4040 Quebec Street

Lease Agreement and Option Agreement

Safety Committee
Oct 18, 2023
Resolution Request #23-1490
Resolution Request #23-1500

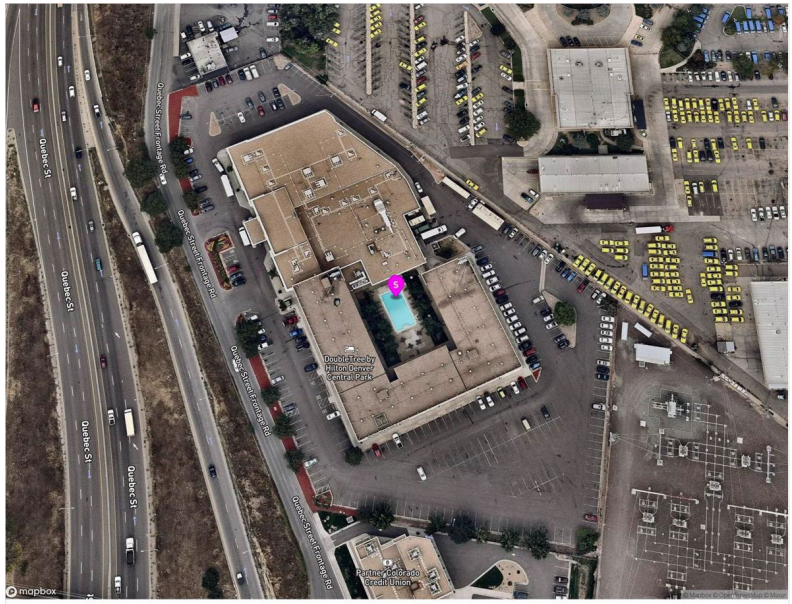
4040 Quebec Street

- The city will master lease the entire building from a nonprofit partner for encampment resolution sheltering and emergency cold weather sheltering.
- The hotel includes 300 rooms, multiple large conference rooms, a full kitchen, commercial laundry, and guest laundry.

Background

- On July 18, 2023, Mayor Johnston declared a state of emergency on homelessness.
- Mayor Johnston's goal is to house 1,000 individuals experiencing homelessness by the end of the year.
- Sheltering may include pallet structures, tiny homes, and hotel rooms.
- The Mayor has encouraged businesses and private parties to partner with the city to work on this complex issue.

4040 Quebec Street



Proposed Lease Agreement

- The Division of Real Estate proposes the lease of the hotel located at 4040 Quebec Street, Denver, Colorado.
  - Landlord: 4040 Quebec, LLC
  - Premises Size: Approximately 174,556 square feet (“SF”) of building located on approximately 4.90 acres
  - Bed Capacity: Up to 450 beds
  - Responsibilities: the city will be responsible for all repairs and maintenance
  - Maximum Contract Amount: $1,250,000
  - Purchase Option: City will pay $10,000 for an option to purchase the hotel
  - Commencement: The day the nonprofit takes title to the property, approximately November 1, 2023.
  - Term: Twelve (12) months, with one (1) – three (3) month option to extend
  - Council District 8
  - Resolution Request #23: 1490

Proposed Option Agreement

- The Division of Real Estate proposes a purchase option for the hotel located at 4040 Quebec Street, Denver, Colorado.
  - Landlord: Denver 44th Avenue, LLC
  - Premises Size: Approximately 174,556 square feet ("SF") of building located on approximately 4.90 acres
  - Maximum Purchase Price: $43M; includes purchase price ($39M), holding and carrying costs; costs will be prorated based upon date of closing.
  - If the city elects to exercise the option, all rent paid by the city will be credited toward the purchase price
  - Council District 8
  - Resolution Request #23-1500

Requested Council Action

- RR 23-1490: Approves the Lease Agreement with 4040 Quebec Street, LLC, to lease the hotel located at 4040 Quebec Street, Denver, Colorado.
- RR 23-1500: Approves the Option Agreement with 4040 Quebec Street, LLC for a purchase option for the hotel located at 4040 Quebec Street, Denver, Colorado.

Questions?