



July 24, 2026

Matt Frater
Community Development Specialist
City of Madison Community Development Division
215 Martin Luther King, Jr. Blvd., Suite 300
Madison, WI 53703-3348

Re: Affordable Rental Housing Development: Tax Credit Application

Dear Mr. Frater,

Lotus Company respectfully submits this application to the City of Madison's 2026 Affordable Rental Housing Development: Tax Credit Development (AHF-TC) RFP, requesting \$4,000,000 to support the development of 198 affordable housing units. The proposed development, Lotus Hafen, is located at 134 S. Blair Street and 506–518 E. Wilson Street, on Madison's east side within the Capitol Square and First Settlement neighborhoods. The development commits 20% of units to households at or below 30% AMI and 40% of units at or below 50% AMI, with a 20% hard set-aside for supportive housing serving individuals experiencing homelessness. The project will construct a total of 123-units at 60% AMI or lower. This strategy provides a large number of deeply affordable housing units at Lotus Hafen and directly advances the City's deepest affordability priorities on a site with immediate access to transit, employment, and retail.

Lotus has secured site control through an executed Purchase and Sale Agreement and is actively advancing due diligence. We are working directly with Alder Davy Mayer, Planning, the Development Assistance Team (DAT), Landmarks, and the Urban Design Commission on entitlements, in step with the City's review timeline. We are structuring the capital stack around 4% non-competitive Low-Income Housing Tax Credits (LIHTC) paired with WHEDA tax-exempt bond financing. An AHF-TC award is a critical piece of closing the remaining financing gap and allows Lotus to move the project from site control to a fully financed, shovel-ready development.

Kahler Slater serves as project architect, bringing deep experience designing multifamily and mixed-income housing in the Madison market. On the supportive services side, Lotus is partnering with Lutheran Social Services (LSS), who brings significant value to the project team through an impressive portfolio and team. KMG Prestige has been selected as our property manager and is preparing to manage the property in accordance with AHF and WHEDA compliance standards. LSS and KMG are coordinating to deliver supportive services for residents who would benefit from on-site case management and housing stability support — an approach modeled on the collaborative service partnerships Lotus has built on its affordable housing developments.

Lotus Company brings a growing, hands-on portfolio of LIHTC, Historic Tax Credit, and HUD-financed affordable housing developments. Across our portfolio, we take a disciplined, owner-operator approach to underwriting, entitlement, and construction risk — experience we are applying directly to this development as we work toward a clean, efficient path to financial closing.



Lotus Hafen will bring deeply affordable, service-enriched housing to a well-located, transit-accessible site at a time when Madison's need for affordable housing continues to outpace supply. We appreciate the City's partnership throughout this process to date and welcome the opportunity to work together toward a successful award. Please don't hesitate to contact me with any questions.

Sincerely,

Bryan Wrigley
CEO
Lotus Company

Application for 2026 Affordable Rental Housing Development: Tax Credit Development (AHF-TC) RFP

This application form should be used for proposals to Affordable Rental Housing Development: Tax Credit Development in the 2026 application cycle. See RFP for deadline and full submission instructions.

Key Information:

Lead Applicant/Developer:	<u>Lotus Company</u>		
Name of Development:	<u>Lotus Hafen</u>		
Site Address:	<u>134 S. Blair Street, Madison, WI 53703</u>	Amount of Funds Requested:	<u>\$4,000,000</u>
Total Number of Units:	<u>198</u>	Number of Units 60% AMI or less:	<u>123</u>
LIHTC Application Type:	☐ 4% only ☒ 4+4% ☐ 9%		
Mailing Address:	<u>215 S State Street, Salt Lake City, UT 84111</u>		
Telephone:	<u>801-834-0456</u>		
Admin Contact:	<u>Ricky Becerra</u>	Email Address:	<u>rbecerra@lotuscompany.com</u>
Lead Project Contact:	<u>Christian Graf</u>	Email Address:	<u>cgraf@lotuscompany.com</u>
Financial Contact:	<u>Ricky Becerra</u>	Email Address:	<u>rbecerra@lotuscompany.com</u>
Website:	<u> </u>		
Legal Status of Maj. Owner:	☒ For-profit ☐ Non-profit ☐ Tribal Government		
Federal EIN:	<u>42-3930914</u>	SAM/UEI #.*	<u> </u>

* If seeking federal funds

AFFIRMATIVE ACTION

If funded, applicant hereby agrees to comply with the City of Madison Ordinance 39.02 and file an Individual Developer Affirmative Action Plan with the Department of Civil Rights. A Model Affirmative Action Plan and instructions are available at <https://www.cityofmadison.com/civil-rights/contract-compliance/affirmative-action-plan/individual-developers>.

LOBBYING RESIGTRATION

Notice regarding lobbying ordinance: If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF, or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying by registering with the City Clerk's at <https://www.cityofmadison.com/clerk/lobbyists/lobbyist-registration>. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.

CITY OF MADISON CONTRACTS

If funded, applicant agrees to comply with all applicable local, state and federal provisions. A sample contract that includes standard provisions may be obtained on the Community Development Division Funding Opportunities Website for this RFP. If funded, the City of Madison reserves the right to negotiate the final terms of a contract with the selected agency.

SIGNATURE OF APPLICANT

Enter Name: Bryan Wrigley Date: 7/24/2026

By submitting this application, I affirm that the statements and representations are true to the best of my knowledge.

By entering your initials in this box **BW** you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Requirements Summary

Confirm meeting minimum RFP requirements as a component of this application. You will have the opportunity to further describe your commitments in subsequent application questions.

Eligible Applicants

- ☐ Applying for Noncompetitive Credits in 2026 Program
- ☐ Applying for Noncompetitive Credits in 2027 Program
- ☒ Applying for State + Federal 4% Credits in 2027 Program
- ☐ Applying for Federal 9% Credits in 2027 Program

Geographic Eligibility

- ☒ In an eligible area based on type of development

Unit Mix & Affordability:

- ☒ 20% of total units at or under 30% AMI
- ☒ Proportionate distribution of bedroom sizes by income
- ☒ Minimum 40-Year Period of Affordability
- ☐ If indicating interest in PBVs, placement of PBVs on 50% or 60% AMI units

Property Management:

- ☒ Property will be continuously supported, staff trained, and management sufficiently responsive
- ☒ No other associated property is the subject of an unresolved dispute, legal complaint, or enforcement action of any government
- ☒ Annual Lease Renewals will not increase rent greater than 2%
- ☒ Non-renewals will only be issued for serious violations or repeated violations
- ☒ TSP and AMP meet attached City Standards

Supportive Housing:

- ☒ 20% of units set-aside as supportive housing units
- ☒ Units set aside for households with homeless experience as referred through CE Manager
- ☒ Ongoing coordination between Property Manager, Developer, and Service Providers

Sustainability & Resilience:

- ☒ Enrolled in Focus on Energy Program and minimum 20% EUI savings (if New Construction)
- ☐ Energy Audit Completed (if Rehabilitation/Preservation)
- ☒ Minimum 30kW solar array
- ☒ Parking minimized as much as is feasible

Design & Accessibility:

- ☒ Proposals incorporate Universal Design components in minimum 50% of total units, minimum 50% of units are Type A (or Type B convertible), and all tenant-accessible spaces are visitable
- ☒ At least one playspace onsite (non-Age Restricted only)
- ☒ Community Room or large Common Space available to tenants at no/nominal cost

Development Team & Financing:

- ☒ Realistic and feasible sources of funding, including other soft sources of financing the development is eligible for
- ☒ Maximum feasible deferred developer fee, unless utilizing fee for services
- ☐ All codevelopers have been and will remain active in development process

Preferences Summary

Mark a summary selection of the RFP preferences you are committing to as part of this application, above and beyond baseline RFP requirements. You will have the opportunity to further describe your commitments in subsequent application questions.

