54TH & RIVERVIEW ROAD REQUEST FOR PROPOSALS (RFP)

INTRODUCTION

The City of Minneapolis ("City") is seeking development proposals for certain properties currently owned by the Minnesota Department of Transportation and to be purchased by the City of Minneapolis and passed through to a successful respondent/developer of this Request for Proposals solicitation. The Primary Redevelopment Area includes the following properties:

| Property Address | PID |
|------------------------------|-------------------|
| 5360 Riverview Road | 1702823340027 |
| 5356 Riverview Road | 1702823340026 |
| 5352 Riverview Road | 1702823340025 |
| 5344 Riverview Road | 1702823340023 |
| 5348 Riverview Road | 1702823340024 |
| 5114 54 th Street | [No PID assigned] |
| 5110 54 th Street | [No PID assigned] |
| 5106 54 th Street | [No PID assigned] |
| 5100 54 th Street | [No PID assigned] |
| | |

See the Area Map in Exhibit A and the Survey in Exhibit B for an aerial perspective of the Primary Redevelopment Area.

The City can and will consider the inclusion of 5368 and/or 5372 Riverview Road (PID's 1702823340029 and 1702823340030, respectively) if a respondent can show evidence of a purchase agreement for contiguous parcels linking the Primary Redevelopment Area to these parcels, and a project proposal that includes these parcels. The City is also open to other proposed extensions of the redevelopment area if relevant purchase agreements for affected privately owned parcels can be produced and submitted with the development proposal.

Also, on the western boundary of the Primary Redevelopment Area, there is a right-of-way currently owned by the Minnesota Department of Revenue. As shown on the Survey (Exhibit B), this public right-of-way, the "Yardville" right-of-way (ROW) currently includes electric power poles on its eastern portion. The City encourages

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applicants to consider this ROW area in their preparation of proposals. Additional complications to incorporating a portion of this ROW area are anticipated with moving of the power poles and a complex property transfer process (from State to the County to the City and on to the subsequent developer). Property owners to the west of the Yardville ROW have expressed an interest in maintaining a green-space buffer like the one that the ROW currently offers. The City encourages, but does not require, all respondents to this RFP to think creatively about a way to incorporate this ROW into their proposals in a way that maximizes the aesthetic, environmental, and use value of this ROW for residents of the proposed development and existing, adjacent residents. Respondents' proposed approaches to this area will be among the considerations in the evaluation of proposals and could provide additional strength to a proposal.

The City's development objectives for the property are medium-density residential development of approximately forty to fifty (40-50) units, consistent with R4 zoning standards, with a preference for senior/elderly rental or ownership housing.

SITE FACTS

The Primary Redevelopment Area has included three single-family homes planned for demolition by the City of Minneapolis and vacant land. The site is approximately 78,000 square feet of land with a current zoning classification of R-1. In support of the development objectives for the site and outlined elsewhere within this RFP, the City may entertain a rezoning of the site appropriate to accommodate the proposed development that is still consistent with adopted City policies and neighborhood guidelines. Any chosen developer would be responsible for applying for rezoning of the site to accommodate their proposed development.

This site is subject to the policies in the Minneapolis Plan (the City's comprehensive plan) and the adopted small area plan for the area, the Nokomis East Station Area Plan. Both plans can be accessed on the Planning Division's website at http://www.ci.minneapolis.mn.us/citywork/planning/nokomis.asp

ESTIMATED FAIR REUSE VALUE OR ASKING PRICE

An estimated fair reuse value of the site has been determined, estimating the value at \$879,650 or approximately \$12 per square foot. The City reserves the right to re-value the site based on responses to the RFP and the specific proposals submitted.

