

Doing, Benjamin

From: Mick Conrad <mick.conrad@mconrad.com>
Sent: Wednesday, March 3, 2021 2:49 PM
To: CDBGCommittee
Subject: Agenda Item 63920 - Purchase and Sale Agreement for 2002 Zeier Road

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Dear Members of the Committee,

I respectfully request that you ask City staff for a copy of the official "Project Land Use Plan" and the official "Project Design Standards" before you decide to purchase 2002 Zeier Road. At the time 2002 Zeier Road was platted, the City made it a requirement that the land be developed and used exclusively for "Shopper's Retail." To ensure the property remained in retail use, the City gave to itself, and to every land parcel owner and every business within the 227 acres that includes 2002 Zeier Road, the legal right to enforce the Declaration of Covenant, Conditions and Restrictions - group that today includes over 100 parcel owners and businesses. Please do not spend public funds to purchase a property that cannot be used for the City's intended purpose.

1. **Property is Subject to Restrictive Covenants.** 2002 Zeier Road is subject to a Declaration of Covenants, Conditions and Restrictions. The Declaration states that "(n)o use shall be established or maintained on the property unless approved by the Design Committee...." The Declaration goes on to state that "(n)o improvement shall be placed, altered or permitted to remain on any Lot of the Premises subject to the Declaration until such plans and specifications for such Improvement and site plan for any Common Area located on the Lot have been approved by the Design Committee." The Design Committee consists of three members. One member is a City staff person. The other two members are affiliated with the landowner who platted the entire 227 acres that includes the 2002 Zeier Road property. The Declaration lays out the standards that must be met for approval by the Design Committee. For example, the standards for approval of the use are:

1. The Conformity and consistency of the proposed land use with the objectives and recommendations of the Project Land Use Plan maintained by the Design Committee.
2. The compatibility of the proposed use with the use of any adjoining or neighboring Lot.

The neighboring lots are required to be "compatible with first class, quality shopping centers, such as East Towne, West Towne and Hilldale...." The City's member of the Design Committee gave approval for restricting the lots in this way, as did the City's Director of Planning and Development. First Amendment to Declaration of Covenants, Conditions and Restrictions, page 5.

2. **Project Land Use Plan.** According to the Declaration, the purpose of the Project Land Use Plan is to provide a long-range development plan. 2002 Zeier Road is subject to the Project Land Use Plan and the companion Project Design Standards. The Declaration of Covenants, Conditions and Restrictions specifies that the Design Committee shall use the Project Land Use Plan as a guideline in reviewing an applicant's proposed

land use. The City of Madison's planning staff and the landowner worked together to develop and refine these use conditions and restrictions. The East Towne – Burke Heights Neighborhood Development Plan provides, in detail, the reasoning behind the City of Madison's use of the Project Land Use Plan to exercise and retain considerable control over use, location, and design within the 227 acres that includes 2002 Zeier Road. East Towne – Burke Heights Neighborhood Development Plan, pages 33 to 42.

The objectives of the Project Land Use Plan are to:

- a. Realize the long-term benefits of an arrangement of land uses that promote compatibility of uses of Lots;
- b. Promote retail market linkages between Lots and the neighboring area;
- c. Generate the mutual attraction of Permittees (e.g., customers) to the activities and usages of the Occupants and other similar uses in the neighboring area; and
- d. Create broad groupings of uses whose locational needs, use characteristics, or size and scale of improvements are similar.

Lands in the 2002 Zeier Road area are required to be compatible with first class, quality shopping centers.

3. **City's Adopted Neighborhood Plan.** The City's intended use for 2002 Zeier Road does not conform to its own adopted neighborhood plan. The East Towne – Burke Heights Neighborhood Development Plan is an official document published by the City of Madison to provide guidance for land use, development and redevelopment of the land that includes 2002 Zeier Road and the surrounding area. "Shopper's Retail" is recommended by the City of Madison as the exclusive use for the East Towne Mall area and for the 59 acres east of Zeier Road. This area includes the 2002 Zeier Road property. Shopper's Retail supports development of compatible retail uses that are mutually supporting, and which reinforce the physical design by encouraging multi-purpose shopping visits, according to the East Towne – Burke Heights Neighborhood Development Plan. Consistent with the intent of this category are establishments selling various types of goods, including food, apparel and accessories, furniture, home furnishings and equipment, hardware, general merchandise, and eating and drinking establishments. The East Towne – Burke Heights Neighborhood Development Plan encourages a development pattern that creates relatively few major groupings of compatible uses. Building siting and design of improvements should also reinforce the market linkages created by these groupings by developing compact, pedestrian-oriented shopping and business environments that permitted patrons to visit a large number of establishments with a single trip, according to the adopted neighborhood plan. East Towne – Burke Heights Neighborhood Development Plan, pages 25, 26 & 34.

4. **Regional Mixed Use.** The City's intended design and residential use for 2002 Zeier Road does not meet its own Regional Mixed Use zoning requirements and recommendations. The East Towne Mall area has been mapped by the City of Madison as an area for future Regional Mixed Use. According to the City of Madison, Regional Mixed Use areas should be the most intensively developed areas in the city outside of the downtown. This area includes the 2002 Zeier Road property. The City of Madison recommends large-scale sites with multistory buildings of two to twelve stories in height. Per the City of Madison's Comprehensive Plan, special attention should be paid to maintaining commercial street frontages along mixed-use streets without creating residential "gaps" along streets that otherwise have commercial tenants at ground level. The

addition of dwelling units to the sites will necessitate the provision of residential amenities, such as parkland, within easy walking distance of the new units, according to the City of Madison. The City of Madison's Comprehensive Plan maintains that such considerations must be addressed in a detailed city plan or developer master plan before widespread redevelopment occurs within the East Towne Mall area. Madison Comprehensive Plan, pages 17 and 27.

Sincerely,

Mick Conrad

Doing, Benjamin

From: Joe Duperre <Joe.Duperre@cblproperties.com>
Sent: Thursday, March 4, 2021 10:15 AM
To: CDBGCommittee
Subject: Community Development Block Grant Committee Meeting March 4, 2021 5:30pm
Attachments: Tachbrook Capital Management.pdf; Paramount Development.pdf; Boston Store Owner.pdf

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March 4, 2021

Community Development Block Grant Committee

Via email: CDBGCommittee@cityofmadison.com

Re: East Towne Mall, surrounding campus and proposed men's homeless shelter

Dear Committee Members:

We felt it important to provide documentation of our concerns regarding the proposed men's shelter adjacent to East Towne Mall. We recognize that a lack of affordable housing is a national issue and a shelter is a community necessity. However, we have serious concerns about what the proposed location would do to the long-term value of and redevelopment prospects for East Towne Mall and surrounding area.

East Towne Mall generates approximately \$1.4 million in property taxes annually for the city of Madison, serves as a large employment base, and a center of commerce. The retail industry is under immense pressure, the effects of which can be seen at East Towne Mall and malls across the country. The construction of this shelter within 100 yards of East Towne Mall will drive current businesses away from the property and deter new businesses from locating there.

We'd respectfully ask that you reconsider the proposed location of the shelter in order to preserve the long-term viability of the East Towne Mall area.

I have also included letters that have been sent to the Mayor and Alder Samba of concerned business owners as well.

Thank you for your consideration.

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Joe Duperre

From: billc@Tachbrook.com
Sent: Monday, March 1, 2021 8:37 AM
To: Samba Baldeh
Subject: Greater East Towne Area Plan: Men's Homeless Shelter
Attachments: Alder Balden 3.1.21.pdf; Madison Agenda for Homeless Issues.pdf; Letter to the Mayor of Madison 021521.pdf

Warning: This email originated outside of CBL. Verify the email address (not just the display name) before exchanging emails, clicking links or opening attachments.

Alder Balden:

In regard to tonight's meeting agenda that addresses the location of a homeless shelter, please see the attached letter. Below I have included the links to studies and articles that support the comments in the letter.

Your economic development team has done an outstanding job creating an enticing platform for positive growth in your District with the Greater East Towne Area Plan. It is the reason my client, Paramount Development is willing to make a sizable investment in this particular area. Unfortunately, the placement of a men's homeless shelter amidst an established residential community and regional mall (*already dealing with economic challenges*), will end Paramount's interest in the area. This means a loss of jobs and property tax revenue.

A men's homeless shelter is likely a precursor to declining property values (*and reduced property tax revenue*), criminal activity, and the neighborhoods being flooded with men afflicted with drug addiction and past criminal activity. The "Development Risk" under these circumstances for Paramount and I believe any other developer that might consider making a sizable capital commitment into the Greater East Towne Area, will have become too great and projects will be canceled.

I suggest that an alternative location for a homeless shelter be considered, one that satisfies the homeless need while not negatively impacting existing residents and businesses. A location within the City's corridor of growth, along public transportation, away from existing residential communities and schools would likely be a much wiser decision. Then, new development can grow around the homeless shelter as it becomes a part of the community.

- [Effect of emergency winter homeless shelters on property crime](#)
- [Neighborhood Features That Drag Down Your Home Value | realtor.com®](#)
- [Shelters drop Manhattan property values by up to 17%: study \(nypost.com\)](#)
- [Criminality and Homeless Men: An Empirical Assessment* | Social Problems](#)

Regards,

Bill Cutler
Director, Real Estate
Tachbrook Capital Management Group

Tachbrook Capital Management Group

A Commercial Real Estate Services Company

March 1, 2021

Alder Samba Balden
210 Martin Luther King Jr. Blvd.
Madison, WI 53703

Email: district17@cityofmadison.com

District 17: Men's Homeless Center

Dear Alder Balden:

I wish to warn you of the negative impact that a men's homeless shelter on Zeier Road will have upon the constituents that live in your district.

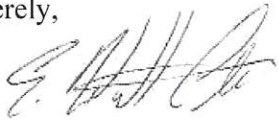
In my February 15th letter to the Mayor, I presented studies that show that with a very high probability, placing a homeless shelter in an existing, mature neighborhood (*within one mile of an elementary school*) will; drive down property values, increase crime and could have a consequential effect upon the success of retail business at the East Towne Center and the surrounding area.

Additionally, my client, Paramount Development, has shared with me in no uncertain terms, that their investment of approximately \$100M into a multifamily development on the JC Penney site across from CBL's East Towne Center which supports the City's goals set forth in the Greater East Towne Area Plan, will not go forward. This would otherwise mean about \$1.5M in annual tax revenue.

Imagine if you lived in these new apartments. You would see, from your balcony, possibly 150 men or more, hanging-out outside the neighboring building every afternoon. Later in the afternoon there are dozens hanging out because there are not enough beds available. Homeless men walking through the Mall and the mall parking lot, through the apartments on the "walking path" that would be constructed around the wetlands, and others camped in the woods between the apartments and the shelter. You read on the community's Facebook page where three of your neighbors had their cars broken into. Honestly, would you renew your lease in such a neighborhood? What kind of reviews do you think will be found on message boards? How might visitors to the Mall be affected?

While I believe we all understand the need for socially responsible programs that support the homeless community, it is recommended that these programs be initiated in the City's undeveloped areas located in the path of future growth, where such programs do not - present a criminal risk to residents, devalue existing property values & businesses and land-owners can assess future development plans.

Sincerely,



Bill Cutler
Director, Real Estate

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Tachbrook Capital Management Group

A Commercial Real Estate Services Company

February 15, 2021

Mayor Satya Rhodes-Conway
City-County Building, Room 403
210 Martin Luther King Jr. Blvd.
Madison, WI 53703

Email: Mayor@cityofmadison.com

2002 Zeier Road, Homeless Shelter

Dear Mayor Rhodes-Conway:

I represent Paramount Development to identify multifamily development sites. Paramount has developed over 20,000 multifamily units in 28 States. They are a recognized leader in their industry. Paramount is under contract to purchase the 24-acre outparcel adjacent to the East Towne Mall, known to those involved with the mall as the JC Penney Fringe Land. Their site is also adjacent to the property now being proposed for a men's homeless shelter.

