

## Staff Report

**Date:** March 26, 2025  
**To:** Douglas County Board of County Commissioners  
**Through:** Douglas J. DeBord, County Manager  
**From:** Terence T. Quinn, AICP, Director of Community Development *TQ*  
**CC:** Mike Pesicka, Principal Planner  
Jeanette Bare, AICP, Planning Manager  
Steven E. Koster, AICP, Assistant Director of Planning Services  
**Subject:** **Inverness Filing 7, 1<sup>st</sup> Amendment, Lot 1, 1<sup>st</sup> Revision – Alternative Park Land Dedication Request for a Site Improvement Plan**  
**Project File** SP2024-069

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**Board of County Commissioners Hearing:**

**April 8, 2025 @ 2:30 p.m.**

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### **I. EXECUTIVE SUMMARY**

Request to reduce the park land dedication as required by Article 10, Dedications, of the Douglas County Subdivision Resolution (DCSR) as applicable to a Site Improvement Plan application for a 325-unit multi-family apartment proposal. The multi-family development is located on the east side of Inverness Parkway, south of County Line Road and north of Inverness Drive South. The 10-acre site is zoned Planned Development and was platted as part of Inverness Filing No. 7. Based on a lower anticipated household size of 1.64 individuals per unit, the applicant is requesting a park land dedication requirement of 7.995 acres with additional credits for private recreational amenities. The resulting parks cash-in-lieu fee proposed by the applicant would be \$1,371,975.

### **II. APPLICATION INFORMATION**

#### **A. Applicant**

Holland Acquisition Co., LLC  
600 S. Cherry Street, Ste 700  
Denver, CO 80246

#### **B. Applicant's Representative**

Kelly Dranginis, Managing Director  
Holland Partner Group  
600 S. Cherry Street, Ste 700  
Denver, CO 80246

### **C. Request**

The applicant requests an alternative park land dedication standard based on an assumed occupancy rate of 1.64 individuals per unit as part of its Site Improvement Plan (SIP) application currently under administrative review. Per Article 10, the 0.045 acres per unit park land dedication standard assumes a minimum household size of 3 persons per dwelling. Utilizing the lower household size per multi-family unit, the applicant indicates that the dedication acreage would be 7.995 acres rather than 14.625 acres if no reduction granted. In addition, the applicant proposes a credit of \$4,382,059 towards a cash-in-lieu of land dedication fee for private recreational amenities proposed on site, including a pool and clubhouse, along with \$242,216 in stormwater related improvements. The resulting cash-in-lieu fee proposed by the applicant is \$1,371,795.

The applicant has provided a narrative that includes its justification for the park land dedication adjustment which is included as an attachment to the staff report.

### **D. Process**

The request is for the Board to consider an alternative park land dedication requirement. Per provisions in Article 10, the Board reserves the right to adjust the acreage requirement between local and regional park categories as deemed necessary to meet specific needs and to determine the amount of developed park acreage required. The Board may also consider alternative park land dedication formulas for multifamily development proposals.

### **E. Location**

The project area is located at 374 Inverness Parkway in the north central area of the County. The attached vicinity map shows the property location.

## **III. CONTEXT**

### **A. Background**

The original Inverness subdivision was approved in 1980. At that time, 3% of its nonresidential subdivision acreage was required for park land dedication. The subject lot is 10 acres in size and, thus, eligible for a park land dedication credit of 0.3 acres.

## **IV. ASSESSMENT**

Alternative multi-family park land dedication requirements may be approved at the discretion of the Board. Should the Board choose to approve the request, staff proposes that the following conditions be considered for inclusion in the motion:

1. The final land dedication amount shall include a 0.3-acre credit for the park land dedication provided at the time of original subdivision.

2. Cash-in-lieu of park land dedication fees in the amount of \$1,371,975, less the 0.3-acre credit, shall be paid to Douglas County prior to final approval of the SIP.
3. Private recreational amenities proposed on the SIP shall be identified and secured in the associated SIP Improvements Agreement (SIPIA).
4. All commitments and promises made by the applicant or the applicant's representative during the public meeting and/or agreed to in writing and included in the public record have been relied upon by the Board of County Commissioners in approving the request; therefor, such approval is conditioned upon the applicant's full satisfaction of all such commitments and promises.

