

**C** Community Development Committee  
Meeting date: November 16, 2009

ADVISORY INFORMATION	
Date:	November 9, 2009
Subject:	Property Management Services Agreement – Family Affordable Housing Program
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3-3 Expenditures – Procurement of Goods and Services over \$250,000
Staff Prepared/Presented:	Terri Smith, Metro HRA (651) 602-1187
Division/Department:	Community Development / HRA

**Proposed Action**

That the Metropolitan Council authorize the Regional Administrator to execute a contract with Kingwood Management to provide property management services for the 150 council owned residential properties which comprise the Family Affordable Housing Program (FAHP). The contract term is one-year with options to renew for four additional one-year periods. Total cost of the five year contract will not exceed \$1,125,000.

**Background**

Procurement of services exceeding \$250,000 requires Council approval.

The Metropolitan Council owns 150 housing units it rents to low income households, known as the Family Affordable Housing Program (FAHP). This program currently operates under federal Public Housing but will soon convert to Project Based Section 8. The Council contracts for day-to-day property management services with a property management company. These services include maintenance, day-to-day interactions with residents, rent collection, unit leasing and accounting. Kingwood Management has provided these services since 2005. Their current contract expires on December 31, 2009.

A formally advertised Property Management Services request for proposal (RFP) was issued October 1, 2009. Three proposals were received in response to the solicitation. Proposals were submitted by Kingwood Management, the LaSalle Group and RP Management. The proposals were evaluated on the following factors: proposers experience in managing affordable housing, capability and experience of proposer’s personnel, quality and strength of management reporting systems, overall financial and managerial health of the proposer and price.

**Rationale**

An evaluation panel was formed to evaluate the proposals including HRA and Finance management staff. The proposals were evaluated individually by each panel member. An evaluation meeting of the panel members was held on Thursday, October 29, 2009 to rate and rank the proposals. An interview with the top ranked company was held on November 4, 2009.

The proposal submitted by Kingwood Management was unanimously found to be the most advantageous to the Council. The proposal was comprehensive and addressed all RFP requirements. Kingwood’s experience with rental property portfolios of a scattered

site nature, their strong management personnel and reporting systems made it the unanimous choice of the panel members.

Kingwood's management fee was the second lowest submitted and their maintenance fee was the lowest submitted. When the management and maintenance fees were combined, the overall cost of the Kingwood and LaSalle Group proposals were very comparable. RP Management's fees, both management and maintenance, were nearly double that of the other two proposers, removing them from serious consideration.

Staff recommends the contract be awarded to Kingwood Management.

### **Funding**

The funding for the FAHP is generated from rent subsidies provided by the U.S. Department of Housing and Urban Development (HUD) and rents paid by the residents.

### **Known Support / Opposition**

None