



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 18, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

THROUGH: ORLANDO REYES, ASSISTANT DIRECTOR

BY: KAYSHLA LOPEZ, HOMELESS SERVICES MANAGER
VINCENT MONTGOMERY, PLANNING MANAGER

TITLE: MEMORANDUM OF UNDERSTANDING AMONG THE COUNTY OF MONTEREY, COALITION OF HOMELESS SERVICE PROVIDERS AND CITY OF SALINAS TO SUPPORT AN ENCAMPMENT RESOLUTION FUNDING ROUND 5 (ERF-5R) APPLICATION FOR DEVELOPMENT OF LOW BARRIER NAVIGATION CENTER (EL REY MOTEL), AND BUDGET APPROPRIATION

RECOMMENDED MOTION:

A motion recommending that the City Council approve a resolution:

- a. Authorizing the Mayor to execute a four-year Memorandum of Understanding (MOU) among the City of Salinas, County of Monterey and Coalition of Homeless Services Providers (CHSP) for the purpose of collaborating on the California Department of Housing and Community Development (HCD) Encampment Resolution Funding Round 5 (ERF-5R) application and development and implementation of a low-barrier navigation center for individuals experiencing homelessness at 443 W. Market Street, commonly known as “El Rey Motel”;
- b. Authorizing the City Manager to execute agreements identified in the MOU and future amendments to the MOU, where amendments do not significantly alter the purposes; and
- c. Authorizing the appropriation of up to Two Million Five Hundred Thousand (\$2,500,000) in ERF-5R grant revenue and corresponding expenditures in the Community Development Department budget contingent upon award of funding by the State of California.

EXECUTIVE SUMMARY:

The California Department of Housing and Community Development is expected to release the Notice of Funding Availability for the Encampment Resolution Funding Round 5 (ERF-5R) by December 2025. The City of Salinas has successfully applied for and received two previous rounds of ERF funding to support encampment resolution efforts. For this fifth round, City staff

recommends the approval of a Memorandum of Understanding (MOU) between the City of Salinas, the County of Monterey, and the Coalition of Homeless Services Providers (CHSP) to submit a collaborative grant application. This is the City's first formal partnership with the County for an ERF initiative. If awarded, ERF-5R fund will support the necessary rehabilitation of the City-owned El Rey Motel to support the operation of a 23-unit Low Barrier Navigation Center (LBNC) at the El Rey Motel, as well as street outreach services to individuals experiencing homelessness along the Davis Street Corridor.

BACKGROUND:

The City of Salinas, through the Community Development Department (CDD) continues to pursue strategic and collaborative efforts to address homelessness within the City's jurisdiction. This includes ongoing partnerships with other local homeless services providers and agencies grounded in best practices and focused on long term housing stability. Since 2022, the California Department of Housing and Community Development (HCD) has issued four rounds of Encampment Resolution Funding (ERF) and is expected to release the fifth round (ERF-5R) in FY 2025–26.

The Encampment Resolution Funding (ERF) Program is intended to strengthen collaboration between state and local jurisdictions and Continuums of Care (CoCs) to address and ensure the health and safety of individuals experiencing unsheltered homelessness in encampments and transition residents into safe, stable housing. The City of Salinas has previously secured two ERF grants independently to address high-impact encampments within the City. These prior rounds supported the City's efforts to resolve encampments and provide interim housing solutions. In preparation for ERF-5R, the City, County of Monterey and CHSP began discussion to submit a collaborative ERF application in November 2024. Resolving encampments located along the Davis Street Corridor was identified as the application objective. This corridor spans multiple jurisdictions, including City, County, and State land (Caltrans).

This MOU establishes the collaborative framework and partnership between the County, the City of Salinas (City) and CHSP for the submission of a County-led ERF-5R grant application and a project implementation plan. If awarded, the ERF-5R project will fund the partial operations of the Salinas Outreach and Response Team (SORT), the development of a 23-unit, non-congregate, low barrier navigation center (LBNC) through the motel conversion of El Rey Motel, and up to two years of operations and services funding, including property site management. The estimated total application amount will not exceed \$8,000,000. As part of this overall funding, the City's estimated request is approximately \$2,300,000. The total rehabilitation/capital improvement cost is estimated at \$1,100,000, with an additional \$200,000 allocated as a contingency for potential damages to the property. Partial SORT operations are estimated to cost approximately \$500,000 per fiscal year for two years. The County will serve as the lead applicant and grant administrator, the City will oversee site renovations and ongoing coordination, and CHSP will identify the service provider for ongoing operations.

Upon completion, the El Rey LBNC will provide interim shelter and support services aimed at resolving homelessness for approximately 80 individuals residing in the Davis Street Corridor encampments during the grant period. The project aligns with the ERF-5R program requirements

by using Housing First, low-barrier, non-punitive and person-centered approaches to help residents transition into permanent housing and resolve their experience of unsheltered homelessness.

The table below provides a timeline of applicable activities and dates associated with the Encampment Resolution Grant NOFA and application.

HCD Encampment Resolution Fund 5R Program Timeline	
Milestone	Timeframe
HCD ERF NOFA Release	Est. December 2025
ERF Application Submittal to HCD	Est. March 2026
HCD ERF Award Notifications	TBD
County Standard Agreement Executed	TBD
County Funding Agreements Executed	TBD

This item was presented to the Housing and Land Use Committee (HLUC) on October 22, 2025, for consideration. The HLUC recommended Council approval of the proposed resolution. Committee discussions included considerations regarding the competing operations of local emergency shelters, the long-term sustainability of the El Rey facility, and future transition planning related to the potential transfer or sale of the site prior to the conclusion of the four-year term.

The proposed rehabilitation of the property included in the grant application aligns with the City’s strategic goal to address the significant rehabilitation needs of the property and ultimately transfer the property to a non-profit organization to own and operate. It is important to note that the proposed project funding does not include, or support costs associated with encampment clean-up activities.

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. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This item is directly related to the City Council’s 2025-2028 Strategic Goal for Housing/Affordable Housing through the pursuit of safe and secure housing options for residents of all income levels, including the unsheltered.

DEPARTMENTAL COORDINATION:

This agenda item was led by the CDD Housing & Community Development Division in collaboration with the County of Monterey and the Coalition of Homeless Service Providers (CHSP) with additional consultation of other city departments including the CDD Planning division, City Manager's office, and City Attorney office.

FISCAL AND SUSTAINABILITY IMPACT:

If awarded, acceptance of ERF-5R funds will result in the establishment of an ERF-5R program revenue appropriation and corresponding expenditure appropriation of up to \$2,500,000 to the existing ERF Fund 2954. The acceptance of ERF-5R funds will have no direct fiscal impact to the general fund.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2954 Project: ERF-5R	tbd	tbd	n/a	Up to \$2,500,000

ATTACHMENTS:

1. Resolution
2. City, County, CHSP MOU (El Rey)
3. Presentation