



PHOENIXIDA

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## Item 6



**MEMORANDUM**

**DATE:** April 18, 2024  
**TO:** Members of the Board of Directors  
**FROM:** Cindy Stotler, Housing Director  
**SUBJECT:** Mercy House - Senior Bridge Grant / Partnership with Steel & Spark

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**BACKGROUND**

Steel & Spark is a small local business whose team has been designing and building innovative architecture since 2005. They have designed and constructed multiple site-built container projects throughout the Phoenix metro area, including Containers on Grand; the first multi-family container development in the United States built in 2015, the Oscar, Churchill, Freight, and IDA on McKinley; the tallest shipping container building in North America.

In addition to their site-built projects, Steel & Spark collaborated with the Arizona Department of Housing and the City of Phoenix to bring SPARKBOX to the world as a housing demonstration for Superbowl LVII in Phoenix. Sun-powered by day, battery-powered by night, the SPARKBOX does not need utility connection or on-site construction. The one bed/bath SPARKBOX is equipped with an incinerator toilet, saving 2000 gallons of water per person, per year. It also features Solarban gray glass, spray foam insulation, LED lighting, and hidden mini split for year-round heating and cooling.

With the ability to be used off-grid, the SPARKBOX units have the potential to answer a variety of housing needs including transitional housing, parents aging-in-place, supportive space for family members with special needs, and workforce housing. Given the significant shortage of housing in Phoenix and across the state, the hope is to encourage others to grow their businesses by adopting fast-to-market, environmentally sensitive, innovative technologies.

Most recently, Steel & Spark delivered four SPARKBOX “X-Wings” to the City of Phoenix which provide 80 beds in the form of non-congregant emergency transitional shelter units. The SPARKBOX X-WINGS are off-grid factory-built buildings that set up in 8 hours powered by the sun by day and lithium battery by night. These X-Wings were designed for the Phoenix environment. They are fully insulated and air conditioning for each unit is provided via a central AC unit in the center of the X-Wing. The technology in the X-Wings was tested and proven successful during summer 2023, when Phoenix experienced one of the hottest summers ever recorded.

Steel & Spark’s container projects have garnered national attention for design and innovation. Their apartment projects Containers on Grand, the Oscar, and IDA on McKinley revolutionized the use of containers for multi-family housing in Phoenix. Each of their five metro Phoenix container projects are highly unique, include many sustainable elements, and are attractive and

desirable to tenants. In 2023, they exhibited the SPARKBOX on the National Mall at the US Department of Housing and Urban Development's Innovative Housing Showcase. When the X-WINGS were placed on homeless shelter sites, they received local and national attention for architectural and technological innovation, and also for creative urban planning and social responsibility. Most recently in March 2024, the SPARKBOX and X-WINGS won a prestigious South by Southwest Innovation Award in Urban Design.

## **THE PROJECT**

The SPARKBOX X-WINGS were Steel & Spark's first endeavor at designing dignified, sustainable, and innovative housing units for homeless persons. These are currently being used as shelter units on two homeless campuses in Phoenix. The Senior Bridge project is an expansion of the X-Wings, designed for a longer, transitional, stay while preparing the resident for a return to permanent housing.

Senior Bridge is a partnership of public and private entities including the State Department of Housing, the City of Phoenix, Steel & Spark, Mercy House, and the Garcia Family Foundation, to provide 40 non-congregate, 1 bed / 1 bath transitional housing units for homeless Seniors (55+). These individual units will provide safe, dignified, individual space for homeless seniors to stabilize and access services to improve their economic, physical, and emotional well-being as they prepare for permanent housing.

All 40 units will be built using re-purposed shipping containers. The units will be configured and landscaped to provide a unique, safe, and innovative community for homeless seniors. Amenities include 24 hr. supervision, on-site navigation services, dog run, landscaped community space, and on-site parking. Each 160 square foot unit will contain an ADA Accessible en-suite bathroom and a small kitchenette. Fully powered by solar panels and lithium batteries, this technology will eliminate the largest operating expense for the site.

These non-congregate units are phase one of a two-phased community that will include permanent apartment-style housing to provide continuum of housing on the same site. This beautifully designed project is intended to demonstrate how a small, regional homeless shelter combined with affordable housing can seamlessly blend into a neighborhood while providing a healing, supportive community for its vulnerable residents.

