



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 6, 2011

TO: Mayor and Councilmembers

FROM: Housing and Redevelopment Division, Community Development Department

SUBJECT: Rental Housing Mediation Task Force Update

RECOMMENDATION: That Council:

- A. Receive a status report on the Rental Housing Mediation Task Force Program; and
- B. Increase estimated revenues and appropriations by \$37,450 in the Community Development Department's Rental Housing Mediation Task Force Program in recognition of funding secured from the City of Goleta in the amount of \$17,000, a Homeless Prevention and Rapid Re-Housing Program (HPRP) grant in the amount of \$15,250 and donations in the amount of \$5,200.

BACKGROUND:

The Rental Housing Mediation Task Force (RHMTF) has been in operation since 1976. The RHMTF program helps to resolve tenant and landlord rental housing disputes out of court by providing information, staff consultation on landlord-tenant rights and responsibilities and mediation (both telephone mediations and face-to-face formal mediations) services. Program staff also provides support and training to a 15-member Task Force.

Historically, the RHMTF program has been funded primarily by Community Development Block Grant (CDBG) administrative funds which the City of Santa Barbara receives from the U.S. Department of Housing and Urban Development. CDBG funds are regulated under Title 24 CFR Part 570 and include strict mandates regarding how the funds can be used. The City of Santa Barbara receives an annual entitlement of CDBG funds and they must be allocated as follows:

- No more than 20% for CDBG administrative costs
- No more than 15% for public services
- Remainder for capital projects

Unfortunately, there has been a steady decline of CDBG entitlement funds since 1996, as well as a decline in CDBG program income, which has resulted in less CDBG administrative funding available. For the past several years staff has been looking for funding mechanisms that would preserve the RHMTF and its continued tradition of services to landlords and tenants. Funding mechanisms that have been pursued include: additional grant opportunities (City Human Services Funding; a three-year Homeless Prevention Rapid Re-Housing Program Grant); the establishment of a donation link on the RHMTF website, financial support from the City of Santa Barbara Housing Authority and the Santa Barbara Rental Property Association; and the establishment of a fee on the Residential Rental Property Business License. While staff has been successful in receiving some new funding for the program, an adequate sustainable funding source has not been identified.

In Fiscal Year 2012, the RHMTF program also entered into service contracts with the following jurisdictions to serve their residents: City of Carpinteria - \$8,000; City of Goleta - \$17,000; and the County of Santa Barbara - \$25,000. These funds are used to hire additional part-time hourly staff to help with the increased workload required to service these jurisdictions.

DISCUSSION:

May 2, 2011 Budget Hearing: Due to a substantial reduction in program income for the Rental Housing Mediation Task Force program, staff was required to submit a reduced and balanced budget that minimized impacts to the already stressed General Fund. Staff presented a balanced RHMTF budget for Fiscal Year 2012 which resulted in a proposal to reduce services to fit within the program's budget constraints. The services proposed included the provision of information by one full-time employee, the elimination of telephone mediations and staff consultations, and the provision that the RHMTF meet on an as-needed basis and be available for large scale mediation services only.

Members of the RHMTF and members of the public requested that Council provide them with the opportunity to keep the program functioning at full service.

June 2, 2011 Budget Hearing: Recognizing the importance of the program to the community and to keep the program functioning at its current level, Council authorized the one-time appropriation of \$36,578 for a six month period (July – December 2011). During these six months, the Task Force members were asked to pursue a number of options in an effort to develop a long-term sustainable funding source for the RHMTF. These options included: Researching grant and funding opportunities; Researching Sliding Scale Fee Recovery options; Researching volunteer opportunities to assist staff in the operation of the RHMTF; Researching opportunities for Task Force members to train themselves and other members; Researching possible changes to RHMTF by-laws; and, Researching the idea of RHMTF transitioning into a stand-alone non-profit (501c3) entity. Council also provisionally allocated as an appropriated reserve an additional \$36,577 to fund the RHMTF an additional six months (January –June 2012) pending a successful review of their efforts after the first six months.

The Task Force consists of a group of very dedicated citizens who volunteer their time to assist renters and landlords in a variety of capacities. They have taken Council's charge very seriously and have formed a number of subcommittees which have been meeting on a weekly basis in an effort to pursue these options. Rental Housing Mediation Task Force members have provided a summary of their efforts (Attachment 1) and will present the results of their initial six-month efforts to pursue sustainable funding sources for the program at the Council meeting.

