



# CITY COUNCIL STAFF REPORT



**August 23, 2022**

## **ITEM TITLE**

Agreement: Waive Competitive Bid Requirements and Approve an Agreement with Hyder & Company for Property Management Services

**Report Number:** 22-0199

**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 (“CEQA”) State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required

## **Recommended Action**

Adopt a resolution: (1) waiving competitive bidding requirements; (2) approving an agreement with Hyder & Company for property management services; and (3) authorizing the City Manager or designee to enter into the initial agreement for \$12,600, and optional extensions, for a maximum contract period of five years and a not-to-exceed amount of \$66,897.

## **SUMMARY**

The City of Chula Vista and the Chula Vista Housing Authority [acting in its capacity as the Successor Housing Entity pursuant to Government Code section 34176(a)] holds within its possession seven (7) affordable housing units throughout the City. These units, for the past several years, have been leased to households with extremely low to very low income, who are often referred to the Housing Authority by the Homeless Outreach Team. Residents within these units often are assisted through programs like the Tenant Based Rental Assistance Program with wraparound services until they can achieve self-sufficiency.

To present date, the duties of property management have been carried out by City staff of the City of Chula Vista’s Housing Division. To alleviate City staff from the burdensome and time-consuming duties of property management, this item seeks to waive the competitive bid requirements pursuant to Chula Vista Municipal Code (“CVMC”) sections 2.56.090(B)(2) and (3) [specifically 2.56.070(b)(3) and (4)] and approve an agreement with Hyder & Company for property management services in an initial amount of \$12,600, with four additional one-year options to extend, for a total contract period of up to five years and \$66,897.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a 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 seven (7) properties owned by the City of Chula Vista were acquired with the aid of U.S. Department of Housing and Urban Development (“HUD”) funds for the acquisition costs, carrying costs, rehabilitation costs and soft costs. These properties are subject to covenants, conditions, and restrictions to ensure the units are occupied by households within certain income thresholds, with monthly rents not to exceed 30% of gross monthly household income.

### Maintenance and Monitoring Requirements

Under HUD guidelines, the maintenance of these affordable units must satisfy HUD’s Property Standards §92.251, as such standards are interpreted and enforced by the City under their normal policies and procedures. To verify compliance with these Standards, the City inspects and requalifies these affordable units on an annual basis. Any deficiencies in the physical condition of the affordable units must be corrected by the City and at the expense of the City within thirty (30) days of the identification of such deficiency. Should such deficiency not be capable of being cured within such thirty (30) day period, then such amount of time as the City determines is needed, not to exceed one hundred twenty (120) days, provided the City commences cure within such thirty (30) day period and continues to diligently pursue cure.

Under HUD’s Affordable Housing Agreement for these units, the City must perform the following monitoring functions: (a) preparing and making available any general information to the tenant(s) that the City possesses regarding income limitations and restrictions which are applicable to the affordable unit; (b) reviewing the documentation submitted by tenant(s) in connection with the annual certification process; (c) examining the financial condition of the project at least annually to ensure long term financial viability; and (d) inspecting the affordable units to verify that they are being maintained in accordance with the forementioned requirements.

### Use of City-Owned Affordable Units

All City-Owned affordable units are currently occupied. Tenants have been identified and selected through collaboration between the Chula Vista Police Department Homeless Outreach Team and the Chula Vista Housing Authority. Tenants may have previously experienced homelessness or are at risk of experiencing homelessness within the City of Chula Vista. Tenants are participants of the City of Chula Vista’s Tenant Based Rental Assistance Program or are recipients of the Housing Choice Voucher Program (“Section 8”).

To date, the duties of property manager of these City-Owned affordable units has fallen on the Chula Vista Housing Authority Staff. With the complexities of maintaining and monitoring these units in accordance with HUD requirements, the Chula Vista Housing Authority seeks professional management services offered by Hyder & Company. Utilizing a professional property management firm will offer greater assurance of continued compliance with HUD standards, increase efficiencies in responding to tenants (e.g., emergency

maintenance issues, payments, HOA correspondence, etc.), and provide tenants with great self-sufficiency in learning to communicate with professional property management staff.

Consultant Selection Process

An informal bidding process was conducted with recognized affordable housing property management companies and two out of the three firms contacted declined bidding due to the small number of units the City owns. Hyder & Company was the sole respondent and currently manages the existing affordable properties owned by the County of San Diego within the City of Chula Vista.

City Council/Housing Authority Action

This action authorizes the City Manager/Housing Authority Director or their designees to enter into a contract with Hyder & Company to cover the property management costs for the first year with options to extend the agreement for up to four (4) additional one-year options, for an agreement of up to a total of five years. Table 1 provides the anticipated project costs over the five-years.

**Table 1- Annual Contract Costs**

Term	Amount
Initial	\$12,600
Option Year 1	\$12,978
Option Year 2	\$13,368
Option Year 3	\$13,769
Option Year 4	\$14,182
<b>Total</b>	<b>\$66,897</b>

It is anticipated with approval of this item that Hyder & Company will assume their role as property managers for the seven (7) City-Owned Affordable Units within the next 30 days.

**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 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 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 current year fiscal impact to the General Fund as a result of this action. Costs will be covered through the available Housing Authority Funds and have been budgeted for this purpose.

**ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the General Fund as a result of this action. Housing Authority funds will be allocated during future annual budget cycles, as necessary for these services.

**ATTACHMENTS**

1. Professional Services Agreement with Hyder & Company

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