Colorado District Council of the Urban Land Institute (ULI Colorado)

Report with Recommendations on the ULI -- DPS Property Assessment, May 2008

Report date: August 18, 2008

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I. Problem Statement

Denver Public Schools ("DPS") has an extensive collection of buildings and land that far exceed what the District needs to serve its student population. While the number of students in DPS has not exceeded 70,000 over the past decade, the District has enough building capacity for 100,000 students. DPS also owns vacant land that is

not needed for new schools and underutilized service buildings that are no longer necessary to support the District's core functions.

DPS faces substantial costs in maintaining these excess properties. The A+ Denver coalition found in its July 2007 report that the maintenance, utility and other costs of supporting excess physical capacity in DPS were diverting funds that were desperately needed in the classroom. As a result of those recommendations, the Denver Board of Education voted to close eight schools at the end of the 2007-08 school year and to examine selling excess property.

Disposing of the excess property will not be a simple process. Decisions must be made about each property and whether it makes sense to sell immediately, wait for market conditions to improve, swap the land or building for other sites, lease temporarily, etc. The twelve properties identified by DPS as excess vary widely in their physical condition, location, resale value, etc. Some of the properties may require a cash investment just to prepare them to be sold.

Several of the buildings also have historic and emotional value to neighbors. DPS will have to take into consideration the desires of neighborhood groups and other stakeholders when disposing of the property.

However, there is a clear benefit to DPS in selling most of these properties. ULI Colorado's Property Assessment estimates the gross disposition value of the twelve properties could be worth $50 million to $75 million over time, recognizing that net costs after marketing, relocation and other expenses are not known or netted out.

II. Basic Assumptions

DPS made the determination as to whether a property is surplus. The ULI panel's role was to determine how to realize the greatest value for each property on the list.

Since all of these buildings and parcels belong to taxpayers, the panel was keenly aware of the need to secure the highest return possible for each property. The Board of Education will have to balance that goal with the wishes and concerns of neighbors, nearby businesses, city council members, civic groups and other stakeholders.

Disposing of excess public property is inevitably political and the panel believes the process needs to be as transparent and open as possible.

The ULI panel considered several key questions in looking at each property:

- What are the market conditions for property in the immediate vicinity?
- What does the zoning allow?
- Should the property be sold quickly or would it be better to wait for the real estate market to revive?
- Are there possible alternative uses for the property that would allow DPS to retain ownership but draw income from leases, etc.?
- What is the condition of the building and how much does it cost to maintain it?
- Should the property be held for future use?

In Section V, the panel describes the factors that were considered in making the final recommendation for each property.

III. Overview of ULI Advisory Services

In April 2008, Denver Public Schools (DPS) engaged the Colorado District Council of the Urban Land Institute (ULI Colorado) in a Property Assessment. ULI Colorado brought a team of ten ULI Colorado members to interact with DPS administrators and community stakeholders in examining what should be done with twelve surplus properties identified by DPS.

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 Property Assessment offers the same type of national ULI expertise at the local level through our 1,450-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 V. Michael Komppa, president of Corum Real Estate; Vice Chair William Mosher, area director, The Trammell Crow Company, Denver; and Executive Director Michael Leccese, along with an Executive Committee of 30 that leads the efforts of 200 volunteers on 15 committees. ULI Colorado's core issues include transit-oriented development, compact regional growth, and workforce housing.

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/s 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.

The ULI Property Assessment Panel met several times from May through July. On May 19 the panel met to receive an overview of properties and take possession of advance packets with data, maps and images. A property tour took place on May 28 followed by two days of interviews, deliberations and initial findings. On July 16 the panel reconvened to review and refine its recommendations.

The ULI team working on the DPS panel interviewed dozens of stakeholders, including many leaders of the respective neighborhood groups where each property is located. The panel placed a special emphasis on receiving community input from throughout the city, since the decisions made on what becomes of the properties could be controversial in some areas. DPS in coordination with Inter Neighborhood Cooperation (INC) organized a series of neighborhood listening groups to get feedback on what neighbors thought should be done with each property. (A list of the neighborhood groups contacted is attached.)

