

COUNCIL ACTION FORM

SUBJECT: 321 State Avenue Development Request for Proposals

BACKGROUND:

On January 10th, The City Council provided direction to City staff to proceed with developing a Request for Proposals (RFP) for the development of the 10-acre City owned property at 321 State Avenue. City Council addressed five specific issues on January 10th and provided direction to staff as follows:

1. Prepare a RFP to select a partner developer to design and construct an affordable housing development.
2. Allow for proposals to include detached or attached single-family homes.
3. Require the developer to specify details on any properties that may be made available for rental.
4. Offer financial incentives of land at no cost, up to \$550,000 to assist in construction of infrastructure, down payment assistance for qualified low and moderate income households, and support for the developer to apply for state Workforce Housing Tax Credits.
5. Require that a minimum of 60% of total homes shall be available to qualified low and moderate income households.

The draft RFP is attached to the report. The RFP includes a description of the goals for development of the site, minimum development requirements, submittal requirements, and evaluation and scoring criteria. Staff will hold a predevelopment meeting that is tentatively scheduled for March 23rd and require all proposals to be submitted by April 15th. A scoring committee will evaluate the proposals and provide a recommendation to the City Council at its May 9th meeting. Council will make a final selection on May 9th to enter into negotiations on a development agreement to proceed with development of the project.

Additional details for the project include a description that the site may be developed under either the current Residential Low-Density (RL) zoning standards or the City will consider rezoning the site to Planned Residential Development (PRD) if needed to accommodate an innovative approach to the subdivision layout. The RFP includes an estimated development density of the site as being between 34 and 60 homes. The development details of the RFP also indicate that Tripp Street must be extended through the site, space must be reserved along the north property line for a bicycle facility connection to Arbor Street.

The evaluation criteria are meant to help differentiate proposals in terms housing design and developer experience. Staff has attempted to provide a basic framework to help

guide a development proposal, while at the same time trying to encourage or allow for creative development approaches. **No minimum points will be required as part of the assessment for a proposal to be forwarded to the City Council for final selection.** It is very possible that there could be substantially different proposals for use of the property because of the latitude granted in the RFP process. Very different proposals could be scored very similarly. For example, the City may have to compare a project that has only single-family detached homes to a project that is only attached single-family homes. Because of the flexibility in the RFP, City Council will ultimately need to make the final selection based upon what is viewed as best overall approach to developing the property and capacity of the developer to complete the project in a timely manner.

ALTERNATIVES:

1. The City Council can direct staff to proceed with issuing an RFP consistent with the attached draft RFP.
2. The City Council can make changes to the proposed draft RFP and direct staff to issue a revised RFP.
3. The City Council can refer this item back to staff with further direction.

MANAGER'S RECOMMENDED ACTION:

The draft RFP includes all the requirements that have been stated for development of 321 State Avenue. The RFP establishes a framework to guide proposals as well as the method to evaluate and score the potential wide variety of proposals that could be submitted.

Therefore, it is the recommendation of the City Manager that the City Council direct staff to proceed with issuing the attached RFP for development of 321 State Avenue.



DRAFT

**Request for Proposals
Development of
321 State Avenue**

Ames, Iowa



February 28, 2017

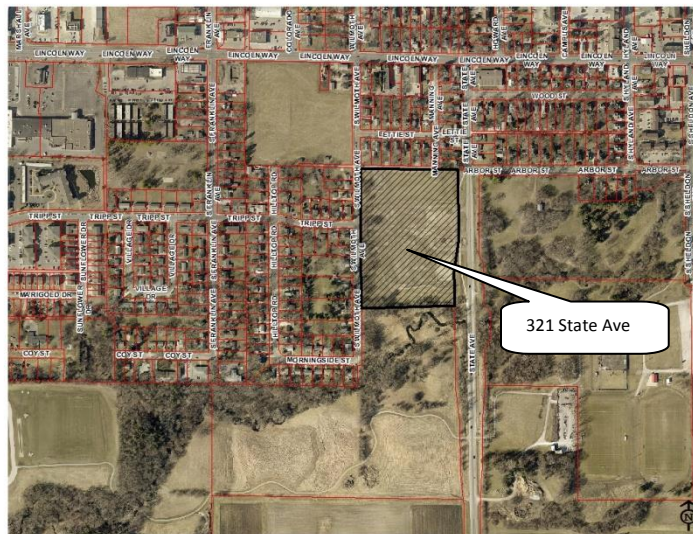


I. Introduction

The City of Ames, Iowa is accepting proposals from qualified experienced housing developers, interested in entering into a partnership with the City of Ames, to construct mixed income housing in the Ames community.

