REQUEST FOR QUALIFICATIONS

North Shore Property

City of Gladstone, MI
1100 Delta Avenue
Gladstone, MI 49837
(906) 428-4586
rbarron@gladstonemi.org
Request for Qualifications

Development Opportunity

The City of Gladstone, Michigan seeks developers for several parcels in its Downtown Development Authority along the Lake Michigan shoreline on Little Bay de Noc. The nearly 34-acre site presents an opportunity to offer new-build housing options within walking distance to downtown Gladstone. The asking price for all parcels is $824,500. The City may consider reductions to this price in support of an optimal development plan.

The city’s preferred development for this site would:

- Create new, for-sale residential options in a combination of single-family detached, duplex, and stacked condominium formats;
- Include at least 10% of units as accessible and barrier-free;
- Offer site layout and building design that respects and complements the aspirations and tradition of Gladstone;
- Allows for city-owned and maintained waterfront and linear park connecting to the 5 miles of linear park connecting the city;
- Offer residences ready for occupancy within two years of property sale;
- Little to no need for payment in lieu of taxes (PILOT) or other long-term tax abatement.
Preference will be given to projects with environmental sustainability components such as green development techniques, porous pavement, etc. Interested development teams are invited to submit qualifications to the city by April 17, 2020; please refer to page 11 for submittal details.
About Gladstone, Michigan
Gladstone is a charming “Up North” community in Michigan’s Upper Peninsula and located along the shores of Lake Michigan’s Little Bay de Noc. The city proper is home to approximately 4,700 people, while 8,200 people live within a 10-Minute drive from the site and that amount grows to more than 27,000 for a 20-Minute drive, which encompasses nearby Escanaba.
Nearby amenities and features include:

- Downtown Gladstone offers a traditional downtown experience with a mix of retail, restaurants and service businesses, and offers year-round events and activities.

- OSF Medical Group is an outpatient medical facility located adjacent to the site.

- Gladstone Bay Campground is located further along the lakeshore offering seasonal camping facilities and brings visitors to the community from May until September.

- Gladstone Harbor at Van Cleve Park offers seasonal and transient boat slips for rent for boats up to 45 feet long, fuel, restrooms, and Wi-Fi for visitors.

- Little Bay de Noc Non-Motorized Trail is a new trail designed for bicycles, walking, and other non-motorized modes of transportation and links the Cities of Gladstone and Escanaba along US-2.

- 9th Street Project is an extensive infrastructure project designed to better connect the main entrance to downtown, near the North Shore property and surrounding neighborhood to the downtown through an attractive, functional streetscape creating better pedestrian connectivity.

- The North Shore property is located inside the City’s Downtown Development Authority (DDA) which exists to enhance the quality of life for the City of Gladstone residents and develop a positive image of Downtown Gladstone for businesses, residents and visitors. The DDA is a central group to infrastructure improvements to the downtown area.

The Gladstone area has a diverse employment base with more than 50% of the workforce in a 10-Minute and 20-Minute drive times working in white collar professions, 29% in blue collar jobs, and the remainder in service positions.

**North Shore Vision**

In 2017, the City of Gladstone engaged with Michigan State University’s Sustainable Built Environment Initiative (SBEI) with the help of MSU’s School of Planning, Design, and Construction along with MSU Extension to help plan the future of the North Shore. They met with residents, community stakeholders, and city staff to better understand the goals and ideas for the area. This process helped to
generate an initial vision for the site development. It also became very clear that all parties agreed that development would be a positive endeavor for the community.

The team created an aspirational vision for the entire North Shore area, including property not part of this RFQ. The rendering has the following breakdown of buildings: 38 cottages, 26 town homes, 7 duplexes, 8 apartment building, 1 hotel/brewpub/retail, 8 mixed-use commercial/loft buildings, 8 21st Century Employment Centers, and a publicly owned walking trail and linear park encompassing the lakefront. *The rendering below is intended as aspirational and not a specific prescription based on market data or feasibility.*

The renderings of potential site layouts are below:
Rendering of property looking east.

