Proposed Sole Source Purchases – Document 2023-03

- Housing Dashboard; analytical and policy framework

The Mid-Region Council of Governments intends to make a purchase for which it believes there is no competition. This will be a "Sole Source" purchase made in accordance with State of New Mexico 13-1-126 NMSA 1978.The purpose of this notice is to attempt to identify possible alternatives.

How to Comment/Respond

Any potential vendor who does not agree that this product or service is available only from the intended source must contact this office within thirty (30) calendar days from the date posted.

Your response must be in writing and a description of the product or service you are offering as an equivalent must be included.

Please send your response, via e-mail by sending an email to ppino@mrcog-nm.gov. Please reference the Document Number of the Sole Source/Emergency Procurement you have interest in.

A sole source *determination* is not effective until the *sole source request for determination* has been posted for thirty (30) calendar days without challenge, and subsequently approved in writing by the MRCOG Chief Procurement Officer.

I.   Name of Agency: Mid-Region Council of Government

       Agency Chief Procurement Officer: Phil Pino

       Telephone Number: 505-247-1750

II.   Name of prospective Contractor: Root Policy Research

       Address of prospective Contractor: 6740 East Colfax Avenue, Denver, CO 80220

       Amount of prospective contract: $51,000

       Term of prospective contract: 12 months

III.   Please thoroughly list the services (scope of work), construction or items of tangible personal property of the prospective contract:

MRCOG would like to hire Root Policy Research to perform a Housing Study for the MRCOG Region. The scope of work includes 1) research regarding existing work in this area, 2) local data collection and analysis, 3) development and refinement of a housing production model, 4) assessment of geographic-specific housing typology, affordability, and zoning, 5) development of a dashboard displaying housing needs, and 6) policy recommendations and report.

IV.   Provide a detailed, sufficient explanation of the reasons, qualifications, proprietary rights or unique capabilities of the prospective contractor that makes the prospective contractor *the one source* capable of providing the required professional service, service, construction or item(s) of tangible personal property. (Please do not state the source is the "best" source or the "least costly" source. Those factors do not justify a "sole source.")

The Bipartisan Infrastructure Law, passed November 15, 2021, requires that Metropolitan Planning Organizations address Housing Coordination (§ 11201;23 U.S.C 123). The housing situation in New Mexico is dire; both the State and Region are facing a housing crisis when it comes to housing availability and affordability. A 2022 housing study produced for the State of New Mexico's Mortgage Finance Authority (MFA) Housing Strategy (https://housingnm.org/the-new-mexico-housing-strategy) by Root Policy Research has been instrumental in determining statewide housing needs and establishing policy recommendations to address this crisis. MRCOG is pursuing a similar study with the intent to gain a deeper insight into the region's housing needs and develop region-specific policy recommendations that are consistent with the State of New Mexico.

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MRCOG is working in parallel with the City of Albuquerque's Department of Family and Community Services, in the pursuit of a housing study. Our shared purpose is to take advantage of the work that has already been done to further understand the housing needs specific to this Region and City so that we can identify solutions that are consistent with the State. The City of Albuquerque is contributing to the cost of the study, which results in cost efficiencies and ensures alignment of goals, which ultimately will contribute to the success of the project.

V.   Provide a detailed, sufficient explanation of how the professional service, service, construction or item(s) of tangible personal property is/are *unique and how this uniqueness is substantially related to the intended purpose of the contract*.

MRCOG requests this Sole Source with Root Policy Research because the firm already has the infrastructure in place to conduct this study, including the methodology and the data elements. This will result in efficiencies in cost and time. In addition, Root Policy Research is uniquely suited to ensure that the product is consistent with the analytical and policy framework developed in MFA study because they conducted it. Consistency is essential as it will allow MRCOG to align its housing policy recommendations with the City of Albuquerque and the State of New Mexico.

VI. Explain why other similar professional services, services, construction or item(s) of tangible personal property *cannot* meet the intended purpose of the contract.

Working with any other contractor to produce a housing study would not meet the intended purpose of developing a shared analytical and policy framework for tackling the State, Regional and City of Albuquerque's housing crisis.

