



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

January 23, 2026

TO: Capital Development Committee

FROM: Nina Forbes, Senior Research Analyst, (303) 866-4785

SUBJECT: Lakewood Complex P3 Request: Long-Term Ground Lease

Summary

This memorandum summarizes the long-term ground lease component of the Department of Personnel and Administration's (DPA) Lakewood Complex Redevelopment Project request. The ground lease request is to enter into a public-private partnership (P3) agreement to redevelop two underutilized parcels of the Lakewood Complex for use as an affordable and attainable housing site, along with a childcare facility. A companion memorandum describes the property sale component of the request.

Background

The Lakewood Complex covers 22.94 acres and includes 1881 Pierce Street, 1900 Reed Street, and adjacent parcels along Reed Street. The department is proposing redeveloping 14.1 underutilized acres of the complex. The redevelopment proposal does not include the 1881 Pierce Street building and an adjacent parking lot, which will remain in state use.

The Capital Development Committee (CDC) first heard the Lakewood Complex request at its March 20, 2025, meeting. At the time, the scope of the request was to allow DPA to enter into a P3 agreement with a to-be-determined development partner to construct affordable housing on Lakewood Complex land, with a goal of at least 80 units and a 99-year ground lease generating annual payments to the state. The CDC approved the anticipated use by the DPA for redevelopment of unused state-owned real property at the Lakewood Complex through a public-private partnership for use as affordable housing with Capital Development Committee approval of the contract.

At the committee's December 18, 2025, meeting, the department returned to request permission for an expanded scope, including to sell one of the parcels on the Lakewood



Complex for redevelopment as attainable housing and to redevelop the leased parcels into affordable housing, childcare facilities, and artist lofts. The committee tabled action on the request pending the receipt of additional information required by statute for property sales and additional information on the expanded scope.

Redevelopment Project

DPA seeks to enter into a P3 agreement with a consortium made up of Metro West Housing Solutions, Oakwood Homes, and Elevation Community Land Trust under a long-term ground lease to redevelop two parcels of the Lakewood Complex for up to 120 affordable rental housing units restricted to households making between 30 to 70 percent area median income (AMI), a childcare facility operated by a qualified provider, and artist studios and galleries.

A memorandum from DPA more fully explaining the proposal is included as Attachment A. Staff questions and responses may be found as Attachment B.

Statutory Requirements

State law¹ allows DPA to seek proposals from developers to site certain beneficial facilities on unused, state-owned real property, including affordable housing developments and childcare facilities. The department is charged with determining the suitability of a given property for use in such redevelopment. If the department plans to enter into a contract regarding unused, state-owned real property, it must submit to the CDC a report outlining the anticipated use of the property. Attachment A serves as this report.

Action Required by the CDC

The CDC reviews reports submitted by the department; makes recommendations to the department concerning the anticipated use of the unused, state-owned real property; and approves or disapproves this use. DPA may not enter into a contract without approval of the CDC.

Suggested CDC Approval Motion for the Use of the Property

Approve the request from the Department of Personnel and Administration to redevelop Parcel 1 and the Flex Parcel at the Lakewood Complex through a public-private partnership for use as affordable housing, a childcare facility, and artist studios and galleries.

¹ See Section 24-82-102.5, C.R.S.



Suggested CDC Approval Motion to Allow DPA to Enter into Contracts

Approve the request from the Department of Personnel and Administration to enter into a long-term ground lease and other related contracts to redevelop Parcel 1 and the Flex Parcel at the Lakewood Complex through a public-private partnership for use as affordable housing, a childcare facility, and artist studios and galleries.

The committee may also make specific recommendations concerning the property transaction proposal.



