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Fire Clay Lofts

Denver, Colorado

Project Type: **Multifamily For-Sale Housing**

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Case Number: **C037023**

PROJECT TYPE

Located in a transitioning industrial neighborhood north of Coors Field in downtown Denver, Colorado, Fire Clay Lofts is a four-acre (1.64-hectare) mixed-use redevelopment that combines the adaptive use of an old warehouse with new construction to create 166 condominiums, including 32 affordable residences. A total of 14 buildings featuring units in flat, loft, townhouse, and live/work configurations are located on the streetfront and perimeter of the two-block site. The structures and secured parking lots define the block and provide limited access to the shared landscaped courtyards, and passages connect the site.

LOCATION

Central Business District

SITE SIZE

4 acres/1.64 hectares

LAND USES

Condominiums, Live/Work Housing, Loft Housing

KEYWORDS/SPECIAL FEATURES

- Infill Development
- Mixed-Income Housing
- Adaptive Use

WEB SITE

www.fireclayloft.com

DEVELOPER

Urban Ventures, LLC

Denver, Colorado

303-446-0761

www.urbanventuresllc.com

ARCHITECT/PLANNER (Phases I, II, and III)

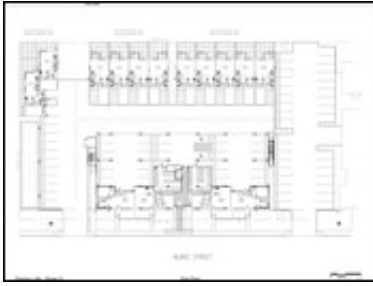
Van Meter Williams Pollack

Denver, Colorado

303-298-1480

www.vmwp.com

ARCHITECT (Phase IV)



Studio Completiva, Inc.
 Denver, Colorado
 303-477-9156
www.studiocompletiva.com



GENERAL DESCRIPTION

Fire Clay Lofts is a 177,300-square-foot (16,471-square-meter) 166-unit, mixed-income infill project that was developed on an industrial site in downtown Denver. The \$49 million development is located in the Upper Larimer-Ballpark neighborhood about one mile (1.6 kilometers) north of Coors Field. It includes the adaptive use of the Cable Building, a 19th-century brick warehouse that now contains 30 condominium units. In addition, there are 13 other structures comprising a total of 136 units that come in one- and two-bedroom, loft, live/work, and townhouse configurations. Twenty percent of the units are affordable and deed restricted. The 14 buildings are connected by open space, walkways, and courtyards. Many of the structures are sited along the eastern and western streetfront perimeters, and gated parking lots are located on the north and south perimeters. By defining the perimeter of the project with buildings and parking, the site plan creates courtyards and inner spaces where the residents can meet and mingle.

Located in an industrial corridor and on a former brick manufacturing site, Fire Clay Lofts was intended to introduce mixed-income residential development to an underused area with sparse housing. The project also was meant to draw artists and "cultural-creative" people seeking an urban lifestyle that was affordable, community oriented, and somewhat removed from the bustle of the downtown core.

The site was purchased in May 2000 by the developer, Urban Ventures, LLC, which specializes in loft and condominium housing, mixed use, and the renovation of historic properties in Denver's urban neighborhoods. Construction began in October 2000 and has spanned four phases, with the last phase due to be completed in August 2008.

SITE

Fire Clay Lofts is located on Blake Street between 30th and 32nd streets a few blocks northeast of Lower Downtown (LoDo) and Coors Field (the project borders stadium parking). The site lies in a busy industrial neighborhood with a mix of old factories and warehouses, salvage yards, and even a junkyard for double-decker buses. The project required the developers to apply for zoning changes from industrial/office to commercial mixed use. When the project began in 1999, the neighborhood had relatively few and dispersed residents, with the exception of those residing in a live/work artists' community, Silver Square, located next to the site.

The four-acre (1.64-hectare) site has a rich industrial history going back more than a century. Fire Clay Lofts are named for the Fire Clay Brick Company, located on the site for more than 100 years. Many old structures in Denver were built with bricks that had been manufactured in kilns that dotted the site. A series of underground railroad tracks allowed bricks to be moved on carts from the kilns to the warehouse, where they were loaded onto trains for delivery. The brick business ceased its manufacturing operations in the 1970s, and two existing buildings remained vacant. During the site's vacancy and prior to its purchase by Urban Ventures in 1999, the main structure, then called the Green Building, experienced a fire and its roof collapsed. By the time the Fire Clay project started, the Cable Building was the only structurally sound edifice left standing.

DEVELOPMENT PROCESS

Urban Ventures' president, Susan Powers, was the director of the Denver Urban Renewal Authority from 1987 to 1998. Powers and the firm's four other partners and investors since the 1980s have had pivotal roles in downtown Denver's redevelopment efforts. The partners' projects include the Denver Pavilions (a 350,000-square-foot [32,516-square-meter] retail center), the Denver Dry Lofts (formerly a 300,000-square-foot [27,870-square-meter] department store), Elitch Gardens Amusement Park, and the aforementioned artists' colony, Silver Square (previously a five-building warehouse complex located next to the Fire Clay site). Fire Clay Lofts was the first project planned and the first property purchased by Urban Ventures; however, as of February 2008, the firm represents a portfolio of \$192 million, including projects in progress and targeted development on land it owns.

Urban Ventures started the planning process in December 1999 and purchased the site in May 2000, when sales commenced. Phase I began in October 2000 with the construction of the 30 units in the Cable Building and 23 units of new construction, and was completed in September 2001. Phase II entailed the construction of 27 units and was completed in February 2003. The 33 units constructed in the third phase were finished in December 2004. Involving the construction of 53 units, Phase IV is due to be completed in August 2008. Each phase included a similar mix of housing types, with one- and two-bedroom townhouses, flats, and live/work units.

Unforeseen conditions are some of the biggest challenges in adaptively redeveloping industrial buildings. At Fire Clay Lofts, construction crews found the remains of numerous underground structures, such as tunnels that carried heat to the brick kilns. These structures added unexpected demolition costs to development. The discovery of underground structures continued into the fourth phase and added to the cost and time required for construction. There also were challenges in the redevelopment of the Cable Building. Its existing sandstone foundation required steel reinforcement, and its brick walls needed tuck-pointing repairs.

The development team participated in a voluntary cleanup that was administered by the state's health department. Remediation included removing lead-based paint on the Cable and Green buildings (because it was covered with lead-based paint, the Green Building had to be stripped of the toxic material before being demolished). Groundwater was monitored through the first phase. The developers also removed poor soil and added new structural fill. In one phase, the contractor brought in a grinder to process chunks of soft brick and mixed them with the imported soil to make structural fill on site. Excavation also turned up underground tanks, which, fortunately for Urban Ventures, did not contain toxic chemicals.

The brownfield cleanup initially looked daunting, Powers says, because of the combination of the building collapse, the possibility of contamination from nearby railroad activity, and the site's previous use for brickmaking (another Denver brickyard had imported radium-tainted soil from a mountain site that was used in the production of bricks and subsequently caused health problems). These possibilities did not materialize, however, and the project received a "no further action" letter from Colorado's health department.

COMMUNITY SUPPORT

Fire Clay Lofts was supported by the local community from the beginning. An active community group, the Upper Larimer Neighborhood Association, composed of business owners and residents, wanted residential development with mixed uses and mixed incomes, live/work opportunities, and good-quality construction. The group supported the project throughout the planning, zoning, and construction process.

At the time, the influence of Denver's affluent and lively LoDo district hadn't yet spread to the neighborhood, which was relatively isolated. Local residents wanted affordable homeownership opportunities, and did not want land values to increase to the point where they couldn't afford to live there. The development team held a series of open houses and meetings with a buildout model of the project, and through these meetings became attuned to the community's desire for a balance between high-quality construction and maintaining a diverse neighborhood.

FINANCING

Urban Ventures worked with Kathy Kaley of Colorado Business Bank to obtain a construction loan for the first, second, and third phases of the project, totaling \$15 million. After she became president of Mile High Bank in Denver, the developers worked with her to obtain a construction loan of \$9 million for the fourth phase. They also negotiated a \$300,000 loan from the city to help pay costs related to extensive site work and required

infrastructure. The loan will be converted to a grant when all 32 of the affordable, deed-restricted units are completed in August 2008.

PLANNING

Produced by Van Meter Williams Pollack, an architecture and urban planning firm that specializes in sustainable urban infill development, the Fire Clay Lofts master plan sought to transform an old and underused industrial site into a diverse, lively, urban community with a variety of housing types—flats, lofts, townhouses, live/work units—for residents with a variety of income levels. The numerous new condominium buildings would be linked by “bridge” units—units that serve as bridges by connecting structures—and shared open space, with multiple courtyards, walkways, and landscaped areas that would encourage residents to create a social network similar to a small village center. The project was intended as a community for artists and other “cultural-creative” people who wanted to live in downtown Denver, but who preferred an edgier and less expensive neighborhood.

The plan, begun in December 1999, called for reusing the Cable Building, the one structurally sound existing building on site, and constructing new residences and live/work spaces within it and in new structures across the site. The Cable Building offered aesthetic possibilities for the construction of the condominiums, which would allow a piece of history from the site to be preserved. Although the project was not a work of historic preservation—which can be much more difficult and costly—its adaptive use, from an urban design viewpoint, accomplished some of the same goals, such as maintaining the character and scale of the neighborhood.

As mentioned earlier, 20 percent of the units are affordable and deed restricted. Before the city drafted an inclusionary zoning ordinance, Urban Ventures voluntarily negotiated to set aside 20 percent of the dwellings to be deed restricted and reserved for buyers who make up to 80 percent of the area median income (AMI), which is about \$40,000 per year. (By contrast, the city’s inclusionary zoning ordinance for projects with 30 or more units requires that only 10 percent be affordable for buyers earning 80 percent of AMI.) The affordable units are dispersed throughout the buildings and are identical to similar-sized market-rate units.

The entire project and the planning process have extended longer than the development team initially anticipated, due to a slowdown in the regional economy after September 11, 2001, and because of changes in the marketplace since then. But the advantages inherent in this longer planning and development period, Powers says, were that “we had the luxury of letting the project evolve with every phase to reflect changes in the market.” Live/work units in the first phase that at 1,600 square feet (148.6 square meters) proved to be too big and expensive were adjusted in the second phase to 1,300 square feet (120.7 square meters). Townhouses in the first three phases had just one bedroom each, but in the fourth phase the number of bedrooms was raised to two based on a change in market demand.

ZONING, ENTITLEMENTS, AND VARIANCES

In order to build the project, the development team had to have the site rezoned to allow for residential use. The city and county of Denver welcomed the project as part of its efforts to expand opportunities for mixed-use and residential development along Blake Street. Accordingly, the site was rezoned under the municipality’s new mixed-use guidelines that permit both residential and commercial development. As part of the rezoning, Urban Ventures volunteered to provide 20 percent, or 32 units, as affordable for households earning 80 percent of AMI or less.

The most challenging aspect of the zoning process was that Fire Clay Lofts was one of first projects allowed under the city’s new CMU-20 mixed-use/commercial zoning in the late 1990s. Because the area was industrial, the developers found they had to negotiate with more entities than on their other projects. These included the Denver Metropolitan Major League Baseball Stadium District, which required the project to handle stormwater on site with a detention system before it was released onto the Coors Field parking lot, where it flows into the Platte River. The developers used the new CMU-20 zoning to their advantage when they successfully argued that traditional large tree lawns were inappropriate in a mixed-use project (small tree lawns with street trees and landscaping now separate the streetfront buildings from the sidewalks and curbs).

