Office of the City Auditor

City and County of Honolulu
State of Hawai`i

Report to the Mayor
and the
City Council of Honolulu

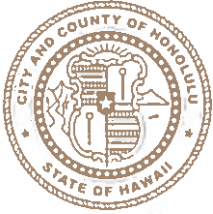# Audit of Housing First, Community Assistance Program, and Hale Mauliola Homeless Programs

Audit of Housing First, Community Assistance Program, and Hale Mauliola Homeless Programs

A Report to the Mayor
and the City Council of Honolulu

Submitted by

THE CITY AUDITOR
CITY AND COUNTY OF HONOLULU
STATE OF HAWAI`I

OFFICE OF THE CITY AUDITOR
CITY AND COUNTY OF HONOLULU

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EDWIN S.W. YOUNG
CITY AUDITOR

September 26, 2017

The Honorable Ron Menor, Chair
 and Members
Honolulu City Council
530 S. King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Menor and Councilmembers:

A copy of our final report, *Audit of Housing First, Community Assistance Program, and Hale Mauliola Homeless Programs* is attached. This audit was initiated by the Office of the City Auditor pursuant to Section 3-502.1(c) of the Revised Charter of Honolulu and the Office of the City Auditor's Annual Work Plan for FY 2016-17. The Office of the City Auditor determined this audit was warranted based on concerns expressed by the Honolulu City Council and the general public. In addition, this issue was deemed a high priority for the city's administration.

The audit objectives were to assess:

1. The effectiveness and efficiency of the city's homeless related programs;

2. The Department of Community Services' administration of homeless related contracts; and

3. The sustainability of the city's homeless related initiatives.

For purposes of this audit, our review focused on homeless related contracts that were supported exclusively with general funds, which include Housing First, Hale Mauliola, and Community Assistance Program.

Background

In January 2017, there were 7,220 homeless persons statewide. On Oahu, there were 4,959 homeless individuals, or 69% of the state's homeless population. The Oahu count represents an 8% increase from 4,556 homeless individuals recorded in 2013. Over the last five years, the number of unsheltered homeless increased 37% from 1,465 in 2013 to 2,324 in 2017. In 2017, Oahu's *chronically homeless* population was 1,159 (1,037 individuals and 122 persons in chronically homeless families). Chronically homeless are defined as those with mental health and/or substance abuse issues that have been homeless for at least a year. Servicing chronically homeless is a priority for the City and County of Honolulu, which has directed resources to this homeless sub-population.

The City and County of Honolulu administers three homeless-related contracts that are supported exclusively with general funds. The Institute of Human Services operates all three contracts on behalf of the city. Collectively, these three programs, which each ran for two years, received nearly $7.6 million in general funds. The three contracts, which are the focus of this audit, are:

- Housing First (Increment I)
- Community Assistance Program
- Hale Mauliola

Audit Results

The City and County of Honolulu has taken laudable steps to address the homelessness crisis on Oahu over the last few years. The city committed over $7.5 million in general fund dollars to support Housing First (Increment 1), Community Assistance Program, and Hale Mauliola homeless programs. Advocates note that programs such as these, despite their costs, are far less expensive than the cost to provide homeless with emergency medical care and other government services. However, there was a lack of data to support this contention and was difficult to quantify and prove actual cost savings to the public.[1] Going forward, the cost to support Housing First, Community Assistance Program, and Hale Mauliola beyond the first two years is substantial. Sustaining these programs with general funds is questionable.

The Department of Community Services, which is responsible for administering homeless-related program contracts, lacks sufficient resources and contract administration infrastructure to effectively manage homeless contracts. The lack of formal policies and procedures, which were echoed in prior audits and reports, placed $140,152 in security deposits at risk for fraud, waste, and abuse. Insufficient internal controls led to questionable reimbursement requests. Late invoice submittal from contractors and insufficient DCS staff invoice reviews caused delays in contractor reimbursement. The department's Homeless Initiatives Group does not fully complete job requirements and has seen its responsibility grow to manage over $14 million in homeless-related programs. The group does not have adequate resources, training, or an effective *back office* to provide administrative support. As a result, homeless programs and funding may be at risk.

The city and state lack a strategic plan for homelessness that establishes specific timelines, performance benchmarks, allocation of resources and other quantitative objects that can measure success. Opportunities to leverage or pool resources, or build on the other's efforts are lost. As a result, the city and state offer similar homeless programs. As an example, the state and city support Housing First programs, but the city's program costs 48% more. A comprehensive plan, with measurable objectives and better coordination, could maximize resources and reach more homeless individuals.

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[1] During the audit, in May 2017, the University of Hawai'i completed a study that quantified emergency room costs related to homeless individuals, which the department can use to evaluate cost-effectiveness of its homeless programs.

We express our appreciation for the cooperation and assistance provided us by the managers and staff of the Department of Community Services, Budget and Fiscal Services, and the many others who assisted us during this audit. We are available to meet with you and your staff to discuss the review results and to provide more information. If you have any questions regarding the audit report, please call the auditor-in-charge, Troy Shimasaki, or me at 768-3134.

Sincerely,

Edwin S.W. Young
City Auditor

c: Kirk Caldwell, Mayor
        Roy Amemiya, Jr., Managing Director
        Susan Fernandez, Director, Department of Community Services
        Nelson Koyanagi, Jr., Director, Department of Budget and Fiscal Services
        Troy Shimasaki, Senior Auditor

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Chapter 1
Introduction

This audit was initiated by the Office of the City Auditor pursuant to Section 3-502.1(c) of the Revised Charter of Honolulu and the Office of the City Auditor's Annual Work Plan for FY 2016-17. The office of the city auditor determined this audit was warranted based on concerns expressed by the Honolulu City Council and the general public. In addition, this issue was deemed a high priority for the city's administration.

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For purposes of this audit, our review focused on homeless related contracts that were supported exclusively with general funds, which include Housing First, Hale Mauliola, and Community Assistance Program.

Background

In January 2017, there were 7,220 homeless persons statewide. On Oahu, there were 4,959 homeless individuals, or 69% of the state's homeless population. The Oahu count represents a 9% increase from 4,556 homeless individuals recorded in 2013. Exhibit 1.1 reveals Oahu's homeless trend over the last five years.

Exhibit 1.1
Oahu Homeless Data, 2013-2017

	Sheltered	Unsheltered	Total
2013	3,091	1,465	4,556
2014	3,079	1,633	4,712
2015	2,964	1,939	4,903
2016	2,767	2,173	4,940
2017	2,635	2,324	4,959
% change over 5 years	-17%	37%	9%

Source: Department of Community Services and Office of the City Auditor

Over the last five years, the number of unsheltered homeless increased 59% from 1,465 in 2013 to 2,324 in 2017. Exhibit 1.2 depicts Oahu's sheltered and unsheltered homeless population trends (see definitions on page 5).

Exhibit 1.2
Oahu Sheltered v. Unsheltered Homeless Data, 2013-2017
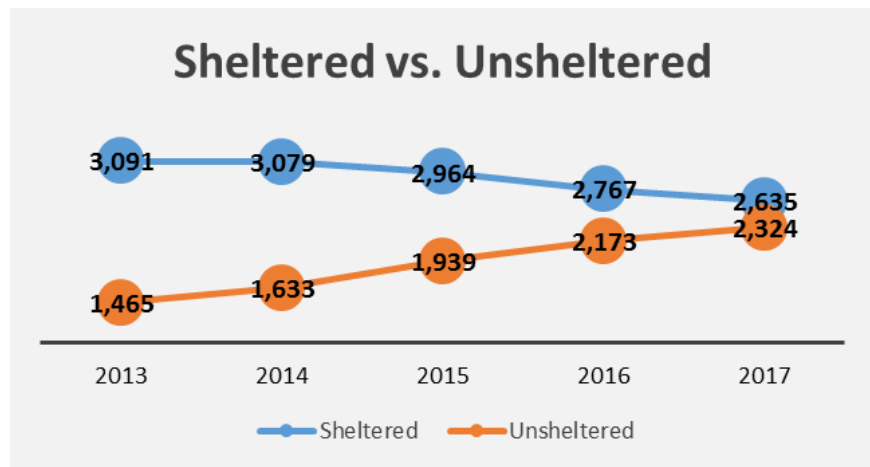
Source: Department of Community Services and Office of the City Auditor

In 2017, Oahu's *chronically homeless* population was 1,159 (1,037 individuals and 122 persons in chronically homeless families). Chronically homeless are defined as those with a diagnosed disability such as mental health and/or substance abuse issues that have been homeless for at least a year. Servicing chronically homeless is a priority for the City and County of Honolulu, which has directed resources to this homeless sub-population.

Three city agencies are involved with homeless contracts

Three city agencies have jurisdiction over homeless program planning, implementation, and contract monitoring. They include the Department of Community Services, Office of Housing, and Department of Budget and Fiscal Services.

Department of Community Services

The Department of Community Services' Community Based Development Division works in partnership with non-profit agencies, private for-profit enterprises, and other government agencies to address affordable and special needs housing, and shelter and supportive services for people in need. The division also secures funds to support local homeless assistance program

via the Continuum of Care programs, providing rental assistance and supportive services to homeless persons. It also administers the Emergency Solutions Grant programs which provide funds to support the operations of emergency shelters as well as rapid re-housing and homeless prevention activities, including Housing First, Hale Mauliola, and Community Assistance Program. The division's Homeless Initiatives group currently has three staff to administer the three homeless contracts under review in this audit.

Office of Housing

The Office of Housing establishes and administers programs for affordable housing, senior housing, special needs housing, and the homeless. The office coordinates services with state and federal agencies, as well as private and non-profit organizations. The office, together with the Department of Community Services, launched the Mayor's Homeless Action Plan in May 2013, which is based on the principles of Housing First.

Department of Budget and Fiscal Services

The Department of Budget and Fiscal Services' *Accounting and Fiscal Services Branch* is responsible for the accounting of city funds and reviewing the manner in which public funds are received and expended. Specifically, the branch:

- Provides general fiscal direction to individuals responsible for the conduct of city programs, projects, and activities;

- Balances and closes accounts in a timely manner at termination dates and initiates action to clear encumbrances and deficits; maintains financial records for preparation of final reports for grants and contracts; and

- Provides financial information and fiscal analysis in support of budgets for capital construction (CIP) projects, grants, contracts, etc.

This branch provided fiscal review and made payments to the contractor for the Housing First, Hale Mauliola, and Community Assistance Program contracts.

City Supports Three Homeless Programs with General Funds

The City and County of Honolulu administers three homeless-related contracts that are supported exclusively with general funds. The Institute of Human Services operates all three

contracts on behalf of the city. Collectively, these three programs, which each ran for two years, received nearly $7.6 million in general funds (Exhibit 1.3):

- Housing First (Increment 1)

- Hale Mauliola

- Community Assistance Program

Exhibit 1.3
Homeless Programs (Budgets)

Year 1	•Housing First - **$2,080,000** •Hale Mauliola - **$850,000** •Community Assistance Program - **$500,000**
Year 2	•Housing First - **$2,353,000** •Hale Mauliola - **$980,000** •Community Assistance Program - **$800,000**
Total	•Housing First - **$4,433,000** •Hale Mauliola - **$1,830,000** •Community Assistance Program - **$1,300,000**
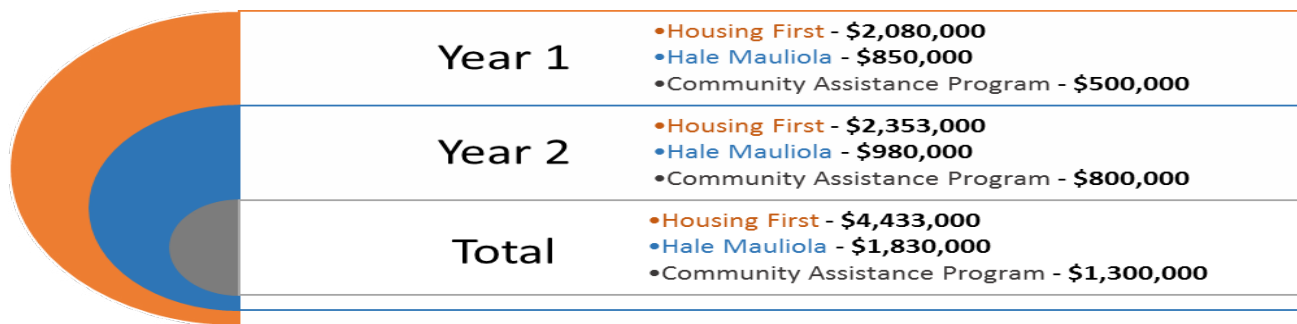
Source: Department of Community Services and Office of the City Auditor

Other homeless-related programs

In addition to Housing First, Hale Mauliola, and Community Assistance Program, the city supports other homeless-related initiatives that utilize funding other than city general funds:

- Waianae Modular Housing – modular units constructed on a one-acre site in Waianae to assist up to 20 families experiencing homelessness or at risk of becoming homeless;

- Winston Hale Micro Units – renovated former commercial space along Hotel Street and developed six micro units for very low-income individuals;

- Pauahi Hale – hygiene center for homeless in the Chinatown area; and

- Housing First - separate Housing First program that began in 2016 and operated under contract with U.S. Vets to provide housing for 100 chronically homeless households.

Definitions

Chronic Homelessness – an individual has a diagnosed disability (e.g. severe mental illness, substance use disorder, or other ongoing medical condition) and has been homeless for at least one continuous year or has experienced at least four episodes of homelessness in the past three years.

