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Developers of 2020 Lawrence smell money

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David Zucker encourages prospective renters to take a big sniff when they enter the model apartment at Zocalo Development Inc.'s latest downtown Denver apartment complex, 2020 Lawrence.

"You smell that?" Zucker asks, knowing the answer. "Nothing. That's just it. No new-car smell."

Apparently that smell comes from certain glues used in carpets; there will be none of those particular glues in any Zocalo development.

The company's founders, Zucker and Chris Achenbach, have figured out that blending sustainable features into their developments and business model works wonders. They've been able to attract renters who want to stay longer, equity from investors looking for the strongest assets with features to differentiate it from the soon-to-be crowded Denver multifamily market, and praise from government officials by way of financial backing.

In short, by holding to their values, they've been enjoying the smell of money.

"It's not just tree hugging; it's money hugging," Zucker said.

Evidence can be found near the 10-story, 231-unit, 500,000-square-foot 2020 Lawrence, at the company's first major multifamily development, called Solera. The Connell Co., based in Berkeley Heights, N.J., bought that 120-unit luxury complex late last year for \$37 million.

That stands as a record \$308,333-per-unit for a Colorado apartment building, said David Martin of the Mountain States Division of Chicago-based Moran & Co., who, with Pam Koster, represented Zocalo.

It also was the first Denver apartment building to earn a Leadership in Energy and Environmental Design (LEED) "Gold" certification of sustainability from the U.S. Green Building Council.

"David is clearly one of the few, in my mind, on the development side of multifamily who practices what he preaches," Martin said. "Sustainability and LEED certification are not just badges they try to market off of. They believe in it and executed to show the market."



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Chris Achenbach, principal (left) and David Zucker, development manager of Zocalo, in front of variable refrigerant flow units. The units are expected to save residents of the new downtown Denver apartments 40 percent on their heating and cooling bills.

Zucker estimates the sustainability features can boost rents up to 10 percent per square foot, while adding less than 2 percent in project costs.

Now others are following, as evidenced by Chicago-based AMLI Residential's new Interlocken apartment complex in Broomfield, among others, going up with the same LEED Gold aspirations.

Finding funding in hard times

2020 Lawrence started out as a much smaller development — as condominiums on a smaller site. Zocalo was trying to replicate its success with its namesake development, Zocalo, near Denver's Jefferson Park.

But then the market fell apart. And though Zocalo had the funding, it pulled the plug in 2009.

"Since much of the money was from in-laws, can you imagine that Thanksgiving dinner that year when I had to tell them?" Zucker said. "But we did return 94 cents for every dollar, so that was still better than the market was doing at the time."

Zucker and Achenbach shifted gears, bought more land and sold new equity partners on their vision for a LEED Gold complex near Denver's Arapahoe Square. Berkshire Property Advisors and Wells Fargo Multi-Family Capital bought in, as did the U.S. Department of Housing and Urban Development with a HUD-insured loan.

The Governor's Energy Office also pitched in with a \$1.5 million loan from the federal stimulus program to help pay for a variable refrigerant flow (VRF) system by Mitsubishi Electric Cooling and Heating.

2020 Lawrence general contractor Shaw Construction officials call it the first buildingwide VRF system — a cutting-edge HVAC system — in the city.

"My techs had to get special training so they could get certified," said Colin Stone, construction manager with Denver-based Shaw. "This system is a really neat one."

Instead of a condenser unit for each apartment, the VRF uses what's called "load-shifting" technology to shift air around the building depending on where it's needed, hot or cool sides.

"It's the iPhone of building technology," Achenbach said. "It samples each unit's usage precisely, measures and splits the bill."

That bill will be 40 percent less than bills with conventional HVAC systems, Zucker said.

Shaw is recycling more than 75 percent of the construction materials and is enforcing a completely nonsmoking job site in hopes of securing LEED certification.

The building also has a covered 4,000-square-foot "bark and rec" park on the roof, joining a greenhouse for a community garden and a rainwater collection system to irrigate it — if the Colorado Legislature approves allowing such systems in existing water districts. It also has a bicycle room, with compressors, tools and storage, and an indoor, three-level parking garage.

They started pre-leasing on the building in July and the first units will be ready to occupy by December.

Building community

“David and Chris have really stepped up and have been very creative with these sustainable features,” said Rick Garcia, regional administrator for Denver’s HUD office and former Denver city councilman.

He said Zocalo — which means a gathering place, town square or central plaza in Spanish — helped transform the Jefferson Park neighborhood. “They recognize the value of those communities, those neighborhoods and the potential for them to be something down the road,” Garcia said.

Zucker and Achenbach deflect the credit to their investors, saying the project was on the verge of becoming an “ugly financial crater” in 2009.

“If they didn’t endorse our business model, that project would have gone to foreclosure,” Zucker said of 2020. “Instead it generated 240 jobs for two years and will truly be groundbreaking for development in Arapahoe Square.”

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