



COMMUNITY DEVELOPMENT DEPARTMENT
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HOUSING COMMISSION STAFF REPORT

April 13, 2017

Subject

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

Recommended Action

Conduct Public Hearing; and

1. Adopt Resolution No. 17-01; recommending approval of the 2017-18 consultant for Below Market Rate (BMR) Program Administration to City Council for final adoption.

Background

BMR Housing Mitigation Program

The City of Cupertino generates affordable housing units through its BMR Housing Mitigation Program. 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 City's Housing Mitigation Program was adopted in 1992. The ordinance requires developers to provide a specified number of affordable owner occupied units. Rental units were required prior to the Palmer decision, and some new affordable rentals have been required through development agreements. The units are managed in accordance with City Council adopted guidelines. 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 259 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 (AHF). Typical consultant duties include program outreach, waitlist management, resale/refinance coordination, and annual program monitoring.

The City has contracted with West Valley Community Services for BMR Program Administration services for 23 years. In January 2017, the City issued a RFQ inviting qualified consultants to provide proposals to administer the City's BMR Program for the upcoming fiscal year 2017-18 to address the needs of an evolving BMR Housing Program. In order to ensure that the City's program remains innovative and follows best practices, staff determined it was appropriate to pursue an RFQ.

In February 2017, the City received proposals from Hello Housing, HouseKeys, Palo Alto Housing, and West Valley Community Services and conducted interviews of all four consultants. The interview panel consisted of two City staff, the Chair and Vice Chair of the Housing Commission, and a Senior Housing Planner from a neighboring City. Agencies were reviewed on their experience working with a variety of City BMR programs, best practices, and capacity to accommodate the needs of the Cupertino community.

The interview panel selected Hello Housing as the lead consultant after reviewing proposals and conducting interviews. Established in 2009, Hello Housing is a 501(c)3 public benefit corporation led by a Board of Directors. In January 2013, Hello Housing was one of the ten organizations nationwide awarded multi-year funding from the White House Social Innovation Fund and the Ford Foundation to build its capacity to professionally manage BMR programs using national best practices. In April 2016, Hello Housing became an affiliate of MidPen Housing, a well-respected nonprofit housing organization serving the 10-county Bay Area. Their current portfolio includes 863 for-sale homes and will grow to manage 646 rental units by the end of 2017. They have expressed a commitment to providing adequate staffing to meet the needs of the contract agency. Highlights of the Hello Housing proposal include an extensive documentation and record keeping system, significant relevant experience, established best practices, and a proven track record in monitoring and foreclosure prevention. Some examples of current contracts include the cities of Concord, Livermore, Menlo Park, Novato, and the Town of Los Gatos.

BMR AHF funding allocations will be reviewed by Housing Commission at a later date.

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.

Recommendation

Forward the Housing Commission's recommendations regarding the selection of the Consultant for the BMR Program Administration to City Council for final adoption.

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Attachments:

A - Draft Resolution

B- RFQ BMR Program Administration