THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: December 14, 2021

Subject: Emergency Shelter Transition and Permanent Supportive Housing for Ramada

Staff Resource(s): Nikki Reid, Community & Economic Development Department Director
Emily Ball, Homeless Services System Performance Lead
Brian Huskey, Community Development Analyst

Action Requested:

1. Authorize a contract ratification to assign the real estate contracts for property on 148-150 River Ford Parkway to Shangri-La Industries, Inc. for the purposes of creating permanent supportive housing;
2. Authorize the City Manager to enter into an American Rescue Plan (ARPA) funded agreement with Step Up on Second Street, Inc. in the amount of $1.5M for the provision of three years of supportive services for future residents of permanent supportive housing at 148-150 River Ford Parkway;
3. Authorize contract amendments with Five P Mountain, LLC and Sunrise Community for Recovery & Wellness for room nights and supportive services for current shelter participants extending the contract terms through March 31, 2022;
4. Authorize a budget amendment in the Special Revenue Fund in the amount of $2,056,000 from American Rescue Plan (ARPA) funding to fund the grant agreement with Step Up on Second Street, Inc. for $1.5M, the contract amendment with Five P Mountain, LLC for room nights until March 31, 2022 in the amount of $366,000 and the contract amendment with Sunrise Community for Recovery & Wellness for accompanying supportive services in the amount of $190,000.

Background:

- Earlier this year, the City entered into a contract to purchase real estate at 148 and 150 River Ford Parkway (aka the Ramada) for the purpose of creating an Emergency Shelter to serve the unsheltered homeless population.
- The contract expires Dec 15, and the City must give notice to purchase or withdraw the offer.
- Funding and community partners have requested a more extensive planning process in order to achieve long-term success in the development of a new emergency shelter.
- Partners have also indicated the need for additional permanent supportive housing for homeless veterans and people who are chronically homeless, and the Ramada property is also a superior site for permanent supportive housing.
- Staff has identified a path forward that seeks to provide an opportunity to accomplish multiple goals to include:
    - Goal 1 - continue to work with funding partners and the community on a new consultant-led planning process for the development of an emergency shelter in a different location, yet to be determined
    - Goal 2 - pursue positive outcomes for 80 people currently sheltered at Ramada and continue that operation through March, using that time to work on housing solutions for each participant
    - Goal 3 - Transfer the Ramada purchase contracts to a private entity / non-profit partnership to re-purpose for permanent supportive housing instead of the shelter use
- To implement Goal 2, the City will extend its existing contracts with Five P Mountain, LLC and Sunrise Community for Recovery & Wellness through March 31, 2021 and will seek partnership funding to share in these costs.

- To implement Goal 3, the City will assign its contractual rights to purchase the Ramada property to a private entity known as Shangri-La Industries, Inc.
- This firm uses purpose-driven, low-return, private sector financing to acquire and rehab hotels into housing units and secures project-based housing vouchers to cover the carrying costs and long-term capital maintenance. In exchange for this contract assignment, Shangri-La Industries will execute a deed restriction with the City of Asheville for a period of 50 years for permanent supportive housing.
- Their non-profit partner, Step Up on Second Street, Inc., provides on-site case management services for residents, including mental health services, counseling, substance use recovery support and linking to community resources.
- This for-profit / non-profit partnership is part of a national strategy to provide permanent supportive housing for individuals experiencing chronic homelessness and this experienced partnership has rolled out successful hotel conversions for permanent supportive housing in California.
- In this location at River Ford Parkway, the intent of the partnership is to provide 50+ units of permanent supportive housing to homeless veterans, and 50+ units of permanent supportive housing to chronically homeless individuals.
- Step Up on Second Street, Inc. has requested a one-time funding grant of $1.5M in ARPA funds, designed to meet the supportive services needs of residents for a three-year period, allowing Step Up to secure sustainable funding from other sources for ongoing resident service needs.

Council Goal(s):
- Quality affordable housing
- A Well-Planned and Livable Community

Committee(s):
- None

Pro(s):
- Addresses public health and safety
- Prevents current shelter participants from returning to unsheltered homelessness
- Provides new pathway for shelter development
- Creates needed permanent supportive housing units
- Leverages new investment of private-sector resources and national expertise

Con(s):
- None

Fiscal Impact:
- Allocates funds from the American Rescue Plan (ARPA) in the Special Revenue Fund in the amount of $556,000 for existing shelter operations through March 31, 2022, and $1,500,000 for the initial three years of supportive services for permanent supportive housing.
- To date, the City has spent the following amounts of Affordable Housing Capital Improvement Program (CIP) funds on the real estate acquisition at Ramada
    - $44,500 in due diligence, including appraisals, environmental reviews, surveys, property inspections, etc.
    - $50,000 in earnest money
    - $35,000 in non-refundable deposits to the seller(s)
    - If the closing is successful, the City will be credited back its earnest money and deposits for a total amount of $85,000 from Shangri-La Industries, Inc.

