

Durham County

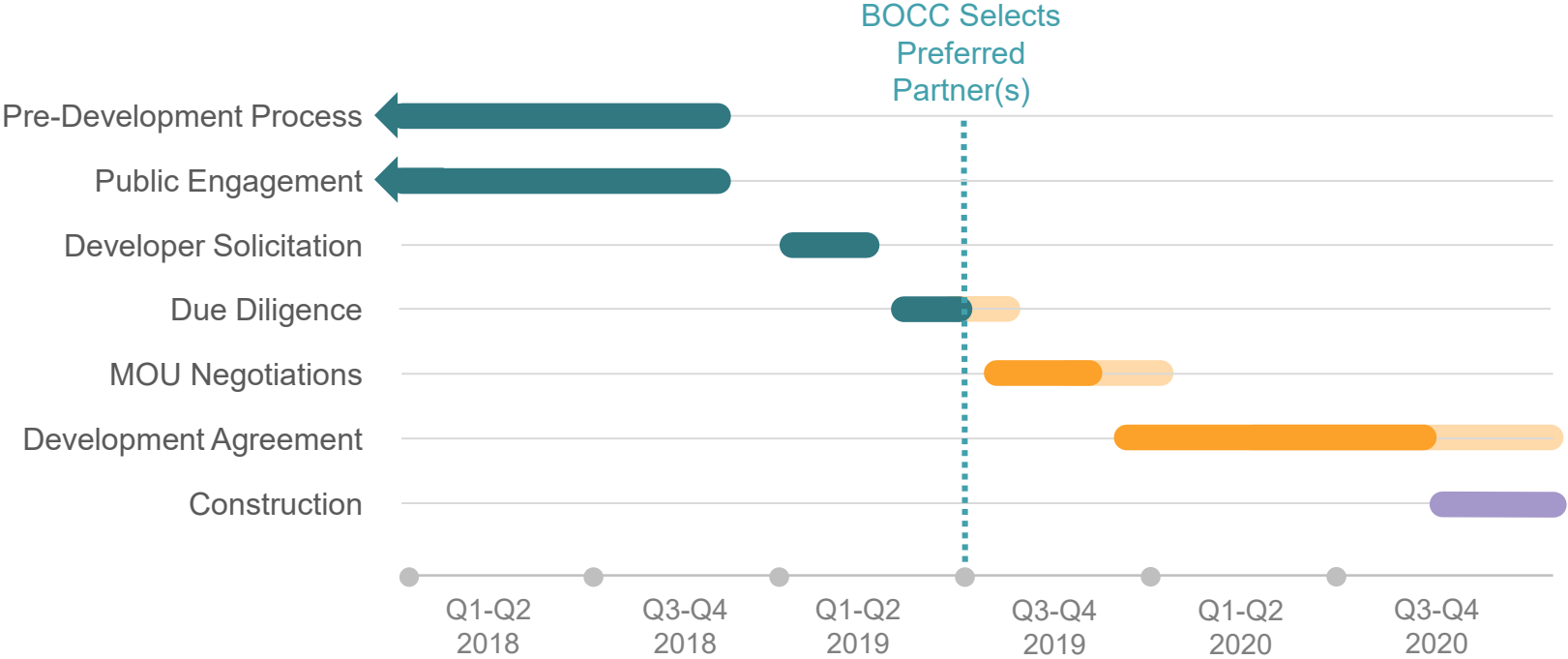
300 & 500 East Main Preliminary Proposal Evaluations



Agenda

- Solicitation Overview
- Identification of leading proposals
- Detailed evaluation of leading proposals
- Summary and Next Steps

Project Timeline



Note: Timeline subject to change due to scale of due diligence, deliberations required by BOCC, and negotiations with development partners.

