



# CITY COUNCIL STAFF REPORT



**March 15, 2022**

## **ITEM TITLE**

Housing Service Agreement: Waiver of Bidding Requirement and Approval of an Agreement With Compliance Services, LLC for Affordable Housing Monitoring Software, Including Authorization for Up to Four Additional One-Year Options to Extend

**Report Number:** 22-0087

**Location:** No specific geographical location

**Department:** Development Services

**Environmental Notice:** The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

City Council and Housing Authority adopt a resolution (A) waiving the competitive bidding requirements pursuant to Chula Vista Municipal Code Section 2.56.070(b)(3); (B) approving an Agreement with Compliance Services, LLC for affordable housing monitoring software; and (C) authorizing the City Manager or designee to execute the agreement, including authorizing the City Manager or designee to also execute up to four additional one-year options to extend, for a total contract period of five years.

## **SUMMARY**

The City of Chula Vista and the Chula Vista Housing Authority (collectively "City") utilizes computer software provided by Compliance Services, LLC ("CS") for the monitoring of affordable housing projects to ensure compliance with City and funding regulatory agreements. This action requests an approval of an agreement with CS and authorization of the City Manager/Housing Authority Director to execute the initial agreement and to execute four additional one-year options to extend, for a total contract period of five years.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act ("CEQA") and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the action consist of the use of computer software for

reporting purposes, is not site specific, and will not result in a direct or indirect physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable

## **DISCUSSION**

The City utilizes, as available, federal Community Development Block Grant (“CDBG”), federal HOME Investment Partnership (“HOME”), State of California Redevelopment funds including the Low-and-Moderate Income Housing funds and Multi-Family Housing Revenue Bond proceeds for financing of affordable housing developments. As a condition of receiving assistance through these governmental resources, the City is required to monitor affordable housing projects in accordance with applicable U.S. Department of Housing and Urban Development (“HUD”) requirements, the attendant Code of Federal Regulations, State of California Department of Housing and Community Development (“HCD”) requirements, Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, *et seq.*) and State Bond financing requirements.

### CS as Software Administrator

CS compliance, monitoring, and reporting software system enables developers and the City to manage affordable housing records easily and efficiently. Real-time calculations and reports ensure compliance with federal, state and local income and rent restrictions. The reporting is submitted electronically through the software by property owners/managers. The software determines compliance with the information submitted. City staff monitors submittals and addresses compliance issues. CS software is used by various public agencies to monitor over 400 affordable housing properties. Cities across California that currently utilize this software and related services include the Cities of Concord, Escondido, Foster City, Fresno, Hayward, Hesperia, and Contra Costa County.

The City of Chula Vista has been using CS software since 2010 to monitor compliance of 21 properties, consisting of approximately 2,057 units. In 2022, the City anticipates adding additional properties including: Otay Ranch Apartments (173 restricted units); Anita Street Apartments (95 restricted units); Columba Apartments (118 restricted units); The Residences at Escaya (272 units, less 30 units already restricted) and CasaLago Eastlake (425 restricted units). With these additional properties, the total number of properties will grow to 26 and will include 3,110 total units.

### Scope of Work

The scope of work to be performed by CS:

- Review the regulatory agreement for each property and prepare a concise Compliance Summary. The summary shall outline tenant eligibility responsibilities specific to each project and provide procedures for ensuring continuing compliance.
- Update Compliance Summary, as needed.
- Respond to request from users to reset passwords and/or provide technical assistance.
- Host the software on its web servers.
- Take reasonable efforts and actions to provide the city with any available updates to the

software, whenever the same becomes available to those other cities or consultants that have a commercial license to the software.

- Back up and protect all city data, using commercially reasonable efforts. The City shall designate an authorized contact person(s), who shall have 24/7 access to the aforementioned City data.

#### Waiving Competitive Bidding Requirement

The existing software is unique in providing for the electronic submission of reports that are then tied to the applicable rent and income limits as determined by the funding source. Based on City research, no other vendor currently provides a similar type of software product.

The City has used CS software since 2010. Significant resources have been dedicated to training City staff and property owners/managers in the software system and data input, including all property information and copies of all loan agreements and regulatory documents.

Based on the above, City staff is recommending that the bid process be waived and an agreement with CS be approved as to form.

#### City Council/Housing Authority Action

This action authorizes the City Manager/Housing Authority Director to enter into a contract with Compliance Services, LLC to cover the compliance software costs for the first year with options to extend the agreement. Table I below provides the project costs anticipated to be monitored over the next five-years. It also authorizes up to four (4) additional one-year options based on available fund balance. The goal is to add funding to the contract if additional properties are added to the affordable housing portfolio.

**Table I**  
**Annual Contract Costs**

| Term          | Amount               |
|---------------|----------------------|
| Initial       | \$ 25,000.00         |
| Option Year 1 | \$ 25,000.00         |
| Option Year 2 | \$ 25,000.00         |
| Option Year 3 | \$ 25,000.00         |
| Option Year 4 | \$ 25,000.00         |
| <b>Total</b>  | <b>\$ 125,000.00</b> |

It is anticipated with approval of this item that the City can renew its software license.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council/Housing Authority members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.). Staff is not independently aware and has not been informed by any City Council/Housing Authority member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

### **CURRENT-YEAR FISCAL IMPACT**

There is no fiscal impact to the General Fund as a result of this action. Funding for this agreement is included in the adopted budget for fiscal year 2021-2022 in the Chula Vista Housing Authority fund.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the General Fund as a result of this action. All costs associated with this agreement are covered by administrative and monitoring fees.

### **ATTACHMENTS**

None.

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