

File No. 231129

Committee Item No. 6

Board Item No. 15

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Brent Jalipa Date February 8, 2024

Completed by: Brent Jalipa Date February 15, 2024

1 [Administrative Code - Extending Sunset Date of Contracting Waivers for Homeless Services]

2

3 **Ordinance amending the Administrative Code to extend by five years, from May 5,**

4 **2024, through May 5, 2029, the sunset date of the provisions authorizing the**

5 **Department of Homelessness and Supportive Housing (“HSH”) to enter into and amend**

6 **contracts without requiring competitive bidding for services relating to sites and**

7 **programs for people experiencing homelessness (“Projects Addressing**

8 **Homelessness”), and the Department of Public Works to enter into and amend**

9 **contracts without adhering to the Environment Code or to provisions relating to**

10 **competitive bidding, equal benefits, local business enterprise utilization, and other**

11 **requirements, for construction work and services relating to Projects Addressing**

12 **Homelessness; and affirming the Planning Department’s determination under the**

13 **California Environmental Quality Act.**

14 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.

15 **Additions to Codes** are in *single-underline italics Times New Roman font*.

16 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

17 **Board amendment additions** are in double-underlined Arial font.

18 **Board amendment deletions** are in ~~strikethrough Arial font~~.

19 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

19 Be it ordained by the People of the City and County of San Francisco:

21 Section 1. Findings.

22 (a) California Government Code Sections 8698 through 8698.2 authorize the

23 governing body of a political subdivision to declare the existence of a shelter crisis upon a

24 finding by the governing body that a significant number of persons within the jurisdiction are

25

1 without the ability to obtain shelter, and that the situation has resulted in a threat to the health
2 and safety of those persons. In 2016, the Board of Supervisors made the requisite finding in
3 Ordinance No. 57-16, declaring the existence of a shelter crisis in San Francisco.

4 (b) In April 2019, the City enacted Ordinance No. 61-19 to streamline the contracting
5 and siting of homeless shelters, and Ordinance No. 60-19 to expedite the permitting process
6 for homeless shelters during a declared shelter crisis.

7 (c) Ordinance No. 61-19 added Chapter 21B and Section 6.76 to the Administrative
8 Code to waive competitive bidding requirements for the Department of Homelessness and
9 Supportive Housing (“HSH”) and the Department of Public Works (“DPW”) contracts for
10 professional and other services related to Projects Addressing Homelessness and authorized
11 DPW to enter into and amend contracts without adhering to the Environment Code or to
12 provisions relating to competitive bidding, equal benefits, local business enterprise utilization,
13 and other requirements, for construction work and professional and other services relating to
14 Projects Addressing Homelessness. “Projects Addressing Homelessness” means projects
15 designed to prevent homelessness through the provision of housing subsidies or other
16 services, and projects designed to provide shelter, housing, food, and/or social services to
17 people experiencing homelessness.

18 (d) Chapter 21B and Section 6.76 will sunset on May 5, 2024, or on the effective date
19 of an ordinance making the finding that according to the most recent Point in Time (“PIT”)
20 Homeless Count that there are fewer than 5,250 homeless persons in San Francisco,
21 whichever date is earlier.

22 (e) For all HSH-funded projects that involve new construction, a change in use, or a
23 significant expansion of an existing use at a specific location, HSH complies with the
24 requirements of Administrative Code Chapter 79 (Citizens’ Right-to-Know Act of 1998) and
25 Chapter 79A by providing community notice that it is considering approval of such a project,

1 and by establishing a process by which members of the public may obtain additional
2 information about the project, and submit comments. Before opening a new facility, HSH staff
3 collaborate with the member of the Board of Supervisors who represents the district in which
4 the facility will be located, to conduct a thorough community outreach process that includes, at
5 a minimum, written notice to neighbors located within 300 feet of the facility, information about
6 how neighbors may provide input into the proposed programming at the facility, and the
7 hosting of at least one public community meeting. After opening a facility, HSH works closely
8 with the selected non-profit provider to be a good neighbor to the host community by following
9 the contractually required Good Neighbor Policy.

10 (f) According to the 2022 PIT Count, since 2019, San Francisco has had a 15%
11 decrease in unsheltered homelessness and a 3.5% decrease in overall homelessness. The
12 decreases reflected in the 2022 PIT Count were due to a number of initiatives and
13 investments in services across the homelessness response system including: preventing
14 homelessness for 5,500 at-risk households and placing approximately 2,300 formerly
15 homeless households into permanent housing in Fiscal Year 2021-22, adding over 3,000 new
16 units and subsidies of permanent supportive housing between 2020 and 2022, permanently
17 housing nearly 1,800 guests from the COVID-19 emergency Shelter in Place Hotel Program,
18 and re-opening and expanding the shelter system to a greater capacity than before the
19 COVID-19 pandemic. In April 2023, HSH released a five-year, citywide strategic plan, “Home
20 by the Bay: An Equity-Driven Plan to Prevent and End Homelessness”, that calls for an
21 expansion of prevention, shelter, and housing to meet the strategic plan’s goals, including a
22 50% reduction of unsheltered homelessness from the 2022 PIT Count. The City has made
23 progress addressing homelessness over the past few years, but the City has not reduced
24 homelessness below 5,250 people in the 2022 Point in Time Count, which was the goal
25

1 articulated in Ordinance 61-19, therefore more time is needed to build on progress and
2 achieve the new strategic plan goal of reducing unsheltered homelessness by 50% by 2028.

3 (g) The Planning Department has determined that the actions contemplated in this
4 ordinance comply with the California Environmental Quality Act (California Public Resources
5 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
6 Supervisors in File No. 231129 and is incorporated herein by reference. The Board affirms
7 this determination.

8
9 Section 2. The Administrative Code is hereby amended by revising Chapter 21B,
10 Sections 21B.2 through 21B.4, to read as follows:

11
12 **SEC. 21B.2. WAIVER OF COMPETITIVE BIDDING REQUIREMENTS.**

13 Notwithstanding Sections 21.1 and 21G.3 of the Administrative Code or any other
14 provision of the Municipal Code, the Department of Public Works and the Department of
15 Homelessness and Supportive Housing may enter into and/or amend contracts for services or
16 commodities or grants for, including grants, for professional and other services or commodities
17 relating to Projects Addressing Homelessness without adhering to the requirements of Section
18 21.1, 21G.3, or any other competitive procurement requirements. ~~The power to amend such~~
19 ~~contracts and grants extends to contracts and grants entered into prior to the effective date of the~~
20 ~~ordinance in Board File No. 190047 enacting this Chapter 21B.~~

21
22 **SEC. 21B.3. REPORTING.**

23 ~~Within one year of the effective date of this Chapter 21B, and every year thereafter, t~~The
24 Department of Homelessness and Supportive Housing and the Department of Public Works
25 shall submit to the Board of Supervisors an annual report that includes the following

1 information for each contract or grant that the respective departments executed during the prior
2 year without adhering to the requirements of Section 21.1 or Section 21G.3, pursuant to the
3 authority in ~~this~~ Section 21B.32: the name of the contractor or grantee; the services to be
4 provided under the contract or grant; the amount of funds conveyed; the duration of the
5 contract or grant; and any measurable outcomes of the contract or grant.

6
7 **SEC. 21B.4. SUNSET PROVISIONS.**

8 This Chapter 21B shall expire by operation of law ~~five years from its effective date~~ on May
9 5, 2029, or on the effective date of an ordinance making the finding that according to the most
10 recent Point in Time Homeless Count, that there are no more than 2,199 people experiencing
11 unsheltered homelessness which is a 50% reduction in unsheltered homelessness from the 2022 Point
12 in Time Count ~~there are fewer than 5,250 homeless persons in San Francisco~~, whichever date is
13 earlier. Upon expiration of this Chapter 21B, the City Attorney ~~shall~~ is authorized to cause this
14 Chapter to be removed from the Administrative Code.

15
16 Section 3. Article IV of Chapter 6 of the Administrative Code is hereby amended by
17 revising Section 6.76, to read as follows.

18
19 **SEC. 6.76. PUBLIC WORKS ADDRESSING HOMELESSNESS.**

20 (a) The Department of Public Works is authorized to enter into and/or amend any
21 contract for any Public Work or Improvement, as defined in Administrative Code Section 6.1,
22 including any professional services for a Public Work or Improvement, without adherence to
23 the requirements of this Chapter 6, Administrative Code Chapters 12B and 14B, and the
24 Environment Code; provided, however, that the Public Work or Improvement is for the
25 construction, repair, or improvement of one or more sites that will be used for the primary

1 purpose of providing housing, shelter, or services to people experiencing homelessness. ~~The~~
2 ~~power to amend such contracts extends to contracts entered into prior to the effective date of the~~
3 ~~ordinance in Board File No. 190047 enacting this Chapter 21B.~~

4 (b) This Section 6.76 shall expire by operation of law ~~five years from its effective date on~~
5 May 5, 2029, or on the effective date of an ordinance making the finding that according to the
6 most recent Point in Time Homeless Count, that there are no more than 2,199 people experiencing
7 unsheltered homelessness which is a 50% reduction in unsheltered homelessness from the 2022 Point
8 in Time Count ~~there are fewer than 5,250 homeless persons in San Francisco~~, whichever date is
9 earlier. Upon expiration of this Section 6.76, the City Attorney ~~shall~~ is authorized to cause this
10 Section to be removed from the Administrative Code.

11
12 Section 4. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor's veto of the ordinance.

16
17 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
19 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
20 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
21 additions, and Board amendment deletions in accordance with the "Note" that appears under
22 the official title of the ordinance.

