

Request for Redevelopment Proposals

695 – 699 Lowry Avenue NE



Introduction and Offer Price

Introduction

The City of Minneapolis (“City”), through its department of Community Planning and Economic Development (CPED), in collaboration with Hennepin County, is seeking redevelopment proposals for 695 and 699 Lowry Avenue Northeast, on which there are two vacant commercial buildings. Hennepin County acquired both parcels in 2014 through tax forfeiture. The 0.3 acre site is three blocks west of Central Avenue, a busy commercial corridor, and situated between two closely aligned streets with 108 feet of frontage on Lowry.

Proposals in response to this RFP are due in City offices no later than 4:00 p.m. local time Thursday, **February 2, 2017**. The City aims to select a developer, execute a redevelopment agreement, and sell the property in 2017.

Offer Price

The City will sell the properties for \$150,000 plus related fees. However, RFP respondents must also demonstrate the financial and organizational capacity to complete any rehabilitation or new construction proposal they have for the property. Prior to closing on a property sale, a selected developer is expected to secure all financing, receive City planning approvals and building permits, and complete all due diligence necessary to complete their project.

The property will be sold “as is.”

Questions related to this RFP can be directed to the CPED staff representative:

Rebecca Parrell, Senior Project Coordinator

rebecca.parrell@minneapolismn.gov

The City contact cannot vary the terms of the RFP.

Development Objectives

The primary development objective for the site is to create **a community amenity that invigorates the Lowry/Monroe intersection and helps catalyze adjacent development along the Lowry Avenue corridor.**

Achieving this could involve:

- Demolishing the entire site for new construction of commercial or mixed-use destination retail, restaurant, commercial services, or similar use
 - New construction should maximize the development potential of the site, if feasible building multiple stories.
 - Any new housing included should help diversify neighborhood housing stock by adding market-rate units.
 - New construction must allow for at least a 6-foot sidewalk, preferably 8-12 feet.
- or
- Renovating the existing building(s) for destination retail, restaurant, commercial services, or a similar commercial use

All development concepts should include:

- Pedestrian-oriented design;
- Public realm landscaping improvements and functional art installations that promote walkability, bike-ability, safety, and transit use;
- Adequate space for a new transit shelter and plaza at Monroe and Lowry;
- Significant green building practices and features, related to energy, storm water management, et cetera;
- Thoughtful consideration of the proposed uses' parking demand and supply; and
- Design that respects the current context of nearby single-family homes, yet supports a future of more dense, transit-oriented development along Lowry.

The site is in the Holland Neighborhood and the designated neighborhood group, the [Holland Neighborhood Improvement Association](#), has been and continues to be active in the future reactivation of the properties.

The three community principles are ART, ENERGY, and INNOVATION.



Site Details

Building Condition

Both buildings are in dilapidated condition with little updating or maintenance. The second floor apartment has not had a rental license since 1996 and was condemned for lack of rental housing maintenance in 1997. The exteriors and interiors of both buildings would require extensive renovations. The costs to cure the deficiencies may not be justified. Both buildings are considered to be fully depreciated and at the end of their economic life.

Environmental Information

In November 2015, Summit Envirosolutions completed a Phase I Environmental Site Assessment for both properties. Respondents should review this report in detail prior to submitting a proposal ([see RFP Exhibit 1](#)). The Phase I recommends a Phase II due to the site's historic uses, including as a filling station, mechanical shop, and electrostatic paint shop with solvent waste. The report also recommends a Hazardous Materials Survey due to the age of the buildings. It will be the responsibility of a selected developer to further investigate and address the pollution remediation needs as required by current standards and MPCA regulations.

