



Planning & Development Division
Planning & Economic Development Department

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Duluth, Minnesota 55802



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Request for Proposals

Mixed Income, Multi-family Developments

Duluth, Minnesota

Release Date: November 29, 2021

Proposals Due: January 30, 2022

Overview

The City of Duluth (the “City”) is seeking proposals from qualified development entities planning to develop affordable multifamily residential structures in Duluth that are in need of financial assistance. The City is interested in collaborating with such entities to assist in Duluth's recovery from the impacts of the COVID-19 pandemic as it relates to housing availability, to address financial obstacles preventing development, and to support infill and redevelopment of sites in the City.

In July of 2021, the City received Federal funds through the American Rescue Plan Act (ARPA). The City has committed \$19.2 million of its ARPA funds toward the development or redevelopment of new affordable housing. The City recognizes the high cost and logistics challenges in the current development market; the ARPA funds are intended to fill financing gaps and enable the development of affordable housing units. The City is interested in proposals that include residential development with as many affordable housing units as possible; for the purpose of this RFP, the term “affordable” means unit rents that are no more than 30% of a household’s income that is 80% or less of the area median household income, as published annually by Minnesota Housing Finance Agency (<https://www.mnhousing.gov/sites/multifamily/limits>). Additionally, the City may wish to include a commercial component to developments, as discussed below. The City is prepared to select **up to four** proposals through this RFP process.

The uses of ARPA funds are limited and must be used in neighborhoods disproportionately impacted by the COVID-19 pandemic; the U.S. Department of the Treasury has determined that qualified census tracts (“QCTs”) are automatically eligible locations in which to use these funds, and that affordable housing is an eligible use. A map of Duluth QCTs is shown in Appendix A; for more information, please visit https://www.huduser.gov/portal/sadda/sadda_qct.html.

Proposals with locations outside of Duluth QCTs will be considered, subject to the Respondent providing evidence that the site and the surrounding neighborhood were negatively impacted by the COVID-19 Pandemic, and how affordable housing in that location directly mitigates or reduces those impacts.

Questions about this RFP should be directed to the City of Duluth Purchasing Office: purchasing@duluthmn.gov

The Duluth Community

The fourth-largest city in Minnesota, Duluth has a population of approximately 87,000 and over 6.7 million visitors annually. Duluth is the largest metropolitan area on the shores of Lake Superior: home to more than 250,000 people, 25-34 year old residents are the fastest growing demographic, increasing by 25% over the last 5 years.



Duluthians enjoy a high quality of life in a vibrant place that boasts great tasting and clean water and a spectacular landscape along the entire 26-mile stretch of the city. Offering more than 11,000-acres of greenspace within city limits, Duluth offers access to over 250 miles of hiking and world-class biking trails, sailing, cross country and downhill skiing, fly and deep-sea fishing, rock and ice climbing, inspirational arts and entertainment performances, a mix of local and nationally recognized retailers and diverse culinary options.

Duluth has three highly ranked college institutions that are rated among the best in the nation for liberal arts education. They offer a medical school and top-notch engineering programs. Duluth is the home of two regional medical centers that are investing a combined \$1 billion over the next few years. The Port of Duluth-Superior is the farthest-inland freshwater seaport, connecting the heartland of the U.S. and Canada to the global economy. Duluth's economic outlook is promising as aviation, education, healthcare, engineering, tourism and information technology companies continue to grow and flourish here.

In summary, Duluth is home to abundant natural resources and outdoor recreation, robust industry clusters, top-notch educational campuses, and some of the most breathtaking natural scenery in the country – qualities that make it an unrivaled place to live, work and explore.

Objectives

The City is seeking qualified developers whose projects will create affordable residential units while adhering to and embodying

Governing Principles in Duluth's comprehensive plan, Imagine Duluth 2035

(<https://imagineduluth.com/document>). The City of Duluth is principally interested in proposals that include quality, safe residential developments for persons of all income levels. In particular, the City is seeking



proposals that can incorporate as many affordable units as possible and for the affordability to be maintained for as long as possible.

