

APRIL 11, 2012
SUPPLEMENT TO DOWNTOWN PLAN CASE STUDY:
RESIDENTIAL DEVELOPMENT PARCEL ON SOUTH HALF
OF 400 BLOCK WEST WILSON

This is a supplement to a handout which was submitted to the City at the March 29, 2012 Plan Commission meeting.

This supplement: (a) presents the results of a field study after the March 29th Plan Commission meeting; (b) answers some of the questions raised at the March 29 meeting; and (c) identifies requested actions regarding the Draft Downtown Plan.

A. RESULTS OF FIELD STUDY

At the March 29, 2012 meeting Staff reported that a project on the 400 Block of West Wilson could impact the view of the Capitol building from the speedbump on South Shore Drive, 4 houses west of Gilson Street. The Speedbump is in line with the Capitol Building and the 400 Block of West Wilson. The actual view from the Speedbump is illustrated in a photograph attached to this report. The primary view of the Capitol Building from the Speedbump is limited to a portion of the Capitol dome due to existing buildings. As a result:

- (1) A 10 story building on the 400 Block of West Wilson is okay because it would not block any existing view of the Capitol dome. (See photographs attached as Exhibits 1 and 2.)
- (2) The western boundary of the south priority viewshed on page 36 of the Draft Downtown Plan should be moved to the east and should not include any of the 400 Block of West Wilson. (See revised viewshed attached as Exhibit 3.)

**B. ANSWERS TO SOME OF THE QUESTIONS RAISED AT THE PLAN
COMMISSION'S MARCH 29 MEETING.**

1. How high could a development on the 400 Block of West Wilson be before it blocks any of the existing views of any portion of the Capitol dome?

Answer: 10 stories.

2. Can the west boundary of the south viewshed be moved to not include the 400 block of West Wilson without impacting any of the existing views of the Capitol dome?

Answer: Yes.

3. What is the annual real estate taxes generated by Nolen Shore this year? (The Mullins Parcel on the 400 Block of West Wilson is twice the size of the Nolen Shores parcel and generates \$68,000 in real estate taxes this year.)

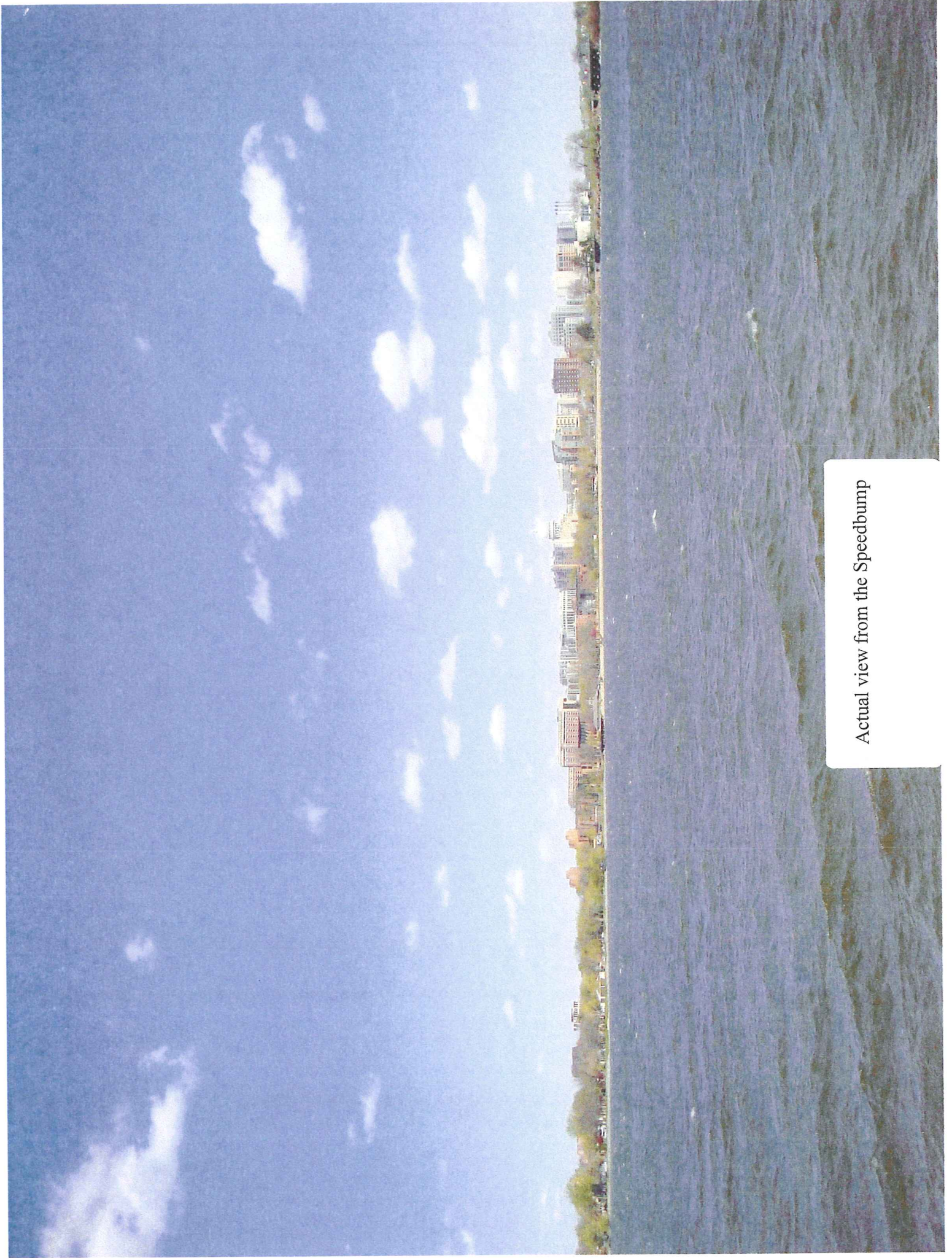
Answer: \$822,623. Upscale residential projects, like Nolen Shore, bring people downtown who: (a) spend significant amounts in downtown restaurants and shops, to the economic benefit of the City; (b) avoid commuting, thereby reducing City costs for streets; (c) work and make the decision to have employers located in downtown offices rather than outside of Madison. Attached is an article from Sunday's Wisconsin State Journal confirming that employers choose to locate their offices close to the home of the top executive. If Madison does not provide more opportunities for new upscale residential properties Downtown, then we lose opportunities for employers locating and staying Downtown. New upscale residential projects require height. The current draft Downtown Plan does not provide adequate height for residential projects outside of the traditional student housing areas.

