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VIA E-MAIL

City of Madison Plan Commission
Heather Stouder, Director of Planning
Tim Parks, Planner

Re: Wash Haus Project 414 E. Washington Avenue

Dear Members of the Plan Commission, Ms. Stouder and Mr. Parks,

The proposed Wash Haus project at 414 E. Washington Ave (the "Project") has gone through a robust planning, concept and design process, including multiple meetings with the neighborhood and steering committee(s),¹ the alder, the Landmarks Commission and the Urban Design Commission. Now that the Project has reached the Plan Commission, I believe it is important to provide a succinct summary outlining how the Project meets several critical standards and goals identified in the City's zoning code and several City adopted plans and reports.² More specifically, why the Plan Commission should approve the requested conditional uses and two (2) bonus stories on the East Washington side of the Project site.

The Project team strongly believes the Project meets the requirements and standards of: (1) UMX zoning,³ (2) the Downtown Plan (including the Downtown Height Map⁴ and Downtown Setback Map),⁵ (3) the conditional use standards in MGO 28.183(6), and (4) the additional height standards in MGO 28.183(14). This

¹ The Developer values, and has heard and listened to, significant public input at multiple meetings. However, we ask the Plan Commission to note many of the individuals opposing the Project do not live in or even near the James Madison Neighborhood, nor was the steering committee(s) able to come to a consensus recommendation or consistent comments given the ever changing constitution of the committee(s). Please refer to multiple letters, reports, and comments submitted to the City, the UDC registrant lists (2 UDC meetings) and the online "petition" submitted to Plan Commission (which includes entries without names, some without addresses and others that do not live downtown, in Madison or even in Wisconsin). The Developer has listened to the multitude of comments, input, feedback and concerns raised and has worked hard to address many, many competing comments, concerns, motives and agendas, all the while balancing those with the mandates, goals and recommendations of the City's zoning code and plans. It would be unfortunate to have an otherwise acceptable project denied based on undue weight given to complaints raised by individuals who do not live in or near downtown, or even in the City or in the State of Wisconsin.

² See Plan Commission Staff Report at Page 8 ("The proposed development intensively redevelops a site identified in the Downtown Plan as "underutilized" with a mixed-use building where mixed-use development is recommended. The proposed building includes ground floor commercial space that will replace the commercial spaces at 402, 408, and 414 E Washington Avenue and activate the street frontage consistent with the plan recommendations, while significantly increasing the amount of residential on the site consistent with many of the growth objectives in the Downtown Plan.").

³ See Madison General Ordinances Section 28.076(1) – The UMX zoning district "is intended to provide opportunities for high-density residential and office uses in combination with limited retail and service uses designed to serve the immediate surroundings".

⁴ See City of Madison Downtown Plan page 122, discussing Additional Building Height Area H (East Washington)("In order to encourage taller buildings that provide continuity with the Capital Gateway Corridor and further enhance this important approach to Downtown, up to two bonus stories may be considered."). Additional Height Area H allows for two (2) bonus stories, for a total of ten (10) stories. The Downtown Plan specifically designates the Project site as one of the few available for infill development, which presents a unique opportunity for infill redevelopment to provide sufficient and planned density to add desperately needed additional housing units to address Madison's ever-growing housing shortage.

⁵ See MGO s. 28.071(2)(c).

letter will not address all of the applicable requirements and standards, which have been discussed in the City staff reports and will also be addressed by members of the Project team at the Plan Commission meeting. This letter will focus on several of the most important zoning and City Plan requirements, standards and goals.

First, the Project meets the applicable requirements under MGO 28.183(14) for the two (2) additional stories. The proposed additional stories are compatible with the planned character of the surrounding area, including scale, mass, rhythm, setbacks of buildings, and will allow for a higher quality project that aligns with the goals and benefits identified in the Downtown Plan and other City policy documents. Not only does the Project meet applicable zoning standards and requirements, the Downtown Plan places the site within the Downtown Core – which is intended to “...*generally possess the highest intensity of development*”⁶ to accommodate future growth within downtown, and further provides design standards should result in taller buildings.⁷ The Downtown Plan’s Parcel Analysis Map identifies the Project site as an “*underutilized site and/or obsolete building*,”⁸ and one of the few remaining downtown for redevelopment to accommodate the City’s growth for a 20-year horizon. The parcel analysis considered, among other factors, parcel size, existing use, building condition, architectural character and land valuation.

