Executive Summary
Site Control Agreement and Option for Ground Lease
Globeville Redevelopment Partners LLC | 4995 Washington Street
Department of Finance | Office of Real Estate

October 3, 2022

City Council Request

Approval of the Site Control Agreement and Option for Ground Lease for 4995 Washington Street with the proposed developer, Globeville Redevelopment Partners LLC, to allow for due diligence to be performed for development of the site as affordable housing with a community commercial space and to grant an option to ground lease the property to satisfy CHFA requirements for a LIHTC application to be submitted.

Background

- There is an increased need for affordable housing in Denver. The City acquired 4995 Washington Street in 2019 for $6,000,000, with the specific intention of fostering development of critically needed affordable housing. CDBG Funds were used in the acquisition.
- After the acquisition, HOST conducted 3 community engagement meetings (two in-person and one virtual) before the issuance of the solicitation to solicit feedback regarding the planned uses of the properties.
- In 2022, HOST and Real Estate issued a Request for Expression of Interest to further gain insight from developers on what could be proposed and feasible to develop on-site, with the community focus in mind. With that insight, HOST and Real Estate were able to put together a robust Request for Proposals in 2022. This RFP required respondents to reach out to the community for input and gain at least one letter of support for the development project they propose. We received three submittals selecting Globeville Redevelopment Partners LLC ("GRP") as the most qualified to successfully complete the project.
- GRP proposed to enter into a 99-year ground lease to provide 170+ affordable housing units with a particular emphasis of 3- and 4-bedroom units (minimum 50% of the unit mix). These units will serve families with no fewer than thirty percent (30%) of the units in the project as affordable for households at or below 30% of the area median income ("AMI") as published by the CHFA. The development will also provide two additional community-serving commercial spaces.
- The proposed Site Control Agreement and Option for Ground Lease will allow GRP to enter onto the site, gain site control for due diligence and financial purposes for development. Upon financial closing, GRP will enter into a 99-year ground lease for the site. The agreement will also grant GRP an option to enter into the ground lease to satisfy CHFA requirements so that a LIHTC application can be submitted.
- The development may also contain a Denver Public Library on-site as one of the two community serving spaces. If DPL moves forward with this location and as a part of this development, they will enter into a separate agreement.

Populations Served

- The development of 4995 Washington will serve larger families that are in need of affordable housing. This project will add more units in the community and will also give Globeville needed units.

Associated Agreements

- At or before GRP's financial closing, the City and GRP or the tax credit entity will enter into a ground lease for 4995 Washington Street.
- GRP will submit an application to HOST for funding at or after an award of Low-Income Housing Tax Credits from the Colorado Housing and Finance Authority ("CHFA"). HOST funding will be provided to the project based on the term sheet in effect at the time of application.
- The additional funding will help support the development project and project some gap financing.
- Should the Denver Public Library choose this location, the acquisition will be done through a separate Purchase and Sale Agreement once the asset is fully developed.

Details

Landlord:	City and County of Denver
Tenant:	Globeville Redevelopment Partners LLC
Property Address:	4995 Washington Street, Denver
Council District:	9
Use:	Affordable housing and two commercial community serving spaces.

Terms and Costs

Contract Details:	Original Contract
Contract Type:	Site Control Agreement and Option for Ground Lease
Contract Control Number:	FINAN-202264574-00
Term:	Effective Date thru 12/31/2024; or such time as mutually agreed upon in writing by the Parties.
Ground Lease Option Fee:	$50,000
Earnest Money Ground Lease:	$100
Ground Lease Term:	99-Years; start date will be at the time of financial closing.
Proposed # units:	170+