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March 12, 2025

Douglas County Board of County Commissioners  
100 Third Street  
Castle Rock, Colorado 80104

RE: Requested reduction in park land dedication requirement for proposed 325-unit multi-family development (the “Project”) at 374 Inverness Parkway (the “Property”)

Dear Commissioners:

The Holland Partner Group (“Holland”) is working to develop much needed housing within the Inverness Parkway Business Park. Accordingly, Holland is considering purchasing the now vacant Colorado Athletic Club. The now defunct facility occupies 10 acres of land that could potentially be developed into 325 housing units. Unfortunately, as currently documented, the County’s land use requirements render this site undevelopable for multi-family use as the park dedication requirements included in the current code was conceived anticipating lower density development designed for occupancy by large families and as drafted would result in the dedication of land that is larger than the parcel being proposed for development. Accordingly, the existing dedication requirement precludes the re-development of this parcel and would prohibit the delivery of much needed housing in this location. Given the dire need for new housing in Douglas County and the antiquated existing code requirements, Holland requests that the Board of County Commissioners (the “Board”) approve a reduction in the cash-in-lieu payment required under the Douglas County Subdivision Resolution’s (“Resolution”) park land dedication requirements.

### **Project Background – Park Dedication Requirements**

Holland proposes developing the Project on the approximately 10 acres (435,651 sq.ft.) located at the former Colorado Athletic Club site. The Project will consist of 325 multifamily residential units and related amenities. The Resolution requires a dedication for park land of 0.045 acres per unit. If applied mechanically, the Resolution would require Holland to dedicate 14.625 acres of park land. This would require a dedication of more than 146% of the subject property, which would clearly be impossible.

The Resolution also provides that cash-in-lieu of such dedication “shall be used in cases in which the cash value of park land dedication is deemed, by the Board, to be more appropriate in satisfying the needs of the proposed development than land within the proposed development[.]” Resolution, 1003.06. The amount of the cash-in-lieu “shall be equivalent to the full market value of the acreage required for park land dedication,” which “shall be based on anticipated market value after completion of platting.” Resolution, 1003.06.4. The full market value is determined through an appraisal.

Holland obtained an appraisal for the Property, which found a value of \$7,500,000. Based on this valuation from the appraisal, Douglas County Parks and Recreation has requested the cash-in-lieu fee to amount to \$10,968,750. This fee would scuttle the Project. For the reasons elaborated below, Holland requests to pay the cash-in-lieu fee and for a reduction in the Resolution’s cash-in-lieu fee to \$1,371,975.



## Cash-in-Lieu

A cash-in-lieu payment is appropriate due to the design of the site plan and was agreed to as the method of meeting the Park Dedication Requirement during the rezoning.

### Reduction in Park Dedication Requirements

A reduction in the required cash-in-lieu payment is also appropriate for the following reasons.

#### Occupancy Data and Comparable Jurisdictions

The Resolution's park land dedication requirements and occupancy assumptions significantly exceed the requirements and assumptions of comparable neighboring jurisdictions.

The Resolution's requirement for 0.045 acres per residential unit is based upon an assumption that each residential unit will house 3 individuals, which results in a requirement of 15 acres of park land per 1000 residents. These requirements *may* make sense for lower density single-family developments, which more commonly house larger families, but they do not accurately reflect how many people typically occupy a multifamily unit. Holland has developed more than 50,000 units nationwide, and more than 3,700 units in Colorado, and our average occupancy rate is 1.67 individuals per unit. See, **Exhibit A** for a chart of occupancy per unit at Holland's projects in Colorado.

This is much closer to the assumptions used in comparable neighboring jurisdictions. For example, the City of Centennial and Arapahoe County base their park dedication requirements on an assumption of 1.76 residents per dwelling unit for projects of this density. Until recently, Lakewood used an assumption of 1.5 individuals per multifamily unit.<sup>1</sup> Using an average of these assumptions and Holland's historical occupancy rates as shown on **Exhibit A**, which comes to an average of 1.64 individuals per unit, would reduce the park dedication requirement for the Project to 7.995 acres or a cash-in-lieu amount of \$5,996,250. This acreage still represents nearly 80% of the Property and an excessive fee, both of which are disproportionate to the expected impact of the Project on park usage and would be unbearable burdens for the Project.