As the nature and severity of the site's environmental condition is further determined, the developer may seek brownfield cleanup grants to help pay for contamination cleanup costs. Depending on the remediation needs and costs and subject to City Council approval, a redevelopment project may be eligible to receive brownfield remediation grants from Minnesota's Department of Employment and Economic Development (DEED), the Metropolitan Council, or Hennepin County. The City works with applicants to review proposed projects and submit applications to the grantors.



| Address | Property Dimensions | Acreage | Year Built | Above Ground Sq Ft | Below Ground Sq Ft | Zoning / Use | Vacancy | Parking Spaces |
|--|---------------------|-------------|------------|-----------------------|--------------------|----------------------|--------------|----------------|
| 695 Lowry Ave NE (PID: 11-029-24-13-0045) | 82'x155' | 0.28 | 1924 | 11,615 (1 story) | 511 | C1 / COF Office | 1 year | 0 |
| 699 Lowry Ave NE (PID: 11-029-24-13-0046) | 26'x56' | 0.03 | 1900 | 2,496 (2 stories) | 1,248 | C1 / CWK Workshop | over 5 years | 0 |
| Totals | | 0.31 | | 14,111 | 1,759 | | | |

Site Photos

Additional photographs can be found in [RFP Exhibit 2](#).

695 Lowry Avenue NE (two-story)



Second floor 3-bedroom apartment, no appliances

699 Lowry Avenue NE (single-story, two storefronts)



Commercial space, most recent use for salvage building materials sales



First floor commercial space



Corner commercial space at Howard Ave, carpeted with multiple rooms

Site Location, Northeast Minneapolis

Drive, Walk, Bike

- 5-minute drive to I-35W access
- 11-minute drive to downtown
- 4-minute walk to Central Ave NE
- 9-minute walk to the Eastside Food Co-op
- 5-minute bike ride to the Mississippi River
- 7-minute bike ride to St. Anthony Parkway

Northeast Minneapolis

The site is located in the Northeast Minneapolis Arts District - one of the nation's [leading arts districts](#), with an incredible number of artist studios, art galleries, and performance spaces embedded in the neighborhoods. Many warehouses and factories are re-purposed as working spaces for over 400 artists.

