

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



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

REQUEST FOR QUALIFICATIONS

Redevelopment Agency of the City San José

Request for Qualifications for Development of Japantown Site

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JUNE 29, 2005

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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) Qualification submittal
- 2) Evaluation of submittals by a panel with two (2) community representatives and Agency and City staff.
- 3) Selection of a developer and approval of an Exclusive Negotiations Agreement (ENA).
- 4) Approval of a Developer Disposition Agreement (DDA)

Pre-Submittal Meeting:

July 20, 2005 at 2:00 pm at Agency Offices, located at 50 West San Fernando Street, Suite 1100, Board Room, San Jose, California 95113

Proposals Due:

August 22, 2005 at 5:00 PM (PST) at New Agency Offices located in New City Hall; 200 East Santa Clara Street, 14th Floor, San Jose, California 95113

For Further Information Contact:

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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 6.35 acres in the Japantown Redevelopment Project Area and Jackson-Taylor Planned Residential Community ("Site").

II. GOALS, OBJECTIVES & DEVELOPER RESPONSIBILITIES

A. Japantown Goals/Objectives

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 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 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.

B. Developer Responsibilities

1. Purchase the Site for cash.
2. Develop the Site in accordance with the applicable City and Agency approvals and pay prevailing wages to all workers performing work
3. Acquire the Site “as-is”
4. Pay for all off-site improvements and infrastructure
5. Manage and pay for all entitlements and permits as required
6. Ongoing work with the Japantown community to ensure their active involvement at appropriate points in the development process.

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.

III. SITE INFORMATION

A. Site Description

The Development Site is located in the Japantown Redevelopment Project Area, which is also a designated Neighborhood Business District. The Business District is bounded roughly by North 3rd Street to the west, Empire Street to the south, North 9th Street to the east, and East Taylor Street to the north. Jackson Street runs through the center of the district and is the main commercial thoroughfare; it is nearly completely built-out with one- and two-story commercial buildings with retail businesses on the street level and with office or residential use on the second levels. The majority of retail businesses along Jackson Street are restaurants and service businesses.

The site is surrounded by many successful housing development projects. These projects include: Miraido, Mariani Square, Esplanade, Ajisai Gardens Condos, Market House Lofts, 800 North 8th and Classics @ Bernal Park (see Appendix). These projects represent over 1,000 units of housing. The development site is the last major parcels to complete infill development of this area.

The 6.35 acre Site is currently being utilized as a Corporation Yard and parking lot for the City of San Jose. The Corporation Yard site (approximately 5.8 acres) is improved with seven, single-story buildings total, consisting of one administration/office and six shop/warehouse/storage structures. Total building area is approximately 85,000 square feet. The parking lot (approximately .55 acres) is located across the street on the west side of 6th Street and is currently used as parking for City employees working at the Corporation Yard. The City of San Jose is currently expanding operations at its Central Service Yard on Senter Road. This expansion will consolidate the current uses at the Japantown Corporation Yard with the Central Service Yard and make the Japantown Corporation Yard available for development. Once construction is complete at the Central Service Yard, the Japantown Corporation Yard will be demolished and the site will be delivered as a clean lot. The anticipated delivery time of the site is Summer 2007.

Additional opportunity site

In addition to the Corporation Yard and Parking Lot sites the City is considering making available the City owned property located at 110 East Jackson Street located on the southeast corner of 3rd and Jackson Street. The property is currently occupied by the Boys and Girls Club of Silicon Valley. The City Council may act this Fall to make this property available for disposition. The property is approximately 1.3 acres and has roughly a 5,000 sf building along with a basketball court and open space.

If a proposer believes that this property can assist in the overall strength of their proposal for the Corporation Yard, then a preliminary concept plan along with an offer to purchase the land is required. The purchase price for this property must reflect highest and best use.

B. Environmental Conditions

The City has undertaken a large amount of investigation and remediation on the Main Corporation Yard site over the last 21 years. Seven underground storage tanks were removed by the City in July, 1990. Two tanks of the six were found to have leaked. The soil sample from the waste excavation of the two tanks contained oil and grease. The extraction of free product occurred in May 1991 and continued through July 1991, an estimated 40-56 gallons of product had been removed. In February, 1992 a remedial investigation report was prepared by Earth Tech. The site has been monitored (13 monitoring wells) by the City's Environmental Services Department.

