



COUNCIL AGENDA: 6/10/21
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Memorandum

TO: NEIGHBORHOOD SERVICES
AND EDUCATION COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 24, 2021

Approved

Date

6/3/21

**SUBJECT: REPORT ON THE BETTER HOUSING INITIATIVE PROGRAM
(SUCCESSOR PROGRAM FOR THE RESPONSIBLE
LANDLORD ENGAGEMENT INITIATIVE)**

RECOMMENDATION

Accept the staff report and provide input regarding the proposed framework and structure for the Better Housing Initiative pilot program.

OUTCOME

This report will provide an overview to the Neighborhood Services and Education Committee on the Housing Department's proposed framework and structure for the Better Housing Initiative pilot program. It will also provide background about the City's historical approach to dealing with difficult properties and the challenges of maintaining a sustainable program structure. Approval of the report will provide input to staff on the priority strategies outlined in the new program framework.

BACKGROUND

In 1995, the City of San José's Housing Department (the Department) supported a group of local citizens who established the Neighborhood Housing Services of Silicon Valley (NHSSV) as a 501(c)(3) nonprofit corporation. The Department served as a longstanding supporter of the NHSSV's mission and provided ongoing financial assistance to NHSSV until they ceased operations in 2015. During this transition period, the Department provided additional support to NHSSV to facilitate a smooth dissolution. This process involved the transfer of assets, including City-funded loans, loan pools, and the relocation of the well-known community program that NHSSV developed, the Responsible Landlord Engagement Initiative (RLEI).

Since its formation in 2009, the RLEI program promoted essential values that helped improve the quality of life for San José residents, which included strategic efforts to maintain safe neighborhoods. Because of the program's success, NHSSV and many community groups wanted to continue the RLEI program despite the dissolution of its parent organization (NHSSV). As such, they found a nonprofit organization willing to take over the program. During the summer of 2015, Catholic Charities of Santa Clara County (Catholic Charities), a social service nonprofit agency, accepted the opportunity to manage the RLEI program.

RLEI – Catholic Charities

Catholic Charities partnered with the City of San José to maintain the RLEI program and continue the initiative's efforts to improve the quality of life for neighborhoods throughout the City. The goal of RLEI was to resolve habitually problematic properties afflicted with disrepair, persistent code violations, and criminal activity by engaging residents to work collaboratively with each other to strategize solutions. These efforts were centered around building a supportive network between RLEI program staff, local government staff, nonprofit partners, community members, and property owners to accomplish a mutual set of goals focused on improving a problem property's issues. This process included identifying specific issues related to the problem property, actively seeking solutions to improve the identified issues, and coordinating communication with the property owner to remedy the outlined concerns and maintain a planned effort to prevent further reoccurrence.

Given that framework, Catholic Charities established a continued vision for RLEI with the following goals in mind:

- Produce healthy and safe neighborhoods;
- Preserve affordable housing stock by preventing neighborhoods from deteriorating;
- Generate a sense of shared accountability among residents and property owners;
- Organize neighbors and mobilize leadership groups to work collectively with property owners and neighborhood organizations; and
- Collaborate with landlords to continuously operate their properties responsibly.

The RLEI Process

The RLEI program model was centered on a multi-step process that included upwards of 15 possible steps¹ for each identified problem property; in some cases, certain steps included additional variables depending on the scenario – this only added to the depth of the program's framework. The RLEI method also required a minimum of ten residents to organize and proactively petition to submit a "Request for Support." This petition step would then activate the

¹ Huerta, M., & Angulo, J. (2016). *A Community Inspired Approach to Keep Neighborhoods Safe and Vibrant* [White Paper]. Catholic Charities of Santa Clara County.

review of the request by RLEI program staff. See Attachment A for an overview of the full RLEI Process Flowchart.

Organizing and mobilizing the required minimum number of residents was often a large undertaking. In some cases, problem properties located in high-need neighborhoods that did not have an established neighborhood group were unable to meet this program prerequisite to benefit from the program's supportive services. In part, because of this approach, RLEI historically and overwhelmingly worked with single-family residential dwellings and commercial properties as opposed to multi-family residential properties (i.e., apartment complexes). This approach limited the program's reach to intervene and support the City's most densely populated residential communities in need of supportive services.

