



INFORMATIONAL REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: October 25, 2023

REPORT NO: HAR23-021

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of October 31, 2023

SUBJECT: San Diego Housing Commission Responses to County of San Diego Grand Jury
Report, “Permanent Supportive Housing for the Homeless”

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING AUTHORITY

SUMMARY

The County of San Diego (County) Grand Jury consists of 19 County citizens selected at random from among applicants nominated by Superior Court judges. The County Grand Jury’s responsibilities include investigating civil matters, including government procedures, methods and systems to determine if they can be more efficient or effective, according to the County Grand Jury’s website at <https://www.sandiegocounty.gov/content/sdc/grandjury.html>.

On May 31, 2023, the County Grand Jury issued the report, “Permanent Supportive Housing for the Homeless” (Attachment 1). The report included five “findings” and 10 “recommendations,” five of which are for the San Diego Housing Commission (Housing Commission).

California Penal Code §933(c) requires the governing body of the public agency, such as the Housing Commission, to comment to the Superior Court Presiding Judge on the findings and recommendations in a Grand Jury report that pertain to matters under the governing body’s control. The comments are to be submitted no later than 90 days after such a report is filed with the Clerk of the Court.

On August 10, 2023, Housing Commission Interim President and Chief Executive Officer Jeff Davis requested an extension of the deadline to respond to the findings and recommendations in the Grand Jury report to November 21, 2023, to provide the Housing Commission the time necessary to ensure comments to the Presiding Judge are accurate, thorough and relevant. The request noted that as part of the process, Housing Commission staff must collect, vet and compile information and provide opportunities to brief members of the Housing Commission Board of Commissioners (Board) and the San Diego City Council, in its role as Housing Authority of the City of San Diego (Housing Authority), about the proposed comments in response to the Grand Jury report. The additional time would also enable Housing Commission staff to present the proposed responsive comments to the Housing Authority before submitting them to the Presiding Judge. In an August 11, 2023, letter, San Diego Superior Court President Judge Michael T. Smyth approved the extension of time for the Housing Commission to submit its responses to the Grand Jury report.

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Attachment 2 is the Housing Commission’s proposed responses to the findings and recommendations in the Grand Jury report.

FISCAL CONSIDERATIONS

The proposed actions do not have a fiscal impact.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA)

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment.

National Environmental Policy Act (NEPA)

Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,



Lisa Jones
Executive Vice President, Strategic Initiatives
Strategic Initiatives and Homelessness Innovations
San Diego Housing Commission

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments:

- 1) County of San Diego Grand Jury Report, “Permanent Supportive Housing for the Homeless”
- 2) Housing Commission Proposed Responses to the Grand Jury Report

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.

Permanent Supportive Housing for the Homeless

SUMMARY

The 2022/2023 San Diego County Grand Jury (Grand Jury) conducted a study of permanent supportive housing facilities primarily in the City of San Diego (City), but with some reference to the County of San Diego's more limited program. Placement in supportive housing is seen as a positive outcome in the battle against chronic homelessness but when people transition from homelessness to housing, their challenges don't necessarily subside. The Grand Jury discovered positive outcome is not achieved without significant problems, which include:

- The cost of either constructing new permanent supportive housing facilities, or acquiring and rehabilitating existing buildings, including hotels and apartments, suitable for permanent supportive housing;
- The length of time it takes to fill a room vacancy in an existing permanent supportive housing facility;
- Recruitment and retention of trained staff to provide clinical and case management services at permanent supportive housing facilities; and
- The potential for fraud, waste, and abuse among tenants and providers of housing and services.

This report will explore these issues and suggest recommendations for addressing them. Among those recommendations are a change in the process for referring prospective tenants for vacant units in supportive housing, a salary study to determine whether contracted service workers are paid equitably when compared with government employees doing similar work, and installation of a fraud hotline at the San Diego Housing Commission.

INTRODUCTION

The Grand Jury investigation revealed that permanent supportive housing has repeatedly shown it can reduce the frequent need for behavioral health crisis services and emergency room visits, as well as criminal justice involvement. Tenants report an increased ability to focus on their recovery, reconnect with loved ones, and are able to pursue educational and employment goals. Supportive housing consists of two main components: permanent housing, and social and mental health services.

Supportive housing is a strategy that combines affordable housing with intensive coordinated services to help people struggling with financial difficulties as well as chronic physical and mental health issues maintain stable housing and receive appropriate health care. Permanent supportive housing programs offer people who are chronically homeless and living with a disability long-term rental subsidies and services ensuring lasting independence and dignity.

In this section, the Grand Jury will define and briefly discuss some of the agencies and terms used later in this report.

Rental Assistance Subsidies: In the City of San Diego long-term rental subsidies are provided by the San Diego Housing Commission (Housing Commission) through its Rental Assistance Program (popularly known as Section 8.) Section 8 provides a rental subsidy that makes up the difference between what a low-income household can afford to pay for rent, and a contract rent established by the Federal Housing and Urban Development Department (HUD) for an adequate housing unit. The Housing Commission administers over 16,000 Section 8 vouchers in the City of San Diego.

Subsidies are either attached to specific units in a property (project-based) or are portable and move with the tenants that receive them (tenant-based). HUD rules limit the issuance of project-based vouchers at 20 % of a local housing agency's authorized voucher units. An additional 10% may be project-based if the units are serving homeless individuals, veterans, supportive housing for elderly or disabled; or located in areas where vouchers are difficult to use.

Currently, the Housing Commission has committed 1,940 project-based vouchers for tenants in 31 permanent supportive housing facilities for the homeless in the City of San Diego; eight more projects with 286 units are scheduled for completion between April 2023 and December 2025. Section 8 assisted tenants typically pay approximately 30% of their adjusted monthly income toward rent and the project-based voucher covers the balance.

The County of San Diego Housing and Community Development Services Department (HCDS) administers the Section 8 program in the unincorporated areas of the County and the cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, Lemon Grove, San Marcos, Santee, Solana Beach, and Vista. It has 239 project-based vouchers allocated to eight supportive housing facilities. The County has conditionally awarded 300 new project-based vouchers to nine additional developments containing supportive housing units. Currently, HCDS administers over 11,000 rental assistance vouchers including Section 8 and other smaller programs, totaling \$160 million annually, providing support to low-income tenants across the region.

Behavioral Health Services, a division of the San Diego County Health and Human Services Agency, administers a supportive service program which consists of 740 units at 28 supportive housing locations as of April 2023. Much of the funding of these programs comes from the Mental Health Services Act (MHSA). Behavioral Health staff provides oversight of contracted service providers to ensure rehabilitative mental health services are made available to every tenant, as set forth in the service agreement, based on client goals for recovery, and to ensure residents are receiving the necessary services to help them maintain stable housing.

Except for two facilities, Valley Vista and Kearny Vista, the service providers are not co-located on the housing site; instead, they are available by phone and by regularly scheduled visits to the facility. Also, in most of these facilities, with the additional exception of the Mason Hotel, recipients of MHSA project-based vouchers are a subset of the total number of tenants in the facility, some of whom may be receiving project-based vouchers in other service programs.

