

# **THE KEYS TO HOUSING THE HOMELESS**

## **Two State Programs Offer Rooms and Homes**

### **SUMMARY**

In 2020, the State of California (State) proposed two programs to help communities manage their homeless populations: Project Roomkey and Project Homekey. Both programs were also an urgent response to the COVID-19 pandemic to prevent disastrous effects on the homeless. Roomkey secured short-term hotel rooms for chronically ill elderly homeless who were at risk of catching and spreading the virus. Homekey was intended to house some of that same population through conversion of available buildings to permanent housing. The State offered one-time funding for the communities able to meet specific time sensitive requirements. Santa Barbara County (County) took advantage of the State's offers to provide temporary and permanent housing to some of the County's homeless.

The 2021 Santa Barbara County Grand Jury (Jury) studied the two new Projects as they were implemented in Santa Barbara County. The Roomkey funding ended September 30, 2021; the Homekey funding allocation ended December 31, 2020. These time constraints motivated Santa Barbara County agencies to work together quickly to accomplish the housing goals.

The County has found it difficult to duplicate its successes with Projects Roomkey and Homekey. There is a discouraging lack of available property in the County, and property owners are reluctant to turn over what they have for the purpose of housing the homeless. Nor are there identified local funds to sustain the two programs without additional State and Federal grant allocations. The 2021 Santa Barbara County Grand Jury looked into the barriers that limit the success of the two homeless programs.

### **INTRODUCTION**

The COVID-19 virus increased the need for homeless services, highlighting the dire conditions for a subset of the unhoused population who were especially at risk of contracting the virus – the elderly and those with underlying medical conditions. In the spring of 2020, hospitals were filling up at a time when people were exposed to the virus. At the same time, homeless shelters were required to implement social distancing, which forced them to reduce their population (at one shelter by more than 60 percent and at another by 13 percent) because of COVID and send some individuals back into the streets. The County needed to determine the best way to protect the homeless.

Confronting this challenge, the State of California initiated a plan with generous funding for the counties struggling with how to protect the homeless from the virus. Using Federal Emergency Management Agency (FEMA) and Coronavirus Aid, Relief, and Economic Security Act (CARES) funding, the State offered two programs, Project Roomkey and Project Homekey, to stimulate community participation in these innovative housing programs for the homeless.

In April 2020, Governor Newsom announced Project Roomkey, which would get people experiencing homelessness and at risk of getting COVID into participating hotels or motels on an emergency basis. Roomkey was intended to open underused hotel or motel rooms for the

homeless who needed to isolate or quarantine from exposure to COVID-19. The State's goal was to find up to 15,000 rooms to temporarily shelter these homeless in supervised programs with case management. Jurisdictions who participated also agreed to then re-house them into permanent housing, supported by services.

As a first response to the pandemic, Roomkey was considered an interim response to a public health crisis that had already strained the health care system. The original program termination date was June 30, 2021; it was later extended to September 30, 2021. Statewide, a total of \$150 million was dedicated to the initial Project Roomkey in June 2020. The Governor added another \$62 million in November 2020 in order to avoid evictions of those homeless in rooms when the program was set to end in December 2020.

Project Homekey was intended to be the next step in the longer term crisis of homelessness by converting hotels and other similar buildings to permanent housing. On June 30, 2020, the State introduced Homekey for homeless housing using \$600 million of coronavirus relief funds for the program statewide, and \$300 million to help efforts to reduce homelessness. Similar to Roomkey, Homekey was conceived as a State partnership with cities and counties applying for grants, this time to purchase hotels, motels and other appropriate but underused buildings for conversion. The rehabilitated units would provide permanent housing for the homeless. By the end of 2020, more than \$846 million had been awarded to 48 jurisdictions for 94 projects across the State.

In the process of tackling homeless vulnerability during the pandemic, Santa Barbara County and its cities made promising steps to address homelessness with the one-time State funding. The County leased rooms in a hotel in South County for Project Roomkey for a limited time and converted an office building in North County for permanent housing using Project Homekey funding. A great deal of collaboration among County agencies went into the accomplishment of these two projects, establishing important groundwork for any future homeless projects. Yet even with outside funding either ending or being time-restricted, the long-term future of Projects Roomkey and Homekey, including property acquisition and conversion, in Santa Barbara County is uncertain.

## **METHODOLOGY**

The 2021 Santa Barbara County Grand Jury interviewed representatives from homeless assistance programs across the County, Santa Barbara County Housing and Community Development Division, and the City of Santa Barbara Community Development Department. The Jury also interviewed representatives from the Santa Barbara County Public Health and Santa Barbara County Behavioral Wellness Departments, as well as the Santa Barbara City and County Housing Authorities. The Jury met with an affordable housing contractor, a homeless shelter case manager, and a homeless shelter executive director. Additionally, numerous news articles, local city and County agenda letters, and State public information posts were reviewed.

