



# *City Council Agenda*

City of Campbell, 70 N. First St., Campbell, California

**NOTE:** To protect our constituents, City officials, and City staff, the City requests all members of the public follow the guidance of the California Department of Health Services', and the County of Santa Clara Health Officer Order, to help control the spread of COVID-19. Additional information regarding COVID-19 is available on the City's website at [www.campbellca.gov](http://www.campbellca.gov).

This Executive Session and Regular City Council meeting will be conducted via telecommunication and is compliant with provisions of the Brown Act and Executive Order N-29-20 issued by the Governor.

The following Councilmembers of the Campbell City Council are listed to permit them to appear electronically or telephonically at the Executive Session/Regular City Council meeting on May 5, 2020: Councilmember Rich Waterman, Councilmember Anne Bybee, Councilmember Paul Resnikoff, Vice Mayor Elizabeth "Liz" Gibbons, and Mayor Susan M. Landry.

Members of the public will not be able to attend meetings at the Campbell City Council Chamber physically. The City Council meeting will be live-streamed on Channel 26, the City's website, and YouTube (<https://www.youtube.com/user/CityofCampbell>).

Public comment for the City Council meetings will be accepted via email at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) during the meeting, prior to the close of public comment on an item. Please note that the City cannot guarantee that any emails sent during the meeting will be received by the close of the public comment, so to ensure Council's consideration, it is recommended that all comments be submitted prior to the meeting. If you choose to email your comments during the meeting, please indicate in the subject line "FOR PUBLIC COMMENT" and list the item number(s) you wish to comment on. Comments will be read during the comment period for the item and will be subject to the two-minute time limitation (approximately 250 words). Written comments received by 5:00 p.m. on the day of the meeting will be posted on the website and distributed to the Council before the meeting.

## **\*\*CITY COUNCIL EXECUTIVE SESSION**

**Tuesday, May 5, 2020 – 6:45 p.m.**

**City Hall - 70 N. First Street**

- A. Personnel**
- B. Litigation**
- C. Real Property - Conference with Real Property Negotiators – Campbell Community Center, 1 West Campbell Avenue, Campbell, CA 95008  
City Negotiator: City Manager, Brian Loventhal  
Negotiating Parties: West Valley-Mission Community College**

**Under Negotiation: Lease**

**Conference with Real Property Negotiators – Campbell Community Center, 1 West Campbell Avenue, Campbell, CA 95008  
City Negotiator: City Manager, Brian Loventhal  
Negotiating Parties: Old Orchard School  
Under Negotiation: Lease**

**D. Labor Negotiations**

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**REGULAR MEETING OF THE CAMPBELL CITY COUNCIL**

**Tuesday, May 5, 2020 7:30 p.m.**

**City Hall – 70 N. First Street**

**CALL TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**SPECIAL PRESENTATIONS AND PROCLAMATIONS**

**COMMUNICATIONS AND PETITIONS**

**ORAL REQUESTS**

**NOTE: This portion of the meeting is reserved for persons wishing to address the City Council on any matter not on the agenda. Persons wishing to address the Council are requested, but not required to complete a Speaker's Card. Speakers are limited to two (2) minutes. The law generally prohibits the Council from discussion or taking action on such items. However, the Council may instruct staff accordingly regarding Oral Requests.**

**Persons wishing to address the Council are requested to email their comments to the City Clerk at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) prior to the close of Oral Requests. Please note that the City cannot guarantee that any emails sent during the meeting will be received by the close of the Oral Request period, so to ensure Council's consideration, it is recommended that all comments be submitted prior to the meeting. Please indicate in the subject line "FOR ORAL REQUEST" and indicate if you would like your comments to be read during the Oral Request portion of the meeting. All comments read during the meeting will be subject to the two-minute time limitation (approximately 250 words). Written comments received by 5:00 p.m. on the day of the meeting will be posted on the website and distributed to the Council before the meeting.**

**COUNCIL ANNOUNCEMENTS**

**CONSENT CALENDAR**

- 1. Minutes of City Council Regular Meeting of April 21, 2020**

Recommended Action: Approve the regular meeting minutes of April 21, 2020.

2. **Approving Bills and Claims**

Recommended Action: Approve the bills and claims in the amount of \$323,999.72.

3. **Investment Report- Quarter Ending, March 2020**

Recommended Action: That the Investment Report for the quarter ending March 2020, be noted and filed.

4. **Declaring the Week of May 17 - 23, 2020 National Public Works Week (Resolution/Roll Call Vote)**

Recommended Action: That the City Council adopt a resolution declaring the week of May 17-23, 2020, as National Public Works Week.

\*\*5. **Extension of Declaration of a Local Emergency Due to COVID-19 (Resolution/Roll Call Vote)**

Recommended Action: That the City Council adopt a resolution extending the City Council March 17, 2020 proclamation declaring the existence of a local emergency resulting from community spread of the coronavirus, also known as COVID-19 in the City of Campbell through July 15, 2020.

**PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES**

**NOTE:** Members of the public may be allotted up to two (2) minutes to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of five (5) minutes for opening statements and up to a total of three (3) minutes maximum for closing statements. Items requested/recommended for continuance are subject to Council's consent at the meeting.

**NEW BUSINESS**

6. **Consider the Adoption of a Resolution to Authorize the City Manager to Execute a Professional Service Agreement with HouseKeys Inc. (Resolution/Roll Call Vote)**

Recommended Action: Adopt a Resolution, authorizing the City Manager to execute a 12 month (expiring June 30, 2021) Professional Service Agreement with HouseKeys, Inc.

**COUNCIL COMMITTEE REPORTS**

7. **Council Committee Reports**

Recommended Action: Report on committee assignments and general comments.

**ADJOURN**

**IMPORTANT NOTICE:** Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection with the agenda packet in the lobby of City Clerk's Office, 70 N. First Street, Campbell, CA 95008, during normal business hours. These materials will also be available on the City website at

<https://www.ci.campbell.ca.us/agendacenter> with the agenda packet following the last item of the agenda, subject to staff's ability to post the documents prior to the meeting. All documents not posted prior to the meeting will be posted the next business day.

Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the Council meeting, please contact the City Clerk's Office at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) or at (408) 866-2117 48 hours before the meeting.

**\*\*This agenda was revised May 1, 2020 to include the addition of an Executive Session.**

**\*\*This agenda was revised May 5, 2020 to further clarify the recommended action of Item 5.**

# CITY COUNCIL MINUTES

City of Campbell, 70 N. First St., Campbell, California



## CITY COUNCIL EXECUTIVE SESSION

Tuesday, April 21, 2020

City Hall Council Chamber – 70 N. First Street

- A. **Personnel** – Pursuant to G.C. Section 54957: Public Employee Performance Evaluation – City Clerk
- B. **Litigation - CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION** - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of [Section 54956.9](#): (One claim)
- CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION** - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of [Section 54956.9](#): (One case)
- C. **Real Property**
- D. **Labor Negotiations** - Pursuant to G.C. Section 54957.6: Conference with Labor Negotiator - Agency Designated Representatives: City Clerk Performance/Compensation Subcommittee Members Anne Bybee and Susan M. Landry  
Unrepresented Employee: City Clerk

The City Council met in Executive Session to discuss items A, B and D. City Manager Brian Loventhal and City Attorney Bill Seligmann were in attendance via teleconference. Finance Director Will Fuentes was in attendance to discuss the first case of Item B via teleconference. Executive session adjourned at 7:25 p.m.

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## REGULAR MEETING OF THE CAMPBELL CITY COUNCIL

Tuesday, April 21, 2020 7:30 p.m.

City Hall Council Chamber – 70 N. First Street

This City Council meeting was conducted pursuant to the Governor's Executive Order N-29-20.

This meeting was recorded and can be viewed in its entirety at [www.cityofcampbell.com/agendacenter](http://www.cityofcampbell.com/agendacenter).

## CALL TO ORDER

Minutes Acceptance: Minutes of Apr 21, 2020 7:30 PM (CONSENT CALENDAR)

The City Council of the City of Campbell convened on the regularly scheduled day of April 21, 2020, via telecommunication.

Mayor Landry stated that the City Council meeting was conducted pursuant to provisions of the Brown Act and a recent Executive Order issued by the Governor to facilitate teleconferencing to reduce the risk of COVID-19 transmission at public meetings.

Mayor Landry explained the process to provide public comment, stating that it will be accepted via email at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) during the meeting, before the close of public comment on an item.

### **ROLL CALL**

<b>Attendee Name</b>	<b>Title</b>	<b>Status</b>
Susan M. Landry	Mayor	Remote
Elizabeth 'Liz' Gibbons	Vice Mayor	Remote
Rich Waterman	Councilmember	Remote
Anne Bybee	Councilmember	Remote
Paul Resnikoff	Councilmember	Remote

### **PLEDGE OF ALLEGIANCE**

Mayor Landry led the Pledge of Allegiance.

### **SPECIAL PRESENTATIONS AND PROCLAMATIONS**

1. **Proclamation Declaring April 24, 2020 as "Arbor Day" in the City of Campbell**

Recommended Action: It is recommended that the City Council proclaim April 24, 2020, as "Arbor Day" in the City of Campbell.

Mayor Landry proclaimed April 24, 2020 as "Arbor Day" in the City of Campbell.

**M/S: Resnikoff/Bybee – that the City Council proclaim April 24, 2020 as "Arbor Day" in the City of Campbell.**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Resnikoff
<b>SECONDER:</b>	Bybee
<b>AYES:</b>	Landry, Gibbons, Waterman, Bybee, Resnikoff

### **COMMUNICATIONS AND PETITIONS**

There were no communications or petitions.

### **ORAL REQUESTS**

Deputy City Clerk Sanders stated that an email was submitted by Jim Aspinwall, who did not require it to be read aloud for the public record.

Deputy City Clerk Sanders read an email submitted by Josue Ramirez stating his concerns with the closure of Flights Family Market.

\*\*All emails received were distributed to the City Council and posted with the agenda as desk items.

## **COUNCIL ANNOUNCEMENTS**

City Attorney Seligmann reported the actions taken at the Executive Session. The City Council unanimously voted to authorize the City Attorney to initiate litigation on the second case of item B. The identity of the parties to that matter will be available for disclosure upon inquiry, following the actual initiation of the litigation. City Attorney Seligmann also reported the action taken on Items A and D. The vote was 3-2 with Councilmember Bybee, Vice Mayor Gibbons, and Mayor Landry voting in favor; and Councilmember Resnikoff and Councilmember Waterman voting against the termination of the City Clerk effective immediately.

Mayor Landry announced that the City of Campbell continues to work closely with our partnering agencies to monitor how the coronavirus is impacting our communities. We are actively monitoring the information provided by the US Centers for Disease Control and reviewing guidance provided by the County's Public Health Department. We continue to take proactive steps to prioritize the health and safety of our employees and community members. Our focus is to maintain essential services and keep you informed.

Campbell's Recreation and Community Services currently provides "Virtual Recreation" to stay active, healthy and connected while you're at home and sheltering in place. Visit the Recreation and Community Services web page at [www.campbellca.gov](http://www.campbellca.gov) to start exploring.

If you need assistance finding food, paying household bills, seeking available resources or other essential services, please visit [www.211.org](http://www.211.org) or dial 2-1-1 from your phone. 2-1-1 is available in 180 languages, completely confidential and is accessible 24 hours a day, 7 days a week.

CalFresh applications are being accepted over the phone for residents who need help buying food. Contact Second Harvest Food Bank Connection Hotline at 1-800-984-3663.

Work2future, in collaboration with San Jose City College, will be hosting a virtual job fair on Wednesday, April 29 from 8:00 a.m. to 3:00 p.m. For more information, please visit their website at [www.work2future.org](http://www.work2future.org).

The Red Cross is in need of donors, the need for blood is constant, and volunteer

donors are the only source of blood for those in need. Donating blood is a safe process and people should not hesitate to give or receive blood. If you are healthy and feeling well, please make an appointment to donate by using the Red Cross Blood Donor APP, or by visiting [www.RedCrossBlood.org](http://www.RedCrossBlood.org), or calling 1-800 Red Cross (1-800-733-2767).

The Santa Clara County Library District has resources for students and families while distance learning. There are many online resources for students including, homework help, tutoring, test preparation, research tools, academic videos, articles, eBooks and so much more. Please visit their website at [www.scclid.org](http://www.scclid.org).

The Campbell Chamber of Commerce Foundation is providing support to the local community. Please visit [www.campbellchamberfoundation.org/campbell-cares](http://www.campbellchamberfoundation.org/campbell-cares).

We have created an email for you to share your photos of you and your family wearing face masks. Please send your photos to [www.FaceCoverings@campbellca.gov](mailto:www.FaceCoverings@campbellca.gov).

Please continue to visit the city's website at [www.campbellca.gov](http://www.campbellca.gov) for up to date information on COVID-19, adjusted City services, cancelled events, Police Department services, the Campbell Community Center, and Business Resources.

Saturday, April 18, Governor Gavin Newsom announced a major new agreement with Motel 6. All of the chain's corporate-owned locations will now be available to counties as additional capacity for housing the homeless.

The agreement between the State, the County and the motel is expected to be finalized by the end of the week. The program is statewide, and the governor's goal is to house 15,000 vulnerable people throughout the State through a program called Roomkeys.

The current plan will include an onsite social services person, an onsite security person and will provide three meals per day delivered. Once the agreement has been finalized, the County will start arranging the staff.

Day to day operations will be part of the agreement. The following questions have been discussed with the County's liaison: How to address keeping those who have tested positive to shelter in place; How many rooms will be used; How long this program be in place; If there are future plans for housing people long term; Will the City receive any funding for increased police services?

County Supervisor Chavez's office has been contacted and the City will continue to coordinate with her office as we move forward. Additional information will be provided in the next few days.

### **CONSENT CALENDAR**

Mayor Landry asked if any Councilmember, staff member, or anyone from the public wished to remove any item from the Consent Calendar.

City Manager Loventhal pulled item six from the consent calendar.

The consent calendar was considered as follows:

2. **Minutes of City Council Regular Meeting of April 7, 2020**  
Recommended Action: Approve the regular meeting minutes of April 7, 2020.

This action approves the regular meeting minutes of April 7, 2020.

3. **Approving Bills and Claims**  
Recommended Action: Approve the bills and claims in the amount of \$282,243.05.

This action approves the bills and claims in the amount of \$282,243.05 as follows: payroll checks dated March 19, 2020, in the amount of \$34,392.86; bills and claims checks dated March 23, 2020, in the amount of \$100,306.10; and bills and claims checks dated March 30, 2020, in the amount of \$147,544.09.

4. **Accept Donation to Campbell Recreation Program (Resolution/Roll Call Vote)**

Recommended Action: That the City Council adopt a resolution to accept a donation of \$700 from Classic Car Wash to help support recreation programming and approve the associated budget appropriations.

Resolution 12578 accepts a donation of \$700 from Classic Car Wash to help support recreation programming and approve the associated budget appropriations.

5. **Approval of a Resolution Authorizing the Award of a Financial Audit Services Contract for Fiscal Year Ending June 30, 2020 through June 30, 2022, with an Option to Extend for an Additional Two Years through Fiscal Year Ending June 30, 2024 (Resolution/Roll Call Vote)**

Recommended Action: It is recommended that the City Council adopt the attached resolution: (1) authorizing the award of a professional audit services contract to Eide Bailly LLP and (2) authorizing the City Manager to negotiate and execute a contract for professional audit services for an initial three (3) year period with an option to extend for an additional two (2) years in an aggregate amount not to exceed \$288,825 for the five year period.

Resolution 12579 authorizes the award of a professional audit services contract to Eide Bailly LLP and authorizes the City Manager to negotiate and execute a contract for professional audit services for an initial three (3) year period with an option to extend for an additional two (2) years in an aggregate amount not to exceed \$288,825 for the five year period.

**M/S: Resnikoff/Bybee – that the City Council approve the consent calendar with the exception of item six. The motion was adopted by the following roll**

**call vote:**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Resnikoff
<b>SECONDER:</b>	Bybee
<b>AYES:</b>	Landry, Gibbons, Waterman, Bybee, Resnikoff

**ITEMS PULLED FROM CONSENT****6. Water Tower Lighting for COVID-19.**

Recommended Action: That the City Council light the water tower blue on Sundays for the duration of the shelter in place order issued by the Santa Clara County Health Officer for COVID-19.

The City Council pulled this item from the agenda based on City Manager Loventhal's recommendation to take no action until discussions with the water tower lighting contractor could be finalized.

**PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES**

There were no agendized items.

**NEW BUSINESS****7. Receive an Update on Initial Fiscal and Budgetary Impacts Due to COVID-19 and Provide Staff with Feedback Regarding Recommended Strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to Address Those Impacts**

Recommended Action: That the City Council receive an update on the initial fiscal and budgetary impacts due to COVID-19 and provide staff with feedback regarding recommended strategies in Fiscal Year (FY) 2019-20 and FY 2020-21 to address those impacts.

Finance Director Fuentes presented a staff report dated April 21, 2020.

Deputy City Clerk read an email from Steve Saunders regarding fiscal impacts as a result of COVID-19.

The City Council commented on the use of City reserve funds; a hiring freeze and staffing levels; FEMA loans; cost saving options, and potential new revenue sources. Additionally, the City Council discussed options to reduce expenditures in FY19/20 to minimize negative fiscal impacts in FY20/21.

**COUNCIL COMMITTEE REPORTS****8. Council Committee Reports**

Recommended Action: Report on committee assignments and general comments

--Councilmember Bybee attended a virtual Chamber of Commerce meeting.

--Councilmember Waterman attended the County Library District JPA Board of Directors meeting; and the Finance Subcommittee meeting.

--Councilmember Resnikoff attended a virtual meeting of the West Valley Sanitation District.

--Vice Mayor Gibbons spoke about Silicon Valley Clean Energy; and Association of Bay Area Governments (ABAG).

--Mayor Landry participated in the Santa Clara County Department of Health teleconference meetings; spoke about Congresswoman Eschoo and the U.S. Conference of Mayors Tele-Town meetings; attended the Bloomberg Foundation conference call; spoke about a COVID-19 informational video she recorded and is posted to the City's website; and participated in Campbell Cares.

**ADJOURN**

Mayor Landry adjourned the meeting at 9:32 p.m.

APPROVED:

ATTEST:

\_\_\_\_\_  
Susan M. Landry, Mayor

\_\_\_\_\_  
Andrea Sanders, Deputy City Clerk

Minutes Acceptance: Minutes of Apr 21, 2020 7:30 PM (CONSENT CALENDAR)



*City  
Council  
Report*

Item: 2  
Category: CONSENT CALENDAR  
Meeting Date: May 5, 2020

**TITLE: Approving Bills and Claims**

**RECOMMENDED ACTION**

Approve the bills and claims in the amount of \$323,999.72.

**DISCUSSION**

The bills and claims that have been audited and approved by staff for payments made as noted below:

<u>Type</u>	<u>Check Date</u>	<u>Amount</u>
Payroll	April 2, 2020	<b>\$77,254.88</b>
Bills & Claims	April 6, 2020	<b>\$104,437.09</b>
Bills & Claims	April 13, 2020	<b>\$142,307.75</b>
	<b>Total</b>	<b>\$323,999.72</b>

**FISCAL IMPACT**

Adequate funding was available to cover all expenses as listed.

Prepared by:

Roberto Garcia-Acosta, Accounting Clerk  
II

Reviewed by:

Norite Vong, Finance Manager

Approved by:



Brian Loventhal, City Manager



*City  
Council  
Report*

Item: 3  
Category: CONSENT CALENDAR  
Meeting Date: May 5, 2020

**TITLE: Investment Report- Quarter Ending, March 2020**

**RECOMMENDED ACTION**

That the Investment Report for the quarter ending March 2020, be noted and filed.

**DISCUSSION**

The City invests primarily in the State of California Local Agency Investment Fund (LAIF) and US Government Agency securities to preserve the safety of the City's surplus funds while achieving a reasonable return on its portfolio. The City's strategy is one of buy-and-hold in which a portion of the portfolio is invested in fixed income securities of varying maturities that provides sufficient cash flow to meet the City's operational needs.

During the quarter ending March 31, 2020, the investment portfolio increased \$4.4M as the city reinvested \$9.0M in government securities and \$1.0M in Corporate notes, offset by \$5.0M in securities being called and normal operating cashflow requirements.

All investments are made in accordance with the City's established Investment Policy or as authorized pursuant to bond covenants. Presented within this report are the following:

Investment balance & earnings-Qtr ending, March 2020  
Summary of investments by type- Qtr ending March 2020  
List of investments by institution- Qtr ending March 2020  
Reconciliation of pooled cash- Qtr ending March 2020  
Summary of Total Cash Invested- Qtr ending March 2020  
Monthly Schedule of Investments- Qtr ending March 2020  
Cash flow projections for April 2020 thru September 2020  
Actual Receipts and Disbursements- Qtr ending March 2020

<b>Investment Balance and Earnings - Quarter ending 3/31/2020</b>						
Bal. at Beg. of Quarter 01/01/20	Purchases/ Deposits	Maturities/ Withdrawals	Bal. at End of Quarter Qtr ending 3/31/2020	Interest Earned Qtr ending 3/31/2020	Interest Earned YTD	% of Interest Earned YTD/Budget
\$ 34,291,646	\$ 20,733,883	\$ (16,300,000)	\$ 38,725,530	\$ 179,446	\$ 572,014	102%

<b>Summary of Investments by Type - Quarter ending 3/31/2020</b>						
<b>Description</b>	<b>Current Quarter Qtr ending 3/31/2020</b>	<b>% of Total Portfolio</b>	<b>Prior Quarter 12/31/2019</b>	<b>% of Total Portfolio</b>	<b>Prior Year 3/31/2019</b>	<b>% of Total Portfolio</b>
L.A.I.F.	\$ 24,820,259	64.09%	\$ 26,291,350	76.67%	\$ 19,740,806	49.12%
Agencies	\$ 11,001,600	28.41%	7,000,000	20.41%	17,496,750	43.55%
Corporate Notes	2,000,000	5.16%	1,000,000	2.92%	2,031,100	5.06%
Money Market (BNY Mellon)	903,671	2.33%	296	0.00%	909,254	2.26%
<b>Total</b>	<b>\$ 38,725,530</b>	<b>100.00%</b>	<b>\$ 34,291,646</b>	<b>100.00%</b>	<b>\$ 40,177,910</b>	<b>100.00%</b>

### Cash Flow

The cash flow projection reflects there are sufficient funds available to meet the City of Campbell's anticipated expenditures for April through September, 2020. (See Exhibit-B). When highly liquid LAIF funds (\$24.82 million) are combined with actual cash on deposit (\$3.03 million), the City has \$27.85 million in actual liquid cash balances as of the end of March 31, 2020. However, due to anticipated decreases in revenue caused by COVID-19, annual payment of \$300,000 for unfunded OPEB liabilities in June 2020, annual payment of \$5.07 million for unfunded pension liabilities in July 2020, and debt service payment of \$1.45 million for the City's 2016 Lease Revenue Bond (LRB) in September 2020, the City is estimated to draw down \$12.2 million from its cash balances by the end of September 2020. That would result in remaining liquid cash balances of \$15.65 million. Any draw down on liquid cash balances may also be mitigated by any cost containment measures that the City implements over the next six months. Staff continues to monitor cash flow projections and will update them routinely as new information becomes available regarding the economic impacts of COVID-19. Due to the high level of uncertainty surrounding COVID-19, staff will also keep any future called securities in LAIF so as to ensure maximum liquidity, safety, and flexibility until this uncertainty decreases to an acceptable level.

<b>List of Investments by Institution - Quarter ending 3/31/2020</b>				
<b>Institution</b>	<b>Cost</b>	<b>% of Total Portfolio</b>	<b>Market Value</b>	<b>Diff. Bet. Cost &amp; Market</b>
L.A.I.F	\$ 24,820,259	64.09%	\$25,005,939	\$ 185,680
Federal Home Loan Bank (FHLB) *	4,000,000	10.33%	4,019,240	\$ 19,240
Federal Farm Credit Bank (FFCB)*	4,001,600	10.33%	4,001,200	\$ (400)
Federal Home Loan Mortgage Corp (FHLMC) *	3,000,000	7.75%	3,013,720	13,720
Government Securities	11,001,600	28.41%	11,039,720	\$ 38,120
Wells Fargo Bank				\$ -
Ally Bank	250,000	0.65%	259,959	\$ 9,959
Capital One Bank	250,000	0.65%	259,959	\$ 9,959
Capital One National Association	250,000	0.65%	259,959	\$ 9,959
Goldman Sachs Bank	250,000	0.65%	259,959	\$ 9,959
Morgan Stanley Bank CD	250,000	0.65%	259,803	\$ 9,803
Morgan Stanley Private Bank CD	250,000	0.65%	259,803	\$ 9,803
Wells Fargo Bank CD	250,000	0.65%	260,166	\$ 10,166
Wells Fargo Ntl Bk West CD	250,000	0.65%	260,166	10,166
Corporate Notes	2,000,000	5.16%	2,079,773	\$ 79,773
BNY Mellon--Money Market Fund **	903,671	2.33%	903,671	\$ -
	<b>\$ 38,725,530</b>	<b>100%</b>	<b>\$39,029,103</b>	<b>\$ 303,573</b>

\* The City intends to hold treasury/agency securities to maturity or until they are

called, as a result this is a paper gain and/or loss that will not be realized. In a rising interest rate environment, as we are experiencing, unrealized losses are expected.

\*\* Cash with fiscal agent held for debt service payments.