Senior Bridge is located at 2853 E. Van Buren in Phoenix City Council District 8. Councilwoman Hodge Washington voiced her enthusiastic support at the March 26<sup>th</sup> City Council Policy Meeting when this project was discussed.

Approximately (50) Permanent apartments will be constructed on the Senior Bridge site as Phase Two. This will create a strategic continuum of housing that will lead to greater long-term success. The strategy is based on experience with residents being moved to permanent housing and still needing support to live independently and maintain that housing. Having this continuum on-site, adjacent to the transitional housing, provides the client with a better chance of success.

## **COMMUNITY AND SOCIAL IMPACT**

Senior Bridge will serve homeless seniors aged 55 and older. Arizona has an older population due to the large retirement population and, with their fixed incomes, they are being priced out of the rental market.

More than 2,000 people aged 55 and older are experiencing homelessness in Maricopa County, according to data collected during the January 2023 point-in-time count. Large congregate shelters such as the Homeless Services Campus do not provide a stable, healing environment, especially for seniors. In addition, they can be a burden on the surrounding community as homeless persons across the region congregate there for shelter, food, and services. Small, specialized regional shelters are far more successful in stabilizing homeless residents by providing an individual unit in a secure and nurturing community. Additionally, small, closed-campus, regional shelters can blend better into neighborhoods, causing less disruption and anxiety for residents. Senior Bridge is designed to successfully demonstrate this concept and be replicated in other locations in Maricopa County.

## **PLAN OF FINANCING**

### Phase One

Senior Bridge was awarded a \$6,250,000 grant by the Arizona Department of Housing. The land for Senior Bridge and the construction and placement of the container housing is funded by \$5 million from the Arizona Department of Housing's grant and \$750,000 from the City of Phoenix. Mercy House will be operating and managing Senior Bridge as well as providing comprehensive wrap-around supportive services to homeless seniors residing at Senior Bridge. Operations will be funded with \$1,250,000 from the Arizona Department of Housing's grant, \$500,000 from the Garcia Foundation and Mercy House has requested \$1 million from the Phoenix IDA to support three years of operations at Senior Bridge.

### Phase Two

Steel & Spark has plans for approximately 50 apartment units to be built on the same site and rented to seniors 55 and older as permanent housing. These units will also be fully solar powered, utilizing the same technology as SPARKBOX, X-WINGS, and Senior Bridge. The amenities and services provided for the transitional housing residents will be available to the permanent residents, as needed, to facilitate successful, independent living. These apartments will be rented to seniors as affordable housing for incomes equal to 60% AMI and below. This phase will be constructed with a combination of grant funding and conventional loans. The Phoenix IDA will work with Steel & Spark to identify financing and a possible loan participation opportunity for this second phase.

### Future Projects

Senior Bridge is a demonstration project utilizing repurposed containers and creating sustainable housing with very low utility costs. Steel & Spark and the Phoenix IDA are interested in creating multifamily, affordable and workforce container housing projects on infill parcels, including excess School District land, utilizing this solar technology to dramatically reduce utility costs for the residents.

**RECOMMENDATION**

I recommend approval of the grant request for Senior Bridge and our plans to pursue additional opportunities to partner with Steel & Spark on multi-family affordable and workforce housing projects.

# Community Development Fund Grant Request

## Mercy House/Senior Bridge

Mercy House was established in 1988 and provides services to 1,500 at-risk and homeless individuals and families annually in California and Arizona. What started as a dream to serve one of the most vulnerable populations in Orange County has now served over 100,000 homeless individuals. Mercy House's mission is to be a leader in ending homelessness by providing a unique system of dignified housing opportunities, programs, and supportive services. More information about Mercy House can be found on their website at: <https://www.mercyhouse.net/>

### Project Description:

Mercy House will provide comprehensive wrap-around supportive services to homeless seniors residing at Senior Bridge. Senior Bridge is a partnership of public and private entities including the State Department of Housing, the City of Phoenix, Steel & Spark, and the Garcia Family Foundation, to provide 40 non-congregate, 1 bed / 1 bath transitional housing units for homeless Seniors 55 and older. These individual units will provide safe, dignified, individual space for homeless seniors to stabilize and access services to improve their economic, physical, and emotional well-being as they prepare for permanent housing.

