



# City of San Leandro

Meeting Date: October 18, 2021

## Staff Report

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**File Number:** 21-566 **Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.B.

**TO:** City Council

**FROM:** Fran Robustelli  
City Manager

**BY:** Tom Liao  
Community Development Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** Staff Report for a City Council Resolution to Approve an Amendment to the FY2021-2022 Consulting Services Agreement (CSA) Between the City of San Leandro and Bay Area Affordable Homeownership Alliance (BAAHA) Increasing Funding by \$40,255 (to a new contract total of \$76,185)

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### SUMMARY AND RECOMMENDATIONS

On October 7, 2019, the City Council approved Resolution No. 2019-161 authorizing the City Manager to appropriate funding of \$415,000 to purchase a below market rate (BMR) property at 713 Bloom Street from the original homeowner who had breached the affordability contract with the City. In May 2021, the City used approximately \$382,000 to exercise its rights to purchase the property under the regulatory agreement recorded on the property's title. The City proposes to make renovations to the property and to re-sell it to another income-qualified first-time homebuyer household under the City's Inclusionary Housing Program.

Staff recommends that the City Council approve a resolution to amend the existing FY2021-2022 Consulting Services Agreement (CSA) with the City's first time home buyer (FTHB) consultant, Bay Area Affordable Homeownership Alliance (BAAHA). BAAHA manages the City's homebuyer programs including the resale of BMR for sale units to income eligible households. Through this amendment to BAAHA's contract, BAAHA will oversee the necessary improvement work to place 713 Bloom on the market as an affordable homeownership opportunity.

### Background and Analysis

In the early 2000s, the Cherrywood subdivision was constructed and included over 300 owner-occupied detached single family and attached townhome units. Over 30 units were required by the City to be sold at below market rate prices to eligible low- and moderate-income homebuyers under the City's Inclusionary Housing Program. The owner of 713 Bloom Street purchased the BMR unit as part of this program. The intent of the program was to create affordable homeownership opportunities for income qualified households, who were primarily

first-time homebuyers. If any BMR home is sold or transferred prior to the end of the affordability period, then the home must be re-sold to a similar income eligible homebuyer at the restricted resale value based on the Consumer Price Index (CPI) formula in the recorded agreement between the owner and the City.

During its routine monitoring, Staff found that the BMR owner had not only moved out and illegally rented 713 Bloom Street as a non-hosted short-term rental, but also had refinanced the property in excess of the allowed resale amount multiple times without City approval. After City Council approved authority to purchase 713 Bloom in October 2019, the City closed escrow and purchased 713 Bloom Street in May 2021.

The City's contract Homebuyer Program consultant, Bay Area Affordable Homeownership Alliance (BAAHA), will manage the minor repairs related to wear and tear and deferred maintenance, install new appliances, fully clean the interior and conduct other cosmetic repairs to market and sell the property. BAAHA will also manage the resale process, as it typically does for the resale of other City BMR homes. BAAHA will utilize the City interest list of households who qualify and are ready to purchase BMR units, like 713 Bloom Street. BAAHA will give priority to qualified households who live or work in San Leandro per the City's inclusionary housing requirements.

### **Previous Actions**

- October 7, 2019, City Council Resolution No. 2019-161 authorized the City Manager to appropriate funding from the Affordable Housing Assets Fund (Fund 168) in the amount of \$415,000 to purchase a below market rate (BMR) property located at 713 Bloom Street.

### **Applicable General Plan Policies**

- Housing Element Policy 55.01, Community Stability Through Home Ownership - Enhance community stability by promoting home ownership and creating opportunities for first-time homebuyers in the City of San Leandro.

### **Legal Analysis**

The City Attorney's Office reviewed and approved this staff report and related resolution.

### **Fiscal Impacts**

This Affordable Housing Assets Fund (Fund 168) project will cost \$40,255, which will require no increase to existing funding to the FY 2021-22 Budget. All related project funding activity was previously approved in Council Resolution 2019-161 and will see full reimbursement.

### **Budget Authority**

This project received Council authority under the resolution listed above and requires no

increased appropriations.

