



REQUEST FOR PROPOSALS
DAVEY STREET & CAPITOL HEIGHTS BOULEVARD
Blocks 3 & 6
TRANSIT ORIENTED DEVELOPMENT SITE

TOWN OF CAPITOL HEIGHTS
1 CAPITOL HEIGHTS BOULEVARD
CAPITOL HEIGHTS, MD 20743
(301) 336-0626
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ISSUING DATE: JANUARY 4, 2019
CLOSING DATE: FEBRUARY 28, 2019

SHAWN M. MALDON, MAYOR
JASON B. SMALL, TOWN ADMINISTRATOR

TABLE OF CONTENTS

SECTION I: GENERAL INFORMATION

Project Description & Opportunity.....	2
Background.....	2
Neighborhood Context.....	2
Purpose of Request for Proposal.....	3
Award	
Execution.....	4

SECTION II: APPLICANTS QUALIFICATIONS

Eligible Firms and Organizations.....	4
Organizational Capacity.....	4
Partnerships.....	5
Special Considerations.....	5
Threshold Applicants Requirements.....	5

SECTION III: ELIGIBILITY REQUIREMENTS

Planning Framework.....	6
Development Plan	7
Submission Requirements.....	11
Timeline.....	11
Questions and Additional Information.....	11

SECTION V: REVIEW PROCESS & SCORING CRITERIA

Application Review Process.....	12
Scoring Criteria.....	12
Meeting the Capitol Heights Objectives	
The Development Plan	
Financial Feasibility	
Development Team Background Experience	
Use of Maryland Minority Business Enterprise (MBE)	
Proposal Requirements – For Profit Developer.....	14
Exhibits.....	15

SECTION I: GENERAL INFORMATION

Project Description Opportunity

The Town of Capitol Heights (“Town”), through the Office of the Mayor, seeks to redevelop a 102,100 square foot/2.34 acre parcel located at Davey Street, Capitol Heights Boulevard and Emmett Street (“Blocks 3 & 6”) in Capitol Heights, Maryland. The site which is adjacent to the Capitol Heights Metro station shall become a mixed-use/mixed-tenure residential, community serving retail and structured parking development. The Town invites qualified developers, and/or developer team, to respond to this Request for Proposal for the disposition and development of Blocks 3 and 6.

Background

The Town of Capitol Heights is exploring a 2.34 acre inner Capital Beltway, transit oriented development (TOD) mixed-use development involving Town owned property adjacent the Capitol Heights Metro station. As an outgrowth of the 2007 Prince George’s County Council and Planning Board’s Transportation District Overlay rezoning designation of the vicinity surrounding the Capitol Heights Metro and 2018 re-write of existing zoning, the Town is pursuing a comprehensive site specific, urban mixed-use/mixed-tenure development program, which creates vibrant residential and commercial retail activity intended to catalyze future development plans within the commercial business district of Old Central Avenue.

Given the above, the Town seeks to identify and select a real estate developer, and/or development team, with background and commitment working with older communities in developing unique and quality driven, mixed-use, TOD projects that stimulate a sense of urban destination and public assembly, are livable and walkable friendly, and promote distinctive architecture character and environmental sustainability.

Neighborhood Context

The Town of Capitol Heights is a small city of Prince George’s County, Maryland with a population of 4,337 people and 1441 households located adjacent at the northwest corner to Washington, DC. The median household income of \$55,580, a 16 percent increase from 2000, shows Capitol Heights’ consistent annual growth in both household and family rates.

In 1904, Washington, D.C. was growing by leaps and bounds. The overcrowding and the improved public transit made the idea of living on the outskirts of the District increasingly appealing to people looking for housing. In 1910, approximately 200 residents voted to incorporate their community as the Town of Capitol Heights. The development of the Chesapeake Railroad in 1897 and the steady growth of Chesapeake Beach Railway between 1900 and 1920 served as a catalyst for Capitol Heights’ steady development during the first

quarter of the 20th century. By the time the railroad ceased operations in 1935, highway construction was underway, and the area gained two state highways running through it—Maryland Route 704 (Martin Luther King Jr. Highway) and Maryland Route 214 (Central Avenue). With the highway construction, came further expansion and the construction of affordable housing. The bungalow style homes that were built throughout the Town between the 1930's and 1960's, many now obsolete and vacant have contributed to the decline in the Town's tax base as well as code valuations.

