

THE PROPERTY REPORT

'Smart' Denver Project Gets High Grades

Sprawl Opponents Applaud Redevelopment; Housing Attracts Strong Demand

By RYAN CHITTUM

As many cities across the nation sprawl ever farther from their centers, snarling traffic and polluting the air, the demand for viable urban-redevelopment projects is increasing.

The ideal of what has come to be dubbed "smart growth" is a project that combines environmentally friendly construction, affordable housing, park and walkways, a variety of housing styles, preservation of historic sites, and quick, easy access to mass transit -- all in an urban setting.

A new Denver development seems to fit the bill.

Highlands' Garden Village combines more elements of smart-growth planning than any other development, says Shelly Poticha, executive director of the Congress for the New Urbanism, a San Francisco-based nonprofit organization that works with builders to apply smart-growth principles. The project, being built by developers Jonathan Rose, 50 years old, of New York, and Chuck Perry, 54, of Denver, is set on a site a few miles from downtown Denver.

More cities are helping spur such projects in an effort to keep high-income earners in town, increase property-tax revenues, and use existing infrastructure like sewers and roads instead of building new, expensive public works. In the case of Highlands' Garden Village, the city of Denver will recycle property taxes back into the project to the tune of about \$5 million over 20 years to help finance the \$85 million development. Most of the money from the city will go toward the renovation of a historic theater and carousel housing on the site, which was an amusement park for more than 100 years, and to help pay for the parks that wind through its 27 acres.

The developers -- who say they will make a 10% annual return on their investment -- are building 290 housing units, including single-family homes with carriage houses, as well as apartments, artists' studios, senior housing, townhouses and co-housing, or houses arranged around a "common house" that



The Highlands'

Garden Village park winds through the community (top and bottom left).

Co-housing residents can gather in the courtyard (above) by the "common house."

contains a shared kitchen, guest rooms and laundry.

The project is 75% completed, and all the housing units have sold. No retailers have signed up to lease space at the development, but Mr. Rose says he and Mr. Perry are in negotiations with several interested parties.

Single-family houses went for \$285,000 to \$400,000, and senior apartments rent for \$532 for a one-bedroom low-income unit to \$1,075 for a market-priced two-bedroom. By making 20% of the projects' units "affordable housing" -- priced for a family earning 50% of the area's median income -- the developers qualified for tax credits and tax-free city, state and federal loans.

The housing is built to environmental standards that make it about 25% more energy-efficient than standard housing, by using special insulation and appliances and generating power with wind. Meanwhile, the developers saved more than \$80,000 by chopping up the asphalt from the parking lot of the old amusement park and reusing it to pave the streets.

Highlands' Garden Village residents are encouraged to give up their cars, or at least limit their use, by the proximity of mass transit and the availability of two Zipcars, fueled by compressed natural gas, on-site that can be rented for \$4 an hour and 40 cents a mile.

Younger people who are rejecting the suburbs in favor of a more urban lifestyle

are a driving force in the demand for this type of development, Ms. Poticha says, along with aging baby boomers who "don't necessarily want the responsibility of a big house on a big lot on the fringe of a big development."

Developments built on the principles of New Urbanism do have their share of problems. One obstacle to broader appeal is concerns about the quality of public schools in many cities. "Public schools are an essential issue in where people want to raise a family," Mr. Rose says. "The suburban lifestyle may work better for a family with two parents and kids," he says, "but those families are less than 25% of the households in America."

Some critics also cite Portland, Ore., a model of planned growth, as an example of the downside of efforts to curb sprawl, saying the city has seen land and home prices skyrocket because of its planning system.

But the demand for projects like Highlands' Garden Village is apparent in how quickly its units have sold and the prices they have commanded. The units sold before they were built, and sale prices increased 25% annually from 1999 to 2002, while the surrounding neighborhood's sale prices increased 10% a year. The multifamily units are 99% occupied, while Denver's overall rate is 88%.

*Reprinted from the Wall Street Journal
©Copyright 2003, Dow Jones & Company, Inc.*