Additionally, the City may require commercial space in selected proposals in which it can provide public services. If the City determines a given proposal presents a good fit and opportunity for this need, the details of that space (e.g. lease terms, build-out) will be mutually agreed upon after selection.

Note: The City will not require a mixed-use project without providing a tenant for any commercial space constructed.

The primary purpose of this RFP process is to identify qualified entities that clearly have the experience, vision, and financial capability to design and complete quality development plans consistent with the City's objectives stated above.

To ensure development viability and readiness to proceed if selected, the City prefers proposals that include site control of the proposed project location.



Proposal Requirements

All proposals must include the following to be considered:

- A minimum of 20% of all residential units will be available for rent @ 50%AMI or less
 - Please choose one of the affordability options shown in Appendix C
- A cost estimate represented as price per square foot for the construction of up to 10,000 square feet of “white box” commercial space

- Proposed project site
 - If site is not within a QCT, provide a narrative describing how/why the site and surrounding neighborhood were directly, negatively impacted by COVID-19 and how your proposal address those impacts
- Budget and pro forma that includes:
 - Sources and Uses as listed in Appendix D based on estimate from experienced GC or CM
 - Securing estimates from local companies is encouraged
 - 15 year expense, revenue and return projections
- Conceptual site plan showing massing, number of units and layout of structure on the chosen site
 - City does not expect detailed design or architectural documents
- Site control status
- Examples of previous successful projects of a similar nature
- **Note:** Successful respondents will become “subrecipients” of ARP State and Local Fiscal Recovery Funds and will fall under the City’s Business Subsidy Policy
 - To be awarded, respondents must have an active SAM.gov registration
 - Selected proposals must adhere to all related compliance and reporting requirements
 - Selected proposals must enter into a Project Labor Agreement and adhere to the City’s Community Benefit Policy.

Proposal Format

Proposals should include the following:

1. Proposal Cover Sheet – A completed and signed Proposal Cover Sheet (Appendix B).
2. Proposal Narrative with Conceptual Site Plan – A written and graphic summary of the proposed development, which shall include an explanation of how the proposed development is intended to be integrated into its surroundings and will support broad principles of neighborhood development
3. Project finances- A proposed budget based on contractor estimates, sources and uses, and 15 year income projection. Please note that the sources and uses format must adhere to the example in Attachment D, or the proposal may be disqualified; additional detail is welcome.
4. Statement of Qualifications – Include descriptions of relevant example projects completed within the past 5 years that are comparable in scope to the project, as well as financial capacity to ensure project success. Include references of previous clients/projects.
5. Development/Building Programming - including type, size, and mix of proposed dwelling units. Conceptual-level renderings and/or preliminary elevations of proposed structures.
6. Project Schedule – Information on the preliminary schedule, including timing for site plan development, regulatory approvals, and construction activities.

Evaluation Criteria

The City will evaluate the development proposals based on the following criteria:

- Developer/development team responsiveness to this RFP and demonstrated understanding of the City’s goals and objectives;

- Level and number of affordable units and duration of affordability;
- Status of site control at proposed project location;
- Project timeline and ability to complete proposed project by no later than May 31, 2024.
- Financial capability, including resources available as equity for the project and strength of financial commitments;
- Demonstrated ability to procure financing and complete projects on schedule and within budgetary assumptions;
- The quality of the proposed site layout and the relation of the layout to the surrounding neighborhood context (parking, pedestrian impacts, activation of street levels, access, etc.);
- Qualifications and experience of the Respondent and team members with projects of similar scale and magnitude;
- Past performance of the developer/development team as verified by references of previous clients/projects;
- Demonstrated success in embracing and implementing the highest standards of sustainability and environmental sensitivity;
- Past successes in dealing with elected officials, municipal boards and commissions, community advisory committees, and neighborhood residents;
- History of legal actions and disputes;
- Quality, creativity, and feasibility of development proposal.

The City encourages and welcomes bids from women and minority owned businesses.

