

AO 2020-66 Frequently Asked Questions

What would AO 2020-66 allow the Municipality of Anchorage (MOA) to do?

AO 2020-66 would authorize the MOA to conduct due diligence, negotiate, and purchase several new buildings to stabilize and quickly house adults without homes as well as create a more balanced homelessness and treatment services system. One of the facilities being considered is for a substance use disorder treatment facility and would be a resource to anyone in need of those services.

Why does the MOA want to purchase these properties?

COVID-19 created an urgent public health need to decompress our shelter system and move individuals from congregate shelter to housing. Addressing that need provides a rare opportunity to make fast and transformative progress in addressing homelessness.

Traditionally, Anchorage shelter locations have been overcrowded and have not consistently had funding to connect individuals to support services (in addition to providing individuals with a warm place to sleep). The main adult shelter at Brother Francis and Beans Café hosted nearly 400 people on the coldest days of the year. As a result, some people experiencing homelessness refused to go into shelter because of overcrowding, and others chose not to stay in a congregate setting because of their behavioral health diagnosis, and instead sleep in camps, parks, greenbelts, and community spaces.

We have known for years that we need more shelter and housing to reduce homelessness in Anchorage. For the last five years, the Municipality has worked with the [Anchorage Coalition to End Homelessness \(ACEH\)](#) and community partners to develop a homelessness response system that is coordinated and informed by data. We now have a much clearer picture of how many people experience homelessness, who they are, and what supports they need to get housed and employed.

In March of 2020, the COVID-19 pandemic accelerated existing efforts to provide year-round, decompressed shelter. The 6-feet spacing requirement reduced Anchorage's shelter capacity by 400 beds:

Shelter Capacity	Winter 2019-20	COVID (2020-2021)
Adult Shelter Capacity	2019-20	COVID (2020-2021)
Brother Francis Shelter	240	114
Anchorage Gospel Rescue Mission	100	41
Covenant House AK	60	60
AWAIC	52	35
Downtown Hope Center	70	40
MOA Emergency Shelter Contract	166	0
TOTAL	688	290

The MOA and its partners acted quickly to relocate more than 350 homeless adults to the Sullivan and Ben Boeke arenas, which allowed for the 6-feet of spacing recommended by the Centers for Disease Control and Prevention (CDC).

The need to provide housing and shelter with adequate spacing will not go away, and the mass shelter has proven the effectiveness of connecting shelter with support services, but the Sullivan and Ben Boeke arenas are not long-term solutions. Returning to a system where 400 people are crowded into two adjacent shelters downtown is not a desirable or safe option. To meet the expected demand for emergency shelter, the Municipality must act quickly to create additional shelter and housing capacity.

A [recently published gap analysis](#) documented a need for 450 additional shelter beds (post Boeke/Sullivan), 155 transitional housing units, 1,695 rapid rehousing units, and 700 supportive housing units. Demand for services already outstrips supply, and the gap is projected to grow due to the economic impacts of COVID-19. Acquiring buildings to use for shelter and housing is the fastest and most cost-effective way to address that gap.

The Municipality is seeking a solution that not only ensures adequate shelter space, but also meaningfully reduces homelessness and the demand for emergency shelter. That is why the Municipality is proposing to acquire properties for housing and addiction treatment in addition to extra shelter space.

What are the four properties, and what will they be used for?

The MOA proposes to purchase three buildings for homeless services:

1. The unoccupied Midtown Alaska Club building becomes a daytime engagement center and overnight shelter. Additional process and building modifications would be required to use this facility for overnight shelter.
2. America's Best Value Inn in Spenard becomes transitional and supportive housing with 100 units.
3. Bean's Café's primary location on 3rd avenue becomes a daytime engagement center.

The fourth building, the Golden Lion Hotel in Midtown, would become a substance use disorder treatment center for anyone in need of these services.





How will these acquisitions improve the homelessness response system?

For the last five years, the MOA has worked with the ACEH and community partners to develop a homelessness response system that is informed by data. We now have a much clearer picture of how many people experience homelessness, who they are, and what supports they need to get housed and employed.

It has become clear that making a significant dent in adult homelessness will require:

1. Shelter space, with the appropriate navigation and case management services during daytime hours, that allows individuals to stabilize.
2. Additional affordable housing units that will house people transitioning out of homelessness or people newly falling into homelessness.
3. More behavioral health resources to serve the entire community and address underlying drivers of homelessness.

Right now, we have a rare opportunity to address many of those needs at once through strategic investments, and implementation of the following principles:

- **Maximize access to housing.** Purchasing a hotel provides a way to easily convert units to housing.
- **Limit shelter size.** Additional shelters will allow for smaller and more effective shelters that can better respond to individual needs
- **Connect those in shelters with services.** Engagement services are included in each proposed location to continue providing access to housing programs, educational meetings, employment resources, and positive social activities.
- **Transition the adult homeless system to a reservation-based system where people can remain in one location with storage available.** People want to know they can rely on a safe place to sleep and store belongings so they can attend appointments, look for work, and regain stability.
- **Balance across the community.** New locations are interspersed across the community; not concentrated at traditional downtown sites.

The mass shelter at the Sullivan and Boeke arenas demonstrated the effectiveness of this new approach. The Municipality worked with partners to create a "[Community Resource Hub](#)" in the parking lot of the arenas. Service providers are now able to meet people where they are and move them right into services and housing. The resource hub makes it easier for people experiencing homelessness to have access to services, such as getting into housing, finding a job, connecting to treatment, or the simple act of getting an ID. This has not consistently been the experience for adults experiencing homelessness, especially since state budget cuts

removed funding for the day services that existed at the large low-barrier shelters. Previously, they would need to travel to different parts of town for each of these services, often walking or using public transportation to each location. The resource hub at the Sullivan Arena has been very successful in connecting people with services and housing.

