

ULI Colorado *Technical Assistance Program Services (TAPS)*

Leadership in Responsible Land Use



Sun Valley Study for Denver Housing Authority

June 15-16, 2010



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I) Overview

Located near the South Platte River and Invesco Field, the 30-acre, 330-home Sun Valley neighborhood is the most isolated and distressed property in the 5,000-home portfolio of the Denver Housing Authority (DHA). Job opportunities in Sun Valley are limited. The need for social services is great. Average household income is only \$10,000 a year. Crime and gangs are a problem.

Local services are inadequate to support a balanced, healthy lifestyle, especially in support of Sun Valley's many children. There is a recreation center, public elementary school (albeit a low-performing school), but there is no local fresh-food grocer or basic neighborhood retail. There is employment in the form of local light industrial but that does not necessarily provide neighborhood jobs. Whereas residential neighborhoods often look at adjacent industrial uses as a negative, that is reversed in Sun Valley, where owners of industrial properties may feel the residential neighborhood pulls down their property values.

In June 2010, DHA asked a volunteer panel composed of members of the Urban Land Institute to consider future alternatives for Sun Valley. Assuming that current residents can be relocated to higher-quality housing with greater opportunity elsewhere in Denver, is there a better use for this land? What are the opportunities provided by the coming of light rail to Decatur Street in 2011? Are there potential collaborations with the Invesco Field at Mile High Stadium Authority? Denver Parks and Recreation? The Greenway Foundation?

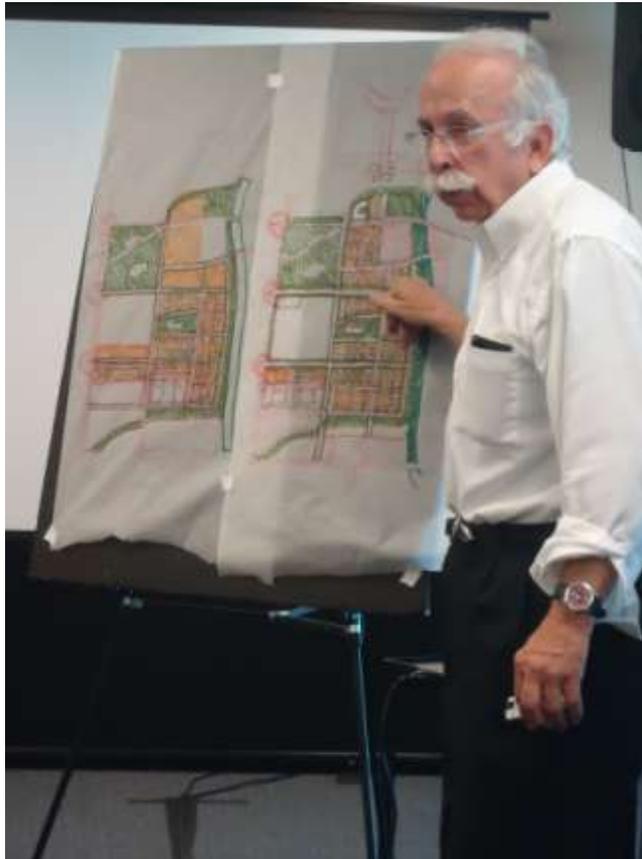


Key findings:

- There is little potential for a major employment/commercial/entertainment development on the current Sun Valley property. Options explored and put aside included biotech park, business park, ancillary Broncos facilities, and retail
- There is potential for expanded small-scale industrial/flex development on the site, similar to existing uses on its south border
- Rebuilding housing on the current site is not a recommended option
- DHA can assemble a more viable site to the north, clustered around the new Decatur light rail station and adjacent to parks, the river, and potential future development on the south edge of the Stadium District.

Key recommendations

- Dispose of Sun Valley site or negotiate land swap for parcel(s) closer to light rail station, rec center and current/future retail areas.
- Assemble land close to Decatur light rail station
- Master Plan sub-area for a mixed-income residential TOD
- If this is not feasible dispose of Sun Valley Homes site and use resources to rebuild elsewhere



