



## CITY OF SALINAS STAFF REPORT

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**DATE:** OCTOBER 4, 2022

**FROM:** MEGAN HUNTER, DIRECTOR

**DEPARTMENT:** COMMUNITY DEVELOPMENT DEPARTMENT

**THROUGH** ROD POWELL, PLANNING MANAGER

**PREPARED BY:** HILDA PERALTA, COMMUNITY DEVELOPMENT ANALYST

**TITLE:** HOME INVESTMENT PARTNERSHIP AMERICAN RESCUE PLAN ALLOCATION PLAN

RECOMMENDED MOTION:

A motion to approve a Resolution to approve the proposed HOME Investment Partnership Program – American Rescue Plan Allocation Plan and authorize its submittal to the United States Department of Housing and Urban Development for final approval.

RECOMMENDATION:

The Community Development Department recommends that City Council conduct a public hearing to consider and approve a Resolution to approve the proposed HOME Investment Partnership Program – American Rescue Plan Allocation Plan and authorize its submittal to the United States Department of Housing and Urban Development for final approval.

EXECUTIVE SUMMARY:

In Fiscal Year 2021, the City of Salinas (City), as a HUD entitlement jurisdiction, was allocated \$2,918,774 of one-time HOME American Recovery Plan (HOME-ARP) funding from the U.S. Department of Housing and Urban Development (HUD). As part of the American Rescue Plan Act of 2021, this funding is specifically earmarked to perform four key activities: production and preservation of affordable housing, tenant-based rental assistance, provision of supportive services such as homeless prevention and housing counseling; and acquisition and development of non-congregate shelter.

As described in HUD Notice CPD-21-10: *Requirements of the Use of Funds in the HOME-American Rescue Plan Program*, HOME ARP funds are designated to assist four defined qualifying populations including those who are homeless, those currently housed and at risk of homelessness, those fleeing or attempting to flee domestic violence, sexual assault, stalking or human trafficking populations, and those at greatest risk of housing instability and where providing support services or assistance would prevent homelessness.

## BACKGROUND:

In order to receive a HOME-ARP allocation, jurisdictions are required to develop an Allocation Plan (AP) derived from solicited community engagement with and input from community service providers, stakeholders, and the general public. In accordance with HOME-ARP requirements, development of the AP must include a consultation process, a needs assessment, and gap analysis, each of which serves to provide a qualified summary of the City's planned use of funds and an estimate of housing units produced or created.

## DISCUSSION:

### *Consultation, Assessment, and Gap Analysis*

As part of its lengthy, required AP consultation process, City staff diligently connected, engaged, and consulted with the local CA-506 Continuum of Care (CoC); homeless, social services, and domestic violence service providers; veterans' groups; public housing agencies; individuals defined as members of each qualifying population; agencies that address fair housing, civil rights, and the needs of persons with disabilities; other community stakeholders; and members of the general public. To achieve the robust response necessary to formulate a compliant and considerate AP, staff utilized various methods to gather information and targeted engagement opportunities to inform the community and request input. This included targeted participation in community and regional partnership meetings, email blasts, social media announcements, online surveys, and website postings. The consultation revealed strong support for permanent supportive housing and supportive service activities like case management, housing counseling, substance abuse treatment, and financial assistance for housing related costs.

Opportunities for public participation to comment on the planning, development, and review of the proposed allocation plan were publicized and disseminated in accordance with the City's Citizen Participation Plan (CPP). Public participation during the development of the allocation plan included a 30-day public comment period, community meetings, an electronic survey, newspaper ads, social media announcements, and one public hearing. Permanent supportive housing through the rehabilitation of motels or hotels was scored as the highest priority based on the survey results. Supportive service activities with the highest score were mental health and substance abuse treatment, transportation, and financial assistance for housing related costs. A detailed breakdown of the comments and recommendations received through the public participation process were included as part of the allocation plan.

The City's AP needs assessment and gap analysis also evaluated the size and demographic composition of each HOME-ARP qualifying population to determine their unmet needs. Data from the 2022 Monterey County Homeless Point-In-Time Count, 2020 American Community Survey, 2021 Continuum of Care Housing Inventory Count, and the 2014-2018 Comprehensive Housing Affordability report were used to determine the unmet needs of qualifying populations. This included a determination that the City currently has 14 projects with bed inventory (8 emergency shelter, 2 rapid rehousing, 3 transitional housing, and 1 permanent supportive housing) resulting in a total capacity of 501 beds. Based on the available data, the City has a significant gap in beds needed for adult households without children.

### *Determination of Community Need*

Locally, the CoC is coordinated by the Coalition of Homeless Services Providers (CHSP) in partnership with the City of Salinas. In 2009, the CoC developed an initial Lead Me Home Plan (LMHP), to serve as a framework to guide local jurisdictions (Counties and cities), service  
Page | 2

providers, and other key stakeholders in maximizing available resources in an effort to strategically impact and reduce homelessness. The most recent update to the LMHP includes a data-focused, milestone-based action plan which establishes measurable goals and targets focused on reducing local homelessness by 50% over the next five years (July 2021 through June 2026). This plan sets out to align available funding to support the activities identified in each year of the action plan and includes an essential year-one activity of continued investment in acquisition and conversion of motels to affordable, supportive Homekey housing units available through the State of California. Additional LMHP goals include the need for increased investment in housing navigation services and housing focused case management. These collaborative efforts are highlighted in the City's AP as it serves an important regional framework with specific target goals.

Additionally, input obtained from local service providers during the City's AP consultation process revealed a strong need and preference to support outreach, mental health services, case management, housing and financial counseling, and financial assistance. Each of which is addressed within the permanent supportive nature of the Homekey model.

The City of Salinas, in partnership with Shangri La Industries and Step Up on Second Street, Inc., has acquired three Homekey sites to provide a total of 202 new permanent supportive housing units. Each site will offer its residents permanent, affordable housing coupled with supportive services including case management, employment assistance, referrals to mental health services, peer support training, and transportation services. Annual costs to provide this necessary supportive housing environment is just under \$6,000 per unit per year.

#### *Recommended Plan Allocation*

HOME-ARP funding must be spent by 2030. In consideration of the information and data gathered and assessed during the AP development process staff are recommending that 15% of the City's HOME-ARP allocation (\$437,816.10) be used for allowable program administration and planning activities and that the allocation's remaining 85% (\$2,480,957.90), be directed toward much needed supportive service funding associated with the City's three Homekey permanent supportive housing sites and other "bed" generating projects. It is estimated that up to ninety-nine (99) Salinas Homekey units for qualifying populations could be supported with the recommended HOME-ARP allocation.

This recommendation is strongly supported by the robust input provided by local service providers during Based on the need and gap analysis and the desire to serve all qualifying populations and subpopulations, the City will not exercise the allowable identification and use of a service preference for funded program activities.

#### CEQA CONSIDERATION:

The City of Salinas has determined that authorizing the submittal of the HOME-ARP Allocation Plan to HUD is not a project as defined by the California Environmental Quality Act (CEQA) Guidelines section 15378 as this matter does not cause a direct or indirect physical change on the environment. Subsequent discretionary projects resulting from this action will be assessed for CEQA applicability. Activities utilizing federal funds are also subject to the National Environmental Policy Act (NEPA) and will be evaluated prior to expending any funds.

### STRATEGIC PLAN INITIATIVE:

The HOME-ARP Program is intended to assist qualifying populations with permanent housing options and supportive services. Acceptance of the AP supports City of Salinas 2022-2025 Strategic Plan Strategies and Goals of Housing/Affordable Housing and Effective and Culturally Responsive Government.

### DEPARTMENTAL COORDINATION:

The HOME-ARP Allocation Plan is solely administered by the City's Housing & Community Development Division. Staff will coordinate with the City's Finance and Legal Departments to ensure regulatory compliance and full disbursement of funds.

### FISCAL AND SUSTAINABILITY IMPACT:

It is estimated that the City is eligible to receive a total allocation of \$2,918,774 in HOME-ARP funds from HUD once the Allocation Plan is approved. Approval and submission of the HOME-ARP AP has no impact to the City's General Fund.

### ATTACHMENTS:

1. Resolution
2. HOME-ARP Allocation Plan – Draft