

**THE REDEVELOPMENT AGENCY
OF THE
CITY OF SAN JOSE**



**Japantown Corporation Yard Reuse Project
Development Opportunity
(5.8 Acres)**

**ADDENDUM
REQUEST FOR QUALIFICATIONS**

Redevelopment Agency of the City San José

Addendum to Request for Qualifications for Development of Japantown Site

Redevelopment Agency Board of Directors

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December 4, 2006

For more information concerning this opportunity contact:
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ATTACHMENTS:

- A. Japantown Goals/Objectives
- B. Japantown Corporation Yard Community Amenities Priorities
http://www.sanjoseca.gov/clerk/Agenda/091906/091906_09.01.pdf

REFERENCE:

Original Japantown Corporation Yard and Parking Lot Request for Proposals
June 29, 2005 <http://www.sjredevelopment.org/opportunities.htm>

JAPANTOWN CORPORATION YARD ADDENDUM

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EXECUTIVE SUMMARY

Potential Development Opportunity:

The Redevelopment Agency of the City of San Jose (Agency) is seeking proposals from the development community for the development of a City of San Jose-owned site in Japantown. The community of Japantown's goal for the Site is a mixed-use project with housing with active retail/commercial use on the ground floor that is an integral part of Japantown.

Location:

Block bound by 6th & 7th Street and Jackson & Taylor Street, San Jose, California. An additional site on the west side of 6th Street currently used as a parking lot. (APN 249-39-039 and 249-39-011)

Property Disposition:

The Redevelopment Agency acting on behalf of the City of San Jose will consider selling the property to the selected developer.

Developer Selection Process:

- 1) Updated project submittal
- 2) Evaluation of submittals by a panel
- 3) Selection of a developer and approval of an Exclusive Negotiations Agreement (ENA).
- 4) Approval of a Developer Disposition Agreement (DDA)

Pre-Submittal Meeting:

December 13, 2006 at 1:00 pm at Agency Offices located in City Hall; 200 East Santa Clara Street, 14th Floor, San Jose, California 95113

Proposals Due:

January 24, 2007 at 4:00 PM (PST) at Agency Offices located in City Hall; 200 East Santa Clara Street, 14th Floor, San Jose, California 95113

For Further Information Contact:

Robert Staedler
Development Officer
Redevelopment Agency of the City of San Jose
200 East Santa Clara Street, 14th Floor
San Jose, CA 95113
Telephone: 408-795-1838
E-mail: SJRAJapantown@sanjoseca.gov

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I. THE OPPORTUNITY

This Request for Qualifications ("RFQ") seeks developers to submit proposals leading to the development of a City-owned property commonly referred to as the City's Main Corporation Yard and a parking lot located across the street, all located on approximately **5.8 acres** in the Japantown Redevelopment Project Area and Jackson-Taylor Planned Residential Community ("Site").

The opportunity to respond to this Addendum is being extended only to the development firms who responded and were subsequently interviewed in fall 2005. Development firms may elect to respond individually or as a team with another firm. Developers may team with another firm previously interviewed for this project or elect to team with another firm not previously interviewed. Firms previously interviewed were: AF Evans; Green Valley Enterprises dba Barry Swenson Builder; First Community Housing; KB Homes; The Olson Company; and SummerHill Homes.

II. BACKGROUND

In June 2004, the Mayor and City Council directed the City Manager and Executive Director to develop a strategy and timeline to relocate the Japantown Corporation Yard and to issue a Request for Proposals/Qualifications for the redevelopment of the site. This project has two major components: 1) the build out of new facilities in the City's Central Service Yard and relocation of the operations in the Japantown Corporation Yard (also known as the Main Yard) to those new facilities; and 2) the reuse of the Japantown site as a mixed use development.

In response to the first component, City departments and the San Jose Redevelopment Agency jointly developed a plan to relocate existing City operations from the Japantown Corporation Yard to the Central Service Yard on Senter Road. In November 2005, the City Council awarded a \$28.8 million design-build contract for relocated facilities at the Central Service Yard.

In response to the second component of the project, in June 2005 a Request for Qualifications (RFQ) was sent to the development community soliciting interest in the site. Based on the proposed conceptual site plan and financial package to the City and community by January 2006, the City Council/Redevelopment Agency Board approved an Exclusive Negotiations Agreement (ENA) with The Olson Company and First Community Housing (Olson/FCH) for the Corporation Yard and parking sites. The financial package offered to the City included a payment of \$26 million for the land of which \$7.4 million of that amount was to be set aside for community amenities. The ENA expired in September 2006.