Solicitation Process

- SDP released January 9, 2019
- Distributed widely:
 - DFI directly engaged 65 qualified developers
 - Posted on County & DFI website
 - Distributed to registered vendors
- DFI available throughout process to provide additional information and answer questions regarding public interests and requirements



300 & 500 East Main Development

Solicitation for Development Partner Proposals



Durham, NC | Winter-Spring 2019

Proposals Submitted (listed by lead developer)

Both 300 and 500 block

- Brinshore Development
- Community Housing Partners
- DHIC, Inc. and Blue Heron Asset Management
- Flaherty & Collins Properties
- Laurel Street Residential and ZOM Living
- The NRP Group
- Quality of Life Consortium
- WinnCompanies

300 block

Conifer Real Estate Development

**All proposals currently posted to
www.dconc.gov/EMainSt**

Evaluation Criteria

- Guiding public interests
- Qualifications and experience
- MWBE goals
- References
- Optimization of site density
- Timeline
- Feasibility (site and financial)
- Other: Public space amenities/daycare or Pre-K

— Evaluation Criteria

The Durham Board of County Commissioners (BOCC) will endorse the selection of a developer partner or partners based on the proposals, DFI and Staff's analyses, and any additional information collected. An endorsement by the Board is not a final approval, but will trigger a period of negotiation between the County and developer(s) for an initial Memorandum of Understanding (MOU) and then development agreement.

DFI and the County will consider each response as a whole in the decision-making process. The following evaluation criteria will be prioritized:

- Alignment with the guiding public interests listed under the section titled "Public Interests"
- Qualifications and experience of the development team, with preference given to experience with the type of development proposed by the team. In addition, experience executing projects that fulfill public interests similar to those endorsed by Durham County. Furthermore,
 - If Pad 300 or 500-A, proof of development partner's eligibility for LIHTC awards in North Carolina.
 - If Pad 500-M, emphasis on strong track record of developing successful ground floor commercial in a downtown setting.
- Ability to meet or exceed the goals set by the County's MWBE Program Ordinance (see Appendix B).
- References from previous local government partners, if any.
- Ability to meet or exceed the residential density specified in the development plan identified on pages 11-14 of this document.
- Ability to execute the project(s) within the County's proposed timeline (see "Estimated Development Timeline").
- Inclusion of assumptions that reflect market conditions.

Competitive proposals must meet the above evaluation criteria. The following elements are preferred but not required:

- Public space amenities i.e. public art, pocket parks, etc.
- Inclusion of a daycare or Pre-K space in Pad 500-M that meets all State requirements.

DFI and the County reserve the right to request additional information and arrange interviews after the solicitation period has ended. Unless requested, no additional information may be submitted by developers after the April 5, 2019 deadline.

Proposals Submitted (listed by lead developer)

Both 300 and 500 block

- Brinshore Development
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300 block

Conifer Real Estate Development

Guiding Public Interests

New development on these sites should:

- provide a parking solution that will address Durham County employee and Health & Human Service facility customer needs and meet new demand created by the project, recognizing the proximity of the future light rail station and incorporating options for multiples modes of transportation;
- increase the availability of affordable housing in downtown Durham for households earning 80% Area Median Income (AMI) and below in a mixed income and multi-generational setting;
- provide ground-floor commercial and service offerings for tenants and workers in and around the sites and increase activity along E. Main Street;
- efficiently use public investment to maximize public benefits and attract private investment; and
- focus on pedestrian-scale design that creates a vibrant, urban streetscape along E. Main Street.

Highlights of Leading Proposals

Public interests:

- Minimize parking count
- Thoughtfully include multiple modes of transportation
- Exceed affordable 30%-80% and market rate unit count
- All privately-owned commercial space on 500 block
- Request for County loan/grant comparable to solicitation

Highly qualified with demonstrated experience in mixed-income, mixed-use development in urban, infill setting

Past projects exceeded MWBE goals

Development team includes a local firm

Can meet or exceed proposed timeline (dependent on deck)

Positive, relevant references

Inclusion of daycare or Pre-K space

Parking Considerations

- As County finalizes required employee parking count, plans will be refined.
- 7 of 9 development teams propose building one or both decks.
 - Decreases complexity re: timing and construction
 - Reduces financing risk
- DFI will assist County in evaluating different options.
 - Development agreement will articulate details.

