

**REQUEST FOR PROPOSALS (RFP)
FOR THE REDEVELOPMENT OF
4100 HIAWATHA AVENUE SOUTH**

INTRODUCTION:

The City of Minneapolis (“City”) is seeking development proposals for certain property owned by the Minnesota Department of Transportation (MNDOT) located at 4100 Hiawatha Avenue South. The City wants to acquire the property from MNDOT for a redevelopment site that includes, specifically, the following property:

<u>Property Address</u>	<u>PID</u>
4100 Hiawatha Avenue South	07-028-23-23-0081

SITE FACTS:

The redevelopment site is approximately 77,500 square feet in size, currently consisting of one vacant single family home and vacant land (see Exhibits G and H), with an existing zoning classification of R1A-Single-Family. The City’s Community Planning and Economic Development Department will support rezoning of the site to accommodate development that is consistent with the City’s comprehensive plan and neighborhood guidelines. This information can be accessed on the Planning Division’s website at www.ci.minneapolis.mn.us/planning.

Low and medium density residential zoning districts (R1A-R4) permit densities in a range from one unit per 5,000 square feet of lot area to one unit per 1,500 square feet of lot area; the size and shape of the parcel may make it a candidate for what is called a “cluster” development:

“Cluster development. A unified development of not less than three (3) dwelling units, either attached or detached, in which one or more principal buildings are grouped together in order to preserve common space for the benefit of the residents of the development. Cluster development allows flexibility in the location of residential structures and the size of individual lots in order to encourage a variety of housing types and the efficient use of land.”

ESTIMATED FAIR REUSE VALUE OR ASKING PRICE

The estimated fair reuse value of the site is approximately \$12.51 per square foot. The City reserves the right to re-value the site based on responses to the RFP and the specific proposals submitted. MNDOT must certify the value prior to City acceptance of an offer.

DEVELOPMENT GOALS

The City of Minneapolis will seek proposals for a multifamily housing development consistent with the Standish Ericsson Neighborhood Design and Development Guidelines (Exhibit C) and Design Criteria (Exhibit D).

It is anticipated that the proposed development will be medium density (approximately 10-30 du/acre), transit-oriented, mixed-income rental or ownership housing.

PROPOSAL DEADLINE

Proposal submission

Proposers 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. Proposals must 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 "4100 Hiawatha Avenue Development." Telefaxed proposals will not be accepted. Proposers may choose to provide additional sets if and when invited to do so for presentation purposes. Submissions will not be returned.

Proposals shall be delivered to the City on or before:

August 31, 2007
4:00 p.m.

To:

**Contract Services
Department of CPED
ATTN: 4100 Hiawatha Avenue Development
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 assure that a proposal is received in a timely manner.

RFP INQUIRIES

Prospective responders may only direct questions in writing to the department contact person:

Kevin Dockry, Senior Project Coordinator
Community Planning and Economic Development (CPED)
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Email: kevin.dockry@ci.minneapolis.mn.us
Fax: (612) 673-5259

All questions are due no later than August 17, 2007. Questions will be answered in writing and posted on the 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 proposers before the proposal deadline. The department contact cannot vary the terms of the RFP.

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 ID number or Social Security number
 - d. State 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. 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.

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, proposer'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 responder or any principals of the responder 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. If the project includes multiple uses, the capital pro forma should be broken down for the component uses (commercial, housing, etc.).
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.
6. A **market study** or other information documenting the demand for the proposed space.
8. 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.
9. 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.
10. 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.

11. Any **other information** that would help City staff understand and evaluate the concept.

The contents of the proposal and any clarification to the contents submitted by the successful proposer 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.

EVALUATION CRITERIA

In reviewing potential development concepts, the following criteria are among those that will be considered:

1. The experience and the financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget.
2. The extent to which the proposed development is consistent with the Minneapolis Zoning Code, comprehensive plan and other relevant planning documents for the area and the development goals of this RFP.
3. The extent to which the proposal adheres to and/or compliments the Standish Ericsson Neighborhood Design and Development Guidelines (Exhibit C) and Design Criteria (Exhibit D).
4. Consistency with the city's Unified Housing Policy (Exhibit J).
5. The market and financial feasibility of the project.
6. The anticipated ability of the project to secure necessary public and private funds.
7. The public benefits that would be provided by the project, including the proposed land price and affordable housing units.
8. Overall quality of the submission.
9. Architectural character and quality of building materials.
10. Quality of exterior environment and public art elements.

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 this parcel.

CITIZEN PARTICIPATION

The City of Minneapolis has established a citizen participation process for development projects impacting neighborhoods and values advice/input from the public obtained through this process. The neighborhood group officially designated to provide input on responses to this RFP is Standish-Ericsson Neighborhood Association (SENA). 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 proposer 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 proposers are being asked to provide financial statements as part of the RFP response, proposers may submit such financial statements confidentially under separate cover pursuant to the Minnesota Government Data Practices Act.

REVIEW/SELECTION PROCESS

A committee that will include City staff and neighborhood organization representatives will review proposals received by the due date. Input also will be sought from the affected neighborhood organization(s). Some or all of the proposers may be requested to present their proposals to the review committee and/or neighborhood organizations. It is hoped that this review process will be completed by October 19, 2007.

The review committee will then make a recommendation as to the developer that best meets the evaluation criteria. This recommendation will be considered by the CPED Director and then forwarded to the City Council for action.

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.

Once 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.

This RFP is contingent on the City's ability to acquire the property from MNDOT.

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 proposer into a project of lesser or greater magnitude than described in this RFP or the proposer's reply.

TIMING

It is the City's desire that a redevelopment contract be executed with the selected proposer by February 1, 2008 and that construction of the project would begin by June 1, 2008.

Following is the anticipated timeline:

Submission deadline for proposals:	August 31, 2007
Review/evaluation of proposals and neighborhood review:	October 15, 2007
Recommendation to City Council Community Development Committee on the selected developer:	November 27, 2007
Final action by City Council:	December 7, 2007

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. Proposers unfamiliar with these standard requirements are urged to seek further information.

- 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 Statutes, 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.

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 **Unified 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 City-wide 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 Unified Housing Policy, Exhibit J).

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 and association dues) 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. CPED commissioned a Phase I Environmental Site Assessment (summary attached hereto as Exhibit I) for the property in February 2005. Any environmental reports in CPED's possession regarding the property may be

reviewed during normal business hours at the CPED offices by making arrangements with the department contact person.

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. Development Proposal Information Form
- B. Operating Pro-forma Format
- C. Standish Ericsson Neighborhood Design and Development Guidelines
- D. Standish Ericsson Neighborhood Design Criteria
- E. Form of Consent for Release of Response Data
- F. Small Business Participation Goals Form
- G. Site Map
- H. Survey
- I. Phase I Environmental Site Assessment (summary)
- J. Minneapolis Unified Housing Policy