



COMMUNITY DEVELOPMENT DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: July 16, 2019

Subject

FY 2019-22 Below Market Rate Program Administration Contract

Recommended Action

1. Authorize the City Manager to award a contract to Hello Housing, in the amount of \$235,000 for Below Market Rate Program Administration.
2. Approve the additional Housing Development Special Revenue Fund appropriations of \$60,000 in FY 2019-20.

Discussion

BMR Housing Mitigation Program

The City of Cupertino generates affordable housing units through its Below Market Rate (BMR) BMR Housing Mitigation Program (BMR Program), adopted in 1992. The City's portfolio consists of 120 BMR for-sale units which are made available to median- and moderate-income households and 142 BMR rental units which are typically made available to very-low and low-income households. The units are managed in accordance with the Policy and Procedures Manual for Administering Deed Restricted Affordable Housing Units (BMR Manual), adopted by City Council on March 20, 2018.

BMR Program Administration

The City has overall responsibility for the BMR Program, however the administration has been contracted out to another agency with specific expertise in the area. 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. In January 2017, the City issued a Request for Qualifications (RFQ) inviting qualified consultants to provide proposals to administer the City's BMR Program. On May 16, 2017, the City Council selected Hello Housing as the BMR Program Administrator to monitor and administer the City's BMR ownership and rental housing program.

The City entered into contract with Hello Housing on July 1, 2017 for \$175,000 and exercised a second year renewal option on July 1, 2018 for \$175,000. Due to the rising costs of services performed and the need for additional monitoring and data collection services,

the contract has increased to \$235,000 for FY 2019-20. The three-year contract includes a 7% cost escalator resulting in an annual contract price of \$251,450 and \$269,051.50 for FY 2020-21 and FY 2021-22, respectively, for a three-year total of \$755,501.50.

Sustainability Impact

No sustainability impact.

Fiscal Impact

Award of the project will result in a fiscal impact of up to \$235,000. \$175,000 has been budgeted in account #265-72-711 (BMR AHF). An additional Housing Development Special Revenue Fund appropriation of \$60,000 is needed for FY 2019-20.

Prepared by: Kerri Heusler, Housing Manager

Reviewed by: Benjamin Fu, Director of Community Development

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A – Draft FY 2019-22 Below Market Rate Program Administration Contract with Hello Housing