The panel also talked with city council members, planning officials, business leaders, school board members, A+ Committee members, and others who shared their perspective on what they'd like to see happen with the assets.

IV. Participants

Arleen Taniwaki, ArLand Land Use Economics

Arleen Taniwaki is Principal of ArLand Land Use Economics, based in Denver, Colorado. Services include demographic, economic and market analysis for real estate development, land use, and transportation plans, transit-oriented development market studies; pro-forma financial analyses and implementation plans for development. Her specialty is projects which require a linkage between market feasibility and public policy, and public-private partnerships. Arleen's professional background is economic consulting and real estate development in California and Colorado. Arleen has a Masters in City Planning from the University of California at Berkeley. She is an active member of ULI, WTS (Women's Transportation Seminar), and COMTO (Conference of Minority Transportation Officials).

John C. (Jack) Brokaw, AIA, CEFPI

After graduating in 1958 from the University of Colorado, Boulder, with a Bachelor of Architecture, and becoming a licensed architect in 1962, Jack established Brown and Brokaw Architects of Boulder. In 1967 the firm continued its growth by joining with two additional architects to form Nixon Brown Brokaw Bowen Architects and provided services for commercial, public, and educational facilities. In 1990 the firm disbanded and Jack went on to become an owner of *klipp*, P.C. in Denver. Jack established the firm's Education Studio and their educational philosophy— creating unique learning environments that provide meaningful educational experiences for students and teachers. Jack is a highly respected member of the architectural community and with almost 50 years of architectural experience has received numerous awards, most recently, the Planner of the Year Award from the Rocky Mountain Chapter of the Council of Educational Facility Planners International (CEFPI). Jack is a member of the American Institute of Architects (AIA) and CEFPI.

Bruce C. O'Donnell

Bruce C. O'Donnell is an investment banker with George K. Baum & Company's Denver office. Mr. O'Donnell's practice primarily focuses on underwriting tax

exempt bond issuances for the purpose of financing real estate development projects throughout Colorado. Mr. O'Donnell, a fifth generation Coloradoan, has a diverse background in real estate development and land-use policy and strategies for all types of real estate projects. Mr. O'Donnell's experience in land use and development includes advising on and securing entitlements for complex development projects, regional economic development efforts, numerous public finance projects involving Title 32 Metropolitan Districts, Tax Increment Financing, annexations, eminent domain proceedings, complex title issues, water rights and water development; as well as overseeing the planning, entitlement, design, development, financing, marketing and sales of all types of property throughout metropolitan Denver. Mr. O'Donnell is currently serving his third term as a Planning Commissioner for the City and County of Denver. While a Denver Planning Board member he has served on the City's Land Use and Transportation Plan Advisory Committee which helped to create Denver's Land Use and Transportation Plan, *Blueprint Denver*; on the Quick Wins 2 Committee, on the Denver Zoning Code reorganization team and on the Denver Union Station Master Plan Advisory Committee. Mr. O'Donnell is also a member of the Urban Land Institute and serves on the Board of Directors of the Colorado State Historical Society and the Colorado Historical Foundation Revolving Loan Fund.

Dennis Rubba

Dennis Rubba is principal and founder of studioINSITE, LLC and has over 20 years of experience in planning, urban design and landscape architecture. Having received numerous awards for academic and professional excellence, Dennis is nationally recognized for his innovative approach toward the design of urban environments and university campuses – two primary areas of focus at studioINSITE.

Several notable projects led by Dennis include the Auraria Higher Education Center Master Plan/Private Partnership, 14th Street Initiative, Regis Jesuit High School Master Plan, Denver Justice Center Campus and Clayton Lane at Cherry Creek North projects. Additionally, Dennis has led award winning campus master planning and landscape architectural efforts on over 200 projects at nearly 40 different colleges and universities in the United States and abroad.

Dennis is a Colorado registered Landscape Architect and is a member of the following professional associations: American Society of Landscape Architects (ASLA); American Institute of Architects (AIA), Affiliate Member; AIA Denver Board Member, Professional Affiliate Director; Urban Design and Campus Planning Committees, ASLA; Congress for New

Urbanism; Downtown Denver Partnership; and the Union Station Task Force and Union Station Advisory Council.

