

Denver Planning and Development Report *Curating the topics driving Denver's growth*

DENVER'S WHALE SITES WINTER 2017 EDITION

This is the first in the series on Denver's "Whale Sites". We define Whale Sites as prominent underdeveloped land parcels whose size and location will influence Denver's future growth and development. Examples include the Bell Tower site, Aquarium Parking Lots, Burnham Yard, the former Denver Post Printing Site, and Peña Station Next.

The Bell Tower: a Site Design Riddle

written by Steve Ferris 3/1/17

INTRODUCTION: The "Bell Tower" property straddles Cherry Creek and is surrounded by Speer Boulevard, Market, Larimer, and 14th Streets. It takes its name as the historic site of Denver's first City Hall, which contained a bell tower, the bell from which is mounted on a pedestal on the far east corner of the site. The easternmost (or northeast per the downtown grid) portion of about 24,700 square feet is oriented to LoDo, and is often termed Bell Park, but it is not a park. The western portion, sitting across the creek along Speer, is about 40,700 square feet. (Note: square footages are based on the current site zoning documents.)

Making development difficult is the fact that the site defines downtown Denver and its relationship to the Auraria campus. Moreover, it is physically bifurcated into the two described triangles by Cherry Creek, which in turn serves as public open space, flood control feature, bike path, and waterway. Any crossing or access to it requires close scrutiny. Development on the site must also observe a west-facing mountain view corridor blocked by a 5-story building only 600 feet across Speer. It is also subject to three LODO design review subareas, and limited by an outdated 2006 PUD zoning scheme. In sum, the site's constraining physical features are exacerbated by awkward regulatory obstacles.



SOME INSIGHT & HISTORY: The Bell Tower site is significant in part because it is the last large undeveloped parcel in Lower Downtown, in part because of its close proximity to the Cherry Creek trail and Larimer Square, and in part because it serves as a connection between the Auraria Campus/Pepsi Center and downtown. As the Auraria Campus evolves, the Pepsi Center parking lots become garages, and the Elitch Gardens amusement park is redeveloped, these areas will need to make strong connections to downtown. Development along Speer is an obvious connection point.

Development plans for the 65,000 square-foot site have a brief if challenging history. They date back to the 2006 PUD zoning approved for about 94% of the site, which enabled a needle tower apartment on the northwest triangle, and a 5-story building on the southeast, both of which were close to LoDo design review approval when they were felled by the 2008 crash. The existing zoning does grant two development plan options, but otherwise exhibits a regulatory scheme that requires patience. The PUD was intended to capture aspects of the historic site and respect the low-scale development pattern of LoDo, but primarily on the Bell Park portion. The remainder of the site is granted significant density, but is regrettably subject to a 7,500 square foot building footprint.

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Complicating matters is that any rezoning process would have to engage neighborhood representatives, City planning staff, and the Lower Downtown Design Review Board, prior to reaching the City's Planning Board or City Council. The view corridor change would also require a separate City Council legislative act. Most estimates suggest processing rezoning would require a minimum of 24 months.

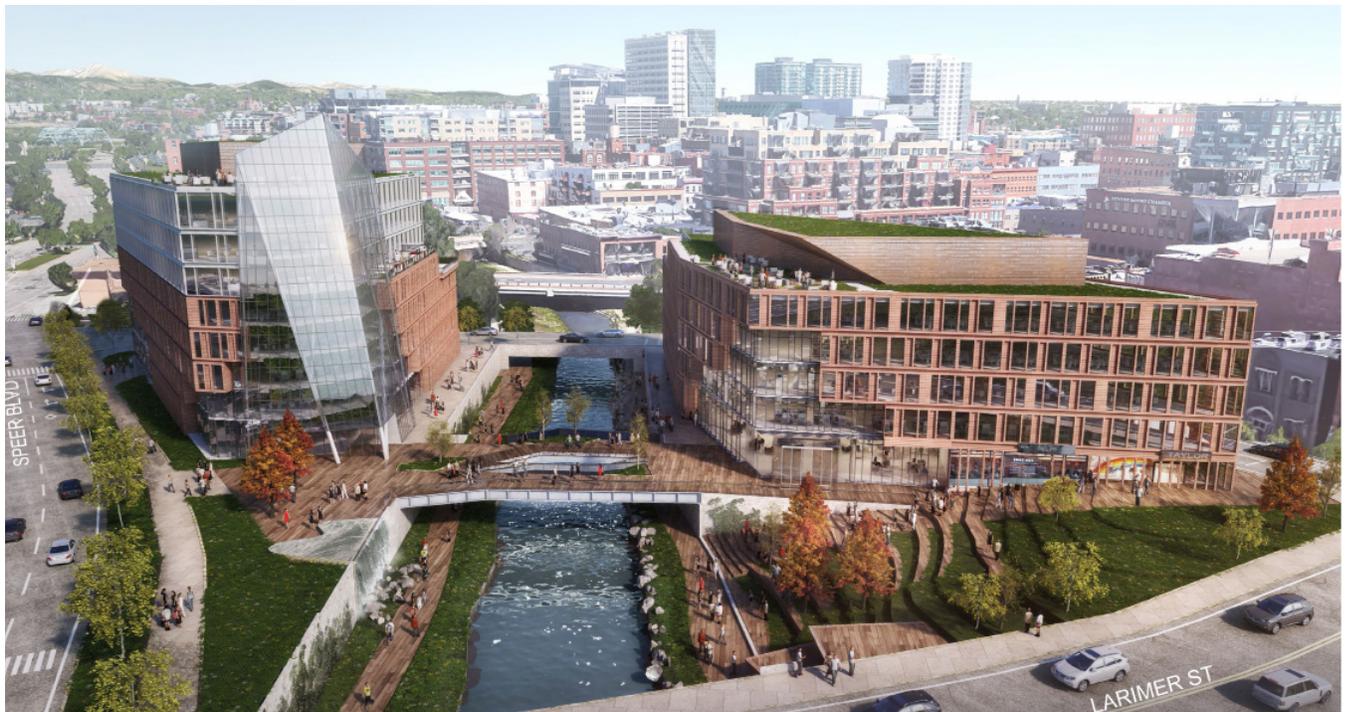
POSSIBLE SOLUTIONS: With time and resources one might come up with several creative solutions. The two sites could be separated for development timing purposes, or the City may be able to reduce the regulatory burden by unilaterally amending the site's regulatory scheme (a project which would need to have its own public purpose). Alternatively, a buyer might be able to justify the holding costs by capturing a premier offering say for office space and parking complementing Larimer Square.

