



# WESTMINSTER

## Staff Report

TO: The Mayor and Members of the City Council

DATE: April 16, 2008

SUBJECT: Study Session Agenda for April 21, 2008

PREPARED BY: J Brent McFall, City Manager

*Please Note: Study Sessions and Post City Council meetings are open to the public, and individuals are welcome to attend and observe. However, these meetings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.*

Looking ahead to next Monday night's Study Session, the following schedule has been prepared:

*A light dinner will be served in the Council Family Room* 6:00 P.M.

### CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

### PRESENTATIONS

1. Lobbyist Update (*Verbal*) 6:30 P.M.
2. Council to Participate in Rep. Benefield's Town Hall Meeting on Transportation 7:00 P.M.
3. Supplemental Financial Assistance Request for the Harris Park Townhouse Project (Attachment 1) (Attachment 2) (Attachment 3)

### EXECUTIVE SESSION

None at this time

### INFORMATION ONLY ITEMS – Does not require action by City Council

1. Monthly Residential Development Report (Attachment)

Additional items may come up between now and Monday night. City Council will be apprised of any changes to the Study Session meeting schedule.

Respectfully submitted,

J. Brent McFall  
City Manager



## Staff Report

City Council Study Session Meeting  
April 21, 2008



**SUBJECT:** Supplemental Financial Assistance Request for the Harris Park Townhouse Project

**PREPARED BY:** Tony Chacon, Senior Projects Coordinator

### **Recommended City Council Action:**

Authorize Staff to prepare an amendment to the Development Agreement between the City of Westminster and Community Builders, Inc., providing for up to \$180,000 of grant funds and an assignment of water tap credits, based upon availability, to assist in funding the construction of the remaining 12 townhouse units of the Harris Park redevelopment project.

### **Summary Statement**

- In its efforts to stimulate redevelopment activity in the South Westminster area, the City of Westminster entered into agreements with Community Builders, Inc. (Developer) in 2001 to redevelop the 73<sup>rd</sup> Avenue and Lowell Boulevard area, including the Aspen Care Nursing Home site, in a series of phases.
- Per the agreements, the Developer completed the construction of 50 townhomes upon sites on Meade Street and Lowell Boulevard, and a 12,000 square foot, two-story commercial building on the northwest corner of 73<sup>rd</sup> Avenue and Lowell Boulevard.
- The Developer is interested in completing the construction of the 12 urban-style townhomes north of the commercial building to complement the emerging new street character along Lowell Boulevard.
- The Developer has been unable to proceed with the construction of the townhomes due to substantial construction cost increases and a weakened housing market, whereby the cost to deliver (land, construction, profit) the townhomes, based upon construction bids, is about \$210,000 per unit, but a market analysis for the project established a sales price of no more than \$185,000 per unit.
- The Developer is requesting the City consider providing financial assistance of up to \$15,000 per unit along with water tap credits, based upon availability, which will permit construction of the townhomes to proceed by the early Summer of 2008 with the units to be sale ready by Spring 2009.
- The Developer would agree to set the base sales price of the units at \$185,000 based upon a \$15,000 per unit contribution. Should the developer raise the base sales price, the level of City assistance would be reduced. A family of four at 80% of median household income (\$57,350 per year) could qualify to purchase a unit at \$185,000.
- The Developer would receive the funds only following the issuance of a certificate of occupancy for all of the units upon completion of construction.
- Without the requested assistance, the construction of the townhomes will likely not proceed until the market conditions improve significantly in the neighborhood, which could take several years continuing the presence of an unsightly vacant lot detracting from the aesthetics of the improvements made to date along Lowell Boulevard

**Expenditure Required:** \$180,000 plus water tap credits

**Source of Funds:** General Capital Improvement Fund-South Westminster Improvements Project;  
Water Tap Credits based upon availability

### **Policy Issue(s)**

Should the City provide financial assistance to encourage housing development in the South Westminster revitalization area given similar assistance may not be available to housing development interests in other parts of the City.

### **Alternative(s)**

City Council may choose not to provide the requested funding to assist in the development of the Harris Park Townhomes. Staff advises that such a decision would result in the construction of the units being put on hold until housing market conditions can command a sales price covering the high cost of developing the units. This could also result in lost momentum in attracting prospective homebuyers and businesses, as inactivity and an unsightly, vacant lot could counter an heightened awareness and interest that has been gradually emerging as the improvements along Lowell Boulevard have been completed.