Design Considerations

- Goal: Determine unit count, commercial/public space orientation
→ reflects understanding of local requirements and public interests
- Solicitation requested massings and site plans, not detailed designs.
- Designs and, therefore, exact unit counts are likely to evolve prior to construction:
 - City/County will have formal design review process.
 - Development agreement will articulate minimum unit count.

Brinshore

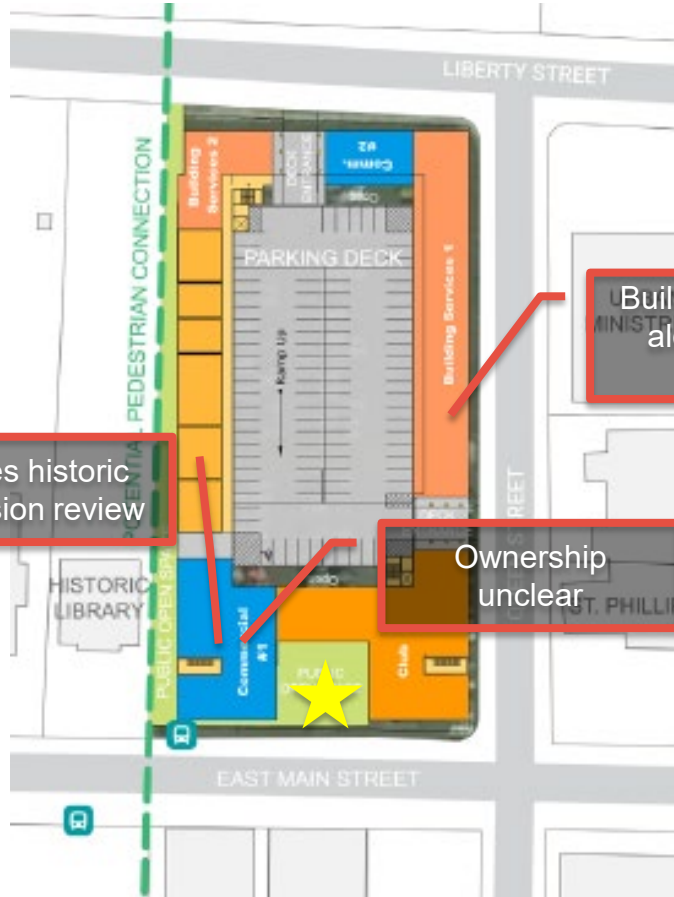
Development Team

Lead Developer	Brinshore Development
Co-Developers	Bank of America CDC Stewart, Martin & McCoy Trammel Crow
Architect	JDavis
Entitlement/ Landscape	Coulter, Jewell, Thames
Construction	Whiting-Turner Holt Brothers
Property Management	Excel Property Management

dfi

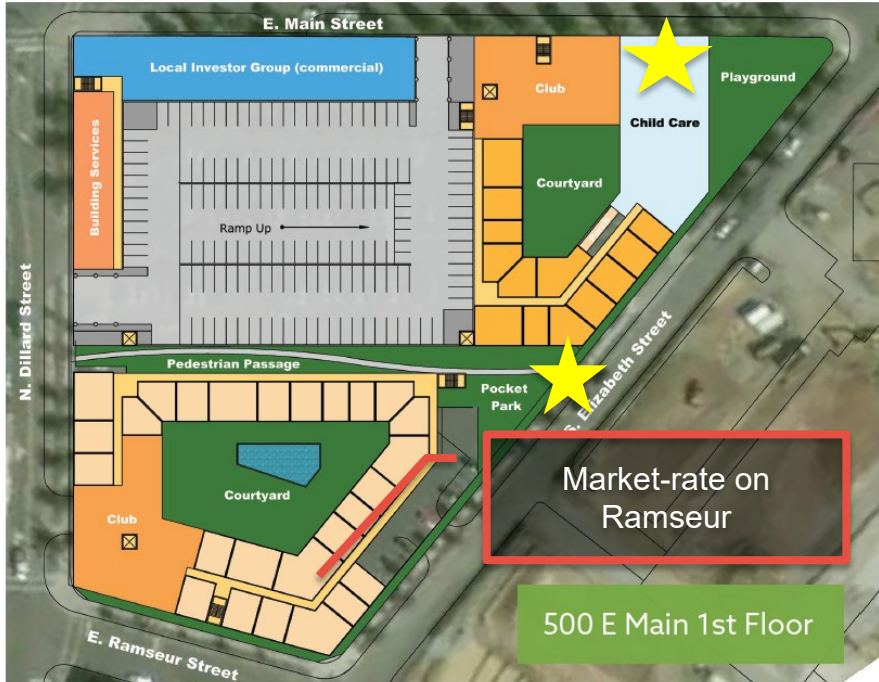


300 Block Proposal



- 137 Units – Studio to 2-Bed
- ★ Affordable: 20% AMI – 80% AMI
- ★ Letters of support from Code the Dream and Urban Ministries

500 Block Proposal



- Commercial Owned by Point A-B Group
- Market Rate Housing
- Affordable Housing



- 500-M: 218 Units –Studio to 2-Bed
- 500-A: 180 Units –Studio to 2-Bed
- Affordable: 20% AMI – 80% AMI
- Commercial space: 19,000 SF

- ★ Point A-B to own E. Main Commercial Space
- ★ Daycare provider identified

Brinshore Development Proposal

	Solicitation	Brinshore
Affordable Units (<80% AMI)*	277 units 300-A: 97 units 500-A: 180 units	317 units 300-A: 137 units 500-A: 180 units
Market Units	500: 160 units	500: 218 units
Total Units	477 units	535 units
Total County Loan/Grant Requested**	\$9.5M	\$9.5M
Requested Loan/Grant per Unit	\$34,000	\$30,000
Land Purchase Price***	\$1.6M	\$2.7M

*Affordable unit count may change once designs are finalized. Will likely still exceed solicitation estimate.

**Does not account for parking development – all three teams will request a 1 space per unit exemption from NCHFA.

***Purchase price for market-rate land only

Highlights

Includes units at 20% AMI for Urban Ministries graduates

Local partnerships for residential and commercial tenants and programming → secured letters of support

Local, minority-owned commercial space – Point A-B

Transparency around risk/gap and proposes risk mitigation strategies

Inclusion of public art with arts community partnerships → letters of support from Durham Fruit and Red Eye Lifestyle

Red Flags

Referred to historic but potentially did not comply → compliance may reduce affordable unit count

“Building Services” along Queen Street → vibrant?

Ownership of commercial space on 300 block TBD

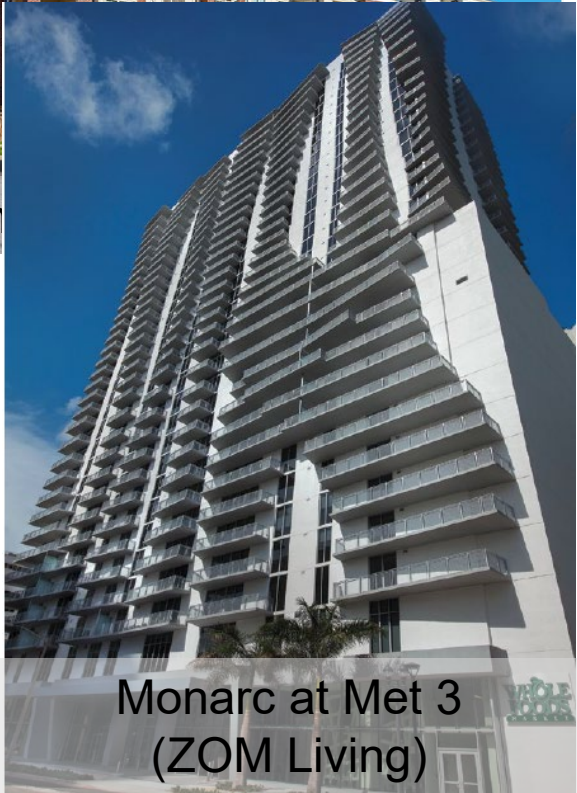
Market rate units on south end of 500 block → mixed-income area?

Proposal identifies significant financing gap (but does not request additional County participation)

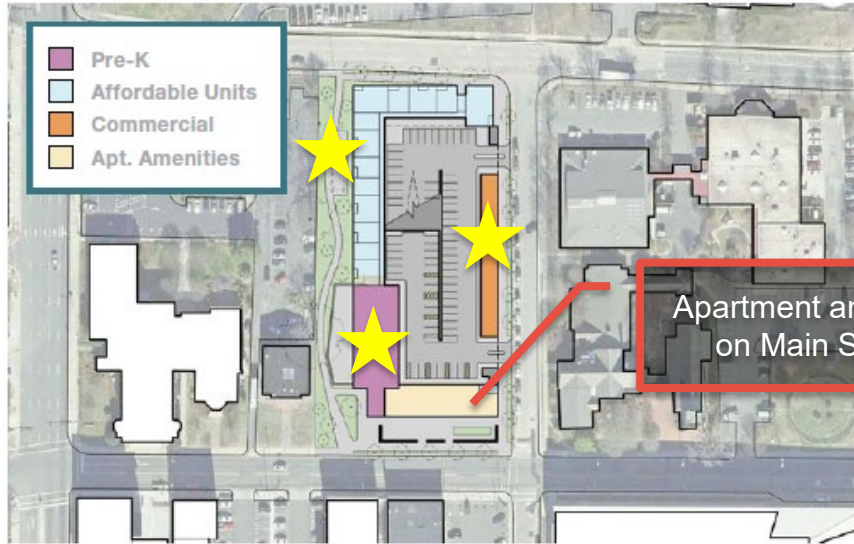
Laurel Street ZOM Living

Development Team

Lead Developers	Laurel Street Residential ZOM Living
Development Consultant	Ashley's Corner, LLC
Architect	Little Diversified Neighboring Concepts
Engineering	Stewart
Legal	The Banks Law Firm
Construction	WeaverCooke Balfour Beatty Harmon Construction
Property Management	Laurel Street ZOM Residential Services



300 Block Proposal

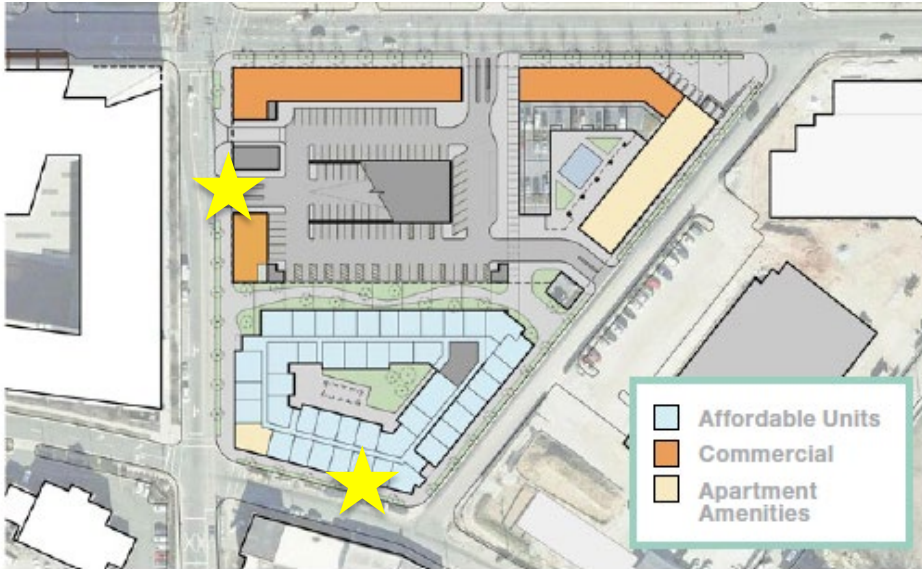


300 EAST MAIN STREET COMMERCIAL SPACE



- 105 Units – Studio to 3-Bed
- Affordable: 30% AMI – 80% AMI
- County-owned commercial space in deck: 3,950 SF

500 Block Proposal



500 EAST MAIN STREET COMMERCIAL SPACE

- 500-M: 205 Units – Studio to 3-Bed
- 500-A: 200 Units – Studio to 3-Bed
- Affordable: 30% AMI – 80% AMI
- ★ Below market commercial rents