<u>Reconciliation of Pooled Cash per Ledgers to Investment Report</u>	
<u>Quarter ending 3/31/2020</u>	
Balance per ledger - Qtr Ending Quarter ending 3/31/2020	\$ 37,824,808
Quarter ending 3/31/2020 Activity to be Posted	900,722
Adjusted General Ledger Balance	<u>\$ 38,725,530</u>
 Balance per Investment Report	 <u>\$ 38,725,530</u>

<u>Summary of Total Cash Invested</u>			
<u>Description</u>	<u>Current Quarter Qtr ending 3/31/2020</u>	<u>Prior Quarter 12/31/19</u>	<u>Prior Year 03/31/19</u>
Cash on Deposit***	\$ 3,027,940	\$ 1,796,601	\$ 1,959,015
Investments	<u>38,725,530</u>	<u>34,291,646</u>	<u>40,177,910</u>
Total Cash and Investments	<u>\$ 41,753,470</u>	<u>\$ 36,088,247</u>	<u>\$ 42,136,925</u>
% of Total Cash Invested	<u>92.75%</u>	<u>95.02%</u>	<u>95.35%</u>
***Covers April 4 payroll (\$.9M) & outstanding vendor checks (\$1.2M)			

Prepared by:   
John Formale, Accountant

Approved by:   
Brian Loventhal, City Manager

**Attachment:**

- a. Quarterly Schedule of Investments
- b. Cashflow Projection
- c. Actual Receipts and Disbursements

**City of Campbell  
Quarterly Schedule of Investments  
March-20**

	1/1/20 Beginning Balance	Purchases/ Deposits	Maturities/ Calls/ Withdrawals	3/31/20 Ending Balance	% of Type	% of Assets	Par Value	* Market Value	Maturity Date	Remain Days To Mat	Interest Rate (Annual)	Interest Earned to Maturity	# of Days in Month	Int.Recv. Beginning Balance	Interest Earned This Qtr	Interest Received This Qtr	Int.Recv. Ending Balance	Interest Received To Date	Interest Bal. to Maturity
Local Agency Investment Fund (L.A.I.F.)	26,291,350	9,828,909	(11,300,000)	24,820,259	100.00%	64.09%	24,820,259	25,005,939	N/A	N/A	1.787%	N/A	31	112,216	132,196	128,908	115,504	1,057,745	N/A
<b>Gov't Securities (Custodian-BNY Bank)</b>																			
Fed. Farm Credit Bank (FFCB) Fixed	2,000,000		(2,000,000)	-	0.00%	0.00%	**CALLED**	-	09/12/22		1.940%	S	31	11,693	1,025	12,718	-	90,318	-
Fed. Home Loan Mortgage (FHLMC)	1,000,000		(1,000,000)	-	0.00%	0.00%	**CALLED**	-	07/29/22			S	31	11,091	(91)	11,000	-	11,000	-
Fed. Nat'l Mtg. Assoc. (FNMA) Fixed	2,000,000		(2,000,000)	-	0.00%	0.00%	**CALLED**	-	05/25/21	420	0.000%	S	31	5,993	2,973	8,966	-	131,466	-
Fed. Home Loan Bank (FHLB) Fixed	2,000,000			2,000,000	18.18%	5.16%	2,000,000	2,003,540	11/21/22	965	1.875%	S	31	6,267	9,348		15,615.50		112,603
Fed. Home Loan Mortgage (FHLMC)	-	1,000,000		1,000,000	9.09%	2.58%	1,000,000	1,000,300	10/09/24	1,653	2.000%	S	31	-	4,440		4,439.67		95,068
Federal Farm Credit Bank (FFCB)	-	2,000,000		2,000,000	18.18%	5.16%	2,000,000	2,001,720	05/06/24	1,497	1.770%	S	31	-	3,006		3,006.48		147,904
Federal Farm Credit Bank (FFCB)	-	2,001,600		2,001,600	18.19%	5.17%	2,001,600	2,001,200	09/11/23	1,259	1.400%	S	31	-	2,380		2,379.98		98,194
Fed. Home Loan Mortgage (FHLMC)	-	2,000,000		2,000,000	18.18%	5.16%	2,000,000	2,013,720	10/13/23	1,291	1.830%	S	31	-	7,721		7,721.44		137,275
Fed. Home Loan Bank (FHLB) Fixed	-	2,000,000		2,000,000	18.18%	5.16%	2,000,000	2,019,240	01/21/25	1,757	1.920%	S	31	-	7,259		7,259.33		192,210
Subtotal-Gov't Securities	7,000,000	9,001,600	(5,000,000)	11,001,600	100.00%	28.41%	11,001,600	11,039,720			1.745%			35,043	38,062	32,684	40,422.40	232,784	783,254
<b>Corporate Notes</b>																			
Wells Fargo Bank	-			-	-	0.00%			05/24/19	-	1.750%		31	-					
Ally Bank	250,000			250,000	12.50%	0.65%	250,000.00	259,959	08/08/22	860	2.150%	S	31	2,253	1,340	2,710	883.57	2,710	13,430
Capital One Bank	250,000			250,000	12.50%	0.65%	250,000.00	259,959	08/08/22	860	2.150%	S	31	2,253	1,340	2,710	883.57	2,710	13,430
Capital One National Association	250,000			250,000	12.50%	0.65%	250,000.00	259,959	08/08/22	860	2.150%	S	31	2,253	1,340	2,710	883.57	2,710	13,430
Goldman Sachs Bank	250,000			250,000	12.50%	0.65%	250,000.00	259,959	08/08/22	860	2.150%	S	31	2,253	1,340	2,710	883.57	2,710	13,430
Morgan Stanley Bank CD	-	250,000		250,000	12.50%	0.65%	250,000.00	259,803	01/11/23	1,022	1.850%	S	31	-	950		950.35		13,900
Morgan Stanley Private Bank CD	-	250,000		250,000	12.50%	0.65%	250,000.00	259,803	01/11/23	1,022	1.850%	S	31	-	950		950.35		13,900
Wells Fargo Bank CD	-	250,000		250,000	12.50%	0.65%	250,000.00	260,166	01/17/23	1,022	1.900%	S	31	-	963	781	182.19	781	13,482
Wells Fargo Ntl Bk West CD	-	250,000		250,000	12.50%	0.65%	250,000.00	260,166	01/17/23	1,022	1.900%	S	31	-	963	781	182.19	781	13,482
Subtotal-Corporate Notes	1,000,000	1,000,000	-	2,000,000	100.00%	5.16%	2,000,000	2,079,773			2.152% *			9,012	9,187	12,400	5,799.36	12,400	108,486
<b>Investments under the management of contracted parties:</b>																			
<b>Trustee: BNY Mellon</b>																			
2016 Lease Revenue Bond Payment	134	108,767		108,900	12.05%	0.28%	108,900	108,900	N/A	N/A	0.025%	N/A	31	-	0.09	0.09	-	78	N/A
2016 SA Refunding Debt Service/TARB	163	794,608		794,771	87.95%	2.05%	794,771	794,771	N/A	N/A	0.018%	N/A	31	-	-	-	-	97	N/A
Subtotal-Trust A/C	297	903,375	-	903,671	99.99%	2.33%	903,671	903,671			0.330%			(0)	0.09	0.09	(0)	216	-
<b>Total Portfolio</b>	<b>34,291,646</b>	<b>20,733,883</b>	<b>(16,300,000)</b>	<b>38,725,530</b>	<b>100.00%</b>		<b>38,725,530</b>	<b>39,029,103</b>			<b>Wgt Avg + 1.773%</b>			<b>156,271</b>	<b>179,446</b>	<b>173,992</b>	<b>161,726</b>	<b>1,303,145</b>	<b>891,740</b>

Investment Portfolio Increased / (Decreased) by: \$ 4,433,883      Weighted Average to Maturity = 524.0 Days

Note:	Month	Portfolio Balance		% of Total Cash Invested		Month	Wgt Avg	Wgt Avg Rate/Annual Yield	Actual Interest Earned		Actual Interest Received		
		FY 19-20	FY 18-19	FY 19-20	FY 18-19				FY 19-20	FY 18-19	FY 19-20	FY 18-19	
S - Semi-Annual	July	\$ 37,153,023	\$ 41,883,972	96.08%	96.63%	July	Wgt Avg	2.221%	1.913%	71,624	68,042	213,192	\$ 106,112
Q - Quarterly	August	36,153,773	39,583,979	92.21%	95.02%	August	Wgt Avg	2.244%	1.935%	71,548	65,053	8,813	31,757
M - Monthly	September	35,551,166	39,379,998	94.27%	98.79%	September	Wgt Avg	2.239%	1.960%	62,503	60,888	23,384	19,400
	October	32,741,644	36,030,621	95.88%	95.72%	October	Wgt Avg	2.147%	1.986%	66,934	60,757	187,966	142,912
	November	34,241,645	35,030,622	96.13%	90.86%	November	Wgt Avg	2.088%	2.014%	57,926	58,759	17,500	62,675
	December	34,291,646	36,930,625	95.02%	97.74%	December	Wgt Avg	2.055%	2.077%	62,033	65,002	27,969	35,928
	January	39,920,555	41,918,924	94.07%	95.56%	January	Wgt Avg	2.002%	2.132%	61,779	76,885	152,626	108,300
	February	39,420,555	39,018,924	96.81%	91.89%	February	Wgt Avg	1.977%	2.145%	59,938	66,171	20,611	31,750
	March	38,725,530	40,177,910	92.75%	95.35%	March	Wgt Avg	1.832%	2.166%	57,729	74,607	755	19,400
	April		40,991,265		92.08%	April	Wgt Avg		2.181%		75,777		165,509
	May		41,610,165		96.89%	May	Wgt Avg		2.198%		83,919		52,625
31-Mar-20	June		43,610,167		96.72%	June	Wgt Avg		2.202%		83,462		15,000
31	Average	\$ 36,466,615	\$ 39,680,598	Average 94.80%	Average 95.27%	Average		2.090%	2.076%	572,014	839,322	652,817	791,368

Per Governmental Code requirements, this schedule of Investments icomplies with the City of Campbell's Investment Policy, and there are adequate funds available to meet the budgeted expenditures for the next six months.

\* Market prices are obtained from the monthly investment statements of the various institutions or the City's third-party custodian, BNY Mellon Bank.

Attachment: Quarterly Schedule of Investments (Investment Report-Quarter Ending March 2020)

## Cash Flow Projections for the Month of April 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
1	Community Center/Dev. Leases/Rentals	161,000	1	Outstanding Checks	1,216,000
10	Environmental Services Fees	70,000	6	Bills & Claims	193,223
10	Franchise Fees	472,500	8	Bills & Claims-PR vendors' checks	69,008
10	Property Taxes	3,255,000	13	Bills & Claims	225,000
17	Other Taxes	52,500	13	Bills & Claims	78,209
17	Licenses and Permits	112,000	15	Bills & Claims-PR vendors' checks	36,804
17	Fines/Forfeitures/Penalties	21,000	20	Bills & Claims	892,508
24	Investment Interest	140,000	27	Bills & Claims	326,639
24	Intergovernmental--Other	217,000	30	Bills & Claims- Manual and Voids	(2,760)
24	Intergovernmental--Gas Taxes	98,000	2	Payroll- Regular	759,092
30	Charges for Current Services	350,000	16	Payroll- Regular	759,092
30	Sales & Use Tax (incl. Meas.O)	875,000	30	Payroll- Regular	759,092
30	Park Dedication Fees	10,500	8	Calpers - Health payment wire	177,000
30	Transient Occupancy Tax (monthly)	31,000	8	Calpers - Employer contribution wire	171,000
30	Misc Rec- JPA/798	182,000	22	Calpers - Employer contribution wire	171,000
			8	ICMA 401 & 457 contributions	60,700
			15	ICMA 401 & 457 contributions	60,700
	Sub-total (Receipts)	6,047,500		Sub-total (Expenditure)	5,952,307
	Amount expected to be withdrawn from Investments to cover this month's expenditures.	-		Amount of expected revenue available for investment.	95,193
	Total	\$ 6,047,500		Total	\$ 6,047,500

**Note:**

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

Attachment: Cashflow Projection (Investment Report- Quarter Ending March 2020)

## Cash Flow Projections for the Month of May 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
1	Community Center/Dev. Leases/Rentals	161,000	1	Outstanding Checks	400,000
5	Environmental Services Fees	59,500	4	Bills & Claims	432,250
7	Franchise Fees	182,000	11	Bills & Claims	404,040
7	Property Taxes	84,000	18	Bills & Claims	709,800
7	Other Taxes	49,000	25	Bills & Claims	218,400
14	Licenses and Permits	154,000	15	Bills & Claims-PR vendors' checks	63,700
14	Fines/Forfeitures/Penalties	14,000	29	Bills & Claims-PR vendors' checks	45,500
14	Investment Interest	42,000	31	Bills & Claims- Manual and Voids	(10,920)
21	Intergovernmental--Gas Taxes	52,500	14	Payroll- Regular	750,750
21	Intergovernmental--VTA Meas. B	147,000	28	Payroll- Regular	750,750
21	Charges for Current Services	472,500	7	Calpers - Employer contribution wire	167,000
28	Sales & Use Tax (incl. Meas.O)	770,000	7	Calpers - Health payment wire	170,000
28	Transient Occupancy Tax (monthly)	252,000	21	Calpers - Employer contribution wire	167,000
31	Miscellaneous Receipts	375,000	15	ICMA 401 & 457 contributions	60,000
31	JPA	37,500	29	ICMA 401 & 457 contributions	60,000
	Sub-total (Receipts)	2,852,000		Sub-total (Expenditure)	4,388,270
	Amount expected to be withdrawn from Investments to cover this month's expenditures.	1,536,270		Amount of expected revenue available for investment.	-
	Total	\$ 4,388,270		Total	\$ 4,388,270

**Note:**

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

## Cash Flow Projections for the Month of June 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
2	Community Center/Dev. Leases/Rentals	161,000	1	Outstanding Checks	400,000
3	Environmental Services Fees	84,000	1	Bills & Claims	221,250
3	Franchise Fees	154,000	8	Bills & Claims	236,600
3	Property Taxes	1,750,000	15	Bills & Claims- PR vendor checks	45,000
10	Other Taxes	42,000	22	Bills & Claims	875,000
10	Licenses and Permits	157,500	29	Bills & Claims	327,600
10	Fines/Forfeitures/Penalties	10,500	12	Bills & Claims-PR vendors' checks	72,800
17	Investment Interest	10,500	11	Payroll- Holiday pay	182,000
17	Intergovernmental--Other	105,000	11	Payroll- Regular	750,750
17	Intergovernmental--Gas Taxes	56,000	25	Payroll- Regular	750,750
17	Intergovernmental--Successor Agency	560,000	11	CalPERS Health payment wire	170,000
24	Charges for Current Services	315,000	11	Calpers - Employer contribution wire	170,000
24	Sales & Use Tax (incl. Meas.O)	980,000	25	Calpers - Employer contribution wire	170,000
24	Transient Occupancy Tax (monthly)	297,500	12	ICMA 401 & 457 contributions	60,000
31	Miscellaneous Receipts	225,000	26	ICMA 401 & 457 contributions	60,000
31	JPA	37,500	25	FY'20 CERBT funding wire	300,000
	Sub-total (Receipts)	4,945,500		Sub-total (Expenditure)	4,791,750
	Amount expected to be withdrawn from Investments to cover this month's expenditures.	-		Amount of expected revenue available for investment.	153,750
	<b>Total</b>	<b>\$ 4,945,500</b>		<b>Total</b>	<b>\$ 4,945,500</b>

**Note:**

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

Attachment: Cashflow Projection (Investment Report- Quarter Ending March 2020)

## Cash Flow Projections for the Month of July 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
1	Community Center/Dev. Leases/Rentals	216,000	1	Outstanding Checks	400,000
3	Environmental Services Fees	164,561	6	Bills & Claims	395,743
3	Franchise Fees	112,500	9	Bills & Claims	170,990
3	Property Taxes	41,859	13	Bills & Claims	506,235
10	Other Taxes	54,660	16	Bills & Claims	371,805
10	Licenses and Permits	181,892	20	Bills & Claims	346,063
10	Fines/Forfeitures/Penalties	23,616	16	Bills & Claims-PR vendors' checks	44,817
17	Investment Interest	177,053	23	Bills & Claims	773,677
17	Intergovernmental--Other	123,905	27	Bills & Claims	129,415
17	Intergovernmental--Gas Taxes	63,184	31	Bills & Claims	168,490
17	Charges for Current Services	290,044	31	Bills & Claims	59,361
24	Sales & Use Tax (incl. Meas.O)	1,144,109	31	Bills & Claims-PR vendors' checks	22,153
24	Transient Occupancy Tax (monthly)	285,239	3	Payroll- Uniform Pay	69,129
24	Miscellaneous Receipts	303,514	9	Payroll- Regular Pay	792,531
31	Misc Rec- JPA/798	37,500	23	Payroll- Regular Pay	754,456
			15	ICMA 401 & 457 contributions	60,000
			29	ICMA 401 & 457 contributions	60,000
			2	CalPERS GASB reporting fee	2,250
			15	CalPERS ER contribution wire	165,000
			22	CalPERS ER health wire	171,000
			28	CalPERS ER contribution wire	220,000
				CalPERS Full Year 2020 unfunded	
			28	liability wire	5,069,000
	Sub-total (Receipts)	3,219,634		Sub-total (Expenditure)	10,752,115
	Amount withdrew from Investments to cover this month's expenditures.	7,532,480		Amount of expected revenue available for investment.	-
	Total	\$ 10,752,115		Total	\$ 10,752,115

## Note:

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

Attachment: Cashflow Projection (Investment Report- Quarter Ending March 2020)

## Cash Flow Projections for the Month of August 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
1	Community Center/Dev. Leases/Rentals	210,752	1	Outstanding Checks	400,000
7	Franchise Fees	264,654	3	Bills & Claims	290,448
7	Property Taxes	169,167	3	Bills & Claims	160,540
7	Other Taxes	59,284	9	Bills & Claims-PR vendors' checks	62,372
14	Licenses and Permits	202,826	10	Bills & Claims	148,145
14	Fines/Forfeitures/Penalties	11,234	13	Bills & Claims-PR vendors' checks	63,290
14	Investment Interest	20,477	17	Bills & Claims	258,660
21	Intergovernmental--Other	758,217	24	Bills & Claims	203,997
21	Charges for Current Services	551,793	31	Bills & Claims	347,757
21	Sales & Use Tax (incl. Meas.O)	1,159,601	6	Payroll- Regular	788,754
28	Transient Occupancy Tax (monthly)	484,020	20	Payroll- Regular	816,084
31	Miscellaneous Receipts	280,072	7	CalPERS health payment wire	168,424
31	Misc Rec- JPA/798	142,829	7	CalPERS ER contribution wire- PPE 6	160,905
			14	CalPERS ER Contributions	219,210
			27	CalPERS ER contri	172,785
			11	ICMA 401 & 457 contributions	60,000
			26	ICMA 401 & 457 contributions	60,000
			30	Voids, manual checks and bank fees	6,759
	Sub-total (Receipts)	4,314,925		Sub-total (Expenditure)	4,388,131
	Amount withdrew from Investments to cover this month's expenditures.	73,206		Amount of expected revenue available for investment.	-
	Total	\$ 4,388,131		Total	\$ 4,388,131

## Note:

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

## Cash Flow Projections for the Month of September 2020

Date	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
1	Community Center/Dev. Leases/Rentals	239,898	1	Outstanding Checks	400,000
4	Franchise Fees	339,226	2	Bills & Claims	928,790
4	Property Taxes	32,158	9	Bills & Claims	420,372
4	Other Taxes	46,969	11	Bills & Claims-PR vendors' checks	59,447
11	Licenses and Permits	120,601	16	Bills & Claims	453,347
11	Fines/Forfeitures/Penalties	12,308	23	Bills & Claims	292,862
11	Investment Interest	36,108	24	Bills & Claims-PR vendors' checks	19,872
17	Intergovernmental--Other	164,532	30	Bills & Claims	212,129
17	Charges for Current Services	255,116	31	Manual cks, voids & bank fees	(10,000)
17	Sales & Use Tax (incl. Meas.O)	1,260,674	3	Payroll- Regular	738,810
24	Transient Occupancy Tax (monthly)	370,906	17	Payroll- Regular	757,232
30	Miscellaneous Receipts	160,188	9	CalPERS Health payment wire	165,000
30	Misc Rec- JPA/798	37,500	9	CalPERS ER Contribution wire	165,000
			30	CalPERS ER Contribution wire	172,000
			30	CalPERS Admin fees wire	1,250
			9	ICMA 401 & 457 contributions	60,000
			23	ICMA 401 & 457 contributions	60,000
			27	2016 TARB debt payment	793,521
			27	2016 LRB debt payment	658,900
	Sub-total (Receipts)	3,076,183		Sub-total (Expenditure)	6,348,530
	Amount withdrew from Investments to cover this month's expenditures.	3,272,347		Amount of expected revenue available for investment.	-
	Total	\$ 6,348,530		Total	\$ 6,348,530

## Note:

The approximately \$24.8 million invested with the Local Agency Investment Fund (see Exhibit I) is highly liquid and available on any business day. It, therefore, can be reasonably estimated that sufficient funds are readily available to cover normal expenditures for the subsequent six-month period. More specifically, the monthly cash flow projection reflects that sufficient funds are available to meet the anticipated expenditures for the month.

## Actual Receipts &amp; Disbursements for the Month of January 2020

Fund / Account	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
4810, 4819	Community Center/Dev. Leases/Rentals	240,725	1	Outstanding Checks	1,410,445
F209, 4720, 21, 22, 24	Environmental Services Fees	28,697	3	Bills & Claims	168,013
4120-4125	Franchise Fees	131,441	3	Bills & Claims-PR vendors' checks	73,695
40XX, 4153	Property Taxes	5,562,214	9	Bills & Claims-PR vendors' checks	24,793
4151,4152,4155	Other Taxes	72,393	13	Bills & Claims	204,659
42XX	Licenses and Permits	143,687	21	Bills & Claims	297,629
43XX	Fines/Forfeitures/Penalties	16,527	27	Bills & Claims	381,781
4410,4431, 4450	Investment Interest	155,094	28	Bills & Claims-PR vendors' checks	42,993
other 45XX	Intergovernmental--Other	161,430	31	Manual cks, voids & bank fees	4,899
4510-4516	Intergovernmental--Gas Taxes	83,153	9	Payroll- Regular	736,150
4590,4591,4592 F333	Intergovernmental--Successor Agency	803,936	23	Payroll- Regular	876,948
46XX-47XX, excl 4725	Charges for Current Services	417,534	2	CalPERS ER Contribution wire	164,722
4110-4115	Sales & Use Tax (incl. Meas.O)	1,286,758	11	CalPERS Health wire	170,908
4150	Transient Occupancy Tax (monthly)	548,932	16	CalPERS ER Contribution wire	196,525
48XX-49XX, excl F798	Miscellaneous Receipts	126,265	27	401/457 Retirement plan contributions	243,097
48XX-49XX, only F798	Misc Rec- JPA/798	37,500	29	CalPERS ER Contribution wire	207,170
F207,236,367exc237,5XXX	Special Assessment	805,732			
	Sub-total (Receipts)	10,622,018		Sub-total (Expenditure)	5,204,425
	Amount withdrew from Investments to cover this month's expenditures.	-		Amount of expected revenue available for investment.	5,417,593
	Total	\$ 10,622,018		Total	\$ 10,622,018

## Actual Receipts &amp; Disbursements for the Month of February 2020

Fund / Account	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
4810, 4819	Community Center/Dev. Leases/Rentals	194,386	1	Outstanding Checks	201,111
4120-4125	Franchise Fees	256,298	3	Bills & Claims	220,804
40XX, 4153	Property Taxes	39,930	10	Bills & Claims	247,481
4151,4152,4155	Other Taxes	58,327	11	Bills & Claims-PR vendors' checks	75,624
42XX	Licenses and Permits	207,168	14	Bills & Claims	1,941
43XX	Fines/Forfeitures/Penalties	16,947	18	Bills & Claims	1,048,523
4410,4431, 4450	Investment Interest	23,768	24	Bills & Claims	166,989
other 45XX	Intergovernmental--Other	127,672	27	Bills & Claims	33,910
46XX-47XX, excl 4725	Charges for Current Services	370,831	31	Manual cks, voids & bank fees	(51,563)
4110-4115	Sales & Use Tax (incl. Meas.O)	1,391,973	6	Payroll- Regular	1,294,298
4150	Transient Occupancy Tax (monthly)	222,039	20	Payroll- Regular	818,435
48XX-49XX, excl F798	Miscellaneous Receipts	6,868	11	CalPERS Health wire	165,203
48XX-49XX, only F798	Misc Rec- JPA/798	37,500	13	CalPERS Retirement PMT	158,631
F207,236,367exc237,5XXX	Special Assessment	184	21	401/457 Retirement plan contribution	199,150
			27	CalPERS ER Contribution Wire	170,009
	Sub-total (Receipts)	2,953,891		Sub-total (Expenditure)	4,750,546
	Amount withdrew from Investments to cover this month's expenditures.	1,796,655		Amount of expected revenue available for investment.	-
	Total	\$ 4,750,546		Total	\$ 4,750,546

Attachment: Actual Receipts and Disbursements (Investment Report- Quarter Ending March 2020)

## Actual Receipts &amp; Disbursements for the Month of March 2020

Fund / Account	Revenue Description	Receipt Amount	Date	Expenditure Description	Payment Amount
4810, 4819	Community Center/Dev. Leases/Rentals	89,505	1	Outstanding Checks	201,111
4120-4125	Franchise Fees	540,842	2	Bills & Claims	330,097
40XX, 4153	Property Taxes	875,339	9	Bills & Claims	180,228
4151,4152,4155	Other Taxes	55,601	12	Bills & Claims-PR vendors' checks	81,328
42XX	Licenses and Permits	85,410	16	Bills & Claims	1,004,916
43XX	Fines/Forfeitures/Penalties	25,456	23	Bills & Claims	34,393
4410,4431, 4450	Investment Interest	2,876	23	Bills & Claims	101,972
other 45XX	Intergovernmental--Other	467,029	30	Bills & Claims	147,544
4510-4516	Intergovernmental--Gas Taxes	66,799	31	Voids, Manual checks & CC fees	(263)
46XX-47XX, excl 4725	Charges for Current Services	428,884	5	Payroll- Regular	853,904
4110-4115	Sales & Use Tax (incl. Meas.O)	1,312,044	19	Payroll- Regular	796,187
4150	Transient Occupancy Tax (monthly)	341,565	11	CalPERS Health wire	162,380
48XX-49XX, excl F798	Miscellaneous Receipts	4,355	11	CalPERS Retirement PMT	166,959
48XX-49XX, only F798	Misc Rec- JPA/798	37,500	11	401/457 Retirement plan contributions	82,997
			23	401/457 Retirement plan contributions	63,897
			27	CalPERS ER Contribution Wire	172,982
			27	Debt service wires-2016 TARB/LRB	903,374
	Sub-total (Receipts)	4,333,205		Sub-total (Expenditure)	5,284,005
	Amount withdrew from Investments to cover this month's expenditures.	950,800		Amount of expected revenue available for investment.	-
	Total	\$ 5,284,005		Total	\$ 5,284,005

Attachment: Actual Receipts and Disbursements (Investment Report- Quarter Ending March 2020)



*City  
Council  
Report*

**Item:** 4  
**Category:** CONSENT CALENDAR  
**Meeting Date:** May 5, 2020

**TITLE:** Declaring the Week of May 17 - 23, 2020 National Public Works Week (Resolution/Roll Call Vote)

**RECOMMENDED ACTION**

That the City Council adopt a resolution declaring the week of May 17-23, 2020, as National Public Works Week.

**BACKGROUND**

In 1960 the American Public Works Association instituted a public education campaign to draw attention to the importance of public works in the community. Public Works professionals are charged with critical responsibilities in connection with the planning, design, construction, maintenance and operation of numerous public works programs and projects. Often their accomplishments are particularly noteworthy in relation to the limited manpower and financial resources available to them.

**DISCUSSION**

National Public Works Week is observed each May to raise the public's awareness of public works issues and activities; and to recognize the contributions made by public works employees who are dedicated to improving the quality of life for present and future generations.

The 2020 National Public Works Week theme is "The Rhythm of Public Works." This theme encourages citizens to think about their communities as a symphony of essential services working in concert to create a great place to live. That every community has a rhythm, a heartbeat that reflects its essence and tempo of life.