Furthermore, RLEI's position as a nonprofit program provided flexibility for the program to operate at a grassroots level and deploy a "sense and respond"² method to a variety of community issues. This structure as a community-based program placed challenges and limitations onto program staff with regard to obtaining full participation and compliance from property owners. Any involvement or agreement on the property owner's behalf was voluntary unless, or until, RLEI reached the legal action steps that were far into their process workflow. For these reasons, a strong partnership with City and County agencies was a critical component of the RLEI program since such public agencies serve as a funding source or pathway for owners to obtain and maintain their properties. The City held a working partnership with RLEI for the life of its program.

The RLEI program operated under Catholic Charities for five years and provided immense value to the City and community. However, in 2020, Catholic Charities discontinued the RLEI program due to the retirement of the program's longstanding manager, Jaime Angulo, and the challenges of funding the program at the level required to make it effective.

New Community Program Funding

On June 8, 2020, the Mayor's June Budget Message for the Fiscal Year 2020-2021 directed the City Manager to allocate one-time funds for an Affordable Housing Portfolio Management staff position (Community Programs Administrator). As a result, the Department created a new role to support a program framework to help tenants and property owners work collectively to improve living conditions and quality of life. The new Community Programs Administrator role is devoted to working with multi-family affordable residential properties.

Additionally, the Mayor's June Budget Message provided direction for the City Manager to assess and report to the Neighborhood Services and Education Committee with options to consider whether the work of RLEI or a similar program structure can continue to serve some of our high-need neighborhoods.

² Huerta, M., & Angulo, J. (2016). *A Community Inspired Approach to Keep Neighborhoods Safe and Vibrant* [White Paper]. Catholic Charities of Santa Clara County.

ANALYSIS

The Analysis section introduces the Department's new community program, the Better Housing Initiative, and outlines the program's structure, framework, and workplan strategy. This section also provides information on three pilot properties selected to be overseen by the Better Housing Initiative Program during Fiscal Year 2021-2022.

Program Structure

The new community program, the Better Housing Initiative, is structured under the Department's Residential Development Division. It directly supports the Asset Management's Development Team by retaining and preserving affordable housing developments. The program is currently staffed with one management position, the Community Programs Administrator, responsible for overseeing the program's service delivery framework and administering projects within the program's scope of work.

The Better Housing Initiative Program allows staff to engage in various activities designed to foster collaboration with partners to improve the quality of life for tenants residing at three pilot properties; this includes supporting efforts to facilitate ongoing communication with tenants and property owners and promoting the responsible management and regulatory compliance of affordable housing properties.

The Better Housing Initiative Program workplan includes:

- Develop a pilot program framework consistent with the vision to engage tenants, property owners, regulators and other stakeholders in collaborative communication and strengthened partnership;
- Create program objectives and desired outcomes to model an initial implementation at pre-identified affordable housing properties;
- Design an assessment tool to survey the physical and social condition of the identified properties as it relates to the safety and needs of the community; and
- Compose individual building specific work plans for all three pilot sites to identify on-site issues and guide the collective work of seeking and monitoring solutions to improve the identified issues and support targeted strategies to mitigate the likelihood of reoccurring issues.

This workplan will guide the development of the Better Housing Initiative's program design and methodology. This initial workplan will determine further research and development in planning new program components, implementing activities, and administering projects.

Program Framework

The Better Housing Initiative Program will operate under a service delivery framework that prioritizes partnering with development owners to retain and maintain the long-term viability of their subsidized affordable housing properties while providing high-quality site specific services to their tenants. The program will operate under a management planning framework known as Objectives and Key Results³ (OKR) to establish program goals and monitor desired outcomes.

The OKR framework ensures that program operations and activities are focused and measurable. This process is composed of two focal points, Objectives and Key Results, illustrated below in *Table 1*.

Table 1 — Objectives and Key Results Process Description

Objective:	<ul style="list-style-type: none">• A goal• Frames what will be conducted• Formulated to serve the program’s purpose – includes concrete and prioritized steps to engage in structured efforts that influence operational strategies
Key Result:	<ul style="list-style-type: none">• Metrics that point toward tactics to achieve each goal progressively and measure intended impact• Explains how progress toward each defined goal will be measured during each reporting cycle• Aligns day-to-day activities and tangible measures to monitor progress

Most importantly, the OKR technique allows a program’s approach and service delivery output to remain agile and promotes flexibility to reassess goals and adapt to change more quickly.

With this purpose in mind, the Department has identified three core areas of service as top-line objectives for the first reporting cycle. These core service areas are displayed below in *Table 2* following the OKR model.

³ Doerr, J. (2018). *Measure What Matters*. Portfolio/Penguin.

