



COREY O'CONNOR

Allegheny County Controller

**Performance Audit Report on
Allegheny County Department of Human Services
Homeless Assistance Program
For the Period
July 1, 2022 through December 31, 2023**

August 28, 2024

Contents

Letter	1
I. Introduction	3
II. Objectives, Scope, and Methodologies	8
III. Findings and Recommendations:	
Finding #1: Bridge Housing has Waiting Lists Yet Programs are Not Operating Near Full Capacity	10
Finding #2: Clients' Length of Stay at Emergency Shelters Exceeds DHS's 30-Day Goal	13
Finding #3: Internal Controls and Processes Need Improvement and to be Documented	18
Finding #4: The State HSBF Allocation is Insufficient to Adequately Fund The Homeless Assistance Program	22
IV. Conclusion	23
V. Schedules:	
Schedule I: HAP Emergency Shelter Provider Informational Summary	24
Schedule II: HAP Bridge Housing Provider Informational Summary	25
Response from the Department of Human Services Director	26



COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219-2498
PHONE (412) 350-4660 • (412) 350-3006

August 27, 2024

Ms. Erin Dalton
Director
Department of Human Services
One Smithfield Street
Fourth Floor
Pittsburgh, PA 15222

Performance Audit Report on
Allegheny County Department of Human Services
Homeless Assistance Program
For the Period July 1, 2022 through December 31, 2023

Dear Director Dalton:

We conducted a performance audit to evaluate how the Allegheny County Department of Human Services (DHS) monitors and evaluates the Homeless Assistance Program (HAP) providers. Our procedures were applied to the period from July 1, 2022, through December 31, 2023. Our performance audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

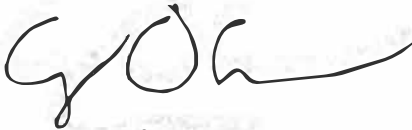
The results of our procedures revealed that the length of stay at Emergency Shelters appears excessive, Bridge Housing has waiting lists, yet programs are not operating near full capacity, and internal controls and processes need to be improved. In addition, the HAP allocation from the state-funded block grant is insufficient to cover DHS's HAP expenditures.

We offer recommendations so that the Department of Human Services can better assist this vulnerable population. The results of our audit are detailed in the attached report.

Director Dalton
August 27, 2024
Page 2

We would like to thank the management and staff of the Department of Human Services for their courtesy and cooperation during our audit.

Kind regards,

A handwritten signature in black ink, appearing to read 'CO'Connor', with a stylized, flowing script.

Corey O'Connor
Controller

A handwritten signature in blue ink, appearing to read 'Lori A. Churilla', with a stylized, flowing script.

Lori A. Churilla
Assistant Deputy Controller, Auditing

cc: Honorable Patrick Catena, President, County Council
Honorable John F. Palmiere, Vice-President, County Council
Honorable Sara Innamorato, County Executive, Allegheny County
Mr. Stephen Pilarski, Acting County Manager, Allegheny County
Mr. Grant Gittlen, Chief of Staff, Allegheny County
Mr. Timothy Cox, Deputy Director, Budget and Finance
Mr. Adam Lentz, Deputy Director, Budget and Finance
Mr. Ken Varhola, Chief of Staff, County Council
Ms. Sarah Roka, Budget Manager, County Council

I. Introduction

The Allegheny County Department of Human Services (DHS) operates the Homeless Assistance Program (HAP), which offers a variety of supportive services to individuals and families experiencing or at risk of homelessness and who can demonstrate that, with HAP intervention, they will be able to meet their basic housing needs in the near future.

HAP services are state-funded through the Human Services Block Grant (HSBG) under the Pennsylvania Department of Human Services (PA DHS), which requires the County to provide a 2.24% match. The State initially awards the block grant funds by categorical program (such as mental health, drug and alcohol, and others), but DHS has the ability to reallocate funds between these programs. For fiscal year 2022/2023 (FY 22/23), the state awarded approximately \$2.6 million in HSBG funds for HAP. However, HAP expenditures totaled over \$12.6 million for the fiscal year, requiring DHS to allocate an additional \$10 million to HAP that was initially allocated to other programs under the Block Grant.

The PA DHS Office of Income Maintenance (OIM) administers the HAP and publishes the Homeless Assistance Program Instructions and Requirements manual (HAP I&R) to provide operational guidance for the program. The I&R identifies program goals, client eligibility criteria, allowable expenditures, and requirements for recordkeeping, reporting, and program monitoring. According to the I&R, the objectives of the HAP are to provide homelessness prevention services that assist clients to maintain affordable housing, help people experiencing homelessness find refuge and care, and assist people experiencing or near homelessness in attaining economic self-sufficiency. This is to be accomplished through one or more of the following five service components: Emergency Shelter, Bridge Housing, Case Management, Rental Assistance, and Innovative Supportive Housing Services (Innovative Support). The following table shows HAP expenditures for FY 22/23 by service.

Service Component	2022/2023 Expenditures
Emergency Shelter	\$ 2,299,447
Bridge Housing	1,004,157
Penn Free Bridge Housing	730,725
Case Management	4,292,477
Rental Assistance	567,526
Innovative Support	124,621
Subtotal	\$ 9,018,953
Administration	\$ 3,595,388
TOTAL	<u>\$12,614,341</u>

Emergency Shelter

Emergency Shelter provides refuge and care to persons who are in immediate need and are experiencing homelessness, because they do not have a permanent legal residence of their own. This can include mass or individual shelter in congregate settings, as well as individual shelter

I. Introduction

paid through a voucher system to house clients in motels or hotels. Schedule I on page 24 provides an informational summary of HAP funded Emergency Shelter programs.

Bridge Housing

Bridge Housing is a transitional service that allows clients who are in temporary housing to move to supportive long-term living arrangements while preparing to live independently. Clients must receive Case Management and supportive services while in Bridge Housing and must have a service plan that describes how the program will assist clients for up to 18 months with the goal of returning clients to the most independent life situation possible. This component is designed to bridge the gap between Emergency Shelter and stable long-term housing. Clients are eligible to remain in the program for a period of 12 months, and the County can permit the stay to extend to 18 months. Stays beyond 18 months require a waiver from PA DHS OIM. Penn Free Bridge Housing offers secure housing to individuals and families who have a history of unhealthy substance abuse and are homeless. Schedule II on page 25 provides an informational summary of HAP-funded Bridge Housing programs.

Case Management

Case Management is used to coordinate the activities the client needs to obtain or retain housing and to achieve self-sufficiency. Case Management is defined as a “collaborative process that assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet the client’s health and human service needs. It is characterized by advocacy, communication, and resource management and promotes quality and cost-effective interventions and outcomes.”

Rental Assistance

Rental Assistance helps to prevent homelessness or near homelessness by assisting clients facing eviction from their apartment or home. HAP funds can be used to assist with payments for rent, mortgage arrears, security deposits, and utilities. Funds can also be utilized to help move individuals out of shelter and into a more permanent, affordable, living situation. Clients should be encouraged to participate in budgeting and money management training in an effort to prevent a possible future housing crisis. Case Management should also be available for as long as the client needs the services.

Innovative Support

The Innovative Support component enables the service provider to design a supportive housing service for people experiencing or at risk for homelessness that is outside the scope of existing HAP components. A project is deemed to be innovative when the particular approach is new to the area, is a sensible model, and other communities can duplicate it.