BUDGET/FINANCIAL INFORMATION:

Subsequent to Council's adoption of the Fiscal Year 2012, the RHMTF has received the following funding: City of Goleta (\$17,000); regular monthly billings of the HPRP grant (\$15,250 estimated for the year); grant funding from the City of Santa Barbara Housing Authority (\$5,000); and miscellaneous donations (approximately \$200). In addition, the program had a one-time budgetary carryover from Fiscal Year 2011 (\$11,551). Due to the above budget adjustments, the RHMTF program will be able to provide the full range of RHMTF services and not require the additional \$36,577 from the City's General Fund Appropriated Reserve for the final six months of Fiscal Year 2012 (see Attachment 2).

However, preliminary projections for Fiscal Year 2013 indicate that the RHMTF program will again face significant funding challenges. Attachment 3 reflects a shortfall of \$76,760 to keep the current services and Attachment 4 reflects a shortfall of \$56,760 to provide information only (and limited large-scale mediations). This funding shortfall will be addressed as part of the Fiscal Year 2013 budget process.

- ATTACHMENTS:**
1. RHMTF Memorandum to Mayor and Council dated 11/18/2011
 2. RHMTF Budget Fiscal Year 2012
 3. RHMTF Budget Challenge Fiscal Year 2013 (Current Services)
 4. RHMTF Budget Challenge Fiscal Year 2013 (Information Only)

PREPARED BY: Brian J. Bosse, Housing and Redevelopment Manager

SUBMITTED BY: Paul Casey, Assistant City Administrator

APPROVED BY: City Administrator's Office

November 18, 2011

Dear Madame Mayor and Honorable Members of the Santa Barbara City Council,

At the Santa Barbara City Council meetings held May 2, 2011 and June 2, 2011 the Santa Barbara City Council gave the Rental Housing Mediation RHMTF Advisory Group (RHMTF) a directive to explore several potential cost saving measures. These were as follows:

- Grants: Identify possible grants to augment the decrease in CDBG monies that have historically funded the Rental Housing Mediation RHMTF
- Explore the possibility of a Sliding Scale Fee for mediation services rendered in the City of Santa Barbara
- Volunteers: Determine how they could be utilized
- Mediation Training: Find ways for the mediators to conduct and organize their own training materials and exercises
- Explore the possibility of transforming the RHMTF into a 501c3 non-profit organization from its current status as a City supported volunteer Advisory Group and mediation service by partnering with an existing non-profit
- By-Laws: Amend to meet changing and future program needs and requirement

Following the City Council's June 2nd meeting, the RHMTF formed sub-committees (grant writing/fund raising, training, advocacy and by-laws) at the June 9th Special Meeting to explore cost saving measures to the program. These committees strived to meet weekly. Over the course of five subsequent monthly full board meetings, the sub-committees reported their findings. The RHMTF conducted ongoing discussions on the topics. Once adequately informed, the RHMTF Advisory Group made various motions to finalize the results of their hard work and research and voted on their position at the October 6, 2011 Advisory Group meeting. These resolutions were as follows:

Grants: Identify possible grants to augment the decrease in CDBG monies that have historically funded the Rental Housing Mediation RHMTF

Faced with the prospect of elimination for lack of program funding, it was easy for the RHMTF to determine early on in the process that seeking grant dollars was to be a prime objective. As a result, a Grant Writing Sub-Committee was formed at the July 7, 2011 RHMTF meeting. This committee has since made great efforts. It has researched dozens of grant opportunities, written a common grant application that could be accepted by local granting organizations, and has submitted applications to some and has begun the process in others.

The committee is also actively researching how it might leverage the Community Reinvestment Act, which requires financial institutions, banks, to establish charitable goals. The committee members have organized meetings with foundation representatives, productively researched the grantor resources made available, attended

grant writing workshops, and continue to look for grant opportunities as well as actively pursue donations for the program.

Outcome and Timing

The process of grant writing, submittal and receipt of funds will take some time to bear fruit. It is the belief of the RHMTF that it is very unlikely to find one foundation willing to grant the lion's share of the program's funding requirement. While the niche served by the RHMTF falls into the purview of many foundations targeting the prevention of homelessness and health and human services, the RHMTF is not a capital project or a one-time funding need, which the larger foundations generally seek to champion. The committee has gathered a sense that Foundation Grants, if any, are most likely to come in the form of smaller amounts, say, \$200 to 5,000 per grant. Often these may only be one time only grants.

It is the RHMTF's belief that a shortfall of funding for the program will remain long term if grant monies were to be the only reliable source of funding. It is therefore our goal to be made whole by monies from the city's general fund on an annual basis. We hope the Santa Barbara City Council will view our ongoing efforts to augment city funding as a new and demanding charge placed upon the RHMTF. The work will take time, perhaps several years, to fully bloom. Our goal will be to make the RHMTF's demand on the general fund as limited as possible; however, we will need to rely on the city's readiness to continually support the important work of the program which has successfully served our community for the past 35 years.

