

Zoellner has longtime affinity for Burnsley

by John Rebchook

Whether it was kismet or coincidence, Mike Zoellner's relationship with what is known as the Burnsley Hotel stretches over four decades.

When Zoellner was attending Regis High School in the early 1970s, he and some of his buddies on occasion would rent space for parties at the Burnsley for events such as homecoming and prom.

"It had a central location at 10th and Grant and was easy to get to from all directions," Zoellner said, noting that Regis, then at West 50th Avenue and Lowell Boulevard, drew students from all parts of the metro area.

"It also had these great views," Zoellner said.

It also has a rich history.

The Burnsley Hotel is a building that has ties to Ella Fitzgerald, Kirk Douglas and even the Barbie doll, as well as Franklin Burns, who was one of the most prominent developers and real estate investors in Denver when he died in 1997.

Zoellner now heads RedPeak Properties, one of the most respected Denver-based multifamily developers and owners in local real estate circles.

About a month ago, RedPeak purchased the 17-story Burnsley Hotel at 1000 Grant St. in Capitol Hill.

Zoellner bought it from Joy Burns, the widow of Franklin L. Burns. The University of Denver Franklin L. Burns School of Real Estate and Construction Management was named after him in 1997, the same year he died.

The price for the 17-story building with 82 units wasn't disclosed. However, public records indicate it sold for \$10 million.

RedPeak also plans to spend another \$5 million renovating the building and converting it back to apartments, which was its original use when it was built as the Hampshire House apartment building for \$2 million in 1963 (\$15 million in today's dollars).

Zoellner has a special relationship with Joy Burns, which is the only reason she was willing to sell it.

He first approached her about 10 years ago to buy the building. But it had long been a labor of love for her and she had no interest in parting with it.

Zoellner routinely started calling her for lunch, usually meeting at the Brown Palace or the Denver Country Club. They became fast friends.

"It started out as a real estate deal and it became a personal relationship," Zoellner said. Zoellner's wife, Nancy, and Joy Burns also became close friends.

Indeed, more often than not, Burns and Zoellner wouldn't even talk about the Burnsley. Rather, their animated conversations would revolve around what was happening in Denver, economics, investments and other topics.

"I wouldn't have sold it to anyone other than Mike," Burns said.

Franklin Burns bought the building in 1969 from a partnership that included Ella Fitzgerald, Kirk Douglas and Bruce James, the nephew of Ruth Handler, whose husband, Elliot Handler, was the co-founder of the Mattel toy company. The Handlers, who were raised in Denver, attending East High School and DU, named the Barbie doll after their daughter, Barbara.

"Real estate had some tax advantages as a way to shelter income and it was a very popular trend in the late '60s and early '70s" for well-known entertainers to invest in real estate, Zoellner said.

By the time Burns bought it, it already had been converted into a hotel from an apartment building.

Joy Burns was no stranger to living out of a suitcase.

"Frank and I were married in 1960,



RedPeak Properties plans to turn the Burnsley Hotel into a Class A apartment community.

and for about the first 15 or 16 years of our marriage, we were traveling a lot and staying in a lot of hotels," Burns recalled.

During their travels, she learned what made hotel living pleasant and what didn't work.

"Frankly, we were getting tired of traveling so much" and returned home.

Back in Denver, Joy Burns put a lot of energy in founding and organizing what was called the Women's Bank when it opened in 1977 and 20 years later was renamed as the Colorado Business Bank.

"Once we got the charter and the Women's Bank was up and running, I was looking for something else that would be fun to do," Joy Burns said.

"We had this hotel in our real estate portfolio and I thought it would be interesting to run. I said to Frank: 'I need another job and the hotel really needs some upgrading and I think I will take it on.' He said, 'You have my blessings, but don't expect me to help you.'"

She said she never worked harder in her life.

She completely renovated the building, gutting it from top to bottom, and took on the day-to-day management.

"It was a labor of love," she said. "I learned a lot."

Burns, who runs the privately held D.C. Burns Realty & Trust Co., said the only asset she sold that was comparable to the Burnsley Hotel was the 3,400-acre Sterling Ranch in Douglas County, which she sold to a family enterprise headed by Harold Smethills.