23
24 Section 6. Undertaking for the General Welfare. In enacting and implementing this
25 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not

LEGISLATIVE DIGEST

[Administrative Code - Extending Sunset Date of Contracting Waivers for Homeless Services]

Ordinance amending the Administrative Code to extend by five years, from May 5, 2024, through May 5, 2029, the sunset date of the provisions authorizing the Department of Homelessness and Supportive Housing (“HSH”) to enter into and amend contracts without requiring competitive bidding for services relating to sites and programs for people experiencing homelessness (“Projects Addressing Homelessness”), and the Department of Public Works to enter into and amend contracts without adhering to the Environment Code or to provisions relating to competitive bidding, equal benefits, local business enterprise utilization, and other requirements, for construction work and services relating to Projects Addressing Homelessness; and affirming the Planning Department’s determination under the California Environmental Quality Act.

Existing Law

California law authorizes the Board of Supervisors to declare the existence of a shelter crisis based on a finding that a significant number of people in the City and County of San Francisco (the “City”) lack shelter, and that the situation has resulted in a threat to their health and safety. The law authorizes the City to suspend state or local laws setting housing, health, or safety standards for new homeless shelter facilities in response to the shelter crisis, to the extent that strict compliance would prevent, hinder, or delay the mitigation of the shelter crisis.

Local Law generally requires City departments to use a competitive bidding process and follow other contracting requirements for personal services, procurement, and construction contracts, subject to exceptions. In 2019, the Board of Supervisors enacted Ordinance No. 61-19, which waived competitive bidding requirements for contracts and leases relating to a number of identified Shelter Crisis Sites, as well as the City’s existing Navigation Centers and homeless shelters. The expedited contracting and leasing authority that was granted by Ordinance No. 61-19 will expire on May 5, 2024.

Amendments to Current Law

The proposed ordinance would reaffirm the Board of Supervisors’ prior declarations of a shelter crisis and would extend the expedited contracting and leasing authority that was granted by Ordinance No. 61-19 until May 5, 2029, or until the effective date of an ordinance making the finding that according to the most recent Point in Time Homeless Count that there are not more than 2,199 people experiencing unsheltered homelessness which is a 50% reduction in the unsheltered homelessness from the 2022 Point in Time County, whichever

date is earlier. This authority would allow the Departments of Homelessness (“HSH”) and Supportive Housing and Public Works to enter into and amend contracts and grants for professional and other services or commodities relating to projects addressing homelessness without using a competitive bidding process. For purposes of this authority, “projects addressing homelessness” are projects designed to prevent homelessness through the provision of housing subsidies or other services, and projects designed to provide shelter, housing, food, and/or social services to people experiencing homelessness.

The proposed ordinance would also allow the Department of Public Works to enter into or amend contracts for public works and improvements without using a competitive bidding process, provided the contracts are for public works or improvements for the construction, repair, or improvement of one or more sites that will be used for the primary purpose of providing housing, shelter, or services to people experiencing homelessness. The authority to enter into and amend contracts without competitive bidding would expire on May 5, 2029, or until the effective date of an ordinance making the finding that according to the most recent Point in Time Homeless Count that there are not more than 2,199 people experiencing unsheltered homelessness which is a 50% reduction in the unsheltered homelessness from the 2022 Point in Time County, whichever date is earlier.

Background Information

In 2016, through the enactment of Ordinance No. 57-16, the Board of Supervisors declared the existence of a shelter crisis in San Francisco, based on findings that in January 2015, there were 6,686 individuals in San Francisco who were homeless.

In April 2019, the Board of Supervisors and Mayor London N. Breed enacted Ordinance No. 61-19 to streamline the contracting and siting of homeless shelters, and Ordinance No. 60-19 to expedite the permitting process for homeless shelters during a declared shelter crisis. The expedited contracting and leasing authority that was granted by Ordinance No. 61-19 will expire on May 5, 2024.

For all HSH-funded projects that involve new construction, a change in use, or a significant expansion of an existing use at a specific location, HSH complies with the requirements of Administrative Code Chapter 79 (Citizens’ Right-to-Know Act of 1998) and Chapter 79A by providing community notice that it is considering approval of such a project, and by establishing a process by which members of the public may obtain additional information about the project, and submit comments. Before opening a new facility, HSH staff collaborate with the member of the Board of Supervisors who represents the district in which the facility will be located, to conduct a thorough community outreach process that includes, at a minimum, written notice to neighbors located within 300 feet of the facility, information about how neighbors may provide input into the proposed programming at the facility, and the hosting of at least one public community meeting. After opening a facility, HSH works closely with the selected non-profit provider to be a good neighbor to the host community by following the contractually required Good Neighbor Policy.

According to the 2022 PIT Count, since 2019, San Francisco has had a 15% decrease in unsheltered homelessness and a 3.5% decrease in overall homelessness. The decreases reflected in the 2022 PIT Count were due to a number of initiatives and investments in services across the homelessness response system including: preventing homelessness for 5,500 at-risk households and placing approximately 2,300 formerly homeless households into permanent housing in Fiscal Year 2021-22, adding over 3,000 new units and subsidies of permanent supportive housing between 2020 and 2022, permanently housing nearly 1,800 guests from the COVID-19 emergency Shelter in Place Hotel Program and re-opening and expanding the shelter system to a greater capacity than before the COVID-19 pandemic. In April 2023, HSH released a five-year, citywide strategic plan, "Home by the Bay: An Equity-Driven Plan to Prevent and End Homelessness", that calls for an expansion of prevention, shelter and housing to meet the strategic plan's goals, including a 50% reduction of unsheltered homelessness from the 2022 PIT Count.

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Hitting the Performance Bullseye

Contracting for Better Outcomes
in Homelessness Services

June 28, 2023



CITY AND COUNTY OF SAN FRANCISCO

2022–2023 CIVIL GRAND JURY

About the San Francisco Civil Grand Jury

The Civil Grand Jury is a government oversight panel of volunteers who serve for one year. It makes findings and recommendations based on its investigations. Reports of the Civil Grand Jury do not identify individuals by name, and disclosure of information about individuals interviewed by the Jury is prohibited.

—*California Penal Code §929*

2022–2023 Civil Grand Jurors

Karen Kennard Foreperson

Pierre Andrada

Richard E. Bogan

Robert J. Chansler

Jonathan E. Cowperthwait

Stan Feinsod

Lorna Hill

Laurance Lem Lee

Peter J. Logan

Marvin D. Norman

Byron Norris

Rick Ohlrich

Mijung Park

Matthew Rhoa

Barbara Savitz

Pauline Soffa

Marc Uscilka

Elwyn Wong

Marina Yu

Cover Image: "Bullseye," Alex Borland. Public domain.

Summary

This has been a busy spring for the City of San Francisco as it works to address the issue of homelessness. In April 2023, San Francisco’s Department of Homelessness and Supportive Housing (HSH) released its five-year strategic plan titled “Home By The Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco.” This plan includes a series of strategies to improve outcomes for all subpopulations of those experiencing homelessness.

On May 4th, the City’s newly-formed Homelessness Oversight Commission (HOC) conducted its first meeting. Approved by San Francisco voters in November 2022, HOC’s responsibilities include setting goals and establishing performance standards for HSH, conducting performance audits of HSH’s service delivery, approving budgets, and holding public hearings.¹ The HOC is expected to bring a new level of supervision and transparency to HSH’s critical work.

Additionally, a member of the San Francisco Board of Supervisors is asking the City Attorney’s Office to draft legislation that may be finalized by year-end to “standardize and streamline existing processes and strengthen performance measurement and performance monitoring” to improve the City’s contracting with community-based organizations (CBOs).² HSH has contracts with multiple CBOs, so this legislation could have significant implications for the City’s efforts to combat homelessness.

These efforts reflect the City’s commitment to solving the homelessness crisis in San Francisco. HSH has been successful in keeping 15,000 people sheltered and housed

¹ San Francisco Charter, Article IV, §4.133.

² Adam Shanks and Craig Lee, “[Supervisor Wants Better Ways to Track City-Funded Nonprofits](#),” *San Francisco Examiner*, October 31, 2022.

every night.³ However, despite billions of dollars spent over the past seven years and progress in many areas, HSH has fallen short of its stated goal of eliminating chronic homelessness.

The 2022–2023 San Francisco Civil Grand Jury investigated HSH’s contracting practices with CBOs and evaluated how those contracting practices may have contributed to a lack of progress in eliminating chronic homelessness in the City. The Jury recognizes that any solution to eliminate homelessness, and particularly chronic homelessness, will require coordinated efforts involving multiple City departments and agencies. We decided to focus on HSH’s contracting practices because HSH largely delivers services to the homeless through a series of contracts it enters into with various CBOs. If those services are to meaningfully reach the homeless individuals they are intended to help, HSH must effectively draft and oversee these contracts—and evaluate the value of the services these CBOs provide.

Our investigation revealed deficiencies in the contracting process that may make it difficult for HSH to determine which CBOs have been effective in delivering services and which have not. This report discusses specific flaws in that process and proposes some recommended solutions.

The Jury was encouraged to see that our observations and recommendations parallel those in HSH’s Home By the Bay report. The Home By the Bay plan sets ambitious goals in five areas, some of which are particularly relevant to this investigation. It proposes the development of a “comprehensive Performance Management Plan,” and notes that it will be important to use data to “enhance service delivery, including design and implementation of a contract management system.” The plan also proposes to increase transparency through publication of an annual progress report that assesses the City’s progress towards each of the plan’s goals.⁴

³ City of San Francisco Department of Homelessness and Supportive Housing, “Home By the Bay.”

⁴ “Home By the Bay,” 36.

