

Executive Summary

Purchase and Sale Agreement

IH HOLDINGS SIXTEEN LLC

Property located at 12033 E. 38th Avenue and two adjacent parcels located at 3835 N. Peoria Street and 3805 N. Peoria Street (commonly known as Stay Inn) in Denver, Colorado

Department of Finance | Office of Real Estate

December 5, 2022

City Council Request

Approval of a Purchase and Sale Agreement with IH HOLDINGS SIXTEEN LLC for the acquisition of the property located at 12033 E. 38th Avenue and two adjacent parcels located at 3835 Peoria Street & 3805 Peoria Street (commonly known as Stay Inn) for \$9,000,000.

Background

- This property is a 4-story walk-up hotel conversion with an elevator, lobby, staff unit, and room for a community area. The property has 96 units, 89 of which have been converted to have kitchenettes that include a mini-microwave, coffee maker, mini-fridge, hotplate, food storage area, and sink. The units that were not converted are located next to the elevator shaft and were difficult to space out the conversion in a usable way for the occupant. Kitchenette items will be located in the lobby area for those units to access. The property has on-site laundry for guests and ample parking. There is also an area dedicated to pet relief. 5 rooms will be ADA-compliant. There is one unit for an on-site manager.
- A service provider will be required to operate the site and provide supportive housing services to guests. They will also be required to convert the pool area into a community resource area for supportive housing needs. HOST may need to provide gap financing to the service provider depending on the submissions received in the RFP process. Funding for gap financing will be determined once an amount is known.
- The acquisition price is \$9,000,000. Funding for the acquisition will be divided between CDBG-CV, CDBG, ARPA, and a \$2,000,000 HUD Grant. The HUD EDI Community Project Funding Grant is a companion agreement to the Purchase and Sale Agreement.

Benefits of the Acquisition

- Prioritizes our citywide commitment to housing needs of in our community
- Provides a resource center to serve multiple needs for those housed on-site
- Supports the City's plan to help provide additional support as outlined in the 3-year strategy
- Increases the number of units available by 95 units (96 including on-site manager)
- Creates greater capacity within an integrated sheltering and rehousing system

Populations Served

- 24/7 supportive housing shelter with a total of 95 units with the ability to serve various gender groups, couples, and those with pets. One unit for an on-site manager.

Companion Agreements

- HOST will be submitting the HUD EDI Community Project Funding Grant resolution request for this acquisition. This grant was championed by the Colorado Congressional Delegation under Congressperson Diana DeGette.
- There will likely be a request to HOST from the future service provider for gap financing which will likely require City Council approval.

Details

Buyer:	City and County of Denver
Seller:	IH HOLDINGS SIXTEEN LLC
Property Address:	Property is located at 12033 E. 38th Avenue and two adjacent parcels located at 3835 N. Peoria Street and 3805 N. Peoria Street in Denver, Colorado
# Units:	95 supportive housing units and one on-site manager unit
Council District:	8
Use:	Supportive housing and a community space for supportive housing services

Terms and Costs

Contract Details:	Original Contract
Contract Type:	Purchase and Sale Agreement
Contract Control Number:	FINAN-202264437-00
Closing Date:	Estimated to be first quarter of 2023
Purchase Price:	\$9,000,000