### **Background Information**

In May 2001, the City issued a request-for-proposal (RFP) seeking a developer to work with the City in redeveloping property along Lowell Boulevard and Meade Street in the vicinity of 73<sup>rd</sup> Avenue. Upon accepting a proposal from Community Builders, Inc.(CBI), the City entered into a development agreement with CBI on December 23, 2002 providing financial assistance towards the construction of 50 townhouses on the old Aspen Care site, along the west side of Lowell Boulevard, and on the 7200 block of Meade Street in an initial phase. Through a joint agreement of the City and the Westminster Housing Authority, an initial assistance package of \$1.085 million was provided to assist in acquiring the necessary property, including the Aspen Care Nursing Home property, and construction. This investment leveraged over \$7 million in private construction funding that in turn raised property value from about \$600,000 to \$8.5 million.

Upon completion of the 50 townhomes, CBI and the City entered into an agreement on October 25, 2004 to proceed with a second phase of the project that envisioned construction of a 12,000 square foot, 2-story commercial building, along with 12 townhome units immediately to the north of the commercial building, on the northwest corner of 73<sup>rd</sup> Avenue and Lowell Boulevard. The City in partnership with the Westminster Housing Authority, provided \$410,000 in grant funds and an assignment of water tap credits with which to assist in the acquisition of the required property and construction of the commercial building. After several years and attempts to locate a buyer, CBI recently completed construction of the commercial building with the Colorado Rural Housing Development Corporation due to close on the purchase of the building within the next few weeks.

With the commercial building nearing completion, CBI resurrected the plans to construct the 12 townhomes to the north of the building to accentuate completion of the new construction along Lowell Boulevard north of 73<sup>rd</sup> Avenue. Based upon plans approved by the City, CBI proceeded to get bids for construction and conducted a market study. Based upon the bids received it was determined that the units would need to sell at about \$210,000 based upon a 10% return to the developer. Yet, the market study indicated that the South Westminster market called for an upper-end sales price of \$185,000. Based on this disparity, CBI determined that it is financially infeasible to proceed immediately with the project without additional outside assistance. While it is financially infeasible for CBI to move forward without assistance, CBI believes it in their and the City's interest to move forward and complete this project immediately given progress made to date along Lowell and Meade Street.. Accordingly, CBI is requesting the City give consideration to a financial

assistance package of up to \$15,000 per unit along with an assignment of water tap credits, based upon availability. Discussions with City staff have led to following proposal for City Council consideration.

#### Financial Assistance Proposal

- The City would agree to contribute a total of up to \$180,000 (\$15,000 per unit) to be paid upon completion of the development.
- The base sales price of the units would be set at \$185,000 based upon a \$15,000 per unit contribution.
- Should the Developer increase the base sales price for any of the units above \$185,000 the City's contribution would be reduced by 50% of the base price differential. For example, if the base sales price is increased by \$10,000 to \$195,000, the City's contribution would be reduced from \$15,000 to \$10,000 for that particular unit(s). The City would not provide funding for homes sold at a base price of \$215,000 or more.
- In addition to the \$15,000 requested subsidy, the City would provide water tap credits for up to 12 townhouse units if they are available from existing properties that no longer require their taps. To date the Harris Park redevelopment has received water tap credits for the first 50 townhouses, which used up the current supply of available credits. However, it is anticipated that more water tap credits will become available as development of the Harris Park Condominium project proceeds south of 73<sup>rd</sup> Avenue along Lowell on the Vehicle Service Center and adjoining property, and with the potential development on the corner of 72<sup>nd</sup> Avenue and Lowell Boulevard.
- The Developer would proceed with construction by July 31, 2008.

City Council acceptance of the proposal would provide significant benefits including:

- Construction activity during the upcoming warm months and stagnant housing development cycle will demonstrate continued development interest and activity in the neighborhood.
- The project would provide continued evidence to the community of the City's commitment to revitalization of the neighborhood;
- Construction of the buildings will complete the transformation of Lowell Boulevard north of 73<sup>rd</sup> Avenue providing a visually appealing scene for passing vehicular traffic, which will transcend into increased awareness and interest in the area.
- Households of 3 or more at 80% of median income could be eligible to buy into a new townhouse.
- WEDA could receive about \$12,000 to \$15,000 in property tax increment per year or about \$120,000 over the remaining life of the urban renewal district.
- Property valuation on the site would increase from about \$100,000 to about \$2.2 million.
- Success on completing the townhomes would assist CBI in proceeding with marketing and construction of a condominium-over-commercial project planned for south of 73<sup>rd</sup> Avenue along the west side of Lowell Boulevard.
- Completion of the project could peak the interest of other developers to pursue new development within the immediate Harris Park area.

The requested financial assistance package constitutes a direct subsidy relative to supporting housing construction. The City typically does not provide direct funding to assist in the construction of housing. However, since the earliest agreement with CBI, the City Council purposefully chose to provide financial assistance for redevelopment activity in South Westminster regardless of the type of development. Thus, funding on this project to date subsidized the first 50 townhomes. Further, a key goal in the South Westminster Strategic Revitalization Plan, adopted by City Council, specifically notes the importance of providing new housing as a means of attracting new households that would bring new wealth to the South

Westminster neighborhood. Therefore, the financial assistance request is in accordance with the adopted strategic plan.

Respectfully submitted,

J. Brent McFall  
City Manager

Attachment(s)  
Harris Park Phase II Site Development Plan  
Townhouse Elevation Drawing  
Photo of Harris Park Commercial Building and vacant lot

# HARRIS PARK - SITE IV

A Planned Unit Development  
Westminster, Colorado



# HARRIS PARK COMMERCIAL BUILDING AND URBAN TOWNHOUSES

## ILLUSTRATIVE ELEVATION DRAWINGS



HARRIS PARK TOWNHOMES SITE PHOTOS







Staff Report

Information Only Staff Report
April 21, 2008



SUBJECT: Monthly Residential Development Report

PREPARED BY: Shannon Sweeney, Planning Coordinator

Summary Statement:

This report is for City Council information only and requires no action by City Council.

- The following report updates 2008 residential development activity per subdivision (please see attachment) and compares 2008 year-to-date totals with 2007 year-to-date figures through the month of March.
• The table below shows an overall decrease (-16.0%) in new residential construction for 2008 year-to-date compared to 2007 year-to-date totals.
• Residential development activity so far in 2008 reflects decreases in single-family detached (-8.3%), single-family attached (-23.1%), and no changes in multi-family or senior housing development when compared to last year at this time.

NEW RESIDENTIAL UNITS (2007 AND 2008)

Table with 7 columns: UNIT TYPE, MARCH (2007, 2008), % CHG., YEAR-TO-DATE (2007, 2008), % CHG. Rows include Single-Family Detached, Single-Family Attached, Multiple-Family, Senior Housing, and TOTAL.

### **Background Information**

In March 2008, service commitments were issued for 23 new housing units within the subdivisions listed on the attached table. There were a total of 11 single-family detached, 12 single-family attached, and no multi-family or senior housing utility permits issued in March.

The column labeled “# Rem.” on the attached table shows the number of approved units remaining to be built in each subdivision.

Total numbers in this column increase as new residential projects (awarded service commitments in the new residential competitions), Legacy Ridge projects, build-out developments, etc. receive Official Development Plan (ODP) approval and are added to the list.

In March, the Axis Development ODP, covering the first phase of development, was approved for 233 multi-family units. These have been added to the attached table.