The Human Health and Risk assessment report was written by Earth Tech on January, 1999. The most conservative residential scenario was used in the risk assessment. The residential scenario assumed surface development with the possibility of a subsurface structure (such as a basement or parking structure). The report recommends further natural attenuation and some soil removal once the site is developed.

The City received a \$1.5M grant from the State of California for remediation of the site. Of that grant, approximately \$1M is left for further remediation and cleanup. Staff is working with its environmental consultant Earth Tech on creating a Remedial Action Plan (RAP) for the site. The creation of the plan is dependent on the types of proposed uses for the development of the site. The Agency and City expect that this plan can be implemented and completed by the time the property is transferred to the developer in the summer of 2007. Copies of the reports or discussion with the City's environmental consultant can be made available if requested.

C. Entitlements: CEQA, General Plan, and Zoning

The General Plan for the Japantown Corporation Yard Development Site is "Jackson-Taylor Planned Residential Community, Mixed-use #2." The Mixed Use #2 is summarized in the City's 2020 General Plan document on page 183 as follows:

"(Bounded by Sixth, Jackson, Seventh, and the park located on Jackson, and the northern portion of the block bounded by Sixth, Jackson, Seventh and Empire Streets): This designation allows Very High Density Residential (25-50 DU/AC) uses, 150 senior housing units, a 40-room inn, up to 80,000 square feet of office, and between 33,000 and 53,750 square feet of retail uses. The commercial square footage may also accommodate a cultural center. Retail uses are required along a portion of Sixth Street, the north side of the park, and along the south side of Jackson Street."

The General Plan for the Parking Lot Site is Medium-High Density Residential (12-25 Dwelling Units per Acre) with Neighborhood District Overlay. This is summarized on Page 180 as follows:

“The properties located along most of the edges of the Planned Residential Community are designated High Density Residential (12-25 DU/AC). This designation is intended to buffer the existing, primarily single-family neighborhood adjacent to the PRC from the more intrusive residential and mixed uses planned for the center of the PRC. Development within this designation should reflect the lotting pattern of the surrounding area. When development cannot follow the surrounding lotting pattern, the buildings should follow the relationship and rhythm of the adjacent residential streetscape. A mixture of ownership and rental housing on approximately 5,000 to 7,000 square foot lots is the preferred development pattern for this land use designation. Building heights should not exceed 40 feet.”

The entire Boys and Girls Club parcel is designated Public/Quasi-Public which allows public uses and uses that are private but public in nature, such as utilities, and some institutions such as churches, private schools and private hospitals. Given that the Boys and Girls Club property is less than 2 acres, the City of San Jose's General Plan would allow, however, that this property to be developed with other uses. The General Plan's "Two acre" rule states that "parcels with a non-residential land use designation" (such as Public/Quasi-Public) "may be developed under any residential or non-residential category" if the alternate land use is "compatible with existing and planned uses on adjacent and neighboring properties." In addition, development projects using this "Two Acre" policy should exceed the minimum standards of the Zoning Ordinance and adopted design guidelines."

The General Plan also has a specific provision that allows properties designated with a General Plan as Public/Quasi Public land use designation to be developed with an alternative land use, without a General Plan land use amendment to the property, if the proposed alternate use is, again, "compatible with existing and planned used on neighboring properties and is consistent with applicable General Plan policies."

Also, the southern two thirds of the property is designated R-M Multiple Residential District. "The purpose of the two family residence district is to reserve land for the construction, use and occupancy of higher density residential development. The maximum allowable density range for the R-M district is 25 dwelling units to the acre."

Proposed development that is different from the Specific Plan identified above will need to go through the planning process to determine whether a proposal change in the uses will be allowed. This may take a significant amount of time and should be included in the timeframe of the project. For more information on the process and timeline, please contact Mike Brilliot with the Planning department at 408-277-8574.

