

**PALM DESERT HOUSING AUTHORITY
STAFF REPORT**

MEETING DATE: February 27, 2025

PREPARED BY: Jessica Gonzales, Housing Manager
Veronica Chavez, Director of Finance

SUBJECT: AWARD OF CONTRACT FOR AFFORDABLE HOUSING COMPLIANCE AND PROPERTY MANAGEMENT SERVICES TO NATIONAL COMMUNITY RENAISSANCE FOR A FIVE-YEAR TERM, IN THE ANNUAL AMOUNT OF UP TO \$832,356

RECOMMENDATION:

1. Approve the award of contract for Affordable Housing Compliance and Property Management Services for the Authority-owned Properties to National Community Renaissance, a Nonprofit Corporation for a five (5) year term, in the annual amount of up to \$832,356, with prescribed allowable increases for subsequent years as noted in the contract.
2. Approve an Addendum Agreement and an amount of up to \$30,000 for the transition of property management providers and cost associated.
3. Authorize Executive Director or his designee to finalize the management contract and addendum (also referred to as the "Agreement") with National Communities Renaissance, consistent with the terms of the RFP with non-substantive modifications concurred upon by the Executive Director and legal counsel.
4. Authorize the Chairperson to execute the Agreement and Addendum and the Executive Director to execute any documents necessary to facilitate the contract award and implementation.

BACKGROUND/ANALYSIS:

A Request for Proposals ("RFP") for qualified licensed firms for affordable housing compliance and property management services ("Services") for the fifteen (15) income-restricted properties (collectively, the "Properties") owned by the Palm Desert Housing Authority (the "Authority") was posted on October 16, 2024, to the City of Palm Desert's ("City") online bid management provider ("OpenGov Procurement") available on the City's website. Concurrently, a "Notice Inviting Proposals" was published in the Desert Sun newspaper on October 16, 2024.

On or before November 21, 2024, at 2:00 p.m., in no order, the following proposals were received:

FIRM	CORPORATE OFFICE
Hyder & Company	San Marcos, CA
Community Housing Opportunities Corporation	Fairfield, CA
National Community Renaissance	Rancho Cucamonga, CA
Bell Properties, Inc.	Arcadia, CA

Staff performed an extensive due diligence review of the four (4) proposals submitted. An evaluation of the proposals was performed by four (4) individual City staff members from different departments independently reviewing each firm's qualifications and whether their respective proposed services met the evaluation criteria set forth in the RFP. From the evaluation of the proposals, the two highest scoring respondents were interviewed.

Unanimously, based on the written and interview responses National Community Renaissance, ("National CORE") was deemed most qualified with very thorough and concise responses. The evaluating panel recommended an award of contract to National CORE.

National CORE Proposal:

National CORE currently manages over 13,000 affordable and market-rate apartment units across 100 developments nationwide. Furthermore, National CORE has thirty (30) years of experience in this industry and has experience as a property management company for affordable rental properties.

The proposed Agreement with National CORE is for an initial five (5) year term with extension options as noted in the Agreement. Prior to the termination date of the term, the Agreement requires the parties to enter good faith negotiations to enter into a new agreement, with the ability to extend the current Agreement while those negotiations are ongoing (if needed). The scope of services for this Agreement consists of the day-to-day operation of fifteen (15) affordable housing properties. Services will include, but not be limited to: compliance with affordable housing rules and requirements; responding to residents' concerns and complaints; enforcement of house rules and regulations; application of fair housing laws and enforcement of the Housing Authority's Administrative Policies and Procedures; qualifying applicants and tenants annually for income certification; conducting credit, rental, employment, and criminal background checks; all leasing activities; monitoring day-to-day maintenance of properties and maintenance contracts; procurement of any services or projects as needed, performing property and unit inspections; collecting and disbursing funds; providing monthly accounting reports that include receipts and expenditures; annual financial reporting/filings; occupancy reporting; and administration of funds. The Agreement can be terminated for unsatisfactory performance upon a 90-day written notice by either party; in addition, the Housing Authority may terminate for convenience with 180 days written notice.

The Agreement management fee in the case of occupied units shall be in the amount of \$63 per unit per month, to be increased three percent (3%) biannually commencing on July 1, 2027, and every other July 1st thereafter for the remainder of the term of the Agreement. While this represents a significant increase from the current negotiated rate of \$50 per unit per month, the revised fee remains within industry standards and aligns with the mid-range of costs submitted in the proposals.

In its evaluation, the panel considered not only the cost efficiencies gained through National CORE's extensive resources but also the quality of service currently provided at the lower rate. Ultimately, the panel determined that this adjustment was the most prudent approach to maintaining the expected level of service at the properties.

Additionally, to enable a smooth transition of property management responsibilities from FGA), the current property manager, to National CORE, and Addendum Agreement has been agreed to by National CORE in the amount of \$10 dollars. The Addendum Agreement will commence upon the execution of the Addendum Agreement through June 30, 2025. Staff is requesting up to \$30,000 for any unanticipated costs associated with services and expenditures needed during the transition period.

Staff therefore recommends approval of award of contract for Affordable Housing Compliance and Property Management Services for the Authority Owned Properties to National CORE in an annual amount of up to \$832,356 commencing July 1, 2025, with prescribed allowable increases for subsequent years as noted above and in the contract.

Legal Review:

This report has been reviewed by the City Attorney's office and special counsel, Richards Watson and Gershon.

Appointed Body Recommendation:

Not applicable. Resolution No. HA-93 provides that the Housing Commission shall review and make recommendations on all matters to come before the Authority except "matters relating to the management and operations of the Authority".

FINANCIAL IMPACT:

The fiscal impact is the annual cost for Affordable Housing Compliance and Property Management Services. Funds will be included in the Housing Authority FY 2025-26 proposed Annual Budget request in the appropriate Authority accounts for each of the properties. The projected Net Operating Income from the properties is sufficient to cover the anticipated operational and transition costs. There is no impact to the General Fund with this action.

ATTACHMENTS:

1. Request for Proposal, dated October 16, 2024
2. National CORE Proposal, dated November 20, 2024
3. National CORE Transition Proposal
4. DRAFT Management Services Agreement
5. DRAFT Addendum Agreement