



# NEWS RELEASE

Arizona House of Representatives

Representative Matt Gress (R-4)

1700 West Washington • Phoenix, Arizona • 85007

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Thursday, July 6, 2023

FOR IMMEDIATE RELEASE

## City of Scottsdale's Plan to House Homeless in Hotel Draws Concerns, Questions from Residents & Rep. Gress

**STATE CAPITOL, PHOENIX** – In a letter sent Wednesday to Scottsdale Mayor David Ortega, Arizona State Representative Matt Gress expresses great concern and questions he shares with many of his constituents regarding the city's recent approval to accept a \$940,000 state grant to house homeless individuals and foreign nationals in a McCormick Ranch area hotel.

At its June 27 meeting, the Scottsdale City Council voted 6-1 to accept the grant funding from the Arizona Department of Housing and rent 10 rooms at an undisclosed hotel located near Pima and Indian Bend for use as an emergency homeless shelter.

Little is publicly known about the terms of the agreement, but [media reports](#) suggest at least some of the people to be housed at the Scottsdale hotel will include occupants from "the zone" – a massive homeless encampment in downtown Phoenix – as well as foreign nationals that would have been expelled from the United States under Title 42, which President Biden allowed to expire in May.

**"The City of Scottsdale's plan raises as many questions as it does concerns,"** said Representative Gress. **"While we can agree on the importance of addressing homelessness, doing so requires a transparent and well-communicated plan, and this fails on both counts. Scottsdale residents and business owners should be provided clear and complete details relating to the arrangement approved by city leaders and the long-term intent of their plan. I've reached out to Mayor Ortega for answers to many of the questions our shared constituents have regarding the city's community outreach on this matter, how the program will be implemented, and issues relating to potential impacts. The city is seeking to move forward quickly so I look forward to a timely response."**

Representative Gress requested the city respond by July 28. A copy of his letter is attached below.

*Matt Gress is a Republican member of the Arizona House of Representatives serving Legislative District 4 in Phoenix. He also serves as Chairman of the House Appropriations Subcommittee on Budgetary Funding Formulas. Follow him on Twitter at @MatthewGress.*

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DISTRICT 4

Arizona House of Representatives  
Phoenix, Arizona 85007

JOINT LEGISLATIVE AUDIT  
COMMITTEE  
Chairman 2024  
JOINT LEGISLATIVE BUDGET  
COMMITTEE  
JOINT COMMITTEE ON  
CAPITAL REVIEW

Sent via U.S. Mail and Email

July 6, 2023

Honorable David Ortega  
Mayor of Scottsdale  
3939 N. Drinkwater Blvd.  
Scottsdale, Arizona 85251

Dear Mayor Ortega,

I am writing to express my concern and that of many Scottsdale residents who have contacted my office regarding a \$940,000 grant from the Arizona Department of Housing to move unhoused persons into an undisclosed hotel near Pima Road and Indian Bend Road.<sup>1</sup>

According to media reports, the City of Scottsdale will rent 10 rooms from the undisclosed hotel, and at least three of those rooms must be occupied by people living in "the zone" which is essentially a massive encampment of unsheltered people in downtown Phoenix.<sup>2</sup> Additionally, the resolution notes that likely recipients of this expanded bridge housing program will be foreign nationals that would have otherwise been expelled from the country under Title 42, which expired in May 2023.

In total, the city estimates between 80 and 120 individuals will be served through this program annually. The current contract will go through September 2023 and then will be re-evaluated for a one-year extension, that includes an expansion of services and presumably more rooms.

To be clear, this program proposes to use a hotel in a very different way. We are talking about emergency housing, which is not the same as an establishment that provides for payment temporary lodging in the form of overnight accommodations in guest rooms to transient patrons.

<sup>1</sup> See Resolution No. 12888 as presented to the Scottsdale City Council on June 27, 2023:  
<https://eservices.scottsdaleaz.gov/cityclerk/DocumentViewer/Show/0bafb65e-586d-4c84-bb73-214763c436a5>.

<sup>2</sup> See J. Graber's story dated June 29, 2023 for the *Daily Independent*, "\$940K Scottsdale grant will provide emergency shelter to homeless": <https://www.yourvalley.net/stories/940k-scottsdale-grant-will-provide-emergency-shelter-to-homeless.407191>.

And there is widespread evidence that this kind of program has rarely been implemented effectively.<sup>3</sup> I have several questions regarding this arrangement:

### **Community Outreach**

1. What public input process did the City of Scottsdale use ahead of accepting this grant?
2. Did the City of Scottsdale conduct any meeting with the McCormick Ranch Homeowners Association? If so, what did that communication look like?
3. What public notice will be provided to hotel guests or potential guests not participating in the program?
4. Why is the City of Scottsdale being forced to house individuals experiencing homelessness in Phoenix? Shouldn't this program be helping those who are located within Scottsdale exclusively?

