to the Strategic Framework, HSH would evaluate the quality and outcome of services for each individual served as well as the performance and cost-effectiveness of contracted service providers. According to the July 2019 Strategic Framework Update and Implementation Plan, implementing performance accountability across all programs and systems was to be achieved by June 2021 rather than the original date of December 2019.

### Department Contracting Policies and Processes

Of the Department's 59 contracts in FY 2019-20, four contracts were for administrative support and 55 contracts were for coordinated entry, temporary and permanent housing (including security), and outreach. When the Department was formed in FY 2016-17, the Department assumed responsibility for existing

contracts between service providers and the Human Services Agency and Department of Public Health. During the transition to the new Department, some contract information was lost or not transferred from the Human Services Agency to the Department of Homelessness and Supportive Housing.

Also, as has been detailed in prior reports from this office, HSA and DPH adhere to different internal practices for contract and program monitoring. The Department only recently began the process of standardizing contract terms and provisions for provider contracts, following the expansion of its contracts unit from five positions in FY 2016-17, including a manager who was also responsible for facilities, to nine positions in FY 2019-20, including a manager solely responsible for contracting. Not until October 2019 was the Department able to develop a plan to systematically solicit and enter into provider contracts. According to an October 2019 memorandum, the Department will enter into agreements with existing service providers without undergoing a competitive process, in accordance with an ordinance adopted by the Board of Supervisors to streamline processes for homeless service contracting (Ordinance 61-19), allowing the Department time to issue a Request for Qualifications (RFQ) for service providers beginning in 2021. Under this proposal, the Department would select providers for new Coordinated Entry and Outreach contracts by 2022, new Temporary Shelter contracts by 2023, and new Housing contracts by 2024.

The Department does not have documented policies defining contract and program managers' overall roles and responsibilities in managing and monitoring contracts with service providers, but did implement a risk assessment process for providers funded by the General Fund. According to the template for a memorandum to be sent to providers regarding the risk assessment process, the risk assessment would determine which programs would receive a full annual monitoring site visit and which would be asked to complete a desk audit in lieu of a site visit. The assessment is based on previous fiscal years monitoring and resolution of any findings, meeting service and outcome objectives, timely reporting, appropriate spending, and general contract compliance.

### **Program Monitoring**

The Department uses a standard assessment form for reviewing contractor performance, which includes a checklist and comments section, and notations for follow up or corrective action. In addition, contract providers submit quarterly, monthly, or annual reports on achievement of the contract's service goals. In response to a request for program monitoring reports for the selected sample of

20 contracts (discussed in more detail below), we received from the Department contractors' monthly, quarterly, or annual reports for an additional 39 contracts. Our review of these reports, which are self-reported by providers, shows inconsistencies in the recording of performance metrics. The reports included 34 quarterly reports, 22 annual reports, and 9 monthly reports.

Contractors submitted an "Outcome Report Supplemental Attachment", sometimes accompanied by a spreadsheet of performance metrics, which asks contractors to answer the following questions:

- A. *Please describe any successful accomplishments achieved during this report period.*
- B. *Please describe any challenges you have encountered during this report period.*
  1. *Identify any areas that you have been able to resolve. Explain what you did to resolve the issue and what you plan to do to avoid this challenge in the future.*
  2. *Identify any areas that you have not been able to resolve. Explain what would be helpful to avoid this challenge in the future.*
  3. *Please describe any trends that you have identified during this report period.*

The Department did not provide any cover pages to these documents, or other documentation of internal supervisory review, which would be typical for a self-reported program monitoring report. For example, DPH program monitoring staff complete a scoring sheet to document whether the provider has met program performance objectives and to flag areas for corrective action. Given the absence of documentation, it is unclear if or how the Department uses the information provided in these reports to assess compliance with performance goals.

### **Desk Audits, Assessments, and Site Visits**

The Department prepared a one-sheet guide in 2019 for staff to conduct site visits of contracted providers. The guide lists the steps for contract and program managers to take when preparing, conducting, and closing out a site visit, but does not substitute for documented policies on conducting site visits, such as priorities for site visits and frequency of visits. As noted above, the Department prepared a template to send to providers on conducting a desk audit in lieu of site visits, which included a checklist on administrative procedures, premises, and client case files for providers to complete. This template is the only document that contains criteria for when site visits would be conducted. The template references corrective action,

but HSH does not have documented policies for when technical assistance is needed, corrective action should be taken, how corrective action should be cleared, or other formal policies for contract and program managers' roles and responsibilities in assessing and monitoring contractor performance.

### Summary of Contract Sampling

In order to review contract records in more detail, we selected a sample of 20 contracts, from five main program areas. To select the sample, we focused primarily on housing contracts, and included a judgmental sample of others that came of interest during the course of our fieldwork.

As shown below, from our sample, the Department projects underspending in all selected program areas in FY 2019-20.

#### Exhibit 1.3: Contracts Selected for Sample, by Program Area

Program Area	# of Contracts	FY 2019-20 Budget	FY 2019-20 Projected Expenditures	FY 2019-20 Projected Balance
Administrative	1	\$374,766	\$351,773	\$22,993
Coordinated Entry	2	1,366,951	1,156,070	205,627
Housing	8	25,315,727	23,391,228	1,962,197
Outreach	1	7,262,928	6,372,320	890,608
Temporary Shelter <sup>a</sup>	8	18,574,211	15,020,577	3,564,781
<b>Total</b>	<b>20</b>	<b>\$52,894,583</b>	<b>\$46,291,968</b>	<b>\$6,646,206</b>

Source: Department Budget & Expenditure Data July 2020

<sup>a</sup> One provider was not included because their contract budget was not within the budget year.

To understand how the Department monitors and evaluates the performance of these selected contracts, we reviewed program monitoring reports for calendar year 2018. Program monitoring reports for 2019 were not yet available. Of the 20 contracts, the Department could only provide program monitoring reports for nine of the selected contracts. Within these reports, we did find two records of site visits conducted, for which the respective program managers completed a standardized "HSH Non Profit Contract Monitoring Forms". Notably, on one of these forms, the HSH program manager identified the contractors need for a quality assurance plan, and included this comment from the program manager:

*Monitoring Recommendation: there is needed is to create a process for the "Evidence of Supervisor Review." Currently there is not a part of the chart that highlights quality assurance around supervisory internal audits. The monitoring review outlined this recommendation for the next monitoring period. Best practice for supervisory review includes annual chart reviews in addition to spot checks.*

This indicates an awareness by at least one program manager at the Department of the importance of documenting internal review.

