



**Neighborhood House of North Richmond**  
West County Human Development Center  
820 23rd Street, Richmond, CA 94804

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June 24, 2015

Kara Douglas  
Affordable Housing Program Manager  
Contra Costa County  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA 94553

**Re: 820 23<sup>rd</sup> St Loan Forgiveness Request**

Dear Ms. Douglas

The purpose of this letter is to request forgiveness of two loans totaling \$480,000 made to Neighborhood House of North Richmond (NHNR) in connection with the purchase and remodeling of 820 23<sup>rd</sup> St Richmond, commonly referred to as the West County Human Development Center.

As you know, Neighborhood House of North Richmond is a community-based organization that has been a vital part of the North Richmond community and landscape for over 60 years. NHNR's mission is to improve the quality of life for all residents in North Richmond and surrounding communities, by providing culturally competent services that promote academic achievement, healthy lifestyles, and access to health services, employment training and opportunities, community leadership, citizen participation in public policy.

NHNR continues to provide services to residents of all ages and ethnicities. The majority (60%) of NHNR's clients are African American, and 33% are Hispanic. NHNR has a multi-cultural staff of 20 full-time and 10 part-time employees, most of whom are community residents.

Since its inception, NHNR has provided leadership and advocacy for the residents of North Richmond who are primarily low-income and disenfranchised.

The unfortunate turn of events that caused the near financial collapse of the organization began with the downturn in the economy in 2008. Neighborhood House annual operating

budget dropped from over \$4 million to \$ 1.6 million in 2010. This drastic reduction in funding impeded Neighborhood House's ability to pay property taxes and the \$15,000 per month mortgage payment to Mechanics Bank. In 2011 the former Executive Director (ED) began withholding information about the financial condition of the organization from the Board of Directors at that time.

Coupled with the glaring mismanagement by senior staff and failure of the board to act responsibly and in a timely manner, this situation nearly forced all of the facilities owned by Neighborhood House into foreclosure and the organization into bankruptcy.

In 2012 the Board of Directors was reconstituted with new members and the agency restructured under new leadership, stabilized operations, reenergized staff morale completed outstanding annual audits and began its journey on a Road to Recovery.

Currently Neighborhood House operates the following programs:

### **Residential Treatment and Detox Programs (820 23<sup>rd</sup> St.)**

The Fauerso New Way Residential Treatment Program is a comprehensive community-based alcohol and drug treatment facility providing services to all men, regardless of race, religion, or economic background. Services are provided through a collaboration of the Alcohol and Other Drug Services Division of Contra Costa Health Services and Center Point, Inc. through the Neighborhood House of North Richmond (NHNR). Principles of the 12-step philosophy of Alcoholics and Narcotics Anonymous and the AOL Matrix Intensive Counseling Information are known to staff. clients who are experiencing anxiety, stress, and depression.

Hollomon Detox located at the Neighborhood House of North Richmond (NHNR) is for alcoholics and other substance abuse individuals who are 18-years or older. A seven-day program, the primary criterion for admission to this clean and safe environment is involvement with alcohol and/or other substance abuse. Hollomon Detox clients are required to have their prescription medication with them at intake. Schedule includes a wake-up call Monday through Friday at 6:30 am and 7:00 am on Saturday and Sunday. Three meals are provided daily along with snacks. Medication calls are three times each day. Each client is encouraged to shower daily and a hygiene kit is provided when clients enter the program. During the first 72 hours, clients are allowed to rest.

Annually, Neighborhood House AOD Programs serve an average of 294 clients and provides over 4,780 units of service

### **Driving Under the Influence (DUI) Program (3065 Richmond Parkway Suite 114)**

The DUI Program of the Neighborhood House of North Richmond is a California State licensed, state audited, and federally regulated driving under the influence program designed to reduce or eliminate the number of repeat DUI's. The DUI Program is an intervention program with three components; assessment, education, intervention and counseling. Referrals to the program originate from the court. Six programs are available at NHNR and include a 12 hour wet and reckless program and three, six, nine, and twelve-month programs. The portion of the schedule for the three to twelve month programs include a required Victim Impact Panel session held in both English and Spanish.

