

REQUEST FOR PROPOSALS FOR MARKET STUDIES FOR THE 2012 AND 2013 LOW INCOME HOUSING TAX CREDIT ALLOCATION ROUND

Issued December 2, 2011

Part I: Background and General Information

Introduction

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, Section 58-18-1 NMSA 1978 et seq., for the purpose of providing affordable housing for low and moderate income New Mexico residents. There is a need in New Mexico to provide affordable housing opportunities for low income persons. The Low Income Housing Tax Credit Program generates private investments to build the projects that provide such opportunities to New Mexico communities.

Purpose of RFP and Background

To meet the objectives of the Low Income Housing Tax Credit Program of the State of New Mexico, the New Mexico Mortgage Finance Authority (“MFA”) plans to enter into agreements (“Contracts”) with one or more individuals or firms (“Consultant(s)”) for calendar years 2012 and 2013. These Contract(s) will produce a series of affordable multifamily rental real estate market analyses (“Market Studies”) for proposed Tax Credit projects. The Market Studies will be used as one means of assessing proposed projects for allocation of Low Income Housing Tax Credits.

The purpose of this RFP is to identify and select qualified individuals or firms as Consultant(s) to complete Market Studies for proposed Tax Credit projects that meet certain threshold criteria within the 2012 and 2013 Tax Credit allocation rounds. Among other requirements, Respondents must demonstrate experience in the area of market research, preferably in New Mexico, and the ability and capacity to complete multiple studies within a 4 week time period, according to the specifications provided in this RFP.

Contact Person

Respondents may direct questions regarding this RFP to:

Dan Foster, Housing Tax Credit Program Manager
New Mexico Mortgage Finance Authority
344 4th Street, SW
Albuquerque, NM 87102
Phone: 505-843-6880
Facsimile: 505-243-3289
E-Mail: dfoster@housingnm.org

RFP Revisions and Supplements

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, respondents will be provided a ten-day period to correct or revise their proposal following MFA's request for such correction or revision.

Proposal Submission

1. An original and two (2) copies of each proposal must be received at the address below no later than 5:00 p.m. on December 23, 2011.

New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, New Mexico 87102
Attention: Dan Foster, Housing Tax Credit Program Manager

2. Proposals must be sealed and clearly identified on the face of the envelope "Market Study RFP."
3. Proposals will not be opened publicly, but will be opened in the presence of more than one MFA employee.

Proposal Tenure

All proposals will include a statement that the proposal will be valid until contract selection, but no more than 90 calendar days from the proposal due date.

Incurred Expenses

The MFA will not be responsible for any expenses incurred by a Respondent in responding to this RFP. All costs incurred by Respondent in the preparation, transmittal, or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Respondent.

Cancellation or Modification of Requests for Proposals

The MFA may cancel or modify this RFP at any time for any reason and may reject any or all proposals in whole or in part.

Evaluation of Proposals and Discussions with Respondents

A committee of MFA staff ("the Committee") will conduct an initial evaluation of all proposals using the criteria listed in Part III of this RFP. The Committee will present its recommendations to MFA's Policy Committee. The Committee may seek clarification from respondent(s) and may conduct discussions with respondent(s) who submit proposals found to be reasonably likely to be selected for award.

Award Notice

The MFA shall provide written notice of the award(s) to all Respondents within ten (10) days of the award. The award shall be contingent upon successful negotiations of a final contract between the MFA and Respondents whose proposal is accepted by the MFA.

Contract

MFA will enter into Contracts with successful Respondents immediately after the selection process is completed. The terms of the Contracts will last for two years. It is estimated that during the year 2012, 3 to 10 studies will be assigned on or about February 12, 2012, and additional assignments may be made at later dates throughout the year. All assignments, whether of single or multiple properties, must be completed in a 4 week period.

Contracts will be accompanied with certifications that the Consultant does not have any financial interest in any of the proposed Tax Credit Projects, and the contracts will include certifications that the Consultant has not had any past or expected future activity or related party interest with respect to any project to be assigned. They will also specify payment terms, notice, termination and other standard provisions.

The Contract between MFA and the Consultant(s) will be for a firm, fixed amount for each Market Study assigned. This fixed amount will include all of the costs associated with each market study, including the Consultant(s)' travel, delivery, telephone, copying, gross receipts tax if applicable, and any other costs associated with the completion of the work. All payments by MFA will be made on a reimbursement basis, no longer than 15 days after the delivery of an acceptable product to MFA.

