

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 29, 2015

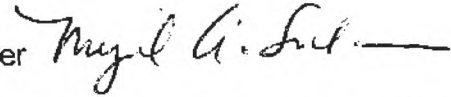
CAO File No. 0220-00540-1146

Council File No.

Council District: Citywide

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated July 8, 2015;  
Received by the City Administrative Officer on July 14, 2015

Subject: **REQUEST TO EXECUTE PERSONAL SERVICES AGREEMENT WITH DAVID PAUL ROSEN & ASSOCIATES FOR RESIDUAL RECEIPTS LOAN POLICY ANALYSIS AND RECOMMENDATIONS**

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### SUMMARY

In a transmittal dated July 8, 2015, the Housing and Community Investment Department (HCID) requests approval to execute a Personal Services Agreement (PSA) with David Paul Rosen and Associates for the provision of residual receipts loan policy analysis and recommendations. The PSA has a term of six months from the date of execution with no renewal options. The PSA's compensation will not exceed \$24,999 and will be paid for by HCID's Municipal Housing Finance Fund No. 815. This Office concurs with the Department's request to execute a Personal Services Agreement with David Paul Rosen and Associates to provide the Department residual receipts loan policy analysis and recommendations.

### BACKGROUND

Residual receipts are a common loan type in public sector affordable housing lending. Public agencies, such as HCID, provide residual receipts loans to support the development of affordable multi-family rental housing. Residual receipts loans are structured to allow for annual repayment to the extent that such repayment is feasible and does not jeopardize the long-term affordability and operation of an affordable housing project. Generally, residual receipts loans include repayment terms which provide for annual repayment of principal and interest from an affordable housing project's cash flow after other allowable expenses have been paid.

The HCID fosters the development of affordable rental housing by issuing residual receipts loans through the Affordable Housing Trust Fund (AHTF). Residual receipts loans include repayment terms wherein the annual repayment amount is determined based upon the amount by which project income exceeds project expenses. In order to determine residual receipts loan payments, the audited financial statements of a project funded by the AHTF are reviewed to validate eligible

expenses and calculate if residual amounts are available towards repayment of the AHTF loan. This type of residual receipts analysis is performed annually when the audited financial statements become available to calculate the loan repayment amount for that year.

In order to develop more uniform policies for determining residual receipts that are consistent with industry standards and balance project expenses while maximizing the income generating potential for HCID's loans, the Department issued a Request for Bids (RFB) on January 7, 2015 for residual receipts loan policy analysis and recommendations. All bids for the RFB were solicited from a qualified list of contractors selected through a 2012 Request for Qualifications for Housing Studies and Services (C.F. 12-1470). A Charter Section 1022 review is not required because the proposed PSA's compensation is below \$25,000 and consequently is not required to go through the formal bidding process.

### RFB Evaluation Criteria and Scoring

The HCID received bids from two firms by the January 28, 2015 deadline – David Paul Rosen and Associates and Keyser Marston Associates. The RFB submissions were then reviewed and scored by a panel of HCID staff members. Bids were evaluated in the categories of experience, past work product, proposed approach and adequacy of cost. A table with the evaluation criteria is in the attached HCID transmittal dated July 8, 2015. The highest score was awarded to David Paul Rosen and Associates while the second highest score was awarded to Keyser Marston Associates. No appeals were submitted in accordance with the RFB terms.

Based upon the evaluation and scoring of the proposals, HCID recommends entering into a PSA with David Paul Rosen and Associates for a six-month period with compensation not to exceed \$24,999. A copy of the personal services agreement is attached to the HCID transmittal dated July 8, 2015, which has been forwarded to the City Attorney for concurrent review and approval as to form and compliance with the City's contracting requirements.

### **RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor:

- I. Authorize the Housing and Community Investment Department (HCID) General Manager, or designee, to execute a Personal Services Agreement with David Paul Rosen and Associates for the provision of residual receipts loan policy analysis and recommendations, with compensation in an amount not to exceed \$24,999, and a six-month term from the date of execution with no renewal options, subject to the review and approval of the City Attorney as to form and compliance with the City's contracting requirements;
- II. Authorize the City Controller to establish and appropriate a new account within Fund 815, Municipal Housing Finance Fund, Department 43 as follows:

Account	Name	Amount
43M246	D P Rosen-Residual Receipts Policy Analysis	\$24,999.00

- III. Authorize the HCID General Manager, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with Mayor and Council actions on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions.

### **FISCAL IMPACT STATEMENT**

The proposed Personal Services Agreement will have no impact on the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that the agreement will be paid for by special funds. The Personal Services Agreement with David Paul Rosen and Associates will be funded by HCID's Municipal Housing Finance Fund No. 815.

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