

REPORT

DATE ISSUED: June 6, 2024

REPORT NO: HDP24-004

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of June 13, 2024

SUBJECT: Selection of New Property Management Companies

STAFF RECOMMENDATION

That the Housing Development Partners (HDP) Board of Directors (Board) take the following actions:

- 1) Approve recommended changes to companies performing Property Management Services at HDP properties, as described in this report.
- 2) Approve updating existing property management contracts to provide additional protections and consistency with San Diego Housing Commission (Housing Commission) processes, as described in this report.
- 3) Find that the foregoing actions are just and reasonable as to HDP for purposes of California Corporations Code Section 5234.

Please note a Conflict Disclosure Statement at the end of this report has been included because HDP is the Housing Commission's nonprofit affiliate, and these transactions otherwise involve the Housing Commission.

SUMMARY

To increase efficiencies and economies of scale, HDP staff is recommending reducing the number of Property Management Companies (PMCos) contracted with to manage the HDP's real estate portfolio of affordable rental housing units. This will reduce duplication of efforts by Asset Management and Financial Services staff to provide instruction to the PMCos. This will also reduce the need to adapt HDP processes to multiple PMCos.

Additionally, HDP Asset Management will update older existing PMCo contracts to be consistent with current Housing Commission property management contracts. This will provide HDP additional protections and ensure similarity among PMCo contracts at HDP and the Housing Commission.

Request for Proposal

On February 15, 2024, HDP published a request for proposal (RFP) seeking a consultant to provide Property Management Services for 1,075 apartment units (22 properties).

A Pre-Proposal meeting was held on February 29, 2024.

Responses to the RFP were due on or before April 1, 2024, at 2 p.m. Pacific Daylight Time. Three consultants provided responses to the RFP: ConAm, Hyder, and Winn.

Evaluation

A group of five Housing Commission and HDP staff members evaluated the PMCos' proposals using a point system with a maximum possible total score of 100 based on scores in five categories, which are described in Attachment 1.

Selection

ConAM was ranked as the highest respondent with a total score of 402.5 out of 500 by the evaluators. ConAM produced strong scores in the categories of "Plan & Methodology for Service," "Financial Information & Management Fee Structure" and "Qualifications."

Hyder received the second-highest score with a total score of 393 out of 500. Hyder produced strong scores in the categories of "Experience & Past Performance" and "Qualifications."

Winn was ranked third with a total score of 349 out of 500. Winn is currently managing a portion of HDP's real estate portfolio. However, based on the evaluation of the proposals submitted in response to the RFP, HDP staff recommends dividing Winn's current property management responsibilities between ConAm and Hyder as the two highest-scoring proposals.

ConAM was established in 1975 and has over 40 years of property management experience. They manage market-rate and affordable properties in 11 states. ConAM currently has over 26,000 affordable units under management. ConAM has managed HDP properties since 2018 and currently manages 292 HDP units.

Hyder was established in 1973 and has over 40 years of affordable housing property management experience. They manage over 8,000 affordable units. Hyder has managed HDP properties since 2013 and currently manages 333 HDP units.

ConAm's proposal focused specifically on properties that are not permanent supportive housing (PSH) for people who previously experienced homelessness. Their proposal did not address the PSH properties. Hyder's proposal focused on the entire HDP real estate portfolio; however, through HDP's experience with Hyder, HDP staff considers Hyder well-suited to manage the PSH portion in the real estate portfolio.

