



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: MAY 5, 2026
DEPARTMENT: COMMUNITY DEVELOPMENT
FROM: LISA BRINTON, DIRECTOR
THROUGH: ORLANDO REYES, ASSISTANT DIRECTOR
BY: KAYSHLA LOPEZ, HOMELESS SERVICES MANAGER
TITLE: REALLOCATION AND APPROPRIATION OF HOME-ARP, NATIONAL OPIOID SETTLEMENT, AND GENERAL FUNDS FOR SALINAS OUTREACH AND RESPONSE TEAM, FAIRVIEW HOMEKEY PROJECT, AND CHINATOWN NAVIGATION CENTER OPERATIONS

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing:

1. The reallocation and appropriation of \$1,190,337 of HOME-American Rescue Plan (HOME-ARP) from the Housing Authority of the County of Monterey for the Fairview HomeKey Project, to support Salinas Outreach and Response Team (SORT) supportive services; and
2. The reallocation of \$1,190,337 of National Opioid Settlement Funds to the Housing Authority of the County of Monterey for the Fairview Homekey Project operations; and
3. To increase an appropriation of \$279,306 in revenue and \$1,098,303 in expenses of National Opioid Settlement Funds to the Housing Authority of the County of Monterey; and
4. The reallocation and appropriation of \$200,000 from Downtown Streets Team in Division 3181 to extend operations of the Chinatown Navigation Center (CNC) operations; and
5. The City Manager to execute Amendment No. 3 with Community Homeless Solutions to operate the CNC through May 30, 2026, and increase the total compensation by an additional \$200,000 for an amount not to exceed \$3,288,278.

EXECUTIVE SUMMARY:

In February 2026, City Council allocated HOME-ARP funds through Resolution No. 2026-023, to support services in the form of rental assistance at the Fairview Homekey Project. Since then, the Housing Authority of Monterey County (HACM) has identified an allocation of 20-year Project Based Vouchers (PBV) for the Fairview Project as of April 2026. Due to federal funding restrictions, the PBV rental assistance cannot be commingled with other federal funding (HOME-

ARP) for tenant rental assistance. Approval of the proposed reallocations and appropriations matches grant and General Fund dollars to support Fairview Homekey Project (Fairview), Salinas Outreach and Response Team (SORT) and Chinatown Navigation Center operations addresses this concern.

BACKGROUND:

On March 21, 2023, the City Council approved Resolution No. 22620, adopting the HOME-ARP Allocation Plan, prioritizing permanent supportive housing and supportive services for individuals experiencing homelessness. Subsequently, on February 24, 2026, City Council allocated HOME-ARP funds through Resolution No. 2026-023, to support services in the form of rental assistance at the Fairview Homekey Project (Fairview), a permanent supportive housing site. Fairview consists of 46 studio units currently owned by the Housing Authority of the County of Monterey and serves individuals experiencing homelessness, including those with behavioral health and other complex needs.

The Housing Authority of Monterey County and the City of Salinas meet regularly in preparation for the lease-up of Fairview and launch of supportive services. During a recent meeting, HACM notified the City of its intent to apply PBVs to the Fairview Project. As of April 2026, HACM has submitted a 20-year Project Based Voucher Housing Assistance Payments Contract to support the Fairview Project.

After speaking with HUD representatives, City staff confirmed that HOME-ARP funds cannot be used for ongoing operating costs at Fairview under the approved activity structure. Due to federal funding limitations, PBVs and HOME-ARP cannot be layered for the same eligible cost of rental assistance. To avoid delays and maintain compliance, City staff developed a funding reallocation strategy. Staff propose to reallocate funding with eligible uses as shown in Table 1 below:

Table 1 Proposed Funding		
Project	Current Funding Source	Proposed Alternate Funding Source
Fairview Homekey operations	HOME-ARP	Opioid Settlement Funds
Salinas Outreach and Response Team (SORT) operations	National Opioid Settlement Funds	HOME-ARP
Chinatown Navigation Center Operations	N/A	DST (3181) General Fund

The available National Opioid Settlement Funds provide the necessary flexibility to support ongoing operations at the Fairview Homekey Project, including housing stabilization and services for residents with behavioral health and substance use needs. Given that the Fairview population includes individuals experiencing homelessness with high rates of mental health and substance use disorders, the use of National Opioid Settlement Funds is both appropriate and aligned with the intent of the funding to address the impacts of the opioid crisis.

The proposed funding reallocation and appropriation also supports the City's HOME-ARP Allocation Plan by prioritizing investment in eligible supportive services through SORT while ensuring that permanent supportive housing operations at Fairview remain adequately resourced. No substantial amendment is required.

The City previously anticipated the closure of the Chinatown Navigation Center in alignment with of the Fairview Homekey Project, as clients being served at the CNC are intended to be housed at the Fairview property. However, delays in the lease of Fairview has created the need to extend operations to prevent gaps in sheltering current tenants.

City staff recommend extending CNC operations through May 30, 2026, utilizing up to \$200,000 in available unused funds that were originally appropriated to the Downtown Streets Team (DST) program after DST ceased operations in late 2025. This extension will maintain critical shelter capacity during the transition period, prevent returns to unsheltered homelessness, and support continued housing placements into Fairview and other available resources.

During this period, CNC operations will be adjusted to focus on core shelter services, ensuring safety and basic needs are met, while continuing housing navigation and referral coordination. Services will be aligned with a transition-focused approach to support clients in securing stable housing outcomes as units at Fairview become 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:

No.

STRATEGIC PLAN INITIATIVE:

This action supports the City Council Strategic Plan Housing strategy of promoting housing stability and supportive services to individuals experiencing homelessness. Approving this initiative will strengthen system coordination through the Salinas Outreach and Response Team (SORT) and will ensure continuity of shelter and housing resources during the transition period associated with the Fairview Homekey Project.

DEPARTMENTAL COORDINATION:

This agenda item was prepared by the Community Development Department in Coordination with the City Attorney, Finance Department and the Housing Authority of the County of Monterey (HACM).

FISCAL AND SUSTAINABILITY IMPACT:

The recommended action authorizes the reallocation of \$1,190,337 in HOME-ARP funds from the Fairview Homekey Project to support eligible supportive services provided through the Salinas Outreach and Response Team (SORT), and the corresponding reallocation of approximately \$1,098,303 in National Opioid Settlement Funds collected to-date and fund balance available for FY 2025-2026 to support the Fairview Homekey Project operations. The remaining \$92,034 in National Opioid Settlement funds will be appropriated through the FY 2026-2027 budget. Additionally, this action authorizes the use of up to \$200,000 in existing unused program funds, originally appropriated for DST, to extend operations of the Chinatown Navigation Center (CNC) through May 30, 2026. There is no additional fiscal impact on the General Fund.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2931	30.3240-69.1240	Financial Assistance CASP	\$2,485,337	(\$1,190,337)
2931	30.3242-Salaries & Benefits	Salaries and Benefits	\$0	\$1,190,337
2514	00.0000-54.8010	Use of money and property Investment Earnings	\$0	\$43,389
2514	00.0000-55.4550	Intergovernmental Opioids Settlement Fund OSF	\$0	\$235,917
2514	30.3240-69.1680	Financial Assistance Housing Authority	\$0	\$1,098,303
1000	30.3181-63.6010	Outside Services Other Outside Services	\$513,323	(\$200,000)
1000	30.3181-69.1262	Financial Assistance Community Homeless Solutions	\$0	\$200,000

ATTACHMENT:

Resolution Authorizing Funding Reallocation and CNC Appropriation