500 EAST MAIN STREET MARKET ELEVATION



500 EAST MAIN STREET AFFORDABLE ELEVATION

Laurel Street Development Proposal

	Solicitation	Laurel Street
Affordable Units (<80% AMI)*	277 units 300-A: 97 units 500-A: 180 units	305 units 300-A: 105 units 500-A: 200 units
Market Units	500: 160 units	500: 250 units
Total Units	477 units	555 units
Total County Loan/Grant Requested**	\$9.5M	\$9.5M
Requested Loan/Grant per Unit	\$34,000	\$31,000
Land Purchase Price***	\$1.6M	\$2.6M

*Affordable unit count may change once designs are finalized. Will likely still exceed solicitation estimate.

**Does not account for parking development – all three teams will request a 1 space per unit exemption from NCHFA.

***Purchase price for market-rate land only

Highlights

Offer below market commercial rents

Both Laurel and ZOM committed to securing social impact businesses as tenants

Better terms on County loan → 3% interest rate with repayment at year 20 or term of 1st mortgage

Laurel Street is MWBE

Have local knowledge and experience (DHA RAD master developer)

Red Flags

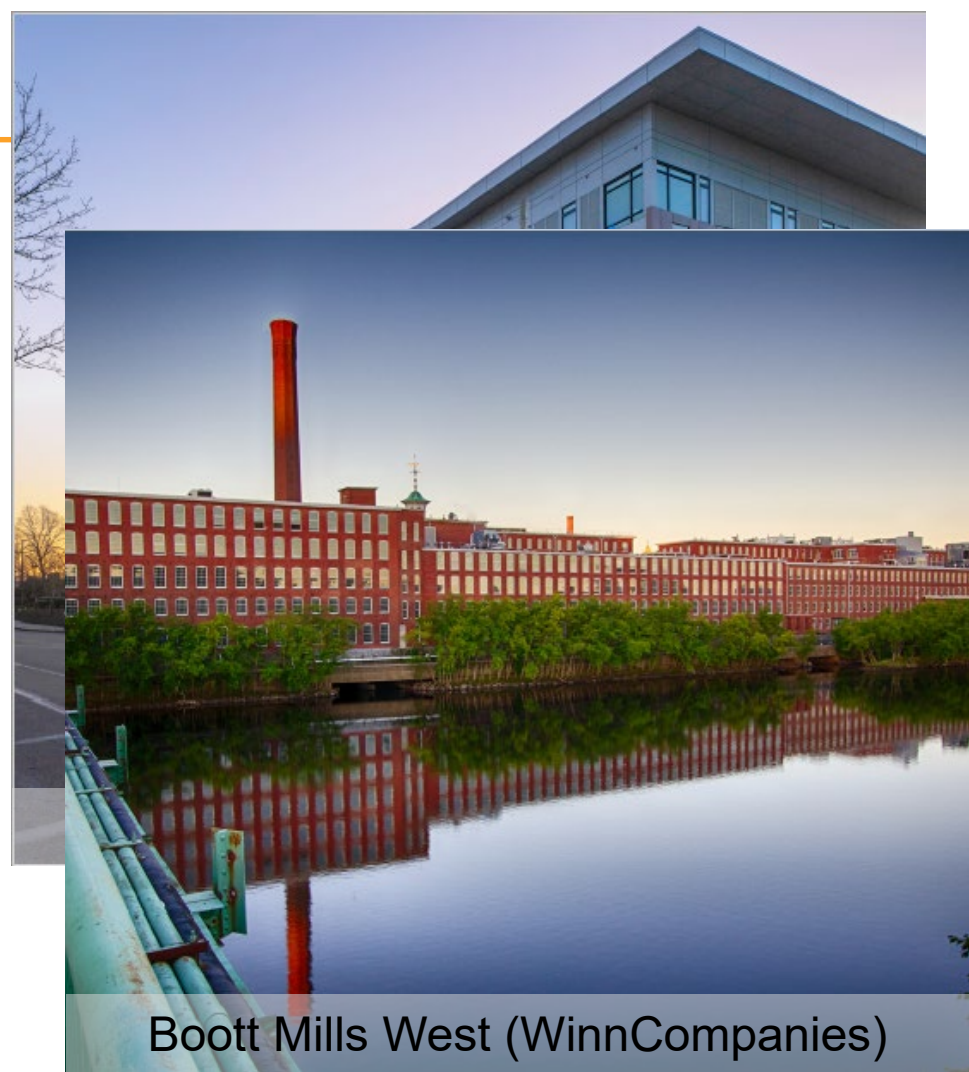
Building amenities on E. Main Street → vibrant?

