Office of the City Manager

REVISED
AGENDA MATERIAL
for Supplemental Packet 2

Meeting Date: **July 9, 2024**

Item Number: **16**

Item Description: **Referral Response: Gap Analysis of Berkeley's Homelessness System of Care**

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

This a revision to the attachment of the staff report. The report was updated on page 12 figure 5 with a new visual that has the accurate number of units represented.

Gap Analysis of Berkeley's Homelessness System of Care

SPRING 2024

Prepared by Zoe Klingmann
for the City of Berkeley City Manager's Office

Acknowledgements

I would like to thank the City of Berkeley Homelessness Response Team and the Health, Housing, and Community Services Department—especially Joshua Jacobs, Peter Radu, Jennifer Vasquez, David Andujo-Walker, Myette Anderson, and Brittany Carnegie. I was extremely lucky to learn from Berkeley staff over the course of this project.

I am grateful to David Amaral of All Home, Jennifer Lucky of Alameda County, and Suzanne Trujillo and the rest of Alameda County's HMIS team for lending their expertise to this project. I would also like to thank the service providers and advocates I interviewed for sharing their perspectives on the work they do to make safe and stable housing a reality for Berkeley residents.

Executive Summary

More than 2,000 Berkeley residents experience homelessness over the course of a year. Most of these Berkeleyans are unsheltered, meaning that they sleep in a tent, vehicle, or on the street. This report explores how the City of Berkeley can align with the All Home Regional Action Plan (RAP), which seeks to reduce unsheltered homelessness across the Bay Area by 75 percent. It provides an overview of Berkeley's current services, analyzes the needs and demographics of people experiencing homelessness, and projects the resources needed to achieve a significant reduction in street homelessness.

Key findings

Berkeley will need more funding to keep up momentum. Berkeley has made strides in expanding services in recent years, but the resources the City has available now are not enough to reduce unsheltered homelessness. System modeling suggests that a 75 percent reduction in street homelessness will require an additional $300 million over five years, largely for new affordable housing. More urgently, Berkeley faces a fiscal cliff in the coming years due to the volatility of local funding sources, state budget woes, and the end of pandemic-era programs.

Inflows to and outflows from homelessness add up to increasing need for services. The number of people accessing homelessness services in Berkeley increased 11 percent between 2022 and 2023. This increase comes down to a math problem: more people are entering or returning to homelessness than are exiting to housing.

Black and Indigenous Berkeleyans are dramatically overrepresented among people experiencing homelessness. Black people make up a majority of people who accessed homelessness services in Berkeley in 2023 but only eight percent of Berkeley residents. Indigenous people are similarly overrepresented. People of color in the Bay Area are more likely to face low incomes and high rent burdens, making them especially vulnerable to homelessness.

Berkeley has made progress in increasing its supply of permanent supportive housing (PSH) and non-congregate interim housing. Since 2021, Berkeley has more than tripled the number of shelter beds in non-congregate settings, where residents sleep in a private space rather than a dorm-style shelter. These new facilities have higher utilization rates and have successfully sheltered people who have been outside for years. The city now has nearly one hundred additional beds of permanent supportive housing, which serves vulnerable people who need support to stay housed.

Vulnerable people are still stuck in a bottleneck. Despite increases in supply, people eligible for permanent supportive housing still wait a long time for housing. More than 95 percent of people waiting on the housing queue have some form of disability.

Targeted prevention is key to reducing the number of people experiencing homelessness. Berkeley's current housing retention programs have been successful at preventing evictions, but are not targeted to the people most likely to become homeless, many of whom do not have a formal lease. System modeling suggests that Berkeley will need to more than double the number of households served by targeted prevention in order to achieve a 75 reduction in unsheltered homelessness.

Recommendations

In order to effectively reduce unsheltered homelessness, **Berkeley should look for opportunities to increase funding for homelessness services and affordable housing.** The City should prioritize the following specific investments:

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

In addition, the City should consider doing additional research into rapid rehousing and the needs of people with lower levels of acuity. More detail about these recommendations can be found in Part VII.

Table of Contents

Part I: Background

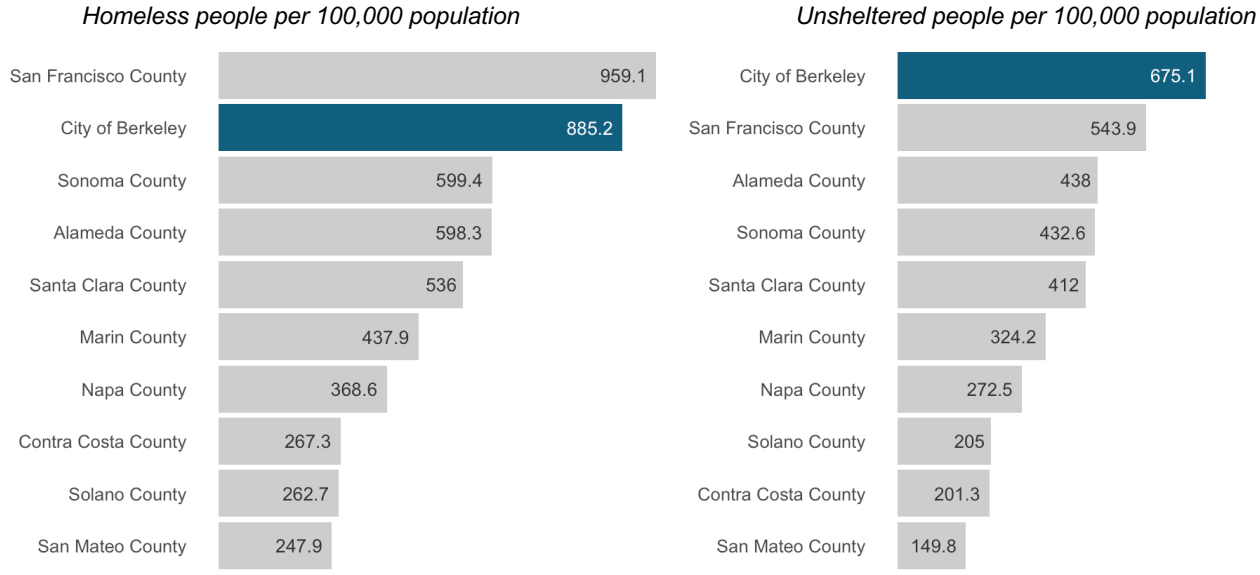
A. Problem definition

About a thousand Berkeley residents experience homelessness on a given night. Most of those Berkeleyans—about 75 percent—are unsheltered, meaning that they sleep in a tent, vehicle, or on the street rather than in a shelter or interim housing.[1]

Homelessness is a regional problem with roots beyond Berkeley's borders, driven by a shortage of affordable housing and federal disinvestment during the twentieth century.[2] Before the COVID-19 pandemic, 17 percent of households in the Bay Area had extremely low incomes, making an average of $17,800 per year. More than half of these households were at high risk of losing their housing.[3] Rising housing costs and pandemic-related instability have put further pressures on this population.[4] As of 2022, more than 38,000 people in the nine-county Bay Area were homeless on a given night, a nine percent increase since 2019.[5]

That said, Berkeley's level of homelessness is disproportionate among its neighbors. Berkeley residents make up about seven percent of Alameda County's population, but were 11 percent of unsheltered people on a given night in 2022.[6]

Figure 1: Berkeley's rate of unsheltered homeless people is higher than area counties



Source: 2022 PIT Count

[1] EveryOne Home, "Berkeley 2022 Point in Time Count: Unsheltered & Sheltered Report," accessed February 16, 2024, https://everyonehome.org/wp-content/uploads/2022/05/Berkeley-PIT-2022-Infographic-Report.pdf.
[2] Greg Rosalsky, "How California Homelessness Became A Crisis," NPR, June 8, 2021, https://www.npr.org/sections/money/2021/06/08/ 1003982733/squalor-behind-the-golden-gate-confronting-californias-homelessness-crisis.
[3] Carolina Reid, "On the Edge of Homelessness: The Vulnerability of Extremely Low-Income Households in the Bay Area" (Terner Center for Housing Innovation, December 2021), https://ternercenter.berkeley.edu/wp-content/uploads/2021/12/ELI-Households-Bay-Area-Report-Final-1.pdf.
[4] Christian Leonard and Sriharsha Devulapalli, "Bay Area Real Estate: Where Rent or Mortgages Hurt Residents Most," accessed February 16, 2024, https://www.sfchronicle.com/bayarea/article/housing-costs-rent-mortgage-18535110.php.
[5] Analysis of 2019 and 2022 PIT data.
[6] EveryOne Home, "Berkeley 2022 Point in Time Count: Unsheltered & Sheltered Report."

Unsheltered people are vulnerable to a wide range of harms. They have high rates of chronic health conditions and low access to health care. The trauma of living on the street can cause or exacerbate physical and mental health conditions and substance abuse disorders.[7] They are also highly vulnerable to crime: more than a third of homeless people surveyed in California said that they had been physically victimized while homeless.[8] Between 2018 and 2020, at least 809 people in Alameda County died while experiencing homelessness.[9]

These harms fall disproportionately on people of color. Black residents make up eight percent of Berkeley's population but 45 percent of the sheltered homeless population in the 2022 Point-in-Time Count. Native American and Latine Berkeleyans are also overrepresented.[10] A long history of racist policies such as redlining have made people of color in Berkeley and elsewhere more vulnerable to losing their homes and less able to rely on a safety net when they do.[11]

Unsheltered homelessness also has an impact on the community where it occurs. Some people experiencing homelessness use public services at high rates—for instance, 38 percent of homeless people in California reported that they had made an emergency room visit that did not result in hospitalization in the last six months.[12] A study in Santa Clara County found that the public cost of medical care and justice system involvement for homeless people was $520 million, with just five percent of the homeless population accounting for 47 percent of these costs.[13] Additionally, surveys of Bay Area residents regularly find that unsheltered homelessness impacts their perceptions and feelings of safety in their community.[14]

B. Report background

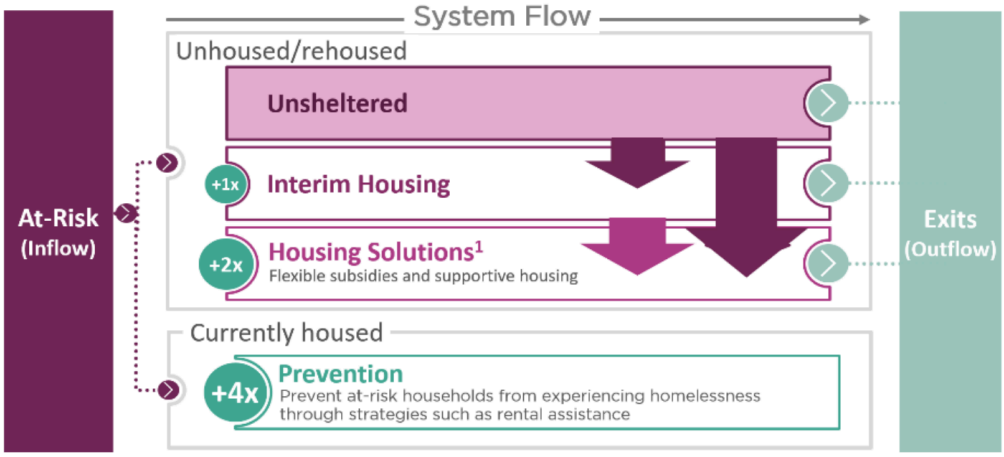
In July 2021, Berkeley City Council voted to endorse the All Home California Regional Action Plan (RAP), which seeks to reduce the number of people experiencing unsheltered homelessness across the nine-county Bay Area region by 75 percent.[15]

One central component of the Regional Action Plan is the concept of "system flow." In a functioning homelessness response system, there are adequate *permanent housing* resources to move people out of homelessness, and there are adequate *prevention* resources to prevent people from falling into homeless in the first place—meaning that fewer people end up relying on emergency shelter and other

[7] Margot Kushel and Tiana Moore, "Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness," June 2023, https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.
[8] Ibid.
[9] Alameda County Health Care Services Agency, "Alameda County 2018-2020 Homeless Mortality Report," March 2022, https://www.achch.org/uploads/7/2/5/4/72547769/2018-2020_ac_homeless_mortality_report_final_4.11.2022.pdf.
[10] EveryOne Home, "Berkeley 2022 Point in Time Count: Unsheltered & Sheltered Report."
[11] "Homelessness and Racial Disparities," *National Alliance to End Homelessness*, December 2023, https://endhomelessness.org/homelessness-in-america/what-causes-homelessness/inequality/; Kate Cimini, "Black People Disproportionately Homeless in California," *CalMatters*, October 5, 2019, http://calmatters.org/california-divide/2019/10/black-people-disproportionately-homeless-in-california/.
[12] Kushel and Moore, "Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness."
[13] "Home Not Found: The Cost of Homelessness in Silicon Valley," accessed April 1, 2024, https://destinationhomesv.org/wp-content/uploads/2021/01/FactSheetDestinationHome.pdf.
[14] For example: Sarah Ravani, "Oaklanders Say Homelessness Is the Most Urgent Issue Facing the City," *San Francisco Chronicle*, March 3, 2023, https://www.sfchronicle.com/eastbay/article/oakland-homelessness-survey-priority-17816397.php.
[15] "Item 12: Endorse All Home CA Regional Action," July 13, 2021, https://berkeleyca.gov/sites/default/files/documents/2021-07-13%20Item%2012%20Endorse%20All%20Home% 20CA%20Regional%20Action.pdf.

services. In our current homelessness response system, too many people are entering homelessness and too few are exiting, leading to a bottleneck of people who are currently homeless.

Figure 2: System flow diagram from the All Home Regional Action Plan (RAP)



Source: All Home Regional Action Plan

The RAP's 1-2-4 framework encourages local governments to fund homelessness prevention and permanent housing solutions alongside emergency shelter and interim housing. The framework broadly suggests that policymakers fund two units of permanent housing and four slots of homelessness prevention for every additional unit of shelter. That said, the RAP acknowledges that the ideal mix of investments will look different for different localities.

This report makes recommendations for how Berkeley can recalibrate and prioritize its investments to align with the Regional Action Plan. It gives an overview of Berkeley's current homelessness system of care and analyzes the needs and demographics of people experiencing homelessness in Berkeley. Lastly, it describes the results of modeling developed by All Home to project the resources needed over the next ten years to achieve a significant reduction in street homelessness.

Part II: Berkeley's Current System of Care

This section provides an overview of the homelessness services available to Berkeley residents and contextualizes the City of Berkeley's current investments in these services. I use the HUD Housing Inventory Count (HIC)[16], Homeless Management Information System (HMIS) data, City of Berkeley budget documentation, shelter capacity reporting, and referrals to the county's Coordinated Entry housing queue to paint a picture of the system as a whole.

A. Homelessness and affordable housing programs used by Berkeley residents

Berkeley residents experiencing homelessness receive assistance through a constellation of service providers and governments, paid for by a mix of city, county, state, and federal funds. Berkeley is part of the Alameda County Continuum of Care, meaning that many services are coordinated county-wide and Berkeley residents have access to services outside of the city's borders.[17] That said, this analysis largely focuses on services within Berkeley, given that people tend to stay local when seeking shelter and assistance.

Berkeley's homelessness system of care was dramatically reshaped by the COVID-19 pandemic, in ways that are reflected in the data in this section. The pandemic response brought unprecedented new resources and new priorities, including increased need for non-congregate shelter and reduced capacity in congregate shelters. As of 2023, the system was adjusting to the new normal in the post-emergency period. Federal funds were rapidly drawing down and the City and County were providing additional services to transition people out of temporary FEMA shelters.

Emergency shelter and transitional housing

Berkeley had nearly 350 shelter beds at the start of 2023, 108 of which were seasonal and open only during the winter months. Over the course of 2023, over 900 individual people used a shelter bed in Berkeley. The city also had about fifty transitional housing beds dedicated for specific populations, including transition-aged youth, people with substance abuse disorders, and veterans.

Non-congregate shelter beds have become more common, though most are designated for specific purposes. Since the COVID-19 pandemic, new shelter beds in Berkeley are increasingly likely to be in non-congregate settings, meaning that residents have a private room or space rather than sleeping in a dorm-style shelter. When paired with case management and housing navigation on site, this model is sometimes referred to as "interim housing."[18]

More than a third of Berkeley's shelter beds were non-congregate as of the 2023 HIC count, more than triple the number of non-congregate beds available in 2021. Several additional non-congregate shelters opened in Berkeley later in 2023, such as the Dorothy Day House University Community Shelter. This growth has made up for the closure of the FEMA COVID-19 shelters in 2022.

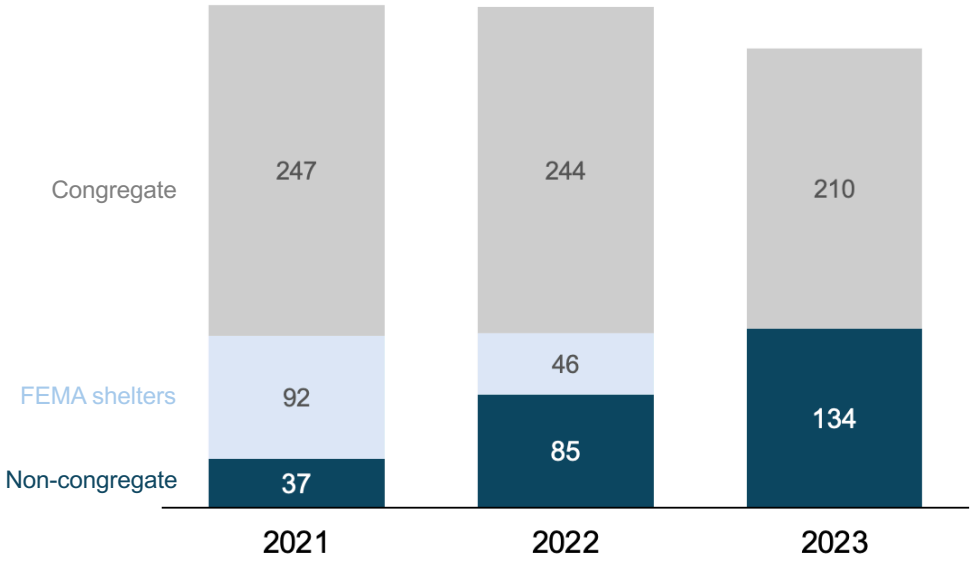
---

[16] The HIC includes permanent supportive housing, rapid rehousing, emergency shelter, transitional housing, and safe havens. It is a point-in-time count at the start of each year and only includes services that are intended solely for homeless people, so the number of beds reported will not include services that opened midyear or services that do not screen for literal homelessness.

[17] Continua of Care, or CoCs, are HUD-mandated regional collaborations of governments and nonprofits that coordinate services, funding, and data across communities.

[18] Gail Gilman, "Strengthening Interim Housing as a Housing First Approach," All Home, March 20, 2023, https://www.allhomeca.org/2023/03/20/strengthening-interim-housing/.

Figure 3: Berkeley now has more non-congregate shelter beds



Proportion of shelter beds in non-congregate settings.
Source: 2021–2023 HIC

Non-congregate shelters in Berkeley are almost exclusively dedicated to specific populations, with funding streams for particular purposes. For instance, several are intended for people from specific encampments, while others serve populations such as families or SSI recipients. These non-congregate shelters necessarily have lower capacity than congregate shelters, with an average of 22 beds per facility. Nevertheless, during 2023 non-congregate shelters served 317 individual people out of the 900 who accessed shelter.

Congregate shelters have barriers to entry for many homeless people. During January and February of 2024, 82 percent of available shelter beds were occupied each night on average.[19] This rate is slightly below the national average occupancy rate of 88 percent in 2023, though the methodology used to calculate that occupancy rate is slightly different.[20] Non-congregate shelters had higher levels of utilization: 93 percent of beds in non-congregate shelters were full on average, compared to 79 percent of beds in congregate shelters.

