

The Email Express



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Makeover needed for inclusionary housing law 1,2

Charlie's Roundup - All of the news that's fit to corral 3

District 6 summer events 3

Get a look at new playground plans for Observatory Park 4

Important zoning and city budget public meetings scheduled 4

Congrats to Nick Brown 4

Area restaurants offer relief for recession 5

Who is this woman? (ID and win!) 5

Update on Charlie's tomato plant bail out 5

Enhanced wireless 911 service at student apartment complex 5

Retail expert discusses Denver's retail prospects 6

Judi's House 6

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Major Changes Needed In Affordable Housing Law



Photo Credit: Colorado Community Land Trust

For two years new affordable for-sale townhomes have remained vacant at Falcon Point in Lowry. "Even priced at \$157,000 per unit, we can't get income restricted buyers qualified; the program doesn't have any flexibility for even slightly higher income buyers to participate," says Tom Markham, Executive Director of the Lowry Redevelopment Authority.

When Denver's complex and controversial affordable housing ordinance was debated seven years ago, it was riddled with problems and unanswered questions. Still, by a narrow 7 to 6 vote, the Denver City Council approved the new law August 6, 2002. I was one of the six council members who voted against it.

Support was based primarily on the laudable goal of creating additional affordable housing units for lower to moderate income working families. Police officers, firefighters and teachers, we were told, were increasingly being driven from Denver to the suburbs by rapidly rising home prices.

That apparent flight created a perfect opportunity for well-meaning public officials to step in and "resolve" a societal problem with yet another government program. But in many

respects this program ran counter to the very heart of home ownership in America.

First of all, it put the government in the real estate business and I can't play cheerleader on that. It also provided new homeowners a reduced price for what a majority of Denver homeowners didn't have: a brand new home. No fixer-upper here, no taking an ugly duckling and turning it into a swan. The new program provided new homes but it also came with down-the-road burdens. Key among them, no "sweat equity" opportunity and severe limits on profits from appreciation.

The result was a government managed program that spit, sputtered and stumbled. In fact, according to the city's Office of Economic Development, only 28 affordable units have been built as a direct result of the law. That's four units a year, which ranks Denver's afford-

(Continued on page 2)

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◆ “The current economic conditions are leaving buyers upside down. What we need is a program that works in good economic times as well as bad.”

-June 2009

Tom Markham, Executive Director
Lowry Redevelopment Authority

◆ “The IHO is good in theory, in reality the economics don’t work for anyone involved: developers, buyers, or sellers.”

-June 2009

Michel Brossmer, Realtor
Kentwood Company

◆ “The IHO’s burden is squarely placed on the developer and no one else. That’s wrong.”

-June 2009

David Zucker,
Development Manager
Zocalo Development

◆ “This proposal is a good example of what happens when government interferes with the real estate market.”

-January 2002

Councilman Brown
“Affordable housing proposal:
‘solution’ won’t work.”
Denver Post, Guest Commentary

The Original Affordable Housing Ordinance Vote

The controversial inclusionary housing ordinance was approved by a 7-6 vote on August 6, 2002. These were the Council members who voted “No”:

- Charlie Brown
- Joyce Foster
- Dennis Gallagher
- Ted Hackworth
- Ed Thomas
- Cathy Reynolds,
Council President

(Continued from page 1)

able housing program up there with ethanol in terms of effectiveness and efficiency.

Now that its been battle-tested, it’s clear even to most initial supporters, that Denver’s Inclusionary Housing Ordinance (IHO) isn’t working.

Today’s real estate market is totally changed from seven years ago. That change, combined with the IHO’s weak track record, makes it clear that a major overhaul is long overdue. So I’m pleased that the city council will be reviewing the many problems inherent with the IHO this summer. Let’s hope we don’t take one step forward and three steps back but can come up with some common sense solutions.

A warning if you are new to this game and want to follow the IHO debate: the law is complicated and filled with bureaucratic mumbo-jumbo. It was written before Twitter, so there is no way one can explain IHO in 140 characters. With that as background, here is a brief description of Denver’s affordable housing program.

To be eligible, buyers have to earn less than 80 percent of the area median income (AMI) - currently about \$42,000 for one person to \$60,800 for a four person household. (Other housing programs are available to people who earn less than that.)

To achieve that goal, the ordinance put the burden on developers by requiring that 10 percent of the units in developments with 30 or more for-sale units be set aside for affordable housing. Developers who do that receive a rebate of \$5,500 per unit from the city—after a project is finished. Developers who don’t want to participate have to pay a penalty of an amount equal to 50 percent of the price per unit that would otherwise have been produced (currently about \$54,000-\$186,000 on units, depending on number of bedrooms) per unit they don’t set aside. Six projects have opted out since 2002, four within downtown Denver. They have paid a total of \$1.8 million in “opt out” fees.

