



TO: Denver City Council
FROM: Andrew Webb, Senior City Planner
DATE: August 2, 2018
RE: Official Zoning Map Amendment Application #2017I-00191 to change the zoning of a parcel at 2900 S. University Blvd. from S-SU-F to S-SU-F UO-3 with a waiver of the minimum 5,000 square foot gross floor area requirement for Office and Art Studio uses.

Staff Report and Recommendation

Based on the criteria for review in the Denver Zoning Code, Staff recommends approval for Application #2017I-00191.

Request for Rezoning

Address:	2900 S. University Blvd.
Neighborhood/Council District:	Wellshire neighborhood, District 4
RNOs:	University Neighbors, Cherry Hills Vista Community Association, Southern Hills Community Association, Inter-Neighborhood Cooperation
Area of Property:	0.78 Acres (34,000 square feet)
Current Zoning:	S-SU-F
Proposed Zoning:	S-SU-F UO-3 with Waiver
Property Owner(s):	Louis "PJ" Patierno Jr.
Applicant:	Councilmember Kendra Black

Summary of Rezoning Request

The subject property is a very large residential lot containing a nearly 100-year old house. The proposed official map amendment is to rezone from S-SU-F (Suburban Neighborhood Context, Single-Unit Residential, minimum 8,500-square-foot lot size) to S-SU-F UO-3 (Historic Structure Use Overlay) with a waiver to the minimum 5,000 square foot gross floor area requirement for Office and Art Studio uses. This proposed rezoning should be considered alongside a concurrent request for Landmark Designation for the subject property. The amendment is proposed to enable reuse of the house, which represents a very early phase of South Denver's suburban development history and has become a significant landmark in the Wellshire neighborhood.

The house has been used for commercial purposes for several decades and has fallen into disrepair over the years.

Establishment of the UO-3 Historic Structure Overlay District in conjunction with the underlying residential zone district is intended to allow very limited nonresidential uses that facilitate the rehabilitation and preservation of this structure. The UO-3 Historic Structure Overlay District carried forward R-3 entitlement from the Former Chapter 59. It allows additional nonresidential uses, with limitations, only in historic structures. Historic structures must meet minimum sizes in order to permit the additional nonresidential uses.

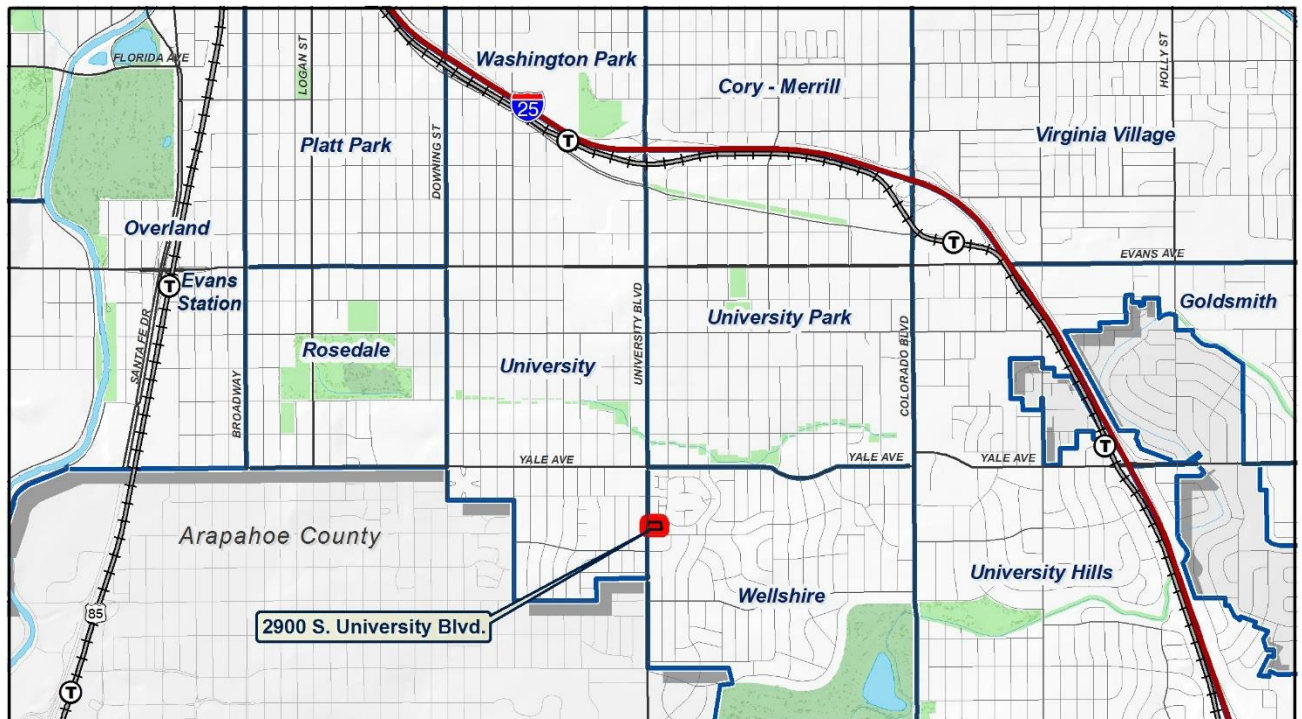
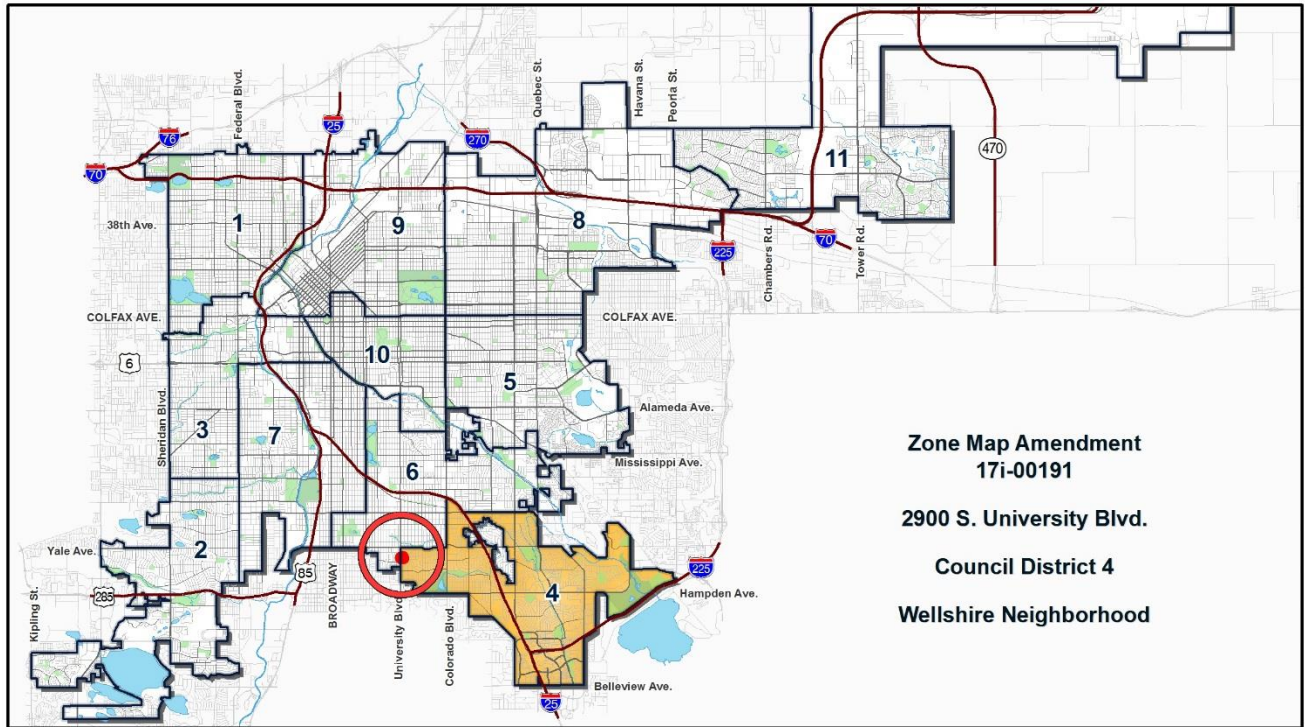
Waiver request

The waiver proposed as part of this rezoning request would read as follows:

1. "Waive the Historic Structure Use Overlay District (UO-3) use limitation that permits the Office or Art Studio uses only in a Historic Structure that contains a minimum of 5,000 square feet of gross floor area in Denver Zoning Code, Section Sec. 9.4.4.8.D.3, and instead permit the Office or Art Studio uses in a Historic Structure of any size. All other provisions of Denver Zoning Code, Section 9.4.4.8.D shall apply."

Waiver Justification

The intent of this waiver is to allow for the application of the UO-3 Historic Structure Use Overlay District on a Historic Structure that would otherwise meet the Use Overlay Purpose. As part of an official map amendment, an applicant may propose to waive certain rights or obligations under the proposed zoning code. The subject property is a 3,900-square-foot historic residential structure that has been in nonresidential use since at least the 1950s. The day care center use may continue under code provisions for nonconforming uses. But the site cannot be reused for another use not permitted in the S-SU-F zone district unless it is rezoned.



Existing Context

The 3,900-square-foot house on the subject property was designed in the style of a European farmhouse and is believed to have been completed in 1926. Research completed by a historic preservation consultant suggests it was the first house built as part of a planned development of similar homes on large lots and was used to help market the proposed subdivision. However, surrounding development in this then-unincorporated area of the city didn't take off until after World War II, and would ultimately take on a more suburban character with lot sizes more typical of production suburban housing. Development across University Blvd. to the west is single-unit detached houses on an orthogonal grid. Directly to the south is a parking lot for a church situated across Bates Ave., and development further south is single-unit residential on a meandering, suburban-style grid. The property is surrounded to the north and east by a development of attached townhomes, Cherry Hills III. Nearby public facilities, open spaces and landmarks include the University of Denver and Robert McWilliams Park, both to the north, and Slavens Elementary School to the southeast. The city's southern boundary follows an undulating path along east-west streets a few blocks to the south of the subject property.

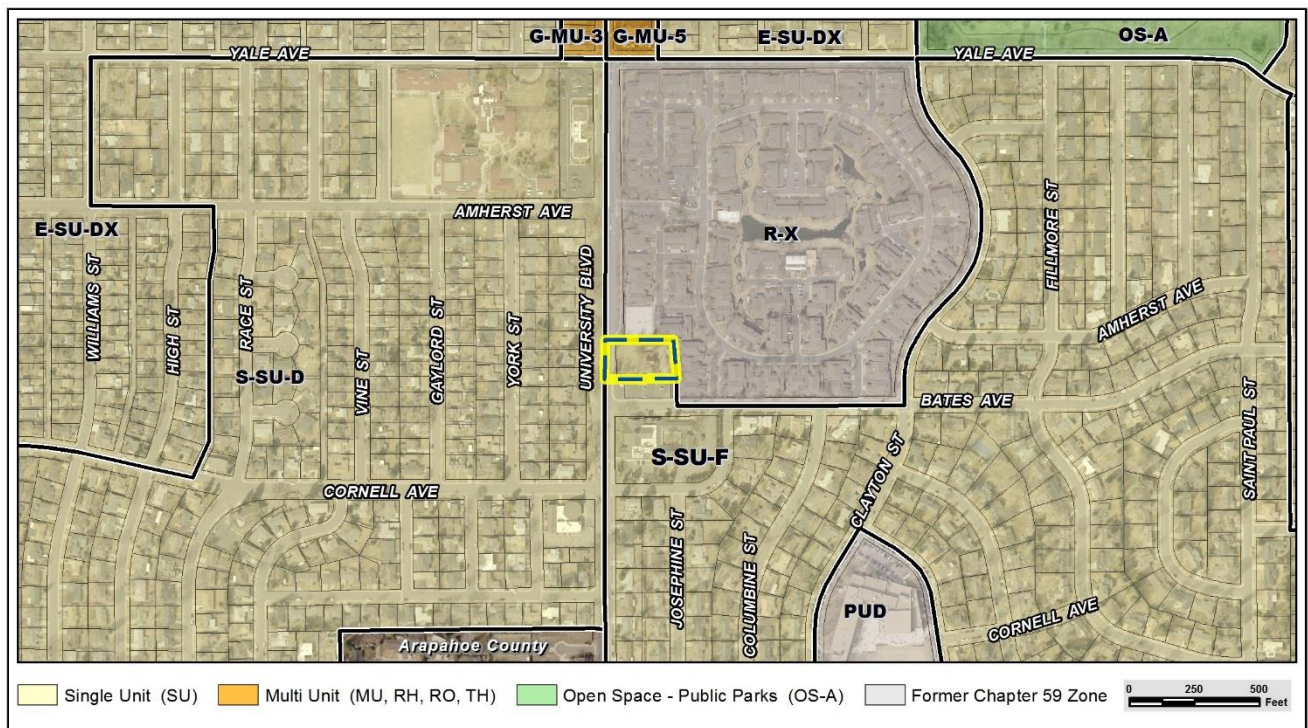


The following table summarizes the existing context proximate to the subject site:

	Existing Zoning	Existing Land Use	Existing Building Form/Scale	Existing Block, Lot, Street Pattern
Site	S-SU-F	Child Care Center and School	Large two-story house structure	Orthogonal street grid in neighborhood to the west, irregular suburban grid in all other nearby development, without alleys.
North	R-X (FC 59)	Residential	Clusters of 2 to 4 attached single-story houses arranged around an internal private street network	
South	S-SU-F	Residential, Institutional	Suburban 1- and 2-story detached housing, churches, elementary school	
East	R-X (FC 59)	Residential	Clusters of 2 to 4 attached single-story houses arranged around an internal private street network	
West	S-SU-D	Residential	Suburban 1- and 2-story detached housing	

Existing Zoning

The property's existing S-SU-F zoning is a single-unit district allowing suburban houses with a minimum zone lot area of 8,500 square feet. This same zone district is applied to properties to the south of the subject site. Development to the west across University Blvd. is zoned S-SU-D, a similar single-unit residential zone district in the Suburban Neighborhood Context with a minimum lot size of 6,000 square feet. The development to the north and east of the site is zoned R-X, a district from Former Chapter 59 zoning intended for low density "Attached or Clustered Single-Unit Dwellings."



Existing Land Uses

Assessor data shows the existing use of the subject site as "office." Directly south of the site is a parking lot owned by a church located across Bates Ave. further to the south. Single- and multi-unit residential uses, along with a scattering of other institutional uses, including two schools and additional churches, comprise the rest of the development near the subject property.



Existing Building Form and Scale

Existing building forms and scales found in the area are shown in the series of 45-degree aerials and street-view images of key sites on the following pages, sourced from Google Maps. A historic photograph from the separate, related Landmark Designation application is also included to give an idea of the scale of the house, views of which are currently obscured by trees.



Aerial View of subject site and surrounding development



View of site from University Blvd, looking northeast from the intersection of Bates Ave.



Church south of site, across Bates Ave.



Suburban single-unit residential development across University Blvd. to the west of the site



Attached housing community north and east of the site.

Photo of house from approximately 1934, courtesy of Judith Yeager Airheart and included in Landmark Designation documentation



Summary of City Agency Referral Comments

As part of the DZC review process, the rezoning application is referred to potentially affected city agencies and departments for comment. Comments received as of Nov. 29 are as follows:

A summary of agency referral responses follows:

Public Works – City Surveyor: Approved, No Comments

Asset Management: Approved, No Comments

Department of Public Health and Environment: Approved with generalized comments about radon mitigation, asbestos and lead-based paint, fugitive particulate emissions and the Noise Ordinance.

Public Review Process

Step	Date
CPD Informational Notice of Receipt of the rezoning application to all affected members of City Council and registered neighborhood organizations	3/29/18
Community Meeting to present project	4/25/18

CPD written notice of the April 5, 2017, Planning Board public hearing sent to all affected members of City Council and registered neighborhood organizations:	5/21/18
Planning Board Hearing (Unanimous recommendation of approval)	6/6/18
Landmark Preservation Commission hearing for proposed Landmark Designation (<u>Unanimous Recommendation of Approval</u>)	6/19/18
Land Use, Transportation and Infrastructure Committee (<u>Moved Forward to Council</u>)	6/26/18
City Council First Reading	7/9/18
City Council Public Hearing	8/6/18 (scheduled)

- **Registered Neighborhood Organizations (RNOs)**
 - The RNOs identified on page 1 of this report were notified of this application. No comments have been received from RNOs as of the writing of this report.

- **Other Public Comment**
 - A neighboring property owner submitted an appraisal obtained for the property and asked that it be submitted as public comment prior to the Planning Board hearing. This document is included along with an e-mail briefly discussing its purpose.
 - As of the date of this staff report, no other public comment has been received.

Criteria for Review / Staff Evaluation

The criteria for review of this rezoning application are found in DZC, Sections 12.4.10.7 and 12.4.10.8, as follows:

DZC Section 12.4.10.7

1. Consistency with Adopted Plans
2. Uniformity of District Regulations and Restrictions
3. Public Health, Safety and General Welfare

DZC Section 12.4.10.8

1. Justifying Circumstances

2. Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements

1. Consistency with Adopted Plans

The following plans apply to this property:

Denver Comprehensive Plan 2000 (2000)

Blueprint Denver (2002)

Denver Comprehensive Plan 2000

The proposal is consistent with many Denver Comprehensive Plan objectives, strategies and recommendations, including:

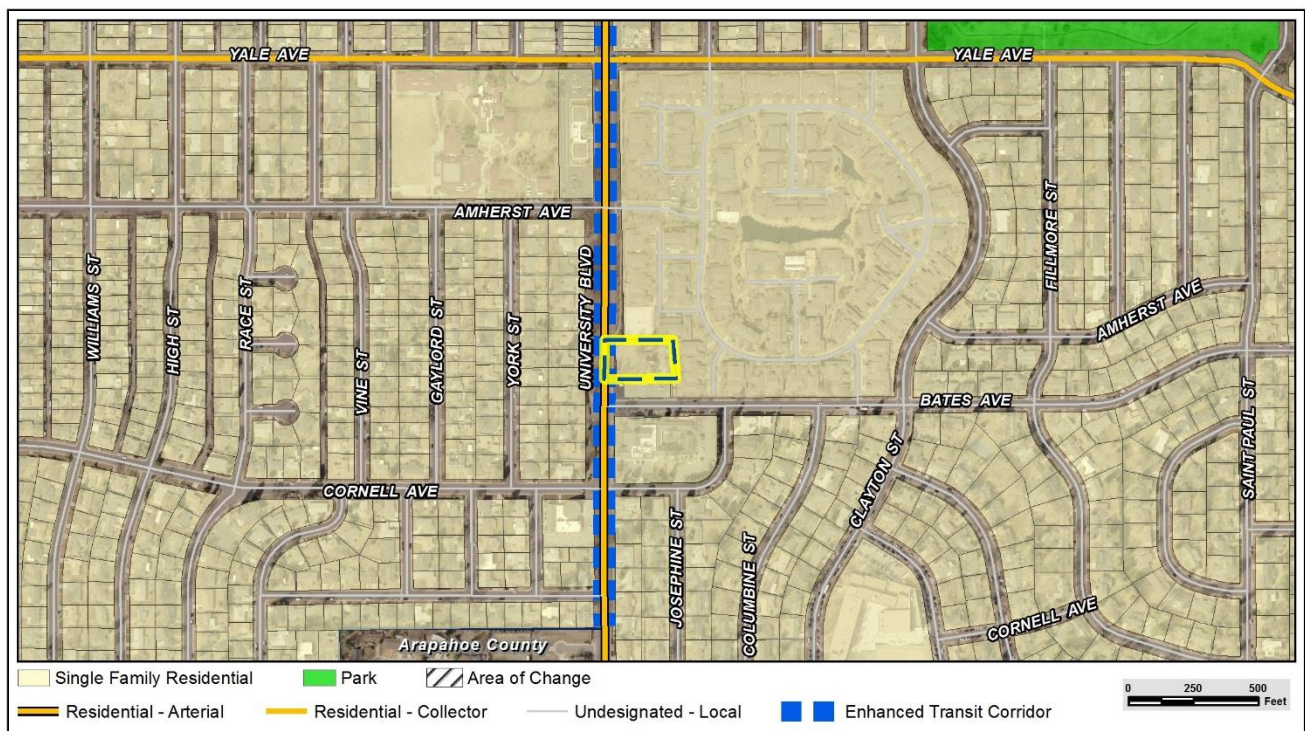
- Denver's Legacies Strategy 1-B: *Promote standards and incentives for design that enhance the quality and character of the city, including the preservation of significant historic structures and features.* (p. 98)
- Denver's Legacies Objective 7: *Support historic preservation in neighborhoods.* (p. 101)
- Denver's Neighborhoods Strategy 1-C: *...Continue City support for public art and historic preservation as a focus for neighborhood identity and pride.* (p. 150)

This proposed map amendment will enable the preservation and adapted reuse of a large house built in the 1920s in the style of a European farmhouse on a large lot. The house is a rare remaining example of South Denver's semi-rural history and has become a significant landmark in the Wellshire neighborhood. The house has been used for commercial purposes for several decades and has fallen into disrepair over the years. Establishment of the UO-3 Historic Structure Overlay District with a waiver in conjunction with the underlying Residential Zone District overlay will allow very limited nonresidential uses that will encourage the rehabilitation and preservation of this structure.