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Public Private Partnership (P3)

Department of Personnel & Administration

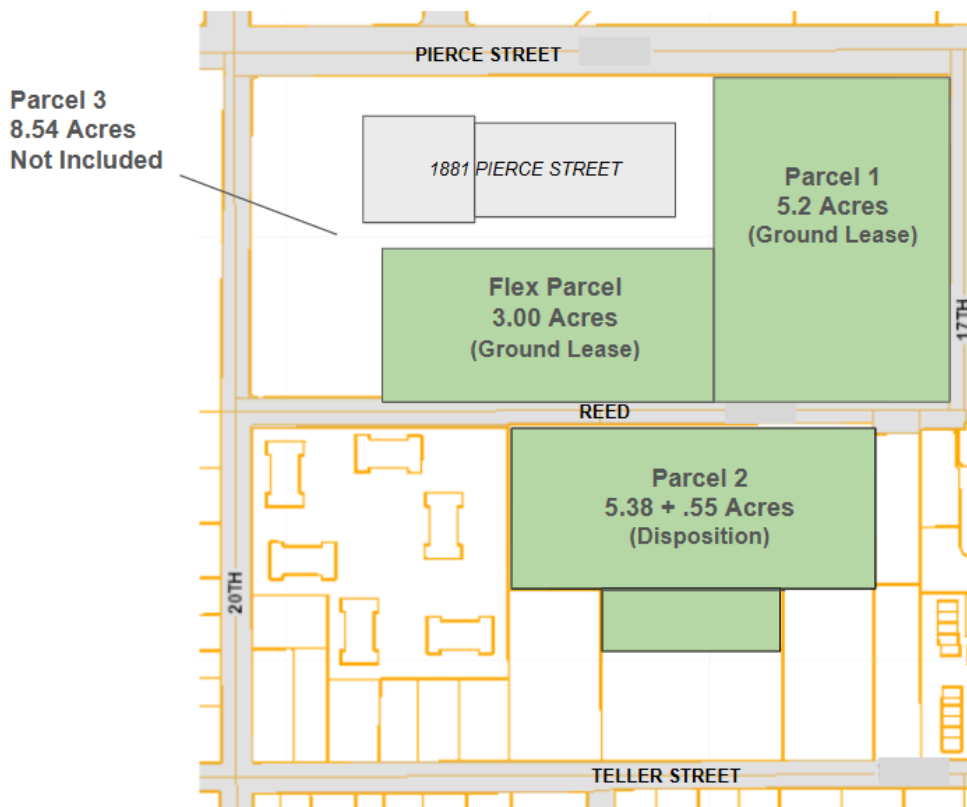
MEMORANDUM

DATE: January 22, 2026

TO: Capital Development Committee
 FROM: Tony Gherardini, Executive Director, DPA
 CC: Tobin Follenweider, Deputy Executive Director of Operations, DPA
 Tom Kurek, Director, P3 Office, DPA
 RE: Ground Lease and Sale of Lakewood Project Property for Mixed Use Affordable and Attainable Housing Development with Childcare Facilities and Artist Studios

Summary:

The Department of Personnel and Administration (DPA) seeks CDC approval to sell and lease property that will be part of the Lakewood Complex Redevelopment Project to address the shortage of affordable and attainable housing in the surrounding community. While the State owns approximately 22.94 proximally located acres located on five parcels, as outlined below, the project includes four parcels, two of which will be subject to a ground lease and two that will be bundled and sold to a qualified development partner. This approach provides the State a unique opportunity to increase the stock of for-sale and for-lease affordable and attainable housing options in Lakewood and Jefferson County.





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Department of Personnel & Administration

Background

Per C.R.S. 24-82-102(4)(e), prior to the sale of unused state property, the Executive Director of the Department of Personnel and Administration shall first submit a report to the Capital Development Committee which outlines the anticipated use of the real property, the maintenance costs related to the property, the current value of the property, any conditions or limitations which may restrict the use of the property, and the potential liability to the state which will result from such lease or sale.

This memo provides the statutorily required report for the intended project, which includes the potential ground lease and sale of property in Lakewood, Colorado.

Purpose

In March 2025, the Capitol Development Committee (CDC) directed the P3 Collaboration Unit to continue evaluating the Lakewood Complex as an opportunity to transform underutilized state-owned land for a non-state purpose and to return with a more detailed implementation plan.

This memorandum transmits the P3 Unit's refined proposal and formally requests final CDC approval for the non-state use of approximately 14.4 acres of underutilized land at the Lakewood Complex, as well as authorization to proceed with project agreements consistent with the structure outlined below.