**Attachment to Staff Report**

- None

**Attachment to Resolution**

- Amendment #1 to CSA between the City of San Leandro and BAAHA

**PREPARED BY:** Maryann Sargent, Senior Housing Specialist, Community Development Department



# City of San Leandro

Meeting Date: October 18, 2021

## Resolution - Council

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**File Number:** 21-567 **Agenda Section:** CONSENT CALENDAR

**Agenda Number:**

**TO:** City Council

**FROM:** Fran Robustelli  
City Manager

**BY:** Tom Liao  
Community Development Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** RESOLUTION of the City of San Leandro to Approve an Amendment to the FY2021-2022 Consulting Services Agreement (CSA) Between the City of San Leandro and Bay Area Affordable Homeownership Alliance (BAAHA) to Increase Funding by \$40,255 (to a new contract total of \$76,185) and Appropriate \$40,255 from the City's Affordable Housing Asset Fund Balance

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WHEREAS, on October 7, 2019, the City Council approved Resolution No. 2019-161 which authorized the City Manager to appropriate funding in the amount of \$415,000 to purchase a below market rate (BMR) property, 713 Bloom Street, San Leandro; and

WHEREAS, in May 2021, the City used approximately \$382,000 of these funds to exercise its right to purchase the property under the regulatory agreement recorded on the property's title; and

WHEREAS, the City's contracted Homebuyer Program consultant, Bay Area Affordable Homeownership Alliance (BAAHA), will manage the minor repairs to deferred maintenance, install new appliances and complete other cosmetic repairs to market and sell the property; and

WHEREAS, BAAHA will utilize the City interest list it has accumulated in recent years, that consists of households who qualify and are ready to purchase BMR units.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That Amendment Number One to the Consulting Services Agreement between the City of San Leandro and Bay Area Affordable Homeownership Alliance is approved to increase their existing contract budget by the amount required to project manage and pay subcontractors for the repair costs identified as needed at 713 Bloom Street, is approved; and

2. That up to \$40,255 in City Affordable Housing Asset Fund Balance shall be appropriated to cover the above-noted costs from the fund; and
3. A purchase and sale agreement to be executed with an income eligible first time homebuyer is hereby approved and execution by the City Manager is hereby authorized, subject to approval as to form by the City Attorney; and
4. That the City Attorney is directed to recover all costs and fees related to the purchase and resale of 713 Bloom Street.

**AMENDMENT NUMBER ONE TO CONSULTING SERVICES AGREEMENT  
BETWEEN  
THE CITY OF SAN LEANDRO AND  
BAY AREA AFFORDABLE HOMEOWNERSHIP ALLIANCE (BAAHA)  
FOR  
SAN LEANDRO HOMEBUYER PROGRAM**

This **Amendment Number One** (“Amendment”) is made by and between the City of San Leandro (“City”) and Bay Area Affordable Homeownership Alliance (BAAHA) (“Consultant”) (together sometimes referred to as the “Parties”) as of October 18, 2021, and amends that certain Community Development Block Grant Consultant Agreement (“Agreement”) dated July 1, 2021, between the Parties.

**WHEREAS**, City and Consultant have executed the Agreement, pursuant to which Consultant provides administration of a First Time Homebuyer Education and Counseling Program and Below Market Rate (BMR) Asset Management. Consultant employs staff, who have knowledge to provide these services, the organizational infrastructure and capacity to deliver these services, and is familiar with the regulations and requirements to conduct this work; and

**WHEREAS**, the Parties desire to amend the Agreement to increase the amount of funding provided to Consultant to manage repairs to deferred maintenance and other minor rehabilitation needs for the sale of the BMR property located at 713 Bloom Street that was foreclosed by the City of San Leandro on May 13, 2021; and

**NOW THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Section 2, “COMPENSATION”, of the Agreement is amended to increase the maximum amount of City funds to be provided to Consultant by \$40,255 to a total amount of \$76,185.

2. Exhibit B, “Budget” of the Agreement is hereby amended and replaced with the revised Budget, attached to this Amendment as Exhibit B and incorporated herein.

3. All other terms shall remain in full force and effect.

4. This Amendment may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

The Parties have executed this Amendment as of the date first written above.

**CITY OF SAN LEANDRO  
ALLIANCE**

**BAY AREA AFFORDABLE HOMEOWNERSHIP**

\_\_\_\_\_  
Frances M. Robustelli, City Manager

\_\_\_\_\_  
Roy Schweyer, Executive Director

Attest:

\_\_\_\_\_  
Leticia I. Miguel, City Clerk

Budget Approved:

Approved as to Fiscal Authority:

\_\_\_\_\_  
Susan Hsieh, Finance Director

**010-41-004-8503 & 010-41-004-7210**  
Account Number

Approved as to Form:

\_\_\_\_\_  
Richard D. Pio Roda, City Attorney

Per Section 10.7:

Form 700 Not Required

Form 700 Required

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Tom Liao, Director, Community Development Department

