

REQUEST FOR PROPOSALS

ENHANCED AFFORDABILITY AND JOB OPPORTUNITY STUDY

New York City Housing Development Corporation

July 25, 2016

Response Due Date Extension: August 22, 2016

Mayor Bill de Blasio recognizes that the City of New York is facing an unprecedented housing crisis, and that new strategies and tools are needed to address market pressures and protect our residents and neighborhoods. On March 22, 2016, the New York City Council adopted a pioneering Mandatory Inclusionary Housing (“MIH”) program that will require permanently affordable housing to be built as part of new residential projects wherever a substantial increase in housing capacity is approved through land use actions. It is, by far, the strongest and most flexible policy in the country. When combined with the Mayor’s Housing New York Plan and the other tools that the New York City Department of Housing Preservation and Development (“HPD”) and the New York City Housing Development Corporation (the “Corporation”) have available, including City subsidies and neighborhood investments, it will create thousands of affordable apartments in high-opportunity neighborhoods, and bring critical investments in housing, retail and community facilities to poor neighborhoods in order to stabilize and strengthen those neighborhoods for years to come. A summary of the MIH program may be viewed along with further details of MIH on the New York City Department of City Planning website at:

<http://www1.nyc.gov/site/planning/plans/mih/mandatory-inclusionary-housing.page>

MIH is a bold step forward in fostering equitable, inclusive development across New York City neighborhoods and ensuring that all our communities and residents will thrive together. As part of the Mayor’s commitment to provide affordable housing and good, safe jobs, the City intends to further explore additional tools and policies that can be used to expand access to high-quality job opportunities for local residents and to deepen affordability in neighborhood opportunity areas.

To further this initiative, a consultant or consultant team (the “Consultant”) shall explore the feasibility of a potential density bonus program that, in exchange for such bonus, reaches deeper affordability levels than current MIH programs reach, and which includes local hiring and apprenticeship opportunities, along with another alternative to be determined by HDC in consultation with the Consultant. The results of this study will inform potential adjustments to the Corporation’s efforts in meeting the goals and objectives of Housing New York.

HDC therefore seeks the services of a consultant or consultant team to assess the feasibility of two (2) policy scenarios (the “Policy Scenarios”). One (1) of scenarios to be studied is the following Floor Area Affordability Bonus (FAAB) proposal:

FAAB would increase the maximum allowable residential floor area in exchange for more and deeper affordable housing, targeted local hiring, and apprenticeship utilization by requiring that a percentage of hours worked on each project, with a target of 30%, be worked by “disadvantaged” New York City residents. Workers are to be trained through state-certified apprenticeship programs with demonstrated successful graduation rates for the trades in which they will work.

The consultant will work with the City to identify one other potential program with similar objectives to FAAB to study.

For each of the two Policy Scenarios, the consultant will evaluate the legality of implementing the Scenario (e.g., for the FAAB proposal, the legality of implementing a density bonus program that is tied to local hiring requirements). Depending upon the results of that first review, the consultant may then be authorized to assess the financial feasibility, and benefits/risks of implementing one or both of the Policy Scenarios (e.g., for the FAAB proposal, the financial feasibility and benefits/risks of providing a density bonus with required levels of affordability below 30% of Area Median Income (“AMI”) combined with the requirements for a percentage of local hiring).

For the financial feasibility evaluation, the consultant will not be expected to conduct market research for this study, and instead will use resources made available by the City.

Scope of Services

The consultant will be expected to perform the following tasks:

The Consultant shall be prepared to complete all of the following tasks. However, tasks 2 and 3 will be completed only upon completion of Task 1 (Legal Framework Review) and upon authorization by the Corporation.

1) Legal Framework Review

The Consultant will analyze the legality of providing a density bonus to developments: a) in exchange for a commitment to complete a certain percentage of the construction work at the development using locally hired individuals, union labor, and/or apprenticeship programs; and b) in exchange for a commitment to provide deeper affordability than our inclusionary programs require. This legal analysis must identify and assess any potential legal issues that could arise if the City were to enact such a program, including but not limited to local, state or federal limitations on the City's authority to use zoning for purposes beyond traditional land use concerns; any issues that such a program might raise about the City's compliance with required environmental or other reviews; any issues that might arise under local, state and federal land use law, whether statutory and common law; any issues that might arise under the state and federal constitutions; any issues that might arise under local, state and federal fair housing and anti-discrimination laws; and any other issues that such a program might pose under pertinent statutory or case law. The analysis should provide statutory authority, case law, and secondary authority to support the Consultant's conclusions.

Similarly, the Consultant will analyze the legality of the second Policy Scenario identified by the City and the Consultant for study.