Housing First Model: California State law requires agencies which receive State funding to adopt guidelines and regulations to include Housing First policies. In San Diego County, housing agencies and service providers employ the Housing First model which emphasizes providing

housing as quickly as possible, with supportive services as needed, as a primary strategy to stabilize tenants and address homelessness. When a person experiencing homelessness moves into permanent housing, case management and supportive services will be provided by a residential homeless service provider. This approach is guided by the belief that people need necessities like food and a place to live before attending to anything less critical, such as getting a job, budgeting properly, or confronting substance abuse or mental health issues.

Housing First does not require people experiencing homelessness to address all their problems, including behavioral health problems, or to complete a series of service programs before they can access housing. Housing First does not mandate participation in services before obtaining housing or in order to retain housing. Tenants will not lose their housing simply because they do not participate in services. But providers offer supportive services *assertively*, which means that they will continue outreach to tenants even if they don't request help.¹

Databases: The San Diego Housing Commission has partnered with the Regional Task Force on Homelessness (RFTF), a non-governmental agency, to enable homeless service providers in the City of San Diego to participate in a Coordinated Entry System (CES) and use a single regional data management repository, the Homeless Management Information System (HMIS). Use of these systems is mandatory for all housing and homeless service providers receiving funding from HUD programs, which enables an efficient delivery of housing and critical services to San Diegans experiencing homelessness. The HMIS database allows homeless housing providers to screen individuals experiencing homelessness for the most appropriate housing options based on who is most in need. Housing and service providers participate in CES and maintain client data in HMIS as required by the Housing Commission.

The Regional Task Force on Homelessness (RTFH) is also designated by HUD as the San Diego Continuum of Care (CoC). The CoC Program is defined by HUD as a community plan to organize and deliver housing and services to people who are homeless move to stable housing. It is designed to:

- Promote communitywide commitment to the goal of ending homelessness;
- Provide funding for nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families;
- Minimize the trauma and dislocation caused to homeless individuals, families and communities by homelessness; and
- Promote access to and affect use of assistance programs by homeless individuals and families.

The Continuum of Care is made up of representatives from local government agencies, non-governmental homelessness service providers, lived experience spokespersons and other stakeholders. It is staffed by employees of the Regional Task Force on Homelessness.

¹ National Alliance to End Homelessness, Housing Fact Sheet, August 2022

METHODOLOGY

Members of the Grand Jury:

- Inspected six permanent supportive housing facilities and conducted on-site interviews;
- Interviewed 10 witnesses from various City and County agencies responsible for homelessness and housing resources;
- Reviewed the County of San Diego Behavioral Health Services Five Year (2022-2027) Strategic Housing Plan;
- Reviewed procedural material and contracts of the San Diego (City) Housing Commission;
- Reviewed reports on the acquisition and rehabilitation of supportive housing facilities, as presented by the Housing Commission to the San Diego City Council in its capacity as the City of San Diego Housing Authority; and
- Reviewed the websites of contracted service providers for current (as of April 2023) job openings and salaries.

DISCUSSION

For purposes of this report, the Grand Jury has selected as an example of a permanent housing site Valley Vista, a 191-unit (151 one-bedroom units and 40 two-bedroom units) facility with supportive services on site. Members of the Grand Jury visited the Valley Vista on November 15, 2022, and learned about that facility.

Financing: The San Diego Housing Commission acquired the property, then known as the Residence Inn Hotel Circle, for \$67 million on October 13, 2020. Like most affordable housing, be it by acquisition or new construction, financing comes from multiple sources. The purchase of the Residence Inn Hotel Circle, associated closing costs, and remediation and upgrades to the property was financed by:

- \$27,700,000 in State of California Department of Housing and Community Development (HCD) Project Homekey Program Funds;
- \$32,840,399 in a permanent loan from Chase Bank;
- \$928,174 in Federal Moving to Work (MTW) funds; +
- \$10,000,000 in Federal Community Development Block Grant funds; and
- \$3,500,000 in a Deferred Developer Fee.

The total of \$74,968,573 equates to \$392,000 per unit for 191 units.

The Housing Commission also dedicated 191 project-based Section 8 Vouchers to allow tenants to pay about 30% of their income for rent while the Housing Commission subsidizes the difference. This subsidy amounted to \$3,325,055, or \$17,408 per unit, for Fiscal Year 2022.

The Fiscal Year 2023 operating budget for the facility was estimated at close to \$4 million; without the Federal Section 8 subsidies the Valley Vista would be operating at a loss of approximately \$3.3 million annually, not including the cost of the service provider contract.

As owner of the property, the Housing Commission contracts the management of the facility to a private property management company. According to a contract extension dated 4/21/22, the maximum amount of the contract was \$804,000 for calendar year 2022. Contracted services include:

- Collecting rent;
- Filling vacancies, in coordination with the County's contracted service provider, to request referrals and complete eligibility packets;
- Handling maintenance and repair issues;
- Lease enforcement and lease terminations;
- Responding to tenant complaints and grievances; and
- Coordinating with the service provider to ensure residents comply with tenancy requirements and to mitigate the potential for lease violations.

Service Provider: The on-site service provider for Valley Vista is People Assisting the Homeless (PATH). Valley Vista is PATH's seventh supportive housing facility in San Diego County, including Connections Housing, which was the subject of a commendatory report by the 2013/2014 Grand Jury. PATH has a joint contract with the City of San Diego Housing Commission and the County of San Diego Behavioral Health Services, a division of the Health and Human Services Agency. The 15 full-time on-site staff includes a director, assistant director and 13 case managers, seven clinical (with master's degrees) and six non-clinical. The amount of the contract is \$2,078,740 for Fiscal Year 2022-2023.

PATH's responsibilities under the contract include:

- Providing behavioral health supportive services and case management to support their retention of housing;
- Facilitating access to mental health and substance abuse services;
- Completing a behavioral health assessment for each tenant;
- Providing Case Management Light to support housing stability to residents who do not require Clinical Case Management;
- Providing Clinical Case Management for high-risk residents in need of behavioral health screening, crisis intervention, care coordination and linkage to Behavioral Health Services programs, including providing consultation with psychiatrists and other mental health professionals, when necessary;
- Serving as a liaison with neighboring businesses and community groups to address community concerns to create a positive experience for all community stakeholders;
- Supporting residents with achieving and maintaining housing stability with a focus on preventing returns to homelessness, for example by helping residents develop a plan to pay arrears on rent payments;
- Entering data on services provided in the Coordinated Entry System (CES) and the region's Homeless Management Information System (HMIS);
- Assisting residents in applying for Supplemental Security Income (SSI), Section 8 Rental Assistance, Medi-Cal, Cal Fresh, and other benefits;

- Assisting residents in coordinating social and recreational activities, based on the residents' overall level of functioning, needs and choice; and
- Assisting potential residents (applicants) with the Project Based Voucher (PBV) application process for vacant units.

