

Council Meeting Staff Report

July 25, 2017

Agenda No.:	A.
Indexes (Council Goals):	2018 Council Goal – Quality of Life – Housing – Promote the Creation of a Variety of Housing Options for all Segments of the Los Alamos Community, including infill Opportunities as Appropriate
Presenters:	Paul Andrus; Andrew Harnden
Legislative File:	AGR0511-17

..Title

General Services Agreement No. AGR18-702 with Los Alamos Housing Partnership, Inc., in an Amount Not to Exceed \$80,685.60 for the Purpose of Administering a Homebuyer Assistance Program for a Term Beginning July 26, 2017 through June 30, 2020 and the Option of Two Two-year Extensions.

Recommended Action

I move that Council approve General Services Agreement No. AGR18-702 with Los Alamos Housing Partnership, Inc., in an Amount Not to Exceed \$80,685.60 for the purpose of administering a Homebuyer Assistance Program for a term beginning July 26, 2017 through June 30, 2020 and the option of two two-year extensions.

County Manager's Recommendation

The County Manager recommends that Council approve this General Services Agreement as requested.

Body

The Homebuyer Assistance Program is authorized under County Municipal Code Chapter 14, Article VII which allows the County to fund and implement a homebuyer assistance program for low income homeowners (below 80% of Los Alamos County Area Median Income). The financial assistance that the program will provide will be in the form of a loan, the terms of which will vary depending on the income level of the borrower. The program will consider all types of homes as eligible however a home inspection may be required by the County or its designated agent to determine whether the home is adequate in terms of condition and for the applicant's housing needs. Maximum allowable home purchase price for the program if HUD funds are used will be based on HUD home purchase price limits which currently are 1-BR (\$238,000), 2-BR (\$304,000) and 3-BR (\$368,000). Based on US Census 2010-14 estimates at least one-third of households in the County are considered low income, equal to approximately 5,000 households. A proportion of low income households would choose to buy a home in the County if an affordable home suited to their needs was available.

Request for Proposals

On April 20, 2017 staff issued a Request for Proposals RFP17-49 to local, regional and statewide audiences. On May 11, 2017, the County Procurement Office received a responsive proposal from Los Alamos Housing Partnership, Inc. A selection committee of County staff members evaluated the proposal which was found to meet the evaluation criteria. Staff conducted follow-up communications and meetings with Los Alamos Housing Partnership, Inc to clarify costs for different types and levels of service and to establish the framework, timeframe and deliverables needed for a program startup phase.

Selected Contractor

Los Alamos Housing Partnership, Inc., (LAHP) was incorporated as a 501(c)(3) non-profit corporation in December, 1994. LAHP has a track record in Los Alamos County of providing affordable housing and managed the County's first downpayment assistance program in 1997 to 1999, with approximately 10-15 clients per year over that period. Steve Brugger, Executive Director of LAHP will assist as project manager and point of contact for this contract.

Scope of Services

Under the contract, Los Alamos Housing Partnership, Inc. will provide complete homebuyer assistance services ranging from accepting applications, maintaining a waiting list, making a preliminary determination of recipient eligibility for County and other assistance programs, recommending a total finance plan for the homebuyer, preparing and submitting applications for assistance under County and other assistance programs, evaluating and recommending loan applications for County subsidy, and preparing a mortgage note and other required agreements between the selected applicant and the County in accordance with the programmatic and affordability requirements described in Los Alamos County Code Ordinance 02-270. LAHP will also ensure long term compliance by making periodic continuing eligibility reviews during the period that loan recipients are required to show that they meet affordability requirements. The contractor will begin work under the agreement only after approval of the County's Policies and Procedures by the County Council.

Once the Policies and Procedures are approved by the County Council, the contract calls for an initial Program Design Phase (Task 1) of 7 weeks which will involve working with County staff for the homebuyer loan program design. The design phase and associated deliverables will be critical to both the initial and long term success of the program. Contractor tasks for program design will include finalization of program related policies and procedures (week 1); establish an application process (week 2); develop promotional material for real estate sector stakeholders (week 3); develop contractor website with eligibility criteria and downloadable forms (week 3); establish decision making criteria (week 4); finalize homebuyer training protocol (week 5); develop a home inspection checklist (week 6); and establish templates of note, mortgage, closing disclosure and other legal documents (week 7). The contract calls for only limited contractor work in review of application forms and templates, and outreach materials to potentially interested applicants, as these tasks will be led by County staff.

Task 2 Program Delivery and Administration will begin after final County approval of the Program Policies and Procedures. Initial Programmatic Outreach will take place during the first 7 weeks and it is anticipated the application period will open by week 4 of approval of the policies and procedures. The application period for assistance will be conducted throughout the year while funds are available in a given fiscal year, and applicants will be considered on a first come-first served basis. Loan Servicing and Programmatic Reporting will also take place throughout the year. Average downpayment loan amount is expected to be approximately \$15,000 and maximum allowable loan under the program is \$25,000. The contractor will be expected to explore outside funding sources in addition to County funding for the downpayment loans so that more homebuyers can be assisted.

Mortgage loan and promissory note documents will include a County right of first refusal to purchase the home. This will provide the opportunity to maintain the home as part of the community's affordable housing stock.

Budget Overview

Exhibit A - "Pricing" of the contract provides a breakout of the program budget. The budget for the first

three years of the program is not to exceed \$80,685.60 which includes a fee of \$6,500 for 60 hours of pre-operational program design work and two years of operational and administrative costs, through June of 2020. Contractor fee is set to increase at a rate of 3% annually compounded. The contract further allows for two extensions of two years each, for a total contract period of seven years, with a combined not to exceed amount of \$190,403.09. The above contract budget has been calculated based on the contractor completing 8 home loan projects each year.

After the initial startup phase, LAHP will be paid a fee for services per project funded. Staff anticipates that there will be interested applicants who do not qualify for the program. LAHP will screen applicants accordingly and refer those that do not qualify to other potential sources for assistance. LAHP will not bill the County for spending time associated with applicants who are deemed ineligible for the program. The contractor will be required to complete and close out the individual loan project, which also requires homebuyer completion of home purchase, before compensation for components 2, 3 and 4 is issued.

Program Outcomes

Depending on the level of demand for program services, the program anticipates funding up to 10 projects annually. Because LAHP will be providing a broad range of services ranging from client intake through project closeout and on-going monitoring, as well as performing other tasks such as marketing to stakeholders, grant-writing and the like, this is a reasonable level of service for their current staffing and capacity. The actual number of projects funded each year will partly depend on the local housing market.

Council's approval of Contract No. AGR18-702 will ensure the implementation of a full-service homebuyer assistance program, a program that will assist income eligible households become homeowners with low cost financial assistance.

Alternatives

Council could choose not to approve the Contract No. AGR18-702 with Los Alamos Housing Partnership, Inc. and instruct staff to develop alternatives for implementing the Homebuyer Assistance Program.

Fiscal and Staff Impact/Planned Item

Anticipated annual expenditures for each of Years 1, 2 and 3 (July 26, 2017-June 30, 2020) including contractor fees (NMGRT included) and homebuyer loans are estimated at \$150,000, equal to \$450,000 total over the 3-year period. However, expenditures will depend on the level of service actually provided. Additional funding up to the total amount of \$660,000 (equal to \$165,000 per year, and assuming the contract is fully extended) will be requested as part of subsequent annual budget development, with the anticipation that any remaining fiscal year funds will be carried forward to the next fiscal year.

Attachments

A - AGR18- 702 Los Alamos Housing Partnership Inc.