

# REQUEST FOR QUALIFICATIONS

FOR THE 5.4 +/- ACRE

FORMER VIRGINIA DEPARTMENT OF TRANSPORTATION SITE  
AT 626 WADDELL IN LEXINGTON, VIRGINIA



THE CITY OF LEXINGTON, VIRGINIA



300 EAST WASHINGTON STREET  
LEXINGTON, VIRGINIA 24450

540-462-3700

## PROJECT SUMMARY

<b>PROJECT:</b>	Redevelopment of a 5.4 acre +/- site located at 626 Waddell in the South Main Opportunity Area of the City of Lexington, Virginia
<b>OWNER:</b>	City of Lexington, Virginia
<b>PROJECT COORDINATOR:</b>	Tom Carroll City Manager City of Lexington, Virginia 300 East Washington Street Lexington, VA 24450 Telephone (540) 462-3700 E-Mail: <a href="mailto:TCarroll@LexingtonVa.gov">TCarroll@LexingtonVa.gov</a>
<b>COPIES REQUIRED</b>	One electronic PDF of all responsive materials
<b>RESPONSE DUE DATE:</b>	October 25, 2024, 3 p.m. EST
<b>EXPECTED DECISION DATE:</b>	December 19, 2024 (on or before)
<b>DECISION MAKERS:</b>	Mayor Frank Friedman, Vice Mayor Marylin Alexander, and the honorable members of Council: Charles Aligood, Nick Betts, David Sigler, Chuck Smith, and Leslie Straughan.
<b>COUNCIL'S KEY ADVISORS:</b>	Jeremy Carroll, City Attorney Arne Glaeser, Director of Planning Jennifer Bell, Lexington Finance Director

### OUR INVITATION

The City of Lexington invites developers to submit an expression of interest and summary of qualifications (RFQ) to serve as the Developer of Record for the 5.4 +/- acre site owned by the City along State Highway 11 and South Main Street, an area referred to as the South Main Opportunity Area. An aerial image of the City-owned site and surrounding properties is shown on the cover of this RFQ.

The City of Lexington seeks a private sector partner capable of crafting and implementing a desirable redevelopment vision for this valuable redevelopment site. The selected development partner will assist the City not only in ensuring that the redevelopment of the 5.4-acre site is successful and advances several of the City's policy objectives detailed below, but that the redevelopment is catalytic for the revitalization of the South Main Street Opportunity Area near the site. This area of Lexington is one of the key community gateways, connecting Lexington's charming and historic downtown with Natural Bridge State Park, the Lexington Golf and Country Club, nearby residential neighborhoods, and numerous other recreational and cultural amenities plentiful in Lexington and Rockbridge County.

We recognize that a traditional request for proposals process—preparing development proposals with full concept plans and architectural elevations—can be expensive and time consuming for a developer. Thus, Lexington is taking a different approach with an RFQ because we believe the best plans are shaped with mutual commitment between the parties after a developer is selected. The City of Lexington anticipates the primary use of this area will likely be residential, though how this is achieved is something we are open to exploring with a selected development partner.

We are not so much looking for a stylized concept plan and aspirational pictures—although we welcome these if you submit them. More than concepts, we seek the best partner to join us in a joint planning process for this important site. The developer who appears to be the best match will be chosen by December 19, 2024, and invited to negotiate a development agreement with urgency in 2025.

### **ABOUT LEXINGTON, VIRGINIA**

Lexington is home to the Virginia Military Institute and Washington and Lee University, two highly rated colleges with rich and textured histories. Lexington’s main street and historic downtown are vibrant, attracting thousands of visitors annually for shopping, dining, spectacular fall foliage, college sporting events, symposiums, museums, performing arts, and outdoor recreation. Alumni from VMI and W&L are drawn back to town throughout their post-college lives, and many decide to remain or retire in Lexington because of its remarkably high quality of life. Lexington has a smart, fun, young, and vibrant feel while also being an authentic small town where neighbors know and appreciate each other.

Lexington is a safe and nurturing community to raise a family. Lexington City Schools excel at creating a supportive, dynamic learning environment for every student, and as a result many families with young children move into the City limits to ensure their children can attend Lexington City Schools. Lexington City Schools recently achieved the second highest scores in the standards of learning for public schools in Virginia. Lexington is also home to Carilion Rockbridge Community Hospital, a 25-bed critical access hospital offering inpatient and outpatient care as well as helicopter transportation for more critical needs.

Historic preservation in the downtown and nearby residential areas are part of Lexington’s DNA. The community’s commitment to historic preservation causes visitors to Lexington to be amazed by its postcard appearance. The shops and merchants who occupy these historic spaces offer a wide variety of contemporary products and services. Numerous community events are hosted year-round, attracting tourists and locals alike. The City of Lexington was chartered as an independent City in 1966 and operates under the Council-Manager form of government. Lexington grew 1.9% from 2010- 2020 per the U. S. Census Bureau and had an additional 1.9% increase from 2020-2021. The estimated 2021 population is 7,456, and the City enjoys an ISO rating of 3. Lexington is conveniently located at the intersection of I-81 and I-64, making it an attractive location in the Shenandoah Valley.

### **LEXINGTON’S REDEVELOPMENT OBJECTIVES**

In 2023, the City of Lexington pursued a request for proposals which was focused on achieving a mixture of more than 200 market rate and affordable apartments with some mixed-use commercial space for the VDOT site. Market conditions have proven challenging for this combination of land uses, and so the City is widening its aperture and is now open to exploring other combinations of land

uses for the VDOT site. This RFQ is an invitation for high quality developers to express an interest and tell the community their initial vision for this site.

More than 66% of Lexington's \$2 billion in property valuation is tax exempt. As a result, the primary policy objective of redeveloping this property is to increase the City's approximately \$680 million real estate tax base. Lexington is only 2.5 square miles in size and is generally built-out. Growth in the City's assessed valuation will come mostly from redevelopment. Accordingly, the City of Lexington is eager to entertain smartly planned, compact site plans for the VDOT property that add taxable valuation to the community.

Like most communities today, Lexington faces a housing supply shortage which has caused home prices and rents to rise sharply. This has priced many would-be residents out of the Lexington housing market, particularly those with fixed or modest incomes. Broadly speaking, the City of Lexington seeks to add housing at all price points to remain inclusive for all. New housing at any price point will nevertheless stimulate the Lexington housing market, provide new living options, and enhance the community's taxbase. As a result, the City of Lexington anticipates that housing is likely to be a core component of any adaptive reuse of this site. Residential development on this site could be multi-family, compact townhomes, dense single-family homes, some mixed-use commercial and residential, workforce and affordable housing, or some blending of these types of land uses.

As already mentioned, the City of Lexington expects this project will serve as a spark to further enhance the South Main Opportunity Area of the community. The City of Lexington paid \$659,000 to acquire the VDOT property from the Commonwealth of Virginia in March of 2022 with the expressed intent of expanding its tax base. The City expects, at the very least, to recover its investment.

## **DEVELOPER OF RECORD EXPECTATIONS**

The City of Lexington seeks a development team that offers the experience, qualifications, commitment, financial ability, and enthusiasm to implement a redevelopment plan advancing as many of the above policy goals as possible. The City of Lexington intends to be decisive, selecting the Developer of Record this fall. Once selected, the City expects the Developer of Record will immediately get to work on a development agreement and planning steps to initiate development activities in 2025 and 2026. These tasks will include but are not limited to:

- Entering into a development agreement with the City of Lexington for the purchase and redevelopment of the VDOT property by March 31, 2025;
- working with nearby residents and community stakeholders on issues of legitimate concern regarding the redevelopment plans for the VDOT site. The VDOT property does not border a residential neighborhood, though this is an important site for many stakeholders in the community;
- formalizing a final site plan through the appropriate zoning processes by September 1, 2025;
- assembling additional properties in the South Main Opportunity Area, if so desired, to broaden the redevelopment potential and stimulate a renaissance of this community gateway;
- purchasing the City's land in part or in whole before December 31, 2025, if not sooner;
- demolishing existing buildings and removing unneeded VDOT infrastructure on the property after some or all of the VDOT property has been purchased;

- commencing construction of necessary infrastructure to accomplish the approved development plan in 2026; and
- commencing construction of private buildings in 2026.

The City's selected Developer of Record will thus need to be focused on proceeding from RFQ to development in short order.

## ZONING

The former VDOT property is currently located in the C-2 (General Commercial) zoning district, and in the Entrance Corridor (EC) Overlay District. The C-2 zoning district allows the typical suburban commercial uses by-right or conditionally, and the Entrance Corridor contains basic standards for landscaping, signage, architecture, site planning, and lighting. In addition to the zoning requirements, the Lexington Comprehensive Plan designates the subject parcel as a Commercial Center as well as an Opportunity Area. No portion of the VDOT site is considered historic and it is not in a formally designated historic district within the City of Lexington. Both the Lexington Zoning Ordinance and the Lexington Comprehensive Plan are available at:

<https://www.lexingtonva.gov/government/departments/planning-and-development>.

As already described above, the City is not dictating what has to be built on the former VDOT site. We are instead picking a developer who will partner with the City and the Lexington community to together develop a shared vision and plan for the site. What follows below are the essential and practical considerations for several possible land uses on the former VDOT site with the goal of informing potential development partners how the City of Lexington's zoning process might be navigated after selection.

### *Townhouse Development*

Townhouses are listed as conditional use in the C-2 zoning district. Townhouses are also allowed by-right in the R-LC (Residential Light Commercial) zoning district if there is a preference to rezone the property instead of requesting a conditional use permit. The Lexington Zoning Ordinance includes the following use and design standards for townhouses.

- A. No more than eight townhouses shall be constructed contiguously.
- B. The facades of individual townhouses within any contiguous row of townhouses shall be sufficiently varied in their materials, design, or appearance to visually distinguish them as individual dwelling units.
- C. Any townhouse shall front on, or be accessed by, a public street.
- D. Any provided open space shall be owned and maintained by the developer, until such time as it is turned over to the ownership and maintenance of an approved homeowners' association.

### *Dense Single-Family Development*

The Lexington Zoning Ordinance previously contained regulations for a planned development residential zoning district that allowed flexibility in dwelling type, lot size, yard setbacks, etc. but that residential PUD zoning transitioned over time into a Planned Development – Mixed Use (PD-MU) zoning district. If a dense single family development product is desired on the subject parcel, the

City will need about six months to adopt a new residential planned development zoning district to again allow flexibility for residential developments that do not meet the traditional residential zoning districts standards. This process could be undertaken simultaneous to other due diligence activities.

#### *Mixed-Use Development*

The Planned Development – Mixed Use (PD-MU) zoning district encourages a mix of office, retail, and residential uses where the residential uses are located above one level of office or retail. The PD-MU is not an overlay district and a rezoning to the PD-MU district is required to accomplish a mixed-use development on the subject parcel. As with most planned development districts, a master plan must be submitted with the rezoning application for review and approval.

The City of Lexington is committed to working with the Developer of Record to achieve the necessary zoning that will facilitate the shared vision and plan that emerges.

### **DEMONSTRATION OF QUALIFICATIONS**

Responding developers should provide the following information to demonstrate their qualifications:

- A formal letter expressing interest in becoming the Developer of Record and a narrative description of the development team's history. Please include the firm's mission and vision for development in general, and experience working in communities with high levels of resident engagement and information about projects like this one in Lexington.
- An overview of the specific team members who are likely to be involved in the Lexington project if selected. This should include a brief biography of each team member and their specific role in this project. Please also designate a primary point of contact for discussions between the City and the development team.
- Information about the other professionals who will assist, such as the team's design professionals, real estate experts, consultants, etc. The City of Lexington seeks to understand who the key players are who will work on the project, and to gain a better understanding of who will assist them at various steps of the planning, construction, and marketing phases of the development process. The City recognizes that the shared planning process the Developer of Record and Lexington will develop together may require the addition or subtraction of certain consultants, so this listing of other professionals is not to be viewed as binding or limiting. Nevertheless, the City wishes to understand which other professionals may be involved in the project to assess the team's approach, relationships, and resources.
- A statement about the team's ability to finance, pay for, and execute a development on this site of the scale envisioned. A more thorough demonstration of financial ability shall be required before the selection of a final Developer of Record is made by the City of Lexington.
- A statement of approach about how the responding team will partner with the City of Lexington on this site to execute the developer's vision.
- A statement of what the development team views as the best and highest use for the VDOT site, including rough order of magnitude development outcomes (e.g. number of housing

units, square feet of office or retail space, etc.). Again, the City is not seeking a fully developed concept plan at this time, but we do want to understand the development team's initial reaction to the site and its potential for redevelopment. What do you see as the potential range of financial investment from your firm on the site given the above vision? Make reasonable projections of the proposed square footage of each type of space and an assumed price per square foot to offer a range of values based on the articulated vision.

- In light of the statement described above, please provide a general financial analysis of the taxable valuation of the investment that is contemplated on the VDOT site. The City is looking to achieve a high assessed valuation on this site while ensuring that the redevelopment sparks further revitalization without being out of keeping with the character of the Lexington community. Also, expound upon how your firm's vision for the site will assist Lexington with the further redevelopment of the South Main Street Opportunity Area.
- List other projects completed in the last five or more years that are similar to the firm's vision for the Lexington site, including the completed projects' physical addresses. How do these projects inform your approach to this site and a partnership with the City of Lexington?
- What do you see as the major challenges to implementing your vision for this site? How do the City and your team work together to overcome these issues?
- What other goals are important to your firm as you consider partnering with the City of Lexington on this project?

The City requests that the narrative portion of this response be limited to ten typed pages, exclusive of pictures, renderings, resumes or CVs, and other non-verbal information.

### **DELIVERY OF PROPOSAL**

Proposals shall be submitted to the Office of the City Manager by 3 p.m. on Friday, October 25, 2024. This can be done by emailing a PDF to Jani Hostetter, the Clerk of Council, at [JHostetter@LexingtonVa.gov](mailto:JHostetter@LexingtonVa.gov).

### **OPTIONAL PRE-PROPOSAL SITE VISITS**

Interested parties should contact Lexington City Manager Tom Carroll at [TCarroll@LexingtonVa.gov](mailto:TCarroll@LexingtonVa.gov) or by telephone at (540) 462-3700 to make arrangements for meetings and site visits prior to October 18, 2024.

### **ADDENDA**

Please notify City Manager Tom Carroll promptly via email of any clarifying issues or omissions within this RFQ on or before noon on October 18, 2024. Lexington will issue a clarifying addendum (if necessary) in response to each notification no later than 4:30 p.m. on Tuesday, October 22, 2024, by email to all requesting parties and by posting the addendum on the City of Lexington's website. The City shall not be responsible for oral instruction or information. If you wish to receive an email of any addenda by October 22, 2024, please email the City Manager. Any addenda issued during the submission period are to be included in the proposal and shall become a part thereof.

## **DISCLAIMERS**

The City of Lexington is not responsible for any preparation and submission costs. Submissions submitted shall be the property of the City of Lexington and shall be considered public records unless otherwise required by law. The City of Lexington reserves the right to reject any and all submissions, to waive any formality, and to take actions or not take actions in response to these submissions.

All documents submitted should be considered as subject to the Virginia Freedom of Information Act (Code of Virginia 2.2-3700 et seq.; “FOIA”). In general, the City of Lexington intends that everything it considers to be part of this RFQ process should be a public record open to public examination if requested. As the City considers selecting a Developer of Record following October 25, 2024, it is possible some documents might be exchanged that would be exempt from Virginia’s FOIA laws, and the City and the responding developer will work cooperatively to determine if any developer documents can and should be exempted. But for purposes of this RFQ, it is best to assume that all materials submitted are subject to public examination.

## **BACKGROUND REPORTS**

The City has several reports which are provided for prospective developer convenience. The selected developer may need to update, amend and/or pursue new studies to support their individual site plan development, and the City of Lexington does not warrant or represent the accuracy of these studies to the proposed project. The site analyses information listed below are available upon request by contacting Jani Hostetter, Clerk of Council at [JHostetter@LexingtonVa.gov](mailto:JHostetter@LexingtonVa.gov).

- Survey plat prepared by Trout Land Surveying, surveyed January 17, 2020, and revised October 21, 2020.
- An Analysis of Market-Rate Multi-Family, Active Adult Multi-Family and Senior Housing with Services in the City of Lexington, VA prepared for the City of Lexington by Danter & Associates dated July 12, 2019.
- Asbestos Survey Report of Former VDOT Facility prepared for the City of Lexington by Commonwealth Environmental Associates, dated March 26, 2020, including a Boring Location Map dated March 27, 2020.
- A Phase 1 Environmental Site Assessment (ESA) Report and Asbestos Survey Report provided by the Commonwealth of Virginia Department of Transportation (VDOT) dated April 16, 2020.
- A Phase II Environmental Site Assessment (Limited) prepared for the City of Lexington by Commonwealth Environmental Associates, dated June 22, 2020.
- A Department of Environmental Quality response letter to the Phase II ESA Report dated August 4, 2020.
- A VDOT closure letter from DEQ to VDOT dated March 18, 2021.