COMMITMENT
INTEGRITY
LEADERSHIP

August 24, 2021
Report 2020-611

FACT SHEET

Elaine M. Howle *State Auditor*

CONTACT: *Margarita Fernández | (916) 445-0255 x 343 | MargaritaF@auditor.ca.gov*

California Department of Housing and Community Development

It Failed to Expedite Access to Federal Funding to Address the Impact of the COVID-19 Pandemic on California's Homeless Population

Background

The homeless population in California has grown since 2007 by 16 percent to 161,000 as of January 2020 and the economic impact of the pandemic will likely exacerbate the crisis. Individuals who are homeless often face an increased risk of serious illness from COVID-19 for a variety of reasons. To help individuals who are at risk of or experiencing homelessness, the federal government provided $316 million in funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the department for the Emergency Solutions Grant program (ESG-CV) to prevent, prepare for, and respond to the COVID-19 pandemic. These funds and the ESG program—typically a $12 million annual program—are administered by the California Department of Housing and Community Development (department) which allocated the ESG-CV funds to 40 of the State's Continuum of Care (CoC) entities.

Key Recommendations

The department should do the following:

- Work with its contractor to assist CoCs to use the ESG-CV funds effectively to provide services to the homeless population before the upcoming federal deadlines.
- Develop plans to monitor the contractor's progress.
- Develop and implement a plan to collect outcome information to measure the effect the ESG-CV funds have had in addressing homelessness and annually report outcome information to better inform decision-makers on the program's effectiveness.

Key Findings

- Despite steps taken by the federal government and Governor to enable the department to quickly provide CoCs with access to the ESG-CV funding, the department failed to expedite CoCs' access to these funds during the pandemic and hampered the State's efforts to rapidly rehouse homeless individuals.
  - » It did not use existing contracts to provide ESG-CV funds directly to service providers and instead required CoCs to contract with providers.
  - » It did not give most CoCs access to the first round of ESG-CV funding until December 2020—seven months after it announced that the funding was available.
  - » It only recently provided CoCs with access to the second, larger round of ESG-CV funds—one year after the federal government announced the funding in June 2020.
- The department's delays and missteps not only hindered CoCs from providing critical services earlier in the pandemic, but also may cause the State to miss federal spending deadlines—CoCs may not be able to use all the funds by the September 2022 final federal deadline.
  - » Although the department may meet the September 2021 interim deadline the federal government established, it is relying heavily on expenditures that it has not verified or validated.
  - » The department also lacks a formal process to monitor CoCs' spending.
- Recognizing it needed help, the department hired a contractor to manage the program, but not until June 2021—14 months after the CARES Act passed. Moreover, the department does not have a process to monitor the contractor's progress or to measure the program's effectiveness.