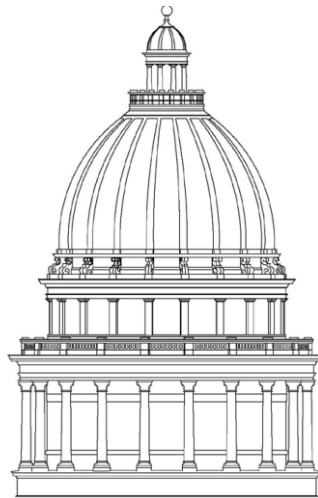


REPORT TO THE
UTAH LEGISLATURE

Number 2021-14



**An In-Depth Follow-Up of the Oversight and
Management of Utah's Homeless Services System**

November 2021

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

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KADE R. MINCHEY, CIA, CFE
AUDITOR GENERAL

November 2021

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **An In-depth Follow-Up of the Oversight and Management of Utah's Homeless Services System** (Report #2021-14). An audit summary is found at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

A handwritten signature in black ink that reads "Kade minchey".

Kade R. Minchey, CIA, CFE
Auditor General



PERFORMANCE AUDIT

▶ AUDIT REQUEST

This audit is a follow-up report to the December 2018 report that addressed concerns with oversight, performance measures, and coordination of Utah's homeless services system. We were also asked to look at financial spending, review the Homeless Management Information System, as well as the measures used to evaluate success in the system.

▶ BACKGROUND

A 2018 Audit released by our office raised concerns about the lack of oversight, accountability, and control within Utah's homeless services system. Since then the Office of Homeless Services has taken steps to address those concerns. Additionally, the Legislature passed House Bill 347 in the 2021 General Session that created a Homelessness Coordinator position and a new homelessness council. These changes will help address oversight concerns.

An In-Depth Follow-Up of Utah's Homeless Services System



KEY FINDINGS

- ✓ Utah needs to clarify whether the objective of Utah's homeless services system is to help individuals find housing or whether it is also to help individuals overcome obstacles to independent living.
- ✓ Utah's strategic plan lacks elements recommended in the 2018 audit report and should be updated.
- ✓ Utah's homeless services system need better financial management practices to assure efficient use of resources.

Opportunities Exit to Reexamine the Objectives of Utah's Homeless Services System

The new State Homelessness Coordinator and Utah Homelessness Council can more effectively lead Utah's homeless services system by clarifying whether the objective of Utah's homeless services system is to help homeless individuals find housing, or whether it is also to help them overcome obstacles to independent living. Currently, Utah's homeless services system mainly defines its success in terms of how quickly it helps homeless individuals obtain and retain housing.



RECOMMENDATIONS

- ✓ Utah's Homelessness Council should clarify the goals and objectives of Utah's homeless services system.
- ✓ State and local councils need to draft strategic plans that include:
 - Strategies for specific subpopulations
 - Ways to evaluate programs and individual service providers
 - Input of all stakeholders
- ✓ The Homelessness Coordinator and Utah Homelessness Council needs to update funding analysis, utilize cost analysis, and use client data to address and quantify gaps in the system.



REPORT SUMMARY

If the goal is also to help people become self-sufficient, then new strategies and performance measures must be developed which are aligned with that goal.

Strategic Planning Should Be Used as Part of a Process of Managing for Results

Our 2018 audit report describes strategic planning as part of a larger process of managing for results. Although the State Homeless Coordinating Committee and several Local Homeless Coordinating Committees did prepare strategic plans, the plans lack some of the elements that we specifically recommended to include, such as:

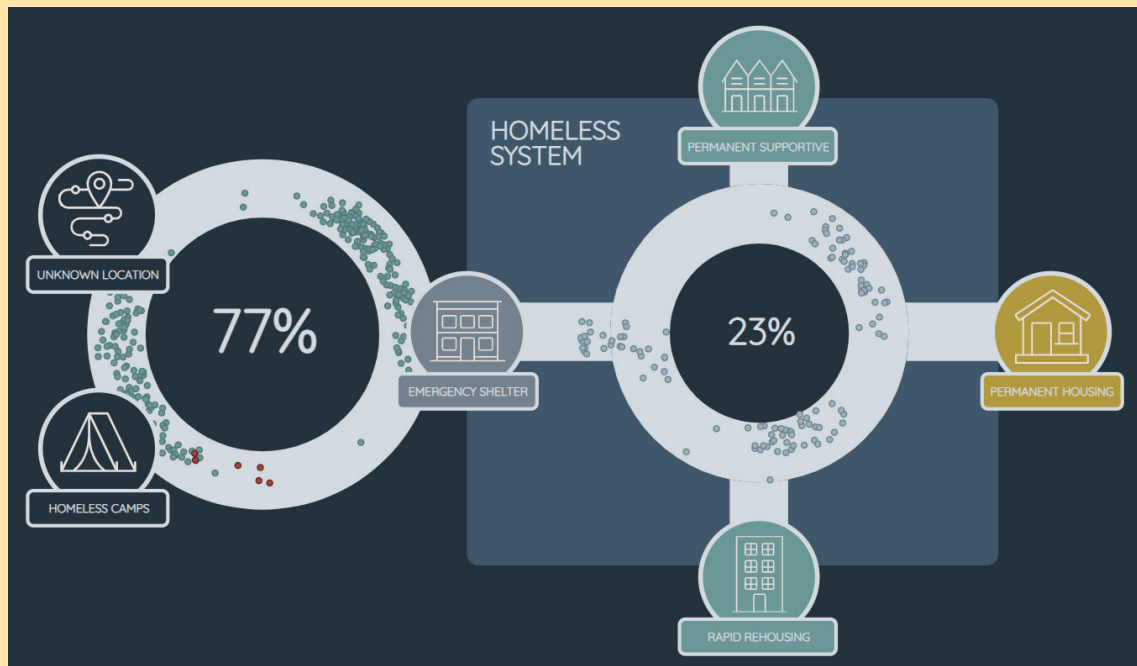
- Goals, strategies, and performance measures for specific subpopulations.
- Evaluation of individual providers and programs.
- Input from a broad range of stakeholders.

We recommend that the State Homelessness Coordinator and Utah Homelessness Council update the Utah Strategic Plan on Homelessness.

Improved Financial Management Is Needed to Assure Efficient Use of Funds

Utah's homeless services system needs to adopt better financial management practices to assure efficient use of the financial resources it receives each year. Our 2018 audit report includes several recommendations aimed at strengthening the oversight of Utah's homeless services system. Based on our review of current financial management practices, we question whether large increases in funding will produce the desired results. By applying better spending and financial analysis, Utah's homeless services system can better assure its funders that the resources are well spent. Chapter IV offers several additional recommendations aimed at further strengthening the oversight of funds used by Utah's homeless services system.

Figure 4.1 To Improve Efficiency, Utah Need to Better Understand and Manage Client Flow Within the Homeless Services System. Such improvements require quantifying current flow and backlogs within the system. Then understanding what resources and steps must be taken to increase flow in and through the homeless services system, and eventually out to permanent housing.



REPORT TO THE UTAH LEGISLATURE

Report No. 2021-14

An In-Depth Follow-Up of the Oversight and Management of Utah's Homeless Services System

November 2021

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Chapter I

Introduction

For many years, the Utah State Legislature has been concerned with how to best address homelessness in the state. As the homeless population has grown each year, so has the funding for homeless services. In 2019, total direct and indirect funding for homeless services exceeded \$300 million as estimated by the Governors Office for Planning and Budget. Since that time, additional funds have been committed from public and private sources. Both the Legislature and private donors have expressed concern as to whether this increased funding is producing tangible results given the growing number of individuals experiencing homelessness.

In 2018, we issued a report titled *A Performance Audit of Utah's Homeless Services*. The report recommended several steps to create a more accountable, results-oriented approach to providing homeless services. Since that time, the Office of Homeless Services has reported working towards implementing many of the recommendations. For example, the state and some local homelessness councils have prepared strategic plans that identify their goals, strategies, and performance measures. Furthermore, during the 2021 General Session, legislation was approved to address the need for stronger leadership and governance and to improve accountability within the homeless services system.

This report describes the results of our follow-up review of the issues raised in the 2018 audit. While we recognize that progress has been made, we also identify additional steps that can be taken to create a more accountable, data-driven, and results-oriented homeless services system.

Our 2018 Audit Called for a More Data-Driven and Accountable Homeless Services System

Our 2018 audit report raised serious concerns about the lack of oversight, accountability, and control within Utah's homeless services system. For example, the State Homeless Coordinating Committee (now the Utah Homelessness Council) lacked a strategic plan to guide

As the homeless population has grown each year so has the funding for homeless services.

Progress has been made since the release of the 2018 audit, we identify additional steps that can be taken to create a more accountable, data-driven, and results-oriented system.

its efforts. There were few, if any, effective measures of system performance, and some performance data was fraught with errors.

In sum, the 2018 report concluded that it was not possible, at that time, to determine whether Utah’s efforts for the homeless population were producing desired results. We could not identify a clear strategy for reducing homelessness, nor could we determine the effectiveness of current efforts. We called on the homeless services system to develop state and local strategic plans that identify their goals and strategies to reduce homelessness. We also recommended that performance measures be developed to gauge the effectiveness of the system’s goals and strategies.

Progress Has Been Made Toward Creating a More Accountable Homeless Services System

While not all of our recommendations have been implemented, some progress has been made toward creating a more data-driven and accountable homeless services system. For example, the state and some localities have created strategic plans to guide their efforts to address homelessness. Some of these plans include performance measures to gauge progress toward reducing homelessness. Additionally, the Legislature passed House Bill 347 (HB347) in 2021 to strengthen the state-level oversight and coordination of homeless services.

The State and Some Local Homeless Councils Have Developed Strategic Plans

The state and four of the thirteen local homeless councils have created strategic plans. This is an important improvement from 2018, when we found that the state’s strategic plan on homelessness had not been updated for more than ten years. The new state and local strategic plans are an important step toward a homeless services system that prioritizes continuous improvement. Additional areas for improvement are discussed in Chapters II and III of this report.

Overall, we have seen improvement in the coordination of homeless services. For example, Salt Lake County now relies on a single group to coordinate and provide strategic planning for all homeless services offered in the county. They have focus groups and specific goals they are working toward. In addition, the Salt Lake Valley Coalition to End Homelessness has begun to quantify service

The state and four of the thirteen local homeless councils have created strategic plans.

gaps. These improvements are described in Chapters III and IV of this report.

HB347 Was Passed to Improve Oversight of Homeless Services

In 2020, due to concerns regarding the oversight and organizational structure of Utah's homeless services system, the Legislature commissioned the Kem C. Gardner Policy Institute to further study the matter. In response to the institute's report, the Legislature passed HB347. The legislation created the position of State Homelessness Coordinator and replaced the Utah Homeless Coordinating Committee with a new Utah Homelessness Council. The legislation also created a new Office of Homeless Services. The new office, under the direction of the coordinator, will coordinate and assist in providing homeless services in the state.

Utah Code 35A-16-203 empowers the State Homelessness Coordinator to coordinate all homeless services in Utah. Specifically, the coordinator is to work with the homelessness council to:

- Develop and maintain a comprehensive annual budget
- Create a statewide strategic plan that includes best practices and identifies gaps and recommends solutions
- Oversee and approve funding

These recent changes will improve coordination across the state and improve strategic efforts to minimize homelessness. The changes coincide with increased funding to homeless services in the state.

Although Funding Has Increased, the Problems Related to Homelessness Continue to Grow

Overall spending on homelessness has increased since 2016. Most of the increase has come from state contributions to the new homeless resource centers (HRCs). While spending for homeless services has increased, so has the number of individuals experiencing homelessness. This section describes overall trends, but we acknowledge that many factors affect these counts.

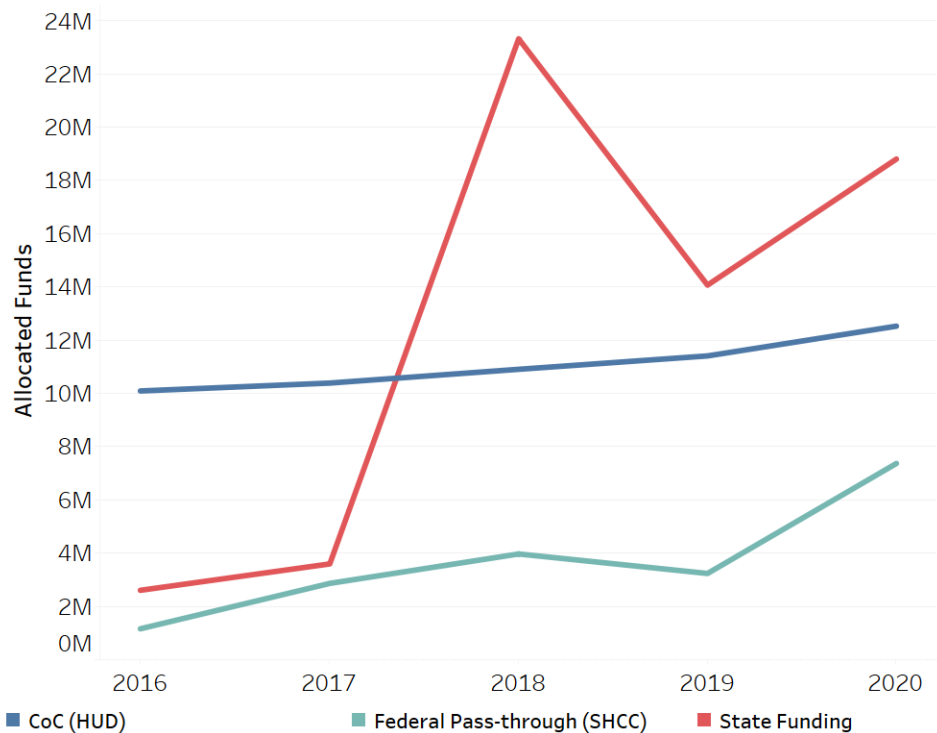
In response to the Kem C. Gardner Policy Institute's report, the Legislature passed HB347 in 2021.

Since 2016, funding allocated by the COC and the UHC has increased by more than 150 percent.