Charles J. Perry
Managing Partner, Perry-Rose LLC

Chuck Perry is an authority in community based planning and mixed-use, mixed-income infill real estate development and has an extensive background in public process and financing strategies. As managing partner of Perry Rose in Denver, Mr. Perry managed the development of the award winning Highlands' Garden Village (HGV), leading the development team from concept to obtaining entitlements, approvals and financing through design, value engineering and construction management. The Highlands' Garden Village PUD, written by Mr. Perry, served as a model for the City of Denver's mixed-use zoning code. Other recent projects include the revitalization plan and financial feasibility analysis for the Buckingham Gardens public housing project in Aurora. In addition, Mr. Perry is involved in the initial development and site planning work on the redevelopment of a 25 acre campus owned by Franciscan Sisters in North Denver, and is managing the ongoing public process, financial feasibility analysis, and site planning in relation to a parcel that the Town of Frisco plans to develop into a mixed income community. He also is a partner in Rose Companies Management under which he participated in the acquisition, financing and eventual disposition of the Falls Apartments, a 208-unit market rate new urban complex in downtown of Lakewood, Colorado. As a principal in Rose Companies Management, he oversees the management of the Denver Dry Goods Building, the Trocadero Apartments, and the Cottage Hill Senior Apartments, all of which include affordable and market rate units.

Prior to joining Perry Rose, Mr. Perry served as the Assistant Executive Director of the Denver Urban Renewal Authority (DURA). In that capacity, Mr. Perry managed the redevelopment of the Denver Dry Goods Building and was responsible for the development of programs that renovate single family housing, making it available to low and moderate income home buyers. At DURA, Mr. Perry was also responsible for the preparation of numerous downtown and neighborhood urban renewal plans and financings.

Mr. Perry holds a Ph.D. in Urban and Regional Planning from Massachusetts Institute of Technology with a specialization in citizen participation, land use and environmental planning. He is a Denver native, and is married to Patricia Perry, a successful restaurateur.

Jeff Waters

Jeff Waters is a senior managing director in CB Richard Ellis' Consulting group. He leads a multi-disciplined team that provides location analysis, tenant representation, portfolio optimization and organizational planning services for corporate and governmental clients globally. Over the past 25 years, Mr. Waters has assisted more than 100 clients on an array of assignments totaling in excess of 100 million square feet. Mr. Waters received his Bachelor of Architecture at the University of Colorado and studied industrial construction management at Colorado State University. Mr. Waters has written numerous articles on strategic real estate planning and speaks frequently on the subject at events sponsored by real estate organizations. He is also a registered architect and licensed real estate salesman.

Douglas Elenowitz

Douglas Elenowitz is a Partner with Brownfield Partners, LLC and Co-founder and Managing Director of Market Street Investors, LLC a development firm specializing in the acquisition and redevelopment of environmentally impaired real estate. With extensive experience in the real estate, environmental, and insurance industries Mr. Elenowitz directs the companies in financial matters and manages the analysis and underwriting of acquisitions across the United States.

Previously Mr. Elenowitz served as a Project Manager with a leading environmental real estate company where he was responsible for directing an interdisciplinary team of real estate, environmental, financial, and insurance professionals to complete the work necessary to successfully and profitably acquire, manage and divest of Brownfield properties. Mr. Elenowitz has worked as an associate with a private equity fund making equity and debt placements in operating companies and real estate assets with environmental complexities and with a leading international insurer underwriting environmental risk. Mr. Elenowitz has written numerous articles on the topic of Brownfields for publications including the Colorado Real Estate Journal, Environmental Protection Magazine, and Brownfield News and has been a speaker on the topic of Brownfield development at regional and national conferences.

Mr. Elenowitz holds an M.B.A from the University of Colorado and a B.S. in Environmental Health from the University of Georgia. Mr. Elenowitz is a member of the Young Leaders Executive Committee of Urban Land Institute, the National Association of Industrial and Office Properties, the National Brownfield Association, and the Real Estate Council of the University of Colorado. Mr. Elenowitz is a member

of the Board of Directors of the Children's Museum of Denver and is a member of the Colorado Business Committee for the Arts.

