



COMMUNITY DEVELOPMENT DEPARTMENT
CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3308 • www.cupertino.org

HOUSING COMMISSION STAFF REPORT

March 10, 2022

Subject

Selection of consultant Rise Housing for the City's Below Market Rate (BMR) Housing Program Administration funded through the City's BMR Affordable Housing Fund (AHF).

Recommended Action

1. Adopt Resolution No. 22-02 recommending approval of the consultant Rise Housing for BMR Program Administration to City Council for final adoption.

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 managed in accordance with City Council adopted guidelines, which are available for view on the City's Housing website (www.cupertino.org/housing). These units are subject to deed restrictions which ensure that the units remain affordable for the longest possible period of time, either in perpetuity or for 99 years. Since the adoption of this ordinance, the City has secured and currently has oversight of 263 total BMR units, of which 121 units are for-sale units and 142 are rental units.

BMR Program Administration

The City has overall responsibility for the BMR Program although the administration may be contracted out to another agency. The consultant contract is funded through the BMR Affordable Housing Fund (AFH). 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 Qualification (RFQ), included as Attachment B. In February 2022, the City issued an

RFQ inviting qualified consultants to provide proposals to administer the City's BMR Program. The RFQ was sent to over 200 contacts in the Santa Clara County affordable housing field, including seven agencies that have direct experience in BMR Program Administration.

Evaluation Criteria

The City received a total of two proposals from Housekeys and Rise Housing. Agencies were reviewed on the qualifications and experience working with City BMR programs, knowledge and ability to implement Cupertino's BMR program, and annual program costs. Rise Housing has been selected as the lead consultant after reviewing proposals and conducting reference checks. Rise Housing's current portfolio includes 532 for-sale homes and 700 rental units, including all 263 Cupertino BMR units. Highlights of the Rise Housing proposal include significant knowledge and successful implementation of the Cupertino BMR Program, an extensive documentation and record keeping system, established best practices, fixed projected costs for the life of the contract, and a proven track record in monitoring and foreclosure prevention. Rise Housing also manages current contracts in the cities of Daly City, Novato, Sonoma, and Truckee. The following table outlines the evaluation of Rise Housing's proposal.

RISE HOUSING EVALUATION		RATING NOTES
Criteria		
1	Ability to meet RFQ goals and objectives. What objectives are met?	Yes- meets all Criteria, Program Service Delivery, and Cost objectives
	Does the agency / firm have the necessary qualifications and experience?	Yes- program design, program evaluation, policy recommendations, and BMR Program Management
	What is the firm's knowledge and ability to implement Cupertino's program?	5 years' direct experience as Cupertino's BMR Program Administrator
	How much experience and with what agencies or organizations? What is the experience level of the staff?	15 years of combined experience, currently managing cities of Cupertino, Daly City, Novato, Sonoma, and Truckee contracts
	Is there a conflict of interest?	No
Program Service Delivery		
2	What services are being offered?	BMR Program Administration, annual compliance monitoring, ownership resale process, ownership refinance process, rental housing services, ongoing waitlist management, and informational workshops
	Where are the services being offered? Are the services local?	Remote
	Who is providing the services? Which staff members? Direct contact for Cupertino?	3 staff members, 1 assigned directly to Cupertino program
	Is the staff multi-lingual? If so, which languages?	Spanish, translation available upon request

	What is the Consultant's monitoring experience? What is the number of units managed?	Experience monitoring 532 ownership and 700 rental units
	What is the Consultant's refinance experience?	Manage refinance process including restricted value determination, application, owner/lender checklist, coordination with homeowner/lender/title
	What is the Consultant's default resolution and foreclosure experience?	Performs buy-backs of all homes at risk of foreclosure
Costs		
3	Is there an initial onboarding cost?	No
	Is the proposal detailed and are costs / fees clearly outlined?	Yes
	Is there a fixed fee for basic services?	Yes
	Is there a fee per transaction / sale?	Yes- all transaction fees are included in the anticipated annual program cost
	What are the typical annual program costs anticipated?	\$265,000 (7% annual escalator)
	What percentages of costs / fees are tied to salary?	7%
	What percentages of costs / fees are tied to services?	93%

Next Steps

This is the first of two public hearings. The second public hearing will be held at a future City Council meeting with a date and time to follow.

Prepared by: Kerri Heusler, Housing Manager
Approved for Submission by: Benjamin Fu, Director of Community Development

Attachments:

- A - Draft Resolution 22-02
- B- RFQ BMR Program Administration