Continuum of Care (CoC) – is a regional or local planning body that coordinates housing services funding from HUD for homeless families and persons. In Hawaii there are two CoCs (*Partners in Care* for the island of Oahu, and *Bridging the Gap* for the rest of the state). Each CoC includes membership from government agencies, homeless service providers, funders, and other stakeholders.

Coordinated Entry System – is a process to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance. A coordinated entry system helps communities to prioritize housing and homeless assistance based on a homeless person's vulnerability and the severity of their needs.

Permanent Supportive Housing – is a service delivery model that combines low-barrier affordable housing, health care, and supportive services to enable homeless persons to attain and maintain permanent housing. Permanent supportive housing typically target chronically homeless persons or homeless persons who experience multiple barriers to housing and are unable to maintain housing stability without supportive services.

Rapid Re-housing – places a priority on moving a family or individual experiencing homelessness into permanent housing as quickly as possible. The duration of financial assistance provided in a rapid re-housing program can include either short-term (up to 3 months) or medium term (6-24 month) support.

Sheltered Homeless – persons residing in an emergency shelter or in transitional/supportive housing for homeless persons who originally came from the streets or emergency shelter.

Unsheltered Homeless – person resides in a place not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).

Transitional Housing – is designed to provide homeless persons and families with temporary stability and support and is generally for a period of up to 24 months of housing with accompanying support services.

Vulnerability Index Service Prioritization Decision Assistance Tool (VI-SPDAT) – is a common tool used to assess the level of need for homeless persons seeking housing assistance. The tool triages homeless persons into three levels of need (permanent supportive housing, rapid re-housing, and diversion).

Scope and Methodology

For this audit, we focused our review on Housing First[1], Hale Mauliola, and Community Assistance Program contracts because they are supported exclusively with city general funds. Additionally, these contracts were selected because of the relatively high dollar amounts, recent implementation, and the absence of formal oversight and monitoring that normally accompany federal or state grants. These attributes place these contracts and attendant programs at higher risk, which warranted further scrutiny. Generally, we reviewed contract and program operations between FY 2015 and FY 2017.

To address the audit's objectives, the audit team performed a variety of tasks. To assess internal controls, we reviewed the Department of Community Services' policies, procedures, rules, regulations, management directives, and management reports; interviewed department staff and administrators; and reviewed homeless-related contract files including invoices, monthly contractor reports, and other pertinent documents. We also reviewed contract files and interviewed pertinent fiscal division staff at the Department of Budget and Fiscal Services. We also interviewed administrators and staff from other jurisdictions including the city's Office on Housing, the State of Hawaii Homeless Coordinator, and the U.S. Department of Housing and Urban Development. In addition, we reviewed and assessed best practices in contracting, homeless program operations, and grant management. We reviewed pertinent financial audits, departmental reports, and data related to homelessness on Oahu and around the country.

In order to obtain information about homeless-related program operations, we interviewed an administrator from the Institute of Human Services. We also conducted site visits at the men's shelter, women's shelter, and Hale Mauliola to observe and assess operations. We also reviewed documents and reports related to homeless program operations.

The audit was performed in accordance with generally accepted government auditing standards from July 2016 to June 2017. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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[1] Our review focused on the two-year contract with the Institute of Human Services and not the contract with U.S. Vets, which utilizes both city general funds and federal funds.

Audit Results

The City and County of Honolulu has taken laudable steps to address the homelessness crisis on Oahu over the last few years. The city committed over $7.5 million in general fund dollars to support Housing First (Increment 1), Community Assistance Program, and Hale Mauliola homeless programs. Housing First assisted 224 homeless clients over two years, exceeding its program goal of 200. Community Assistance Program, likewise, transitioned 93 homeless into housing shelter, exceeding its first year goal of 50 homeless individuals. Hale Mauliola, however, transitioned only 96 homeless into housing, falling short of its Year 1 goal of 250 homeless individuals[2].

Advocates note that these programs, despite their costs, are far less expensive than the cost to provide homeless individuals with emergency medical care and other government services. However, there is a lack of data to support this contention and it is difficult to quantify and prove actual cost savings to the public. Going forward, the cost to support Housing First, Community Assistance Program, and Hale Mauliola is substantial. Sustaining these programs with general funds is questionable.

The Department of Community Services, which is responsible for administering homeless-related program contracts, lacks sufficient resources and contract administration infrastructure to effectively manage homeless contracts. The lack of formal policies and procedures, which were echoed in prior audits and reports, placed $140,152 in security deposits at risk for fraud, waste, and abuse. Insufficient internal controls led to questionable reimbursement requests. Late invoice submittal from contractors and insufficient DCS staff invoice reviews caused delays in contractor reimbursement. The department's Homeless Initiatives Group does not consistently complete job requirements and has seen its responsibility grow to manage over $14 million in homeless-related programs. The group does not have adequate resources, training, or an effective *back office* to provide administrative support. As a result, homeless programs and funding may be at risk.

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[2] During the audit, in May 2017, the University of Hawai`i completed a study that quantified emergency room costs related to homeless individuals, which the department can use to evaluate cost-effectiveness of its homeless programs.

The city and state lack a comprehensive homeless plan to guide their respective efforts. Opportunities to leverage or pool resources, or build on the other's efforts are lost. As a result, the city and state offer similar homeless programs. As an example, the state and city support Housing First programs, but the city's program costs 48% more. Lack of credible cost data for emergency medical services and other government services provided to homeless individuals make it difficult to assess the cost effectiveness of homeless programs. A comprehensive plan and better coordination could maximize resources and reach more homeless individuals.

Chapter 2
The Homeless Programs Have Been Mostly Successful, but Challenges Still Remain

Highlights

- The Housing First program assisted 224 homeless over two years, exceeding its goal of 100 in year 1 and sustaining 100 clients in year 2.

- Community Assistance Program (CAP) assisted 93 homeless in year 1, exceeding its goal of 50.

- Hale Mauliola transitioned 96 homeless into shelter in Year 1, falling short of its goal to assist 250.

Two of the three programs attained its goals.

- Housing First (Increment 1) transitioned 224 homeless into shelter or housing between 2014-2016 at a cost of over $4.4 million and generally met contract goals and program best practices established by the U.S. Interagency Council on Homelessness. Despite its success, program challenges exist and costs are high.

- The Community Assistance Program (CAP) assisted 93 homeless clients in its first year of operation, nearly doubling its goal of 50 clients, at a cost of $500,000.

- Hale Mauliola did not meet its contract goal of assisting 250 homeless clients in Year 1 of its operation, but successfully transitioned 96 clients into housing with its annual budget of $850,000. The program continued into Year 2 with lowered performance goals and an increased budget of 15%.

Lack of emergency medical care and other cost data incurred by government agencies make homeless-related program cost savings difficult to prove. Due to the high cost and limited number of homeless assisted, the city's homeless programs may not be sustainable. Based on their performance goals, we estimate it would take Housing First and CAP 3 to 8 years to completely assist Oahu's chronically homeless population at a cost of between $11 million and $26 million. Hale Mauliola would have to operate for 9 to 24 years to serve Oahu's unsheltered homeless population at a cost of between $8 million and $20.5 million.

Background

The three homeless programs used different approaches and philosophies to address the needs of the homeless. The program goals and objectives also varied. More specifically:

Housing First (Increment 1)
The Housing First program addresses the needs of the homeless based on the concept that a homeless individual or household's first and primary need is to obtain stable housing. The approach assumes that issues or conditions that may affect the household

can and should be addressed once housing is obtained. In general, the principles of Honolulu's Housing First program are:

- People are moved into housing directly from streets and shelters without preconditions of treatment acceptance or compliance;

- The provider is obligated to bring robust support services to the housing. These services are predicated on assertive engagement, not coercion;

- Continued tenancy is not dependent on participation in services;

- Units are targeted to the most disabled and vulnerable homeless members of the community;

- A harm reduction approach to addictions is employed rather than mandating abstinence. At the same time, the provider must be prepared to support resident commitments to recovery;

- Residents must have leases and tenant protections under the law; and

- The approach can be implemented as either a project-based or scattered model.

Housing First goals and objectives were to provide rental assistance to a minimum of one hundred (100) homeless individuals and families in Year 1 (November 1, 2014 to October 31, 2015) of the operation, and to provide continued support services and rental assistance to 100 homeless individuals and families in Year 2 (November 1, 2015 to October 31, 2016) of the project. The targeted geographical areas include urban Honolulu (Waikiki, Downtown Honolulu, Chinatown and Iwilei) and Leeward O`ahu.

Hale Mauliola Navigation Center
Hale Mauliola was set up as a homeless center for individuals and is used to begin the transition from homelessness to appropriate shelter or housing in the community. The facility was intended to be a point of entry into Honolulu's system of homeless services as part of the Continuum of Care, and was to serve as a centralized location where homeless individuals can go for basic services.

The center, located at Sand Island, consists of 25 refurbished shipping containers, which are divided into 39 individual units

and 24 two-person units, and has a total capacity of 87 people at any given time. The center includes stand-alone showers and bathrooms, 24-hour security, and staffing. On-site staff provide case management, supportive services and housing services.

Exhibit 2.1
Hale Mauliola Homeless Shelter in Sand Island

Source: Office of the City Auditor

Hale Mauliola's initial goals and objectives were to transition a minimum of 250 unsheltered homeless persons residing on O`ahu to stable shelter, housing, or supportive housing in Year 1 of the project (August 15, 2015 to August 14, 2016) and to transition an additional 250 unsheltered individuals in Year 2 (August 15, 2016 to August 14, 2017).

Community Assistance Program
The Community Assistance Program (CAP) serves as a transition for chronically homeless households, both singles and families, from the streets to appropriate shelter or housing in the community. Areas of concentration include the area bounded by Middle Street, Nimitz Highway, North and South King Street, and Punchbowl Street. Program funds are used for:

- Rental of housing for use as temporary shelter or housing for chronically homeless persons and families;

- Case management services;

- Outreach and intake expenses;

- Costs related to the purchase of bus passes for clients or the cost of providing transportation to clients for services or secure housing; and

- Expenses related to housing placement including housing search, security and utility deposits, and short term rental assistance, not to exceed 6 months.

Program goals and objectives were to transition a minimum of 50 chronically homeless households from the streets to appropriate shelter, supportive housing, or a treatment facility in Year 1 (September 9, 2015 to September 8, 2016) and to assist an additional 50 chronically homeless households in Year 2 (September 9, 2016 to September 8, 2017).

Housing First met its contract goals and 17 of 19 best practices.

The city's Housing First program successfully transitioned 224 homeless individuals to housing over the last two years and met its contract requirements. The program also complied with 17 of 19 best practices related to Housing First programs. Despite its success, the program could be improved by lowering case manager workloads and expediting homeless clients into housing. Challenges for this program are the low inventory of affordable housing units and the availability of future funding.

Housing First assisted 224 clients over two years, exceeding program goals

Housing First uses a program approach that addresses the needs of the homeless based on the concept that a homeless individual or household's first and primary need is to obtain stable housing. Issues or conditions that may affect the household can and should be addressed once housing is obtained. In August 2014, the Department of Community Services sought a contractor to design and implement a program to conduct intake and assessments of unsheltered homeless persons, and to connect homeless persons with services and housing.

The Institute of Human Services was selected to operate Housing First in two annual increments starting in November 2014 and ending October 2016. Over its two-year operating period, the Housing First program assisted 224 clients at a cost of over $4.4 million and met its contract goals. Exhibit 2.2 shows the program benchmarks in Year 1 and Year 2.

Exhibit 2.2
Housing First Compliance with Contract Goals

Contract Requirement	Program achievement	Did program comply?
<u>Year 1</u>: Provide rental assistance to a minimum of one hundred (100) homeless individuals and families in the first year of operation.	174 clients received funding for housing. Exceeded program minimum by 74%.	YES
<u>Year 1</u>: A minimum of 10 of the individuals must be clients referred by the Hawaii Pathways Project	Total of 10 clients were referred and received services from Pathways.	YES
<u>Year 1</u>: Targeting homeless persons and families with a VI-SPDAT[3] score of 10 or higher	All households had at least one person with a VI-SPDAT of 10 or higher; the average was 12.5 (average household VI-SPDAT score was 11.75 over 2 years)	YES
<u>Year 1</u>: To provide for an evidenced-based evaluation program to demonstrate the effectiveness of the Housing First approach to successfully transition the chronically homeless persons with disabilities to housing in the community	Housing First Program Year 1 Evaluation, conducted by the Department of Psychology, College of Social Sciences, UH Manoa, was issued on December 31, 2015.	YES
<u>Year 2</u>: Provide continued support services and rental assistance to the 100 homeless individuals and families in Year 2 of the project	A total of 50 new clients were housed. Over two years, 224[4] clients (comprising 135 households) received services.	YES
<u>Year 2</u>: To provide for an evidenced-based evaluation program to demonstrate the effectiveness of the Housing First approach to successfully transition the chronically homeless persons with disabilities to housing in the community	Housing First Program Year 2 Evaluation, conducted by the Department of Psychology, College of Social Sciences, UH Manoa, was issued on January 26, 2017.	YES

Source: Department of Community Services and Office of the City Auditor

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[3] Vulnerability Index Service Prioritization Decision Assistance Tool (VI-SPDAT) – is a common tool used to assess the level of need for homeless persons seeking housing assistance. The tool triages homeless persons into three levels of need (permanent supportive housing, rapid re-housing, and diversion).
[4] 174 clients (Year 1) + 50 clients (Year 2) = 224

In addition to meeting the contract requirements, according to program evaluators, other achievements included:

- High program retention rate in 2015 (94%) and 2016 (87%);

- Clients experienced a 55% decrease in the number of arrests after one year in housing and a 61% decrease in arrests after two years; and

- Clients reported utilizing emergency room services 64% less and being admitted to a hospital 74% less frequently than before housing.

