

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: May 22, 2025

PREPARED BY: Jessica Gonzales, Housing Manager

SUBJECT: APPROVE MODIFIED CONTRACT AND ADDENDUM FOR AFFORDABLE HOUSING COMPLIANCE AND PROPERTY MANAGEMENT SERVICES WITH NATIONAL COMMUNITY RENAISSANCE

RECOMMENDATION:

Approve modifications to the contract and addendum for Affordable Housing Compliance and Property Management Services for the Housing Authority (“Authority”)-owned Properties with National Community Renaissance.

BACKGROUND/ANALYSIS:

On February 27, 2025, the Authority Board approved the award of a contract for Affordable Housing Compliance and Property Management Services for the Authority-owned properties to National Community Renaissance (“National CORE”).

Legal counsel has requested that the following agreed-upon modifications be approved by the Authority Board, to ensure consistency with legal requirements and to reflect the negotiated terms:

Agreement Section	Original Term	Requested Modification	Agreed Upon Modification
1, 27(a), 6	Contract term begins July 1, 2025	Contract term begins June 1, 2025	Modifying the effective date to a month earlier will offer flexibility in the transition from the prior property management company.
5.	Authority entitled to retain 10% of monthly base fee under specified scenarios	Reduce retention amount to 3% of the monthly base fee	A 3% monthly base fee is more consistent with industry standards. This fee retention is applicable only when there's a performance issue with management to cure rather than terminate contract.
3(f), 16, 22	Sets forth various standards and responsibilities that National Core must follow	Clarification of terms.	Additional language regarding overtime costs and identification of certain personnel were included for clarification purposes.

All other terms of the agreement remain in full effect unless negotiated and approved by the Executive Director, pursuant to February 27, 2025, Authority Board action.

These modifications will provide National CORE the opportunity to be more effective in identifying and resolving any property issues, as well as provide better oversight in the transition and closing

out the current fiscal year. Staff recommends approval of the agreed upon modifications to the contract and addendum.

Legal Review:

This report has been reviewed by the Authority's 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 projected Net Operating Income from the properties is sufficient to cover the anticipated operational costs. There is no impact to the General Fund with this action.

ATTACHMENTS:

1. HA48960 - Redline Management Services Agreement 5-22-25
2. HA48960 - Redline Addendum Agreement 5.22.25