Spending on Homeless Services Has Increased

Since 2016, funding allocated by the Continuum of Cares (CoCs) and the State Homeless Coordinating Committee (SHCC) has increased by more than 150 percent. Additionally, during the 2021 General Session, the Legislature committed \$15 million for homelessness.

Figure 1.1 Homeless Funding from SHCC and CoCs has Increased by more than 150 Percent. State funding has been a large driver in this increase, rising over 600 percent since 2016.



Source: Office of Homeless Services and Housing and Urban Development

Note: In 2018, the state made a large investment into building three homeless resource centers; 2020 numbers include CARES funding from the federal government that passed through SHCC.

Figure 1.1 shows only direct funding that routes through CoCs and SHCC. We acknowledge there are additional sources of funding that also affect the homeless services system. As discussed in our 2017 and 2018 reports, we believe it is essential for the state and localities to track all sources of funding to better understand service gaps and needs, which are discussed in Chapter IV of this report.

Some of the expansion in homeless services funding was for the new homeless resource centers, which were completed in late 2019.

Given the Covid-19 pandemic and minimal time HRCs have been in operation; it is difficult to assess the impact of the funding adequately and fairly. This is further addressed in Chapters II and III of this report.

Point-in-Time Count Shows the Total Number of Homeless Is Increasing

Although the state’s funding for homeless services has increased, the number of homeless individuals in Utah has also continued to grow. We acknowledge there are many factors that affect the count of homeless individuals; however, the growth over time, as shown figure 1.2, is a concern. This trend raises questions as to whether the resources devoted to homeless services are producing the desired outcomes.

Figure 1.2 The Total Number of Individuals Experiencing Homelessness in Utah has Increased. Since 2016, the number unsheltered individuals (yellow bars) has seen the large increase of nearly 200 percent, while the number of sheltered individuals has decreased by 6 percent.

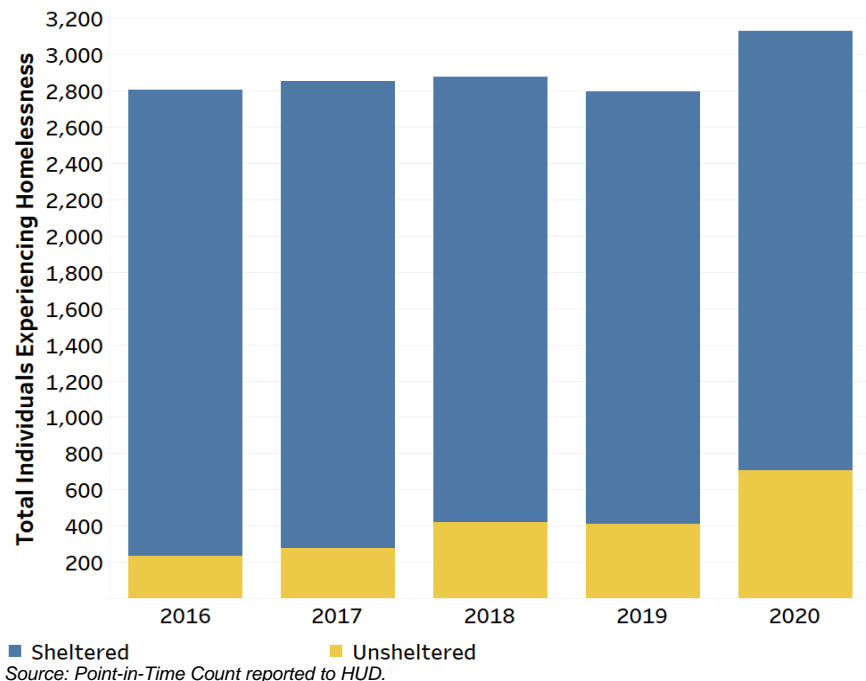
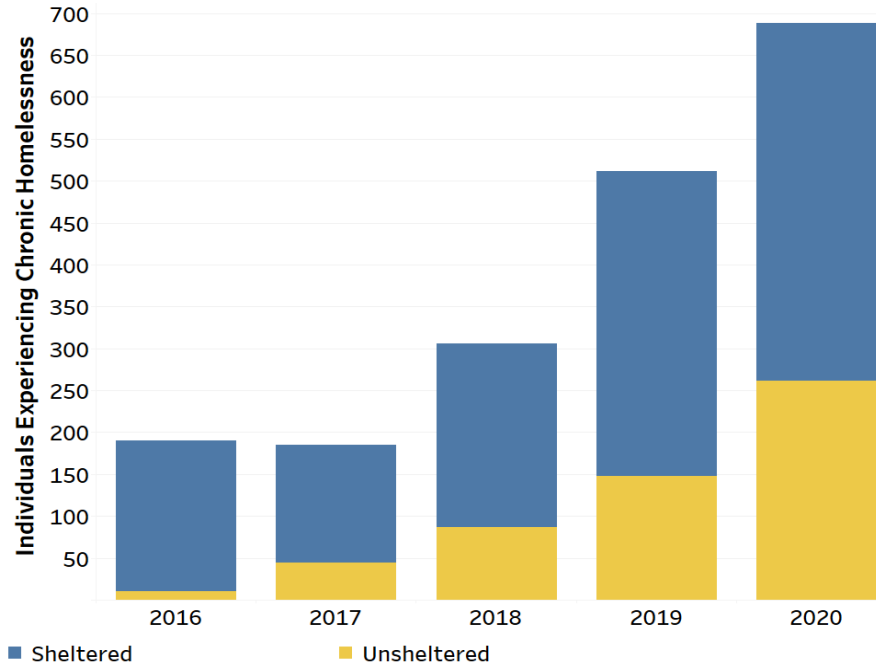


Figure 1.2 shows that over a five-year period, the number of homeless individuals has grown by nearly 12 percent. The growth in unsheltered homelessness, which tripled from 2016 to 2020, is of particular concern. Figure 1.3 shows that the chronically homeless

The growth in unsheltered homelessness, which tripled from 2016 to 2020, is of particular concern.

population has also more than tripled during the past five years. While this is a large increase, it is important to note that changes in point-in-time count participation and methodological changes have likely impacted the count.

Figure 1.3 The Number of Individuals Defined as Chronically Homeless Has Increased. This number has increased by more than 250 percent since 2016.



Source: Point-in-Time Count reported to HUD.

Chronically homeless individuals are a highly vulnerable population. To be classified as chronically homeless, individuals must have a disability and have experienced homelessness for at least a year or have been homeless on four or more occasions during the last three years. Many chronically homeless individuals suffer from substance abuse or mental illness. Addressing the needs of the chronically homeless requires a much greater level of intervention and treatment than is required for those who are temporarily homeless.

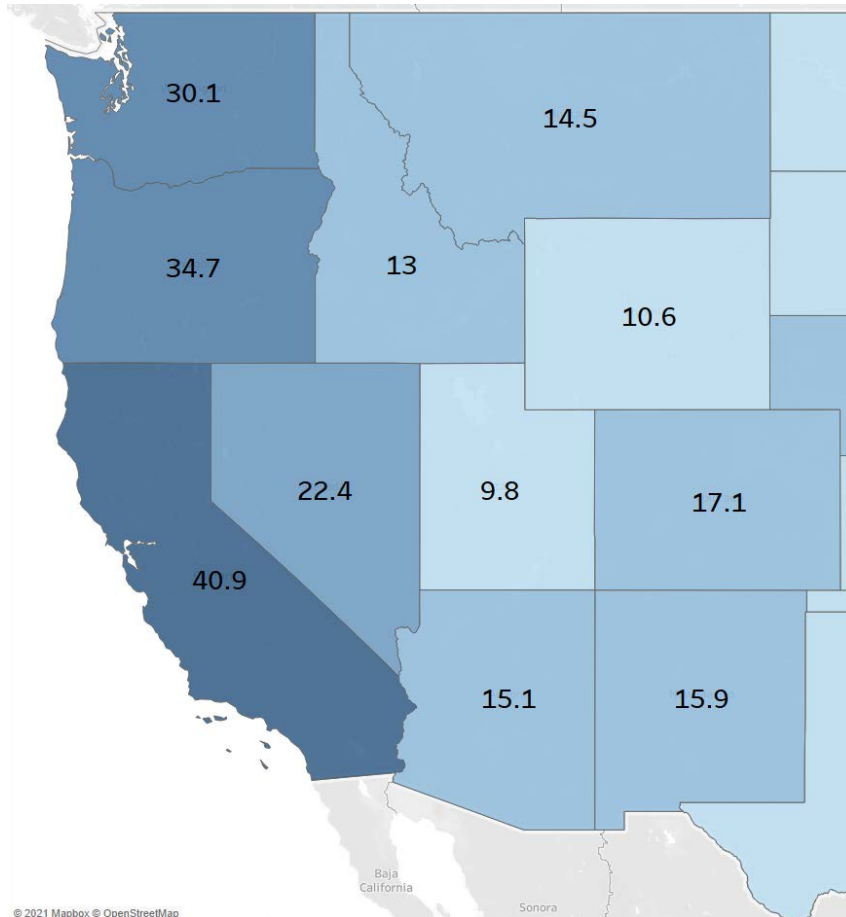
Compared with Other Western States, Utah’s Problem with Homelessness Is More Manageable

While Utah’s homeless population has grown, Utah has fewer homeless individuals per capita than other western states. Figure 1.4 shows the number of homeless individuals per 10,000 residents for each of the western states. The figure indicates that some western

states have homeless numbers that are three or four times higher than what is seen in Utah. These data suggest that the problems associated with homelessness are more manageable in Utah than in other states.

Figure 1.4 Utah has the Lowest Number of Homeless Individuals per Capita, Compared with Surrounding States. In 2020, Utah had 9.8 homeless individual per 10,000 residents—a lower rate than that of other western states.

Some western states have per capita homeless counts that are three to four times higher than Utah.



© 2021 Mapbox © OpenStreetMap
Source: 2020 Annual Homeless Assessment Report to Congress

Although Utah’s total number of individuals experiencing homelessness per capita is the lowest in the western United States, it is still important that the resources devoted to homeless services are used effectively and are producing quantifiable results. This report describes actions that the coordinator and the council can take to accomplish these objectives.

Audit Scope and Objectives

This audit is a follow-up report to the December 2018 report that addressed concerns with oversight, performance measures, and coordination of Utah's homeless services system. We were also asked to look at financial spending and validation of data within the Homeless Management Information System (HMIS). Additionally, we were asked to review measures that are used to evaluate success in the homeless services system. The following summarizes the focus of each chapter of this report:

- Chapter II describes the need for policymakers to clarify goals and objectives for the homeless services system.
- Chapter III discusses the need to prepare an updated strategic plan that identifies the goals, strategies, and performance measures used to guide the state's efforts to reduce homelessness.
- Chapter IV describes the need for state and local homeless services spending plans, which currently do not exist.

Chapter II

Opportunities Exist to Reexamine the Objectives of Utah’s Homeless Services System

With the improved oversight created by HB347, passed during the 2020 General Session, an opportunity exists to revisit the expectations for the growing investment in homeless services. Once the State Homelessness Coordinator (coordinator) and the Utah Homelessness Council (council) clarify expected outcomes for the system, a more effective strategy can be established that includes targeted goals and improved metrics. More specifically, the coordinator and council should clarify whether the objective of Utah’s homeless services system is to help homeless individuals find housing, or whether it is also to help them overcome obstacles to independent living.

Currently, Utah’s homeless services system measures its success in terms of how quickly it helps homeless individuals obtain and retain housing. If this is the primary objective, evidence suggests that Utah is making progress. Even within the chronic homeless population, once they obtain housing, most remain housed. One of the challenges of this housing-focused strategy is to provide enough housing for all those who need it.

Another potential goal for Utah’s homeless services system, although it is not measured or mentioned in statute, is to help individuals address any behavioral issues that may contribute to their homelessness. Many homeless individuals face serious obstacles to a healthy and independent life, such as mental illness, substance abuse, and criminal behavior. Some programs in Utah and in other states define success in terms of how well they address these behavioral issues. If the council chooses to focus on helping people become self-sufficient, new strategies and performance measures must be developed which are aligned with that goal.

The coordinator and council should clarify whether the objective of Utah’s homeless services system is to help homeless individuals overcome obstacles to independent living.

If the Main Goal Is to Provide Housing, Utah Is Making Progress

The primary focus of Utah's Strategic Plan on Homelessness is to help homeless individuals obtain housing and remain housed. This emphasis is evident in how system effectiveness is measured. This focus on housing also reflects the policies and practices promoted by the US Department of Housing and Urban Development (HUD). The strategy includes providing permanent supportive housing to the chronically homeless and rapid rehousing to those needing a temporary housing subsidy.

Data show that Utah programs, which are based on the primary goal of helping homeless individuals get into housing, have been successful. Once homeless individuals are provided with housing, they tend to remain housed. However, providing housing does not necessarily lead to better mental health and behavioral outcomes. If Utah's homeless services system is to address these other needs, then additional goals and strategies will be needed.

State and Local Strategic Plans Focus Mainly on Finding Housing for Each Homeless Individual

Utah's focus on addressing the housing needs of the homeless reflects the state's longstanding relationship with HUD. For years, this federal agency has been a primary source of funding for Utah's homeless services system, which may explain why Utah's Strategic Plan on Homelessness prioritizes the need to provide each homeless individual with housing. Furthermore, Utah's homeless services system uses the strategies and performance measures developed by HUD and its affiliate, the US Interagency Council on Homelessness.

Housing First Is a Widely Accepted Model for Addressing Homelessness. For many years, Utah's approach to addressing homelessness has been based on the Housing First model. Housing First is an approach supported by HUD and has been widely adopted by other states. HUD describes this approach as follows:

Housing First is an approach to quickly and successfully connect individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment or service participation requirements.

Data show that Utah programs aimed at helping homeless individuals get into housing have been successful.

Other goals and strategies will be needed if Utah's homeless services system is to address a client's mental health and behavioral needs.

The reason HUD emphasizes Housing First is because people need to address their basic need for shelter before they can begin to address other concerns such as poor health and unemployment. To address the need for housing, the state and local strategic plans on homelessness call for more “permanent supportive housing” for the chronically homeless and “rapid rehousing” for the temporary homeless.