Laura Aldrete

Laura Aldrete, AICP, is a senior supervising planner at PB PlaceMaking in the Denver office. Her focus in the Denver area has been on TOD planning in the Denver Metropolitan Region at both the corridor and station specific scales. Ms. Aldrete participates in the Denver Union Station project assisting with project management and oversees a Community and Tourism Development Project in Central America. Previously, she served as the Assistant Director of the Denver Urban Renewal Authority (DURA) working to realize community revitalization in typically underserved, blighted communities. Prior to her position at DURA, Ms. Aldrete was the Special Projects Director in Denver's Office of Economic Development and the Stapleton Project Manager in the Denver Mayor's Office. Throughout her career in both private and public sector, nationally and internationally, Ms. Aldrete has worked closely with landowners, City Administrations and agencies, elected officials, developers, community groups, and other stakeholders.

Ms. Aldrete currently serves as a City of Denver Planning Board Member and has been appointed by Mayor Hickenlooper to various task forces and selection committees including co-chair of the St. Anthony's Redevelopment Task Force, the Denver Housing Plan Task Force, and the Justice Center Master Urban Design Architect and Architect selection committees. A native of Colorado and graduate of the University of Colorado, Ms. Aldrete advanced to receive Masters of Arts in Urban Planning and in Latin American Studies at the University of California, Los Angeles.

Marilee Utter, chair of Property Assessment panel

Marilee Utter is President of Citiventure Associates LLC. The Denver, Colorado-based real estate advisory firm specializes in public-private transactions with particular expertise in Transit-Oriented Development and mixed-use villages. In addition to experience as a banker with (now) Wells Fargo Bank and private developer (with Trillium Corporation managing the revitalization of Denver's Central Platte Valley railyards), she previously established the Office of Asset Management for the City and County of Denver, and the Department of Transit-Oriented Development for the (Denver) Regional Transit District.

With this unique background, Marilee has become a nationally known speaker, writer, and advisor on innovative approaches to community redevelopment and urban issues. On a national basis, her engagements have included Phoenix, Seattle, Houston, West Palm Beach, Minneapolis, Roslyn, VA and Colorado Springs. She is currently working on TOD's in Charlotte, NC, Austin, TX, Santa Fe, NM, and Thornton, CO.

She holds an MBA from UCLA's Anderson School, a certificate in State and Local Public Policy from Harvard's Kennedy School, and designations from the Counselors of Real Estate (CRE) and the Fellows of the Royal Institute of Chartered Surveyors (FRICS). She is a national Trustee for the Urban Land Institute and Past Chair of the Colorado District Council.

Terrance Ware

Terrance Ware is the director of Housing and Neighborhood Development for the city of Denver's Office of Economic Development.

Ware has more than 28 years of community revitalization experience in both the public and private sectors. He's been involved in the redevelopment of Stapleton Airport and the former Villa Italia mall, and worked on Broomfield's comprehensive plan when he served as that city's planning director. Before taking his current position, he worked as a senior urban designer/planner for OTAK Inc., a Portland, Oregon architecture, design, engineering and planning firm.

Ware also serves on the Denver Housing Authority's board and is a past member of the Denver Planning Board. He holds a master's degree in architecture from the University of Colorado at Denver and an undergraduate degree in environmental design from the University of Colorado at Boulder.

Renee Martinez-Stone

Renee Martinez-Stone founded the Perspective3 urban planning studio in 2001. She has worked in the Planning/Urban Design profession for 16 years and is trained as an architect and urban geographer. She is well versed in the history and structure of cities and the socioeconomic systems that shape and transform them. Her

professional experience has ranged from community planning to detailed analysis and urban design plans for neighborhoods, transit-oriented and mixed-use districts. Redevelopment and infill projects have been the focus of her career, strengthening her ability to bridge 'the vision' for an area with progressive urban design solutions, development criteria and regulatory strategies. Ms. Martinez-Stone's success as a project manager results from her collaborative approach, her illustrative hand and her keen ability to extract, simplify and communicate the complexities of community-based projects.