Respondent will authorize MFA to release copies of the Market Studies to the owner of the subject properties on request, and, for Private Activity Bond Financed Projects, to the State Board of Finance. Respondent also acknowledges that from time to time, MFA may use other parties to conduct studies when that would be most efficient or cost effective.

Conflict of Interest

Each respondent shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this contract.

Contract Termination

If MFA determines that it is in the best interest of the MFA or of the LIHTC program to discontinue the services of the successful respondent prior to the expiration of the contract term, it may do so without liability to MFA or to the successful respondent. Upon termination, MFA may negotiate and award a contract to another respondent under this RFP.

Proposal Confidentiality

Except in response to inquiries from the Committee as part of the evaluation process, until awards are made and notice given to all respondents, no employee, agent, or representative of a respondent shall discuss its proposal with any officer, member, employee, agent, or representative of the MFA other than the Contact Person, Dan Foster.

Until awards are made and notice given to all respondents, MFA will not disclose the contents of any proposal or discuss the contents of any proposal with a respondent or potential respondent so as to make the contents of any proposal available to competing respondents.

Irregularities in Proposals

MFA may waive technical irregularities in the form of proposal of any respondent selected for award which do not alter the price, quality or quantity of the services offered.

Responsibility of Respondents

A Responsible Respondent is defined for the purposes of this RFP as one who submits a proposal that conforms in all material respects to the requirements of this RFP, and who has furnished upon request information and data to prove that the Respondent has the ability to make satisfactory delivery of the services described in this RFP. If a Respondent who otherwise would have been awarded a contract is deemed by MFA as not responsible, the Respondent may be disqualified from receiving the award.

Protest

Any Respondent who is aggrieved in connection with this RFP or the selection of a Consultant pursuant to this RFP may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within fifteen (15) calendar days after the notice of selection. Upon the timely filing of a protest, the Contact Person will give notice of the protest to all Respondents who appear to have a substantial and reasonable prospect of receiving a selection if the protest is upheld. The Respondent receiving notice may file responses to the protest within ten (10) calendar days of notice of protest. The MFA's Policy Committee will review the protest and responses to the protest and shall make a final determination regarding the disposition of the protest.

Part II: Minimum Qualifications and Requirements

Eligible participants in the RFP ("Respondents") must have specific experience in the assessment of rental real estate properties. Experience with federal subsidy programs is preferred. A minimum of three years experience with this work, and references from former clients engaging the Respondent for similar assignments will be required.

Consultant(s) may not have any ownership interest in any proposed Tax Credit project that is the subject of a Market Study completed pursuant to this RFP. Further, every Consultant must disclose, and may not receive any Market Study Assignment from MFA for any project for which a) Consultant has undertaken prior work, or b) Consultant, or a member of Consultant's family, has a financial interest in the project or the project development team.¹ In the RFP response, the Consultant must disclose and describe any role it has had or anticipates having in any project likely to be submitted in the Tax Credit round for 2012 allocations. A similar disclosure will be required prior to start up of work for the 2013 Tax Credit round. Additionally, all Market Study reports must contain a statement to the effect that the Consultant has no financial interest in any of the projects assigned to any Contractor from the Tax Credit rounds, and no prior work or identity of interest with respect to any project assigned to the Consultant.

Part III: Evaluation Factors

Minimum Threshold Requirements

Responses must meet the following minimum requirements in order to qualify for further review.

1. The response must be complete and legible and must be submitted by the application deadline;
2. The Respondent must demonstrate at least 3 years of experience in the production of Market Studies: and
3. The Respondent must provide evidence of high quality professional presentation of work, as verified through sample report and positive references from clients.

Evaluation of Proposals and Criteria

Proposals will be evaluated by an internal MFA staff committee, with final approval by MFA's Policy Committee. Responses meeting the minimum threshold criteria will be scored according to the evaluation criteria set out below. Responses that do not meet the Minimum Threshold Requirements cited above will be returned to the Respondent(s). When making selections, MFA will consider scoring, availability and capacity to complete the work. MFA will select the Respondents whose proposals are deemed to be the most advantageous to the program.

¹ "Development Team" includes any person or entity with any ownership or proposed ownership interest in the project, and the proposed builder or subcontractor, management agent, architect, lender, proposed equity investor, or other proposed vendor or service provider with respect to the project.