II) *DHA Problem Statement*

The existing Federal station area is characterized by low-density residential uses and substantial quantities of underutilized properties and City-owned land. The station area is adjacent to extensive open space amenities and is in close proximity to a number of key destinations, including INVESCO Field, the Auraria Campus, and downtown Denver. However, the Sun Valley Neighborhood is a troubled neighborhood. The land sits low in the South Platte Valley and is surrounded and isolated by highways, a power and steam generation plant, an industrial park, the football stadium complex, the South Platte River and other non-residential uses. The Housing Authority of the City and County of Denver (DHA) owns 330 units on over 30 acres in the heart of Sun Valley. Additional context for this property includes a future FasTracks West Corridor light rail stop at 14th & Decatur, a small industrial district, a city recreation center,

Fairview Elementary School, Sanchez Park, Xcel Utility Plant, and a Denver Health and Human Services campus. There are a small number of traditional, single family structures in the neighborhood that serve varied uses from owner-occupied residences to light industrial use, as well as substantial public land holdings that operate at minimal levels. The full sub-area context is approximately 80 acres when considering the ability to plan or create a place in Sun Valley.

There are four major land owners within the Federal Station study area. Portions of these properties have a high potential for redevelopment due to underutilization and their proximity to the Federal light rail station. The land owners are:

- Xcel Public Services
- City and County of Denver
- Metropolitan Football Stadium District
- Denver Housing Authority (DHA)

DHA seeks advice on the potential for the greater site to make an appealing “gateway” for a master-planned commercial-based concept. Residential centric mixed-use concepts have been studied to determine potential number of units and ground floor activation that could happen in this site. However, DHA feels that it is important to explore various options creatively in the context of an 80 acre site, near downtown, along the South Platte River, with a planned light rail stop adjacent to a major professional football stadium. What does a commercial campus, institutional use, business park, biotech campus, entertainment district look like in this context? What are the potential redevelopment issues, market realities, and urban design issues?

Socially, this area is stigmatized with isolation. This is true from a topographic, access and social standpoint. The topographic setting limits the view plane and ability to “see out” of this area creating a very real physical sense of isolation. There are limited through streets making access a challenge and this area a place that people drive around not through. When these issues are combined with the predominant poverty of the Neighborhood with limited to no services or business investment, the social isolation multiplies. As DHA has looked at the redevelopment of Sun Valley Homes, it is clear that a significant investment that just dealt with the current physical site would do nothing to revitalize the area. This forces the issue for a broad look at larger redevelopment site and what is the optimal approach to create “place” where little exists today.

DHA operates Sun Valley Homes which is a typical aged public housing site built in the 1950s with concentrated poverty in an urban but remote location bordering industrial activities. DHA knows that it is extremely difficult to redevelop Sun Valley Homes into a stable mixed-income sustainable community on its existing isolated sight. Therefore, it is imperative that the surrounding larger neighborhood be addressed in order to effectuate significant change. DHA

and the City and County of Denver jointly conducted a Station Area Plan for the Federal Station as part of the West Line build out. This plan looked at the absorption of a large mixed-income residential redevelopment with supporting commercial and office space. With this effort DHA and the City feel that they have explored the residential based option. The current desire is to look at this area in a fresh way that takes away any required programs and simply asks what does a large acreage site, with the existing and upcoming amenities, mean for redevelopment in this area of the City.

DHA would benefit greatly from the insights and experience of the participants on the following questions:

1. Previous plans indicate a significant amount of housing for the future of Sun Valley. Should there be housing in Sun Valley?
2. How do development opportunities change if approximately 70 acres can be assembled?
3. What value or role does the river play in a larger redevelopment scenario?
4. What are the primary barriers to redevelopment?
5. What role does the Metropolitan Football Stadium District/Broncos Organization play as an amenity to the development conversation?
6. What significant capital investments are needed to create an attractive redevelopment area?
7. What strength does the larger redevelopment site have to attract:
 - a. Major Employer
 - b. Entertainment District
 - c. Business Park
 - d. High density mixed use development
 - e. Other
8. What commercial market indicators are important to track to measure redevelopment interest?
9. If redevelopment were to occur, what is a logical phasing or growth approach?

III) Process

A TAP is an intensive two-day process designed to create strategic recommendations for key sites. TAP panels are drawn from a full variety of disciplines as would be needed to implement a full project from start to finish: architecture, engineering, land acquisition, finance, planning, and development, for example. The Sun Valley TAP included two developers, two brokers of industrial land, a real estate economist, urban designer, and city planner (bios in back).

A TAP is preceded by extensive preparation. For the Sun Valley TAP the DHA prepared a two-inch thick Advance Packet containing detailed maps, zoning overviews, and adjacent or overlapping plans that will influence Sun Valley's future, such as the Federal Station Area Plan for RTD Fastracks West Corridor line.



TAPs panelists received this packet one week in advance and on June 15 the panel launched the process through a bus tour of Sun Valley followed by interviews with key stakeholders (see XI.).

Key stakeholder findings:

Xcel Energy: No plans to abandon South Platte substation and tank farm fronting which Xcel operates under a franchise agreement with City of Denver through 2027. Zuni power plant is used only during peak demand periods. Advent of light rail has no bearing on Xcel's asset management or planning.

Greenway Foundation. Is in the last part of third phase of South Platte planning. Has crafted \$100 million worth of river improvements that to date has leveraged \$10 billion of investment. Another \$300 million of river improvements needed with no clear funding source. Big river issues are containing 100-year floods; pollution and trash from stormwater runoff; flood control and other safety improvements along gulches. Fully supports access, recreation and housing along the river.

Denver Urban Renewal Authority. Would entertain creation of tax-increment financing (TIF) district for redevelopment. This can be coordinated with Metropolitan Stadium District. Concerned about job loss if the entire industrial corridor converts to residential.

Sun Valley Community. Only one-third of residents have cars yet area lacks safe or inviting pedestrian connections. This is a big issue with 600-900 kids and a 270-student elementary school in Sun Valley. Unemployment is high and more job training is needed. Formerly had the city's worst crime rate but has been

better in last three-four years. Community does not mind the industrial uses. Local businesses support the Youth Center. Transit and TOD are not high on neighborhood concerns but many will use light rail because they don't own cars. Some private homes have been the same family for 75 years and some public housing is multi-generational.

Metropolitan Football Stadium District. The Broncos' lease runs 25 more years on Invesco. District tries to be a good neighbor with programs to manage traffic, parking, and trash on game days. Light rail will decrease parking needs and create the potential for redevelopment of surface parking. Stadium District would like to see entertainment/retail development to make stadium more of a destination and a place to linger. May be able to leverage team sponsors to attract national retailers. Location of Decatur light rail station a "lost opportunity" to create a promenade leading to stadium. Not in the development business but interested in seeing development occur, modeled on other stadium areas like Wrigleyville or Patriot Place (1.3 million square feet of retail/food/entertainment/hotel). Considers all 85 acres as potential development sites except for the stadium footprint itself. Discussing joint venture with private developer to make major mixed-use development happen.

Regional Transportation District (RTD). This is one of the few FasTracks stations with access to public land. Challenges to TOD include the station location and a federal funding formula that requires RTD to provide 2,000 parking spaces.

Denver Public Schools. Fairview Elementary has about 270 students and 200 empty seats. Almost all students come from Sun Valley and 98 percent qualify for free lunch. This is a historic building and not in need of replacement. Test scores are troubling but have been rising in recent years with enrollment slightly up. A smaller school may better serve a population of low-income kids. The school is a huge community resource and anchor.

Mayor's Office. There's no place in the city with higher poverty, crime and rate of children being removed from their parents. But Sun Valley has resources, including jobs, the Rude Recreation Center, Fairview Elementary, and light rail. A new fresh foods grocer and library are scheduled to be built nearby on Federal in the near future. Despite the problems and multi-generational poverty, residents are devoted to Sun Valley. The top three improvements would be: improved access to jobs; riverfront improvements and access; and collaboration with the three property owners who rent private homes between Sun Valley and the Stadium District.

Local business. Demand for industrial flex space in Central Denver would welcome new product in this neighborhood. Access to I-25, 6th and 8th avenues is key. Industrial users do not perceive crime as a problem. Employees do not live in or near Sun Valley. Some would jump at the chance for high-quality home ownership or rental near their work.

IV) Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Strengths:

Visibility/highway access

River amenities

Light rail station

Large infill site near downtown and Auraria

Existing school

Proximity to stadium

Rude Recreation Center

Government/employment options on Federal

Existing light industrial spaces attract users and jobs

Weaknesses:

Poor demographics

Isolation/landlocked with poor access and no obvious entry point

Xcel facilities block access and views to river

Fragmented ownership

Surrounding industrial creates poor image/perception

Colfax viaduct is unsightly, noise, creates blight beneath the roadway

Drainage issues

Perceived crime rate

No existing buildings to renovate to spark a revival a la LoDo/RiNo. This also inhibits phased development (natural progression is to rehab existing buildings first and then fill in vacant lots)

Opportunities:

New window to Downtown

Linking trolley, light rail, downtown, Invesco

River-oriented development opportunity

New riverfront recreation such as a park and access for rafting

Stadium entertainment district

Improve use areas lost under Colfax

Partnership with Broncos to run youth programs

Threats:

Unknown environmental pollution and cleanup cost

An isolated area that is invisible to passersby

Neighborhood concerns about displacement

Flooding

Competing sites

Financial markets

Economy

V) Key Findings/Strategic Directions

a) The panel ruled out several redevelopment possibilities for Sun Valley.