Geographic Eligibility

- ☒ Preferred TOD Area

Unit Mix & Affordability:

- ☐ Permanent Period of Affordability
- ☐ Maximum points obtained in “Serves Lowest Income Families” category
- ☒ At least 40% of units income- and rent-restricted under 50% AMI
- ☐ 50% and 60% AMI rents modeled at no more than 90% of maximum
- ☐ Unit mix includes income- and rent-restricted units at 40% AMI level
- ☐ At least 20% of total units contain 3 or more bedrooms (Non-Age Restricted)

Supportive Housing:

- ☒ Hard set-aside units for households with homeless experience
- ☒ Dedicated space onsite for provision of supportive services

Sustainability & Resilience:

- ☒ Full electrification of HVAC systems and appliances
- ☒ Points obtained for WHEDA Advanced Sustainability certification
- ☐ EPA Indoor airPLUS certification
- ☒ ENERGY STAR certified appliances, equipment, materials
- ☐ Photovoltaic array sized to offset 20% of building annual load or 70% common area annual load
- ☒ Building designed for future photovoltaic array expansion
- ☒ Additional energy efficiency, renewable, or decarbonization features

Design & Accessibility:

- ☒ Unique & creative use of commercial space and/or community service facility
- ☒ As many units meeting WHEDA Universal Design requirements as is feasible
- ☒ Low- or no-cost commercial space leased to a neighborhood-enhancing tenant (pre-identified)
- ☒ Creative outdoor amenities as usable open space

Development Team & Financing:

- ☒ Creative or nontraditional financing solutions
- ☐ Minimum 24% stake for emerging developers and/or ACRE graduates
- ☐ Local non-profit ownership involvement, option, or controlling interest

Overview

1. Describe the following aspects of the proposed development:

Type of Construction: ☒ New Construction ☐ Acquisition/Rehab or Preservation
 Type of Project: ☐ Non-Age Restricted ☐ Senior

Total number of units: **198**

Total number of affordable units ($\leq 60\%$ AMI): **123**

Percentage of units that are affordable ($\leq 60\%$ AMI): **62%**

Total amount of funds requested per affordable unit: **\$32,520**

Number of units supported by Project-Based Vouchers (PBV): **0**

PBV Issuing Agency: _____

Indicate interest in potential PBVs issued by CDA for this development: ☐ Interested ☒ Not Interested

2. Period of Affordability Commitment:

☐ Permanent Affordability (electing waiver of shared appreciation in long-term deferred note)
☒ 40 years – Baseline requirement

3. Provide a brief overview of the intent of your proposal. Why are you proposing this specific development, and what aspects of your proposal do you consider to be unique and creative components that advance goals of the City's guiding policy documents (Section II of RFP)?

The 198-unit, 100% affordable development at S. Blair and E. Wilson Streets, Lotus Hafen, places deeply affordable housing at the eastern gateway of Madison's First Settlement and Capitol Square neighborhoods, directly advancing the City's Housing Forward goal of 15,000 new homes by 2030 with at least 25% affordable (City of Madison, Housing Forward), the Comprehensive Plan's direction of compact growth in transit-served areas (City of Madison, Comprehensive Plan), and the 2024 Sustainability Plan's housing and sustainable transportation goals (City of Madison, Sustainability Plan, adopted Sept. 2024). The project is uniquely and creatively set apart from other developments due to 1) its response to an underutilized historic site with the development of two apartment buildings joined by an activated central alley or pedestrian "living street" with ground-floor retail that breaks down the building mass and activates the urban fabric of the neighborhood, 2) a design inspired by the historic facades of the surrounding neighborhood incorporating material and architectural elements that compliment the adjacent contributing historic structures including the Hotel Ruby Marie, 3) incorporation of the existing historic facades that will be deconstructed and reconstructed as part of the new buildings and provide as the streetface entry points to commercial retail for the project including the on-site Tenant Service Provider space, 4) unique and desirable lakefront views from both units and common areas with walkable access to nature that is currently underserved in the Madison affordable housing market, 5) its unmatched location adjacent to future-planned public infrastructure improvements including the potential Amtrak station along the Lake Monona Waterfront the Madison LakeWay greenway and openspace project, and 6) a transit-first parking strategy featuring a parking ratio of 0.48 stalls per unit (120 total stalls with 95 residential stalls and 25 stalls allocated to the Hotel Ruby Marie), and secure bicycle parking that meets City requirements. Together, these attributes and transportation amenities support multimodal mobility and are made possible by immediate access to Metro Routes A, B, C, and 38.

4. Describe how this development fills gaps or addresses barriers that are otherwise not being addressed, including through other tax credit development:

Setting it apart from other tax credit developments in the Capitol Square neighborhood, Lotus Hafen brings a larger-than-average number of affordable units to its constrained infill site; providing tenants with high-quality, affordable living in an unparalleled location in the city. Even as Madison builds at a healthy pace — roughly a record 2,328 net new homes in 2025 — the market remains tight, with the professionally managed apartment sector holding a stabilized vacancy rate of just 4.8% in late 2025 (City of Madison, 2025 Housing Snapshot Report). Yet only 398 of those new homes — about 17% — were offered at affordable rates for households at or below 60% of Area Median Income, well short of the City's 25% Housing Forward target (City of Madison, Housing Forward). In other words, the city is largely solving its overall supply problem while falling behind on the affordable share that matters most, especially at the deepest end of need.

A 100%-affordable, 198-unit development with an income average of 60% AMI fills that gap rather than adding to the market-rate surplus. Importantly, 40% of the total units will be allocated to households with 30% and 50% AMI, providing deeply affordable housing for residents with the greatest housing cost burdens. Additionally, the project, does so in exactly the place affordability is hardest to achieve: downtown in the First Settlement and Capitol Square neighborhoods, where new housing is almost entirely market-rate and lower-income households are steadily pushed toward the periphery. Delivering this many affordable homes here means getting creative — consolidating 198 affordable units on a constrained 1.39-acre parcel demands a level of density the affordable market rarely attempts downtown, and the project makes that density work through its thoughtful design.

5. Describe the potential financial risks associated with this development, and how you plan to proactively address those risks:

The financial risk of this development is concentrated in construction performance, but a complete picture requires naming the full set of risks a project of this scale carries and showing how each is contained. The nature of our capital stack stands as a natural barrier to loss: if credits are not awarded or financing does not close — resulting in a lack of viability — those funds simply return to their issuers and the project does not begin. Pre-construction costs such as design, entitlement, and legal work are risks we carry ourselves as the developer, not public funds. The capital genuinely at risk is only what is deployed once we build, so delivery on budget and on schedule is critical. We mitigate that construction risk through our internal relationship with the general contractor, whose deep construction expertise allows realistic pricing, early cost input during design, and accountable field performance, reinforced by a guaranteed maximum price contract, contingencies, retainage, and payment and performance bonds. On this underutilized historic site, we further account for the possibility of unforeseen site, environmental, or historic-review conditions by carrying a hard-cost contingency sized to the site's complexity and by completing due diligence — geotechnical, environmental, and survey work — before we commit construction capital.

Beyond construction, the second material risk is financing and interest-rate exposure between application and closing. Movement in construction-loan pricing or in the permanent takeout can erode feasibility, so we mitigate this by stress-testing the proforma against conservative rate assumptions, securing rate locks or forward commitments where available, and structuring the equity pay-in and debt draws to minimize carrying costs during the construction and lease-up window. Related to this is capital-stack or funding-gap risk: because the stack layers competitive credits with soft and gap sources, we manage the risk of any single source falling through by sequencing commitments so that each is secured before we proceed, and by maintaining relationships with multiple potential gap funders rather than relying on a single source.

The third category is lease-up and long-term operating risk, which is where deeply affordable, service-enriched housing differs from conventional development. Demand risk is low given persistent waitlists for affordable units in Madison, but achieving stabilized occupancy on schedule, meeting the compliance requirements tied to the homeless set-asides, and operating the property sustainably over the compliance period all require deliberate management. We address this through a realistic operating proforma that budgets conservatively for the operating-expense pressures that have most affected affordable housing recently — property insurance, utilities, and property taxes — funds an operating reserve, and coordinates supportive services and referral partnerships up front so that the units serving formerly homeless residents are leased and maintained in compliance from day one. Additionally, the project aims to mitigate lease-up risks for its units across all AMI bands with its intentional and thoughtful design that will compete with other market-rate developments in the city. This includes high-quality finishes in all units, a large clubhouse and fitness room, impeccable access to Capitol Square and Lake Monona, and a variety of open space options from outdoor roof decks to the pedestrian "living street". Finally, credit-delivery and compliance risk — meeting placed-in-service deadlines and delivering credits to our investor on the agreed schedule — is managed by our team's back-end depth, coordinating the capital stack, equity draws, and credit-delivery deadlines directly against the construction schedule. The result is a risk profile that locates the greatest exposure honestly in construction, contains the financing, operating, and compliance risks that surround it, and pairs each with a team built to manage exactly that.

Location / Geographic Eligibility

6. Address of Proposed Site: **134 S Blair Street, Madison WI 53703**

7. In which areas on the Affordable Housing Targeted Area Map is the site located? Select all that apply.

- ☒ Preferred TOD Area
☐ Eligible Core Transit Area
☐ Preservation & Rehab Area
☐ Limited Eligibility Area

8. Neighborhood the site is located in: **District 6 / First Settlement District / Capitol Square Neighborhood**

9. Date Site Control Secured: **5/6/2026**

10. Explain why this site was chosen. How does it align with the Program Goals and Objectives (Section III of the RFP), and how will it benefit residents to live in this location?

