



Office of the City Manager

WORKSESSION

October 9, 2018

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Kelly Wallace, Interim Director, Health, Housing & Community Services Department

Subject: An Evaluation of the Pathways Project's First Six Weeks of Operations

SUMMARY

On June 26th, 2018, the City of Berkeley celebrated the opening of the STAIR Center, the first major milestone achievement in the Pathways Project to Address Homelessness in Berkeley, a pilot program to shelter and house people living on the streets of Berkeley as quickly as possible. To evaluate the program's early performance, Council has asked for a report on STAIR Center data. In response, Health, Housing and Community Services (HHCS) staff have gathered and analyzed:

- Quantitative data on existing program metrics (client demographics, performance outcomes, and satisfaction surveys); and
- Qualitative data from semi-structured interviews with 5 current STAIR residents and 4 staff members from Bay Area Community Services (two case managers, the Program Manager, and the agency's Executive Director) that span a variety of topics. The City is frequently asked to consult directly with homeless individuals when designing and refining programs, so we strive to incorporate client voice throughout this report.

The ensuing narrative draws from these data sources throughout, with the ultimate goal of helping all stakeholders involved with the Pathways Project learn from the successes and challenges of launching an ambitious new program from the ground up.

Findings demonstrate that:

- The STAIR Center is meeting contract outcome expectations so far, with 70% of outreach offers to STAIR beds accepted, a 90% average program occupancy rate, and 88% of exits from STAIR beds thus far to permanent housing destinations. Among clients who completed satisfaction surveys, responses to the program and its services were 91% positive.

- The program's lack of curfews, focus on housing outcomes, inclusive, community-driven rule-making processes, and trust in staff were noted by clients as early program successes. Flexible budgeting was noted by staff as a program positive.
- Imperfect coordination between BACS and other Berkeley providers, and imperfect communication between case managers and program clients (particularly surrounding permanent housing options) were noted by clients and staff alike as early program challenges. The lack of affordable housing stock in Berkeley was also a recurring theme.
- Clients noted a general tension between individuals who were trying to make positive change for themselves and those who were not (or not ready to do so). On the streets, they drew distinctions between encampments creating dangerous health and safety conditions and those consisting of people just trying to survive, advocating for policy leniency for the latter. In shelter, they noted a programmatic tension between a harm-reduction orientation and rule-making, and called out the impact that tension was having on clients trying hard to stay sober and get housed.
- BACS staff noted that Bay Area homeless services nonprofits are currently being asked by jurisdictions from around the region to start new programs to respond to the region's shelter crisis, and that nonprofit administration and management is stretched to the bone during this difficult time.
- Finally, clients were asked to provide one statement that they thought the Mayor and the Council needed to hear. The report concludes with their remarks.

We strongly caution against using these data to draw firm conclusions about the efficacy of this program model, as too little time had passed between launch and data analysis for meaningful outcomes to have been generated. However, the analyses do provide meaningful information on how to build on the STAIR Center's initial successes and correct initial missteps.

CURRENT SITUATION AND ITS EFFECTS

Program Overview

STAIR—a loose acronym for Stability, Navigation, and Respite—has three components. The City funds Bay Area Community Services (BACS) to operate the program and provide supportive services:

1. **Shelter**—STAIR offers a 45-bed, 24/7, service-rich shelter housed in a series of modular trailer buildings on 2nd Street between Cedar and Virginia Streets in West Berkeley. Following national best practices for low-barrier shelters, the STAIR Center provides accommodations for pets, partners, and possessions.

On-site housing navigators maintain a client ratio of 20:1. There is no curfew for program residents and no arbitrary maximum length-of-stay, but residents must be actively engaged in the housing search process throughout their stay. BACS adheres to a flexible, harm reduction philosophy regarding substance use.

2. **Outreach**—Two full-time outreach workers on the STAIR staff maintain a regular presence in Berkeley’s encampments and can offer one-time, light-touch flexible funds to help individuals overcome housing and service barriers from the street. Whenever vacancies occur at the shelter, outreach is the sole source for filling that vacancy.
3. **Rapid Rehousing**—The largest line item in the services budget is for flexible funding for rapid rehousing, including up to 9 months of rental subsidy with supportive case management. The City gives BACS full discretion in determining how these funds should be spent in service of the clients.

STAIR is focused on people living in encampments in Berkeley. It does not accommodate minor children. Because each bed at the shelter is tied to flexible rapid rehousing funds, BACS screens potential clients for their preparedness to engage in housing navigation, and their ability to maintain rent payment in accordance with EveryOne Home’s recommendations for use of rapid rehousing throughout Alameda County.

