



I. EXECUTIVE SUMMARY

INTRODUCTION

Weitzman Associates, LLC has been retained by the Forward Foundation, the 501(3)(c) arm of Forward Janesville to conduct a highest and best use study of downtown Janesville. The purpose of the analysis is to evaluate residential and commercial uses, including hotel lodging in the market area and the marketability of various residential and commercial spaces at the six Arise Catalyst Sites and elsewhere in downtown Janesville as outlined in the 2015 ARISE Plan, an actionable and comprehensive playbook to guide downtown redevelopment.

PROJECT BACKGROUND

The highest and best use study began in Fall 2020, when the national economy was much more beleaguered by the ongoing COVID-19 Pandemic, which has since shown promising signs of terminating in 2021. At the onset of our analysis, we prioritized field investigations of the Six Catalyst Sites and core downtown area, as well as progressive stakeholder meetings and video conference interviews. To-date, Weitzman has engaged 45 key stakeholders and downtown Janesville advocates and has spent two-full days performing in-person field analysis. As Phase I of our work drew to a close, local market conditions changed dramatically—the Janesville economy demonstrated significant signs of recovery and stabilization, and motivated, regional developers emerged, expressing immediate interest in multiple Catalyst Sites. As such, we have modified our initial timeline to meet these conditions, and expeditiously analyzed Janesville’s core real estate market sectors, economic and demographic trends, and advanced further in our stakeholder and field analysis to complete the full Phase II scope.



FIRM OVERVIEW

Weitzman is a national real estate advisory firm, with offices in Chicago, New York, and Florida. During the firm's 40-year history, Weitzman has helped its clients navigate threats and opportunities in the very best, and very worst of times. We are motivated to inform and guide our clients toward ideal real estate solutions. Weitzman provides customized research, new development conceptualization and vetting, repositioning strategies, financial modeling, valuation, litigation support, and creative deal and partnership structuring. We are an extension of our client's team, and pride ourselves on collaborative work with stakeholders toward a common real estate objective.

Weitzman is expert in all property types, advising over 300 clients per year throughout the United States and beyond. Our work routinely includes:

- Rental and for-sale housing of all types
- Branded luxury condominiums
- Hotels and resorts
- Office properties and industrial/flex properties
- Retail destinations of all types
- Major urban and master-planned mixed-use developments
- Specialty research, lab and data center properties
- Transferable development rights
- Senior Housing, from IL to AL and CCRC
- Co-living, student, and affordable housing

Weitzman works in some of the world's largest gateway markets, advising large institutional investors and municipalities as well as in smaller communities across America. In particular, we have a great deal of experience consulting on pioneering new development initiatives in more intimate communities and markets that require tailored solutions in managing development risk of transformative yet authentic growth. Thus, our work often involves identifying the underlying market potential of a place, and recommending reasonably cautious steps forward to secure an orderly and stable transformation of a site or a district. Our work has been utilized in places like Fargo, ND, Pensacola, FL, Hyde Park, NY and many other emerging real estate markets, to inform a vision with market research, and to empower pioneering development that serves as a catalyst for continued growth.

Weitzman has previously consulted on a development initiative in Janesville, proposed for Catalyst Site Two on the Rock River. Our research was led then and now by Peter Bazeli, a principal of the firm and managing director in our New York City office. With a special appreciation for the dynamics at play in Janesville, having himself grown up in a humble, Illinois town, Peter has led over 500 consulting assignments, many of which have been focused on pioneering development in smaller and medium-sized markets.

Weitzman looks forward to continuing its advisory role with the Forward Foundation and the stakeholders pursuing new development and investment opportunities in Janesville.