By the 1970s when the population had reached approximately 3,800 the Town's center-core business district had started to decline when a rebuilt Central Avenue diverted lucrative traffic around the Town, and parking facilities were inadequate for the current traffic. In 1980, the promised electric railway finally arrived, and Capitol Heights got its own Metro station providing easy access to the entire metropolitan region and national transit facilities, but redevelopment and new investment has been slow to follow. The land around the Metro station has been declared an Enterprise Zone, federal Opportunity Zone, and rezoned a Transportation District Overlay designation, which the Town is promoting as one of its priorities to restoring economic growth and mixed-use development activity. Due to the pervasive nature of neighborhood deterioration over the past three and a half decades, the Town of Capitol Heights has long sought to rectify urban blight that is detrimental to the stabilization of its neighborhoods. With a government emphasis on economic growth and efficiency, and changes in consumer demand for new housing and retail, the Town is positioning itself to usher in positive change by focusing on its most valuable asset, the Capitol Heights Metro, and gateway location to Washington, DC.

Purpose of Request for Proposal

The purpose of this Request For Proposal (RFP) is to solicit real estate development firms ("Developers") with diverse experience in large to medium scale density, mixed-use/mixed-tenure, multifamily rental and/or condominium development and neighborhood based commercial retail adjacent transit infrastructure that creates and stimulates comprehensive neighborhood revitalization including job creation, increased housing opportunities and community stabilization ("Response").

The disposition and development of public land to facilitate mixed-use, transit orientated development for residential and commercial uses will help encourage primary and ancillary market activity in and around the Capitol Heights Metro district.

The solicitation (RFP) is intended and designed to achieve development activity from a neighborhood framework that accomplishes the following:

1. Attract a neighborhood base, sub region community reinvestment that builds an internal local market demand, which retains income expenditure dollars and facilitates real and personal property tax value stabilization;

2. Promote income diverse, mixed-use anchor development opportunities within the targeted main street and transit oriented development (TOD) nodes, which achieve livable, workable and walk-able pedestrian experiences, and synergize commercial revitalization activity linkages between the districts;
3. Leverage the establishment of public/private investment partnerships that foster the creation of sustainable economic development and job growth opportunities linked to existing and expanding new markets; and
4. Create affordable housing development initiatives that stabilize existing neighborhood residential infrastructure integrated with an income diverse, new housing mixed-use/mixed-tenure development plan.

Award Execution

Selected Developer (“Applicant”) under this solicitation should be ready to commence upon an executed agreement between the Town and Applicant. The Town intends to negotiate and execute a land disposition agreement (LDA) for the specific project site once the selected development group(s) is positioned to execute a purchase agreement and document all primary predevelopment and development expenses and budgets.

SECTION II: APPLICANTS QUALIFICATIONS

Eligible Firms and Organizations

Applicants are requested from qualified for-profit real estate development firms (corporations, LLCs, LPs etc.) and non-profit community based housing and economic development corporations (CDC’s and CHDOs) that grasp an understanding and history of serving residents of Prince George’s County through developing housing projects as outlined in this solicitation. The Town encourages Developers that reflect the concerns of the diverse populations and cultures found throughout Capitol Heights and Prince George’s County communities to apply.

Firm/Organizational Capacity

A successful Applicant has the staff and technical capability to be catalyst for assisting Capitol Heights in becoming an agent for change in the transformation of its local neighborhoods through the production of quality mixed-use/mixed-tenure development. The Applicant(s) overall administrative capacity as it relates to all requirements of real development will be closely examined. Applicants will be evaluated based on firm/organization qualifications, administrative capability, financial management capability, credit-worthiness, and demonstrated understanding and experience of all issues involved in performing large to medium density residential and commercial real estate development.