Site Overview

The Lakewood Complex is comprised of three parcels totaling approximately 22.94 acres, located at:

- 1881 Pierce Street
- 1900 Reed Street
- Adjacent Reed Street parcel

Of the total site, approximately 14.4 acres are proposed for development. The remaining 8.54 acres, which include the existing Department of Personnel & Administration (DPA) building at 1881 Pierce Street and a portion of associated parking, are not included in the proposed project and will remain in state use.

Procurement Process and Selection



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Department of Personnel & Administration

In March 2025, the P3 Unit issued a competitive Request for Qualifications (RFQ) seeking development partners capable of delivering a mixed-use, mixed-income project aligned with state housing, childcare, and community development objectives.

Following the evaluation, the P3 Unit selected a proposal in June 2026 from a consortium consisting of:

- Metro West Housing Solutions (MWHS)
- Oakwood Homes
- Elevation Community Land Trust (ECLT)

Development Partners

- Oakwood Homes is one of Colorado's largest homebuilders, with over 30 years of experience delivering attainable, high-quality homes for first-time buyers. Oakwood's vertically integrated model, supply chain control, and in-house financing allow for predictable delivery timelines and lower per-unit costs.
- Elevation Community Land Trust (ECLT) utilizes the community land trust model to create and preserve long-term affordable homeownership opportunities. Through below-market pricing and a shared-equity resale formula embedded in long-term ground leases, ECLT ensures permanent affordability while enabling wealth-building for working families.
- Metro West Housing Solutions (MWHS), originally founded as the Lakewood Housing Authority, is a nationally recognized affordable housing developer and property manager. MWHS brings decades of experience developing, owning, and operating high-quality affordable housing and delivering resident services that support stable communities.

Transaction Structure and Financial Terms

The project utilizes a hybrid ground lease and fee-simple sale structure:

- Parcel 1 (5.2 acres 1881 Pierce St.):
 - Long-term ground lease
 - Estimated revenue to the State: ~\$60,000 annually
- Parcel 2 (1900 Reed St 5.357 acres and Adjacent Reed Street Parcel .55 acres):
 - Fee-simple sale to the development team
 - Estimated purchase price: ~\$3.2 million
 - Subject to final approval by the Office of the State Controller

This structure balances near-term capital proceeds with long-term recurring revenue while enabling layered financing, including Low-Income Housing Tax Credits (LIHTC).



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Department of Personnel & Administration

Project Schedule (Anticipated)

- Pre-Development Agreement executed - Completed
- CDC approval - Q4 2025
- Development Agreement (ground lease parcel) and Purchase & Sale Agreement (fee parcel) executed - Q1 2026
- Financing secured (including LIHTC) - 2027
- Ground lease executed and fee transfer completed - 2027
- Construction commencement - 2027/2028
- Vertical construction - 2028

Anticipated Use of Real Property

The proposed development is intended to deliver a mixed-income, mixed-use community with the following anticipated outcomes:

- Up to 120 rental housing units serving households at 30-70% AMI (Parcel 1)
- 50-60 for-sale “missing middle” homes serving households at 100-140% AMI (Parcel 2)
- 10-20 deed-restricted for-sale homes serving households at 70-80% AMI (Parcel 2)
- Childcare facility operated by a qualified provider (Parcel 1)
- Two in-home childcare providers (Parcel 2)
- Artist studios and galleries, operated by 40 West Arts (Parcel 1)

Maintenance Costs

The sale of the land for the P3 project would save an estimated \$50,000 each year in snow removal, landscaping, and surface concrete repair work.

Current Value of the Property

The site was appraised in October 2025 under the constraint that it is limited to an 82 unit affordable/attainable townhome project, including up to 20 deed-restricted, for-sale affordable housing units, and up to 62 attainable for-sale units not to exceed 140% AMI for \$3.2 million dollars.

Restrictions on Use of Property

A to-be-signed Purchase and Sale Agreement will restrict the property to the uses outlined in the appraisal.

Potential liability to the State



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Department of Personnel & Administration

The state will not be subject to liability upon the sale of the land for the purpose of affordable and attainable for sale housing to Elevation Land Trust and Oakwood Homes. Currently, the subject property is open and easily accessed presenting a risk to the community as it attracts vagrancy and homeless encampments, which require state involvement for additional policing resources, materials removal, and additional maintenance, per local law enforcement. The local community regularly seeks support over ongoing safety and sanitary concerns.