## EXHIBIT B

### COMPENSATION SCHEDULE & REIMBURSABLE EXPENSES

City of San Leandro  
 Bay Area Affordable Homeownership Alliance (BAAHA)  
 Homebuyer Program Administrative Budget  
 July 1, 2021 through June 30, 2022



	Units	Charge Per Unit	Total Cost	Cost Per Category
<b>i. General Ongoing Program Administration (not to exceed amounts)</b>				
Ongoing Program administration activities and support	per qtr	\$1,500	\$6,000	
Annual monitoring of BMR/FTHB fee based on 60 units. Fee divided and paid quarterly	68	\$160	\$10,880	
Ongoing real estate professional and community related support activities	per qtr	\$500	\$2,000	
<i>Gross projected costs for program administration (annual)</i>				<b>\$18,880</b>
<b>ii. Deliverables (cost will vary based on units delivered)</b>				
	Units	Per Unit	Total Projected Cost	Cost Per Category
*1 Homebuyer education seminar	1	\$3,550	\$3,550	
Homebuyer resource workshop	1	\$2,250	\$2,250	
Post purchase workshop	1	\$1,500	\$1,500	
*2 Homebuyer counseling for BMR and open market purchases	15	\$450	\$6,750	
*3 Administrative fee for sales BMR transactions - new sales and resales / seller paid	2	\$0	\$0	
*4 Refinance of BMR and/or FTHB loans	6	\$500	\$3,000	
<i>Gross projected costs for deliverables (annual)</i>				<b>\$17,050</b>
<b>iii. 713 Bloom Street Below Market Rate Project Rehab, Resale, and Admin Fees</b>				
<i>Directly paid costs - paid by BAAHA and reimbursed by City</i>				
General rehab construction - plumbing, carpentry, & electric		\$6,075		
Interior painting		\$9,000		
Flooring		\$9,600		
Garden clean up and dump fees		\$3,000		
Section 1 work (dry rot)		\$2,530		
Construction management fee (charged by general contractor)		\$3,000		
Appliances		\$1,200		
Final punch list and clean up work		\$4,500		
Contingency costs		\$1,140		
HOA CC&Rs and Minutes		\$210		
<i>Total cost paid by and reimbursable to BAAHA by City</i>			\$40,255	\$40,255
<i>Cost paid through property sale proceeds</i>				
Projected property taxes (six months)		\$2,126		
Projected transfer tax at sale paid by seller/City		\$1,975		
Projected administration and property sales fee @ 5% of sales price		\$21,750		
<i>Total costs paid through sales proceeds</i>			\$25,851	
<i>Costs paid directly by City</i>				
Projected utility costs and HOA fees (six months)		\$2,460		
Locksmith costs		\$345		
*5 Total costs paid directly by City			\$2,805	
<i>Total 713 Bloom BMR rehab and sales project costs</i>			\$68,911	
<b>GROSS ADJUSTED PROJECTED ADMINISTRATIVE COSTS</b>				<b>\$76,185</b>



\*1 Per seminar charges include \$1,500 paid by BAAHA to A-1 Community Services for conducting the seminar and \$2,000 paid to BAAHA for coordination and execution of all promotional and administrative activities to deliver the seminar

\*2 Per household charge. Counseling services are provided by either BAAHA or A-1 Community services. BAAHA's counseling is directed towards households who need additional analysis and assistance to start their home purchase process. A-1 Counseling is directed towards households who need financial counseling to structure a financial platform to purchase a home (focus on credit and budget management). BAAHA will be responsible for billing the City of San Leandro and paying A-1 for their services.

\*3 Seller or buyer (negotiated between seller and buyer) will be responsible for paying \$1,750 administration fee to BAAHA. BAAHA will bill escrow directly for payment of fee.

\*4 The past two years have yielded two to four BMR refinances per year. BAAHA will advise the City and may request an adjustment in the billing, if there are more than four BMR units refinanced in the 12 month duration of the budget.

\*5 BAAHA, through its affiliate Home Quest Realty (HQR) will administer the sale of the property. BAAHA will earn its project administrative fee when the property is sold and through the proceeds of the sale. The combined sale and administrative fee is 5% of the scheduled sales price of the property - \$435,000

***BMR New Sales and Resales Transaction Fees***

BMR sellers will be required to use a realtor of their choice. All sales fees associated with the BMR sale are paid by the seller. Real estate commissions cannot exceed 5% of the BMR resale price. Real estate commissions are added on to the deed restricted price to establish the grossed up resale price of the Unit. BAAHA anticipates being involved in one San Leandro owned BMR transaction in 2021-22. The commission fee paid for this transaction will be derived from gross sales of the property; and will not be billed separately and will not be a line item of the above budget.