The blunt reality may lie in two options rendered below. The Option 1 is to dig deep and pursue a two plus-year entitlement process, with some assurances that the view corridor can be lifted and a belief that the solution that makes the development numbers work will be acceptable to the regulators and ultimately City Council. This option could pursue two projects, the first would be a 5-story building at 14th and Larimer that fits the LoDO context, and the second would be a tower at Market and Speer that accommodates a transition between the west and east sides of Speer.

Option 2 is to pursue a design under alternative two of the 2006 PUD, which would create roughly two, 5-8 story buildings. Economic assumptions regarding the value of the site as a marquee pricing option, and perhaps physical relationships to the established success of Larimer Square, would have to be embedded in such a proposal.



pictured above: Option 1, creating two projects of different styles. This preserves the view corridor. pictured below: Option 2, linked design with a lower scale.



By the numbers:

Wells Fargo's January, 2017 Colorado Economic Outlook reported that:

- Employment outside of energy and mining has remained strong. Gains in Construction helped off-set job losses in Mining.
- The bulk of Colorado's growth comes from information technology (software development and data processing), aerospace, health care, and leisure and hospitality sectors.
- The State's unemployment rate fell below its pre-recession low of 3.5% and now stands at 3.2%.

This job growth is reflected in the office and industrial markets.

Cushman & Wakefield reports:

- Denver's industrial market ended the 4th quarter, 2016 with a 4.3% vacancy rate, absorbing about 2.7 million square feet for the year. In January, Amazon announced plans to open a one-million square foot fulfillment center in Aurora that will employ 1,000 full time people. This is in addition to the sortation center it had already opened in Aurora.
- The office market finished 2016 with an overall vacancy rate of 11.9%. Absorption was muted, totaling 157,000 square feet for the year, compared to 1.6 million square feet the year before. Nevertheless, Denver remains a relocation destination, attracting BP's Lower 48 division moving from Houston and Agility Recovery relocating its headquarters from Charlotte.

In the Know:

What You Might Have Missed on the DENVER CITY Development Scene

- 38th and Blake area rezoning legislation remains under development. Last Fall's plan development was the straight-forward part. Drafting regulations that allow the height increases subject to the provision of specific amounts of public benefits such as artist spaces or affordable housing is complex.
- The National Western Center will be releasing an RFQ to complete a \$2MM Placemaking effort, that will encompass program refinement, a public realm study, design standards and guidelines, and 30% infrastructure Design for phases 1 and 2. *Google "NWC Placemaking RFQ"*
- The City is initiating work on zoning code changes to improve the design of "slot homes", AKA town homes that turn sideways from the street. *Google "Slot Home Text Amendment."*

- New zoning provisions amending the small-lot exemption from parking requirements have been drafted and are under public consideration. Approval will lift the current moratorium on using the exemption. *Google "Small Lot Parking Exception Text Amendment."*

Denver Planning and Development Report

is a quarterly publication highlighting noteworthy real estate development and regulatory trends in the Denver market. Market makers, economic development, and regulatory officials will be consulted to provide a more in-depth understanding of what is affecting this high growth market. Comments, criticism, and topical suggestions are welcome so that the publication can be relevant, accurate, and insightful.

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