



Homes and Community Renewal

ANDREW M. CUOMO
Governor

JAMES S. RUBIN
Commissioner/CEO

July 21, 2016

Board of Directors
Park Reservoir Housing Corporation
3845 Sedgwick Avenue
Bronx, NY 10463

Re: Project Management at Park Reservoir Apartments

Dear Board Members:

It is our understanding that the Board is considering obtaining the services of a new managing agent at Park Reservoir. As all DHCR-supervised developments must follow certain legal requirements in soliciting, selecting and securing a new managing agent, I am providing you with the following summary overview of the process.

DHCR's review and approval is required at three stages of the process, beginning with the bidding solicitation (*see* 9 NYCRR § 1729). Modification or waiver of the process is permitted, but only upon DHCR's approval of the housing company's written request (*see e.g.* 9 NYCRR §§ 1700.5 & 1729-1.2 (m)). We have received no such request and, based on DHCR's long-standing supervision of the development, no exigent circumstances currently exist which might justify any such modification or waiver. While our requirements in summary form are set forth below, please be sure to consult with your legal counsel and with DHCR staff to ensure proper compliance and the most efficient process.

Eligibility

All proposed managing agents must meet the minimum eligibility requirements under DHCR's Mitchell-Lama regulations (*see*, 9 NYCRR 1729-1.2(a)). They must, among other selection criteria, be a licensed, NY State real estate broker and must provide a Statement of Qualifications (please request DHCR form) describing its experience and capacity for managing the development. They must also furnish fidelity bond coverage for certain employees and submit a proposed management plan (including an affirmative action plan) for DHCR's approval.

Competitive Bidding

The solicitation, bidding and selection processes are also subject to DHCR review. DHCR must pre-approve the housing company's written bid package (bidding specifications may be supplied by DHCR's Office of Housing Management). A housing company must solicit bids, in writing, from

prospective management firms, and must take affirmative steps to ensure that minority and woman-owned business enterprises (M/WBE's) are included in such solicitation and given fair consideration.

Prior disclosure is required by the managing agents, their employees, and any affiliated companies of any direct or indirect interest in any business providing (or proposing to provide) materials or services to the housing company (*see, 9 NYCRR 1729-1.4*). The housing company should provide DHCR with copies of all bid packages and notify DHCR of the basis for its final selection.

Contract

The contract between the housing company and the managing agent should be on the DHCR form and include the previously approved management plan for the development. The managing agent fee is established by the housing company, subject to the limitations in DHCR's regulations (*see, 9 NYCRR 1729-1.2(a)*).

Please note that proper diligence and good business practice should be employed in entering any such exercise. The financial obligations incurred in engaging a managing agent, as well as the comparative costs of currently shared services with Amalgamated Houses such as security, mechanical maintenance and social activities should be examined for a complete understanding of the costs and benefits involved.

Please feel free to contact Peter Fadis, Assistant Director, at 212-480-7359, with any questions you may have.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Damico', with a large, stylized flourish at the end.

Robert Damico
Director, Office of Housing management

cc: E. Goodman, Esq., C. Zsebedics