City of Sedona

Homeless Needs & Services Assessment

Completed by Viam Advising

November 2024

ACKNOWLEDGEMENTS

Viam Advising would like to thank the City of Sedona for bringing forth the opportunity to assess the needs and services of the homeless population in the region. The intention to deeply understand the structural challenges related to ending homelessness in Sedona and the Verde Valley is commendable and will ultimately improve the lives of the most vulnerable in the community. Viam Advising would also like to thank the many individuals with lived experience of homelessness that we interviewed for their respective wisdom and insights – a holistic understanding of homelessness in Sedona is not possible without your participation. Finally, we would like to thank the following organizations for their part in this process – the opportunities ahead are not possible with you.

City of Sedona
Sedona Community Food Bank
Cottonwood Police Department
Arizona Department of Housing
Solari Crises and Human Services
Catholic Charities Community Services in Northern Arizona
U.S. Forest Service
Verde Valley Homeless Coalition
The Gathering Place
Salvation Army
Sedona Oak Creek Unified School District
Sedona Charter School
Sedona Area Homeless Alliance (SAHA)
Verde Valley Homeless Coalition
Sedona Library
Society of St. Vincent De Paul
Sedona Police Department
Sedona Lodging Council

CONSULTANT BACKGROUND

Jonathan Danforth has over a decade of experience in rehousing individuals experiencing unsheltered homelessness, improving crises response in encampments, and optimizing Coordinated Entry Systems. As the founder and principal consultant at Viam Advising, Jonathan serves as an advisor to the U.S. Department of Housing and Urban Development (HUD) and the National Alliance for Ending Homelessness (NAEH) and brings formal academic training in economics, background in data analysis, and deep experience implementing CoC projects. Jonathan founded Viam Advising as a vehicle for accompanying CoCs as they grow their homeless response systems. He is currently working with communities in Oregon, Arizona, Tennessee, Kentucky, Texas, and Virginia to optimize homeless response systems and transform the lives of those experiencing homelessness.

For the past 25 years Matt White has been working with communities to design and implement effective systems for people experiencing homelessness and at imminent risk of homelessness. He specializes in homeless system policy development and implementation, research and evaluation, and refinement of Coordinated Entry System (CES) processes. Mr. White's homeless system technical assistance expertise includes improving data collection and analysis capabilities, evaluating the effectiveness of homelessness systems, and leading strategic planning and facilitation engagements to reorient homelessness services. Mr. White is now a Senior Associate with Housing Innovations, a consulting collaborative of practitioners with direct community experience implementing solutions to homelessness.

ASSESSMENT BACKGROUND

The City of Sedona enlisted the professional services of Jonathan Danforth and Matt White to conduct a comprehensive homelessness needs and services assessment and develop a strategic plan to address homelessness. The Viam Advising consulting team has analyzed both quantitative and qualitative data on the extent and scope of homelessness in the greater Sedona area to determine how many people experience homelessness, the nature of people's experience while homeless, and the types of service strategies and interventions most likely to reduce and/or prevent homelessness. The following report describes these findings and identifies recommendations in the areas of addressing basic needs, connecting people to housing and employment resources, and better aligning and coordinating homelessness services across the greater Sedona region.

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EXECUTIVE SUMMARY

Throughout the course of a year, approximately 600 of the most vulnerable members of the community are experiencing homelessness in Sedona and the Verde Valley. Sadly, these numbers are projected to rapidly increase over the next 5 years by a staggering 129%. This projection is based on the existing year-over-year increase in homelessness throughout Yavapai County and is characterized by the surge in rental prices that followed the coronavirus pandemic and has resulted in a housing cost burden that is stretching households beyond their means all throughout the region.

> THROUGHOUT THE COURSE OF A YEAR, APPROXIMATELY **600** OF THE MOST VULNERABLE MEMBERS OF THE COMMUNITY ARE EXPERIENCING HOMELESSNESS IN SEDONA AND THE VERDE VALLEY.

For Sedona, where the community prides itself on the spirit of humanism that emerges from connecting with nature, this has left community members experiencing a sense of dissonance around how to respond to the growing unhoused population. Some stakeholders believe the development of new programs that connect this group with additional resources will only increase the presence of homeless people, while others believe that expanding services is the only way to address the immediate needs of persons experiencing homelessness and mitigate the challenges created by the lack of housing in the area. This report finds, and research data corroborate, enhanced safety net services do not, in fact, draw additional participants.

Persons experiencing homelessness in Sedona – and organizations who provide assistance to this group – consistently characterize the gap between rising rental costs and stagnate incomes as a leading cause of homelessness in the region. Unsurprisingly, the locations in Sedona with the highest vacancy rates are also the parts of Sedona with the highest rental rates and where most of the housing stock is used for seasonal or recreational tourism. Steep levels of income inequality, made worse by zoning restrictions, limit the areas in the city that could be used for the development of multifamily dwellings to only 14% of the city. As a result, only 6.2% of the existing housing stock consists of multifamily dwellings.[1] This suggests that, while developing multifamily housing is an important part of the long-term strategy for addressing the ongoing housing crises in Sedona, current housing costs are already out of reach for the existing workforce. As a result, when rental rates increase or a change in housing occurs, people with the most limited resources are faced with three options:

1. Manage the housing cost burden of living in Sedona by establishing a household that consists of multiple families or multiple individuals sharing housing costs collectively.
2. Locate housing options within relatively more affordable localities such as Camp Verde and Cottonwood where rental costs may be more manageable, although those options are increasingly rare.
3. Live without a fixed address by couch-surfing, camping, or residing in a vehicle in the Sedona area.

The unfortunate reality, as explained by people experiencing homelessness in several interviews, is that each of these options accompanies an on-going risk for instability in housing and employment. While a portion of the population chooses to reside in vehicles to manage the housing cost burden, people experiencing homelessness reported that this is, by and large, not a preferable living situation. Homelessness itself is characterized by a lack of access to essential resources, such as safe food storage, a consistent water supply, basic hygiene, and the functionality and security of a permanent address – all of which place additional strain on the ability to maintain social, economic, and physical health stability.

The economic impact of this is significant on its own. To function without the amenities and security of a home, individuals are more significantly impacted by everyday events. They must expend additional resources to acquire prepared food that is very likely perishable or expend already limited resources on substantive car repairs when the vehicle is also a nighttime residence. As a result, the impact of an out of reach rental market on the workforce is a deteriorating standard of living. Life in the Verde Valley is made more complicated for this group by restrictions on tent and car camping. While camping is prohibited within jurisdictions like Sedona and Cottonwood, prolonged camping activities (i.e. greater than 14 days) are also prohibited in the surrounding national forest service land and state trust lands. As a result, those who do not have a fixed nighttime residence and attempt to reside in the Sedona area are faced with the risk of enforceable legal action, at worst, and on-going displacement, at best.

THOSE WHO DO NOT HAVE A FIXED NIGHTTIME RESIDENCE AND ATTEMPT TO RESIDE IN THE SEDONA AREA ARE FACED WITH THE RISK OF ENFORCEABLE LEGAL ACTION, AT WORST, AND ON-GOING DISPLACEMENT, AT BEST.

While most homeless crises in the region appear to be transitional, defined as short-term crisis caused by a relationship, employment, transportation, or housing emergency, there is also evidence of more acute episodic and chronic homelessness that exacerbate existing barriers to stability. These episodic and chronic groups are characterized by a complex set of barriers from legal issues, past evictions, criminal histories, health complications, and untreated behavioral health or substance use disorders that begin to narrow the options for living with roommates or finding an apartment in a nearby community. As a result, episodic and chronic groups are more often visibly present on the streets of population centers like Sedona and Cottonwood, where the greatest access to economic activity and basic needs exists. While access to basic needs is an essential element to improving stability among the homeless population and increases potential for those with resources to resolve their homelessness independently and achieve housing sustainable stability, the housing cost burden and the barriers that emerge from homelessness itself will require additional support to obtain housing stability.

Reducing homelessness in the region will require a collective approach across political jurisdictions that is rooted in a common vision that aligns and coordinates a shared set of resources throughout the Verde Valley. Providers and people experiencing homelessness alike noted the lack of available information on existing services, and the findings outlined in this assessment reinforced this. National best practices for accessing and sustaining housing suggest an effective regional approach, modeled after a Coordinated Entry System (CES), is the most effective strategy for addressing homelessness with limed resources. Although this type of system exists for all of Yavapai County and is administered by the Arizona Department of Housing through a subcontract with Catholic Charities Community Services in Northern Arizona, its effectiveness on a localized level for the Verde Valley is not apparent. Because the service providers in the Verde Valley are not integrated with this system, people experiencing homelessness in the region are unable to access the resources that could otherwise expedite their transition out of homelessness.

PEOPLE EXPERIENCING HOMELESSNESS IN THE REGION ARE UNABLE TO ACCESS THE RESOURCES THAT COULD OTHERWISE EXPEDITE THEIR TRANSITION OUT OF HOMELESSNESS.

Evidence from CES data of County-wide homelessness assessments and housing placements suggests existing CES infrastructure, and larger social service supports to which an effective CES connects clients to, has been underutilized in the Verde Valley. In order for CES to work it must be expanded to include effective interventions, sufficiently resourced for the region, scaled to the unique characteristics of the Verde Valley, and aligned with a coordinated regional strategy for addressing homelessness. The importance of effectively activating the core aspects of CES in Verde Valley cannot be overstated. By providing client-specific assistance with connections through the existing system with an array of housing and stabilizing services, Sedona can both effectively reduce new homelessness and mitigate the forecasted increase in homelessness across the broader Verde Valley region.

GLOSSARY OF TERMS

US Department of Housing & Urban Development (HUD): HUD is a federal agency established under the U.S. Housing Act of 1937. They operate under the mission of creating strong, sustainable, inclusive communities, and quality affordable homes for all with an overarching goal of transforming housing and community-building policy and programs. HUD is the leading funding source for housing and homelessness initiatives at the state, county, city, and individual provider level.

Continuum of Care (CoC): Representatives from relevant organizations within a geographic area establish a Continuum of Care to carry out the duties established by HUD in the HEARTH Act. Relevant organizations include nonprofit homeless assistance providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, and organizations that serve veterans and homeless and formerly homeless individuals.

Homeless Management Information Systems (HMIS): An HMIS is a computerized data collection application designed to capture client-level information over time on the characteristics of service needs of men, women, and children experiencing homelessness, while also protecting client confidentiality. It is designed to aggregate client-level data to generate an unduplicated count of clients served within a community's system of homeless services. An HMIS may also cover a statewide or regional area and include several CoCs. HMIS can provide data on client characteristics and service utilization.

Coordinated Entry System (CES): Coordinated entry system is a consistent, streamlined process for accessing the resources available in the homeless crisis response system. Through coordinated entry, a CoC ensures that the highest need households in the community are prioritized for services and that the housing and supportive services in the system are used as efficiently and effectively as possible.

Housing Choice Voucher (HCV): The Housing Choice Voucher program, also called Section 8, is a federal program that helps very low-income families, the elderly, and disabled persons afford decent, safe, sanitary housing in the private rental market. The program provides vouchers that pay approximately 70% of the cost of housing, including utilities, for low-income renters.

Rapid Rehousing (RRH): Rapid re-housing rapidly connects families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services.

Permanent Supportive Housing (PSH): PSH is permanent housing in which housing assistance (e.g., long-term leasing or rental assistance) and supportive services are provided to assist households with at least one member (adult or child) with a disability in achieving housing stability.

Housing First: Housing First is an approach to quickly and successfully connect individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry, such as sobriety, treatment or service participation requirements. Supportive services are offered to maximize housing stability and prevent returns to homelessness as opposed to addressing predetermined treatment goals prior to permanent housing entry.

Point-In Time (PIT) count: One night count of sheltered and unsheltered homeless persons; reported by CoCs into the Homeless Data Exchange (HDX). CoCs can choose to conduct these counts each year, but they are only required to conduct them every other year during the last week in January.