Due to the current shelter-in-place order resulting from the COVID-19 pandemic, the Public Works Department will not be hosting any events to celebrate Public Works Week this year. Public Works staff remains committed to providing high quality essential services and maintaining the City's infrastructure in a safe, usable condition for all residents during this time of crisis. We look forward to the opportunity of hosting a future event to recognize the hard work and dedication of the City's Public Works staff especially in light of current events. Public Works staff continues to work diligently to keep the City's streets and other public facilities in a safe and well-maintained condition,

thus helping maintain a sense of civic pride and positive morale throughout this difficult time.

The attached resolution has been prepared for Council's consideration to proclaim the week of May 17-23, 2020 as National Public Works Week within the City of Campbell.

Prepared by:



JoAnna Thomason, Office Specialist

Reviewed by:



Todd Capurso, Director of Public Works

Approved by:



Brian Loventhal, City Manager

**Attachment:**

- a. Resolution

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL  
DECLARING THE WEEK OF MAY 17-23, 2020 AS  
NATIONAL PUBLIC WORKS WEEK

**WHEREAS**, in 1960 the American Public Works Association instituted a public education campaign to draw attention to the importance of public works in the community life; and,

**WHEREAS**, public works provides, maintains, and improves the structures and services that assure a higher quality of life for our communities; and

**WHEREAS**, streets, roads, bridges, and public transportation keep us linked together from coast to coast, and clean water and sanitation services keep us healthy and allow our communities to grow and prosper; and

**WHEREAS**, the quality and effectiveness of these facilities, as well as their planning, design, construction and maintenance is vitally dependent upon the efforts and skill of public works officials; and

**WHEREAS**, the efficiency of the qualified and dedicated personnel who staff public works departments is influenced by the people’s attitudes and understanding of the importance of the work they perform.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Campbell does hereby proclaim the week of May 17-23, 2020, as National Public Works Week within the City of Campbell and calls upon all citizens and civil organizations to acquaint themselves with the issues involved in providing our public works and recognize the contributions which the public works officials make every day to ensure our health, safety, comfort and quality of life.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_ 2020, by the following roll call vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED:

\_\_\_\_\_  
Susan M. Landry, Mayor

ATTEST:

\_\_\_\_\_  
Andrea Sanders, Deputy City Clerk

Attachment: Resolution (Public Works Week 2020)



*City  
Council  
Report*

**Item:** 5  
**Category:** CONSENT CALENDAR  
**Meeting Date:** May 5, 2020

**TITLE:** Extension of Declaration of a Local Emergency Due to COVID-19  
 (Resolution/Roll Call Vote)

**RECOMMENDED ACTION**

That the City Council adopt a resolution extending the City Council March 17, 2020 proclamation declaring the existence of a local emergency resulting from community spread of the coronavirus, also known as COVID-19 in the City of Campbell.

**BACKGROUND**

Since March 2020, the nation, state, county and city has been responding to a pandemic of a respiratory virus spreading from person to person caused by a novel (new) coronavirus. The virus has been named “coronavirus disease 2019” (abbreviated “COVID-19”). This virus poses a serious public health risk and can cause mild to severe illness. Most severe illness occurs in adults 65 years and older and people of any age with serious underlying medical problems.

Different parts of the country are seeing different levels of COVID-19 activity. The United States, as a nation, is in the acceleration phase of the pandemic. Early on, many of the patients at the epicenter of the outbreak in Wuhan, Hubei Province, China had some link to a large seafood and live animal market, suggesting animal-to-person spread. Later, a growing number of patients reportedly did not have exposure to animal markets, indicating person-to-person spread. Most international destinations now have ongoing community spread with the virus that causes COVID-19, as does the United States. Community spread means some people have been infected and it is not known how or where they became exposed.

On March 17, 2020, the City Council adopted a resolution ratifying the Director of Emergency Services’ proclamation dated March 12, 2020 declaring the existence of a local emergency resulting from community spread of COVID-19 in the City of Campbell.

This declaration of a local emergency provided the City the authority to provide and request mutual aid from state and other governmental agencies, consistent with the provisions of local ordinances, resolutions, emergency plans, and agreements; as well as promulgate orders and regulations, and exercise emergency police powers necessary to provide for protection of life and property.

Pursuant to the Campbell Municipal Code 2.28.060 (a)(1) and California Government Code Section 8630 (b), these actions must be ratified by the City Council, as it is required by law in order to allow the City the ability to exercise emergency police powers such as: evacuation; immunity for emergency actions; authorization of issuance of orders and regulations; activation of pre-established emergency provisions; and is a prerequisite for requesting state or federal assistance. The need to continue the local emergency requires City Council review every 60 days until conditions warrant termination, as required by Government Code 8630 (c).

## DISCUSSION

The Public Health Officers of Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties have worked together to provide several uniform public health orders directing their respective residents to shelter in place (SIP).

The first order was issued on March 16 and required a SIP from March 17 – April 7, only allowing individuals to participate in “essential activities” such as grocery shopping and requiring those engaging in those activities to maintain a distance of 6 feet or more from others at all times. Additionally, only “essential businesses” or “essential governmental functions” were permitted. During this time, the City of Campbell, similar to other Bay Area public agencies, placed any employee not deemed to be performing an essential service onsite or not able to work remotely offsite, on paid administrative leave.

The second public health order was issued on March 31 and extended the SIP to May 3, 2020. The order added to the list of restrictions and closures. For example, all playgrounds and dog parks were now closed and unavailable for recreation purposes. During this time period, the City implemented a “Limited Duration Teleworking During an Emergency” Policy, which allowed eligible employees to work remotely offsite during the SIP period. Employees who were not able to perform their job duties remotely were required to use hours from their leave banks or request leave as allowed through the Families First Coronavirus Leave Act.

On April 29, a third public health order was issued extending the SIP to May 31, 2020. The majority of the prior order’s restrictions remained in place, however the definition of essential businesses was expanded to include construction and other outdoor businesses, childcare establishments, summer camps and other educational and recreational programming. The order specifies restrictions for these businesses such as limiting participation to groups of 12 or fewer children and requiring face coverings when entering their facilities.

As of April 29, the following are the confirmed COVID-19 cases and deaths:

	<b>Confirmed Cases</b>	<b>Deaths</b>
<b>Campbell</b>	30	unknown
<b>Santa Clara County</b>	2,122	106

<b>California</b>	46,506	1,873
<b>United States</b>	1.05 million	60,384
<b>Worldwide</b>	3.02 million	207,973

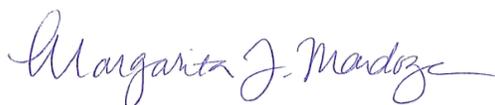
Government Code 8630 (c) requires that the City Council review the need to continue the local emergency every 60 days. Given the extension of the SIP order to May 31, 2020, the Director of Emergency Services is recommending that the City Council extend the declaration of a local emergency resulting from the community spread of COVID-19 in the City of Campbell.

Extending the proclamation of a local emergency provides the authority to request mutual aid from state and other governmental agencies, consistent with the provisions of local ordinances, resolutions, emergency plans, and agreements; as well as promulgate orders and regulations, and exercise emergency police powers necessary to provide for protection of life and property.

#### **FISCAL IMPACT**

The proclamation of a local emergency is a prerequisite for requesting state or federal assistance and/or reimbursement for expenses incurred in response to the emergency.

Prepared by:



Margarita Mendoza, Administrative Analyst

Approved by:



Brian Loventhal, City Manager

#### **Attachment:**

- a. Resolution

## RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF  
CAMPBELL CONTINUING THE PROCLAMATION OF  
EXISTENCE OF A LOCAL EMERGENCY DUE TO COVID-19**

**WHEREAS**, Campbell Municipal Code Section 2.28.060 empowers the City Manager or designee, as the Director of Emergency Services to issue a proclamation to proclaim the existence or threatened existence of a local emergency if the City Council is not in session, and requires that the City Council shall take action to ratify the proclamation within seven (7) days thereafter, or the proclamation shall have no further force or effect; and

**WHEREAS**, pursuant to California Government Code Section 8680.9, a local emergency is a condition of extreme peril to persons or property proclaimed as such by the governing body of the local agency affected by a natural or manmade disaster; and

**WHEREAS**, the purpose of a local emergency proclamation is to provide extraordinary police powers, immunity for emergency actions, authorize issuance of orders and regulations, and activate pre-established emergency provisions; and

**WHEREAS**, a local emergency proclamation is a prerequisite for requesting state or federal assistance; and

**WHEREAS**, conditions of extreme peril to the safety of persons and property have arisen within the City, based on the following:

1. Coronavirus Disease 2019 (named “COVID-19”) was first detected in Wuhan City, Hubei Province, China, in December 2019. The Centers for Disease Control and Prevention (CDC) considers the virus to be a very serious public health threat with outcomes ranging from mild sickness to severe illness and death. COVID-19 has spread globally and infected an estimated 3.02 million people, and killed more than 207,000 individuals.<sup>1</sup>
2. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern.
3. On January 31, 2020, the United States Secretary of Health and Human Services declared a Public Health Emergency.
4. On January 31, 2020, the first case of COVID-19 was confirmed in the County of Santa Clara (“County”).

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<sup>1</sup> World Health Organization Coronavirus disease 2019 (COVID-19) Situation Report – 100  
[https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200429-sitrep-100-covid-19.pdf?sfvrsn=bbfbf3d1\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200429-sitrep-100-covid-19.pdf?sfvrsn=bbfbf3d1_2)

5. On February 5, 2020, the County Health Officer determined that there is an imminent and proximate threat to public health from the introduction of COVID-19 in the County

and issued a Declaration of Local Health Emergency. At the same time, the County Director of Emergency Services declared the existence of a Local Emergency in the County.

6. On February 10, 2020, the County Board of Supervisors ratified and extended the Declaration of a Local Health Emergency and the Proclamation of a Local Emergency.
7. On February 26, 2020, the third case of COVID-19 was confirmed in the County.
8. By March 4, 2020, the number of confirmed cases of COVID-19 had increased to eleven (11) in the County with confirmed community spread. The California Department of Health Services reported its first death related to COVID-19, and the Governor of California declared a state of emergency.
9. By March 5, 2020, the number of confirmed cases of COVID-19 had increased to twenty (20) in the County, with strong evidence of increasing community spread. The County expanded its guidance as a result.
10. By March 6, 2020, the number of confirmed cases of COVID-19 had increased to twenty-four (24) in the County, with strong evidence of increasing community spread.
11. By March 9, 2020, the number of confirmed cases of COVID-19 had increased to forty-three (43) in the County. On March 9, 2020, the County of Santa Clara Public Health Department announced the first death from COVID-19 in the County. The County Health Officer imposed a countywide moratorium, a mass gatherings of 1,000 or more persons to mitigate the spread of COVID-19.
12. On March 10, 2020, the County Board of Supervisors again ratified and extended the Proclamation of a Local Health Emergency.
13. On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic.

**WHEREAS**, the City Council does hereby find that the above described conditions of extreme peril did warrant and necessitate the proclamation of the existence of a local emergency in the City; and

**WHEREAS**, California Government Code, Title 2, Division 1, Chapter 7.5 - California Disaster Assistance Act (CDAA) allows that with the Proclamation of a Local Emergency the City may seek financial assistance and may request reimbursement of the significant expenses incurred during response, if approved by the Director of the California Office of Emergency Services or Concurrence or Governor's Proclamation; and

**WHEREAS**, on March 12, 2020, the Director of Emergency Services issued a proclamation declaring the existence of a local emergency within the City, at which time the City Council was not in session; and

**WHEREAS**, on March 17, 2020, the City Council ratified and confirmed the proclamation declaring the existence of a local emergency within the City issued on March 12, 2020; and

**WHEREAS**, on March 17, 2020 the first public health order issued by the Santa Clara County Public Health Officer went into effect, requiring the sheltering in place of all residents in the County, and only allowing a defined set of essential activities and businesses to operate until April 7, 2020; and

**WHEREAS**, on March 31, 2020, a second public health order was issued by the Santa Clara County Public Health Officer extending the shelter in place orders and further limiting the definition of essential activities until May 3, 2020; and

**WHEREAS**, on April 29, 2020, a third public health order was issued by the Santa Clara County Public Health Officer extending the sheltering in place until May 31, 2020 and expanding the definition of permitted activities and essential businesses as the County and State prepare for a phased approach towards removing limitations set by the public health orders; and

**WHEREAS**, the associated emergency conditions are on-going, and the emergency should not be terminated at this time;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Campbell that:

1. The City Council has reviewed the need for continuing the declaration of local emergency ratified and confirmed on March 17, 2020 and finds based on substantial evidence that the public interest and necessity require the continuance of the proclamation of local emergency related to COVID-19.
2. Said local emergency shall be deemed to continue to exist until terminated by the City Council of the City of Campbell.
3. The Director of the Office of Emergency Services is hereby directed to report to the City Council within sixty (60) days on the need for further continuing the local emergency.

**PASSED AND ADOPTED** this 5<sup>th</sup> day of May 2020, by the following roll call vote:

AYES:	Councilmembers:
NOES:	Councilmembers:
ABSENT:	Councilmembers:

APPROVED:

\_\_\_\_\_  
Susan M. Landry, Mayor

ATTEST:

\_\_\_\_\_  
Andrea Sanders, Deputy City Clerk

Attachment: Resolution (Extension of a Local Emergency)



*City  
Council  
Report*

**Item:** 6  
**Category:** NEW BUSINESS  
**Meeting Date:** May 5, 2020

**TITLE:** Consider the Adoption of a Resolution to Authorize the City Manager to Execute a Professional Service Agreement with HouseKeys Inc. (Resolution/Roll Call Vote)

**RECOMMENDED ACTION**

**Adopt a Resolution**, authorizing the City Manager to execute a 12 month (expiring June 30, 2021) Professional Service Agreement with HouseKeys, Inc.

**BACKGROUND**

In June of 2016, the City of Campbell hired HouseKeys to serve as the City's Below Market Rate (BMR) Program Administrator. The contract has been renewed annually since that time and the current contract terminates on June 30, 2020.

**DISCUSSION**

The purpose of this discussion is to consider the renewal of Housekeys' contract. The 'Proposed Scope of Services and Fee Schedule' provided includes minor typographical changes<sup>1</sup> as well as a request for a \$25,000 increase in the flat rate fee (\$137,200 to \$162,200; see 'Contract Budget' for more details) (reference **Attachment B** – Proposed Scope of Services & Fees; FY20-21). The following discussion includes an update on the housing program activities over the past year and an overview of the budget.

**Housing Program Update**

For the BMR ownership and rental program, HouseKeys continues to provide support for applicant service requests; conduct introductory homebuyer education/training workshops and orientation classes; prepare income qualifications; coordinate complete and accurate document transmittals; prepare and record agreements and other legal documents; and prepare and ensure timely delivery of all necessary escrow documents.

In support of the BMR program, HouseKeys also continues to conduct annual BMR compliance monitoring; maintain a list of eligible and qualified BMR homebuyers; maintain a list of approved loan officers and lending operations; act as transaction coordinator for all real estate transactions; and provide annual updates to the County on the resale value of all BMR homes.

<sup>1</sup> A redlined copy of the Scope of Services & Fees comparing FY19-20 & FY20-21 has been provided as a separate attachment (reference **Attachment C** - Redlined Scope of Services & Fees).

HouseKeys also investigates potential BMR compliance issues and processes enforcement procedures (e.g., timelines and legal actions) in accordance with the BMR Guidelines approved in November of 2018 (reference **Attachment D** – BMR Guidelines; established by CC Res. 12375) and Council direction. An expanded discussion on enforcement efforts has been provided under the section entitled ‘Compliance Program’.

**BMR Rental Program:** The BMR rental program currently includes 51 rental units<sup>2</sup> spread across five (5) apartment developments: Alvin’s Corner (Hamilton Ave); Merrill Gardens (Winchester Blvd); Revere (Bascom Ave); St. Anton (Railway Ave); and Winchester Station (Winchester Blvd).

In 2019, HouseKeys re-certified 45 tenants, filled three (3) vacancies, and denied two (2) re-certifications (see ‘Compliance Program’). For the one (1) remaining vacancy, HouseKeys started work to identify a new tenant in 2019 (subsequently filled in 2020).

#### **Rental Program Summary:**

- Certified/Current – 48 units (45 recertified; 3 filled vacancies)
- Denied – 2 units (one pending eviction)
- Vacant – 1 unit

**BMR Homeowner Program:** The BMR ownership program is comprised of 87 units spread across 16 developments, including: Orchard Grove; Grant Street, Ainsley Place, Campbell Manor, Heritage Place, Park Town Place, Sonata Place, George Court, Hamilton Square, North Second Street, Maravilla, Penny Lane, Palomar, Cottage Place, Madison, and Town 38. Units included in the homeowner program either have resale restrictions<sup>3</sup>, City financing (loans), or a combination of resale restrictions and City financing. While most of these units are annually certified by HouseKeys; eight (8) units are considered ‘out of program’. Of these eight (8) units, six (6) are managed by Habitat for Humanity which has its own certification process and the remaining two (2) units are maintained on the list purely for record keeping purposes – having previously sold and fulfilled their loan obligations.

In 2019, HouseKeys held six (6) homebuyer orientations at City Hall, processed the sale of seven (7) new homes in the Towne 38 development and one (1) resale in the Penny Lane Development.

#### **Homeowner Program Summary:**

- Certified/Current – 56 units (21 new construction)
- Not Certified – 23 units (12 flagged; 11 non-responsive)
- Out of Program – 8 units (6 Habitat for Humanity<sup>4</sup>; 2 record<sup>5</sup>)

<sup>2</sup> Campbell is also home to a number of affordable rental developments that do not have oversight by the City or the BMR Administrator (Avalon, Corinthian, El Parador, San Tomas Gardens, Rincon Gardens, Sharmon Palms, Wesley Manor), although HouseKeys does collect data on some of these programs (e.g., Avalon, San Tomas Gardens and Sharmon Palms).

<sup>3</sup> Resale restrictions include term limits (i.e. 25, 30, 35, or 45-year term limits) and affordability limits (i.e. low, moderate).

<sup>4</sup> HouseKeys does not perform annual certifications on units in the Habitat for Humanity program which have their own certification process (however, the City would be involved in the event of their sale).

Loan Program: HouseKeys also manages the City's affordable housing revolving loan program. Management of the loan program includes processing and underwriting refinance requests, calculating all pay-off demands, preparing and processing all loan documents, issuing required disclosures and tax forms, and collecting pay-off of first-time homebuyer loans issued by the City when loans were actively being provided to Campbell residents. The loan program also includes coordination with the City Finance Department to complete reports to the State for funds awarded to the City (e.g. BEGIN funds).

In 2019, the City of Campbell had \$7.7 million in outstanding loans consisting of \$3.5 million invested into the Maravilla development, \$2.2 million in BEGIN loans, \$1.4 million in the rehabilitation loans, and \$582,000 in first time home buyer loans. From these loans (as well as cash holdings) the City receives approximately \$60,000 in annual interest payments. All loans in the portfolio are considered 'current' since there are no performing notes (notes with monthly amortizing payments made by the borrower). Principal and interest are generally due at time of sale or default and are not paid on a monthly or annual basis.

Performance Measures: In 2019, the City Council established several performance measures as part of a revised scope of services. A copy of these performance measures, and summary of their status, has been provided as follows (status in *italics*):

- a. General Inquiries: Respond within 48 business hours.

*In 2019, HouseKeys responded to 361 emails, 271 calls, and 181 application requests. While most requests were responded to within 48 business hours, some inquiries required more research or effort to answer and were only acknowledged as having been 'received' within the 48-hour time frame.*

*For Fiscal Year 2020-2021, HouseKeys will be working on enhancing their internal platform to track tickets (requests) generated for the City of Campbell as opposed to using outside software applications as currently occurs. All inquiries that are received (regardless of communication platform) will be sorted by type (by a drop-down menu) in order to track and enhance key request areas in the future.*

- b. Loan Requests: Respond within 48 business hours, Complete requests within a reasonable time, with weekly status updates for outstanding requests.

*Similar to general inquiries (a.), loan requests were consistently acknowledged as being received in the first 48 business hours. Where responses took longer than 48 business hours, updates were provided in response to the inquiry as soon new information became available (frequently more than once a week).*

- c. Orientations: Minimum 6 per year, with more as needed for new opportunities.

*HouseKeys provided a total of six (6) Home Buyer Orientations in 2019.*

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<sup>5</sup> Two units which were previously sold are no longer part of the active program requiring annual certifications.

*Looking ahead to 2020, while two (2) orientation meetings have already been held, HouseKeys has decided to cancel further in-person orientation meetings at this time in response to COVID-19. As an alternative, HouseKeys has updated the dedicated City of Campbell website and directed potential applicants to complete an online registration form, watch training videos, and complete a quiz. If the applicant passes the quiz with a score of 7 or better, they will be given credit the same as if they had attended an in-person orientation meeting. Separately, HouseKeys will provide weekly updates to applicants via weekly email blasts and continue to encourage applicants to review the BMR Home Buyer Orientation PowerPoint available online.*

*While no changes to the 2020/2021 contract have been proposed to reflect these changes at this time; should the City Council want to modify the scope to acknowledge these technological improvements or provide general direction on how to handle orientations in response to COVID-19 – such feedback can be provided in the motion and incorporated into the scope of services by staff.*

- d. Rental Vacancies: Fill vacancies within 60 days.

*In 2019, the City had a total of four (4) vacancies. The average time to fill a vacancy (measured from the date the unit became available to the date a renter was delivered) was 35 days. While one unit took 64 calendar days to fill, the unit was filled in significantly fewer business days (recognizing the unit was available 11/10/2019 and delivered 1/13/2020; spanning a key holiday season).*

- e. Annual Monitoring: Provide homeowners 30 days to submit recertification packages.

*While HouseKeys provided homeowners 30 days to submit recertification packages; not all responses were received (see 'Compliance Program'). For 2020, and in response to COVID-19, HouseKeys is working on launching a pilot online BMR Owner Annual Certification by the Fall/Winter 2020. The pilot will include 30 to 50 current BMR Homeowners. Annual Certifications will be delivered and returned via the HouseKeys platform. BMR Homeowners will have the ability to attach supporting documentation (i.e. utility bill, mortgage bill to prove that the BMR unit is owner occupied per their resale restrictions) through a secure online platform. HouseKeys will provide all BMR Homeowners 30 days to submit recertification packages. If BMR Homeowners do not comply with the original 30 days request, appropriate compliance actions will be taken.*

- f. Follow up letters at 60 and 90 days before beginning enforcement procedures.

*In 2019, HouseKeys fully pursued and remedied rental units in compliance with the appropriate noticing procedures. HouseKeys did not pursue compliance on homeowner units (i.e., no 60- or 90-day letters were mailed in 2019) pending further progress on the active homeowner case the City authorized HouseKeys to pursue with Council direction.*

- g. Eligibility List: Maintain a minimum buyer-to-property ratio of 5:1.

*HouseKeys maintains a buyer-to-property ratio that is nearly 17:1 (1,342 individuals for 79 units; not including the eight (8) 'Out-of-Program' units).*

- h. Application ID issuance: Issue within 5 business days.

*Application ID's are issued instantaneously by the HouseKeys system.*

**Compliance Program:** When HouseKeys was hired to serve as the City's BMR Housing Administrator in 2016, the City did not have clearly established reporting or enforcement procedures. In November of 2018, the City Council approved Below Market Rate (BMR) Guidelines which included actions and timelines for compliance (reference **Attachment D** – BMR Guidelines; established by CC Resolution 12375).

For the BMR Rental Program, compliance efforts have been largely successful except for the two (2) denied rental units. While the first unit was discovered to be out of compliance in 2017, the unit remained improperly occupied<sup>6</sup> for two-years (until the end of 2019) before converting to a qualifying household. While the second unit was discovered in 2019 and processed faster (with the enforcement procedures in place), HouseKeys had to suspend the eviction process in response to COVID-19 and a legal position from the property management company on the Governor's and Santa Clara County's moratoriums on evictions. With clear enforcement procedures now in place, conversion of non-complaint rental units will occur more rapidly, especially in situations where leases are held on a month-to-month basis.

For the BMR Homeowner Program, HouseKeys initiated the certification process between October 2017 and April 2018 which, for the first time for many owners, required the completion of a questionnaire and submittal of supporting documents (e.g., utility bill, mortgage statement, insurance). While most units responded with the requested information – 23 units did not respond, and 12 units were flagged as having some irregularity (such as an addressing inconsistency) warranting further investigation.

At this time, HouseKeys intends to issue its fourth notice for certification in July, having postponed an earlier transmittal in April in response to COVID-19 (reference **Attachment E** – Homeowners Certification Letter). While 23 units have been non-responsive, and 12 units are flagged as warranting further investigation, HouseKeys has also postponed enforcement actions outlined in the adopted BMR Guidelines pending further progress being made on the one active homeowner case and Council direction.

Separately, HouseKeys continues to monitor the one homeowner case that the City has pursued which has an upcoming court date scheduled for July 7, 2020. As details of the case are covered in closed session, HouseKeys will separately provide a summary of key dates, accurate cost estimates, and an overview of total processing time for review.

## Contract Budget

<sup>6</sup> In 2019, HouseKeys issued an unlawful detainer on the one (1) rental unit and instructed the landlord to not renew the lease. The unit has subsequently been leased to a qualifying household.

Since 2016, HouseKeys has maintained a flat service fee of \$137,200 for general program administration and management (e.g., day-to-day customer service, annual monitoring and recertification, calculating BMR rental rates, new sales prices and resale prices, and qualification of BMR rental tenants). This year, HouseKeys has requested a \$25,000 increase in the flat rate fee charged (\$137,200 to \$162,200; 18% increase) which is intended to offset inflation/cost-of-living increases over the past three years, as well as the upcoming year, and a fraction of the cost to provide key improvements to the program, services, and staffing offered to the City since 2016. These improvements have included, but not been limited to, the following:

- Since 2016, HouseKeys has hired six (6) additional staff which have enabled HouseKeys<sup>7</sup> to decrease response time to general inquires, provide responses in Spanish as well as English, and increase the time dedicated to answering questions and creating educational material.
- In 2020, HouseKeys will improve its loan request processing and reporting (hired a dedicated real estate and loan accounting professional on 2/17/2020).
- In 2020, HouseKeys will provide online orientation classes in English and Spanish for the City of Campbell; these efforts will provide additional options for Campbell residents, and help the consultant fulfill contracted obligations while also being responsive to COVID-19.
- In 2020, HouseKeys intends to release a Program Provider Management Application that will allow the City to view data across its Program Inventory (Homes, Rental Units, and Loans), the Directory of Applicants and Participants, and obtain real time information on service tickets and transactions.
- By March of 2021, Housekeys intends to provide a mapping tool which will advertise available units in Campbell by income level (low, moderate, etc.).

In addition to the flat fee, HouseKeys would continue to collect transaction fees for processing loan payoffs and subordination requests (paid by borrower/lender), new BMR sales (paid by developer/buyer), and existing BMR re-sales (paid by BMR buyer). New program applicants are also subject to transaction fees to help cover the cost of resources required to process new applications (e.g., credit checks, review and underwriting of income statements, verification of household composition, etc.). Although a considerable amount of resources also goes into processing annual owner and rental recertifications, the associated costs would continue to be accounted for under the general administration flat fee.