D. History of Chinatown and Japantown

This Site was the last Chinatown in San Jose and was developed as “Heinlenville” by the owner John Heinlen and the architect Theodore Lenzen as what we would now call mixed use, with ground floor retail/commercial and housing above. The Site was developed over the objections of the surrounding neighborhood and City Council and served as a safe haven for the Chinese and later Japanese communities. In 1888, the

Chinese community constructed the Ng Shing Gung Temple, which was the center of religious and spiritual life in the Chinese community. (An exact replica of this temple has been reconstructed in San Jose's History Park) The commercial uses in Heinlenville included dry goods stores, groceries, boarding houses, gambling establishments, bath houses and all of the other fixtures of Chinatowns across America.

Around the end of the 19th Century Japantown began to grow up adjacent to Heinlenville and over time with the exclusion of the Chinese, the neighborhood became predominately Japanese, though it has always been multicultural with Filipino's, Portuguese and others calling the area home. San Jose's Japantown served as the center of the Japanese-American community for the all of Santa Clara Valley. Japanese farming this "Valley of Hearts Delight" would come to Japantown to meet many of their commercial and cultural needs. Spiritual life centered on the Methodist and Buddhist Churches on Fifth Street, which complemented the lively commerce along Jackson Street.

During the depression the Heinlen's went bankrupt and the property fell into default. With the coming of the Second World War, the Japanese-American community in San Jose was forcibly removed from Japantown and interned in concentration camps throughout the west. Heinlenville ceased to be a neighborhood and ownership was taken over by the City of San Jose. At the end of the war many Japanese-American's returned to revive San Jose's Japantown, but Heinlenville remained deserted. Currently, the property, functions as the City's General Services Department service yard with buildings, equipment, and parking areas on the Site. Additional information on the rich history of this Site is provided in the Appendix.

E. Japantown Today

Today's Japantown is a diverse neighborhood with a charming, walkable business district home to some 90 stores and over 20 restaurants including many Asian-American and family owned establishments. The neighborhood continues to be the cultural center for the Japanese-American community and numerous cultural, religious and arts organizations. (See Appendix for Cultural Resources Map) the community is working with the Redevelopment Agency to build a dramatic sculptural landmark and improved streetscape with quiet Japanese style seating areas. (Ikoi-No-Ba).

F. Neighborhood Context

The Jackson-Taylor industrial area generally bound by Hedding Street to Empire Street and Fifth to Eleventh Streets has historically had strong ties to the food industry. Originally developed by Del Monte, Glorietta Foods, and Continental Can Co as a series of fruit and vegetable canneries, the area grew around the Southern Pacific Railroad to serve the San Jose region's extensive orchards and farms. Remnants of this past are still present, such as Del Monte's trademark brick building and water tower (along 8th Street north and south of Jackson Street), the Continental Can building (on the northwest corner of 9th and Taylor Street). These landmarks establish important elements of the area's character. The area was in transition as the orchards and canneries relocated to the San Joaquin and Central Valley. This transition led to the recent large development of

housing in the area. This can be seen by the successful development projects mentioned above in the site description.

The Redevelopment Agency has invested approximately \$25.8M in the Japantown Redevelopment Area since 1984. This investment became possible due to the positive working relationship with this neighborhood. Investments include: façade improvements, themed streetscapes, banners, and landmarks, the Northside community center, major improvements to Bernal Park, and the Miraido mixed use development which is home to a number of Asian businesses. The City has also significantly invested in the business association, and the local community and arts organizations.

G. Affordability Requirements

Because the site is located in a Redevelopment Project Area, any residential development on the Site must comply with the City and Agency’s inclusionary housing policy, which is presented in Exhibit 4 of this RFQ. The policy varies the percentage of units and level of affordability required depending on whether the project is a “for-sale” or rental housing project.

Developers of “**for-sale**” projects may choose between the following restrictions:

1. At least 20% of the units must be set-aside for low or moderate income households; or
2. At least 15% of the units must be set aside, with a minimum of 6% provided to very- low income households and the balance allocated to low or moderate income households.

Developers of **rental projects** may choose between the following requirements:

1. At least 20% of the units must be available for very low-income households; or
2. At least 8% of the units must be available to very low-income households and at least 12% of the units shall be available to low or moderate income households.

Very Low Income, Low Income and Moderate Income households are defined in California Health and Safety Code Sections 50105, 50079.5 and 50093, respectively. The household incomes that fall within these categories in 2005 are detailed in Exhibit 4.

H. Park requirements

The Specific Plan requires an area of Open Space or a park for the project. The location of the space per the Specific Plan is on the south side of the project bordering Jackson Street. The area of the space must be approximately 0.5 acres. In addition to this Specific Plan element, proposers should familiarize themselves of citywide park dedication/in-lieu fee requirements. These requirements are set forth in San Jose Municipal Code Chapters 19.38 and 14.25. The actual dedication and improvements needed to meet this requirement, whether on the Corporation site or another based on the Proposer's development concept, will be finalized in consultation with City departments and Boards, as appropriate.

The City is considering changes to this program, and the City Council is currently scheduled to consider this issue on August 16, 2005. This could potentially broaden the types of eligible uses of park funds for items such as urban plazas that are part of the development. The link for the most recent report to the City Council on this topic can be found at:

www.sanjoseca.gov/clerk/Agenda/06_21_05docs/062105_05.02.pdf

I. Labor and Contract Requirements for Development

1. Prevailing Wage

A project such as the one anticipated as a result of this RFQ will have prevailing wage requirements which will be monitored by San Jose's Office of Equality Assurance.

The prime contractor is responsible for compliance of all subcontractors, including lower tier subcontractors, with prevailing wage provisions. The City's Office of Equality Assurance is charged with the responsibility to monitor and enforce prevailing wage requirements and ensure that payment of the proper wage is occurring. The Office requires the contractor and all subcontractors to file labor compliance documents with supporting documentation, including certified payrolls. Written documentation must be filed within 10 days of issuance of a Notice to Proceed. Certificates of Completion are not issued until all required documents are filed. All questions regarding prevailing wage requirements are to be directed to:

City of San Jose
Office of Equality Assurance
170 West San Carlos Street
San Jose, CA 95113
Phone: 408.277.4025

2. Non-Discrimination in Contracts

The City of San Jose requires non-discrimination clauses in its contracts, as specified in Chapter 4.08 of the City Charter. Projects involving the Redevelopment Agency, such as the subject of this RFQ, are subject to the non-discrimination requirements of the California Health and Safety Code Section 33436, et seq. This provision requires that nondiscrimination and non-segregation clauses shall be included in all deeds, leases and contracts relating to the subject development or property transactions.

3. San Jose First Source Hiring Ordinance

The San Jose First Source Hiring Ordinance was approved in the late 1990's, and provides an opportunity for developers and businesses to quickly and efficiently reach the San Jose labor market, and screen candidates as an initial part of the hiring process. The Office of Economic Development administers this service. More information can be obtained by contacting Yolanda Lee at the 408 277-5880. The Office of Economic Development also has information regarding Enterprise Zone benefits.

IV. RFQ PROCESS

This Request for Qualifications represents the initial step in the development of the Site. Responses to this RFQ should demonstrate the developer's understanding of the Japantown community's goals and specific expertise in developing high quality mixed-use projects with housing, retail, and a community function including a well integrated public plaza. Respondents should disclose financial capability to undertake the proposed development. Respondents are not required to submit plans, renderings or drawings of the proposed project. However, a thorough narrative of the development concept with a description of the respondents' approach to urban design and architecture that will meet the goals of this RFQ is required.

The respondent can make an offer on the whole or part of all three properties described above. The Agency will look at proposals that are not included together as an individual development project. The goal of the project is to develop the Corporation Yard and parking lot with the Boys & Girls Club property as an optional opportunity site.

Respondents should assume that the City owned parcels will be conveyed after demolition of the site and left at grade. Selected developers will be responsible for obtaining all required approvals for their projects. However, the Agency will designate a project manager to work closely with the developer(s) during the predevelopment process, including permitting and public review. The project manager will help the selected developer coordinate with all City departments and applicable City commissions. This RFQ and the selection process shall in no way be deemed to create a binding contract or agreement of any kind between the Agency or the City and any respondent.

If a developer is selected, it is expected that an Exclusive Negotiations Agreement (ENA) will be negotiated between the parties. Once that is accomplished and approved by the Redevelopment Board, the Disposition and Development Agreement, (DDA) will be negotiated between the parties. All legal rights and obligations between the selected developer(s), if any, and the Agency and City will come into existence only when a DDA is fully executed by the parties and then approved by the Agency Board/City Council. The legal rights and obligations of each party shall be only those rights and obligations which are set forth in the DDA and any other documents specifically referred to in that DDA and executed by the parties.

Each respondent to this RFQ agrees that the preparation of all materials for submittal to the Agency and all presentations are at the respondent's sole cost and expense, and neither the City nor the Agency shall, under any circumstances, be responsible for any costs or expenses incurred by a respondent. In addition, each respondent agrees that all documentation and materials submitted with a proposal shall remain the property of the Agency. Submittals are public records subject to disclosure under the Public Records Act.

V. QUALIFICATIONS: SELECTION PROCESS, CRITERIA, & SUBMITTALS

A. Selection Process

The San Jose Redevelopment Agency will, with a selection panel representing the community, City and Agency, 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.

“Pre-Submittal Meeting” will be held for all interested respondents at 2:00 pm, **July 20, 2005**, in the Board Room at 50 West San Fernando Street, Suite 1100, San Jose. Questions from potential respondents will be addressed by Agency staff or consultants at this meeting. Responses to the questions posed at the meeting will be summarized in writing. The written responses will be made available to all potential respondents who registered their attendance at this meeting.

In the first phase of the process, interested developers or developer teams will submit proposals ("Proposals"), in response to this RFQ. 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. Based on their evaluations, a “short list” of developers will be prepared. The short listed developers would then be interviewed by a review panel. The short listed developers maybe asked for conceptual drawings of their proposed project for the interviews.

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 to the City for the transaction.

2. The development concept for the Site and the theme(s) (as described in the Goals and Objectives section) including the value of each that are achieved by the development.
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. Submittal Requirements

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. Respondent's Experience

Describe the respondent's relevant project experience, with a particular focus on high-density urban residential developments and/or hotel developments in downtown locations. Provide up to five 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.
- b) Identify the number of unit, 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.

3. Project Proposal and Business Terms

- a) State the purchase price for the land, and the timing of payment(s) to the City.
- b) Descriptions of the foundational and desirable themes (as described in the Goals & Objectives section) achieved by the development and the value attached to each theme.
- c) Description of the overall proposed project that is in line with the Japantown community and Agency's Goals and Objectives.
- d) Development Schedule of the proposed project. Project schedule to address all phases of the project including acquisition, entitlements, design, construction (mixed-use development portion and the foundational/desirable themes), marketing, and tenant selection(s).

4. Financial Capacity

Two copies of the Financial Capacity materials must be submitted under sealed, separate cover to: Kathleen Head at Keyser Marston Associates, Inc., 500 South Grand Ave. Ste 1480, Los Angeles, CA 90071. **These materials must be delivered no later than 5:00 p.m. PST on Wednesday, August 22, 2005.**

- (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.

5. 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. 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 5:00 p.m. PST on August 22, 2005.

*****NOTE: San Jose Redevelopment Agency will be moving into New City Hall on August 8, 2005*****

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

Note that Financial Capacity materials are to be submitted separately to Kathleen Head, Keyser Marston Associates, Inc., 500 S Grand Avenue, Suite 1480, Los Angeles, CA 90071. **These materials must also be delivered on or before 5:00 p.m. PST on August 22, 2005.**

Submittals that are not received at the designated addresses on or before the specified deadline will not be accepted, unless the delivery deadline is waived by the Agency, at its sole discretion. Neither facsimile reproductions nor electronic transmissions will be accepted.

E. Waiver

After a review of the RFQ submittals, the Agency, in its sole discretion, may invite one or more respondents for interviews and to enter into an ENA, or may 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.

VI. SCHEDULE

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

Issuance of RFQ	June 29, 2005
Pre-submittal Meeting (2:00 p.m. 50 W. San Fernando Street, 11th floor)	July 20, 2005
Developer \ Developer Team Proposal Due (5:00 p.m. 200 E. Santa Clara Street, 14th floor)	August 22, 2005
Short List of Developer \ Developer Team	August 29, 2005
Developers \ Developer Team Interviews	September 13, 2005 *
Selection of Developer or Developer Team	October 11, 2005 *

*On or about – Dates to be confirmed

VII GREATER DOWNTOWN HOUSING

Continuing its policy of promoting the quality and value of Downtown's housing and lifestyle opportunities, the Agency encourages the development of market-rate and moderate-income housing as well as more affordable housing, while recognizing the need to cluster housing development in order to build strong neighborhoods and reinforce Downtown living.

Since 1977, the Agency has assisted in the construction of approximately 3,500 housing units in the greater downtown area. Among assisted projects recently completed or under construction include Paseo Villas Condominiums (104 units), 33 South Third St. (89 units), Twohy Live/Work Lofts (36 units), 101 San Fernando Apartments (323 units) The Plaza Condominiums (56 units), Park Townsend Condominiums (98 units) Legacy at Museum Park Apartments (117 units), and Avalon @ Cahill Park Apartments, (218 units). Portions of the above units are required to be affordable to households of low and moderate income.

Most of the units completed in the greater downtown are market rate, with a price range of \$340,000 to \$675,000 for the for-sale units and rental rates ranging from \$860 to \$3,100 monthly. The most recent Agency assisted "for-sale" housing project is Park Townsend Condominiums, which consists of 98 units ranging from 1,270-2,485 square feet. Marketing of this project began in July 2003 with an average asking price of over \$550,000 based on a price range of \$425,000 to \$845,000. The most recent Agency assisted rental housing project is 33 South Third Street, which consists of 89 units ranging from 784-1,220 square feet. Marketing of this project began in March 2003 with rental rates ranging from \$1,400 for a studio unit to \$2,400 for a town home unit.

Several mid/high rise residential projects are moving ahead with entitlements or construction in the greater downtown area. CIM's 335 unit 27 story development in Block 3 is moving ahead with schematic drawings; City Heights @ Pellier Park, 124 for sale units in a single 16 story building, has just received its Grading Permit, and Vendome or Taylor Towers near City Hall has almost completed construction on the first of its three buildings, 76 rental units on eight floors. Vendome Towers project is 373 units in three mid rise buildings.

For additional information regarding the status of these and other market rate housing projects in the greater downtown please visit our website at www.sjredevelopment.org and go to the "Board Reports & Status Reports" section of "About the SJRA."

VIII RETAIL CLIMATE

Japantown anchors the north edge of San Jose's resurgent Downtown. Japantown is readily accessible from I-880, Hwy 101, and I-87. It is about 5 minutes from the San Jose International Airport. Japantown is a unique district. As one of only three Japantowns in California, and the only Japantown which has original buildings intact and in use, there is a well-established sense of place, history and community. This strength is evidenced by more than 50 cultural or community serving organizations. Their members and patrons come from all parts of Santa Clara County, represent many ethnicities. This active community is characterized by a spirit of inclusion and openness. It is evident in the welcome given to new businesses, new residents, and new developments. For example, the community has supported new developments ranging from subsidized housing to senior housing to upscale market rate housing occupied young professionals. The community has also been a strong partner with the City and Redevelopment Agency to formulate and support plans for the future.

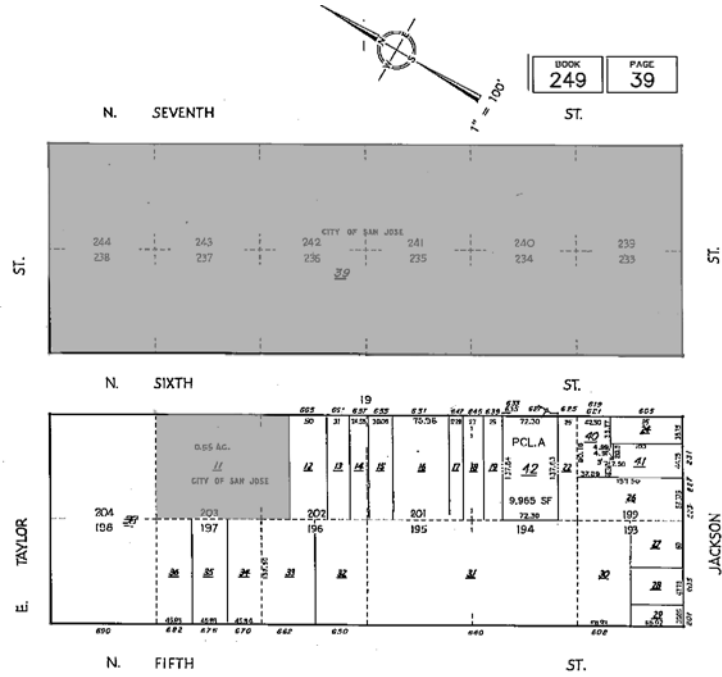
Japantown's retail district further illustrates the spirit of inclusion and attraction. Restaurant operators report that the largest percentage of their clientele is from two areas, the greater Downtown area, and the greater Santa Clara County area. Altogether the businesses attract over 10,000 customers in an average week, patronage equal to the Tech Museum of Innovation and the San Jose Repertory Theatre combined. Restaurants are the primary attraction, offering an array of Japanese cuisines as well as Hawaiian, Mexican, Korean, and more. The specialty shops, often unique to the entire Bay Area, have the widest geographic draw. Businesses are quick to say that the area needs more active uses, and needs to continue to attract more consumers. Businesses realize the restaurants function as the collective anchor now, and that additional, carefully chosen retail anchor(s) can further define and strengthen the existing business area. In the community process preparing for this RFQ, a foundational request was made for a coffee shop and a pharmacy, and a tea garden and sidewalk cafes were identified as desirable.

The Japantown residential neighborhood is well established and growing. Over 1000 new homes have been constructed there since 2000. New residents tend to be young professionals with two incomes who chose the area because of the unique cultural and historical identity. Only blocks away, new housing and cultural activities are also expanding in the Downtown core. The proximity of all of this growth is promising for Japantown retailers.

Exhibit 1

Corporation Yard and Parking Lot Parcel Maps

(APN(s) 249-39-039 & 239-39-011)



Boys and Girls Club Parcel Map

(APN 249-40-053)

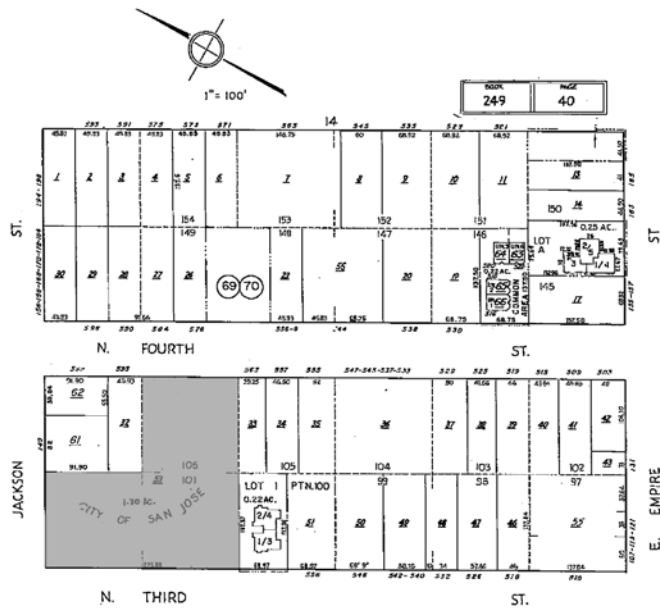


Exhibit 2

Japantown Corporation Yard and Parking Lot



Exhibit 3

Boys & Girls Club Property

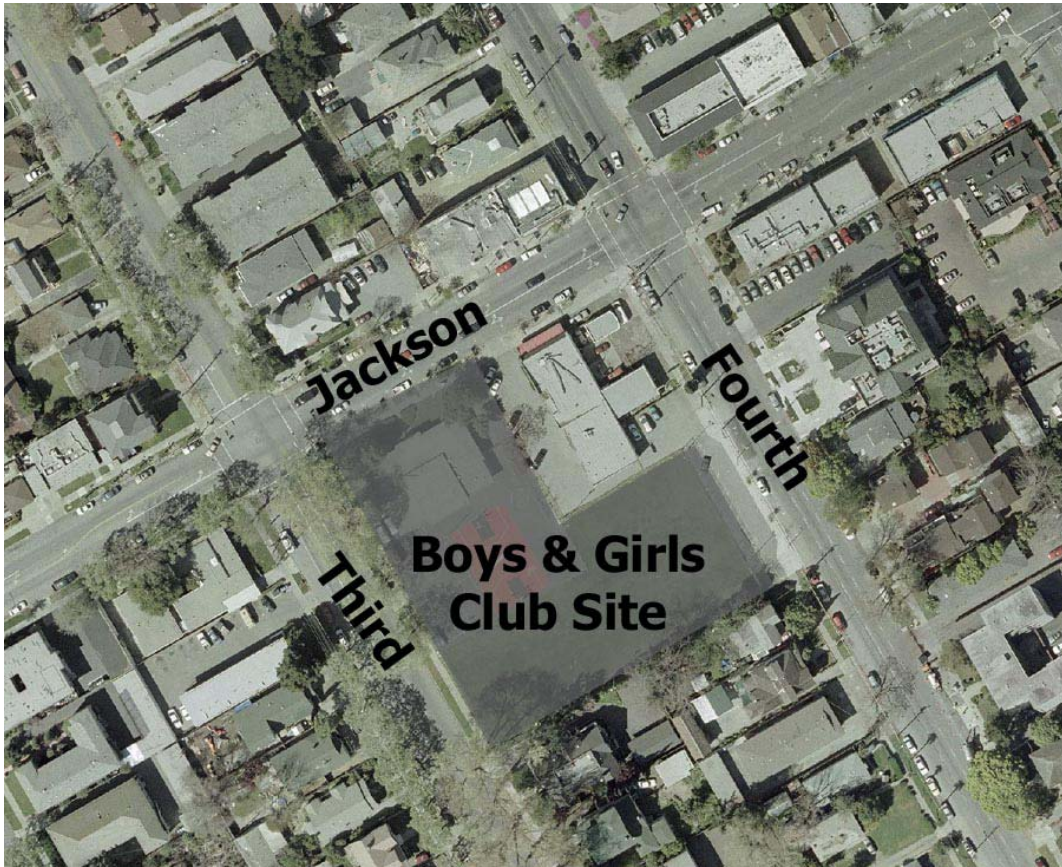


Exhibit 4

**INCOME RANGES AT VARYING HOUSEHOLD SIZES
2005 INCOME STANDARDS DISTRIBUTED BY HCD
SANTA CLARA COUNTY CALIFORNIA**

Household Size	HCD Median	Very-Low Income		Low Income		Moderate Income	
1 Person	\$73,850	\$22,300	\$37,150	\$37,150	\$59,400	\$59,400	\$88,600
2 Person	84,400	\$25,450	42,450	42,450	67,900	67,900	101,300
3 Person	94,950	\$28,650	47,750	47,750	76,400	76,400	113,950
4 Person	105,500	\$31,850	53,050	53,050	84,900	84,900	126,600
5 Person	113,950	\$34,400	57,300	57,300	91,650	91,650	136,750
6 Person	122,400	\$36,900	61,550	61,550	98,450	98,450	146,850
7 Person	130,800	\$39,450	65,800	65,800	105,250	105,250	157,000
8 Person	139,250	\$42,000	70,050	70,050	112,050	112,050	167,100

APPENDICES

The following background documents are available at the Agency website <http://www.sjredevelopment.org/opportunities.htm> or a hard copy can be requested by calling Bob Staedler at 408-794-1044.

- Appendix A: Japantown demographics 2005
- Appendix B: San Jose new housing opportunities
- Appendix C: Community & cultural assets map
- Appendix D: Japantown activity map
- Appendix E: Japantown community themes
May 26, 2005 & June 9, 2005
- Appendix F: Japantown community preference survey
- Appendix G: Japantown business survey
- Appendix H: Guidelines for Mixed Use ground floor retail
- Appendix I: Japantown consumer survey

Links:

<http://www.japantownsanjose.org/>

<http://www.japantownsanjose.org/SB307background.htm>

<http://www.japantownsanjose.org/assoc6.html>