



Urban Land Interests

MEMO

To: City of Madison Alders, Economic Development Committee Members, Urban Design Committee Members and Staff, Plan Commission Members and Staff

From: Urban Land Interests

Date: February 15, 2012

Re: Downtown Plan (November 2011)

Urban Land Interests has eagerly followed the progress of the Downtown Plan and has reviewed the Downtown Plan dated November 2011. We thank you for considering the suggestions set forth in our letter of March 7, 2011 (Attachment B), and we hope you will consider the following comments which relate to the November 2011 Plan.

As you are aware, our company is a developer, manager and owner of commercial, residential, and parking facilities and for nearly 30 years has been dedicated to Downtown Madison. Because of our daily leasing and management operations, we are keenly attuned to how and why office and retail employers select or reject Downtown Madison for their businesses. As a developer of new and adaptive reuse projects in the downtown, we have experience in what is needed to successfully balance public approval, financial feasibility, and the requirements of tenants. We believe the suggestions below will improve the Plan's effectiveness by improving the desirability of downtown Madison for residents, employers, commuters, and shoppers.

KEY 2 | Strengthen the Region's Economic Engine

Room to Grow:

On Page 27, the Plan targets 4-5M square feet of new commercial development and in Recommendation 18, suggests that the City "Work with the owners of properties with good redevelopment potential as identified on the Parcel Analysis Map" to help achieve this goal. Parcels shown on the Parcel Analysis Map on page 29, however, do not capture the development potential of the adjacent sites. Yellow areas indicating potential redevelopment

should incorporate key, smaller adjacent parcels even if they may be historic. The Plan must not codify inflexibility to creative integration of older and historic structures into otherwise-desirable, larger, redevelopment or infill opportunities.

For example, the Plan limits the Potential Redevelopment parcels on the American Exchange Block (bounded by Webster, Mifflin, Pinckney and East Washington) to the eastern half of the block. The yellow redevelopment zone on this block should include the smaller parcels on North Pinckney Street as shown in Attachment A to this letter. Only a larger redevelopment site will create the parking required to support a development in this key location. The Map should not preclude a larger development that includes landmark structures. Just as the sensitive reintegration of the Burrows Block (i.e. Johnny Delmonico's) was essential to Block 89, so too will other smaller buildings be to the success of future redevelopment initiatives.

Potential Redevelopment/Infill:

The Plan fails to identify the Block bounded by Broom, Johnson, Gorham and State Streets as a potential development/infill site. On p.28-29 the Plan sets forth the criteria for identifying potential sites. The Block (as shown in Attachment A to this letter) meets the criteria and includes more than ½ acre of adjacent sites with the following characteristics: surface parking lots, underutilized sites and obsolete buildings. The Block is well positioned to provide the business and residential growth that the Plan envisions. The Plan should be amended to include a significant portion of the Block as a higher density infill and redevelopment site.

KEY 3 | Ensure a Quality Urban Environment

Views and Building Setbacks and Stepbacks:

We strongly object to the Plan's goal to have setbacks for downtown buildings "after the third or fourth story for buildings taller than five stories" as indicated in Recommendation 46 on p. 41, Recommendation 35 on p. 35, and as shown on the Maximum Building Heights Map on p. 42. We encourage you to eliminate arbitrary upper story setback requirements entirely. The recommendations regarding setbacks and stepbacks are in conflict with the desire for a "varied and interesting skyline." Given existing patterns of development, these setback requirements will not meaningfully change view corridors, and they will unnecessarily waste air space and constrain good design.

Setbacks are significant limitations in an office building's capacity to provide the functional floorplates required by employers. Setbacks conflict with the community's need for sufficient, sustainable tax base to support services and schools. Downtown buildings are already limited by the Capitol view height limit. To require stepbacks threatens the feasibility of new construction. If 1,000 lineal feet of frontage were stepped back 15' for 5 floors, then 75,000 sf of space would

be permanently squandered. The area equates to approximately \$225,000 in annual tax revenue and 375 jobs (assuming 200sf/person).

