

## Urban Redevelopment Authority

**AMENDED** REQUEST FOR DEVELOPMENT PROPOSALS (RFP)

**MELLON'S ORCHARD SOUTH  
EAST LIBERTY NEIGHBORHOOD IN THE CITY OF PITTSBURGH**

**RFP AMENDED: Tuesday, January 19, 2016**

**Proposal Due Date: Tuesday, January 26, 2016 at Noon ET**



**CHANGES ARE NOTED IN RED**

**GOAL OF THE RFP**

The Urban Redevelopment Authority of Pittsburgh (URA) is seeking developers and/or development teams (the “Developer”) to submit proposals for the purchase and redevelopment of Mellon’s Orchard South (the “site”) in the East Liberty Neighborhood of the City of Pittsburgh. Redevelopment of the site will be done in cooperation with Schoolhouse Electric, the developer of the Detective’s Building.

The goal of this RFP is to select a Developer who has the ability to transform this key site into a mixed-income, mixed-use development that enhances the adjacent residential neighborhoods, while effectively transitioning and adding to the success of East Liberty’s commercial core. The development of this site will set the direction for new growth in East Liberty. Planning principles and a set of site development guidelines have been established to direct this new growth in a way that enhances the future of East Liberty and creates a dynamic urban environment for all.

A Memorandum of Understanding (MOU) and Mutual Cooperation Agreement signed on September 28, 2015 by the City of Pittsburgh, URA, Pennley Park South, Inc. (PPS), and Penn Plaza Tenant Council (PPTC) states that the Mellon’s Orchard site will be developed with an affordable housing component. The MOU is attached as a **Supplementary Document** and details are outlined in the **Compliance with MOU** section of this RFP.

**This development will be in the Phase II East Liberty Transit Revitalization Investment District (TRID), and 70 percent of tax increment will be pledged.** As such, the development is not eligible for any real estate tax abatement programs. It is anticipated that a portion of TRID funds will be used for a Greater East Liberty Affordable Housing Fund, which can be used to provide gap financing for affordable housing units. A TRID map can be found under **Supplementary Documents**.

The URA reserves the right to award portions of the site to multiple Developers or potentially awarding the entire site to a sole Developer depending on the development proposed by the respondents.

**GENERAL INFORMATION**

<b>*Parcel ID:</b>	83-P-60, 83-P-165, and 83-P-225
<b>Location:</b>	East Liberty, 11th Ward, City of Pittsburgh
<b>Council District:</b>	9
<b>Councilperson:</b>	Reverend Ricky V. Burgess
<b>**Acreage:</b>	Total Acreage: 2.96 Acres Shared Developable Acreage: 2.12 Acres
<b>District Zoning:</b>	CP – Commercially Planned Unit Development/ UNC – Urban Neighborhood Commercial
<b>Preferred Reuse:</b>	Mixed-Use Development

**Sales Price:** Price offered for the land is one factor in the overall quality and competitiveness of the Developer’s proposal. Property was recently appraised at \$19.18 per square foot assuming a full coverage of low and moderate income rental housing units on the site. However, proposed developments that provide the envisioned mix of low, moderate and market rate housing units as well as some competitive commercial square footage and public space should reflect a higher consideration and offer price. Offered price should therefore reflect a reasonable market value for the land given the type of development proposed for the site and current market conditions. No offers below \$19.18 per square foot will be accepted under any conditions.

**\* The existing vacant building, (the Former Detective’s Building), and the surrounding land bounded by the limits of Block 83-P, Lot 65 and the extension of Harvard Street through the site, is not included in this RFP.**

\* Parcel 83-P-225 is currently owned by the Public Parking Authority of Pittsburgh (PPA).  
\*\* Site acreage was generated using on-line mapping tools and are not based on a Site Survey.

**TIMELINE**

<b>RFP Amended</b>	<b>Tuesday, January 19, 2016</b>
<b>Q &amp; A Session</b>	<b>Tuesday, January 12, 2016 at 9 AM ET</b> 200 Ross Street, 13 <sup>th</sup> Floor (Wherrett Room) Pittsburgh, PA 15219
<b>Proposal Due Date</b>	<b>Tuesday, January 26, 2016 at Noon ET</b>
Technical Evaluation & Interviews	Dates to be Determined
<b>Primary Contact:</b>	Claren Healey Development Officer, Real Estate Department 412-255-6568 <a href="mailto:chealey@ura.org">chealey@ura.org</a>

**SITE DESCRIPTION**

The proposed development site is comprised of three parcels located at the corner of Station Street and N. Euclid Avenue. See **Supplementary Documents** for site map. The entire area is approximately 2.96 acres.