Bean's Café, Catholic Social Services, Cook Inlet Tribal Council, Covenant House Alaska, Partner's Reentry Center, Veteran's Administration, RurAL CAP, Food Bank of Alaska, Anchorage Downtown Partnership, and several other entities came together with the MOA to provide services out of the Community Resource Hub and help re-house people at the mass shelter who had adequate income to pay rent or who were displaced by COVID-19 job loss or delays. **This successful effort led to nearly 200 people being housed between mid-April and mid-June. Further efforts to connect individuals in the shelter to housing are constrained by limited availability of transitional and supportive housing units.**

The MOA, ACEH, and partners have been improving data and working towards balancing the adult homeless response system. Our community has a unique opportunity in front of it to provide adequate, safe adult shelter locations as a stopgap until more permanent housing options are available. The proposed building purchases are the next step in transforming the way Anchorage approaches the adult homelessness response system.

What is a day engagement center, and how does it help address homelessness?

A day engagement center is a place for individuals experiencing homelessness to connect to needed services, and it diverts individuals from congregating on sidewalks, parks, and streets. For many individuals experiencing homelessness, an engagement center, can be the first step in receiving the supports necessary to live a full and meaningful life. It can offer daily living skill training including appropriate supportive housing options; how to manage a budget; meal preparation; career development; mental health and medical supports; recreational activities and nutritious meals. Day engagement is also critical to keep panhandling, loitering, and other public health and safety needs from disrupting the larger community. Prior to COVID-19 many of the shelters in Anchorage did not have daytime service capacity and residents had to leave in the daytime hours. Providing day engagement services allows these individuals to stay inside and get assistance in the daytime hours.

How will a new treatment center improve behavioral health in Anchorage?

While the demand of behavioral health treatment services has increased, the availability of treatment in general has decreased over the last decade, especially for individuals with special conditions. Wait times for treatment currently range from 14 to 85 days. Adding more capacity addresses a critical need in the community.

Adult Residential Treatment Beds - Higher Levels of Treatment				
Population	Type	2012	2017	2020
Adult - detox	3.7	18	16	16
Adult general co-occurring mental health and substance use	3.5	78	102	143
Adult women with children	3.5	N/A	44	23
Adult men and women, special population focus	3.3	30	0	0
Adult women, w/children special population focus	3.3	28	0	0
Adult: men and women veterans, special population	3.3	50	8	0
Adult co-ed, veterans	3.1	N/A	7	0
Adult men and women	3.1	N/A	22	0
Sub total - community services		204	199	182

PLANNING AND PROCESS QUESTIONS

What is Anchorage's plan to address homelessness?

The [Anchored Home plan](#) is the Anchorage community's strategic roadmap to a time and place where homelessness in Anchorage is rare, brief, and one-time. The Anchored Home plan benefited from input from more than 700 community members, businesses, and agency representatives through a community engagement and public review period.

The Anchored Home plan is a partnership between several organizations seeking to end homelessness in Anchorage and is coordinated by the Anchorage Coalition to End Homelessness. The plan outlines the path forward and emphasizes four areas:

1. Prevention and Diversion -- United Way
2. Housing and Support Systems -- Anchorage Coalition to End Homelessness
3. Public Health and Safety -- MOA
4. Advocacy and Funding -- Homelessness Leadership Council

The MOA is taking the lead on promoting Public Health & Safety in our community to support the Anchored Home Plan. The plan depends on partnerships with the public, private, and non-profit sectors, to make Anchorage safe and supportive for all people who live here.

The plan launched in 2018 and continues to guide our community in addressing homelessness, including the implementation of the [2020 Anchored Home priorities](#), with two of the three priorities directly aligned to the proposed purchase of these buildings. These priorities were released in the late winter of 2019 prior to COVID-19:

1. Improve community health, safety, and emergency systems by
 - a. Increasing day shelter options
 - b. Increasing overnight shelters
2. Increase quantity, quality, and efficacy of housing and support services
 - a. House 60 in supportive housing
 - b. House 350 in rapid re-housing options

More recently, ACEH has published its first annual [Gap Analysis](#) that provides updated priorities based on data about the supply and demand for certain services. The analysis found a significant need for additional shelter and housing for adults experiencing homelessness.

	Single Adults	Families	Youth & TAY	Veterans	Gap (units needed - current capacity)
Shelter	400	30	20	0	450
Transitional Housing	154	(40)	(30)	1	155
Rapid Rehousing	1,510	23	162	(17)	1,695
Permanent Supportive Housing	557	28	95	20	700
Total	2,621	81	277	21	3,000

The top priority identified by the Gap Analysis is to increase permanent supportive housing, shelter, and rapid rehousing for single adults experiencing homelessness.

What homelessness planning has happened since the Anchored Home Plan was published?

- The Anchored Home plan is revisited every year to identify priorities for the upcoming year. The 2020 priorities can be found [here](#).
- The MOA, the ACEH, businesses, funders, service providers, and members of the public that participate in regular community meetings on homelessness have been engaged in the topic of addressing homelessness continuously over the last three years.
- The [Anchorage Assembly Committee on Homelessness](#) holds monthly meetings that are open to the public.
- The [Anchorage Coalition to End Homelessness](#) hosts regular community meetings about the Coalition's activities specifically in regards to the housing and support system.
- The Municipality helped establish the Homeless Leadership Council, which regularly convenes business leaders committed to addressing homelessness.
- The Homeless Resource Advisory Council regularly convenes individuals with lived experience of homelessness to recommend solutions.
- Most recently, the ACEH Advisory Council completed a several month process to analyze the homelessness response system, identify service gaps, and identify priority actions based off that analysis, and documented their findings in the [Gap Analysis and 2021 Community Priorities for Homeless Prevention and Response System](#).

What planning has happened for a new addiction treatment center?

