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Hotel NIMBY

A promising project is committed to death in Madison.

By Greg Flisram

In a famous rant, Frank Lloyd Wright once accused his sometime hometown of Madison, Wisconsin, as being "highbrow, provincial, smug, and satisfied." He may have also added ponderous. The time was 1938. The occasion for Wright's outburst was the city's less than enthusiastic reaction to his original concept for Monona Terrace, conceived as a grand public pavilion connecting downtown Madison to Lake Monona.

Wright's building was to be one of the "end caps" of a three-piece axial ensemble bracketing Wisconsin's capitol building with public spaces on either side of the city's half-mile-wide downtown isthmus — a grand Beaux Arts vision depicted in John Nolen's 1911 master plan for the city.

Wright's project died ostensibly because of the public cost, but not least because of the personal animosities that had built up among the principal players after a long and contentious public approval process.

Fast forward 70 years, and a strikingly similar drama has recently played out on the exact opposite side of the isthmus, the site of the ensemble's final installment. Here, beginning in 2008 and stretching over the course of more than three years, has unfolded a tumultuous public approval process that has chastened Madison's legendarily patient development community and called into question the fairness and efficacy of the city's development approval process.

The project was the planned renovation and expansion of Madison's Edgewater Hotel, an aging art deco landmark up against the edge of Lake Mendota (the largest of the city's three lakes). As proposed, the project was to involve the restoration of the original 1940s-era hotel and the modification of a 1970s addition that had effectively walled off the lake from the downtown.

The addition was to be replaced by a grand staircase leading down to the lakeshore, along with a generous public plaza overlooking the long-hidden lake. Proponents heralded the project as the much-hoped-for capstone for the northern edge of downtown. "Goodbye disco-era eyesore. Hello Lake Mendota panorama" read one newspaper article lead-in.

Sounds great, right? Not so fast. The proposed project also included the construction of a separate 10-story addition on the opposite side of the street from the original hotel. That was a critical element, according to the developer — the Hammes Company — in making the \$98 million project, including its public amenities, economically feasible. And while the height of the new structure would still be well under the city's downtown height restriction (designed to prevent any visual encroachments to the state capitol dome), the building's scale

ultimately proved too much for some in this height-fearing city.

Project opponents also objected somewhat less strenuously to its \$98 million price tag, an amount to be funded in part through \$16 million worth of project-generated, developer guaranteed tax increment financing.

The Hammes Company expected the project to pay for itself in 17 years.

Plodding or plotting?

Despite Madison's somewhat process-loving reputation (it has been derisively called a "hyper-democracy" by some) the Edgewater Hotel project faced a steeper climb than anticipated. To get approved, it had to run a gauntlet of city committees and commissions with seemingly tangled-up lines of authority. These included the city's plan commission, urban design commission, board of estimates, committee on the environment, TIF review committee, and landmarks commission.

In addition, a coalition of local groups went on the attack — among them the Madison Trust for Historic Preservation and the powerful Mansion Hill Neighborhood Association, which reigns over the section of city where the Edgewater is located. In the end, the project was discussed in more than 50 city committee meetings during an ultimately futile approval process.

Of the many complaints registered against the project by neighborhood groups, its height, eventually reduced to eight stories, was cited most commonly. "A massive intrusion, wildly out of scale," exclaimed a neighborhood committee member during one particularly rancorous public meeting.

This point was used by the city's four-person landmarks commission, charged with overseeing development in the city's designated historic districts, to deny the project on the grounds that it violated the district's three-story height limit — a cap that had been put into effect following the construction, in the 1970s, of a handful of nearby office and apartment buildings.

Project proponents argued that the historic purity of the neighborhood was long ago despoiled by the taller modernist buildings and numerous chop-ups of old mansions into fraternity houses. Besides, they claimed, the proposed hotel was several hundred feet from the nearest intact group of genuinely historic buildings. It also wouldn't involve the destruction of any historic properties.

Following the landmarks commission denial in November 2009, former mayor David Cieslewicz successfully led a first-ever city council override of a landmarks commission decision. Contending that the project's public benefits — including the opening up of lake access, hundreds of new jobs, and an estimated \$200 million fiscal impact — vastly outweighed the height incursion, the mayor and other supporters also maintained that the commission was being unreasonable in enforcing the already broken height limit.

Later the city set aside the requested \$16 million of TIF assistance in its 2011 budget to complete the project financing. The council override led to a lawsuit on behalf of the neighborhood association, brought by a prominent neighborhood resident who vowed to fight the project "all the way until we have no breath left."

Meetings and more meetings

So began another two-year grind of acrimonious public battles, court appeals, and developer design tweaks intended to win over the intransigent neighborhood association. An all-night meeting in May 2010 lasted over 12 hours. The marathon session involved an eight-hour public hearing, several more hours of debate, and five different votes of the Madison city council before it was all over. And while project opponents argued vociferously on this occasion, they were outnumbered by registered supporters by a ratio of more than two to one. This and other meetings covered everything from building setbacks and traffic and parking impacts to the

fiscal implications under the build or no-build scenarios.

