

**HOVDEPROPERTIES**

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September 4, 2012

Madison Plan Commission
City of Madison
215 Martin Luther King Jr. Blvd
Madison, WI 53708

Re: Letter of Intent for the Certified Survey Map application
305/309/325 W. Johnson Street Development
Madison, WI 53703

To Whom it may Concern;

The following is submitted together with the subdivision application, associated maps and documents for review by staff, the Plan Commission and City of Madison Common Council for consideration of approval.

Organizational Structure:

Owner: Hovde Properties, LLC 122 W. Washington Ave Madison, WI
Architect: Eppstein Uhen Architects 222 W Washington Ave Madison, WI
Engineer: Pierce Engineering 10 W Mifflin St. Madison, WI
Construction Manager: Findorff 300 S. Bedford St. Madison, WI
Landscape Architect: Ken Saike Design 303 S Paterson St. Madison, WI
Owner Representative: Huffman Facility Development, Inc. 16 N Carroll St. Madison, WI

Introduction:

By way of background, after Hovde Properties, LLC ("Hovde") initially proposed a mixed-use development on parcels of land located at 305 and 309 West Johnson Street, the City of Madison ("City") approached Hovde with the idea of incorporating the operations of the City's fire department with the development plans of Hovde. There were several meetings with City Staff and Hovde's development team to determine the most feasible program the site could support. The final resolution of these combined Hovde and City meetings is being submitted with this application. Both Hovde and the City continue to meet jointly on a regular basis to determine the final business terms and conditions of this joint development.

Hovde is proposing a mixed-used development consisting of a residential component, a parking structure, commercial offices and retail on parcels of land located at 305, 309 and 325 West Johnson Street (the "Project"). The Project will be subjected to the condominium form of ownership in accordance with Chapter 703 of the Wisconsin Statutes as more fully described below. Hovde has owned 309 W. Johnson Street since the 1980's and acquired 305 W. Johnson in May of 2012. As part of the Project, Hovde intends to acquire from the City the parcel that currently houses the City's fire administration building located at 325 W.

Johnson Street. Upon completion of the Project, the City intends to purchase a condominium unit in the Project from Hovde to be used as new City fire administration offices.

The Project includes a request for a waiver from bulk standards described in Urban Design Zone 1 as more fully shown in the attached plans.

A one lot Certified Survey Map ("CSM") containing the Project site and the current Fire Station #1 Building is being generated with an anticipated submittal date of September 5th. The CSM will be recorded following the conveyance from the City to Hovde of (i) 325 West Johnson, (ii) an approximately 10 foot strip of land along the eastern boundary of the First Station #1 parcel, and (iii) a momentary transfer of the Fire Station #1 parcel. Following recordation of the one lot CSM, a two unit condominium will be created (one unit will be the Project site (the "Hovde Land Unit") and the second unit will be the Fire Station #1 parcel which will be immediately conveyed back to the City). A second condominium plat describing the Project will then be recorded vertically over the Hovde Land Unit.

W Mifflin Neighborhood/Business Districts/City Committees:

Hovde has met and worked with the W Mifflin district of Capital Neighborhoods and the Greater State Street Business Associations from the conceptual stage of the Project. Meetings with members of downtown stakeholders also included board members of the downtown business improvement district. Alderman Mike Verveer convened a larger neighborhood meeting on April 12, 2012 after which a neighborhood steering committee was formed that has met approximately 4 times. Members of the Hovde development team have made informational presentations to the Board of Estimates meeting on March 12, 2012, Urban Design Committee on May 16, 2012 and the Plan Commission on June 18, 2012.

Existing Conditions:

Three buildings presently occupy the proposed combined parcel.

- 305 West Johnson Street is an 18,700 SF two-story masonry building constructed in 1913, housing two commercial spaces and 6 apartment units. There are two commercial spaces with a total of 5,726 square feet. The building is not fire sprinklered, accessible to the disabled nor expandable for the purposes of this project. Its demolition is proposed. There is an access easement on the W. Dayton side of the parcel sitting between 305 W. Johnson Street and 202 North Henry Street. See Architectural Site Plan AS100.
- 309 West Johnson Street is a 34,000 SF two-story masonry building constructed in 1910. It is primarily used for indoor parking with 43 stalls and includes two outdated commercial spaces that front on W. Johnson St. with a total square footage of 3,600 sf. The building is not fire sprinklered, accessible to the disabled nor easily converted from its currently structured parking. Its demolition is proposed. There is also a 51 car surface parking lot behind the building which is accessed off of W. Dayton Street.
- 325 West Johnson Street is a 14,000 SF two-story steel framed building constructed in 1968. It is the current administrative headquarters for the Madison Fire Department. While in good physical condition, the building cannot support the long-term needs of the fire department. While vertical expansion may be structurally feasible, the cost of this combined with associated renovations of the building make it impractical. Its demolition is proposed.

