



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** MARCH 17, 2026

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** LISA BRINTON, DIRECTOR

**THROUGH:** ORLANDO REYES, ASSISTANT DIRECTOR

**BY:** KAYSHLA LOPEZ, HOMELESS SERVICES MANAGER  
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**TITLE:** AWARD OF FAMILY HOMELESS CHALLENGE GRANT FUNDS  
TO THE HOUSING AUTHORITY OF THE COUNTY OF  
MONTEREY FOR ACQUISITION OF PERMANENT  
SUPPORTIVE HOUSING PROPERTIES

**RECOMMENDED MOTION:**

It is recommended that the City Council approve a Resolution:

1. Awarding \$1,450,000 in State of California Housing and Community Development (HCD) Family Homelessness Challenge (FHC) Round 2 grant funds to the Housing Authority of the County of Monterey (HACM) to acquire up to two (2) single family homes to serve families experiencing homelessness within the City of Salinas;
2. Authorizing the City Manager to increase the award by up to an additional 25% should additional FHC funds become available; and
3. Authorizing the City Manager to execute a Subrecipient Agreement with HACM and all documents, including amendments, necessary to implement the project consistent with FHC program requirements.

**EXECUTIVE SUMMARY:**

In January 2026, the Community Development Department (CDD) released a Notice of Funding Availability (NOFA)/Letter of Interest (LOI) soliciting interest from qualified organizations with the capacity to acquire single family homes and operate them as permanent supportive housing serving families experiencing homelessness. Of the four proposals received, staff recommend HACM for the full \$1,450,000 award amount based on demonstrated organizational capacity, proposed service model, staffing, housing strategy, budget reasonableness, partnerships, and readiness to acquire property by the state deadline of June 30, 2026.

## BACKGROUND:

Family homelessness remains one of the most urgent and complex components of California's homelessness crisis. Families with children experience heightened vulnerability, including educational disruption, increased health disparities, and long-term economic instability. Recognizing the need for targeted intervention, the State of California established the Family Homelessness Challenge (FHC) Grant Program.

In June 2022, the State of California (the "State"), Business, Consumer Services and Housing Agency ("Department") issued a Notice of Funding Availability (NOFA) dated March 1, 2022 under the California Interagency Council on Homelessness' Family Homelessness Challenge Grant (FHC) Program ("Program") and awarded \$17 million in FHC Round 1 (FHC-1) funding to ten communities statewide. The City of Salinas received \$2,668,383 under Round 1 to implement a demonstration project supporting the acquisition and operation of scattered housing sites as permanent supportive housing for families with dependent minor children who are experiencing unsheltered homelessness or are at imminent risk of homelessness. To date using FHC-1 funds, the City has acquired a total of four (4) properties and housed three (3) families experiencing homelessness. These families were referred through the Salinas Outreach and Response Team in collaboration with the SHARE Center, and the program has maintained a 100% housing retention rate.

Building upon that initial investment, the FHC program was transferred to HCD, who released Round 2 (FHC-2) funding through a Request for Applications dated December 29, 2023. Round 2 funding was made available exclusively to eligible FHC-1 grantees who demonstrated compliance and progress toward their prioritized objectives. As an FHC-1 recipient in good standing, the City of Salinas was awarded \$2,838,211 under FHC-2 to expand and strengthen its existing strategy of acquiring and operating scattered sites as permanent supportive housing. FHC-2 grant funds are restricted to capital acquisition costs with all activities to be completed by the HCD's mandatory expenditure deadline of June 30, 2026.

### **Notice of Funding Availability (NOFA)/Letter of Interest (LOI) Process**

Given limited capacity to manage additional sites, the City released a Notice of Funding Availability (NOFA)/Letter of Interest (LOI) to identify qualified organizations with the capacity to acquire single family homes and operate them as Permanent Supportive Housing for families experiencing homelessness. The NOFA/LOI process is an allowable competitive procurement method for selecting subrecipients under state funded housing programs. A NOFA/LOI was publicly released, open to all eligible organizations, and provided clear evaluation criteria consistent with federal and state procurement standards. The NOFA/LOI required applicants to demonstrate:

- Experience operating Housing First–aligned programs
- Participation in Homeless Services Management Information System (HMIS) and Coordinated Assessment and Referral Systems (CARS)
- Capacity to acquire and operate units within the required expenditure timeline
- Partnerships with behavioral health, housing authorities, and other systems of care
- A feasible acquisition strategy and budget aligned with FHC requirements

The City received four (4) complete LOIs by the January 20, 2026, deadline. Table 1 provides a summary of LOIs received.

<b>Table 1</b> Summary of Letter of Interests						
<b>Applicant</b>	<b>PSH Experience</b>	<b>Proposal</b>	<b>HMIS Experience</b>	<b>Population</b>	<b>Amount Requested</b>	<b>Housing Units</b>
Housing Authority of the County of Monterey	70 years	Acquire single family home designed to house one family per unit following housing first principles.	Some Experience	Families with dependent minor children who are experiencing unsheltered homelessness or are at imminent risk	\$1,450,000	1-2
YWCA Monterey County	No experience	Program will support families who are experiencing homelessness as a result of domestic violence.	Uses Alternative program	Families experiencing domestic violence.	\$1,450,000	1
Health Advocacy Team Support (HATS)	No experience	Acquire one to two single-family homes within the City of Salinas to serve families with dependent minor children through Permanent Supportive Housing.	No experience	Families with dependent minor children who are unsheltered or at imminent risk of homelessness	\$1,450,000	1-2
CalLINKS	No experience	Capital costs associated with the acquisition of one (1) single-family home to be operated as Permanent Supportive Housing within the City of Salinas, in full compliance with program requirements.	No experience	Salinas Residents	\$1,450,000	1

**Evaluation and Recommendation of Award**

City staff evaluated all proposals using a rating and ranking system that considered organizational capacity, service model, staffing, housing strategy, budget reasonableness, partnerships, and readiness to implement. HACM’s LOI demonstrated:

- Extensive experience operating PSH units and administering Housing Choice Vouchers.
- Strong partnerships with behavioral health and supportive service providers.

- A feasible acquisition strategy aligned with the FHC expenditure timeline.
- The ability to begin property identification and due diligence immediately upon Council approval.

Based on this evaluation, staff issued a Notice of Intent to Award on February 2, 2026, recommending HACM for the full \$1,450,000 allocation and appropriation, subject to City Council approval. Additionally, the City is requesting authorization to increase the award and allocation amount by up to an additional 25% should additional unspent FHC funds be available.

CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

The award of \$1,450,000 in Family Homelessness Challenge funds to the HACM advances the City’s Housing strategic plan goals by accelerating the creation of permanent supportive housing. This investment expands the City’s affordable housing inventory while leveraging cross agency partnerships to deliver safe, sustainable, and service- connected- homes for families experiencing homelessness.

DEPARTMENTAL COORDINATION:

This agenda item was prepared by the Community Development Department in Coordination with the City Attorney and Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

There is no impact on the City’s General Fund. The award is fully funded by the State of California HCD Family Homelessness Challenge Grant Program. Funds will be disbursed to HACM on a reimbursement basis consistent with State requirements.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2956	30.3240-66.3500	Capital Outlays Acquisition/Predev.	\$1,467,275	\$(1,450,000)
2956	30.3240-69.1680	Financial Assistance- Housing Authority	\$0	\$1,450,000

ATTACHMENTS:

1. Resolution Authorizing the appropriation of FHC Funds to HACM
2. Draft Agreement