



## Agenda Report

18-715

Agenda Date: 6/26/2018

### REPORT TO COUNCIL

#### **SUBJECT**

Consideration of an Agreement for Administrative Services with Housing Trust Silicon Valley for the City's Below Market Purchase Program

#### **BACKGROUND**

On August 10, 2015, City Council approved a two-year Agreement with Housing Trust Silicon Valley (HTSV) to provide administrative services for the City's Below Market Purchase (BMP) Program. The City had previously contracted with Neighborhood Housing Services Silicon Valley, Inc. (NHSSV) to provide this service. When NHSSV announced on June 26, 2015, that it would cease all on-going homeownership programs and services effective immediately, including BMP Program administration services, NHSSV recommended the transfer of services to HTSV. The City entered into an agreement with HTSV because of the need to immediately transfer the program administration to a new entity and to avoid interruption in services.

On June 27, 2017, based upon the satisfactory performance of HTSV, the City Council approved Amendment No. 1 to the Agreement with HTSV to extend the agreement for one additional year, terminating on June 30 2018.

In anticipation of the upcoming expiration of the City's contract, staff issued an RFP for administration of the BMP Program on April 24, 2018. Submissions were due on May 11, 2018. Two respondents, HTSV and HouseKeys, submitted proposals.

#### **DISCUSSION**

Although both respondents (HouseKeys and HTSV) provided compelling proposals, HTSV was able to offer its services at a slightly lower cost and did not require a program implementation and setup fee. 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 their efforts to make housing more affordable in the greater Silicon Valley/Bay Area, HTSV is the first and, so far, only non-profit Community Development Financial Institution (CDFI) to be rated by S&P with a high investment grade rating of AA-, indicating HTSV's financial strength and reliability. In the last three years, HTSV has successfully assisted the City by administering and closing escrow on 28 BMP units. In addition, HTSV would allow continuity of service for the closing of the current and upcoming units, as it is now in the process of qualifying applicants for the last two available units at Pulte's Saverio project.

#### **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**

The agreement provides \$172,000 for program administration for the FY 2018-19 from the City's Affordable Housing Fund (Program 5547). The agreement provides for BMP sales transaction fees that will not exceed \$12,050 per unit for both re-sale and new unit transactions as well as a \$6,200 monthly program administration fee. It is estimated that HTSV will handle approximately 7 transactions this coming fiscal year.

**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>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Approve and authorize the City Manager to execute the Agreement for the Performance of Services with Housing Trust Silicon Valley in an amount not to exceed \$172,000, and all related documents for the provision of administrative services for the Below Market Purchase Program effective July 1, 2018.

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. HTSV Agreement - BMP