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<sup>7</sup> Since 2016, HouseKeys staffing costs have increased from \$601,564 dollars to \$1,129,202 dollars. As the City of Campbell contract is just one of many contracts HouseKeys holds, the City pays a fraction of the full cost to provide new staff and services.

The 2020-2021 fee schedule will also maintain the current \$250/hour billing rate<sup>8</sup> for “special project” tasks that are not associated with general day-to-day tasks such as legal actions associated with BMR default cases. The transaction fees are further described in the fee schedule (**Attachment B – Proposed Scope of Services & Fees; FY20-21**).

## FISCAL IMPACT

The \$162,200 annual contract fee will be included in the Proposed Fiscal Year (FY) 2020-21 budget and will be paid out of a special fund<sup>9</sup> created after the dissolution of the City’s Redevelopment Agency. As of the Fiscal Year ending June 30, 2019, the fund had a balance of \$9.2 million, of which \$1.4 million was held in cash and investments and \$7.8 million was notes, loans, and interest receivables. Thus, the fund has adequate reserves to cover the cost of the contract and earns approximately \$80,000 a year from interest on loan payments and cash holdings as well from surplus payments/excess sale proceeds. Budgeted operating expenses in the fund were \$248,000 in FY 2019-20 and are proposed to go to \$268,000 in FY 2020-21 with the inclusion of this contractual cost increase. As a note, the transaction fees do not affect the City’s budget for the BMR Administrator contract because the fees are paid for by new program applicants and existing program participants. Any additional “special project” fees would be reviewed on a case-by-case basis and require approval by the City Manager or City Council, as appropriate. Accounting for all fees collected, the total value of the contract is approximately \$350,000 accounting for the proposed flat rate fee, various transaction fees, and hourly billing for tasks outside general day-to-day operations. Only \$162,200 of this though is payable by the City.

## ALTERNATIVES

1. Request a modified BMR Administrator contract (e.g., scope of work, budget, duration) to be returned to the City Council.
2. Do not renew the BMR Administrator contract and consider alternatives to how the City manages Campbell’s housing programs; such as hiring in-house staff.
3. Accept the proposed contract and allow the City Manager to renew the agreement hereafter since such expenses are included in the Department budget request.

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<sup>8</sup> The special project fee was increased from \$150/hour in 2018/2019 to \$250/hour in 2019/2020, consistent with Housekeys’ fees charged to other cities.

<sup>9</sup> Created following the dissolution of the redevelopment agency, Fund 223 is a successor agency fund which has [restrictions](#) on its use. Generally, the fund may be used for monitoring and preserving affordability covenants, administrative costs, homeless prevention, and development of affordable housing. The scope of services offered by HouseKeys is consistent with the fund restrictions.

Prepared by:

  
\_\_\_\_\_  
Stephen Rose, Associate Planner

Reviewed by:

  
\_\_\_\_\_  
Paul Kermoyan, Community  
Development Director

Approved by:

  
\_\_\_\_\_  
Brian Loventhal, City Manager

**Attachment:**

- a. Resolution
- b. Proposed Scope of Services & Fees; FY20-21
- c. Redlined Scope of Services & Fees
- d. BMR Guidelines; established by CC Res. 12375
- e. Homeowners Certification Letter

RESOLUTION NO. \_\_\_\_\_

**BEING A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL AUTHORIZING THE CITY MANAGER TO EXECUTE THE BELOW MARKET RATE PROGRAM ADMINISTRATOR PROFESSIONAL SERVICES AGREEMENT WITH HOUSEKEYS, INC.**

**WHEREAS**, in June of 2016, the City Council selected HouseKeys to serve as the City’s Below Market Rate (BMR) Program Administrator and authorized the City manager to execute a professional services agreement; and

**WHEREAS**, the professional services agreement with HouseKeys has been annually renewed since that time; and

**WHEREAS**, on July 2, 2019 the Council authorized the City Manager to execute a one-year contract with HouseKeys, Inc. to administer the City’s Below Market Rate Program; and

**WHEREAS**, the current one-year contract is set to expire on June 30, 2020; and

**WHEREAS**, the cost of the Program is partially subsidized through the Administrator’s collection of transaction fees charged to program participants (e.g., developers, applicants, homeowners, rental tenants, and lenders); and

**WHEREAS**, the City Council held a public meeting and approved the scope of work (Exhibit A) and proposed fee schedule (Exhibit B).

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Campbell hereby authorizes the City Manager to execute a 12 month (expiring June 30, 2021) Professional Service Agreement with HouseKeys, Inc.

**PASSED AND ADOPTED** this \_\_\_ day of \_\_\_\_\_, 2020, by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

APPROVED: \_\_\_\_\_  
Susan M. Landry, Mayor

ATTEST: \_\_\_\_\_  
Andrea Sanders, Deputy City Clerk

Attachment: Resolution (Authorize a Professional Service Agreement with HouseKeys Inc.)

**EXHIBIT A - SCOPE OF SERVICES 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is fully executed by both parties.

1. Consultant will administer the program and assure BMR Deed Restrictions are recorded and followed by all parties as applicable for each property.
2. Consultant will provide offsite support for service requests. Orientations and workshops will be held in the City of Campbell.
3. Consultant will regularly update BMR guidelines and program materials in conjunction with City staff to reflect the Consultant's administrative process for BMR Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process. Consultant's objective will be to work alongside City Staff to incorporate "learnings" from the team's collective history with BMR Programs in Campbell along with surrounding Santa Clara, San Benito, Alameda, San Francisco, San Mateo, Santa Cruz and Monterey Counties.
4. Consultant will maintain a BMR program website presence that will link to the City's housing website.
5. Consultant and the City have agreed to the following mutually acceptable performance measures for BMR program administration. These measures shall be included in the quarterly BMR summary report.
  - a. General Inquiries: Respond within 48 business hours
  - b. Loan Requests: Respond within 48 business hours. Complete requests within reasonable time, with weekly status updates for outstanding requests
  - c. Orientations: Minimum 6 per year, with more as needed for new opportunities
  - d. Rental Vacancies: Fill vacancies within 60 days
  - e. Annual Monitoring: Provide homeowners 30 days to submit recertification packages
  - f. Follow up letters at 60 and 90 days before beginning enforcement procedures
  - g. Eligibility List: Maintain a minimum buyer-to-property ratio of 5:1
  - h. Application ID issuance: Issue within 5 business days.
6. Consultant shall maintain the City's existing records, databases, and files through a file retention and management system for the program. All electronic records will be considered work products that are property of the City of Campbell. The Consultant shall update the City's records quarterly to ensure a coordinated seamless record

**EXHIBIT A - SCOPE OF SERVICES 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

keeping process. The database shall include the following at a minimum:

- a. For each BMR / RDA Development (new and existing):
    - 1) A list of all BMR / RDA units in the development
    - 2) The date of the BMR / RDA developer agreement
    - 3) BMR / RDA units lost, including date, reason for loss, initial sales price, resale price, and actions taken
  
  - b. For each owner unit (new and existing):
    - 1) The address for each ownership unit
    - 2) The level of affordability (e.g., Very Low, Low, Moderate)
    - 3) The current owner of record
    - 4) The expiration date of the owner agreement
    - 5) The last date of recertification
    - 6) The recertification status (updated annually)
    - 7) The original sales price
    - 8) The current resale restriction price
    - 9) Dates of owner turn-over, as applicable
  
  - c. For each renter unit (new and existing)
    - 1) The unit number for each rental unit
    - 2) The level of affordability (e.g., Very Low, Low, Moderate)
    - 3) The current tenant of record
    - 4) The last date of recertification
    - 5) The recertification status (updated annually)
  
  - d. For each affordable housing loan:
    - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
    - 2) The address associated with the loan
    - 3) The current owner of record (this should be the loan recipient)
    - 4) The amount, term, and due date of the loan
    - 5) dates of payoff and interest collected, as applicable
    - 6) dates of refinance/subordination, as applicable
    - 7) dates of write-off and amount, as applicable
  
  - e. Other information as requested and mutually agreed to.
7. Consultant shall provide a quarterly BMR summary report to the City on the following dates and with the following information, consistent with task #5 and #6:
- Q1 (July – Sept): October 30, 2020  
 Q2 (Oct – Dec): January 31, 2021  
 Q3 (Jan – March): April 30, 2021  
 Q4 (April – June): July 31, 2021
- a. Performance Measures (see task #5)

**EXHIBIT A - SCOPE OF SERVICES 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

- b. For each owner unit (new and existing):
  - 1) The address for each ownership unit
  - 2) The level of affordability (e.g., Very Low, Low, Moderate)
  - 3) The current owner of record
  - 4) The last date of recertification and current recertification status
  
- c. For each renter unit (new and existing)
  - 1) The unit number for each rental unit
  - 2) The level of affordability (e.g., Very Low, Low, Moderate)
  - 3) The current tenant of record
  - 4) The last date of recertification and current recertification status
  
- d. For each affordable housing loan:
  - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
  - 2) The address associated with the loan
  - 3) The current owner of record (this should be the loan recipient)
  - 4) The amount, term, and due date of the loan
  - 5) Dates of payoff and interest collected, as applicable
  - 6) Dates of refinance/subordination, as applicable
  - 7) Dates of write-off and amount, as applicable
  
- e. Current list of defaults and pending defaults
  - 1) Actions taken to date
  - 2) Next steps, including dates
  
- f. In-lieu fees collected, if applicable
  
- g. Other information as requested and mutually agreed to
  
- 8. Consultant will provide the applicants with the following services:
  - a. Conducting income qualifications including review of assets, income, VOE's and all other necessary approvals to ensure qualification for the City loans.
  - b. Making minor revisions to the City's existing program materials and legal documents.
  - c. Underwriting loan applications in accordance with program requirements.
  - d. Preparing all loan documents, overseeing proper execution thereof, and conducting final loan approval reviews.
  - e. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.
  - f. Overall management and implementation of specific program policies, including required reporting.

**EXHIBIT A - SCOPE OF SERVICES 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

- g. Preparation of program materials by revising the City's current documents.
  - h. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
  - i. Calculating the resale value of all BMR homes as requested annually by the County.
  - j. Work with City staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDO application process where BMR units are included, reviewing developer agreements, and ensuring that BMR requirements are outlined in an Affordable Housing Agreement and any subsequent amendments to the development documentation.
9. Consultant shall act as transaction coordinator for all real estate transactions and will provide the City with a fee schedule. Consultant will charge BMR re-sale transaction fees in line with applicable recorded Deed Restrictions. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project.
10. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
11. Consultant shall work alongside Staff to conduct monitoring to annually evaluate BMR owners' & renters' compliance with the terms and conditions of the BMR recorded deed restrictions and program guidelines including the following:
- a. Mailing monitoring letters to all the BMR units.
  - b. Reviewing in conjunction with City staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records).
  - c. Review City's preliminary monitoring list to identify follow up actions required.
  - d. Meet with City staff to develop guidelines for acceptable default remedies (e.g., allowing rental of BMR units for hardship cases).
12. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
- a. Conduct follow up of those BMR owners who do not submit their compliance documentation.
  - b. Reviewing information from calls from BMR neighbors and interested parties.
  - c. Conduct reasonable follow-up investigation to assess potential BMR defaults including unit site visits.

**EXHIBIT A - SCOPE OF SERVICES 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

- d. Scheduled appointments with BMR owners.
  - e. For confirmed defaults, provide owners with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
  - f. Maintaining log of actions taken to remedy the defaults.
  - g. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue. City authorization will be sought for any legal action taken.
  - h. City will provide a list of any current BMR defaults and actions taken to date.
13. Consultant shall conduct introductory Home Buyer Education/Training classes – HomeBuyer Orientation Classes prior to BMR application
  14. Consultant shall build and maintain a group of LOCAL (live or work in the City of Campbell) qualified and eligible BMR homebuyers at a minimum Buyer-to-Property ratio of 5:1
  15. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)
  16. Consultant will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions
  17. Consultant will review individual BMR restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.
  18. Consultant will prepare City staff reports.

In addition, the HouseKeys team will provide the following services:

- A. Consultant enters into this contract with the City of Campbell with the intention of adding the City to the Model City Project that incorporates Industry Best Practices, A BMR Database, and a Regional BMR Working Group. This Project will improve efficiencies and reduce program costs to the City.
- B. Consultant will provide training, analysis and suggested improvements to the BMR Program.
- C. Consultant will prepare a presentation for Staff and Council Members on the Model City Project.

**EXHIBIT B – FEE SCHEDULE 2020-2021  
BMR ADMINISTRATOR - HOUSEKEYS**

<u>Description</u>	<u>Fee<sup>1</sup></u>	<u>Fee Cap / Max</u>	<u>Billed To</u>
<b>Program Administration</b>	\$162,200 / year (\$13,516.67 / month)		City
<b>Loan Processing Transaction Fee</b>	\$1,250.00 per transaction <sup>2</sup>	\$1,250.00 per transaction	Owner / Lender
<b>New BMR Sales Transaction Fee</b>	3% of Sales Price	Maximum \$18,000.00	Buyer (via Sales Price)
<b>BMR Resale (compliant) Transaction Fee</b>	6% of New Sales Price	Maximum \$36,000.00	Buyer (via Sales Price)
<b>Acquisition (default) and BMR Resale / Rehab Transaction Fee</b>	5% of Resale Restriction Price plus 5% of New Sales Price	Maximum \$60,000.00	Buyer (via Sales Price)
<b>Application I.D. Issuance</b>	No fee	No fee	n/a
<b>Participant I.D. Issuance</b>	No fee	No fee	n/a
<b>Opportunity Drawing (Lottery) Entry Fee</b>	\$25.00	\$25.00	Applicant
<b>Application Fee</b>	\$75.00	\$75.00	Applicant
<b>Billing Rate for Projects Outside of Contract Scope</b>	\$250.00 / hour	\$250.00 / hour	City

<sup>1</sup> Fees may be lower pursuant to the relevant executed Agreement (e.g., developer agreement, owner resale restriction agreement, promissory note, etc.)

<sup>2</sup> 25% of the \$1,250 loan processing fee (\$312.50) paid by the owner/lender will be transferred to the City for administration and internal processing of the subordination / payoff request.

**EXHIBIT A - SCOPE OF SERVICES 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**  
**(FOR REFERENCE ONLY)**

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is fully executed by both parties.

1. Consultant will administer the program and assure BMR Deed Restrictions are recorded and followed by all parties as applicable for each property.
2. Consultant will provide ~~onsite-offsite~~ support ~~\_in the City of Campbell~~ for service requests, ~~orientations.~~ Orientations and workshops will be held in the City of Campbell.
3. Consultant will regularly update BMR guidelines and program materials in conjunction with City staff to reflect the Consultant's administrative process for BMR Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process. Consultant's objective will be to work alongside City Staff to incorporate "learnings" from the team's collective history with BMR Programs in Campbell along with surrounding Santa Clara, San Benito, Alameda, San Francisco, San Mateo, Santa Cruz and Monterey Counties.
4. Consultant will maintain a BMR program website presence that will link to the City's housing website.
5. Consultant and the City have agreed to the following mutually acceptable performance measures for BMR program administration. These measures shall be included in the quarterly BMR summary report.
  - a. General Inquiries: Respond within 48 business hours
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  - c. Orientations: Minimum 6 per year, with more as needed for new opportunities
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  - h. Application ID issuance: Issue within 5 business days.
6. Consultant shall maintain the City's existing records, databases, and files through a file retention and management system for the program. All electronic records will be considered work products that are property of the City of Campbell. The Consultant

**EXHIBIT A - SCOPE OF SERVICES 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**  
**(FOR REFERENCE ONLY)**

shall update the City's records quarterly to ensure a coordinated seamless record keeping process. The database shall include the following at a minimum:

- a. For each BMR / RDA Development (new and existing):
    - 1) A list of all BMR / RDA units in the development
    - 2) The date of the BMR / RDA developer agreement
    - 3) BMR / RDA units lost, including date, reason for loss, initial sales price, resale price, and actions taken
  
  - b. For each owner unit (new and existing):
    - 1) The address for each ownership unit
    - 2) The level of affordability (e.g., Very Low, Low, Moderate)
    - 3) The current owner of record
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    - 6) The recertification status (updated annually)
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  - c. For each renter unit (new and existing)
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  - d. For each affordable housing loan:
    - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
    - 2) The address associated with the loan
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    - 4) The amount, term, and due date of the loan
    - 5) dates of payoff and interest collected, as applicable
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    - 7) dates of write-off and amount, as applicable
  
  - e. Other information as requested and mutually agreed to.
7. Consultant shall provide a quarterly BMR summary report to the City on the following dates and with the following information, consistent with task #5 and #6:
- Q1 (July – Sept): October 30, 2019-2020  
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 Q3 (Jan – March): April 30, 2020-2021  
 Q4 (April – June): July 31, 2020-2021

**EXHIBIT A - SCOPE OF SERVICES 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**  
**(FOR REFERENCE ONLY)**

- a. Performance Measures (see task #5)
  - b. For each owner unit (new and existing):
    - 1) The address for each ownership unit
    - 2) The level of affordability (e.g., Very Low, Low, Moderate)
    - 3) The current owner of record
    - 4) The last date of recertification and current recertification status
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    - 7) Dates of write-off and amount, as applicable
  - e. Current list of defaults and pending defaults
    - 1) Actions taken to date
    - 2) Next steps, including dates
  - f. In-lieu fees collected, if applicable
  - g. Other information as requested and mutually agreed to
8. Consultant will provide the applicants with the following services:
- a. Conducting income qualifications including review of assets, income, VOE's and all other necessary approvals to ensure qualification for the City loans.
  - b. Making minor revisions to the City's existing program materials and legal documents.
  - c. Underwriting loan applications in accordance with program requirements.
  - d. Preparing all loan documents, overseeing proper execution thereof, and conducting final loan approval reviews.
  - e. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.
  - f. Overall management and implementation of specific program policies, including

**EXHIBIT A - SCOPE OF SERVICES 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**  
**(FOR REFERENCE ONLY)**

- required reporting.
- g. Preparation of program materials by revising the City's current documents.
  - h. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
  - i. Calculating the resale value of all BMR homes as requested annually by the County.
  - j. Work with City staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDO application process where BMR units are included, reviewing developer agreements, and ensuring that BMR requirements are outlined in an Affordable Housing Agreement and any subsequent amendments to the development documentation.
9. Consultant shall act as transaction coordinator for all real estate transactions and will provide the City with a fee schedule. Consultant will charge BMR re-sale transaction fees in line with applicable recorded Deed Restrictions. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project.
  10. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
  11. Consultant shall work alongside Staff to conduct monitoring to annually evaluate BMR owners' & renters' compliance with the terms and conditions of the BMR recorded deed restrictions and program guidelines including the following:
    - a. Mailing monitoring letters to all the BMR units.
    - b. Reviewing in conjunction with City staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records).
    - c. Review City's preliminary monitoring list to identify follow up actions required.
    - d. Meet with City staff to develop guidelines for acceptable default remedies (e.g., allowing rental of BMR units for hardship cases).
  12. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
    - a. Conduct follow up of those BMR owners who do not submit their compliance documentation.
    - b. Reviewing information from calls from BMR neighbors and interested parties.
    - c. Conduct reasonable follow-up investigation to assess potential BMR defaults

**EXHIBIT A - SCOPE OF SERVICES 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**  
**(FOR REFERENCE ONLY)**

including unit site visits.

- d. Scheduled appointments with BMR owners.
  - e. For confirmed defaults, provide owners with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
  - f. Maintaining log of actions taken to remedy the defaults.
  - g. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue. City authorization will be sought for any legal action taken.
  - h. City will provide a list of any current BMR defaults and actions taken to date.
13. Consultant shall conduct introductory Home Buyer Education/Training classes – HomeBuyer Orientation Classes prior to BMR application
  14. Consultant shall build and maintain a group of LOCAL (live or work in the City of Campbell) qualified and eligible BMR homebuyers at a minimum Buyer-to-Property ratio of 5:1
  15. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)
  16. Consultant will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions
  17. Consultant will review individual BMR restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.
  18. Consultant will prepare City staff reports.

In addition, the HouseKeys team will provide the following services:

- A. Consultant enters into this contract with the City of Campbell with the intention of adding the City to the Model City Project that incorporates Industry Best Practices, A BMR Database, and a Regional BMR Working Group. This Project will improve efficiencies and reduce program costs to the City.
- B. Consultant will provide training, analysis and suggested improvements to the BMR Program.
- C. Consultant will prepare a presentation for Staff and Council Members on the Model City Project.

**EXHIBIT B – FEE SCHEDULE 2020-2021**  
**BMR ADMINISTRATOR - HOUSEKEYS**

<u>Description</u>	<u>Fee<sup>1</sup></u>	<u>Fee Cap / Max</u>	<u>Billed To</u>
<b>Program Administration</b>	<del>\$137,200.00</del> <u>162,200</u> / year ( <del>\$11,433.33</del> <u>13,516.67</u> / month)		City
<b>Loan Processing Transaction Fee</b>	\$1,250.00 per transaction <sup>2</sup>	\$1,250.00 per transaction	Owner / Lender
<b>New BMR Sales Transaction Fee</b>	3% of Sales Price	Maximum \$18,000.00	Buyer (via Sales Price)
<b>BMR Resale (compliant) Transaction Fee</b>	6% of New Sales Price	Maximum \$36,000.00	Buyer (via Sales Price)
<b>Acquisition (default) and BMR Resale / Rehab Transaction Fee</b>	5% of Resale Restriction Price plus 5% of New Sales Price	Maximum \$60,000.00	Buyer (via Sales Price)
<b>Application I.D. Issuance</b>	No fee	No fee	n/a
<b>Participant I.D. Issuance</b>	No fee	No fee	n/a
<b>Opportunity Drawing (Lottery) Entry Fee</b>	\$25.00	\$25.00	Applicant
<b>Application Fee</b>	\$75.00	\$75.00	Applicant
<b>Billing Rate for Projects Outside of Contract Scope</b>	\$250.00 / hour	\$250.00 / hour	City

<sup>1</sup> Fees may be lower pursuant to the relevant executed Agreement (e.g., developer agreement, owner resale restriction agreement, promissory note, etc.)

<sup>2</sup> 25% of the \$1,250 loan processing fee (\$312.50) paid by the owner/lender will be transferred to the City for administration and internal processing of the subordination / payoff request.



# City of Campbell / HouseKeys Below Market Rate (BMR) Program Rental Application Guide [November 2018 Draft]



# Rental Application Guide Below Market Rate (BMR) Program



## TABLE OF CONTENTS

<b>1. Introduction</b>	<b>Page 2</b>
<b>2. Online Web Portal</b>	<b>Page 3</b>
<b>3. Establishing an Account</b>	<b>Page 4</b>
<b>4. Household Information Profiles</b>	<b>Page 5</b>
<b>5. Application Process</b>	<b>Page 6</b>
<b>6. Below Market Rate (BMR) Maximum Rental Rates</b>	<b>Page 11</b>
<b>7. Tenant Selection, Lease Signing, and Move In</b>	<b>Page 12</b>
<b>8. Participant / Tenant Compliance, Responsibilities, and Annual Recertification</b>	<b>Page 13</b>
<b>9. The Application File Structure &amp; Application Criteria</b>	<b>Page 14</b>
<b>10. Eligibility Criteria and Preferences</b>	<b>Page 15</b>
<b>11. Qualification Factors</b>	<b>Page 19</b>
<b>12. Income Inclusion and Exclusion</b>	<b>Page 21</b>
<b>13. Reasonable Accommodation and Exception Requests</b>	<b>Page 24</b>
<b>14. Landlord Compliance and Owner / Management Responsibilities</b>	<b>Page 25</b>



# Rental Application Guide Below Market Rate (BMR) Program



## 1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Rental Application Guide includes the guidelines, policies, and procedures that comprise the Affordable Rental Program for Below Market Rate (BMR) units.

Applying for, renting, and following leasing rules on an Affordable Rental Unit differs in many ways from renting at market rate. These differences include maintaining income eligibility during the entire lease term. It is important that prospective tenants understand the rules and procedures of the City's Affordable Housing Program ("Program") fully.

The Program Application Guide and other relevant information (e.g., Ordinances, procedures, and income limits), will be amended and updated from time to time. All proposed changes are subject to approval by the City Council prior to implementation and shall comply with state and federal affordable housing laws.

Updates to this Program Application Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: [programs@housekeys.org](mailto:programs@housekeys.org)

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

**ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE**



# Rental Application Guide Below Market Rate (BMR) Program



## 2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

		
<p><b>Information Profiles</b></p>	<p><b>Tools &amp; Planning</b></p>	<p><b>Program Center</b></p>
<p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
		
<p><b>Program File Cabinet</b></p>	<p><b>Program Marketplace</b></p>	<p><b>Community Center</b></p>
<p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>



# Rental Application Guide Below Market Rate (BMR) Program



### 3. ESTABLISHING AN ACCOUNT (HOUSEHOLD PROFILE) IN THE MYHOUSEKEYS (WWW.MYHOUSEKEYS.COM)

The following five (5) actions are the initial steps needed to establish your household’s affordable housing account.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address, household members, income profiles, and preference criteria. The preference criteria are described on Step 5 of the Registration Wizard. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Browse the Marketplace	 <p>The Marketplace allows you to shop for Ownership, Rental and Finance Program opportunities that interest you. Make sure to read the Program Profile and get an understanding for how it works, the intent, the rules and the process.</p>
4. Request an Application I.D.	 <p>The Application I.D. allows the Program Provider and Administrator to identify your household as a prospective applicant household. It also puts you on the notification list to receive information and updates.</p>
5. Find an Opportunity and Enter an Opportunity Drawing	 <p>Each Opportunity is placed into an Opportunity Drawing that allows HouseKeys to facilitate multiple applicant interest. Application I.D.s are prioritized through a Random Selection Process (Lottery) or by Time and Date Stamp (First-Come-First-Serve).</p>



# Rental Application Guide Below Market Rate (BMR) Program



## 4. HOUSEHOLD INFORMATION PROFILES

HouseKeys holds orientation classes to introduce the Program and help applicant Households organize their application files and prepare for the application process. The application packet is broken down into 10 **Household Information Profiles**:

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	The address where you live and work is an important factor in determining your eligibility. The county you presently live in, or may be moving to, is often used to determine how to categorize your household.
2	Member Profile	The people who live in your housing unit	The number of people in your household determines your household size and household size is used to determine income category.
3	Income Profile	Documenting the total income of all household members.	Income documentation is required by all household members who are 18 years of age or older
4	Expense Profile	Documenting monthly expense obligations	It's important to ensure that your total monthly expenses show that you can afford the monthly rent for the unit you are applying for
5	Asset Profile	Deposit Funds and other Assets	You need to document your rental deposit funds. Please note that Assets are included in income calculations using the income shown on statements or calculations used by the Program Underwriter. See Asset Limits below.
6	Liability Profile	Your Debt	Your debt adds to monthly expenses and the maximum monthly rent that you can afford is an important qualification factor
7	Credit Profile	Your Credit Score	All three credit bureaus (Equifax, Experian, and TransUnion) are evaluated to ensure you meet minimum credit requirements
8	Public Record Profile	Collections, Liens, Bankruptcies and Foreclosures	These are evaluated to determine whether or not there is any risk that the finalization of lease signing or meeting any of the property management requirements.
9	Demographics Profile	Applicant Characteristics	Demographic information is critical to ensure fair housing compliance and to track how Program Providers are meeting their housing goals.
10	Program Preference Profile	Program Factors that determine Applicant Priority	While all applicants may apply for a housing program, applicants that live and work where the program is located are prioritized in many jurisdictions.



