

**Notes from Neighborhood Meeting Regarding  
Gorman and Co. Proposal for the Messner Property**

Tuesday, May 8, 2018 at 6:00  
Christ Presbyterian Church

Attendees:

Madison District 2 Alder Ledell Zellers

Dane County District 2 Supervisor Heidi Wegleitner

*Dane County* - Todd Violante (Director of Planning and Development Dept.), Chuck Hicklin (CFO and Controller) Casey Becker (Communications and Homeless Services Manager), Andrea Erickson (District Attorney's Office)

*City of Madison* - Jim O'Keefe (Director of Community Development Division), Syndey Prusak (Planning Division) Julie Spears (Grants Administrator, CDD)

*MPD* - Lt. Bryan Chaney Austin (Central District)

*Gorman and Company* – Nicole Solheim, Ted Matkom, Ben Marshall

*TLNA Council members* - Patty Prime, Patrick Heck, Bob Klebba, Keith Wessel

*Neighbors and Interested Parties:* Joey Hoey, Tom Kapper, Shawn Kapper, Susan Springman, David Staple, Jean Espenshade, Don Jones, R. Kilcoyne, Rob Kelly, Harry Richardson, Barbara Smith, Adriane Melchert, Andrew Dutcher, Kathy Nissley, David Waugh, Yonden Dorje, Lori Wessel

Alder Ledell Zellers thanked Christ Presbyterian Church for hosting the meeting and welcomed attendees, including her cohost, County Supervisor Heidi Wegleitner. Ledell outlined the city process for this development proposal. The site consists of 3 parcels each with different zoning categories, so she expects that the developers will request that the parcels are combined and rezoned to one Community Corridor – Transitional (CC-T) parcel. Currently, the 3 parcels are CC-T, Traditional Residential – Varied 1 (TR-V1) and Traditional Employment (TE). Each of those existing three zoning categories has different criteria for what can be done with Conditional Use Permits and what are permitted structures/activities, so it makes sense to combine them. The parcels are in Urban Design District 8 and there are specific requirements for what can be built in UDD-8 in terms of height, massing, etc. The Lyric, the Breese, the Factory District, the Galaxie, and the Constellation, for example, are all in UDD-8 and these requirements have laid out for both the neighborhood and the developer what can be built in this area.

Ledell laid out the approval process: the Urban Design Commission will need to verify the proposal's UDD-8 compliance and Plan Commission will need to approve the rezoning and conditional uses (some of the conditional uses could be more than 24 units in a mixed-use building and any height over 5 stories or over 68'). UDD-8 requirements include minimum façade requirements of 3-stories on E. Washington; maximum façade requirement of 5 stories on E. Washington; 15' setback from E. Washington on ground level, etc. Landmarks Commission will be advisory to Plan Commission on the proposed demolitions (the house at 1341 E. Washington and the two Messner structures). It is not clear which permitted use the proposed service provider for veterans, Dryhootch, will be categorized as, but it is likely it will be considered a permitted use within CC-T zoning. The Plan Commission will also assure that the proposal follows the city's Comprehensive Plan, the Capitol Gateway Corridor Plan, and the Tenney-Lapham Neighborhood Plan, but these plans are mostly in alignment. Common Council will consider the rezoning request, assuming it passes Plan Commission. The Finance Committee

will consider any TIF requests and/or requests for financial support from the city's affordable housing fund and Common Council will need to concur.

City Planner Sydney Prusak agreed with Ledell that these were likely to be the required city approvals. Ledell mentioned that Sydney will be the contact in city Planning for this proposal.

Ted Matkom, Wisconsin Market President of Gorman and Co., introduced the Gorman team. He has 20+ years of experience in real estate law and development. He gave kudos to Ledell and Heidi for their efforts on this project, which is called Valor. He mentioned that the site was challenging. Gorman and Co. responded to the County's RFP and was awarded the opportunity to do this project. They are excited it can help an underserved population - veteran families. Most other affordable housing projects that target veterans have been primarily for male veterans - often singles - this one is for families

Ted introduced Nicole Solheim (Development Manager) and Ben Marshall (Lead Architect) who will go through the zoning and such. Gorman and Co. is honored to work with the county on this opportunity, but they realize they have nothing yet - they know they need city approvals and need to work with the neighborhood. The Union Corners development is theirs and it took 3-4 years to get to where they are now on that - they get that this meeting is really the first step in the process.

