



Office of the City Manager

ACTION CALENDAR

June 27, 2017

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Paul Buddenhagen, Director, Health, Housing, & Community Services
Subject: Analysis and Recommendations for the Pathways Project to Address Homelessness in Berkeley

RECOMMENDATION

Prioritize funding decisions for proposed Pathways Project programs (an Encampment Resolution Team, a STAIR Center, a Bridge Living Community, and a Homeward Bound program) based on which homeless issue Council most wishes to address in Berkeley:

1. Fund an Encampment Resolution Team and a STAIR Center for an estimated \$2.4 million in year one, plus \$2.1 million annually thereafter, if Council most wishes to provide emergency respite for unsheltered homeless individuals, but no dedicated housing exits.
2. Fund a Bridge Living Community and a Homeward Bound program for an estimated \$2.6 million in year one, plus \$2.4 million annually thereafter, if Council most wishes to house an estimated 100-120 homeless individuals per year, but add no new emergency respite programs.
3. Fund all four programs at an estimated \$4.8 million in year one, and an estimated \$4.3 million annually thereafter, if Council wishes to address both the goal of temporary respite and permanent housing concurrently.
4. Fund a hybrid intervention, consisting of one combined STAIR Center/Bridge Living Community and associated Homeward Bound component, for an estimated \$2.8 million in year one, plus \$2.6 million annually thereafter, as a lower-cost alternative to Option 3.

All funding estimates include roughly \$190,000 for 1 FTE in new City Staff time for program administration.

The City Manager recommends funding option 4 (a hybrid STAIR Center/Bridge Living Community, with associated rental subsidies and a Homeward Bound component) as the most cost-efficient mechanism for achieving the Pathways Project's multiple goals.

SUMMARY

On April 4th, 2017, the City Council voted unanimously to direct the City Manager to implement Emergency Interim Measures, as described in the Pathways Project report, to provide stability, navigation and respite to homeless individuals, and pathways to permanent housing and services. The Pathways Project would create new homeless programs and a 1000 person plan to stem the tide of homelessness in Berkeley. This report provides cost estimates and program outlines for four proposed Pathways Project programs: an Encampment Resolution Team, a STAIR or Navigation Center, a Bridge Living Community, and a Homeward Bound program. Resources for permanent housing exits, which occur when a homeless person leaves shelter or transitional housing for permanent housing, are all prioritized through Berkeley's Coordinated Entry System (CES). Because of this, the report concludes that Council should base funding decisions for some or all of the Pathways Project's programs according to which "stage" of the Coordinated Entry navigation process it most wishes to strengthen:

- If Council primarily wishes to address unsheltered or encampment homelessness, it should fund an Encampment Resolution Team and a Stair Center that operates like San Francisco's first Navigation Center (at 1950 Mission Street). Under this program model, Encampment Resolution Team outreach workers invite unsheltered individuals to a time-limited stay at the Stair Center, where they receive assessment for CES and respite from the streets.
- If Council instead wishes to expedite the process by which individuals are housed through CES, it should fund a Homeward Bound program and a Bridge Living Community, which would operate like San Francisco's second Navigation Center (at 20 12th Street). Under the latter program, homeless individuals already identified by the Hub as high-priority for a housing subsidy would be invited to reside at the program while receiving "last mile" case management for their housing move-in.
- If Council wants a lower cost alternative to achieving both parallel goals of the Pathways Project (i.e., providing temporary respite while focusing primarily on permanent housing exits), it should fund a single "hybrid" program that combines the STAIR Center and Bridge Living Community, adds a Homeward Bound component, and redeploys existing city resources for encampment resolution.

In addressing any of these scenarios, Council should recognize that failure to proportionally invest in more permanent exits to housing for Pathways consumers will create unintended consequences: either (i) most consumers will return directly to the streets after their time-limited respite stay at STAIR Center ends, or (ii) most consumers will remain "clogged" in a Bridge Living Community that rations the same limited housing options to more and more individuals ready to access them. For this reason, \$500,000 in housing subsidies are included in the Bridge Living Community budget.

FISCAL IMPACTS OF RECOMMENDATION

Significant: up-front expenses for opening a STAIR Center, a Bridge Center, an Encampment Resolution Team, and a Homeward Bound Program are estimated to be \$4.8 million, plus annual expenses of \$4.3 million thereafter. A hybrid alternative would cost an estimated \$2.8 million in year one, plus \$2.6 million annually. These estimates do not include capital investments for opening a STAIR Center and/or Bridge Living Community, which (depending on the site) could entail significant construction costs and city staff time:

<u>PROGRAM</u>	<u>YEAR 1</u>	<u>ONGOING</u>
Encampment Resolution Team	\$400,000	\$360,000
STAIR Center	\$1,800,000	\$1,600,000
Bridge Living Community	\$2,300,000	\$2,100,000
Homeward Bound	\$90,000	\$90,000
1 FTE City Staff	\$190,000	\$190,000
Capital Costs	unknown	unknown
Full Program TOTAL	\$4,800,000	\$4,300,000
Hybrid Alternative TOTAL	\$2,800,000	\$2,600,000

The majority of this will require ongoing General Fund obligations, as there are few federal or county opportunities to fund these programs. Alameda County has awarded the City of Berkeley funds for the expansion of the Hub, including 3 additional FTE housing navigators. If stationed at the Bridge Living Community, this would cover up to \$162,000 of the projected annual operating expense of \$2.1 million. In addition, Alameda County Housing and Community Development will be awarding \$750,000 in grants over two years for local jurisdictions to address encampments, but this is a county-wide sum and details are pending. Berkeley’s share, if awarded, would most likely be insufficient to cover the projected \$360,000 annual operating expense for an Encampment Resolution Team, and would cover only a fraction of the STAIR Center’s projected \$1.6 million annual operating expense.

CURRENT SITUATION AND ITS EFFECTS

Data from the 2017 Alameda County Point-in-Time Count indicate that only 3% of homeless individuals in the City of Berkeley are not interested in permanent housing (with or without supportive services). To honor this overwhelming preference for housing, any Pathways Project programs should ultimately navigate clients towards

affordable housing. The following analysis contextualizes Pathways programs through this lens.

Housing Navigation in Berkeley: the Coordinated Entry System

Federally funded permanent supportive housing and rapid rehousing subsidies constitute nearly all of Berkeley's permanent housing exits for the homeless. By HUD mandate, these housing resources must be prioritized through a Coordinated Entry System (CES). In Berkeley, the CES housing navigation process has been administered through the Hub since its opening in January 2016. CES is expanding to encompass all of Alameda County, and the Hub is on track to serve Berkeley, Albany, and Emeryville by September 2017.¹

A well-functioning and adequately funded Coordinated Entry System is designed to serve homeless consumers whose situations span the entire spectrum of needs -- from chronically homeless and high-needs individuals (who are prioritized for permanent supportive housing) to episodically homeless and/or less-vulnerable individuals (who could be offered less intensive interventions, like rapid re-housing subsidies, depending on their needs). With limited resources, the Hub currently focuses only on the first of these two populations (chronically homeless people), as HUD mandates that this vulnerable population (who are least likely to successfully navigate Berkeley's expensive and competitive housing market on their own) be served first. The Hub's fiscal constraints mean that many less-vulnerable individuals (many of whom have already been assessed, and who continue to suffer) continue to receive minimal services and have long wait times in shelters or on the streets. This is a direct consequence of a larger societal system that consistently fails to provide sufficient affordable housing to support everyone in need.

The Pathways Project and Coordinated Entry

The Pathways Project identifies four new programs for the City of Berkeley: an Encampment Resolution Team, a STAIR Center, a Bridge Living Community, and a Homeward Bound program. For maximal effectiveness, Council should consider these programs as pathways along a continuum from street to home, each addressing different milestones of the CES process. In deciding which programs to fund, Council should decide which phase of the CES process it most wishes to address:

- *Front of the house:* Two programs would expedite the CES assessment and prioritization process by which people enter the system (i.e. "front of the house"):

¹ As a result of this expansion, the Hub will serve homeless adults and transition-aged youth from Berkeley, Albany, and Emeryville. Homeless families in Berkeley will be served through a partnership with Oakland's Family Front Door.

1. An *Encampment Resolution Team* would outreach to unsheltered and underserved individuals and, whenever beds are available, offer them respite stays at STAIR (or other shelters).
 2. A *STAIR Center* would screen and assess each Encampment Resolution Team referral for CES. The program would offer each person 1-2 months of respite from the streets in a new, low-barrier shelter. Those eligible for additional shelter placements would be offered them, but only high-priority CES consumers would be offered a transitional stay at Bridge Living Community. The remaining consumers return to the streets.
- *Back of the house*: One additional program would support the CES housing navigation process (or “back of the house”) for homeless people with high-enough needs to be eligible for case management:
1. A *Bridge Living Community*, a low-barrier shelter, either made of sturdy tent cabins or indoors, would provide transitional stays (4-6 months or more) for chronically homeless individuals receiving “last mile” case management and documents preparation for permanent supportive housing².

A *Homeward Bound* program can be offered at any time to any individual who wishes to be reunited with friends or family who can verifiably offer permanent accommodations in another city. This program would offer planning, one-time travel costs, and follow-up.

If limited resources require partial funding for Pathways, Council should consider whether it most wishes to fund temporary respites from street homelessness (“front of the house” programs) or “last mile” supports for housing exits (“back of the house” programs). This decision should be made in light of current CES constraints, where limited funding amidst a tight housing market means that only chronically homeless individuals are receiving housing navigation. Creating new Pathways Project programs without concurrent, proportional investments in additional housing exits will either:

- (i) Return consumers directly to the streets once their respite stay ends, and/or
- (ii) “Clog” them in respite programs that ration the same, limited housing navigation services to more and more consumers vying for it.

² These projections are based on the average wait time between a housing vacancy and move-in for individuals referred to Home Stretch, Alameda County’s prioritization and referral entity for permanent supportive housing.

The Pathways Project: Analysis of Proposed Programs and Projected Outcomes

This section describes how the four proposed Pathways programs identified above, plus a hybrid model that combines elements of each, would work and what they could cost.

Encampment Resolution Team

Program Design. A proposed Encampment Resolution Team (ERT) would first engage unsheltered or encamped individuals and invite them to engage in services. In accordance with federal recommendations on working with encampments³, this team will perform individualized outreach to unsheltered residents encamped in priority areas, assessing and triaging their immediate medical and physical needs and offering a STAIR Center (or other emergency) bed if one is available. Based on operations of the Encampment Resolution Team in San Francisco, it is likely that resolution will take from 2-4 weeks for encampments of 6 or more individuals.

Additionally, encampment resolution work cannot be performed by the Berkeley Mental Health Homeless Outreach and Treatment Team (HOTT), which will primarily provide intensive treatment services to homeless individuals with serious and persistent mental illness. Berkeley Point-in-Time Count data from 2017 suggest that about 1 in 4 unsheltered Berkeleyans meet this criterion.⁴

Staffing and operations. To work effectively, an Encampment Resolution Team should be staffed by a licensed clinical social worker acting as team lead, and 2 additional outreach staff trained in best practices. Operations expenses include access to an outreach vehicle and flex funds to meet basic client needs (hygiene and first aid, blankets, etc.). We estimate that, at 3 FTE with benefits and associated operational expenses, the Encampment Resolution Team would require \$360,000 annually. This does not include the additional resources that would need to be allocated for any coordinated encampment enforcement efforts.

STAIR Center

Program Design. The STAIR Center is modeled after San Francisco's first Navigation Center (at 1950 Mission Street). This program has 75 beds and serves individuals referred from the Encampment Resolution Team, with a maximum stay of 1-2 months. Consumers who have been identified as eligible for San Francisco's Coordinated Entry housing exits are offered a "bridge" placement at Navigation Center 2. Those not eligible are offered a shelter bed (if available) or exit back to the streets. Because

³ United States Interagency Council on Homelessness. (August 2015). Ending Homelessness for People Living in Encampments: Advancing the Dialogue. https://www.usich.gov/resources/uploads/asset_library/Ending_Homelessness_for_People_Living_in_Encampments_Aug2015.pdf

⁴ An estimated 173 unsheltered individuals experience serious mental illness, out of an estimated 664 total unsheltered.

permanent housing is not directly linked to Navigation Center 1, program data show that only 1% of clients exit to permanent destinations, and roughly 75%-80% of clients exit back to the streets. Most of the remainder move to Navigation Center 2 to await housing.

Staffing and Operations. San Francisco's Navigation Center has received praise for a program design that reduces barriers to shelter and improves consumer experience, such as storage for belongings, space for pets, meals on demand, 24/7 operations with no program curfews, and a roughly 14:1 client to case management FTE ratio.⁵ All of these come at an expense that is typically much higher than a traditional shelter. Given these parameters, we estimate that a 75-bed STAIR Center could be staffed and operated in Berkeley for roughly \$1.6 million per year.

Capital Expenses. Two options for a potential STAIR Center are under consideration: (i) a renovated and repurposed, currently vacant City-owned building; and (ii) a village of tent cabins, as proposed in the Pathways Project proposal to City Council, on a city street in Berkeley that would be closed to traffic. Further analysis of both sites would be necessary to determine feasibility and cost.

We estimate that, at a minimum, a tent village on a repurposed street site would require the installation of 10 bungalow-style tent cabins (each sleeping 8), modular trailers for office and storage space, port-a-potties and wash stations, mobile showers, and security fencing. We estimate that this would cost \$180,000 in year one, and \$46,000 in leasing expenses annually thereafter. This does not include legal analysis of location suitability, or labor and construction expenses. It also does not include traffic expenses (such as closing the stretch of road to traffic) and/or smoothing a disrepaired street surface, should the site be deemed allowable for such use.

Renovating a city-owned property may incur significant construction expenses to ensure code compliance. Improvements could include roof and insulation repair, expanding bathroom/shower facilities, improving ADA access, and installing heating and other amenities.

Bridge Living Community

Program Design. The Bridge Living Community is intended to operate similarly to San Francisco's 93-bed second Navigation Center (at the SRO-style Civic Center Hotel). In Berkeley, the number of beds at the Bridge Community should be tied to the number of housing case management slots and housing exits available through Coordinated Entry. Under such an arrangement, STAIR Center consumers identified as eligible for CES

⁵ Office of the Controller, City and County of San Francisco (25 August 2016). Reinvesting in Shelter: Lessons from the Navigation Center. http://sfcontroller.org/sites/default/files/Documents/Auditing/Reinvesting%20in%20Shelter%20-%20Lessons%20from%20the%20Navigation%20Center%2008.25.16_0.pdf

housing navigation services would be offered longer-term stays (4 to 6 months or more, given current average times to housing placement) at Bridge while they engage in “last mile” documents preparation and housing search activities. This ensures adequate “flow” through the Bridge Center. Critically, it also makes transitioning from STAIR to Bridge much more appealing for consumers, who may not opt into another move with no hope for housing at the end.⁶

Housing Subsidy Expenses. To date, data from the Hub indicate that, with \$317,000 in Rapid Rehousing funds, 3.5 FTE Hub case managers enroll about ten chronically homeless people in case management per month and secure housing for no more than four per month. These ratios allow us to project Bridge Community throughput as a function of both (i) new FTE funded for the program and (ii) total housing subsidies dedicated to its clients. We project, for example, that in an 80 bed Bridge Living Community with 5 new FTE case managers (consistent with Navigation Center staffing ratios) and \$342,000 in dedicated flexible housing subsidies (a match to the existing revenue for fiscal year 2018), the Bridge Living Community could support between 80 and 90 clients per month, and house about 8 clients per month (up to 100 per year). This would be in addition to placements by Hub case managers, who would not need to compete with Bridge case managers for subsidy funds. With 5 FTE case managers but no additional Council allocations for housing subsidies, however, existing housing subsidy funds would be spread over more clients and more case managers, meaning no more than 24 additional housing placements per year.⁷

We estimate that an additional \$500,000 annually in dedicated flexible housing subsidies as part of the Bridge Center’s operating expenses would house up to 100-120 people who have been on the streets for a year or more and have at least one disability.

Staffing and Operations. Assuming similar staffing and operational configurations at Bridge Living Community and the STAIR Center, we project roughly \$1.6 million in staffing and operations expenses to house about 24 clients per year.⁸ To house roughly 100-120 clients per year (requiring an additional annual investment of \$500,000 in housing subsidies), we estimate annual staffing and operational expenses at \$2.1 million.

Capital Expenses. We estimate that capital expenses for an 80-bed Bridge Living Community will incur nearly identical expenses to a tent-style STAIR Center: a tent village would require the installation of 10 bungalow-style tent cabins (each sleeping 8),

⁶ For example, of the 125 Hub case-managed clients through the end of February, only 65 had accepted a shelter bed reservation. See also: http://ecs-sf.org/documents/Perspectives_NavCenter_Report1.pdf

⁷ This projection assumes that during any given month, 29% of case-managed clients at Bridge will exit back to the streets, a figure pulled from to-date Hub data.

⁸ Office of the Controller, City and County of San Francisco (25 August 2016). Reinvesting in Shelter: Lessons from the Navigation Center. http://sfcontroller.org/sites/default/files/Documents/Auditing/Reinvesting%20in%20Shelter%20-%20Lessons%20from%20the%20Navigation%20Center%208.25.16_0.pdf

modular trailers for office and storage space, port-a-potties and wash stations, mobile showers, and security fencing. We estimate that this would cost \$180,000 in year one, and \$46,000 in leasing expenses annually thereafter. Again, this does not include legal, labor and construction expenses, and it does not include traffic expenses such as closing this stretch of road to traffic and smoothing the highly disrepaired street surface.

Homeward Bound Program

Program Design. A Homeward Bound program would offer one-time travel accommodations to any homeless individual who can verify that a friend or family member in another community is willing to offer permanent housing accommodations for the person. Because of the relatively modest, one-time expenses and the lack of federal eligibility criteria, this intervention need not be reserved for only CES priority individuals; any verifiably-homeless individual could receive the assistance. San Francisco data suggest that only about 10-15% of the point-in-time homeless population avails itself of this option. Therefore, we recommend starting off with a pilot program with funding for 100 travel slots per year, roughly 10% of Berkeley's population.