Requested Action

The P3 Collaboration Unit respectfully requests that the Capitol Development Committee:

1. Approve the non-state use of approximately 14.4 acres at the Lakewood Complex; and
2. Authorize the P3 Unit to proceed with execution of the Development Agreement, Ground Lease, and Purchase & Sale Agreement, subject to required approvals by the Office of the State Controller and other applicable authorities.

Attachment B

Lakewood Complex Questions

1. The March 2025 submission for this request said the department was targeting a 99-year ground lease, but there was no mention of that in the updated paperwork. Is 99 years still the target?
2. Could you expand on the bullet on page 4 listing "two in-home child care providers" on Parcel 2. Is that a service that will be provided to people living in those homes? Are some of the homes reserved for the providers? Is something being built for that service?
3. The submission refers to four parcels, but I only see three labeled shaded parcels on the map. Is the small box under Parcel 2 the "Adjacent Reed Street Parcel" mentioned in the write-up?
4. There are discrepancies between the acres listed for Parcel 2 on the map and described on page 3, could you clarify which acreage is correct? Also, the narrative mentions 14.4 acres total for redevelopment, however neither the acreage on the map nor the acreage mentioned on page 3 add up to that amount, can you provide clarification?
5. The descriptions on the usages of various parcels on page 3 and page 4 do not mention the 3-acre Flex Parcel, what will it be used for?
6. The committee has brought up during several previous P3 hearings on various projects that it would be helpful to have information that outlines what the income limits and maximum rental amounts are for households at the various AMI percentages listed in the request. Could you please provide that information for the Lakewood/ Jefferson County area?

To: Capital Development Committee

From: Tobin Follenweider, Deputy Executive Director, DPA
Thomas Kurek, P3 Director, DPA

Date: January 27, 2026

Re: Answers to Questions Regarding Lakewood Complex Project

- The March 2025 submission for this request said the department was targeting a 99-year ground lease, but there was no mention of that in the updated submission. Is 99 years still the target?

Yes, for parcel 1 the State anticipates a 99 year ground lease.

- Could you expand on the bullet on page 4 listing "two in-home child care providers" on Parcel 2. Is that a service that will be provided to people living in those homes? Are some of the homes reserved for the providers? Is something being built for that service?

Oakwood Homes has been working with the Colorado Department of Early Childhood (CDEC) and Executives Partnering to Invest in Children (EPIC) for nearly two years. The goal is to design a home and floorplan within that would be pre-approved by CDEC's licensing department for a licensed family childcare home.

Therefore, the two proposed Oakwood Homes family childcare homes within the Lakewood Complex project would be purchased by an investor such as Mission Driven Finance (MDF), a real estate investment trust (REIT) focused on advancing childcare access. MDF would then lease the home to a childcare provider to both live in and run the licensed family childcare business.

Once the licensed family childcare provider is financially stable, typically five years, the REIT sells the home to the provider. This supports the economic mobility of the provider by both investing in the start-up of their business and providing a pathway to home ownership. This model provides a small family focused childcare option for up to 24 children and families from the new immediate neighborhood and the surrounding community.

According to The Common Sense Institute's August, 2025 report titled [The Childcare Opportunity Cost](#), there is one childcare slot available for every two children under the age of six in Jefferson County. The Lakewood project will be the first place where the State would implement this innovative housing and childcare partnership. EPIC and MDF both provided letters of support for Oakwood's original submission.

- The submission refers to four parcels, but I only see three labeled shaded parcels on the map. Is the small box under Parcel 2 the "Adjacent Reed Street Parcel"?

mentioned in the write-up?

The four parcels mentioned refer to Parcel 1, the Flex Parcel, then Parcel 2 which actually consists of two legally separate parcels 1900 Reed St (5.357 acres) and Adjacent Reed St Parcel (.55 acres).

- There are discrepancies between the acres listed for Parcel 2 on the map and described on page 3, could you clarify which acreage is correct? Also, the narrative mentions 14.4 acres total for redevelopment, however neither the acreage on the map nor the acreage mentioned on page 3 add up to that amount, can you provide clarification?