Any Developer submitting a proposal is required to tour the site and become familiar with the existing conditions. **A Site Specific Sampling and Analysis Plan, Phase II Environmental Property Assessment for Block 83-P, Lot 60 is included under Supplementary Documents.**

The site is currently zoned both Commercial Planned Unit Development (CP) and Urban Neighborhood Commercial (UNC). The link for the City of Pittsburgh's Zoning Map is <http://gis.pittsburghpa.gov/zonetest/>. Dialogue with the City's Zoning Department will need to take place early on in the development process. The URA will be available to participate in those preliminary zoning discussions.

The East Liberty Farmers' Market is located on the site. The market runs from mid-May until the beginning of November from 3:30-7:30 PM every Monday afternoon. It is strongly desired that the East Liberty Farmers' Market be incorporated into the redevelopment of the site.

**Please note the vacant building located on the site is the Former Detective's Building. The Former Detective's Building and the surrounding land bounded by the limits of Block 83-P, Lot 65 and the extension of Harvard Street through the site, is not included in this RFP.** At the URA Board meeting of November 12, 2015, Schoolhouse Electric & Supply Co. received authorization from the URA's Board to enter into exclusive negotiations for the building. Schoolhouse Electric & Supply Co. has proposed to renovate the current four-story structure for use as a retail, distribution, assembly, and repair center. The renovated building is also planned to include a design library and community space. The Developer of the Mellon's Orchard South site will be required to work with Schoolhouse Electric to create a shared master redevelopment plan for the entire site. A representative from Schoolhouse Electric & Supply Co. will be available to answer inquiries during the Q & A Session. **A conceptual site plan for the development is included under Supplementary Documents.**

The parcel identified as Block 83-P, Lot 225 is currently owned by the PPA. The sale of this parcel by PPA to the URA is subject to approval by the Board of Directors of the PPA. It is anticipated that the PPA's Board of Directors will take official action on this matter prior to the proposal due date of Tuesday, January 26, 2016.

## **BACKGROUND INFORMATION**

East Liberty is a thriving neighborhood in Pittsburgh's East End. Recent development in the neighborhood has created a strong commercial core with numerous opportunities for additional growth. Several major retailers anchor East Liberty including Home Depot, Target, Trader Joe's, and Whole Foods. In addition, the redevelopment of East Liberty Station is almost complete allowing East Liberty to transform into a transit-oriented community that takes full advantage of the Martin Luther King, Jr. East Busway.

This revitalization has come after several decades of decline. In the 1940s and 1950s, East Liberty was comprised of a vibrant regional business district and residential neighborhood. In 1958, however, the beginnings of commercial vacancy, increasing vehicular congestion, lack of parking, and competition from the suburbs caused East Liberty business leaders and the City to call for change. This change led to one of the nation's largest urban renewal projects. Neighborhood streets and entire blocks of houses and commercial property were demolished and replaced by a highway-sized ring road called Penn Circle and vast parking lots around the commercial core. The central streets of the business district were converted into a pedestrian mall. This resulted in a net loss of one million square feet of real estate. Construction, dislocation and new traffic patterns

took people away from East Liberty's business core. Over the next 10 years, East Liberty quickly fell into decline.

With the formation of East Liberty Development, Inc. (ELDI) in the early 1980s, East Liberty slowly regained its status as a regional commercial district. East Liberty Development, Inc. was formed to facilitate redevelopment efforts in the neighborhood. One of ELDI's first projects was to reopen Penn Avenue, Highland Avenue and Broad Street to vehicular traffic. In the years following, several commercial projects were developed with limited success and no unifying strategy. At the end of the 1990s, a community driven planning process brought a unifying strategy to development and took steps to overcome the racial and economic division in the neighborhood. This 1999 community plan, *A Vision for East Liberty*, set the unifying vision for the redevelopment of the neighborhood. This vision was updated in 2010 as the [East Liberty Community Plan](#).

Over the last several years East Liberty has implemented that vision. Since 2000, 625 units of affordable housing and 300 units of market rate units have been developed. In addition, more than 900 residential units are planned or are underway. Hotel Indigo opened this past fall with 128 hotel rooms, and Ace Hotel recently opened. The transformation of East Liberty Station into a mixed-transit center will be completed in winter of 2016, and over 100,000 square feet of retail has been developed, or is underway. East Liberty has also capitalized on its proximity to Oakland and its university and medical service market. In response to Oakland's saturated office market, the recent Bakery Square Development included office space for Google, UPMC and the University of Pittsburgh. Startup and spinoff companies continue to desire new office space. A market analysis for the site has recently been completed and is included under **Supplementary Documents**. With these strong market conditions, smaller community oriented retail businesses have been priced out of the market. Preference will be given to development proposals that provide opportunities for community oriented retail services.

## **PLANNING CONTEXT**

Strong proposals will reference specifics from these plans and principles in the delivery of their projects. The planning context underlines the importance of the Mellon's Orchard South site to make East Liberty whole again and set the direction for new development north of Penn Avenue. The site is in a key transition zone between the residential neighborhoods to the north and west and the East Liberty commercial core. Connected walkable streets that build off of East Liberty's existing infrastructure, a mix of uses and the right density are essential to making that transition successful.

### ***Neighborhood Plan***

In 2010, the [East Liberty Community Plan](#) was released by ELDI after a long and thorough process of collaboration between broad-based groups of community stakeholders. The community plan provides a long term framework for revitalization of the entire neighborhood.

### ***Area Plan***

In 2015, [Fu Wilmers Design](#) (fwd|A+U) led a multidisciplinary team of architects, engineers and market analysts to develop the *Mellon's Orchard South Strategic Plan*. This plan builds from the framework provided in the neighborhood plan and identifies market based, site specific strategies

for the redevelopment of the site. A steering committee of URA, City and community representatives worked closely with fwd|A+U to inform the plan.

The *Mellon's Orchard South Strategic Plan* includes a set of planning principles and development guidelines. Development of the site will support the goals of the following planning principles:

- Build complete streets and enhance secondary network;
- Improve open spaces, increase parks and plazas;
- Retain Farmers' Market in the neighborhood;
- Promote community services;
- Provide a mix of housing types and affordability;
- Improve work environment and create job opportunities;
- Boost affordable retail, restaurants and neighborhood conveniences;
- Expand East Liberty cultural and arts tradition; and
- Adopt a shared parking strategy and minimize at-grade parking lots.

These planning principles were established following a public meeting held on May 26, 2015 and numerous stakeholder and developer interviews. Notes from this public meeting are available on [The East Liberty Post](#).

The *Mellon's Orchard Strategic Plan* also establishes a set of development guidelines included as an exhibit to this RFP. These design guidelines are based on following: planning principles, market analysis, recent development activities, and the physical and historical context of the site. It is strongly desired that the redevelopment of the site follow these development guidelines. See **Supplementary Documents**.

#### *Former Penn Circle Two-Way Conversion*

Engineering to convert N. Euclid Avenue and Station Street (formerly Penn Circle North and West) to two-way traffic with upgraded pedestrian and bike infrastructure is expected to begin in the first quarter of 2016. This engineering work is expected to take 18 months. Proposed roadway changes are expected to take place within the existing right of way.

### **COMPLIANCE WITH MOU**

Due to East Liberty's strong residential roots, as well as its access to transit and other amenities, there is high demand for affordable housing in the neighborhood. On September 28, 2015, the Penn Plaza tenants council, local government leaders, and the owners of the East Liberty Apartment complex, PPS, reached an agreement to secure relocation help for the residents of Penn Plaza and to secure commitments for the construction of affordable housing.

As described in the MOU signed on September 28, 2015, development at the Mellon's Orchard South site should address the following:

- a) A multi-family, mixed-income residential rental portion which will ideally have: a market rate component encompassing approximately 30 percent of the total units; a minimum of 20 percent total units with rents set at levels affordable to households at or below 50 percent AMI; the balance of the units shall have rents affordable to a range of household

incomes between 30 and 120 percent AMI, in a mix that is reasonably comparable to the income mix of households presently at the PPS property, as determined by the designated relocation personnel (to be provided when available).

