

**From:** [Scanlon, Amy](#)  
**To:** [Scanlon, Amy](#)  
**Subject:** FW: 127 Gilman submittal - January 22nd meeting  
**Date:** Thursday, January 16, 2014 2:13:14 PM  
**Attachments:** [Responses to Commission Questions.pdf](#)

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**From:** Dan Seeley  
**Sent:** Thursday, January 16, 2014 10:41 AM  
**To:** Stu Levitan; Scanlon, Amy  
**Cc:** White, William F (22246); Erica Fox Gehrig; Rummel, Marsha; christina slattery; David McLean; michael rosenblum; Jason Fowler; 'Shane Fry'; Margaret Watson Ledell Zellers  
**Subject:** Re: 127 Gilman submittal - January 22nd meeting

Amy/Stu -

In the attachment, please two documents prepared in response to the email below as well as the email sent to Shane Fry. We hope the attached provides clarification on these points and apologize for our delayed response. The long term weather forecast indicates cold but not record setting temperatures and we are looking forward to a productive discussion on the 22nd. Please respond to this email with any further or follow-up questions.

Thank you -

On 1/7/2014 1:20 AM, Stu Levitan wrote:

Atty. White  
Thank you for your response.  
We appreciate that you have now provided your analysis of the gross volume of the proposed new buildings. However, I have further questions and concerns about the Letter of Intent.  
First, your calculation of the gross volume is substantially lower than that provided by architect John Martens. Mr. Martens has explained his calculations; please do likewise, explaining how you arrived at your figure of 206,205 as the average GV of the three proposed buildings.  
I also note that your analysis of elements 2, 3 and 4 explicitly make the comparison between the proposed new construction and the respective averages for the proportions and relationships of the structures within the VRA, but that you decline to state an average gross volume of those structures. This figure is absolutely critical in the Commission's analysis of whether the project satisfied the first criterion. Please explain why you state and rely on the averages of the structures within the VRA for your analysis of points 2,3 and 4, but not point 1. Also, please respond to Mr. Martens' calculation that the remaining structures within the VRA have a gross volume of about 50,000. Finally, accepting your figure of 206,205 cubic feet for each proposed new structure, please

explain how that gross volume is "visually compatible" with structures one-quarter its size.

I also note the letter you forwarded on Friday bears the same date as your original letter, but markedly different text. The Commission welcomes your efforts to provide full and current information, but I think the record gets confused when you alter submissions already made while retaining the original date. Please submit a clean copy of this correspondence with the date it was actually finished and submitted.

Finally, I note that nothing in Friday's material responds to the questions I posed about the proposed demolition of 127 W. Gilman. Those questions remain relevant to the Commission's consideration of your proposal.

I am sorry that the weather forced a cancellation of Monday's meeting. I am very hopeful that we can have a special meeting scheduled for next week, so that we can continue with our timely consideration of this project.

Please feel free to contact me with any questions or comments on this matter.

Sincerely,

Stu Levitan

Chair, Landmarks Commission

# brownhouse

January 9, 2014

Madison Landmarks Commission  
Department of Planning & Development  
215 Martin Luther King Jr. Blvd.  
P.O. Box 2985  
Madison, WI 53701-2985

**Response to Stuart Levitan email (1/7/2014 1:20AM):**

Dear Mr. Levitan:

Thank you for contacting Attorney White with your questions.

We obviously regret and want to address any confusion regarding current information, but need your help to do so. More specifically, we have gone back in our email records and verified that the information that was provided to Amy Scanlon via email dated 12/23/2013, is the same information that Attorney White provided to you again on 1/3/2014. We are not sure what happened, but we do know that those (2) packages are the same and consequently wonder if you could provide more detail on this issue.

With regard to your questions about the differences between volume calculations done by Mr. Martens and those we provided and the comparisons to the VRA, I would offer the following information:

- We followed the methodology cited in AIA Document D101 "Methods of Calculating Areas and Volumes of Buildings." That methodology does not include parapets when measuring volume. Mr. Martens included parapets in his calculations. That, and the reduction in height of the buildings since the first iteration, would account for most of the differences between his numbers and ours. D101 states that there are many different ways to calculate volume, and we feel our method is the most accurate in terms of actual volume of the building envelope.
- We would be happy to reference the average for volumes for the other buildings in the VRA but believed the differences in calculations between Mr. Martens numbers and ours would be negligible and decided to spend our time and money taking the measurements and putting together the comparisons for the numbers that we didn't have.
- In terms of the buildings being "visually compatible" with the VRA, we still feel that this is a subjective criteria and simply stating that the proposed buildings are four times the average volume in the VRA ignores the fact that this difference in volume and scale is common for the Mansion Hill Historic District as a whole.

I asked Margaret Watson of SBA to respond to your other questions. She will have a response to you tomorrow.

Thank you,



Shane Fry



January 15, 2014

Dear Shane:

Thanks for asking me to respond to Mr. Levitan's questions. As I understand it, he has asked for information related to the economics of the property at 127 W. Gilman that affect SBA's management of that property. As you know, like all business professionals, we make our decisions based on our company and personal values and on the wide range of relevant circumstances affecting the marketplace and our holdings at any given point in time.

In terms of our values, we believe that SBA's company and personal commitment to community and residents are visible in the numerous new and restored properties SBA owns and the hundreds of satisfied customers we serve every single year throughout the community. We also believe that SBA's growth over the past three decades into one of the largest owners of historic and non-historic housing in the Madison area demonstrates our understanding of, and strong commitment to, sound business practices.

In terms of the circumstances and considerations that affected our decisions regarding 127 W. Gilman, we would offer the following:

- 1994 - 2000
  - In 1994, SBA paid \$196,000 for the one hundred year old property in order to be able to purchase two other properties. In the next five years SBA painted the house, upgraded finishes, installed new appliances, invested in cosmetic improvements and paid city and county property taxes.
  - There were no notations or citations issued on the property during this period of time.
  - Relevant economic context: By the late 1990's area renters were looking for more modern accommodations and as a rooming house, 127 W. Gilman was not viewed as prime rental property. As it became clear that the property could not be profitable without major improvements, it also became apparent that SBA needed to evaluate its options with regard to the building.
  
- 2000 - 2002
  - In the process of exploring its options, SBA commissioned professional assessments of the building and the cost of making significant improvements. These assessments brought facts to our attention that completely changed the context and severely limited our options. For example:
    - A chronology of construction, fire, and serious structural damage and two expert evaluations make clear that the building was not structurally salvageable at the time SBA bought it in 1994 and having been deemed no longer safe for public habitation needed to be closed in 2002.
    - The expert independent construction professionals who evaluated the building in April 2000 and February 2002 both determined that the building could not be restored and that renovating it (a process which would result in a replica building not a preserved building) would be extremely expensive.
    - *SBA believes that these reports make clear in 2002 that since the building cannot be restored and the market demand is changing alternate housing development is the only viable option for the property. [Note: SBA would point out that the reports make clear that efforts to salvage the building would have had to pre-date SBA's purchase of the house in 1994 in order to have been effective.*

*Consequently, it is clearly inaccurate, not to mention unfair, to suggest that SBA has engaged in "demolition by neglect."*

- There were no notations or citations issued on the property during this period of time.
- SBA discusses alternative housing options for the property with interested parties, but no consensus emerges and the company concludes it must focus on other projects.
- Many major new student housing projects continue to be built, including new University residence halls that are, and will continue to, change the housing market in the historic district placing even greater demand on property owners to up-grade and enhance their offerings.
- Relevant economic context: By 2002, SBA has spent many thousands of dollars on a building that could not be rented as is and could only be renovated at an expense that could not be justified in Madison's increasingly competitive housing market.

#### 2003 – 2011

- 127 W. Gilman sits vacant while SBA pursues an aggressive restoration strategy for a number of its historic district properties and builds new properties to address rapidly changing market demands.
- The country and Madison grapple with the worst economic recession in memory.
- One notation for exterior painting, soffit repair & porch foundation repair issued by the city May 26<sup>th</sup>, 2011.
- One notation for the rear yard & porch clean-up is issued the same day on May 26, 2011. [Note: Your inquiry on this issue related to your wanting to know whether or not we stood by our statement that "...the only notations and/or citations SBA received on 127 W. Gilman related to painting the exterior of the building," prompted another document search which yielded this notation. We appreciate your diligence and regret that we did not catch this earlier.]
- Relevant economic context: In a very difficult economic downturn and an increasingly competitive marketplace, SBA continues to pay taxes and invest in maintenance on a closed property which experts have concluded is not salvageable.

#### 2012 – 2014

- 127 W. Gilman sits vacant while SBA pursues an effort to gain approval for an alternative housing proposal for the area that includes the property.
- Relevant economic context: SBA continues to pay taxes and invest in maintenance on a property experts have concluded is not salvageable at a time when it is increasingly clear that the rental market in the historic district needs revitalization.

SBA notes that in an early communication with Mr. Fry, you indicated that you needed additional information in order to determine the accuracy of our assertion that it was economically impractical to "restore" the building. As you can see from my previous observations, once it became clear that the building could not be restored (2000-2002), the only question was whether or not "renovation" made sense.

SBA does not think renovation makes historic or economic sense. The building does not have enough historic significance to warrant building a replica, particularly one that would not lend itself to public visitation. On the economic side, please keep in mind that the current building only generated income for 8 years. For the past eleven years it has only generated expenses. When it was occupied (June 1994 – May 2002), responsible, market sensitive management allowed us to operate the building profitably. If we examine the entire span of our ownership (1994 to 2014), we have lost money on the property.

With specific regard to the question of whether or not spending close to \$500,000 to essentially demolish

the existing building and then building a replica of that building makes economic sense, we are persuaded that it does not. Like most private businesses, SBA only shares its confidential financial information with its accountants, financial institutions and the IRS. I am, however, happy to share the elements we considered in reaching this conclusion. In an effort to determine the economic viability of a replica building, SBA took into consideration the following items:

- Internal space allocations available in a replica to meet contemporary housing preferences (e.g., private accommodations with full bathrooms, larger common areas, etc.).
- External space allocations available in a replica to meet contemporary housing preferences (e.g., covered or off-street parking, landscaping and green space, etc.)
- The impact of the available space options on the number of units that could be rented and the competitive pricing of each unit.
- The cost of financing demolition of most of the existing building and construction of the replica.
- The cost of marketing and managing the replica.
- The costs associated with the use of money over time on one element versus another.

Based on all of these factors, we concluded that building and operating a replica building was not an economically viable option for this housing market. We also concluded that investing considerably more money in the proposal we have made did make economic sense and would have the added benefit of honoring while revitalizing the historic district.

We at Steve Brown Apartments have a great love for this neighborhood & this city as do many of our neighbors. Steve & Laurel Brown are owners that prefer to work with the community to build properties that someday may be Landmarks with the input from community members. May we please work together to approve this development for the city of Madison, the Mansion Hill Historic District & West Gilman Street?

I hope this information is helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "M Watson". The signature is fluid and cursive, with the first letter "M" being particularly large and stylized.

Margaret Watson