### **Identifying Causes of Service Shortfalls**

Most providers submitted the “Outcome Report Supplemental Attachment”, discussed above, and some provided specific details about operational challenges to meet service objectives. However, given the absence of documented review, it is unclear if or how the Department uses this information to provide technical assistance or other support to providers. For example, our review showed that six of the nine providers experienced problems with staffing hiring, retention, and turnover. Two providers reported difficulty serving a higher acuity population.

The reasons for the significant underspending by service providers, noted in Exhibits 1.1 and 1.2 above, are not documented in the performance monitoring reports, although both service providers and HSH program staff identified staff hiring, retention, and turnover as a major problem. Vacancy information would need to be collected from each provider for HSH to make a comprehensive assessment of how provider staffing and vacancies impact services or result in contract underspending.

Assuming these types of challenges could result in unmet service goals, it is critical that the Department immediately prioritize the development of internal policies and procedures related to program monitoring which should include (at a minimum) standardized forms, documentation of supervisory review, corrective action processes, and guidelines regarding the frequency of site visits. These will ensure that program managers have the tools necessary to record monitoring activities and effectively manage provider performance. The Department also needs to identify, document, and report on the main causes of service providers underspending on contracted services to better address spending shortfalls and allocate resources.

### **Establishing and Documenting Performance Objectives**

Our review also found that four of the nine contractors did not report on performance objectives in the program monitoring reports at all. In fact, some contracts do not have specified performance or service objectives. For example, a Navigation Center contract simply states: “The Navigation Center is a new program model....over the course of time, specific service and outcome objectives may be set but criteria key to evaluation will include [list of evaluation criteria].”

Even after this contract was renewed, the Department did not set forth actual service objectives but included the same language: “over the course of time, specific service and outcome objectives may be set”.

The Department must ensure that all contracts lay out specific performance metrics, and that those metrics are monitored at least annually through the program monitoring process.

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## Conclusion

As a department that primarily contracts out for services, HSH must ensure proper and efficient oversight of those programs. Since its creation, contracts have consistently underspent their annual budgets. Reasons for underspending, including delays in program start-up and contractors’ short staffing, need to be formally documented and addressed to ensure that contractors are able to provide the level of contracted service. Given the critical nature of the services provided, and the high acuity of its clients’ needs, the Department must ensure that all programs are monitored, according to consistent and documented internal policies, and that accurate records are maintained of this process. All program staff must be trained on these policies

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## Recommendations

The Executive Director should:

**Recommendation 1.1:** direct the Director of Programs to produce policies and procedures for program monitoring, including standardized forms with scoring tools and documentation of supervisory review, to be completed no later than December 31, 2020. Policies should include a corrective action process. (Priority 1)

**Recommendation 1.2:** Ensure that all contracts include specific performance metrics and that those metrics are monitored at least annually through the program monitoring process. (Priority 2)

The Board of Supervisors should:

**Recommendation 1.3:** Consider asking the Executive Director to report on the status of the implementation of the program monitoring process in January 2021, including reporting on causes of spending and service shortfalls and strategies to address these causes. (Priority 2)

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## 2. Staffing

The Department of Homelessness and Supportive Housing currently has 36 vacant positions, and projects over \$1 million in salary and fringe savings in FY 2019-20. Since the City created the Department in FY 2016-17, authorized positions have increased from 109 to 139 (or 27 percent). Despite these authorizations, the Department has consistently carried vacant positions year to year. The Board of Supervisors approved an increase of 17 positions in FY 2019-20, recognizing an urgent need to supplement the workforce to ensure the delivery of program goals. As of March 11, 2020, 11 (or 78 percent) of those newly authorized positions had not been filled. In order to meet service needs and maintain adequate administrative staff to manage and oversee programs effectively, the Department must prioritize hiring immediately.

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### The Department has been slow to fill new and vacant positions

When the Department of Homelessness and Supportive Housing was formed in FY 2016-17, existing positions managing programs and housing for the homeless population were transferred from the Human Services Agency (HSA) and Department of Public Health (DPH) to the new Department. A Department Director position was created to head the new Department. The Program Division of the Department of Homelessness and Supportive Housing consisted entirely of staff transferred from HSA and DPH, but new positions were added for department administration and programs.

Department staffing increased by 30 positions or 27 percent, from 109 Full Time Equivalent (FTE) positions in FY 2016-17 to 139 FTE positions in FY 2019-20, as shown in Exhibit 2.1 below. Most of the new positions were for information technology, analytical, personnel, and administrative support, including new mid-level managers. Between FY 2016-17 and FY 2019-20, the Department grew to add capacity in contract, information technology, and human resources functions.

#### **The Department has had vacancies every year since it was established**

The exhibit below reflects the vacancy data reported by HSH for FY 2016-17 through FY 2019-20. The Department provided the FY 2019-20 vacancy information relative to this audit in March 2020.

**Exhibit 2.1: Authorized and Vacant Positions, FY 2016-17 to FY 2019-20**

<b>Fiscal Year</b>	<b>Authorized Positions</b>	<b>Vacant Positions</b>	<b>Vacancy Rate</b>
2016-17	108.91	20	18.4%
2017-18	114.67	17	14.8%
2018-19	121.92	17	13.9%
2019-20	138.75	36	25.9%

Sources: ASOs, HSH vacancy reports provided FY 2017-2020

As the table above shows, the Department had the highest number and rate of vacant positions in this current fiscal year.

**In the current fiscal year, the Department has not filled newly authorized positions, in addition to ongoing vacancies**

As of March 2020, the Department had 36 (or 25.9 percent) vacant positions out of its 138.75 authorized positions. These vacancies included three management positions (1 Manager I, 1 Manager II and 1 Manager V), and 17 program and administrative positions, including two Human Resources Analysts positions.