Scoring Criteria	
Expertise and Experience in Market Study Research	25 points
Price per Market Study	25 points
Capacity to Meet Timing Requirements	25 Points
Quality and Conciseness of Sample Study	25 Points
Familiarity with New Mexico Markets	10 Points
Maximum Total Points	110 Points

Respondent Selection

MFA may select one or more Consultant(s), depending on Respondents’ capacity to complete the work within the time frame described above, potential conflicts of interest on specific projects and other considerations. When selecting Consultant(s), MFA will consider each of the evaluation criteria listed above. The MFA will select the Respondent(s) whose proposal is deemed to be most advantageous to the MFA, taking into account the evaluation criteria listed above. The selection will be contingent upon 1) certifications after the Tax Credit Program deadline as to the absence of financial interests in the projects, and 2) successful negotiation of a final Contract between MFA and the Respondent(s) selected.

Part IV: Services to be Performed

Time Frame

The following is the estimated time frame for Consultant selection and completion of the RFP work during the first year of the contract. The 2013 year schedule will be provided by MFA no later than November 3, 2012:

Date	Activity
December 2, 2011	Release of RFP
December 23, 2011	Deadline for receipt of proposals by MFA
January 13, 2012	Notification of Selections
January 25, 2012	Execution of Contract(s)
January 31, 2012	Tax Credit Application Deadline and Distribution of Project Lists for Certifications Concerning Financial Interests in the Projects
February 22, 2012	Initial Assignments

March 21, 2012

Completion of Allocated Market Studies

Ongoing

Bond Application Market Studies

Scope of Work

Generally the scope of work involves preparation of up to 15 Market Studies per year for various projects throughout the State of New Mexico. The overall purpose of the Market Study is to provide a detailed assessment of the feasibility of the proposed project. It must address all aspects of marketability, including but not limited to rent and expense comparisons, existing and proposed competing projects, vacancy, absorption, and income levels in the targeted market area. Additionally, the market study should detail community profile, local industry profile, tax credit rents as compared to market rents, market rate and low-income housing demand, a description of the project including amenities, number of units, unit type, and unit size. The projects may be existing properties to be renovated or new construction projects.

Steps for each Market Study include the following:

1. Receive assignment in writing from MFA (delivered by MFA with project information needed to initiate the study);
2. Conduct Site Visit;
3. Photograph Site and Collect all Necessary Local Data; and
4. Prepare and Deliver Market Study Report.

Each Market Study Report Must Include the following components:

I. General Requirements

1. Limiting conditions, dates and other standard descriptive data;
2. Statement of the competence and licensing of the Consultant;
3. Certification concerning absence of any financial interest in any project and any prior work or "related party" interest in the transaction or the property that is the subject of the Market Study;

II. Executive Summary

Each market study should include a concise summary of the data, analysis and conclusions, including the following:

1. A concise description of the site and the immediately surrounding area.
2. A brief summary of the project including the proposed population to be served.
3. Precise statement of key conclusions reached by the analyst.
4. Concise statement of analyst's opinion of market feasibility.
5. Recommendations and/or suggest modifications to the proposed project if appropriate.
6. A summary of positive and negative attributes and issues that will affect the

property's marketability, performance and lease-up and points that will mitigate or reduce any negative attributes.

III. Project Description

The market study should include a project description to show the analyst's understanding of the project at the point in time the market study is undertaken. The project description should include:

1. Proposed number of units by: number of bedrooms and baths, income limit as a percent of area median income (AMI), unit size in square feet, and utility allowances for tenant paid utilities, proposed rents, and target population, including income restrictions, proposed housing assistance and any special needs set-asides.
2. The utilities expected to be paid by tenants and energy sources for tenant paid hot water, heat, cooking.
3. Description of: the number of buildings, design (walk-up, elevator, etc.), and number of stories, unit and common amenities, site amenities and parking. For rehabilitation projects, provide a description of the methodology for the rehabilitation and the scope of work, and the appropriateness of the scope of work. Include the status or date of architectural plans, name of the architect, and/or a copy of the floor plans and elevations.
4. For rehabilitation, identification of any existing assisted housing program at the property such as Section 8, Section 202, Section 811, BMIR, Section 236, etc, as well as current occupancy levels, current rents and proposed rents.
5. Developer's projected dates for construction start and completion, and start of pre-leasing.
6. Analysis of the reasonableness of the development cost of the proposed project.