I. Introduction

HAP Providers

HAP providers may offer services under multiple service components and may have multiple programs under a service component. For example, ACTION Housing operated three Emergency Shelters and two Bridge Housing facilities under HAP during our audit period. Additionally, providers can receive funding from other sources for HAP-funded programs (e.g. funding from other DHS offices, external grants, private fundraising). According to DHS, programmatic and fiscal specialists monitor and review all aspects of each provider's program. Programmatic compliance is monitored using an evaluation tool based on HAP, U.S. Department of Housing and Urban Development (HUD), and Allegheny County Continuum of Care (CoC) standards and fiscal compliance is reviewed through the invoice process.

Coordinated Entry

The Allegheny County Continuum of Care (CoC) is the County's community-based homeless services planning network composed of a group of various individuals and organizations engaged in ending and preventing homelessness in Allegheny County. DHS takes on the day-to-day and operation responsibilities of the CoC. The CoC utilizes a range of housing options and services (funded through various sources) for people experiencing or at risk of homelessness. Coordinated Entry provides streamlined access to these services through the Allegheny Link and the DHS Office of Community Services (OCS) Field Unit. Allegheny Link and OCS Field Unit service coordinators screen applicants and utilize an assessment tool to prioritize admission to housing services, such as Bridge Housing. The service coordinators also review other programs the individuals may be eligible for. Emergency Shelters do not require a referral from Allegheny Link and individuals can access shelters directly. Allegheny Link can be accessed by phone, in person, and through email. The OCS Field Unit assists those who are 'street homeless' and unable to contact Allegheny Link.

Homeless Management Information System

HAP providers are required to use the Homeless Management Information System (HMIS) to document information on clients served. The HMIS is designed to record and store client-level information on the characteristics and needs of those using homeless housing and supportive services, document an unduplicated count of homeless persons, achieve reporting needs, understand the extent and nature of homelessness in the County, understand patterns of service usage, and measure the effectiveness of projects and systems of care. While each client has a client number unique to the HMIS system, each client is also assigned a master client index ID that is used across all DHS systems. Data from the HMIS is used for various purposes, including the calculation of most HAP Emergency Shelter providers' invoices, as well as numerous reports prepared by DHS.

I. Introduction

Point-in-Time Counts

The U.S. Department of Housing and Urban Development (HUD) requires a census of the number of people experiencing homelessness on a single night. A Point-in-Time count is to be conducted during the last ten days in January each year. DHS manages the count based on HUD's definition of homeless and guidance on how to conduct the count. Internal and external street outreach teams and volunteers are used to conduct the count of unsheltered individuals. Data from the HMIS provides information about those in Emergency Shelters and transitional housing, and domestic violence shelters provide counts for their locations. According to DHS, Point-in-Time counts vary over time due to changes in the number of people experiencing homelessness, changes in guidance from HUD in how the Point-in-Time count is conducted, changes in the capacity of the homeless support system, as well as fluctuations unrelated to the change in the number of people experiencing homelessness (such as the number of volunteer surveyors, weather conditions, and areas surveyed).

DHS maintains an online interactive dashboard that includes historic Point-in-Time count information. According to the Point-in-Time counts, the homeless population decreased from January 2020 to January 2021, but has increased every year since then. On January 30, 2024, the homeless population was 1,164 people, an increase of 31% over 2020. The breakdown by year and location is shown below.

Annual Point-in-Time Homeless Counts by Location Type

	Point-in-Time Count				
	1/30/24	1/24/23	2/23/22*	1/27/21	1/29/20
<u>Experiencing Homelessness</u>					
Emergency Shelter	857	758	631	506	575
Unsheltered	169	155	105	65	163
Subtotal	1,026	913	736	571	738
<u>In Supportive Housing</u>					
Transitional Housing	123	102	132	113	141
Safe Haven	15	11	12	5	8
Subtotal	138	113	144	118	149
Total Homeless Population	1,164	1,026	880	689	887

**HUD allowed count to be delayed one month due to the COVID-19 pandemic*

Source: Allegheny County Annual Point-In-Time Homeless Count (online dashboard)

Emergency Shelter: A facility with overnight sleeping accommodations, the primary purpose of which is to provide temporary shelter. Those in Emergency Shelters are considered to be homeless.

I. Introduction

Unsheltered: Describes a person who is residing in a place not meant for human habitation, such as on the street, in an underpass, in a park, in a car, or in an abandoned building.

Transitional Housing: A facility designed to provide housing and appropriate supportive services to homeless people to facilitate movement to independent living within a reasonable time period.

Safe Haven: A form of supportive housing that serves hard-to-reach homeless people with severe mental illness who come primarily from the streets and have been unwilling to participate in housing services. In Allegheny County, these types of shelters currently serve eligible veterans. People utilizing safe havens are considered to be homeless.

During the counts, additional information is collected on the homeless population. The chart below summarizes information from the online dashboard.

Self-Reported Demographic Information of the Homeless Population

	Point-in-Time Count				
	1/30/24	1/24/23	2/23/22*	1/27/21	1/29/20
Gender Breakdown					
Male	698 (60%)	644 (63%)	550 (63%)	420 (61%)	540 (61%)
Female	452 (39%)	376 (36%)	326 (37%)	265 (38%)	341 (38%)
Another Gender	14 (1%)	6 (1%)	4 (0%)	4 (1%)	6 (1%)
Racial Demographic					
Black	598 (51%)	492 (48%)	471 (53%)	347 (50%)	484 (54%)
White	443 (38%)	435 (42%)	315 (36%)	270 (39%)	316 (36%)
Two or More Races	66 (6%)	80 (8%)	84 (10%)	65 (10%)	73 (8%)
Another Race	57 (5%)	19 (2%)	10 (1%)	7 (1%)	14 (2%)
Homeless Subpopulations (can be included in multiple categories)					
Mental Health Disability	313	393	351	373	257
Substance Use Disorder	188	237	252	259	209
Chronically Homeless	263	215	284	48	183
Domestic Violence Survivor	62	145	114	142	73
Veterans	119	106	85	62	106
HIV/AIDS	7	4	7	4	3

**HUD allowed count to be delayed one month due to the COVID-19 pandemic*

Source: Allegheny County Annual Point-In-Time Homeless Count (online dashboard)

II. Objectives, Scope, and Methodology

Objectives

Our objectives were to determine whether DHS is adequately monitoring and evaluating the effectiveness of the providers under the HAP. Specifically, our objectives were to:

- Identify what types of programs are offered through HAP and what measures DHS utilizes to reduce the incarceration rate of the homeless population.
- Determine if DHS has proper policies and procedures to allocate HAP funding between the providers to ensure that the allocation of available resources is reasonable.
- Analyze the number of homeless people that were provided services as well as the amount paid for those services on a provider basis.
- For Emergency Shelters, calculate the occupancy percentage by provider to determine which programs and providers have the highest utilization rates and which programs are not being utilized to the fullest capacity.
- Determine what type of monitoring is done by DHS to ensure the providers' homelessness programs are operating efficiently and the resources that are allocated to the providers are serving the intended purpose.

Scope

Our audit procedures covered the period July 1, 2022, through December 31, 2023. We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodology

Methodologies used to accomplish our objective included, but were not limited to, the following:

- Interviewed DHS management and staff to gain an understanding of the HAP funding and operations including internal controls deemed significant within the context of our objectives. Any significant findings related to internal control are included in the findings and recommendations.
- Reviewed various HAP requirements, policies and procedures, reports, award letters, monitoring reports, and other relevant documents.
- Analyzed HMIS statistics and reports provided by DHS to determine Emergency Shelter and Bridge Housing occupancy rates and to evaluate other information related to the individuals in HAP programs. We also calculated the length of time individuals stayed in

II. Objectives, Scope, and Methodology

the shelter and Bridge Housing. Our calculations included anyone that stayed at least one night during our audit period (July 1, 2022, through December 31, 2023). If they were still in the shelter/housing at the end of our period, we calculated the stay through December 31, 2023.

- Examined renewal requests, contracts, and financial records to determine amounts paid to providers for each HAP service component.
- Tested a haphazardly selected sample of invoices submitted by providers to determine if adequate support was attached to substantiate the invoice.
- Tested monitoring reports to determine if DHS performed monitoring procedures for HAP providers.
- Performed other procedures as deemed necessary.

We provided a draft copy of this report to the Department of Human Services Director for response. The response begins on page 26.

III. Findings and Recommendations

Finding #1

Bridge Housing Has Waiting Lists Yet Programs Are Not Operating Near Full Capacity

Criteria:

Bridge Housing is a transitional service that allows clients who are in temporary housing to move to supportive long-term living arrangements while preparing to live independently. Clients must receive Case Management and supportive services while in Bridge Housing and must have a service plan that describes how the program will assist them for up to 18 months with the goal of returning to the most independent life situation possible. This component is designed to bridge the gap between Emergency Shelter and stable long-term housing. Clients are eligible to remain in the program for 12 months, and the County can permit the stay to extend to 18 months. Stays beyond 18 months require a waiver from PA DHS OIM. Penn Free Bridge Housing offers secure housing to people ages 18 and older who are homeless and in recovery from alcohol and drug abuse.

Condition:

Of the \$12.6 million of HAP funding for July 1, 2022, through June 30, 2023 (FY 22/23), \$1.7 million was paid for Bridge Housing and Penn Free Bridge Housing (referred to collectively as Bridge Housing). DHS has six Bridge Housing programs that received HAP funding. For FY 22/23, we noted that none of the six Bridge Housing programs (0%) were filled to capacity during any of the four quarters of the fiscal year.

As documented in the chart on the next page, Bridge Housing was only above 70% occupancy for eight of the 24 quarters (33%) during the fiscal year (three of the eight programs fell into this range). Bridge Housing occupancy was under 70% for the other 16 quarters (67%) in the period (five of the eight programs fell into this range). The chart also includes the estimated number of housing units (units) filled and the number of units available based on the data provided from DHS. In total, there were 148 Bridge Housing units available each day throughout the six providers. On average, there were approximately 53 vacant units in the HAP Bridge Housing programs during FY 22/23.

III. Findings and Recommendations

**Bridge Housing Occupancy Percentages by Quarter (Qtr.)
For FY22/23**

Bridge Housing (Initial Contract Date)	Maximum Capacity (Units)	1st Qtr. (July-Sept)	2nd Qtr. (Oct- Dec)	3rd Qtr. (Jan-Mar)	4th Qtr. (Apr-June)
ACTION Housing Center Ave. (7/2010)	10	81% 8 units	90% 9 units	81% 8 units	97% 10 units
YWCA Greater Pittsburgh (7/2009)	29	85% 25 units	88% 26 units	83% 24 units	65% 19 units
ACTION Housing McKeesport (7/2010)	14	77% 11 units	59% 8 units	61% 9 units	55% 8 units
Primary Care/1 st Step Recovery (7/2008)	23	58% 13 units	66% 15 units	54% 12 units	57% 13 units
YMCA Allegheny (7/2013)	10	42% 4 units	26% 3 units	20% 2 units	7% 1 unit
Chartiers Center (Penn Free) (7/2017)	62	60% 37 units	66% 41 units	57% 35 units	65% 40 units
Total Units Filled	-	98 units	102 units	90 units	91 units
Total Units Available	-	50 units	46 units	58 units	57 units
<i>Source: HMIS Program Statistics provided by DHS</i>					

Even though only one of the six providers was above 70% occupancy during the 4th quarter ended June 30, 2023, there were 447 individuals on the Bridge Housing and Penn Free Bridge Housing waiting lists as of the end of the quarter. We also noted there were 430 and 380 on the waiting lists as of June 30, 2022 and December 31, 2023, respectively, as documented in the chart below. These figures do not include the waiting list for Primary Care/1st Step Recovery. Referrals to this program are through other sources such as the jail or the courts and not through DHS.

Number of Individuals on Waiting List for Bridge Housing

As of:	Bridge Housing	Penn Free Bridge Housing	# Individuals on both Waiting Lists	TOTAL (without duplicates)
June 30, 2022	296	170	36	430
June 30, 2023	230	284	67	447
Dec. 31, 2023	237	210	67	380
<i>Source: Wait List data provided by DHS</i>				

III. Findings and Recommendations

Cause: We were told by DHS management that DHS fills Bridge Housing vacancies when a provider notifies DHS of availability and requests a referral. DHS stated that sometimes rooms require time to clean and repair after turnover, and sometimes staffing vacancies need to be filled which causes a provider not to request a referral.

Effect: Due to the providers not operating near full capacity, there are significant waiting lists for individuals experiencing homelessness to obtain Bridge Housing, making their stay at shelters (or possibly on the streets) much longer. This results in the client being unable to obtain housing services and reaching their goals of returning to the most independent life possible in a timely manner.

Recommendations: We recommend that the Department of Human Services:

- Work with the current providers to improve processes so occupancy levels can be increased to ensure that the clients can obtain timely Bridge Housing and achieve their goals.
- Obtain more providers who offer Bridge Housing that can operate at full capacity to ensure clients are moving through the system in a timely manner.
- Monitor occupancy levels for providers offering Bridge Housing to identify which providers are operating efficiently to combat homelessness and which providers are not. These providers should be evaluated to determine if improvements can be achieved, and occupancy rates improved.

**Management's
Response:**

The response from the DHS Director begins on page 26.

III. Findings and Recommendations

Finding #2

Clients' Length of Stay at Emergency Shelters Exceeds DHS's 30-Day Goal

Criteria: The purpose of an Emergency Shelter is to provide refuge and care to individuals who are in immediate need and are experiencing homelessness, because they do not have a permanent legal residence of their own. According to the PA DHS, the HAP Emergency Shelter component is to provide shelter for a short period of time. During that time, individuals are to be provided Case Management services to assist with securing more permanent housing. According to DHS management, there are no requirements within the HAP I&R related to how long a shelter stay can last. However, the local goal is that shelter stays last 30 days or less.

Condition: For FY 22/23, HAP expenditures totaled \$12.6 million, of which \$4,625,432 (37%) was paid for Emergency Shelter programs (\$2,299,447 was paid through the Emergency Shelter service component and \$2,325,985 was paid through the Case Management service component). DHS uses HAP funding primarily for shelters that serve single adults, although, in rare occasions, HAP funds support families or older youth. Emergency Shelters designated as 'Family Shelters' are not HAP-funded. DHS typically leverages Children, Youth and Families funds for these shelters due to the insufficient amount of HAP funding received by the County (see Finding #4).

There are 15 Emergency Shelters, run by eight different providers, that are funded through HAP. We reviewed detailed statistics provided by DHS for these Emergency Shelters to determine how long individuals stay in the shelter. Our analysis found that the number of days spent by individuals in a shelter ranged from a low of one day to a high of 1,551 days. We also noted, as illustrated in the chart below, that 17%, or 1,044 of the total individuals in Emergency Shelters, stayed for 91 days or more. An additional 24%, or 1,439 individuals, stayed between 31 and 90 days.