Mix of Land Uses:

While the Plan attempts to offer flexibility in terms of Land Uses, by designating areas as *Predominant Residential*, and *Predominant Employment*, we have some concerns about the proposed Generalized Future Land Use Map shown on p.40. In particular, the Map shows the Brayton Lot as being divided between “Downtown Core Mixed Use” and “*Predominant Residential*.” This full block parcel should retain maximum flexibility to master plan the site in three dimensions. The Brayton lot is a scarce downtown parcel because it is undeveloped, fully assembled, and at a critical linkage location between Downtown Core and East Washington/Capitol Gateway. The City should maintain full flexibility for this parcel. Prescribing residential uses along East Main and South Hancock may squander an opportunity for the creative site development and promote sprawl. By designating the entire block as “Downtown Core Mixed-Use” the City will retain flexibility in determining the commercial and residential goals relating to the parcel in the future.

Building Height:

The Plan should offer a greater level of flexibility in Building Height. Currently, no Planned Development District process can be used to exceed the maximum height limits in the downtown. As currently drafted, the Plan strictly limits the areas that are eligible for height bonuses. We recommend that the zoning code be revised to allow for a process to be used to approve building heights that exceed the mapped Building Heights (p. 42) throughout downtown. We further recommend that the criteria for height bonus eligibility be expanded to reflect the other City values set forth in the plan. This will give the City flexibility as it works to meet other goals within the plan, including Keys 2 and 9.

KEY 4 | Maintain Strong Neighborhoods and Districts

Downtown Core:

We are pleased that the Plan recognizes the need for a separate “Downtown Core” Neighborhood as indicated on p.48. This district has broader public goals and opportunities than those of nearby neighborhood associations, which focus on residential and preservation initiatives. The Capitol Square should belong to the entire City and not be part of any residential neighborhood association.

The Downtown Core as drawn does not include the entire Brayton lot and instead splits this undeveloped parcel into two neighborhoods: Downtown Core and First Settlement. The Brayton lot presents a unique opportunity for downtown development. The parcel should be given

maximum urban design flexibility by removing it from the First Settlement Neighborhood. To put the southeast half of the block in the First Settlement neighborhood may complicate development on the site and will unnecessarily limit what the site might become. That would create a serious planning constraint and approval hurdle. It should be considered a Downtown Core parcel.

KEY 5 | Enhance Livability

Families with Children:

In Recommendation 99, p. 65, the Plan calls for encouraging more 2-3 bedroom units. Be assured that the marketplace will respond naturally to creating larger units with more bedrooms if there is a sufficient demand from such households. Large three bedroom units should not be mandated.

Low and Moderate Income Households:

Page 66, Recommendation 103, provides that the Plan “Encourage a mix of unit sizes that will be affordable to a wide range of households in new development where economically feasible.” While encouragement is good, the Plan should acknowledge that low and moderate rents are not economically feasible without financial assistance.

KEY 6 | Increase Transportation Choices

Parking:

On p. 80, the Plan indicates that parking supply is adequate for now, but that additional parking may be needed. Our view is that additional parking is essential in order to support the 4-5M square feet of new commercial space that the Plan envisions. The single most effective initiative to attract private sector downtown employers would be to use the Madison Parking Utility strategically in providing cost-effective, long-term parking contracts to downtown employers. The importance of providing affordable underground parking, essential to creating new commercial development, cannot be understated.

Without adequate parking to satisfy the demands of tenants, customers and clients, new commercial developments are not feasible. There are only three remaining available sites around the Capitol Square in downtown Madison that can accommodate large underground parking ramps – the block containing the American Exchange Bank, the Brayton lot, and Blocks 88 and 105 combined. The block surrounded by Broom, Johnson, Gorham and State Streets offers another opportunity for large scale development as do the Mullins properties surrounding the Town and Campus motel.

We appreciate that the Plan acknowledges the importance of developing large, efficient blocks of underground parking and that it acknowledges that historically public assistance has been required to support the construction of underground parking facilities (p.81).

Transportation Demand Management Plans:

Recommendation 156 p.89, is to “require TDM plans for major redevelopments as part of the development approval process.” Any requirement of major developments to provide TDM plans should be an equal burden to both Downtown and suburban development proposals. Developers seeking approvals downtown cannot guarantee future commuting behavior of tenant/employers. Obligations regarding commuting behavior are unusual in commercial leases and would deter employers seeking downtown locations.

KEY 7 | Build on Historic Resources

The Plan should balance historic preservation and dense development and should acknowledge that new development can be essential to providing resources to preserve historic structures. We ask that the Plan not specify new or expanded downtown historic districts. Furthermore, the Plan should not be an obstacle to incorporating historic or potentially historic sites into larger redevelopment plans.

