




NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Gary Rodney 
President

Date: September 11, 2014

Subject: Approval to Contract Services for Financial & Market Analysis

I am pleased to recommend that The Members approve Bay Area Economics (BAE) as the selected firm following the Corporation's Request for Proposals (RFP) to identify a firm to perform financial and market analysis that will help inform changes to The City's Inclusionary Housing Program; including analysis related to the viability of a proposed Mandatory Inclusionary Housing (MIH) Program.

At the April 2014 Board meeting, HDC's President Gary discussed a preview of Mayor Bill de Blasio's forthcoming housing plan and expressed that HDC would play a critical role in all aspects of the plan's implementation; contributing significantly not only in terms of its financing but also its policy agenda and overall management and oversight. The services being sought through this RFP will be critical in all these areas, as The Mayor has called for a MIH program as part of his long-term vision for housing in New York City laid out in "Housing New York: A Five-Borough, Ten-Year Plan," which was issued in May of 2014.

HDC, in partnership with senior staff from The New York City Department of City Planning ("DCP") and The New York City Department of Housing Preservation and Development ("HPD"), narrowed six submissions down to three based on a review of qualifications, the quality of the proposals and the responsiveness to the criteria outlined in the RFP. Those three "finalists" were interviewed by a panel of HDC, DCP and HPD staff.

The three major determinative criteria stated in the RFP were the quality of the proposals, experience, and proposed fees. Although there were positive components to the proposals of all three finalists, all of whom are certainly experienced, the panel considered BAE's to be the most focused in the context of the work and the most balanced in terms of deliverable timeframes that are accelerated but realistic. Finally, BAE was also determined to be the most cost-efficient of the proposals, and in fact considerably so, which was the final determining factor in their favor.

Specifically, the BAE proposal presents a fee of \$252,925. The second finalist proposed a range of fees from \$551,258 to \$857,703 based on varying options. The third finalist proposed a fee of

\$376,690. While both these other finalists stated they could work with us in an effort to be flexible in costs, as well as in the scope and timing of certain deliverables, the differences in the starting points were simply too significant when compared to those of BAE (whose proposal we determined to be the best and most focused without the need for such negotiation).

The scope of work entailed in this project will include analyzing the types and costs of development under the existing inclusionary program, producing market reports to analyze current real estate conditions in relevant submarkets of The City, and creating prototypes and financial models which frame new approaches and demonstrate the cost and production benefits of each. Senior staff of HDC, DCP and HPD will direct and manage the work throughout.

BAE has augmented their considerable experience in conducting similar inclusionary housing and affordable housing analysis in other areas of the country (notably but not exclusively throughout California) with subcontractors deemed by HDC and our fellow agencies to provide the requisite New York City-specific expertise. These include BJH Advisors, James Lima Planning + Development, and attorney Mark A. Levine.

Action by Members

The Members are requested to approve the execution by an authorized Officer of the Corporation of a contract with BAE which provides for the payment of fees in an amount not expected to exceed \$300,000.00 from the Corporation's unrestricted reserves. This "not to exceed" amount includes a cushion of less than 20% over the actual proposed fee stated above (\$252,925). This is to anticipate any scope additions or further accelerated time constraints, and their associated costs, which HDC and The City may need to require as this unique and sensitive work progresses.