

Guide to Hiring Property Management Services through a Request for Proposals

**for
Federal Program Housing Co-operatives**

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**THE AGENCY
FOR CO-OPERATIVE
HOUSING**

**L'AGENCE
DES COOPÉRATIVES
D'HABITATION**



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This guide was adapted with permission from the Co-operative Housing Federation of Canada, Ontario Region’s 2012 Guide to Tendering for Co-op Management in Ontario Housing Co-operatives


Introduction

To succeed, housing co-operatives need sound management. Most often, this means paying someone to take care of the day-to-day business of running the co-op.

A co-op can decide to hire its own staff or use the services of a property-management company. (Note that some co-operatives in financial difficulty have an agreement with CMHC that requires them to use a property-management company.) CHF Canada's Choosing Management for Your Co-operative can help you make your decision. You can download CHF Canada's guide from the Agency's [website](#).

Co-ops that want to hire their own staff will find CHF Canada's Guide to Hiring a Housing Co-operative Manager useful. You can find it on the Agency's [website](#).

The present guide is for federal-program housing co-operatives who want to choose a property-management company through a Request for Proposals (RFP). It includes a model Management Services Agreement that meets CMHC's requirements. The model is meant for federal-program housing co-operatives only. It may not meet all of the rules of the Ontario Housing Services Act (HSA) or municipal service managers. If your co-op is in Ontario and comes under the HSA, you should use the CHF Canada Ontario Region's model agreement instead.

This icon  means that an electronic copy of a form is available from the Agency. Clicking on the icon will take you to the form on our [website](#).

Every co-op wants to get value for money when it chooses a manager. This means getting quality services at a competitive price. A competitive process can help you do that.

The RFP Process

Who Carries out the Selection Process? Who Makes the Hiring Decision?

It is the job of the board of directors to hire the property-management company. The board may choose to tell the members what is happening through newsletters or at members' meetings, but the hiring decision is the board's to make. The first step is to strike a small committee of board members to carry out the process. The board may wish to ask one or two residents who are not on the board to sit on the selection committee. The committee will bring its recommendation to the full board for a decision.

An RFP process takes time and has many steps. CHF Canada or your regional co-operative housing federation may be able to help with parts of the process. We encourage you to seek their help.

Your co-op may need the approval of the Agency, acting on CMHC's behalf, before awarding a contract for management services. Your Agency relationship manager can tell you more.

Preparing for an RFP

There are three main steps in getting ready to issue an RFP:

1. Set a clear timetable. This guide includes a sample timetable that lists all of the steps you will need to take. The RFP process takes about three months from start to finish.
2. Fill in the blanks in the model *RFP Instructions*, the *Summary of Housing Co-operative and Its Management Requirements* and the *Management Services Agreement*.
3. Decide which companies to ask for proposals from. The Agency can give you a list of firms it knows of that operate in Ontario. The list includes some that specialize in managing housing co-operatives and others that manage rental properties in the private sector. To get three quotes you should invite proposals from at least five companies.

During the RFP Process

You can send out the invitation to submit proposals by e-mail.

You may want to hold an information session on site before proposals are due. This is a good way for all firms to see the property and meet board representatives. If a site visit is mandatory, say clearly in the RFP that all firms must come to the information session and sign in.

The RFP process needs to be fair. You should take great care to treat all possible suppliers alike during the process. All companies need to get the same information and the same answers to their questions. Put all answers in writing and give them to all firms, even those who did not ask the question.

You will need to go over the proposals carefully after the RFP closes. You may find that you need more information to make a decision. If so, you can ask for further details in writing or interview the firms.

Your confidence in the company you hire is as important as its price. You need to feel sure that the firm you choose will do good work for you and can give you all the services you need.

RFP Package

The RFP forms and model Management Services Agreement in this guide will help you hire your property-management company. (See [Appendix A](#) for links to the forms.)

There are blanks to complete in

- the *RFP Instructions*
- the *Summary of Co-operative and Its Management Requirements*
- Schedule A of the *Management Services Agreement*
- the *Proposal Form* (except for things the company making the proposal must fill in).

Some details in the *Management Services Agreement* must wait for the end of the selection process. These are

- the name of the property-management company
- the dates on the Agreement
- the fees listed in Schedule A of the Agreement.

Certain text is optional. You will have to decide whether it applies in your case. These places are clearly marked.

You do not need a perfect RFP document. What is important is that

- companies base their proposal on the same facts
- you treat all companies in the same way.

You may make a mistake or want to change something in the documents after you have sent them out. In that case, just write up your changes and send them to all the companies you invited to submit proposals.

Timetable for Hiring a Property Management Company



Note: Start the process three months before you want the company to start work.