**Exhibit 2.2: Vacant Positions as of March 11, 2020**

<b>Position Title</b>	<b>Vacancies</b>
Behavioral Health Clinician	1
Health Program Coordinator III	1
Health Worker II	3
Health Worker III	2
Human Resources Analyst	1
Human Services Agency Social Worker	1
IS Business Analyst-Principal	1
IS Engineer - Principal	1
Junior Admin Analyst	1
Management Assistant	2
Manager I	1
Manager II	2
Manager V	1
Principal Admin Analyst	5
Program Specialist	1
Program Support Analyst	2
Public Information Officer	1
Public Service Aide - Asst	3
Rehabilitation Counselor	1
Senior Account Clerk	2
Senior Admin Analyst	1

Position Title	Vacancies
Senior Human Resources Analyst	1
Training Officer	1
<b>Total Vacant Positions</b>	<b>36</b>

Source: HSH report

Eleven of these 36 vacant positions reported by the Department in March 2020 were new positions approved in the FY 2019-20 budget. The Board of Supervisors approved 17 total new positions for the Department in FY 2019-20; only six (or 35.3 percent) of those positions had been filled as of March 2020.

While Department officials have indicated that a loss of leadership in the Human Resources division in early 2019 contributed to the hiring delays, there has not been sufficient urgency to filling positions in the meantime. The City has significant resources within its centralized Department of Human Resources, and these should be fully utilized to fill the positions that have been approved by the Board of Supervisors.

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### Because of its inability to hire quickly, the Department has carried significant salary savings in every year

In each of its first three years of full operation, HSH has ended the year with salary savings of over \$1 million. In FY 2018-19, HSH underspent its salary and benefits budget in General Fund by \$1.7 million. Based upon budget data as of May 29, 2020, HSH will underspend in salary and benefits in FY 2019-20 by \$1.1 million.

#### Exhibit 2.3: Salary and Benefits Expenditures, FY 2017-18 to FY 2019-20

	2017-18	2018-19	2019-20*
Budgeted Expenditures	13,937,885	15,704,187	17,793,754
Actual Expenditures	12,461,116	13,985,026	16,735,028
<b>Surplus</b>	<b>1,476,769</b>	<b>1,719,161</b>	<b>1,058,726</b>

Source: Budget Reports

\*This is projected based on actual expenditures as of May 29, 2020

Note that the Department estimates attrition every year, which is accounted for in the budget, so these salary savings are in addition to the savings that the Department projected it would achieve in salary costs due to anticipated turnover and hiring delays during the year.

The exhibit below shows the distribution of estimated salary savings in FY 2019-20 by HSH project. The most significant savings comes from Homelessness

Outreach, although it is unclear from available data which projects would have otherwise incurred the COVID-19 costs.

#### Exhibit 2.4: Estimated FY 2019-20 Salary Savings by HSH Project

Project Name	Original Budget	Actual Expenditure <sup>a</sup>	Projected Expenditure <sup>a</sup>	Surplus/ (Deficit)
2019 COVID-19	\$0	\$800,859	\$867,597	(\$867,597)
Whole Person Care Pilot	0	430,737	466,631	(466,631)
Administration	6,902,840	5,595,219	6,061,487	841,353
Homelessness Outreach	2,096,576	997,718	1,080,861	1,015,715
HSOC <sup>b</sup>	627,405	147,385	159,667	467,738
Shelter & Housing	7,993,035	7,356,069	7,969,075	23,960
Transitional-Aged Youth	173,898	119,732	159,667	14,231
<b>Total Expenditures</b>	<b>\$17,793,754</b>	<b>\$15,447,718</b>	<b>\$16,735,028</b>	<b>\$1,058,726</b>

Source: Budget data

<sup>a</sup> This is projected based on actual expenditures as of May 29, 2020

<sup>b</sup> Healthy Streets Operation Center

This consistent underspending in salaries, primarily due to vacancies and delayed hiring, presents a budget inefficiency, where the City could have allocated these resources to meet other critical program or service needs.

### With these ongoing staffing shortages, the Department cannot perform to its maximum capacity

Department of Homelessness and Supportive Housing leadership asked the Controller's Office to conduct the staffing analysis in 2019 because it was "concerned that the department's core administrative functions and program management may not have appropriate staffing to conduct the work efficiently and effectively." In its May 2019 report, the Controller's Office noted, "the vacancy rate in HSH affects its ability to deliver services across the department." The challenges presented by inadequate staffing at the Department, because of these vacancies, span all key areas of its operation: executive administration, contracting, program management and data reporting.

### Causes of Turnover and Hiring Delays

According to the Controller's Office May 2019 report, HSH had an average turnover rate of 20 percent, which the report considered to be high compared to other City departments. The Department has continued to have staff turnover; a large number of the vacant positions in FY 2019-20, shown in Exhibit 2.2 above, were existing positions.

The ongoing vacancies are due to delays in hiring new and existing positions, largely due to insufficient human resource staff in the Department. As of December 2019, of seven budgeted positions in the Department's Human Resources unit, five were vacant, including three positions that were new in FY 2019-20. Hiring for vacant positions in the Department's Human Resources units should be a priority for HSH.

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### Conclusion

Because of the severity and acuity of the homeless crisis in San Francisco, City officials have recognized a need for additional staffing at the Department to ensure effective service delivery and administration. The number of positions authorized to the Department has grown nearly 30 percent in four years. However, the Department has continuously struggled to hire new positions and fill vacancies, and as a result, has carried over \$1 million in salary savings every year. The Department must urgently address its staffing needs by prioritizing the hiring process.

