

Oliv Madison Steering Committee Report

November 19, 2021

Executive Summary

The Oliv Madison Steering Committee appreciates the chance to provide feedback to the Plan Commission in its consideration of this project. The developer's engagement with the neighborhood over the course of 2021 has been exemplary, and has largely been a constructive, positive process. Some steering committee members emphasized that the project remains a great investment in Downtown Madison and a means to employ and support families in construction-related jobs. It remains important to reiterate, however, that opposition directed toward this project persists, and by the request of one of the steering committee members, is included in [this petition](#).

Having said all of this, both co-chairs of the steering committee support this project's Land Use Restriction Agreement (LURA) that it is not a business partnership or joint venture - all parties involved appear to make a good faith effort to increase student access to lower-cost housing. This marks an opportunity for addressing the City of Madison's supply crisis as well as the revitalization of the Downtown businesses as Madison emerges from the pandemic, in terms of retail, food, and beverage establishments. Both the Campus Area Neighborhood Association and Capitol Neighborhoods, Inc look forward to participating in future City of Madison discussions regarding this project.

Regarding lower-cost housing, the committee acknowledges recent approval of the Memorandum of Understanding drafts Core has shared with the Campus Area Neighborhood Association and Capitol Neighborhoods, Inc. The members of the committee very much appreciated the time, effort, and dedication that was put into the creation of these documents from all parties involved. Overall, when it comes to the LURA, most of the committee members shared support for the project's commitment to lower-cost housing, with the following conditions listed. Having said this, some of the committee members believed that such a variance from the downtown plan remains unacceptable, especially since the entire program for lower-cost housing is contingent upon the approval of two additional stories.

1. With both MOU drafts (i.e. the University and City agreements), there are three enforcement mechanisms - an accumulation of lower-cost beds from year to year (UW-Madison MOU, 7(f)), an Affordability Deficiency fine to the City of Madison (Section

2E, "Terms of LURA"), and a \$5 million penalty to the City of Madison for repeated Affordability Deficiency (Section 2F, "Terms of LURA"). Upon serious deliberation, the committee only supports this LURA if ***all three*** enforcement mechanisms are implemented ***and*** if the Affordability Deficiency fine equals twice as much as the cost of the student bed's rent in the prior year, multiplied by the number of deficient beds. Without such a fine, a small amount of money forfeited to the City of Madison from the developer will not constitute sufficient incentive to make the program work. In order to truly access this program, the development team and the university must actively reach out to qualified students about it, rather than having them be expected to take the initiative to apply for a program they would not know.

2. Almost all committee members believed that Core Madison must make available 10% of the beds in its project to qualified students at a 40% discount, provided they remain in 2/2+2 units. This option gained the largest consensus as any student who applies for a bed in the development with the lower-cost housing program will have the most certainty for what rent they will be expected to pay the following year. A steering committee member also added that if there is a hostile situation amongst roommates in the unit and there was a threat to a qualified student tenant's safety, that that tenant has the option of another bed of the same price available to them in Oliv. Having said this, some believed that "option 2", in which a larger range of options would be available to those qualified student tenants at differing prices, with smaller quantity, was preferable to the most popular option as it incorporates a variety of student preferences. This fraction of committee members thought that the building would be segregated with qualified students able to access just one option of living in Oliv.
3. The City of Madison must apply any Affordability Deficiency fine it receives directly toward Wisconsin Housing and Economic Development Authority funds for affordable housing. Likewise, any fines to the university must apply toward student housing, access and inclusion. The neighborhood was happy to engage in further conversation surrounding where forfeited money can and cannot be directed.
4. All LURA terms and associated penalties must apply to a future developer, should Core choose to sell the project to another management company, as they did with the James and the Hub I. It is unclear what would happen after 10 years of the university MOU and 30 years of the City MOU - renewal of contracts must be emphasized regardless of who the landlord of this project is.

Once again, we appreciate the opportunity to provide feedback on this proposal.

Addenda (meeting notes)

Meeting Notes - 6/17 (History of the Site)

Tom Neujahr (a founder and co-principal of Urban Land Interests) gave an extensive historical overview of the proposed project site, particularly the street-level retail components. Tom provided some historical background on how ULI's portfolio has evolved over the past ~50 years, including how the properties on the proposed project site were assembled. He also provided a wider survey of retailing along and around State Street, including the history of automotive dealerships, service stations, and ancillary businesses in and around the area of the former Red Rock Saloon. He presented a case for upgrading street-level retail with new construction as well as targeted preservation to accommodate current trends and demands on commercial spaces. He noted high vacancy rates, particularly in older and/or non-ADA compliant and otherwise inaccessible retail spaces (i.e. basements and second floors, spaces with multiple levels/steps, etc.).

