



Office of the City Manager

CONSENT CALENDAR
February 14, 2023

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Lisa Warhuus, Director, Health, Housing and Community Services
 Subject: Contract: Resources for Community Development for Martin Luther King Jr. House – Mental Health Services Act Operating Support

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract with Resources for Community Development (RCD) for Martin Luther King Jr. (MLK) House in the amount of \$107,890, to support hiring additional on-site staff to monitor the 12-room, transitional Single-Room Occupancy housing development.

FISCAL IMPACTS OF RECOMMENDATION

On July 26, 2022, City Council approved the allocation of \$107,890 to MLK House in the Mental Health Services Act (MHSA) Fiscal Year 2023 Annual Plan Update. There is no increase in funds involved with this request. City Council approval is required to execute a contract to disburse the funds to RCD for MLK House.

The funding will come from MHSA Community Services and Supports System Development, Fund #315.

CURRENT SITUATION AND ITS EFFECTS

MLK House is a 12-room, Single-Room Occupancy (SRO) housing development that serves formerly homeless individuals. The property is owned by Resources for Community Development (RCD) and managed by RCD's property management partner, the John Stewart Company (JSCo).

In recent years and more so in the last two years of the pandemic, RCD/JSCo has experienced challenges in operating the property. The residents, who are now referred through Alameda County's Homestretch Coordinated Entry System (CES), are the highest need homeless individuals in the CES system. They have higher service needs than was intended for the existing service design at MLK House. The lack of adequate supportive services for the residents has led to problems which have adversely affected the physical condition and security of the property.

Seven of the twelve rooms at MLK House are currently occupied by program participants who receive rental subsidy from Shelter Plus Care and case management from Berkeley Mental Health (BMH). Currently, one (1) room is being used as a field office for BMH case management staff at the recommendation of Housing and Community Services (HCS) and BMH staff. City Shelter Plus Care staff occasionally use the office space as well. The increased onsite presence has already led to a reduction of conflicts amongst the residents.

During this same timeframe, RCD has been operating at a deficit. Even with the rental subsidy from Shelter Plus Care, the property is challenged with vacancies and ongoing and extensive repair costs. RCD has had to draw from replacement reserves to cover repair bills for the property. In FY 2022, RCD has withdrawn \$32,000 in replacement reserves to cover operating deficits. In addition, the property is aging and in need of upgrades to maintain habitability. In 2021, City Council approved a \$1.18M Housing Trust Fund rehabilitation loan to RCD which will allow them to address some of the repairs and upgrades that will improve health and safety, as well as security at the property.

In September 2021, RCD initiated conversations with HCS and BMH staff with a proposal to transfer ownership of the property to a qualified operator at the earliest date possible. After a year-long search, RCD presented a possible candidate to assume ownership and operation of MLK House. City staff are reviewing RCD's proposal and will take a recommendation to Council for consideration in early 2023. In the interim, the MHSA funds will allow RCD to increase on-site property management by 40-60 hours a week, which is equal to 1.5 staff. The additional staff presence will increase oversight of MLK House resident activity and improve security at the property. The MHSA operating funds will also relieve RCD's need to withdraw from reserves to cover operating costs, allowing the reserves to be used as intended - to cover the cost of capital improvements and deferred maintenance.

Providing operating support to MLK House meets a Strategic Plan Priority of providing and maintaining affordable housing and support service for our most vulnerable community members.

BACKGROUND

MLK House is a two story, 12-room residential property that was acquired and rehabilitated by RCD to provide supportive housing for 12 homeless adults.

Prior to the CES system, referrals were made to MLK House through the Berkeley Mental Health (BMH) Housing Committee which screened potential residents for both program requirements (HUD homeless, disabled, low income, BMH participants) as well as criteria such as service engagement, ability to abide by MLK House rules and live cooperatively with other residents safely. Applicants were also expected to have taken steps to resolve issues that may have caused loss of prior housing (i.e., getting a

representative payee, drug treatment participation, etc.). The BMH Housing Committee consisted of BMH treatment supervisors and was facilitated by Housing and Community Services staff who also managed the Shelter Plus Care rental assistance program. This partnership allowed for BMH and Shelter Plus Care to do further screening of potential residents which is no longer practiced by either program.

While the residents receive case management available to them through the CES program, it is nowhere near the level required for people who are severely and persistently mentally ill. While most MLK residents do receive Berkeley Mental Health services, these voluntary services generally include weekly to monthly meetings with BMH clinical case managers. There are no BMH or other services staff sited at MLK House and residents are expected to have the skills to live independently and to follow house rules. This model is very different from RCD's focus today, which is large independent living properties, many with permanent supportive housing units but also more substantial staffing than the MLK House model currently permits.

Although RCD's property management partner, JSCo, is an experienced property management company, property management competencies do not include specialized skills related to housing formally unhoused individuals in supportive housing. The type of oversight required by current MLK House residents no longer fits RCD and JSCo's operations. While a new operator/owner is being sought, additional onsite service support is needed to achieve stability and safety for the residents and the property.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

No impact. The MHSA Community Services and Supports funds will be used to hire on-site property management. No environmental impacts were identified.

RATIONALE FOR RECOMMENDATION

The purpose of the MHSA Community Services and Support funds is to assist MLK House in securing additional on-site property management staff. Increased on-site staff presence is critical in order to promote health and safety of the residents, as well as security of the property.

ALTERNATIVE ACTIONS CONSIDERED

No alternative actions were considered as without these MHSA funds RCD will not be able to support the continued staff presence required.

CONTACT PERSON

Lourdes Chang, Community Development Project Coordinator, HHCS, (510) 981-5263

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT: RESOURCES FOR COMMUNITY DEVELOPMENT FOR MARTIN LUTHER KING JR. HOUSE – MENTAL HEALTH SERVICES ACT OPERATING SUPPORT

WHEREAS, the Department of Health, Housing and Community Services, Mental Health Division is allocated annual funding under the State Mental Health Services Act (MHSA) for the provision of comprehensive mental health services; and; and

WHEREAS, the Mental Health Division works cooperatively and in partnership with community-based agencies in the provision of such mental health services; and WHEREAS, Resources for Community Development (RCD), a nonprofit housing development organization, owns and operates MLK House, a 12-room, affordable Single-Room Occupancy (SRO) housing development whose residents are the highest needs homeless individuals in the County's Coordinated Entry System (CES); and

WHEREAS, RCD has requested City assistance to support hiring on-site property management, which is critical to maintaining health and safety, as well as security of the property and the residents of MLK House; and

WHEREAS, on July 26, 2022, City Council approved the MHSA FY 2022-23 Annual Update, which included allocating \$107,890 of MHSA Community Services and Supports System Development Funds to support the MLK House in acquiring on-site property management to support on-site management: and

WHEREAS, funds are available in the Fiscal Year 2023 budget code #315 in the MHSA fund received from the State of California; and

WHEREAS, City Council approval is required to execute a contract to disburse the funds for MLK House.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or her designee is authorized to execute a contract and any amendments with Resources for Community Development to support the Martin Luther King Jr. House in acquiring on-site property management in an amount not to exceed \$107,890. A record signature copy of said contract and any amendments to be on file in the City Clerk Department.