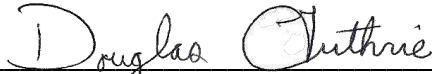


Report of the President & CEO

June 24, 2021

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO
EXECUTE A CONTRACT WITH NAN MCKAY AND ASSOCIATES, INC. FOR
AN INITIAL ONE (1) YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS TO EXTEND, FOR
RENT REASONABLENESS DETERMINATIONS SERVICES, PURSUANT TO RFP NO. HA-2021-42 FOR
A TOTAL AMOUNT NOT-TO-EXCEED \$511,700**



Douglas Guthrie
President & Chief Executive Officer



Carlos Van Natter
Director of Section 8

Purpose: Authorize the President and CEO, or designee, to execute a contract with Nan McKay and Associates, Inc. (“Nan McKay”), for an initial one (1) year term, and four (4) one-year options to extend, for a total contract amount not-to-exceed \$511,700, for rent reasonableness determinations services (“Services”).

Issues: In compliance with the U.S. Department of Housing and Urban Development (“HUD”) rent reasonableness regulations for housing assistance, the Housing Authority of the City of Los Angeles (“HACLA”) must ensure that rents charged by owners to program participants are reasonable. This determination involves two comparisons: (1) HACLA must compare the proposed contract rent for the assisted unit to the rent for a similar unassisted unit in the local market; and (2) HACLA must compare the proposed contract rent to rents for similar units on the premises. To assist in the determination process, HACLA must also consider the following criteria: (1) location, unit type, physical condition, and age of the contract unit; and (2) facility amenities, housing services, maintenance and utilities, to be provided by the owner in accordance with the lease.

In order to comply with HUD’s requirements, HACLA requires an automated web-based system to perform rent reasonableness determinations.

Procurement: On April 22, 2021, HACLA issued Request for Proposal (“RFP”) No. HA-2021-42, seeking proposals from qualified firms interested in creating an automated web-based system to analyze and conduct rent reasonableness determinations, in accordance with HUD’s rent reasonableness regulations for housing assistance.

The RFP was advertised on the City of Los Angeles’ Business Assistance Virtual Network (“LA-BAVN”) website. In addition, a notice of the RFP was emailed to three (3) additional vendors.

The following three (3) proposals were received by the submittal deadline of May 13, 2021:

Company Name
Nan McKay and Associates, Inc
Novogradac Consulting LLP
Rental Housing Deals, Inc.

The evaluation panel reviewed and scored all three proposal based on the following RFP criteria: (1) qualifications; (2) proposed staffing; (3) work plan; (4) price; (5) Section 3, and (6) diversity outreach. Novogradac Consulting LLP (“Novo”) and Rental Housing Deals, Inc.’s, proposed pricing was deemed unreasonable when compared to the historical cost of such services and the Independent Cost Estimate (ICE) of \$470,659.58. However, all three proposals were reviewed and evaluated. Nan McKay, the current provider and recommended contractor, was determined to have submitted the most responsive proposal and best value to HACLA based upon the RFP criteria.

A more detailed summary and background information of the procurement is provided in Attachment 2 (Summary of Outreach).

Vision Plan: PATHWAYS Strategy #7: Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized

The use of an outside agency or independent contractor approved by HACLA to conduct rent reasonableness determinations generates internal efficiencies by allowing staff to focus more on core program requirements including, but not limited to, new admissions and annual reexaminations.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The costs for rent reasonableness determinations services will be paid by Section 8 Housing Choice Voucher and Special Programs Administrative fees.

Budget and Program Impact: These services are charged to Section 8 programs based on prior year actual utilized unit count. These expenditures are included in HACLA’s 2021 Operating Budget and will be budgeted in subsequent years as required.

Environmental Review: This action is exempt.

Section 3: Nan McKay has submitted an Economic Opportunity Plan (“EOP”) in conformity with the requirements of HACLA’s Section 3 Guide and Compliance Plan. However, due to the technical nature of the work and company’s geographic location, the hiring, subcontracting and other economic opportunities for Section 3 Residents and Businesses are not feasible. Moreover, the current workforce will be able to complete the scope of work without the need for additional hires. However, in support of Section 3, Nan McKay

has made a Section 3 fund contribution commitment, which will be used to generate economic opportunities for Section 3 Residents including college tuition expenses.

In addition, Nan McKay has been a strong supporter of HACLA's Section 3 Fund, contributing thousands of dollars for Resident programs, consistent with HACLA's guidelines.

Attachments:

1. Resolution
2. Summary of Outreach

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH NAN MCKAY AND ASSOCIATES, INC. FOR AN INITIAL ONE (1) YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS TO EXTEND, FOR RENT REASONABLENESS DETERMINATIONS SERVICES, PURSUANT TO RFP NO. HA-2021-42 FOR A TOTAL AMOUNT NOT-TO-EXCEED \$511,700

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) requires rent reasonableness determinations services for its housing assistance programs administered by the Section 8 department;

WHEREAS, HACLA has determined the most effective and feasible manner of obtaining rent reasonableness determinations services is by contracting for such services;

WHEREAS, on April 22, 2021, HACLA issued Request for Proposal (“RFP”) No. HA-2021-42, seeking proposals for the development of a web-based system that provides rent reasonableness determinations services;

WHEREAS, following review of the proposals received in response to the RFP, as detailed in the Report of the President and CEO of the same date herewith, it was determined that Nan McKay and Associates, Inc. (Nan McKay”) submitted the proposal most responsive to the RFP and represents the best value to HACLA; and

WHEREAS, HACLA desires to award and enter into a one-year contract term with four (4) one-year options to renew, with Nan McKay, to provide the rent reasonableness determination services.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and CEO, or designee, to execute a contract with Nan McKay, for an initial one-year contract term with four (4) one-year options to extend for a total contract amount not-to-exceed \$511,700, for rent reasonableness determinations services.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

Summary of Outreach

RFP No. HA-2021-42

Comparable/Rent Reasonableness Determinations

A. Funding Source

Federal Non-Federal Mixed Funding

B. Advertisement; Minority/Women Outreach

General Services advertised the Request for Proposal (“RFP”) on the City of Los Angeles’ Business Assistance Virtual Network (“LA-BAVN”) website, starting on April 22, 2021, until the submission deadline of May 13, 2021, for a total of twenty-two (22) days. The RFP was viewed by one-hundred and seven (107) vendors. In addition, the RFP notice was emailed to three (3) vendors from a list provided by the Section 8 Department.