III. Findings and Recommendations

Length of Stay in Emergency Shelters

Emergency Shelter	Range of Days (# of Days) Low to High	Number of People per Length of Stay Range			
		1-30 Days	31-90 Days	91 + Days	Total
ACTION Housing McKeesport	13 - 1,551	13	24	74	111
ACTION Housing Low-Barrier	1 - 1,124	101	38	41	180
ACTION Housing Smithfield	1 - 526	776	334	366	1,476
Bethlehem Haven	2 - 484	136	85	59	280
CHS Home 2020	21-393	4	3	10	17
CHS Safe Haven	1 - 90	123	6	0	129
CHS Scattered Sites	1 - 955	17	22	75	114
EECM	1 - 704	76	59	44	179
EECM Overflow	1 - 126	142	172	3	317
Family Links	1 - 390	81	53	33	167
Goodwill / Pleasant Valley	2 - 499	88	69	53	210
Light of Life	1 - 366	632	157	60	849
Light of Life Overflow	1 - 374	315	41	5	361
Pgh. Mercy 2 nd Ave. Commons	1 - 409	381	167	130	678
Pgh. Mercy 2 nd Ave. Overflow	1 - 447	663	209	91	963
TOTAL	1 - 1,551	3,548	1,439	1,044	6,031

Source: Detailed Statistics provided by DHS.

We also reviewed the occupancy rate for all 15 Emergency Shelter programs for FY 22/23. Some shelters were not opened the entire year, particularly overflow shelters, because the shelter only operates on a seasonal / part-time basis, or the shelter was not yet operational. Overflow shelters consist of extra space that the providers have, such as cafeterias and meeting rooms, that get repurposed with cots and beds. These are usually used throughout the winter months or when severe weather conditions arise.

If the shelter was not open at all during a quarter, this is indicated in the chart on the next page. If a shelter was open for a portion of the quarter, the occupancy percentage is shown for the months the shelter was open. Any partial months were excluded from the calculations. For example, EECM overflow was open from January 29, 2023, through April 14, 2023, and again from June 21, 2023 through the end of our audit period. Since April and June are partial months, and the shelter was not open in May, occupancy percentage is not calculated for the 4th quarter of FY 22/23.

III. Findings and Recommendations

Emergency Shelter Occupancy Percentages for FY 22/23

Emergency Shelter	1st Quarter (July-Sept)	2nd Quarter (Oct- Dec)	3rd Quarter (Jan-Mar)	4th Quarter (Apr-June)
Light of Life	114%	110%	101%	104%
ACTION Housing McKeesport	98%	97%	98%	100%
Goodwill / Pleasant Valley	88%	95%	97%	102%
EECM	96%	94%	96%	91%
ACTION Housing Low Barrier (Team PSBG)	93%	92%	94%	91%
Bethlehem Haven	93%	94%	86%	84%
Familylinks DOCS	78%	88%	76%	79%
Pgh. Mercy 2 nd Ave. Commons	<i>Shelter not open</i>	77%	99%	99%
EECM Overflow	<i>Shelter not open</i>	<i>Shelter not open</i>	219%	<i>Shelter not open</i>
CHS Scattered Sites	110%	135%	64%	64%
ACTION Housing Smithfield *	<i>Shelter not open</i>	58%	87%	101%
Light of Life Overflow	75%	<i>Shelter not open</i>	<i>Shelter not open</i>	34%
Pgh. Mercy 2 nd Ave. Commons Overflow	<i>Shelter not open</i>	52%	67%	20%
CHS Home 2020 *	36%	11%	<i>Shelter not open</i>	<i>Shelter not open</i>
CHS Safe Haven Hotel *	3%	3%	5%	2%
* Shelter is no longer in operation Source: HMIS Program Statistics provided by DHS				

The 15 Emergency Shelter programs were open during 50 quarters of FY 22/23. As documented above, Emergency Shelters were above 70% occupancy for 37 of the 50 quarters (74%) during the fiscal year (12 of the 15 programs fell into this range). Emergency Shelter occupancy was under 70% for the other 13 quarters (26%) in the period (six of the 15 programs fell into this range).

III. Findings and Recommendations

For the six shelters with an occupancy rate under 70% in any quarter, we noted the following:

- CHS Scattered Site is a referral only shelter.
- ACTION Housing Smithfield opened in November 2022 and closed in June 2023.
- Light of Life and Pittsburgh Mercy 2nd Ave. are overflow shelters.
- CHS Home 2020 shelter closed in December 2022.
- CHS Safe Haven Hotel closed in May 2023.

Cause: The next step for individuals in Emergency Shelters is to transition from homelessness into more permanent housing. One way is Bridge Housing. As noted in Finding #1, there was and currently is a waiting list for individuals seeking Bridge Housing. The DHS providers that are contracted to provide Bridge Housing are not operating near full capacity resulting in individuals being put on waiting lists. Therefore, this leads to longer stays in Emergency Shelters, limiting the individual's goal of living in their own home or apartment.

Effect: The goal of HAP, which is to help assure that homelessness can be avoided, people who are homeless can find refuge and care, and homeless and near homeless clients can be assisted in moving toward self-sufficiency, is not being achieved in a timely manner. On average, an individual spent 47 days in a HAP-funded Emergency Shelter, and 41% of individuals stayed more than 30 days.

Recommendations: We recommend that the Department of Human Services:

- Work with current Emergency Shelter providers to determine why client stays exceed the goal of 30 days and assess the reasons they have not moved to temporary or permanent housing in a timely manner.
- Work with providers in other various programs (regardless of funding source) to ensure transitional housing or permanent living accommodations are available. This will provide those living in Emergency Shelters an option to move to a more permanent setting in a timely manner.
- Continue to explore innovative options to provide long-term or permanent housing, such as the 500 in 500 initiative, to reduce

III. Findings and Recommendations

emergency shelter stays. In June 2024, DHS launched this initiative to make 500 affordable housing units available in 500 days.

**Management's
Response:**

The response from the DHS Director begins on page 26.

III. Findings and Recommendations

Finding #3
Internal Controls and Processes
Need Improvement and to be Documented

Criteria: The primary purpose of internal controls is to help safeguard an organization and further its objectives. Internal controls function to minimize risks and protect assets, ensure accuracy of records, promote operational efficiencies, and encourage adherence to policies and procedures, regulations, and laws.

Condition: During our audit testing we noted several internal controls and processes that need to be strengthened and documented. These include:

Determination of Funding Allocations and Emergency Shelter Per Diem Rates is Not Documented by DHS

We asked DHS for documentation of how funding allocations are calculated and determined for HAP providers. DHS does not have written policies or procedures on the HAP allocation process, however, DHS management explained their process to us and indicated that their procedures align with the HAP I&R as well as PA DHS's County Human Services Plan bulletin. Due to the critical nature of services provided and the need for services to continue without interruption, DHS does not enter into a formal procurement process for HAP services every year. Instead, current providers, which were previously subject to the procurement process, submit annual renewal applications to request funding for the next fiscal year. Most providers will request a small increase from their prior year allocation for increases in costs and salaries. A DHS administration group for Housing and Homelessness services reviews the forms in connection with any needed changes to the mix of services or types of services being provided. The review includes an evaluation of the need for continued services, the budget needs of the provider, and provider performance. The DHS Planning team and the DHS Director review the recommendations made by the administration group, and the Director ultimately approves the providers for contracting.

All HAP components (Emergency Shelter, Bridge Housing, Case Management, Rental Assistance, and Innovative Support) are contracted as program funded services, meaning the provider is reimbursed for the costs incurred in providing the contracted service. However, even though Emergency Shelters are contracted as a program funded service, DHS told us these providers are paid based on a standard per diem rate of \$15 per bed

III. Findings and Recommendations

night. During our testing, we found the per diem rates paid to providers ranged from \$10 to \$21 dollars. We asked DHS for documentation of how the provider rates were calculated. DHS stated that the Office of Community Services (OCS) does not have written policies, procedures, or processes related to the calculation of the per diem rates beyond the HAP I&R guidance, and most shelter providers use the \$15 rate. However, some providers are paid a higher or lower rate based on population served or the amount of available funding. If the per diem rate does not fully cover providers' cost of shelter staffing and services, OCS allocates additional funding under the Case Management component, which is determined based on providers' submitted budget, performance, and overall funding availability.