IV. Location and Market Area Definition

1. Define the primary market area (PMA). Define the secondary market area (SMA), if appropriate. Include a map that clearly delineates the areas and an explanation of the basis for the boundaries of the PMA and SMA. Identify PMA (and SMA if appropriate) boundaries by census tracts, jurisdictions, street names, or other geography forming the boundaries. Also define the larger geographic area in which the PMA is located (i.e. city, county, MSA, etc.).
2. Provide a description of the site characteristics including its size, shape, general topography and vegetation and proximity to adverse conditions.
3. Provide photographs of the site and neighborhood, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, and other services such as libraries, community centers, banks, etc.
4. Describe the suitability of the proposed site, including an analysis of contiguous land use, utility availability, flood plain status, zoning, and any unusual site conditions.
5. Describe and evaluate the visibility and accessibility of the site.
6. Provide information or statistics on crime in the PMA, relative to data for the overall area. Address any local perceptions of crime or problems in the PMA.

V. Employment and Economy

Provide data and analysis on the employment and economy of the Primary Market Area (PMA) to give an understanding of the overall economic health of the community in which the PMA is located. List sources for the data and methodology for the analysis.

1. Provide a description of employment by industry sector for the PMA or smallest geographic area available that includes the PMA and compare the data to the larger geographic area, e.g. the city, county, labor market area, or metropolitan statistical area (MSA).
2. Show the historical unemployment rate for the last ten years (or other appropriate period) for the most appropriate geographic areas.
3. List major employers in the PMA, the type of business and the number employed.
4. Show employment growth over the same period. Compare to the larger geographic area.
5. Comment on trends for employment in the PMA in relation to the subject.
6. If relevant (such as in resort areas), comment on the availability of affordable housing for employees of businesses and industries that draw from the PMA.
7. Provide a breakdown of typical wages by occupation.
8. Provide commuting patterns for workers such as how many workers in the PMA commute from surrounding areas outside the PMA.

VI. Demographic Characteristics

Present recent census demographic data for the PMA (and SMA if appropriate) and other geographic areas (like cities, counties, or states) as appropriate. Current year estimates and five-year projections are typical. Estimates and projections should be from reliable sources. All sources of data should be identified.

1. Current and Projected population and household counts.
2. If relevant in the market, a 10-year, or other appropriate period, history of building permits, if available, by housing type and comments on building trends in relation to household trends.
3. Total population characteristics such as age and household type including proportion of renters to homeowners.
4. Households by incomes in \$5,000-\$10,000 increments by tenure.
5. An analysis of trends indicated by the data including an explanation of methodologies for analyst-generated estimates.
6. Households by tenure.

VII. Competitive Environment

Provide information on other multifamily rental housing in the Primary Market Area (PMA) and any rental housing proposed to be developed in the PMA. This section of the market study should include:

1. Identify a list of existing comparable properties, including: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size in square footage of units, kitchen equipment, type of utilities (state whether paid by tenant or owner and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history

- (if recently completed), name, address and phone number of property contact. Attach photos of each comparable property. Include a map identifying the location of each comparable property in relation to the subject.
2. Analysis of operating expenses and turnover rates, including historical trends, of comparable properties in the market area.
 3. Provide a narrative evaluation of the subject property in relation to the comparable properties, and identify the competitive properties, which are most similar to the proposed development. The analyst should state why the comparables referenced have been selected, which are the most directly comparable, and explain why certain projects have not been referenced.
 4. Comparable property comparisons to the subject in terms of amenities, tenant paid utilities, location, parking, concessions and rent increase or decrease trends.
 5. Assessment of the appropriateness of exterior and interior amenities of the proposed project.
 6. Analysis of projected operating expenses of subject property in relation to comparables.
 7. The market vacancy rate for the PMA rental housing stock by population served (i.e. market rate, low income housing tax credit, and project based rent assistance) and type of occupancy (i.e. family, seniors, special populations) and unit size.
 8. Discuss any significant impact of the subject development on the existing rental housing stock.
 9. Identify the number of people on waiting lists for each project.
 10. Describe the size of the overall rental market in the PMA, including the percentage of Market Rate and Affordable Housing properties.
 11. Discuss the availability and cost of affordable housing options, including purchase of for sale of homes, if applicable.
 12. Provide the number of households in the PMA and SMA that are income eligible and can afford the proposed projects rents by unit type.
 13. Discussion of rental projects planned or under construction in the market area. Include a list of LIHTC projects with allocations in or near the market area that are not placed in service, giving as much known detail as possible on estimated placed-in-service dates, unit mix and income levels to be served.

VIII. Analysis/ Conclusions

1. Provide a detailed analysis of the income levels of the potential tenants for the proposed units. State and support the minimum household income used for total housing expenses to set the lower limit of the targeted household income range. If required, provide an analysis based on the regulating agency's requirements.
2. Calculate the capture rate for each income limit in the subject property incorporating any housing finance agency or other regulating agency restrictions such as age, income, living in substandard conditions, renters versus home owners, household sizes, etc.
3. Calculate the penetration rate.
4. Define and justify the absorption period required to achieve 95% occupancy and absorption rate for the subject property.

