

COMMUNITY & NEIGHBORHOOD SERVICES COMMITTEE

May 7, 2007

The Community & Neighborhood Services Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 7, 2007 at 3:30 p.m.

COMMITTEE PRESENT	COUNCIL PRESENT	STAFF PRESENT
Rex Griswold, Chairman Scott Somers Mike Whalen	None	Christopher Brady Debra Dollar

(Chairman Griswold requested that the agenda items be discussed out of order. For purposes of clarity, the items will remain as listed on the agenda.)

1. Items from citizens present.

There were no items from citizens present.

2. Hear a presentation, discuss and provide direction on the future of the Escobedo Apartments.

Neighborhood Services Department Director Kari Kent introduced Executive Manager/Acting Housing and Revitalization Director Trisha Sorensen, who was prepared to address the Committee relative to this agenda item.

Ms. Kent displayed a PowerPoint presentation and reported that staff is seeking direction from the Committee regarding the future of the Escobedo Apartments. (The presentation is available for review in the City Clerk's Office.) She explained that as staff developed their recommendation, their first priority was to ensure that the existing tenants were treated fairly and with respect during the transition period. Ms. Kent stated that Ms. Sorensen would provide a brief overview of staff's recommendation during her portion of the presentation.

Ms. Kent offered a statistical analysis of the apartment complex and noted that there are currently 101 rentable units (96 occupied and 6 vacant); 197 residents; 82 residents with a family income below \$18,050 and 14 residents with a family income below \$30,050. She also highlighted a graph depicting various revenues and expenditures at Escobedo in the past few years, as well as future cost projections.

Ms. Kent further commented that in the last three years, rents have increased in an attempt to cover the day-to-day operations and maintenance of the facility. She noted, however, that

additional rent increases would significantly impact the residents due to the fact that approximately 20% of the tenants already pay half of their monthly income for rent.

Ms. Kent reported that the apartment buildings are more than 50 years old and have significant maintenance and infrastructure needs. She indicated that because of the continued subsidy from the General Fund, money has not been set aside for rent, preventative maintenance or a Capital Improvement Program. Ms. Kent stated that this year, the City has already expended \$118,000 for lead abatement for the exterior of the buildings and noted that similar costs would continue to occur as the buildings age. She added that in this regard, staff estimates that it would cost the City approximately \$1.9 million to bring the units up to current Building Codes (i.e., roofing, electrical, insulation, windows, doors, cooling/heating).

Ms. Sorensen outlined the following alternatives with regard to the possible sale of the Escobedo Apartments:

- **Alternative 1** - Hire a broker and sell the property on the open market without any use restrictions. A moving allowance would be provided in order to assist tenants to transition to new housing. **(Staff's recommended alternative.)**
- **Alternative 2** - Hire a broker and sell the property with the current leases in place. No moving allowance would be provided to the tenants.

Ms. Sorensen informed the Committee that 19 households have been issued Section 8 vouchers (Section 8 Housing Choice Voucher Program), 52 households are on the Section 8 waiting list to receive vouchers, and 25 households are neither on Section 8 nor on the Section 8 waiting list. She also referred to a document entitled "Timeframes for Tenant Transition" and reviewed the proposed timeframes within which tenants would transition out of the facility pending Council approval of Alternative 1. (See Attachment 1.)

Ms. Sorensen further reported that each of the tenants would be offered a moving allowance. She stated that tenants residing in one to three-bedroom units would receive \$1,600 (90 units), and tenants residing in a four-bedroom unit would receive \$2,250 (6 units). Ms. Sorensen added that staff is also suggesting that those tenants who currently own pets would receive an additional \$400 in moving expenses to be applied toward their new apartment pet deposit (for a total expenditure to the City of \$167,100).

Discussion ensued relative to the fact that 71 out of the 96 households would receive Section 8 vouchers; that it is anticipated that those households currently on the Section 8 waiting list would receive their vouchers within the next six to 12 months; that staff estimates all of the residents could be tentatively transitioned out of Escobedo by Summer 2008; that staff would assist the tenants in identifying new home prospects and facilitate a smooth transition into their new living units; that staff would also seek the assistance of community partners to help tenants with driving arrangements, if necessary, to view potential properties and offer packing assistance; that the City's Historic Preservation Office would conduct the historic review of the Escobedo Apartments; that three dedicated staff assigned to Escobedo would be transferred to other vacant positions within the City; and that it would be necessary to eventually relocate the Housing Services Division.

