DATE: June 2, 2025

TO: Mayor and Members of the City Council

VIA: Stefan Chatwin, City Manager
Marlene Subhashini, Assistant City Manager

FROM: Sofia Mangalam, Community Development Director
Nori Jabba, Housing Coordinator

DEPARTMENT: Community Development

SUBJECT: TWO-YEAR AGREEMENT WITH TOLEMI FOR REGISTRY OF
THE BELOW MARKET RATE RENTAL UNITS IN AN AMOUNT
NOT TO EXCEED $37,000

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution (Attachment 1)
authorizing the City Manager to execute a two-year Agreement with Tolemi (Attachment
2) for Registry of the Below Market Rate (BMR) rental units in an amount not to exceed
$37,000, authorize the City Manager to execute two one-year extensions in an amount
not to exceed $15,000 per year, and finding the approval of the agreement exempt from
CEQA pursuant to section 15061(b)(3).

EXECUTIVE SUMMARY

On May 05, 2025, the City Council adopted Ordinance No. 690 approving amendments
to Chapter 17.90, Below Market Rate Inclusionary Housing Program, within Title 17,
Zoning of Foster City Municipal Code, amending Section 17.90.020, "Definitions," adding
new sections 17.90.130, "Just Cause Evictions" and 17.90.140, "Tenant Relocation
Assistance," 17.90.150, Registry of the Below Market Rate Units, to implement Housing
Element Program H-G-2-E Rental Registry.

Staff recommends that the City Council adopt the attached resolution authorizing the City
Manager to execute a two-year Agreement with Tolemi for the Registry of the Below-
Market-Rate rental units in an amount not to exceed $37,000, authorize the City Manager

to execute two one-year extensions in an amount not to exceed $15,000 per year and find approval of the agreement exempt from the CEQA pursuant to section 15061(b)(3).

BACKGROUND

The Housing Element is an integral part of the Foster City General Plan that identifies the community's housing needs, states the community's goals and objectives regarding housing production, rehabilitation, preservation, and conservation to meet those needs, and defines the policies and programs. The chapter containing Housing Goals, Policies, and Programs forms the housing policy roadmap for the City and describes the implementation measures that the city needs to undertake in the planning period 2023-31.

The Housing Element Programs include the City's commitment to timeframes for implementation. The Annual Progress Report (APR) to the California Department of Housing and Community Development (HCD), due by April 1 of each year, reports on progress in implementing these Programs.

The Housing Element Programs relevant to this staff report include:

1. ***H-G-2-e, Rental Registry (HE-111 of adopted 2023-31 [Housing Element](#))***
   Unless a requirement for a State rental registry is adopted, explore a rental registry that tracks information such as rents, utilities, accessibility for disabled persons, tenant occupancy dates, and landlord contact information in order to improve the information available to landlords, tenants, and decision makers.

   Responsible Agency: Community Development Department
   Timeframe: Report to City Council by December 2024
   Funding Source: General Fund

Government Code Section 65400 requires each jurisdiction to prepare an annual progress report (APR) on the jurisdiction's status and progress in implementing its housing element. Each jurisdiction's APR must be submitted to HCD and the Governor's Office of Planning and Research (OPR) by April 1 of each year (covering the previous calendar year. Recently, the City Council approved the City's Annual General Plan and Housing Element Progress Report on March 17, 2025. HCD also created the [Housing Accountability Unit](#) to enforce Housing Elements and ensure that jurisdictions follow through with their Housing Element commitments by implementing their goals, policies, and programs. Implementation of the rental registry for BMR rental units demonstrates the City's commitment to Policy H-G-2-e of the Housing Element.

City's Below Market Rate (BMR) program

The Community Development Department (CDD) oversees Affordable Housing programs, including Deed-Restricted Ownership Units, the BMR program, the Existing Unit Purchase Program (EUPP), the HIP Home Sharing Program, and the Housing

Rehabilitation Loan Program. The BMR program covers all rental and ownership properties subject to an affordable housing deed restriction or agreement that restricts units to extremely low, very low, moderate, or workforce units.

Table 1: Foster City BMR Rental Units

Name of Development	Total Properties	BMR Rentals	Workforce Rentals	Senior BMR Rentals	Total BMR Rental Units
The Plaza	1	60			60
The Triton	1	48			48
100 Grand	1	33			33
Miramar	1	48			48
Marlin Cove	1	84			84
The Pilgrim	1	14	8		22
Alma Point	1			65	65
Metro Center	1			60	60
EUPP Homes	4	6			6
Total Units		**293**	**8**	**125**	**426**

It is important to understand what management of BMR program includes.