# Rental Application Guide Below Market Rate (BMR) Program



## 5. APPLICATION PROCESS

### 5A. APPLICATION PROCESS (ORIENTATION, PRE-APPLICATION, AND PREFERENCES)

The application process is summarized below and on the following pages:

#### ORIENTATION

- All applicants, co-applicants, married couples, domestic partners, and any person that can or will be on the lease, must complete the Orientation before being eligible to participate in an Opportunity Drawing. Any exceptions to this rule will be posted in the Opportunity Drawing details. Applicants can sign up for an orientation class on the HouseKeys website.

#### PRE-APPLICATION AND APPLICATION ID ASSIGNMENT

- Request an Application ID in the Program Center
- Answer all of the Pre-Application Questions in the Request Wizard
- The applicant will either receive a pass or fail rating based on the information in the pre-application wizard
- If the applicant passes, an Application ID will be assigned immediately. If there is a system delay or malfunction, Application IDs can take up to 10 business days to be assigned.
- An Application ID does not mean you are eligible or approved for the Program. It provides the applicant Household with the ability to enter Opportunity Drawings.

#### PREFERENCES AND RANKING

In all instances, the live in Campbell / work in Campbell / work-for Campbell preference (described in Section 9) will be used and verified by HouseKeys during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking. Once the preferred Household list is exhausted, HouseKeys will begin processing the files for the non-preference households.

Continued next page



# Rental Application Guide Below Market Rate (BMR) Program



## 5B. APPLICATION PROCESS (OPPORTUNITY DRAWINGS)

Affordable Rental Opportunities are marketed through an Opportunity Drawing (i.e., lottery). Applicant Households enter an Opportunity Drawing using their Application ID number.

### OPPORTUNITY NOTIFICATION

- A notification email will be sent out to Application ID holders. When a new Opportunity Drawing is released it will be posted in the Program Center
- Follow the instructions and review the terms in each Drawing Notification. It is the applicant Household's responsibility to follow all instructions in each Opportunity Drawing, based on the method used. Each Opportunity Drawing announcement will include the selection method, file submission instructions, and one or more deadlines that the applicant Household must meet.

### OPPORTUNITY ENTRY

- Once the applicant reviews the Opportunity Drawing information and is certain that he/she can meet ALL listed requirements, the applicant can follow the instructions to Enter Drawing
- Applicant must complete Authorization Form for verification and sharing information with Property Management (landlord)
- Applicant must complete the Intent to Abide Form to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing at any one time. If an applicant Household has entered more than one drawing, the lowest ranked submission will be chosen. Applicant Households are allowed to opt out of any drawing as long as the "opt out form" is submitted before an applicant Household enters another drawing.
- If there is another Opportunity Drawing available at the same time, the applicant can opt out of one Opportunity Drawing to enter another, if it is done before the Opportunity Drawing submission deadline.
- If a household applies for two opportunities at the same time, and obtains two priority numbers, the applicant will be assigned the lower priority number.
- In some cases, the Opportunity Drawing will remain open until all applicable units are leased. Anyone who enters their Application ID into an Opportunity Drawing after the first deadline will be added to the end of the list using the time and date stamp of their Opportunity Drawing entry.
- Ranking and file request numbers are issued to set the processing order for each Opportunity Drawing. A new ranking and file request number will be issued every time an applicant Household participates in a new Opportunity Drawing. Ranking, file request, and Application ID numbers are not transferable.



# Rental Application Guide Below Market Rate (BMR) Program



## 5C. APPLICATION PROCESS (OPPORTUNITY DRAWING METHODS)

When an Opportunity becomes available, HouseKeys uses the methods outlined below to determine the order in which Application IDs and files will be ranked and organized for review.

### METHOD 1: LOTTERY SELECTION AND ASSIGNMENT

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. If a Lottery is held, Application IDs will be chosen at random and assigned an Unfiltered Ranking number based on the order in which they were drawn.

Each Application ID on the Unfiltered Ranking list will be re-ordered to account for the Live/Work Preference and a new ranking list Filtered by Live/Work Preference will be created. The Unfiltered Ranking number becomes the tie breaker between households with the same preference category.

Please note: Applicant Households who do not meet the Occupancy Standard will be assigned a lower priority number, regardless of lottery placement, or other eligibility criteria (e.g., First Time Home Buyer [FTHB]).

### METHOD 2: FORM SUBMITTAL (DATE & TIME STAMP) TIE-BREAKER

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. The Unfiltered Ranking in this method is based on the time and date stamp that their entry form was completed.

As with Method 1, the Unfiltered Ranking number list is re-ordered based on Live/Work Preference and the Unfiltered Ranking number is used as the tie breaker between households with the same preference category.

**Please Note:** Applicant Households that do not meet the Occupancy Standard will be ranked last.



# Rental Application Guide Below Market Rate (BMR) Program



## 5D. APPLICATION PROCESS (APPLICATION REVIEW)

### TENANT APPLICATION REVIEW AND LANDLORD SCREENING

- The Administrator will determine the processing order of the applicants and their priority ranking
- Once the Administrator has finalized the application ranking and processing order, a list will be sent to the landlord to begin the background and credit check process using the previously signed authorization form. If the Administrator performs the background and credit check, this will be done immediately following the application ranking and processing order determination.

### PROGRAM APPLICATION PACKAGE COMPLETION

- Once written confirmation has established that an applicant has met all requirements after credit bank background check, the Administrator will request the full application package for Underwriter review.
- Applicants must provide and return all necessary documents to underwrite the file to the Administrator within 3 business days.
- Documentation needs to be dated within 30 days of submission.
- Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.
- Once all documents are received, the Applicant will be provided with a Submission ID which will be their file in line for Processing and Underwriting

### APPLICATION REVIEW

- The application package will be reviewed, and if complete, will be submitted to the underwriter for review
- If the application is incomplete, applicants will be given written notice to respond with any file updates or missing items
- Applications that remain incomplete after notifications and applicable grace periods, will not be processed or forwarded to the Underwriter for final review



# Rental Application Guide Below Market Rate (BMR) Program



## 5E. APPLICATION PROCESS (APPLICATION UNDERWRITING AND APPEAL)

### APPLICATION UNDERWRITING

- The Underwriter will complete the review and issue a Program Eligibility and Qualification Certification (AKA “Approval Letter”).
- It is important to note that the Program Underwriter may request additional items from the applicant. If the applicant does not respond within the grace period, or a denial is issued, the Underwriter will move to the next Submission ID holder.
- If approved, the Administrator will notify the landlord of the outcome so that the applicant can move on with the leasing documentation and lease/contract signing as described in the next section.

### APPEAL

- If the applicant does not agree with the Processor or Underwriter decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation, along with an appeal form that details why they feel the decision is inaccurate, within the timeframe given.
- Administrator Management will review the Appeal and all documentation.
- Administrator will contact the applicant regarding the status of the appeal approximately 7 business days from the date the complete Appeal Package was submitted. Administrator may require additional time as will be indicated during the status notification
- Administrator is unable to hold properties for households in the application or appeal process. Administrator will move on to the next Application ID holder after the initial appeal review



# Rental Application Guide Below Market Rate (BMR) Program



## 6. BELOW MARKET RATE MAXIMUM RENTAL RATES (Updated Annually)

**Maximum Rental Rates:** Maximum BMR rental rates are updated annually using the formula defined in the City's [Inclusionary Ordinance](#).

*"Affordable rent" means monthly rent, including utilities and all fees for housing services, which do not exceed the following:*

- 1. For lower-income households: one-twelfth of thirty percent of sixty percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit, and one additional person for each additional bedroom thereafter.*
- 2. For very low-income households: one-twelfth of thirty percent of fifty percent of area median, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit, and one additional person for each additional bedroom thereafter.*

The allowance for utilities is based on estimates published by the Santa Clara Housing Authority and the California Department of Housing and Community Development (HCD).

Area median income (AMI) is the household income for the median (i.e., middle) household in a region. Each year, the Federal Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country.

The United States Census Bureau uses a series of terms to determine the definition of a household. The basic meaning of Household is an occupied housing unit. A Householder (Primary Applicant) is the person whose name the housing unit is rented to or owned by. Members of the household share familial ties, living space, expenses, debts and/or assets with the Householder.

**Rent Adjustments:** The BMR rental rate may be increased once in a 12-month period. Rent adjustments will be based on the updated income limits published by the California Department of Housing and Community Development (HCD) annually and posted on the Administrator website.



# Rental Application Guide Below Market Rate (BMR) Program



## 7. TENANT SELECTION, LEASE SIGNING, AND MOVE IN

Once an applicant is selected and their file is fully underwritten, and a Program Approval is issued, the Administrator will contact the Landlord and provide the name of the selected applicant to coordinate the next step which is signing the lease agreement and all Program related documents.

### 1. Lease/Contract Signing:

- a. The landlord will schedule an appointment with the applicant to go over all documents and sign the lease agreement.
- b. The landlord may ask the tenant for other documents needed to finalize the move-in (e.g. renter's insurance).
- c. The applicant must comply with all Landlord requirements.

### 2. Move in Process:

- a. The landlord may start the move-in process with the applicant once all of the rules and regulations for the project are explained and accepted by the applicant.
- b. The landlord shall provide Administrator staff with a copy of the lease agreement, renter's insurance, and all other documents deemed necessary to document the file for Administrator records.
- c. Once all documents have been approved by the landlord and Administrator and signed by the applicant, the "applicant" becomes a "participant" and must comply with all BMR Program rules and regulations, including but not limited to submitting all required Annual Certification documentation described on the following page.



# Rental Application Guide Below Market Rate (BMR) Program



## 8. PARTICIPANT / TENANT COMPLIANCE, RESONSIBILITIES, AND ANNUAL RECERTIFICATION

### Participant/Tenant Compliance and Responsibilities:

1. The tenant shall comply with all rules and regulations set forth by the Landlord or development.
2. The tenant shall also comply with all Affordable Program (BMR) requirements for the duration of the lease.
3. Tenant must notify Owner/Manager within ten (10) working days of any and all changes in family structure, family size, employment income etc.

### Annual Recertification Process:

1. All BMR tenants shall be recertified once per year, at the end of the lease term, for compliance with all Program requirements including, but not limited to income and family size.
2. Administrator will initiate the Recertification Process with the Owner/Manager as described in the next section.
3. The Program Coordinator will require a full and complete application package for any household asking for a lease extension or a new lease.
4. The tenant will be required to sign the "Intent to Abide" disclosure/form.
5. The tenant will have 30 days to submit all required documentation, following notification of the annual recertification process.
6. Refusal by tenant to promptly provide all required documents for re-certification will result in a 60-day Termination of Lease and a Notice to Vacant will be sent out.

### Enforcement

1. If tenant fails to cure the violation, the City/Administrator will exercise its legal right to coordinate with Property Owner, Landlord, and/or the Management Company to initiate Unlawful Detainer proceedings
2. The City/Administrator reserves the option to apply to a court of competent jurisdiction if it deems legal action is appropriate



# Rental Application Guide Below Market Rate (BMR) Program



## 9. THE APPLICATION FILE STRUCTURE & APPLICATION CRITERIA

### Program Eligibility and Qualification Criteria

The primary role of a Program Administrator is to determine the eligibility and qualification of applicant Households. A Program Processor serves the role of gathering the documents needed to evaluate the application and a Program Underwriter reviews the application to determine if it meets Program requirements.

It is important to understand that there is a lot of information needed to determine whether an application meets all the Program requirements. The application criteria used to determine whether an applicant Household will be approved fall into one of two categories:

- **Program Eligibility Criteria:** These are standards that define the characteristics of the target households who are best served by the Program and help the Program provider meet its intended goals. These standards often follow legal definitions and published documentation requirements. Underwriters evaluate Program Eligibility Criteria to determine if households “check eligibility boxes” that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider Program eligibility for the years prior to the rental application.
- **Program Qualification Criteria:** Once it is determined that an applicant is eligible for the Program, the Program Underwriter must also make sure that the rental opportunity is affordable for the applicant and that they are tenant-ready. In addition to requiring applicants attend orientation classes, the underwriter ensures that the tenant understands what they are signing up for and is comfortable with the annual income recertification.



# Rental Application Guide Below Market Rate (BMR) Program



## 10A. ELIGIBILITY FACTORS AND PREFERENCE CRITERIA FOR RENTAL OF BMR UNITS

The City's Inclusionary Housing Ordinance establishes a priority system for allocating the limited number of affordable rental units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, Administrator will check with City staff to determine if the property is within the City's jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the Program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

PROGRAM PREFERENCE CRITERIA*	
<b>Priority 1: Work for City</b> (for up to 10% of units)	Must currently work for the <i>City of Campbell</i> government entity at least 20-hours per week, and held their position for at least 6-months Employee must have passed probation
<b>Priority 2: Live in Campbell</b>	Must currently live in Campbell and maintained residency for at least 6-months
<b>Priority 3: Work in Campbell</b>	Must currently work at a business located in Campbell at least 20-hours per week, and held position for at least 6-months * This category includes Campbell School District employees. The district office is located in Campbell although the school building may be located in another city

\*Eligibility will be evaluated at the time of lottery submission and verified again prior to occupancy



# Rental Application Guide Below Market Rate (BMR) Program



## 10B. OCCUPANCY STANDARDS FOR PROGRAM UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be tenant-occupied upon renting for the term of the lease agreement. Use of the property for additional rental purposes, including temporary leases, sub-leasing or room rentals are not allowed under the Program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR Unit is two people per bedroom, plus one additional person. The table below shows the minimum and maximum household size based on the number of bedrooms. In some cases, an exception to the minimum standard may be made where no other qualified renter can be approved within 30-days of holding the lottery.

The City's BMR Administrator will verify household occupancy once per year for the Term of the Lease Agreement between the City and the renter(s).

**Note:** Maximum Household size is subject to change per property management or Affordably Housing Agreement documents.

PROGRAM OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



# Rental Application Guide Below Market Rate (BMR) Program



## 10C. INCOME ELIGIBILITY CRITERIA

Income Eligibility is based on household size (number of persons in the household) and whether a household's income is below income category limits published annually by the California Department of Housing and Community Development (HCD) on their [HCD website](#) as well as the Program Website. These resources should be used to determine the income percentage and income category that is applicable to your household.

Campbell's housing ordinance presently defines the three income types most often used in their affordable homeownership program

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to Santa Clara County
- "Lower-Income Household" means a household whose household income does not exceed the lower income limits applicable to Santa Clara County.
- "Moderate-Income Household" means a household whose household income does not exceed one hundred twenty percent of the area median income applicable to Santa Clara County

It is very important for the applicant Household to know BOTH:

- Applicant Household Income as a percentage of the published County Median Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Extremely Low, Very Low, Low, Median, or Moderate)

Income earned from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the [Code of Federal Regulations](#), Title 24, Part 5 income inclusions (§ 5.609). Income calculation is also guided by [California Code of Regulations](#), Title 25, Chapter 6.5 Program Operations, Gross Income (§ 6914). To qualify for the City of Campbell BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

**Note:** The income categories for a particular development may vary in accordance with the Affordable Housing Agreement.



# Rental Application Guide Below Market Rate (BMR) Program



## 10D. ASSET LIMITATION

In addition to meeting the income limit, there are restrictions on the amount of assets that a household may have to be eligible for the City of Campbell's Program. For households applying to be a renter of a BMR unit, the limit is 100% of household AMI.

**Asset limit = 100% of household AMI**

The Administrator will review household income and assets for all occupants, including temporary occupants. To determine total household assets, Administrator will review the household's total assets according to monthly financial statements and/or other valuations. A six-month average will be calculated just prior to Program application to determine eligibility and avoid applicant "asset dumping" (asset liquidation or transfer to other parties). Assets held in IRS-recognized retirement accounts (401-k's, IRA's, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.



# Rental Application Guide Below Market Rate (BMR) Program



## 11. QUALIFICATION FACTORS

### RENT TO INCOME RATIO

- To qualify, applicants must have income at least 2 times the tenant paid rental amount for Below Market Rent (BMR) rental units. Applicants may be accepted with conditions, such as additional security deposit or guarantor.
- No more than 50% of the applicant's income can go to the rent payment. For example, if income is \$30,000, the maximum rent cannot exceed \$1,250.00 (50% of \$30,000/12). Additional debts will also be taken into consideration.
- If a guarantor is required, the guarantor's income must be 5 times the tenant paid rental amount.

### CREDIT

- The applicant shall pay the required non-refundable fee to the landlord in the form of a money order or cashier check.
- A credit report is required for all applicants and co-applicants
- All applicants/co-applicants must pass the landlord's credit check and a background check.
- The minimum credit score is 620 (in addition to Landlord Requirements).
- An applicant with an unsatisfactory credit report will be denied.
- Excessive collection accounts, including utility accounts (regardless of status) will result in denial of the rental application. All utility collection accounts within the last 2 years must be paid in full and confirmation presented with the application in order to be approved.
- An applicant whose credit report contains more positive than negative history may be approved subject to an additional deposit.
- Bankruptcy (regardless of discharge) or repossession within the last 2 years will be grounds for denial of the application or may require an additional deposit for approval.
- Applicants with a foreclosure history over 2 years old may be accepted without an additional deposit. Applicants with a more recent foreclosure history may be approved with an additional deposit.
- Rental housing debt, evictions, or collections will result in automatic denial of the application.
- Any unresolved tax liens will negatively impact the overall applicant screening result.



# Rental Application Guide Below Market Rate (BMR) Program



## 11. QUALIFICATION FACTORS (CONTINUED)

### BACKGROUND SCREENING

- All applicants will be screened for criminal history at initial application.
- A felony conviction or adjudication for a felony offense against persons or property in the last seven years will result in an automatic denial of application.
- A misdemeanor conviction may result in denial of application or lease renewal with consideration given to the nature of the conviction.
- Applicants or current residents appearing on the list of known terrorists and/or wanted fugitives as provided by the Office of Foreign Asset Control (OFAC), federal agencies (including the FBI or other state and local law enforcement agencies) will be denied.

### GUARANTORS

- Acceptable guarantors must reside in the United States and qualify in each of the above categories. An additional deposit may be accepted if a qualified guarantor is not available.

### RENT HISTORY

- Applicants (except first time renters) must have at least 12 months of verifiable and positive residency history immediately preceding application.
- First-time renters or applicants with no verifiable residency history will require payment of an additional deposit or acceptable guarantor in lieu of immediate past rental history.
- Residency history that includes prior evictions, multiple late payments, returned checks, poor housekeeping, conduct disturbing the rights and comforts of other residents, unauthorized occupants, property damage or failure to adhere to the policies and regulations of the community or management company will result in automatic denial of the application.
- Landlord reference indicating the landlord would not re-let to the applicant due to lease violation is grounds for automatic denial of the application.
- If the applicant owned his/her immediate prior residence, mortgage history will be verified through a credit report or other documentation of homeownership.

### IDENTIFICATION

All applicants will be asked to provide positive identification including a copy of a valid driver's license and social security card.



# Rental Application Guide Below Market Rate (BMR) Program



## 12. INCOME INCLUSION AND EXCLUSION

The Federal and State government both have rules that determine how Gross Income is calculated and what income types are included and excluded from the Gross Income total.

### Application Criteria Description

- The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation).
- Interest, dividends and other net income of any kind from real or personal property.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as outlined in "exclusions" section)
- Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, up to 10%. The current passbook savings rate used by the Administrator is 2.5%
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

The following is an abbreviated list of items that are excluded from income:

- Casual, sporadic or irregular gifts
- Amounts which are specifically for or in reimbursement of the cost of medical expenses
- Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses
- Foster child care payments
- The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household
- **See full inclusion list on the Program Website**



# Rental Application Guide Below Market Rate (BMR) Program



## Income Review Procedures

Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Administrator projects future income based on the gross income on each applicant’s past income. In addition to other items deemed necessary to make this income determination, the Administrator may request up to 4 of the most recent year-to-date pay statements and the previous year’s final pay statement. Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Applicants without income will need to sign a Zero-Income Affidavit provided by the Administrator. Unemployment benefits are considered income.

**Please Note:** All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The terminology in this Guide is meant to be used as a basic guide to help prospective applicant Household’s understand how this income type is considered during the underwriting process.

For employed applicants, annual income is generally derived by dividing the year-to-date gross income by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year (12 months). Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

#	How Often Paid	How to Determine Annual Income
1	Paid Annually	Annual Gross Pay
2	Paid Monthly	Use monthly gross payment x 12
3	Paid Twice Monthly	Twice monthly gross pay x 2 pay periods x 12
4	Paid Biweekly	Biweekly gross pay x 26 pay periods
5	Paid Weekly	Weekly gross pay x 52 pay periods
6	Paid Hourly	Hourly gross pay x average # of hours per week x 52 weeks
7	Government Employees with Annual Award Letters	Income may be derived by referring to the Annual Award Letter



# Rental Application Guide Below Market Rate (BMR) Program



## Variable Income (Tips, Overtime, Bonuses, etc.)

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The words below are meant to be used as a basic guide to help prospective applicant Household's understand how this income type is considered during the underwriting process.

Tips, Overtime, Bonus, and other "variable income amounts" (amounts that change with each pay period) will be annualized separately from the base income outlined on the chart above. All income will be annualized and totaled unless the applicant can provide documentation from the employer. The employer must be available to complete a verbal verification of employment with the Administrator. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 (\$5,000 x 12). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year. If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be \$70,000 (\$60,000 base + \$10,000 annualized bonus income). If proper documentation shows that the \$2,500 is a one-time payment, and Administrator is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be \$62,500 (\$60,000 base + \$2,500 one-time bonus).

**Seasonal Workers:** Administration will not annualize current income for seasonal workers who provide a Verification of Employment from their employer (s) verifying that the work does not occur year-round

**Self-Employed Income:** All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Administrator. If self-employed for 2 or more years, Administrator will use verifiable (verified using Form 4506-T) federal income tax returns and review the net income for as many as 3 years of tax returns to determine the projected annual income. If self-employed less than 2 years, Administrator will review the submitted Profit & Loss Statement and use it to determine projected annual income. Additional documentation may be needed from the Self-Employed Household Member in order to determine projected annual income.

**Calculating Income from Cash Income:** In the case of an applicant who is paid cash for employment, Administrator will require a Verification of Employment from the applicant's employer to confirm annual income and IRS Tax Verification Form 4506-T to confirm that no taxes were paid.



# Rental Application Guide Below Market Rate (BMR) Program



## Variable Income (Continued)

**Income from Commercial Property or Land Owned:** The net income from any commercial property or land owned by any applicant shall be counted toward the annual Household income.

**Unemployed Applicants:** Unemployed applicants who are receiving no income at all should submit a Zero-Income Affidavit as provided by Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero-Income Affidavit as unemployment benefits are considered income.

## Additional Notes on Income Calculation

If applicant has recently changed positions with employer, HouseKeys will determine the effect of the change on the applicant's eligibility and opportunity to receive bonus or overtime pay in the future

If applicant who has historically been employed on a part-time basis indicates that he or she will now be working full time (or vice versa), obtain written confirmation from borrower's employer

A verbal verification of employment (VOE) may be required for each employer

All material alterations, and/or omissions from the initial Registration, Application ID Questions, Opportunity Drawing Entry Form, Application Submission and Supporting Documents; including but not limited to household size, income and asset information, etc., are not permissible and will render all future re-submissions ineligible for review and approval for a period of one year. Exceptions for re-submissions are significant life events such as a job/career change, marriage, death, or the birth of a child and are at the discretion of the Administrator.



# Rental Application Guide Below Market Rate (BMR) Program



## 13. REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member, and must be necessary in order to provide the household with equal access to housing.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document.

Upon such request, Administrator may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Administrator will consider the requested exception and will provide a written response within 14 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City.

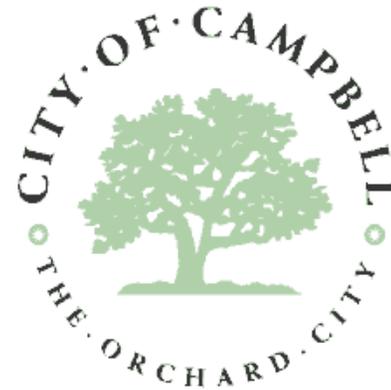


# Rental Application Guide Below Market Rate (BMR) Program



## 14. LANDLORD COMPLIANCE AND OWNER / MANAGEMENT RESPONSIBILITIES

1. **General Compliance:** The landlord shall comply with all Program requirements and provide requested documentation to the City/Administrator in accordance with these Program Guidelines, the Developers Affordability Agreement, and the City's Inclusionary Housing Ordinance.
2. **Current Records.** The landlord shall keep current and updated BMR tenant/participant records that relate to Program eligibility (e.g. household member occupancy changes, employment loss, income changes, etc.).
3. **Annual Recertification:** Owner / Manager shall, upon request, provide Administrator with all required Annual Audit documents listed on the Program checklist, for review and approval, as part of the annual recertification process.
4. **Tenant Income Changes:** Following notification to and verification by Administrator, the Owner / Manager shall terminate the tenant's lease and send the tenant a notice to vacate if the tenant's income level exceeds the maximum income limit for that particular PROGRAM unit.
5. **Vacancies:** Owner / Manager shall notify Administrator in writing, using Exhibit A of the rental guide, upon vacancy of any BMR unit.
  - a. Administrator will set up a lottery and start processing applications within 60 to 90 days of receiving the notice.
  - b. Administrator will provide a list of potential tenants to the Owner / Manager for review and approval.
  - c. Owner / Manager shall provide Administrator with the following documents for all approved tenants:
    - 1) Copy of the credit report
    - 2) Copy of the background check.
    - 3) Letter of approval once a tenant has been approved by the Owner / Manager for occupancy.
    - 4) copy of the lease agreement
    - 5) Updated rent roll
    - 6) All other relevant reports or documents, as requested by the Administrator / City



# City of Campbell / HouseKeys Below Market Rate (BMR) Program Ownership Application Guide [November 2018 Draft]



# Ownership Application Guide Below Market Rate (BMR) Program



## TABLE OF CONTENTS

1. Introduction	Page 2
2. Online Web Portal	Page 3
3. Establishing An Account	Page 4
4. Household Information Profiles	Page 5
5. Application Process	Page 6
6. Below Market Rate (BMR) Pricing And City's Option To Purchase	Page 11
7. Application File Structure And Criteria	Page 12
8. First-Time Homebuyer Education And Title Requirements	Page 14
9. Eligibility And Preference Criteria	Page 15
10. Application Criteria	Page 19
11. Transaction And Document Handling	Page 26
12. Reasonable Accommodation	Page 28



# Ownership Application Guide Below Market Rate (BMR) Program



## 1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Ownership Application Guide includes the guidelines, policies, and procedures that comprise the Affordable Ownership Program for Below Market Rate (BMR) homes.

