

Audit of the City's Homeless Response: City Motel Program

Report# 2024/25-17 | June 2025

City of
SACRAMENTO

Office of the City Auditor

Performance Audit Division

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AUDIT FACT SHEET

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RECOMMENDATIONS

We made several recommendations regarding the City's operation of the City Motel Program. Our Recommendations to the Department of Community Response include:

OPERATIONAL

- Consider whether changes to rules are appropriate based on participant responses to Auditor's survey.
- More clearly define the CMP's objective, create measurable goals that align with the objective, and establish performance metrics.
- Consider designing a portion of its shelter capacity to interim housing offering extended stays to better support those needing longer-term stability.

DATA QUALITY AND REPORTING

- Establish data monitoring processes to ensure the accuracy of data input into HMIS by service providers.
- Consider a protocol to notify service providers of errors in HMIS data and for correction.
- Require CMP service providers to report on participants who do not have recorded services in HMIS.
- Require CMP service providers to track monetary assistance provided to participants in HMIS.
- Consider requiring in Requests for Proposals to include housing plans outlining the specific steps individuals must take to obtain stable housing.
- Work with CMP service providers to engage in more intense triage efforts earlier in a participant's stay to improve room turnover.

MONITORING AND OVERSIGHT

- Require service providers to report the dates that participants become "doc ready" and "housing ready."
- Require service providers to input housing plans, or other progress and specific milestones in HMIS.
- Require service providers to document barriers to exit that require more time to resolve or cannot be resolved through additional case management efforts.

FINANCIAL MANAGEMENT

- Consider working with Step Up to review previous invoices to ensure the City did not pay for unauthorized expenses.
- Require service providers to include names and HMIS identifiers for all submitted purchases for participants.
- Require service providers to submit lease agreements for rental assistance such as security deposits, utility deposits, and other financial support.

BACKGROUND

To address its ongoing homelessness crisis, the City of Sacramento operates several programs, including the City Motel Program (CMP), which provides non-congregate emergency shelter and supportive services to eligible families with minor children. The City partners with motels and service providers to help participants transition to more stable housing. This audit identified several findings, that if addressed, could improve the program.

FINDINGS

Finding 1: Over the duration of the City Motel Program, 32 percent of exited participants have secured permanent housing.

Finding 2: Participants reported satisfaction with the CMP; however, reported issues with room conditions and inconsistent service delivery indicate operational challenges that may impact overall program effectiveness.

Finding 3: Inaccurate and incomplete data entry undermines the reliability of key data fields that qualify program performance.

Data quality and tracking limitations in the Homeless Management Information System (HMIS)—such as inconsistent enrollment and exit information, missing service records for a significant portion of program stays, and the absence of service cost data—impede the City's ability to accurately assess program participation, performance, and the level of assistance provided to participants.

Finding 4: The City Motel Program's design as an emergency shelter limits the City's ability to comprehensively address the full range of participant needs, contributing to extended stays and reduced turnover of motel rooms.

The CMP's intended purpose does not clearly match how the program currently operates making it difficult to evaluate program success and has led the program to resemble longer-term housing models.

Finding 5: Opportunities exist to more intensely use case management to prepare participants for housing, connect them to needed services, and increase the number of participants served.

Establishing standardized case management milestones and implementing more timely triage after initial stabilization could help demonstrate participant progress and improve room turnover.

Finding 6: While the City has effectively taken steps to review invoices and minimize unauthorized payments, opportunities remain to strengthen processes to ensure that invoices include sufficient information to support the accuracy and appropriateness of payments.

The City reimbursed some expenses that were either for non-CMP participants or lacked adequate documentation, limiting the ability to verify their appropriateness.

Introduction

In accordance with the City Auditor's 2024/25 Work Plan, we have completed the *Audit of the City's Homeless Response: City Motel Program*. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, 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.

The City Auditor's Office would like to thank the Department of Community Response, the City Attorney's Office, Sacramento Steps Forward, and Step Up on Second Street for their assistance and cooperation during the audit process.

Background

The City of Sacramento (City) engages in a multitude of response efforts to address its ongoing homeless crisis. Shelters play a significant role in addressing homelessness and one City shelter program that directly assists persons experiencing homelessness (PEH) is the City Motel Program (CMP). The City contracts with motels and homeless service providers to offer motel rooms and a variety of supportive services to eligible PEH. The program serves as a form of non-congregate emergency sheltering for families with minor children that is intended to facilitate a more stable living situation.

Responding to homelessness is a regional effort in which the City works closely with its partners to provide services to the unhoused population, reduce impacts to the broader community, and invest in prevention and housing solutions. The cross-jurisdictional approach is modeled after a framework to address homelessness called the Continuum of Care (CoC). Sacramento Steps Forward (SSF) is the lead agency for the Sacramento CoC, the regional planning body that coordinates housing and services for homeless families and individuals.¹ The City is part of the Sacramento CoC, which covers all the cities, towns, and unincorporated areas of Sacramento County.

The City participates in the Countywide Coordinated Access System (CAS), a nationally recognized approach that centralizes and streamlines access to homeless and rehousing services across all shelter sites and access points.² SSF also manages the CAS, which refers PEH to shelters, including the CMP.³

¹ SSF is a nonprofit organization that partners with local, state, and federal agencies to achieve a shared goal of resolving homelessness. In its leading role for the CoC, SSF receives and manages federal, state, and local funds for shelter and housing programs and coordinates services for people experiencing homelessness.

² CAS is a local implementation of the coordinated entry system required by the United States (U.S.) Department of Housing and Urban Development (HUD). CAS operates using the Homeless Management Information System (HMIS) database and is a coordinated effort between SSF, the City of Sacramento, Sacramento County, and the Sacramento CoC.

³ The City's contract with SSF states, "SSF will oversee a centralized twenty-four hours a day, seven days a week (24/7) access point, for all city funded emergency shelter, outreach, and other crisis resources via 2-1-1. SSF will

The City has served 3,402 PEH through the CMP since its creation in December 2020 through January 2025.

Program Timeline and Funding

In November 2018, recognizing that homelessness was one of the biggest issues facing the City, the City Council passed a resolution declaring a shelter crisis in the City. The declaration allowed the City to apply for state funding from the Homeless Emergency Aid Program (HEAP) and the California Emergency Solutions Program. The City was granted HEAP funds in 2019 to expand its shelter capacity.

The CMP was established in December 2020 as a non-congregate sheltering program intended to respond to both the Coronavirus Disease 2019 (COVID-19) public health emergency and the continuous need for more shelter. PEH were often more vulnerable to contracting COVID-19 due to preexisting health conditions and being in close proximity to others both when unsheltered or in congregate settings. Additionally, there was limited capacity in other local programs and few non-congregate options.

Under the original program, which was referred to as the Motel Voucher Program, motel vouchers were distributed to PEH in accordance with a referral and intake process. The City was able to take advantage of available federal and state funds at the time to support the program, including existing resources from the federal Coronavirus Relief Fund (CRF) and the second round of Emergency Solutions Grant Coronavirus funding.⁴ Another key federal funding source included reimbursements from the Federal Emergency Management Agency (FEMA) for emergency non-congregate sheltering during the COVID-19 pandemic. Costs incurred by the City were reimbursed only for individuals, regardless of their unhoused status, who met certain criteria related to susceptibility, exposure to, or contraction of COVID-19.

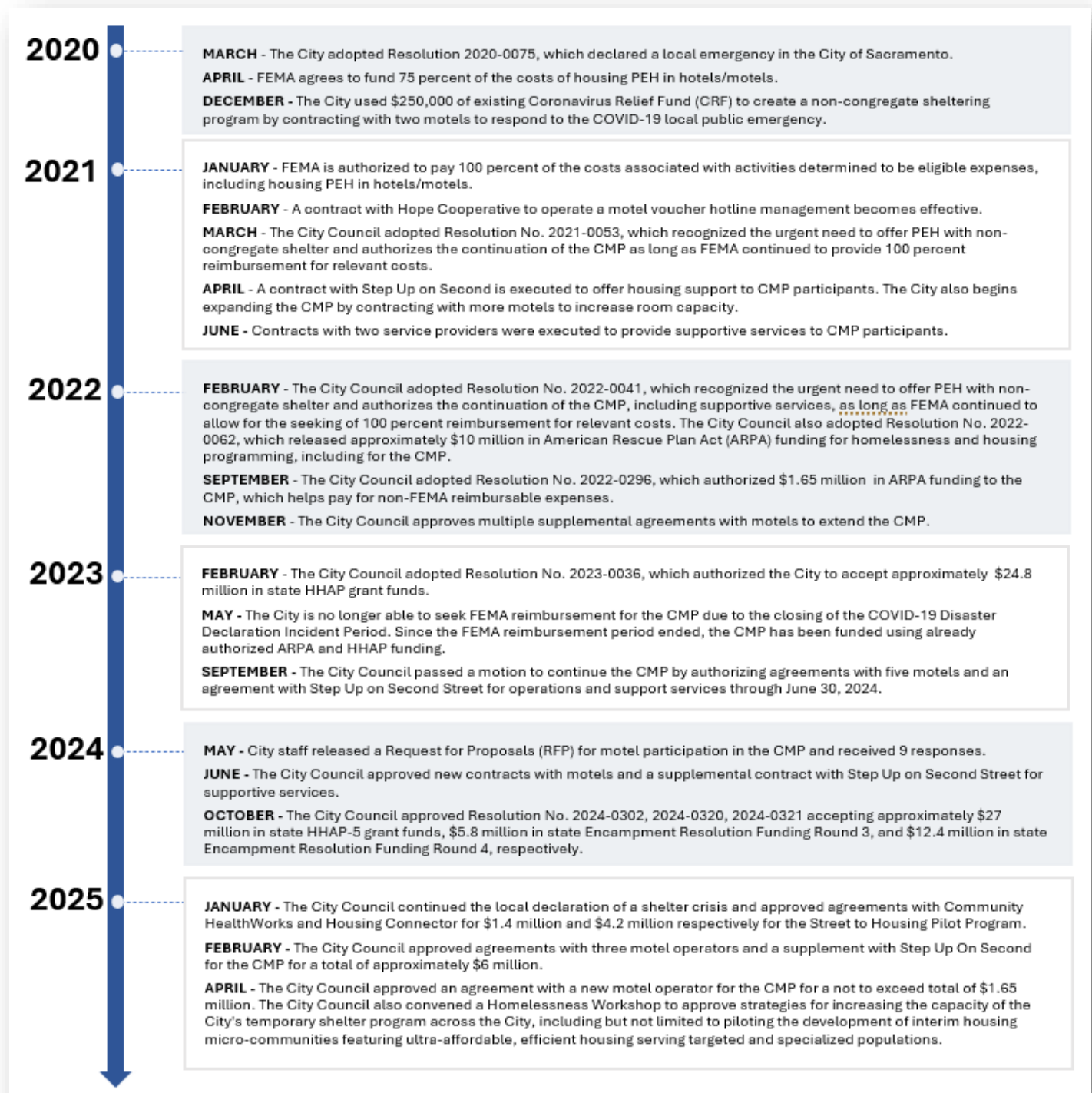
While the program was created largely in response to COVID-19, the program was still open to other PEH who did not meet FEMA reimbursement requirements but needed assistance. As such, the City funded this part of the program with other available funds. Besides the federal and state resources described above, other funding sources include California Homeless Housing, Assistance and Prevention (HHAP) funds, funds made available through the American Rescue Plan Act, the General Fund, and more. Furthermore, some motels were added to this program to serve as additional emergency shelter during extreme weather conditions.

We included a timeline in figure 1 to broadly demonstrate the progression of the program within the context of the varying severity of the COVID-19 pandemic over time and the corresponding changes in funding sources. As indicated in the figure, the City has approved several funding extensions to support the continued operation of the program.

provide ongoing oversight and support for the coordinated access system (CAS) and subcontracted providers as chosen through an [Request for Proposal] process.”

⁴ Emergency Solutions Grant Coronavirus funding, titled ESG-CV2, was made available to the City through a Sacramento Housing and Redevelopment Agency (SHRA) grant.

Figure 1: Progression of the City Motel Program



Source: Auditor generated based on City staff reports and resolutions, motel and service provider contracts, and Abt Associate's *Evaluation of California's Project Roomkey Program - Year 1 Report*.

Note: We refer to the program as the CMP for consistency. As noted, the program started off as a voucher program but shifted to becoming a general motel shelter program.

Over time, due to the easing of the COVID-19 emergency and the implementation of a Countywide CAS, the operation of the program changed. Specifically, as described in more detail later in this report, to facilitate access to the program, the City phased out the use of vouchers and now operates the program more generally as a motel shelter program that primarily serves unhoused families.

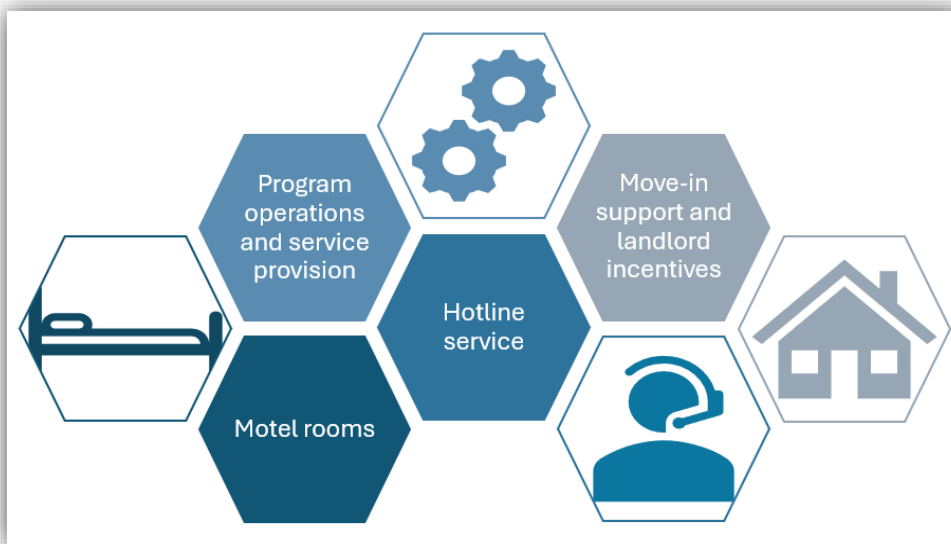
City's Role in Administering and Monitoring the City Motel Program

The Department of Community Response's (DCR) Office of Homeless Services (OHS) is the City entity tasked with contracting for homeless services. OHS is specifically responsible for negotiating and executing the various motel and service provider contracts for the CMP. Their role as the contract administrator also entails designing the program itself, making adjustments to the contractors' scopes of services to better meet program needs, revising rules for program participants, reviewing program policies and procedures, evaluating program performance, and ensuring that funding is available, reimbursement requests are submitted, and invoices are reviewed and paid. As part of their invoice review and continuous program monitoring processes, DCR staff communicate with the contracted entities to obtain program documentation, such as receipts and monthly performance reports. DCR also assists service providers in resolving any concerns that may arise, such as in the case of uncooperative program exits.

Program Components

The CMP can be functionally categorized into four components, which, when taken together, are intended to assist program participants in both obtaining temporary stable shelter and making progress towards securing more permanent housing. Figure 2 identifies these four program components, followed by a more detailed description.

Figure 2: City Motel Program Components



Source: Auditor generated based on motel and service provider contracts.

Hotline Service

The first component of the program was operating a hotline service. This portion of the program is no longer operational. In the early stages of the program, the hotline service involved accepting referrals from City or City-affiliated entities, corroborating a potential participant's homeless status, collecting relevant information, and entering participant information into the Homeless Management Information System (HMIS).⁵ This was accomplished by contracting with Hope Cooperative.⁶ The contract expired in December 2021 and the program is now accessible through the Sacramento City and County Continuum of Care's CAS.

Motel Rooms

The second component of the CMP is to provide physical living spaces for program participants. To do so, the City contracts with several motels to provide rooms to qualifying participants, which include a bed, private bathroom, desk, mini-fridge, and other furnishings typical of a motel room. The contracts stipulate the prices for the rooms on a per night basis and, as described in greater detail below, include some requirements pertaining to the general livability of the facilities, such as housekeeping.

Program Operations and Service Provision

The third component is the overall management of the CMP through contracts with service providers, including Hope Cooperative,⁷ City of Refuge,⁸ and Step Up on Second Street (Step Up).⁹ These service providers generally had two main responsibilities.

⁵ HMIS is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. It collects client-level data on housing and services for PEH, including demographics, history of homelessness and services accessed, and service needs.

⁶ Hope Cooperative is a non-profit psychosocial rehabilitation agency with a mission to move people from a life of instability to connection and self-sufficiency through a combination of permanent supportive housing, mental health services, substance use rehabilitation, and life skills in Sacramento and Yolo County.

⁷As noted above, Hope Cooperative's contract with the City included duties related to hotline services for the CMP. According to DCR staff and hotel owners we interviewed, Hope Cooperative also provided oversight of participants staying in rooms. These duties were not detailed in the City's contracts with the agency.

⁸ City of Refuge Sacramento is a community-based organization that exists to empower individuals to make personal changes that lead to a strong and thriving community. They believe that personal transformation leads to collective thriving, so they open doors, extend invitations, and set tables for those seeking a place of belonging and home. They offer support and services for individuals experiencing homelessness, formerly incarcerated, and women who have been victimized by sexual exploitation, trafficking, or abuse. They also offer programs for children and youth, workforce development, community outreach, life enrichment experiences, and classes.

⁹ Step Up, a 501(c)(3) organization, delivers compassionate support to people experiencing serious mental health issues, and persons who are experiencing chronic homelessness, to help them recover, stabilize, and integrate into the community. Through dynamic partnerships, they provide positive social and learning environments, vocational training, permanent supportive housing opportunities, and recovery services to empower individuals to cultivate lives of hope and dignity. They exercise innovative leadership and advocacy to increase public understanding, support, and acceptance of all people living with serious mental health issues.

The first is operating the program on behalf of the City, which involves ensuring a clean and safe place to live, enforcing program rules, and coordinating who enters or exits the program. Notably, the City of Refuge contracts were more explicit about their role as a program operator, whereas Step Up's contracts were focused more on services. However, it is our understanding that Step Up did and continues to fulfill the role of program operator.

The second contracted responsibility is meeting its service provision duties by carrying out case management, which is the collaborative process of assessment, planning, facilitation, care coordination, evaluation and advocacy for options and services to meet individual needs. The focus is to work towards ensuring overall wellbeing, readiness for sustainable independent living, and rehousing for program participants. Services may include:

- Delivery of training related to education, job readiness, and life skills;
- Assistance completing and submitting applications for public benefits, social services, health insurance benefits, and other sources of financial assistance;
- Referrals or access to health and wellness services, such as alcohol and drug rehabilitation, mental health care, therapy, and medical services; and
- Housing supportive services, including permanent housing navigation.

Step Up's initial contract also had street outreach as one of its services, which included engaging with unsheltered PEH and connecting them with information, services, or housing. This overlaps with its case management duties.

Move-In Support and Landlord Incentives

The fourth component is the additional housing support provided to program participants to ensure a more successful move out of the CMP into permanent housing situations. The City contracted only with Step Up for this provision. To set parameters on what types of support were allowable, the contracts indicate specific types of support activities, as outlined in the figure below.

Figure 3: Allowable Move-In Support and Landlord Incentives

TYPE OF SUPPORT	ALLOWABLE ACTIVITIES
Outreach and Housing Navigation	<ul style="list-style-type: none"> • Review with tenants the property amenities, restrictions, and other standards of good tenancy • New tenant housing applications, interviews, and lease-signing • Engage with landlord and property management representative to facilitate tenant success
Move-In Support	<ul style="list-style-type: none"> • Establishing good neighbor policies • Procuring appliances, furniture, and household essentials • Learning housekeeping practices and proper trash disposal • Budgeting income • Providing referrals for needed resources
Landlord Incentives (for first year of tenancy)	<ul style="list-style-type: none"> • Security deposit • Utilities • Prepaid rent • Payment for damages • Other financial support or incentives, as needed

Source: Auditor generated based on Step Up CMP service contracts.

Contracting with Motels and Service Providers to Operate the City Motel Program

The City's operation of the CMP required contracting with different types of entities to meet the various components of the program described in the last section. The City needed to procure motel rooms, a service to help with referrals and intake, and finally agents to operate the program and provide services to PEH in the motels. Contracts between the City and its CMP contractors establish the duration of services, scope of work and services, the way in which the service should be completed, delineation of duties between the motels and service providers, eligible costs, time of payments, accounting and recordkeeping standards, performance reporting, and more. As the program expanded, the contracts were amended and renewed to expand the scopes of services, corresponding budgets, and contract terms.

The City has expended more than \$28 million in service and motel contracts through December 2024. This amounts to approximately \$8,300 per program participant.¹⁰ The following figure illustrates the total amount of CMP expenditures¹¹ by contractor, including all motels, both service providers, and the one CMP hotline manager.

¹⁰ This includes all current and exited participants as of January 31, 2025.

¹¹ As a point of clarification, this does not include the cost of City staff time to administer and oversee the contract.

Figure 4: City Motel Program Expenditures by Contractor as of December 31, 2024

Contractor Type	Contractor Name	Expended Amount	Percentage of Total	Percentage by Contractor Type
Motel	Shree Enterprises	\$ 7,135,120	25.23%	82%
	Paul & Sons	\$ 7,335,616	25.94%	
	Gold Star	\$ 3,050,401	10.79%	
	Sky Riders	\$ 2,364,440	8.36%	
	Arden Acres	\$ 1,991,636	7.04%	
	Deville Motel	\$ 4,845	0.02%	
	Motel 6 Downtown	\$ 419,086	1.48%	
	Motel 6 Central	\$ 910,940	3.22%	
Service Provider	Step Up on Second Street	\$ 3,601,640	12.74%	17%
	City of Refuge	\$ 1,125,510	3.98%	
Hotline Manager	Hope Cooperative	\$ 335,858	1.19%	1%
TOTAL:		\$ 28,275,092	100%	100%

Source: Auditor generated based on expenditures data provided by the Department of Community Response.

As shown in the figure above, the cost breakdown for the program is approximately 82 percent for sheltering the individuals, 17 percent for providing supportive services, and 1 percent for managing the CMP hotline.

This next figure shows the total amount of CMP expenditures by funding source. As shown below, most of the expenditures were funded through the Disaster Relief Act Fund and various operating grants, which include various rounds of California Homeless Housing, Assistance and Prevention (HHAP) funds.

Figure 5: City Motel Program Expenditures by Funding Source

Fund Name and Number	Expended Amount	Percentage by Fund
1001 - General Fund	\$ 1,119,038	3.96%
1003 - American Rescue Plan Act (ARPA) Reinvestment Fund	\$ 3,702,982	13.10%
2401 - Measure U Special Revenue Fund	\$ 2,010,303	7.11%
2701 - Disaster Relief Act Fund *	\$ 8,739,757	30.91%
2702 - Operating Grants	\$ 12,124,648	42.88%
2703 - Externally Funded Programs	\$ 300,000	1.06%
2704 - Coronavirus Relief Fund	\$ 278,363	0.98%
TOTAL:	\$ 28,275,092	100%

Source: Auditor generated based on expenditures data provided by the Department of Community Response.

* Fund 2701 refers to reimbursements that the City has submitted to the Federal Emergency Management Agency (FEMA).

Note: Percentages might not add up to 100 percent due to rounding.

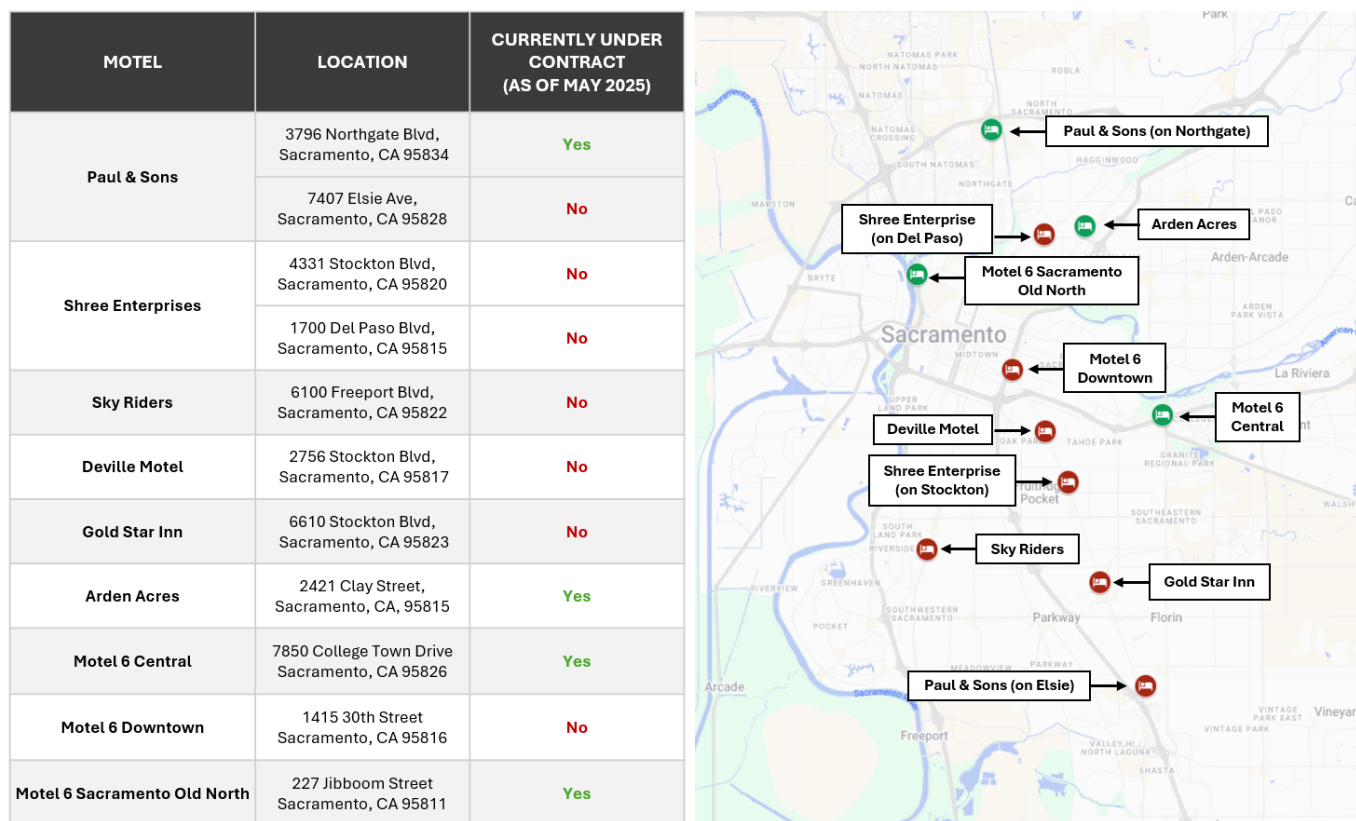
Evolution of Contracts

Over the life of the program, the City has entered into contract for rooms with nine operators, totaling 11 locations, across the City with a total contracted value of approximately \$37.1 million. The nine operators include (i) Paul & Sons; (ii) Shree Enterprises; (iii) Sky Riders; (iv) Deville Motel; (v) Gold Star

Inn; (vi) Arden Acres; (vii) Motel 6 Central; (viii) Motel 6 Downtown; and (ix) Motel 6 Sacramento Old North.

This series of motel contracts allowed the City to meet the second component of the CMP, which is to provide physical rooms to shelter PEH. This figure below maps out the various motel locations, in which four motels were active as of May 2025.

Figure 6: Map of Motels Participating in the City Motel Program



Source: Auditor generated based on motel contracts as of May 2025 and Google My Maps.

While the figure above shows that not all contracts were active as of May 2025, between three to six locations across two to five motels respectively were under contract at any given time.

For context, the following figure lists the motels and the total contracted amount for each motel as of May 2025 in order of the initial contracting date. As shown in this figure, the motels that contracted earliest with the City had the highest contracted amounts of \$8 million and \$12 million.

