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Demand drives transit housing

New developments near light-rail stations springing up in Denver, elsewhere

By Doug McPherson , The Denver Post

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When Bill Ryan drives downtown from the Denver Tech Center, he sees a much different landscape than other motorists on Interstate 25.

He sees little villages at each of the new light-rail stations, little clusters of businesses and residences joined together like Siamese twins. As he nears the Louisiana Avenue bridge, he sees people walking, biking and sitting outside at a quaint coffee shop.

It's Ryan's job to see things that don't yet exist. He's a developer, and as the senior vice president of High Street Residential, he's helping to build those villages.

By the end of the year, residents will start moving into the village his company calls the Louisiana Station Lofts at Old South Pearl. What now is a muddy lot will hold an \$8 million four-story building, with 29 condos and 3,000 square feet of retail space.

It's a prime example of the kind of transit-oriented developments that are sprouting up across the nation, villages that analysts say are especially suited to Denver.

Demand to double

Much of the nation's building boom expected for the next quarter of a century will be homes, condos and apartments built near transit stations, according to Realty Times, a real-estate trade publication.

U.S. demand for housing near transit will double by 2025, with one of every four home buyers looking for housing within a half-mile radius of transit stations, according to a study by Reconnecting America, a non-profit group dedicated to promoting transit-oriented development.

To meet those needs, the study found, 8.3 million new residential units will be required near the nation's 3,971 transit stations. The study also pointed to Denver as fertile ground for transit-oriented development because of its growing population and T-REX and FasTracks construction projects.

The trend is being fueled by home buyers who are "changing dramatically," said Gloria Ohland, a spokeswoman for the Oakland, Calif.-based group.

A study by Reconnecting America, a nonprofit organization in Oakland, Calif., that links transit with communities, found the following demands driving transit-oriented development:

- * Transit is in a building boom, with virtually every metro region either building a system or an extension to a system.

- * The U.S. population is getting older, and households are getting smaller.

- * Urban and suburban investment is on the rise, and both employers and investors are beginning to recognize the value of locations near transit.

- * Consumer demand is changing as residents seek housing that's affordable and convenient.

"American households are getting older, smaller and more diverse, and that's fundamentally rescripting the American Dream," she said. "The large family home with a two-car garage in the suburbs is not attractive to a growing number of home buyers."

Since September, 24 of the 29 Louisiana Station Lofts have been sold for prices that range from \$170,000 for a 770-square-foot condo to \$365,000 for 1,378 square feet. Most of the buyers are young professionals seeking simpler commutes, developers said, but two units went to families who wanted a second home near downtown. A few more were sold to empty nesters looking to downsize.

Dave and Erwin Buck were among the first to buy there. They're pulling up their roots in suburban Aurora, where they've lived most of their adult lives, to move into a Louisiana Station condo in December.

"We kind of feel like pioneers," Erwin Buck said. "It's unknown territory."

While they won't be retiring for another 10 to 15 years, they'll become empty nesters this fall when their daughter enrolls at Colorado State University.

"One of the things we're really looking forward to is downsizing our lives," said Erwin, 48. "We're hoping to get down to one car from three and really just get rid of a lot of junk." Their Aurora home is 2,500 square feet. Their new place will be just under 1,400 square feet.

The Bucks know what kind of lifestyle they want in retirement, and they believe living near light rail will deliver it.

Louisiana Station Loft residents can walk to the light-rail station in five minutes. A Wild Oats supermarket sits just across a pedestrian bridge; Washington Park, one of Denver's largest parks, is four blocks to the east; the University of Denver is one mile to the south; and a few blocks west is a cluster of small shops and restaurants on South Pearl Street.

"We're very active, and we plan to stay that way. Living near downtown will help us stay busy," Erwin said. "We like the Broncos, the restaurants, the entertainment - all that downtown offers."

High Street Residential liked the area because of its established neighborhood, Ryan said, and because no rezoning was required to build on the site, which held a one-story retail building built in the 1930s.

"The amenities were already there. As these kinds of developments go, this one was relatively easy," Ryan said. But each light-rail station is "unique and presents its own challenges" for developers.

His company also is in the early stages of another transit-oriented project at the Dayton Station at Interstates 25 and 225, which will take three to five years to complete.

"They're not going to sprout like mushrooms," Ryan said of the genre. He said it would take 10 years or more for the character of each station to develop along I-25. "We're ahead of the curve with Louisiana Station because it's so small."

Observers say that transit-oriented and suburban developments are a given as the metro area's population grows. The Denver Regional Council of Governments predicts more than 1 million people will move to the Denver area by 2020.

The Bucks say they have only one worry at this stage - noise. "It's probably our biggest concern," Erwin says.

"I think eventually we'll get used to some of the regular noise that just comes with being close to downtown, but the sirens from ambulances and fire engines might be tough."