Therefore, we must consider both the requirement to dedicate 15 acres per 1,000 residents and the value of the land per acre for purposes of calculating the cash-in-lieu amount. Looking again at comparable jurisdictions, the City of Centennial and Arapahoe County require only 6 acres of dedicated park land per 1,000 residents and their cash-in-lieu fee is fixed at \$40,000/acre. Applying Centennial's or Arapahoe County's park land dedication formula to the Project, and using the average assumption for occupancy per unit established above, would result in a requirement to dedicate 3.198 acres and a cash-in-lieu payment of \$127,920, which is 98.8% less than the cash-in-lieu fee required by the Resolution.

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<sup>1</sup> Lakewood recently adopted a higher park dedication requirement that is currently the subject of litigation, and is expected to be overturned. When passing the ordinance, the mayor and multiple councilmembers acknowledged that it was likely to violate state and federal laws. See, Catie Cheshire, Lakewood Council Acknowledges Open Space Law is Illegal Before Approval, WESTWORD (Nov. 8, 2024), <https://www.westword.com/news/lakewood-council-passes-likely-illegal-open-space-law-22455739> and Suzie Glassman, Lakewood City Council approves contentious citizen-led initiative amid legal concerns, JEFFCO TRANSCRIPT (Nov. 11, 2024), <https://coloradocommunitymedia.com/2024/11/11/lakewood-city-council-approves-contentious-citizen-led-initiative-amid-legal-concerns/>.



### On-Site Amenities

As part of the Project, Holland proposes to spend approximately \$4,382,058.87 developing on-site amenities that will benefit future residents. The estimated costs for specific on-site amenities are listed in **Exhibit B**. The provision of these amenities will also mitigate residents' future use of off-site amenities, such as park space – i.e., the more a tenant uses the on-site swimming pool and gym, the less that tenant will use the community's recreation centers and parks. In contrast to single-family homes, on-site amenities are common to multifamily projects, yet these on-site amenities are not credited against the park dedication requirements in the Resolution. Therefore, we request that such a credit be provided for the Project.

### Infrastructure Improvements

Further, as part of the Project, Holland will make substantial improvements to the area's storm sewer system that will cost \$242,216. Holland request a credit against the cash-in-lieu in this amount to reflect the additional investment Holland is making the in area.

### John Derry Memorial Park

Finally, the Property is adjacent to the existing John Derry Memorial Park, a 20-acre park with softball fields, a multi-purpose field, volleyball courts, an outdoor basketball court, other recreational facilities, a lake, walking trails, and picnic pavilions. While residents' impact on the County's parks and open spaces may be mitigated by the Project's substantial on-site amenities, they will also very likely enjoy the amenities within the park as well given. Holland proposes the cash-in-lieu amount be dedicated to improving John Derry Memorial Park. The Project presents a unique opportunity to improve the park to serve the surrounding community and the new residents that will occupy the Project. Holland will work with County staff and the Inverness Metropolitan Improvement District to agree upon a list of improvements to be funded by the cash-in-lieu fee as a condition of approval of the entitlements for the Project.

### Proposed Reduction

The Project proposes to redevelop a vacant building into a new multifamily community that will serve the County for many years to come with badly needed new housing. The exceedingly high cash-in-lieu fee will render the Project financially unfeasible, meaning that the County will miss out on 325 new housing units.

Given the above information, it is clear that a reduction in the dedication requirement and cash-in-lieu payment for the Project is warranted. A reduction of the assumed occupancy rate for multifamily units from 3 to a more reasonable 1.64 individuals would reduce the cash-in-lieu amount from \$10,968,750 to \$5,996,250. Once considering the on-site amenities and infrastructure improvements, we request the further reduction to \$1,371,975. If the cash-in-lieu amount was based upon a valuation of \$40,000 per acre (again, as it is in comparable competing jurisdictions) instead of the appraised value according to a property's highest and best use, then the cash-in-lieu amount would be \$319,800.

Yet, Holland does not propose that the cash-in-lieu be reduced this much, even though that would match what would be required in nearby jurisdictions. Rather, Holland proposes to reduce the \$10,968,750 amount calculated above down to \$1,371,975. This amount makes the Project feasible, while still being \$1,244,055 more or roughly 10.7X of what Holland would be required to pay in either Arapahoe County or Centennial.



