


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 21, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE DISPOSITION AND DEVELOPMENT OF 1505 POWHATAN STREET

ISSUE: Consideration of a request to proceed with the issuance of a Request for Proposals (RFP) for the disposition and development of 1505 Powhatan Street.

RECOMMENDATION: That City Council authorize the City Manager to issue a Request for Proposals (RFP) for the sale and redevelopment of 1505 Powhatan Street, following the process as described in the City Real Estate Disposition Policy.

BACKGROUND: On May 26, 2009 the Alexandria City Council designated 1505 Powhatan Street as surplus property and authorized the City Manager to begin negotiations with Alexandria Housing Development Corporation (AHDC) to sell the site the AHDC. Due to market conditions, site constraints and limited financing options, a successful AHDC project could not be structured. Subsequently, on March 22, 2011, Council was updated with AHDC's conclusion and indicated that staff seek citizen feedback on uses. On November 22, 2011, City Council was provided with an update on discussions with the community centered on market rate development proposals. Staff has completed the development of the RFP and concluded with final comments from the Northeast Civic Association on June 14, 2012 and have been incorporated into the RFP (Attachment 1).

DISCUSSION: 1505 Powhatan Street is a lot of approximately one acre in size with an existing building of approximately 5,000 square feet. Until the late 1980s, it was the site of the City's Traffic Division operations. Since then various City departments have periodically used the property for equipment storage. In the late 1990's the City signed a sales contract with the adjacent land owner of what was a large vacant lot, and approved a retail office development plan. The contract contingency was a certain % had to be leased and since the contract buyer never achieved that % he lost his deposit and the contract expired. The building is currently vacant with no plans for future use by the City.

The property is currently zoned CSL (Commercial Service Low), which allows for a multitude of uses, including multifamily (condominium and townhouse styles) mixed-use development. Staff

has met with the Northeast Civic Association multiple times since 2009 to discuss the potential redevelopment of the site and the group provided the following input:

- Support for mixed-use or residential proposals with a strong preference for ownership units;
- Community prefers underground parking and does not support parking reductions;
- Mass, scale, height and architecture should be consistent with surrounding properties;
- All utilities should be undergrounded;
- Area should be designed to be an attractive gateway;
- There should be substantial publicly accessible open space provided;
- The project should make an affordable housing contribution;
- Does not encourage uses that conflict with traffic on Slaters Lane;
- Does not rely on any on-street parking, including any visitor parking spaces; and
- Community does not support any variances or modifications to the zoning ordinance.

Various uses have been considered such as a child care center utilizing the existing structure, however, the presence of lead and asbestos in the existing building would require considerable costs to the City and make the financial return difficult versus applying the proceeds of a sale to a mixed use project that would better fit a child care center.

At this time staff recommends a Request for Proposals (RFP) be issued publicly to solicit offers for the purchase and development of the property in compliance with the City Real Estate Disposition Policy.

RFP Criteria - The RFP will define the selection criteria by which proposals will be evaluated. These criteria will include items such as the proposed use, the financial stability and experience of the developer, the impact on the surrounding properties, the anticipated revenue impact to the City, and the offering price. The RFP will define a minimum affordable housing contribution based on the square footage of the development proposal, with additional affordable housing units or monetary contributions above the minimum requirements factoring during evaluation.

RFP Schedule / Administrative Process - With Council approval, the goal is to issue the RFP in July 2012 with an opening date for proposals set approximately sixty (60) days later in September 2012. Staff will then undertake an evaluation process to determine whether the proposals comply with the terms defined in the RFP and then score qualifying proposals to create a shortlist of proposals. It is anticipated that this process will take approximately two months (October and November) and may include additional interviews and information gathering efforts with the offerors on the shortlist. Presentation of a recommendation to City Council is anticipated to occur in the December/January timeframe. The City will have one hundred fifty (150) days from the opening date of proposals (September 2012) for the review process and any subsequent negotiations.

After the staff review process is complete, the proposal deemed most advantageous based on the stated criteria will be brought to City Council for consideration. City Council may then decide whether to accept or reject the proposal, or further negotiate the terms of the proposal.

A summary of the RFP appears as Attachment 1 to this document and provides some additional details about the RFP language.

FISCAL IMPACT: The issuance of a Request for Proposals for 1505 Powhatan Street is not anticipated to have any direct fiscal impact on the City. Subsequent acceptance of a development proposal should result in a one-time revenue realization from the real estate sale price as well as an ongoing tax revenue benefit to the City. Such revenue impacts are variable and contingent upon the value of the proposed redevelopment. Based on third party analysis of this parcel, the City is estimated to realize revenue anywhere from \$2.2 million to \$4.5 million depending on the proposed reuse.

ATTACHMENTS:

Attachment 1 – Summary of the 1505 Powhatan Street Disposition and Redevelopment Request
for Proposals

Attachment 2 – Site Arial Photo

STAFF:

Jeremy McPike, Director, General Services

Alfred Coleman, Deputy Director, General Services

CITY OF ALEXANDRIA

DISPOSITION AND REDEVELOPMENT OF 1505 POWHATAN ST. REQUEST FOR PROPOSALS
SUMMARYPURPOSE

The purpose of this Request for Proposals (RFP) is to select a real estate purchase and development proposal for the surplus City property at 1505 Powhatan Street. The successful proposal will provide the optimal combination of financial benefits to the City with a desirable use that is consistent with the surrounding neighborhood. The RFP process will enable the City to guide redevelopment to a greater degree than a simple sale of the property.

The proposal will include a defined affordable housing contribution based on the square footage of the development plan, with the option to include additional affordable housing elements either as a monetary contribution or equivalent affordable housing units on site. The proposal will also include a detailed schedule of financing, planning, permitting and construction, as well as conceptual design plan for the property.

SCOPE OF THE RFP

The RFP will provide the following information about the property to potential offerors:

- Planned schedule for the RFP process and subsequent City decision making process;
- Legal descriptions, including current zoning allowances;
- Positive features of the property;
- Available environmental reports;
- Affordable housing contribution requirements;
- Minimum acceptable sales price;
- Design guidelines;
- Selection Criteria; and
- Inspections or visitations of the property.

The RFP will require the following elements to be included in proposals:

- Financing plan;
- Profile of the offeror (past development experience; history of the firm; references, etc.)
- Schedule of necessary events (plan preparation, approvals, permits, construction, etc.)
- Design proposal (at a minimum to include a schematic plan depicting building footprints, streets, open space, density, unit mix, height, massing, major utilities, landscaping, and color architectural elevations that describe building materials);
- A narrative describing how the design concept will be compatible with the zoning, the master plan and citizen direction provided for the surrounding area.

CITIZEN DIRECTION

The Northeast Citizens Association discussed redevelopment of 1505 Powhatan and provided the following input, which will help guide the RFP development and review process:

- Support for mixed-use or residential proposals with a strong preference for ownership units;
- Community prefers underground parking and does not support parking reductions;
- Mass, scale, height and architecture should be consistent with surrounding properties;
- All utilities should be undergrounded;
- Area should be designed to be an attractive gateway;
- There should be substantial publicly accessible open space provided;
- The project should make an affordable housing contribution; any on-site affordable units should be ownership not rental;
- Does not encourage uses that conflict with traffic on Slaters Lane;
- Does not rely on any on-street parking, including any visitor parking spaces; and
- Community does not support any variances or modifications to the zoning ordinance.

CRITERIA FOR CONSIDERATION

Staff will use the following criteria to score proposals and provide a recommendation to City Council:

- Proposed use;
- Financial ability of the developer;
- Experience of the proposer in developing similar properties;
- Effect of the use on other properties;
- Compatibility with City's zoning, Master Plan and citizen direction;
- Architectural quality of the proposed project;
- Offer price for the real estate; and
- Anticipated tax and other City revenues.

ANTICIPATED KEY STEPS IN THE RFP AND DECISION MAKING PROCESS:

SUMMER/FALL/WINTER 2012

Summer 2012

- Finalize RFP legal language
- Issue RFP
- Inspection of Property by Offerors
- Close RFP

Fall 2012

- Develop Shortlist of Proposals
- Additional Information Gathering/Interviews
- Community Meetings

Winter 2012/2013

- Recommendation of Successful Proposal to City Council

1505 Powhatan Street