Providers and City staff report that matching a person with shelter is more complex than simply finding an empty bed. People have physical limitations or needs that make some shelter beds inappropriate for them—for instance, they cannot physically climb onto a top bunk or need to stay with family members. Restrictive rules such as curfews and pet policies also play a role, though many shelters in Berkeley are moving away from these restrictions. The two shelters in Berkeley with the earliest nightly curfews

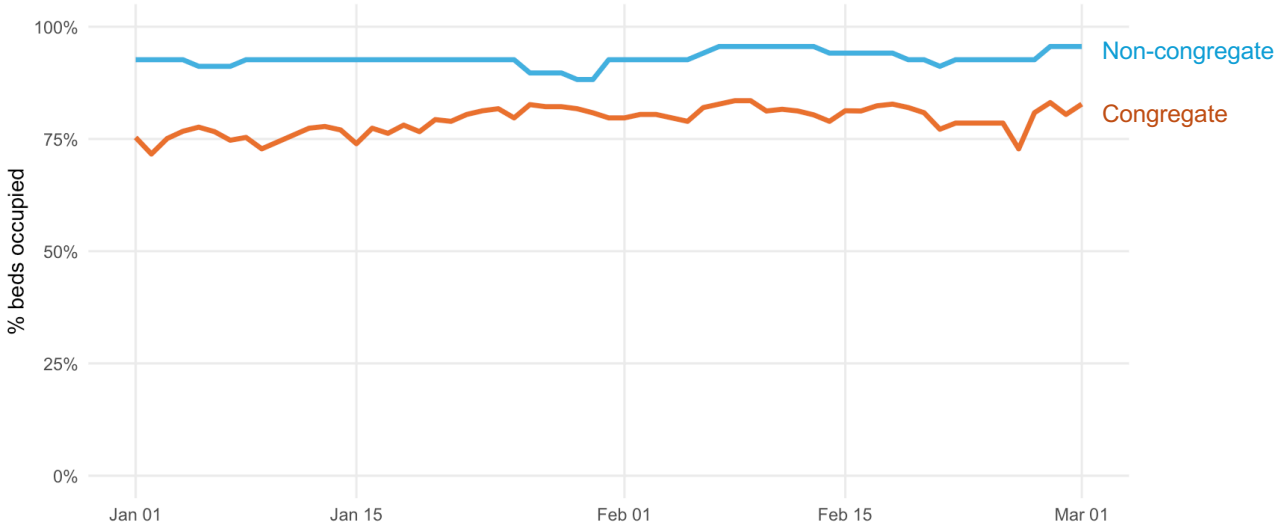
[19] This analysis excluded the Ursula Sherman Village families shelter because of the limitations of using bed counts for family shelters ("How Do I Calculate a Unit Utilization Rate?," HUD Exchange, November 2017, https://www.hudexchange.info/faqs/reporting-systems/homelessness-data-exchange-hdx/ahar/understanding-utilization-rates-in-the-ahar/how-do-i-calculate-a-unit-utilization-rate2). It also excludes the HCEB Rodeway to Home Shelter and IH Berkeley Respite Shelter because both are winding down operations and no longer taking new enrollments. For nights where over 100 percent of beds were occupied, I set the rate to 100 percent.

[20] HUD simply divides the number of sheltered homeless people by the number of ES, TH, and SH beds available at the PIT count, a method that captures a much larger variation in settings. *The 2023 Annual Homelessness Assessment Report Congress Part 1: Point-In-Time Estimates of Homelessness, December 2023*, December 2023, https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf, p. 11.

during this period also had the lowest occupancy rates, with an average of 71 percent occupancy each night.

Street outreach providers report that people are especially skeptical of congregate shelters due to concerns about safety, theft, and past trauma. One outreach team recorded that eighty percent of the people who declined offers of shelter were concerned about the fact that it was a shared space or that it was co-ed. All of these factors make congregate shelter less attractive and less accessible for a large portion of the unhoused population. City's Homelessness Response Team has reported that people living in encampments are far more likely to accept offers of shelter when they are non-congregate than congregate.[21]

Figure 4: Non-congregate shelters consistently have higher utilization rates



Berkeley shelter utilization rates, January to February 2024.
Source: HMIS weekly housing census

Permanent housing

Berkeley residents have to wait to access permanent housing programs. Berkeley residents experiencing homelessness access permanent housing through the Coordinated Entry queue. Coordinated Entry matches individuals to openings in permanent housing programs based on their level of need and program fit, essentially triaging access to a limited resource. Since mid-2022, people in the north Alameda County area spent an average of 280 days, or more than nine months, on the housing queue before receiving a referral to permanent housing.

Berkeley has a growing inventory of permanent supportive housing (PSH). Berkeley had 592 beds of permanent supportive housing (PSH) in early 2023. These units are intended for formerly homeless people with high needs: they require disability for entry and provide ongoing wrap-around services in addition to a subsidized unit. About ten percent of the PSH units in Berkeley are dedicated to families with children.

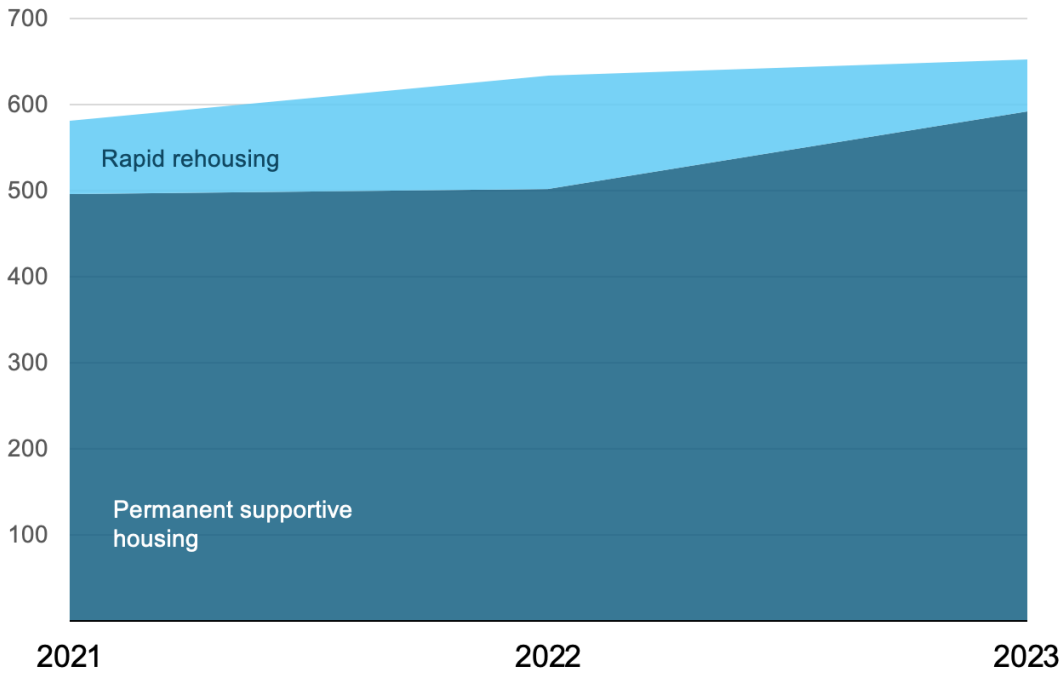
[21] Interview with Markos Gonzalez, Bay Area Community Services; "Encampment Resolution Funding (ERF) Grant Application and Budget Match, Budget and Finance Policy Committee, January 25, 2024, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-attachments/ITEM%2003%20-%20ENCAMPMENT%20RESOLUTION%20FUNDING%20%28ERF%29%20PRESENTATION% 20%28STAFF%29.pdf

The permanent supportive housing available in 2023 represents an increase of nearly one hundred beds from the 2022 HIC. The city added both the HOPE Center in downtown Berkeley and the Golden Bear Hotel during 2022. There are additional PSH units in the pipeline set to open in the coming years.[22]

Coordinated Entry is intended to triage resources county-wide, so new PSH beds in Berkeley are not guaranteed to go to people experiencing homelessness in the city. The County's current policies allow both PSH programs and individuals waiting on the queue to indicate a geographic preference. Nevertheless, some of the people who move into Berkeley PSH units are from outside the city's borders and some Berkeley residents move into housing elsewhere in the county. Of the approximately 200 people who entered permanent supportive housing in Berkeley from 2021 to 2023, most had some previous connection to Berkeley, but about ten to fifteen percent had last accessed services from elsewhere in Alameda County.

People in PSH tend to stay there: the median person enrolled in PSH in 2023 had spent about five and a half years in their unit. The vast majority, 92 percent, had been enrolled for more than a year. More than half (298) of Berkeley's PSH units are administered as tenant-based vouchers, meaning that residents rent a unit from a private landlord.

Figure 5: Berkeley has expanded its supply of permanent supportive housing



Point-in-time count of permanent housing beds in the last week of January of each year. RRH inventory based on project stays. Source: 2021–2023 HIC

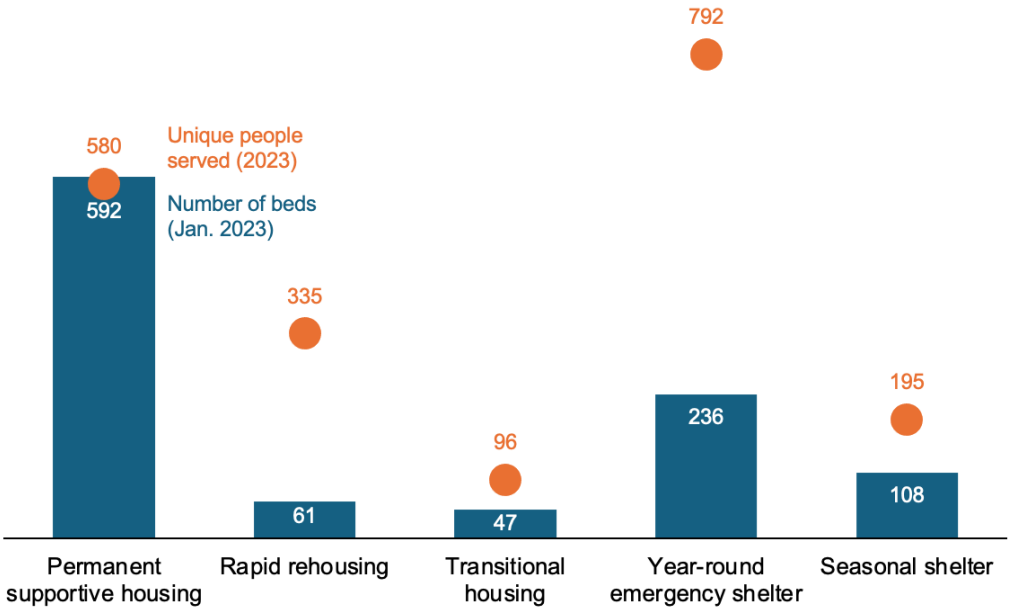
Rapid rehousing (RRH) serves people for shorter stints. At the start of 2023, Berkeley had 61 rapid rehousing slots, some of which were specifically designated for veterans. RRH provides short-term rental assistance and supports to people exiting homelessness into private rental units. The assistance tapers off after a few months to a year. Because of this difference in service model and focus, each rapid

[22] For instance, the Step-Up Housing Project will provide 39 additional units, and the Maudelle Miller Shirek development will also include some PSH units https://www.self-sufficiency.org/boss-housing-projects; https://rcdhousing.org/maudelle-miller-shirek/

rehousing slot can serve more people over the course of a year. Sixty rapid rehousing slots in 2023 served over 300 people, and clients enrolled in RRH during 2023 spent a median of 241 days in the program in total.

Berkeley had more than double the rapid rehousing slots available at the 2022 Housing Inventory Count compared to 2023, largely due to a pot of dedicated City and County funding to transition people out of the temporary COVID-era FEMA shelters. The City also continues to fund a few slots of rapid rehousing for residents in a respite shelter for medically vulnerable people.

Figure 6: Berkeley housing and shelter beds capacity, 2023



Number of beds/slots in Berkeley vs. number of people served by programs over the course of 2023. For most programs, multiple people cycle in and out of a single bed over the course of a year.
Source: 2023 HIC; HMIS

A small proportion of federal vouchers are designated for people experiencing homelessness. The Berkeley Housing Authority administers the Housing Choice Voucher (HCV) program, sometimes known as Section 8, which is one of the main ways the federal government subsidizes housing for low-income people. As of November 2023, the BHA had authority for 2,110 vouchers, which are distributed to households in Berkeley who make less than fifty percent area median income.[23] The need for these vouchers far outstrips demand: when the BHA opened its waitlist for the first time in over ten years in 2022, over 21,000 households applied.[24]

[23] Not all of these vouchers were in use: Berkeley's voucher utilization rate was 76 percent as of 2023. "Housing Choice Voucher (HCV) Data Dashboard," U.S. Department of Housing and Urban Development (HUD), accessed April 14, 2024, https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.
[24] Supriya Yelimeli, "Over 21,000 Applied for Just 2,000 Section 8 Housing Vouchers in Berkeley," *Berkeleyside*, September 8, 2022, http://www.berkeleyside.org/2022/09/08/berkeley-section-8-voucher-lottery-applications.

Figure 7: Eight percent of Berkeley's vouchers are designated for people experiencing homelessness

Proportion of Berkeley Housing Authority voucher awards in Special Purpose Voucher programs, plus one-time EHVs
Source: HUD HCV Data Dashboard

About eight percent of these vouchers are specifically targeted to people experiencing homelessness. These include Veterans Authority Supportive Housing (VASH) vouchers, which are designated for homeless veterans, and "mainstream" vouchers, which are designated for non-elderly disabled people referred through the Coordinated Entry system. BHA project-based vouchers also fund the operations of two permanent supportive housing SRO buildings, Erna P. Harris Courts and UA Homes.[25] Lastly, HUD issued 51 Emergency Housing Vouchers to Berkeley in response to the COVID-19 pandemic. These vouchers were distributed through Coordinated Entry, but they were a one-time expansion and will not continue after current voucher-holders give them up. BHA does not currently prioritize people experiencing homelessness for regular Housing Choice Vouchers, though this is allowed by federal law.[26]

Berkeley is now prioritizing people experiencing homelessness for some other subsidized housing. Berkeley has over 2,000 subsidized or regulated affordable housing units for low-income people, funded by a range of overlapping funding sources and programs. As of 2024, there were 1,537 units in Berkeley that received funding from the City's Housing Trust Fund (HTF), which leverages state and federal sources such as the Low-Income Housing Tax Credit. The City also monitors 597 units of regulated below-market-rent (BMR) housing that are required by the City's inclusionary zoning ordinance.[27] Some of these units are designated for people experiencing homelessness—for instance, the HTF supports permanent supportive housing projects, and a portion of BMR units are set aside for permanent supportive housing voucher tenants.

Affordable units that are not specifically dedicated to homeless people are often not accessible to them: competition for these units is steep, and they are often not affordable to people with extremely low or zero income. However, the City recently adopted a preference policy that gives people who have lost or are at risk of losing housing in Berkeley priority for units regulated by the City. One of the preferences

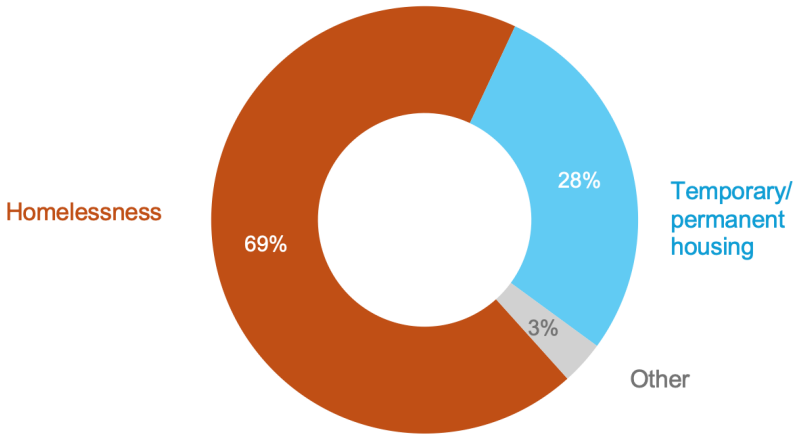
[25] "Housing for Disabled & Homeless Individuals (SROs)," Berkeley Housing Authority, accessed April 14, 2024, https://bha.berkeleyca.gov/bha-programs/housing-disabled-homeless-individuals-sros.
[26] Under current BHA policy, people on the waitlist are prioritized if they live/work in Berkeley, are a veteran, are elderly or disabled, and are a family with more than two people in the household. *2022 Administrative Plan for Section 8 Programs*, https://bha.berkeleyca.gov/sites/default/files/documents/2022%20Administrative%20Plan.pdf.
[27] Correspondence with City staff.

applies to people who are currently homeless in Berkeley and not eligible for permanent supportive housing, as well as people at risk of homelessness who live in Berkeley.[28]

Prevention, retention, and problem-solving

Flexible funds and housing navigation help people in a variety of circumstances. Berkeley's system of care funds a wide range of services intended to support people along their path to housing, including short-term rental assistance, counseling, legal help, move-in assistance, and housing search assistance.

Figure 8: Most people served by flex funds and navigation come from homelessness



Recorded residence of people served by flex funds and navigation programs during 2023.
Source: HMIS

The purpose of these services can vary, from supporting people who are entering housing, to retaining them once they are there, to preventing vulnerable people from falling into homelessness in the first place. That said, resources in Berkeley generally go first to people who are currently homeless or were recently rehoused—with limited funds, prevention is a lesser priority.

Many of these resources are distributed to service providers as "flex funds," which they can use to support clients with move-in costs, one-time rental assistance, and tenancy supports. The Housing Resource Center also provides problem-solving and navigation services to help people who have recently become homeless regain their footing, for instance by connecting them to a family member willing to take them in. In 2023, 469 unique people were served by flex funds or housing navigation services. More than two-thirds of people enrolling reported that they were literally homeless at the time they enrolled.

Berkeley's eviction prevention programming has expanded in response to the COVID-19 pandemic. The City of Berkeley spent $1.6 million on homelessness prevention services in FY 2022–23, including eviction defense services, rental assistance, and domestic violence survivor advocacy. According to city budget documents, this translated to 460 households served.[29]

Berkeley had an housing retention program prior to the COVID-19 pandemic, but it was transformed by the pandemic-era eviction moratoria and an infusion of federal funds. Berkeley now provides assistance

[28] "City Council Report: Item 32 Referral Response Affordable Housing Preference Policy for Rental Housing Created Through the Below Market Rate and Housing Trust Fund Programs," July 11, 2023, https://berkeleyca.gov/sites/default/files/documents/2023-07-11%20Item%2032%20Referral%20Response%20Affordable.pdf.

[29] Because these enrollments are not recorded in HMIS, this figure may double-count households who accessed multiple services over the course of the fiscal year.

up to a higher dollar amount and can cover expenses such as utilities in addition to rent. [30] Service providers report that these expansions have increased their ability to help people stay housed, though many families simply cannot afford to live in the area for the longer term.[31]

The City's eviction prevention programs are less targeted to those most at risk of homelessness compared to programs in other cities in the area. The City's current housing retention program is primarily intended to prevent eviction and displacement in general rather than homelessness specifically.[32] The program targets resources based on factors such as whether the recipient is a senior citizen, a long-term resident of the city, or very low-income.