DESIGN

Van Meter Williams Pollack’s master plan divided the 1,000-foot-long (309-meter-long) site into five distinct and smaller urban blocks, with 14 buildings (ten in the first three phases designed by the firm) that adapt the area’s forms and materials in new ways.

Fire Clay Lofts was conceptualized as both a “hardened block” (limited access) and a community of large and small clustered buildings, which take up 40 percent of the site. The concept and design took cues from the neighboring Silver Square Lofts, one of Denver’s first loft developments, composed of structures erected during the 1930s and used for various purposes including the construction of machinery used for sugar processing. The buildings later became an artist community and in the 1990s were converted into condominiums that were developed by one of the Urban Ventures partners.

Architecturally, the design of Fire Clay Lofts’ first three phases focused on the Cable Building, which was brought to life with a new roofless interior courtyard to bring light and air into units that face into it. The site design incorporates the building’s existing masonry streetfront facade and basic building form, which, along with five other four-story structures constructed in four phases, flank the streetfront perimeter along Blake Street, facing east. The rest of the buildings—also with Blake Street addresses—are located on the western perimeter.

About 25 percent of the site is open space and landscaped areas, and every unit has private outdoor space in the form of a yard, deck, patio, or balcony. These “private-public” spaces act as a physical network, connecting all the buildings and four phases of development, and giving residents secure access throughout the site. They also provide common space that encourages the development of a social network among residents.

The development of phases I through III included 30 units in the Cable Building and 136 units of new construction. The architects used the shell and the “essence” of the old structure—the weathered brick, masonry columns, steel beams, tall portals—as inspiration for the new construction. They designed ten courtyards connected to walkways, and four bridges containing “portal unit” condos that link the smaller buildings with the larger ones that face Blake Street. The more distinctive modern architectural features include the streetfront buildings’ upturned butterfly roof and two-story arcades, which provide sheltered private balconies. Most units have exterior entrances and exposure to daylight and air on at least two sides; the modern interiors have open floor plans, bamboo and wood floors, and gas fireplaces in the townhouses. Many have 18-foot (5.5-meter) ceilings and two levels of living space. Ten ground-floor streetfront units comprise commercial uses (a combination of office and retail), with second-floor living space.

Van Meter Williams Pollack used simple, durable materials, such as brick, steel, corrugated metal, and concrete, to reflect the industrial character of the neighborhood. The intent was to utilize inexpensive but well-crafted materials, such as cement fiberboard (CFB) for cladding in the new construction. They employed full-size CFB boards, custom-stained with warm earth colors such as terra-cotta, sienna, and mustard, to create a subtle, organic, and aged effect. The exposed metal fasteners and corner flashing were applied after the stain so they look more industrial.

Fire Clay’s Phase IV, due to be completed in August 2008, will feature 53 residential units designed by Denver-based architecture firm Studio Completiva, Inc. Founded in 1995, Studio Completiva specializes in urban infill projects, including Urban Ventures’ Monarch Mills project. Nine of the dwellings in the fourth phase are affordable, and four are streetfront live/work units. The architects’ intent was to achieve a feeling of “parallel” or incremental development to give the sense that Fire Clay Lofts evolved over time.

Phase IV’s two- and four-story buildings are designed with a more contemporary look and a linear north-south orientation to provide a strong urban edge and to take advantage of the views of the Rocky Mountains to the west and downtown to the southeast. They include a similar mix of unit sizes and types, but with more vertical development—more units have two stories, including townhouses with their own parking spaces lining the western edge. The top floor of the taller structures is stepped back to allow for exterior living space. The interiors feature what Studio Completiva calls “detail-intensive” design, such as custom-designed staircases and seven-foot-tall (2.1-meter-tall) windows for expansive views. Exterior cladding is also CFB, but with a rain-screen system of interstitial space to maximize weatherproofing and allow the building to “breathe.”

PARKING

The 202 parking spaces are located in off-street parking areas and secured with metal fences and electronically controlled gates. The parking lots are accessed from drive-through entrances on Blake Street with a remote entry system that allows residents to drive into the site.

Fire Clay Lofts offers adequate parking to satisfy zoning requirements. Each residential unit was allotted one parking space; additional spaces were available for purchase. Parking requirements in Denver’s mixed-use districts are lower than in traditional-zone districts. Fire Clay also was allowed to provide fewer spaces than would normally be required because of its proximity to a bus route. Bike racks are located on site and are well used.

MARKETING, MANAGEMENT, AND TENANTS

In the early stages, the project was advertised primarily through local newspapers. However, the developers quickly realized that this was an expensive and ineffective way to reach buyers. The project's Web site (developed by one of the earliest residents) was the primary information source for them. The developers also have sponsored some "quirky" events such as the Annual Fire Clay Fido Fair, featuring dog-related activities that have drawn people from the entire metropolitan area.

Marketing efforts reflect the desire to draw "cultural-creative" buyers. The project's Web site, www.fireclayloft.com, claims that the mixed-use development is "Denver's creative community." Marketing and market factors have attracted residents of various ages and interests, including city employees, local business managers, as well as many artists, photographers, and designers "who otherwise wouldn't want to live or couldn't afford to live in central downtown Denver," Powers says.

The developers also helped establish the Fire Clay HOA, a homeowners association under the state of Colorado definition for condominiums, that includes residents from every phase. The property is managed by HMP (Home Maintenance Plans) in Denver.

PERFORMANCE

The condominiums have sold for prices ranging from \$112,000 for a 789-square-foot (73.3-square-meter), one-bedroom, one-bathroom flat to \$385,000 for a 1,354-square-foot (125.79-square-meter), two-bedroom, 2.5-bathroom townhouse. The average sales price has ranged from \$193 per square foot (\$2,077 per square meter) in Phase I to \$253 per square foot (\$2,723 per square meter) in Phase IV. Preliminary resale data indicate that the values of some units remain stable and have increased over the years.

Fire Clay's development costs were less for the existing Cable Building—\$88 per square foot (\$947 per square meter)—compared with \$102 per square foot (\$1,098 per square meter) for the new-building construction in the first phase. Urban Ventures also saw a higher profit margin on the sale of the adaptive space, since the construction costs were significantly less compared with those for the new construction. Reusing old brick walls and foundations helped sell the units, Powers says, because "many buyers really prefer the character of an older building."

Fire Clay Lofts has attracted urbanists as homebuyers, especially young working people and empty nesters who enjoy living in a convenient but somewhat grittier and evolving part of the city. The project also has helped create an environment for more housing in the neighborhood. Since the project began, several other mixed-use residential developments have materialized on Blake Street and surrounding blocks.

EXPERIENCE GAINED

With challenges also came opportunities. "We were so much freer to experiment with design and materials because of the eclectic neighborhood we were in," Powers says. "That was an opportunity for us, rather than a problem, and we embraced it." The other surprise was that neighborhoods that are primarily industrial are very quiet in the evening and on weekends because the businesses there are closed. This means that street parking for residents and guests is generally not a problem.

Other lessons learned include the following:

- Variety in design is helpful.
- Private outdoor space is mandatory.
- Old brick buildings still sell best.
- A strong market for affordable workforce housing exists.
- Some buyers prefer to live a short distance from the downtown core.
- Changes made from phase to phase can reflect changes in the market.
- Developing in an industrial area requires an understanding and acceptance of who the industrial neighbors are and how they might affect the residential use.

PROJECT DATA**LAND USE INFORMATION**

Site area (acres/hectares): 4.06/1.64
 Percentage complete as of March 2008: 74.1
 Gross density (units per acre/hectare): 41/101
 Number of units: 166
 Number of off-street parking spaces: 202

LAND USE PLAN

Use	Area (Acres/Hectares)	Percentage of Site
Buildings	1.65/0.667	40.6
Streets/surface parking	0.739/0.299	18.2
Landscaping/open space	0.989/0.4	24.4
Covered outdoor area	0.682/0.276	16.8
Total	4.06/1.64	100.0

RESIDENTIAL INFORMATION

Unit Type	Number of Units	Average Area (Square Feet/Square Meters)	Percentage Sold/Leased/Under Development	Sales Prices
One-bedroom/one-bathroom unit	57	789/73.3	72/2/26	\$112,000– \$244,000
Two-bedroom/two-bathroom unit	16	1,110/103.1	75/0/25	\$162,000– \$335,000
One-bedroom/one-bathroom unit with den	12	930/86.4	0/0/100	\$227,000– \$260,000
One-bedroom/1.5-bathroom unit	39	1,026/95.3	100/0/0	\$129,000– \$278,000
Two-bedroom/1.5-bathroom unit	8	1,138/105.7	100/0/0	\$232,000– \$250,000
Two-bedroom/1.75-bathroom unit	15	1,163/108	100/0/0	\$218,214– \$320,000
Two-bedroom/2.5-bathroom unit	19	1,354/125.8	0/0/100	\$310,000– \$385,000

DEVELOPMENT COST INFORMATION

Site Acquisition Cost: \$3,052,740

Site Improvement Costs: \$3,772,894

Excavation/grading: \$39,875
 Sewer/water/drainage: \$448,495
 Paving/curbs/sidewalks: \$820,762
 Landscaping/irrigation: \$98,771
 Fees/general conditions: \$2,257,456
 Soils test/environmental study/zoning: \$107,535

Construction Costs: \$17,822,711

Soft Costs: \$6,262,300

Architecture/engineering: \$1,356,165
 Project management: \$1,339,737
 Marketing: \$628,185
 Legal/accounting: \$418,770
 Taxes/insurance: \$200,455
 Title fees: \$214,089
 Construction interest and fees: \$1,254,248
 Other: \$850,652

Total Development Cost: \$30,910,645

DEVELOPMENT SCHEDULE

Planning started: December 1999
Site purchased: May 2000
Sales/leasing started: May 2000
Construction started: October 2000
Phase I construction completed: September 2001
Phase II construction completed: February 2003
Phase I sales completed: October 2003
Phase III construction completed: December 2004
Phase II sales completed: August 2005
Phase III sales completed: November 2006
Phase IV construction completed: August 2008
Phase IV sales completion (projected): October 2009
Expected project completion: October 2009

DRIVING DIRECTIONS

From Denver International Airport: Merge onto Pena Boulevard. Stay on Pena for about eight miles (12.8 kilometers), then merge onto Interstate 70 heading west into Denver. Eight miles (12.8 kilometers) later, take the Colorado Boulevard exit and turn left onto Colorado Boulevard. A little more than 0.5 mile (0.8 kilometer) later, turn right on East 40th Avenue. After traveling about 1.5 miles (2.4 kilometers) on 40th Avenue, make a left onto Walnut Street, then immediately take a right onto 40th Avenue and then make an immediate left onto Blake Street. Stay on Blake Street for about 0.7 mile (1.1 kilometers). The project will be between 30th and 32nd streets. The project begins at 3225 Blake Street and runs through to 3095 Blake Street.

Driving time: Approximately 30 minutes in nonpeak traffic.

Kathleen McCormick, report author
Jason Scully, editor, *Development Case Studies*
David James Rose, copy editor
Joanne Nanez, online production manager

This Development Case Study is intended to serve as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI—the Urban Land Institute.

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1025 Thomas Jefferson Street, N.W., Suite 500 West, Washington, D.C. 20007-5201