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### Recommendations

The Executive Director should:

**Recommendation 2.1:** Work with the Mayor's Budget Director and Director of the City's Department of Human Resources to expedite the hiring of key vacant positions, with an initial focus on the vacancies within the Human Resources unit. (Priority 1)

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### **3. Online Navigation and Entry (ONE) System Data Management and Functionality**

**The Department of Homelessness and Supportive Housing created the ONE System to coordinate the homeless response system by tracking clients, establishing eligibility for services, and facilitating entry into housing as determined by the Coordinated Entry Assessment tool. The ONE System is being used to facilitate the matching process of clients into various housing solutions, with very limited functionality for actually tracking and collecting data about housing portfolios. The housing inventory is an amalgamation of several different programs with differing eligibility criteria and requirements based on federal and grant requirements, and many of the units in these programs are not yet entered into the ONE System. This results in longer wait times for eligible clients, additional burdens on housing provider and Department staff, and limited and inaccurate information on available units. The Department should prioritize enhancing the ONE System to track all relevant housing unit information so that clients can be placed as quickly as possible.**

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#### **Although the ONE System was designed to manage and track clients, rather than manage the housing inventory, it is being relied upon to do both**

Shortly after it was created, the Department announced the rollout of Coordinated Entry, in accordance with HUD mandates, which also require grant recipients to maintain a Homeless Management Information System (HMIS) to provide client-level program information.

The Human Services Agency issued a Request for Proposals for the new data management system in 2017, and selected a contractor in order to “establish a local information technology system to collect client-level data and data on the provision of housing and services to homeless individuals and families”. HSH entered into the contract with the provider following this selection process.

As noted by the Department, this system was considered an essential component of “the infrastructure needed to implement” the changes proposed in the Strategic Framework. Its purpose was to “allow for increased accountability, improved performance management, and a better understanding of the needs of each individual we serve.”

By design, the focus of the Online Navigation and Entry (ONE) system was to track clients and the services they receive, as the HMIS Governance Charter states: “The implementation of this system will fundamentally alter how homeless services are provided, serve as the main repository for client information, and function as the primary communication tool for service providers.” However, because permanent housing placement is the ultimate goal for clients, the ability to track available housing units within the system is critical.

### **The Role of “Housing Navigators”**

Under the new model of Coordinated Entry, “Housing Navigators” play an essential role in connecting eligible clients to available, suitable housing units. After clients have been certified for eligibility for housing and placed in the “Community Queue”, the Housing Navigator works with clients to get them “docs ready”, which means helping them complete all of the necessary application materials to be placed into a unit. Housing Navigators rely upon the ONE System for the housing unit information. Based upon various eligibility criteria, housing units are categorized by specific program areas, and Housing Navigators can view in the ONE System those units that have become available, by specific program.

### **Housing Data in the ONE System**

Housing providers are required to identify vacant units on a weekly basis. Vacant units typically fall into two categories: “ready for occupancy” and “offline”. Offline refers to units that have been vacated but must be cleaned or repaired prior to new occupancy. Offline units currently cannot be tracked in the ONE System but are tracked in a separate database created by the HSH IT division. Communication regarding the status of offline units has been managed between the Department and housing providers; until recently there has not been an electronic tool to manage this information, resulting in delays and errors in reporting. The ONE System also cannot yet track housing transfers, creating operational inefficiencies when Housing Navigators refer new clients to units that have already been filled (via transfer) by an existing tenant at the property.

### **December 2019 backlog**

The clearest evidence of the system’s inadequacies occurred in December 2019, when the Department realized that an estimated 250 units were available and ready for occupancy, but with no referred clients. Once discovered, the Department acted quickly to accelerate referrals, using Department staff to

support the Housing Navigation team in order to place approximately 100 clients in housing units within six weeks.

According to the Department, as of June 2020, approximately one-third of the housing units that should be included in the inventory have not been entered into the ONE System.

**The Vacancy Tracker App provides a workaround solution, but has limits**

Following the December 2019 backlog, the Department commissioned the IT team to create the “Vacancy Tracker” primarily to track offline units. The Vacancy Tracker is a separate application and corresponding database through which providers submit their vacancies each week. Once an offline vacancy becomes ready for occupancy, the provider indicates this in the Vacancy Tracker, and Department staff identify that vacancy in the ONE System (and remove it from the Vacancy Tracker). The Vacancy Tracker has enhanced the unit information available to Housing Navigators in the ONE System, as they work to connect eligible clients to units. However, it requires additional staff time, and because of the manual entry of the information, creates opportunities data errors.

**Adapting the ONE System to track housing units effectively**

The most efficient solution for tracking available housing units in order to connect eligible clients quickly is to enhance the functionality of the ONE System. Housing unit information represents an essential component of the data needed to serve clients quickly and efficiently. The Department’s commitment to accountability, performance management and Housing First, as detailed extensively in its Strategic Framework, supports the urgent need to expand the ONE System to incorporate all relevant housing information. The Department should prioritize the development of this functionality within the ONE System so that Housing Navigators can access real-time housing information to place clients as quickly as possible.

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## Conclusion

As it launched the Coordinated Entry model, the Department procured a new data management system to centralize how clients and services are tracked. This system was not designed to track housing units, and as a result, available units have been left empty, while eligible clients have remained unhoused. The Department’s workaround solution, the Vacancy Tracker, should be considered a

temporary fix, while the Department works urgently with the ONE System contractor to enhance the functionality of the newly procured system to better serve clients and to more accurately track performance.

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## Recommendations

The Executive Director should:

**Recommendation 3.1:** Work with BitFocus, the ONE System vendor, to expedite the development of enhanced functionality of the ONE System to incorporate accurate and real-time tracking of housing units. (Priority 1)

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## 4. Governance

The Local Homeless Coordinating Board (LHCB) provides governance and oversight over the Department's federally funded operations. Currently, there is no formal oversight over the Department's policies and operations as a whole. Since the Department was created in 2016, policy and operational decisions have been made by the Director, in consultation with the Mayor, and with input and guidance from the LHCB, the City's Administrative Code which governs a portion of the homeless response system, and Focus Strategies, a consulting firm. The Local Homeless Coordinating Board (LHCB) serves as an advisory board to the Department, and while this body meets regularly, and provides a forum for discussion of policies, it does not have any formal oversight over Department operations or programs, outside of those funded by the Federal Continuum of Care program.

The creation of a new Department of Homelessness and Supportive Housing and implementation of a Coordinated Entry system was a significant change in practice for both City staff and for service providers, but no ongoing process was set up to allow input from service providers and other stakeholders on the impact of the new Department and implementation of Coordinated Entry on services and outcomes. The Mayor established a Working Group in 2019 in response to a request by stakeholders that the City create a commission to oversee the Department. We believe that this Working Group, which functions much like the Local Homeless Coordinating Board Committees established in the NYC and Chicago Continuums of Care, provides a model that should be incorporated into the Local Homeless Coordinating Board. This would ensure providers have a more effective and consistent opportunity to provide feedback on policy and operations related to homeless services, and that the Department would be subject to more transparent oversight.

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### **The Department's Strategic Framework, which sets forth its policy goals and priorities, was developed with the support of a consultant**

As noted in the Introduction to this report, the Strategic Framework acts as the primary policy document for the Department and the City related to the provision of services for the homeless population. The Department hired a consulting firm to produce this document, and has since amended the contract to expand the

firm's scope of work to include implementation of certain goals established in the Strategic Framework.

As stated on the HSH website:

Between October 2017 and June 2018, HSH staff engaged a wide range of community stakeholders to gather reactions and feedback on the Strategic Framework. HSH staff made over 100 presentations to faith-based, service provider, business and neighborhood groups, educational institutions, and to other City departments. All provider agencies contracted with the Department were offered a presentation for their staff and/or Board of Directors.

While these community meetings took place, in accordance with the contractor's Scope of Work, it is unclear from reviewing the draft and final versions of the Strategic Framework if any feedback was incorporated.

The Strategic Framework, which laid out the Department's priorities for five years and marked a significant policy change in the adoption of the Coordinated Entry model, was primarily created by the consulting firm, under the direction of the senior department officials.

The Department convened two Nonprofit Provider Conferences in December 2018 and December 2019 to share information with key partners about the system approach to reducing homelessness in San Francisco and to gather information from participants to inform next steps and to work on strengthening relationships moving forward to a system more effective at reducing homelessness. While these meetings allowed for provider feedback and the identification of goals and next steps, it is unclear if or how the Department incorporated these items into the Department's work and priorities.

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### **The Department does not have a consistent forum for service provider and stakeholder input**

The creation of a new Department of Homelessness and Supportive Housing and implementation of a Coordinated Entry system was a significant change in practice for both City staff and for providers. To implement the Strategic Framework, the Department set up an internal steering committee in August 2018, made up of Department executive and program implementation staff, to provide a process for decision-making and troubleshooting. A similar structure was not implemented

for working with service providers as of the completion of our fieldwork for this audit.

According to the Department, HSH has since March 2020 developed a nonprofit advisory body to provide input into strategic decisions and program implementation within the department. The Department also reports that during the COVID-19 response HSHS has hosted bi-weekly calls with non-profit providers to share updates and hear questions/concerns.

The City's housing and services for the homeless population are delivered almost entirely by non-profit providers, with the Department responsible for implementing policy, allocating funds, and managing service provision. Prior to creation of the new Department, service providers reported respectively to the Department of Public Health for the Direct Access to Housing program, and to the Human Services Agency for master lease housing, Care Not Cash, and other programs to support the homeless population. In forming the new Department of Homelessness and Supportive Housing, the service providers transitioned not only to a new service delivery system—Coordinated Entry—but also to new Department oversight that did not yet have developed business practices. While the Department held stakeholder meetings and convened two provider conferences when developing the Strategic Framework, as noted above, no ongoing service provider forum or planning process was set up. In response to the changes created by the establishment of a new Department and implementation of Coordinated Entry, service providers and other stakeholders began calling for a commission to oversee the Department, for which the Mayor created a Working Group, discussed below, to address the concerns from service providers and other stakeholders about service delivery and processes.

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### **There is currently no formal oversight of the Department**

Since the Department was created in 2016, policy and operational decisions have been made by the Director, in alignment with the policies that govern homeless services as described in the City's Administrative Code, in consultation with the Mayor, and with input and guidance from Focus Strategies, a consulting firm.

The Local Homeless Coordinating Board (LHCB) serves as an advisory board to the Department and oversees the implementation of programs funded through the federal Continuum of Care program, and it has functioned as the lead entity for the San Francisco Continuum of Care since 1996. According to its website, the

LHCB's primary purpose is "to help ensure a unified homeless strategy that is supported by the Mayor, the Board of Supervisors, City departments, nonprofit agencies, peoples who are homeless or formerly homeless and the community at large."

The LHCB meets monthly, and since 2005 has been comprised of nine members: half of the members appointed the mayor, half by the Board of Supervisors, and the odd number member to be appointed by a neutral party (Controller). Its main functions include overseeing the HUD McKinney-Vento funding process, reviewing and commenting on local homeless legislation, and gathering community input on homelessness.

While this body meets regularly, and provides a forum for discussion of policies, it does not have any formal oversight over Department operations or programs, outside of those funded by the federal Continuum of Care program.

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### **HUD guidelines for Continuums of Care recommend collaboration with stakeholders and a formal planning process**

To encourage communities to coordinate closely on homeless services, in 1995 the US Department of Housing and Urban Development (HUD) began to require communities to submit a single application for McKinney-Vento Homeless Assistance Grants. Counties would designate an entity to act as the lead agency for Continuum of Care activities; as noted above, in San Francisco this is the Local Homeless Coordinating Board. According to HUD, the Continuum of Care Program seeks to:

"promote community-wide planning and strategic use of resources to address homelessness; improve coordination and integration with mainstream resources and other programs targeted to people experiencing homelessness; improve data collection and performance measurement; and allow each community to tailor its programs to the particular strengths and challenges in assisting homeless individuals and families within that community."

In addition to requiring the single application for McKinney-Vento funds and the identification of a lead entity, HUD also defines the minimum requirements for this systematic Continuum of Care approach, such as emergency shelters, rapid

rehousing, transitional housing, permanent supportive housing, and prevention strategies

Although it does not otherwise mandate how local Continuums of Care function, HUD does produce documents which offer best practices. As noted in HUD's Continuum of Care 101 publication, the recommended practices include the engagement of stakeholders and the creation of a governance structure. "A successful CoC should have a year-round planning process that is coordinated, inclusive, and outcome oriented. The expectation is that the process will be organized with a governance structure and a number of sub-committees or working groups."

A review of LHCB meeting agendas and minutes indicates that there are three committees, of which two appear currently active: Funding (active), Policy (inactive), and Coordinated Entry and ONE System (active).

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### Other Continuum of Care Models

We conducted a review of Continuums of Care in other cities in order to identify potential opportunities to expand the effectiveness of San Francisco's Local Homeless Coordinating Board. We found that both Chicago and New York City offer potential models to consider adopting in San Francisco in order to provide more oversight of the Department.

In both cities, the Continuums of Care are general membership bodies, rather than appointees. The Chicago CoC's Board of Directors must include four members from service provider agencies; four are persons with lived experience; one each from the Mayor's office, the Department of Family and Supportive Services, and the Chicago Housing Authority; one each from philanthropic foundations, businesses, and faith-based organization; and several at-large members. This broadly representative body provides administrative oversight of the homeless service system, including planning, program assessment, and design changes.

New York City's Continuum of Care maintains a Steering Committee that is composed of 17 members: two at-large members, four representatives from the New York City Coalition for the Homeless, four representatives for relevant government agencies, four person with lived experience; and three representatives from non-profit service providers that receive funding through the CoC. As stated in the CoC charter, the "responsibilities of the Steering

Committee include, but are not limited to, operational oversight of the CoC, setting policy priorities, and monitoring CoC project performance”.

New York City’s Continuum of Care also includes an Advisory Council and several Standing Committees. The Advisory Council “informs CoC members of federal, state, and city policies, the operationalization of such policies, and their implications on the development and provision of housing and services for the homeless population of NYC”. The Standing Committees develop specific areas of program content, make recommendation for changes or modifications to policies and programs, solicit provider feedback, and oversee the development of performance monitoring and reporting requirements.

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### **The Mayor’s Working Group offers a potential opportunity**

According to Department officials, the Mayor established a Working Group in July 2019 in response to a request by stakeholders that the City create a commission to oversee the Department. This Working Group meets monthly to discuss issues related to the delivery and/or management of homeless services, and participants include provider agencies, the Department and representatives from the Mayor’s Office. Other City departments have been asked to participate when meeting topics relate specifically to that agency’s programs (for example, the Department of Public Health and the San Francisco Housing Authority).

We believe that this Working Group, which functions much like the Committees established in the NYC and Chicago Continuums of Care, provides a model that should be incorporated into the Local Homeless Coordinating Board. This would ensure providers have a more effective and consistent opportunity to provide feedback on policy and operations related to homeless services, and that the Department would be subject to more transparent oversight.

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### **Conclusion**

The City lacks formal oversight over the Department of Homelessness and Supportive Housing, with policy and planning conducted mainly by the Department’s Executive Director in consultation with the Mayor. We believe that the Working Group established by the Mayor in 2019 provides a model that should be incorporated into the Local Homeless Coordinating Board. This would ensure providers have a more effective and consistent opportunity to provide feedback on policy and operations related to homeless services, and that the Department would be subject to more transparent oversight.

## Recommendations

The Board of Supervisors should:

**Recommendation 4.1:** In coordination with the Mayor’s Office, request the Local Homeless Coordinating Board to incorporate the Working Group into a formal committee of the LHCB, including defining the role of the committee in advising on program content, making recommendation for changes or modifications to policies and programs, soliciting provider feedback, and overseeing the development of performance monitoring and reporting requirements. (Priority 2)

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## Benefits and Costs

The benefits of implementation of the recommendations in this report will improve service delivery, enhance department administration, and facilitate greater transparency and accountability for the delivery of programs to individuals experiencing homelessness in the City.

All but one of the recommendations can be achieved with existing staff and resources. One recommendation will likely require additional investment: the expansion of the ONE System to expedite the development of enhanced functionality to incorporate accurate and real-time tracking of housing units.

However, according to the Department, it did not spend the \$527,087 that was allocated to the ONE System in FY 2019-20 because HSH was able to charge the FY 2019-20 costs to State funds. These funds should be available to carryforward to FY 2020-21 for the expansion recommended in our audit.

Written Response from the Department of Homelessness and Supportive Housing Executive Director



DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING

July 31, 2020

TO: Severin Campbell  
San Francisco Board of Supervisors  
Budget and Legislative Analyst

FROM: Abigail Stewart-Kahn, Interim Director  
Department of Homelessness and Supportive Housing

SUBJECT: 2019 Performance Audit of the Department of Homelessness and  
Supportive Housing

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As the City Department that currently administers the City's housing and homeless services programs, the Department of Homelessness and Supportive Housing (HSH) appreciates the efforts of the Budget and Legislative Analyst for conducting the Performance Audit of the Department and welcomes the opportunity to comment on the audit report. This report's recommendations, however, should be understood within the context of the national and regional homelessness crisis, rapid expansion of a newly created City department and within the context of the unforeseen and unprecedented impacts of the COVID-19 public health crisis on the department's regular operations.

HSH was created as a new stand-alone City agency while homelessness and a lack of affordable housing was already at crisis levels and continuing to rise both in San Francisco and around the region. According to The United States Department of Housing and Urban Development (HUD), HUD's 2019 Point-In-Time Count, 17 out of every 10,000 people in the United States were experiencing homelessness on a single night of January 2019<sup>i</sup>. This trend indicated a three percent increase from the 2017 Point-In-Time Count and marked the third consecutive year of a national increase in people experiencing homelessness. The nine Bay Area Counties experienced increases in the number of people experiencing homelessness in local 2019 Point-in-Time Counts ranging from 40% to 99% spikes. Despite record investments in homeless services, San Francisco saw a 17% increase in people experiencing homelessness in

2019 an albeit a more modest increase compared to neighboring counties. Nationally, based on research and trend lines, it is understood that homelessness is something created at the national policy level but is left to the localities to try to solve.

The Department of Homelessness and Supportive Housing was created to streamline, coordinate and consolidate the City's supportive housing and homeless services programs under one City agency. HSH provides services to approximately 25,000 people experiencing homelessness on an annual basis, including pre-COVID shelter capacity of approximately 3,500 and housing over 10,000 formerly homeless individuals each night. Since the Department's creation in August 2016, the Department has implemented systemwide changes in the delivery of homeless services and housing programs that reflect national best practices which San Francisco had lagged on before this time and initiated new interventions replicated across the country as model programs.