The site at S. Blair and E. Wilson Streets was chosen because location is the single greatest determinant of whether affordable housing succeeds, and few sites in Madison offer residents as much as this eastern gateway to the Capitol within the First Settlement District. It sits within walking distance of downtown, state-government employment, the Capitol Square, and the Lake Monona waterfront, and a short, frequent-transit ride from UW–Madison and the city's hospitals. Metro Rapid Routes A and B, Routes C and 38, and the Capitol City Trail all serve the location directly. As a result, income-restricted households can reach jobs, groceries, healthcare, schools, and services on foot, by bicycle, or by transit, and redirect their income that they would otherwise spend on driving toward other needs.

The proposal advances each of the four Housing Forward objectives in Section III of the AHF RFP. It increases housing choice through a full studio-to-three-bedroom affordable mix across a 30%, 50%, 60%, and 80% AMI structure, serving households ranging from those with the deepest need to working families priced out of the market. It creates affordable housing throughout the city by placing income-restricted homes in a high-opportunity downtown area that currently offers very little of it, extending both geographic mobility and choice. It combats displacement by anchoring permanently affordable homes in a transit-rich neighborhood where naturally occurring affordability is increasingly under pressure, simultaneously meeting the RFP's proximity-to-transit condition. Lastly, it works to end homelessness through a hard unit set-aside of 20% for individuals/households experiencing homelessness, paired with on-site supportive services for households referred through Coordinated Entry.

For residents, this produces a mixed-income community rather than a single concentrated income band. It offers homes sized for individuals, seniors, and families, with unit types that can accommodate them as their households change over time. And it provides daily access to the employment, services, transit, and opportunity that this location, in particular, is positioned to deliver. Lotus Hafen will enable tenants to afford to live in the communities in which they work.

11. If the site is in a Limited Eligibility Area, describe how the relevant concerns will be addressed:

N/A

12. Non-Age Restricted Proposals only; respond to the following questions on potential impact to schools:

Describe the connectivity of the site for children to get to elementary and middle schools if MMSD [Yellow Bus Service](#) is not provided. Describe the Metro Transit Route for middle and high school students.

For elementary-aged children, the site offers excellent transit connectivity, with Metro Transit Routes A and B located just 800 feet from the project. Both routes provide direct access to Lapham Elementary School and operate every 15 minutes on weekdays, offering multiple transportation options and flexibility in the event of delays.

For middle school-aged children, Routes 38 and C are located directly across the street along Wilson Street, providing convenient access to Georgia O'Keeffe Middle School. Route C operates every 15 minutes, while Route 38 runs every 30 minutes on weekdays. Together, these routes provide reliable and frequent transit options for students traveling to and from school.

For high school-aged children, the site again benefits from easy access to Routes A and B, located just 800 feet from the project. Both routes stop directly in front of East High School and operate every 15 minutes on weekdays, ensuring frequent and dependable transportation options for students.

Describe the anticipated impact this development will have on the schools in the catchment area. What are the 5-year projected capacities for these schools, and are they projected to be at, above, or below capacity? Reference the MMSD 2024 Long Range Facilities [Plan](#) (pgs. 12-14) or Wisconsin Wise Data Portal

Using the family-sized units as the source of children — the 55 two-bedroom units at an estimated one child each and the 14 three-bedroom units at roughly two to three children each — the project would house an estimate of 90 children ages 0–17. Because about a quarter of those are still below school age, roughly 65 would be enrolled in MMSD at any given time. Spreading that across grade bands by their share of school years (elementary K–5 is six grades, middle 6–8 is three, and high school 9–12 is four) yields an estimated 30 elementary students, 15 middle schoolers, and 20 high schoolers — roughly 65 total, phasing in as the building leases up and turning over across the 15-year horizon.

Based on the assumptions above, the development would not place undue pressure on any school level serving the community. District enrollment is projected to decline over the coming years — from roughly 24,850 students in 2025 to about 24,110 by 2030 — leaving most MMSD buildings operating at or below the district's 90% target capacity (MMSD School Board Facilities Presentation, April 20, 2026). The area's attendance-area schools reflect that available capacity: Lapham Elementary serves the elementary-aged students, O'Keeffe Middle School — among the district's least-utilized middle schools, projected at under 40% of capacity (Cap Times) — serves the middle schoolers, and East High School serves the high school students. Because each of these schools has room to absorb additional enrollment, the district could comfortably accommodate the students this project is projected to house.

Approximately how many elementary and middle school children do you anticipate based on your proposed unit mix: 45

13. Identify the distance from the proposed site to the nearest of the following amenities. Use MMSD's [Find My School](#) as the closest school is not always assigned.

Type of Amenity	Name of Facility	Distance from Site (in miles)
Full Service Grocery Store	Festival Foods	0.38 Miles
Public Elementary School	Lapham Elementary School	0.61 Miles
Public Middle School	Georgia O'Keeffe Middle School	1.17 Miles
Public High School	Madison East High School	1.8 Miles
Full Service Medical Clinic or Hospital	Meriter Hospital	1.33 Miles
Public Library	Madison Public Library	0.57 Miles
Public Park with playground equipment or athletic facilities, or hiking/biking trail	Law Park & Capitol City Trail	0.09 Miles
Job-Training Facility, Community College, or Continuing Education Programs	Wisconsin DWD	0.17 Miles
Childcare	Tenney Preschool and Childcare	0.97 Miles

Planning Principles & Plan Consistency

14. Current zoning of the site: UMX, WP-17, HIS-FS

Generalized Future Land Use designation of the site: N/A

15. Will the proposed development need a Zoning Map Amendment and/or a Conditional Use Permit?

☐ Zoning Map Amendment ☐ Conditional Use Permit ☐ To be determined ☒ None

16. Describe the proposed project's consistency with the land use recommendations and goals and objectives of relevant Plans, including Imagine Madison, Area Plans, the Generalized Future Land Use Map, and any other relevant Planning documents:

Lotus Hafen advances several of the core land use goals and strategies articulated in the Imagine Madison Comprehensive Plan. The Plan's Land Use and Transportation Element establishes the goal that "Madison will have a full range of quality and affordable housing opportunities throughout the city," and Strategy 5 directs the City to "concentrate the highest intensity development along transit corridors, downtown, and at Activity Centers." By delivering 198 affordable rental units on an infill site at the corner of Blair and Wilson Streets — within Madison's most intensely developed, walkable, and transit-friendly area—the project channels significant new density precisely where the Plan calls for it, reinforcing the community's stated preference for infill and redevelopment over edge growth and supporting Strategy 6's aim of facilitating compact growth. The development is especially consistent with Strategy 7, which seeks to "maintain downtown Madison as a major Activity Center for the region while improving access and inclusivity." The Plan notes that recent downtown redevelopment has skewed toward high-end residential units and explicitly calls for an effort "to create new affordable units to make downtown living more available to households of all income levels," identifying the use of the City's Affordable Housing Fund to help projects secure federal tax credits as a proven strategy — exactly the layered LIHTC, AHF, Dane County AHDF, TIF, and WHEDA capital stack the project assumes. Its deep affordability commitments (a 20% homelessness set-aside, 20% of units at or below 30% AMI, and 40% at or below 50% AMI) directly answer the Plan's emphasis on inclusivity and on serving the city's lowest-income and most housing-insecure households. Finally, the project's urban design, two buildings joined by an activated central alleyway, ground-floor retail, and street activation along Wilson Street embodies the Plan's vision for vibrant, mixed-use, pedestrian-oriented development that contributes positively to the downtown streetscape, while structured podium parking preserves valuable street frontage for the active ground-floor uses the Plan prioritizes.

17. Briefly detail staff comments during your Pre-application meeting with City of Madison Planning and Zoning staff and at Development Assistance Team. How have you adjusted or refined your proposal in response?

During our first Pre-application meeting on 6/16/2026, the Planning and Zoning staff provided comments centered on four main points. First, the facades of the project must be consistent with the historical character of the pre-existing buildings within 200 feet of the site. Second, the Landmarks Commission requested that the brick facade of the Blair Street building continue all the way to the top of the structure, rather than stepping back at the top floor and transitioning into a different material in order to stay historically consistent with the neighborhood. Third, the ground floor of the Wilson Street structure must be an activated ground floor that incorporates retail space. Fourth, the preservation of the historic facades along E. Wilson Street must be taken into consideration; we are currently confirming whether that direction calls for reconstruction or preservation of those facades. In addition to this, our team presented to the DAT on 7/9/2026, and is currently working on feedback in regard to comments from engineering, parking, etc. In moving forward with the entitlement process, our team has also recently submitted our Landmarks application on 7/22/2026 and is looking forward to additional refinement as we align with all entitlement requirements.

18. Describe the response of the alder(s), neighborhood association, and/or residents at the neighborhood meeting to your proposal. Were any issues or concerns identified? How have you adjusted or refined your proposal in response?

