

# Guide to Preparing a Request for Proposal

Housing providers who choose to hire professional property management services, will need to provide prospective property management firms with a clear description of the portfolio, building history, services required, expectations, targets, timelines and how proposals will be evaluated.

Once the housing provider has a clear sense of what the organizational needs and priorities are, the next step is to prepare a Request for Proposal (RFP). The outline below incorporates the most recent best practices to ensure transparency, fairness, and effective selection of property management services.

**If the current property management company intends to submit a proposal for the new contract, they should not be involved in any part of the RFP process to ensure fairness and prevent any conflicts of interest.**

## 1. Initial Preparation

### a) **Role of the Board**

The Board should clarify what their role will be in the process. Will the entire Board be involved or will a sub-committee be established that reports to the Board at various stages in the process. If a sub-committee is appointed, ensure there is clear reporting back to the full Board. Emphasize transparency and inclusivity in decision-making

### b) **Role of the Current Property Manager/Property Management Firm**

The Board should clarify the role of their current property manager/property management firm, if any, in the RFP process. If the current property manager/property management firm intends to submit a bid, they may not be involved in the process in accordance with the Conflict of Interest Directive. This will ensure that each proponent is treated fairly and equitably. The Board shall ensure that the current property manager/property management firm receives appropriate written notice according to the terms of their contract.

### c) **Timing**

The RFP process should begin at least 120 days before the expiry of the current contract to allow sufficient time for advertising, receiving and evaluating proposals and awarding the new contract. This also allows for any delays or changes that may occur during the process.

### d) **Services Required**

The Board must carefully assess the organizational needs of the housing portfolio. Identify any gaps in service that currently exist, if any, and create a master list of tasks to be provided by the property management services firm. Define roles and tasks clearly, such as administrative, financial, maintenance, and tenant/member relations.

The Board must also decide what is most important to the Board (i.e. low unit turnover, low rent arrears, achieving significant operating surpluses, or a high level of

# Guide to Preparing a Request for Proposal

tenant/member satisfaction). Once the Board has established its priorities, these will guide development of the RFP.

All of the above information can be used to develop the scope of work section for the Request for Proposal, the advertisement and the contents of the property management services contract.

## e) **How/Where Services to be Provided**

The RFP must specify if property management services are to be provided on-site (i.e. at an office space within the portfolio) and what equipment, software, etc. will be provided by the housing provider. Alternately, if property management services are to be provided off-site and the property management firm is responsible to supply equipment, software, etc. A site visit of the property management services may be appropriate.

## 2. **Developing the Request for Proposals**

Refer to the sample Request for Proposal (Appendix C) while reading this section.

The Request for Proposal should contain all the information a prospective proponent will need in order to provide a complete and accurate proposal for the services required. This could include information such as:

- Purpose of the Request for Proposal
- Background details – including rents/occupancy charges, units and any unique client needs
- Scope of Work including: specific requirements such as development of a preventative maintenance plan
- Instructions to Proponents
- Submission Requirements

## 3. **Advertising**

### a) **Area of Search**

The Board should determine the area of search for their advertisement to ensure at least three proposals. Rural areas may need to advertise on multiple social media platforms and in more than one newspaper to ensure that they receive a sufficient number of proposals to provide the services required by the Board.

### b) **The Advertisement**

The advertisement to proponents should state the following:

- the non-profit/co-operative's corporation name and location
- a description of services to be provided
- time and location for the information session
- time and location for the receipt of proposals
- where to access the Request for Proposal documents and any additional information
- the name of a contact person for enquiries and pick-up of RFP forms

# Guide to Preparing a Request for Proposal

- that the lowest proposal will not necessarily be accepted
- that late submissions will not be accepted

The description in the advertisement should be detailed enough to allow potential proponents to decide if the work interests them and if they meet the required qualifications.

Advertisements must not limit proposals only to those firms which have had previous experience managing non-profits or co-operatives.

It is acceptable to indicate that previous experience working with community-based organizations, and/or a non-profit Board of Directors would be an asset.

## c) **Tracking Request for Proposal Packages**

A system to track Request for Proposal packages as they are sent out and received should be set up. The name of the person requesting the package, as well as the name and address of the property management firm should be recorded. This allows for follow-up in the event that an insufficient number of proposals is received or if changes to the RFP are made prior to the submission date. The tracking system should also record information requests and any changes to the RFP package as well as the date and time proposals are received.

