



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: March 4, 2022

HCR22-033

SUBJECT: Amendment to the San Diego Housing Commission's Agreement for Property Management Services with Hyder Property Management Professionals for Valley Vista Apartments

COUNCIL DISTRICT(S): 3 and 7

ORIGINATING DEPARTMENT: Real Estate Asset Management

CONTACT/PHONE NUMBER: Emmanuel Arellano (619) 578-7586

#### REQUESTED ACTION:

Authorize an amendment to the San Diego Housing Commission's (Housing Commission) agreement with Hyder Property Management Professionals to provide property management services at Valley Vista Apartments, 1865 Hotel Circle South, San Diego, California 92108, by extending the current term of the agreement for an additional nine-month period from April 1, 2022, through December 31, 2022, and increasing the maximum compensation for the amended term of the agreement in the amount of \$554,100 for a maximum total amount of \$804,100 with a one-year renewal option at the Housing Commission's sole discretion.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The San Diego Housing Commission (Housing Commission) on November 25, 2020, acquired the property now operated as Valley Vista Apartments, which consists of 190 affordable rental housing units with supportive services for people who previously experienced homelessness and two managers' units.
- The Housing Commission contracted with People Assisting the Homeless (PATH) to provide permanent housing with supportive services from October 14, 2020, through October 13, 2021. PATH subcontracted with The John Stewart Company to provide the property management services for the duration of the contract. The contract did not include any options for renewal, as the funding for the services component of this service-delivery model was available only for one year.
- The agreement with PATH was extended through December 31, 2021, to maintain property operations (property management and service provider) until new contract awards were executed.
- The Housing Commission and the County of San Diego published a joint Request for Proposals to procure a new service provider, which contracts with the County, and a new property management agency, which will contract with the Housing Commission.
- An agreement between the Housing Commission and Hyder for property management services at Valley Vista was executed under the President & CEO's authority for the initial term of January 1, 2022 through March 31, 2022, for an amount not to exceed \$250,000 based on the anticipated costs related to the property management fee, staff salary and benefits, software, bookkeeping, banking and training reimbursable amounts for the three-month contract term.
- The proposed contract term is for nine months, from April 1, 2022, through December 31, 2022, with the Housing Commission's option to renew for one one-year term.
- The funding sources and uses proposed for approval by this action are included in the Fiscal Year 2022 (FY 2022) Budget approved by the Housing Authority.



## REPORT

**DATE ISSUED:** February 24, 2022

**REPORT NO:** HCR22-033

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of March 4, 2022

**SUBJECT:** Amendment to the San Diego Housing Commission's Agreement for Property Management Services with Hyder Property Management Professionals for Valley Vista Apartments

**COUNCIL DISTRICTS:** 3 and 7

### **REQUESTED ACTION**

*Seven-day advance notice of San Diego Housing Commission (Housing Commission) hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(B) for Staff Recommendation Nos. 1 and 2.*

Authorize an amendment to the San Diego Housing Commission's (Housing Commission) agreement with Hyder Property Management Professionals to provide property management services at Valley Vista Apartments, 1865 Hotel Circle South, San Diego, California 92108, by extending the current term of the agreement for an additional nine-month period from April 1, 2022, through December 31, 2022, and increasing the maximum compensation for the amended term of the agreement in the amount of \$554,100 for a maximum total amount of \$804,100 with a one-year renewal option at the Housing Commission's sole discretion.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Authorize an amendment to the Housing Commission's agreement with Hyder Property Management Professionals (Hyder) to provide property management services at Valley Vista Apartments, 1865 Hotel Circle South, San Diego, California 92108, by extending the term of the agreement for a nine-month period of April 1, 2022, through December 31, 2022, and increasing the maximum compensation for the amended term of the agreement in the amount of \$554,100 for a maximum total amount of \$804,100 with a one-year renewal option to be exercised at the Housing Commission's sole discretion.
- 2) Authorize the President & Chief Executive Officer (President & CEO), or designee, to substitute the funding sources with other available funding sources, provided the total program/project budget amount after substitution does not exceed the approved total budget, and to increase compensation by not more than 10 percent of the total agreement amount, if necessary, should the operational need arise, without further action by the Housing Commission Board and Housing Authority.
- 3) Authorize the President & CEO, or designee, to execute all documents and instruments that

are necessary and/or appropriate to implement these approvals in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner in advance of approval for the designee to sign.

## **SUMMARY**

On November 25, 2020, the Housing Commission acquired the property now operated as Valley Vista Apartments, which consists of 190 affordable rental housing units with supportive services for people who previously experienced homelessness and two managers' units. The property is in the Hotel Circle neighborhood of Central San Diego. The model for the delivery of supportive services and the provision of property management functions was unique in that the selected service provider for the property entered into a contract with the Housing Commission as the prime contractor and then subcontracted the property management functions to a qualified third-party agency.