The map recommends “potential” local and national historic landmarks and districts. The expansion of historic districts by decree, without process, will put downtown developments into internal conflict with other goals of the Plan, including employment and development goals. If left to stand in the Plan, “potential” landmarks will be construed as landmarks, even if a landmarking process is dormant or incomplete. Absent priorities or method of resolution, the Plan confuses more than clarifies. This uncertainty will undermine the Plan’s position that *“downtown offers some of the best opportunities...for new private investment”* (pg 27).

We appreciate the efforts that staff has made to listen to downtown shareholders and we thank you for your consideration of these suggestions. We are eager to participate in the final Downtown Plan and the Zoning Code.

ATTACHMENT A

PARCEL ANALYSIS

- Recent Development (circa 1995-2010)
- Potential Redevelopment/Infill (over 1/2 acre)
 - 1 - Surface Parking
 - 2 - Zero Lot Line
 - 3 - Underutilized Site and/or Obsolete Building
 - 4 - Public Parking Ramp
 - 5 - Vacant Land



Note:
Within the Downtown planning area, there are individual buildings and parcels appropriate for redevelopment based upon factors such as condition, architectural character and land valuation. The potential redevelopment areas show in yellow constitute the larger opportunities within the Downtown planning area boundary. Other redevelopment and infill opportunities exist throughout the Downtown, but are not shown on this map, and could be considered on a site by site basis.

ATTACHMENT B



Urban Land Interests

March 7, 2011

Mr. Steven Cover, Director
Planning and Community and Economic Development
City of Madison
215 Martin Luther King, Jr. Blvd., Room LL100
P. O. Box 2985
Madison, WI 53701-2985

Re: Overview and Draft Recommendations – Downtown Plan

Dear Mr. Cover;

Urban Land Interests has reviewed the “Overview & Draft Recommendations” to the proposed Downtown Plan (September, 2010). Our company is a developer, manager and owner of downtown commercial, residential, and parking facilities. Because of our daily leasing and management operations, we are keenly attuned to how and why office and retail employers select or reject Downtown Madison for their businesses. As a developer of new and adaptive reuse projects in the downtown, we have experience in what is needed to successfully balance public approval, financial feasibility, and the requirements of tenants. We believe the suggestions below will improve the Plan’s effectiveness by improving the desirability of downtown Madison for residents, employers, commuters, and shoppers.

“Big Ideas” Section

Include a Big Idea for Commercial Development. There are very few sites available in downtown Madison that can support large scale infill development. Make sure that the plan anticipates development of these key sites to optimize their development potential.

Acknowledge the Importance of providing underground parking that is essential to creating new commercial development. Without adequate parking to satisfy the demands of tenants, customers and clients, new commercial developments are not feasible. There are only three remaining available sites around the Capitol Square in downtown Madison that can accommodate large

underground parking ramps – the block containing the American Exchange Bank, the Brayton lot, and Blocks 88 and 105 combined. The block surrounded by Broom, Johnson, Gorham and State Streets is another opportunity for large scale development as are the Mullins properties surrounding the Town and Campus motel. Make sure that the Plan acknowledges the importance of developing large, efficient blocks of underground parking and anticipates those developments. Anticipate that public assistance will be required to support the construction of underground parking facilities.

Embrace the Past...and Future. The plan should balance historic preservation and new urban density by encouraging flexibility and creativity in how historic buildings and facades can be incorporated into large redevelopment projects.

Map: "Neighborhoods & Districts"

Create a separate "Downtown Core" Association. Establish the Downtown Core (as drawn, including the entire Brayton lot) as a separate district by creating a Downtown Core District Neighborhood Association, including commercial building owners. This district has broader public goals and opportunities than those of nearby neighborhood associations, which focus on residential and preservation initiatives. The Capitol Square should belong to the City as a whole and not part of any residential neighborhood association.

Give Brayton lot maximum urban design flexibility by removing it from the First Settlement Neighborhood. The Brayton lot is a scarce downtown parcel because it is undeveloped, fully assembled, and at a critical linkage location between Downtown Core and East Washington/Capitol Gateway. Low density residential along East Main and South Hancock would squander an opportunity and promote further unsustainable sprawl. To put the southeast half of the block in the First Settlement neighborhood is to unnecessarily limit what the site might become. That would create a serious planning constraint and approval hurdle. It should be considered a Downtown Core parcel.