Request for County to construct 300 block podium for Pre-K, amenity space on Main, and linear park → potential additional public investment although may be comparable to plan in solicitation

WinnCompanies

Development Team

Lead Developer	WinnDevelopment
Co-Developers	Self-Help Real Estate Development
Architect	MHAworks
Engineering	Coulter Jewell Thames
Property Management	WinnResidential



Boott Mills West (WinnCompanies)

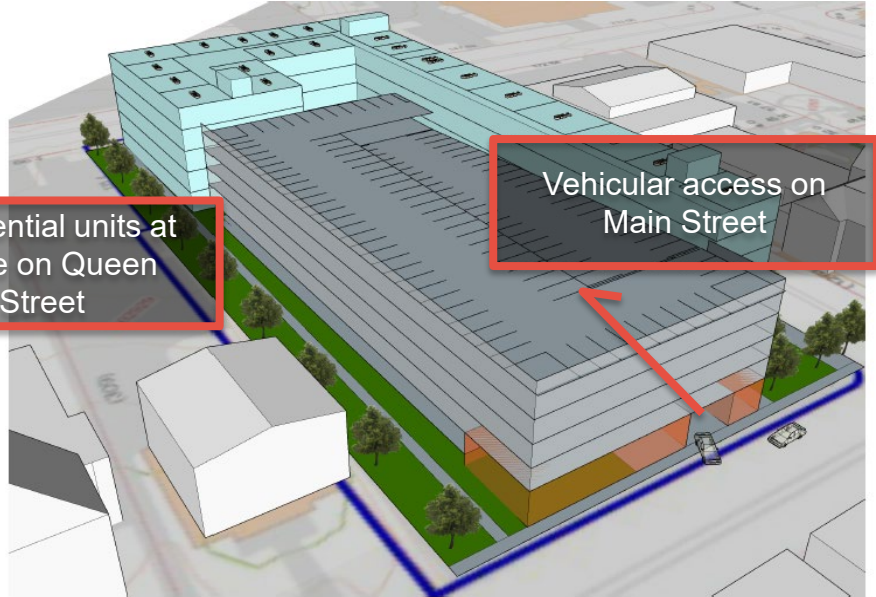
300 Block Proposal



Requires historic commission review

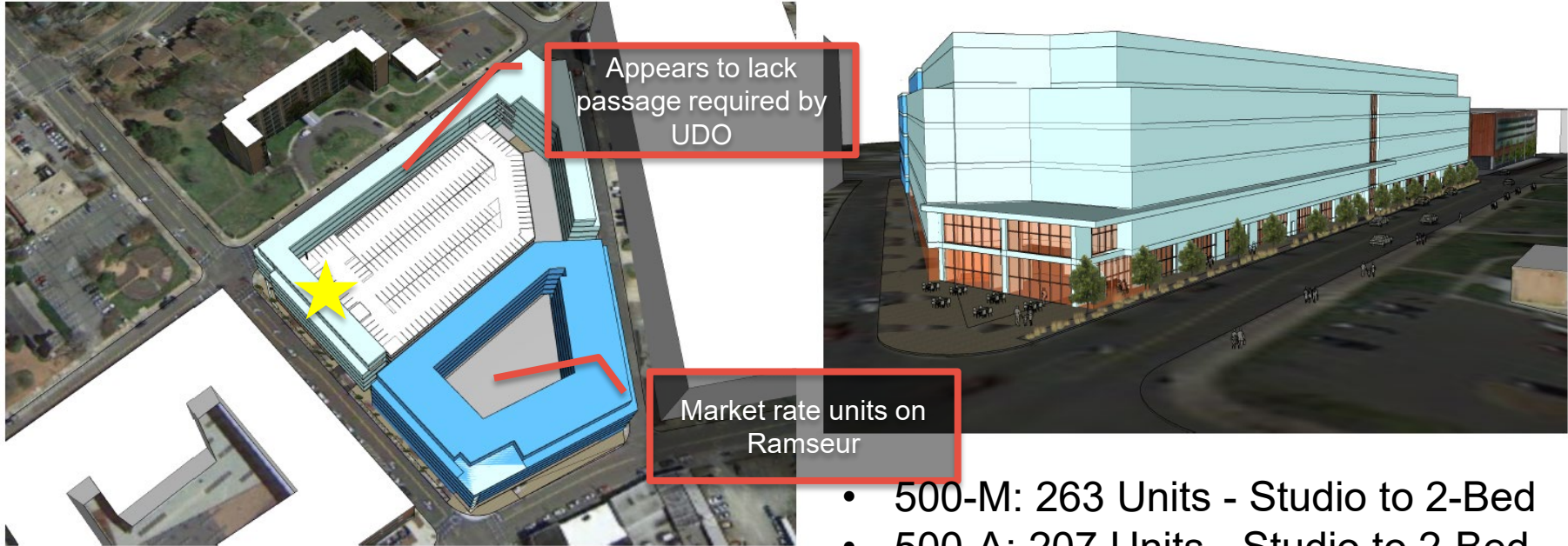
Residential units at grade on Queen Street

Vehicular access on Main Street



- 102 Units – Mix 1- to 3-Bed
- Affordable: 30% AMI – 80% AMI
- Includes 2,600 SF County-owned commercial space in deck (identified for daycare)

500 Block Proposal



- 500-M: 263 Units - Studio to 2-Bed
- 500-A: 207 Units - Studio to 2-Bed
- Affordable: 30% AMI – 80% AMI
- ★ Self-Help to own 15,000 SF of commercial space on E. Main

WinnCompanies Development Proposal

	Solicitation	WinnCompanies
Affordable Units (<80% AMI)*	277 Units 300-A: 97 units 500-A: 180 units	309 Units 300-A: 102 units 500-A: 207 units
Market Units	500: 160 units	500: 263 units
Total Units	477 units	572 Units
Total County Loan/Grant Requested**	\$9.5M	\$10.25M
Requested Loan/Grant per Unit	\$34,000	\$33,000
Land Purchase Price***	\$1.6M	\$4.1M

*Affordable unit count may change once designs are finalized. Will likely still exceed solicitation estimate.