Initial Park Fee (3 ppl / unit)	\$10,968,750
Fee for 1.64 ppl / unit	\$5,996,250
On-Site Amenities	(\$4,382,059)
Infrastructure Improvement	(\$242,216)
Requested Fee	\$1,371,975

### Conclusion

The Project will promote much-needed housing in the area and promises a vibrant, architecturally interesting community in the heart of Inverness. Strict application of the Resolution’s park land dedication requirements will cause a defunct site to remain an eyesore for years to come. In light of the reasons discussed above, we believe a reduction in the Resolution’s cash-in-lieu payment to \$1,371,975 will both adequately mitigate the impacts of the Project and meaningfully improve the County’s park infrastructure. The reduction in the cash-in-lieu payment will also facilitate the delivery of much needed housing into north Douglas County, which would otherwise be infeasible to develop in this location, necessitating the development of much more land in other areas of the county to provide for an equivalent number of housing units at a lower density.

We appreciate your consideration and look forward to addressing any further questions or comments.

Sincerely,

*Kelly Dranginis*

Kelly Dranginis

Managing Director, Holland Partner Group

**EXHIBIT A**

OCCUPANCY PER UNIT AT COMPARABLE PROPERTIES

<b>PropertyLocationName</b>	<b>Count</b>	<b>Occupied</b>
Project A	266	160
Project B	273	204
Project C	534	308
Project D	500	292
Project E	459	300
Project F	218	153
Project G	290	191
Project H	424	220
Project I	343	186
Project J	155	103
Project K	486	274
Project L	489	270
Total	4,437.00	2,661.00
Average:	1.67	Resident/Unit



**EXHIBIT B**

ESTIMATED COSTS FOR ON-SITE AMENITIES

Amenity/Leasing Building: \$2,327,147

Courtyard Amenity and Landscaping: \$1,186,342.16

Pool Deck Amenity: \$868,569.71

**Total: \$4,382,058.87**

# Aerial Map

SP2024-069

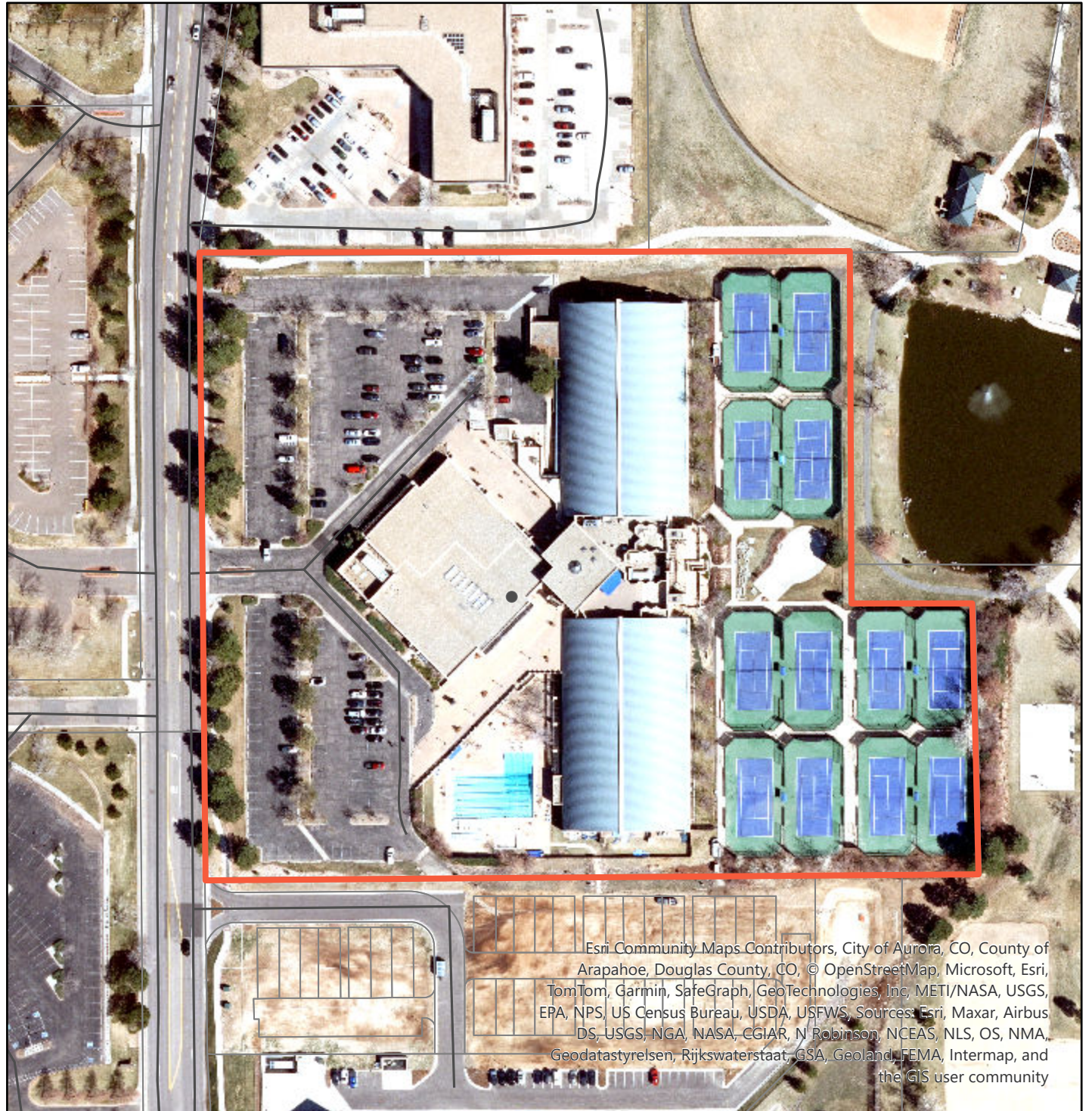
## Aerial Map



### LEGEND

— Major Roads

▭ Parcels - PARCELS



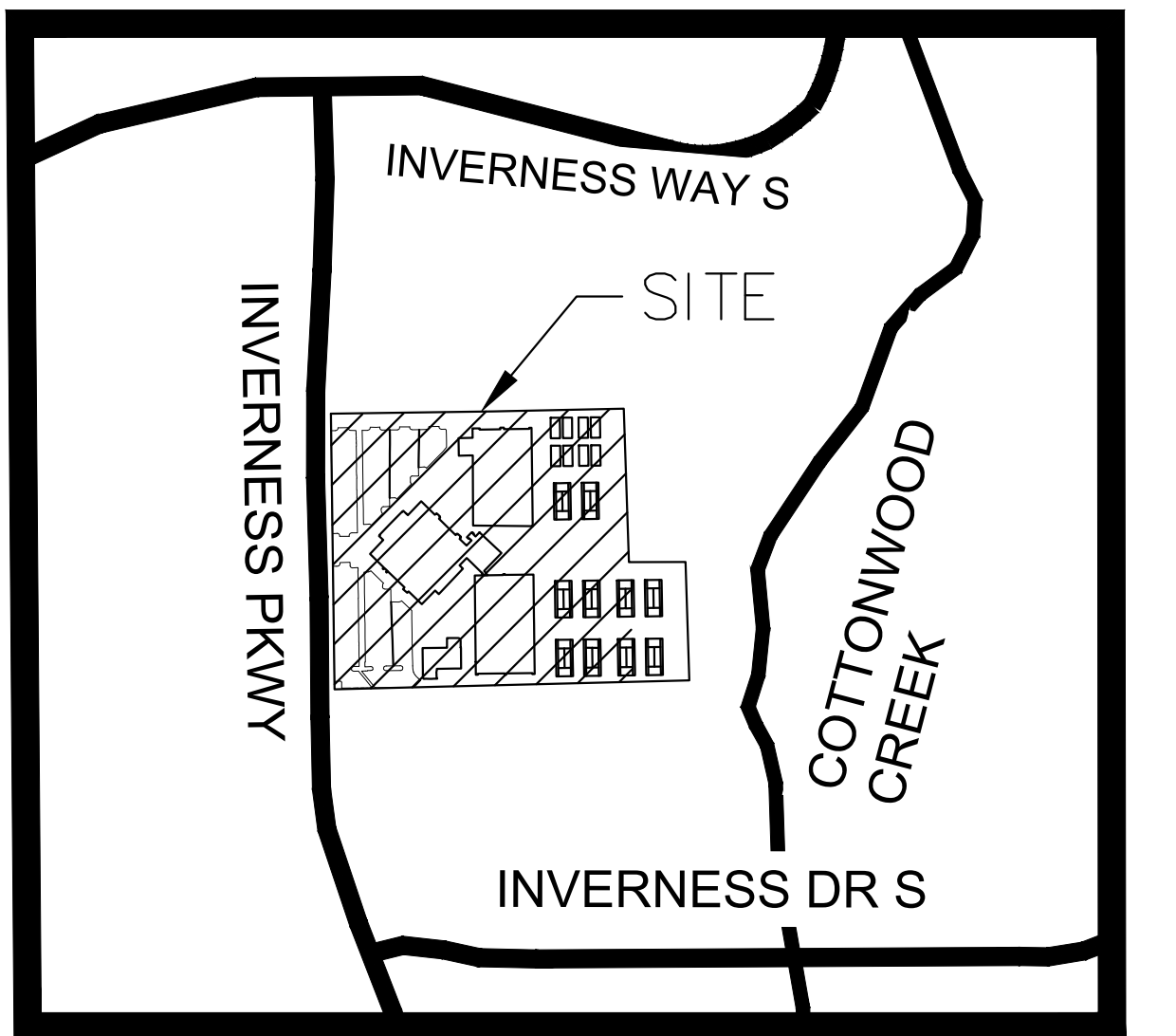
Esri Community Maps Contributors, City of Aurora, CO, County of Arapahoe, Douglas County, CO, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, USFWS, Sources: Esri, Maxar, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodatastyrelsen, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap, and the GIS user community

