



Memorandum

TO: NEIGHBORHOOD SERVICES
AND EDUCATION COMMITTEE

FROM: Jacky Morales-Ferrand

**SUBJECT: RESPONSIBLE LANDLORD
ENGAGEMENT INITIATIVE
PERFORMANCE REPORT**

DATE: December 1, 2017

Approved

Date

12/6/17

RECOMMENDATION

It is recommended that the Neighborhood Services and Education Committee (NSE) accept the staff report on the program performance and outcome measures for the Responsible Landlord Engagement Initiative (RLEI).

OUTCOME

The purpose of this report is to provide the NSE with an overview of the RLEI Program, an analysis of the program's impact in the community and City services such as police and code enforcement, and to gain an understanding of the program's performance and future funding challenges.

BACKGROUND

The RLEI Program, administered by Catholic Charities, was developed in 2009 by Neighborhood Housing Services Silicon Valley (NHSSV) with the goal of improving neighborhood residents' quality of life while promoting safe and vibrant communities. By working with neighborhood leaders, law enforcement, local government and other community stakeholders, the program aims to hold private property owners and tenants accountable for habitually problematic properties.

The RLEI Program was modeled after the "Broken Window Theory," which states that neglected and deteriorated buildings create a negative environment that escalates over time if left unattended." The theory also contends that starting with one small positive action, such as a window repair, can activate ongoing change to the surrounding environment. The neighborhood identifies problem properties and seeks the assistance of RLEI to examine the physical and underlying issues as a way to understand how to address the owner or tenants. By partnering with stakeholders and problem property owners and/or tenants, RLEI works towards establishing

sustainable solutions to improve the targeted properties and create lasting change in the neighborhood.

RLEI Program

The RLEI Program requires that residents are engaged and active in seeking a solution. Once residents have identified a problem property that is negatively impacting their neighborhood, they bring the concern to their neighborhood association or community group. RLEI staff guides the community group to identify a leader or champion, who develops and submits a Request for Support (RFS) to the RLEI Program on behalf of their neighborhood. Along with the RFS, the community group must submit an endorsed petition with a minimum of ten residents and a letter describing the problem. Once a RFS is received, RLEI staff completes an initial assessment that includes interviews, pictures to record the existing conditions of the property, and data gathering such as crime reports or code enforcement citations.

Progress updates are presented during monthly meetings at the RLEI Steering Committee that is composed of representatives of the community, the City's Code Enforcement, Police and Housing Departments, Council Offices, as well as representatives from United Neighborhood of Santa Clara County, the Santa Clara County Housing Authority, County of Santa Clara representatives, Tri-County Apartment Association, and the Law Foundation of Silicon Valley.

RLEI acts as a third party between landlords and concerned neighbors. Each case is managed by RLEI staff with support of the partner organizations, tenants, neighbors and cooperative property owners. Using a range of approaches, the Program strives to resolve problems through voluntary methods such as mediated conversations between owners and residents, legal advisement, police involvement, and other strategies necessary to reach a positive resolution. If property owners are not cooperative, the RLEI staff advise the neighborhood group of their options that may include taking the owner to small claims court, escalating legal action, or bringing community attention to the issue through media and other public forums.

Funding and Program History

In 2014, Citi Community Development (CCD) selected the RLEI Program to receive its National Innovation Award (NIA), which included a \$250,000 grant to continue building the RLEI Program. The CCD grant was contingent upon receiving match funds from the City of San José. RLEI was one of only five awards granted nationwide that year. Recognizing the unique services and the long-term goals of the Program, CCD pledged multi-year support for the Program, including \$150,000 in 2015, \$100,000 in 2016, and \$150,000 in 2017.

In 2015, with NHSSV dissolving, Catholic Charities of Santa Clara County recognized the value that the RLEI Program brought to the community and agreed to absorb the Program and its staff. Today, RLEI has cases in all ten of San José's Council Districts with the majority of the cases located in low and moderate-income neighborhoods. Since 2012, the RLEI has provided support to 130 neighborhood associations with 530 residents engaged in the process of actively regaining ownership of their neighborhoods. The Program has worked with the community to resolve 53

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problem properties, resulting in a reduction in San José Police Department's calls for service and code enforcement citations for those properties after RLEI involvement.