In the last few years, more jurisdictions around the Bay Area have used targeted homelessness prevention to direct assistance to the families most at risk. For instance, both Oakland and San Francisco use factors such as past episodes of homelessness, justice system involvement, and living in a vulnerable neighborhood that are predictive of falling into homelessness. San Francisco provides assistance to people without formal leases, a group that is especially vulnerable to falling into homelessness.[33] A randomized control trial (RCT) of Santa Clara County's targeted prevention program found that it was effective at reducing rates of homelessness compared to a control group.[34]

The City's shallow subsidy program is not very shallow. In 2022, the City began funding a rental assistance program that provides up to 36 months of assistance to Berkeley households. The program is part of a larger movement towards medium-term "shallow" subsidies, which offer monthly rental assistance for up to a few years. Alameda County's 2021 *Centering Racial Equity in Homeless System Design* report identified shallow subsidies as a solution for households paying more than fifty percent of their income on rent and unlikely to increase their income, but without significant disabilities.[35] That year, Oakland launched a shallow subsidy pilot that is focused on preventing homelessness for people with high cost burdens.[36] Cities such as Los Angeles and the Veteran's Authority (VA) have also recently launched shallow subsidy programs.[37]

---

[30] "Housing Retention Program," accessed April 25, 2024, https://berkeleyca.gov/community-recreation/affordable-housing-berkeley/housing-retention-program.
[31] Interview with Eric Magaña, Eviction Defense Center
[32] "City Council Report: Item 13 Budget Referral Supplemental Funding" (City of Berkeley, November 7, 2023), https://berkeleyca.gov/ sites/default/files/documents/2023-11-07%20Item%2013%20Budget%20Referral%20Supplemental%20Funding.pdf.
[33] "SF ERAP Program Rules," City and County of San Francisco, accessed April 14, 2024, https://www.sf.gov/information/sf-erap-program-rules.
[34] David C. Phillips and James X. Sullivan, "Do Homelessness Prevention Programs Prevent Homelessness? Evidence from a Randomized Controlled Trial," *The Review of Economics and Statistics*, May 29, 2023, 1–30, https://doi.org/10.1162/rest_a_01344.
[35] "Centering Racial Equity in Homeless System Design" (EveryOne Home, January 2021), https://everyonehome.org/wp-content/uploads/2021/02/2021-Centering-Racial-Equity-in-Homeless-System-Design-Full-Report-FINAL.pdf.
[36] Oakland Shallow Subsidy Pilot. https://www.oaklandfund.org/oakland-shallow-subsidy-housing-pilot/.
[37] "COVID-19 Homeless System Response: Shallow Rental Subsidies" (HUD Exchange), accessed April 5, 2024, https://files.hudexchange.info/resources/documents/COVID-19-Homeless-System-Response-Shallow-Rental-Subsidies.pdf; "Shallow Subsidy Compliance Guide," VA Supportive Services for Veteran Families, November 2021, https://www.va.gov/HOMELESS/ssvf/docs/ Shallow_Subsidy_Compliance_Guide.pdf.

Figure 9: Berkeley's shallow subsidy program is focused on people who are currently homeless

	Berkeley shallow subsidy program	Oakland shallow subsidy pilot	VA shallow subsidy program
Funding limit	Up to $1,800 per month Up to 36 months	Up to $800 per month Up to 18 months	Up to 50 percent of "reasonable" rent Up to two years
Target population	Currently homeless people without significant disabilities	People at risk of homelessness (must be housed to be eligible)	Veteran households with sufficient income to pay, often after participating in RRH
Wrap-around services	Tenancy sustaining services, housing navigation, employment services	Referrals to other service providers	Light case management services

Source: Oakland shallow subsidy pilot; VA Shallow Subsidy Compliance Guide; Berkeley shallow subsidy program documentation

That said, Berkeley's program differs from other programs in some important respects. Unlike Oakland, Berkeley chose to target its program to people who are currently homeless. This difference in prioritization means that the program must provide more wrap-around services and a much deeper subsidy, up to $1,800 per month as opposed to $800 in Oakland.[38] It has also served as a bridge for some people transitioning out of rapid rehousing. The program is relatively small, serving 49 people over the course of 2023.

Basic needs and outreach

There are several day shelters and drop-in centers in Berkeley that provide storage space, shower services, hot meals, and other daily needs for unsheltered people. The drop-in centers that record enrollments in HMIS served nearly 2,000 unique people over the course of 2023, though this total probably include people who are not homeless or live outside of Berkeley.[39] There are also a range of services that address the basic needs of people experiencing homelessness, including medical care, laundry trucks, and hot meals.

The City and nonprofit service providers also conduct street outreach to people who are unsheltered. Some of this outreach is associated with facilities such as the STAIR Center that also provide shelter and case management. In 2023, nearly 600 unduplicated people were enrolled with a street outreach program. There are also several street outreach programs that do not report their data in HMIS, such as an outreach worker employed by the Downtown Business Association.

[38] "Measure P: Contract No. 31900273 Amendment- Bay Area Community Services (BACS) North County Housing Resource Center – Shallow Subsidy Program," November 15, 2022, https://berkeleyca.gov/sites/default/files/documents/2022-11-15%20Item%2008%20Measure%20P%20Contract%20No.%2031900273.pdf; interview with Logan McDonnell and Kelsey Knutson.

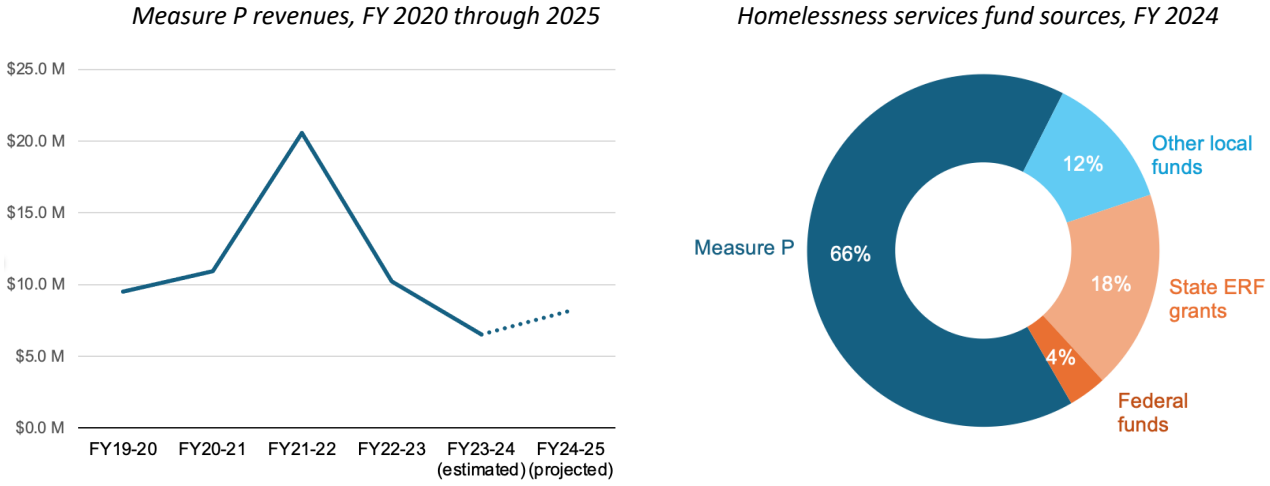
[39] The Dorothy Day House drop-in center and the Network of Mental Health Clients drop-in center do not record enrollments in HMIS. In general, drop-in center data should be interpreted with caution.

B. The City of Berkeley's current investments in homelessness

The City of Berkeley allocated approximately $35 million in expenditures related to homelessness, housing insecurity, and affordable housing in FY 2023–24. While this was an unusually high level of expenditure, Berkeley generally spends more on housing and homelessness than many other area cities. Fremont, for instance, allocated about $15 million to affordable housing and homelessness in FY 2023–24 despite having about the same number of people experiencing homelessness.[40]

Measure P is the largest source of funding for homelessness services. Voters approved Measure P in 2018, increasing the real estate transfer tax on high-value properties, and City Council dedicated those revenues to services related to homelessness. The measure largely funds community nonprofits to provide services such as shelter, housing assistance, and basic needs, but also pays the salaries of City staff who work in program administration and outreach.

Figure 10: Measure P is the dominant funding source for homelessness services



Source: City budget documents

Measure P made up the largest part of the more than $35 million the City allocated to affordable housing, homelessness services, and tenant supports in the 2023–24 fiscal year. In addition to Measure P, the City uses its Housing Trust Fund and a general obligation bond passed by voters in 2018 to contribute to capital costs for housing that serves homeless people.[41] It also allocates funds from Measure U1, a gross receipts tax on certain rental unit owners, to pay for affordable housing development and homelessness prevention services such as eviction defense.

Berkeley has received multiple rounds of state Encampment Resolution Fund (ERF) grants for non-congregate hotel/motel shelters targeted to people living in specific encampments. The City committed a local one-to-one match for future years of operation for these shelters. The City also allocates federal

[40] City of Fremont adopted operating budget, FY 2023–24: https://www.fremont.gov/home/showpublisheddocument/13972/638295969592101680; City of Fremont PIT Count, 2022: https://everyonehome.org/wp-content/uploads/2022/05/Fremont-PIT-2022-Infographic-Report.pdf

[41] "City Council Report: Item 14 Measure O Bond Impacts on Affordable Housing Development in Berkeley" (City of Berkeley, November 21, 2023), https://berkeleyca.gov/sites/default/files/documents/2023-11-21%20Item%2014%20Measure%20O%20Bond% 20Impacts.pdf.

Community Development Block Grant (CDBG) and Emergency Solutions Grants (ESG) funds to homelessness services.

The City acts as the lead agency on some projects that it does not fund, such as the Winter Respite Shelter funded by the County. These projects are not included in this analysis.

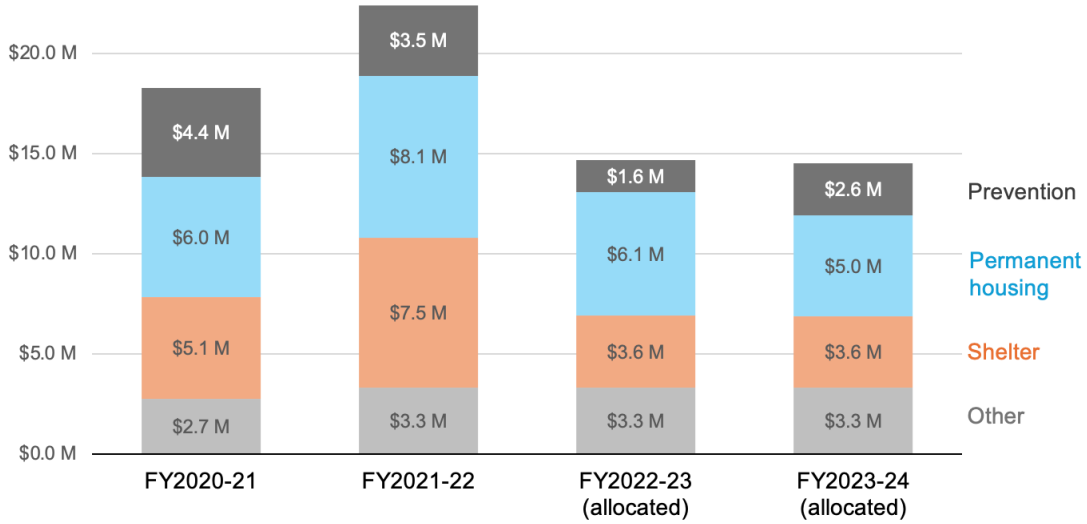
Measure P revenues are not guaranteed in the future. Since its passage, Measure P has generally brought in around $10 million per year, though revenues spiked in FY 2021–22 due to an unusual number of high-value real estate transactions. City staff have estimated that revenues will be lower going forward: $6.5 million in the 2023–24 fiscal year and between $8 million and $9 million in the following years.[42]

Real estate transfer taxes are often highly volatile because they depend on the strength of the real estate market. Revenues are more likely to fall during times of economic strain, when there may be more need for the services that Measure P funds. In addition, Measure P sunsets in 2029 and will need to be renewed by voters.

In 2022, Berkeley voters passed Measure M, a vacancy tax that will tax residential property that is unoccupied for more than half the year. The City estimates that the tax will generate between $3.9 and $5.9 million dollars per year.[43] These revenues will go to the General Fund, though backers have described building and preserving affordable housing as their intended purpose.

The City funds a full range of services, with a plurality of funding going towards permanent housing. City-funded services include permanent housing, emergency shelter, housing navigation, outreach, and basic needs such as medical care and hygiene services.

Figure 11: The City funds a wide range of homelessness services



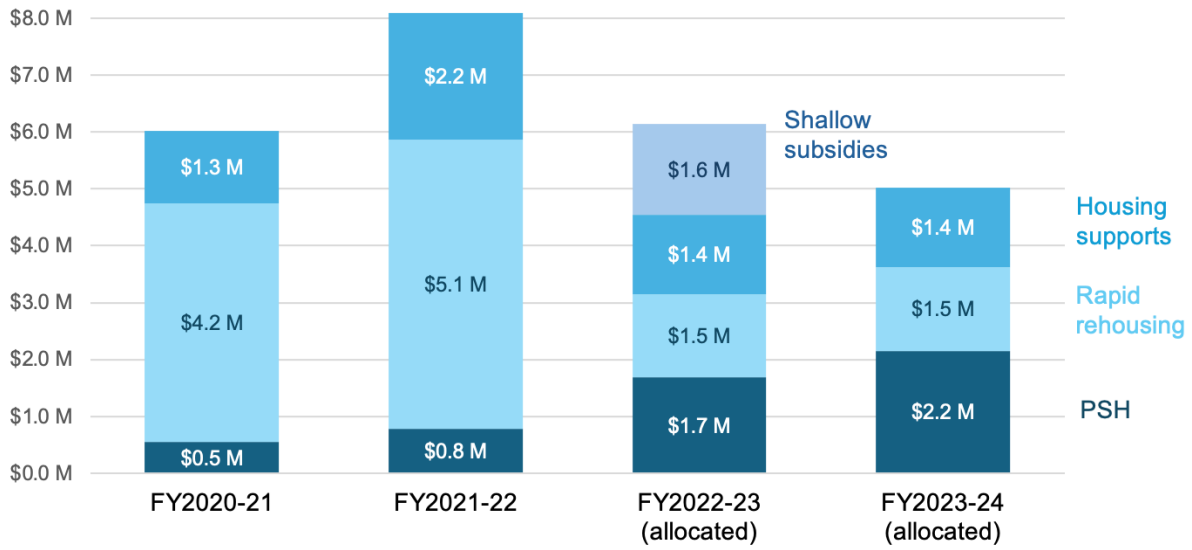
City homelessness budget allocations from Measure P, CDBG, and other local funds. "Other" includes street outreach, basic needs such as storage lockers and street medicine, and administrative costs.
Source: City budget documents

[42] "Measure P: FY25 Recommendations" (Homeless Services Panel of Experts, April 10, 2024), https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/Draft%20Agenda%20Package%20-%2004.10.24%20.pdf.

[43] "Measure M - November 8, 2022 Election," accessed April 15, 2024, https://berkeleyca.gov/sites/default/files/documents/Measure%20M%20-%20November%208%2C%202022%20Election.pdf.

Housing makes up the largest proportion of City homelessness funding. In the FY 2024–25 budget, programs such as permanent supportive housing, rapid rehousing, and housing navigation were about a third of City allocations, with prevention and shelter making up about 20 percent apiece.

Figure 12: City permanent housing expenditures include PSH, RRH, and other supports



City homelessness budget allocations for permanent housing-related services from Measure P, CDBG, and other local funds.. "Housing supports" include housing retention services, case management, and housing navigation.
Source: City budget documents

As described above, the City put dedicated funding into rapid rehousing in FY 2021–22 as part of a temporary program to transition people out of FEMA-funded shelters. Starting in FY 2022–23, the City has expanded its investment in permanent supportive housing projects such as the Step Up Housing project. The City also began funding a shallow subsidies program in 2023.[44]

[44] This allocation was not fully expended during the 2022–23 fiscal year and was rolled over to the following fiscal year.

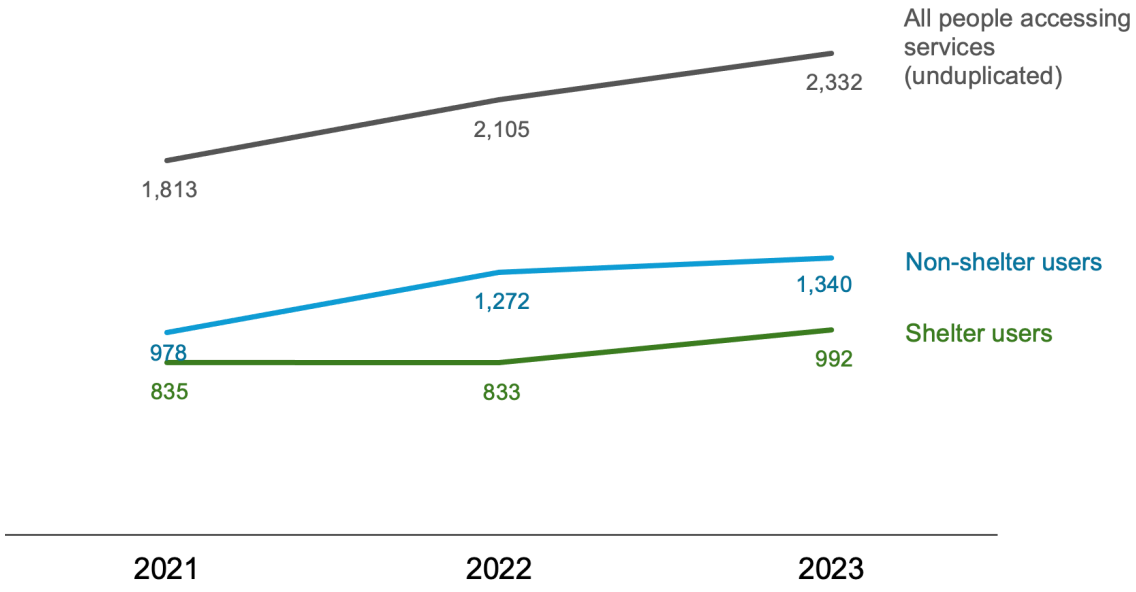
Part III: Homelessness in Berkeley

The purpose of this section is to outline who is homeless in Berkeley and how they interact with the system of care. I use service enrollment data from Alameda County's Homeless Management Information System (HMIS), which tracks people across multiple enrollments and includes demographic information. For the most part, this section focuses on people homeless in Berkeley during 2023, but where feasible I make comparisons to 2021 and 2022.

A. Overview of homelessness in Berkeley

More than 2,000 people in Berkeley accessed services while homeless during 2023. Using HMIS data, I estimate that about 2,300 people experienced literal homelessness in Berkeley during calendar year 2023. This number represents the unduplicated count of people who accessed services located in Berkeley, excluding those enrolled in permanent housing for the entire year and those who did not report that they are homeless.[45] This number translates to about two percent of the city's population experiencing some form of literal homelessness over the course of the year.

Figure 13: More literally homeless people are accessing services in Berkeley



Unduplicated count of literally homeless people accessing services in Berkeley
Source: HMIS

[45] This methodology mirrors the approach used by the State of California's Homelessness Data Integration System, which uses a the following definition of homelessness: "*People are considered to be "experiencing homelessness" at any point in the selected time frame if they: 1) accessed lodging services through Emergency Shelter, Transitional Housing, and/or Safe Haven projects: 2) entered into a permanent housing project from homelessness (i.e., Permanent Supportive Housing, Housing Only, Housing with Services, Rapid Re-Housing); or 3) reported living in a homeless situation (e.g., they are living in a place not meant for habitation, such as a vehicle) at the time they accessed other services.*" I also tried an alternative methodology used by Alameda County's Home Together 2026 Strategic Plan to estimate the number of people homeless over the course of the year. This methodology uses the percentage of respondents in the PIT count who reported that they had been homeless for seven days or less and assumes that this is the weekly inflow rate for people experiencing homelessness. In the 2022 PIT Count, 2.4 percent of Berkeley respondents reported being homeless for less than seven days, meaning that about 25 people become homeless in Berkeley every week and 2,385 experienced homelessness over the course of 12 months. This number is slightly higher than the number of literally homeless people in HMIS during 2022 (2,105).

