

# City of Sault Ste. Marie

Developer Request for Qualifications  
(RFQ)

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# Introduction

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The City of Sault Ste. Marie is seeking qualified developers for two privately owned sites in the City's Downtown. The City has been working actively with the owners of each site to evaluate a range of development scenarios consistent with local zoning, long range plans, housing studies, and resident input. The terms of such a development are not currently defined, but both of the owners have committed to work with the City and prospective developers identified through this Request for Qualifications (RFQ).

The City of Sault Ste. Marie is uniquely situated to support new development in its Downtown due to several unique characteristics:

- **Demonstrated demand for new housing** with a 95% occupancy rate for rental housing in the Downtown area
- **A recently completed Target Market Analysis** that found annual demand for 36 to 54 new urban rental units<sup>1</sup>
- **A strong base** of semi-permanent residents in need of flexible housing options in the Army Corps of Engineers, U.S. Coast Guard, international border crossing, and Lake Superior State University
- **A high-quality Downtown with a strong sense of place** that hosts over 500,000 visitors during each tourist season (based on US Army Corps of Engineers official visitor counts)

The City of Sault Ste. Marie is seeking qualified developers to partner with current property owners and work with the City to create new mixed-use developments that reflect the vision for the area shared by the City, residents, and current property owners. City leadership and elected officials are committed to working with developers to expedite review and permitting processes and to pursue available incentives.

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<sup>1</sup> Zimmerman/Volk Associates, Inc., An Analysis of Residential Market Potential: The City of Sault Ste. Marie, February, 2014, <http://downtownsault.org/wp-content/uploads/2012/03/Target-Market-Housing-Analysis.pdf>

