



# Redevelopment of 505 W. Chapel Hill Street

Post RFP Submission Updates

Summer 2022



# Agenda



## **SUMMARY OF PROCESS TO DATE**



## **OVERVIEW OF RFP RESPONSES**



## **PROJECT NEXT STEPS**

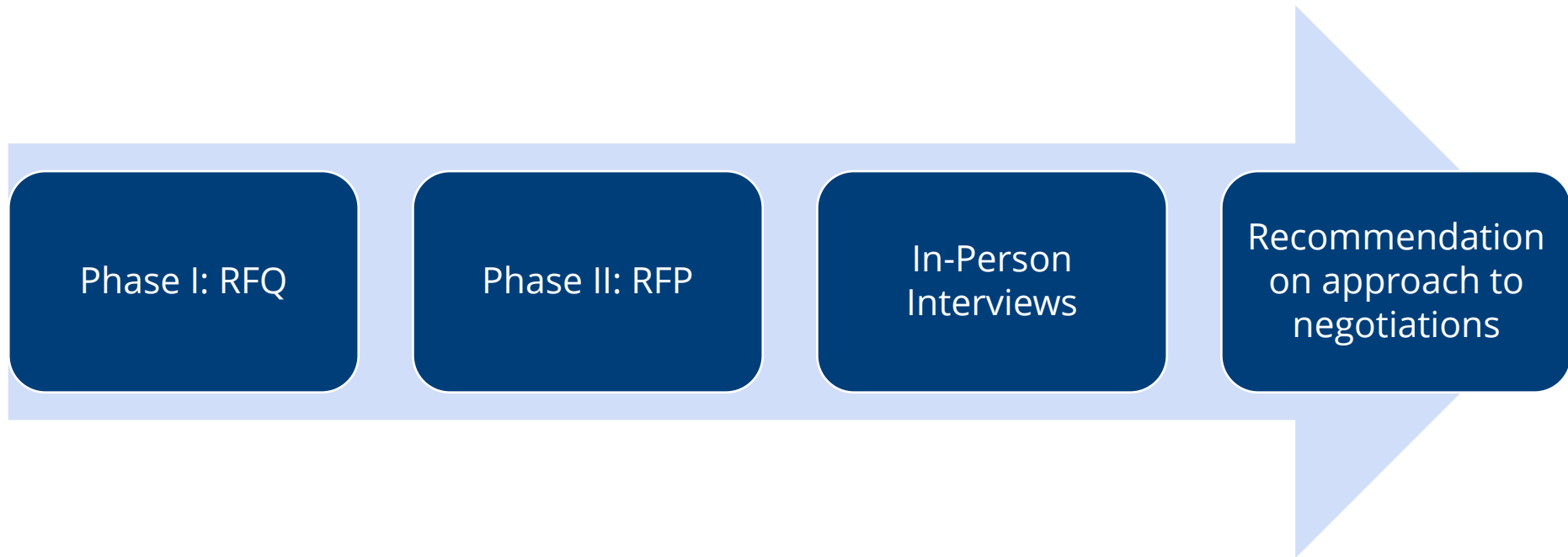
The City of Durham is pursuing a competitive disposition process to select a development entity to redevelop the former DPD HQ site.

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This ongoing process follows a previous solicitation.

- **Fall 2018 – Spring 2019:**
  - Community engagement to shape vision for future development
  - RFQ and RFP open period
- **January 2020:**
  - Negotiations commence with the Fallon Company, selected as preferred development partner
- **October 2020:**
  - Execution of PSA
- **April 2021:**
  - Termination of PSA
    - Fallon proposed reducing purchase price by \$2.25 million; converting the existing building to residential, instead of office; and modifying NC Brownfields program agreement. Council rejects these changes.
- **Fall 2021:**
  - City re-opens solicitation process and releases updated RFQ

We are completing a competitive two-phase solicitation process, informed by Council direction on priorities for site redevelopment.



### **City Staff Involved In Disposition Process**

The City's staff evaluation committee, which has been involved throughout the entirety of the disposition process, is composed of leaders from the following departments:

- **Community Development**
- **Finance**
- **General Services**
- **Planning**
- **Transportation**

The City structured a competitive two-phase disposition process for the site.

## Competitive Two-Phase Disposition

**Phase I:**  
Request for Qualifications

**Phase II:**  
Request for Proposals

- In Phase I, the City **pre-qualified individual development firms** with experience in achieving desired outcomes as residential, commercial, or master developers.
- Pre-qualified respondents from the RFQ stage were notified and had a period of time to **partner with other eligible firms to form a complete team to submit a response in the RFP stage.**

Out of all of the pre-qualified firms, two complete teams were formed: Akridge & DHIC, and Ancora & Winn.

Lead Developer	Affordable Residential Developer	Commercial Developer
<b>Akridge</b>	<b>DHIC, Inc.</b>	<b>Akridge</b>
<b>Ancora</b>	<b>Winn Companies</b>	<b>Ancora</b>
Hoffman	Pennrose	Austin Lawrence & Sterling Bay
Portman Holdings		Portman Holdings
Silverstein & Hayti		Silverstein & Hayti
Trammell Crow		Trammell Crow

The RFP asked development teams to respond to five defined City objectives for the site:



**1.** Provide 80 units of onsite housing affordable to residents at 60% AMI in perpetuity



**2.** Generate significant revenue to the City from the sale of land and future local tax revenues from onsite development



**3.** Deliver a mixed-use project, including a significant component of commercial space, with a preference for a minimum of 250,000 gross square footage



**4.** Preserve the existing Milton Small Building as part of the development program



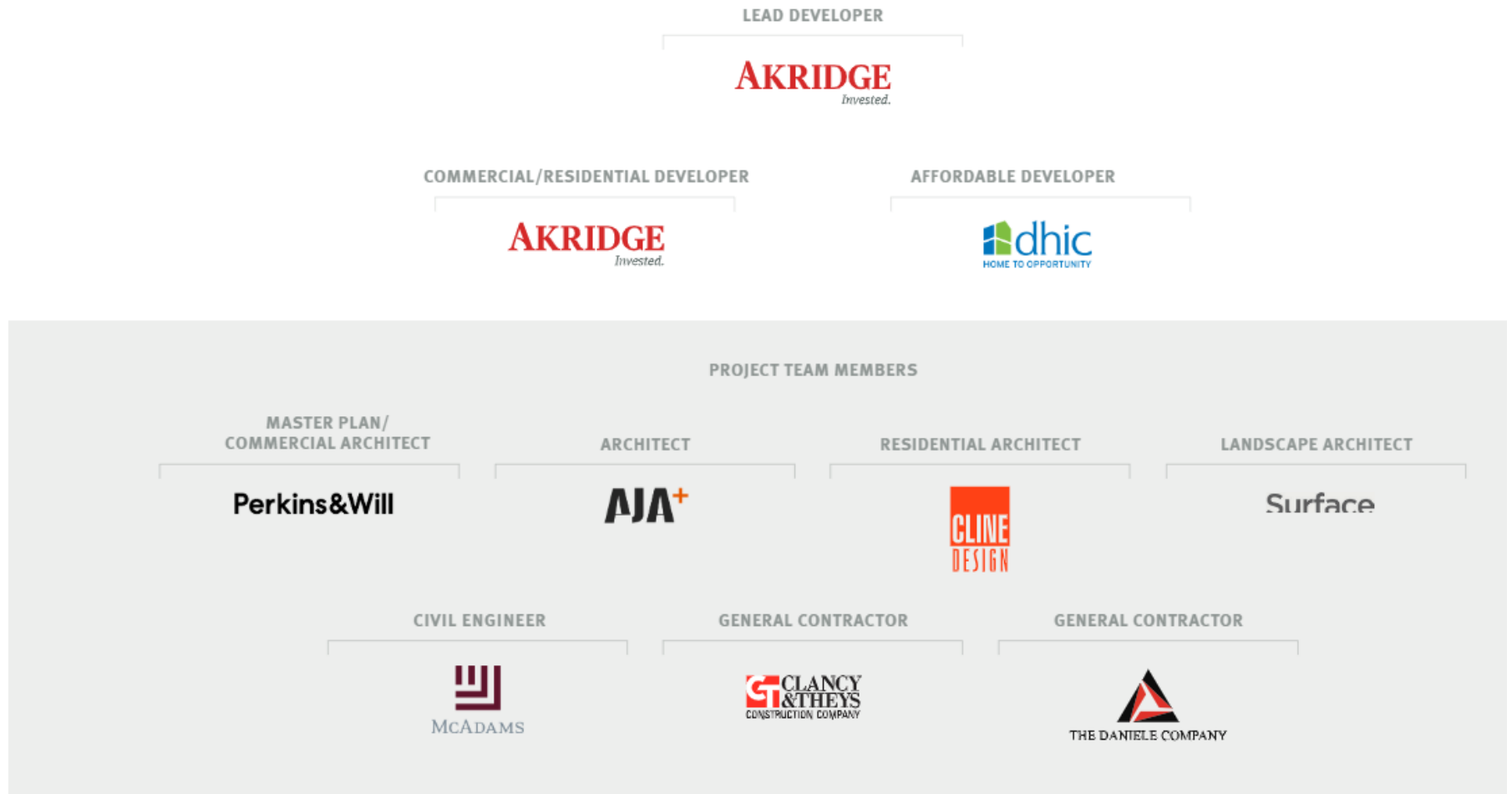
**5.** Deliver signature design and an activated street-level experience, to support Downtown's identity and vibrancy

The City received two complete RFP responses.

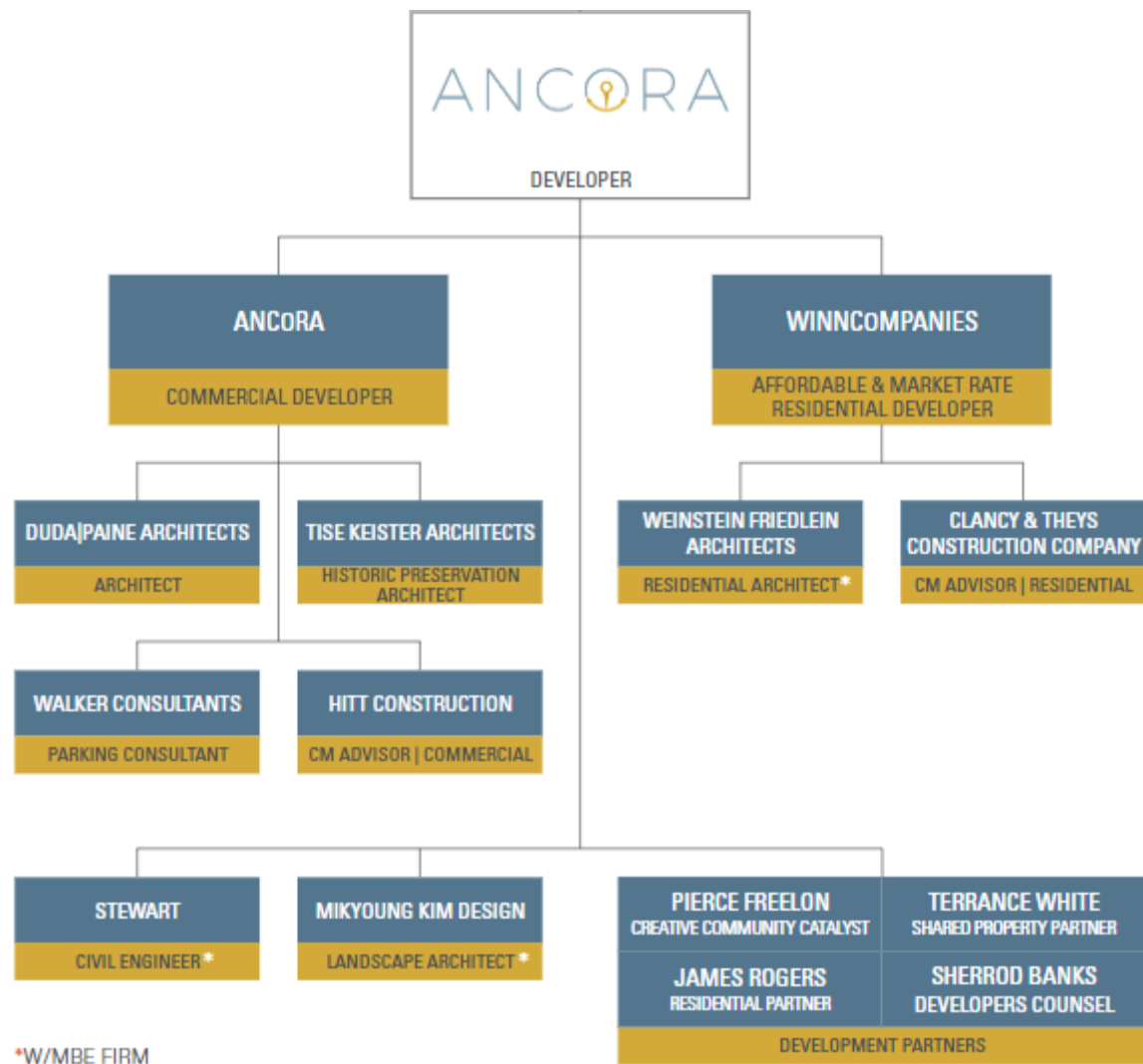
<b>Comparison of Development Programs</b>		
	<b>Akridge</b>	<b>Ancora</b>
<b>Residential – Total Units</b>	415	293
<b>Number of units affordable at 60% AMI</b>	80	80
<b>Office Space</b>	<ul style="list-style-type: none"> <li>• 67,500 SF in existing building</li> </ul>	<ul style="list-style-type: none"> <li>• 137,500 SF in new building</li> <li>• 12,000 SF in existing building</li> </ul>
<b>Lab Space</b>	<ul style="list-style-type: none"> <li>• 148,700 SF in new building</li> </ul>	<ul style="list-style-type: none"> <li>• 153,200 SF in new building</li> <li>• 36,000 SF in existing building</li> </ul>
<b>Retail Space</b>	<ul style="list-style-type: none"> <li>• 16,300 SF in new building</li> <li>• 8,700 SF in existing building</li> </ul>	<ul style="list-style-type: none"> <li>• 19,500 SF in existing building</li> </ul>
<b>Open Space</b>	33,000 SF	43,500 SF
<b>Parking</b>	821 spaces	850 spaces



Akridge is teaming with DHIC as its affordable housing partner.



Ancora is teaming with WinnCompanies as its affordable housing partner.



\*W/MBE FIRM

The Ancora proposal includes a larger office and lab component, and positions open space along W. Chapel Hill Street.



The Akridge proposal has over 400 residential units and the development program is arranged around a central open plaza.



RFP responses were evaluated based on alignment with articulated City priorities for site development.

Evaluation Criteria	Total Points
Approach to Affordable Housing Units	30
Generation of Financial Return to City – Offered land price, including delivery schedule & financing plan	18
Generation of Financial Return to City – Tax revenues	6
Generation of Financial Return – Deal structure and approach to financing affordable units	6
Approach to Delivery of Mixed-Use Development	10
Rehabilitation of Existing Building	10
Approach to Activated Ground-Floor and Overall Urban Design	10
Approach to Community Benefits – Engagement, programming, minority ownership	10
<b>Total Points Possible</b>	<b>100</b>

Both proposals advance programs that align with priorities laid out in the RFP.