Media stories focused on committee scorekeeping and on trying to untangle the byzantine and fragmented approval process. The meetings were interspersed with threats and counterthreats among the principal players, each promising to litigate their opposite number into oblivion. Speaking in July 2010 to the *Wisconsin State Journal* in reference to the lawsuit brought by Doug Mohs, the project's lead opponent — a local attorney and neighborhood resident — Bob Dunn of the Hammes Company said, "If you want to be an obstructionist you can be an obstructionist but we're being harmed here."

The politically fraught process finally culminated in an appellate court decision in October 2011 upholding the lower court's dismissal of the initial lawsuit, thus paving the way for the project to proceed. In the interim, however, the project's private financing crumbled under the uncertainty and delays caused by the lawsuit. The city's political leadership also turned over in April 2011, which meant that several leading proponents, including Mayor Cieslewicz, left office before the Edgewater project cleared its final hurdles.

With only two months left on the city's \$16 million TIF commitment at the time of the appellate court decision, the developer was left scrambling to find new financing and finalize the development agreement with the city before a December 31 deadline — a nearly impossible feat.

In the end, the city's new mayor, Paul Soglin, delivered the final coup de grace in mid-November, when he refused to cast the deciding vote to roll over the \$16 million into the city's 2012 budget. Instead, he offered \$3.3 million. A frantic last-ditch effort by the developer to produce new loan commitments before the clock ran out on the original agreement was declared unsatisfactory by the mayor in a December 15 press conference.

Asked if his company would ever again attempt a Madison project, Bob Dunn responded this way: "Let me just say that Madison is the kind of place where you have to have an enormous appetite for risk. The city talks a lot about urban density to build its tax and employment base, and to support transit. It talks about opening public access to the lakes. However, the place is anathema to that kind of vision when you present it to them.

"I'm used to working in communities that engage you on issues of concern and then work constructively toward solutions," Dunn continued. "Here, there was a core group of people that were just dead set on killing the project from the outset. Every time we addressed one set of issues, they just kept adding more."

When asked about the number of committee meetings, and if the project had led to talk of streamlining the city's approval processes, Madison's planning division manager, Brad Murphy, AICP, was respectfully unapologetic. "I suppose to the outsider the process must seem all very bureaucratic," he said, "but when you consider that the project required a PUD, a CUP, public easements, and a TIF amendment, coupled with the fact that the project went through three different design iterations, each requiring a separate look by the planning commission, the committee meetings really start to add up. This was a difficult project in that it triggered just about every approval process required by the city."

It's done

Local writer and blogger Shawn Doherty, who wrote about the project for the online newspaper the Capitol Times, said that following the council's controversial override vote, there was some talk about overhauling the city's development review process, but that it really didn't seem to get anywhere. "A committee was formed to assess how the process could be simplified, but it just seemed to lose steam," she said. "I think the sense of urgency was lost following the project's approval and the change in political administration."

It took Madison several generations, and a belated appreciation of Wright, to eventually build Monona Terrace. (The building was constructed much to Wright's original design in 1999, some 60 years after it was originally proposed, and 40 years after the architect's death. For details see Gene Bunnell's 2002 book, *Making Places*

Special.)

Ironically, the person mainly responsible for building Wright's posthumous masterpiece, Madison's current mayor Paul Soglin, was largely responsible for killing the Edgewater. Citing the need for fiscal restraint, he stated that the original \$16 million was just too risky an investment for the financially strapped city.

Some cynics have suggested that his lack of support stemmed from his wanting to keep on the good side of the wealthy and politically powerful neighborhood group that led the charge against the ill-fated Edgewater, or that he simply lacked a commitment to the project, having spent time out of office during its formative period. (He previously served as mayor in the 1970s and through most of the 1990s.) He and others have countered that major cutbacks in state aid drastically shook the city's financial footing, making the city's participation untenable.

In a postscript to the original lawsuit, Doug Mohs, the neighborhood attorney who led the charge against the project, has since filed an appeal to the Wisconsin Supreme Court challenging the lower court's earlier dismissal of his case. Not satisfied with having helped defeat the Edgewater project, he now plans to contest the court's support of the developer's claims of hardship given the fact that the developer never technically owned the hotel, but rather only had it under purchase option.

The crux of his argument is that hardship cannot be claimed by someone other than a legal owner and that upholding the court's earlier opinion opens the door to a flood of future lawsuits based on speculative, unrealized losses. The developer for his part claims over \$1 million of costs incurred mostly for legal and design fees resulting from the drawn-out process. In February the high court declined to hear the case.

Epilogue

Nobody ever claimed that the Edgewater approached the monumentality of its iconic crosstown counterpart, and somewhat surprisingly, it wasn't really damned on these grounds. Most of the complaints instead centered on NIMBY issues such as scale, traffic, and parking. The project did, however, promise to deliver many of the same public benefits in terms of opening up lake access and views and dramatically capping off John Nolen's long-delayed vision (not to mention the jobs and additional taxes a revamped Edgewater promised to bring).

For a city that prides itself on inclusion, the story of the Edgewater seems to be a case where a small influential group may have had an outsized impact on the outcome. In any case, the project is officially off. If history is any indication, it could remain so for a very long time. One can only imagine what Mr. Wright would have had to say about all of this.

Greg Flisram watched the events unfolding in Madison from his base in Green Bay, Wisconsin, where he works as that city's director of economic development.