

## COUNCIL MINUTES

May 16, 2016

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 16, 2016 at 5:17 p.m.

### COUNCIL PRESENT

John Giles  
Christopher Glover  
Dennis Kavanaugh  
David Luna  
Dave Richins  
Kevin Thompson

### COUNCIL ABSENT

Alex Finter

### OFFICERS PRESENT

Christopher Brady  
Jim Smith  
Dee Ann Mickelsen

Mayor Giles excused Councilmember Finter from the entire meeting.

#### 1. Review items on the agenda for the May 16, 2016 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

#### 2-a. Hear a presentation, discuss and provide direction on an update of the recent HUD policy decision to defund, effective as of February 1, 2016, approximately 50% of "Tier II" housing programs across the United States, including the House of Refuge East Valley transitional housing program.

Deputy City Manager Natalie Lewis stated that on May 2, 2016, the Maricopa Association of Governments (MAG) Continuum of Care Regional Committee on Homelessness received notice from the U.S. Department of Housing and Urban Development (HUD) that the "Tier II" housing program awards had been announced. She explained that across the country, approximately 50% of the transitional housing programs were defunded or severely reduced by HUD. She stated that HUD has elected to focus its funding efforts on permanent supportive housing and Rapid Rehousing, which is similar to Mesa's Veterans Affairs Supportive Housing (VASH) voucher program.

Ms. Lewis remarked that although HUD's decision was not unexpected in the region, it was the manner in which it was carried out that has been very troublesome. She noted that just in the

Phoenix metro area, eight programs were defunded, including Mesa's House of Refuge East Valley transitional housing program, which currently houses 77 families (91 adults, 165 children). Ms. Lewis reported that as of February 1, 2016, the House of Refuge's contract with HUD expired, which has resulted in the facility "floating" the funds for the last four months that it expected to receive from HUD. She said that now that the facility has learned it was defunded retroactively as of February 1<sup>st</sup>, it finds itself in an extremely difficult situation.

Ms. Lewis introduced Nancy Marion, Executive Director of the House of Refuge, and Charles Sullivan, representing the Arizona Behavioral Health Corporation, who were prepared to respond to any questions the Council might have.

Ms. Lewis further indicated that earlier today, she attended an emergency meeting of the MAG Continuum of Care Regional Committee on Homelessness. She explained that the Committee endeavors to draft a statement that would focus on the funding crisis with HUD in metro Phoenix, and Mesa in particular; address the impact that the retroactivity has placed on the community, and most importantly on the House of Refuge; and, at a minimum, demand the implementation of a reasonable plan in order to transition the families to alternative housing.

Ms. Lewis commented that the Committee would also like to create a strategy team, potentially comprised of four to eight local agencies that have been impacted by HUD's decision, as well as other funding entities. She stated that the goal of the team would be to consider what reasonable actions could be taken with regard to the crisis at hand and also assess the availability of resources on a regional basis that could be utilized to assist the families during the relocation process. She added that the Committee would propose to engage in ongoing discussions to address the manner in which the funding cuts would impact "the bigger system," since it was anticipated that HUD will defund additional programs in the future.

Ms. Lewis stated that at this point in time, staff would recommend seeking funds on a regional basis from as many available sources as possible. She explained that the City of Mesa has \$60,000 in Human Services funding, which was originally intended for staffing to manage the Human Services program, which could be set aside for the House of Refuge. She further noted that several Councilmembers have suggested utilizing the \$50,000 in additional Human Services funding that was appropriated this year.

Ms. Lewis additionally remarked that the City of Mesa has approximately \$44,500 in Emergency Shelter Grant (ESG) funds that were divided between Save the Family and A New Leaf for Rapid Rehousing programs. She explained that if it were the direction of the Council, those dollars could be dedicated to the House of Refuge residents. She pointed out, however, that one caveat that should be considered is the fact that many of the House of Refuge residents are chronically homeless. She explained that the Rapid Rehousing monies are not meant for chronically homeless individuals who require supportive services, but rather families who are homeless and need temporary assistance in order to obtain housing. She indicated that as a result, it would be necessary for staff, the House of Refuge and the regional partners to assess how those House of Refuge residents who fall into that category might qualify to receive a portion of those funds.

Ms. Lewis remarked that another step that the Council and the City of Mesa can take is to make the public aware of this crisis and the fact that there are families in the community who are in desperate need of alternative housing.

Responding to a question from Councilmember Richins, Deputy City Manager Scott Butler clarified that the City of Mesa has received a tremendous response from its Congressional

delegation, including Congresswoman Kyrsten Sinema and Congressman Matt Salmon. He explained that the Congressional delegation has expressed profound disappointment that not only did HUD overrule the local planning agencies in terms of their funding recommendations, but also did not consider alternative options to assist facilities, such as the House of Refuge, in this regard.

Mr. Butler further commented that the reason for HUD's action has shifted, first with the idea that the MAG Continuum of Care Regional Committee on Homelessness made the decision; that when the Congressional delegation refuted that allegation by producing the submitted documentation demonstrating the region had, in fact, requested funding for the previously-mentioned eight programs, HUD backtracked and blamed the House of Representatives Appropriations Committee for making the decision.

Mr. Butler, in addition, remarked that the Congressional delegation subsequently conducted a review of the FY 15/16 federal budget and determined that the document did not contain any revised language that would have directed HUD to award funds for permanent housing, as opposed to transitional housing, or overrule the local communities' funding recommendations. He added that the eight programs in the region that have been impacted by HUD's decision will lose approximately \$2.6 million in funding.

In response to a question from Councilmember Luna, Ms. Lewis explained that at the present time, the House of Refuge has sufficient funding to continue its program through the middle of June. She also commented that some of the residents have already been served eviction notices.

Responding to a question from Councilmember Richins, Ms. Marion clarified that the House of Refuge was issued the homes as part of a conveyance through the U.S. Department of Health and Human Services when the former Williams Air Force Base was decommissioned. She pointed out that in order for the House of Refuge to operate the transitional housing program, it was necessary to fund the support services and operational costs.

Mr. Sullivan further responded that the HUD grant was used to pay an estimated \$100,000 in utility costs in order to keep the houses operational. He said that amount equates to approximately half of the total utility costs for the entire property.

Mayor Giles commented that this issue was very troubling and stated that the federal government's handling of this matter is "beyond disappointing." He noted that the way in which to address homelessness is not to create homelessness. He expressed appreciation to Mesa's Congressional delegation for their efforts, concern and dedication thus far in this process.

Mayor Giles remarked that it was his understanding that there was an opportunity for the City to ask for an extension of the implementation of HUD's decision and stressed the importance of the Council drafting a letter in support of that position. He said that he and his fellow Councilmembers were also supportive of continuing to encourage Mesa's Congressional delegation to "apply some pressure" to HUD to implement an extension. He acknowledged that one can debate whether HUD's decision was correct or not, but noted that the manner in which this decision was made is not debatable and could not have been implemented in a worse way.

Vice Mayor Kavanaugh pointed out that A New Leaf, another Mesa-based organization, was also significantly impacted by HUD's decision and will lose \$326,000 in funding for its transitional living program. He pointed out that those who work in the Human Services field knew HUD's decision was coming and added that the reallocation of funding to these other types of programs was clearly expressed by the Congress as its preference.

In response to a question from Councilmember Thompson, Ms. Marion explained that the House of Refuge was in the process of discussing a transitional housing plan for the residents, but noted that a secondary barrier was the lack of housing inventory. She reported that the residents pay 30% of their adjusted gross income, with only 10% paying over \$500/month for rent and utilities. She stated, therefore, that only 10% of the residents, even if there were available inventory in the open market, could possibly find housing. She indicated that with respect to the remaining 90% of the residents, possible options might include placing their names on waiting lists or being moved ahead of other families on waiting lists.

Responding to a question from Councilmember Thompson, Ms. Lewis stated that four veterans reside at the House of Refuge, but noted that all of the City's VASH vouchers have been spoken for at this time.

Discussion ensued relative to the fact that Mesa United Way has been very responsive to the crisis impacting the House of Refuge; and that there was a possibility that the organization would be able to assist with rental deposits or utilities for those residents who transition to alternative housing.

Ms. Marion stated that the House of Refuge, which is located at 5935 East Williams Field Road, will host a meeting tomorrow night and invited members of the community to attend and offer their support. She explained that for \$30/day, a citizen could fund a family for \$900/month.

Mr. Butler remarked that it was important to note that former Councilwoman Claudia Walters has been instrumental in the City's outreach to Mesa's Congressional delegation and demonstrated that such outreach is broad-based throughout the community.

Mr. Sullivan commented that the extension, as previously mentioned by Mayor Giles, was based on whether there are remaining HUD dollars in the grant in order to extend the timeframe under which the program operates. He explained that the House of Refuge has always expended all of its HUD funding and sought out additional monies in the community to cover costs. He added that at this point in time, Arizona Behavioral Health Corporation has floated and will be floating approximately \$300,000 to the House of Refuge due to the fact that no funding from HUD is anticipated in the foreseeable future.

Mayor Giles stated that it was his understanding that the House of Refuge program costs between \$90,000 and \$95,000 per month. He noted that even if the City of Mesa stepped in and tried to help the facility with funding, it would only be able to assist for a limited period of time.

Ms. Marion acknowledged that this was not a replacement of funding for the House of Refuge, but rather emergency dollars in order to provide the facility some time in which to find safe housing for its residents. She reiterated that it was a short-term approach to address a long-term issue.

Mayor Giles thanked everyone for the presentation and stated that he looked forward to hearing an update on this issue in the near future.

3. Acknowledge receipt of minutes of various boards and committees:

3-a. Economic Development Advisory Board meeting held on April 5, 2016.

It was moved by Councilmember Glover, seconded by Councilmember Luna, that receipt of the above-listed minutes be acknowledged.

Mayor Giles declared the motion carried unanimously by those present.

4. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, May 19, 2016, 7:30 a.m. – Study Session

Friday, May 20, 2016, 7:30 a.m. – Coffee with Vice Mayor Kavanaugh, Fiesta District Police Station

6. Adjournment.

Without objection, the Study Session adjourned at 5:41 p.m.

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JOHN GILES, MAYOR

ATTEST:

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DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 16<sup>th</sup> day of May, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

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