



City of Santa Barbara

Office of the Mayor

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February 1, 2022

Randy Rowse
Mayor

Gustavo Lavayen
Presiding Judge
Santa Barbara County Superior Court
312 E. Cook St.
Santa Maria, Ca. 93454

City Hall
735 Anacapa Street
Santa Barbara, CA
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Reference: Response to Santa Barbara County Grand Jury report titled, "Keys to Housing the Homeless" received November 19, 2021.

Mailing Address:
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Honorable Gustavo Lavayen and Grand Jury Foreperson:

Please find attached the City of Santa Barbara's response to the above referenced Grand Jury report. As directed by the Grand Jury, all responses are provided in accordance with Section 933.05 of the California Penal Code.

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Should the Grand Jury have any questions regarding the City's response, or wish to follow up with the City, please contact me, or Interim City Administrator Rebecca Bjork, or City Attorney Ariel Calonne.

Sincerely,


Randy Rowse
Mayor

Cc: Santa Barbara County Grand Jury
City Councilmembers
Rebecca Bjork, Interim City Administrator
Ariel Calonne, City Attorney
Elias Isaacson, Community Development Director
Laura Dubbels, Housing and Human Services Manager

Attachment



Please consider the environment before printing this letter.

City of Santa Barbara's Response to the Santa Barbara County Grand Jury report: The Keys to Housing the Homeless

The City of Santa Barbara's responses below are only to the findings and recommendations that pertain to the City of Santa Barbara as identified in the Grand Jury's Report.

- **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.*

Response to Finding 1: The City agrees with this finding. As the Grand Jury report noted, by October 2021 Project Roomkey had sheltered more than 190 vulnerable individuals to reduce their risk of contracting and transmitting COVID-19. The report also acknowledged that 56 percent of the participants transitioned into permanent housing as a result.

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.*

Response to Recommendation 1: Recommendation has been implemented, but is challenged by insufficient funding allocated directly to the City.

As the Grand Jury report observed, the City of Santa Barbara (City) recognizes the importance of using non-congregate shelter as a tool in addressing homelessness; however, the City does not receive direct funding from federal or state sources to support homeless programs such as Project Roomkey. Rather, state and federal homelessness funds are allocated to the County of Santa Barbara, then shared among the County and all of the jurisdiction cities, leaving North and South County with funds sufficient only for a one-time effort and a single project in their respective regions. Due to the lack of sustained funding allocated directly to the City, it is difficult to establish ongoing programs of this nature. In cases of urgent public safety, the City has used one-time funding to provide Project Roomkey-type interim housing through City Net, a qualified homeless services provider. However, providing the required shelter and support services for such programs is extremely costly, and is impossible to sustain without a steady, ongoing source of direct funding.

- **Finding 2:** *Few hotels and motels throughout Santa Barbara County were willing to participate in Project Roomkey.*

Response to Finding 2: The City agrees with this finding. As stated in the report, the County was able to find only one willing hotel owner despite the pandemic-driven drop in hotel occupancy and the potential to recover lost revenue through Project Roomkey funding. In South County, a small handful of hotel owners have agreed to lease a few rooms for continued interim non-congregate shelter, but have shown no interest in participating in a larger Project Roomkey operation.

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.*

Response to Recommendation 2: Recommendation has been implemented. Members of the Santa Barbara County Board of Supervisors as well as councilmembers and housing staff from each city are participating in a newly formed Elected Leaders Forum to Address Homelessness. Focusing on issues pertaining to regional homelessness, each group is charged with researching and providing information to the other members of the Elected Leaders Forum. Most recently, staff members from each jurisdiction were asked to create an inventory of properties that could be converted to non-congregate shelter for possible Homekey projects. Although City staff partnered with the Housing Authority of the City of Santa Barbara (Housing Authority) to secure potential properties, they were unsuccessful. Hotel owners remain reluctant to provide rooms or sell their property, and there is a general lack of available real estate inventory on the market.