1) ***Biotech Park.*** The neighborhood and its immediate environs lack the medical or research facilities to attract this type of master planned development. Even at the mile-square Fitzsimons, for all its successes, biopark development has lagged.

2) ***Master Planned Business/Light Industrial Park.*** The success of Denver's Gateway (Business) Park near DIA is predicated on access to

I-70 and the airport. Sun Valley lacks the land area and access to compete with a development on that scale.

- 3) **Office.** With downtown vacancies up and rents lagging, there is no likely forecast for new office demand.
- 4) **Housing.** The panel agrees with DHA's assessment that rebuilding housing on the Sun Valley site (in its current isolated state) is not the best use of the land; it will not accommodate DHA's format of mixed-income housing on a large scale and will not serve existing residents as well as rebuilding in another location.
- 5) **Dove Valley "Light."** The Broncos have expressed interest in moving their practice facility closer to Invesco Field, but Sun Valley does not offer enough land for this facility. The Panel was nonetheless intrigued by the idea of Broncos' participation in a riverfront park to be used for youth football, soccer, lacrosse, etc.
- 6) **Entertainment District.** This is much more likely to occur on Stadium District land to the north. The panel strongly supported this vision of stadium-oriented retail and entertainment uses, but felt it more appropriate that this development begin at or near the stadium and extend southwards to approximately Colfax. There was little or no support for commencing retail development as far south as the Sun Valley site.

B) Strategic Directions

1. **Get bigger or get out.** The current Sun Valley Homes site is not viable for a DHA-backed development. If DHA cannot assemble a better and larger (20+ acres) site closer to the light rail station, rec center, and other residential-oriented amenities, it should attempt to sell the property to appropriate potential buyers and exit the neighborhood.
2. **Assemble 20+ acres to the north** adjacent to the light rail station and Stadium District. With access to light rail and public parks, this creates a promising TOD residential site.
3. **Land from south of Fairview Elementary to 6th Avenue should revert to market demand** suggesting an enlarged and contiguous light industrial zone.
4. **Assemble a better, bigger site** by acquiring the Xcel site and surplus/overflow parking from the Stadium District.

VI) Recommendations

- a) Assemble land wrapped around the light rail station for a new master-planned mixed-income residential community.*

This should be a primarily high-density residential district, including affordable and market-rate rental and for sale. The greater density is needed to offset the higher land costs near the light rail station and will also create a desirable TOD.

Utilize the existing and expanded Platte River frontage (acquired from Xcel) to create an exciting new riverfront park and residential development opportunities. Create new view corridors and access points to the river from both Federal Blvd. and the light rail station to create an inviting new environment and destination...a real reason to come here.

Be conservative about retail. Initially the neighborhood may support no more than 20,000 square-feet of neighborhood-serving retail like a coffee shop and cleaners. Build the rooftops first and let the retail evolve later.

- b) Use land swaps and other creative finance tools to make this happen*
- c) If a) and b) cannot be done sell or swap Sun Valley and rebuild elsewhere.*

VII) Assumptions

The Panel assumes the following issues would be resolved before a successful redevelopment of the neighborhood.

- a) Market/economic recovery supports development plan within 3-5 years
- b) Light rail makes neighborhood much more desirable
- c) Value of Sun Valley land is about \$3-4 million
- d) Infrastructure costs to reassert grid and create safe connections could reach \$9 million. It will be a challenge to structure public finance to pay these costs.
- e) City approves new subarea plan and zoning to enhance neighborhood value to developers and users
- f) Development obstacles are resolved, including

- 1) Environmental cleanup
- 2) Floodplain
- 3) Neighborhood support
- g) Reconnect to the grid
- 1) Eliminate concept of 20-40 acre “campus” or large parcel user, given negative outlook for bioscience park and/or major office employment center.
- 2) Access to the river imperative

VIII) Urban Design and Planning Concepts

- a) Reestablish the street grid as much as possible but based on traditional Denver blocks, not 200x200 “Portland Blocks,” which are more expensive to build and maintain
- b) Create gateways with access to Federal and 10th Avenue
- c) For the entire 80-acre study area, concentrate residential land use to the north and expand existing industrial to the south
- d) Create promenades and vistas leading to the river To greatest degree possible take advantage of the three natural amenities – the two gulches and the river
- e) Use the park-like character of the school grounds to delineate and buffer between light industrial and residential neighborhood
- f) Cluster housing near the waterfront and light rail station
- g) Acquire the Xcel “tank farm” to create and expand a new riverfront park. If this cannot be done screen the tank farm from new residential uses

IX Implementation

- a)** DHA puts all its capital tools into play
- b)** Raise private equity through joint ventures with developers
- c)** Work cooperatively with City and County of Denver, Xcel, and Broncos/Stadium District to acquire all key properties

- d) Collaborate with the Broncos/Stadium District to ensure that new development to the north complements the proposed Stadium entertainment district that could be directly adjacent to the north.
- e) Work with Broncos to develop Youth Programs for Sun Valley and greater neighborhood
- f) Build partnership with Denver Parks and Rec, DPS to improve neighborhood park space, access and safety.

X) *About ULI Advisory Services*

On June 15-16, 2010, the Denver Housing Authority (DHA) engaged the Colorado District Council of the Urban Land Institute (ULI Colorado) in an advisory panel through the Technical Advisory Program Services (TAPS) program. The TAPS advisory panel brought a team of ULI Colorado members to interact with a team of stakeholders and administrators from CU-Boulder.

Since 1947, the national ULI advisory services program has assembled more than 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. ULI Advisory Services have provided solutions for such key Colorado sites as the Colorado Convention Center, Coors Field, Fitzsimons, and the Denver Justice Center.

ULI Colorado's Technical Advisory Program Services (TAPS) offers the same type of national ULI expertise at the local level through our 950-member District Council. Founded in 1998 by Walter A. "Buz" Koelbel and Byron Koste, ULI Colorado has grown into one of the largest, most diverse and active of ULI's 51 District Councils. The leadership of ULI Colorado includes Chair William Mosher, area director, The Trammell Crow Company, Denver; and Executive Director Michael Leccese. An Executive Committee of 30 leads efforts of 200 volunteers on 15 committees. ULI Colorado's core issues include transit-oriented development, compact regional growth, and workforce housing. TAPS have addressed such sites as the Boulder Transit Village and Colorado Chautauqua. (<http://colorado.uli.org>)

Whether national or local, each panel team is composed of qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI panel teams are interdisciplinary and are developed based on the specific scope of the assignment. ULI teams provide a holistic look at development problems. Each panel is chaired by a respected ULI member with previous panel experience.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; interviews of key people within the community; and a day of formulating recommendations. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the sponsor's discretion, a written report is prepared and published.

XI) Participants



ULI Colorado Panelists

Ray Pittman, Principal, Pittman Development Group (Panel Chair)

Dick Farley, Architect, Urban Designer, Civitas, Inc, Denver

Jamie Fitzpatrick, Executive Vice President, Corum Real Estate Group

Mark Lucas, Managing Director, Jones Lang LaSalle, Denver office

Deirdre Oss, Senior Planner, City & County of Denver, Planning & Community Development

Tom (TJ) Kaufman, Northern Front Range Specialist, Land Advisors

ULI Colorado staff:

Michael Leccese, Executive Director

Kacey Wilkins, Director of Development and Communications

Cindy Christensen, Community Outreach Associate

TAPs committee co-chairs

Al Colussy, klipp

Chris Coble, Alliance Construction Solutions

Denver Housing Authority

Ismael Guerrero, Executive Director

Christopher Parr, Director of Development

Stakeholders

Roxane White, Chief of Staff for Mayor John Hickenlooper

William Lee-Ashley, Real Estate Dept., Denver Public Schools

Greg Greenwood, representing industrial owners in the area

Jeff Shoemaker, Executive Director, the Greenway Foundation

Tracy Huggins, Executive Director, Denver Urban Renewal Authority

Kirk Scheitler, Xcel Energy

Mac Freeman, Metropolitan Football Stadium District

Phil Kaspar, Sun Valley resident

Councilwoman Judy Montero, District 9

Bill Sirois, Regional Transportation District

Terry Erwin, Mile High Partners, LLC (Mile High Way project)