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# Proposed Lease New 48<sup>th</sup> Avenue Shelter

4600 E. 48<sup>th</sup> Avenue  
Denver, Colorado

Finance and Governance Committee, August 18, 2020

Bill # 20-0833

# Coronavirus Impacts on Shelter Capacity



Immediate need to create safe spacing



56% capacity lost – 1,199 beds



City and partners needed to quickly identify temporary space and consolidate resources

# Coronavirus Shelter Capacity Need

- Large, flexible space to safely meet immediate demand/needs of people experiencing homelessness
- Ability to provide 24/7 shelter, navigation center, and rehousing platform
- Ability to leverage location and resources with the current 48<sup>th</sup> Avenue Shelter

4600 E. 48<sup>th</sup> Avenue

# Property Location

Located south of E. 48<sup>th</sup> Avenue and east of existing 48<sup>th</sup> Avenue shelter (shown in yellow)

City Council District: 8



4600 E. 48<sup>th</sup> Avenue

# Property Overview

## Building size:

Approx. 82,380 square feet

## Land size:

Approx. 133,546 square feet

## Zoning:

I-B



4600 E. 48<sup>th</sup> Avenue

## Proposed Use

- Flexible 24/7 emergency shelter, navigation center, and rehousing platform serving various gender groups, couples, and pets
- Provides additional space to safely shelter people experiencing homelessness within CDC guidelines
- Able to leverage location and resources with the current 48th Avenue Shelter
- Creates greater capacity within the entire sheltering and rehousing system

# Transaction Terms

1. Landlord: DENCOM LLC
2. Term: 10 years with 2 5-year extension options
3. Maximum Contract Amount: \$19,840,480.40
4. Landlord obligations: Landlord will construct tenant improvements to City specifications including restrooms and showers, commercial and personal laundry, HVAC, and new roof. Landlord is responsible for structural repairs.
5. City obligations: City is responsible for all costs associated with utilities, repairs and maintenance of the building.
6. Purchase Option: City has the option to purchase the building beginning at month 31 starting at \$7.4M with 2% increases on the purchase price every 6 months.
7. Contract Control #: FINAN-202055687

## Transaction Terms (cont.)

8. Purchase Option: City has the option to purchase the building beginning at month 31 starting at \$7.4M with 2% increases on the purchase price every 6 months.
9. 2021 Annual Rent: \$832,038 with annual escalations.32,038.00
10. Tenant Improvements: City will reimburse the Landlord up to \$10M for HOST required improvements (includes HVAC, restrooms, laundry facilities and code requirements)
11. Contract Control #: FINAN-202055687



4600 E. 48<sup>th</sup> Avenue

# Funding Sources

- Coronavirus Relief Funds under CARES Act
- Emergency Solutions Grant (ESG) under CARES Act
- Private/philanthropic support provided to city for sheltering and COVID response



4600 E. 48<sup>th</sup> Avenue

## Benefits of the Transaction

- 1) Supports emergency response to the coronavirus for those who are experiencing homelessness
- 2) Provides flexible space to serve multiple needs
- 3) Provides efficiencies and other benefits with colocation near existing 48<sup>th</sup> Avenue shelter

4600 E. 48<sup>th</sup> Avenue

# Request

Department of Finance Real Estate Division and HOST request approval of a Lease Agreement for a property located at 4600 E. 48<sup>th</sup> Avenue.

This step is critical to enabling HOST to meet the needs of individuals experiencing homelessness in Denver during the coronavirus pandemic.

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# Questions?