



City Council Report

Date: May 15, 2023
To: City Council
Through: Christopher J. Brady, City Manager
From: Natalie Lewis, Deputy City Manager
Lindsey Balinkie, Community Services Deputy Director
Subject: Resolution to Authorize the Execution of Necessary Documents for the Purchase of Real Property and Improvements at 6733 E. Main Street, Mesa.

Purpose and Recommendation

Approve resolution to authorize City Manager to enter into and execute an agreement for the purchase of The Grand Hotel at 6733 E. Main Street for the negotiated amount of \$7,440,000 plus costs using Coronavirus State and Local Fiscal Recovery Act funding that was allocated to the City of Mesa and authorizing the entering into any program relocation documents.

The Purchase Agreement includes language that requires City Council approval of a Use Permit before closing. The Council Use Permit is necessary to allow the hotel to be used for a social service.

Background

This proposed asset purchase is to provide a longer-term solution for the City's Off the Streets (OTS) program, a temporary, emergency housing project to house/stabilize individuals and families being evicted from housing, who are homeless, and particularly focused on the most vulnerable populations in Mesa, including those over the age of 62, families with children and those with disabilities.

OTS is the first step of City of Mesa's Housing Path to Recovery and Stability (see attachment). The program was launched in 2020 in northeast Mesa during the pandemic. After 2+ years, a strong partnership between City of Mesa and Community Bridges, Inc. (CBI) has developed, and the program continues to improve and demonstrate success. Since May 2020, close to 1500 individuals and families have participated, of which:

- Most have one or more disabilities, i.e., physical (40%), mental developmental (38%) and/or addiction (28%).
- 12% are aged 62+
- 18% are youth underage 17
- 28% report fleeing domestic violence or being victims/survivors
- 4% are Veterans

- Most common reasons for homelessness in Mesa are due to an unsafe environment (43%) or financial/unemployment (39%).
- 68 days—average days for participants to advance on to next step in housing
- 74.5% of clients successfully advance from program to more stable housing

How Off the Streets (OTS) works:

OTS is a temporary housing program with strong support services offered by CBI. The goal is to help people stabilize and to create a housing plan toward independence. Here are the general steps OTS program participants experience.

- Participants are referred by Mesa first responders, Maricopa County Continuum of Care or non-profit partner.
- OTS is a closed campus model; no walk-up or drop-in service allowed.
- Mesa's most vulnerable and referrals from Mesa first responders are given priority placement to the extent possible
- This program is a tool to allow for urban camping enforcement.
- CBI provides day and night oversight and case management and connects people to off-campus services
- Program participants must adhere to rules, commit to completing their recovery responsibilities, and agree to work with CBI on their housing plan
- Temporary housing is provided up to 90 days based on positive progress on housing plan and adherence to OTS program rules. The City can extend the timeline, but only for special circumstances and where progress is clear.
- Participants agree to a drug-free environment, no room visitors, curfews, required recovery services and housing stability planning, as well as mandatory life skills and job training
- Those who choose not to follow the OTS rules, or who refuse to participate in recovery services are removed from the program
- On a typical day, rooms are full and program serves approximately 120 people
- Those who have been in the program for more than 75 days are the focus for advancement onto next housing placement.
- Dedicated, onsite police (day and night) ensure the OTS program's campus offers a secure and welcoming environment. This allows for police to prevent or immediately address safety concerns for clients, staff or the surrounding community. The surrounding area may notice heightened Mesa PD presence.

Council Use Permit (CUP): One of the conditions for using the hotel for OTS will be the approval of a Council Use Permit pursuant to the Mesa City Code for the intended use of the property as a "Social Service Facility" as defined in the City's Zoning Ordinance. The current owner has officially approved the CUP process to be pursued by the City and on the owner's behalf. The process will be public, transparent and include multiple options for residents and/or business involvement.

A good neighbor policy will be a stipulation within the CUP process. The City will work with the surrounding community to finetune and strengthen the policy. Here are examples for how the City can be a good neighbor:

- The City will work with our partner CBI to help approach existing individuals experiencing homelessness in and around the hotel area before we even begin the program.