We have found an enthusiastic advocate in Alder Davy Mayer, who represents District 6, where our development is located. Alder Mayer views the project very favorably and shares our conviction that this corner is ready for meaningful investment and development. Drawing on his close relationship with the community he serves, he offered valuable insight into the general sentiment we can expect from the surrounding neighborhood. He noted that many residents would welcome a thoughtful new development in its place. After reviewing our overall site plan, activated alleyway "living street", and building elevations, Alder Mayer expressed his support and raised no significant concerns with our proposal. His encouragement, grounded in a genuine understanding of the neighborhood's needs and desires, reinforces our confidence that this development will be embraced by the community it is designed to serve. We have also confirmed our first neighborhood meeting will take place on 8/12/2026 and are coordinating postcard notifications with Debbie Fields with the City of Madison Common Council, Alder Mayer, and Michael Friedman with the First Settlement District. We look forward to additional feedback from the community.

19. Enter the site address(es) of the proposed development and complete rows for each site:

	# of Units Prior to Purchase	# of Units Post-Project	# Units Occupied at Time of Purchase	# Business or Residential Tenants to be Displaced	Current # of Units Accessible	Number of Accessible Units Post- Project	Current Appraised Value (Or Estimated)	Appraised Value After Project Completion (Or Estimated)	Purchase Price
Address:	134 S. Blair Street, Madison, WI 53703								
	N/A	198	0	0	0	10	\$8,080,000	\$70,400,000	\$7,500,000
Address:	Enter Address 2								
	N/A								
Address:	Enter Address 3								

For units currently occupied and identified as potentially displaced above, describe relocation requirements, plan, and assistance that will be implemented:

N/A

20. Describe the existing use of the site, and identify if a Phase I Environmental Site Assessment has been completed. Identify any environmental remediation activities planned, completed, or underway, and/or any existing conditions of environmental significance:

The parcels that make up the development currently support a mix of uses including retail operations for the Come Back In and Essen Haus restaurants/bars, a large parking lot, and vacant structures. As part of our due diligence, we completed a Phase I Environmental Site Assessment for the site completed on 6/16/2026. This report confirmed that no further investigation of the subject property is recommended. Due to a previous remediation conducted on the site through the Wisconsin Department of Natural Resources (WDNR) that was closed in 1998, it is recommended that the WDNR be consulted prior to any disturbance or removal of pavement, soil, or groundwater in or near the former LUST area as special handling of materials will be required.

As we advance, we will complete the environmental review process required by the Development Assistance Team (DAT) and will facilitate a thorough review of our final site plan with the WDNR to ensure that all appropriate parties and obligations are properly accounted for. In addition, we are carrying a healthy remediation budget to address any contamination that may need to be managed based on the excavation our site work will require, positioning us to handle these conditions responsibly and without disruption to the project.

Unit Mix & Affordability

21. Provide the following information for your proposal. If this is a scattered site or phased proposal, list each address or phase in its own table by attaching additional pages.

ADDRESS #1:		134 S. Blair Street, Madison, WI 53703									
		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
							Utilities included:				
							☒ Water/Sewer ☒ Electric ☐ Gas ☐ Free Internet In-Unit ☐ Washer/Dryer ☒ Other: _____				
% of Area Median Income (AMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	UA Studio: \$69	UA 1 BR: \$78	UA 2 BR: \$102	UA 3 BR: \$127	UA 4 BR: \$
							\$ Rent Studios	\$ Rent 1 BRs	\$ Rent 2 BRs	\$ Rent 3 BRs	\$ Rent 4 BRs
≤30%	41	11	18	10	2	0	642	683	811	928	
40%	0	0	0	0	0	0					

50%	41	11	18	10	2	0	1116	1191	1420	1632	
60%	41	11	18	10	2	0	1351	1445	1725	1984	
Affordable Sub-total	123	33	54	30	6	0					
80%	75	18	24	25	8	0	1664	1929	2314	2674	
Market*	0	0	0	0	0	0					
Total Units	205	55	90	50	10	0	Notes/Utility Allowance Assumptions: *Note the word document is not calculating correctly, total units is 198.				
							Utilities Allowance Used: ☐ CDA ☒ DCHA				

*40% = 31-40% AMI; 50% = 41-50% AMI; 60% = 51-60% AMI; 80% = 61-80% AMI; Market = >81% AMI.

Note: For proposals contemplating project-based vouchers (PBVs), list vouchered units under the same AMI designation that you will be representing to WHEDA. Include a comment in the Notes, e.g., Eight (8) 50% CMI units will have PBVs.

22. At what percentage of maximum LIHTC rents will rents be set for 50% and 60% AMI units? Will any other levels of income- and rent-restricted units have rents set below the maximum allowable?

Following WHEDA requirements of 95% of maximum allowable rents for 50% and 60% AMI. Other income bands of 30% and 80% AMI are also set at 95% of maximum allowable rents.

Property Management

23. Describe the proposed property management's experience with unique needs of the Madison affordable housing market. If the property management entity does not have experience in the Madison market, describe experience in similar markets.

KMG Prestige brings over 40 years of property management experience across 480 properties and more than 34,000 units nationwide, including over 330 affordable housing properties. This scale gives KMG deep, transferable expertise in affordable housing compliance, operations, and resident services — experience the team will bring to bear as it establishes a presence in the Madison market. Additionally, KMG is a WHEDA Property Manager as included on the 2026 Management Agent Certification Summary and has a large presence of managing affordable housing projects in the Great Lakes region.

24. Describe the planned approach/relationship between the Property Manager and the Supportive Service Coordinator(s) for both lease-up and ongoing service provision and coordination. Describe how these entities will collaborate to ensure ongoing success of the development and increased resident stability, including proactively addressing concerns prior to eviction filing:

KMG Prestige will work directly with the Supportive Service Coordinator, Lutheran Social Services (LSS), to ensure a Supportive Services Plan is created that outlines the property's needs and what the responsibilities would be as the Property Manager. To ensure the success for the development, the on-site staff will collaborate with service providers from LSS and the larger community to provide education/support on an as needed basis. KMG will request the Supportive Service Coordinator in most cases to provide an up-to-date resource guide that outlines community services and support, which is accessible to residents in a dedicated location on property. If necessary, KMG will also organize meetings between KMG, LSS, and the tenants to address and support the concerns of the resident; being proactive prior to any eviction filings. KMG views the partnership with LSS as a strong collaboration to support residents in their tenancy at the project.

25. Describe the affirmative marketing strategy to engage target populations. Have you engaged with community organizations that provide services to historically peripheralized households in development of this proposal?

KMG Prestige has developed an Affirmative Fair Housing Marketing Plan to identify target populations and those who may be least likely to apply for housing opportunities. This process helps identify the most appropriate community organizations, including social service agencies, religious organizations, advocacy groups, community centers, and other outreach partners. Once suitable organizations are identified, KMG Prestige prepares and distributes Community Contact Letters to organizations that serve the targeted populations. Through this outreach process, KMG Prestige engages with community organizations that provide services to individuals and families who have historically had less access to resources, opportunities, or services. These partnerships are established based on the property's location and an analysis of demographic groups that may be least likely to apply to the subject property.

26. Address the experience of the Property Manager in implementing inclusive, trauma-informed property management practices, including language access, community building, conflict resolution, and making reasonable accommodations:

KMG Prestige is dedicated to ensuring that all residents and prospective residents are treated fairly and have equal access to housing and services. By adhering to Fair Housing laws, providing accessible communication methods and language assistance when needed, protecting resident privacy, and fostering an environment where individuals feel welcomed and respected. KMG's on-site staff utilize professional communication and conflict-resolution techniques to address resident concerns respectfully. KMG Prestige promptly reviews and responds to reasonable accommodation requests to support the needs of individuals with disabilities. These practices help create a supportive and resident-focused environment.

27. Describe staffing challenges or shortages that the Property Management company has recently experienced at the on-site level. Describe the Management's standard retention policies, and response to staffing issues as they arise:

The challenges most commonly encountered at the site level include competitive wages, a competitive job market, and difficulty finding qualified candidates. KMG's standard retention practice is to research the specific issue, identify the root cause, and develop a solution tailored to the position to help improve recruitment and retention efforts. As KMG establishes a stronger presence in the Madison market, the ability to retain staff in the region will only improve.

28. What percentage of on-site staff turnover has the PM experienced in 2024? 38%

Supportive Housing

29. Confirm that Applicant has read and submitted with this application a Supportive Services Plan developed jointly with the Support Service Coordinator(s) and Property Manager

☒ Yes, I confirm

30. Confirm that a letter from the Supportive Service Provider(s) affirming the services they intend to provide to residents of the supportive housing units, the cost of those services, and how the structure of financial support is attached to this application.

☒ Yes, I confirm

31. Is the Applicant willing to commit to Supportive Housing units for households experiencing homelessness having a hard set-aside?