Explore the possibility of a Sliding Scale Fee for mediation services rendered in the City of Santa Barbara

After much research conducted on the subject of Sliding Scale Fee, the RHMTF voted to not institute a sliding scale fee for mediation services rendered in the City of Santa Barbara.

The City of Santa Barbara Resolution Number 89-057 addresses sliding scale fees for face-to-face mediation services conducted within the City of Santa Barbara. It states that, "the City of Santa Barbara operates a Rental Housing Mediation Task Force for the purpose of assisting landlords and tenants in resolving disputes." There shall be no mediation fee for parties in which the property is located within the City of Santa Barbara. Parties who request mediation for properties located outside of the City of Santa Barbara shall be charged a fee based on a sliding scale reflecting the client's income and ability to pay with a maximum charge of \$75.00. Please note that, at the present time, the RHMTF contracts with municipalities outside of the City of Santa Barbara currently do not include face-to-face mediations.

Given that the average number of face-to-face Task Force conducted mediations is approximately 12 per year, the RHMTF determined that the amount of revenue to be gained by applying the sliding scale fee to mediations within the City of Santa Barbara is negligible, and would likely be less valuable than the work required determining and collecting the fee. Furthermore, a majority of the tenants who have engaged in past face-to-face mediations are considered very low to low income, and would therefore be unlikely to afford even the minimal charge for services. Finally, introducing a system of fee collection into the already fragile process of bringing two very disagreeable parties

together to resolve their dispute would likely be yet another reason for one or both of the parties to resist mediation. The sliding scale fee therefore will not meaningfully contribute to RHMTF funding, but would be detrimental to the process overall.

Volunteers: Determine how they could be utilized

Given the limited resources of the RHMTF paid staff, the Advisory Group determined that training volunteers from the community at large would be a greater burden for staff than is the work said volunteers would be expected to complete. Accepting or returning cold calls from disputing, disgruntled individuals is no slim task. Individuals faced with the threat of eviction can be and often are scared, confused, nervous, and even suicidal. Often, individuals may be disabled or elderly, thereby requiring special assistance. This work must be handled by trained professionals. The RHMTF determined that a rotating, loose collective of volunteers would not fit the bill and could in fact be a liability for the program. However, it was also determined that within the Advisory Group itself were highly qualified individuals with mediation certificates, masters in dispute resolution, law degrees and professionals. The issue then became, would the appointed volunteer Advisory Group mediators be able to assist in the program's office on a regular basis in addition to the work that they already do for the program, hold down their paid jobs, provide for their families and maintain their already busy schedules, and supplant part-time hourly staff. After much discussion and debate it was decided that it would not be feasible. The board passed a motion to create scheduled times during City business hours, as determined by the Senior Rental Housing Mediation Specialist, in which the Advisory Group mediators could voluntarily work in the office. Their function would be to take or follow-up on incoming calls from the public for information and mediation and serve as a form of relief or enhancement to the current level of program staffing.

It was also determined that assisting in the office would serve multiple purposes. Advisory Group mediators would help contribute to the daily function of the RHMTF, and the exercise of fielding public inquires would also serve as mediator training towards the required 25 hours needed for the Advisory Group mediators to receive their City of Santa Barbara, Rental Housing Mediation Task Force Mediator Certificate.

Mediation Training: Find ways for the mediators to conduct and organize their own training materials and exercises

The idea of the mediation training committee was to see how mediators could take over some of the training programs to relieve staff. While it was determined that the Task Force had the knowledge to assist with training, and that it was good to have the mediators involved in training, the experience, expertise and resources of the Senior Rental Housing Mediation Specialist were too vast and deep to not utilize. A motion was passed that in order to mitigate program costs, with the idea not to supplant staff, mediators would collaborate with staff to present and create training materials.

Explore the possibility of transforming the RHMTF into a 501c3 non-profit organization from its current status as a City supported volunteer board and service by partnering with an existing non-profit

After careful consideration, the RHMTF unanimously passed a motion to not transform itself into a 501c3 non-profit organization. Firstly, removing the RHMTF from under the city's umbrella would greatly increase the overall cost of the program's annual funding

needs, mainly by forcing the staff and Advisory Group to find rented office and meeting space, purchase basic office supplies and equipment for daily functions. Most importantly, ending the Advisory Group's crucial standing as a city function, which essentially grants us the credibility, neutrality, and authority required to successfully conduct mediations, would substantially damage the RHMTF's reach.

Additionally, the program could not determine what advantage it would gain by becoming a non-profit. Currently, the RHMTF enjoys a relationship with 2nd Story Associates, that, by virtue of its own 501c3, can accept charitable, tax deductible donations from the public on behalf of the RHMTF. Since the RHMTF relies on the city for the public perception of its authority and neutrality, and because the RHMTF already enjoys funding directed through an existing 501c3, the Advisory Group sees no need or benefit to itself become a 501c3.

By-Laws: Amend to meet changing and future program needs and requirement

The issue of removing Advisory Group term limitations and the amendment to the RHMTF By-Laws is in process. City staff can work with the City Attorney and the Task Force to make changes proposed by the Task Force.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Dullum". The signature is stylized with large, flowing loops.

Justin Dullum
Chair
Rental Housing Mediation Task Force

ATTACHMENT 2

Rental Housing Mediation Program Budget Fiscal Year 2012 Funding Projection

FY12 Budget			
	City Only 1 F/T + 1 P/T	Other Jurisdictions 2 P/T	Total
<u>Revenues</u>			
General Fund Transfer	36,578		36,578
Grants/Other Jurisdictions			
City of SB CDBG	39,179		39,179
City of SB Human Services	22,000		22,000
City of Carpinteria		8,000	8,000
County of SB		25,000	25,000
<u>Revenues Received After Budget Adoption:</u>			
Grants/Other Jurisdictions			
City of Goleta		17,000	17,000
Housing Authority	5,000		5,000
Home Prevention Rapid Rehousing Program	15,250		15,250
Donations	200		200
Carryover from FY11	11,551		11,551
Total Revenues	\$129,758	\$50,000	\$179,758
<u>Expenditures</u>			
Salaries			
Rental Housing Mediation Specialist	70,787		70,787
Hourly Aides/Specialists	17,898	48,224	66,122
Payroll Taxes & Benefits	32,790		32,790
Materials	3,808	1,200	5,008
Allocated Costs	4,475	576	5,051
Total Expenditures	\$129,758	\$50,000	\$179,758
Difference	\$0	\$0	\$0

ATTACHMENT 3

Rental Housing Mediation Program Budget Fiscal Year 2013 Funding Challenges

FY13 Budget - Current Service (Information, Staff Consultation & Mediation)			
	City Only 1 F/T + 1 P/T	Other Jurisdictions 2 P/T	Total
Revenue			
General Fund Transfer	-		-
Grants/Other Jurisdictions			
City of SB CDBG	33,300		33,300
City of SB Human Services	19,800		19,800
City of Carpinteria		8,000	8,000
County of SB		25,000	25,000
City of Goleta		17,000	17,000
Home Prevention Rapid Rehousing Program	2,000		2,000
Total Revenues	\$55,100	\$50,000	\$105,100
Expenditures			
Salaries			
Rental Housing Mediation Specialist	70,787		70,787
Hourly Aides/Specialists	20,000	48,224	68,224
Payroll Taxes & Benefits	32,790		32,790
Materials	3,808	1,200	5,008
Allocated Costs	4,475	576	5,051
Total Expenditures	\$131,860	\$50,000	\$181,860
Difference	(\$76,760)	\$0	(\$76,760)

* Estimate based upon a 15% reduction. CDBG Admin may also be reduced by 50%.

** Estimate based upon a 10% reduction in available Human Services Funds.

*** Estimate based upon remaining two months of grant.

ATTACHMENT 4

Rental Housing Mediation Program Budget Fiscal Year 2013 Funding Challenges

FY13 Budget - Information Only (and large-scale mediations)			
	City Only 1 F/T	Other Jurisdictions 2 P/T	Total
<u>Revenue</u>			
General Fund Transfer	-		-
Grants/Other Jurisdictions			
City of SB CDBG	33,300		33,300
City of SB Human Services	19,800		19,800
City of Carpinteria		8,000	8,000
County of SB		25,000	25,000
City of Goleta		17,000	17,000
Home Prevention Rapid Rehousing Program	2,000		2,000
	-		-
	-		-
Total Revenues	\$55,100	\$50,000	\$105,100
<u>Expenditures</u>			
Salaries			
Rental Housing Mediation Specialist	70,787		70,787
Hourly Aides/Specialists		48,224	48,224
Payroll Taxes & Benefits	32,790		32,790
Materials	3,808	1,200	5,008
Allocated Costs	4,475	576	5,051
Total Expenditures	\$111,860	\$50,000	\$161,860
Difference	(\$56,760)	\$0	(\$56,760)

* Estimate based upon a 15% reduction. CDBG Admin may also be reduced by 50%.

** Estimate based upon a 10% reduction in available Human Services Funds.

*** Estimate based upon remaining two months of grant.