The MOA has been steadily working on a project to support substance abuse treatment for community members, though for many years that plan was solely situated at the Salvation Army Clithroe Center at Point Woronzof.

Using state and federal funding, that plan included demolishing the current building and rebuilding one or more buildings (dependent on future funding) that would at least maintain the current level of treatment beds and potentially expand services. A single building was estimated to be more than \$17 million dollars (with some more conservative estimates suggesting the process could go as high as \$21 million).

The final agreement conditionally approved by the Regulatory Commission of Alaska for the sale of Municipal Light and Power (ML&P) to Chugach Electric included language in to support this project, namely \$15 million dollars for planning, permitting, design, construction, and related demolition costs for a substance use disorder treatment center.

Since the fall of 2019, the vision of that project was called into question, most notably for on-going and unresolved road access issues. The MOA has been negotiating legal access to the existing Clitheroe Center for several years, anticipating the development of a new treatment campus on the Heritage Land Bank property at that site. To date, the MOA has not been able to secure agreeable terms with the airport for on-going and open road access, the achievement of which is a key, “go/no go” threshold consideration. Resolving the issue has proven to be especially complex, given the overlapping interests of various government agencies.

Earlier this year, the provider expressed to the MOA leadership team and consultants that services could be better provided closer to town, the strengths of which are twofold:

- Closer to other necessary medical services; and
- Phased treatment plan allows for supported reintegration into sober life with structured support services, including co-located step-down housing and inpatient treatment services as other aspects of stable life are worked on, like earning gainful employment and long-term housing.

Does AO 2020-66 align with existing planning to address homelessness? Does it fall within the MOA's scope as the entity to lead the “Public Health and Safety” pillar of the Anchored Home Plan?

Yes. Increasing day shelter, overnight shelter, and supportive housing are all priorities identified in the [Anchored Home 2020 Priorities](#).

The [Gap Analysis & 2021 Community Priorities](#) identifies a need for 450 additional shelter units, 155 transitional housing units, 1695 rapid rehousing units, and 700 supportive housing units. It identifies increasing supportive housing, shelter, and rapid rehousing for single adults as the top priority for reducing homelessness and the biggest unmet need in our community.

The Public Health and Safety pillar of the Anchored Home Plan gives the MOA the directive to address encampments and provide housing & supports. AO 2020-66 falls directly within that scope.

What is the normal public process for the Municipality to purchase buildings?

[Anchorage Municipal Code 25.20.010](#) (Acquisition authority) governs the process for real estate acquisition, which includes the exemption from competitive bidding ([AMC 25.20.040](#)): “Because of the unique nature of real property, the municipality need not acquire real property by competitive bidding.”

The Assembly’s public process for [AO 2020-66](#) is the same for any other MOA-led property acquisition ordinance. The AO was introduced at the Assembly meeting on June 23; public testimony began on July 14. After the Anchorage Assembly closes public testimony, the body will debate and vote on the AO. The Mayor has not used emergency powers in this process.

Does the Municipality normally use an RFP process when looking for properties to acquire?

No. An RFP process works very well when seeking to acquire *commercial lease* space, but an RFP process is not normally used for property acquisitions for a few reasons:

1. Real estate transactions are normally confidential until closing.
2. Many property owners are not willing to publicly announce they are willing to sell due to issues with their tenants, clients, their lenders, or their property managers, so they most likely will not respond to an RFP.
3. When asked if a property owner is willing to sell, many times their proposed selling price will be higher than if they had already determined they were ready to sell.

How did the MOA identify and evaluate locations?

Led by the Real Estate Department, the MOA convened a team of internal experts that included the Housing and Homeless Services Coordinator, the Anchorage Health Department, the Planning Department, the Building Safety Department, and private-sector specialists in commercial property acquisition and renovation, tax credit financing, market rate housing development, and permanent supportive housing development to develop a list of criteria that would inform and help make the decision on which buildings were most suitable to implement needed services identified in the Anchored Home plan and other community needs assessments such as the 1115 Behavioral Health Medicaid Waiver.

The team conducted an exhaustive search for suitable properties, starting with a list of every hotel property in the Anchorage Bowl plus other residential and non-residential properties. From there, the MOA began comparing the properties against its list of criteria, removing or re-ordering properties based on how well they performed. From this refined list, the Real Estate Department worked with its real estate consultants to evaluate and/or tour properties before identifying the ones with the most potential and presenting them to the Assembly.

The criteria used by the MOA to evaluate sites included guidance from the following:

- The Anchorage Assembly (AR 2018-167), to disperse social service facilities in areas other than downtown or Fairview;
- the Community Housing Management group's "[Suggestions for Physical Design Standards in Supportive Housing Developments](#)"; and
- the "Physical Design Standards in Supportive Housing Settings" prepared by the MOA's consultants.
- Considerations for a successful treatment center including size, layout, and amenities that would support services with minimal changes to the existing building, and proximity to other services.

Did the Municipality consider other buildings or properties?

Yes. Many buildings and properties were evaluated outside of downtown and Fairview, including properties that were not publicly listed as for sale and met the condition of the intended use.

Did the Municipality consider constructing a new building?

The cost of new construction is significantly higher than purchasing buildings that require some renovations, but are otherwise turnkey solutions such as the properties being proposed.

What role has the Assembly played in this process?

In 2018, the Anchorage Assembly passed Assembly Resolution [AR 2018-167](#), which declared a policy of dispersed placement of services and programs for people experiencing homelessness in Anchorage. This policy was in response to analysis of successful models across the country, and feedback from downtown community members. In passing that resolution, that Assembly also recognized people experiencing homelessness reside across the municipality, and shelter, housing, and other services should reflect that reality.

In November 2019, the Assembly approved a budget amendment, with Administration support, providing \$735,000 for additional overnight shelter capacity for 150 people. This amendment was passed unanimously.

