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Denver approves \$2.5 million in tax breaks for affordable housing in historic, run-down First Avenue Hotel on Broadway

City economic development officials considering housing loan for 106-unit microhousing project



Cyrus McCrimmon, The Denver Post

The building that housed the former El Diablo Restaurant, at 101 Broadway in Denver, as shown when it went up for bankruptcy auction in December 2015. The building also was formerly the First Avenue Hotel.

By **JON MURRAY** | jmurray@denverpost.com | The Denver Post
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The Denver City Council on Monday approved \$2.5 million in tax breaks for the redevelopment of Broadway's former First Avenue Hotel into more than 100 micro-apartments renting at below-market rates.

The tax subsidies, coupled with an expected city affordable housing loan that will kick in a similar amount, will help Zocalo Community Development breathe new life into the four-story, century-old structure at 101 Broadway.

It has been boarded up for years. The top two floors had been condemned in 1978, with residential occupancy forbidden because of a lack of electricity and water. In 2013, the city foreclosed on the entire building because of structural problems, and the remaining first-floor tenants — El Diablo restaurant and Sketch Food & Wine — moved out.

Zocalo says it will renovate and refurbish the 34,000-square-foot building, which was built circa 1905, and construct a five-story addition along First Avenue.

The project, which Zocalo CEO David Zucker said would begin construction soon, already is drawing interest in the Baker neighborhood. Rents there have zoomed upward, pricing out longtimers and service industry workers.

Zucker said the hanging of a project banner for two weeks in May — until it was tagged by graffiti — attracted 80 calls of interest from potential renters, 50 of whom passed initial screening and are on an interest list.

Project plans include 106 small studio and one-bedroom apartments and 10,000 square feet of ground-floor retail and restaurant space.

To qualify, tenants must make 60 percent or less of the metro area's median income. That [currently amounts](#) to about \$38,000 for a single person and \$43,000 for a two-person household. Zucker says rents will be \$945 a month for the studios and \$1,025 for the one-bedroom apartments.

The renovation of the historic building is expected to be costly, driving up the project's total estimated cost to \$36.5 million, Zucker said. City subsidies, along with state and federal tax credits, will close a financing gap.

The council approved, 11-0, two measures submitted by the Denver Urban Renewal Authority that allow for tax-increment financing. The developer will be reimbursed for some project costs by tapping into the growth in sales and property taxes that is generated by the site's redevelopment.

Separately, the city's Office of Economic Development has internally approved a housing loan of up to \$2.5 million, spokesman Derek Woodbury confirmed. Negotiations are still underway, he said, so the final loan amount — which also requires council approval — hasn't been pinned down.


Some council questions Monday focused on the limited parking planned — just 32 spaces across the alley. At-large member Debbie Ortega was skeptical it would be enough.

Zucker said fitting in more parking would have driven up the project's cost, making it less feasible. And lower-income tenants are more likely to rely on public transportation, he said, which is easy to access on Broadway.


Added Councilman Jolon Clark, praising the project: "This site is (near) light rail. It has the highest service levels of buses. ... There is a protected bike lane on part of Broadway. It is right by a grocery store and right by every amenity you would like to live by."

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Jon Murray is The Denver Post's city hall reporter. His coverage focuses on Denver Mayor Michael Hancock, the workings of the City Council and city's government interactions with Denver's people, from neighborhood issues to regulation of the marijuana industry. A Colorado native, he joined The Denver Post in 2014 after reporting on city government and the legal system for The Indianapolis Star.

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