



PHOENIXIDA

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# Item 5



## City of Phoenix

**To:** Phoenix IDA Board

**Date:** January 8, 2024

**From:** Titus Mathew  
Housing Director

**Subject: COMMUNITY DEVELOPMENT FUND REQUEST HOTEL FOR HOMELESS VETERANS**

### **Mission/Vision**

The City of Phoenix Housing Department's mission is to provide quality affordable housing and a pathway to self-sufficiency. Phoenix Housing manages the City's public housing properties, affordable housing properties, affordable housing development, the Section 8 Housing Choice Voucher program, and resident supportive services.

### **Project Description**

In 2020, the City of Phoenix purchased a vacant 4 story, 174 room hotel at 12027 N. 28<sup>th</sup> Drive to provide a new location for the United States Veterans Initiative (U.S. VETS) and allow them to continue providing transitional and permanent supportive housing for homeless veterans in Phoenix. US VETS was operating out of a hotel on Grand Avenue and had lost their lease. The vacant hotel is currently owned by Phoenix Housing with the long-term goal of transferring ownership to U.S. VETS via lease-purchase.

The vacant hotel required extensive renovation and remodel work to create housing units that met the Veteran's Administration inspection requirements for transitional housing. The construction and renovation work both caused and revealed unforeseen repair work that extended the time between acquisition and occupancy. Both the City and U.S. VETS have had to find significant additional funding to pay for the work, repairs, and maintenance of the building as it continued to sit vacant. In addition, U.S. VETS had to raise funds for alternative office space and housing to continue operations while waiting for occupancy.

Currently, the renovation is experiencing a shutdown due to the plumbing system malfunctioning throughout the building. In addition, the roof has had several leaks during the rains. Phoenix Housing is requesting up to \$120,000 from the Phoenix IDA's Community Development Fund to conduct a speedy and comprehensive plumbing and roof assessment for the hotel. Once the assessments are completed, Phoenix Housing will reallocate funding and manage the repair and construction work necessary for

certificate of occupancy. The Housing Department is also seeking an additional \$50,000 for local project management services to assist the US Vets in managing vendor performance and ensuring compliance with project scope for a total grant of \$170,000.

### **Need for the Project**

The Maricopa Regional Continuum of Care's 2023 Point in Time Count showed that homelessness in the region grew 7%, when compared to 2022. Amongst Veterans, this figure increased 20% since last year. Currently, U.S. VETS serves an average of 270 clients via transitional housing each quarter, providing them with access to housing and emergency supplies, and then supporting their longer-term housing and wellness goals. Clients served represent all branches of military service, and close to half identify as part of a community of color, more than half report experiencing mental health issues, and about one-quarter experience substance use challenges. U.S. VETS' strategy for the future includes expanding its organizational capacity in line with the growing demand for services for unhoused Veterans. To achieve this, U.S. VETS is transitioning to its new site and investing in the facility's full renovation so that it meets the unique needs of Maricopa County's Veteran community.

### **Population to be Served.**

Homeless veterans and their families

### **Goals Objectives and Strategies**

U.S. VETS' transitional housing programming is designed to provide Veteran clients with the community and resources needed to thrive in civilian life. U.S. VETS – Phoenix offers case management, mental health counseling, job assistance, transportation, social activities, meals, and other wraparound support. U.S. VETS' service delivery model focuses on individualized support, addressing the unique needs of Veterans and their families in a therapeutic community. Each Veteran is assigned a case manager to guide them through their journey from homelessness to permanent housing. U.S. VETS can provide a majority of services on-site. Importantly, U.S. VETS also leverages community partnerships to ensure Veterans have a full range of specialized services available to them, including those not provided in-house by U.S. VETS.

### **Projected Outcomes and Related Indicators**

Completion of this work will lead to the availability of 162 transitional housing units for Veterans in Maricopa County. U.S. VETS will house approximately 270 Veterans through its transitional housing program, each quarter. Veterans will be served by the program for an average of 100 days. U.S. VETS will leverage its housing units on-site (once completed) and those scattered in the County, its CoC partnerships, the HMIS system, and its comprehensive suite of services to identify Veterans in need, match them with housing opportunities, and develop paths toward their long-term housing stability. Approximately 55% of clients will transition to permanent housing each year.

### **Collaborative Partners**

U.S. VETS is an active member of the Maricopa Regional Continuum of Care and refers and accepts referrals from partner agencies. U.S. VETS is involved in the local Point-In-Time Count, utilizes the Homeless Management Information System (HMIS), and is part of the Coordinated Entry System. U.S. VETS also has long-standing relationships with other service providers that can support the Phoenix Veteran population, including local U.S. Department of Veterans Affairs (VA) offices, other dedicated veteran services

organizations, providers from regional mental and medical health networks, substance use disorder support centers, and justice entities. These collaborations minimize duplication of services and maximize resources for Veterans in the community.

### **Implementation Plan**

The \$50,000 will allow the Phoenix IDA to immediately engage a local contractor to oversee repair work currently being performed. The \$120,000 grant will allow the Phoenix IDA to directly contract with Phoenix Housing's preferred plumbing vendor and roofing contractor to bypass a lengthy procurement process. Phoenix Housing will then use the assessment to formulate a comprehensive scope of work to put out to bid.

### **Sustainability**

U.S. Vets receives per diem payments from the US Veterans Administration to pay for operations providing housing and services for homeless veterans. In addition, U.S. Vets receives grants/funding from state and local governments and foundations to supplement operations and services.

### **Budget**

The final cost of the plumbing and roof repair work is unknown. Phoenix Housing currently has \$3 million in ARPA funding set aside to complete work on this hotel. In addition, U.S. Vets is fundraising and has applied for a grant from the State Department of Housing for \$5 million in capital and \$1.25 million for operations.

### **Council District/City Council letter of support**

#### **Contact Name**

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**To:** Phoenix Industrial Development Authority  
PO Box 10439,  
Phoenix, AZ 85064  
Attn: Juan Salgado

**Date:** January 10, 2024

**From:** Ann O'Brien  
District 1 Councilwoman

**Subject:** Letter of Support for Request for Funding for US Vets

Dear Mr. Salgado:

On behalf of the City of Phoenix Council District 1, this letter is submitted to indicate full support for the City of Phoenix Housing Department's (COPHD) request for \$170,000 for the plumbing study/investigation, roof assessment and provide management services on behalf of the US Vets.

U.S. VETS' transitional housing programming is designed to provide Veteran clients with the community and resources needed to thrive in civilian life. U.S. VETS – Phoenix offers case management, mental health counseling, job assistance, transportation, social activities, meals, and other wraparound support. U.S. VETS' service delivery model focuses on individualized support, addressing the unique needs of Veterans and their families in a therapeutic community. Each Veteran is assigned a case manager to guide them through their journey from homelessness to permanent housing. U.S. VETS can provide a majority of services on-site. Importantly, U.S. VETS also leverages community partnerships to ensure Veterans have a full range of specialized services available to them, including those not provided in-house by U.S. VETS.

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The \$170,000 grant will allow the Phoenix IDA to directly contract with Phoenix Housing's preferred plumbing vendor and roofing contractor. COPHD will then use the assessment to formulate a comprehensive scope of work to put out to bid.

Sincerely,

