

**Request for Proposals | DRA  
Downtown Office Conversion Feasibility Study**

**Addendum 02**

Consulting firm to conduct third-party feasibility studies on select buildings participating in exploring adaptive reuse of vacant office space for  
**The Downtown Redevelopment Authority (DRA) / TIRZ No. 3**

RFP Issue Date: October 13, 2022

Addendum 02 Issue Date: November 8, 2022

Proposals Due: **December 1, 2022 at 5:00 PM, Central Time**

**Addendum 02**

Meeting minutes from the October 27, 2022 Pre-submission Conference and responses to additional questions submitted by Proposers are attached to Addendum 02.

DRA / RFP  
PRE-SUBMITTAL CONFERENCE  
**MEETING MINUTES**  
Thursday, October 27, 2022, 1:00 PM

Location: Downtown Redevelopment Authority  
1221 McKinney Street, Suite 4250  
Houston, Texas 77010

Reference: Downtown Redevelopment Authority requests Proposals for a consulting firm to conduct third-party feasibility studies on select buildings participating in exploring adaptive reuse of vacant office space.

1. Welcome, Introductions & Consultant Sign-in Roster
  - A. Downtown Redevelopment Authority (DRA) staff and attendees provided self-introductions including firm's represented. See Sign-in Roster issued under ADDENDUM 1.
  - B. This feasibility study is being conducted at suggestion of the City of Houston's Office of Economic Development in order to develop an incentives program for office conversion. This is seen as a downtown tool that may later be expanded to other parts of the city.
  - C. This is a primarily economic inquiry on conversion feasibility. Secondarily, it is a design challenge.
2. Overview of DRA / RFP
  - A. General Information
    - i. Issue date: October 13, 2022
    - ii. Proposals Due: December 1, 2022, at 5:00 PM, Central Time
    - iii. Format & Quantity: Please refer to the RFP
    - iv. Reference: Please refer to the RFP
3. Background
  - A. Coupled with the reduction in demand for office space due to the recent shift towards hybrid and remote work, older but non-historic office buildings constructed in the 1970s, 1980s and 1990s are expected to experience tenancy challenges resulting in widespread vacancy and obsolescence. As with the redevelopment of historic structures, there are extensive and unique costs involved in office-to-residential, office-to-institutional and other modes of adaptive use conversions. Critically, conversion costs occur on top of the base cost/investment in the pre-conversion structure, and building owners will pay carrying costs during any adaptive reuse construction. The economic challenges of conversion will most likely require an incentive program to encourage adaptive reuse in much the same way that historic structures receive tax credits for renovation, or through a program similar to the Downtown Living Initiative that incentivized the residential construction or conversion in the Downtown Houston market. Noting these challenges, the DRA regards adaptive reuse as a pivotal redevelopment opportunity to advance Downtown Houston's residential capacity and offerings, and to holistically reimagine Downtown's underutilized or vacant office space.
    - i. There currently exists 52 million SF of office space downtown, with a vacancy rate of 24% or approximately 12.4M SF.

- ii. The study will explore economic and design challenges related to transitioning downtown facilities to alternative uses. Potential uses include residential, institutional, mixed use, and other downtown specific services.
  - iii. The study will inform what incentives the DRA needs to create to support office conversion, and what other organizations may need participate in the partnership.
  - iv. Only a handful of properties within the DRA/TIRZ 3 boundaries will be studied. An initial outreach to property owners has been conducted to survey potential interest and willingness to participate. 36 unique properties have been contacted by the DRA; they range from buildings that have historical tax credits to those that do not. At this time, the DRA has received a half dozen responses from interested parties. The DRA will provide the selected Consultant with a list of buildings to study.
- 4. Purpose of this Request
  - A. The Downtown Redevelopment Authority requests Proposals for a consulting firm to conduct third-party feasibility studies on select buildings participating in exploring adaptive reuse of vacant office space. This first phase of this process is intended to lay the groundwork for an Office Conversion Program, designed to incentivize the rehabilitation and repurposing of underutilized office space in downtown buildings within the boundaries of the DRA.
- 5. Project Scope and Deliverables
  - A. Feasibility studies for each building that include but not limited to:
    - i. Economic analysis and challenges.
    - ii. A comprehensive understanding of the programmatic reuse potential or the redevelopment opportunities inherent within each building.
    - iii. Technical challenges including legal, regulatory, and permitting concerns.
    - iv. Project scope and deliverables are not limited to items listed in this section.
- 6. Selection Procedures
  - A. Proposals will be reviewed and evaluated by the DRA selection committee. The findings and recommendations of the selection committee will be presented to the full DRA Board of Directors for its consideration and final approval, upon which contract negotiations with the selected consultant will commence.
- 7. Evaluation and Selection Criteria
  - A. A Letter of Interest. (40%)
    - i. Stating firm's availability and capacities to lead real estate conversion feasibility studies and provide related deliverables.
    - ii. A narrative statement providing insight to the consultant's vision of adaptive reuse.
    - iii. A detailed fee structure for phase 1 services only based on square footage of each building under study.
  - B. Past Experience and Performance for conducting similar feasibility studies as related to office conversion. (30%)
    - i. 2 (min) examples of representative office conversion to adaptive reuse, including process, scope of work, client contacts, link to completed project (if applicable).
    - ii. 2 (min) reference letters from previous clients.
  - C. Team Composition including sub-consultants and specialists. (30%)

- i. Identify team leaders, including individual biographies, from the lead and sub-consultants.
- ii. Provide statement of explanation as to team structure
- iii. Participation of Disadvantaged Business Enterprises (DBE), defined as minority- or woman-owned business enterprises (MWBE)

8. Advertisement

- A. This RFP has been advertised for a two-week period beginning October 13, 2022.

9. Selection Process & Project Schedule

- A. RFP Issued (First Advertisement) October 13
- B. Second Advertisement October 20
- C. Pre-submission Conference October 27
- D. Questions from Proposers Due October 31
- E. Final Addendum Issued November 8
  - i. Conference Meeting Notes & Answers to Questions
- F. Proposal Due December 1
  - i. Proposals will not be altered or amended after the submission deadline.
- G. Committee Recommendation December 5

10. Costs and Expenses

- A. No reimbursements provided by DRA to responding qualifiers who elect to participate in this RFP

11. **Question and Answer**

**Q: Will there be an opportunity for other buildings to join the study group once the feasibility effort has begun?**

A: No. The initial study group will be set.

DRA Additional Comment: The DRA will supply the initial study group of buildings established through serial application from owners up to the end of Q2 2023 to permit the study to proceed and reach completion within calendar year 2023.

**Q: Does the DRA have a goal number of building types?**

A: The DRA is pursuing a variety of building types, but due to the trend of vacancy, it is likely the buildings being studied will be similar by historic office use. The purpose of this initiative is to bring bodies Downtown much like the Downtown Living Initiative did, with the overarching goal to create new neighborhoods through residential density. Much of the smaller or older stock in Downtown has already gone through conversion to residential. To the degree that DRA identifies one or more buildings with substantial square feet of vacancy that may not convert to residential stock, the DRA would like to investigate and consider other options for conversion.

**Q: What is the deliverable for the RFP?**

A: A physical document/report. The DRA expects an individual feasibility study report for each building under conversion analysis.

**Q: Clarify the price/sq. fee structure.**

A: The cost to analyze each building is based on the price per square footage of the entire building.

DRA Additional Comment: The DRA requests consultants propose a fee range based on increments of 100,000 sq. ft. for the total size of each building to be analyzed.

Participating buildings to be analyzed will be provided to the selected consultant by the DRA.

**Q: How can the price be provided if the buildings are unknown at the start of the study?**

A: A price based on ranges of square feet is acceptable.

Additional DRA Comment: See immediately prior additional comment.

**Q: Does the DRA have a budget per building?**

A: The DRA has a total estimated budget for the feasibility study and future redevelopment grants, but the division between the two has yet to be determined.

**Q: Does the DRA have a target schedule?**

A: 150 days per building site. Commencement for each building study is contingent on first establishing an agreement between the DRA and each property owner.

DRA Additional Comment: The DRA's relationship with the selected consultant could be seen as a rolling agreement with "work order" amendments for each building that joins the feasibility study within a time allotment over the first half of 2023. For each participating building the selected consultant's work for each feasibility study shall be performed within one-hundred fifty-days (150) days from the date established in the work order, subject to negotiation of the agreement or its amendment between DRA and the consultant. The DRA is anticipating all feasibility studies to be concluded in 2023.

**Q: How soon does the DRA expect to have the first building agreement in place?**

A: Early in Q1 2023. The goal is to progress as quickly as possible in order to transition into phase 2, which is the development of the incentive program itself.

**Q: Is it fair to say that at kickoff there won't be a known list of all buildings participating?**

A: Yes. Multiple building studies may be conducted on overlapping/parallel tracks.

DRA Additional Comment: DRA staff is working to build a reliable list of potential buildings, willing and suitable for study prior to commencement of the project. In addition, the DRA expects that consultants can or will be conducting multiple feasibility studies in parallel or *in seriatim*, as not all buildings may come under study at a single point in time.

**Q: What if we (the proposing consultant) have a different methodology to approach this RFP?**

A: The DRA is looking for what is required to advance conversion among current office buildings in Downtown Houston. Writ large this is an economic, engineering, and design approach intended to guide and inform the DRA and other partnering public agencies with an understanding of the redevelopment parameters – building by building, financial and physical – that will ultimately shape a broad incentive program for conversions. Proposers are advised to respond directly to the RFP's requirements first and provide an alternative approach in addition should the proposing consultant want to advance an alternative methodology for the feasibility studies.

**Q: Who will be the day-to-day project manager and manage owner relations on the DRA's team?**

A: As indicated in the RFP, Robert Pieroni, Director of Economic Development, will be the point of contact for any questions with regard to the RFP. Following consultant selection and as the project transitions to the feasibility study, Mr. Pieroni will continue as the project manager, assisted by DRA leadership.

DRA Additional Comment: It is anticipated that parallel agreements will be entered into between the DRA and the selected consultant performing the feasibility studies, as well as between the DRA and each building owner entity participating in the respective analysis. As a means to manage access to proprietary material, advance the conversation, process requests for information, process distribution of deliverables, and constructively engage in the study process, the DRA will serve as the conduit between the consultant and the building owner. As each building's feasibility study advances, it is expected the consultant will have direct engagement with the building owner for which meeting notes and action items will be a deliverable.

**Q: Understanding that the feasibility study will inform the development of policy, does the owner have influence as to programmatic conversion? Does the consultant stay narrow to what the owner wants or suggestive in broader recommendations?**

A: The consultant should provide cost estimates and conversion outcomes for the best primary use relative to the constraints of the building, but the consultants are encouraged to provide a comprehensive list of alternative use concepts to the DRA.

DRA Additional Comment: With a variety of adaptive reuse opportunities, some may fit into policy priorities better than others; providing a cost-analysis for feasible alternative uses within the physical constraints of the respective building under study better positions an emerging incentive program to address policy motivated strategies and options. A broader, more comprehensive and creative list of alternatives may account for "lowest cost" conversion use as well as "owner preferred" conversion use, as well as a number of other alternative uses. The DRA is attempting to better understand the financial requirements that will assist it in developing a framework for a policy that will advance Downtown as a neighborhood under a number of different scenarios. This policy will later be applicable to other buildings in Houston.

**Q: Will the study include consultants assessing existing conditions?**

A: Yes.

DRA Additional Comment: The study will need first to evaluate the financial conditions for each building related to primary and alternative programmatic uses under general consideration for viable conversion strategies, and then develop architectural and technical assessments of the existing facility that respond the potential uses. It is likely though not absolute that engineering sub-consultants or other building specialists may be beneficial to the selected consultant's team composition, including but not limited to: structural and mechanical-electrical-plumbing engineers, life-safety code compliance sub-consultants, vertical conveyance engineers or contractors, building envelope sub-consultants; additionally, it should be anticipated that activation of the respective building's street-level and the public realm plus parking capacity will be topics related to holistic redevelopment.

**Q: Outside of the 5-6 property owners who have shown interest in the initial inquiry group, how have the other owners inquired responded?**

A: No contacted property owner has refused to participate. The remainder have been silent/non-responsive.

**Q: Does the study have any cost to the owners?**

A: No. Aside from the cost of time to produce documents and information necessary to advance a reliable adaptive reuse feasibility study, the cost of the feasibility study on each building will be funded by DRA.

**Q: Once the incentive program/policy is created and in place, will future feasibility studies be the responsibility of the property owners?**

A: Yes. If a property owner's building is not part of this initial feasibility study, the owner will need to assess the degree to which their unstudied building will benefit from the final conversion incentive program. This study is meant to provide the DRA with an understanding the financial demands upon a given set of conversion alternatives, in order to shape the financial partnerships required to incentivize likely conversion scenarios.

**Q: At the end of the day, does the incentive program translate to taxes back to the DRA?**

A: Yes, that is one possible scenario.

DRA Additional Comment: With the rise in tax valuations of buildings within the boundaries of the DRA, increases attributable to new improvements and market forces are earmarked as tax increments and are placed in a TIRZ fund to finance public improvements within the boundaries of the Downtown Redevelopment Authority.

**Q: How many of the Downtown Living Initiative Projects were turned over?**

A: The City Council approved DLI program was capped at 5,000 units, and the applicant pool approached this limit in 2016.

DRA Additional Comment: Currently, 4,251 units are under agreement and 3,976 units have been delivered. Only one project is outstanding. Three agreements were terminated as the applicants were unable to deliver the respective developments per the program requirements. The DRA participated in seven downtown residential projects with a total of 2,188 units. The Houston Downtown Management District participated in eight downtown residential projects with a total of 2,063 units.

**Q: Will there be a short list interview process?**

A: No. Selection will be based solely on the RFP submittals.

**Q: Is there a scenario where the DRA would consider taking multiple consultant teams?**

A: No. The DRA will select and authorize only one prime consultant for this project.

12. Meeting adjourned at 1:41pm

**END OF MEETING MINUTES**

## **Additional Questions Submitted by October 31, 2022**

**Q: For the 15-page limit, does a single page inclusive of a front and back with text count as one page?**

A: To clarify page count requirements for a valid Proposal: the DRA requests respondents provide 15 numbered pages of content with single-sided printing of legible font, no smaller than 10-point. Both faces of front and back covers of the proposal are NOT included in this enumerated page count.

**Q: What is the DBE goal for this project?**

A: The DRA has an agency goal of 25% DBE participation for all projects. Consultant selection is not solely based on the level or percentage of DBE participation.

**Q: Do the 40% evaluation criteria assigned to the “Letter of Interest” mean that DRA intends to award points for the amount of fee in the fee proposal? How does DRA intend to award points for the other element in the “Letter of Interest” that are not fee based?**

A: Please see itemized evaluation criteria on the final page of this addendum.

**Q: Are the points awarded for DBE/MWBE participation up to one-half of the 30% for Section C “Team Composition” meaning 15% of the total proposal evaluation? Is there a separate form to complete or should this just be prominently listed next to the subconsultant’s information?**

A: DBE/MWBE participation will be considered, up to one-half of the 30% of the Team Composition criteria, equivalent to 15% of the total proposal’s evaluation. The DRA does not provide a separate form but relies upon the applicant’s ability to clearly convey the pertinent information within the supporting documents of Criteria C: Team Composition. Please see itemized evaluation criteria on the final page of this addendum.

**Q: Can you share the names of the architects that were invited to submit on the office conversion study?**

A: The names and firms of attendees at the Pre-submission Conference comprise Addendum 1 on the DRA website under Programs & Applications.

[http://www.downtowntirz.com/downtownhouston/wp-content/uploads/2022/11/221101\\_Office-Conversion-RFP\\_Addendum-01.pdf](http://www.downtowntirz.com/downtownhouston/wp-content/uploads/2022/11/221101_Office-Conversion-RFP_Addendum-01.pdf)

**The DRA shall evaluate each proposal according to the following criteria:**

**A. Letter of Interest. (40%)**

- i. Stating firm's availability and capacities to lead real estate conversion feasibility studies and provide related deliverables. **(10% of total)**
- ii. A narrative statement providing insight to the consultant's vision of adaptive reuse. **(5% of total)**
- iii. A detailed fee structure for phase 1 services only based on square footage of each building under study. **(25% of total)**

**B. Past Experience and Performance for conducting similar feasibility studies as related to office conversion. (30%)**

- i. 2 (min) examples of representative office conversion to adaptive reuse, including process, scope of work, client contacts, link to completed project (if applicable). **(20% of total)**
- ii. 2 (min) reference letters from previous clients. **(10% of total)**

**C. Team Composition including sub-consultants and specialists. (30%)**

- i. Identify team leaders, including individual biographies, from the lead and sub-consultants. Provide information as to the leadership, proven collaborations, and communication expertise of the team. **(5% of total)**
- ii. Provide statement of explanation as to team structure and anticipated relative portions of work to be performed by each sub-consultant or specialist. **(10% of total)**
- iii. Participation of Disadvantaged Business Enterprises (DBE), defined as minority- or woman-owned business enterprises (MWBE), will be considered as a primary component (up to one-half) of this evaluation criteria. Listing as a City-certified DBE firm is acceptable for the Proposal. **(15% of total)**

No further questions requesting clarifications were submitted by Proposers. The answers listed above constitute a full response to questions received during the queries period.