



## Madison Parks Division

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**MADISON  
PARKS**

Date: May 8, 2026  
To: Board of Park Commissioners  
From: Eric Knepp, Parks Superintendent  
**Subject: Future Management of Thorstrand Estate**

In 1978, the City purchased land within Marshall Park on which two historic mansions are situated. The mansions themselves are owned by private parties. The land on which the mansions are situated is owned by the City and leased back to the homeowners. Neither the mansions nor the leased lands are available to the public. This arrangement is complex and results in restricted use of parkland. The arrangement has now reached the point where changes must be made to prevent both parties from taking on more extreme financial burdens and liabilities. Both the Parks Division and the private parties are requesting the Board of Park Commissioners to provide direction that resolves this long-standing issue.

### Brief History of Thorstrand Estates

The City of Madison purchased 15.29 acres of the Thorstrand Estate in 1978 for purposes of expanding Marshall Park. This property included two privately owned single-family residences, the North house and detached garage and the Swenson house, located at 1 and 2 Thorstrand Road. Shortly after the City purchased the property, the improvements on the site, including the two mansions and garage, were designated as historic landmarks and accepted to the National Register of Historic Places. In 1981, the City sold the residences and personal property on the land to the owners through a Bill of Sale and entered into a 99-year ground lease agreement with both properties, with the current lease expiring on January 30, 2080.

### History of Lease Amendments

The leases have been amended and clarified over time as needed. In 2022, Common Council authorized the Parks Superintendent to approve Lease assignments in order to expedite changes in ownership of the residence, while still protecting the City's interests ([Legislative File #70639](#)). Also in 2022, the City of Madison executed a Quit Claim Deed with the owners of the residences in an effort to increase the chances of the estate owners selling the property ([Legislative File #71804](#)). None of the amendments have resulted in successful sale of the property nor resulted in the owners obtaining financing to complete required historic preservation.

### Recent Considerations by the Board of Park Commissioners

On March 8, 2023, the Board of Park Commissioners (BPC) were briefed in an informational presentation regarding the history of the Ground Lease Agreements related to the Thorstrand Estates, challenges faced by lessees and considerations for amendment of existing lease ([Legislative File #76276](#)). The BPC requested additional information regarding alternatives to lease amendments, including the feasibility of pursuing alternative public use of the property. Attorney Robert Procter,

representing the owners of the North House conducted additional research to determine the feasibility of adaptive reuse of the property for a broader public purpose, as well as options for lease amendments that would allow for successful transfer of ownership of the improvements to new buyers. On May 17, 2023, the BPC was briefed on the findings of the due diligence process ([Legislative File #77703](#)) and the responsibilities of the City to maintain a historic asset if the leases were to end. Attorney Procter's research found that adaptive reuse for public purposes is not a viable option for this location and that amendments to the lease should be considered to mitigate the financial liability of the City taking on a historic asset that is in declining condition. On August 14, 2024, Attorney Procter and Parks Division Staff provided an informational presentation that outlined the various options for addressing concerns related to the existing lease ([Legislative File #84704](#)). At this time, the BPC was generally supportive of updating the terms of the lease to extend the lease and align with current conventional lending terms. Before considering the sale of the leased land, the BPC requested that staff review additional opportunities for public private partnership.

### **Limitations of Thorstrand Ground Lease Agreement**

Under the current lease, the land is owned by the City and the mansions remain private property which the owners are expected to maintain and preserve. There are no rights to renew the terms of the agreement. Anecdotal information indicates that when the land was originally purchased for purposes of expanding Marshall Park, it was not expected that the homes would remain in place at the end of 99 years. However, given the historic designations awarded to the properties soon after they were acquired by the City, the current owners are obligated to maintain the properties as historic assets in accordance with local, state and national standards. Under the current lease, after 99 years, the properties would return to City ownership. If the owners failed to maintain the assets over the remaining term of the lease, or if they chose to terminate their lease early, the City would become responsible for the preservation of the buildings. Despite modifications and clarifications to the original Lease Agreements in an attempt to ease the sale of the properties, this scenario presents challenges to the owners who are looking to sell or invest in the property. Key points of concern are as follows:

- Terms of the original lease do not meet current lending standards, and prospective buyers have been unable to obtain financing for the property. Standard home loans are generally granted on a 30 year basis, the current 99-year lease has about 54 years remaining and no guarantee of ownership beyond.
- Without term renewal options and lack of viable return on investment, there is little incentive for owners to make significant improvements.
- Language in the current agreement is outdated and does not align with more recent Lease agreements in similar situations that exist within the Parks system.

### **Potential Options to Move Forward**

Action must be taken by summer 2026 to allow current owners opportunity to prepare the property for the real estate market. Staff from the Office of Real Estate Services, Parks Division, and the Office of the City Attorney have reviewed options presented by Attorney Procter. The two most viable solutions are as follows:

1. [Amend terms of the Existing Leases to reset to a new 99-year period.](#)  
Negotiate new leases with the homeowners to extend the term of the leases and modernize the language of the leases to more closely to conform with similar leases in the system.
  - Advantages: Modernizes the language and allows owners of the mansions to market the properties for sale and for new owners to address much needed improvements and preservation. In addition, new lease terms would incentivize reinvestment by the owners.

Allows City to maintain ownership of the land. Could also provide an opportunity for the City to buy the asset at a fair price at the end of the lease so long as specific conditions of care have been met.

- Disadvantages: Space does not and will not look or feel like a public park. Public use and enjoyment of the land will continue to be restricted as long as the mansions are maintained and in place. The leases will continue to take considerable time by both parties to manage.

## 2. [Negotiate sale of the land underlying the mansions to include deed restrictions](#)

Sell the land underlying the homes to the homeowners based on the current CSM mapping for the leases. Such a sale would incorporate all necessary deed restrictions and easements to ensure legal access and to control the long-term uses of the land for anything other than current uses.

- Advantages: Offers advantages of a clean and clear transaction that establishes full ownership of the parcels and homes with the property owners. This type of approach would also allow the City to negotiate into the agreement any terms and conditions that would make the best of this strange situation for the public park users today and into the future. This alleviates almost all of the concerns about financing the properties and making them saleable. It also likely increases the annual property tax collection by the City on these parcels and greatly diminishes the cost outlay in staff expenses in managing leases.
- Disadvantages: This type of transaction would still require significant upfront work to ensure that there are clear protections of the City's interest in and rights to the properties should something ever happen to cause the homes to be irreparably damaged through some form of deed restriction placed on the properties. It is also obviously not common for Parks to consider selling park land. In this case, however, staff feel there is significant merit to consider this alternative.

### **Recommendation of City Staff**

City staff recommend that the most viable path forward is to sell the land with deed restrictions. Such decisions are never taken lightly. However, this land has never functioned as public land and it never will as long as the lease is in place. An outright sale would remove the various complexities outlined above and reduce liabilities to the City. Both parties have spent countless resources trying to resolve issues related to the leases, which have ultimately been suboptimal for both parties. It is in the best interest of the public that these homes remain in private ownership. The City is not in a position to take on more historic assets, which will be extremely costly to acquire, improve and maintain. The proposed deed restrictions would protect the Parks Division's long-term interest to preserve the land as park space in the event the homes are no longer in place due to acts of nature or disaster. If the Board of Park Commissioners does not support the sale of the land, then the lease must be amended to extend the term to 99-years and align with conventional financing terms.