- Mesa PD will collaborate with surrounding residents and businesses and CBI to assess and lawfully help to address current and/or future public health and safety concerns, and trespass enforcement.
- The look and feel of the existing property will be maintained or improved. The City will look at opportunities to improve the right-of-way, lighting, security, adding trees and vegetation to the campus, and will keep it clean and well maintained.
- Fencing will be designed to delineate/secure campus.
- Daily CBI checks participant rooms. No room visitors allowed w/o written permission of CBI.
- Curfew for program participants is enforced by CBI.
- OTS is a referral-based program with no walk-up or drop-in services.
- CBI will transport participants off-campus for most health/social services.
- The city will provide police presence on-site day and night to help support the safety of staff and clients in crisis, and also to help surrounding community feel more comfortable and secure.
- The City and CBI will continue community engagement during this process and throughout the program's existence. The nearby businesses and residents will be provided clear communication channels in order to ask questions or request assistance.

Discussion

The City is committed to working with area businesses and residents on solutions that help the area remain strong and economically vibrant. We are confident that if the community works in partnership with the City, and based on results of the program to date, the OTS program provides the structure and partnerships to support successful program while minimizing neighborhood impact.

Here are the primary reasons why this hotel and its location fit the City's needs:

- 1) **Citywide services.** The City's goal is to provide all kinds of housing and services citywide, and not concentrated in one area of our City.
- 2) **Connection to Regional Transit:** This location is within walking distance to regional transit connections throughout Mesa and the Valley
- 3) **Right size. Right location.** The City does not want to get so large a location as to overwhelm our capacity to provide unique and targeted services to the people in the program in a safe environment, nor do we want the location of the program to unintentionally overwhelm any area of our city. This hotel has 70 rooms, of which can be reconfigured to add more beds without overwhelming the area. It is located in east Mesa, and is only two miles from the current location, which will help with seamless transition.
- 4) **City Council Authority and Control:** The City will own this asset. As such, the City Council has the authority to reduce, eliminate or relocate the program as it deems necessary. Staff currently proposes that the City operate at this location for the next 5-10 years; however, the timeline rests with the City Council's authority.

Alternatives

Approve resolution to authorize the City Manager to enter into a purchase agreement and documents for program relocation. This is the staff recommendation. A request for a Council Use Permit will be brought to the City Council this fall. The Council Use Permit must be approved prior to closing.

Take no action or deny the request. This action would result in the City losing its ability to purchase the hotel. The City would continue to lease rooms from the current hotel or others, as federal funding is available.

Fiscal Impact

The negotiated purchase price is \$7,440,000, plus hotel and campus improvement costs. The City is currently in the process of developing an Intergovernmental Agreement with Maricopa County. The County has set aside \$4m of its ARPA funds to contribute to this hotel purchase; using these funds will require us to commit to the same use for a time period. The City's budgeted ARPA funds and/or general funds will cover remaining costs. The proposed tenant improvements to meet good neighbor stipulations and estimated costs/timeline to defined during the due diligence period. Anything purchased with federal funding also provides relocation benefits to the hotel seller.

Coordinated With

Community Services, Mesa Police Department, and with the City's partner, CBI.

Attachments

Resolution

Housing Path to Recovery

Mesa's Strategy to Address Homelessness and Housing Stability



RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA,
MARICOPA COUNTY, ARIZONA, APPROVING AND
AUTHORIZING THE PURCHASE OF THE REAL PROPERTY AND
IMPROVEMENTS LOCATED AT 6733 E. MAIN STREET, MESA,
ARIZONA, AND AUTHORIZING THE EXECUTION OF
NECESSARY DOCUMENTS FOR THE PURCHASE**

WHEREAS, pursuant to the powers of the City to acquire property set forth in Section 101 of the Mesa City Charter, the City Council has determined that it is appropriate for the City to purchase the real property and improvements located at 6733 E. Main Street, Mesa, Arizona, 85205.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF MESA, MARICOPA COUNTY, ARIZONA AS FOLLOWS:**

Section 1: The City Manager or his designee is hereby authorized and directed on behalf of the City of Mesa to execute the necessary documents, including a purchase and sale agreement, for the City to acquire for the purchase price of \$7,440,000 the real property and improvements located at 6733 E. Main Street, Mesa, Arizona, 85205 (APNs: 141-58-014, 141-58-015, 141-58-016, 141-58-017, 141-58-018 and 141-58-019) that is legally described in **Exhibit A** attached hereto and made a part hereof. The City Manager or his designee is further authorized to execute any amendments or modifications to such documents related to the purchase of the property.

Section 2: The City Clerk is authorized and directed to attest to the signature of the City Manager or his designee on the documents referenced in Section 1, including any amendments or modifications thereto.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County,
Arizona this 15th day of May, 2023.

APPROVED:

Mayor

ATTEST:

City Clerk

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Lots 1 through 6, Block 2 of AMENDED PLAT OF DESERT WELLS, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 38 of Maps, Page 3.