



COMMUNITY DEVELOPMENT DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA
95014-3255 TELEPHONE: (408) 777-3308 • FAX: (408) 777-3333
CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

May 19, 2026

Subject

Authorization of Below Market Rate (BMR) Housing Administration contract execution.

Recommended Action

Authorize the City Manager to execute the agreement with RISE Housing for Below Market Rate (BMR) Administration services and approve allocation for the contract to be budgeted from the General Fund.

Executive Summary

The City of Cupertino requires that affordable housing units be provided as a portion of market rate housing projects through the City's Housing Mitigation Program, which was adopted in 1992. The process of placing low-income households into affordable units, coordinating recertifications and resales, screening applicants and conducting lottery placements, unit advertisement, waitlist management, monitoring program compliance, and providing other necessary support for adequate portfolio management is collectively known as BMR Administration. The City's current contract for BMR Administration is set to expire on June 30, 2026. A Request for Proposals (RFP) process was initiated throughout FY 25-26 to evaluate and select a consultant for BMR Administration services for the City. In accordance with City Council direction provided on April 15, 2025, the upcoming contract for BMR Administration is anticipated to be budgeted from the General Fund, rather than the Below Market Rate Affordable Housing Fund (BMR AHF). After a lengthy selection process, staff recommends authorizing the City Manager to execute an agreement with RISE Housing for BMR Administration (Attachment A) and approve allocation for the contract to be budgeted from the General Fund.

Reasons for Recommendation

Through the RFP evaluation process, RISE Housing demonstrated the strongest understanding and preparation of the work expectations for the City's unique challenges in the upcoming years of BMR administration. RISE Housing scored highest using the RFP scoring criteria and has been chosen to move forward in the RFP process to contract execution. On April 15, 2025, during a public meeting of the City Council, staff received direction to prioritize funding awards in the BMR AHF to affordable housing projects, rather than maintaining reserves for BMR Administration, and to award the next BMR Administration contract from the General Fund. In accordance with this direction, the

recommended action also includes approving the necessary budget allocation from the General Fund to execute the agreement.

Background

BMR Housing Mitigation Program

The City's Housing Mitigation Program (BMR Program) was adopted in 1992 to generate affordable housing. The ordinance requires developers to provide a specified number of affordable owner-occupied and rental units. BMR for-sale units are made available to median and moderate-income households. BMR rental units are made available to low and very low-income households. The units are developed in accordance with City Council adopted guidelines, which are available for view on the City's Housing website (www.cupertino.org/housing) known as the Below Market Rate Housing Mitigation Program Procedural Manual (Housing Mitigation Manual). Separately, administration of the BMR Program is governed by another City Council adopted guideline known as Policy and Procedures Manual for Administering Deed Restricted Affordable Housing Units (BMR Admin Manual) (Attachment B) .

BMR Program Administration

The City has overall responsibility for the BMR Program, even though the administration may be contracted to another agency. The consultant contract was previously funded through the BMR AFH but under recent City Council direction, may be funded by the City General Fund for the foreseeable future. Typical consultant duties include program outreach, waitlist management, certification and eligibility review, resale and refinance coordination, and annual program monitoring and compliance.

The City has contracted with Rise Housing (formerly Hello Housing) for BMR Program Administration since 2017. To ensure that the City's program remains innovative and follows best practices, staff determined it was appropriate to pursue a Request for Proposal (RFP), included as Attachment C. The City published a public notice in the Cupertino Courier notifying the public of the open RFP inviting qualified consultants to provide proposals to administer the City's BMR Program. The RFP was sent to contacts in the Santa Clara County affordable housing field, including multiple agencies that have direct experience in BMR Program Administration.

Discussion

RFP Selection Process

The RFP was open for responses between November 3, 2025, until closing on December 3, 2025. Three qualified consultants responded to the RFP with complete applications. The applications were scored by a panel of City staff according to the rubric provided. The scoring criteria included the following categories: Firm and Project Team Qualifications, Work Plan Approach, California/Bay Area Integration, and Pricing/Costs. According to City procurement standards, the criteria related to qualifications and experience were evaluated first and given higher priority in scoring, while cost estimates were evaluated separately afterwards and given less priority. Between the three applications, those that

scored in the top two were invited to participate in interviews with City staff to further demonstrate their qualifications. Afterwards, one applicant was identified as the frontrunner, which was RISE Housing. On March 26, 2026, staff provided the Housing Commission a presentation of the evaluation process, identified the apparent successful bidder, and received comments. Staff took into consideration the Commission's comments, conducted final negotiations with RISE Housing, and now brings authorization of contract execution to the City Council.