Table 2 — Overview of the Better Housing Initiative Objectives and Key Results

Table Description: The program's (*current*) set goals, shown as Objectives, aligned with (*identified*) impact metrics, shown as Key Results.

Overview of Better Housing Initiative OKRs		
Vision: Engage tenants, property owners, and other stakeholders in collaborative communication and strengthened partnership.		
Strategy	Objective	Key Result
Engage Stakeholders	Support the effective management of target properties to maximize tenant engagement and quality of on-site service delivery.	Create a pre- and post-property survey
		Conduct pre- and post-property surveys
		Prioritize key insights from the pre-survey results
Collaborative Communication	Facilitate communication to support an integrated multi-disciplinary service approach to align efforts for increased on-site collaborative resources.	Develop a Collaborative Partner Workplan
		Identify and support efforts to assemble potential partnerships
		Support working meetings to advance efforts toward improved communication
Strategize Solutions	Effectively inventory and assess target properties' social and physical conditions and develop strategies to improve identified areas of opportunity.	Develop an assessment tool to inventory social and physical conditions
		Scale and administer the assessment
		Monitor the continuity of improvement commitments

See Attachment B for a timeline of the Better Housing Initiative's OKRs.

Target Properties for Fiscal Year 2021-2022

Staff identified three developments where the Better Housing Initiative Program will implement a pilot program. Each development is in a different City Council District and encompasses a broad range of physical and social challenges that require a multi-disciplinary approach to resolve. As such, the Better Housing Initiative Program will oversee projects to support communication between tenants, property owners, and other stakeholders and support efforts to improve the overall quality of life at the target properties.

Valley Palms Apartments

The Valley Palms multi-family residential development has 354 units and is located on the east side of the City in Council District 7. It has no City affordability restriction but instead is restricted for affordable housing by a regulatory agreement required by the bond issuer.

Valley Palms is located in an area with the second-highest juvenile arrest and citation rate in Santa Clara County and has also experienced years of gang violence throughout the surrounding neighborhoods. Such factors have contributed to disparities that have negatively affected the quality of life for residents in this neighborhood. In addition to these challenges, the City has also received a significant number of complaints and feedback from community members regarding poor communication from property management and concerns about the responsiveness and timeliness of critical maintenance repairs, among other things. There have also been other issues and concerns raised by tenants at Valley Palms, regarding the quality and effective delivery of on-site supportive services; many of these factors have created additional barriers to community engagement.

Various agencies have engaged with residents in this community to increase crime prevention efforts and expand options for recreation and enrichment services in response to these challenges. Community organizing efforts to develop neighborhood groups and tenant coalitions such as Valley Palms Unidos have also concentrated in this neighborhood. Several community partners have been actively involved with developing and implementing problem-solving strategies to improve the quality of life for residents in this neighborhood and helping tenants of Valley Palms become more engaged as leaders in their community. However, many challenges still exist. Developing possible solutions will require coordinated efforts and ongoing collaboration to support clear and consistent communication and accountability for all involved: stakeholders (*including tenants*), property owners and their representatives (i.e., on-site service providers), and other community-based partners.

In March 2020, the owner of Valley Palms Apartments, KDF Communities (KDF), applied for state-issued tax-exempt bonds to refinance and rehabilitate the property. This bond issuance process requires members of the joint powers authority, California Statewide Community Development Authority (CSCDA), to hold a public hearing, as required by the Tax Equity and Fiscal Responsibility Act (TEFRA), to allow interested members of the public to express their concerns on the issuance of bonds and the nature of the improvements and projects for which the bond funds will be allocated.

The City is a member of the CSCDA and was added as an administrator to the Valley Palms regulatory agreement as part of the Council approval required under the TEFRA hearing process. City staff and City Council members worked closely with community members and KDF representatives to include key priorities in the Valley Palms regulatory agreement. The mandated priorities are intended to address resident and neighborhood concerns and increase the public benefit of the allocation of housing bonds and associated tax credits for the rehabilitation and sale of Valley Palms.

Currently, the City is monitoring the progress of the Council mandates and observing communication efforts at the Valley Palms property. However, such a partnership and collaboration require more dedicated efforts to ensure that key priorities are fulfilled and that ongoing or surfacing issues are identified sooner to reduce the likelihood of reoccurrence. As such, the Better Housing Initiative Program will be devoted to engaging with such efforts and

reporting back to Department leadership and Councilmembers regarding the progress of ongoing projects at Valley Palms Apartments.