V. Main Findings/Recommendations

The panel believes the twelve properties have a combined gross worth of $50 million to $75 million. It should be noted this figure doesn't include real costs involved in property disposition, including preparing the property for sale, relocation costs, broker fees, marketing fees, etc.

Because of the high value of many of these assets, the panel recommends that DPS develop a portfolio of permanent strategic real estate assets that should be kept for future use. What properties are appropriate to hold for the long-term? Which buildings or sites are strategic to the DPS mission? What property is in areas that may see high population growth? What property is suitable for future school uses and what property is not?

The location and amount of land involved are the principal considerations in determining value, rather than the actual buildings. Land downtown, for example, is increasingly expensive and DPS needs to think strategically before selling those properties.

DPS also needs to consider creating partnerships to get the full value from each property. For example, DPS could provide certain property to developers who would build workforce housing for teachers.

It should be noted that, regardless of the timetable for disposition of property, the community expects DPS to maintain the properties in a way that respects the surrounding neighborhoods.

Recommendations by property:

Byers Middle School

150 S. Pearl Street

Year Built: 1921

Zoning: R-3, multi-unit, high density

Building area: 89,090 square feet

Site Area: 160,111 square feet (3.68 acres)

Recommendation: Sell immediately for market value

Byers is a registered Denver historic landmark with deep emotional significance to the surrounding neighborhood. As a landmark, the building cannot be torn down. It is a beautiful structure that has played an important role in the lives of many nearby residents.

The neighborhood groups want to see the building saved and reused. They are open to different uses, including residential or institutional.

However, the building is in poor shape and will require millions of dollars to be reused. Byers is deteriorating quickly and the longer DPS waits to sell it, the more money will be required simply to maintain it. This is a very expensive property to hold and demands immediate investment.

The panel believes DPS should move quickly to sell Byers before the building value erodes any further.

Byers has large auditoriums and two gymnasiums, which would make it difficult to convert to condominiums. The building would likely be attractive to institutional users; with the two large gyms, Byers could potentially accommodate two users.

The panel recommends that Byers be sold as soon as possible along with the adjacent parking lot and vacant land.

DPS should not place conditions on potential buyers. Placing conditions on the sale would delay the process and time is of the essence. DPS should not get involved in determining future uses of a property that is quickly deteriorating. The District should maximize its return on the property and garner immediate savings from not having to maintain the building.

Central Administration Building

900 Grant Street

Year Built: 1970

Zoning: R-4, multi-unit dwellings and/or office

Building area: 102,373 square feet (includes parking lot)

Site area: 83,194 square feet (1.91 acres)

Recommendation: Sell immediately for market value

The Central Administration Building no longer functions well as a work space for DPS staff, with an awkward configuration that reduces staff efficiency. It is not easily accessible to transit, is expensive to maintain, and cannot be rehabbed for DPS use successfully or economically.

The panel recommends the building be sold immediately along with the parking lot across the street, since there isn't enough adjacent parking to support the building. The technology building a block south should be sold as well.

DPS should consider issuing a Request for Proposals to obtain new office space for District administration. Potential buyers of either the Central Administration Building or the Emily Griffith Opportunity School could also choose to respond to the RFP. That might expedite the relocation of DPS staff and the sale of those buildings. The potential RFP should specify that DPS needs a central location with good access to transit.

Emily Griffith Opportunity School

1250 Welton Street

Year built: 1916, 1957, 1958

Zoning: B-5 Central Business District

Building area: 142,519; 37,123; 37,999 square feet

Site area: 106,442 square feet (2.44 acres)

Recommendation: Sell

The Emily Griffith campus is a highly valuable asset: a full downtown block close to the new Justice Center.

Currently the space is underutilized, hosting repair shops on highly valuable real estate. The Emily Griffith School wants to find another location and the sale of this property could generate substantial income for DPS.

This is a prime asset that should be placed on the market, as soon as the Emily Griffith school finds a new home.

The original building is historic, but is not a designated Denver landmark. It is in poor shape and would likely require an uneconomic investment. Nonetheless, the entry facade and other elements should be required to be incorporated into the redevelopment design.

There may be opportunities for DPS to work with the developer who acquires the site. A new building could host a location for the central administration offices. That would give the developer an anchor tenant and give DPS a prominent headquarters near Civic Center and the business and legal heart of the city, on a site linked to the educational legacy of Emily Griffith.

Central Platte Valley Vacant Land

2200 7th Street

Zoning: C-MU 10, PRV

Site area: 180,689 square feet (4.15 acres)

Recommendation: Hold for three to five years

This property is not suitable for an elementary school due to its proximity to the Interstate and poor pedestrian access. It is not large enough for a middle school or high school.

The land is near major attractions like Elitch Gardens and the Pepsi Center and has commercial viability. However, the property has not yet reached its full potential and will become more valuable as time goes by. As the Central Platte Valley continues to develop, interest in this property will likely increase.

The panel recommends holding the land for at least another three years. It doesn't cost DPS to hold the property and it could be leased out as parking to generate revenue while being held for future sale.

Having vacant land in the Central Platte Valley could also benefit DPS in the future. The District could use the land as a bargaining chip in negotiations with developers or land owners in other parts of the city, offering to trade the land or make it part of a deal.

Since there is little cost involved in keeping the land and Central Platte Valley property becomes ever more valuable, the panel believes DPS should hold onto this property.

Career Learning Academy

2211 W. 27th Avenue

Year built: 1952

Zoning: PRV

Building area: 45,940 square feet

Site area: 78,912 square feet (1.81 acres)

Recommendation: Sell immediately for market value

This building is not a strategic asset and should be sold.

There is a real estate boom underway in the Highland neighborhood and there would likely be great interest from developers.

The property is a good size with great views of downtown in a developing area. It would be suitable for office or residential use at a height and density appropriate to the surrounding neighborhood.

Crofton Elementary School

2409 Arapahoe Street

Year built: 1919

Zoning: R-3

Building area: 28,821 square feet

Site area: 110,294 square feet (2.53 acres)

Recommendation: Hold and lease

With demand growing for a school to serve downtown, DPS should save Crofton for future use.

Crofton is well situated in a neighborhood undergoing a revival and is close to downtown. Crofton is near enough to several downtown neighborhoods to be accessible by foot. The building is small but the site is large and could host new facilities.

This is a strategic asset that should be saved for future use. If it were sold and DPS later has to buy land for a downtown school, the District would pay dearly.

In the meantime, Crofton could be leased to other users, including a charter school. There is also the potential for public/private partnerships on the site. However, DPS shouldn't enter into any agreements that would prevent the use of Crofton as a school in the long term.

Fox Street Property, including 140 parking spaces at the Justice Center

1330 Fox Street

Year built: 1900

Zoning: B-8-G

Building area: 77,965 square feet

Site area: 26,025 square feet (.60 acres)

Recommendation: Sell for market value

This property enjoys a strategic location and its current use doesn't reflect the real value of the property. It will become even more valuable when the nearby Justice Center is finished in 2009. It should be placed on the market as soon as the Justice Center is complete.

This site would be attractive to law firms or possibly public agencies that want to be close to the Justice Center. The opening of the Justice Center will create a new legal hub in Denver and DPS should be able to take advantage of that in selling this property.

The buyer of the building should also be given the option to buy the parking reserved for DPS employees in the Justice Center parking garage.

Glenbrook Vacant Land

4900 S. Field Way

Zoning: R-1

Site area: 531,432 square feet (12.2 acres)

Recommendation: Sell for market value

This land is not a strategic asset and should be sold.

The value of land in the area is not likely to rise any time soon. The property is suitable for single-family residential use.

This site could also host workforce housing for teachers if DPS chose to undertake such an initiative.

Gove Middle School

4050 E. 14th Avenue

Year built: 1975

Zoning: R-3, R-1

Building area: 114,660 square feet

Site area: 326,917 square feet (7.51 acres)

Recommendation: Sell for market value

This property is not a strategic asset and should be listed for sale immediately.

National Jewish Health may be interested in buying the property. The city of Denver might also be interested in finding ways for National Jewish to expand on the site. The Mayor's Office of Economic Development could become involved, since the city has made a priority of keeping health care jobs in Denver.