As implied in the HUD quote above, once individuals are admitted into these residential facilities, residents can choose for themselves whether to accept treatment for their mental illness and substance abuse. Each resident is typically assigned a case manager to help address treatment needs. However, a service provider’s performance is not evaluated in terms of whether the case managers succeed in helping residents overcome their mental health, substances abuse, and unemployment. Instead, as described in the following section, performance is measured by whether residents remain housed and avoid returning to the emergency shelter.

Utah Measures Success by the Number of Homeless Who Find and Retain Housing. Utah’s Strategic Plan on Homelessness lists four primary measures of system performance. These measures were developed by HUD to measure service system performance nationally.

1. Length of time persons remain homeless.
2. The extent to which persons who exit homelessness to permanent housing destinations return to homelessness.
3. Successful placement in, or retention of, permanent housing.
4. Number of persons who become homeless for the first time.

The first three measures gauge the success of Utah’s homeless services system in helping homeless individuals obtain housing. The fourth measure, though it provides useful information, is not something Utah’s homeless services system can easily affect. For this reason, we do not consider it a measure of performance. Absent from the list is a measure of the system’s success in helping individuals address any barriers they face to self-sufficiency.

When People are Placed in Housing, the Vast Majority Tend to Remain Housed

While the availability of housing units remains a concern, the data show that when homeless individuals are provided with housing, they

Permanent supportive housing are apartments with wrap around services that are offered to the chronically homeless.

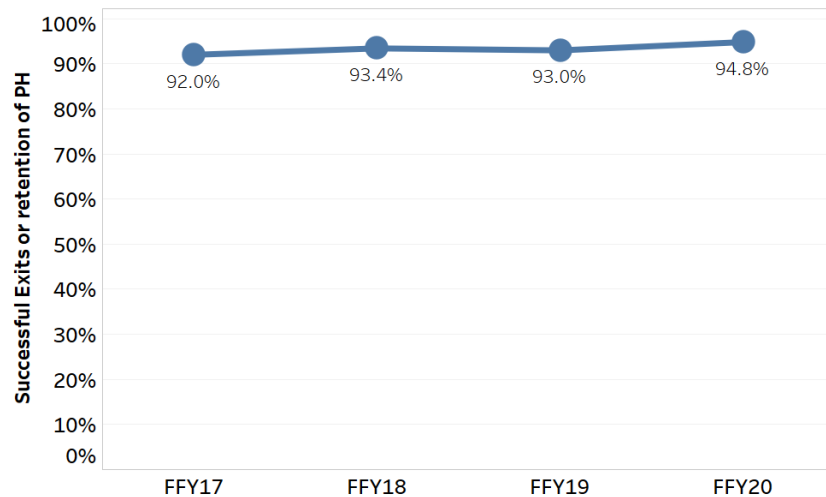
Rapid rehousing provides a short-term housing subsidy to the temporary homeless.

Once they find permanent housing, homeless individuals tend to remain housed.

tend to remain housed. This suggests that Utah’s focus is a successful model in terms of helping people become housed. By offering homeless individuals permanent supportive housing or rapid rehousing, people tend to remain housed and are no longer homeless.

Performance Measures Show That Utah has High Rates of Retention for Those Placed in Permanent Housing. Figure 2.1 shows that in federal fiscal year 2020, nearly 95 percent of Utah’s homeless individuals who were provided permanent housing remained housed during the reporting period.

Figure 2.1 Percentage of Successful Housing Outcomes in Utah. This graph shows the percentage of those placed in permanent housing who remained there or exited to another permanent housing destination. It suggests that people tend to remain housed once they are placed in permanent housing.

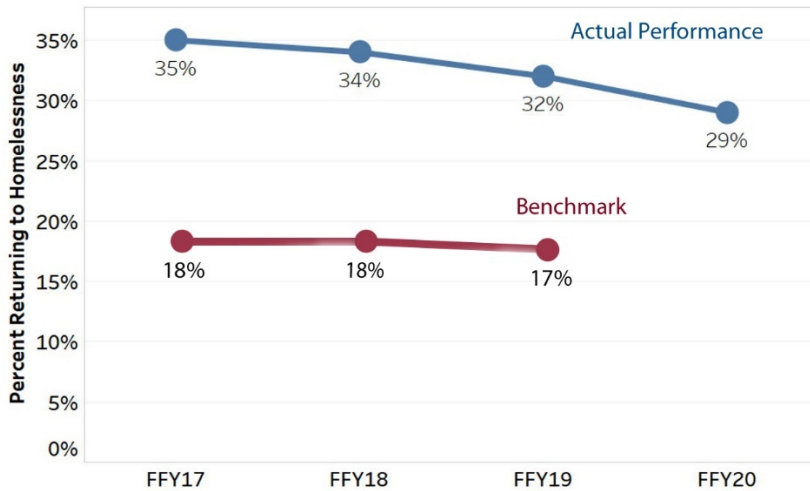


Source: 2021 Report on Homelessness, Utah Department of Workforce Services

The data in figure 2.1 suggest that the strategy of placing homeless individuals in housing is successful. Most are placed in permanent supportive housing, which is a type of subsidized housing for chronically homeless individuals. Sobriety is not a required and residents may or may not choose to seek treatment for any mental illness or substance use disorder they may have. However, as the data shows, they do tend to remain housed. We found similar rates of success for those placed in rapid rehousing.

The Percent of Individuals Returning to Homelessness Is Declining. Another measure of Utah’s effectiveness in reducing homelessness is the rate at which individuals return to homelessness after having been placed in housing as shown in figure 2.2.

Figure 2.2 The Percentage Returning to Homelessness, Though High, Is Improving. This measure shows the percentage of individuals who were homeless 24 months prior to the reporting period, who found housing and then returned to a homeless shelter.



Source: 2021 Report on Homelessness, Utah Department of Workforce Services

While conditions have improved, it is still a concern that nearly three in ten (29 percent) who find housing are returning to homelessness within two years. That rate is higher than the average of western states (most recently 17 percent), which is a performance benchmark used for this measure.

On the whole, the data in figure 2.1 suggest that Utah’s focus on permanent supportive housing is an effective strategy for helping the chronically homeless find and retain housing. However, efforts to serve the broader population of homeless, described in figure 2.2, shows the number of returning to homelessness is high but is improving. Based on these results, state and local strategic plans have made it a priority to increase the amount of permanent supportive housing, rapid rehousing, and other housing solutions. As the following section suggests, the challenge in pursuing this strategy is how to provide adequate housing to all in need.

There Are Limitations to Utah’s Housing-Based Strategy of Addressing Homelessness

Two limiting factors make it difficult to fully implement a strategy that focuses primarily on providing housing as a solution to homelessness. One factor is the high cost of permanent supportive

A broad measure of homelessness outcomes shows 29 percent of homeless return to homelessness.

housing, which may hinder most communities in Utah from meeting the ongoing housing need for all the homeless who may qualify.

A second limiting factor, which also contributes to the high costs, is that there is low turnover among residents in permanent supportive housing. As a result, new space is rarely made available in the facilities. As the number of chronically homeless continues to grow, new permanent supportive housing must be built to address the expanding need.

Meeting the Need for Housing Is Expensive

The high cost of housing is one obstacle to fully implementing Utah's housing-based strategy to address homelessness. Providing housing to Utah's growing homeless population will cost hundreds of millions of dollars. At about \$250,000 or more per unit, permanent supportive housing is an especially costly alternative.

Cost Estimates of Permanent Supportive Housing Facility Range from \$250,000 to \$275,000 per Unit. We found that the cost of new permanent supportive housing to be quite high with cost estimates ranging from \$250,000 to \$275,000 per unit. For example, in June 2021, The Road Home completed construction of The Magnolia, a 65-unit permanent supportive housing facility for the chronically homeless. The cost of construction was reported to be \$17 million (actually \$16.4 million was budgeted, not including the land which was donated). That comes to per unit cost of roughly \$262,000.

We asked members of the homeless services community to estimate the current statewide need for permanent supportive housing. They estimated the current demand to be roughly 1,200 units. Perhaps lower cost options can be found. If not, that means over \$300 million would be needed to create new permanent supportive housing for Utah's chronically homeless. That amount does not include the cost of ongoing maintenance of the facilities or the necessary client services that would be provided.

Furthermore, additional funds would be needed to address the growth in chronic homelessness each year. Figure 1.3 in Chapter I shows there were roughly 200 new chronically homeless individuals in Utah during each of the past two years. If that rate of growth

To meet the current demand for permanent supportive housing, Utah would need to spend over \$300 million.

To meet the ongoing demand for new permanent supportive housing, Utah would need to spend over \$52 million each year.

continues, at a cost of \$262,000 per unit, Utah's ongoing cost of permanent supportive housing would be roughly \$52 million a year. Additional funds would be required for the temporary homeless who need rapid rehousing.

New permanent supportive housing projects are typically funded through grants from various state and local housing agencies, in combination with donations from local government and private sources. We have not evaluated the ability of these funding sources to address the growing need for additional permanent supportive housing. However, we believe that it will be no small task to finance the construction of an additional 1,200 new units for the chronically homeless. This may be especially difficult, as the following section suggests, when we consider that permanent supportive housing is just a part of a larger need for low-income housing for Utah's homeless.

Salt Lake County Reportedly Needs \$525 Million to Provide Housing to the Homeless. The Housing Now proposal by the Salt Lake Valley Coalition to End Homelessness reports that 2,950 housing units are needed to house all the homeless in Salt Lake County. The proposal estimates the cost of addressing that need would be \$525 million. To address the ongoing growth in homelessness, the report states an additional 1,400 units would be needed, at a cost of \$247 million each year. More details are included in Appendix B.

It Is Unclear Whether the Cost of Housing Could Be Offset by Savings from Health-care and Reduced Criminal Activity. Some have suggested that the cost of permanent supportive housing will be partially offset by a reduction in the costs to the health care system and the criminal justice system. For example, the Salt Lake Valley Coalition to End Homelessness cites a North Carolina study suggesting that the cost of their Housing Now proposal could be partially offset by saving in other areas, such as fewer emergency room visits and lower rates of incarceration.

However, we recommend using caution in relying on such research. The study cited by the coalition has several limitations acknowledged by the researchers. For example, the study populations were not selected at random, and researchers relied on self-reported information to draw their conclusions. We found similar limitations in

To house all homeless in Salt Lake County, 2,950 new units would be needed. The estimated cost of construction is \$525 million.

It is unclear whether the cost of housing the homeless would be offset by lower health care costs and lower criminal justice costs.

other research about programs that focus primarily on housing the homeless.

In addition, the research literature in general offers contradictory results about the cost effectiveness of a housing focused solution to homelessness. While some studies show that providing homeless individuals with housing leads to lower health care costs and less involvement in criminal justice system, others report no cost savings in these areas. For example, after surveying the studies of the health care costs of those in permanent supportive housing (PSH), the National Academy of Sciences concluded the following:

The committee finds that there is no substantial published evidence as yet to demonstrate that PSH improves health outcomes or reduces health care costs.¹

Although the above study predates the research referred to by the coalition, it was based on a review of the research available at the time. Because the research is inconclusive, we believe that in the future any claims of cost savings from permanent supportive housing be based on analysis of the costs and benefits of housing programs in Utah.

There Is Little Turnover among Residents of Permanent Supportive Housing

The lack of turnover at permanent supportive housing is another limitation of Utah’s strategy to address homelessness. Because few residents move on to more independent forms of housing, few new spaces are made available in the existing facilities. Unless this trend can be reversed through a “moving on” strategy, the growing population of chronically homeless will impose an ever-growing burden on Utah’s homeless services system.

Some Facilities Have Low Rates of Turnover. As mentioned, one performance measure used by Utah’s homeless services system is the percentage of homeless individuals who remain housed. Yet, system performance is not measured in terms of whether residents are able to address behavioral issues, become more self-sufficient, or move

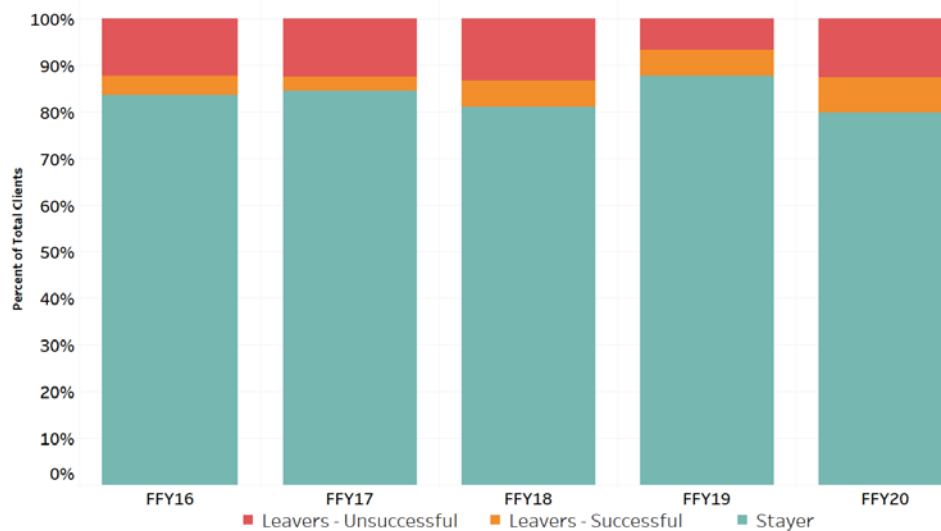
The lack of client turnover makes permanent supportive housing an expensive option.

¹ National Academies of Sciences, Engineering, and Medicine. 2018. Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness. Washington, DC: The National Academies Press. doi: <https://doi.org/10.17226/25133>. Page 4.

on to a more healthy, independent living environment. As long as they remain housed, it is considered a successful outcome.

The term “client flow” describes the process of helping people move through the homeless services system rather than simply remaining housed. Some permanent supportive housing facilities have low client flow and, therefore, low rates of turnover. For example, we found one permanent supportive housing facility where 30 percent of the residents have lived there for ten years or more. Similarly, we found another facility (see figure 2.3) where few clients leave each year and, of those who do leave, most return to homelessness.

Figure 2.3 Exit Status for Residents in a Permanent Supportive Housing Facility in Salt Lake County. This figure shows that each year only a small percentage of individuals (orange bars) successfully move to a more independent living arrangement.



