300 & 500 East Main Development
Solicitation for Development Partner Proposals

Durham, NC | Winter-Spring 2019
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About This Solicitation

Durham County, North Carolina (“The County”) is pleased to release this Solicitation for Development Partner Proposals (“SDP”) for the redevelopment of the 300 and 500 blocks of East Main Street in downtown Durham. The County seeks a qualified development partner or partners to redevelop the County-owned sites into a mix of affordable and market-rate housing, ground-floor commercial space and structured parking. Responses to the solicitation are due no later than April 5, 2019.

This document is an invitation for interested development teams to present development concepts for review and consideration by Durham County. The County requests proposals from qualified development teams for the proposed projects. Development teams will have the opportunity to respond to the 300 Block project (Pad 300) and/or the 500 Block project (Pads 500-M and 500-A).

The Development Finance Initiative (“DFI”), a program of the UNC School of Government (“SOG”), will help development teams understand and respond to the County’s requirements for the redevelopment of the 300 and 500 blocks of East Main Street. This process will culminate in the selection of a development partner or partners and the negotiation of one or more development service agreements for public-private partnerships pursuant to North Carolina General Statutes 158-7.1, 153A-378, and other relevant authority.

Prior to releasing this SDP, DFI and the County spent 18 months completing significant pre-development on these projects to ensure the projects and the proposed public-private partnerships are supported by the community, endorsed by the Durham County Board of Commissioners (BOCC), and are financially feasible for development partners.
The 300 and 500 blocks of East Main Street are key sites located in the thriving downtown Durham market, an area that has experienced transformative adaptive reuse and infill development since the early 2000s and continues to see significant absorption. The County intends to leverage these County-owned parcels, currently used as surface parking lots, to increase residential and commercial density in the East Main Street corridor. The Durham BOCC strongly supports the redevelopment of these sites and its potential to transform downtown through the creation of additional market-rate and affordable housing units in a walkable, diverse, mixed-income, and mixed-use setting.

The East Main Street corridor is prime for redevelopment and will be vital in connecting Durham’s urban core with residential areas. This corridor has historically been dominated by civic uses but has recently welcomed new cultural and commercial offerings, such as art galleries and performance spaces, breweries, office space and event facilities.

Located in an Opportunity Zone and Qualified Census Tract, the 500 block is well positioned to capitalize on the city’s explosive growth. Both sites are also located within the Downtown Design District of the Durham City-County Unified Development Ordinance (UDO), which was established to encourage high-density urban design. In addition, two stations for the proposed Durham-Orange Light Rail will be situated within close walking distance, less than a quarter mile from both the 300 and 500 block sites.

This landmark opportunity is the result of many months of intensive public engagement, community advocacy, technical analysis, and leadership by Commissioners and staff. The creation of permanently affordable housing units in downtown is a key community development priority for Durham County and its partners. The 300 and 500 blocks of East Main Street offer an invaluable opportunity to provide low-income housing in an area that has become increasingly unaffordable to many long-term Durham residents, and co-locating this housing alongside transit, retail, and essential services.
Durham County is prepared to work with a developer or developers to increase the vibrancy of this crucial downtown corridor through development that fulfills both public and private sector interests. The County looks forward to enlisting private development partners with the vision, capacity and experience to execute these transformative projects.

Rendering of Proposed Conceptual Plan for 300 Block of E. Main

Rendering of Proposed Conceptual Plan for 500 Block of E. Main

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<table>
<thead>
<tr>
<th>Project Parcels</th>
<th>Railroad Tracks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Census Tracts/Opportunity Zones</td>
<td>Building Footprints</td>
</tr>
<tr>
<td>National Historic District</td>
<td>Development Pads</td>
</tr>
<tr>
<td>Durham Local Historic District</td>
<td>Parcel Boundaries</td>
</tr>
</tbody>
</table>
DFI’s Role

DFI provides specialized finance and development expertise to local governments to assist them in attracting private investment for transformative projects. DFI has been engaged in more than 100 projects representing more than $1 billion of current and planned investment in communities across North Carolina, Virginia and South Carolina.

DFI performed detailed pre-development analysis to arrive at a recommended development plan. The analysis included:

- **Public Engagement**: identifying guiding public interests for development of the 300 and 500 blocks and engaging the community in evaluating possible development plans through a stakeholder engagement process that included seven public input sessions and online feedback forms. The memos summarizing the public feedback received regarding public interests and the leading development plans are available upon request.
- **Market Assessment**: assessing the supply and demand for potential uses: market rate and affordable residential, retail and office. A detailed summary is available upon request.
- **Site Assessment**: understanding the physical and regulatory constraints of the site to determine the density, orientation, and potential massing limitations. The massing of the public and private facilities on the site are laid out in conceptual drawings, including elevations and floor plans produced by LITTLE Diversified Architects with assistance from Kimley-Horn Associates.
- **Financial Feasibility**: creating financial proformas to ensure projects are financially feasible. Identifying how public participation can ensure the development meets the guiding public interests. DFI’s financial assumptions are available upon request.

DFI’s predevelopment work thus far will benefit the private developer or developers selected by BOCC by significantly reducing the time, effort, expense and overall risk required to move the project through the County’s public planning process. The County has therefore agreed in a contract fully executed on June 19, 2017 that the developer selected following the Solicitation for Development Partner Proposals pays a fee equal to 1.5% of the total development cost to SOG as part of any development services agreement related to the development of the project site. An alternative payment schedule for payment of the Development Services Fee to SOG may be developed as mutually agreed in writing by the developer and SOG; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by the developer. The terms of the fee are further described in Appendix A of this document.
Guiding Public Interests

A critical component of DFI’s pre-development process is community engagement and identification of “guiding public interests”: the publicly supported goals that should be achieved through the proposed project. Through significant community engagement—including a series of seven public input sessions, online feedback forms, small group stakeholder meetings and a project website (www.dconc.gov/EMainSt)—DFI and the County identified the following guiding public interests, as endorsed by the BOCC on March 8, 2018:

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.
Market Overview

Durham, North Carolina, is part one of the fastest growing metropolitan areas in the Southeast. Anchored by Duke University and the largest research park in the country, Research Triangle Park (RTP), Durham is home to over 200 leading multi-national companies such as IBM, Cisco, Biogen and GlaxoSmithKline. The area boasts a highly educated and diverse workforce that is propelling Durham’s entrepreneurial environment and rapid growth. Since 2000, the City of Durham’s population has grown by 40% to just over 270,000 in 2018 (U.S. Census).

Since 2016, downtown Durham has seen over $1.25 billion in investment, bringing the total in the last 20 years to over $2 billion with the development of marquee projects such as the Durham Bulls Stadium, Durham Performing Arts Center, the 27-story One City Center, and the redevelopment of the American Tobacco Company campus. Within a mile radius of the heart of Downtown are approximately 18,000 workers (expected to surpass 20,000 in 2019), nearly 16,000 residents, and more than 700 hotel rooms (DDI, Esri Bao). Despite a significant expansion in the supply of multi-family units and office space in the last couple of years, demand for new products remains high.

RESIDENTIAL

The Durham apartment market has expanded rapidly to accommodate the growing number of professionals in locally based firms and startups, as well as Duke University students and staff.

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Total Households</th>
<th>Median Income</th>
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<tbody>
<tr>
<td>Durham City</td>
<td>110,800</td>
<td>$53,765</td>
</tr>
<tr>
<td>RTP (30 Min Drive)</td>
<td>569,000</td>
<td>$68,740</td>
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</table>

Between 2018 and 2023 the city of Durham is expected to attract 11,000 new households (a growth of 9.5%), roughly half of which are likely to be renters. Almost all new households are expected to earn more than $50,000 a year and over 80% are expected to earn more than $75,000 a year (Esri BAO).

As the appeal of the downtown market expands, it is poised to attract an even greater number of workers from in and around the Research Triangle Park (RTP). The number of households within 30 minutes of RTP is expected to grow by 52,000 in the next five years, with nearly 10% of households likely to be renters that earn more than $75,000 a year (Esri BAO).

Since 2009, the number of market-rate residential units in downtown Durham has nearly tripled from just under 750 units to 2,100 units. Although the vacancy rate at the end of 2018 stands at 11.5%, this is a result of roughly 660 units that were delivered between 2017 and 2018 (CoStar).

As of the fourth quarter of 2018, rents in downtown Durham averaged between $1.63 per SF for 3-bedrooms to $2.15 per SF for a studio, with an average unit size of 890 SF. The 1,100 units currently under construction are expected to demand rents 15% or more above the 2018 average (CoStar).

