Office of the City Manager

REVISED
AGENDA MATERIAL
for Supplemental Packet 2

Meeting Date: **June 24, 2025**

Item Number: **3**

Item Description: **Recommendations for County Measure W Funding**

Submitted by: **Peter Radu, Assistant to the City Manager**

This supplemental submission includes the final draft of the letter (referenced as an attachment in the staff report, "Recommendations for County Measure W Funding"). Staff recommends that the City Council vote to approve and send this letter to the County Board of Supervisors.

City Manager's Office

June 25, 2025

Dear President Haubert, Vice President Lam, and Members of the Board of Supervisors:

Thank you for your leadership and partnership in addressing homelessness throughout Alameda County in general and in Berkeley specifically. We know that significantly reducing homelessness requires collaboration and we look forward to amplifying our work together. The magnitude of the homeless crisis will require an equal magnitude of effort, and the Berkeley City Council strongly supports the County Board of Supervisors allocating all of the Measure W funds for homeless services and solutions.

Berkeley has been meaningfully focused on homelessness, allocating generous general fund contributions to leverage over $45M in State funding in the last three years. This has helped reduce unsheltered homelessness by 45% and homelessness overall by 20% between 2022 and 2024. It has been gratifying to see significant numbers of people living on our streets move into housing with this strategy of local funding leveraging external sources to create a result bigger than what would have been possible acting alone. As the Board of Supervisors considers an expenditure plan for Measure W, a half-cent sales tax that was passed in 2020 to generate resources to address homelessness, Berkeley has identified the following opportunities as critical investments to continue our momentum to solve homelessness:

- *"Shovel-Ready" Programs in Need of Immediate Funding:*
    - **North Berkeley BART BRIDGE Insight Permanent Supportive Housing**: 85 units of PSH at the North Berkeley BART station site could start construction in 2026 if they are successful in securing the remaining project financing. **Cost:** $3M in capitalized operating reserves needed as soon as possible.
    - **Continue 24/7 operations at Insight Housing's Men's and Women's shelter program.** HHAP funding ends December 31, 2025; **Annual Cost:** $603k, which returns funding to FY25 levels.
    - **Continue operations at two noncongregate, motel-based shelters.** These programs have been essential components of Berkeley's 45% decrease in unsheltered homelessness.
        - ***Beyond the Horizon:*** funding ends June 30, 2027; **Annual Cost:** $1.94M, which covers lease and shelter operations with Dorothy Day House.
        - ***Campus Motel:*** funding ends June 30, 2027; **Annual Cost:** $2.54M, which covers lease and shelter operations with Insight Housing.
    - **Expand targeted homelessness prevention:**
        - ***Expand shallow subsidies*****:** Berkeley's shallow subsidy program has helped 54 severely cost-burdened families stay housed since 2022 by providing a modest amount of monthly rental support. **Cost:** $405k annually starting 2026, and $810,000 annually starting 2028, will double the families served.
        - ***Expand Housing Retention Program:*** Additional funding increases the households stabilized from 80 to 100 annually. **Cost:** $715k ensures

long-term sustainability and aligns the program with the Alameda County Homelessness Prevention Framework.

  - **Prevent displacement with small sites acquisition:** The City does not have the resources to continue this program, targeted for the acquisition and rehabilitation of multi-family projects consisting of affordable housing up to 25 units. **Anticipated Need:** Up to $3.6 M in FY26 to support new small sites projects.

- *Future Opportunities:*
  - Berkeley offers a wide range of additional opportunities in the mid-term (2028 and beyond), totaling over $6M in annual need and addressed in detail in this letter.
  - In addition, On May 20, 2025, the Berkeley City Council voted unanimously to direct the City Manager to identify any suitable properties (both city- and privately-owned) that could be used to expand interim housing capacity. While the search for sites is ongoing, Berkeley's robust network of nonprofit providers have identified a number of suitable projects that could be quickly opened if and when a property is identified. An estimated $7.5M in FY26 enables up to 4 years of new interim programming once a site is located.

All of these opportunities are detailed in the attached document, "City of Berkeley Measure W Funding Request and in a summarized and attached table."