This number is another way of understanding the extent of homelessness in Berkeley, in addition to the more commonly cited Point-in-Time (PIT) Count. The most recent PIT count reported that 1,053 people experiencing homelessness on a single night in January 2022. However, a count at a single point in time do not capture the full impact of homelessness because people cycle in and out of homelessness during the course of the year. The 2024 PIT report is set to be released later this year, but the County used a different methodology for this year's count, which may limit the comparability between 2022 and 2024.

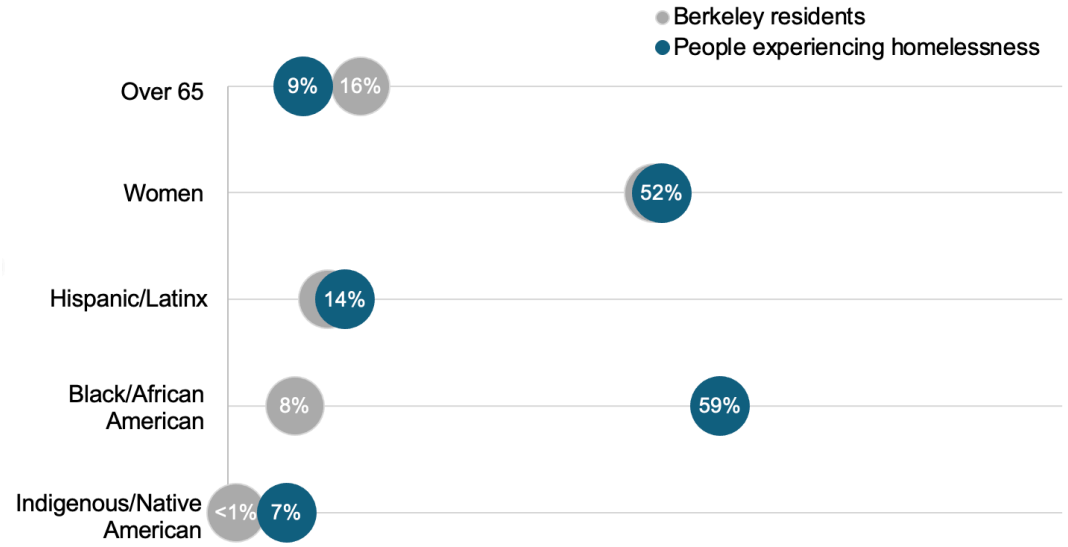
Ultimately, both of these estimates are imperfect. The PIT count is generally understood to be an undercount, especially of unsheltered people, and it is highly dependent on the methodology used and on factors such as weather.[46] HMIS data, on the other hand, may include people who live outside of Berkeley but access services in the city, since HMIS data does not generally include place of residence. It does not include Berkeley residents who experience homelessness but do not access services, a group that we know very little about. Changes how and whether people enroll in services—for instance, due to weather, increased outreach, or provider data practices—can also affect estimates based on HMIS data.

The number of people accessing homelessness services is trending upwards, but a larger proportion is accessing shelter. The number of people accessing services in 2023 represents about an 11 percent increase over 2022. A larger proportion of those people accessed shelter, probably reflecting increased shelter capacity: providers have opened new shelters such as the Inclement Weather Shelter and loosened COVID-era capacity restrictions in congregate shelters. Still, the raw number of people who were homeless and did not access shelter in Berkeley during the year was higher in 2023 than in 2022.

People experiencing homelessness in Berkeley are disproportionately Black and Indigenous. More than six in ten of the people who experienced homelessness during 2023 identified as Black, while Berkeley's general population is less than ten percent Black. Seven percent of people who experienced homelessness during 2023 identified as Indigenous or Native American, a larger proportion than their representation in the general population.

[46] For instance: Darrell Stanley, "Don't Count On It: How the HUD Point-in-Time Count Underestimates the Homelessness Crisis in America" (National Law Center on Homelessness & Poverty, 2017), https://homelesslaw.org/wp-content/uploads/2018/10/HUD-PIT-report2017.pdf; Alistair Boone, "Why Couldn't I Find Any Homeless People in Oakland?," *Bloomberg.Com*, March 4, 2019, https://www.bloomberg.com/news/articles/2019-03-04/the-problem-with-hud-s-point-in-time-homeless-count.

Figure 14: Black and Indigenous people are overrepresented in Berkeley's homelessness system of care



Demographics of people experiencing homelessness during 2023, compared to Berkeley residents in the 2023 ACS
Source: HMIS; US Census Bureau American Community Survey

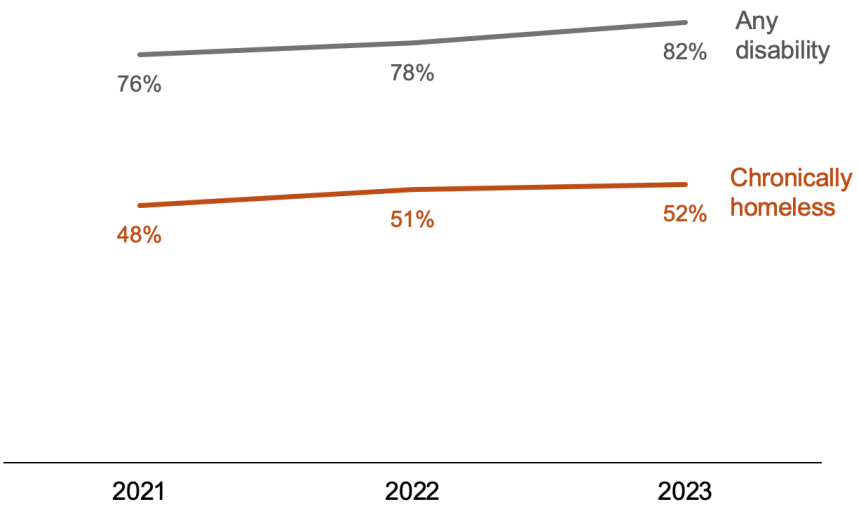
These disparities reflect historical and present institutional racist policies—including redlining and other forms of housing segregation—that make Black and Indigenous people more vulnerable to losing their homes and less able to find help from their networks when they do.[47]

The proportion of people with a disability appears to be trending up over time. Over eight in ten people experiencing homelessness in Berkeley had some type of disability in 2023, including severe mental illnesses (62 percent of all people reporting), physical disabilities (37 percent), and substance abuse disorders (39 percent). The proportion of people with disabilities and the proportion of people who are chronically homeless has increased from 2021 to 2023.[48]

[47] "Homelessness and Racial Disparities," National Alliance to End Homelessness, December 2023, https://endhomelessness.org/ homelessness-in-america/what-causes-homelessness/inequality/; Kate Cimini, "Black People Disproportionately Homeless in California," *CalMatters*, October 5, 2019, http://calmatters.org/california-divide/2019/10/black-people-disproportionately-homeless-in-california/.

[48] A chronically homeless person is defined by HUD someone who has a disability and has been literally homeless for at least 12 months, or on at least four separate occasions in the last three years.

Figure 15: Slightly more have a disability or are categorized as chronically homeless



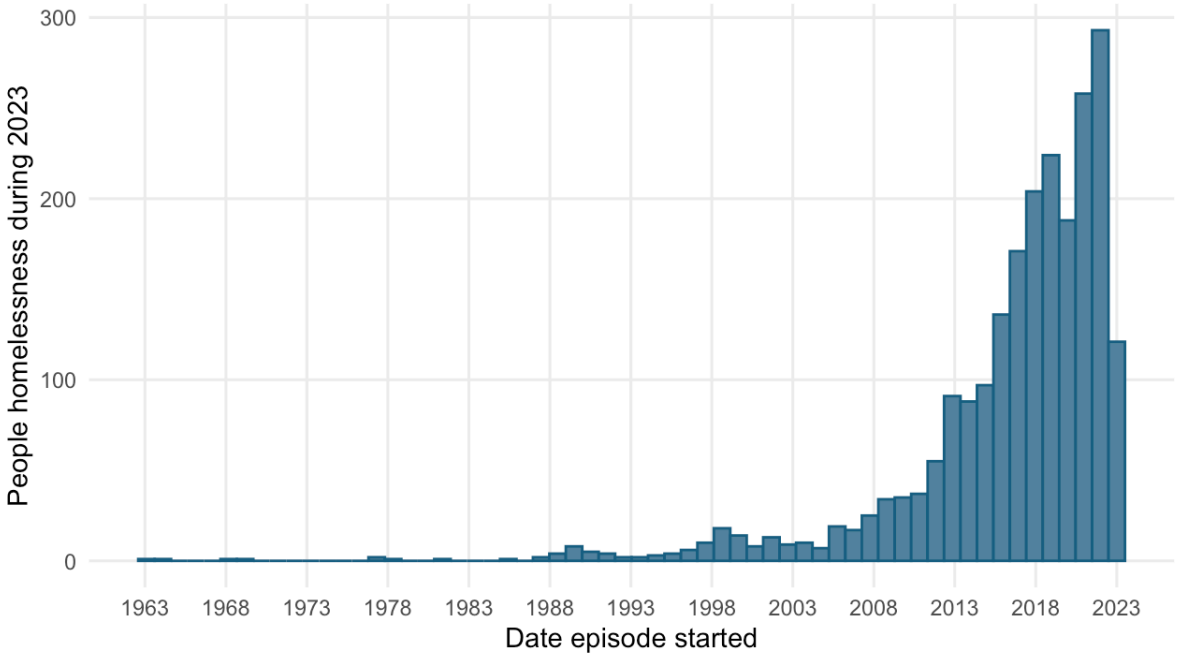
Rate of disability and chronic homelessness among people experiencing homelessness over the course of year
Source: HMIS

Among people who have been assessed for referral to permanent housing, vulnerability scores also trended up. These assessments evaluate risk factors such as disability, past trauma, and past homelessness to match people with permanent housing programs. Higher scores corresponding to higher vulnerability and a greater need for services. The average assessment score of people experiencing homelessness in 2021 was 53.9, which increased to 59.1 among people who experienced homelessness in 2023.[49]

Most people have been homeless for five years or less. About eleven percent of the people homeless during 2023 reported that their episode of homelessness started that year. More than half (54 percent) reported that their episode of homelessness had started at some point since January of 2019. A small number of people in Berkeley have been homeless for decades.

[49] For people who have been assessed multiple times, this analysis uses the average of their scores.

Figure 16: Most people report that their homelessness started five years ago or less



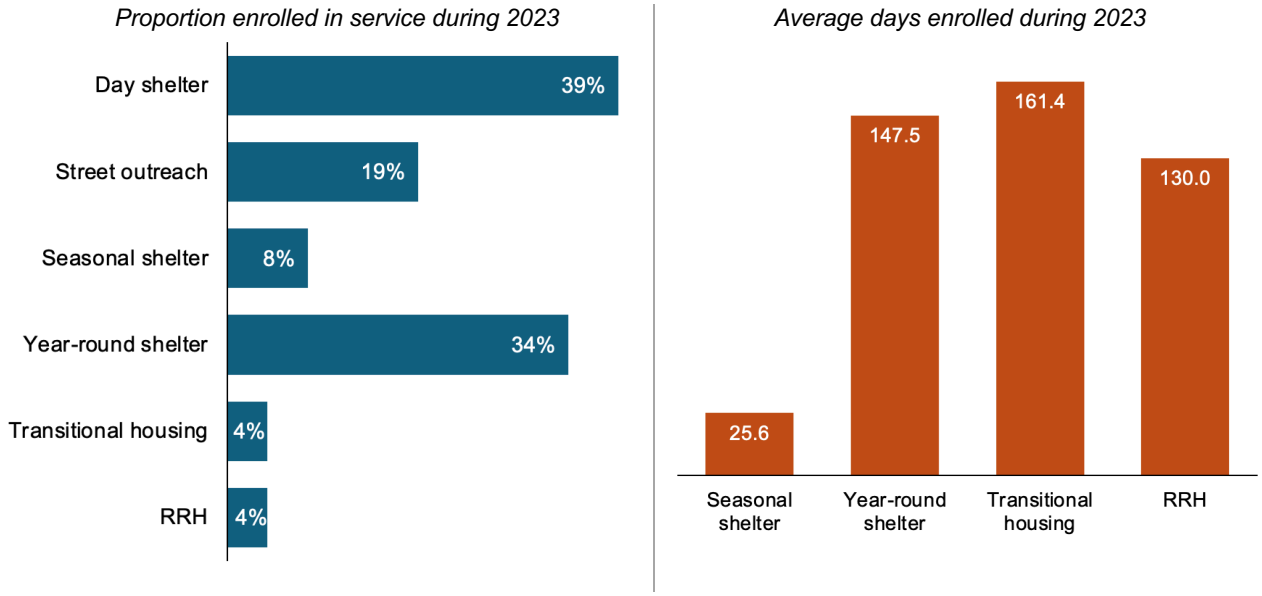
Year episode of homelessness started among people homeless during 2023.
Source: HMIS

The number of people who reported becoming homeless in 2020 is lower than the number of reported becoming homeless in 2019 or 2021, possibly reflecting COVID-era shelter-in-place orders and policies that prevented evictions.

Most people experiencing homelessness in Berkeley are single adults. About 76 percent of people accessing services in Berkeley during this period were in single-person households, and an additional nine percent were in two-person households. Nearly nine in ten households were single adults.

Many people have only brief connections to the homelessness system of care. Most people—about 66 percent—enrolled in services only once between January 2021 and December 2023. More than a third of people experiencing homelessness during this period appeared at a day shelters or drop-in centers, where people access basic needs during the day and eat a hot meal. About 24 percent of people counted appeared only once at a drop-in center.

Figure 17: Service access among people experiencing homelessness in Berkeley



Left: Proportion of people experiencing literal homelessness during 2023 who enrolled in program type.
Right: Average days enrolled in program type during 2023 among people who enrolled.
Source: HMIS

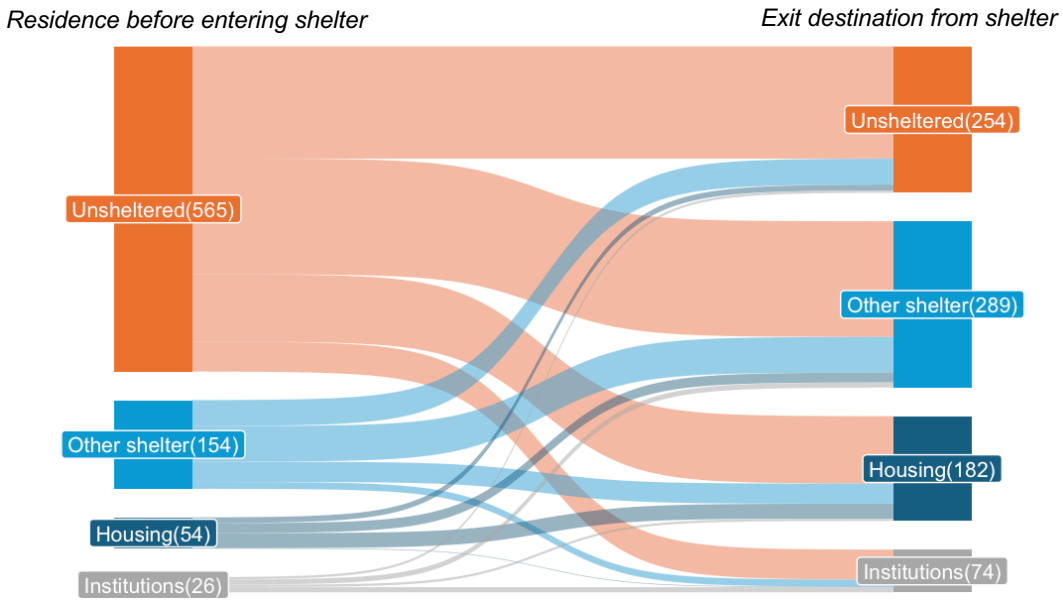
That said, enrollments in shelter tend to be lengthier: the average person who enrolled in year-round emergency shelter during 2023 spent nearly five months there.

B. Unsheltered homelessness in Berkeley

Many people who access shelter also spend time unsheltered. Of the 2,300 people who accessed services in the City of Berkeley in 2023, 992 accessed emergency shelter or transitional housing at some point over the course of the year—about 42 percent. The remaining 58 percent of people captured by the data may have accessed services such as case management, street outreach, or drop-in centers while unsheltered, or may have entered a permanent housing program directly from unsheltered homelessness. Some may have accessed services and shelter outside of Berkeley's borders.

Many of the people who *did* enroll in shelter or transitional housing at some point during the year also spent time unsheltered. Of year-round shelter enrollments during 2021–2023, seventy percent came from unsheltered homelessness and 17 percent exited to unsheltered homelessness. Including seasonal shelters, more than a third of the emergency shelter exits during 2021–2023 were to unsheltered homelessness.

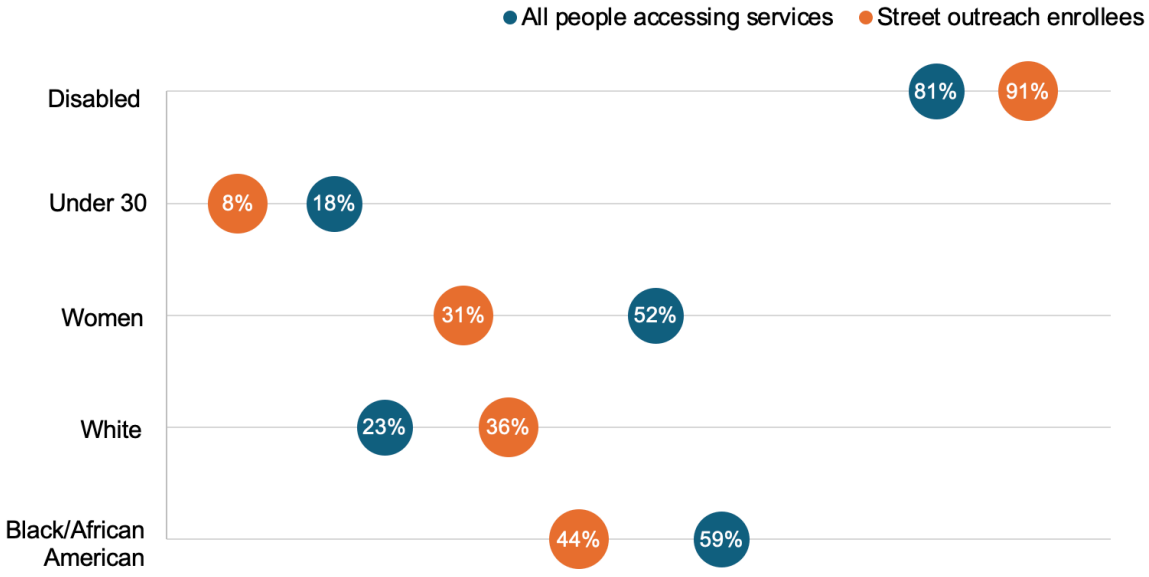
Figure 18: Many people move between sheltered and unsheltered homelessness



Prior residence and exit destination of shelter enrollments, 2021–2023 (year-round shelters only)
Source: HMIS

Unsheltered people in street outreach programs are more likely to be over thirty, male, and white. It is challenging to get accurate data about people who are unsheltered, since they are by definition less connected to services. People enrolled in street outreach programs is one imperfect approximation of the population that spends significant time unsheltered, though they probably do not capture people who spend only a short amount of time on the street before entering shelter or self-resolving.

