

Memorandum

TO: MAYOR LICCARDO

FROM: Councilmember Raul Peralez

SUBJECT: BUDGET DOCUMENT

DATE: May 20, 2015

Approved

Date

5/20/15

RECOMMENDATION

That the following recommendation be enacted.

Proposal

Program/Project Title: Responsible Landlord Engagement Initiative (RLEI)

Amount of City Funding Required: \$150,000

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

This change is:

One-time Ongoing

Proposal Description, including anticipated outcomes (describe how change would affect services for San José residents, businesses, community groups, etc.):

Both the Mayor's Office and all of the Council offices benefit from the continuation of the RLEI program in our City. We seem to agree on the program's value, and would like to see it continue to serve our community. I understand that the draft proposed operating budget already includes an allocation of \$25,000 in ongoing funds from the General Fund that is aimed at continuing to improve the conditions of properties by encouraging property owners and investors to commit to managing their priorities in a responsible manner, to provide resources and training to the community to hold landlords responsible for maintenance, and to provide training to City staff to assist corresponding neighborhood leaders.

The current allocation is not enough to fill the need and without an increase, the entire program may dissipate. Rather, I request that one-time funding be allocated in the amount of \$150,000 in order to help the program gain stability, increase their capacity to serve the demand throughout the City, and to help them secure a sustainability plan.

a. Stability

While I previously shared the Mayor's concerns about the organization's stability in the midst of an organizational transition, my concerns have since been appeased. Neighborhood Housing Services of Silicon Valley (NHSSV) has historically hosted the program, and has confirmed that their Board of Directors recently agreed to transfer the program, along with its experienced staff, to Catholic Charities of Santa Clara County. Exhibit A is a Memorandum of Understanding between said parties. In May 2015, the RLEI program also received a one-time grant through Citibank Community Development's National Innovation Program in the amount of \$150,000. This will help them cover about half of their existing program expenses at status-quo levels and gain stability. The grant was accepted by Catholic Charities, however, those funds were largely contingent on the assumption that the City of San José would contribute at minimum a 1:1 match since their outcomes are so closely tied with the work of the Council offices. It is my assertion that the RLEI program will gain the stability it needs in the coming year with the help of the City's one-time funds. After one year, once they have demonstrated the expected stability and programmatic outcomes necessary, they may be eligible to apply for additional programmatic funding again and potentially expand their capacity as they build out the framework for a national model.

b. Capacity to Serve Demand:

With tremendous response from neighborhood groups since 2011, the ability of the program to respond to the growing demand has been tested. Between 2011-2013 alone, RLEI took on as many as 21 cases with 296 direct beneficiaries representing 8 Council Districts. As of March 26, 2015 the Initiative had 42 active cases and another 9 in the pipeline awaiting assessment. They currently have pending cases in all 10 of San Jose's Council Districts. A one-time investment of \$150,000 will enable them to keep the program in place at current levels.

Outreach about the program is primarily administered in coordination with other agencies including the Mayor's Office, City of San Jose Police Department Crime Prevention Unit, Housing, and Code Enforcement. Officials from the SJPd have asserted that the RLEI staff's role in assessing, mediating, and negotiating neighborhood improvements has cut down on calls for service and, if eliminated due to lack of support and sustainability, they will need to plan for more calls for service and more neighborhood frustration. Furthermore, while the Crime Prevention Program can focus on multi-family housing units, RLEI compliments that effort well by focusing on single family homes with a shared commitment to crime free neighborhoods.

Exhibit B demonstrates how increasing the allocation from \$25,000 to \$150,000 will enable RLEI to leverage private and public funds to activate several improvements and efficiencies including Citibank deliverables for CRM developments and launch as a national model.

c. Sustainability Planning

While transferring the program to Catholic Charities demonstrates significant progress, allocating one-time funds in support of the RLEI program would ensure continuity of services, buy the organization time to develop further fundraising strategies, and to activate a sustainability plan. This Initiative has become an acclaimed model for bringing communities, City services, and Council offices together to navigate difficult situations and it is in the City of San Jose's interests to support its sustainability.

Funding Source

Essential Services Reserve (\$2 million)

Other (Program/Project/Fund):

Department or Organization: Catholic Charities of Santa Clara County (Responsible Landlord Engagement Initiative)

Department or Organization Contact (list contact information for the individual that certified cost estimates contained within your recommendation):

Name: Matt Huerta, Director
Phone number: 831.809.4279
E-mail address: mhuerta@nhssc.org

Exhibit A-1

**MEMORANDUM OF UNDERSTANDING BETWEEN
NEIGHBORHOOD HOUSING SERVICES SILICON VALLEY
AND CATHOLIC CHARITIES OF SANTA CLARA COUNTY**

PURPOSE

This Memorandum of Understanding ("MOU") is entered into on **May 15, 2015** by and between Neighborhood Housing Services Silicon Valley (NHSSV), and Catholic Charities of Santa Clara County (CCSCC) ("the Parties"), both registered 501-(c)3 California Non-profit public benefit corporations.

In consideration of the mutual covenants and agreement contain in this MOU, the parties agree to work together to transfer of the Responsible Landlord Engagement Initiative (RLEI) to CCSCC no later than May 30th. The attached transfer proposal is integral part of this MOU.

THE INITIATIVE

Developed by Neighborhood Housing Services Silicon Valley, RLEI is a community-inspired endeavor focused on encouraging landlords and investors to commit to manage their properties responsibly. This initiative strengthens neighborhoods, improves community safety, helps maintain properties, and builds community. RLEI was created by neighborhood leaders in 2009 after attending a National Community Leadership Institute hosted by NeighborWorks in San Jose in 2008. The RLEI Steering Committee is composed of representatives of the City of San Jose's Mayors Office and City Council Districts, United Neighborhoods of Santa Clara County, the Housing Authority, the County of Santa Clara, Tricounty Apartment Association, the Law Foundation of Silicon Valley, the San Jose Police Department, the San Jose Office of Code Enforcement, and NHSSV. Formed in 2011 and started monthly meetings in 2012, RLEI acts as a third party mediator between landlords and concerned residents and neighbors. RLEI invites landlords to become champions in the neighborhoods where they own properties.

The RLEI program has received local and national recognition for the positive impact generated in the low and moderate income communities in San José. In the last two years, the RLEI has provided support to more than 2000 San Jose residents to revitalize and regain ownership of their neighborhoods. RLEI has cases in all 10 of San Jose's Council Districts. The outreach efforts include program introduction through presentations, casework development, and neighborhood leadership capacity building. RLEI case development and technical assistance is principally targeted to low-income communities in coordination with other agencies including but not limited to the Mayor's Office, City of San Jose Police Department Crime Prevention Unit, Housing, and Code Enforcement. The US Census defines low-income communities as those that have 80% or below the Area Median Income.

DELIVERABLES

As the new host agency, CCSCC assumes the responsibility to continue implementing the RLEI as a unique community based support program that has proven to be instrumental in improving neighborhoods across San Jose, subject to sufficient funding made available to complete the deliverables.

Exhibit A-2

MEMORANDUM OF UNDERSTANDING BETWEEN NEIGHBORHOOD HOUSING SERVICES SILICON VALLEY AND CATHOLIC CHARITIES OF SANTA CLARA COUNTY

The key deliverables for the program are outlined in the Citi Community Development Term Sheet as part of receiving the National Innovation Award and subsequent funding. The most updated Term Sheet is incorporated here as Exhibit A.

FUNDING

NHSSV agrees to transfer any and all funds allocated and promised for RLEI. Citi Community Development (CCD) has agreed to transfer to CCSCC the funding of the program at \$150,000. A matching grant of \$150,000 is being sought by NHSSV and CCSCC from the City of San Jose, for a total annual budget of \$300,000. (See Exhibit B: Budget)

DISBURSEMENT

In order to ensure the ongoing viability of the RLEI, Citi Community Development (CCD) has committed \$150,000 to be disbursed to CCSCC by end of May 2015. CCD's expectation is that the award will be matched by the City of San Jose. The City of San Jose Housing Department has agreed to provide \$25,000 from CDBG Administrative funds. District 3 Councilmember Raul Peralez has committed to submit a Budget Document in support of the \$150,000 request. The Mayor and City Council are expected to support the request as part of the Fiscal Year 2015-2016 Budget. If the City of San Jose funding is reduced or not approved at the sufficient level, the staffing and initiative deliverables will be adjusted as outlined in Scenario 4 in Exhibit B.