Partnerships

A successful Applicant must have the capacity to leverage resources from financial and private entities. Therefore, demonstrated working relationships with banks and lenders, architecture firms, engineering firms, general contractors, law firms, accounting firms, technical assistance providers, etc. are an essential qualification for successful Applicants.

Special Considerations

It is desired that all Applicants who are local Maryland Minority Business Enterprises (MBE's), U.S. Veteran and Women owned and operated businesses be encouraged to submit proposals. The Town of Capitol Heights continues to ensure that locally owned MBE's are afforded the maximum opportunity to participate in the development and construction of projects in Capitol Heights. The Town encourages the award of at least (51%) of the total dollar value directly or indirectly to MBE's. Capitol Heights shall, whenever possible, use the services and assistance of the Prince George's County Minority Business Opportunity Commission (MBOC) in achieving this goal.

Threshold Applicants Requirements

In addition to demonstrating capacity to carry out development projects, a successful Applicant must meet the following eligibility requirements:

- The Applicant must be a legal licensed for-profit and/or non-profit as designated by the state of its charter and the Internal Revenue Service.
- The Applicant must be in Good Standing in the State of its charter and must be current on all obligations to State and Federal governments. Further, and without exception, the Applicant and members of the development team may not:
 - a. Be delinquent on Capitol Heights, County or State of Maryland obligations, including, but not limited to, income taxes, real estate taxes and water and sewer charges; lease payments or defaulted grant(s) or other loan obligations;
 - b. In the past five years, have been a party to chronic housing codes violations, excessive tenant complaints, or substantial judgment;
 - c. Be barred by the U.S. Department of housing and Urban Development (HUD), or Maryland DHCD; and
 - d. Be suspended, voluntarily or involuntarily excluded from participation in any federal or local/state programs.
 - e. Principals managing partners or interests of said incorporation having or have been convicted of a felony within the last five years.
- Nondiscrimination in the delivery of Services. Applicants must comply with Federal and Maryland State laws which prohibit discrimination in the delivery of services, including but not limited to, the following laws and regulations:

1. Title VI of the Civil Rights Act of 1964. Prohibits discrimination based on race, color, or national origin in programs receiving federal financial assistance.
2. Section 109 of Title I of the Housing and Community Development Act of 1974. Provides that no person based on race, national origin, sex or religion, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity funded in whole or in part with community development funds.
3. The Age Discrimination Act of 1975. Prohibits discrimination based on age in programs or activities receiving federal financial assistance.
4. Section 504 and all amendments of the Rehabilitation Act of 1973, as amended provides that “No other qualified individual with handicaps in the United States ... shall solely by reason of his or her handicap be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance...”.
5. All Federal and Maryland laws and regulations which offer consumers protections from prohibited lending practices.

SECTION III: ELIGIBILITY REQUIREMENTS

Planning Framework

The Site is within the following approved and adopted final Prince George’s County land use and transit plans:

- Prince George’s County General Plan, 2002
- Capitol Heights Transit District Plan, 2008
- Subregion 4 Master Plan, 2010
- Zoning Ordinance Rewrite (ZOR)
- Plan 2035 General Plan

These plans provide schematic and conceptual recommendations for properties within the Transportation District Overlay. Respondents should consult each plan for direction and guidance in development initiatives.

- 1. Zoning:** The Site shall be developed in general compliance with applicable zoning laws and regulations and Respondents’ responses shall contemplate the same. Respondents shall review all applicable Prince George’s County Zoning regulations while preparing their responses. 1
- 2. Basic regulatory eligibility:** The proposed project must meet the appropriate regulatory requirements for eligibility (i.e. City, County and State Objectives [Public Benefits]).
- 3. Community & Stakeholder Outreach:** The success of any development project hinges on the inclusion and support of the local community. Responses must

consider and incorporate stakeholder and community preference to the extent feasible. Respondents are strongly encouraged to work with local community members to understand how the community goals can be met by the Respondents—especially with regards to the exterior design and appearance of the development.

4. Creditworthiness: Applicant has a satisfactory credit or Dun & Bradstreet report: No member of the development team acting in the role of sponsor, developer, guarantor, or owner has had chronic past due accounts, substantial liens or judgments, foreclosures or bankruptcies within the past five years; nor has defaulted on any obligation to the State of Maryland within the past ten years.

Development Plan

To demonstrate an understanding of Developer’s comprehensive strategy to be implemented in the Site’s redevelopment, the following Development Plan for each phase of development is required to be addressed as outlined below.

Note: *The Response to the Development Plan questions are to be answered in writing on separate paper by the Applicants. Failure to include such a plan will result in elimination of the application from funding consideration without further review.*

Phase I: Preliminary Planning and Feasibility Analysis

Topics:

Zoning
Conceptual Site Plan
Valuation
Financial Analysis

ZONING

Applicant will review and demonstrate their understanding of Existing Zoning of the Site, Transit Oriented Development Overlay, and Prince George’s County 2018 Re-Write of Existing Zoning for Blocks 3 & 6, and the approved zoning re-write to determine the highest and best use of the subject property by including a summary of Zoning issues in their Response.

Applicant will review and demonstrate their understanding of the TOD Overlay for Blocks 3 & 6, and the approved use of the subject property by including a Transit Oriented Development Overlay (“TOD”) summary in their Response.

CONCEPTUAL SITE PLAN

Applicant will include in their Response a conceptual design and site plan analysis that includes the following components:

- A detailed identification of the Proposed Retail Component, including its Location, Square Footage and Uses, Unit Mix, Unit Sizes, and Proposed Uses of a Retail Component.
- Proposed Number of Total Residential Units, Mix of Residential Units, Unit Sizes including samples of floorplans and amenities.
- Proposed Number of Affordable Units, Unit Mix and Unit Sizes of the Residential Component to be included in the Subject Property. The Response will include a detailed description of the terms and conditions of the type and number of Affordable Units included in the Residential Component including samples of floorplans and amenities if different from Market Rate Units.
- Proposed Number of Market Rate Units, Unit Mix, and Unit Sizes to be included in the Subject Property.
- Proposed Parking Requirement and Location, Number and Type of Parking Solution. Applicant will demonstrate their understanding of the parking requirements by including the existing code and a schedule of the number of parking spaces to be provided on-site, off-site and underground. A full description of the type of parking structure to be used and its compliance with County Code is required in the Response.
- Analysis of Flood Channel traversing the Site and how it would be mitigated.

VALUATION

Market Valuation: Applicant will conduct a Market Analysis to determine the valuation of the Subject Property, supported by examples of Comparable Properties recently sold in the local and regional area, and will present a Property Valuation that the Developer believes appropriate for a Sale of the Subject Property to a Third Party Developer.

Market Rent Valuation: Applicant will conduct a Market Analysis to determine the valuation of the Subject Property Market Rents, supported by examples of Comparable

Rents in the local and regional area. Response will describe weighting of Comparable Rents to support the determination of Market Rents for the Subject Property.

Affordable Rent Valuation and Description: Applicant will demonstrate their knowledge and understanding of Affordable Rents applicable to the Subject Property. Applicant will determine the percentage of Affordable Rent Units and the percentage of Average Median Income that will be applicable to the Subject Property. Applicant should be prepared to defend such determinations. The Response shall include identification of the type and level of affordability used in each Affordable Rent Comparable in the area.

Affordable Rent Valuation

Applicant will conduct a Market Analysis to determine the valuation of the Subject Property Affordable Rents, supported by examples of Comparable Affordable Rents in the local and regional area.

FINANCIAL ANALYSIS

Estimated Project Cost: Applicant will provide a detailed estimate of Project Costs based on the Conceptual Site Plan including fees and profit.

Estimated Source & Use of Funds: Applicant will provide a Source & Use of Funds to identify all estimated costs of the Project and the source of funding for the estimated costs.

Ten-Year and Twenty-Year Income and Expense Pro-Forma: Applicant will submit a ten-year pro-forma and a twenty-year proforma (if any form of joint venture is assumed) that includes project income, expenses, Net Operating Income, Debt Service and projected Cash Flow.

Project Financing: Applicant will identify the type and sources of financing, estimated cost of obtaining funds, and estimated debt service to service the proposed financing.