At the same time, the Controller’s Office recently made several recommendations to improve citywide transparency and the continuity of contracting across CBOs to improve monitoring and outcomes.⁵ While the Controller’s Office review did not focus on HSH, several of its recommendations are relevant to HSH contracts. HSH needs to effectively work with the new Homelessness Oversight Commission and the Controller’s Office toward the goals set forth in both the Home By the Bay plan and the Controller’s recommendations.

Improving HSH contract procedures will benefit all subpopulations of homelessness in San Francisco, including traditionally underserved groups and those experiencing chronic homelessness. As is evident from the “equity-driven” focus of the Home By the Bay plan, all subpopulations of homeless individuals deserve to benefit equally from the City’s efforts to address this critical problem.

⁵ City & County of San Francisco Office of the Controller City Services Auditor, “The City Should More Effectively Evaluate the Impact of Services Provided by Community-Based Organizations,” August 30, 2022.

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Background

On May 11th, 2016, San Francisco Mayor Edwin Lee announced the formation of the City's new Department of Homelessness and Supportive Housing (HSH). Mayor Lee's goal was to "help at least 8,000 people out of homelessness forever through strategies that stabilize people's lives through the City's nationally recognized housing and supportive services and building a system that ends a person's homelessness before it becomes chronic."

By combining key homeless programs from four existing City departments—the Department of Public Health (DPH), the Human Services Agency (HSA), the Mayor's Office of Housing and Community Development (MOHCD), and the Department of Children, Youth and Their Families (DCYF)—HSH was established as a dedicated City department with a singular focus on preventing and ending homelessness for people in San Francisco.⁶

HSH has delivered a number of noteworthy major programs. These include:

- Street outreach and service connection through the Homeless Outreach Team;
- A robust shelter system for single adults and families, including shelters for members of the LGBTQ+ (lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual and more) community and survivors of domestic violence;
- Navigation Centers, strategically located within the City, that provide temporary shelter for individuals and couples using a low-threshold model;
- Rapid rehousing rental subsidies for families, adults, seniors, and transitional aged youth;

⁶ City of San Francisco, "[Mayor Lee Announces City's New Department](https://www.sfmayor.org/news/2016/05/11/mayor-lee-announces-citys-new-department)," SFMayor.org.

- The Homeward Bound program, which has helped individuals return to their city of origin via travel and relocation services; and
- Robust supportive housing programs of nearly 7,500 units that provide permanent housing and services to formerly homeless individuals and families.

Today, HSH keeps 15,000 people sheltered and housed every night.⁷ “Over 8,000 households exited homelessness from January 2019 to January 2022 through Permanent Supportive Housing, Rapid Rehousing, Prevention and Problem Solving interventions (including relocation assistance).”⁸ HSH helps many families and individuals experiencing homelessness get into housing and remain there.

Despite these efforts and successes, however, reducing homelessness remains a difficult challenge. A September 2022 *San Francisco Chronicle* poll of 1,653 residents reflecting the City’s demographics identified homelessness as the City’s top challenge.⁹ And, as HSH acknowledged in the Home By the Bay plan, this challenge is compounded by the fact that certain groups, including Black and Latine people, people with disabilities, and people who identify as LGBTQIA+, are overrepresented in the homeless population.¹⁰

Voters Approve a New Commission

On May 4 2023, the City’s newly-formed Homelessness Oversight Commission (HOC) conducted its first meeting. The HOC was formed nearly concurrent with a 2022 Civil

⁷ City of San Francisco Department of Homelessness and Supportive Housing, “[Home By the Bay](#).”

⁸ City of San Francisco Department of Homelessness and Supportive Housing, “[San Francisco Homeless Count and Survey](#).”

⁹ Kevin Fagan and Adriana Rezal, “[SF’s Homeless Crisis Won’t Be Solved Anytime Soon, Poll Says](#),” *San Francisco Chronicle*, September 15, 2022.

¹⁰ “Home By the Bay,” 29.

Grand Jury report that observed that HSH lacked independent oversight and recommended that a commission be created.¹¹

Approved by San Francisco voters as Proposition C in November 2022, the HOC consists of seven commissioners, three appointed by the Board of Supervisors and four appointed by the Mayor and confirmed by the Board. HOC's oversight responsibilities include setting goals and establishing performance standards for HSH, conducting performance audits of HSH's service delivery, approving budgets, and holding public hearings, the first of which took place this May.¹²

Homelessness By the Numbers

The U.S. Department of Housing and Urban Development (HUD) requires that every jurisdiction that receives federal funds for homeless services conduct a survey every two years to estimate the numbers of homeless living on the street. This survey, commonly referred to as a Point-In-Time count (PIT), is conducted over a 24 hour period during the winter months. There is debate over the significance and reliability of a count done over 24 hours during the winter,¹³ but the PIT count gives a rough estimate of the numbers of people living without stable housing.

Homelessness is a national crisis, but California bears a disproportionate share of the homeless population. Nationally, the 2022 PIT showed California accounting for 30%

¹¹ San Francisco Civil Grand Jury Report, "A Progress Report About the San Francisco Department of Homelessness and Supportive Housing," at 14–15, 18, June 30, 2022.

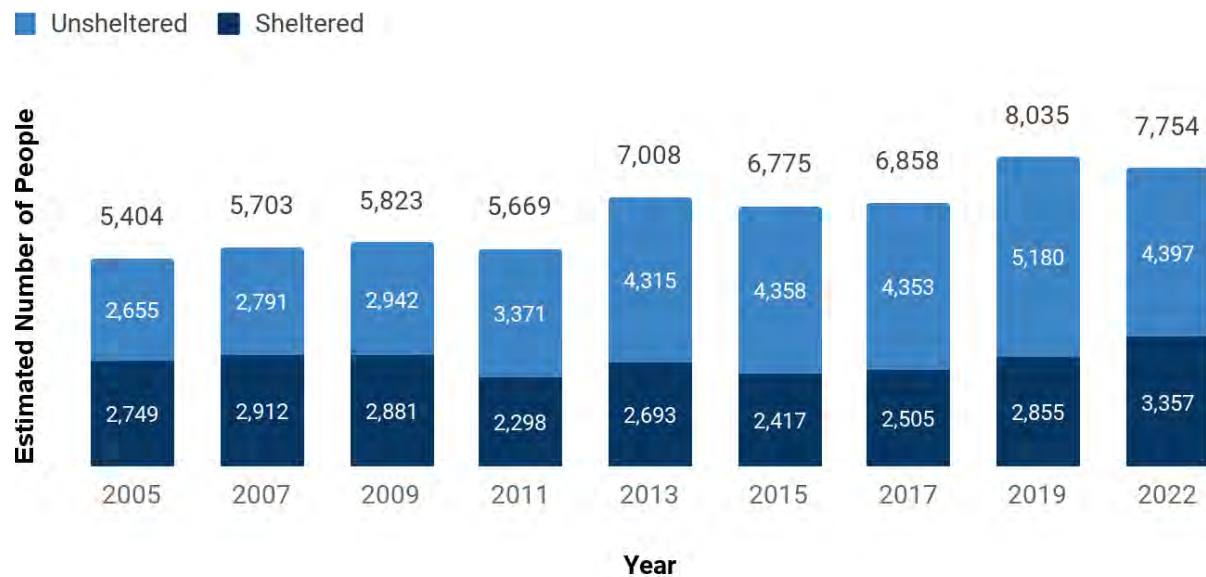
¹² San Francisco Charter, Article IV, §4.133.

¹³ See, e.g., Alastair Boone, "Is There a Better Way to Count the Homeless?" *Bloomberg City Lab*, March 4, 2019.

of the total homeless population despite having only 12% of the nation’s population. Further, California is home to 50% of the nation’s unsheltered population.¹⁴

Since the first PIT count conducted in 2005, San Francisco’s homeless population has grown 30%.¹⁵ As shown in *Figure 1*, the trajectory of the homeless problem in San Francisco has not changed, despite significant annual spending.

Figure 1: People Experiencing Homelessness During Each PIT Count, 2005–2022¹⁶



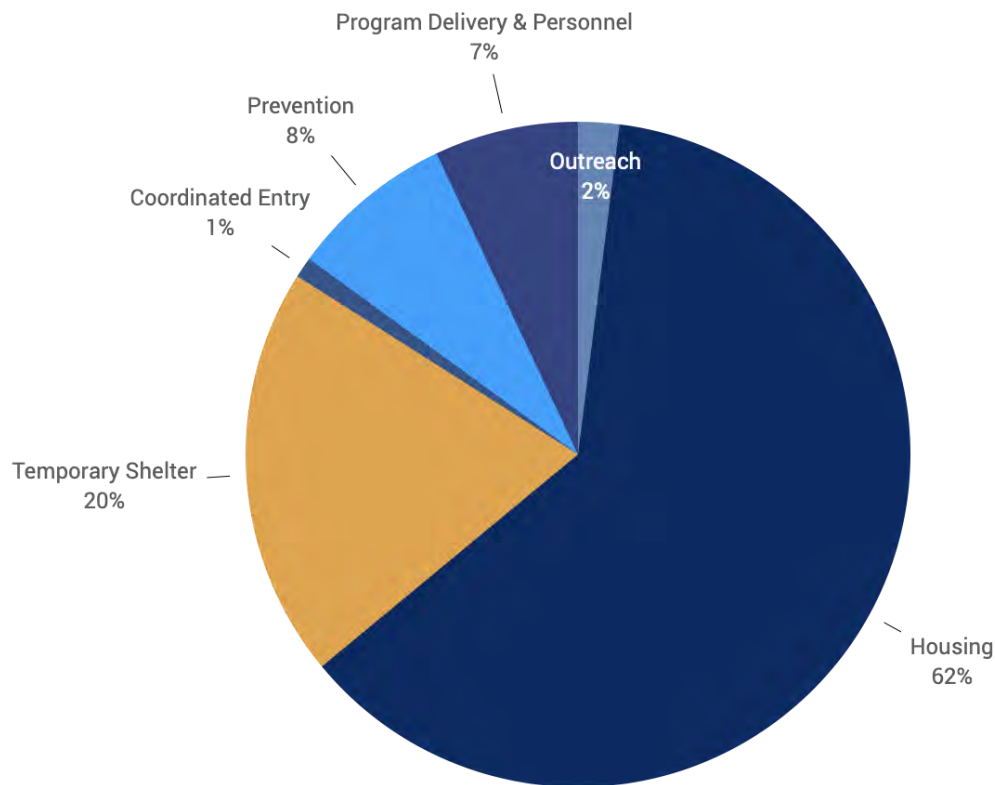
Over the two-year period FY 2022–2024, HSH’s annual budget is over \$600 million, as allocated in *Figure 2*:

¹⁴ “Homeless” refers to an individual or family who lacks a fixed regular or adequate nighttime residence. “Unsheltered” refers to those living in places not meant for human habitation. Emily Hoeven, “[California Homeless Count is 30% of U.S. Total](#),” *CalMatters*, December 2022.