Adequate staffing, availability of suitable housing and funding pose challenges

Although Housing First met its contract goals and other achievements, evaluators cited on-going challenges for the program. One of the Housing First program's principles is to house clients without restrictions on use of illicit drugs and alcohol; and treatment will be provided after housing is secured. Another program goal was to work with clients to find desirable housing, both in type and location. There were barriers to securing suitable housing for Housing First clients because some landlords did not allow drug and alcohol use, which led to conflicts between tenants and landlords. Other barriers included the homeless program stigma, pet restrictions, handicap accessibility, disabled clients, and securing units appropriate for larger families. These barriers made it difficult to accommodate client requests.

The barriers resulted in lengthy placement times for the homeless clients. More specifically, fast placement into housing (placing clients into housing in one week or less) was not achieved. Time from intake to placement ranged from 0 to 219 days. The median time from intake to placement was 35 days. Evaluators cited challenges such as difficulty in finding dislocated clients, clients' loss of identification documents, and competition from other programs, as well as the homeless stigma and landlord opposition to the program that contributed to the lengthy placement times.

Case manager anxiety and burnout were common problems. For program staff, case managers should have 10 or fewer clients on their caseloads. Housing First case managers had an average of 19 households (31 individuals) on their caseloads. The lack of case managers and failure to transfer housed clients to external

case managers caused the high caseloads and contributed to case manager burnout.

In addition, the limited inventory of affordable housing and the cost to rent affordable units limited the number of homeless clients the program could assist. As of 2016, Oahu had a housing shortfall of 24,000 units. Over 18,000 (75%) of the total projected demand for housing was for those who earned less than 80% of the area median income. Over the last five years, the average number of building permits issued was 2,080 per year, with most of the homes constructed for higher income households.

Finally, the availability of city general funds for the Housing First program is not guaranteed. The program must compete with other city priorities for funding and future support.

Honolulu's Housing First program complied with 17 of 19 best practices

The U.S. Interagency Council on Homelessness established 19 best practices for agencies establishing Housing First Programs. We found that the city's Housing First program complied with 17 of the 19 best practices. Best practice compliance included:

- Access to programs is not contingent on sobriety, minimum income requirements, lack of a criminal record, completion of treatment, participation in services, or other unnecessary conditions;

- Supportive services emphasize engagement and problem-solving over therapeutic goals; and

- Tenants in supportive housing are given reasonable flexibility in paying their share of rent on time and offered special payment arrangements for rent arrears and/or assistance with financial management, including representative payee arrangements.

Of the two best practices not complied with, one best practice related to alternative access to housing and services for unqualified program participants. We deemed this practice as *not applicable* and outside the scope of this audit. The other best practice the city's program did not fully comply with was that outreach and other crisis response teams are coordinated, trained, and have the ability to engage and quickly connect people experiencing homelessness to apply for and obtain permanent housing. We found that program staff was sufficiently trained, but connecting clients to housing in a timely manner was not achieved.

First year costs were low, but future costs will be high

In Year 1 of Housing First, the program budgeted and spent over $2 million to service chronically homeless individuals. The program anticipated spending approximately $20,800 for each individual for support services and housing placement. The program actually spent $11,954, or 43% less than projected. The lower per-capita cost was due to the program's ability to serve 174 clients instead of 100 as it anticipated. As a result, Year 1 of the program proved to be effective in exceeding its program goals.

According to the program evaluations, Housing First successfully transitioned 224 clients over the two-year program period (174 clients in Year 1 and 50 new clients in Year 2). Unlike Year 1 of the contract that identified a discreet number of homeless individuals entering the program, Year 2 was more fluid. The contract requirement for Year 2 was to continue providing support and housing services for 100 homeless individuals, not 100 new clients. The contract task is to maintain service to 100 clients, including the carryovers from Year 1.

If the Year 2 per-capita cost were re-calculated using the standard of providing continued service to 100 clients, the per-capita cost was $23,530. In either case, the per-capita cost for Year 2 was significantly higher than Year 1 and the per-capita cost for the program going forward will continue to be high because of the carryover clients. Exhibit 2.3 shows the per-capita cost breakdown for Years 1 and 2.

Exhibit 2.3
Housing First Per-Capita Costs for Year 1 and Year 2

	Budgeted	Actual	Estimated No. Served	Actual No. Served	Estimated Per Capita Cost	Actual Per Capita Cost
Year 1	$2,080,000	$2,080,000	100	174	$20,800	$11,954
Year 2	$2,535,000	$2,535,000	100	100*	$23,530	$23,530

*There were 50 new clients assisted in Year 2; however, the program standard is to provide continued assistance for up to 100 homeless individuals

Source: Department of Community Services and Office of the City Auditor

The Housing First program met or exceeded its program goals for Years 1 and 2 and assisted more chronically homeless individuals than projected. Although the first year costs were low, future costs will be higher. The ability to transition a comparable number of chronically homeless in the future is impeded by many challenges.   The amount of time it takes to transition clients into housing is affected by the limited inventory of affordable housing and the high case manager workload.

Community Assistance Program met contract goals and objectives

The Community Assistance Program (CAP) assisted 93 clients in its first year of operation and exceeded the 50 clients required by contract. The program also met all of its contractual and program requirements. Limited affordable housing inventory and future funding continue to pose challenges for the program.

In May 2015, DCS sought a contractor to operate the program and awarded the contract to the Institute of Human Services. The program operated in two annual increments comprising Year 1 (September 15, 2015 – September 14, 2016) and Year 2 (September 15, 2016 – September 14, 2017). The contract allotted $1.3 million over two years.

In Year 1 of the program, there were two primary contract objectives: 1) transition a minimum of 50 chronically homeless households, both singles and families, from the streets to appropriate shelter, supportive housing, or a treatment facility; and 2) reduce the impact of chronic homelessness on O`ahu with an emphasis on neighborhoods that included Chinatown Municipal Park, Ala Moana Beach Park, and the Kaka'ako Makai encampment. The specific areas of concentration were bounded by Middle Street, Nimitz Highway, North and South King Street, and Punchbowl Street. Parties outside the target areas could also receive assistance on a secondary basis.

We found that the CAP program assisted 93 unduplicated clients, 43 more than its minimum requirement of 50 clients. We also found that CAP clients came from the designated neighborhoods.

Per the CAP program contract requirement, the 93 persons were transitioned by funding rental housing for use as temporary shelter or housing for chronically homeless persons and families; providing case management services; and paying outreach and intake expenses. The program paid costs related to the purchase of bus passes for clients, the cost of providing transportation services, and the cost of securing housing. The program paid expenses related to housing placement such as housing search,

security and utility deposits, and short term rental assistance not exceeding 6 months.

We reviewed the contract files and found the program expenditures generally complied with the contract guidelines. Exhibit 2.4 identifies the allowable expenditures.

Exhibit 2.4
CAP Contract – Allowable Expenses

Contract Guideline	Evidence that the program accounted for this requirement	Did program comply with contract requirements?
Rental of housing for use as temporary shelter or housing for chronically homeless persons and families	Housing Assistance, including short-term rental assistance, provided	YES ✓
Case management services	Case management provided	YES ✓
Outreach and intake expenses	Case management and intake provided	YES ✓
Costs related to the purchase of bus passes for clients or the cost providing transportation to clients for services or secure housing	Transportation expense allotted, though no expenditures in Year 1	YES ✓
Expenses related to housing placement including housing search, security and utility deposits, and short term rental assistance, not to exceed 6 months	Housing Assistance, including short-term rental assistance, security and utility deposits, housing search, and guest assistance provided	YES ✓

Source: Department of Community Services and Office of the City Auditor

Per-capita cost of $5,376 was 47% lower than projected

In Year 1 of the CAP, the program anticipated spending $500,000 to assist 50 chronically homeless individuals, or $10,000 per client. However, CAP was able to serve 93 clients with the same budget, which lowered the per-capita cost to $5,376 per client. As a result, the program was able to service 86% more homeless than expected at a lower per-capita rate. Exhibit 2.5 displays the per-capita cost for the Year 1 operations.

CAP exceeded it program goals by serving 93 clients, or 86% more than anticipated. The program also complied with contract requirements. Like other homeless-related programs, CAP is challenged by low affordable housing inventory and unclear funding going forward since it relies on general funds.

Exhibit 2.5
Community Assistance Program Per-Capita Costs for Year 1

	Budgeted	Actual	Estimated No. Served	Actual No. Served	Estimated Per Capita Cost	Actual Per Capita Cost
Year 1	$500,000	$500,000	50	93	$10,000	$5,376

Source: Department of Community Services and Office of the City Auditor

Hale Mauliola, the city's emergency shelter facility at Sand Island, features refurbished shipping containers that were converted into temporary living quarters. Clients received case management and support services, and program staff fulfilled the Hale Mauliola primary goal to help transition homeless individuals into stable shelter, housing, or supportive housing in the community.

Year 1 results were less than projected

Hale Mauliola transitioned only 96 homeless to shelter, or 39% of its goal of 250

In year 1 of the program, Hale Mauliola successfully transitioned only 96 homeless individuals into stable shelter, housing, or supportive housing. This was short of its contract requirement to assist 250 clients. According to the contract records, between August 15, 2015 and August 31, 2016, a total of 224 persons entered or moved into the project. Of that number, 96 individuals were successfully transitioned to stable housing, 58 had an unsuccessful transition, and 70 remained in the program. Exhibit 2.6 shows the disposition of the 154 clients that transitioned out of the program.

Exhibit 2.6
Hale Mauliola Clients from August 15, 2015 to August 31, 2016

Successful Transitions

1.	Other unsubsidized rental housing	17
2.	Family/friends	5
3.	Shelter Plus Care	3
4.	VASH	3
5.	Public Housing	1
6.	Other subsidized housing	4
7.	Transitional housing	12
8.	Emergency shelter	10
9.	Returned to previous place of residence (out of state)	7
10.	Inpatient drug/alcohol treatment	2
11.	Other supportive housing program	1
12.	Other: live on boat in harbor	2
13.	Other: Housing First	26
14.	Other: Moved into workplace	1
15.	Moved to the Mainland	1
16.	Hotel	1

Total Successful Transitions
96

Unsuccessful Transitions

1.	Place not meant for human habitation	17
2.	Unknown/disappeared	40
3.	Deceased	1

Total Unsuccessful Transitions
58

Source: Department of Community Services

As the table indicates, of the 154 clients exiting Hale Mauliola in Year 1, 96 (62%) exited to successful destinations and 58 (38%) had unsuccessful destinations.   The unsuccessful transition category of *unknown/disappeared* represented 26% of total clients transitioning out of the program and is the most common reason for exiting Hale Mauliola.

According to a DCS administrator, the shortfall was the result of unanticipated service needs for the homeless clients and the length of time it actually took to transition them to stable housing. As a result, the program assisted fewer clients than intended, spent more money per capita to provide services, and had a diminished impact on getting homeless individuals off the street.

According to a DCS administrator, after Year 1, the department found that it was taking longer than 60 days to stabilize clients and deliver services. More specifically:

- One example for the delay is that some clients do not have any form of identification when they enter the program. Without identification, clients could not seek housing or apply for jobs. The process to obtain government identification, alone, often took more than 60 days.

- The administrator further explained that the department felt that it would probably have to change program goals and that Year 1 was meant to be a baseline to go forward. The department did its best to plan and establish achievable goals, but stated it could not determine what the program could realistically accomplish until it actually ran the program.

The city assisted less than two-thirds of the 250 of chronically homeless on Oahu it had sought to assist. The actual cost was $757,383 in Year 1 of the program. The relatively high number of unsuccessful transitions (58) meant that the program expended resources to provide initial services, but was not able to transition those clients to proper shelter or housing. These unsuccessfully transitioned clients may have denied Hale Mauliola services to other qualified homeless individuals.

Exhibit 2.7
Double Room at Hale Mauliola
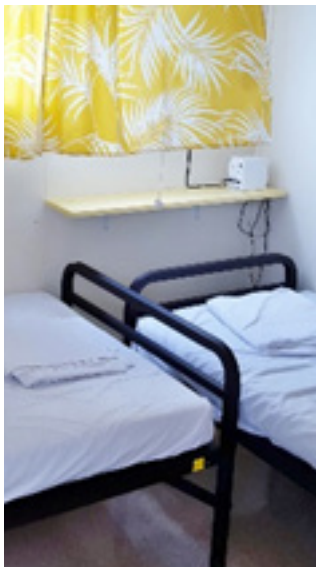
Source: Department of Community Services

Contract limited program stays to 60 days; 36% of clients exceeded 60 days

According to the program contract, clients may stay at Hale Mauliola no longer than 60 days. A total of 36% of clients stayed at Hale Mauliola in excess of 60 days, despite the 60-day limitation. Of the 154 clients that exited the Hale Mauliola program in Year 1, only 99 clients departed in 60 days or less; and 55 clients (36%) departed after 60 days.   A total of 7 clients remained at Hale Mauliola for more than six months. Exhibit 2.8 gives a breakdown of the length of time clients spent at Hale Mauliola prior to departure.