## 4. **Evaluating Proposals**

### a) **Content**

The Board should prepare a list of minimum criteria which must be met by the firm in order to qualify. Each proposal must be evaluated against criteria such as:

- knowledge of general property management practices and relevant legislation
- experience in property management services
- knowledge and experience in non-profit/co-operative management
- experience of the individual(s) that will be assigned to the project
- proposed monthly fee

### b) **Completeness**

All proposals shall be reviewed for completeness and must include the following information:

- the proponent's name (i.e. an individual or a property management firm)
- a comprehensive description of property management experience
- staffing description, if more than one individual will provide services on behalf of a property management firm
- a description of property management and administrative systems
- references
- written confirmation of agreement to sign a property management services contract

# Guide to Preparing a Request for Proposal

- written confirmation of agreement to sign the Conflict of Interest declaration

Incomplete proposals based on minimum criteria are to be disqualified.

## c) **Proposed Fees**

When reviewing proposed fees, the Board must consider if the proposed fee:

- is within the approved budget
- represents good value for the volume and type of property management services being contracted
- is representative of the going market rate for similar services

**NOTE:** Firms should be asked to provide detailed breakdowns of their fee structures to enhance transparency and accountability.

## 5. **Interviewing**

a) It is prudent for the Board to interview proponents who meet the evaluation criteria.

The purpose of the interview is to confirm the knowledge, experience and suitability of the proponent. It is also an opportunity for the Board to ensure that the proponent is fully aware of any issues that may impact on their responsibilities.

b) The following sample interview topics can be used to develop their interview questions.

Each question should be assigned a point score based on its importance. Total all points at the end of each interview for each proponent. The same questions should be asked of all proponents interviewed.

### **Sample Interview Topics**

#### **A. The Housing Provider**

- Description of the portfolio
- Expectations of the Board
- Issues related to the portfolio

#### **B. Knowledge of General Property Management Requirements**

##### **Maintenance**

- Preventative maintenance
- Repair requests
- Inspections
- Capital replacement plan

##### **Tenant/Members**

- Arrears collection
- Evictions
- Appeals
- Filing documents with the Landlord and Tenant Board
- Lease/occupancy agreement administration

# Guide to Preparing a Request for Proposal

- Marketing plan
- Tenant/Member notice requirements

## Financial

- Financial records and systems
- Financial reports/audits
- Quotes and tenders
- Budget process

## Administrative

- Legislative requirements (Building Code, Fire Code, WHMIS, etc.)
- Contract administration
- Reporting to a Board of Directors
- Community relations
- Tenant/Member involvement
- Corporate reporting requirements

## C. Previous Property Management Services Experience

- Experience in the private rental market including length of time and size of portfolio
- Experience with non-profit/co-operative or other social housing, portfolio size and length of time property management provided
- References

## D. Knowledge of Social Housing Program Requirements

- Applicant eligibility and modified chronological selection system
- Target plan
- Annual review process
- Rent/occupancy charge (calculations for geared-to-income)
- Reporting requirements

## 6. Reference Checks

Reference checks should be conducted by the Board for all proponents that are seriously being considered for award of the contract. If checking references for more than one proponent, the same questions should be asked for all. Areas that could be investigated through the reference check include:

- Confirmation of experience as submitted in the RFP
- Relationship with tenants/members
- Relationship with Owners and/or Board of Directors
- Reporting style and responsiveness
- Understanding of application legislation

For references from former employers of the proponents, the Board should also determine the reason for non-renewal or termination of the contract.

# **Guide to Preparing a Request for Proposal**

## **7. Award of Property Management Services Contract**

### **a) Confirmation of Acceptance**

The Board should formalize acceptance of the proposal in writing, including arrangements for signing the contract. Once the Property Management Services Contract is signed, unsuccessful proponents should be notified.

### **b) Awarding to Other Than the Lowest Proposed Fee**

Circumstances may justify awarding the contract to other than the proponent offering the lowest fee. In these circumstances, the Board shall ensure that a full and consistent evaluation of all proposals has been undertaken and the reasons for not accepting the lowest proposed fee is clearly documented.