2) Financial Analysis

After review of the legal framework analysis and upon authorization by the Corporation, the Consultant will conduct a financial analysis of up to two (2) policy scenarios. One, the FAAB proposal, would provide a density bonus to developments that: (a) provide deeper levels of affordability than are currently required by the MIH programs; and (b) require a certain percentage of the construction work to be completed using locally hired individuals and/or apprenticeship programs. A second would be selected in consultation with the City.

The financial analysis shall make findings based on the following:

- Identify and detail the impact that each element of the policy scenario would have on the cost of the development for the developer and for the City. The analysis shall address the effect each of the following would have on the cost of a typical development, including the City's costs of implementing, monitoring, and enforcing:
 - The increased size of the project resulting from the density bonus
 - The requirement that the project provide deeper levels of affordability
 - The requirement that the project use various percentages of employees from apprenticeship programs, as defined herein
 - The requirement that the project use various percentages of employees hired from the neighboring community

- Given those costs, and market conditions, examine feasibility of development of private land under the Policy Scenarios in three (3) different market conditions:
 - Strong Market
 - Accelerating Market
 - Weak Market
- Examine feasibility of development under each Policy Scenario on public land in the three different market conditions
- Use City provided data on the amount of publicly funded subsidy, Corporation subsidy, real estate tax exemptions and benefits, and other publicly funded grants or funding that would be included in assumptions or required
- Analyze the effects of each Policy Scenario on project and private investment returns

3) Review of other benefits/risks

After review of the financial feasibility analysis, and upon authorization by the Corporation, the consultant will further explore the benefits and risks the Policy Scenarios would have. To complete this portion of the study, the consultant will compile information from existing research, policy analyses, and other sources to identify potential opportunities or benefits to the city as well as potential risks or costs. The consultant need not seek to quantify the benefit/risk precisely, but to organize and analyze the various considerations that should inform discussion of the wisdom of enacting the Policy Scenarios. The Consultant will explore opportunities and risks, including but not limited to:

- Effects the Policy Scenarios might have on the quality of construction
- Effects the Policy Scenarios might have on safety for workers and the public
- Effects the Policy Scenarios might have on career and job quality opportunities for workers
- Potential consequences for the city's tax revenues and expenditures
- Potential impact on the quality of the city's workforce
- Potential consequences for the city's competitiveness to attract investment and job-creating growth
- Challenges and costs the Policy Scenarios might pose for enforcement of the requirements
- Challenges and costs that could arise in the implementation of the Policy Scenarios
- Any potential unintended costs or benefits of the Policy Scenarios

Proposal Content

The proposals should be structured as follows:

1. Cover Letter: Provide a cover letter summarizing the key points of your proposal.
2. Firm Information: Provide the firm(s)'s name(s), address(s), phone(s) and email address(es) of the office(s) that will be providing the work.
3. Assigned Personnel: Provide the names of the personnel who would be assigned to the engagement, their roles and their relevant experience and expertise. You may include more detailed biographical information in an appendix.

4. Experience: Discuss your firm(s)'s experience in providing legal due diligence and performing market and financial analysis, specifying work in New York City. Include as an appendix a sample report and references from prior clients.
5. Expertise: Discuss your knowledge of New York City affordable housing, real estate, construction trades, and labor practices.
6. Work Plan: Please present your approach to the scope of services described herein including methodology you will employ and a time schedule that includes deliverables.
7. Conflicts of Interest: Discuss any conflicts of interest or potential conflicts of interest that may exist due to your firm's obtaining this assignment. Absent special circumstances, future participation in the development of residential projects subject to any future density bonus programs will not constitute a conflict of interest; however, in order to facilitate evaluation, proposers should identify potential forms of future participation that can be reasonably anticipated at this time.
8. Fee Proposal: Present a fee proposal for each task based including any potential additional expenses or reimbursements.
9. Form of Engagement Letter: Respondents should include as part of their submission their form of engagement letter. The winner will be expected to execute HDC's form of contract rider annexed hereto in addition to any additions or modifications to respondent's form of engagement letter required by HDC.

Submission

Proposal Content is limited to 30 total pages including the cover letter, but excluding appendices. Font size smaller than 10 will not be accepted, nor will faxed proposals.

Please submit BOTH paper and electronic copies of your proposal following the specific instructions below. In an effort to reduce printing, please limit paper submissions to the Proposal Content only (no appendix material) and please print double-sided.

- **Paper**: Submit 8 paper copies of the proposal (Proposal Content only please, not materials in your appendix) by August 22, 2016 at 4:00pm to:

110 William Street, 10th Floor
C/O: **Susan Tso**
New York, NY 10038

- **Electronic**: Send one digital copy of your entire proposal, including appendix materials, as an attachment to Enhancedafford@nychdc.com. The subject line should read "OFFICIAL SUBMISSION". The deadline is the same (August 22, 2016 at 4:00pm) as the paper submission.

Interviews

Interviews with selected respondents will be held between August 22 and August 26, 2016.

Questions

Please submit all questions via e-mail to Enhancedafford@nychdc.com by August 15, 2016. Please refer to "Enhanced Affordability and Job Opportunity Study" in the subject line. All questions must be in

writing and will be available to all potential proposers. No contact with HDC or consultants regarding issues raised by this RFP is permitted.

Selection

HDC plans to select proposers on the basis of various factors including the quality of the proposals, experience and proposed fees. In addition, HDC reserves the right to request interviews with selected firms to aid in the evaluation process. HDC reserves the right to waive irregularities and reject any or all proposals in its sole and absolute discretion.

General Conditions, Terms, and Limitations

In addition to those stated elsewhere, this Request for Proposals ("RFP") is subject to the specific conditions, terms and limitations stated below:

1. The information set forth in this RFP is believed to be accurate. However, HDC, their officers, agents and employees assume no responsibility for errors or omissions contained herein.
2. Any contract entered into pursuant to this RFP process and all services performed thereunder shall conform to, and be subject to all applicable laws, regulations, executive orders, policies, procedures and ordinances of all Federal, State and City authorities, as the same may be amended from time to time, including without limitation, equal employment laws without limitations.
3. Pursuant to Local Law 34 of 2007, amending the City's Campaign Finance Law, the City is required to establish a computerized database contain the names of any "Person" that has business dealings with the "City" as such terms are defined in the Local Law. In order for the City to obtain necessary information to establish the required database, your response to this RFP is required to include a completed Doing Business Data Form (the "Data Form"), which is attached hereto. The Data Form should be sealed in a separate envelope marked "Doing Business data Form. The Data Form will be submitted to the Mayor's Office of the City of New York (the "City"). If the City determines that your Data Form is not complete, you will be notified by the City and given four (4) calendar days to cure the specified deficiencies. Failure to do so will result in your proposal being deemed incomplete and therefore non-responsive.
4. No Respondent to this RFP will be selected if he or she, as an individual or any member or partner of the Respondent's management team is determined, in HDC's sole and absolute discretion, to have been convicted of a felony or crime involving moral turpitude, to be an organized "crime figure," to be under indictment or criminal investigation, to be in arrears or in default on any debt, contract or obligation to the City or State of New York, or otherwise to be a "prohibited person" as defined by the City. The selected consultant and all principals thereof, if applicable, and/or members or partners of the consultant's team must complete a background questionnaire (VENDEX) and be subject to investigation by HDC and the City's Inspector General. The selection may be revoked in the event any derogatory information is revealed by such investigations.
5. HDC is not obligated to pay and shall not pay any cost incurred by any Respondent at any time for the preparation of its Proposal.

6. This is a Request for Proposals not a Request for Bids. An expert committee composed of officials from the City of New York's Department of Housing Preservation & Development, Department of City Planning, and New York City Housing Development Corporation will be the sole judge of whether a Proposal conforms to the requirements of this RFP and of the merits of such Proposal. Notwithstanding anything to the contrary contained herein, HDC reserves the right to waive any conditions or modify any provision of the RFP with respect to one or more Respondents, to negotiate with one or more of the Respondents, with respect to all or any portion of the work, to establish additional terms and conditions, to encourage Respondents to work together, or reject any or all Proposals if in its judgment it is in the best interest of HDC to do so. In all cases, HDC shall be the sole judge of the acceptability of the proposal.
7. This RFP may be reissued, amended, modified, or withdrawn at any time if it is deemed to be in the best interest of HDC, or if, in the judgment of HDC, all the Proposals are unacceptable.
8. All Proposals submitted to HDC in response to this RFP may be disclosed in accordance with the standards specified in the Freedom of Information Law, Article 6 of the Public Officers Law of the State of New York.
9. If any, provide a copy of the firm's most recent Employer Information Report EEO-1 and include as attachment to the Proposal. Please state how many women and minorities work in your firm.
10. HDC is dedicated to furthering the participation of minority and women-owned businesses in its work. All Respondents are urged to include in their Proposals methods for facilitating the participation in the project of businesses that have been certified by the New York City Department of Small Business Services ("SBS") as women or minority owned. This can take any form a Respondent considers appropriate including, but not limited to, Proposals intended to ensure the utilization of certified minority and women-owned businesses as subcontractors or as joint-venture partners. In addition, Proposals from minority and women-owned Respondents are encouraged.
11. Respondents may not contact any other HDC official regarding this RFP. Any attempt to do so will be considered grounds for disqualification. Firms are permitted to have normal communications with HDC officials on ongoing business, but not with regard to any aspect of this RFP.
12. HDC expects to contract with the winning Respondent for the services set forth herein. But, HDC reserves the right to withdraw this RFP at any time without cause.