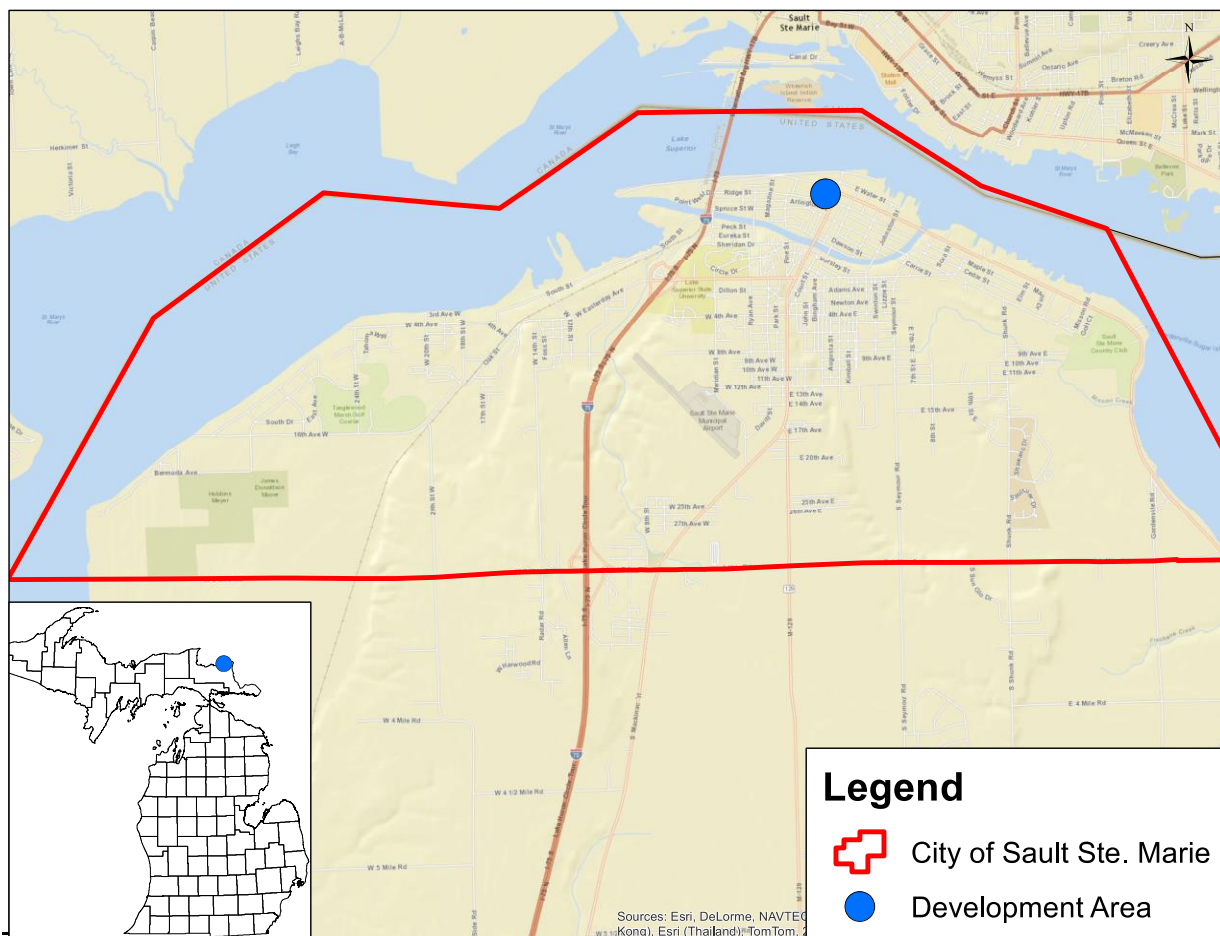
# 1.0 Background

## 1.1 History and Location

The City of Sault Ste. Marie is the oldest city in Michigan, and one of the oldest cities in the United States. The City was founded in 1668 by Father Jacques Marquette and was officially incorporated in 1887.<sup>2</sup> As a result of its history, as well as its natural assets (being located at the confluence of Lake Superior and the rest of the Great Lakes), the City has inherent competitive advantages.

The City of Sault Ste. Marie covers 20 square miles located in the northeastern portion of Michigan's Upper Peninsula in Chippewa County. Interstate 75 connects the City with the Lower Peninsula and the Sault Ste. Marie International Bridge connects the Community to Sault Ste. Marie, Ontario, Canada (population: 75,000). The St. Mary's River composes the City's northern, eastern, and western borders, and Three Mile Road demarcates its southern border (see Figure 1). Lake Superior connects to Lake Huron via the Soo Locks, a major Great Lakes shipping channel.

**Figure 1: Development Area Location**



<sup>2</sup> City of Sault Ste. Marie, History of the City, [www.saultcity.com](http://www.saultcity.com)

## 1.2 Existing Conditions

The City of Sault Ste. Marie is the second-largest city in the Upper Peninsula (Marquette being the largest) with a population of over 14,000. The City's population is relatively young and diverse compared to Michigan as a whole (see Figure 2). Major employers include Kewadin Casino, War Memorial Hospital, Lake Superior State University, and the Federal Government through the U.S. Coast Guard and International Border Crossing.

Figure 2: Basic Demographic Indicators (source: U.S. Census Bureau, American Community Survey, 2009-2013)

Indicator	Sault Ste. Marie	Chippewa County	Michigan
Population	14,171	38,760	9,886,095
Median Age	34.6	39.5	39.1
% of Population Under 20	26.4%	23.0%	26.3%
% of Population Over 64	13.3%	15.0%	14.2%
% Non-White Population	24.7%	28.3%	20.7%
% Native American Population	15.6%	16.1%	0.6%

In addition to having a population that is supportive of urban development, the housing market in Sault Ste. Marie reflects a need for new housing options. The City's housing stock is aging, with 60.8% of its housing units having been built prior to 1970 and a relatively high level of renter-occupied housing units (see Figure 3).

Figure 3: Basic Housing Indicators (source: U.S. Census Bureau, American Community Survey, 2009-2013)

Indicator	Sault Ste. Marie	Chippewa County	Michigan
Housing Units	6,540	21,206	4,529,311
Single-Unit Detached Units	3,853	15,658	3,259,811
Multi-Unit (3 or More) Units	1,503	1,895	692,840
% of Units Built Prior to 1970	60.8%	45.8%	51.3%
% Renter-Occupied Units	43.0%	29.7%	27.9%
Median Gross Rent for Renter Units	\$593	\$601	\$768
Median Home Value	\$81,400	\$101,600	\$121,700
Vacancy Rate	8.1%	31.1%	15.6%

The City of Sault Ste. Marie has a fairly transient population, with nearly a 25 percent of its population having moved within the last year. In addition, the City has a short mean commute time of just over ten minutes as a result of the dense nature of housing in the region (see Figure 4).