VII. Provide a narrative description of the agency's due diligence in determining the basis for the procurement, including procedures used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; reviewing telephone books and other advertisements; contacting similar service providers; and reviewing the State Purchasing Agent's vendor list. Include a list of businesses contacted (*do not state that no other businesses were contacted*), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

Due to the reasons stated above, MRCOG has determined that no business other than Root Policy Research can ensure that its housing study, including the production model, needs analysis, and policy recommendations, will be consistent with the Mortgage Finance Authority's Housing Strategy.

Certified by:

Date: 5-1-2023

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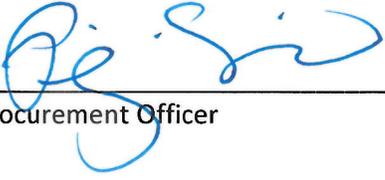
Chief Procurement Officer

Agency Approval by:

Date: 5-8-2023

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Executive Director, Dewey V. Cave

March 15, 2023

Ms. Kendra Montanari
Mid-Region Council of Governments
Delivered via email to: Kmontanari@mrcog-nm.gov

Re: MRCOG Housing Study

Dear Ms. Montanari:

Root Policy is pleased to submit this letter proposal to complete a Regional Housing Study for the Mid-Region Council of Governments. That study would leverage the data collection, data analysis, and housing needs projections completed for the New Mexico Strategic Housing Plan to ensure consistency with the state's strategic approach and maximize efficiencies.

It is our understanding that the study will be conducted in coordination with the Housing Needs Model conducted for the City of Albuquerque.

Firm Introduction

Root is a women-owned business based in Denver, Colorado with more than 20 years conducting housing market studies nationwide. Root Policy Research's team has a proven track record of managing complex housing studies, with a focus on innovative approaches to address resident and community needs. A cornerstone of our work is our ability to analyze needs within unique markets and submarkets—and to craft strategies unique to varying typologies within a region or market area.

Summary of Project Tasks

Root Policy Research understands the desire of the City and region to complete a well-researched and data-driven Housing Needs Assessment (HNA) that provides baseline data as well a scenario analysis on the housing needs in the region. A central goal of the HNA is to provide data and information to inform future development and housing policy decisions, identify housing needs across the income spectrum, and guide decisions about where and which public sector interventions are most needed. Regional housing needs should provide a *consistent* databank for planning in the region.

Data list includes but is not limited to:

- Housing type (single-family, townhouse, multi-family, ADUs, etc.);

- Number of bedrooms (1, 2, 3+ bedroom units);

- Housing condition;

- Housing and transportation costs and affordability for different household incomes (30%, 50%, 80%-120% AMI, and market rate), including narrative around the housing and transportation tradeoffs consumers have to make due to lack of housing in places with access to desired destinations;

- Demographics that most affect housing choice and opportunity including income, age, race/ethnicity, and tenure;

- Geographic distribution of current affordable housing inventory; and

- Equity indicators to measure access to economic opportunity, health and public safety, education, and environmental hazard mitigation; with the purpose of helping planners address geographical disparities. These may include indicators and measures from the Office of Equity and Inclusion in Albuquerque and COG-defined areas of persistent poverty, social vulnerability index, Vision zero index, climate action plan.

- In addition Root will share a list of housing industry stakeholders and contacts that can help MRCOG foster regional cooperation by enhancing its public outreach efforts.

Geographies. Geographies that will be included in the HNA report, production model, and dashboard for the MRCOG Region will include: the MRCOG region, the Albuquerque Metropolitan Planning Area (AMPA), Bernalillo, Sandoval, Torrance, and Valencia Counties, City of Rio Rancho and City of Albuquerque (tract-based), and all 23 CPAs. Maps for all the geographical areas are shown below.
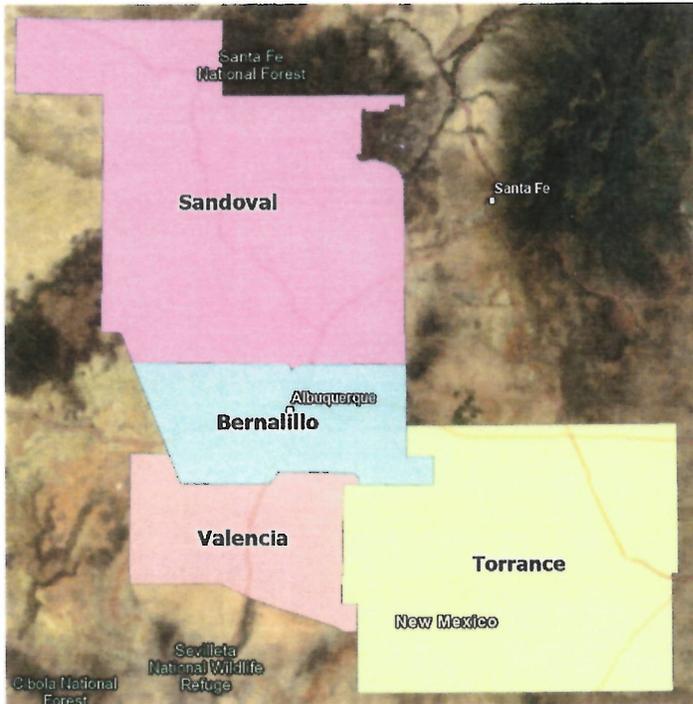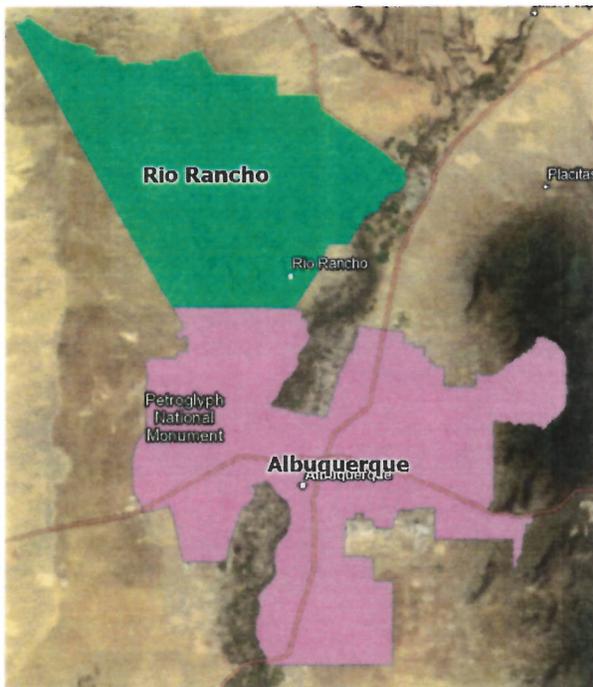
MRCOG Region
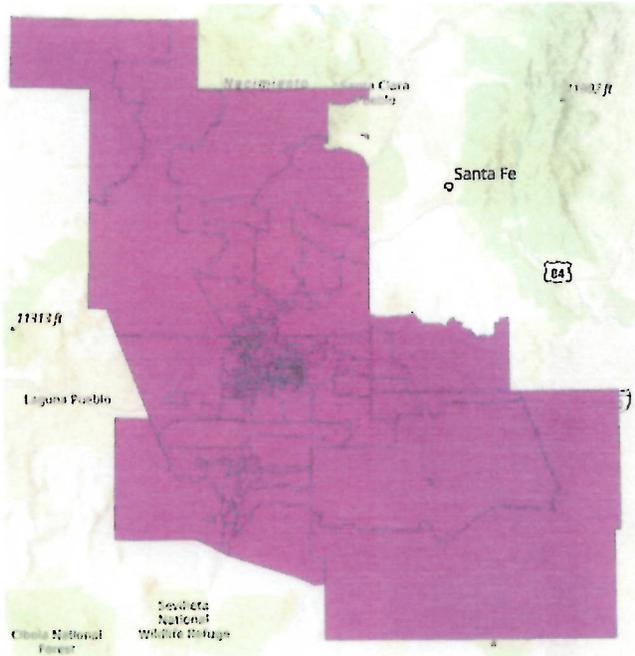
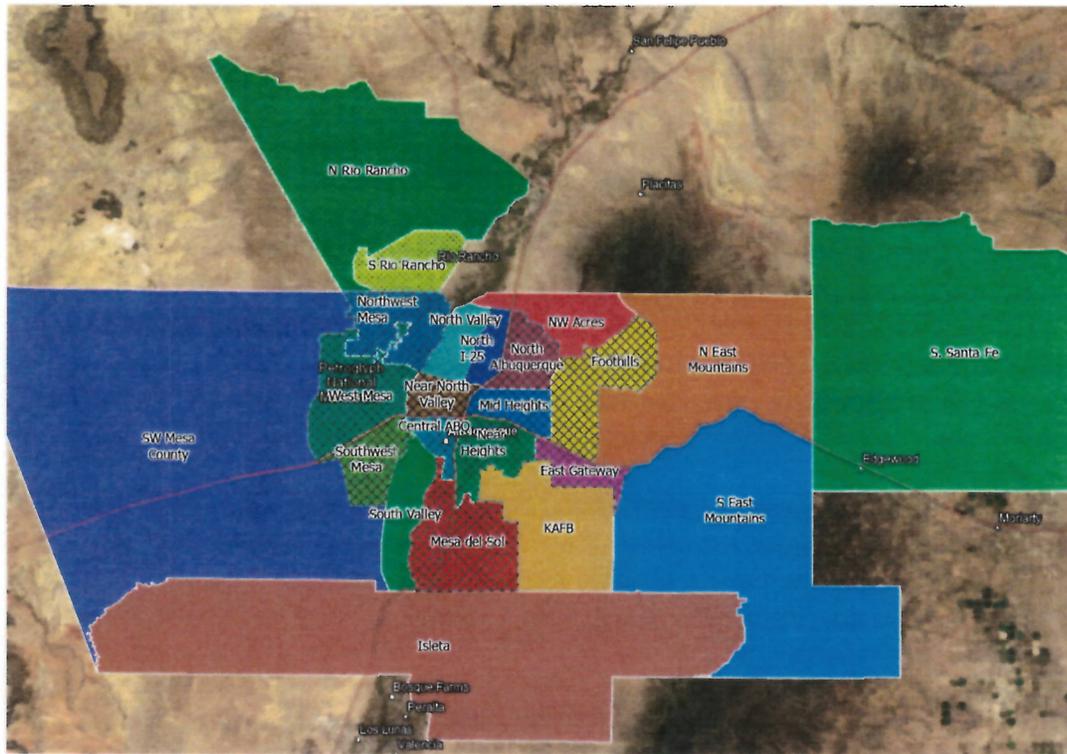## Albuquerque Metropolitan Planning Area (AMPA)
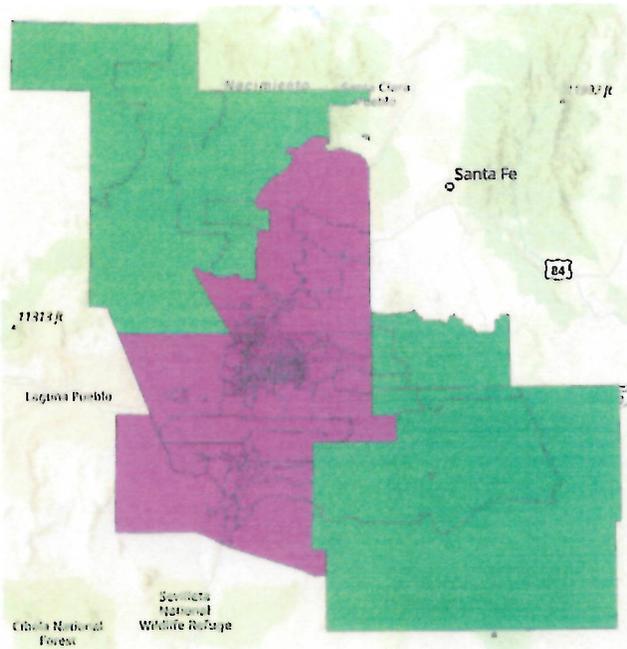
Counties