METHODOLOGY

This study was conducted in two parts and component sub-phases. An interim report was our deliverable under Phase I, presenting initial findings from an exploratory phase of work, leading into Phase II, which conducts and presents strong conclusions based upon market research and further community engagement. Under stabilized economic conditions, the sequencing of our analysis would typically prioritize completing economic and demographic analyses as well as the market analysis of the various property types under consideration. Due to the impacts of COVID-19 and the pending general election as of the start of our work, we postponed these analyses until Phase II of our work, and have focused on engagement and an initial review of the development opportunities and challenges during Phase I. The exploratory component in Phase I of our work has employed an iterative process of progressive community and stakeholder engagement as well as field investigation, some initial market analysis, as well as miscellaneous original research of possible tailored development concepts.

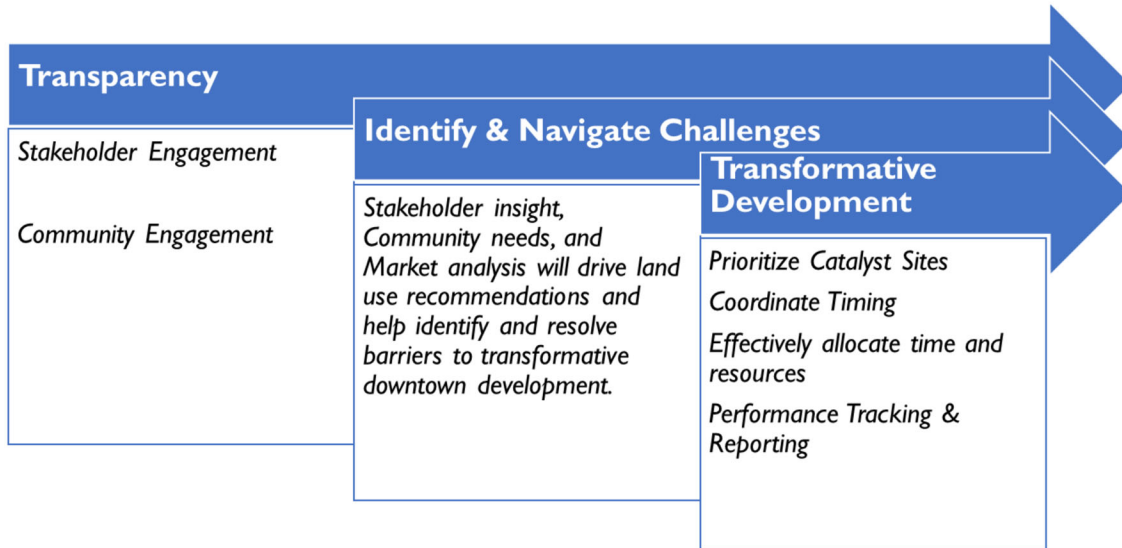
In Phase II, our work included in-depth market research, including the following components:

- Primary and secondary research related to the market trends, comparable property performance, and development pipeline associated with residential for-rent and for-sale housing, office, retail, and hospitality uses;
- Utilizing data from third-party data resources, analyzing the potential depth of demand for each use, and reconciling these mathematical estimates with the actual performance of new properties;
- Continued analysis of the Catalyst Sites, their relationship to each other and the downtown area, and the potential for the broader downtown to be developed in an orderly and compelling way; and
- Conclusions and recommendations for the specific highest and best use of each Catalyst Site, along with underwriting parameters for new development, and recommendations for the priority uses that should be pursued on other sites downtown.



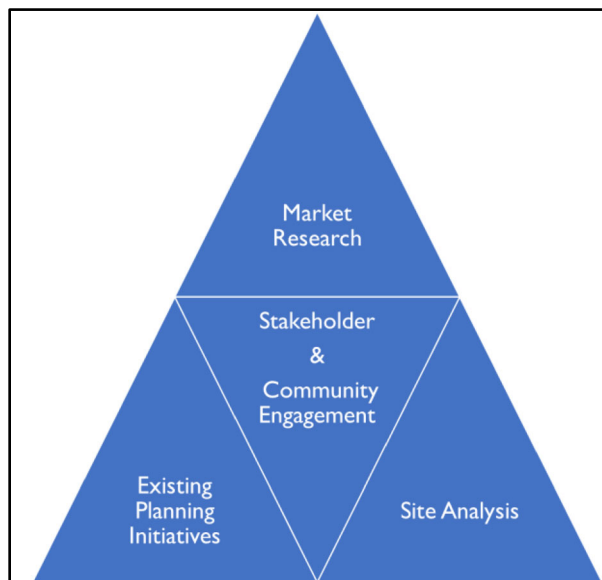
HIGHEST AND BEST USE STUDY - PROCESS AND GOALS

Weitzman’s work starts with engagement. With analysis, we develop strong conclusions and opinions, and offer guidance to stakeholders on development priorities, phasing, and how to measure success.



Our guiding purpose is: (i) to build upon the planning efforts undertaken thus far; (ii) to offer guidance that capitalizes on the development momentum generated by the Arise Plan; (iii) to continue to engage with key stakeholders and members of the community interested in collaborating on the future of Janesville; (iv) to establish a working highest and best use analysis that gathers together all of these perspectives and evaluates them based on market research; (v) and to establish a framework to determine how future development can and should occur.

HIGHEST AND BEST USE STUDY COMPONENTS





This report presents our complete findings from Phase I and II of our scope of work.

We are grateful for the community's participation and candor and look forward to engaging more stakeholders, and continuing the conversations with those we have had the pleasure of meeting already.

STRONG FOUNDATIONS – JANESVILLE OVERVIEW

Janesville is well-prepared to realize accelerated growth in its downtown core. Based on our economic and market analysis, the number of households and average household incomes in the Janesville Metro Area (Rock County) are projected to grow at a compounded annual rate of 0.4%, and 1.9% respectively, which is largely in line with peer metro areas and the statewide rates (see addenda). Going into the Pandemic, the Janesville economy was performing very well, and it has since recovered considerably and swiftly from the apparent zenith of the crises, showing promising signs of near-term stabilization. More importantly, before the Pandemic, Janesville's economy and fiscal position was quite strong—unemployment was at record lows, home sale values were climbing sharply, and vacancies were generally at or below stabilized values across all major sectors. Furthermore, real estate market inventories were relatively stagnant in the years preceding the Pandemic, particularly in downtown Janesville, aside from a few notable multifamily deliveries and project starts.

POPULATION AND HOUSEHOLD TRENDS
JANESVILLE-BELOIT, WI MSA

	2010	2020	2025 Proj.	Compounded Annual Change	
				2010-2020	2020-2025
Population	160,331	163,816	165,995	0.2%	0.3%
Households	62,905	65,308	66,482	0.4%	0.4%
Avg. Household Size	2.50	2.47	2.46	-0.1%	-0.1%
Avg. Household Income	N/A	\$70,987	\$77,650	N/A	1.9%
Median Household Income	N/A	\$56,156	\$59,165	N/A	1.1%

Source: ESRI; compiled by Weitzman Associates, LLC

Lastly, Janesville had built significant development momentum after establishing the 2015 Arise Plan, and had diligently and thoughtfully pursued the recommendations as well as related downtown infrastructure improvements, creating the ideal foundation to build upon. As markets near and far, large and small now struggle to reemerge and redefine themselves, many should be envious of Janesville's promising position to realize transformative and sustainable growth in its historic downtown district.



PRINCIPLED AND ADAPTIVE DEVELOPMENT – DOWNTOWN'S GROWTH

From our time spent in the market, engaging with Janesville advocates, and studying the past planning documents, such as the 2015 Arise Plan, we have learned that the City's natural beauty is only surpassed by its dedicated and productive City and civic leadership. In Janesville, thoughtful, and active community engagement is the norm, unlike far too many communities of any size, and it is this thoughtful leadership and community ethic, that will drive Janesville's near and long-term growth.



Photo Credit: Eye Level Studio

One of Janesville's most defining features is the winding Rock River that flows through its historic downtown to Beloit and Rockford, its southern, sister-cities. Janesville's successful completion of the **Town Square** marks one of the most transformative public projects for the community in the last 50 years. **This well-planned and executed project is symbolic** in how it connects the east and west banks of the historic downtown, and calls attention to Janesville's distinct and natural features. More importantly, the completion of the project through a public private partnership will serve a model and proof-of-concept to inspire and deliver other near and long-term projects, as local stakeholders become even more effective team members in realizing their **shared vision for their community**.

We have discerned several salient development principles for downtown from our engagement with development advocates and market analysis. These principles all hinge on building from a vision that holds the historic downtown core as a prized community asset for all—immediate residents, outlying and distant residents, regional neighbors, and those who have yet to discover the City or region.

Only by resolving to this common understanding that downtown Janesville can and should strive to be an enriching and dynamic amenity to all, will downtown and greater regional economy realize its full potential in planning and development endeavors.

Another central theme, is that planning and development is best realized with an **adaptive mindset** that dynamically processes and adjusts to new information and trend formations. As the Pandemic draws to a close, this theme will be more important than most others in guiding development to ensure community efforts are closely calibrated to consumer preferences and lifestyles of growing and desirable target market demographics. This theme will be a major determinant of Janesville's ability to incorporate **complimentary commercial space** (blended retail, office, and light industrial/creative, maker space) in **primarily residential, mixed-use developments or smaller infill projects**. In the near term, these projects will help attract a more affluent critical mass of downtown residents, who will utilize these non-residential establishments, while activating the latent metro and regional demand.

Adaptive and creative planning will also be critical in compressing the development and absorption horizon for non-residential projects, by pursuing and competing for larger, institutional office and other commercial space users to compliment the residential development of downtown. These projects will be best realized through cooperative and diligent civic leadership efforts, and by taking a more adaptive approach to the code enforcement and other regulatory constraints to site assemblage. Based on our understanding of the primary Catalyst Sites and natural, market-based development trends, downtown sites are necessarily at a disadvantage in their relatively confining built-infrastructure environment than their outlying peer sites. Base case performance horizons require at least **a more level playing field** in this regard and likely, **seemingly** outsized **public and private investment** in order to **rebalance development** and realize downtown Janesville's full potential for the City at large and greater regional economy.



STAKEHOLDER ENGAGEMENT

To date, Weitzman has engaged more than 45 key stakeholders and myriad local and regional authorities. Our discussions have focused on topics ranging from project financing to economic development and the role of government in supporting growth. We have also examined the potential for a strong spirit of civic engagement to be leveraged in both for-profit development as well as the establishment of a stronger network of community amenities; such amenities can be a driver of demand for various property uses.

Though these engagements have been rather brief and introductory in nature, they have been invaluable in accelerating and enriching our understanding of the dynamics among the community's various stakeholders as well as and the needs of the community itself.

The table below summarizes many of the key, salient findings from our stakeholder engagements. Stakeholder representation by each of the many findings was only attributed when a significant consensus opinion was observed among any of the four stakeholder groups. The apparent absence of a stakeholder group for any finding is not meant to imply this group does not necessarily support or affirm the finding, but rather that this group largely did not focus the conversation on this topic.

Please see the Stakeholder Engagement section for a complete exposition of our detailed findings.

STAKEHOLDER ENGAGEMENT THEMES - KEY FINDINGS

No.	Finding	Stakeholders
1	Positive reception of downtown TIF utilization	Property & Business Owners Developers City Civic Leaders
2	Interest in seeing more family-oriented projects, initiatives	Property & Business Owners
3	Support for a more vibrant West Milwaukee Commercial Corridor	Property & Business Owners
4	Need for a more business-friendly standard of zoning enforcement	Property & Business Owners Developers City Civic Leaders
5	Need for a more consistent and cordial way of communicating	Property & Business Owners Civic Leaders
6	Emphasized the need for public downtown amenities	Property & Business Owners Developers
7	Sufficient downtown parking is a significant problem	Property & Business Owners
8	Substantial development interest for Catalyst Sites Two and Five	Developers Civic Leaders
9	Prioritization of market rate residential projects	Property & Business Owners Developers City Civic Leaders
10	Tax base growth	City Civic Leaders
11	On balance praised City leadership efforts and results	Developers Civic Leaders
12	Believe Janesville has significantly improved in the last 10 years	Property & Business Owners Developers City Civic Leaders
13	Demonstrated passion and dedication to downtown development	Property & Business Owners Developers City Civic Leaders



DOWNTOWN DEVELOPMENT



Weitzman has analyzed several core components, material to long-term development planning for downtown Janesville.

Based on the completion of the full scope of our inquiry and analysis, which is detailed in sections 4, 5, 6, and 7, we recommend the following program for near- and mid-term (5-10 years), downtown development projects.

Please see sections 8, 9 and 10 for supporting analysis.

DOWNTOWN JANESVILLE: DEVELOPMENT RECOMMENDATIONS BY CATALYST SITE

Catalyst Site	Readily Usable Acreage (1)	Rental Units	For-Sale Condominiums	For-Sale Townhomes	Commercial (2) Space (Sq. Ft.)
#1	0.75 acres	50 units	0 units	0 units	20,000 SF
#2	2.67 acres	100 units	50 units	0 units	20,000 SF
#3	18.70 acres	0 units	0 units	0 units	10,000 SF
#4	2.34 acres	150 units	50 units	50 units	5,000 SF
#5	1.25 acres	150 units	0 units	0 units	15,000 SF
#6	2.78 acres	250 units	50 units	50 units	10,000 SF
TOTAL	28.49 acres	700 units	150 units	100 units	80,000 SF

DOWNTOWN JANESVILLE: DEVELOPMENT RECOMMENDATIONS BY PHASE

Phase	Catalyst Sites	Rental Units	For-Sale Condominiums	For-Sale Townhomes	Commercial (1) Space (Sq. Ft.)
Phase I	1 + 5	200 units	0 units	0 units	35,000 SF
Phase II	2 + 6	350 units	100 units	50 units	30,000 SF
Phase III	3 + 4	150 units	50 units	50 units	15,000 SF
TOTAL		700 units	150 units	100 units	80,000 SF



NEXT STEPS AND PATH FORWARD

We have outlined and summarized several actionable suggestions to commence both near- and long-term planning and development initiatives. These suggestions were formulated to capitalize on current, favorable conditions in order to facilitate immediate and tangible progress in catalyzing community engagement and efforts in advancing downtown development projects and long-term planning.

The following table summarizes many of the key stakeholder findings (as detailed in section 2) to guide future downtown planning and development considerations, particularly at the several Catalyst Sites. We believe planning efforts, development momentum, and project synergies will most effectively be realized by pursuing projects that conform to as many of the ranked criteria as possible. Many of these principles can individually and in concert apply to sites outside of the Catalyst Sites.

DEVELOPMENT PRIORITIZATION CRITERIA & GUIDING PRINCIPLES

- I. Proximity:** *Maximize synergies by prioritizing projects closest to recent, major developments*
- II. Activate:** *Prioritize west of river projects to rebalance development from the east side*
- III. Homes:** *Market Rate, Luxury Rental, For-Sale Condo and Townhome project opportunities*
- IV. Adaptability:** *Seek larger scale and strategic site assemblage opportunities to compete with outlying areas*
- V. Balance:** *Stagger public amenity improvement projects with projects that directly expand the tax base.*
- VI. Strategic:** *Defer on sites with challenging conditions and/or productive current users*
- VII. Common Asset:** *Rock River frontage projects, strategic park and trail connections to access downtown, river*

It is important to recognize that this framework will benefit from vocal and frank engagement among stakeholders, in order to discover current, salient issues and to effectively navigate any that may arise. Civic affairs and downtown development will further improve from discovering and exploring diverse and perspectives as quickly and directly as possible.