Exhibit 2.8
Length of Time in Hale Mauliola Prior to Departure

Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	More than 6 months
59	40	17	31	7

154
Total Persons
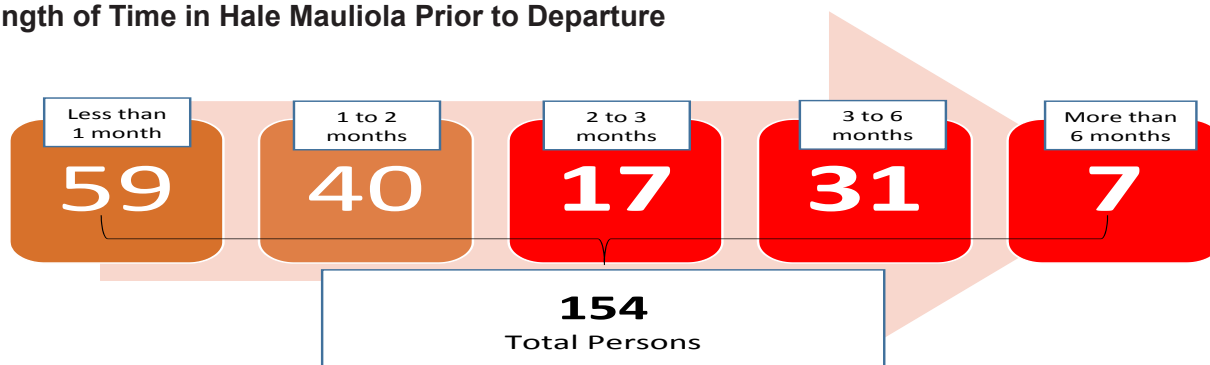
Source: Department of Community Services

According to a DCS administrator, after Year 1, the department found that it was taking longer than 60 days to stabilize clients and deliver services. As a result of the slower than expected turnover in clients, the Hale Mauliola program assisted fewer homeless on Oahu than intended. Clients staying in the program longer than six months were particularly problematic because three homeless persons could have been helped by the program during the 60 day time period one person stayed.

Despite shortcomings, contract was extended and requirements lowered

Despite the shortfalls, Hale Mauliola was approved for Year 2, with an increased budget and lowered deliverables. DCS extended the Hale Mauliola program into Year 2 with the following contract amendments:

- Reduced the number of homeless clients to transition into shelter or housing from 250 to 150 (60% decrease);

- Doubled the maximum number of days a client can remain at Hale Mauliola from 60 days to 120 days; and

- Increased the second year budget by 15% from $850,000 to $980,000.

According to a DCS administrator, Hale Mauliola was always intended to be a two-year project. Additionally, the department administrator stated Year 1 was meant to be a baseline to go forward and it would probably have to change program goals. Accordingly, DCS adjusted the Year 2 program goals to better align with the Year 1 results.

Formal review not required before extending contract

We found no formal review or evaluation of the Year 1 results before the contract was extended for Year 2. The contract language did not make Year 2 automatic, but two contract clauses allowed DCS to further assess the value and cost-effectiveness of the program. These clauses were (1) *The grant term shall be for a twelve (12) month period and shall begin on August 15, 2015 and end on August 14, 2016; and (2) subject to the grantee's satisfactory performance under this contract through the initial grant term, the grant term shall be extended and Year 2 extension shall be as mutually agreed to by the city and the grantee.*

Year 1 successful transitions per-capita cost was $7,889, which exceeded projected costs

In Year 1 of Hale Mauliola's operations, the program anticipated per-capita cost was $3,400. The actual per-capita cost for the 96 clients successfully transitioned was $7,889. That is, the program spent $757,383 (89% of its $850,000 annual budget) to assist 96 clients. Exhibit 2.9 shows Hale Mauliola's Year 1 per-capita expenditures.

Exhibit 2.9
Hale Mauliola Year 1 Per-capita Expenditures

	Budgeted	Actual	Estimated No. Served	Actual No. Served	Estimated Per Capita Cost	Actual Per Capita Cost
Year 1	$850,000	$757,383	250	96	$3,400	$7,889

Source: Department of Community Services and Office of the City Auditor

Year 2 per capita costs are projected to be $6,533

Year 2 per-capita costs for Hale Mauliola is estimated to be $6,533. While lower than the actual per-capita cost of Year 1, the annual budget increased 15% from $850,000 in Year 1 to $980,000 in Year 2. Additionally, the number of homeless clients to serve decreased 40% from Year 1 (250) to Year 2 (150). The Year 2 budget intends to spend more money and help fewer clients than it originally planned.

Program sustainability is questionable

While DCS administrators explained that Year 1 was a baseline year to calibrate future year operating goals, the high cost and low rate of achievement makes this program's future sustainability questionable. In addition to the program's inability to serve 250 chronically homeless, it plans to spend more money to achieve less.

Hale Mauliola was unveiled to the public as an effective and efficient way to assist Honolulu's homeless by getting 250 homeless off the streets and into its programs. Accordingly, the city council approved the program's budget based on those deliverables. Despite its innovation and small successes, the administration and city council may want to re-evaluate Hale Mauliola's operations and its contribution to the city's overall homeless solution agenda.

Lack of emergency medical care and other cost data make cost savings difficult to prove

One of the reasons cited to support the homeless programs was the significant cost savings medical service providers and government agencies could realize if the homeless did not use emergency medical services and other social services for their needs.

Reports anecdotally state that:

- In New York, NY, each unit of permanent supportive housing saved $16,282 per year in public cost for shelter, health care, mental health, and criminal justice. The savings alone offset nearly all of the $17,277 cost of the supportive housing;

- In Denver, CO, Housing First reduced the public cost of services (health, mental health, substance abuse, shelter, and incarceration) by $15,773 per person per year, more than offsetting the $13,400 annual cost of supportive housing; and

- In Portland, OR, the community engagement program reduced the cost of health care and incarcerations from $42,075 to $17,199, and resulted in $15,006 per person annual cost savings for the first year.

For Honolulu, a recent analysis of the Hawaii Pathways Project by the University of Hawaii Center on the Family (based on data from 15 clients) estimated that healthcare cost for clients served through the state's Housing First program dropped from an average $10,570 per client per month, to $5,980 per client per month. The monthly cost savings was estimated at $4,950.

Queen's hospital reports that it cared for homeless patients 10,126 times in 2015, resulting in gross charges of $89.3 million. Medicare and Medicaid picked up some of the cost, but Queen's calculates it absorbs about $5 million in unpaid homeless expenses each year. The city's Emergency Medical Services reports the homeless have overwhelmed its ambulance services. One EMS worker estimated that paramedics sometimes transport 12 homeless people to the hospital in a 12-hour shift, often for minor ailments and other non-emergencies that do not warrant use of ambulance services.

During fieldwork, we found it difficult to confirm reported cost savings of the city's homeless programs due to the lack of credible medical and emergency services data for the city's homeless population. A DCS administrator advised that the department was working with the University of Hawai`i to gather and analyze such data. In response to a draft of our audit report, DCS advised that the University of Hawaii's Department of Psychology and College of Social Science released a cost-benefits analysis for the city's Housing First program data in May 2017. The report included cost data related to hospital and emergency room use, arrests, and incarceration by unsheltered homeless in Honolulu. We commend the department for working with the university to establish this very important homelessness-related data. We urge the department to utilize this data to evaluate its homeless programs and quantify cost savings as appropriate.

Cost to support Housing First, Community Assistance Program, and Hale Mauliola beyond the first two years is substantial

We estimate the Housing First program and the CAP program will require between $11 million and $26 million to address Oahu's chronically homeless population. Hale Mauliola, alone, could cost the city up to $20.5 million to successfully transition Oahu's total unsheltered homeless population into shelter or housing.

All three programs are fully supported by the city's general funds and would require long-term commitments of between 3 and 24 years to fully address the targeted homeless populations. Because these programs must compete annually with other city priorities, continued support is not assured and progress made to reduce Oahu's homeless population is not certain. For example:

- Both Housing First and CAP focus on O`ahu's chronically homeless population and are projected to assist a combined 150 chronically homeless persons annually, or 13% of the 1,159 chronically homeless on Oahu in 2017. Using 2017 figures[5], it would take both programs 7.7 years to service the entire population at a cost of $26.4 million.

- Hale Mauliola's target population is O`ahu's unsheltered homeless. Hale Mauliola would take between 9 and 24 years to serve Oahu's unsheltered homeless and cost between $8 million and $20.5 million.

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[5] Data assumes no additions to the chronically homeless population or reductions due to services provided by the state or other agency.

Recommendations

The Department of Community Services should:

1. Upon contract completion, formally evaluate Housing, Community Assistance Program, and Hale Mauliola (in particular) against program goals, objectives, performance metrics, and other pertinent criteria to determine future support, sustainability and viability;

2. Utilize the cost-benefits analysis data for hospital and emergency room use, as well as arrests and incarcerations, issued by the University of Hawai`i to evaluate the effectiveness of the city's homeless programs and quantify cost savings as appropriate; and

3. Establish formal policies and procedures for managing, administering, and monitoring homeless related program contracts.

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Chapter 3
Department of Community Services Lacks Sufficient Resources and Contract Administration Infrastructure to Effectively Manage Homeless Contracts

Highlights

- Lack of internal controls placed $140,152 in security and utility deposits at risk for fraud, waste and abuse.

- DCS lacks an effective *back office* to properly administer contracts.

The Department of Community Services needs to improve internal controls and establish formal policies and procedures for managing its homeless contracts. Prior audits and reports also recommended better internal controls. Absent improved controls, Year 1 funds totaling $140,152 in security and utility deposit funds were at risk for loss, fraud, waste, or abuse. Late submission of invoices and DCS staff not properly reviewing invoices caused delays in contractor reimbursement. Untimely payments to contractors could impede service. Department of Budget and Fiscal Services staff are conducting invoice reviews that DCS should be doing. Questionable reimbursement requests raise concerns. The Homeless Initiatives Group do not consistently complete job requirements and has only three personal services contract staff to manage multiple contracts valued at over $14 million. The department also lacks an effective *back office* to effectively administer multiple contracts. The city and state need a comprehensive homeless plan to guide efforts, leverage resources, and reduce duplication.

Formal Policies and Procedures for Managing Homeless Related Contracts are Needed

The DCS Community Based Development Division does not have formal policies and procedures for administering or monitoring its homeless related contracts. According to the U.S. Comptroller General, organizations that award and receive grants need good internal control systems to ensure that funds are properly used and achieve intended results. These systems, which must be in place prior to grant award, can serve as the basis for ensuring grants are awarded to eligible entities for intended purposes, and are managed appropriately. Internal control systems that are not adequately designed or followed make it difficult for managers to determine whether funds are properly used. As a result, the department is missing key internal controls[6] needed to reduce errors; to ensure compliance with the provisions of laws,

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[6] *Internal Control* includes the checks and balances, plans, policies, methods, and procedures adopted by management to meet its missions, goals, and objectives. It includes the systems for measuring, reporting, and monitoring program performance.

regulations, contracts and the grant agreements; and to prevent, detect, and correct fraud, waste, and abuse. For example:

- We identified numerous instances where DCS contract files were missing monthly reports, had insufficient documentation for invoice discrepancies, and were missing dates and amounts paid to the contractor and other payees. All of these items are important for administering and monitoring the contracts and ensuring compliance with the contract terms and conditions. The staff did not collect and maintain the information because no formal directives existed that directed department staff to collect and maintain such documents. As a result, important information was missing or incompatible with the contracts reviewed and DCS staff could not effectively monitor their contracts; and

- In another example, payments were untimely. We sought to determine how timely DCS was in making payments to its contractor for homeless related contracts. We found there were no formal benchmarks or written policies and procedures to ensure homeless services contractors were paid on time. A department administrator stated that it uses a guideline of 30 days to pay uncontested invoices and 60 days for contested invoices. Because the directive is not formalized, homeless services contractors reported the department was untimely in making their payments and accountability for the untimely payments could not be assigned. The contractor reported the department's untimely payments impacted their operations and their ability to provide timely services to the homeless and their staff.

Lack of controls placed $140,152 in security deposits at risk for fraud, waste, and abuse

Both Housing First and Hale Mauliola allocate program funds to pay for housing rental security and utility deposits on behalf of their clients. If the client exits the program or vacates the property (assuming the property is left in acceptable condition), the security deposit may be returned. We found that there were no formal policies or procedures or controls for tracking and accounting for returned security deposits. As a result, the return of security deposit funds were at risk for fraud, waste, abuse, misappropriation, or lost.

In Year 1 of the Housing First program, the contractor expended $140,152 in city funds for security and utility deposits. We sought to calculate how much, if any, of these deposit funds were returned to the contractor, and the disposition of the funds. We

were unable to identify the disposition of the funds because DCS
had no policies or procedures for the return of security deposits,
nor did it monitor the disposition of those funds. Exhibit 3.1
shows the breakdown of security and utility deposits for Year 1.
According to DCS staff, the department relies on the contractor
to maintain, account for, and accurately monitor the disposition
of security deposit funds. Staff from the contractor explained
that security deposits are retained in a payable account and
used to pay for rental expenses for the same service (if the grant
continues) or similar service (if the grant ends). The contractor
staff stated that a *good portion* of the security deposits are kept
by the landlord to pay for repairs or damages, and the balance,
if any, is returned to the contractor. We found several instances
where BFS fiscal staff, in its review of invoices related to homeless
contract payments requested the status of security deposits. DCS
and BFS staff were unable to provide a full accounting of the
funds used for security and utility deposits.