DFI estimates that based on current growth projections and increased demand from an influx of workers, downtown can support at least an additional 1,400 units over the next five years.
AFFORDABLE HOUSING

The Area Median Income (AMI) for the Durham Chapel Hill MSA is $80,600. In Durham County, over 12,250 renter households earning less than 80% AMI are severely cost-burdened, spending more than 50% of their income on housing costs (HUD CHAS).

Of these households, approximately 48% are unrelated households of persons under the age of 62, and 31% are small families with either two persons under the age of 62 or three to four persons total (HUD CHAS).

Durham County has nearly 3,600 restricted affordable units active in the LIHTC program with a vacancy rate of 4.8% (CoStar). Nearly 82% of the units were built more than 15 years ago. The Fair Market Rent (FMR), as defined by HUD, has increased 5% annually since 2013. Over the same period, the AMI has grown by just 1.6% annually. As housing costs continue to rise, the number of low-income households in need of affordable housing will continue to rise.

DFI estimates that units ranging in size from studio to 2-bedrooms that are affordable to households earning 80% AMI and below are in high demand; an additional 277 units in downtown will meet less than 3% of the existing demand for affordable housing.

Office-based employment in Durham has grown approximately 3% annually over the last ten years (BLS). Until recently, the supply of downtown Durham office space was severely constrained. Between the first quarter of 2015 and third quarter of 2018, the vacancy rate for all classes averaged roughly 3%, dipping as low as 2.2% before the delivery of nearly 750,000 Square Feet (SF) of Class A space between 2017 and 2018. An additional 230,000 SF of Class A space are currently under construction (CoStar).

As of December 2018, the vacancy rate of the nearly 5.5 million SF of office space was 6.9% and dropping. The Durham Innovation District (ID) development delivered 300,000 SF of Class A office space in the fourth quarter of 2018, and more than 50% had been leased by December of 2018. Gross rents average approximately $32.00 per SF of Class A space and $27.90 per SF of Class B space (CoStar).

DFI estimates that downtown Durham can support the space in the pipeline plus roughly 250,000 to 300,000 SF of Class A or B space in the next five years.
Downtown Durham is a food and drink destination. In 2017, Southern Living identified Durham as the “Tastiest of the Southeast.” For every downtown resident shopping locally, six people are coming from elsewhere to spend money in downtown’s restaurants and bars (Esri BAO).

The supply of downtown retail space, however, has expanded at a much slower pace than multi-family housing and office. Of the million SF of retail-appropriate space, approximately half is currently leased or advertised to retail tenants (CoStar). The vacancy rate prior to 2018 for the typical downtown storefront or freestanding restaurant and bar was less than 3%. In late 2018, roughly 50,000 SF of new retail space was constructed as part of mixed-use developments, including the One City Center, Durham ID, and Durham County Admin II. The GoldenBelt Campus recently delivered over 20,000 SF of retail space at Mill No. 1. An additional 32,750 SF is in the pipeline for 2019 (CoStar).

Full service rents for ground-floor retail in mixed-use developments delivered in 2018 range from $28 to $35 per SF.

As 3,000 workers and more than 1,600 new households potentially move into downtown in the next five years, demand for retail will continue to grow. DFI estimates that downtown can support the space currently in the pipeline plus an additional 30,000 – 40,000 SF by 2023.
Development Plans

DFI worked with LITTLE Diversified Architects to create conceptual mixed-use site plans that combine residential development and street-level commercial space. DFI charged LITTLE with identifying a plan within the regulatory and physical constraints of the sites that meets the public interests. The plans align with Durham’s Unified Development Ordinance (UDO), Downtown Durham Historic District requirements, and the parking requirements of County employees and future residents. DFI ensured the financial feasibility of the plan and integrated public participation to secure public interests as necessary.

The development program and conceptual site plans provided in this solicitation are not the final designs or massings. Developers are encouraged to develop their own approach, but should use the program and plan approved by the BOCC as a frame of reference for the type and scale of development that the County desires. Developers are not required to engage LITTLE.

In addition to the private development, on approximately one acre of the 300 block and nearly two acres of the 500 block, County-owned parking decks will be constructed. These decks will include County-owned commercial space on the ground floor and will park County employees and customers, residents of the proposed housing units, and the proposed commercial uses. The County will manage the parking and directly lease spaces to the selected development partner(s).

At the November 12, 2018 regular session meeting, the BOCC voted to approve the following program:

### 300 BLOCK OF EAST MAIN
The 300 Block of East Main Street (318 Liberty Street) is a 2.17-acre site along Liberty Street and Queen Street, currently used as surface parking. This site is suitable for LIHTC development and meets the threshold requirements of the North Carolina Housing Finance Agency’s (NCHFA) 2019 Qualified Allocation Plan (QAP).

#### PAD 300

The .9-acre portion of the 300 Block partially wraps the parking deck with 97 affordable rental housing units over five floors.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% of Total</th>
<th># of Units</th>
<th>Typical NSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Bedroom</td>
<td>23%</td>
<td>22</td>
<td>660 SF</td>
</tr>
<tr>
<td>2-Bedroom</td>
<td>47%</td>
<td>46</td>
<td>900 SF</td>
</tr>
<tr>
<td>3-Bedroom</td>
<td>30%</td>
<td>29</td>
<td>1,200 SF</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30%</strong></td>
<td><strong>97</strong></td>
<td><strong>935 SF</strong></td>
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</table>
To meet the public interest for mixed-income development, the use of income-averaging for LIHTC development is required. DFI proposes the following income bands: 18% of units at 30% AMI; 60% of units at 60% AMI; 22% of units at 80% AMI.

**ADDITIONAL CONSIDERATIONS**
This plan complies with the historic preservation criteria of the Downtown Durham Historic District that requires any new development to respect the setback of the adjacent local historic landmark. Developers must consider a strategy that complies with the requirements of the district and promotes an urban storefront form as intended in the UDO.

**FINANCIAL FEASIBILITY**
Based on current cost and tax credit conditions, DFI modeled the following assumptions for both Pad 300 and Pad 500-A:

- Financing for the affordable housing developments should include 4% low-income housing tax credits. Durham County is willing to serve as the issuer of tax-exempt bonds.
- The bond is sized at 50% of the aggregate basis and the County assists, in the form of a grant, with any gap between a permanent loan and the bond proceeds.
- The Durham Housing Authority (DHA) is currently undergoing Rental Assistance Demonstration (RAD) conversions in downtown Durham. RAD Project-Based Vouchers (PBV) are applied to the 1- and 2-bedroom units set aside at 30% AMI. Coordination with DHA, however, will be required to secure the RAD vouchers and is contingent on the timing of DHA’s projects.
- Durham County intends to maintain the long-term affordability of the affordable housing pads. The parcels used for affordable housing are ground leased to the developer at a nominal cost. Terms will dictate the period of affordability and conditions of sale.

• Parking for the affordable housing will be financed and operated by Durham County at low or no cost to the developer. Developers are expected to comply with parking requirements set by the North Carolina Housing Finance Agency’s (NCHFA) Qualified Allocation Plan (QAP). However, due to the urban location of this site, developers are expected to negotiate a parking reduction with NCHFA, as allowed in recent versions of the QAP.
• Sources and uses are based on 2019 QAP requirements and December 2018 tax credit pricing at $0.92 per credit and a tax credit percentage of 3.32%.

<table>
<thead>
<tr>
<th>300 BLOCK OF EAST MAIN - PAD 300</th>
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<table>
<thead>
<tr>
<th>Use</th>
<th>% of Total</th>
<th>Total</th>
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<tbody>
<tr>
<td>Acquisition</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>77%</td>
<td>$13,010,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>23%</td>
<td>$3,850,000</td>
</tr>
<tr>
<td>Developer’s Fee</td>
<td></td>
<td>$1,260,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$16,860,000</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Permanent Sources</th>
<th>% of Total</th>
<th>Total</th>
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<tbody>
<tr>
<td>Federal LIHTC Equity</td>
<td>29%</td>
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<tr>
<td>Primary Loan</td>
<td>43%</td>
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<tr>
<td>Durham County - Loan</td>
<td>16%</td>
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<td>Durham County - Grant</td>
<td>10%</td>
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<td>Deferred Developer’s Fee</td>
<td>2%</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$16,860,000</strong></td>
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The 500 block of East Main Street is a 4.2-acre site along Ramseur Street and Elizabeth Street and contains two projects: Pad 500-M (market-rate residential) and Pad 500-A (affordable residential). The 500 block presents a unique opportunity to create a mixed-use, mixed-income anchor for the East Main Street corridor. The site is located within a Qualified Census Tract that has been designated an Opportunity Zone.