Figure 19: Street outreach enrollees are more likely to be over thirty and male



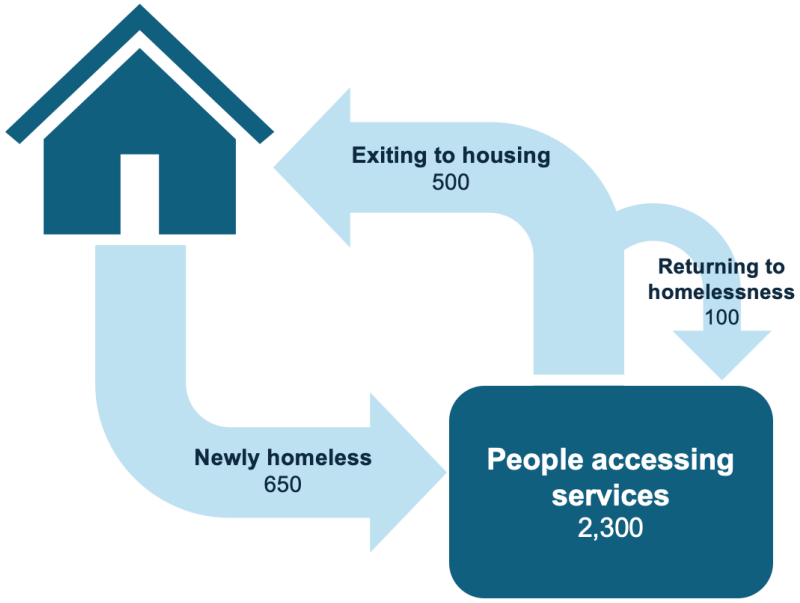
All people accessing services during 2023 vs. people enrolled in a street outreach program during 2023
Source: HMIS

More than nine in ten people enrolled in street outreach programs reported having some kind of disability. This group was also older on average and more likely to be white and male. They were more likely to spend time in seasonal shelter, probably reflecting that they are more vulnerable to weather.

Part IV: Inflows and Outflows

The purpose of this section is to examine homelessness in Berkeley at the system level. Largely using service data from HMIS, I estimate the rate of inflow into homelessness, the rate of exits to housing, and the number of people who fall back into homelessness soon after exiting. Where possible, I explore the demographics and needs of the people in Berkeley moving between homelessness and housing using both HMIS and PIT data.

Figure 20: More are entering or returning to homelessness than exiting, according to HMIS data



Estimated inflows to and outflows from homelessness in Berkeley during calendar year 2023
Source: HMIS

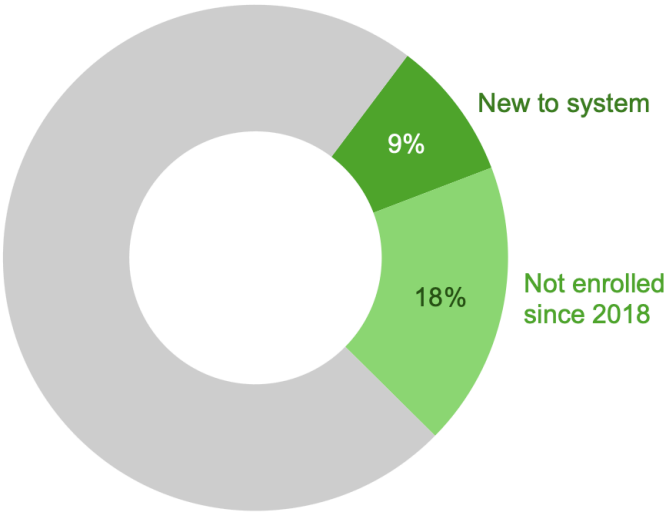
Figure 20 shows estimates of the number of people over the course of 2023 who entered homelessness, exited homelessness, and returned to homelessness within a year. These numbers should be thought of as very rough approximations due to the limitations of HMIS and PIT data, but give a sense of the scale movement in and out of homelessness over the course of the year in Berkeley.[50]

A. Inflows to homelessness

About a quarter to a third of the people who experienced homelessness during 2023 had been out of the homelessness system for at least five years. Of the approximately 2,300 people who were enrolled in a Berkeley program during 2023, 26 percent had not been enrolled in homelessness services in Alameda County at any point since 2018. 201 had never been recorded in an Alameda County homelessness program before—translating to about nine percent of people accessing services in 2023.

[50] The number of newly homeless people is the number of people enrolling in services during 2023 who had not previously been enrolled in Alameda County since 2021. The number of people exiting to housing is the number who are recorded existing from Berkeley programs, plus an estimated ten percent who self-resolve or leave the area every year. The number of people who return to homelessness within a year is twenty percent of those who exit, based on the numbers in Part IV (C).

Figure 21: A quarter of people enrolled in 2023 had not accessed services for at least five years



Among literally homeless people enrolled in services during 2023, .
Source: HMIS

It should be noted that availability and daily needs affect how people access services. For instance, the number of people returning to services in Berkeley after time away increased notably during the winter months in 2022 and 2023, when weather may have driven more people indoors.

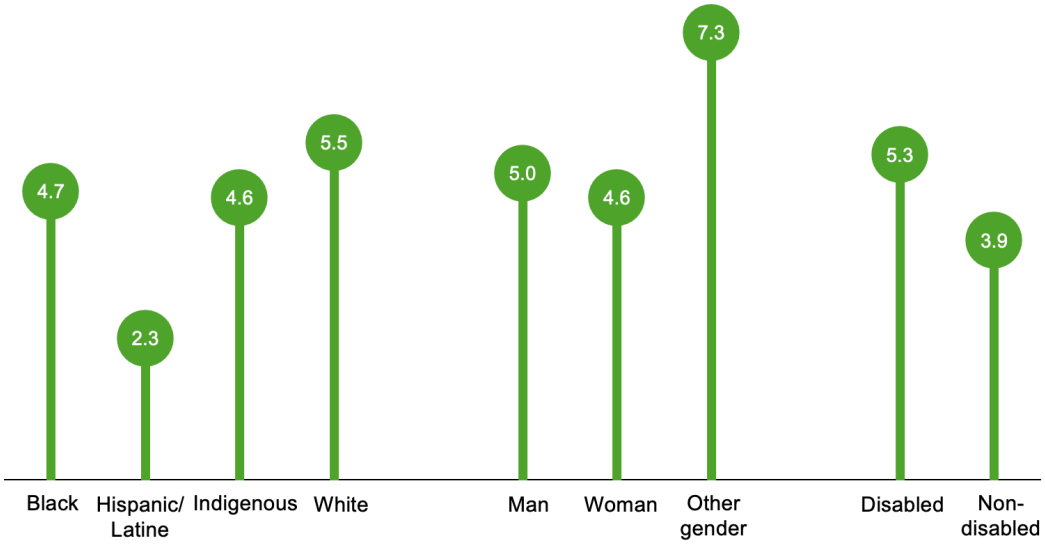
The homelessness response system doesn't always catch people early in their episode of homelessness. People who were new to the system often reported that their episode of homelessness started well before they first enrolled in a program—a median of 268 days for people who first enrolled in 2023. About four in ten of the people new to the system in 2023 were designated as chronically homeless.[51] This means that there are limitations to using this measure as an up-to-date indicator of inflows into homelessness, and that people are spending weeks or months unsheltered before accessing services.

Hispanic people are especially likely to be new to homelessness. More than six in ten Hispanic/Latine people experiencing homelessness during 2023 reported that their episode of homelessness had started sometime since January 2021, compared to about a third of people experiencing homelessness overall.[52]

[51] A chronically homeless person is defined by HUD someone who has a disability and has been literally homeless for at least 12 months, or on at least four separate occasions in the last three years. Some of the delay in enrollment can be explained by the data practices used by providers. For instance, street outreach teams often spend months building relationships with unsheltered people before enrolling them in their programs.

[52] There are also disparities when it comes to people who have been homeless for a long time. Nearly three in ten of white people accessing services during 2023 reported that their episode of homelessness started ten or more years ago, as opposed to 19 percent of people of color. Older people, people with disabilities, and people who identify as a gender other than male or female are also more likely to have been homeless for more than ten years.

Figure 22: The median episode of homelessness is shorter among people of color



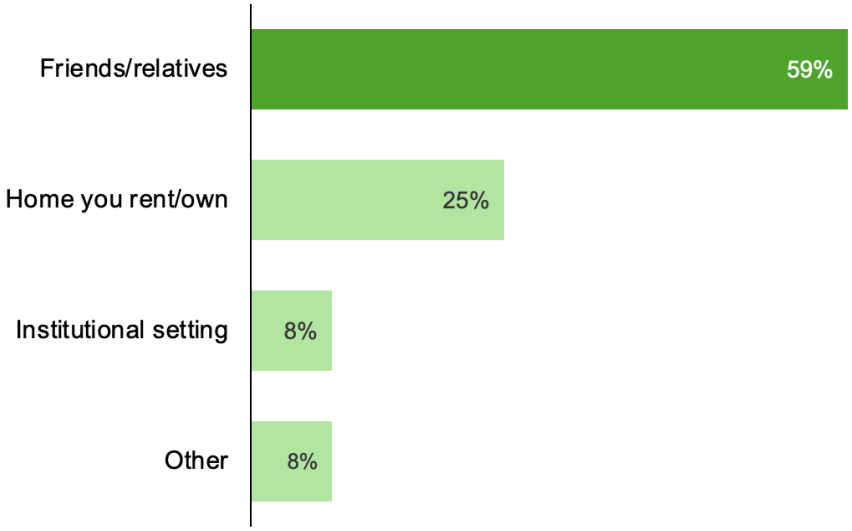
Median length of time in years between self-reported date episode started and Jan.1, 2024, among people accessing services during 2023
Source: HMIS

The racial disparities in Berkeley's homeless system of care reflect racial disparities in the population of people most at risk of falling into homelessness in the Bay Area. For instance, more than a quarter of Bay Area residents who are Black live in a household with an extremely low income, meaning that they make less than 30 percent of area median income (AMI).[53]

Most people experiencing homelessness were living with friends and relatives before becoming homeless. Nearly six in ten people experiencing homelessness in Berkeley in the 2022 PIT count reported that their most recent residence before becoming homeless was a home owned or rented by friends or relatives.[54] Less than a quarter had lived in a home they themselves owned or rented, where they were likely to have lease or other formal protections. This reflects that many people do not immediately enter a shelter or live on the street after being evicted or losing formal housing. Instead, they first double up with friends and family, then exhaust other options in a "gradual descent" towards literal homelessness.[55]

[53] Reid, "On the Edge of Homelessness: The Vulnerability of Extremely Low-Income Households in the Bay Area."
[54] "2022 Homeless Survey Findings by County and Jurisdiction" (ASR), accessed April 25, 2024, https://public.tableau.com/app/profile/asr1451/viz/TableauAlamedaCounty-HDXandSurveyData/CityHDX.
[55] Kushel and Moore, "Toward a New Understanding," p. 19.

Figure 23: Most homeless people in Berkeley report that they last lived with friends and family



Reported last residence before becoming homeless among Berkeley respondents
Source: 2022 PIT Count

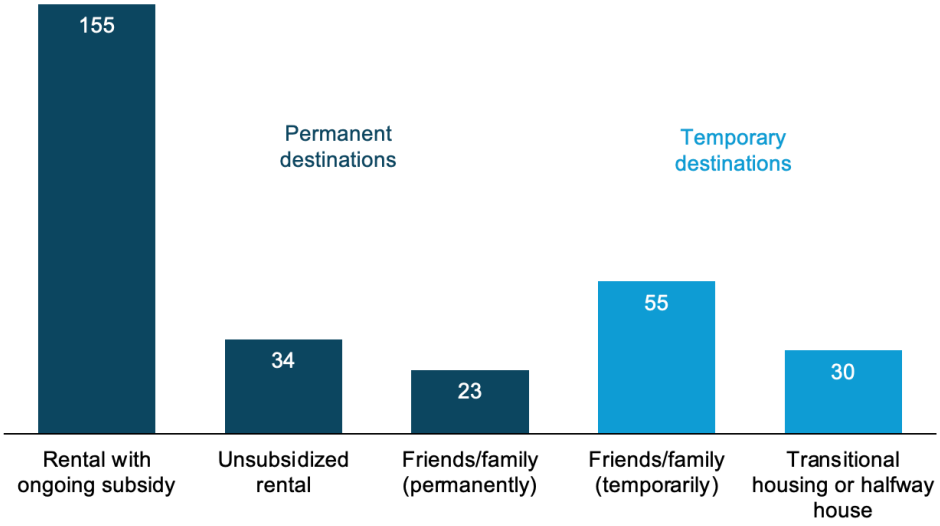
About two-thirds of the people homeless in Berkeley surveyed in the 2022 PIT count reported that they had last lived in Alameda County before coming homeless. This figure is somewhat lower than among the County overall (82 percent), possibly reflecting that Berkeley is close to the border with Contra Costa County. [56]

B. Exits from homelessness

About 300 people exited Berkeley's homelessness programs to housing during 2023. During 2023, 215 people exited from Berkeley programs to permanent housing, and an additional 85 people exited to temporary housing situations.[57]

[56] "2022 Homeless Survey Findings by County and Jurisdiction" (ASR).
[57] This figure includes exits from year-round emergency shelter, temporary housing, and rapid rehousing programs. It excludes exits that are purely administrative, such as transitioning a shelter from one provider to another. For people with multiple exits during 2023, it counts only the last exit during the year.

Figure 24: Most exits are to subsidized housing or friends and family



Housing destinations of exits from shelter, transitional housing, and rapid rehousing homelessness during 2023
Source: HMIS

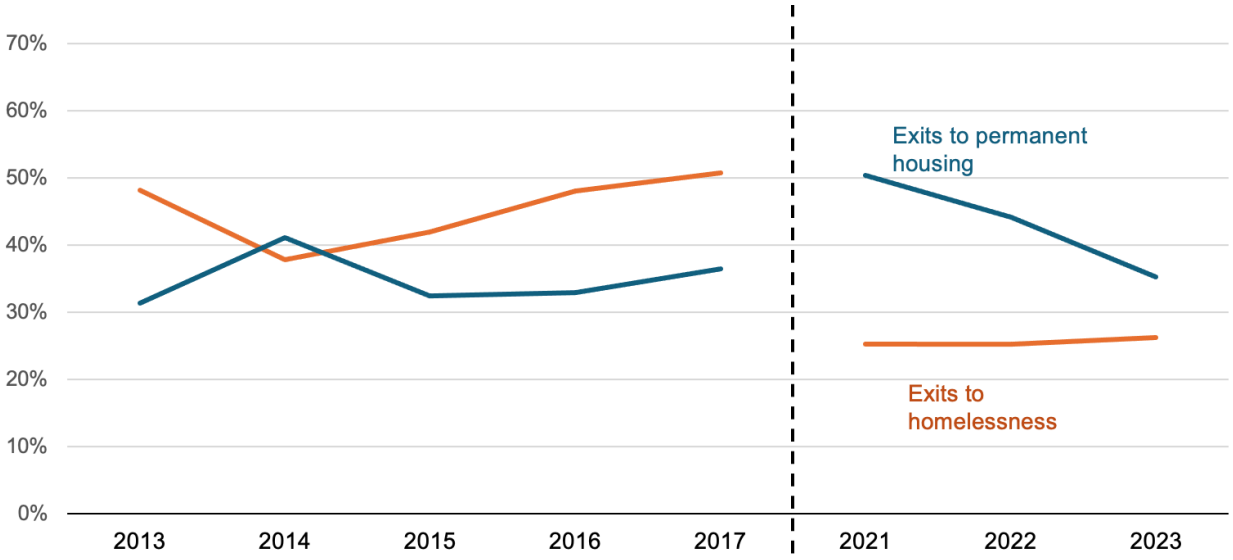
The vast majority of the permanent housing exits were to a rental with an ongoing housing subsidy (72 percent), which could include short-term subsidies, permanent supportive housing, below-market-rent housing, or a federal Housing Choice Voucher. About 16 percent exited to a rental with no ongoing subsidy, and 11 percent were planning to stay with family or friends.

In addition to the exits represented in these figures, there may be additional people who "self-resolve," or exit homelessness without assistance from a program. These exits are often not captured by HMIS enrollment data because people who self-resolve may spend little or no time enrolled in programs.

Berkeley is moving more people into permanent housing compared to before the pandemic. Of all of the exits from year-round shelter, transitional housing, or rapid rehousing between 2021 and 2023, 28 percent were to homelessness and 32 percent were to permanent housing. In 2017, about half of exits were to homelessness.[58]

[58] "City Council Report: Item 24 Referral Response: 1000 Person Plan," March 26, 2019, https://berkeleyca.gov/sites/default/files/documents/2019-03-26%20Item%2024%20Referral%20Response%20%201000%20Person%20Plan.pdf. The numbers reported here are slightly different than the numbers included in the original report. I removed exits from seasonal shelters and counted only the last exit per client per year so that the numbers would be comparable across years.

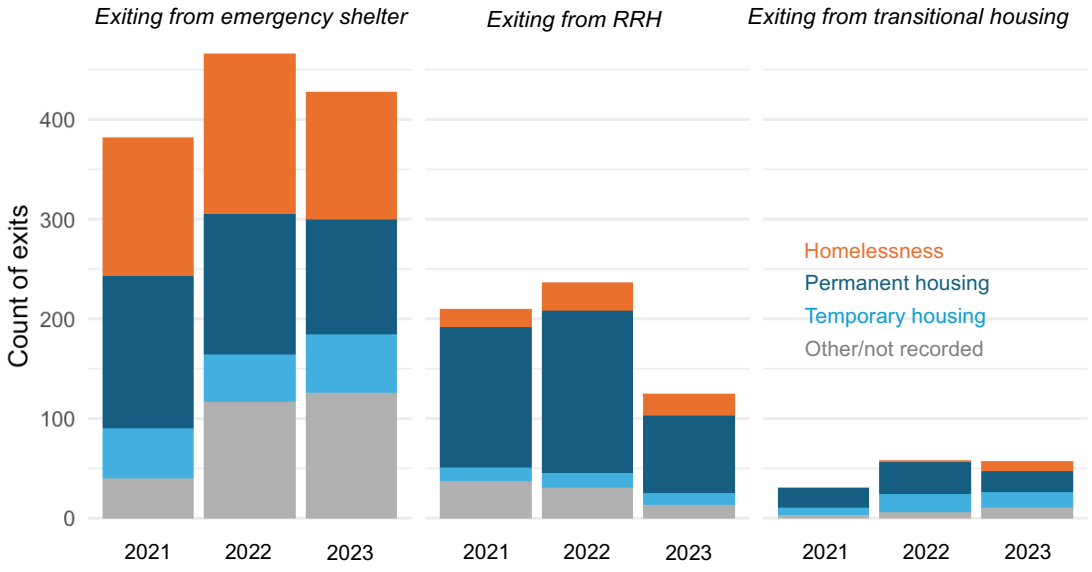
Figure 25: Fewer exits from Berkeley programs are to homelessness compared to pre-pandemic…



Percentage of exits from year-round ES, RRH, and TH to homelessness and permanent housing destinations. For clients with multiple exits per year, counts the last exit only.
Source: HMIS

Fewer people are exiting to housing compared to 2021 or 2022, but it's unclear whether more are exiting to homelessness from Berkeley programs. Nearly half of exits were to permanent housing in 2021, but this rate fell to about a third in 2023. This reduction was partially driven by the end of the temporary program intended to transition people out of FEMA emergency shelters, which lasted through 2021 and 2022. That said, there also more people exiting from emergency shelter without providing information about where they were going, which may also represent more people exiting to homelessness.

