



## Agenda Report

20-606

Agenda Date: 7/7/2020

### REPORT TO COUNCIL

#### SUBJECT

Action on Amendment No. 2 to the Agreement for Services with Housing Trust Silicon Valley for the City's Below Market Purchase Program [Council Pillar: Promote and Enhance Economic, Housing and Transportation Development]

#### BACKGROUND

The City of Santa Clara has operated a Below-Market Price Purchase (BMP) Program since 1995 to assist low- and moderate-income families with achieving the goal of homeownership and to fulfill State mandates to produce housing for all income levels within Santa Clara. The City's BMP Program is administered by the City's Housing and Community Services Division, with certain functions delegated under a service contract to an outside entity.

The City updated its Housing Element in December 2014, and in February 2015 the California Department of Housing and Community Development determined that the City's Housing Element complies with state law. The Housing Element includes an affordable housing policy that requires "developers of residential developments of 10 or more units to provide at least 10 percent of their units at prices affordable to very low, low and moderate-income households." Specifically, under this policy, for-sale housing developers were required to designate at least 10 percent of the total units in an approved project as BMP units to be sold to qualified buyers.

Through the adoption of the City's Affordable Housing Ordinance in February 2018, the City's inclusionary requirement for homeownership projects increased from 10 to 15 percent. The new requirements expanded the production of affordable units through inclusionary requirements for both rental and for-sale residential projects and through the collection of impact fees for smaller projects and nonresidential projects. The Ordinance is intended to provide both a steady stream of inclusionary affordable housing units and revenue to fund the provision of affordable housing projects across the City.

In April 2018, the City conducted a competitive Request for Proposal process for administration services for the BMP Program. Through this process the Housing Trust Silicon Valley (HTSV) was selected and awarded a one-year agreement, with two one-year options to help administer the Program. Under the agreement with HTSV, the City administers the land use entitlement process and approval of a Developer Affordable Housing Agreement (AHA) and the agreement between the buyer and developer to purchase the unit at an affordable price. HTSV acts as the City's exclusive marketing agent for the sale of the BMP units and manages homebuyer workshops and applicant eligibility and qualification, and facilitates the sale of the BMP units. HTSV also has ongoing responsibilities for monitoring developer and homebuyer compliance with the BMP Program terms and for managing resale of the BMP units.

On June 25, 2019, City Council approved Amendment No. 1 to the agreement to execute option one to extend the agreement through June 30, 2020.

### **DISCUSSION**

HTSV is among the largest housing trusts in the nation, financing affordable housing, assisting first-time homebuyers and providing homeless assistance grants. Nationally recognized for its efforts to make housing more affordable in the greater Silicon Valley/Bay Area, HTSV was the first non-profit Community Development Financial Institution (CDFI) to be rated by Standard & Poor's with a high investment grade rating of AA-, indicating HTSV's financial strength and reliability. In the last four years, HTSV has successfully assisted the City by administering and closing escrow on 30 BMP units and is preparing to market an estimated ten units that are scheduled to be completed this next fiscal year. As part of the Agreement, HTSV also maintains a program website, coordinates quarterly homebuyer workshops, oversees screening and eligibility, and maintains a waitlist of pre-approved prospective buyers.

The current agreement expires on June 30, 2020. Staff recommends amending the existing agreement by executing Amendment No. 2 of the agreement extending the term through December 1, 2020. HTSV has demonstrated the ability to successfully deliver services as described in the agreement and renewing the agreement with HTSV for the City's BMP Program will provide continuity of service for the marketing of upcoming for-sale units and enable the City to meet its performance obligations, as established in the City's Affordable Housing Ordinance for inclusionary housing with respective private housing developers. After December 1, 2020, HTSV will no longer be able to provide services as HTSV has shifted its mission focus and has communicated to the City that while they are willing to continue to provide services through December 1, to aid with the City's transition to a new service provider, they are not able to provide this service beyond that date. Staff will coordinate a competitive Request for Proposal process to obtain a new Contractor for these services after December 1.

The maximum compensation under the current agreement is \$364,850. Amendment No. 2 increases the maximum compensation by \$87,742 for a revised not-to-exceed compensation of \$452,592.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

### **FISCAL IMPACT**

Amendment No. 2 extends the term of the agreement through December 1, 2020 and increases the maximum compensation by \$87,742 for a revised not-to-exceed compensation of \$452,592, subject to the appropriation of funds.

Funding for this agreement was included as part of the Adopted Fiscal Year 2019/20 and 2020/21 Biennial Operating Budget in the City's Affordable Housing Fund Contractual Services account.

### **COORDINATION**

This report has been coordinated with the Finance Department and the City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

Authorize the City Manager to execute Amendment No. 2 to the Agreement with Housing Trust Silicon Valley for administration services for the Below-Market Purchase Program to increase the amount of the agreement by \$87,742 and to extend the term of the agreement through December 1, 2020 for a revised not-to-exceed maximum compensation of \$452,592, subject to the appropriation of funds.

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Amendment No. 2 to the Agreement with HTSV - BMP