

**Notes from 15 Feb. 2017 TLNA Steering Committee Meeting for  
Houden Development Proposal for 700 block (southside) E. Johnson  
Festival Foods Conference Room**

TLNA Development Committee Chair Patrick Heck brought the meeting to order and attendees introduced themselves:

*City of Madison:*

Ledell Zellers (District 2 Alder), Jessica Vaughn (Planning Division of the Department of Planning and Community and Economic)

*Development Team:*

Chris Houden (property owner), Melissa Huggins (Urban Assets), Tom Miller (Kahler Slater, architect), Pat McCabe (Palisades Property)

*TLNA Council members:*

Patrick Heck, Mark Bennett, Karla Handel

*Neighbors and Interested Parties:*

Evelyn Atkinson, Liz Avenius, Tim Meisenheimer, Brian Schildroth, Joe Davis, Greg Stroupe, Chris Oddo, Susan Melum, Lori Wessel, Daniel Parker, Ross Kelley, Adam Chern, Carol Weidel, Beth Boeing

Patrick reviewed the charge of the Steering Committee – the idea is to have a collaborative process in which the hopes and wishes of the neighborhood are explored, positives and negatives about the development proposal are discussed, and hopefully results in a project that is a win-win for all involved (developer, City and neighborhood).

Patrick then reviewed bulleted lists of neighbor input from the Jan. 10 neighborhood meeting and the Feb. 2 Steering Committee meeting (See Feb. 2 meeting notes for the list from the Jan. 10 meeting). Summary of Feb. 2 Steering Committee meeting input:

- more commercial needed
- more street-level activation
- commercial shouldn't be on top of parking plinth
- plinth in front needs to be lowered/disguised
- need bigger setbacks in rear
- neighborhood process shouldn't be accelerated
- too many apartments
- new buildings too large
- more homes should be saved
- auto exit/entrance should be on Johnson
- first floor porches should be more private
- number of parking stalls too large
- green energy should be pursued

Patrick also summarized additional input that he or Alder Zellers have received via email:

- affordable rents are crucial
- rents will be too high
- don't destroy the neighborhood's character
- scale of new buildings are too large

- strongly support the Feb. 2 proposal version
- people are getting priced out of neighborhood
- apartment oversupply will be a problem soon
- more worries about chain shops

Patrick then showed slides with excerpts from the Tenney-Lapham Neighborhood Plan that pertain to this block (see slides on TLNA Development website for this proposal: <http://www.tenneylapham.org/web-data/development/700ejohnson.htm>). Highlighted in red are particularly pertinent excerpts. He noted that there is perhaps a conflict between two of the Plan goals – one relates to support for expanding the E. Johnson commercial corridor with mixed-used buildings/conversions while the other stresses maintaining the residential feel and character of these same and surrounding blocks, including minimizing tear downs and large buildings. Other excerpts included goals of promoting and maintaining income diversity and the ability for fixed-income and/or differently abled neighbors to remain in the neighborhood. He also showed a slide of the existing tree canopy for the proposal site, saying hoped as many yard trees as possible could be saved. Chris Houden said that most of the rear yard trees on their properties were trash trees.

**Current Proposal** (Note that the proposal concepts are subject to change)

Tom Miller, project architect, then discussed how their proposal has evolved since the Feb. 2 Steering Committee meeting. He said they'd met with City Planning staff several times and now have a zoning solution too (see developer slides on TLNA Development website). Tom also summarized input from the previous Steering Committee meeting (see slides).

They will pursue a rezoning from Traditional Residential-V2 (TR-V2) to Neighborhood Mixed-Use (NMX), which is generally supported in the Neighborhood Plan. NMX has a maximum of 3 stories or 40' height, lot coverage of the buildings must be less than or equal to 70%, and useable open space must be no less than 160 square feet per 1-bedroom unit and no less than 320 square feet for larger units. They expect to significantly exceed the open space requirement. He added that there will be private open space for many units (balconies and patios). They expect their rents to be lower than market rates and due to having some larger units, they expect some to be family housing.

Tom noted that they were willing to allow anyone to relocate any of the 8 homes that they propose to tear down.

The footprint of the three new buildings has been reduced from the Feb. 2 version – the building now has a 20' setback in the rear, as opposed to the earlier 10' setback (20' is the NMX rear setback requirement). Above 25', the building's rear will have to adhere to an NMX requirement that it can't exceed a 45-degree angle line drawn from the top of a 25' vertical line that is drawn up from the top of the parking level plinth along the building's rear facade. So, there will be some further setback above the 2<sup>nd</sup> floor, reducing the building's impact on rear neighbors. The parking level will have an electric car charging station and other amenities (see slides) and has been reduced to 80 stalls from 130 (the 130 stalls of the earlier proposal version did not include subtractions for bike parking and other amenities). They will go through the Certified Survey Map process to combine all the parcels into a single 1.26-acre parcel. There will be 80 total apartments (the combined total from the 3 saved homes and the 3 new buildings). Eight of the units (10%) will be affordable. They added 2 more new retail spaces for a total of 4. Three will be new at ground level with the other being the first floor of 751 E. Johnson (a walk-up space). The parking level will be partially underground with about 3'6" above ground, so the new

buildings' first floor of apartments will start above that.

They will restrict apartment residents from getting City parking permits for street parking. Alder Zellers clarified that by ordinance new developments are not allowed to get RP3 parking permits anyway. She added that in other new buildings, some residents simply park on the streets outside the RP3 restricted hours rather than paying for spots in new parking garages.

The exterior of the building will vary, but will be fiber cement panel, which Tom said is more durable than many wooden sidings. There will be no vinyl siding. There will be accent colors for to highlight the commercial areas. Since there will be 80 apartments, the parking will now have a 1:1 ratio of residential units to parking stalls. There is no parking for the commercial spaces planned.

Ledell asked for clarification on how the affordable units would work and for how long they would be priced as affordable units. Tom said that tenants of the 8 affordable units would need to make less than 80% of Dane County Median Income (CMI) and the rents would be 80% of a comparable unit in the development. A development agreement of some sort would have to be drawn up because the City cannot require affordable housing due to the court case that struck down Madison's inclusionary zoning law. Melissa Huggins added that Marquette Neighborhood Association did this with the developer of the new building at Willy and S. Paterson Streets and the City Attorney okayed this approach.

Ledell asked that if someone were to relocate a home that they propose for demolition, would the developer give them the cost of demolition since they wouldn't be spending that? Chris Houden said they would.

Patrick Heck asked about their expected rents. His calculations for one person living alone in an apartment indicate that rent plus utilities should be no more than \$1152/month if they are making 80% of CMI. This assumes that rent plus utilities should be no more than one-third of a person's income and that 80% of Dane County CMI is \$46,100 for an individual. Melissa said that she had a City FAQ on Affordable Housing that she would send to Patrick (she did and it is posted on the proposal's TLNA website). Patrick later confirmed that his calculations were the same as the City's, although the City's calculation does not explicitly refer to rent *plus utilities* needing to be a maximum of one-third of income. Ross Kelley how the developers came up with their offer of 10% of the units being affordable. They said that the economics of the project allow them to a commitment of 10%. Patrick added that in 2016 TLNA Council passed a resolution supporting an overall goal of 20% of all new units needing to be affordable housing in Tenney-Lapham.

Daniel Parker asked how many apartments were on the properties now that would be replaced by 80 apartments. The developers said that there were currently 35 apartments.

Tim Meisenheimer asked where the affordable units would be - in the new and/or old buildings. Tom Miller said that their one planned 4-bdrm apartment is in one of the existing buildings, and that would be an affordable unit. Beth Boeing asked about current market analyses on unrented apartments in the downtown/near east area - have they done those? Melissa Huggins said yes, the City has done extensive work on the subject and their data shows the apartment vacancy rate as about 3% now, but 5% is considered healthy. Beth said that her experience is different - her lower flat (on E. Gorham) has been on Craigslist for 6 weeks, but in the past it usually rented within a couple of days. Beth added that she thinks we are being flooded with new apartments - can't they rehab more existing buildings as in the Neighborhood Plan? She also mentioned that

there should be resources to help current owners to keep up buildings. She recently had to pay \$1500 for a radon mitigation system for her place. She asked if the developers will be required address environmental impacts. If she has to keep hers up for radon and similar issues, she won't be able to do it with the kind of pressure that is being put on the rental market by these new apartments. Maybe we don't need more apartments, but maybe we do need shops and affordable housing units. Melissa mentioned the City's Small Cap TIF program that can be used to renovate homes, but Ledell interjected and said that the program is only for the purchase of a rental house for owner-occupancy. Beth continued saying that she is concerned about the economic impact on current rental owners who want to keep their rentals in the neighborhood and don't want their buildings go to slum conditions. If they can't keep up their rental rates due to the competition from the oversupply of market rate apartments, their properties will go downhill. Joe Davis said that given the struggle over The Orpheum and the Franks, he thinks that public bodies should not get into the arena of private sector individuals competing for business (the apartment market should sort itself out).

Tom said that number of apartments in the 3 new buildings would be 29, 29 and 18, respectively, for a total of 74. The other 6 units would be in the 3 saved buildings (one with a 4-bedroom apartment, two flats at 751 E. Johnson and 3 apartments in the other saved home). He mentioned that the exposed part of the parking deck roof would be green wherever possible and that there are also parts of the rooftop that will be green roofs. Those elements are horizontal areas adjacent to some balcony/patio areas on top of the 2<sup>nd</sup> floor in the rear. Ledell asked if those green roof areas on the 3<sup>rd</sup> floor are calculations of open space requirements that they need to meet. Tom said yes, the private portions of those green roof areas that are dedicated to particular units are included.

Tom reiterated that the front streetscape would be a combination of retail that is not up on the parking plinth and is at ground level, plus stoop areas that lead to first floor residential units. Landscaping plants will obscure the exposed portions of the plinth. Ledell asked how the studios in the rear would be accessed – Tom said that there is a common interior hallway throughout for the main access to apartments. He added that the parking level plinth in the rear is now a landscape feature rather than a plinth that is visible – they will construct a sloped soil area that goes from the top of the plinth to the property line in the rear. They will have 48 conforming bike parking stalls. Other bike stalls will be hanging spaces at the front of parking stalls. The City's requirement is that one-half of the required bike parking stalls must be at grade.

They will have large glass openings to the new commercial spaces, masonry exterior features, and awnings. They are working on how to open up the front retail spaces with windows or doors that could make it inviting to neighborhood. The larger retail suites could possibly be divided into two spaces. Those are 55' x 30' deep, so the 55' dimension (all glass) could be halved to make 2 spaces.

They anticipate having useable well-designed open space for everyone in the apartments, but not every unit would have private balconies,

Tim Meisenheimer asked how many of the existing tenants in the 11 houses will be kicked out- what will happen to them? Chris Howden said the leases end May 31, but they have been offering apartments in other properties they own to those who won't stay in the buildings to be saved. Patrick asked where the apartments are that they are moving to – all in the neighborhood? Chris said some are in the neighborhood, some downtown and some elsewhere.

Evelyn Atkinson thanked the development team for the changes they have made since the Feb. 2 meeting – she is very appreciative of increased commercial space. She thinks they have listened, but 10% of the units being affordable is not enough - 20% would be better. There are floods of wealthy Epic employees coming in and she's worried about the high rents. She also encouraged the developers to use the Focus on Energy program that can help them with more green features. Can they also work with the State to figure out other environmental features? Tom Miller said yes and that they have already have been looking at some features, e.g., low flow plumbing fixtures, high efficiency furnaces, green roofs, rain gardens, etc. Chris Houden added that the carbon footprint of the new development would be much lower than the existing buildings. Joe Davis addressed the point about Epic - we walk a fine line when criticizing those people. Joe has lived in neighborhood forever and recognized that there are comments on listserv about saving the character of neighborhood in an architectural framework, but to him the neighborhood is about the people. The 700 block is a 10-minute walk from the square and the neighborhood is no longer the suburbs. Madison is going to grow and develop in the next decades, and we gotta have a mix of people. The neighborhood has to keep a tax base, but be hip to the affordable needs. The public market and E. Wash and Marquette and the Northside is where Madison is going to grow.

Beth asked again if they are expected to environmental impact. Melissa said that is what the State or Federal governments do as the result of a public project. A private developer will do an assessment, but not necessarily soil remediation. Beth asked how far down they you go down for construction – will you release radon when you break ground if into the bedrock? Tom said the building will be 100% code compliant, so any requirements will be met. Tom added that since they are going down only five and one-half to six feet for the parking level, it will keep them above the water table. In analyzing geotechnical reports for area, they know that no piles will be required – there will be wide footings, but not deep pile driving. Beth said she was glad that there will be no pilings. She quoted the radon numbers she recently measured in her property and they were well above EPA levels, so she cautioned the developers to measure that.

Mark Bennett said that he is not an architect, but he thinks the new retail spaces work, but he would like more variety in the tops of the structures. Houses in the neighborhood come out at different distances and roofs are at different angles – he thinks they should explore true variety and varying depths. The vertical definition should be at a human scale – the new buildings should appear to be smaller individual structures or be broken up to achieve that. He thinks there probably are architectural solutions that could achieve this without breaking up the buildings. Tom Miller said there are some of those features in their design, but they can work on those ideas more. Mark added that the street level will be more continuous and that is okay, but rather than seeing their design, which he thinks is a mash up of half modern and half traditional, he'd might like a traditional design with modern touches.

Brian Schildroth said he still wants more retail space. Tom said he thinks it is a significant amount of retail, and they think it may be too much. Retail is over 50% of building's Johnson Street frontage and has a good rhythm of retail with the residential component.

Ross Kelley asked how long the neighborhood process usually takes when assessing a development proposal. Patrick said that it can range from a couple of months to a couple of years, depending on the issues that arise, how many times a developer changes the proposal and other factors. Ledell agreed and added that if Neighborhood Plan and/or zoning change are included in a proposal, it tends to add time to the process.

Tim Meisenheimer asked if the proposal will increase the impervious surface in terms of runoff.

It is a low spot and as we larger and greater rain events due to climate change, what will the impact be if it is 6" above the water table? Will they consider rain gardens or a catchment system? Tom Miller said they didn't think a catchment system as necessary – yes, the footprint is larger. Tim said that an increase in impervious surface area has increased with Veritas Village and the E. Washington buildings and we've also has significant tree canopy lost - every loss of permeable means his back yard will flood a little more. Ledell asked if they had considered committing to net zero rainwater. Tom said no, they plan to rely on the storm water systems, but they will mitigate runoff as they can – he can't quote a specific percentage that won't go to the storm sewers. The garage is proposed for 10' from rear property line, so there may not be room for significant shade tree plantings. He said there would be tree plantings on top of parking level in the green space areas, but not mature trees. Is 10' large enough to have shade trees? Tim said the rule is 1000 sq ft of ground surface for a healthy shade tree, but usually they are not in good soil and have less surface area. Pat McCabe from the Houden team said they lost 3 trees to storms last summer on the proposal site.

Ledell noted that underground parking levels require exhaust fans that are most often noisy unless they are very high quality - where will they place theirs? There is a lot of nice outdoor space proposed, but not if you are hearing a roar. Tom said they would likely have one fan on the west side to draw in and another on the east side to draw air out. He added that the parking level would be heated with gas unit heaters enough to melt snow and keep the parking level somewhat warm. He said it was likely the exhaust fan would face N. Livingston in the vicinity of the entrance/exit. Susan Melum, who lives on N. Livingston behind 751 E. Johnson, said that was not ideal. Tom pointed out that there would be 55' between the building and Susan's property line and they would commit to using a high quality fan. He noted that since the parking level is just a rectangle, the fan wouldn't need to be as large as parking levels that are odd shaped.

Brian Schildroth asked if they had tinkered with a different entrance/exit as was suggested at the last committee meeting. Tom said that the traffic and design efficiency was better as they are proposing. It was asked if they had tried to buy the small Reynolds-owned parking lot on E. Dayton so they could use that for the entrance/exit. Chris said they had tried, but no luck. The driveway as proposed is 18' wide within a 20' setback between 751 E. Johnson and Susan's home on N. Livingston. Susan noted that the slide with the overhead view didn't show the driveway they have on the north side of their home. Tom said their drawing was probably not correct, but he thinks it will meet width requirements, which he thinks City Traffic Engineering says is 18' for an entrance/exit driveway. Jessica Vaughn from Planning said she thinks the requirement might be 20' given the number of expected vehicles, but 18' is the absolute minimum. Tom said that he is aware that the requirements vary based on who is likely to be using it, e.g., for a driveway at a senior center you may want a 24' width. He added that the parking level spaces would be 9' long and 8' deep, which is considered Service Class A. A driveway that is 20' wide is Service Class A, but theirs would be 18', hence Class B.

Ross asked for clarification on the rent that would be charged in the affordable units that require a maximum income level of 80% of market rate. Tom said that those rents would be income based and that the rents would also be 80% of the market rates. Chris Houden noted that they weren't pursuing WHEDA tax credits or other funding sources for the affordable units - they are doing it voluntary. He added they have stretched this thing (the finances) and this is the best they can do for affordability. He said the storefronts will be cool, but they could sit empty – including the retail components and the affordable is what they can do.

Liz Avenius said she wants to see what the rent is now for the existing apartments and what it

will be in the new apartments. She can't fit into the affordable housing bracket because she makes more than 80% CMI, but she can't afford market rate. Chris Houden said that the rents would probably be less than Constellation and Galaxie. He added that they have invested over \$3 million in the land purchases and have looked closely out how to make it work financially.

Greg Stroupe asked how much their downsizing from the Feb. 2 version would hurt those who want to live there (were the rents going to be higher due to their reduction in the number of apartments?), but he thinks the new proposal seems to be better. Chris said that the payoff is in the land costs (that determines a lot of their ability to make it financially feasible). It was asked again how many years they would commit to keeping 10% of the apartments at affordable rent levels. There was no commitment yet – the agreement is TBD.

Melissa summarized saying they have responded to the neighborhood's concerns, especially about design. It would be great to save more homes, but there aren't ways to do it and make the project financially feasible. Patrick recognized that private developers are not required to reveal their financials for a proposal and that each development proposal that the neighborhood reviews reaches this point – we don't know the proposed costs and likely profits for a project, so we are forced to take them on their word. In answer to a question, Ledell added that project costs for a private development aren't available to the Plan Commission either - nobody here has the real data and philosophically Melissa is right – it is a private development and costs do not need to be shared.

Tim Meisenheimer said that he is 100% in favor of increasing density, so he is in favor of the revised proposal's apartment component. We are a downtown neighborhood and more people living in the neighborhood makes it better, much better than placing new housing on the edge of city. Liz Avenius said she agrees – the houses may have once been great, but are not now worth keeping – she thinks saving 3 is a good precedent, a good example.

Chris Houden said that the rents are likely to be as much as \$150 less than the apartments in the new E. Washington high rises. He has 12-14 more units nearby that are “affordable”, so there will be options. There was more discussion about the rents and what constitutes affordable. Patrick Heck challenged the development team to prove that their rents and proposed number of units were the best they could do, but said he realized that was not typical that those numbers are revealed.

Patrick suggested that if there were not more questions or more input, then perhaps he should draft a Steering Committee report – all agreed. He said he would summarize the input and discussions and send a draft to anyone who has attended a committee meeting (other than the development team). After everyone approves the draft, the document would be sent to TLNA Council, the development team, and city staff. Patrick said it would likely be a week to 10 days before he can get a draft out. He then thanked all attendees for their good input.

### **Estimated Schedule:**

The developer's schedule hasn't changed since the Feb. 2 committee meeting. They hope to:

- 1) present to TLNA Council at the March 9 monthly meeting;
- 2) make their land use application submittal to the City on March 22;
- 3) go before the Plan Commission on May 22;
- 4) go before City Council for the zoning change on June 6, and
- 5) break ground in July.