STAIR shelter vacancies are filled through targeted outreach to Berkeley’s high-needs encampment residents from the Hub’s by-name list. To receive consideration for enrollment, an individual must have first received a Coordinated Entry assessment. Residents can be assessed at the Hub; BACS outreach staff are also certified County assessors and can provide this service directly to encampment residents in the field.

As vacancies occur, the highest priority individuals are served first. BACS now attends regular case conferences with other Berkeley providers to coordinate outreach and services for these individuals. When BACS receives an outreach referral, their staff initiates engagement and performs rapid rehousing assessments from the street, matching clients to beds through this process.

Budget Overview

The program’s first year operations and services budget is \$2.44 million, comprising funding from the following sources:

- \$2,100,000 in City of Berkeley General Fund;
- \$300,000 for operations and rapid rehousing through the Alameda County Housing and Community Development Department’s Immediate Impact Grant for encampments; and

- \$40,000 in private donations to the Berkeley Homeless Fund for one-time start-up costs.

Of this, BACS allocates \$970,000 in staffing and benefits expenses for three case managers, 2 street outreach workers, 8.8 peer site managers, a program manager, and associated executive management expenses. \$540,000 has been allocated for flexible funding to help residents get and stay housed. The remaining funds cover meals, utilities, capital rents, insurance, program administration, and miscellaneous operational expenses such as IT equipment, furniture, linens, cleaning supplies, etc.

Finally, the City received \$100,000 in private donations to the Berkeley Homeless Fund to offset site improvement expenses, laundry expenses, and other program start-up costs,¹ and HHCS has applied for a Housing and Health grant through Kaiser Permanente to help offset \$150,000 of flex fund and administrative costs (award announcements are anticipated in December).

Quantitative Analysis of Program Outcomes

The City's contract with BACS requires that client-level data for the STAIR Center are tracked using Alameda County's Homeless Management Information System (HMIS), a federally-mandated database. STAIR's participation in HMIS ensures that the City can reliably measure program outcomes using a standardized database.

For this report, HMIS data were extracted on August 14 to allow sufficient time for analysis and report preparation. At the time, a total of 53 individuals had been served at the STAIR Center, and 8 had exited the program. *With so little data available yet, we strongly caution against drawing any conclusions about program efficacy thus far.* These data merely provide a snapshot of a program still being developed.

Overview of STAIR Resident Characteristics

Demographics

- As of August 14, 53 total individuals had been served by STAIR Center, with an additional 83 engaged by the street outreach team.
- Among STAIR clients,
 - 46 (87%) identified as non-Hispanic/Latinx, and 7 (13%) identified as Hispanic/Latinx.

¹ See: https://www.cityofberkeley.info/Clerk/City_Council/2018/03_Mar/Documents/2018-03-27_Item_06_Donation_Berkeley_Homeless_Fund.aspx

- 25 (47%) identified as Black or African American, 18 (34%) identified as White, 3 (6%) identified as American Indian or Alaska Native, and 7 (13%) identified with multiple races.
- The average age of clients was 49 years old. 20 (38%) were 55 years or older. The youngest individual at the program was 27 years old; the oldest, 78 years old.
- The male-to-female ratio was roughly 2 to 1, with 35 clients (66%) identifying as male, and 18 (34%) identifying as female. No one identified as transgender, gender non-conforming, or unsure about their gender.

Vulnerability, homeless history, and level of need:

- 36 (68%) clients reported a disability of some kind:
 - 15 (28%) self-reported a chronic health condition;
 - 19 (36%) reported a physical disability;
 - 9 (17%) reported a developmental disability;
 - 29 (55%) clients self-reported a mental health problem;
 - Two (4%) reported alcohol abuse, 4 (8%) reported drug abuse, and 9 (17%) reported both.
- Upon program intake, clients were asked about their homeless history and prior living situations (i.e., where they were staying before entering the STAIR Center):
 - On average, clients' current episode of homelessness had lasted 5.5 years. Eleven had been homeless for more than ten years, with one individual reporting having been homeless for 34 consecutive years. Thirty clients (53%) met the federal definition for chronic homelessness.²
 - 32 (60%) clients reported having spent the prior night in a place not meant for human habitation (i.e., on the streets, in a car, etc.). 16 (30%) spent the prior night in a shelter. Two spent the prior night in a hotel or motel, 1 in a substance abuse detox program, and 2 in transitional housing settings. For a program designed to target homeless encampments, 30% coming from a shelter is a surprisingly large number and can be partially explained by (i) publicity and pent-up demand for housing assistance, resulting in a large number of walk-ins in the first days of operations (see below for further analysis), and (ii) clients whose shelter stay had not been entered into the database by other shelter providers the night before,

² "Chronically homeless" individuals are those who have a disability and who have been homeless for 12 consecutive months or more, or for 4 separate occasions in the past three years, with various qualifying stipulations. See: <https://www.hudexchange.info/resources/documents/Defining-Chronically-Homeless-Final-Rule.pdf>

preventing BACS staff from verifying their unsheltered status using administrative records.