Bed Nights Invoiced by Providers Do Not Agree to the Data in the HMIS System

HAP providers are required to use the Homelessness Management Information System (HMIS) to document information on clients served. DHS told us that Emergency Shelter providers pull a monthly occupancy census from HMIS, which they include with their invoice, and the census count is multiplied by the per diem rate to get the total invoice amount.

We reviewed the invoices for the eight Emergency Shelter programs that were paid a per diem rate for FY 22/23 and found that the number of bed nights on the provider invoices do not agree to the number provided by DHS from HMIS. Four of the eight programs (50%) reported less nights on the invoice than in HMIS, and the other four (50%) reported more nights on their invoice. The differences ranged from 1,541 nights less than HMIS to 1,097 nights more than HMIS. DHS stated the differences can be due to provider data entry error, providers not invoicing for all clients served, or providers invoicing for nights when clients do not appear for a bed being held (once it's determined the client is not returning, the provider exists them in HMIS on their last day of appearance, but is allowed to invoice DHS for nights when the bed was held.)

Invoices Do Not Contain Adequate Documentation

The HAP I&R requires service providers to maintain books, records, documents, and other evidence pertaining to costs and expenses of the grant. During an initial meeting with DHS management, they explained their process related to provider invoices. We were told that HAP providers that are paid on a cost-reimbursement basis (program funded) submit monthly invoices based on actual cost from the previous month. All backup documentation submitted with the invoice, including receipts and support for payroll, time sheets, and utilities, is stored electronically by DHS in the

III. Findings and Recommendations

Master Provider Enterprise Repository (MPER) system. DHS verifies the providers are submitting detailed backup documentation that supports the invoiced amounts. DHS does have a few providers that they consider to be “graduated” and will allow them to submit more general information as backup to the invoices. The providers are still required to keep detailed records, which DHS reviews on a periodic basis.

We conducted our testing based on the processes described by DHS and tested a sample of 25 invoices (one invoice for each HAP provider, under each service component, that was paid on a cost reimbursement basis). DHS provided a list of HAP providers in graduated status. Five of these invoices were for a graduated provider, leaving 20 invoices for nongraduated providers. We reviewed the records provided by DHS to determine if sufficient supporting documentation was available to substantiate the invoice and found that five of the 20 invoices (25%) did not contain sufficient supporting detail or receipts. DHS did not provide any additional support for these five invoices. Therefore, we could not substantiate the accuracy of the invoices.

We asked DHS why detailed support was not available. DHS management stated that they do not require all providers to submit receipts and payroll support at the time of invoicing, this documentation is reviewed during a site visit. DHS also indicated that the practice of “graduated status” originated from HUD and is not relevant to HAP-funded providers. Even if this process is only required for HUD-funded providers, reviewing sufficient documentation for provider invoices that are paid on a cost-reimbursement basis is a key internal control that can be implemented regardless of the funding source.

Cost Code in JDE was Incorrect Totaling \$85,979

During our testing we noted that one DHS provider that provided Case Management services was improperly coded in Allegheny County’s accounting system, JDE, as a provider for Bridge Housing services for FY 22/23. This resulted in \$85,979 being improperly coded by DHS to the wrong service component.

Cause: According to DHS management, their procedures align with the HAP I&R manual as well as PA DHS’s County Human Services Plan bulletin, but they do not have any written policies or procedures on the HAP allocation process or calculation of the per diem rates.

Effect: When internal controls and processes are not documented, consistently followed, and reviewed and communicated, it is difficult to ensure accuracy

III. Findings and Recommendations

of records and can lead to confusion and inconsistent approaches as well as human errors, inadequate segregation of duties, lack of monitoring, and insufficient resources.

Recommendations: We recommend that the Department of Human Services:

- Implement written policies and procedures regarding the HAP funding allocation process, as well as the process used to determine per diem rates. Processes should be applied consistently to all providers.
- Reconcile the bed nights invoiced by providers to data recorded in HMIS to ensure accuracy of records. This process should be properly documented as part of the policies and procedures.
- Ensure invoices submitted by providers that are paid on a cost-reimbursement basis contain adequate documentation to support all charges.
- Properly review all charges recorded in the JDE system to ensure accuracy of accounting records.

**Management's
Response:**

The response from the DHS Director begins on page 26.

III. Findings and Recommendations

Finding #4

The State Human Services Block Grant Allocation is Insufficient to Adequately Fund the Homeless Assistance Program

Criteria:	Allegheny County receives funding for the HAP through the annual state-funded block grant. The PA DHS Office of Income Maintenance (OIM) allocates a portion of the block grant for the County to design a homeless assistance program that meets HAP goals within the parameters outlined in the HAP I&R.
Condition:	For FY 22/23, the Human Services Block Grant included an allocation of \$2.6 million for HAP. However, DHS HAP expenditures totaled \$12.6 million for this period.
Cause:	According to DHS management, its HSBG HAP allocation had not increased for at least 10 years. It was not until FY 24/25 that the state's total appropriation for the HAP program increased by \$5 million statewide to be shared by all participating counties.
Effect:	DHS had to allocate an additional \$10 million to HAP because its expenditures exceeded the initial \$2.6 million allocation. This \$10 million was initially allocated to other block grant-funded programs. According to DHS management, most of that amount was shifted from the allocation for mental health services, which is another high need area in Allegheny County that utilizes block grant funds for services that are not funded through Medicaid.
Recommendations:	We recommend that the Department of Human Services, through County officials, work with the Governor's Office and the State Legislature to ensure adequate funding is appropriated for HAP so that funding for other high-need programs is not reduced.
Management's Response:	The response from the DHS Director begins on page 26.

IV. Conclusion

To improve programs surrounding homelessness, DHS needs to better monitor providers who provide Bridge Housing. The six providers for Bridge Housing under HAP are not operating near or at full capacity. Furthermore, there are several hundred individuals on waiting lists for Bridge Housing.

Due to these inefficiencies, the length of stay by individuals at the Emergency Shelters range from one day to 1,551 days, which appears excessive when the goal is to provide shelter for a short period of time of 30 days or less. These individuals are not able to obtain permanent living arrangements in a timely manner and resort to either longer stays in shelters or living in an unsheltered location, such as tent encampments.

Furthermore, DHS needs to strengthen its internal control procedures and document its processes regarding HAP funding allocations and Emergency Shelter per diem rates, obtain and maintain adequate supporting documentation required for invoices submitted by providers, and ensure proper cost codes are used by DHS staff when recording expenditures to programs.

In addition, the PA DHS OIM allocated \$2.6 million for HAP for FY 22/23. However, DHS's HAP expenditures for this same period totaled \$12.6 million. This resulted in DHS shifting monies that were allocated to mental health services to cover the additional \$10 million of expenditures.

If DHS addresses the conditions that we have identified, which can be accomplished by implementing the recommendations we have offered, it will likely improve the various program outcomes and reduce homelessness.