### **Multicultural Senior and Family Center of North Richmond (515 Silver Ave.)**

The Multicultural Senior and Family Center provides low-income families and seniors ages 55 and over with numerous social services, which include but are not limited to counseling services, educational/health workshops, emergency housing or financial assistance, grocery give-a-ways, arts and crafts, nutrition education, field trips, exercise classes, free health screening and blood pressure checks, and transportation services.

With that, the Center provides residents with hot lunches five days a week, and with brown bags twice monthly. The Center is also a hub where residents can fellowship; gather for monthly community meetings, family events, and other social functions.

### **North Richmond Mitigation and Beautification Project (820 23<sup>rd</sup> St.)**

Eliminating blight through a cleaner and greener environment is the mission of the North Richmond Mitigation Beautification Project (NRMBP) working in conjunction with the Neighborhood House of North Richmond.

Because of a strong belief that greening efforts serve to foster a healthy environment, improved quality of life, and a strengthened community, NRMBP organizes beautification projects including tree planting, creek and park restoration, and neighborhood clean-ups. Residents' eco concerns and complaints are addressed, and instruction is provided through the coordination of eco workshops and the creation and distribution of newsletters and other educational materials.

## **HIV Outreach and HIV Education (820 23<sup>rd</sup> St.)**

Care coordination service for hard-to-reach populations is provided by the Neighborhood House of North Richmond HIV Outreach program. All clients must be HIV infected and residents of Contra Costa County. Referrals to the program are received from the contract monitors to facilitate access to primary care, lab visits, medication support and other services. The HIV education program provides and coordinates health education presentations to clients. Health presentations incorporate substance abuse, treatment adherence, nutrition health issues, and HIV and STD risk reduction.

NHNR has a long and rich history in the community. Because of our length of service and our commitment to North Richmond, we remain in a unique position to identify needs and develop programs to address the community's challenges. First and foremost, we are dedicated to returning to the roots of service as defined by our founders. We are focused on re-establishing programs for early childhood development, education and tutoring, active participation in the lives of at-risk youth, support for environmental justice, public health, assistance with food for the hungry, and reentry support for those returning from periods of incarceration.

According to the Old Republic Title Report there are many liens recorded against 820 23<sup>rd</sup> St:

### **Deeds of Trust**

Mechanics Bank		\$ 2,850,000
Richmond Community Development Agency		285,000 (junior lien)
Northern California Community Loan Fund		284,000 (junior lien)
Contra Costa County		280,000 (junior lien)
Contra Costa County		200,000 (junior lien)
	Sub-Total	\$ 3,899,000
Delinquent Taxes	Sub-Total	503,303
Richmond Sanitary/Republic	Sub-Total	27, 618
Certificates of Lien	Sub-Total	6,068
		<b>Total \$ 4,435,686</b>

The liens against the property total \$ 4,435,686. This amount of debt is beyond our capacity to ever repay.

The Board of Supervisors action to forgive the loans could wipe away our pain and create the opportunity for Neighborhood house to continue providing needed services to the unserved and underserved populations in West County. 820 23<sup>rd</sup> St. was on the market for six months and Neighborhood House currently has an all cash offer of \$ 1,150,000. Mechanics Bank has been very cooperative, supports the acceptance of the cash offer and is willing to accept a loss of over \$2 million dollars.

The City of Richmond and Northern California Community Loan Fund are likely to follow Contra Costa County's lead and release their loans too.

The associated escrow closing cost that must also be considered includes the following:

Sale Price:	\$ 1,150,000
Liens ((excluding junior liens)	-536,989
Closing Cost	-107,725

Estimated Net Proceeds: \$ 505,286

Escrow is scheduled to close on July 10, 2015. Removal of all liens by July 9, 2015 is required in order to produce a clear title for escrow to close. A decision by the Board of Supervisors is needed on July 7, 2015.

Retirement of these debts will allow us to complete an orderly transition of clients from the current facility that has a host of costly structural, health and safety issues into a better suited facility. The new owner has given us three months after close of escrow to complete our relocation of all of our programs operating out of our 820 23<sup>rd</sup> St. building.

Finally, forgiveness of the loans will allow us to continue our mission of helping the people who need the help the most in Richmond and the greater West County area.

Respectfully Submitted



Lloyd G. Madden, President/CEO

cc: Neighborhood House Board of Directors