Within ½ mile

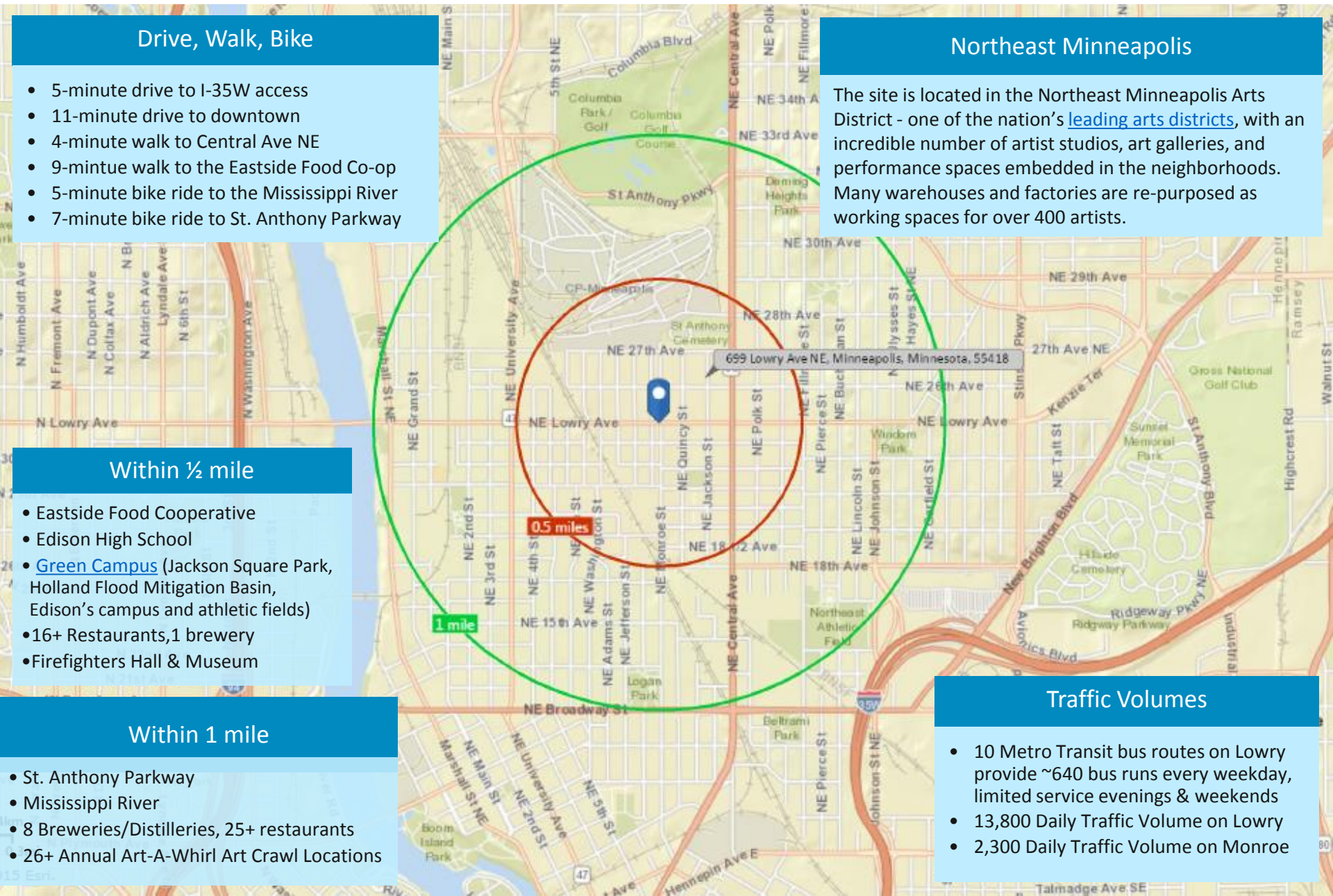
- Eastside Food Cooperative
- Edison High School
- [Green Campus](#) (Jackson Square Park, Holland Flood Mitigation Basin, Edison's campus and athletic fields)
- 16+ Restaurants, 1 brewery
- Firefighters Hall & Museum

Within 1 mile

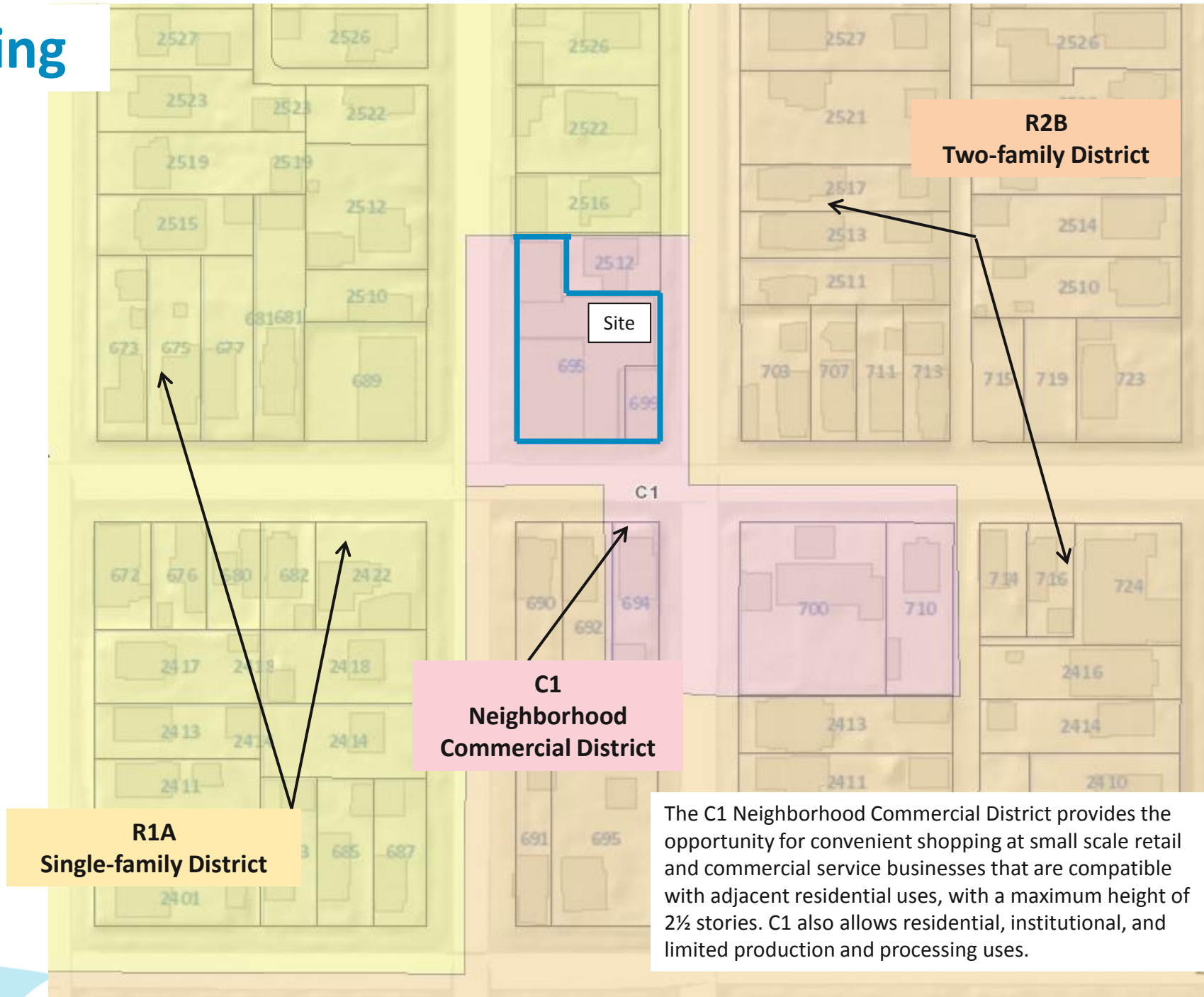
- St. Anthony Parkway
- Mississippi River
- 8 Breweries/Distilleries, 25+ restaurants
- 26+ Annual Art-A-Whirl Art Crawl Locations

Traffic Volumes

- 10 Metro Transit bus routes on Lowry provide ~640 bus runs every weekday, limited service evenings & weekends
- 13,800 Daily Traffic Volume on Lowry
- 2,300 Daily Traffic Volume on Monroe



Zoning



Adopted City Policy

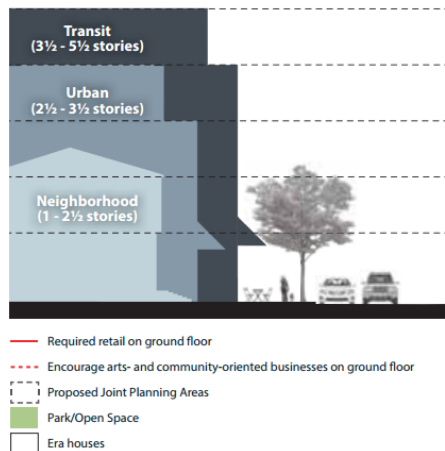
The site is subject to two adopted small area plan policy documents. It is important to review these plans while preparing a proposal in order to understand the development and infrastructure goals of the area.

Holland Small Area Plan (adopted in 2015)

The adopted plan's vision, crafted with the Holland Neighborhood Improvement Association, supports up to 3½-5½ story development for the site at Monroe and Lowry and envisions medium-density housing development with 20-50 dwelling units per acre. The current zoning allows up to 2½ stories, however proposals that conform to the plan's vision will be supported by City Planning staff.

Features of the Built Form Plan

- A. 22nd Avenue becomes an active street with allowances for galleries, workshops, small commercial and cafe uses.
- B. Key intersections throughout the neighborhood have commercial uses on the ground floor.
- C. Collections of "era houses" are celebrated as unique assets in the neighborhood.
- D. Places where the grid is skewed are celebrated with a focal point at the end of the street.
- E. Views to downtown from public spaces are protected.



Adopted City Policy

Lowry Avenue Northeast Corridor Plan and Implementation Framework

Hennepin County prepared this plan with assistance and cooperation from the City, community, and other governmental entities. The Minneapolis City Council adopted the plan in 2015. The document guides decision-making and future public investments in multimodal transportation and streetscaping.

- Calls for a new transit shelter and plaza on the northwest corner of Lowry and Monroe
- Presents market research and analysis on the rental housing, for-sale housing, retail, and office markets
- Proposes three vehicle lanes and no street parking on Lowry (image below)
- Provides up to twelve feet in the right-of-way for pedestrian improvements, including wider sidewalks and treed boulevards.
- Proposes phasing the plan's recommendations over five to ten years, depending on funding. The plan's top two priorities are the reconstruction of the right-of-way intersections at Lowry and Central Avenues NE and Lowry and University Avenues NE. The plan's third priority is the full reconstruction of the Lowry Avenue NE roadway between University Ave NE and Central Ave NE.
- Speaks to stormwater management along the Lowry Avenue corridor, "The design of the Lowry Avenue NE storm sewers varies, but does not appear to meet a 10-year design capacity. Excess flows above the storm sewer capacity are conveyed in the streets. If the street is unable to accommodate the excess flows, the water floods adjacent properties."



Existing and proposed view at Monroe Street NE and Lowry Avenue NE

Proposal Contents

Proposals must include the following information:

1. Cover page with Developer's contact information.
2. Description of the proposed redevelopment, including a narrative and concept plans. Include detail related to: (a) purchase price (b) the size and square footage of any new construction components; (c) the number and location of parking spaces with a description of how a building's parking needs will be met; (d) anticipated materials and design/style concept for new construction; (e) proposed public realm improvements, public art, or cultural elements.
3. If the building will be leased, attach letters of intent from commercial tenants or other information documenting demand for the type of commercial or residential space planned.
4. A description of how the proposal meets the development goals identified for this property and achieves other public benefits.
5. Identification of the entities/individuals who will be involved in the project and their roles (e.g. developer, architect, general contractor, building owner, tenant, etc.). Include certification that design consultants are licensed in the State of Minnesota and contractor licensed to work in the City of Minneapolis.
6. Description of the team members' experience developing similar projects (include location, type, scale of development, etc.) The City may ask for supporting documentation substantiating claim of previous experience.
7. Proposed timeframe for development, include time needed to obtain financing, complete design, secure permits and approvals, start and complete construction and start and complete occupancy. Also identify anticipated planning or zoning approvals that will be required (e.g. rezoning, variances, etc.)
8. Development budget (sources and uses for project, including a specific purchase price) and ten year operating pro forma, illustrating the financial feasibility of the project.
9. Summary of any lawsuits to which the proposer or any principals of the proposer have been a party.
10. Proposer's past two years financial statements or tax returns (may be submitted confidentially under separate cover to the CPED Director, so as not to be made public).
11. Executed Consent for Release of Response Data form ([RFP Exhibit 3](#)). **Proposals that do not include this form will not be accepted.**

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

Evaluation Criteria

The City evaluates proposals on a number of factors, including those listed below. The City reserves the right to reject any or all proposals or parts of proposals, negotiate modifications of proposals submitted, and 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.

1. The extent to which the proposal meets the development objectives.
2. The extent to which the proposed development complies with adopted City policies and ordinances.
3. The proposed project timeline. (The City expects development to begin within a reasonable timeframe once City approvals and entitlements are secured.)
4. The financial and market feasibility of the project.
5. The developer's experience, financial capacity, and organizational capacity successfully planning and completing projects of similar type and scale, on time and within budget.*

* Individuals or groups interested in occupying the building(s), but who have limited development experience are encouraged to submit a joint proposal with an experienced party who can lead the project pre-occupancy.

The City may, in its sole discretion, choose to expand or reduce the criteria used to base its final developer selection.

Public Disclosure

Under the Minnesota Government Data Practices Act (GDPA), 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. 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 a proposer wishes to claim data submitted in response to this RFP is not public under the GDPA, the proposer may submit such information under separate cover along with a legal opinion outlining the argument as to why said materials are not public for the City to consider before responding to a GDPA request. The City will only hold such information as nonpublic if the City agrees with the proposer's legal opinion.

Review and Selection

Review

A review committee that includes City and County staff will review all complete and responsive proposals received by the due date. The review process will likely take approximately 30 days to complete.

The review committee will make a recommendation as to the developer that best meets the evaluation criteria. The recommendation will be considered by the CPED Director and Hennepin County and then forwarded to the City Council for official action. If the City Council approves the recommendation the City will negotiate redevelopment and proposed land sale terms with the selected developer. When the City and developer finish negotiating the redevelopment contract terms and Hennepin County authorizes conveyance of its parcels to the City, then City staff will return to the City Council for a land sale public hearing and consideration of approval of the negotiated terms. The County will then transfer its ownership of the site to the City and the City will close with the selected developer.

The City expects a redevelopment contract will be executed with a selected developer within 60 days of City Council approval of the land sale and redevelopment terms.

Citizen Participation

The City of Minneapolis has established a citizen participation process for development projects impacting neighborhoods and values input from the public obtained through this process. The neighborhood group officially designated to provide input on responses to this RFP is the [Holland Neighborhood Improvement Association](#).



Timeline

Timeline

Once the redevelopment contract is executed the developer will work to finalize the designs, secure all City entitlements, and close on the project financing within nine months of execution of the redevelopment contract. The City will not close on the land sale until the project has secured all necessary financing and is ready to start construction. The following is an anticipated project timeline, however the actual timing for a selected project will depend on the type and scope of the development.

| | |
|--|----------------------|
| RFP released | Dec. 15, 2016 |
| RFP Informational Meeting | Jan. 4 , 2017 |
| Building Open House | Jan. 5, 2017 |
| Proposal Questions Due | Jan. 9, 2017 |
| Proposal Questions Posted Online | Jan. 11, 2017 |
| RFP Submissions Due | Feb 2, 2017 |
| Review Process | Q1 2017 |
| Staff Recommendation to City Council (awarding exclusive negotiating rights to selected developer) | Q1 2017 |
| Staff and Developer Negotiate Redevelopment Contract | Q2 2017 |
| City Council Approves Contract Terms and Land Sale | Q3 2017 |
| City and Developer Execute Redevelopment Contract | Q3 2017 |
| Developer Completes Pre-closing activities | Q3-4 2017 |
| City and Developer Close on Land Sale | Q4 2017 |
| Rehabilitation or Construction Begins | |

Important Dates & Submission Requirements

Informational Meeting

An optional RFP informational meeting will be held on Wednesday, January 4, 2017 at 3:00 p.m. at CPED's offices in the Crown Roller Mill Building, 105 5th Ave S, Suite 200, Minneapolis, MN 55401. To RSVP, email rebecca.parrell@minneapolismn.gov.

Building Open House

An opportunity to walk through the buildings is available to prospective proposers over two hours, on Thursday, January 5, 2017 from 9:00 – 11:00 a.m. To RSVP, email rebecca.parrell@minneapolismn.gov.

Written Questions

Questions regarding this RFP should be directed via email to [Rebecca Parrell](mailto:Rebecca.Parrell@minneapolismn.gov). All questions are due no later than Monday, January 9, 2017. All questions and corresponding answers will be posted on the [City's RFP website](#) by Wednesday, January 11, 2016.

Submission Deadline

Proposals shall be delivered to the City on or before 4:00 p.m. on **Thursday, February 2, 2017**.

To:

City of Minneapolis – CPED
attn: Lowry Ave RFP
105 5th Ave S, 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.

Submissions

Proposers must submit the following *in a sealed envelope labeled "Lowry Ave RFP."* Submissions will not be returned.

- One (1) unbound copy
- One (1) electronic copy in Microsoft compatible or PDF format on a flash drive, CD, or via email to rebecca.parrell@minneapolismn.gov

City Contracting Requirements

The selected developer will be required to enter into a redevelopment contract with the City that will contain standard City requirements such as insurance and indemnification and provisions to ensure redevelopment of the Property, e.g., construction and financing plan approval prior to closing, transfer and encumbrance limitations prior to completion, and reversionary rights. Other requirements vary depending upon the type of development and the source and amount of public investment, if any.

The following list is not exhaustive. Proposers unfamiliar with these requirements are urged to seek further information from City staff.

Equal opportunity (affirmative action and nondiscrimination). If the project receives public financial assistance over \$50,000, the selected developer will be required to submit a written affirmative action plan to the City's Department of Civil Rights for the development project. The selected developer will be required to comply and cause its contractors to comply with applicable provisions of Chapters 139 and 141 (Title 7, Civil Rights), Minneapolis Code of Ordinances, and other applicable federal, state and local regulations, statutes and ordinances pertaining to civil rights and nondiscrimination.

Prevailing Wage Policy. If the project receives public financial assistance and the developer is contracting to complete 8 or more units, then, the selected developer will be required to covenant and agree 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 appropriate date for the wage decision shall be the earliest of (i) the date of formal bid opening for either the general contractor (if the general contractor as competitively procured) or for the subcontractor (if the general contractor was not competitively procured) provided the construction contract is awarded within 90 days; (ii) the start of construction; and (iii) the date of the construction contract where complete construction specifications are included, with such wage decision modified and updated as required by federal labor standards.

Small and Underutilized Business Program. Development projects that receive public financial assistance over \$100,000 must comply with Chapter 423 of the Minneapolis Code of Ordinances, which requires "good faith efforts" to meet goals for the use of businesses owned by women and minorities in construction and professional services. A list of certified businesses can be obtained by contacting the Small and Underutilized Business Program at 612-673-3076, or at www.mnucp.metc.state.mn.us.

Apprenticeships. If the City provides assistance to the developer as defined in the City's Registered Apprenticeship Training Program Policy, the developer must covenant and agree to cause its general contractor and any subcontractors with a construction contract over \$50,000 to provide evidence of participation in an apprenticeship training program registered with the state.

City Contracting Requirements (...continued)

Uniform Federal Accessibility Standards. 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 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.

Soil Conditions. The Site will be sold “as is” and it will be the developer’s responsibility to correct and pay for all costs associated with environmental or geotechnical soil problems. 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. Any potential proposer may also reasonably conduct its own environmental testing of the property by contacting the department contact person, entering into a right of entry agreement with the City and providing the requisite insurance coverage.

Affordable Housing Policy. 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 City-wide resources through the normal, competitive 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.

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.

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.

Construction Standards. Development must meet all Minneapolis City codes, and projects will be reviewed for energy efficiency.

Hold Harmless. The selected developer shall agree to defend, indemnify and hold the City harmless from any and all claims or lawsuits that may arise from the developer’s activities under the provisions of the redevelopment contract, that are attributable to the acts or omissions, including breach of specific contractual duties of the developer or the developer’s independent contractors, agents, employees or officers.

Business Subsidy Act/Living Wage Ordinance. If the selected developer receives financial assistance from the City, the State of Minnesota Business Subsidy Act, Minn. Stat. §§ 116J.993-994, and the City’s Living Wage Ordinance, Minneapolis Code of Ordinances Chapter 38, may apply.