HAP Emergency Shelter Providers

Emergency Shelter Program	Date of Operation	Maximum Bed Capacity	Total Bed Nights 7/1/22 - 6/30/23	Unduplicated Persons Served 7/1/22 - 6/30/23
ACTION Housing:				
ACTION Housing McKeesport Emergency Shelter 523 Sinclair Street, McKeesport 15132	Open entire Audit Period*	25	8,956	80
ACTION Housing - Team PSBG Low Barrier Shelter 523 Sinclair Street - Rear, McKeesport 15132	Open entire Audit Period*	20/17/30 ⁽¹⁾	6,736	103
ACTION Housing - Smithfield 620 Smithfield Street, Pittsburgh 15222	11/2022-6/21/23	145	25,941	1,454
Bethlehem Haven:				
Emergency Shelter 903 Watson Street, Pittsburgh 15219 (Uptown)	Open entire Audit Period*	28	9,134	191
Community Human Services (CHS):				
CHS - Scattered Site Shelter (multiple locations) Beltzhoover, Oakland, Downtown Pgh., McKeesport	Open entire Audit Period*	20/40/50 ⁽²⁾	9,892	75
CHS - Safe Haven Hotel 414/408 Atwood Street, Pittsburgh 15213	Closed 5/12/23	115	1,263	129
CHS - Home 2020 1085 Dohrman Street, McKees Rocks, 15136	Closed 12/31/22	20	856	17
East End Cooperative Ministry (EECM):				
EECM Emergency Shelter 6140 Station Street, East Liberty, 15206	Open entire Audit Period*	21	7,216	123
EECM Overflow Shelter 6140 Station Street, East Liberty, 15206	1/29/23-4/14/23 & 6/21/23 thru 2023	8/21 ⁽³⁾	1,397	62
Family Links:				
Downtown Center and Outreach (DOCS) 1601 Fifth Avenue, Uptown Pittsburgh 15219	Open entire Audit Period*	18/26 ⁽⁴⁾	5,260	100
Goodwill / Pleasant Valley				
Pleasant Valley Emergency Shelter 1601 Brighton Road, Northside Pittsburgh 15212	Open entire Audit Period*	25	8,715	146
Light of Life Ministries:				
Light of Life Emergency Shelter 234 Voegtly Street, Northside Pittsburgh 15212	Open entire Audit Period*	34	13,303	533
Light of Life Overflow Shelter 234 Voegtly Street, Northside Pittsburgh 15212	2/2022-9/30/22 & 6/1/23 thru 2023	20	1,577	149
Pittsburgh Mercy:				
Second Avenue Commons Year Round Shelter 700 Second Avenue, Downtown Pittsburgh 15219	Opened 11/22/22	92	19,545	354
Second Avenue Commons Overflow Shelter 700 Second Avenue, Downtown Pittsburgh 15219	11/22/22-3/31/23, 6/1/23-9/7/23 & 11/15/23 thru 2023	40	3,406	532

*Audit Period covers 7/1/22 to 12/31/23

⁽¹⁾ Capacity at ACTION Housing Team PSBG Low Barrier Shelter was 20 beds until 10/16/23. Capacity dropped to 17 beds on 10/17/23, and increased from 17 to 30 beds on 12/4/23.

⁽²⁾ CHS Scattered Site Shelter capacity was 20 beds until CHS Home 2020 merged with this project on 1/1/23, at this time capacity increased to 40 beds. On 3/1/23 capacity increased again to 50 beds.

⁽³⁾ From 1/29/23 - 4/14/23 the capacity at the EECM Overflow Shelter was 8 beds. The shelter was closed from 4/15/23-6/20/23. It re-opened on 6/21/23, and remained open through the rest of our audit period, with a capacity of 21 beds.

⁽⁴⁾ Family Links had bed capacity of 18 beds through 9/7/23. A remodel occurred that expanded the total beds to 26 per night.

Bridge Housing Providers

Bridge Housing Program	Date of Operation	Maximum Capacity	Total Bed Nights 7/1/22 - 6/30/23	Unduplicated Persons Served 7/1/22 - 6/30/23
ACTION Housing				
ACTION Housing McKeesport Bridge	Open entire Audit Period*	14	3,226	22
ACTION Housing - Centre Avenue Bridge	Open entire Audit Period*	10	3,173	15
Primary Care Health Services				
First Step Recovery Bridge Housing	Open entire Audit Period*	23	4,925	42
YMCA - Allegheny				
Bridge Housing	Open entire Audit Period*	10	870	8
YWCA - Pittsburgh				
Bridge Housing	Open entire Audit Period*	29	8,487	31
Chartiers Center (Penn Free)				
Bridge Housing	Open entire Audit Period*	62	14,100	65

*Audit Period covers 7/1/22 to 12/31/23

COUNTY OF



ALLEGHENY

August 27, 2024

Allegheny County Controller
104 Courthouse
436 Grant Street
Pittsburgh, PA 15219

RE: Performance Audit of Homeless Assistance Program

Controller O'Connor,

Allegheny County Department of Human Services (DHS) values your Office's interest in improving homelessness services for our community. The following document serves as a response to findings from your Office following an audit of the Homeless Assistance Program (HAP) for the time period of July 1, 2022, through December 31, 2023.

In summary, DHS was already aware of, and largely agrees with the audit findings. The inefficiencies in the bridge housing system and the long stays in shelter are largely fueled by a significant increase in the cost of housing, particularly at the lower end of the rental market, coupled with post-pandemic staffing issues. DHS has already launched new initiatives to begin to address these problems – most notably the '500 in 500' campaign, which will make 500 deeply affordable units available in 500 days aiming to speed the path to stability for those who arrive at emergency shelters, to restore our emergency shelters to their intended purpose, and to ensure that no one needs to live in an emergency shelter or on the street. DHS will also continue to work with other county partners to advocate for and increase affordable housing for all. Further, DHS appreciates the Controller's Office finding that there is insufficient state funding for the HAP and that taking funding from other human service needs to address the increase in homelessness hurts our community. Finally, DHS will address the Controller's Office recommendation to document and improve internal controls and processes. DHS takes its role as steward of public funds seriously and hopes to work with the Controller's Office on future automation efforts that improve efficiency and accuracy.

ERIN DALTON, DIRECTOR
DEPARTMENT OF HUMAN SERVICES
EXECUTIVE OFFICE

HUMAN SERVICES BUILDING • ONE SMITHFIELD STREET • SUITE 400 • PITTSBURGH, PA 15222
PHONE (412) 350-5701 • FAX (412) 350-4004 • EMAIL DHS-Information@AlleghenyCounty.us

Background

Homelessness Assistance Program funding is important but insufficient to meet County needs.

The Homeless Assistance Program (HAP) is an important and relatively flexible state funding stream that DHS utilizes to address the needs of people experiencing and at risk of homelessness. HAP funds are used to supplement our largest and less flexible funding stream for homelessness services – the US Department of Housing and Urban Development (HUD) Continuum of Care (CoC) Program Grant – as well as other funding DHS leverages to address this need. Currently, HAP funds are used to serve individuals with services HUD CoC funding cannot be used to support – such as emergency shelter, case management, rental assistance, bridge housing, and innovative supportive housing solutions.

Allegheny County DHS receives its HAP award each year from Pennsylvania’s Department of Human Services. Until SFY25, there were no increases to state HAP funding for more than a decade, despite growing community need. In SFY23, relevant to the audit period, Allegheny County DHS’s HAP award was approximately \$2.6M and insufficient to meet community needs. As a result, Allegheny County DHS needed to:

- Supplement its state HAP award with Human Services Block Grant funding initially allocated for other categorical programs (such as mental health and drug and alcohol services). In SFY23, Allegheny County DHS spent more than \$12M in total HAP expenses – approximately \$10M more than it was awarded.
- Rely on child welfare system funding to offer services to families with children in need.
- Leverage smaller, often temporary, grants from sources like Pennsylvania’s Housing Finance Agency (PHFA) and foundations.

Homelessness has grown in Allegheny County due to the lack of affordable housing.