☒ Yes, in MFA ☐ No ☐ Not through WHEDA MFA, but will commit to City hard set-aside for portion of units

If yes, number of units: 40 Percent of Supportive Housing Units: 20%

32. Describe the supportive services agency's experience providing services in Madison to the target population. If applicable, list other similar projects the support services agency is involved with:

Lutheran Social Services (LSS) has extensive experience supporting many housing communities throughout Madison providing housing supportive services and coordinated entry referrals. LSS currently supports over 15 housing communities in Madison, in various capacities, with multiple partners, including RISE Madison, Tennyson Ridge Apartments, The Derby, Generations and Carbon at Union Corners, University Park Commons, and Valor. Through these partnerships, LSS provides resident-centered supportive services that may include outreach, assessment and referral support, housing stabilization planning, and referrals and resource connection to local community services. LSS is experienced in working with individuals and families who have experienced homelessness, housing instability, behavioral health needs, disabilities, and other barriers to long-term housing stability. This experience allows LSS to bring a trauma-informed, and collaborative approach to serving the tenant population in supportive housing units.

33. Describe briefly the Developer's experience with developing integrated supportive housing, including number of projects, number of units, and location:

Our team brings significant experience in developing, financing, constructing, and operating affordable housing communities that serve diverse resident populations with a wide range of needs. Several members of our development team including the Development Manager, Christian Graf, have direct experience working on projects that incorporated supportive services including the construction of 100% Permanent Supportive Housing projects, coordinated with service providers, built onsite service provider offices and clinics, and addressed the unique considerations associated with serving vulnerable populations. This experience, combined with our proven track record of successfully delivering multifamily affordable housing developments, provides us with a strong foundation to execute an integrated supportive housing project. We are confident in our team's ability to leverage this expertise, partner with experienced service providers, and apply industry best practices to create a high-quality community that effectively supports residents while meeting all program requirements.

34. Provide the number of Integrated Supportive Housing Units proposed:

Number of Homeless Supportive Housing Units (CE Referral)	Number of Homeless Veteran Supportive Housing Units (HUD-VASH)	Number of Disabled/Other Supportive Housing Units	Total Number of Supportive Housing Units
30	10	0	40

35. Describe the target population(s) for Supportive Housing units, including homeless and any other categories:

The target populations include individuals experiencing homelessness including CE Referral and HUD-VASH.

36. Due to the transient nature of homelessness, there may be challenges when connecting with households referred from Coordinated Entry (contact information changes, brief stay in institutional setting, etc). Describe how the property management entity will work with the supportive services agency to proactively address challenges and ensure that units set aside for households with homeless experience will be filled.

Filling and maintaining the units set aside for households with homeless experience depends on a close, proactive partnership between KMG Prestige, as the property management entity, and LSS, as the supportive services agency. KMG Prestige recognizes that households referred through the Coordinated Entry System may encounter challenges during the application process given the nature of homelessness — including changes in contact information, gaps in communication, difficulty assembling documentation, and shifts in household circumstances. To address these challenges, KMG will be proactive in establishing and maintaining ongoing communication with LSS throughout the onboarding process, so that referred residents are supported from first contact through move-in.

Within that partnership, LSS will work closely with onsite management to provide referrals for individuals and families currently listed on the Homelessness Prioritization List. The LSS team will complete a pre-screen assessment with each referral — designed to align with the project's Resident Selection Plan — to help confirm that the household is an appropriate referral and is interested in applying to the community. Because some referrals may need assistance obtaining required application documentation, LSS and KMG will coordinate to support applicants as needed, either in person or virtually, verifying household information, identifying potential issues early, and helping applicants secure the correct and complete documentation.

To keep this process consistent and accountable, LSS will also provide input and support in developing a lease-up process document that outlines the roles, responsibilities, key steps, and procedures for leasing the Supportive Housing Units. By maintaining a strong, ongoing partnership between KMG Prestige and LSS, the team will take the appropriate steps to ensure that the units designated for households experiencing homelessness are filled efficiently and accurately, while supporting residents and their needs throughout the process.

37. Describe how the property management entity will coordinate with the supportive service agency to ensure referrals from Coordinated Entry are able to be filled, even if households referred are above 30% AMI:

KMG Prestige and the Supportive Services Agency will collaborate to ensure households referred through the Coordinated Entry System are processed correctly and diligently. These referrals also pertain to the households that are above the 30% AMI threshold, where even if a tenant qualifies above 30% AMI, they may be able to find tenancy at the development if there is a unit available. KMG will manage the referrals and process the applications through the guidelines which are outlined in our Resident Selection Criteria regarding the specific development. The team will ensure that the approved residents meet the requirements, to ensure the success and to promote long-term tenancy and to avoid displacement of the residents.

38. Identify the partnership(s) that the Applicant has fostered with the supportive service agency(ies) supporting this application, and describe alignment between ideals of the development team and the agency(ies). Describe the shared philosophy in approaching operation of this development:

Our partnership with Lutheran Social Services of Wisconsin and Upper Michigan reflects a deep alignment of mission, values, and day-to-day operating philosophy. LSS frames its housing work around "building vibrant communities that contribute to the greater good of individuals and families," and commits to "hold tenant and partner relationships in trust as we work together to improve the places where people live, work and play." That language could just as easily describe Lotus's own vision for the Lotus Hafen development—a community anchored in deep, durable affordability, thoughtful urban design, and ground-floor activation that strengthens the surrounding neighborhood rather than turning away from it. At the mission level, both organizations believe housing is only the foundation; what makes a development succeed is the wraparound of services and stewardship built on top of it. LSS pairs housing with a full continuum of support—service coordination, skill building, rapid rehousing, veterans and refugee resettlement, and subsidized housing—while operating its own property management arm, which mirrors precisely the model Lotus has designed for the project: a 20% homelessness set-aside and deep-affordability commitments backed by committed tenant-service and property-management partners. LSS's guiding calls to "Live Your Passion," be "Part of a Legacy of Hope," and "Empower Change" resonate with our conviction that residents should be proud to call this community home and that the City of Madison should be proud to have it downtown. Just as meaningfully, the alignment extends beyond mission statements to the level of the teams who actually work together day to day. Our staff and theirs share the same resident-centered, trust-based approach—meeting people experiencing homelessness and housing insecurity with dignity, coordinating supportive services around real needs, and treating property management as an extension of care rather than a separate function. That shared philosophy, evident both in our formal values and in how our people collaborate on the ground, is what makes this a genuine partnership and gives us confidence in how we will operate this development together.

39. Briefly describe the type (e.g., assessment and referral, on-site intensive case management, etc.) and level of supportive services that will be provided to residents of the proposed project:

LSS will provide voluntary, onsite, resident-centered supportive services designed to promote housing stability, successful tenancy, and connection to supports and services within the community. Services will include resident outreach and engagement, intake and assessment, individualized housing stabilization planning and support, referral support, and resource navigation.

To facilitate the LSS staff that will be onsite, the project has allocated approximately 700 SF of office space that is solely dedicated to the LSS staff. This will ensure that onsite staff will have a place to work and attend to private matters that may arise with any tenants they are working with, separate from the leasing office. The space will also include separate restrooms and access to all building amenities to ensure the staff integrates with the community.

The level of service will be flexible and based on each resident's needs. LSS will maintain regular communication with property management while respecting resident confidentiality, with the shared goal of helping residents remain housed and connected to appropriate support.

40. How is the development paying for the supportive services committed to the project?

☒ Operating Expense ☐ Deferred Developer Fee or Cash Flow ☐ Services Reserve ☐ Other

Describe:

The project has \$3,100 per set-aside unit built into the operating expense of the site, and remains financially feasible.

41. Amount of annual funding allocated to Supportive Service Coordination as a guaranteed commitment: \$124,031

Amount per unit of supportive housing: \$3,100

Support services FTE equivalent dedicated to this development: 1 FTE

If the caseload is anticipated to be greater than 12 families or 20 individuals per 1.0 FTE (above HUD recommended case management ratios), briefly detail how adequate and timely services will be provided/coordinated:

If the active caseload were to exceed the benchmark of 12 families or 20 individuals per 1.0 FTE, our model remains responsive. Because services are voluntary and needs-based, the actively engaged caseload is typically smaller than the total set-aside, letting the Coordinator concentrate intensive support where it is needed. Functioning primarily as a navigator, the Coordinator links residents to LSS's resource network rather than delivering every service directly, and is backed by LSS's broader agency infrastructure and case management data. Our teams will collaborate in monitoring caseload volume to ensure that resources meet demand. Furthermore, the budget of \$3,100 per set aside unit (greater than the Dane County \$2,000 minimum) takes this project's caseload into consideration and allows for further flexibility, resources, and effectiveness.

42. Is the Applicant requesting a portion of the AHF Award be used to fund a capitalized support service and/or operating reserve?