Nicole spoke about Gorman and Co. They are based in Oregon, WI, and have 30+ years of experience in Wisconsin. They are specialists in affordable housing and urban infill like this project. They are their own architects, contractors, property managers, etc., and hold their developments long-term. Dryhootch, their partner on this project, is named for hootch, which is military jargon for where you stay in a military environment. Bob Curry, the lead person at Dryhootch is a vet and their focus is peer mentorship and support. They provide things like appointment services with other agencies, pet therapy, legal work, volunteer opportunities, etc. Gorman worked with them in a Milwaukee project. WHEDA gives points to affordable housing proposals that include housing for veterans, so Dryhootch was very helpful in a Milwaukee project (applications to WHEDA for tax credits are scored on a variety of factors). For this proposal Dryhootch suggested that working vet families need housing, but that it would be helpful if this housing included other families with similar experiences (rather than singles). A project in Arizona was their first project serving veterans - an underserved population. They submitted their response to the County RFP in September, were selected as a finalist, and then their proposal was selected. The County Board approved their selection in March, The 1<sup>st</sup> floor will be services and the upper floors apartments. There will be a waitlist when needed with preference given to families headed by veterans. Other families will be allowed to apply if there is no waitlist and they meet the income limit cap requirements. 85% of the units will have income caps of 30-50% of County Median Income (CMI). Normally, WHEDA tax credits require a 30-year commitment to maintaining the affordability component, but Ted Matkom mentioned that the County will lease the land to Gorman for 99 years, so they are committing to a 99-year period of affordability. He added that this is a trend for affordable housing - longer periods of affordability. He noted that as East Washington gentrifies, this affordable development will still be there.

Ben Marshall, Gorman's architect for the proposal, went over their proposed schedule saying that the city process will start in June. They plan to submit their land use application by June 13. There will be public hearings at UDC and Plan Commission, so opportunities for input at those. There may be multiple UDC meetings, which is typical. Ledell asked for clarification on when

they will file plans. Ben said June 13, but that what is submitted won't likely be the final version. Ted added that their schedule is driven by their multiple funding sources. They need site control and a zoning application by June 15. This all also impacts the WHEDA application deadline of Dec. 7. They get more WHEDA points if they have diverse funding sources lined up when they submit their WHEDA application.

This will be a \$15-16million project and their major source of funding is expected to be WHEDA. They hope for an \$8million tax credit from the competitive credit allocation process – those tax credits are spread out over 10 years. They sell them to investors who want tax credits. Other funding sources are expected to be the City's affordable housing fund and the County's affordable housing fund, and others. Whatever construction costs are not covered by those sources will be supplemented with a mortgage. This mortgage is what will be covered by the lower than usual rents. They have a lower debt service than a non-subsidized development. Almost all the rents are indirectly subsidized like this. The maximum allowable rents in the affordable units structured by WHEDA – they can't exceed 30% of each CMI level, which varies for different family sizes.

Joey Hoey asked if there is room for their presented plans to change in terms of massing, height, etc. Are they locked in? Ben Marshall said that their proposed June 13 submittal is not the end – it is the beginning of the process and that everyone gets a kick at the can in terms of input. Their Oct. 30 deadline for approval by Common Council is a firmer deadline – it is dictated by the WHEDA application deadline of Dec. 7. Ted Matkom suggested not focusing on the exterior design at this point in the process – it is more about density and parking at this time and those are intertwined. He said that the number of units will go into their pro forma, which will tell him how much he can build and how much it will cost. He can't go to the City and County without a pro forma. Joey said he is more concerned about where the units are, the massing, height, etc. Are we locked into this? Ted said no, but they are not likely to reduce the number of units by too much or they can't afford to build it. Currently, they propose 64 units of 2- and 3-bedrooms. If they reduce to 36 units, it would be tough. The isthmus is hard to build on. They could try to do their pro forma with 54 maybe, but it gets hairy there too.

It was asked what the ratio of parking stalls to units is. Patty Prime, TLNA President and meeting facilitator, suggested that those questions wait until the developer presentation is finished.