The City of Duluth reserves the right, at its sole discretion, to reject any or all submittals when, in its opinion, it is determined to be in the public interest to do so; to waive minor irregularities and informalities of a submittal; to cancel, revise, or extend this solicitation; and to select the proposal it deems is in the best interests of the City, even if it is not the highest purchase price nor provides the greatest financial benefit to the City. The City reserves the right to request clarification of information submitted and to request additional information from any Respondent.

This Request for Proposals does not obligate the City of Duluth to pay any costs incurred by any respondent in the submission of qualifications and/or proposals or in making necessary studies or designs for the preparation of any proposal, or for procuring or contracting for the services to be furnished under this Request for Proposals.

Any proposal accepted by the City shall be subject to approval by the Duluth City Council.

The City of Duluth appreciates your consideration of this Request for Proposals and welcomes all responsible Respondents.

Additional Information

Information surrounding the Duluth housing market and resources includes:

- Fall, 2019 Duluth Housing Needs Analysis report completed by Maxfield Research.
 - https://duluthmn.gov/media/9677/city-of-duluth_update-of-aff_workforce-hsg-need-final.pdf
- Developer resources (grants, loans, entitlement process)
 - <https://duluthmn.gov/planning-development/housing/housing-in-duluth/>

Process Schedule

The following summarizes the expected schedule for this RFP process:

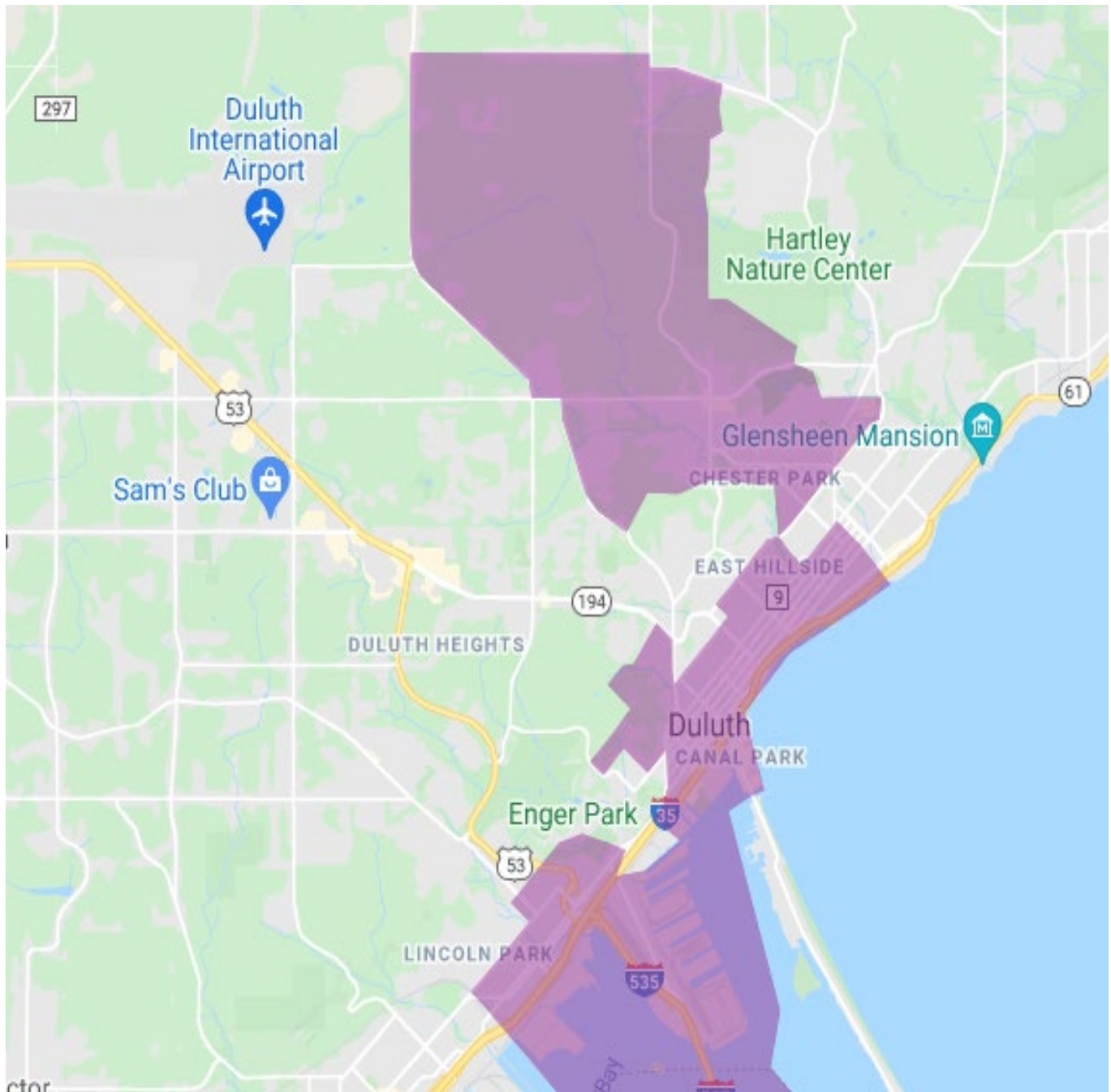
- Request for Proposals issued – November 29, 2021
- Deadline for questions for the City– January 21, 2022
- Development proposals due – January 30, 2022
 - **Please send a hard copy of your proposal along with an electronic copy on a USB thumb drive to:**
 - City of Duluth
Attn: Purchasing Office
411 W 1st St., Room 120
Duluth, MN 55802
- Notification of selected proposals – February 11, 2022

***Presentations**

During the evaluation process, the review committee may, at its discretion, request one or more firms to make presentations. Such presentations will provide firms with an opportunity to answer any questions the review committee may have on a firm's proposal and may be virtual or in-person. Not all firms may be asked to make such presentations.

APPENDIX A

Duluth Qualified Census Tracts-2022



APPENDIX B - PROPOSAL COVER SHEET

CITY OF DULUTH MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENTS

Respondent Information:	
Company Name	
Mailing Address	
Website	
Principal Contact Person	
Contact Person's Phone Number	
Contact Person's E-Mail Address	
Federal ID Number	

<i>Signature</i>	
Signature of authorized official. Signatory consents and agrees to adhere to the terms outlined in this proposal:	
Printed Name	
Title	

FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM MAY RESULT IN THE REJECTION OF THE PROPOSAL

The Signatory hereby represents upon all of the penalties of law for the purpose of inducing the City of Duluth to review a proposal for development, that all documentation herein and attached are true and that all work herein described, if selected, will proceed in accordance with the Ordinances of the City of Duluth and the laws of the State of Minnesota. Signatory also understands that all documents provided to the City may be considered public data, per Minnesota Government Data Practices Act.

APPENDIX C

AFFORDABILITY OPTIONS

Level of Afforability expressed as % of AMI	Percentage of units (out of 100) rented at affordable rate
50	20
	30
	40
	50
	60
	80
	100
60	30
	40
	50
	60
	80
	100
70	50
	60
	80
	100

APPENDIX D

SOURCES AND USES

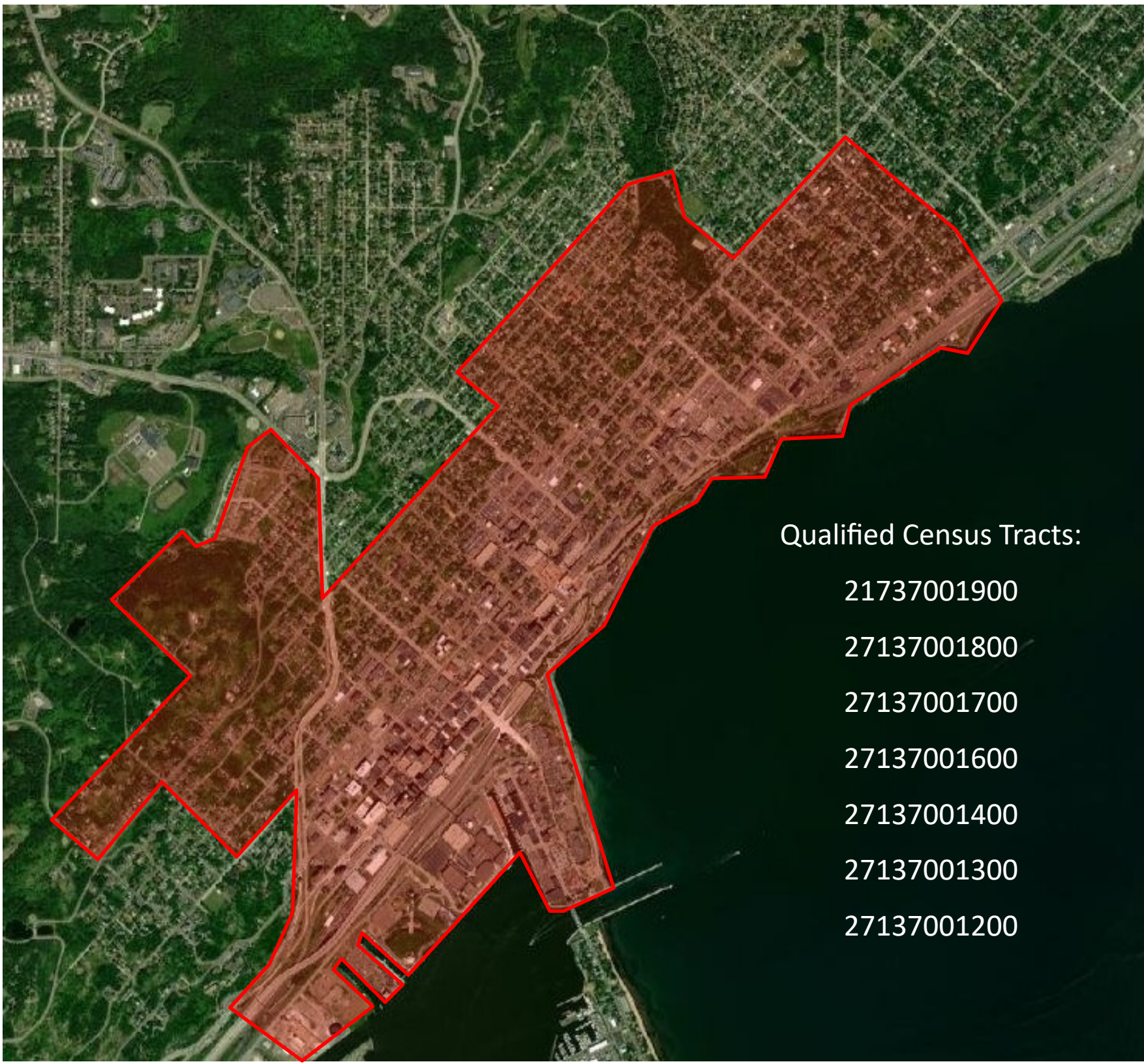
Source and Uses Summary		
Project Costs (Uses)	Amount	Per Unit
Residential Construction		
Architecture		
Construction Management		
Legal		
Acquisition Cost (Land + Building)		
Leasing/Marketing		
Utility Connection and Permitting fees		
Builders Risk Insurance		
Property Taxes - Construction Period		
Construction Period Interest		
Title Insurance		
Financing Fees		
3rd Party Due Diligence		
Geotech/Phase I ESA/Civil Survey		
Inspecting Architect		
FF&E		
Leaseup Operating Reserve		
Developer Fee		
Contingency		
Total	\$	\$
Source	Amount	Per Unit
Mortgage		
American Rescue Plan Funds		
LIHTC (if applicable)		
Tax Increment Financing (if applicable)		
Developer Equity		
Deferred Developer Fee		
Other 1		
Other 2		
Total	\$	\$

APPENDIX A
Duluth Qualified Census Tracts-2022



Qualified Census Tract:

27137015600



Qualified Census Tracts:

21737001900

27137001800

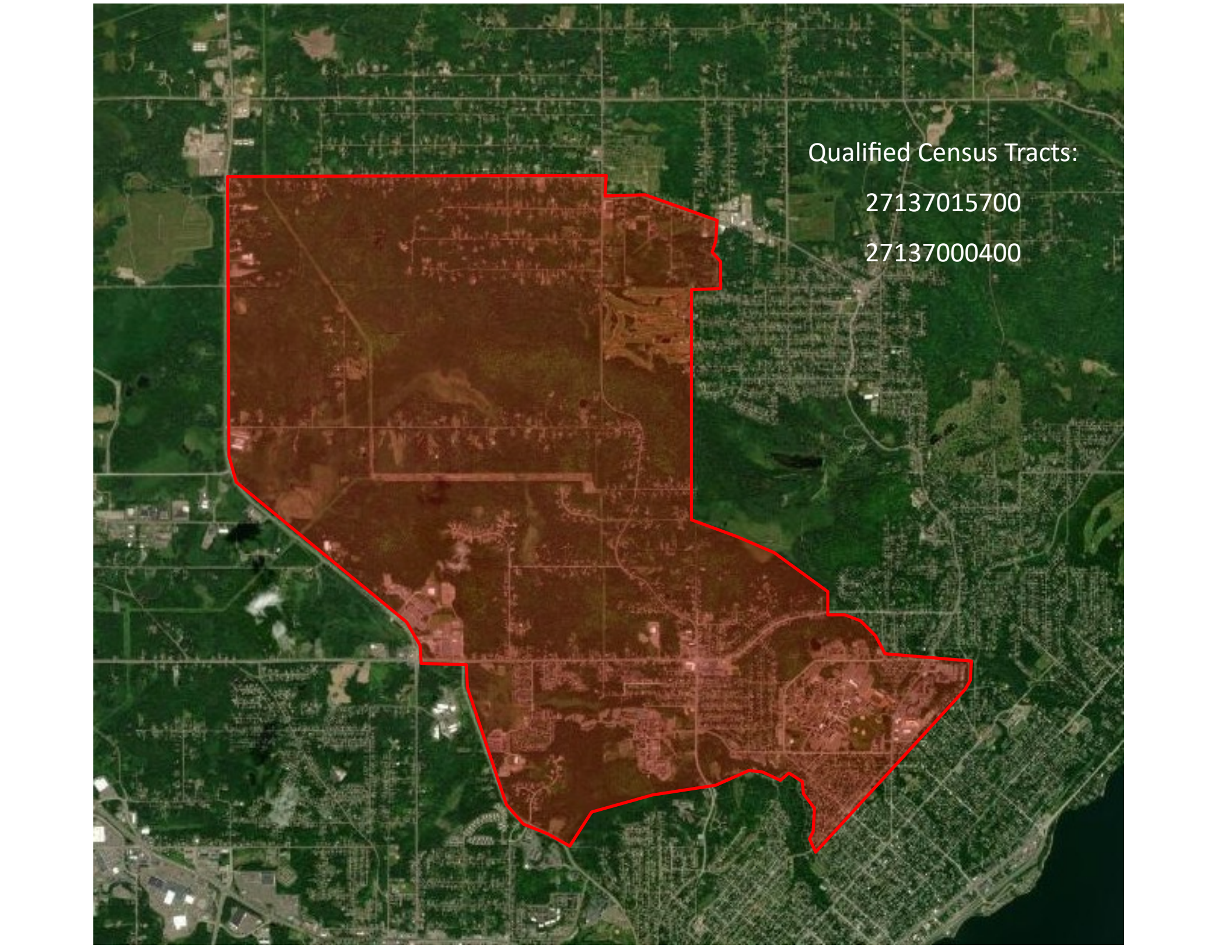
27137001700

27137001600

27137001400

27137001300

27137001200

An aerial photograph of a suburban area with a large region highlighted in a semi-transparent red color. The red region is irregularly shaped, covering a large portion of the left and center of the image. It contains a dense network of roads and some green spaces. To the right of the red region, there is a more developed area with a grid-like street pattern and some commercial buildings. The background is a mix of green fields and residential areas.

Qualified Census Tracts:

27137015700

27137000400