



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES



REQUEST FOR SPACE (“RFS”)
DGS-RFS- DHS-2022-6 (Non-congregate Housing)

The District of Columbia’s Department of General Services (DHS) is seeking offers for existing buildings that could serve as non-congregate housing for DC residents who are experiencing or are at risk for homelessness. It is the District’s preference to purchase existing buildings that require minimal reconfiguration in the fulfillment of this requirement outlined in the Premises section below. The District will however consider lease or ground lease options with a preference for lease structures that include a path to ownership. The DC Department of Human Services (DHS) is the agency identified to initially run the operations of the proposed building.

Background

The mission of DHS is to empower District residents to reach their full potential by providing meaningful connections to work opportunities, economic assistance and supportive services.

This solicitation is intended to identify suitable buildings available for purchase or rent to provide non-congregate housing that is affordable to those experiencing or most at risk for homelessness. While the District will consider options available for lease, **it is the District’s strong preference to purchase the real estate.**

Evaluation Criteria

The Evaluation Criteria are as follows:

- A. Serves the Agency’s operations
- B. Purchase Price or Rental Rate and Rent Structure
- C. Location that meets the preferred criteria

Submission Instructions

Offerors shall submit their proposals by responding to or accepting each of the terms included under the Evaluation Criteria in the order and format presented below. Please clearly state any exceptions or substitute language to any of the terms listed below.

Section A. Agency Operation – To be evaluated based on the suitability of space to meet the operational needs of DHS.

Purchaser/Tenant: The District of Columbia, a municipal corporation, acting by and through its Department of General Services (the “District”).

The District agency initially operating the premises will be DHS. In the case of a lease, The District retains the right to change occupying agencies without such substitution constituting a sublet of the Premises or an assignment of the Lease, or otherwise requiring Offeror’s consent.

Building: Please provide address and the following:

- Description of the building and land (size, location and zoning);
- Description of any existing improvements, buildings or infrastructure including area of paved surfaces;
- Points of vehicular access to the site.

Seller / Landlord: Please provide ownership information including:

- Evidence of control of property and timely availability of the Building and Premises (if offeror does not currently own the property please provide evidence of site control and timing and all contingencies (if any) for closing);
- Management structure; and
- Evidence of Offeror’s wherewithal to fund development (where appropriate) ongoing building operations, a tenant improvement allowance and, if applicable, other property improvements.

Lenders: Please provide a detailed description of any lenders with financing associated with the building and any liens and/or ground leases that may or will encumber the building.

Premises: Please propose an existing building or land for new construction that can accommodate the program for non-congregate housing described below:

- Up to 100 units (single room occupancies or efficiencies / studios or hotel suites / extended stay style units
- Furnished units are preferred

- Office space for 12 to 15 staff
- Exam room
- Multipurpose space for dining and meeting space
- Outdoor space for recreation (preferably in the back of buildings)
- Must be ADA accessible with elevators and include some ADA rooms
- All units and common areas must be fully sprinklered

If there are existing tenants in the space proposed, please provide evidence including dates for the existing tenants' plans to vacate the space.

Test Fit:

Once Tenant has reduced the options to a short list, Landlord shall, at its sole cost and expense without any reimbursement from Tenant, upon Tenant's request, provide one test fit for the Premises based upon programming provided by Tenant, which shall include one (1) revision and the architect shall be required to submit detailed pricing notes along with the test-fit.

FOR LEASE OPTIONS ONLY

Lease Term:

Ten (10) to Fifteen (15) years.

Option Term:

The District requests an option to extend the term for one (1) additional period of five (5) years.

Rent Commencement Date:

The District shall commence paying rent when the Premises is delivered to the District with any work to be performed by the Offeror completed to the Premises, Base Building, Parking Areas and Site, as evidenced by a certificate of occupancy. Please confirm Offeror can deliver the substantially completed Premises by the fall of 2022. If this delivery timeframe cannot be accommodated, please propose a alternative delivery date for the District's consideration.

Use:

Primarily non-congregate housing and emergency hypothermia shelter and any other lawful use.

Assignment/Subletting:

Please confirm the District shall have the right, subject to Offeror's consent, which consent shall not be unreasonably

withheld, conditioned or delayed, to assign the Lease or sublease all or any portion of the Premises.

Building Hours: 7 days a week / 24-hour access.

Parking: Please reference the availability and type of parking (i.e. structured vs. surface). Please provide the number of parking spaces available and the cost per parking space on a monthly basis, including any scheduled escalations in cost.

Tenant Improvement Allowance: Landlord, at Landlord's sole cost and expense, using mutually agreed upon materials and finishes or making use of the existing improvements, substantially similar to the District's standard materials and finishes, shall build out the Premises based upon a mutually agreeable site and space plan (to include a test fit prepared prior to LOI execution) on a "turnkey" basis. Landlord's architect and civil engineer shall prepare all drawings at Landlord's expense. The turnkey build-out shall cover all hard and soft costs of construction including architectural, engineering fees, Tenant moving costs, furniture, fixtures and equipment, security, signage, and telecom/data cabling. Landlord and Tenant shall agree to the plan scope and finish level and the same shall be made an exhibit to the lease.

If the District requires that the Offeror build-out the Premises, the Lease shall include a Work Exhibit. In such event, the TIA thereunder shall be subject to the requirements of D.C Code Section 2-218.46 regarding the use of Small Business Enterprises and Certified Business Enterprises (as such term is defined under D.C. Code Section 2-218.02), provided that 50% SBE/CBE participation shall be required (rather than 35% as included in the current Statute). The Work Exhibit shall set forth the foregoing requirement.

Brokerage: Savills, Inc. ("Savills") is recognized as the exclusive broker representing the District in this proposed transaction. Upon execution of a Lease with the District, Landlord shall compensate Savills with a commission equivalent to 4.0% of the Lease value based on the Annual Rent (as defined below) over the initial Lease Term. In the event of a purchase, the Seller shall compensate Savills with a commission equivalent to 3.0% of the Purchase Price.

Section B. Purchase Price or Rental Rate and Rent Structure – To be evaluated in context of the overall value to the District and the competitiveness relative to market. For lease proposals, the District will consider such factors as condition of space, efficiency of space, proposed TIA and flexibility in the utilization of the TIA, rental abatement period, escalations, etc. Rent structure should be submitted based on the following proposed structure.

- Purchase Price** Please provide a purchase price for the land and/or building.
- Inspection Period and Closing Period:** Please propose an Inspection Period duration and a Closing timeframe following the conclusion of the Inspection Period.
- Open Book Process:** Please note, the Landlord and District shall arrive at a final Annual Rent through an open book and collaborative process.
- Net Rent / Ground Rent:** Escalations will be allowed on the Net Rent / Ground Rent only. Do not include any escalation on the Annual Rent (as hereinafter defined).
- Operating Expenses:** The Annual Rent for the first year shall include operating expenses (“OpEx”). OpEx is subject to annual escalations according to changes in the Consumer Price Index (CPI). The amount of the OpEx for the first year proposed by Offeror will be subject to verification by the District and may be subject to revision prior to Lease execution.
- Real Estate Taxes:** The Annual Rent for the first Lease year shall include the “Real Estate Tax Base,” which shall be equal to the District’s proportionate share of real estate taxes for the building for such first year.
- Commencing on the anniversary of the first Lease year, the District will owe its proportionate share of real estate taxes for the building that exceeds the Real Estate Tax Base. The Real Estate Tax Base will be subject to verification by the District and the amount may be subject to revision prior to Lease execution.
- Tenant Improvement Allowance Amortization:** Annual Rent shall include TIA amortized over the initial Lease Term. Please provide a interest rate at which all Tenant Improvements will be amortized at over the term of the Lease.

Annual Rent: Total of all of the above factors. Please provide an aggressive, market sensitive rent proposal **(including concessions such as rent abatement)**. Please use a full-service gross rental structure.

Below is an **EXAMPLE ONLY** of how the proposed rent structure should be presented:

Net Rent	\$20.00
Operating Expenses	
Real Estate Tax Base	\$12.00
TIA Amortization	\$ 8.00
Annual Rent for first	<u>TBD</u>
Lease year	\$40.00 per SF plus TIA Amortization

Purchase Option For lease options, a preference will be given to those Landlords willing to provide the District with a purchase option as part of the lease.

Section C: Location – To be evaluated based on the location’s accessibility to the constituents it serves.

Proximity to Public Transit/Preferred Locations: All quadrants within the District of Columbia are acceptable with a preference for Northeast and Northwest locations within 1 to 2 blocks of a Metro Bus, or Circulator stop that connects directly to a Metro train station. An additional preference will be given to options within close proximity of the Metro train station. Please briefly describe the proximity (distance to the access point of the Building) and accessibility to multiple modes of public transportation including color of Metro train station and major highway / freeway access proximate to the Building.

Submission Format and Due Date

Please email proposals with the subject of **Response to DGS-RFS- DHS-2022-6 (DHS Non-congregate Housing)**. Please attached a Microsoft Word and PDF copies of the offers. The offers shall be written in 12-point font size on 8.5”x 11” paper. Offers must also include **signed** DC DGS FORM S-103 (attached). Emails should be sent to Charleen Ward at charleen.ward@dc.gov with a copy to Tim Foley at tfoley@savills.us.

Offers will be received and considered on a rolling basis starting June 21, 2022 and this solicitation shall remain open until the District has awarded a contract which satisfies the entirety of this requirement.

Addendum: If it becomes necessary to revise any part of this RFS or if additional data is necessary to enable interpretation of provisions of this RFS, such revisions or additional data will be made available online.

Any matters that are not addressed in this RFS and that would further distinguish the building from other competing buildings should be addressed in your response.

This Request for Space shall not be considered an offer to lease and DGS reserves the right to withdraw this Request for Space at any time.