Respectfully submitted,

J. Brent McFall  
City Manager

Attachment

**ACTIVE RESIDENTIAL DEVELOPMENT**

<b><u>Single-Family Detached Projects:</u></b>	<b>Feb-08</b>	<b>Mar-08</b>	<b>2007 YTD</b>	<b>2008 YTD</b>	<b># Rem.*</b>	<b>2007 Total</b>
Bradburn (120th & Tennyson)	1	1	3	2	76	24
CedarBridge (111th & Bryant)	0	0	0	0	5	1
Country Club Highlands (120th & Zuni)	0	2	3	2	99	17
Countryside Vista (105th & Simms)	0	0	0	0	9	0
Huntington Trails (144th & Huron)	3	5	9	11	135	38
Hyland Village (96th & Sheridan)	1	1	0	2	109	0
Legacy Ridge West (104th & Leg. Ridge Pky.)	0	0	0	0	7	0
Lexington (140th & Huron)	0	0	0	0	4	0
Meadow View (107th & Simms)	0	1	0	1	3	1
Park Place (95th & Westminster Blvd.)	1	0	4	1	46	31
Ranch Reserve (114th & Federal)	0	0	0	1	0	3
Savory Farm Estates (109th & Federal Blvd.)	0	0	0	0	24	0
South Westminster (Shoenberg Farms)	1	1	4	2	50	12
Various Infill	0	0	1	0	7	2
Winters Property (111th & Wads. Blvd.)	0	0	0	0	8	0
Winters Property South (110th & Wads. Blvd.)	0	0	0	0	10	0
<b><i>SUBTOTAL</i></b>	<b>7</b>	<b>11</b>	<b>24</b>	<b>22</b>	<b>592</b>	<b>129</b>
<b><u>Single-Family Attached Projects:</u></b>						
Alpine Vista (88th & Lowell)	0	0	0	0	84	0
Bradburn (120th & Tennyson)	0	0	1	2	0	4
CedarBridge (111th & Bryant)	0	0	0	0	0	0
Cottonwood Village (88th & Federal)	0	0	0	0	62	10
East Bradburn (120th & Lowell)	0	0	0	0	117	0
Eliot Street Duplexes (104th & Eliot)	0	0	0	0	10	0
Highlands at Westbury (112th & Pecos)	0	6	11	6	24	17
Hollypark (96th & Federal)	0	0	0	0	20	0
Hyland Village (96th & Sheridan)	6	6	0	12	153	0
Legacy Village (113th & Sheridan)	0	0	8	0	62	8
South Westminster (Shoenberg Farms)	0	0	6	0	54	6
Summit Pointe (W. of Zuni at 82nd Pl.)	0	0	0	0	58	0
Sunstream (93rd & Lark Bunting)	0	0	0	0	18	0
<b><i>SUBTOTAL</i></b>	<b>6</b>	<b>12</b>	<b>26</b>	<b>20</b>	<b>662</b>	<b>45</b>
<b><u>Multiple-Family Projects:</u></b>						
Axis (108th & Westminster Blvd.)	0	0	0	0	233	0
Bradburn (120th & Tennyson)	0	0	0	0	54	0
Hyland Village (96th & Sheridan)	0	0	0	0	144	0
Mountain Vista Village (87th & Yukon)	0	0	0	0	24	0
Prospector's Point (87th & Decatur)	0	0	0	0	29	0
South Westminster (East Bay)	0	0	0	0	64	0
South Westminster (Harris Park Sites I-IV)	0	0	0	0	12	0
<b><i>SUBTOTAL</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>560</b>	<b>0</b>
<b><u>Senior Housing Projects:</u></b>						
Covenant Retirement Village	0	0	0	0	0	26
Crystal Lakes (San Marino)	0	0	0	0	7	0
Legacy Ridge (112th & Federal)	0	0	0	0	168	0
<b><i>SUBTOTAL</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>26</b>
<b>TOTAL (all housing types)</b>	<b>13</b>	<b>23</b>	<b>50</b>	<b>42</b>	<b>1989</b>	<b>200</b>

\* This column refers to the number of approved units remaining to be built in each subdivision.

**City of Westminster City Council Study Session  
April 21, 2008**

Mayor Nancy McNally called the Study Session to order at 6:30 PM. All Council was in attendance.

City Staff in attendance included: Assistant City Manager Steve Smithers; Marty McCullough, Matt Lutkus, Carol Jones, Mary Joy Barajas, Danny Tomlinson and Bob Ferm.

The guest in attendance was Nissa LaPoint with the Westminster Window;

**Lobbyist Update**

Danny Tomlinson commented that the 2007 legislative session was a good session. He commented that the breakfast/lunch meetings the Mayor has with the legislators paid big dividends. Danny shared with Council that all legislation on URAs has gone by the wayside. SB94 might be revived, but not this year. HB1278 was amended by the House Appropriations but allows RTD condemnation abilities, but allowing affected owners 1<sup>st</sup> right of refusal within 10 years if the property has been used as planned. State budget and SB1 will not have any growth, which will affect highway and college funding, and could be that way for three or four years. Danny also provided an update and explanation concerning House Speaker Romanoff's TABOR proposal and the Right to Work initiatives. Councillor Briggs asked how many proposals have been submitted for this year's ballot. Danny responded right at 100.

**Supplemental Financial Assistance Request for the Harris Park Townhome Project**

The City Managers Office was present to obtain direction from City Council on providing up to \$180,000 of grant funds and an assignment of water tap credits, based upon availability, to assist in funding the construction of the remaining 12 townhouse units of the Harris Park redevelopment project. City Council concurred with Staff's recommendation to bring this back for official City Council action.

**Rep. Benefield's Town Hall Meeting on Transportation**

Council adjourned their study session to participate in the Town Hall meeting on Transportation sponsored by Rep. Debbie Benefield in the Council Chambers.

Mayor McNally adjourned the Study Session at 6:50PM.

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