Figure 7: Motel Contracted Amounts through February 2026 and Amount Spent through December 2024

Motel Contractor	Total Contracted Amount through February 28, 2026	Actual Amount Spent as of December 31, 2024
Paul & Sons*	\$ 12,277,600	\$ 7,335,616
Shree Enterprises*	\$ 8,368,150	\$ 7,135,120
Sky Riders	\$ 2,891,999	\$ 2,364,440
Deville Motel	\$ 249,999	\$ 4,845
Gold Star Inn	\$ 3,963,297	\$ 3,050,400
Arden Acres	\$ 3,921,000	\$ 1,991,636
Motel 6 Central	\$ 3,133,800	\$ 910,940
Motel 6 Downtown	\$ 894,000	\$ 419,086
Motel 6 Sacramento Old North**	\$ 1,650,000	\$ -
TOTAL	\$ 37,349,845	\$ 23,212,083

Source: Auditor generated based on various City contracts with motels and expenditures data provided by the Department of Community Response.

* City contract with vendor is for two motel locations.

** Contract with operator was effective April 1, 2025.

Figure 8 below shows the number of rooms the City had under contract by location during any given month of the CMP. The City contracted between 187 and 375 rooms per month.

Figure 8: Number of Contracted Motel Rooms

MOTEL →	Paul & Sons		Shree Enterprises		Sky Riders	Deville Motel	Gold Star Inn	Arden Acres	Motel 6 Central	Motel 6 Downtown	Motel 6 Sacramento Old North	TOTAL ROOMS CONTRACTED EACH MONTH		
LOCATION (STREET) →	Northgate	Elsie	Stockton	Del Paso	Freeport	Stockton	Stockton	Clay	College Town	30th	Jibboom			
2020-12 through 2021-02	120 rooms	122 rooms	30 rooms	0 rooms	0 rooms	0 rooms	0 rooms	0 rooms	0 rooms	0 rooms	0 rooms	272 rooms		
2021-03			44 rooms	26 rooms	30 rooms	20 rooms						33 rooms	49 rooms	342 rooms
2021-04 through 2021-09							0 rooms							362 rooms
2021-10 through 2022-02		0 rooms				375 rooms								
2022-03 through 2022-11						49 rooms								253 rooms
2022-12														302 rooms
2023-01 through 2023-08	0 rooms	34 rooms	44 rooms	26 rooms	26 rooms	31 rooms	49 rooms	210 rooms						
2023-09 through 2024-06	65 rooms	0 rooms	44 rooms	27 rooms	30 rooms	0 rooms	32 rooms	30 rooms				228 rooms		
2024-07 through 2024-10	56 rooms		0 rooms	0 rooms	0 rooms	32 rooms	30 rooms	56 rooms	213 rooms					
2024-11 through 2025-02	76 rooms							70 rooms	247 rooms					
2025-03	60 rooms					32 rooms	30 rooms	65 rooms	0 rooms	65 rooms	187 rooms			
2025-04											252 rooms			
2025-05 through 2026-02											220 rooms			

Source: Auditor generated based on motel contracts as of May 2025.

As of May 2025, the City had approximately 1,375 beds as part of its homeless shelter program and 220 rooms contracted through the CMP. While the number of rooms and households served in the program fluctuate, DCR has historically used 550 as the average number of beds from the CMP in their overall shelter bed count. Using this average, the CMP accounts for 40 percent of the City's shelter bed capacity.

As mentioned previously, the City also partnered with three non-profit organizations, Hope Cooperative, City of Refuge, and Step Up, to help manage the CMP to varying extents. While Hope Cooperative was an early contractor for the CMP, their role is limited to managing a referral and intake hotline and less so on program operations, case management, or housing assistance. In contrast, City of Refuge and Step Up were the designated day-to-day program operator and service provider. Both of these service providers fulfill the third component of the program, as described in the Program Components section of this report. Step Up additionally fulfills the fourth component by providing housing support to participants as they begin exiting the CMP and up to one year of tenancy. Notably, provisions in these contracts, particularly the sections describing the contractor's key responsibilities and deliverables, varied amongst the three contractors.

While City of Refuge and Step Up had an overlapping period of service, the two entities served different motel locations through the end of August 2023. In September 2023, Step Up became the only contracted service provider, and therefore serves all motels under contract through February 2026. The following figure shows each participating motel and its respective service provider(s) over the life of the CMP.

Figure 9: Participating Motels and Their Respective Service Provider(s)

MOTEL →	Paul & Sons		Shree Enterprises		Sky Riders	Deville Motel	Gold Star Inn	Arden Acres	Motel 6 Central	Motel 6 Downtown	Motel 6 Sacramento Old North
LOCATION (STREET) →	Northgate	Elsie	Stockton	Del Paso	Freeport	Stockton	Stockton	Clay	College Town	30th	Jibboom
2020-12 through 2021-02	(no service provider)	(no service provider)	(no service provider)	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)
2021-03				(no service provider)	(no service provider)	(motel not under contract)					
2021-04 through 2021-09	C2021-0704 and C2021-0401	C2021-0704 and C2021-0401	C2021-0727	C2021-0727	C2021-0704 and C2021-0401	C2021-0704 and C2021-0401	C2021-0704 and C2021-0401	(motel not under contract)	(motel not under contract)	(motel not under contract)	(motel not under contract)
2021-10 through 2022-02		(motel not under contract)				C2022-0814					
2022-03 through 2022-06	(contract overlap)		(contract overlap)	C2022-0814	C2022-0814		C2022-0814	C2022-0814			
2022-07	C2022-0814	(motel not under contract)	C2022-0747			C2022-0747			C2023-1185	C2023-1185	C2023-1185
2022-08 through 2022-12				C2022-0814	C2023-1185		C2023-1185	C2023-1185			
2023-01 through 2023-08	(motel not under contract)	C2022-0814	C2023-1185			C2023-1185			C2023-1185	C2023-1185	C2023-1185
2023-09 through 2024-06	C2023-1185	(motel not under contract)		C2023-1185	C2023-1185		C2023-1185	C2023-1185			
2024-07 through 2025-02	C2023-1185-01		C2023-1185-02			C2023-1185-02			C2023-1185-02	C2023-1185-02	C2023-1185-02
2025-03	C2023-1185-02	C2023-1185-02		C2023-1185-02	C2023-1185-02		C2023-1185-02	C2023-1185-02			
2025-04			C2023-1185-02			C2023-1185-02			C2023-1185-02	C2023-1185-02	C2023-1185-02
2025-05 through 2026-02	C2023-1185-02	C2023-1185-02		C2023-1185-02	C2023-1185-02		C2023-1185-02	C2023-1185-02			
<div><div></div> Step Up on Second Street contract<div></div> City of Refuge contract</div>											

Source: Auditor generated based on motel and service provider contracts as of May 2025.

Note: The dark yellow and green lines denote different service provider contracts. The darker green overlap indicates that both contracts were active during that time period.

Figure 9 above highlights that there was a period at the beginning of the program when neither entity was servicing motels with active CMP contracts. Although the Hope Cooperative contract was active at the time, there was no indication in their contracted scope of the services that appeared similar to the program operator and service provider role the other two entities held. The figure also emphasizes that City of Refuge only serviced two motel locations and for a shorter amount of time than Step Up.

In addition, we noted previously that Step Up was also responsible for the fourth component of the program, which included move-in support and landlord incentives. Because Step Up did not service the two locations owned by Shree Enterprises until September 2023 in which Contract 2023-1185

consolidated the third and fourth components of the program, those program participants likely did not have access to those services for an approximate two-year period.

The figure below provides the total contracted amount for each service provider across all contracts and identifies the number of amendments for each contract through May 2025.

Figure 10: Number of Hotline and Service Provider Contract Amendments and Total Contracted Amount as of May 2025

CONTRACTOR	CONTRACT NUMBER	CONTRACT AMENDMENTS	TOTAL CONTRACTED AMOUNT
Hope Cooperative	PRC001356	2	\$ 335,858
Step Up on Second Street	2021-0401	1	\$ 5,527,391
	2021-0704	5	
	2022-0814	2	
	2023-1185	2	
City of Refuge	2021-0727	4	\$ 2,741,748
	2022-0747	2	
TOTAL			\$ 8,604,997

Source: Auditor generated based on hotline and service provider contracts through May 2025.

Note: Contractors are listed in order of initial contracting date.

The contract amendments for all three entities typically covered budget adjustments and augmentations, increasing the number of PEH served, and extending the contract term.

Operation of the City Motel Program – Participant Agreements, Rules, and Removals

Upon entry into the program, each participant is required to review and sign several agreements guiding their conduct and responsibilities in the program. These include the *City Motel Shelter Program Participant Guidelines*, *Room Cleaning Protocol*, *City Motel Shelter Program Termination Policy*, and *Grievance Policy and Procedures*.

City Motel Program Participant Guidelines

The *City Motel Shelter Program Participant Guidelines* are designed to ensure safety, respect, and progress toward stable housing and required to be signed upon entry into the program for each participant. For example, weapons are strictly prohibited on motel property, and individuals are expected to treat motel staff, program staff, other participants, and the property itself with respect. Disruptive behavior such as loud music, excessive noise, or property damage is not allowed. All motel furnishings and equipment must remain in the assigned room, and participants may not enter other participants' rooms or staff-only areas.

Only registered participants may stay in the rooms, and guests are not allowed unless approved by staff. Parents or legal guardians must supervise minors at all times, and no additional individuals or pets may be added to the household without staff approval.

Fire safety rules must be strictly followed, including no smoking indoors, no candles, and no tampering with smoke detectors or electrical outlets. Participants' use of cooking devices is limited to specific items.

Participants are required to meet regularly with program staff or case managers to access support services and must show progress toward transitional or permanent housing. Each week, they must vacate their room temporarily for cleaning and inspection. Personal belongings must be limited to two containers per adult and one per child, and rooms must be kept clean, with trash disposed of properly. Finally, participants may not leave their room vacant for more than 72 hours without prior approval. These rules help maintain a safe, respectful, and goal-oriented environment for everyone in the program.

Additionally, by signing the *City Motel Shelter Program Participant Guidelines*, the participants agree to have relevant information shared with the City of Sacramento, its partners, and referral agencies through HMIS to receive support services.

Room Cleaning Protocol

Participants, upon entering the program, are required to sign an agreement, called a *Room Cleaning Protocol*, consenting to weekly room cleaning and inspections, and periodic room checks. According to the protocol, motel rooms will be cleaned and inspected weekly by staff, with 24-hour notice given in advance. Inspections may occur with or without the participant present. Additionally, support staff, motel staff, and City staff may conduct periodic room checks with at least a two-hour notice. In both cases, staff may enter the room to complete their duties if there is no response.

City Motel Shelter Program Termination Policy

Participants are required to sign a document titled the *City Motel Shelter Program Termination Policy* that lay out the remedies for violations of the CMP participants that range from immediate exits from the program, exits that require a 30-day notice and the notice requirements, and warnings. These rules have been updated to comply with state law.

The policy lays out specific circumstances where a participant can be immediately exited from the program. Participants may be removed from the program for any behavior that poses a direct threat to the health or safety of others or property, including sexual assault, threatening behavior, or acts of physical violence toward staff, other participants, or motel guests.

The policy states reasons for a participant being provided a 30-day exit notice. Participants may be exited from the program for reasons such as engaging in illegal activity, violating program rules, refusing to participate in rehousing efforts, being absent without notice, or if the program or housing site ends. A written *Notice of Termination* stating the reason will be provided at least 30 days in advance. Exits may also occur if the participant secures permanent housing or resolves their housing situation.

Finally, the policy explains when a written warning is appropriate and lays out steps to reform behavior. According to the policy, program staff will issue written warnings for violations of program rules, ensuring participants understand the specific behavior that led to the violation. Case managers will work with participants to find solutions, monitor progress, and document all steps taken. Accumulating three written violations may result in program termination, as determined in writing by management.

Grievance Policy and Procedures

Participants are required to sign a document titled the *Grievance Policy and Procedures* that provide a process for participants to seek City review of exits that may not adhere to policies. The grievance policy allows program participants to appeal a termination they believe is wrongful by submitting a *Grievance Resolution Appeal* form, which program staff will forward to the City within one business day. The City will respond within a specified time and hold a grievance meeting to determine if the termination followed proper procedures and if efforts were made to connect the participant with alternative shelter. If the City finds the termination was improper, the participant may be reinstated or placed in a different available shelter.

City Motel Program Contract for Success

Upon intake, Step Up originally required CMP participants to complete an *Individual Service Plan* which documented goals, necessary action steps to reach established goals, deadlines, and outcomes. Step Up recently replaced *Individual Service Plans* with a *Contract for Success* which aligns with their Four Phase Case Management model. The *Contract for Success* is an agreement between Step Up and the CMP participant to assure that the CMP participant actively pursues long-term solutions to achieve permanent housing. The *Contract for Success* establishes expectations and timelines for goals such as obtaining primary personal documents such as a valid identification document, Social Security card, birth certificate, etc. Additionally, the *Contract for Success* also specifies that failure to follow through with these expectations may cause a violation for failing to take the necessary steps to secure transitional/permanent housing.

Roles and Responsibilities in Responding to Homelessness

Homelessness is a regional issue, and the City collaborates with partners to serve people experiencing homelessness, reduce community impacts, and invest in prevention, outreach, shelter, and housing. The cross-jurisdictional approach is modeled after a framework to address homelessness called the

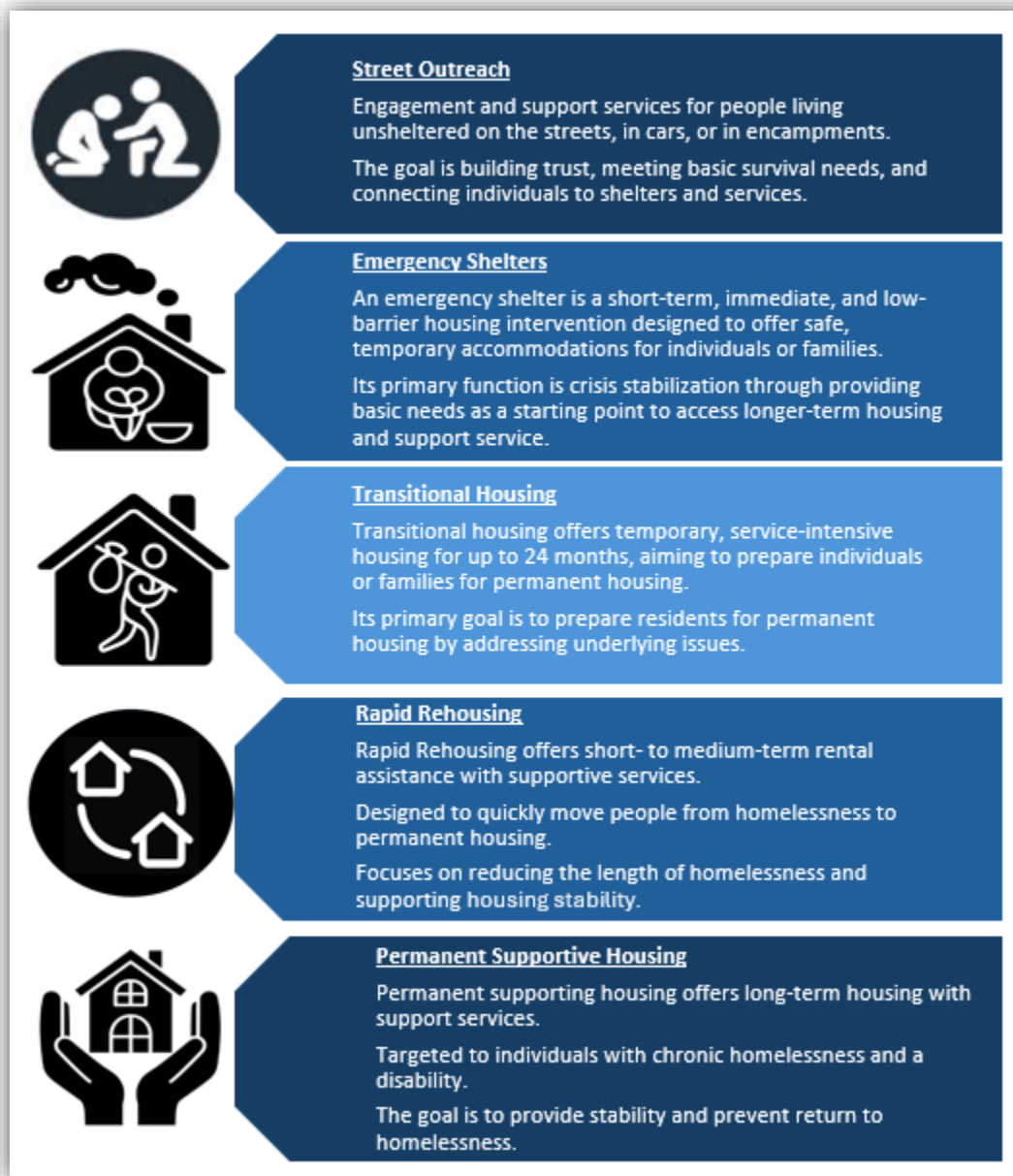
Continuum of Care (CoC). The CoC concept was designed by the U.S. Department of Housing and Urban Development (HUD) nearly thirty years ago and envisions the establishment of a community-wide commitment of striving to end homelessness.¹²

A CoC is typically composed of representatives from multiple organizations that coordinate services to best help PEH. These organizations include government agencies, nonprofits, social services providers, school districts, faith-based organizations, and mental health agencies. A CoC provides a clear framework for delivering tailored services to help PEH transition into stable housing and self-sufficiency.

According to the CoC site, the program is designed to promote community-wide planning and strategic use of resources to address homelessness. The broader CoC framework was developed to coordinate housing and services for people experiencing homelessness. The CoC model is designed to guide individuals from homelessness to permanent housing through various service levels. As illustrated in the figure below, there are several service levels envisioned in the CoC model.

¹² HUD is the federal agency responsible for national policy and programs that address America's housing needs, that improve and develop the country's communities, and enforce fair housing laws.

Figure 11: Shelter and Housing Definitions in the Continuum of Care



Source: Auditor generated based on information from the U.S. Department of Housing and Urban Development.

As discussed in greater detail below, the responsibilities to provide different types of services fall onto different jurisdictions. For example, cities often take the lead in directly operating or funding emergency shelters, particularly in urban areas. Counties may assume a larger role in suburban or rural areas, especially where they manage public health, mental health, and social services, which intersect with homelessness. In contrast, transitional shelters usually involve intensive services such as behavioral

health, workforce development, and family stabilization. Therefore, the appropriate delegation of different roles and responsibilities is critical to the success of the continuums.

A CoC also counts and reports to HUD how many community members are homeless. These metrics provide government leaders with an overview of homelessness prevalence to help make data-informed decisions.

Homeless Management Information System

The Homeless Management Information System (HMIS) is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. As the local HMIS lead, Sacramento Steps Forward (SSF) manages the database for Sacramento and Yolo Counties, granting access to the system, maintaining data quality, and providing regular reports to HUD. The use of an HMIS is mandated by Congress for any CoC who receive federal funding to address homelessness in their communities. The State of California also requires the use of HMIS for state-funded programs.

HMIS collects client-level data on housing and services for PEH, including demographics, history of homelessness and services accessed, and service needs. HMIS seeks to collect information from all homeless service providers throughout the county, including agencies that provide housing services (transitional housing, permanent supportive housing, rapid re-housing, emergency shelters, for instance), homeless prevention projects, as well as auxiliary services (such as food shelves, outreach programs, drop-in centers), and other service providers in contact with PEH. One of the main functions of HMIS is to connect community agencies with one another, allowing direct service staff to know more about what is happening with their clients and where else they are obtaining services.

The City uses HMIS in its outreach efforts to conduct assessments for the PEH community and understand an individual's homelessness and service history. The City also participates in the regional effort to improve and streamline access to shelter and services by inputting its shelter spaces and programs into HMIS.

As access to HMIS is strictly monitored, requiring background checks and security measures to protect the confidential client data stored in the system, the City is only given access to data in HMIS for City programs and services. While this allows the City to monitor the performance of its own service providers, it provides some limitations in determining how City programs interact with other programs in the continuum or lead to the success of a PEH once they have moved on to a non-City program.

Sacramento City and County Continuum of Care

Homelessness is an issue that not only impacts individuals in Sacramento, California but individuals throughout the United States. HUD has created various programs to help PEH. These programs provide the backbone of a local agency's framework to address homelessness in its communities.

As introduced earlier in this section, HUD's Continuum of Care program is a community-wide program that addresses critical issues related to homelessness. In Sacramento, California, SSF is the designated administrative entity for the Sacramento City and County Continuum of Care (Sacramento CoC). Its core

services include collaborating with local partners, facilitating coordination, assisting with investing and managing state and federal funds, carrying out the Point-in-Time Count, managing the CAS, and administering the HMIS for the Sacramento region.

More broadly, the Sacramento CoC works with local government agencies, faith-based organizations, and other nonprofit organizations to help mitigate homelessness. The Sacramento CoC Board is comprised of several representatives from organizations that serve PEH in Sacramento County. It is responsible for managing community planning, coordination, and evaluation to ensure that the system of homeless assistance resources is used effectively and efficiently to rapidly and permanently end homelessness.

Coordinated Access System

The City financially supports the functioning of a Countywide CAS, which is a mechanism and national best practice that centralizes access to and improves the efficacy of homeless and rehousing services across a variety of geographic and virtual access points and within all existing and future shelter sites.¹³ The CAS serves as a centralized entry point into the Sacramento CoC's homeless services system. The system connects people experiencing homelessness to available housing and support resources through a standardized process, aiming to maximize efficiency and fairness in service delivery. All participants of the Sacramento CoC's homeless services resources, including shelter bed availability, are input and accessible through CAS.

PEH can access the system through different access points designed to streamline inputting PEH information into the system, performing vulnerability testing, and connecting to services. These access points include outreach teams, shelters, day centers, community-based organizations, and the CAS 2-1-1 system. These points are distributed across Sacramento County and are intended to meet people where they are.

Once connected to the system, CAS operators conduct an assessment to determine the severity of the PEH needs. This is done through an assessment called the Vulnerability Index-Service Prioritization Decision Assistance Tool (VI-SPDAT). The assessment is designed to evaluate the housing and service needs of the PEH. The assessment collects a broad swath of information about the individual including housing history, health, vulnerabilities, family, and safety risks.

Upon completion the VI-SPDAT results are analyzed, entered into HMIS, and are used to prioritize clients based on vulnerability and need. The CoC prioritizes people who are most at risk. The risk prioritization is based on weighing chronic health conditions, long-term homelessness, family status, and barriers to housing. The system is designed to prioritize the provision of housing resources that are directed to those who need them most. In other words, the PEH with the highest vulnerability are first in line to

¹³ CAS is a local implementation of the coordinated entry system required by HUD. CAS operates using the HMIS database and is a coordinated effort between SSF, the City of Sacramento, Sacramento County, and the Sacramento CoC.

receive housing services. CAS operators then process referrals through HMIS, which tracks availability and placement.

In August 2024, the CoC Board approved the use of a new assessment tool to replace the VI-SPDAT. The locally developed Housing Conversation Tool (HCT) was fully deployed in January 2025 and replaced the VI-SPDAT, which had been in use since 2017 but was discontinued in 2023 due to concerns about racial bias. The HCT is shorter, more trauma-informed, and designed to better align shelter and housing prioritization, improving flow between programs. All new CAS assessors must complete updated onboarding that covers implicit bias, vicarious trauma, and trauma-informed care to ensure greater consistency across Sacramento's 350 assessors.

How PEH Enter and Work Through the City Motel Program

A PEH first connects with the system through a designated access point, as described above. These access points vary by population (e.g., single adults, families, or transition-age youth) and can include outreach teams, shelters, drop-in centers, or resource hubs like 2-1-1 Sacramento.

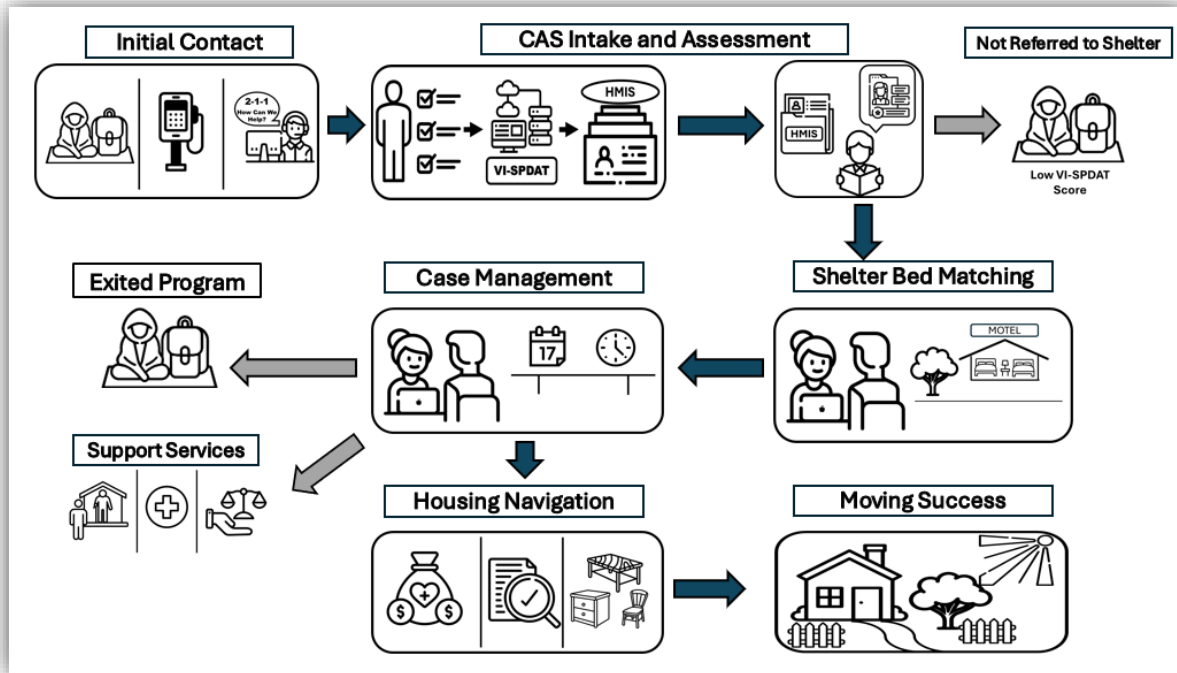
Once connected, the individual is assessed through a screening tool. This assessment determines the PEH's level of need and prioritizes placement for available services. The results of the screening tool assessment are entered into HMIS.

CAS staff search for shelter availability in the CAS, which includes rooms available in the CMP, that match the PEH's vulnerabilities and needs. When a suitable shelter motel room is available, the PEH is contacted and offered placement.

The new CMP participant meets with service provider staff from Step Up and undergoes an intake process. This process typically includes screening questions, a review of shelter rules, and agreement to program terms. Step Up service providers, as described in greater detail below, engage in an Individualized Service Plan that maps out the needs of the PEH and establishes specific steps that must be completed and assigns deadlines for completion. This can include assisting the PEH in recovering important documents typically required to pursue permanent housing, such as identification cards, social security documentation, birth certificates, and access to benefits like Medicaid or Social Security. Service providers also work with PEH to pursue behavioral health services and employment support.

Finally, once a person has acquired all of the required information to pursue housing, Step Up housing specialists and the housing navigation team help identify a path to housing and help participants move-in to housing. Step Up housing specialists assist with move-in needs, and provide guidance on independent living skills, budgeting, and community resources. Figure 12 below outlines the process for how PEH enter and work through the CMP.

Figure 12: How PEH Access and Navigate the City Motel Program



Source: Auditor generated based on information provided by the U.S. Department of Housing and Urban Development, Sacramento Steps Forward, Step Up, and the Department of Community Response.

How PEH Departures from the City Motel Program are Characterized

The City requires Step Up to enter information related to the CMP participants entry, progress, and termination information into the region's HMIS and/or linked confidential database and comply with all applicable Sacramento CoC policies and procedures. Step Up enters into HMIS the outcomes in figure 13 below to track and report on the destination of CMP participants after leaving the program.

Figure 13: Exit Destinations for City Motel Program Participants

Assigned Outcome	PEH Destinations After Exiting the City Motel Program
Negative	<ul style="list-style-type: none"> • Deceased • Homeless • Institutional situation • Jail/prison/juvenile detention facility
Neutral	<ul style="list-style-type: none"> • Emergency congregate shelter • Non-congregate shelter • Still in CMP
Improved	<ul style="list-style-type: none"> • Foster care • Hospital facility • Hotel/motel • Interim/transitional housing • Staying or living with family (temporary) • Staying or living with friends (temporary) • Treatment/higher care facility
Positive	<ul style="list-style-type: none"> • Permanent housing • Permanent housing (subsidized) • Permanent housing (unsubsidized) • Room and board • Staying or living with family (permanent) • Staying or living with friends (permanent)
Misenrollment/data entry error	<ul style="list-style-type: none"> • Misenrollment/data entry error
Not communicated to program operator	<ul style="list-style-type: none"> • Not communicated to program operator
Not exited as of end date parameters set for report	<ul style="list-style-type: none"> • Not exited as of end date parameters set for report
Out-of-region	<ul style="list-style-type: none"> • Out-of-region

Source: Auditor generated based on HMIS exit destinations.