### **Program Implementation**

1. What kinds of mental health and social services will be offered at the hotel to individuals participating in this program? Does the city plan to provide any harm reduction services? If so, could you detail what those services entail?
2. Does the city intend to provide program participants personal grooming services, sanitary and cleaning supplies, meals, and laundry services for clothes and linens?
3. Will 24-hour-security services be part of this program?
4. What is the maximum number of rooms the City of Scottsdale intend to rent from the hotel? If the City of Scottsdale sought to increase the maximum number of rooms, what would that process entail?
5. What is the maximum length of stay the program will permit participants to stay at the hotel? What is the expected average length of stay? What is the average length of stay of current patrons?
6. What is the maximum daily rate the City of Scottsdale will pay the hotel to reserve rooms?
7. Does the City intend to pay for rooms that aren't occupied or only when they are in use by program participants?
8. Does the City of Scottsdale intend to conduct background checks or any type of screening on all program participants? If so, what does that entail? Are there certain persons depending on their background check that would be excluded from participation in the program? If not, why is the City of Scottsdale not concerned about knowing such information?
9. Between 2020 and 2021, at least 166 people fatally overdosed in city-funded hotels in San Francisco, representing 14% of all city overdose deaths despite representing 1% of

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<sup>3</sup> See Erica Sanberg's column dated June 27, 2020 for the *New York Post*, "San Francisco's failed experiment of homeless hotels is a cautionary tale": <https://nypost.com/2020/06/27/san-franciscos-failed-experiment-of-homeless-hotels-is-a-cautionary-tale/>

the population.<sup>4</sup> If a program participant is addicted to drugs, what mitigation measures will the City of Scottsdale implement to ensure that the participant is not using on premise and that drug dealers aren't making deliveries of drugs at the hotel?

10. Where will the belongings of program participants be stored during their stay at the hotel?

### **Hotel Impact**

1. What is the zoning designation for the hotel the City of Scottsdale intends to use? Why does this program not present a conflict to the current zoning designation given that it materially changes the normal intended use of this hotel?
2. To what extent has the City of Scottsdale discussed the specific impact of housing homeless individuals on the hotel's business and capital plans (i.e., there has been extensive documentation of similar programs resulting in significant capital costs to repair furniture, fixtures, and equipment inside guest rooms occupied by homeless individuals, along with a hotel's loss in transient business, especially during peak travel season)?
3. To what extent can the hotel seek damages from the City of Scottsdale for their property from program participants?
4. To what extent has the hotel evaluated the program's implications on the underlying mortgage of the hotel, given that if the hotel loses its primary intended purpose, the mortgage lender could withdraw financing?
5. Has the City of Scottsdale reviewed the hotel's current insurance policy to determine whether the definition of hotel under the policy is consistent with the intended uses?
6. Is there any training that hotel staff have received to serve this new population of tenants? What safety measures does the hotel or the City of Scottsdale plan to implement to ensure the safety of hotel staff?
7. In Section 11 of Contract No. 2023-123-COS, the environmental review conditions requirement appears to be waived for the City of Scottsdale as it pertains to this project. Is that correct?
8. As you may know, the environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. Does the City of Scottsdale plan to conduct an environmental review to ensure the safety of the program participants and surrounding neighborhoods? If not, please provide reasons as to why the city does not believe an environmental review is warranted.
9. What is the plan and expected frequency of code enforcement officers visiting to premise of the hotel to ensure there not housing code violations?

These are just a few questions regarding a *major* policy initiative of serious consequence in the City of Scottsdale. The public does have right to know where, when, and how the City of Scottsdale intends to implement and monitor this program that has stirred great concern among

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<sup>4</sup> See Joaquin Palomino and Trisha Thadani's "Broken Homes" investigative series in the *San Francisco Chronicle*: <https://www.sfchronicle.com/projects/2022/san-francisco-sros/>

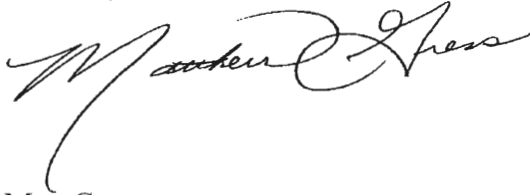
City of Scottsdale – Bridge Housing Expansion Program

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the constituents we collectively serve. Given the timeframe of implementation of this program, I would appreciate a reply to these questions no later July 28, 2023.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Gress". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Matt Gress

State Representative - Legislative District 4

Arizona House of Representatives

Chairman 2024 | Joint Legislative Audit Committee

CC: Scottsdale City Councilmembers

Jim Thompson, City Manager, City of Scottsdale

Honorable Jacqueline Parker, Chairman of the House Committee on Municipal Oversight  
and Elections

Honorable Jake Hoffman, Chairman of the Committee on Director Nominations

Joan Serviss, Director, Arizona Department of Housing