



WESTMINSTER
COLORADO

Agenda Memorandum

Agenda Item – {{section.number}}.A.

City Council Meeting
May 19, 2025



Strategic Priority 1: Access to Opportunity

Advance access to opportunity and prosperity for all in Westminster through diverse housing choices, increased mobility options, safe and walkable neighborhoods, and strong social networks.



Strategic Priority 4: Economic Vitality

Promote and support a resilient economy that attracts and retains a diversity of businesses, workers, and industries, expands living wage jobs, and diversifies the City's tax base.

Subject: First Reading of Councillor's Bill No. 17 Re: Proposed Development Agreement with Downtown Westminster Residences, LLC for the Development of Townhomes at Block B-6 in Downtown Westminster

Prepared By: Lindsey Kimball, CEcD, EDFP; Community Services Director
Heather Cronenberg, Real Estate Development Manager
Philippe Brady, Real Estate and Development Administrator
Mona Choury, Focus Area Administrator

Recommended City Council Action:

Pass Councillor's Bill No. 17 on first reading to approve a Development Agreement with Downtown Westminster Residences, LLC for Block B-6 in Downtown Westminster, in substantially the same form as attached.

Summary Statement:

- With the significant demand for ownership residential products, Downtown Westminster Residences, LLC (DWR) is proposing the development of approximately 31 for-sale townhomes on Block B-6 (Project) in Downtown Westminster (Attachment A), located at approximately 92nd Avenue and Harlan Street (Attachment A).

- DWR has submitted preliminary architectural plans that will complement the townhomes being built on Block C-7, the neighboring parcel directly to the east. These two-story townhomes will also serve as a desired transition from Downtown Westminster to the two-story single-family homes to the north.
- The proposed Project consists of primarily three-bedroom townhomes and will have a target average sales price of approximately \$595,000 which provides a slightly lower price point for buyers than the existing townhome product in Downtown Westminster.
- DWR has already completed two projects in Downtown Westminster totaling 51 townhomes on Block A-4, located at approximately 90th and Harlan Street. DWR is nearing completion of an additional 31 townhomes on Block C-7 known as Townhomes on 92nd.
- In addition, DWR will be breaking ground on 20 condominiums on Block A-4 in Q2 2025, which will represent the first condominium product in Downtown Westminster.
- During an Executive Session on March 17th, 2025, the Westminster Economic Development Authority (WEDA) Board directed Staff to bring forth a Purchase and Sale Agreement (PSA) and Development Agreement (DA) for review and approval prior to closing. Only the WEDA Board can authorize the PSA, therefore Staff is only requesting City Council's authorization of the DA in this agenda memo.

Fiscal Impact:

- Revenue:
 - Estimated \$1,681,000 in fees and taxes collected during the development process, as seen in Table 1
- Expenditures:
 - Estimated City Fee Rebate of \$380,000.
 - Estimated Sales & Use Tax Rebate of \$252,000
- Total Estimated Revenue:
 - \$1,049,000 in fees and taxes after rebates

Source of Funds:

City taxes and fees collected from DWR during the development process.

Policy Issue(s):

Should City Council Pass Councillor's Bill No. 17 on first reading to approve a Development Agreement with DWR to construct the Project on Block B-6 in Downtown Westminster, in substantially the same form as attached?

Alternative(s):

City Council could choose not to pass Councillor's Bill No. 17 approving a DA with DWR to construct the Project, in substantially the same form as attached. Staff does not recommend this alternative as Staff has worked diligently to attract development of a variety of housing options to the Downtown Westminster area. DWR is uniquely committed to delivering a high level of architectural quality and has shown a willingness to work with the City to ensure the development of valuable projects in Downtown Westminster. DWR has a strong track record of completing projects and honoring commitments to WEDA and the City. Negotiations with DWR have been ongoing since April 2024, and the developer is ready to move forward immediately. The proposed DA has been thoughtfully crafted between both parties and provide reasonable solutions under current economic conditions.

Background Information:

The strategy for achieving a balanced housing approach in Downtown Westminster involves the development of a variety of unit types, a spectrum of price points, and opportunities for both rental and ownership options. The first four mixed-use residential projects in Downtown Westminster created 873 rental apartments that included market-rate units and income-restricted units that service households earning between 30 and 80 percent of the Area Median Income (AMI).

Through a competitive process, DWR was selected to deliver a combination of for-sale townhome and condominium units on various blocks in Downtown Westminster to create the residential ownership market. As of March 2025, DWR has been selected for four separate projects, as described below:

Block A-4 West (Townhomes on Harlan): In 2023, DWR completed and sold 34 townhomes at 90th Avenue and Harlan Street.

- Purchase Price: \$250,395 (\$5 per square foot)
- Actual, Realized Profit Share: \$554,924 (+\$11.08 per square foot)
- Total Private Investment: \$17,500,000

Block A-4 East (Woonerf Townhomes and WYND Flats): In 2024, DWR constructed 17 townhomes and 13 have been sold. The remaining four units are expected to be sold soon. DWR will continue work on this site to develop 20 condominiums with a groundbreaking expected in Q2 2025.

- Purchase Price: \$202,890 (\$5 per square foot)
- Profit Share: To be determined once all units sell. 50/50 split in sales above \$370 per square foot for townhomes and \$430 per square foot for condominiums
- Total Private Investment: \$19,075,000

Block C-7 (Townhomes on 92nd): In 2025, DWR will complete 31 townhomes located at 92nd Avenue and Eaton Street. Five of the units are already under contract prior to completion.

- Purchase Price: \$335,285 (\$5 per square foot)
- Profit Share: To be determined once all units sell. 50/50 split in sales above \$370 per square foot

- Total Private Investment: \$15,950,000

Block A-1: Located near 89th Avenue and Harlan Street. DWR has an option to develop condominiums based on market conditions and further negotiations with WEDA.

The sales of the townhomes on Block A-4 and the pre-sale of townhomes on Block C-7 have been positive despite a historically weak real estate market in the Denver Metro area and nationwide. Construction costs and interest rates have increased dramatically in recent years creating a strain on both builders and homebuyers. The design of the proposed Project has been thoughtfully crafted to address the most active sector of the residential market with an average price target just below \$600,000. DWR will be investing approximately \$16.8 million to construct the Project.

Key terms of the Proposed PSA (Attachment B) and DA (Exhibit A to Councillor's Bill No. 17) for the Project include:

- Land Sale Price: \$5 per square foot
 - Land Area: 71,700 square feet x \$5 = \$358,500
- Earnest Money: \$25,000
- Profit Sharing: 50/50 split of sales realized over \$394 per square foot
 - Estimate: \$366,000 (approximately \$5.10 per square foot)
- Closing Conditions
 - Must obtain all construction permits for the A-4 East condominiums and be engaged in active construction of said condominiums.
 - Approved Official Development Plan (ODP) and building permits for the Project.
 - WEDA to dedicate and plat all property necessary for all City public improvements to support the Project.
 - City to complete construction of City public improvements to allow for construction of Project improvements.
 - DWR to complete due diligence of B-6 and determine it satisfactory.
 - Title company to deliver a title policy for B-6 to DWR.
 - WEDA to approve the Architectural Schematic Plans for the Project.
 - DWR to obtain all necessary financing to complete the Project improvements
- City Fee Rebates: Public Land Dedication Fee, Park Development Fee, Public Art Fee, Development Review Fees, Building Permit Fees, and Sales and Use Tax (3.0%)

- Estimated City Fee Rebate of \$379,310, not to exceed \$380,000
- Estimated Sales & Use Tax Rebate of \$252,205

TABLE 1: Projected Fee Estimates	\$
Development Review Fees	2,260
Building Permit Fees	111,410
Public Land Dedication Fees	202,555
Park Development Fees	63,085
Total Estimated Fees Rebated	379,310
Sales & Use Tax (3.0%)	252,205
Total Estimated Taxes Rebated	252,205
Water/Sewer Tap Fees	975,620
Fire permit fees & plan review	2,445
Sales & Use Tax (POST and Public Safety – 0.85%)	71,460
Total Estimated Taxes & Fees Not Rebated	1,049,525
Total Fees & Taxes Collected (Rebated + Not Rebated)	1,681,040

The timing of this proposal and project will allow DWR to complete construction on the already approved condominium project on A-4 and seamlessly start construction on the Project. DWR has already submitted preliminary architectural plans for the Project, which include approximately 31 two-story townhomes and a park on the southeast corner. The site layout serves as a mirror image to DWR's project immediately east on C-7, which allows for an extension of the park DWR is building on the southwest corner of the site (Attachment C). This will foster a welcoming pedestrian experience along the entire length of 91st Place. From a planning perspective, the height and density of the Project provide a gradual transition from the higher density core of Downtown Westminster to the two-story single-family homes on the north side of 92nd Avenue. There will also be a public art piece or a Downtown monument sign at the corner of 92nd Avenue and Harlan on Block B-6, which will celebrate this important entrance to Downtown Westminster.

The Project will expand the market for residential ownership in Downtown Westminster and will create diversity and balance in housing options. The diversification of the residential market in Downtown Westminster with vision-aligned architecture contributes to the City's Strategic Plan priority of Access to Opportunity. Additionally, the creation of an ownership market in Downtown Westminster helps to attract employers and retailers to invest in the site, supporting the goal of Economic Vitality.

Respectfully submitted,



Jody L. Andrews
City Manager

Attachments:

Councillor's Bill No. 17 Approving a Development Agreement with Downtown Westminster Residences, LLC for a portion of Block B-6 in Downtown Westminster

Exhibit A to Councillor's Bill No. 17 – B-6 Development Agreement with Downtown Westminster Residences, LLC

Attachment A: Project Site Map

Attachment B: Purchase and Sale Agreement for Block B-6 in Downtown Westminster

Attachment C: Preliminary Site Plan and Design