



Rex Scott, District 1

TO: Melissa Manriquez, Clerk of the Board

FROM: Rex Scott, District 1 Supervisor

RE: Agenda Item

DATED: March 10, 2026

Please add the following item to the agenda for the March 24 Board of Supervisors meeting:

**Discussion/Direction/Action: Bridge Funding for St. Luke's Home**

The request is for Pima County to partner with Catholic Community Services to provide bridge funding for the first year of transition to ensure that the 53 current residents of St. Luke's Home do not lose housing.

Catholic Community Services (CCS) has requested the County's partnership and financial support as they move forward with the strategic acquisition and operational stabilization of St. Luke's Home, a 64-unit assisted living community serving low-income seniors in Tucson.

For nearly 100 years, St. Luke's has served vulnerable seniors in our community. Today, it remains one of the few affordable assisted living options available to residents living at or below 80% of Area Median Income. Preserving and strengthening this resource is critical as homelessness among aging adults continues to rise in Pima County.

St. Luke's is currently operating at a census of 53 residents out of 64 licensed beds (approximately 83% occupancy). The financial break-even point for the facility is approximately 95% occupancy.

CCS is prepared to assume management and operational oversight of St. Luke's Home. This transition aligns directly with the housing-centered growth strategy of CCS and their commitment to addressing housing instability across the full continuum of aging. The property is debt-free, significantly reducing financial risk and providing a clear pathway to long-term sustainability under disciplined management.

CCS conducted appropriate due diligence, which indicated that the challenges at St. Luke's are primarily operational, including leadership inconsistency, underdeveloped referral systems, and limited long-term planning, rather than structural flaws in the assisted living

model itself. Under CCS oversight, and integrated executive leadership, strengthened governance and reporting, stabilized occupancy, implementation of formal referral partnerships, and the active management of age census growth toward the 95% break-even threshold is attainable.

Under CCS management, a realistic two-year stabilization period with a clear path toward sustainability has been identified:

- Year 1 projected operating loss: \$124,735 (inclusive of \$50,000 in immediate building improvements)
- Year 2 projected operating loss: \$43,056
- Year 3 target: operational break-even and transition to positive margin

This demonstrates that CCS is not asking the County to invest in a failing model, but rather to support a structured operational turnaround of a debt-free asset with measurable improvement and a defined sustainability trajectory. By Year 3, CCS intends to secure Directed Care licensure, allowing the facility to accept ALTCS placements, strengthen reimbursement stability, and serve higher acuity, low-income seniors.

CCS has also indicated an interest in partnering in the future with Pima County and other local jurisdictions to explore the possibility of allocating a defined number of beds to serve unhoused seniors in need of assisted living or directed care services, including veterans and other vulnerable populations. Strategically utilizing a portion of beds for County-referred seniors would both increase occupancy toward the 95% sustainability threshold and improve the population and revenue mix.

To ensure the availability of these stable, residential facilities, I ask that the County provide bridge funding for the first year of transition in the amount of \$100,000 to be funded from the General Fund Contingency Fund.

This bridge funding will:

- Preserve 64 affordable assisted living units
- Prevent displacement of vulnerable seniors
- Increase occupancy toward financial sustainability
- Provide dedicated placements for unhoused seniors and veterans
- Reduce pressure on the County's homelessness response system
- Expand housing options for seniors requiring higher levels of care

Without intervention, the potential destabilization of this facility would significantly increase senior housing insecurity and strain publicly funded systems. With County partnership, CCS

can stabilize operations, modernize infrastructure, achieve Direct Care licensure, increase occupancy, and secure long-term sustainability.