¹⁵ San Francisco City Performance Scorecards, “[Homeless Population: Point-In-Time Homeless Counts 2005–2022](#),” accessed May 31, 2023.

¹⁶ City Performance Scorecards Point-In-Time Homeless Counts, *op. cit.*

Figure 2: HSH Budget Allocation¹⁷



To achieve the goals outlined in the Home By the Bay 5 year plan, HSH estimates that it will need an additional incremental investment of \$607 million over the five year period, with an ongoing commitment of \$217 million a year thereafter.¹⁸

The face and extent of homelessness vary, but for many San Francisco residents and much of the nation, the most obvious evidence of the homeless crisis and a city’s success or failure in addressing it is the growing population of those living on the streets. As noted in a prior Civil Grand Jury report from 2022, “what the public generally observes as ‘the homeless’ is that part of the population on our streets that suffers from chronic unsheltered homelessness. Depending on the data source, this

¹⁷ San Francisco Department of Homelessness and Supportive Housing FY 2022–23 & FY 2023–24 Budget by Service Area, accessed May 31, 2023.

¹⁸ “Home By the Bay,” at p. 10, *op. cit.*

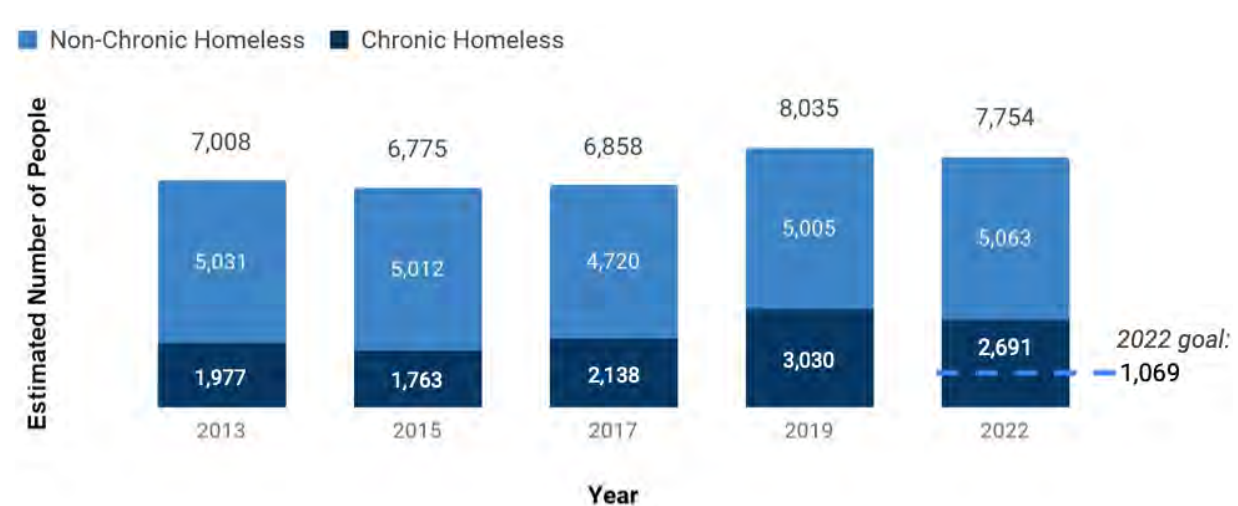
subpopulation represents only about a third of the total homeless population. But in the public perception, this part often ends up representing the whole.”¹⁹

The HSH 2022 PIT count defines *chronically homeless* as:

- An individual with one or more disabling conditions or a family with a head of household with a disabling condition who:
 - Has been continuously homeless for 1 year or more and/or
 - Has experienced 4 or more episodes of homelessness within the past three years.²⁰

When Mayor Lee announced the formation of HSH, a stated goal was to reduce the number of chronically homeless by 50% (represented as “2022 Goal” in Figure 3).

Figure 3: Chronic and Non-Chronic Homeless Counts, 2013–2022²¹



¹⁹ San Francisco Civil Grand Jury, “A Progress Report About the Department Of Homelessness and Supportive Housing,” at 6 (2022).

²⁰ San Francisco City Performance Scorecards, “Homelessness Benchmarking: Homeless Subgroups,” accessed May 31, 2023.

²¹ Chronic homelessness is defined as having a disabling condition and being homeless for more than a year, or having at least four episodes of being homeless adding up to a year over a span of three years. The dotted line indicates the target of a 50% reduction in chronic homelessness from the 2017 HSH Five Year Strategic Framework, i.e., 1,069. Source: 2022 Homeless Count and Survey, *op. cit.*

The chronically homeless represent the most visible and vulnerable people in the homeless community.²² For people who experience chronic homelessness, one-time interventions or basic services often are insufficient to help them successfully transition out of homelessness. Instead, they are more likely to benefit from sustained case management and higher-touch service models designed to meet their needs, such as residential recovery programs.²³

In 2022, the PIT count showed that the chronically homeless represented approximately 35 percent of the homeless population in San Francisco. Comparing the 2005 PIT count to the 2022 PIT count demonstrates the lack of progress in reducing the number of chronically homeless in San Francisco.²⁴ Indeed, our evaluation of performance over multiple PIT counts saw discouraging results—the chronic homeless totaled 1,977 in 2013 vs. 2,691 from the 2022 Point in Time count as seen in *Figure 3*, above.²⁵

A March 2023 study from McKinsey & Company reported that, in 2022, an estimated 20,000 individuals in San Francisco experienced homelessness. The McKinsey study tracked these individuals over the course of the year, looking at multiple year-end outcomes such as how many individuals were “diverted from homelessness,” or ended the year “precariously housed” or in “permanent supportive housing.”

Those 20,000 individuals included 2,650 individuals who met the criteria for “chronic homelessness” at the beginning of the year. Of those 2,650 individuals, 2,550 of them—96%—remained chronically homeless by year-end. This grim statistic shows

²² This can be seen from the many news headlines highlighting this problem. Examples include “S.F. Had a Bold Plan to Cut Chronic Homelessness in Half in 5 Years. The Numbers Only Got Worse,” *San Francisco Chronicle*, September 20, 2022; and “Study: San Francisco’s Fragmented City Services are Harming—and Killing—the Most Vulnerable,” *San Francisco Chronicle*, September 27, 2022.

²³ Alexis Krivkovich, Kunal Modi, Eufern Pan, et al., “The Ongoing Crisis of Homelessness in the Bay Area” (2023): McKinsey & Company.

²⁴ Point In Time and Housing Inventory Counts, *op. cit.*

²⁵ Point-In-Time Homeless Counts, *op. cit.*

that the City's efforts to address homelessness are failing this particular subgroup at an alarming rate.²⁶

Yet HSH has reported seemingly conflicting statistics,²⁷ like the ones below, that paint a different picture. HSH has noted that changes in PIT counts between 2019 and 2022 include:

- 15% Decrease in Unsheltered Homelessness;
- 3.5% Decrease in Overall Homelessness;
- 18% increase in people living in shelters and transitional housing;
- 11% decrease in chronically homeless single adults; and
- Improvement in youth counts.

HSH's top line statistics over the past three years regarding progress made toward reducing overall homelessness, and the City's increasing financial commitment, attest to progress on many fronts in serving homeless populations. Yet, sufficient long-term progress for the chronic homeless remains elusive.

As illustrated in *Figure 4*, the homeless crisis also disproportionately impacts our most marginalized residents.²⁸ In addition, the estimated 12% of individuals in San Francisco who identify as LGBTQIA+ account for 27% of the homeless population.²⁹

²⁶ Krivkovich, Modi, Pan, et al., *op. cit.*

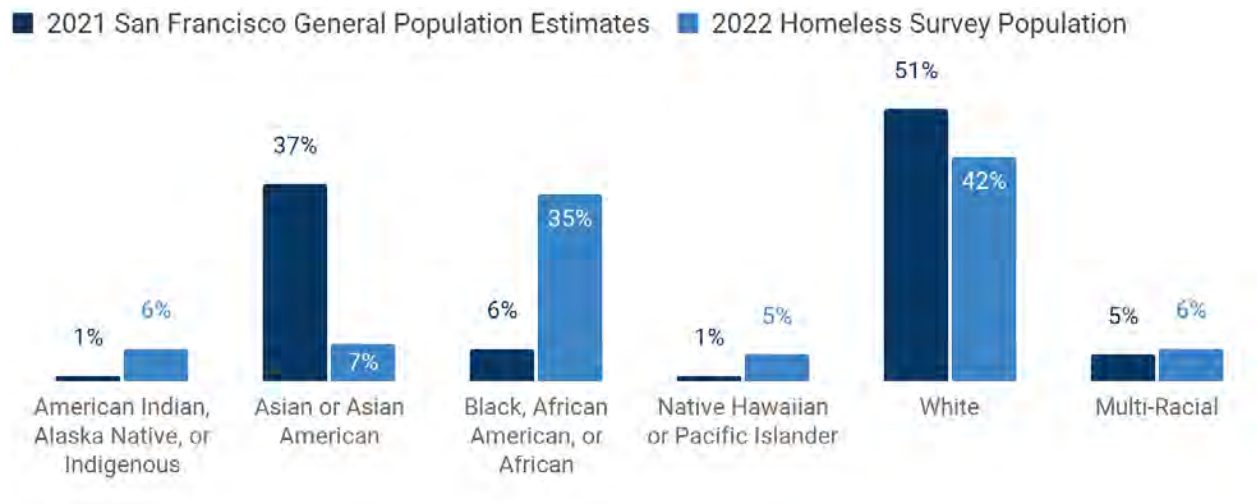
²⁷ City of San Francisco, "[New San Francisco Homelessness Count Reveals 15% Decrease in Unsheltered Homelessness from 2019 to 2022](#)," SFMayor.org.

²⁸ 2022 Homeless Count and Survey, *op. cit.*

²⁹ Meg Elison, "More Queer People than Ever Living on the Street in SF," *Bay Area Reporter*, July 10, 2019.

Figure 4:

Homeless Survey Population and San Francisco General Population Estimates³⁰



The Jury commends HSH on its equity-driven plan to address homelessness outlined in the Home By the Bay plan. The plan sets ambitious goals that seek to focus on all subpopulations of those experiencing homelessness, most notably the chronically homeless.

We investigated current contracting practices used by HSH to determine if contracting improvements could help HSH achieve these goals. The recommendations in this report seek to better position HSH to do so.

³⁰ 2022 Homeless Count and Survey, *op. cit.*

Discussion

The majority of HSH services are delivered through contracts with CBOs. During our investigation, we learned that, as of May 4, 2023, HSH had a total of over 300 active agreements, some extending until 2030, representing a total original contract value of more than \$2 billion.

The Jury evaluated HSH's contracting practices with nonprofit CBOs to determine whether improvements to these practices could contribute to better progress toward eliminating homelessness. Our investigation revealed potential deficiencies in the contracting process that may make it difficult for HSH to determine which CBOs have been effective in delivering homelessness services and which have not. It is critical for HSH to monitor and evaluate the value of services provided by CBOs.

Measuring Outcomes

The Harvard Performance Lab notes that good contracting practices are essential to the delivery of performance and value for government operations:

Many of the most important functions of state and local governments—from building and maintaining roads to housing the homeless—involve contracting for goods and services supplied by the private sector. Increasing the effectiveness of procurements is . . . an essential component of improving governments' overall performance in creating public value. Unfortunately, governments often treat procurement as a back office administrative function, rather than as a core part of their strategy for delivering better performance. . . . Contractor performance is rarely tracked in a meaningful manner. Contract management tends to focus on compliance instead of performance

improvement, with contractors held accountable for inputs and activities rather than outcomes and impacts (if performance is measured at all).³¹

The benefits of results-driven contracting seem self-evident. However, as discussed below, HSH's contracts have previously drawn criticism for lacking consistently applied results-based outcome measures.

Prior Reviews of HSH Contracting Practices

Recent years have seen multiple calls for the City to improve its contracting practices, both in general and specifically for homeless services.

Even as HSH was being formed, a 2016 Civil Grand Jury report, "San Francisco Homeless Health & Housing: A Crisis Unfolding On Our Streets,"³² included the following finding:

- Contracts are awarded through HSA and DPH with few requirements to include Client Outcomes in performance reports used to evaluate the success of a contract or program. Number of Clients Served is more often used.

That finding resulted in the following Grand Jury recommendation directed at the newly-formed HSH:

- Contracts with organizations receiving City funding should require comprehensive Outcome Performance Measures which include client outcomes.

HSH agreed with this finding, and said that the recommendation would "be implemented in the future" as existing contracts were renewed. Given that HSH

³¹ Harvard Kennedy School Government Performance Lab, "Results-Driven Contracting," accessed May 31, 2023.

³² San Francisco Civil Grand Jury, "San Francisco Homeless Health & Housing: A Crisis Unfolding On Our Streets," at 25 (2016).

was a new organization picking up staff, contracts, and responsibilities from HSA and DPH—and that no timeframe was stated in the recommendation—it would have been difficult for HSH to immediately begin using outcome measures. However, its stated intent to do so in the future is one factor that motivated this Jury to assess the extent of HSH’s progress.

Similarly, an August 6, 2020 Performance Audit of the Department of Homelessness & Supportive Housing issued by the San Francisco Budget and Legislative Analyst (BLA) noted that “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.” It recommended that “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.”

In its response, HSH noted that the BLA report “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.” Nonetheless, HSH agreed with the recommendation about performance metrics and contract monitoring and identified a plan to have standardized contract terms and provisions in place by 2024.³³

The issue was raised again in 2021. Online news site *The Frisc* reported that on March 3, 2021, Supervisor Matt Haney asked HSH Interim Director Abigail Stewart-Kahn whether “anything has changed in transparent and effective contract oversight.” Stewart-Kahn offered that the department had moved to “performance-based

³³ Harvey M. Rose Associates, “Performance Audit of the Department of Homelessness & Supportive Housing” (2020), at 48, 55.

contracting” that focuses on the outcomes a provider achieves.³⁴ However, as discussed below, that statement appears to reflect an aspiration that has yet to be fully accomplished.

In 2022, the *San Francisco Chronicle* looked into the history of the City’s efforts to fight homelessness, including HSH’s repeatedly-delayed attempts to move to performance-based contracting. The article noted that in 2017, “officials said they would develop comprehensive performance measures for all nonprofit contractors. HSH said it would put this enhanced oversight in place by the end of 2019—and the need was urgent.” However, the article went on to note that in December 2019, as the deadline for that metrics-driven plan approached, HSH officials “pushed their self-imposed deadline back until summer 2021.” The article recounts additional delays thereafter, “in large part because of the pandemic.” By April 2022 when the article was published, HSH Director Shireen McSpadden recounted “plans to have detailed goals and requirements folded into all new contracts by June 2023.” The article concluded by noting that Mayor Breed acknowledged that specific performance goals are a “key component missing in terms of accountability.”³⁵

Most recently, in August 2022, the City Auditor issued a report titled “The City Should More Effectively Evaluate the Impact of Services Provided by Community-Based Organizations.” The objective of this report was to evaluate the frameworks City departments use to measure the impact of their services. The City Auditor selected six departments working with CBOs during 2017–2018, but HSH was not selected for evaluation because it was launched in July 2016 and did not have policies in place at the start of the audit.

³⁴ Kristi Coale, “SF’s Homelessness Department Has a Billion Dollars, and Brings Up as Many Questions,” *The Frisc*, March 24, 2021.

³⁵ Joaquin Palomino and Trisha Thadani, “S.F. Spent Millions to Shelter Homeless in Hotels. These are the Disastrous Results,” *San Francisco Chronicle*, April 26, 2022.

Although the report did not evaluate HSH, it offered extensive recommendations regarding citywide practices that are relevant to how HSH contracts with CBOs. Those recommendations included:

1. Improve performance measurement by:
 - a. Standardizing common definitions for performance measures (for example, output and outcome) across departments and applying them to existing performance measures.
 - b. Creating and/or identifying common performance measures to be tracked, focusing on important outcome measures and the indicators that must be tracked to understand the outcomes.
 - c. Ensuring measures are calculated in the same way so results can be compared across program areas.
2. Strengthen program monitoring practices by:
 - a. Creating a forum to share lessons learned and successful strategies.
 - b. Collaborating on developing minimum requirements for program monitoring activities, such as site visits.
 - c. Evaluating the quality of services provided, through such practices as surveys or interviews of program participants and observations of services provided, where appropriate.
 - d. Ensuring results from program monitoring activities inform technical assistance needs.
3. Explore the possibility of implementing a system with data from multiple departments integrated to track the performance of community-based organizations from a citywide perspective. If this is not feasible, work with information system suppliers to identify

opportunities to share data or centralize data reporting among departments, where appropriate.³⁶

As noted above, HSH was specifically excluded from the City Auditor’s analysis. But our investigation, through Jury research and interviews, found that HSH’s contracting and monitoring practices suffer from many of the weaknesses identified in the City Auditor’s report.

The preceding discussion describes repeated statements by HSH in recent years regarding its intent to improve its contracting procedures. The Jury believes that improved HSH contracting will deliver value to the City in terms of improved quality of services delivered to those impacted by homelessness. Improvement in contracting and contract monitoring should become a priority.

Lack of Consistently Applied Results-Focused Outcome Objectives

The City works with CBOs by either a grant or a contract. Contracts are agreements that are entered into for the City’s purchase of commodities or services, as those terms are defined in San Francisco Administrative Code Chapter 21.³⁷ A *grant*, as defined in Administrative Code Section 21G.2,³⁸ is an award of City funds to a *grantee* for a public purpose.³⁹

³⁶ City Services Auditor, “The City Should More Effectively Evaluate the Impact of Services Provided by Community-Based Organizations,” at 6 (2022).

³⁷ San Francisco Administrative Code, Chapter 21, §21.02.

³⁸ San Francisco Administrative Code, Chapter 21G, §21G.2.

³⁹ Because grants and contracts perform similar functions and are administered and monitored in similar ways by HSH, this report will refer to contracts and grants collectively as “contracts.”