Cities

Community Planning Areas

To this end, Root Policy proposes the following tasks to meet the study goals.

Task 1—Project Initiation. After the notice to proceed, the Root Policy Research team would hold a video call with project management staff. At this meeting we would:

- Review the scope of work stated in this letter of proposal and how the proposed approach aims to accomplish it;

- Refine the proposed tasks as needed; and

- Discuss existing research and data needed to inform the study. Root will conduct an inventory of data privately and publicly available for the analysis and identify potential data purchases for data needed to supplement public data—e.g., recently completed reports and surveys, permit data, assessor's data, University of New Mexico Bureau of Business and Economic Research (BBER) data and projections—and which we do not already possess (from the MFA housing strategy work).

Throughout the project, Root would be available to hold bi-weekly calls with project staff to discuss project progress and findings.

Task 2—Needs Assessment Data Collection and Analysis. Root is familiar with a wide range of demographic and housing data and excels at efficient data collection and analysis. We regularly access publicly available, proprietary, and local data sources. We anticipate the following sources as part of our initial data collection and will supplement as new sources (and/or new project questions) arise.

- **Socioeconomic data.** Analysis of demographic, economic conditions, and equity trends including labor force, income, poverty, and access to opportunity would include (but are not limited to) U.S. Census Bureau's Decennial Census and American Community Survey (ACS) 1-year estimates and public use microdata sample (PUMS), Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW), Longitudinal Employment-Household Dynamics (LEHD), BBER forecast data, data on historically disadvantaged communities, areas of persistent poverty, social vulnerability index, Vision zero index, and climate action plans.

- **Housing market and development trends data.** Data sources for housing market metrics and development patterns include (but are not limited to) ACS, Multiple List Services, Zillow analytics, rental market surveys, AirDNA, local assessor data, permit data from local planning departments and/or State of the Cities Data Systems, and local land use and zoning maps (shapefiles).

  We would build into this subtask an analysis of PUMS data to determine if aging households are occupying units that are better suited to families, and what they could afford if they were to seek alternative housing.

- **Affordable housing inventory.** Inventory of income-restricted affordable housing units would be developed both from local sources such as jurisdictional databases (we understand that the City of Albuquerque maintains data on affordable housing developments), state housing finance authorities, non-profits, and public housing authorities, as well as HUD's Picture of Subsidized Households and the National Housing Preservation Database (NHPD).

  We would create maps showing where housing is located by affordability, tenure, income-restricted and naturally occurring—and how the geographic dispersion of housing relates to other costs, such as transportation cost. We would calculate a new measure of cost burden based on housing+transportation cost.

- **Fair share analysis.** This task would involve a comparison of each county's and planning area's share of the region's households by AMI level; a comparison of the share of affordable housing; and an identification of where counties and planning areas are under- or over-supplying affordable housing relative to the region's overall AMI distribution. This analysis would help determine where different types of housing should be allowed to

create balanced housing choices. We would incorporate the equity indicators into this analysis through mapping and overlays.

Data will be used to summarize trends at the city, regional, county and planning area levels and where data are available, produce maps by Census tract.

Task 3—Production Model. Once the data analysis and collection in the previous task is completed, we would construct a model to project production needs for the 20 year horizon, in 5 year intervals.

- The model would begin with a baseline consistent with the approach used to project needs in the New Mexico Strategic Housing Plan updated with new data. We would review these projections with COG and city staff and create a model that incorporates the range of growth forecasts that have been completed and show varying levels of population growth.

- The projections would produce different scenario analysis to model what people can rent and buy under different model assumptions—including different demand factors such as interest rates, population growth rates, and household income growth rates. In addition, household formation rates by age group will be folded into the scenario analysis to project how trends in aging and desire to age in place will impact housing demand and supply.

Once the housing needs data analysis is completed, we would present our suggested model approach to the relevant internal and external stakeholders and incorporate their input into the model. Forecast needs can be produced for different populations and geographic levels of interest, including but not limited to:

- New housing units by type to accommodate growth in low income renters;

- New housing units by type to accommodate growth in moderate income renters;

- Subsidies and new units by type needed to reduce cost burden for current housing burdened renters;

- Subsidies needed to reduce cost burden by type for current housing burdened owners;

- Units by type and subsidies needed to serve seniors, households with disabilities, and persons experiencing homelessness;

- Units by type needed to accommodate second home and vacation rental demand; and

- New housing units by type to accommodate employment demands.

Task 4—Housing typology, affordability, and zoning analysis. This task would begin with housing development cost modeling to determine which housing types would most likely

meet the housing production needs by affordability level and household characteristics. We would model the likelihood that those product types remain affordable if price trends and income trends continue.

Working with city and COG staff, we would analyze zoning and land use policies to determine the ability of the counties, planning areas, and region to accommodate needed housing types—and where adjustments would need to take place to attain the production needed to ensure that household affordability needs are met.

Task 5—Dashboard. Once a draft model is completed and provided to staff for review, we would hold a workshop with staff to discuss the dashboard components. The dashboard would be built in Microsoft Excel and provide comparable data for all geographies that can be used to make informed policy and planning decisions about housing needs. The dashboard will be intuitive for staff to use and will include instructions on how to use the dashboard.

The following exhibit shows a model example created in Excel.

Excel Model for Austin, TX
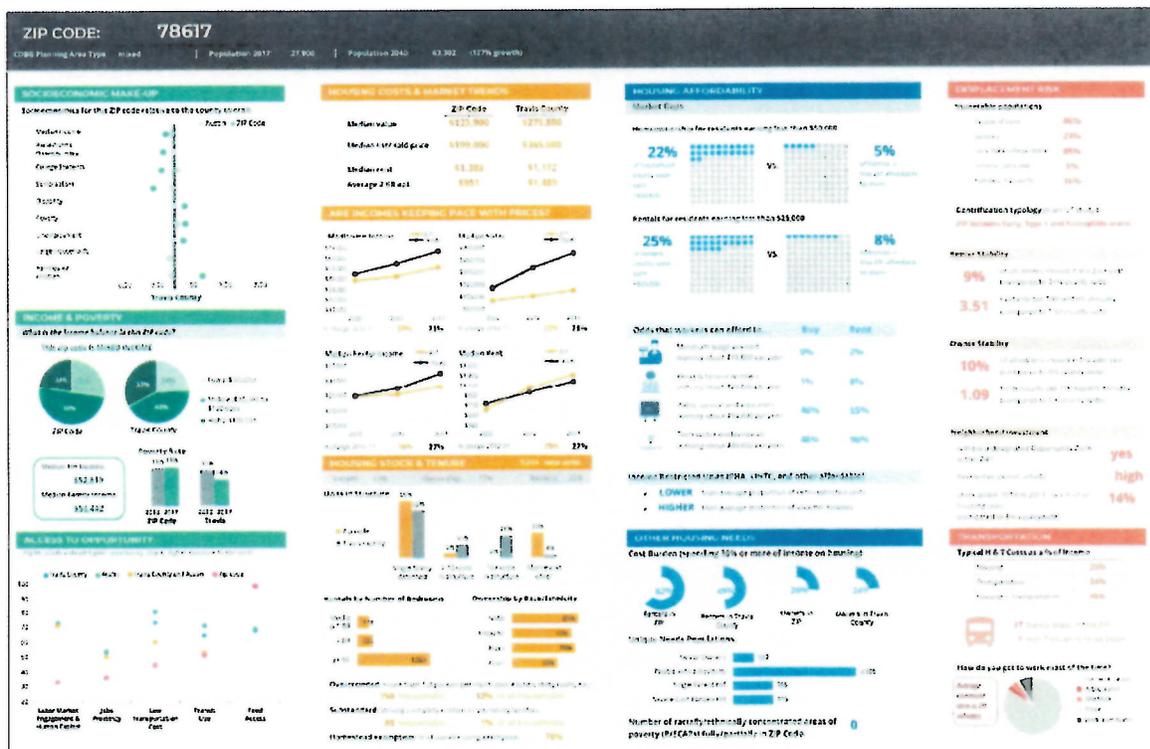
Task 6—Policy Recommendations and Report. A final written report will be provided. The report would provide information and context around what housing types is the market providing and what is missing. Given what is being produced, the report would indicate policy recommendations on what type of public intervention— land use, subsidies, incentives—is needed to meet the housing needs of different populations and tailored to geographic areas. Policy recommendations will also include strategies to integrate housing demand with transportation needs in order to foster economic development and competitiveness in the region. These strategies and recommendation will be tailored to regional policy leaders.

The report would be in a PDF format and include easy-to-read and digest charts and infographics and will include an executive summary with key findings and projections. The report can be tailored to meet the organization's desired design standards.

Project Budget

The budget for the MRCOG projects is shown below.

Project Task	Director ($200/hr)	Associate ($150/hr)	Research Associate ($125/hr)	Total Hours	Total Fees
Task 1. Project Initiation	2	4	2	8	$1,250
Task 2. Typology, Zoning, Transportation and Cost Analysis	20	25	25	70	$10,875
Task 3. Production Model	10	15	20	45	$6,750
Task 5. Dashboard	10	15	24	49	$7,250
Task 6. Policy Recommendations and Report	20	35	45	100	$14,875
Data Purchases					$10,000
Total	**62**	**94**	**116**	**272**	**$51,000**

Estimated Project Timeline

Root proposes the following timeline for completion.

Project Tasks			2023								
		Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Task 1.	Project initiation and Scope Refinement	■								
Task 2.	Needs Assessment Data Collection and Analysis		▓	▓	▓					
Task 3.	Production Model									
	Model Draft/Final Draft					▓	▓	•	•	
	Stakeholder Input						▓			
Task 4.	Dashboard									
	Dashboard Draft/Final				▓	▓		•	•	
	Stakeholder Input							▓		
Task 5.	Reports and Recommendations									▓
	Report Drafts								•	
	Final Reports									•
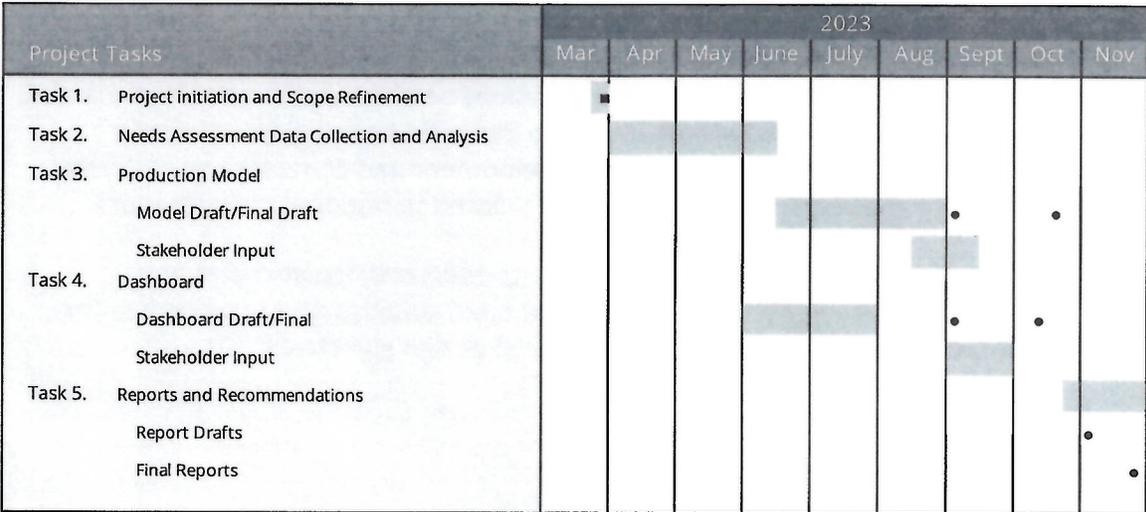
● Deliverable
■ Meeting(s)

Please let me know if you have any questions about this proposal and would like the opportunity to discuss the methodology in more depth.

We would be pleased to have the opportunity to complete this work for you.

Sincerely,

Heidi Aggeler
Managing Director