- Overall, STAIR clients roughly mirrored the Coordinated Entry vulnerability scores of the Berkeley's entire homeless population.³ Among the 44 clients whose CES data had been entered at the time data were extracted for this report, exactly 50% fell above the county's median vulnerability score, and 27% fell above the 75th percentile—meaning that the distribution of vulnerability at the STAIR Center did not differ substantially from that of the overall population. This is not surprising, as STAIR staff received direction to focus intake efforts for the initial cohort of residents on people living in encampments in West Berkeley, the area of the city most heavily impacted by unsheltered homelessness, but not necessarily the most vulnerable residents overall.

Housing Outcomes

- As of August 14, 8 individuals had exited the program: 5 had exited to shared rental units receiving STAIR Rapid Rehousing assistance (averaging \$1800 in deposit assistance at an average monthly rent of \$1285; clients will have 100% of rent subsidized for the first two months, with subsidy titrating down to 75%, 50%, and 25% of rent up to termination at around 9 months). Two had been reunited with family, and one individual exited to a place not meant for human habitation. *4 of the 7 individuals who exited to permanent destinations had spent the night before entering STAIR on the streets.*
- Those who exited the program were able to do so relatively quickly. The chart below shows average length of stay (in days) by destination type:

Destination	Number of Clients	Average Length of Stay (days)
Still residing at STAIR	45	40
Place not meant for habitation (e.g., a vehicle, an abandoned building, or anywhere outside)	1	28
Rental by client, with RRH or equivalent subsidy	5	13
Staying or living with family, permanent tenure	2	13
Total	53	36

³ Vulnerability scores are calculated using the County's Coordinated Entry assessment tool, which scores vulnerability on three main factors: homeless history, level of safety and vulnerability, and housing barriers. Vulnerability scores form the basis for ranking on Berkeley's Coordinated Entry by-name list.

Income

STAIR clients entered the program with a relatively wide income distribution:

- The average monthly income was \$830 total. 25 (47%) received fixed disability income that averaged \$883 monthly; 9 (17%) received a monthly General Assistance check of \$368; and 7 had income from earned sources, averaging \$1867 monthly. 10 clients reported no monthly income whatsoever.
- Only one client reported a monthly income (\$3387) that exceeded the average rent for a one-bedroom apartment in Berkeley (\$2614 in July 2018⁴); this individual had exited the program to a rental unit in Berkeley within 6 days of intake at STAIR.
- Among those who had exited the program, those who exited to rental units (5) did so with an average monthly income of \$805, the two who were reunited with family both had \$0 in monthly income, and the lone individual who had exited to the streets had \$997 in monthly disability income. The 8 clients who had exited the program averaged \$628 in monthly income; the 45 active clients averaged \$830 in monthly income.

Client Satisfaction Survey Results

As part of Council's approval of the services contract for STAIR, BACS agreed to provide satisfaction surveys to clients exiting the program. Of the eight clients who exited between June 26 and August 14, 4 agreed to a survey. Typically such results are analyzed and available only twice annually, but BACS agreed to provide an early look at outcomes for this report.

Clients rated the program on a 5-point scale, with analyses condensing responses into three-points: 1 (disagree), 2 (neutral), or 3 (agree). Overall, clients rated STAIR and its services highly (an average of 2.7 for a 91% satisfaction rate):

⁴ See: <https://www.rentjungle.com/average-rent-in-berkeley-rent-trends/>

STAIR Center Satisfaction Survey Results

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
<i>I like the services I receive here</i>	3	3	3	2
<i>The location of services is convenient</i>	3	2	2	3
<i>Staff were willing to see me as often as I felt necessary</i>	3	2	3	2
<i>Services were available at times that were good for me</i>	3	2	3	2
<i>Staff here believe I can grow, change, recover</i>	3	3	3	3
<i>Staff were sensitive to my cultural background</i>	3	3	3	3
<i>I deal more effectively with my daily problems because of BACS</i>	3	3	3	2
<i>I feel like I belong in my community</i>	3	2	3	3
AVERAGE	3	2.5	2.9	2.5
Grand Average	2.7			
Overall Program Satisfaction	91%			

Additionally, three participants provided anonymous written feedback, as follows:

- Participant 1:
 - *“A new experience”*
 - *“I would like gender separation, no pets allowed, and drug screening before and during the program for all”*
 - *“Thanks to [program manager] and the team for finding me housing so quick!”*
 - *“Need better communication for everyone in the community on updates, etc.”*
- Participant 2:
 - *“I’m working again and I am living in shared housing currently!”*
 - *“Need more rules and enforcement”*
 - *“[Program manager] and his team helped me get a job and housing in such a brief time!”*
- Participant 3:
 - *“Was a different kind of experience from what I’m used to”*
 - *“Need better communication between staff and clients overall”*

- *“I continue to progress through my homelessness”*

Overview of Contract Performance

BACS agreed to the program outcome measurements below as part of their services contract with HHCS. Here, we evaluate STAIR’s performance in meeting these objectives during the first 6 weeks of the program.

- Outreach: 70% of encampment residents who are offered a STAIR bed move into the program within 14 days. Data submitted to HHCS indicated that, between June 27 and August 2, BACS engaged 45 individuals at 8 major encampment locations, predominantly in West Berkeley. Of 10 STAIR bed offers made, 7 were accepted,⁵ for an overall acceptance rate of 70%, meeting the contract outcome.
- Occupancy: Maintain a nightly bed occupancy rate of 90%. Between June 27 and August 14, STAIR averaged a nightly vacancy rate of 5 beds for an overall nightly bed occupancy rate of 90%. This includes the first week of operations, when BACS was filling all the beds for the first time; within one week, all beds were full. Not counting this first week, STAIR averaged 1 vacancy per night for a nightly occupancy rate of 99%, and had 0 vacancies on 70% of all nights. Either way, the contract outcome was met.
- Exits:
 - Exit 75% of clients from STAIR beds to permanent housing destinations. As of 8/14, 8 clients had exited the program. 7 of these individuals exited to permanent destinations for a total permanent destination rate of 88%, exceeding the contract requirement.
 - Exit 100% of clients from housing navigation to known destinations. No clients exited to unknown locations (here, “unknown” means that the case manager exited the client from the database without indicating a destination, even if that destination was back to the streets), meeting the contract requirement.
- Length of Assistance: Among those receiving short-term subsidies using flexible funds, provide 9 months of financial assistance or less to 100% of recipients. Not enough time has passed to evaluate BACS’ performance on this outcome.
- Data completion:
 - Complete HMIS project entries and exits within 72 hours for 100% of clients served. Between June 27 and August 14, BACS had entered 47 clients’ data records into HMIS within 72 hours, for an overall timeliness

⁵ The remaining bed offers occurred at the STAIR gates at opening and are not included in this count.

- rate of 89%. The complexities of serving 45 individuals at a program whose operations are still being developed can leave staff time for data entry compromised, but data entry timeliness is still very high overall.
- Maintain 100% HMIS data completion rate for HMIS Universal Data Elements (UDEs). BACS entered 100% complete records in all but one instance—an individual who refuses to provide their social security number to any provider they work with.

Again, we strongly caution against drawing conclusions about the program's efficacy so far, given that (i) the initial cohort of individuals was not entirely drawn from Berkeley's highest needs population; and (ii) the very short amount of time (roughly 6 weeks) between program launch and the extraction of data for this report. That said, STAIR appears to be off to a solid start from an outcomes performance perspective.

Qualitative Analysis

Given the absence of sufficient quantitative data to evaluate performance at this time, HHCS staff performed several qualitative interviews to gather the perspectives of STAIR Center staff, BACS leadership, and current residents of the program. Overall, 5 clients and 4 BACS staff were interviewed and asked to comment on the STAIR Center's performance (both positive and negative aspects) to date, the greater Berkeley homeless services system, and their histories and experiences with homelessness in Berkeley. The narrative below synthesizes major recurring themes from these interviews and provides valuable insight for city leaders.

Staff and Client Reflections on STAIR's Start-Up Phase

The City Council authorized the City Manager to execute a contract with BACS for STAIR on March 27, 2018. Three months to the day later, on June 27th, the program opened its doors for the first cohort of residents to move in. This aggressive implementation timeline, while helping ensure that unsheltered residents could move off the streets more quickly, did come with operational challenges mentioned in interviews by staff and clients alike. Specifically, the quick turnaround to project launch left little time for agency and city staff to systematically plan the project's operations within the context of the City's and the County's evolving Coordinated Entry System (CES). The addition of STAIR to this system had the following unforeseen effects:

- *Confusion among providers about how the program fit into existing shelter referral policies and protocols.* To handle an unanticipated surge of interest during the program's first hours of operation, BACS ultimately accommodated a number of walk-ins on the first day, a self-referral process into shelter not otherwise allowed in CES. This led to an initial confusion and concern about STAIR among other Berkeley providers.
- *Perceived lack of preparedness for launch among program residents.* Clients interviewed for this report generally gave the impression that program staff did

not have sufficient time to plan site management details by opening date. One client, who reported that she and the other residents were recruited by staff to help set up the furniture in their own dorms the first morning of operations, stated, *“It would have been good if the staff had another month of time to team build before opening the doors.”*

- *Confusion among city and agency staff about expectations surrounding encampment closures.* From its inception, the STAIR Center had always been intended to target individuals living in Berkeley’s encampments. With the launch of STAIR prior to the adoption of specific city policies on encampments, however, city staff have struggled to find the appropriate role of BACS outreach and STAIR referrals at the time an encampment is identified for resolution. At the same time, agency staff, particularly street outreach staff, have expressed concern about being associated with encampment closures.

At some level, all such confusion at start-up of a new program is to be expected. New programs disrupt normal routines, which can create stress and frustration for everyone. We highlight these challenges to remind city leaders that accommodating major systems changes of the sort initiated by STAIR takes significant time, energy, and effort among all nonprofit and city staff involved, often for many months after program launch.

Early Program Successes

Clients and staff noted several positive and negative features about the early operations of STAIR. These were overwhelmingly consistent with interview findings at the San Francisco Navigation Center’s first months of operations in 2015.⁶

The positive aspect of the program that clients and staff noted were as follows:

- Every client interviewed commented that they appreciated the program’s lack of curfews, noting that it afforded them a level of freedom and adult dignity not experienced in other shelter settings: *“I like that they treat us like adults. There is a lot of freedom here.”*
- Several clients, even those without pets, noted that they approved of allowing dogs and that this helped remove a barrier for people to use shelter.
- Every client interviewed had experience staying at other, more traditional homeless shelters, including shelters in Berkeley. Clients were asked to reflect on their experiences at STAIR and how they compared to other shelter experiences, and they offered these comments:
 - Clients noted that STAIR’s focus on creating pathways to permanent housing was the reason they stayed:
 - *“Staff describe this program as ‘transitional living,’ not a shelter. They are giving you the tools you need to live inside.”*

⁶ See: http://hsh.sfgov.org/wp-content/uploads/2016/06/Perspectives_NavCenter_Report1.pdf

- *“I stay here because I can see the light at the end of the tunnel...I see the promise of housing.”*
 - One client commented on the program facility’s aesthetics: *“The place is beautiful...it’s not like any shelter I’ve ever stayed at.”*
 - Overwhelmingly, clients commented that other shelters had too many rules, too much conflict (between staff and residents and among residents themselves), and too much generally negative energy:
 - *“Staff at other shelters treat you ‘less than.’ I was at one shelter where [staff name] was literally yelling at people, you know, “time to get up! This place closes in 45 minutes and I’m not working overtime today!” – like a drill sergeant!”*
 - *“[Staying at other shelters] felt like you were on an assembly line. Like you were being processed—given the bare minimum of what you need...they were not as flexible or as personable as the staff from this group.”*
- At STAIR, clients noted that they felt included in a community-driven, self-governance approach to making rules and creating the evolving structure at this brand-new program. Most clients commented that staff seemed genuinely committed to hearing their concerns and incorporating their feedback into program planning. For example:
 - STAIR staff hold weekly community meetings among residents in the common room to hear concerns and discuss ideas. One early point of contention was when “lights out” policy would begin each night in the sleeping rooms. Unable to reach consensus, they ultimately took a community vote and landed on a policy whereby lights would go out each night at 10 PM.
 - An early cause of infighting among clients was the slamming of sleeping trailer doors each time someone entered or exited the building. Recognizing this feedback, staff quickly budgeted for maintenance to install hydraulic anti-slamming mechanisms in the door frame.
- Clients noted that the program’s rules and structure still seemed undeveloped and uncertain. They noted that program staff seemed overworked as they figured out how to accommodate 45 residents in a new environment. That said, they overwhelmingly and affirmatively gave staff the benefit of the doubt, recognizing that because staff listened to their feedback and included their voice in the decision process wherever possible, they trusted that the program had their best interest in mind. This fostered a generally positive regard about the site not alluded to in their other shelter experiences. Staff interviewees, and one client, referenced that the program ultimately adhered to one primary rule above all else: respect yourself and your community.

Early Program Challenges

A common theme in client complaints centered around communication with staff and dispute mediation with other program residents.

- A few clients felt that staff were not as available as they would like for consultation. One client noted that staff seemed to spend *“more time off campus than on campus,”* and that they were generally less available than they would like. Some clients asserted that these problems stemmed from the newness of a program still being developed even as it was operating: *“My case manager—we could probably be on the same page a little more. But they are a new team. They are working really hard.”* Additionally, these may be the unintended effects of a demanding schedule for program staff, who are asked to attend a large number of meetings at the city and county levels. HHCS will continue to monitor the impact of standing meeting commitments on program workload and client satisfaction.
- One client in particular complained that housing options were not clearly communicated and that expectations were not set well by staff: *“They told me all that was available was shared housing for 6-9 months. That’s not permanent housing.”* With so little affordable housing stock available, clients’ options are constrained, and part of this client’s frustration may stem from staff training on how to message the interventions they are (and are not) able to offer. HHCS continues to work with nonprofit staff on this issue at regular case conferences and operational meetings.
- Several clients noted that the program only allowed residents to bring two bags of belongings for storage. HHCS did not expect this feedback, as provision of storage was a clearly defined program expectation. Program leadership reported that the storage pods provided did not afford enough space for more than this, and so a limit had to be instated. HHCS notes this as a potential future capital improvement to the existing site.
- Two female interviewees noted concerns about personal safety in a coed, gender-mixed dorm setting. No instances of assault were reported, but staff should continue to monitor this issue.
- Finally, staff and clients alike noted imperfect coordination with other needed systems of care – therapy, mental health treatment, substance abuse treatment, Coordinated Entry, and availability of rep payee and money management resources, for example. HHCS noted several instances, however, in which BACS has taken the initiative to develop new partnerships with existing Berkeley providers. New partnerships take time to develop, and HHCS continues to work with providers to better integrate STAIR into the local system.

The Tension Between Harm Reduction and Housing-Focused Philosophies

A recurring interview theme from our client interviews, also noted in the early days of the first San Francisco Navigation Center,⁷ was a programmatic tension between operating a low-barrier, harm-reduction oriented shelter, and interviewees' perceptions of the negative externalities that orientation has on clients who are trying to end their homelessness. For example, one client noted that the harm reduction philosophy towards substances meant that drugs were always around, making the environment much more challenging for those trying to stay clean and sober. All five interviewees complained about one particular resident of the program whose behavior was causing multiple disruptions, conflict between residents, and a disproportionate impact on staff time to mediate conflict; said one interviewee, this high-needs person was *"threatening to distract from the overall goal of the program."*

From its inception, the STAIR Center was designed to lower shelter barriers to target otherwise unserved, high-needs encampment residents. On the one hand, a low-barrier, harm reduction model is more likely to engage such individuals and encourage them to come indoors; to this end, clients regularly noted the lack of curfews, allowance of pets, and allowance of partners as positives. On the other hand, these interviewees' believed that a harm-reduction philosophy can contribute to a difficult-to-manage program environment—especially for a program expected to deliver permanent housing outcomes. While clients noted how STAIR's focus on housing exits differentiated it from other shelters they had used, they also noted that not everyone was ready to benefit from what the program had to offer. Said one interviewee, *"I like that they treat us like adults. There is a lot of freedom here....but then again, with a lot of freedom, a lot of people aren't going to do the work [to get housed]."* Another put the tension more bluntly, arguing that the City should *"Get some feedback from us on the people you want to place at this program. What is the city thinking when they make their lists and they make placements? What is the objective other than removing eyesores and reducing complaints from businesses?"*

We raise this tension solely to impress upon readers the difficulty of appropriately and compassionately serving Berkeley's unhoused residents. If the City wants its most entrenched encampments and hardest-to-serve residents assisted off the streets, it must understand the planning, skill, staff time, and cost required to do so effectively.

The Importance of Flexible Budgeting

One aspect of the STAIR program that BACS staff noted as a positive was flexible funds to cover the miscellaneous expenses clients often face in their efforts to overcome poverty, homelessness, and a rigidly bureaucratic safety net. The STAIR

⁷ See: http://hsh.sfgov.org/wp-content/uploads/2016/06/Perspectives_NavCenter_Report1.pdf

contract allocates \$540,000 in flex funds and allows fluidity between budget line items. While it is expected that most of this funding will be used to help clients move into housing and subsidize their rent, program staff ultimately have discretion on how funds should be used to meet their contractual outcomes. Two examples of how such flexible budgeting can improve program outcomes, noted from interviews, include:

- Residents ultimately voted as a community to enforce a dorm-wide “lights out” policy at 10 PM. This created tension, and STAIR staff responded by buying every bed a battery-powered lantern (of the sort used while camping) for those who needed light past 10 PM. Such budget flexibility (and local discretion on how to spend funds) helped solve a conflict that otherwise might have given certain individuals an excuse to leave the program, thereby enhancing BACS’ ability to meet its contract requirement to maintain a 90% nightly bed occupancy rate.
- Staff told the story of one client who needed to quickly obtain work boots for a job he was offered, but had no money to purchase them on short notice. A traditional “employment readiness” program might require a traditional application along with a budget to be considered for a small grant to purchase the boots, but this individual did not have the luxury of that amount of time. BACS flex funds were instead used to cut a check for boots that day, and the client got the job. Staff reported how overcoming this inexpensive barrier has been transformational for the client: *“It changed how he carried himself, it changed his entire demeanor. It makes the hair on my arms stand up just thinking about it.”*

Flexible funding relies on the assumption that clients and their direct service providers are the experts in their needs and thus in the best position to determine use of funds. Said one BACS employee, *“It allows for client-centered decision making, rather than funder-mandated decision making.”* However, truly flexible funding is often the most difficult funding for homeless services programs to come across. City leaders should consider expanding this model to other shelters and programs as funds allow.

Flexible Budgeting Cannot Overcome a Pervasive Lack of Housing

Despite the positives of flexible budgeting, BACS staff were quick to note that flex funds were not enough to overcome the region’s pervasive lack of affordable housing. When asked what the number one thing they wish they had from the City to do their job more effectively, STAIR staff responded, *“another low income housing building.”* For example, with respect to the client assisted in getting a job by using flex funds to purchase work boots, staff reported that they immediately had to have a conversation with him about the fact that having a reliable source of income didn’t change his housing options much, and that his budget would still only afford him shared housing options. Indeed, a recurring complaint from clients interviewed about the services at STAIR was that the only permanent housing options being routinely offered were shared housing options.

Staff reported that clients have been *“learning to lower their expectations about what is possible.”*

This lack of affordable housing stock struck a nerve with one STAIR case manager, who spoke strongly about the lack of housing in the market: *“The clients come here with such high expectations and soon realize they can’t do it in Berkeley. They lose hope—in the last month, I have seen my clients lose hope. Why should they have to lower their expectations just to get housing?”*

With Sufficient Housing Lacking, a Need for Better Encampment Policies

Multiple client interviewees spoke about the City’s treatment of encampments. For example:

“It’s very hard to be roused by the cops when you’re trying to find a little stability. It’s technically not legal to live on the streets. So, it’s often the fact that you’re shuffled from block to block, basically, every month or two... I’m not talking about the ‘tweakervilles’...I’m not talking about the crackheads. I’m talking about people who just want to survive.

One client noted that even if the city is justified in closing down a particular encampment for health or safety reasons, the spillover effects heavily impact other encampments but often go unnoticed to city staff and even providers. Prior to STAIR, this individual had been living under the University Avenue overpass at I-80, and reported:

It used to be, that area under the bridge—there was not one area you could go without stepping on a used needle. It took me and my husband a year, year and a half to clean that all up, to where you could walk around barefoot. When they shut down Gilman, the influx from there [started] coming down here...We let one couple in, and then the whole thing just came crashing down, and they brought all their traffic and all their mess. CalTrans dubbed us ‘Baby Gilman,’ and I went, ‘Great. Just great.’”

Both clients who spoke about encampments above drew sharp distinctions between those who attempted to be cleanly, good neighbors, and those who did not. Note that neither had sympathy for the latter and felt the city was justified in taking enforcement actions. However, they felt strongly that some policy leniency should be afforded to those not otherwise creating problems: *“There must be a place for homeless people to gather together and be able to bathe and eat like human beings—like you do. We can’t be chased all over the city every other week.”*

Understanding Nonprofits

Every BACS staff person interviewed was asked what they felt city leadership should understand about working in a homeless services nonprofit in Alameda County amidst a regional homelessness and shelter crisis. They spoke to the following themes:

- Nonprofits are stretched to the bone. Jurisdictions across the Bay Area are all opening new and ambitious programs at this time, all generally relying on the same group of nonprofits to find a contractor. Nonprofit management is busier and more overworked than ever. To make things more challenging, various funding sources, especially those coming from the State, have capped administrative overhead expenses at unrealistically low numbers (5%). Reported one BACS leader, *“Overhead calculations are not arbitrary. If we say our overhead expenses are [x%], that comes from a calculation on all our grants last year.”* As local governments such as Berkeley begin to take advantage of new funding sources such as California’s Homeless Emergency Aid Program, they will need to come up with flexible cash to backfill nonprofit overhead expenses, or risk that nonprofits will simply decline the contracts for lack of capacity to administer them.
- We are building a system from scratch, and doing so takes time. The homeless services “system,” until the federal mandate for Coordinated Entry, has always been a collection of various individual programs rather than a truly integrated system of care. BACS reported that, for the first time, Alameda County is attempting a coordinated system to handle the magnitude and complexity of the crisis at hand. While understanding the political and humanitarian urgency of the problem, staff urged an understanding about the time major changes take to implement in bureaucratic systems.

One Thing the Mayor and Council Should Hear

Finally, each client interview was concluded with the same question: *“If there is one thing you think the Mayor and City Council should hear, what would that be?”* Here are each of the five interviewee’s responses:

- *“There must be a place for homeless people to gather together and be able to bathe and eat like human beings—like you do. We can’t be chased all over the city every other week.”*
- *“Get some feedback from us on the people you want to place at this program. What is the city thinking when they make their lists and they make placements? What is the objective other than removing eyesores and reducing complaints*

from businesses? ...Is the commerce that much more important than the people impeding it?"

- *"Thank you. Something new needed to happen—so many programs have just been here forever, and it was time to try something new. It is great that the city is willing to invest in new things like this."*
- *"I am grateful—thank you. The first time I rode the all-nighter, I cried. I didn't have anywhere to go--I was just so scared. And I've liked Berkeley ever since I came to Berkeley."*

And finally, amidst a flood of tears:

- *"Thank you."*

BACKGROUND

In an information report to Council on June 12, 2018,⁸ staff detailed the major milestones in the Pathways Project's conceptual development, site construction, and operational launch. To summarize the dates and achievements of major importance:

- On April 4, 2017, Council voted to direct the City Manager to implement the Pathways Project to provide stability, navigation and respite to homeless individuals and pathways to permanent housing and services.
- On October 17, 2017, Council identified the current STAIR site on 2nd St between Cedar and Virginia;
- On October 31, 2017, Council voted to extend Berkeley's shelter crisis declaration, authorizing the City Manager to expedite expenditure and contracting processes for identifying a nonprofit operator of the STAIR Center;
- In November 2017, HHCS circulated a Request for Information to all Berkeley homeless services agencies, and subsequently identified Bay Area Community Services (BACS) to operate the STAIR Center;
- On December 5, 2017, Council allocated \$1.9M in General Funds for Pathways operations;
- On March 27, 2018, Council approved a \$2.44M contract with BACS⁹ to provide (i) sustained outreach services to Berkeley encampments, (ii) a low-barrier, 45-

⁸ See: https://www.cityofberkeley.info/Clerk/City_Council/2018/06_June/Documents/2018-06-12_Item_56_Implementation_Update_on_the_City.aspx

⁹ See: https://www.cityofberkeley.info/Clerk/City_Council/2018/03_Mar/Documents/2018-03-27_Item_24_Contract_Agreement_with_Bay_Area.aspx

bed shelter at STAIR, and (iii) flexible funding to rapidly rehouse all STAIR Center guests;

- Between December 2017 and June 2018, Public Works staff completed site construction and preparations for BACS to begin operations; and
- On June 26, 2018, the Mayor, City Manager, and members of Council celebrated the opening of the STAIR Center with a ribbon cutting ceremony. The first cohort of residents began moving into the site that morning.

ENVIRONMENTAL SUSTAINABILITY

There are no quantifiable environmental effects associated with the subject of this report.

POSSIBLE FUTURE ACTION

Council could decide to fund the STAIR program for a second year of operations in the November mid-year budget process. In addition, this report alludes to the following possible future actions:

- Add another storage modular for client belongings at the site.
- Continue to work proactively with STAIR staff and staff from other Berkeley homeless providers to integrate the program into existing protocols and systems of care.
- Continue to monitor feedback about client safety in a gender-mixed shelter setting.
- Commit to funding nonprofit administrative overhead expenses with general funds in the event new State or County homeless services moneys cap overhead at expenses that do not meet true nonprofit business costs.
- Expand the flexible funding and flexible budgeting approach to other shelters in the Berkeley homeless system.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Variable and unknown at this time.

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