DEVELOPMENT GOALS

The development objective for the area is medium-density, mixed-income housing, with a preferred outcome of age-restricted senior housing (rental and/or ownership) and a price or rental structure that supports as broad a range of incomes as possible, subject to the income requirements below. This objective is broadly consistent with the Yardville Precinct section of the Nokomis East Station Area Plan,

adopted by the City Council on January 12, 2007. The Plan encourages redevelopment in the area that is "single-family, two family and two to three story multi-family housing". Also consistent with the Plan, preferred development proposals would include sensitivity to and respect of the existing context of predominantly single-family homes. In addition, the Plan indicates area interest in senior housing and this objective is consistent with a City goal of senior housing development. Because of City funds used to acquire the site and the City Unified Housing Policy, any chosen proposal will need to be mixed-income, wherein 51% of housing units are affordable to and occupied by households at or below 80% Area Median Income (AMI) with \$59,600 for a household of four or \$47,700 for a household of two. In addition, 20% of the units must be affordable to and occupied by households at or below 50% AMI with \$39,250 for a household of four or \$31,400 for a household of two.

Respondents are encouraged to consider Design Principles, attached as Exhibit C, developed by local neighborhood participants in a May, 2007 design charrette conducted by a local architecture firm retained by Nokomis East Neighborhood Association (NENA) for this purpose. As discussed below, attention to these design guidelines is one consideration in the evaluation of development proposals. Respondents may also wish to view digital images of various building concepts and footprints at the following web link:

http://www.nokomiseast.org/association/dev/dev-riverview-update.htm illustrating charrette participants' ideas of potential ways to incorporate the design principles into a proposed development.

None of the digitally photographed building concepts and footprints have been formally reviewed and evaluated by the City with regard to development feasibility, zoning, compatibility with adjacent land uses, nor compliance with the Nokomis East Station Area Plan, and are intended only to illustrate expressions of the design principles developed in the workshop.

The purpose of this RFP is to solicit proposals specifically related to the redevelopment of the addresses listed above. However, proposals that include a larger project area will be accepted and considered if the proposing developer can provide evidence of site control for additional and adjacent parcels.

PROPOSAL DEADLINE

Proposal submission

Respondents must submit copies of their proposals as follows: one unbound copy, ten bound copies and one electronic version in Microsoft-compatible or PDF format on diskette or CD. Respondents must use the Development Proposal Information Form in Exhibit D and be on standard 8 ½" by 11" paper. All supporting documentation must be on paper no larger than 11" by 17". Proposals and supporting documentation must be submitted in a sealed envelope labeled "54th & Riverview Road Development." Telefaxed proposals will not be accepted.

Respondents may choose to provide additional sets if and when invited to do so for presentation purposes. Submissions will not be returned.

Proposals should be delivered on or before Friday, August 31, 2007 at 4:00 p.m. to the following:

City of Minneapolis
Department of Community Planning and Economic Development (CPED)
ATTN: Carol Gesk
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Proposals received after the deadline will not be accepted. It is neither CPED's responsibility nor practice to acknowledge receipt of any proposal. It is the responder's responsibility to ensure that a proposal is received in a timely manner.

RFP INQUIRIES

Prospective responders may <u>only</u> direct questions <u>in writing</u> to the department contact person:

Theresa Cunningham, Senior Project Coordinator Multifamily Housing Development Department of Community Planning and Economic Development 105 South Fifth Avenue, Suite 200 Minneapolis, MN 55411

Email: theresa.cunningham@ci.minneapolis.mn.us

Fax: 612-673-5248

All questions are due before or no later than August 15, 2007. Questions will be answered in writing and posted on the Department of Community Planning and Economic Development (CPED) Web site (www.ci.minneapolis.mn.us/cped). The department contact person is the only individual who can be contacted about the project by respondents before the proposal deadline. The department contact cannot vary the terms of the RFP. If you would like to tour the property, contact the department contact person in writing to schedule a tour.

PROPOSAL CONTENTS

Proposals must include the following:

- 1. A cover page that includes the following information:
 - a. Developer's name and mailing address
 - b. Developer's current legal status: corporation, partnership, sole proprietor, etc.
 - c. Federal Tax ID number or Social Security number
 - d. State Tax ID number

- e. Contact person's name, title, phone number, fax number and e-mail address
- f. Signature of authorized corporate officer for each entity proposing as a partnership or team
- 2. A description (narrative, preliminary schematic plans and elevations) of the proposed development (e.g., size of building and square footage of specific components, nature of improvements, number of parking spaces, anticipated materials and design style, circulation patterns, loading/service provisions) to be built on the site. If the development is proposed to be phased, the narrative should clearly define the components and timing of each phase and indicate the nature of the conditions upon which construction of subsequent phases would be based. If residential development is proposed, the proposal should include information about the bedroom compositions, rents and/or sales prices and amenities/services included. If commercial development is proposed, information should be included about the anticipated type of tenants expected.

The respondent may submit additional alternative development scenarios for consideration; for example, if the respondent seeks to acquire additional land and assemble a larger site, or to propose an alternative configuration on the site. These alternatives must be accompanied by preliminary plans and elevations, and the capital and operating pro forma information listed in numbers 4 and 5 below.

3. An identification of the entities that will be involved, a description of the roles they will play (e.g., developer, architect, building owner, property manager, tenant, professional consultant) and a summary of the team's past experience in working together. A description of each of the entities' experience in developing similar projects must be included, including location, type of development, respondent's role(s), cost of project, funding sources, status of project, and information about any continued financial or operating interest in each. Include specific previous relevant experience with public entities, including reference contact information. The City may ask for supporting documentation substantiating claims of previous experience. Summarize any lawsuits to which the respondent or any principals of the respondent organization have been a party. Identify the principal person who will speak for the development team and any other key participants who will be involved in negotiating the project terms. Specify whether the development entity is or intends to form a corporation, a general or limited partnership, a joint venture or other type of business association to carry out the proposed development. The developer must also provide two years of financial statements, which may be submitted confidentially to the CPED director under separate cover. Design consultants on the team must be licensed in the State of Minnesota and contractors must be licensed to work in the City of Minneapolis; the submission must include a certification that identified team members meet these requirements.

- 4. A preliminary **capital pro forma** showing the detailed sources and uses of funds (debt, equity and other) to acquire the parcel and construct the development (including any tenant improvements). Information as to the status of securing those funds should be included and inclusion of a conditional financing commitment is strongly encouraged. Clearly indicate any public assistance to be requested. Use the capital pro forma format that is part of the Development Proposal Information Form in Exhibit D.
- 5. For rental projects, a preliminary **operating pro forma** of at least 20 years for the building operation, including the assumptions underlying the income and expense projections. Also show the Cash-on-Cash Return and Internal Rate of Return. If the project includes multiple uses, the operating pro forma should be broken down for the component uses. Detailed pro formas (separate commercial vs. housing) in a format acceptable to CPED will be required during the negotiation of a redevelopment agreement. Use the Required Operating Pro-Forma Format in Exhibit F.
- 6. A **market study** or other information documenting the demand for the proposed space.
- 7. A **description of the public benefits** that will result from the development, e.g., the number and types of housing units, the creation or retention of jobs (including the estimated number, type and wage levels), tax base enhancement, the provision of retail goods and services, etc. This should include an estimate of the taxable value upon completion and annual real estate taxes.
- 8. A **proposed timeframe** for the development, including identification of any conditions that must be met before the proposal can become a reality. The schedule should include the time needed to obtain financing, complete design and secure permits and approvals, prepare the site, start and complete construction, and start and complete lease-up and/or sellout.
- 9. An executed "Consent for Release of Response Data" form (Exhibit E). Proposals that do not include an executed "Consent for Release of Response Data" form shall be considered incomplete which will be grounds for rejection of the entire proposal.
- 10. Provide information on past development activities and/or projects completed for other public and/or private sector clients that shows the competency of the respondent in acting as the lead development entity, being sure to specify size, capacity, and experience relevant to similar type developments. Provide references related to projects that are similar in size and scope to this project that may be contacted by the City project manager with phone numbers and email addresses, if available.

11. Any **other information** that would help City staff members understand and evaluate the concept. If the proposal is for a housing cooperative, the respondent should detail whether shares will trade hands, wholly or in part, on a limited-equity or market-rate basis. The respondent should also discuss expected equity requirements and resulting monthly carrying charges.

The contents of the proposal and any clarification to the contents submitted by the successful respondent may become part of the contractual obligation and be incorporated by reference into the redevelopment contract between the selected developer and the City.

Developers responding to this RFP are not required to provide a good faith deposit on the land with their proposals. However, the developer whose proposal is ultimately selected by the City Council must make the required deposit at the time of selection. At the time the purchaser signs the redevelopment contract, the purchaser must pay to the City a good faith deposit equal to 10% of the purchase price to secure construction/rehabilitation performance on the development property. The good faith deposit is in addition to the full purchase price and is returned to the purchaser only after the construction/rehabilitation is complete.

EVALUATION CRITERIA

Evaluation of proposals will be conducted by a RFP Review Committee, which will be made up of City of Minneapolis project coordination, zoning and planning staff, a local City Council member's representative, and members of the local neighborhood organization. The evaluation criteria will be used to evaluate each proposal based on the respondent's and the proposal's level of completeness and readiness. The review committee will allocate points to each proposal based on the following evaluation criteria and maximum point system:

| # | Evaluation Criteria | Max. Points |
|---|---|----------------|
| 1 | The experience, financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget. | 10 |
| 2 | The extent to which the proposed development is in compliance with the Minneapolis Plan and the Nokomis East Station Area Plan at | 10 |
| | http://www.ci.minneapolis.mn.us/citywork/planning/nokomis.asp and the zoning standard that the developer plans to seek if | |
| | granted development rights. | |
| 3 | The extent to which the proposed development follows the design principles included in Exhibit C. | 10 |

| 4 | The extent to which the proposal addresses the parking needs of the development and the surrounding community. | 5 |
|----|--|----|
| 5 | Anticipated ability of the project to secure necessary public and private funds. | 10 |
| 6 | Extent to which the project can move forward on a timetable that coordinates with other development in the area. | 10 |
| 7 | Overall quality of the submission. | 10 |
| 8 | Review of related previous experience. | 10 |
| 9 | Quality of design, including inclusion of green/sustainable building elements. | 10 |
| 10 | Priority for senior/elderly housing projects. | 10 |
| 11 | Quality and specificity of developer's expressed commitment to work with the neighborhood and area residents. | 5 |

Maximum Points 100

The City may, in its sole discretion, expand or reduce the criteria upon which it bases its final decisions regarding selection of the developer for proposed development.

CITIZEN PARTICIPATION

The City of Minneapolis has established a citizen participation process for development projects impacting neighborhoods and values the advice/input from the public obtained through this process. The neighborhood group officially designated to provide input on responses to this RFP is Nokomis East Neighborhood Association. Under the Minnesota Government Data Practices Act, Minnesota Statutes Ch. 13, public disclosure of RFP response data prior to execution of a contract is restricted. In order to meet the City's citizen participation goals, the City requires each respondent to execute and submit a "Consent for Release of Response Data" form as attached to this RFP as Exhibit E. Failure to submit the "Consent for Release of Response Data" will be grounds for rejection of the entire proposal as unresponsive. Notwithstanding the foregoing, if respondents are being asked to provide financial statements as part of the RFP response, respondents may submit such financial statements confidentially under separate cover pursuant to the Minnesota Government Data Practices Act.

REVIEW/SELECTION PROCESS

Review of proposals will proceed in the following steps.

- 1. RFP Review Committee. The RFP Review Committee is comprised of City staff and neighborhood organization representatives who will review qualified proposals, with particular attention to the market, financial, and physical feasibility. At the sole discretion of the RFP review committee, the committee may wish to identify a top tier of candidate proposals based on a technical and financial feasibility review.
- 2. Presentations. Some or all of the respondents may be requested to present their proposals to the review committee and/or neighborhood organization. It is hoped that this review process will be completed by October 1, 2007.
- 3. RFP Review Committee recommendation. The RFP Review Committee will recommend the developer that best meets the evaluation criteria. The RFP review committee recommendation will be forwarded by CPED staff to the CPED Director, then to the Community Development Committee for review and recommendation, and then to the City Council for action.
- 4. City Council action. The City Council will review the Committee recommendation and make its decision on the selected developer or team.
- 5. Negotiations. If the City Council selects a development proposal that does not entail any additional public investment, staff will proceed to negotiate with the selected developer the terms of the proposed land sale. If the selected proposal requests additional public investment, staff will determine what types of further analysis, underwriting and/or other processes are required. Unless further analysis indicates that the selected proposal is infeasible, staff will negotiate the terms of the proposed transaction during this period.
- 6. Land Sale Public Hearing. Once the redevelopment contract terms have been negotiated and any further analysis completed, staff will return to the City Council for a land sale public hearing and consideration of approval of the land sale and related terms.

The City reserves the right to reject any or all proposals or parts of proposals, to negotiate modifications of proposals submitted, and to negotiate specific work elements with a respondent into a project of lesser or greater magnitude than described in this RFP or the respondent's reply.

TIMING

It is the City's desire that a redevelopment contract be executed with the selected respondent in early 2008 and that construction of the project would begin no later than Summer 2009, earlier if possible.

Following is an anticipated timeline, which is **subject to change**:

Posting / distribution of RFP June 18, 2007

CPED informational meeting June 29, 2007

2:00 – 3:30 p.m. Crown Roller Mill, Suite 200 105 Fifth Avenue South Conference Room #3

Submission deadline for proposals August 31, 2007

Review/evaluation of proposals and neighborhood review

complete no later than: October 31, 2007

RFP Committee recommendation by November 2007

Report to Community Development Committee November/December 2007

Target date for City Council action: December 2007,

January 2008

CITY CONTRACTING REQUIREMENTS

The selected developer will be required to enter into a redevelopment contract with the City and comply with any applicable City requirements. These requirements vary depending upon the type of development and the source and amount of public investment, if any, and may include, without limitation, the payment of prevailing wages for construction, the preparation of affirmative action plans, competitive bidding, compliance with the Small and Underutilized Business Enterprise program or equivalent federal program, and Business Subsidy Act/Living Wage Policy, and reporting requirements for those programs. Some of the standard requirements are further discussed below, but the following list is not exhaustive. Respondents unfamiliar with these standard requirements are urged to seek further information.

The developer is responsible for compliance with all City contracting requirements. Failure to incorporate the requirements as appropriate in any bidding documents or contracts may make a project ineligible for funding or public assistance.

1. Equal opportunity (nondiscrimination and affirmative action) The selected developer and contractor will be required to submit a written affirmative action plan for the development project and to comply and cause its contractors to comply with applicable provisions of Chapters 139 and 141 (Title 7, Civil Rights), Minneapolis Code of Ordinances, nondiscrimination

provisions contained in Chapter 181, Minnesota Statues, the Americans with Disabilities Act of 1990 (as amended), Section 109 of the Housing and Community Development Act of 1974 (as amended), the Age Discrimination Act of 1975 (as amended) and Executive Order 11246, as amended by Executive Order 12086. The selected developer will be required to agree not to discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, affectional preference, disability or other handicap, age (40 – 70), marital status, or status with regard to public assistance. The selected developer also will be required to take affirmative action to ensure that all employment practices are free of such discrimination. These employment practices include, but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The developer will post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this non-discrimination clause. The selected developer also will be required to, in all solicitations or advertisements for employees placed by or on behalf of the developer, state that it is an equal opportunity or affirmative action employer. CPED will require compliance in demolition, construction and marketing of development projects.

- 2. The Job Linkage Program links economic development with employment. The purpose of the program is to insure increased employment opportunities for Minneapolis residents. All commercial/industrial development projects whose primary purpose is job creation or retention, that receive non-City public development assistance, are required by contract to identify positions that are reserved for Minneapolis residents.
- 3. The City of Minneapolis **Living Wage Policy** established certain wage and hiring requirements applicable to the owner and tenants of development projects where the primary objective of the project is job creation or retention.
- 4. In accordance with the City's **Prevailing Wage Policy**, the selected developer covenants and agrees that it will cause its general contractor to comply with the wage and hour standards issued by the United States Secretary of Labor pursuant to the Davis Bacon Act, 40 U.S.C. Sections 276a to 276a-5, as amended, and the Contract Work Hours and Safety Standards Act 40 U.S.C. Sections 327-333. The developer shall maintain appropriate payroll documentation for a three-year period after completion of the project.
- 5. City of Minneapolis regulations require that all development projects that receive public financial assistance in excess of \$100,000 must

comply with Chapter 423 of the Ordinance where subcontracting opportunities exist. Such requirements encourage the use of businesses owned by women and minorities in securing construction and professional services, and are applicable to developers and contractors. List of certified businesses can be obtained by contacting the **Small and Underutilized Businesses** Program at 612 673-2112 or on the World Wide Web at www.govcontracts.org. Goals for the proposed project will be established upon approval of the proposed development by the City Council.

- 6. The developer's contractor will be subject to the City's **Apprenticeship Training Policy** for development projects where public financial assistance is provided to the developer/owner.
- 7. Depending upon the level and purpose of public assistance that may be received, provisions of the Minnesota **Business Subsidy Act** may also apply to the project. Should these requirements apply, they will be incorporated into the development agreement.
- 8. The development must be in conformance with the Uniform Federal **Accessibility Standards** as published on April 1, 1988. Developers must describe the accessibility design for people with disabilities of each of the code-required handicapped-accessible units, any proposed housing development (e.g. roll-in showers), the mix of accessible units in the project and where they are located, and any appropriate safety features for vision- and hearing-impaired people.
- 9. The City's **Affordable Housing Policy** applies to any residential development (rental or ownership) with ten units or more, or a project with a residential component of 10 or more units, that receives any public financial assistance. Public financial assistance includes the receipt of Citywide resources through the normal, competitive RFP funding processes established by the City, or the receipt of non-City resources that are either passed through the City or requires the City to be a co-applicant (see Affordable Housing Policy, Exhibit M).

Under the Affordable Housing Policy, three options are available:

- 20 percent of the units in the development must be affordable, or
- A comparable number of affordable units must be legally committed by the developer to be built elsewhere in the City, or
- A payment equal to the number of required affordable housing units times \$80,000 must be made into the City's Affordable Housing Fund.

Units are considered affordable if the rent (and/or the combined PITI with utilities) is no more than 30 percent of 50 percent of the Twin Cities Standard Metropolitan Statistical Area monthly household income, by family size. Affordable units must be occupied by households with incomes less

- than 50 percent of Metropolitan Median Income. Units must be affordable for a minimum of 15 years after completion.
- 10. **Soil Conditions**: The property will be sold "as-is" and it will be the developer's responsibility to correct and pay for all costs associated with soil problems.
- 11. **Rezoning Responsibility**: It is the selected developer's responsibility to undertake and finance any rezoning, variance and use permits necessary for approval of the proposed development.
- 12. **Utilities**: It is the selected developer's responsibility to identify the locations of and provide for the installation of electricity, gas, water, sewer service and other utilities servicing the site from the public mains to the individual units.
- 13. **Construction Standards**: Development must meet FHA minimum property standards and all Minneapolis City codes, and projects will be reviewed for energy efficiency.
- 14. **Residential Sale and Commercial Sale / Lease**: The completed units must be advertised and offered publicly and must be sold to the general public.
- 15. **Hold Harmless**: The Respondent shall agree to defend, indemnify and hold CPED harmless from any and all claims or lawsuits that may arise from the Candidate's activities under the provisions of the development agreement, that are attributable to the acts or omissions, including breach of specific contractual duties of the Respondent or the Respondent's independent contractors, agents, employees or officers.

EXHIBITS

- A. Area Map (PDF)
- B. Area Survey (PDF)
- C. <u>Design Guidelines</u> (Word)
- D. <u>Development Proposal Information Form</u> (Word)
- E. Consent Form for Release of Response Data (Word)
- F. Required Operating Pro-Forma Format (Excel)
- G. Request for Small and Under-utilized Business Program (SUBP) Goals (Word)