Thank you for your leadership and partnership in addressing homelessness, perhaps the most pressing and most challenging social issue facing our County today. The City of Berkeley is ready for the challenge and looks forward to working together as your partners in tackling it.

Respectfully Submitted on Behalf of the Berkeley City Council,

Paul Buddenhagen

Berkeley City Manager

City of Berkeley Measure W Funding Request

Why Invest in Berkeley?

In November 2020, Alameda County voters passed Measure W, a general fund sales tax increase, with the expectation that these funds be used to address our County's homelessness crisis. On behalf of the City Council of the City of Berkeley, I am sending this letter to urge you to honor this expectation and commit to allocating resources generated by Measure W to interventions designed to prevent homelessness, shelter people living on our streets, and increase permanently affordable housing with supportive services. You have already made tremendous efforts towards these goals; Berkeley applauds your efforts and looks forward to continue working as your partner to amplify them.

Berkeley allocated $25.3M in FY25 to fund a wide range of homelessness programs. Our voters have consistently taxed themselves for this effort, passing Measure U1 (a tax on commercial landlords) in 2016, Measures P (a real estate transfer tax) and O (an affordable housing bond) in 2018, and Measure W (expanding and making permanent 2018's Measure P) in 2024. Thanks to Measures O, P and U1, Berkeley has been able to open more than 650 interim housing beds and permanent housing units, together serving over 2,000 residents. Moreover, these funds have helped leverage over $45M in State Homekey and Encampment Resolution Funding grants since 2022. All of this contributed to an incredible 45% decrease in unsheltered homelessness and a 20% reduction in homelessness overall between 2022 and 2024.

Put simply, Berkeley has proven itself capable of measurably reducing homelessness when our generous local funding leverages reliable external sources. This letter, supported by a vote of the City Council at their June 24, 2025 meeting, identifies a list of specific programs and future opportunities we believe are most amenable to successful Measure W funding, and we respectfully request your consideration of them when making funding decisions for this source.

Role of the City and the County in Addressing Homelessness: Achieving Synergy

We acknowledge and appreciate the leadership role that Alameda County – as the seat of the social safety net in our community – must play in leading the effort to solve the regional, inter-jurisdictional problem of homelessness. We are aligned, and share as a priority, that there are certain functions performed by the County, including and especially the use of CalAIM and BHSA resources, that are best funded by and continued at the level of the County. We therefore fully support and urge the County to dedicate Measure W and other funding to help maintain and/or expand enhanced care management (ECM) and other supports with the goal of continuing and strengthening supportive services and navigation, for both for permanent and interim housing programs. Our homeless population in Berkeley, according to the 2024 PIT County, is more chronically homeless and more likely to suffer from serious mental illness than the average homeless resident in Alameda County, and our homeless service providers have noted anecdotally that the level of behavioral health acuity among the people they serve has increased greatly in recent years. More robust supportive services, especially those that take into account behavioral health challenges, for our providers of interim and permanent supportive housing are increasingly critical if we are to permanently stabilize our hardest-to-serve neighbors.

In turn, the City of Berkeley asserts that we are in the best position to provide the programs at which these critical supportive services can be deployed, as well as work with the County to co-identify the people most in need of intervention and support. The funding opportunities identified below represent three categories of specific programs—guided by local data-informed systems modeling—that Berkeley is ready to operate or build *now*, as well as emerging opportunities that can be catalyzed by future Measure W investments.

Current Funding Opportunities, Guided by Local Systems Modeling

In July, 2024, a data-driven performance and gaps analysis of Berkeley's homeless services system,[1] utilizing Homeless Management Information System (HMIS) data, was presented to the City Council. The data confirm that while Berkeley has made measurable improvements in increasing the supply of interim noncongregate and permanent supportive housing, resulting in higher program uptake rates among those who have been outside for years, many vulnerable and disabled people still remain stuck in a permanent supportive housing bottleneck: a dramatic decrease in homelessness (on the order of 75% from 2022 levels) would require an additional $300 million over five years, largely for new affordable housing. Alarmingly, a disproportionate number of those stuck on our streets or in our shelters are Black or Indigenous. The report provided recommendations to guide future funding opportunities, specifically that the City should prioritize:

- Accelerating the transition to non-congregate shelter
- Funding permanent supportive housing
- Investing in targeted homelessness prevention

1. Accelerating the transition to non-congregate shelter

Berkeley's non-congregate shelters have been effective at sheltering people who otherwise decline offers of traditional congregate shelter. We are always looking for opportunities to expand non-congregate shelter, including supporting and partnering with Episcopal Community Services on their application to the recently announced County Measure W contract opportunity for encampment resolution-focused interim shelter. This is significant not only because the program would have a meaningful impact on reducing homelessness, but it also brings a new and experienced nonprofit to Berkeley to help with much needed services.

Unfortunately, the many existing noncongregate shelter beds Berkeley opened since 2022 are at risk of closing without an identified source of funding to continue operations. These programs are described below. Annual costs represent the annual cost at the time funding ends; true costs will likely be subject to renegotiated contracts and leases, and therefore slightly higher:

- **Beyond the Horizon**: a non-congregate shelter that provides 27 motel rooms to encampment residents through a master lease with the Berkeley Inn at 1720 San Pablo Avenue. This non-congregate shelter has been integral in addressing

[1] See: https://berkeleyca.gov/sites/default/files/documents/2024-07-09%20Item%2016%20Referral%20Response%20%20Gap%20Analysis%20of%20Berkeley%E2%80%99s%20Homelessness.pdf

homeless encampments by providing low-barrier private rooms to individuals referred by the Homeless Response Team.
  - **Funding committed through**: June 30, 2027
  - **Annual Cost:** $1.94M, which covers lease and shelter operations with Dorothy Day House

- **Campus Motel:** is a non-congregate shelter that provides 23 motel rooms to encampment residents through a master lease with the Campus Motel at 1619 University Avenue. This non-congregate shelter has been integral in addressing the needs of our hardest to serve encampment residents, including those living along 8th/Harrison St. While this program is initially being paid by the state's Encampment Resolution Funding 2 Program, funds from Berkeley's Measure P will be used in FY26.
  - **Funding committed through**: June 30, 2027
  - **Annual Cost:** $2.54M, which covers lease and shelter operations with Insight Housing

- **Capri Motel:** is a non-congregate shelter that provides 23 motel rooms to encampment residents through a master lease with the Howard Johnson Motel at 1619 University Avenue. This non-congregate shelter has allowed the city to successfully resolve one of its largest and longest-standing encampments along 2nd St in early 2025. While this program is initially being paid by the state's Encampment Resolution Funding 3 Program, Measure P will be used as leverage beginning in FY27.
  - **Funding committed through**: December 31, 2028
  - **Annual Cost:** $2.68M, which covers lease and shelter operations with Insight Housing

Total Annual Noncongregate shelter fiscal cliff by 2028: $6.85M

We are also concerned that this year's State budget contains no funding to continue the HHAP program in FY25-26. While Berkeley is not a direct recipient of HHAP funding, Insight Housing's Men's and Women's Shelter programs received $457,647 in the most recent round of HHAP to continue that program's 24/7 operations. For comparison, in FY 24/25 Insight Housing received $412K for the women's shelter and $191K for the men's shelter (totaling $603k), the ideal level of support needed to sustain both programs effectively. Reducing barriers to shelter access, such as 24/7 operations, is a shared goal of the City and County and should continue to be prioritized for investment. In order to sust

  - **Funding committed through**: December 31, 2025
  - **Annual Cost:** $603,000 to maintain 24/7 operations

2. Funding permanent supportive housing

Berkeley voters in 2018 passed Measure O, a $135M affordable housing bond that has resulted in the creation of over 240 new units of affordable housing since its passage. Altogether, Berkeley supported 620 beds of permanent supportive housing (PSH) as of the 2024 Housing Inventory Count (HIC). The permanent supportive housing available in 2024 represents an increase of nearly 130 beds from the 2022 HIC. In 2022, the City added both the HOPE Center in downtown Berkeley, providing 53 units of PSH, and the Homekey-funded Golden Bear Homes, providing 44 units of PSH; in 2024 the City added the Homekey-funded Rodeway Inn (now called University Homes), converting a former noncongregate interim site to 43 new units of PSH, and the Maudelle Miller Shirek community, providing 12 units of PSH. However, these latter two programs face an impending fiscal cliff:

- **Golden Bear Homes:** This project received $7.3 million in Measure P funding in FY22, leveraging $16.2M in HomeKey funds to convert the Golden Bear Inn to new permanent supportive housing with 44 units for formerly homeless adults.
  - **Funding committed through**: December 31, 2029
  - **Annual Cost:** $825k in operating subsidy needed, starting in 2030
- **Rodeway Inn/University Homes:** This project received $8.5 million in Measure U1 funding in FY24 to acquire the Rodeway Inn as a new permanent supportive housing site with 43 units for formerly homeless adults.
  - **Funding committed through**: December 31, 2032
  - **Annual Cost:** $600k in operating subsidy needed, excluding services costs, starting in 2033

In addition, the City has two new construction projects in the pipeline, poised to add additional PSH units with the identification of additional funding:

- **North Berkeley BART BRIDGE Insight Permanent Supportive Housing**: The City has allocated $9M to the project, which includes funds from Measure O and the Housing Trust Fund for 85 units of PSH at the North Berkeley BART station site. The development team (BRIDGE Housing and Insight Housing) secured 50 project-based vouchers through the Berkeley Housing Authority, but indicated that they'll need an additional $3M from the City or another source for a capitalized reserve to support operations through the initial 15-year tax credit compliance period. BRIDGE and Insight are pursuing state funding this year, and construction could start in 2026 if they are successful in securing the remaining project financing.
  - **Anticipated Need:** $3M for capitalized operating reserve in FY26

- **Supportive Housing in People's Park:** The City approved $14.4M in Measure O and Housing Trust Funds, which includes $9.9M in development funding and $3.5M in operating subsidy to support the development of PSH on land owned by the University of California. The City partnered on a No Place Like Home application and leveraged $16.7M in capital and operating funds from the state to support 46 PSH units in the project. The University is in the process of selecting a nonprofit partner to develop the PSH so the total number of units including PSH will be determined by the new developer based on what's feasible. The project is ineligible for vouchers through the Berkeley Housing Authority and will require ongoing operating support in order to serve formerly homeless households.
  - **Anticipated Need:** Up to $2M per year for operating support starting in FY29

3. <u>Investing in targeted homelessness prevention</u>

The most cost-effective way to address homelessness is targeted interventions that stop it before it starts. Berkeley's current housing retention programs have been successful at preventing evictions, but are not necessarily targeted to the people most likely to become homeless. Berkeley has been a leader in housing retention efforts and has launched one of the

County's first shallow subsidy programs for unstably housed individuals with very high rent burdens. To enhance our ability to prevent further housing instability in a more targeted way, we recommend investments in the following:

- **Housing Retention Program:** To strengthen and scale the Housing Retention Program, we are requesting $715,000 in annual Measure W funding, allowing us to expand the program's total annual budget to $1.2 million. With this increase, we could grow capacity from serving 80 to 100 households annually, invest in wraparound services for tenants with persistent housing challenges, develop a tenant-facing web-based application to streamline intake and tracking, and bring program administration in-house. This funding will ensure long-term sustainability and align the program with the Alameda County Homelessness Prevention Framework.
    - **Annual Request:** $715k annually starting in FY 26

- **Shallow Subsidy Program (rental assistance):** The shallow subsidy program has helped 54 families stay housed since 2022 by providing a modest amount of monthly rental support for up to 36 months for eligible households. Eligibility for this type of assistance includes the following criteria: the participant must reside in Alameda County, have an Annual Median Income (AMI) of 30% or below, be rent-burdened at or above 50%, and have had previous experiences with homelessness or been referred by the Eviction Defense Center. The goal of the program is to support participants in achieving housing stability, enabling them to afford their rent comfortably. The subsidy amount is determined based on income and rent but is capped at $1,800. The program has an annual budget of $405,000, and continuing this program would be a great benefit to residents at risk of losing their housing and/or those who are rent-burdened.
    - **Funding needed**: as soon as possible to expand; June 30, 2028 to maintain current levels
    - **Annual Cost:** $405k annually in operating subsidy and personnel costs will match Berkeley's commitment and double the capacity of this critical prevention program.