The acreage on page 3 of 5.357 acres is the correct number. The discrepancy of the 14.4 acres is due a change in the flex parcel. The flex parcel is 3 acres not 3.3 acres to 3 and the Department did not update the total acreage to reflect only 14.1 acres.

The descriptions on the usages of various parcels on page 3 and page 4 do not mention the 3-acre Flex Parcel, what will it be used for?

The flex parcel is planned for shared parking between the State facility (1881 Pierce) and the development.

- The committee has brought up during several previous P3 hearings on various projects that they would like to know what the income limits and maximum rental amounts are for households at the various AMI thresholds listed in the request. Could you please provide that information for the Lakewood/ Jefferson County area?

Please see attached.

County	AMI	2025 Maximum Rent					2025 Income Limits							
		0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Jefferson	140%	\$3,433	\$3,678	\$4,413	\$5,100	\$5,691	\$137,340	\$156,940	\$176,540	\$196,140	\$212,960	\$228,440	\$243,320	\$259,000
Jefferson	130%	\$3,188	\$3,415	\$4,098	\$4,736	\$5,285	\$127,530	\$145,730	\$163,930	\$182,130	\$196,820	\$211,380	\$225,940	\$240,500
Jefferson	120%	\$2,943	\$3,153	\$3,783	\$4,372	\$4,878	\$117,720	\$134,520	\$151,320	\$168,120	\$181,680	\$195,120	\$208,560	\$222,000
Jefferson	110%	\$2,697	\$2,890	\$3,467	\$4,008	\$4,471	\$107,910	\$123,310	\$138,710	\$154,110	\$166,540	\$178,860	\$191,180	\$203,500
Jefferson	100%	\$2,452	\$2,627	\$3,152	\$3,643	\$4,065	\$98,100	\$112,100	\$126,100	\$140,100	\$151,400	\$162,600	\$173,800	\$185,000
Jefferson	90%	\$2,207	\$2,364	\$2,837	\$3,279	\$3,658	\$88,290	\$100,890	\$113,490	\$126,090	\$136,260	\$146,340	\$156,420	\$166,500
Jefferson	80%	\$1,962	\$2,102	\$2,522	\$2,915	\$3,252	\$78,480	\$89,680	\$100,880	\$112,080	\$121,120	\$130,080	\$139,040	\$148,000
Jefferson	70%	\$1,716	\$1,839	\$2,206	\$2,550	\$2,845	\$68,670	\$78,470	\$88,270	\$98,070	\$105,980	\$113,820	\$121,660	\$129,500
Jefferson	60%	\$1,471	\$1,576	\$1,891	\$2,186	\$2,439	\$58,860	\$67,260	\$75,660	\$84,060	\$90,840	\$97,560	\$104,280	\$111,000
Jefferson	55%	\$1,348	\$1,445	\$1,733	\$2,004	\$2,235	\$53,955	\$61,655	\$69,355	\$77,055	\$83,270	\$89,430	\$95,590	\$101,750
Jefferson	50%	\$1,226	\$1,313	\$1,576	\$1,821	\$2,032	\$49,050	\$56,050	\$63,050	\$70,050	\$75,700	\$81,300	\$86,900	\$92,500
Jefferson	45%	\$1,103	\$1,182	\$1,418	\$1,639	\$1,829	\$44,145	\$50,445	\$56,745	\$63,045	\$68,130	\$73,170	\$78,210	\$83,250
Jefferson	40%	\$981	\$1,051	\$1,261	\$1,457	\$1,626	\$39,240	\$44,840	\$50,440	\$56,040	\$60,560	\$65,040	\$69,520	\$74,000
Jefferson	30%	\$735	\$788	\$945	\$1,093	\$1,219	\$29,430	\$33,630	\$37,830	\$42,030	\$45,420	\$48,780	\$52,140	\$55,500
Jefferson	20%	\$490	\$525	\$630	\$728	\$813	\$19,620	\$22,420	\$25,220	\$28,020	\$30,280	\$32,520	\$34,760	\$37,000