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# Last parcel sold for 13-story apartment project on former Racines site

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A Virginia-based developer has purchased the last parcel needed to build a 13-story apartment project at the southeast corner of East 7th Avenue and Sherman Street, in Denver's Capitol Hill neighborhood.

An entity affiliated with AvalonBay Communities Inc. (NYSE: AVB) recently bought several low-slung restaurant buildings at the corner for \$3.25 million, property records show. The properties are located just north of the former Racines building at 650 N. Sherman St., which is also slated to be torn down to make way for the apartments.



RENDERING BY STUDIO PBA, PROVIDED BY AVALONBAY COMMUNITIES INC.

A rendering of the 13-story apartment building planned at the southeast corner of 7th Avenue and Sherman Street.

The apartment development, named Avalon Governor's Park, will be built on roughly 0.8 acres and include 304 residential units, according to a formal site development plan submitted by AvalonBay in July. The plans are still being reviewed by the city.

AvalonBay originally proposed a significantly larger project, submitting a concept plan in May 2020 for a 418-unit, "L"-shaped apartment building that would have also replaced a pair of small office buildings along Grant Street, east of the former Racines site.

"In the end, we determined that a smaller and simpler rectangular building footprint was the right approach," [Todd Nicotra](#), a vice president of development for AvalonBay who works out of the company's Denver office, told Denver Business Journal later that year.

The site is currently zoned for buildings up to 12 stories in height, which will be enough for AvalonBay to build its project as currently planned. The developer plans to utilize a height exception outlined in Denver's zoning code that would allow the company to build an additional story.

Plans for the community include a fitness center, coworking space, swimming pool, rooftop deck and art from local artists, Nicotra previously told DBJ.

Nicotra did not respond to requests for comment Friday.

The project, as currently planned, would also include two levels of below-grade parking and a total of 284 parking spaces.

AvalonBay [purchased the Racines building and parking garage](#) in February 2021 for \$6.16 million, according to property records.

Even though plans for Avalon Governor's Park no longer include the two office buildings directly east of the Racines building, AvalonBay has also purchased those properties, according to public records.

The properties, located at 657 and 645 N. Grant St., sold for a total of \$2.94 million in deals that closed in February and March 2021, records show.

Directly to the west of the Avalon Governor's Park site, a joint venture between Property Markets Group (PMG) and Greybrook Realty Partners is [planning to build a 12-story, 600-unit apartment complex](#) known as Society Denver.

The apartments will replace the Denver7 building at 123 Speer Blvd., a five-story

Brutalist structure that at one point was the subject of a high-profile dispute over a potential landmark designation which, if granted, would have prevented the building's demolition. After Denver City Council denied local activists' efforts to designate the building as a landmark, PMG and Greybrook purchased the 2.3-acre property from Scripps Media Inc. for \$35 million.

AvalonBay's plans have also received pushback from neighbors who have expressed concerns about the size of the project.

A petition to "Save Governor's Park," which urges District 10 City Councilman Chris Hinds and Denver Mayor Michael Hancock to oppose the apartment plans, has garnered more than 300 signatures.

Ryan Ross, a longtime resident of the neighborhood who is leading the petition effort, previously told DBJ that the project is "out of scale" for the neighborhood.

Ross said he was worried about the traffic impact of the proposed project, and was discouraged that AvalonBay has declined to negotiate a good neighbor agreement with Capitol Hill United Neighborhoods (CHUN), a local registered neighborhood organization.

But in November 2020, Nicotra told DBJ that those agreements typically accompany rezonings, and pointed out that AvalonBay's proposed project is consistent with the site's current zoning.

"Everything about the development will comply with the City's requirements," Nicotra said at the time. "That said, we value input from the neighbors and are committed to working with them as we advance the design of the building."

A week before City Council was set to vote on the landmark designation for 123 Speer, PMG announced that it had entered into an agreement with CHUN that would allow the organization to provide input on the future of the site. The agreement outlined a number of goals, such as trying to attract local small businesses to tenant spaces in any future developments at 123 Speer and conducting a traffic study.

Travis Leiker, president and executive director of CHUN, said he hopes to reach a similar agreement with AvalonBay.

"CHUN remains interested in developing a good neighbor agreement with AvalonBay to help shape the future of the site," Leiker said. "We point to the recent negotiations we have engaged in in partnership with PMG concerning 123 Speer as a model. Those

conversations are moving forward in a pretty positive direction, and the neighbors are feeling hopeful about the future of the site.”

"Since the AvalonBay project continues to cause concern, and absent a design review standard for the neighborhood or other city mechanism to ensure consistency and neighborhood feedback, an MOU [memorandum of understanding] or good neighborhood agreement with CHUN would serve the entire community well," Leiker continued.

Construction is underway on another AvalonBay project in Denver called AVA RiNo, located at 1185 26th St. The 246-unit complex is expected to welcome its first residents in late 2021.

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