PATH posts a monthly calendar of activities in its service rooms. The monthly calendar for November 2022 focused on activities promoting a sense of community and to decrease isolation. These include outings to Balboa Park and the Embarcadero Nature Walk, social events such as arts & crafts, talent shows, a pie & cider social, and watching Monday night football. The most popular events included: trips to a food pantry, Food4Less and Ralphs, morning java, food distribution, and a crock pot cooking demonstration. The calendar also included benefits enrollment twice a month, conflict resolution once a week and a tenant association meeting once a week.

The Grand Jury saw the importance of these community building services, which also establishes rapport and trust with the PATH service providers. On its October 2022 monthly status report form, designed by County Behavioral Health Services, PATH reports 99% tenant participation in at least one of these activities with only one tenant out of 218 refusing services. These activities are reported as Case Management Light Services.

The statistics for Clinical Case Management are different. The October 2022 status report indicates that only seven out of 218 tenants were found eligible for behavioral health services. Only one tenant was referred for services and none were reported as being connected to services. In the period July through September 2022 only five tenants each month were deemed eligible for behavioral health services; of those only two residents were connected to mental health treatment and one to substance abuse treatment. Housing First does not require tenants to accept services to maintain housing but it does require service providers to be assertive in their outreach efforts.

The Grand Jury found, upon review of monthly status reports, that the reporting form lacked enough specificity to determine whether contracted service providers were adhering to Clinical Case Management requirements. The problem is not unique to Valley Vista. The Kearny Vista facility was acquired simultaneously with the Valley Vista facility. Its service provider identified 34 out of 165 residents appropriate for behavioral health services in October 2022, but connected only one for mental health treatment. In the period July through September 2022, 25 Kearny Vista residents each month were deemed appropriate for treatment but only five were connected to a treatment program.

Supporting the fact that more than seven residents of Valley Vista (3.2% of the resident population) could benefit from Clinical Case Management services:

- The service contract is funded in part by the Mental Health Services Act;
- The service contract specifies that PATH staff include clinical case managers with Masters degrees; and

- The residents were triaged by CES and selected on the basis of length of homelessness and greatest need. (See Tenant Selection discussion below.)

The Grand Jury feels the monthly status reports are not adequately structured to clarify if service providers are complying with contract requirements. It should contain the number of behavioral health assessments made, adjustments made to previous assessments, specifics on treatment referrals made, documentation of assertive outreach to tenants and identification of barriers to accepting services.

The Grand Jury recommends that the San Diego County Health and Human Services Agency Behavioral Health Services revise the monthly reporting form submitted by providers to reflect the provision of contractually required Clinical Case Management services.

Tenant Selection: Valley Vista tenants are referred to the program through the Coordinated Entry System (CES), managed by the Regional Task Force on Homelessness (RTFH). As previously discussed, RTFH also administers the Continuum of Care (CoC). CES prioritizes people identified as most vulnerable for permanent supportive housing based on the fragility of the individual's health and risk of dying on the streets. The CES assessment tool triages more urgent needs, including physical and behavioral health conditions that require immediate attention. Once clients health needs are assessed, they are prioritized for housing based on the following guidelines:

Priority Level 1) The longest history of experiencing homelessness combined with the most needs;

Priority Level 2) The longest history of experiencing homelessness;

Priority Level 3) The most needs, particularly mental illness or chemical dependency; and

Priority Level 4) All other: non-chronically homeless individuals, youth, and families.

According to a presentation made to its Board of Directors on October 15, 2021,² the San Diego Housing Commission reported on the qualifying disabilities for permanent supportive housing with respect to the Valley Vista and Kearny Vista:

- Mental health disorder;
- Alcohol use disorder;
- Drug use disorder;
- Chronic health condition;
- HIV/AIDS;
- Developmental disability; and
- Physical disability.

Among residents at both properties 43% had three or more disabling conditions, 24% had two disabling conditions and 20% percent had one disabling condition. This means that 87% of the

² https://www.sdhc.org/wp-content/uploads/2021/10/100_Workshop_KVVV_10.15.21.pdf

tenant population were disabled. The remaining 13% consisted of the second member of a two-person household, who is not required to be disabled.

During the investigation, the Grand Jury was concerned about a possible problem in using CES information self-provided by homeless individuals seeking to secure permanent housing as rapidly as possible. The Grand Jury's investigation revealed that providers entering data are trained to verify as much information as possible and that attempts to "game the system" have been rare.

The majority of the original Valley Vista residents were chosen from approximately 1,400 chronically homeless individuals temporarily housed at the San Diego Convention Center during the height of the COVID-19 pandemic in 2020. The City had closed its bridge shelters, basically large tents, in an effort to minimize the spread of the virus. Service providers at the Convention Center were able to assess prospective tenants, enter the required data into CES and teamed with Housing Commission staff on-site to facilitate the eligibility determination for project-based vouchers. Eligible tenants were able to move to Valley Vista and Kearny Vista) in late 2020 and early 2021.

The Grand Jury found the subsequent process for filling vacancies has not been as smooth as the initial selection. It involves the participation of four agencies with responsibilities as follows:

- Contracted Property Manager: Identifies vacancy; requests prospective tenant from CES; does background check on prospective tenant and shows unit to prospective tenant.
- Service Provider: Requests tenant referral from CES (if not done by property manager); locates prospective tenant; informs prospective tenant of vacancy; coordinates appointment with property manager to inspect unit; coordinates appointment with San Diego Housing Commission for voucher eligibility; notifies CES within five working days if prospective tenant cannot be found, refuses vacancy, or is found ineligible for a project-based voucher; requests another referral from CES.
- CES: Provides one referral for each vacancy based on the criteria described above; continues to provide one referral at a time until vacant unit is rented.
- San Diego Housing Commission: Determines eligibility for project-based voucher; requests additional information if needed; informs service provider of eligibility determination.

This process can take over two months to fill one vacancy. Major reasons for this delay are:

- Inability of the service provider to locate the prospective tenant;
- Prospective tenants lacking the documents to establish eligibility for a project-based voucher including verification of social security number, citizenship or immigration status, income, and property; and
- Reluctance of some property managers and service providers to request CES furnish a referral of a prospective tenant until the previous tenant has vacated the unit.

Because the Regional Task Force on Homelessness Continuum of Care (CoC) is not a distinct local governmental agency, the Grand Jury does not have jurisdiction to make recommendations to its advisory board. Accordingly, the Grand Jury is addressing its recommendations to two local governmental agencies which have representatives on the CoC Advisory Board. The Grand Jury recommends that representatives of both the County and the City of San Diego on the Continuum of Care Advisory Board advocate for the Coordinated Entry System to refer at least two prospective tenants for each vacancy to streamline the process.

Fraud Hotline: The cost of acquiring the Residence Inn Hotel Circle, as the Valley Vista was known at the time, by the San Diego Housing Commission led to an amendment in April 2022 to Housing Commission property acquisition procedures, which included putting additional conflict of interest restrictions and reporting requirements on brokers and requiring a peer review of all property appraisals. Potential brokers or agents now must provide three recommendations from other agencies, file statements of economic interests and are prohibited from simultaneously being an agent for the property the Commission might be interested in acquiring. The Housing Commission now needs to acquire professional services to analyze potential conflicts of interest in any purchase transaction, including the installation of fraud detection software.³

However, the Housing Commission does not have a Fraud Hotline, such as the one in use for the County Department of Housing and Community Development Services to report Section 8 fraud. Other public benefit programs, such as the Social Security Administration and the County Public Assistance programs have fraud hotlines, which have proven to be useful tools in detecting fraud, waste, and abuse and implementing preventive measures. In calendar year 2022, the County Section 8 fraud hotline received 99 allegations of ineligibility; the number of fraud referrals for the time- limited Emergency Rental Assistance Program totaled 1,701.

The Grand Jury is recommending the Housing Commission add a fraud telephone hotline to receive complaints of tenant ineligibility for rental assistance and also complaints of fraud, waste, and abuse committed by employees or contracted staff.

Service Provider Turnover: The Grand Jury's investigation revealed that difficulties in recruitment and retention of staff limited the ability of service providers to provide in-depth case management services. Low salaries and hazardous working conditions were cited as the primary reasons for staff shortages. Service providers also reported difficulties in training new staff.

Staffing vacancies are a problem throughout the homelessness spectrum. In its review of monthly service reports, the Grand Jury noted many comments from service providers pertaining to the lack of staffing. The following concerns are typical:

- Staff vacancies and recruitment continue to be a challenge and have a negative impact on the program's productivity and staff burnout. Recruitment efforts and staff development/wellness have been a priority.

³ San Diego Housing Commission Report HAR 22-001 for the 3/15/2022 agenda of the City of San Diego Housing Authority

- Staffing vacancies continue to be a primary challenge, not only the hiring of new staff, but more importantly, the retention of current staff. This continued trend results in difficulty meeting performance requirements... It is hoped that the shift in pay ranges allows resource agencies to become more competitive with other companies.
- Staffing has been a struggle... It takes a lot of time to train new staff and get them providing services on their own.

In addition, the Behavioral Health Services Strategic Housing Plan noted that staff turnover and the lack of staff to provide services were identified by stakeholders as among the major challenges faced by provider agencies. Staff turnover can undermine the rapport established between worker and client. The result could be less effective services until replacements are in place.

The Grand Jury is recommending local public housing agencies work with San Diego County Behavioral Health Services to commission a workload and salary study that would establish parity in compensation between contracted supportive services workers and government employees doing similar work. The Grand Jury also recommends that San Diego County Behavioral Health Services work with local public housing agencies to develop a standard training syllabus that would assist service providers in training new staff. Input from supportive services providers should be solicited in the implementation of both recommendations.

Sustainability Concerns: In its September 2022 *Regional Community Action Plan to Prevent and End Homelessness in San Diego*, the Regional Task Force on Homelessness estimates the region needs an additional 4,347 units of permanent supportive housing, including 2,676 units in the City of San Diego. In order to achieve that goal, this plan recommends:

- Evaluating all parcels of land regionwide available for housing development – public (federal, state, and local) and private (privately owned, non-profit owned, and faith-based);
- Building capacity within smaller cities to develop housing, specifically permanent supportive housing;
- Taking full advantage of new federal and state funding for housing development, including increasing applications for State of California Project Homekey funds; and
- Supporting innovative development strategies to bring housing online faster and cheaper, such as modular/prefabricated homes, relocatable homes, tiny homes, and accessory dwelling units.

Homekey is the State of California's program confronting homelessness by rapidly creating housing by purchasing hotels, motels, and other buildings. Homekey funding was essential in the San Diego Housing Commission's acquisition of the Valley Vista and Kearny Vista supportive housing facilities. Like many State programs, several counties are competing for limited funds.

This Grand Jury report has demonstrated that Section 8 project-based vouchers often make the difference in determining whether a project is financially viable. Section 8 is a stable program, but it is dependent on annual allocations by Congress, as are other HUD programs, such as Community Development Block Grants and Emergency Solutions Grants. Funding for new supportive housing facilities is often pieced together from a combination of these funds.

Also, the issuance of project-based vouchers will decrease the number of tenant-based vouchers, for which there is a long waiting list- over 12 years and 13,000 applicants in the City of San Diego, according to witness testimony. Local housing authorities must make policy decisions to balance the two types of vouchers. Until September 2021, the County Department of Housing and Community Development Services had issued only 231 out of a total of 11,003 vouchers as project- based. The Board of Supervisors, seeking to stimulate the development of more supportive housing, directed the Health and Human Services Agency to develop a plan to utilize more project-based vouchers.⁴ Since then the County has increased its supply of supportive housing units with project-based vouchers.

The Grand Jury found the vacancy rate in the six permanent supportive housing facilities visited is about 10%. This is confirmed by the San Diego Housing Commission, which was requested by its supportive housing facilities to provide new tenants for 182 vacancies out of 1,940 permanent supportive housing units. Many tenants opted to stay in supportive housing when offered a tenant-based voucher after two years. The Regional Task Force on Homelessness reported that for every ten persons who exit the homeless system, thirteen people become newly homeless, thus increasing the demand for supportive housing.

Another report of the 2022/2023 Grand Jury, entitled *Housing in San Diego County*, documented that Lemon Grove was the only City to achieve its very low-income housing goal in the most recent Regional Housing Needs Assessment cycle mandated by State Housing Law; Lemon Grove and Poway were the only two Cities to meet the low-income goal. Lemon Grove's facilitation of the development of two permanent supportive housing projects, Citronica One and Citronica Two, was a key factor in meeting its development goals.

The Grand Jury report cited in the previous paragraph made several actionable recommendations pursuant to the development of housing in San Diego at all income levels. While not specific to permanent supportive housing per se, they complement the recommendations listed above. Instead of re-stating them in this report, the reader is referred to the *Housing in San Diego County* report.

FACTS AND FINDINGS

Fact: The San Diego Housing Commission does not have a telephone hotline to receive and register allegations of fraud, waste, and abuse against employees, contractors, and clients.

Fact: Fraud hotlines have been an effective tool in combatting fraud, waste, and abuse in government agencies, especially those that administer publicly assisted benefit programs.

⁴ Board of Supervisors Letter Item 1 for County of San Diego Housing Authority meeting agenda of 9/1/2021

Fact: The County of San Diego’s Housing and Community Development utilizes a fraud hotline in its rental assistance programs.

Finding 1: The installation of a fraud hotline could improve the San Diego Housing Commission’s efficiency in administering its rental assistance programs as well as helping to identify potential areas of fraud, waste, and abuse on the part of Housing Commission employees and contracted staff.

Fact: The Coordinated Entry System (CES) of the Continuum of Care is responsible for referring potential tenants to fill a room vacancy in permanent supportive housing.

Fact: According to its procedure, the CES refers only one potential tenant at a time to fill a vacancy in permanent supportive housing.

Fact: The CES referral is initiated by the contracted property manager or service provider at the requesting facility.

Fact: The staff at the requesting facility often waits to request a replacement until a unit is vacant, instead of the date of being notified of a planned move.

