

# The Denver Post

## High-rise to stand tall again

### Denver steps in to help seal deal breathing life into vacant building

By Christine Tatum  
Denver Post Business Writer

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Developers on Monday completed the purchase of a 31-story high-rise that has stood vacant on the 16th Street Mall for nearly a decade.

The deal probably would not have happened had city officials not worked to broker an agreement among feuding members of a wealthy Denver family and RedPeak Properties, which plans to fill the shell of a building with two floors of retail and 330 high-end rental apartments.

"We are very excited to see this significant redevelopment project move forward, because it is going to add vitality to a place that needs it," Denver's economic development director John Huggins said. "We want to remain focused on the future instead of what it has taken to get us to this point."

Huggins concedes that the sale of 1616 Glenarm Place to Denver-based apartment developer RedPeak is testament to the power of threatened condemnation, a hotly contested topic among state lawmakers.

In coming weeks, the Colorado House of Representatives will debate a bill that sharply limits local governments' ability to force the sale of property for renewal of buildings like the gutted 450,000-square-foot high-rise at the northeast corner of 16th Street and Glenarm Place.

Supporters of the bill say governments often abuse the laws designed to help spur rehabilitation of rundown sites. They accuse city officials of condemning private properties on behalf of developers like RedPeak that promise to build revenue-boosting offices, shops and upscale housing.

The bill, sponsored by Rep. Shawn Mitchell, R-Broomfield, requires cities to meet stricter standards before declaring a property blighted. The bill also gives owners greater legal recourse if they feel they've been treated unfairly.

"I think that the free market can respond creatively without government having to force people to sell their property," Mitchell said last week.

RedPeak president and chief executive Mike Zoellner isn't so sure. His firm worked for more than two years and spent \$1.5 million just to seal the Glenarm deal.

RedPeak paid \$20.9 million for the property and expects to begin construction on the \$50 million project in August. Had the Denver Urban Renewal Authority not threatened to condemn the site, Zoellner said he would have walked away from the project.

Zoellner, 48, has crafted deals valued at more than \$100 million and involving as many as nine owners with competing interests.

"Never in my career had I seen anything like this," he said. "I promise, that building would have been dark for decades to come had DURA not been able to exercise its power."

As is fairly common in the world of commercial real estate, RedPeak negotiated for the Glenarm property with three owners: one who owned the building and two who owned the land on which it sits.

RedPeak landed contracts with two of the Glenarm owners last spring, but it couldn't bring to the bargaining table owner No. 3, a trust controlled by bickering members of the Cook family.

RedPeak gave up its solo efforts in August and asked DURA to initiate procedures to condemn the building. DURA

said it preferred first to assign a mediator to work with RedPeak and the squabbling Cooks.

"DURA has a great interest in the redevelopment of this very important building in upper downtown but does not undertake condemnation without first exhausting all other remedies," said DURA's attorney, Gene Hohensee.

DURA got involved because it has "invested significantly" in the upper end of the mall by approving tax-incremental financing for redevelopments including the Adam's Mark Hotel and Denver Pavilions, Hohensee said.

"DURA sought to protect those public investments through facilitating the redevelopment of 1616 Glenarm," Hohensee said. "It wasn't easy."

DURA officials told the Cook family that unresolved legal disputes couldn't stall progress on the Glenarm site. The firm stance resulted in dozens of meetings since August that included Cook family members, RedPeak representatives, DURA officials, a bevy of lawyers and a mediator with whom they all agreed to work.

Zoellner celebrated the sale Monday afternoon with an impromptu party in the lobby of the building formerly known as the Security Life Building.

Opened in 1964, the building once housed the swanky Top of the Rockies restaurant, where thousands of Coloradans celebrated high school proms and weddings.

Zoellner said one of his fondest childhood memories is of his father, an electrician who worked on the building's construction, sneaking him upstairs so he could get a good look at a downtown Christmas parade.

"It's time to turn the lights on in a building that means so much to Denver," he said.

## **BREAKING DOWN THE DEAL**

Property: 1616 Glenarm Place

Buyer: Denver- based developer RedPeak Properties

Price: \$20.9 million

Plans: To convert the 31-story shell of Denver's first high-rise into 330 high-end rental units anchored by 30,000 square feet of retail; the \$50 million project will begin in August.

History: Opened as Security Life Building in 1964 and is probably best remembered for its glass elevator to the Top of the Rockies restaurant; developer Mike Zoellner says the glass elevator will be removed to make room for breakfast nooks in each of the apartments, and eight penthouses will replace the old restaurant.