Map: "Generalized Future Land Use"

The Plan is uncommitted to downtown employment growth as a priority. The Plan arbitrarily targets 4 – 5 million sf of new commercial (pg 13), but it does not identify sites that could effectively achieve that goal. The plan touts the urban, sustainability and linkage benefits of commercial development. Yet the plan provides no priorities, metrics, or processes to encourage and support future commercial development, which is frequently in conflict with nearby residential neighborhood associations, historic districts, conservation districts, "overlay districts", and single use residential neighborhoods. If only 250,000 sf of commercial development occurs in the first 10 years of the Downtown Plan, will that be a concern to the City of Madison?

Do not prematurely allocate the southeast half of Brayton lot to residential

use. This full block parcel should retain maximum flexibility to master plan the site in three dimensions.

Don't rigidly separate uses in plan. This map discourages mixed use by rigidly separating uses in plan: residential here, retail there, etc. This could be used negatively in the future to preclude desirable mixed use and air-rights developments. Allow Findorff Yards Phase 2 to develop for residential and/or employment use.

Map: "Connections and Linkages"

Plan should relate necessary density with proposed public transit. The plan recommends public transit, including light rail, "circulator", and expanded bus systems (pg 24). But the Plan does not connect the dots between the critical densities needed to support desired public transit with the land-uses proposed in the Plan. We believe that a commitment to adequate density is a prerequisite to justifying (and underwriting) the desired transit systems.

Map: "Historic Districts and Landmarks"

Balance historic preservation and dense development, particularly on the American Exchange site. The yellow redevelopment zone on this block should include the smaller parcels on North Pinckney Street. Only the larger redevelopment site will create the parking required to support this development. This drawing should not preclude a larger development that includes landmark structures.

Do not specify new or expanded historic districts by decree. The map recommends "potential" local and national historic districts. The expansion of historic districts by decree without process will put downtown developments into internal conflict with other goals of the Plan, including employment and development goals. If left to stand in the Plan, "potential" landmarks will be construed AS landmarks, even if a landmarking process is dormant or incomplete. Absent priorities or method of resolution, the Plan confuses more than clarifies. This uncertainty will undermine the Plan's position that "[d]owntown offers some of the best opportunities...for new private investment" (pg 13).

Neighborhood Conservation Districts (NCD). Neighborhood conservation districts provide a formal, sanctioned tool to allow narrow interests to trump the Planning Department's Downtown Plan, Zoning Code, and its obligation to many broader public goals. The specter of NCDs increases the perception of risk as investors try to forecast potential redevelopments. The Plan should either:

- a) make the neighborhood judgments now and set the Plan accordingly, or
- b) codify a process that requires consideration of important public goals (eg.

tax base and revenue, citywide sustainability, transit plans, regional employment patterns, etc.) and not specify districts (Bassett and James Madison) as the map does now.

Map: "Maximum Building Heights"

Eliminate arbitrary upper story setback requirements. Given existing patterns of development, these setback requirements will not meaningfully change view corridors, and they will unnecessarily waste air space and constrain good design. Setbacks are significant limitations in an office building's capacity to provide the functional floorplates required by employers.

Proposed heights and setbacks must be harmonized with community need for sufficient, sustainable tax base to support services and schools.

Map: "Parcel Analysis"

Yellow areas indicating potential redevelopment should incorporate key, smaller adjacent parcels even if they may be historic. The Plan must not codify inflexibility to creative integration of older and historic structures into otherwise desirable larger redevelopment / infill opportunities, such as the American Exchange Block and the Firestation #2 Block on Broom St. , between W. Gorham and W. Johnson. Just as the sensitive reintegration of the Burrows Block (i.e. Johnny Delmonicos) was essential to Block 89, so too will other smaller buildings be to the success of future redevelopment initiatives.

Section 2: Land Use & Urban Design

Embrace the "Comfort Resolution" process for large, complex developments. Page 18 proposes to "provide a more clear and consistent decision-making structure for the review of proposed development." Yet, the Downtown Plan has internal conflicts, such as the conflicting goals for historic preservation and sustainable, dense infill development. Indeed, the Plan cannot resolve all issues preemptively without limiting flexibility and creativity. It can, however, encourage process tools such as the Comfort Resolution which experience has shown to be crucial in building public support for and promoting developments that require major early architectural and engineering expenditures.