Objective, Scope, and Methodology

The objective of this audit was, through our evaluation of the CMP, to determine the usefulness of existing metrics related to City operations in demonstrating the service provided to PEH and in informing better service delivery. This included determining how and if success is measured, whether positive or negative individual outcomes are tracked and defined, and whether existing data can demonstrate when and why positive or negative individual outcomes occur. The objective was also to identify when, where, and how data is collected, identify whether available data is analyzed to determine barriers to service acceptance, evaluate the data to identify systematic bottlenecks, determine whether the City systematically monitors and reviews existing data to ensure data integrity and to analyze program performance, and determine how the program data is reported.

More specifically, we evaluated the CMP for effectiveness and appropriateness in helping program participants achieve temporary sheltering and in facilitating overall positive outcomes. We sought to assess motel and service providers' performance and completion of program duties, assess the City's contract administration and oversight of the CMP to ensure appropriate spending and provide assurance of achieving effective operations, and determine whether the effectiveness of the CMP is hindered by a lack of resources and services that other agencies and partnerships are more appropriately funded to provide.

As part of this audit, we interviewed DCR staff, CMP service providers, and CMP motel owners to understand the current policies and procedures for maintaining room conditions, upholding program rules, providing case management and other services to participants, maintaining participant records, and tracking performance metrics. We also benchmarked against other agencies in California operating similar non-congregate motel shelter programs, conducted industry research on shelter types and best practices, and reviewed all 93 contracts with service providers and motels that the City entered into between December 2020 and May 2025.

As part of our fieldwork for this audit, we conducted onsite visits at three motel locations, knocked on 118 rooms, designed a survey, and conducted 46 interviews to assess the livability of room conditions and to understand participants' satisfaction with and experience in the program.

In our data review, we analyzed CMP participant and services data in HMIS since program initiation in December 2020 through January 31, 2025. The analysis covered 4,057 program stays across all three service providers. For the participant data, we compiled and cleaned data from the HMIS GNRL220 reports at program entry and exit. For the services data, we compiled and cleaned data from the HMIS GNRL400 reports.

During our fieldwork, we also reviewed case notes in HMIS for a random sample of 20 exited participants to assess participants' lengths of stay, exit destinations, the cost of positive exits, and the types of services received. The sample was randomly selected after filtering for the population that met certain parameters, some of which overlapped. The parameters we considered included: a) 80 percent

(16 participants) were in the CMP for over 365 days, 10 percent (2 participants) were in the program for 61-90 days, and 10 percent (2 participants) were in the program for 91-120 days; b) 80 percent (16 participants) exited positively, 10 percent (2 participants) exited to improved destinations, and 10 percent (2 participants) exited negatively; and c) 70 percent (14 participants) were served by Step Up and 30 percent (6 participants) were served by City of Refuge. We also requested service plans for the 14 participants served by Step Up, the CMP's current and only service provider, and reviewed the 10 that were provided to us.

Finally, we examined Step Up invoice packets associated with CMP contracts that began in calendar year 2021. We conducted an in-depth review of three invoice packets for the months July 2022, October 2022, and January 2023 to determine whether invoice charges were appropriate and whether supporting documentation was sufficient. Each invoice had almost 250 pages of supportive documentation for each month and ranged from an estimated \$53,221 to \$65,574. We conducted additional testing on specific charges in 12 of the 57 invoice packets by reviewing every third invoice that covered the months of April 2021 through October 2024 to assess furniture purchases and rental assistance provided to participants. We also reviewed all four invoices from July 2024 through October 2024 to determine whether DCR's new invoice submission requirements were followed by the service provider.

Finding 1: Over the Duration of the City Motel Program, 32 Percent of Exited Participants Have Secured Permanent Housing

Homelessness is a complex and persistent challenge that requires not just temporary shelter, but long-term, stable housing solutions. To address this, the City pays service providers to operate the CMP designed to offer temporary, non-congregate shelter while helping families transition out of homelessness and into permanent housing. These providers are expected to do more than just facilitate temporary housing—they are tasked with connecting participants to supportive services, coordinating housing placements, and ultimately achieving “positive exits” from homelessness. How well this program performs is a critical measure of its effectiveness and of the City’s broader efforts to reduce homelessness.

The City established the CMP in December 2020 and has since contracted with service providers specializing in homelessness, supportive housing, and social services to help participants transition into the community. Since September 2023, Step Up has served as the program’s sole provider, delivering case management and housing services. Staff assist participants with securing permanent housing, coordinating move-ins, and preparing for independent living through lease support, landlord engagement, and tenant education.

Our review of HMIS data found that the CMP achieved a positive exit rate of about 32 percent, defined as participants exiting to permanent housing.¹⁴ While this rate may appear low, it is in line with the 32.4 percent national average for successful housing placement from emergency shelters, transitional housing, safe haven, or rapid re-housing projects during 2023, the most recent data available from HUD’s *National Summary System Performance Measure – 2019-2023* report.¹⁵ In addition, our benchmark with other California cities found that the City’s 32 percent rate exceeds the performance of comparable shelter programs. As discussed later in this report, the overall proportion of participants achieving stable housing remains limited, suggesting opportunities for further improvement in long-term housing outcomes.

To get a better understanding of how the CMP’s 32 percent positive exit rate compared to other similar programs, we benchmarked non-congregate motel shelter programs in other cities. We specifically looked for programs serving families, like the City’s CMP. However, finding directly comparable data was challenging because agencies operate these programs differently. For example, motel shelter programs may serve different homeless populations, may house PEH by specific demographic traits, may report positive exit rates by fiscal year or by calendar year, may have different performance goals and metrics, or may not track exit rate data. Despite these limitations, we used the best available information to

¹⁴ This calculation excludes early participants that were served under the contract with Hope Cooperative as the goal then was to keep participants from contracting COVID-19, not to provide services to exit to permanent housing.

¹⁵ The full report is available at: <https://files.hudexchange.info/resources/documents/National-Summary-of-Homeless-System-Performance.pdf>.

compare the City's CMP to other benchmarked agencies. Based on this review, we found that the City's positive exit rate was generally higher than those reported by the agencies we were able to benchmark.

The figure below presents a comparison of the CMP's positive exit rate with those of other agencies.

Figure 14: A Comparison of the City Motel Program and Other Agencies' Positive Exit Rates

Agency	Positive Exit Rate Percentage	Time Period	Notes
City of Sacramento City Motel Program	32%	December 2020 through January 2025	This calculation excludes participants that were serviced by Hope Cooperative as exiting to permanent housing was not a goal at the time
Project Roomkey - Santa Cruz County	27%	April 2020 through June 2022	Santa Cruz PRK participant exit destinations, as of November 2022
City and County of San Francisco	25%	September 2022 through September 2024	Percent of households exiting non-congregate family shelters to permanent housing
Los Angeles Homeless Services Authority	15%	Fiscal Year 2020 through Fiscal Year 2023	This is an average of each year's rate of exits to permanent housing destinations relative to total exits

Source: Auditor generated based on HMIS data and benchmarking several agencies' positive exit rates.

As part of fieldwork, we conducted benchmarking research with the City and County of San Francisco, City of Los Angeles, and Santa Cruz County to determine how these programs are operated and how these agencies tracked the rate of motel shelter program participants' rate of exit to permanent housing.

City and County of San Francisco

The City and County of San Francisco uses a coordinated system to assess, prioritize and match PEH with housing opportunities. Most shelters are funded and managed by the San Francisco Department of Homelessness and Supportive Housing who is responsible for monitoring, evaluating, and providing technical and administrative help to nonprofit shelter service providers. Once placed in a shelter, PEH has access to case management, on-site medical services, behavioral health support, social benefits services, and other services.

The City and County of San Francisco has four distinct shelters systems including family shelters. Family shelters consist of at least one adult with at least one child under 18 in their care, or households with at least one person who is pregnant. The City and County of San Francisco operates eight family shelter programs, across seven different sites.

The City and County of San Francisco conducted an *Assessment of the San Francisco Shelter System* which evaluates the performance of the emergency shelter and crisis intervention programs overseen by the Department of Homelessness and Supportive Housing. In the report, they reported that 25 percent of families in non-congregate shelters exit to permanent housing.

City of Los Angeles/Los Angeles Homeless Services Authority

The City of Los Angeles utilizes a Coordinated Entry System for Families (CES-F) program to pre-screen homeless and at-risk families for local services. Eligible PEH are provided with a crisis housing motel voucher and other necessary resource referrals they may need.

The City of Los Angeles' hotel and motel-based programs, Project Roomkey, Project Homekey, and Inside Safe, began during the COVID-19 pandemic. At that time, the City began leasing underutilized hotels and motels and temporarily repurposed those properties to serve as housing for people experiencing homelessness. Hotels and motels have thus become a significant portion of the City of Los Angeles' interim housing inventory. Their motel shelter program typically serves both individuals and families.

The City of Los Angeles continues to operate hotel and motel-based programs and recently conducted the *Homelessness Audit: Pathways to Permanent Housing*, which evaluated their city-funded interim housing programs to determine the permanent housing placement rates for the various programs and evaluate other aspects of the programs. The report shared the following rate of exits to permanent housing destinations relative to total exits.

Figure 15: Rate of Exits to Permanent Housing Destinations Relative to Total Exits

Program	FY2020	FY2021	FY2022	FY2023	Average of FY2020-FY2023 Rates
Hotel/Motel Programs	8%	16%	17%	18%	15%

Source: Auditor generated based on data from the City of Los Angeles.

As illustrated above, the exit rate in the City of Los Angeles program has been improving steadily since the inception of the program.

Santa Cruz Project Roomkey

Similar to the City of Los Angeles, Santa Cruz County also received funding to place PEH into temporary non-congregate shelters (hotel and motel rooms). Project Roomkey was a statewide effort established by the State of California to provide housing to PEH during the 2020 COVID-19 pandemic.¹⁶ Santa Cruz County operated its Project Roomkey program from April 2020 through June 2022. Santa Cruz County officials issued a request for proposals to identify hotels and motels to participate in Project Roomkey. Program participants received general services and health services such as daily meals, COVID-specific health services, and behavioral health needs.

Initially, Santa Cruz County did not have an established plan for re-housing Project Roomkey participants since resources were directed to the program launch and implementation. Eventually Santa Cruz County developed an exit plan for Project Roomkey participants and secured housing for PEH with high vulnerability scores on the VI-SPDAT or had documented disabilities. Santa Cruz County reported the following number of Project Roomkey participant exit destinations.

Figure 16: Santa Cruz County Project Roomkey Participant Exit Destinations, as of November 2022

Project Roomkey Site	Total Project Roomkey Exits	Exit Destination						
		Permanent Housing	Temporary Housing	Short-Term Institutional Setting	Long-Term Institutional Setting	Congregate Shelter	Unsheltered Location	Unknown or Other Location
Comfort Inn	98	17	3	4	5	35	9	29
Fireside Inn	54	8	1	2	0	27	5	13
Oceana	165	21	3	2	2	30	17	27
Pacific Inn	108	19	9	3	4	19	11	47
Rodeway Inn	893	309	62	43	2	205	155	125
Salt Air Lodge	67	6	2	4	2	33	11	10
Total	1,385	380	80	58	15	349	208	251

Source: Auditor generated based on data from the Evaluation of California's Project Roomkey Program - Case Studies of Five Counties' Project Roomkey Implementations.

Based on the figure above, the total reported positive placement rate into permanent housing for Santa Cruz County's operation of its motel shelter programs was 27 percent.

While the City's CMP appears to achieve a higher positive exit rate than similar efforts in other cities, a 32 percent positive exit rate still means that approximately 68 percent of exiting participants are not going to permanent housing or other positive destinations. This highlights a need for continued efforts

¹⁶ The COVID-19 pandemic was declared over in May 2023.

to improve program outcomes. The remaining findings in this report address key areas related to program objectives and outcomes, service effectiveness, internal controls, and data collection practices. We believe that addressing these areas — particularly more accurate and consistent data tracking — can enhance the City's ability to evaluate program performance, strengthen service delivery, and ultimately increase the number of participants who successfully transition to stable, permanent housing.

Finding 2: Participants Reported Satisfaction with the CMP; However, Reported Issues with Room Conditions and Inconsistent Service Delivery Indicate Operational Challenges That May Impact Overall Program Effectiveness

The CMP is currently designed to provide shelter for families experiencing homelessness. The current practice of the Sacramento CoC's CAS is to offer available space in the CMP to individuals experiencing high vulnerabilities. As a result, many of the individuals enrolled or their children suffer from a variety of complex issues.

Best practices in providing non-congregate shelter highlight the need to establish a clean and safe living environment. For programs that offer services to participants, availability and consistency in the provision of services is paramount to building trust and empowering participants to success in permanent housing. Additionally, best practices stress the importance of establishing rules for non-congregate homeless shelters for families requires balancing safety, structure, and support while being developmentally and trauma-informed, especially when children with developmental disabilities are involved.

In an effort to understand the operational status of the program and the participant experience, we formulated a survey, deployed audit staff to three motels in the CMP, knocked on doors for 118 rooms, and conducted 46 interviews.¹⁷ We undertook this survey of CMP participants with two main goals.

First, we sought to determine whether the motels maintain the contractual standard of livability for the rooms. We prepared a checklist and interview form and performed unannounced site visits to three motels participating in the motel program. The first portion of the survey included quantitative questions focused on determining whether there were any safety or sanitation hazards, malfunctions or damage to furniture or appliances, electrical hazards, pest infestations, mold, and malfunctions to fixtures. We also included a question about the delivery of services. These questions were structured as "yes/no" or rating participant experience on a numbered scale.

Second, we sought to speak to CMP participants to understand their level of satisfaction and concerns with the operation of the program. This portion of the process included a series of open-ended questions about the participant's experience in the program. These included questions pertaining to overall experience, their thoughts about the effectiveness of the rule structure, and their opinions about the service provided.

While these percentages are not a statistical sample and cannot be extrapolated across the population, we believe this survey was the first effort of its kind in evaluating the CMP and the data provides useful insight into the operation of the program and the experiences of the participants. The outcome of the survey highlighted three observations:

¹⁷ The survey was conducted on March 4, 2025 at the following three motel sites: Arden Acres, Motel 6 Central, and Paul & Sons Northgate.

- The motels mostly maintain appropriate livability standards in the rooms and participants are pleased with the living conditions;
- Some program participants reported feeling they are not receiving sufficient services through the program; and
- Participants expressed that the rules for the program are too stringent, not adequately communicated, and lamented an overall lack of flexibility for extenuating circumstances.

We found that more than 70 percent of respondents stated they are satisfied or very satisfied with the program. However, we observed some issues in about 20 percent of the rooms we viewed, such as damaged walls. In addition, the presence of pests was reported by participants in some instances. Additionally, we found that many participants responded that they did not feel like they were receiving sufficient assistance from the service providers and sought more consistent interface with their case manager and housing navigators. Finally, we found that participants find certain rules too stringent and, for various reasons described below, believe that certain extenuating circumstances can be considered in the enforcement of the rules.

As the motels and service provider continue to operate the CMP, we believe this information can be useful in considering, if appropriate, minor modifications in the management of the CMP.

Motels mostly maintain appropriate livability standards in the rooms and participants are pleased with the living conditions

According to homeless experts, participants in non-congregate shelters that integrate services experience improved management of chronic health issues and greater autonomy. These experiences highlight the model's success in addressing the health impacts of homelessness. Studies have shown that the privacy, safety, and predictability of non-congregate shelter environments support stability and encourage trust-building with service providers. The benefits also included higher engagements with staff.

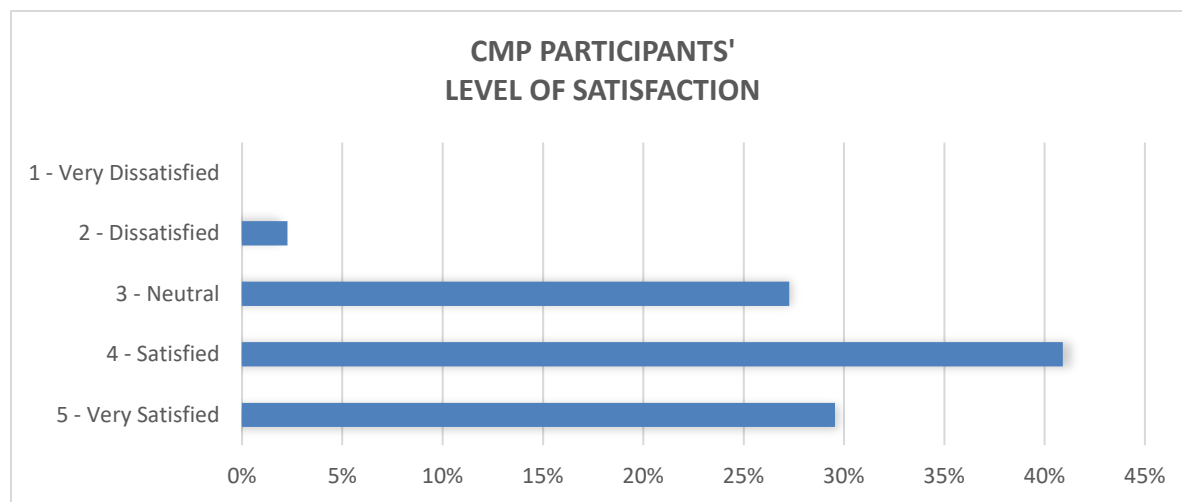
The City has entered into a series of contracts with local motel owners to provide motel rooms for families experiencing homelessness. Contracts provide that motel staff are responsible for cleaning the facilities. The City's contracts with most of the motel providers require the contractor to provide weekly housekeeping services, including bedding and towel changes and deep cleaning, and coordinate with program staff to ensure rooms are cleared for service. Additionally, the contractor must maintain each room by repairing or replacing damaged fixtures and ensuring all surfaces, including walls, floors, and carpets, are clean and free of stains.

A series of newspaper articles highlighted complaints from CMP participants alleging below standard living conditions in motels.¹⁸ The stories alleged that motel rooms included dangerous conditions such as black mold and pest infestations.

¹⁸ Notably, several motels have turned over in the program. The motel that was the subject of the news articles is no longer a motel provider in the CMP.

As discussed above, we performed onsite visits at the motels that included an in-person survey for the motel participants.¹⁹ All of the responses in this section were provided by CMP participants that volunteered to participate in the survey. For one of the inquiries, we asked participants to rate their overall experience with the program on a scale of “5 – Very Satisfied” to “1 – Very Dissatisfied.” As illustrated in the figure below, we found that more than 70 percent of the participants rated their experience as “Satisfied” or “Very Satisfied.”

Figure 17: Surveyed Participants’ Satisfaction Level with the City Motel Program



Source: Auditor generated based on analysis of survey responses.

Notably, we found that less than 3 percent of survey participants rated the program negatively with an answer denoting a level of dissatisfaction.

We designed a series of questions to determine whether the rooms in the motels were being adequately maintained by motels as required by the contracts. We asked specific questions about issues such as safety hazards in the rooms, the functionality of the amenities, and whether there were fixtures that were nonfunctional. For each issue raised by the participant, the audit team sought visual confirmation of the issue in order to score it in the survey.

We found that about 80 percent of the units did not have any safety, sanitation, or trip hazards. Specifically, the survey sought to identify issues including trip hazards such as loose carpets or uneven surfaces, electrical hazards including exposed wires, pest infestations, mold presence, or missing or broken smoke detectors. Figure 18 below provides an example of a typical room in the motels we visited.

¹⁹ A copy of the survey can be found in Appendix A.

Figure 18: Example of a Typical Motel Room in the City Motel Program



Source: Photographs taken from Yelp at https://www.yelp.com/biz_photos/motel-6-sacramento-central-sacramento?select=k30MeKxDbi4ZVcR4h-BgAg.

Note: Units at the Arden Acres location are not typical motel rooms and instead resemble mini cottages with a kitchen and separate bedroom.

We found that about 20 percent, or nine units, identified at least one hazard. For every issue identified, auditors conducted a visual verification. As seen in the figure below, these included a small collection of mold under the sink in one unit, empty fire extinguishers, and nonfunctioning smoke detectors.

Figure 19: Examples of Hazards Identified in City Motel Program



Source: Photographs taken by Office of City Auditor staff.

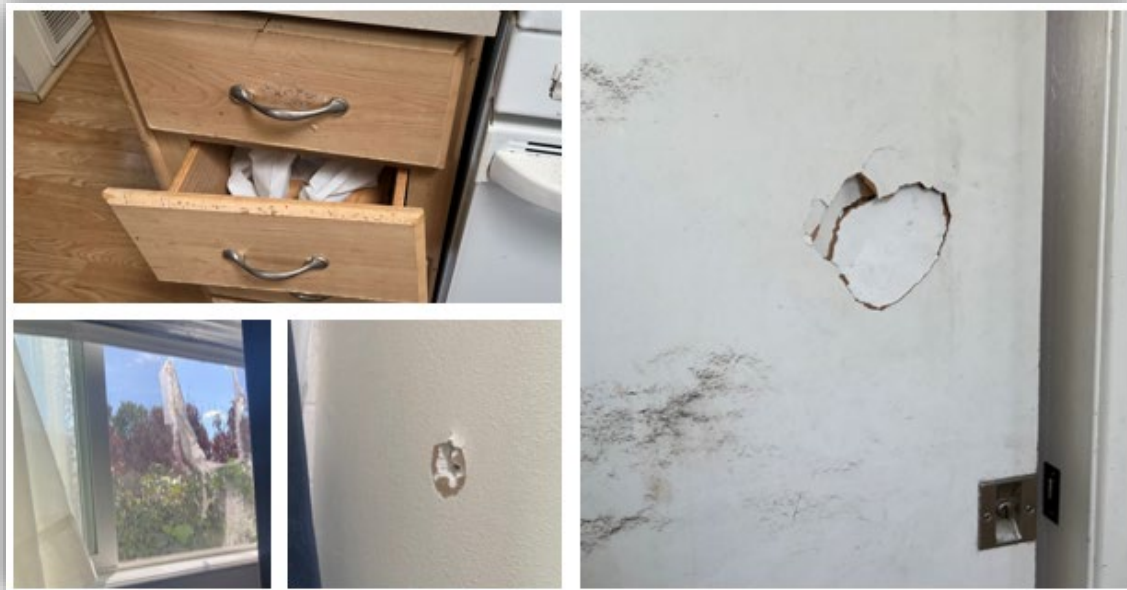
Additional hazards we identified included vinyl flooring peeling and loose electrical sockets.

Our next series of survey questions sought to determine if there were any issues in the rooms pertaining to malfunctions or damage, beyond wear and tear. Specifically, we were looking for issues with room surfaces such as holes in walls and floors, problems with furniture and appliances such as non-functioning mini-fridges or televisions, nonfunctioning fixtures and utilities such as heaters or air conditioners.

We found that 59 percent of the units did not have any malfunctions or damaged items, including room surfaces, furniture and appliances, and fixtures and utilities.

In contrast, we found 41 percent of participants reported damage in their rooms. As the figure below illustrates, these damages included issues such as broken cabinets, holes in doors and walls, and broken screens.

Figure 20: Examples of Damages in City Motel Program



Source: Photographs taken by Office of City Auditor staff.

Additional issues reported by the participants and observed by the audit teams included frayed floorboards, nonfunctioning air conditioner units, and wall unit damage.

As stated above, the motels are contractually required to maintain each room by repairing or replacing damaged fixtures and ensuring all surfaces, including walls, floors, and carpets, are clean and free of stains. Additionally, DCR implemented a new process in the last year to include monthly inspections of the motel rooms. DCR will select a sample of motel rooms, visit them monthly, and use a checklist to determine whether the state of the room is "acceptable." If major issues are found, such as mold, DCR will flag them for follow-up and notify the motel that correction is necessary, then return for reinspection the following month.

Some program participants reported feeling they are not receiving sufficient services through the program

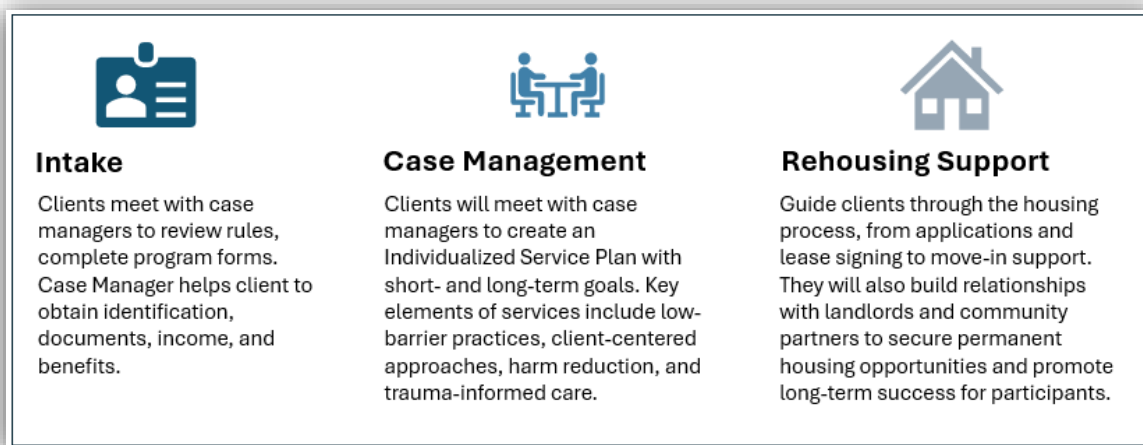
Consistency in staffing builds trust that is critical to effective case management, as it enables the case manager and their client to establish a positive and supportive relationship. Clients who see inconsistency in their case manager over time report feeling less supported and slower progress.

The most recent contract approved by the City related to providing case management services between the City and Step Up was executed in February 2025. The new contract places requirements on both the service provider to provide case management services and on the participant to accept and engage in the case management services.

First, the contract with the City's service provider, Step Up, provides specific requirements guiding participant interactions and case management services provided by Step Up to CMP participants. The

most recent version of the contract defines case management as a “collaborative process of assessment, planning, facilitation, care coordination, evaluation and advocacy for options and services’ to meet individual needs.” The contract requires that the “care, goals, and interventions” are based on the “identified need for service.” As illustrated in figure 21 below, the contract requires specific case management services on categories including intake, case management, and rehousing support.

Figure 21: Case Management Services Provided to City Motel Program Participants



Source: Auditor generated based on City contract with Step Up.

Second, the most recent *City Motel Shelter Program Participant Guidelines* include the following requirement: “Participants will meet with program staff/case management staff regularly (as determined by the service provider) to receive necessary resources and services to obtain transitional/permanent housing.”

We conducted a survey of participants in the CMP that included both quantitative and qualitative elements to gather information about the CMP participants’ opinions about the program. As described in greater detail below, participants expressed satisfaction with the case managers but added concerns about the accessibility, frequency, and effectiveness of the case management services.

First, we asked a series of questions related to participants’ satisfaction with the CMP. We found that 78 percent of surveyed individuals reported that they felt their caseworker listened and followed up on their needs, but the remaining 22 percent of individuals did not. As stated above, the survey participants were granted anonymity so we were not able to verify the provision of case management services logged in HMIS.

We followed up with more qualitative questions in order to allow participants to provide details or more descriptive information about the provision of case management services. As discussed below, the participants provided more nuanced answers and expressed concerns with certain elements of the deployment of services.

First, 15 of the 46 participants, or 33 percent, provided comments stating they rarely meet with their case managers. For example, one participant said that they have only spoken to their caseworker once, and that their caseworker has not tried to set up a meeting with them. Another participant stated they do not have a caseworker available to them, and that they have had difficulty and have heard conflicting information when trying to find out who their caseworker is. Notably, Step Up's case management policies state that meetings with participants should be occurring weekly.

In our discussion with participants, 16 of 46 participants, or 35 percent, commented that they felt stuck in the program without receiving help. We spoke to one participant who stated they had arrived in June and did not speak to a case manager until October. According to the participant, case managers are not proactive, there is no outreach or knocking on doors, and case managers don't tell participants what services they can get.

Finally, 20 of 46 participants, or 43 percent, provided statements expressing concerns about a lack of assistance with obtaining housing. One participant said that they are not getting enough assistance and resources to help move into low-income housing. The participants stated they had been in the program for six months, that they didn't know that they had to see their caseworker each week, or that the caseworker will help with housing paperwork.

Despite Step Up's policies stating that case managers meet with participants on a weekly basis, DCR managers stated that service providers focus less attention and meet less frequently with participants after it is clear that the emergent needs of the participant require more chronic and intensive provision of services. In many of these cases, the participant's high acuity makes their successful placement in housing less likely. This, according to DCR managers, is a choice stemming from a severe resource constraint in service provider staff.

Regular, consistent contact with a case manager increases a shelter resident's likelihood of transitioning into permanent housing. Research shows that participants in shelters offering intensive case management experience better housing outcomes compared to those in shelters without such services. Case managers help their clients apply for benefits, secure identification, search for housing, and address legal or credit issues, all essential steps to stable housing.

Participants expressed that the rules for the program are too stringent, not adequately communicated, and lamented an overall lack of flexibility for extenuating circumstances

Upon entry into the program, each participant is required to review and sign several agreements guiding their conduct and responsibilities in the program. These include the *City Motel Shelter Program Participant Guidelines* and *Room Cleaning Protocol*. These rules are designed to provide a safe, structured environment for the participants while maintaining clean and livable room conditions.

As described in greater detail below, we found that most of the participants find that these are effective at maintaining a clean and safe environment, while some participants stated that certain provisions of

the rules and the unwavering application of the rules by the service providers can hinder the progress of the participants to stabilize their lives and move towards securing permanent housing.

The enforcement of program rules has led to fear amongst participants to report damaged property in motel rooms

An important factor in operating non-congregate shelter and achieving success in moving individuals to permanent housing is establishing an environment of comfort and trust. Our survey of CMP participants found that some do not report problems with the rooms in fear of being exited from the program.

Homeless care advocates argue that a culture characterized by a lack of trust can result in participants not reporting problems, not trusting service providers, and falling back into homelessness.

As part of the CMP, the City, motels, and service providers have implemented a set of rules where violations, depending on frequency and severity, may result in a participant being removed from the program. According to the most recent *City Motel Shelter Program Participant Guidelines*, “Participants may not cause any damage to the motel property, the rooms, or anything in the rooms such as furniture, appliances, etc.”

In our survey with CMP participants, we found that 9 of 46, or 20 percent, expressed a fear of reporting broken or nonfunctional items in their rooms to either the service providers or motels, for fear of being exited from the program. As a result, these participants said they will not report things they know are problems.

For example, we spoke to one participant that said they have known participants being exited for reporting anything broken or damaged in the rooms. As a result, when things break, some participants stated they try to fix it themselves. One participant stated that other participants have been exited for accidentally breaking things in their rooms.

According to interviews we conducted, several participants commented that all this has resulted in a reluctance to report problems for fear of being “exited” from the program. DCR managers stated that the fear of being exited is prevalent within the shelters and acknowledged that service providers were playing both the role of the support structure as well as the enforcer of the rules.

As noted in earlier sections of this report, there have been news reports and auditors have observed the presence of mold in one room. Also, as stated above, the CMP is designed to serve highly vulnerable families, including children. Studies indicate that a strong majority of PEH have at least one unmet health need coupled with poor access to health care, leading to higher rates of hospitalization often for preventable conditions. A reluctance to report these issues in shelter settings serving an already vulnerable population may result in increased incidences or exacerbation of issues such as asthma.

DCR and Step Up updated a series of rules and procedures that may address some of these concerns. For example, as part of the most recent contract, new processes for terminations, or “exits”, from the program and new processes for participants to lodge grievances to challenge the reasons for their termination have been implemented.

The new *City Motel Shelter Program Termination Policy* states that when a participant is exited for damaging motel property, Rule No. 4 in the *City Motel Shelter Program Participant Guidelines*, the participant “will receive a written Notice of Termination at least 30 days prior to the date of their exit from the program.” The notice “must contain a clear, plain language statement of the reason for the exit and must notify participants of their right to request reasonable accommodations if they are qualified as a person with a disability.” At the time the participant is provided with the 30-day termination notice, a copy of the *Grievance Policy and Procedures* will also be provided.

The City and Step Up implemented the *Grievance Policy and Procedures* to require a more substantial showing of wrongdoing to exit a participant from the program. Participants who believe they were wrongfully exited and couldn't resolve the issue informally may submit a *Grievance Resolution Appeal* form for City review. City staff will respond to the *Grievance Resolution Appeal* within 10 business days and hold a meeting to determine if the exit was appropriate and whether staff made a good faith effort to offer alternative shelter. If the City determines the exit was not carried out in accordance with the termination policy, the participant will be granted the right to resume participation.

Participants expressed concerns that program rules prohibiting guests are overly stringent

Visitor restrictions in non-congregate shelters are often implemented for safety, liability, or operational reasons. However, advocates for homeless individuals argue that overly restrictive visitor policies can undermine participant well-being, recovery, and housing stability. We found that while most CMP participants agree that the rules support a safe environment, many find the rules limiting visitors to be rigid.

The CMP restricts access to visitors seeking to visit participants at motel sites to provide a safe environment for everyone in the program. The most recent version of the *City Motel Shelter Program Participant Guidelines* state, “Unregistered guests are not allowed in hotel/motel rooms or on motel property. Only current City Motel Program participants may use motel rooms and only program staff, motel staff, or support service providers' registered guests (approved by the Support Partner) can visit clients at the motel sites.” The rules also prohibit entering another guest's room. Specifically, the *City Motel Shelter Program Participant Guidelines* state, “Participants may not enter other participants' rooms or access private/staff only areas of the facility.” All participants in the CMP are required to sign and abide by these rules at risk of exit from the program.

In our survey, we asked participants whether they believed that the current rules help to create a safe and stable environment and 90 percent of participants responded “Yes.”

We included a follow-up question and asked, “Do you believe there is one rule that is hurting your chances of doing well in this program?” In response, 43 percent of respondents, 20 of 46 participants, responded that the rules do not provide flexibility in allowing guests onto the property or in the rooms.

We heard from several participants that rules disallowing visitors make finding childcare very difficult. One participant referred to the difficulty of doing chores without being able to have someone watch their children. A second participant would like to get a job in construction but is unable to look for or

find a job due to being a single parent and not being allowed to have a babysitter on site. A third participant lamented not being able to have visitors to help with childcare.

One participant stated that visitors should be allowed if registered and that allowing guests would positively impact participants. Another participant acknowledged that while the rules are mostly helpful, they would like the rule about visitation to be changed to allow for visitors because it would allow for checkups and improve mental health. Another participant stated that the father of her infant child is not able to visit her on site.

These comments are consistent with reports that state that people experiencing homelessness often rely on informal networks for emotional support, caregiving, and practical help. Excessive visitor restrictions can isolate participants from these vital relationships, worsening loneliness and mental health. A study also emphasizes that supportive relationships are crucial to housing retention and recovery, especially for individuals with histories of trauma or behavioral health challenges.

One participant stated she understands the concerns over visitors and guests but would like to have someone stop by for coffee and lamented the visitation rules restrict social interactions/community-building. A couple of participants lamented not being able to see family members including children and grandchildren. Another participant stated that because she is single, not being able to have a friend or family come to the facility to help is hard and she is always stressed that there are no visitors to help.

These comments are consistent with studies that find that restrictive visitor policies often disproportionately affect women and people of color. For example, in many cultures, extended family and community support play critical roles in healing and stability, and over-limiting access can be culturally insensitive.

Studies show that overly rigid policies in shelters are correlated with higher dropout rates and reduced program effectiveness. When participants feel that rules are unfair, dehumanizing, or arbitrary, they are more likely to disengage from services, break rules, or leave the program prematurely.

A lack of flexibility in hotel room cleaning requirements causes added stress to participants, in particular parents of children with developmental disabilities

According to best practices, establishing rules for non-congregate homeless shelters for families requires balancing safety, structure, and support. These best practices stress this is especially important when children with developmental disabilities are involved. Best practices call for an individualized and family-centered approach that avoids punitive structures and instead promotes stability and dignity.

Stabilization²⁰ in the emergency homeless environment is essential because it addresses immediate safety, reduces the physical and psychological impacts of trauma, and helps individuals begin to regain a

²⁰ Stabilization refers to the process of addressing a person's immediate safety, health, and basic needs in order to reduce crisis-level stress and enable meaningful engagement with services that lead toward permanent housing and long-term well-being. Immediate needs include shelter, food, hygiene, and emotional support.

sense of control and dignity. Stabilization helps people experiencing homelessness who often struggle to engage with services or pursue permanent housing solutions, leading to longer stays in shelters and increased risk of chronic homelessness.

The *City Motel Shelter Program Participant Guidelines* requires participants to “remove all belongings weekly to allow motel staff/program staff to clean the room, check the room for damages, and ensure compliance with the guidelines.” The City included the requirement also helps ensure that motel rooms are being maintained in a clean manner and that participants do not accumulate too many belongings.

In our survey, 16 of the 46 participants, or 35 percent, stated that temporarily moving belongings is disruptive and counterproductive. As part of the survey, we sought more information from interviewees to provide some additional examples of the impact of these movements. For example, one participant stated they have two school-age children and moving all their stuff so frequently is extremely disruptive. Another parent of an autistic child lamented the lack of flexibility for people with children with disabilities which makes establishing a routine difficult. The participant stated the child, as a function of autism, is very particular about having things set up in a certain way and when the room cleaning happens, everything gets moved and it takes the child a week or longer to get re-established. Another participant requested a latch for the motel door to keep her autistic child from leaving the room, but the caseworker refused to provide the latch.

Creating effective rules for non-congregate family shelters should move beyond generic behavior expectations. The development of the rules should encompass adaptive, equitable structures designed to support child development, mental health, and family integrity. For example, children with developmental disabilities are best served when these structures account for diverse sensory, behavioral, and cognitive needs. The ultimate goal of the rules is to ensure that rules are supportive rather than exclusionary.

Participants with adolescent children expressed concern over rules prohibiting unattended minors as it causes unnecessary hardship for the parent and the child

Rules in non-congregate homeless shelters that prohibit leaving minors unattended in rooms are typically rooted in legitimate safety and liability concerns, especially in programs that receive public funding or must comply with child welfare regulations. However, blanket prohibitions can unintentionally create severe hardships for single parents, particularly those with adolescent children who may be capable of safely remaining alone for short periods. A nuanced, developmentally informed policy is essential for balancing child protection with family autonomy and dignity.

The CMP prohibits leaving minors unattended in the motel rooms. The most recent version of the *City Motel Program Participant Guidelines* state, “Minors are the responsibility of their parents or legal guardian. At no point may minors be left unattended in any space on the property. Only parents or legal guardians may stay in a room with minors.” There is, however, no information in the document defining ages related to minors.

As stated above, CMP participants responding to our survey overwhelmingly agreed that the current rules help to create a safe and stable environment, with 90 percent of participants responding, “Yes.”

We included an open-ended follow-up question in the survey asking, “Do you believe there is one rule that is hurting your chances of doing well in the program?” In response, 15 percent, or 7 of 46 participants, stated rules prohibiting leaving minors unattended were problematic.

One participant stated these rules are a stress point. The participant stated she has a 16-year-old daughter, and the rules prohibit her daughter from staying in the room alone. The participant works until 11 p.m., which means the 16-year-old must find other places to be until the participant is off of work.

Another participant stated the rules about children being unattended can be hard. The participant explained that while he was using the restroom, he asked his 8-year-old son to request toilet paper from motel management. However, staff declined to provide it to the child because he was not accompanied by an adult.

One participant stated that not being able to leave minors alone for short periods is difficult. For example, the participant stated that her son has to be left in her car alone at times.

Many states have regulations or guidance on when children can be left home alone, with some setting specific age limits and others evaluating each situation individually. For instance, Illinois sets a minimum age of 14, while Kansas allows children as young as 6-years-old to be left alone. Meanwhile, 37 states, including California, do not specify an age but instead assess factors such as the child’s maturity, the safety of the environment, and any arrangements made to ensure the child’s well-being.

While it is not safe to leave infants or young children unattended, adolescents may often be safely left alone for short periods. The American Academy of Pediatrics performed a study in 2015 that surveyed 458 members of the National Association of Social Workers seeking information about what they thought was an appropriate age for a child to be left home alone. Most agreed that a child should be at least 12-years-old before being left alone.

Rules against leaving minors unattended in non-congregate homeless shelters are often based on valid safety and liability concerns, especially in publicly funded programs. However, overly strict policies can harm single parents, highlighting the need for developmentally appropriate, flexible guidelines that respect both child safety and family autonomy.

Some participants of the program are non-English speakers and program rules are provided only in English

Providing documents in multiple languages ensures that individuals can understand and engage with services effectively. Language access fosters trust between service providers and their clients. When individuals feel understood and respected, they are more likely to participate in programs and adhere to guidelines. Clear communication reduces misunderstandings, streamlines service delivery, and minimizes the need for repeated explanations or corrections. This efficiency benefits both clients and service providers.

As described above, upon entry into the CMP, each participant is required to review and sign the *City Motel Shelter Program Participant Guidelines*, the *Room Cleaning Protocol*, the *City Motel Shelter*

Program Termination Policy, and the *Grievance Policy and Procedures*. These procedures establish the required standard of behaviors, set out processes for exits and terminations from the program, and provide information on how appeals are resolved.

We found in our survey that several participants that we encountered did not speak English. For example, one participant who had three children spoke only Spanish. The participant stated to one of the auditors conducting the survey, who is fluent in Spanish, that a Spanish translation of the rules are not available to the participants. Additionally, the participant stated the caseworker only speaks a little bit of Spanish and cannot help explain the rules to them.

In another instance, auditors briefly spoke to participants who did not speak any English and could not participate in the survey and answer questions about their opinions of the program.

While implementing multilingual documentation requires resources, the benefits may outweigh the costs. Investing in translation and interpretation services leads to more effective delivery of service and can prevent costly misunderstandings or legal issues. Moreover, partnerships with language service providers can offer scalable solutions to meet diverse linguistic needs.

RECOMMENDATION:

We recommend the Department of Community Response:

- 1. Assess the City Motel Program participant responses and feedback to the survey conducted by the Office of the City Auditor and consider whether any changes or modifications to the *City Motel Shelter Program Participant Guidelines* and *Room Cleaning Protocol* are appropriate.**

Finding 3: Inaccurate and Incomplete Data Entry Undermines the Reliability of Key Data Fields That Qualify Program Performance

As previously introduced in this report, the Homeless Management Information System (HMIS) is a shared localized database that collects client-level data and data on the provision of housing and services to individuals and families at risk of and experiencing homelessness. As with its other homeless programs, the City uses HMIS to track data for the CMP to assist with program monitoring and evaluation. To ensure data is available, the City contractually requires its CMP service providers to input program data into and maintain some participant files in HMIS.

More specifically, DCR frequently and continuously relies on program data entered and participant files uploaded into HMIS to quantify program metrics such as participants' lengths of stay and exit destinations, understand a participant's history and progress, provide direction to concentrate triage efforts on the longest stayers, ensure program exits can be explained and are appropriate, and more. As such, having quality data can accurately show who the program participants are, how they are being served, how long they are in the program for and why, and whether the program is facilitating positive or improved outcomes for its participants.

Beyond program-specific evaluations, this data feeds into both comparative analyses amongst other City and Sacramento CoC programs as well as reports that the local HMIS lead agency regularly submits to HUD. Having quality data thus allows for more reliable analyses of trends, identification of common issues or barriers, creation of targeted solutions, and quantification of program performance, such as a reduction in homelessness, both for the City and at a community level.

To ensure that HMIS data and reports are timely, complete, and accurate, the Sacramento CoC's *HMIS Data Quality Plan*²¹ was established to demonstrate a community-level commitment to achieve statistically valid and reliable data. The plan a) includes guidelines on data entry timeliness for different program types; b) identifies data fields that are critical for estimating the number of PEH accessing services, their demographic characteristics, and patterns of service use, including information on shelter stays; c) includes thresholds for data completeness; and d) provides guidance on ensuring data accuracy and consistency.

While much of our analysis of the CMP in Finding 4 relies on HMIS data as that was the most comprehensive data available across the program's three service providers, we noted some missing data

²¹ The *HMIS Data Quality Plan* references the version adopted by the Sacramento CoC in May 2025. The full plan is available at: <https://sacramentostepsforward.org/wp-content/uploads/2025/05/05.2025-Sacramento-Data-Quality-Plan-Approved.pdf>. However, the CMP has been active since approximately December 2020. At that time, an older version of the plan, titled the *Sacramento Homeless Management Information Management System: Data Quality Plan*, was adopted in November 2020, with other updates since. While most references in this finding will refer to the 2025 version, any differences will be clarified with an accompanying footnote. The 2020 version of the data quality plan is available at: <https://sacramentostepsforward.org/wp-content/uploads/2021/10/2020-Sacramento-Data-Quality-Plan-Revised-11.2020.pdf>.

and data discrepancies in our analysis. We compiled and cleaned various CMP data reports in HMIS to facilitate review of 4,057 program stays and identified the following data integrity issues:

- Inconsistencies in critical data fields, including enrollment dates and exit destinations, reduce the accuracy of analyses on both program participation and performance;
- No services were tracked in HMIS for approximately one-third of program stays; and
- Service costs are not tracked in HMIS, which limits the City's ability to systematically determine the total monetary assistance provided to each participant or whether the assistance requires further review.

To reduce data collection errors and increase data quality, DCR can establish data entry guidelines for the service provider when recording key HMIS data fields. Additionally, requiring CMP service providers to report back on a periodic basis how many active participants have recorded services in HMIS can reduce data omissions that negatively impact data completeness, allowing for more sound analysis of the CMP's performance

Notably, the program launched during COVID-19, when the primary focus was rapidly sheltering as many PEH as possible, with less emphasis on entering data into HMIS. Since then, Sacramento Steps Forward has taken considerable strides in developing data metrics for all shelters and creating training materials to support more accurate HMIS data entry. According to DCR, these efforts have resulted in substantial improvements in data quality.

Inconsistencies in critical data fields, including enrollment dates and exit destinations, reduce the accuracy of analyses on both program participation and performance

According to the *HMIS Data Quality Plan*, some data fields, including program entry dates, program exit dates, and exit destinations, are considered baseline data collection requirements for all service providers entering data into HMIS and ensure data in HMIS is complete. Incomplete data may inaccurately reflect participants' progress in meeting programmatic goals, such as obtaining necessary documents or transitioning to permanent housing, which in turn compromises confident reporting on program effectiveness. As defined in the *HMIS Data Quality Plan*, the Sacramento CoC's data collection goal for these key fields is 100 percent.

The *HMIS Data Quality Plan* also reinforces the importance of data accuracy in HMIS, such that the data needs to accurately represent information on those enrolling in programs that contribute data to HMIS. To do so, the plan conveys how consistency in data collection and data entry directly affects the accuracy of the data.

As mentioned earlier in this report, the CMP is tracked across three HMIS programs, one for each service provider. To conduct our data analysis, we downloaded and compiled data reports for all three programs as of January 31, 2025,²² which covered 4,057 program stays, cleaned data fields necessary for our analysis, and added additional fields based on existing data.

²² Data was compiled from the GNRL220 reports at program entry and exit.

In our review of the compiled data, we found data accuracy issues with multiple fields, including the enrollment and exit dates, exit destinations, and reasons for leaving the program. As summarized in the following figure, the percentage of data issues varied by the specific issue identified and the total population of stays and program participants for each data issue also varied.

Figure 22. Summary of HMIS Data Accuracy Issues

DATA ISSUE	PERCENT OF STAYS WITH DATA ISSUE	TOTAL COUNT OF RELEVANT STAYS FOR DATA ISSUE
Overlapping enrollment /exit dates across participants with multiple stays.	18.9% (230 stays across 115 participants)	1, 215 stays (573 participants)
Exit destination is unclear, lacking detail, miscategorized, inconsistently categorized, or conflicts with the reason for leaving.	7.1% (247 stays across 238 participants)	3,500 stays (2,914 participants)
Participants whose exit destination indicate that they will still be in the CMP but had gaps in their enrollment/exit dates i.e., their stay in the program was not continuous.	92.7% (179 stays across 179 participants)	193 stays (190 participants)
Reason for leaving is unclear, lacking detail, miscategorized, inconsistently categorized, or conflicts with the exit destination.	16.5% (577 stays across 549 participants)	3,500 stays (2,914 participants)
Participants whose reason for exit was a change in service provider or a transfer to another motel, but had gaps in their enrollment/exit dates i.e., their stay in the program was not continuous.	98.8% (170 stays across 170 participants)	172 stays (172 participants)

Source: Auditor generated based on data for all three CMPs in HMIS as of January 31, 2025.

Note: If there are two stays associated with an identified data issue, both stays are flagged as data issues as it is not clear which of the two is the accurate one and the possibility exists that both stays contain data entry errors. Additionally, the stays counted for each data issue are not exclusive of each other, so some stays may be counted under more than one data issue.

These data accuracy issues complicate efforts to analyze CMP data to determine program performance. For example, the overlapping enrollment and exit dates suggests the potential double counting of some participants' lengths of stay as we do not know which dates to exclude without manual review. The overlap in enrollment dates range from one day to 395 days and there are instances in which the dates for two stays for the same participant almost entirely overlapped. These overlaps occurred both in situations where the participant changed service providers and when served by the same provider. We notified DCR staff of this issue, who confirmed that these types of data errors are often due to a combination of odd circumstances and poor data entry. Some circumstances include:

- When participants have exit destinations lined up, are exited, and then the housing placement falls through, or
- When participants disappear from the program and then re-appear after being exited;
or

- When a participant is enrolled in a program as part of a household and a member of that household is exited, the participant has to be unenrolled as a family and re-enrolled as a single participant.

In these instances, the service provider staff may need to re-enter participants into the program but may not be ensuring that the dates line up. Without a way to correct the data systematically, it creates discrepancies in downstream analyses such as being able to accurately count the number of days a participant is in the CMP.

In regards to the participants' exit destinations and reasons for leaving, we found that this information was inputted across seven data fields to allow for additional details and notes. However, even with these allowances, we still found several data entry errors or insufficiencies, which we highlight in the next figure.

Figure 23. Data Entry Errors or Insufficiencies with Participants' Exit Destinations or Reasons for Leaving

DATA ERRORS OR INCONSISTENCIES	EXIT DESTINATION (% of stays* with data errors or inconsistencies)	REASON FOR LEAVING (% of stays* with data errors or inconsistencies)
Data entered is for the other field (i.e., data is entered into the destination field(s) but more accurately represents the reason for exit, and vice versa) (e.g., "declined room" was entered as the exit destination)	2.0%	0.0%
Data entered conflicts with the other field (e.g., "Jail, prison, or juvenile detention facility" was entered as the exit destination but the reason for leaving was a change in service provider)	2.8%	0.7%
Inconsistent categorization for the same outcome (e.g., participants who changed service providers had "Other" and "Transitional housing" and "Hotel or motel paid for without emergency shelter voucher" as exit destinations)	50.2%	0.0%
Lacking detail (e.g., reason for leaving is a "transfer" while the exit destination is an emergency shelter, which may indicate a transfer to another City shelter, a non-City shelter, or another CMP motel)	1.2%	0.3%
Miscategorized (i.e., several exit destinations were selected as "Other" while the notes field more clearly specified another exit destination that was an available option, such as returning to homelessness)	27.9%	36.6%
Misenrollment (i.e., user error issues, such as entering data into the wrong program)	10.1%	4.3%
Unclear data entry	5.3%	4.0%
No data entered	0.0%	53.6%
Other data entry issue	0.4%	0.5%
TOTAL	247 stays	577 stays

Source: Auditor generated based on data for all three CMPs in HMIS as of January 31, 2025.

* Percent of stays is out of the respective total amounts in the figure, not on the total number of stays from the full dataset.

Note: Some stays may be counted as data entry errors in both fields.

These data errors and inconsistencies affect 21.8 percent of the 3,500 applicable stays and consequently reduce confidence in any data analysis that use these fields. Of greatest concern is the inconsistent categorization of exit destinations (with an error rate of 50.2% out of 247 stays) as that can mislead data users on a participant's exit. As a result, the data may not be reliable to evaluate the success of service provider and shelter programs.

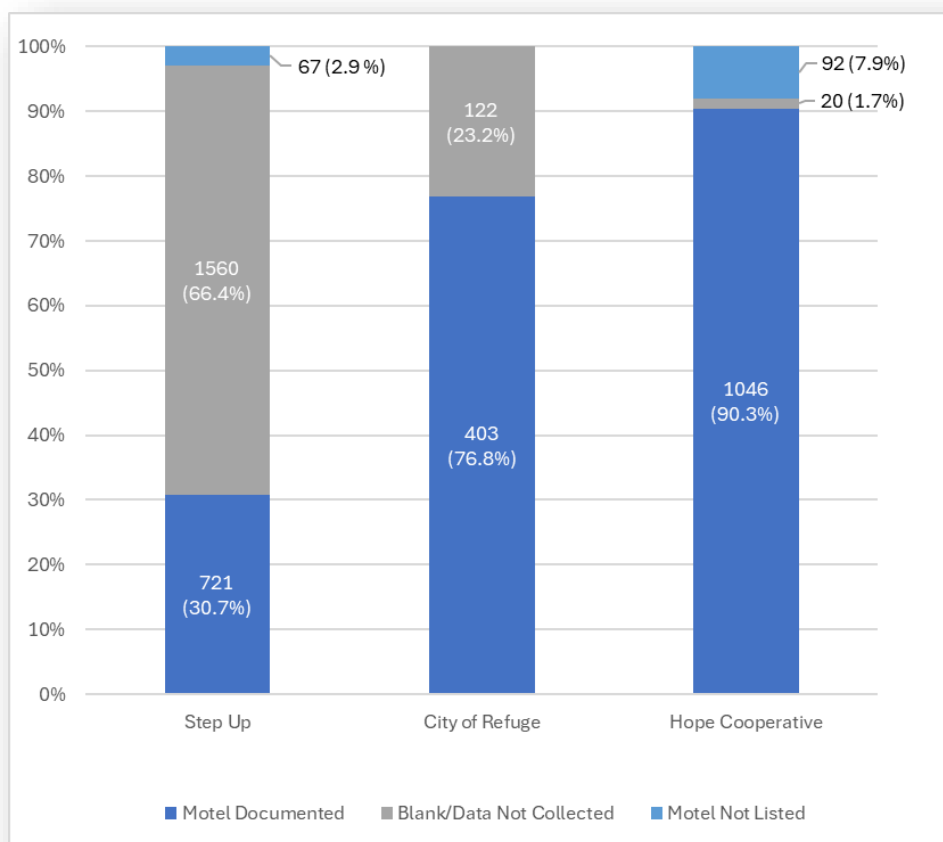
In the most recently approved contract supplement for Step Up, DCR has added language regarding inputting exit destinations into HMIS. For example, "Unknown" and "Other" entries are discouraged and if new information becomes known to the service provider after a participant already exited, they

should update the exit destination in HMIS. However, gaps still exist in ensuring common exit destinations or reasons for exit for the CMP are consistently recorded.

Motel data is not sufficiently recorded in HMIS, limiting location-based analysis

Another data field that is unique to the CMP is the motel the participant is staying at. We found in our review of the compiled HMIS data that approximately 42.2 percent of participant stays do not have a motel documented in HMIS, while 53.8 percent do have a motel recorded in HMIS, and 3.9 percent indicate that the motel was not listed as an option in HMIS. When broken down by service provider, as shown in the figure below, Step Up has the highest number and percentage for stays without a recorded motel, including 334 stays that are associated with current participants.

Figure 24. Stays in Which the Motel is Recorded in HMIS



Source: Auditor generated based on data for all three CMPs in HMIS as of January 31, 2025.

Although motel invoices and internal Step Up files do indicate which participants are in which motel,²³ associating the motel with other participant data allows for systematic analysis of other trends, such as

²³ These invoices and files typically only have the name of one person in the household associated with a specific motel room, so additional reconciling may be required to identify the other household members.

whether participants at certain motels are making more progress or exiting positively at a higher rate than at other motels. With almost half of the field missing data, the City is limited in its ability to conduct such an analysis to make confident generalizations.

As such, to ensure accuracy in these key data fields, establishing a monitoring process for DCR to ensure the thoroughness and accuracy of information that service providers input into HMIS can provide assurance that the data is less prone to entry errors or inconsistencies. Additionally, DCR can explore establishing a protocol with service providers to communicate instances when information input into HMIS needs to be augmented thereby providing some assurance that accurate and thorough information is available.

RECOMMENDATION

We recommend the Department of Community Response:

- 2. Establish data monitoring processes for DCR to ensure the accuracy of data input into HMIS by service providers under contract with the City.**
- 3. Consider establishing a protocol for DCR to notify service providers of errors in HMIS data and formalize a process for service providers to update and correct data entry errors.**

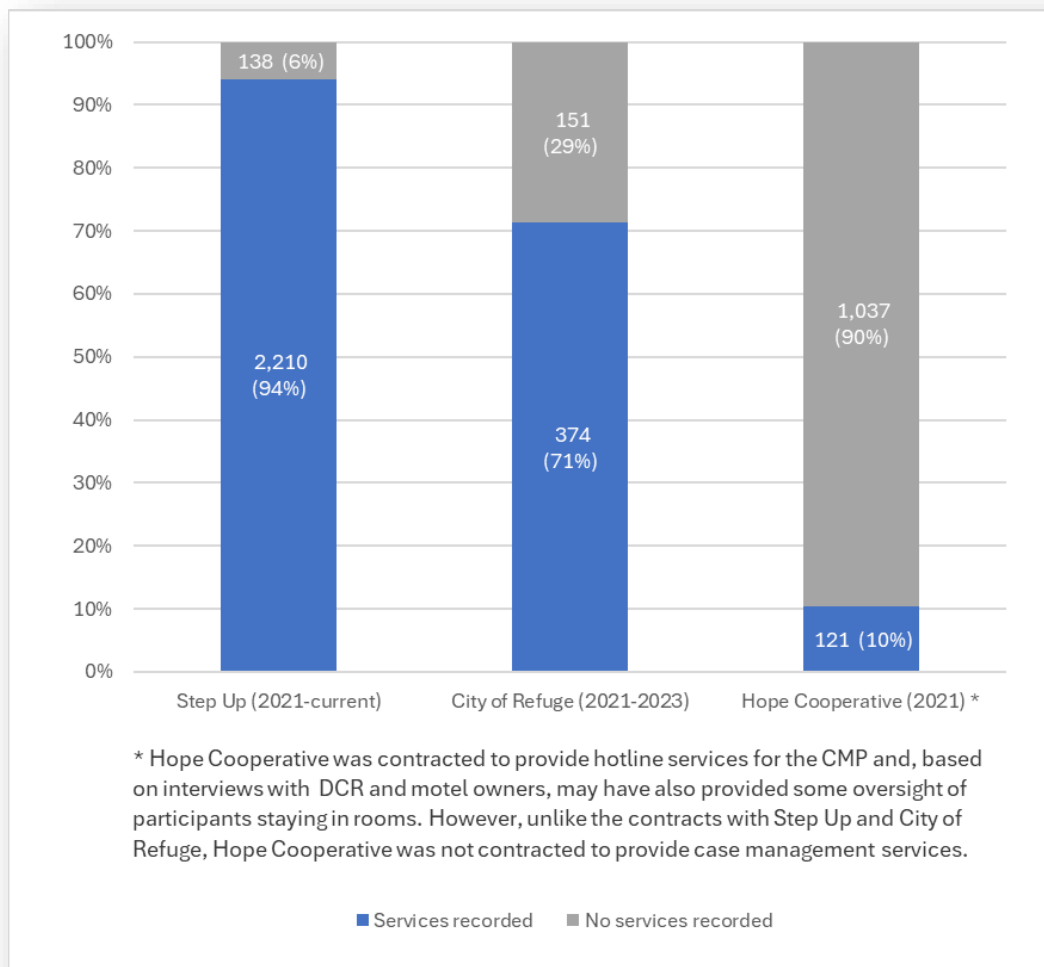
No services were tracked in HMIS for approximately one-third of program stays

The *HMIS Data Quality Plan* further emphasizes the importance of how complete data is key to assisting participants in finding the right services and benefits to end their homelessness. Incomplete data may hinder an organization's ability to provide comprehensive care to the clients it serves and consequently may prevent the organization from identifying any gaps in care or services provided.

As part of our analysis of the compiled data, we also pulled in services data from another HMIS report²⁴ and found that approximately 32.9 percent of program stays, comprising 1,326 stays across 1,186 participants, could not be associated with any recorded services in HMIS under the CMP. The following figure demonstrates the breakdown of services recorded in HMIS by service provider when normalized by the total number of stays served by each service provider. As shown in the figure, 94 percent of stays served under Step Up can be associated with recorded services in HMIS while that percentage is comparatively lower for City of Refuge at 71 percent and Hope Cooperative at 10 percent. As stated in the Background section of this report, Hope Cooperative primarily managed the hotline and did not play as heavy a role as Step Up or City of Refuge in providing services to program participants, which may account for the lower percentage of services recorded.

²⁴ Services data was pulled from the GNRL400 reports for each service provider and compiled with the data already compiled from the GNRL220 reports.

Figure 25. CMP Stays With Services Recorded in HMIS by Service Provider



Source: Auditor generated based on data for all three CMP service providers in HMIS as of January 31, 2025.

The lack of any services recorded for the 289 stays (across 288 participants) that were served by Step Up and City of Refuge combined is only about 10.1 percent of the total stays served by these two service providers. However, the recorded services data is fundamentally incomplete. Given that case management is a key service stipulated in both service providers' contracts, at a minimum, there should likely be at least one case management service recorded for these participants. We considered the possibility that younger minor participants may not have services associated with them but verified that about 153 stays (across 152 participants), or half of these stays without recorded services, are for adult participants.

While the current service provider, Step Up, has a higher percentage of stays with recorded services, there are still 138 stays that have incomplete data. Without reviewing these participants' case files on a person-by-person basis, it is difficult to establish whether they were not provided services at all or if it was insufficient data entry.

To ensure complete data entry and reduce potential situations in which services are not provided to active CMP participants, we recommend that DCR requires CMP service providers to report back on a periodic basis the number of total active participants who do not have recorded services in HMIS.

RECOMMENDATION

We recommend the Department of Community Response:

- 4. Require CMP service providers to report back on a periodic basis how many active participants do not have recorded services in HMIS.**

Service costs are not tracked in HMIS, which limits the City's ability to systematically determine the total monetary assistance provided to each participant or whether the assistance requires further review

As later described in detail in finding 6, we reviewed a sample of Step Up invoices to determine the sufficiency of supporting documentation and the appropriateness of program expenditures that were charged to the City for reimbursement. In our review, we noted that several CMP participants received assistance with move-in costs through the CMP, which covered housing application fees, security deposits, the first month's rent, and furniture purchases. We found that at least four CMP participants in our sample received the same type of move-in assistance in multiple invoice packets. Depending on the type of assistance, the amount, and whether the invoices were months apart, the costs may be appropriate. For example, covering the cost of multiple application fees may be acceptable if the submitted housing applications are not accepted by the landlord, while covering the cost of multiple security deposits or multiple instances of the first month's rent may be more questionable and require further evaluation.

DCR staff confirmed that the type and associated total amount of monetary assistance participants received through the CMP was not readily available in either HMIS or a separate tracker. Beyond conducting a review across multiple months' worth of invoices, the City cannot easily identify the total amount of assistance provided to each participant and therefore cannot determine whether the cumulative amounts of assistance and the types of recurring assistance are appropriate.

In reviewing services data in HMIS, we noted that each service can be associated with an expense amount and expense date, but that field was blank in the services report for all three providers.

Given that the contracts do not set a cap for the amount or type of monetary assistance that can be provided to each participant and given the existing limitations in confirming the appropriateness of such assistance during the invoice review process, using an existing system like HMIS to track these participant costs is an opportunity to ensure data is available to conduct such an analysis.

RECOMMENDATION

We recommend the Department of Community Response:

5. **Require CMP service providers to track monetary assistance provided to participants in HMIS and associate the cost with the service provided.**

Finding 4: The City Motel Program’s Design as an Emergency Shelter Limits the City’s Ability to Comprehensively Address the Full Range of Participant Needs, Contributing to Extended Stays and Reduced Turnover of Motel Rooms

From serving PEH vulnerable to COVID-19 at its inception to currently serving families experiencing homelessness, the CMP has continuously been designated a non-congregate shelter. At the federal, state, CoC, and City levels, an emergency shelter is consistently referred to as a temporary, sheltered stay for PEH, while a non-congregate shelter is a type of emergency shelter in which occupants have their own private unit, such as in a motel room. The CMP, by nature of sheltering its participants in motel rooms, primarily meets its designation as a non-congregate shelter. Some entities, as later described in this finding, also describe how emergency shelters should provide some level of services, though the level of services that ought to be provided varies, while other entities focus only on the sheltering aspect. The CMP currently provides case management and housing services to its participants. As noted in the Background section of this report, PEH are placed in the CMP through CAS based on an assessment of their shelter needs, prioritization based on certain vulnerabilities, as well as any eligibility criteria for a specific shelter. In the case of the CMP, PEH must be part of a family unit to meet the population served by the program. According to DCR, the objective of the CMP is to provide non-congregate emergency sheltering for families with minor children.

Generally, the types of vulnerabilities each PEH experience typically range from their history of homelessness, health conditions, legal issues, their financial situation, whether they have a support network, the number of children in the household, age, other concerns caused by their homelessness, such as physical safety, and more. While these vulnerabilities prioritize their placement in the CMP, it also leads to a varied pool of individuals who enter the program, each with their own unique set of needs and thus, needing a different combination of case management and services to fully exit homelessness into permanent housing. Some of these vulnerabilities may also compound upon each other. For example, health conditions could directly impact a PEH’s ability to work and obtain sufficient income to afford permanent housing.

To evaluate the CMP’s performance, we compiled, cleaned, and analyzed HMIS data for all three service providers since program initiation through January 31, 2025, looked at a sample of case management notes for exited participants, reviewed service plans for a small sample of participants, and assessed case management procedures. Overall, we found that the program operates beyond what appears typical for an emergency shelter. However, the reasons for slower exit rates beyond the initial six months are difficult to systematically evaluate, leading to areas for improvement in tracking participant progress, demonstrating the effectiveness of case management, reducing lengths of stay while increasing positive or improved exits, and ultimately increasing room turnover to serve more PEH. Specifically, we found:

- The intended objective of the CMP does not fully align with either its current function or its contractual performance metrics, making programmatic success difficult to evaluate; and

- The reduced rate of positive exits after the initial six months in the CMP results in the program unintentionally having characteristics of other types of housing programs.

We believe the CMP's design as an emergency shelter limits the City's ability to fully address participant needs, contributing to longer stays and reduced room turnover. Although participants are placed through the CAS based on need and eligibility, exit rates tend to slow after six months, suggesting gaps in tracking progress, measuring case management effectiveness, and supporting timely exits. The CMP's current operations and outcomes do not align with its intended objective or contractual performance metrics, making success difficult to assess. As described in greater detail below, we recommend DCR clearly define the program's objective, establish measurable goals and performance metrics, and explore opportunities to redesign a portion of shelter capacity as an interim housing format to better serve individuals and families requiring longer-term stability.

The intended objective of the CMP does not fully align with either its current function or its contractual performance metrics, making programmatic success difficult to evaluate

According to DCR staff and the Sacramento CoC, the CMP is, at present, considered a non-congregate emergency shelter that serves families with minor children experiencing homelessness. In addition to sheltering, DCR staff further considers the CMP's purpose as providing the services needed for participants to overcome barriers to obtaining permanent housing. The following figure summarizes how various entities define an emergency shelter, with some expanding on the description of a temporary shelter by attaching a six-month limit to the length of stay and others mentioning—or not mentioning—the extent of services provided to PEH during their stay.

Figure 26. Comparison of Emergency Shelter Definitions

ENTITY LEVEL	AGENCY OR LAW	LENGTH OF STAY	SERVICES THAT SHOULD BE PROVIDED	ADDITIONAL REQUIREMENTS
Federal	U.S. Department of Housing and Urban Development (HUD)	Temporary	(not specified)	Does not require occupants to sign leases or occupancy agreements.
State	California Government Code, § 65582, subd. (d) California Health and Safety Code, § 50801, subd. (e)	Six months or less	Minimal supportive services	No individual or household may be denied emergency shelter because of an inability to pay.
Continuum of Care	Sacramento Steps Forward	Temporary	At a minimum, basic needs, housing-focused services, and linkage to voluntary mainstream services	Do not require occupants to sign leases or occupancy agreements and have low barriers to entry.
City	City Code § 12.100.010	Temporary	(not specified)	(none)
	Department of Community Response	Six months or less	Minimal supportive services	No individual or household may be denied emergency shelter.

Source: Auditor generated based on HUD’s website, the State of California’s website, Sacramento Steps Forward’s website, Sacramento City Code, and DCR’s presentation during the April 29, 2025, Sacramento City Council meeting.

While not prescriptive, the program’s designation as an emergency shelter sets some high-level parameters around its expected function based on the above definitions, which include providing temporary shelter and some level of supportive services. In line with the above definitions, the National Alliance to End Homelessness (NAEH) states that shelters play a critical role in a community’s homelessness response system as they provide an immediate place to stay while people reconnect with housing and work best when PEH can enter and exit rapidly, with an appropriate level of services for their needs.²⁵

Based on this general understanding of emergency shelters, stays should be relatively short-term and should provide some services, though not concretely described, to facilitate a PEH’s exit from homelessness.

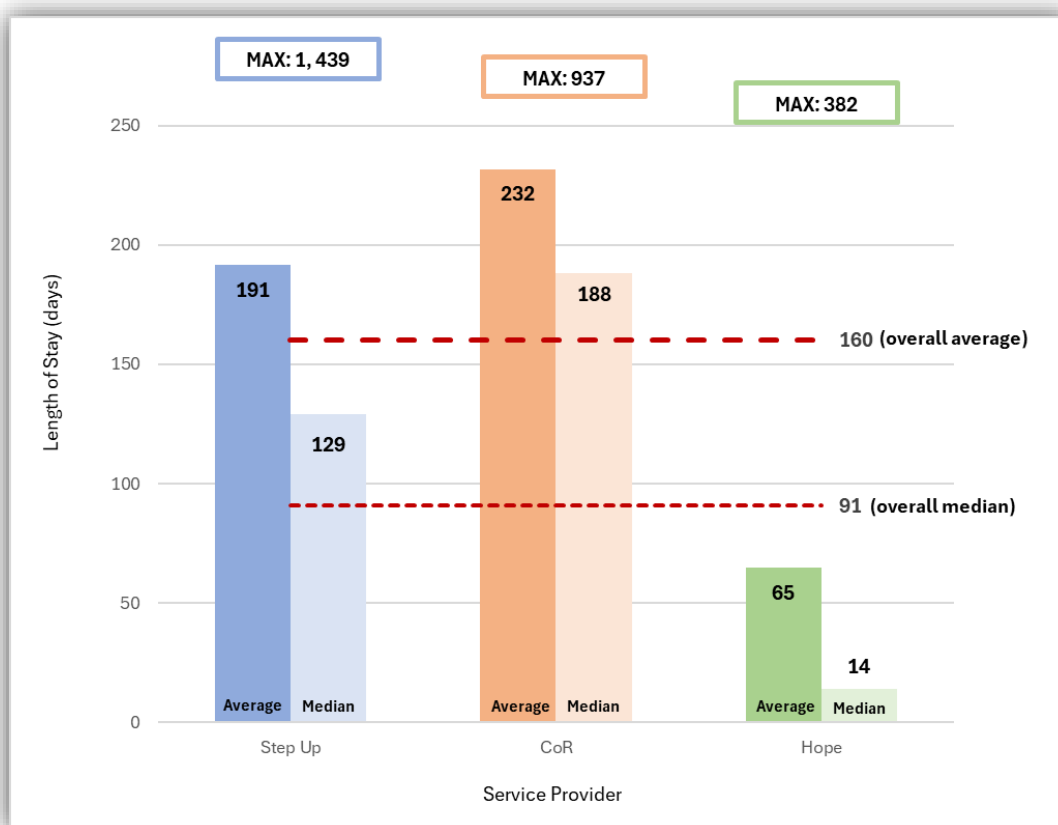
²⁵ The National Alliance to End Homelessness is a nonpartisan, nonprofit organization committed to preventing and ending homelessness in the United States. Some of their work includes conducting research and analysis, building capacity of the homeless sector, ending homelessness through policy, connecting communities to end homelessness, building awareness and public will, and building equity into systems to end homelessness.

The average length of shelter stays is generally above the six-month threshold and the number of longer stays greater than 60 days has increased over the years

We compiled, cleaned, and analyzed various data reports²⁶ for the CMP across all three service providers since the start of the program in December 2020 through January 31, 2025.

First, based on our analysis of the data, we determined that the CMP has sheltered a total of 3,402 individuals, including 1,555 minors, across 1,803 households as of January 31, 2025. Since the date of the first stay in December 2020, the CMP provided 1,513 days of shelter to PEH in Sacramento. On average, participants stayed 160 days with a median of 91 days. The figure below displays the average and median lengths of stay for the program overall and by service provider for all program participants.

Figure 27. Lengths of Stay Across All Three City Motel Program Service Providers



Source: Auditor generated based on CMP HMIS data as of January 31, 2025.

Note: These numbers are based on the number of stays for all participants, including current participants as of January 31, 2025. These stays also include scenarios in which a participant has more than one stay but did not exit from the program due to reasons like a change in service provider, a change in motel location, or other unique circumstances, which we describe in finding 3.

²⁶ We specifically analyzed GNRL220 reports at program entry and exit, which contains participant data, as well as GNRL400 reports, which contains data on services provided to the participants.

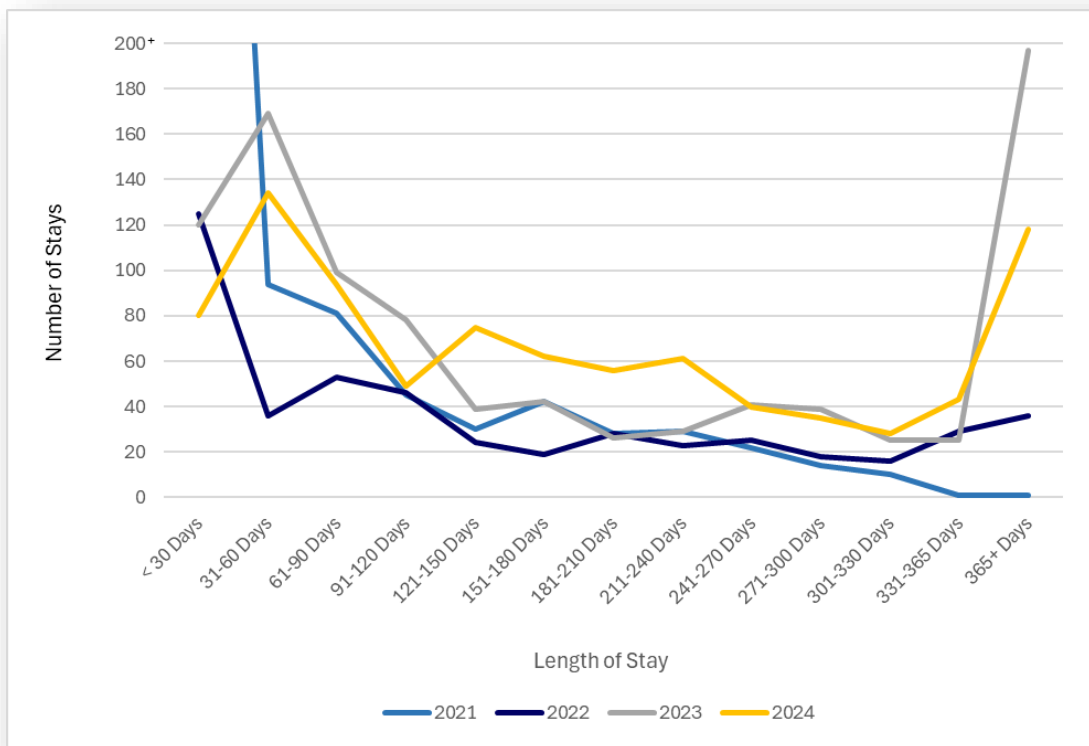
As shown in the figure above, stays under Hope Cooperative were shortest in length by all three measures, which may be due to the program serving as a shelter-in-place option for vulnerable PEH instead of its current population of families experiencing homelessness, thus lowering the overall average and overall median. The average length of stay increases to 199 days while the median increases to 137 days when excluding stays under Hope Cooperative. That means at least half of the participants' exits were before the five-month mark but some participants are staying a significantly longer amount of time, therefore pulling up the average.

This figure also shows Step Up's average is closer to the six-month (or 180-day) occupancy threshold defined by California law and generally used by the City when referring to emergency shelters, while City of Refuge's numbers are noticeably higher. In comparison, Step Up had the highest maximum length of stay while Hope Cooperative had the lowest.²⁷

However, from a year-on-year basis, we found that the number of longer stays increased in 2023 and 2024 compared to the initial two full calendar years of program operation, as depicted in the following figure.

²⁷ As discussed in finding 3, we found some data discrepancies regarding the enrollment start and end dates that may or may not affect these high numbers.

Figure 28. Lengths of Stay for Exited Participants from 2021 - 2024



Source: Auditor generated based on CMP HMIS data as of January 31, 2025.

Note: The number of stays is for exited participants only across all three service providers for the four full-calendar years that the CMP was operating. Calendar years 2020 and 2025 only had up to one month's worth of data. Additionally, in calendar year 2021, there were 636 participants who exited at less than 30 days, which is not within the parameters of this graph. Also of note is that in 2022, the number of participants who exited was approximately half the number of participants than all other years.

Overall, 31.4 percent of program exits occurred after spending at least six months in the CMP. According to *All In Sacramento*,²⁸ which provides the overall strategic framework for a unified approach to addressing homelessness across Sacramento County, the City is co-leading efforts to increase emergency shelters to reduce unsheltered homelessness, which includes shortening stays to both increase capacity for other PEH who are still unsheltered while also moving participants to permanent housing. Although these lengths of stay help quantify the CMP's contribution to serving the homeless population in terms of providing shelter, the longer stays seem to contradict the most fundamental purpose of an emergency shelter, which is to offer a baseline level of stabilization in the form of temporary shelter to ensure the participant's most basic needs are met.

²⁸ *All In Sacramento* stands as the regionally coordinated framework and action plan to prevent and end homelessness by building on the *2022 Local Homeless Action Plan*. It is effective from April 2024 through March 2027 and was developed in partnership among Sacramento Steps Forward (SSF), the Sacramento City and County Continuum of Care (CoC), the City of Sacramento, Sacramento County, and the Sacramento Housing and Redevelopment Agency (SHRA) in addition to a wide range of partners and system leaders.

As noted above, the longer stays reflect the design of the Coordinated Access System, which prioritizes the most vulnerable PEH for shelter (who might not be the best suited to be quickly rehoused). Additionally, DCR stressed that longer stays also reflect the lack of affordable permanent or permanent supportive housing. According to DCR, if people were exited from the CMP after six months, most would return to homelessness.

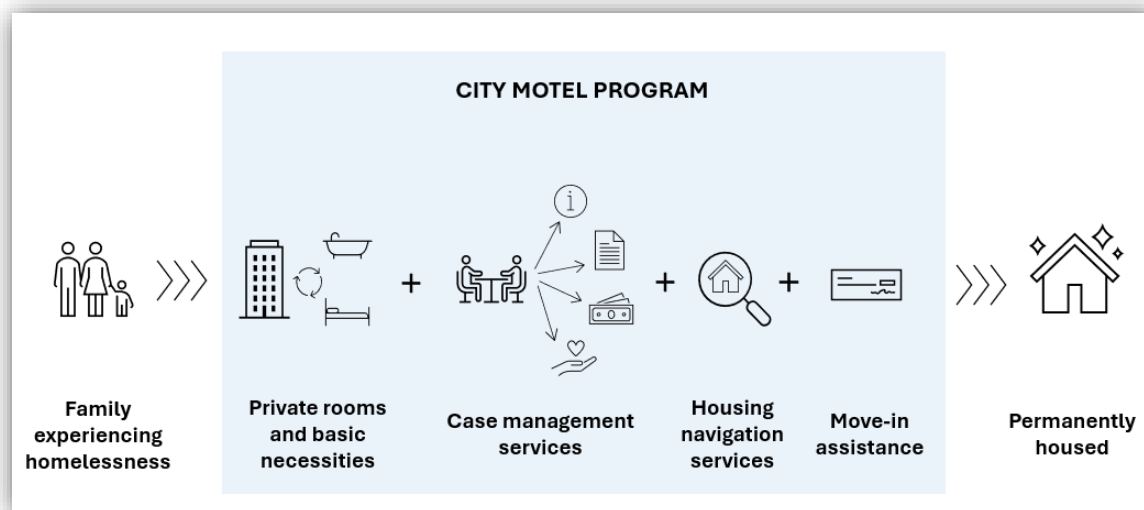
Since the CMP does not set limits on lengths of stay in order to accommodate its current participants who may otherwise exit back into homelessness, some participants end up staying in the program well past the six-month limit built into some definitions of an emergency shelter, as previously summarized.

In terms of sheltering only, whether or not the CMP is successful at maximizing its available rooms to shelter as many PEH as possible remains undetermined without first establishing whether the CMP should remain an emergency shelter and whether there should be any baseline limits for a participants' lengths of stay to better meet its purpose as an emergency shelter. However, the performance of the CMP cannot be defined simply based on participants' lengths of stay, which we describe in detail in the next sections of this finding.

Despite being an emergency shelter and offering case management services, the CMP's contractual performance metrics are only based on obtaining housing

As summarized in the Background section of this report, the CMP's offerings to its participants go beyond just a motel room for shelter. Specifically, the City contracts with service providers to offer both case management services and housing navigation services. The general flow of how participants interact with the offerings of the CMP are visualized in the following figure.

Figure 29. City Motel Program Offerings for Program Participants



Source: Auditor generated based on contracts with service providers and motels.

As depicted in the above figure, each program offering acts as a foundation for the next program offering. Participants first have access to the motel rooms and associated amenities, then work with

their caseworkers to collect documents necessary to access public benefits and housing, build their income stream, connect with health and employment services, and more. Once participants have their documents ready and sufficient income, case managers connect them to an internal housing specialist who help them find suitable housing. Once housing is acquired, the CMP can also provide financial assistance for move-in costs.

Although case management is the precursor to accessing housing navigation services, the only contractual performance metrics that the current service provider is required to report back on, as listed in the next figure, are all housing related.

Figure 30. Reportable Performance Metrics as Required by Contract



Source: Auditor generated based on Step Up contracts.

In the last section, we described how the CMP operates as a non-congregate shelter. Although housing PEH is the ultimate goal of the homelessness system and consistent with the *All In Sacramento* framework, which states that actions should “focus on improvements to increase direct pathways to permanent housing from emergency shelter for all clients that result in shorter stays, increased exits to housing, [and] fewer returns...,” the performance metrics above focus heavily on outcomes and less on intermediate outputs, or workload metrics, that can demonstrate the service provider’s satisfactory performance of its various responsibilities, such as case management.²⁹ Not only does this shift the emphasis of the CMP’s function away from being an emergency shelter that provides temporary relief, it also does not fully demonstrate either a participants’ progress or the service provider’s efforts towards obtaining housing. As such, these housing-focused metrics imply that the CMP’s success is solely based on housing its participants.

Starting in March 2025, DCR began requiring Step Up to submit a monthly shelter report that provides additional metrics on participant enrollment and exits, case management outputs, and a narrative

²⁹ While we are referring to those being served through the CMP as program participants, program operators and service providers more generally refer to PEH they serve as clients.

summary describing other accomplishments or operational changes. While more informative than the contractually required housing-specific performance metrics, the service provider is not expected to achieve specific and measurable performance goals. In contrast, the contract with City of Refuge, which expired in August 2023, included a list of measurable expected outcomes in their contract. For example, City of Refuge was required to report on their achievement towards helping 80 percent of participants secure permanent housing and 60 percent of participants in achieving financial stability.

According to the *Standards for Internal Control in the Federal Government*, management should define objectives in measurable terms so that performance toward achieving those objectives can be assessed.³⁰ Regarding both participants' lengths of stay and the existing performance metrics for the program, the objective of the CMP as an emergency shelter does not fully align with the way it is currently functioning nor are there measurable goals to demonstrate that the objective was achieved. Therefore, the program's success remains ambiguous and difficult to evaluate.

We recommend that DCR clearly define the CMP's objective, create measurable goals that align with the objective, and establish performance metrics that demonstrate whether the program is successful in accomplishing its objective.

RECOMMENDATION

We recommend the Department of Community Response:

- 6. More clearly define the CMP's objective, create measurable goals that align with the objective, and establish performance metrics that demonstrate whether the program is successful in accomplishing its objective.**

The reduced rate of positive exits after the initial six months in the CMP results in the program unintentionally having characteristics of other types of housing programs

The City operates the CMP to help move people out of homelessness and into permanent housing. The CMP, as described in the Background section, evolved from an emergency shelter serving homeless individuals with high vulnerabilities to contracting COVID-19 to an emergency non-congregate shelter.

The CMP's evolving menu of services now includes case management services to triage participant needs, help participants access resources, and make progress towards exiting homelessness. These services include engagement, case management, emergency health and mental health services. The services also include housing navigation and move-in support. Though the services provided by the CMP

³⁰ The *Standards for Internal Control in the Federal Government*, commonly known as the "Green Book", is published by the United States Government Accountability Office. It sets the standards for an effective internal control system for federal agencies and provides the overall framework for designing, implementing, and operating an effective internal control system, and is used by an entity to help achieve its objectives related to operations, reporting, and compliance.

are not required in the definition for emergency shelter, they are a requirement of the HHAP funding used to fund the shelter.³¹

As described in the Background section, through the City's membership in the Sacramento CoC, the CAS system performs a vulnerability assessment of PEH seeking shelter and prioritizes PEH with the highest vulnerabilities for placement in the CMP.

In totality, this cache of services is consistent with the Sacramento CoC's definition of emergency shelter. According to the CoC, emergency shelters offer safe, temporary housing in congregate or non-congregate facilities for those without other safe options while they seek permanent housing or appropriate support, such as treatment. Prioritization for emergency shelter is provided for households who meet prioritization criteria as established in CAS policies and procedures. The services available include receiving a collaborative, housing-focused assessment, optional housing-focused case management, and access to service referral and coordination.

According to DCR staff and the Sacramento CoC, the CMP is, at present, considered a non-congregate emergency shelter that serves families experiencing homelessness. In addition to sheltering, DCR staff further considers the CMP's purpose as providing the services needed for participants to overcome barriers to obtaining permanent housing.

Stays in the emergency shelters are designed to be limited in duration. For example, the NAEH recommends that individuals and families should exit emergency shelters within 60 days. According to HUD, emergency shelters generally have a length of stay ranging from 1 to 90 days. The California Government Code defines emergency shelter as "housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person."

We reviewed HMIS data and found that about half of the positive exits occur in the first 180 days, or six months of the program. As the figure below indicates, there is considerable success in moving through in the first 60 days of the program followed by a steady descending success rate through the first year of stay in the program. The remaining positive exits are concentrated in stays exceeding 365 days.

³¹ Exhibit A of the HHAP 5 agreement requires emergency shelters to provide services to people in term housing including "trauma informed and evidence based intensive care, management services, housing navigation, connecting people to substance use or mental health, treatment, public benefits, advocacy, and other supportive services to promote stability and referral into permanent housing."

Figure 31: Positive Exits by Length of Stay in City Motel Program



Source: Auditor generated based on data from HMIS.

Note: The "365+ Days" bucket is larger than the other buckets, which are in 30-day increments. This data also includes data from all three service providers.

To provide additional context, as the figure below illustrates, more than 50 percent of the positive placements are occurring in the first six months. Positive exits overall decrease after the initial few months and 22 percent of positive exits take more than one year.

Figure 32: Breakdown of Positive Exits Over Various Periods

Length of Stay	Positive Exits in the First 3 Months	Positive Exits in the First 4 Months	Positive Exits in the First 6 Months
< 30 Days	30.6%	38.6%	51.3%
31-60 Days			
61-90 Days			
91-120 Days	47.2%	39.3%	26.6%
121-150 Days			
151-180 Days			
181-210 Days			
211-240 Days			
241-270 Days			
271-300 Days			
301-330 Days			
331-365 Days			
365+ Days	22.1%	22.1%	22.1%

Source: Auditor generated based on HMIS data.

As part of our analysis, we sought to determine the costs related to the different types of exits from the program. As discussed in the Background section, service providers track participants' exit destinations in HMIS, which we further categorized to reflect participant outcomes from the CMP. These categorizations include: (1) Positive: destinations represent stable or long-term housing solution; (2) Improved: which suggest a temporary but better situation; (3) Neutral: destinations indicate no significant improvement or change in housing status; (4) Negative: destinations that reflect a worsening or very poor outcome; (5) Out of Region; and (6) Not communicated to the program operator.

As figure 33 illustrates, other than "Not communicated to the program operator", the "Positive" category account for the greatest portion of costs for exited participants.

Figure 33: Cost of Participant Exits by Exit Type from the City Motel Program

Exit Type	No. of Participants	Total Days of Stay	Cost (\$)	Cost (%)
Positive	722	169,678	\$5,522,482	32.7%
Improved	218	35,541	\$1,156,747	6.8%
Neutral	261	48,531	\$1,579,531	9.3%
Negative	444	71,896	\$2,339,987	13.9%
Out-of-region	14	2631	\$85,631	0.5%
Not communicated to program operator	1,630	190,810	\$6,210,262	36.8%
Exited Participants	2,899	519,087	\$16,894,640	100.0%

Source: Auditor generated based on HMIS data, invoiced costs provided by DCR as of December 31, 2024, and the cost per room in motel contracts.

Note: The cost of exits was calculated using a \$32.55 per person per night cost, which accounts for an averaged number of participants per room and the cost of services, multiplied by the total length of stay associated with all participants who exited per type of exit.

As can be seen above, 722 participants, about 25 percent of the total number of exited participants in the program, departed the program with a positive exit for a cost of \$5.5 million, or about 33 percent of the total program costs.³²

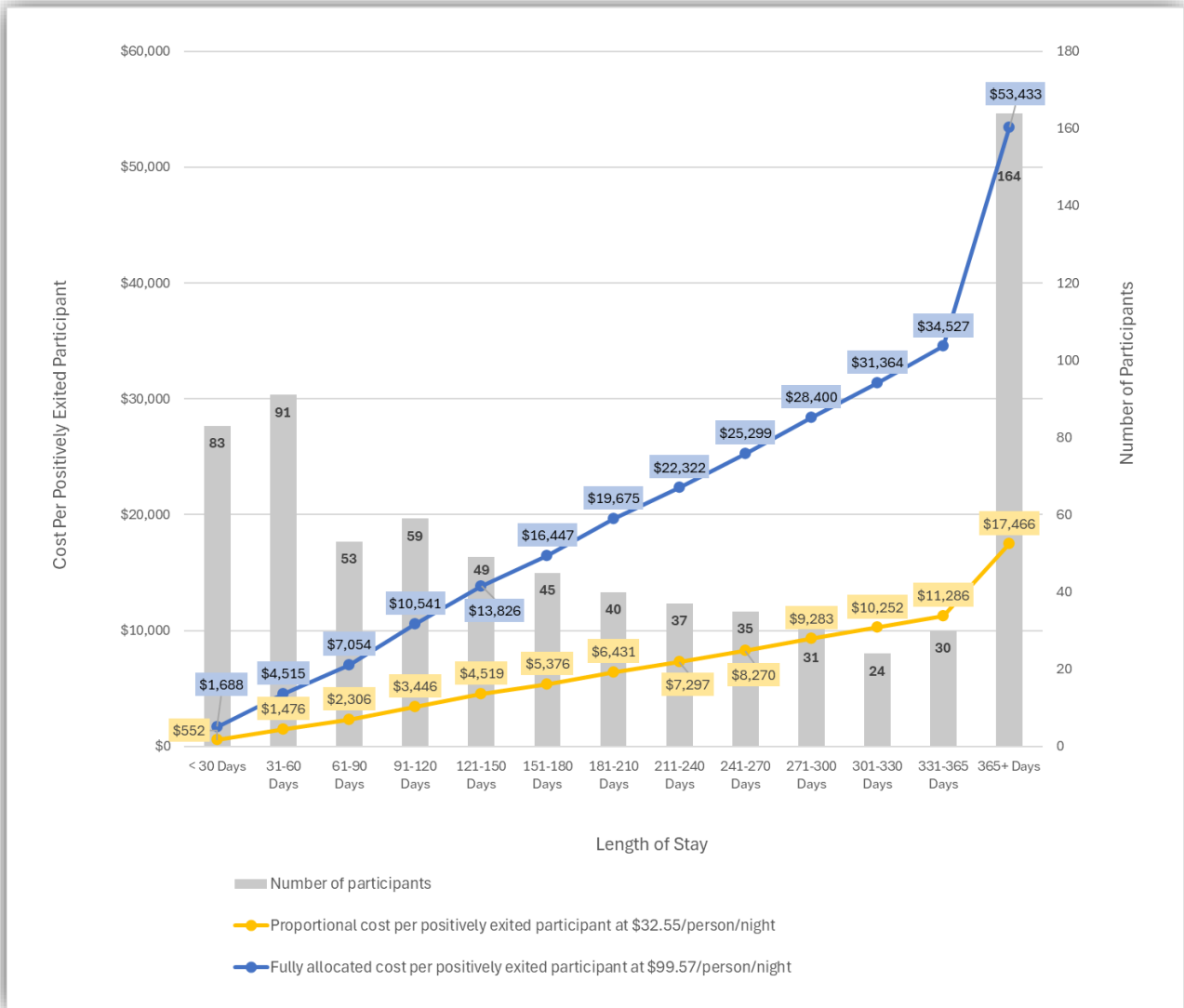
We believe the cost of success (if defined as a positive exit) is more expensive the longer the person stays. Figure 34 demonstrates the estimated cost of positive exits by length of stay in the CMP and the number of participants who exited at various times. As illustrated in the figure, the cost per positive exit is significantly higher at almost \$100 per person per night³³ compared to only \$33 per person per night³⁴ when including the cost for participants that did not exit the CMP with a “Positive” designation.

³² It’s important to note that the 25 percent positive exit rate includes all participants served throughout the duration of the program, including those assisted by Hope Cooperative during the early phases, when the primary focus was to provide non-congregate shelter for individuals at risk of contracting COVID-19 rather than to transition individuals into permanent housing. This differs from the calculation presented in Finding 1, which excluded participants served by Hope Cooperative to better reflect program outcomes under its current focus on housing.

³³ This cost divides the total cost of exited participants by the number of positively exited participants.

³⁴ This cost divides the total cost of exited participants by the total number of exited participants (i.e., all exit categories).

Figure 34: Comparison of Per Person Costs for Positive Exits



Source: Auditor generated based on HMIS data, invoiced costs provided by DCR as of December 31, 2024, and the cost per room in motel contracts.

Note: The approximately \$100 per person per night divides the total cost of exited participants by the number of positively exited participants. The approximately \$33 per person per night divides the total cost of exited participants by the total number of exited participants (i.e., all exit categories). Because participants may have positively exited multiple times, the total number of participants in this figure may not match the total number of positively exited participants in the previous figure.

Overall, about half the people in the program are staying longer than six months. The longer people stay, the less the CMP is operating as an emergency shelter and the more expensive each person becomes to achieve a positive outcome. As a result, the program, in essence, becomes long-term subsidized housing. What's more, is that the cost continues to rise after the six-month time period, which is the time that the California Government Code identifies as the recommended conclusion of a PEH's stay in an emergency shelter, such as the CMP.

These longer stays mean that the cost of success - when defined as a positive exit in a permanent housing situation - is more expensive the longer the person stays. However, as previously discussed, the objectives of the CMP are unclear, and while the cost of moving the person to permanent housing grows for that specific purpose, the CMP is meeting a potentially ancillary goal of reducing unsheltered homelessness and improving participant circumstances. In other words, the cost associated with keeping PEH from falling into negative exits can be reinterpreted as meeting the objective of “getting people off the streets” or purely sheltering.

As discussed in the Background section of this report, these timeframes are more aligned with what HUD and the California Government Code describe as transitional housing or permanent supportive housing. These transitional and permanent housing facilities are typically set up to stabilize and keep homeless participants housed for periods of one year or more, and are also typically designed to provide a more robust menu of services to assist these vulnerable participants. As a result, the CMP is serving a broader purpose than originally intended.

According to HUD, transitional housing provides temporary housing with supportive services to PEH with the goal of interim stability to support PEH in moving into permanent housing. Transitional housing is limited to a length of stay of up to 24 months and provides an opportunity for clients to gain the personal and financial stability needed to transition to and maintain permanent housing. This housing type provides up to 24-month housing programs with supportive services provided on-site including recovery services, life skills training, and mental health counseling for individuals fleeing domestic violence.

Permanent supportive housing (PSH) is a long-term housing intervention designed to serve individuals and families experiencing chronic homelessness. It combines deeply affordable housing with voluntary, wraparound supportive services, such as case management, mental health treatment, substance use recovery, and assistance with daily living activities. The goal is to provide stable housing first, without preconditions such as sobriety or employment, and then support recovery and reintegration. PSH is based on the "Housing First" model, which is rooted in the understanding that stable housing is a necessary platform for addressing other life challenges. Tenants in PSH typically pay 30 percent of their income (from any source) toward rent and utilities. If a participant has no income, they usually pay nothing until income is secured. This rent structure aligns with HUD's affordability guidelines which defines housing as affordable if a household spends no more than 30 percent of its gross (pre-tax) income on housing costs (rent and utilities).

Our review of the HMIS data as of January 31, 2025 found that 266 of the 555 participants currently in the program, or 48 percent, were in the program longer than six months. Further, 125 of them, or 23 percent of the current participants, had been in the program for longer than one year as of January 31, 2025. As such, we believe the CMP is serving with characteristics of transitional housing and PSH programs due to the extended stay with low probability of success for some of the participants. For

further context, Step Up reported that 30 households are housing ready as of April 30, 2025³⁵ but are not yet housed.

We recognize that the operation of the CMP does not perfectly fit into the definition of a PSH. However, the operation of the CMP, for a sizeable portion of the participants, is operating more in line with a PSH than either an emergency shelter or a transitional shelter. In other words, the shelter appears to be operating outside the scope of any existing definitions for shelter types – rather it is operating as a blend of several different shelter types. Meanwhile, participants continue to stay in the CMP for prolonged periods of time, in some cases years, with no opportunities to exit while the City is paying higher costs for positive exits.

As previously mentioned, PEH complete an assessment known as the Vulnerability Index-Service Prioritization Decision Assistance Tool (VI-SPDAT),³⁶ which evaluates the severity of their needs. High VI-SPDAT scores are not solely the result of behavioral or mental health issues – they may also reflect factors such as the length of time a person has been homeless, family status, and other barriers to housing. According to DCR staff, some CMP participants are unable to transition to permanent housing due to limited income. As a result, the CMP effectively functions as a form of PSH for individuals who have stabilized but cannot exit the program because they are unable to find affordable housing. DCR has acknowledged this challenge and has initiated discussions about implementing program fees for individuals staying in certain City programs for an extended period of time.

The City and DCR should begin to consider opportunities to either seek a new classification of shelter or designate specific portions of its shelter capacity as different types of shelter and seek some cost recovery, where available. For example, the City could consider formally designating and operating a portion of its shelter capacity as interim housing offering extended stays to better serve this population. Additionally, the City could continue exploring implementing an income-based fee model for program participants who transition from the emergency shelter component to PSH. This approach could help sustain and potentially expand the CMP. During this process the City should also consider partnering with other potential funders and agencies within the CoC – particularly those that share responsibility for serving individuals with complex needs such as mental health, physical health, and behavioral health conditions.

³⁵ These participants might not be included in the date parameters of our HMIS data analysis.

³⁶ As discussed in the Background section, the CoC Board in August 2024 approved the use of a new assessment tool to replace the VI-SPDAT. The locally developed Housing Conversation Tool (HCT) was fully deployed in January 2025 and replaced the VI-SPDAT. The HCT is designed to better align shelter and housing prioritization, improving flow between programs. All new CAS Assessors must complete updated onboarding that covers implicit bias, vicarious trauma, and trauma-informed care.

RECOMMENDATION

We recommend the Department of Community Response:

- 7. Consider designing a portion of its shelter capacity to interim housing offering extended stays, rather than traditional emergency shelter, to better support individuals and families who need longer-term stability before transitioning to permanent housing.**

Finding 5: Opportunities Exist to More Intensely Use Case Management to Prepare Participants for Housing, Connect Them to Needed Services, and Increase the Number of Participants Served

Experiencing homelessness presents individuals and families with a complex array of challenges that extend beyond the immediate need for shelter. It often requires navigating a complex web of services, rebuilding daily routines, and overcoming personal, financial, or health-related challenges. Recognizing this, the CMP not only offers temporary shelter but also contracts with service providers to assist participants in navigating the multifaceted journey toward stability and permanent housing.

The CMP's role as an emergency shelter that offers motel rooms to shelter families with minor children directly provides access to some basic life necessities, such as shelter and physical safety, and connections to other needs, such as food or clothing. This provides a foundational level of stability. Through its contracted service provider, Step Up, the CMP provides participants with access to both case managers and housing navigators. Case managers support participants' well-being and independent living through personalized planning, benefits assistance, training, and referrals to health and wellness services. In assessing each participant's individual needs and coordinating care, case managers serve in a triage role and assist in providing the next layer of stabilization by facilitating progress towards resolving participants' homelessness. Finally, housing navigators provide housing support to help participants acquire permanent housing through outreach, housing navigation, move-in assistance, and landlord incentives like security deposits and rent payments.

Consequently, effective case management is critical for helping participants achieve stability and self-sufficiency and acts as a structured approach to ensure participants receive the proper resources, professional assistance, emotional support, and advocacy needed to improve their quality of life. CMP case managers thus guide participants from program entry and, in coordination with the housing navigators, ideally through a positive program exit. Step Up, the CMP's current service provider, tracks the provision of these case management and other services through a multitude of ways, such as by inputting the date and type of service provided in HMIS, logging case notes in HMIS, documenting goals in *Individual Service Plan* (ISP) documents (currently referred to by the service provider as a "*Contract for Success*"), and recording participant statuses towards housing in an internal spreadsheet.

To evaluate whether case management was effective in facilitating positive outcomes, we reviewed all available services data in HMIS for the CMP as well as ISP documents and HMIS case management notes for a small sample of participants. We found opportunities exist to more intensely use case management to prepare participants for housing, connect them to needed services, and increase the number of participants served. Specifically, we found:

- The City can consider establishing more standardized milestones for case management goals to demonstrate participant progress towards stability and housing; and
- Conducting more prompt and dedicated triage after the initial months of stabilization may increase room turnover.

We believe that DCR can work with service providers to augment and adjust some of the case management practices to better prepare participants for housing and more expeditiously move them through the program to positive housing placements. We believe DCR can consider working with service providers to standardize and track key milestones such as housing readiness dates, include detailed housing plans in RFPs and contracts, and input these plans with specific milestones into HMIS to better demonstrate participant progress toward stability and housing. DCR can also work with service providers to conduct earlier and more intensive triage to connect participants with appropriate services and increase room availability for other unsheltered families. Additionally, DCR can consider requiring service providers to document barriers to exit that cannot be resolved through case management or require extended time to address.

The City can consider establishing more standardized milestones for case management goals to demonstrate participant progress towards stability and housing

The journey to exit homelessness into permanent housing often involves numerous steps, such as obtaining identification, securing employment, and applying for housing—tasks that can seem overwhelming when viewed as a whole. Research in behavioral psychology, suggests that individuals are more motivated to complete a task as they perceive themselves to be closer to the goal.³⁷

Applying this principle to the CMP, establishing standardized, incremental milestones within case management can help participants visualize their progress, thereby enhancing motivation and engagement. By implementing clear, achievable steps toward self-sufficiency and permanent housing, the City can not only provide a structured pathway for participants but also enable service providers to more effectively track and support individual progress. This structured approach can transform the daunting process of overcoming homelessness into a series of attainable goals, fostering a sense of accomplishment and forward momentum among participants. From an operational standpoint, milestones can act as indicators of program success and allow DCR to systematically monitor the accomplishment of intermediate participant outcomes.

In its operation of the CMP, Step Up's case management procedures require case managers to meet weekly with participants to review housing documentation progress, address concerns, and provide support such as service planning, referrals, and essential resources. The procedures state, "Clients must meet with their case manager on a weekly basis if they are working, they can schedule a video or text message interaction. They must stay in constant communication with their case manager to stay in the program." Additionally, Step Up's Case Manager Manual (CMM), which is designed to provide direction to staff, requires that case managers "[d]ocument all 'soft touches' as well as case management notes in HMIS." To determine whether the case notes, as a representation of the case management sessions with program participants, were informative in understanding how participants were progressing

³⁷ Kivetz, Ran, Urminsky, Oleg, and Zheng, Yuhuang. "The Goal-Gradient Hypothesis Resurrected: Purchase Acceleration, Illusionary Goal Progress, and Customer Retention." *Journal of Marketing Research*, Vol. 43, (February 2006): 39–58. https://home.uchicago.edu/ourminsky/Goal-Gradient_Illusionary_Goal_Progress.pdf

through the CMP, we selected a small random³⁸ sample of 20 participants that met the following parameters:

- 80 percent (16 participants) were in the CMP for over 365 days, 10 percent (2 participants) were in the program for 61-90 days, and 10 percent (2 participants) were in the program for 91-120 days;
- 80 percent (16 participants) exited positively, 10 percent (2 participants) exited to improved destinations, and 10 percent (2 participants) exited negatively; and
- 70 percent (14 participants) were served by Step Up and 30 percent (6 participants) were served by City of Refuge.³⁹

Based on our review of the case management notes, we noted a huge variety in the number of case notes logged by service provider, as shown in the figure below.

Figure 35: Case Notes Logged in HMIS by Service Provider

SERVICE PROVIDER	TOTAL PARTICIPANTS IN SAMPLE	PARTICIPANTS WITHOUT CASE NOTES IN HMIS	NUMBER OF CASE NOTES LOGGED PER PARTICIPANT
Step Up	14	3 (21.4%)	1-68
City of Refuge	6	3 (50%)	1-3

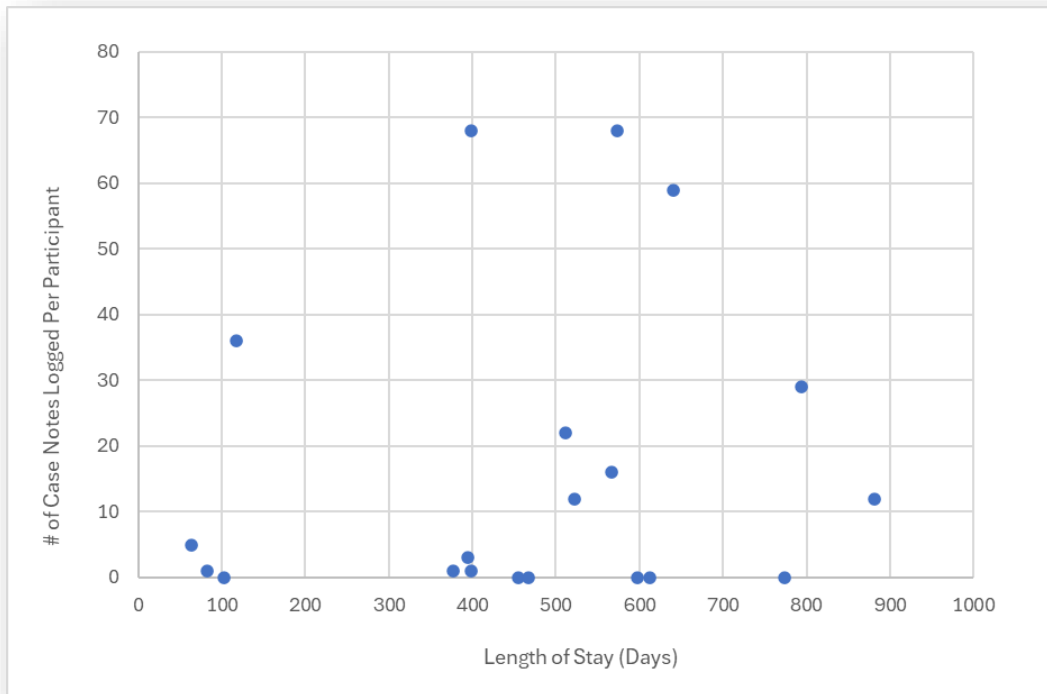
Source: Auditor generated based on case notes in HMIS.

Furthermore, the number of case notes associated with participants in our sample who exited positively also varied greatly and, as demonstrated in the following figure, there is no clear correlation between participants' length of stay and the number of case notes logged for that participant.

³⁸ The sample was randomly selected after filtering for the population that met the parameters listed.

³⁹ There is one participant who was served by both service providers, but only one of the stays associated with the participant was part of sample based on the selection methodology.

Figure 36: Case Notes Logged Per Participant Compared to Length of Stay



Source: Auditor generated based on case notes in HMIS.

While we acknowledge that the quantity of case notes is not necessarily indicative of the quality of case management, case notes can be informative in understanding a participant’s progress and experience in the CMP. The low number of case notes for those who stayed past 365 days in the program limits the information available to understand why the participant is essentially unable to move on. Moreover, across all participants in our sample, the highest maximum number of days between case notes is 236 days and the highest average days between case notes is 51 days. Based on service provider procedures, we anticipated weekly case management meetings, and therefore at least one case note per week, for each participant. These high number of days between case notes may indicate a lack of data entry or a lack of participant interaction. As discussed in Finding 2, participants in the program stated that, in some cases, they feel like the lack of contact with case managers has left them feeling stuck. In the rest of this finding, we elaborate more on how participant progress is tracked.

Beyond using case notes to document case management sessions and participant progress, Step Up managers have noted that a participant’s achievement of a “doc ready” status,⁴⁰ followed by being

⁴⁰ “Doc ready” typically means having some sort of identification (such as an identification card or driver license for adults and birth certificates for children), a Social Security card, and proof of income.

“housing ready,”⁴¹ and then being housed is ultimately the “big picture goal” for case management. These typically occur in a sequential manner as the completion of each successive step is dependent on the completion of the previous step, such that one must have proper documentation to receive public benefits or to apply for employment. Thus, Step Up managers have highlighted “doc readiness” as a priority as it is the first step towards housing.

The achievement of the “doc ready” status is two-fold: 1) it requires participants to acquire the documents and submit these to their case manager, and 2) case managers should be continuously checking in with the participant to provide support and information. This is consistent with both program rules, which require participants to make progress and meet goals towards obtaining transitional or permanent housing and the City’s contract with Step Up, which details how case managers will be providing ongoing services to help participants progress and prepare for permanent housing through providing document assistance, assistance in procuring employment or income, and housing navigation.

To better understand how services reflect the effectiveness of case management, we reviewed the type of services provided and found that about 85 percent were entered into the HMIS system as general case management services. Services categorized as document assistance, housing services, and employment assistance, which are key to a participant’s progress towards obtaining housing, are comparatively low, as shown in the following figure. It is unclear whether this is due to providers not offering these services or due to inconsistent or incomplete data entry into HMIS.

Figure 37: Categorization of Services Provided in HMIS for Key Participant Services



Source: Auditor generated based on HMIS data.

⁴¹ “Housing ready” varies by participant, but can include having a homeless certification on record, improving one’s credit, addressing past evictions, and having sufficient income if the housing is privately owned.

Within these low percentages, we found that 58 percent of all document assistance services and 28 percent of all housing services were provided within the first 90 days of program entry. However, the provision of a service does not necessarily mean that the participant has achieved a “doc ready” or “housing ready” status. When considered with the low percentage of services categorized as document assistance, housing services, and employment assistance, the City is unable to discern or analyze in any meaningful way how participants are doing or what status they are at any point of their participation.

While we do not want to discount the wide variety of services provided by the case managers to assist participants in improving their circumstances,⁴² or how a participant’s other needs may impact their ability to achieve these statuses that directly facilitate their progress towards housing, the quantity and type of services provided, as recorded in HMIS, does not demonstrate how participants are completing progressive steps towards permanent housing.

According to Step Up, the HMIS system is not currently designed to easily track whether participants are “doc ready” or housing ready”. HMIS does have a service coded as “Linked to Housing Navigator,” which Step Up uses to show the date a participant becomes “housing ready,” but the number of services coded under this option is very low as Step Up only recently learned of this functionality. Instead, Step Up uses an internal spreadsheet to track these statuses, in addition to changes to participants’ incomes and what housing they can qualify for. However, Step Up does not currently track the dates that the participants reach those statuses but have indicated that they will do so going forward.

Finally, we reviewed the content of case management notes from our small sample to determine if there was stagnation in participant progress and whether there were specific barriers to progress. Generally, we found there were some gaps in participant progress. For example:

- One participant met with their case manager to create a resume almost eight months after program entry. The next case note was another eight months later and indicated that the participant was still missing documents.
- One participant continued to struggle with obtaining income nine months after program entry. While case notes indicated continuous check-ins with their case manager, it does appear that the participant was struggling with mental health and substance abuse issues.
- One participant was still missing documents about one year into the program and continued to struggle with resolving their document issues for at least another six months.

While this sample was small and not statistically significant, these examples demonstrate the value of detailed case notes while also showing how the lack of metrics in demonstrating participant progress reduces the ability to conduct a systematic review of program success.

Individual Service Plans

According to Step Up’s CMM, case managers are to meet with CMP participants within the first week of enrollment to complete an *Individual Service Plan* (ISP). The purpose of the ISP is to document goals,

⁴² See Appendix B for a full menu of services, as recorded in HMIS, that case managers have previously provided to program participants.

necessary action steps to reach established goals, deadlines, and outcomes. ISPs serve as tools developed between the individual and their case manager to identify personal goals, outline necessary support services, and establish steps toward achieving stability and community integration. These plans may encompass areas such as securing permanent housing, accessing mental health and substance use treatment, developing life skills, and pursuing employment or educational opportunities. Figure 38 below shows Step Up's ISP template.

Figure 38: Step Up's Individual Service Plan Template

INDIVIDUAL SERVICE PLAN (ISP)

CLIENT NAME: _____ Welligent/HMIS ID#: _____ Case Manager Name: _____

Select each category that the Service Plan will address.
☒ Mental Health ☒ Medical/Dental ☐ Nutrition ☒ Harm Reduction ☒ Financial Planning/Management ☒ Housing/Housing Retention
☒ Legal/Advocacy ☒ Vocation/Education ☐ Housekeeping ☒ Transportation ☐ Utility Assistance ☐ Social Isolation ☐ Other _____

START DATE	GOAL	ACTION STEPS	PERSON(S) RESPONSIBLE	TARGET DATE	DATE RESOLVED	CONTINUE DISCONTINUE GOAL	OUTCOME

*Service Plan must be updated quarterly. Prior Service Plans must remain in the chart.

Client Signature: _____ Date: _____
Case Manager Signature: _____ Date: _____
Supervisor Signature: _____ Date: _____

Source: Auditor generated based on ISPs provided by Step Up.

According to Step Up managers, this ISP was designed as a tool to help guide participants towards meeting their service and housing goals. The goals are set based on the participants' suggestions and to accommodate their unique circumstances. As such, there is not a standard checklist for each participant but, as previously mentioned in this finding, "doc ready" and "housing ready" are generally considered the goals of case management.

As a participant progresses through the program, their ISP should be regularly updated to indicate the status of established goals and to create new goals. While ISP goals can be modified to allow for flexibility, this same flexibility also means that participants are not exited from the program for not achieving their goals within the designated timeframes on their ISPs. Both DCR and Step Up management stress that this was an innovative program in treating homeless families and there were limited benchmarks, precedents, or models that could be drawn from in terms of operating the program or pre-tested metrics to monitor progress and success.

These ISPs were typically not provided to the City and were physically kept in the service provider's files. We requested a random sample of 14 participant ISPs⁴³ and Step Up was unable to provide four of them

⁴³ This is the same sample as the sample for our case management notes. As described earlier in this finding, only 14 of the 20 participants in our sample were serviced by Step Up.

and one of the ISPs provided was for a member of the household instead of the participant himself, who is also an adult. Although the sample was not statistically representative and the non-production rate cannot be generalized to the entire population, the findings raise concerns that ISPs may not have been consistently completed for all participants.

For the ISPs that were provided to us, we found that participant goals and action steps were generally easy to understand. However, not all ISP goals had target dates, housing-specific goals, or progress documented towards these goals. In contrast, some of the ISPs were very detailed in documenting participant progress.

Our research found some cities with similar CMPs use housing plans with milestones and target dates—sometimes called “exit plans” or “housing navigation timelines”—to guide participants toward permanent housing. These plans support efficient transitions, track progress, identify barriers, and promote accountability, while also enabling data-driven decisions on program effectiveness. Although the City’s service providers use some tracking tools, there are opportunities to adopt more consistent monitoring of participant progress and milestones.

Effective housing plans outline clear steps, such as obtaining identification, documenting income, and completing applications, helping both clients and case managers stay on track. When tracked in systems like HMIS, milestones offer structured, personalized support and valuable data for evaluating shelter performance. However, successful implementation requires a thoughtful balance of structure, individualization, and client empowerment.

City of Fresno

The City of Fresno uses a *Client Success Plan* that includes a timeline and tasks, to-do list, and a housing preference assessment that the participant is required to complete. The plan establishes milestones and timelines that each participant should meet on the path to achieving permanent housing. As illustrated in the figure below, these milestones include tasks, suggested timelines for completion, and a description of what is needed.

Figure 39: City of Fresno's Client Success Plan

Timeline and Tasks	Month 1	Month 2	Month 3	Month 4
Task 1 Document Readiness	What documents do you currently have? Collect missing documents for all household members			
Task 2 Income and Benefits	Identify potential income sources Apply for benefits if eligible Employment readiness Begin working and/or receiving benefits	Submit paystubs Maintain employment and/or benefits Continue submitting paystubs Develop a budget and begin saving money for move-in costs		
Task 3 Resources and Referrals for Housing Success	Complete case plan to identify strengths and needs Begin working on housing plan Identify supports already in place	Case Manager will provide resources and referrals as needed Follow up on referrals/collaboration with outside programs		Continue engagement with resources before and after move-in
Task 4 Housing Readiness	Identify and explore possible safe, affordable housing options Housing Preference Assessment/ Referrals to housing programs if available	Continue to update Housing plan and explore housing options Addressing Barriers to Housing Identify possible housing costs, save money, and stick to a budget		
Task 5 Housing Move-in and Retention			Housing Search and Move-In Determine necessary costs for move-in and bills that will need to be paid after move-in Update budget if necessary	Continue engagement with resources after move-in Maintain income source and stick to your budget Pay rent and other bills on time Follow the lease or rules that apply to your housing

Source: City of Fresno's Client Success Plan.


According to the Housing Manager at the City of Fresno, the case manager meets with the participant when they enter the program, discuss goals laid out in the plan such as getting necessary documents like social security cards, and driver's license; securing some income such as a social service, securing social assistance such as food stamps; and identifying housing options. According to the Housing Manager, to stay in the shelter program the participants must create a work plan and meet consistently with the case managers toward completing the plan.

According to the Housing Manager, service providers working with the City are required to include the housing plan in their RFP. The City is provided with an opportunity to weigh in on the design, if necessary. Finally, the Housing Manager stated that the implementation of these plans started after a period of slow throughput at the City's shelters. The implementation of these documents has given the Housing Manager's staff the ability to track progress and engage in service providers to push clients to meet milestones and deadlines.

Los Angeles Homeless Services Authority

Similarly, the Los Angeles Homeless Services Authority (LAHSA) is a joint powers authority of the city and county of Los Angeles, CA and was created to address the problem of homelessness in Los Angeles County. LAHSA uses a *Housing & Services Plan* form which is designed to help participants establish housing focused goals. The plan is a roadmap of services and action steps that are necessary to secure permanent housing. The plan includes participant's strengths, goals, necessary action steps towards achieving such goals, and the anticipated completion date of each goal. As illustrated in the figure below, the HSP lists specific categories of milestones or goals that the participant identifies, action steps, and the anticipated completion date.

Figure 40: Los Angeles Homeless Services Authority – Housing & Services Plan



Participant's Name:		HMIS ID #:				
<p>Housing & Services Plan (HSP): A standardized housing focused case management plan designed to assist the participant identify strengths and attainable housing focused goals. The Housing & Services Plan will be the road map of services that are needed and to be provided, actions that need to be taken (by both staff and the participant) and referrals that need to be made. Housing Plans identify the participant's strengths, summarize the participant's goals, and immediate action steps towards achieving such goals. The Plans are updated as the person's situation changes, and steps are completed or revised.</p>						
<p>Listing of Categories: 1. Documentation 2. Income/Benefits 3. Crisis Bridge Housing 4. Health/ Mental Health 5. Education/ Vocational Training 6. Employment 7. Legal 8. Permanent Housing/Housing Stabilization 9: Other (ex. Transportation, Life skills)</p> <p>*Insert a number on the Category column. Not all categories are required to complete a HSP. Categories may have additional goals. Each HSP is tailored to the individual and is used to support the participant.</p>						
Strengths Identified:						
Category	Identified Barrier	Goal	Action Steps	Person Responsible (Participant/Staff)	Anticipated Completion Date	Date Goal Achieved

Source: Los Angeles Homeless Services Authority's *Housing & Services Plan*.

Following intake and assessment, case managers are required to develop a *Housing & Services Plan* in coordination with the participant and enter it into HMIS. The case manager, upon entering the information in HMIS is required to include the date the *Housing & Services Plan* was created or updated and the total time the case manager spent with the participant. LAHSA requires that the HSP documents are updated as the person's situation changes, and steps are completed or revised.

Step Up – Contract for Success

During the course of this audit, in March 2025, Step Up began to transition its case managers to using *Contract for Success* (CoS) in place of *Individual Service Plan*. These CoS provide more direction in terms of milestones to be achieved and more firm deadlines. As figure 41 below illustrates, the new CoS lists specific “Expectations” and then “Deadlines” for specific actions to be completed.

Figure 41: Example of Step Up’s Contract for Success – Phase 1

STEP UP
CELEBRATING 40 YEARS

BUILDING HOPE. TRANSFORMING LIVES.

Contract for Success

Participant's Name: _____ Date: _____

The City Motel Program provides emergency shelter for those qualified; it is not a long-term housing solution. When you enter the program, you do so voluntarily, and you agree to abide by its rules and regulations as well as work with Support Partner Staff to actively pursue long-term solutions to your lack of housing. This can include securing and/or providing documentation, securing income, improving your credit, etc.

This is a *contract for success* between you and Step Up Sacramento, designed to allow you to remain in good standing in the City Motel Program. The expectations and timelines will be laid out below and clearly explained to you. If you fail to follow through with these expectations, you may be violated for failing to make the necessary steps to obtain transitional/permanent housing.

Expectations:

1. Provide a valid I.D. or Permanent Residency card for all adults in the household
2. Provide a valid Social Security card for all adults in the household
3. Provide valid birth certificates for all minors in the household
4. Provide proof of income and/or award letters for all adults in the household
5. Be punctual and attend all scheduled meetings with case manager or communicate if you need to reschedule.

Deadlines:





1. Provide hard copy or receipt from DMV within 4 weeks: _____
2. Provide hard copy or receipt from Social Security office within 4 weeks: _____
3. Provide a hard copy or a receipt within 4 weeks: _____
4. Provide a hard copy or a screenshot to your case manager within 4 weeks: _____
5. Ongoing: _____

By signing this, you are acknowledging that you understand what is required of you and you will seek clarification in a timely manner if you have additional questions. If you do not meet the expectations of the contract in the timeframe provided, you may be exited from the City Motel Program.

Signature of Participant: _____ Date: _____

Signature of Step Up Staff: _____ Date: _____

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Source: Step Up’s *Contract for Success*.

The adoption of the CoS was an effort by Step Up to align its case management with its Four Phases of Success case management model. As described in the figure below, the model lays out a clearer roadmap of milestones, expectations, and deadlines for participants. For example, participants receive an initial CoS focused on document readiness and referrals as explained in the first phase of the *Four Phase Case Management Plan*.

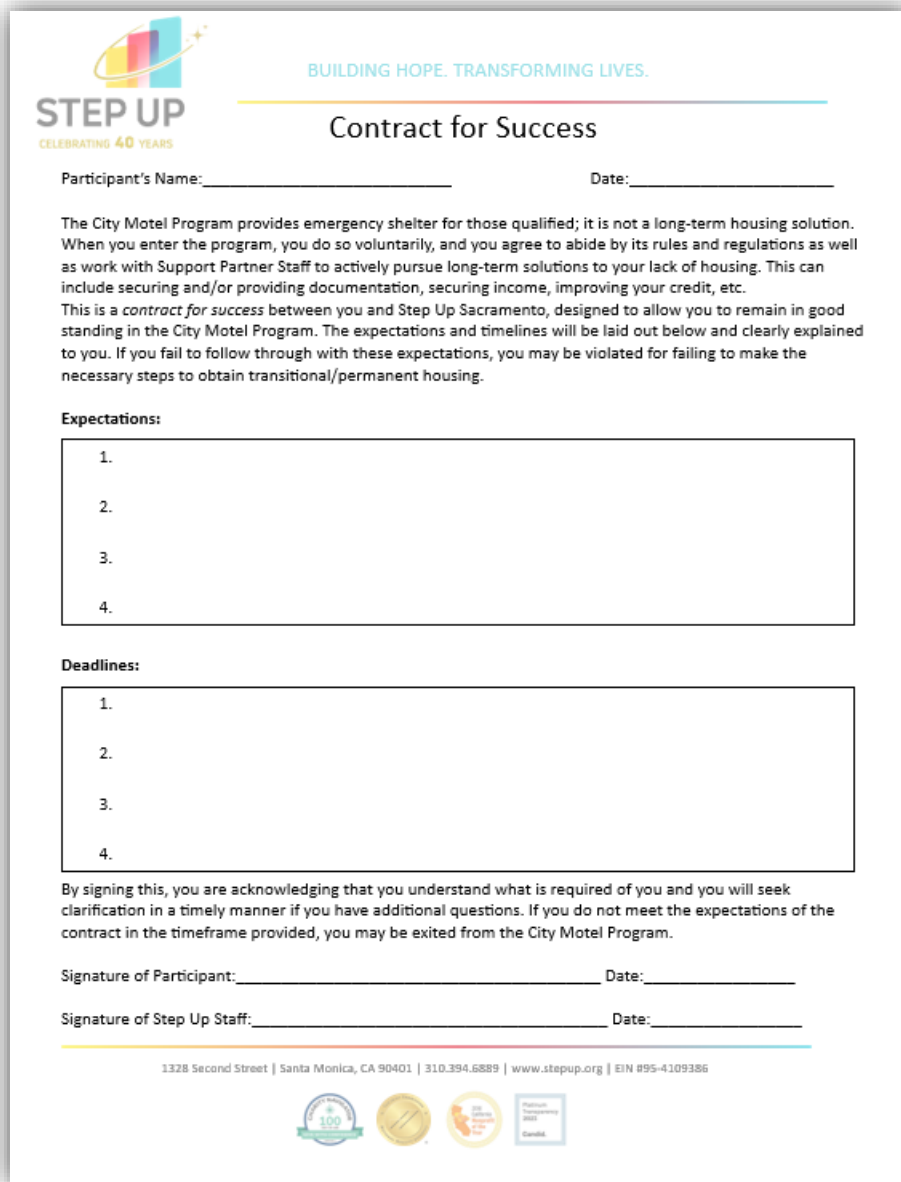
Figure 42: Step Up's Four Phase Case Management Plan

Phase (Timing)	Case Manager Responsibilities	Notes
One (First Month)	FIRST CONTRACT: Gather critical docs including identification, social security, birth certificates, award letters; upload to HMIS. <ul style="list-style-type: none"> • Hear their story – get to know them. • Identify and make any time-sensitive referrals. • Have them view the Housing PPT. • Identify barriers to successfully being housed. <i>*Fulfillment of the contract moves the client to the next phase.</i>	EMPHASIS: Stabilizing the family and establishing trust & rapport with them. <ul style="list-style-type: none"> • Be aware of the possibility of past trauma. • It is critical that you are meeting REGULARLY for case management. • It is critical that you hold them accountable to case management and their contract and issuing violations accordingly. • Record everything in HMIS. <i>* If exited, complete all exit steps.</i>
Two (Months 2-6)	SECOND CONTRACT: Addressing barriers, preparing them for housing referral. <ul style="list-style-type: none"> • Regular case management meetings. • Section 8 waitlists. • Applying for jobs. • Any new referrals for services. • Credit/evictions. • Referring clients to case conference. <i>*Fulfillment of the contract moves the client to the next phase.</i>	EMPHASIS: Getting things done. Customizing contracts and holding clients accountable. <ul style="list-style-type: none"> • It is critical that you are meeting REGULARLY for case management. • Hold them accountable to case management & their contract & issuing violations accordingly. • Record everything in HMIS. <i>* If exited, complete all exit steps.</i>
Three (Months 7-9)	THIRD CONTRACT: Maintenance <ul style="list-style-type: none"> • Referral to housing specialist. • Supporting work with housing specialists. • Providing updated income. • Budget plan. • Bank account/Chime. • Any new referrals for services. • If housed, determine if they want retention services. If they do, exit from DCR, enroll into Supportive Services Only facility. • If not, complete all exit steps. <i>*Fulfillment of the contract moves the client to the next phase.</i>	EMPHASIS: Clients are actively working for their own benefit and advancement. We fall back into a support role. <ul style="list-style-type: none"> • Combine case management appointments with their housing specialist. • Hold them accountable to case management & their contract & issuing violations accordingly. • Record everything in HMIS. <i>* If exited, complete all exit steps.</i>
Four (Up to one year after leaving motel)	<ul style="list-style-type: none"> • Reach out to clients and begin retention services. • Exit clients from DCR and enroll in our SSO. • Listen for transition issues/struggles. • Provide living assistance when requested and when eligible. 	EMPHASIS: Clients living independently back in the community. We are only there for support and to provide a sense of connection during the transition. <ul style="list-style-type: none"> • Check in monthly. • Offer limited resources as needed. • Record everything in HMIS.

Source: Auditor generated based on Step Up's *Four Phase Case Management Plan*.

Once all documents are secured as explained in the first phase, the participant enters the second phase of the *Four Phase Case Management Plan* where a new customized CoS addresses barriers to rehousing and personal goals. As figure 43 below illustrates, the CoS should be filled out to include the next set of expectations and corresponding deadlines.

Figure 43: Step Up Contract for Success - Phases Two through Four



The image shows a 'Contract for Success' form from Step Up Sacramento. The form includes a header with the Step Up logo and the tagline 'BUILDING HOPE. TRANSFORMING LIVES.' Below the header, there are fields for 'Participant's Name' and 'Date'. The main body of the form contains a paragraph explaining the City Motel Program and the purpose of the contract. It then has two sections: 'Expectations' and 'Deadlines', each with a numbered list (1-4) for participants to fill out. At the bottom, there are signature lines for the participant and Step Up staff, followed by contact information and several logos including a 100th anniversary seal and a 'Housing Opportunity Fund' logo.

STEP UP
CELEBRATING 40 YEARS

BUILDING HOPE. TRANSFORMING LIVES.

Contract for Success

Participant's Name: _____ Date: _____

The City Motel Program provides emergency shelter for those qualified; it is not a long-term housing solution. When you enter the program, you do so voluntarily, and you agree to abide by its rules and regulations as well as work with Support Partner Staff to actively pursue long-term solutions to your lack of housing. This can include securing and/or providing documentation, securing income, improving your credit, etc. This is a *contract for success* between you and Step Up Sacramento, designed to allow you to remain in good standing in the City Motel Program. The expectations and timelines will be laid out below and clearly explained to you. If you fail to follow through with these expectations, you may be violated for failing to make the necessary steps to obtain transitional/permanent housing.

Expectations:

- 1.
- 2.
- 3.
- 4.

Deadlines:

- 1.
- 2.
- 3.
- 4.

By signing this, you are acknowledging that you understand what is required of you and you will seek clarification in a timely manner if you have additional questions. If you do not meet the expectations of the contract in the timeframe provided, you may be exited from the City Motel Program.

Signature of Participant: _____ Date: _____

Signature of Step Up Staff: _____ Date: _____

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100th Anniversary Seal, Housing Opportunity Fund, and other logos.

Source: Step Up's *Contract for Success*.

Step Up's transition to the CoS and tying the progress to the milestones set out in the Four Phases of Success Program provides significantly more structure to the data being collected about participant progress. Since early 2025, DCR has also requested that Step Up upload ISPs for all current participants into HMIS in addition to requiring that Step Up report on a monthly basis the number of ISP goals

achieved. We believe these are positive efforts to standardize and more effectively track the progress of participants through the program. Additionally, this data can be helpful to both Step Up and DCR to monitor progress and make changes to improve the program.

By implementing clear, achievable steps in phased milestones, participants are provided a structured pathway to permanent housing. As described above, clear housing plans outline the specific steps individuals must take to obtain permanent housing and help case managers monitor progress, address barriers early, and ensure accountability. When paired with deadlines, these plans generate valuable data on length of stay and time to placement, informing program improvements and funding decisions. Documenting milestones in HMIS is essential for tracking outcomes and system performance, but must be done thoughtfully to support, not penalize, participants.

DCR should ensure that Step Up and other service providers operating City-funded shelters consistently enter specific milestone information into HMIS. Capturing this data will help demonstrate that participants in the CMP are receiving services aligned with meaningful progress toward permanent housing. While Step Up's use of the *Four Phase Case Management Plan* describes these milestones, we believe that DCR and Step Up should agree on specific milestones that should be input into HMIS to allow consistent data available to track comprehensive participant success rates. Additionally, DCR can consider requiring that Step Up and other service providers submit the housing contract plans, milestones, deadlines, and processes for adhering to these documents as part of the responses to Requests for Proposals and contracts for service with the City.

RECOMMENDATIONS

We recommend the Department of Community Response:

- 8. Require CMP service providers to track and report the dates that participants become “doc ready” and “housing ready.”**
- 9. Consider requiring in Requests for Proposals for service providers to operate homeless shelters to include housing plans outlining the specific steps individuals must take to obtain stable housing.**
- 10. Consider including in contracts with service providers operating shelters the requirement to input in HMIS the housing plans, or any document used by the service provider to track progress and include specific milestones.**

Conducting more prompt and dedicated triage after the initial months of stabilization may increase room turnover

As described earlier in this report, the CMP acts as a non-congregate shelter while also offering case management to participants to assist them in accessing resources and more specific services beyond what the CMP can provide, such as job training, mental health care, and more. As stated in *All In*

*Sacramento*⁴⁴ and according to DCR staff's experience working with PEH, there is insufficient capacity in the CoC to adequately meet the needs of all PEH, including those already in shelters such as the CMP. As a result, PEH in shelters are often unable to move onto affordable housing or other forms of supportive housing and instead remain "stuck" in a shelter, which also reduces the availability of that bed (or room in the case of the CMP) for another unsheltered PEH.

Based on our review of HMIS data, we found that at least 33.7 percent⁴⁵ of all program participants stayed in the program for over six months. According to DCR staff and Step Up, some participants have barriers that are more difficult to address, hence having a longer stay. In some cases, participants have barriers that simply take more time to resolve, such as obtaining enough income, fixing their credit history, or clearing an eviction from their record. In other situations, participants have needs that require more complex services, such as health-related assistance and wrap-around support, that are beyond the ability of CMP case managers. Both DCR and Step Up staff have also stated that a significant number of participants that stay in the CMP for long periods of time are unable to secure permanent housing because they cannot secure sufficient income to pay market rate for housing in the Sacramento area. For example, DCR staff stated that many of the longest-term participants are elderly whose only income is Social Security, which is not sufficient to afford an apartment in the Sacramento region. In other words, these participants have acquired that foundational level of stability in which their most basic needs are met, but are "stuck" in the program due to lack of capacity elsewhere in the CoC or they simply have not been connected to the services they need.

Step Up has also stated that program participants have significant autonomy, which includes whether or not they accept services. DCR noted that, under Housing First principles adopted by the Sacramento CoC, individuals cannot be discharged from shelter solely for failing to engage in services; as a result, participants are not removed from the program for declining to participate in supportive services. Furthermore, after a case manager refers a participant to a service provided by another agency, that agency often works directly with the participant instead of through the case manager, so the case manager is not continuously engaged in that service provision. However, in situations in which a referral to another service or program falls through, the service provider acknowledges that sometimes, there aren't any next steps and that it may not be possible to connect participants to services that address every need they may have.

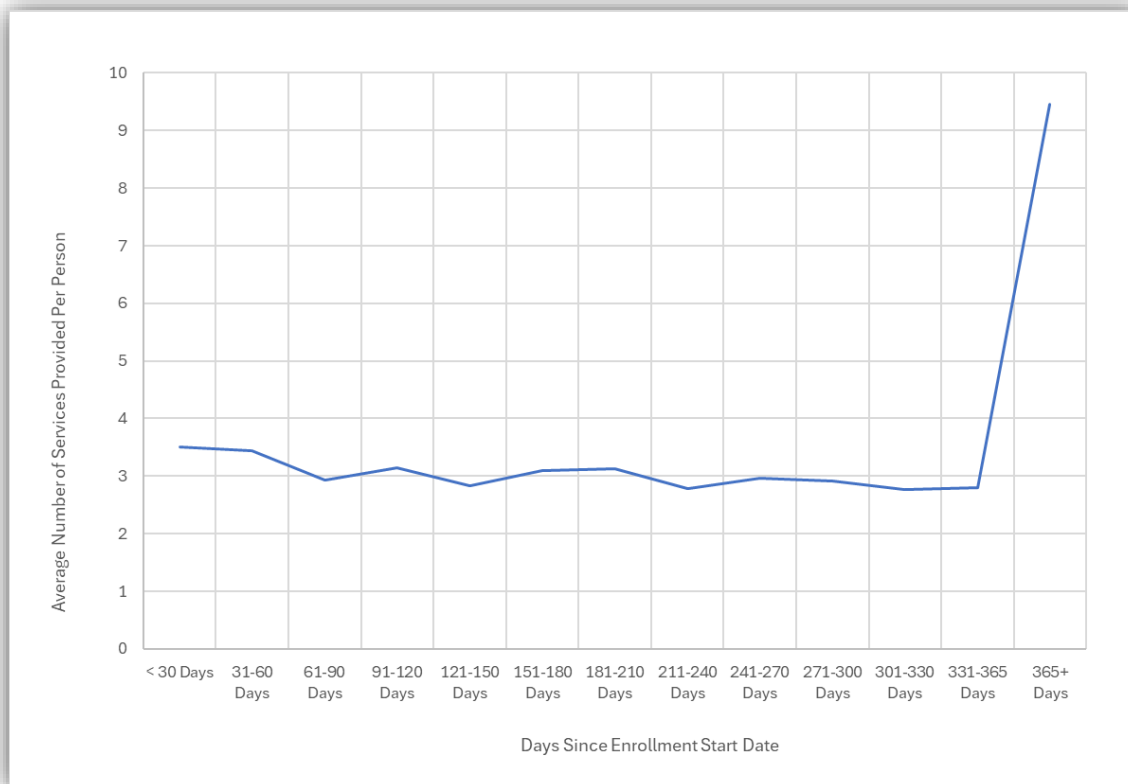
However, as stated earlier in this finding, case managers play a crucial role in helping participants navigate resources, complete steps towards housing such as acquiring documents, and offering support as they work through a difficult time in their lives. Services data in HMIS, which included over 27,000 service sessions across all three providers, is the primary way that CMP service providers quantify the amount of case management they provide. In analyzing the services data, we found that the average number of services provided per month since program entry is approximately the same at three services

⁴⁴ As introduced in an earlier finding, this is the framework and action plan in the Sacramento region for addressing homelessness.

⁴⁵ This calculation includes early participants who were serviced by Hope Cooperative. If excluding those served by Hope Cooperative, this percentage increase to 41.5 percent of all participants.

per person, as illustrated in the following figure. Note that the increase in the “365+ Days” category is primarily due to its broader range, as it includes all stays longer than one year, whereas the other categories represent 30-day intervals.

