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**PROGRAM IMPACT
EVALUATIONS FOR THE CITY OF
ROCHESTER
MORTGAGE DEFAULT RESOLUTION,
LANDLORD-TENANT, AND FAIR HOUSING
ELECTRONIC RESOURCE SERVICES**

Prepared for:
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PROGRAM IMPACT EVALUATIONS FOR THE CITY OF ROCHESTER

MORTGAGE DEFAULT RESOLUTION, LANDLORD-TENANT, AND FAIR HOUSING ELECTRONIC RESOURCE SERVICES

March, 2007

EXECUTIVE SUMMARY

In fall 2006, the Department of Community Development (DCD) engaged the Center for Governmental Research (CGR) to evaluate four programs that provide mortgage default resolution services, landlord and tenant services, and a fair housing electronic resource center. DCD stated that results of this evaluation would be used to make more informed decisions about future funding in these four programs.

Services in these areas have been provided for years by four non-profit agencies in Rochester. The agencies now receive a total of \$475,000 annually from Community Development Block Grant (CDBG) funds awarded by the U.S. Department of Housing and Urban Development (HUD) to the City. The service providers, 2006-07 funding levels, and contracted activities are:

Mortgage Default Resolution

- Housing Council in the Monroe County Area Inc. – \$300,000 for foreclosure prevention counseling and assistance.

Landlord and Tenant Services

- Housing Council – \$70,000 for landlord education seminars, and landlord and tenant counseling by phone or in-person.
- Legal Aid Society of Rochester – \$70,000 to mediate owner-tenant disputes that could lead to evictions, and legal representation for income-eligible tenants appearing without a lawyer at eviction proceedings in Housing Court.

- Legal Assistance of Western New York¹ – \$25,000 for legal advocacy and representation for low-income tenants to maintain their income stream and preserve or assure access to housing.

Fair Housing Electronic Resource Center

- Empire Justice Center – \$10,000 for a website and periodic e-updates, providing information on fair housing initiatives, programs and events.

CGR designed the project to evaluate each program as it is currently run, along with a three-year historical perspective to identify changes over time. Our purpose was to review the management of these programs and assess what services the providers deliver, to what set of clients, and determine how delivery of those services relate to the service objectives stated in the contract with each agency. CGR collected the information needed to complete this project by interviewing City staff and staff in each agency, reviewing data provided by the City and the agencies, and by interviewing a number of users and/or funders of the agencies.

Based on these findings, CGR developed a number of recommendations for the City to consider, which are provided throughout the report. Our major findings and recommendations address two program areas: mortgage default resolution and landlord-tenant services.² These findings/recommendations are:

- The Housing Council, Legal Aid and the Monroe County Legal Assistance Center (MCLAC) are consistently doing a good job meeting the City's stated objectives. In general, they meet or exceed – and in some cases far exceed – the service objectives set by their contracts. In a few limited cases – landlord-tenant mediations and landlord training classes – the number of participants sometimes falls below contract targets because participation is affected by factors beyond the control of the agencies.

¹ The contract is with the parent organization, but services are provided by the Monroe County Legal Assistance Center.

² The fair housing electronic resource is a small program area. The full report contains a description of this program area, and CGR's evaluation.

- The City, in conjunction with its service providers, should rethink some of the services being provided by the three agencies. CGR found that the specific performance language in its contracts with the three agencies has changed very little over many years, but the agencies have adjusted the services they actually provide to meet the changing needs of their clients. Each contract would benefit from re-describing the services being provided, and the agencies indicated they would welcome the opportunity to discuss these changes with the City. In particular, CGR believes that the City should consider:
 1. Recognizing the housing hotline provided by the Housing Council as a discrete service, and funding that service separately in order to provide better access to landlords and tenants in need of assistance.
 2. Monitoring over the next six to 12 months whether NeighborWorks® Rochester offers any significant foreclosure prevention services as a result of a new national program involving NeighborWorks America, its parent organization. If NeighborWorks Rochester becomes an active participant in the foreclosure prevention service arena, the City will want to work with the Housing Council and NeighborWorks Rochester to develop a consistent and integrated approach to mortgage default resolution services. It is not clear, at this time, to what extent the national program may impact Rochester, however, the City should actively monitor changes in this area, as the changes may affect how the City chooses to allocate funds for mortgage default resolution programs in the future.
 3. Working with Legal Aid to re-direct funds currently targeting landlord/tenant conflict resolution mediation towards services that can have greater impact.
- The City should utilize the extensive data that its service providers maintain on their programs to assist the City with identifying trends that indicate where the City should take proactive steps to stabilize and improve neighborhoods. In particular, the Housing Council has a large database that is

updated on a daily basis from hotline calls which includes information about issues of concern to homeowners, tenants and landlords. The Housing Council database, in conjunction with data available from Legal Aid, can be used, for example, to identify changing trends in evictions, and this information can be plotted using GIS software to show the impact on neighborhoods.

- The City should consider the potential benefits of targeting some specific services, in particular default resolution, landlord-tenant training, and landlord-tenant mediation services, to specific neighborhoods. This could be done in conjunction with other City efforts to direct resources in concentrated areas in order to meet neighborhood improvement objectives.
- CGR believes that Neighborhood Empowerment Team (NET) services would benefit from a more direct relationship with the Housing Council, Legal Aid and MCLAC, so that NET obtains the benefit of direct feedback from these agencies about what they perceive is happening in City neighborhoods, and so that NET can direct neighborhood residents to these agencies, as appropriate. This may increase demand for services provided by these agencies, which would require adjustments to City contracts in the future. However, everyone CGR interviewed believes that these services do benefit homeowners, tenants and landlords and affect the quality of life in neighborhoods. Thus, there is a direct return on investment for the City by providing these services.

In conclusion, we believe that the major programs evaluated in this project provide valuable assistance to city residents. There are too many inter-related variables that affect City neighborhoods for CGR to demonstrate that any of the programs included in this study has a direct measurable impact on neighborhoods. However, we are certain that these programs do have a positive impact on thousands of residents of the City directly. This is supported by the fact that other cities CGR contacted have also chosen to provide these services, with the only major difference being variations in who provides them. These programs clearly stabilize homeownership by owner occupants; reduce tenant turnover; and encourage landlords to make more investments in

their properties. Thus, it is reasonable to conclude that the programs lead to more stability in the urban housing environment and enhance the quality of life in Rochester.

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Department of Community Development staff supported this project by providing their insights as well as background information. Primary staff who assisted CGR were Robert Barrows, Curt Colombo, Joseph Mustico, Carol Wheeler and Barbara Zinker.

CGR appreciate the significant time and effort devoted to this project by the agencies whose programs we examined. Without exception, we found the staff at the Housing Council, Legal Aid, Monroe County Legal Assistance Center, and the Empire Justice Center to be responsive and thorough in meeting our requests. For going above and beyond in ensuring all CGR requests were met, we especially thank the following:

- **Housing Council** – Anne Peterson, Alex Castro, Dan Camenga, Lia Sprague, Rebecca Beck and former staff member Bret Garwood
- **Legal Aid** – Alan Harris, Carla Palumbo, Kathia Casion, Kathleen James and Linda Kammer
- **Monroe County Legal Assistance** – Louis Prieto, James Peters and Lorna Saltibus
- **Empire Justice Center** – Bryan Hetherington, Barbara van Kerkhove

Staff Team

Charles Zettek Jr., Director of Government Management Services, directed this project. Vicki Brown, Senior Research Associate, assisted with the critical research, interviews and writing needed to complete this report. Maria Ayoob, Research Associate, conducted research on programs in other cities; and Kate McCloskey, Research Assistant, assisted with preparation of the entire report.

SECTION 1: INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) provides Community Development Block Grant (CDBG) funds annually to the City of Rochester. As administrator of these funds, the Department of Community Development (DCD) awards sub-grants to nonprofit agencies to provide specific services designed to benefit low- and moderate-income City residents.

The amount of CDBG funding available to the City is lower today than it was five years ago, and HUD has recently increased its emphasis on outcomes and performance. These and other factors prompted DCD, in fall 2006, to engage CGR to assess three program areas so that DCD can make more informed decisions about future funding.

The three areas CGR examined were mortgage default resolution (also referred to as foreclosure prevention), landlord-tenant, and fair housing electronic resource services. Four nonprofit organizations have contracts with the City for these services for the City's 2006-07 fiscal year. These contracts, funded by CDBG money, total \$475,000. The program areas, service providers, 2006-07 funding levels, and contracted activities are:

Mortgage Default Resolution

- Housing Council in the Monroe County Area Inc. – \$300,000 for foreclosure prevention counseling and assistance.

Landlord and Tenant Services

- Housing Council – \$70,000 for landlord education seminars, and landlord and tenant counseling by phone or in-person.
- Legal Aid Society of Rochester – \$70,000 to mediate owner-tenant disputes that can lead to evictions, or legal representation for income-eligible tenants appearing without a lawyer at eviction proceedings in Housing Court.
- Legal Assistance of Western New York – \$25,000 for legal advocacy and representation for low-income tenants to

maintain their income stream and preserve or assure access to housing.

Fair Housing Electronic Resource Center

- Empire Justice Center – \$10,000 for a website, and periodic e-updates, providing information on fair housing initiatives, programs and events.

Methodology

CGR designed this project to evaluate each of these programs as they are currently run, along with a three-year historical perspective. Our evaluation was not intended to be a technical audit of the type carried out by fiscal auditors. Rather, our purpose was to review the management of these programs and assess what services the providers delivered, to what set of clients, and how delivery of their services relate to the service objectives stated in the contracts with each agency. To carry out this study, CGR:

- Examined the contractual agreements between the City and its service providers, and interviewed key City staff.
- Conducted in-depth interviews with service provider staff, including on-site visits to become familiar with recordkeeping at each agency.
- Analyzed service provider data and developed customized charts, graphs and maps.
- Interviewed key community sources familiar with one or more of the program areas (e.g., neighborhood association leaders, staff at the United Way of Greater Rochester, NeighborWorks Rochester staff, and others). CGR also interviewed lenders both within and outside the region.
- Held a focus group for landlords.³
- Contacted community development officials and/or service providers in Hartford, Syracuse and Buffalo to determine whether/how these cities are involved in funding foreclosure

³ CGR planned a second focus group for tenants served by the Housing Council, but found attempts to contact tenants unproductive due to the number of disconnected phone numbers and lack of response to voice mail messages. After contacting more than 50 tenants, and reaching only one, CGR abandoned plans for a tenant focus group.

prevention, landlord tenant services, or any fair housing electronic resource (i.e., website).

- Explored foreclosure prevention options being pursued in other parts of the U.S. and talked to lenders (e.g., J.P. Morgan Chase, HSBC) involved in a new national effort.

CGR Key Questions

In conducting this study, CGR did not seek to simply measure processes and outputs (e.g., hotline calls, landlord seminar attendees, tenant mediations) but to put them into a broader context and identify whether program services result in positive and measurable outcomes. To that end, we asked the following seven key questions of each service provider:

1. What are the outcomes and/or service objectives the City is seeking to achieve?
2. What activities, as defined by contractual obligations, are being funded to achieve these outcomes/objectives?
3. Who is served?
4. What resources are being utilized to carry out the activities?
5. What are the success measures? Or, put another way, is the service effective?
6. What improvements could be made to achieve the desired outcomes/service objectives, especially by addressing any barriers that CGR identified?
7. Are the contracted services the most effective and efficient way to meet desired outcomes and/or service objectives?

In order to describe the distinct nature of each program, the interrelationships between programs, external factors impacting programs and the linkage between these programs and larger community development objectives, CGR divided this report into the following sections:

Section 1: Introduction.

Section 2: The Mortgage Default Resolution Program Area

Section 3: The Landlord –Tenant Program Area

Section 4: The Fair Housing Electronic Resource Center

Section 5: Related Efforts in Other Communities - describing what is happening in three fairly comparable cities – Hartford, Buffalo and Syracuse.

Section 6: Recommendations

SECTION 2: THE MORTGAGE DEFAULT RESOLUTION PROGRAM AREA

National trends indicate that foreclosures have increased in many areas across the country, creating new challenges for cities, lenders and individual neighborhoods. Foreclosed properties reduce tax bases, drag down lenders’ portfolios, and lower property values in affected neighborhoods. As a result, foreclosure prevention,⁴ particularly in the past 1-3 years, has become a hot topic in cities and states across the country. However, CGR found that Rochester has been a national leader in focusing on the prevention of mortgage defaults. The City-funded foreclosure prevention program, which has always been administered by the Housing Council, dates to 1975, making it one of the oldest such programs in the country.⁵

City’s Objective: Preserve Homeownership by Owner Occupants

Since the inception of the program, the City’s goal has been to preserve homeownership by owner occupants by assisting qualifying homeowners who are at risk of having their homes foreclosed. In order to qualify for this assistance, homeowners must fall under maximum federal income requirements (e.g., \$35,900 for an individual homeowner, \$51,300 for a four-person family). The assistance, which is provided by trained counselors from the Housing Council, typically takes the form of counseling (e.g., information, budgeting) or supporting the homeowner’s direct engagement with lenders’ loss mitigation departments (e.g., refinance, negotiated repayment, conventional loan modification).

⁴ The term “foreclosure prevention” is used interchangeably throughout this report with the term “mortgage default resolution.”

