



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 18, 2025

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Selection of Interim Service Provider for Referral-Based Emergency Shelter Services at 816 Cacique Street [Resolution; Agreement]

RECOMMENDATION: That Council:

- A. Authorize the City Administrator to execute an Agreement with Mercy House Living Centers to provide interim referral-based emergency shelter services at People Assisting the Homeless (PATH) located at 816 Cacique Street in Santa Barbara, subject to approval as to form by the City Attorney; and
- B. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Amending Resolution No. 25-066, Adopting the Budget for Fiscal Year 2026, to Approve an Allocation in the Fiscal Year 2026 Expenditure Appropriations in the Flexible Housing Fund in the Amount of \$750,000 to Fund an Agreement with an Interim Service Provider for Emergency Shelter Services.

EXECUTIVE SUMMARY:

People Assisting the Homeless (PATH) is the current owner and operator of the emergency shelter at 816 Cacique Street in Santa Barbara. In the spring of this year, PATH approached the City of Santa Barbara with the opportunity to purchase the property. While in negotiations on a purchase price, PATH communicated their intent to end programming by December 31, 2025. Given the definitive timeline, the City collaborated with regional partner agencies to distribute a Request for Qualifications (RFQ) to select an interim service provider that could ensure the continuity of care for clients currently at the facility. After reviewing and scoring proposals, as well as interviewing all applicants, the City is recommending the selection of Mercy House Living Centers ("Mercy House") as the most qualified candidate that can step in quickly to facilitate a smooth transition before year-end.

DISCUSSION:

Background

Since 1999, PATH has operated a 100-bed interim housing program for people experiencing homelessness at 816 Cacique Street. The program has reduced barriers to permanent housing through provision of interim housing and support services such as three meals per day, access to showers, bathrooms and hygiene supplies. Beyond basic needs and resources, individuals have received case management and on-site resources such as physical and behavioral healthcare, harm reduction-based substance use counseling, housing location assistance, veteran services, and employment and benefits assistance. From December through March, PATH has also operated as an inclement weather shelter, providing up to 26 additional guests with a warm, safe place to stay during periods of heavy rain or extreme cold (40 degrees or below).

In recent years, PATH has also extended services beyond its Cacique Street facility. PATH operates a Scattered-Site Permanent Supportive Housing Program, which provides long-term rental assistance, coupled with critical supportive services needed to help unhoused individuals with disabilities achieve and maintain housing stability.

The City provided PATH annual funding to support operations since its inception in 1999. Since Fiscal Year 2015, the City provided a total of \$202,100 annually. Starting in Fiscal Year 2023, the City had contracted with PATH to use this funding to reserve up to seven beds for homeless persons referred by City staff, the Santa Barbara Police Department, and the City's contracted street outreach provider, City Net. In advance of Fiscal Year 2026, the City decided to not renew its Agreement with PATH and instead re-directed its resources to Good Samaritan Shelter in support of the Dignity Moves interim housing project in downtown Santa Barbara.

Purchase of the Property and Transition of Service Delivery

In the spring of this year, PATH approached City leadership with the opportunity to purchase the property at 816 Cacique Street. After careful consideration, the City and PATH have agreed on a purchase price. The Purchase Agreement is still being finalized and will be brought to City Council for consideration before the end of the year. The Agreement is also contingent upon the Santa Barbara County Board of Supervisors agreeing to change the Covenant on the property that restricts the purchaser of the property to be a nonprofit shelter provider. A revised Covenant will be brought before the Board of Supervisors mid-December.

In the meantime, PATH communicated to the City its intent to end service delivery at the 816 Cacique Street facility by December 31, 2025. Given the definitive timeline, the City collaborated with regional partner agencies to distribute a RFQ to select an interim service provider that could ensure the continuity of care for clients currently at the facility from

December 1, 2025 through June 30, 2026. The City received four proposals that were evaluated by representatives from the Santa Barbara County Housing and Community Development Division, Santa Barbara County Probation Department, Santa Barbara County Department of Behavioral Wellness, Cottage Health, and the City of Goleta along with City staff.

Interim Service Provider Selection

After reviewing and scoring proposals, as well as interviewing all applicants, City staff is recommending the selection of Mercy House Living Centers (“Mercy House”) as the most qualified candidate that can step in quickly to facilitate a smooth transition before year-end.

Mercy House is a 501(c)(3) non-profit organization headquartered in Orange County, California in the City of Santa Ana. The agency has operated homeless support programs for more than 34 years since it started operations in 1990 and has operated year-round shelters and Navigation Centers since 2017. Mercy House offers shelter, accommodation, and assistance in the counties of Riverside, Los Angeles, Kern, Ventura, and Maricopa, Arizona.

Mercy House has created a system of care based on a blend of both continuum of care and housing first models of ending homelessness. This includes operating a variety of programs ranging from homelessness prevention, emergency services and shelters, rapid re-housing programs, permanent supportive housing, residential services, and affordable permanent housing facilities. The intention of these programs is to address homelessness at every level. From July 2024 to June 2025, Mercy House served 4,139 unduplicated clients and facilitated 622 exits to permanent housing as well as 310 exits to temporary housing or safer destinations.

Mercy House has a long history of successfully engaging both chronically homeless and vulnerable populations in emergency shelter settings. In the care for these populations, the staff use several engagement and case management best practices to help break down barriers to service acceptance. Service engagement includes motivational interviewing, a collaborative, person-centered approach to elicit and strengthen motivation to change and trauma-informed care.

Mercy House is committing that everyone on-site, from the program manager, case managers to logistics coordinators, are all trained to remain focused on the goal of emergency shelter toward housing. This, in turn, will create a shelter culture and environment that continuously reinforces, motivates and inspires shelter guests toward positive outcomes.

- (a) Shelter Services – meeting basic needs such as beds, food, showers, laundry, and larger needs such as computer access, pet services, and personal storage.

- (b) Supportive Services – including, but not limited to, case management, employment services, veteran services, mentoring and life skills, benefits enrollment, transportation assistance, finance education, legal support and resource referrals.
- (c) Housing Services – targeted to provide connections to housing including Housing Navigation, enrollment in the Coordinated Entry System (CES), tenant education and access to rapid rehousing programs.
- (d) Health Services – targeted to meet the acute health needs of shelter guests including disease assessment, respite care, treatment of disease, addiction and behavioral health.

As a 24-hour Emergency Shelter Program, staff will encourage all program participants to stay on-site during the day and take advantage of the services provided them during the daytime hours.

Neighborhood Relations

The selected interim service provider will need to adhere to the Conditional Use Permit (CUP) that has been in place since 1999. Mercy House has a *Good Neighbor Policy* that outlines the organization's commitment to maintaining positive relationships with the surrounding community while operating its emergency shelter programs. Mercy House follows regional best practices and Standards of Care for shelter providers, emphasizing open communication with neighbors, businesses, and local stakeholders. Staff are available during business hours to address public inquiries and complaints, which are logged and promptly investigated. The organization also offers scheduled tours, makes program information publicly accessible, and maintains an informational webpage to promote transparency and community engagement.

In collaboration with local law enforcement, fire departments, and service providers, Mercy House works to minimize the shelter's impact on public safety resources and connects individuals experiencing homelessness with appropriate services. When required by contract, staff-led neighborhood patrols monitor areas around the shelter to ensure cleanliness, safety, and compliance with neighborhood standards including removing litter, addressing loitering, and managing abandoned property. Mercy House is dedicated to being a responsible community partner through cooperation, responsiveness, and proactive engagement with city, county, and community stakeholders.

Mercy House also has a *Neighborhood Outreach and Patrol Policy* that aims to enhance community safety and cleanliness through a staff-led neighborhood patrol team. This team will monitor and provide outreach in the immediate area, engage with residents, and address local concerns. By fostering positive interactions and addressing issues like litter, loitering, and unauthorized parking, this outreach team seeks to create a supportive environment for both program guests and the surrounding community.

City staff are also committed to ensure that the interim service provider has the support they need to address any issues, concerns, or illegal activity outside of the facility. Staff will continue to prioritize this region with regular patrols by the Community Action Team (CAT) and Code Enforcement Environmental Services Division along with regular street outreach conducted by City Net. Eastside Regional Action Plan (RAP) meetings also continue to be facilitated every other Friday for residents and businesses to share their concerns related to people experiencing homelessness to ensure a timely, collaborative response.

Next Steps

As part of the RFQ, the selected interim service provider has agreed to have selected staff on-site at PATH beginning December 1, 2025. This will allow for a 30-day transition period where Mercy House can learn more about the day-to-day operations of the facility and Individualized Service Plans for current clients. It will also allow time for them to engage with referral partners and regional service providers in the Santa Maria / Santa Barbara County Continuum of Care.

The City will be working with regional partner agencies to develop a Request for Proposals (RFP) for a longer-term service provider in early spring of next year. This provides the opportunity for us to collaborate on a more comprehensive, innovative, and sustainable vision for the property and the surrounding neighborhood as well as more adequately determine the level of service delivery that is needed for the unhoused population that receive referrals to this facility. As the interim service provider, Mercy House may submit a proposal in response to the RFP and past performance will be included in the evaluation criteria.

BUDGET/FINANCIAL IMPACT:

The City needs to negotiate the final terms of the Agreement with Mercy House to provide interim referral-based emergency shelter services at PATH Santa Barbara. Mercy House will also need to re-negotiate contracts with several local agencies that currently contract shelter beds at PATH Santa Barbara as those contracts will end on December 31, 2025. Therefore, City staff is recommending an initial allocation of \$750,000 from the Measure I Flexible Housing and Homelessness Fund to address start-up and operating costs until there is a better understanding of the total costs after these contracts are executed. This appropriation will leave \$250,000 in the Flexible Housing and Homeless Fund. City staff will return to Council after the first of the year with a detailed budget and request for additional financial resources to support the remainder of the six-month contract through June 30, 2026.

PREPARED AND SUBMITTED BY: Anthony Valdez, Deputy City Administrator
Barbara Andersen, Sr. Assistant to the City Administrator

APPROVED BY: Kelly McAdoo, City Administrator