The MOA did not know where the additional capacity was going to come from at the time. The Anchorage Health Department (AHD) put out a Request for Information (RFI) to find a provider to create the additional shelter capacity (the RFI is attached below). It was issued on February 7, 2020 and scheduled to close on February 21. During that time, AHD received no proposals, so the deadline was extended for another two weeks. Still, AHD received no proposals even with that extension. So, AHD set up meetings with the organizations it thought would be interested in this work, and learned three important things:

1. Respondents were not interested in adding additional shelter capacity in the downtown area.
2. There was a strong desire that the Municipality also address rapid, bridge, and permanent supportive housing, supported by additional treatment options.
3. We were told there was significant interest in providing the additional shelter capacity, however, none of the providers would submit a proposal unless a specific location was identified and secured prior to a Request for Proposals (RFP) or RFI going out.

I just learned about this. Why is this process moving so quickly?

1. **Acting now reduces the risk of a fast and lethal outbreak of COVID-19 among people experiencing homelessness and the broader community.** According to the [CDC](#), many people experiencing homelessness are older adults or have underlying health conditions, which may place them at higher risk for severe disease. Congregate settings can facilitate the spread of infection. The Municipality mitigated that risk by standing up the Ben Boeke and Sullivan Arenas to allow for the CDC's recommended 6-feet of spacing, and by implementing health screening procedures. But placing upwards of 350 into the Sullivan Arena was never the long-term plan, and the public health imperative to move individuals into housing or more dispersed shelter and housing options remains urgent.
2. **Homelessness and behavioral health planning have been ongoing for several years.** The planning and work on these issues has been done by the Administration, the Anchorage Assembly Committee on Homelessness, the Anchorage Coalition to End

Homelessness, the Homelessness Leadership Council, among others. This proposal is a product of all of the work.

3. **Finding alternatives to the Boeke and Sullivan Arena is financially urgent.** Running the arenas as mass shelters costs almost \$700,000 per month. This monthly cost will increase by almost \$100,000 with the onset of winter and the expenses associated with heating and upkeep. This means operating homelessness services at the Sullivan Arena will cost more than \$9 million per year. For the time being, those funds are eligible for FEMA reimbursement. But we need to quickly act to set up adequate alternatives to prepare for when FEMA will not pick up the bill.
4. **CARES Act and ML&P funding address a longstanding barrier to funding. But CARES Act dollars expire.** The MOA has a rare opportunity to simultaneously address the ongoing public health crisis and implement previous recommendations to reduce homelessness using federal CARES Act funding. CARES Act funding must be used by the end of the year. The MOA and its partners have known for a long time that Anchorage needs more shelter and housing capacity. New funding from the CARES Act and the anticipated sale of ML&P allows us to act.
5. **Acting now takes advantage of favorable market conditions and reduces the cost to the Municipality.** The number of hotel rooms in Anchorage has nearly doubled since 1970. What was anticipated to be a record 2020 tourism season has turned into a far more vacant one. There is an unprecedented opportunity to buy hotels at reduced prices.
6. **This is just the beginning of the process. Previous experience has demonstrated that operators need to have the locations secured before signing on.** When the Municipality issued an RFI for additional shelter operators last year, there was significant interest in providing the additional shelter capacity, however, none of the providers would submit a proposal unless a specific location was identified and secured prior to a Request for Proposals (RFP) or RFI going out. AO 2020-66 allows the municipality to keep conducting due diligence and line up operators.

If this ordinance passes, what else must happen before the Municipality purchases the properties?

The acquisition of the property must be approved by the Assembly. After Assembly approval, negotiations commence on a Purchase and Sale Agreement which may include:

- Purchase Price, along with other terms and conditions
- Due Diligence Period of 45 to 90 days
- Closing Date
- Contingencies

After both parties sign the Purchase and Sale Agreement, the due diligence period will commence which may include:

- Environmental investigations
- Review of operating expenses
- Analysis of entitlements and any land use issues
- Review of a title report

- Building Condition Assessment and estimates for renovation

After the due diligence period has been completed, funding has been appropriated, and all contingencies have been cleared, the transaction can go to closing.

If this ordinance passes, will there be more opportunities for the Assembly and the public to weigh in? What are the next steps in the process?

Yes.

If this ordinance is approved, two things will happen concurrently. First, the Real Estate Department will begin negotiating with each of the parties on a purchase and sales agreement. This work will include time for due diligence on all four properties, time to negotiate a final sales price based on the due diligence work, and time to finalize all the closing documents. Second, the administration and AHD will begin putting together the RFPs for operating and managing each of these properties, which will result in contracts or management agreements that must be approved by the Assembly. RFP criteria will include:

1. **Experience.** That includes job descriptions, demonstrated success operating/managing 24-hour facilities, oversight and accountability plans.
2. **Project approach/program design.** Program narrative (what is the research-based program design, what level of service/treatment components, scope and length of treatment plan, number of clients served within each service line).
3. **Budget.**
4. **Outcomes of program design** (how is the operator measuring and tracking success, indicators of success, proposed performance measures for on-going reporting).
5. **Partner services** (indoor/outdoor recreation, transportation services).
6. **Neighborhood impact mitigation plan** (safety and security protocols that demonstrate clear tactics/strategies to minimize any negative community impact).
7. **Ability/plan to leverage other funding sources to minimize the Municipality's contribution to ongoing operations.**

The RFP is a public document and providers/operators will have several weeks to put together their proposals. The administration will then be responsible for selecting the most qualified provider/operator for each of the locations. We will then negotiate a contract with each operator. At this point, the public will again have the opportunity to participate in the process:

- The contracts will be submitted to the Assembly for approval.
- The Assembly will likely schedule public work sessions to review the terms of the contract.
- A vote of approval from the Assembly will be required to proceed.

What is the timeline, i.e., how soon can the facilities be operationalized?