Since 2014, the RLEI Program has requested funding from the City of San José each year to meet its CCD match funding requirement. In addition to meeting its match requirement, the City funding ensures that RLEI can meet its basic staffing needs to continue implementing the Program. The ongoing request for \$150,000 to \$175,000 per year represents the minimal level of funding required to meet CCD match requirements. The combined City and CCD funding of approximately \$315,000 is sufficient to allow Catholic Charities to continue funding two program staff, and to cover program administration. Given the City's budget uncertainties over the past several years, the City has had challenges identifying a viable source of funds for this Program year-to-year.

In response to City Councilmember Budget Document requests to fund the RLEI, the Mayor, as part of his June Budget Message for FY 2015-2016, recommended funding the RLEI Program for FY 2015-2016 and further directed the City Manager to develop performance metrics for this Program and report back to the NSE. The Mayor also directed the City Manager to educate RLEI staff to participate in the City's Community Development Block Grant (CDBG) competitive federal services Request for Proposal (RFP) issued in FY 2016-2017. Subsequently, RLEI received \$25,000 in one-time General Funding and \$150,000 in one-time flexible Housing Department funding for the Program that was extended through December 30, 2016.

Under the direction of the City Manager's Office, the Housing Department has managed the grant agreement with Catholic Charities for the RLEI Program since 2015. Housing Department staff has worked closely with RLEI staff to establish performance metrics as directed. Due to the specific requirements of the CDBG RFP and the RLEI's unique program model and broad range of clientele, the staff of the RLEI Program elected not to apply for the CDBG RFP. In FY 2016-2017 the Program was not awarded new funding; however, carryover funds from FY 2015-2016 were extended through December 2016. From January 1, 2017 through June 30, 2017, the Program received no City funding support. In FY 2017-2018, the City allocated \$150,000 in General Fund funding to the program.

Performance and Outcome Measures

Consistent with the Housing Department's contracting process, Housing Department staff worked with Catholic Charities and the RLEI Program Manager to establish a scope of services, program budget, and to develop performance standards and measurable program outcomes.

The first step in developing performance and outcome metrics was to define the activities provided by the Program. Under the RLEI, four distinct activities were identified:

1. RLEI training sessions for City staff
2. Outreach to local neighborhood associations and training
3. Outreach to property owners
4. Assessments and mediation

For each activity, a numeric goal was established at the beginning of a given performance period and tracked throughout the year. These numeric goals are described as outputs or outcome indicators. The set of outputs not only measure the progress of the agency in meeting their activity goals, but also provide valuable insight into its progress toward meeting overall outcome goals. In addition to output measures, Housing Department staff worked with the agency to set aggressive but reasonable targets for program deliverables, which is generally measured in number of people or households served, projects completed, or cases administered.

To establish program or service goals for a contract, Housing Department staff typically requires grantees to submit a proposed set of deliverables, output measurements and outcome goals. Typically, these proposed standards are submitted as part of a competitive proposal that allows City staff to compare with other competitive submissions. In some cases, as with the RLEI, programs are recommended for funding outside of a competitive process. In such a case, staff will research and apply best practices and established standards from other jurisdictions.

Because of the unique services provided through RLEI, it was difficult to benchmark performance indicators against existing best practices and approaches. As a result, Housing Department staff worked with the RLEI staff to establish initial goals, monitored those goals throughout the year, and made necessary adjustments as required. Below is a summary of the goals and measures for the RLEI Program focusing on the performance period between July 1, 2015 through December 30, 2016. The RLEI Program did not receive City funding between January 1, 2017 and June 30, 2017 but resumed funding in FY 2017-2018. Since outcomes are reported semi-annually, results for FY 2017-2018 will not be available until mid to late January 2018.

ANALYSIS

As described earlier, RLEI works with residents to identify problem properties and strives to establish sustainable solutions to improve the physical and social environment to create lasting change in the neighborhoods. The process required to isolate the specific causes of these neighborhood problems and to work with stakeholders to identify solutions is complex and time intensive. The analysis below examines the performance and funding of the RLEI Program.