5. Provide documentation and descriptions that show the methodology for calculations in the analysis section and relate the conclusions to the data.
6. Derive a market rent, an achievable rent, and a maximum restricted rent and then compare them to the developer's proposed rent by unit type. Quantify and discuss market advantage of the subject and impact on marketability.
7. Project and explain any future changes in the housing stock within the market area.
8. Identify risks (i.e. competitive properties which may come on line at the same time as the subject property; declining population in the PMA, etc.), unusual conditions and mitigating circumstances. Evaluate need for voucher support or HUD contracts.

IX. Local Perspective of Rental Housing Market and Housing Alternatives

The market study should include a summary of the perspective on the rental market, need for the proposed housing and unmet housing need in the market. The local perspective should consider:

1. Interviews with local planners, housing and community development officials and market participants to estimate proposed additions to the supply of housing that would compete with the subject and to evaluate the local perception of need for additional housing.
2. Interview local public housing authority (PHA) officials and seek comment on need for housing and possible impact of the proposed development on their housing inventory and waiting lists for assisted housing. Include a statement on the number and availability of housing choice vouchers and the number and types of households on the waiting lists for housing choice vouchers. Compare subject's proposed rents to local payments standards or median rents.

Private Activity Bond Volume Cap Financed Projects

In the case of these tax exempt bond financed projects, which MFA will identify at the time of the assignment, the following additional components will be required:

1. An explanation as to why the housing needs of individuals whose income will make them eligible for the project are not being met by the private market.
2. An assessment of the economic benefits of the project to the local community and the state.
3. Additional future requirements set by the New Mexico State Board of Finance subject to a negotiated additional cost.

Farm Labor Housing Projects

In the case of these farm labor housing projects, which MFA will identify at the time of the assignment, the following additional components will be required:

1. An assessment of any available data on farm labor housing provided through USDA/Rural Development.

Format of Reports

MFA may provide forms, outlines and other materials to be used in the presentation of the material collected in the course of the market research, and if available, use of these formats will be required.

Time of Performance

The initial series of 3 to 10 Market Studies for each contract year will be completed within a 4 week period starting on the date of assignment. This "Assignment" period begins when MFA identifies the property subject to the study and delivers the necessary materials to the Consultant(s). The Consultant(s) will have certified to the absence of financial interests, identities of interest and prior work as described above. Additional studies may be assigned individually throughout the remainder of the contract term.

Part V: Instructions to Respondents

Proposal Contents

Proposals must include the following materials and information:

1. Executive Summary of the Proposal (not to exceed one page);
2. Resume of the individual or corporate Respondent, highlighting market study research completed for properties in the State of New Mexico since January 1, 2006. Corporate Respondents must also identify key staff who will complete the work under the Contract, and provide resumes for each individual identified;
3. Detailed discussion of Respondent's staffing and other elements of its capacity to complete up to 15 market studies within a 4 week period;
4. Work plan identifying steps and time frames for all of the tasks needed to complete an individual assignment; and
5. Proposed Cost per Market Study.

Attachments:

1. Sample report produced for a similar assignment. Property and client names and other proprietary information may be deleted or blacked out.
2. At least 3 letters of reference from clients requiring similar work in the past five years.

3. Certification concerning projects likely to be submitted to the 2012 Tax Credit round, including: 1) financial interests, 2) whether Respondent is "related to" any principal or development team member, 3) whether Respondent has completed any prior work or expects to undertake work additional to that completed under this RFP within the next twelve months for such projects, and 4) proposal tenure. (See Certification Exhibit A.)

Exhibit A
Respondent's Certification

Respondent hereby certifies that he/she/it:

1. Has no financial interest in any multifamily rental project that Respondent expects to be submitted to MFA for a Low Income Housing Tax Credit award in the 2012 allocation round.
2. Will not accept any Assignment of Market Studies for any projects in which:
 - a) Respondent has performed any prior work or expects to perform work during or within one year after the performance of work for MFA under this RFP; and/or
 - b) Consultant, or a member of Consultant's family, has a financial interest in the project or the project development team.
3. This proposal will remain valid until contract selection, but no more than 90 calendar days from the proposal due date.

Respondent Name _____

Date _____

Authorized Signature _____

Name Printed _____

Title _____