C. ACTIONS AND RECOMMENDATIONS TO BE TAKEN.

- Provide that Priority Viewsheds only impact height to the extent important existing views of the Capitol Building would be blocked.
- Move the west boundary of the south priority viewshed to the east. This would remove the 400 Block of West Wilson from the viewshed.
- Make certain the City's approval process is not so cumbersome that it prevents desirable projects from happening. Have the PDD process available to exceed all bulk limitations, including height. When the only issue is height, the Conditional Use process should be available to permit heights greater than those shown in the Downtown Plan. This flexibility is needed to avoid unintended consequences and lost future opportunities that would be desirable and beneficial to the City.

ATTACHMENTS

1. Photo of actual view from the Speedbump.
2. Photo of actual view from the Speedbump with line drawn at height of a 10 story building on the 400 block of West Wilson.
3. Proposed revised south priority viewshed.
4. Article confirming the driving force for locating an office and business is often being near the CEO/CFO's home.



Actual view from the Speedbump



Actual view from the Speedbump
with line drawn at height of a 10
story building on the 400 block of
West Wilson

BUSINESS SUNDAY

SECTION F

EXECUTIVE Q&A

TJ BLITZ

Managing principal, joint owner at Cresa Wisconsin

Age: 40

Family: Married, two children

Degrees: Bachelor's degree in English and the arts, Lewis & Clark College, Portland, Ore.

Headquarters: 613 Williamson St., Suite 200, Madison

Branch offices: 111 E. Wisconsin Ave., Milwaukee

Founded: 2010

Annual revenue: About \$1 million in 2011

Employees: Three associates in Madison, two in Milwaukee

Web: Cresa.com/madison



Cresa Wisconsin puts tenants first

For commercial real estate firm, it's the lease they can do — and a lot more

By KAREN RIVEDALI
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Before commercial real estate agent TJ Blitz can start trying to save companies money on their rental agreements, he has one important preliminary to get out of the way: He has to sell them on himself.

"One of the biggest challenges in our business is educating the consumer on how we work and how we can add value to

the lease negotiation process," said Blitz, a managing principal and joint owner of Madison-based Cresa Wisconsin.

