

Petition to Extend DDA Zone

Lowell Ventures LLC & Randall Hinton Development LLC

July 1, 2021

Petitioners

Current Owners: Randall Hinton Development, LLC (“RHD”) - Bill Butler and Scott Mason

Property Details

- 345 Rio Grande Street, Colorado Springs, CO 80903
- Parcel # - 64191 05 152
- Property Description LOT 1 THE LOWELL SUB FIL NO 6
- Lowell District

Background

Petitioners’ Bill Butler and Scott Mason were raised in Colorado Springs, attended Air Academy High School, and still have family that live in the city. They formed RHD¹ to build multi-family projects in Northwest Arkansas and Colorado Springs, based on a set of criteria established with our investors. Petitioners’ Ray O’Sullivan and James Buller are local real estate developers.

RHD LLC purchased the property located at 345 Rio Grande on September 8, 2020 from Lowell Ventures LLC, who made an original petition request on May 4 2020. RHD has partnered with local architectural firm Echo (Ryan Lloyd), and other local real estate professionals to create a meaningful 62-unit apartment complex that provides a differentiated apartment offering. In short, 345 Rio Grande will provide larger units at an expected price lower than other current downtown apartments, with a distinctive design and exterior façade, and we expect to attract tenants that are currently priced out of the downtown living scene.

As more fully described below, RHD is now petitioning the City to extend the DDA-boundary one city block to the south to encompass the Rio Grande property, which is more fully described below. We are confident that our apartment project supports the City’s Experience Downtown Plan and the Downtown Living Initiative, and RHD hopes to present our project for TIF support in the near future. <https://downtowncs.com/wp-content/uploads/2017/01/BoundaryMap.pdf>

¹RHD also develops multi-family properties in Northwest Arkansas, which was recently rated the 2nd best multi-family investment area in the country. Not so coincidentally, Colorado Springs was rated 3rd nationally, with Boise, Idaho the national leader. **See Millionacres, a Motley Fool publication, dated January 15, 2020.**

345 Rio Grande Property Overview

345 Rio Grande is located at the northwest corner of the Lowell District: the lot faces Rio Grande Street to the North; Weber Street to the west; Wasatch Avenue to the east; and pre-existing Lowell District developments to the south. It is also located immediately east of the downtown police station.

Currently the DDA southern boundary ends on the north side of Rio Grande Street, so our subject property is approximately 50 feet below the current boundary.

Please see attached aerial view of 345 Rio Grande.

It is noteworthy that although the DDA boundary stops at Rio Grande just before the Lowell District, the city's downtown Economic Opportunity Zone actually includes all of Lowell District. The Lowell District currently has other residential development, but Lowell does not include an apartment complex. Please see the attached Lowell District overview secured from the City's Planning Department.

Please see the attached EOZ-Lowell PDF.

The Underlying Project - 62 Apartments

Petitioner has worked with local architects, engineers, developers, builders and other service providers to present the City an apartment complex in the currently underdeveloped Southeast Quadrant of Downtown. The project includes 36 1-BR units and 26-BR units, with garage, carport and street parking.

345 Rio Grande will be a quality product, with distinctive exterior design, and an estimated price point below the current price point of other leading downtown apartments built in the last few years, to include The Blue Dot, Casa Mundi, Eco 33 and The Mae.

Petitioners' intend 345 Rio Grande to be a development anchor for Downtown's Southeast Quadrant, and that its presence spurs further commercial, residential and retail development. In addition, due to its proximity to The Mae, Weidner Stadium and the Retail development in the Downtown Southwest Quadrant, Petitioners are hopeful they can build a second apartment development within close proximity, and thereby created enough southern end density to support essential services such as a neighborhood grocery store and other residential services.

Please see the attached Rio Grande PDF.

Rationale to extend DDA's southern boundary to include 345 Rio Grande

The City has greatly supported the private sector creation of meaningful multi-family projects downtown, in support of the Experience Downtown Plan and its Downtown Living Initiative, which has helped spur the development of: The Blue Dot, Casa Mundi, Eco 333, The Mae and other current and planned multi-family developments.

Petitioners believe that the City's remaining area of Downtown that is in need of the City's full redevelopment support is the Southeast Quadrant. Petitioners believe that should the City extend the DDA boundary southward, it will spur the development of residential

housing in the Southeast Quadrant, to include the 345 Rio Grande, and this will greatly help the City reach its goal of 2,500 downtown residential units by 2025.

In addition, development of the Southeast Quadrant will tie the southern end of downtown together, as the City has successfully supported the redevelopment of Downtown's Southwest Quadrant and the City's recent passage of a \$50m development bond for the Southwest Quadrant should spur further development there.

Once Southeast residential development has started in earnest, Petitioner anticipates that the Southwest and Southeast Quadrants will create enough density in Downtown's southern section to propel developers' to build critical consumer services such as grocery stores and more core retail development. Once residential density is achieved, the City will see true urban neighborhoods in the southern end of Downtown.

Petitioners also believes that should the City move its southern DDA boundary further south to include the 345 Rio Grande, the City will be acting in alignment with the logic of the EOZ boundary, and thus further provide incentive for developers to rebuild the Southeast Quadrant, perhaps throughout all of the Lowell District.²

Please see the attached Economic Opportunity Zone PDF.

Conclusion

Petitioner believes the City will best meet its stated downtown residential goals by extending its southern boundary of the DDA, and that it would be both logical and meaningful for the extension of the DDA boundary to include 345 Rio Grande.

We look forward to presenting the Petition to the DDA Board. Thank you in advance for your consideration of this Petition.



Owner / Randall Hinton Development, LLC

Managing Partner, William H. Butler, Jr.

² RHD believes the City may want to consider moving its southern boundary of the DDA to Fountain Boulevard to encompass all of the traditional Lowell District, so that other multi-family projects could be quickly considered for development.