Blueprint Denver

As shown in the map below, the subject site for this proposed rezoning is designated with a Concept Land Use of **Single Family Residential**. This land use represents the majority of Denver's residential areas with densities at fewer than 10 units per acre and "an employment base that is significantly smaller than the housing base." (p. 42). The subject property is within and area designated as an **Area of Stability**. Areas of Stability comprise "the vast majority of Denver, primarily the stable residential neighborhoods and their associated commercial areas, where limited change is expected in the next 20 years." (p. 120) The overarching goal for Areas of Stability is to "identify and maintain the character of an area while accommodating some new development and redevelopment." (p. 140).

This proposed rezoning is consistent with Blueprint Denver recommendations for Single Family Residential Areas of Stability. It would preserve the existing, underlying S-SU-F single-unit zone district, while allowing certain commercial uses on a unique site using a Use Overlay District specifically designed to encourage the preservation and adaptive reuse of historic residential structures. The Use Overlay District contains standards aimed at limiting impacts of nonresidential uses on surrounding residential properties. Despite the current S-SU-F Zone District, the property has been used as a child care center since 1956, which has been determined by the City to be a compliant use. This proposed rezoning will allow for continuation of limited nonresidential uses on the site.



Encouraging the rehabilitation and adaptive reuse of this landmark structure requires a departure from the UO-3's 5,000-square-foot minimum size threshold to allow uses permitted in the overlay. This request is consistent with Community Planning and Development Department policy for the use of waivers as it helps to solve an issue that CPD is committed to resolve more broadly in a future text amendment. Historic Preservation staff have noted that some Historic Structures smaller than 5,000 square feet may be appropriate for the UO-3 overlay and it is expected that this language in the Code will be revisited.

2. Uniformity of District Regulations and Restrictions

The proposed rezoning to S-SU-F UO-3 will result in the uniform application of zone district building form, use and design regulations, with the exception of the proposed waiver. However, the proposed waiver is consistent with CPD policy to use waivers in situations where the waiver helps solve an issue that CPD is committed to resolve through a future text amendment, described above.

3. Public Health, Safety and General Welfare

This proposed official map amendment furthers the public health, safety and general welfare of the City, primarily through implementation of the city's adopted land use plans, including Comprehensive Plan 2000 and Blueprint Denver. Encouraging the rehabilitation and adaptive reuse of this historic home will improve the general welfare of the community while respecting the single-unit, low-scale character of the surrounding area.

4. Justifying Circumstances

This request is consistent with the justifying circumstance in Section 12.4.10.8.A.5, "It is in the public interest to encourage a departure from the existing zoning through application of supplemental zoning regulations that are consistent with the intent and purpose of, and meet the specific criteria stated in, Article 9, Division 9.4 (Overlay Zone Districts), of this Code."

It is in the public interest to establish the UO-3 Historic Structure Use Overlay at this location to allow for the rehabilitation and adaptive reuse of a unique, historic structure that has been used for nonresidential purposes for several decades. Denver Zoning Code Sec. 9.4.1 stipulates that Overlay Zone Districts "are generally intended, in special and unique cases, to provide a vehicle to supplement otherwise generally applicable zone district standards with additional use or design limits, allowances, and prohibitions." Furthermore, Sec. 9.4.4.1 sets forth the intent of the Historic Structure Use Overlay District Establishment of the UO-3 as follows: "to encourage the continuing preservation and adaptive reuse of Historic Structures." Establishment of the UO-3 Use Overlay at this location is consistent with the intent of Overlay Districts in general and the Historic Structure Use Overlay. The UO-3 Overlay may only be established in conjunction with an underlying residential zone district per Sec. 9.4.4.8.B. This request would retain the underlying S-SU-F district and thus meets this criterion.

5. Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements.

Single-unit residential districts in the Suburban Neighborhood Context are intended to promote a consistent pattern of one- to two-story suburban houses with low lot coverage, generous setbacks and yard space (Div. 3.1). The proposed rezoning is consistent with the suburban

neighborhood context because it retains a suburban zone district in an area with low lot coverage, large setbacks, and low scale residential development.

The intent of the residential zone districts is to reinforce desired development patterns in existing neighborhoods, while accommodating reinvestment (Sec. 3.2.2.1). The intent of the S-SU-F (Suburban, Single-Unit) Zone District is to allow suburban houses with a minimum zone lot area of 8,500 square feet (Sec. 3.2.2.2.E). The proposed rezoning is consistent with these intents because it will accommodate reinvestment in the property while respecting existing single unit development patterns.

The intent of the Historic Structure Use Overlay (UO-3) is to encourage the continuing preservation and adaptive reuse of designated Historic Structures by permitting limited nonresidential uses. This proposed rezoning would preserve the existing single-unit residential zone district, while allowing for some limited nonresidential uses that will encourage rehabilitation and ongoing preservation of a historic residential structure that has not been in residential use for many years.

Attachments

1. Application
2. Appraisal provided by neighbor

Zone Map Amendment (Rezoning) - Application

PROPERTY OWNER INFORMATION*		PROPERTY OWNER(S) REPRESENTATIVE**	
<input type="checkbox"/> CHECK IF POINT OF CONTACT FOR APPLICATION		<input type="checkbox"/> CHECK IF POINT OF CONTACT FOR APPLICATION	
Property Owner Name		Representative Name	
Address		Address	
City, State, Zip		City, State, Zip	
Telephone		Telephone	
Email		Email	
<p>*If More Than One Property Owner: All standard zone map amendment applications shall be initiated by all the owners of at least 51% of the total area of the zone lots subject to the rezoning application, or their representatives authorized in writing to do so. See page 3.</p>		<p>**Property owner shall provide a written letter authorizing the representative to act on his/her behalf.</p>	
<p>Please attach Proof of Ownership acceptable to the Manager for each property owner signing the application, such as (a) Assessor's Record, (b) Warranty deed or deed of trust, or (c) Title policy or commitment dated no earlier than 60 days prior to application date.</p> <p>If the owner is a corporate entity, proof of authorization for an individual to sign on behalf of the organization is required. This can include board resolutions authorizing the signer, bylaws, a Statement of Authority, or other legal documents as approved by the City Attorney's Office.</p>			
SUBJECT PROPERTY INFORMATION			
Location (address and/or boundary description):			
Assessor's Parcel Numbers:			
Area in Acres or Square Feet:			
Current Zone District(s):			
PROPOSAL			
Proposed Zone District:			

REVIEW CRITERIA	
<p>General Review Criteria: The proposal must comply with all of the general review criteria DZC Sec. 12.4.10.7</p>	<p><input type="checkbox"/> Consistency with Adopted Plans: The proposed official map amendment is consistent with the City's adopted plans, or the proposed rezoning is necessary to provide land for a community need that was not anticipated at the time of adoption of the City's Plan.</p> <p>Please provide an attachment describing relevant adopted plans and how proposed map amendment is consistent with those plan recommendations; or, describe how the map amendment is necessary to provide for an unanticipated community need.</p> <p><input type="checkbox"/> Uniformity of District Regulations and Restrictions: The proposed official map amendment results in regulations and restrictions that are uniform for each kind of building throughout each district having the same classification and bearing the same symbol or designation on the official map, but the regulations in one district may differ from those in other districts.</p> <p><input type="checkbox"/> Public Health, Safety and General Welfare: The proposed official map amendment furthers the public health, safety, and general welfare of the City.</p>
<p>Additional Review Criteria for Non-Legislative Rezoning: The proposal must comply with both of the additional review criteria DZC Sec. 12.4.10.8</p>	<p>Justifying Circumstances - One of the following circumstances exists:</p> <p><input type="checkbox"/> The existing zoning of the land was the result of an error.</p> <p><input type="checkbox"/> The existing zoning of the land was based on a mistake of fact.</p> <p><input type="checkbox"/> The existing zoning of the land failed to take into account the constraints on development created by the natural characteristics of the land, including, but not limited to, steep slopes, floodplain, unstable soils, and inadequate drainage.</p> <p><input type="checkbox"/> The land or its surroundings has changed or is changing to such a degree that it is in the public interest to encourage a redevelopment of the area to recognize the changed character of the area.</p> <p><input type="checkbox"/> It is in the public interest to encourage a departure from the existing zoning through application of supplemental zoning regulations that are consistent with the intent and purpose of, and meet the specific criteria stated in, Article 9, Division 9.4 (Overlay Zone Districts), of this Code.</p> <p>Please provide an attachment describing the justifying circumstance.</p> <p><input type="checkbox"/> The proposed official map amendment is consistent with the description of the applicable neighborhood context, and with the stated purpose and intent of the proposed Zone District.</p> <p>Please provide an attachment describing how the above criterion is met.</p>

REQUIRED ATTACHMENTS

Please ensure the following required attachments are submitted with this application:

- Legal Description (required to be attached in Microsoft Word document format)
- Proof of Ownership Document(s)
- Review Criteria

ADDITIONAL ATTACHMENTS

Please identify any additional attachments provided with this application:

- Written Authorization to Represent Property Owner(s)
- Individual Authorization to Sign on Behalf of a Corporate Entity

Please list any additional attachments:

PROPERTY OWNER OR PROPERTY OWNER(S) REPRESENTATIVE CERTIFICATION/PETITION

We, the undersigned represent that we are the owners of the property described opposite our names, or have the authorization to sign on behalf of the owner as evidenced by a Power of Attorney or other authorization attached, and that we do hereby request initiation of this application. I hereby certify that, to the best of my knowledge and belief, all information supplied with this application is true and accurate. I understand that without such owner consent, the requested official map amendment action cannot lawfully be accomplished.

Property Owner Name(s) (please type or print legibly)	Property Address City, State, Zip Phone Email	Property Owner Interest % of the Area of the Zone Lots to Be Rezoned	Please sign below as an indication of your consent to the above certification statement	Date	Indicate the type of ownership documentation provided: (A) Assessor's record, (B) warranty deed or deed of trust, (C) title policy or commitment, or (D) other as approved	Has the owner authorized a representative in writing? (YES/NO)	
EXAMPLE John Alan Smith and Josie Q. Smith	123 Sesame Street Denver, CO 80202 (303) 555-5555 sample@sample.gov	100%	<i>John Alan Smith</i> <i>Josie Q. Smith</i>	01/01/12	(A)	YES	
	Application initiated by a member of City Council. No owner authorization required per DZC 12.4.10.4.A.1.a						

2900 S. University Blvd. Proposed Waiver

Per Section 12.4.10.6 (Waivers of Rights and Obligations and Approval of Reasonable Conditions) of the Denver Zoning Code, the applicant proposes that the zoning classification of the land described herein include the following waiver:

1. "Waive the Historic Structure Use Overlay District (UO-3) use limitation that permits the Office or Art Studio uses only in a Historic Structure that contains a minimum of 5,000 square feet of gross floor area in Denver Zoning Code, Section Sec. 9.4.4.8.D.3, and instead permit the Office or Art Studio uses in a Historic Structure of any size. All other provisions of Denver Zoning Code, Section 9.4.4.8.D shall apply."

Waiver Justification

The intent of this waiver is to allow for the application of the UO-3 Historic Structure Use Overlay District on a Historic Structure that would otherwise meet the Use Overlay Purpose. As part of an official map amendment, an applicant may propose to waive certain rights or obligations under the proposed zoning code. The subject property is unique in that it is a 3,900-square-foot historic residential structure that has been in nonresidential use since at least the 1950s. Encouraging the rehabilitation and adaptive reuse of this neighborhood landmark structure requires a departure from the UO-3's 5,000-square-foot minimum size threshold to allow use of the overlay. This request is consistent with Community Planning and Development Department policy for the use of waivers as it helps to solve an issue that CPD is committed to resolve more broadly in a future text amendment. Historic Preservation staff have noted that some Historic Structures smaller than 5,000 square feet may be appropriate for the UO-3 overlay and it is expected that this language in the Code will be revisited.

Legal Description for 2900 S. University, Denver CO 80210

Lot 13, Block 2, and Outlot A, Southern Hills Filing No 1, City and County of Denver, State of Colorado

2900 S. University Blvd.

This proposed official map amendment is to rezone from S-SU-F to S-SU-F UO-3 with a waiver to the minimum 5,000 square foot gross floor area requirement for Office and Art Studio uses. It should be considered alongside a concurrent request for Landmark Designation for the subject property. The criteria for review of this rezoning application are found in DZC Sec. 12.4.10.7 and 12.4.10.8 as follows:

12.4.10.7

- A. Consistency with Adopted Plans
- B. Uniformity of District Regulations and Restrictions
- C. Public Health, Safety and General Welfare

12.4.10.8

- A. Justifying Circumstances: One of the following circumstances exists:
 1. The existing zoning of the land was the result of an error;
 2. The existing zoning of the land was based on a mistake of fact;
 3. The existing zoning of the land failed to take into account the constraints on development created by the natural characteristics of the land, including, but not limited to, steep slopes, floodplain, unstable soils, and inadequate drainage;
 4. The land or its surrounding environs has changed or is changing to such a degree that it is in the public interest to encourage a redevelopment of the area or to recognize the changed character of the area; or
 5. It is in the public interest to encourage a departure from the existing zoning through application of supplemental zoning regulations that are consistent with the intent and purpose of, and meet the specific criteria stated in, Article 9, Division 9.4 (Overlay Zone Districts), of this Code.
- B. Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements The proposed official map amendment is consistent with the description of the applicable neighborhood context, and with the stated purpose and intent of the proposed zone district.

12.4.10.7.A. Consistency with Adopted Plans

The following adopted plans apply to the subject property:

- Denver Comprehensive Plan (2000)
- Blueprint Denver (2002)

Denver Comprehensive Plan 2000

This proposal is consistent with many Denver Comprehensive Plan strategies, including:

- Denver's Legacies Strategy 1-B: Promote standards and incentives for design that enhance the quality and character of the city, including the preservation of significant historic structures and features. (p. 98)
- Denver's Legacies Objective 7: Support historic preservation in neighborhoods. (p. 101)

- Denver’s Neighborhoods Strategy 1-C: ...Continue City support for public art and historic preservation as a focus for neighborhood identity and pride. (p. 150)

This proposed map amendment will enable the preservation and adapted reuse of a large home built in 1922 in the style of a European farmhouse on a large lot. The home is a rare remaining example of South Denver’s semi-rural history and has become a significant landmark in the Wellshire neighborhood. The home has been used for commercial purposes for several decades and has fallen into disrepair over the years. Establishment of the UO-3 Historic Structure Overlay District in conjunction with the underlying Residential Zone District overlay will allow very limited nonresidential uses that will encourage the rehabilitation and preservation of this structure.

Blueprint Denver

According to the Blueprint Denver Plan Map, the subject site for this proposed rezoning is designated with a Concept Land Use of **Single Family Residential**. This land use represents the majority of Denver’s residential areas with densities at fewer than 10 units per acre and “an employment base that is significantly smaller than the housing base.” (p. 42).

The subject property is within an area designated as an **Area of Stability**. Areas of Stability comprise “the vast majority of Denver, primarily the stable residential neighborhoods and their associated commercial areas, where limited change is expected in the next 20 years.” (p. 120) The overarching goal for Areas of Stability is to “identify and maintain the character of an area while accommodating some new development and redevelopment.” (p. 140).

This proposed rezoning is consistent with Blueprint Denver recommendations for Single Family Residential Areas of Stability. It would preserve the existing, underlying S-SU-F single-unit zone district, while allowing certain commercial uses on a unique site using a Use Overlay District specifically designed to encourage the preservation and adaptive reuse of historic residential structures. The Use Overlay District contains standards aimed at limiting impacts of nonresidential uses on surrounding residential properties. Despite the current S-SU-F Zone District, the property has been used as a child care center since 1956, which has been determined by the City to be a compliant use. This proposed rezoning will allow for continuation of limited nonresidential uses on the site.

12.4.10.7.B. Uniformity of District Regulations and Restrictions

The proposed rezoning to S-SU-F UO-3 will result in the uniform application of zone district building form, use and design regulations.

12.4.10.7.C. Public Health, Safety and General Welfare

This proposed official map amendment furthers the public health, safety and general welfare of the City, primarily through implementation of the city’s adopted land use plans, including Comprehensive Plan 2000 and Blueprint Denver. Encouraging the rehabilitation and adaptive reuse of this historic home will improve the general welfare of the community by preserving and enhancing a local landmark.

10.4.12.8.A Justifying Circumstances

This request is consistent with criteria 10.4.12.8.A.5. It is in the public interest to establish the UO-3 Historic Structure Use Overlay at this location to allow for the rehabilitation and adaptive reuse of a unique, historic structure that has been used for nonresidential purposes for several decades. Denver Zoning Code. Sec. 9.4.1 stipulates that Overlay Zone Districts “are generally intended, in special and unique cases, to provide a vehicle to supplement otherwise generally applicable zone district standards with additional use or design limits, allowances, and prohibitions.” Furthermore, Sec. 9.4.4.1 sets forth the intent of the Historic Structure Use Overlay District Establishment of the UO-3 as follows: “to encourage the continuing preservation and adaptive reuse of Historic Structures.” Establishment of the UO-3 Use Overlay at this location is consistent with the intent of Overlay Districts in general and the Historic Structure Use Overlay. The UO-3 Overlay may only be established in conjunction with an underlying residential zone district per Sec. 9.4.4.8.B. This request would retain the underlying U-SU-F district and thus meets this criterion.

10.4.12.8.B Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements.

The intent of the S-SU-F (Suburban, Single-Unit) Zone District is to allow suburban houses with a minimum zone lot area of 8,500 square feet. Single-unit residential districts in the Suburban Neighborhood Context are intended to promote a consistent pattern of one- to two-story suburban houses with low lot coverage, generous setbacks and yard space. The regulations are intended to reinforce desired development patterns in existing neighborhoods, while accommodating reinvestment. (Sec. 3.2.2.1). The intent of the Historic Structure Use Overlay (UO-3) is to encourage the continuing preservation and adaptive reuse of designated Historic Structures by permitting limited nonresidential uses. This proposed rezoning would preserve the existing single-unit residential zone district, while allowing for some limited nonresidential uses that will encourage rehabilitation and ongoing preservation of a historic residential structure that has not been in residential use for many years.

From: RonBev Fish <ronbevfish@gmail.com>
Sent: Wednesday, May 30, 2018 9:21 AM
To: Webb, Andrew - CPD PS Citywide Planning <Andrew.Webb@denvergov.org>
Subject: Re: 2900 University, application # 20171-00191

Andrew,

I represent Christ Episcopal Church and would like to address the Planning Board to insure our concerns and issues are heard. The appraisal provides information about the property relevant to the hearing that we believe should be part of the decision process for the application.

Ron

Andrew,

Thanks again for the link to the Landmark Preservation Commission. Very helpful.

I have attached an appraisal conducted by Commercial Valuation Consultants that was paid for and requested by Christ Episcopal Church. I request that you include the appraisal in the materials that will be given to the Planning Board members for the June 6th public hearing.

Ron



commercial valuation consultants | CVC
now part of **BBG**

A Restricted Appraisal

Redevelopment Site
2900 South University Boulevard
Denver, CO 80210

Prepared for: Mr. Don Thomas
Christ Church Denver
2950 South University Boulevard
Denver, CO 80210

Report Date: January 12, 2017
Valuation Date: Market Value "As Is" – January 8, 2017

BBG File #0116008629

BBG, Inc.

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SUBJECT PROPERTY



SUMMARY OF SALIENT FACTS

Assignment Information

Purpose of the Evaluation	We are providing an estimate of the market value of the Fee Simple Estate of the subject "As Is" as of January 8, 2017.
Client	Mr. Don Thornton and Christ Church of Denver
Intended Use	Internal purposes for purchase negotiation
Inspection Date	January 8, 2017
Effective Date(s)	"As Is" – January 8, 2017
Evaluation Date	January 12, 2017
Property Interest & Value Type(s)	Market Value of the Fee Simple Estate – "As Is"
Evaluation Contributors	See Certification
Property Contact Interview	We interviewed Mr. Don Thornton, client, and Mr. Bob Hara, listing broker, during the appraisal process
Inspection	An interior and exterior inspection of the subject was completed.

Hypothetical Conditions and Extraordinary Assumptions

Hypothetical Conditions	None
Extraordinary Assumption	None

Valuation Methodology

Valuation Method(s) Developed	Sales Comparison Approach
Reasoning	Our client has requested valuation of the subject property utilizing the sales comparison approach. The most probable purchaser of the subject would analyze comparable sales when making a purchase decision. An adequate number of redevelopment sales are available to provide a meaningful indication of value. The income approach is not a relevant method, and at the request of the client, has not been developed. The cost approach is not a relevant method, and at the request of the client, has not been developed. The exclusion of the income and cost approaches does not lessen the reliability of this evaluation.

SUMMARY OF SALIENT FACTS - CONTINUED**Site and Improvement Information**

Property Name and Address	Redevelopment Site 2900 South University Boulevard Denver, CO 80210
Parcel Number(s) and Legal Description(s)	05362-15-002-000 SOUTHERN HILLS FLG #1 B2 L13 DIF BOOK 2044-481 Per Denver County Assessor's Office
Record of Ownership	Phelps Powerbrain, LLC Per Denver County Assessor's Office

Site Details

Land Area	34,000 SF (0.78 acres) Per Denver County Assessor's Office
Zoning/Zoning Intent	S-SU-F (Suburban-Single Unit-F) A single unit district allowing suburban houses with a minimum zone lot area of 8,500 square feet. We note that single unit residences, libraries, and open space, are permitted uses within the S-SU-F zone district Two-unit and multi-unit residences, day care centers, community centers, elementary/secondary schools, and public and religious assembly uses are permitted uses with limitations subject to zoning permit review within the S-SU-F zone district Office and retail uses are not permitted in the S-SU-F zone district Per City of Denver Community Planning and Development Department
Zoning Conformance	The subject is a legally non-conforming use.
Flood Status	FEMA Designation: Zone X Description: Area of minimal flood hazard above the 500-year flood level. Per FEMA Map 0800460212G (Effective November 17, 2005)

SUMMARY OF SALIENT FACTS - CONTINUED

Improvement Details	
Existing Improvements	Office Conversion Property
Recent Renovations	None
Year of Construction/Renovation	1922 Per Denver County Assessor's Office
Gross Building Area	1 st Level: 2,136 SF 2 nd Level: 1,276 SF 3 rd Level: 495 SF Total: 3,907 SF Per Denver County Assessor's Office *The subject includes 1,122 square feet of unfinished basement space functional for storage use only that is not included in the calculation of GBA
Current Occupancy	Owner-Occupied
Coverage Ratio	6% based upon 2,136 SF footprint and 34,000 SF site
Land-to-Building Ratio	8.7 : 1 based upon 34,000 SF site and 3,907 SF GBA
Parking Spaces and Ratio	No on-site parking N/A
Ceiling Heights	9'-10'
Utility Metering	Metered for gas and electric
ADA Compliance	The subject was constructed prior to implementation of Federal ADA regulations. We assume the property is not fully ADA compliant. Note: The appraisers are not experts in ADA compliance. Interested parties are advised to seek professional assistance regarding this issue.
Overall Improvement Quality	Below-Average: The subject features a painted stucco and masonry exterior with dated interior finishes.
Overall Improvement Condition	Below-Average: The subject was constructed in 1922, and has undergone only minor renovations and repairs since that date.
Functional Utility	Below-Average
MVS Estimate of Total Economic Life	60 years (Average Class C Construction, Single-Family Residence)
Actual Age	94 years
Estimated Effective Age	60 years
Remaining Economic Life	0 years (Economic life can be indefinite with ongoing capital improvements)

SUMMARY OF SALIENT FACTS - CONTINUED

Market and Financial Information	
Most Probable Purchaser	Investor or developer
Highest and Best Use	As If Vacant: Residential development
	As Improved: Redevelopment

HIGHEST AND BEST USE DISCUSSION

To support the conclusion that the highest and best use of the subject is redevelopment, a summary of the highest and best use analysis has been presented below. The complete highest and best use analysis is retained in the appraiser work file.

Based on a review of the S-SU-F (Suburban-Single Unit-F) zoning guidelines, the subject's existing improvements do not conform to the current zoning guidelines. We note that current zoning regulations limit the permitted uses of the subject's improvements to a variety of residential uses, limited community uses, elementary and secondary education uses, open space, public service uses, and religious and public assembly uses. General purpose and medical office, and retail uses are specifically not permitted in the current zone district. We conclude that this will likely limit the number of potential users of the subject, and decrease its appeal as improved. Additionally, per a review of comprehensive development plans available from the City of Denver, and as indicated by the city community planning and development department, any changes to the subject's zone district to allow a greater range of commercial uses are unlikely in the near future.

Physically, the subject does not conform well to its surrounding uses. Most of the surrounding uses are single-family residences of newer vintage ranging from average to good condition located on smaller lots averaging approximately 10,000 square feet. Originally built as a single-family residence, the masonry and wood frame constructed building has been converted for commercial use, and is in below-average condition with a choppy layout on multiple levels. We also note that a review of city building permit records indicate the subject has undergone only minor renovations over the course of its life.

Considering the subject's condition, zone district, surrounding uses, proximity to arterial thoroughfares and supporting services along University and Colorado Boulevards, and demand for residential properties within the immediate area, we believe the subject is best suited for some form of residential use.

<i>PROPERTY SALE HISTORY AND ANALYSIS</i>	
Recent Transactions	
Comments	There have been no transactions involving the subject within the previous three years.
Current Listing	
Listing Broker/Company	Bob Hara/KW
List Price	\$1,400,000
Building Area	3,907 SF
Price per Square Foot	\$358.33 PSF
Days on Market	Approximately seven months
Comments	<p>The subject is currently being marketed as an office property. However, we note that office uses are not permitted in the subject's zone district. Per discussions with the listing broker, a minimal amount of interest has been received regarding the subject, and no letters of intent, or contracts to purchase the subject have been received. Mr. Hara stated that the limited number of interested parties have been users looking to utilize the subject as improved for special needs therapy. He also indicated that ownership from the church to the south of the subject has expressed interest as well.</p> <p>We note that the subject was initially listed at \$1,700,000.</p>
Current Contract	
Comments	The subject is not currently encumbered by a sale contract.
General Information	
Comments	None

AERIAL MAP



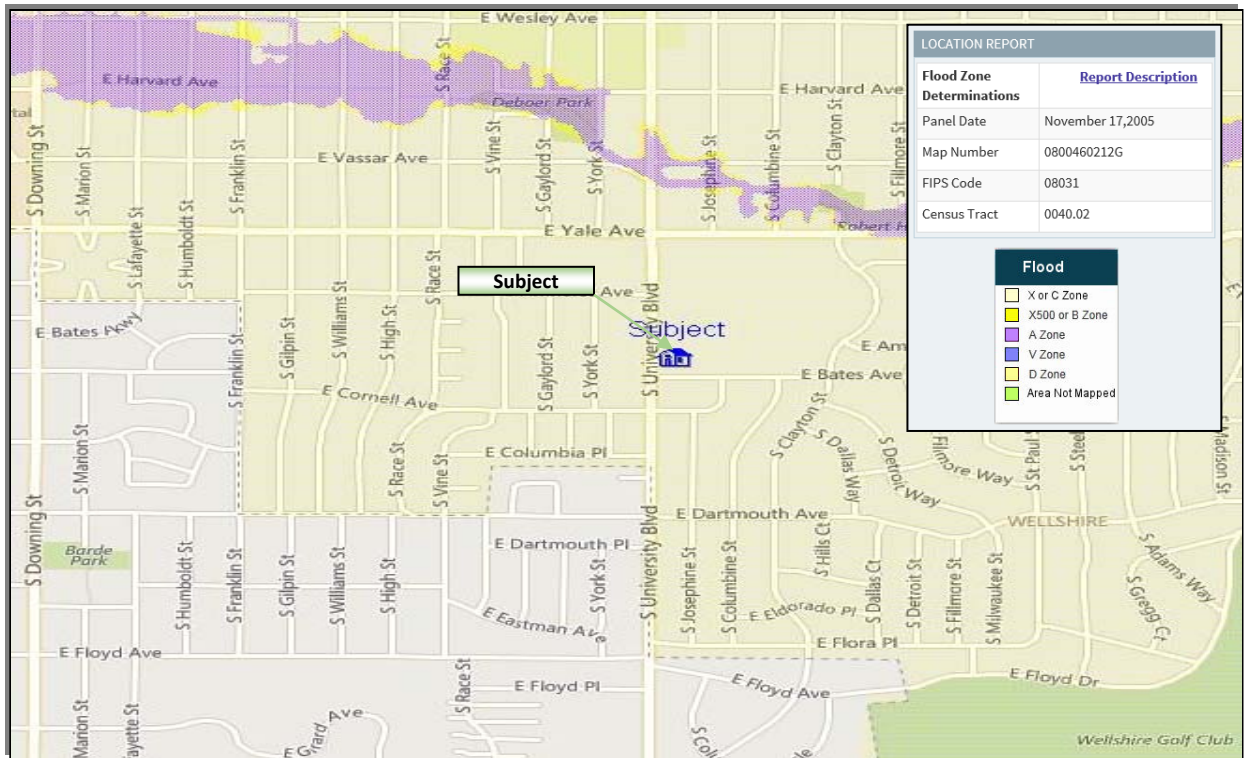
ASSESSOR'S MAP



ZONING MAP



FLOOD MAP





NEIGHBORHOOD/MARKET INFORMATION			
Market Area Data			
Surrounding Area	Residential	Market Trend	Stability
Overall Real Estate Values	Increasing	Neighborhood Vacancy	+/-5%
Predominant Property Use(s)	Residential Retail Office	Estimated Marketing Estimated Exposure	6 to 12 months 6 to 12 months
Surrounding Uses	North: Multi-Family Residential Properties South: Surface Parking Lot East: Multi-Family Residential Properties West: South University Boulevard/Single-Family Residences		
Residential Market Analysis	Since 2015 in the subject's Wellshire and adjacent University Park neighborhoods, the median sales price for detached single-family residences was \$645,000 with an average marketing time of 46 days. Attached residences are less prevalent in the subject's immediate area, but since 2015, the median sales price for attached residences in the same area was \$372,500 with an average marketing time of 63 days.		
Market Area Comments	The subject is located along the east side of South University Boulevard, a primary thoroughfare, north of the intersection with East Bates Avenue within the City of Denver's Wellshire neighborhood. The subject is approximately ¼ miles north of East Hampden Avenue and one mile south of the University of Denver. The immediate area is developed primarily with residential properties of newer vintage that are generally in average to good condition. Several religious facility properties and educational properties are located within close proximity to the subject. Supporting retail services are located further to the north and south along University Boulevard, and to the east along Colorado Boulevard. Overall, the subject does not conform well to its surrounding uses.		
Property Contact Interview	We interviewed Mr. Don Thornton, client, and Mr. Bob Hara, listing broker, during the appraisal process		

REAL ESTATE TAXES

Parcel #05362-15-002-000 -Denver County			
Year	2015 Payable	2016	2016 Payable 2017
Land Actual Value		\$609,700	\$609,700
Improvements Actual Value		\$63,000	\$63,000
Total Actual Value		\$672,700	\$672,700
Assessment Ratio		29%	29%
Total Assessed Value (Rounded)		\$195,083	\$195,083
Mill Levy		78.127	81.547
Taxes*(Rounded)		\$15,241	\$15,908
Assessor's Utilized SF		3,907	3,907
Tax PSF		\$3.90	\$4.07
Status of Taxes		Paid in full	Not yet due
Special Assessment/Interest/Fees		\$0	\$0

*Taxes for real property only. The Denver County Assessor's Office square footage was utilized to calculate property taxes.

LAND VALUATION

The valuation of land is generally undertaken by one or more of the following valuation methods:

VALUATION METHODS	
Comparative Method, AKA Sales Comparison Method	This valuation technique compares and weighs related sales data to the land being appraised.
Ground Rent Capitalization	This technique is only applicable when a parcel of land is being leased. This method requires an evaluation of the current lease to derive at the net amount paid for the right to use and occupy the land. This net amount paid is then capitalized at market supported capitalization rates as an indication of value.
Allocation and Extraction	This valuation method is a division of the value of a property between the land and the improvements. It is an appraisal method in which the land value is found by deducting the value of the improvements from the overall sales price of the property. The value of the improvements may be established by developing a typical ratio of site value to the total property value, and then applying this ratio to the property being appraised.
Anticipated Use or Development Method	This valuation method is typically used in feasibility studies and when comparable sales are scarce. The value of land is estimated as the present value of the net cash flows considering absorption rates, development period and estimated sales prices of individual lots.
Land Residual	A valuation method used to find the value of a property by subtracting income attributable to the building from the net operating income and valuing the residual land income by dividing the land income by a land capitalization rate, to arrive at a land value indication.
Relevant Appraisal Methods	In this appraisal, we have determined that the following valuation method is most relevant: <ul style="list-style-type: none"> - Sales Comparison Approach

UNITS OF COMPARISON

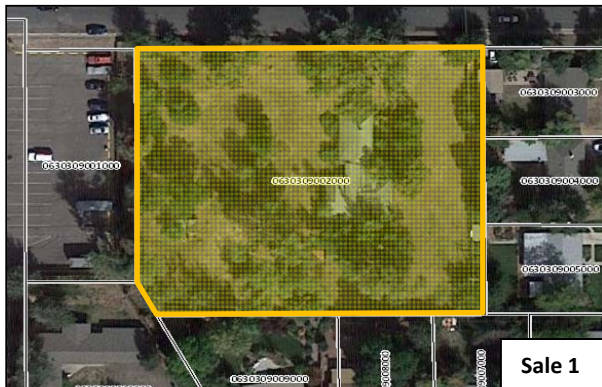
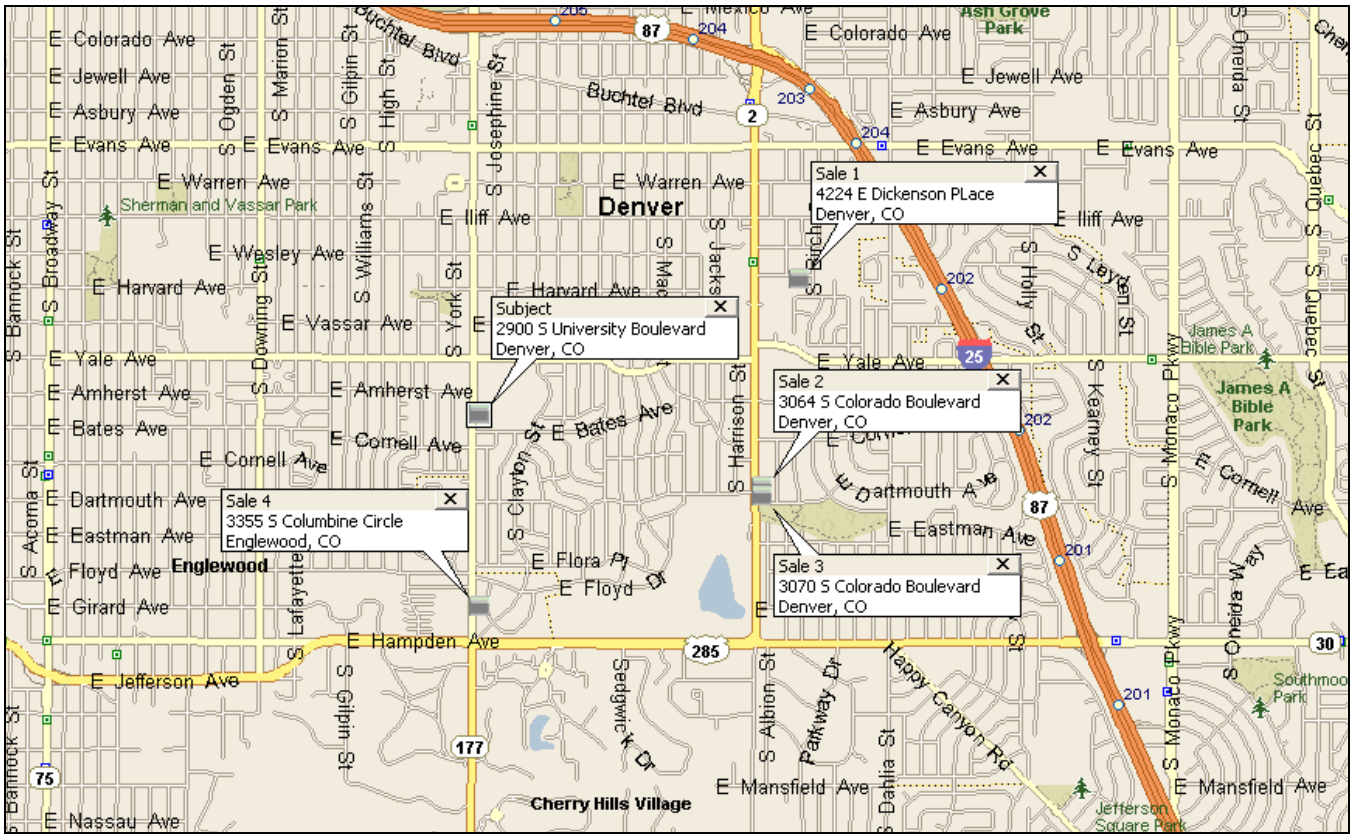
The units of comparison are a physical or economic measure that can be divided into a property’s price to provide a more standardized comparison of the properties. The measure should be one that accounts for differences in the price typically paid for the type of property being appraised. For land valuations, the most commonly use methods are:

Units of Measure	
✓	Per Square Foot of Land Area: Typically used to compare various commercial uses and smaller parcels of land.
	Per Acre of Land Area: Typically used for large-acreage sites greater than 10 acres.
	Per Buildable Square Foot: Typically used for land with potential for mid to high-rise office development.
	Per Dwelling Unit: Typically used for residential uses.

SUBJECT SALE HISTORY AND COMPARABLE SEARCH

Subject Listed for Sale/Price	Yes	\$1,400,000 (\$358.33 PSF) *The subject is currently being marketed as an office property, and the price per square foot listed above is representative of Denver County's recorded gross building area for the subject's improvements.
Subject Under Contract/Price	No	N/A
Search for Comparables	Using third party data sources of CoStar, MLS, and a visual inspection of the neighborhood for listings, we searched for the most recent sales of residentially-zoned parcels without entitlements in place containing less than two acres in size within the subject's surrounding area. We further limited our search for sales to those occurring on or after January 1, 2015. From our extensive search, we selected the most relevant sales.	
Comparables Used	4 sales	