Committeemember Somers expressed concern regarding the 25 tenants who are neither on Section 8 nor on the Section 8 waiting list. He questioned whether it would still be possible for those tenants to apply for Section 8.

Responding to Committeemember Somers' inquiry, Ms. Kent clarified that the Section 8 waiting list reopens every few years. She explained that when staff approached the residents to apply for Section 8, the 25 households in question chose not to do so. Ms. Kent added that although the residents were not specifically informed that the City Council would be considering the sale of Escobedo within the next six months, discussions with the residents concerning the future of the property have been ongoing for several years.

In response to a series of questions from Committeemember Somers, Housing Services Coordinator Debbie Cook explained that the Section 8 waiting list reopened in November of 2006 and closed in January of this year. She advised that approximately 1,700 families are currently on the waiting list and must be housed before the City could reopen the process. Ms. Cook stated that per Federal regulations, the City is unable at this time to assist those Escobedo residents who are not on the Section 8 waiting list. She added that the City revised its policy before it reopened the Section 8 waiting list to include the criteria of being involuntarily displaced, which would include "government action."

Further discussion ensued relative to the fact that tenants who receive Section 8 vouchers cannot spend more than 40% of their adjusted income for rent and utilities; and that the adjusted income may include deductions for the elderly and disabled, childcare, and various medical deductions.

Committeemember Somers requested that staff research the composition of the tenants who are neither on Section 8 nor on the Section 8 waiting list and also the possible amount of rent they would be required to pay if they were relocated to other housing units. He also said that with regard to the moving allowance, he would prefer that the City provide "a median amount" to those individuals who are able bodied and capable of packing and moving their possessions and that a greater amount be allocated to the elderly and disabled who are unable to perform such tasks.

Committeemember Whalen commented that at the March 1, 2007 Mesa Housing Advisory Board meeting, the Board made various recommendations with regard to the disposition of the Escobedo Apartments. He stated that one of the recommendations was that the Council consider a non-exclusive negotiation for the site with Housing Our Communities (HOC). Committeemember Whalen noted that there have been discussions with HOC and questioned why staff did not include any proposals from HOC as an option for this Committee's consideration.

Responding to Committeemember Whalen's inquiry, Ms. Kent clarified that if the property were placed on the open market for sale, HOC would have the ability to present a proposal under such an option.

Committeemember Whalen stated the opinion that it would be appropriate for the Council to review a proposal from HOC or perhaps other non-profit organizations before the City hires a broker to sell Escobedo. He commented that although he is supportive of the City "getting out

of the housing business,” he would like to maintain the “the cohesiveness” of this historic Mesa neighborhood.

Ms. Kent explained that at the Housing Advisory Board meeting, staff became aware of various HOC’s proposals, but were not apprised of the specific details.

Chairman Griswold stated that one of the challenges for Escobedo is the fact that it was originally constructed as public housing in the 1940’s and that the facility currently has no air conditioning and requires significant upgrades to bring it up to Code. He commented that no matter what the ultimate disposition of the property might be, the tenants would be treated fairly and with respect. Chairman Griswold also expressed concern regarding the tenants that are neither on Section 8 nor on the Section 8 waiting list and requested that staff research whether it would be possible for those families to apply for the Section 8 vouchers.

Chairman Griswold further expressed concern regarding the tenants’ ability to pay first and last month’s rent at their new housing units and discussed providing assistance to those individuals unable to pack and move their possessions to another location. He also stressed the importance of ensuring that the tenants have the opportunity to view other potential sites.

Committeemember Somers said that the City is considering the sale of Site 17 (University and Mesa Drives) and questioned the feasibility of combining that site with Escobedo in some manner so that the development of Site 17 would require a mixed-use component, which would include a certain number of housing units for Escobedo tenants.

City Manager Christopher Brady reported that the City has already hired a real estate broker for Site 17 who is actively marketing the property. He explained that staff’s concern is that if the two areas were linked together, it could potentially delay the development of Site 17. Mr. Brady further commented that the Council has not yet engaged in policy discussions with regard to Escobedo and what the City’s role would be. He added that it is important to move ahead with Site 17 because of its own unique “urban village concept.”

Chairman Griswold invited the representatives of the Committee for Escobedo to address the Committee. He also stated that following those presentations, he would allow up to three speakers to address the Committee. (Agenda Item 1.)

- a. Hear from representatives of the Committee for Escobedo.