Deliverables

Under the RLEI Program, the established deliverable is the number of RFS from landlords, residents, or other community members to the RLEI Program regarding a specific property defined as Unduplicated Cases. From July 1, 2015 to December 30, 2016, the goal was 42 RFS, of which 22 were existing cases. At the end of the performance period (December 2016), the RLEI Program has managed 41 RFS, just short of meeting the deliverable goal of 42 RFS. After adjusting the deliverable methodology to measure only new RFS submissions, a goal of 22 new RFS has been established for FY 2017-2018.

Output Measures

As mentioned above, output measures are numeric indicators that measure progress of the agency in meeting its activity targets but also provide valuable insight into the grantee's progress toward meeting overall outcome goals. RLEI provided the City with a proposed set of output measures for each funded activity.

The table below provides the output measure goals and actual accomplishments from the 18-month period beginning July 1, 2015 through December 30, 2016.

Output Measures (July 1, 2015 through December 30, 2016)

Activity	Contract Targets	Actual
<i>Activity 1: RLEI training for City of San José staff</i>	6	7
<i>Activity 2: RLEI presentations/training for neighborhood associations</i>	18	28
<i>Activity 3: Outreach to property owners</i>	60	70
<i>Activity 4: Case assessment and/or landlord mediation</i>	26	50

Throughout the 18-month performance period, the RLEI Program exceeded each of the four performance targets. Under Activity 4, the Program nearly doubled the target set for case assessments and landlord mediation. In the first quarter of FY 2017-18, the RLEI is on target to meet all of the annual output measures.

Outcomes

Measuring the goals of the grantee's outputs is vital to measuring its contract performance and progress toward overarching outcomes. However, outcome goals for a program are generally to address community needs or deficiencies. Outcomes measure the impact of a program or service on the problem it is attempting to address. While deliverable and output measures are generally quantifiable results, outcomes are often a mix of quantitative results and qualitative conclusions. In the case of the RLEI, two (2) outcome measurements were established to gauge impact in the community. The outcome measures developed by the RLEI include:

- 1) Success through surveys of the neighborhood association or groups that originally requested the program services. Simply engaging problem property owners is not adequate; the outcome goal is to resolve 80% of the open cases to the satisfaction of the neighborhood association or group. Over the 18-month performance period, the RLEI Program resolved 100% of the 41 cases reported to the satisfaction of the neighborhoods that requested support, highlighting the Program's success in meeting the community's needs.
- 2) Resolving cases within 12 months of opening. There are three possible resolutions captured by this measurement: 1) the problem property is corrected to the satisfaction of the neighborhood group; 2) the neighborhood and program staff have exhausted all attempts to reach a positive outcome and legal action is initiated; or, 3) a compromise is reached and the neighborhood group drops the request for support. Over the 18-month performance period, the RLEI Program fell short of the 80% goal by resolving 57% of the

cases within a 12-month period. The inability to meet this outcome reflects the complex nature of many of the RLEI cases, however, this shortcoming may also point to the ineffectiveness of the RLEI Program in producing immediate impacts or resolving difficult property issues in a timely manner.

Return on Investment (ROI)

In addition to developing measurable performance standards and outcomes measures, the RLEI staff worked to evaluate program costs and the City's Return on Investment (ROI). Based on a study of three high profile RLEI cases, Catholic Charities evaluated the City resources devoted to those three cases over a two-year period prior to RLEI involvement and two years after its involvement. The study looked at the frequency and cost of calls for service needed by the San José Police Department, City Code Enforcement, and San José Fire Department. The study looked at the calls for service prior to and after the RLEI Program became involved. In the three subject cases, the number of calls for service was significantly reduced from 99 calls prior to RLEI to 9 after the RLEI case resolution. Based on the hourly cost of City staff, the amount of time spent on each call for service, and the reduction in calls for service, the City realizes a ROI of \$1.28 for every \$1.00 spent. (See Attachment A – Return on CSJ Investment in RLEI)

Should the City continue to fund this Program on an ongoing basis, an additional outcome measurement could be added to include longer term impact of the Program by tracking and measuring Police, Fire and Code Enforcement calls for service, one year or more from resolution of each case. The ROI study conducted above demonstrated true cost savings on three extreme cases. A long-term measurement of all cases would provide a more comprehensive review of the RLEI Program's impact in the community and the reduction, if any, on City services.