"It's very common for companies to overlook their leases as a potential means to reduce overhead costs," he added. "They just think, 'It's my lease and I know I have to spend X amount for it per year, so there's nothing I can do about it.'"

Blitz and his four partners at Cresa, which also has a Milwaukee office, make

a living by not to dispose that assumption. The commercial real estate services firm they formed in early 2010, after each worked a decade or more for other companies, has focused purely on tenant representation in lease transactions. Most other commercial real estate companies represent both landlords and tenants.

"We test our approach as a lot more

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Blitz

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clear," Blitz said.

Cresa Wisconsin last year handled 57 commercial lease or purchase transactions, with a total estimated value of \$30 million. About 20 percent of the business involved representing clients who were looking to buy, rather than lease, their space.

In addition to hunting out locations and negotiating lease terms, the company provides services including strategic planning, transaction management, subleases, work force planning and facilities management.

One of Cresa Wisconsin's most notable recent lease transactions was finding space for partners Shine Medical and Phoenix Nuclear Labs in a 10,000-square-foot Madison relocation off Monona Drive.

The companies make radioactive isotopes used in cancer treatments and needed to find a suitable temporary location where they could work together to prepare for an expansion to an \$85 million manufacturing plant in Janesville in five years, Blitz said.

Q: What's the process with a new client?

A: The first thing we do is a needs analysis. We need to figure out where they are

and where they want to be and how to get there, and then we can create a virtual plan for their space.

Then we go out to the market and we search for the best options, considering factors like location, growth flexibility, price.

Sometimes clients will say they need the lowest-price option. Other times

people don't mind if the price is higher, but they need to be within a certain mile radius of their biggest

client, or they need to be within a two-mile radius of their CFO's house.

Q: What happens then?

A: Once we find a handful of options, then typically we will do a request for proposals to those three to five landlords.

Q: Why do most companies rent rather than own?

A: Most of it has to do with cost. Oftentimes buying doesn't give you as much flexibility. If you grow out of it, all of a sudden you have this building you have to get rid of.

Q: How do you build flexibility into client leases?

A: There is a right of first refusal (option). That means if there is a space next door to you in the building, we want to make sure you have the ability to grow into that space.

We often get early termination options, where after three years in a five-year lease, the tenant will have the ability to terminate. We try to build that flexibility in ahead of time.

Q: What if clients come to you with existing leases they want to break early?

A: We need to review their lease to see if there are any options to terminate early, and if there are not any, we might be able to find a landlord who is willing to take over the remaining lease term in exchange for putting them in their building. Or, sometimes a landlord will be willing to restructure the lease.

Say the tenant was in 5,000 square feet and they find out they only need 3,000. So they basically downsize, but their overhead (expense) for occupancy is now a significantly higher portion of revenue than it was when they first signed their lease.

Sometimes in that situation we're able to get a reprieve from the landlord. We could say, "If you don't help us, the company will go bankrupt and you

for the next two years" in lieu of that happening, the landlord may provide some freedom or a reduced rental space that matches up better with our tenant's ratio of expenses to overhead.

Frankly, sometimes there isn't anything you can do. If somebody has a 10-year lease they negotiated and they've three years into it (and went out), it's going to be tough to do anything. You might appeal to the good will of the landlord. A lot of smart landlords these days would rather keep a tenant than lose them, even if they're paying less rent.

Q: Why is it so important for tenants to be savvy about lease costs?

A: Typically your lease is your second-highest expense as a company, after personnel. We try to encourage companies to realize that their tenancy is a valuable asset to a landlord, and that there are many, many ways to create flexibility.

Q: How often are landlords to providing amenities to sweeten leases?

A: Oftentimes we're able to offset building costs or get some free rent from the new landlord to get a higher improvement allowance. The landlord would typically like to rent a new, five-year, high-quality building rather than a landlord realize ... they're going to have to do some sort of renovation, even if it's just new carpet and paint to freshen it up, or moving some walls around to reconfigure space.

Or maybe they'll pay for some improvements, and then they'll put another \$100,000 into it, but the rent goes up by \$2 a foot.

Q: What do you like best about your job?

A: It's very satisfying to know that we're helping to shape the local economy every day by changing transactions, companies that sometimes find they have better employee retention, and all of a sudden new life is breathed into a company. You feel better in your new space. It helps us contribute to the life blood of the

“Sometimes clients will say...they need to be within a two-mile radius of their CFO's house”