Each property will have a different timeline in terms of getting them fully operating. If approved by the Assembly, the MOA would begin negotiating with the owners to reach an agreeable purchase price and doing the remaining due diligence necessary to finalize. Concurrently, the

MOA would initiate an RFP for building operations. Each operator/provider will then work closely with the MOA to complete any renovations/improvements necessary to open the facilities. The best case scenario is the engagement centers and America's Best Value are operational at some point in the 4th quarter of this year. The Golden Lion (treatment center) and Alaska Club (the long-term shelter portion) will likely be sometime in 2021 due the renovations and other work needed.

What kind of outreach or media attention has this received?

Community meetings

- [Spenard Community Council](#)
- Midtown community conversation
- Homeless, Housing and Neighborhood Development Commission meeting (July 1)
- Rogers Park Community Council
- Two Anchorage Assembly Work Sessions ([July 1](#) and July 10).

News Coverage

- [Anchorage considering Golden Lion Hotel for new treatment center](#)
- [City pursues purchase of four properties to relieve Anchorage homelessness](#)
- [Municipality could soon seek the purchase of four properties to address homelessness needs across Anchorage](#)
- [Anchorage wants to buy 4 properties to relieve homelessness](#)
- [Annual cost of operating new Anchorage homeless and treatment programs estimated at \\$7 million](#)
- [Public testimony on proposed city purchase of buildings for homeless services will extend into next week](#)
- [Assembly extends testimony on property purchase into next week](#)
- [The vote on two homeless services ordinances was delayed yet again](#)
- [Anchorage Assembly considers pushing controversial vote on building purchase to next week](#)
- [Public comment on controversial homeless housing, resources ordinance continues for second day](#)
- [For second straight night, Anchorage Assembly postpones vote on \\$22.5 M for homeless services location](#)
- [Second day of hearings on property purchases for homeless services ends without vote](#)
- [Continuing testimony on city purchase of buildings for homeless services pushes Anchorage Assembly hearing to third night](#)
- [New resources show homeless services offered and what's needed](#)
- [Anchorage Assembly vote on \\$22.5M for homeless services locations pushed back to Wednesday](#)
- [Anchorage Assembly hears hours of citizen opposition to purchase of buildings for homeless services](#)
- [Anchorage Assembly hears public comment on controversial transitional housing, homeless resources proposal](#)
- [Anchorage needs thousands more housing units and shelter beds to meet demand, report finds](#)
- [Assembly to vote on city purchase of 4 properties to provide homelessness resources](#)

- [Municipal plan to buy buildings for homeless services draws concerns ahead of vote](#)
- [Anchorage Assembly to decide whether city purchases 4 buildings for homeless and treatment services](#)
- [Assembly to decide whether to extend emergency grant to Catholic Social Services](#)
- [Annual cost of operating new Anchorage homeless and treatment programs estimated at \\$7 million](#)
- [How Bean's Cafe was transformed by the pandemic](#)
- [Mixed reaction to treatment center potentially taking place of Midtown hotel](#)
- [City considering Midtown Anchorage hotel for new alcohol and drug treatment center](#)
- [Assembly looks to expand where it can set up homeless shelters](#)

FUNDING AND COST QUESTIONS

How much money will the MOA spend to purchase and renovate the properties, and where does the money come from?

The MOA would be authorized to spend up to \$22.5 million to acquire and renovate the four properties. The money would come from two sources:

1. the CARES Act; and
2. unrestricted cash from the ML&P sale to Chugach Electric.

First, the CARES Act funds are an appropriate source for the purchase and renovation of three of the facilities in this ordinance. There is a three-prong test based on the [guidance released by the Treasury Department](#).

1. These expenditures are incurred due to the public health emergency. This proposal is in direct response to the need to provide 6 feet of physical distancing, among other measures, within the MOA's shelter system. Roughly 400 beds were lost within the shelter system because of COVID-19. In addition, the Sullivan Arena is not a long-term solution.
2. The costs were not accounted for in the MOA's most recently approved budget. The MOA did not account for the need to find additional capacity because of COVID-19, in its budget.
3. The costs the MOA is incurring are in the period between March 1, 2020 and December 30, 2020. The proposed property acquisitions are designed to deal with an unbudgeted cost of necessary expenditures incurred due to the COVID-19 public health emergency.

Additionally, the Treasury Department's [guidance](#) provides a nonexclusive list of eligible expenditures. One of those is "expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions." It is clear Congress and the Treasury Department expected portions of the CARES Act funding local governments received to be used in these ways.

Second, \$15 million dollars from the ML&P sale is designated for treatment services and would pay for the purchase, renovation and partial operating costs of the Golden Lion Hotel.

The investments in these properties will cost less than keeping the Sullivan Arena as a mass-congregate shelter, which costs almost \$700,000 per month. This monthly cost will increase by almost \$100,000 with the onset of winter and the expenses associated with heating and upkeep. This means that operating homelessness services at the Sullivan Arena will cost more than \$9 million per year.

How much will it cost to renovate these facilities? What steps are being taken to prevent cost overruns?

ABVI: roughly \$500,000 (prior to completing full due diligence);
Golden Lion: estimated at \$1M (prior to completing full due diligence);
Alaska Club: estimated at \$3.5M (prior to completing full due diligence);
Bean's Café: no renovations expected.

What will it cost to operate these facilities?

The MOA will implement an RFP process to select building operators, which will determine the final operating cost. In consultation with real estate and supportive housing experts, the Municipality estimates operating costs based on specifics of each facility and similar operations in other facilities. The estimated operating costs the MOA may be responsible for, for the properties is estimated to be around \$7 million:

- Alaska Club (daytime engagement center and overnight shelter) ~\$3 million
- America's Best Value Inn (bridge and supportive housing) ~\$1.5 million
- Bean's Café building (daytime engagement center for people staying at the Brother Francis Shelter) ~\$500,000
- Golden Lion (substance abuse treatment center) ~\$2 million

How will the MOA pay for the operating costs for these services?