Buying, owning, and selling an Affordable Below Market Rate (BMR) Ownership Unit differs in many ways from buying, owning, and selling at market rate. It is important that the buyers and sellers of BMR Ownership Units understand the rules and procedures of the City's Affordable Housing Program ("Program") fully.

The Program Application Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time. All proposed changes are subject to approval by the City Council prior to implementation and shall comply with state and federal affordable housing laws.

Updates to this Program Application Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: [programs@housekeys.org](mailto:programs@housekeys.org)

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

**ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.**



# Ownership Application Guide Below Market Rate (BMR) Program



## 2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

		
<p><b>Information Profiles</b></p> <p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p><b>Tools &amp; Planning</b></p> <p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p><b>Program Center</b></p> <p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
		
<p><b>Program File Cabinet</b></p> <p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p><b>Program Marketplace</b></p> <p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p><b>Community Center</b></p> <p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>



# Ownership Application Guide Below Market Rate (BMR) Program



### 3. ESTABLISHING AN ACCOUNT (HOUSEHOLD PROFILE) IN THE MYHOUSEKEYS (WWW.MYHOUSEKEYS.COM)

The following five (5) actions are the initial steps needed to establish your household's affordable housing account.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.
2. Complete the Registration Wizard	 The next step includes additional details about your address, household members, income profiles, and preference criteria. The preference criteria are described on Step 5 of the Registration Wizard. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.
3. Browse the Marketplace	 The Marketplace allows you to shop for Ownership, Rental and Finance Program opportunities that interest you. Make sure to read the Program Profile and get an understanding for how it works, the intent, the rules and the process.
4. Request an Application I.D.	 The Application I.D. allows the Program Provider and Administrator to identify your household as a prospective applicant household. It also puts you on the notification list to receive information and updates.
5. Find an Opportunity and Enter an Opportunity Drawing	 Each Opportunity is placed into an Opportunity Drawing that allows HouseKeys to facilitate multiple applicant interest. Application I.D.s are prioritized through a Random Selection Process (Lottery) or by Time and Date Stamp (First-Come-First-Serve).



# Ownership Application Guide Below Market Rate (BMR) Program



## 4. HOUSEHOLD INFORMATION PROFILES

HouseKeys holds orientation classes to introduce the Program and help applicant Households organize their application files and prepare for the application process. The application packet is broken down into 10 **Household Information Profiles**:

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	The address where you live and work is an important factor in determining your eligibility. The county you presently live in, or may be moving to, is often used to determine how to categorize your household.
2	Member Profile	The people who live in your housing unit	The number of people in your household determines your household size and household size is used to determine income category.
3	Income Profile	Documenting the total income of all household members.	Income documentation is required by all household members who are 18 years of age or older
4	Expense Profile	Documenting monthly expense obligations	It's important to ensure that your total monthly expenses show that you can afford the monthly rent for the unit you are applying for
5	Asset Profile	Deposit Funds and other Assets	You need to document your rental deposit funds. Please note that Assets are included in income calculations using the income shown on statements or calculations used by the Program Underwriter. See Asset Limits below.
6	Liability Profile	Your Debt	Your debt adds to monthly expenses and the maximum monthly rent that you can afford is an important qualification factor
7	Credit Profile	Your Credit Score	All three credit bureaus (Equifax, Experian, and TransUnion) are evaluated to ensure you meet minimum credit requirements
8	Public Record Profile	Collections, Liens, Bankruptcies and Foreclosures	These are evaluated to determine whether or not there is any risk that the finalization of lease signing or meeting any of the property management requirements.
9	Demographics Profile	Applicant Characteristics	Demographic information is critical to ensure fair housing compliance and to track how Program Providers are meeting their housing goals.
10	Program Preference Profile	Program Factors that determine Applicant Priority	While all applicants may apply for a housing program, applicants that live and work where the program is located are prioritized in many jurisdictions.



# Ownership Application Guide Below Market Rate (BMR) Program



## 5. APPLICATION PROCESS

### 5A. APPLICATION PROCESS (ORIENTATION, PRE-APPLICATION, AND PREFERENCES)

The application process is summarized below and on the following pages:

#### ORIENTATION

- All applicants, co-applicants, married couples, domestic partners, and any person that can or will be on title, must complete the Orientation before being eligible to participate in an Opportunity Drawing. Any exceptions to this rule will be posted in the Opportunity Drawing details. Applicants can sign up for an orientation class on the HouseKeys website.

#### PRE-APPLICATION AND APPLICATION ID ASSIGNMENT

- Request an Application ID in the Program Center
- Answer all of the Pre-Application Questions in the Request Wizard
- The applicant will either receive a pass or fail rating based on the information in the pre-application wizard
- If the applicant passes, an Application ID will be assigned immediately. If there is a system delay or malfunction, Application IDs can take up to 10 business days to be assigned.
- An Application ID does not mean you are eligible or approved for the Program. It provides the applicant Household with the ability to enter Opportunity Drawings.

#### PREFERENCES AND RANKING

In all instances, the live in Campbell / work in Campbell / work-for Campbell preference (described in Section 9) will be used and verified by HouseKeys during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking. Once the preferred Household list is exhausted, HouseKeys will begin processing the files for the non-preference households.

Continued next page



# Ownership Application Guide Below Market Rate (BMR) Program



## 5B. APPLICATION PROCESS (OPPORTUNITY DRAWINGS)

Affordable Ownership Opportunities are marketed through an Opportunity Drawing (i.e., lottery). Applicant Households enter an Opportunity Drawing using their Application ID number.

### OPPORTUNITY NOTIFICATION

- A notification email will be sent out to Application ID holders. When a new Opportunity Drawing is released it will be posted in the Program Center
- Follow the instructions and review the terms in each Drawing Notification. It is the applicant Household's responsibility to follow all instructions in each Opportunity Drawing, based on the method used. Each Opportunity Drawing announcement will include the selection method, file submission instructions, and one or more deadlines that the applicant Household must meet.

### OPPORTUNITY DRAWING ENTRY

- Once the applicant reviews the Opportunity Drawing information and is certain that he/she can meet ALL listed requirements, the applicant can follow the instructions to Enter Drawing
- Applicant must complete Authorization Form for verification and sharing information with Lender
- Applicant must complete the Intent to Abide Form to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing at any one time. If an applicant Household has entered more than one drawing, the lowest ranked submission will be chosen. Applicant Households are allowed to opt out of any drawing as long as the "opt out form" is submitted before an applicant Household enters another drawing.
- If there is another Opportunity Drawing available at the same time, the applicant can opt out of one Opportunity Drawing to enter another, if it is done before the Opportunity Drawing submission deadline.
- If a household applies for two opportunities at the same time, and obtains two priority numbers, the applicant will be assigned the lower priority number.
- In some cases, the Opportunity Drawing will remain open until all applicable units are sold. Anyone who enters their Application ID into an Opportunity Drawing after the first deadline will be added to the end of the list using the time and date stamp of their Opportunity Drawing entry.
- Ranking and file request numbers are issued to set the processing order for each Opportunity Drawing. A new ranking and file request number will be issued every time an applicant Household participates in a new Opportunity Drawing. Ranking, file request, and Application ID numbers are not transferable.



# Ownership Application Guide Below Market Rate (BMR) Program



## 5C. APPLICATION PROCESS (OPPORTUNITY DRAWING METHODS)

When an Opportunity becomes available, HouseKeys uses the methods outlined below to determine the order in which Application IDs and files will be ranked and organized for review.

### METHOD 1: LOTTERY SELECTION AND ASSIGNMENT

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. If a Lottery is held, Application IDs will be chosen at random and assigned an Unfiltered Ranking number based on the order in which they were drawn.

Each Application ID on the Unfiltered Ranking list will be re-ordered to account for the Live/Work Preference and a new ranking list Filtered by Live/Work Preference will be created. The Unfiltered Ranking number becomes the tie breaker between households with the same preference category.

Please note: Applicant Households who do not meet the Occupancy Standard will be assigned a lower priority number, regardless of lottery placement, or other eligibility criteria (e.g., First Time Home Buyer [FTHB]).

### METHOD 2: FORM SUBMITTAL (DATE & TIME STAMP) TIE-BREAKER

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. The Unfiltered Ranking in this method is based on the time and date stamp that their entry form was completed.

As with Method 1, the Unfiltered Ranking number list is re-ordered based on Live/Work Preference and the Unfiltered Ranking number is used as the tie breaker between households with the same preference category.

**Please Note:** Applicant Households that do not meet the Occupancy Standard will be ranked last.



# Ownership Application Guide Below Market Rate (BMR) Program



## 5D. APPLICATION PROCESS (LOAN REQUIREMENTS, APPLICATION FILE REQUEST, AND APPLICATION COMPLETION)

### MORTGAGE LOAN REQUIREMENTS

The applicant Household must obtain a loan pre-approval from an Administrator-approved Lender to enter an Opportunity Drawing. Applicant Household must have acceptable payment-to-income ratios and show enough liquid assets (e.g. cash) to successfully close on the proposed home purchase. Any down payment assistance or closing cost assistance that will be used will need to have a written pre-approval from the program provider as well.

- Applicants must obtain a mortgage pre-approval letter, on mortgage company letter, with loan officer information, including their National Multistate License System (NMLS) ID number and packet must include:
  - Uniform Residential Loan Application and Uniform Underwriting and Transmittal Summary
  - Verification of Employment and Verification of Assets
  - Credit Report and Automated Underwriting System Findings (e.g. Desktop Underwriter Findings)

### APPLICATION RANKING AND FILE REQUESTS

- The Opportunity Drawing Terms and Notifications will indicate when, where and how the Program Application Package needs to be submitted
- Applicants must provide a complete Program Application Package, including exhibits and the supporting documents listed on the Document Checklist, to HouseKeys by the deadline stated in the Opportunity Drawing Notification.

### PROGRAM APPLICATION PACKAGE COMPLETION

- Documentation needs to be dated within 30 days of submission.
- Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.
- Once all documents are received, the Applicant will be provided with a Submission ID which will be their file in line for Processing and Underwriting



# Ownership Application Guide Below Market Rate (BMR) Program



## 5E. APPLICATION PROCESS (APPLICATION REVIEW AND UNDERWRITING)

### APPLICATION REVIEW

- The application package will be reviewed, and if complete, will be submitted to the underwriter for review
- If the application is incomplete, applicants will be given written notice to respond with any file updates or missing items
- Applications that remain incomplete after notifications and applicable grace periods, will not be processed or forwarded to the Underwriter for final review

### APPLICATION UNDERWRITING

- The Underwriter will complete the review and issue a Program Eligibility and Qualification Certification (AKA “Approval Letter”).
- It is important to note that the Program Underwriter may request additional items from the applicant. If the applicant does not respond within the grace period, or a denial is issued, the Underwriter will move to the next Submission ID holder.
- If approved, the Administrator will notify the landlord of the outcome so that the applicant can move on with the leasing documentation and lease/contract signing as described in the next section.

### APPEAL

- If the applicant does not agree with the Processor or Underwriter decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation, along with an appeal form that details why they feel the decision is inaccurate, within the timeframe given.
- Administrator Management will review the Appeal and all documentation.
- Administrator will contact the applicant regarding the status of the appeal approximately 7 business days from the date the complete Appeal Package was submitted. Administrator will notify the applicant if additional time is needed.
- Administrator is unable to hold properties for households in the application or appeal process. Administrator will move on to the next Application ID holder after the initial appeal review

**Application Changes:** No Application changes are allowed after an application is submitted and after an application deadline has passed unless the change is (1) the removal of an applicant, (2) the addition of an applicant’s spouse, domestic partner or new household member in the case of an adoption or new guardianship; (3) an update of income qualification, such as a new job or a job that has ended; or (4) correction of technical errors, such as phone number or other non-qualifying information. All applications must be reviewed for income qualification within one hundred and twenty (120) days prior to the Close of Escrow of a BMR Unit.



# Ownership Application Guide Below Market Rate (BMR) Program



## 6. BELOW MARKET RATE OWNERSHIP PRICING AND CITY'S PURCHASE OPTION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for low and moderate-income households. Households that purchase a BMR home will be required to sign affordable housing documents to ensure the home remains affordable, and the homeowner occupies the home, for the entire restricted term (generally 45 years). As agreed to in the affordable housing documents, a homeowner may choose to sell the BMR home during the restricted term; however, the home will be sold at the restricted price. BMR units are priced using the formula defined in the City's [Inclusionary Ordinance](#):

*"Affordable ownership cost" means average monthly housing costs during the first calendar year of a household's occupancy, as determined by the City, including mortgage payments, loan insurance fees, if any, property taxes, reasonable allowances for utilities and property maintenance and repairs, homeowners insurance and homeowners association dues, if any, which do not exceed the following:*

- 1. For lower-income households: one-twelfth of thirty percent of seventy percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*
- 2. For moderate-income households: one-twelfth of thirty-five percent of one hundred ten percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*

Area median income (AMI) is the household income for the median (i.e., middle) household in a region. Each year, the Federal Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country. The United States Census Bureau uses a series of terms to determine the definition of a household. The basic meaning of Household is an occupied housing unit. A Householder (Primary Applicant) is the person whose name the housing unit is rented to or owned by. Members of the household share familial ties, living space, expenses, debts and/or assets with the Householder.

If the owner wishes to sell during the restricted term, the City has the option to either purchase the BMR home for the restricted price or assign the BMR home to another eligible buyer for the restricted price. The City is not obligated to purchase but the seller is obligated to give the City the option to do so. Homeowners can sell their home at a market rate price at the end of the restricted term.



# Ownership Application Guide Below Market Rate (BMR) Program



## 7. THE APPLICATION FILE STRUCTURE & APPLICATION CRITERIA

### Program Eligibility and Qualification Criteria

The primary role of a Program Administrator is to determine the eligibility and qualification of applicant Households. A Program Processor serves the role of gathering the documents needed to evaluate the application and a Program Underwriter reviews the application to determine if it meets program requirements.

It is important to understand that there is a lot of information needed to determine whether an application meets all the program requirements. The application criteria used to determine whether an applicant Household will be approved fall into one of two categories:

- **Program Eligibility Criteria:** These are standards that define the characteristics of the target households who are best served by the program and help the program provider meet its intended goals. These standards often follow legal definitions and published documentation requirements. Underwriters evaluate Program Eligibility Criteria to determine if households “check eligibility boxes” that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider program eligibility for up to three years before the application date and up to a year after the estimated close of escrow date<sup>1</sup>.
- **Program Qualification Criteria:** Once it is determined that an applicant is eligible for the program, the Program Underwriter must also make sure that the home purchase is affordable for the applicant and that they are mortgage and home-purchase ready. In addition to requiring applicants to attend first-time homebuyer classes, an underwriter will evaluate the application to ensure successful and sustainable homeownership.

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<sup>1</sup> “Up to three years” speaks to the First-Time Homebuyer status that is typically verified using 3 years of tax returns. Since Total Household Income is projected forward, it’s important to understand that the Program Underwriter is considering income circumstances going forward one year.



# Ownership Application Guide Below Market Rate (BMR) Program



## 8. FIRST-TIME HOMEBUYER EDUCATION AND TITLE REQUIREMENTS

### First-Time Homebuyer Education Workshop Requirement

All applicants who will take title to the property must attend and complete a first-time homebuyer in-person education workshop and receive a certificate of completion from a HUD and Administrator-approved First-Time Homebuyer Education Provider before going into contract on a BMR Unit. A copy of the certificate of completion is required and certificates will be accepted for up to two years after completion.

### Title Requirements

All adult Household members must appear as an owner or co-owner on the BMR Unit title. They also must co-sign for any purchase loan (unless they are a non-borrowing spouse) and sign all affordable housing documents (as defined on page 2) for the BMR Unit with the following exceptions:

1. Legal dependents of titleholders as claimed on the most recent federal income tax return or legal minor children of titleholders. Spouses or Domestic Partners are not considered dependents;
2. Household members younger than age 24 who are the child of a titleholder who will reside in the BMR Unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder; and
3. Recent immigrants with insufficient credit history as defined as a person who has been in the United States for 2 years or less as supported by entrance documentation or a sworn statement and lender documentation of the reason for a loan denial, including a copy of applicant's credit report.



# Ownership Application Guide Below Market Rate (BMR) Program



## 9. ELIGIBILITY FACTORS AND PREFERENCE CRITERIA FOR OWNERSHIP OF BMR UNITS

The City's Inclusionary Housing Ordinance establishes a priority system for allocating the limited number of affordable rental units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, Administrator will check with City staff to determine if the property is within the City's jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the Program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

BMR PREFERENCE CRITERIA*	
<b>Priority 1: Work for City</b> (for up to 10% of units)	Must currently work for the <i>City of Campbell</i> government entity at least 20-hours per week, and held their position for at least 6-months Employee must have passed probation
<b>Priority 2: Live in Campbell</b>	Must currently live in Campbell and maintained residency for at least 6-months
<b>Priority 3: Work in Campbell</b>	Must currently work at a business located in Campbell at least 20-hours per week, and held position for at least 6-months. This category includes Campbell School District employees. The district office is located in Campbell although the school building may be located in another city.

\*Eligibility will be evaluated at the time of opportunity drawing submission and verified again prior to occupancy



# Ownership Application Guide Below Market Rate (BMR) Program



## 9B. OCCUPANCY STANDARDS FOR BMR UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase for the life of the deed restrictions. Use of the property for additional ownership purposes, including temporary leases, sub-leasing or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR homes are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR unit is two people per bedroom, plus one additional person. The table below shows the minimum and maximum household size based on the number of bedrooms. In some cases, an exception to the minimum standard may be made where no other qualified buyers are remaining in the Opportunity Drawing or within 30-days from the time that the first file is requested from Opportunity Drawing entrants.

The City's BMR Administrator will verify household occupancy once per year for the life of the restriction term (generally 45-years).

**Note:** Maximum Household size is subject to change per property management or Affordably Housing Agreement documents.

PROGRAM OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



# Ownership Application Guide Below Market Rate (BMR) Program



## 9C. INCOME ELIGIBILITY CRITERIA

Income Eligibility is based on household size (number of persons in the household) and whether a household's income is below income category limits published annually by the California Department of Housing and Community Development (HCD) on their [HCD website](#) as well as the Program Website. These resources should be used to determine the income percentage and income category that is applicable to your household.

Campbell's housing ordinance presently defines the three income types most often used in their affordable homeownership program

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to the County
- "Lower-Income Household" means a household whose household income does not exceed the lower income limits applicable to the County.
- "Moderate-Income Household" means a household whose household income does not exceed one hundred twenty percent of the area median income applicable to the County

It is very important for the applicant Household to know BOTH:

- Applicant Household Income as a percentage of the published County Median Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Extremely Low, Very Low, Low, Median, or Moderate)

Income earned from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the [Code of Federal Regulations](#), Title 24, Part 5 income inclusions (§ 5.609). Income calculation is also guided by [California Code of Regulations](#), Title 25, Chapter 6.5 Program Operations, Gross Income (§ 6914). To qualify for the City BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

**Note:** The income categories for a particular development may vary in accordance with the Affordable Housing Agreement.



# Ownership Application Guide Below Market Rate (BMR) Program



## 9D. ASSET LIMITATION CRITERIA

In addition to meeting the income limit, there are restrictions on the amount of assets that a household may have to be eligible for the City BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price, post-closing (after the close of escrow).

**Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price**

So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$185,000 where AMI is \$150,000 and the BMR price is \$550,000.

ASSET LIMITATION EXAMPLE		
Maximum Household Income	Example Purchase Price	Example Asset Limit
<b>\$150,000:</b> (50% = \$75,000)	<b>\$550,000:</b> (20% = \$110,000)	<b>\$185,000:</b> (\$75,000 + \$110,000)

There is also a minimum loan amount of 70% of the purchase price. So, for example, with a Sales Price of \$550,000 the first loan amount cannot be lower than \$385,000. All-cash purchase escrows will not be allowed.

The Administrator will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member’s interest in purchasing or occupying a BMR home. To determine total household assets, HouseKeys will review the household’s total assets according to monthly financial statements and/or other valuations. A six-month average will be calculated just prior to Program application to determine eligibility and avoid applicant “asset dumping” (asset liquidation or transfer to other parties). Assets held in IRS-recognized retirement accounts (401-k’s, IRA’s, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.



# Ownership Application Guide Below Market Rate (BMR) Program



## 9E. FIRST-TIME HOME BUYER CRITERIA

To be eligible for the City's BMR homeownership program, all household members on Title must be a first-time homebuyer, except as provided below. A first-time home buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An existing BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first time home buyer:

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However, if the mobile home unit is not sold and is retained by the homeowner, the property will be included in asset income calculations along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor/trustee is still living.
- Ownership of shares in a limited equity co-op.

To verify FTHB status, HouseKeys will review 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. HouseKeys will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title for any housing unit at all, whether they live in the unit or not. Other documentation may be requested to determine first time homebuyer status.



# Ownership Application Guide Below Market Rate (BMR) Program



## 10. APPLICATION CRITERIA – ENTERING HOUSEHOLD INFORMATION INTO THE PROGRAM APPLICATION

### 10A. Household Size, Location & Member Identification

The Household Location and Member Profiles capture the basic information used by the Program Underwriter to determine who is part of the household and which members will become the title-holding homeowners.

Information Profile	Criteria	Criteria Description
Location Profile	Verification of Residence Location	<ul style="list-style-type: none"> <li>At least one member of the applicant Household, who will be taking title to the property, must provide the following proof of residency for the 6 months preceding their entry to an Opportunity Drawing:               <ul style="list-style-type: none"> <li>One utility bill with a City address dated within 45 days preceding the application date for the BMR Unit. Utility bills can include gas, electric, garbage, or water; or</li> <li>Current paystubs with City address; or</li> <li>A current, formal lease with a City address</li> </ul> </li> </ul>
Location Profile	Verification of Employment Location	<ul style="list-style-type: none"> <li>Administrator shall verify that a person works in the City by reviewing an applicant's paystubs. If an applicant's employer is not based in City, or if a person's paystubs do not reflect a City work address, the applicant must supply a letter from the employer stating that the person works primarily in City and demonstrates that at least 75% of their working hours are in City</li> </ul>
Member Profile	IDENTIFICATION	<ul style="list-style-type: none"> <li>All applicants will need to provide positive identification including a copy of valid driver's license and a copy of a valid social security card.</li> </ul>
Member Profile	HOUSEHOLD SIZE	<ul style="list-style-type: none"> <li>Any household members not living in the same household at the time of application will need to be a co-applicant for the first mortgage loan and on title to form a household</li> <li>Tax returns and current addresses will be used to determine household size</li> <li>All applicants, co-applicants, married couples, partners, domestic partners etc. that are on title will have to occupy the property for 45 years per the signed deed restrictions</li> </ul>



# Ownership Application Guide Below Market Rate (BMR) Program



## 10B. Income Review Procedures

Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Administrator projects future income based on the gross income on each applicant’s past income. In addition to other items deemed necessary to make this income determination, the Administrator may request up to 4 of the most recent year-to-date pay statements and the previous year’s final pay statement. Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Applicants without income will need to sign a Zero-Income Affidavit provided by the Administrator. Unemployment benefits are considered income.

For employed applicants, annual income is generally derived by dividing the year-to-date gross income by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year (12 months). Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

#	How Often Paid	How to Determine Annual Income
1	Paid Annually	Annual Gross Pay
2	Paid Monthly	Use monthly gross payment x 12
3	Paid Twice Monthly	Twice monthly gross pay x 2 pay periods x 12
4	Paid Biweekly	Biweekly gross pay x 26 pay periods
5	Paid Weekly	Weekly gross pay x 52 pay periods
6	Paid Hourly	Hourly gross pay x average # of hours per week x 52 weeks
7	Government Employees with Annual Award Letters	Income may be derived by referring to the Annual Award Letter

Continued Next Page



# Ownership Application Guide Below Market Rate (BMR) Program



## 10C. Income Inclusion and Exclusion

The Federal and State government both have rules that determine how Gross Income is calculated and what income types are included and excluded from the Gross Income total.

### Application Criteria Description

- The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation).
- Interest, dividends and other net income of any kind from real or personal property.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as outlined in "exclusions" section)
- Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, up to 10%. The current passbook savings rate used by the Administrator is 2.5%
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

**The following is an abbreviated list of items that are excluded from income:**

- Casual, sporadic or irregular gifts
- Amounts which are specifically for or in reimbursement of the cost of medical expenses
- Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses
- Foster child care payments
- The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household
- **See full inclusion list on the Program Website**



# Ownership Application Guide Below Market Rate (BMR) Program



## 10D. Variable Income (Tips, Overtime, Bonuses, etc.)

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The words below are meant to be used as a basic guide to help prospective applicant Household's understand how this income type is considered during the underwriting process.

Tips, Overtime, Bonus, and other "variable income amounts" (amounts that change with each pay period) will be annualized separately from the base income outlined on the chart above. All income will be annualized and totaled unless the applicant can provide documentation from the employer. The employer must be available to complete a verbal verification of employment with the Administrator. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 ( $\$5,000 \times 12$ ). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year. If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be \$70,000 (\$60,000 base + \$10,000 annualized bonus income). If proper documentation shows that the \$2,500 is a one-time payment, and Administrator is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be \$62,500 (\$60,000 base + \$2,500 one-time bonus).

**Seasonal Workers:** Administration will not annualize current income for seasonal workers who provide a Verification of Employment from their employer (s) verifying that the work does not occur year-round

**Self-Employed Income:** All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Administrator. If self-employed for 2 or more years, Administrator will use verifiable (verified using Form 4506-T) federal income tax returns and review the net income for as many as 3 years of tax returns to determine the projected annual income. If self-employed less than 2 years, Administrator will review the submitted Profit & Loss Statement and use it to determine projected annual income. Additional documentation may be needed from the Self-Employed Household Member in order to determine projected annual income.

**Calculating Income from Cash Income:** In the case of an applicant who is paid cash for employment, Administrator will require a Verification of Employment from the applicant's employer to confirm annual income and IRS Tax Verification Form 4506-T to confirm that no taxes were paid.



# Ownership Application Guide Below Market Rate (BMR) Program



## Variable Income (Continued)

**Income from Commercial Property or Land Owned:** The net income from any commercial property or land owned by any applicant shall be counted toward the annual Household income.

**Unemployed Applicants:** Unemployed applicants who are receiving no income at all should submit a Zero-Income Affidavit as provided by Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero-Income Affidavit as unemployment benefits are considered income.

## Additional Notes on Income Calculation

If applicant has recently changed positions with employer, the Administrator will determine the effect of the change on the applicant's eligibility and opportunity to receive bonus or overtime pay in the future

If applicant who has historically been employed on a part-time basis indicates that he or she will now be working full time (or vice versa), obtain written confirmation from borrower's employer

A verbal verification of employment (VOE) may be required for each employer

All material alterations, and/or omissions from the initial Registration, Application ID Questions, Opportunity Drawing Entry Form, Application Submission and Supporting Documents; including but not limited to household size, income and asset information, etc., are not permissible and will render all future re-submissions ineligible for review and approval for a period of one year. Exceptions for re-submissions are significant life events such as a job/career change, marriage, death, or the birth of a child and are at the discretion of the Administrator.