Future Funding

As discussed in the background, the RLEI Program has sought an ongoing funding commitment of \$150,000 each year from the City to meet its match requirements and continue providing services to San José residents. Given the City's budget uncertainties over the past several years and an increased demand for basic services, the City does not currently have a viable ongoing funding source for this Program. This program is currently funded through the end of the 2017-2018 fiscal year. After July 1, 2018, there is no City funding identified to continue the RLEI Program.

Over the past several years, the Housing Department has been asked to evaluate existing funding resources for a possible fit for RLEI. The majority of Housing Department funds are restricted to creating or preserving affordable housing or providing homeless services. The most flexible of the department's funding sources is the federal CDBG program; CDBG funded services, however, must primarily serve low-income individuals or households. While some CDBG funded projects and programs may benefit low-income areas, those projects and programs must be available to all residents that reside in those lower income areas. Without restructuring the program, the RLEI Program model does not meet a Federal National Objective and would not qualify under CDBG. As mentioned earlier, RLEI Program staff opted not to apply for this grant

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opportunity when it was made available given the funding restrictions, eliminating one of the few ongoing City revenue sources that could have provide support for the services.

PUBLIC OUTREACH

This item has been posted on the Neighborhood Services and Education Committee website for December 14, 2017.

COORDINATION

This item has been coordinated with the City Attorney's Office

COMMISSION RECOMMENDATION/INPUT

This item was not presented to the at the Housing and Community Development Commission.

CEQA

Not a Project, File No. PP17-009, Staff Report.

/s/
JACKY MORALES-FERRAND
Director, Housing

For questions, please contact James Stagi, Acting Division Manager, at (408) 535-8238.



**Return on CSJ Investment in RLEI
Update May 15, 2017**

The following data has been gathered and vetted by staff of City of San Jose

Results of ROI Data – Quantitative Results

The following data derives from a study of costs related to Police, Fire Department and Code Enforcement Costs at three properties successfully closed by RLEI:

5010 Gazania Drive
292 Blossom Hill Rd.
10291 Kenilworth Way

Researcher studied the number of calls 1-2 years prior the RLEI successful case closure and for 1-2 years post RLEI Case Closure. From data collected from City of San Jose sources, the following are the approximate costs:

Police Call: \$119
Fire Department Call: \$1,904
Code Enforcement Call: \$89

*See attachment A

Cost Analysis at 5010 Gazania Drive

	Number of Calls Prior to Successful Closure	Total Cost Prior to Successful Closure	Number of Calls After Successful Closure	Total Cost After Successful Closure
Police	38	\$4,522	0	\$0
Fire	9	\$17,136	0	\$0
Code	3	\$267	2	\$178
Total	50	\$21,925	2	\$178

Cost Analysis at 392 Blossom Hill Road

	Number of Calls Prior to Successful Closure	Total Cost Prior to Successful Closure	Number of Calls After Successful Closure	Total Cost After Successful Closure
Police	12	\$1,428	7	\$833
Fire	5	\$9,520	0	\$0
Code	2	\$178	0	\$0
Total	19	\$11,126	7	\$833

Cost Analysis 10291 Kenilworth Way

	Number of Calls Prior to Successful Closure	Total Cost Prior to Successful Closure	Number of Calls After Successful Closure	Total Cost After Successful Closure
Police	24	\$2,856	0	\$0
Fire	1	\$1,904	0	\$0
Code	5	\$445	0	\$0
Total	30	\$5,205	0	\$0

Summary Cost Analysis for three properties

Property Address	Number of Calls Prior to Successful Closure	Total Cost Prior to Successful Closure	Number of Calls After Successful Closure	Total Cost After Successful Closure
5010 Gazania Rd.	50	\$21,925	2	\$178
392 Blossom Hill Rd.	19	\$11,126	7	\$833
10291 Kenilworth Way	30	\$5,205	0	\$0

Average by Property	33	\$12,752	3	\$337
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Average Cost Per case before RLEI= **\$12,752**

Average Cost Per Case after RLEI= **\$337**

Savings Per Case = **\$12,415**

Number of Cases Resolved 7/1/2015 - 12/31/2016 = **18**

Total Amount RLEI Saved City: 7/1/2015 - 12/31/2016 (Savings per Case x Cases Resolved) = **\$223,470**

Total City of San Jose Investment = **\$175,000**

Return on Investment ($\$ 223,470 / \$175,000$) = **\$1.28**

\$ 1.28 saved for every \$1.00 invested.