Charlene Kirkwood, 435 North Pasadena, #24, expressed concern regarding the limited amount of apartments that accept Section 8 vouchers and also have ground level handicapped accessible housing. She also stated the opinion that the proposed 90-day timetable within which tenants would be required to transition to new housing units would not be sufficient.

Pam Wilson, an Escobedo resident, urged that when the Council considers the future of Escobedo that they consider not only the financial impact, but also “the human factor.” She also inquired whether the City would be able to guarantee that tenants who are eligible for Section 8 vouchers would receive the housing assistance; that no family would be required to move during the Section 8 application process; and that the elderly and disabled would be provided assistance with the packing of their possessions. Ms. Wilson added that many residents prefer

not to move and urged the Council to consider the proposals of HOC or other non-profit organizations that would be willing to work with the residents.

John R. Smith, 251 West Main Street, #2, President of Housing Our Communities, offered a series of comments relative to this matter. His remarks included, but were not limited to, the following: that the City should ask the Department of Housing and Urban Development (HUD) for an exception to the rules so that the 25 households that are not on the Section 8 waiting list could apply for the housing vouchers; that it is unfair that the residents are being asked to move and should have the opportunity to remain at the property, whether in their current apartments or newly constructed units; that he would like the City "out of the housing business;" and that there are methods by which to increase the density at Escobedo and include different types of housing besides affordable housing.

In response to a series of questions from Committeemember Whalen, Mr. Smith clarified that his organization could obtain financing to pay fair market value for the property and explained that HOC would be willing to develop the site with the City. He added that he has not been requested, nor been made aware, that an offer from HOC would be accepted by the City of Mesa.

Committeemember Whalen commented that although staff has provided the Committee with a recommendation, he would prefer that the Council have an additional option for their consideration. He suggested that the Committee solicit a proposal from HOC with regard to the sale of the Escobedo Apartments.

It was moved by Committeemember Whalen, seconded by Committeemember Somers, to recommend to the Council that the City solicit a proposal from Housing Our Communities relative to the disposition of the Escobedo Apartments.

Committeemember Somers commented that he would be interested in a development for the Escobedo property similar to a Transit Oriented Development (TOD) project, in which there could be mixed-used development with commercial/residential components. He stated that such a model would allow the current tenants to remain in the neighborhood and also complement the development at Site 17.

Chairman Griswold stated that in his opinion, staff's recommendation does not preclude HOC from providing a proposal to the Council. He noted, however, that he does not want to delay the housing benefits approval process for those tenants who are currently on the Section 8 waiting list.

Mr. Brady inquired whether the Committee's recommendation to the Council is to solicit a single-source proposal. He cautioned that if the Committee were inclined to proceed through a Request for Proposals (RFP) process exclusively for non-profit organizations under certain conditions, then it would be important to not exclude other entities that would qualify under the same terms and conditions. Mr. Brady added that it would be appropriate to open up the bid process and compare proposals.

Committeemember Whalen concurred with Mr. Brady's comments, but also stated that a non-profit organization willing to "save the current residents" may not be as successful in a competitive bid process as a developer "looking for bare dirt."

Mr. Brady acknowledged that the pending motion should move forward to the full Council. He stated that staff would continue to work on the issue of what constitutes "government action" relative to the Escobedo tenants' ability to move up on the Section 8 waiting list.

Chairman Griswold clarified that the Committee's direction to the Council could include approval of Alternative 1 with two possible scenarios: 1.) Proceed through an RFP process with non-profit organizations under certain conditions; or 2.) Hire a real estate broker and sell the property on the open market.

Additional discussion ensued relative to the fact that it would first be necessary for the Council to determine if the RFP process should, in fact, be open to all non-profit organizations; and possible options that could be considered as part of the process.

Committeemember Whalen stated that it is difficult at this time for everyone to formulate a specific process. He reiterated his previous comments that he would prefer that this item be forwarded on to the full Council to determine if there is support to pursue other options prior to hiring a broker and placing the property on the open market for sale.

Mr. Brady acknowledged City staff for their efforts and hard work with regard to the ongoing maintenance and upkeep of the Escobedo Apartments.

Chairman Griswold called for the vote.

Carried unanimously.

Chairman Griswold thanked everyone for the presentation.

3. Adjournment.

Without objection, the Community & Neighborhood Services Committee meeting adjourned at 4:37 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Community & Neighborhood Services Committee meeting of the City of Mesa, Arizona, held on the 7th day of May 2007. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK