FOR IMMEDIATE RELEASE:
Tuesday, April 2, 2024
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***PRESS RELEASE***
SAN FRANCISCO HOMELESS OVERSIGHT EFFORTS LEADING TO IMPROVED ACCOUNTABILITY AND REFORMS

San Francisco, CA — With the release of a new City-requested audit today, San Francisco’s work to provide oversight and accountability to contract providers is leading to changes and better delivery of publicly-funded services. This is part of the City’s good government efforts under Mayor London N. Breed to identify and address any challenges that arise with city contractors to ensure transparency and accountability.

In 2021, the Mayor’s Office of Housing and Community Development (MOHCD) and the Department of Homelessness and Supportive Housing (HSH) identified escalating issues with HomeRise, a city provider for homeless services. The departments worked with the provider to identify and address discrepancies, and then notified the City Controller and requested a more thorough audit.

The Controller’s Office today published the results of this City-requested and initiated audit of the grant and loan agreements between HomeRise (also doing business as Community Housing Partnership), a nonprofit organization that develops and provides permanent supportive housing for homeless individuals and families, and the City and County of San Francisco. The audit’s objective was to determine whether HomeRise complied with the requirements of City agreements with a focus on fiscal stability and limited efforts on programmatic compliance, as requested by MOHCD and HSH.

The audit makes clear that HomeRise will need to collaborate with MOHCD and HSH to create a road map with detailed strategies and tasks for implementation to resolve issues relating to their compliance and fiscal management of City funds and internal financial operations. Specific attention must be paid to developing policies and procedures related to property and fund management best practices.

While it will take time for HomeRise to come into full compliance, HSH and MOHCD have already started to see improvements in the organization’s fiscal and personnel management and are confident that HomeRise’s new leadership team can bring the organization back into compliance and secure its financial footing.

“We are working to provide transparency and oversight with our contracting partners to better deliver services for our residents and city,” said Mayor London Breed. “In this case, the
Mayor’s Office of Housing and Department of Homelessness and Supportive Housing identified issues and have worked diligently, including with the Controller’s Office, to address these challenges. This is how we work to improve how we provide services and support and to improve how our city functions.”

**Multi-Year Oversight and Accountability Effort**

Over the course of several years, MOHCD has observed operational, administrative, and fiscal challenges within the organization and worked with HomeRise to provide support, establish performance benchmarks, and improve overall communication between the organization and the City. By Fiscal Year 2020-21, concerns about HomeRise’s performance and viability continued to escalate and were shared by multiple City departments.

MOHCD and HSH met regularly with HomeRise leadership to address ongoing concerns relating to the organization’s fiscal operations, required reporting, and use of City funds in recent years. Discrepancies again appeared in June 2021, and in August 2021 HSH issued a corrective letter to the organization. By the end of 2021, both MOHCD and HSH had met with HomeRise leadership multiple times to discuss concerns around HomeRise’s deficient fiscal oversight practices and high turnover rate of corporate staff. By this time, HSH and MOHCD had alerted the Office of the Controller to these issues, and in early 2022 an official request for an audit was made.

In June 2022, MOHCD issued HomeRise a Notice of Default related to the Local Operating Subsidy Program (LOSP) contract at the Richardson Apartments, and conditional approval of LOSP funding for Edward II Apartments pending compliance and cooperation with the audit. In October 2021, HomeRise was removed as a co-developer from a housing project at Treasure Island and a second project in SoMa. These efforts demonstrate that HSH and MOHCD staff worked diligently to provide departmental oversight and escalated concerns in a timely manner.

Over the last eight months, MOHCD and HSH have been working with the new leadership team at HomeRise to address concerns relating to the organization’s fiscal operations and noncompliance with City agreements. Staff have found the team under the new CEO’s leadership to be responsive and committed to stabilizing the organization, as well as capable of remediating the deficiencies highlighted in this audit.

“The HSH and MOHCD requested audit from the Controller’s Office exemplifies transparency and good governance at work,” said San Francisco Department of Homelessness and Supportive Housing Executive Director Shireen McSpadden. “I have full confidence in the new HomeRise leadership to fully implement the audit recommendations, strengthen their organization, and ultimately improve services for tenants in permanent supportive housing.”

“Community-based organizations like HomeRise are essential to ensuring that San Francisco’s most vulnerable residents have access to safe, affordable housing and the essential services they need to remain stably housed,” said Dan Adams, Director for the Mayor’s Office of Housing and Community Development. “HSH and MOHCD are committed to working in partnership...
with the new leadership team at HomeRise to remedy the concerns highlighted in the Controller’s audit and bring the organization back into compliance.”

“In accordance with good governance and transparency, MOHCD and HSH recognize and appreciate the rigor and thoroughness the Controller’s City Services Auditor put into this effort to make the specific findings contained in the HomeRise Financial Activities and City Funds Assessment, and thanks HomeRise for their cooperation throughout this process,” Dan Adams added.

As the HomeRise team works to remedy its noncompliance and address its insufficient fiscal management practices, MOHCD and HSH are committed to preserving the more than 1,500 units of permanent affordable housing within HomeRise’s portfolio, as well as ensuring that resident services continue without interruption and that needs of residents who rely on housing and services provided by HomeRise continue to be met. Both departments will monitor all risk areas on an ongoing basis and provide additional oversight as necessary. Furthermore, MOHCD continues to direct HomeRise to remedy its noncompliance with loan and grant agreements, including hiring required consultants and committing to the timely submission of required Annual Monitoring Reports.

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