Additional building height limits are too restrictive and maintain the status quo.

Current TIF policy constraints may limit City's ability to advance Plan goals, such as historic preservation (as suggested on page 19). Madison has narrowly constrained TIF policy and underwriting. For example: a) properties receiving TIF support must generate the increment themselves (difficult for renovation and preservation that have no expansion potential), b) TIF investments can only access 50% of projected increment, and c) TIF is now a loan that must be repaid with kicker. In general, Madison's TIF tool is ineffective because it

under-appreciates the fundamental prerequisite of increasing tax base as the source of funding.

Phrases in Plan may limit quality architecture, employment growth, and private investment. The Plan proposes “context sensitive” design, which is often initially in conflict with existing patterns. “Appropriate design details” and “Interesting and varied upper stories and tops” can further limit FAR and force architectural compositions that are cartoonish and “Faux Arts” in style.

No “general stepback”. We strongly object to the Plan’s goal to have stepbacks for all buildings downtowns “after the third or fourth story for buildings taller than five stories” (pg. 22). Downtown buildings are already limited by the Capitol view height limit. To require stepbacks limits good architecture and threatens the feasibility of new construction. If 1,000 lineal feet of frontage were stepped back 15’ for 5 floors, then 75,000 sf of space would be permanently squandered. The area equates to approximately \$225,000 in annual tax revenue and 500 jobs (assuming 150sf/person).

Section 2: Moving Around

Employers demand parking for their employees when they make site selection decisions. Downtown will attract and retain more employers if downtown parking is perceived to be as available, as easy-to-use, and (nearly) as cost effective as it is in the suburbs.

Employer TDM plans. Any requirement of employers (pg. 29) should be an equal burden to both Downtown and suburban employers and development proposals. Otherwise there is a disincentive to locate and invest downtown. Developers seeking approvals downtown cannot guarantee future commuting behavior of tenant/employers. Onerous obligations regarding commuting behavior are unusual in commercial leases and would repel employers seeking downtown locations. Membership in TMA (pg. 29) should be voluntary.

Smart Parking Information Signage. We support intelligent, real time parking availability signage in the Downtown loop and would participate with Madison Parking Utility on this initiative

Buses to outer loop. We encourage relocation of buses and bus shelters to outer loop so that short term parking can be returned to on the Square. Currently, bus movements on the Square preclude meaningful street parking.

Section 2: “Downtown Living”.

Conversion of rental to owner-occupied. While noble, this is extremely difficult to do, particularly when rentals are profitable student housing properties. Don’t premise the Plan on the hope that this can be achieved with mere “encouragement.” Strong enforcement of building codes and maintenance stan-

dards would be a positive force for change.

Families with Children. Be assured that the marketplace will respond naturally to creating larger units with more bedrooms if there is a sufficient demand from such households. Large three bedroom units should not be mandated.

Inclusionary Zoning....Again! Page 31 indicates: "Require a mix of unit sizes and prices in new developments." Madison cannot endure this debate again. Low and moderate rents cannot be delivered in a new downtown apartment development without financial assistance.

Section 2: "Downtown Working & Business"

Attract Downtown Employers with Parking. The single most effective initiative to attract private sector downtown employers would be to use the Madison Parking Utility strategically in providing cost-effective, long-term parking contracts to downtown employers. There is a built-in financial disincentive for developers to oversupply parking. Therefore the Downtown Plan and Zoning Code should not place limits on the maximum parking stalls solely on downtown developments.

Establish Employment and Tax Base Metrics. Plan should establish easy to gather/understand metrics to measure the ongoing success of the Plan in attracting and retaining employers located in taxable buildings downtown on a year-by-year basis. Suggestions: number of Fortune 500 employers downtown; SF of office space occupied Downtown; SF new commercial space a) applied for, b) approved, and c) constructed; employers entering & leaving the downtown, etc.

Thank you for your consideration of these suggestions. We are eager to participate in the final Downtown Plan and the proposed Zoning Code.

Sincerely,



Tom Neujahr Brad Birkowski Chris Schramm Paul Muench Kevin O'Driscoll