The building is poorly designed for most uses. Neighborhood groups were positive about having National Jewish acquire the property.

There are many potential uses for the site, including retail. DPS should dispose of Gove as soon as possible.

Northeast Bus Terminal (Old)

1805 E. 48th Avenue

Zoning: I-2

Building Area: 44,533 square feet

Site area: 574,987 square feet (13.2 acres)

Recommendation: Sell immediately

This property is not a strategic asset and should be sold.

There are environmental issues associated with underground storage tanks and shifting land. These concerns would need to be negotiated with potential buyers.

The property contains a former landfill and could require extensive environmental mitigation before the land can be reused. DPS should not take on the burden of those costs and might want to seek an environmental indemnification as part of a sale.

Place Vacant Land

1400 S. Oneida Street

Zoning: R-1

Site Area: 463,089 square feet (10.63 acres)

Recommendation: Sell immediately for market value

This land is not a strategic asset and should be sold.

There are a number of multi-family buildings nearby and the site is appropriate for multi-family rental construction. However, the property would need to be rezoned to allow for higher density uses.

There is approximately fifteen feet of fill dirt on the property that would have to be dealt with before development could take place. The cost of preparing the land for construction would make it more appropriate for multi-family uses.

Rosedale Elementary School

2330 S. Sherman Street

Year built: 1924

Zoning: R-1

Building area: 43,168 square feet

Site area: 182,933 square feet (4.2 acres)

Recommendation: Sell immediately

This building is not a strategic asset. It's in an attractive location near Harvard Gulch Park that would be of interest to developers.

However, it is "underzoned" as R1 with most of the surrounding property zoned R2. Accordingly, a potential buyer may want to rezone this property. If so, DPS may be able to net more from the sale if it agrees not to close on the property until a rezoning goes through.

The site is large enough to accommodate both multi-family and single-family development. The school could either be demolished or renovated for other uses.

VI. Other Recommendations

Asset Management for DPS

DPS needs to hire a professional asset manager to coordinate the District's plans for its extensive portfolio of real estate holdings (ADD total size of holdings). The manager could oversee a process to determine what holdings are strategic assets that should be held for the long term and what can be sold.

Specific responsibilities for the asset manager would include: lease versus sale analysis, determination of surplus properties, timing of dispositions, and structuring of joint venture partnerships.

The asset manager could also serve as an ambassador to the community, explaining the process DPS is following and why the district needs to dispose of its excess property.

DPS needs to start the process of disposing of property now but should also begin recruiting an asset manager at the same time.

Bond Funding

The community needs to understand that selling non-strategic assets won't take the place of bond funding for DPS.

Sales of excess property are inherently unpredictable and cannot replace dependable revenue sources. It's impossible to say with certainty how much money can be raised as there are many variables, including market conditions, the availability of credit, etc. It would be irresponsible for DPS to view the sale of excess property as a consistent revenue stream.

Nonprofit Uses of Closed Schools

A large number of nonprofits in Denver have expressed an interest in using vacant DPS buildings.

Many of these groups perform worthwhile activities in the community. Some of them also seem to think DPS should provide them with space for free.

There are many problems with this assumption. First, DPS is in great need of the funds that can come from selling excess property. It would be unfair to taxpayers for DPS to just give its buildings away.

Secondly, many nonprofits don't seem to realize the substantial costs involved in renovating and maintaining these buildings. Those costs would quickly bankrupt many small nonprofits.

There may be potential for some of these buildings to be used by nonprofits, but DPS can't carry the financial burden of making that happen. DPS should not sell any properties to nonprofits for less than market value.

Impact Fees

DPS should explore a requirement that developers make a space contribution or pay an impact fee for developments in Denver. Other jurisdictions in the metro area require school land donations, a fee in lieu or impact fees for new development but Denver does not. This could become an important revenue stream for DPS.

ULI Urban Land Institute Colorado

Leadership in responsible land use

The Equitable Building

730 17th Street, Suite 220

Denver, Colorado 80202

303.893.1760

colorado.uli.org