Equity Requirement: Applicant will identify the Equity required to complete the Project and the ability of the Applicant to obtain such Equity.

Phase II: Predevelopment

Topics:

Architecture/Engineering Design
Financing-Sources & Uses
Construction Estimating and Project Costing
Development Costing & Budgeting
Regulatory Approvals

For proposed projects, discuss how your organization selects the architectural firm. Discuss at what point in the process is the construction estimator consulted regarding project development and cost. Explain and document if possible Developer's intent, approach and ability to secure private institutional and/or non institutional financing as leverage to finance proposed project(s). Additionally, discuss any other areas of relevancy significant to your methods toward redevelopment.

Phase III: Development

Topics:

Construction Approach – Determining qualified GC
Quality Control, Cost Overruns and Change Orders
Scheduling and Completion
Accounting & recordkeeping

Discuss the process, standards and qualifications your organization takes in selecting a general contractor (GC) and/or sub contractors for specific projects. Does your development organization act as GC and/or project manager for a given project by sub contracting out the various construction trades? Explain the upfront measures established throughout the construction rehabilitation process that ensures quality controls are sought in managing cost overruns and change orders. Discuss how construction scheduling and completion timelines are implemented, monitored and met throughout your project. Furthermore, outline your accounting and recordkeeping methods that track project expenditures during construction.

Phase IV: Post Construction

Topics:

Marketing and Sales Strategy

Develop a detailed and systematic outline strategy your development organization would undertake in marketing and selling completed project.

Submission Requirements

In order to submit a fully competitive proposal and maximize the scoring potential of the application, all application filing requirements must be closely followed, and all information requested in the application must be responded to completely.

All Applicants:

- Shall be typed in 12-point font on 8½” x 11” standard letter-size paper
- Shall have material on one (1) side only
- Shall be bound on the long side
- Shall have tabs to separate sections
- Applicant materials will not be returned
- Each individual/team must submit five (5) printed, bound copies of their proposal to the Town of Capitol Heights on or before **4:00 PM Eastern Standard Time on February 28, 2019**. Applications must be delivered to:

Jason B. Small, Town Administrator
Town of Capitol Heights
1 Capitol Heights Boulevard
Capitol Heights, MD 20743

Receipts will be issued at the time of submission.

Timeline

RFP TIMELINE (SUBJECT TO CHANGE)	
Issuance of RFP Solicitation	January 4, 2019
Proposal Due Date (at 4:00 PM EST)	February 28, 2019
Award	April 1, 2019

Questions and Additional Information

Any questions regarding this solicitation should be submitted to:

Jason B. Small

townadministrator@capitolheightsmd.com

SECTION V: REVIEW PROCESS & SCORING CRITERIA (100 Point Ranking)

Application Review Process

Once applications are received, the Town of Capitol Heights will first determine whether applications conform with the Eligibility Requirements of the RFP. Applications determined to be ineligible will not be reviewed. All eligible applications will be scored against the scoring criteria outlined below, and then compared against all others received for the proposed development. Applications will then be forwarded to an Independent Review Panel of industry experts for review. Applicants which: a) meet the eligibility requirements, and b) score competitively compared with other proposed projects and/or Applicants will be recommended to the Town of Capitol Heights for incentives. The Town of Capitol Heights will conduct the final review of applications and will select the applications for land disposition. The Town of Capitol Heights holds all final authority to approve and/or disapprove specific awards under this solicitation.

Scoring Criteria

Applicants deemed to meet the Eligibility Requirements referenced above will receive further consideration. Proposals will be scored based on the below listed criteria and then compared against all others received for the proposed development funding. In general, it is the Town's goal to provide funding to those projects which provide the greatest public benefit while maximizing the impact of public resources.

1. Meeting the Town of Capitol Heights Objectives (25 Point Maximum)

This score will be determined from applicant's RFP response. Proposed projects will be scored according to how closely they meet the policy objectives below:

- Utilize the expertise of the private and non-profit sector to protect and increase affordable housing;
- Leverage private funds to develop affordable housing;
- Mixed-income development;
- Transit Oriented development;
- Restore integrity within old communities that neighborhoods are places where families are encouraged

2. The Development Plan (30 Point Maximum)

To be determined by evaluating the Applicant's responses to Development Plan in Section III of the RFP. Emphasis will be given to those proposals that viably address food desert or Third Space needs in Capitol Heights, Maryland.

3. Financial Feasibility (maximum 10 points)

For proposal submitted with projects this score will be determined from the Applicant's response in RFP.

4. Development Team Background Experience (15 Point Maximum)

The developer/development team must demonstrate a successful track record in projects of similar size, scale and complexity to the proposed project. The development team includes the appropriate members: developer/applicant, architect, development consultant, construction management and/or general contractor, accounting, financial, legal, syndication and property and/or asset management team.

Members of the development team must be able to demonstrate and verify a successful performance history in projects of similar type and scale. The development team must also demonstrate the financial capacity to fulfill their respective responsibilities. No members of the development team may have defaulted on any obligation to the Town of Capitol Heights within the past 10 years. If the proposed project includes supportive services, a qualified service provider must be a member of the development team.

5. Use of Maryland Minority Business Enterprise (MBE) (10 Points Maximum)

Score is determined from Applicant's response in Exhibit O

6. Exhibits (10 Points Maximum)

Based on the completeness, accuracy of each exhibit that is listed under the RFP requirements.

Proposal Requirements – For Profit Developers:

1. **Table of Contents** – Proposals must include a table of contents referencing each of the sections listed below. All sections must be tabbed for quick reference.
2. **Executive Summary** – The proposal must clearly summarize the content of the proposal as described in the Development Plan.
3. **Qualifications and Experience:**
 - a. The names/roles of proposed Developer.
 - b. Organizational chart of the Developer’s organization that is performing development and rehabilitation for this project.
 - c. The Developer ’s relevant project experience/examples that can be evaluated and compared to the scope of work being proposed.
 - d. A statement regarding any debarments, suspensions, bankruptcy, mechanics liens or loan defaults on real estate development projects and/or government contracts of the project team.
 - e. The qualifications and experience of the key personnel.
4. **Conceptual Site Plan:**
 - a. Description of the proposed redevelopment work plan; include conceptual design and site plan analysis.
 - b. Construction Schedule – Developer should provide an anticipated start and completion date and include appropriate milestones within indicated in the scope of work.
 - c. Financial Information – As described in the Development Plan
 - d. Evidence of Financial Stability – Provide evidence of the Developer’s credit worthiness including 3 credit references and a copy tax identification and/or Dunn and Brad number. Town of Capitol Heights is authorized to pull your credit report.
5. **Community Benefits** – Provide a detailed description of how this proposed project will impact the community and the Town of Capitol Heights.
6. **Addenda** – Add any additional information will assist the Town in evaluating your proposed project.

Exhibits

In addition to the items that are listed above, Individuals, Non-profits and CDC's must complete the exhibits listed below.

SITE INFORMATION

- Exhibit A: Site Map
- Exhibit B: Photos
- Exhibit C: Conceptual Site Plan - Retail
- Exhibit D: Conceptual Site Plan - Residential
- Exhibit E: Conceptual Site Plan - Parking
- Exhibit F: Environmental Assessment

EXISTING PROJECT INFORMATION

- Exhibit G: Zoning
- Exhibit H: Transit District Overlay

PROJECT TEAM

- Exhibit I: Developer
- Exhibit J: Architect
- Exhibit K: Civil Engineer
- Exhibit L: General Contractor
- Exhibit M: Legal
- Exhibit N: Debt and Equity Ability
- Exhibit O: Local Small and Disadvantaged Business Enterprises
- Exhibit P: Nonprofit or Community Development Corporation Involvement
- Exhibit Q: Other Projects in Capitol Heights
- Exhibit R: Other Business with Capitol Heights

CONSTRUCTION AND FINANCIAL INFORMATION

- Exhibit S: Project Cost Estimates
- Exhibit T: Source & use of Funds
- Exhibit U: Pro-Forma