☐ Yes ☒ No

43. Will WHEDA require this development to fund a capitalized support service and/or operating reserve as a condition of financing/credit award?

☐ Yes ☒ No

Sustainability & Resilience

44. Will the proposed development claim points in the WHEDA MFA for Stretch or Advanced goals in this category?

☒ Yes ☐ No

45. Check all applicable Energy Efficiency & Sustainability third-party certifications that will be sought.

Program			
Wisconsin Green Built	☐ Gold Standard	☒ Gold Plus	☐ Gold Zero Energy
Enterprise 2020 Green Communities	☐ Criteria	☐ Certification	☒ Certification Plus 5.4b Criterion
ENERGY STAR Multifamily New Construction	☐ Equivalency	☒ Certification	
EPA AirPLUS	☐ Equivalency	☐ Certification	
LEED®	☐ LEED Silver	☐ LEED Gold/Platinum	☐ LEED Zero Energy
Passive House (PHIUS)	☐	☐ PHIUS Core	☐ PHIUS Zero
WELL	☐		
Other:	☐		

46. Briefly describe your organization's approach to developing projects that incorporate extraordinary sustainability, energy efficiency, decarbonization/electrification, and/or green building design. List any third-party certifications or awards achieved on projects developed in the past five years:

Lotus Company treats sustainability, energy efficiency, and decarbonization as core design principles in its projects nationwide. Every development we build is designed to be 100% electrified, eliminating on-site fossil fuel combustion to reduce carbon emissions, improve indoor and outdoor air quality and resident health, and future-proof our buildings to align with all-electric energy codes and a decarbonizing grid. This all-electric commitment extends across building systems, from heating and cooling to water heating and appliances, and is paired with high-performance building envelopes, Enterprise 2020 Green-rated fixtures and equipment, and efficient mechanical systems that lower both utility costs for our residents and the long-term operating burden on the properties.

Our track record reflects this commitment: over the past five years, Lotus has earned ENERGY STAR certifications across numerous completed developments, validating that our buildings perform at the highest tiers of energy efficiency in real-world operation. Additionally, Lotus Hafen will join the rest of the projects in the Lotus portfolio by incorporating WaterSense low-flow water fixtures. By combining electrification, green building design, low-flow plumbing fixtures, and durable, energy-conscious construction, we deliver affordable housing that is not only deeply affordable at the rent roll but also affordable to live in and operate—advancing decarbonization goals while creating healthier, more resilient communities for the residents we serve.

47. Confirm that the Focus on Energy Energy submittal confirmation page has been submitted with this application.

☒ Yes, I confirm

48. If applicable, describe below any other renewable energy systems to be included in the development:

We are planning on a 30kw solar array to be installed on this project.

49. Size of solar array commitment (in Kw): 30

Percentage of total building annual load to be offset via solar: _____ %

Percentage of common area annual load to be offset via solar: _____ %

Describe, if necessary:

No solar offset calculations have been assessed at this point of the project. However, if feasible, we will explore opportunities to add additional solar array capacity to increase Kw production.

50. Indicate sustainable design features and equipment included in the proposed development that will help to reduce fossil fuel consumption, achieve decarbonization, and improve air quality:

Sustainability Design Features & Equipment	YES	Comments
a. Air-source or ground source heat pumps	☐	
b. Full electrification of all appliances and HVAC systems	☒	
c. Electric or heat-pump water heaters	☒	
d. Electric stoves	☒	
e. Installed EV charging station(s)	☒	
f. Battery storage	☐	
g. Other:	☒	Green roofs and native landscaping
h. Other:	☒	WaterSense and low-flow fixtures

51. Parking:

Total number of parking stalls:	120
i. Underground/Wrapped/Podium stalls	120 (25 allocated to Hotel Ruby Marie and 95 to residential)
ii. Surface stalls	
Parking ratio	.48 (95 stalls to 198 units)
Monthly parking cost	0
Will parking cost vary by AMI level	☐ Yes ☒ No

Design & Accessibility

52. What type of required onsite play space will the development have (Non-Age Restricted only)?

☐ Indoor ☒ Outdoor ☐ Both

53. Describe other interior common area amenities that will be available to tenants and guests (e.g., community room(s), lounges on individual floors, additional play spaces, exercise room, business center, etc.):

Lotus Hafen will provide a large clubhouse, large fitness center, community workspace center, lobby seating, indoor bike parking, and the required storage for each unit. Lotus Company is also proud to provide its residents with the protected, indoor parking garage.

54. Describe other exterior amenities that will be available to tenants and guests (e.g., community gardens, patio, green space, etc.):

Our project will provide a several outdoor open spaces including rooftop decks/courtyard spaces and ground level outdoor pedestrian space in the alleyway/"living street". We anticipate these amenity to include open space seating for families and individuals to enjoy the outdoor spaces, including seating, games, outdoor cooking, and a children playspace.

55. For proposals with first floor commercial space, has a use and/or tenant of the space been pre-identified?

☒ Yes ☐ No

If yes, identify the use and describe whether this space will be low/no-cost and/or "neighborhood-serving":

There will be two commercial spaces along the Wilson Street side of our site. We are designing the larger of the two spaces to be occupied by a beer hall operator to continue the existing legacy of the Essen Haus restaurant and bar. The second commercial space will be occupied by our tenant service provider, LSS, offering them a designated onsite space with immediate proximity to tenants.

56. Does the proposed project meet the minimum requirements described in the RFP that at least half of the total units be Type A units or convertible to Type A units?

☒ Yes ☐ No

57. Does the proposed project exceed WHEDA's minimum accessibility design standards?

☒ Yes ☐ No

58. Does the proposed project go above and beyond WHEDA's Universal Design requirements in any way? Describe:

Lotus Company treats WHEDA's universal design and accessibility standards as a floor, not a ceiling. While we meet every requirement — 100% visitable units with accessible routes into each home, accessible toilets and tub/shower configurations, grab-bar reinforcement throughout, low-profile thresholds, lever handles and single-lever faucets, reachable controls, raised outlets, and ground-floor bedroom accessibility — our real goal is to make our developments indistinguishable from market-rate housing. We believe our tenants deserve to live in dignified, high-quality homes that lift them to new heights, and we design and build to that standard at every turn. That commitment shows up in the details: at each step of the process, our team weighs the pros and cons of every material and finish that goes into a project — flooring, cabinetry, fixtures, appliances, countertops, hardware, and building systems — balancing durability, aesthetics, resident health, energy performance, and long-term maintainability to ensure our tenants receive the best affordable product available. Accessibility features are integrated seamlessly and thoughtfully rather than applied as visible, institutional add-ons, so that a home designed for universal access simply reads as a beautiful, comfortable place to live. The result is affordable housing that looks, feels, and functions like the finest market-rate communities — because we are convinced that affordability and quality are not competing priorities, and that the people we serve deserve nothing less than a home they are proud to live in.

59. Describe the development team's approach to inclusion of art and/or other cultural infrastructural in this development:

Lotus Company believes that great affordable housing does more than provide shelter — it contributes to the identity and story of the neighborhood it joins. That is why every development we build incorporates original artwork created by local artists, thoughtfully selected to reflect the historical and cultural context of the surrounding community. Furthermore, the naming and vision for each community is an expression of this artistic approach. In the project's case, "Hafen" is the German word for "Harbor"; connecting the long-time German setting of the site's existing culture with the Essen Haus to the waterfront presence near Lake Monona. The project's artistic vision will incorporate "Hafen" in subtle, yet meaningful way through the common spaces. We anticipate to accomplish this through community engagement to understand the history, character, and the cultural threads that make this neighborhood distinct — drawing on local historical societies, neighborhood associations, and community members who know the area best. Lotus anticipates and will strive to then partner with artists who live and work in the region, commissioning pieces that speak to that specific place rather than applying a generic template. Whether it takes the form of a mural along an activated streetscape, sculptural elements in a shared courtyard or lobby, or integrated design features that honor the site's heritage, the art will be selectively placed throughout the project. By investing in local talent and grounding each installation in genuine community context, we ensure our developments feel authentic to their surroundings, support the regional creative economy, and give residents and neighbors alike a sense of pride and ownership in the place they call home.

Development Team & Financing

60. Describe the Development Team's experience with the unique needs of the Madison affordable housing market. If any development entity does not have experience in the Madison market, describe experience in similar markets:

Although this is the first project developed by the Lotus Company in the Madison market, Lotus has conducted extensive research to understand the city's approach to affordable housing. Furthermore, it is not Lotus's first project in the Great Lakes region as the company has a presence in Ohio with two projects in Columbus and is actively pursuing growth into other cities in the area. Lotus also has experience in cities outside of the Great Lakes Region that express similar needs within the affordable housing crisis such as Salt Lake City and Tampa. We pride ourselves on working hand in hand with communities and municipalities to identify the needs and opportunities that improve every project we participate in. Each region that Lotus enters, despite its location, is experiencing gentrification, rapidly increasing housing costs, displacement of tenants and opportunity in core neighborhoods, and a decreased inventory of high-quality housing. Through its community-level approach, Lotus prides itself in designing to each individual markets' needs.

In Madison, that work is already underway. We have made a concerted effort to engage the people and institutions closest to this site—meeting with the district Alder, coordinating with City officials and staff, and reaching out to community members and the surrounding neighborhood to hear their priorities and concerns firsthand. These conversations have helped us understand not only the technical requirements of developing here, but the aspirations of the people who will live alongside this project. By showing up, listening, and building relationships early, we are becoming attuned to the unique needs of this community and shaping our project accordingly. We bring that same locally grounded, boots-on-the-ground approach to every stage of this development, confident that the face-to-face relationships and firsthand understanding we are building today will translate into a development that genuinely serves the city and its residents.

61. Confirm that the Developer Experience attachment to this application addresses the following information. If it does not, briefly describe experience developing multifamily housing for low-income households in the text box:

- a. Experience obtaining and implementing Low Income Housing Tax Credits; including number, type, and location of proposed and completed LIHTC projects and units developed.
- b. Experience obtaining and implementing any other federal, state, city, and other financing resources, including number, type, and location of proposed and completed projects and units.
- c. Leadership/key development team staff qualifications.
- d. Years the organization has been in existence.
- e. Financial capacity of the organization to secure financing and complete the proposed project.

☒ Yes, I confirm

☐ No, See text box

Please limit responses to two pages if completed within this application as opposed to attachment. Do not duplicate information here and attached.

Attached.

62. Identify all key roles in your project development team, including any co-developers, property management agent, supportive services provider(s), architect, general contractor, legal counsel, and any other key consultants, if known.

Contact Person	Company	Role in Development	E-mail	Phone
Steven Blomquist	Lotus Company	Developer	sblomquist@lotuscompany.com	801-520-7714
Christian Graf	Lotus Company	Developer	cgraf@lotuscompany.com	801-787-0112
Ricky Becerra	Lotus Company	Developer	rbecerra@lotuscompany.com	801-888-0426
Bryan Wrigley	Lotus Company	Developer	bryan@lotuscompany.com	801-834-0456
Bryan Wroten	Lotus General	General Contractor	bwroten@lotusbuilt.com	385-233-8359
Joel M. Koeppen	Kahler Slater	Architect	jkoeppen@kahlerslater.com	414-290-3731
Jonathan Lilley	Vierbicher	Civil Engineer	jlil@vierbicher.com	608-821-3983
Derek Moran	Lutheran Social Services	Supportive Services Provider	derek.moran@lsswis.org	414-246-2300
Heather Ruppert	KMG Prestige	Property Manager	heather.ruppert@kmgprestige.com	989-772-3261
Joseph Shumow	Reinhart Law	Legal Counsel	jshumow@reinhartlaw.com	608-229-2245

63. For the following development team roles, please identify the number and/or percentage of women and persons of color employed by that company or organization as well as the total employees for each firm.

Company	Role in Development	BIPOC		Women		Total Employees
		#	%	#	%	#
Lotus Company	Developer	6	14%	16	37%	43
	Co-Developer					
	Co-Developer					
Lotus General	General Contractor	0	0	1	12%	8
KMG Prestige	Property Manager	176	23%	442	58%	755
Kahler Slater	Architect	17	12%	68	49%	138
Lutheran Social Services	Service Provider	159	19%	645	78%	827

64. Describe the project's organizational structure. Please attach an organizational chart detailing the roles of the applicant, all partnerships, ownership and controlling interest percentages of each entity.

Lotus Advantage Hafen, LLC will serve as the primary ownership entity for this project, or Special Purpose Entity. It will consist of two entities: Lotus Advantage Hafen Managers, LLC, which will act as the managing member, and a to-be-determined Limited Partner serving as the project's Tax Credit Investor. Lotus Advantage Hafen Managers, LLC will hold a 0.01% ownership interest in Lotus Advantage Hafen, LLC while being entitled to 90% of the project's economics, whereas the Limited Partner (Tax Credit Investor) will hold a 99.99% ownership interest in exchange for its capital contribution and will be entitled to 10% of the project's economics. Ownership of the managing member, Lotus Advantage Hafen Managers, LLC consists of the following ownership splits: Wrigley Property LLC (managed by BRW Advisors and 100% owned by Bryan Wrigley Family Trust) at 81%, Taiyo Property Holdings LLC (100% owned by Ellwanger Family Revocable Trust) at 5%, Steven

Blomquist at 5%, Christian Graf at 3%, Rick Watson at 1%, Adam Hughes at 1%, Lindsey Forbes at 1%, Rod Brown at 1%, Chandler Leetzow at 1%, and Carden Likes at 1%.

65. Does this proposal have a non-profit or tribal government lead applicant or codeveloper?

☐ Yes ☒ No

If yes, describe the purpose and mission of the organization as it relates to this proposal:

If yes, describe the non-profit or tribal government role in the development, such as controlling interest, Right of First Refusal, or General Partner Purchase Option. Describe briefly the compensation structure, including percentage of the developer fee allocated. Describe how the non-profit or tribal government will be involved in long-term ownership:

66. Is this proposal led or co-led by an emerging developer and/or ACRE grad as a development partner, codeveloper, employee, or internship opportunity?

☐ Yes ☒ No

If yes, describe the role in the development, such as if they will have a controlling interest, Right of First Refusal, or General Partner Purchase Option. Describe briefly the compensation structure, including percentage of the developer fee allocated. Describe the involvement in long-term ownership:

67. Describe the development team's experience in engaging with Black, Indigenous, Latinx, and/or other historically peripheralized (historically least likely to apply) populations in informing development proposals:

In developing this proposal, members of the Lotus team spent time in Madison learning firsthand about the city, its demographics, and the needs of its most housing-insecure residents, including individuals experiencing homelessness and communities historically underserved by market-rate development. That direct engagement reflects our conviction that the people most affected by the affordable housing crisis — including Black, Indigenous, Latinx, and other historically peripheralized populations — must have a genuine voice in shaping the housing built for them.

Partnership with trusted, community-embedded organizations is how we translate that listening into decisions. Our collaboration with Lutheran Social Services of Wisconsin and Upper Michigan is a direct example. LSS brings established relationships with refugee, immigrant, and other marginalized populations through its resettlement, supportive housing, and service coordination work, and that lived experience and cultural context is informing our unit mix, service model, and design. We will continue engaging culturally specific organizations, neighborhood residents, and City staff so their input meaningfully shapes the final development.

Our team has communicated and coordinated with Alder Mayer to ensure all who are at the neighborhood meetings are able to participate and learn about the project as well as provide feedback. This approach reflects how Lotus works in every market we enter - sustained collaboration with community stakeholders shapes where and how we built to best serve the community.

68. Indicate acceptance of the standard loan terms for this proposal as described in Section V of the RFP.

☒ Yes, I confirm

69. Applicants requesting alternative loan terms and/or wishing to provide additional information regarding financing structure, detail below (including description and justification of the request):

N/A

70. What other major sources of soft funding are being sought for the proposed development (e.g., TIF, Dane County AHDF, Federal Home Loan Bank Affordable Housing Program, Dane Workforce Housing Fund, Housing Trust Funds, etc.)? List the funds, and provide status of those funds/anticipated commitment dates:

We plan on applying for a variety of funding sources including: TIF from the City of Madison (applying in August 2026), Dane County AHDF (applying July 2026), and Infrastructure Access from WHEDA (applying October 2026). Status of funds and commitment dates are simultaneously ongoing through the application process. Estimated to have a better understanding on committed funds by the end of 2026.

71. Describe any terms of anticipated funding sources that are incongruent with this RFP:

N/A

72. For each development partner with any ownership interest in any project currently underway or completed, list the following information and provide a current status for the team member and/or any related entity, as applicable:

1. List any foreclosure, default, or bankruptcy within the past ten years.
2. List any litigation completed, pending, or underway in relation to any financing or construction project within the past five years.
3. List any Chronic Nuisance Abatement or Nuisance Case notifications issued by Madison Police Department and/or Building Inspection in the past five years
4. List any unresolved Building Inspection citations resulting in a Municipal Court Complaint in the past five years
5. List any litigation in the past five years with the City of Madison, including but not limited to Federal, State, or Municipal Court proceedings
6. List any litigation in the past five years in the State of Wisconsin, including but not limited to Federal, State, or Municipal Court proceedings

N/A

Timeline

73. List the estimated/target completion dates, or actual completion dates where applicable, associated with the following activities. Reference Attachment A of the RFP for deadlines by which these activities must be completed.