Since the department's inception in 2016, HSH has designed and implemented a bold new strategy and strategic initiatives for a new Homelessness Response System to entirely re-envision how San Francisco addresses homelessness and uses its resources, including:

- Launched Coordinated Entry, a national best practice, which provides equitable access to the Homelessness Response System and better aligns housing and support services to the City's highest priority clients with highest vulnerability, highest barriers to housing and highest chronicity of homelessness. Coordinated entry assessments are now used throughout the family, youth and adult systems to better match clients with appropriate interventions. After launching, the Department began and continues to iterate and improve Coordinated Entry and increase the number of places and organizations which are aligned to this foundational aspect of any system.
- Initiated Problem Solving (called Diversion nationally) strategies as an organizing principle for all clients experiencing homelessness to prevent and divert clients from emergency shelter and from the street. Problem solving

provides flexible financial assistance, family reunification, mediation and other interventions to help clients immediately resolve their episode of homelessness.

- Created a five-year Strategic Framework that set data-driven goals to create a significant and sustained reduction in in San Francisco with clear implementation plans developed to track progress and identify system gaps. The modeling connected to that plan predicted that homelessness would continue to rise and then decline based on plans of the department and available resources before COVID. The Fall 2020 update reflects the City's response to COVID-19 and centers racial equity in all strategies to achieve a sustained reduction in homelessness that disproportionately affect communities of color.
- Launched the Online Navigation and Entry (ONE) system to provide a common data platform for the City's Homelessness Response System to improve service delivery, enable more effective allocation of resources and improve systemwide and program-specific performance management, transparency and accountability.
- Completed the first comprehensive unit-level inventory of the City's entire portfolio of supportive housing stock and implemented a housing vacancy tracker to maximize utilization of the City's 8,000 units of permanent supportive housing.
- Launched innovative initiatives that serve as national models including an Encampment Resolution Team (ERT) to better resolve street homelessness and a record expansion of new Navigation Centers that provide a low barrier alternative to traditional shelter. As the founding partner of the Healthy Streets Operation Center (HSOC), which is a partnership with City agencies now run by the Department of Emergency Management rather than the Police Department, HSOC and HSH achieved early success in resolving all large, long-term encampments in the City before leadership changes and staffing slowed the work and significant new challenges caused by COVID impacted street conditions. HSOC is now operating strongly again with HSH as a key partner providing the resources to outreach and bring people inside and in collaboration with other departments roles, as evidenced by the 90% acceptance rate of

services in the Tenderloin (TL) leading to the most significant change in street culture in the TL in 20 years. The conditions on the street remain dire and HSOC is developing a plan to resolve two encampments per week while supporting unsheltered individuals to come to safety via HSH staff and resources.

- Started a Flexible Housing Subsidy Pool to better leverage private donations with federal and local funding to locate available private market rentals and provide formerly homeless tenants with services to keep them stably housed.
- Initiated the Rising Up Initiative, a public-private partnership to rapidly rehouse or divert transitional age youth experiencing homelessness and match them with workforce opportunities which are new or existing in our community.
- Created the Moving On Initiative (the first approach to the Department's "Housing Ladder" which continues now in other creative forms) that has enabled hundreds of formerly homeless adults and families who lived in permanent supportive housing to move into subsidized rental housing and more independent living, saving government resources and allowing space for highly vulnerable individuals to benefit from supportive care.
- Acquired and renovated a new department headquarters with client access point at 440 Turk Street.
- Developed internal efforts towards culture change to align to strategy including human-centered design labs to bring collaboration, innovation and increase the voice of lived experience in HSH's program design. Committed to becoming a Trauma Informed Organization taking steps such as forming groups like the Change Leaders, Diversity, Equity and Inclusion Committee and others which are committed to advancing HSH's core values of compassion, courage and common sense and centering equity in our work.
- Implemented a new homelessness prevention approach during COVID and engaged the University of California, San Francisco (UCSF) as a policy and impact research partner to help the City learn from these new efforts.
- During COVID, created the Homelessness Response System Workforce Initiative which supports nonprofit partners to rapidly source and hire for staff vacancies with outside support and expertise and which will continue to evolve.

This an example of one of many creative and rapid partnerships formed during COVID to support HSH's nonprofit partners and their staff working on the front lines of the pandemic response.

- Created the annual Non-Profit Partners Conference and quarterly leadership forums to improve collaboration, coordination and training within HSH and our Homelessness Response System.
- Created and kicked off the Strategic Framework Steering Committee and organizing teams for policy recommendations and input both internally and externally aligned to the Strategic Framework Approach.
- Expanded the City's Rapid Rehousing by approximately 61 percent.
- Created and expanded philanthropic partnerships to bring record amounts of flexible dollars to innovative approaches and engage the private sector in solutions to homelessness.
- Since 2016, HSH has opened more than 700 Navigation Center beds and is moving forward to open the City's first Navigation Center to serve Transitional Aged Youth (ages 18-24) in Fall 2020 and a SAFE Navigation Center in the Bayview in early 2021.

These accomplishments and new initiatives have come at a time of rapid expansion for a new City department that started with approximately 100 employees located in six different offices. HSH successfully completed six separate office moves and transitioned IT operations to its own IT infrastructure and team. This work culminated in HSH occupying its new headquarters just as COVID began in January 2020 with a full-service client access point open to support people experiencing homelessness.

Within four fiscal years, HSH has seen 250 percent increase in its budget and doubling of its workload but has not been able to reach minimum staffing levels. HSH's ambitious goals and pressure to implement new initiatives quickly has resulted in various operational challenges, including hiring delays of vacant and new positions, relatively high staff turnover, and leadership changes at all levels of the organization. HSH inherited inconsistent approaches to documentation, contracting, policies and

these factors have delayed the standardization and documentation of HSH's policies and procedures, implementation of standardized contract performance measures, and hampered operational efficiency.