Currently the program includes homes that cost between about \$107,000 for a studio to about \$187,000 for a four-bedroom house (at 80 percent AMI).

While those prices may be affordable, the program puts other burdens on buyers. If an owner wants to sell during the first 15 years, units can be sold only at a restricted price to an eligible buyer, and the city has the right of first refusal. Even after 15 years have passed, certain “excess” profits on a sale have to be given to the city. The owner cannot keep earned equity on the property.

In an April 27 memo, the Home Builders Association of Metro Denver noted that the recession has severely dampened the demand for residential projects of all types; construction loans now are much harder to get, even for projects containing all market-rate units; the law’s incentives don’t cover the real costs

to builders, and the restrictions on later re-sales make such units unattractive to potential eligible buyers.

Regardless of whether there was any economic rationale for the program in the first place, current real estate and economic conditions make it unworkable. Tom Markham, Executive Director of the Lowry Redevelopment Authority has 24 affordable for-sale units at Lowry that have been on the market for more than two years. An additional challenge is that many of his potential buyers can find affordably priced, non-deed restricted housing only a few block away in Aurora, which has no inclusionary housing requirement.



Suggested Revisions

- Creating more flexibility for owners to sell or rent units in the challenging economic environment.
- Giving developers flexibility to build rental units and sell a development’s affordable units to non-profits.
- Continue to allow a “density bonus” of added floors in exchange for affordable units.
- Creating a sliding system of developer opt-out fees tailored to the needs in different parts of the city and changing the 30-unit threshold.
- Fine-tuning the program to focus more on affordable housing in the transit-oriented developments along light rail lines and downtown.
- Flexibility to sell to higher AMI incomes after developers have tried for a period of time to meet the 80% requirement.

4th of July in District 6

- ☞ The annual University Park neighborhood parade starts at 10 a.m. at Observatory Park.
- ☞ The Cook Park neighborhood's bike parade will start at 10 a.m. at the corner of Krameria Way and Mexico Avenue.
- ☞ The Washington Park East and West Washington Park neighborhood picnic begins at 11 a.m. at the park Boat House.
- ☞ Old-Fashioned 4th of July Celebration at Four Mile Historic Park beginning at 10 a.m.



Enjoy Denver's band this summer

The Denver Municipal Band, the nation's oldest concert band, will be entertaining residents all summer. Here's a list of concerts in District 6.

- July 4, Noon - DMB Brass Quintet, Washington Park Boat House
- July 4, 7:30 p.m. - Concert Band, Washington Park
- July 12, 7:30 p.m. - Concert Band, Washington Park
- July 19, 7:30 p.m. - Concert Band, Washington Park
- July 26, 7:30 p.m. - Concert Band, Washington Park
- Aug. 4, 7:30 p.m. - DMB Jazz Combo, Cook Park.
- Aug. 9, 7:30 p.m. – Ensemble to be announced, Washington Park

Charlie's Round-Up

All the news that's fit to corral

Tempest vs. Teapot – In issuing his executive order as a compromise to the hotly debated worker retention bill, Mayor Hickenlooper told The Denver Post (5/20) that the union-supported issue was “a tempest in a teapot,” and that “ultimately we need to focus on important things.”

I worked closely with the business community on this issue. It wasn't a “tempest in a teapot” to them. Business leaders, who believe company owners, not city government, should be the ones making hiring decisions, spent weeks lobbying my colleagues and testifying in committee against the bill.

While the executive order was a relief to the business community and some council members (they wanted it to go away like the recession), The Denver Post editorial (5/22) was on target: “We wished the mayor had gotten in front of this proposed change more quickly.”

DNC's overdue bills? – Both national political parties are notorious for leaving town and not paying all of their bills after presidential nominating conventions. Could this pattern apply to the 2008 Democratic National Convention held in our city last year?

Rumors all over town are that the DNC still owes money to companies (one confirmed) and local Denver vendors.

Small is beautiful? – “The slowdown in the economy is good for Denver,” said an Inter-Neighborhood Cooperation (INC) member at a recent meeting. For another opinion I recommend a column in the June 5 Wall Street Journal: “*There is no Upside to a Down Economy*” by Todd G. Bucholz. Here is the lede:

“I have no sympathy for Mr. and Mrs. ‘I Deserve Four Bedrooms and a Jacuzzi,’ the couple who saved no money, put no money down and moved into a McMansion – from which they are now sneaking out. And yet I have grown weary of all the scolds who are treating Americans like naughty dogs, rolling up newspapers and smacking them on the snouts, shouting: ‘Bad American! Bad consumer! Stop spending! Get yourself a small car, a small house, or – even better – a pup tent in a national park!’”

