



Department of Planning & Community & Economic Development

Economic Development Division

Matthew B. Mikolajewski, Director

P.O. Box 2983

Madison, WI 53701-2983

Phone: (608) 266-4222 | Fax: (608) 261-6126

cityofmadison.com

Office of Business Resources

Office of Real Estate Development

Office of Real Estate Services

To: Common Council

From: Matthew B. Mikolajewski

Subject: 3614 Milwaukee Street Background Memo

Date: May 7, 2024

Property

3614 Milwaukee Street is a 1.53-acre property owned by the Parks Division. It was acquired nearly 20-years ago and serves to connect Milwaukee Street to a larger Parks property to the north via a gravel driveway. It was a major consideration and required for access to Starkweather Marsh Park, which was purchased using Wisconsin DNR funding. As such, the property is considered grant encumbered and WI DNR approval is required for this sale as further described below. The property is only 70 feet wide, and therefore, not able to be developed as a stand-alone site.

Starkweather LLC

Starkweather LLC approached the City of Madison in early 2023 about purchasing 3614 Milwaukee Street to incorporate the property into a larger redevelopment of the Voit Farm property to the west. Starkweather currently has legal control of the Voit Farm property through a purchase option. Starkweather's proposal includes the construction of nearly 700 units of market rate and affordable housing on the combined Voit Farm and 3614 Milwaukee Street property. Starkweather's proposal calls for approximately 17 acres of parkland dedication to the City for purposes of serving the anticipated new housing units on the northern portion of the Voit Farm site. The proposed development plan also includes the construction of a new street grid to serve the new neighborhood and new and existing park.

Surplus Property Ordinance (MGO 8.075)

The sale of City property is guided by the Surplus Property Ordinance (MGO 8.075), a process led by the Economic Development Division. The Surplus Property Ordinance process includes the following steps:

- The agency that owns the property, in this case the Parks Division, declares it surplus to their needs.
- The Economic Development Division Director requests interest on the part of other City Departments to purchase the property. This was completed on July 11, 2023 via email and a presentation at a Mayor's Management Team meeting. No other Departments expressed interest in the site.

- The Economic Development Division Director conducts an Economic Feasibility Analysis (EFA) to determine a potential viable and independent use of the property. Given the size and configuration of the property, the Economic Development Division Director quickly determined that an independent viable use of the site is not possible.
- The District Alder, Director of the Department of Planning, Community, and Economic Development, and the Economic Development Division Director confer to determine and recommend a method of sale for the property that is in the best interest of the City. Possible methods of sale include a direct sale, a formal Request for Proposal process open to anyone, or a formal Request for Proposal process only open to adjacent property owners.
- A Racial Equity and Social Justice Initiative (“RESJI”) Analysis can be used to help inform the method of sale in the best interest of the City.

3618 Milwaukee Street

There are two private properties adjacent to 3614 Milwaukee Street. The first is the previously described Voit Farm under contract for purchase by Starkweather. The second is 3618 Milwaukee Street, a vacant privately owned property immediately to the east. Upon learning of the City’s openness to selling 3614 Milwaukee Street, the owner of 3618 Milwaukee Street formally expressed interest in purchasing the property from the City on August 28, 2023.

3618 Milwaukee Street is a somewhat narrow parcel and its owner was concerned about the viability of developing the site without 3614 Milwaukee Street. As the City is interested in seeing this property also develop, the City agreed work with the owner of 3618 Milwaukee Street to confirm viability of the site for development without 3614 Milwaukee Street. During the intervening eight months, City staff from multiple departments worked with the owner of 3618 Milwaukee Street on a draft development concept that City staff believes can be implemented independent of 3614 Milwaukee Street. The owner of 3618 Milwaukee Street; however, remains interested in purchasing 3614 Milwaukee Street.

Recommendation

In accordance with the Surplus Property Ordinance (MGO 8.075), Ald. Martinez-Rutherford, DPCED Director Matt Wachter, and EDD Director Matt Mikolajewski recommend that a direct sale of 3614 Milwaukee Street to Starkweather LLC is in the best interest of the City for the following reasons:

- Starkweather LLC approached the City with an already prepared development concept and plat, with an interest in purchasing 3614 Milwaukee Street. We have been able to negotiate a Purchase & Sale Agreement with the Starkweather LLC that is satisfactory to City staff.
- The Purchase & Sale Agreement requires Starkweather LLC to purchase the Voit Farm property prior to purchasing the Park property.
- The Purchase & Sale Agreement requires Starkweather LLC to record the new plat for the newly combined Voit Farm/Park property at the time of sale of 3614 Milwaukee Street. The new street right-of-way identified in the new plat, as well as new parkland to the north of the property, will therefore be dedicated to the City at the time of sale.
- The proposed Starkweather LLC plan includes approximately 17 acres of parkland dedication. As such, the City will gain a larger park property with direct access from a new Chicago Avenue. The proposed plan substantially improves the size, potential and quality of parkland in this area and preserves unique

natural and manmade features on the property. This improved access to a larger park property is a principal reason that the Parks Division considered the proposed development and approached the Wisconsin Department of Natural Resources (WI DNR) to request consideration of removal of grant restrictions for this parcel.

- The WI DNR has indicated that they are willing to approve the sale and grant restrictions of this Park property subject to access conditions outlined in the PSA. This access parcel was required for Parks to secure WI DNR funding for the acquisition of the existing Starkweather Park. Starkweather, LLC has agreed to the DNR provisions regarding access drafted within the PSA.
- The Board of Park Commissioners received an informational briefing on February 14, 2024 regarding the potential surplus of this property and were generally supportive of proceeding with the process.
- The anticipated future plat by Starkweather LLC will enable hundreds of new housing units to be constructed, which have been pledged to include a mix of affordable and market rate.
- As 3614 Milwaukee Street is not independently viable for development, a Request for Proposal process open to anyone is not appropriate in this case.
- Development of 3618 Milwaukee Street can occur independently of 3614 Milwaukee Street. The proposed development plans of 3618 Milwaukee Street do not provide significantly improved park land or access to the address the needs of this area when fully developed. A compelling case has not been made that it is in the best interest of the City to sell 3614 Milwaukee Street to the owner of 3618 Milwaukee Street when compared with a sale to Starkweather LLC.
- An RESJI Analysis supports the recommendation of a direct sale.