

Article Last Updated: 9/29/2005 03:06 AM

## Developers could profit in land swap

**The downtown property bought from the city in a justice-center deal could quadruple in worth.**

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DenverPost.com

If they are successful at lifting building restrictions, two land developers could quadruple their investment on property they bought from the city as part of the downtown justice center deal.

Richard "Buzz" Geller and David Paderski purchased almost 60,000 square feet of land, or just over an acre, from the city near Larimer Square for an average of \$60 a square foot. It was part of a swap in which Mayor John Hickenlooper's administration gave up prime land near Lower Downtown in exchange for property it needed for the justice complex.

Three developers familiar with the land the city gave up told The Denver Post that even with the current zoning and historic restrictions, it is worth roughly \$120 per square foot.

The height of any development is restricted by the Lower Downtown historical district. Additionally, zoning rules prohibit residential and some business use.

Even so, two nearby properties with the same zoning restrictions but outside of the historical district were recently sold for \$241 a square foot and \$166 a square foot.

If the zoning restrictions and historical designation can be lifted, the property could be resold for more than four times what Geller paid for it.

"If they can get the property (rezoned), then I would think it would be worth in the range of \$250 a square foot," said Trevor Brown, a commercial broker with Fuller & Co., referring to a zoning category that allows for buildings up to 185 feet high.

Geller, who owns Paradise Cleaners, said he has every intention of building on the property. He has proposed developing a 31-story tower on the site and said he has no plans to resell the land.

"I'm not flipping anything," he said. "But I'm never going to buy another piece of property again that needs rezoning. It's like sticking your head in a windmill."

The land purchase has raised questions about whether the developers were able to buy two downtown parcels of city property for bargain-basement prices. The mayor's office has denied making any special deals. But it refused Wednesday to release the city's appraisal report, which the negotiations were based on, saying it does not become public record until the Nov. 15 closing.

Part of the deal stipulated that Hickenlooper would support Geller's efforts to rezone the area. If Geller doesn't get the zoning change by Nov. 1, he can terminate the contract and collect \$400,000 from the city. Geller said that is because most landowners were paid \$100 a square foot by the city for their property near the proposed justice center, while he received only \$85 a square foot.

Geller and Paderski also have the option of not developing the land, which has two parking lots that have generated more than \$400,000 a year for the city, according to the city parking department.

While the city could have taken Geller's property by eminent domain, the mayor's office said it was good business to work out a mutually satisfactory deal.

In the year since negotiations began, prices of land in the 14th Street corridor from Larimer Square to the Colorado Convention Center have skyrocketed to the \$250-a-square-foot range. Rich McClintock of Westfield Development Properties recently purchased the parking lot at 14th and Lawrence streets for \$241 a square foot, according to the city assessor's office.

In an interview this summer, McClintock praised the new development plans for 14th Street, saying, "I think it's going to become a gemstone." As for his property on 14th and Lawrence, he said, "We have the ability to put a high-rise project on our site and have some of the best views in Denver, bar none."

Since that interview, Geller has proposed a diamond-shaped, 31-story tower that has the potential to obstruct the view from McClintock's property. However, Geller said a tower would be very narrow and not block anyone's view.

In April, Hickenlooper signed a \$2.7 million contract with Geller and Paderski to buy the lots at 550 W. Colfax Ave. and 1440 Fox

St. for the justice center. Geller paid the city \$3.6 million for the downtown lots near Larimer Square, which is near the site of Denver's first City Hall. In the contract, the mayor agreed to fully cooperate with Geller in getting rezoning for residential and other business use. Last week, the planning board recommended that the City Council approve two zoning proposals from Geller to build either the tower or higher-density, lower-height buildings.

But at the same time, the city's Landmark Preservation Commission rejected a boundary change that would have put the tower outside the historical district. Buildings in the district can't be more than 55 feet tall, so Geller could not construct the tower. However, Geller is reapplying after changing the boundary proposal a few feet.

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