⁵ In discussions with national specialists in foreclosure prevention, CGR did not find evidence of even a single program that has been in existence for as long as the Housing Council program. In fact, most of the foreclosure prevention programs identified in these discussions are no more than a few years old.

Since 1990 the City has also provided funds for mortgage relief grants as part of the larger program. The amount of funding dedicated for use as mortgage relief grants has varied over time, from a high of \$75,000 in 1993 to the current amount of \$25,000. These grants are for income-eligible homeowners, carry maximum awards of \$2,500, and are intended to prevent mortgage foreclosure in cases of emergency when a homeowner stands a reasonable chance of resuming monthly payments. Award of a mortgage relief grant is just one of many strategies that is used by Housing Council counselors to assist with preventing a mortgage default.

Today only 40% of City homes are owner occupied, with the remaining 60% owned by investors.

The City's interest in preventing homeowners from going into foreclosure remains high today, especially given the fact that the percentage of owner-occupied homes has declined over the years as the urban population has changed. Today only 40% of the homes in Rochester are owned by owner occupants, while the remaining 60% are owned by investors.⁶

The City is one of a number of funders of the foreclosure prevention program.

The Housing Council's 2005-06 budget summary shows the City's \$275,000 allocation provided approximately 63% of the total of the \$440,000 foreclosure prevention program annual operating budget. The other major funders of the program were HUD (14%) the United Way (11%), Monroe County (10%), and other (2%). CGR found that the cliché "*the whole is greater than the sum of its parts*" applies to this program area, since no single funder, given current funding levels, can offer on its own the level of service the agency provides. A corollary to this finding is that one funder's actions can significantly impact the entire program. This important point can be illustrated in two very different ways:

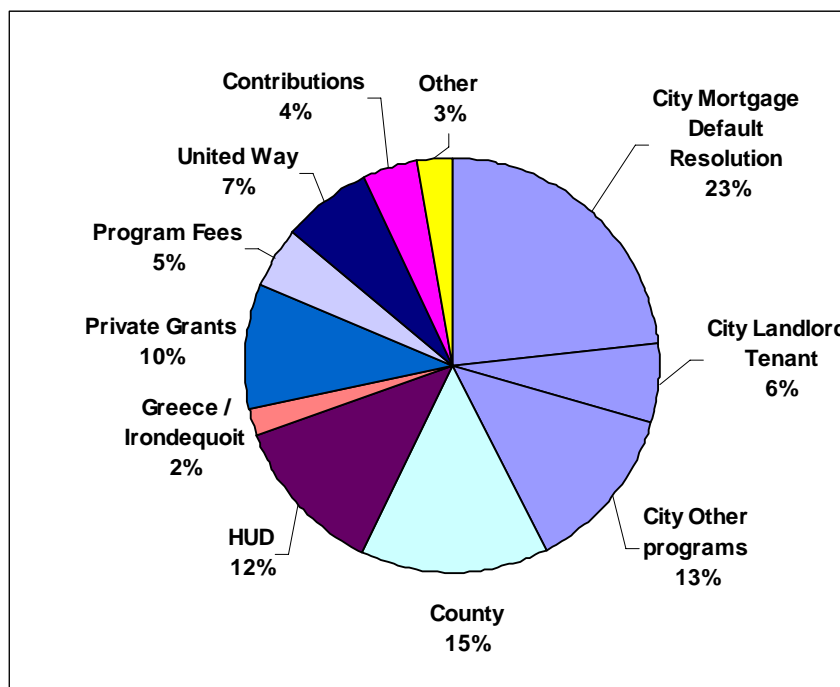
1. A recent United Way of Rochester decision to increase annual funding for foreclosure prevention from \$50,000 to \$125,000 in order to allow the agency to add a mortgage counselor and reduce client backlog, reduced waiting time for all program participants. Instead of waiting a month or more for a counseling appointment, program clients currently wait about two weeks.

⁶ The source for this information is the Housing Council's 2000 study *Residential Foreclosure in Rochester NY*. The 60% of investor-owned properties includes investors who reside on property that also contains one or more rental units.

2. Without the City's financial support for the foreclosure prevention program, the continued existence of the entire program, in fact the overall financial viability of the Housing Council, could be at risk. Graph 1 shows that total City funding represented 42% of all Housing Council revenues in 2005-06. City funding for the mortgage default resolution program represented 23% of the agency's total annual revenues.

In conclusion, CGR believes that any significant change in funding from the City for foreclosure prevention will have a ripple effect on foreclosure prevention programs provided to Monroe County and the towns of Greece and Irondequoit, and may affect other agency programs. CGR was not asked to evaluate the Housing Council as a whole agency, however, we believe it is important to understand that, because the City's contract for the foreclosure prevention program represents such a large portion of the agency's total revenues, a significant change in the City's contract will have a spillover effect on other agency programs and clients. Put another way, the agency's other services (e.g., housing hotline, landlord classes, fair housing education, housing research and analysis) could be at risk depending on the level of changes in City funding. Although CGR did not assess the quality of all of these services, it is worth noting that our research did not turn up examples of other agencies in Buffalo, Syracuse or Hartford offering such a range of services under a single umbrella. In addition, as indicated earlier (*see page 4, footnote 5*) CGR's research found the agency's foreclosure prevention program is apparently one of the oldest in the nation.

Graph 1: Housing Council 2005-06 Revenues by Funding Source



Notes: Total revenues = \$1,152,460. Total revenues do not include nearly \$46,000 in financial assistance grants administered by the Housing Council for various funders (e.g., City, United Way, Greece, Irondequoit).

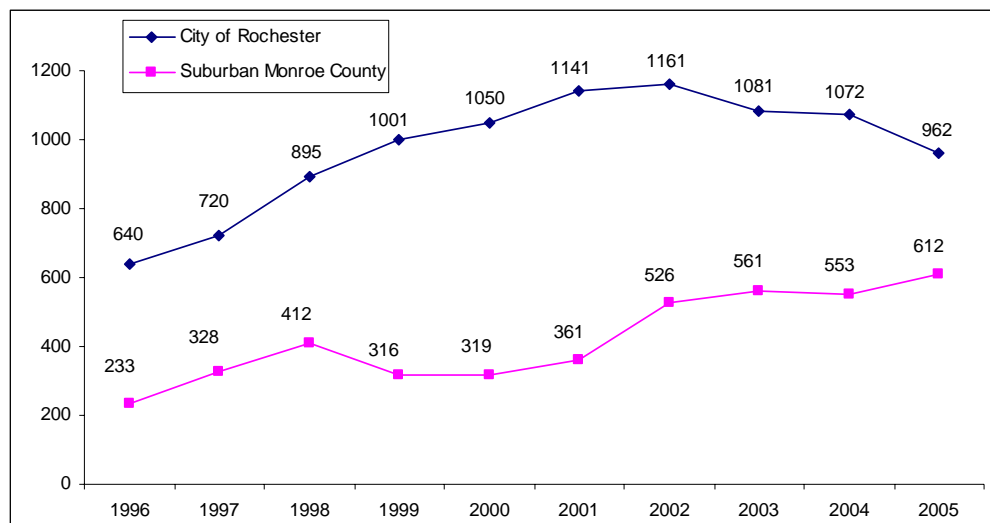
Source: Housing Council

Activities Required by the City Contract

All of the Housing Council's mortgage default resolution program activities are directed at keeping homeowners from having their homes foreclosed.⁷ Graph 2 illustrates the scope of the foreclosure problem in the City of Rochester and suburban Monroe County for the years 1996-2005.

⁷ The few exception are cases where foreclosure is the best of what can only be termed "bad options" for homeowners who have no way of remaining in, or achieving needed dollars from, the sale of their homes.

Graph 2: Foreclosure Sales in Rochester and Monroe County, 1996-2005



Source: Housing Council analysis of foreclosure sales announced in *The Daily Record*.

According to Housing Council data, in recent years City-funded cases accounted for roughly half of all new cases opened annually in the program. CGR found the Housing Council is meeting (and even slightly exceeding) its obligations for the program, as outlined in its contracts with the City. These obligations are summarized in Table 1.

In recent years it cost the City about \$1,100 for each homeowner it funded in the mortgage default resolution program.

The final column in the table, which lists the cost per new homeowner served, is CGR's computation of the efficiency level of the City-funded portion of the program. CGR found it cost the City about \$1,100 for each homeowner who participated in the program over the past two fiscal years.⁸ It should be noted that there is no direct cost to participants in the program.

During the two-and-one-half year period shown in Table 1, mortgage relief grants were used for 27 program participants, and the average grant amount was just over \$2,000. To determine whether there was a pattern to grant awards that might positively impact one or more City neighborhoods, CGR mapped the 306

⁸ CGR does not necessarily recommend a "cost-per-client" approach in future contracts, but this is a useful tool for measuring efficiency. CGR uses the same metric throughout this report for other programs for consistency and as a way to illustrate the relative cost of different programs for the clients served.

grants that the Housing Council awarded between 1991 and the end of October 2006. We found that the grants were awarded throughout the entire City, however, there is little evidence to suggest that the grants helped stabilize neighborhoods as effectively as other foreclosure prevention strategies. Housing Council leaders told CGR that mortgage relief grants play a relatively insignificant role in the entire range of strategies they use to minimize foreclosures through the mortgage default resolution process.

Table 1: Rochester-Funded Mortgage Default Resolution Program, City FY 2004-05 - 2006-07

Contracted Services with the Housing Council	Fiscal Year	Service Specified: New Clients Opened in FY	Number New Clients Actually Served	Contract Amount	Total Grant Dollars Awarded in FY	Efficiency (Cost Per Client)
Client intake/assessment; counseling, collect client info; strategies to prevent foreclosure, mediation w/ lenders, coordination w/other agencies	2004-05	223	224	\$250,000		\$1,116
	2005-06	250	254	\$275,000		\$1,083
	2006-07	250	NA	\$275,000		NA
Administer City grants up to maximum of \$2,500 to eligible homeowners to bridge gap b/w foreclosure and available repayment *	2004-05	10 or more	5	\$25,000	\$11,290	
	2005-06	owner-occupants	15	\$25,000	\$31,348	
	2006-07		7**	\$25,000	\$11,806	

*Mortgage relief grant funds not expended are rolled over to following year. As of 11/06 about \$20,000 was available but all 2004/05 and 2005/06 funds had been expended.

** Through 11/2006

Sources: Housing Council, City of Rochester

In addition to the City homeowners whose cases are counted in Table 1, however, there are other City owner-occupants who receive assistance through the program. That's because both HUD and the United Way also pay for City owner occupants to receive foreclosure prevention assistance. For example, for the year ended June 30, 2006, HUD and the United Way funded a total of 91 new foreclosure prevention cases for City residents. Thus, the true number of City residents newly assisted by the Housing Council's foreclosure prevention program in 2005-06 was 345 homeowners,

although only 254 homeowners were counted against the City contract. Put another way, the City and City homeowners benefit from the program for which the City does not have to pay an equivalent share of costs.

Who is Served?

Table 2 profiles the City-funded clients served by the foreclosure prevention program in recent years. Participants were:

- Primarily female heads of households
- Predominantly African-American
- Mostly ages 30 - 59
- Averaging three members per household
- Generally of moderate income – 31%-80% of average median income
- Likely to have owned their homes three or more years

A closer examination of the data in Table 2, however, shows several notable trends emerged over the past three years in the City-funded population. CGR found:

- The proportion of female head-of-household owner occupants rose dramatically (78% - up from 65% in 2003-04).
- A rapid rise in the proportion of low-income participants (28% - up from 18%).
- Length of home ownership for those at risk of foreclosure increased significantly. The percentage of participants owning their homes five years or more was 65% (up from 55%).
- About half of those served (51%) had households of either one or two members, up from 42%. Yet, consistently over the three-year period, about one out of every 10 homeowners served had a family size of six or more.

An increasing proportion of foreclosure prevention clients owned their homes five years or more (65% - up from 55% in 2003-04).

Table 2: Profile of City-Funded Clients Served by Mortgage Default Resolution Program, City FY 2003-04 - 2005-06			
	2003-04	2004-05	2005-06
Female head of household*	146	160	198
% Total Clients	65%	71%	78%
Largest racial groups served**			
Black	154	156	171
% Total Clients	69%	70%	67%
White	69	64	82
% Total Clients	31%	29%	32%
Age of head of household			
< 29	3%	4%	7%
30 – 39	33%	35%	22%
40 – 49	32%	32%	36%
50 – 59	22%	22%	19%
60 – 69	8%	5%	11%
70 and up	3%	2%	4%
Total # people in households	695	689	748
Family size			
One person in home	22%	21%	25%
Two	20%	22%	26%
Three	25%	18%	19%
Four	13%	17%	12%
Five	11%	12%	8%
Six or more	10%	9%	10%
Income Levels***			
Low income (0%-30% AMI)	18%	20%	28%
Moderate income (31%-80% AMI)	68%	80%	71%
80% or higher AMI	14%	0%	1%
Years of home ownership			
<2 years	13%	11%	14%
3-4 years	25%	21%	15%
5-10 years	33%	44%	43%
11 years or more	22%	21%	22%
Unknown	6%	3%	6%

*Female clients are assumed by Housing Council to be heads of households

** 9% -14% of total served each year identify their ethnicity as Hispanic

*** AMI = average median income

Source: Housing Council

Resources Utilized to Carry Out Activities

In the current City fiscal year, 3.93 FTE Housing Council employees are dedicated to foreclosure prevention. These are primarily mortgage counselors, who are budgeted to spend approximately 7,700 hours working with City-funded foreclosure prevention clients. Based upon the City's cost of \$275,000, this equates to a cost of approximately \$36 per staff hour. The overall program, which includes funding from other sources, involves 7.18 FTEs and approximately 14,000 person hours.

Yet, CGR found, the entire 17-person staff of the Housing Council is critical to the participation levels and success rates of the program. Since there have never been dollars from any funders to market the foreclosure prevention program in the community, the majority of all foreclosure prevention clients are identified through the Housing Council's hotline service, which, in turn, directs callers into the foreclosure prevention program when appropriate.

All Housing Council staff participate in, or assist, the hotline service, which currently operates on a four-hour-a-day, five-day-a-week basis. The hotline service has become well known via word of mouth over many years, and includes both phone and walk-in callers. The hotline now logs more than 18,000 callers from the Greater Rochester area each year. (*See Appendix A for detailed information on hotline caller trends*).

In effect, the hotline service acts as the "funnel" to the foreclosure prevention program for all funders, and also for other Housing Council services. Since all agency staff members are trained to work the hotline, all staff members are attuned to knowing when a caller should be referred to a mortgage counselor.

CGR found the database of information maintained by the Housing Council on its hotline service to be an untapped treasure trove of valuable data for the City – and not just for the foreclosure prevention and landlord tenant service programs that the City funds. CGR discusses the potential for using data effectively in Section 6.

The database of information maintained by the Housing Council on its hotline service is an untapped treasure of valuable data for the City.

How Effective is the Foreclosure Prevention Program?

To determine how effective the program is, CGR analyzed significant data in order to determine success measures and answer the following four questions:

- What does it mean to say a participant had a “successful” resolution?
- What range of strategies is utilized to achieve these outcomes?
- What are the outcomes overall?
- Is there a lasting impact as a result of the counseling and assistance clients receive?

Tables 3 and 4 and Graphs 3 and 4 provide the data used to answer these questions.⁹

The Housing Council and the City both define successful outcomes as meaning the *mortgage default is resolved*. In most cases, as Table 3 shows, successful outcomes result in homeowners being able to remain in their homes.¹⁰ The strategies that result in successful resolution can be categorized into one of four general groups:

1. Information provided by the program leads to homeowners saying they want to pursue their resolution on their own;
2. Resolution involves bankruptcy but homeowners are able to keep their homes;
3. Use of strategies other than bankruptcy allow homeowners to stay in their homes;
4. There is resolution of the default but the client no longer owns his or her home (e.g., sale, deed in lieu).

⁹ CGR also mapped where the 478 City-funded foreclosure prevention clients served during City fiscal years 2004-05 and 2005-06 lived, in order to determine if the program impacts specific neighborhoods. The map appears in Appendix A as A2: *Location of Mortgage Default Resolution Program Clients 2004-2006 In Rochester*. This map shows that program clients were spread across the City with no discernible pattern of clustering in specific neighborhoods.

¹⁰ In 2005-06, for example, there were 213 foreclosure prevention cases closed by the agency, and 165 of these closed successfully. Of the successful resolutions, 5% (nine homeowners) lost their homes.

**Table 3: Mortgage Default Outcomes Closed City-funded Cases
City FY 2004-05 - 2006-07**

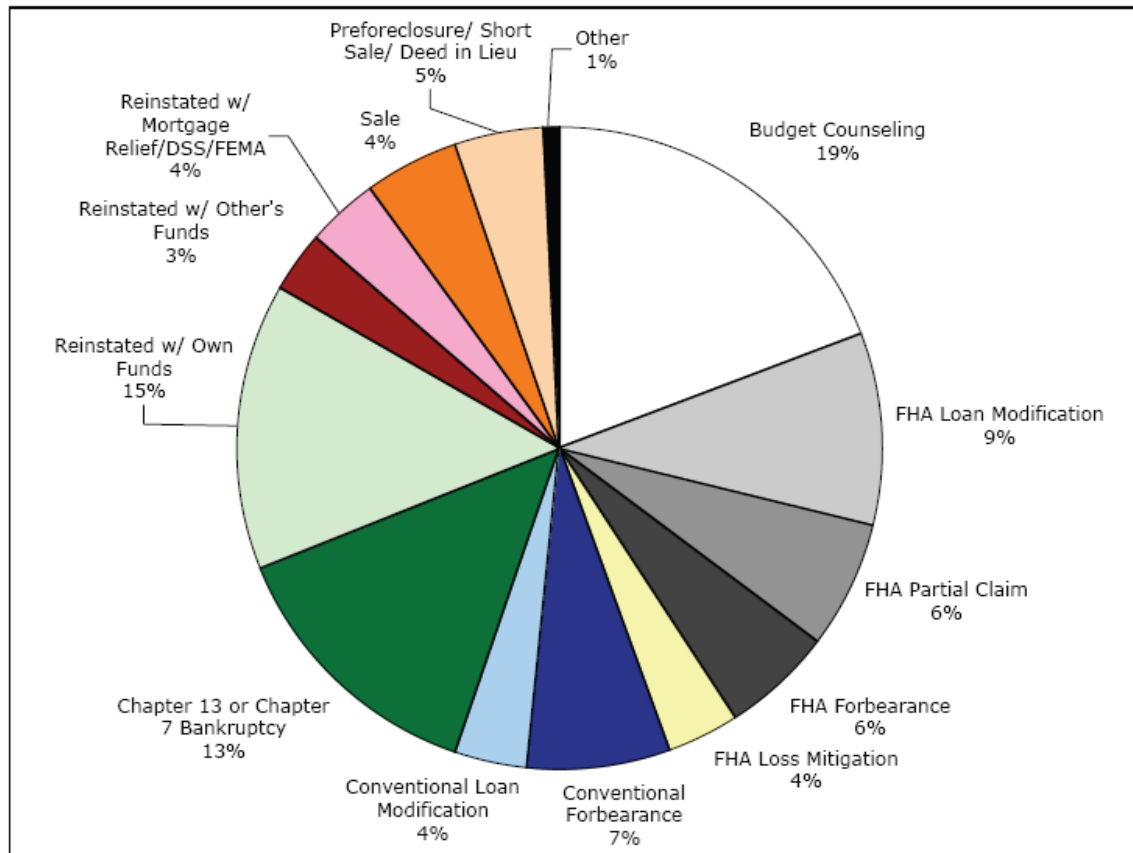
	2004-05	2005-06	2006-07*
Successful - Mortgage Default Resolved			
HC provides budget/counseling or other information. Client pursues resolution on own.	56	31	20
Solution is Chapter 7 or 13 bankruptcy and client keeps home.	22	23	8
HC & client able to find strategy (not including bankruptcy) that allows client to stay in home.	87	102	48
HC & client find way to resolve default but client no longer owns home (e.g., sale, deed in lieu).	6	9	3
Unknown Resolution			
HC loses contact with client.	6	28	16
Foreclosures	10	20	9
<i>TOTAL</i>	187	213	104

* through November 2006

Source: Housing Council

The next graph, Graph 3, depicts the wide range of strategies utilized by the Housing Council to help homeowners at risk of foreclosure. Graph 3 shows that mortgage relief grants constitute only a fraction of the small slice of the pie labeled “Reinstated w/Mortgage Relief/DSS/FEMA.” This is consistent with the observations, noted earlier, that mortgage relief grants are not a major factor in resolving mortgage defaults for program participants.

Graph 3: Strategies Utilized in Preventing Foreclosure for Foreclosure Prevention Cases, 2004-2005



Source: Housing Council Foreclosure Prevention Counseling Case Management Database. Based on information available from 881 (91%) of the 964 Foreclosure Prevention Cases between 2004 and 2005.

Note: The Housing Council opened 964 foreclosure prevention cases for the two calendar years 2004 and 2005, including cases in Rochester (621), with the remainder from other parts of the County. A variety of funders were involved in the 964 cases and not all cases opened in Rochester were funded by the City. The chart shows the final successful strategy, not all strategies utilized.

Of the 504 City-funded closed cases in the past 2.5 years, 82% closed successfully; 8% resulted in foreclosures; and in 10% the Housing Council lost contact with the homeowners.

To illustrate the overall effectiveness of the program, CGR developed Table 4, which shows all outcomes from July 2004 through November 2006, a period of nearly 2.5 years. CGR's analysis shows that of the 504 City-funded cases closed by the agency during this period, 82% (425 cases) closed as successful; about 8% (39) resulted in foreclosures; and in 10% (50) of the cases the Housing Council lost contact with the homeowners.

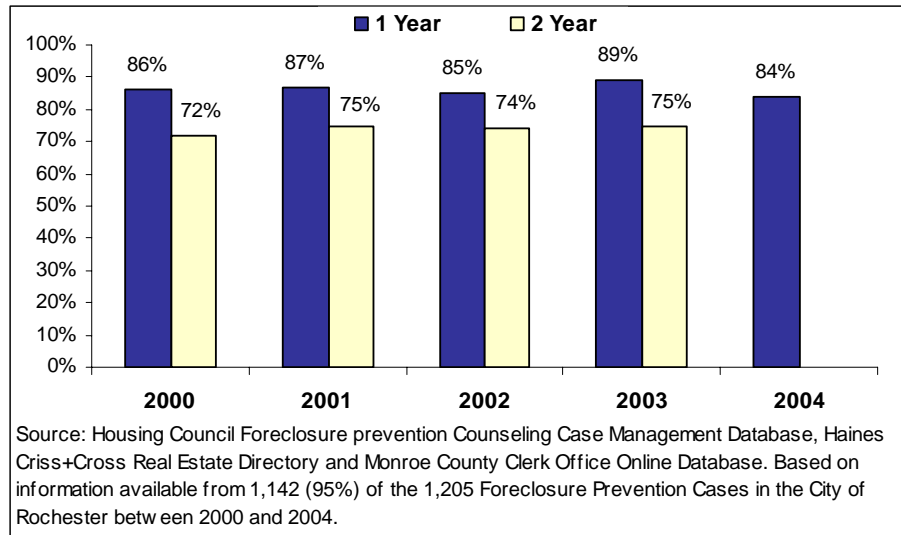
**Table 4: Outcomes City-Funded Mortgage Default Resolution Cases
City Fiscal Years 2004-05 - 2006-07***

	Prev. Yr. Carryover City Funded	New City Funded	City Funded Closed During Year	# Lost Contact	# Foreclosed	# Successfully Closed	% of Total Closed as Successful
2004-05	87	224	187	6	10	171	91%
2005-06	37	254	213	28	20	165	77%
2006-07*	78	118	104	16	9	79	76%
Totals	202	596	504	50	39	415	82%
*through November 2006							

Source: Housing Council

How lasting is the impact from the agency's foreclosure prevention counseling? Data are not available that show the impact for only City-funded cases, but agency information is available showing how many City residents who participated, regardless of funder, had avoided loss of homeownership for one and two years post counseling. As Graph 4 shows, for the years 2000 through 2004, at least 84% avoided loss of homeownership one year after program participation, and at least 72% at the two-year mark.

Graph 4: Foreclosure Prevention Cases in Rochester Avoiding Loss of Home Ownership By Number of Years Since Counseling, 2000-2004



Note: chart shows outcomes for all cases in Rochester for the calendar years 2000 through 2004, not just those that were City funded. A further breakdown is not possible based on the data available.

Suggested Improvements

CGR identified three issues that affect how many City homeowners participate in the foreclosure prevention program, and a fourth significant emerging issue. Addressing these issues will improve the City's efforts to help homeowners resolve mortgage defaults.

- Housing Council funders, including the City of Rochester, do not recognize the agency's hotline service as a discrete service. Funders value the hotline, but view it as part of Housing Council overhead to which they are contributing in the form of "indirect costs" when awarding grants. CGR views the hotline service as a discrete and critical service. Without it, there is little opportunity to funnel individuals to the foreclosure prevention program and provide the counseling and assistance the City seeks to deliver in order to help prevent foreclosures in Rochester.¹¹

¹¹ Two specific reasons why homeowners only seem to get into the program through the hotline: a) there are no designated marketing dollars specifically for the foreclosure prevention program, and b) according to some community sources, many homeowners associate the Housing Council with addressing issues involving rental property, not owner-occupied homes.

The hotline is not recognized as a discrete service, is not fully funded, and the agency has had to reduce its operation to 4 hours per business day. The result: since August 2004 more than 8,500 calls to the hotline have gone unanswered.

- Due to tight budgets and funders not recognizing the discrete value of the hotline, the Housing Council, has reduced hotline hours and staffing over time. In 2000, 80 staff hours a week were devoted to the hotline, which operated from 9-5 p.m., with an hour off for lunch. By the end of 2006 the hotline's operating hours were 10 a.m.-2 p.m. and involved 40 staff hours weekly. To the agency's credit, it has taken proactive steps to maximize the use of technology and streamline hotline procedures and recordkeeping. These steps have allowed the agency to double the number of hotline calls it answers from City and non-City locations, from about 9,000 in 2001 to more than 18,000 in 2005 and again in 2006. (*See Appendix A*)

Despite these changes to become as efficient as possible, restricting hours and staff time has had an impact. Since August 2004, when the agency began monitoring the number of calls that were abandoned (i.e., caller quit waiting for a counselor or called in during non-hotline hours) more than 8,500 calls have gone unanswered.

