



Legislation Text

File #: 24-491, Version: 1

Report Prepared by: Leah Brown, Management Analyst, Development Services Department

SUBJECT: Approval of a Service Agreement Between the City of Merced and RSG Inc., for Affordable Housing Consulting Services for Fiscal Years 2024-25 and 2025-26 in an Amount not to Exceed \$161,000

REPORT IN BRIEF

Consider approving a Services Agreement with RSG Inc., to provide affordable housing consulting services to the City of Merced and the City's Housing Successor Agency for Fiscal Years 2024-25 and 2025-26, authorizing the City Manager to make minor modifications if necessary and execute on behalf of the City.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving a Services Agreement between the City of Merced and RSG Inc., for affordable housing consulting services for Fiscal Years 2024-25 and 2025-26 in an amount not to exceed \$161,000; and,
- B. Authorizing the Finance Officer to make the necessary budget adjustments; and,
- C. Authorizing the City Manager to make minor modifications if necessary and execute all the necessary documents on behalf of the City.

ALTERNATIVES

- 1. Approve as recommended by staff; or,
- 2. Approve, subject to conditions as specified by the City Council; or,
- 3. Deny the request; or,
- 4. Refer back to staff for reconsideration of specific items as requested by the Council, or,
- 5. Defer action until a specified date.

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

City of Merced Adopted Budget and Housing Policies.

DISCUSSION

RSG Inc. has been providing services to the City and the City's Housing Successor Agency (HSA)

since 2018 through the evaluation of existing resources, development strategies, disposition of Housing Successor assets, and technical knowledge regarding the State of California's complex Housing Successor Agency Regulations. Additionally, they assist City staff with coordination and preparation of the Annual Housing Successor Report to ensure the City remains in compliance with State of California regulations for Housing Successor Agencies.

Past Activities include:

- Childs and B Street Development Review, including HOME Subsidy Layering Analysis and preparation of agreements and other documents
- Assistance in coordinating with the Designated Local Authority (DLA) and State of California on the transfer of Former Redevelopment Agency Assets to the Housing Successor Agency
- Affordable Housing monitoring
- Assistance in The Grove loan pay-off
- Assistance with loan and grant documents needed for the funding committed to the Devonwood Apartments
- Assistance with the Disposition and Development Agreements of former Housing Successor properties
- Assistance in required annual housing monitoring
- Preparation of the Scattered Site RFP for Housing Successor Agency properties
- Preparation of annual Housing Successor Agency Annual Report
- General As-Needed Services

The agreement being considered is a new scope of services and budget for Fiscal Year 2024-2025 through 2025-2026. The two-year period allows for flexibility especially given the complex nature and timeliness of the potential projects and transactions over the contract period. The overall goal is to continue to provide ongoing support and technical assistance to the City and Housing Successor to provide support on projects and issues described above. It also includes additional specific services or tasks.

Housing Successor Real Property Development and Agreements

When called upon, RSG Inc., will provide one-on-one project advice and assistance when addressing specific requirements of the Housing Successor Agency. Additionally, RSG will assist the City in drafting affordable housing regulatory agreements and loan/grant documents as needed.

Other Affordable Housing Project Negotiations and Agreements

This past year, the City has an ongoing and open Request for Qualifications to identify additional affordable housing partners that the City may cooperate with on affordable housing development projects. Similar to work that was done for the Childs and B project, RSG would provide technical assistance on projects during this contract term. That would also include the required Subsidy Layering Analysis for HUD as well as assistance in the preparation of agreements and other regulatory documents that would be necessary to facilitate financial assistance transactions. All approvals shall be subject to City Council consideration and possible action through public participation processes.

Compliance Monitoring

Projects that were assisted using former Redevelopment low- and moderate-income funds or with HOME funds require compliance monitoring. Due to staff turnover and on-going vacancies within the Housing Division, this area of work has severely lagged other mandatory activities. The goal over the contract period is to identify all projects that require annual monitoring, distribute requests to managers/owners for the projects subject to monitoring, and to analyze and prepare reports based on the responses. Those not in compliance would be contacted to seek remedy. Work would also include assistance in reporting. It's expected the funding would cover monitoring for up to 5 project locations. Others may be done on a time and materials basis under general as-needed services.

Housing Successor Agency Annual Reports

RSG would prepare the two annual Housing Successor Agency Reports during the contract term. The annual report is due with the City's Housing Element Annual Report by April 1st of each year.

RSG Inc., has supported staff with addressing previous Housing Successor efforts, responding to programmatic expenditure requirements, assisting staff with valuable industry knowledge related to affordable housing questions, and providing the City with general knowledge related to development of Housing Successor assets.

IMPACT ON CITY RESOURCES

The not to exceed amount for the proposed work is \$161,000 over the two-year period. It is anticipated that half of the work and contract amount will be completed and expended during FY 2024-25 with the remainder in 2025-26. There is sufficient funding within Fund #25135510-511012 Low- and Moderate-Income Housing Fund (LMI) for this activity in the proposed FY 2024-25 Budget.

ATTACHMENTS

1. Services Agreement for FY 2024-25 and 2025-26