**Introduction**

In Meeting 2, we will continue the conversation about the zoning envelope and building form. The meeting will focus three main topics: key corridors, building height, and upper story mass.

Please review the attached information before the meeting.

**Packet Materials**

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<td>Draft agenda</td>
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<tr>
<td>Meeting 2 background info</td>
<td>3-37</td>
<td>These pages provide background on some of the key topics that will be covered in Meeting 2. Staff will present more information at the meeting for task force discussion.</td>
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<tr>
<td>Excerpt from memo prepared by KHO Consulting for the Arapahoe Square component of the NE Downtown Neighborhoods Plan in 2011</td>
<td>38-39</td>
<td>This memo (prepared as part of the plan in 2011) provides an economic analysis of parking lot revenue and its impact on the land value of parking lots. Note the last paragraph, which explains why a “downzoning” may not have the intended effect of encouraging the redevelopment of parking lots.</td>
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<td>Example floor plans of parking garages with column spacing around 15 ft</td>
<td>40-41</td>
<td>These are floor plans from actual projects that have been constructed in Denver that illustrate how a 15 ft column spacing can work with a typical parking garage layout.</td>
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3:00 – Opening/Welcome

3:15 – Recap of Meeting 1 and Goals for Meeting 2

3:20 – Presentation
   • Key Corridors
   • Max Building Height
   • Datum/Upper Story Mass

4:10 – Break

4:20 – Task Force Discussion and Feedback

5:55 – Wrap-Up and Next Steps: Meeting 3 on April 30 (3-6pm) at Stout Street Health Center - 2130 Stout Street - Education Room

Find meeting materials and information at www.denvergov.org/arapahoesquare
Meeting 1 Recap and Meeting 2 Goals
Feedback from Mtg 1

• More flexibility in datum approach
• Consider lower height for base – only reach max plan heights with incentives and point towers
• Explore upper story mass reduction, especially for buildings with longer street frontage and taller height
• Building form should respond to key corridors
Meeting 2 Goals

• Task force to provide guidance on three interrelated topics:
  – Approach for building form on key corridors
  – Approach for maximum building height
  – Approach for accomplishing datum/upper story mass reduction
Key Corridors

Summary of characteristics and case studies for the key corridors in Arapahoe Square. Includes initial thoughts about what might be the appropriate building form approach for these corridors. The focus is on height/mass. Other items that we might want to tailor for certain streets, such as build-to, can be discussed in future meetings.
Broadway
Broadway - Characteristics

• Regional connector
• Gateway to downtown
• Strong diagonal axis – connection to State Capitol
• Plan Vision: Grand Boulevard
Broadway – Form Approach

• No requirement for upper story stepback or mass reduction
21st Street
21st Street - Characteristics

• Plan vision: festival street
• Heart of neighborhood
• Intimate, pedestrian-friendly
• View corridor to Coors field
Festival Street Example
21\textsuperscript{st} Street – Form Approach

- Strong datum line through required upper story mass reduction at 2-5 stories for 100% of street frontage
- Frame view of ball field
- Ball field entry feature at 21\textsuperscript{st} street is 5 stories tall
Welton Street - Characteristics

- Major transit corridor
- Transit-oriented development
- Key connection to Downtown
- Transition between Arapahoe Square and neighborhoods to the east
South Lake Union Seattle
Welton Street – Form Approach

- Consider tailored build-to approach (future meeting)
- Maybe reduced requirement for upper story mass reduction?
20th Street- Characteristics

- Downtown edge
- Directly abuts D-C zoning with 400’ max height
20th Street – Form Approach

- No requirement for upper story stepback or mass reduction

State Street in Chicago
Datum and Upper Story Mass

This section includes several case studies related to upper story stepbacks/mass reduction. The example buildings may be helpful to keep in mind when discussing a more flexible approach to accomplishing the plan’s datum recommendation. Meeting 2 will include much more content and information about how we might want to develop an approach for Arapahoe Square.
Plan Guidance

- Datum line: require buildings to step back from street at maximum of 5 stories (stepback may occur anywhere from 2-5 stories)
- Purpose: create a pedestrian-scaled base for buildings taller than 5 stories
Datum Approach

• Goals
  – Accomplish plan guidance for a strong pedestrian base
  – Allow for flexibility and variety
  – Consider what is buildable and the possibility that the first 1-5 stories could contain parking
  – Unique approach for key corridors

Above: graphic from NE Downtown Neighborhoods Plan illustrating datum concept for Arapahoe Square
Sugar Cube – 9 stories

100% of frontage on 16th St steps back by 20’ at 6 stories

80% of frontage on Blake St steps back by 20’ at 4 stories
Palace Lofts – 10 stories

45% of frontage on Blake St steps back by 15’ at 4 stories

60% of frontage on 15th St steps back by 15’ at 4 stories
University Building - 12 stories

No upper story stepbacks or mass reduction
Cadence – 13 stories

75% of façade length on 17th St steps back
7’ at 2 stories
50% of façade length on Wewatta steps back 7’ at 2 stories
Park Place Portland – 13 stories

Approx. 190’ length with no stepback
1900 16th St – 17 stories

100% of façade length on 16th steps back 1-20 feet at 5 stories (210’ total length)
1900 16th St – 17 stories

100’ length with no stepback
The Platform – 21 stories

200’ façade length with no stepback on 17th St
The Platform – 21 stories

47% of frontage on Wewatta steps back by 45’ at 4 stories
Considerations

• The appropriate amount of upper story stepback/mass reduction is related to:
  – Building height
  – The quality of the design of the façade facing the street
  – Length of the building on the street
Parking Lots
There are a large number of parking lots and vacant parcels in Arapahoe Square particularly around the perimeter of the area. Many of these vacant parcels are currently used as parking lots. Parking lots in Arapahoe Square have a blighting influence to the neighborhood because they are often unattractive, poorly maintained, and provide additional space for indigent individuals to congregate. While they provide an affordable parking reservoir to downtown employees and provide parking for thousands of fans going to watch home games at nearby Coors Field, they also represent a significant barrier to redevelopment.

Parking Lot Income Distorts Land Pricing
In Arapahoe Square, there is a disconnect between land prices and what the real estate market will bear. While there have been land transactions in the area over the past several years, few new developments have come out of the ground. This disconnect is at least partially driven by potential alternative revenue streams (i.e., parking and billboard revenue) available to land owners. There is a perception that parking lot owners are obstructing redevelopment because they are asking for above market pricing for their land. Parking lot economics suggest that what others consider unrealistic pricing is related to the income generated by the “interim” parking lot use. The land value of these parking lots is not necessarily based on the fundamentals of the real estate market; rather it is based on the revenue land owners can receive from parking management companies.

Currently, parking lot managers provide a multi-year ground lease to parking lot owners. These ground leases typically include all maintenance and operational expenses on the lot including snow removal, landscaping, enforcement, operating the payment machine, resurfacing and restriping. In calculating the appropriate ground lease rate, the parking lot managers assume they can charge between $2 and $6 per day on normal weekdays and can charge between $6 and $30 per day when the Rockies have a home game (82 home games per year). Parking managers anticipate occupancy rates of 95% and above based on current rates and also generate revenue through citations and evening and weekend rates (especially for the lots near Lower Downtown). The parking fees are largely insensitive to macroeconomic conditions (in fact the recent recession may have made Arapahoe Square a more attractive parking destination given the high fees charged for structured parking downtown).

Based on current ground leases provided by parking management companies, and current property taxes, each parking space in Arapahoe Square is worth between $750 and $1,750 annually to its owner net of property taxes. These ground leases are generally multi-year and are largely insensitive to the overall health of the macro real estate market. Assuming a standard parking space of 320 square feet (most in Arapahoe Square are smaller), that puts the annual net operating income from a parking space of between $2.35 and $5.50 per square foot. Assuming a 5% capitalization rate, the income stream can be valued between $50 and $110 per land square foot based on today’s revenue projections. This is consistent with both the appraised value of the land in Arapahoe Square and could be the basis for pricing expectations for land owners.

One thing to note with this analysis is that any public policy that reduces the allowable development density of the parcel may reduce the property taxes owed on the land. Given the current ground lease structure, reducing property taxes would increase the net income for the land owner all other things being equal. In addition, if a developer needs to expend more time and money to rezone the property in order to execute their development, that will reduce the amount that developer would be willing to
pay for the parcel. By increasing the income from the property and decreasing the proceeds from a sale of the property, an unintended consequence of a "downzoning" may be that land owners continue parking uses rather than sell at a discounted price.
LEGACY 22ND
APARTMENT BUILDING
LOTS 17-32, BLOCK 45, EAST DENVER SUBDIVISION
LOCATED IN THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 3 SOUTH, RANGE 68 WEST OF THE 6TH P.M.
CITY AND COUNTY OF DENVER, STATE OF COLORADO

LOCATED AT THE INTERSECTION OF 21ST STREET AND LAWRENCE STREET

FLOOR PLAN
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