

## Attachment B - The Fallon Company – Additional Requested Detail

September 24, 2019  
505 West Chapel Hill Street

### Clarification on Financial Offer & Project Commitment

Our offer contemplates an outright purchase of the land at 505 W. Chapel Hill Street, paying \$8.75mm of the total \$9.25mm upon Closing. This offer removes nearly all financial risk from the City and firmly demonstrates our commitment to delivering on our project vision, regardless of macroeconomic shifts.

It was our intent to provide the City with more certainty of an immediate payment versus the contemplated phasing payment structure of the other finalists. We believe payment in phasing adds a high degree of uncertainty to both the economics payable to the City and also the overall community placemaking opportunities, including upfront affordable housing creation, both of which would be hostage to shifts in the capital markets.

### Response to Questions

#### Question 1:

1. *Provide detailed examples of initiatives or activities that you have utilized in past projects to ensure local, minority, and women-owned vendors participated in the project.*
  - a. *What eligibility criteria or resources did you use to identify businesses that were targeted as part of the associated outreach strategy?*
  - b. *What level of participation was ultimately achieved?*

The Fallon Company and WinnCompanies are deeply committed to ensuring participation for local, minority- and women-owned businesses in the development and operation of 505 West Chapel Hill Street. At this early stage in the vendor procurement process, our project team is comprised of numerous local and M/WBE consultants. This has been a key pillar in our approach and is evidenced by the stellar team we've assembled, including the following consultants:

- The Banks Law Firm (MBE, Local)
- Weinstein Friedlein Architects (WBE, Local)
- James E. Rogers, P.A. (MBE, Local)
- Henry McKoy – independent consultant (MBE, Local)
- Duda Paine Architects (Local)
- Stewart Engineering (Local)
- Morningstar Law Group (Local)

Additionally, we are determined to utilize best efforts to maximize local and M/WBE hiring throughout the construction and operation of the development. Our local Managing Director, Zac Vuncannon, is intimately familiar with the local landscape and will be spearheading these efforts as a priority. We have made a firm commitment to maintaining a deeply local presence through the hiring of Zac, establishing

an office, and bringing together a team of passionate local consultants. Moving forward, we are committed to a proactively inclusive approach in our vendor procurement process. We have already begun these discussions with consultants, including M/WBE general contractors. As a first step, we look forward to leveraging the City's framework surrounding M/WBE participation and an engaging in outreach process collaboratively.

Between The Fallon Company and WinnCompanies, our firms collectively offer decades of varied experience in bringing about increased business opportunities to residents in local communities and disadvantaged groups, as illustrated by the following examples.

### ***Methodology***

To oversee local and M/WBE hiring during development projects, The Fallon Company and WinnCompanies typically utilize the following efforts:

- Deployment of a specific methodology to meet or exceed hiring goals
- Conducting an initial meet and greet with potential minority and women contractors
- Understanding bidding opportunities
- Marketing and hosting a recruitment fair on site or at an appropriate community agency
- Creating a database of potential hires that subcontractors can use for the project

Once the project has begun, we attend project progress meetings to keep all project partners up to date on local hiring, contractual M/WBE numbers, minority and women labor hours, and Section 3 hiring and labor hours in the case of affordable housing projects. Recruitment is continued throughout the project so the database of potential hires is available for additional needs. The following projects are examples of past successes in local and M/WBE staffing efforts.

### ***Fan Pier – Boston, MA***

One of the most catalytic projects in Boston's recent history, Fan Pier, is a prime example of The Fallon Company's inclusionary approach to development. Spanning over a decade and three million square feet of development, Fan Pier has achieved 50% participation from Boston residents, 25% minority participation, and 10% women participation for the project's construction staffing. The Fallon Company achieved the same participation in our development of Albany Fellows, a residential project completed in Boston in 2012.

### ***City Crossing – New Jersey***

In 2017, WinnDevelopment completed an 18-month \$40.2 million rehabilitation project at City Crossing in Jersey City, modernizing 131 apartments for 400 low-income residents of the community previously known as Brunswick Estates.

Of the more than 45,000 labor hours on the job, 77 percent was performed by minorities and women and 39 percent were Section 3 qualified. The combined employment rate for those from Jersey City and the county was 59 percent.

### ***Ivy Square – New Jersey***

In Bridgeton, WinnDevelopment managed the \$18.7 million rehabilitation of Ivy Square, formerly known as Bridgeton Villas Apartments, completely modernizing a low-income community of eight building with 28 one- bedroom, 92 two-bedroom, and 36 three-bedroom units.

Of those working on the project, 36 percent were from the local area. In addition, 55 percent of the labor hours were performed by minorities and women and 26.3 percent of the total labor hours were performed by Section 3 qualified individuals.

***Sibley Building – New York***

During WinnDevelopment’s adaptive reuse renovation of the Sibley Building, a historic 1.1 million square foot icon in the heart of Rochester, city residents accounted for 25 percent of those hired for the housing portion of the project, while 8 percent were from the immediate area. More than one third of the labor hours were performed by minorities and women – exceeding the goal of 30 percent set before work began.

***Livingston School – New York***

In 2015, WinnDevelopment completed a \$20.7 million adaptive reuse project that transformed a 230,000-square-foot vacant former school in Albany into a 103-unit, mixed-income, independent living community for seniors.

The Livingston School project generated 111 hires, with 89.5 percent coming from the immediate area and 35 percent qualifying for Section 3 designation. In addition, minorities and woman performed 28 percent of the hours performed on the job. In total, 32.3 percent of the contracts awarded went to minority and women- owned businesses.

***Historic Prospect Heights – Rhode Island***

WinnDevelopment is nearing the end of a redevelopment project at Historic Prospect Heights, a public housing community in Pawtucket, RI, where 292 apartments are being renovated and 20 new units of critically-needed affordable housing are being constructed, along with shared amenity spaces.

On this project, 63 percent of the total labor hours were completed by minorities and women. In addition, 36.16 percent of the new hires were Section 3 (local) residents. The results were equally as compelling on the M/WBE contractual side, where 32.69 percent of contracts were awarded to MWBE-qualified firms. In addition, more than 56% of labor hours have been performed by minority and female workers.

***Atlantic Gardens and Atlantic Terrace – Washington, D.C.***

WinnDevelopment recently completed a two-year \$69 million rehabilitation to completely modernize the Atlantic Gardens and Atlantic Terrace apartments in the Southwest section of the District. These side-by-side communities total 303 units that provide critically needed Project-Based Section 8 housing for 750 residents.

More than 81 percent of the construction hours on the Atlantic Gardens project came from workers who lived in the immediate metropolitan area, with 24 percent of the hours performed by District residents. Similar participation results were achieved during the work at Atlantic Terrace, where workers from the metropolitan area accounted for almost 81 percent of total construction hours and District residents performed almost 26 percent.

### ***M/WBE Experience in Property Management***

When it comes to providing goods and services to the community, WinnResidential is recognized in Massachusetts as the leader in bringing about wider procurement and increased business opportunities for M/WBE businesses.

No other Massachusetts property management company has contributed more to M/WBE utilization for goods and services in the 18 years since the voluntary program was instituted by MassHousing, the independent agency responsible for providing financing for affordable housing.

In 2018, WinnCompanies received the Property Management Award of Excellence from MassHousing for awarding the highest value of contracts for goods, services and supplies to both minority- and women- owned businesses at MassHousing-financed properties managed by WinnResidential during the most recent fiscal year.

WinnCompanies' overall expenditure in Fiscal Year 2018, which ended June 30, was approximately \$38.1 million at 43 MassHousing-financed housing communities. Of that total, \$7.7 million went to minority-owned businesses (MBEs) and \$6.1 million went to women-owned businesses (WBEs).

In 17 of the 18 years since the voluntary M/WBE program was instituted, WinnResidential has been recognized as the number one partner to M/WBE businesses for property management goods and services.

### **Question 2:**

*Provide detailed examples of terms, conditions, or concessions you complied with to as part of a past project that related directly to community concerns regarding cultural relevance, equity, or gentrification.*

### ***A Community-centric Approach***

Our design philosophy for 505 West Chapel Hill Street is to celebrate the diversity of Durham and create a true mixed-income neighborhood accessible to all. In line with our decisions to preserve the existing structure, develop integrated mixed-income housing, and create expansive, highly accessible open space, we look forward to collaborating with local organizations and the City to build upon this spirit of community.

As our development is guided by the concept of a mixed-income, mixed-use ecosystem for all, we recognize the importance of incorporating elements that serve the community and pay homage to the neighborhood's history. Examples include community event programming, cultural festivals, educational seminars, as well as public art and naming opportunities, among others. We look forward to an active and continuous dialogue with local stakeholders to bring these important elements to fruition.

### ***Community Involvement Process***

The first step in our process for involving the community is to engage with community organizations to inform them and their stakeholders of the upcoming project and include them in the process. This

includes outreach to vendors listed in the state M/WBE directory that would provide appropriate services to the project.

Our engagement with the community is ongoing and collaborative. We hold regular meetings, perform proactive outreach, and take pride in addressing the community's concerns throughout a project's lifecycle.

***Strawn Redevelopment – Charlotte, NC***

A recent example that deals directly with gentrification, cultural relevance, and equity is The Fallon Company's current project in Charlotte, the Strawn Redevelopment. We are currently working with the Charlotte Housing Authority on the development of this 16.7-acre site located in a rapidly gentrifying neighborhood along the outskirts of downtown. As part of our commitment and partnership with the Charlotte Housing Authority, we have committed to providing 145 affordable housing units mixed within a 745-unit residential community, with no distinction between unit quality. As with our current master plan at 505 West Chapel Hill Street, these units are seamlessly interspersed across several apartment buildings.

This will be one cohesive mixed-income, mixed-use community. At full build out, the 1.1 million square feet of development will include a large office tower, a hotel, for-sale townhomes, and roughly 725 for-rent residential units, with expansive and actively programmed greenspaces woven throughout. During construction, we'll be implementing a robust M/WBE participation plan in collaboration with the Charlotte Housing Authority.

These efforts are directly aimed at promoting inclusivity and upward socioeconomic mobility. We believe this mixed-income model is an important step towards addressing gentrification and creating special places for the entire community to thrive.

*a. What type of community engagement process was used to identify the basis of the terms, conditions, or concessions?*

- We consistently hold open meetings for all residents and schedule regular meetings with local community groups and stakeholders to field their input
- We work collaboratively with the City, including the Mayor's office, the Housing Authority, DOT and non-profit tenant advocates and attorneys, community leaders/religious or civic, neighbors, and other stakeholders to ensure we have multiple perspectives and sources of input for shaping the plan

*b. Did the action taken yield a desirable outcome for the impacted community?*

Examples of desired outcomes include:

- Residents receiving mobile housing vouchers that would remain theirs as long as they met the DC Housing Authority criteria
- Development plan requirements for replacing affordable housing units and dispersing them throughout the property
- Committing that all replacement units are delivered in the first phase of the development so that the affordable units are built as soon as possible.
- Commitments to providing cultural space through a regimented procurement process