Following these remarks, there was brief discussion among attendees and representatives from Core Spaces about design changes, project schedule, and the focus of remaining meetings.

Meeting Notes - 6/24 (Equitable Housing)

Core Spaces presented slides on the equitable housing component of the project. Mark Goehausen, who led the project management at that time, stated that this component will be targeted toward the student population since Core Spaces is largely a student housing developer, even though the affordability crisis affects non-students. There should be no differentiation between equitable bedrooms and market-rate bedrooms and will allow for people to access all the amenities. Core is proposing that 10% of beds in the building be leased at a 30% discount to the market rent to qualifying students, which approximately equates to 1,100 beds in the building.

The equitable beds will be available across all unit types in the building and at the same proportion of reduced rent beds as total beds in the unit. Based on current market rates, the estimated reduced rents will range from \$600 to \$1,225 depending on unit type. The average reduced rent is about \$740. This is compared to the costs to live on campus. The minimum rent

on campus is \$989, the maximum is \$1,244 and the average (not weighted) is \$1,083. Core presented pictures to see on-campus housing.

During questioning, Goehausen discussed the possibility of balancing the number of beds offered at varying rates of discount, to be clarified in future meetings.

He also said that the equitable housing component would not be overseen as regular Affordable Housing through a body like the Housing and Urban Development. Therefore, the Office of Student Financial Aid on campus would act more like a clearinghouse for students to qualify for the equitable housing component.

Goehausen also affirmed that this program would transfer to the next owner of the project, should they intend to sell the project like they did for the Hub I and the James, knowing there no such plans to do so at this time for the Oliv Madison.

Meeting Notes - 8/26 (Design Updates)

During the fourth SC meeting, Jeff Zalisko from Antunovich Associates shared revised aspects of the design to the steering committee. He talked about the adjustments which his team worked on since the informational UDC meeting. Feedback at that time included lack of vertical integration in facades, discomfort around new brick buildings, and appreciation of new and old designs. This also included criticism around dark colors, appearance of an office building versus a residential space, and lack of access to sunlight in the courtyards and around the area.

In response, Core decided to retain the brick component and convert metal designs to brick or masonry. More residential window elements were incorporated than before. To ensure a line a continuity between one line of building to the next, more masonry was included along Johnson St tying in well with the old firehouse building. Step backs were increased. Relief along the streets was increased.

Along State St, the massing was just at three stories and the step back was constructed in such a way that one would not even "see the rest of the building". A retail entry element was made a big element of the building on State St and the rest of the building would change character as we move around it. This included an English cross pattern. Previously proposed closed

courtyards were now made open, which would now be possible because of the bonus stories. The top pool terrace has more of a forestry character, including red bud plants, which some members appreciated.

Around the building, a member expressed the importance of having trees that would fit well with the building. Although they would be controlled by the City of Madison, having a tree that would overshadow or be overwhelmed by the establishment was viewed as a concern, particularly if it affects fire access and security.

Members of the steering committee also affirmed the desire to present the incubator space as uniquely as possible, so that the businesses who would participate in it would benefit from the program to the greatest extent possible. It was encouraged that the balconies be retained and expanded so that the building feels more like a residential space.

Meeting Notes - 9/28 (General Updates)

Knowing that the Urban Design Commission granted final approval, Core discussed the projected timeline for the Oliv Madison project, including presenting the development to the Plan Commission on November 8th, 2021. Brian Munson, from Vandewalle and Associates, emphasized the difficulties in getting all parties involved toward an agreement that works, possibly including the Finance Committee and the City Council.

Rob Bak, who took over the project management for the development after Mark Goehausen's departure from Core Spaces to a new position, highlighted that the inclusion of the equitable housing program was contingent on the additional height, as only that would create the mechanisms to allow for the program.

Bak also discussed the updates to the project design since the Urban Design Commission. There would be a reduction from four floors to three on the State St side, and the ninth and tenth floors would exist in the areas that were approved for the additional stories.

The steering committee did meet for a final occasion on 10/28, the notes of which are incorporated in the conditions for the LURA of the Executive Summary.