Like many jurisdictions, Allegheny County is experiencing an increase in the number of people who are unhoused. While homelessness steadily declined across the nation up to 2016, it has since been on the rise. Allegheny County’s annual Point-In-Time¹ count provides local evidence of this nationwide trend; between 2022 and 2023, the count demonstrated a 24% increase in the number of people staying in emergency shelters or experiencing unsheltered homelessness. Comparing 2023 data with the same count two years prior (2021) demonstrates an even steeper increase of 59%. It is important to note that this issue has disproportionate impact for our County’s Black residents; in 2023, Black individuals made up 47% of those using shelters but

¹ The Point-in-Time (PIT) Count is a count of sheltered and unsheltered people experiencing homelessness on a single night in January. HUD requires that CoCs conduct an annual count of people experiencing homelessness who are sheltered in emergency shelter, transitional housing, and Safe Havens on a single night. CoCs also must conduct a count of unsheltered people experiencing homelessness every other year (odd numbered years). Each count is planned, coordinated, and carried out locally.

only 14% of Allegheny County's population. (More homelessness data and reports can be found on DHS's publicly available analytics website²).

According to HUD's 2022-26 strategic plan "this increase [in homelessness] stems from decades of growing economic inequality exacerbated by a global pandemic, soaring housing costs, and housing supply shortfalls." Along with the rest of the country, Allegheny County faces rising rents and an inadequate supply of affordable housing. According to the Pittsburgh Housing Needs Assessment released in January 2022, Pittsburgh had a supply gap of 8,200 housing units for households earning less than 30% of area median income (AMI), which is about \$19,920 annually.³ The need for affordable housing was more recently underscored when the Pittsburgh Housing Authority re-opened applications for the housing choice voucher program just this past March – in the first 24 hours of the application period, more than 3,000 households applied.⁴

The lack of affordable housing both contributes to the increase in homelessness and complicates DHS's ability to address it. Individuals who become homeless are staying in emergency shelters longer than before because they cannot find housing they can afford. In Allegheny County, the length of stay in emergency shelters has increased by approximately 25% since 2019. Longer shelter stays have reduced the flow of individuals through shelters, leaving fewer beds available for individuals experiencing unsheltered homelessness. On March 10, 2024, there were 189 people experiencing unsheltered homelessness in our county. Similarly, placements into Bridge Housing (referenced in finding 1) are impacted by the lack of affordable housing.

Allegheny County is responding to increased homelessness with new strategies – like the '500 in 500' campaign.

In close collaboration with community partners, DHS operates a robust continuum of services designed with the goal of making homelessness rare, brief and non-recurring. These services include eviction prevention, emergency shelter, bridge and permanent housing, case management, and wraparound services. They are delivered by a network of service providers experienced in best practices like progressive engagement, trauma-informed care, motivational interviewing, and harm reduction. Still, the increased and changing needs of the unhoused population require new strategies.

Since the time of the audited period, DHS (with support from philanthropic partners) has already made new investments to keep unhoused people safe and quickly move them into housing. This includes an expansion in winter shelter capacity; a doubling in size of staff to match people in shelter to housing units; new family reunification, shallow rent and bridge housing programs;

² <https://www.alleghenycountyanalytics.us/2023/05/23/point-in-time-count-of-people-experiencing-homelessness-annual-reports/>

³ https://apps.pittsburghpa.gov/redtail/images/21887_Pittsburgh_HNA_Final_Report.pdf

⁴ <https://www.post-gazette.com/news/social-services/2024/03/11/housing-authority-pittsburgh-section-8-waiting-list/stories/202403110097>

and, most notably, the ‘500 in 500’ campaign which aims to make 500 deeply affordable rental units available within 500 days to people exiting homelessness. More information about these new strategies is included in our response to audit findings below.

Response to Audit Findings & Recommendations

The State Human Services Block Grant allocation is insufficient to adequately fund the Homeless Assistance Program (Finding #4)

Recommendation from the Controller’s Office:

- *We recommend that the Department of Human Services, through County officials, work with the Governor’s Office and the State Legislature to ensure adequate funding is appropriated for HAP so that funding for other high-need programs is not reduced.*

DHS agrees with this finding and will adopt the recommendation to work alongside County and state officials to ensure HAP funding is increased to an adequate level.

Each year, DHS receives its HAP award from Pennsylvania’s Department of Human Services. As stated prior, in SFY23, DHS’s HAP award was \$2.6M and insufficient to meet growing community needs. Because of this, DHS needed to:

- Supplement its HAP award with Human Services Block Grant funding initially allocated for other categorical programs, such as mental health. (In SFY23, AC DHS had more than \$12M in total HAP expenses – approximately \$10M more than it was awarded.)
- Rely on child welfare system funding to offer services to families with children in need.
- Leverage smaller, often temporary, grants from sources like PHFA and foundations.

In SFY25, for the first time in more than a decade, the state increased HAP funding by \$5 million, which will be distributed across Pennsylvania’s 67 counties. If DHS receives 10% or \$500,000 (an amount equal to Allegheny County’s proportion of the state population), it will enable us to increase our annual spending over SFY23 by roughly 1%.⁵ Given that median rent in Pittsburgh has grown 37% since 2019,⁶ this increase is not expected to resolve current concerns over funding availability.

⁵ In SFY23, DHS spent more than \$37 million on homelessness services. This figure excludes Emergency Rental Assistance Program and other Covid-related awards, as well as many internal costs DHS incurs for administering the programs.

⁶ <https://www.realtor.com/research/june-2024-rent/#:~:text=In%20June%202024%2C%20the%20median%20asking%20rent%20in%20Pittsburgh%20was,Pittsburgh%20household%27s%20monthly%20gross%20income.>

An investment of an additional \$20M (or about 6.5 times the anticipated SFY25 allocation) to Allegheny County would help to support the existing investments and allow us to expand efforts to address the need.

Bridge Housing has waiting lists yet programs are not operating at full capacity (Finding #1)

Recommendation from the Controller's Office:

- *Work with the current providers to improve processes so occupancy levels can be increased to ensure that the clients can obtain timely Bridge Housing and achieve their goals.*
- *Obtain more providers who offer Bridge Housing that can operate at full capacity to ensure clients are moving through the system in a timely manner.*
- *Monitor occupancy levels for providers offering Bridge Housing to identify which providers are operating efficiently to combat homelessness and which providers are not. These providers should be evaluated to determine if improvements can be achieved, and occupancy rates improved*

DHS agrees it's important to achieve as much efficiency in its bridge housing programs as possible and will follow recommendations to work with providers to improve occupancy rates.

It's also important to note that while efficient and effective bridge housing programs are part of DHS's housing strategy, they are a relatively small part. Total HAP-funded bridge housing capacity during the audited time period was 148 beds. As a larger part of its housing strategy, DHS leverages approximately 1500 units of HUD-funded permanent housing units, which were outside the scope of the audit because they are not funded by HAP. When people are enrolled in bridge housing programs, they are still considered 'homeless' because it is temporary. Connection to permanent housing is the best way to ensure formerly unhoused people achieve long term stability.

Further, some gap between total capacity (as defined by the number of units for which DHS allocates funding to service providers) and total occupancy in bridge housing programs is expected due to systemic inefficiencies. Occupancy levels of less than 100% observed during the audited period are explained by:

- Challenges/delays inherent to renting apartments from private landlords through scattered site programs, which made up 61% of bridge housing capacity during the audited time period and are often clients' preferred housing type (as opposed to facility-based units). These challenges include the time it takes to identify affordable units, gain landlord approval through application processes, and move a client into the unit.
- Time needed to turn over units after a previous client moves on. Necessary turn over activities in both scattered-site and facility-based models include inspections, repairs, and cleaning, at minimum.
- Service provider staff turnover and vacancies. Bridge housing program staff help clients to identify and apply for rental units, overcome documentation barriers, sign leases, pay

security deposits and rent, and move in. Staff turnover and vacancies, while always a challenge, have been especially pronounced in the human services sector following the Covid pandemic's impact on workforce dynamics.