City departments, including HSH, use standard form agreements that cover both nonprofit service providers (Form G-100) and for-profit providers (Form P-600). In either case, the agreement body contains standard City terms and conditions uniformly applied to all agreements of a similar type. Appendix A to these form agreements defines the specific Scope of Services to be performed by the CBO.

The provisions in Appendix A include both *service objectives* and *outcome objectives*. The service objectives section describes activities to be performed by the contractor (e.g., client surveys, maintaining files, client service plans, etc.). The outcome objectives section identifies the results-driven performance measures that the CBO has agreed to undertake.

The Jury evaluated ten sample HSH contracts with different CBOs. Consistent with the findings in the BLA and City Auditor's reports discussed previously, we found that outcome objectives in four of the contracts in this sample actually specified activities to be performed, rather than outcomes to be achieved.

A grant agreement with the Tenderloin Housing Clinic Inc., dated October 1, 2020, correctly identifies service objectives that are activities and outcome objectives that are results.

Examples of service objectives that enumerate activities include:

- Grantee shall obtain feedback on type and quality of services from at least 50 percent of tenants.
- Grantee shall create and maintain files for 100 percent of tenants, regardless of services type, in the San Francisco Homeless Management Information System (HMIS) ONE System⁴⁰ and hard copies of eligibility documents, including homelessness verification.

⁴⁰ The ONE System uses data from CBOs to drive accountability and performance management. To support its plans and efforts, HSH also continues to make improvements to this system to improve data quality, enhance data sharing infrastructure, and deploy and analyze data for planning and evaluation.

Examples of outcome objectives that enumerate performance-based results include:

- 90 percent of all households will remain housed for at least one year from their move-in date, or will move to other permanent housing where they pay rent, or will exit the program in good standing;
- 75 percent of all households that showed housing instability (non-payment of rent, lease violations) will remain in housing; and
- 80 percent of households completing an annual tenant satisfaction survey will respond with satisfied or very satisfied with program services (based on a four point scale: 1 = very dissatisfied, 2 = dissatisfied, 3 = satisfied, 4 = very satisfied).

By contrast, another HSH contract, a grant agreement with Urban Alchemy dated March 21, 2022, is an example of an agreement that identifies service objectives that are activities, but outcomes objectives that are also activities—as opposed to results.

Contract service objectives relating to activities include:

- 100 percent of guests with referral needs shall be provided referrals related to benefits, employment, health, and related transportation support if needed.
- 100 percent of guests shall be offered referral for problem-solving and/or assessment via Adult Coordinated Entry within one week of placement.

However, the contract's outcome objective identified a singular activity to be performed—submitting data into a City database, RTZ—instead of a result to be achieved:

- Grantees shall routinely exceed a 100 percent completion rate for all client data required in RTZ, or other databases mandated by City.

Our review of additional HSH contracts confirmed inconsistencies in the labeling and application of results-based outcome measures. Furthermore, there was no consistency across contracts of a similar nature.

Program Monitoring Shows Deficiencies

In addition to inconsistent inclusion of appropriately-labeled service objectives and outcome objectives in individual HSH contracts, our investigation also revealed a concern regarding HSH's contract monitoring procedures. Contract monitoring for HSH CBOs comprises elements including the following:

- **fiscal and compliance monitoring**, performed by a Controller's citywide task force made up of representatives of each department delivering homeless services;
- **HSH program monitoring** involving desk audits or site visits for CBOs not excluded from these reviews through a waiver process; and
- **contract-specific reviews and audits.**

In *Active Contract Management: How Governments Can Collaborate More Effectively with Social Service Providers to Achieve Better Results*, the Harvard Performance Lab discusses organizational benefits relating to good contract monitoring:

Many critical functions of government social service agencies involve contracting with private service providers. Increasing the effectiveness of procurements is therefore essential to improving governments' ability to deliver social services. Often government agencies assume that their role is complete once a contract is signed and shift to a narrow focus on processing invoices and enforcing compliance. However, some of the most important work for government staff comes during the course of the contract, when real-time improvements to service delivery can drive better outcomes for the people being served. Agencies should use procurement and contracting to establish the

foundation for an ongoing collaboration with contracted service providers to strategically improve performance.⁴¹

Effective program and contract monitoring is important in any successful contracting system. Efficient active collaboration with CBOs would allow HSH to identify and provide additional support to nonprofit providers who are not meeting their goals. It also would generate incremental information that would improve the overall contracting process. A good contract monitoring system improves outcomes and staff productivity.

This report has already cited the 2020 Budget and Legislative Analyst report, which found that “HSH had no internal policy for evaluating service providers who receive funds, noting ‘widespread inconsistencies’ in program monitoring. The department was only able to produce monitoring reports for nine of 20 contracts requested by the budget analysts.”⁴²

HSH Director McSpadden seems to be in accord with this critique, because she has publicly commented, “We have huge, huge challenges with getting the things done that we need, whether it’s actually executing contracts, whether it’s monitoring, whether it’s just getting things out the door.”⁴³

It appears that an effort to address these problems, which may include proposed legislation, may be getting underway. On February 16, 2023, the Board of Supervisors Government Audit and Oversight Committee (GAO) held a meeting to review the findings of the 2022 City Auditor’s report on nonprofit performance. One supervisor stated that she was working with the Controller’s Office to potentially address many of the findings from the report. At that same meeting, the supervisor and a number of

⁴¹ Harvard Kennedy School Government Performance Lab, “Active Contract Management” (2017).

⁴² Harvey M. Rose, *op. cit.*

⁴³ Trisha Thadani, “S.F. Has Been Slow to Spend Hundreds of Millions for Homelessness. Here’s Why,” *San Francisco Chronicle*, March 28, 2023.

nonprofit providers also noted that improvements in contract monitoring, such as consolidating program and contract monitoring visits across City departments, would increase administrative productivity for CBOs, who currently are burdened with multiple audits, reviews, and requests from multiple City departments.⁴⁴

The Jury also investigated the issue of HSH contract monitoring. HSH participates in the City/County of San Francisco’s annual Joint Fiscal Monitoring process, a partnership between the Controller’s Office and HSH that conducts desk audits and on-site fiscal monitoring of HSH CBOs who receive funding in excess of \$500,000 a year.

Joint fiscal monitoring practices include staffing from both agencies and focus on how CBOs utilize overall agency funding as opposed to individual grant awards.⁴⁵ During the course of our investigation, we learned that in FY22, 85 nonprofit providers representing 318 agreements and \$280 million in contract value were subject to this monitoring.⁴⁶

After fiscal monitoring, HSH performs a risk assessment to identify how each of its CBOs will be monitored at a program level, indicating the method of monitoring that will be used: on-site monitoring, or a desk audit. Participating in the desk audit should require no extra preparation by the CBO that is the subject of the monitoring, but if additional support is determined to be beneficial, on-site monitoring is performed. This additional level of oversight ensures that federally-funded recipients are administering homeless programs in accordance with all applicable local, state and federal laws.⁴⁷

⁴⁴ City of San Francisco Board of Supervisors Government Audit and Oversight Committee, February 16, 2022 (video).

⁴⁵ City of San Francisco Department of Homelessness and Supportive Housing, “How HSH’s Federally-Funded Programs are Monitored” (2020)

⁴⁶ City Services Auditor, “Citywide Nonprofit Monitoring and Capacity Building Program: Fiscal Year 2020–2021 Annual Report” (2022).

⁴⁷ “How HSH’s Federally-Funded Programs are Monitored,” *op. cit.*

In multiple interviews, our investigation found that on-site program monitoring provides benefits to both the monitoring departments (including but not limited to HSH) and to the CBOs, that are not obtained through desk audits alone. Several witnesses indicated a need for increased on-site program monitoring. This is consistent with findings in the BLA and City Auditor reports.

During FY22, of the 49 contractors meeting the requirements for program monitoring, the Jury was only able to confirm that HSH performed 17 on-site program audits. (See *Appendix A*.)

Accordingly, the Jury believes that HSH should add on-site program monitoring for additional CBOs each year to yield significant process improvements in collaboration and results.

Standardizing Contracting Objectives

The Jury recognizes that HSH faces a daunting task achieving the goals of the Home By the Bay strategic plan, given increasing workload, funding challenges, and significant open HSH headcount.⁴⁸ We further acknowledge that HSH has stated an intent to standardize all service and outcome objectives across all programs to make sure they are specific, measurable, actionable, relevant, and time-bound. But HSH has stated its intent to address these deficiencies a number of times before, over a number of years.

HSH staff must be given the tools to efficiently evaluate contract and contractor performance against overall goals. Improving contracting practices will improve both HSH staff and CBO productivity, and maximize the effective use and value of taxpayer funds.

⁴⁸ Trisha Thadani, “S.F. Has Been Slow,” *op. cit.*

Creating More Transparency Regarding HSH Progress

During our investigation of HSH contracting, we sought to determine how it might be possible to track improved outcomes if the recommendations in this report, and others currently under consideration elsewhere, are implemented. We observed that the San Francisco City Performance Scorecard for Homelessness Benchmarking,⁴⁹ in the form currently published, would make such tracking difficult. The current Homelessness Benchmarking Scorecard provides information on “homeless subgroups” in the City. However, it does not currently show information on all of the subpopulations of homeless individuals who are identified in the Home By the Bay plan. To create visibility and transparency for the City’s programs, it would be beneficial for HSH to track and report outcomes for the chronically homeless and all other subpopulations identified in the Home By the Bay report, against peer groups, over time, as is done for other categories.

Improvements in HSH contracting, to include the addition of outcome measures along with tracking homelessness subpopulation data, will allow HSH to determine if contract process improvements, such as the ones recommended in this report, are working, and whether its plans for improved equity are being met. Improved data tracking and reporting by HSH will create greater visibility and transparency, so the public can more readily understand its plans and assess its progress toward eliminating homelessness for all subpopulations.

