



Office of the City Manager

CONSENT CALENDAR  
July 23, 2024

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Scott Gilman, Interim Director, Health, Housing, and Community Services  
 Subject: Public Facility Improvement Program Funds for Insight Housing's (formerly Berkeley Food and Housing Project) Dwight Way Center

RECOMMENDATION

Adopt a Resolution authorizing the City Manager or her designee to:

1. Reallocate \$549,785 of FY24 Measure P funds from Insight Housing's (IH) Russel Street Residence rehabilitation project to their Dwight Way Center (DWC) rehabilitation project; and
2. Execute all resultant agreements and amendments with IH for the above-mentioned funds.

FISCAL IMPACTS OF RECOMMENDATION

On June 13, 2023 City Council authorized \$4,500,000 to support the costs of purchasing and rehabilitating 1741, 1743, and 1747 Russell Street. Insight Housing purchased these Russell Street properties for \$3,950,214.14 leaving \$549,785 for rehabilitation, which is currently unspent. The remaining funding is in the Fiscal Year 2024 (FY24) Measure P budget (Fund# 011). The unspent FY 24 funds will be carried forward into FY25 as part of the year-end close and encumbrance rollover process.

CURRENT SITUATION AND ITS EFFECTS

Insight Housing is in the process of rehabilitating its Dwight Way Center (DWC) at 2140 Dwight Way, a three-story building that will provide permanent and interim housing once completed. Since the initial budget was developed, IH has experienced several unforeseen conditions requiring additional funding, including needing additional structural reinforcement to meet current code seismic reinforcement requirements, replacing the sewer line, and additional regulatory compliance requirements. In addition, the scope of the project was expanded to replace some of the bunk beds at the Women's Shelter with single beds in order to increase accessibility for people with limited mobility. This bed reconfiguration required a redesign of the 1<sup>st</sup> floor, including relocating the industrial kitchen. The additional requirements and expanded scope have resulted in a significant increase in construction costs. While IH's development team

engaged in value engineering to mitigate the increased cost, these changes also increased costs associated with architect and engineering services. Since the initial budget, the total project budget has increased to \$3.2 million leaving a funding gap of more than \$1.7 million.

While IH's Russell Street buildings need repairs and system upgrades due to their age and condition, IH reports that they have non-City funding to address the most urgent repairs that are needed now. The remaining rehabilitation will be initiated once funding becomes available. Due to the urgency and substantial funding gap for the DWC renovations, IH requested the City consider reallocating the remaining rehabilitation funds for their Russel Street buildings to the DWC project. Insight Housing intends to apply for Prop 1 funding to support Russel Street Residences when applications are released in early July 2024.

The City has an existing contract with IH in the amount of \$680,196.50 to cover a portion of the costs associated with the rehabilitation of the 2<sup>nd</sup> floor at DWC. To decrease the funding gap, IH is requesting \$1,387,086 in additional funds. The City has \$450,000 available in Community Development Block Grants (CDBG), which is included in the CDBG specific recommendation for Council to consider at its July 23, 2024 meeting. The addition of the \$549,785 in Measure P funds will bring the total contribution to Dwight Way Center to \$1,679,981.50.

#### BACKGROUND

On June 13, 2023, City Council authorized \$4.5M to IH to purchase and rehabilitate two adjacent parcels (located at 1741, 1743, and 1747 Russell Street). Insight Housing has since purchased these Russell Street properties.

Insight Housing's DWC has been closed to staff and participants since November 2022 due to a fire and subsequent rehabilitation/construction needs. Insight Housing's Women's Shelter was relocated to a temporary shelter in Emeryville. The City previously allocated \$680,000 of CDBG public facility funds to this project on June 27, 2023 (Resolution #70,904 – N.S.) to address the major repairs needed, accessibility barriers, and safety issues throughout the building.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The IH DWC renovation project will increase energy efficiency by updating the electrical system, installing new windows, exhaust fans upgrade, and upgrading the light fixtures. It will also help preserve an existing historic building.

#### RATIONALE FOR RECOMMENDATION

The DWC is an important resource in Berkeley that has been unoccupied since November 2022 due to fire damage. Once completed, it will provide 73 beds for interim and permanent housing, including 15 Board and Care beds for adults with a severe

mental health diagnosis, 26 beds for Military Veterans, and 32 beds for unsheltered women, as well as an industrial kitchen to provide daily hot meals to all residents.

ALTERNATIVE ACTIONS CONSIDERED

Without additional funding the building rehabilitation will be further delayed, resulting in 73 less interim and permanent housing beds in Berkeley's system. Given the importance of completing this project as soon as possible, staff has not considered an alternative.

CONTACT PERSON

Jennifer Vasquez, Program Manager, HHCS, 510-981-5431

Attachments:

1: Resolution

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

APPROVAL OF CONTRACT WITH INSIGHT HOUSING FOR DWIGHT WAY CENTER  
REHABILITATION

WHEREAS, on July 13, 2021, City Council endorsed All Home's Regional Action Plan on Homelessness that includes a goal to reduce unsheltered homelessness by 75% by 2024; and

WHEREAS, on January, 16 2024, City Council extended Berkeley's Declaration of Homeless Shelter Crisis through January 17, 2029; and

WHEREAS, Insight Housing's Dwight Way Center is a significant permanent and interim housing resource in Berkeley and the completion of rehabilitation project will be significantly delayed without additional funding; and

WHEREAS, On June 13, 2023 City Council authorized \$4,500,000 to support the costs of purchasing and rehabilitating 1741, 1743, and 1747 Russell Street; and

Whereas Insight Housing purchased the Russell Street properties for \$3,950,214.14 leaving \$549,785.86. The remaining funding is in the FY 2024 Measure P budget (Fund# 011); and

WHEREAS, Insight Housing will apply for Prop. 1 construction funding in July 2024 to complete repairs needed at Russell Street properties.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley and the City Manager or her designee is authorized to reallocate \$549,785 of FY2024 Measure P funds from Insight Housing's (IH) Russel Street Residence rehabilitation project to their Dwight Way Center rehabilitation project; and

BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements and any amendments will be kept on file in Office of the City Clerk.