



Denver Real Estate

November 2017

Proposed Real Estate Transactions

As part of CDOT's consolidation of uses at their new site near Colfax and Federal, two of their properties were put on the market:

- State law requires these properties be offered first to government entities.
- Denver Public Schools was interested in one site for a bus barn, which would have been incompatible with the neighborhood vision.

Proposed Real Estate Transactions

Real Estate worked with CDOT and a developer to create a real estate transaction to ensure compatible neighborhood development, new affordable housing units, and 150 new jobs in South Denver.

- Properties proposed for purchase: 2000 S. Holly and 4201 E. Arkansas
- This is a unique opportunity to ensure future use and development is contextual to and compatible with the existing neighborhood.
- The city sought proposals from 15 different developers.
- Kentro was chosen because they were the only ones to meet city requirements, including financial capacity and willingness to build affordable units.

2000 South Holly (Holly and Evans)

- 11 acre property currently - CDOT's Transportation District 1 Headquarters.
- Sale price: \$5.25 million, to be paid by Kentro
- City will advance \$243k (refundable) at signing.
 - Paid with Real Estate funds
 - Kentro will put up a similar sum for earnest
- Current zoning: CMX3 – commercial/residential mixed use with a limit of three stories in height.
- Kentro is proposing to create 225 walkup housing units to be sold at market rate and develop 50-80 units of senior housing
- Goal is to provide more housing options on this corridor



4201 East Arkansas (Arkansas and Colorado)

- 12 acres, currently CDOT office headquarters
- Sale price: \$14 million, to be paid by Kentro
 - City will advance \$651,250 for transaction costs (refundable)
 - OED Business Incentive Fund funding will flow to Real Estate for the purchase of the property. The use of BIF dollars is part of this transaction, so if approved, OED will not bring a separate action to Council.
- Requires creation of 150 new jobs -- 250 jobs currently estimated; average wage of \$48,800; combination of fitness/training staff and retail salespersons
- Current zoning: Campus zoning – retail prohibited
- Kentro is proposing to develop the western portion of the land for commercial purposes and develop the eastern portion for 150 housing units at 60% Area Median Income (AMI).
- Rezoning will be required and will include a public process

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Terms of the contracts

2000 S. Holly Street

- 90 Days of Due Diligence
- Close 30 Days after that
- Kentro required to pay 2x the required linkage fee for development

Terms of the contracts

4201 E. Arkansas

- 150 Days of Due Diligence
- Purchaser may extend for three 30 days periods by paying an additional \$100,000 for each
- Purchaser is required to commence a public process for re-zoning the property
- Height restrictions on the property limit any building height to 60 ft. or 5 stories due to communications tower on site.
- Purchaser will either construct at least 150 housing units at max affordability restriction of 60% AMI or build 150 affordable units elsewhere in the city or partner with another developer to build affordable units. OED will oversee this provision.
- If they fail to build the affordable units after seven years, Kentro will pay the city's Affordable Housing Fund \$350k.
- Affordability period will be 20 years.