Rendering of property looking south.
Market Conditions

*Residential Market Potential*

A target market analysis (TMA) completed in 2016 shows demand for new housing in and around Gladstone. The TMA, prepared by LandUse|USA, showed these key findings:

- A maximum potential of 124 detached single-family housing units annually, totaling 620 new detached single-family housing units over the 2016-2020 period.
- A maximum potential of 119 duplex/triplex or “other” housing units annually, totaling 595 new units in this category over the 2016-2020 period.
- A comparison of the target market demographics to existing housing supply shows gaps in both single-family detached home and townhome formats.

Further analysis completed by Place + Main Advisors done specifically for the North Shore site and within 10-, 20-, and 45-Minute drive times shows increasing demand for housing with price points above $150,000 per unit:

<table>
<thead>
<tr>
<th>Units By Housing Value</th>
<th>10 Min Drive Time</th>
<th>20 Min Drive Time</th>
<th>45 Drive Time</th>
<th>10 Min Drive Time</th>
<th>20 Min Drive Time</th>
<th>45 Drive Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50,000</td>
<td>332</td>
<td>259</td>
<td>-73</td>
<td>1073</td>
<td>842</td>
<td>-231</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>1087</td>
<td>956</td>
<td>-131</td>
<td>3330</td>
<td>2892</td>
<td>-438</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>554</td>
<td>521</td>
<td>-33</td>
<td>1647</td>
<td>1558</td>
<td>-89</td>
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<tr>
<td>$150,000-$199,999</td>
<td>464</td>
<td>543</td>
<td>79</td>
<td>1361</td>
<td>1582</td>
<td>221</td>
</tr>
<tr>
<td>$200,000-$249,999</td>
<td>172</td>
<td>217</td>
<td>45</td>
<td>511</td>
<td>654</td>
<td>143</td>
</tr>
<tr>
<td>$250,000-$299,999</td>
<td>130</td>
<td>167</td>
<td>37</td>
<td>284</td>
<td>366</td>
<td>82</td>
</tr>
<tr>
<td>$300,000-$399,999</td>
<td>80</td>
<td>108</td>
<td>28</td>
<td>253</td>
<td>339</td>
<td>86</td>
</tr>
<tr>
<td>$400,000-$499,999</td>
<td>29</td>
<td>38</td>
<td>9</td>
<td>49</td>
<td>64</td>
<td>15</td>
</tr>
<tr>
<td>$500,000-$749,999</td>
<td>17</td>
<td>29</td>
<td>12</td>
<td>47</td>
<td>86</td>
<td>39</td>
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<tr>
<td>$750,000-$999,999</td>
<td>3</td>
<td>16</td>
<td>13</td>
<td>9</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>$1,000,000+</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-184</td>
<td>-154</td>
<td>-237</td>
<td>86</td>
<td>1059</td>
<td>1059</td>
</tr>
</tbody>
</table>

Furthermore, the Place + Main Advisors analysis compares market reality to the original vision presented by MSU. The result was support for at least the 38 housing units proposed and could support up to 60 units (replacing some of the duplex/townhome sites on the rendering.) Additionally, there appears ample support for up to 24 stacked condo units with prices ranging from $150,000-200,000 on the site.

Below are some sample housing types which may be viable on the site:
Median Household Income in the 10- and 20-Minute Radii are expected to increase 9.8% and 14.6%, from $53,507 to $58,727 and $44,897 to $51,480 respectively, slightly outpacing home value appreciation. Expanding to the 45-Minute Radius though shows Household Income growing 12.9% comparatively. Per Capita Income increases 14.1% and 14.7% in the 10- and 20-Minute Radii. Overall, these statistics show strong growth in spending power for retail. Furthermore, this growth also points to the potential ability for rentals to increase rents at a commensurate rate.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>2018</th>
<th>2023</th>
<th>2018</th>
<th>2023</th>
<th>2018</th>
<th>2023</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>$53,507</td>
<td>$58,727</td>
<td>$5,220</td>
<td>$44,897</td>
<td>$51,480</td>
<td>$6,583</td>
<td>$46,645</td>
<td>$52,666</td>
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<tr>
<td>Average Household Income</td>
<td>$68,212</td>
<td>$78,052</td>
<td>$9,840</td>
<td>$58,393</td>
<td>$67,152</td>
<td>$8,759</td>
<td>$59,498</td>
<td>$68,618</td>
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<tr>
<td>Per Capita Income</td>
<td>$28,914</td>
<td>$33,009</td>
<td>$4,095</td>
<td>$25,407</td>
<td>$29,157</td>
<td>$3,750</td>
<td>$25,515</td>
<td>$29,393</td>
</tr>
</tbody>
</table>

