**Council Communication**

| Department: Community Development | Resolution No.: 20 - | City Council: February 24, 2020 |
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**Subject/Title**

Resolution selecting White Lotus Group as the preferred developer for approximately 2.5 acres of City-owned land at South 28th Street and 1st Avenue and to enter into a purchase, sale, and development agreement.

**Background/ Discussion**

Background

Starting in 2012, the City began acquiring property in the west end, specifically between West Broadway and 2nd Avenue from 28th Street to 35th Street. Demolition of structures and site grading have occurred and developers have expressed interest in redeveloping some of the property. Because the property is located in the West Broadway Urban Renewal Area, the process for land disposition is dictated by urban renewal law. It is in the best interest of the City to request proposals for the redevelopment of the sites through a RFP process, beginning with the property located between 32nd and 34th Streets from West Broadway to 2nd Avenue. The minimum development requirements, competitive criteria and procedures for disposition were approved by City Council on October 21, 2019

As part of the disposition of property, state statutes require the city ensure a reasonable competitive bidding procedure and 30 days to respond. This also includes providing notice by publication in a newspaper having a general circulation to the community 30 days prior to the execution of a contract involving the transfer of property. The RFP was published October 22, 2019 and proposals were due November 27, 2019.

Developers were required to submit proposals that demonstrate their capacity to satisfy the requirements of the RFP including:

1. Application

2. Project Summary – A brief written description of the project.

3. Project Plans – A scaled plot plan of the proposed development. The plot plan should illustrate the location of structures, parking areas, ingress and egress, open or landscape areas, etc. The developer must also submit additional information such as elevation drawings, photos of similar projects, typical floor plans, etc.

4. Developer Experience – Provide a listing of previous projects completed, especially with regard to projects that are relevant to the proposed development.

5. Project Timeline – A timeline for the project design, bidding, construction and occupancy.

6. Financial Summary – Developer must provide a proposed cost and source of funding for the project, including a 10-year project proforma. Developer must also outline expected funding sources and projected date all financing will be secured.

7. Project Contingencies – Indicate any special assistance needed to implement the project, such as financial assistance, state or federal applications, or other public participation.

The proposal was reviewed by staff of the Community Development Department and was scored using the following criteria, which was detailed in the RFP ensuring developers knew how they would be evaluated.

a. Design, Aesthetics and Quality of Construction Materials and Landscaping (40%): As the first affordable redevelopment project along the corridor, the quality of design and materials is essential. A combination of durable materials and transparency with an urban appearance must be utilized. Preference will be given to developers that:

i. Create an urban environment with a higher density style building on the northern half of the block and a lower density style building on the southern half, providing a transition to the single-family neighborhood.
ii. Utilize architectural details such as color changes, material changes, minor wall offsets, height variations, wall setbacks, accent lines and upper floor step back to articulate building elevations. A list of acceptable building materials is outlined in the "architectural standards" of the corridor design overlay. A list of materials and visual renderings of the site layout, units and exterior design must be provided as a part of this submittal.
iii. Maximize the "exterior construction (durability)" points in the IFA 2020-2021 QAP.

b. Developer's Experience and Capacity (30%): The makeup/description of the developer's project team. The preferred developer will have significant experience in the construction of urban-style, multi-family complexes. The names of individuals involved and the roles they will perform must be listed. Provide a description of the qualifications and experience of the specific individuals who will be involved in the work described in this RFP, including staff and other professionals.

c. Number of Units Proposed, Unit Sizes and Timeline (15%):

i. Preference will be given to developers who maximize the number of units as well as the number of market rate units. A maximum of 80 affordable units will be allowed. Affordable is defined as at or below 80% of the median family income. Provide a target resident type (senior, family, etc.) if applicable. Maximize the "market rate incentive" points in the IFA 2020-2021 QAP.
ii. Proposals will also be scored on the length of time it will take to construct and occupy the project.

d. Funding Sources (15%): Preference will be given to Developers not utilizing either 4% or 9% Low Income Housing Tax Credits (LIHTC). Provide a list of proposed funding sources and when the funds are expected to be awarded/confirmed.

A website was developed for the 1st Avenue electronic content making material more accessible and easier to find. Adopted plans, presentations, zoning codes, development opportunities, media coverage and other information related to the project area were posted. The RFP and resulting Q & A was also posted. Additionally, a regional and metropolitan list of developers (approximately 75 total) were directly mailed the RFP at the beginning of the process and were emailed several updates and reminders throughout the open RFP process.

An appraisal was conducted on the property in August 27, 2019 and the value was estimated at $225,000.

Discussion

One developer responded to the RFP. White Lotus Group submitted proposed a 84-unit multi-family rental housing project along 1st Avenue that will serve families at or below 60% of the area median income and a 16-unit townhome style development along 2nd Avenue that will be owner-occupied. The estimated project cost is $17.4 million.

**Council Communication**

Staff reviewed the proposals and believes the White Lotus Group project fully complies with the requirements of the RFP and the development proposal achieves the City's long-range vision for 1st Avenue and the West Broadway corridors. Staff will have discussions with the selected firm regarding additional goals and design ideas. Once this is complete, contracts for the project with the firm will be brought back to City Council for approval including a purchase agreement and development agreement (including incentives) with the selected developer.

**Recommendation**

Staff recommends selecting White Lotus Group as the preferred developer for approximately 2.5 acres of City-owned land at South 28th Street and 2nd Avenue and to enter into a purchase, sale, and development agreement.