INVERNESS FILING 7, LOT 1, SUPERBLOCK A, 1ST AMENDMENT  
 NW QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 67 WEST  
 PLANNING AREA 1 - 10 ACRES  
 SITE IMPROVEMENT PLAN (REVISION TO EXISTING SITE)  
 SP2024-069

**APPROVALS**

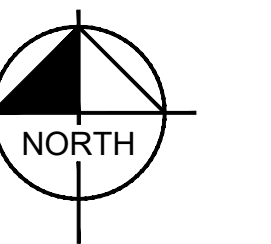
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PLANNING	DATE
OWNER	DATE

ARAPAHOE COUNTY



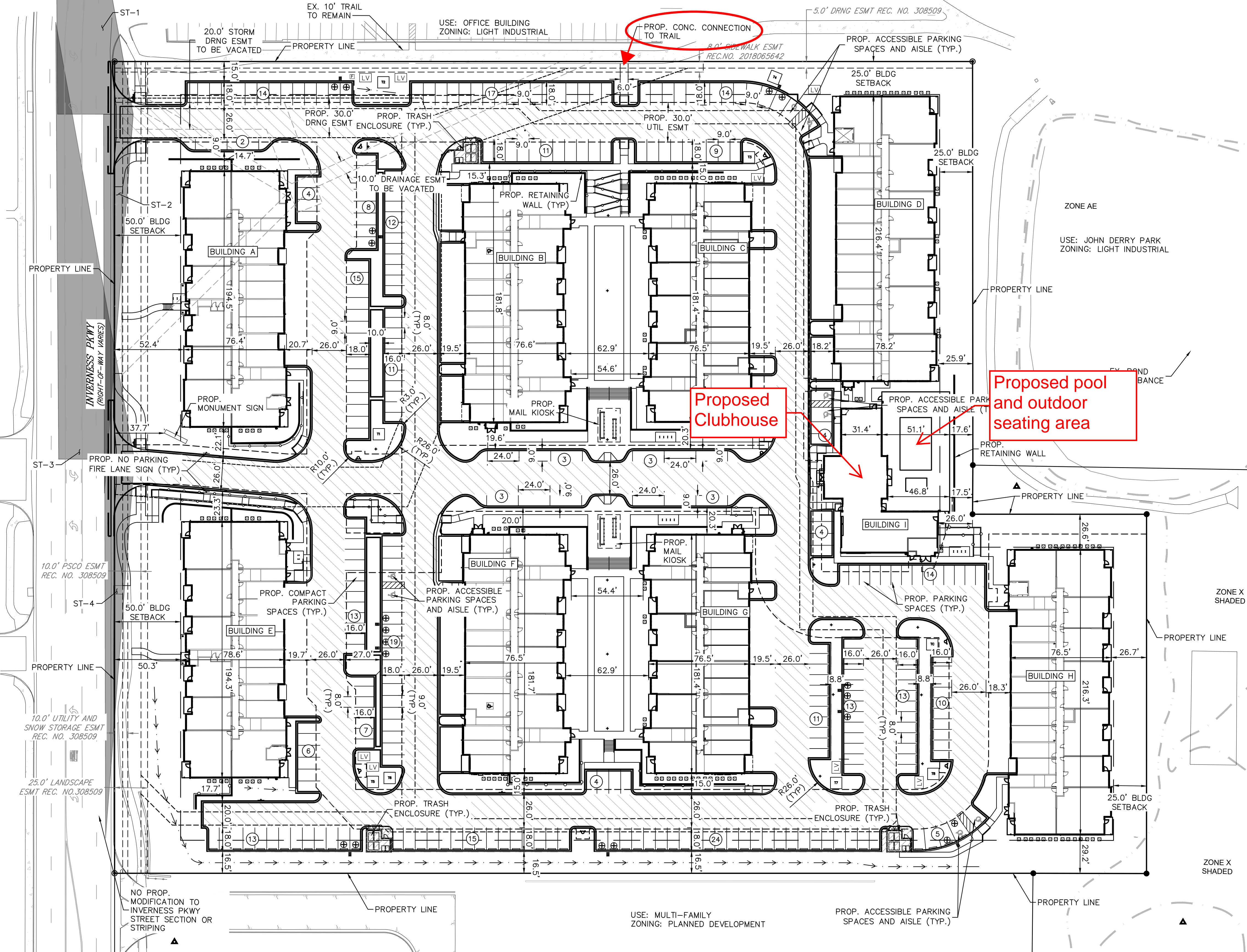
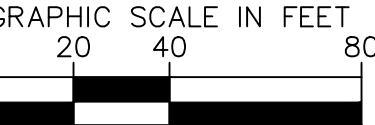
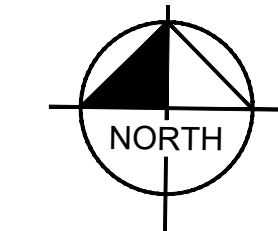
ALL EXISTING SITE IMPROVEMENTS, INCLUDING BUILDING STRUCTURES, WILL BE FULLY DEMOLISHED