# Ownership Application Guide Below Market Rate (BMR) Program



## 10E. Determining Mortgage and Home Purchase Readiness

Affordable homeownership programming requires that applicant Households who meet the basic requirements for being considered eligible, must also prove that the home purchase fits within their household budget and that they are able to successfully obtain mortgage financing. The following table summarizes the information needed by the Underwriter to approve a household:

<b>Income Profile &amp; Expense Profile</b>	<b>HOUSING PAYMENT TO INCOME RATIO</b>	<ul style="list-style-type: none"> <li>To qualify, an applicant's total housing payment, including principal &amp; interest, taxes, insurance, and association dues cannot exceed 40% of the income for Below Market (BMR) home. For example, if your annual income is \$90,000 your maximum monthly house payment cannot exceed \$3,000 or \$36,000 per year <b>(40% of \$90,000 = \$36,000 divided by 12 = \$3,000)</b>.</li> <li>Additional debts will also be taken into consideration and cannot exceed 45% of income.</li> <li>Non-borrowing applicant's debt will be added to ratios</li> </ul>
<b>Expense Profile</b>	<b>RENT HISTORY</b>	<ul style="list-style-type: none"> <li>Applicants/co-applicants will need to show the last 6 months of rent history</li> <li>HouseKeys will review the current rent vs. the new housing payment for affordability. Any circumstance where the new housing payment exceeds 150% of current rent will be considered a "Payment Shock" risk. For example, if your current rent is \$1,000 per month, then any housing payment exceeding \$1,500 per month would be considered a potential payment shock risk (\$1,000 x 150% = \$1,500).</li> <li>If Payment Shock risk exists, the underwriter may make an exception if compensating factors are present in the file (e.g. post-close reserves)</li> </ul>
<b>Asset Profile</b>	<b>DOWN PAYMENT</b>	<ul style="list-style-type: none"> <li>The minimum down payment for the BMR program is 3% of the purchase price with first mortgage loan amount equal to 97% of the purchase price.</li> <li>The minimum 3% of the purchase price must come from the applicant's own funds, and be present in the applicant's account for at least 6 months</li> <li>A gift can be used for any down payment amount more than 3% of the purchase price</li> <li>Note: In some cases, mortgage financing programs may require 5% of the purchase price in order to be approved</li> </ul>



# Ownership Application Guide Below Market Rate (BMR) Program



## 10F. Public Record and Default Risk

In addition to determining home purchase readiness, the Program Underwriter must also determine the risk of the property being lost to foreclosure or the risk of a lien being attached to the property that can adversely affect the resale process or excess sale proceeds. The following table summarizes the information needed by the Underwriter to reduce risk and approve a household:

<p><b>Liability Profile &amp; Credit Profile</b></p>	<p><b>CREDIT REPORT AND CREDIT SCORES</b></p>	<ul style="list-style-type: none"> <li>• A credit report is required for all applicants and non-borrowing applicants</li> <li>• The credit report must include information from all three credit bureaus (Experian, TransUnion, Equifax) and use a mortgage-risk model (used by licensed mortgage lenders)</li> <li>• The lowest median (middle) score is used</li> <li>• The minimum credit score is 620</li> <li>• An applicant or co-applicant with an unsatisfactory credit report will be denied.</li> <li>• We will be reviewing the Credit Report to identify all of the account balances and monthly payments</li> <li>• The monthly payments on your credit report will be used to determine the total debt ratio (total debt and household payments divided by monthly income)</li> <li>• As stated above, the total debt ratio cannot exceed 45% of monthly income</li> </ul>
<p><b>Public Record Profile</b></p>	<p><b>PUBLIC RECORD SEARCH (DETERMINED USING A STATEMENT OF IDENTITY FORM)</b></p>	<ul style="list-style-type: none"> <li>• An applicant or Co-applicant may apply for consideration under the following circumstances:             <ul style="list-style-type: none"> <li>• Chapter 13 bankruptcy – after 2 years from discharge or 4 years from dismissal.</li> <li>• Chapter 7 – after 4 years from discharge</li> <li>• Short Sale/Deed in Lieu - after 4 years</li> <li>• Foreclosure - after 7 years</li> </ul> </li> <li>• All applicants, co-applicants, and non-borrowing spouse cannot have liens outstanding at the time of the home purchase</li> <li>• All liens, including IRS liens, or any past due money owed to the IRS, shall be required to be paid off prior to being issued a program approval.</li> </ul>



# Ownership Application Guide Below Market Rate (BMR) Program



## 11. TRANSACTION AND DOCUMENT HANDLING

### File Stacking (List of Documents Needed for Each Stage of the Transaction)

If application is approved, and the applicant Household is cleared to move forward with the purchase, the applicant's lender must supply the following documentation to the Administrator (**Financing File Stacking Order**):

1. Lender Checklist (listing all the loan documents)
2. Loan Application with final figures and lending terms (currently known as a 1003)
3. Uniform Underwriting and Transmittal Summary (currently known as 1008)
4. Mortgage Loan Commitment Letter
5. Loan Estimate

Routing documents to the City for signatures can take 10 to 14 business days. Before any transaction documentation can be sent to the City for signature, the following documents will need to be in the Administrator's file (**Pre-Close Stacking Order**):

1. Estimated Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
2. Estimated Settlement Statement – Buyer
3. Estimated Settlement Statement – Master
4. Copy of 1<sup>st</sup> Lender Note & Deed of Trust
5. Copy of 1<sup>st</sup> Lender Escrow Instructions
6. 1<sup>st</sup> Lender Request for Notice of Default
7. Copy of any Subordinate Lender Notes and Deeds of Trust
8. Copy of any Subordinate Lender Escrow Instructions
9. Subordinate Lender Request for Notice of Default

Continued Next Page



# Ownership Application Guide Below Market Rate (BMR) Program



After closing, the Title Company must provide the following to the Administrator (**Post-Close Stacking Order**)

1. Executed BMR Agreements Docs, Notes and Deeds of Trust
2. Recorded Agreement
3. Recorded Request for Notice of Default
4. Final Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
5. Final Settlement Statement – Buyer
6. Final Settlement Statement – Master
7. Alta Policy

## **Length of Escrow and Fall-Out Risk**

The typical escrow period for a BMR Unit sale is 90 days. This period can stretch out longer if the property is under construction and there are delays. Applicant Households must be prepared for a long escrow period and to continually keep their file updated to comply with the one hundred twenty-day (120-Day) application review period. Households must be eligible and qualified through to close of escrow. Unfortunately, a change in the application file during the escrow period can cause the applicant Household to become disqualified and lose out on the purchase opportunity.



# Ownership Application Guide Below Market Rate (BMR) Program



## 12. REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member, and must be necessary in order to provide the household with equal access to housing.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document.

Upon such request, Administrator may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Administrator will consider the requested exception and will provide a written response within 14 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City.



# City of Campbell / HouseKeys Below Market Rate (BMR) Program Ownership Participation Guide [November 2018 Draft]



# Program Participation Guide Below Market Rate (BMR) Ownership



## TABLE OF CONTENTS

<b>1. Introduction</b>	<b>Page 2</b>
<b>2. Online Web Portal</b>	<b>Page 3</b>
<b>3. Establishing an Account</b>	<b>Page 4</b>
<b>4. Household Information Profiles</b>	<b>Page 5</b>
<b>5. Program Participation</b>	<b>Page 6</b>
<b>6. Resale Price Determination</b>	<b>Page 7</b>
<b>7. Price Determination Methods Commonly Used</b>	<b>Page 8</b>
<b>8. Ownership and Estate Planning</b>	<b>Page 10</b>
<b>9. Compliance and Annual Certification</b>	<b>Page 11</b>
<b>10. Refinance and Subordination Requests</b>	<b>Page 13</b>
<b>11. Capital Improvements and Special Assessments</b>	<b>Page 17</b>
<b>12. Ownership Changes, Re-Sales, and Approved Vendors</b>	<b>Page 19</b>

Attachment: BMR Guidelines; established by CC Res. 12375 (Authorize a Professional Service Agreement



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Program Participation Guide includes the guidelines, policies, and procedures that comprise the affordable homeownership program for below market rate (BMR) homes.

Buying, owning, and selling an Affordable Below Market Rate (BMR) Ownership Unit differs in many ways from buying, owning, and selling a market rate. It is important that the buyers and sellers of BMR Ownership Units understand the rules and procedures of the Program fully.

The Program Participation Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time, so long as such rules, policies and procedures do not violate any affordable housing laws. All proposed changes are subject to approval by the City Council prior to implementation.

Updates to this Program Participation Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact the City or HouseKeys regarding any conflicts between this Program Participation Guide, the Developer's Affordable Housing Agreement, the owner's BMR Agreement, and/or the City's recorded documents.

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: [programs@housekeys.org](mailto:programs@housekeys.org)

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

**ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE**



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

<p><b>Information Profiles</b></p> <p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p><b>Tools &amp; Planning</b></p> <p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p><b>Program Center</b></p> <p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
<p><b>Program File Cabinet</b></p> <p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p><b>Program Marketplace</b></p> <p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p><b>Community Center</b></p> <p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>



# Program Participation Guide Below Market Rate (BMR) Ownership



### 3. ESTABLISHING AN ACCOUNT IN THE HOUSEKEYS SYSTEM

The following four (4) actions are the initial steps needed to establish your household’s affordable housing account. In some cases, the participant may have already established an online account. If you have not established an account, or you need to update your account, please complete the following steps.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address and household members. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Request a Participation I.D.	 <p>The Participation I.D. allows the Program Provider (City of Campbell) and the Administrator (HouseKeys) to confirm your identify and match you up with the Program File. It also will be used to track your Service Request Tickets.</p>
4. Open a Service Request Ticket	 <p>Whether you want to remodel your BMR home, refinance your mortgage, sell your BMR home, or ask a general question – it all starts with opening a Service Request Ticket so that the Administrator can gather the information needed to help you. The online form also creates a timestamp, so we can answer your question in the order received and in a timely manner.</p>

Attachment: BMR Guidelines; established by CC Res. 12375 (Authorize a Professional Service Agreement



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 4. HOUSEHOLD INFORMATION PROFILES

When you establish an account in the MyHouseKeys system, Household Information Profiles are used to organize information about your household. This information is used to help you complete your annual certifications. While there are 10 total information profiles listed in the Program Application Guide, the list below includes the five (5) that involve your program participation and compliance.

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	Most Restriction Agreements have an owner occupancy certification to confirm that you occupy the property the minimum 10 out of 12 months per year.
2	Member Profile	The people who live in your housing unit	You will be asked to confirm that no renters are living in your household without city notice and approval
3	Expense Profile	Documenting monthly expense obligations	Every refinance request must be reviewed by the administrator to ensure that the payment-to-income ratio of any proposed financing is in line with the program guidelines.
4	Liability Profile	Your Debt	Keeping your mortgage paid on time is not only good for your credit report, but it is an important part of making sure that the home is not at risk of loss due to owner default. If a homeowner falls behind on their mortgage (a default of the BMR Agreement), the City reserves the option to purchase the home at the restricted resale price (minus any money owed) to avoid foreclosure.
5	Public Record Profile	Collections, Bankruptcies, Foreclosures, Liens, and	Bankruptcies, collections, liens, foreclosures, and divorces shall be reported directly to the City of Campbell / BMR Administrator for the entirety of the BMR term. These types of events are all part of the public record and notices are issued by the County that includes the property address. As the City and Administrator monitor these events, you may be contacted to ensure that the property is not at risk of being lost from the City's BMR portfolio during the entire BMR term (generally 45-years). Failure of the owner to directly notify the City/Administrator of these types of events is a default of the BMR Agreement and subject to immediate action. The City reserves the option to purchase the home at the restricted resale price (minus any money owed) in the case of default.

Attachment: BMR Guidelines; established by CC Res. 12375 (Authorize a Professional Service Agreement



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 5. PROGRAM PARTICIPATION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for low and moderate-income households in the City of Campbell. Households that purchase a BMR home will be required to sign affordable housing documents to ensure the home remains affordable and the homeowner occupies the home, for the entire restricted term (generally 45 years). Homeowners can sell their home at a market rate price at the end of the restricted term (46<sup>th</sup> year). Between the time the BMR home is purchased and the 46<sup>th</sup> year is reached, there will be a series of requests and communications between the homeowner, the City and the Administrator. For example, the homeowner may request to refinance a mortgage, remodel the home, or initiate a property resale. In addition, the City/Administrator will request compliance certifications (generally occurring annually for the entire BMR term). Failure to complete these annual compliance certifications is a default of the BMR Agreement and subject to immediate action. The rules governing these, and other issues of concern, are outlined in the “Occupancy, Resale, and Refinancing Restriction Agreement, with Option to Purchase at Restricted Price” (otherwise known as the “Agreement”), as well as the Program Guidelines.

Generally, when a request is made to review any refinance or sale request, there are three stages of review:

1. Preliminary Review of the Agreement and Program File to determine whether the participant Household is following the program rules and/or the Agreement language allows the homeowner request.
2. Evaluation of the proposed financing package or sale transaction to ensure that it fits program guidelines and complies with Agreement language.
3. Coordinating and tracking the transaction to make sure that approved vendors are used and/or that the home is sold to an eligible purchaser from the program applicant list. BMR Transactions take longer than conventional financing and sale transactions because of the number of payoffs needed, the city authorization required, and the legal documents involved.

Each review stage can take 30 to 90 days to complete, dependent upon the details involved with each request. It is important that any current or prospective BMR homeowner review their Agreement in its entirety to make sure that they understand the conditions and restrictions that they will be expected to adhere to during the Agreement term. BMR homeowners should seek their own legal counsel if further clarification is needed.



# Program Participation Guide Below Market Rate (BMR) Ownership



## 6. RESALE PRICE DETERMINATION

Each resale restriction agreement has a price determination method that outlines how the resale price is calculated if the City were to exercise its option to purchase the unit, assign its option to a designee or eligible buyer, or instruct the Administrator to facilitate a resale to an eligible purchaser. The City / Administrator will use the price determination method contained in the Owner's BMR agreement unless otherwise determined by the City. There are five primary ways that resale prices are determined:

#	Price Determination Method	Description
1	Indexed Price Based on Consumer Price Index	Throughout the year, the U.S. Department of Labor's Bureau of Labor Statistics publishes a <a href="#">Consumer Price Index</a> for metropolitan areas throughout the United States. This determination method allows for a resale price that is based on the increase in the Housing Component of the Consumer Price Index based on the month and year of purchase.
2	Indexed Price Based on Area Median Income	Each year, the State of California Department of Housing and Community Development publishes the <a href="#">statewide income limits</a> . This determination method allows for a resale price that is based on an increase in the applicable Median Income based on the year of purchase and the year of resale.
3	Equity Share Agreement	Some Agreements have an Equity Share Provision that is based on the initial subsidy provided by the City when the BMR Unit was purchased.
4.	Shared Appreciation	Some agreements require a percentage of the Fair Market Value to be paid to the City as a Shared Appreciation Payment. The remaining appreciation share amount is paid to the Owner.
5.	Promissory Note for First Time Homebuyer Loan or other Mortgage Assistance Loan	Some Agreements include a loan. Depending on the terms of the promissory note, the principal and interest will be due in full when the home is resold or when the or within a specified term (e.g., 45 years). In other cases, payments may be required more frequently.
6.	Promissory Note for Forgivable Loan	Some agreements include a forgivable loan. Depending on the terms of the promissory note, the loan may be forgiven in full if the approved BMR homeowner remains in the home for the entire BMR term (generally 45 years). If the home is sold before the end of the BMR term, the principal and interest are due in full; however in some cases, the amount due will be reduced by a certain percentage each year until there is no balance remaining.



# Program Participation Guide Below Market Rate (BMR) Ownership



## 7. PRICE DETERMINATION METHODS COMMONLY USED IN CITY OF CAMPBELL AGREEMENTS

**Sale Proceeds Due to Owner Vs. Proceeds Due to City:** Depending on the Price Determination Method used, the Fair Market Value of the home, and any liens and/or encumbrances recorded (including any interest or fees owed at time of sale), there will be a portion of the sale proceeds that are due to the Owner and a portion of the sale proceeds that are due to the City. The City's portion is considered Program Equity or Public Equity.

All BMR Homeowners must be in good standing with the program at the point that they would like to sell their home or refinance their home. If there are outstanding compliance findings, the City reserves the right to reject a request to sell or refinance.

### Indexed Price Based on Area Median Income (Inclusionary Housing Units)

Each year, the State of California Department of Housing and Community Development publishes the [statewide income limits](#). This determination method allows for a resale price that is based on an increase in the applicable Median Income based on the year of purchase. The table below includes an example of how the City / Administrator determines the BMR resale price:

Example of Indexed Price Determination	Information
Date of Resale	August 1, 2018
Date of Purchase	March 1, 2005
Original Purchase Price	\$300,000
Santa Clara County Median Income for Household of 4 at Time of Purchase	\$105,500
Santa Clara County Median Income for Household of 4 at Tie of Resale	\$125,200
Dollar Amount Change in Applicable Median Income	\$19,700
Percentage Change in Applicable Median Income	18.673%
Purchase Price Multiplier (Percentage Change + 1)	1.18673
<b>Gross Maximum Restricted Resale Price Based on Applicable Median Income Change</b> (Original Purchase price multiplied by the Purchase Price Multiplier)	\$356,019 (300,000 x 1.18673)
Capital Improvement Credit (if Applicable) (All improvements must be pre-approved to obtain credit)	\$25,000
Deferred Maintenance Deduction Charged to Homeowner (if Applicable)	(\$5,000)
<b>Net Preliminary Maximum Restricted Resale Price</b>	<b>\$376,019</b>



## Program Participation Guide Below Market Rate (BMR) Ownership



### 7. PRICE DETERMINATION METHODS (continued)

#### Equity Share Agreement (Density Bonus Units)

Under Campbell's equity sharing model (if applicable), the owner can sell the home immediately and capture a portion of the equity gained on the property after deducting the City share and the affordable subsidy (the difference between the affordable price and the market price). The City will acquire the subsidized difference as well as a share of the appreciation equal to the ratio of the city's initial subsidy to the fair market value of the home at the time of initial sale.

The Equity Share Percentage (%) is determined by dividing the Subsidy Amount by the Original Market Value. The example below shows two sales scenarios where the unit was purchased for \$475,000 with an Original Market Value of \$800,000

Example of Equity Share Determination	Resale Scenario 1	Resale Scenario 2
Sales Price at Time of Resale	\$800,000	\$1,000,000
Original Market Value at Time of Purchase	\$800,000	\$800,000
Appreciation	\$0	\$200,000
BMR Price	\$475,000	\$475,000
Subsidy Amount (Original Market Value minus BMR Price)	\$325,000	\$325,000
City's Equity Share Percentage	40.625%	40.625%
Subsidy amount divided by Original Market Rate Value	325,000/800,000	
Amount Paid to the City based on Subsidy Percentage	\$0	\$81,250
Total Gross Excess Sales Paid to the City (initial subsidy plus equity share)	\$325,000 (\$325,000 + 0)	\$406,250 (\$325,000 + 81,250)
Total Gross Excess Sales Paid to the Owner (this amount does not include the homeowner's paid principal amount)	\$0	\$108,000



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 8. OWNERSHIP AND ESTATE PLANNING

A “Transfer” means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest (unless the lease is approved in advance by the City), or land contract.

Transfers by devise or inheritance to an existing spouse, Domestic Partner, child, surviving joint tenant, or a spouse as part of a dissolution proceeding in connection with marriage – are not considered Transfers. All Transfers must be approved by the City in advance and may be subject to the City’s Option to Purchase (See Section 5 to see description of “City’s Option to Purchase”).

Payable-on-Death (POD) Accounts and Transfer-on-Death (TOD) Deeds are two methodologies that will be considered for BMR Owners to designate beneficiaries and avoid having a BMR Unit become part of a probate case.

In the event a Transfer occurs, or a person receives the Home by devise, inheritance, or operation of law due to death of the Owner, the person inheriting the Home (the “Inheriting Owner”) must have their income and eligibility reviewed and approved by the City or Administrator to determine if they are an Eligible Purchaser. If approved, new documents will need to be signed and a new BMR term (generally 45-years) will be enforced.

New purchasers of BMR Units may not purchase the BMR Unit through a trust of any kind, including but not limited to living trusts. Existing BMR Owners may not transfer ownership of their BMR Units to trusts of any kind, including living trusts.

Owners of BMR Units should keep in mind that the Estate of the Owner is entitled to the Owner due proceeds upon any transfer that takes place during the Agreement term.



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 9. COMPLIANCE, ANNUAL CERTIFICATION, & ENFORCEMENT

All BMR homeowners will be re-certified once a year for compliance with their signed and recorded deed restrictions on the property, including but not limited to occupancy, current title, and liens. Homeowners shall provide the program Administrator with all pertaining documents listed on the program checklist (provided annually), in order to complete the full re-certification review and receive a certificate of compliance.

#### ANNUAL COMPLIANCE CERTIFICATION

1. The Owner will receive an annual notification via US mail for the annual certification process. This notification will include a questionnaire and request for supporting documents (e.g., most current utility bill, mortgage statement, and insurance declaration page). The owner will have 30 days to comply.
2. If an owner does not comply with the requirements or documentation within 30 days of the annual certification notice being sent, a 2<sup>nd</sup> notice will be sent providing a final deadline.
3. If the homeowner does not comply after the 2<sup>nd</sup> notice, the City will take enforcement actions, as described on the following page.

#### CERTIFICATION PROCESS

Once all documents are received, the City or Administrator will:

1. Ensure that there are no inconsistencies with the application file (e.g., misinformation or fraud committed during the application process);
2. Determine if the property is owner occupied and confirm that the BMR home is not being rented;
3. Review all liens against the property to ensure the property is not over encumbered;
4. Review all transfers of title on the property reports;
5. Review default notices or statements of any loans, taxes, or Homeowner Association dues; and
6. Determine if the property is adequately insured and if secondary liens (i.e. down payment assistance loans, city loans or state loans) are referenced on the Insurance Declaration page.

If any of the above review steps require additional information from the Owner, a document request will be made and the Owner will be provided with a deadline to return the requested documents to the Administrator.



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 9. COMPLIANCE, ANNUAL CERTIFICATION, & ENFORCEMENT (Continued)

#### CERTIFICATION OF COMPLIANCE

The BMR Owner will receive a certificate of compliance if the review is approved and in compliance with the requirements above.

#### ENFORCEMENT ACTIONS AND TIMELINES

If the homeowner does not comply after the 2<sup>nd</sup> notice, the City or Administrator will file a Notice of Default with the County Recorder's Office and the homeowner will be notified. This Notice of Default becomes public record and may trigger additional action by any lenders who have an interest in the property.

If the homeowner is out of compliance on any of the above requirements, the homeowner will be provided with 60 days to comply and will be provided with action steps needed to cure any defaults (if there are possible actions to cure the default).

90 Days from the date that the Notice of Default is filed with the County Recorder's Office, the City or Administrator will file a complaint with a court of competent jurisdiction. The City or Administrator will negotiate during mediation hearings in good faith prior to a trial date, but if an agreement is not reached, the case will be followed through to conclusion.

If the owner fails to cure the violation, the City will exercise its Option to Purchase the BMR home from the homeowner at a restricted resale price, described earlier in this Guide.

**The City/Administrator reserves the option to apply to a court of competent jurisdiction if it deems legal action appropriate**



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 10. REFINANCE & SUBORDINATIONS REQUESTS

The information below and on the following page outlines the process for refinancing existing City loans, or subordination of any loan or deed of trust associated with a BMR property. Subordination of loans not issued by the City is necessary to protect the City's interest in maintaining the affordability of the property for the duration of the restriction term (typically 45 years). In most cases, the City's interest will be subordinate to any mortgage loans on the home, as outlined in the deed of trust and/or the signed resale restriction documents.

#### SUBORDINATION REQUIREMENTS

BMR homebuyers may be allowed to refinance up to 90% of the Maximum Restricted Sale Price described in the signed deed restriction, or the remaining balance of the loan amount, whichever is less. The total payoff amounts for all recorded liens and encumbrance amounts are used to determine the 90% maximum refinance percentage. This percentage is sometimes called the Maximum Combined Loan to Value (Max CLTV). Please note the following requirements:

1. Accrued interest on any subordinate financing will be considered in the Max CLTV.
2. HouseKeys will calculate the maximum restricted sale price according to the deed restrictions.
3. The refinance amount cannot exceed 90% of the maximum restricted sale price.
4. If the remaining balance of the original first loan is more than 90% of the restricted price, the original loan shall be paid down.
5. No cash out is allowed if there are any City loans.
6. Payoff of purchase money mortgages are not considered cash out.
7. Payoff of equity lines or junior financing that are not purchase money loans are considered cash out.
8. Homeowners cannot add or change names to title without approval of the City/Administrator.
9. Any request to change names on title shall be submitted to the City with supporting documents.
10. If the requested change is due to marriage, the person being added will need to be on the first mortgage
11. Addendums to the BMR agreement will need to be signed by any person added to the title or associated loan.
12. If the requested change is due to divorce, addendums to the subordinate financing and BMR agreement shall be signed.
13. A Performance Deed of Trust is required to protect the BMR deed restrictions and will be recorded against the property.

**Continued next page**



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 10. REFINANCE & SUBORDINATIONS REQUESTS (Continued)

#### MORTGAGE REQUIREMENTS

1. First mortgage loan terms of 30, 20, or 15-year fixed rate fully amortized
2. Equity lines, lines of credit (HELOCs), etc. or any junior loans are not allowed
3. Adjustable rate, interest only, negative amortization, or balloon payments loans are not allowed
4. Homeowner is required to use a loan officer on the City's BMR program approved lender list
5. Rate and term refinance up to \$1,500 maximum cash out
6. Recurring closing cost will not be allowed to be financed
7. Non-recurring closing cost will be allowed to be financed as long as the new loan amount does not exceed 90% of the restricted value
8. Escrow will be required to be opened with a Title company in Santa Clara County

Please Note: FHA/VA loans do not typically work with resale restricted properties due to federal requirements and/or lender requirements. Please check with your lender to ensure that they have reviewed the restrictions and whether the legal department has accepted the use of Government National Mortgage Association ("Ginnie Mae") financing with your resale restricted property.

#### REQUEST TO REFINANCE PROCESS

1. Complete the BMR Homeowners Inquiry Form on the [Campbell Program website](#)
2. HouseKeys will calculate the maximum restricted sale price within 14 days of receiving a complete application. However, if more information is needed, the process will be delayed until HouseKeys receives the requested information. Once all of the information is received and a price has been issued, it is valid for 6 months.
3. Homeowners shall then complete the refinance request forms and provide all of the supporting documentation to HouseKeys
4. HouseKeys will review the fully-packaged refinance request file and issue a final approval or denial of the request within 14 days of receipt of all required documents.