While it has been Paramount's intention to develop 400+ luxury apartments on that outparcel, the revelation of the likely relocation of the men's homeless shelter to this neighboring property will cripple Paramount's efforts, efforts that some would argue are a critical shot in the arm, a jump-start to the City's Greater East Towne Area Plan initiative and the mall area's redevelopment. Regardless of our biases, the practicalities and data support particular conclusions. To Paramount, its investors and its lenders, the expectation is that prospective residents that would otherwise be tenants in the new development will be uncomfortable living within close proximity to a homeless shelter. In the event there are homeless men who can't be accommodated, don't happen to get a bed on a given night, they will be visible and the internet reviews will be overwhelmingly counterproductive. This might not fit our ideal for a perfect world, but public perceptions won't change overnight. In that short term, when \$100 million investment decisions are being made, the current public perception will rule the day and Paramount's contribution to the area's redevelopment will be scrapped.

To the logical arguments, arguments that go beyond Paramount's interest, that speak to a neighborhood's interests, studies conclude that the introduction of a homeless shelter into a mature neighborhood (*and within one-mile of an elementary school*) can be expected to have economic, legal and public safety consequences. This is based upon studies that show what has happened in neighborhoods that host homeless shelters.

For instance, the 2017 study on the correlation between the homeless and property crime, conducted by the Rand Institute in cooperation with the Univ. of Pennsylvania⁽¹⁾:

- *"When shelters open we find that within 100 meters of the shelter total property and mischief increases by 56.3%."*
- *"Approximately 38% of Vancouver's sheltered homeless population reported suffering from mental illness and 53% from an addiction."*

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Property values:

- *According to Realtors.com, property values will go down on average 12.7%. ⁽²⁾*
- *According to the NY City's Budget Office, "Manhattan houses located near shelters lost as much as 17% of their value."⁽³⁾*

Public safety:

- *"homeless have a higher overall arrest rate, the majority of offences for which they are arrested are for public intoxication, followed by theft / shoplifting, violation of city ordinances and burglary."⁽⁴⁾*

As presented earlier by Paramount Development, they cannot proceed if a homeless shelter is approved in close proximity. The economic loss to the City is in the manner of approximately \$1.5M in new, annual property taxes. Additionally, there is the loss of 100s of jobs and millions in local salary's and retail spending.

Finally, there will likely be legal challenges as constituents seek restitution for the lost value of their homes and moves to neighborhoods that are perceived to be safer for their families.

It is highly unlikely that introducing a homeless shelter into a mature neighborhood will positively impact the financial and safety well-being of the existing residents. The placement of a homeless shelter within close proximity of established retail and residential communities might be interpreted as a "stick-in-the-eye" to long term residents with deep roots in the community.

Independent of my client's interests, it would be my recommendation that the City seek an alternative location.

Sincerely,



Bill Cutler
Director, Real Estate

C: Common Council Members, Districts 3, 12, 15, 16, 17
Greater East Towne Area Plan, Linda Horvath

(1) [Effect of emergency winter homeless shelters on property crime](#)
(2) [Neighborhood Features That Drag Down Your Home Value | realtor.com®](#)
(3) [Shelters drop Manhattan property values by up to 17%: study \(nypost.com\)](#)
(4) [Criminality and Homeless Men: An Empirical Assessment* | Social Problems](#)



February 5, 2021

Ald. Samba Baldeh, District 17
5150 Crescent Oaks Drive
Madison 53704

via email: district17@cityofmadison.com

RE: East Town Mall & the proposed Men's Homeless Shelter

Dear Ald. Baldeh:

Thank you so much for taking our call yesterday. While you and I did not discuss our providing this letter, we felt it appropriate, at this 11th hour, to "put it all out there."