All 40 units will be built using re-purposed shipping containers. The units will be configured and landscaped to provide a unique, safe, and innovative community for homeless seniors. Amenities include 24 hr. supervision, on-site navigation services, dog run, landscaped community space, and on-site parking. Each 160 square foot unit will contain an ADA Accessible en-suite bathroom and a small kitchenette. Fully powered by solar panels and lithium batteries, this technology will eliminate the largest operating expense for the site.

These non-congregate units are phase one of a two-phased community that will include permanent apartment-style housing to provide continuum of housing on the same site. This beautifully designed project is intended to demonstrate how a small, regional homeless shelter combined with affordable housing can seamlessly blend into a neighborhood while providing a healing, supportive community for its vulnerable residents.

Senior Bridge is located at 2853 E. Van Buren in Phoenix City Council District 8. Councilwoman Hodge Washington voiced her enthusiastic support at the March 26<sup>th</sup> City Council Policy Meeting when this project was discussed.

## **Need for the Project:**

Across the U.S., senior homelessness has risen steadily, with experts warning that even more will lose their homes in the face of rising rent and stagnant fixed income. Arizona has an older population due to the large retirement population and, with their fixed incomes, they are being priced out of the rental market.

More than 2,000 people 55 and older are experiencing homelessness in Maricopa County, according to data collected during the January 2023 point-in-time count. Seniors who are homeless on the street can quickly experience a decline in their health and cognitive function. Central Arizona Shelter Services (CASS) screens all seniors coming into their shelter for cognitive decline and reports that 90% of them “are screening positive for possible dementia or cognitive impairment.” However, CASS has also found that cognitive function, as well as overall health, can be improved with a dedicated shelter and services specifically for seniors.

Large congregate shelters such as the Homeless Services Campus do not provide a stable, healing environment, especially for seniors. In addition, they can be a burden on the surrounding community as homeless persons across the region congregate there for shelter, food, and services. Small, specialized regional shelters are far more successful in stabilizing homeless residents by providing a secure and nurturing community. Small, closed-campus, regional shelters can blend better into neighborhoods, causing less disruption and anxiety for residents. Senior Bridge is designed to successfully demonstrate this concept and be replicated in other locations in Maricopa County.

## **Population to be Served:**

Seniors aged 55 and older experiencing homelessness.

## **Goal, Objectives, Strategies:**

Mercy House, through its proposed 24/7 site management plan, aims to establish a secure and nurturing environment for the transitional housing campus, operating in adherence to their established Good Neighbor policies and procedures.

The staffing plan includes a Program Manager and Site Lead, responsible for day-to-day operations and property management of the campus. A Residential Service Specialist will be available, offering client support and intervening in overnight crises as needed. Security will be provided during the night.

A Housing Navigator with Senior Housing experience will provide clients with swift and effective transition into housing. These navigators are dedicated to working closely with Clients, meeting at least once a week, to assist them in achieving their housing and income-related objectives. With a commitment to maintaining a low caseload ratio of 1:20, these navigators provide personalized attention and guidance to each participant.

Upon conducting thorough entry assessments, Clients collaborate with their designated Housing Navigator to formulate an Individualized Housing Stabilization Plan. This tailored plan is structured around the individual's specific strengths, needs, capabilities, and preferences, taking into account identified challenges that may impact housing sustainability. Goals and objectives within this plan aim to support Clients in maintaining stable housing by addressing various areas such as financial management, employment, life skills, sobriety, physical and mental health, among others.

While the goals of the plan are specific to each participant, generally the Housing Navigator will provide a number of targeted interventions and comprehensive support services as part of their client-centered and housing focused case management that may include but are not limited to:

1. Triage eligibility and enter assessment into the Maricopa County Coordinated Entry System for linkage to housing opportunities;
2. Assist participant with obtaining documents required for housing placement;
3. Build relationships with properties and landlords in the local area to create housing leads for Clients who may have the resources to secure housing on their own or have been connected with vouchers and/or rental assistance;
4. Assist in setting up application appointments and providing tenant education coaching such as preparing for and presenting for a housing appointment;
5. Provide employment linkage, benefits establishment, linkage to community providers for substance abuse, primary and mental health care, and all other services needed to assist program Clients in reaching their stabilization goals;
6. Provide strengths-based case management and service coordination designed to assist program Clients in obtaining and maintaining stable housing;
7. Conduct crisis and risk assessments in consultation with supervisor and case management team;
8. Provide crisis intervention services focused on enhancing the Clients' ability to independently problem solve, utilize effective coping skills, and manage and self-coordinate own care;
9. Provide warm hand off to selected housing provider ensuring a smooth transition from the shelter into permanent housing.



## Projected Outcomes and Related Indicators:

The goals of the proposed program are not only to end the homelessness of the seniors served but also to help meet the systemic goals of addressing homelessness for the City of Phoenix as well as for the entire Maricopa County Continuum of Care.

Program Goals	Anticipated Outcomes	Evaluation Method / Data Elements
Unsheltered homeless seniors and will gain access to transitional shelter	At least 50 homeless individuals will receive shelter and services annually; 13,140 bed-nights of service will be provided annually	Number of individuals enrolled in the program. Comparison (days) between Enrollment Date and Exit Date. Data reported from HMIS
Senior Bridge will maintain a high occupancy rate to meet need for shelter by homeless seniors	Shelter will maintain a daily bed vacancy rate between 90-95%	Number of beds occupied daily through per diem bed count summary. Data reported from HMIS and per diem worksheets.
Sheltered homeless seniors will increase access to appropriate housing opportunities available through Coordinated Entry System	At least 90% of households will complete an assessment during their shelter stay	Number of households that completed an assessment before or while in program; Number of households matched to CES while in program. Data reported from HMIS & CES rosters.
The length of time an individual spends being homeless will decrease	At least 70% of shelter participants who exit to housing destinations will do so within 365 days or less	Number of participants that exit to permanent housing destinations upon exit. Comparison (days) between Enrollment Date and Exit Date. Data reported from HMIS.
Homeless seniors will exit transitional shelter to permanent housing destinations	At least 60% of shelter participants who exit to known destinations will exit to permanent housing destinations	Number of participants that exit to permanent housing destinations upon exit. Data reported from HMIS.
Homeless seniors will increase their income while in the program, enabling them to become more self-sufficient	At least 30% of program participants will increase their income upon exit from the program.	Comparison of income (\$) for adult participants at entry and exit. Data reported from HMIS.

Senior Bridge will be set up to be fully integrated into the Maricopa County HMIS system as a means for collecting program level data. Mercy House Navigators are trained to complete intakes, exits, services and annual assessments in accordance with HUD Data Standards. Mercy House has a dedicated Data Quality Analyst who is also charged with ensuring that data is entered accurately and adhering to the agency's established "Data Quality Plan" which includes monthly review of data accuracy and timeliness.

Mercy House's Chief Strategy and Compliance Officer is charged with reviewing program reports to determine if the agency is on target to meet program outcomes, using data from HMIS to monitor these programs. On a quarterly basis, their Program

Evaluation Team, consisting of our Chief Executive Officer, Chief Operations Officer, Chief Program Officer, Chief Strategy and Compliance Officer, Housing Solutions Director, Emergency Services Director and Data Manager meet to review and evaluate each one of their programs towards their intend goals. The Senior Bridge program will be amongst those reviewed. The Chief Program Officer, Housing Solutions Director and Emergency Services Director discuss progress and strategies for course-correction with their respective program teams, as needed.

Standard and ad hoc reporting capabilities from the HMIS system will enable Mercy House to fulfill all Arizona Department of Housing reporting requirements.

Approximately (50) Permanent apartments will be constructed on the same site as Phase Two. This will create a strategic continuum of housing that will lead to greater long-term success. The strategy is based on experience with residents being moved to permanent housing and still needing support to live independently and maintain that housing. Having this continuum on-site, adjacent to the transitional housing, provides the client with a better chance of success.

#### **Implementation Plan:**

Senior Bridge was awarded \$6,250,000 from the Arizona Department of Housing for the land acquisition, construction, and operations of 40 transitional housing units. The funding contract with the State and the acquisition of the land will be completed in April 2024. Factory building will begin in May and on-site construction in July, with unit installation planned for August and Grand Opening in September 2024.

#### **Sustainability:**

The land and buildings will be fully funded with \$5 million from the Arizona Department of Housing and \$750,000 from the City of Phoenix. Approximately three years of operating funds have been committed by parties including the Arizona Department of Housing \$1,250,000, the Garcia Foundation \$500,000, and, hopefully, \$1 million from the Phoenix IDA. Mercy House and the partners at Senior Bridge will seek additional grants and actively fundraise for additional operating funds to continue as transitional housing for as many years as possible.

The 40-unit transitional housing site may be converted to senior affordable housing after 5 years if transitional housing is no longer feasible.

#### **Budget:**

The operations budget for year one at Senior Bridge includes 24/7 staffing, case management, maintenance, equipment, supplies, and insurance. Mercy House is

requesting \$1 million from the Phoenix IDA to support the initial 3 years of operations. A detailed annual operating budget is below:

## Operations Budget

Year 1						
Staff	Rate	Count	Salary	Benefits	Total	
Regional Director	\$ 75,000	0.1	\$ 7,500	\$ 1,500	\$ 9,000.00	Provides executive oversight to Arizona Region
HMIS Staff	\$ 20	1	\$ 41,600	\$ 8,320	\$ 49,920.00	HMIS data entry, data quality, and reporting
Housing Solutions Manager	\$ 32	0.2	\$ 13,312	\$ 2,662	\$ 15,974.40	Provides management of all aspects of case management in Maricopa County programs.
Program Manager	\$ 32	1	\$ 66,560	\$ 13,312	\$ 79,872.00	1 FTE Program Manager
Sr. Site Lead	\$ 25	1	\$ 50,960	\$ 10,192	\$ 61,152.00	1 FTE Sr Site Lead
Site Lead	\$ 24	2	\$ 97,760	\$ 19,552	\$ 117,312.00	2 FTE Site Leads
Residential Services Specialist	\$ 16	1	\$ 32,240	\$ 6,448	\$ 38,688.00	other property duties
Navigation Supervisor	\$ 25	0.3	\$ 15,600	\$ 3,120	\$ 18,720.00	1 Supervisor oversees 2 Navigators on site
Navigator	\$ 23	2	\$ 95,680	\$ 19,136	\$ 114,816.00	20 cases per case manager
Security	\$ 35	0.33			\$ 101,178.00	1 guard 8 hours/day for overnight shift
Utilities, Landscaping, Pest Control	\$ 1,800	12			\$ 21,600.00	Est. \$500 for pest control, \$800 landscaping, \$500 for internet service
Food Support	\$ 10,000	12			\$ 120,000.00	\$200 per unit per month
Supplies, Client Services, and Housing Barrier Fund	\$ 5,000	12			\$ 60,000.00	Supplies, animal services, transportation assistance, deposits, HOM Inc. Housing Search/placement services, short term rent assistance etc.
Minor facilities Maintenance	\$ 1,000	12			\$ 12,000.00	Minor facilities upkeep i.e. clogged sink, paint touch up, etc.
Computers, Phones, and Workstations	\$ 1,500	7			\$ 10,200.00	Computer workstations, phones, and site cell phones.
Insurance	\$ 7,500				\$ 7,500.00	GL and WC coverage
Admin	10%				\$ 83,043.24	Accounting, Human Resources, Executive, IT, training and Development Costs
Contingency	10%				\$ 83,043.24	
<b>Total</b>					\$ 1,004,018.88	

# MERCY HOUSE

## BOARD OF DIRECTORS

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### **Raymond M. Bukaty, Chair**

1 Corona  
Irvine, CA. 92603  
949-854-4241 Home  
949-636-0939 Cell  
ray.bukaty@gmail.com  
Affiliation: Retired Attorney  
Term: 21 Years

### **Tim Clyde, Vice Chair**

Katzkin Automotive Leather  
2 Hermosa  
Irvine, CA 92620  
714-544-7371 Home  
714-813-9119 Mobile  
timclyde63@gmail.com  
affiliation: CEO  
Term: 15 Years

### **William E. Baker, Jr., Assistant Secretary**

18301 Hillcrest Avenue  
Villa Park, CA 92861  
714-998-1232 Home  
wbaker@lawbaker.com  
Affiliation: Attorney  
Term: 36 Years