Ames, like many communities across America, has a continuing need for more affordable housing for low and moderate income households. One of the major goals and priorities of the City's Adopted 2014-18 CDBG Five-year Consolidated Strategic Plan was **"To create, expand, and maintain Affordable Housing for Homeless and Low-income persons"**.

Through the use of its Community Development Block Grant (CDBG) funding, the City of Ames has secured ownership of a 10+ acre tract of infill land located at 321 State Avenue in West Ames. The land is the site of the former Ames Middle School. The tract of land is also located in the City's first Neighborhood Revitalization Strategy Area (NRSA), which will allow for a greater flexibility in the development of mixed-income housing units.



The City is particularly interested in proposals that address the following objectives:

1. Creating single-family homeownership opportunities to **low and moderate**-income households (incomes not to exceed 80% of the Ames Metropolitan Statistical Area (MSA)*);
2. Creating single-family homeownership opportunities to **moderate**-income households (incomes at or above 81% of the Ames Metropolitan Statistical Area (MSA)).
3. Creating a variety of housing choices to address the above described households to include: single-family detached or single-family attached building types.
4. If rental homes are included within the proposed developed, creating affordable rental homes for low-income households (incomes equal to or less than 60% of the Ames Metropolitan Statistical Area (MSA)*);
5. **A minimum of 60% of the total units developed must be affordable to households indicated in items 1 and 4 above.**

*See Attachment A

To meet the above objectives, the City is interested in development of the site as a **"single-family"** housing neighborhood that integrates with its surroundings. The property is currently zoned as Residential Low Density, however, the City would consider rezoning the site to a Planned Residential Development if necessary to accommodate innovate housing types and to increase the number of affordable homes developed in the project. The overall development must be consistent with a density of a minimum of 3.75 dwelling units per net acre to a maximum of 7.26 dwelling units per acre.

The City estimates development would include between 34 and 60 houses depending upon the layout and design of the subdivision.

The City of Ames invites and encourages the submission of proposals from developers, builders, and non-profit organizations to construct housing units that are affordable to lower- income families and market-rate families.

Proposals will be evaluated and scored on a competitive basis. Once all projects are scored, the proposals will be forwarded to the City Council for their selection of the most desirable project. The City reserves the right to waive any minor informalities or irregularities, which do not address the heart of the proposal or prejudice other offers, or to reject, any and all proposals. **Proposals, which take exception to the RFP, may be considered non-responsive and may be rejected.**

II. General Information

The following information is provided to assist the developer by summarizing the important facts in regards to the criteria and format by which the Request for Proposal process will proceed.

- A. **The City of Ames reserves the right to accept or reject any and all proposals.**
- B. Time Table of Events:
 - Pre-Proposal Meeting: Thursday, March 23, 2017,
 - Proposal Deadline: Friday, April 14, 2017**
 - Final Selection (Tentative): Tuesday, May 9, 2017
- C. **All proposals must be sealed, postmarked and/or delivered to the City of Ames Purchasing Division (1st Floor) with all supporting documentation no later than 2:00 p.m. on Friday, April 14, 2017. No verbal or faxed submittals will be accepted. Submittals should have a subject line of "321 State Avenue Development Proposal".**
- D. Proposals may be withdrawn only by written request of the developer prior to the opening of the proposals. After the opening of the proposals, all offers shall remain valid and irrevocable for a period of 60 days from the date of the submittal and through negotiations on a final agreement with the selected developer.
- E. Proposals not meeting the minimum requirements or submittal requirements will not be considered.
- F. Copies of the City's Zoning Ordinances, Subdivision Regulations, Storm Water Management, and Building Codes are available at the Department of Planning & Housing, City Hall, 515 Clark Avenue, Room 214, Ames, Iowa or on the City's website at www.cityofames.org search for Municipal Code. **Attachment C (TO BE ATTACHED)** includes specific references to development requirements.
- G. The selected developer will be responsible for the preparation of development plans at their cost, including but not limited to subdivision, grading, stormwater management, public improvements, and site development plans.
- H. If a proposed development concept requires rezoning of the site to a Planned Residential Development (PRD), the City will rezone the site concurrent with the review of the subdivision plans.
- I. The City will make available information pertaining to existing infrastructure for connection of the site to the existing systems.

- J. The successful developer will be responsible for verifying the exact location of the boundary lines in relation to their development proposal as part of the subdivision process.
- K. The City of Ames reserves the right to require additional information at any time during this process to help clarify the intent of the developer or project details.
- L. The selected developer will be responsible to pay for the construction of all infrastructure required for the proposed subdivision, less the amount provided by the City reflected in Article Vb.

III. Project Goals

The City's main goals for this project are to:

- A. Develop mixed-income housing that addressed the housing needs of families.
- B. Encourage creative or innovative design to provide housing variety that is not traditionally constructed with Ames.
- C. Provide for housing that is of a compatible scale and design to the surrounding single-family neighborhoods and includes high quality and durable materials with a design character of traditional single-family home architectural features.
- D. Utilize and leverage Community Development Block Grant (CDBG) funds through the development of a public-private partnership.
- E. Provide for development of the site in a manner that is consistent with the City's Land Use Policy Plan and the needs of the overall development goals of the City of Ames.

IV. Minimum Development Requirements

Proposals submitted shall meet the following minimum unit and site requirements:

The City will remain flexible to allow a developer to progress with an innovative design, however, the following minimum design guidelines will be required for homes.

- A. A development intensity of between 34 and 60 homes that includes both affordable and market-rate housing.

Ineligible Homes Types: Nursing homes, board and care facilities, and supervised living facilities licensed by the State of Iowa or a delegated local Department of Health are not eligible for funding, nor are properties where residents require a 24-hour plan for supervision and/or medical/health care. Rooming or Boarding Houses, Transitional Housing Units, Homeless Shelters or Permanent supportive housing units are also not eligible.
- B. All applicable provisions of the City of Ames Zoning Ordinances, Subdivision Regulations, and Building Codes shall apply.
- C. A minimum of 60% of the TOTAL units developed must be affordable to households with incomes that do not exceed 80% of the Ames Metropolitan Statistical Area (MSA) income limits, as established by HUD (See Attachment A TO BE ATTACHED). Households must meet all HUD qualification requirements to qualify as a low or moderate income household.

- D. Installation of Radon System.
- E. Energy Star Certified Home, including the overall heating and cooling performance of the home with a gas furnace and central air conditioning. This also includes energy star appliances for the dishwasher, refrigerator, washer and dryer.

F. Owner-Occupied Housing

- 1. Home designated as affordable housing must not exceed the HOME purchase price or value limit as designated by the Department of Housing and Urban Development (HUD) (see Attachment B TO BE ATTACHED).
- 2. Homes designated as affordable homes meeting the 60% requirement will include a resale restriction to other first time homebuyers for a minimum time period. The homes will be deed restricted during the period of affordability.
- 3. For the homes designated as affordable, the potential homebuyers must be determined eligible by the City of Ames or its designee.

G. Rental Housing Units

- 1. Any rental units constructed must be for available for households with incomes at 60% or less of the Ames MSA. (The 60% ratio will be rounded up to the next whole number).
- 2. Any approved affordable homes for rental occupancy will include a restriction of 25 years as use as an affordable housing unit through a restrictive covenant and annual verification of income eligibility by the property owner. Properties must be rented to Family households that are consistent with the HUD definition of a family.
- 3. During the affordability period, rent levels must be affordable to the targeted household incomes established by HUD for Ames Metropolitan Statistical Area Section 8 Housing Choice Voucher Program, or Home, Iowa Low Income Tax Credit Program, or the Federal Home Loan Bank program, where applicable.
- 4. Meet any additional requirements of the CDBG program, if applicable (e.g. environmental, etc.).

H. Market Rate Housing

- 1. The remaining 40% of units may be developed for **market rate** homeowner single-family households.

V. Financial Incentives

In support of development of affordable and market rate housing for site, the City will offer of the following incentives to the selected developer.

- A. Offer the land at no cost (\$550,000 approximate value).
- B. The City has budgeted \$392,000 to assist in infrastructure costs and may provide up to \$550,000 for construction of the public improvements (street, water, sewer, sidewalks, etc.) for the site depending on final allocations of CDBG funding for 2017-18.

- C. The City will provide down payment and closing cost assistance funding for eligible low-income families.
- D. The City will support an application to the Iowa Economic Development Authority (IEDA) for the state funded Workforce Housing Tax Credit Program. The developer would be the applicant to the state.

V. Competitive Requirements and Scoring Component

A. Competitive Requirement

The City of Ames is seeking to maximize its development efforts. Developers are urged to create an exciting and imaginative project. Competitive Requirements will be given to those proposals that demonstrate creativity, aesthetic appeal, mix of housing types and styles, competitive pricing and the project's contribution to increasing the affordable housing stock in Ames.

B. Scoring Component

The Scoring Committee will evaluate the elements of the proposal related to design, style, features, costs, timing, in relation to the described criteria.