In light of these challenges, DHS regularly monitors bed/unit utilization, alongside other key metrics, as part of its publicly documented performance management plan. The Data & Outcomes unit within DHS's Bureau of Housing and Homelessness distributes monthly data monitoring report cards to bridge housing providers and quarterly performance reports to the Homeless Advisory Board's Analysis and Planning Committee. In its effort to operationalize the recommendations of the audit, DHS will leverage these existing processes to target technical assistance to providers with low occupancy. Further, provider performance will continue to be considered in annual contracting decisions impacting provider renewals and allocations.

Since the audited time period, overall performance of DHS's bridge housing programs has improved. In the first quarter of calendar year 2024, DHS's six HAP-funded bridge housing programs collectively achieved an 88% occupancy rate. Further, DHS, with support from philanthropic partners, has made significant new investments in strategies to support pathways out of shelter. This includes a new bridge program that will increase bridge housing capacity by 33%, in alignment with audit recommendations. Once opened, the new program will accommodate approximately 50 individuals at a time, offering up to six months of housing alongside employment and training services, to help people quickly transition out of shelter and put them on a path toward longer term stability.

**Clients' length of stay at emergency shelters exceeds DHS's goal of 30 days average
(Finding #2)**

Recommendation from the Controller's Office:

- *Work with current Emergency Shelter providers to determine why client stays exceed the goal of 30 days and assess the reasons they have not moved to temporary or permanent housing in a timely manner.*
- *Work with providers in other various programs (regardless of funding source) to ensure transitional housing or permanent living accommodations are available. This will provide those living in Emergency Shelters an option to move to a more permanent setting in a timely manner.*
- *Continue to explore innovative options to provide long-term or permanent housing, such as the 500 in 500 initiative, to reduce emergency shelter stays. In June 2024, DHS launched this initiative to make 500 affordable housing units available in 500 days*

DHS agrees with this finding and has been taking major efforts to address it – especially by launching the '500 in 500' campaign.

In its own work to understand increases in unsheltered homelessness, DHS worked with providers and conducted extensive, data-driven analyses. Key findings, including those published in a February 2024 report⁷, include:

- A 24% increase in the number of people staying in emergency shelters or experiencing unsheltered homelessness as demonstrated by Allegheny County's annual Point in Time count in 2023, compared with 2022. Comparing 2023 data with the same count two years prior (2021) demonstrates an even steeper increase of 59%.
- Most shelter clients will never be served through existing permanent housing programs, due to the limited funding for those programs and a required prioritization process that ensures the highest need individuals are served first.
- Length of stay in emergency shelters has increased by approximately 25% since 2019.
- Longer shelter stays have reduced the flow of individuals through shelters, leaving fewer beds available for individuals experiencing unsheltered homelessness.
- The lack of affordable housing is both driving increases in homelessness and reducing flow in the system. People become unhoused because they cannot afford increased housing costs and they have a harder time exiting shelter and homelessness because they cannot afford increase housing costs.

These findings led DHS to launch several new strategies, which are also well-aligned with the audit findings, to quickly move people from emergency shelter to permanent housing, including:

- The launch of the '500 in 500' campaign – a mobilization to speed the path to stability for those who arrive at emergency shelters, to restore our emergency shelters to their intended purpose, and to ensure that no one needs to live in an emergency shelter or on the street. Through '500 in 500', DHS will make 500 deeply affordable units available in 500 days. This campaign advances three strategies in partnership with public housing authorities and private housing developers: 1) Prioritizing existing rental units for people exiting shelter as current tenants leave; 2) Accelerating efforts to repair empty rental units so they can become available to new tenants; and 3) Converting facilities that do not require extensive modification (such as nursing homes or motels) to residential use for those exiting shelter.
- Doubling of the DHS Housing Solutions team, who now have the capacity to support up to 60 individuals at any time to exit shelter and obtain permanent housing through a 'whatever it takes' approach. This includes helping individuals obtain necessary documentation, search for available affordable units, complete rental applications (including for Housing Choice Vouchers and Section 202 Supportive Housing for adults 62 and older), appeal denials, sign leases, and move in. In addition to their one-on-one work with clients, the Housing Solutions Team holds bi-weekly strategy and case conferencing meetings with shelter staff.
- Weekly 'Housing Pathways' reports sent by DHS to emergency shelter providers that contain information such as current length of time in shelter, client income type and amount, eligibility for permanent housing programs, and identified shelter exit

⁷ <https://www.alleghenycountyanalytics.us/2024/02/08/people-using-adult-only-emergency-shelters-in-allegheny-county/>

- pathway. These reports better equip shelter staff for case management and exit planning with clients.
- A new shallow rent program that provides a flat \$400 per month to a private landlord (with the participant paying the remainder of the rent directly to the landlord). Individuals with incomes between \$900-\$2,000 per month are eligible, and service can last up to 1 year.
 - A new 'Home Again' kinship navigation program that offers a 90-day intensive intervention, including tangible resources and mediation, to help people transition from shelter to family or kinship homes.
 - A recently closed solicitation for provider(s) to establish and operate a Tenancy Sustaining Support Services Program(s) that will provide support services to individuals and families who have recently moved into housing from shelter (a key component of '500 in 500')w. Services offered through the Program will include, but not be limited to, education, coaching and referral to additional services for tenants, communication coordination and conflict resolution/management for tenants and landlords.

Internal controls and processes need improvement and to be documented (Finding #3)

Controller's Recommendations:

- *Implement written policies and procedures regarding the HAP funding allocation process, as well as the process used to determine per diem rates. Processes should be applied consistently to all providers.*
- *Reconcile the bed nights invoiced by providers to data recorded in HMIS to ensure accuracy of records. This process should be properly documented as part of the policies and procedures.*
- *Ensure invoices submitted by providers that are paid on a cost-reimbursement basis contain adequate documentation to support all charges.*
- *Properly review all charges recorded in the JDE system to ensure accuracy of accounting records.*

DHS takes its role as steward of public funds seriously and, as part of this responsibility, aims to ensure processes impacting providers are clear and not administratively burdensome. DHS will take the following actions to address the recommendations:

- Document its internal HAP funding allocation process, including its process to set per diem rates. In the current state, DHS relies on the guidance provided in the HAP Instructions and Requirements and follows an annual renewal process that involves providers completing a standard form to request renewed contracts and annual allocations. DHS will document this existing process as recommended by the audit.
- Require providers to upload their HMIS census reports alongside their invoices, both for the current month, and to document their year-to-date cumulative census. This information will be used, alongside reports of bed holds and other circumstantial considerations, to verify units of service being claimed. Further, we will document this in policies and procedures.
- Continue to review all charges recorded in JDE for accuracy. The audit identified \$85,979 that was correctly coded to HAP, but incorrectly coded to the 'bridge housing'

cost center instead of 'case management.' DHS was able to ascertain via JDE's history tracking feature that the invoice coding was reviewed by the Central Payables Unit Supervisor, who is no longer with DHS. The Supervisor did not catch that the last digit in the 17-digit account string was off by one digit, resulting in the expenses being recorded in the correct fund but incorrect cost center. In the future, DHS is interested in working with the Controller's Office to identify automation opportunities for JDE entries that improve efficiency and reduce the likelihood of human error.

Sincerely,



Erin Dalton
Director
Allegheny County DHS

CC: Lori Churilla, Bethany Neal