

**East Washington BUILD Project
Stakeholder Interviews
Summary of Developer Comments
June 8, 2005**

The following is a summary of individual interviews Vandewalle & Associates conducted with developers and persons in the real estate investment business. Interviews were conducted in April 2005. The goal of the interviews was to understand concerns and ideas of those persons involved with redevelopment in the E. Washington BUILD study area. Responses have been grouped based on the major topics discussed. The statements below capture common themes but also reflect areas of agreement, disagreement and the veracity of thoughts on various issues.

Interviewees:

Bill Kunkler – Fiore Companies
Brad Mullins – Mullins Apartments
Curt Brink – Archipelago Village
Marianne Morton and Sarah Hole – Common Wealth Development, Inc.
Chris Laurent – Gorman and Company

Future Uses in Corridor:

- Must have a mix of uses, like Capitol Square.
- High tech jobs (digital, medical, information).
- Building synergy and critical mass of high tech, biotech.
- Enhancing grand entry qualities.
- Vision for East Isthmus is a combination of jobs, mixed income housing and the central park.
- Employment, residential, retail uses are intertwined and all need to be encouraged.
- Housing is hot now – will drive development of other/supporting uses.
- Must better define what employment means. Do retail jobs count as “employment”?
- Additional retail in corridor will not hurt retail on Johnson Street.
- Company headquarters.
- Ancillary retail and restaurants.
- Vendors to State government.
- University spin-off businesses.
- Senior housing will be increasingly important because of changing demographics.
- Park & Ride facilities, but within structured parking facility. No more surface parking.
- Need a library branch office. You have to go downtown or to Hawthorn for library services.
- Demand for trendier shops, bars, restaurants. Higher-end retail.
- **Don’t** want large regional retail.
- **Don’t** see need for additional coffee shops. Our demand for coffee may have been satiated, believe it or not!
- **Don’t** see heavy industrial uses continuing.

General Comments on Development in Corridor:

- Most in group have always seen potential in corridor.
- Madison is a tire-kicker market – need to see, touch and feel space before renting. This makes it very hard to pre-lease space, but it's also hard to get financing for speculative buildings.
- Most businesses don't plan their expansions/relocations far enough in advance to be able to build new space for them.
- For retail/office banks generally want 50% of space to be pre-leased, but developers with own financing may need only 25-30% pre-leased.
- Neighborhoods don't always understand how hard it is to get tenants to lease space/why development is so difficult.
- Nothing will happen in corridor without some incentives.
- Nothing will happen without neighborhood support – more important than city staff support.
- Given current land prices, if neighborhoods want limited/lower density development, TIF or other incentives will be required.
- Parking is serious limiting factor – city needs to recognize and assist if it's serious about attracting employment.
- E. Wash “is almost like a river” in the way it divides the north side from the south – a significant barrier that is hard to cross.

Advantages to Developing in Corridor

- Stable workforce.
- Highly-skilled workforce due to linkage to UW-Madison.
- Employees can walk and bike to work.
- Good access to transportation arterial (US 151).
- Last area with significant redevelopment opportunities in central part of city – Capitol Square and area to west are nearly builtout.

Disadvantages to Developing in Corridor

- Land locked. Expansion space is problematic.
- Many unknowns as to the future of the Corridor especially related to park and rail transit.
- How new developments planned or in the works will affect others is unknown.
- Can't always build 2-story manufacturing plants, but land prices make one-level buildings almost cost-prohibitive. However, don't want to see regulations requiring multi-story buildings for employment areas.
- City has a reputation of being difficult for developers and businesses. City has lost significant development opportunities (or opportunities for even better development than what got built) and building owners have lost prospective tenants who didn't want to deal with the city.

Keys to Project Success:

- Transportation hub drives the development in the corridor. Mass transit is the key to supporting additional density and density is key to supporting mass transit.
- E. Washington corridor needs to be addressed at same time as Central park project, so that issues are resolved for both.
- Both sides of E. Washington need to be coordinated.
- Developers need predictability so planning/BUILD process is so important – need some parameters, boundaries and a shared vision.
- The above notwithstanding, do not expect that neighborhoods will not continue to be intimately involved in the review process of every major development – will not merely defer to plan no matter how well done or how much support at the time of adoption.
- Density relates to height, relates to parking, relates to traffic. Must look at system holistically.
- Need to talk to The Corridor Group (loose arrangement of top media people, community leaders, DMI, park advocates, business groups) during BUILD process.
- Can't ignore prominent landowners, businesses and organizations in corridor. Some landowners are some of the largest in City, not just corridor.
- Respect the people who have grown up here, live here, and understand this place.
- Land costs must be low for light industrial to work. But land prices in the corridor are increasing.
- Need to ensure that development doesn't totally block the viewshed of anyone.
- Pedestrian enhancement. Adjacency to Highway 151 will be a challenge to this.
- Need to deal with smaller lots and reusing these.
- Additional parking.
- Minimize negative affects on residential neighborhoods from light industrial uses and diesel truck traffic.
- There was once an overbuilding of office space in corridor, but that appears to be balancing out now.

Losing Development from Central City:

- Need to focus on creating jobs in the central city, not on the outskirts of the City because this is where the infrastructure is already, and because younger creative class wants to be downtown and in an urban environment.
- There has been a marked decrease in professional, white-collar jobs moving out of the central city, but this has been masked to a certain extent by the UW and State jobs, which have stayed in the central city, for the most part.
- Relocation of EPIC to Verona and American Family to the far, far east side were major losses for downtown and all of Madison.
- We lose developers from central city because developers/businesses may not like traffic, City bureaucracy, lack of parking space, so they're going to Cottage Grove, DeForest, Verona, etc.
- Losing major employers like Mautz Paint is problematic, but not much can be done.

Comments of Proposed Area TID

- Wondered what the City is going to do with their half of the TID.
- Not a fan of area TIF District because clock starts ticking and developers have to move on that schedule.
- In favor of area TIF District because it is another valuable tool for redevelopment.
- Development desired by city and neighborhoods will not happen without a TID.
- Madison's bond rating has dropped in recent months; future borrowing costs will be higher.
- Concern about Madison reaching the 12% limit on property within a TID.
- City TID policies are inflexible and staff is difficult to work with. Staff has arbitrary and artificial limits on how TID can/should be used. City could learn a lot about how other communities use TID in far more creative, and productive, manner – not just from developer perspective but community perspective.

Miscellaneous Comments

- Would like to see a scaled model and/or museum exhibit (possibly housed at Overture Center?) devoted to interactive, 3-D understanding of how East Isthmus will look in future.
- East Rail Corridor Plan and eventual BUILD plan from this process should not be absolutes but need to ensure that development can accommodate the market, which is constantly shifting.