Figure 44: Number of Services Provided Per Person Since Program Entry

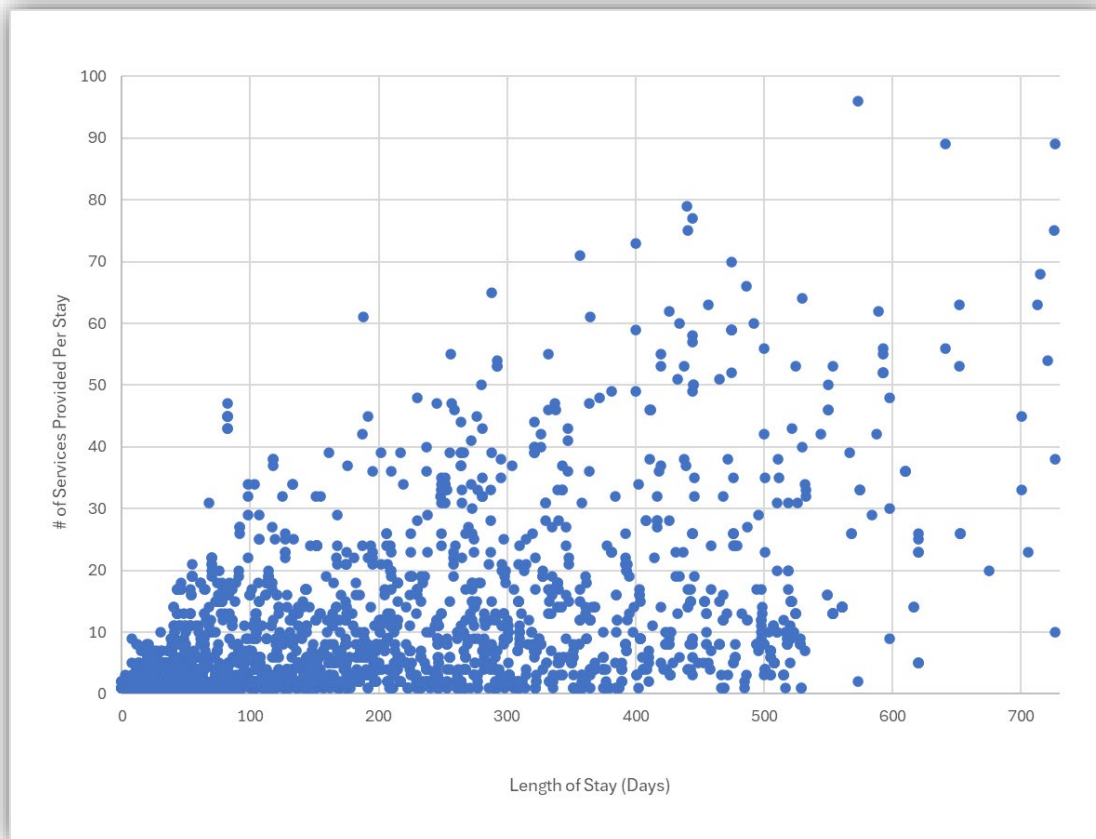


Source: Auditor generated based on services data in HMIS.

We also found that CMP participants who have a longer length of stay do not necessarily receive more total services. Figure 45 below shows the number of services provided to each participant compared to their length of stay⁴⁶ in the program. Despite expecting a clear positive slope, which would indicate that participants who stay longer receive more services in total, the data in the figure does not appear to reflect this expectation.

⁴⁶ This includes both current and exited participants. We used January 31, 2025, the date we pulled the HMIS data, as the end date for a current participant’s stay.

Figure 45: City Motel Program Participant Length of Stay Compared to the Total Number Services Provided During Their Stay



Source: Auditor generated based on information in HMIS.

Note: The horizontal axis in this figure only extends to approximately two years and captures the majority of the stays.

As shown in the figure above, the number of services provided to each participant generally remained clustered below 20, even as the length of stay increased for many participants. While there are a few outliers—participants who received a high number of services over an extended stay (visible as dots in the upper right corner of the figure)—the majority of long-term participants received relatively few services. In one case, a participant remained in the program for over two years but, according to HMIS data, received only ten documented services during that time.

As part of case management, case managers are expected to assess participant needs and assist with addressing those needs through planning and triage efforts. Based on the services data alone, it appears that efforts to help participants progress is relatively constant as the participants’ stay lengthens until they have stayed in the program for one year, at which point, the total services is greater than at any other point of their stay.⁴⁷ While some of this may be beyond the case manager’s capacity, as described

⁴⁷ As previously noted, we acknowledge that the “365+ Days” bucket is larger than the other buckets, which are in 30-day increments.

earlier, DCR staff have considered that case managers may be prioritizing their efforts, due to their high caseloads of approximately 50 participants each.⁴⁸

During our fieldwork for this audit, we conducted interviews with DCR managers who stated that participants staying in the program for long periods of time was a recognized issue. In an effort to move these participants through the program into improved or positive exits, DCR managers have worked with Step Up to more intensely conduct triage for a few of the longest stayers and have started to see some positive results. In our research for this audit, one example that demonstrated a successful reorientation of their shelter operations to prioritize the longest stayers and to focus on rapid exits from shelter to housing was Crossroads, who is the largest provider of services to PEH in Rhode Island and operates a statewide low-barrier shelter system. Some strategies they implemented included initiating conversations on housing immediately upon guests' arrivals, integrating specialized staff to connect shelter occupants to employment from the outset, connecting participants to the appropriate housing programs, and more. In the first year, they saw an increase of 26 percent in housing placements and a 20 percent decrease in the length of shelter stays. This suggests that assessing participants' needs earlier in the process may allow providers to connect participants with appropriate interventions before they become "stuck" in the program.

DCR acknowledged the need for improved documentation of barriers early in participant stays. DCR stated the CMP experiences significantly diminished returns for participants who are not housed within the first six months of entering the program. However, the six-month mark is not a causal threshold, as it does not represent a definitive turning point. Rather, by that time, the CMP is shifting from offering short-term, emergency shelter services to longer-term, chronic care and support. DCR stated that, anecdotally, the primary barriers to housing at this stage are insufficient income and a lack of suitable placements that meet the more complex needs of participants that require permanent supportive housing. However, all available permanent supportive housing units are currently occupied, and there are no vacancies for those who need this level of care. As a result, participants with higher levels of need are left waiting for an appropriate placement. These individuals typically face chronic challenges that require sustained, ongoing support.

In a previous finding, we highlighted how the CMP, by nature of sheltering participants, directly helps reduce the number of unsheltered PEH, specifically families experiencing homelessness, in the Sacramento region. Not only is this a key performance goal for the Sacramento CoC in addressing homelessness, it is also a key avenue for serving a vulnerable population in our community. However, participants who are "stuck" in the program do limit the availability of motel rooms for other unsheltered PEH. For context only, the CMP could have served an additional 1,064 participants if participant stays were capped at six-months.⁴⁹ While we are not suggesting that the CMP should exit participants simply due to staying in the program for a certain length of time, the number of potential

⁴⁸ Since the CMP primarily serves families, this caseload number reflects all members of each family unit.

⁴⁹ This was determined based on the total length of stay in days of participants who stayed longer than six-months. We acknowledge that the actual number of additional participants depends on the number of rooms made available and the number of people in each family unit that can be assigned to a room.

participants that could have been served highlights an opportunity to both triage earlier and document barriers to exit that are beyond the control of the case manager, such as lack of capacity elsewhere in the CoC. Furthermore, our analysis of available HMIS data did not show a significantly noticeable correlation between length of stay or exit destination when compared to participant characteristics such as health conditions, mental health disorders, substance use disorders, age, or chronic homelessness. As such, this highlights the gap in systematically recording and analyzing other barriers that may be hindering faster and improved or positive exits.

We believe that service providers operating the CMP should prioritize early assessment and concentrate triage efforts during the initial stages of a participant's stay to better meet participants' needs and to more promptly move participants to improved or positive exit destinations. In discussing the complexity of navigating the homeless system, the United States Interagency Council on Homelessness (USICH)⁵⁰ proposes that shelters act as an assessment and triage center to help people quickly get on with their lives and to avoid letting shelter be a "dead end or a distant hope that someone's homelessness will self-resolve." Additionally, taking into account the unique circumstances of each participant, this also presents an opportunity to better document participant barriers to exit that cannot be met with immediate intervention or direct services after a given amount of time in the program.

RECOMMENDATIONS

We recommend the Department of Community Response:

- 11. Work with CMP service providers to engage in more intense triage efforts earlier in a participant's stay to more promptly match participants with needed services that may be beyond what the CMP was designed to do and could increase room availability to other unsheltered families experiencing homelessness.**
- 12. Require CMP service providers to document barriers to exit that require more time to resolve or cannot be resolved through additional case management efforts.**

⁵⁰ USICH serves as an independent establishment in the executive branch. Its mission is to coordinate the federal response to homelessness and to create a national partnership at every level of government and with the private sector to reduce and end homelessness in the nation while maximizing the effectiveness of the federal government in contributing to the end of homelessness.

Finding 6: While the City Has Effectively Taken Steps to Review Invoices and Minimize Unauthorized Payments, Opportunities Remain to Strengthen Processes to Ensure That Invoices Include Sufficient Information to Support the Accuracy and Appropriateness of Payments

Since 2021, the City has contracted with various service providers to manage the CMP such as City of Refuge, Hope Cooperative,⁵¹ and Step Up. These service providers specialize in helping PEH and providing positive social and learning environments, permanent supportive housing opportunities, social services, and other services to help PEH integrate into the community.

Since September 2023, Step Up has been the sole service provider for the CMP. In its contract with the City, Step Up is required, “to provide housing coordination and navigation services” and “utilize a Housing First model to rapidly move chronically homeless individuals into permanent housing and provide move-in support and other services to ensure individuals remain stably housed.” Step Up’s contracts also have specific guidance for invoice submission for cost reimbursements. Step Up submits all documentation necessary to verify invoices to receive reimbursement for monthly expenses. Our review of a sample of invoice packets submitted by Step Up, found the majority of expenses were appropriate; based on interviews with DCR. However, we identified a number of furniture and rental assistance transactions in which the City should not have been charged and several others that did not contain sufficient documentation to confirm their appropriateness.⁵²

Establishing internal controls provides management added confidence regarding the success of objectives, provides feedback on the effectiveness of an entity’s operations and helps reduce risks affecting the entity’s objectives. According to the United States Government Accountability Office (GAO),⁵³ management should design “control activities to prevent and detect improper payments. These control activities may include verification of identity and eligibility requirements through data matching, data validation, supervisory approval, and obtaining supporting documentation before making payments.” Effective invoice review is a key control activity to ensure public funds are spent appropriately.

We reviewed a sample of Step Up invoices submitted to the City that included expenses such as direct expenses for staff, service charges for financial assistance for housing search, rental and deposit assistance, and furniture purchases for new residences. While most of the expenses, based on our review and subsequent conversations with DCR, appeared reasonable and in line with the contract

⁵¹ As mentioned in the Background section, Hope Cooperative managed the City Motel Program’s hotline.

⁵² We limited our review to Step Up invoices, as they are now the sole service provider for the CMP and had the most recent invoice packets.

⁵³ GAO’s *Standards for Internal Control in the Federal Government*. The GAO is an independent, non-partisan agency that works for Congress. GAO examines how taxpayer dollars are spent and provides Congress and federal agencies with objective, non-partisan, fact-based information to help the government save money and work more efficiently.

terms, we noted opportunities for DCR to enhance its oversight processes to ensure that all reimbursed costs are appropriate and allowable. Specifically, our review of the sample invoices found:

- The City reimbursed furniture expenses for individuals who were not CMP participants; and
- Some invoice reimbursement requests lacked sufficient documentation for us to assess the appropriateness of the expenditures.

The City can benefit from strengthening the invoice submission requirements and the invoice review process to ensure proper recordkeeping and that the City only pays for expenses authorized by the contracts. In addition, DCR should verify that the recipient is a City program participant and require inclusion of unique identifying information of program participants in its invoices to avoid errors that could occur when limited participant data is available.

The City reimbursed furniture expenses for individuals who were not CMP participants

Since April 2021, Step Up has been authorized to purchase furniture for participants leaving the CMP into permanent housing.⁵⁴ More specifically, the contract stated that “Step Up staff will help the new tenant obtain any appliances, furniture and household essentials needed for move-in.” To be reimbursed by the City for program-related expenses, the contractor is responsible for supplying all documentation necessary to verify invoices to the City's satisfaction. The contract also had specific guidance for invoice submission for reimbursable expenses, including requiring itemized description of items billed under invoice, itemized description of all authorized reimbursable expenses, amount of invoice, and other requirements.

We reviewed a small judgmental sample of the monthly invoice packets submitted by Step Up between July 2022 and October 2024.⁵⁵ We found that the majority of the expenses were acceptable based on the contract terms and discussions with DCR. However, within our sample, we found that in some instances, Step Up charged the City for furniture delivered to individuals not enrolled in the CMP. For example, we identified invoice charges for furniture delivered to Los Angeles, California and determined the furniture recipient was not a CMP participant and that the City should not have been charged for these expenses.⁵⁶ As the figure illustrates below, furniture totaling \$4,760 was delivered to cities in Southern California.

⁵⁴ In 2021, Step Up initially had two active contracts with different scope of services. In 2022, Step Up entered into one contract that combined the scope of services of the previous contracts.

⁵⁵ We thoroughly reviewed three invoice packets submitted for July 2022, October 2022, and January 2023. Based on our initial review, we expanded our testing sample to an additional nine invoices to specifically review furniture and rental assistance expenses.

⁵⁶ Names listed on the invoice documents did not appear in the City's HMIS.

Figure 46: Total Cost of Furniture Deliveries to Cities in Southern California

Invoice Month	Loma Linda, CA	Los Angeles, CA	Total
October 2022	\$0	\$2,378	\$2,378
April 2023	\$0	\$1,704	\$1,704
July 2024	\$678	\$0	\$678
Total	\$678	\$4,082	\$4,760

Source: Auditor generated based on Step Up invoice records.

We expanded our initial sample and reviewed the furniture charges in some additional Step Up invoices. During this review process, we identified additional furniture delivered to Southern California. DCR brought these charges to the attention of Step Up, which provided a \$6,756 refund to the City.

Reimbursing expenses for individuals who were not enrolled in the City's program highlights the need for clearer processes to verify participant eligibility before approving reimbursements. This would help ensure that program funds are used in accordance with established guidelines and for only eligible expenses.

We found that, as of July 2024, DCR increased the specificity of information Step Up is required to report regarding their furniture purchases by requiring inclusion of the name of the CMP participant on the furniture invoice documents.

Some invoice reimbursement requests lacked sufficient documentation for us to assess the appropriateness of the expenditures

In addition to furniture purchases for the participants that have secured permanent housing, Step Up can also provide them with financial assistance. The contract states that Step Up will incentivize landlords and property managers through security deposits, utility deposits, and other financial support or incentives such as prepaid rent. Additionally, the contract states that Step Up will also "provide initial and ongoing support to the tenants and address any issues raised by the landlords and property managers, and will ensure support for landlords and property managers as may be needed during the initial stabilization period and first year of the client's tenancy."

Similar to the furniture purchases, the contractor is responsible for supplying all documentation necessary to verify rental assistance invoices to the City's satisfaction. In our review of invoice packets discussed in the previous section, we also noted concerns in the rental assistance expenses. We identified over \$52,000 in invoiced furniture and rental assistance expenses that were questionable or lacked sufficient detail for us to verify the appropriateness of the associated expenditures.

First, within the three invoice packets we initially reviewed, we found several furniture deliveries to residences in Sacramento, California totaling \$6,729 which did not contain sufficient documentation identifying the recipient to ensure the individual was in the CMP.⁵⁷ We expanded our sample of Step Up

⁵⁷ We initially chose three invoice packets from July 2022, October 2022, and January 2023 and reviewed the supportive documentation for each line item included in each invoice packet. Each invoice packet had almost 250 pages of supportive documentation for each month and ranged from an estimated \$53,221 to \$65,574.

invoice packets and found additional invoice amounts totaling more than \$31,000 for furniture purchases that included one or more inconsistencies. For example, several CMP participants in HMIS shared names with other HMIS participants and we could not immediately confirm which individual was the recipient of the furniture and names of CMP participants on invoice documents were misspelled. While we were able to confirm that these were CMP participants, it took additional time to look through multiple HMIS profiles to confirm the identity of the CMP participant.

Second, we could not confirm whether \$377 in housing application fees were for individuals in the CMP. Specifically, we found that Step Up paid for application fees without providing documentation showing the identity of the participant or support to show the individual was in the CMP. As a result, we were unable to verify the application fees were paid for individuals in the CMP. Additionally, after reviewing several application fee documents, we found that some properties and property managers appeared to be in Los Angeles, California.

Finally, DCR requires Step Up to provide checks and rental agreements as primary source documents for rental assistance purchases. However, rental assistance supportive documentation varied throughout the invoice packets we reviewed. We found invoice amounts totaling slightly over \$14,000 related to rental assistance payments that included one or more issues. For example, several CMP participants in HMIS shared names with other HMIS participants which made it difficult to easily verify the identity of a CMP participant.⁵⁸ Without additional identifying information, we could not confirm which participants received the rental assistance. In addition, lease agreements were not included in the supporting documentation.

While we are not asserting that these purchases or transactions were improper, we believe that the lack of information, such as CMP participants' information or lease agreements, to associate expenses with a CMP participant hinders the City's ability to verify whether the purchases are appropriate and increases the risk the City is paying for individuals outside of the CMP.

As stated above, we found that DCR has taken steps to increase the granularity of the information Step Up is required to report regarding their expenses. We believe DCR can take additional steps to ensure the City is only reimbursing Step Up for costs incurred serving CMP participants and that costs are appropriate. For example, we believe that DCR should require Step Up to include the name and unique HMIS personal identifier of the CMP participants on all housing assistance documents to assure that the City only provides financial support to local PEH in the CMP.

Lastly, DCR should require Step Up to include the lease agreements for rental assistance costs such as security deposits, utility deposits, and other financial support or incentives such as prepaid rent. Including the lease and documentation that includes the participants' name and HMIS personal identifier would allow DCR to easily verify the validity of invoiced rental assistance costs. We believe

⁵⁸ For each person that shared a name, we checked multiple HMIS profiles to identify the CMP participant.

that strengthening the invoice review process would prevent the City from future overcharges and limits unnecessary administrative work to retrieve CMP funds from the service provider.⁵⁹

RECOMMENDATIONS:

We recommend the Department of Community Response:

- 13. Consider working with Step Up on Second Street to review previously submitted invoices to ensure that the City of Sacramento did not pay for unauthorized expenses.**
- 14. Require City Motel Program service providers to include the name and HMIS unique personal identifier for all invoice documents that include purchases for City Motel Program participants.**
- 15. Require City Motel Program service providers to submit lease agreement documents for rental assistance costs such as security deposits, utility deposits, and other financial support or incentives such as prepaid rent.**

⁵⁹ When Step Up overcharges the City, DCR must review the expense, submit the issue to Step Up, Step Up reviews the issue, and processes a refund if necessary.

Appendix A: Participant Survey

Auditor(s): _____ Motel: Arden Acres / Motel 6 Central / Paul and Sons (Northgate) Room #: _____ Time Knocked on Door: _____
 Occupant Appears to Be: Adult / Adolescent / Child Occupant's Gender Appears to Be: M / F / Unknown Registered Participant of Program (Signatory): Y / N
 Occupant: Agreed to Participate / Declined to Participate / Did Not Answer the Door
 Consent Given (to enter room to confirm issues, if needed): Y / N / Cannot Give Consent / Not Applicable

Safety and Sanitation Issues	Issue(s) Observed?	If No, Did Occupant Identify any Issue(s)?	Auditor Visually Confirmed Identified Issue(s)	Which Issue(s) Were Observed by Auditor (✓)	Photo(s) Taken (only if consent is given)	Has the issue been reported?	If reported, how and when? If not reported, why not?	Additional Notes
(A) Trip Hazards (e.g., loose carpets, loose floor tiles, uneven surfaces)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ loose carpets ___ loose floor tiles ___ uneven surfaces ___ OTHER: _____	Y / N	Y / N / Not applicable		
(B) Electrical Hazards (e.g., exposed wires, broken outlets)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ exposed wires ___ broken outlets ___ OTHER: _____	Y / N	Y / N / Not applicable		
(C) Pest Infestation (e.g., rodents, bedbugs, cockroaches)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ rodents ___ bedbugs ___ cockroaches ___ OTHER: _____	Y / N	Y / N / Not applicable		
(D) Mold Presence	Y / N	Y / N / Not applicable	Y / N / Not applicable		Y / N	Y / N / Not applicable		
(E) Missing or Broken Smoke Detector	Y / N	Y / N / Not applicable	Y / N / Not applicable		Y / N	Y / N / Not applicable		

Malfunctions/Damages (beyond wear and tear)	Issue(s) Observed?	If No, Did Occupant Identify any Issue(s)?	Auditor Visually Confirmed Identified Issue(s)	Which Issue(s) Were Observed by Auditor (✓)	Photo(s) Taken (only if consent is given)	Has the issue been reported?	If reported, how and when? If not reported, why not?	Additional Notes
(F) Room Surfaces (e.g., walls, floors, ceilings)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ walls ___ floors ___ ceilings ___ OTHER: _____	Y / N	Y / N / Not applicable		
(G) Furniture and Appliances (e.g., bed, dresser/closet, mini-fridge, microwave, television)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ bed ___ dresser/closet ___ mini-fridge ___ microwave ___ television ___ OTHER: _____	Y / N	Y / N / Not applicable		
(H) Fixtures and Utilities (e.g., lighting, heater, air conditioning, windows & coverings, ventilation, plumbing)	Y / N	Y / N / Not applicable	Y / N / Not applicable	___ lighting ___ heater ___ air conditioning ___ windows & coverings ___ plumbing ___ OTHER: _____	Y / N	Y / N / Not applicable		

Room #: _____

Participant Belongings	Issue(s) Observed?	Photo(s) Taken <i>(only if consent is given)</i>	Notes
(I) Excessive accumulation of items that disrupts living spaces and daily activities	Y / N	Y / N	

Number of Respondents for Questions: _____

1. How satisfied are you with the motel shelter program?
 - i. Why? _____
2. Do you think the current rules help create a safe and stable environment? _____
 - i. Do you believe there is one rule that is hurting your chances of doing well in this program? If so, why? _____
 - ii. Do you think that changing the rule could impact the feeling of safety and stability for all clients of this program? _____
3. Do you believe the rules are clearly communicated and enforced consistently and fairly? _____
4. Do you feel your caseworker listens to your concerns and follows up on your needs? _____

Additional Auditor Impressions/Notes:

Source: Auditor generated.

Appendix B: Service Categories Used to Track Services to CMP Participants in HMIS

Service Categories in HMIS
Appointment Reminders
Child Care Referrals
Coordinate Care with other Community Providers
Documentation Assistance
Education
Employment
General Case Management
Health-Related Services/Referrals
Hotel /Motel Vouchers
Housing
Income Benefits/Services
Legal Services
Life Skills
Mental Health Services/Referrals
Pet Care Referrals
Provision of Life Necessities
Public Benefits
Referral to Community Resources
Referral to Domestic Violence Services
Referral to Emergency Shelter
Referral to Enhanced Case Management Services
Shelter Intake Appointment
Transportation

Source: Auditor generated based on HMIS.

MEMORANDUM

TO: Farishta Ahrary, Auditor, City of Sacramento

FROM: Brian Pedro, Director, Department of Community Response

CC: Leyne Milstein, Interim City Manager; Mario Lara, Assistant City Manager; Ryan Moore, Assistant City Manager

Date: June 17, 2025

RE: **Audit of the City's Homeless Response: City Motel Program**

The Department of Community Response (DCR) appreciates the opportunity to review this report and respond to the recommendations proposed by the Office of the City Auditor. The department also appreciates the Auditor's acknowledgement that homelessness is a complex, multi-jurisdictional issue, and that DCR has already implemented – or is the process of implementing – many of these recommendations. Each recommendation is listed below and is followed by the department's response.

Recommendation 1: Assess the City Motel Program participant responses and feedback to the survey conducted by the Office of the City Auditor and consider whether any changes or modifications to the *City Motel Shelter Program Participant Guidelines* and *Room Cleaning Protocol* are appropriate.

Response 1: Agree. DCR continuously assesses all its programs, and the participant responses and feedback from the survey will help to inform future considerations and improvements.

Recommendation 2: Establish data monitoring guidelines and processes for DCR to ensure the accuracy of data input into HMIS by services providers under contract with the City.

Response 2: Agree. Sacramento Steps Forward (SSF), in its capacity as the lead agency managing HMIS, creates the data entry guidelines and processes for the system. DCR has, and will continue to, improve its regular monitoring of data quality, within the scope of our access.

Recommendation 3: Consider establishing a protocol for DCR to notify service providers of errors in HMIS data and formalize a process for service providers to update and correct data entry errors.

Response 3: Agree. DCR meets monthly with the CMP service provider; this forum allows DCR to discuss and address any data issues.

Recommendation 4: Require CMP service providers to report back on a periodic basis how many active participants do not have recorded services in HMIS.

Response 4: Agree. DCR in March 2025 introduced a new monthly Shelter Performance Report to all its providers, which requires this information.

Recommendation 5: Require CMP service providers to track monetary assistance provided to participants in HMIS and associate the cost with the service provided.

Response 5: Agree. In June 2025, DCR met with SSF staff to request the addition of these data fields in HMIS to enable providers to track this information.

Recommendation 6: More clearly define the CMP's objective, create measurable goals that align with the objective, and establish performance metrics that demonstrate whether the program is successful in accomplishing its objective.

Response 6: Agree. The CMP has continued to evolve since its launch during the COVID-19 pandemic; funding availability for City shelters has continued to evolve as well. While there are general measurable goals for shelters established through the Regionally Coordinated Homelessness Action Plan (RCHAP), more clearly defined objectives for the CMP would be of benefit.

Recommendation 7: Consider designing a portion of its shelter capacity to interim housing offering extended stays, rather than traditional emergency shelter, to better support individuals and families who need longer-term stability before transitioning to permanent housing.

Response 7: Agree. As demonstrated at the April 2025 homelessness workshop with the Sacramento City Council, DCR is exploring new program options to better support PEH who have stabilized at our emergency shelters.

Recommendation 8: Require CMP service providers to track and report the dates that participants become “doc ready” and “housing ready.”

Response 8: Agree. DCR is working with SSF staff to create these data fields in HMIS to enable providers to track and report this information.

Recommendation 9: Consider requiring in Requests for Proposals for service providers to operate homeless shelters to include housing plans outlining the specific steps individuals must take to obtain stable housing.

Response 9: Agree. Formalizing housing plans outlining the specific steps individuals must take to obtain stable housing as part of the RFP process would be of value and support better tracking of progress.

Recommendation 10: Consider including in contracts with service providers operating shelters the requirement to input in HMIS the housing plans, or any document used by the service provider to track progress and include specific milestones.

Response 10: Agree. DCR has required providers to enter this information into HMIS since January 2025. This requirement can be added to the contract language.

Recommendation 11: Work with CMP service providers to engage in more intense triage efforts earlier in a participant's stay to more promptly match participants with needed services that may be beyond what the CMP was designed to do and could increase room availability to other unsheltered families experiencing homelessness.

Response 11: Agree. We concur that service providers can engage in more intensive triage efforts earlier in a participant's stay. However, should a CMP case manager -- through more intensive triage -- determine that a guest requires service that is beyond what the CMP was designed to do (such as PSH), that does not guarantee the person will immediately be able to access that service because of the scarcity of resources. In addition, as stated in the report, an individual's ability to access income plays a major role in the speed with which a participant may be able to transition into more stable housing.

Recommendation 12: Require CMP service providers to document barriers to exit that require more time to resolve or cannot be resolved through additional case management efforts.

Response 12: Agree. DCR will work with SSF staff to create these data fields in HMIS to enable providers to track and report this information.

Recommendation 13: Consider working with Step Up on Second Street, Inc. to review previously submitted invoices to ensure that the City of Sacramento did not pay for unauthorized expenses.

Response 13: Agree.

Recommendation 14: Require City Motel Program service providers to include the name and HMIS unique personal identifier for all invoice documents that include purchases for City Motel Program participants.

Response 14: Agree. This recommendation was partially implemented in July 2024 and is in the process of being fully implemented.

Recommendation 15: Require City Motel Program service providers to submit lease agreement documents for rental assistance costs such as security deposits, utility deposits, and other financial support or incentives such as prepaid rent.

Response 15: Agree. This recommendation was partially implemented in July 2024 and is in the process of being fully implemented.