Transition

Subject to the HDP Board's approval, HDP plans to transition the properties currently managed by Winn to both ConAm and Hyder. ConAm will manage San Diego Square. Hyder will manage Casa Colina, Quality Inn, West Park, and New Palace Hotel. Property management of Knox Glen and Town & Country will transition from Hyder to ConAm. The chart below depicts the new portfolio assignments, which are subject to change:

	Project Name	Address	# Units	Population Served
ConAm	Mariner's Village	6847 Potomac Street	172	Family
	Village North Senior	7720 Belden Street	120	Senior
	San Diego Square	1055 9th Avenue	156	Senior
	Town & Country	4066 Messina Drive	145	Family
	Knox Glen	4754 Logan Avenue	54	Family
		Total Units	647	
Hyder	SFH/11__ Twining	11__ Twining Avenue	1	Family
	SFH/12__ Twining	12__ Twining Avenue	1	Family
	SFH/12__ Peterlynn	12__ Peterlynn Drive	1	Family
	SFH/15__ Peterlynn	15__ Peterlynn Drive	1	Family
	SFH/42__ Stu	42__ Stu Court	1	Family
	ADU/Marzo	40__ Marzo Street	1	Family
	ADU/Peterlynn	12__ Peterlynn Drive	1	Family
	ADU/Kostner	10__ Kostner Drive	1	Family
	ADU/Kimsue	41__ Kimsue Way	1	Family
	ADU/Enero	41__ Enero Street	1	Family
	Hotel Churchill	827 C Street	73	PSH
	Parker Kier	2172 Front Street	34	PSH
	Casa Colina	5207 52nd Place	75	Senior
	Quality Inn	1830 4th Avenue	92	PSH
	West Park	1830 4th Avenue	47	PSH
	New Palace Hotel	1814 5th Avenue	80	PSH
		Total Units	411	

PMCO Change

Unit number of Single-Family Homes or ADUs have been partially omitted to protect the privacy of the residents.

	Project Name	Address	# Units	Population Served
ConAm	Mariner's Village	6847 Potomac Street	172	Family
	Village North Senior	7720 Belden Street	120	Senior
	San Diego Square	1055 9th Avenue	156	Senior
	Town & Country	4066 Messina Drive	145	Family
	Knox Glen	4754 Logan Avenue	54	Family
Hyder	SFH/1144 Twining	1144 Twining Avenue	1	Family
	SFH/1250 Twining	1250 Twining Avenue	1	Family
	SFH/1232 Peterlynn	1232 Peterlynn Drive	1	Family
	SFH/1506 Peterlynn	1506 Peterlynn Drive	1	Family
	SFH/4233 Stu	4233 Stu Court	1	Family
	ADU/Marzo	4095 Marzo	1	Family
	ADU/Peterlynn	1234 Peterlynn Drive	1	Family
	ADU/Kostner	1070 Kostner Drive	1	Family
	ADU/Kimsue	4127 Kimsue	1	Family
	ADU/Enero	4124 Enero Street	1	Family
	Mason Hotel	1345 5th Avenue	17	PSH
	Hotel Churchill	827 C Street	73	PSH
	Parker Kier	2172 Front Street	34	PSH
	Casa Colina	5207 52nd Place	75	Senior
	Quality Inn	1830 4th Avenue	92	PSH
	West Park	1830 4th Avenue	47	PSH
New Palace Hotel	1814 5th Avenue	80	PSH	

Asset Management staff anticipates the changes would take effect October 1, 2024. This will allow Asset Management to provide the proper notices of the upcoming changes to the PMCos. All Winn-managed properties have Management Agreements in place that will allow for cancellation with at least a 30-day notice. Additionally, HDP will seek to obtain all other applicable approvals, such as the California Tax Credit Allocation Committee, Lender and Investor. Property management changes will be subject to HDP obtaining these required approvals. Upon the approval of all stakeholders, residents will be notified and will receive the contact information of the new Property Management company. The new management will send impacted residents a welcome letter to introduce themselves.

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action are included in the approved 2024 HDP property operating budgets. Approving this action will not change the approved 2024 budgets.