- For rental properties not owned by the City - Annual audits, training BMR property managers, ensuring compliance with regulatory agreements for each property, approval of utility allowances and annual rent and income limits, updating and assisting BMR property managers with interpretation of the BMR Guidelines, updating BMR Guidelines as needed, and addressing inquiries from BMR tenants and members of the public.
- For rental properties owned by the City (all 28 City-owned units are managed by HIP Housing) – In addition to all the above, managing the operating budgets and payment of expenses, managing property management contracts, and applying for and administering grants and notices of funding opportunities.
- For owner-occupied BMR units - Monitor annual occupancy requirements and obtain annual occupancy affidavits from homeowners, notify homeowners of regulatory agreement expiration dates, calculate sales price and review sales of properties to other qualified buyers (if applicable), certify incomes of new buyers (if applicable), calculate share of proceeds to the City when and if a sale occurs after the expiration of the BMR agreement; revise the BMR Ownership Guidelines, and address inquiries from homeowners and members of the public.

Annual Audit of BMR Properties

Each year, BMR property managers of all BMR rental properties (including City-owned BMR rentals) submit reports to the City with data for each tenant, including annual income, rent, size of the unit, household size, utility allowances, and the maximum rent and income for each size of the unit. Reports are due at varying times of the year, depending on the regulatory agreements. During an audit, staff reviews the requirements of the property's regulatory agreements and reviews the annual report and tenant files to ensure compliance with BMR Guidelines and regulatory agreements for each property.

During an audit, staff completes the following for each property:
- Verifies that the report was submitted by the deadline.
- Reviews the report against annual maximum income and rent limits.
- Verifies that the correct utility allowances were used.
- Reviews tenant files to ensure that incomes were calculated correctly, files contain required application, lease, and income certification documentation, and that files match the annual report. Staff generally selects a percentage of files from each affordability category and size of unit as well as recent move-in files.
- Reviews the properties income certification procedures, manuals, and forms.

Since 2009, the City has contracted with Housing Compliance Services for a license agreement to use software for monitoring BMR units called FOCUS. The software is used by public agencies and developers to monitor BMR units and ensure compliance of income limits and rental rates with local, state, and/or federal BMR programs. Over the years, the number of BMR properties has increased. The City has required property managers of all BMR rental properties to use FOCUS to submit annual reports. BMR property managers enter information into the FOCUS software each year for each unit, including affordability level, rental rate, utility allowance, maximum rent, household size, number of bedrooms, unit number, initial move-in date, household income at move-in, voucher amount, if applicable, whether the unit is occupied or vacant, and income from the latest income certification. The data is entered once per year. The software does not provide reports comparing data from year to year, including turnovers, or rent increases, or comparisons among or between properties as they occur.

[October 7, 2024, City Council Study Session](#)

On October 7, 2024, the City Council held a Study Session on the Rental Registry Program. Staff presented the options:

1. *Expand the provisions of the existing Compliance software for BMR rental units to include real-time, accurate data, and data and analytics capabilities on vacancies, lease terminations, and rent increases (426 units).*
2. *Extend the provisions of the existing BMR Compliance software, with additional data collection at the Council's discretion as listed above in Item (1), to Foster City multi-family rentals of three or more units (approximately 4,700 units) to provide a comprehensive database of rental properties, units, vacancies, and rental rates.*
3. *Extend the provisions of the existing BMR Compliance software, with additional data collection at the Council's discretion as listed above in Item (1) to all Foster*

City rental units (approximately 6,000 units) to provide a comprehensive database of rental properties, units, vacancies, and rental rates.

4. *Should the selected option by the City Council be encouraged on a voluntary basis or established as a mandate? Any such mandate would require the adoption of an Ordinance.*

After deliberation, a majority of the City Council, via Minute Order No. 1998, directed staff to establish a mandate to expand the provisions of the existing BMR Compliance software for BMR units to provide additional data collection and analysis (Motion by Councilmember Hindi, seconded by Mayor Sullivan, and carried, 4-1-0, Vice Mayor Jimenez voted "no," adopting Minute Order No. 1998, see link to Meeting Minutes.)

Based on the Council's direction, staff prepared an Ordinance amending Chapter 17.90, "Below Market Rate Inclusionary Housing Program," within Title 17, "Zoning," Section 17.90.020, "Definitions," adding new sections 17.90.130, "Just Cause Evictions" and 17.90.140, "Tenant Relocation Assistance," and 17.90.150, Registry of Below Market Rate Units,".

On May 05, 2025, the City Council adopted Ordinance No. 690 approving amendments to Chapter 17.90, Below Market Rate Inclusionary Housing Program, within Title 17, Zoning of Foster City Municipal Code, amending Section 17.90.020, "Definitions," adding new sections 17.90.130, "Just Cause Evictions" and 17.90.140, "Tenant Relocation Assistance," 17.90.150, Registry of the Below Market Rate Units, to implement Housing Element Program H-G-2-E Rental Registry.

ANALYSIS

On August 19, 2024, the City Council adopted City Resolution No. 2024-85 authorizing staff to issue a Request for Proposals (RFP) for rental registry software and professional services to administer the Rental Registry Program. Subsequent to this, City staff issued an RFP with a due date for proposals/responses by September 10, 2024.

The scope of the RFP included two (2) tasks:
- TASK 1: Software system solutions to collect and manage all information submitted.
- TASK 2: Professional services to help administer the Rental Registry Program.

The RFP was advertised in the following ways soliciting responses:

1. Sent to consulting firms via email – August 20, 2024; and
2. Posted on City's RFP webpage – August 20, 2024.

Staff received four (4) responses to the RFP, including Tolemi, HdL, 3di, and Deckard Technologies.

Based on the Council's direction to establish a mandate to expand the provisions of the existing BMR Compliance software for BMR units to provide additional data collection and analysis, staff reached out to the four (4) vendors to revise their proposals to include BMR rental units only. In addition, staff contacted Housing Compliance, the provider of FOCUS, to submit a proposal too. Housing Compliance did not submit a proposal.

Staff reviewed the proposals for completeness, experience with developing rental registries, experience with rental registries in Bay Area cities of a similar size, ongoing support and training, initial cost, and ongoing cost. Proposals ranged from $20,000 to $60,000 for the initial launch and from $15,000 to $31,000 for the annual service and software licensing. Table 1 shows the scores for each proposal.

Table 1, Proposal Scores for Rental Registry Services

	Category	Total	Tolemi	HdL Comp.	Deckard Tech.	3Di
1	**Scope of Work** (1=inadequate, 2=adequate)	2	2	2	2	2
2	**Complete Proposal** Quality and completeness of proposal (1=incomplete, 2 = one or more items not clear; 3 = complete)	3	3	2	1	3
3	**Experience** Related and recent experience of similar scope and complexity in San Mateo County, the Bay Area, California (Ranked 1-4)	4	4	2	1	3
4	**Outreach and Engagement** Expertise and techniques with outreach and community engagement (1=digital outreach excluded; 2=digital outreach included)	2	2	2	2	2
5	**Project Team** Expertise and experience of project team (1= does not meet requirements; 2= meets requirements)	2	2	2	2	2
6	**Timeframe and Budget** (Ranked 1-4)	4	3	4	2	1
7	**Creativity to Approach** (1=fair, 2=good; 3=excellent)	3	3	3	3	3
8a	**Cost to Launch Program** (Ranked 1-4)	4	3	4	2	1
8b	**Annual Cost to City** (Ranked 1-2; 0=did not provide; tie = same score)	2	2	2	0	1
9	**Agreement/Insurance** Acceptance of City's Standard Agreement and Insurance Requirements (1=substantial changes needed or does not meet insurance requirements; 2=minor changes; 3=no changes)	3	3	1	3	3
10	**Relevance of References** (Ranked 1-4)	4	4	3	1	2
	Total	**33**	**31**	**27**	**19**	**23**

Staff selected Tolemi due to their experience developing rental registries in cities of a similar size in the Bay Area and competitive costs, their flexibility in developing a custom program for a small number of units compared to traditional rental registries and a system with BMR compliance features. Tolemi currently works with Half Moon Bay and East Palo Alto in San Mateo County as well as Berkeley and Monterey in the Bay Area.

The attached Agreement with Tolemi (Attachment 2) provides for customizing rental registry software and implementing the registry for all 426 BMR units. The software costs $7,000 to launch the program, and $15,000 annually thereafter. The agreement is for two (2) years, for a total of $37,000 (which includes startup costs of $7,000).

Staff is also requesting the Council to authorize the City Manager to administratively approve two one-year extensions in an amount not to exceed $15,000 per year. Although the contract with Tolemi will include a termination clause, if the City were to choose to end their contract with Tolemi and move to another software provider, the City could do so with proper notice and lead time to transfer the database.

Development and implementation of the software will begin in June 2025 with full implementation, training, and initial data entry over the summer of 2025.

CEQA

The proposed actions would not result in physical changes to the environment and would be exempt pursuant to CEQA Guidelines Section 15061(b)(3).

FISCAL IMPACT

The current fiscal year 2024-25 and proposed fiscal year 2025-26 budgets have sufficient funding available for rental registry program in the Community Development Department budget and, therefore, no additional appropriation is required.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Smart Planning, Development, and the Local Economy

ATTACHMENTS:

Attachment 1 – Resolution
Attachment 2 – Professional Services Agreement
Attachment 3 – RFP Scoring Sheet