We are encouraged to learn of current pending initiatives, including the streetscape improvements to Milwaukee Street. These efforts to achieve tangible and observable improvements and planning milestones are critical in maintaining community and developer interest. Given the wide scope, numerous priorities, and component initiatives, continued efforts to connect and beautify all parts of downtown will help drive immediate revitalization returns while longer term projects advance through the planning and development process.



GENERAL STAKEHOLDER RECOMMENDATIONS – ROLES, PRIORITIES, AND OPPORTUNITIES

The roles and priorities outlined below are largely presented to motivate reflection and dialogue between and among stakeholders. Active, good-faith community participation will produce the most meaningful results for downtown planning and development. Below are several recommendations based on our research, community engagement, and professional experience.

Civic Leaders

- i. **Coordination:** Facilitate open and professional dialogue (in both formal and informal settings) between and among stakeholders to understand and navigate challenges and build consensus; set actionable, quantifiable goals.
 - ⇒ Solicit Highest and Best Use Study feedback, revisions and updates, dissemination to [x] network contacts, [y] industry groups, publications by [Mn., Yr.]. Personalized correspondence is generally preferable when possible.
 - ⇒ Chart all planning and development-oriented planning goals for both near and long-term completion with further quantified and granular interim milestones using Gantt and Kanban style professional project management tools.

- ii. **Advocacy:** Market and persuade local and external contacts (of all backgrounds) to invest time, talent, and resources in downtown development goals.
 - ⇒ Share volunteer role opportunities with personal network to matchmake skills, motivations, and resources with planning and development goals.
 - ⇒ Pursue concept of creating a professional liaison position to assist developers in navigating code compliance and enforcement for small and large projects. Funding to be determined.
 - ⇒ Organize social networking and/or downtown fellowship-oriented events to facilitate informal dialogue and sense of community across stakeholder groups.
 - ⇒ Investigate obstacles to participation in downtown advocacy among outlying residents.

- iii. **Accountability:** Build consensus and maintain momentum around actionable, quantifiable, and realistic planning and development goals. Address perceived community relations and development timeline challenges and opportunities openly and with curiosity to reveal unforeseen oversights in priorities, goal formation and/or measurement.
 - ⇒ Utilize both formal and informal settings as needed.
 - ⇒ Set hard but realistic deadlines.

- ❖ **Near Term Goal:** Create an organizational chart of positions (volunteer and paid as appropriate) to be readily filled with candidates as they materialize or are recruited to specific positions. Positions should have actionable and reasonable initial responsibilities and goals to minimize perceived barriers to participation and to generate momentum.

- ❖ **Mid-Term Goal:** Guide volunteer initiatives to organize around a social media campaign that personalizes the impact of downtown development on individual narratives, specific projects, community input as to what makes downtown great and what would make it even better.



- ❖ **Long-Term Goal:** Identify and recruit institutional level anchor office, commercial tenants, property owners to downtown Janesville.
- ❖ **Long-Term Goal:** Work with City leadership and key stakeholders to maintain current planning visions for the 2015 Arise Plan, as well as preparation for an updated comprehensive plan for the City of Janesville that incorporates updated planning visions for downtown into a City-wide vision. Particular attention should be paid to: (i) the Rock River (ii) trail and park network connectivity (iii) large brownfields and likely contaminated sites, particularly the former GM Plant Site and “The Pit” (iv) Southern Wisconsin Regional Airport (v) Strategic outlying land acquisitions.

City Leadership

i. Fiduciary

- ⇒ Clarify project standards for TIF allocations. Consider applying additional project incentives if a project sufficiently presents a City-wide, quality-of-life benefit and/or is significantly disadvantaged compared to competing projects due to uniquely challenging site conditions and/or project scope.
- ⇒ Determine the types of projects for which TIF allocations should almost never be appropriate and why.
- ⇒ Measure and establish relatable metrics and trend analysis that effectively communicates current and projected financial net capacity as well as economic and demographic fundamentals and the implications to both City-wide, and downtown development projects.