KEY MAP (NTS)



LEGEND

- PROPERTY LINE
- 50' BUILDING SETBACK
- ⊕ PROP. SANITARY MANHOLE
- ⊕ PROP. STORM MANHOLE
- ⊕ PROP. STORM INLET
- ⊕ PROP. HYDRANT
- ⊕ EXISTING TREE TO REMAIN. IF ON-SITE, TO BE PROTECTED IN PLACE
- ⊕ EXISTING SANITARY MANHOLE
- ⊕ EXISTING STORM MANHOLE
- ⊕ EXISTING POWER POLE
- ⊕ EXISTING LIGHT POLE
- ⊕ EXISTING SIGN
- ⊕ ELECTRIC VEHICLE CHARGER
- ⊕ ELECTRIC VEHICLE INSTALLED PARKING STALL
- PROP. 6" CURB AND 12" GUTTER PER
- ON-SITE 6" CURB AND 24" GUTTER IN ROW
- ▨ EXISTING CONCRETE PAVEMENT
- ▨ PROP. ASPHALT HEAVY DUTY
- ▨ PROP. ASPHALT, LIGHT DUTY
- ▨ PROP. LIGHT DUTY CONCRETE SIDEWALK
- ▨ PROP. HEAVY DUTY CONCRETE
- PROP. LIMITS OF REMOVAL. INDICATES "SAWCUT" IN ASPHALT. INDICATES "REMOVE CONCRETE TO NEAREST PANEL" IN CONCRETE PAVING.
- ▬ PROP. RETAINING WALL
- ▬ PROP. PEDESTRIAN WALL
- ▬ PROP. UTILITY EASEMENT
- ▬ PROP. DRY UTILITY EASEMENT
- ▬ PROP. DRAINAGE EASEMENT
- ▲ SIGHT TRIANGLE INFO
- ST-1, ST-3: 1.47(30)(7.5)(1.0) = 330.8 (~331')
- ST-2, ST-4: 1.47(30)(6.5)(1.0) = 286.7 (~287')



Proposed Clubhouse

Proposed pool and outdoor seating area

No.	Description	Date

ISSUE DATE 10.18.2024

SHEET TITLE

SITE PLAN

SHEET

2 OF 32

ARCHITECT'S PROJECT NUMBER #HP220004