The pace of abandoned calls is down in the first half of the current fiscal year over levels set during the previous year, but if current trends continue there will be 1,600 more abandoned calls to the hotline in the first six months of 2007. How many abandoned calls are City owner occupants or individuals calling about City rental properties are unknown.

- Although the Housing Council gets referrals to its hotline service from the City's NET offices, and some NET code inspectors do inform homeowners at risk of foreclosure about the Housing Council's program, there are many NET staff members who do not know much about what the Housing Council can offer. Housing Council leaders would welcome a closer relationship with NET.

The City needs to be aware of an emerging “parallel” foreclosure prevention program. It is part of a national effort involving all major lenders through NeighborWorks America, which has a local member agency.

- The emerging issue CGR identified concerns what is happening on the national level involving foreclosure prevention programs. In many cities and states across the U.S. foreclosures numbers are rising dramatically, and that development, coupled with the success of a foreclosure prevention program in Chicago that is viewed as a model, has sparked a major mortgage default resolution effort. A new program, to be rolled out nationwide in a large ad campaign in spring 2007 with the help of the National Ad Council, is likely to mean Rochester will soon have a competing, or at least parallel, foreclosure prevention program. How much the national ad campaign will be aired in Rochester is unknown.

What is known is that the national program involves all the major national lenders; the NeighborWorks America network of organizations (240 in 50 states); a national hotline number (or in some areas local hotlines or 211- or 311-directed referrals); 24/7 call acceptance by the national hotline; referrals as needed back to local member organizations; and expedited service for counseling agencies needing to work with lenders’ loss mitigation specialists. NeighborWorks member organizations can be trained at no cost through their national organization, which has a new center funded by the national lenders. NeighborWorks Rochester confirmed to CGR it intends to participate in the new program. It is still too early to say, however, how that new program will operate locally, how big it will be, who it will serve, or how it will serve them. Here are key things Rochester officials should know about the national effort.

The major catalyst is the success of the Home Ownership Preservation Initiative (HOPI), which was launched in 2003 by Neighborhood Housing Services of Chicago and a network of partners, on the heels of an unprecedented rise in foreclosures in Chicago, particularly in low- and middle-income neighborhoods. HOPI’s “Every Minute Counts” campaign featured aggressive marketing (e.g., 25,000 direct mail postcards, bus and media advertising, press events by Mayor Richard Daley, public service announcements, and referrals through Chicago’s 311 emergency number). In the first three years, foreclosure prevention counseling and assistance

resulted in 1,304 Chicago families (an average of 435 a year) being able to avoid foreclosure and stay in their homes.

According to a media report,¹² funding for HOPI's first three years involved a \$100-million commitment from Chicago's financial community and \$3 million from Chicago's CDBG fund.¹³ Along with counseling, help with budgeting and loan restructuring, HOPI's initial three years also included a homeownership training program and post-purchase workshops.

Major lenders in the U.S., alarmed by the rise in foreclosures, are involved in funding a new Center for Foreclosure Solutions, an initiative of NeighborWorks America, with the express goal of building capacity of certified counseling agencies and grassroots initiatives, like HOPI.¹⁴ Targeted initiatives (for example, across the state of Ohio) have already been initiated by NeighborWorks America.

Are These Contracted Services Best Way to Meet the City's Desired Objectives?

Given what is happening on the national level, and potentially at the local level, it is not possible for CGR to fully answer the key question: *Are these contracted services the most effective and efficient way to meet desired outcomes and/or service objectives?* CGR believes the model currently in place has been effective, and could continue to be. What should happen beyond the near-term, however, depends on what the City, the Housing Council, NeighborWorks Rochester, and other local program funders decide to do in the wake of emerging developments (*see Section 6*).

¹² "Homeownership Rescue," Shelterforce, Fall 2006, published by National Housing Institute.

¹³ One report CGR read indicated that funding for the post-pilot phase of HOPI does not include Chicago CDBG funds, which apparently have been replaced with funds from a foundation. This information would need to be confirmed, since it fell outside the scope of this study.

¹⁴ CGR does not know how, or even if, this area's grassroots initiative run by the Housing Council might be involved – given that there is a local NeighborWorks organization. That issue is appropriate for the City and the interested local organizations to explore.

SECTION 3: THE LANDLORD-TENANT PROGRAM AREA

According to City staff, the beginnings of City-funded landlord-tenant services date to at least the early 1990s. The various programs that exist today, to everyone’s best recollection, were apparently all initiated by DCD staff at that time. However, for a period in the early 1990s, oversight and funding responsibility was transferred internally from DCD to the Parks, Recreation and Human Services Department because the services provided seemed at the time to fit best under “human services” rather than “housing.”

By the mid-1990s the various components of the landlord-tenant services program area had all been returned to DCD, where today they are viewed as contributing to the City’s “homeless prevention” effort. Over time, as is the case with all program areas examined for this report, the City’s contracts with the three service providers changed very little, except to reflect relatively minor changes in annual funding levels.

The landlord-tenant program area is directed at addressing needs and issues related to the majority of residential properties in the City – the 60% that are investor owned. The various program components provide educational, mediation and legal services, that when viewed as a whole, are primarily designed to:

- Enhance landlords’ and tenants’ awareness of their respective responsibilities;
- Encourage improved rental property management;
- Reduce evictions and thus vacancies in rental properties.

Housing Council Services

*City’s Objective:
Provide Training and
Problem Analysis
Services to Landlords
and Tenants*

The first agency providing landlord-tenant services that CGR evaluated was the Housing Council.

In contracting with the Housing Council the City’s objective is to engage a contractor with the capacity to provide, in both English and Spanish, *training and problem analysis services to landlords and tenants*. Specifically the City expects the contractor to provide: a) classes or seminars on legal and financial aspects of property management and rights and responsibilities; b) individual counseling and analysis of property management or lease problems

(phone or in-person) for specific issues, and c) maintenance of a hotline service that provides callers with answers (or references) to immediate questions.

As shown earlier (*see Graph 1*) City funding for the Housing Council's landlord-tenant services represented 6% of the agency's total annual revenues in 2005-06.

Activities Required by the City Contract

Table 5 shows the services that are outlined in the Housing Council's contract with the City. The final column in the table, listing the cost per client, is a CGR-derived efficiency indicator, which shows that the program cost the City from \$4.71 to \$7.48 per client for the landlord-tenant services the Housing Council provided in 2004-05 and 2005-06. The wide variation is tied to the number of landlords who enroll in classes.

Table 5: Housing Council Landlord and Tenant Services Program, City FY 2004-05 - 2006-07

Contracted Services	Years	Specified Service Levels (# of clients)	Number Clients Actually Served	Contract Amount	Efficiency* (Cost per client served)
Landlord classes/seminars	2004-05 2005-06 2006-07	>120 attendees w/ minimum of 6 seminars	19 / 308 attendees 7 / 65 attendees NA		
Counseling (phone or in-person) for landlords & tenants	2004-05 2005-06 2006-07	Each year: tenants: 3,000 landlords: 1,140	Past two full years: T: 8,000 -10,000 ** L: 2,000 - 3,700 ***		
	2004-05 2005-06 2006-07			\$77,150 \$64,770 \$70,000	\$5.51 to \$7.48 per client \$4.71 to \$6.44 per client NA

*Each landlord seminar series takes about 6-8 hours; and in addition to specified services the City also requires the Housing Council to continue offering operating manuals/guides, survey customers, maintain its hotline service and do some program promotion.

**Tenant calls come from various sources, and depending on how counts are computed, totals vary.

***Landlord counts vary depending on whether counting landlords with City zip codes or all landlords.

Sources: Housing Council, City of Rochester

Who is Served?

Table 5 shows the number of clients directly served by each sub-program provided by the Housing Council. However, CGR believes the agency actually provides significant additional

assistance to landlords and tenants through the hotline, even though this assistance is not specifically contracted for by the City.

When a caller contacts the hotline, the staff person on duty seeks to identify the caller's name, zip code and primary reason for calling. It is not possible, from this information, to determine which City-owned rental properties are the subjects of calls by landlords, as landlords are not required to identify the specific property they are calling about. However, it is possible to determine where tenant callers live in the City if the callers provide zip codes, as requested. Thus, as Table 6 shows, over 13,000 calls from City tenants were received in 2006 (through mid-December.)

Table 6 shows the major reasons why City tenants called the hotline last year. The top reason was for rental housing information/counseling, which includes calls for the agency's popular rental registry. The next most significant reason, however, was about eviction. Together these two reasons accounted for 58% of all City tenant calls in 2006 (through mid- December).

Table 6: Primary Reasons Callers Contacted the Housing Council in 2006*	City of Rochester	
	Calls	Percent
Rental Housing Information/Counseling	5,955	44.1%
Eviction	1,911	14.1%
Maintenance/Code Violations	894	6.6%
Home Ownership Information	830	6.1%
Emergency Housing Information	690	5.1%
Rehabilitation Program Information	551	4.1%
Lease	479	3.5%
Miscellaneous Legal Information	433	3.2%
Security Deposits	376	2.8%
General Information	276	2.0%
Other **	1,113	8.2%
TOTAL	13,508	100.0%

*Through 12-13-2006; call origin is based on zip codes

**Other = the following topics: subsidized/Section 8 (251); proper notice (247); tenant dispute (174); fair housing (90); heat (87); utilities (86); privacy (85); rodent/roach infestation (81); financial literacy (12).

Source: Housing Council

Resources Utilized

Multiple funders underwrite the agency's landlord-tenant services, but two – the City and Monroe County – provide 44% and 39% respectively (or jointly 83% of total 2006-07 funding). In the current City fiscal year, 1.03 FTE Housing Council employees are dedicated to spending approximately 2,000 hours on landlord-tenant services. Based upon the City's cost of \$70,000, this equates to a cost of about \$35 per staff hour. The overall program, which includes funding from all sources, involves 2.3 FTEs and approximately 4,500 staff hours.

How Effective?

Throughout the study, CGR heard numerous comments praising the quality of the landlord classes and seminars offered by the Housing Council. These classes, which take 6-8 hours, are geared toward teaching new landlords about the “business” of being a landlord. Here are two typical examples of the comments we heard:

“It’s a great starter course and should continue.” (landlord)

“For (the Housing Council’s) landlord training programs we’ve gotten very good feedback (from the people we’ve referred).” (neighborhood association leader)

The comments about landlord-tenant counseling that we heard were also generally very positive. Some of the comments we heard:

“The Housing Council is known as a place to get help if you have a tenant or a landlord problem. But the hotline hours are very restricted. People’s emergencies don’t fall into those four hours... And Spanish is not the only other language that is spoken in Rochester.” (neighborhood association leader)

“They are up-to-date on regulations. They are good for information...they will tell you how far up the creek you are without the paddle.” (landlord)

“I’ve called the hotline but not very often. It sometimes feels they say what you cannot do as opposed to what you can do.” (landlord)

Suggested Improvements

CGR identified two significant barriers to achieving outcomes:

- The availability of hotline service for only four hours each business day, which limits opportunities for potential clients to obtain assistance,

- Total resources dedicated to these programs, in particular resources available to market the services.

As shown in Table 5, the number of participants in landlord classes and seminars can be highly variable from one year to the next. Housing Council staff stated that when the agency is able to hold a “Landlord Expo” (which receives no City funding) or is paid by an organization to offer workshops, such as those funded by the private mortgage lender CPC on topics such as “Fundamentals of Operating Rental Property,” that the associated advertising draws many more participants for City-funded landlord classes and seminars. Opportunities like the Expo and outside-supported workshops, however, are dependent on factors unrelated to funds provided by the City. CGR suggests that one way to direct more participants into the program at no additional cost to the City would be to have NET staff members enroll in a seminar series, making them more aware of what is available to landlords. According to the Housing Council, NET staff members have never taken the agency’s landlord classes.