Comparable Sales Summary										
Subject	Sale 1		Sale 2		Sale 3		Sale 4			
Address	2900 South University Boulevard	4224 East Dickenson Place		3064 South Colorado Boulevard		3070 South Colorado Boulevard		3355 South Columbine Circle		
City	Denver	Denver		Denver		Denver		Englewood		
Property Type	Redevelopment Site	Redevelopment Site		Redevelopment Site		Redevelopment Site		Redevelopment Site		
Parcel Number	05362-15-002-000	06303-09-002-000		06312-08-040-000		06312-08-041-000		1971-36-3-08-001		
Sale Date	N/A	Dec-16		Aug-16		Jul-16		Jun-15		
Sale Price	N/A	\$ 850,000		\$ 150,000		\$ 215,000		\$ 495,000		
List Price	N/A	\$ 1,350,000		\$ 165,000		\$ 210,000		\$ 489,000		
Days on Market	N/A	735		52		32		80		
Data Source	Assessor, Site Inspection	CoStar, Assessor, Deed, Listing		MLS, Assessor, Deed		MLS, Assessor, Deed		MLS, Assessor, Deed		
Land Area (SF)	34,000	60,088		6,201		8,211		20,855		
Land Area (AC)	0.78	1.38		0.14		0.19		0.48		
Purchaser's Intent/ Other Comments	Redevelopment site improved with single-family residence converted for commercial use that is in below-average condition	Redevelopment site currently improved with a single-family residence in poor condition		Vacant parcel zoned for residential use		Vacant parcel zoned for residential use		Vacant parcel zoned for residential use		
Unadjusted Price PSF			\$14.15		\$24.19		\$26.18			\$23.74
Quantified Adjustments										
Property Rights Conveyed		Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple
Financing		Assumed market based		Assumed market based		Assumed market based		Assumed market based		Assumed market based
Terms/Conditions of Sale		N/A		N/A		N/A		N/A		N/A
Expenditures After Sale		None		None		None		None		None
Market Conditions		0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	\$0.00
Total Quantified Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Quantitatively Adjusted Price			\$14.15		\$24.19		\$26.18			\$23.74
Qualitative Adjustments										
Locational Factors										
Distance from subject	N/A	1.7 miles		1.4 miles		1.4 miles		0.7 miles		
General Location	Wellshire Neighborhood	University Hills Neighborhood		University Hills Neighborhood		University Hills Neighborhood		Cherry Hills Heights		
Other Considerations	Located along South University Boulevard (primary thoroughfare); surrounding uses comprised primarily of residential uses in average to good condition; redevelopment within the area is ongoing	Located along Dickenson Place (secondary thoroughfare); surrounding uses comprised primarily of residential uses in average to good condition; redevelopment within the area is ongoing		Located along South Colorado Boulevard (primary thoroughfare); surrounding uses comprised primarily of residential uses in average to good condition; redevelopment within the area is ongoing		Located along South Colorado Boulevard (primary thoroughfare); surrounding uses comprised primarily of residential uses in average to good condition; redevelopment within the area is ongoing		Located along S Columbine Circle (secondary thoroughfare) and backing up to S. University Boulevard (primary thoroughfare); surrounding uses comprised of residential properties in good to excellent condition		
Overall Location Comparison	Average	Average	(=)	Average	(=)	Average	(=)	Average	(=)	Good
Site Size (AC)	0.78	1.38	(++)	0.14	(--)	0.19	(--)	0.48	(-)	(-)
Zoning/Entitlement Factors										
Zoning or Intended Use	S-SU-F	S-SU-D		S-SU-D		S-SU-D		R2		
Building Height	30'	30'		30'		30'		25'		
Entitlements	None	None		None		None		None		
Allowable Residential Uses	Single-unit permitted; two-unit & multi-unit permitted with limitations	Single-unit permitted; two-unit & multi-unit permitted with limitations		Single-unit permitted; two-unit & multi-unit permitted with limitations		Single-unit permitted; two-unit & multi-unit permitted with limitations		Single-unit only		
Zoning	Average	Average	(=)	Average	(=)	Average	(=)	Average	(=)	Below-Average
Infrastructure Factors										
Existing Improvements	3,907 SF Converted single-family residence	2,654 SF Single-family residence		None		None		None		
Availability of Utilities	All utilities to the site	All utilities to site		Municipal services located along western perimeter		Municipal services located along western perimeter		Municipal services located along perimeter		
Infrastructure	Below-Average	Below-Average	(=)	Average	(-)	Average	(-)	Average	(-)	Average
Site Utility Factors										
Corner/Non-Corner	Non-corner	Non-corner		Non-corner		Corner		Non-corner		
Shape	Generally Rectangular	Generally Rectangular		Rectangular		Rectangular		Irregular		
Topography	Generally level	Generally level		Generally level		Generally level		Generally level		
Other Factors	None	None		None		None		Site is narrow, which could limit future development		
Site Utility Comparison	Average	Average	(=)	Average	(=)	Average	(=)	Average	(=)	Below-Average
Total Non Quantified Adj.			(++)	(---)		(---)		(---)		(---)
Indication for Subject:		Greater than	\$14.15	Less than	\$24.19	Less than	\$26.18	Less than		\$23.74



MARKET CONDITIONS

All of the sales occurred in 2016 or 2015, and are considered reflective of current market conditions.

SALES ANALYSIS SUMMARY

The following chart ranks the comparable sales based on their adjusted per square foot prices.

Ranking of the Subject Property		
Comparable	Value PSF	Comparison
3	\$26.18	Superior
2	\$24.19	Superior
4	\$23.74	Superior
Subject		
1	\$14.15	Inferior

The comparable sales indicate a value for the subject between Sale 4 at \$23.74 per square foot, and Sale 1 at \$14.15 per square foot. Sale 1 is significantly larger than the subject. Sale 4 features similar site utility, and is located closest to the subject. We consider this comparable to provide the best indication of value. However, this property is smaller than the subject, and superior in location. Considering all of the data presented above, along with the limited number of larger infill sites in the subject's immediate area, we believe the subject is desirable for a developer. We conclude to a value for the subject closer to Sale 4 at \$20.00 per square foot of land area. This equates to a total value of **\$680,000 (\$20.00 PSF x 34,000 SF), rounded.**

SALES COMPARISON APPROACH – “As Is”

In our opinion, the fee simple market value of the subject property “As Is”, as indicated by the Sales Comparison Approach, as of the effective date of this appraisal is:

MARKET VALUE INDICATION – FEE SIMPLE “As Is”
<p>Six Hundred Eighty Thousand Dollars \$680,000 (\$20.00 Per Square Foot of Land Area) (Based on 34,000 SF)</p>

VALUE RECONCILIATION

VALUE CONCLUSIONS			
"As Is"			
Cost Approach	Not Developed		
Sales Comparison Approach	\$680,000	\$20.00	PSF (Based on 34,000 SF of land area)
Income Approach			
<i>Direct Capitalization</i>	Not Developed		
<i>Yield Capitalization</i>	Not Developed		
Approach Correlations			
"As Is"	Sales Comparison Approach		
Value Conclusions			
"As Is"	\$680,000	\$20.00	PSF (Based on 34,000 SF of land area)

CONCLUSION OF VALUE – "As Is"

The Sales Comparison Approach simulates the valuation methodology that would be used by the subject’s most likely purchaser, a developer/investor. In the Sales Comparison Approach, similar properties that have been sold recently or for which listing prices or offers are known are compared to the subject property. We were able to identify numerous redevelopment sales within two miles of the subject, many of which sold very recently. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication, and we place full weight on this approach in the final value reconciliation.

Based upon the Sales Comparison Approach, the indicated market value of the fee simple estate of the subject "As Is", as of the effective date, is:

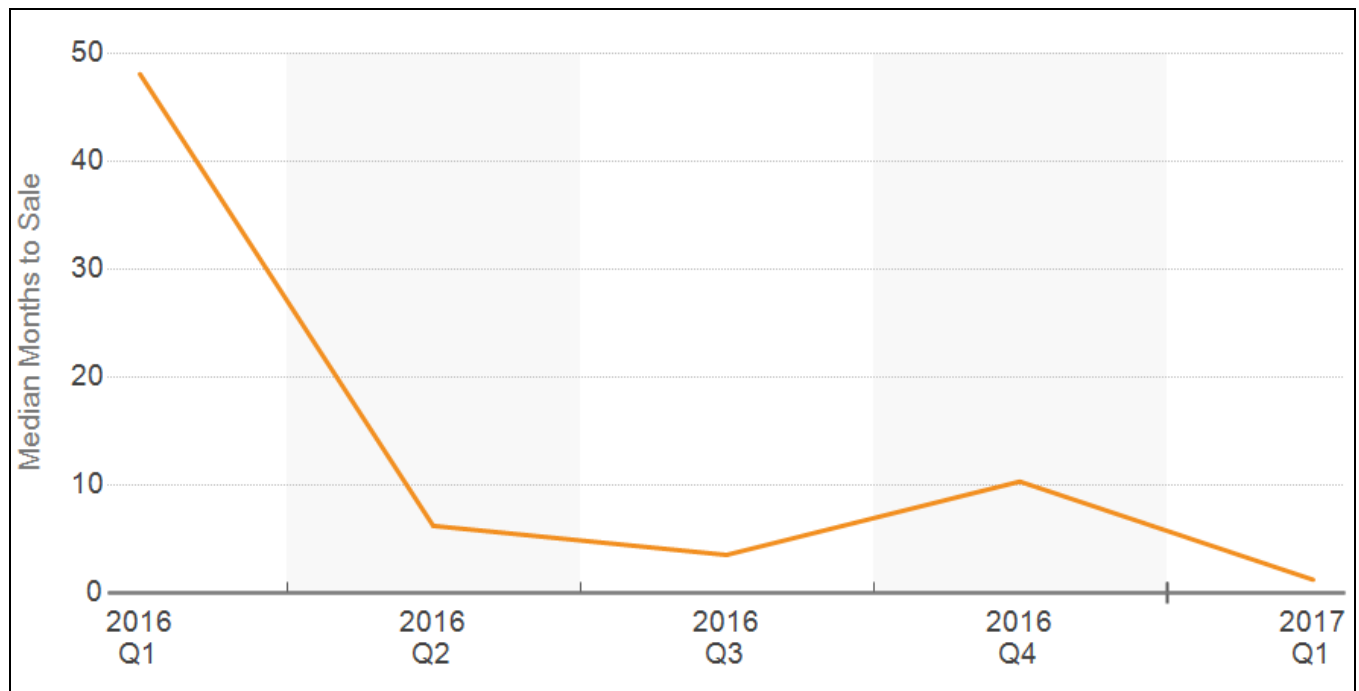
MARKET VALUE INDICATION
"As Is"
<p>Six Hundred Eighty Thousand Dollars \$680,000 (\$20.00 Per Square Foot of Land Area) (Based on 34,000 SF)</p>

REASONABLE MARKETING AND EXPOSURE

Actual marketing times for the sales analyzed herein are summarized as follows:

Days on Market	
Sale 1	735
Sale 2	52
Sale 3	32
Sale 4	80
Average	225

The comparable sales show a variety of marketing times averaging approximately 7.5 months. We also analyzed marketing times of all sales of residential land properties up to one acre in size in the Denver metro area as reported by CoStar.



CoStar shows residential land properties selling in less than ten months on average in the current market.

Financing for vacant land properties is available to qualified buyers. Given its zoning, size, and location, the subject appeals primarily to investors and developers, and we believe it would sell within 12 months at the appraised market value.

The exposure time is also estimated at less than twelve months; however; it could be slightly longer than the marketing time depending on any improvement in the market.

USPAP REPORTING DETAILS

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as a **Restricted Appraisal Report**. The content of a Restricted Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

2-2 (b) (i)	state the identity of the client, by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser’s work file
2-2 (b) (ii)	state the intended use of the appraisal
2-2 (b) (iii)	state information sufficient to identify the real estate involved in the appraisal
2-2 (b) (iv)	state the real property interest appraised
2-2 (b) (v)	state the type of value and cite the source of its definition
2-2 (b) (vi)	state the effective date of the appraisal and the date of the report
2-2 (b) (vii)	state the scope of work used to develop the appraisal
2-2 (b) (viii)	state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work file; exclusion of the sales comparison approach, cost approach, or income approach must be explained
2-2 (b) (ix)	state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal
2-2 (b) (x)	when an opinion of highest and best use was developed by the appraiser, state that opinion
2-2 (b) (xi)	clearly and conspicuously: state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results
2-2 (b) (xii)	include a signed certification in accordance with Standards Rule 2-3

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The value conclusions contained in this appraisal are subject to the following assumptions and limiting conditions.

- The values reported are based upon the condition of the national economy, the local economy, purchasing power of the dollar and the financing rates as of the date of the value estimate.
- The report and the values expressed in this report represent the opinion of the signers as of the date of the appraisal. The fee for preparing this report is not contingent upon reporting any specified value.
- By preparing this report, the appraisers and signers are not offering legal advice or conclusions of law. The client is advised that legal matters concerning the property may have a direct bearing on its value. If such matters are different from those presumed by the appraisers and set forth herein, the value conclusions contained in this report may be invalid.
- Title to the property is presumed to be good and merchantable. The legal description is presumed to be correct but it should not be used for any legal documents without verification by legal counsel. Therefore, the property rights appraised herein, are considered as being owned in fee simple title, modified only by existing tenancies, or unless otherwise noted, and are appraised as such.
- All opinions in the appraisals and all conclusions will be strictly our own, except where clearly stated as in part being derived from the opinion of others, and will be supported by what market evidence we can find, but will not be guarantees that any future prediction will actually happen.
- If the property being appraised is a fractional interest(s) of real estate, the value of the fractional interest(s), when added to the value of any other fractional interest(s), may or may not equal the value of the entire Fee Simple Estate.
- If the property being appraised is a geographical portion of a larger parcel, it, when combined with the remaining geographical portion(s), may or may not equal the value of the whole.
- The distribution of the total valuation concluded in this report between land and improvements applies only under the existing utilization and zoning of the property, or under the conclusion of highest and best use, if different from existing and actual.
- A visual inspection was made of the improvements as well as of the land, and items of deferred maintenance, structural components, layouts and equipment were observed insofar as any reasonable visual inspection conducted on less than engineering standards would allow. Where deemed important, we have noted these items in the report. However, we assume no responsibility for any hidden or unapparent conditions which would render the property more or less valuable and which would require an inspection of either unreasonable length or engineering capability to locate, nor do we assume any responsibility for engineering which might be required to discover such factors.
- Unless otherwise stated in the report, any possible existence of hazardous substances, including, without limitation, asbestos, urea formaldehyde, foam insulation, polychlorinated biphenyls, petroleum leakage, agricultural chemicals, or other environmental concerns, was not called to the attention of the appraisers, nor did we become aware of such during our inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated and, in any case, are not qualified to test for such substances or conditions. The values estimated are predicated on the assumption that there are no such conditions on or in the property, or in such proximity that they would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of chemical or industrial hygiene if so desired.
- Sketches in this report may not be to scale and are included only to assist the reader in visualizing what is illustrated. As to the subject property, we have made no survey and assume that no encroachments exist unless where specifically noted.

- Information, estimates and opinions furnished to us and contained in this report were obtained from sources considered reliable and are believed to be true and correct; however, we make no guarantee for the accuracy of such items.
- The removal or loss of any portion of this report invalidates the entire appraisal.
- We are not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.
- As members or affiliates of the Appraisal Institute, we are required to state certain constraints upon the use of the report. These may be summarized as:
 - A client is allowed to reproduce and distribute as many facsimiles as he wishes, provided that each reproduction is in whole and is not a fragment;
 - The report cannot be used for publicity through media advertising without consent; and
 - The identity of the appraiser and his affiliations cannot be used for advertising purposes without consent.
- The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If not in compliance, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the Requirements of ADA in estimating the value of the property.
- In the event of breach of any condition or provision hereof, the appraisers and any other signers' obligations hereunder are limited to correction of any incomplete, inaccurate or defective work, without additional cost, or, at the option of Appraiser, to refund the purchase price for this Appraisal without further obligation. Appraisers and signers assume no obligation for incidental or consequential damages.

Other assumptions or limiting conditions may be made when and where they apply.

CERTIFICATION

The undersigned do hereby certify that, to the best of our knowledge and belief:

- To the best of our knowledge, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or hypothetical interest in the subject property, and have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon reporting a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, the prospect of future employment, or the occurrence of a subsequent event.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- The analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP) and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practices adopted by the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one other than the individuals named in this certification provided significant professional assistance in the preparation of this report.
- Steven Tromly, MAI personally inspected the property that is the subject of this report as well as the sales comparables utilized.
- The Colorado Division of Real Estate currently licenses Rodman Schley, MAI, and Steven Tromly, MAI, as Certified General Appraisers.
- Rodman Schley, MAI, *Supervising Appraiser* – was involved throughout the appraisal process in a supervisory capacity. Significant contributions were made in defining the scope of work with both the client and the other report contributors, reviewing the appraisal report and included data for accuracy and relevancy, and in supporting and reconciling all value estimates within the report.
- Troy Danek, *Trainee Appraiser* – provided significant real property appraisal assistance by collaborating with other report contributors. Assisted in defining the scope of work for the appraisal process. Researched and confirmed pertinent details regarding the subject property by reviewing information available through public sources as well as information provided by other market participants. Reviewed and detailed market trends and significant factors impacting property valuation. Confirmed pertinent details for any applicable construction cost estimates, comparable sales, and/or comparable rental properties. Provided significant input in reconciling value indications from generally accepted appraisal methodologies into value conclusions.
- Rodman Schley, MAI, has sufficient educational background and experience in the appraisal and review of real estate properties similar to the subject. This knowledge and experience allows us to complete this appraisal assignment in accordance with the competency provision of USPAP and Title 12 CFR Part 1608.4.

- Pursuant to the Conduct Section of the Ethics Rule of USPAP, "If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in the subsequent report certification any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity."

BBG, Inc. has not provided any services regarding the subject property within the three year period immediately preceding acceptance of the assignment, either in an appraisal capacity, or in any other capacity. Additionally, none of the individuals who contributed to this report have provided any services regarding the subject property.

- As of the date of this report, Rodman Schley, MAI, has completed the continuing education program for Designated members of the Appraisal Institute.



By: Rodman Schley, MAI
Certified General Appraiser
State of Colorado, CG40025588



Rodman Schley, MAI
Senior Managing Director
Work: 303-420-1052 ext. 100
rschley@bbgres.com

PROFILE

Mr. Schley is a Senior Managing Director at BBG and is located in the Colorado Office. He joined BBG in September of 2016. Prior to joining BBG, he was President of Commercial Valuation Consultants, Inc. where he conducted internal reviews and audits of appraisal reports.

PROFESSIONAL AFFILIATIONS

MAI Designation – Appraisal Institute

General Certified Appraiser:

Colorado Certified General Real Estate Appraiser No. CG40025588
Arizona Certified General Real Estate Appraiser No. 32056
California Certified General Real Estate Appraiser No. 3002842
Oregon Certified General Real Estate Appraiser No. C001183
Washington Certified General Real Estate Appraiser No. 1102307

EDUCATION

General Associates Degree, Maple Woods Community College, Kansas City, MO
Bachelor of Arts, Marketing Management, Bellevue University, Omaha, NE

PROFESSIONAL TRAINING

Summer 1998	Colorado Contracts and Regulations	A-Plus Real Estate School
Summer 1998	Real Estate Closings	A-Plus Real Estate School
Fall 2000	Basic Income Applications	University of Colorado Boulder
Fall 2000	Registered Appraiser	University of Colorado Boulder
Fall 2000	Standards and Ethics	University of Colorado Boulder
Spring 2001	Small Residential Income Properties	University of Colorado Boulder
Summer 2001	Certified Residential	University of Colorado Boulder
Fall 2001	Commercial Case Studies	University of Colorado Boulder
Fall 2001	Appraisal Principles/Advanced Applications	University of Colorado Boulder
Fall 2001	Income Capitalization	University of Colorado Boulder
Fall 2002	Colorado Mandatory 8-Hour C.E.	University of Colorado Boulder
Summer 2003	Highest and Best Use and Market Analysis	Appraisal Institute
Winter 2003	Report Writing and Valuation Analysis	Appraisal Institute
Fall 2003	Fall Economic Forecast	University of Denver
Fall 2004	15-Hour National USPAP Course	Appraisal Institute
Fall 2004	7-Hour Business Practices and Ethics	Appraisal Institute
Fall 2006	Advanced Income Capitalization	Appraisal Institute
Fall 2006	Advanced Applications	Appraisal Institute
Fall 2006	Advanced Sales Comparison and Cost Approaches	Appraisal Institute
Fall 2006	The Cost Approach to Commercial Appraising	Appraisal Institute
Fall 2006	Associate Member Round Table	Appraisal Institute
Fall 2006	Appraisal Review – General	Appraisal Institute
Winter 2007	Passed General Comprehensive Examination for MAI	Appraisal Institute
Spring 2007	7-Hour National USPAP Update Course	Appraisal Institute
Winter 2008	Completion of Demonstration Report Requirement for MAI	Appraisal Institute

PUBLICATIONS

Books

June 1995 Finding Your Fortune in Repossessed Real Estate Author

Articles

Summer 1995 *It Only Takes a Dream*
Financial Freedom Report Quarterly Author

Fall 1995 *Finding Golden Properties in Estates and Divorces*
Financial Freedom Report Quarterly Author

Spring 1996 *Repossessed Real Estate: A Fortune for the Finding*
Financial Freedom Report Quarterly Author

October 2005 *Katrina Raises Construction Costs*
Colorado Real Estate Journal Author

February 2007 *2007 Cap Rate Expectations: Moderate Increases Possible*
Colorado Real Estate Journal Author

July 2007 *Denver Metro Office Market Strengthening*
Colorado Real Estate Journal Author

September 2007 *Credit Crunch: Assessing the Impact*
Colorado Real Estate Journal Author

February 2008 *Write Leases with Positive Impact*
Colorado Real Estate Journal Author

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

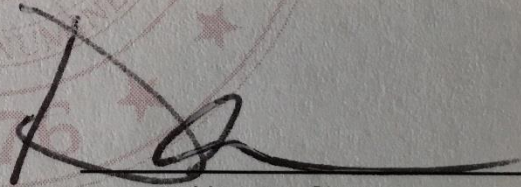
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DAVID R SCHLEY
DENVER, CO 80214

Marcia Waters

Program Administrator



Licensee Signature