- **Small Sites Program:** The City established a Small Sites Program in 2018 to support the acquisition and renovation of smaller multifamily rental properties (up to 25 units). One of the primary goals of the program is to prevent the displacement of long term, low- or extremely low-income Berkeley residents who would be at risk of homelessness if displaced. The City projected allocating $5M to the program in FY26. However, the full allocation can no longer be committed due to the broader City budget deficit, so the City has approximately $1.4M of the projected $5M available for FY26.
    - **Anticipated Need:** Up to $3.6M in FY26 to support new projects

Future Funding Opportunities

On May 20, 2025, the Berkeley City Council voted unanimously to direct the City Manager to identify any suitable properties (both city- and privately-owned) that could be used to expand interim housing capacity. This search is underway, and the unusually robust network of nonprofit providers operating in Berkeley have identified a number of new programs that could be opened rapidly with a suitable location and adequate budget. Such programming includes a shelter specific for seniors experiencing homelessness; a semi-congregate, “indoor campsite” shelter (in the vein of Berkeley’s successful Horizon Transitional Village Program in 2021-2022); and more. While the search for sites is ongoing, Berkeley is severely constrained by a lack of identified funding for any new programming at this time. However, the City believes that a Measure W contribution of up to $7.5M will enable us to open a new interim program for up to 4 years as soon as a feasible site is identified.

- **Anticipated Need:** up to $7.5M starting in FY2026.

Berkeley City Council
Homeless Services Priorities for Measure W
June 24, 2025

Shelter (congregate)	**Description**	**FY 2025-2026**	**FY 2026-2027**	**FY 2027-2028**	**Future Annual 2028 and Beyond**
Insight Housing Men & Women Shelter Program	Loss of HHAP funding 12/31/2025	$603,000	$603,000	$603,000	
Emergency Alternative Housing sites	City is seeking sites and funding for lease(s) for alternatives to encampments & RV Street Parking. Programming is ready for seniors, families LGBTQ+, general pop	To be determined by site location	To be determined by site location		
Shelter (non-congregate)					
Beyond the Horizon Motel (Dorothy Day House)	27 Motel rooms - Secured w/ State encampment resolution funding	covered	covered	$1.94M	$1.94M Annual
Campus Motel (Insight Housing)	23 Motel rooms - Secured w/ State encampment resolution funding	covered	covered	$2.54M	
Capri (Insight Housing)	23 Motel rooms - Secured w/ State encampment resolution funding	covered	covered	$2.68M starting 12/21/2028	

Berkeley City Council
Homeless Services Priorities for Measure W
June 24, 2025

PSH	Description	FY 2025-2026	FY 2026-2027	FY 2027-2028	Future Annual 2028 and Beyond
NB BART Bridge/Insight Housing	85 Units	$3M (capitalize operating reserve needed for financing)			
Golden Bear Homes	44 Units				$825K Operating Subsidy starting January 2030
Rodeway Inn/University Homes	43 Unites				$600K Operating starting January 2033
Supportive Housing People's Park					Up to $2M starting in FY2028-2029

Supportive Services	Description	FY 2025-2026	FY 2026-2027	FY 2027-2028	Future Annual 2028 and Beyond
Enhanced Care Management	CalAIM ECM is at risk with Federal Budget and with State Waiver	Maintain existing level of services and if possible, expand to non-congregate settings			
Mental Health Services	Transition of MHSA to BHSA impacts early intervention and prevention	Maintain existing level of services and if possible expand to meet needs			

Berkeley City Council
Homeless Services Priorities for Measure W
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Prevention	Description	FY 2025-2026	FY 2026-2027	FY 2027-2028	Future Annual 2028 and Beyond
Shallow Subsidy Program Expansion	Rental support for 54 cost-burdened families to stay housed since 2022; will double in 2028	$405K	$405K	$810K	$810K Annual
Housing Retention Program	Expand program from 80 households to 100 and ensure long-term sustainability and alignment w/AC Homeless Prevention Framework	$715K	$715K	$715K	$715K Annual
Prevent Displacement thru Small Site Aquisition	Partnership with Bay Area and Nor Cal Community Land Trusts to acquire small multi-family complexes of us to 25 units to prevent evictions and displacement	$3.6M	$2.5M	$2.5M	$2.5M

**Future dollars are not calculated to include COLA or CPI adjustments*