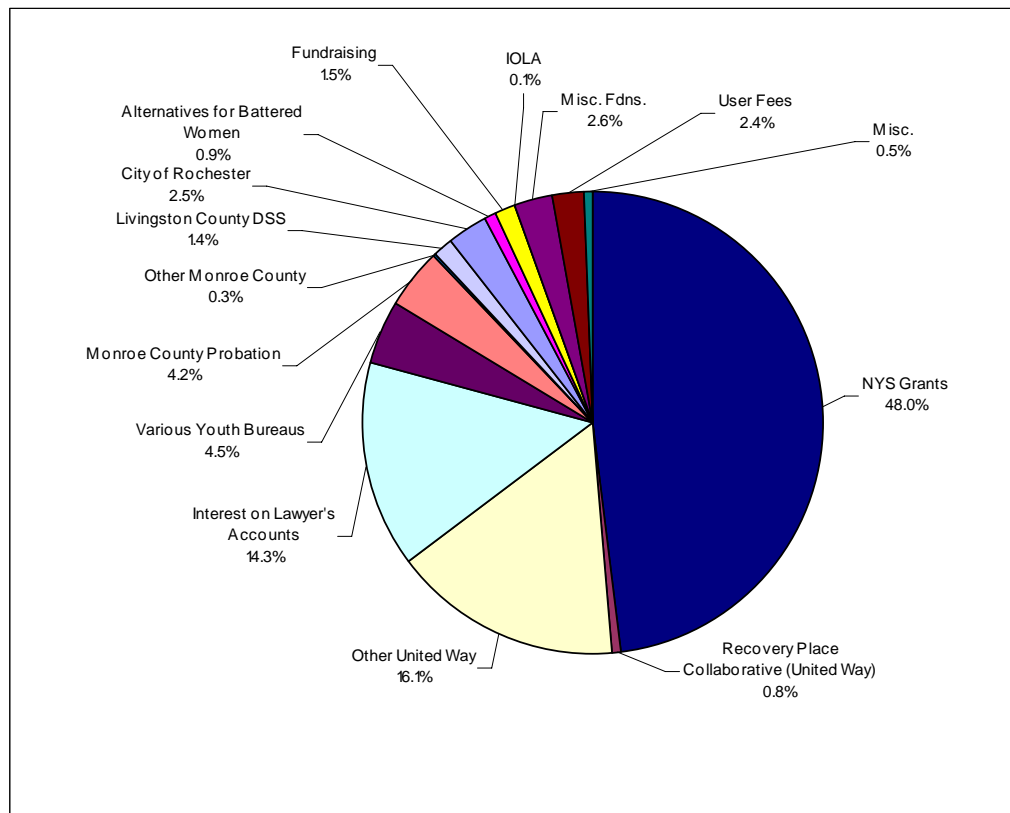
Best Way to Meet City Objectives?

CGR believes that the Housing Council is the only agency in Rochester currently equipped to offer the services meeting the City’s objectives, because the agency has developed an inter-related system of services to landlords and tenants that includes the hotline as well as seminars and counseling. It is certainly possible that another agency could develop the expertise to provide the seminar and counseling services, however, this would require a learning curve for the new agency, and, unless that agency also took over the hotline, services to landlords and tenants would not be integrated as they are today.

Legal Aid

The second non-profit organization offering landlord-tenant services is the Legal Aid Society of Rochester. As shown in Graph 5, the City accounts for 2.5% of about \$2.8 million in Legal Aid revenues. The \$70,000 funding is used to provide two services: a) landlord-tenant mediation and b) legal assistance in Housing Court for tenants facing immediate eviction.

Graph 5: Legal Aid Society 2005-06 Revenues by Funding Source



Source: Legal Aid

City's Objectives: Get Landlords and Tenants to Mediate Disputes, and Prevent Immediate Evictions of Tenants

In 1991, Legal Aid answered a Request for Proposal from the City that was prompted by a desire on the City's part to have tenants and landlords work better together, in order to reduce landlord-tenant conflicts. Initially, Legal Aid was contracted to provide a landlord-tenant mediation service, commonly referred to as Owner Tenant Mediation (OTM), to address issues that could lead to evictions. Since many disputes were related to property conditions, and landlords participating in the program could be considered for City-funded improvement grants, the service was successful in its early years in attracting landlords. However, over time, as the improvement grants were eliminated, overall participation in OTM declined, despite the fact that OTM is free to participants.

By the mid-1990s, the City added to Legal Aid's contract the provision that it offer legal representation at Housing Court for tenants facing eviction. The objective of this service, known as the

Tenant Advocacy Program (TAP) is to prevent tenants from being evicted and thus becoming temporarily homeless. Tenants in court on eviction proceedings typically have 72 hours to vacate the property if the court rules on the side of the landlord. Legal Aid's goal, if eviction is ruled by the court as proper, is to get the landlord to agree to allow the tenant two weeks time to find a new place to live. In addition, Legal Aid will also challenge an eviction proceeding if it finds reason to do so (e.g., improper notification, improper court petition).¹⁵

*Activities Required by
the City Contract*

*The City spends
< \$140 per client
served by Legal Aid,
but also receives, at no
extra cost, "pre-
screening" services
from the agency.*

Table 7 shows that Legal Aid is consistently falling short when it comes to meeting OTM contract requirements (>56 new clients a year), but it is exceeding the TAP contract requirements (to serve at least 90 clients per year) by five-fold or more annually. Because of the high number of TAP cases, CGR's calculation of the efficiency of the program (see the final column in the table) is about \$129 to \$139 per client served. (CGR was unable to break out the costs for the OTM and TAP programs separately.) Legal Aid told CGR that it has periodically informed the City that it is unable to attract participants to mediation, but the contract language has never been changed to reflect these discussions.

CGR notes, however, that the cost-per-client served by Legal Aid is actually lower than can be shown by Table 7. That's because the City's contract says the agency's basic services also must include "pre-screening to assist tenants and/or landlords determine their need for mediation or other legal services will be available at the Consultant's office or when staff is at information meetings. It is

¹⁵ All evictions of City tenants involve proceedings in Housing Court, which is held daily in City Court. There are three reasons for eviction but the third ("illegal use" of the property is rarely used because the standard of proof is difficult to establish). The other two reasons are: a) non-payment of rent or b) tenant is a "holdover," meaning the tenant stayed longer than allowed. To evict a tenant, for example for non-payment, the landlord must give three days notice to pay. If rent remains unpaid, the landlord can serve the tenant and go to Housing Court within 8-10 days. If the court rules on behalf of the landlord, he/she can walk over to the tenant in court and hand him/her an eviction notice, giving the tenant 72 hours to vacate. Legal Aid is often able to get landlords to agree to give the tenant two weeks time to find a new place to live. Total costs for the landlord for an eviction proceeding generally total \$500 - \$700 if represented by a private attorney in Housing Court, and \$100 - \$150 if a landlord represents himself, according to Legal Aid.

anticipated that the Consultant may receive approximately 400 inquiries.”

What this contract clause refers to is the intake service for the agency’s Housing Unit, which includes not only OTM and TAP but also a Home Owner Initiative program (HOI). The HOI program provides representation for home closings, bankruptcies and eviction appeals, but the program does not receive City funding.

When a person in the community makes an inquiry to Legal Aid about a housing-related issue the individual is pre-screened. In City fiscal year 2004-05 the unit pre-screened a total of 788 individuals, in 2005-06 there were 878 pre-screenings, and in the first three months of the 2006-07 fiscal year there were 208 pre-screenings.

However, the cost to do these pre-screenings is covered by three funders that support various Housing Unit programs – the City, United Way and the Interest on Lawyer Account (IOLA) program. The pre-screening process results in one of three outcomes: service in one of the unit’s programs, advice, or referral to a more appropriate agency. As a result of the variables involved, CGR was not able to specifically allocate the agency’s pre-screening service into the cost-per-client calculation shown in Table 7. However, CGR can comment as follows:

- the agency is exceeding the 400 pre-screening threshold identified in the City contract;
- if the value of the pre-screening service to the City could be accurately calculated, the agency’s efficiency level would be greater than can be shown by Table 7.

**Table 7: Legal Aid Landlord-Tenant Mediation & Tenant Advocacy Services
Closed Cases, City FY 2004-05 – 2006-07***

Contracted Services*	Years	Service Specified: New Clients	Number Actually Served	Contract Amount	Efficiency (Cost Per Client)
Owner-Tenant Mediation: of issues that might lead to eviction	2004-05 2005-06 2006-07	> 56 each year	31 49 19*		
Tenant Advocacy Program: legal representation for income-eligible tenants w/o representation at eviction proceedings	2004-05 2005-06 2006-07	> 90 each year	513 453 201*		
Note: actual cost per client is lower than shown because the agency is requested by the City to do at least 400 "pre-screenings" annually, but a relevant cost breakdown is not possible.	2004-05 2005-06 2006-07			\$70,000 each year	\$128.68 \$139.44 NA

* Through September 2006

Note: City also specifies surveys to be completed.

Source: Legal Aid, City of Rochester

Who is Served?

To be eligible for OTM or TAP, tenants must reside in the City and be income-eligible under Section 8 guidelines (i.e., less than 80% median family income for the area). If a landlord's tenants meet the criteria, the landlord is also eligible to call Legal Aid to initiate mediation. Legal Aid says 99% of mediations are initiated by tenants. In our landlord focus group we found a widely held perception that landlords *can't* initiate mediations.

Table 8 shows who was served by OTM over the past two and one-quarter years. CGR was unable to identify who was served in TAP. One important question in developing a TAP client profile is: "How many 'unique' tenants were served by TAP," or put another way, "How large a group of tenants, over time, was constantly being evicted and thus requiring TAP service?" Legal Aid was willing, but unable to provide this information to CGR.

The City has never requested this data, and in order to provide it Legal Aid needs report capability developed by an outside programmer because its current software does not allow for creation of such a report. Legal Aid found the cost of a programmer's services to do this would be \$450. CGR suggests that the City should routinely ask for this data, in order to understand whether TAP serves relatively few tenants multiple times or many tenants infrequently. Tracking this information would help the City make decisions about whether a different approach might be needed for people repeatedly evicted by different landlords.

**Table 8: Profile of Clients - Owner Tenant Mediation
City FY 2004-05 - 2006-07***

	2004-05	2005-06	2006-07*
Race/ethnicity			
Black	8	25	8
White	19	19	5
Other	4	5	6
Gender			
Female	18	37	11
Male	13	12	8
Age			
< 21	1	1	2
22 -54	29	40	11
55+	1	4	1
Unknown		4	5

*Through September 2006

Source: Legal Aid Society of Rochester

Resources Utilized

In the City of Rochester's current fiscal year, 2.1 FTE Legal Aid staff employees are funded by the City.¹⁶ The employees spend approximately 4,800 hours providing OTM and TAP services. Based upon the City's cost of \$70,000, this equates to a cost of about \$14.60 per staff hour. In addition to these staff resources, Legal Aid augments the TAP service it provides because it receives

¹⁶ The 2.1 FTE total is comprised of 0.1 FTE program director, 0.5 FTE attorney, .75 mediator, and .75 FTE coordinator.

occasional assistance from 10 volunteer attorneys and unpaid summer help, consisting of interns who are law school students.

Suggested Improvements

CGR believes that the City should review with the agency what services Legal Aid believes would have a greater impact than the current OTM service. For example Legal Aid suggests the following alternatives:

1. Funding a new, as yet unfunded effort by Legal Aid to advise (not represent) landlords, who have been given 6 points by NET for illegal use of their properties by drug-dealing tenants, on how to pursue legally acceptable ways to get these tenants evicted.
2. Shifting existing funding to its new Home Ownership Initiative, which is receiving United Way and some other funding, but not City funding, to help first-time homebuyers.
3. Maintaining the OTM service, but link Legal Aid and the City's NET program. NET offices have the most direct, in-person contact with landlords and tenants involved in disputes.

Best Way to Meet City Objectives?

The City's four civil legal service providers each specialize in a specific legal area. The TAP program is a Legal Aid specialty and there is no other reasonable alternative for effectively meeting the City's objective with this service. However, if the City decides to change OTM services as suggested above, an RFP process will determine if there are other legal service providers who would be able to provide these services, in addition to Legal Aid.

Monroe County Legal Assistance Services

The third and final service provider in the landlord-tenant program area is the Monroe County Legal Assistance Center. MCLAC's Legal Services for Tenants Program provides legal advocacy and legal representation for low-income tenants, including, but not limited to, public assistance applicants or recipients.

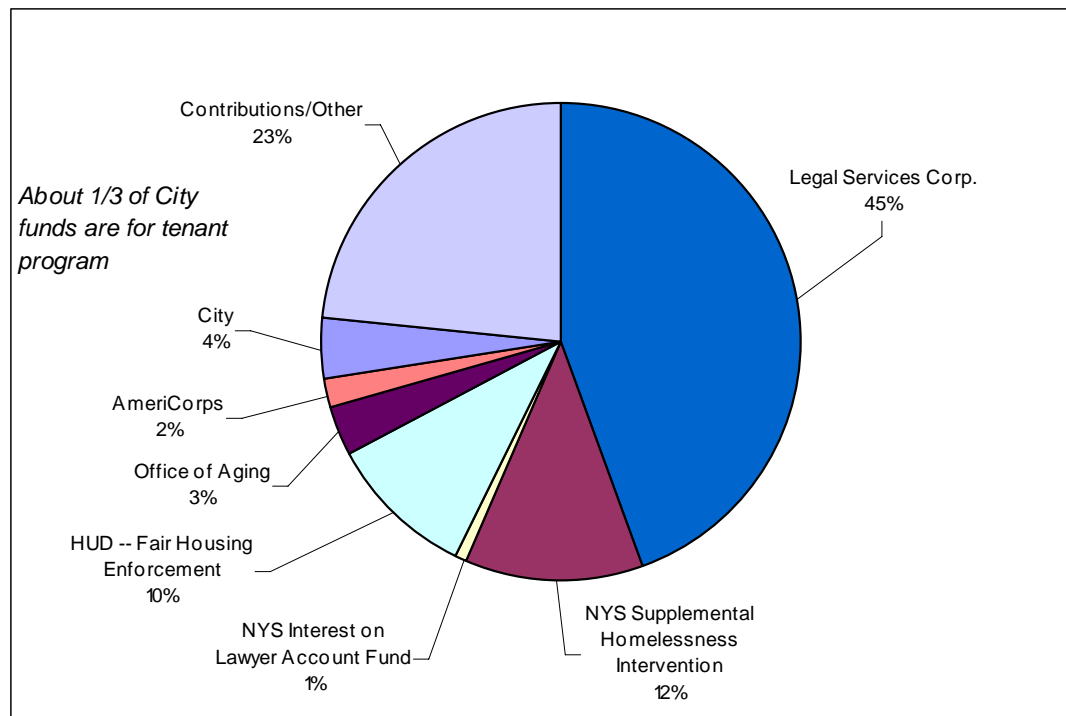
City's Objective: Prevent Homelessness for Poor Residents

According to MCLAC, if a person who is poor "is presented with an eviction crisis it usually has something to do with their income stream." A crisis that may result in eviction, for example, may be related to rent arrears, relocation expenses, utility shutoffs for lack of payment, or reductions in government benefits. The City's objective in funding the service is to prevent homelessness by

preserving housing or assuring housing for the poor. Referrals to MCLAC are typically via word-of-mouth, collaborating agencies, and DSS notices to clients.¹⁷

As shown in Graph 6, only some 4% of MCLAC's 2005 revenues of \$1.5 million came from the City (with the amount for the Legal Services for Tenants Program making up only one-third of the 4%). MCLAC, however, considers the service absolutely critical to its mission and is passionate in making this assertion. "The income stream of poor people is the central issue for us, and it is the only program where (an eligible individual) can get legal help before things get to the court stage." The agency emphasizes the importance of protecting the rights of the poor, and points out that individuals eligible for Section 8 vouchers or public housing, if removed from the program, can never be reinstated.

**Graph 6: Monroe County Legal Assistance Center
2005 Revenues by Funding Source**



Source: Monroe County Legal Assistance Center

¹⁷ DSS is required to include this information in specific types of notifications (for example, when terminating, reducing or denying funds to an individual).

Contract Activities

MCLAC's contract requirements for the City-funded service are shown in Table 9. CGR's calculation of the City's cost-per-client served ranges from \$324 to \$352.

Table 9: MCLAC: Legal Services for Tenants, City FY 2004-05 - 2006-07

Contracted Service	Years	Service Specified: New Clients	Number Actually Served	Contract Amount	Efficiency (Cost Per Client)
Legal advice or counsel related to maintaining income stream in order to preserve/secure housing	2004-05	60 or more low-income tenants each year	3-year total: 212 average per year: 71	\$23,000	\$324
	2005-06			\$23,000	\$324
	2006-07			\$25,000	\$352

Source: Monroe County Legal Assistance Center

Who is Served?

MCLAC's Legal Services for Tenants clients tend to be very poor female heads of household, as shown in Table 10. No one racial/ethnic group dominates client demographics, and 67% of clients are less than 45 years of age.

**Table 10: MCLAC Legal Services for Tenants - Client Profile
Opened Cases - 7/1/2003 through 6/30/2006***

Race/ethnicity	#	%
Black	85	40%
Hispanic	73	34%
White, non-Hispanic	49	23%
Other	5	3%
Age		
< 30	68	32%
30-44	75	35%
45-60	61	29%
61 and up	8	4%
Gender		
Female	162	76%
Male	50	24%
# in Household	480	
Income Levels**		
Very Low Income	189	89%
Low Income	23	11%
Levels of Assistance		
Advice and Counsel	50	24%
Brief Service***	77	36%
Insufficient Merit	3	1%
Client Withdrew or Agency Lost Contact	15	7%
Negotiated Settlement w/o Litigation	28	13%
Negotiated Settlement w/ Litigation	1	1%
Administrative Agency Decision	34	16%
Other	2	1%
No Case Made	2	1%
TOTAL CASES	212	

*100% of the 212 cases that were opened also closed during the same 3-year period

**Based on guidelines provided by the City

*** Not based on City definition but on MCLAC definition

Source: Monroe County Legal Assistance Center

Resources Utilized

The City-funded service is provided by an experienced paralegal (.3 FTE) with more than 25 years experience at MCLAC, with oversight provided by the Supervising Attorney (0.1 FTE). Direct service time equates to 250 advocate hours annually, for which the City paid \$23,000 in 2005-06, or approximately \$92 per staff hour.

How Effective?

MCLAC's goal is to "empower" clients so that they can advocate for themselves in the future. In an on-site review of MCLAC's database information, CGR found very few repeat clients – a total of four for the entire three-year period examined. No data existed, however, for CGR to determine whether or not other clients have moved out of the area, and thus are not repeat clients, or whether clients did learn from the experience and avoided the need for this assistance in the future.

Suggested Improvements

CGR identified three possible ways to improve outcomes if the following three barriers can be addressed:

- MCLAC has no relationship with the NET office. In the words of a MCLAC representative, "If we could collaborate with the NET office (which often knows of problems earlier than MCLAC) many times problems could be resolved with a phone call or two. We have no direct relationship with NET. We would like to go to the NET offices, do presentations, tell them what we do and listen to what they are seeing, which will help NET spot issues and refer them to us right away."
- Limited funding means the agency sometimes has to limit intake for calls to referral agencies, and ask other callers, unless there is an urgent issue, to "try again next week."
- There is increased demand for services, according to the agency, that has resulted from the recent restructuring of DSS (now the Monroe County Department of Human Services) and the reduction in the number of "seasoned staff." Changes in utility billing procedures are also leading to increased client need and demand.

Best Way to Meet City Objectives

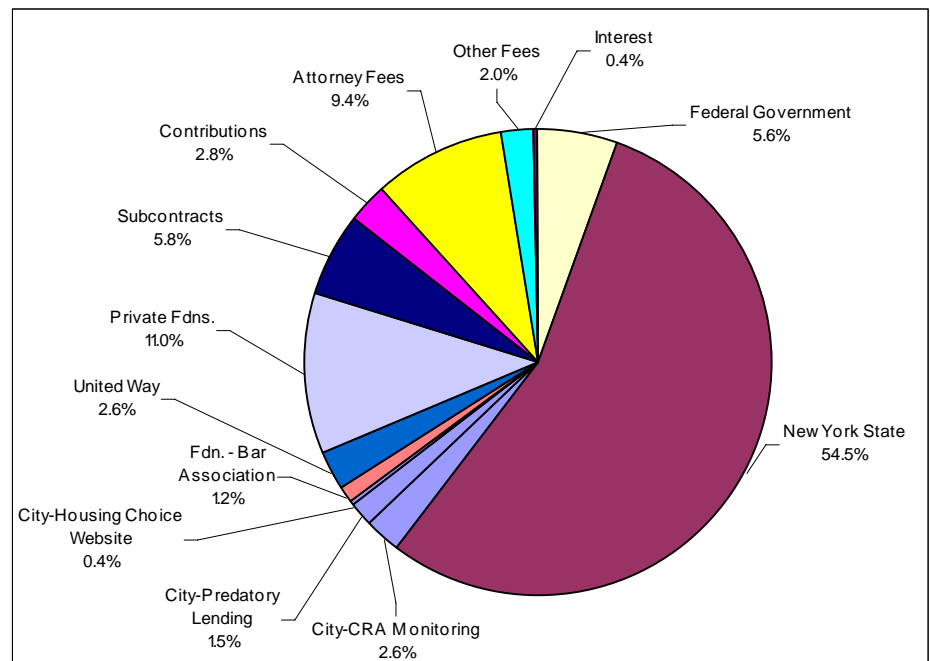
There is currently no other civil legal service provider in Rochester that has the expertise and interest to do the work that is being done by MCLAC under the Legal Services for Tenants Program.

SECTION 4: FAIR HOUSING ELECTRONIC RESOURCE

The third, and final, program area examined by CGR was the Community Choice/Fair Housing Electronic Center, which consists of a website (www.housingchoice.org), and twice-monthly e-news updates, both managed by the Empire Justice Center.

As shown in Graph 7, the City's \$10,000 funding for the housing choice website and e-updates accounts for 0.4% of the Empire Justice Center's annual agency revenues. The agency's 2006 revenues totaled about \$2.7 million.

Graph 7: Empire Justice 2006 Revenues by Funding Source



Note: Revenues = \$2,660,759

Source: Empire Justice Center

**City's Objective:
Electronic
Resource on Fair
Housing & Local
Initiatives**

The website was created as a place for interested individuals to learn about fair housing, including local fair housing initiatives. As far as City staff and Empire Justice Center staff are aware, there is no other city with such a resource.

The website grew out of the 1999 Community Choice Action Plan that was jointly developed by the City, Monroe County, and the Towns of Greece and Irondequoit.

**Activities Required
by the City
Contract**

The City's contract requirements have remained unchanged since 2000. They include the following:

- Twelve times or more a year, the Empire Justice Center must:
 - a) select relevant and appropriate fair housing information to feature on the website;
 - b) regularly update a fair housing community events calendar;
 - c) using email, distribute lists of news stories about fair housing to a selection of community advocates, bankers, industry individuals and other interested parties.
- Make links to other websites.
- Alert area media regarding the electronic resource center.

CGR found that the agency is meeting contract requirements.

*CGR Observations:
Website & E-updates*

We make the following observations about the website:

- Much of the content (excluding e-news articles) is outdated. For example, historical information on fair housing in Rochester contains no information beyond 1998.
- The lists of affordable mortgage providers, services and contacts noted on the website are updated only once per year.
- Online discussions were tried in the past but were unsuccessful and are no longer offered.

CGR makes the following observations about the periodic e-updates:

- In addition to the local *Democrat and Chronicle* and local television news articles, the following are the major sources for news: a) KnowledgePlex, an information resource provided by the Fannie Mae Foundation; b) a news list service available through the National Community Reinvestment Coalition; c)

e-newsletters from the Brookings Institution; d) articles from the American Banker, and e) articles posted by other websites.

According to the Empire Justice Center, “someone choosing to keep abreast of the issues on the website would need to have over a dozen websites on their favorites and check them on a regular basis.”¹⁸

- The e-news portion of the resource project involves professionals talking to other professionals. As of November 2006, the electronic mailing list for e-update recipients included 166 addresses. In this total there are 75 persons (representing about 35 organizations) who are associated with the Greater Rochester Investment Coalition; 10-15 City of Rochester employees; 10 individuals outside the Rochester area whose work involves housing and bank issues; and the remaining recipients are lenders and community organizations.

Who is Served?

A visit to the website is recorded when some remote site makes a request for a page on the server for the first time. CGR found, based on web monitoring reports for the months of June 2005 and June 2006, that visitors typically make a single visit to the website, and short visits (often a minute in length) are very common. Length of time on the site, however, can be misleading, as the website is often a portal to content to other sites with fair housing and lending stories. Empire Justice Center noted, “each time a user clicks on a story (except for the local *D&C* stories) the user leaves the site to go to that story....After reading that story, the user might click the ‘Back’ button on their browser to come back to our website. However, this is considered a new visit, not a continuation of the old.”

In June 2006, according to website monitoring reports provided to CGR, visits from California sites totaled 6,848, while visits from

¹⁸ For the 18-day period 1-25-07 to 2-12-07 there were 38 postings on the “What’s New” section of the website, including news stories, press releases, congressional testimony and more. Of the 38 postings, 12 were local, and other sources included KnowledgePlex, the Washington Post, Orange County Business Journal, FDIC, FTC, Federal Reserve Bank of New York, Senate Banking Committee, Center for Responsible Lending, National Consumer Law Center, Black Policy Institute, Tax Foundation, Mortgage Bankers Association, and the Brookings Institution.

NYS sites totaled 454. In June 2006, Rochester ranked fifth on the list of visits based on city location, and for the same month a year earlier it ranked eleventh. This information, however, does not tell the full story of where people are being served. As noted by the Empire Justice Center, the location of a visit from California “is not an indicator of the location of the user, but instead represents the location of the search engines that have IP addresses in California that were used to access the website.”

Although the website has registered as many as 9,700 visits in a single month, it is not possible for CGR to determine how many visitors are making these visits or where they are located.

Resources Utilized

Most work done on an on-going basis is related to managing content for the e-updates, and most of this work is done by one person, who estimates the hours involved are 4.5 hours weekly, and at the City’s cost, this equates to approximately \$23 per staff hour. There is one other staff member who is infrequently involved in developing content, primarily summarizing articles from the American Banker.

How Effective?

CGR could not determine any useful way to assess the effectiveness of this program area. CGR did ask persons interviewed during this project if the website and e-updates are useful to them. Professionals in the field of housing and community development found the e-updates useful, but others did not. From this and our own experience, we conclude that the fair housing electronic resource is a nice amenity. We also note that the concept of the service and e-updates predates the widespread use of easy Internet search engines, such as Google, and thus, the concept may no longer be as valuable as it was initially.

Suggested Improvements

CGR suggests that if the City determines that it makes sense to continue providing a website and e-updates, the contracted agency should make improvements to address the: a) outdated website content and b) limited awareness.

Better Ways to Meet City Objectives?

CGR was told that a new Community Choice Action Plan (CAP) is due to be developed by the City of Rochester in the near-term future and that it may include recommendations regarding the future of the fair housing electronic resource. We suggest that the

new CAP be the vehicle for addressing whether the electronic resource is the best way to meet the City's desired objectives.

SECTION 5: RELATED EFFORTS IN OTHER COMMUNITIES

To understand how comparable cities handle issues like those addressed through Rochester's mortgage default resolution and landlord-tenant program areas, CGR contacted officials (city, state, and/or non-profit leaders associated with the programs) in Hartford, Buffalo and Syracuse. Based on these discussions CGR concludes that other communities recognize the need to provide these services, and are devoting resources to support them.

Hartford

The state of Connecticut, rather than the City of Hartford, funds a statewide eviction prevention program. Overall, the program dovetails most closely with various services offered through Rochester's landlord-tenant program area.

Connecticut's program is overseen by its Department of Social Services and funded through the state's general fund. The program is administered regionally by non-profit agencies, and in Hartford the designated agency is the Community Renewal Team or CRT.

The state's program is targeted to low-income residents. To be eligible a person must have income that is less than 60% of the area median income and be facing a housing crisis. There is a "rent bank" that is part of the program. To be eligible to take out a loan from the rent bank, the individual must be employed or be able to demonstrate that income is available to repay a loan. Rent bank requirements are designed to avoid having individuals repeatedly requesting rent bank assistance.

The rent bank can provide a maximum of \$1,000 to pay rent (or mortgage payment). CGR was told that few eligible participants are homeowners, and that there are "no foreclosure prevention services per se" other than the rent bank.

Landlord-tenant mediation is also available for landlords and tenants to resolve disputes in which the tenant is withholding rent due to a complaint, rather than to an inability to pay.

Legal Aid offices throughout the state, CGR was told, provide legal representation for eligible participants.

An official of the CRT program operating in Hartford said that the agency offers a voluntary program (i.e., the landlord has to agree) whereby an income-eligible participant facing an eviction who can show “proof of hardship” can participate in a payment plan program with their landlord. If the tenant pays the rent, per the payment plan, for three months, CRT pays one month’s rent directly to the landlord. The process includes: a) pre-application, b) an appointment to complete a budget sheet, c) and contact with the landlord to obtain agreement regarding the payment plan.

Buffalo

Buffalo has three programs that include various aspects of the foreclosure prevention and landlord-tenant program areas offered in Rochester. The first two Buffalo programs described below receive CDBG funding.

Foreclosure Prevention Services

The Urban League offers a foreclosure prevention program that receives 40% of its funds from the City of Buffalo,¹⁹ 30% from local banks, and the remainder from the national Urban League organization and the local United Way.

Information about this program is made available via community groups and various city offices. When a homeowner at risk of foreclosure comes to the Urban League for help, the homeowner’s housing information is reviewed. If the underlying issue is tied to predatory lending, the homeowner is referred to Legal Aid (if they are below age 60) and to Legal Services for the Elderly (if over age 60). If there are issues unrelated to predatory lending, the client receives what was termed “standard HUD counseling.”

This counseling begins with a budget review to determine if the homeowner’s “case is a viable save,” CGR was told. If not, the counselor tells the client that the mortgage is unaffordable and that the homeowner will need alternate housing. If a case is considered “viable,” a counselor will contact the lender to see what can be done to help the homeowner.

¹⁹ CGR was unable to determine if all of the City’s funding involves CDBG funds.

There are no mortgage relief grants associated with this program, but the Urban League is approaching grant-making organizations in hopes of identifying funds that can be used for mortgage relief grants.

Landlord-Tenant Services

Housing Opportunities Made Equal (HOME), a membership-based civil rights organization that works to ensure fair and equal access to housing, receives \$75,000 in CDBG monies annually, which account for about 15% of the agency's total revenues. Under its contract with the City, HOME provides some services that are similar to those in Rochester. They include the following:

- Sixteen educational presentations per year, some of which are for landlords. The agency also plays a role in the City's "Save Our Streets" landlord training programs, which are typically offered twice a year.
- A hotline service for landlords and tenants is operated by the agency. In late 2006 the executive director told CGR, "due to reductions in City funding, HOME has had to cut intake hours from 40 per week to 25."
- Paralegal counseling, which includes some landlord-tenant mediation, is also part of the agency's contract with the City of Buffalo.

Tenant Advocacy Legal Services

A program that appears to be roughly similar to the Legal Aid Society of Rochester's TAP program is offered, using volunteer lawyers, by the Volunteer Lawyers Project. The program is built around a pro-bono attorney of the morning program.

Syracuse

Home HeadQuarters, the Syracuse NeighborWorks affiliate, has offered foreclosure prevention counseling for about seven years, and for the past three years has received funding from the City of Syracuse. Initially the City provided monies from its general fund, but the 2006-07 allocation to the agency, according to the Department of Community Development, totals \$90,000 in CDBG funds.

Since the City became involved the agency has been able to help an estimated 150 homeowners stay in their homes. The

organization does not collect data on longer-term outcomes. (Note: prior to the City's involvement, no statistics were kept by the agency on the number of foreclosures prevented.)

Intervention is generally in the form of counseling and subsequent negotiation with lenders. In addition, financial support can be given to a lender on behalf of a homeowner, if approved by a committee (includes representatives who are bankers, attorneys, fair housing advocates). Most awards are for a maximum of \$1,000. About 25% of the City of Syracuse's funds are used to provide these financial resources, and the rest supports staff (1.0 FTE), and non-personnel expenses, such as marketing materials.

There is no hotline service connected with the program. The foreclosure prevention service is marketed jointly by Home HeadQuarters and by Syracuse United Neighbors, a neighborhood non-profit advocacy group, and by other housing and neighborhood non-profit organizations in the Syracuse area. Marketing efforts vary (e.g., word-of-mouth, door-to-door, newsletters) depending on the agency.

Although the foreclosure prevention program serves all City residents, much of the focus is on Syracuse's west and south sides. According to the DCD commissioner, these are the areas "where foreclosures are more prevalent, frequent predatory and sub-prime lending and pervasive disinvestment occurs." He also added that "legal services are accessed through local non-profit legal aid agencies."

SECTION 6: MAJOR RECOMMENDATIONS

Shortly after CGR began this project, it became clear that there is a complex inter-relationship between the social dynamics that create the need for the services evaluated in this report, and the dynamics that drive changes in City neighborhoods. Thus, we came to the conclusion that the effect each of these programs has, or can have, on individuals ultimately affects the health of neighborhoods.

In theory, each homeowner who can remain in his/her home as a result of a successful mortgage default resolution outcome helps stabilize a neighborhood. Each tenant who stays in a rental property, under a mutually acceptable agreement with a landlord,

helps stabilize a neighborhood. Each landlord who invests in his/her property because renting to stable tenants provides a return on investment, stabilizes a neighborhood.

Thus, the success or failure of all of the programs covered in this report, with the possible exception of the Fair Housing Electronic Resource, should be considered important to the City's efforts to stabilize and revitalize its neighborhoods.

In that context, reflecting what we know about these programs, CGR offers eight major recommendations.

***1. Use data from these programs
as pro-active early-warning
indicators***

The City should utilize the extensive data sources that are available from service providers and others such as the County, both as early warning indicators, and as ways to engage potential partners in crafting potential solutions to problems. As just one example, CGR identified that there is significant, readily available data that could be used by the City on what is a growing eviction problem in Rochester:

Rochester City Court Clerk Office data show that the number of eviction proceedings for City tenants is up more than 14% in two years.

2004 – 6,435 eviction proceedings

2005 – 6,735

2006 – 7,358

Legal Aid's database can show, by zip code, the number of low- and moderate-income tenants that the agency has represented in Housing Court on eviction proceedings. For example, between July 1, 2004 and September 30, 2006, Legal Aid data listed below show the following numbers for the eight zip codes where the agency served the most clients:

14621 – 243 clients represented

14611 – 166

14609 – 152

14613 – 136

14608 – 118

14605 – 91

14607 – 73

14606 – 72

Legal Aid points out that individuals and families who face imminent eviction (within one week) fall within the definition of “homeless.”²⁰

Housing Council data are readily available that show the number of calls to the hotline where the caller’s “primary” concern is eviction (See *Appendix A3 and A4 for examples.*)

Monroe County’s Department of Human Services annually publishes a “Housing/Homeless Services” report. The most recent report shows the County made 9,485 emergency housing placements in 2005 – 1,959 families and 7,526 individuals. Total placements were up 9% year over year. For calendar year 2005:

- The top reason for placement of families in emergency housing was “eviction by tenant” – accounting for more than 53% of these placements. The second reason was “eviction by landlord” or 24% of placements. (Note: eviction by tenant means the families placed were residing in the homes of relatives or friends and were asked to leave.)
- The top reason for placement of single individuals in emergency housing was “eviction by tenant,” accounting for 65% of these placements. (Note: the individual was residing in the home of a relative or friend and was asked to leave.)
- Emergency placements were costly for the County in 2005 – totaling nearly \$4.3 million, significantly higher than the \$3.6 million spent as recently as 2003. (*See the Appendix B for emergency placement trends since 1991.*)

CGR believes that readily available data can be used to paint a picture of “eviction hot spots,” target appropriate solutions, and engage key partners – especially the County, which has a financial stake in reducing the number of evictions and stabilizing tenant movement. The City would clearly benefit from taking pro-active

²⁰ Legal Aid’s report to United Way for 2005 attributes this information to the National Coalition for the Homeless (June 2005). The Legal Aid report notes “one of the fastest growing segments of the homeless population is families with children.”

steps to address and reduce the number of evictions and the number of emergency placements in the City, especially as these activities negatively impact the stability of City neighborhoods.

2. Utilize the knowledge of City contractors to annually revise the contracts to provide more relevant services

The City should establish a new, dynamic process with its service providers, well in advance of the expiration of their contracts each year, to talk about what has changed, what's working, what's not, and how funds should be allocated to meet the most important needs. As examples of what the City could do:

- The Housing Council and the United Way jointly agreed to shift some funding recently in order to better match services with demand.
- The Legal Aid contract significantly understates what the agency is providing in TAP services and overstates what the agency is able to provide in landlord-tenant mediations. There should be City-agency discussion on whether the most effective use of the City's dollars could be achieved by:
 - a) changing how the mediation program operates (e.g., closer relationship with NET, mediations periodically held in neighborhoods, better marketing to landlords), or
 - b) through seeking County DSS participation in structuring an effective landlord-DSS tenant mediation service. Landlords told CGR they would welcome this approach, and maintain it could have a positive financial impact on DSS; potentially help stabilize housing in the City by reducing evictions; and decrease the number of emergency placements that result from evictions, or
 - c) via funding of an alternative program (e.g., advising landlords on legal options for dealing with drug-dealing tenants, assistance to first-time homebuyers).

3. Enhance evaluations of service providers

The City should change its approach to how it evaluates its service providers. The City’s current reporting forms allow the City to measure processes and outputs, but this information isn’t enough to assess whether the programs are having the intended impact. The City’s report forms, for example, do not have room to show trends over a multi-year period of time. The United Way reporting forms (and also the Interest on Lawyer Account or IOLA forms) that some of the service providers must develop on the very same programs, provide much richer information for evaluation.

CGR also points out that knowing the number of agency follow-up surveys and the percentage of respondents who were satisfied tells the City very little that is useful. In addition, some of the terminology in current contracts should be eliminated or changed. For example, a “brief service” and a “full service” at an agency can sometimes involve an identical commitment of time. It is also true that a signed mediation agreement, and one that is unsigned, can often involve the same amount of work by the agency.

4. Consider a targeted approach rather than a shotgun approach for certain services

As part of a new approach to evaluating these services, the City should look beyond what it is achieving via individual service providers. CGR found overall that service providers are doing a good job of meeting human service needs,²¹ but their impact is so dispersed throughout the City that there is no “targeted” impact that can, for example, turn around a neighborhood. We recognize that human service needs occur throughout the entire City, and that certain services, such as the Legal Aid TAP service, need to serve eligible clients who come through the door. However, for example, the City could specifically target certain neighborhoods for enhanced landlord/tenant counseling and mediation services, possibly enhanced with a landlord grant program, where trends indicate that evictions are on the rise. Targeting these services

²¹ Empire Justice Center’s website doesn’t fit the “human service” description in the same way as the other agencies’ services.

should be aligned with the new housing policies the City adopts following release of the major study by Philadelphia-based Interface Studio, which is anticipated to be complete in spring 2007.

5. Create more direct linkages – both with NET and the service providers evaluated in this report, and between the City and its service providers

The City should foster a closer relationship between the City’s NET program and the Housing Council, Legal Aid and MCLAC. Each expressed a real desire to work more closely with NET. For example, although Legal Aid has already established a good working relationship with some of the NET offices, the agency believes its relationship with the NET program can be expanded.

CGR believes both the City and its service providers would also benefit if the City created an opportunity for all of them to dialogue together on a periodic basis – since their services are so interrelated. CGR suggests such a dialogue occur at least once a year. As one service provider put it, “perhaps the NET office could fill that function.”

6. Provide dedicated funding for the Housing Council hotline

The City should recognize – and separately provide funding for – the Housing Council hotline. It is an essential, discrete service that funnels Rochester residents to foreclosure prevention, tenant counseling, landlord training, rental registry and other services that benefit the City of Rochester. CGR suggests the first step might be to shift funding from mortgage relief grants, which have little significant impact, to the hotline, especially if it would mean that the Housing Council can expand beyond the four-hour-a-day hotline service it is now able to offer.

7. Co-locate the two major housing service providers

The City should view the Michael A. Telesca Center for Justice, the one-stop legal center that serves Rochester's poorest residents, as a model for the two major players in the housing services arena. Cross-agency understanding and cooperation have been greatly enhanced by the co-location of the legal agencies who serve the poor, and CGR believes the same could be true for the Housing Council and NeighborWorks Rochester.

