



NEW BEDFORD PURCHASING DEPARTMENT

CITY OF NEW BEDFORD

MAYOR JONATHAN F. MITCHELL

February 9, 2018

RE: Disposition and re-use of Phillips Avenue School

Dear Mayor Mitchell:

Please find the two proposals received for the disposition and re-use of the Phillips Avenue School for your review.

Included in the package is a synopsis of the two proposals, the evaluation criteria to use to evaluate the proposals, and the RFP which the City issued.

I respectfully request that this material be submitted to City Council for their consideration in the disposition and re-use of the Phillips Avenue School.

Thank you for your attention to this matter.

Sincerely,

Susan Bruce
Director of Purchasing

Request for Proposals #18161490.
Disposition and Development – Phillips Avenue School
October 25, 2017.

The City received two proposals in response to the request for proposals, Waterfront Area Historic League (WHALE), and Cruz Development Corporation.

WHALE is a New Bedford based non-profit historic preservation organization that has a proven track record in the development of mixed use properties that focus on historic preservation. Recent projects have included the Co-Creative Center: a 10,000-square foot mixed use project that includes retail, residential, arts space, community gallery and maker space in downtown New Bedford. Howland House: A restored mansion redesigned as 7 units of workforce housing.

Cruz Development is a Boston based development company established in 1973. Cruz Development has developed over 2,100 units of affordable and market rate housing with an aggregate development cost over \$400 million. Cruz Development is also affiliated with Cruz Management Company, Inc, a full service real estate property management firm. Recent projects have included the Verdean Gardens in New Bedford, rehabilitation of a 110-unit mixed income property totaling \$5 million in construction costs. Walnut Apartments, rehabilitation of 32 residential units and a first-floor Health Care Clinic, construction costs totaled \$7.6 million.

Proposal Analysis:

WHALE

Purchase Price: \$25,000

WHALE is proposing to acquire the building and create an "Opportunity Center" which will include the headquarters of the Community Economic Development Center and its program partners. WHALE will purchase the property and has stated that development will be completed within 24 months of acquisition. The property will operate as a mixed-use development providing social service office space, wellness resources and 3 two-bedroom units of affordable housing on the top floor. The two lots will include a community garden and playground.

Upon acquisition a request for proposals will be issued for the following uses:

- an affordable daycare or youth services
- a wellness and resource network providing immigration services, housing advocacy or financial literacy coaching
- a community classroom to coordinate ESOL classes and workforce training, computer literacy and small business technical assistance
- shared use kitchen to serve as an incubator for local food-making businesses
- public green space to create more grass area to support, public art, greenhouse, playground, farmer's market and raised bed gardens
- public safety resources such as a community police station

The development budget totals \$2.5 million, with \$2.3 million in construction costs and \$139,048 in project soft costs. Funding sources include:

Massachusetts Cultural Council	\$150,000
Urban Agenda	\$100,000
Massachusetts Historic Commission	\$100,000
State Historic Tax Credits	\$500,000
Foundation Grants	\$300,000
CPA Funds	\$400,000
City HOME funds	\$450,000
Mortgage	\$500,000

Funding Sources will all have to be applied for.

*Note that there is no commitment of \$400,00 in City CPA grants or \$450,00 in City HOME Funds

WHALE Proposal General Observations

- proposal utilizes non-profit resources to serve an underserved community
- proposal is predicated upon potential users that have not been identified
- property will be owned by a non-profit and not subject to pay city real estate taxes
- development costs appear to be low given the building's deteriorated state
- funding predicated upon \$850,000 in city resources

Cruz Development

Purchase Price: \$210,000

Cruz Development is proposing to redevelop the property into seventeen apartments; a mix of five-one and 12 two-bedroom apartments. The plan will place the property on city tax roles and enhance the residential character of the neighborhood.

The property will be a mixed income development with 53% of the units affordable and 47% at market rate. The exterior will undergo a historic rehabilitation, roof replaced, the façade will be repaired and repointed and historically correct windows and exterior doors will be installed. The interior will undergo a gut rehabilitation with all new high efficiency systems with emphasis on green building design. The site will be landscaped and have 17 defined parking areas for tenants and 5 spaces for visitors.

Proposal included schematic drawings of proposed site and proposed building elevations after rehabilitation, a management plan; including management company and a detailed project timeline.

The development budget totals \$5.5 million with \$3.7 in acquisition and construction costs and \$1.5 million in soft costs. Funding Sources include:

Low Income Tax Credit and Historic Tax Credit	\$2,994,000
Mortgage	\$ 230,000
Deferred Developer Fee	\$ 66,145
State DHCD	\$ 675,000
Affordable Housing Trust Funds	\$1,000,000
MassHousing Workforce Housing	\$ 450,000
City of New Bedford HOME Funds	\$ 125,000

*Note that there is no commitment of \$125,000 in City HOME Funds

Cruz Development Proposal General Observations:

- proposal creates 17 units of mixed income housing
- purchase price is \$210,000
- property will generate real estate property taxes

Comparative Evaluation Criteria:

HA = Highly Advantageous; A = Advantageous; U = Unacceptable

	Highly Advantageous	Advantageous	Not Advantageous	Unacceptable
Development Team				
1. Financial capacity to complete project	Development and operating budgets are realistic and identified financial sources clearly illustrate the proposer's capacity to complete all phases of the project.	Development and operating budgets are somewhat realistic and financial sources are not clearly identified to illustrate the proposer's capacity to complete all phases of the project.	Development and operating budgets are not based on market conditions and financial sources are not clearly identified to illustrate the proposer's capacity to complete all phases of the project.	Information provided is not sufficient to make a determination.
RATING				
2. Likelihood to complete the project on schedule in a timely manner	Proposal illustrates the development team's ability to complete the project within 18 months of executing a purchase and sales agreement and incorporates a commitment to do the same.	Proposal illustrates the development team's ability to complete the project within 24 months of executing a purchase and sales agreement and incorporates a commitment to do the same.	Proposal does not illustrate the development team's ability to complete the project within 36 months or more of executing the purchase and sales agreement and, does not include a commitment to.	Information provided is not sufficient to make a determination.
RATING				
3. Quality of Design and Construction	Proposal presents a superior design which enhances existing historical elements and the quality of proposed construction.	Proposal complies with the design requirements of the RFP and presents an acceptable quality of building design and construction.	Proposal that presents an unacceptable design.	Information provided is not sufficient to make a determination.
RATING				
4. Economic and Community Benefits	Proposer commits to the creation of permanent full time jobs and/or expansion of community services as part of the development plan.	N/A	N/A	Proposer does not commit to the creation of permanent full time jobs and/or expansion of community services as part of the development plan
RATING				