Suggested Motion:
- Motion to authorize a ratification to assign the real estate contracts for property on River Ford Parkway to Shangri-La Industries, Inc. for the purposes of developing permanent supportive housing;

- Motion to authorize the City Manager to enter into an American Rescue Plan (ARPA) funding agreement with Step Up on Second Street, Inc. in the amount of $1.5M for the provision of three years of supportive services for future residents of permanent supportive housing at 148-150 River Ford Parkway;
- Motion to authorize contract amendments with Five P Mountain, LLC and Sunrise Community for Recovery & Wellness for room nights and supportive services for current shelter participants extending through March 31, 2022;
- Motion to authorize a budget amendment in the Special Revenue Fund in the amount of $2,056,000 from American Rescue Plan (ARPA) funding to fund the grant agreement with Step Up on Second Street, Inc. for $1.5M, the contract amendment with Five P Mountain, LLC for room nights until March 31, 2022 in the amount of $366,000 and the contract amendment with Sunrise Community for Recovery & Wellness for accompanying supportive services in the amount of $190,000.

Attachment(s)
- Resolutions
- Budget Amendment

RESOLUTION NO. 21-_____

RESOLUTION RATIFYING THE CITY MANAGER'S ASSIGNMENT OF THE REAL ESTATE CONTRACTS FOR 148 AND 150 RIVER FORD PARKWAY TO SHANGRI-LA INDUSTRIES, INC. FOR THE PURPOSE OF CREATING PERMANENT SUPPORTIVE HOUSING

WHEREAS, the City previously entered into contracts to purchase 148 and 150 River Ford Parkway for the purpose of creating emergency shelter; and

WHEREAS, the City is no longer pursuing the establishment of an emergency shelter at that location; and

WHEREAS, Shangri-La Industries, Inc. has expressed willingness to assume the contract and purchase the property for the purpose of creating permanent supportive housing and has further agreed to execute a 50 year deed restriction for this purpose; and

WHEREAS, the City of Asheville has deposited $50,000 in earnest money and $35,000 in non-refundable fees for the properties and these funds will be applied to the purchase price; and

WHEREAS, if the closing is successful, the City will be credited these funds back by Shangri-La Industries, Inc. for a total amount of $85,000; and

WHEREAS, additional permanent supportive housing is a critical need in our community;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Council of the City of Asheville hereby ratifies the City Manager's assignment of the real estate contracts for 148 and 150 River Ford Parkway to Shangri-La Industries, Inc. for the purpose of creating permanent supportive housing.

Read, approved and adopted the 14th day of December, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney

RESOLUTION NO. 21-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMERICAN RESCUE PLAN ACT (ARPA) FUNDING AGREEMENT WITH STEP UP ON SECOND STREET, INC. IN THE AMOUNT OF $1.5M FOR THE PROVISION OF SUPPORTIVE SERVICES FOR FUTURE RESIDENTS OF PERMANENT SUPPORTIVE HOUSING AT 148-150 RIVER FORD PARKWAY

WHEREAS, pursuant to NCGS 160D-1311, the City is authorized to expend funds for community development programs and activities; and

WHEREAS, additional permanent supportive housing is a critical need in our community; and

WHEREAS, Shangri-La Industries, Inc. owns and operates permanent supportive housing developments in partnership with Step Up on Second Street, Inc.; and

WHEREAS, Shangri-La Industries, Inc. and Step Up on Second Street, Inc. seek to create new permanent supportive housing units at 148-150 River Ford Parkway; and

WHEREAS, supportive services are essential in successful implementation of permanent supportive housing; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Council of the City of Asheville hereby authorizes the City Manager to execute an American Rescue Plan Act (ARPA) funding agreement with Step Up on Second Street, Inc. in the amount of $1.5M for the provision of supportive services for future residents of permanent supportive housing at 148-150 River Ford Parkway.

Read, approved and adopted the 14th day of December, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney

RESOLUTION NO. 21-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO AMEND CONTRACTS WITH FIVE P MOUNTAIN, LLC AND SUNRISE COMMUNITY FOR RECOVERY AND WELLNESS, INC. TO CONTINUE SHELTER PROVISION THROUGH MARCH 31, 2022

WHEREAS, pursuant to NCGS 160D-1311, the City is authorized to expend funds for community development programs and activities; and

WHEREAS, on April 19, 2021 the City entered into contracts with Five P Mountain, LLC and Sunrise Community for Recovery and Wellness, Inc. for the provision of temporary emergency shelter; and

WHEREAS, all parties desire to amend contracts to add funds allowing shelter continuation during a wind-down period concluding March 31, 2022; and

WHEREAS, in the absence of shelter continuation, current shelter participants would be likely to return to unsheltered homelessness; and

WHEREAS, Sunrise Community for Recovery and Wellness, Inc. will work with partners to secure positive exit destinations for current shelter participants by March 31, 2022;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Council of the City of Asheville hereby authorizes the City Manager to execute contract amendments with Five P Mountain, LLC in the amount of $366,000 for room nights, and Sunrise Community for Recovery and Wellness, Inc. in the amount of $190,000 for supportive services to continue shelter provision through March 31, 2022.

Read, approved and adopted the 14th day of December, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That Section 2 of the City of Asheville Fiscal Year 2021-22 Budget Ordinance be amended to provide an appropriation of $2,056,000 in support of emergency shelter operations and future permanent supportive housing as follows:

SPECIAL REVENUE FUND

Revenues:

Federal Revenue Distribution - ARPA	$2,056,000
Total Revenues	$2,056,000

Appropriations:

Contracted Services	$2,056,000
Total Appropriations	$2,056,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this the 14th day of December 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney