



Pine City

North. Nice *and* close.

Request for Proposals

HOUSING DEVELOPMENT OPPORTUNITY IN PINE CITY, MINNESOTA



City of Pine City

COMMUNITY DEVELOPMENT DEPARTMENT | 315 MAIN STREET SOUTH – PINE CITY, MINNESOTA

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Introduction

The City of Pine City in collaboration with the Pine City HRA and Minnesota Housing Partnership has invested in a market feasibility study for rental housing, commercial retail and permanent supportive housing in downtown Pine City, conducted by Maxfield Research & Consulting.

The market study recommended two development concepts: (1) a 10-unit townhome development with tuck under garages; or (2) a mixed-used development with market rate rental units and retail space at a site currently owned by the City of Pine City at 320 Third Street Southeast in downtown Pine City, Minnesota.

The City is interested in working with a housing developer with experience in development in rural communities, coupled with a professional management partner to develop Concept #1.

The site owned by the City is 0.68 acres (30,000 sf) and is located one block from Robinson Park, where live music is played each Friday night during the months of May, June & July and the City's historic 5th Street is the home to the local library, an award-winning pizzeria, Pine Center for the Arts, a hometown café and an award-winning brewery. The location is suited for rental housing and should be well received by prospective tenants and businesses.

There is a current demand for 93 total housing units in the Pine City Market Area, and this site could potentially capture 20 units of market rate rental, 15 units of subsidized and 13 units of permanent supportive housing.

To view the entire Market Feasibility Study visit: <https://pinecity.govoffice.com/development>

About Pine City

Pine City is located on the banks of the Snake River and Cross Lake and is the county seat of Pine County, Minnesota. Initially inhabited by the Dakota tribe, the area shifted to more of an Ojibwe presence by the early 19th century. The Ojibwe trapped and hunted on the land and traded furs at the nearby historical Snake River Fur Post site. The "White Pine Treaty" brought the logging and railroad industries to Pine City, where some of the largest white pines in the state could be found. Once the railroad arrived, the City grew as European settlers arrived and the City was platted in 1869. By 1872, Pine City was established as the county seat and in 1881, Pine City incorporated as a village.

Present day, Pine City continues to be a growing and prosperous community, with hardworking citizens and a tremendous volunteer spirit. Pine City is a perfect community to visit, relocate to and to experience. Pine City has all the benefits of a major city, with the safety and comfort of a small town. Conveniently located just 85 miles south of Duluth and 65 miles north of Minneapolis/St. Paul, Pine City is within reach of customers, suppliers and an entire marketplace of services and resources. The estimated population is 3,572, and with the abundance of lakes and rivers encircling the community there are over 10,000 people in the immediate market area. Pine City is an excellent place to enjoy Minnesota, as a woodsy getaway and recreational haven appealing to virtually all types of outdoor enthusiasts. The community is bursting with vibrant culture, esteemed academics, celebrated arts, progressive technology, innovative businesses and cherished history.



Market Feasibility Study

In 2019, the City of Pine City and the Pine City Housing Redevelopment Authority (HRA) engaged Maxfield Research & Consulting to conduct a rental housing, commercial retail and supportive housing market feasibility study for downtown Pine City. After evaluating the primary market area housing supply and demand, completing an analysis of the area, conducting interviews with local housing professionals and implementing in-depth research on the local economy & demographics, Maxfield Research & Consulting concluded that there is market support for additional market rate rental units, and a modest demand for commercial retail space. The study noted that given the lack of funding to development subsidized and permanent supportive housing, the City should pursue a development of either (1) a ten-unit townhome development on the site owned by the City; or, (2) a mixed-used development with market rate rental units and retail space, if *A Place for You* was redeveloped into this project. After much thought and research, the City, the HRA and *A Place for You* have decided to forgo Concept #2 and wholly support Concept #1.

The study outlines that the current site owned by the City could capture **70% of the excess general occupancy housing demand in the primary market area**. A vertical multi-family concept could be developed to accommodate this demand, but a parking structure would be required to accommodate parking minimums. So, a lower density, tuck-under townhome concept targeted to young to middle-age professional singles and couples, as well as

empty-nesters with the following feature and amenities:

- Open floor plans with 9 ft ceilings and oversized windows
- Individual climate-controlled heating & air conditioning
- Full kitchen appliance package
- Hardwood laminate flooring in kitchen and entry or throughout
- In-unit washer & dryers
- Wired for high-speed internet
- Window treatments
- Building security/surveillance
- Extra storage

The study projects that a 10-unit townhome project could be extend to reach stabilized occupancy in four (4) months, while a 20-unit apartment building would reach stabilized occupancy in 6-8 months.

Environmental Response Action Plan

The City acquired this property through a court-ordered condemnation due to blight and public safety issues. The buildings were subsequently demolished in September 2018 and the City entered into the Voluntary Investigation Clean-Up (VIC) program and hired the firm Carlson McCain to oversee and prepare the Interim Response Action Plan (RAP) to the Minnesota Pollution Control Agency (MPCA) and Minnesota Department of Agriculture (MDA). The environmental response work in association with the demolition of the former potato warehouse and mill structures has received approval by the MPCA and MDA. The MPCA has a petroleum site response contractor still



completing monitoring work associated with past petroleum release on the former mill site. Soil vapor mitigations systems will need to be installed under floor slabs in the new development and excavation and disposal of contaminated surface soils encountered during grading is anticipated. For more information, or if your team has questions on the environmental response action plan, please contact:

Carlson McCain, Inc.

John Lichter, Sr. Environmental Engineer

JLichter@carlsonmccain.com | 763.489.7949

3890 Pheasant Ridge Drive NE, Suite 100

Blaine, MN 55449

Financial Incentives

The City is able to provide the following financial incentives to assist with the development of this project.

Pine City Economic Development Authority: Tax Increment Financing (TIF)

TIF is used to write down the cost of land and improvements. TIF is basically the difference between the property's original property taxes and the property taxes due after the property improvements have been completed, and is used to help finance eligible project costs such as: job growth, high paying wages, infrastructure improvements, housing and redevelopment, hotels and tourism. The City works directly with Ehlers on TIF for development projects and has recently approved TIF on two housing projects, a senior living facility and a Low-Income Housing Tax Credit project.

Water Access Charge (WAC), Sewer Access Charge (SAC) Reductions & Land Subsidies

The City has offered WAC and SAC reductions and land subsidies to housing developers creating housing that:

- Is affordable to households at 60% of the Area Median Income and lower;
- Is intended for seniors or those 55+;
- Is moderate to higher density, multi-family housing.

Property Assessed Clean Energy (PACE)

The City participates in the PACE program, which is a renewable energy financing program for commercial and industrial property owner to take out loans for the installation or upgrade of energy efficient equipment.

Workforce Housing Program

City staff have been in conversations with Minnesota Housing Finance Agency on the eligibility of this project for their Workforce Housing Program. Given that this project is aimed at producing market rate units and the City has invested funding into the acquisition and clean-up of the property, the project would be very competitive and City staff are able to assist with the program application and grant administration if needed.

Project Proposals

The City of Pine City and the Pine City Housing Redevelopment Authority are soliciting responses to this Request for Proposal (RFP) for the design, financing, construction of housing on the site located at 320 Third Street Southeast in Pine City, Minnesota. The City of Pine City in consultation with the HRA will select the



development team and enter into such development and financing agreements as necessary.

After a development team is selected, there will be an additional due diligence period. Ultimately, the selected development team, (“Developer”) and the City shall enter into a development agreement providing for the development of the project pursuant to a development site plan, schedule and financing plan.

This RFP does not expressly require any other specification, so as to allow maximum creative latitude to the development teams. The City expects competent, efficient management to operate and market the housing development.

As referenced in the feasibility study, the project should have 10-20 units, off-street parking, full appliance package, individual climate-controlled heating with air conditions, hardwood laminate flooring in kitchen and entry or throughout, in-unit washer and dryer, wired for high-speed internet, trash/recycling facilities and extra storage space.

The site is zoned Mixed Use, and is also within the City’s shoreland district so there is a maximum building height of 25 feet. There are no set-back requirements and utilities are available off of 3rd Avenue SE and 4th Avenue SE.

The City of Pine City envisions the development of the site, as described in this RFP, as a necessary and critical step in the continued growth of Pine City.

Proposal Process

Objective for the Site

The City of Pine City and the Pine City Housing Redevelopment Authority are looking for an experienced rural housing developer for a site in the City of Pine City. The site is located at 320 – Third Street Southeast and is owned by the City of Pine City.

RFP Process

Submit specific proposal outline responses to each section outlined below, along with a vision and qualifications. Proposals should be sent to Lezlie Sauter, Community Development Director at City Hall by **November 2, 2020**. Proposals will be reviewed and presentations arranged for a short list of finalists.

Design and Architecture

Design Approval:

Design approval by the City of Pine City, Pine City HRA and the Pine City Planning Commission.

Statement of Qualifications:

Please submit a statement of qualifications and portfolio samples for a project of this nature.

Construction & Architect:

Please provide the names of the proposed developer, architect and any/all general contractors that you intend to work with on this project.

Site Plan

Development Size:

Provide unit counts, number of bedrooms/bathrooms, square footage of each room by type and approximate square footage.



Architecture & Site:

Please provide as much information as possible about proposed plans including site map, floor plans, parking plan, landscape & lighting plan, amenities and renderings.

Business Plan

Rates and Occupancy:

Please provide information related to your business plan for the development including expected average rent rate and occupancy.

Property Management:

Please provide information about the proposed property management company.

Financial Qualifications:

Please include financial qualifications for the developer.

Schedule:

Please include information on proposed timing.

Capital Structure and Financing:

Please include information concerning the proposed capital structure, including amount of cash equity contribution, and information concerning construction and permanent financing for the proposed project.

Term and Conditions

General Terms and Conditions:

Nothing contained herein shall be binding upon either party unless and until an agreement containing such terms and conditions has been further negotiated, mutually agreed upon and have been fully executed and exchanged by and between both parties. The City reserves the right to reject all proposals.

Confidentiality

The parties hereto expressly agree that there shall be no press release or other publicity originated by the parties hereto, or any representatives thereof, concerning the subject without prior consent of both parties.

Submittal:

Should you decide to respond to this inquiry, please do so in writing (either electronically or in paper format) and provide your response to each section in the order in which they are presented herein. Responses are due by: **November 2, 2020**. *If you have questions regarding the inquiry, please contact:*

City of Pine City

Lezlie Sauter, Community Development Director
lsauter@pinecitygov.com | 320.438.1020
315 Main Street S, Ste. 100
Pine City, MN 55063

Environmental questions, please contact:

Carlson McCain, Inc.

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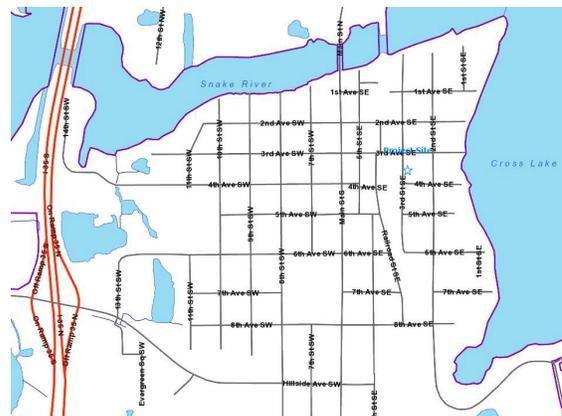


Figure 1 - Project Site Location



Figure 2 - Aerial View of Site & Neighborhood



Figure 5 - Old Feed Mill (Before Demolition)



Figure 4 - Old Feed Mill (During Demolition)



Figure 3 - Current Site Conditions (After Demolition)