August 22, 2023

Subject: Knights Inn Intergovernmental Agreement Between Pima County and the City of Tucson

Issue – The purpose of this item is to approve an intergovernmental agreement (IGA) with Pima County. Through the IGA, the County will operate a low-barrier, non-congregate shelter at the former Knights Inn hotel recently acquired by the City.

City Manager’s Office Recommendation – It is recommended that the Mayor and Council adopt a resolution providing authorization to enter into the IGA for shelter operations.

Background – The City of Tucson’s Housing and Community Development Department has acquired the Knights Inn hotel located at 1440 S. Craycroft Rd. for operation as non-congregate shelter. This property was acquired with funding from three different funding sources: 1. Arizona Department of Housing Homeless Shelter and Services funding which is a new funding program through the Arizona budget for homeless services; 2. Community Development Block Grant entitlement funding; and 3. HUD HOME Program American Rescue Plan (ARP). HOME-ARP program activities must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or belong to other vulnerable populations. HOME-ARP funds must be used for “eligible activities,” which include acquisition and development of non-congregate shelter (NCS).

Since 2022, the County has been operating an NCS for recently evicted and otherwise unhoused individuals and families at a local hotel through its Emergency Eviction Legal Services (EELS) program via a contract with the hotel owner. If the Mayor and Council approve the proposed IGA, the County will transfer the location of the program to the Knights Inn property.

Knights Inn will be owned and maintained by the City of Tucson and operated as NCS by the Pima County Department of Community and Workforce Development. The Department will provide eligible tenants with access to legal advice and representation in eviction proceedings, as well as in-court navigation, expedited rental assistance, and intake into other available services, including emergency housing.

Long term plans for the property may include conversion to permanent supportive rental housing or affordable rental housing for low-income families, or it could continue to be a temporary shelter. Due to regulatory requirements, the property must be operated as a HOME-ARP NCS for a minimum of five years before conversion and must continue to meet HOME-ARP program requirements for a minimum of 10 years.

Knights Inn is within the Thrive 29 Revitalization Area.

Present Consideration(s) – This item is to approve the IGA with Pima County so that Pima County Department of Community and Workforce Development may operate the Emergency Eviction Legal Services Emergency Housing program at the City owned Knights Inn. This item is supported by the City of Tucson’s Housing Affordability Strategy policy initiative eight, enhance efforts aimed at housing Tucsonans most vulnerable to housing instability. The full IGA is attached.
Below is a summary of the key IGA terms:

- The initial term of the agreement will start following the IGA adoption and will terminate December 31, 2024. The County may apply to renew the IGA for up to nine additional one-year periods.
- The County will pay the City a monthly fee of $39,922.92 to use the property.
- The County will provide cleaning and janitorial services.
- The County will provide food and shelter services.
- The City will make repairs to the structure of the Knights Inn and common areas.
- The City will repair heating, ventilation, and air conditioning systems.
- The City will pay for utilities (gas, electricity, and water).
- The City will provide two overnight security guards.
- Insurance at amounts approved by Risk Management.

Plan Tucson Consideration(s) – This item supports the following Plan Tucson policies:

H2: Focus public and private investment on documented housing needs and priorities considering the long-term housing supply and demand.

H8: Address the housing needs of the most vulnerable populations in the community, including those at risk of homelessness.

This item also supports the City of Tucson’s Housing Affordability Strategy policy initiative eight – enhance efforts aimed at housing Tucsonans most vulnerable to housing instability.

Financial Considerations – HCD anticipates the monthly fee paid by the County will cover the costs that the City will be responsible for at Knights Inn per the IGA and provide for a small reserve to be used for future Knights Inn costs.

Legal Considerations – The City Attorney’s Office has reviewed this Communication and the IGA and prepared the attached resolution.

Respectfully submitted,

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LM: ac
Housing and Community Development

Attachment: Resolution