



## **Sleepy Inn Q & A**

### **Q: Why did the City purchase the Sleepy Inn?**

A: As the Covid-19 pandemic unfolded, the Missoula City-County Health Department and the Office of Emergency Management (OEM) became aware of the need for non-congregate shelter, where people in quarantine or isolation could stay without danger of infecting others. The Sleepy Inn owner was interested in selling the motel, and the City recognized the redevelopment value in a growing part of the city.

In addition, at the start of the pandemic, between March 20, 2020, and April 29, 2020, OEM housed 35 individuals in need of non-congregate shelter in motel rooms. This was an expensive and unreliable solution. Many hotels were reluctant to rent rooms to Covid-positive people. Acquiring rooms in an emergent situation proved challenging.

### **Q: Who stayed at the Sleepy Inn during Covid?**

A: Between April 27, 2020, and March 17, 2022, 395 people stayed at the Sleepy Inn. Their average length of stay was seven days. Some of the people served were homeless. Some were traveling workers stuck in Missoula by a diagnosis or exposure. Some were people wanting to avoid infecting their families. Some were people discharged from hospitals who were Covid-positive.

### **Q: What is the public health reason to provide quarantine and isolation service?**

A: Covid-19 proved to be easily transmissible. It was in the best interest of health care facilities to keep infection rates as low as possible to keep vital hospital treatment available to people experiencing other health crises, as well as Covid patients. Providing this service benefited not only the patients but also the community at large by reducing the possibilities for Covid transmission.

Emergency shelter during disasters is routine for emergency management. Covid-19 provided extra challenges, but the OEM was able to build on the traditional model with some extra twists to provide safe shelter during an infectious disease outbreak.

**Q: How did the funding work?**

A: The City purchased the Sleepy Inn for \$1.1 million. The City used Tax Increment funds from Urban Renewal District II, where the motel is located. The District had more than adequate cash to make the purchase. All the operational costs during the building's use as non-congregate shelter were reimbursable by the Federal Emergency Management Agency (FEMA). Those operational costs were \$1,899,329.52.

For the duration of the operation as a non-congregant shelter, the net cost to the City was \$24,787.38. That's \$62.75 per person sheltered. The City also received rent revenue of \$718,046.00.

The property taxes for the Sleepy Inn property at the time of closing were \$13,011.63. City ownership took the property off the tax rolls, but redevelopment will increase that amount substantially. In approving the expenditure, members of the Missoula Redevelopment Agency board agreed that the value of the half-acre property will only increase in this area of underutilized properties on West Broadway in the urban core; the Russell Street reconstruction and the need for housing work together to make the property rich with opportunity for redevelopment.

**Q. What is the Envision West Broadway Community Master Plan, and why is it important?**

A. The Plan was adopted by the City Council in 2021 following nine months of public involvement and consultant analysis, focusing on the area bounded by North Russell Street, West Broadway Street, California Street and the Clark Fork River. The Sleepy Inn site is included in the master plan area. Several big ideas emerged from the master plan, including

- Create a new neighborhood center in this area
- Respect the residents and local businesses that are currently in the planning area
- Improve connections from the neighborhood to the river and adjacent pathways
- Help solve housing and rental space affordability issues, being mindful that affordable housing should be distributed throughout the entire City, not concentrated in just a few areas. The master plan highlighted the need for housing that does not cost individuals more than 30 percent of their monthly income.
- Create a unique entry experience to urban Missoula with a street-oriented, architecturally significant building on the Sleepy Inn site at the intersection of West Broadway and Russell Streets.

The Envision West Broadway Master Plan was developed through a robust public engagement process with the Northside-Westside CREW (Community Rising for Equity and Well-being), other interested Northside/Westside Neighborhood residents and many other stakeholders.

The master plan was adopted by the City Council as an amendment to the Downtown Master Plan and the City Growth Policy.

The master plan anticipated that the Sleepy Inn site would be one of the first to redevelop, as soon as the Sleepy Inn was no longer needed as a non-congregate shelter.

The master plan identified housing as a significant need in the neighborhood. The plan recommends providing between 50 and 70 permanently affordable housing units in the plan area. The plan recommends mixing affordable housing units among market rate housing as a sound urban planning strategy.

When the City established the local Affordable Housing Trust Fund in 2020, it committed by resolution to commit all proceeds from the sale of City-owned land not otherwise encumbered by a legal requirement be deposited into the trust fund. This means that the revenue generated by the sale of the Sleepy Inn parcel would be deposited into the trust fund to be used to create income-restricted affordable and workforce housing opportunities throughout the community. This is important because the trust fund is a flexible local funding source that allows projects to more competitively apply for millions of dollars available at the state level and to gain access to other funding sources. Additionally, the trust fund has built-in protections to ensure that projects meet stated affordability requirements and serve the Missoulians most in need.

**Q. What process does the City expect to follow to sell the property?**

**A.** We envision a process similar to the one used to select Ravara and North Missoula Community Development Corporation for development of housing and neighborhood retail along Scott Street. Because the Sleepy Inn property is in an urban renewal district (URD II), state law requires some additional steps that the City should take when selling land, including establishing a process and/or set of procedures to sell the land. Working with a local real estate agent, the City will ask for development proposals for the site that are consistent with the West Broadway Master Plan and the City of Missoula Strategic Plan. We will ask developers to demonstrate their qualifications and experience and solicit their ideas about what development types are feasible at the site. The recommended developer and project will require City Council approval. If urban renewal funding is requested, Missoula Redevelopment Agency approval is also needed.

**Q. What will happen to the property sale proceeds when the Sleepy Inn site is sold?**

**A.** Funds from the sale will go to the Affordable Housing Trust Fund to support future affordable and workforce housing in the community. When the Affordable Housing Trust Fund ordinance was approved in June 2020, City land sales were one of the revenue sources

identified to capitalize the Trust Fund. Following an annual application cycle, grants and loans are issued from the Trust Fund to help pay for these housing projects.

**Q. What restrictions will the City place on the redevelopment of the site?**

A. The redevelopment will need to satisfy any local, state and federal regulations that apply, including zoning. The zoning for the property allows up to a six-story building to be built. Because the property is City-owned, the Council may decide to place additional requirements on the development to increase the public benefit. City ownership of developable properties enables the City and the Missoula Redevelopment Agency to ensure that redevelopment meets the community's needs and standards.

**Q. Will the community have an opportunity to provide comments on future uses planned for the Sleepy Inn site and when?**

A. The City will ask that the development team hold a public process to share planned uses and solicit comments from the neighborhood. If a development team is selected this summer or fall, the earliest this could occur is likely winter of 2022-23.

**Q. How can I monitor progress on the sale and development?**

A. The MRA website and Engage Missoula webpage will be updated with key milestones on the sale and development, as well as any planned public meetings. The anticipated steps likely include:

- Call for development proposals; review proposals; City comments – Summer/Winter 2022
- Development team's public process to solicit comments on proposal – Winter/Spring 2023
- If URD II funding requested, Missoula Redevelopment Agency approval – Spring 2023
- City Council consideration of a Letter of Interest for development/sale - Spring 2023

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