Source: Homeless Management Information System. Utah Division of Homeless Services.

Figure 2.3 shows that most residents at a permanent supportive housing facility in Salt Lake City remain from year to year (green bars), while only a few have a “successful exit” (orange bars). Successful exits are when an individual moves to a permanent housing location. Those who successfully progress to a more independent living arrangement (orange bar) represent only 32 percent of those who leave the facility each year. The remaining 68 percent who leave (red bar) return to a homeless shelter, the street, or another location not meant for human habitation.

At one permanent supportive housing facility, few residents ever successfully exit to permanent housing.

Most Residents Tend to Stay in Permanent Supportive Housing. We found three reasons that explain why permanent supportive housing has low turnover. Our findings are based on interviews with case managers and residents, along with reviews of case files and other available information.

1. Residents choose not to address the mental illness or substance abuse issues that led them to homelessness and are therefore unable to achieve self-sufficiency.
2. Residents may have addressed their personal obstacles but prefer to remain because they enjoy the sense of community and the benefits of subsidized housing.
3. Residents want to move to other options for subsidized housing, but they are unable to obtain a housing voucher or they cannot find an apartment where a housing voucher is accepted.

Our concern is that the lack of client flow adds to the cost of a strategy that focuses on housing as a solution to homelessness. To the extent that residents are not moving on to other types of housing, additional housing is required to address the growing number of homeless individuals.

It is sometimes the case that residents continue to live in permanent supportive housing even though they no longer need it. Some local service providers recognize this situation and are developing strategies to help people move on to greater self-sufficiency. One example is HUD's Moving On strategy, described in the following section.

HUD is Promoting a Moving-On Strategy for Individuals in Permanent Supportive Housing. In 2019, HUD began to focus on helping individuals move out of permanent supportive housing after they no longer require that level of support. The agency's Moving On strategy aligns with the need to understand how individuals move through the homeless services system. HUD states:

As part of its strategic priority to end homelessness, HUD encourages communities to explore Moving On strategies in their communities for clients in permanent supportive housing who may no longer need or want the intensive

Some residents in permanent supportive housing continue to live there even though they no longer need the services offered.

Some service providers in Utah have adopted a "moving on" strategy to encourage residents to relocate to other types of housing.

services offered in PSH but continue to need assistance to maintain their housing. Moving On strategies challenge a community to create partnerships between the Continuum of Care and mainstream housing programs, such as public housing, the Housing Choice Voucher program, and HUD-funded multifamily housing providers.

We found several providers in the state that have either adopted or are in the process of developing a moving on strategy. By employing a Moving On strategy, Utah's homeless services system could free up more resources in its permanent supportive housing facilities. Rather than focusing on getting people housed and keeping them housed, more attention could be given to helping homeless individuals to progress to a greater level of self-sufficiency. To successfully implement a Moving On strategy, the Utah Homelessness Council would need to (1) address the need for more housing vouchers for those who cannot yet afford to live completely independently, and (2) develop a homeless services strategy that focuses on helping people address obstacles to self-sufficiency. The following section describes this second item.

Consider Whether Helping Clients Achieve Greater Self-Sufficiency Should Be a Formal Goal

We found that most homeless services providers in Utah recognize the need to help people overcome the personal obstacles they face to healthy, independent living. However, the goal of helping people progress towards self-sufficiency is not prevalent in state and local strategic plans. In addition, the progress made in helping clients achieve greater self-sufficiency is not tracked or measured when assessing the effectiveness of homeless services. We believe it is imperative that the expected outcomes of the system be agreed upon, clearly stated, and measured. With the recent appointment of a new state homelessness coordinator, now is an ideal time to reexamine system goals and objectives.

If helping people progress toward self-sufficiency is a primary objective, the coordinator and council should formally identify it as a goal. In addition, they will need to strengthen case management, develop better assessment tools to identify client needs, and provide additional treatment for mental illness and substance abuse. Finally,

With the recent appointment of a new state homelessness coordinator, now is an ideal time to reexamine system goals and objectives.

they will need to develop a more comprehensive set of performance measures.

Based on the programs we examined in Utah and in other states, focusing system services on helping people achieve self-sufficiency appears to have several benefits. One such benefit is that more people successfully exit the homeless services system.

Providers Often Describe Success as Helping People Achieve Self-Sufficiency but Have Not Formalized This as a Goal or Tracked Progress

Service providers often describe their success in terms of how their efforts result in “changing lives” and helping people overcome challenges that led to their homelessness. They share stories of clients who have transformed their lives by overcoming mental illness, substance abuse, and other conditions that had been obstacles to their becoming self-sufficient.

We find this same sentiment in some of the mission statements and literature published by homeless services providers. For example, Shelter the Homeless offers the following vision statement:

Shelter the Homeless is committed to making homelessness rare, brief and non-recurring by connecting individuals who are experiencing homelessness with community services that help them achieve housing stability and reach sustainable self-sufficiency.

The above statement refers to two goals: (1) achieve housing stability, and (2) reach sustainable self-sufficiency. However, the performance measures commonly used to evaluate success mainly focus only on the first item. Although service providers offer services such as case management and treatment for mental illness and substance abuse, we have no observed performance measures that gauge whether those services have produced results.

We recommend the State Homelessness Coordinator and Utah Homelessness Council decide whether helping people achieve self-sufficiency should be a formal objective of Utah’s homeless services system. If it is a primary objective, additional goals, strategies, and performance measures aligned with that objective should be developed.

Service providers generally measure their success in terms of how well they help people find and retain housing, not whether people succeed in becoming more self-sufficient.

If Helping People Achieve Greater Self-Sufficiency Is a Goal, New Strategies and Measures of Performance Will Be Needed

If the coordinator and council choose to prioritize helping people achieve self-sufficiency, three steps must be taken:

1. Clarify the goals and objectives of Utah's homeless services system.
2. Adopt new tools that improve the case management function.
3. Develop performance measures to identify the extent to which individuals successfully move through the homeless services system.

Clarify the Goals and Objectives of Utah's Homeless Services System. If the council intends to focus on providing housing and helping people progress toward greater self-sufficiency, they should make their intentions clear. One way that organizations often communicate their goals and objectives is by adopting a mission statement or by identifying a set of core values. In drafting such statements, the Utah Homelessness Council might consider those adopted by organizations that have a similar focus. Two such organizations are the Haven for Hope in San Antonio, Texas, and the LifeStart Village in Taylorsville, Utah.

Haven for Hope has the following Mission Statement and Approach Statement:

Offer a place of hope and new beginnings. We do this by providing, coordinating, and delivering an efficient system of care for people experiencing homelessness in San Antonio.

Haven for Hope and our partners, address the root causes of homelessness by offering programming tailored to the specific needs of the individual. Our approach is person-centered, trauma-informed and recovery oriented. The goal is to meet individuals where they are and support them as they move toward self-sufficiency.

LifeStart Village has the following mission statement:

If their goal is to help people achieve self-sufficiency, the state homeless coordinator and council should make that clear in a new mission statement

The mission of the Family Support Center's LifeStart Village is to move single parents with children from dependency to self-sufficiency.

Drafting a new mission statement is one way the council can help to unify everyone within Utah's homeless service system behind a common goal. It is a means of communicating values and influencing organizational culture.

Adopt New Tools to Strengthen Case Management. If the council chooses to place greater emphasis on helping people overcome obstacles to self-sufficiency, then case management will play a more important role. Based on interviews with homeless services providers and clients, along with a review of case files, we found that the case management function would need greater support than it has had in the past. The following steps can be taken to strengthen case management.

1. **Reduce Case-loads and Staff Turnover.** Providers report that it is critically important for those in permanent supportive housing to develop a personal relationship with their case manager. Because clients may have suffered trauma from living on the street, developing a trusting relationship with a case manager can be difficult. Providers report that high caseloads and high rates of staff turnover can make it difficult to provide clients with the consistent support they need.
2. **Develop a Common Client Assessment Tool.** Homeless service providers are currently using three different types of assessment tools to evaluate client needs. The vendor of the VI-SPDAT, a commonly used tool, has announced it will no longer be supporting that tool. Therefore, it may be an opportune time for the state to adopt new assessment tool.
3. **Develop a Personal Improvement Plan.** Ideally, case managers should work with clients to develop a personal improvement plan. This appears to be a best practice in Utah and in other states; however, we were told that intake workers decide if an assessment is needed, so not all clients receive one.
4. **Develop HMIS Capabilities to Manage Client Information.** Providers report that the Homeless Management Information

If the goal is to help people achieve self-sufficiency, then case management will play a much more important role than it has in the past.

System (HMIS) does not have the capabilities to function as a case management tool.

If the council chooses to focus more on helping homeless individuals overcome obstacles to self-sufficiency, the steps listed above should be considered as tools to strengthen the case management function.

Develop Performance Indicators That Measure Client Progress through the Continuum of Care. Providers of homeless services often describe successful outcomes by relating stories of individuals who have overcome serious obstacles to healthy, independent living. If that is a priority of Utah's homeless services system, the coordinator and council should develop system-wide and program-level measures to accomplish that objective.

One potential measure to consider is the flow of clients through various stages within the continuum of care. For example, to measure positive flow, one might measure service provider's success in moving clients from encampments to emergency shelter, from emergency shelter to rapid rehousing and permanent supportive housing, and from rapid rehousing and permanent supportive housing to permanent housing and other more independent types of housing. In Chapter IV, we describe how client flow can be monitored to help decision-makers identify system gaps that prevent optimal client flow. The following provides two examples of providers that report positive client flow.

Programs That Focus on Helping People Achieve Self-Sufficiency Appear to Have Achieved Positive Results

We identified several providers of homeless services in Utah and in other states that focus on helping people overcome obstacles to healthy, independent living. They include LifeStart Village and the Haven for Hope which were mentioned in the previous section describing the use of mission statements to clarify an organization's goals and objectives. Rather than focusing primarily on housing, these organizations focus on helping clients progress toward independent living. The data they provided appear to show positive results.

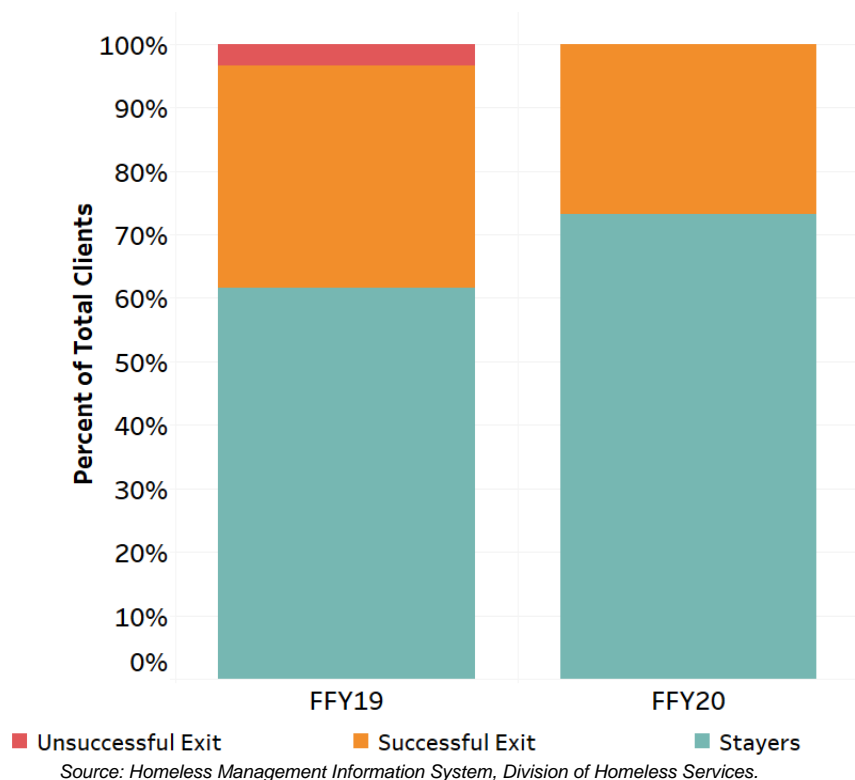
LifeStart Village Focuses on Helping Clients Progress Toward Independent Living. LifeStart is a program for single parents who, for the most part, have suffered homelessness, mental illness and

One measure of success might be the percent of clients who successfully exit to a location offering greater self-sufficiency.

LifeStart Village has succeeded in helping a portion of its residents successfully exit to independent housing.

substance abuse. The program is designed to help clients address their personal behavioral problems and progress toward independent living. LifeStart is different from some permanent supportive housing programs in that they require clients to meet certain requirements before entering, such as being drug free for six months. As shown in figure 2.4, LifeStart Village has succeeded in helping a portion of its residents successfully exit to independent housing.

Figure 2.4 LifeStart Village Appears to Have High Rates of Successful Client Outcomes. We were able to obtain two years of client exit data for a permanent supportive housing program called Lifestart Village. The data show that during 2019 and 2020, many residents completed the program and exited to permanent housing.



During the past 11 years, Haven For Hope reports having moved 5,844 individuals through its “transformation center” to permanent housing. Only 11 percent returned to homelessness.

As shown by the orange bars, a substantial portion of residents successfully exited the program in 2019 and 2020. These data suggest the program has been successful in its goal to help people progress and move toward greater independence. Compared to other permanent supportive housing projects, Figure 2.4 shows that one example, LifeStart Village, is achieving a high rate of client flow.

Haven for Hope Focuses on Advancing Clients through the Continuum of Care. The Haven for Hope, in San Antonio Texas, is

a non-profit organization that offers a broad range of services for the homeless at what is referred to as a “transformational campus.” The campus includes a low-barrier shelter, a resource center, and a wide range of housing options to help address individual behavioral needs of clients, with a focus on helping people identify and overcome obstacles to independent living. Success is measured, in part, on whether clients progress through the system and ultimately obtain housing. For example, administrators track the number of clients who move from the low barrier “courtyard,” into the program intensive transformational center. Within the transformational campus, client progress is tracked within programs, ultimately leading to an independent housing arrangement. Over a span of eleven years, Haven for Hope has moved a total of 5,844 people through its continuum of care and into permanent housing with only 11 percent returning to homelessness.

Recommendations

1. We recommend that the Utah Homelessness Council clarify the goals and objectives of Utah’s homeless services system, whether to focus primarily on providing housing, or to also help people address their obstacles to self-sufficiency.
2. We recommend, if it is the goal of the Utah Homelessness Council to help people address their obstacles to self-sufficiency, that performance measures be aligned to the council’s goals and objectives.
3. We recommend, if it is the goal of the Utah Homelessness Council to help people address their obstacles to self-sufficiency, that the council ensure that case managers have the tools they need to effectively serve their clients, including
 - a. A homeless management information system (HMIS) with the capability of managing client case information.
 - b. Client assessment tools to identify client needs and the progress made towards addressing those needs.
 - c. An individual personal improvement plan to identify steps to address a client’s personal obstacles to self-sufficiency.

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Chapter III

Strategic Planning Should Be Used as Part of a Process of Managing for Results

Our 2018 audit report describes strategic planning as part of a larger process of managing for results. The report recommended that the State Homeless and local coordinating committees prepare strategic plans. Although the State Homeless Coordinating Committee and several Local Homeless Coordinating Committees did prepare strategic plans, the plans lack some of the elements that we specifically recommended to include, such as:

- Goals, strategies, and performance measures that target specific subpopulations within the homeless community.
- Provider level accountability that describes the contribution of individual providers and programs toward achieving systemwide goals.
- Input from a broad range of stakeholders.

We recommend that the State Homelessness Coordinator (coordinator) and Utah Homelessness Council (council) update the Utah Strategic Plan on Homelessness. As mentioned in Chapter II, the first step is to clarify the expected outcomes of Utah’s homeless services system. A new plan should then be drafted and should include the three items listed above. We also recommend that each local homelessness council (LHCs) prepare their own plan describing the goals and strategies they will use to address homelessness in their community.

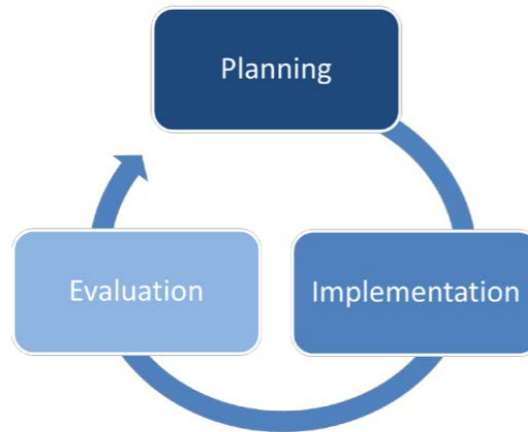
Strategic Planning Is the First Phase of a Management Cycle

One of the themes of our 2018 audit report was that Utah needed a more accountable and results-oriented homeless services system. In that report, we described strategic planning as part of a larger process of managing for results. It requires bringing all stakeholders together to create a shared vision of success. Together, those stakeholders should develop plans, set goals, and identify measures to evaluate their

We recommend the Utah Homelessness Council update the strategic plan on homelessness.

success. Figure 3.1 shows how strategic planning is the first phase of an ongoing process of the management cycle which we described previously in our 2018 report.

Figure 3.1. The Management Cycle Includes Three Phases: Planning, Implementation, and Evaluation. Repeating these steps should result in ongoing improvements in system performance.



Source: Auditor Generated

Based on what has been learned about what works and what does not, stakeholders should modify the strategic plan, set new goals, and begin the cycle once again.

Once the planning phase is complete, the next steps are to implement the plan and evaluate progress towards achieving the goals in the plan. Based on what has been learned about what works and what does not, stakeholders may modify the plan, set new goals, and begin the cycle once again. As this process is repeated, an organization should steadily produce better results.

Strategic Plans Prepared by the State and Some Local Councils Demonstrate Progress Since Our Prior Audit

It is important to recognize the progress that has been made since 2018 when we first recommended the use of strategic planning. At the time, Utah’s homeless services system did not have an up-to-date unifying document describing what they were trying to accomplish or how they were measuring progress. Since then, the state and four LHCs have each developed strategic plans. The most complete are the plans developed by Salt Lake and Weber counties.

In 2018, Utah Lacked an Updated Strategic Plan on Homelessness, but Progress Has Been Made. During our prior

audit, we found that 10 years had passed since the state had last drafted a strategic plan on homelessness. In effect, Utah’s homeless services system had stopped doing the management cycle described in figure 3.1. Without a current strategic plan, we found their efforts were not guided by a common set of goals, strategies, and measures of performance. Moreover, we found the leadership of the homeless services system was divided among several groups, but none were very effective at defining expectations and holding people accountable for results.

In response, we recommended that the Legislature clarify and strengthen the State Homeless Coordinating Committee. We also recommended that the committee designate local oversight bodies to be responsible for guiding homeless services in each region of the state. Both the state and local councils were asked to conduct the management cycle described above. We recommended the state and each local homeless council develop a strategic plan as a first step.

Since we made those recommendations, the Legislature has added statutory language creating the position of State Homelessness Coordinator. This position, in cooperation with the new Utah Homelessness Council, is responsible for creating an annual statewide plan to minimize homelessness and, with the council, review the plans prepared by LHCs.

The State Homeless Coordinating Committee Released a New State Strategic Plan in September 2019. The plan now includes many elements recommended in our 2018 audit, such as measurable goals, performance benchmarks, broad strategies for reducing homelessness, and timelines for completing the goals. Although there are some weaknesses in the plan, described later in this chapter, it represents a good first step toward creating a more accountable, data-driven response to homelessness.

Four Local Homelessness Councils (LHCs) Have Drafted Strategic Plans. We contacted 12 of the 13 LHCs in the state and were able to verify that four had prepared strategic plans. Other LHCs that we spoke with are at varying stages of developing a strategic plan. One challenge faced by many of the LHCs is that they lack staff support to assist in the planning and oversight function. In our 2018 report, we suggested that each local council designate a lead agency

In 2018, we found Utah’s homeless services system lacked a current strategic plan to guide their efforts and measure performance.

The state strategic plan on homelessness represents a good first step toward creating a more accountable, data-driven homeless services system.

that would provide support for the council and the drafting of the plan. Three of the 13 LHCs have designated staff who are responsible to help with council activities such as strategic planning.

Of the local strategic plans we reviewed, Salt Lake County has the most complete plan to address homelessness. The plan was developed by the Salt Lake Valley Coalition to End Homelessness. It contains each of these elements:

- Mission/vision statement
- Broad goals and objectives
- Performance measures
- Action plan linked to each state strategic goal, including
 - Operational strategies
 - Timeline for completion
 - Measurable outcomes
 - Party responsible for the action item
 - Benchmarks
- Plan for reviewing progress

State and Local Councils Need to Continually Review and Update Their Plans. It is important to recognize that strategic planning is not an event but an ongoing process. We appreciate the response by the state and four LHCs that developed strategic plans. However, we are concerned that the state and LHCs are not using their strategic plans as living documents, are not taking time to review the progress made, and are not updating their plans. For example, the co-chair of one local council recognized the need to review and update their strategic plan but said that the council spends so much time “putting out fires” that they haven’t been able to review progress and update their strategic plan.

We also urge each LHC that has not prepared a strategic plan to do so. We recognize that not every region has support staff who can assist in the development of a plan. Nevertheless, we maintain that every LHC should at least draft a statement identifying their primary goals and objectives, a list of strategies to achieve those goals, and the indicators that will be used to measure progress. By repeating this process of planning, implementing, and evaluating, we believe the state and each LHC can more effectively manage for results and thereby further the work of reducing homelessness in their communities.

We found the Salt Lake Valley Coalition to End Homelessness has drafted the most complete strategy homelessness.

We recommend that each local homeless council draft a strategic plan on homelessness.

Utah Homelessness Council Needs to Update the Strategic Plan

As mentioned, the state and some LHCs have implemented our recommendation to develop strategic plans. However, the plans do not include three things specifically recommended in our 2018 audit report. Currently, the plans do not have measurable goals, strategies, and performance indicators for individual homeless subpopulations. Although the plans include systemwide performance measures, they are not reported at the program and service provider level. Finally, the strategic plans do not reflect input from all stakeholders.

Strategic Plans Need to Address Specific Homeless Subpopulations






In our 2018 report, we observed that the strategic plans of other states often included goals and strategies to address homelessness among specific target populations. For example, separate goals and strategies are identified for the chronically homeless, homeless veterans, homeless families, and others. Planning around specific target populations allows measurable goals that make accountability possible.

Goals and Strategies Should Also Target Homeless Subpopulations. Figure 3.2 provides examples of such goals from other states' strategic plans on homelessness that were included in the 2018 report.

State and local strategic plans lack:

- 1. goals and strategies for homeless subpopulations,**
- 2. provider and program level performance measures, and**
- 3. Input from all stakeholders.**

Figure 3.2. Goals Included in Other States' Strategic Plans on Homelessness. Our 2018 audit report included examples of other states that had measurable goals for different homeless subpopulations. In contrast, Utah's strategic plan has no specific goals for homeless subpopulations.

Entity	Goal
Arizona 	Move 300 chronically homeless individuals or families into permanent housing each year for the next 5 years.
Michigan 	Reduce Chronic Homelessness by 20 percent annually.
Houston 	End Veteran Homelessness by 2015.
Ohio Balance of the State 	Rapid Rehousing projects will have no more than 12 percent of adults who exited to permanent housing return to [homelessness] within two years of exit.
Minnesota 	Prevent and end homelessness among families with children by the end of 2020.

Source: A Performance Audit of Utah's Homeless Services

Strategic plans should offer goals and strategies for serving individual homeless subpopulations.

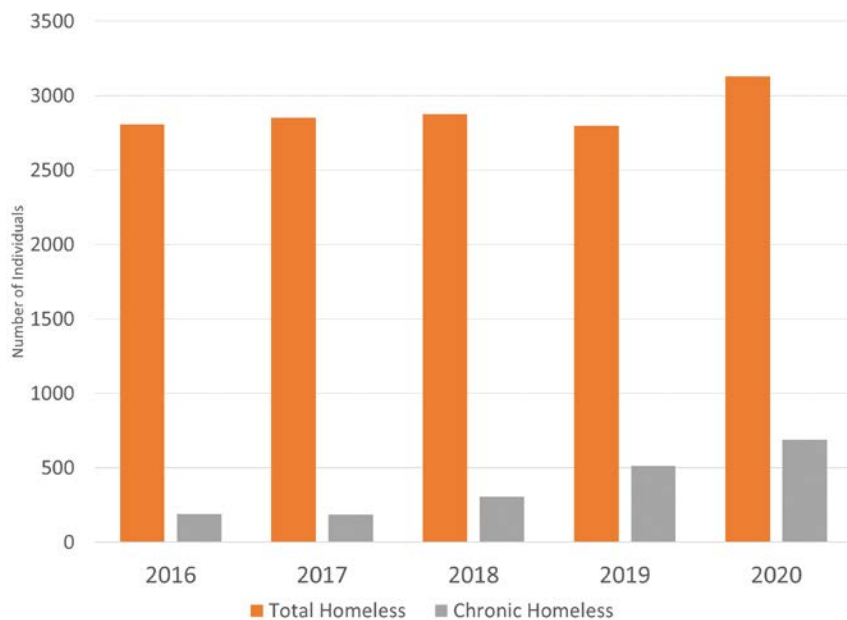
The appendix of our 2018 report includes complete strategic plans from other states. Those plans include strategies to address the needs of specific homeless subpopulations. The reason that the plans should address subpopulations separately is that each group has somewhat different needs and resources available to meet those needs.

For example, helping the unsheltered youth will require a different set of goals and strategies than what would be expected for veterans or victims of domestic violence. Similarly, the chronically homeless population includes many who suffer from mental illness and drug addiction. They will require a different approach than what is used to serve the short-term homeless individuals, who have fewer obstacles to self-sufficiency. In contrast to plans of other states described in our 2018 report, the goals, strategies, and performance measures in Utah's

plan do not target specific subpopulations, rather they measure only conditions in general. The following section explains the inherent risks involved in relying solely on system-wide goals and measures.

Reliance on System-Wide Strategies and Performance Measures Can Be Misleading. Utah needs to measure and report its effectiveness in addressing homelessness by subpopulation. If only systemwide measures are reported, there is a risk that decision makers will not recognize certain subpopulations that may have been poorly served. For example, Figure 3.3 compares the total number of homeless to those who are chronically homeless.

Figure 3.3. The Count of Total Homeless Compared to the Chronically Homeless. The data illustrates the need to focus strategies and performance measures on individual subpopulations. The data shows that total homelessness has increased slightly since 2016, while chronic homelessness has grown by nearly three times during the same period.



Source: Point-in-time count reported to HUD.

Note: Increases Point-in-time count participation and methods for counting chronically homeless may have impacted counts.

Figure 3.3 tells two different stories. Since 2016 total homelessness in Utah has increased by 11.5 percent, which is somewhat higher than the 7.1 growth in state’s overall population. Based on that information, one might conclude that Utah’s homelessness problem is increasing at a modest pace. However, the data also show that chronic homelessness increased by 262 percent. It suggests the growth in this

Relying solely on statewide performance data can mask problems in specific homeless subpopulations.

subpopulation of homeless individuals has become much more of a significant problem.

Figure 3.3 shows the risk of only using statewide measures to evaluate the state's progress in addressing homelessness. It does not reveal the challenges presented by specific homeless subpopulations. Only by developing goals and strategies to address the needs of specific subpopulations, and by measuring the progress in achieving those goals, can we identify the true progress in addressing homelessness. We recommend that the state coordinator and council prepare strategic plans that target specific subpopulation groups and identify goals, strategies, and measures of performance to reduce homelessness among each group.

Performance Measures at a Provider and Program Level Are Needed to Inform Decision-Making

While progress has been made, Utah's homeless services system can do more to create a truly data-driven and results-oriented approach to homeless services. For years, state policy makers and funders have wanted information describing which strategies, programs, and providers are the most effective at reducing homelessness. We found the state's Office of Homeless Services is now providing better information about system and program level performance than in the past. However, the reports still lack sufficient detail about which service providers and programs are effective. As a result, state legislators and other major funders of homeless services still cannot verify whether their funds are being used efficiently and are producing the desired results.

For Many Years, Utah's Homeless Services System Has Been Asked to Be More Data-Driven Results-Oriented. A 2004 state strategic plan on homelessness called for "benchmarks and outcome measures as a framework to gauge progress." Similarly, our 2018 audit report stated "homeless services providers should be able to ...demonstrate the progress they are making towards accomplishing the goals described in the state plan to reduce homelessness." Most recently, legislation created the position of State Homeless Coordinator. Among other responsibilities, the coordinator must:

...Prioritize the funding of programs and providers that have a documented history of successfully reducing the number of individuals experiencing homelessness, reducing

State performance reports still lack sufficient detail about which service providers and programs are effective.

the time individuals spend experiencing homelessness, moving individuals experiencing homelessness to permanent housing, or reducing the number of individuals who return to experiencing homelessness.

To comply with this statutory requirement, the state coordinator needs performance data that describes the effectiveness of each homeless service program and provider. For example, the Salt Lake Valley Coalition to End Homelessness might have a goal to reduce the number of individuals who return to homelessness each year, perhaps by 5 percent. We might expect to see a set of strategies describing how each residential facility plans to achieve the goal, and regular reporting, by facility and provider, of the actual number who return to homelessness.

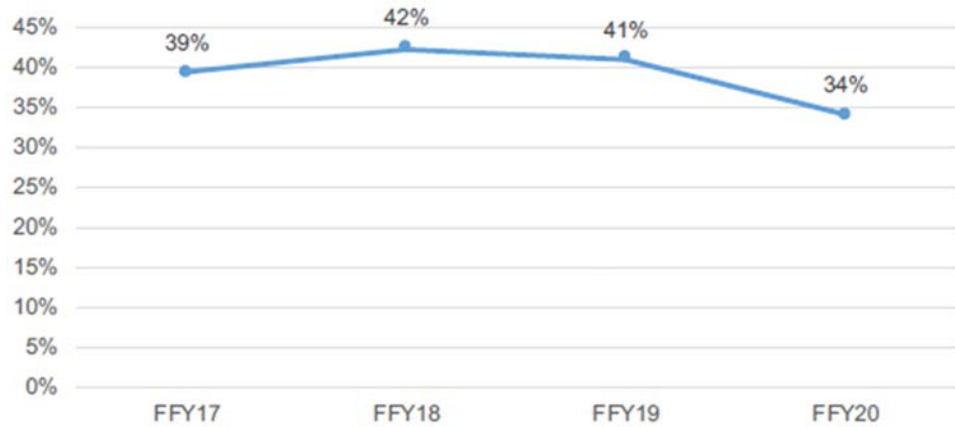
One reason that this level of accountability is necessary is that accountability back to those who provide funding for homeless services is important to reassure them that funds are being used efficiently and are producing results. Individuals we spoke to in the legislature, local business community, and philanthropic groups have expressed the importance of accountability for the funds provided to homeless services and that improvement could be made. For example, one individual said that they are prepared to invest more money in homeless services, if they can see that the funding is being used on an effective plan that will use their money in a way that produces results. To provide this level of information will require that performance data be reported at the provider and program level.

Annual Reports Do Not Identify Which Strategies and Service Providers Are Effective. As mentioned in Chapter II, Utah's homeless services system has adopted the performance measures which HUD requires as a condition for receiving federal funding for low-income housing and homeless services. Utah's Strategic Plan also identifies performance benchmarks for each of their primary performance measure, which we had recommended in our 2018 report. To achieve the performance benchmark for each measure, each continuum of care (Or CoC, which is a HUD service region) is expected to either show a 10 percent improvement in a performance measure or they must meet or exceed the average performance of all the CoCs in the western states.

Those who provide funding for homeless services want reassurance that their funds are being used efficiently and are producing results.

Figure 3.4 describes one of these measures. It is the percent who return to homelessness after having obtained permanent housing.

Figure 3.4. Reports of System-wide and CoC Level Performance Provides Little Information Regarding Which Programs Are Most Effective. The percentage returning to homelessness is an important measure of performance. However, if it is reported only at the state level, as previously shown in Figure 2.2, or at the CoC level, as shown here, it does not help inform decision makers about which programs are most effective.



Source: 2021 Report on Homelessness

Without provider level detail, it is difficult to know how best to respond strategically to the problem of homelessness and how to prioritize funding.

The information shown in figure 3.4 is only useful in that it offers a broad overview of how successful the Salt Lake County CoC has been in helping individuals avoid returning to homelessness. However, without reporting data at the program or provider level, it does not offer enough information to identify what works and what does not. Without that detail, it is difficult to know how best to respond strategically to the problem of homelessness and how to prioritize funding. We also found that the performance measures reported in the annual report and on the state’s homelessness data dashboard do not compare performance measures against the benchmarks. As a result, it is difficult to evaluate performance against expectations.

We therefore recommend that the coordinator and council monitor the performance of individual homeless services programs and service providers. They should use this information to make strategic decisions and to direct resources to those programs identified as the most effective.

Strategic Plans Should Reflect the Input of a Wide Range of Local Interest Groups and Stakeholders

In our 2018 report we said that the strategic planning process is intended to bring people together to create a unified vision and a set of common goals. However, some of the disagreement we found among some key stakeholders suggests the strategic planning process conducted in 2019 was not the unifying effort it was intended to be. One reason for the lack of unity may be that the strategic planners relied heavily on the federal plans and policies as a template.

As the coordinator and council update the state's strategic plan on homelessness, we recommend that a greater effort be made to consider the views of all those who have a role in addressing homelessness in Utah. Hopefully, by involving a large group of stakeholders, the process can help unite communities in the state behind a core set of principles and values, common goals, strategies, and measures of performance.

Utah Strategic Planners Relied Heavily on Federal Plans as their Template. Utah's strategic plan on homelessness was based on the plans and performance measures developed by two federal agencies. The Utah plan states:

This strategic plan has used the United States Interagency Council on Homelessness, *Home, Together: The Federal Strategic Plan to Prevent and End Homelessness*, as a roadmap, along with other data points and input that help to identify existing resources, needs, and best practices.

Additionally, the appendix of the state plan contains a table showing how the Utah plan mirrors each objective contained in the federal plan. Similarly, the performance measures described in Utah's strategic plan are those required by HUD. Finally, LHCs also indicate that they relied heavily on federal plans and performance measures to guide their planning efforts. Relying on the guidance of federal agencies, such as HUD, is not surprising because HUD is a major source of funding for homeless services. Furthermore, state and local entities are accountable to HUD for their use of those funds.

Because state and local plans on homelessness rely heavily on the federal plan for guidance, we found that the documents contain little

The strategic planning process is intended to unite people behind a core set of goals, strategies, and performance measures.

State and local planners said they relied on the federal strategic plan as a roadmap for creating their strategic plans to address homelessness.

information reflecting a uniquely Utah approach to addressing homelessness. As the following section states, some stakeholders expressed concerns about certain elements of the strategic plan.

Disagreement Among Stakeholders Suggests the Last Strategic Planning Effort Was Not the Unifying Process It Was Intended to Be. Although the process should unite people around a common vision, we found disagreement about Utah’s Strategic Plan on Homelessness. In our 2018 audit report, we noted that the strategic planning process should be used to “unite Utah’s state agencies, local governments, business community and service providers behind a common strategy and shared goals to reduce homelessness.” However, we found disagreement among some stakeholders regarding some of the strategies described in the state strategic plan and some of the strategies commonly used to address homelessness. For example, the plans are based on the Housing First approach to addressing homelessness. Some also promote a concept called harm reduction.

In our opinion, these terms are not well defined and we found disagreement on how these concepts are to be applied. Furthermore, some disagree as to whether a resident in permanent supportive housing should suffer consequences if they are found using illegal drugs in the facility. Or, can residents be required to periodically meet with a case manager as a condition for living in a permanent supportive housing program. We question how a strategic plan can be successfully implemented if the strategies and goals are not clearly defined and if they do not have the support of all key stakeholders.

The State Homeless Coordinator and Utah Homelessness Council Should Strive to Unify the State Behind a Common Strategy. Homelessness is a complex issue that requires a coordinated effort involving non-profit service providers, local law enforcement agencies, the criminal justice system, business leaders, religious organizations, and philanthropic groups. Because so many different groups are involved, it is essential that the strategic planning process reflect the input of all these different groups. Stakeholders should be identified and involved in the development of goals and objectives and can assist in defining what needs to be accomplished. The state council

Many stakeholders disagree with some of the underlying strategies and policies in Utah’s strategic plan on homelessness.

should identify stakeholders and understand their views during the strategic planning process.

All stakeholders, including law enforcement, service providers, philanthropic groups, local government, and citizen groups, should participate in drafting an updated strategic plan on homelessness. Furthermore, we recommend that each LHC draft a plan as well. Finally, the state council should provide support to local and regional efforts aimed at minimizing homelessness and increase opportunities for self-sufficiency.

Recommendations

1. We recommend that each local homelessness council draft a strategic plan describing the outcomes they want to achieve and the goals and strategies, as well as the target populations the LHC plans to serve to meet the stated outcomes.
2. We recommend that the Utah Homelessness Council provide support to local and regional efforts aimed at minimizing homelessness and increase opportunities for self-sufficiency.
3. We recommend that the State Homeless Coordinator and Utah Homelessness Council prepare strategic plans that target specific subpopulation groups and identify goals, strategies, and measures of performance to reduce homelessness among each group.
4. We recommend that the Utah Homelessness Council evaluate the performance of individual programs and service providers and identify which are effective at achieving the goals in the Utah Strategic Plan on Homelessness.
5. We recommend that the State Homelessness Coordinator and Council consider the observations and feedback from all stakeholder groups as they update the Utah Strategic Plan on Homelessness.

As they update the state strategic plan, the Utah Homelessness Council should seek to understand the views of all stakeholder groups.

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Chapter IV

Improved Financial Management Is Needed to Assure Efficient Use of Funds

Utah’s homeless services system needs to adopt better financial management practices to assure efficient use of the financial resources it receives each year. Our 2018 audit report includes several recommendations aimed at strengthening the oversight of Utah’s homeless services system. Although progress has been made, we found the recommended financial management practices have not been fully implemented. This chapter offers several additional recommendations aimed at further strengthening the oversight of funds used by Utah’s homeless services system.

The Governor’s Office of Planning and Budget (GOPB) has estimated that total, direct and indirect funding, totaled over \$300 million in 2019. During the 2021 Legislative Session, both the Legislature and private donors committed additional millions to the cause. Furthermore, service providers in Salt Lake County estimated a current need of approximately \$525 million and \$247 million each year following to provide housing to homelessness.

There is concern as to whether the homeless services system can use that level of funding efficiently and effectively. We share these concerns. Based on our review of current financial management practices, we question whether large increases in funding will produce the desired results. By applying better spending and financial analysis, Utah’s homeless services system can better assure its funders that the resources are well spent.

Spending Plans Are Needed to Manage Funds Designate to Homeless Services

While coordination has improved in recent years, the state still needs to understand the use of all sources of funding for homeless services through spending analysis or unified spending plan. Local homelessness councils (LHCs) also need to better coordinate their funding for homeless services. Understanding how all funding sources are used within the system will:

By using better financial management practices, Utah’s homeless services system can better assure its funders that their resources are well spent.

- Help decision-makers understand the amount of funding for various strategies
- Help identify the impact of funding
- Help identify funding gaps

In 2018, we observed that the numerous state and local agencies that provide homeless services need to better coordinate their efforts. We recommended greater coordination of spending plans at both the state and local levels. Legislation in 2021 directs the State Homelessness Coordinator to “develop and maintain a comprehensive annual budget and overview of all homeless services available in the state.” Similarly, our 2018 audit directed the State Homelessness Coordinating Committee to designate local bodies to be responsible for crafting coordinated spending plans.

The State Needs to Compile Funding and Consistently Update Funding Sources

Utah has many sources of funding for homeless services, yet there has not been sufficient coordination to create an overall spending plan. The state needs a robust, aggregate spending analysis that gathers the many different sources of funding into a single plan. Currently, the state and local councils lack this coordination. Creating a single, statewide spending analysis will help identify funding gaps and will allow policymakers to understand the total use of funds and the impact of funding.

Funds From Different Sources Need to be In a Coordinated Spending Plan. There are many sources of funding for different types of homeless services. Numerous cities, counties, federal agencies, state agencies, and private donors contribute money to homeless services. With so many different funding sources, it is difficult for decision makers fully understand the impact of the homeless funds they appropriate. For this reason, we have encouraged state and local councils to develop coordinated spending plans.

Past Reports Have Called for Coordinated Spending Plans. The need for coordinated spending plans were mentioned in two previous legislative audits. Subsequently, the need for a funding model was referenced in a November 2020 report completed by the Kem C. Gardner Policy Institute, which states, “This funding model will help

Without a coordinated spending plan, it is difficult for decision makers to understand the impact of the decisions they make.

identify the funding gaps that private and public funding is currently not covering and ensure transparency at all levels of funding.” We support this statement and recommend that work be done to understand current funding levels and funding gaps for homeless services. In addition, in 2017 our office issued an audit report on homeless sources of funding, noting that “Homeless funding is not coordinated across funding sources, and evaluation of funding is done primarily by individual funding sources, not for the homeless system as a whole.” Furthermore, our 2018 audit stated:

Systemwide, this pattern is repeated as funds move from donors and government agencies to intermediary agencies and ultimately to dozens of different service providers. Each funding stream comes with its own set of service requirements, outcome measures, and evaluation systems. To create a true “systems” approach to homeless services, an enormous amount of leadership, cooperation, and coordination is required.”

Four years have passed since our 2017 audit raised concern about the lack of coordination of funding, and the state still lacks an annual spending plan on homelessness. We are concerned that without understanding the total amount of funding for various strategies, and the impact of those funds, the state cannot effectively manage current or future funding of homeless services.

The state homelessness coordinator is working with GOPB to compile total system funding which report will be presented in the November 2021 Utah Homelessness Council. We believe that analyzing funding streams by region and program type will be beneficial to determine how the state is funding strategies to reduce homelessness. Our 2017 audit report states:

The National Alliance to End Homelessness states that gathering funding from multiple sources for select homeless projects can cause duplication of effort and can divert time and staff resources... Similarly, the Government Accountability Office found lack of coordination among multiple federal homeless programs may decrease their overall effectiveness.

Four years have passed since the release of the 2017 audit, and the state still lacks an annual spending plan on homelessness.

If only a small percentage of funding goes to prevention, we question if this is really a key measure for the homeless system.

Utah needs coordination with locals and other involved in funding services, as improved planning and funding analysis will help ensure efficient use of funds.

Local Entities Still Do Not Have Spending Plans. As discussed in the 2018 audit, local homelessness councils (LHCs) could compile all sources of funding by service or program type to better understand where funding is going. This is a difficult undertaking due to the numerous funders and pass-through agencies. However, this kind of funding analysis is crucial to understand how to better allocate funding and evaluate system outcomes. For example, a key measure for the state is the number of individuals who become homeless for the first time. It is essential to understand the amount of funding and percentage of total funding dedicated to addressing this issue. Currently, the Utah Homelessness Council allocates only a small percentage of funding to prevention. Without understanding if there is other substantial funding statewide, we question if this is really a key measure being addressed by the system.

An Ongoing Coordinated Spending Plan Is Needed, along with Enhanced Coordination

The newly created state homelessness coordinator recently began working with GOPB to start analyzing homeless funding. The coordinator has worked with GOPB to compile this information and initial work will be released in November 2021. However, at the time of this audit, the state did not have a coordinated spending plan that includes all sources of funding.

The State Homeless Coordinating Committee has reportedly implemented our previous recommendation to designate local bodies to oversee planning and compiling local spending plans. However, even though local oversight bodies have been identified, we question whether these agencies are preparing the local spending plans as suggested. One concern that has been raised is that the local LHCs have such limited resources that they lack the staff to perform these planning functions. Only three of 13 LHCs have dedicated staff to help fill some of these roles. Compiling sources of funding will help understand how much funding is currently going to homeless services. Additionally, the state would be better able to understand the level of funding for certain programs—such as shelters and permanent supportive housing—and use these data to manage programs more efficiently and effectively. This will allow decision-makers to

Unless service providers prepare a coordinated spending plan, it is difficult for funders to know whether their contributions are making a difference.

understand funding gaps and determine where limited resources will have the greatest impact

With the passage of HB347 in the 2021 Legislative General Session, the Legislature reconstituted the Utah Homelessness Council and created the State Homelessness Coordinator. These changes will augment the coordination with state and local agencies. Given the state's many programs and funding sources, it is imperative to understand the total funding of these programs and how they align with the state's strategic direction plan. We acknowledge that this is a large undertaking—and one that will help align common goals by further understanding the work happening in other agencies.

The State Must Rely on Improved Cost Analysis and Client Data to Understand Gaps

Utah's homeless service system can use data more efficiently and effectively to manage the growing—but limited—resources devoted to homeless services. For example, to increase client flow, client data can be used to identify service gaps, inefficiencies, and areas within the homeless services system where more resources are needed. Another example is the need to use financial and client data to evaluate the unit costs of individual programs and services. Utilizing cost analysis of multiple alternatives allows for policymakers to weigh cost against intended impact. These two examples point to opportunities for Utah's homeless services system to use data to improve efficiency and effectiveness.

We provide an illustration of client flow later in this chapter (Figure 4.1). This illustration highlights the need of data to show strengths and potential gaps in services, demonstrating how the effective use of data can improve system efficiency.

Analysis of Client Data Is Needed to Identify Service Gaps

To create a more effective homeless services system, the Utah Homelessness Council needs to develop a better means of identifying areas where essential services are lacking. This is often described as a gap analysis. While some qualitative information may be used, such as surveys and focus groups, to justify the kinds of investments involved,

Policymakers should rely on financial and client data to identify gaps in the homeless service system.

Instead of using client data to identify gaps in the service system, the most study relied on a written survey of local homeless councils.

quantifying needs should be built using analysis of client data and actual costs of services.

Currently, the state relies on local councils to identify gaps in the continuum of care. In the most recent gap analysis, Division of Homeless Services relied on a written survey asking local councils to identify gaps in the continuum of care. However, we do not believe this approach is sufficient to truly understand the service gaps which may exist. A more robust process would require LHCs to use client data to identify existing usage levels, along with the usage gap (i.e., the excess demand for services). Once the service gaps are quantified, LHCs can then create a strategy to fill the gap and estimate the cost of paying for that strategy.

This type of gap analysis is lacking in most homeless service areas in Utah. To our knowledge, the Salt Lake Valley Coalition to End Homelessness is an example of an oversight and planning body starting to use data to identify gaps in their service system. The coalition has produced a “Housing Now” plan, which estimates current and future housing needs. They have also used this data to estimate the cost of the plan.

We did not evaluate the accuracy of the plan; however, staff were able to show us how they used client data to identify service gaps in the continuum of care. They have also acknowledged some of the weaknesses in their study and plan to seek outside advise to “firm up” their analysis. Given the \$1 billion cost of the proposal, we agree that further analysis is needed.

Robust, Quantitative Analysis is Needed to Better Understand Service Needs

We believe Utah’s homeless services system will be more effective if the Office of Homeless Services can identify and quantify inefficiencies in the system and what services are needed to improve client flow. Figure 4.1 shows a simplified graphic of client flow through the homeless services system. Understanding client flow can help decision-makers target resources more effectively. For example, we observed in the data that not all individuals move to housing programs directly from shelters or resources centers. This means that increases in the number of housing programs may not have a one-to-one impact on shelter space. In addition, measuring where unsheltered

individuals go within the homeless system can help decision-makers understand what resources are needed for improvement.

Figure 4.1 To Improve Efficiency, Utah Needs to Better Understand and Manage Client Flow within the Homeless Services System. To improve client flow will require quantifying client movement and bottlenecks within the system. That information should also help identify where additional resources can best be used to increase client movement through the homeless services system, and eventually out into permanent housing.



Source: Auditor Generated

Note: The homeless system is complex with many entry and exit points that are not captured on this figure. Not all exit destinations have been placed in this figure such as institutional housing and transitional housing. This figure is not intended to capture the nuances of the homeless system, but to graphically illustrate flow in the system and the need to measure and understand how individuals move throughout the system. We acknowledge that some of the 77 percent that exit may be considered successful and not all of those who enter housing (23 percent) enter through emergency shelters.

Figure 4.1 shows a simplified static image of homeless services system. The link in the margin provides additional information on flow through the homeless system. We believe understanding how people move in and out of the system is critical to improving outcomes. In fiscal year 2021, 77 percent of individuals exit the homeless services system to temporary, institution, or unknown locations. While only 23 percent of individuals who exited the homeless system moved to permanent housing. Although those who exit to permanent housing are generally successful—with only 29 percent (not shown) returning to homelessness—those who become permanently housed represent only a small percentage of the total population that enters the homeless system. To increase the percent of individuals moving into

Click or scan for interactive figure



Policymakers should rely on financial and client data to identify gaps in the homeless service system.

housing situations, Utah needs to understand and quantify gaps. For example, measuring how many in shelters are ready and willing for a particular housing would help quantify the need for housing. Additionally, understanding where individuals are from when moving into housing will help identify how additional housing effect other areas within the homeless system improving potential flow. Understanding client flow, and identifying related needs, will help identify gaps in services.

Increased Data Analysis Will Help Uncover Inefficiencies within the Homeless System

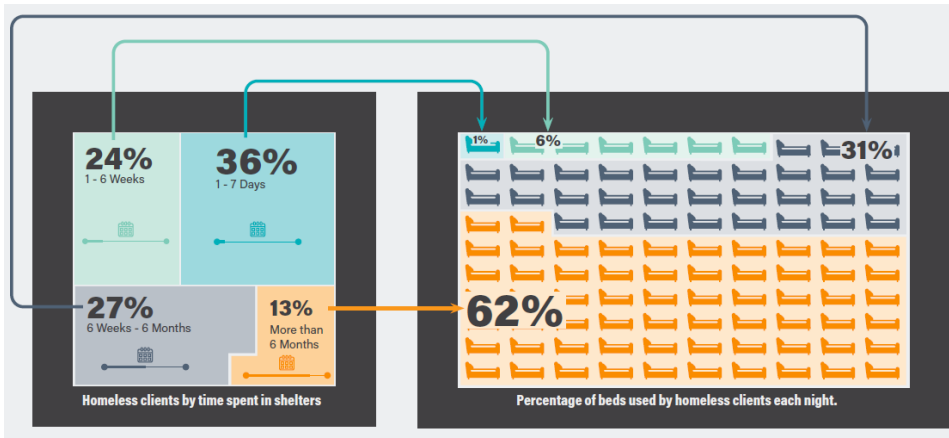
Better use of data can help uncover system inefficiencies and areas needing improvement. For example, during the audit process, a service provider shared internal data that showed the historical use of shelter beds. The analysis showed system inefficiencies, where individuals were staying longer in shelters than intended. The Office of Homeless Services has expressed a willingness to work to improve system data and to provide additional analysis of the data. However, the office questions whether it has sufficient staff to meet the need.

Further Analysis Shows That Some Shelter Beds Are Utilized Outside of Indented Purposes. Analysis shared by a service provider indicates that most of the shelter beds are used by individuals who stay longer than intended. This reduces overall capacity to shelter other individuals. Better understanding and measuring of client flow will help quantify gaps and identify where additional resources and/or policies can help improve system efficiency.

For example, Figure 4.2 shows how length-of-stay data can be used for decision-making. The figure shows that a small percentage, 13 percent (orange box), of residents are using the emergency shelters for more than six months. They are using the facilities as long-term housing rather than as a short-term residence where they can be stabilized prior to moving on to a more permanent housing situation.

A better understanding of client flow will help decision makers identify service gaps and identify how funds might be used to improve system efficiency.

Figure 4.2 Client Data from an Emergency Shelter Are Useful for Evaluating the Efficient Use of Resources. In this case, only 13 percent of clients stay longer than six months. However, those clients occupy 62 percent of facility beds on an average night. These findings suggest that focusing on the needs of a small, long-term client population can have a large impact on the space available in resource centers.



Based on analysis by *The Road Home* from 2014 to 2018.

Figure 4.2 shows that individuals who stay in an emergency shelter for more than six months are a small portion of the population served (see box on the left) but use most of the shelter beds (see box on the right). If increasing client flow is a priority, this type of information could be a useful measure of system-wide performance. The data point to a problematic trend, showing an increasing number of clients becoming long-term residents of homeless resource centers. Detailed information such as this can help decision-makers understand the system-wide resource needs.

The lack of flow through the resource centers may be due, in part, to a lack of other housing. However, one resource center manager noted that some long-term residents are “resource resistant,” Meaning that they do not want to move to a permanent housing situation, even when offered. This example highlights the need for data analysis to identify and eliminate service gaps in the system.

Survey of Client Needs May Also be Needed to Support Gap Analysis

As mentioned in Chapter I, the number of unsheltered individuals has greatly increased during the past several years. Salt Lake City has expressed the need for additional shelter capacity, and the issue was

Client data show a small number of long-term residents at the emergency shelters use most of the shelter beds.

discussed in the August Utah Homelessness Council meeting. This has led to the council allocating funding for a winter overflow shelter. However, concerns have been raised about barriers to shelter and a lack of desire for shelter services among those in unsheltered conditions. Because there may be many reasons for individuals not to enter a shelter, further work may be needed to understand how to meet their needs of unsheltered individuals. A systematic survey of unsheltered individuals could be instrumental in learning how to address the needs of this subpopulation.

Some communities integrate a low-barrier shelter within their resource center. For example, the Lantern House in Ogden, Utah, designated a portion of its facility as a low-barrier shelter—meaning that people can stay there with few requirements. However, before other communities create such a facility, a greater understanding of barriers that prevent homeless individuals from entering resource centers would be needed. Decision-makers will need quantitative and qualitative information that can be obtained only through surveys of homeless individuals. Both qualitative and quantitative information should be used to identify the service gaps within Utah’s homeless services system.

Spending Decisions Need to Be Based on A Robust Analysis of Unit Costs and Performance

Statute requires that funds used for homeless services be used in a “cost-effective, and efficient manner.”² We are concerned that spending decisions within Utah’s homeless services system are often made without adequate consideration of the unit costs of providing a service. Furthermore, in our 2018 audit report, we recommended that funds for homeless services be reallocated to programs that show improved outcomes. We found that this requirement has also not been met.

Funds for homeless services are not being reallocated to those program that show improved outcomes.

² *Utah Code* 36A-16-203 (3)(b)

The Efficient Use of Funds Requires Decision-Makers to Consider Unit Costs

As mentioned in Chapter I, since 2016 the number of individuals experiencing homelessness in Utah has increased. In Chapter II, we describe the significant financial resources that will be required to house individuals experiencing homelessness. In recent years, several new permanent supportive housing facilities have been built in Salt Lake City. For example, the Magnolia, with its 65 units, cost \$16.4 million to build, which is \$256,250 per unit. While there may be other options that are more or less expensive than this example, the point remains the same, housing options can be expensive and cost analysis should be looked at when deciding projects. Those involved with the Magnolia have said that this is one of the models they plan to follow and that they will build “more housing units like this in the future.”

We question whether sufficient consideration has been given to cost alternatives for housing the chronically homeless. For example, we are aware of other strategies for housing the chronically homeless— in Salt Lake County, in other regions in Utah, and in other states— at a lower cost than what was reported for the Magnolia. We recommend that the State Homelessness Coordinator and the Utah Homelessness Council utilize cost analysis when evaluation potential projects and solutions to address identified service gaps. In some cases, there may be programmatic reasons to justify choosing a high-cost option; if so, those reasons would need to be provided.

Before Spending Decisions Are Made, Performance Should Be Considered

We are concerned about the apparent lack of consideration to a provider’s performance before funds are allocated. The Office of Homeless Services is responsible for distributing and overseeing state and federal funds to nearly 40 different service providers in the state. Although the agency monitors the performance of individual providers against certain benchmarks, we question how much consideration is given to performance when deciding how much money should be reallocated to service providers each year. During the most recent year, all but five providers received the same level of funding as they did year before, even though some had not met their performance expectations.

We question whether sufficient consideration has been given to cost alternatives for housing the chronically homeless.

There is little evidence that decision-makers have shifted resources to those providers who demonstrate a high level of performance.

In our 2018 audit report, we describe a “process of “managing for results,” which includes the notion that funds should be reallocated to programs and strategies that are deemed effective. However, there is little evidence that state or local decision-makers have shifted resources to those providers who demonstrate a high level of performance.

Recommendations

1. We recommend that the State Homelessness Coordinator and Utah Homelessness Council work with local homelessness councils to consistently update funding analysis of all funding sources directed to homeless services.
2. We recommend that the Utah Homelessness Council utilize cost analysis when evaluating projects and needs.
3. We recommend that the Office of Homeless Services implement use client data and other analytical tools to quantify gaps in the service system and incorporate strategies to address those gaps within the state plan.

Appendicies

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Appendix A
Complete List of Audit Recommendations

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Recommendations

This report made the following 11 recommendations. The number convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 2.1

We recommend that the Utah Homelessness Council clarify the goals and objectives of Utah's homeless services system, whether to focus primarily on providing housing, or to also help people address their obstacles to self-sufficiency.

Recommendation 2.2

We recommend, if it is the goal of the Utah Homelessness Council to help people address their obstacles to self-sufficiency, that performance measures be aligned to the council's goals and objectives.

Recommendation 2.3

We recommend, if it is the goal of the Utah Homelessness Council to help people address their obstacles to self-sufficiency, that the council ensure that case managers have the tools they need to effectively serve their clients, including

- a. A homeless management information system (HMIS) with the capability of managing client case information.
- b. Client assessment tools to identify client needs and the progress made towards addressing those needs.
- c. An individual personal improvement plan to identify steps to address a client's personal obstacles to self-sufficiency.

Recommendation 3.1

We recommend that each local homelessness council draft a strategic plan describing the outcomes they want to achieve and the goals and strategies, as well as the target populations the LHC plans to serve to meet the stated outcomes.

Recommendation 3.2

We recommend that the Utah Homelessness Council provide support to local and regional efforts aimed at minimizing homelessness and increase opportunities for self-sufficiency.

Recommendation 3.3

We recommend that the State Homeless Coordinator and Utah Homelessness Council prepare strategic plans that target specific subpopulation groups and identify goals, strategies, and measures of performance to reduce homelessness among each group.

Recommendation 3.4

We recommend that the Utah Homelessness Council evaluate the performance of individual programs and service providers and identify which are effective at achieving the goals in the Utah Strategic Plan on Homelessness

Recommendation 3.5

We recommend that the State Homelessness Coordinator and Council consider the observations and feedback from all stakeholder groups as they update the Utah Strategic Plan on Homelessness.

Recommendation 4.1

We recommend that the State Homelessness Coordinator and Utah Homelessness Council work with local homelessness councils to consistently update funding analysis of all funding sources directed to homeless services.

Recommendation 4.2

We recommend that the Utah Homelessness Council utilize cost analysis when evaluating projects and needs.

Recommendation 4.3

We recommend that the Office of Homeless Services implement use client data and other analytical tools to quantify gaps in the service system and incorporate strategies to address those gaps within the state plan.

Appendix B
Housing Now Proposal
Salt Lake Valley Coalition to End Homelessness

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HOUSING NOW

**A HOUSING SOLUTION
FOR HOMELESSNESS**

PRESENTED BY
SALT LAKE VALLEY COALITION
TO END HOMELESSNESS

Make the County whole again...

The economic health of Salt Lake County is only as healthy as its broken part

Hundreds of cumulative years of homelessness affect the economy and wellness of our community

We have an opportunity that we haven't seen before or may ever see again to **change everything**

Now is the time to improve the lives of all those in the County through meaningful investments in housing, supportive services and financial stability

Homelessness is a housing crisis

People who experience homelessness often need other **supports and services** as do many other community members

We know that a **significant investment** in deeply **affordable housing** will result in **stability for families and a thriving community** across Salt Lake County and the State of Utah

Initiative Overview

2,950 housing units are currently needed to house those who are sheltered and unsheltered. Each year, we will need an additional 1,400 units to meet projected estimates.

To provide the housing that is needed today will cost approximately \$525 million with \$247 million needed each year following. Twenty-five million dollars annually will cover increased rental assistance/vouchers and case management.

Housing units are a combination of:

- Permanent Supportive Housing
- Rapid Rehousing
- Purpose Built Shared Housing
- Deeply Affordable No Services
- Permanently Subsidized No Services

A strategic plan that provides housing through the construction of new units, acquisition and rehabilitation of existing units, conversion of existing properties, and locating individual units throughout Salt Lake Valley.

HOUSING TYPES

Housing needs range from subsidized with services to no services or financial assistance.

HOUSING NOW has identified 5 types of housing that when built will address the various needs of those experiencing homelessness.

Permanent Supportive Housing: rental units that can be located in a single building or in smaller, scattered sites

Rapid Re-Housing: rental units that can be located in a single building or in smaller, scattered sites

Purpose Built Shared Housing: rental units that share common areas, kitchens, bathrooms, etc.

Deeply Affordable Housing: rental units that can be apartments, homes, smaller multi-family

Deeply Affordable Housing: rental units that can be apartments, homes, smaller multi-family

HOUSING NEEDS

	Short-Term Rental Subsidy	Long-Term Rental Subsidy	Affordable Rent--No Subsidy	Short-Term Services	Long-Term Services
Permanent Supportive Housing		✓			✓
Rapid Re-Housing	✓			✓	
Purpose Built Shared Housing			✓	✓	
Deeply Affordable Housing			✓		
Permanently Subsidized Housing		✓			

HOUSING NOW

HOUSING AND SERVICE TARGETS--CURRENT NEED

TYPE OF HOUSING NEEDED		Units	Rental Assistance \$\$ or Vouchers	Case Management	Case Management Cost	Medicaid Funding
Permanent Supportive Housing Units	Singles	450	\$5,856,120	30	\$1,350,000	\$675,000
	Families	150	\$2,214,142.50	11	\$495,000	\$247,500
Rapid Rehousing Units	Singles	825	\$7,520,634.00	16	\$720,000	\$360,000
	Families	275	\$3,270,841.75	4	\$180,000	\$90,000
Shared Housing Units (Purpose Built)	Singles - 30% AMI	200	0	4	\$180,000	\$90,000
Deeply Affordable Housing Units (no services)	Singles - 30% AMI	675	0	0	0	0
	Families - 40% AMI	225	0	0	0	0
Permanently Subsidized Units (S8, HCV/no services)	Singles	112	112 vouchers	0*	0	0
	Families	38	38 vouchers	0	0	0
TOTAL		2950		65	\$2,925,000	\$1,462,500

HOUSING NOW

HOUSING AND SERVICES TARGETS--YEAR 1

TYPE OF HOUSING NEEDED		Units	Rental Assistance \$\$ or Vouchers	Case Management	Case Management Cost	Medicaid Funding
Permanent Supportive Housing Units	Singles	210	\$2,732,856	14	\$630,000	\$315,000
	Families	70	\$1,033,267	5	\$225,000	\$112,500
Rapid Rehousing Units	Singles	388	\$3,536,977	8	\$360,000	\$180,000
	Families	130	\$1,546,216	2	\$90,000	\$45,000
Shared Housing Units (Purpose Built)	Singles - 30% AMI	98	0	2	90,000	45,000
Deeply Affordable Housing Units (no services)	Singles - 30% AMI	315	0	0	0	0
	Families - 40% AMI	105	0	0	0	0
Permanently Subsidized Units (S8, HCV/no services)	Singles	52	52 vouchers	0	0	0
	Families	18	18 vouchers	0	0	0
TOTAL		1386		31	\$1,395,000	\$697,500

HOUSING NOW

HOUSING AND SERVICES TARGETS--YEAR 2

TYPE OF HOUSING NEEDED		Units	Rental Assistance \$\$ or Vouchers	Case Management	Case Management Cost	Medicaid Funding
Permanent Supportive Housing Units	Singles	210	\$2,732,856	14	\$630,000	\$315,000
	Families	70	\$1,033,267	5	\$225,000	\$112,500
Rapid Rehousing Units	Singles	388	\$3,536,977	8	\$360,000	\$180,000
	Families	130	\$1,546,216	2	\$90,000	\$45,000
Shared Housing Units (Purpose Built)	Singles - 30% AMI	98	0	2	90,000	45,000
Deeply Affordable Housing Units (no services)	Singles - 30% AMI	315	0	0	0	0
	Families - 40% AMI	105	0	0	0	0
Permanently Subsidized Units (S8, HCV/no services)	Singles	52	52 vouchers	0	0	0
	Families	18	18 vouchers	0	0	0
TOTAL		1386		31	\$1,395,000	\$697,500

HOUSING NOW

HOUSING AND SERVICES TARGETS--YEAR 3

TYPE OF HOUSING NEEDED		Units	Rental Assistance \$\$ or Vouchers	Case Management	Case Management Cost	Medicaid Funding
Permanent Supportive Housing Units	Singles	210	\$2,732,856	14	\$630,000	\$315,000
	Families	70	\$1,033,267	5	\$225,000	\$112,500
Rapid Rehousing Units	Singles	388	\$3,536,977	8	\$360,000	\$180,000
	Families	130	\$1,546,216	2	\$90,000	\$45,000
Shared Housing Units (Purpose Built)	Singles - 30% AMI	98	0	2	90,000	45,000
Deeply Affordable Housing Units (no services)	Singles - 30% AMI	315	0	0	0	0
	Families - 40% AMI	105	0	0	0	0
Permanently Subsidized Units (S8, HCV/no services)	Singles	52	52 vouchers	0	0	0
	Families	18	18 vouchers	0	\$1,395,000	0
TOTAL		1386		31	\$2,790,000	\$697,500

HOUSING NOW

FINANCING PLAN

IB1 pg. 2

	PHYSICAL UNITS				SUBSIDIZED		TOTALS
	Permanent Supportive Housing	Shared Housing	Rapid Re-Housing	Deeply Affordable	Rapid Re-Housing	PH Subsidized/No Services	
Unit Allocation							
New	700	164	600	1000			2464
Acq/Rehab	500	250	400	700			1850
Hotel/Motel Conv	240		127	460			827
Scattered Site		80	200				280
Total Units	1440	494	1327	2160	1327	360	7108
Costs							
New	\$175,000,000	\$41,000,000	\$150,000,000	\$250,000,000			\$616,000,000
Acq/Rehab	\$70,000,000	\$35,000,000	\$56,000,000	\$98,000,000			\$259,000,000
Hotel/Motel Conv	\$33,600,000	\$0	\$17,780,000	\$64,400,000			\$115,780,000
Scattered Site	\$0	\$2,400,000	\$6,000,000	\$0			\$8,400,000
Subsidy					\$13,018,534	\$3,531,780	\$16,550,314
Total Costs	\$278,600,000	\$78,400,000	\$229,780,000	\$412,400,000	\$13,018,534	\$3,531,780	\$1,015,730,314



Fully funded, HOUSINGNOW:

- **provides every person and family a housing option**
- **increases capacity in the emergency shelter system countywide**
- **ends a community housing crisis**

Recommendations

- Using American Rescue Plan funding, create the Low-Income Housing Fund that provides long-term, deferred affordable financing
- Require any city receiving American Rescue Plan funding to contribute to the Low-Income Housing Fund
- Provide incentives for landlords to lease units to people experiencing homelessness
- Government entities (cities, county, State) contribute public-owned property for development of low-income housing
- Use State Medicaid funds for services and supportive housing case management
- Create an ongoing funding source for low-income housing such as linkage fees, recording fees, etc.

Commitments

- Placement of tenants into available housing within 30 days
- Provide better housing results data
- Right-size services and supports so that those in housing can succeed
- Be actively engaged in communities where our clients live
- Be responsible stewards of all allocated funding with a commitment to reach the housing goals outlined in HOUSINGNOW

HOUSING NOW

Housing is the solution to homelessness

**Together, we can make Salt Lake County
whole again**

NOW is the time

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Agency Response

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State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Office of Homeless Services

WAYNE NIEDERHAUSER
Homelessness Coordinator

TRICIA DAVIS
Assistant Director

November 8, 2021

Mr. Kade R. Minchey CIA, CFE, Auditor General
Office of the Legislative Auditor General Utah State Capitol Complex
Rebecca Lockhart House Building, Suite W315
P.O. Box 145315
Salt Lake City, UT 84114-5315

RE: Report No. 2021-14

Dear Mr. Minchey:

Thank you for the opportunity to respond to the audit entitled, "An In-depth Follow up of the Oversight and Management of Utah's Homeless Service System".

We recognize the efforts of the Office of the Legislative Auditor General and appreciate the professional manner in which the auditors' conducted the follow-up report to the December 2018 report that addressed concerns with oversight, performance measures and coordination of Utah's homeless services system. Since then, the Office of Homeless Services has taken steps to address the concerns identified in the 2018 report. Additionally, the study conducted by the Kem C. Gardner Policy Institute, "Utah Homeless Services Governance Structure and Funding Model", informed H.B. 347 during the 2021 General Session. The Legislature passed H.B. 347 which created the Utah Homelessness Coordinator who has since been appointed by Governor Cox.

It is pleasing to learn that the auditors found improvement since the release of the 2018 audit. We also appreciate the auditors' work identifying additional steps that can be taken to create a more accountable, data driven and results-oriented system.

Clarifying the goals and objectives of the homeless services system is a policy decision for the Utah Homelessness Council (Council). The Office of Homeless Services will work closely with the members of the Council to implement the audit recommendations.

The audit has highlighted efforts that Homelessness Coordinator and the Office of Homeless Services have been working on for several months. A Request for Proposal (RFP) will be released within the next month to revise the State Strategic Plan on Homelessness. Additionally, we will be working with the Utah Homelessness Council on data integration and Homeless Management Information System improvement.

As an Office, we are committed to continued support of the Utah Homelessness Council, the Local Homeless Councils and the Utah Homeless Network in finding solutions which create the best opportunity to make homelessness rare, brief and nonrecurring. Should you have any further questions or concerns, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in blue ink that reads "Wayne Niederhauser". The signature is fluid and cursive, with a long horizontal stroke at the end.

Wayne Niederhauser,
State Homeless Services Coordinator
Office of Homeless Services