Project Description:

The project will consolidate and improve existing properties that face both West Johnson and West Dayton Streets in the downtown district, resulting in a single 1.63 acre parcel. Outdated low-rise buildings and a surface parking lot will be replaced with approximately 250 residential dwelling units, approximately 49,000 square feet of commercial office space, (of which approximately 30,000 square feet will be sold as a condo to the City of Madison for its fire administration operation), approximately 11,000 square feet of ground floor retail and approximately 300 enclosed parking stalls. The gross area of the entire building will be approximately 450,000 square feet with 264,000 square feet comprising 250 market-rate apartments. The resulting increased density and proposed mixed uses will substantially increase the activity around the site with hundreds of people living and working in the development (up to 100 commercial office tenants including 60 fire department employees) will work on the second floor of the building when fully occupied. Public lobbies will connect commercial tenants and residents at both streets and ground floor retail will serve to activate the 300 block of West Johnson Street.

Included with the proposed demolition plan is the existing Fire Department administration building. Constructed over 40 years ago, it is no longer adequate for the functional support of the department's present and long-term needs. Space within the new building will be built to address the department's administration space needs beyond 2027. Fire Station #1 will be connected to the Project, providing needed storage and firefighter support space and parking. A separate public building lobby for the fire department's offices will be built on Dayton Street. To maintain vehicle access to the north side of Fire Station #1 a shared access easement will be created along the west property line.

Legal Description:

Currently the Project is a compilation of lots and parcels with a metes and bounds description located at 305, 309 and 325 West Johnson Street. The final legal description for the Project will be created following the Certified Survey Map and 2-step condominium platting process more fully described below."

Site Development Data:**Density Analysis:**

Lot Area: 70,874 sf

Acres: 1.63 acres

Dwelling Units: 250

Lot Area/D. U.: 258.5 sf

Density (Units per Acre): 153.4

Includes the complete City of Madison Parcel

The following further illustrates the project data:

Project Data- W. Johnson Street Development								8/15/2012
	Apartments		Commercial			Parking		
floor	apartment GSF	# of units	retail GSF	office GSF	fire dept GSF	parking GSF	parking	Total GSF
lower level 2						46,237	123	46,237
lower level						47,891	115	47,891
ground floor (at Johnson)	2,669		11,059	1,036	2,863	28,878	47	46,505
mezzanine level	8,454				2,376	2,205	22	13,035
floor 2	981			18,149	24,201			43,331
floor 3	33,075	36						33,075
floor 4	33,112	36						33,112
floor 5	33,117	36						33,117
floor 6	33,109	36						33,109
floor 7	26,224	25						26,224
floor 8	21,940	18						21,940
floor 9	16,841	16						16,841
floor 10	16,841	16						16,841
floor 11	16,841	16						16,841
floor 12	16,218	15						16,218
floor 13	4,034							4,034
floors 12 + 13 subtotal	20,252	15						
totals	263,456	250	11,059	19,185	29,440	125,211	307	448,351
Total Parking							307	
office / retail							32	
fire department							25	
commercial parking subtotal							57	
residential parking subtotal							250	
parking ratio per unit							1.00	

Approximate Dwelling Unit Mix and Estimated Prices:

Unit Data- W Johnson Project			
Type	Ave Unit SF	# of Units	Ave Price
Studios	586	24	\$873
1 Bedroom	729	157	\$1,145
1 Bedroom+Den	853	10	\$1,305
Two Bedroom	1,105	47	\$1,635
Two Bedroom+Den	1,410	12	\$1,974
Total Units	250		

Loading:

There will one 10x35 off-street loading zone accessible from W Johnson Street and one accessible from W Dayton Street. There will also be one on-street passenger/loading zones on both W Johnson and W Dayton Street as indicated on The Drawings.

Project Schedule:

August 15, 2012- Land Use Submittal

August 29, 2012- Submit Preliminary Designs for UDC

September 5, 2012- Submit CSM

September 26, 2012- Submit Final Designs for UDC approval

November 15, 2012- Purchase and Sales Agreement Executed

December 2012- Site Demolition

January 2013- Construction Start

June 2014- First Phase of Building Completion

October 2014- Final Phase of Building Completion.

Social & Economic Impact:

The social impacts are many. Providing a vehicle for an improved fire administration will increase public safety citywide. And it will serve as a catalyst for the renovation of Fire Station #1 which will improve the morale of the downtown fire fighters.

Having up to an additional 350 more residents in the center city will increase the demand for goods and services which will help retain and grow local business on and around State Street. As an infill development site, the increase in economic value to the land will result in higher assessments and tax revenues to the city and other taxing authorities. These funds can go to pay for teachers, firefighters and police.

Through the development process from concepts to construction to grand opening it is estimated that there will be 70 full time jobs created a year for three years. In addition, there are 100's more jobs imbedded in the manufacture and delivery of the materials to the job site. When fully occupied the project will create 5 full time jobs in the operation and management of the building and 60 jobs with the fire departments administration operations and approximately 40 jobs in the office and retail components of the building.

TIF Application:

Provided the financial model identifies a gap in funds, the developer would seek tax incremental financing from the City of Madison.