Concurrent with the acquisition process, the Housing Commission contracted with People Assisting the Homeless (PATH) via a Request for Qualifications solicitation, published on May 4, 2020, to provide permanent housing with supportive services from October 14, 2020, through October 13, 2021. PATH subcontracted with The John Stewart Company to provide the property management services for the duration of the contract. The contract did not include any options for renewal, as the funding for the services component of this service-delivery model was available only for one year, creating the need to explore other funding options beyond the initial contract's time of performance. Initial services were funded with a combination of the State's Homeless Emergency Aid Program funds (via a grant from the Regional Task Force on Homelessness) and City General Funds, but such funds were only available for these purposes during the first-year contract's time of performance. In future years, operating income from the property would continue to be utilized to fund the property management functions at Valley Vista Apartments. The agreement with PATH was extended through December 31, 2021, to maintain property operations (property management and service provider) until new contract awards were executed.

On March 28, 2021, the Housing Commission entered into a Memorandum of Agreement with the County of San Diego's Department of Health and Human Services Agency (County) to publish a joint Request for Proposals (RFP) to procure a new service provider and property management agency for Valley Vista Apartments. Using County funds for the supportive services at the property, the selected service provider would enter into an agreement with the County to deliver supportive services and case management at Valley Vista Apartments. In conjunction, a new property management agency would be selected via the same process to enter into a contract with the Housing Commission to provide property management services funded by the operating income of the property. Due to the utilization of funding provided by the County, which does not support property management functions, the model used to operate the property and provide services returned to a conventional structure. The RFP was published on May 21, 2021, on the Housing Commission's PlanetBids site, which redirected interested parties to the County of San Diego's BuyNet platform.

At the closing date of the RFP on June 24, 2021, Hyder was the sole respondent to the RFP for property management services.

An evaluation panel that included representatives from the Housing Commission and the County subsequently met to evaluate and rank the response based on selection criteria and a point system listed in the RFP.

An agreement between the Housing Commission and Hyder for property management services at Valley Vista was executed under the President & CEO's authority for the initial term of January 1, 2022 through March 31, 2022. The initial contract was for an amount not to exceed \$250,000 based on the anticipated costs related to the property management fee, staff salary and benefits, software, bookkeeping, banking and training reimbursable amounts for the three-month contract term.

Hyder was rated as a qualified and responsive respondent to the RFP. Hyder provided an advantageous proposal because of its personnel qualifications and experience managing affordable housing developments. Hyder is also the current provider of property management services at Kearny Vista Apartments and has provided said services since the Housing Commission's acquisition of that property, which also occurred November 25, 2020.

The compensation in the agreement includes an amount not to exceed \$60 per unit per month for management fees. The proposed contract term is for nine months, from April 1, 2022, through December 31, 2022, with the Housing Commission's option to renew for one one-year term. If the proposed amendment to the agreement is approved, the amended agreement will be effective on or about April 1, 2022.

### **SITE DESCRIPTION**

The Valley Vista Apartments property is a 192-unit building located on a 5.06-acre site at 1865 Hotel Circle South in the Hotel Circle Neighborhood of Central San Diego.

The property was built in 2003. The site consists of one building with 156 one-bedroom/one-bath, 20 two-bedroom/one-bath, and 16 two-bedroom/two-bath units. Of the 36 two-bedroom units, two are utilized as managers' units. All units have kitchenettes.

### **HOUSING AFFORDABILITY**

The Housing Commission has provided 190 federal Project-Based Housing Vouchers that help pay the rent for the 190 resident households that previously experienced homelessness. The property has the capacity to provide housing for a minimum of 224 individuals because 34 of the 190 available non-managers' units are two-bedroom units.

### **FISCAL CONSIDERATIONS**

The funding sources and uses proposed for approval by this action are included in the Fiscal Year 2022 (FY 2022) Budget approved by the Housing Authority. FY 2022 funding sources and uses are as follows.

#### **FY 2022 Funding Sources:**

|               |            |
|---------------|------------|
| Rental Income | \$ 388,876 |
|---------------|------------|

#### **FY 2022 Funding Uses:**


|                   |            |
|-------------------|------------|
| Property Expenses | \$ 388,876 |
|-------------------|------------|

Approval of sources and uses related to future years will be included in the Housing Commission budget proposed for approval by the Housing Authority for that fiscal year.

**ENVIRONMENTAL REVIEW**

Valley Vista Apartments is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities), which allows the operation, repair, maintenance permitting, leasing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

  
Emmanuel Arellano  
Vice President of Asset Management  
Real Estate Division

Approved by,

  
Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)