The development team then gave more info on the development features. The ground floor will contain the Dryhootch services, community space, common areas, a Dryhootch coffee shop (not a money making entity and not open to the public), the management office, exercise room, etc. Stone Creek coffee, which is just down East Washington, provides the coffee to Dryhootch's location in Milwaukee and they expect that could be the case in Madison. The ground level will have 16-20' ceilings. There will be 2 levels of parking in the rear and surface parking on the west side. The 1<sup>st</sup> level of the rear parking structure will be partially underground. There will be 4 stories of residential units on top of the ground floor, so 5 floors total. They could build up to 8 stories, which is allowable by city zoning, but they want only 5. They propose 64 apartment units and 77 parking stalls – about 12 of those would be in the surface lot to the west side and the others in the covered 2-level ramp in the rear. That is slightly over the 1:1 parking stall to residential units that is recommended, but Dryhootch needs some parking spaces. Those surface stalls will take parking off the streets. Dryhootch is likely to have facilities like a woodworking shop and/or a hobby car shop, but no retail services – they are meant to be hobbyist things for Dryhootch's clients and visitors. Just like with the coffee shop, Dryhootch wants to keep families

going who are stressed – they want them to have a “normal” life and these services help with that. These vets and their families have issues that they deal with every day that we may not understand, so Dryhootch stresses peer counseling rather than the more typical SRO (Single Room Occupancy) arrangement where you come to therapeutic services 8 hours per day. Some of these vets can’t function in a job easily and Dryhootch provides a release. Some Dryhootch clients will also be non-residents.

They have met with Tenney Nursery and Parent Center that is behind the proposal site. They have no childcare openings until 2021 so this will not be an option for residents for quite a while. It was asked if Dryhootch can have daycare services. They will not have 24/7 “wrap-around” services and daycare is not likely given space limitations.

A neighbor asked what if a family has more than 1 car. The development team said that at their Union Corners development there is currently little street parking and they have 1:1 parking ratio in their structured parking. They see about a 10-car overflow onto the streets, so most people are parking in the parking structure, which is full. At the Valor Dryhootch will not be operating after hours (perhaps not after 7pm), so multicar families can use the outdoor spots. What about visitors to the apartments? Gorman said that it is meant to be true workforce housing, i.e., people are usually gone during the day. Ben said that in the evening if 1 in 4 apartments were to have visitors at a time, then the overflow beyond the outdoor stalls would not be bad. Also, they expect that a lot of units will be occupied by single parent families – not a lot of dual income or two-car families. Often, they can only afford one car. Carbon (at Union Corners) has 90 units and they see about 5 guests cars at night. At Carbon, there are 8 people wanting to get into the underground parking structure, so people do want to use it. Do they pay in the structure there and will they at Valor? Yes, parking at Carbon is \$40/month and they anticipate about the same for the structured parking at Valor. As demand at Carbon shows, people will pay the parking fee, which is much lower than nearby parking structures on E. Washington and downtown.

What is the income range that tenants will be allowed to have and what will the rents be? As an example – a 3-person family that includes one child - what is the rent? Gorman didn’t have all the numbers with them, but will provide them. 60% CMI for a family of 4 though, has an income cap of about \$55k for the family. Annual rent would be capped at 30% of that and divided by 12 months, per WHEDA requirements. Most units will have income caps of 30 to 60%. 2-bedroom units will have rents from about \$480 to \$1150. A 60% CMI 2-bdrm is probably \$800. More accurate numbers will be provided to the steering committee.

Patty Prime asked if the development team had finished their presentation. Yes, so more questions were welcomed. She reminded all that many of the questions will go to the steering committee where there will be more time for thoughtful conversation and consideration.

A neighbor asked about the back border with Tenney Nursery. Ted Matkom described the perimeter – they have met with the nursery and they talked about the carport and the rickety fence that separates the two properties. Gorman recognizes that maybe 50 kids play there, so construction workers and such will be careful in language, safety. The Executive Director of the nursery suggested a cinderblock wall on the property border. Gorman isn’t sure if that is a good idea, but they will work with them to have something appropriate. They could have a fence with a mural, but all is TBD. The ED is going to her board to discuss it. On the operations side of the Valor, they will investigate what they can do to minimize impacts on the nursery. They want to make it a non-smoking building that includes not smoking within 25’ of the building, but banning smoking elsewhere on the property will be investigated. They also will do shadow

studies to minimize any shadowing of the nursery by the new building. They will also have rules that prevent any adult behaviors from being seen by the children at the nursery school.

A neighbor asked about what would happen to the tenants in the house at 1341 E. Washington that is being proposed for demolition. Ted Matkom said that they will be allowed to stay until July of next year. That house is currently owned by the County and is part of the development site. Keith Wessel, an owner of a duplex on N. Baldwin whose backyard is adjacent to the proposed surface parking lot, asked what would be done to separate the development from the backyards on his block. Ted said there would be an appropriate fence/border. Keith asked if they could keep the house on E. Washington rather than demolishing it since it is a nice house. Ted said no, that they need that area for parking and it is not architecturally significant that they know of. He added that construction would start in the fall 2019.

Bob Klebba brought up the proposed parking – it looks like 40% of surface area is covered with parking. What are the zoning requirements for green space? Ben Marshall said that technically it is called open space – they need a 20' setback along the back and will have that. Useable open space requirements will probably be 320 square feet per unit. Their open space requirements will include a niche green space in the back corner beyond the surface parking stalls, balconies, and the rooftop green roof. Bob pointed out that there seem to be no lawn where trees and shrubs can grow. He faulted the design for a lack of green space. Ben responded that it is an urban site and should meet the open space requirements. Bob asked if the parking behind building could be a place for people to congregate after Dryhooch closes. Would people be hanging out there as they wait for a service or a business within Valor to open? It seems removed from the street and behind the building, so people might hang out there. Gorman responded that the structured parking will have controlled entrances and they will be the property managers. They will have camera systems too, plus the structure will have walls – it won't be accessible other than through the controlled entrance/exit. So, any hanging out would be in the surface lot, but the property managers will know about it right away. Lori Wessel asked if the surface parking could be switched to the east side of the building, rather than its proposed location on the west side – those potential loitering places should be further away from the Baldwin St. neighbors. It would better protect the neighbors on N. Baldwin (backyards and rear of their houses) and there are no residences on the east side of the site. Ben said that the proposed location for the surface parking was an attempt to provide some breathing room for those neighbors, but they will look at other possibilities. Ted said that they will work with the neighbors – just need to know what they want so they can evaluate the options. As for concerns about what the 5-stories will look like in the back, there can be some step-backs as you go up the building, so that might be included. As with other comments about the exterior, some will likely be worked on in steering committee.

Joey Hoey asked if the development would be taxed (real estate taxes). Ted said yes, but not on the total value because of the tax credits and such. It is likely to be valued at \$3-\$4million so taxes will be lower. It was noted that while that seems like a good deal for Gorman, they will be paying those taxes and will be getting no TIF like some other developments on E. Washington. Ted said that they will be able to sell the tax credits to investors for about \$0.90 on the dollar. Investors who, for example, buy \$1million of the credits@\$0.90 on the dollar would get about \$900k of tax credits to spread out over 10 years of their federal tax liability. The 10% gap that is created by having to sell the credits at a discount will be made up for with conventional financing. He noted that the quality of the housing must meet WHEDA standards, so it will be the same as market rate housing. Ben noted that even with Gorman paying taxes on less than the full cost of the development, they will likely pay more taxes than the existing Messner site does.

Shawn Kapper asked about the TLNA steering committee that is going to form after this meeting. Patrick Heck, TLNA Development Chair, said that TLNA will seek volunteers from this meeting, via social media, and via the TLNA listserv for those who want to serve on the committee. The committee will work with the developer, neighbors, and the city to address concerns that come up in this meeting, committee meetings, and from neighbor communications. Typically, the committees don't reach consensus, but instead write a detailed report to TLNA Council concerning the range of their findings. This educates TLNA Council about the proposal and neighbors' input. TLNA Council can then choose to endorse, oppose, or remain neutral on a proposal, but the city generally is most interested in how TLNA Council weighs in and what they like and don't like about a proposal. Oftentimes, there are multiple steering committee meetings where the developer can present alterations and the group iterates, but sometimes the neighbors and the development team are on similar pages so it can be only a few meetings. Other development proposals have taken more than a year to work their way through the neighborhood process. Patrick added that all neighbors are welcome on the committee. Ledell said that TLNA has done a great job of handling the many proposals that have come through the neighborhood process and that this has paid off – city staff is respectful of TLNA's opinions because they are thoughtful, hence TLNA can be influential.

Joey Hoey asked about the proposal's required conditional use permits – would they be considered by the Oct. 15 listed on the schedule? Ledell said that Plan Commission will consider the necessary conditional uses, but that UDC will be important in the city approval process too due to the site being in UDD-8. The filing deadline for an Oct. 15 Plan Commission appearance would be Aug. 15, hence the steering committee will need to work with developer to come to produce some kind of summary by Aug. 15 if they are to meet that schedule. She added that is more difficult to include major alterations after it has been formally filed with city planning.

Shawn Kapper asked about the key issues that were earlier identified by Ted Matkom - density and parking. Do we need to debate those now? Ted said that it is a tight infill site and they will need to determine what they can do to maximize the site to make the numbers work. 64 units is what they hope for. He mentioned that if he lived over there (nearby), he might say 36 units are what he wants, but they can't make it work with those numbers. Maybe they could drop to 61 units, but does that really help with your concerns? He added again that this meeting is just the first step and they want to come to an agreement with the neighborhood. Patty Prime added that it is not unusual for a developer to propose a density that is much more than what a site is zoned for – it often happens. If the neighborhood has concerns, the steering committee can talk those over. Shawn said that she is voicing her concern about the number of units. The Gorman team mentioned that the Comprehensive Plan says that the maximum density for the site is 60 units per acre and it's about one acre, so it is in that ballpark density-wise.

A neighbor whose driveway is nearby on N. Dickerson said that she thinks more parking problems will come with the development. With the festivals and such in the neighborhood, we will need more parking. She has trouble finding street parking some evenings – it is a big issue already. This impacts our lives and snow is another problem in blocking parking spots. It was suggested that the Mullins might be willing to let neighbors park in the Pasqual's lot overnight. Susan Springman, representing the Mullins, said that the parking lot is for Pasqual's and the remainder for the Washington Square workers across Dickson. There may be a lot of empty spots overnight, but some workers come to work at 6:00am and in the winter the lot has to be plowed – it would be unlikely to work. Susan added that there are plans to develop the parking lot eventually anyway. Ledell mentioned that it isn't a total solution, but it can help to have the RP3 (the residential parking permit) program. This program limits parking during weekdays and

sometimes Saturday to 2 hours between 8:00am and 6:00pm for those without permits. Currently both sides of the first block of N. Baldwin, one side of the 100 and 200 blocks of N. Baldwin, and one side of E. Mifflin between Baldwin and Dickenson have RP3 restrictions. It was noted that residents of large new buildings, e.g., the Valor, are not allowed to get RP3 permits.

Joey Hoey said he wants the project to go forward, but his biggest concern is the 5-stories that have no relationship to the rest of that portion of the neighborhood. He lives across E. Mifflin from the niche green area in the rear of the proposal. Most of E. Mifflin is little houses - a mixture of single-family and rental houses. Those residents are not going anywhere because of their worth (financial value) now. He would love to see a design in the rear that relates not to E. Washington but relates to the E. Mifflin neighborhood. Have they considered having the horseshoe facing E. Mifflin rather than E. Washington? The Gorman team said they hadn't considered that, but will think about that as a possibility.

Patrick Heck asked about the likely tenants - who will be living there and how do they define "family". The Gorman team said that a family is generally anyone with dependents and the adults would be over some age, although it wasn't clear at what age someone is considered an adult for these purposes - probably 21. For income classification purposes, any income earned by adults in the apartment will determine the total income. Many veteran families are headed by single mothers so oftentimes there will be just one income earner. It is possible that they will have 2 adults in a 2-bedroom unit with no children.

A neighbor who lived in Sherman Terrace for 12 years said she thought the apartments would be small for 2 adults. The 3-bedroom units would possibly be better for 3 adults. The 2-bedroom units are about 950 square feet and the 3-bedroom units are about 1270 square feet. Including children, there could be up to 6 tenants in a 3-bdrm (2 per bedroom would be the limit for each apartment size).

Lori Wessel asked if they could include the monthly parking charge in the rent rather than making it optional (parking would likely be \$40/month, as at Carbon). She thinks the tenants will hope they can park in neighborhood rather than pay. Ted Matkom said that at Union Corners (Carbon), all of the indoor spots are rented and there is a waiting list. He thinks the monthly parking charge is very reasonable - they also have capped the monthly parking cost due to WHEDA.

Patrick Heck asked about how children in the building would get to school. Ted Matkom said that Lowell is about 0.9 miles away and he thinks that the school buses wouldn't pick up at Valor. Ted said that they have 5 children in Carbon registered there with the public schools, but there are many more children. They have learned that many children are registered with the schools elsewhere, e.g., with a different relative, extended family, etc. A neighbor asked if we could contribute to bring a school bus. David Staple mentioned that a school bus currently travels on N. Baldwin and E. Mifflin, so it is likely that the route would go nearby or could be adjusted.

Alder Zellers closed the meeting due to time constraints. She again thanked attendees, the Gorman team, Supervisor Wegleitner, and Christ Presbyterian for hosting. She encouraged all to sign up to be on the Steering Committee and to contact her or Patrick Heck if they had input or want to serve on the committee. Patrick will be contacting all who signed up at the meeting for the steering committee, as well as soliciting for other neighbors to join.