1. Applicant/Developer Capability and Track Record (including partners).The applicant's track record, including whether the applicant and/or development team has successfully completed and/or operated a similar type project or a project of similar scope and size. Capacity to undertake new or additional projects; ability to secure construction financing; the developer's approach, plan of work, recommended schedules, and suggested responsibility assignments (30 points);
2. Quality of References. Qualification and experience in providing the requested development as exemplified by past projects and client contracts. (including other communities, Iowa Finance Authority, Federal Home Loan Bank and or Iowa Department of Economic Development) (20 points);
3. Price, Number, and Affordability levels of units for low-income families that exceed the minimum requirements (10pts)
4. Housing variety and architectural styles (5pts)
5. Project Design and Amenities for both affordable and market rate homes per unit:
 - a. Floor Plans, lot layout, home features to meet family housing needs of Ames
 - i. 2 bedroom homes (1pt)
 - ii. 3 or more bedroom homes (3pts)
 - iii. 1 and ½ finished bathrooms (2pts)
 - iv. 2 finished Bathrooms (3pts)
 - v. Garage (detached or attached) (2pts)
 - vi. Storage Area (2pts)
 - vii. Covered entry or porch (2pts)
 - viii. Patio or deck space in rear yard (1pt)
 - ix. Eaves with and gutters and downspouts (1pt)
 - x. Window trim (1pt)

Design of homes to allow for future homeowner investments

- xi. Basement with rough plumbing (3pts)
 - xii. Basement egress window (3pts)
 - xiii. Future addition to the home (1pts)
- b. Use of high quality and durable materials on the exterior and interior to reduce ongoing ownership costs. Preferred materials listed below.
- i. Use of composition roof materials with a minimum of 30-year warranty (2pts)
 - ii. Wood siding (2pts)
 - iii. Cement board siding (3pts)
 - iv. Vinyl siding with a minimum thickness of .42mm (1pts)
 - v. Pre-finish composite wood siding (3pts)
- c. Additional design features and amenities (5pts)
- 6. Feasibility (pro-forma including project funding sources) (25 points);**

Additional criteria for rental housing unit proposals:

- 1. Property management experience** – number of units managed; years of experience; the number of affordable units managed and the performance record. Familiarity of the various funding sources for housing development and rental subsidies. (20 points)

VI. Housing Types

The City of Ames will accept proposals for affordable housing where the housing includes one or combinations of any of the following types of housing.

Traditional Built Housing

This type of housing is when home builders, comprised of carpenters, electricians, plumbers, masonry contractors, roofers, insulation contractors, heating and ventilation contractors construct the home on the lot. All construction is to be in compliance with locally modified UBC, NEC, UPC and other applicable codes of the City.

Modular Housing

This type of housing is constructed in an assembly plant off site. The construction consists of pre-determined modules and is then transported to the site for final assembly. This construction is to be in compliance with the State Building Code and all applicable local codes.

VII. Security Requirements

The City of Ames has a performance responsibility to insure that that the affordable housing is constructed consistent with the CDBG program rules and regulations for low income households. As a means to insure that the City's investment in land and infrastructure will truly create various levels of housing, the City will require security in the following forms:

- A. As security for the performance for the construction of all housing units, the City will retain ownership of the Subdivision, and convey by quit claim deed to the Developer as those lots are substantially completed in accordance with this Request for Proposal and the Development Agreement.
- B. The construction of the affordable homes must be commensurate with the construction of the market rate homes.

VIII. Submittal Requirements

Six (6) copies of the All proposals must be sealed, postmarked and/or delivered to the City of Ames Purchasing Division (1st Floor) with all supporting documentation no later than 2:00 p.m. on Friday, April 14, 2017. No verbal or faxed submittals will be accepted. Submittals should have a subject line of "321 State Avenue Development Proposal". All late or incomplete submittals will be rejected.

The following information is provided for guidance to prospective Builders/Developers.

A. Proposals must contain, at a minimum, the following information:

- ____ 1. A development summary statement, drawings, and plans, including the following items:
 - ____ a. Conceptual subdivision and site layout that identifies lot sizes, street improvements and access points, stormwater management, and utility extensions.
 - ____ b. Representative architectural elevations and floor plans for all homes.
 - ____ c. Summary of plan types for total finished square footage, number of bedrooms, number and type of bathrooms, and square footage of any unfinished areas; and
- ____ 2. Include estimated home sale prices and homeowner association fees by house plan.
- ____ 3. A statement reflecting the proposed timing of improvements and the proposed date of completion of these improvements for the subdivision. A description of the approach of how to proceed with construction of the homes.