System Performance Measures (SPMs): Criteria established by HUD to measure the system-level performance of a CoC in preventing or ending homelessness. As a component of the McKinney-Vento Homeless Assistance Act, CoCs

are required to report these measures to HUD and are expected to use SPMs to analyze the effectiveness of specific projects or project types.

Longitudinal System Analysis (LSA): Report generated by HMIS that captures information about individuals experiencing homelessness who utilize Emergency Shelter, Transitional Housing, and Permanent Housing interventions within the CoC's system of care. The LSA is submitted to HUD on an annual basis and provided to Congress to provide an understanding of homelessness nationwide.

Annual Performance Report (APR): HUD funding recipients must submit an Annual Performance Report annually. The APR dataset represents the most up to date HMIS information, which is collected following HUD determined Data Standards. This report is used to track the progress and performance of HUD funded programs nationally.

Housing Inventory Count (HIC): One night count of inventory from programs within a CoC that provide beds and units to serve people experiencing homelessness or who were homeless at entry. The HIC categorizes interventions as Emergency Shelter, Transitional Housing, Rapid Re-housing, Safe Haven, Permanent Supportive Housing, and Other Permanent Housing.

Chronic Homelessness: Chronic homelessness is a term used by HUD and other federal agencies to determine eligibility for specialized housing and services. Persons who meet the chronic criteria have at least 365 days of homelessness (either consecutively or cumulatively over a three-year period) and a disabling condition.

REGIONAL CONTEXT

What's the geographic area of analysis?

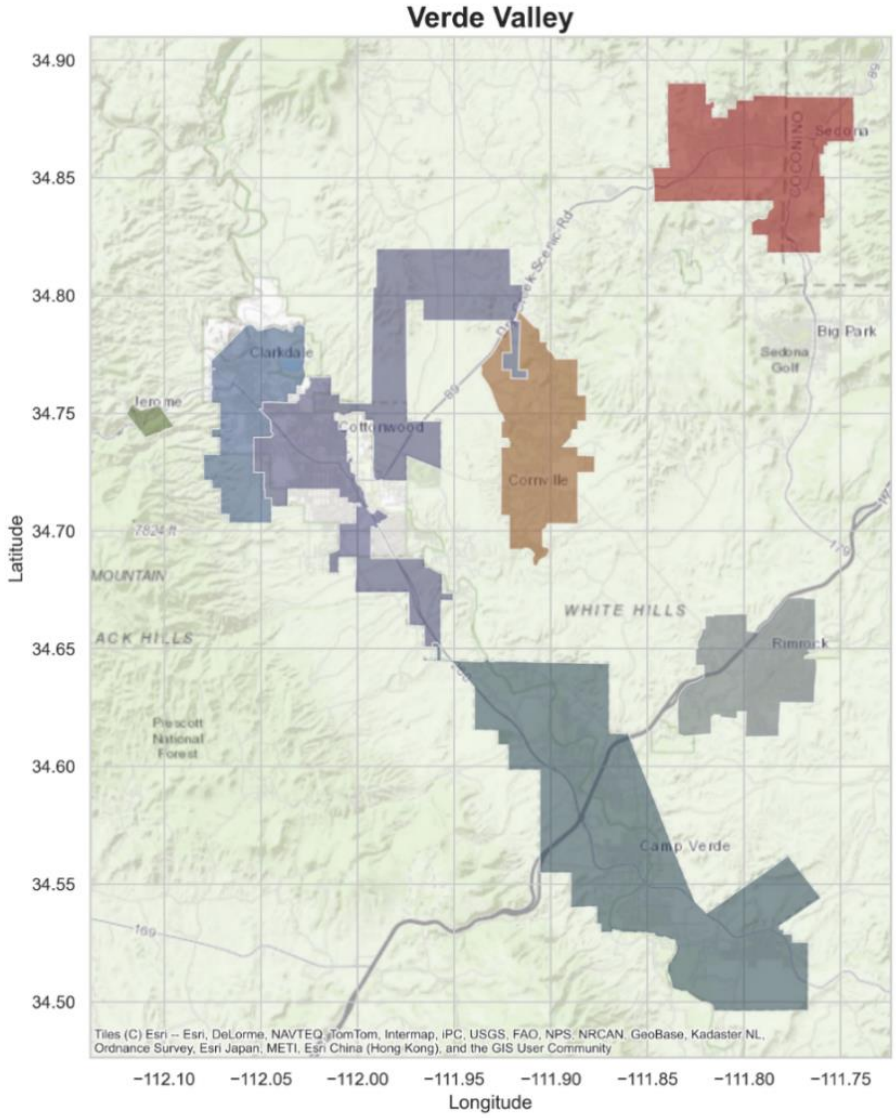
The consulting team considered analysis of different geographic regions to support the needs assessment of the homeless population of Sedona. The broadest region is the entirety of Yavapai County. The State of Arizona Department of Housing tracks data at the County level for the purposes of homelessness planning, evaluation, and resource allocation. While County data is readily available, it is often too general and widespread to support a specific picture of homelessness in the Sedona area. Instead, the use of County-level data in this assessment is used primarily to provide a broad context for the analysis.

After speaking with 35 people experiencing homelessness and key stakeholders providing services or interacting with people experiencing homelessness, the consulting team learned that a large degree of transactional movement occurs within the homeless population. These interviews revealed that travel is most frequent between Cottonwood, Camp Verde, Clarkdale, and Sedona Cornville to seek services and employment opportunities and/or move to neighboring public lands for night-time camping. As a result, the area of geography most likely to accurately reflect how people move to seek services and employment opportunities and where they sleep at night includes the Verde Valley region.

THE REGION INCLUSIVE OF THE CITY OF SEDONA AND VERDE VALLEY AREA IS DEFINED AS THE GEOGRAPHICAL UNIT OF ANALYSIS FOR THIS NEEDS ASSESSMENT.

Based on these findings, the consulting team defined the region inclusive of the City of Sedona and Verde Valley area as the geographical unit of analysis for this Needs Assessment, as defined in Exhibit 1. By focusing on a sub-region level within Yavapai County, the analysis aims to assess the true nature of homelessness specific to the region and define response strategies best positioned to address local goals through a regionally consistent approach.

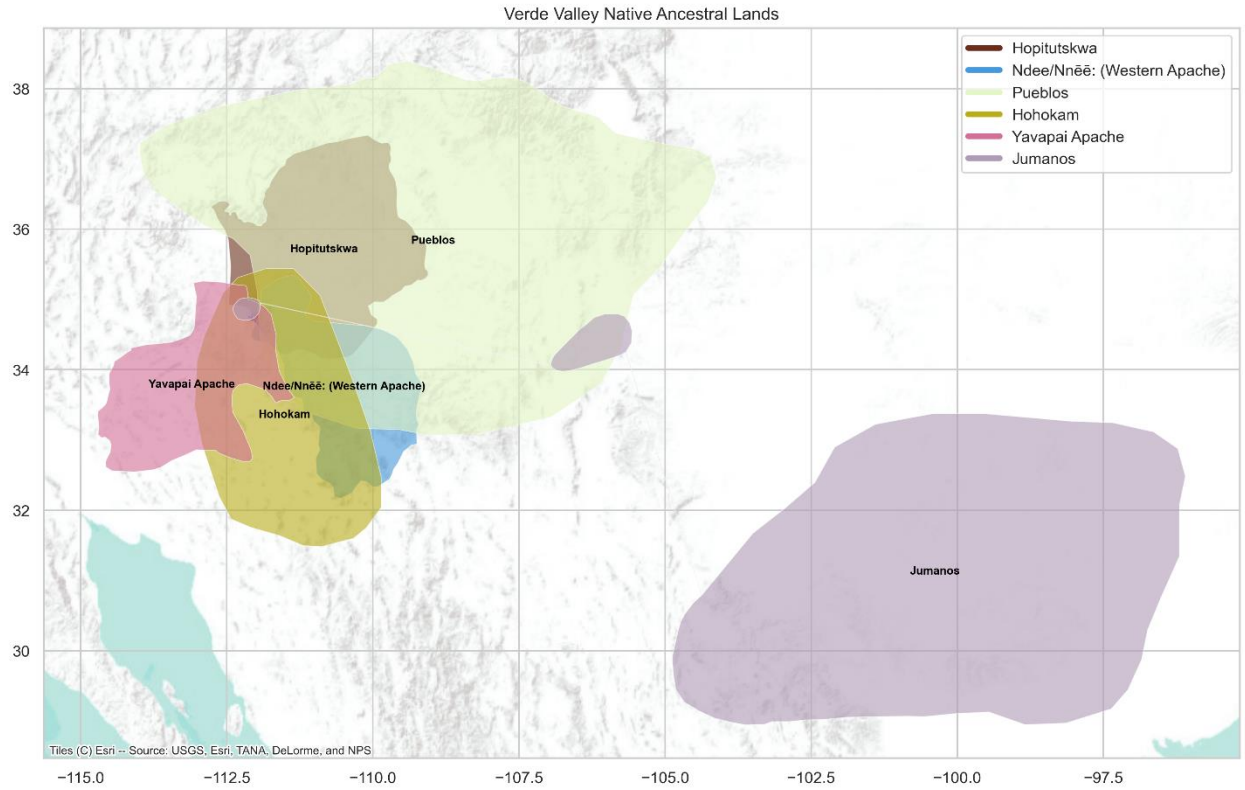
EXHIBIT 1: AREA OF STUDY FOR SEDONA HOMELESS NEEDS ASSESSMENT



What is the demographic profile of the area of study?

The Verde Valley is located in central Arizona. The Mingus and Woodchute Mountain ranges create the valley, and the Verde River traverses the valley floor. The valley is composed of incorporated cities/towns, unincorporated areas, and federal and state public lands. The incorporated cities and towns include Sedona, Cottonwood, Camp Verde, Jerome, and Clarkdale. Unincorporated areas with census place-level data include Rimrock and Cornville. The area is the ancestral home of numerous indigenous peoples including the Jumanos, Hopitutskwa, Ndee/Nnēē: (Western Apache), Pueblos, Hohokam, and Yavapai Apache. Exhibit 2 shows the Native ancestral lands that intersect with the Verde Valley.

EXHIBIT 2: VERDE VALLEY NATIVE ANCESTRAL LANDS



To contextualize the study area, American Community Survey 5-Year Estimates for 2022 were obtained at the place and census tract levels. Given that census tracts are larger geographies than places, the focus of discussion will center on place-level data. However, census tract data is visualized to show variable differences within place-level boundaries. Exhibit 3 displays variables collected for spatial visualization and analysis at the place level. The total population of the Verde Valley is roughly 47,184. The area is predominantly White (81.8%). Some other race alone (7.5%), two more races (6.1%), and American Indian (2.9%) account for the only other racial identities that are greater than 1%, but each respective category comprises less 8% of the total population.

EXHIBIT 3: VERDE VALLEY DEMOGRAPHICS BY LOCALITY

NAME	Camp Verde town, Arizona	Clarkdale town, Arizona	Cornville CDP, Arizona	Cottonwood city, Arizona	Jerome town, Arizona	Rimrock CDP, Arizona	Sedona city, Arizona	Total
Total population	12,132	4,528	3,582	12,314	363	4,526	9,739	47,184
White alone	9,333	4,065	2,989	10,400	346	4,006	7,474	38,613
Black or African American alone	74	3	89	5	0	0	111	282
American Indian and Alaska	889	129	0	124	0	236	13	1,391

NAME	Camp Verde town, Arizona	Clarkdale town, Arizona	Cornville CDP, Arizona	Cottonwood city, Arizona	Jerome town, Arizona	Rimrock CDP, Arizona	Sedona city, Arizona	Total
Native alone								
Asian alone	47	13	0	42	0	0	314	416
Native Hawaiian and Other Pacific Islander alone	45	0	0	0	0	0	0	45
Some other race alone	1,076	76	293	585	13	60	1,441	3,544
Two or more races	668	242	211	1,158	4	224	386	2,893
Below poverty line	2,621	329	426	2,510	72	360	1,073	7,391
50% below poverty line	1,303	72	290	1,033	40	239	438	3,415
Median household income	50,247	40,313	68,929	43,273	35,208	57,575	62,901	51,206
Vacant housing units	379	111	103	487	94	196	1,870	3,240

The poverty rate for the Verde Valley is 15.9% with 7.4% experiencing deep poverty, defined here as income levels 50% below the federal poverty line. Exhibit 4 (left) shows the differences in poverty rates between localities in the Verde Valley. The highest rates of poverty are seen in Camp Verde, Cottonwood, and Jerome with Camp Verde seeing the highest rate at 22.9% of the total population where poverty was determined. Lower poverty rates are seen in Sedona, Cornville, Clarkdale, and Rimrock with Clarkdale and Rimrock having the lowest poverty rates in the valley.

Population density among localities can be seen in Exhibit 4 (right). The greatest levels of population density are seen in Cottonwood, Camp Verde, and Sedona. Conversely, Jerome and Cornville have the lowest population densities in the valley. Analysis at the census tract level shows greater variability in population density within localities. For example, Sedona has sizable variability in population density with the northwestern census tract having some of the lowest population density in the valley. Population density is largely constrained to census tracts within Cornville, Cottonwood, and Camp Verde.

EXHIBIT 4: POPULATION DENSITY OF THE VERDE VALLEY

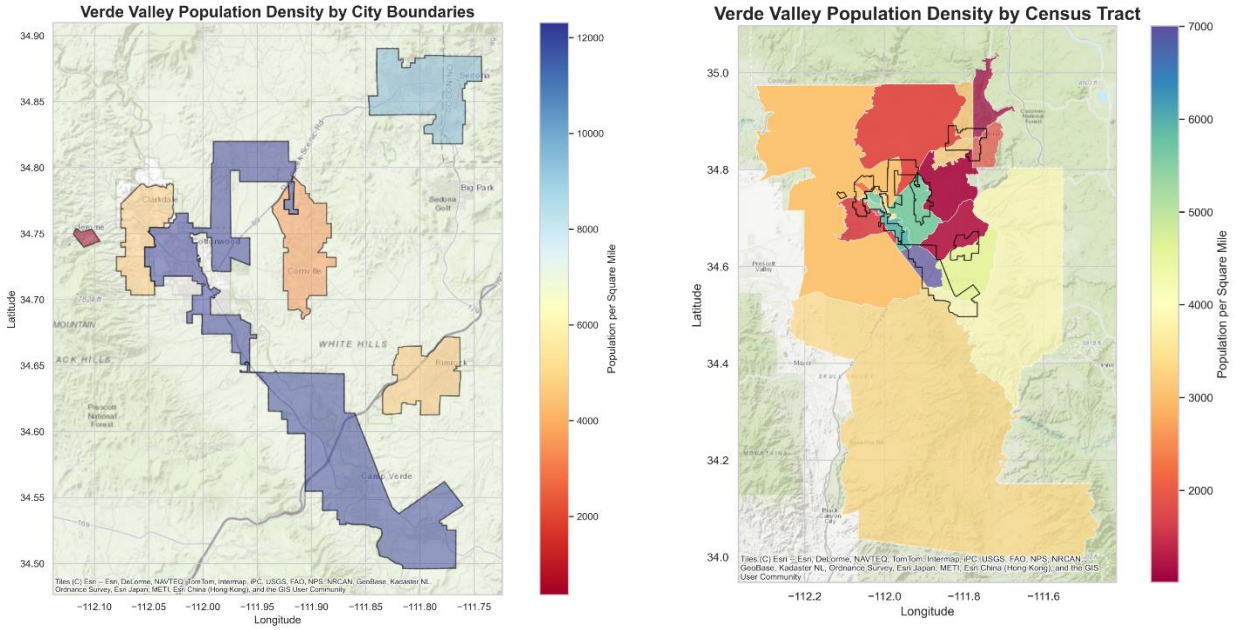


Exhibit 5 (left) sows median income levels among localities at the place level. Sizable variability of median income is seen among the localities with some localities having median incomes higher than others by nearly a factor of one. Surprisingly, Cornville CPD has the highest median income at $69,929 in the valley. This finding suggests that high levels of income inequality exist within Cornville given the locality's rates of poverty and deep poverty. Sedona has the second highest median income at $62,901. Jerome town has the lowest median-income at $35,208—a finding the further underscores Jerome's issues with poverty and deep poverty.

Exhibit 5 (right) helps paint a more holistic picture of spatial distributions of income levels within the valley. The census tracts between southeastern Sedona, northern Rimrock, and Cornville have consistently high median incomes. Census tract-level data also demonstrates high levels of wealth inequality within Clarkdale where the lowest and highest median incomes among census tracts exist. Overall, Camp Verde has the lowest median income levels as a whole in the region. There appears to be correlation between census tracts with high median incomes and low population density. This finding suggests that zoning policies potentially influence the spatial distribution of incomes throughout the valley through density restrictions.

EXHIBIT 5: INCOME LEVELS IN THE VERDE VALLEY

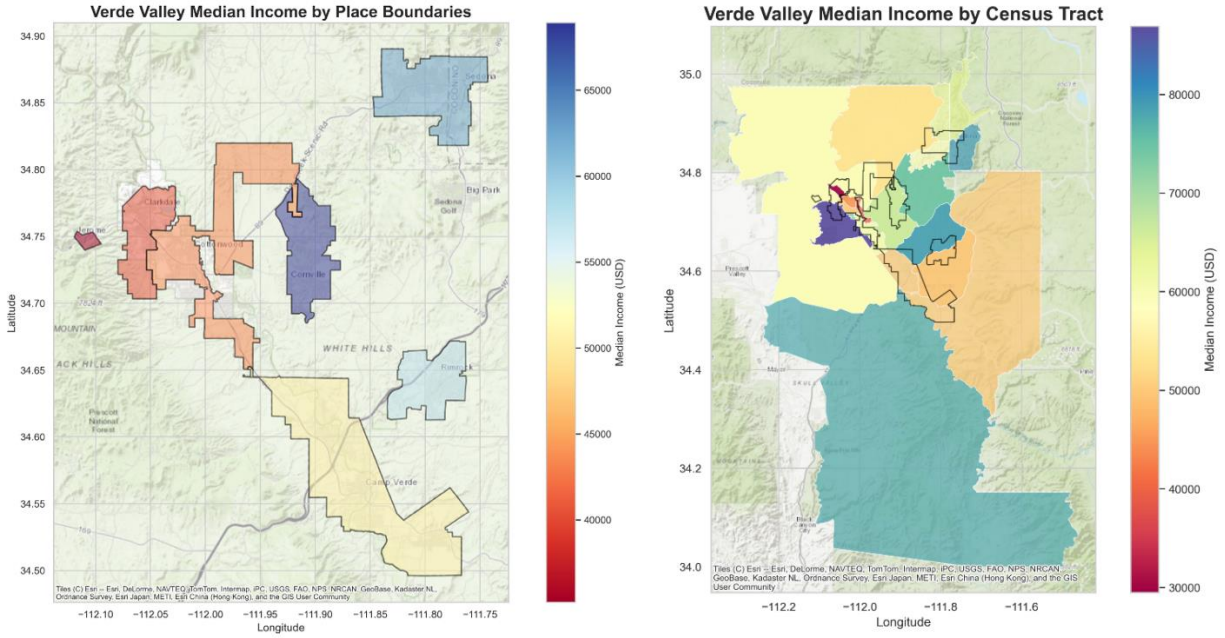
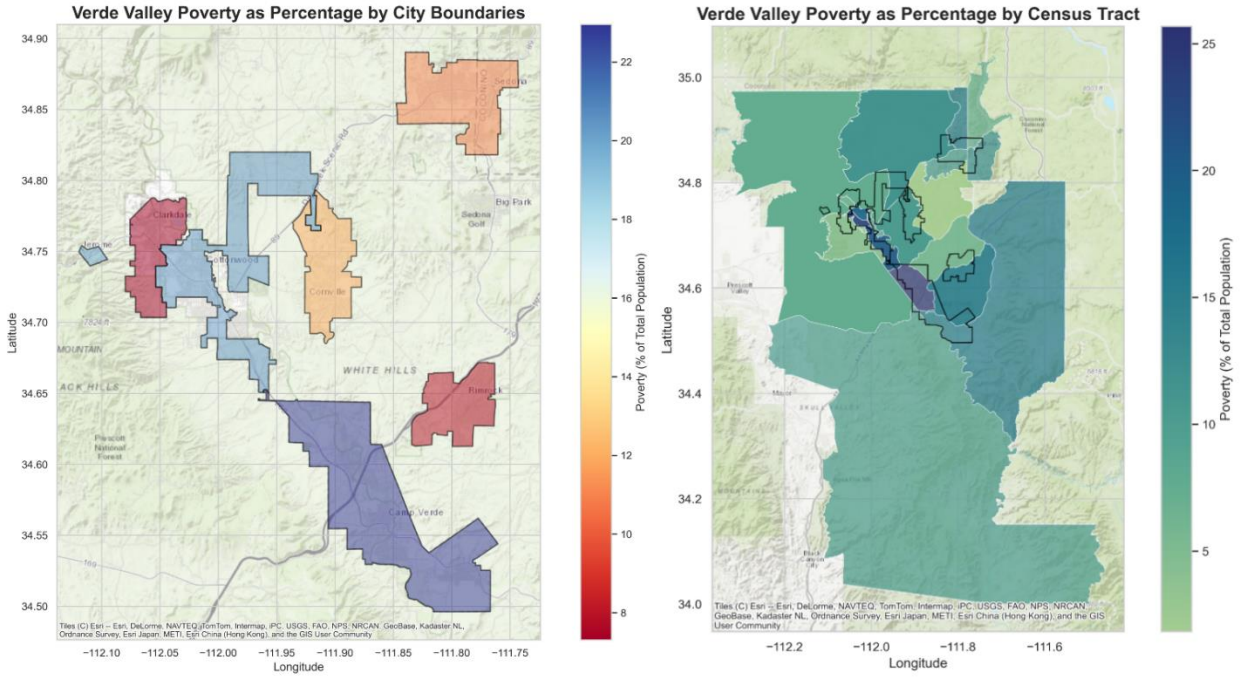


Exhibit 6 displays poverty rates within census tracts that intersect with place-level boundaries. This approach demonstrates variability in poverty rates within place-level boundaries. This demonstrates that the highest poverty rates are seen within a contiguous area spanning four census tracts within Camp Verde and Cottonwood. Poverty then lessens within other areas of those respective localities. Geographic variability in poverty is also seen within Sedona where the northwestern and the southeastern census tracts within the city have the highest poverty rates. A correlation between poverty and high population density appears to exist.

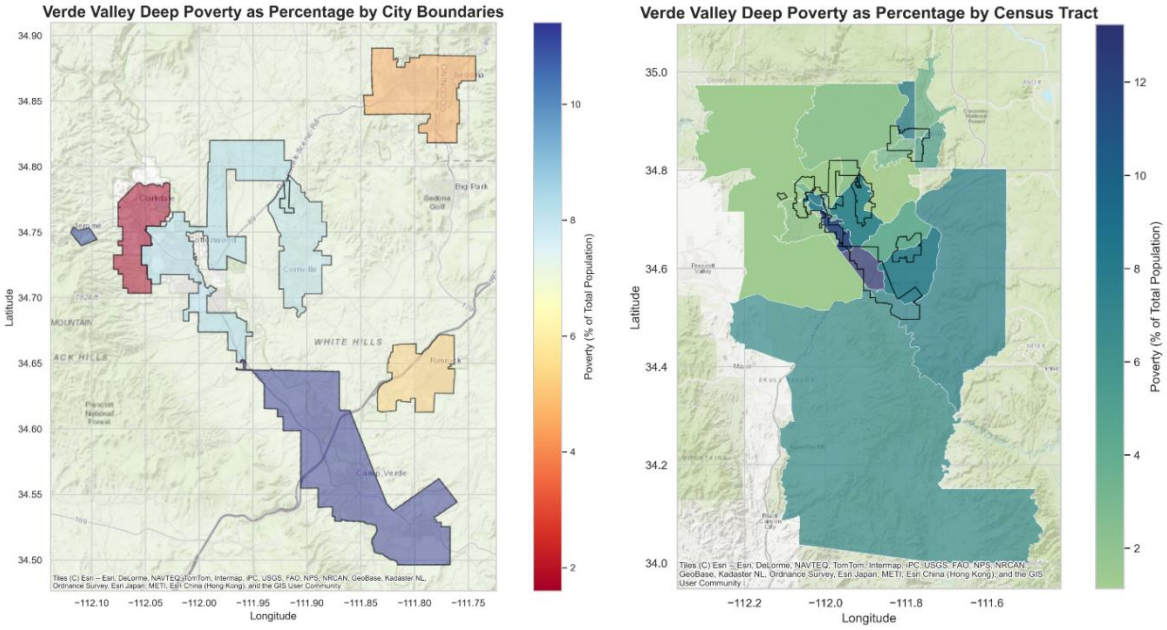
EXHIBIT 6: POVERTY IN THE VERDE VALLEY



Rates of poverty and deep poverty are largely similar among the localities, but some differences exist as seen in Exhibit 7. Deep poverty is most acute within Camp Verde and Jerome. Additionally, Rimrock's population experiencing poverty is largely composed of individuals experiencing deep poverty. A similar dynamic is also seen in Cornville.

At the census tract level, deep poverty is most acute in the central tracts of the Verde Valley with the highest rate seen within a Cottonwood census tract. It should be noted that the census tract Jerome falls within shows low levels of deep poverty, but the more granular place-level seen in Exhibit 7 demonstrates more acute levels of deep poverty. Sedona and Rimrock have similar geographic distributions of poverty and deep poverty.

EXHIBIT 7: DEEP POVERTY IN THE VERDE VALLEY



What is the housing availability in the region?

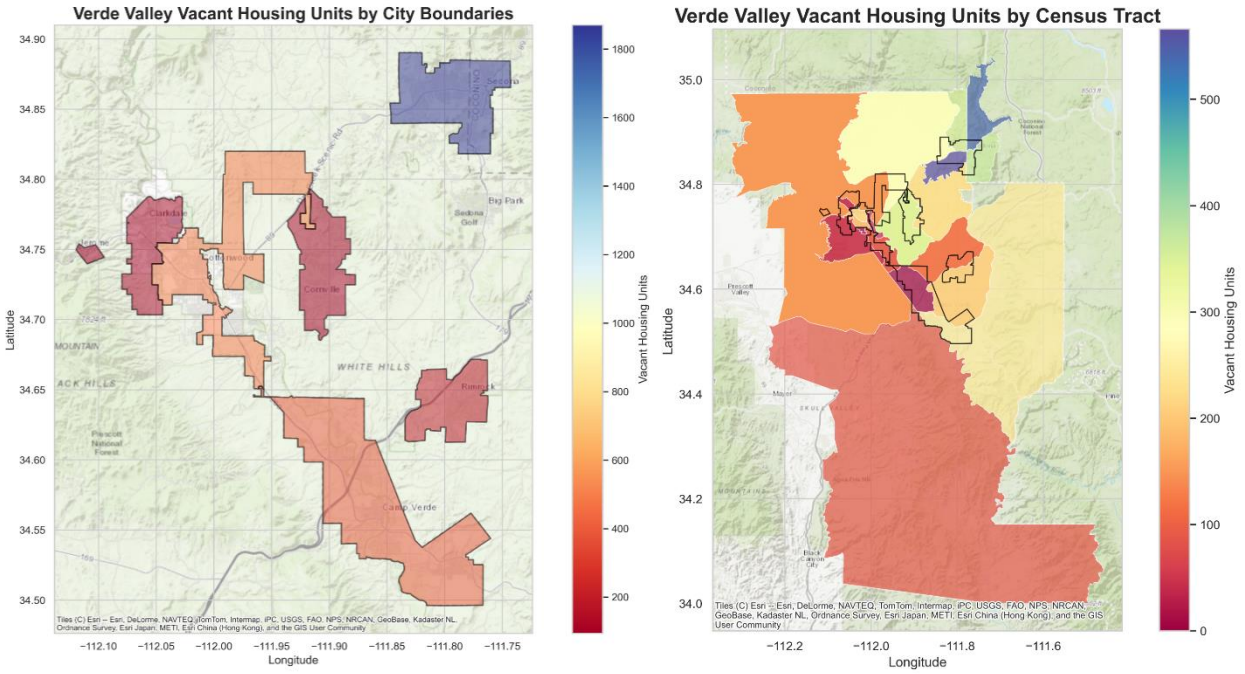
An issue at the crux of homelessness is vacant unit availability and the subsequent influence on the local and regional housing market. Exhibit 8 shows the geographic variability in vacant housing units among localities in the Valley. While it may come as a surprise to some, Sedona has the highest number of vacant units among localities. However, the influence of the tourism industry in Sedona likely plays a significant role in the number of vacant units. Previous housing assessments for Sedona have demonstrated that the number of vacant units for the area is largely constrained to seasonal or recreational units that are likely supporting the tourism industry, characterized by 17% of Sedona's current housing inventory made up of short-term rentals.[1; 2] The lowest levels of unit vacancies exist in Rimrock, Cornville, Clarkdale, and Jerome.

> THE TOURISM AND HOSPITALITY INDUSTRIES IN SEDONA NEED A RELIABLE WORKFORCE, BUT THOSE WORKERS ARE LIKELY UNABLE TO AFFORD HOUSING WITHIN SEDONA.

At the census tract level, low unit vacancies are seen in high and low poverty rate areas alike. The two census tracts with the highest poverty rates in the Valley also have very low unit availability. One potential driver of this finding is the overall cost of living, and specifically housing costs, in areas like Sedona. In other words, the tourism and hospitality industries in Sedona need a workforce, but those workers are unable to afford housing

within Sedona. That workforce then seeks housing options within the Camp Verde and Cottonwood areas that are more affordable. The result is less unit vacancy within those census tracts.

EXHIBIT 8: HOUSING VACANCY IN THE VERDE VALLEY



Research has demonstrated that increases in homelessness at the regional level are driven by the affordability and availability of rental units, not individual factors such as poverty, mental illness, or substance abuse.[3] Moreover, rental market pressures are heavily influenced by the overall housing market. If home values and the ability to secure a mortgage become out of reach for certain income levels, these households with higher incomes create downward pressure on the ability for lower income levels to secure rental housing. What's more, the additional competition in the rental market with higher income households can increase rental rates.

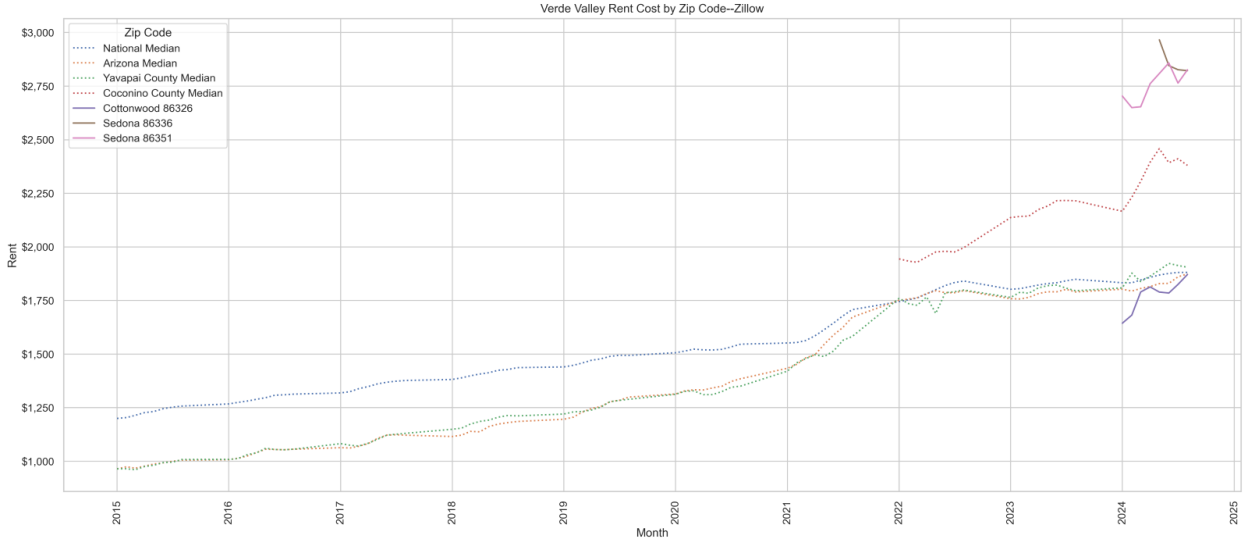
To better understand the Verde Valley housing market, Zillow's Observed Rental Index (ZORI) dataset was obtained, and available zip codes were analyzed. The ZORI dataset provides the mean of listed rents between the 35th and 65th percentile to understand the market rental rate for a typical rental unit. For the Verde Valley, two zip codes within Sedona and one within Cottonwood were present. However, the sample for these zip codes is small. To supplement and provide comparative analysis, these zip codes were plotted with the median rent at the national, state, and county levels.

Exhibit 9 shows the mean rent values at differing geographic scales. While there is limited data to see change in rent cost over time for Verde Valley zip codes, Exhibit 9 still demonstrates a stark rent cost disparity within the region contemporarily. Sedona zip codes have the highest rents by far with rent rates falling between $2,750 and $3,000 where data exists in the sample range. These rental rates are nearly one-third higher than national, state, Yavapai County, and Cottonwood. Coconino County has elevated rent costs for the region, but those costs still fail to reach levels for Sedona zip codes by roughly $400 at the end of the sample period. At the end of the sample range, Sedona zip codes are approximately $2,850 per month. To afford such rent without being cost burdened, a household would need an annual income of $114,000 or greater. The median income for Sedona is $62,901, which suggests that a typical household in Sedona would experience high levels of housing cost burden to secure rental housing in those zip codes.

Cottonwood appears to track more closely with national and state typical rental costs but has sharply increased recently to reach those levels. The rental cost at the end of the sample period for Cottonwood is roughly

$1,875. A household would need an annual income of $75,000 to afford a typical rental unit without being cost burdened. Given the median income for Cottonwood is $43,273, a typical household living cannot afford a typical rental unit without being housing cost burdened. However, given the sharp rental housing costs for Sedona and Coconino County, it is likely that the workforce supporting Sedona's tourism and hospitality industries seeks housing in more affordable areas like Cottonwood. This assertion is supported by previous research identifying that 72.4% of the Sedona workforce lives outside of the city.[2]

EXHIBIT 9: RENTAL COST IN THE VERDE VALLEY



To better understand the overarching housing market's influence on rental costs, the Zillow Home Value Index (ZHVI) was analyzed. Similar to ZORI, the ZHVI index provides mean home value data between the 35th and 65th percentile for differing geographies to understand typical home values and market changes over time. The ZHVI dataset is more comprehensive for the Verde Valley than ZORI. Only a portion of the available zip codes for the Verde Valley were selected for visualization for improved readability. These zip codes were plotted with national and state averages and medians for comparative purposes.

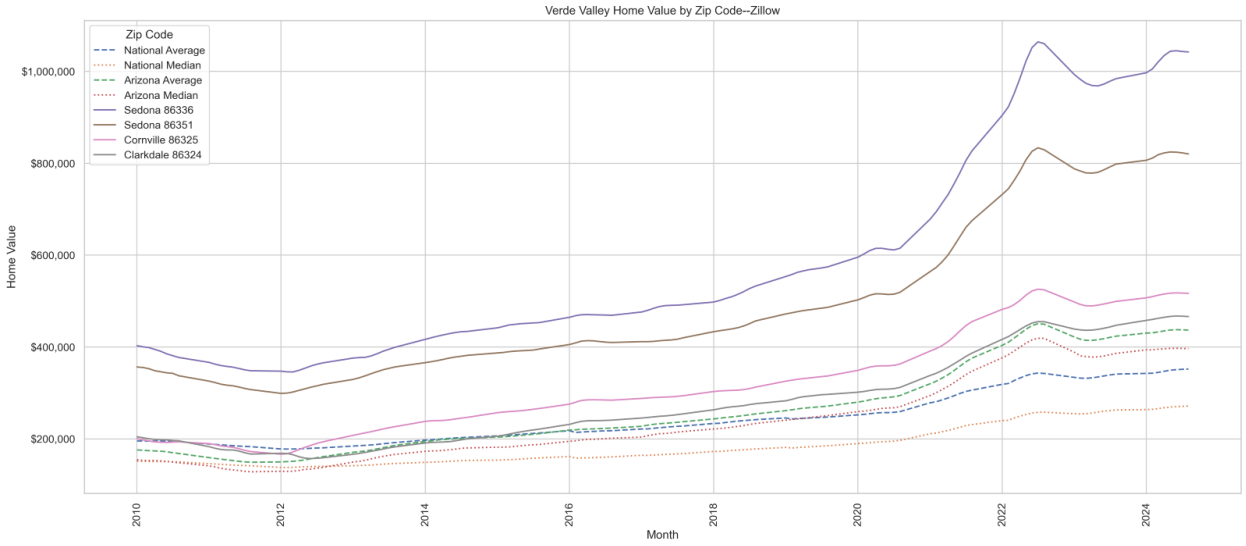
Similar housing costs dynamics exist between ZORI and ZHVI for the region as seen in Exhibit 10. Home values for Sedona zip codes continue to be an outlier. While home value disparity for Sedona within the Valley existed before the onset of the COVID-19 pandemic, it became more acute during pandemic years and has remained at higher levels. Typical home values in Sedona zip codes are greater than $800,000, and these values are roughly double what a typical home costs within other zip codes in the region as well as national and state averages and medians for home values. Assuming a 20% downpayment on a 30-year fixed-rate mortgage with a 6.5% interest rate, the monthly mortgage payment for an $800,000 home would be approximately $4,045. A household would need an annual income of $161,809 and a downpayment of $160,000 to secure a mortgage on this home assuming these parameters. Yet again, the typical household in Sedona cannot afford these home value levels given the median income for the area of $62,901.00. Therefore, it is unlikely that the typical household in Sedona can afford home ownership and must engage in the rental market creating increased competition and demand to secure housing in the area.

> IT IS UNLIKELY THAT THE TYPICAL HOUSEHOLD IN SEDONA CAN AFFORD HOME OWNERSHIP AND MUST ENGAGE IN THE RENTAL MARKET, CREATING INCREASED COMPETITION AND DEMAND TO SECURE HOUSING IN THE AREA.

Cottonwood continues to have some of the highest affordability levels in the Verde Valley, which is consistent with ZORI analysis. A typical home in Cottonwood is approximately $400,000 currently and is the most affordable home value of all zip codes analyzed. This home value is also below the state average home value and in

line with the state home value median suggesting that Cottonwood is largely in line with a typical home value within the state. It appears that all analyzed data suggests an increase in home value from pre-pandemic levels, but the growth in home value appears to be softening. However, given current home values and interest rates, a typical household in the Verde Valley cannot afford home ownership as even the highest median incomes are less than the needed income for securing a mortgage on the most affordable typical home in the region.

EXHIBIT 10: HOME VALUE IN THE VERDE VALLEY

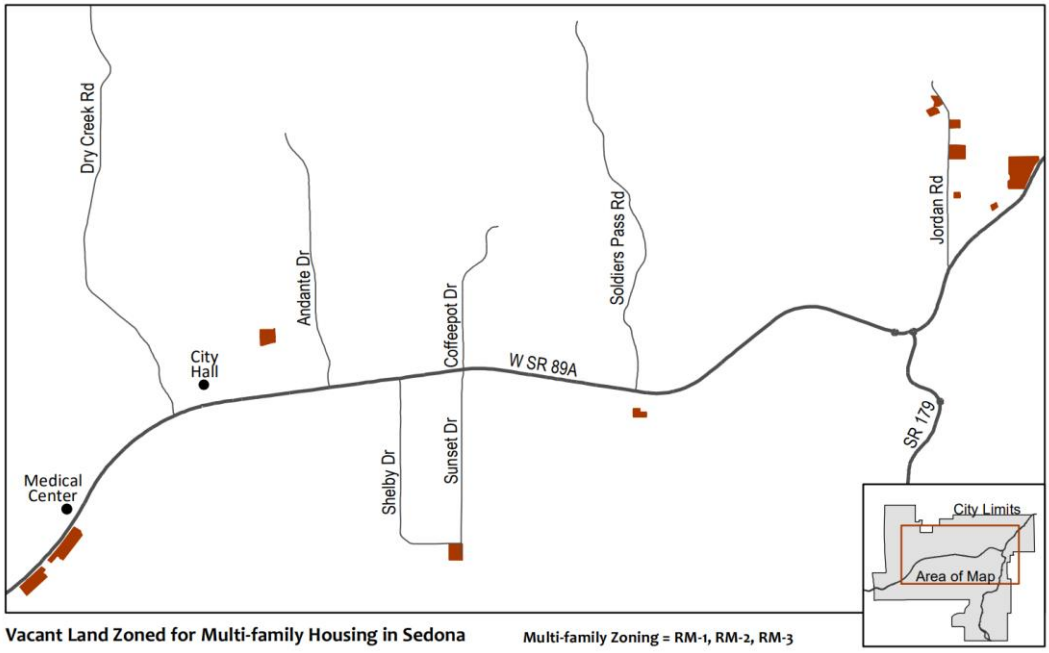


Taken together, the overall housing market for the Verde Valley is out of reach for typical households, largely due to the composition of housing types within the region is exacerbating market conditions. Previous research demonstrated that traditional apartments only comprise 6.2% of available housing types in the region—a proportion that was nearly 10% lower than the state average at that time, resulting in increased usage of single-family homes and mobile homes within the rental market.[1] Given home value and rental rate increases over the past 5-years, the Valley's housing ecosystem is even further strained by the demand for housing today.

AFFORDABLE HOUSING DEVELOPMENT ALONE IS NOT A VIABLE SHORT-TERM STRATEGY TO ADDRESS HOMELESSNESS IN THE REGION

The lack of traditional apartments and low housing density is a driver of current market conditions for Sedona in particular. Exhibit 11 shows the three zoning districts specific to multi-family—RM-1, RM-2, and RM-3—within the City, demonstrating the limited availability of land for new multi-family development. Sedona's Community Plan notes that only 14% of land within the city is zoned for multi-family development.[4]

EXHIBIT 11: MULTI-FAMILY DEVELOPMENT ZONES IN SEDONA



Increasing housing density and redevelopment, or amending zoning regulations and development standards, will be necessary to manage the housing crises in Sedona in the long run. However, these constraints make it clear that housing development alone is not a viable strategy to address homelessness in the region. As a result, this assessment will expand upon a regional approach to addressing housing and service needs through tangible, tested strategies.

HOMELESSNESS IN THE VERDE VALLEY

How many people experience homelessness?

Homelessness in rural areas is often less visible and harder to measure accurately and comprehensively compared to urban homelessness. People experiencing homelessness in rural areas are more dispersed, often live in vehicles, are more mobile or transient, and camp in hidden spaces and on remote public lands not intended for sustained living.[4] National studies reveal that rural homelessness is rising six times faster than homelessness overall.[5] Documenting the nature of homelessness in Sedona and the Verde Valley is even more vexing due to the highly concentrated tourism sector of the local economy. People might be attracted to the unique nature of the outdoor lifestyle and free spirit culture of Sedona. Others might be drawn to the area due to the seemingly plentiful and easily accessible entry-level service jobs present in a tourism-based economy. Tourism-related jobs are often seasonally dependent, and frequently can't provide consistent, full-time

HOMELESSNESS AND MIGRATION

HOMELESS PERSONS ARE PERCEIVED AS A HIGHLY MOBILE POPULATION, AND HAVE HIGH RATES OF CO-MORBID CONDITIONS, INCLUDING MENTAL HEALTH AND SUBSTANCE USE ISSUES. NATIONAL STUDIES REVEAL HOMELESS PERSONS WERE LESS MOBILE THAN THE GENERAL STATE POPULATION AND LESS TRANSIENT THAN THE GENERAL STATE POPULATION. FINDINGS CHALLENGE THE CONCEPT THAT HOMELESS PERSONS ARE PRIMARILY A MOBILE POPULATION. FURTHERMORE, HOMELESS PERSONS ARE MORE LIKELY TO REMAIN IN THE STATE WHERE THEY LIVED AFTER BECOMING HOMELESS.

wages commensurate with the high cost of housing, which is also a characteristic of tourism-concentrated towns.

To document the full scale of people experiencing homelessness and at imminent risk of homelessness in Sedona and the Verde Valley region, the consulting team relied on both quantitative counts and applied qualitative refinements to strengthen the useability of the data. Quantitative data from the Arizona Department of Housing Homelessness Management Information System (HMIS), Point-in-Time (PIT) count, and analysis of requests for assistance to the Yavapai-wide Coordinated Entry System (CES) serving as an access point for homelessness crisis assistance provided an initial contextualization of homelessness in the larger region of Yavapai County.

It should be noted that these datasets have their respective shortcomings and do not provide a full or exact picture of scope of homelessness for a given community. HMIS data represent service-based counts; these data are collected by homeless response system service providers for only those households interacting with the system. The data does not capture those experiencing homelessness who do not or have yet to interact with a given response system. The data collected is also largely self-reported data.

PIT data provides an understanding of the extent of homelessness on a single day. Thus, it is a slice or snapshot of homelessness. Since homelessness is an experience instead of a static state that individuals and families fall into and out of, the PIT is only able to capture those experiencing homelessness on the day the count is conducted. Additionally, methodological approaches to unsheltered homelessness counts are not consistent across communities and the likelihood of a given community counting every individual experiencing unsheltered homelessness is extremely low if not impossible. Moreover, ground conditions can heavily influence the outcomes of PIT counts. Because it cannot paint a realistic picture of the entire volume of homelessness, the consultants have determined it is not useful for the purpose of this study.

BEHIND THE NUMBERS

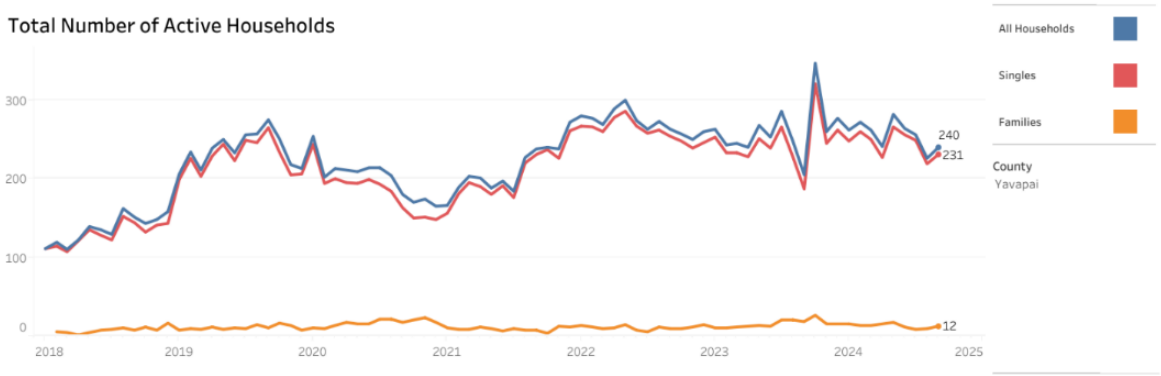
YAVAPAI COUNTY DATA PROVIDE A BASELINE FOR UNDERSTANDING HOMELESSNESS THROUGHOUT THE REGION. INTERVIEWS WITH LOCAL LAW ENFORCEMENT, PERSONS EXPERIENCING HOMELESSNESS, AND SERVICE PROVIDERS PROVIDE ADDITIONAL DATA ANALYSIS SOURCES OF NEEDS AND SERVICES.

CES data provides a sample of how housing subsidies are allocated to individuals experiencing homelessness in the form of rapid re-housing (RRH) and permanent supportive housing (PSH) programs throughout Yavapai county. While this information is helpful for contextualizing the existing service pathways that exist in the region, it does not consist of a standardized set of data elements or data collection protocols that can be leaned on for analysis.

To overcome respective shortcomings within these datasets, they are jointly analyzed to generate a more robust understanding of the Verde Valley's scope of homelessness. However, even though a more accurate understanding of the scope of homelessness can be gleaned, this understanding should not be viewed as the full extent of homelessness. It should simply be viewed as the "floor" of understanding, not the "ceiling."

Exhibit 12 uses one of the data visualizations from AZ Department of Housing's HMIS System Flow Dashboard to depict the month-to-month fluctuation in households that actively received services through the HMIS system in Yavapai County. This shows that the number of households has remained relatively low for families over time, while the number of individual households has grown over time. Prior to 2019, we see approximately 100 single adults accessing services per month. Since 2019, this number has remained relatively consistent between 250 and 350 single adults served per month.

EXHIBIT 12: HOMELESS HOUSEHOLDS IN YAVAPAI COUNTY (HMIS DATA)



The dashboard provides a table to break down these numbers on an annualized basis in Exhibit 13. The total inflow captures the number of households entering the HMIS system that are either new to the system or have not received a service in the last 24 months. The outflow numbers capture households that have either moved to a new living situation or have gone inactive in the HMIS system due to lack of service contact. The annual number of individuals engaged in homeless services in Yavapai County has fluctuated between 2,000 and 4,000 since 2018, maintaining an upward trend over time.

HMIS data also shows a steady increase in "Actively Homeless" individuals engaged with the system from 2018 to 2022 with 2023 being the first decrease over the last 5 years. Despite the decrease in 2023, a 92.7% increase in the number of "Actively Homeless" individuals engaged with the system is seen between 2018 to 2023. This finding suggests that Yavapai County has experienced substantial increases in homelessness over the last six years. Subsequently, it is likely that service providers lack capacity and funding levels needed to meet crisis response and re-housing needs currently.

EXHIBIT 13: ANNUALIZED HOMELESS HOUSEHOLD DETAILS (HMIS DATA)

	2018	2019	2020	2021	2022	2023
Active - All Clients	2,020	3,486	3,124	2,997	3,834	3,850
Actively Homeless	1,627	2,843	2,410	2,543	3,255	3,135
Inflow - All Clients	1,124	1,703	1,315	1,260	1,397	1,540
Outflow - All Clients	999	1,529	1,293	1,052	1,347	1,456
Total Inflow	856	1,276	1,007	1,018	1,113	1,168
Total Outflow	800	1,150	999	859	1,075	1,105

	2018	2019	2020	2021	2022	2023
New Client	481	785	605	553	586	625
Returned from Housing	70	47	33	62	66	60
Returned from Inactive	254	371	311	350	411	437
Total Inflow	856	1,276	1,007	1,018	1,113	1,168

	2018	2019	2020	2021	2022	2023
Total Housed - All Types	239	349	318	227	237	258
Unknown/Negative Exit	561	801	681	632	838	847
Total Outflow	800	1,150	999	859	1,075	1,105

	2018	2019	2020	2021	2022	2023
Housed - Housing Move-In Date	119	197	133	93	94	117
Housed - Positive Exit	136	179	221	155	167	156

A compounding factor for the increase in homelessness seen over the last six years in Yavapai County is the consistent disparity between inflow and outflow yearly totals and increases in returns from inactive status. At no point during the sample period does outflow surpass inflow. To drive down homelessness rates, outflow needs to outpace inflow. The consequence of failing to outpace inflow is broad increases in homelessness rates. Additionally, Yavapai County has seen a 72% increase in returns to the system from inactive clients from 2018 to 2023. It is assumed that this increase can be attributed to Negative/Unknown Destination Exits, which see a 51% increase over the same time period with 2023 having the highest recorded Negative/Unknown Destination Exists at 847 individuals. Returns and exits to unknown/negative destinations indicate that the system is failing to effectively sustain re-housing placements for a large proportion of individuals seeking assistance. Consequently, 32% of individuals experiencing homelessness in Yavapai County during 2023 are cyclically interacting with the system, demonstrating the compounding increases in homelessness through the region. With an additional year-over-year average of 23 % newly homeless in Yavapai County, it is highly likely the homeless population will continue to increase over time without the introduction of strategies to reduce inflow and increase exits to sustainable housing placements.

A Note About Projected Growth

The average year-over-year percent change in New Clients in the Yavapai County HMIS system was used to capture the projected growth of the homeless population. It is well known that not all persons experiencing homelessness engage in the services captured in HMIS, suggesting this estimate is a floor rather than a ceiling.

Based on Homelessness Management Information System (HMIS) data, Point-in-Time (PIT) counts, analysis of requests for assistance to the Yavapai-wide Coordinated Entry System (CES) serving as an access point for homelessness crisis assistance, utilization records for Food Pantry assistance, and verification with key stakeholders and local experts, the consulting team believes a **defensible annual count of persons experiencing homelessness in the Sedona-Verde Valley region is very likely 600 unique individuals**. This represents 520 single adults and 80 people in households with dependent children, or roughly 33 unique families. It is a reasonable assumption that the Verde Valley can expect to see similar increases in first time homelessness as Yavapai County, which suggests annual increases of 23%, or an increase of 129% over the next 5 years, as demonstrated in Exhibit 14.

Exhibit 14: Projected Growth in Verde Valley Homelessness

	Year 1	Year 2	Year 3	Year 4	Year 5
Actively Homeless	**600**	738	908	1,117	1,374
Newly Homeless	**138**	170	209	257	316

What services are currently available?

Analysis of the Housing Inventory Count for Yavapai County from Exhibit 15 further demonstrates the inability of the existing services network to meet current demand with increases in homelessness, particularly within the Verde Valley. In 2024, Yavapai County had 339 housing program beds within the system (inclusive of PSH, RRH and other programs that include both rental subsidy and supportive services). This means that permanent housing solutions only existed for 339 of the 3,135 (11%) individuals actively homeless in the county. What's more, the majority of these resources exist outside of the Verde Valley. Only 13 PSH beds exist within the Verde Valley itself, which means that not only can a small number of individuals be served with a resource generally viewed as finite—i.e. PSH is a permanent intervention that is designed to resolve homelessness for the individual indefinitely meaning that once the resource is given to an individual the resource no longer exists in the system for a different household until unit turnover occurs—the resource is also generally constrained to populations meeting HUDs chronic homelessness definition. As a result, new households experiencing homelessness entering the system lack eligibility status needed for PSH re-housing in the Verde Valley until they have met HUD chronically homeless definition, and when people do meet the criteria there are too few PSH resources to meet the demand.

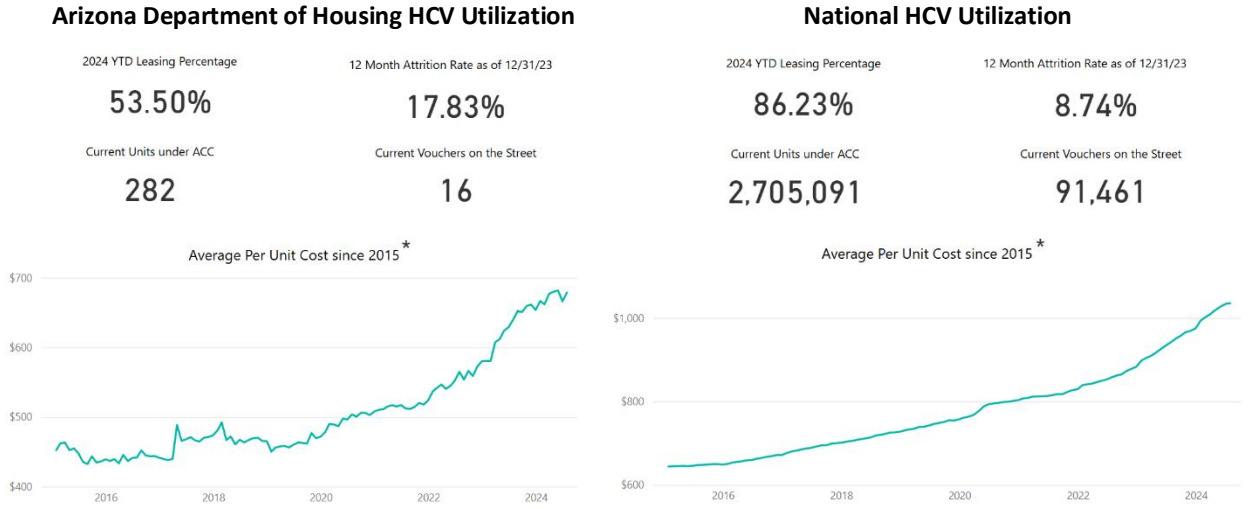
EXHIBIT 15: 2024 HOUSING INVENTORY COUNT OF HOMELESS PROGRAMS IN YAVAPAI COUNTY (HMIS)

Project Type	Ash Fork	Cottonwood	Prescott	Prescott Valley	Sedona	Grand Total
Emergency Shelter	0	40	32	12	28	**116**
Other Permanent Housing	0	0	20	0	0	**20**
Permanent Supportive Housing	0	13	223	0	0	**245**
Rapid Re-housing	2	0	92	0	0	**94**
Transitional Housing	0	0	10	18	0	**28**
Grand Total	**2**	**53**	**377**	**30**	**28**	**490**

Consequently, it is likely that surrounding cities in Yavapai County are shouldering the burden for re-housing Verde Valley households experiencing homelessness. Data collected from the BoS demonstrates that households from the Verde Valley are experiencing homelessness, connecting with a coordinated entry point, and reaching the prioritization list. In June of 2024, 22 out of the 317 individuals reaching Yavapai County's CES prioritization list had Verde Valley zip codes as their last permanent address. Given the lack of re-housing resources for the Verde Valley, these households will likely be prioritized for resources outside of the area or continue to have cyclical, potentially chronic, homelessness in the Verde Valley.

The Housing Choice Voucher program (HCV) [6] is the backbone of many RRH and PSH programs and regarded as one of the most effective tools for stabilizing households experiencing homelessness and mitigating recidivism back into homelessness. The program provides a long-term rental subsidy that lowers rent to affordable levels (30% of income). Research has consistently demonstrated the effectiveness of long-term rental subsidies on reducing homelessness recidivism, particularly with family households.[7] Analysis of the state of Arizona's HCV lease-up rate and attrition rates are seen in Exhibit 16 (left).

EXHIBIT 16: HOUSING CHOICE VOUCHER UTILIZATION DATA



Approximately half of the State of Arizona's HCV allocation are currently leased—a rate that is approximately 33% below the national average as seen in Exhibit 16 (right). As a result, opportunity exists for communities within the Verde Valley to access HCVs and improve overall lease-up rates for the state department administering HCVs. The State of Arizona also has a higher attrition rate with HCVs than the national average by nearly 10%. This finding suggests that additional housing stabilization resources, such as those administered in RRH and PSH, need to accompany successfully leased vouchers. Given the low levels of traditional apartments within

the Verde Valley, it is likely that households with HCVs in the area struggle to find units where the voucher can be successfully leased. The Verde Valley would benefit from increased development of multifamily housing by way of low-income housing tax credits with Section 8 cooperation requirements. Additionally, because voucher holders in the Verde Valley are operating within a constrained multifamily unit environment, they would benefit from access to services specifically curated to assist with finding rental properties, referred to as "housing navigators." The Verde Valley would also benefit from housing navigators assessing the availability of mobile/manufactured homes willing to lease HCVs given the high proportion of that housing type within the region.

What are the characteristics of people experiencing homelessness in the Verde Valley?

To contextualize these findings, the consulting team interviewed people experiencing homelessness and stakeholders providing services and interacting with homeless persons in the Sedona/Verde Valley region. Based on the cumulative results of those interviews and discussions, coupled with service utilization data from HMIS, the consulting team grouped the annual prevalence count of homelessness into smaller subdivisions or typologies that reflect the attributes and characteristics of persons, and how those nuanced subpopulation needs are different from one another. These results align closely to seminal research findings from Dennis Culhane, a leading national researcher on homelessness and poverty. Culhane's typology of homelessness based upon shelter usage, distinguishing between long-term chronicity, episodic homelessness (repeated bouts of varying duration) and transitional homelessness (one-time) was instrumental in changing policies in the early 21st century to focus on where costs were greatest (among high-need chronically homeless persons) and cost-savings most realizable.[8] See Exhibit 17 for these profiles. Sedona's response to homelessness is best positioned to be successful if services and interventions address the needs reflected in each subpopulation.

EXHIBIT 17: HOMELESSNESS SCOPE AND CHARACTERISTICS – SEDONA & VERDE VALLEY

Homelessness Population Typology	Characteristics	Service Needs
Transitional – 360 People **(60% of the total annual homeless population)** • **Single Adults and Couples without dependent children – 300 individuals** • **Households with dependent children – 60 individuals, ~25 households**	**Length of time homeless:** **Less than 3 months** • Transient, a mix of permanent and non-permanent residents • One-time crisis triggers housing instability and homelessness • Lack of local family, personal connections, and/or healthy social supports • Seeking entry-level and/or time-limited employment • Ability to quickly increase economic self-sufficiency through employment when sufficient jobs are available • Often willing/seeking to relocate to another jurisdiction (outside the Sedona/Verde Valley region) as a component of their housing resolution strategy	**Basic Needs** • Crises housing for safe, dependable, temporary night-time accommodation • Restrooms, showers, laundry facilities, food assistance • Time-limited storage of personal belongings **Modest Financial Assistance** • Nominal but impactful financial assistance to address one-time crisis that precipitated homelessness (car repairs, bus tickets, etc.) **Service Coordination & Support** • Relocation assistance • Employment supports • Transportation assistance
Episodic – 180 People	**Length of time homeless:** **3 months to 1 year**	Same as Transitional + **Housing-focused Case Management**

(30% of the total annual homeless population) • **Single Adults and couples without dependent children = 160 individuals** • **Households with dependent children = 20 individuals (~8 households)**	• People who began their homelessness experience in the Transitional typology but were unable to resolve their housing crisis • Brief periods of tenuous housing stability followed by subsequent homelessness spells • Barriers to housing: legal issues, past evictions, criminal records, lack of consistent employment • Poor health: lack of reliable access to health care to address primary health care needs (infections, dental, skin wounds) • Untreated behavioral health conditions: mental illness, substance use disorders	• Teams of trained clinicians supporting crisis resolution, housing placement, and connection to employment and public benefits (health care, food assistance, job placement and coaching, etc.) **Short-term Financial Assistance** • Relocation assistance, if applicable • Housing assistance: security deposit, utility assistance, short-term rental assistance,
Chronic – 60 People **(10% of the total annual homeless population)** • **Single Adults and Couples without dependent children – 60 individuals** • **No households with dependent children**	**Length of time homeless: Greater than 1 year** • More likely to be residents with long histories in the community • Long periods of homelessness have exacerbated physical health conditions and made treatment of behavioral health conditions more difficult and complicated • More acute service needs requiring intensive service supports	Same as Episodic + **Long-term Financial Assistance** • Housing assistance: security deposit, utility assistance, ongoing rental assistance through Section 8 vouchers or other public housing. • Assisted living facilities for persons with late-stage chronic health conditions and persons unable to successfully manage activities of daily living

INITIAL RECOMMENDATIONS

How should the City of Sedona organize homelessness services for the greatest impact?

MOST PEOPLE EXPERIENCING HOMELESSNESS IN THE SEDONA/VERDE VALLEY REGION …(ARE) ABLE TO SELF-RESOLVE IN LESS THAN THREE MONTHS AND WITH ONLY MINIMAL ASSISTANCE AND INTERVENTIONS.

Most people experiencing homelessness in the Sedona/Verde Valley region fall into the ***Transitional*** typology, with many able to self-resolve in less than three months and with only minimal assistance and interventions. Some people in this group could prevent their homelessness altogether if they had access to the types of basic services needed to Sedona could shorten the duration of homelessness and prevent people from progressing into the ***Episodic*** and ***Chronic*** groups with better service coordination and support and the provision of very modest financial assistance when necessary. More intensive interventions are also necessary for the Sedona homelessness system, but for a smaller number of people and only after the less intensive interventions have proved unsuccessful.

To generate the greatest impact based on modest investments the City of Sedona would support the following system improvement and coordination strategies:

Institute a regional homelessness strategy for the Verde Valley. The Sedona/Verde Valley region includes multiple public entities, including various federal, state, county and city partners. Each political jurisdiction within the Sedona/Verde Valley region employs its own, locally specific approach to addressing homelessness resulting in different strategies for managing people sleeping in public spaces, addressing basic food and shelter assistance needs, and assisting people with housing, employment, and behavioral health needs. The result is a disjointed regional approach that likely contributes to client dislocation, forced relocations, inconsistent and inequitable approaches across geography and service sectors, service gaps, and unnecessarily extends the periods of homelessness and housing instability. The region would benefit from a cohesive regional strategy that identifies an overall approach to homelessness resolution with clearly defined roles for all land management entities, homeless specific service providers, public systems (law enforcement, hospitals, behavioral health, public lands management), and other crisis responses and first responders. A regional homelessness strategy would also identify resources and services for different populations and prioritize those resources based on the greatest opportunity for impact and most severe service needs.

Define a Strategy for Addressing Basic Needs. Overwhelming responses from personal interviews with service providers and persons experiencing homelessness indicate that very basic elements of life are not adequately addressed. People experiencing homelessness are not able to regularly bathe, find and cook food, store their belongings, safely sleep, or maintain employment. While the community identified a designated location for safe, night-time parking and camping accommodations for employed residents without housing, the execution of this resource is in question. Other options for addressing basic needs of bathing and self-care; safe, temporary night-time accommodation; temporary storage of personal belongings, and day space for service delivery and coordination may include the following options. See Exhibit 18 for a detailed breakdown of the impact of these interventions:

1. Waive fees to access existing public recreation centers for persons experiencing homelessness to address basic needs, such as showers and running water; Waive fees for local transportation system to encourage service connections regionally
2. Create a mobile vehicle that provides shower and bathing capacity that can rotate throughout the community to provide short-term services in temporary locations
3. Expand existing food assistance locations and church facilities where people can drop in to receive food and other basic needs and explore enhancing current service packages available to provide support for employment, relocation, and transportation
4. Establish a new space as a dedicated daytime drop-in center for connecting individuals experiencing homelessness with basic needs while also providing access to the Flex Fund and support for employment, relocation, and transportation
5. Repurpose public recreation centers as temporary car-camping or daytime drop-in centers for people experiencing homelessness to address basic needs while also providing access to the Flex Fund and support for employment, relocation, and transportation
6. Site an emergency shelter that provides access to basic needs, including temporary night-time accommodation, restrooms, showers, laundry facilities, food assistance, storage, access to the Flex Fund and support around employment, relocation, and transportation

EXHIBIT 18: IMPACT FROM BASIC NEEDS STRATEGIES

Intervention Type	*Waive Fees at Recreation Centers & for Local Transportation*	*Mobile Shower Unit*	*Expand Basic Needs @ Food Pantries*	*Repurpose Existing Recreation Space*	*Drop-In Service Center*	*Crises Housing*
Impact on Basic Needs	Low	Low	Moderate	High	High	High
Impact on Service Connections	Low	Low	Variable	High	High	High
Level of Investment	Low	Moderate	Moderate	Moderate	High	Very High

Create a Flex Fund that would provide access to modest financial assistance to help mitigate a housing crisis early on and prevent homelessness altogether. Limited financial support for persons in crisis is often all that is required to help someone resolve their housing crisis. This Flex Fund should offer one-time, limited financial assistance to help people with the specific barriers that are preventing them from moving on and/or resolving their housing crisis. Examples include car repairs, relocation assistance (i.e. bus tickets), application fees for new rental units, employment assistance tools and licensure, and modest amounts of direct cash transfers to help negotiate shared housing arrangements.

FLEX FUNDS MITIGATE THE POTENTIAL POPULATION GROWTH OF PERSONS EXPERIENCING FIRST TIME OR CYCLICAL HOMELESSNESS THROUGH FLEXIBLE YET MODEST FINANCIAL INVESTMENTS IN DIRECT CLIENT ASSISTANCE.

Establishing a street outreach team in partnership with the Sedona Police Department that provides a primary point of contact for the unhoused population. The team would include a regional outreach worker who provides access to CES across the Verde Valley, a clinical case manager who creates a stabilization plan for individuals with the highest and most complex barriers to housing, and a Sedona PD Resource Officer who would provide a continuous presence in the city, increasing access to information on services and response time to community concerns.

- Position a regional **Street Outreach** worker to regularly travel to sites where people are experiencing unsheltered homelessness throughout the region to provide information about service connections, screen for Flex Fund assistance, and assess for medium or long-term rental assistance and housing case management through the CES system. The Street Outreach team would not carry a caseload, but regularly provide a higher level of support to ensure connections are made, such as coordination and transportation
- Create a regional **Clinical Case Manager** to work as part of the street outreach team with a focus on people who have been identified as chronically homeless wherever they are and directly assist them with connecting to long-term stabilizing services. Clinical Case Managers carry a caseload of 5-10 individuals who are identified as having severe service needs. They provide clinical interventions and are intended to provide focused support with navigating complex barriers to housing stability.
- Establish a dedicated **Resource Officer** for the City of Sedona who would be embedded in the Sedona Police Department and work in conjunction with the City of Cottonwood's Resource Officer to assist the street outreach team with service connections and address community grievances. As a first responder, the SPD Resource Officer would be the face of this team for Sedona businesses and

neighbors who encounter unhoused people living in public spaces at a specific time, location, or manner inconsistent with the community's defined use for the public space. Resource Officers focus on engagement and service connection for unhoused residents, rather than employing ineffective punitive approaches to addressing homelessness.

AS A FIRST RESPONDER, THE SPD RESOURCE OFFICER WOULD BE THE FACE OF THIS TEAM FOR SEDONA BUSINESSES AND NEIGHBORS WHO ENCOUNTER UNHOUSED PEOPLE LIVING IN PUBLIC SPACES

Establish a housing stability team that would provide targeted support to the group of individuals experiencing episodic and chronic homelessness. This team would operate as a part of the CES infrastructure that connects unhoused individuals with housing stability services specific to their level of need. Once matched, the team would provide assertive community-based case management to assist with the process of accessing a rental subsidy, locating an apartment, and obtaining a lease. Once leased, they would receive housing focused case management to accompany either short- or long-term financial assistance to support stabilization as they re-integrate into the community.

- Create a **Housing Navigator** to meet with people experiencing homelessness wherever they are and directly assist them with connecting to medium or long-term assistance. Housing Navigators carry a caseload of 15-20 individuals who are currently in the process of being connected to financial assistance for permanent housing. They provide direct support to persons who are episodically or chronically homeless with obtaining required documentation, directly transport to appointments, and help ensure that both financial assistance and physical housing are secured.
- Establish a team of **Housing Stability Case Managers** to work with people who have been placed into permanent housing programs with short- or long-term rental assistance throughout the duration of this assistance. They provide case management that supports the retention of housing, including but not limited to retention of financial assistance, increasing income, care coordination, and community integration

Invest in the Rehousing System that is administered through the Arizona Department of Housing. The Coordinated Entry System in Yavapai County is currently used for matching persons experiencing homelessness to existing re-housing programs. The CES infrastructure is intended to match households based on their level of service needs with both housing with supportive services and is widely regarded as the best practice for ending homelessness. CES provides a system-level infrastructure that can serve as the basis for a regional approach and includes specific program models for both episodic and chronically homeless households. Utilization of this system is dependent upon a workforce that is trained to assist individuals with accessing the CES assessment and the creation of Rapid Re-housing or Permanent Supportive Housing programs in the region, as depicted in Exhibit 19 and described below:

1. ***Create Medium-Term Rental Assistance for Episodically Homeless (Rapid Re-housing)***
    - Rapid-Rehousing programs connect recipients with a Housing Stability Case Manager to receive financial assistance from a transitional subsidy and locate community-based permanent housing. Once housed, they are provided with on-site services targeted at helping the individual maintain housing after the temporary assistance ends. This intervention focuses on employment, housing stabilization, and legal assistance for individuals and families with temporary barriers to self-sufficiency. Rental subsidy and case management may be provided for up to two years and include

landlord mediation, budgeting, life skills, parenting support, child welfare preventive services, and more. It aims to disrupt episodic homelessness by rapidly connecting recipients with the support necessary to resolve their homeless situation and avoid becoming chronically homeless.

2. ***Create Long-Term Rental Assistance Chronically Homeless (Permanent Supportive Housing)***
   - Permanent Supportive Housing programs provide people with significant barriers to self-sufficiency access to clustered or scattered site permanent housing linked with on-site supportive services that help residents maintain housing and address barriers. PSH programs should have a tolerant, or harm reduction, approach to engage clients with serious illness or substance abuse issues. Both length and intensity of housing subsidy and services are defined on a case-by-case basis depending on the needs presented. Once an individual is placed in housing, a dedicated housing focused case manager should conduct a comprehensive assessment and develop a long-term service plan. In contrast to RRH, the aim of PSH is to meet the basic needs of individuals who are chronically homeless and would likely not sustain housing without on-going support.

A NOTE ABOUT ENGAGEMENT VS. PUNITIVE APPROACHES

JURISDICTIONS CONTEMPLATING ENHANCED ENGAGEMENT APPROACHES WITH EXPANDED SERVICE REACH AND QUALITY OFTEN CONFRONT QUESTIONS RELATED TO AN UNINTENDED CONSEQUENCE OF MAKING SERVICES MORE AVAILABLE AND ATTRACTIVE TO PEOPLE SEEKING HELP FOR THEIR HOUSING CRISIS. THE IMPACT, DISPROVED THROUGH RESEARCH AND EVIDENCE, IS NOT ONE IN WHICH ENHANCED OR EXPANDED SERVICES CREATE A MAGNATE EFFECT. PEOPLE WILL NOT SEEK OUT AND RELOCATE TO JURISDICTIONS TO TAKE ADVANTAGE OF MORE GENEROUS PUBLIC SERVICES AND HOMELESSNESS SUPPORTS. PEOPLE ARE FIRST ATTRACTED TO SEDONA DUE TO THE UNIQUE CULTURAL CLIMATE, THE SEEMING ABUNDANCE OF EASY TO ACCESS SERVICE-LEVEL EMPLOYMENT, AND THE LIKE-MINDED NATURE OF OUTDOOR ENTHUSIASTS. NEW ARRIVALS TO SEDONA FIND THEMSELVES EXPERIENCING A HOUSING CRISIS ONLY AFTER THEY RELOCATE AND EXPERIENCE A ONE-TIME CRISIS SUCH AS AN ENDING RELATIONSHIP, LOSS OF EMPLOYMENT, HEALTH CRISIS, AN OUT OF REACH FINANCIAL BURDEN SUCH AS CAR REPAIR OR RENTAL DEPOSIT, OR OTHER EVENTS WHICH TRIGGER THE HOUSING CRISIS. SEDONA'S INVESTMENT IN ENHANCED HOMELESSNESS SERVICES WILL VERY LIKELY NOT RESULT IN AN INCREASE IN NEW HOMELESS ARRIVALS, SIMPLY TAKING ADVANTAGE OF SEDONA'S GENEROSITY.

EXHIBIT 19: SERVICES, TARGETS, AND GOALS FOR DIFFERENT INTERVENTION TYPES

Intervention Type	*Street Outreach Team*			*Housing Stability Team*	
	Street Outreach	*Clinical Case Manager*	*Resource Officer*	*Housing Navigator*	*Housing Stability Case Manager*
Services	Regional information, referrals, CES assessments, coordination, transportation	Regional clinical support for individuals with serve service needs, including housing / care placements	Sedona specific information, referrals, coordination, transportation	Intensive case management for individuals in the rehousing process throughout the region	Medium to long term support to individuals who have received medium- or long-term rental assistance and are residing within the region
Target	300 unduplicated contacts	20 unduplicated clients connected to appropriate care	300 unduplicated contacts	240 unduplicated clients placed into housing programs	20-25 unduplicated clients
Goal for Transitional Homeless	Source of information and referrals, Flex Fund screenings, coordination, & transportation as needed	N/A	**Area of Focus –** Sedona specific source of information, referrals, Flex Fund screenings, coordination, & transportation as needed	N/A	N/A
Goal for Episodic Homeless	**Area of Focus –** Source of CES assessments and guidance through re-housing process	N/A	Coordination, & transportation as needed	**Area of Focus –** Placement into <u>rapid re-housing</u> option within 90 days	**Area of Focus –** Sustain rental assistance and achieve an increase in income to transition off or rapid re-housing
Goal for Chronic Homeless	Source of CES assessments and guidance through re-housing process	**Area of Focus –** Placement into <u>permanent supportive housing</u> or appropriate care within 180 days	Respond to community concerns in the City of Sedona	**Area of Focus –** Placement into <u>permeant supportive housing</u> option within 90 days	**Area of Focus –** Sustain rental assistance and address barriers to wellbeing, including income, addressing physical or behavioral health conditions, and community

How do we estimate the level of need for each of these recommendations?

Determining the estimated level of need requires analyzing the system based on the most current information available about the number of households experiencing or at imminent risk of homelessness, inventory of resources available to meet the needs of households experiencing homelessness and then projecting the extent of new investments necessary to meet the demand. The resulting model provides estimates of the number of units needed of each program type to meet the needs of households experiencing homelessness every year. This information is combined with average per unit cost data to estimate the additional cost of the 'optimal' system.

The concept of an 'optimal' system is aspirational. The results provide a directional perspective on necessary system changes and additional investments necessary to move in the direction of optimization. In addition, system elements contributing to this optimal status are subjective. The transition to this optimal status will take several years of deliberate, phased improvements and substantial additional investments. For these reasons, projections should be updated regularly with revised assumptions and fresh data and input from community stakeholders, including people with lived experience of homelessness, to reconfirm the directional approach to optimization continues to be on target.

Projected Level of Need

Exhibit 20 presents the number of units and services needed to achieve an optimized homeless system that fully meet the needs of all households entering the homeless system each year, including long-term homeless households. Using this forecast, Sedona can develop a transition plan that phases in investment to develop a more optimized approach to addressing homelessness.

EXHIBIT 20: PROJECTED LEVEL OF NEED

Service Types	Current Units of Service	Current Units of Service Available Annually*	Total Needed Units of Services Annually	Deficit Between Annual Available vs. Need
Unhoused Service Needs				
Basic Needs	0	0	600	600
Crises Housing*	68	408	600	192
Street Outreach Team	0	0	600	600
Housing Stability Needs				
Flex Fund	0	0	360	360
Rapid Rehousing	0	0	180	180
Permanent Supportive Housing*	13	1	60	59

**Annual availability is determined by average turnover rates*

This captures the current system inventory and available inventory based on turnover and presents the optimal number of additional beds/services to achieve an optimal response to homelessness. In Exhibit 21, the optimal system expansion is then distributed over a 5-year implementation period. Each year of expansion is cumulative and ongoing, adding new permanent system capacity to the previous period.

EXHIBIT 21: EXPANSION OF SERVICES OVER 5-YEAR PERIOD

Program Types	Estimated Additional Beds/Services Needed for Optimal System	Year 1 Expansion Goal	Year 2 Expansion Goal	Year 3 Expansion Goal	Year 4 Expansion Goal	Year 5 Expansion Goal
Unhoused Service Needs						
Basic Needs	600	600		-	-	-
Crises Housing	192	100	92			
Street Outreach Team	600	600	-	-	-	-
Housing Stability Needs						
Flex Fund	360	200	160	-	-	-
Rapid Rehousing	180	36	36	36	36	36
Permanent Supportive Housing	60	12	12	12	12	12

Estimated expansion required for each year of bed/services is expected to continue in subsequent years. Expansion is expressed in yearly goals and represents ongoing, permanent investment to achieve optimal status. Achieving the optimal status enables all persons experiencing a housing crisis to resolve their homelessness using the most appropriate resource type(s) for the minimal amount of time and achieving sustained housing resolution.

Recommended expansion goals are distributed across the 5-year period according to most feasible for implementation and highest immediate impact. For example, expansion of services for the unhoused is front loaded in years 1 and 2 to address immediate crisis housing needs. Housing stability expansion is built out mostly in years 3 through 5 to account for longer lead times for RRH and PSH development and expansion.

Cost Analysis

The City of Sedona and the Verde Valley have access to funding through the HUD CoC grant based on a competitive national competition for McKinney-Vento resources, and entitlement funds inclusive of Emergency Solutions Grants (ESG), HOME, and CDBG. Additional sources of funding include private foundation and philanthropic investments. In addition to market data, the consultants considered average costs from other jurisdictions operating nationally recognized program models for ES, RRH, and PSH. Local cost data were combined with national averages to develop estimated annual costs for ES, RRH and PSH as reflected in Exhibit 22.

EXHIBIT 22: ESTIMATED AVERAGE ANNUAL HOUSEHOLD COST BY SERVICE TYPE

Cost Category	Basic Needs	Crises Housing	Street Outreach Team	Flex Fund	RRH	PSH*
Rent Subsidy/Leasing – 1 Bd FMR	-	-	-	$1,293	$15,516	$15,516
Services	-	-	$679	$2,000	$6,000	$6,500
Operations	$1495.40	$13,500	-	-	-	-
Administration	$224.31	$2025	$101.85	$493.95	$3,227.45	$3,302.40
TOTAL Annual Per Unit Cost	**$1719.71**	**$15,525**	**$780.85**	**$3,786.95**	**$24,743.45**	**$25,318.40**

Projections include most resource intensive versions of the recommended service types. National averages are used where regional cost data is limited.

When average costs per unit are multiplied by the estimated number of additional beds/units necessary to achieve optimal expansion, the results provide an estimate of total new additional investment needed for the Verde Valley. Results reveal an annual additional need of just under $12 million. This large gap demonstrates how underfunded the current system is and the scale of additional investment needed to address the housing crisis needs of the Verde Valley.

EXHIBIT 23: ESTIMATED ADDITIONAL SYSTEM INVESTMENT NEEDED

Current System - Individuals	Current Average Cost Per Unit of Service	Additional Inventory for Optimization	Approx Additional Annual Cost
Basic Needs - Hygiene	**$1719.71**	600	$1,031,826
Basic Needs - Shelter	**$15,525**	192	$2,980,800
Street Outreach Team	**$780.85**	600	$468,510
Flex Fund	**$3,786.95**	360	$1,363,302
Rapid Re-Housing	**$24,743.45**	180	$4,453,821
Permanent Supportive Housing	**$25,318.40**	60	$1,519,104
TOTAL Additional Annual System Cost			**$11,817,363**

CONCLUSION

The intention of the Sedona Homeless Services and Needs Assessment is to serve as a tool for setting a common direction in Sedona and the Verde Valley by providing a rational basis for vision and goals that will be included in a formal strategic plan to address homelessness in the Verde Valley. While the vision and goals of the strategic plan should remain relatively constant over time, the strategies determined will evolve as they are achieved and adjustments become necessary from lessons learned, new conditions emerge, or capacity changes.

The City of Sedona is positioned to work with partners throughout the Verde Valley and lead the region in the implementation of this plan. As such, it will be essential for the city to socialize these findings with stakeholders and collect input on the recommendations in order to galvanize the community around its vision and goals. Once the strategic plan is complete, the City of Sedona will work with partners to annually assess progress, update strategies, and revisit goals to learn and develop more effective solutions. Effectively addressing homelessness in the region will require active participation of stakeholders, which will be managed through a series of implementation workgroups that will guide the execution of the plan over the next five years. This will allow progress to be communicated clearly and transparently with the community as progress is made, keeping the community aligned on how the emerging homelessness crisis is being mitigated.

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