For the record, we are first and foremost apartment developers. Toward that end we are under contract with JC Penney to purchase the 24 acre out-lot to the mall, known in mall documents as the JC Penney Fringe Parcel (see the attached aerial of the East Towne Retail Complex).

We have been in contact with city planning staff since before signing our purchase agreement (my notes say our first call with Kevin Firchow was February 20, 2020). Most recently our contact has been through our local consultant Brian Munson of Vandewalle & Associates. We were expecting to make our formal application to the city within the next 30-45 days.

From the beginning Kevin made us aware that the city would be undertaking a redevelopment planning effort for the East Towne (Mall) Area. That city commitment to the area had much to do with our decision to go forward. Our plans are to develop a \$100+ million (that's cost – It's value will be much greater) top-of-the-market rental apartment community. To gain the investor's confidence, for them to inject in excess of \$30 million, it is imperative that the neighborhood, which in this case is the retail complex, has a clear & unmistakable upward trajectory.

In our conversations with city staff the subject of the Men's Shelter never came up. It wasn't until late last Friday when Brian forwarded a WMTV nbc15.com story titled "[Madison, Dane Co. pick new spot for men's shelter](#)". Based on the follow-up information we were getting this was a fait accompli. We (my partners, our staff and I) went into last weekend resigned to the necessity to scrap the project. Early this week we learned of your concerns and sensed a glimmer of hope. We asked Brian to arrange our call so as to make you aware of what we were planning and that its cancellation will be solely a result of the introduction of this adjacent incompatible use.

Thank you for your consideration.

Sincerely,

Paramount Development, LLC

Thomas J. Settle, CCIM
Manager

TJS/cbs

Encl.

Cc: Mayor Satya Rhodes-Conway

Via email: mayor@cityofmaison.com

Paramount Development LLC

2 North Tamiami Trail | Suite 800 | Sarasota FL 34236

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www.paramount.dev

Dear City officials,

I, Russ Jeter, represent WMP LLC the owner of the former Boston Store building in East Towne Mall. We have owned the property consisting of a 140,000 square foot building and 14 ac's of land since 1994. In the aerial below you can see our building between the Flix Brewhouse and the closed Sears store. Since 1994 the property has paid hundreds and hundreds of thousands of dollars in property taxes, generated millions of dollars in sales taxes and employed thousands of people. Unfortunately, with the bankruptcy of Bon-Ton the building has been vacant the last couple years and between online shopping and Covid it has been tough to lease the building. Its been a strain for us to pay the property taxes, insurance and utilities on an empty building. We have done so with the hope that eventually Madison WI will generate a user for the building.

I make the following forecast as a commercial property owner for many years and witness of scattered to focused homeless populations on shopping centers in various cities across our country.

IF the city/county develop a HUGE (largest one in the Midwest) homeless shelter across the street from our property and East Towne Mall the following will likely happen:

1. The forested area next to the shelter will become a homeless camping disaster.
2. The mall will be overrun by homeless asked to leave the facility during the day.
3. The tenants of the mall, already suffering from the shopping economy, Covid etc. will flee.
4. The property values of the Mall and Every commercial user withing a mile or so will decline precipitously.
5. Our property value already depressed by vacancy and Covid will be decimated.
6. Jobs, property values, tax base, and the life savings of property owners for a large distance around will be destroyed.
7. There will be very few new leases, tenants leaving, and the area will be blighted.

I have been to downtown Madison and seen the detrimental effects of the increasing homeless population and I'm sure you have heard from those business owners. Relocation of the problem is not a solution and increasing the size for "efficiency" is not a good enough reason to destroy the property values of the East Towne mall area.

"The solution to the effects of a homeless population and the resulting problems to normal society is dilution, not concentration of the negative effects" Russ Jeter 2021

https://madison.com/ct/news/local/govt-and-politics/madison-identifies-new-site-for-men-s-homeless-shelter/article_7a12da77-3be4-5709-bb93-e96e0f486c11.html?utm_medium=social&utm_source=email&utm_campaign=user-share



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