Fact: Staff of the facility’s service provider are responsible for locating and notifying a potential tenant that a placement in supportive housing is available.

Fact: If the prospective tenant cannot be found within five working days, or if he or she does not want or need the placement, the Coordinated Entry System provides another referral; this process continues until a prospective tenant who accepts the vacancy is found.

Fact: The Housing Commission must certify that the prospective tenant is eligible for a project-based rental assistance voucher before he or she can take occupancy.

Finding 2: The City and County of San Diego can often take up to two months to fill a vacancy in permanent supportive housing.

Fact: Both the City and County of San Diego have representation on the San Diego Regional Continuum of Care, which oversees the coordinated entries system.

Finding 3: Because the Coordinated Entry System provides only one referral at a time, there are frequent delays in filling supportive housing vacancies.

Fact: A small percentage of residents of some supportive housing facilities are provided with Clinical Case Management services.

Fact: The screening criteria for permanent housing prioritizes chronically homeless persons who have a mental and/or a physical disability.

Fact: Housing First principles do not require residents of supportive housing to accept services but require service providers to perform assertive outreach to those tenants who refuse.

Finding 4: The reporting form used by County of San Diego Behavioral Health Services, Health and Human Services Administration to monitor the effectiveness of its contracted service providers does not adequately document the provision of Clinical Case Management services.

Fact: Service providers at supportive housing facilities, in common with other homelessness services programs, are experiencing staff shortages.

Fact: It takes time for a newly assigned staff member to be sufficiently trained to provide effective services to supportive housing residents.

Fact: Staff turnover complicates maintaining well-trained personnel.

Finding 5: The City and County do not monitor the staffing and recruitment of contracted service agencies, and low staffing impacts the ability to deliver meaningful services.

RECOMMENDATIONS

The 2022/2023 San Diego County Grand Jury recommends that the City of San Diego Housing Commission:

- 23-62:** Establish a fraud, waste, and abuse hotline to receive and monitor allegations against staff, contracted agencies, and clients.
- 23-63:** Work with contracted facility managers and service providers to reduce the time to fill vacancies in supportive housing facilities.
- 23-64:** As a member agency of the Continuum of Care Advisory Board, advocate for the Coordinated Entry System staff to provide a minimum of two referrals for each vacancy in permanent supportive housing facilities.
- 23-65:** In collaboration with the County of San Diego Health and Human Services Agency, commission a workload and salary study to determine an equitable level of compensation for staff of contracted service provider agencies.
- 23-66:** Collaborate with the Health and Human Services Agency and supportive housing service agencies to produce a training manual for staff assigned to permanent supportive housing facilities.

The 2022/2023 San Diego County Grand Jury recommends that the Chief Administrative Officer of the County of San Diego:

- 23-67:** Direct Behavioral Health Services, Health and Human Services Agency to design a set of performance indicators to measure the effectiveness of clinical services provided to formerly homeless residents of supportive housing and revise its monthly reporting form to reflect those indicators.
- 23-68:** Direct the Health and Human Service Agency's representatives to the Continuum of Care advocate for the Coordinated Entry System staff to provide a minimum of two referrals for each vacancy in permanent supportive housing.
- 23-69:** Direct the Health and Human Services Agency to collaborate with the San Diego Housing Commission on a workload and salary study to determine an equitable level of compensation for staff of contracted homelessness service provider agencies.
- 23-70:** Direct the Health and Human Services Agency to collaborate with the San Diego Housing Commission and supportive housing service agencies to produce a training manual for staff assigned to permanent housing facilities.

The 2022/2023 Grand Jury recommends that the County of San Diego Board of Supervisors, through its representation on the Continuum of Care Advisory Board:

- 23-71:** Advocate for the Coordinated Entry System to provide a minimum of two referrals for each vacancy in permanent supportive housing facilities.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors. Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding

- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:
- (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

Responding Agency	Recommendations	Date
City of San Diego Housing Commission	23-62 through 23-66	8/29/2023
Chief Administrative Officer, County of San Diego	23-67 through 23-70	8/29/2023
Board of Supervisors, County of San Diego	23-71	8/29/2023

**APPENDIX A: Value of Project Based Vouchers at Supportive Housing Facilities
In the City of San Diego**

Facility	Project-Based Voucher Units	Rental Subsidy	MHSA Units (subset of total)	Per Unit Subsidy
Take Wing	8	36,799	0	4,600
Leah Residence	14	151,042	0	10,789
Townspeople	9	43,372	0	4,819
Celadon	76	585,273	25	7,701
Mason Hotel	16	181,730	16	11,358
Alpha Square	76	661,771	0	8,708
Parker Kier	22	278,213	22	12,646
Atmosphere	51	731,776	31	14,348
Village N. Snrs.	44	595,808	0	13,541
Cypress Apts.	62	897,776	0	14,480
Talmadge	59	561,998	0	9,525
Vista Del Puente	38	500,596	0	13,174
North Park Snr.	8	75,065	0	9,383
New Palace	79	859,095	16	10,874
Alpha Lofts	52	536,231	0	10,312
Stella Apts.	62	870,662	0	14,033
Zephyr	84	1,264,330	0	15,052
The Beacon	43	576,067	22	13,396
Quality Inn	91	993,836	25	10,921
West Park Inn	46	403,595	23	8,774
San Ysidro Snr	50	479,645	12	9,593
The Link	72	1,025,399	0	14,241
Hillcrest Inn	12	126,197	0	10,516
Benson Pl.	82	848,302	25	10,345
Ivy Apts.	52	417,579	7	8,030
St. Theresa	230	853,866	0	3,712
Trinity Place	73	920,415	18	12,608
Valley Vista	190	3,325,055	190	17,408
Kearny Vista	142	1,966,819	142	13,850
Connections	73	945,993	7	12,959
Total	1940	21,714,835	581	11,193

Fiscal Year 2022 San Diego Housing Commission Data
MHSA Units as reported in BHS Five Year (2022-2027) Strategic Housing Plan

**APPENDIX B: Cost of Construction or Acquisition and Rehabilitation of 15
Selected Permanent Supportive Housing Facilities in the City of San Diego**

Facility	Units	Development Costs	Remarks	Per Unit
Churchill	73	16,088,677	Rehabilitation	220,392
Mason	16	4,095,748	Rehabilitation	255,984
Stella Apts,	79 (Includes 17 VA Vouchers)	26,275,500	New Construction	332,595
Quality Inn	91	24,100,345	Acquisition & Rehabilitation	264,839
Trinity Place	73	30,563,070	New Construction	418,672
Valley Vista	190	74,968,573	Acquisition & Minor Rehab	392,506
Kearny Vista	142	46,489,679	Acquisition & Minor Rehab	327,392
San Ysidro Senior Apts,	51	16,939,132	New Construction	332,140
New Palace	80	22,240,000	Rehabilitation	278,000
Zephyr	84	27,225,500	Acquisition and Rehabilitation	324,113
Talmadge Gateway	60	19,721,488	New Construction	328,691
The Beacon	43	18,275,881	New Construction	425,020
Cypress	63	26,420,000	New Construction	419,365
Benson Pl.	82	24,706,411	Rehabilitation	301,298
The Link	72	32,500,000 est.	New Construction	451,388
Total	1200	410,610,004		342,175



DATE

Honorable Michael T. Smyth
Presiding Judge
San Diego Superior Court
1100 Union Street, 10th Floor
San Diego, CA 92101

Subject: San Diego County Grand Jury Report, *Permanent Supportive Housing for the Homeless*

Honorable Judge Smyth,

The 2022-23 San Diego County Grand Jury Report *Permanent Supportive Housing for the Homeless* included findings and recommendations for the San Diego Housing Commission (SDHC). SDHC thanks you for approving our request for an extension of time to submit responses to these findings and recommendations. SDHC staff presented the SDHC's responses as an informational report to the Housing Authority of the City of San Diego on October 31, 2023.