- i) For those residential units that need to be affordable to households at 30 percent AMI, the Developer shall seek project-based Section 8 Housing Choice Voucher rental assistance from the Housing Authority of the City of Pittsburgh;
  - ii) The affordable housing units shall be disbursed throughout the new Mellon's Orchard site development and shall be in-service as affordable rental housing for a period of at least 30 years; and
  - iii) The rents for the income targeted housing units shall be structured so as to account for a reasonable utility allowance in the total housing costs.
- b) Subject to non-discriminatory reasonable screening and background requirements agreeable to PPTC, the current PPS tenants shall be provided with a preference on the occupancy of housing units developed within the Mellon's Orchard site. The designated relocation personnel shall maintain a master list of interested residents and shall use commercially reasonable efforts to keep the residents informed of the status of the Mellon's Orchard project.

The budgets section of the Developer's proposal should account for the commercial feasibility and available sources of subsidy to meet these mixed-income residential goals.

## **PUBLIC FUNDING**

The URA is committed to meeting the affordable housing and public realm improvement described in this RFP. The URA will work with the Developer to assess and fundraise for available uses of subsidy to fulfill these goals. Potential sources of subsidy include TRID funds, Low Income Housing Tax Credits (LIHTC) and the Greater East Liberty Affordable Housing Fund. Subsidy will not be used for market rate housing, commercial, or retail uses.

## **PROPOSAL REQUIREMENTS**

These requirements are designed to establish a Developer's overall capacity to complete this project and to meet the requirements and obligations associated with the land.

### **1. Project Narrative**

- a. Description of development scenario and plan;
- b. Explanation of ownership entity;
- c. Prospective development timeline; and
- d. Schematic drawing of proposed project, including site plan and elevations.

### **2. Relevant Development Experience**

- a. Brief description of similar projects (date, location, concept);
- b. Photographs of projects;
- c. Description and role of development entity;

- d. References - strong references include banks, municipal entities, co-developers, tenants, and press clippings that include project narratives to describe previous work; and
- e. Brief description of community engagement in previous projects.

**3. Financial Capacity**

- a. Detailed description of ability to finance the costs associated with project;
- b. Identification of the people or entities in the proposed development team, including any and all joint venture, general, or limited partners, and respective percentages of interest; and
- c. Role of each development partner in the implementation of the development plan.

**4. Budgets**

- a. Preliminary Sources and Uses of Funds development budget including proposed acquisition cost and condition of property at closing, i.e. "AS-IS" or pad ready, and list of financing sources and project uses; use attached form 'Exhibit C', and indicate gaps if any;
- b. Prospective construction budget;
- c. 10 year operating pro forma; and
- d. The Developer's proposal should describe the financial feasibility and available sources of subsidy, if needed, to meet these mixed-income residential goals described above.

**PROPOSAL STRUCTURE**

Eleven (11) paper copies plus one (1) electronic version or flash drive containing one (1) PDF file should be sent to:

Claren Healey, Development Officer  
Real Estate Department  
Urban Redevelopment Authority of Pittsburgh  
200 Ross Street, 10th Floor  
Pittsburgh, PA 15219  
[chealey@ura.org](mailto:chealey@ura.org)

**All responses should include the attached RFP Summary Page ('Exhibit A') as the cover page.** This page should be fully completed by the Developer. **ALL RESPONSES MUST BE RECEIVED BY NOON ET ON TUESDAY, JANUARY 26, 2016 FOR CONSIDERATION.** Late responses will not be reviewed.

All information submitted including attachments, supplementary materials, addenda, etc. will not be returned.

## **SELECTION CRITERIA**

A Developer will be selected based on, but not limited to, the following criteria:

1. Capability to achieve the objective outlined in the Goal of the RFP;
2. Experience completing similar redevelopment projects in an urban neighborhood;
3. Capacity to attract and secure funding;
4. Magnitude of investment in the site, as it pertains to the project's impact and scale;
5. Experience and ability to assemble a team with the appropriate specialties for a project of this size and scope;
6. Capability to achieve the planning principals and site guidelines;
7. Capability to achieve the goals outlined in the MOU;
8. Demonstration of commitment to community participation and interaction for the project and experience with community engagement in previous projects;
9. Commitment to Green Building standards; and
10. Commitment to Minority/Women Owned Business Enterprise participation.

A Developer will be recommended to the URA Board based on the overall quality of the proposed project. The URA does not sell land for speculative purposes, any such proposal to acquire and hold the land with construction to occur when and if it is successfully marketed will be rejected. The evaluation of the Developer's qualifications, experience and capacity will be based upon information in the proposal submitted by the Developer, interviews, investigation of projects completed by the Developer, assessment of performance in previous undertakings, and other pertinent factors. The URA will follow its Disposition Process which includes significant design review and construction oversight. See '**Exhibit B**'.

The URA Board must approve any and all Developers who purchase URA land. The URA also reserves the right to reject any and all submissions.

## **LEGAL INFORMATION**

The URA shall have the right to verify the accuracy of all information submitted and to make such investigation as it deems necessary to determine the ability of a prospective Developer(s) to perform the obligations in the response. The URA in its discretion reserves the right to reject any response when the available evidence or information does not satisfy the URA that the prospective Developer(s) is qualified to carry out properly the obligations of the response; is a person or firm of good reputation or character for strict, complete and faithful performance of business obligations; or if the prospective Developer(s) refuses to cooperate with and assist URA in the making of such investigation.

1. **Inspection of Parcel:** Developers shall be given an opportunity to inspect the property and the title to the property, among other things. If the Developer is selected and elects

to proceed after exercising its due diligence, it shall acquire or take possession of the parcel(s) in "AS-IS" CONDITION, unless otherwise agreed to by the URA in its discretion, in a Development Agreement.

2. **Building Permits, Zoning Variances and Financial Viability:** The sale of the property in no way guarantees or warrants grading permits, building permits, zoning variances or financial viability. The URA reserves the right to refuse to sell the property until a Developer is able to obtain all necessary permits.
3. **Disclaimer of Liability:** Developer(s) acknowledges by submitting information and proposals to the URA that the URA does not undertake any obligations, and shall have no liability with respect to the development program, this RFP, and responses thereto, nor with respect to any matters related to any submission by a Developer(s).
4. **Minority/Women Owned Business Enterprises (M/WBE) Requirements:** All Developers must demonstrate a good faith effort to obtain minority and women owned business participation in the project. The City of Pittsburgh's goal is 18 percent minority and 7 percent female participation in predevelopment activities such as design or legal as well as construction contracts and purchases. The successful applicant will be required to submit an M/WBE plan as part of the project approval process. See 'Exhibit D' for M/WBE Plan Spreadsheet.
5. **Sustainability Requirements:** All Developers must demonstrate a good faith effort to incorporate environmentally sustainable features and practices into their development plan. The successful applicant will be required to submit a sustainability plan as part of the project approval process for review by the Green Building Alliance.
6. The Developer, for itself and its employees, contractors, and primary subcontractors, agrees not to discriminate against or segregate any person or group of persons on any unlawful basis in the construction, sale, transfer, use, occupancy, tenure or enjoyment of the property or any improvements erected or to be erected thereon, or any part thereof.
7. The URA shall be the sole judge as to which proposals best meet the selection criteria. Notwithstanding anything in this RFP to the contrary, URA reserves the right to reject any or all proposals received, to waive any submission requirements contained within this RFP, and to waive any irregularities in any submitted proposal.
8. To ensure receipt of any addenda to the RFP, please email Claren Healey for inclusion on the list at [chealey@ura.org](mailto:chealey@ura.org).

## **ATTACHED EXHIBITS**

- A. [RFP Summary Page](#)
- B. [URA Disposition Process Overview](#)
- C. [Project Sources and Uses of Funds Template](#)
- D. [M/WBE Plan Spreadsheet](#)

## **SUPPLEMENTARY DOCUMENTS**

- **Site Map**
- [Market Analysis](#)
- [Memorandum of Understanding](#)
- [Mellon's Orchard South Development Guidelines](#)
- [TRID Map](#)
- **Sampling and Analysis Plan**
- **Schoolhouse Electric Conceptual Plan**
- **Q & A Summary 1-12-16**