## **OBSERVATIONS**

### **Project Roomkey**

In February 2020, the Santa Barbara County Housing and Community Development Division reported a total of 1,897 homeless county wide, of which 1,223 were unsheltered, 674 in emergency shelters or transitional housing. One month later, the Board of Supervisors declared a local emergency for the pandemic. County officials quickly formed a COVID-19 Homeless Task Force Response Team and devised emergency solutions to strategic problems hitting the homeless population. With shelters needing to minimize occupancy and various agencies closing down, the homeless lost access to beds and to such services as showers and meals. The Santa Barbara County Task Force devised alternative sites for beds and services. One first step was the opening of the gym at Santa Maria High School; it was converted to a shelter for 71 homeless individuals for two months. Concurrently, the Public Health Department began by securing a limited number of rooms as emergency shelters in hotels in North and South County in order to protect those at risk of contracting COVID-19.

The Task Force also initiated steps that led to participation with the State in Project Roomkey. By the end of April 2020, the County was able to open rooms at a hotel in South County. The City of Santa Barbara and People Assisting the Homeless (PATH) helped organize this novel response to the pandemic. Roomkey in the County began with 40 homeless individuals. In Santa Barbara County, county officials prioritized individuals over age 65 with a serious health condition, then those under 65 with a serious health condition, and lastly those over 65. The age qualification was later lowered to 55. FEMA later made these criteria for Roomkey housing official for all the chronically homeless in the State.

Santa Barbara County Public Health did a medical review to establish adherence to Center for Disease Control guidelines for those who were invited to join the program. The homeless came from the hospital emergency rooms and shelters, but mostly from the streets. Originally, they were invited to stay 90 days, but extensions were allowed. At its peak, there were 70 occupants participating in Project Roomkey. By October 2021, the Project had sheltered over 190 individuals.

While not all seniors with chronic illnesses chose to take advantage of the Roomkey housing continuum due to program restrictions (curfew, and no noise, smoking, visitors, alcohol, or drugs, etc.), the Jury learned the target population is more likely to move into a hotel room rather than into congregate shelters.

Locally, it was difficult to find hotels to participate in Project Roomkey. Hotel owners were hesitant to house a high-risk population. The County was unable to find a willing participant in North County, and only one hotel in South County agreed to rent one wing for a limited period of time. Even the drop in hotel occupancy during the pandemic was not enough to entice hotel owners to turn over their rooms to a county-run program for the homeless. The original Roomkey hotel returned to tourism at the beginning of 2021. Fortunately, the County was able to lease another hotel in South County with rooms for 80 individuals and rent as many as ten hotel rooms in Santa Maria.

One intention of the Roomkey program was to house individuals until they could transition into permanent housing, a process estimated to take 90 days. Successfully staying in a hotel room was considered a stepping-stone to independent living. By the end of September 2021, eighty-

eight individuals were able to make the transition. The most vulnerable were the first to be rehoused with services.<sup>1</sup> With the fortunate timing of units becoming available in newly opened apartment complexes with the Housing Authority of the City of Santa Barbara, nine formerly homeless moved into existing available units. Others “voluntarily or involuntarily exited” the program, according to the County. At the one-year mark, program administrators within the County reported to the Jury that 56 percent of Roomkey participants had left the streets and moved into housing. The rate dropped slightly by the program’s end in September due to a lack of available units, reducing the ability to re-house clients.<sup>2</sup>

It has been estimated that the cost of housing one person in a hotel room with provided services is \$180 per night. Services include security, staff, meals, transportation, and supplies. FEMA will reimburse the County only up to \$90 per night, and the County must make up the difference. FEMA reimbursement is expected to end in December 2021. Behavioral Wellness and Public Health continue to provide wraparound services, which include case management and medical and mental health care. To date, the County has been able to tap into CARES funds and homeless program funds from the Department of Social Services to pay the extra room and service costs. With Roomkey, local hospitals, County, and municipal public services were spared some heavy recurring costs and services related to caring for this dependent population.

The first Project Roomkey in Santa Barbara County received more than \$1 million in State funding. Project Roomkey is dependent on funding from the State and Federal government, and the program cannot continue unless the County identifies another revenue source. The 2021-22 California State budget is maintaining \$150 million in funding for a modified Project Roomkey and Rehousing Strategy, with the intention of allowing residents of Roomkey to stay until they can find permanent housing. From that, Santa Barbara County will receive a baseline allocation of \$772,384 for the work of transitioning the formerly homeless. That money will be used to re-house at least 40 of those remaining in the Roomkey motel.

Project Roomkey has been a model for other programs in the County. City Net in the City of Santa Barbara has been inviting homeless individuals to stay in 15 different motels located around the city for six months. City Net’s program, known as the scattered model, is being considered for future hotel/motel leasing in the County because of its reduced impact on surrounding businesses and neighborhoods. City Net also established a temporary Roomkey-type program in Santa Barbara. After the Loma Fire within city limits in May 2021, the Santa Barbara City Council voted to pay for a program to shelter those living in encampments through the four-month fire season. Full-service motel rooms are expensive,<sup>3</sup> but the City of Santa Barbara felt it had to do something to reduce the threat of fires from homeless encampments in fire-prone areas.

Roomkey has served as a stimulus for thinking creatively about homeless issues and for opening doors to homeless housing. Overall, Project Roomkey motivated the County to find a quick and easily accomplished solution for the most vulnerable homeless at a critical time.

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<sup>1</sup> This follows the National Alliance to End Homelessness, Housing First protocol of housing the most vulnerable first.

<sup>2</sup> The Housing Authorities of Santa Barbara County and the City of Santa Barbara have several affordable housing projects in progress now. Each development includes some units for formerly homeless clients. There should be a greater movement through the housing continuum again once the Housing Authority units are available, which will increase the re-housing rate percentage again.

<sup>3</sup> The daily cost of the room was estimated at \$109/day, plus \$157/day for services. (Nick Welsh. “Upper State Street Motel May Rent All Rooms to Homeless.” *Santa Barbara Independent*. June 26, 2021.)

## Project Homekey

Project Homekey is California's evolutionary next step after Project Roomkey. The State hoped that some of the Roomkey hotels would become part of Homekey's permanent housing program. While none of the hotels were willing to sell to the County, the Housing Authority of the County of Santa Barbara (HASBARCO) applied for and received one grant award of \$3.12 million to acquire an office building in Lompoc and repurpose it to permanent housing with supportive services for its residents. The County added \$1.5 million. The building had originally been an apartment building and then was converted to an office building used by the County's Behavioral Wellness Department. Some remodeling was needed to create apartments again.

The State not only challenged jurisdictions to find buildings to rehabilitate for the homeless, but it also imposed tight time restrictions in the application process. Project Homekey was announced June 30, 2020. Local governments had to identify properties, have remodeling plans, partners, and a proposal in place by August 13, five weeks after the announcement of funding. They then needed to purchase the properties, revitalize them, and, finally, occupy them by the end of the year. In Lompoc, 14 residents and one manager moved into their new homes just before and just after the deadline of December 31, 2020. All in all, this was a five-and-a-half-month process.

With news of the Homekey grant program, the director of HASBARCO called emergency meetings with the County and its agencies. The County assembled a task force from all involved agencies to break down bureaucratic walls and speed up the process.<sup>4</sup> One advantage that the County had was that the office building to be converted was already owned by the County. The Planning and Development Department was able to self-permit and do its own inspections, and regulations such as land use, zoning, and building codes could be streamlined. HASBARCO engaged a developer who was familiar with the most efficient ways to get things done and who worked up to seven days a week. The City of Lompoc contributed to the teamwork. The State also cooperated in easing certain deadlines, understanding the imposition of the short timeline. Construction projects in this County typically take three to four years. The spirit of collaboration moved this project forward in less than six months, an unparalleled accomplishment in recent Santa Barbara County building history.

The Homekey Project is meant to be an economical way to house the homeless. State officials have estimated that the state average for the cost of purchase and rehabilitation of existing buildings in Project Homekey came to \$147,974 per unit (including an average local match of \$23,987), while the cost of building from the ground up comes to \$400,000 per unit.<sup>5</sup> In an expensive county such as Santa Barbara, the Jury was told the per unit cost is considered to be around \$200,000-\$250,000 to convert and a minimum of \$450,000 per unit to build from the ground up.

Clients moving in to the Homekey units were vetted by the County's Coordinated Entry System (CES), which assesses clients and matches them with services. Still being a time of a pandemic, clients were selected with the first criteria of protecting them from COVID-19. They also had to

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<sup>4</sup> Expediency minimizes costs during construction. That way, more money can be spent on the purchase of buildings.

<sup>5</sup> Office of Governor Gavin Newsom. "Governor Newsom Announces Major Homekey Milestone: All 94 Sites Closing Escrow Ahead of Deadline." December 29, 2020. In another estimate made on April 5, 2021, Lou Hirsh of *Co-Star News* quoted the conversion estimate to be \$138,513, and the building average was \$400,000 per unit.

be able to live responsibly and independently. Homeless officials have told the Jury that many homeless no longer want to live in a congregate setting; they want their own space, and this often helps their stability. All supportive housing includes services (e.g., health care, mental health, and case management), which are considered essential for their success in independent living.

As permanent residents, the clients have to pay rent. Typically, the formerly homeless are issued a Section 8 voucher.<sup>6</sup> This Federal program allows clients to pay only 30 percent of their income (often Social Security or Disability Benefits) toward rent. The Federal government pays the rest. VA Supportive Housing (VASH) is available to take care of rent payments for veterans.

While the COVID-19 pandemic depressed hotel demand from tourism, no owners were willing to sell their properties for the purpose of being transformed to homeless housing. Acquiring hotels will only be more difficult when tourism is flourishing again. The Jury was told that local officials have “scoured the universe” looking for available properties that were willing to sell to the County, yet could find only one pre-owned possibility in North or South County for the Homekey project. In the end, the site selected for Homekey was offered by a County department, Behavioral Wellness.

For Project Homekey, there are local impediments inherent in buying hotels in local communities: limited available real estate, high property values, expensive rents, a steady and recovering tourism business for hotels, and neighborhood resistance. Often in planning housing for the homeless, there is a need for negotiations with neighborhoods. The Jury heard that the onset of the pandemic temporarily fostered a more tolerant view of housing the homeless. There were no protests against the Homekey project. HASBARCO’s goal is to be a good neighbor. In addition to hosting neighborhood forums, both Housing Authorities address community concerns in all its housing projects. Their housing developments are landscaped, maintained well, and have onsite supervision for the security of neighbors, as well as its clients. Moreover, the Department of Behavioral Wellness provides case management services for every resident.

The County hopes to create Memorandums of Understanding (MOUs) with cities, which could consolidate funding and foster regional cooperation. Santa Barbara City and County Housing Authorities have worked with corporations and banks to gain their investment in community housing, mostly through tax credits. Local leaders have approached church organizations and school districts for support. More housing alliances could be forged with hospitals and service organizations to apply for Homekey funds, for example. County departments such as Behavioral Wellness, Public Health, and Social Services could band together to apply for funding for projects. While these concepts can help, funding for housing for the homeless continues to be dependent upon State and Federal money.

Homekey funding comes at a time when the State is contributing extraordinary amounts of money to solve homelessness. The 2021-22 State budget earmarked \$1.45 billion for Homekey, Round 2, and an additional \$1.3 billion the following year. The State is allowing more flexibility in the criteria in the types of buildings to convert and the amount of time to convert them. Jurisdictions have between the end of September 2021 and the beginning of May 2022 (or until all funds are exhausted) to submit an application. Once funding is awarded, jurisdictions have eight months to expend the funding and 12 months to complete construction. The building must

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<sup>6</sup> The County estimates 80% of those transitioning into permanent housing require a subsidy. The County’s Phase II Community Action Plan to Address Homelessness calculated a need for a total of 531 long-term subsidies and 835 permanent supportive housing units for the County.

be fully occupied within 90 days after completion. However, there is no guarantee of receiving an award from the State. Santa Barbara County must apply and compete with other California counties and jurisdictions for these limited-time funds.

As of September 2021, no sites had been identified for homeless projects. There is no line item in the budget for acquisition of property to house the homeless at the County level or within city jurisdictions. To qualify for more state Homekey funding, the County must be ready with a site, partners, and its own complementary funding.<sup>7</sup> Given the temporary nature of the State funding, agencies need to apply the lessons from the first Homekey success in terms of quick acquisition of a site, ready funding, and inter-departmental cooperation. The County has created a “strike team,” but other jurisdictions could also help prepare plans to take advantage of funding opportunities. Identifying possible sites and opening negotiations with the owners ahead of funding announcements remains a critical component to success. Above all, to secure the legacy of the Homekey program, the County and its cities and agencies need to work together to put plans in place.

## **CONCLUSION**

The confluence of a pandemic and a State budget surplus created an exceptional opportunity for those that work with the homeless population. The cost and magnitude of the homeless issues must be addressed with the cooperation of the Federal, State, and local governments. For 2021-22, there is \$150 million in State funding available for Roomkey and \$1.45 billion for Homekey. The County and cities would not be able to consider leasing or purchasing buildings for these homeless programs and providing services without this funding.