	Project Name	2023 Actuals	
ConAm	Village North Senior	\$94,607	
	Mariner's Village	\$171,887	
Hyder	Knox Glen	\$40,176	
	Parker Kier	\$23,415	
	Hotel Churchill	\$83,301	
	Town & Country	\$84,738	
	SFH/11__ Twining	\$1,272	
	SFH/12__ Twining	\$1,272	
	SFH/12__ Peterlynn	\$1,272	
	SFH/15__ Peterlynn	\$1,272	
	SFH/42__ Stu Court	\$1,272	
	ADU/Marzo	\$1,272	
	ADU/Peterlynn	\$1,272	
	ADU/Kostner	\$1,272	
	ADU/Kimsue	\$1,272	
	ADU/Enero	\$1,272	
	Winn	Casa Colina	\$60,151
		San Diego Square	\$135,351
New Palace Hotel		\$100,169	
Quality Inn		\$105,741	
West Park		\$45,017	
TOTAL		\$957,273	

	Project Name	Anticipated PM Fees*
	Village North Senior	\$86,400
	Mariner's Village	\$123,840
ConAm	San Diego Square	\$112,320
	Town & Country	\$130,500
	Knox Glen	\$38,880
	Parker Kier	\$40,800
	Hotel Churchill	\$87,600
	Casa Colina	\$54,000
	Quality Inn	\$104,880
	West Park	\$45,120
	New Palace Hotel	\$91,200
	SFH/11__ Twining	\$1,800
	SFH/12__ Twining	\$1,800
	SFH/12__ Peterlynn	\$1,800
	SFH/15__ Peterlynn	\$1,800
	SFH/42__ Stu Court	\$1,800
	ADU/Marzo	\$1,800
	ADU/Peterlynn	\$1,800
	ADU/Kostner	\$1,800
	ADU/Kimsue	\$1,800
	ADU/Enero	\$1,800
	TOTAL	

**Anticipated Values based on averages provided by PMCo's RFP response and may not include additional fees. Actual figures may vary.*

KEY STAKEHOLDERS and PROJECTED IMPACTS

The key stakeholders of this action are the property management companies, the ownership partners and residents of HDP affordable housing developments, Housing Commission Board of Commissioners, and the HDP Board of Directors.

CONFLICT DISCLOSURE STATEMENT:

Two San Diego Housing Commissioners (Commissioners), Eugene “Mitch” Mitchell and Ryan Clumpner, and the San Diego Housing Commission’s (Housing Commission) President and Chief Executive Officer (President and CEO), Lisa Jones, are each directors of Housing Development Partners (HDP), a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation for federal purposes. Any Commissioner who is also a director of HDP as of the date of this staff report and President and CEO Jones have no conflict of interest as discussed below. After approval of action before the HDP Board on June 13, 2024, Councilmember/Housing Authority Member Stephen Whitburn will become a Director of HDP. As a member of the Housing Authority, he has responsibilities for oversight of the Housing Commission. The Councilmember/Housing Authority Member receives no compensation for his service on the HDP Board and/or as an officer of HDP. Pursuant to the provisions of 1091.5(a)(9), the City Councilmember/Housing Authority Member has a non-interest as described in Government Code Section 1091.5 for purposes of his action on Housing Authority matters associated with this matter, if

any. This disclosure shall be incorporated into the record of the Housing Authority, if and when this matter is heard by the Housing Authority, if ever.

The Commissioners and President and CEO Jones receive no compensation for their service on HDP's Board of Directors and/or as officers of HDP. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and President and CEO Jones each have a "non-interest" as described in Government Code Section 1091.5 for purposes of their action on Housing Commission matters associated with this matter, if any. This disclosure shall be incorporated into the record of the Housing Commission, if and when this matter is heard by the Housing Commission.

Further, as members of the Housing Commission Board of Commissioners or the Housing Authority, the Commissioners and the Councilmember/Housing Authority Member are legally entitled to vote and be counted for quorum purposes in this HDP matter. Further, Ms. Jones is not compensated by HDP, and she sits on the HDP Board of Directors. She is legally entitled to vote and to be counted for quorum purposes for this HDP matter.


None of HDP's Board members has a financial interest in this action item that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100 et. seq. Further, the Housing Commission, the Housing Authority, which are both public agencies, and their respective Commissioners are not compensated for their service as Commissioners of the Housing Commission or the Housing Authority. Further, Ms. Jones' compensation from a public agency, the Housing Commission, is a non-interest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq. Ms. Jones' compensation with the Housing Commission is not a financial interest that would, in any way, preclude him being counted for quorum purposes or voting on these matters before HDP.

Further, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Director Jones has any conflicts of interest under the local ethics ordinance that would preclude their, or any of their, actions in this matter or from being counted for quorum purposes. This disclosure shall be and is hereby documented in the official records of the HDP. Similar disclosures will be made in the records of the Housing Commission, if and when this matter his heard by the Housing Commission and/or the Housing Authority.

MUTUAL DIRECTORS STATEMENT:

To the extent that Commissioners may be considered to be "directors" of the Housing Commission or Housing Authority Members may be considered "directors" of the Housing Authority for purposes of California Corporations Code Section 5234 and, hence, common directors with HDP, a vote on this matter should incorporate a finding that these transactions are just and reasonable as to HDP.

Respectfully submitted,


Emmanuel Arellano
Vice President of Asset Management
Housing Development Partners

Approved by,


Jeff Davis
Deputy Chief Executive Officer
Housing Development Partners

Attachment 1
HDP RFP PM - Evaluation Criteria

Evaluation Criteria Category		<u>Weighting Factor (%)</u>
Experience & Past Performance	<ul style="list-style-type: none"> • Extent to which Offeror demonstrates through experience the ability to deliver property management services as described in the Statement of Work (SOW). • Extent to which the Offeror’s proposal demonstrates relevant knowledge/experience working with the population to be served and experience collaborating with service providers to support resident retention and the overall stability of the properties. • Extent to which the Offeror provides references for at least five similar projects and satisfactory performance is confirmed. • Extent to which Offeror's Business license allowing entity to provide such services within the City of San Diego. • Extent to which Offeror's California Department of Industrial Relations (DIR) registration is required 	20
Plan & Methodology for Service	<ul style="list-style-type: none"> • Extent to which the Offeror’s proposal describes the plan and methodology to meet the requirements listed in the SOW, per each property listed individually. Respondents may provide a response for all or certain properties only. • Extent to which Offeror's proposed staffing structure supports the needs of the property including management, security, custodians, and technicians, per each property listed individually. Respondents may provide a response for all or certain properties only. • Extent to which the Offeror's proposal includes a description of the services and resources employed for property management services, per each property listed individually. Respondents may provide a response for all or certain properties only. 	25
Financial Information & Management Fee Structure	<ul style="list-style-type: none"> • Extent to which the Offeror’s proposal demonstrates the Management Fee Structure (management fee), per each property listed individually (respondents may provide a response for all or certain properties only) and outlines <u>all</u> of the additional fees expected to be charged to the properties, including, but not limited to, fees charged to property for; bookkeeping fees; training for employees; employee performance bonuses, program compliance consultants; tenant file certification consultants; IT support software expense; payroll processing fees; bank fees; and details all services (accounting, compliance, etcetera) typically charged against the property. Contractor shall provide details about all positions charged to the properties, including rate, anticipated work hours, overtime rate and anticipated overtime hours, all bonuses, benefits, etc. • Extent to which the Offeror demonstrates accounting systems and protocols adhere to industry standards. • Extent to which ERP systems, accounting software, on site software and compliance software meet or exceeds industry standards. Extent to which software is available to HDP to access remotely as needed. Extent to which software listed above is under a consolidated ERP system or number of software systems minimized and compatible across platforms. 	30

<p>Qualifications</p>	<ul style="list-style-type: none"> • Extent to which Offeror's fiscal stability, contract compliance, and litigation history provide confidence that Offeror is capable of quality performance and financial prudence. • Qualifications, experience of the property management company and the assigned company project staff as provided in the proposal submittal. 	<p>15</p>
<p>Equity & Inclusion</p>	<ul style="list-style-type: none"> • Respondent must demonstrate their experience and commitment to equity & inclusion. 	<p>10</p>
<p>Total</p>		<p>100</p>