TERMS OF AGREEMENT

NHSSV agrees to transfer all staff, files, data, equipment, and funding related to RLEI to CCSCC by May 31, 2015.

NHSSV further agrees to help ensure approval of at least \$150,000 funding commitment from the City of San Jose for the FY 2015-2016 Budget.

CCSCC agrees to serve as the Host Agency for the initiative, ensuring that NHSSV RLEI staff is hired by CCSCC according to CCSCC agency policies and the total funds secured or receivable, and that RLEI staff are provided with office space with adequate workstations and that all aspects of the program are fully supported including the technology deliverables.

Assumption of Liabilities. (a) CCSCC shall not assume any Liabilities of NHSSV, including: (i) Tax Liabilities of NHSSV; (ii) any wages, salaries, redundancy, notice, severance payments or other Liabilities relating to any employee of NHSSV; (iii) any Liabilities with respect to Contracts; or (vii) any other Liabilities.

CCSCC shall assume the following obligations and liabilities (the "Assumed Liabilities"): the obligations of NHSSV under the Transferred Contract(s), but in any case only to the extent that such obligations: (i) arise after the Closing Date; (ii) do not arise from or relate to any breach by NHSSV of any provision of any of such Contracts; (iii) do not arise from or relate to any event, circumstance or condition occurring or existing on or prior to the Closing Date that, with notice or lapse of time, would constitute or result in a breach of any of such Contract(s); and (D) are ascertainable (in nature and amount) solely by reference to the express terms of such Contract(s). Pending CCSCC receipt of funding granted by Citi and/or the City

Exhibit A-3

**MEMORANDUM OF UNDERSTANDING BETWEEN
NEIGHBORHOOD HOUSING SERVICES SILICON VALLEY
AND CATHOLIC CHARITIES OF SANTA CLARA COUNTY**

of San Jose to CCSCC for this purpose. CCSCC agrees to payment for the deliverable of the technology product to date and the final product once accepted by CCSCC in June. The sum for this portion of this baseline CRM technology build out will not exceed: \$7,743.50.

This MOU shall take effect once the parties sign in agreement.

We attest by signing below that the above accurately reflects the understanding between NHSSV and CCSCC.

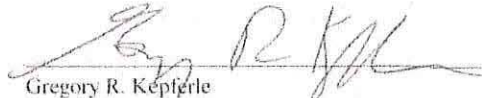
Signatures:

Dated: May 15, 2015



Matt Huerta
Executive Director, Neighborhood Housing Services
Silicon Valley

Dated: May 15, 2015



Gregory R. Keptferle
Chief Executive Officer, Catholic Charities of Santa Clara
County

**RESPONSIBLE LANDLORD ENGAGEMENT INITIATIVE
FUNDING SCENARIOS**

Exhibit A-4

a	b	c	d	f	g	h	i	j	k	l	m	n	o	p	
Option	Total	Funding Sources	Subtotals	Exec Dir/ Advisor	Program Mgr	Comm Dev Asst	CRM Admin	Case Mgr Foothill	Case Mgr Central	Case Mgr South	Case Mgr North	Technology	Outreach Materials	Overhead	
1	\$725,006	Citi Comm Dev	\$150,000	0	32,700		46,800					35,000		35,500	
		City of San Jose	\$575,006	30,375	61,800	16,200	20,700	81,000	81,000	81,000	81,000	24,964	15,300	81,667	
		Subtotals	\$725,006	30,375	94,500	16,200	67,500	81,000	81,000	81,000	81,000	59,964	15,300	117,167	
100% Fully Funded				15% FTE; Partnerships, Fundraising, Oversee Program	100% FTE; Oversee Team, Coordinate Stakeholders	20% FTE; Support Fundraising	100% FTE; Manage Database, Reporting	100% FTE; Manage 10 RLEI Cases	100% FTE; Manage 10 RLEI Cases	100% FTE; Manage 10 RLEI Cases	100% FTE; Manage 10 RLEI Cases	CRM and Website Consultants; Software maintenance	Presentations, Training Videos; Photography and Videographer	22% for rent, utilities, materials	
		2	\$450,000	Citi Comm Dev	\$150,000		32,700		46,800				35,000		35,500
		City of San Jose	\$300,000	30,375	61,800		20,700	81,000	54,248			0	15,300	36,577	
		Subtotals	\$450,000	30,375	94,500		67,500	81,000	54,248		35,000	15,300	72,077		
60% Total Proposed Program Funded				15% FTE Partnerships, Fundraising, Oversee Program	100% FTE; Oversee Team, Coordinate Stakeholders		100% FTE; Manage Database, Reporting	100% FTE; Manage 10 RLEI Cases	67% FTE; Manage 7 RLEI Cases			Minimal CRM and Website Consultants; Software maintenance	Presentations, Training Videos; Photography and Videographer	22% for rent, utilities, materials	
		3	\$300,000	Citi Comm Dev	\$150,000		32,700		46,800	1,020			21,964		47,516
		City of San Jose	\$150,000	15,000	61,800		20,700	37,964				13,036	1,500		
		Subtotals	\$300,000	15,000	94,500		67,500	38,984			35,000	1,500	47,516		
Existing Program				7% FTE Partnerships, Fundraising, Oversee Program	100% FTE; Oversee Team, Coordinate Stakeholders 5 cases		100% FTE; Manage Database, Reporting, Manage 5 Cases	48% FTE; Manage 5 RLEI Cases				Minimal CRM and Website Consultants; Software maintenance	Presentations, Training Videos; Photography and Videographer	22% for rent, utilities, materials	
		4	\$175,000	Citi Comm Dev	\$150,000		53,910		46,800				25,000		24,290
		City of San Jose	\$25,000		9,700								15,300		
		Subtotals	\$175,000		63,610		46,800				25,000	15,300	24,290		
Reduction to Basic Outreach					67% FTE Oversee Platform, Coordinate Stakeholders 5 cases		69% FTE; Manage Database, Reporting					Minimal CRM Consultants; Software maintenance	Presentations, Training Videos; Photography and Videographer	22% for rent, utilities, materials	

OPTION 1: A full baseline team is established with ability to meet the current San Jose caseload demand. Meet Citibank deliverables for CRM development and launch as national model.

OPTION 2: Less than half of core team is established; meet half of the current San Jose caseload demand. Meet Citibank deliverables for CRM development and launch as national model.

OPTION 3: Status Quo; serve only a quarter to half of the San Jose caseload. Meet Citibank deliverables for CRM development and launch as national model.

OPTION 4: Significant Reduction in service for San Jose caseload; only outreach and technical assistance and 5 to 10 cases. Meet Citibank deliverables for CRM development and launch as national model.

Exhibit B. Leverage of Private-Public Funding to Improve Capacity to Serve the City

Expenses		Description	Citi Comm Dev	City of San Jose	Total
1	Executive Director (7%)	Meetings, white paper, reports, funds development, includes 35% benefits	\$0	\$15,000	\$30,000
2	CB&E Program Manager (100%)	Meeting facilitation, promotion, presentations, event planning, includes 35% benefits	\$32,700	\$61,800	\$94,500
3	Community Development Assistant (20%)	Meetings, presentations, white paper development, reports, includes 35% benefits	In kind	In kind	In kind
4	RLEI CRM Administrator (100%)	Case and client tracking, event planning, presentations, meetings and reporting, includes 35% benefits	\$46,800	\$20,700	\$67,500
5	RLEI Case Manager (34%)	Case development, management, presentations and outreach, reporting, includes 35% benefits	\$1,020	\$37,964	\$38,984
6	CRM Tracking System Launch	IT and software to develop and maintain online database tracking system	\$21,964	\$0	\$21,964
7	Website Development	IT and website host costs to develop and maintain website: casework toolbox and mapping tool	\$0	\$13,036	\$13,036
8	Case Studies & Training Videos	Vendor costs to plan, film, and edit videos	\$0	\$1,500	\$1,500
9	Program related overhead (22%)	Rent, utilities, admin, materials	\$47,516	\$0	\$47,516
Total			\$200,000	\$150,000	\$350,000