The 2021 Santa Barbara County Grand Jury concluded that the County, cities, and Housing Authorities would do well to make every effort to secure more housing for the homeless at this time when State and Federal money is available. Incentives that the County offers community partners now could produce more positive outcomes than at any other time. In the long run, extra funds spent on homeless housing now can reduce the millions of dollars being absorbed as collateral homeless expenses by county or city agencies such as fire, police, ambulance, public and environmental health, hospitals, jails, parks, libraries, mental health clinics, public works, street maintenance, and more. In the future, savings from these respective departments could be combined for homeless projects.

While Roomkey and Homekey have only helped a fraction of the total homeless in the County, the two projects have set a precedent and illuminated the way for similar projects to house the homeless. County agencies can work together to accomplish rapid results. It took a global emergency to bring community partners to the table with a true sense of collaboration. Now that those alliances are established, these agencies can more effectively coordinate the work to purchase and convert buildings for formerly homeless residents. Santa Barbara County and its cities must continue to work together and devise incentives and methods of funding to further the successes of Projects Roomkey and Homekey.

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<sup>7</sup> In the meantime, County, state, and Federal funds are being allocated to other forms of homeless housing: \$1,935,000 over three years for an encampment response program, and \$4,935,560 over three years for a new shelter, pallet homes, and a tiny home project. The County hopes to add 100 available beds with these three programs. It also hopes that Project Homekey will add the same number of beds for the homeless. Only the first year is considered for funding now. Without state funding and Federal grants, these programs would have to be curtailed also.

## **FINDINGS AND RECOMMENDATIONS**

### **Finding 1**

During the COVID-19 pandemic Project Roomkey demonstrated the value of providing rooms, with appropriate services, for the vulnerable elderly homeless with underlying health conditions.

### **Recommendation 1**

That the Santa Barbara County Board of Supervisors and all city councils within the County establish programs similar to Roomkey in both North and South County to continue to provide rooms, with appropriate services, for vulnerable elderly homeless with underlying health conditions.

### **Finding 2**

Few hotels and motels throughout Santa Barbara County were willing to participate in Project Roomkey.

### **Recommendation 2**

That the Santa Barbara County Board of Supervisors instruct the Santa Barbara County Community Services Department to form an alliance with all city councils within the County to develop a roster of hotels and motels willing to participate in a Roomkey-type program.

### **Finding 3**

Buildings for Homekey conversion have been difficult to locate and acquire.

### **Recommendation 3**

That the Santa Barbara County Board of Supervisors and all city councils within the County identify possible Homekey sites including government owned properties in each jurisdiction.

### **Finding 4**

Project Homekey called upon various Santa Barbara County departments to work together creatively, quickly, and economically to transform a County owned office building into housing for the homeless.

### **Recommendation 4**

That the Santa Barbara County Board of Supervisors instruct the Santa Barbara County Community Services Department to solidify a team to replicate the successful efforts in converting buildings efficiently into housing for the homeless.

### **Finding 5**

Both Project Roomkey and Project Homekey are reliant on short-term or one-time funding from the State and Federal governments.

### **Recommendation 5**

That the Santa Barbara County Board of Supervisors and all city councils within the County develop and implement a plan for funding Roomkey and Homekey-type programs.



## **Finding 6**

The Roomkey and Homekey programs require funding to provide wraparound services for the homeless.

## **Recommendation 6**

That the Santa Barbara County Board of Supervisors direct the Santa Barbara County Public Health, Behavioral Wellness, and Social Services Departments, along with the Santa Barbara County Community Services Department, to explore options for funding for wraparound services.

## **REQUEST FOR RESPONSE**

Pursuant to *California Penal Code Section 933 and 933.05*, the Santa Barbara County Grand Jury requests each entity or individual named below to respond to the enumerated findings and recommendations within the specified statutory time limit:

Responses to Findings shall be either:

- Agree
- Disagree wholly
- Disagree partially with an explanation

Responses to Recommendations shall be one of the following:

- Has been implemented, with brief summary of implementation actions taken
- Will be implemented, with an implementation schedule
- Requires further analysis, with analysis completion date of no more than six months after the issuance of the report
- Will not be implemented, with an explanation of why

### **Santa Barbara County Board of Supervisors – 90 Days**

Findings 1, 2, 3, 4, 5, 6

Recommendation 1, 2, 3, 4, 5, 6

### **City of Buellton – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

### **City of Carpinteria – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

### **City of Goleta – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

**City of Guadalupe – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

**City of Lompoc – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

**City of Santa Barbara – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

**City of Santa Maria – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5

**City of Solvang – 90 Days**

Findings 1, 2, 3, 5

Recommendation 1, 2, 3, 5