Final Negotiations

During the March 26, 2026, Housing Commission meeting, Commission members expressed a desire for staff to consider the process improvements suggested by other applicants, and to explore the possibility of implementing them with RISE Housing during final negotiations. Staff studied the possibility of enacting the two suggested process improvements: 1) adding BMR listings to the Bay Area Housing Finance Authority's central affordable housing listing portal (Doorways) and 2) reducing City costs of BMR home resales by charging an administrative fee to sellers in the program.

Using the Doorways portal would centralize Cupertino listings with other jurisdictions' BMR programs, which would encourage prospective residents to apply to multiple cities at once, potentially reducing their overall wait time to find a housing unit. It may also provide applicants with a more streamlined and consolidated application experience across participating jurisdictions. It also contains functions that could automate the lottery and priority point system process for the waitlist. Staff from Doorways indicated that in order to maintain uniformity of the application process of units listed on their portal, they can only list units that are able to be actively applied for. The City of Cupertino utilizes a waitlist system that is only open for the month of October, and then a central waitlist is used for all available BMR units throughout the year until the next waitlist update. The City has utilized this type of waitlist system to provide more transparency and fairness in the process. A single annual waitlist update is able to be recorded and shared with the public. A year-round system would require applicants to apply multiple times to be placed: first to qualify for the waitlist and subsequently to individual units as they become available. This may result in additional steps for applicants depending on how a year-round system is structured. In order to be listed on the Doorways portal, the City would first need to revise the waitlist system to have applications open year-round, which would require a separate City Council action. However, a year-round waitlist system would require adding a new work item: purging the list for applicants no longer interested, which may lead to an overall increase in costs depending on system design and staffing approach.

Reducing City costs of BMR home resales by charging an administrative fee to sellers in the program is a successful model that has been implemented in other cities. However, upon study, it was found that moving to this model would be considered approval of a new fee, and not an action that can be implemented within contract approval. Therefore,

implementation of this item would similarly require a separate City Council action and would also reduce economic windfall for home sellers.

Selection of RISE Housing

Overall, it was found that RISE Housing was most responsive in terms of firm qualifications and a work plan approach that demonstrated a strong understanding of the City of Cupertino's needs for administration of the BMR program. In the upcoming program years of BMR Administration for the City, the most prominent issue affecting the inventory will be the expiration of affordability covenants of 95 rental units. While this at first glance appears to a reduction on workload, staff expect the workload to shift from unit recertification to negotiations on final leases, assisting tenants with reapplication to the BMR waitlist, and general support to tenants as they search for a new home. Therefore, there may be an actual increase in workload per unit. It is also apparent that RISE Housing had the strongest understanding and preparation of these unique challenges in the upcoming years of BMR administration. They also provided the most complete cost proposal that considered multiple years of services and changes in the BMR portfolio. Therefore, providing the City a price certainty throughout the contract period. While the other applicants proposed new and innovative process improvements, upon further study, it was found that these changes could not be implementable without first enacting structural revisions to the BMR program and additional costs not factored into the cost proposal. Considering all of the above factors, staff selected RISE Housing to move forward as the City's BMR Administrator.

Sustainability Impact

No sustainability impact.

Fiscal Impact

An impact of an average of \$160,000 per year for the next three upcoming fiscal years (FY26-27, FY 27-28, and FY 28-29) to the General Fund. Administratively, the contract will be charged to general ledger project code 100-72-711 for the General Fund, rather than 265-72-711 in the BMR AHF Fund.

City Work Program (CWP) Item/Description

None.

City Council Goal

Housing.

California Environmental Quality Act

No California Environmental Quality Act impact.

Prepared by: Nicky Vu, Senior Housing Coordinator

Reviewed by: Luke Connolly, Assistant Director of Community Development

Benjamin Fu, Director of Community Development

Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Draft RISE Housing FY 2026-29 Agreement

B – Policy and Procedures Manual for Administering Deed Restricted Affordable Housing Units (BMR Admin Manual)

C – 2025 RFP BMR Program Administration