⁴⁹ City Performance Scorecards, *op. cit.*

Findings and Recommendations

Finding 1

Inconsistent use of specific results-based outcome measures in contracts and grants impairs the Department of Homelessness and Supportive Housing's ability to measure and evaluate the success of its programs and the performance of the CBOs who provide homelessness services.

Recommendation 1.1

By the end of Fiscal Year 2024, HSH, working with the Controller's Office and the Homelessness Oversight Commission, should develop a set of contract performance outcomes that will be consistently applied across all contracts for the provision of homelessness services and that will link directly to HSH's Home By the Bay strategic goals.

Recommendation 1.2

By the end of Fiscal Year 2024, HSH should include, in all contracts for the provision of homelessness services, measures to facilitate tracking the outcome of the services provided across all homelessness subpopulations identified in the Home By the Bay plan, including the chronically homeless.

Finding 2

Insufficient on-site program monitoring limits HSH's ability to evaluate and support CBOs and improve contract performance.

Recommendation 2

By the end of FY24, HSH, working with the Controller's office, should develop standards for program and contract monitoring designed to increase on-site program monitoring; improve evaluation of, collaboration with, and support for CBOs; and minimize burdens on CBOs by consolidating overall contract and program monitoring visits from multiple agencies to the extent possible.

Finding 3

The existing City Performance Scorecard for Homelessness Benchmarking does not adequately track progress in reducing homelessness within specific subpopulations over time, including the chronically homeless, which limits HSH's ability to credibly assess and publicly report its progress toward achieving its strategic goals for these subpopulations.

Recommendation 3

By the end of FY24, HSH, working with the City Controller and the City Administrator, should augment the City Performance Scorecard for Homelessness Benchmarking to provide regular reports on progress made in reducing homelessness for all subpopulations of homeless identified in the Home By the Bay strategic plan, including the chronically homeless.

Required and Invited Responses

Required Responses

Pursuant to California Penal Code §933, the Jury requests from this City institution responses to the following Findings and Recommendations within 60 calendar days:

| Respondent | Findings | Recommendations |
|---------------------|------------|--------------------|
| Office of the Mayor | F1, F2, F3 | R1.1, R1.2, R2, R3 |

Invited Responses

The Jury invites responses to the following Findings and Recommendations from this City institution within 60 calendar days:

| Respondent | Findings | Recommendations |
|---|------------|--------------------|
| San Francisco Controller’s Office | F1, F2, F3 | R1.1, R1.2, R2, R3 |
| San Francisco Department of Homelessness and Supportive Housing (HSH) | F1, F2, F3 | R1.1, R1.2, R2, R3 |
| San Francisco Homelessness Oversight Commission | F1 | R1.1, R1.2 |
| San Francisco Office of Contracts Administration | F1, F2 | R1.1, R1.2, R2 |
| San Francisco City Administrator | F3 | R3 |

Methodology

Facts that are the basis of this report were obtained from the following sources:

- Public resources: news reports from various media; formal reports from multiple City departments; and public online resources of City departments and other groups.
- Interviews of City officials, front-line City department workers, and members of the public. All interviews were conducted in confidence. Each interviewee was administered an admonition of confidentiality, and promised that no fact or quotation would be directly attributed to that person. The Juror oath requires that each Juror not reveal any details of an investigation not contained in the published report of that investigation. Twenty-four formal interviews were conducted.

Before publication, this report was reviewed by the City Attorney and the Superior Court.

Appendix: HSH FY22 Program Monitoring Report

Monitoring types

SV: Site Visit (Expanded Monitoring)

SA: Self Assessment (Core Monitoring)

Waiver: Waiver issued

| Contractor | FY21–22 Monitoring Type | FY21–22 Monitoring Status | FY22–23 Monitoring Type |
|---|-------------------------|-------------------------------|-------------------------|
| 3rd Street Youth Center & Clinic | SA | Completed - no findings | Waiver |
| ABODE SERVICES | SV | Status not listed | SV |
| Asian Women's Shelter | SA | Completed - no findings | SV |
| Bayview Hunters Point Foundation | SV | Elevated | SV |
| Bayview Hunters Point Multipurpose Senior Services | Waiver | Waiver | SA |
| BRIDGE HOUSING CORP | NA | Completed - no findings | SA |
| BRILLIANT CORNERS | Waiver | Waiver | SV |
| CATHOLIC CHARITIES | SA | Completed - no findings | SA |
| Central City Hospitality House | SA | Completed - no findings | SA |
| Chinatown Community Development center | SA | Completed - no findings | Waiver |
| Community Forward SF | Waiver | Waiver | SA |
| COMMUNITY INITIATIVES | SA | Completed - no findings | SA |
| Compass Family Services | Waiver | Waiver | SA |
| Conard House | SV | Elevated | SV |
| DOLORES STREET COMMUNITY CENTER | SV | Completed - no findings | Waiver |
| Episcopal Community Services of San Francisco, Inc. | Waiver | Waiver | SV |
| Eviction Defense Collaborative. Inc. | Waiver | Waiver | SA |
| Felton Institute | SA | Completed - no findings | Waiver |
| FIRST PLACE FOR YOUTH | SA | Completed - no findings | SA |
| Five Keys Charter School and Programs | SA | Completed - no findings | SV |
| GLIDE COMMUNITY HOUSING | SV | Completed - findings resolved | SV |
| Glide Foundation | SV | Completed - no findings | SA |
| Hamilton Families | SV | Completed - no findings | Waiver |

| Contractor | FY21–22 Monitoring Type | FY21–22 Monitoring Status | FY22–23 Monitoring Type |
|--|--------------------------------|----------------------------------|--------------------------------|
| Heluna Health | Waiver | Waiver | Core |
| Homeless Prenatal Program | SV | Completed - no findings | SA |
| HomeRise | SA | Elevated | SV |
| Huckleberry Youth Programs | SV | Completed - no findings | SA |
| Justice and Diversity Center-SF Bar Association | SV | Completed - no findings | SA |
| Larkin Street Youth Services | SV | Completed - no findings | SA |
| Lavender Youth Recreation and Information Center | SA | Elevated | SV |
| LUTHERAN SOCIAL SERVICES OF NORTHERN CALIFORNIA | Waiver | Waiver | Waiver |
| MEALS ON WHEELS | Waiver | Waiver | SA |
| MISSION HOUSING DEVELOPMENT CORP (MHDC) | SV | Completed - findings resolved | SV |
| Mission Neighborhood Centers | SA | Completed - no findings | SV |
| Mission Neighborhood Health Center | SA | Completed - no findings | SA |
| PROVIDENCE FOUNDATION OF SAN FRANCISCO | SA | Elevated | SA |
| REALITY HOUSE WESTINC | Waiver | Waiver | SV |
| Salvation Army | SV | Completed - findings resolved | Expanded |
| SAN FRANCISCO FOOD BANK | Waiver | Waiver | SA |
| San Francisco Housing Development Corporation | SA | Status not listed in Salesforce | Waiver |
| San Francisco LGBT Community Center | Waiver | Waiver | SA |
| SEQUOIA LIVING | SV | Completed - findings resolved | SA |
| St. James Infirmary | SV | Elevated | SA |
| St. Vincent de Paul Society | Waiver | Waiver | SV |
| Swords to Plowshares: Veterans Rights Organization | SV | Completed - no findings | SA |
| Tenderloin Housing Clinic. Inc | | | SA |
| Tides Center | SV | Completed - no findings | Waiver |
| Urban Alchemy | SV | Completed - findings resolved | SV |
| WeHOPE | SA | Completed - findings resolved | SA |

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DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Ordinance: Extending Streamlined Contracting for Homeless Services

Budget & Finance Committee | December 6, 2023



Background

- In April 2019, the Board of Supervisors unanimously adopted **Ordinance 61-19**, authorizing HSH and DPW use streamlined contracting for contracts and grants related to **Projects Addressing Homelessness**.
 - Ordinance 61-19 is currently set to sunset in Spring 2024.
- Streamlined contracting has supported the City to more **rapidly open and continue critical homeless services**, and expand our non-profit provider pool to include smaller non-profits that are often BIPOC led and/or serve vulnerable sub-populations.
- To continue to build on the momentum made since 2019, the proposed Ordinance has been introduced to **extend the sunset date** to support continued system expansion needed to achieve the **goals of the 5-year strategic plan**, and better meet the needs of people living unsheltered in our community.

Ordinance Overview

- The Ordinance **reaffirms** the Board of Supervisors' prior declaration of a shelter crisis and **extends the sunset date of existing streamlined contracting** authorities under Ordinance 61-19.
 - **Extend for 5 years**, from May 4, 2024, through May 5, 2029; or
 - Until the most recent Point in Time Count reflects **no more than 2,199 people experiencing unsheltered homelessness**, a 50% decrease from the 2022 PIT Count.
- The Ordinance maintains original amendments related to streamlined contracting under **Admin Code Chapter 21.B** and **Admin Code Section 6.76**.
- The Ordinance maintains the **annual reporting requirements** on utilization of streamlined contracting.
- The Ordinance does not impact contract thresholds for review and approval by the **Homelessness Oversight Commission** or the **Board of Supervisors**.