Evaluation Criteria	Akridge	Ancora
<p><b>Approach to Affordable Housing Units</b></p>	<ul style="list-style-type: none"> <li>• Meets minimum of 80 units permanently affordable at 60% AMI</li> <li>• 400+ units split in two buildings : mid-rise w/ affordable units along Jackson St., high-rise, 100% market tower along Chapel Hill St.</li> </ul>	<ul style="list-style-type: none"> <li>• Meets minimum of 80 units permanently affordable at 60% AMI</li> <li>• 293 units total in a single mid-rise building</li> </ul>
<p><b>Generation of Financial Return to City</b></p>	<ul style="list-style-type: none"> <li>• Nominal offer for the land, paid up front</li> </ul>	<ul style="list-style-type: none"> <li>• Offer for the land contingent upon City subsidy</li> </ul>

Both proposals advance programs that align with priorities laid out in the RFP.

Evaluation Criteria	Akridge	Ancora
<b>Approach to Delivery of Mixed-Use Development</b>	<ul style="list-style-type: none"> <li>Does not meet City's preference for 250,000 SF commercial space</li> <li>Retail included in both new lab and existing building</li> </ul>	<ul style="list-style-type: none"> <li>Does meet City's preference for 250,000 SF commercial space</li> <li>Small component of retail &amp; community space in existing building</li> </ul>
<b>Rehabilitation of Existing Building</b>	<ul style="list-style-type: none"> <li>Use of historic tax credits</li> <li>Ground floor retail &amp; public art gallery</li> <li>Office space for tenants who value proximity to life science users</li> </ul>	<ul style="list-style-type: none"> <li>Use of historic tax credits</li> <li>Ground floor café and childcare center</li> <li>Office and lab space to support diverse tenant mix</li> </ul>

Both proposals advance programs that align with priorities laid out in the RFP.

Evaluation Criteria	Akridge	Ancora
<p><b>Approach to Activated Ground-Floor and Overall Urban Design</b></p>	<ul style="list-style-type: none"> <li>• Open space anchored by “Central Green” , accessible from all bounding streets</li> <li>• Public art gallery in existing building</li> <li>• Ground floor retail in residential and commercial buildings, provide conduit into public courtyard</li> </ul>	<ul style="list-style-type: none"> <li>• Highly visible, ~ 1 acre open space w/ frontage along Chapel Hill St.</li> <li>• Public art that re-purposes staircase from original building</li> <li>• Space for cafes and retail to activate ground floor</li> </ul>
<p><b>Approach to Community Benefits – Engagement, programming, minority ownership</b></p>	<ul style="list-style-type: none"> <li>• Onsite programming to engage youth; partnership with NCCU</li> <li>• Commitment to marketing equity ownership opportunities to minority investors</li> </ul>	<ul style="list-style-type: none"> <li>• Onsite programming, including seed fund for minority life science entrepreneurs &amp; workforce training</li> <li>• Community space for Blackspace</li> <li>• Commitment to marketing equity ownership opportunities to minority investors</li> </ul>



To continue this disposition process, commencing negotiations with both finalists will help the City secure the best deal.

City evaluates RFP responses and conducts interviews

Council authorizes City Manager to negotiate with preferred development teams

City enters into negotiations, likely to last four to six months

City staff present Council with development agreement for approval

**Summer 2022**

**Fall 2022**

**Winter 2022**

Given the disparate financial offers, there are several paths forward the City can consider, each with its own trade-offs and opportunity costs.

- **Financial return is just one of five priorities** Council identified for site redevelopment. Based on the extent to which these proposals deliver against other goals, **is Council willing to accept a reduced return to secure its other priorities** (e.g. permanently affordable housing, public open space, community programming, minority equity involvement)?
- Would the City be interested in **subdividing the site**, in order to proceed with the **mixed-income component**, while holding the rest of the site?
- The City initially began the disposition process in 2018. If the City is dissatisfied with these financial offers, is the City **willing to continue to hold the site**, and think about **re-starting the solicitation process**?
- Given the **impacts of rehabilitating the Milton Small building** on overall project financial feasibility, is the City firm in its requirement to preserve the building, or is the City **open to redevelopment options that include its demolition**?



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