The operating costs of the properties will come from a combination of the following:

- Funds for low barrier, emergency shelter and service that the MOA already commits
- Support from local philanthropic partners
- Medicaid and other insurance
- NO more than 50% of operating dollars will come from the voter-approved alcohol tax
- Federal grants
- Higher dividend payments from the MOA Trust as a result the ML&P sale to Chugach Electric

PROPERTY-SPECIFIC QUESTIONS

GOLDEN LION

Why was the Golden Lion selected?

The Golden Lion is well set-up to offer both inpatient and outpatient services, as well as step-down housing. Proximity to other services and medical care is a critical part of the latter.

Is the treatment center the right location? Should it be more isolated?

Service providers identified proximity to additional support services and other medical care as a benefit of this location. There are many treatment centers in Anchorage that operate in similar areas with minimal neighborhood impact:



(Orange squares = existing treatment centers, blue dot = proposed treatment center)

Were other locations considered for a treatment center, and why were they not selected?

Yes, sites were considered across town, and reasons for not choosing them varied from earthquake damage, zoning prohibitions, and access to additional services.

Is the traffic too busy at that location?

A treatment center is very different from a low barrier shelter, and will not have the same issue of individuals wandering in and out. As with each of these properties, any operator responding to the RFP will have to present a plan on how to operate safely, including managing intake and outtake of clients.

What about plans to potentially shift the highway?

The proposed Midtown Congestion Relief project would only affect the portion of the parking lot already in the State right-of-way. The Municipality consulted with State DOT before proposing this purchase.

What would this treatment center look like from the outside? Would there be a lot of people gathering outside awaiting treatment? Or people coming and going?

Treatment centers like this are typically very quiet from the outside. These are not facilities where people drop in for services, and come and go frequently. Access to services at this facility would require a referral and intake process. Inpatient treatment centers operate throughout the MOA, including throughout Midtown, at a very low profile.

ALASKA CLUB BUILDING

Why was this building selected?

The Municipality selected the Alaska Club to address the need for day engagement services and overnight shelter in the midtown area. Of the buildings that were well-suited for this purpose, the Alaska Club building was the only one of this size that was vacant and had sufficient additional land that could be used to address parking and other outdoor needs. Even with a willing seller, buildings that were not vacant came with requirements to carry forward existing lease agreements. The Alaska Club building is well suited for day and overnight shelter. There are two stories with large open space, allowing for both day engagement and overnight shelter. There is also already plumbing and bathroom capacity to meet shelter needs, because the Alaska Club had locker rooms. It is located on a transit corridor, making it accessible for those who will utilize the facility.

Would transportation be available?

Yes. The ability to provide transportation to and from this facility will be a component of the RFP process.

What has to happen for this location to be used as overnight shelter?

To be used as overnight shelter in a non-emergency context, some building modifications would have to be made (including adding sprinklers) and undergo a process to make overnight an allowable use at that location.

AMERICA'S BEST VALUE

Why was America's Best Value selected?

America's Best Value could be used almost immediately for housing. Many of the units have kitchenettes and could function as supportive housing units.

BEANS CAFE

What makes the Bean's Café building well-suited to function as a daytime engagement center?

This service has already been provided at this site, and it would complement the overnight shelter services provided at Brother Francis.

QUESTIONS ABOUT HOMELESSNESS

Does Anchorage have more homeless people than in the past?

In Anchorage, homelessness has remained steady at approximately 1,100 people (families, veterans, youth and adults) for the past several years (see chart below 2013-2019) at any given time, as measured by the Point in Time Count. ACEH now has better data on how many individuals touch the homelessness prevention and response system over the course of the year, which is closer 7900 individuals. Progress continues for sub-population areas such as veterans, families and youth who are homeless. Anchorage has responsive safety net services for these populations and work continues to ensure these subgroups continue to have resources and safety.

Adult homelessness has disproportionate challenges due to a lack of mental health and substance use treatment services in our community and statewide. Adult homelessness numbers have remained between 700-900 people counted on one night over the period of 2013-2019.

While the numbers remained fairly consistent, the challenges and visibility of the adult homeless population have changed.

- **Visibility:** more people are visible on the streets in recent years. This visual presence of homeless persons is a result of a lack of day services at shelters, substance use and mental health care services in our state. People are more likely to panhandle and remain in business locations and street areas to attempt to meet basic needs if there are no other safe and allowable places for them to stay during the day. Downtown and Midtown Anchorage have the most persons visible on street areas and have many impacts as a result.
- **Camp Abatement:** Anchorage has developed a more responsive camp abatement process that moves people out of parks and greenbelts. Some of these campers go to shelter locations, but others are now remaining on street corners and along roadways sleeping in the same locations where they stay during the day.
- **Over-burdened psychiatric system:** Anchorage has an emergency and psychiatry system that is unable to continuously and safely care for persons with mental health conditions in community-based services. As a result, many people who require higher levels of support are on the streets and in camps.

Why are people homeless?

Homelessness is the result of many societal challenges. It is not a defining character of a person; it is the state of their housing. Homeless persons come from all income and class levels, as well as from many different ethnic, racial, and gender categories. However, when a person has financial wealth or adequate social relationships, homelessness may not result in a person or family ending up in the community safety net. For those who become homeless in the community, the experience of being dislodged and living in the community safety net can be a traumatic experience. For this reason, Anchorage strives to make homelessness rare, as brief as it can be, and a one-time event to reduce the trauma and turmoil on the family or individual.

In prior surveys of homeless individuals and from the data collected by the [Anchorage Coalition to End Homelessness](#), the number one reason people seek shelter and other homelessness resources is due to a lack of employment or financial resources. Losing a job following a health crisis, or sudden loss of a family member have been described by many people at shelter.