**Does not account for parking development – all three teams will request a 1 space per unit exemption from NCHFA.

***Purchase price for market-rate land only

Highlights

Same developer for both market-rate and affordable housing developments

Long-term hold on market-rate and affordable housing developments

Local co-developer with experience developing commercial space for small, local businesses

Red Flags

Does not comply with historic (300) and may be missing pedestrian passage required by UDO (500) → compliance may reduce unit count overall

Residential at-grade on Queen Street and parking deck access on Main Street → vibrant?

Market rate units on south end of 500 block → mixed-income area?

Will not be eligible for \$2M WHLP assumed in financial model

	Brinshore	Laurel Street	Winn
Affordable Units (<80% AMI)*	317 units 300-A: 137 units 500-A: 180 units	305 units 300-A: 105 units 500-A: 200 units	309 units 300-A: 102 units 500-A: 207 units
Market Units (500-M)	218 units	250 units	263 units
Total Units	535 units	555 units	572 units
Total County Loan/Grant Requested**	\$9.5M	\$9.5M	\$10.25M
Requested Loan/Grant per Unit	\$30,000	\$31,000	\$33,000
Land Purchase Price***	\$2.7M	\$2.6M	\$4.1M

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Next Steps

- Commissioners interview leading development teams.
- BOCC selects preferred development partner and directs staff to initiate Memorandum of Understanding (MOU) negotiations.

dfi development
finance
initiative



UNC
SCHOOL OF GOVERNMENT



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL