RED FIELDS TO green fields

Parks Redefine & Transform
Commercial, Industrial
and Residential Real Estate
Introduction

This booklet outlines what we believe is a visionary concept: to redefine and transform thousands of acres of under-utilized or distressed commercial, industrial and residential real estate assets (Red Fields) through the creation of public park land (Green Fields) in the Denver metro area.

While many large cities in the United States have experienced declines in population over the past decade, Denver’s story is one of population growth. Although this growth brings with it many benefits, the Denver area’s job market struggles to keep pace with population increases. Funding for new park land and improvements needed to accommodate new residents is also lacking, and Denver’s ability to remain one of the Country’s most desired places to live and work is under pressure.

By investing in the acquisition of distressed real estate located in areas of Denver hit hardest by the recent recession, land can be transformed, economic development stimulated, and jobs created. In Denver, this can be accomplished by turning Red Fields to Green Fields.

Various factors threaten Denver’s future as one of the Country’s most desired places to live and work.
Denver: Population Increases While Employment Decreases

Over the past 10 years, the Denver metro area’s population grew by more than 360,000, but only 39,000 new jobs were added. During the same time period, the State of Colorado added 870,000 people to its population while creating just 117,900 new net jobs. Over the next 25 years, Colorado’s population is projected to grow by an additional 1.5% annually.

Despite the fact that the ongoing economic recession has compounded the employment situation and new jobs are not on pace with population growth, Denver has remained one of the most desirable places to live in the United States according to many studies. However, for the Denver metro area to remain economically vibrant and a desirable place to live, it needs job creation and investment at the neighborhood level.

Over the past 10 years, the most successful examples of neighborhood investment are projects which focus on acquiring underutilized land and developing active public and private spaces. Highlighted in this report are examples in Denver such as investment along the South Platte River over the past 20 years which have created significant new park land while creating jobs and stimulating economic development in this corridor. This is the Red Fields to Green Fields model and Denver has shown in the past that it can work.

Denver: Wages Plummet

Denver metropolitan wages peaked in Q3 2008 before falling nearly $1.8 billion by Q2 2009. This was primarily caused by lost jobs, but also through downward pressure on wages (e.g., furlough days, etc.). The four quarter moving sum of employment wages from the Bureau of Labor Statistics removes the seasonality from the data.
Foresight 2020: Ensuring Denver Remains a Great Place to Live and Work

In retrospect, one can always look back and see what could have been done better. If we could look forward ten years to the year 2020, what actions would we take now to ensure a better future for Denver?

Although there are many variables shaping Denver’s future, one thing seems certain; population in Denver will continue to grow. Between 2008 and 2009, Denver’s population grew by almost 3%, making it one of the fastest growing counties in Colorado and one of the top five fastest growing major metropolitan counties in the nation during this time period. A new zoning code in Denver encourages urban density, and the City’s healthy environment and recreational opportunities will continue to attract young professionals.

However, during the recent recession, the Denver metro area lost roughly 50,000 jobs or 4.78% of its private sector jobs. That percentage ranked 16th worst amongst the nation’s largest 100 metropolitan areas and job creation will remain a major issue for the foreseeable future.

Source: Bureau of Labor Statistics
Denver: Real Estate Market in Distress

The commercial and residential real estate market in Colorado has been drastically hindered in this recession. The following demonstrates the effects on housing demand, rental markets, and office building as reported in the 2010 Colorado Business Economic Outlook:

- Colorado has seen a devastating drop in housing demand. As of mid-year 2009, there was a 5.7 month's supply of existing homes in the Denver area, roughly double the level of a stable market. New housing activity is expected to remain depressed in the coming years.

- The recent tightening of most rental markets in the state began to unravel in late 2008. By early 2009, the statewide vacancy rate was up to 8.5%, its highest level since Q3 2005. By mid-2009, most metro areas in the state posted vacancy rates hovering around 9%. With vacancies this high, developers and lenders have shelved or abandoned new projects.

- High vacancy rates in office buildings are noted as a key concern, especially for landlords who are not offering concessions. The Q4 2009 Denver vacancy rate was expected to reach 18.9% and increase in 2010 to at least 21%.

Denver Metro Home Sales

Retail sales growth followed the growth in rooftops in the state. Consumers' wealth and incomes have been profoundly impacted by the recession.
Denver: Bankruptcy Soars

Since 2006, Colorado bankruptcy filings have increased every quarter, with the exception of Q3 2008. The number of filings in Q1 2009 were 282.7% higher than in Q1 2006. For the full year 2008, 95.43% of filings were attributable to consumers (non-business).

Colorado Business and Non-Business Bankruptcy Filings Quarterly, 2006-2009
Decreasing Park Land per Resident

Denver has long had a local and national reputation for having one of the Nation’s largest park systems. In fact, Denver has much less park land than many cities of similar size. With an increasing population, Denver’s park land per resident is on the decline.

Denver Park Density

<table>
<thead>
<tr>
<th>Years</th>
<th>Acres per 1,000 Residents</th>
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</thead>
<tbody>
<tr>
<td>1860</td>
<td>5.0</td>
</tr>
<tr>
<td>1880</td>
<td>7.0</td>
</tr>
<tr>
<td>1900</td>
<td>10.0</td>
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<td>1920</td>
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<td>1980</td>
<td>18.0</td>
</tr>
<tr>
<td>2000</td>
<td>20.0</td>
</tr>
<tr>
<td>2020</td>
<td>22.0</td>
</tr>
</tbody>
</table>

*As ranked by The Trust for Public Land amongst the 77 most populous cities in the United States.
What if we invest $2.5 billion in Denver to convert Red Fields to Green Fields?
We can reduce the oversupply of underutilized commercial and residential real estate.

We can do this in areas where parks are needed most.
Economic Impact: Denver Metro Region = $5.1 Billion

Economic Summary

An investment of $2.5 billion through the Red Fields to Green Fields concept would have a net $5.1 billion economic impact (direct, indirect, and induced) on the Denver Metro area when considering acquisition, deconstruction, park construction, management, operations, and property sales to market developers. The bulk of the impact, nearly 96% or $4.9 billion, will transpire during the acquisition, reconstruction, and property sales period and will result in more than 6,150 jobs annually for the first six years. The remaining park operations and management impacts would be spread over 25 years.

Given that the properties of focus are currently distressed, it is estimated that land acquisition would be discounted 25% from market prices. Assuming 2009 transaction values going forward and $1.5 billion available specifically for acquisition, 6,650 acres could be acquired in the Denver Metro region. This amount of new land would roughly DOUBLE the current amount of park land in Denver.

The Impact

• Will double the size of Denver’s park system
• Add more than 30,000 new jobs
• Remove 6,650 acres of underutilized or distressed real estate from key areas of Denver such as the South Platte River corridor and urban core
• Promote smart and sustained economic growth while enhancing the quality of life for Denver’s citizens
Process

Looking at the scope of this project from an engineering perspective, turning Red Fields to Green Fields is a fundamental part of the profession. From the acquisition phase to park creation to operation and maintenance activities, public/private partnerships provide the impetus for job creation and sustained economic development. Through smart development, bad assets can be turned over, property values can climb and a sufficient return on investment is generated to ensure a safe, vibrant recreation site. Park security is a key factor that starts after acquisition and immediately fuels job creation and promotes local economic development.

$2.5 billion investment purchases 6,650 acres and includes 10 years of O&M and security
The Highest and Best Use?
Land along the South Platte River, near the core of Denver
What is Possible?
Opportunity Area: South Platte River Corridor
Past Success Along the South Platte River Corridor
One of the nation’s greatest urban success stories

In 1998, Denver undertook an ambitious project to acquire underutilized industrial land along the South Platte River to develop significant new public park space; Confluence Park and Commons Park now represent great urban park success stories. Converting the former industrial backwater into a trail-based park has helped fuel more than $2.5 billion in economic development along the corridor. Continuing this improvement trend could provide the same success along more of the South Platte River Corridor.
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One of the nation's greatest urban success stories

Before

1974 - Public Service Company Substation along South Platte River

After

Today - Confluence Park along the South Platte River at site of former Public Service Substation
Opportunity Area:
South Platte River Corridor

The Need

The City of Denver estimates that by the year 2035, the population within a 2-mile radius of the South Platte River is projected to experience an increase of over 40,000 people. This growth necessitates continued public investment in the South Platte River in order to respond to the changes new urban development will pose to the river’s character, health, stability, and water quality.

Developing additional parks, open space, and related amenities along the length of the South Platte River is perhaps Denver’s most significant opportunity to stimulate economic growth and build upon Denver’s reputation as one of the Nation’s most desirable places to live.

| South Platte River Length in Denver | 10.5 Miles |
| Proposed Land Acquisition Area | 450 Acres |
| Estimated Cost to Acquire Land | $125 Million |
| Cost to Implement Public Spaces and River Improvements | $750 Million |
| Project Status | Master Plan in place for length of river, Thirteen parks constructed |
The City of Denver is working with non-profit organizations such as the Trust for Public Land to identify opportunities to acquire distressed industrial land along the South Platte River, particularly during this period of time when land values along the river have significantly decreased. By assembling multiple parcels through partnerships with the private development community, the City of Denver is working to create large parcels of land along the river which will be developed into vibrant park space in the future. Particularly along the South Platte River, this strategy has proved successful in not only creating successful public spaces, but also by spurring the redevelopment of adjacent properties and increasing both land values and the quality of life for residents in surrounding neighborhoods. Denver intends to replicate this success throughout the South Platte River corridor and bring people back to the banks of the river.

The Process in Action:
River North Industrial Parcel
Bringing people back to the banks of Denver’s South Platte River

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<table>
<thead>
<tr>
<th>Proposed Land Acquisition Area</th>
<th>8.0 Acres</th>
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<tr>
<td>Cost to Implement Acquisition</td>
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<tr>
<td>Cost to Implement Public Spaces and River Improvements</td>
<td>$6 Million</td>
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<td>Project Status</td>
<td>Master Plan completed</td>
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Existing site along the South Platte River near the heart of Denver
Opportunity Area: FasTracks Transit Oriented Development Areas

The Regional Transportation District (RTD) FasTracks Program is a multi-billion dollar comprehensive transit expansion plan to build 122 miles of new commuter rail and light rail, 18 miles of bus rapid transit, 21,000 new parking spaces at light rail and bus stations, and enhance bus service for easy, convenient bus/rail connections across the eight-county district.

The Need

As the voter approved FasTracks commuter lines are developed over the next decade, underutilized land near planned transit oriented development (TOD) sites will grow in value and price. By acquiring underutilized land near planned TOD sites now, appropriate public spaces can be set aside to be developed once planned dense residential developments grow at each TOD.

This Red Fields to Green Fields concept not only plans for the public space that will be desired by new residents, but also stabilizes the inherent value of adjacent property.

Planned TODs

11 Areas

Proposed Land Acquisition Area

500 Acres

Cost to Implement Acquisition

$150 Million

Project Status

Voter approved FasTracts plan; 11 Master Plans completed/underway

16th Street, one of the first and most successful TOD zones in Denver.
Proposed Infill Park with public parking and commercial-cultural pavilions towards Coors Field
The Process in Action:  
Legacy Park at Coors Field  
Park Space Supporting Transit Oriented Development

More than 40 acres of surface parking is adjacent to Coors Field and a planned FasTracks commuter rail line. As the Downtown area continues to develop and the residential population grows, this site has the potential to provide much needed public space and an urban identity for Downtown — a potential that up until now has not been fully realized due to the physical, environmental and organizational boundaries of the site in its current configuration.

Through public/private partnerships between the City of Denver, the Colorado Rockies baseball organization and local developers, the existing sea of parking, vacant for half the year, could be transformed into a vibrant urban park, structured parking, and a range of new public spaces. These will provide a new focal point for Denver and a gateway to Downtown. Equally important, the redevelopment of this land can significantly increase the value of surrounding property, create jobs and stimulate Denver’s economy.

<table>
<thead>
<tr>
<th>Current Land Proposed</th>
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<td>90 Acres</td>
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<td>Cost to Implement Acquisition</td>
<td>$24 Million</td>
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<tr>
<td>Project Status</td>
<td>Completed Master Plan</td>
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The City of Denver has completed an ambitious master plan which defines a vision for the City’s Gulch Park System that includes five major drainages on the west side of the city. Although dozens of small parks have already been developed and pathway systems developed along the gulches, the master plan proposes additional land acquisition along these drainage ways that are in the heart of Denver’s most distressed residential real estate.

The Need

Approximately 1 in 4 homes within a quarter mile of Denver’s Gulch Park System have experienced some form of foreclosure over the past five years. This represents both a social and economic crisis. It also represents an opportunity to rethink the future of land along these narrow greenways which connect neighborhoods.

By acquiring distressed real estate along the gulches, the Gulch Park Master Plan can be implemented to its fullest potential and adjacent land increased in value. The concept has the potential for great social, environmental and economic impact.

**The Process in Action: Denver’s Gulch Park System**

Public Space Ties Neighborhoods Together

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Red Fields to Green Fields

Denver is consistently ranked as one of the nation’s best places to live and raise a family, an honor the City is extremely proud of. This reputation has lead in part to the City’s rapid population growth over the past decade and Denver now stands at a cross roads; create opportunities for job growth and economic development, or stand by and watch Denver slip from its place as one of the nation’s great cities.

Although the future of Denver is uncertain, the City and its partners are taking a proactive planning approach to ensure Denver remains a desirable city in which to work and live. Economic development and the creation of new jobs are key to the growing City’s success and Denver has determined through experience, that the creation of parks must play a major role in that effort. Denver looks forward to implementing the Red Fields to Green Fields concept and demonstrating the positive economic outcomes achieved when a community works together.
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