

Performance Audit of the San Diego Housing Commission’s Homelessness Services Contract Management

Why OCA Did This Study

Addressing homelessness is a major challenge and top priority for the City of San Diego. At the time of the last count, 4,801 individuals were experiencing homelessness within the City. Contractors perform many of the City’s homelessness services, such as operating storage centers, rapid re-housing programs, shelters, transitional housing, permanent supportive housing, safe parking, and outreach. These contracts are mostly administered by the San Diego Housing Commission (SDHC). Our objectives were to: (1) Determine whether SDHC procures homelessness services contracts according to leading practices; (2) Determine whether SDHC adequately monitors contract compliance; and (3) Determine whether SDHC holds contractors accountable for following best practices in providing homelessness services.

What OCA Found

We found that generally SDHC followed best practices in the procurement, administration, and monitoring of homelessness services contracts. We also found that the City lacks a documented process for addressing maintenance requests at homelessness services sites.

Finding 1: SDHC follows its policies and procedures for contract procurement, but can improve its process to identify sole sourced contractors’ potential conflicts of interest. We found that SDHC followed its procurement policy while obtaining contracts, but did not follow its conflict of interest policy for sole sourced contracts. This increases the risk that potential conflicts are not identified and prevented.

We found that in 29 sampled contracts, the contracts followed the authorized procurement path, were evaluated according to policy, and were approved by the appropriate authority. Competitive procurements included Statements for Public Disclosure, but sole source procurements did not. This was caused by a procurement policy that did not include a requirement for Statements for Public Disclosure, while SDHC’s conflict of interest policy requires these for all contracts over \$50,000.

Aspect of Procurement:	Type of Procurement:	
	Competitive (RFP/RFQ)	Sole Source
Procurement Path	✓	✓
Evaluation	✓	✓
Conflict of Interest Disclosure	✓	✗
Approval	✓	✓

Source: OCA generated based on review of procurement documentation for 29 sampled contracts.

Finding 2: SDHC ensures contracted homelessness services programs follow best practices through contract design, ongoing administration, and compliance monitoring. We found that SDHC ensures programs follow best practices, including use of a trauma-informed care approach; incorporation of Housing First policies; having an exit, grievance, and appeals process and policy; obtaining and incorporating client feedback; and collecting and using data to monitor performance. SDHC ensures adherence to these best practices through contract design, ongoing contract administration, and annual compliance monitoring.

We also found that SDHC followed best practices in performance management, but systemwide limitations make it difficult for programs to achieve community targets. For example, staffing issues plagued providers in recent years, limiting their ability to provide in-depth case management services. SDHC is trying to address this systemwide issue in a variety of ways, including a partnership with San Diego City College for workforce training and development and a salary study to determine if homelessness service staff are adequately compensated. Additionally, COVID-19 policies made it difficult for contractors to achieve performance targets.



Source: OCA generated based on maintenance request, observation, and interviews.

Finding 3: The City lacks documented processes for repairs at City-owned or leased homelessness facilities, causing persistent unsafe and unsanitary conditions at some locations. We found a lack of documented City process resulted in delayed repairs at some City-owned or leased homelessness facilities. We observed disrepair at sites, including shelters, a safe parking lot, and the Homelessness Response Center. Some examples of disrepair were moldy ADA-showers, a ripped privacy mesh, and a broken HVAC system. Maintenance requests we reviewed showed broken outlets and falling ceiling panels. Some issues were reported on consecutive reports with no information on remediation.

SDHC’s contracts require contractors to report any maintenance or repair needs to SDHC. SDHC has a process for receiving, evaluating, and submitting maintenance and repair requests to the City through the Homelessness Strategies and Solutions Department (HSSD). However, HSSD does not have a documented process for receiving and submitting maintenance and services requests to those responsible for performing maintenance.

As a new department, HSSD is responsible for ensuring homelessness policies are carried out by various City departments. In this role, HSSD has the opportunity to evaluate existing process and implement an improved procedure.

What OCA Recommends

We make four recommendations to improve SDHC’s procurement practices and improve the City’s process for completing maintenance requests at facilities where the City is responsible for maintenance and repairs:

- SDHC should develop an Administrative Regulation requiring collection of Statements for Public Disclosure for sole source contractors.
- SDHC should include the requirement for collecting Statements for Public Disclosure in a future procurement policy revision.
- HSSD should work with stakeholders to perform inspections of all homelessness services sites where the City is responsible for maintenance and complete any identified maintenance needs.
- HSSD should develop a documented City procedure for tracking maintenance requests between providers, SDHC, and City departments. This procedure should include required information, estimated timelines, and communication of progress to all stakeholders.

SDHC agreed to implement both of its recommendations. Although HSSD indicated agreement with its recommendations, it is unclear if HSSD will take the necessary actions to address the issues we identified. For more information, contact Andy Hanau, City Auditor at (619) 533-3165.