The second most common response for why a person is homeless or seeking assistance is for a health or safety issue. Many people have medical or mental health conditions that result in financial challenges or eviction from housing. Others are fleeing for safety reasons from domestic violence. Legal problems, relationship issues and other challenges such as substance misuse are additional causes of homelessness.

Community factors that result in homelessness are significant. These factors include high-priced housing, high cost of living, lack of a livable wage for employment, disparities across racial groups, disruptions of culture and traditional ways of living, and a lack of access to adequate medical primary care and resources for behavioral health care needs (substance use treatment and mental health care). Anchorage has many of these factors that lead to a subpopulation of persons who are visible homeless people on our streets.

Are homeless people dangerous or more likely to be criminals?

Homeless people are much more likely to be the victim of a crime than to perpetuate crime in our community. Many homeless people are fleeing domestic violence and are extremely vulnerable on the street. Young people, especially women, experiencing homelessness are frequently preyed upon on the streets and are vulnerable to drug dealers and criminals.

There are crimes committed by homeless people, however, including shop lifting and stealing from neighboring areas for items used to survive on the street. These activities are a constant challenge for neighbors and businesses near highly populated unsheltered homeless areas.

Do homeless people have a responsibility in their process of getting housed?

Yes, very many homeless people and families want to be housed and given a real opportunity for housing, will accept it and work toward their goals to move forward in life from homelessness. Several examples of housing programs have demonstrated this over the years, including the housing program run by RurAL CAP, Alaska Behavioral Health, CHOICES, Catholic Social Services, Volunteers of America, Covenant House and many more. When homeless people see opportunities and ways that they can succeed, buy-in happens and people take responsibility for their housing needs. However, when people are consumed by addictions or have tried to meet high program and personal standards and have failed, they can become hopeless and the resulting behaviors cause additional challenges for the community. Programs that are tailored to the level of functioning of the people being served and that allow for a person to achieve stability and pride in their situation are extremely successful in helping homeless persons and families take the reins of recovery from homelessness.

What other actions has the MOA and its partners been working on to address homelessness in our community?

The Municipality established the Mobile Intervention Team to help people with severe mental illness in homeless camps and across the city to access needed services by:

- Hiring a mental health clinician,
- Coordinating social services,
- Attaching services to the camp abatement process to ensure meaningful connections and options for people in camps.

The Anchorage Fire Department established the CORE Team to address the needs of people in crisis by providing alternative solutions for high utilizers of AFD, reducing the impacts this group has on the availability of emergency services.

The Municipality established a more effective zone-based camp cleaning and abatement system. Members of the public can [report camps](#) on an [online platform](#), and keep track of citywide cleaning progress.

To prevent a sudden surge in homelessness, the Municipality allocated [\\$3 million of CARES Act funding to rent and mortgage relief](#) for individuals economically affected by COVID-19. Those funds are still available, and individuals may request assistance through 2-1-1.

[Home For Good](#), a public-private partnership between the United Way of Anchorage and the Municipality of Anchorage, will bring the Housing First model to scale in Anchorage and connect individuals experiencing chronic homelessness with needed services. The project seeks to house 150 individuals who utilize the most services, including emergency services, in order to provide relief to the entire system. The program will be financed through an innovative Pay for Success contract in which the Municipality only pays for successful outcomes. This protects taxpayer dollars and aligns incentives to focus on outcomes. A philanthropically-funded pilot program was launched in 2019, and successfully serves 23 individuals.

Where can I find more information?

More information is available at muni.org/homelessness and anchoragehomeless.org

ATTACHMENT 1 – FEBRUARY 2020 RFI FOR SHELTER SERVICES

Municipality of Anchorage
Anchorage Health Department
Request for Information
For
Provision of Year-Round Emergency Shelter Services

1. Background

The purpose of this market research to gather information, data and knowledge that will help the Municipality of Anchorage (MOA), Anchorage Health Department (AHD):

- identify providers in Anchorage interested in delivering emergency shelter services.
- explore different configurations and seasons of emergency shelter services;
- obtain information that will help AHD ensure individuals experiencing homelessness have a place to be sheltered both in the winter, when temperatures are dangerous to the point of causing death, as well as in summer, when camp abatement clean-up activities are enforced; and
- provide AHD with an understanding of the potential providers in the Municipality and the capacity of facilities providers have that would meet Chapter 16.120 - EMERGENCY SHELTER PLAN FOR HOMELESS PERSONS for provision of emergency shelter service.

This information is important as it will help AHD determine if there are interested providers in the community to ensure year-round emergency shelter.

2. Instructions

2.1 Response Submission

Responses will only be accepted by the Municipality of Anchorage Purchasing Department. Responses can be mailed, e-mailed, or hand delivered to the following address:

Municipality of Anchorage
Purchasing Department
632 W. 6th Avenue, Suite 520
P.O. Box 196650
Anchorage, AK 99519-6650
wwpur@muni.org

2.2 Response Details

Responses should reference Request for Information number []. Responses should include organization/business name, mailing address, phone number, and e-mail address of designated point of contact. **Response should have answers to each question in Section 3.** Answers should be detailed enough for AHD to determine the

ability of the respondent to provide the service. For example, saying "Yes, interested" is not a sufficient response.

2.3 Deadline

Responses are due no later than [10 business days from date posted by Purchasing].

2.4 Point of Contact

Questions about this RFI should be directed to the Municipal Purchasing Department.

2.5 Important Notice

AHD does not intend to award a contract from this RFI, nor will AHD be financially responsible for any preparation or administrative costs incurred in response to this RFI. All costs associated with responding will be solely at the interested party's expense. Not responding to this RFI does not preclude participation in any future solicitation, if issued. AHD may or may not choose to meet with respondents for further clarification. Propriety information should be minimized as any information submitted in response to this RFI may become public.