Week	Date Week Starts	Steps in the Process	Tasks	Comments	Completed
1		Finalize the RFP package: <ul style="list-style-type: none"> • RFP Instructions • Summary of Housing Co-operative and its Management Requirements • Management Services Agreement • Proposal Form 	Board or Selection Committee sees that blanks in the documents are filled in and options addressed.	Begin 3 months before the property manager's services are to start.	
2		Contact companies.	Identify interested property-management companies. Send the RFP package to at least 5 firms to get at least 3 bids.	Use the sample e-mail message included in this guide.	
5		Hold an information session.	Host a tour of the property and give firms a chance to ask questions at a meeting on site. Attendance can be optional or mandatory.		

Week	Date Week Starts	Steps in the Process	Tasks	Comments	Completed
2-6		Answer questions from firms.	Questions firms ask outside the information session must be put in writing. The questions and answers must be shared with all firms invited to submit proposals.		
6		Deadline for proposals	As shown in the RFP package		
7-8		Proposal reviews, interviews, presentations	Review all the proposals first. Then decide which firms to interview.		
9		Committee recommendation and board decision	Rank the submitted proposals and choose a company. Obtain Agency approval if needed.		
10		Make an offer to the company chosen.			
11		Sign the agreement.	Complete the agreement, filling in the remaining blanks.	Agreement should be signed no later than 1 week before start date.	
12		Start date		Usually the day after previous contract expires, if there is one.	

Issuing the Request for Proposals

Plan to send the RFP package to at least five firms. (Your aim is to get at least three quotes.) The package includes the four documents below. Links to fillable PDFs are in [Appendix A](#). You can also find all four on the [Resources](#) page of the Agency's [website](#).

- RFP Instructions
- Summary of Co-operative and its Management Requirements
- Management Services Agreement
- Proposal Form

A brief e-mail message to accompany the documents is all that is needed. You can use the sample message below. The information companies need to prepare a proposal is in the RFP package.

Sample E-mail

<< *insert name of co-operative* >> is soliciting proposals for residential property-management services. If you are interested in submitting a proposal, please follow the instructions in the attached RFP package. The closing date for this RFP is shown there

Choosing a Firm

You will need to study the proposals that come in and choose the firm that best meets your needs. Follow the three-step process below.



Step 1

Review each proposal to make sure it meets the mandatory requirements listed in the RFP Instructions and shown below. Disqualify any proposals that do not meet the first six and, if applicable, the seventh.

Mandatory Requirements

Firm Name:

	Requirement	Y/N
1.	Proposal came in by the submission deadline.	
2.	Proposal Form in RFP was used; all information was included; all questions have been answered; proposal is signed by the firm's authorized representative; proposal complies with all RFP instructions.	
3.	Firm is incorporated.	
4.	Firm is carrying or has said that it will get the minimum required insurance.	
5.	Firm currently manages properties numbering at least 200 residential units altogether for at least four different third-party clients. —OR— Firm currently manages properties numbering at least 100 residential units altogether for at least two different non-profit housing co-operatives and firm's principals between them have managed properties numbering at least 200 residential units altogether for at least four different third-party clients.	
6.	Firm has a strong back-office capacity and the ability to integrate the co-operative into its larger management systems.	
7.	Firm can provide service in French (answer NA if not applicable)	

Step 2

Look at the capacity of each firm kept through Step 1. You can use the form below to do this. You will need to decide on a minimum acceptable total score. Check the firms' references before scoring the proposals.

Capacity

Firm Name:

Factor	Max Score	Firm Score
Clarity of response: the clarity of the response and understanding shown of the co-op's needs	10	
Staff resources: the experience, qualifications and general suitability of the firm's key personnel (senior managers, property-management staff and accounting staff)	20	
Property management approach: the firm's property-management systems and approach; its process for taking on new clients; its capacity to select, train, direct and evaluate staff, including any maintenance or caretaking staff; how it handles emergencies during and after business hours; its ability to provide substitute staff during illnesses, vacations and other absences	25	
Quality control: how the firm ensures the quality of its services and those of tradespeople; how the firm deals with errors, omissions, delays and tenant or member enquiries, concerns and complaints	15	
Experience and past performance: the firm's experience and track record in managing rental residential properties; if relevant, the firm's experience in managing financial workouts	20	
Knowledge of co-operative housing: how well the firm knows co-operative housing; its ability to support the co-op's good governance	10	
Maximum Score	100	

Step 3

Rank the firms by capacity score, from highest to lowest. Look at the pricing of the top three firms. Conduct any planned interviews. Then choose a firm from among the three top-ranked firms.

Appendix A: Model RFP Documents

- [RFP Instructions](#)
- [Summary of Co-operative and its Management Requirements](#)
- [Management Services Agreement](#)
- [Proposal Form](#)