Proposed Site Control Agreement and Option For Ground Lease

4995 Washington Street

Finance and Governance Committee

October 11, 2022

Resolution #22-1270

Agenda

- Background and Proposed Use
- Community Engagement
- Selection Process
- Details of Restrictive Covenants and Contract

Background and Proposed Use

The City acquired 4995 Washington Street in 2019 for approx. $6 million with the specific intention of fostering development of critically needed affordable housing. CDBG funds were used in the acquisition.

Real Estate and HOST conducted a robust RFP, 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-five percent (35%) of the units in the project as affordable for households at or below 30% of the area median income ("AMI"). The development will also provide two additional community-serving commercial spaces.

Location

4995 Washington Street
Denver, CO 80216

Location: 4995 Washington Street
Council District: 9
Lot Size SF: 116,993 SF
Zoning: G-MS-5

Need for Housing

- This location will leverage services and resources in downtown Denver
- Prioritize our citywide commitment to affordable housing
- Stable, affordable housing is essential to building a thriving community and economy
- Will provide larger units for families, a needed asset in Denver
- Will keep affordable housing in the Globeville neighborhood

Community Engagement

HOST held 3 public meetings in 2019 & 2020 (two in-person and one virtual) before the issuance of the solicitation to solicit feedback regarding the planned uses of the properties.

As a part of the Request For Proposals requirement, the developer was required to reach out to the community and gain at least one letter of support for the development project.

GRP, with help from their partner GES Coalition, held an in-person community engagement meeting on October 4th, 2022. This meeting was a meet and greet event to introduce Evergreen Real Estate Group, Rocky Mountain Communities and Globeville Elyria Swansea Coalition leading this development.

Selection Process

Real Estate and HOST solicited qualified partners to redevelop the property located at 4995 Washington Street, focusing on deep affordability and family housing with a community-serving commercial use. HOST received three responses and selected Globeville Redevelopment Partners LLC.

Globeville Redevelopment Partners LLC ("GRP") was selected due to its commitment to including the community in its design process, as well as demonstrating the capacity to complete the project and integrate into the design two community-serving spaces. They have significant experience in building affordable housing developments and offered a thoughtful submittal that incorporated the requirements from the RFP. The Denver Public Library was proposed as an option for one of the two community spaces.

Restrictive Covenants

- The City and County will impose a 99-year deed restriction on the property. The City's agreement to transfer the Property to GRP is specifically made in reliance on Purchaser's willingness to construct and operate 170+ affordable residential units along with two community serving commercial spaces. The Ground Lease will contain an acknowledgement of the three (3) year period after termination of the land use restriction agreement by foreclosure or deed in lieu thereof during which residential tenants may not be evicted without cause and their gross rent cannot be raised.
- No fewer than thirty-five percent (35%) of the units in the project must be affordable for households at or below 30% of the area median income ("AMI") as published by the CHFA. Developer cannot condition 30% AMI units on the receipt of rental assistance. The remaining units will comply with CHFA affordability requirements, to be negotiated and finalized prior to the execution of the Ground Lease.

Contract Terms

Site Control Agreement and Option for Ground Lease

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Landlord: City and Count of Denver

Tenant: Globeville Redevelopment Partners LLC

Term: Effective date thru December 31, 2024, or as mutually agreed upon by both parties. At financial closing, the Site Control Agreement will end, and the Tenant will enter into a 99-year ground lease.

Site Control Agreement - Earnest Money Deposit: $100

Ground Lease Option Fee: $50,000

Contract Control Number: FINAN-202264574

Future Actions

- 99 year ground lease with GRP.

- Funding agreement with GRP to provide potential gap financing up to approx. $6M and funding will likely be a local source, either linkage fee or property tax determined at the time of application.

Requested Council Action

22-1270: The Division of Real Estate requests City Council approval of a Site Control Agreement and Option For Ground Lease with Globeville Redevelopment Partners, LLC for an affordable housing redevelopment of the parcel located at 4995 Washington Street.

Questions?