Because market-rate and affordable housing rely on different financing mechanisms, DFI modeled Pad 500-M and Pad 500-A independently. However, the County, reflecting the public interests, requires the developments to feel connected and part of a unified mixed-income development. Therefore, teams with market-rate and affordable housing experience are required to apply as a master developer for the 500 block.

In order to enhance the vitality of the East Main Street corridor, the County seeks development on the 500 block that maximizes the site’s potential uses and density. The County is comfortable with plans that exceed the proposed height, but parking demand from Pad 500-M and Pad 500-A combined cannot surpass the proposed parking deck’s limit of 1,275 spaces, with an estimated 600 reserved for County use. The County is prepared to share spaces with residential uses.

The market rate development proposed on 1.1-acres of the north side of the 500 block, Pad 500-M, wraps the parking deck with four floors of multi-family housing above ground-floor commercial space. The plan includes 160 units as a mix of studio, 1-bedroom, 2-bedroom and 3-bedroom units averaging 765 SF and approximately 18,800 SF of leasable commercial space.

**ADDITIONAL CONSIDERATIONS**

The County has expressed an interest in incorporating a daycare or Pre-K into the commercial space. However, the development plans outlined here do not include a space for this use or the corresponding play area required by the State. Developers are invited, but not required, to submit proposals that incorporate compatible space for daycare or Pre-K. Should a successful proposal include a daycare or Pre-K space, the County would be open to considering a pre-lease by the County of that space.

**FINANCIAL FEASIBILITY**

Based on current cost conditions, DFI estimates a total development cost for the 500 East Main market rate development of roughly $33 million including an acquisition cost of approximately $1.61 million ($1.5 million per acre). The following parameters were modeled:

- Based on DFI’s market analysis, DFI modeled rents ranging from $2.40 per SF for a studio unit to $1.95 per SF for a 3-bedroom unit. Retail rents were $22 per SF with NNN lease.
- The County finances and owns the deck and the developer leases spaces at a fair rate, which DFI modeled at $80 per month per space, escalating 3% annually, for the market-rate residential units and commercial space.

The market-rate development earns attractive returns as modeled. Accordingly, the County will not provide any additional public investment other than owning and leasing parking to the private development.
The one-acre pad on the south side of the 500 block, Pad 500-A, includes five floors with 180 affordable rental housing units using the LIHTC program.

Proposed Income targeting: 18% of units at 30% AMI; 60% of units at 60% AMI; 22% of units at 80% AMI. This site also meets the threshold requirements of NCHFA’s 2019 QAP.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% of Total</th>
<th># of Units</th>
<th>Typical NSF</th>
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<tr>
<td>Studio</td>
<td>33%</td>
<td>60</td>
<td>480 SF</td>
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<tr>
<td>1-Bedroom</td>
<td>51%</td>
<td>92</td>
<td>660 SF</td>
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<tr>
<td>2-Bedroom</td>
<td>16%</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>180</strong></td>
<td><strong>637 SF</strong></td>
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**500 BLOCK OF EAST MAIN - PAD 500-A**

<table>
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<tr>
<th>Use</th>
<th>% of Total</th>
<th>Total</th>
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<tbody>
<tr>
<td>Acquisition</td>
<td>0%</td>
<td>$0</td>
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<tr>
<td>Hard Costs</td>
<td>77%</td>
<td>$19,590,000</td>
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<tr>
<td>Soft Costs</td>
<td>23%</td>
<td>$6,200,000</td>
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<tr>
<td>Developer’s Fee</td>
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<td>$2,200,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$25,780,000</strong></td>
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**Permanent Sources**

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<td>Primary Loan</td>
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<td>Deferred Developer’s Fee</td>
<td>2%</td>
<td>$560,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$25,780,000</strong></td>
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**FINANCIAL FEASIBILITY**

The 500 block is in a Qualified Census Tract and receives a 30% boost in the eligible basis. See “Financial Feasibility” under “Pad 300” for additional assumptions modeled by DFI.
Public Participation

STRUCTURED PARKING

Durham County plans to construct structured parking to accommodate new uses on the two sites and replace County employee parking currently on the surface lots. The County is also open to an agreement wherein the private development partner develops one or both of the decks and the County provides construction financing and purchases the deck at completion, subject to applicable laws governing public-private partnerships. Developers seeking such participation by the County should explain how such an arrangement would result in cost savings or reduced risk of the County. The County is prepared to operate the deck and lease spaces to the market-rate development.

AFFORDABLE HOUSING

For the affordable housing components, DFI modeled the following support to be provided by the County (with precise timing and amounts to be negotiated and contingent on the award of 4% tax credits and delivery of the minimum number of affordable units included in “Development Plans”):

- A ground lease for the affordable housing component at a nominal cost to the developer. Durham County intends to maintain the long-term affordability of Pad 300 and Pad 500-A. The terms of the ground lease will dictate the period of affordability and the conditions of sale.
- Financing and operation of all required parking within County-owned deck at no cost to developer
- 2% interest-only loan (no more than amount specified under “Development Plans”)
- Construction grant (no more than amount specified under “Development Plans”)


Submission Process

Development Partner proposals are due at 5:00 p.m. EDT on April 5, 2019. Proposals must be submitted electronically in PDF format to Sarah Odio at odio@sog.unc.edu and Peri Manns at pmanns@dconc.gov.

Proposals must be prepared in conformance with the guidelines described under “Submission Requirements.” The e-mail subject must be “Development Partner Proposal: Durham County” plus the block to which you are responding, for example: “Development Partner Proposal: Durham County 300 Block.” Proposals received after the deadline will not be considered.

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit financial information that it may deem confidential and proprietary to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees to keep confidential any confidential proprietary information included in a response, provided that (1) the respondent identifies the confidential proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they so designate information that is already public.

Any information that the respondent would like to remain confidential should be e-mailed under separate cover to odio@sog.unc.edu. The e-mail subject must be “PROTECTED: Development Partner Proposal: Durham County ___Block.”

Please direct any questions regarding the solicitation to Sarah Odio at odio@sog.unc.edu.
Submission Requirements

PROPOSAL

1. Identify if submitting for development of the 300 block (Pad 300), 500 block (Pad 500-M and 500-A) or 300 and 500 block (Pads 300, 500-M and 500-A).
2. Development Plan (plans for each development pad should be detailed separately and clearly labeled) – Propose:
   a. Residential Units; Average Size of Units; Mix of Units by Bedroom Type; Expected Rents
      • If affordable (Pad 300 or 500-A), indicate number of units by bedroom type at each income bracket
   b. Commercial SF; Expected Rents
   c. Estimate of Parking Spaces Needed (If mixed use, separate commercial and residential estimates)
3. Preliminary Site Plan - Include:
   a. Building Massing
   b. If 500 block (Pads 500-M and 500-A), site plan for entire block (Revit file for proposed parking garage is available upon request.)
   c. Proposed access for multiple modes of transportation, including bikes, bus transit, ride-sharing services, etc
4. Development and Financing Assumptions – Provide:
   a. Sources and Uses
      • If public participation is anticipated, propose the public investment structure and amount and provide financial analysis to demonstrate why such participation is necessary.
   b. Required investor return hurdle rate (submit as confidential)
   c. If Pad 500-M, proposed parking lease agreement for market-rate and commercial
   d. If interested in developing one or both of the parking decks, propose a financing structure and development fee, and explain why the proposed arrangement would benefit the County as compared to the County constructing its deck independently.
5. Acquisition Price (Pad 500-M only) – Propose price per acre
6. Earnest Money Deposit – Propose amount and terms
7. Indicate whether proposed timeline under “Estimated Development Timeline” is feasible. If other, include proposed timing here.

QUALIFICATIONS

8. Letter of Introduction
   Include a summary of the respondent’s qualifications, experience, and reasons for interest in this opportunity. Special attention should be given to a clear statement outlining how this proposal aligns with the guiding public interests. The letter must be signed by a principal or authorized officer of the entity.
9. Development Team
   a. Identification of partner firms and roles, including co-developers, architects/designers, and potential general contractor or subcontractors.
   b. Overview of each firm on the team, including brief history of firm, licensure, past experience working with the developer, and relationship of the firm’s parent company with the office responsible for this project, if applicable.
c. If submitting for Pad 300 or 500-A, documentation of partner firm’s eligibility for LIHTC awards in North Carolina and identification of management team with at least one LIHTC project in current portfolio. Include proof of valid NC real estate license and registration with NC Secretary of State.

d. Identification and resumes of lead staff (principals and project managers) who will be responsible for negotiating a development agreement with the County and completing the remainder of the preconstruction approval process.

10. Minority and Women Business Enterprise (MWBE) goals
   a. If available, lead developer’s MWBE policy.
   b. If available, historical MWBE performance.
   c. Proposed MWBE goals and strategy to achieve goals.

11. Experience and References
   a. List of five current and completed projects (preferably in the last five years) relevant to proposed plans. Include the following information:
      • Location and name of project (preference for projects in North Carolina)
      • Development team members, including architects/designers and general contractors
      • Scope and scale of development program
      • Photos/illustrations of completed project
      • Total development budget by use
      • Capital stack, including governmental sources
      • Financing partners
      • List of current commercial tenants (indicating whether local and/or small business), if available
   b. Most recent example, if any, of the development team’s experience executing public-private partnerships
      • Include all information requested above in section 11(a)
      • Contact information for a representative of the primary public agency partner in the project

12. Disclosure and evidence of financial stability
   a. Disclosure of any potential conflicts of interest that could be relevant to this project in any manner.
   b. Disclosure of any projects/financing on which the team or any of its members has defaulted.
   c. Disclosure of whether the developer or any officer, director, or owner thereof has had judgments entered against it, him or her within the past 10 years for the breach of contracts for governmental or nongovernmental construction or development.
   d. Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body.
   e. Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting.
   f. Disclosure of whether any officer, director, or owner is currently debarred from bidding or contracting, pursuant to an established debarment procedure, by any public body, agency of any state, or agency of the federal government.
   g. Other evidence of financial stability of developer (submitted under confidential cover)
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.
Additional Information

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither Durham County nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

LITTLE Diversified Architects conducted preliminary site analysis and drafted conceptual plans in preparation for this solicitation. LITTLE is available for general consultation and discussion and it has agreed to make this service available to all developer respondents on the same terms. LITTLE will not participate in evaluating responses to this solicitation.

Those submitting responses to the Solicitation for Development Partners assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the County or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The County reserves the right to reject any or all submittals, or to waive irregularities or informalities in any submittal, in its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the developer(s) and the County, including but not limited to a Development Services Agreement, are subject to all statutory and legal requirements and ultimate approval by the Board of County Commissioners (BOCC) in its sole and absolute discretion and nothing herein is to be construed as binding on the County.

The County makes no express or implied warranty as to matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of the any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

DFI does not act as a broker or agent of the County, and no representation made by DFI during the solicitation and vetting process shall be binding on the County. Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the County and shall not be construed to impose any legal obligations on the County.

This solicitation does not create any obligation or relationship such as a partnership, joint venture or other similar legal relationship between the County and any potential party. Any references to “partner,” “partners” or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.
Appendix A: Contingent Fee Payment

The conveyance or lease of any portion of the property described herein (the “Property”) to the selected development entity and its successors and assigns (the “Developer”) shall be conditioned upon the execution of an agreement (the “Development Services Agreement”) between the County and the Developer pertaining to the responsibilities of either the County or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the “Project”). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the County’s consultant (“SOG”) and its successors and assigns for pre-development services provided to the County, and the Development Services Agreement shall provide that SOG is an intended third party beneficiary of the Development Services Agreement.

The fee shall be an amount equal to 1.5% of the total projected costs of development of the Project as calculated by the Developer in the most recent versions(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to County or other parties prior to or contemporaneously with the execution of the Development Services Agreement, and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Development Services Fee.

The Development Services Fee shall be due and payable in full to SOG no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Development Services Fee to SOG may be developed as mutually agreed in writing by Developer and SOG; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by Developer. Developer’s obligation to pay Development Services Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Development Services Fee, except upon written consent of SOG.
Appendix B: Durham County MWBE Program

Durham County has established the following goals for minority/women business enterprise (M/WBE) participation in the procurement of goods, services and construction. Questions concerning M/WBE should be directed to Rick Greene, Assistant Procurement Manager, at (919) 560-0059.

<table>
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<tr>
<th>Categories</th>
<th>Construction</th>
<th>Architect/Engineer</th>
<th>Services</th>
<th>Goods</th>
<th>MWBE Availability % (Median Availability)</th>
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<tr>
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<td>.5</td>
<td>.70%</td>
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<td>11.0</td>
<td>9.5</td>
<td>7.1</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

**Overall MWBE Participation Goal = 25%**