Figure 26: …but fewer people are exiting to permanent housing over last two years



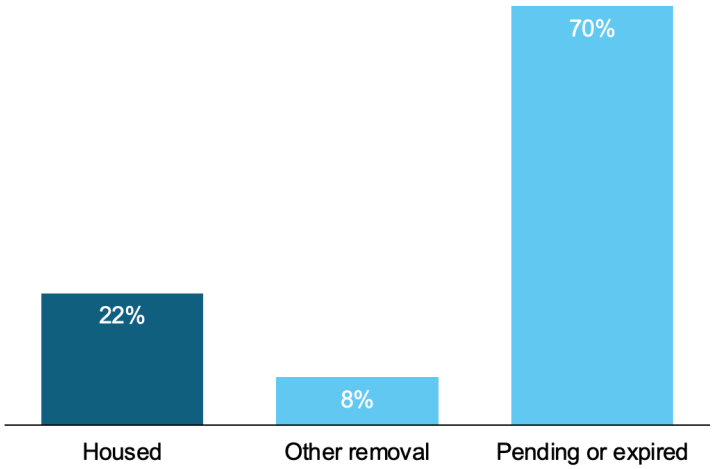
Counts of exits from year-round ES, RRH, and TH to homelessness and housing destinations, 2021–2023. For clients with multiple exits per year, counts the last exit only.
Source: HMIS

Non-disabled people are more likely to exit to housing. The people exiting to permanent housing from Berkeley programs are less vulnerable on average compared to people exiting to homelessness. They are less likely to have a disability and less likely to be chronically homeless, though these figures are still 75 percent and 50 percent, respectively. People exiting to housing are also more likely to be Black (64 percent). This pattern is likely related to the fact that rapid rehousing has the most exits to housing and also serves people with fewer vulnerabilities.

People wait more than nine months on average before they get into permanent housing programs. Berkeley residents experiencing homelessness access permanent housing programs through the county-wide Coordinated Entry system. Once a household joins the housing queue, the system matches them to openings based on their level of need and likelihood of success in the program. Many people exit homelessness without ever going through Coordinated Entry, but it is the sole entry point to programs such as rapid rehousing and permanent supportive housing.

Since July 2022, people in the north Alameda County region who were referred into a permanent housing program spent an average of 280 days, or about nine months, on the housing queue.[59] One year after their initial referral to the queue, less than a quarter of had been housed, while about seven in ten were pending or had their referral expire.[60]

Figure 27: Less than a quarter are housed after a year on the queue



Status 365 days after referral was made, July 2022 – March 2024
Source: HMIS

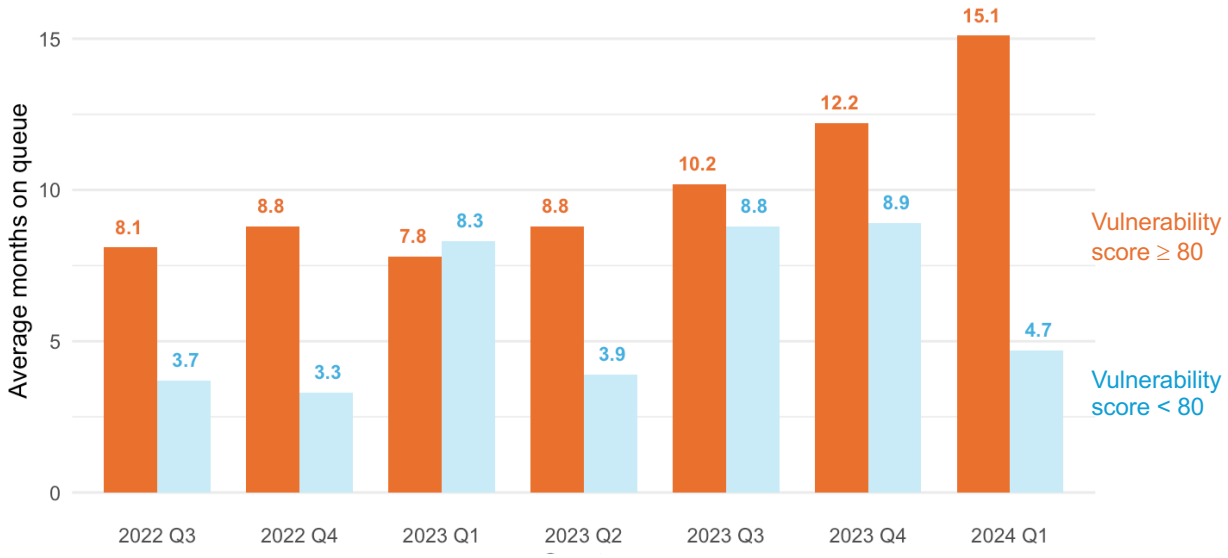
Vulnerable people on the housing queue are stuck in a bottleneck. Over nine in ten people who spent time on the housing queue between July 2022 and March 2024 reported having some type of disability,

[59] The North County region includes Berkeley, Albany, and Emeryville. I excluded people who were housed before July 2022 because the Coordinated Entry system changed its assessment methodology in July of 2021, which required staff to re-refer people to the housing queue and artificially reduced wait times.
[60] Referrals expire if the person is inactive with the system for six months, often because they are out of contact with providers. People in the "other removal" category were removed from the queue for some other reason, including passing away, moving out of the area, or finding their own housing.

and 70 percent were chronically homeless. About seven in ten had a vulnerability score above 80, which is the current threshold of eligibility for permanent supportive housing.[61]

People with higher vulnerability scores spend more time on the housing queue on average. Between July 2022 and March 2024, a person housed from the queue with a vulnerability score above 80 waited an average of 295 days, or about ten months, while a person with a score below 80 waited 237 days. This disparity is more extreme taking into account the fact that people with lower vulnerability scores may have other paths off of the housing queue. They are more likely to be removed from the queue for reasons like moving out of the area or self-resolving, or because their referral lapses.

Figure 28: People with higher needs tend to wait longer on the housing queue



Average wait time in months for people removed from queue during quarter (calendar years)
Source: HMIS

Paperwork challenges also contribute to wait times. Providers report that there are also logistical roadblocks to moving through the queue. Many permanent housing programs require documentation of income, identity, and chronic homelessness status—all of which are challenging to obtain, especially for someone who is unsheltered. The barrier of being "doc ready" may contribute to the longer wait times for high-need people who are less able to manage the process of obtaining documentation. They may also contribute to the number of lower-needs people who become frustrated and disengage with the process, leading to expired referrals.

Taken together, these factors mean that the housing queue is largely composed of people with high needs, pointing to a serious lack of resources appropriate to this population. Of the 632 people with pending referrals as of the date of this analysis, 96 percent had a disability and 77 percent were chronically homeless.

There are racial and gender differences in how people move through the housing queue. People with vulnerability scores over 80 were more likely to identify as male (64 percent), more likely to be white (33 percent) and less likely to be Black (49 percent). Black women made up nearly a third of people in the lowest quartile of vulnerability scores (below 75).

[61] People can be assessed multiple times over the course of their time in the queue. This analysis uses the most recent acuity score associated with the referral.

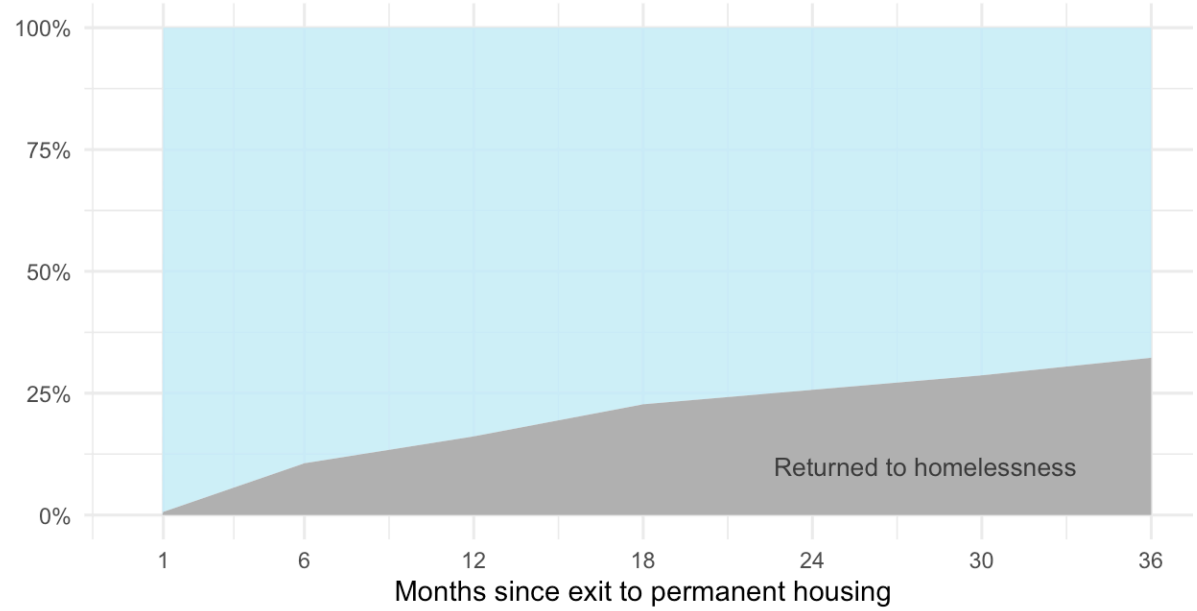
Based on street outreach data, people who are long-term unsheltered in Berkeley are also more likely to be white and male than the general population of people experiencing homelessness. It may be the case that Berkeley residents of color have less of a safety net and are more vulnerable to homelessness even when their needs are not as acute, while white people must experience more serious problems before they end up on the streets. Researchers have found racial bias in one assessment used by Continua of Care to match people with resources, though a 2020 analysis as part of the County's *Centering Racial Equity* report found no racial disparities in their custom prioritization tool. [62]

In the context of Berkeley's homelessness system of care, people who receive lower assessment scores may get off of the housing queue faster—but they receive short-term housing resources with less support than the permanent supportive housing that people with higher scores are waiting for.

C. Returns to homelessness

About one in five exits return to homelessness within a year. Of the people who exited to permanent housing during 2021 and 2022, 19 percent came back to homelessness services in Alameda County within a year. About ten to fifteen percent return within six months across the years covered in the data.[63]

Figure 29: About one in five who exited homelessness during 2021 returned within a year



Proportion of people who exited during 2021 who had returned to homelessness services at each time period
Source: HMIS

Older people and people with disabilities are more likely to return to homelessness. People with disabilities were also more likely to return to homelessness, especially people with substance abuse

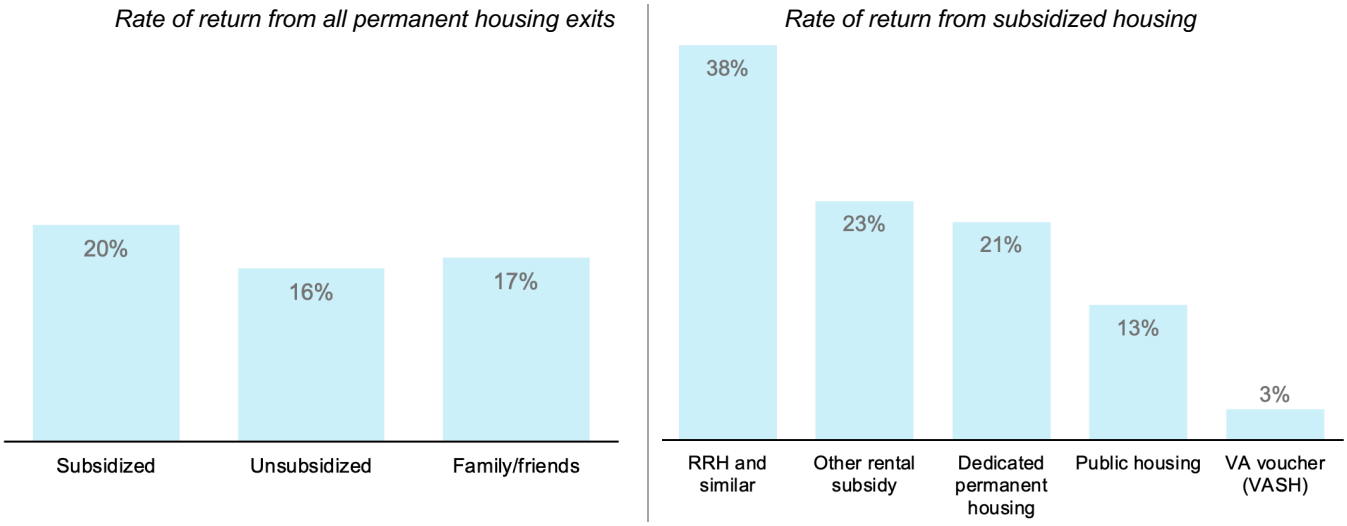
[62] Catriona Wilkey et al., "Coordinated Entry Systems: Racial Equity Analysis of Assessment Data" (C4 Innovations, October 2019), https://c4innovates.com/wp-content/uploads/2019/10/CES_Racial_Equity_Analysis_2019-.pdf; "Centering Racial Equity in Homeless System Design," p. 12.

[63] HUD's system performance measures do not count returns to projects other than emergency shelter, transitional housing, safe havens, and permanent housing, so these numbers are not totally comparable to those reported in other communities.

disorders (28 percent). Of the people who returned to homelessness within a year, six in ten were chronically homeless.

People exiting to rapid rehousing were most likely to return to homelessness. People exiting to unsubsidized housing, or to family and friends, were about as likely to return to homelessness as people with some kind of subsidy.[64] There was variation in the rate of return among different types of subsidy. More than a third of people who exited to rapid rehousing or equivalent subsidies returned to homelessness within a year, compared to just two percent of people who received a Veterans Affairs Supportive Housing (VASH) voucher.

Figure 30: A third who exit to RRH return within a year



Proportion of people who exited during 2021 and 2022 to each destination who had returned to homelessness services within 365 days. Excludes people who exited to housing that they own (n < 10).
Source: HMIS

The higher rate of returns among RRH recipients is partially related to pandemic-related programs. The City and County ran a short-term RRH program to transition people out of FEMA shelters opened during the pandemic. However, even when excluding people who were exiting from FEMA shelters, the rate of return for RRH was 29 percent.

That said, these numbers should be interpreted with caution. Providers have different standards for how they categorize exit destinations and generally have no way of verifying that the person who reports exiting to a subsidized housing program actually enrolls. More research would be needed to determine why people who are recorded as exiting to rapid rehousing appear to be returning at higher rates.

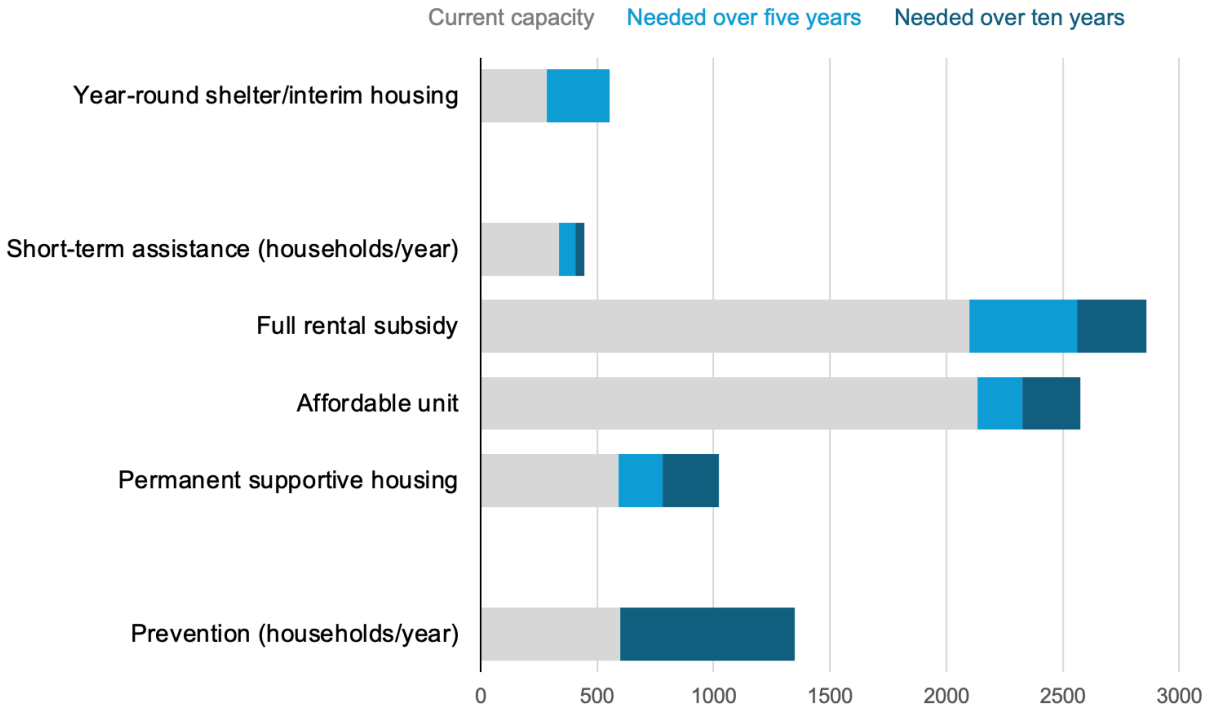
[64] About three-quarters of exits to permanent housing were to a subsidized rental unit.

Part V: Modeling Future Investments

The following section describes modeling that projects what it will take for Berkeley to achieve a rapid reduction street homelessness. The model, which was developed by All Home, estimates the number of additional interim housing units, permanent housing solutions, and prevention interventions required to reduce unsheltered homelessness by 75 percent in five years, and to maintain those reductions for an additional five years. More detail about model methodology can be found in Appendix B.

Berkeley will need sustained investments across prevention, permanent housing, and interim shelter to reduce unsheltered homelessness. Figure 31 shows that Berkeley will need significant expansions in the capacity of the homelessness system of care in order to achieve reductions in unsheltered homelessness.[65]

Figure 31: Projected capacity requirements to achieve 75 percent reduction



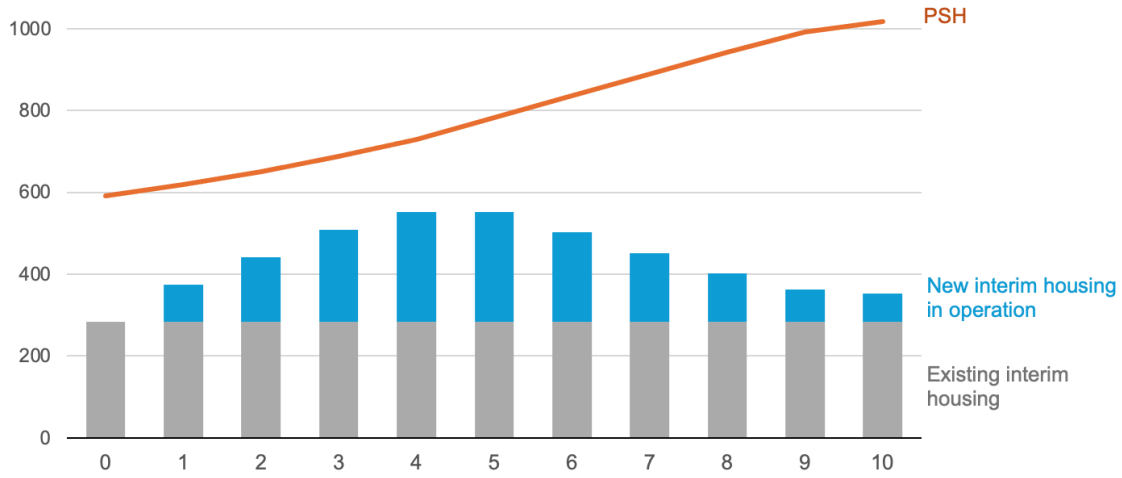
Projected expansions within five years (light blue), and additional expansions over the following five years (dark blue), to achieve and maintain a 75 percent reduction in unsheltered homelessness in Berkeley. Prevention and short-term assistance numbers represent the additional people served each year for the entirety of the period.
Source: All Home Housing Gap Analysis; 2023 HIC; HMIS; City budget documents

These investments are interrelated. Without including expanded prevention services in the modeling, substantially more interim and permanent housing would be required to reach the same unsheltered reduction goals. Shelter and interim housing play a larger role during the first five years, given the time required to build affordable housing, but they are less necessary as permanent housing solutions come

[65] The model projections are intended to provide a general sense of costs and do not map perfectly onto Berkeley's existing programs. The "current capacity" numbers in Figure 31 reflect the number of year-round ES, TH, and SH beds in the 2023 HIC; the number of RRH slots and PSH beds in the 2023 HIC; the number of Housing Choice Vouchers allocated to the Berkeley Housing Authority; the number of HTF and BMR units in Berkeley; and the number of households served by prevention services in FY 2023 plus the number of households served by flex funds/navigation that were housed at the time they enrolled.

online. In the long term, permanent housing investments are necessary to maintain reductions in unsheltered homelessness. This dynamic can be seen in Berkeley's present: while the city is sheltering a larger proportion of the homeless population than in years past, the number of unsheltered people continues to grow because of the overall increase in people experiencing homelessness. More detail about projected needs can be found in Appendix C.

Figure 32: Expansions in permanent housing allow decommissioning shelter beds

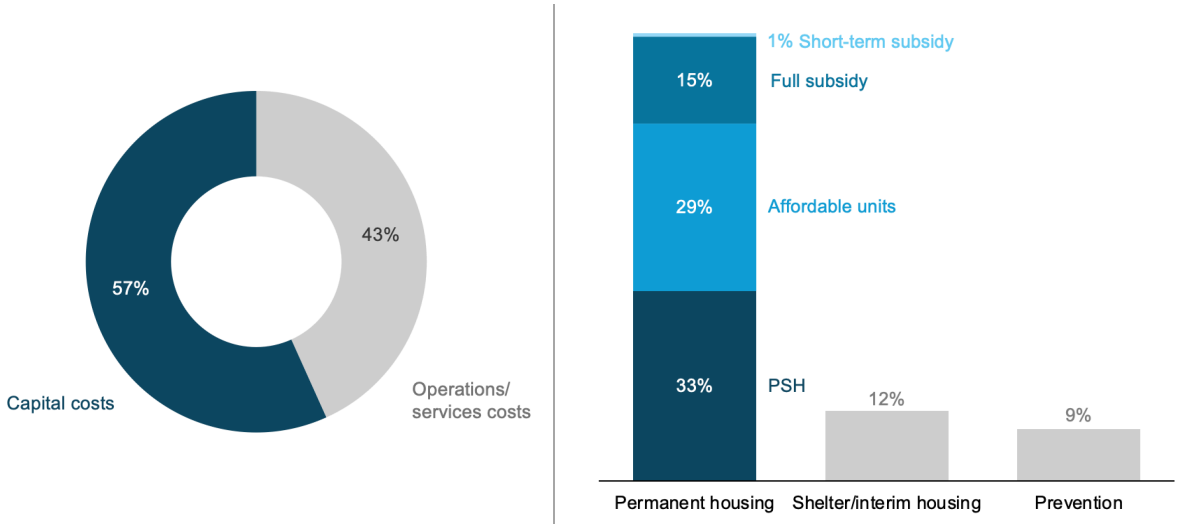


Projected shelter bed/IH unit needs and permanent supportive housing supply
Source: All Home Housing Gap Analysis; 2023 HIC

Preventing people from falling into homelessness is key to limiting the number of people who need other types of interventions. Berkeley served about 450 households with eviction prevention services in FY 2022–23 and served an additional 150 housed people with flex funds and housing navigation. All Home's model estimates that Berkeley will need to more than double this capacity, serving 750 additional households with targeted prevention each year in order to limit inflow and minimize the pressure on shelter and permanent housing resources. This estimate takes into account the challenges of targeting homelessness prevention: not everyone who receives assistance would have otherwise become homeless, but it is impossible to predict who is most vulnerable with complete accuracy.

The model anticipates costs of about $300 million over five years. This expansion in services would require significant new resources in addition to what the city, county, state, and federal governments are currently spending on homelessness services and housing. Berkeley allocated over $30 million for homelessness services and capital expenditures in FY 2023–24, a record level of spending that is unlikely to be sustained with current revenues. The projected need would require an additional $75 million per year on average, though this spending would not solely come from City coffers.

Figure 33: Most spending over ten years would be on permanent housing solutions



Percentage of projected spending over ten years
Source: All Home Housing Gap Analysis

About eighty percent of the funds spent over ten years would be for permanent housing and a majority would go to capital costs. The model includes only the development costs typically borne by local governments in development, subtracting out the funding that these projects typically receive from LIHTC and other sources.

Part VI: Discussion

By signing on to the All Home Regional Action Plan, the City has already committed to an "all of the above" strategy, acknowledging that addressing unsheltered homelessness requires investments in shelter, prevention, and permanent housing solutions simultaneously.

Reducing unsheltered homelessness will require more investments than what the City can fund with current resources. According to All Home's system modeling, reducing unsheltered homelessness by 75 percent will require about $300 million in additional spending over five years and over $750 million over ten years, corresponding to about $75 million each year. If the City took on all of the additional spending to achieve this reduction, that would translate to more than tripling the amount the City spent on housing, shelter, and services in FY 2023–24, or redirecting about ten percent of the City's budget that year.

More urgently, there is a real risk that Berkeley will not be able to maintain its current momentum with existing funding sources. Berkeley has made enormous strides in expanding its homelessness system of care in the past few years, in partnership with new programs at the state level and a robust federal COVID response. However, the City is now bumping against the limitations of local funding sources, the end of pandemic-era programs, and state budget woes.

In the following section, I discuss the likely effects of allowing present trends to continue and analyze potential investments Berkeley could make to tackle unsheltered homelessness. To evaluate these alternatives, I use the following criteria:

- **Effectiveness at reducing unsheltered homelessness.** Reduces the number of people experiencing unsheltered homelessness in the city of Berkeley.
- **Effectiveness at reducing homelessness overall.** Reduces the number of people experiencing homelessness, whether sheltered or unsheltered.
- **Equity, especially racial equity.** Does not leave the people with the greatest needs behind and addresses racial disparities in homelessness.
- **Fiscal sustainability.** Can be sustained in the long term with resources realistically available to the City; aligns with funding and priorities at the state and federal level.

A. Impacts of maintaining current trends

Without additional action, Berkeley's response to unsheltered homelessness over the next five years will likely be characterized by an increasing, but still inadequate, supply of permanent supportive housing (PSH) and a shelter system slowly moving towards more non-congregate beds.

That said, this outlook is far from assured. Much of Berkeley's current progress in opening new non-congregate shelter has been paid for through state Encampment Resolution Fund grants, a program that is at risk as the state legislature considers cuts to homelessness services.[66] With Measure P revenues

[66] State leaders have considered cuts to homelessness programs during this year's early budget negotiations process. Jeannie Nguyen, "Housing advocates call for no budget cuts toward solving homeless crisis in California," April 4, 2024, https://www.abc10.com/article/news/local/sacramento/california-budget-homeless-crisis/103-95d0f191-9cb8-4149-9ad4-c8fcfc215924

falling, temporary COVID-related eviction prevention funding could be among the services cut to balance the budget.

Effectiveness. Berkeley has seen more people enter homelessness than leave it over the last several years, pointing to a system that is not keeping up with the need. Without further action, the city will continue to see the number of people experiencing homelessness increase. These trends could accelerate if Berkeley pulls back on funding for homelessness prevention.

Berkeley's recent expansions in shelter capacity have increased the proportion of homeless people in Berkeley who access shelter. However, the raw number of non-shelter users has increased as the number of people experiencing homelessness has continued to grow. Without addressing inflow into and outflow from the homelessness system of care, these strides in shelter capacity will be inadequate to address the problem of unsheltered homelessness.

Equity. People experiencing homelessness in Berkeley are disproportionately Black and Indigenous, and people with the greatest needs wait the longest for permanent housing resources in Berkeley's current system of care. Without further action, these facts are unlikely to change.

Fiscal sustainability. As discussed above, some of the progress Berkeley has made in recent years is contingent on resources that may not be maintained for the long term.

B. Alternative: Focus on permanent supportive housing (PSH)

Berkeley added nearly one hundred beds of permanent supportive housing between 2022 and 2023. However, the city will need sustained increases over the next several years just to meet the needs of people currently experiencing homelessness, as discussed in Part V. This alternative would require the City to focus its investments in PSH, possibly at the expense of other services if there is not additional funding.

Effectiveness*.* Permanent supportive housing serves people with some of the most acute needs—often, though not always, a population that is most visible and vulnerable on the street. In addition to directly moving people from street homelessness indoors, PSH has the potential to reduce demand pressure on shelters and services for people who are homeless. When implemented to its full extent, PSH is effective at ending homelessness for individuals, with 80 to 90 percent success and retention rates.[67] That said, focusing resources on PSH might reduce the system's ability to serve people with lower needs—possibly resulting in serving fewer people experiencing homelessness overall.

As discussed in Part IV, there are barriers to moving people into PSH other than supply. Many people, especially those who are unsheltered or have significant disabilities, struggle to obtain documentation that is required before enrollment. These delays do not appear to be creating slack in the system: the utilization rate of these beds was above ninety percent across 2021–2023, despite a large number of new beds to be filled during this period.[68] Even so, these types of barriers are costly to individuals, and they may disproportionately affect people with higher needs. While Berkeley does not control the

[67] Maria C. Raven, Matthew J. Niedzwiecki, and Margot Kushel, "A Randomized Trial of Permanent Supportive Housing for Chronically Homeless Persons with High Use of Publicly Funded Services," *Health Services Research* 55, no. S2 (2020): 797–806, https://doi.org/10.1111/1475-6773.13553.

[68] As recorded in January of each year in the Housing Inventory Count. By comparison, the utilization rate of Housing Choice Vouchers in Berkeley is 76 percent.

federal documentation requirements or Coordinated Entry policies, the City could concentrate resources on intensive supports to help Berkeley residents get "doc ready" to make a PSH-focused strategy more effective.

Another factor that complicates this alternative is the county-wide nature of the Coordinated Entry system. As noted in Part II, not everyone who moves into a Berkeley PSH unit will be coming from Berkeley's streets. City staff described a local preference policy as one solution to this mismatch—in other words, giving Berkeley residents priority in the Coordinated Entry queue for units that the City contributes to. However, this policy would have major equity considerations and may interfere with regional coordination between Berkeley and other cities.

Equity. PSH serves people with mental and physical disabilities that would make sustainably living indoors difficult or impossible without assistance. As discussed in Part III, people with disabilities are more likely to exit programs to homelessness and more likely to return from homelessness to housing in Berkeley's current system of care. There are different levels of need within the group of people who are eligible for PSH; if the City chooses to invest in helping Berkeley residents get "doc ready," that may make it more likely that people with the greatest barriers to housing make it through the queue.

Concentrating on PSH does come with tradeoffs. The population eligible for PSH is more white and more male compared to people experiencing homelessness overall; people who are not eligible for these higher-intensity services are especially likely to be Black women. Deprioritizing lighter-touch services might disproportionately harm people of color who have less of an existing safety net and are more vulnerable to homelessness even without significant disabilities.

Fiscal sustainability. Permanent supportive housing is expensive compared to other interventions. High-quality PSH requires skilled staff to provide wrap-around services and ensure residents are successful in housing, and residents are typically unable to pay much in rent to offset costs. All Home estimates the yearly cost of operations for a permanent supportive housing unit (including a housing subsidy and services) to be $40,000 to $50,000, not including capital costs.[69]

That said, policymakers around the state have recognized the barriers to constructing and operating PSH, and sources such as LIHTC and state Multifamily Housing Program funds increasingly prioritize these types of projects. The City can play an important role alongside these sources by providing gap funding, as it has done for projects like the HOPE Center.[70] Operating costs are more challenging, but state policymakers have explored making it easier for operators to access Medicaid dollars to cover the ongoing cost of care for people in PSH.[71] The City is not alone in tackling this problem, and City funding has a role to play in accelerating these types of projects.

C. Alternative: Accelerate the transition to non-congregate interim housing

Since the COVID-19 pandemic, Berkeley has made strides towards providing more shelter with a non-congregate, or interim housing, model. However, most shelter beds in the city are still in congregate settings, and the city's non-congregate shelters largely focus on specific populations and rely on special funding sources. The City could take a more aggressive approach working with providers to identify

[69] Based on estimates by the Corporation for Supportive Housing.
[70] "City Council Report: Item 14 Measure O Bond Impacts on Affordable Housing Development in Berkeley."
[71] Carolina Reid, "Permanent Supportive Housing as a Solution to Homelessness: The Critical Role of Long-Term Operating Subsidies" (Terner Center, July 2023), https://ternercenter.berkeley.edu/research-and-policy/psh-homelessness-cost/.

potential non-congregate sites and fund their operations by moving money away from beds that are currently in congregate settings. These sites could include additional hotel/motel sites, but could also include cabins or tiny homes.

Effectiveness. This alternative has the potential to make a dent in unsheltered homelessness by simply moving more people indoors. Congregate shelter beds are not well-suited for many people experiencing homelessness due to medical needs and safety concerns. Street outreach providers report that unsheltered people are often more willing to come inside to a hotel room than a dorm-style shelter.

Sheltering people can also reduce logistical barriers to moving people into housing. According to reporting from other jurisdictions and anecdotal evidence from Berkeley providers, interim housing that includes case management and housing navigation has been more successful at moving people towards permanent housing compared to congregate shelters.[72] That said, shelter alone will not solve homelessness. Without increasing the supply of housing for people to move into, navigation and shelter connections can only have a limited impact on the central problem.

Equity. Like PSH, non-congregate shelter has the potential to serve a population that is highly vulnerable and currently underserved by Berkeley's shelter system. However, this strategy does potentially come with a tradeoff. It may result in a system with fewer shelter beds overall, and one that is more targeted to people with severe disabilities, who are more likely to be white and male.

Fiscal sustainability. Operating interim housing is more expensive than congregate shelters due to their larger footprint and the staffing costs of housing navigation and case management. Operations for "tiny home" interim housing programs elsewhere in the Bay Area have cost between $27,000 to $48,000 per unit per year.[73] Berkeley's current interim housing hosted in hotels and motels is generally more expensive due to the costs of renting rooms and serving a more vulnerable population. By way of comparison, Alameda County estimated that the cost to operate a congregate shelter bed was about $18,000 annually in 2021.[74]

These increased costs could create a tradeoff for effectiveness: transitioning more shelter beds to non-congregate may reduce Berkeley's overall capacity to shelter people. The fact that interim housing requires more square footage per occupant than congregate shelter also creates capacity challenges. Even so, increasing the number of non-congregate beds may bring a different population inside, including people with high needs who may represent a higher burden on other City services such as environmental remediation and emergency response.

In addition, non-congregate shelter facilities have the potential to transition to permanent housing in the future, as with the Rodeway to Home shelter in Berkeley—meaning that investing in shelter now could have long-term benefits.

D. Alternative: Expand medium-term subsides

Berkeley's "shallow subsidies" program provides up to $1,800 per month for 36 months of rental assistance for people exiting homelessness with high rent burdens. The current program is relatively small, serving 49 people in 2023. Berkeley could consider expanding this program to serve a larger pool

[72] Gilman, "Strengthening Interim Housing as a Housing First Approach."
[73] Ibid.
[74] "Centering Racial Equity in Homeless System Design" (EveryOne Home, January 2021).

of people who are not eligible for permanent supportive housing, but who are not well-served by the short-term subsidies provided by rapid rehousing.

Effectiveness. Berkeley's current program targets people with less acute needs, who may be homeless largely for economic reasons and are able to live independently without supports. Rapid rehousing is the current service model for this population, but there are indications that it is not working for everyone, given relatively high rates of exits and returns to homelessness. Alameda County's 2021 *Centering Racial Equity in Homeless System Design* report identified people who are unlikely to increase their income on the timeline required by RRH as a target population for ongoing shallow subsidies.[75] Making exits to housing for this population stick has the potential to reduce overall homelessness.

That said, it is not clear whether medium-term subsidies without additional services would make a large dent in the problem Berkeley faces. About four in five people experiencing homelessness in Berkeley have some form of disability. BACS, the nonprofit that runs Berkeley's current medium-term subsidies program, found that smaller subsidies and lighter-touch casework would not be appropriate for most of the people waiting on the housing queue.[76]

Expanding medium-term subsidies would not directly make a large impact on unsheltered homelessness in the short term, since it is less targeted to people who have been living outside for long periods. However, by reducing the number of people returning to or entering homelessness this strategy could decrease the number of people who are homeless and reduce the demand pressure on other resources such as shelter.

Equity. Medium-term subsidies do not directly serve the needs of the people in Berkeley's homelessness system who have the greatest vulnerabilities. However, there are longer-term equity considerations to consider. The experience of homelessness itself can cause trauma and harm; people who are less vulnerable today may become more so if their needs are not addressed now. This population is younger and are more likely to be Black compared to the population of homeless people overall. Neglecting the needs of this population has the potential to exacerbate existing inequities.

Fiscal sustainability. The shallow subsidy program has lower fixed costs compared to building housing. It also has the potential to make existing dollars stretch more effectively by supporting people tapering off of rapid rehousing. That said, the program as it has been implemented in Berkeley is more expensive than existing interventions. The service provider that operates the shallow subsidy program has estimated that they will be able to serve 53 households with the $2.25 million the City has allocated so far, corresponding to $42,000 per household—costs that are partially driven by staffing needs to serve people with vulnerabilities.

E. Alternative: Invest in homelessness prevention services

As discussed in Part IV, many people enter homelessness after living with friends or relatives without a formal lease, and a sizeable minority of people experiencing homelessness in Berkeley were last housed outside of the city. Berkeley's Housing Retention Program expanded during the COVID-19 emergency period and became more flexible. However, the program currently focuses primarily on formal tenancies,

[75] Ibid.
[76] "City Council Report: Item 08 Measure P Contract No. 31900273 Amendment," November 15, 2022, https://berkeleyca.gov/sites/ default/files/documents/2022-11-15%20Item%2008%20Measure%20P%20Contract%20No.%2031900273.pdf.

only applies within city limits, and does not target people based on their risk of falling into homelessness. Berkeley does have flexible funding and navigation help allocated through the Housing Resource Center and other service providers, but these resources are largely dedicated to helping people who are homeless move into housing.

Berkeley could strengthen its prevention programming by funding programs dedicated to homelessness prevention that target people most at risk. One way of doing this would be investing in prevention through the City's existing pots of flex funds—increasing funding so that providers have more flexibility to serve people who are not currently homeless and conduct outreach to people who are precariously housed. Berkeley could also ensure that the Housing Retention Program is as effective as possible by maintaining the flexibilities implemented during the COVID-19 emergency period, such as reducing documentation requirements and covering costs other than rent. The City would target these resources to the people most at risk of homelessness using evidence-based prioritization, like the programs already in place in San Francisco, Oakland, and Santa Clara County.

The City cannot directly control what happens in neighboring cities, but City leadership could also advocate for a county-wide or multi-county regional homelessness prevention programming, similar to the program currently in place in Santa Clara County.

Effectiveness. Like the previous alternative, making prevention more effective would not have a direct impact on unsheltered homelessness in the short term. That said, effective prevention reduces the demand for shelter or permanent housing solutions. System modeling suggests that Berkeley will need to serve 750 additional households per year with prevention resources or problem-solving in order to reduce unsheltered homelessness by 75 percent. In other words, preventing people from falling into homelessness is a necessary condition to reduce inflows and prevent increases in the homeless population in Berkeley.

Equity. Prevention programs would most help the population in Berkeley that is housed but vulnerable to homelessness, which is disproportionately Black, Indigenous and Hispanic/Latine. While this population has fewer support needs than the population likely to live in permanent supportive housing, they are still vulnerable. As described above, preventing people in these communities from experiencing homelessness in the first place can prevent trauma, loss of income, and physical and mental harm. The City could consider targeting assistance to specific neighborhoods where people are especially at risk of losing housing in order to ensure that these resources are being distributed to the communities who need them the most.

Fiscal sustainability. Prevention is relatively low-cost compared to many other investments and has the effect of reducing the need for higher-cost interventions such as shelter and housing supports. All Home estimates a cost of $8,000 to $9,000 per intervention based on existing prevention programming. Targeting Berkeley's existing housing retention services more tightly to the goal of preventing homelessness will also allow the City to get more bang for its buck, especially if the City is unable to maintain higher levels of spending in future years.

Figure 34: Policy alternatives trade-off matrix

	Effectiveness: Unsheltered	Effectiveness: Overall	Equity	Fiscal sustainability
Maintain current trends	Low	Low	Low	Moderate
Focus on PSH	High	High	Moderate	Low
Move to non-congregate	High	Moderate	Moderate	Moderate
Expand medium-term subsidy	Low	Low	Moderate	Moderate
Reinforce prevention services	Moderate	Moderate	Moderate	High

Source: Author illustration

Part VII: Conclusion and Recommendations

Based on Berkeley's existing resources and projected needs, I recommend that the City prioritize the following investments:

- **Accelerating the transition to non-congregate shelter.** Berkeley's non-congregate shelters have been effective at sheltering people and streamlining their access to permanent housing. Extending these opportunities to a larger population experiencing homelessness could bring more people inside.

- **Funding permanent supportive housing.** Permanent supportive housing serves people with the highest needs—often, though not always, a population that is most visible and vulnerable on the street. While expensive compared to other interventions, PSH is the most urgent permanent housing need in the system, and it is highly effective at housing people and retaining them in housing. As part of this recommendation, the City should explore strategies to reduce documentation barriers for people with high vulnerabilities.

- **Investing in homelessness prevention.** Targeting prevention programs to the people most at risk can cost-effectively prevent Berkeley residents from experiencing the harm of homelessness and reduce pressure on shelter and permanent housing services. As part of this recommendation, the City should consider:
    a. *Maintaining expanded rules that make the Housing Retention Program more effective,* such as more flexible documentation requirements and the ability to pay costs other than rent.
    b. *Targeting scarce resources to people most at risk of homelessness* by using evidence-based homelessness prevention, including factors such as past episodes of homelessness and living in an at-risk neighborhoods.
    c. *Explore increasing investments in flex funds* to allow providers to serve more people who are precariously housed, especially those without a formal lease.
    d. Advocating for regional homelessness prevention, which could serve people in neighboring cities without the same resources as Berkeley.

In addition, the City should consider the following actions:

- **Look for opportunities to increase funding and keep up the momentum.** A truly "all of the above" strategy will require more resources from every level of government. As pandemic-era federal support recedes and one-time resources are spent down, Berkeley must retain its dedication to long-term solutions to the homelessness crisis and work with its neighbors to ensure that the region makes these investments together.

- **Do additional research into rapid rehousing and the needs of people with lower levels of acuity.** While Berkeley's current medium-term subsidy program may fill in gaps for this population, more research is needed to understand how best to serve them.

In addition to the above actions, the City should consider how else it can reduce the burden on the systems that serve homeless people in Berkeley. Homelessness is downstream of housing, health, and labor policy, and the City has a role to play in making it easier to build new housing, supporting mental health investments, and supporting living-wage jobs. The roots of our homelessness crisis are long and deep. It will require sustained investment and dedication from policy leaders to get ourselves out of it.

Appendix A: Interviews

Stacey Burmaster, Insight Housing

Laurie Flores, City of Fremont

Markos Gonzalez, Bay Area Community Services (BACS)

Kelsey Knutson, Bay Area Community Services (BACS)

Jennifer Lucky, Alameda County

Eric Magaña, Eviction Defense Center

Logan McDonnell, Bay Area Community Services (BACS)

Appendix B: Model Methodology[77]

The Housing Gap Analysis uses an illustrative modeling technique to estimate the number of additional interim housing units, permanent housing solutions, and prevention interventions required to rapidly reach designated goals in reducing unsheltered homelessness. Reporting outcomes for alternate investment strategies for reaching these goals illustrates the relationship between each of these three program types and the efficacy of investing in all three concurrently.

While comparable in many ways to alternative approaches to homelessness response system modeling, three key distinguishing characteristics of the Housing Gap Analysis should be noted:

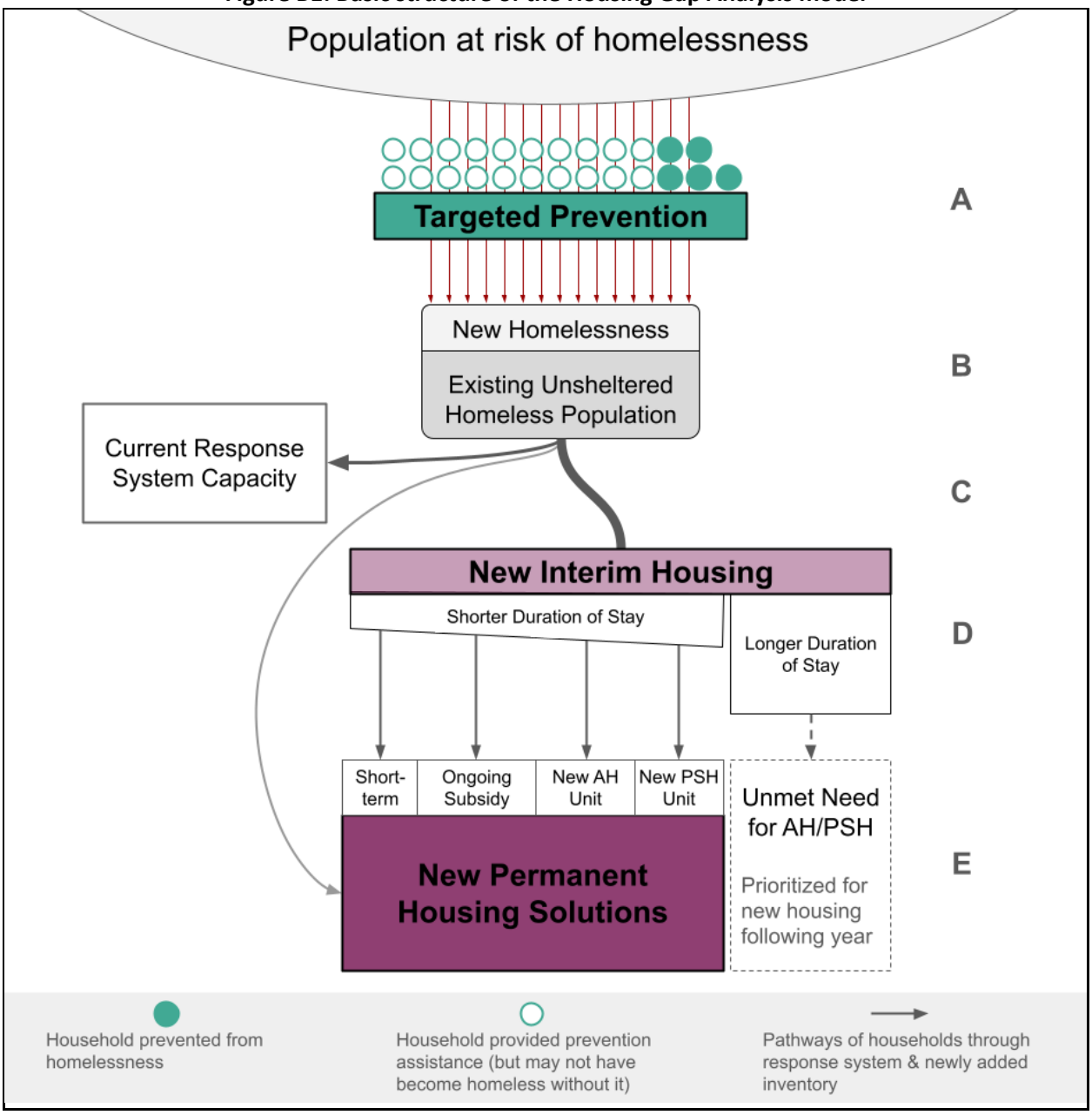
- **Linking prevention and inflow**: in our analysis, the estimate for the number of individuals becoming homeless in a given year ("inflow") may be reduced through increased investment in prevention. In nearly all other system modeling approaches, the association between inflow and prevention programming is typically unaddressed. Revealing the importance of prevention programming in a well-balanced homelessness system (especially its potential to reduce the need for more intensive housing-based interventions) requires establishing inflow as a dynamic variable determined in part by scaling new preventative measures.
- **Acknowledging annual housing production limits**: the production of new affordable housing is notoriously slow in the Bay Area, and the most informative modeling–even that investigating ambitious, aspirational change–must acknowledge that we cannot build all the homes we would need in the short-term to sufficiently address homelessness. In our modeling, we set baseline production limits based on recent trends, which we then allow to increase incrementally over time.
- **Allowing system performance flexibility**: Traditional approaches to homeless system modeling use HMIS data to establish system *pathways* (the percent of people moving from transitional housing to PSH, for example, or from emergency shelter back to unsheltered settings) which are then used to determine the additional inventory required to reach homelessness reduction goals. While useful for understanding the impact of incremental change, this approach is more likely to distort estimates for scenarios involving significantly expanding investment, especially when many more permanent housing solutions are made available. For the *new inventory added*, we expect a notably higher rate of successful exits from interim housing to permanent solutions given the assumed expanded availability of such housing.

These characteristics allow the analysis to remain constrained to realistic housing production limits while envisioning the efficiencies and synergies likely resulting from significantly expanded new investment.

Figure B1 visualizes the basic logic of the Housing Gap Analysis. It depicts the major interventions and new inventory required to reach unsheltered reduction targets, and portrays the pathways along which households experiencing homelessness are expected to progress toward permanent housing. Though the process of calculating the housing needs does not exactly align with the process of people progressing through the envisioned system, it is a useful reference for conveying how the analysis is conducted. The description of the modeling strategy—divided into four broad steps below—references this schematic throughout. Data sources, per-unit costs, and key assumptions can be modified in collaboration with local administrative staff to reflect newly available or revised data, to refine expectations, or to investigate alternate scenarios.

[77] This model methodology was developed and written up by David Amaral of All Home.

Figure B1: Basic structure of the Housing Gap Analysis model



A	Increased prevention assistance can reduce inflow. "Efficiency" determines # of interventions required to reduce inflow by one.
B	*Population to house* to reach annual unsheltered goals = currently homeless population + projected inflow (after prevention)
C	Current homelessness response system capacity = average # of households successfully exited to permanent housing in recent years.
D	Short-term stays in new IH accommodate those connecting with permanent housing in a given year. Longer stays are required when need for newly developed housing is not met.
E	To reach unsheltered reduction goals, all households are assigned to one of four permanent housing solutions.

Step 1: **Establishing the total population to house to reach unsheltered reduction goals**
The RAP sets a goal of reducing unsheltered homelessness by 75 percent, and this goal ultimately determines how many people need to be housed and how much added housing inventory is needed to do so. Annual progress toward achieving this overarching goal is assigned for each of the first five years, and is assumed to hold steady for the remainder of the modeled time span.

The model incorporates a dynamic estimate of the population of people experiencing homelessness that includes both those currently experiencing unsheltered homelessness as well as the total number of people expected to become homeless in a given year. This latter group, in turn, includes both people expected to engage with the homelessness response system for the first time (a rough proxy for "first time" homelessness) along with those expected to return to homelessness after ending a previous experience of it. (See model diagram section B.)

The number of individuals expected to become homeless (combining both first-time and returns to homelessness) may be reduced through increased homelessness prevention interventions (as is represented in model diagram section A). The model sets a target for reducing inflow by a percentage of current baseline estimates and calculates the number of individuals who would need to be prevented from falling into homelessness to reach this goal. The number of actual prevention interventions required to reach this goal depends on the assumption for how *efficiently* prevention programming can be targeted; in other words, how many prevention interventions are required to reduce inflow by one? A targeting efficiency of twenty percent would mean that putting out five prevention interventions would reduce inflow by one. In the diagram section A, empty circles represent prevention services provided to those deemed at risk of homelessness but who would not have become homeless even in the absence of prevention services. Full circles represent individuals/households who would have become homeless without prevention services. Red arrows represent individuals or households becoming homeless in a given year who did not receive prevention assistance.

The ultimate number of individuals requiring housing interventions in a given year (the "population to house") equals the difference between the expected number of unsheltered individuals (currently unsheltered plus annual inflow after prevention) and the particular year's target total unsheltered population.

Step 2: **Determining the number and type of permanent housing solutions required**
With the "population to house" calculated for a given year, the next step is to determine how many individuals can likely be assisted by the current homelessness response system and then how much additional inventory is required to fill the gap. Current system capacity is based on a three-year average for the number of individuals exiting the homelessness response system to permanent housing destinations. (See diagram section C.)

New permanent housing inventory is added for all individuals in the "population to house" remaining after accounting for current system capacity. Individuals served through this added inventory are assigned to one of the following four categories of permanent housing solutions:

1. Short-term assistance: a general category including one-time or time-limited financial or rental assistance. Operations/Services costs only.
2. Ongoing rental subsidy: comparable to Housing Choice Vouchers which persist and accumulate across the modeling time horizon. Operations/Services costs only.
3. New affordable housing unit: newly developed affordable housing units. Capital costs are calculated for the year new units become available. Operations/Services costs are calculated for

the year new units become available and all following years included in the modeling time horizon.

4. New permanent supportive housing (PSH) unit: like new affordable housing units but with higher annual operating/service costs.

The number of currently unsheltered individuals assigned new PSH units is directly determined by the number estimated to be experiencing chronic homelessness. For the population becoming newly homeless, the expected need for PSH units can be reduced. Assignment to the remaining three housing types aims to match the varied level of need expected among those experiencing homelessness while acknowledging that new construction (and not just rental subsidies) will be a crucial component to any effective and ambitious homelessness reduction strategy.

While the first two permanent housing solution types (neither involving any new construction) are added to meet the estimated need in a year, annual production limits are set for the cumulative number of newly added affordable housing units and PSH units. The baseline threshold is tied to recent trends in very-low income (VLI) housing production. In the primary modeled scenario, the production limit is allowed to grow incrementally over the course of the first five years included in the modeling. Though the cumulative projected need for new affordable and PSH units is often higher than the new production threshold, the total number of newly constructed units is constrained to a given year's production limit. (See diagram section E.)

Step 3: Estimating the need for additional Interim Housing (IH)
Total need for additional interim housing units is calculated to accommodate two distinct needs (See diagram section D):

1. Shorter duration needs: While a portion of all individuals/households assigned to each of the four permanent housing solutions are expected to move directly into housing from unsheltered settings (or at least without requiring an interim housing stay), a majority are expected to spend a short duration of time (2–3 months) in a new interim housing unit prior to their housing placement. Each new IH unit is expected to accommodate multiple individuals/households over the course of a year.
2. Longer-stay durations: In years for which the newly produced affordable and PSH units do not fully meet the level of need for these housing types (due to production limit constraints), additional new IH units are added equivalent to the gap between the number of needed new units and the number actually produced. Use of new IH for these longer-stay durations allows unsheltered reduction goals to be achieved despite production constraints. The expectation is that the individuals/households accommodated by longer-stay IH units are prioritized for newly produced units coming online in the following year.

The model assumes that the full need for new IH can be produced and utilized each year (i.e., there are no IH production thresholds imposed as they are for new affordable and PSH units in the model). Units produced in one year become available for use in the following year, and capacity is only expanded if need for new IH increases. As need for new IH units decreases, the new units are decommissioned in increments of ten units, while maintaining a limited buffer between need and capacity.

Step 4: **Calculating costs**
Average cost per unit/intervention is established for each of the interventions. For all *one-time* costs (including capital costs for all new IH, affordable, and PSH units; all short-term assistance permanent housing solutions; and prevention interventions) the full costs are tied to the year in which unit/intervention is first provided. For all ongoing costs (operations/services costs for all rental

subsidies, new affordable and PSH units) annual projected expenditures include both the cost of providing the units/support added in a given year while also covering all those added in previous years. In other words, subsidies and operations/services for new units persist and accumulate over the years included in the modeling. Operations/services costs for IH include only units in operation in a given year.

Capital costs for new affordable and PSH units included in the modeling are not the full costs of development, but rather represent the average portion of the overall capital stack funded by local governmental entities after accounting for tax credits, loans, etc.

All baseline costs increase by an established inflation rate of three percent in each year of the modeling.

Appendix C: Model Projections

The following tables provide estimates the bed capacity and funds needed for Berkeley to achieve a 75 percent reduction in unsheltered homelessness, based on All Home's modeling.

Figure C1: All Home model capacity projections

	Five-year total	Ten-year total
Permanent housing		
*Short-term assistance**	70	110
Full subsidy	460	760
AH units	190	450
Permanent supportive housing	190	430
Interim housing	270	270
Prevention*	750	750

* *Households served per year*

Figure C2: All Home model funding projections

	Five years	10 year total
Permanent housing	$195 M	$607 M
Short-term assistance	*$3 M*	*$5 M*
Full subsidy	*$31 M*	*$117 M*
AH units	*$76 M*	*$227 M*
Permanent supportive housing	*$84 M*	*$257 M*
Interim housing	$67 M	$95 M
Prevention	$32 M	$70 M
Total Cost	**$294 M**	**$772 M**
Total Capital	$153 M	$334 M
Total Operations/Services	$141 M	$438 M

Figure C3: Model projections over ten years (households served and costs)

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Permanent housing solutions											
Short-term assistance	*Total households*	50	70	80	80	70	50	50	40	40	40
	Cost	$436 K	$436 K	$436 K	$436 K	$436 K	$436 K	$436 K	$436 K	$436 K	$436 K
Full rental subsidy	*New households*	70	90	100	110	90	70	60	60	60	50
	Total households	70	160	260	370	460	530	590	650	710	760
	Cost	$1.5 M	$3.5 M	$6.0 M	$8.6 M	$11.2 M	$13.2 M	$15.2 M	$17.3 M	$19.3 M	$21.3 M
New affordable units	*New households*	30	30	40	40	50	50	50	50	50	40
	Total households	30	60	100	140	190	240	300	350	400	450
	Units added	30	30	40	40	50	50	50	50	50	40
	Capital Costs	$8.2 M	$10.0 M	$11.9 M	$13.9 M	$18.1 M	$18.6 M	$19.2 M	$19.5 M	$20.8 M	$16.4 M
	Operating Costs	$685 K	$1.6 M	$2.7 M	$3.9 M	$5.6 M	$7.4 M	$9.3 M	$11.2 M	$13.3 M	$15.2 M
Permanent supportive housing (PSH)	*New households*	30	30	40	50	60	60	60	70	70	50
	Total households	30	60	100	140	190	240	300	350	400	430
	Units added	30	30	40	40	50	50	50	50	50	30
	Capital costs	$8.2 M	$10.0 M	$11.9 M	$13.9 M	$18.1 M	$18.6 M	$19.2 M	$19.8 M	$19.1 M	$10.3 M
	Operating costs	$1.1 M	$2.5 M	$4.1 M	$6.1 M	$8.7 M	$11.4 M	$14.3 M	$17.4 M	$20.4 M	$22.4 M
Interim housing											
	Total households	90	160	230	270	250	190	140	90	40	30
	Units added	90	70	70	40	--	--	--	--	--	--
	Capital costs	$9.5 M	$7.1 M	$7.1 M	$4.9 M	--	--	--	--	--	--
	Operating costs	$3.3 M	$5.8 M	$8.4 M	$10.4 M	$10.7 M	$9.0 M	$7.1 M	$5.2 M	$3.6 M	$3.2 M
Prevention											
	Households served	730	750	760	760	760	760	760	760	760	760
	Cost	$6.0 M	$6.0 M	$6.0 M	$7.0 M	$7.0 M	$7.0 M	$7.0 M	$7.0 M	$8.0 M	$8.0 M