Staffing and Operations. Implementation of a successful Homeward Bound program requires verification that the party at the other end of the journey can provide stable and permanent accommodations, travel planning and purchasing, and follow-up to ensure stability. We estimate that a 100-person pilot program can be administered with 1 FTE case manager. Assuming an average travel voucher (bus or airplane ticket) of \$250 and associated operational expenses, we estimate that this program could be administered by one of Berkeley's homeless service nonprofits for roughly \$90,000 per year.

Hybrid Program Model

Program Design. One alternative to fully funding four new programs is to combine elements of each in a "hybrid" alternative. This model retains the Bridge Living Community's 80 beds and associated housing subsidies, all of which would continue to be prioritized through the Hub. This would maximize State and Federal draw-downs, ensure HUD compliance and house homeless people. Added to the Bridge would be an additional 20 STAIR Center beds, which would be filled by an Encampment Resolution strategy that primarily redeploys existing outreach and clean-up services. Finally, the program covers Homeward Bound travel expenses for up to 100 clients per year, but no dedicated Homeward Bound program staff.

Staffing and Operations. Staffing and operations patterns would be largely consistent with those of a Bridge Living Community, adjusted proportionally to support 20 additional STAIR Center beds with 100 additional Homeward Bound travel vouchers. We estimate that this "hybrid" model would cost roughly \$2.6 million annually.

Capital Expenses. We estimate that capital expenses for a 100 bed hybrid STAIR Center/Bridge Living Community would require, as with the options above, the

installation of bungalow-style tent cabins, modular trailers for office and storage space, port-a-potties and wash stations, mobile showers, and security fencing. We estimate that this would cost \$260,000 in year one, and \$46,000 in leasing expenses annually thereafter. Again, this does not include legal, labor and construction expenses, and it does not include traffic expenses such as closing a stretch of road to traffic or smoothing a disrepaired street surface.

City Staffing Costs

Implementing one or more of these new programs requires significant City staff time. Currently, there is only one full-time FTE within the City of Berkeley's Health, Housing, and Community Services Department (HHCS) dedicated to homeless services alone. HHCS will need an additional 1 FTE for program administration as part of a Pathways Project budget allocation. For a Community Services Specialist III position, this requires \$190,000 annually in staffing costs. Public Works would also need additional fiscal support to provide capital construction planning and operations.

BACKGROUND

On April 4th, 2017, the City Council voted unanimously to direct the City Manager to implement Emergency Interim Measures, as described in the Pathways Project report, to provide stability, navigation and respite to homeless individuals, and pathways to permanent housing and services. This report responds to that direction by analyzing programming and fiscal requirements to open four identified Pathways Project programs: an Encampment Resolution Team, a STAIR Center, a Bridge Living Community, and a Homeward Bound program.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental impacts or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

Data from the 2017 homeless count in Berkeley indicate that there are almost 1000 homeless individuals residing in Berkeley at any given point in time, with almost 700 of them living without shelter. Meanwhile, the city has fewer than 150 year-round shelter beds, and Hub housing navigation and subsidies for no more than 125 clients at any given time. Therefore, additional investments in best-practice mechanisms to move people experiencing homelessness into places of safety, respite, and permanent housing are warranted. Staff recommend investing in a hybrid STAIR Center/Bridge Living Community model, which primarily focuses on permanent housing but helps increase emergency shelter capacity in Berkeley as well.

ALTERNATIVE ACTIONS CONSIDERED

One alternative to funding a Bridge Living Community or STAIR Center is reforming the existing shelter system to achieve similar housing-focused goals and make shelters

operate more like Navigation Centers.⁹ Specifically, shelter beds could be either (i) reserved only for individuals receiving “last mile” housing case management in preparation for a housing placement, ensuring every shelter bed is tied to a housing subsidy at the end of the client’s stay; and/or (ii) reserved for time-limited Encampment Resolution Team referrals. Shelter system reform would potentially entail similar staffing and operational needs as a Bridge Center—i.e., ensuring low ratios of clients to case managers and operational staff to support 24/7 access with no curfews, meals on demand, etc—the things that make San Francisco’s Navigation Centers appealing to guests. This proposal may entail fewer capital investments and could free up existing Rapid Rehousing subsidies to serve other, lower-needs individuals. Precise fiscal estimates and program design for this proposal require County consultation and are not available at this time.

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⁹ *Ibid.*