Blaming the Media – My friend Neil Westergaard, editor of The Denver Business Journal, has an intriguing Editor's Notebook column in the June 5-11 edition headlined: “*My apologies for hurting the economy.*”



News Round-Up

“It's frustrating being the cause of economic collapse. ... My colleagues and I are responsible for the sorry state of the economy, don't you know? At the very least, we're standing in the way of recovery. That's what I get told almost every week.

Readers, public officials and even the mayor of Denver, Hizzoner John Hickenlooper, tell me they wish the media would stop reporting all that bad economic news...”

Speaking of bad news...

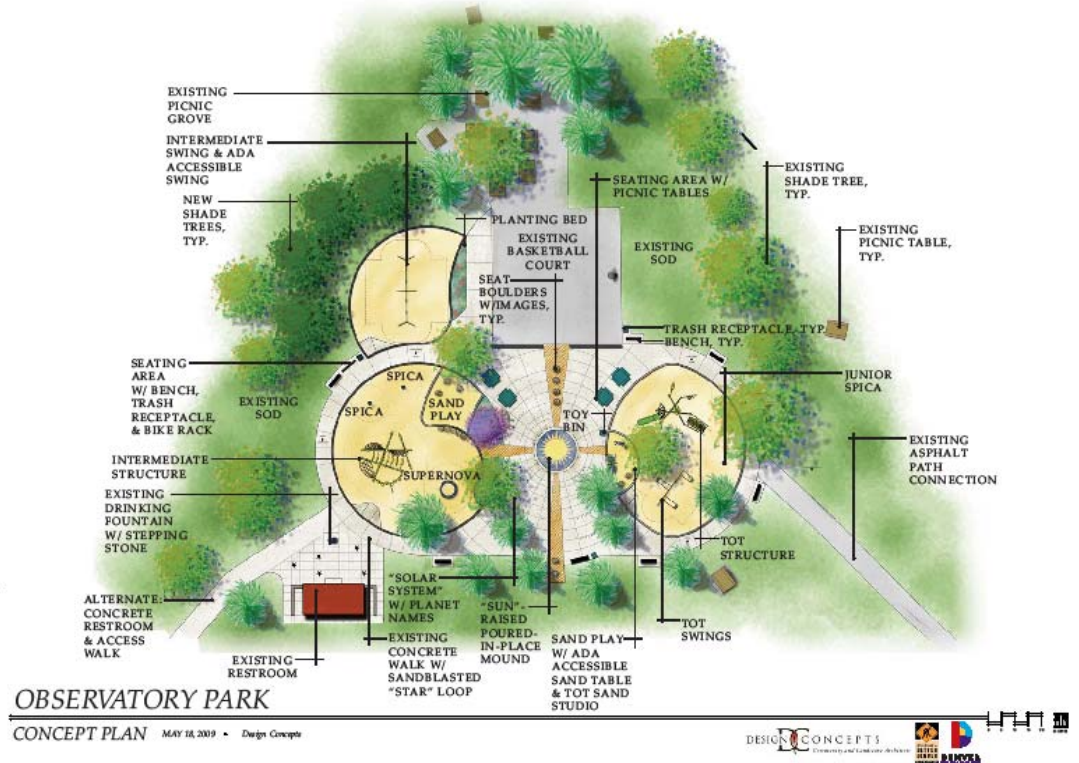
Thousands Line Up for Jobs – More than 3,500 job seekers filled out applications recently to work at Houston's, Cherry Creek North's newest restaurant at 303 Josephine St.. Houston's had openings for 55 “front of the house” positions. Some 30 people a day continue to flock to the restaurant looking for work.

- Councilman Charlie Brown

Final design set for Observatory Park playground upgrade

The final concept plan for renovation of the Observatory Park playground has been released.

The plan includes updated play structures and swings, a picnic/sitting area and a sand pit. Because of its proximity to Chamberlin Observatory, the proposed theme is planets and astronomy. Stars, planet names and the sun appear throughout the playground. This project, which cost \$221,819, is part of the 'Better Denver' Bond Program. Work is expected to begin in November 2009 and be completed by April 2010.

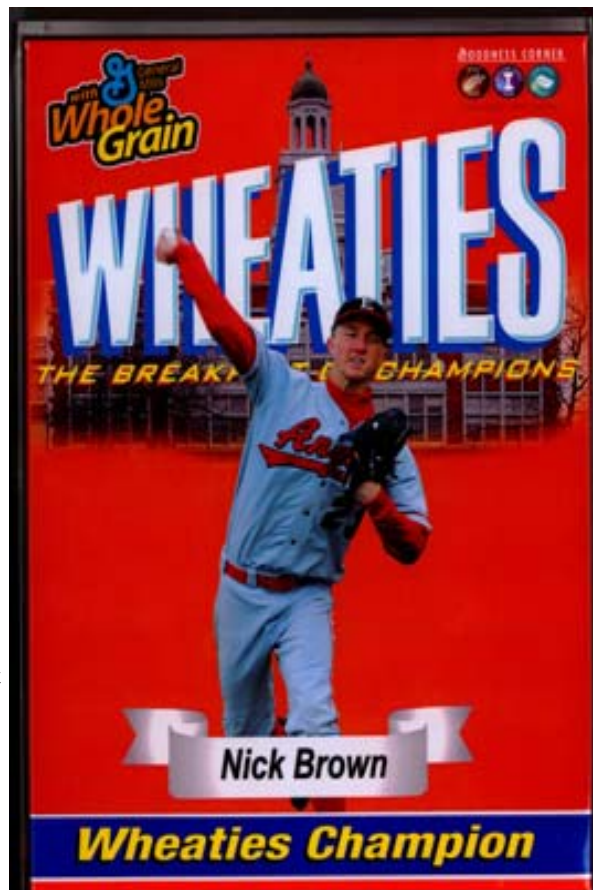


Nick Brown—East High School graduate

Nick Brown, son of Charlie and Suzanne Brown, joined 430 seniors in East High School graduation ceremonies May 21 at the Colorado Convention Center.

Nick received several academic awards, including Fortnightly Club Essay honorable mention and outstanding achievement honors from the English department. Nick was a member of the Constitutional Scholars team that won the 2008 national championship in Washington, DC. He was also a starting player for the Angels baseball team. Nick will attend the University of Southern California this fall.

Cody Brown, Nick's older brother, will be a senior this fall at New York University. A Reynolds Scholarship recipient for his junior and senior year, Cody is studying film at NYU's Tisch School of the Arts.



Mark your calendars for important meetings

New Zoning Code

District 6 residents will have a chance to learn more about and comment on Denver's proposed new zoning code at two meetings this summer.

The meetings will be from 6 to 9 p.m. on **Thursday July 9** and **Thursday Aug. 20** at the District 3 police station, 1625 S. University Blvd.

Officials from Community Planning and Development will make a presentation on the draft code and maps and then divide attendees into small groups for facilitated discussions of the draft code and maps.

City Budget Meeting

There's also a meeting about the city's 2010 budget plans on **Tuesday, June 30** from 6-7 p.m. It will be held at the Washington Park United Methodist Church, 1955 E. Arizona Ave. The recession is forcing the city to cut \$70 million from the 2010 budget. The administration and I would like to solicit your opinion. Be prepared to cut.

High-tech 911 service available at new University Lofts

University Lofts, the new apartment complex serving students at the University of Denver, has implemented a new service from WirelessWERX that gives its residents added

a 911 call is made. The enhanced location information helps emergency responders to dispatch assistance to a caller faster as it includes building, floor and room details. As the first apartment project in the country to deploy SiteWERX, students at University Lofts will now have a safer environment in which to live.



From left to right, Developer Pat Barron, DPD District 3 Commander Kris Kroenke, Councilman Brown, Stu Miller from Intrado, Carl Simpson, Exec Director of Denver 911, Lt. Vincent Gavito, and dispatcher Lance Palmer, seated, observe activities in the city call center at Congress Park.

It's estimated that more than 50 percent of calls to 9-1-1 are now coming from wireless callers. The SiteWERX platform provides a degree of accuracy for indoor or high density city environments that's unprecedented in

security when making emergency calls from mobile phones. The service, Site WERX, transmits a mobile caller's exact location when

the industry. "Many of our residents are students and their mobile phone is their primary com-

munication device," said Pat Barron, developer of University Lofts. "We saw that SiteWERX could enhance our residents' security by transmitting exact location data from mobile phones to emergency responders, and we wanted to be the first to provide the service to our residents. We're committed to creating the safest environment we can for our residents and are proud to be on the leading edge of technology."

Annual Tomato Plant Distribution Doubles

This year has been a very successful year for Charlie Brown's tomato plant bail out. Charlie planted the seeds on March 15 and almost 200 plants were distributed to constituents, doubling the number of last year. Charlie describes recipients as having a "victory garden" mind-set, entirely different from last year.

Who is this woman? ID and win!



Suzanne Brown (left), wife of Councilman Brown, introduced the daughter of a prominent American family (right) at the Unique Lives and Experiences Program in June. The first person to e-mail or call our office and correctly identify her will receive ten pounds of Heirloom tomatoes in August. (Assuming we have a summer; otherwise they will be green.)



Area restaurants offer recession-busting deals



The management at Jordan's, 2363 E. Evans Ave., suggests picking up a Local's Card at the restaurant which provides one free drink, 10% off of your tab, and \$20 bottles on all wine selections. (\$38 bottles for \$20!)



Take a break and enjoy the new \$3 happy hour at Japon, 1028

S. Gaylord St. Enjoy a variety of appetizers and drinks for \$3 each from 4-6 p.m. Tuesday, Wednesday and

Thursday. Fill out a comment card for a chance to win a gift certificate.



There are plenty of values to take advantage of at Max Gill and Grill, 1052 S. Gaylord St. On Wednesday chicken, beef or Portobello tacos are available for just \$1. And, swordfish or tuna tacos are just \$3. From 4-10 p.m. daily, Coronas and white sangria are just \$3, and you can enjoy a margarita for just \$4.



The Tavern, 1066 South Gaylord St., has a straightforward offer that is easy on everyone's wallet. The 3-7 p.m. happy hour Monday through Saturday offers 2 for 1 well-brand drinks, house wine and domestic draft beer.



This neighborhood standby at 1096 S. Gaylord Street has a \$14 special on Mondays and

Tuesdays that gets you a choice of one of three ravioli dishes and Caesar or house salad.

Denver has retail options, even in tough times

Mary Beth Jenkins is a commercial real estate broker and consultant specializing in retail and serves as President of the Denver based Laramie Company. She attended the International Council of Shopping Centers (ICSC) in May and offers her insights to the current retail market in Denver.



Mary Beth Jenkins, President
The Laramie Company

How long have you been attending ICSC and what are your business goals at the convention?

I've been attending ICSC since 1985. It is the most productive trade show in real estate. Most of the exhibit space is devoted to meeting rooms for deal-making. Our goal for ICSC is to meet with the decision-makers representing retailers and developers from around the world. ICSC is truly a deal-making event.

How do you compare this year to past years? (mood, attendance, etc.)

The right people, the deal-makers, were there this year. In the past, ICSC has had more attendees, some of whom were not necessarily deal-makers. This year was very productive; for instance, we had 30 meetings with national real estate executives, all of whom are interested in Denver and several with immediate results of a second meeting here in Denver this week.

How are the retail opportunities in Denver and are these opportunities

different for larger stores vs. local 'Mom and Pop' operations?

According to the "Today Show", Denver is the nation's top city on the verge of recovery. Denver is number one ahead of Raleigh, Austin, Seattle and San Francisco. For strong retailers, whether they are larger stores or local "Mom and Pops", there is no time like today to establish a presence in a well-positioned shopping center in Denver.

Public/private opportunities? Has the need increased?

To compete with other communities, both in Colorado and around the country, Denver must partner with the right developer

on the right project to attract great retail and to produce much-needed sales tax revenues. Public/private cooperation is no longer an option; it is a necessity in a very competitive marketplace. Developers can offset the enormous infrastructure costs of development but cities must be involved with as little red tape as possible. Also important is to attract primary jobs to Denver; new jobs bring housing growth. Retail follows rooftops.

Are large retailers going back to fundamentals? What seems to be their strategy in the current market?

In their real estate decisions, as in their everyday business, successful retailers are responding to the downturn by the aggressive pursuit of today's opportunities, whether to increase market share or to locate in emerging markets such as Denver.

Why should retailers consider Denver now?

Denver is the next-generation city. Denver has the businesses of the future--from alternative energy to biotech to shopping centers such as Northfield Stapleton. We also have mass transit, an international airport, a well-educated, young labor force, the mountains and 300 days of sunshine every year--everything that growing businesses need. Denver is the city that other cities wish they were.



Judi's House was founded by Brian Griese in honor and in memory of his mother who died when he was 12 years old. The mission of Judi's House is to help children and families who are grieving the death of a loved one find hope and healing within themselves. Judi's House increases awareness and knowledge of grieving children's needs by extending grief support services to schools, faith-based groups, hospices, and other caregivers in the community. Judi's House is located in Denver and has served more than 2,600 children since we opened our doors in 2002. To find out more about the program or arrange a visit please call 720-941-0331 or e-mail info@judishouse.org for information.



Councilman Charlie Brown with
Former Bronco quarterback, Brian Griese at a
recent fundraiser for Judi's House.