Based on available data, monies for RLEI in the City Budget represent **not an expense, but an investment which returns a greater dollar value to CSJ** than the budget set aside for RLEI.

Qualitative Benefits - Towards a Social Return on Investment

In 2017-18, RLEI plans to develop fuller measures of increases in the quality of life as a result of RLEI's intervention. The list below shows the areas to evaluate considering following initial data gathered shows that the majority of RLEI participants feel their neighborhoods are safer and that they have established new relationships with neighbors.

1. Citizen Empowerment /Community Engagement
2. Neighborhood Preservation
3. Quality of Life: Sensation of feeling safe at home
4. Citizen Satisfaction with City Government service

Attachment A: Summary of Data Sources & Methodology

Police Department	Average Cost (\$)/Per Call*
Fiscal Year	
2013/2014	119
2014/2015	115
2015/2016	124
Average (number used in report)	119
<i>* Source: San Jose Police Department, Monique Villarreal, Office of the Chief Research & Development</i>	

Fire Department	Average Cost (\$)/Per Call* (Budget/# of emergency responses)
Fiscal Year	
2013/2014	1,894
2014/2015	1,869
2015/2016	1,950
Average (number used in report)	1,904
<i>* Source: San Jose Fire Department, Leanna Bieganski, Sr. Analyst-Admin</i>	

Code Enforcement	Average Cost (\$)/Per Call
Equation:	Average Salary x (Average Worktime/Per Case x Number of Cases)
Average Salary (including benefits)*	\$35.58/hour
Average Worktime/Per Case**	2.5 hours
<i>* Source: Office of Mayor Sam Liccardo, Dylan Simon, Policy and Budget Analyst</i>	
<i>** Source: City of Fremont, Jan Japtap, Code Enforcement Officer & City of Campbell, Charlotte Andreen, Code Enforcement Officer. City of San Jose Code Enforcement Supervisor, Joseph Hatfield, declined to provide an estimate.</i>	

Methodology

The methodology was determined by using three dates: (1) The date when RLEI completed a case. In Figure 1., this completion date is referred to as “Date of Fixed Property or ‘RFS Completion Date’ (RLEI Database)” (2) A year or two *after* the completion date (3) A year or two *before* the completion date. These dates were used to determine how many police, fire, and code enforcement calls for service occurred.

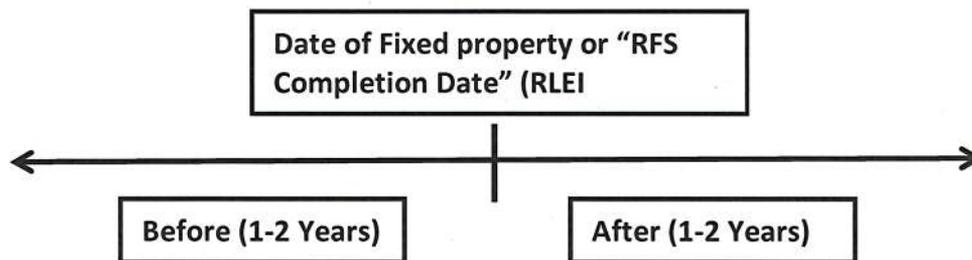


Figure 1. A visual of methodology used to determine quality of RLEI service. *Image source: Robby Miller*

How did we pick the addresses for the study?

There were a few criteria that determined which addresses we would use in the study. First, each address needed to be an address that RLEI worked on. Second, each address needed to be completed more than a year for an accurate picture of its success or failure. Third, preference was given to addresses from different City of San Jose Districts.