**Development Process**

Upon selection of a qualified developer, the city anticipates entering into a letter of intent / pre-development agreement to allow for due diligence activities and completion of a final development agreement. The city expects this pre-development agreement to be in effect for six months or until a final development agreement is reached.
Zoning
Zoning: The site has a “Flex” zoning designation pending identification of a development partner for the site. This zoning would allow for a mix of uses including residential (multiple formats), mixed-use, and office.

Utilities
The site is accessible by nearby streets that could be easily extended into the site. All utilities are also adjacent to the site. Utility providers are below:
- Water/Sewer: City of Gladstone
- Gas: Consumers Energy
- Electric: Consumers Energy or Wolverine Power
- Streets, Storm Sewer and Right-of-Way: City of Gladstone

Redevelopment Ready Community
The City of Gladstone is an engaged community with the Redevelopment Ready Communities® (RRC) program by the Michigan Economic Development Corporation. The RRC program works with cities to ensure their development regulations and processes as up-to-date, clear, and predictable, as determined by a rigorous external assessment.

Available Incentives
The City of Gladstone either owns or has secured an assignable purchase agreement on the property described. This structure allows for some flexibility in financing of the project. Some potential incentives are below:

- **Reductions in land purchase price of city-owned property** may be considered in support of an excellent development proposal.
- **Brownfield assessment grants** are available to the city from the State of Michigan Department of Environmental Quality. These grant funds could pay for Phase I and/or Phase II assessment of the property.
- **Brownfield TIF** is available through the Delta County Brownfield Redevelopment Authority to support remediation, due care, and other activities for any environmental conditions found on the site.
- **Michigan Community Revitalization Program** grants or loans may be applicable to the subject site, and the city will support an application to Michigan Economic Development Corporation.
- **Recreation Grants** may be available to support public access and greenspace along rail right-of-way; the city will work collaboratively to identify and apply for these opportunities.

Environmental Conditions
The environmental condition of the site is not currently known. The historic use of the property was industrial, so the potential for brownfield conditions (and incentives) is possible. The city will work with an identified developer to obtain grants for brownfield assessment of the site.
Selection Process and Criteria
The City of Gladstone will review and evaluate all complete proposals in response to this RFQ to identify and engage with qualified developers for the North Shore Property. An initial response to this RFQ must include the following information:

- Letter of Interest: Provide a letter (up to 3 pages) identifying the development team and a brief description of the team’s vision for the site.
- Concept plans or renderings, if available.
- Development Experience / Portfolio: Provide a short description of past projects of a similar nature completed by the development team (up to 10 pages). Include a description of the projects, cost, completion date, and references.
- Resume of firm and lead team members.

City of Gladstone staff may seek additional information upon receipt of a development proposal.

The RFQ and responses should not be considered a legally binding agreement. Upon selection of a qualified development team, the City of Gladstone will enter into a pre-development agreement including purchase price, due diligence period, and other terms.

Proposal Format
All submissions should be submitted via email in PDF format to rbarron@gladstonemi.org, as well as a hard copy or USB drive sent to City of Gladstone, ATTN: Renee Barron, 1100 Delta Avenue, Gladstone, MI 49837.

Schedule for Review and Selection
The schedule for receipt and evaluation of proposals is anticipated to be as follows:

- RFQ posted, questions period: March 2, 2020
- Questions due: March 23, 2020
- FAQ posted to city website: March 30, 2020
- Deadline for proposals: April 17, 2020
- Evaluation period: April 17-24, 2020
- Finalist team notified: April 30, 2020
- Finalist presentation to Gladstone City Commission: May 2020
- City Commission approval of predevelopment agreement: July 1, 2020

Contact / Questions
Questions may be directed to:

Renee Barron, Community Development Director
City of Gladstone
1100 Delta Avenue
Gladstone, MI 49837
(906) 428-4586
rbarron@gladstonemi.org

Additional Information on the site is available at: