Date: January 29, 2020

To: Denver Planning Board

From: Evelyn Baker, Deputy Director, CPD

Re: Proposed Amendment to Gateway Subdivision Rules and Regulations

Background
The existing Gateway Subdivision Rules and Regulations, adopted by the Planning Board on March 15, 2000, define the subdivision standards related to park and school land dedications for the Gateway area of Denver.

Updating the Gateway Subdivision Rules and Regulations (GSRR) was identified as a Transformative Project for the Gateway/Green Valley Ranch neighborhood in the Far Northeast Area Plan, which was adopted in June 2019 (See Attachment 1).

In 2019, CPD, in collaboration with Parks and Recreation, Denver Public Schools (DPS), and with assistance from the City Attorney’s office, initiated an effort to address two primary challenges with the current GSRR. The two current challenges are:

1. Calculating the land required to be dedicated. The GSRR requires land dedication for parks and schools based on the anticipated development program for the land to be subdivided (i.e. # single family units on individual lots, or # of multifamily units on a lot). The challenge here is that this information is typically not known with certainty at the time of subdivision, and only at the time of site development plan is this level of detail available. However, jurisdictions may only require land dedication at the time of subdivision – not site development plan.

   An additional challenge associated with calculating land to be dedicated relates to determining the characteristics of land that can be used to meet this requirement. For example, shall drainage channels be counted for land intended to meet park demands for area residents?

2. Calculating the payments in lieu of dedication. In the circumstance where it is determined that a payment in lieu of dedication shall be provided, the GSRR do not provide a current and adequate dollar figure per acre to use in the calculation of the payment amount. The current
“Exhibit D – Value of Land for Each Designated Area” sets the year 2000 land value land in the Gateway area at $15,000/acre. Sections E.3 and G.3 of the GSRR allow for an annual 5% increase in that land value amount every three years. This pencils out to be roughly $36,100/acre.

Current fair market land values in the Gateway area hover closer to the $300,000-$400,000/acre range. This dramatic difference between the land value outlined in the GSRR and the actual land value has resulted in prolonged negotiations between property owners and Parks and Recreation and DPS.

Phased Approach
Given the complexity associated with resolving issues related to calculating the land to be dedicated, the project team opted to focus first on the one issue that will likely be a quicker fix -- updating the valuation for land in the Gateway Area.

The project team worked with the City’s Real Estate division to have current appraisals provided for five subareas in the Gateway.

1. Area east of Pena, north of 64th.
2. Area east of Pena, west of Tower, between 64th and 56th
3. Area east of Tower to city limits, between 64th and 56th
4. Area east of Pena, between 40th and 56th
5. Area West of Pena.

The appraisal is based on the highest and best use of the land and, for the purpose of appraising the land value only, assumes that the land is subdivided with roads and utilities.

The appraisal was finalized in January 2020, and is the basis now for the update to Exhibit D Value of Land for Each Designated Area (see Attachment 2).

Next Steps
CPD will host a public hearing on the amendment to the Gateway Subdivision Rules and Regulations before the Planning Board on February 19, 2020, at 3:00 PM in the Parr-Widener Community Room (#389), City and County Building, 1437 Bannock St., Denver, Colorado. Following this public hearing, CPD will request that the Planning Board adopt the amendment to the Gateway Subdivision Rules and Regulations.

The Public Hearing Draft of the amendment to the Gateway Subdivision Rules and Regulations are available at: https://www.denvergov.org/content/denvergov/en/community-planning-and-development/zoning/other-regulations.html
3.2.5 - TRANSFORMATIVE PROJECT - GATEWAY SUBDIVISION RULES & REGULATIONS

What is it?
The Gateway Subdivision Rules and Regulations are intended, in part, to ensure that parks, trails, open space, and schools are provided in the Gateway area concurrent with new development. To accomplish this, the rules and regulations require either a land dedication or a fee-in-lieu for proposed residential development at the time of subdivision. This is intended to guarantee that schools and parks are provided alongside of the new residential communities that will use them. However, in practice the rules and regulations have been difficult to administer and have not been effective in the task of actually providing schools and parks. Specific issues include the following:

- Calculation Methodology- The calculation for parks and schools is based on residential unit numbers and types, which many developers often do not yet know at the time of subdivision. This makes calculating the requirements very difficult.
- Valuation- The cash-in-lieu fees are too low and only cover a fraction of the actual land acquisition costs for parks and schools.
- Process and Administration- The rules and regs require Community Planning and Development to collect the fees for Parks and Recreation and Denver Public Schools. This process triggers City Council approval to then actually get the funds. This extra administrative step could be avoided if the funds were sent directly to the appropriate agency instead of routed through CPD.
- Decision Making Authority- The existing rules and regs do not make it clear who gets to decide if cash-in-lieu fees are acceptable instead of land.
- Timing- Cash-in-lieu fees are due at the time of site plan, not subdivision, so tracking and ensuring fees are paid is problematic.

- Location of Land Dedication- In identifying the specific parcel for a land dedication, DPS and DRR are likely to desire the parcel that best meets their criteria, and landowners are likely to offer the land with the lowest value or development potential. The current rules and regs do not adequately address the process for reconciling these inherent differences of opinion.
- Equity- The current rules and regs allow some of the dedicated land area for parks to be in a floodplain or detention basin and count for reduced credit. This creates possible equity issues as the dedicated land may have been undevelopable in the first place and therefore less usable for recreation purposes.
- Flexibility- The current rules and regs address only the land itself and do not have requirement to actually improve the land with park facilities. This creates a situation where future parks are identified and set aside, but the land may sit vacant for many years waiting for sufficient funds to actually create a park. There may be benefits to a more flexible system where the developer creates a park in exchange for dedicating less land.

Why is it important for Gateway-Green Valley Ranch?
Addressing the deficiencies of the Gateway Subdivision Rules and Regs will help to ensure that new schools and parks are provided as the area develops and grows. Doing so will avoid the problem of existing facilities becoming overcrowded as new development brings more users to the area. This is a high-priority project for Gateway-Green Valley Ranch that should be addressed in the short term, before the area’s remaining greenfield land is developed and the opportunity is lost to provide these facilities concurrent with new development.
**Recommendations**

**GVR-11. Update the Gateway Subdivision Rules and Regulations.**

11.1. Initiate a CPD-led process to revise or replace the Gateway Subdivision Rules and Regulations to accomplish the following objectives:
   a. Identify a fee-in-lieu calculation method that reflects current land values and is sufficient for land acquisition for parks and schools.
   b. Clarify the roles, responsibilities, and decision-making authority of Community Planning and Development, Denver Parks and Recreation, and Denver Public Schools.
   c. Reconcile timing issues so that the fee-in-lieu can be calculated and paid to the appropriate agency in a rational manner.
   d. Provide a process for determining acceptable locations for land dedications for parks and schools.
   e. Ensure that land dedications are equitable and meet the minimum standards of DPR and DPS.
   f. Provide sufficient flexibility in the standards to create positive and timely outcomes for landowners, DPS, DPR, and the general public.

11.2. Ensure that the update process for the rules and regulations is coordinated with other regulatory tools affecting this area.
   a. Coordinate with other regulatory tools, processes, and districts that may be in place within this area including but not limited to: Large Development Review (LDR), Zoning, Planned Unit Developments (PUDs), Design Standards and Guidelines (D&Gs), Special Districts, Fee Areas, and General Development Plans (GDPs).
**EXISTING** Exhibit D to be replaced with Updated Exhibit D
Exhibit D
Value of Land for Each Designated Area

Gateway area land value

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<thead>
<tr>
<th>Sub Area</th>
<th>$ Per Acre</th>
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<tr>
<td>Sub Area 5</td>
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Gateway Sub-Areas

1. East of Pena Blvd, North of 64th Ave
2. East of Pena Blvd, West of Tower Rd, between 56th Ave and 84th Ave
3. East of Tower Rd to city limits, between 56th Ave and 64th Ave
4. East of Pena Blvd, between 40th Ave and 56th Ave
5. West of Pena Blvd

January 2020