3. Questions

- 1) Is the submitting organization/agency eligible to contract with the MOA?
- 2) How many emergency shelter beds does your facility have capacity for?
 - a. Is your facility already approved or could it be made ready to be approved by the Anchorage Health and Fire Departments to provide the number of shelter beds you listed in your answer to Question #2?
- 3) Are beds/cots/mats already available at your facility or would they need to be purchased?
- 4) For which months of the year could your organization provide emergency shelter beds?
- 5) Please provide any other information that may be relevant to AHD. (Please write N/A if you do not have any additional information to share.)



MUNICIPALITY OF ANCHORAGE
OFFICE OF THE MUNICIPAL ATTORNEY
MEMORANDUM

DATE: JULY 27, 2020

TO: ANCHORAGE ASSEMBLY

FROM: KATHRYN R. VOGEL, MUNICIPAL ATTORNEY

SUBJECT: CARES ACT FUNDING TO FUND AO 2020-66(S)

SUMMARY:

This memorandum memorializes legal advice that this office has provided to the administration and assembly members regarding whether CARES Act Funds paid under Section 601(d) of the Social Security Act may be used to purchase buildings for the purposes of providing homeless overnight shelter, homeless day shelter, and homeless outreach services. The short answer is that such use of CARES Act Funds is legally appropriate because it is consistent with the federal statute and in line with official guidance from the United States Treasury Department and CDC recommendations.

STATUTORY REQUIREMENTS:

Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act (Public Law No. 116-136) requires:

A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

ANALYSIS:

Purchases of the buildings proposed in AO 2020-66(S) with CARES Act funds (namely, America's Best Value, the former Alaska Club on Tudor Road, and Beans Café) fit the required criteria.¹ Two of the criteria are not the subject of debate: the costs of these purchases have not been incurred yet and would need to be paid on or before December 30, 2020 to be eligible to use CARES Act funds. And the purchase of these properties has not been accounted for in any budget approved by the assembly before March 27, 2020, which is why the issue is before the Assembly today.

That leaves only the issue of whether these purchases are “necessary expenditures incurred due to the [COVID-19] public health emergency.” The United States Treasury Department, which is in charge of overseeing use of the funds allocated to state and local governments,² has issued two key interpretive documents to assist governments in the proper spending of CARES dollars, a “Guidance Document”³ and an FAQ.⁴ Both are consistent with the proposed use of CARES Act funds to purchase buildings to address the homelessness crisis. First, the Treasury Department notes that it interprets the term “necessary” broadly to mean that “the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.”⁵ In the guidance document Treasury provided nonexclusive examples of eligible expenditures. This included, “Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.”⁶

Likewise, Treasury’s FAQ document specified that governments may “retain assets purchased with payments from” the CARES Act so long as the purchase of the asset was

¹ Purchase of a fourth property in AO 2020-66(S), The Golden Lion Hotel, for intended use as a substance use treatment center is proposed to be funded with assets generated by the sale of Municipal Light & Power. Accordingly, this memorandum does not address whether CARES Act funding would be appropriate for that purchase.

² Social Security Act, sec. 601(f).

³ U.S. Department of the Treasury, Coronavirus Relief Fund, Guidance for State, Territorial, Local, and Tribal Governments (“Treasury Guidance”), 1 (Updated June 30, 2020), <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

⁴ U.S. Department of the Treasury, Coronavirus Relief Fund Frequently Asked Questions (“FAQ”) (Updated July 8, 2020),

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>.

⁵ Treasury Guidance at 1.

⁶ Treasury Guidance at 4.

an eligible use of CARES Act funds.⁷ This provision clarifies that if the Muni were to purchase a building to mitigate COVID-19 effects on the homeless, it would be able to keep that building after the CARES Act funding period passed.

Additionally, other federal agencies have acknowledged explicitly the necessity of devoting resources to address homelessness in direct response to COVID-19. For example, the CDC recommends that where existing shelter does not accommodate six-feet of physical distancing between individuals, public health officials should “[c]ollaborate with local officials to establish an additional homeless service site.”⁸ The CDC also acknowledges that homeless service provider sites can present “unique challenges” because the sites can be crowded and the clients are often older or have underlying medical conditions.⁹ The CDC accordingly recommends relocating clients at higher risk for severe illness to individual rooms.¹⁰ Likewise CARES Act funds allocated by HUD (via a separate provision than the funding at issue here) recommends allocating funding to “[m]ake more emergency shelters available” and to provide essential services to people experiencing homelessness including “education services, employment assistance, outpatient health services, legal services, mental health services, substance abuse treatment services, and transportation.”¹¹ These recommendations from the federal government within the context of COVID-19 response strongly support a finding that purchase of buildings to provide services and additional non-congregate shelter for the homeless is a necessary expense.

In summary, the arrival of COVID-19 exacerbated the existing problem of Anchorage’s overcrowded and inadequate shelter space for homeless individuals. It added a new, unbudgeted, public health dimension to a problem that had long been recognized, and created an urgent need for more housing and services. And because response to COVID-19 may reasonably include following federal recommendations for the provision of services and non-congregate housing to homeless individuals, use of COVID-19 funds during the remainder of 2020 to acquire additional buildings to house and provide services to homeless individuals is consistent with the rules governing CARES Act funds.

⁷ FAQ at 10.

⁸ United States Centers for Disease Control and Prevention, *Investigating and responding to COVID-19 cases at homeless service provider sites, Considerations for state and local health departments* (Updated June 23, 2020), <https://www.cdc.gov/coronavirus/2019-ncov/php/investigating-cases-homeless-shelters.html>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ United States Department of Housing and Urban Development, *HUD Provides Remaining \$2.96 Billion in CARES ACT Funding for Homeless Populations Amid Coronavirus Recovery* (June 9, 2020),

https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_077.