- **Finding 3:** *Buildings for Homekey conversion have been difficult to locate and acquire.*

Response to Finding 3: The City agrees with this finding. Available properties that meet the requirements for a Homekey conversion are extraordinarily rare, sale prices are set at a premium, and multiple bidders compete for available property. Despite these obstacles, the City continues to partner with the Housing Authority to identify sites that could facilitate Project Homekey conversion projects, and communicates with many other developer partners who present viable projects.

Local commercial real estate data provided by the Radius Commercial Real Estate Group for Santa Barbara properties has shown “for the first three quarters [of 2021], sales were up 31% over the same period in 2020.” Residential real estate data retrieved from CoreLogic by Compass Real Estate shows “as of October 2021, the median residential sales price in the City of Santa Barbara is \$1,600,000 (up 7.2% from 2020).” Such high median prices far exceed Project Homekey’s allowance per unit/door.

Given the low inventory coupled with some of the highest property prices in the nation,¹ securing property in Santa Barbara has proven extremely difficult. Moreover, developing a financially feasible project with Project Homekey funding is even more challenging in the City of Santa Barbara, where the property-acquisition price comprises the total project cost, with only a portion of the project covered by the funding.

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.*

Response to Recommendation 3: Recommendation has been implemented. The County and the cities have actively participated in a Project Homekey work group to identify sites that can be converted into housing with state Project Homekey funding. Additionally, the City of Santa Barbara actively worked with the Housing Authority to identify sites that could be acquired and converted into housing under the Project Homekey guidelines; unfortunately,

¹ According to an article dated November 9, 2021, on PropertyShark.com used by real estate professionals, “California has 89 of the 127 most expensive median priced sales’ ZIP codes in the country. Santa Barbara has four of the pricey ZIPS’s with Montecito’s 93108 ZIP coming in at #7 nationally.” Last year, Santa Barbara added three of the ZIP codes that fall within the top 95 of the nation (not just California) to this list.

the Housing Authority's bids were not accepted. The City and its partners will continue to seek Homekey housing-development opportunities, including on City-owned property; however, it is difficult for City staff to maintain a continual presence in the fast-moving real estate market. Real estate industry personnel are most knowledgeable about properties currently for sale and have access to potential properties coming to market.

- **Finding 5:** *Both Project Roomkey and Project Homekey are reliant on short-term or one-time funding from the State and Federal governments.*

Response to Finding 5: The City of Santa Barbara agrees with this finding. The City has no other funding source that has been established or earmarked for ongoing projects of this nature.

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.*

Response to Recommendation 5: Recommendation has been partially implemented due to the lack of available and eligible funding. Local governments have not been given a direct source of funding to implement an ongoing plan for funding Project Roomkey and Homekey programs. The County and the cities are participating in the Elected Leaders Forum to Address Homelessness, whose top priority is identification of funding sources, and members of the City Council are present at all meetings.

The financial impact of the COVID19 pandemic on the City's budget cannot be understated. The City has experienced a significant decline in major revenue sources, including sales tax, transient occupancy tax, and various departmental revenues. Since the pandemic, the City has had to reduce operating expenses, reprioritize major initiatives and capital projects, and redesign and implement new ways to continue serving the public.

The City Council of Santa Barbara does recognize the urgency of the homelessness crisis and has approved several one-time funding allocations from City reserves in the past year (totaling more than \$3.3 million) to provide shelter for homeless individuals:

- On April 13, 2021, the City Council approved \$480,000 for a six-month scattered-site, bridge housing project to address public safety concerns related to homeless encampments in areas such as highway off-ramps and public waterways;
- On June 29, 2021, the City Council approved \$1,600,223.74 as a safety measure for a 120-day bridge housing project with a master lease at the Rose Garden Inn in order to provide shelter for encampment inhabitants in areas deemed high-risk, fire-prone areas by the City Fire Department;
- On October 19, 2021, Council approved an additional \$1,242,987 to extend the Rose Garden Inn project for 90 days with a goal of permanently housing the participants as they have become housing-ready through City Net's program.

In order to implement a continual plan for sustaining these types of programs, the City requires an ongoing funding source, such as a grant entitlement like the HOME Investment Partnerships Program or Community Development Block Grant (CDBG) entitlements, which could be relied upon for an annual allocation.