Foxdale Village Apartments

The Foxdale Village multi-family residential development has 287 units and is located on the East side of the City in Council District 5. It has no City affordability restriction but instead is restricted for affordable housing by a regulatory agreement required by the bond issuer. The City has no administrative role under this regulatory agreement.

Foxdale Village is located within 2.5 miles of Valley Palms Apartments and is also owned by KDF. This property is similarly positioned in the same area with the second highest juvenile arrest and citation rate in Santa Clara County and has also experienced years of gang violence and other elements of criminal activity throughout the surrounding neighborhoods. Such factors have contributed to various disparities that have negatively affected the quality of life for residents in this neighborhood.

Identified as an affordable housing property within a high-needs neighborhood, Foxdale Village is a leading candidate for more coordinated and supportive services. The Better Housing Initiative Program will build and strengthen new and existing partnerships at this property. By allocating staffing resources to work with Foxdale Village, the Department will be better positioned to support mid- and long-term goals with Foxdale Village tenants and owners.

Japantown Senior Apartments

Japantown Senior Apartments is located on an infill site in the historic Japantown neighborhood of the City in Council District 3. This highly sustainable building houses 75 units for low-income seniors. Thirty of the 75 units are intended for seniors living with chronic illnesses or developmental disabilities. Supportive services for special needs tenants are available on site. The architectural design is intuitive and flexible in order to accommodate people with a range of abilities (known as Universal Design). The location is walkable, bikeable, and is well connected to public transportation. The Housing Department bought the parcel from General Services at cost of \$2.2M in 2009-2010. The City made a loan of \$4.9M in low and moderate housing asset funds to the development and holds a long-term ground lease to the development. The developer, First Community Housing, worked with architect Jerome King of OJK Architects to design a culturally responsive and contemporary building that allows community members to age-in-place with on-site services, near transit in a sustainable Green Building.

In the short time this property has been operating, there have been two property management company changes, with multiple managers assigned. The complaints from tenants have primarily stemmed from lack of hot water and management communication. These inquiries have generated an interest in the capital replacement costs being used in the Green Capacity to which the building was originally dedicated. This would include replacements of water softeners,

backflow fittings and control replacements, costly testing and repairs of water systems, and appliance and carpet replacements.

The Department is assigning the Better Housing Initiative Program to Japantown Seniors Apartments as the third target property. First Community Housing, Housing Choices Coalition and San Andreas Regional Center hold a shared Memorandum of Understanding committed to various supportive roles at Japantown Senior Apartments including tenant referral, resident coordination, and supportive services for those who are developmentally disabled. Through new engagement with these stakeholders and current tenants, the Community Programs Administrator will take a more thorough examination of these issues, report determinations to the Housing Department and assist in workable solutions.

CONCLUSION

To meet the established objectives, the Better Housing Initiative Program will design pilot projects to administer program activities at target properties and evaluate program outcomes and overall effectiveness of the program model. Working with existing (and some longstanding) development properties will further the Department's efforts to retain and preserve the quality of affordable housing properties. This pilot program will provide a unique and focused opportunity to assess the current and ongoing needs at the target properties and provide consistent engagement opportunities to support and monitor collaborative solutions. The Department will report on the results of the program's projects and activities and determine the program's impact and added value in working with existing developments. Furthermore, the Department will assess options to take this program model to scale and implement at additional selected residential developments.

EVALUATION AND FOLLOW-UP

The Department will provide a status update regarding the progress of the Better Housing Initiative Program to the Neighborhood Services and Education Committee in February 2022.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Rachel VanderVeen, Deputy Director, at (408) 535-8231.

