



To: KC Jones, Director, Audit Services Division
Elizabeth Pape, Performance Auditor, Audit Services Division
From: Shannon Singleton, Interim Director, Joint Office of Homeless Services
Date: May 11, 2022
RE: JOHS Response to City of Portland Auditor’s Recommendations in response to Fraud Hotline investigation regarding conditions at Sandy Studios

The City/County Joint Office of Homeless Services (JOHS) appreciates the work that went into this investigation of Sandy Studios, a program whose establishment and basic operating structure predated JOHS.

However, we disagree with some of the statements made regarding the work conducted by our office and provider partners. In some cases assertions were demonstrably inaccurate or exaggerated, while in others they minimized challenges such as the COVID-19 pandemic or the reality of landlord-tenant law.

And while we also acknowledge some challenges with our processes that warranted changes for how JOHS oversees contracts, it is worth highlighting that we had already initiated some of these remedies prior to the issuance of this hotline report.

First, it is simply not correct to say that JOHS did not “oversee DGM Multnomah (DGM)”. It is also not true that the JOHS staff did not walk the site.

This was an occupied building when DGM took over Sandy Studios, part of an improvement plan spurred by JOHS. And at the time of transfer of the building and the program to DGM, JOHS directly oversaw a range of improvements to the rooms. As part of that work, there was an on-site open house that included visiting some of the rooms.

Additionally, there were regular on-site walkthroughs where JOHS staff, DGM Multnomah, and Home First went through their punch lists as repairs were made in December 2018, January 2019 and January 2020.

In January 2020, DGM informed the Joint Office it had decided to exit the Sandy Studios building upon the expiration of its lease in 2021, as the owner did not follow through on his punch list agreement. And as early as August 2020, JOHS and DGM held meetings on how best to transition DGM and the Sandy Studios residents – who were tenants, with all rights reserved



– out of this property.

That relocation work was well underway when facilities issues escalated at Sandy Studios in early 2021.

To say otherwise – to assert conditions there had devolved “without action from the Joint Office,” when there is evidence in the public record that says otherwise – is disappointing and should be corrected in the hotline report.

We also strongly insist that the narrative of a “catastrophic event” and the continued use of the phrase “roof collapse” are both inflammatory and inaccurate. There was not a roof collapse. Among the documented facilities challenges that had already put us on a path to exiting the building, there was a water leak that caused part of a ceiling in one of the apartments to fall. Ultimately, 6 of 32 units were not habitable because of the damage.

DGM has records of efforts to enter the rooms at Sandy Studios - while being compliant with tenants rights - and records of being turned away by tenants. Fallout from the pandemic compounded those challenges.

This was a very low-barrier program. DGM worked with partner organizations serving veterans to provide additional services for tenants. During the pandemic – in the months before widespread vaccinations throughout all of 2020 – a lot of those outside support services for tenants became unavailable.

During the pandemic, people became even more isolated and struggled with behavioral health issues. Some went so far as to physically threaten staff who tried to enter their units to do repairs. DGM was committed to not evicting people to the streets, especially during a pandemic, so in those cases maintenance issues went unaddressed while DGM and Home First continued to try to resolve them.

The report questioned DGM’s use of a subcontractor. All JOHS contracts, like those also held by the City of Portland and most government contractors throughout the country, have provisions where the Contractor is able to subcontract some services. And our standard contract language at JOHS does assess subcontractor responsibilities.

The relationship between DGM and Home First at Sandy Studios was a new model where the responsibilities for property maintenance were with the building owner and the property



manager, with multiple levels of accountability – including on-site service provider partners visiting people, DGM staff, and landlord tenant law. The Joint Office reasonably relied upon those tools to help ensure basic maintenance was occurring.

This report also ignores COVID-19’s serious impact on social services in 2020 and beyond as it characterizes JOHS as taking no action on contract goals. Many providers struggled to meet pre-COVID performance goals during that extremely challenging and disruptive chapter of the pandemic. While most other businesses shut down and went to remote work, our provider network continued to serve our community amidst the restrictions in place, risking their own health and wellbeing to keep programs from shutting down altogether.

In the report, the City auditor recommends the following: that JOHS ensure staff are knowledgeable about contract requirements and prepared to enforce them; require staff to visit sites and assess the condition of facilities during further monitoring; develop compliance checklists and guidance to ensure oversight is comprehensive and includes prompts to review high-risk areas; and follow-up on problems identified by service providers in their quarterly performance reports and monitor action plans; document when they have been resolved.

What follows are key updates on the focus areas and recommendations from the City auditor:

- JOHS staff are trained on contract requirements and how to enforce them. Our team is onboarded and trained via our Contract Managers Manual, a reference guide to standardize and improve JOHS contracting. Additionally, a “lead contract manager” on the team supports the training/onboarding of new contract managers as well as provides ongoing support.
- For FY 2023, we have finalized a program report feedback form that will be fully implemented across contracts. The purpose is to provide feedback on program reports specifically in the areas of outputs and outcomes, invoice and spending and reporting practices and feedback.
- The JOHS monitoring process has three main components: desk monitoring, performance review, and on-site monitoring. Desk monitoring is done via an annual risk assessment tool completed within the first ninety days of each fiscal year. Agencies with high scores are prioritized for monitoring. Performance reviews are done via the program reports and review of financial invoices. On-site monitoring is conducted every three years, unless otherwise dictated by funding source.



The City auditor also recommended that, “to address role conflicts,” we should “separate employees charged with contract oversight and enforcement from those responsible for advocating for and supporting non-profit providers who may be subject to enforcement.”

Instead, we have separately and already begun restructuring roles and responsibilities within the JOHS’ Program Team, starting with the Adult System of Care (ASC) team, which moved to JOHS from the Portland Housing Bureau in 2016. That team has since shouldered the responsibility for delivering a massive expansion in shelter, outreach and housing services.

Historically, the policy leadership and contract management of all ASC component services has been supported by Program Specialist Seniors. We have increased staffing capacity and added four (4) Program Specialist positions to directly support contract compliance. Moving forward, Program Specialists will manage contract compliance, and Program Specialist Seniors will manage the service design and delivery aspects of contract management.

JOHS has also hired new positions to handle facilities work, and changed or refined its processes. Where a shelter program is sited at a County owned property, County Facilities provides property management, with support from the JOHS shelter team. Where a motel shelter program is on a County leased site, the Joint Office has a staff person who is regularly on site, and makes sure that, among other things, maintenance issues are being identified and addressed by the provider and/or owner, as appropriate. In permanent housing programs, we pay for services, with contracts stipulating that property management remains the responsibility of the building owner.

JOHS will continue the work we began before this hotline report, to improve our systems and processes so we can best support our community’s ending homelessness work to both meet the urgency on the ground and meet the need for safe, healthy and equitable environments for people exiting homelessness and moving back into permanent housing.

We hope that the City of Portland auditor’s office will become a partner, as our desire for accountability matches the community’s. We believe accountability can not only be achieved, but strengthened, without the inaccurate statements and inflammatory language used in this hotline report. We look forward to a shift in this partnership through the upcoming audit of JOHS.