

Addendum # AD002

Request for Proposals

Third Party Property Management Services

(RFP#5841)

Date of Addendum: December 8, 2023

The Request for Proposals for the above-named project is amended as noted in this Addendum. This Addendum consists of 3 page and lists questions received and SHA's responses.

Question 1. Would SHA consider an alternate form of a Property Management Agreement, or consider changes to the PMA included in the RFP packet?

Response: Yes, although a preference will be given to working with firms willing to accept SHA's proposed form of Property Management Agreement with as few modifications as possible.

Question 2. We are trying to understand SHA's requirements in determining when employees or contractors are subject to prevailing wages. For example:

Response:

- a. Are Site staff members employed by the property management company subject to prevailing wages?
 - This will depend on the nature of the staff members role and the property's financing. SHA will provide guidance on any prevailing wage requirements during the negotiation of a property-specific management agreement. All Site staff members' payroll costs will be paid for through the property's cash flow from operations.
- b. Small contractor such as painters and floor covering contractors used and who invoice for individual unit turnover?
 - Please review Washington State House Bill 1975 and the helpful summary Final Bill Report
 - HB 1975 notes that ordinary maintenance expense (defined in the Final Bill Report) can be paid for with project revenues that must be treated as private funds (exempt from state prevailing wage requirements)
- c. Any other projects that would NOT be subject to prevailing wages.
 1. HB 1975's definition of administrative operating and ordinary maintenance costs should be instructive. For example, "Ordinary maintenance specifically excludes replacement capital repairs or regularly scheduled maintenance work on plumbing, electrical, or heating, ventilating, air conditioning, and refrigeration (HVAC/R) systems or their components."
 2. SHA intends to self-manage capital improvements that are not considered ordinary maintenance and would coordinate these as needed with property management partners.

Question 3. Can you please provide more information about the three SHA-owned buildings?

Response:

a. Unit mix

Property	0BR	1BR	2BR	3BR	4BR
Northgate Apartments	63	96	52	0	0
Spring Lake Apartments	1	55	13	0	0
Wedgewood Estates	21	62	100	21	0
In Underwriting	21	61	82	40	7

b. Rent Roll

- i. This information can be shared in the process of negotiating a property-specific management agreement once overarching terms have been established in an MSA.

c. Rent and income restriction levels.

- i. Unrestricted units owned by SHA have rents affordable to households at 80% AMI or less.
- ii. Any income/rent-restricted units purchased by SHA and outsourced to a third-party management partner would likely be at 50% or 60% AMI set-asides.

d. Compliance / monitoring programs (just SHA or are there any other entities involved)

- i. While there are no restricted units being considered for third-party management at this time, HUD Project Based Rental Assistance, Seattle Office of Housing, and State Housing Finance Commission and/or Commerce department compliance/monitoring requirements could be negotiated as a special case with adjustments made to baseline contract terms established through this competitive MSA solicitation.

Question 4. Can you provide more information about the PBRA program and the 233 units?

Response:

- a. Are these specific buildings already identified? If so, can you provide location and unit mix?
 - i. SHA has an active acquisitions program that constantly evaluates properties as potential additions to the agency's housing portfolio. The agency sees great opportunity to execute acquisitions in the next two years, potentially amounting to 500-1,000 additional units, but cannot provide specific locations or unit mix details at this time.
- b. What will the rent / income requirements be?
 - i. Newly acquired units will typically not be subject to any income/rent restrictions besides SHA's policy of capping rents at 80% AMI affordability levels.
- c. Will the property manager be required to do any work related to initial certification / re-tenanting?
 - i. The property manager will be expected to operate and lease up the property per an agreed upon management plan.
- d. Will the property manager be required to coordinate any rehabilitation / upgrade work?
 - i. The property manager would only be expected to oversee ordinary maintenance. SHA would manage capital improvement projects.

Question 5. Can you provide any detail or examples of reporting that is needed by SHA?

Response: Operating budget, variance reports, unit leasing activity, budget proposals, Delinquency/Collection, Work Order Activity, Traffic and Conversion are some examples of reports that would be needed

Question 6. What is SHA's goal for 3rd party management?

Response:

- a. Is it related to cost, capacity, quality of management?
 - i. SHA seeks to partner with a high-quality management team that can flexibly increase SHA's management capacity to support the acquisition of new properties.
 - ii. Properties operating in the 60-80% AMI rent affordability space are less familiar to SHA and while we want to limit marketing expense and prioritize community stability over rent growth, we anticipate that the management partner will drive investment performance for properties under management.
- b. Are there any properties already managed?
 - i. SHA has decades of experiences working with third-party managers but is seeking to establish competitive baseline management agreement terms through this MSA solicitation.
- c. Is there a plan to grow this 3rd party program?
 - i. SHA has an active acquisition program that will ideally add many naturally occurring affordable housing properties to the agency's portfolio in years to come that will likely require takeover and ongoing management support from third-party management partners.

b) END OF RFP ADDENDUM