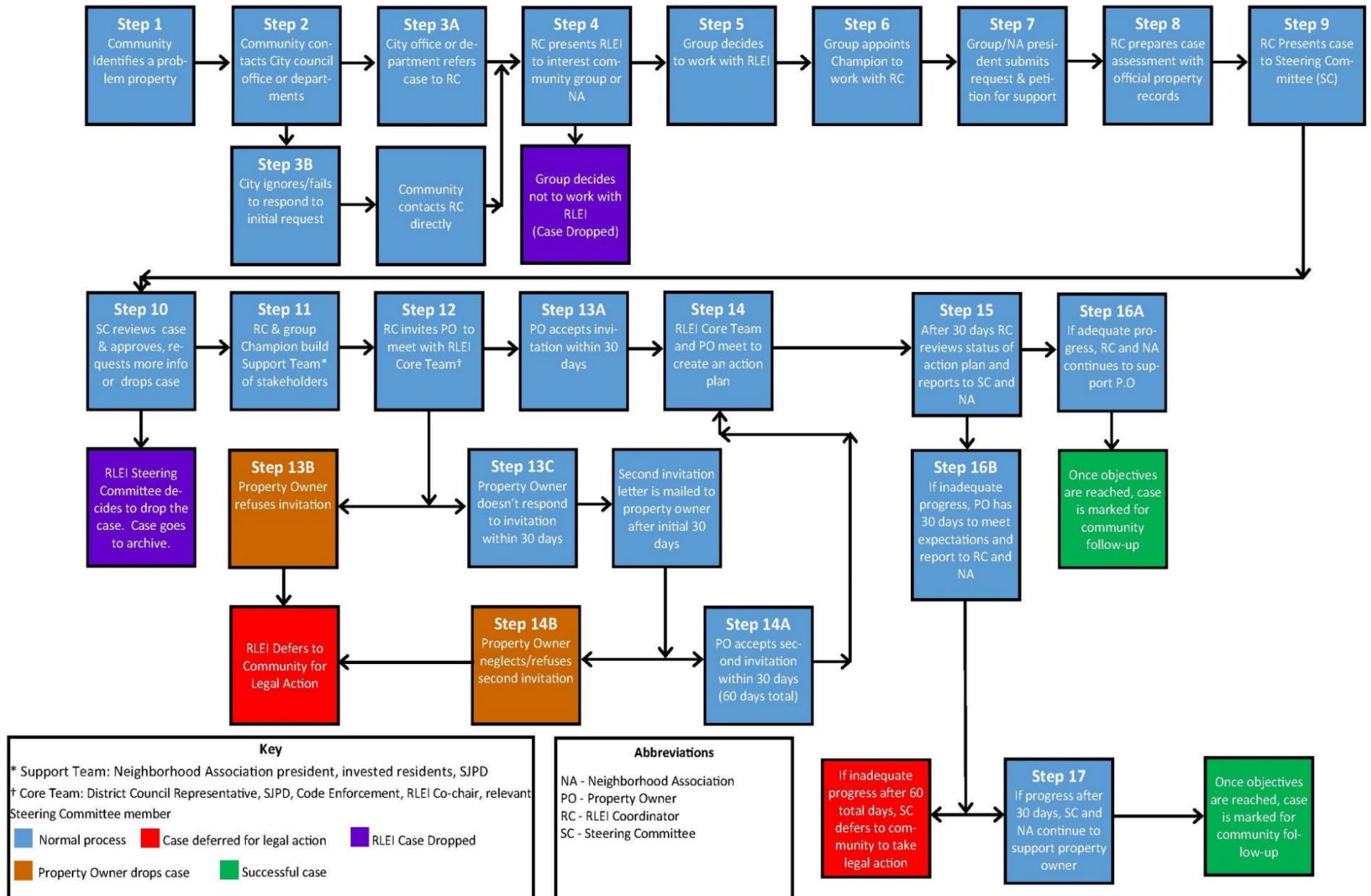
Attachments:

Attachment A: RLEI Process Flowchart

Attachment B: Overview of Better Housing Initiative OKRs

Attachment A RLEI PROCESS FLOWCHART

Responsible Landlord Engagement Initiative (RLEI) Process Flowchart - March 2014



Attachment B
OVERVIEW OF BETTER HOUSING INITIATIVE OKRs

Overview of Better Housing Initiative OKRs			
Vision: Engage tenants, property owners, regulators such as CSCDA, and other stakeholders in collaborative communication and strengthened partnership.			
Strategy	Objective	Key Result	Timeline
Engage Stakeholders	Support the effective management of target properties to maximize tenant engagement and quality of on-site service delivery.	Create a pre-and-post property survey	Fall 2021
		Conduct pre-and-post property surveys	Fall 2021
		Prioritize key insights from the pre-survey results	Winter 2021
Collaborative Communication	Facilitate communication to support an integrated multi-disciplinary service approach to align efforts for increased on-site collaborative resources.	Develop a Collaborative Partner Workplan	Fall 2021
		Identify and support efforts to assemble potential partnerships	Spring 2022
		Support working meetings to advance efforts toward improved communication	Winter 2022
Strategize Solutions	Effectively inventory and assess target properties' social and physical conditions and develop strategies to improve identified areas of opportunity.	Develop an assessment tool to inventory social and physical conditions	Winter 2021
		Scale and administer the assessment	Winter 2022
		Monitor the continuity of improvement commitments	Winter 2022