If you require additional information, or have any questions, please contact SDHC Executive Vice President of Strategic Initiatives Lisa Jones at lisaj@sdhc.org or 619-578-7696.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Davis", is written over a light gray background.

Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

**San Diego Housing Commission Responses to
San Diego County Grand Jury Report Titled:
“Permanent Supportive Housing for the Homeless”**

Pursuant to California Penal Code section 933(c), the San Diego Housing Commission (SDHC) provides the following responses to the findings and recommendations that are included in the above-referenced County of San Diego Grand Jury Report.

SDHC thanks the County Grand Jury for its recommendations to enhance the processes for permanent supportive housing as an essential resource to address homelessness in the City of San Diego. SDHC values its collaboration with the City of San Diego, County of San Diego, Regional Task Force on Homelessness, and homelessness service providers to implement homelessness solutions and improve the homelessness response system. In addition to the responses provided below to the Grand Jury’s Findings and Recommendations, SDHC offers the following information to clarify content included in the Grand Jury’s report.

Project-Based Housing Vouchers (PBVs)

The Grand Jury report stated: “Subsidies are either attached to specific units in a property (project-based) or are portable and move with the tenants that receive them (tenant-based). HUD rules limit the issuance of project-based vouchers at 20% of a local housing agency’s authorized voucher units. An additional 10% may be project-based if the units are serving homeless individuals, veterans, supportive housing for elderly or disabled; or located in areas where vouchers are difficult to use.”

SDHC is one of only 39 original “Moving to Work” (MTW) agencies out of approximately 3,200 public housing authorities nationwide. MTW status provides SDHC the ability, subject to the U.S. Department of Housing and Urban Development’s (HUD) approval, to implement a variety of innovative new approaches to provide housing assistance and other services to low-income families in the City of San Diego. HUD announced the addition of 87 MTW agencies in 2021 and 2022.

As an MTW agency, SDHC has received waivers from HUD to allow SDHC to designate more than 20 percent of SDHC’s voucher allocation as PBVs. SDHC limits the amount of PBVs it awards in a year to a maximum of 5% of its authorized vouchers. SDHC has committed 24% of authorized vouchers to PBVs. SDHC is also allowed to provide PBVs to assist 100% of the subsidized units in a single development instead of the typical limit of 25% of the units at a specific property or 25 units—whichever is greater—unless qualifying families are elderly or disabled, or they receive supportive services. SDHC has committed 3,882 PBVs for households with low income. More than 3,000 of SDHC’s PBVs are for permanent supportive housing dedicated for people who experienced homelessness.

On-site Services

The Grand Jury report stated: “Except for two facilities, Valley Vista and Kearny Vista, the service providers are not co-located on the housing site; instead, they are available by phone and by regularly scheduled visits to the facility. Also, in most of these facilities, with the additional exception of the Mason Hotel, recipients of Mental Health Services Act (MHSA) project-based

vouchers are a subset of the total number of tenants in the facility, some of whom may be receiving project-based vouchers in other service programs.”

There are a total of 203 MHSA-funded units with SDHC-funded PBVs or Sponsor-Based Subsidies across 11 properties. All 11 of these properties have on-site supportive services.

Valley Vista and Kearny Vista are not the only PBV developments with on-site services. On-site case management and services are available at many other PSH developments. PBVs and other permanent supportive housing vouchers committed to a development require case management and supportive services to be provided to the assisted residents. Service providers can regularly visit clients at their units to provide on-site services. In alignment with HUD regulations, although participating in supportive services is not required as a condition of the subsidized housing, all residents of permanent supportive housing offered through an SDHC rental assistance voucher are provided with and offered services that are appropriate for the population type.

Behavioral Health Services Referrals

The Grand Jury report stated: “Supporting the fact that more than seven residents of Valley Vista (3.2% of the resident population) could benefit from Clinical Case Management services:

- The service contract is funded in part by the Mental Health Services Act;
- The service contract specifies that PATH staff include clinical case managers with master’s degrees; and
- The residents were triaged by CES and selected on the basis of length of homelessness and greatest need. (See Tenant Selection discussion below.)”

Mental Health Services Act dollars partially fund the Valley Vista project; however, that funding source requires only a disability for residents to qualify to reside at the property. It does not require residents to have a serious mental illness to qualify. In addition, PATH provides clinical case management on-site at the property, which is not reflected in the Grand Jury report’s discussion. To receive referrals specifically to County of San Diego Behavioral Health Services, a resident must agree to have case managers make the referral on their behalf. The San Diego County Behavioral Health Services department can provide further details on this process.

Findings 1 – 5

Finding 1: The installation of a fraud hotline could improve the San Diego Housing Commission’s efficiency in administering its rental assistance programs as well as helping to identify potential areas of fraud, waste, and abuse on the part of Housing Commission employees and contracted staff.

Response: SDHC agrees with the Grand Jury’s finding.

SDHC has for many years provided an online form through which allegations of fraud or program abuse can be reported. This online form continues to be available in the “Housing Opportunities > Help with Your Rent” section of SDHC’s website, <https://www.sdhc.org/housing-opportunities/help-with-your-rent/report-program-abuse/>.

In addition, SDHC Customer Experience Unit staff are trained to take reports of fraud via the agency's main phone line at 619-231-9400.

In response to the Grand Jury's recommendation, on May 30, 2023, SDHC implemented a telephone hotline to provide another avenue to receive reports of allegations of fraud or program abuse, 619-578-7311, and made the hotline number available to the public on SDHC's website, <https://www.sdhc.org/housing-opportunities/help-with-your-rent/report-program-abuse/>.

Finding 2: The City and County of San Diego can often take up to two months to fill a vacancy in permanent supportive housing.

Response: SDHC disagrees with the Grand Jury's finding.

Permanent supportive housing (PSH) is one of a variety of types of housing for people experiencing homelessness. PSH provides ongoing rental subsidy coupled with intensive wraparound case management services. However, it is not the most appropriate housing option for every person experiencing homelessness. Potential residents for PSH are identified through the Regional Task Force on Homelessness' Coordinated Entry System, based on their individual needs and circumstances. This helps to ensure that the limited number of available PSH resources are assisting those for whom it is most appropriate, while other housing resources, such as rapid rehousing, are used to assist individuals or families with different needs. Rapid rehousing helps individuals and families experiencing homelessness to quickly obtain and maintain permanent housing through a tailored package of assistance that can include time-limited rental assistance and case management.