Concurrent with the expiration of the ENA, a modified financial proposal was offered by Olson/FCH to the Agency/City. The financial proposal was less than the minimum purchase price that the Agency/City was seeking. City Council has authorized the solicitation of new proposals from development entities previously interviewed for the Japantown project.

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III. JAPANTOWN GOALS, OBJECTIVES AND COMMUNITY PROCESS TO DATE

A. Japantown Goals/Objectives

The Japantown goals and objectives for this development have not been modified since the release of the original RFQ. The Japantown Goals/Objectives are outlined in Attachment A

B. Community Process to Date

The financial strategy for the Corporation Yard development assumes that, in addition to funding a portion of Central Service Yard construction costs, Corporation Yard land sale proceeds would fund a set of community amenities. To define the specific amenities to be included in the Corporation Yard development, staff worked with the Japantown Community Congress of San Jose (JCCsj) to establish a Community Focus Group as a resource and sounding board to provide input to the development team.

The Community Focus Group met over a six month period to translate the Japantown Goals/Objectives to specific recommendations and community amenities priorities. After a series of Community Focus Group and Town Hall meetings, on September 19, 2006, the City Council/Agency Board accepted the Japantown Corporation Yard Community Amenities Priorities (Attachment B).

Seven community amenity priorities were accepted by the City Council/Agency Board. The first priority addresses the Corporation Yard site itself and the remaining six focus on strengthening assets and institutions in the existing fabric of Japantown. These priorities reflect a package, and therefore are not in priority order. In brief the priorities are:

- The Corporation Yard should be a catalyst to revitalize Japantown with retail, urban plaza, performance space, and a strong historical connection.
- Secure a Japantown home for Taiko
- Establish a senior wellness and youth center at the Boys and Girls Club site
- Develop and implement a comprehensive Japantown Retail Strategy
- Develop and implement a Parking Strategy
- Historical and Cultural Preservation
- Revisit the Jackson Taylor Strategy

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IV. DEVELOPMENT PROPOSAL PARAMETERS AND DEVELOPER RESPONSIBILITIES

A. Development Proposal Parameters

Based upon the community process undertaken, the Agency/City will be looking for proposals which incorporate the following:

- Land area reserved for approximately 200 seat performance space and attendant parking. The contemplated community amenities funding is anticipated to pay for the cost of constructing the performance space/parking;
- A minimum of 15,000 square feet of retail space; and
- An urban plaza.

In addition to the community amenities identified above, the community process also highlighted a strong community interest in the development of assisted living facilities in Japantown. Developers are encouraged to examine the potential inclusion of this type of facility in their development proposal.

B. Developer Responsibilities

1. Purchase the Site for cash.
2. Develop the Site in accordance with the applicable City and Agency approvals including but not limited to paying prevailing wages to all workers performing work and complying with the City's inclusionary housing policy
3. Acquire the Site "as-is"
4. Pay for all off-site improvements and infrastructure
5. Manage and pay for all entitlements, permits, PIO/PDO fees as required. Proposers should be aware that amendments to the PIO/PDO fee structure are in the midst of a City Council approval process. Updates on this proposal can be found at: <http://www.sanjoseca.gov/prns/ParkPlanning.asp>
6. Ongoing work with the Japantown community to ensure their active involvement at appropriate points in the development process.
7. Should develop in accordance with the existing Jackson Taylor Specific Plan which has been incorporated into the City's General Plan

The Agency/City will not provide cash assistance for this project and shall not be liable for any real estate commission or brokerage fee that may arise from the transfer of the property.

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V. SUBMITTAL REQUIREMENTS

A. Submittal Requirements to Agency Offices

Twelve numbered sets of the information requested below should be submitted.

1. Development Entity

- a) Describe the development entity and identify the members, with names, addresses, and phone numbers of key representatives. Provide relevant qualifications and project specific experience of the principals of the developer(s). Identify the person or persons with the authority to represent and make legally binding commitments on behalf of the development entity. Identify the contractual relationship among the any multiple developers, if appropriate.
- b) Identify the known team members (e.g. architects, engineers, legal representatives, commercial tenants, hotel operator, real estate brokers/marketing representatives, retail consultants, and contractor).

2. Project Proposal and Business Terms

- a) State the purchase price for the land, and the timing of payment(s) to the City.
- b) Description of the overall proposed project that is in line with the Japantown community and Agency's Goals and Objectives. If the proposed project would require a change to the Jackson Taylor Specific Plan, a detailed narrative about the rationale for pursuing Specific Plan changes (e.g., market demand; purchase price to the City; urban design; and/or other factors) should accompany the project proposal.
- c) Development Schedule of the proposed project. Project schedule to address all phases of the project including timing of payments to the City, entitlements, design, construction, marketing, and tenant selection(s).

3. Respondent's Experience

Describe the respondent's relevant project experience, with a particular focus on high-density urban residential developments in downtown locations. Provide up to three examples that demonstrate successful projects in urban environments. Provide at least two examples of projects that incorporate retail/commercial uses into the development.

Please include the following information for each past project identified:

- a) Location and photographs.

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- b) Identify the number of units, the mix of units, the unit sizes, the number of square feet of retail space, the tenant list upon stabilization, and any customer survey/satisfaction information.
- c) For residential projects identify whether the project was a “for sale” or rental development, and whether below market rate units were included.
- d) Present the total development cost, identify the amount of debt and the amount of equity used to finance project, and economic return(s) achieved.
- e) For ownership projects: identify the sales prices achieved and the absorption period required for the project.
- f) For rental projects, identify the current management/owner; provide the most recent profit/loss statement; identify the lease-up period, historic and current vacancy rates, etc.
- g) Document the success achieved in the area of buyer/renter satisfaction regarding the period after the sale or leasing of the unit.
- h) Identify the lease-up period and commercial and/or retail tenants selected for the project.
- i) Describe the developer’s relationship with retail tenant(s) and strategic and technical approach used to incorporating retail/commercial uses into the project, such as leasing strategy and physical accommodations such as venting, trash service, loading and parking.
- j) Describe the role that the respondent played in the project, identify any unique challenges associated with the project, and identify community outreach and working relationships with the neighborhood, and identify ways in which the project benefited the surrounding community.
- k) Describe the involvement of the public sector, including name and telephone number of a contact person.
- l) Identify the key development team members. If any team members are different from the team being proposed for this project, provide an explanation of why the new team member(s) were selected.
- m) Identify any community uses incorporated into the project, or other benefits to the community at large or the specific neighborhood, which were part of or resulted from the project.

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B. Submittal Requirements on Financial Capacity

Two copies of the Financial Capacity materials must be submitted under sealed, separate cover to: Tim Kelly at Keyser Marston Associates, Inc 55 Pacific Avenue Mall, San Francisco, CA 94111. **These materials must be delivered no later than 4:00 p.m. PST on Wednesday, January 24, 2007.**

- (a) Identify the specific relationships (and contact information) for the entity(s) that provided the debt and equity invested in the projects identified in the "Respondent's Experience" section.
- (b) Identify any real estate loan obligations of the respondent team that have been foreclosed on, declared in default, or defined as non-performing loans during the last five years.

C. Submittal Deadline for Proposals

Proposals must be received at the San Jose Redevelopment Agency, 200 East Santa Clara Street, 14th Floor, San Jose, CA 95113 no later than 4:00 p.m. PST on January 24, 2007.

All responses must be addressed to the attention of Robert Staedler, Development Officer, and marked on the outside "RFQ Addendum: Japantown Development."

Note that Financial Capacity materials are to be submitted separately to Tim Kelly, Keyser Marston Associates, Inc., 55 Pacific Avenue Mall, San Francisco, CA 94111. **These materials must also be delivered on or before 4:00 p.m. PST on January 24, 2007.**

Submittals that are not received at the designated addresses on or before the specified deadline will not be accepted. Facsimile reproductions and electronic transmissions will not be accepted.

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VI. SELECTION PROCESS AND SELECTION CRITERIA

A. Selection Process

A selection panel representing the community and the City of San Jose will conduct the selection process. The Agency is the sole and final decision-maker regarding this selection, and it reserves the right to reject any or all submittals or proposals.

A "Pre-Submittal Meeting" will be held for all interested respondents at 1:00 pm, **December 13, 2006**, at the Agency Offices located at 200 East Santa Clara Street, 14th Floor.

Questions should be directed to Robert Staedler at 408-795-1838 or e-mail at sjrajapantown@sanjoseca.gov. Questions and responses will be sent to the group as they accumulate.