Figure 4: Basic Economic and Social Indicators (source: U.S. Census Bureau, American Community Survey, 2009-2013)

Indicator	Sault Ste. Marie	Chippewa County	Michigan
Mean Travel Time to Work (Minutes)	10.4	16.2	24.0
Median Household Income	\$33,620	\$41,637	\$48,411
% of Population with Associate's Degree or Higher	29.1%	26.0%	34.5%
% of Population that Moved Within the Last Year	24.4%	18.0%	14.7%

## 1.3 Community Assets

Sault Ste. Marie is home to a variety of assets that make for an attractive community to live, work, and play. Key assets and amenities in and around the City include:

- **Downtown Businesses:** Downtown Sault Ste. Marie offers something of interest for any resident or visitor with Over 200 businesses and organizations, and dozens of historic buildings. For more information, visit: [www.downtownsault.org](http://www.downtownsault.org).
- **Lake Superior State University (LSSU):** LSSU was founded in 1946 and has an enrollment of roughly 2,500 students and 115 full-time faculty [and staff](http://www.lssu.edu). For more information, visit: [www.lssu.edu](http://www.lssu.edu).
- **Soo Locks:** Maintained and operated by the U.S. Army Corps of Engineers, over 5,000 vessels pass through the Locks annually hauling over 86 million tons of cargo. For more information, visit: <http://www.lre.usace.army.mil/Missions/Recreation/SooLocksVisitorCenter.aspx>
- **International Border:** Nearly two million vehicles cross the International Bridge at Sault Ste. Marie annually. For more information, visit: [www.saultbridge.com](http://www.saultbridge.com).
- **Culture:** The S.S. Valley Camp maritime history museum, the Great Lakes Shipwreck Museum, The River of History Museum, DreamMakers Theater, and the Soo Theatre Project provide a cultural and historic flair for the City. For more information, visit: [www.saultstemarie.com](http://www.saultstemarie.com).
- **Natural Amenities:** Sault Ste. Marie has year-round recreation options including snowmobiling, skiing, hockey, golfing, hiking, swimming, boating and camping. For more information, visit: [www.saultstemarie.com](http://www.saultstemarie.com).

## 1.4 Relevant Planning/Visioning Efforts

The City of Sault Ste. Marie, as well as regional and State stakeholders have engaged in a variety of recent planning, analysis, and visioning efforts for both the City at-large and individual target sites within the community. Key stakeholders have pursued these efforts to ensure that development in the City builds on the architectural and socioeconomic sense of place desired by community members.

A brief summary of relevant efforts follows. The efforts outlined in this RFQ all point to a desire for mixed-use, multi-story developments that add to the community's current character and sense of place. Renderings that illustrate the community's vision for each potential development site are provided in Section 2.

**An Analysis of Residential Market Potential<sup>3</sup>:** Zimmerman/Volk Associates, Inc. completed a target market analysis for the City of Sault Ste. Marie that determines the market potential in the City for a variety of housing types. Key findings include:

- Annual average of 1,705 households represent potential buyers and renters of new and existing housing units in the City of Sault Ste. Marie through 2018
- 629 of those households represent the market for new urban housing in Downtown and surrounding neighborhoods
- 355 of those 629 [\(56%\)](#) households are potential renters at \$650-\$1,400 per month
- Over the next 5 years, the market can support 36 to 54 new urban rental units per year, including apartments, townhomes, condominiums, and single-family homes

**Sault Ste. Marie Moloney's Alley PlacePlan Concept Report<sup>4</sup>:** Michigan State University Extension ([MSUE](#)), in partnership with the Michigan Municipal League (MML), developed a PlacePlan for Sault Ste. Marie as part of the MiPlace Initiative. The plan included significant community engagement focused on placemaking. Key findings from the report include:

- A vision of Maloney's Alley as mixed-use and multi-story with outdoor amenities (e.g., fireplace, skateboard/BMX park, ice skating rink, or urban greenspace).
- A vision for the Downtown with more living options, increased walkability and connectivity, access to the water, and an overall increase in year-round activity
- A desire to increase connections with LSSU and bring the City and the University together physically

**Center for 21<sup>st</sup> Century Communities (21c3) Pilot Project Report<sup>5</sup>:** As part of MML's 21c3 program, Sault Ste. Marie was selected as one of five pilot communities in Michigan to receive technical assistance. Sault Ste. Marie's project focused on enhancing the integration of K-16 education institutions and programs into the community. Key opportunities identified include:

- Improving student connectivity to the Downtown
- Promotion of Downtown living options for students
- Addition of outdoor dining and public art

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<sup>3</sup> Zimmerman/Volk Associates, Inc., An Analysis of Residential Market Potential: The City of Sault Ste. Marie, February, 2014, <http://downtownsault.org/wp-content/uploads/2012/03/Target-Market-Housing-Analysis.pdf>

<sup>4</sup> Michigan State University Extension, Michigan Municipal League, Sault Ste. Marie Moloney's Alley PlacePlan Concept Report, July 2013, <http://saultcity.com/Page/252>

<sup>5</sup> Michigan Municipal League, 21c3 Pilot Project: Sault Ste. Marie Final Report, <http://saultcity.com/Page/252>

**Walkability Audit**<sup>6</sup>: Dan Burden, from Walkable Communities and Glatting Jackson Kercher Anglin, Inc., conducted a walkability audit of the City of Sault Ste. Marie with community members to identify areas of improvement. Key recommendations from the audit include:

- Addition of attractive, more functional bike racks and improved ADA ramps
- Transformation of high volume streets into “Complete Streets” with bike lanes, sidewalks, streetscaping, curb extensions, and mid-block crossings

## 2.0 Development Sites

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The Sault Ste. Marie Downtown Development Authority has prioritized two sites within the City’s Downtown for redevelopment. Each site presents substantial opportunities for a range of development options given proximity to natural assets and the City’s tourism district around the Soo Locks (see Figure 5). Assets within walking distance of the development sites include:

- The Farmers’ Market
- Two brewing companies
- Six pubs and four restaurants
- The historic Ramada Ojibway Hotel
- The Soo Locks
- The U.S. Coast Guard base
- The historic Pullar Stadium
- The Tower of History
- War Memorial Hospital
- The River of History Museum
- The Museum Ship Valley Camp
- The Kemp Marina
- Dozens of other employment, retail, and entertainment offerings

The Walkscore ([www.walkscore.com](http://www.walkscore.com)) for the proposed development sites are is 77 “Very Walkable”.

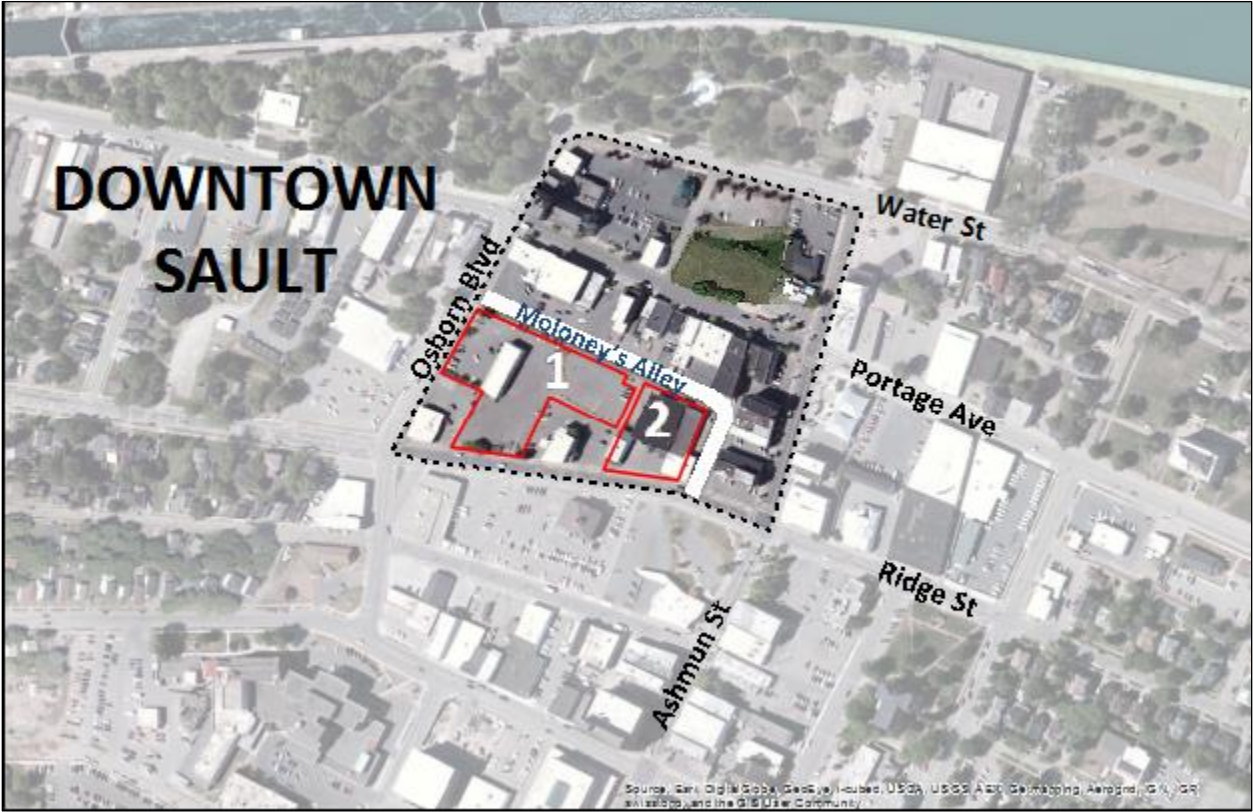
Details regarding the current status of each site and the Community’s vision for development follow.

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<sup>6</sup> Burden, D., Walkable Communities, Glatting Jackson Kercher Anglin, Inc., Walkability: Sault Ste. Marie, September 2008, <http://saultcity.com/Page/252>



Figure 5: Location of Development Sites



## 2.1 West Maloney's Alley

### Overview

The development site along Osborn Boulevard and the western portion of Maloney's Alley includes a vacant 6,000 square foot cinder block garage and a large parking lot (see "Site 1" in Figure 9). The site is 1.72 acres and is located one block south of the City's tourist and entertainment district.



Figure 6: Maloney's Alley Development Sites

### Property Owner

The site is owned by Sean Atto, who is interested and willing to work with a developer to either sell the site or partner, depending on the proposed development. The City has a successful partnership with Mr. Atto; he has been engaged in development of this RFQ.



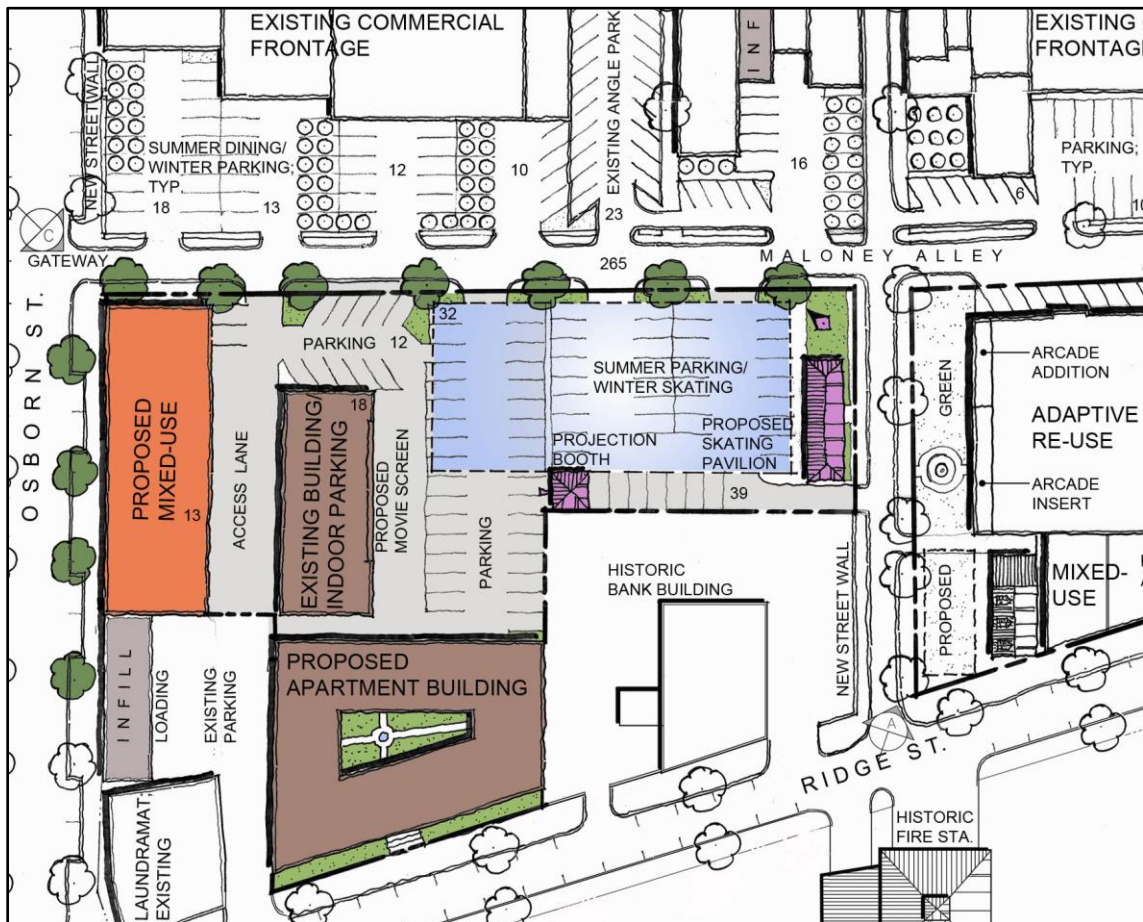
## Site Vision

To provide a general vision for the type of development that is desired by the City, property owner, and community members, a sample rendering and site plan have been developed (see Figures 10 and 11). **These images are for illustrative purposes only, the City and property owner are open to alternative approaches.**

Figure 7: Sample Site Rendering, West Maloney's Alley



Figure 8: Sample Site Plan, West Maloney's Alley



## *Zoning*

The site is zoned as B – 2 Central Business District, in immediate proximity to the City’s T – Tourist Service District. The B – 2 Central Business District is designed to provide office buildings and variety of retail stores and related activities that occupy prime retail frontage by serving comparison, convenience, and service needs of the City and region. The B – 2 District regulations are designed to promote pedestrian shopping and continuous retail frontage.

**Permitted uses** ([see City of Sault Ste. Marie Zoning Ordinance for full list of regulations](#)):

- Generally recognized retail and personal service establishments
- Hotels and motels
- Restaurants and taverns (not drive-in)
- Theaters
- Offices and office buildings
- Banks
- Business schools or private schools
- Apartment complexes of four or more dwelling units
- One-, two-, and multiple-family dwellings so long as dwelling units are on the second floor or above
- Other uses similar to the above

**Building Height:** The B-2 Central Business District allows for a maximum height of 8 stories.

**Setbacks:** The B-2 Central Business District has no required front setbacks, 5’ side yard setbacks, and a 10’ rear yard setback. Side yard setbacks may be waived if the side yard abuts a public street or the abutting wall meets applicable exterior [fire](#) wall resistance ratings.

**Lot Coverage:** There is no maximum lot coverage limit.

## *Future Land Use*

The City of Sault Ste. Marie is currently updating its Master Plan and zoning ordinance to align with the desired vision for future development within the City. This includes adoption of a form-based code for the City’s Downtown and the priority redevelopment sites included in this RFQ.

## *Property Conditions*

The site was most recently utilized as a distribution center for the Clairmont Trucking Company, but has been vacant for a number of years. The site is considered a brownfield and qualifies as “obsolete,” which allows for potential development incentives (see Section 2.4).

## 2.2 East Maloney's Alley

### Overview

The development site along Ridge Street and the eastern portion of Maloney's Alley includes two vacant buildings (see "Site 2" in Figure 12). The site is 0.65 acres and is located just one block south of the City's tourist and entertainment district.



Figure 9: Maloney's Alley Development Sites

### Property Owner

The site is owned by Pat Cleary, who is interested and willing to work with a developer to either sell the site or partner, depending on the proposed development. The City has a successful partnership with Mr. Cleary, who has been engaged in development of this RFQ.





## *Zoning and Regulations*

The site is zoned as B – 2 Central Business District in immediate proximity to the City’s T – Tourist Service District. The B – 2 Central Business District is designed to provide office buildings and variety of retail stores and related activities that occupy prime retail frontage by serving comparison, convenience, and service needs of the City and region. The B – 2 District regulations are designed to promote pedestrian shopping and continuous retail frontage.

**Permitted uses** ([see City of Sault Ste. Marie Zoning Ordinance for full list of regulations](#)):

- Generally recognized retail and personal service establishments
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- Theaters
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- Banks
- Business schools or private schools
- Apartment complexes of four or more dwelling units
- One-, two-, and multiple-family dwellings so long as dwelling units are on the second floor or above
- Other uses similar to the above

**Building Height:** The B-2 Central Business District allows for a maximum height of 8 stories.

**Setbacks:** The B-2 Central Business District has no required front setbacks, 5’ side yard setbacks, and a 10’ rear yard setback. Side yard setbacks may be waived if the side yard abuts a public street or the abutting wall meets applicable exterior wall fire resistance ratings.

**Lot Coverage:** There is no maximum lot coverage limit.

## *Future Land Use*

The City of Sault Ste. Marie is currently updating its Master Plan and zoning ordinance to align with the desired vision for future development within the City. This includes adoption of a form-based code for the City’s Downtown and the priority redevelopment sites included in this RFQ.

## *Property Conditions*

The two buildings on the site include the former “Steve’s Music” building, a small, one-story building dating back to the 1800s. This building qualifies as “obsolete and blighted,” which allows for potential development incentives (see Section 2.4). The second building is a 1970s three-story, 60,000 square-foot structure, built for the Behavioral Health offices. The building was vacated in the 1990s.

## 2.4 Potential Development Incentives

The City of Sault Ste. Marie is willing to work with any interested developer to investigate all potential incentives, including but not limited to:

### **Brownfield Redevelopment**

- For more information: <http://www.michiganbusiness.org/community/development-assistance/#brownfield>

### **New Market Tax Credits**

- For more information: <https://www.irs.gov/pub/irs-utl/atgnmtc.pdf>

### **Job Creation Funding**

- For more information: <http://www.michiganbusiness.org/cm/files/fact-sheets/communityrevitalizationprogram.pdf>

### **Rental Rehabilitation Funding (for existing structures)**

- For more information: [http://www.michigan.gov/documents/mshda/mshda\\_cd\\_rental\\_ps\\_448130\\_7.pdf](http://www.michigan.gov/documents/mshda/mshda_cd_rental_ps_448130_7.pdf)

### **Obsolete Property Rehabilitation Act**

- For more information: [http://www.michigan.gov/taxes/0,1607,7-238-43535\\_53197-213177--,00.html](http://www.michigan.gov/taxes/0,1607,7-238-43535_53197-213177--,00.html)

### **Reduced parking permit costs and building permit fees through the DDA**

- For more information: [www.downtownsault.org](http://www.downtownsault.org)

### **Reduced commercial loan rates through local banks and the DDA**

- For more information: [www.downtownsault.org](http://www.downtownsault.org)



## 3.0 Selection Process and Criteria

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### 3.1 Submission Requirements

A concise and complete response to this RFQ will allow the City of Sault Ste. Marie to identify and engage with qualified developers to advance new developments. An initial response to this RFQ must include the following information:

- **Contact Information:** Entity and/or individual name(s), address, phone number, e-mail, and website (if applicable)
- **Development Experience/Portfolio:** Provide a short description of at least three projects of a similar nature completed by the development team. Include the type of project, cost, references, construction/completion date, and current status.
- **Letter of Interest:** Provide a letter stating reasons for interest in the development opportunities outlined in the RFQ, the sites in which the development team is most interested, and a brief description of the firm's vision for development of the site(s)
- **Desired Site Visit Dates:** Provide a list of potential dates for a meeting in the City of Sault Ste. Marie to tour the development site(s)
- **Other:** Any additional information to assist the City in evaluation of qualifications

### 3.2 Proposed Schedule

The City of Sault Ste. Marie and its partners will review and evaluate all responses to this RFQ. Staff may seek additional information upon receipt of a development proposal.

The schedule for solicitation, receipt, and evaluation of proposals is anticipated to be as follows:

- Proposals Submitted: July 1, 2016
- **Evaluation Period:** August 1 – August 14, 2016
- Selection of Development Proposals: August 31, 2016

Please send all submission materials via email to [jknepper@downtownsault.org](mailto:jknepper@downtownsault.org).

Questions may be directed to:

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