### **Gary R. Belz**

11 Mallard  
Irvine, CA 92604  
949-551-2783 Home  
714-978-1300 Office  
gbelz53@gmail.com  
Affiliation: Certified Public Accountant  
Term: 36 Years

### **Mia Bergman**

28211 Foxwood  
Mission Viejo, CA 92692  
708-870-6475 Cell  
Maria.m.bergman@gmail.com  
Affiliation: CPA  
Term: 3 Years

### **James Brooks**

PO Box 1905  
Santa Ana, CA 92702  
714-836-7188 x107 Office  
jamesb@ymercyhouse.net  
Affiliation: Homeless Advocate and  
formerly homeless individual  
Term: 9 Years

### **Johnny Bryant**

ASL Electric  
21791 Sweetgrass Circle  
Lake Forest, CA 92630  
Affiliation: Owner  
949-343-3018 Cell  
JBryant@aslelectric.com  
Term: 3 Years

### **Mladen Buntich**

Mladen Buntich Const. Co., INC  
18831 Rockinghorse Lane  
Huntington Beach, CA 92648  
818-370-2583 Cell  
Mbjr@buntich.com  
Affiliation: CEO  
Term: 8 Years

### **Daryl A. Cole, CFP**

Cole & Company Wealth Management, Inc.  
1835 W. Orangewood Ave #102  
Orange, CA 92868  
714-750-3090 x101 Office  
714-743-2220 Cell darylcole@aol.com  
Affiliation: Business Owner  
Term: 16 Years

### **Jeremy Elkins**

Camino Health Center  
30300 Camino Capistrano  
San Juan Capistrano, CA 92675  
949-240-2030  
jeremy.d.elkins@gmail.com  
Jeremy.Elkins@stjoe.org  
Affiliation: CEO  
Term: 5 Years

# MERCY HOUSE

## BOARD OF DIRECTORS

### **Phillip R. Kaplan**

Umberg Zipser, LLP  
1920 Main St #750  
Irvine, CA 92614  
949-679-0052  
Pkaplan@umbergzipser.com  
Affiliation: Attorney  
Term: 12 Years

### **Marianne R. Koshar**

The Boeing Company  
3491 Aquarius Dr.  
Huntington Beach, CA 92649  
2201 Seal Beach Blvd.  
MC 110-SB25  
Seal Beach, CA 90740-1515  
562-225-4780 Cell  
marianne.l.koshar@boeing.com  
Affiliation: HR Director  
Term: 3 Years

### **Richard Lopez**

The Boeing Company  
7159 Ridgecrest Ct Ventura, CA 93003  
(714) 262-8811 (Cell)  
Richard.Lopez@boeing.com  
Affiliation: Attorney  
Term: 8 Years

### **Heather McNeill**

Fluor  
4748 Candleberry Ave.  
Seal Beach, CA 90740  
949-349-7707 Cell  
Heather.Mcneill@fluor.com  
Affiliation: Retired Attorney  
Term: 1 Year

### **Michael Solo**

Diversified Investment  
Services  
3665 S. Bear St.  
Santa Ana, CA 92704  
(714) 390-0957 (Cell)  
Msolo@disinc.com  
Affiliation: CFP  
Term: 2 Years

### **Richard K. Masterson**

2 Corona  
Irvine, CA 92603  
949-394-9916 Cell  
949-679-4122 Home  
rkmasterson759@gmail.com  
Affiliation: Retired  
Term: 11 Years

### **Jessica Petrillo**

County of Ventura  
435 South D Street  
Oxnard CA, 93030  
jessica.i.petrillo@gmail.com  
Office Phone: 805 385-8044  
Affiliation: Public Sector Homeless  
Assistance Program Coordinator  
Term: 2 Years

### **Jim Righeimer**

Arbor Capital Partners  
4040 MacArthur Blvd, Suite 250  
Newport Beach, CA 92660  
714-404-7567 (Home)  
Jim@RFComsites.com  
Affiliation: CEO Developer  
Term: 3 Years

### **Lisa Rumbaugh**

Clarity Tax Accounting  
8525 Starr Rd Windsor,  
CA 95492  
949-459-7450 Home  
949-280-9401 Cell  
lisa.rumbaugh@att.net  
Affiliation: Sole Proprietor  
Term: 18 Years