

## **DUS News Digest**

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September 21, 2012

By L. Wayne Hicks, Denver Business Journal



An artist's rendering of the Union Station Alliance's proposed remodel of the interior of Denver Union Station.

A development team remodeling Denver Union Station said Friday it's cleared "the last major hurdle we faced" by getting the National Park Service's preliminary approval of its plans.

The National Park Service last month rejected Union Station Alliance's request for historic preservation certification for remodeling the train station to include a hotel.

The rejection meant the project wasn't eligible for a federal 20 percent investment tax credit for historic preservation.

But Union Station Alliance submitted a revised plan and the National Park Service has indicated the "significant changes" the developers have made are acceptable.

In a Sept. 19 letter to Walter Isenberg, who heads Union Station Alliance, the National Park Service wrote: "With the new information that you have submitted for our preliminary review, we believe that the proposed rehabilitation, in concept, can meet the Secretary of the Interior's Standards for Rehabilitation with these revisions."

The revisions include reducing the number of rooms at the station hotel to 110 from 130.

Isenberg, who's also president and CEO of Denver-based hotel company Sage Hospitality, said in an emailed statement that the developers "are thrilled that our team was able to revise our original plan and meet the standards of the National Park Service."

He said Union Station Alliance will now make a final submission of its plans for Denver Union Station to the National Park Service.

“Park Service approval was the last major hurdle we faced,” Isenberg said, “and now look forward to moving towards our goal of opening this unique mixed-use transportation development by mid-2014.”

September 25, 2012

John Rebchook, Inside Real Estate News

Zocalo Community Development on Wednesday will celebrate the ground breaking of the Cadence Union Station, a luxury, energy efficient apartment community next to the historic train station. Cadence is a 220-unit, LEED Gold certified community at 17th and Chestnut streets.

Denver Mayor Michael Hancock is scheduled to speak. Other speakers will be David Zucker, principal of Zocalo and RTD General Manager Phil Washington.

“We are proud to be the first developer to build a rental community at this key transit hub,” Zucker said. “Cadence will offer a unique blend of sustainability and upscale amenities at a competitive price.”

Cadence will feature a rooftop pool and lounge area, rooftop fitness center, a secure parking garage and a variety of community gathering areas, including a lobby-level lounge complete with a piano and bar. The project will include studios as well as one-bedroom and two-bedroom apartments. Units will average 808 square feet and will rent for an average of \$1,600 per month.

Green features at Cadence will include:

- A recycling program on every floor.

- Energy Star appliances.

- High-performance water fixtures.

- High-efficiency lighting.

- Low VOC paints, adhesives, sealants and carpets to improve indoor air quality.

Overall, it is anticipated that Cadence residents will spend 50 percent less on their utility bills than they would living in a similar non-LEED certified building.

The following businesses were instrumental in bringing Cadence to market:

- Principal Real Estate Investors.

- Bank of the West Commercial Bankin.

- Guaranty Bank and Trust Co.

- JG Architects.

- KL&A Inc.

- GE Johnson.

Cadence is the fourth LEED certified multi-family housing project developed by Zocalo in Denver. The company’s other high-rise apartments in downtown include 2020 Lawrence, a 231-unit development under construction in Denver’s Arapahoe Square neighborhood and Solera, a 120-unit luxury project sold for a record \$37 million in 2011.

September 28, 2012

By Dennis Huspeni, Denver Business Journal



Kathleen Lavine | Denver Business Journal

The hotel planned for Denver Union Station will have fewer rooms than originally planned.

The Denver Union Station project and its planned upper-level boutique hotel is losing 17 hotel rooms in the name of historic preservation, but federal tax credits will make up for the investors' loss of revenue.

And there will be more suites than originally planned, said Walter Isenberg, Sage Hospitality's president and CEO. Isenberg is the head of the Union Station Alliance (USA) team that the Regional Transportation District chose to remodel the station.

"It's obviously smaller and we're losing some revenue, and therefore some income," Isenberg said. "But at the same time construction costs go down and the total project costs are going down."

The change was made to comply with standards laid out by the National Park Service for the project to retain the station's historic character, and thus be eligible for a 20 percent federal investment tax credit.

Park service officials initially rejected USA's plan, which included 127 rooms on the second and third floors of the station. Isenberg said those officials worked with USA to change the plan so it met the U.S. interior secretary's standards for rehabilitation. The hotel will have 110 rooms.

"We went through every concern the park service had, and it was not really a short list," Isenberg said. "We sat with them in Washington, D.C., with the architect on two separate occasions ... and worked through it. We all rolled up our sleeves and I give the park service a lot of credit."

The changes will preserve two historic staircases, which were going to be removed, and changed the nature and number of several dormers to be installed on the roof.

“We lost a few keys in the upper level, but most were lost on the mezzanine level,” Isenberg said.

“Even with the reduced number of dormers and the profile of those changing, we think those rooms will still be really interesting and unique,” he said of the historic wood roof trusses, vaulted ceilings and original brick work.

Plans also call for retail and restaurants on the ground floor, to go with operations from Amtrak and RTD’s commuter rail, called Sky Train, to Denver International Airport.

RTD spokesman Scott Reed said officials are comfortable with the changes and are encouraged that the project is still on a timeline to be completed in mid-2014.

“We were confident the plan would go through and appreciate the work of USA in modifying those plans,” Reed said. “To receive this important approval was critical. It was a piece that had to be completed for the plan to move forward.”

Because the tax credits amount to about \$5 million for the project’s investors, that’s about 10 percent of the estimated \$48 million cost of the remodel.

“That was critical to the success of the project. That’s 10 percent overall and not insignificant to making the economics work,” Isenberg said. “That’s why the credits are there: to make sure when you’re preserving a historic building it’s economically feasible. You could build from the ground up cheaper than preserving. That’s why these credits exist. The community benefits from the historic preservation and the economics work for the private development.”

Contractors already are working inside the station to get ready for Amtrak to occupy the building in the first quarter of 2014. Isenberg said USA now can “move full steam ahead” with construction drawings and permitting, which could take a few months. If all goes well, the remodeling work could begin by year-end.

“We’re excited to be through this hurdle and look forward to getting it all wrapped up and opening in 2014,” Isenberg said.