____ B. The proposal must be signed by an official of the corporation authorized to bind the offer.

____ C. The proposal must contain a statement to the effect that the proposal is firm for a period of not less than 60 days after the closing date of this request.

____ D. **The proposal must be submitted in six (6) copies.**

____ E. The proposal shall contain the full name of the person, firm, or corporation submitting the proposal and the address of the person, firm, or president of the corporation.

____ F. No officer, member, or any other person holding any position with the City of Ames, Iowa, either appointed or elected, shall be or shall become interested directly or indirectly with the person, firm, or corporation submitting a proposal or in any portion of the profits derived by the selected developer from this project. This exclusion does not pertain to persons who are appointed to State-created authorities.

____ G. Project Pro Forma and Estimated Construction Costs. Include which incentives are requested to support the proposed project. *Remember to account for construction estimates with federal Prevailing Wage requirements for any and all subdivision related improvements. Construction of the Single-Family homes themselves is not subject to Davis-Bacon Prevailing Wage.*

____ H. Identify partners and members of the development team.

____ I. Submit a portfolio of successful projects for the development team from the last 10 years, identify any representative examples similar to the scope of the submitted proposal.

____ J. Identify on a separate document areas where the proposal meets each of the selection criteria.

IX. Review Process and Selection Criteria

A. Applications which pass the minimum requirements will be evaluated by as staff review committee. The members of the committee will score each application. An application must be deemed responsive to the RFP to be referred to the City Council.

B. Evaluation of Proposals

Applications will be evaluated on the scoring criteria outlined under Section V. The Scoring Committee will have the option to conduct on site interviews with developers.

C. Evaluation Selection Process

The selection of the preferred developer will utilize the following steps:

After the staff review committee evaluates each proposal, a report will be prepared for City Council that will contain background information and factual data for each proposal, a ranking of the proposals, and a committee recommendation regarding which developer's proposal should be selected as the preferred developer.

The final selection will be on the basis of:

1. The City Council's determination of the best proposal that meets the goals and objectives of the City;
2. A satisfactory agreement between the preferred developer and the City is finalized;
3. A completed verification of the qualifications of the proposed developer;

X. Contract Negotiations:

The City reserves the right to reject any and all proposals and to negotiate the terms of the contract, including the award amount, with the selected developer(s) prior to entering into a written agreement.

X1. Questions/Contact Person:

Questions concerning this proposal, the application, or the review process may be directed to Vanessa Baker-Latimer, Housing Coordinator by mail at City of Ames, Planning & Housing Department, PO Box 811, Ames, IA 50010; by email at vbakerlatimer@cityofames.org; or by phone at 515-239-5400.

VIII.

Definitions

Certain words or phrases in this document are critical to a thorough understanding of the objectives and goals of the City for this project. The following definitions are offered to aid prospective developers in the preparation of this Request for Proposals.

1. Builder/Developer: Any individual, corporation, partnership, non-profit organization or similar entity that has expressed an interest, or has been identified as having an interest, in providing those private services that are necessary in creating housing.
2. City: This means the City of Ames, Iowa, its elected and appointed officials, and all staff persons employed by the City of Ames.
3. Community Development Block Grants (Entitlement). Under this program HUD directly provides annual CDBGs on a formula basis to “entitled” communities (populations over 50,000) to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.
5. HUD: The Department of Housing and Urban Development or its designee.
6. Lower-Income Family: A family whose annual income does not exceed 80% of the median income for the Ames Metropolitan Statistical Area (MAS), as determined by HUD.
7. Project: Those activities, whether public or private, that have been determined to be necessary to complete the Housing Development.
8. Restrictive Covenant. A provision in a deed limiting the use of the property and prohibiting certain uses
8. Submittals: Those written and graphic documents prepared by developers that explain the strategy, approach, and specific elements that a developer proposes to use in meeting the City's goals for the affordable housing subdivision.
9. Zoning Ordinance: Is defined as Chapter 29 of the Municipal Code, which is to include all amendments thereto.

Attachment A
2016 Ames Metropolitan Statistical Area Income Limits
(subject to change)

80% of Story County Median (Low Income)	
Family Size	Gross Income Cannot Exceed
1	\$44,550
2	\$50,900
3	\$57,250
4	\$63,600
5	\$68,700
6	\$73,800
7	\$78,900
8	\$84,000

60% of Story County Median	
Family Size	Gross Income Cannot Exceed
1	\$33,420
2	\$38,160
3	\$42,960
4	\$47,700
5	\$51,540
6	\$55,380
7	\$59,160
8	\$63,000