SDHC has streamlined all facets of leasing new and existing PSH properties to simplify the leasing process for all PBV projects. This involved updating and reducing applications, allowing alternative verification methods like self- and sponsor-certifications to expedite the eligibility process, conducting on-site leasing fairs with RTFH, service providers, property managers and SDHC staff, and reducing eligibility and move-in processing timelines. For new PBV lease ups, the average time from Housing Assistance Payments contract execution to 100% lease-up is 32 days.

SDHC has implemented initiatives to enhance the process of leasing PSH units. An award from the San Diego Housing Federation last year recognized a variety of SDHC initiatives, such as training for developers, property management and service providers regarding PBVs, expedited background checks, weekly leasing status calls, and increasing staffing to enable SDHC to review applications in less time. These and other efforts helped with the process to lease units at the SDHC collaborative developments [Stella](#), [Beacon](#), [Trinity Place](#) and [Ivy Senior Apartments](#). SDHC's initiatives included:

- Schedule and conduct Leasing Fairs to expedite eligibility determination. They can also be held at the PBV developments or at social service provider locations.
- Conduct briefings on-site.

- Conduct briefings online.
- Created intake packet and forms as fillable PDF.
- Trained Service Providers on how to complete intake packets so they can help applicants gather information in preparation for submitting to SDHC.
- Priority inspection schedule for new move-ins.
- Allow Service Providers to sign homeless certifications.
- Allow Service Providers to complete and sign the Verification of Disability form.
- Received approval from HUD to use Certificate of Occupancy as verification of housing quality standards to expedite the move-ins for clients.
- Conduct client screening and background checks consistent with the Housing First model.
- Conduct weekly meetings with SDHC, Property Managers, and Service Providers to discuss status of pending intakes and to resolve pending items.
- Established Internal tracking log used to closely monitor each client's status and progress. The tracking logs are shared with service providers in preparation for discussions at the weekly meetings.

Delays with leasing vacancies are usually attributable to delayed Certificate of Occupancy received by the development, vulnerable populations needing additional time to gather HUD required verifications, applicants disconnecting from their service providers and having to restart the referral process, and/or residents delaying or cancelling their move requests.

Finding 3: Because the Coordinated Entry System provides only one referral at a time, there are frequent delays in filling supportive housing vacancies.

Response: SDHC partially disagrees with the Grand Jury's finding.

Determining the appropriate number of referrals for PSH units requires consideration of several factors, including a client-centered approach. For example, one referral at a time for a PSH vacancy ensures that two people experiencing homelessness are not competing against each other for one housing unit. If two referrals are vying for the same unit, when one does not receive the housing unit, that person may become distressed and more distrustful of the system and feel discouraged from trying again when another housing unit becomes available. The timing necessary to lease up a PSH unit also may reflect the speed with which a prospective tenant is comfortable. In some cases, a tenant may need more time to obtain necessary documents or may be more comfortable at a slower pace.

The referenced delays in filling vacancies are most often a result of the steps needed to be taken to contact the person referred. Referrals can often come with no contact information or have incorrect, outdated information. The housing provider must make attempts as outlined in the RTFH Coordinated Entry System Policies and Procedures on page 19 <https://www.rtfhsd.org/wp-content/uploads/RTFH-2021-Revised-CES-Policies-and-Procedures-final.docx.pdf> to try and reach the prospective client either through other programs they may be enrolled in or through outreach efforts:

3. *The housing provider must make initial contact with the household within 2 business days of receiving the referral, using all contact information listed in HMIS. The housing provider is required at minimum to make three (3) unique attempts to reach the household within five (5) business days of receiving the referral.*
4. *Supporting the need for community collaboration, housing providers must also contact the service provider/s currently working with the household and listed on the referral. The housing provider is required at minimum to make three (3) unique attempts to reach the service provider/s connected with the referred household within five (5) business days of receiving the referral.*
5. *All attempts to contact referred households and service providers must be documented in Clarity [sic, HMIS]. All contact and attempts to contact household and service providers should be documented in the Clarity referral notes section.*
6. *Supportive service providers connected to referred households are encouraged to contact housing providers on behalf of the household in an effort to coordinate efforts and secure housing resources as quickly as possible.*
7. *If a household cannot be contacted, or if the household is not interested in the available housing resource, the housing provider must decline the referral in HMIS and request an additional referral from RTFH, and move to the next client referral sent. Requests for referrals are sent to ces_referral@rtfhsd.org*

Given the scarcity of housing resources, providers do everything they can to ensure the person does not miss the housing opportunity. If the housing provider has made required attempts and failed, they must request an additional referral. These critical efforts can lead to a longer time period to lease up—even longer if the housing provider has to process several referrals. Once a successful referral has been made and the client has enrolled in a housing program, there are often other factors that may delay lease updates including processing replacement identifications and obtaining verification of disability. However, as noted in SDHC’s response to Finding 2, SDHC has implemented initiatives to enhance the process of leasing PSH units. An award from the San Diego Housing Federation last year recognized a variety of SDHC initiatives, such as training for developers, property management and service providers regarding PBVs, expedited background checks, weekly leasing status calls, and increasing staffing to enable SDHC to review applications in less time. These and other efforts helped with the process to lease units at the SDHC collaborative developments [Stella](#), [Beacon](#), [Trinity Place](#) and [Ivy Senior Apartments](#). SDHC’s initiatives included:

- Schedule and conduct Leasing Fairs to expedite eligibility determination. They can also be held at the PBV developments or at social service provider locations.
- Conduct briefings on-site.
- Conduct briefings online.
- Created intake packet and forms as fillable PDF.
- Trained Service Providers on how to complete intake packets so they can help applicants gather information in preparation for submitting to SDHC.
- Priority inspection schedule for new move-ins.
- Agreed to Service Providers signing homeless certifications.

- Agreed to Service Providers completing and signing the Verification of Disability form.
- Received approval to use Certificate of Occupancy as verification of housing quality standards to expedite the move-ins for clients.
- Conduct client screening and background checks consistent with the Housing First model.
- Conduct weekly meetings with SDHC, Property Managers and Service Providers to discuss status of pending intakes and to resolve pending items.
- Established Internal tracking log used to closely monitor each client's status and progress. The tracking logs are shared with service providers in preparation for discussions at the weekly meetings.

Finding 4: The reporting form used by County of San Diego Behavioral Health Services, Health and Human Services Administration to monitor the effectiveness of its contracted service providers does not adequately document the provision of Clinical Case Management services.

Response: SDHC cannot respond for another jurisdiction.

Finding 5: The City and County do not monitor the staffing and recruitment of contracted service agencies, and low staffing impacts the ability to deliver meaningful services.

Response:

SDHC disagrees with the Grand Jury's findings. SDHC cannot respond for another jurisdiction. However, SDHC has been monitoring staffing vacancies for homelessness services contracts SDHC directly holds with contracted service providers since November 2022, and has been sharing this data with policymakers on a monthly basis

Additionally, in an effort to develop the homelessness sector workforce, SDHC launched the Homelessness Program for Engaged Educational Resources (PEER), an educational program focused on creating a cohort of professionals to meet the immediate and long-term workforce needs for the City of San Diego's homelessness programs and services. Utilizing best practices, the Homelessness PEER's objective is to provide a pipeline for students into employment opportunities in homelessness services via specialized education, training, and job placement assistance. Homelessness PEER launched in a live video format at the San Diego City College (City College) campus the week of October 13, 2020. Homelessness PEER aligns with the strategies contained in the [Community Action Plan on Homelessness](#) for the City of San Diego, with a focus on creating a client-centered homelessness assistance system; implementing a systems-level approach to homelessness planning; and improving the performance of the existing system. The course builds on established San Diego Community College District (SDCCD) certificate programs in mental health, alcohol and other drug studies, gerontology, and the Associate of Arts Degree in Behavioral Health: Social Work. The newly created course, Human Services-75, is in the SDCCD School of Social Work. Homelessness PEER also offers assistance to students with enrollment and support services needed on campus; matches students to opportunities such as internships, work experience, or service-learning sites with homelessness service providers; and provides job placement assistance. The program is a first-of-its kind collaboration between SDHC and City College that is focused on engaging students who are developing their career paths, creating a pipeline of students to meet the immediate and long-term workforce needs for the City of San

Diego's homeless programming and services by providing specialized education, training, and job placement assistance.

In late 2021, SDHC noted challenges with recruitment and retention of staff in the homelessness services sector, similar to the issues the Grand Jury included in its report. Comments were shared directly by subcontracted service providers and through SDHC's Frontline Advisory Group and Provider Advisory Group. These groups were first created to advise on items related to the Community Action Plan on Homelessness for the City of San Diego, which the San Diego City Council accepted in October 2019. These groups provide critical feedback on what is working well in the homelessness crisis response system as well as what gaps may exist in the system. SDHC began tracking staffing vacancies for its contracted programs to establish baselines and monitor trends. SDHC also commissioned a compensation study in spring 2022 with a specific emphasis on frontline positions to better advocate for competitive and living wages for impacted positions. SDHC released its [Homelessness Services Compensation Study](#) in March 2023 as part of SDHC's ongoing initiatives to address workforce challenges in the homelessness services sector. In its preparation of the proposed Fiscal Year (FY) 2024 budget, SDHC has incorporated incremental compensation adjustments which were included in the City's FY 2024 Adopted Budget for the Homeless Strategies and Solutions Department. The re-benchmarking of salaries for key frontline and case management level positions toward a living wage is proposed over the next three years. Overall, the first year of increases impacted the overall budget recommendations by \$2 million.

Recommendations 23-62 through 23-66

Recommendation 23-62: Establish a fraud, waste, and abuse hotline to receive and monitor allegations against staff, contracted agencies, and clients.

Response: The recommendation has been implemented.

On May 30, 2023, SDHC implemented a telephone hotline to receive reports of allegations of fraud or program abuse, 619-578-7311, and made the hotline number available to the public on SDHC's website, <https://www.sdhc.org/housing-opportunities/help-with-your-rent/report-program-abuse/>.

Recommendation 23-63: Work with contracted facility managers and service providers to reduce the time to fill vacancies in supportive housing facilities.

Response: This recommendation had already been implemented.

As noted in SDHC's response to Finding 2, SDHC implemented initiatives in 2020 to enhance the process of leasing permanent supportive housing units. An award from the San Diego Housing Federation last year recognized a variety of SDHC initiatives, such as training for developers, property management and service providers regarding PBVs, expedited background checks, weekly leasing status calls, and increasing staffing to enable SDHC to review applications in less time. These and other efforts helped with the process to lease units at the

SDHC collaborative developments. On average, it takes 32 days to lease 100% of all units at new PSH projects. SDHC's initiatives included:

- Schedule and conduct Leasing Fairs to expedite eligibility determination. They can also be held at the PBV developments or at social service provider locations.
- Conduct briefings on-site.
- Conduct briefings online.
- Created intake packet and forms as fillable PDF.
- Trained Service Providers on how to complete intake packets so they can help applicants gather information in preparation for submitting to SDHC.
- Priority inspection schedule for new move-ins.
- Agreed to Service Providers signing homeless certifications.
- Agreed to Service Providers completing and signing the Verification of Disability form.
- Received approval to use Certificate of Occupancy as verification of housing quality standards to expedite the move-ins for clients.
- Conduct client screening and background checks consistent with the Housing First model.
- Conduct weekly meetings with SDHC, Property Managers and Service Providers to discuss status of pending intakes and to resolve pending items.
- Established Internal tracking log used to closely monitor each client's status and progress. The tracking logs are shared with service providers in preparation for discussions at the weekly meetings.

Recommendation 23-64: As a member agency of the Continuum of Care Advisory Board, advocate for the Coordinated Entry System staff to provide a minimum of two referrals for each vacancy in permanent supportive housing facilities.

Response: SDHC disagrees with this recommendation. The recommendation raises some concerns. SDHC will share this recommendation with the CoC and engage in discussion with CoC leadership about this recommendation.

As previously noted in response to Finding 3, determining the appropriate number of referrals for PSH units requires consideration of several factors, including a client-centered approach. For example, one referral at a time for a PSH vacancy ensures that two people experiencing homelessness are not competing against each other for one housing unit. If two referrals are vying for the same unit, when one does not receive the housing unit, that person may become more distrustful of the system and feel discouraged from trying again when another housing unit becomes available. The timing necessary to lease up a PSH unit also may reflect the speed with which a prospective tenant is comfortable. In some cases, a tenant may need more time to obtain necessary documents or may be more comfortable at a slower pace.

However, as noted in response to Finding 2, SDHC had already implemented initiatives to enhance the process of leasing permanent supportive housing units, as noted in the response to Recommendation No. 23-63.

SDHC will consult with the City of San Diego, the County of San Diego, RTFH and homelessness services providers to determine and implement the most appropriate number of referrals for PSH units.

Recommendation 23-65: In collaboration with the County of San Diego Health and Human Services Agency, commission a workload and salary study to determine an equitable level of compensation for staff of contracted service provider agencies.

Response: The recommendation had already been implemented.

SDHC released its [Homelessness Services Compensation Study](#) in March 2023 as part of SDHC's ongoing initiatives to address workforce challenges in the homelessness services sector, as noted in more detail in the Response to Finding No. 5. The County of San Diego, in collaboration with the San Diego Workforce Partnership, released the report "[Addressing San Diego's Behavioral Health Worker Shortage](#)" last August.

Recommendation 23-66: Collaborate with the Health and Human Services Agency and supportive housing service agencies to produce a training manual for staff assigned to permanent supportive housing facilities.

Response: The recommendation has not been implemented yet.

SDHC will collaborate with the County of San Diego. SDHC defers to the County, as the expert in mental health service delivery, to determine best approach and timeline to address this recommendation.