HSH Annual Reporting Under 61-19

- HSH submits an [annual report](#) to the Board of Supervisors reflecting all agreements awarded under streamlined contracting authority.
- Between January 2019 – December 31, 2022, HSH utilized Ordinance No. 61-19 to enter into **159 agreements** across **52 non-profit partners**.
 - For new projects, HSH estimates streamlined contracting has supported **reducing contracting timelines by ~3 months**.
- Since January 2019, HSH has used EO 61-19 to **expedite opening new services** and **continue operations** of critical ongoing services, including:
 - **10,199** slots of Supportive Housing
 - **2,858** slots of Shelter
 - Prevention and problem solving services for **~614 households**.
 - Outreach and Engagement for **~4,200 people**, including dedicated outreach for young adults.
 - Coordinated Entry services for **~9,886** households, and **expansion of culturally competent** Coordinated Entry services, with a focus on serving communities of color, veterans, survivors of violence, latine, LGBTQ+ and TGNC communities.

Project Highlight: Permanent Supportive Housing (PSH)

• EO 61-19 supported HSH to expedite contracting timelines to support opening **~550 new units of PSH** for Adults, Young Adults and Families through the City's recent PSH acquisitions including:

- The Margot
- Mission Inn
- Casa Esperanza
- City Gardens
- 835 Turk Street

• HSH utilized EO 61-19 to extend existing agreements serving **~120 units of PSH** serving formerly homeless adults to continue critical services, including:

- Minna Lee
- Auburn



City Gardens – 200 Units of Supportive Housing for Families

Project Highlight: Bayview Navigation Center

• DPW A&E and Construction:

- Expedited selection of contractors to support quicker **Architectural and Engineering Services** and **Construction**.

• HSH Operations and Services:

- Supported expedited opening and operations of this critical resource serving **over 200 adults** experiencing homelessness in the Bayview.
- HSH utilized EO 61-19 to select **Bayview Hunters Point Foundation** (pre-qualified through RFQ #130) to provide operations and culturally competent support services.
 - Supported the **1st amendment** of this agreement that was approved by the Board of Supervisors in May 2022 to continue critical operations and services.



Bayview Navigation Center



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Questions?

Thank you.

From: cynthia.servetnick@gmail.com
To: [Chan, Connie \(BOS\)](#); [Mandelman, Rafael \(BOS\)](#); [Melgar, Myrna \(BOS\)](#)
Cc: [Mayor London Breed](#); [Ronen, Hillary \(BOS\)](#); [Peskin, Aaron \(BOS\)](#); [Angulo, Sunny \(BOS\)](#); [Board of Supervisors \(BOS\)](#); [Jalipa, Brent \(BOS\)](#); [Executive Committee](#)
Subject: BOS Budget & Finance Committee, Item 6 – Extending Sunset Date of Contracting Waivers for Homeless Services
Date: Tuesday, February 13, 2024 11:32:48 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Honorable Committee Members Chan, Mandelman and Melgar:

I am concerned about Item 6 on the Board of Supervisors Budget & Finance Committee Agenda for February 14, 2023, "Extending the Sunset Date of Contracting Waivers for Homeless Services." I do not think the City should waive competitive bidding requirements for homeless services providers unless they are in good standing, have passed required performance audits, and are compliant with San Francisco Municipal Code, Administrative Code, Chapter 12L.

In accordance with the 2022–2023 San Francisco Civil Grand Jury's investigation of San Francisco's Department of Homelessness and Supportive Housing (HSH) contracting practices with community-based organizations (CBOs), the following recommendations have not been met:

- HSH, working with the Controller's Office and the Homelessness Oversight Commission, needs to develop a set of contract performance outcomes that will be consistently applied across all contracts for the provision of homelessness services and that will link directly to HSH's Home By the Bay strategic goals.
- HSH needs to include, in all contracts for the provision of homelessness services, measures to facilitate tracking the outcome of the services provided across all homelessness subpopulations identified in the Home By the Bay plan, including the chronically homeless.
- HSH, working with the Controller's office, needs to develop standards for program and contract monitoring designed to increase on-site program monitoring; improve evaluation of, collaboration with, and support for CBOs; and minimize burdens on CBOs by consolidating overall contract and program monitoring visits from multiple agencies to the extent possible.
- HSH, working with the City Controller and the City Administrator, needs to augment the City Performance Scorecard for Homelessness Benchmarking to provide regular reports on progress made in reducing homelessness for all subpopulations of homeless identified in the Home By the Bay strategic plan, including the chronically homeless.

As a neighbor, I am particularly concerned about Urban Alchemy's poor track record in handling outreach for the 711 Post Project. See:

<https://sfstandard.com/2023/06/02/urban-alchemy-worker-fired-gun-san-francisco-street-promotion>

<https://www.sfchronicle.com/sf/article/urban-alchemy-worker-used-illegal-gun-sf-18131320.php>

<https://www.sfchronicle.com/sf/article/urban-alchemy-worker-charged-attempted->

[murder-17792018.php](#)

<https://www.ktvu.com/news/urban-alchemy-worker-accused-of-brandishing-a-knife>

<https://www.citywatchla.com/neighborhood-politics/26621-is-urban-alchemy-up-to-the-job-critics-say-no>

Further, I do not think the City should fund any homeless facilities that allow residents to have weapons. Employees should only be permitted to have weapons if they are properly trained and licensed.

Sincerely,

Cynthia Servetnick


BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

Date: November 7, 2023
To: Planning Department / Commission
From: Victor Young, Clerk of the Rules Committee
Subject: Board of Supervisors Legislation Referral - File No. 231129
Administrative Code - Extending Sunset Date of Contracting Waivers for Homeless Services

-
- California Environmental Quality Act (CEQA) Determination *(California Public Resources Code, Sections 21000 et seq.)* Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.
 Ordinance / Resolution 11/28/2023 
 Ballot Measure
- Amendment to the Planning Code, including the following Findings:
(Planning Code, Section 302(b): 90 days for Planning Commission review)
 General Plan Planning Code, Section 101.1 Planning Code, Section 302
- Amendment to the Administrative Code, involving Land Use/Planning
(Board Rule 3.23: 30 days for possible Planning Department review)
- General Plan Referral for Non-Planning Code Amendments
(Charter, Section 4.105, and Administrative Code, Section 2A.53)
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
- Historic Preservation Commission
 Landmark *(Planning Code, Section 1004.3)*
 Cultural Districts *(Charter, Section 4.135 & Board Rule 3.23)*
 Mills Act Contract *(Government Code, Section 50280)*
 Designation for Significant/Contributory Buildings *(Planning Code, Article 11)*

Please send the Planning Department/Commission recommendation/determination to Victor Young at Victor.Young@sfgov.org.

BOARD of SUPERVISORS



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MEMORANDUM

TO: Sailaja Kurella, Director and Purchaser, Office of Contract Administration
Carla Short, Interim Director, Public Works
Shireen McSpadden, Executive Director, Department of Homelessness
and Supportive Housing

FROM: Victor Young, Assistant Clerk

A handwritten signature in cursive script that reads "Victor Young".

DATE: November 7, 2023

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation:

File No. 231129

Ordinance amending the Administrative Code to extend by five years, from May 5, 2024, through May 5, 2029, the sunset date of the provisions authorizing the Department of Homelessness and Supportive Housing ("HSH") to enter into and amend contracts without requiring competitive bidding for services relating to sites and programs for people experiencing homelessness ("Projects Addressing Homelessness"), and the Department of Public Works to enter into and amend contracts without adhering to the Environment Code or to provisions relating to competitive bidding, equal benefits, local business enterprise utilization, and other requirements, for construction work and services relating to Projects Addressing Homelessness; and affirming the Planning Department's determination under the California Environmental Quality Act.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

cc. Taraneh Moayed, Office of Contract Administration
Rachel Cukierman, Office of Contract Administration
David Steinberg, Public Works
Ian Schneider, Public Works
John Thomas, Public Works
Lena Liu, Public Works
Dylan Schneider, Department of Homelessness and Supportive Housing
Emily Cohen, Department of Homelessness and Supportive Housing
Bridget Badasow, Department of Homelessness and Supportive Housing

President, District 3
BOARD of SUPERVISORS



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Tel. No. 554-7450
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TDD/TTY No. 544-6546

Aaron Peskin

PRESIDENTIAL ACTION

Date: 11/29/23

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

Transferring (Board Rule No 3.3)

File No. 231129

Mayor

(Primary Sponsor)

Title.

Administrative Code - Extending Sunset Date of Contracting Waivers
for Homeless Services

From: Rules

Committee

To: Budget & Finance

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____ Replacing Supervisor: _____

For: _____

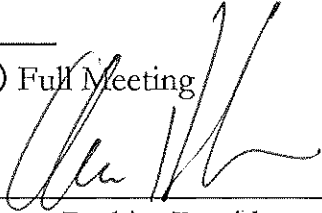
(Date)

(Committee)

Meeting

Start Time: _____ End Time: _____

Temporary Assignment: Partial Full Meeting



Aaron Peskin, President
Board of Supervisors

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Herrera, Ana \(BOS\)](#); [Cohen, Emily \(HOM\)](#); [Schneider, Dylan \(HOM\)](#)
Subject: Mayor -- Ordinance -- Contracting Waivers for Homeless Services
Date: Tuesday, October 31, 2023 4:00:40 PM
Attachments: [Ordinance - Streamlined Contracting for Homeless Services.docx](#)
[Digest - Streamlined Contracting for Homeless Services.DOCX](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is an Ordinance amending the Administrative Code to extend by five years, from May 5, 2024 to May 5, 2029, the sunset date of the provisions authorizing the Department of Homelessness and Supportive Housing (“HSH”) to enter into and amend contracts without requiring competitive bidding for services relating to sites and programs for people experiencing homelessness (“Projects Addressing Homelessness”), and the Department of Public Works to enter into and amend contracts without adhering to the Environment Code or to provisions relating to competitive bidding, equal benefits, local business enterprise utilization, and other requirements, for construction work and services relating to Projects Addressing Homelessness; and affirming the Planning Department’s determination under the California Environmental Quality Act.

Best,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147