Each year, since the Department has been in operation, the department's budget growth has been predicated on various voter-approved tax measures that either failed at the ballot or have been tied up in litigation. This perennial revenue uncertainty has resulted in the department annually rebalancing its overall budget and priorities. This process has hampered the department's budget and contract management, resulting in delays in spending down all available funding and establishing and amending community-based organization service contracts.

During the audit period, the COVID-19 pandemic resulted in HSH *completely* re-creating its emergency system of care within weeks to protect COVID-19 vulnerable people experiencing homelessness and immediately shelter, feed and support approximately 2,300 people in shelter-in-place sites. However, the COVID-19 emergency response resulted in 50 percent of the department's personnel redirected to this response. As a result, the Department stopping planned investments and new programming; paused regular contracting and contract monitoring; stalled work on new policies and procedures, paused position recruitments and froze hiring.

Additionally, in response to COVID-19, HSH has worked closely with City agencies in the Emergency Operations Center to open more than 20 Shelter in Place Hotels overseen by HSH and operated by providers and Disaster Service Workers (DSW) that have provided shelter for over 1,900 (note this number changes daily) people experiencing homelessness who are most vulnerable to the COVID-19 virus; set-up a 24/7 manager on-call to address urgent COVID-19 needs of HSH's non-profit providers; immediately established a process to source and distribute PPE and other scarce resources to HSH providers; host bi-weekly calls with HSH providers; developed the Homelessness Response System Workforce Initiative discussed above; created Miracle Friends in collaboration with nonprofits which organizes volunteers to call homeless and

formerly homeless individuals sheltered in place in our system of care to reduce anxiety and create connection, had approximately 50% of HSH employees deploy as DSW as part of the City's emergency response and currently have nearly 20 HSH staff deployed long-term at the COVID Command Center and in the field to continue to provide vital services to people experiencing homelessness during the COVID-19 crisis.

There have been significant changes to leadership at HSH since the Audit began; I was appointed as Interim Director in March 2020, Dedria Black was appointed as Deputy Director of Programs in late Fall 2019 and Emily Cohen was appointed as Interim Director of Strategy and External Affairs in March 2020 and two additional members of our seven-person Directors team joined in January of 2020. This means that five out of seven members of this team have been in positions for much less than one year. Furthermore, as part of the City's response to COVID-19, I have co-chaired the Advanced Planning Work Group on Shelter and Housing with Supervisor Shamann Walton that includes participants from the Local Homeless Coordinating Board, provider community and people with lived experience and formed the Strategic Framework Advisory Committee with provider partners self-nominating to help guide key policy decision making at the organization. The group met once in early the days of COVID and is now forming up monthly to focus on racial equity planning, strategic planning, advanced planning and other critical topics which HSH seeks deep partnership with our expert providers.

For the Department to achieve its mission and goals on behalf of the City's most needy and vulnerable residents, HSH seeks to finish the important work of creating the infrastructure and hiring the staff needed to support its ambitious goals. As HSH has demonstrated, even with limited staffing and unprecedented external challenges, its staff is among the most dedicated – as noted by many in leadership at the COVID-19 Command Center (CCC)-- and its strategies and goals focused on to making a sustained reduction in homelessness.

The Report confirms the importance of these efforts and provides helpful suggestions for the continuation of this work. We again want to note our appreciation of the report and its authors as well as the Board of Supervisor’s universal deep care for those we serve. Enclosed are HSH’s responses to the individual recommendations of the Budget and Legislative Analyst.

Recommendation		Response (Agree/ Disagree)	HSH Comments
1.1	The Executive Director should: Direct the Director of Programs to produce policies and procedures for program monitoring, including standardized forms with scoring tools and documentation of supervisory review, to be completed no later than December 31, 2020. Policies should include a corrective action process. (Priority 1)	Agree	HSH has policies guiding this work and is in the process of developing a single, unified policy for all program monitoring across the division, integrating staff and partner feedback and then completing it on or before December 31, 2020. The policy progress will integrate a corrective access process.
1.2	The Executive Director should: Ensure that all contracts include specific performance metrics and that those metrics are monitored at least annually through the program monitoring process. (Priority 2)	Agree	HSH agrees that having a standardized contracting and monitoring process is a priority. As reflected in this Report, HSH has been working to standardize contract terms and provisions for contracts inherited by the department in 2016 from agencies with varied procurement practices. By utilizing the Emergency Ordinance (61-19) HSH will successfully implement the goals of the Procurement Proposal reference in the Report to have all

			contract term and provisions standardized by program area by 2024, beginning with a comprehensive RFQ that will be released in 2021.
2.1	The Executive Director should: Work with the Mayor’s Budget Director and Director of the City’s Department of Human Resources to expedite the hiring of key vacant positions, with an initial focus on the vacancies within the Human Resources unit. (Priority 1)	Agree	With the support of a work order with DHR that provided staff to support the HSH Human Resources Division in 2019, HSH started filling its vacant positions and now has 14 vacant positions remaining on its recruitment plan. Due to the need to respond to COVID-19 and the City’s budget uncertainty, HSH’s hiring was frozen and its DHR-supported staff redirected to the COVID-19 Command Center. HSH looks forward to continuing to work with its City partners to expedite the hiring key positions to support the critical work of HSH in FY20-21.
3.1	The Executive Director should: Work with BitFocus, the ONE System vendor, to expedite the development of the enhanced functionality of the ONE System to incorporate accurate and real-time tracking of housing units. (Priority 1).	Agree	HSH completed contract negotiations with BitFocus earlier this year and has launched an 18-month scope of work to expand the ONE system to include Unit Level Housing Inventory. Completion is anticipated in early FY21-22 and will mark the first time the City has had a comprehensive picture of its entire homelessness housing system

			<p>and will be able to match housing priority clients directly with vacant housing units. In the interim while working with its vendors to implement this new functionality, BitFocus implemented new functionality to improve coordinated entry flow from assessment to housing placement. Additionally, the HSH IT Division rapidly deployed in FY19-20 a vacancy tracking database as a stop-gap solution during COVID-19.</p>
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<sup>i</sup> [National Alliance to End Homelessness](#)