



City of Arts & Innovation

Housing Authority Memorandum

**TO: HONORABLE MAYOR AND HOUSING
AUTHORITY MEMBERS**

DATE: JULY 16, 2024

FROM: HOUSING AND HUMAN SERVICES

WARDS: ALL

SUBJECT: PROPERTY MANAGEMENT AND OPERATING AGREEMENT WITH RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR PROPERTY MANAGEMENT AND OPERATING SERVICES OF 104 HOUSING AUTHORITY-OWNED AFFORDABLE HOUSING UNITS IN AN AMOUNT NOT TO EXCEED \$1,071,501 FOR A FOUR-YEAR TERM WITH TWO ONE-YEAR OPTIONS TO EXTEND UNDER REQUEST FOR PROPOSALS 2262 – SUPPLEMENTAL APPROPRIATION

ISSUES:

Approve the Property Management and Operating Agreement with Riverside Housing Development Corporation (RHDC) for property management and operating services of 104 Housing Authority-owned affordable housing units for an amount not to exceed \$1,071,501 for a four-year term, with two one-year options to extend under Request for Proposals 2262 and authorize a supplemental appropriation in the amount of \$253,329.17 for property management and operating related costs for year one of the agreement.

RECOMMENDATIONS:

That the Housing Authority:

1. Approve the Property Management and Operating Agreement with the Riverside Housing Development Corporation for property management and operating services for 104 Housing Authority-owned affordable housing units in an amount not to exceed \$1,071,501 for a four-year term, with two one-year options to extend under Request for Proposals 2262;
2. Authorize the City Manager, or designee, to execute the Property Management and Operating Agreement with Riverside Housing Development Corporation in an amount not to exceed \$1,071,501, including making minor and non-substantive changes; and
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenues totaling \$253,329.17 and a supplemental appropriation in an equal amount in the Housing Authority Fund, HA Properties Operations revenue and expenditure accounts for year one of the agreement.

BACKGROUND:

The Housing Authority owns 104 units of affordable housing. These units are in a mix of large apartment buildings and small scattered site buildings (duplex, tri-plex, four-plex) and the recently constructed 10-unit tiny house project, Mulberry Village. A majority of these units are located in the Eastside Neighborhood, in the vicinity of Chicago and Linden Avenues (Chicago/Linden) and in the Downtown Neighborhood and are affordable for qualifying households with incomes at 60% of the Area Median Income or below. As identified in the City's Housing First Plan, fifteen percent of the housing units (16 units) are prioritized for homeless individuals and families.

Since 2010, the Housing Authority has contracted with Riverside Housing Development Corporation (RHDC) to provide day-to-day management including screening tenants, signing and enforcing leases, collecting rent, and property maintenance. RHDC also provides on-site-staffing at properties with more than 16 units. The rental income from these units is kept in a separate fund and the costs for property management and maintenance are paid out of that fund.

DISCUSSION:

On March 1, 2023, the Purchasing Division, in cooperation with the Housing Authority, released Request for Proposals (RFP) 2262 for a property management company to oversee the management of the Housing Authority's affordable housing rental portfolio. The RFP closed on March 23, 2023, with RHDC being the only responsive bidder.

A total of 500 external vendors and 218 vendors from the City of Riverside were notified, making it 718 vendors in total. These notifications resulted in 25 prospective bidders. However, despite this information, only two responses were received, with only one proposal meeting the requirements. In September 2023, the Purchasing Division received confirmation of the Best and Final Offer (BAFO) from RHDC and recommended them for the Award of RFP 2262.

In December 2023, the Department of Housing and Human Services and RHDC engaged in pricing negotiations to address the time gap between the original bid closing and the BAFO dates. Following these negotiations, both parties agreed on the pricing, leading to the creation of a pending contract.

Purchasing Resolution 24101, Section 500 states that "Policy. For the acquisition of Goods, Services and Construction, Formal Procurement shall be conducted by the Manager and the Manager's duly authorized representatives in conjunction with a Using Agency, or may be conducted by the Using Agency, through the approval of the Manager and the Manager's duly authorized representatives in a manner and under circumstances intended to elicit competitive responses."

Purchasing Resolution 24101, Section 508(d) states that "Awards. Contracts procured through Formal Procurement shall be awarded by the Awarding Entity to the Lowest Responsive and Responsive Bidder, except that: (d) Contracts for Professional Services procured through Formal Procurement shall be awarded by the City Council."

Purchasing Resolution 24101, Section 700(b) states that "Policy. Acquisition of Services by a Using Agency under the supervision of the Manager: (b) Anticipated to be more than \$50,000, shall follow the Formal Procurement process."

Staff is requesting City Council to consider the Property Management and Operating Agreement with RHDC that includes a \$50 per unit/per monthly fee, hourly wages for a manager, assistant manager, and maintenance workers with potential 5% cost of living increases for all staff, and lease-up fees equivalent to fifty percent (50%) of one month’s rent for each new lease created for a new move-in.

Below is a breakdown of the property management and operating costs being proposed by RHDC in the Property Management Agreement.

Year	Maximum Staff Costs	Annual Management Fee for 104 Units	Maximum Lease Up Fees	Total Maximum Annual Cost
1	\$187,614.17	\$ 62,400.00	\$ 3,315.00	\$ 253,329.17
2	\$196,994.88	\$ 62,400.00	\$ 3,315.00	\$ 262,709.88
3	\$206,844.62	\$ 62,400.00	\$ 3,315.00	\$ 272,559.62
4	\$217,187.33	\$ 62,400.00	\$ 3,315.00	\$ 282,902.33
Total	\$808,641.00	\$249,600.00	\$13,260.00	\$1,071,501.00

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution 24101, Sections 500, 508(d), and 700(b).

STRATEGIC PLAN ALIGNMENT:

The Project supports **Strategic Priority 2 – Community Well-Being**, specifically, Goal 2.2 – to collaborate with partner agencies to improve household resiliency and reduce the incidence of homelessness.

1. **Community Trust** – Activities and actions by the Housing Authority serve the public interest, benefit the City’s diverse population and result in greater public good.
2. **Equity** – RHDC will follow federal and state fair housing laws and ensure all residents are treated with dignity, respect and compassion regardless of their circumstances, ability or identity.
3. **Fiscal Responsibility** – Competitive procurement was used to secure the lowest costs for services.
4. **Innovation** – This item will allow the Housing Authority to partner with an outside organization that can continue to be available and dynamic in meeting the day-to-day and immediate needs of the Housing Authority’s affordable housing tenants.
5. **Sustainability & Resiliency** – This action will help the Housing Authority to continue to offer affordable housing units to help residents achieve housing stability and self-sufficiency.

FISCAL IMPACT:

The fiscal impact of this action is an increase in revenues and expenditures in the amount of \$253,329.17 in the Housing Authority Fund, HA Properties Operations revenue account number

9928500-374200 and expenditure account number 9928500-450111 as indicated in the table below.

The contracted operator (RHDC) will collect rent (revenue) on behalf of the Housing Authority and make all reasonable expenditures as stated in the agreement to manage the contracted property. All revenue and expenditures collected and spent on behalf of the property owner (Housing Authority) will be reported back to the Housing Authority as specified in the agreement. Monthly reports of revenue collected, and outgoing expenditures will be provided to the Housing Authority as outlined in the agreement.

Fund	Program	Account	Annual Amount
<i>Revenue</i>			
Housing Authority	HA Properties Operations	9928500-374200	\$253,329.17
<i>Expenditures</i>			
Housing Authority	HA Properties Operations	9928500-450111	\$253,329.17

Appropriations for future fiscal years will be included in the department’s budget submissions for those fiscal years to be presented to the City Council for approval.

Prepared by: Agripina Neubauer, Housing Project Manager
 Approved by: Michelle Davis, Housing and Human Services Director
 Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Mike Futrell, City Manager
 Approved as to form: Phaedra A. Norton, City Attorney

- Attachments:
1. Property Management and Operating Agreement with RHDC
 2. RFP Award Recommendation