**Continued next page**



# Program Participation Guide Below Market Rate (BMR) Ownership



## 10. REFINANCE & SUBORDINATIONS REQUESTS (Continued)

### MINIMUM REQUIRED DOCUMENTS FROM THE HOMEOWNER FOR REFINANCE / SUBORDINATION REQUESTS

<u>OWNER DOCUMENTS</u>	<u>LENDER DOCUMENTS</u>	<u>ESCROW COMPANY DOCUMENTS</u>
<ol style="list-style-type: none"> <li>Signed BMR refinance application</li> <li>Current mortgage statements with all balances</li> <li>Current Federal Tax returns</li> <li>2 months consecutive paystubs</li> <li>2 months current bank statements</li> <li>Copy of Driver's License and Social Security Card</li> <li>Subordination fee</li> </ol>	<ol style="list-style-type: none"> <li>Borrower's authorization</li> <li>Credit report</li> <li>1008 (transmittal)</li> <li>1003 (application)</li> <li>DU (desktop underwriting)</li> <li>Preliminary Report</li> <li>Appraisal</li> <li>Approval letter</li> </ol>	<ol style="list-style-type: none"> <li>Estimated Closing statement</li> <li>Payoff demand letter</li> </ol>

### REFINANCE REQUEST APPROVAL

Once all documents are received, HouseKeys will:

- Determine if the refinance follows the deed restrictions and does not exceed the maximum restricted price
- Determine if the borrower is in a better financial situation with the new refinance terms.
- Determine whether all requirements have been met.
- Review any additional liens on the property.
- Determine whether all existing loans, HOA dues and taxes are current. If not current, the application will be rejected.
- Once approved, subordination documents and escrow instructions will be drawn and routed to the City for signatures.

Please note that City signatures can take up to 14 business days to obtain. It is highly suggested that you do not lock any interest rates on your proposed financing until you obtain city signatures.



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 11. CAPITAL IMPROVEMENTS AND SPECIAL ASSESSMENTS

Homeowners must receive approval from the City / Administrator prior to making any capital improvements to a BMR home. BMR homeowners may begin claiming capital improvements toward their Maximum Resale Price, no sooner than 1 year after the BMR Unit was first occupied. Exceptions may be made for critical modifications (e.g., accessibility improvements) during the first year, if pre-approved by the City. Following City / Administrator approval for capital improvements, BMR Owners may begin submitting documentation of completed work for future credit. The City or Administrator will review all capital improvement claims and categorize them into three distinct categories:

**Eligible Capital Improvements:** Major structural system upgrades, new additions to the BMR Unit and improvements related to increasing the health, safety and energy efficiency of the property. The Improvements must conform with applicable building codes, and be pre-approved by the City in writing. To receive future credit, the initial cost must exceed one percent (1%) of the purchase price paid by the Owner. Improvements that meet these criteria will be given a maximum 100% credit, as determined by the City / Administrator.

**Eligible Replacement and Repair:** Eligible Replacement and Repair includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given a maximum 50% credit for repairs, as determined by the City / Administrator.

**Ineligible Costs:** Cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

**Procedure for Submitting Capital Improvements :** BMR Owners must submit proof of capital improvements to the City / Administrator for review within 6-months of the completion of the project. In order to document the improvements, each BMR Owner must submit the following documentation: (1) A list of the capital improvements with a description on a form provided by Administrator; (2) The receipt and invoice for each eligible improvement; (3) Proof of payment, such as a cancelled check, bank account statement or credit card bill; (4) A copy of site or building permits, if required; and (5) Contractor's license number for Projects exceeding \$500. Upon receipt of a complete capital improvements claim, the Administrator staff may arrange a site visit to inspect the completed Project.

Once the improvements have been verified, the Administrator will send a written response to approve or deny the capital improvements within 60 days of original receipt. This information will be placed in the property file for use when the property is sold.



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 11. CAPITAL IMPROVEMENTS AND SPECIAL ASSESSMENTS (Continued)

#### Special Assessments

Homeowner's Association (HOA) initiated special assessments are considered capital improvements and will be added to the resale price of the home at the full amount of the special assessment paid by the BMR Owner. In order to receive credit for special assessments, homeowners must submit the following documentation within 6-months of payment: (1) An invoice for the special assessment; (2) Proof of payment, such as a cancelled check, bank account statement or credit card bill; and 3) documentation from the HOA.

#### Capital Improvements Cap

At the time of sale, the City will cap all eligible capital improvements at 10% of the resale price. This is to preserve the affordability of the BMR unit.

#### Maintenance and Insurance Requirements

The Owner shall maintain the Home, including landscaping, in good repair and in a neat, clean and orderly condition and will not permit deterioration of the Home.

The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home, naming the City as an additional insured. The insurance amount shall be adjusted every five years by appraisal, if requested by the City. Additional insurance requirements are set forth in the City Deed of Trust.



# Program Participation Guide

## Below Market Rate (BMR) Ownership



### 12. OWNERSHIP CHANGES, RE-SALES, AND APPROVED VENDORS

The information below, and on the following page, outlines the process for transferring or changing ownership of the BMR home.

#### OWNERSHIP CHANGES

- Homeowners must review their BMR deed restrictions in order to determine if title can be transferred.
- Outside of divorce, marriage or name change, the new owner must be eligible and qualified for the BMR program, as determined by the City / Administrator.
- Written approval from the City/Administrator is required.
- Changes are not permitted if the homeowner has violated any of their Deed Restrictions.
- Any request to remove, add, or otherwise change ownership of the BMR home shall be accompanied by the following documents:
  - Divorce: Copy of court order
  - Name change: Copy of legal documents
  - Marriage: Copy of Marriage Certificate
  - New ownership: All required documents per the City / Administrator
- Trusts are not allowed.
- Inheritance is not permitted, unless otherwise allowed per the deed restrictions

#### RE-SALES

- The homeowner shall complete a ticket (request) on the HouseKeys website to begin the process for potential resale.
- The homeowner shall provide all requested documents to the Administrator in order to begin processing the resale request.



# Program Participation Guide Below Market Rate (BMR) Ownership



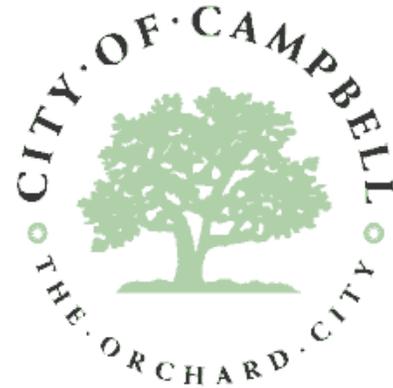
## 12. OWNERSHIP CHANGES, RE-SALES, AND APPROVED VENDORS (Continued)

- Once all required documents have been received, the Administrator will:
  - Review the deed restrictions along with any liens recorded on the property.
  - Assignment of Option is required if owners wants to continue with sale
  - Complete an initial walk-through of the property, to determine the amount of work needed to sell the BMR home.
  - Schedule inspections of the property (contractors, appraiser, vendors, etc.)
  - Obtain a preliminary quote from vendors.
  - Review quotes and schedule a walk-through of the property with the City.
  - Adjust contractor/vendor bids, if needed, and obtain a final quote for property improvements.
  - Obtain approval of the quote from the City.
  - Calculate the Maximum Restricted Sale Price per the deed restrictions, accounting for all required and approved improvements to the property.
  - Create the listing agreement or purchase agreement if needed.
  - Prepare the property for resale through the Lottery/Opportunity Drawing process.
- All real estate/transaction fees are the responsibility of the seller.
- The owner shall sign the Property Pricing form and Opportunity documents.

### APPROVED VENDORS

All vendors shall be approved by the Administrator. The table below outlines the minimum requirements for any vendor associated with resale of the property:

<b>CONTRACTORS</b>	• Contractors shall have a valid California Contractor License.
<b>LENDER/LOAN OFFICERS</b>	• Loan Officers shall have previously attended HouseKeys loan officer orientation class. • The lender's legal department shall approve all BMR documents prior to resale.
<b>TITLE COMPANY</b>	• The Title Company shall be based in the County of Santa Clara.
<b>APPRAISER</b>	• Appraisers shall have a valid California State Certification or California State License that has not expired.



# City of Campbell

## Below Market Rate (BMR) Homebuyers

# Eligibility Guide



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### INTRODUCTION

On October 3, 2006, the City Council adopted Campbell's Inclusionary Housing Ordinance (Chapter 21.24), finding that the lack of affordable housing in Campbell forces many residents to pay a very high percentage of their income for housing. Through the inclusionary ordinance, at least 15% of the units in a new housing development of ten or more units will be price or rent restricted for low- and moderate-income households. Implementation of the inclusionary ordinance is a necessary part of the City's efforts to meet its General Plan Housing Element goals and objectives and its region wide affordable housing obligations.

On June 7, 2016, the City Council selected HouseKeys to administer the City's affordable housing programs. In addition to general administration of these programs, HouseKeys determines the eligibility of individuals and households interested in owning a Below Market Rate (BMR) home in the City of Campbell.

This Eligibility Guide<sup>1</sup> answers basic questions regarding eligibility for the City of Campbell's limited number of affordable ownership units, including Campbell's preference criteria (page 2), occupancy standards (page 3), first-time homebuyer standards (page 4), asset limits (page 5), and income limits (page 6).

For more information on the City's Below Market Rate Program:

Online: <http://www.housekeys2.com>

Email: [bmr@housekeys.org](mailto:bmr@housekeys.org)

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

*The City of Campbell reserves the right to change information contained in this Eligibility Guide and used for program implementation without prior notice or obligation.*

<sup>1</sup> A more comprehensive set of BMR Guidelines is being drafted and will be available at a later date.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### PREFERENCE CRITERIA FOR RENTAL OR PURCHASE OF BMR UNITS

When the City adopted its Inclusionary Housing Ordinance in 2006, the City Council established a preference for allocating the limited number of affordable rental and ownership units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, HouseKeys will check with City staff to determine if the property is within the City’s jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

<b>BMR PREFERENCE CRITERIA</b>	
<b>Priority 1: Work for City</b> (for up to 10% of BMR units)	Must work for the <i>City of Campbell</i> government entity at least 20-hours per week for at least 6-months* Employee must have passed probation
<b>Priority 2: Live in Campbell</b>	Must have lived in Campbell for at least 6-months*
<b>Priority 3: Work in Campbell</b>	Must work at a business located in Campbell at least 20-hours per week for at least 6-months* *This category includes employees of the Campbell School District even though their physical office or school building may be located in San Jose

\*Eligibility will be evaluated at the time of lottery submission and verified again prior to occupancy



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### OCCUPANCY STANDARDS FOR BMR UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase and for the life of the deed restrictions. Use of the property for rental purposes, including temporary leases or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR home is two people per bedroom, plus one additional person. Thus, to be eligible to purchase a three-bedroom unit, a household must contain at least three members, but no more than seven members. In some cases, an exception to the minimum standard may be made where no other qualified buyer/renter can be approved within 30-days of holding the lottery.

The City's BMR Administrator will verify household occupancy once per year for the life of the 45-year BMR Agreement between the City and the homeowner(s).

BMR OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### FIRST-TIME HOME BUYER REQUIREMENT

To be eligible for the City of Campbell's BMR homeownership program, all household members on Title must be a first-time homebuyer, except as provided below. A First-Time Home Buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An existing Campbell BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first time home buyer:

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However if the unit is not sold the property will be asset income along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor is still living
- Ownership of shares in a limited equity co-op

To verify FTHB status, HouseKeys will review 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. HouseKeys will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title for any housing unit at all, whether they live in the unit or not. Other documentation may be requested to determine first time homebuyer status.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### ASSET LIMITATION

In addition to meeting the income limits, there are restrictions on the amount of assets that a household may have to be eligible for the City of Campbell’s BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price. So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$147,950 where AMI is \$107,100 and the example BMR price is \$472,000<sup>2</sup>.

**Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price**

The City will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member’s interest in purchasing or occupying a BMR home. To determine total household assets, HouseKeys will review the household’s total assets according to monthly statements and/or other valuations. A six-month average will be used to avoid applicant “asset dumping” (asset liquidation or transfer to other parties) just prior to Program application in order to meet the asset limits. Assets held in IRS-recognized retirement accounts (401-k’s, IRA’s, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.

<sup>2</sup> 20% of 472,000 = \$94,400; 50% of \$107,100 = \$53,550; \$94,400 + \$53,550 = \$147,950.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### HOUSEHOLD SIZE AND INCOME

Eligibility income limits are based on household size and a percentage of the Santa Clara County Area Median Income (AMI) published by the Department of Housing and Community Development. AMI means that fifty percent of all household incomes in the county are more than 100% AMI and fifty percent of the household incomes are less than 100% AMI. In Campbell, the moderate income limit is 120% of AMI, while the low income limit is 80% of AMI. Use the table below to determine which income level your household falls under. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

CALIFORNIA DEPT. OF HOUSING & COMMUNITY DEVELOPMENT 2016 SANTA CLARA COUNTY SINGLE FAMILY INCOME LIMITS (as of MAY 24, 2016)								
	Number of Persons in Household							
Income Category	1	2	3	4	5	6	7	8
<b>Moderate Income 120% AMI</b>	\$89,950	\$102,800	\$115,650	\$128,500	\$138,800	\$149,050	\$159,350	\$169,600
<b>Median Income 100% AMI</b>	\$74,950	\$85,700	\$96,400	\$107,100	\$115,650	\$124,250	\$132,800	\$141,350
<b>Low Income 80% AMI</b>	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050

Income earned (or imputed) from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the Code of Federal Regulations, Title 12, Part 5 income inclusions (§ 5.609).

Please also see Section 4 of this document regarding asset limitations.

Note: Income is looked at differently to qualify for a mortgage. It's possible to be income eligible for the program, but not a loan, and vice-versa.



## City of Campbell BMR Homeowner Occupancy Certificate of Acknowledgement 2020

Today's Date

«Buyer\_Names»

«SITE\_Address»

Campbell, CA 95008

On June 2016, Campbell City Council adopted Resolution 12001 selecting HouseKeys to serve as the BMR Program Administrator for Ownership, Rental and Lending Programs. Our job is to administer the Ownership Program that assisted in the purchase of this home in «**month\_of\_purchase**» of «**Year\_of\_purchase**». Agreement Record Number «**Agreement\_Number**», titled «**Agreement\_Title**», was signed by «**Buyer\_Names**» and recorded on «**Recorded\_Date**» in the county public records. This document set restrictions on the finance and sale of the property located at «**SITE\_Address**». One of the roles of the Program Administrator is to resume annual certifications for each property in the Program. **Please complete all sections below, enclose ALL requested documents with your 2020 annual certification (PLEASE USE THE PREPAID ENVELOPE PROVIDED) and mail it back. If you prefer, you can send them via email to [abraham@housekeys.org](mailto:abraham@housekeys.org).**

### **DEADLINE TO SUBMIT:**

**Please submit COPIES of ALL items below:**

- One (1) **most recent** Utility Bill (PG&E or Water and Sewer), utility bill must include your name and property address.
- Homeowner's Insurance Policy **Declarations Page(s)**.       Most Recent Mortgage Statement

**Please complete all the questions. Please don't leave any blanks; if it does not apply to you, fill it in with an "n/a".**

1. Have all homeowners occupied the home since the purchase? \_\_\_\_\_
  2. Are homeowners going to occupy the home in the next 12 months? \_\_\_\_\_
  3. Have you refinanced your home? \_\_\_\_\_ If yes, how many times? \_\_\_\_\_ When did you refinance (years)? \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.
  4. Have you taken out an equity line of credit (another loan besides your first mortgage) after the purchase? \_\_\_\_\_  
If you refinanced, what are your current balance(s) \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_
  5. Have you remodeled your home? \_\_\_\_\_ If yes, did you get an approval from the City? \_\_\_\_\_
  6. Are you the original owner(s) on the Agreement? \_\_\_\_\_
  7. Have any new members been added to the ownership (title of the home)? \_\_\_\_\_ If yes, who was added?  
\_\_\_\_\_  
\_\_\_\_\_
- How are they related to you?  
\_\_\_\_\_  
\_\_\_\_\_
8. Is the home in a trust? \_\_\_\_\_ If yes, name the trust:  
\_\_\_\_\_  
\_\_\_\_\_



## City of Campbell BMR Homeowner Occupancy Certificate of Acknowledgement 2020

9. What is your total household size? \_\_\_\_\_
10. Do you live or work within the city of Campbell? \_\_\_\_\_ (optional demographical question).
11. **Are considering selling your BMR home in 2020 or 2021?** \_\_\_\_\_ (not a commitment to sell).

I/We acknowledge that I/We are participating in the City of Campbell's Below Market Rate (BMR) Program. This program has provided me/us the opportunity to purchase a home with a significant reduction in price. In return, I/We agree to be bound by certain restrictions as outlined in my/our county recorded Deed Restriction and Right of Refusal documents.

I/We hereby certify that I/We currently reside in my BMR home as my/our primary residence and declare, under the penalty of perjury, that the foregoing is true and correct.

\*Primary Owner Signature \_\_\_\_\_ \*Date \_\_\_\_\_

\*Print Name \_\_\_\_\_ \*Date \_\_\_\_\_

\*Secondary Owner Signature \_\_\_\_\_ \*Date \_\_\_\_\_ (Co Owners)

\*Print Name \_\_\_\_\_ \* Date \_\_\_\_\_

\*Home Address (required): \_\_\_\_\_

\*Primary Phone Number (required): \_\_\_\_\_

\*Email Address (required, please print clearly): \_\_\_\_\_

\*Emergency Contact Name, Address & Phone Number: \_\_\_\_\_

If you have any questions please feel free to contact Abraham Valle, HouseKeys Program Relationship Manager at [abraham@housekeys.org](mailto:abraham@housekeys.org) or via phone @ (408) 684-0769.

### OFFICE USE ONLY

Date Annual Certification was received by HouseKeys: \_\_\_\_\_

#### Items submitted by BMR Homeowner:

- One (1) **most recent** Utility Bill (PG&E or Water and Sewer).
- Homeowner's Insurance Policy Declarations Page(s).  Most **recent** Mortgage Statement

Did the homeowner complete the 2019 annual certification?  Yes  No

**BMR Homeowner out of compliance:** Referred BMR Homeowner to Asset Manager on: \_\_\_\_\_



*City  
Council  
Report*

Item: 7  
Category: COUNCIL COMMITTEE  
REPORTS  
Meeting Date: May 5, 2020

**TITLE: Council Committee Reports**

**RECOMMENDED ACTION**

Report on committee assignments and general comments.

**DISCUSSION**

This is the section of the City Council Agenda that allows the City Councilmembers to report on items of interest and the work of City Council Committees.

**MAYOR LANDRY:**

City Atty. Performance/Comp. Subcommittee  
City Clerk Performance/Comp. Subcommittee  
City Mgr. Performance/Comp. Subcommittee  
Economic Development Subcommittee  
Recycling and Waste Reduction Commission of SCC\*\*  
Santa Clara Valley Water District: County Water Commission  
State Route (SR) 85 Corridor Policy Advisory Board  
West Valley Mayors and Managers

Cities Association of Santa Clara County Representative, (Alt.)  
Cities Association Selection Committee & Legislative Action Committee (Alt.)  
Friends of the Heritage Theater Liaison (Alt.)  
SCC CDBG Program Committee\*\* (Alt.)  
Silicon Valley Clean Energy JPA (Alt.)  
Valley Transportation Authority Policy Advisory Committee (Alt.)  
West Valley Clean Water JPA (Alt.)  
West Valley Sanitation District Board (Alt.)  
West Valley Solid Waste Authority JPA (Alt.)

**VICE MAYOR GIBBONS:**

Association of Bay Area Governments  
Association of Bay Area Governments Executive Committee\*\*  
Campbell Historical Museum & Ainsley House Foundation Liaison  
Cities Association Selection Committee & Legislative Action Committee  
Comprehensive County Expressway Planning Study Policy Advisory Board\*\*  
Education Subcommittee

**Legislative Subcommittee**

Silicon Valley Clean Energy JPA (SVCEC)

SVCEC Executive Committee\*\*

SVCEC Finance and Audit Subcommittee\*\*

SCC CDBG Program Committee\*\*

County Library District JPA Board of Directors (Alt.)

SCC Emergency Operations Commission (Alt.)\*\*

West Valley Mayors and Managers (Alt.)

**COUNCILMEMBER BYBEE**

City Atty. Performance/Comp. Subcommittee

City Clerk Performance/Comp. Subcommittee

City Mgr. Performance/Comp. Subcommittee

Downtown Subcommittee

Finance Subcommittee

Friends of the Heritage Theater Liaison

Legislative Subcommittee

Valley Transportation Authority Policy Advisory Committee

Association of Bay Area Governments (Alt.)

Campbell Historical Museum &amp; Ainsley House Foundation Liaison (Alt.)

Comprehensive County Expressway Planning Study Policy Advisory Board\*\*(Alt.)

Santa Clara Valley Water District: County Water Commission (Alt.)

State Route (SR) 85 Corridor Policy Advisory (Alt.)

**COUNCILMEMBER RESNIKOFF**

Advisory Commissioner Appointment Interview Subcommittee

Cities Association of Santa Clara County Representative,

Education Subcommittee

West Valley Clean Water JPA

West Valley Sanitation District

West Valley Solid Waste Authority JPA

Downtown Subcommittee (Alt.)

Recycling and Waste Reduction Commission of SCC\*\* (Alt.)

Silicon Valley Animal Control Authority Board (SVACA)(Alt.)

**COUNCILMEMBER WATERMAN:**

Advisory Commissioner Appointment Interview Subcommittee

County Library District JPA Board of Directors

Economic Development Subcommittee

Finance Subcommittee

Silicon Valley Animal Control Authority Board (SVACA)

**\*\*appointed by other agencies**

Prepared by:

*Andrea Sanders*

Andrea Sanders, Deputy City Clerk

MEMORANDUM



City of Campbell

City Clerk's Office

**To:** Honorable Mayor and City Council

**Date:** May 5, 2020

**From:** Andrea Sanders, Deputy City Clerk

**Via:** Brian Loventhal, City Manager

**Subject:** Desk Item 5 – Amended Recommended Action

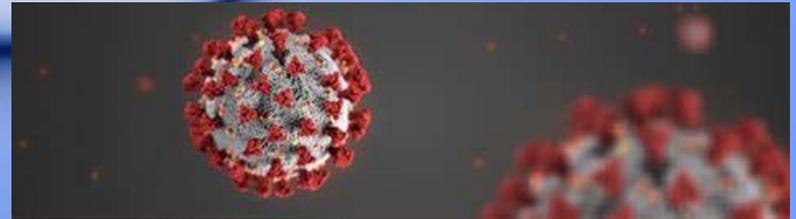
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The purpose of this desk item is to amend the recommendation in Item 5 to specify the end date of the local emergency extension. Below is the amended recommendation, which italicizes the new text.

That the City Council adopt a resolution extending the City Council March 17, 2020 proclamation declaring the existence of a local emergency resulting from community spread of the coronavirus, also known as COVID-19 in the City of Campbell *through July 15, 2020*.

# City of Campbell COVID-19 Updates



[Campbellca.gov](http://Campbellca.gov)

# Need Help Finding Resources

Call 211

# Friendship Line California



**1.888.670.1360**

# **CalFresh: Need Help Buying Food**

**Contact Second  
Harvest Food Bank  
1.800.984.3663**

# EDD Streamlining Benefits

[EDD.CA.GOV/  
Unemployment/  
certify.htm](http://EDD.CA.GOV/Unemployment/certify.htm)

# Education Resources for Parents

[SCCOE.org](http://SCCOE.org)



santa clara  
county  
**library** district

[scclld.org](http://scclld.org)

# Open Space Authority



[Openspaceauthority.org](https://openspaceauthority.org)

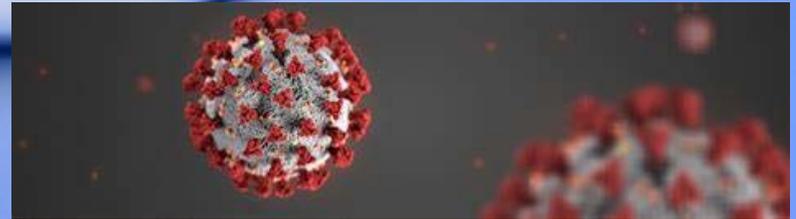


[FaceCoverings@campbellca.gov](mailto:FaceCoverings@campbellca.gov)

# Campbell Ministerial Association

Campbellministerial  
association@gmail.com

# City of Campbell COVID-19 Updates



[Campbellca.gov](http://Campbellca.gov)

# HouseKeys Service Agreement

(June 30, 2020 to June 30, 2021)



**HouseKeys**  
Unlock Opportunity

Item 6

# Summary

- Hired in 2016 to serve as BMR Administrator
  - Contract annually renewed; currently set to expire June 31, 2020
- Manages City's BMR Rental, Ownership, & Loan Programs
  - Also provides across the board legal support
- Contract Paid from Successor Agency Fund (former RDA)
  - Adequate reserves to cover contract
  - Limited uses of fund; services consistent with fund restrictions
  - Cash projected to be depleted by FY2028 [no loan payoffs]



**HouseKeys**  
Unlock Opportunity

# Requested Increase

- **\$25,000 increase in flat rate fee (137k to 162k)**
  - Equates to an 18% increase ~ 4.5% increase per year since 2016
  - Paid by City
  - No other changes to fees (i.e. transaction; paid by participants)
- **Key reasons for requested increase**
  - No prior increases; serves to 'catch-up' with costs since 2016
  - Intended to maintain parity with other cities
  - Compensates for service improvements/new-hires
- **Contract Negotiation**
  - Are reasons adequate?
  - Should staff negotiate terms?



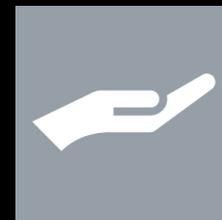
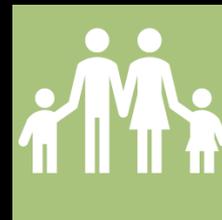
# Homeowner Program Update

- 87 units; spread across 17 developments
  - Penny Lane, Maravilla, Madison, Ainsley Place etc.
- Certification Status
  - 56 units – Certified/Current
  - 23 units – Not Certified
  - 8 units – Out of Program
- Postponed Enforcement / Seeking Direction
  - Pending further progress on active case
  - Fourth notice for certification to be sent in July; prior certification postponed due to COVID-19
  - Example cert. attached to report (Attachment E)



# Rental Program Update

- 51 rental units; spread across 5 developments
  - Alvin's Corner, Merrill Gardens, Revere, St. Anton etc.
- Certification Status
  - 48 units – Certified/Current
  - 2 units – Denied (one pending eviction)
  - 1 unit – Vacant
- Postponed Enforcement / Seeking Direction
  - HouseKeys would like to suspend certifications and pending eviction; maintain month-to-month leases
  - Contract requires annual certifications
  - Should HouseKeys pursue certifications and eviction?



# Staff Recommendation

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**That the City Council take the following action:**

1. Adopt a Resolution, authorizing the City Manager to execute a 12 month (expiring June 30, 2021) Professional Service Agreement with HouseKeys, Inc.

