



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: MAY 27, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

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TITLE: HOMELESS RESPONSE PROGRAM UPDATE

RECOMMENDED MOTION:

Receive report and provide future direction on the City's homeless services and programs.

EXECUTIVE SUMMARY:

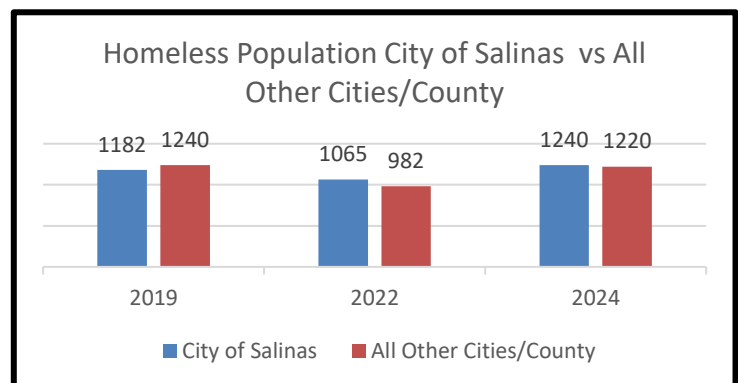
The City of Salinas is home to 50% of the County's homeless population. In response to this pressing issue, the City has initiated various programs and services, including the acquisition of properties to support unsheltered community members. These initiatives are primarily funded through grants, with minimal reliance on the general fund. As grant funding diminishes, the City faces the challenge of determining how to sustain or adapt these programs moving forward.

BACKGROUND:

Homelessness is on the rise in communities nationwide, with an 18% increase reported between January 2023 and January 2024. California has experienced a 3% increase during this period and is home to over 24% of the nation's homeless population. This ongoing crisis represents an urgent public health issue, affecting families, older adults, veterans, youth, and individuals across the country. The crisis stems from a variety of complex factors, including:

- Escalating housing costs
- A shortage of affordable housing
- Job losses
- Substance abuse
- Mental health challenges

Every two years in January, communities conduct a comprehensive Point-In-Time (PIT) count to assess local homelessness rates. The 2024 Monterey County PIT count



revealed a 19% increase in homelessness since 2022. Of those experiencing homelessness, 77% were unsheltered, living on streets, in vehicles, or encampments, while 23% were in shelters. In Salinas, homelessness rose by 14% to 1,240 individuals which also accounts for 50% of the County's homeless population.

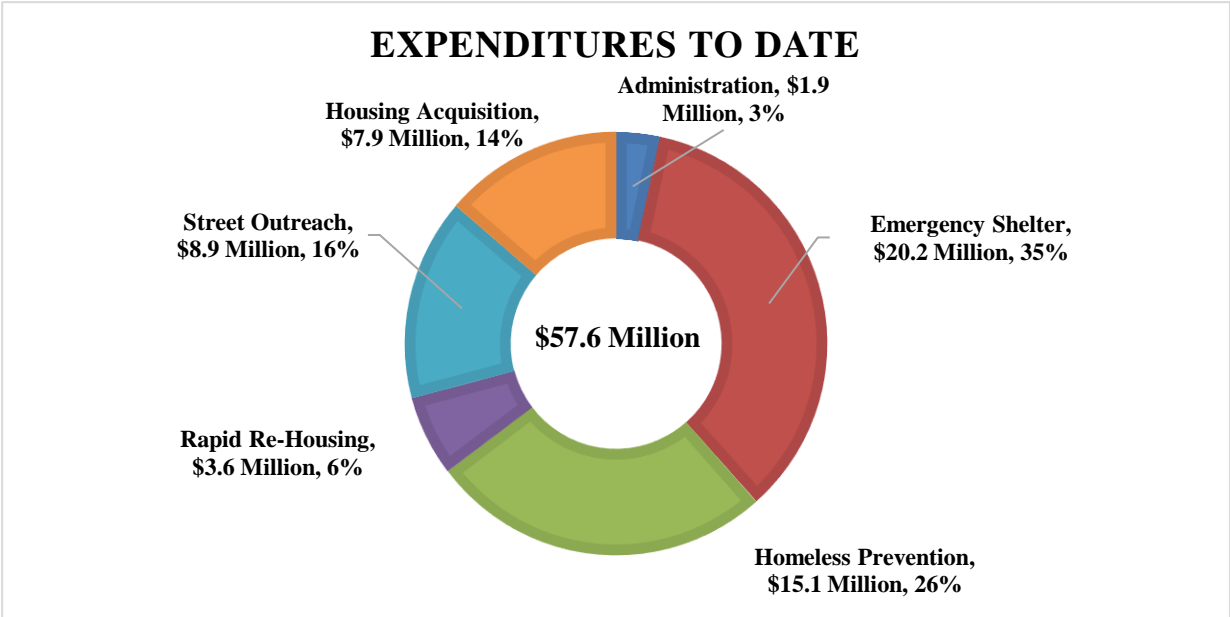
The City is a member of the Coalition of Homeless Service Providers (CHSP) which serves as the Monterey and San Benito Counties Continuum of Care (CoC). The CoC is a regional body that coordinates housing and services funding for the homeless. Funding from the State, and Federal governments flows through the CoC to fund local homeless programs. Through the CoC the City has participated in homeless prevention programs over the years, however in 2020 when the COVID Pandemic swept in, many pandemic-era safety nets were implemented through one-time federal funds such as American Rescue Plan Act (ARPA), Emergency Rental Assistance Program (ERAP), Emergency Solutions Grant-CV, and HOME-American Rescue Plan (HOME-ARP) along with the State who began implementing various grants as well. The City of Salinas was very successful in obtaining many of the State Grants such as Project Homekey, Roomkey, Encampment Resolution Fund (2), Family Homeless Challenge (2), Prohousing Incentive Program, and California Emergency Solutions & Housing grant (CESH).

Since FY 2020-21, the City has been awarded \$76 million in funds to address homelessness in our community. The City is also a recipient of ongoing funds from the HUD Emergency Solutions Grants (ESG), Community Development Block Grant (CDBG) and State ESG program, averaging \$610k combined yearly. The bulk of the other grant funds (89%) have been a one-time award. The city has augmented these grants with \$8.4 million from the General Fund.

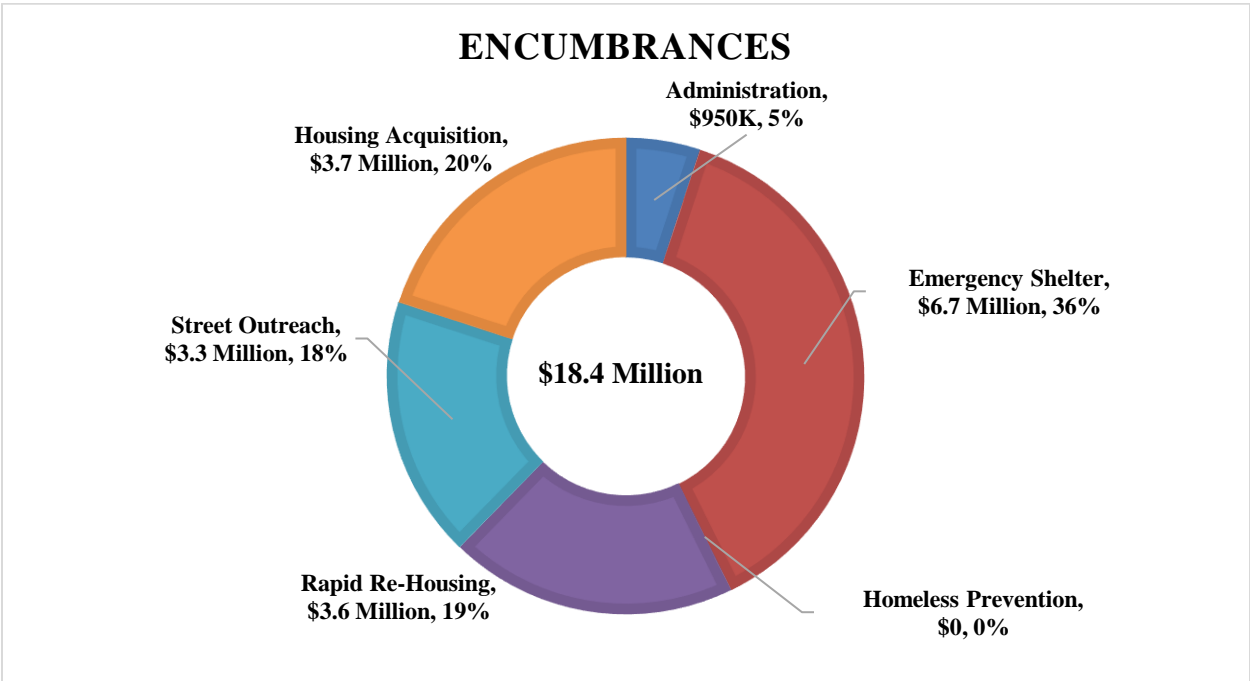
Table 1: Revenue to Date

	Funding	Expenditures	Encumbered
Administration	\$2,893,083	\$1,942,077	\$951,006
Emergency Shelter	\$26,918,095	\$20,215,683	\$6,702,412
Homeless Prevention	\$15,124,748	\$15,124,748	\$0
Rapid Re-Housing	\$7,236,468	\$3,553,624	\$3,682,844
Street Outreach	\$12,264,613	\$8,919,114	\$3,345,499
Housing Acquisition	\$11,648,014	\$7,881,377	\$3,766,637
Total	\$76,085,021	\$57,636,622	\$18,448,399

The chart below shows the total expenditures by program component from FY20/21 to Now.



The remaining grant funds are planned to be expended as follows:



Many of the programs and services funded by these grants were on-going in nature. As grant funds are spent, these programs will no longer have a source of funding. Those programs are described below.

HOMELESS SERVICES

Street Outreach and Response Team

Beginning in 2021 The Salinas Outreach and Response Team (SORT) has engaged the Salinas unhoused population through outreach to build trust and rapport with the unhoused community. SORT provides engagement, case management, initial evaluation, linkages and referrals for supportive services. The SORT team is comprised of 8 FTE limited term employees, and 1 FTE Homeless Services Manager and is funded completely with grants, there are no general fund dollars supporting this program. The annual operational cost of the SORT team is \$1,300,000 which includes staff.

The SORT team spends 20 hours a week in the field providing direct client contact at encampments, bus stops, and other places not meant for human habitation. To date, SORT has provided 742 individuals with street-based case management services. A total of 110 households were relocated to emergency shelter or transitional housing, of those 31 were families with children and 79 were individuals. A total of 97 households were placed in permanent housing, of those 40 were families with children, and 57 were single individuals. A total of 35 households were reunified with family and/or friends.

In addition to street outreach services, the SORT team also has a housing navigation component which has assisted an additional 396 households with financial assistance to stabilize households through housing placements. The financial assistance provided is contingent on grant funding. The SORT team does not have any funding secured to assist for financial assistance in FY 25-26 for rapid housing programs.

Rapid Rehousing Programs:

The SORT team is responsible for administering the following grant funded programs:

- Provided housing navigation and financial assistance services to *unsheltered households* through CESH, and ERF 3L grant funding. The financial assistance provided included deposit, application fees and landlord incentives for a total of 101 households served from 2023-2025 in securing stable housing.
- Provided financial assistance services to 178 *Low Income Monterey County Residents* through United Way Housing Stabilization program from July 2024 to April 2025. The financial assistance provided included Deposit Assistance, Application Fees, and Landlord Incentives.
- The Prohousing Incentive Program (PIP) supported 117 *low-income Monterey County Residents* from December 2024 to February 2025 with up to \$10,000 in rental arrears assistance, and up to \$4,000 in deposit assistance. The program served households at risk of eviction, helping them remain housed.

Downtown Streets, Inc. (DSI)

Since 2019 DSI has been operating as a street outreach, housing navigation and streets cleaning program. They have been serving the following locations: Downtown, Alisal Neighborhood, Natividad Creek, Cesar Chavez Park, and Chinatown. The program model includes building community within the unhoused program participants and supporting them while they are experiencing homelessness as they prepare to get back into the workforce through the volunteer to work experience program. The annual operation cost for the program is \$663,260. To date, DSI

has provided 255 individuals with street-based case management services. A total of 5 individuals were relocated to emergency shelter or transitional housing. A total of 77 households were placed in permanent housing, 28 of which were families with children, and 49 were single individuals. A total of 6 households were reunified with family and/or friends. The DSI team has successfully removed a total of 4,897,649 gallons of debris along with 338,087 cigarette butts and 13,806 needles.

Homeless Encampment Response Team

The City has re-established the Homeless Encampment Response Team, which meets weekly to coordinate efforts across various city departments to address homeless encampments. This team includes representatives from Public Works, SORT, Housing, Police, Parks, the City Attorney's Office, and City Administration. The meetings are designed to streamline the City's approach to closing encampments, preventing new ones from forming, conducting timely street outreach, and collaborating with community partners. This initiative aims to ensure encampments are addressed safely, effectively, and humanely, while providing individuals with access to shelter, case management, and other essential resources.

Mobile Crisis Response:

In 2023, the city entered into a partnership with Monterey County Health Department Behavioral Health Bureau for a Mobile Crisis Response Pilot Program. The program, which was recently renewed for an additional six months, through June 30, 2025 provides for a two-person mobile crisis team 40-hours per week to augment the mobile crisis services provided regionally and countywide. The hours of service are Monday-Friday 8am to 5pm. The city's portion of the cost is \$390,000 per year. The program was funded with general fund dollars for a total amount of \$1.0 million. From 3/1/24 through 12/31/24 there were 834 mobile crisis calls in the City of Salinas. County wide, 53% of the calls were from the City of Salinas. Funding will be exhausted by June 30, 2025.

Emergency Shelter:

Project RoomKey Motel Program (PRK) and Emergency Motel Program (EMP):

Starting in November 2021 the City became the administrative entity for Project Roomkey, a motel Program providing non-congregate shelter options to individuals experiencing homelessness. PRK was funded by \$1.797 million of state Project RoomKey funds passed through the County of Monterey and \$3 million of City ARPA funds. The identified funding was to support one year of PRK operations. The initial program provided 90 rooms leased at the County Inn Motel in Marina and was operated by Central Coast Center for Independent Living (CCCIL) and California State Monterey Bay's Community Health Engagement team (CUSMB CHE). Project Roomkey ended in March 2023, when the Emergency Motel Program was established with 40 rooms at the Steinbeck Motel in April 2023. City staff managed the program and provided case management and housing navigation services for individuals and families experiencing homelessness. The EMP provided 63 households with emergency shelter and connected 18 households to permanent housing. The lease expired on March 31, 2025, and occupants have moved to other housing situations. PROGRAM CLOSED

The Salinas Homeless Assistance and Resource Effort (SHARE) Center:

The SHARE Center first opened in May 2021 after several years in planning and collaborating with the County of Monterey. Prior to this, City and County had been jointly funding the operations of the Warming Shelter at 111 W. Alisal Street. The SHARE Center provides 100 congregated beds for individuals in need of shelter, and supportive services to individuals experiencing homelessness. It is currently operated by Community Human Services. The cost for the operations, averaging \$3 million a year, is shared 50/50 between the City & County. The estimated operational and facility maintenance cost for FY 2025-2026 is estimated to be \$3.7 million. The City's shared responsibility will be approximately \$1.8 million. City funding for the following years will be uncertain. To date the SHARE Center has provided emergency shelter to over 690 households. A total of 146 households have been permanently housed.

The Chinatown Navigation Center (CNC):

The City took over operations of the CNC in March 2020, from the Franciscan Workers of Junipero Serra after it was closed down. Soon after, the City installed a sprung structure with ESG, Covid funds and Housing Successor Agency funds. This created a navigation center that served as 24/7 shelter providing comprehensive services to individuals experiencing homelessness. Additionally, the CNC offers 50 shelter beds, daily meals, showers, restrooms facilities, and laundry facilities. Operated by Community Homeless Solutions, Guests receive case management, housing navigation assistance, and referrals to additional services to support their transition to permanent housing. The CNC also serves the broader Chinatown community by providing shower and restroom facilities to those living on the streets. To date, the CNC has provided shelter to over 753 households and has placed 137 households into permanent housing.

The annual cost to operate the facility and provide services has been \$2.5 million annually and has been funded by a combination of one-time grants and contributions from the General Fund. The City had planned to do much needed renovations to the facility, including restrooms, showers, floors and parking lot by the end of the fiscal year. The operational cost and maintenance of the facility for FY 25-26 has been estimated at \$2.5 million. However, funding is only secured through October 2025. This General Fund deficit will create a shortfall of \$1.54 million for the FY 2025-2026 operations.

Table 2

Program	Description	Clients Served	Placed in Housing
Chinatown Navigation Center	Emergency Shelter (2020 to Present)	753	137 PSH
Street Outreach Team (SORT)	Outreach & Housing Navigation Services	742	97 PSH/110 Emerg. Shelter/35 reunified with family
Share Center	Emergency Shelter (2021)	690	146 PSH
Downtown Streets Team	Street outreach, housing navigation and streets cleaning program (2019)	223	77 PSH/6 reunified with family
Rapid Rehousing programs	Financial assistance for housing	396	N/A
Mobile Crisis Response	Provides in person, non-law enforcement response to persons experiencing a behavioral health crisis.	834	Calls for service in 2024
Emergency Motel Program	Emergency Shelter Program	63	18 PHS

Permanent Supportive Housing:

Project Homekey:

In August 2020 and November 2021, the City of Salinas responded to the California Department of Housing and Community Development (HCD) Notice of Funding Availability (NOFA) announcing the availability of approximately \$600 million (2020) and \$1.45 billion (2021) in Homekey funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. Homekey was an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic.

There are three Homekey project properties within the city of Salinas: 545 Work Street, 180 South Sanborn Road, and 1030 Fairview Avenue. With respect to the latter two properties, the Salinas City Council has previously approved the allocation of HOME ARP and PLHA funding to support the conversion and the operation of the two motels for permanent supportive housing. For 180 South Sanborn Road the City has made \$968,000 of HOME ARP funds and \$220,000 of PLHA funds available and for 1030 Fairview Avenue the City has made \$1,298,000 of HOME ARP and \$1,014,000 of PLHA funds available. The three Homekey properties are now under new ownership, with the new owners having acquired the properties through foreclosure sales that resulted from Shangri La, Inc.'s (and its various subsidiaries') defaults. The new owners have indicated their intent to complete the required construction work and to open the properties for their originally intended use as permanent supportive housing.

- Salinas Inn: (Fairview Ave.): This former motel has been converted into 44 permanent supportive housing units and 1 manager's unit. The new owner of the Salinas Inn has expressed interest in selling the Property. The City of Salinas and the County are committed to financially supporting Housing Authority of Monterey County to purchase and operate the Salinas Inn to preserve it as a permanent supportive housing project. Both agencies have committed a one-time contribution of up to \$2.5 million dollars of each to support Property acquisition. PIP and PLHA are the City's source of funds to support acquisition. Closing is expected in June 2025. The City also committed funds for Operations and Supporting Services. This will be provided in the form of rental assistance through HOME-ARP funding totaling up to \$1.1 million for at least a year of operations.
- Sanborn Inn (Sanborn Road): This property, comprised of 43 units also has a new owner. Additional work is needed on this property to begin and complete the conversion to permanent supportive housing and to identify an operator of the facility once the work is complete. The City has committed \$2,312,00 of HOME ARP funds to support program operation in the form of rental assistance.
- Good Nite Inn (Work Street): The new owner is currently working on renovation and repairs to convert 103 rooms to permanent supportive housing. The City did not commit funds to support the operation of this Homekey site as the original application proposed Program Based Housing Vouchers (PBHV) to subsidize rental income. The federal government paused the PBHV program on March 6, 2025.

Single Family Homes: Through the Family Homeless Challenge Grants (\$5.4 Million) the City received grant funding to provide system navigation to families experiencing homelessness in the City of Salinas identified by the waitlist of the SHARE Center emergency shelter. The funding received includes staffing, rental assistance, and funding to acquire or develop permanent housing to families through the purchase of single-family homes and accessory dwelling units (ADUs). The first round of FHC funding (\$2.6 Million) was received in 2023. Based on the successes in Round 1, the City was awarded an additional \$2.8 million to follow the same model. To date the City has purchased four single family homes, two units of which are currently occupied by formerly homeless families, referrals made by the SHARE center, one is currently under litigation with a prior collaborative partner, and one is pending renovations. The city is exploring a partner to support the acquisition of additional properties.

El Rey Motel:

The City utilized ARPA funds (\$3.64 million) to purchase the 25 room El Rey Motel. The City's acquisition can serve as a cornerstone in addressing the pressing housing crisis, presenting opportunities for diverse purposes such as the potential of emergency shelter, permanent low-income residential housing, and temporary housing solutions. The Housing Division is currently exploring sustainable funding for operations of a transitional housing project.

Table 3

Permanent Supportive Housing/Transition Housing	# Of Units	Funding Amount	Funding Source
Salinas Inn (Fairview)	45	\$3.68M	Combination of multiple grants for purchase. Future funding for rental assistance (\$1.18M)
Sanborn Inn	43	\$1.3M	No City funding for purchase. Future funding for rental assistance (\$1.3M)
Good Nite Inn	103	N/A	No City funding for purchase
El Rey Motel	25	\$3.64M	ARPA \$3.64M
Private Home - Completed	4	\$2.8M	Family Homeless Challenge/ARPA
Private Home - Pending	2	\$2.8M	Family Homeless Challenge
<u>Totals</u>	222	\$14.22M	

FUTURE OF HOMELESSNESS RESPONSE PROGRAMS

Utilizing a combination of one-time grant funds and limited general fund dollars, the City has been able to implement the homeless response programs. All of these programs are heavily dependent upon grant funding. With grant funding running out on most of the programs and services, the City will need to determine what programs and services it would like to continue and to identify a funding source. Below is a summary table of all the homeless programs and services the city currently operates with the associated budget to operate, source of funding and the funding shortfall associated with that program.

Table 4

PROGRAM	FY25/26 Annual Cost	Funding Source	FY25/26 Funding Amount	FY26/27 Funding Amount	FY27/28 Funding Amount
Chinatown Navigation Center	\$2.3M	Grant & General Fund	\$760K Funded through October 2025 -\$1.54M Unfunded	-\$2.3M Unfunded	-\$2.3M Unfunded
Street Outreach Team (SORT)	\$1.3M	Grants	\$1.3M Funded	\$1.050M Funded -\$250K Unfunded	-\$1.3M Unfunded
SHARE Center	\$3.7M (50/50 City/County)	Grant & General Fund	\$1.85M Funded	-\$1.85M Unfunded	-\$1.85M Unfunded
Downtown Streets Team	\$652K	General Fund	\$652K Funded	-\$652K Unfunded	-\$652K Unfunded
Rapid Rehousing & Rental Assistance Programs		Grants	\$160K	\$160K	\$160K
Mobile Crisis Response	\$390K	General Fund	-\$390K Unfunded	-\$390K Unfunded	-\$390K Unfunded
Total Funded			\$4.722M	\$1.21M	\$160K
Total Unfunded			-\$1.89M	-\$5.4M	-\$6.5M

The City must determine if they want to continue acting as a provider of programs and services to the unhoused community and if so, identify general fund and grant dollars to continue to operations. Cities have historically not been a homelessness services provider, rather Counties and non-profit organizations have been the providers. When COVID hit the world in 2020, everyone stepped in to fill the needs of the homeless with the influx of federal & state dollars. The City has had many successful outcomes however, it is time to consider what is the City's role in this space. With limited funding, there are very few options available to the City.

Chinatown Navigation Center: Without additional funding, the Chinatown Navigation Center will close in October of this year. Continued operation by the city is not recommended.

SHARE Center: Staff recommends pursuing additional funding or look to shift other grant funding to continue operating for FY26/27 and beyond. This program is in partnership with the County under a Memorandum of Understanding.

SORT: Funding is available through FY26/27. Staff recommends the City prioritize this program for future funding.

Downtown Streets Team: Seeking Council direction as to continued services.

Mobile Crisis Response: Funding for this program will be exhausted on June 30, 2025. Council to determine the prioritization of this program.

Single Family Housing: The City has purchased 4 homes and has funding available to purchase two additional homes for permanent supportive housing. Staff recommends turning those homes over to a non-profit provider who specializes in this type of housing program to ensure the future long-term sustainability and success for the occupants.

El Rey Motel: Staff recommends finding a non-profit provider similar to the recommendation for the Private Homes, to eventually own and operate.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that this administrative report is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This item is directly related to the City Council's Strategic Goal for Housing/Affordable Housing: Pursue housing options for residents of all income levels, including the unsheltered, that is safe and secure.

DEPARTMENTAL COORDINATION:

Staff from both Community Development and Administration departments coordinated efforts to complete this report.

FISCAL AND SUSTAINABILITY IMPACT:

There is no fiscal impact with receiving the report.