Exhibit 3.1
Security and Utility Deposits Year 1 – Housing First and
Community Assistance Program

	Budgeted	Amount Expended
Housing First – Security Deposit (Singles)	$107,864	$99,058
Housing First – Utility Deposit (Singles)	$29,100	$6,871
Housing First – Security Deposit (Families)	$28,683	$31,994
Housing First – Utility Deposit (Families)	$12,600	$2,228
Community Assistance Program – Utility Deposit	$4,000	$0
Total	$182,202	$140,152

Source: Office of the City Auditor

Absent formal policies and procedures for reporting or monitoring
the use of security deposits, the department was unable to ensure
the contractor accurately and properly returned and accounted for
funds used for security and utility deposits. In our opinion, the
returned security deposit funds were at high risk for fraud, waste,
and abuse.

**Prior audits and reports recommended improved internal
controls**

External financial auditors and federal auditors have reported that
DCS needs to improve internal controls over federal funds, and

contract administration and management practices. Unfortunately, the department has been slow to implement corrective actions that could improve the management of grants and programs such as the homelessness projects. Exhibit 3.2 highlights past findings regarding DCS grant management functions.

Exhibit 3.2
Prior Audit and Report Findings on DCS' Grant Management

U.S. Department of Housing and Urban Development Follow-Up on A-133 Single Audit Finding FY 2014 (June 1, 2016)
- **Inadequate** on-site subrecipient **monitoring** performed
- **Untimely report submission**

Financial Audit of the City and County of Honolulu, FY 2016
- **Non-compliance and material weakness** for subrecipient **monitoring**; city should follow its procedures to monitor subrecipients
- Non-compliance and material weakness for reporting; city should **create uniform policies and procedures** related to federal awards and **provide training to city employees** regarding overall federal and program-specific requirements

U.S. Department of Housing and Urban Development Annual Community Assessment (ACA) Report, Program Year 2015
Community Development Block Grant:
- City deemed a *high risk grantee* due to recent history of unsatisfactory performance; **lack of effective management systems in place to ensure program compliance;** failure to timely resolve open findings, and concerns about the city's on-going capacity to manage its CBDG funds
- Recommended that the city **develop citywide written policies and procedures** that govern Community Planning and Development programs and ensure compliance with requirements

Financial Audit of the City and County of Honolulu, FY 2015
- **Non-compliance and material weakness** for subrecipient **monitoring**; city should follow procedures to monitor subrecipients
- Non-compliance and material weakness for inadequate reporting; city should **establish controls to gather required reporting information**

U.S. Department of Housing and Urban Development Community Development Block Grant On-Site Monitoring Program (June 3, 2013)
Regarding the Opportunities and Resources, Inc. (ORI) program:
- City took no action to **enforce its written requirements** and allowed the program to operate facilities in non-compliance with CDBG requirements
- **Insufficient documentation** or records to demonstrate program compliance with objectives
- **Inadequate project oversight** that impaired accountability and raised the likelihood of duplicate/overlapping payments

Audit of the Leeward Coast Community Benefits Program, Report No. 11-02 (December 2010)
Office of the City Auditor report found that DCS had:
- **Inadequate policies, procedures, guidelines, and training**
- **Inadequate reporting** by grantees
- Reduced grantee accountability and transparency and **increased the risk for fraud, waste, and abuse**

Source: Office of the City Auditor

Late invoice submittal and inadequate DCS staff led to delayed contractor reimbursements

Though not formalized, DCS attempts to pay uncontested invoices within 30 days and contested invoices within 60 days. Also, the contractor is required to submit monthly invoices by the 15[7] of following month. We reviewed invoices and calculated the number of days it took the city to issue a check. Exhibit 3.3 details the average number of days it took for the payments to be made.

Exhibit 3.3
Average Number of Days for Contractor to Receive Payment

			Average Number of Days*		
Program	Review Time Period	Total Invoices Verified	Uncontested	Contested	All Invoices
Housing First	December 2014 to June 2016	22	51	66	57
Community Assistance Program	September 2015 to July 2016	11	29	25	27
Hale Mauliola	September 2015 to July 2016	11	39	30	34

*Calculated from the date DCS received payment request from contractor to the date BFS issued the check

Source: Department of Community Services

Uncontested invoice reimbursements averaged 51 days and contested invoices averaged 66 days

We found that reimbursements for uncontested Housing First invoices in our review averaged 51 days (guideline is 30 days) and the average number of days for contested invoices was 66 days (guideline is 60 days). For contested invoices, the number of days between payment request and check issuance ranged from 16 to 124 days. In our sample, only 4 of 13 uncontested invoices were paid within 30 days; and 3 of 7 contested invoices were paid within 60 days.

For the Hale Mauliola invoices, we found that uncontested invoices did not consistently meet the 30-day standard and averaged 39 days. Uncontested invoices were paid between 15 and 74 days. In contrast, contested cases averaged 30 days between payment request and payment date, and was well within the 60-day guideline. Overall, Hale Mauliola invoices averaged 34 days.

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[7] According to all three contracts, the contractor is required to submit monthly invoices by the 15th of following month. In other words, August invoices are due to DCS by September 15.

Average days for CAP invoice payments met payment standards.
Only one contested invoice was paid after 62 days and exceeded
the guideline of 60 days.

Three-quarters of contractor invoices were submitted late

We reviewed 35 Housing First invoice submittals and found that
27 of 35, or 77%, were submitted after the 15th of the following
month. For example, the November 2015 invoice was not received
by DCS until February 4, 2016, nearly two months late. Hale
Mauliola submitted 10 of 11 invoices after the 15th of the following
month and CAP also submitted 10 of 11 invoices after the 15th of
the following month. The late submittals contributed to the delay
in reimbursement.

**Insufficient DCS invoice review and inadequate invoice
documentation contributed to delays**

DCS staff does not sufficiently review invoices prior to sending
them to BFS for payment. As a result, DCS does not consistently
process invoices and pay all contractors in a timely manner. For
example, in our sample, invoices were processed anywhere from
7 to 149 days. Delays were due to late invoices submitted by the
contractors and DCS staff not sufficiently reviewing the invoices.
If the contractor submitted questionable reimbursement requests,
DCS staff did not have specific procedures, policies, or procedures
for resolving the problems.

Another reason for the delayed payments was insufficient
documentation or questionable invoice payment requests. Both
DCS and BFS review invoice submittals. In one instance, DCS
held on to an invoice for 82 days before sending it to BFS. BFS
also held on to another invoice for 84 days before issuing a
reimbursement check. In our assessment, the DCS delays were
caused by DCS staff insufficient invoice review. The discrepancies
included incorrect fringe, FICA, and salary payments;
questionable contract staff mileage, cell phone, and laptop
computer costs; and rent subsidy over-payment.

Late reimbursements adversely impact contractors

The contractor reported that the untimely payments caused them
concerns related to their cash flow and could potentially impact
their ability to provide homeless services. We found one instance
where the contractor requested DCS to make an additional 15%
advance for its Housing First contract to address cash flow issues.
The contractor explained that:

The additional advance would be added to the 10% we received in the

first year for the project. The 10% that was given last year was entirely inadequate…If the City falls behind just 2 months we are down about $360,000 for Housing First alone. City has been behind as much as 3-4 months this past year.

In order to address the issue of timely payments, both DCS and the contractor need to improve their processes. DCS staff need to properly evaluate and scrutinize invoices prior to sending a reimbursement request to BFS. The contractor needs to submit accurate invoices in a timely manner to ensure expeditious processing and payment receipt.

BFS conducts invoice reviews that DCS should be doing

Although BFS fiscal staff reviews usually are limited to checking budget allocations and certifying that funds are available, we found BFS fiscal staff were conducting invoice reviews and inquiries that DCS staff should be doing. The in-depth reviews were needed because DCS did not sufficiently review invoices before sending them to BFS for payment. As a result, contractor payments were delayed and BFS staff spent more time than it should on homeless-related contract reviews. Exhibit 3.4 shows examples of BFS follow ups that DCS, as the primary contract manager, should have caught.

Exhibit 3.4
Examples of BFS follow-up that DCS staff should have identified

Contract	BFS Inquiry or Request	Comment
Housing First	Please have the grantee specify which Office Depot items are included in the $237.65 calculation for supplies	This is a simple back-up document request that DCS should have requested
	I'd like to request a revised invoice and/or the canceled check for XXX showing the total amount of $3,036.59.	This is a simple back-up document request that DCS should have requested
	The budget states that tablet internet will be $15 per month. Why is there a big variance in cost ($41.90)?	DCS should have identified this cost variance and asked for clarification before approving and sending to BFS for payment
	After reviewing the contract and invoices…one of three computers purchased for Housing Services will be disallowed, as only two computers were budgeted	DCS should have identified this discrepancy and asked for clarification or denied the invoice before sending to BFS for payment
CAP	April 2016 payment request: XXXXX's timesheet appears to be for March. Could we please request the April timesheet?	This was a simple error on part of the contractor that DCS should have caught and resolved before sending to BFS for payment
	Is the city abiding by Section 8 rental guidelines/limits? If so, $1,250 rent for XXXXX exceeds the Section 8 limit of $1,112 for a studio. Please provide DCS input on this matter.	DCS should be aware of the criteria used for rental limits.
	Regarding XXXXX's mileage reimbursement for March 2016, XXXX listed miles for 3/5/16 and 3/31/16. According to XXXXX's March timesheet, however, 3/5/16 was a Saturday with no work hours indicated and 3/31/16 was a personal leave day. Please ask grantee for clarification.	Assessing mileage reimbursement against timesheets should be done at DCS' level, not BFS
Hale Mauliola	Please provide the actual Sprint invoice pages that charges for the four Hale Mauliola cell phone numbers	This is a simple back-up document request that DCS should have requested
	Rental assistance payments for most clients appear to be for the entire month's rent. Why aren't progressively increasing contributions for each successive month being made by these clients? Doesn't the short term rental assistance provided under this program require this?	Analysis of payment amounts and the criteria used to evaluate them should be done by DCS, not BFS

Source: Department of Community Services and Office of the City Auditor

In other examples, we found:

- DCS requested additional information for a Housing First invoice and subsequently passed it on to BFS for payment processing. However, BFS had additional questions that required further follow-up on 17 discrepancies; and

- For a March 2016 CAP invoice, DCS staff followed up with the contractor on six discrepancies including missing signature, missing receipts and a security deposit disposition. After sending the invoices to BFS for review

and payment, BFS fiscal staff had five additional follow-up inquiries related to cell phone charges, client qualification status, and security deposit disposition. If DCS had done a more thorough review, the BFS follow-up inquiries would not have been necessary and payment could have been made quicker.

While both DCS and BFS staff have responsibilities for scrutinizing contractor invoices prior to issuing payment, we believe that BFS is performing work that DCS should perform because DCS does not have sufficiently trained staff, or policies and procedures, to conduct the kind of thorough invoice and payment examination needed. As the contract administrator, DCS is tasked with assessing the appropriateness of payments against the contract. Yet, we found many instances where BFS is questioning contract-related issues that DCS should have addressed.

Questionable reimbursement requests raise concerns

We found several instances where the contractor requested reimbursements that may have been questionable. The lack of formal policies and procedures, as well as insufficient contract limits and language, may have allowed the questionable expenditures to be paid. For example:

- Example 1: The contractor requested a reimbursement in an April 2015 invoice for a retroactive payroll expense of $1,092.45. BFS questioned the request and the contractor noted that an administrator received a merit pay increase in January 2015. The $1,092.45 request was a retroactive expense to cover that increase since a portion of the administrator's salary was paid by the Housing First contract;

- Example 2: BFS questioned why security deposits for some clients were greater than the monthly rent amounts. This was in reference to a Housing First client that had a $1,295 security deposit expense. According to the contractor, the security amount paid to the contractor was incorrect and that the deposit should have been $1,075. The contractor went on to say that staff will adjust the future month's payment to the landlord to recoup the $220 overpayment. The contractor further asked that the city consider $1,075 as security deposit and $220 as rent payment for the future month, and asked the city to pay the full amount of $1,295 on the current month's billing. This transaction request was questionable because the contractor is essentially asking the city to front money for its error with a *promise* to pay it back in the future;

- Example 3: BFS questioned a $100 late charge for a homeless client's April 2015 rent. The contractor explained that it made a payment error for this client's monthly rent and, by rental agreement, the landlord was entitled to a $100 late fee. The contractor subsequently passed on that fee to the city for reimbursement. We question whether the city should be responsible for late fees incurred by the contractor for its error; and

- Example 4: BFS requested gas receipts that reflect usage of a $600 gas card for a May 2016 billing. The contractor explained that it purchased three $200 gas cards ahead of time and usage is tracked internally. The contractor clarified that the full $600 is used exclusively for diesel fuel used by the Hale Mauliola bus. The three cards were purchased in May 2016 and although there was still a balance on one of the cards, the contractor was requesting reimbursement of the full $600 dollars in the May 2016 billing. While we recognize the convenience prepaid gas cards provide to the contractor, it reduces accountability and raises the risk of fraud, waste, or abuse.

These examples, indicated that city funds may have been used for questionable contractor expenses or activities. Formal policies and procedures could have provided better guidance and clarification on these and other reimbursement requests.

Homeless Initiatives Group staff do not fully complete job requirements

The DCS Community Based Development Division has four personal services contract staff to review the complex and voluminous invoices for the three homeless related contracts it manages. The lack of policies and procedures, insufficient training, and non-compliance with contracting best practices impaired the ability of DCS staff to properly manage, monitor, and administer the homeless related contracts. Improvements in these areas will increase contract administration efficiency.

