



City Council Report

Date: July 3, 2023
To: City Council
Through: Chris Brady, City Manager
From: Natalie N. Lewis, Deputy City Manager
Subject: Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with Maricopa County to accept \$4,000,000, to be applied towards the purchase price of a hotel at 6733 East Main Street (District 2 and citywide)

Purpose and Recommendation

Approve a Resolution to authorize the City Manager and/or his designee to enter into an Intergovernmental Agreement between the City of Mesa and Maricopa County to accept \$4,000,000 in County federal funding to apply toward the proposed purchase of a hotel at 6733 E. Main Street, Mesa, AZ. The hotel would be used for a longer-term solution for the emergency housing program “Off the Streets,” which provides emergency housing and services with priority, as possible, offered for Mesa’s most vulnerable (i.e., women, youth, seniors and people with disabilities).

Background

Like Mesa, Maricopa County was directly allocated Local Resource and Recovery Act funding, as part of the American Rescue Plan Act (ARPA). Earlier this year, the County issued a request for interest that included local jurisdictions to identify emergency or transitional temporary housing programs that the County could support through a contribution of the County’s ARPA allocation. The County’s goal is to support the long-term implementation of programs that began during the pandemic in order to ensure that the region’s supply of temporary housing infrastructure is sustained and/or grows.

Mesa submitted a proposal to invest County ARPA funding toward the proposed purchase of a hotel in Mesa, and the County has allocated \$4M toward the purchase. If purchased, pending approval of a Council Use Permit this fall, the hotel would become a longer-term solution for the City’s Off-the-Streets Program (OTS), which provides emergency housing and wrap around services to people experiencing homelessness in Mesa. In particular, OTS allows for priority placement for referrals from Mesa’s Police and Parks Rangers as well as more vulnerable homeless populations, including women, minors, seniors 65+ and people with disabilities. In 2022, four out of five participants in the program represented these more vulnerable populations.

Discussion

OTS has become a critical ‘pre-shelter’ component to the City’s overall strategy to address homelessness, called the “Housing Path to Recovery.” OTS provides low-barrier, emergency housing and prioritizes placement for Mesa’s most vulnerable. Since May 2020, through the use of federal funding, Mesa has served more than 1,650 individuals who utilized leased hotel rooms through the OTS program. There are currently 85 rooms rented that are dedicated to this program.

Of those 1,650 clients, approximately 74% have ‘graduated’ by exiting the program. When people exit the OTS program, each person has a different path. Many go to a more traditional congregate shelter or group home with a stable environment that allows the client to establish a housing plan with a caseworker and continue to address health and safety needs. Others make significant progress in our OTS program and are in need of the next step in independence – transitional housing. Transitional housing continues with built in structure but more independence while clients build work and credit history, establish savings and connect to rental assistance, housing vouchers or other long-term solutions for attainable housing. And eventually, the goal is that individuals are able to seek independence from social services and be able to afford housing at market rates.

The County’s grant, if accepted by the City, would provide the first \$4M toward the \$7.44M negotiated purchase price for the hotel and for the OTS programs low-barrier, emergency housing purpose.

If the City is successful in purchasing the hotel and the City decides that it is no longer an advantage for to own the hotel, the City would have these options:

- Transfer the property to a local non-profit for program and use continuance and to meet the 10-year commitment to the County.
- Sell the property and return the \$4M back to the County and any other proceeds back to the federal government as required per the funding source, if the time to use the funding has expired.

Alternatives

Without this grant funding approved, the City still has the option to fully fund the hotel purchase using ARPA funding that were directly awarded to the City, though the City would then have fewer funds remaining for tenant improvements or using remaining funding for other eligible programs, such as transitional housing.

Fiscal Impact

There will be no fiscal impact to the City’s General Fund.