"I wouldn't have sold Sterling Ranch to anyone other than Harold," a longtime friend, she said. Indeed, she remains a silent partner in that development, which Smethills is planning to turn into one of the nation's most water-efficient master-planned communities.

Last year, a judge dealt a setback to the development, ruling that the developers need to line up all of its water sources for the life of the development.

"I don't think people in Colorado realize yet just what a water shortage we are going to face and how important it is what Harold is planning to do in conserving water," Burns said.

She said she decided to sell the Burnsley to RedPeak because it is time for her to slow down. The hotel has always been profitable, she said.

"I'll tell you my age, but I don't want to see it published in the paper," she said. "Let's just say my seven

closest girlfriends have all retired and they are all 15 to 20 years younger than me."

She said she is convinced that she has left the Burnsley Hotel in good hands.

So is Zoellner.

"This is more than a real estate deal to me," Zoellner said. "It is preserving a piece of Denver's history."

It also is a solid building, he said.

"It really has good bones."

Zoellner said he plans to be a long-term owner.

"I'm not very good at selling things," he said.

When it was built in 1963, it was the tallest apartment building in Denver.

A stately, three-story brick and stone house that was built in 1910 and was once owned by Sen. Samuel D. Nicholson, R-Colo., was demolished to make way for the Hampshire House, which had been patterned after luxury apartment hotels in New York City.

It was designed by Denver architect Donald R. Roark, who at 82 still practices architecture and has offered to be a consultant on the building for RedPeak.

"I know the building better than anyone," Roark said. "It was my third commission. I've never counted all of the buildings I have designed since, but I'm sure it is over a thousand. This one, though, holds a special place for me. It has won a lot of awards."

It also has withstood the test of time, he said.

"I think so," Roark said. "I drive by it on a regular basis."

Shortly after it was constructed, it was converted into a hotel. The original developers, a partnership that included Lewis Reis and Seymour Fornter, sold it to James, the investor with familial ties to the Barbie doll fortune.

James brought in two high-profile partners – jazz singer Fitzgerald and movie star Douglas – selling them each a 25 percent interest, Roark said.

Zoellner said he doesn't think it is very common to convert apartments into hotels.

"Typically, an apartment building is worth more than a hotel," he said. "When you look at a typical year-end occupancy of an apartment building, it often is 90 percent or higher. Hotels very seldom have an occupancy rate of 90 percent or more."

In addition, hotels need to have large kitchens and staffs providing maid services and other amenities that are expensive.

"But remember, this was initially

built as an apartment," he said, making it a better candidate for a conversion than most hotels.

While the building is in good shape, the RedPeak renovation will include turning the restaurant into a large fitness center, adding a cyber café and a community room, upgrading all of the rooms and adding two penthouse units.

In addition, he is going to move RedPeak's urban division into the building.

"Of course, prospective tenants can find about all of our urban communities online, but this will be one-stop shopping if they want to stop in, talk to staff and find out what we have to offer," he said.

The average size of a room is 800 square feet, a good size to meet demand in Denver, he said. Plus, each unit has a balcony.

"We're looking for rents to average \$1,200 to \$1,800 a month," which is below the more than \$2 per sf charged at many new apartment buildings, he said.

"Our goal is to have rents below what new construction is achieving," Zoellner said.

Also, RedPeak may open up the swimming pool in the building to residents of nearby buildings in Capitol Hill that it owns, he said.

A team including architects Brad Buchanan and John Yonushewski from RNL is looking at options, he said.

RedPeak prides itself on owning and developing buildings that have green features and are sustainable.

"We're just starting to explore the possibility of getting some kind of LEED certification for it, but it is uncertain at this time whether that is possible," Zoellner said.

"We're going to somehow incorporate the Burnsley name into it," Zoellner said. "We think the name has a lot of value. Plus, it's got a great address of 1000 Grant. We plan to make the address pretty prominent. The address has a very big-city, New York-feel to it and it was originally built to bring the kind of luxury buildings you found in New York, Chicago and San Francisco to Denver, so it makes a lot of sense to incorporate the address into the name of the building."

He expects the building will open in July.▲