ii. Oversight and Barriers to Entry

- ⇒ Assess the regulatory compliance overhead for private development projects, by seeking project data and studying comparative metrics.
- ⇒ Study code compliance burden, both financial and intangible costs, to determine where code simplification opportunities may exist and where codes are not digitized or present relative accessibility and comprehension challenges and might benefit from supplemental guidebooks or simplifying reforms that minimize diluting the spirit of the code as appropriate.
- ⇒ Consider code compliance reforms that formalize a variance request and review process.
- ⇒ Collaborate with developers/building owners to evaluate how zoning and design requirements could be streamlined to enhance the public review process.

iii. Fair Share & Environmental

- ⇒ Re-examine county, state, and federal transfer payments over the last several years and compare to peer municipalities to assess trends and relative allocations.
- ⇒ Assess City-wide inventory of brownfields and suspected contaminated sites. Review federal and state programs for investigating and mitigating sites to expedite development potential.

- ❖ **Near Term Goal:** Participate in Highest and Best Use Study feedback with as many relevant stakeholders as possible in an open forum setting.
- ❖ **Mid Term Goal:** Study and submit preliminary findings to the public as to the current state of the Janesville regulatory environment using relevant and observable data.
- ❖ **Long Term Goal:** Plan and implement regulatory code compliance reform initiatives based on internal findings and community feedback.



- ❖ **Long-Term Goal:** Work with community leaders and key stakeholders to maintain current planning visions for the 2015 Arise Plan, as well preparation for an updated comprehensive plan for the City of Janesville that incorporates updated planning visions for downtown into a City-wide vision. Particular attention should be paid to: (i) the Rock River (ii) trail and park network connectivity (iii) large brownfields and likely contaminated sites, particularly the former GM Plant Site and “The Pit” (iv) Southern Wisconsin Regional Airport (v) Strategic outlying land acquisitions.

Business and Property Owners

i. Community

- ⇒ Actively pursue professional and personal relationships with downtown peers and other downtown stakeholders to better understand common challenges and solutions.
- ⇒ Identify opportunities to organize around common business advocacy issues that might produce actionable and meaningful operational improvements. Set sufficiently small, initial goals to avoid inertia, analysis paralysis, and other startup hurdles.

ii. Advocacy

- ⇒ Collectively and individually engage City and civic leaders and staff with specific questions and concerns.
- ⇒ Balance time allocation between problems and praise, downtown advocacy opportunities to strengthen credibility and further cultivate a professional and friendly environment.
- ⇒ Tout successes to all using available and appropriate resources and partners.
- ⇒ Explore opportunities to share operational data with local stakeholders who might be able to leverage this data to achieve common downtown development goals.

- ❖ **Near Term Goal:** Identify leadership capabilities by business or property owner type.
- ❖ **Mid Term Goal:** Identify relevant, mutual, and actionable policy concerns as well as industry marketing, advocacy, and downtown programming needs and opportunities.
- ❖ **Long Term Goal:** Determine best advocacy approach and both formally and informally disseminate policy concerns and proposed actions or reforms pertaining to downtown development and business climate.

Developers

- ❖ Local developers should largely pursue the recommendations outlined above for Business and Property Owners.
- ❖ Regional and national developers should pursue opportunities to engage directly, and in-person, when possible, with Janesville’s downtown stakeholders to better understand community dynamics and values. Downtown stakeholders should be welcoming to outside developer input regarding relevant experiences navigating similar challenges regarding myriad downtown development initiatives.



CONCLUSION

Weitzman is optimistic that the catalyst sites in downtown Janesville, if properly planned and phased, could result in an urban renaissance. The success of these planning efforts will significantly hinge on the various stakeholder groups continuing to invest time and resources in identifying and pursuing common downtown interests that make the historic downtown core more dynamic and appealing to all users and as connected and integrated into the surrounding neighborhoods and communities as possible.

We recommend completing updates to this marketability study as public realm improvements are implemented and the City and private entities engage with potential development partners. We look forward to the potential to continue our work with you and other stakeholders in this project, and to seeing the culmination of your efforts realized in facilitating this exciting development initiative.