In the first phase of the process, interested developers or developer teams will submit proposals ("Proposals"), in response to this Addendum. Written Proposals delivered by the deadline indicated herein will be reviewed and evaluated based on the evaluation criteria for Proposals outlined below.

During the second phase of the process, members of the Agency's selection panel and/or consultants retained by the Agency will evaluate the submittals. At their discretion, they may contact references and industry sources, investigate previous projects and current commitments, interview some or all of the development team members, and take any other information into account in their evaluation of the responses. The Agency reserves the right to request clarification or additional information from respondents and to request that respondents make presentations to the Agency Board/City Council, community groups or others.

At the final phase, it is expected that a developer or developer team will be selected for exclusive negotiations leading to a DDA with the Agency. Selected developer or developer team will be required to prepare conceptual plans as part of seeking Agency Board approval of an exclusive negotiation agreement ("ENA").

B. Evaluation Criteria for Qualifications

In the selection process, emphasis will be placed on understanding of Japantown community's goals for the project, the directly relevant qualifications and financial capacity of the respondent, and the financial terms being proposed. Submittals will be evaluated based upon the following criteria:

1. Financial compensation and timing of payments to the City for the transaction. The City is requesting a base price of \$21.6 million, \$7.4 million for community amenities as articulated in Section IV A., and \$14.2 million for the Corporation Yard Relocation project.

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2. The development concept for the Site
3. Experience of the developer and the developer's team in the successful construction of infill-type projects.
4. Demonstrated ability to finance development projects.
5. Understanding of the regulatory approval process, as reflected in the developer's advisors and consultant team, business terms and conceptual development schedule.
6. Demonstrated successful community outreach experience and experience working with ethnic communities.
7. Developer's acceptance of RFQ terms, completeness of submissions and compliance with the submission requirements of the RFQ.
8. Establishment of clear lines of responsibility within the team upon which the Agency can rely during negotiations and implementation of the Project.
9. Ability of the developers to implement high quality development projects within budget and with timely project delivery, including a limitation on claims or delays that may affect project timeliness.
10. Other factors as appropriate.

C. ENA Deposit

Upon execution of an ENA, selected developer(s) shall provide a good faith deposit of \$50,000 that is non-refundable. The deposit will be used to offset Agency expenses related to the project.

D. Waiver

After a review of the RFQ submittals, the Agency, in its sole discretion, may either invite one or more respondents for interviews and to enter into an ENA or, choose not to proceed with development of the site at this time. There is no guarantee that the Agency will decide to move forward with any proposed project based on the RFQ submittals.

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VII. SCHEDULE

Approximate schedule for selection of Developer \ Developer Team is summarized below:

Issuance of RFQ	December 4, 2006
Pre-submittal Meeting (1:00 p.m. 200 E. Santa Clara Street, 14th floor)	December 13, 2006
Developer \ Developer Team Proposal Due (4:00 p.m. 200 E. Santa Clara Street, 14th floor)	January 24, 2007
Developers \ Developer Team Interviews	February 21, 2007 *
Selection of Developer or Developer Team	March 7, 2007 *

*On or about – Dates to be confirmed

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ATTACHMENT A

Japantown Goals/Objectives

(from June 29, 2005 RFQ)

As one of the last three historic Japantowns in California, any development on this Site must honor and respect the Japantown community and the surrounding neighborhood. The Agency and the City have worked closely with the community to prepare this RFQ and to develop objectives and key elements to guide the development.

This section first describes the objectives for the reuse of the Site. It then lists desirable elements that could be part of the development and are generally seen as contributing to the objectives. The successful proposal will combine various elements in an innovative way to best meet these objectives. A single element may contribute toward meeting more than one objective. Other uses allowed as part of the general plan can also be included on the Site as long as the overall development meets these objectives. The City, Agency and community encourage developers to approach the project with creativity and mindfulness and to understand the Site as an organic part of the neighborhood now, and in the future.

The Overall Objective: The City and Agency seeks a financially viable development that will create a lively, walkable and interesting place with: community gathering spaces, homes for seniors and young families, active retail, and cultural and artistic activities. The design and function of the Site will honor the rich heritage and history of the Site and the community and connect the past and future of Japantown.

Principal Objectives: The principal objectives in no particular order are:

Create a “Great Good Place” in the heart of Japantown: The Site should create distinctive, informal gathering places. These “Great Good Places,” are venues for people to be, to hang out, and to experience Japantown and each other. Successful public “third spaces” are an essential component of any development on the Site.

Honor seniors: The Japantown community sees its seniors as living treasures. The famously long-lived Japanese-American elders provide a tangible link to the past. The desire to provide a home that honors and respects them is deeply rooted in the values of the culture.

Attract young people and families: The demographics of Japantown are changing, and once again, young people and young families are calling the neighborhood home. The Site should beckon them and include uses and spaces that encourage them to come, to stay, and to enjoy Japantown.

Activate the Site with retail: The Nihonmachi Business District is central to the identity of Japantown. The walkable, small town feel of the Nihonmachi should be continued and reinforced with any new retail. The Site should feel and be a part of the business district

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with uses that complement existing businesses and activate the neighborhood with commercial activity.

Weave in cultural space and activities: Cultural activities and events should be part of the regular life of Japantown. The developer should seek to create spaces that intentionally support fertile cultural and artistic life on the Site. The Site should complement existing spaces used for cultural activities. The design and function of the site should visibly connect with the culture of Japantown and explicitly honor the history of the community.

Desirable Elements: The potential elements that are encouraged on the site in no particular order are:

- **Urban Plaza:** a public gathering place that feels like Japantown where people can eat lunch, enjoy outdoor performances, experience great art and good people watching. In San Jose the most successful urban plazas have been those with the opportunity for the public to interact with the site, for example the fountains at Plaza de Cesar Chavez which attracted families and children to play in the water.
- **Public Parking:** parking capacity that supports the new retail on-site and the existing business district.
- **A Tea House/urban garden:** A public place that blends activity and tranquility, and references Japanese culture and aesthetics.
- **Senior housing/Assisted Care Living Facilities:** There is a desire for senior housing/assisted care living that would allow Japantown elders to age in place in a setting that has the foods, activities, and companionship to create a feeling of home.
- **Housing:** Many see new housing for young people and families right in the heart Japantown as a desirable way to attract more energy and activity into the neighborhood.
- **Active Retail:**
 - **Neighborhood serving retail:** The community would like more everyday uses within walking distance. Both long-time and newer residents often speak of uses such as a coffee shop or pharmacy.
 - **Evening and nighttime retail uses:** This is seen as an important aspect of bringing youthful energy back to the neighborhood. There are examples of successful new businesses in Japantown that connect to the cultural past and appeal to a young crowd.
 - **Ethnic retail:** Many in the community have expressed a desire for retail that reflects the ethnic character of Japantown and also appeals to a broader urban audience.
 - **Asian banquet facilities:** There is a regional lack of banquet facilities serving the growing Asian-American market. With the high value placed on food in Asian cultures this has left many dissatisfied with more mainstream facilities serving western food. There is significant anecdotal evidence demonstrating demand for receptions and events in a facility that is able to serve high quality Asian cuisine.
- **Performance Space/Theatre:** There is no theatre or professional indoor performance space in Japantown. For many this is seen as hampering the ability

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- of existing arts and cultural groups to showcase their work, and is a barrier to outside or touring groups performing in Japantown.
- ❑ **Cultural center/dedicated space:** Non-profit cultural and arts organizations in both the Japanese-American and Chinese-American communities have expressed a desire for dedicated space that could function as a cultural center. There is no one clear vision on what the space or center should look like or how it will function, but there is a great deal of community passion around this element.
 - ❑ **Historical/Cultural educational elements:** Given the long and powerful history of the Site as the last Chinatown in San Jose and then a part of the historic Japantown there is a deep desire that the history and culture of the site be clearly and meaningfully integrated into the development.
 - ❑ **Boutique Hotel:** Not all in the community agree that this element is an asset. However, many feel that a small quality hotel that provides space for visitors to stay in the heart of Japantown would be a benefit and could help anchor some of the desired retail uses and public spaces. Any hotel must be in keeping with the scale of the neighborhood and reinforce the character of the Japantown community

The selected development entity and/or development team will have the financial capacity, vision, and imagination to create a project that respects the heritage and community of Japantown. The developer chosen for this site will have the opportunity to work with an outstanding neighborhood and community that has a history of a positive working relationship with the Agency and the City.

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ATTACHMENT B

Japantown Corporation Yard Community Amenities Priorities

http://www.sanjoseca.gov/clerk/Agenda/091906/091906_09.01.pdf