Although co-location isn't likely in the near term, given that there is little communication today between these two organizations, at a minimum, closer cooperation is imperative. Change is coming that will make cross-agency understanding and cooperation more important than it has been in the past. These changes include a potential second foreclosure prevention program and the expected launch of a landlord rehabilitation loan program by NeighborWorks Rochester in spring 2007. CGR believes that the City, especially if it partners with the United Way, could play an integral role in promoting cooperation. In addition, both housing agencies told CGR they believe their agencies could work closer together.

8. Evaluate the QHI program operated by NET

Based on discussions with City landlords and our assessment of factors that are driving the increased evictions and tenant turnover shown in Housing Council and Legal Aid data, CGR believes that the City should evaluate the Quality Housing Inspection (QHI) program. The program is operated by the City's NET program on behalf of the County. QHI inspections are required in order for a landlord to receive rent reimbursement from the County for a DSS client. A QHI is only valid for 30 days, but often the tenant can't move in within the same 30-day timeframe, which means there must be a second QHI on a unit where no one has been living, according to landlords we interviewed. The landlords CGR interviewed maintained that this requirement increases the amount of time some City properties are vacant, and leads to some unnecessary emergency placements at County expense. A service

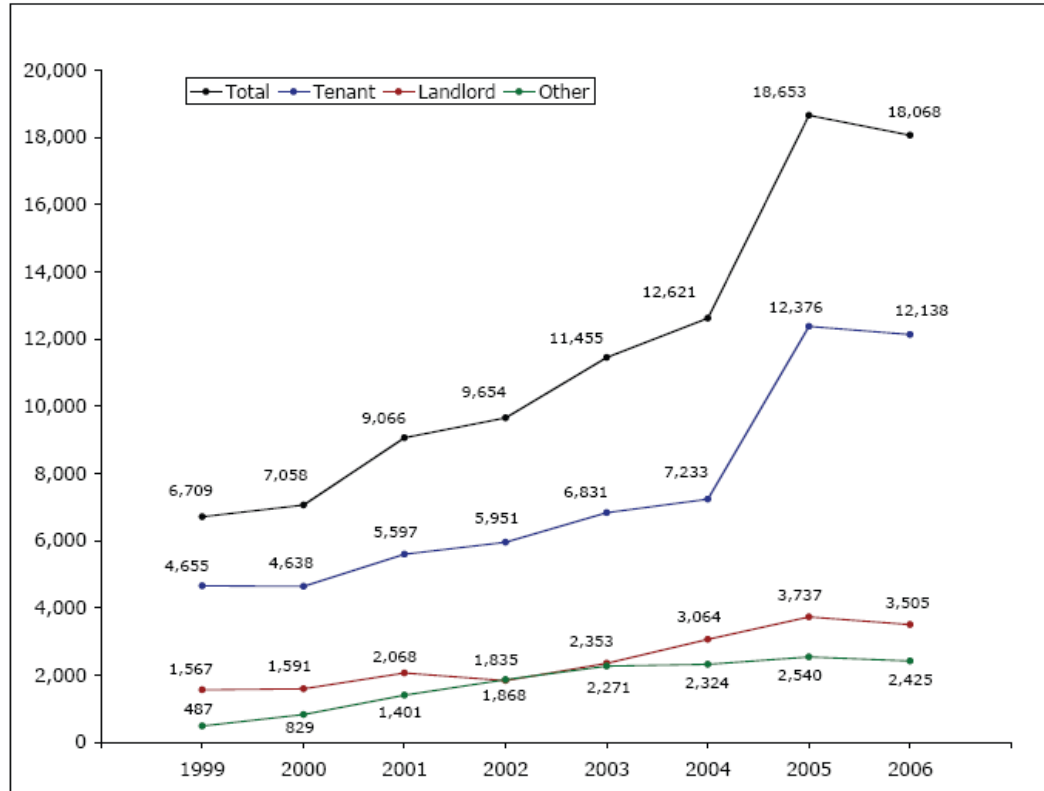
provider interviewed for this project agreed, and added that 30-day timeframes tend “to drive everything” involving DSS clients whether or not such timeframes are appropriate for particular situations.

CGR suggests the City assess how many QHIs are done for the same properties, when no tenants have been living in the unit between one inspection and the next. A potential solution will need to involve both the City and the County, however, improving the QHI process could potentially reduce the need for emergency housing units and reduce tenant turnover rates (both of which are de-stabilizing factors in neighborhoods).

[Follow-up Note: in February 2007, CGR and the NET code coordinator discussed the fact that early March is an optimal time to make changes in the 30-day designated time period described above since a new QHI contract between the City and County is due to be signed. The code coordinator followed up with the appropriate contact in the County. Based on their initial discussion and the feedback we received, it appears to CGR that the time period may be lengthened, likely to at least 60 days, and that a final decision will be made during March 2007. Thus, CGR leaves its recommendation unchanged pending further developments. We suggest, however, that even if the timeframe is extended, that the City consider polling key service providers, including legal services providers, for suggestions on whether extending other types of 30-day deadlines involving DSS clients could better serve the interests of the City. Alternatively this issue could be addressed in a dialogue with service providers. (*See Recommendation 5 above.*)

APPENDIX A: HOUSING COUNCIL ADDITIONAL DATA

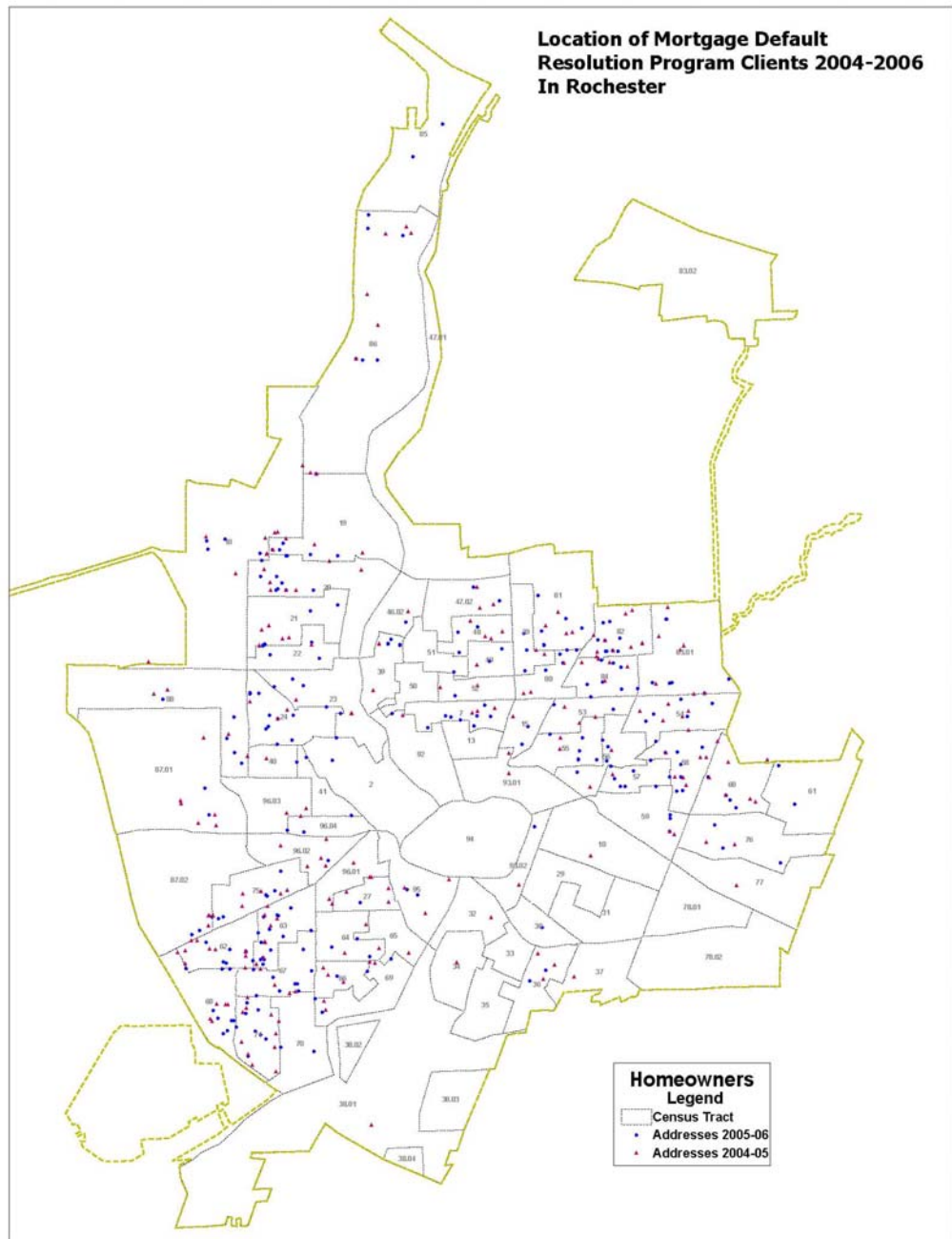
Appendix A1: Housing Council Hotline Calls by Caller Type, 1999-2006



NOTE: Data reflects Calendar Year

Source: the Housing Council

Appendix A2



Note: As shown in Appendix A2, CGR “mapped” two years of client addresses for City-funded mortgage default resolution program participants to determine whether there is an impact on specific City neighborhoods. As the map shows, there is no discernible pattern. The addresses were provided by the Housing Council.

**Appendix A3: Hotline Calls per City Zip Code -> Eviction = Primary Topic
1/1/2005...6/30/2006**

	Tenant	Landlord	Home Owner	Agency	Other:	Grand Total
14602	3					3
14603	1	6			2	9
14604	28	33	1	11	4	77
14605	88	81	2	4	11	186
14606	81	106	4	1	6	198
14607	66	72	4	3	2	147
14608	99	92	3	5	1	200
14609	211	247	9	4	11	482
14610	4	27	2			33
14611	129	110	7	4	3	253
14612	50	66	3	1	4	124
14613	100	105	2		8	215
14614	1	5		4	3	13
14615	62	46	3	4	7	122
14619	65	109	8		4	186
14621	195	160	11	10	15	391
14627		2				2
14642				1		1
14692		2				2
Grand Total	1183	1269	59	52	81	2644

Source: Housing Council

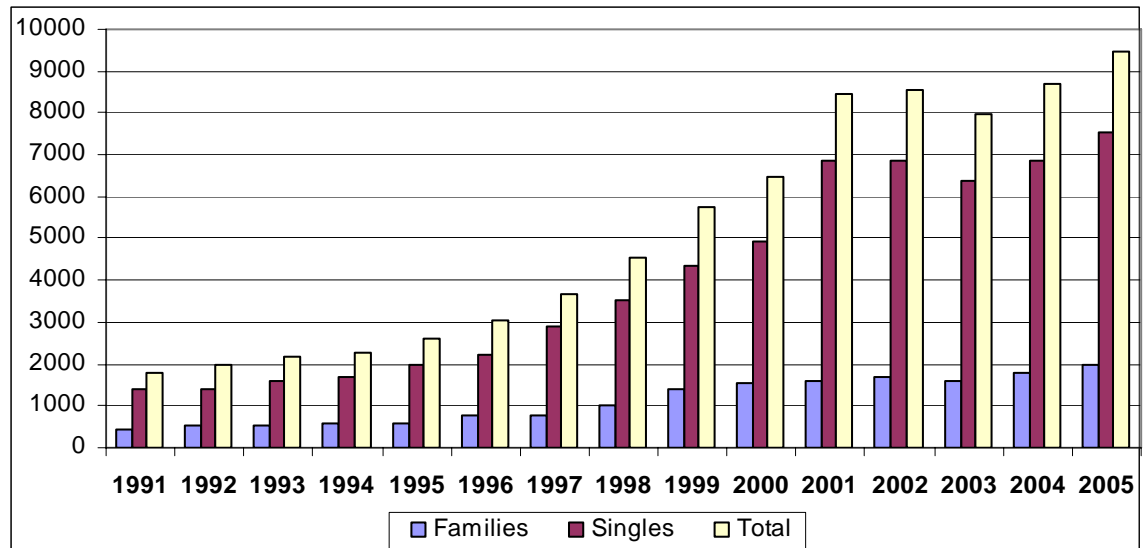
**Appendix A4: Hotline Calls per City Zip Code -> Eviction = Primary Topic
Time period: 1/1/2006...6/30/2006**

	Tenant	Landlord	Home Owner	Agency	Other:	Grand Total
14602	1					1
14603					2	2
14604	11	16		2	1	30
14605	32	25		3	4	64
14606	36	40	1		1	78
14607	21	31	2			54
14608	41	35			1	77
14609	101	71	3	1	6	182
14610		8				8
14611	39	41	4	1	1	86
14612	16	18	2	1	2	39
14613	40	39	2		5	86
14614				3	1	4
14615	17	13		2	2	34
14619	29	31	2		3	65
14621	79	58	5	4	6	152
Grand Total	463	426	21	17	35	962

Source: Housing Council

APPENDIX B: EMERGENCY PLACEMENT TRENDS

Monroe County Emergency Placements 1991-2005



Source: Monroe County Department of Human Services March 2006