We reviewed position descriptions for three DCS homeless related program staff with contract oversight responsibilities and assessed compliance with those job requirements. We found that the staff do not fully meet those requirements. The lack of formal, written policies and procedures, inadequate training[8], and limited resources affected the DCS and the contractor's ability to ensure

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[8] According to the U.S. Comptroller General, providing grant management training to staff and grantees is an important internal control element for grant accountability.

the jobs were properly filled. That is, DCS does not sufficiently manage, administer, or monitor homeless related contracts. Exhibit 3.5 details our results of our comparison of the staff and their job duties.

Exhibit 3.5
Compliance Review of DCS Position Requirements

Housing Development Administrator - Analyze and maximize opportunities to provide shelter and services to persons with special needs including homeless:

Position Description	Auditor Comment
Administer monitoring and evaluation of projects and programs to include site visits, interview of grantees and operators, records review and reports of contractor's compliance with applicable program requirements;	• We found no evidence that the administrator conducted site visits or interviewed grantee staff for the purpose of evaluation; • We found that 33 of 35 monthly reports for Housing First were not on file (unable to perform review of reports) • 27 of 35 Housing First invoices were submitted late; 10 of 11 CAP invoices were submitted late; and 10 of 11 Hale Mauliola invoices were submitted late--all in non-compliance with contract requirements • All contract files contained insufficient documentation to explain discrepancies or any correspondence related to requests for additional information from the contractor
Administers research and analysis of program information and prepares comprehensive reports of findings; including a list of all projects and their scheduled reviews	• We found no evidence of any research, analysis, or reports related to the three contracts (except for those conducted by UH for the Housing First program, which was mandated by contract) • We found no evidence of a schedule for project reviews • We found that 33 of 35 monthly reports for Housing First were not on file (thus unable to perform review of reports)
Provides and secures orientation and training in the position functions including principles, laws, rules and regulations, and evaluation methodologies to implement projects and conduct required monitoring compliance; and	• We found no evidence of policies or procedures, or training manuals for contract administration staff • We found no evidence of formal training provided to staff regarding contract management
Provides technical assistance to contractors to ensure compliance with program requirements;	• We found no evidence that the administrator met specifically with the contractor for purposes of providing technical assistance in order to comply with program requirements (we did find evidence of emails and administrator claimed that he had phone conversations with the grantee if questions arose)

Source: Department of Community Services and Office of the City Auditor

Exhibit 3.6

Planner V – Homeless Programs - Responsible for the development, implementation, and evaluation of the city's initiatives to address homelessness throughout Oahu.

Position Description	Auditor Comment
Monitors nonprofit agencies for compliance with city contracts on an ongoing basis; undertakes onsite monitoring as needed to verify contract compliance.	• DCS lacks policies and procedures for effective contract monitoring • DCS does not always check invoices thoroughly; BFS staff have to spend more time reviewing invoices against contract requirements and have to follow up on discrepancies that DCS should catch, which delays payment to the grantee • We found that 33 of 35 monthly reports for Housing First were NOT on file (contract requires submittal of monthly report) • We found that 27 of 35 invoices were not submitted to DCS in a timely manner (contract requires grantee to submit monthly invoices by the 15th of the following month) • DCS contract files do not contain all documents pertaining to invoices-only the most recent. Thus, we (and DCS staff) are unable to conduct proper analysis. Based on the condition of contract files, those files merely contain "the most recent and pertinent" documents, and not the historical paper trail needed to conduct proper monitoring and analysis.
Evaluates the performance of nonprofit agencies in terms of achieving the goals and objectives of the Housing First program and compliance with contract requirements	• We found that 33 of 35 monthly reports for Housing First were NOT on file. Thus, staff was unable to effectively assess achievement of goals and objectives, and compliance with contract requirements • We did not find any report or other document that evaluated Year 1 performance or justified continuation into Year 2
Prepares periodic reports to city managers on the progress of the city's Housing First Program	• We did not find any report or document that periodically assessed Housing First progress

Source: Department of Community Services and Office of the City Auditor

Exhibit 3.7

Budget Analyst II – Homeless Programs - Provides budgetary and financial assistance support for the City's Housing First program and other homeless assistance initiatives.

Position Description	Auditor Comment
Reviews requests for payment submitted by agencies undertaking homeless assistance activities. Such review shall include an analysis of documentation supporting the payment request, reconciling of the requested payment against supporting documentation and the established contract budget, and making recommendations as to final approval of the payment request to program staff and supervisors.	• While we found evidence that the Budget Analyst maintained a sufficient spreadsheet documenting expenditures against budget allotments and contract criteria, reconciliation of any discrepancy is not contained in contract files. • It would be difficult for the Budget Analyst to conduct a full analysis—prospectively or retrospectively without historical information.
Provides written analysis and recommendations on budget requests to supervisors for consideration	• We found only one instance of written analysis in the DCS contract files. Any emails, correspondence, or other documentation are not included. Thus, the Budget Analyst is compromised in conducting a full analysis—prospectively or retrospectively.

Source: Department of Community Services and Office of the City Auditor

DCS did not incorporate HMIS data and reporting as part of its contract management activities

The Homeless Management Information System (HMIS), administered by the state Department of Human services, is a statewide software program that is designed to capture pertinent data related to individuals at-risk or experiencing homelessness. The HMIS is a valuable resource because of its capacity to integrate and track data from all homeless assistance and prevention programs, understand patterns of service use, and measure the effectiveness of homeless programs. Although the HMIS can produce a variety of reports related to homeless programs, including Housing First, Community Assistance Program, and Hale Mauliola, we did not find any evidence that DCS used HMIS' capabilities to evaluate, monitor, or assess program effectiveness. As a result, DCS missed an opportunity to effectively monitor the city's homeless program performance. If the department had written policies and procedures, contract administration staff could have integrated contract management and administrative duties with HMIS' reporting capabilities.

The Homeless Initiatives Group has expanded to manage multiple contracts valued at over $14 million without sufficient resources or an effective back office to administer contracts

The Homeless Initiatives Groups (HIG) was established in FY 2016 to administer the Housing First project. The HIG is comprised of three personal services contract staff. The group also administered the Community Assistance Program and Hale Mauliola contracts.

Since its inception, the HIG has expanded from administering three homeless-related contracts, to 10 program contracts and 3 permanent housing projects. Collectively, these contracts and projects have a value exceeding $14 million. Exhibit 3.8 shows the HIG's current workload.

Exhibit 3.8
Homeless Initiatives Group Projects as of July 1, 2017

Program	Contractor	Start Date	End Date	Funding Since Inception
Community Assistance Program (CAP)	Institute for Human Services	11/01/2015	08/01/2017	$800,000 (General Fund)
Housing First (Increment I)	Institute for Human Services	11/01/2016	10/01/2017	$6,713,522 (General Fund)
Housing First (Increment II)	U.S. Vets Hawaii	12/01/2016	11/01/2017	$1 million (General Fund); $1.2 million (Federal)
Housing First (Increment III)	Catholic Services Hawaii	Award Pending	One year from start	$1 million (General Fund); $1.2 million (Federal)
Hale Mauliola	Institute for Human Services	11/01/2016	12/01/2017	$1,830,000 (General Fund)
Hale Mauliola Vendor Service*	West O`ahu Aggregate	10/18/2016	10/19/2017	$1,128 per month (avg.)
Hale Mauliola Vendor Service*	Alii Security	DFM Master Contract	DFM Master Contract	$11,200 per month (avg.)
Hale Mauliola Vendor Service*	VIP Sanitation	10/01/2016	09/30/2017	$466,724 per year
Hale Mauliola Vendor Service*	Hawaii Modular Space	10/21/2015	10/20/2017	$1,949 per month
Hale Mauliola Vendor Service*	Chemi-Toi	March 2017	Month-to-month	$576 per month
Beretania Hale		12/01/2016	11/30/2017	Management Contract
Halona Road		11/01/2016	10/31/2017	Management Contract
Piikoi/Hassenger Street		05/01/2017	04/30/2018	Management Contract

*Expenses related to Hale Mauliola operation that are separate from the IHS contract

Source: Department of Community Services

Although the number of contracts and projects assigned to the HIG has grown over the last year, the number of staff and attendant resources has remained the same. In addition, HIG staff is comprised of personal services contract staff that may not remain in their positions over time and renewed funding for those positions going forward is unclear. We question the HIG's abilities to effectively manage all of the programs and projects currently assigned and are concerned that nearly $14 million in homeless-related funding may be at risk.

A strong back office would improve DCS contract monitoring

We find that the increased number of homeless-related programs and projects, significant dollar value, and potential long-term program operations warrant establishing a more formal contract administration core team. The team's primary function would be *back office[9]* or administrative contract duties (e.g. monitoring, ensuring contract files are complete, administering documentation, and other checklist items.) This will allow HIG program staff to focus on running programs and operations.

For example, we found other jurisdictions that have formal entities dedicated to contract administration:

- **Office of Contract Administration** (Buffalo, NY). The agency monitors and audit contracts with community based organizations funded through Community Development Block Grants and Housing Opportunities for Persons with AIDS;

- **Office of Grants Administration** (Miami, FL). The agency provides technical support to city departments to ensure implementation of policies and practices in compliance with applicable federal, state, and local laws, regulations, and contract stipulations;

- **Grant Administration Office** (McAllen, TX). The agency, with a team of six employees, is responsible for contract and expenditure oversight of the agencies whose programs, services and operations are partially funded through the city's General Fund and the Development Corporation of McAllen, TX. The office conducts random and scheduled monitoring reviews, which include an assessment of expenditures and supporting documentation.

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[9] *Back office* is the supporting department that carries out administrative functions and provides the required documentation and technical support to the front office such as keeping accounts, maintaining records, and checking regulatory compliance.

DCS should consider establishing a similar entity within the department that could provide contract administration support not only for homeless initiatives, but for the entire department and the multitude of grants and contracts it manages. Appendix A identifies contract best practices that an effective *back office* could perform. As of July 1, 2017, DCS reported 74 vacancies (52 funded, 22 unfunded). The department could reallocate its existing resources to establish a core contract administration group to help address its history of contract administration shortcomings and ensure that city, state, and federal funds are properly managed and programs operate efficiently. Otherwise, the administration and city council should reconsider assigning future projects to the HIG.

State and city need a comprehensive homeless plan to guide their efforts

The lack of a comprehensive homeless plan and potential overlap with state programs may hamper the efficacy of the homeless programs. More specifically, the state and the city do not have a comprehensive homeless plan to address the crisis situation. According to the U.S. Comptroller General, coordinating programs with similar goals and purposes is an important internal control element. The State Office on Housing is working on a draft plan which has not yet been adopted. As a result, jurisdictions are operating homeless programs independently and, sometimes, overlap. Opportunities for leveraging resources and coordinating efforts exist, but have not occurred. For example:

- Neither the state nor the city have a comprehensive homeless plan to guide its efforts and set appropriate benchmarks to assess their progress.

- In 2012, the Hawaii Interagency Council on Homelessness adopted a homeless plan. However, the plan was not written in plain language, lacked benchmarks and specific outcomes, and did not include input from stakeholders. As a result, the plan was not followed.

- The Governor's Coordinator on Homelessness is working on a comprehensive plan (through 2020) that emphasizes Housing First. The plan addresses three primary leverage points (1) affordable housing for all income levels (both current and future inventory expansion); (2) health and Human Services (Housing First and programs that target permanent housing solutions); and (3) public safety (enforcement) that includes both law enforcement and wrap-around services.

Management, in its response to a draft of this audit report, advised that the Hawai`i Interagency Council on Homelessness published a Ten Year Strategic Plan (Appendix B) and cited increased collaboration between the city and state as reported in the State Coordinator on Homelessness' progress report dated December 2016. While we acknowledge the increased coordination and collaboration, we affirm our finding that the state and city lack a comprehensive strategic plan. The current plan establishes worthwhile goals and strategies for addressing homelessness, but it lacks specific timelines, performance benchmarks, allocation of resources and responsibilities among stakeholders, or other quantitative objectives to measure success.

State and city have overlapping Housing First Programs with the city's program costing 48% more than the state

Both the state and the city operate Housing First programs and support other homeless programs that provide similar services. The lack of a comprehensive homeless plan and independent agendas caused overlaps in the services. For instance, the city and state assisted the same number of Housing First clients over the last two years, but the city program cost 48% more than the state program. As result, taxpayer dollars may been spent inefficiently on duplicate services, and government agencies and other providers may have missed opportunities to leverage and share resources and provide complementary programs that are aimed at a common goal.

Although both the state and city operate Housing First programs and offer similar services, they also differ. The primary differences are that the city targets specific areas on O`ahu, establishes a minimum V-SPDAT score for program qualification, and seeks to serve about 100 clients annually, where the state's program is set for a maximum of 86 homeless clients. Exhibit 3.9 compares the state and city's Housing First programs.

Exhibit 3.9
State and City Housing First Program Comparison

	City Housing First Program	State Housing First Program	Duplication?
1	Clientele: Unsheltered homeless persons and families with an emphasis on serving chronically homeless individuals and families, and targeting homeless persons and families with a VI-SPDAT score of 10 or higher	The state's HF program also targets "chronically homeless" individuals The state's HF program also utilizes the VI-SPDAT evaluation tool to assess clients, but it does not have a minimum score. Rather, the state's HF program uses VI-SPDAT to prioritize clients for program services.	✔ YES The state's HF program targets chronically homeless individuals and uses the VI-SPDAT evaluation tool.
2	Location: Principally target homelessness in urban Honolulu (generally defined as Waikiki, downtown Honolulu, Chinatown and Iwilei) and Leeward O`ahu;	The State's program does not specify specific areas. It is important to note that the state's HF program targets all counties, not just O`ahu.	✔ YES The state's HF program operates on O`ahu, but does not target specific areas.
3	To provide rental assistance to a minimum of one hundred (100) homeless individuals and families in the first year of operation. A minimum of 10 of the individuals assisted in year one must be clients referred by the Hawaii Pathways Project	The state's HF program does not specify the number of clients to be served annually and does not specify client referrals from Hawaii Pathways Project. However, the state program served clients on O`ahu through its program.	✔ YES In FY 2015-16, the State's HF program served 117 individuals; since 2014, the city's HF program has housed 187 clients
4	To provide continued support services and rental assistance to the 100 homeless individuals and families in Year 2 of the project;	The state's HF program is codified in statute and is an on-going program unless the legislature either eliminates the program and/or ceases funding. Services are on-going. The state's HF program capacity at any given time is 86.	✔ YES The state's HF program is on-going and continues to serve clients beyond its initial year, though the number of clients is not specified.
5	To provide for an evidenced-based evaluation program to demonstrate the effectiveness of Housing First approach to successfully transition the chronically homeless persons with disabilities to housing in the community.	Section 346-378(d), Hawaii Revised Statutes, requires the DHS to submit an annual report on the HF program that includes: number of participants, annual cost, types of support services offered, and duration of services required	✔ YES Although the state's HF program does not require the same level of technical evaluation, a reporting requirement that described program outcomes and effectiveness is required.

Source: Department of Community Services and State Department of Human Services website

We compared performance data for the city and state's Housing First programs for the two-year period 2014-2016 and found the following:

- The city's Housing First program assisted 224 clients; the state's Housing First program assisted 225 during the same time period;

- The city spent $4,433,000 to support its Housing First program or 48% more than the $3,000,000 spent by the state for its Oahu Housing First clients; and

- The per-capita cost for the state's Housing First program was $13,333 compared to the city's per-capita cost of $19,790.

In our analysis, the state's Housing First program is less costly than the city's program and essentially assisted the same number of clients at a lower cost. We question whether the city should continue with its Housing First program and, instead, allocate resources to the state to continue that effort. A comprehensive housing plan could look at situations like this and identify how resources could be leveraged across government agencies to maximize the impact on the homeless in Honolulu.

Recommendations

The Department of Community Services should:

4. If Housing First or Community Assistance Program continue, establish a requirement for contractors to account for the disposition of security and utility deposits separately in monthly reports.

5. Provide training to ensure that staff have the knowledge, skills, and resources to properly evaluate and timely process contractor invoices so that BFS staff do not have to spend additional time performing DCS contract administration and evaluation functions;

6. Review staff position descriptions and take steps to ensure compliance with their job requirements;

7. Reallocate vacant positions to form a formal, functioning *back office* or, contract administration group, to administer and monitor homeless-related contracts, support other DCS grants and contracts; and expand use of information systems; and

8. Continue to work with the State of Hawai`i and other stakeholders to establish a comprehensive homeless strategic plan that establishes specific timelines, performance benchmarks, allocation of resources, responsibilities among stakeholders, quantitative objectives that are measureable, and identifies opportunities to reduce duplication and leverage funding.

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Chapter 4
Conclusions and Recommendations

Homelessness on O`ahu is at a crisis and is a top priority for Honolulu's citizens. The City and County of Honolulu, through the Department of Community Services, has invested over $7.5 million in taxpayer dollars over the last two years to address the issue through its Housing First, Community Assistance Program, and Hale Mauliola projects. The city's decision to commit such significant resources is consistent with public sentiment. The 2016 National Citizen Survey, Honolulu, found that 81% of residents rated addressing homelessness over the next two years as essential or very important. Additionally, 72% of Honolulu residents supported the city's efforts for housing and providing services for the homeless, even if it meant raising taxes, fees, or fares. While funds are being spent and programs are helping to address the needs of Honolulu's homeless, we are left wondering how effective these initiatives are and what are the best ways to spend limited resources and gain maximum impact.

Housing First and Community Assistance Programs have met program goals in terms of the number of homeless helped; but Hale Mauliola, not so much. It is difficult to assess the impact of these programs on the homeless because the city lacks a comprehensive homeless plan that includes all stakeholders, benchmarks for measuring success, and performance data that quantify trends, justify program costs, and savings to taxpayers. In addition, obtaining verifiable data about the costs to provide Honolulu's homeless with emergency medical care will help the city to benchmark its efforts and definitively determine the cost effectiveness of homeless programs.

There is a disconnect between the homelessness priority for city leaders and the resources allocated to the Department of Community Services to plan, implement, and maintain homeless related programs. The Community Based Development Division has only three personal services contract staff to administer homeless contracts and a growing number of projects. The lack of policies and procedures, training, and an effective *back office* have made it difficult for the current staff to effectively do the important work needed. If the administration or council intend to implement additional homeless related programs (or add to the department's workload), it must consider the additional resources that the department may need to do its job.

Recommendations

The Department of Community Services should:

1. Upon contract completion, formally evaluate Housing, Community Assistance Program, and Hale Mauliola (in particular) against program goals, objectives, performance metrics, and other pertinent criteria to determine future support, sustainability and viability;

2. Utilize the cost-benefits analysis data for hospital and emergency room use, as well as arrests and incarcerations, issued by the University of Hawai`i to evaluate the effectiveness of the city's homeless programs and quantify cost savings as appropriate;

3. Establish formal policies and procedures for managing, administering, and monitoring homeless related program contracts;

4. If Housing First or Community Assistance Program continue, establish a requirement for contractors to account for the disposition of security and utility deposits separately in monthly reports;

5. Provide training to ensure that staff have the knowledge, skills, and resources to properly evaluate and timely process contractor invoices so that BFS staff do not have to spend additional time performing DCS contract administration and evaluation functions;

6. Review staff position descriptions and take steps to ensure compliance with their job requirements;

7. Reallocate vacant positions to form a formal, functioning *back office*, or contract administration group, to administer and monitor homeless-related contracts, support other DCS grants and contracts; and expand use of information systems; and

8. Continue to work with the State of Hawai`i and other stakeholders to establish a comprehensive homeless strategic plan that establishes specific timelines, performance benchmarks, allocation of resources, responsibilities among stakeholders, quantitative objectives that are measureable, and identifies opportunities to reduce duplication and leverage funding.

Management Response

The Managing Director and the Department of Community Services generally agreed with the audit recommendations and indicated that the department has implemented, is in the process of implementing, or reviewing information to address those recommendations. Management indicated that it will incorporate an evaluation requirement for the Hale Mauliola contract, develop an automated grants and contract management system, and improve internal controls by requiring contractors to account for the disposition of security and utility deposits. In addition, the department has retained a budget analyst with specialized skills to review contractor invoices and added created and filled a Planner II position to augment its staff and to ensure that the Homeless Initiatives Group is able to effectively administer its growing programs and contracts. Management also indicated that it would consider creating a *back office* function, given its current staff vacancies and availability of funds.

Management noted that the University of Hawai`i published, in May 2017, *Housing First Impacts*, Social Impacts: *Cost-Benefits Analysis*. While this data was not available during our audit period, we acknowledge that this important information is now available to the department, policy makers, and stakeholders. We urge the department to use this data to evaluate the cost-effectiveness of homeless programs.

Management clarified that the Hawai`i Interagency Council on Homelessness (HICH), of which the city and state are members, has published a Ten Year Strategic Plan. We acknowledge this 2012 plan and some of the challenges it faced regarding implementation and buy-in. Since our audit began, the 2012 plan has become the basis for the now-adopted *Plan of the Hawai`i Interagency Council on Homelessness* (see Appendix B). While we are encouraged by the increased coordination among stakeholders to move forward on a long-term solution to homelessness, we remain concerned that the current plan does not have specific timelines, performance benchmarks, allocation of resources and responsibilities, or other quantitative goals to measure success. We encourage the department to continue its efforts to coordinate with various stakeholders and establish a clear, measureable strategic path for addressing homelessness on O`ahu.

We amended the report to address new information provided by management in its response to the draft audit report. Those amendments did not significantly change our audit results. In addition, we made technical, non-substantive changes to the draft report for purposes of accuracy, clarity, and style.

We thank the Managing Director, Department of Community Services, Department of Budget and Fiscal Services, and other stakeholders for their assistance during the audit. A copy of management's full response can be found on page 53 of this report.

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MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

September 21, 2017

Mr. Edwin S.W. Young
City Auditor
Office of the City Auditor
1001 Kamokila Boulevard, Suite 215
Kapolei, Hawaii 96707

Dear Mr. Young:

SUBJECT: Management Response to Discussion Draft Report dated
September 5, 2017, Audit of Housing First, Community Assistance
Program, and Hale Mauliola Homeless Programs
(Discussion Draft Report)

Thank you for the opportunity to provide comments on the Discussion Draft Report. We appreciate the time your staff has spent working with the Department of Community Service (DCS) on this report, and also appreciate the recognition that the "City and County of Honolulu has taken laudable steps to address the homelessness crisis on Oahu over the last few years." We are proud of the demonstrated progress that our programs have made on this complex issue.

DCS has reviewed the Discussion Draft Report and responds to the recommendations as follows:

Recommendation:

The Department of Community Services should:

1. Upon contract completion, formally evaluate Housing First, Community Assistance Program, and Hale Mauliola (in particular) against program goals, objectives, performance, and other pertinent criteria to determine future support and sustainability;

Mr. Edwin S.W. Young
City Auditor
September 21, 2017
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DCS Response:

DCS supports this recommendation. As you may know, all three increments of our Housing First program provides for the preparation of independent program evaluations prepared by faculty and staff of the University of Hawaii. The evaluation report for Housing First Increment 1, which was the subject of this audit, was provided to your staff and has been publically available from the City's website. We will be incorporating the independent evaluation requirement into the Hale Mauliola contract as well. The Community Assistance Program will not be renewed after the current contract is completed in December 2017.

Recommendation:

2. Initiate or partner with the University of Hawaii, John A. Burns School of Medicine to analyze emergency medical services and costs to establish a baseline for evaluating homeless program cost efficiency;

DCS Response:

The University of Hawai'i evaluated the actual impact of Housing First on client's use of emergency medical services and found significant cost savings. The University of Hawaii published "Housing First Impacts, Social Impacts: Cost-Benefits Analysis" in May 2017[1].

Recommendation:

3. Establish formal policies and procedures for managing, administering, and monitoring homeless related program contracts;

DCS Response:

We appreciate the recognition of insufficient resources and recognize the need to prioritize the development of policies. Policies and procedures for managing, administering, and monitoring programs subject to the audit are being drafted. DCS is currently developing an automated grants and contract management system that will improve the ability to efficiently manage contracts invoicing and reporting.

Recommendation:

4. If Housing First or Community Assistance Program continue, establish a requirement for contracts to account for the disposition of security and utility deposits separately in monthly reports;

DCS Response:

The Community Assistance Program will not continue past its December 2017 end of grant term. DCS will work to establish a requirement for contracts to account for the

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1 https://lintvkhon.files.wordpress.com/2017/06/housingfirst-societal-impacts-final.pdf

Mr. Edwin S.W. Young
City Auditor
September 21, 2017
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disposition of security and utility deposits separately in monthly reports.

Recommendation:

5. Provide training to ensure that staff have the knowledge, skills, and resources to properly evaluate contractor invoices so that BFS staff do not have to spend additional time performing DCS evaluation functions;

DCS Response:

DCS has retained a budget analyst with the specialized skills necessary to review contractor invoices. Please note that Fiscal Services staff regularly reviews invoices and supporting documentation in detail across DCS, and we anticipate that even with our budget analyst position filled, they will continue to do so.

Recommendation:

6. Review staff position descriptions and take steps to ensure compliance with those job requirements;

DCS Response:

HIG's Planner V also serves as the Public Information Officer (PIO) for homelessness and represents the Department of Community Services (DCS) at Partners in Care and HICH meetings as well as meetings throughout our community to provide information and address public concerns on homelessness and the City's homeless programs. The PIO function, while valuable in providing accurate information on homelessness to the community, was not anticipated when HIG staffing was planned.

During the audit period HIG had only three dedicated positions (Planner V, Budget Analyst II, and Clerk Typist). The Housing Development Administrator is Administrator of CBDD, with oversight responsibilities for the entire division and the position is supervisory in nature. DCS recognizes that HIG has been in a period of dynamic growth, and we note that a new Planner II position has been created and filled. We will review the position descriptions of HIG staff going forward and amend the Position Descriptions as appropriate.

Recommendation:

7. Consider reallocating vacant positions to form a *back office*, or contract administration group, to administer and monitor homeless-related contracts and support other DCS grants and contracts; and

DCS Response:

DCS will consider this recommendation as it impacts the department as a whole, while noting that many vacant positions remain so due to a lack of state and federal grant funds.

Mr. Edwin S.W. Young
City Auditor
September 21, 2017
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Recommendation:

8. Work with the State of Hawai'i and other stakeholders to draft a comprehensive homelessness plan to better coordinate resources and efforts, reduce duplication, and leverage funding.

   DCS Response:

   The Hawai'i Interagency Council on Homelessness (HICH), of which the City and State are members, has published a Ten Year Strategic Plan that is publicly available on its website[2]. Hawai'i Revised Statutes § 346-380(b)(9) requires HICH to "report annually to the governor, the legislature, and the mayor of each county on the progress of its activities, including formulation and progress of the ten-year plan." The State Coordinator on Homelessness submitted its most recent progress report on December 2016[3]. The report outlines partnerships between the City and State on the Hawai'i Pathways project, recognizes Hale Mauliola and the Funders Collaborative as examples of actions that implement the HICH Strategic Plan, and discusses how each goal of the HICH Strategic Plan is being implemented in coordination between the City and State.

We look forward to working with you and your staff on implementing these recommendations, where appropriate and feasible given DCS resources. Please note that we have transmitted to your staff other concerns regarding the effectiveness of the housing first approach, issues relating to program costs, and City/State cooperation and coordination for their consideration when preparing the final audit report.

Warm Regards,

Roy K. Amemiya, Jr.
Managing Director

cc: Nelson H. Koyanagi, Jr., Director
    Department of Budget & Fiscal Services
    Susan L. Fernandez, Acting Director
    Department of Community Services

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2 http://archive2014.abercrombie.hawaii.gov/wp-content/uploads/2013/01/Appendix-1-HICH-Plan-Adopted-9-10-12.pdf

3 https://humanservices.hawaii.gov/wp-content/uploads/2017/01/Section-346-381-Hawaii-Interagency-Council-on-Homelessness.pdf

Appendix A
Contract Administration Best Practices - Department of Budget and Fiscal Services and U.S. Comptroller General

> **Department of Budget and Fiscal Services, Policy 01.11**
> **Policy 01.11 - Contract Administration**

The Officer-in-Charge (department head) should maintain a contract administration file for awards of $25,000 or more and, at a minimum, shall include:

1. Copy of the contract and any subsequent amendments, including insurance, certificates, bonds, etc.;

2. Contract Information Sheet (template provided by BFS);

3. Contract Administration Verification Report and Final Summary (template provided by BFS);

4. Notice-to-Proceed, if applicable;

5. All deliverables, i.e. reports, wage compliance validation, as applicable, etc.;

6. All correspondence related to the contract, i.e. letters and invoices;

7. Minutes of meetings with the contractor;

8. Contract closeout/transition information;

9. Approvals/disapprovals of contract submittals required by the contract and requests for waivers or deviations from contract requirements;

10. Contraction modification/changes, including the rationale for the change, change order issued, and documentation of time and contract price increases/decreases resulting from the modification;

11. Documentation of claim and dispute settlements, including, as appropriate, results of audit and legal reviews of the claims and approval by the proper authority (i.e. city council, board of directors, executive director) of the settlement amount;

12. Documentation of stop work and suspension of work orders and termination actions; and

13. Documentation of contract close-out.

| **United States Comptroller General** |
| **Guide to Opportunities for Improving Grant Accountability, October 2005** |

The guide is targeted to government executives at the federal, state, and local levels for two reasons. First, grants are an increasing percentage of agency budgets and play a key role in agencies achieving their goals. Second, managers set the tone for their organizations; as managers recognize the importance of accountability for how funds are used and the results achieved, that emphasis will flow to others within their organization. There are five areas of opportunity for improvement:

1.   Internal Control Systems

Organizations that award and receive grants need good internal control systems to ensure that funds are properly used and achieve intended results. These systems, which must be in place prior to grant award, can serve as the basis for ensuring grants are awarded to eligible entities for the intended purposes, and are managed appropriately. Internal controls that are not adequately designed or followed make it difficult for managers to determine whether funds are properly used. There are four areas where internal controls are important:

Internal Control System	Suggested Practices
Preparing policies and procedures before issuing grants	Prepare department-wide polices and make available on the internet; policies for developing new grant programs; and policies for reviewing and selecting grants.
Consolidating information systems to assist in managing grants	Develop centralized information system for multiple programs; use information system to track grant status; and have grantees submit reports electronically.
Providing grant management training to staff and grantees	Develop a long-term, strategic approach to training; provide training through statewide workgroups; and provide specific training courses to grantees.
Coordinating programs with similar goals and purposes	Develop procedures to avoid duplication; and create one-stop centers to coordinate and centralize programs.

2.   Performance Measures

Performance measures provide agencies with the information they need to assess the achievement of program goals. The measures can serve as a basis for determining progress for individual grants and the grants program as a whole. To develop good performance measures

Performance Measure	Suggested Practices
Linking activities with program goals	Use logic models to link agency activities with results; and use both output and outcome measures to evaluate performance.
Working with grantees to develop performance measures	Jointly develop goals and objectives; and coordinate performance plans across government and service levels.

3. Pre-Award Process

Pre-award reviews are essential to reducing the government's risk when awarding grants. A thorough assessment of proposed grant projects can reduce the risk that money may be wasted or projects may not achieve intended results. To improve the pre-award grant process, agencies need to address:

Pre-Award Process	Suggested Practices
Assessing applicant capability to account for funds	Require a uniform pre-award evaluation of applicant capabilities; conduct pre-award audits; and use scoring system to evaluate technical capability.
Competing grants to facilitate accountability	Develop specific criteria for evaluating all competitive grants; require funding announcements to include ranking criteria; and assemble merit review panel to select grantees.
Preparing good work plans to provide the framework for grant accountability	Look for viable and efficient applicant work plans; require applicants to submit a detailed narrative as evidence of proper work planning; and require grant applications to include project objectives and impacts.
Including clear terms and conditions in award documents	Emphasize need to comply with grant award requirements; incorporate statement on funding source; and standardize desired grant terms and conditions.

4. Managing Performance

Once grants are awarded, it is important that agencies properly manage the grants. Agencies need to ensure that grant funds are used for intended purposes, in accordance with laws and regulations, and will lead to planned results. Effective grant management increases the likelihood that grants will contribute to agency goals. When managing grants, agencies should address:

Managing Performance	Suggested Practices
Monitoring the financial status of grants	Use an electronic system to monitor grant funds; and perform on-site reviews and financial systems.
Ensuring results through performance monitoring	Use electronic systems to track deliverables; monitor achievement of outputs and outcomes; and use multi-disciplinary teams to assess performance.
Using audits to provide valuable information about grantees	Use audits to identify at-risk grantees; use audit resolution process to address outstanding grant issues; and summarize audit results for management.
Monitoring subrecipients as a critical element of grant success	Develop guidance to assist subrecipients; publish materials detailing subrecipient responsibilities; and coordinate agency efforts to monitor performance.

5. Assessing and Using Results

Assessing the results of a grant program against its goals and objectives is important. As budget resources shrink and demands for government services grow, competition between various federal, state, and local grant programs for resources increases. High-level decision makers need to know which programs are achieving their goals and objectives and to make informed decisions about where to allocate resources. Areas that should be emphasized are:

Assessing and Using Results	Suggested Practices
Providing evidence of program success	Use surveys to determine program results; inspect projects after completion; and train grantees to self-monitor and encourage accurate reporting.
Identifying ways to improve program performance	Engage outside experts to assess program performance; and conduct evaluations to identify factors affecting results.

Appendix B
Plan of the Hawaii Interagency Council on Homelessness

I.   Goal 1: Retool the Homeless Crisis Response System
    a.   Objective 1: Refocus homeless services into a crisis response system that prevents homelessness and rapidly returns people experiencing homelessness to stable housing
        i.   Strategy 1: Promote best practices for crisis response programs (e.g., transition in place, prevention of homelessness, and rapid re-housing)
        ii. Strategy 2: Use mainstream resources to provide housing stabilization assistance
        iii. Strategy 3: Develop implementation strategies for the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act that sustain best practices
        iv. Strategy 4: Increase number and diversity of community stakeholders
        v.   Strategy 5: Review and develop strategies which assist homeless non-residents in accessing the most appropriate resources
        vi. Strategy 6: Continue to support the State-wide outreach network which engages and identifies unsheltered homeless persons (see Hawai'i's Homeless Assistance Act)
        vii. Strategy 7: Develop and implement a comprehensive plan of education and communications for the general public and organizations such as, Neighborhood Boards, to facilitate community understanding and engagement on homelessness
    b.   Objective 2: Ensure that all critical services are prioritized for funding
        i.   Strategy 1: Conduct fiscal mapping study for all services which address homelessness
        ii. Strategy 2: Based on the fiscal mapping study, develop a comprehensive revenue plan which includes federal, state, counties, service providers, business community, philanthropic organizations, and the faith community
    c.   Objective 3: Ensure that all information systems are appropriately integrated to improve effectiveness and efficiency of service provision to those who are homeless and to better support providers who serve the homeless
        i.   Strategy 1: Identify ways to track those who are homeless through various service systems to establish baseline cost utilization, e.g., improve linkages between HMIS and various data systems

      ii.   Strategy 2: Track service effectiveness and cost savings resulting from coordination of outcome oriented interventions

II. Goal 2: Increase Access to Stable and Affordable Housing

    a. Objective 4: Create and preserve affordable housing for people at 50% and below of area median income

      i.   Strategy 1: Support additional rental housing subsidies through federal, state, local, and private resources

      ii.   Strategy 2: Expand the supply of affordable rental housing where they are most needed through federal, state, local and private efforts, and partnerships

    b. Objective 5: Create and preserve permanent supportive housing options for people who are homeless and have special needs, e.g., mentally ill, medically frail, physically disabled, elderly, released offenders and substance affected

      i.   Strategy 1: Improve access to and use of supportive housing by encouraging prioritization and matching people with appropriate levels of support to prevent or escape homelessness

      ii.   Strategy 2: Expand the supply of permanent supportive housing through federal, state, local, and private resources

    c. Objective 6: Improve access to government-funded affordable housing by eliminating barriers

      i.   Strategy 1: Review government policies and practices in government funded affordable housing (including Hawaiʻi Public Housing Authority- HPHA) which impact eligibility and eviction

      ii.   Strategy 2: Coordinate with HPHA to prepare new tenants for public housing and promote the transition of people in public housing to other forms of permanent housing in order to improve access for others in need

      iii.   Strategy 3: Streamline administrative processes in order to place tenants into public housing as quickly as possible

III. Goal 3: Increase Economic Stability and Self-sufficiency

    a. Objective 7: Increase meaningful and sustainable employment for people experiencing or most at risk of homelessness

      i.   Strategy 1: Ensure that job development and training programs include opportunities for people who are experiencing or most at risk of homelessness

      ii.   Strategy 2: Review government program policies, procedures, and regulations to identify and remove barriers and improve access to employment (e.g., criminal history barriers)

        iii. Strategy 3: Develop and disseminate best practices on helping people with histories of homelessness and barriers to employment enter the workforce

        iv. Strategy 4: Improve coordination and integration of employment programs with homeless assistance programs, victim assistance programs, and housing and permanent supportive housing programs

        v. Strategy 5: Develop job opportunities appropriate for a range of homeless individuals

b. Objective 8: Improve access to appropriate mainstream programs and services to reduce people's financial vulnerability to homelessness

        i. Strategy 1: Promote the use of best practices in expedited access to income and work supports for people experiencing or at risk of homelessness

        ii. Strategy 2: Review state program policies, procedures, and regulations to identify and remove barriers and improve access to income support

        iii. Strategy 3: Coordinate with a variety of agencies - federal and state - to ensure that those who are homeless and those at risk of homelessness receive available and adequate services and/or benefits

        iv. Strategy 4: Coordinate with a variety of agencies, State and Federal, to promote employment among released offenders

IV. Goal 4: Improve Health and Stability

a. Objective 9: Integrate primary and behavioral health care services with homeless assistance programs and housing

        i. Strategy 1: Encourage partnerships between housing providers and health and behavioral health care providers to co-locate or coordinate health, behavioral health, safety, and wellness services with housing

        ii. Strategy 2: Seek opportunities to establish medical respite programs (transition program for the medically fragile) to accommodate people being discharged from hospitals experiencing homelessness with complex health needs

        iii. Strategy 3: Increase availability of and accessibility to health services for special populations (e.g., co-occurring disorders including mental illness, substance abuse, developmental disability, and medical frailty)

    iv. Strategy 4: Improve access to child and family services that improve early child development, educational stability, youth development, and quality of life for families

    v. Strategy 5: Increase accessibility and availability of health services in rural and underserved areas

    vi. Strategy 6: Identify more accessible resources for dental care and promote utilization.

    vii. Strategy 7: Create specialized service packages for community re-entry for populations such as families, veterans, disabled, youth aging out of systems, mentally ill offenders, and sex offenders so the individual does not revert back to harmful behaviors especially after successful discharge from substance abuse treatment

b. Objective 10: Advance health and housing stability for youth aging out of systems such as foster care and juvenile justice

    i. Strategy 1: Establish arrangement to provide for reporting of Department of Human Services and Office of Youth Services efforts (youth aging out of foster care and youth aging out of juvenile justice system, respectively) to the HICH

    ii. Strategy 2: Have Hawaiʻi Continua of Care revisit Transition Age Youth (TAY) task force recommendations and prioritize actions

c. Objective 11: Advance health and stability for people experiencing homelessness who have frequent contact with hospitals and the criminal justice system

    i. Strategy 1: Improve discharge planning from medical centers, emergency departments, psychiatric facilities, jails, and prisons to connect people to housing, health and behavioral health support, income and work support, and health coverage prior to discharge

    ii. Strategy 2: Promote targeted outreach strategies to identify the most vulnerable homeless people and connect them to the housing and support they need

    iii. Strategy 3: Increase the number of jail diversion programs that are linked to housing and support