In support of the Housing Authority of the City of Los Angeles (“HACLAs”) policy to contract with Minority Business Enterprises (“WBEs”) and Labor Surplus Area (“LSA”) businesses to the extent possible, on April 22, 2021, notice of this RFP was also provided to a List of Recognized Minority and Women-owned Business Organizations, and to the local office of the U.S. Small Business Administration (SBA).

C. Pre-Proposal Conference

Due to the closure of our offices to the public stemming from the COVID-19 outbreak, a pre-proposal conference was not conducted. This decision follows orders issued for the State of California by Governor Newsom, the City of Los Angeles by Mayor Garcetti, and Federal, County and City of Los Angeles’ public health officials.

D. Addendum

The following Addenda was posted on LA-BAVN to provide responses or clarifications to questions received by the required deadline of April 29, 2021:

Addendum No.	Post Date
Addendum No. 1	May 7, 2021

The purpose for the addendum was to provide all potential proposers the opportunity to submit any questions regarding the RFP and HACLAs’ requirements, and to help ensure our requirements are clearly and completely understood.

HACLA received one question asking for clarification on the required format of the files to be submitted. No additional questions were received.

E. Receipt of Proposals

A total of three (3) proposals were received by the May 13, 2021, submittal deadline with the pricing portion of their proposals as follows.

Company Name	Proposal Price
Nan McKay and Associates, Inc (“Nan McKay”)	\$511,700.00
Novogradac Consulting LLP (“Novogradac”)	\$134,592.00
Rental Housing Deals, Inc.	\$5,965,750.00

Although pricing under each proposal varied significantly: Novogradac Consulting LLP (“Novo”) and Rental Housing Deals, Inc.’s, proposed prices were not deemed reasonable when compared to the historical cost of such services and to the Independent Cost Estimate (ICE) of \$470,659.58. Comparatively, Nan McKay’s pricing proposal was the only one within the range of the ICE, differing by nine percent (9%), and determined price reasonable. As price was only one of several RFP factors, each proposal received full consideration and review by the panel as detailed below.

F. Panel Review

The evaluation panel was comprised of three (3) subject matter expertise. The panel met on May 20, 2021, and resulted in the following consensus scoring.

Company Name	Score
Nan McKay and Associates, Inc.	92.67
Novogradac Consulting LLP	84.67
Rental Housing Deals Inc.	60.83

These scores are reflected in the Consensus Rating Form signed by each panelist; the Contract Administrator has confirmed the scores.

G. Best and Final Offers

On May 27, 2021, HACLA requested a Best and Final Offer (“BAFO”) from the top ranked proposer with request for clarification on questions and pricing. Nan McKay responded to the BAFO request and provided no changes to their pricing. The panel then re-evaluated the proposals and determined that interviews were not necessary.

H. Recommendation for Award

The Section 8 Department recommends Nan McKay for contract award.

I. Workforce Profile

Nan McKay, submitted a Workforce Profile that reveals the following workforce composition:

<u>Company</u>	<u>Employees</u>
Nan McKay and Associates	Total: 691 651 minorities = 94% 533 women = 77%

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
MBE/WBE ORGANIZATIONS MAILING LIST**

1	Asian American Architects and Engineers Association
2	Asian Business Association of Los Angeles
3	Asian Business League of Southern California
4	Asian Pacific Islander Small Business Program
5	Korean American Chamber of Commerce
6	Pacific Asian Consortium in Employment (PACE) Business Center
7	Black Business Association
8	Greater L.A. African American Chamber of Commerce (GLAAACC)
9	Regional Black Chamber of Commerce of San Fernando Valley
10	US Black Chambers
11	Southern California Black Chamber of Commerce
12	National Black Contractors Association
13	Young Black Contractors Association
14	California Hispanic Chamber of Commerce
15	LA Metropolitan Hispanic Chamber of Commerce
16	Latin Business Association (LBA)
17	Los Angeles Latino Chamber of Commerce
18	National Latina Business Women Association (NLBWA-LA)
19	Regional Hispanic Chamber of Commerce
20	American Indian Chamber of Commerce
21	Build Plus Community Marketplace
22	Greater San Fernando Valley Chamber of Commerce
23	Los Angeles Area Chamber of Commerce
24	Los Angeles Minority Business Enterprise Center USC (MBDA)
25	National Association of Minority Contractors
26	National Association of Women Business Owners Los Angeles
27	Pacific Coast Regional Small Business Development Corp (SBDC)
28	Small Business Majority
29	Southern California Minority Supplier Development Council
30	The New Ninth Business Resource Center
31	US Small Business Administration
32	US Veteran Business Alliance
33	Valley Economic Development Center/Women's Business Center
34	Vermont Slauson Economic Development Corporation
35	Vernon Networking Committee
36	City of LA Bonding Program: Merriwether & Williams Insurance Services, Inc.