In addition, the Project will bring a number of benefits and amenities to the residents, neighborhood and the City. The recommended and permitted uses for the properties surrounding the site allow a height of 8 stories plus 2 bonus stories immediately to the east and west, 6 stories for the adjacent properties to the North, and 10 stories directly across East Washington Avenue.⁹ These properties are identified for higher density in the City of Madison Downtown Plan, and are necessary to achieve the important policies and goals established by the City to address the growing housing shortage, as discussed further below. Based on current zoning and Plan recommendations for all the surrounding properties, the Project will not impede the normal and orderly development and improvement of the surrounding property;¹⁰ nor will it impair the uses, values and enjoyment of other property in the neighborhood.¹¹ To the contrary, the Project will bring benefits and amenities consistent with the Downtown and other City plans including:

⁶ See City of Madison Downtown Plan Downtown Core Recommendations Objective 4.1.

⁷ See City of Madison Downtown Plan Recommendation 41 (“Establish building design standards that result in taller buildings having interesting and varied upper stories and tops.”).

⁸ See City of Madison Downtown Plan at Page 25.

⁹ See MGO s. 28.071 and Maximum Building Heights Map, Page 37, Downtown Plan. As noted in the staff report, while properties to the north are predominantly two and three-story structures today, the recommended and permitted height of these surrounding blocks is up to six stories as shown on the building heights map. See Plan Commission Staff Report at Page 10 (“The Plan Commission may find that the building is consistent with the *planned* character of the area as informed by the site’s UMX Zoning, Downtown Height Map, and recommendations of the Downtown Plan, which allows for the consideration of much taller and denser development for the subject site and adjacent block frontages on the northerly side of E Washington Avenue compared to the existing... While the plan recommendations of the remainder of [the surrounding blocks] do not ordain that other parcels nearby will be developed to a scale more in line with the scale of the proposed building . . . , the permissiveness of the plan recommendations and Zoning Code at least suggest that the proposed building may be consistent with the scale, mass, etc. of other development that may be proposed nearby in the future.”).

¹⁰ The Project aligns with the intent of the Downtown Plan for buildings in Additional Height Area H (East Washington), Page 122, to function as a transition area between the East Washington Corridor and the Capitol Square.

¹¹ See, for example, Myths and Facts About Affordable & High Density Housing, a Report by California Planning Roundtable, California Department of Housing & Community Development, Page 6 (“For many years social scientists have asked whether high density housing causes crime. Not one study has shown any relationship between population or housing density and violent crime rates; once residents’ incomes are taken into account, the effect of density on non-violent crime decreases to non-significance.”); id, Page 5 (“[T]he single most significant factor affecting property values is the preexisting value of the land in a given community or area.”).

- Providing over \$600,000 in parks fees for use to improve parks in the neighborhood (based on \$3,897.62 per unit at the City's 2020 parks fee rate) and, importantly, those fees can help implement the City's newly adopted James Madison Park Master Plan.
- Adding approximately \$500,000 in new annual tax revenues for the City.
- Cleanup of a contaminated site at a cost of approximately \$500,000.
- A bike repair station near the Franklin parking entrance that will be available to residents, the neighborhood and the general public.
- Providing several commercial spaces at the street level for neighborhood oriented businesses such as a restaurant, coffee shop or neighborhood retail.
- Will provide approximately 150 construction jobs during the estimated 16-month construction period.
- The stepback from 10 to 6 stories allows for significant rooftop and amenity space for residents, which would not be available with an 8 story building across the entire site, achieving the Plan's recommendation that "[r]ooftops can provide valuable open spaces, such as gardens or patios, in dense urban environments. This Downtown Plan encourages the development of such amenities for use by residents."¹²
- Orienting density directly adjacent to multiple existing Madison Metro bus routes, two Bus Rapid Transit lines that will be implemented in the near future and within a block or two of a proposed BRT station (also referred to as transit oriented density or TOD).¹³

Most importantly, the Project aligns with the wider-reaching City of Madison Comprehensive Plan goals to increase housing in the City and the corresponding mandates of Wisconsin law. Specifically, Wisconsin law requires a municipality's comprehensive plan to "provide an adequate housing supply that meets existing and forecasted housing demand in the local government unit."¹⁴ The City's Comprehensive Plan, consistent with Wisconsin law, sets forth the City's goals of "increasing the amount of available housing, prioritizing growth in and near downtown, and along the major transit corridors."¹⁵ The City's zoning code further codifies this mandate, requiring "[w]hen applying the above standards to an application for height in excess of that allowed by Section 28.071(2)(a) Downtown Height Map for a development located within the Additional Height Areas identified in Section 28.071(2)(b), the Plan Commission shall consider the recommendations in adopted plans..."¹⁶

With respect to increased density in downtown specifically, the Downtown Plan emphasizes:

"Providing locations and opportunities for business and residential growth is essential to achieving many of the City's overall goals and implementing many of the recommendations in this plan. This growth is also critical for maintaining the vibrancy of Downtown and its neighborhoods. Downtown offers some of the best opportunities in the region for new development and private investment. Based on a conservative estimate, this plan's land use recommendations have identified infill and redevelopment areas¹⁷ to accommodate at least 4,000-5,000 net new residential units [emphasis added] and 4-5 million square feet of net new

¹² See Downtown Plan Page 37.

¹³ See Downtown Plan Page 35. The project will meet the Downtown Plan goal of supporting "the principles of Transit Oriented Development, or TOD. TODs are essentially higher- density mixed-use development areas that are less automobile- centered and are coordinated with, and developed in close proximity to, existing and planned transit centers." The Plan encourages "higher intensity transit-oriented development near major transit station locations."

¹⁴ See Wis. Stat. s. 66.1001(2).s

¹⁵ See City of Madison Comprehensive Plan Page 30.

¹⁶ See MGO 28.183(6)(a)14.

¹⁷ This site is specifically identified as one of those infill areas – See Downtown Plan's Parcel Analysis Map.

commercial development {office, retail, etc.}. The estimated value of this amount of development is in the range of 2 billion to 2.5 billion dollars.

Downtown's desirability as a place to live and work continues to be strong, but development in built-up urban areas can be challenging and is often more difficult than developing on a "greenfield" site on the edge of the city. A concern often expressed during the planning process is that the development entitlement process for Downtown projects can be lengthy and unpredictable. True or not, this perception can be detrimental to attracting new development to Downtown. Having a current plan that clearly articulates expectations and policies and reconciles sometimes competing objectives can clarify a path to achieving the overall vision. It can also help provide a basis for a more predictable and efficient development review process that reduces risk and increases confidence in Downtown's future direction."

In further analysis of the need for more housing and density, the City of Madison Equitable Development Report, adopted in November 2019, more specifically identifies the challenge and the opportunity:¹⁸

With a projected population increase of 70,000 over the next 25 years, a robust economy with more jobs than residents in the workforce, and a generational shift in housing preferences, it is unlikely growth pressures that can lead to displacement will subside. Some of the areas shown susceptible to or in early phases of displacement are likely to see market rate development in the coming years that will not be affordable to many existing residents. This growth and investment can be positive for the neighborhood: new residents can diversify incomes in a neighborhood and can be a stabilizing force against concentrated poverty and the cycle of problems it can create [Emphasis added]; new residents can support existing and new business, possibly ending food deserts and providing more healthy food options; park impact fees associated with residential development can help revitalize existing neighborhood parks.¹⁹ The challenge will be to leverage these improvements while maintaining existing character and encouraging new or rehabilitated housing affordable to existing residents.

Further, it's important to continue to add housing at all price points to accommodate the growth in population. When a sufficient number of new units are not added, housing can become a scarce commodity and prices rapidly rise as demand exceeds supply. [Emphasis added.] During and in the wake of the Great Recession, Madison's economy remained relatively strong and the population continued to grow. Construction, on the other hand, effectively stopped for 2-3 years. This sent the rental vacancy rate from a healthy 5% down to 1%, and was accompanied by rapidly rising rents. If supply doesn't keep up with demand, this will happen again and those at the bottom end of the income scale will be impacted most.

An example of how increasing units even on the high end of the income spectrum may help maintain affordability can be seen in Tenney-Lapham.²⁰ Historically this neighborhood has been a diverse mix of owner occupied and rental housing, including some students from UW. The addition of several new multifamily buildings in the neighborhood and by campus may have shifted demand at the high end from older units and flats/duplexes. Now in a market with greater diversity in housing and more availability, older units may have to compete more on price. Possibly as a result, median rents in Tenney-Lapham have increased at a rate lower than the City average between 2010 and 2017 according to ACS five year data.

¹⁸ See City of Madison Equitable Development Report Pages 18-19.

¹⁹ As noted in the James Madison Park Master Plan Report at Page 76, as of 2010, the Capitol Neighborhoods population was 82% white (down only 1.4% from 2000). Despite the disproportionately large percentage of white residents in the Capital Neighborhoods, visitors of James Madison Park and those involved in the Master Plan placed a high value on the diversity of park users and visitors. It is anticipated that the Capitol Neighborhoods will continue to become more diverse, but continued housing shortages will hamper this, especially given the disproportionate effect housing gaps have on non-white families.

²⁰ See also Dane County Housing Needs Assessment: 2019 Update, Major Findings of the report ("Even though income disparities contribute to housing disparities, African American and Hispanic households experience disproportionately higher rates of housing stress and burden compared to white households at the same income level.")

New housing units of all types are needed in Madison and Dane County. Not only does the Project meet the purpose and standards of the UMX zoning district and align with the goals of the Downtown Plan and City Comprehensive Plan, it will help address Madison and Dane County's housing crisis being driven by a shortage of more than 11,000 housing units as of 2017.²¹ As excerpted above, a major contributing factor to the housing shortage in Madison, more specifically the Downtown area, is the often-expressed concern that the development entitlement process for Downtown projects can be lengthy and unpredictable.²² Restrictions on higher-density housing and a push to decrease density on sites where it is appropriate (and has been expressly identified in the City's zoning and Plans) ultimately results in less housing units and increased housing costs. Not surprisingly, this gap in available housing units overall and housing types disproportionately affects low and middle income families, especially families of color.²³

Approving a Project offering high quality density in an area specifically identified for high density in the adopted zoning code and City Plans can help alleviate the housing burden on all those who do, or who will in the future, call Madison their home. The City of Madison rightfully expects property owners and developers to follow codified zoning and adopted plans. We ask that the City apply the same expectation to its own land use decisions and follow the recommendations of the City's zoning and adopted plans. While it's hard to make bold moves and hard decisions that may not be popular to everyone, I ask this Plan Commission to be thoughtful and intentional in considering and applying the City's goals and standards in reviewing this Project; please recognize not only the challenges but also the opportunities. I appreciate your time and consideration of this letter and the requested conditional use and bonus stories. I am hopeful the Plan Commission will make the right decision for the City of Madison and its current and future residents, and ask you please approve the Project.

Very truly yours,

CARLSON BLACK O'CALLAGHAN & BATTENBERG LLP

Angie Black
Partner



²¹ See Wisconsin Realtors Association Special Report Falling Behind, Page 13 Table 1; Dane County Housing Needs Assessment: 2019 Update, Major Findings of the report (“Despite producing over 25,000 net new housing units in Dane County (2006-2017), Dane County under-produced more than 11,000 housing units relative to household growth.”).

²² See City of Madison Downtown Plan page 23. See also City of Madison Equitable Development Report at Page 26 recommending that “adjusting the zoning standards and thresholds can allow for greater flexibility in affordable housing development” and identifying three paths where zoning standards could be adjusted to encourage more affordable housing: 1) adjust thresholds (# dwelling units, building size, height, etc.) between permitted and conditional uses to “relax” the zoning code and allow more “by-right” development; 2) Revisit and relax the requirement for Plan Commission approval of the demolition of existing buildings; and 3) to establish a comfort level with “by-right” development, add maximum height maps to the zoning code to better manage expectations (“Currently, all exclusively residential buildings over 8 units and nearly all mixed use buildings over 24 units require some form of discretionary approval, from Plan Commission, UDC and/or Common Council. This lengthens the development process, adding carrying costs and uncertainty. Further, these unit number thresholds may not work well in tandem with requirements of lot area per unit and usable open space per unit, which effectively operate on a unit per acre scale.”).

²³ See Dane County Housing Needs Assessment: 2019 Update, Major Findings of the report (“Even though income disparities contribute to housing disparities, African American and Hispanic households experience disproportionately higher rates of housing stress and burden compared to white households at the same income level.”).