



COUNCIL REPORT

DATE: June 27, 2023

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Fiscal Year 2023-24 Funding Agreement for the City's BMR Program Administrator, HouseKeys**

RECOMMENDATION

Authorize the City Manager or designee to execute an agreement with HouseKeys to administer the City's Below-Market-Rate Affordable Housing Program in the amount of \$150,000 for Fiscal Year 2023-24.

BACKGROUND

In 2019, the City completed a two-phase modification process to update the Below-Market-Rate Affordable Housing Program (BMR Program). The updated BMR Program includes new components, such as a requirement for projects with very low-income ownership units to include a reserve for future increases in homeowners association (HOA) dues, that the City's former third-party BMR administrator (Palo Alto Housing Corporation, now Alta Housing) was not able to implement.

In 2021, HouseKeys was brought on as the City's new BMR administrator to implement the updated program. Since that time, the number of BMR units has more than doubled, increasing from 92 units to 186 units (172 rental and 14 ownership units). HouseKeys is implementing two teams to oversee the City's expanded program: a Multi-Family Rental team for the BMR rental units as well as a BMR Ownership team.

The scope of work consists of the following key areas:

- **Day-to-day administration:** Respond to public inquiries; manage interest list, applicant pool, and applicant selection process (known as "opportunity drawings" for BMR rental and ownership units); maintain the program website, update BMR units online, and applicant online registrations; market available units; coordinate with property managers; and administer loans.
- **Sales and resales:** Handle all real estate transactions related to sales of new BMR ownership units and resales of existing BMR ownership units, such as calculate purchase price,

complete opportunity drawing, review and underwrite potential buyer files, coordinate with escrow/title companies, and close the transaction.

- Annual monitoring/compliance: Manage documents (including public recordings), homeowner certifications, renter certifications, etc.
- Program coordination and updates: Provide regular, ongoing check-ins with City staff to review the program for effective and clear implementation, provide proactive recommendations to improve the program, and receive ongoing program updates, including monthly reports.

Additionally, HouseKeys will be the administrator of the homebuyer program for City employees provided for in Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program. HouseKeys has been working with staff to develop the program. It is anticipated that details of this program will be finalized and begin operating in Fiscal Year 2023-24, which will include developing an applicant pool, holding education/orientation classes for City staff, and facilitating transactions.

ANALYSIS

Since 2021, the amount of the agreement with HouseKeys has been \$75,000 per fiscal year. The cost will increase to \$150,000 in Fiscal Year 2023-24. The increase is based on the following:

- Significant increase in BMR units: As noted, the number of BMR units has more than doubled over the past two years. The increased administrator cost for Fiscal Year 2023-24 reflects this significant increase in BMR units.
- Enhanced levels of service: This includes a Multi-Family Rental team and an Ownership team; administration of a web-based portal which lists BMR units and enables interested applicants to register and apply for units; ongoing evaluation of program updates; etc.
- Expanded scope of work: This includes administering the homebuyer program for City staff.

Council Policy A-10 requires agreements that exceed \$100,000 to receive Council approval. Because the proposed \$150,000 agreement exceeds this threshold, Council approval is required.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund. Funding for HouseKeys comes from the BMR Program, and there is sufficient funding in the base budget to cover the Fiscal Year 2023-24 costs. No additional funding is requested at this time.

PUBLIC NOTICING—Agenda posting.

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