Activity/Benchmark	Estimated Date of Completion
Draft Site Plan Ready to Submit to Dev. Assistance Team (DAT)	7/2/2026
1 st Development Assistance Team Meeting	7/9/2026
1 st Neighborhood Meeting	8/12/2026
Submission of Land Use Application	9/8/2026
Plan Commission Consideration	11/30/2026
Urban Design Commission Consideration, if applicable	9/23/2026
Initial Project Concept Application to WHEDA	11/2/2026
Full LIHTC Application to WHEDA	2/5/2027
Anticipated WHEDA Award/Commitment	4/30/2027
Complete Equity & Debt Financing	6/30/2027
Acquisition/Real Estate Closing	7/1/2027
Rehab or New Construction Bid Publishing	6/30/2027

Activity/Benchmark	Estimated Date of Completion
New Construction/Rehab Start	8/15/2027
Begin Lease-Up/Marketing	3/15/2029
New Construction/Rehab Completion/ Certificates(s) of Occupancy Obtained	8/15/2029
Complete Substantial Lease-Up	5/15/2030
Request Final AHF Draw	5/15/2030

References

74. Please list at least three municipal/financing references who can speak to work on similar developments completed by your team:

Name	Relationship	Email Address	Phone
Matt Knipprath	Director of Citi Community Capital, CitiBank	matt.knipprath@citi.com	805-368-8713
Jenn Schumann	PAB Program Manager, Housing and Community Development	jdschumann@utah.gov	385-584-9716
Anna Sullivan	Housing Credit Allocation Manager, Utah Housing Corporation	asullivan@uthc.org	801-902-8244

APPLICANT & PROJECT NAME:

LOTUS COMPANY | LOTUS HAFEN

1. CAPITAL BUDGET

Enter ALL proposed project funding sources.

FUNDING SOURCES

Source	Amount	Non-Amortizing (Y/N)	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service	Financing Approval Anticipated (Mo/Yr)
Permanent Loan-Lender Name:							
TBD Lender (Tax Exempt)	\$ 24,095,140	N	6.41%	16	40	\$1,673,269	7/2026
Subordinate Loan 1-Lender Name:							
Subordinate Loan 2-Lender Name:							
Tax Exempt Loan-Bond Issuer:							
City Request (AHF, HOME, TIF)							
AHF	\$ 2,000,000	N	2.75%	16	30	\$97,978	12/2026
Subordinate TIF Loan-Lender Name:							
City of Madison TIF	\$ 1,500,000	Y	0.00%	30	0	\$0	12/2026
AHP Loan (List FHLB):							
Dane County AHDF:							
AHDF	\$ 6,000,000	Y	0.00%	0	0	\$0	12/2026
Other-Specify Lender/Grantor:							
AHF Promisory Note	\$ 2,000,000	Y	0.00%	0	0	\$0	12/2026
Other-Specify Lender/Grantor:							
Infrastructure Grant WHEDA	\$ 500,000	N	0.00%	16	30	\$16,667	7/2027
Tax Credit Equity	\$ 34,353,274						
Historic Tax Credit Equity (Fed and/or State)							
Deferred Developer Fees	\$ 4,976,085						
Owner Investment	\$ 100						
Other-Specify:							
Bond Reinvestment Proceeds, Imputed Interest	\$ 4,706,857						
Total Sources	\$ 80,131,456						

Do you plan on submitting an application for TIF?

Yes

1500000

Construction Financing			
Source of Funds	Amount	Rate	Term (Months)
Construction Loan 1-Lender Name:			
TBD Lender (Taxable)	\$ 45,335,682	5.96%	36
Construction Loan 2-Lender Name:			
Construction Loan 3-Lender Name:			
Construction Loan 4-Lender Name:			
Bridge Loan-Lender Name:			
Housing Tax Credit Equity:			
Historic Tax Credit Equity:			
Other-Specify:			

Total	\$ 45,335,682
--------------	----------------------

Estimated pricing on sale of Federal Tax Credits: \$ 0.80

Estimated pricing on sale of State Tax Credits: \$ 0.82
(if applicable)

Remarks Concerning Project Funding Sources:

The financing is utilizing Federal 4% LIHTC, Wisconsin State 4% LIHTC, tax exempt bonds, and assumes soft funding from AHF, AHDF, TIF, Infrastructure (WHEDA), bond reinvestment proceeds, imputed interest on equity, and cash flow during construction/lease-up. We have debt term sheets from several lenders and are actively working on tax credit investor term sheets as we build our WHEDA application.

APPLICANT:

LOTUS COMPANY

2. PROJECT EXPENSES

Enter the proposed project expenses

Acquisition Costs	Amount
Land	\$7,500,000
Existing Buildings/Improvements	\$0
Other (List)	
	\$0

Construction:	
Construction/Rehab Costs	\$37,073,000
E - Equipment & Furnishings	\$0
F - Special Construction & Demolition	\$500,000
Accessory Buildings	\$0
Personal Property/FF&E	\$500,000
Site Work Costs (on-site & off-site)	\$2,970,000
Landscaping	\$0

Contractor Fees:	
General Requirements	\$2,376,000
Construction Overhead	\$425,383
Construction Profit	\$1,276,150
Construction Supervision	\$0

Contingency Funds:	
Construction Contingency	\$2,938,320
Other Contingency	\$158,361

Construction Period Expenses/Soft Costs:	
Construction Loan Origination Fee	\$326,678
Construction Loan Credit Enhancement/LOC	\$0
Cost of Bond Issuance	\$406,028
Bridge Loan Fees and Expenses	\$0
Construction Loan Interest	\$4,048,186
Construction Loan Origination Fee	\$0
Construction Period Real Estate Taxes	\$210,066
Title and Recording	\$168,666
Builder's Risk/Property Insurance	\$705,157
Temporary Relocation Assistance	\$0
Permanent Relocation Assistance	\$0
Other Interim/Construction Costs (list)	
	\$0

Permanent Financing Expenses:	
Permanent Loan Origination Fee	\$240,951
Credit Enhancement	\$0
Other Permanent Loan Fees	\$134,000
Legal Fees - Real Estate	\$150,000

Architectural & Engineering:

<---

If applicable, please list the costs attributable to "above and beyond" green building/Net Zero construction components included in the Construction Costs line item:

See row 52.

Total Cost:

\$0

Architect - Design	\$533,863
Architect - Supervision	\$177,188
Engineering	\$321,900
Survey	\$13,350
Other Architect/Engineering (list)	
Interior Design, Energy Star Cert	\$139,005
Syndication Fees & Expenses:	
Organizational Fees	\$81,000
Other Syndication Costs (list)	
Imputed Interest	\$937,844
Capitalized Reserves:	
Operating Reserve	\$1,155,692
Replacement Reserve	\$0
Lease-Up Reserve	\$419,772
Debt Service Reserve	\$0
Capital Needs Reserve	\$0
Other Reserves	\$0
Escrows	\$0
Other Capitalized Reserves (list)	
Interest Reserve Contingency	\$404,819
Reports, Studies & Related Work:	
Appraisal	\$8,500
Market Study	\$15,000
Environmental Reports	\$13,295
Capital Needs Assessment Report	\$0
Other (list)	
Due Diligence Reports (Geotech, etc.)	\$199,500
Other Soft Costs:	
Tax Credit Fees - Application	\$2,500
Tax Credit Fees - Compliance	\$5,000
Tax Credit Fees - Allocation	\$484,350
Permits & impact fees - water, sewer, etc.	\$981,338
Cost Certification/Accounting fees	\$100,000
Lease-Up Period Marketing	\$0
Title Insurance and Recording	\$0
Capital Needs Assessment (rehab only)	\$0
Legal	\$125,000
Other (list)	
Short-Term Bond Interest	\$2,311,650
Developer Earned Fees & Expenses:	
Developer's Fee	\$9,593,942
Developer Overhead	
Consultant Fees	\$0
Other fees (list)	
	\$0
Total Costs:	\$80,131,456

APPLICANT: **LOTUS COMPANY**

3. PROJECT PROFORMA

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Gross Income	3,577,348	3,648,895	3,721,872	3,796,310	3,872,236	3,949,681	4,028,674	4,109,248	4,191,433	4,275,262	4,360,767	4,447,982	4,536,942	4,627,681	4,720,234	4,814,639
Less Vacancy/Bad Debt	178,867	182,445	186,094	189,815	193,612	197,484	201,434	205,462	209,572	213,763	218,038	222,399	226,847	231,384	236,012	240,732
Income from Non-Residential Use*	334,284	340,970	347,789	354,745	361,840	369,077	376,458	383,987	391,667	399,500	407,490	415,640	423,953	432,432	441,081	449,902
Total Revenue	3,732,764	3,807,420	3,883,568	3,961,239	4,040,464	4,121,273	4,203,699	4,287,773	4,373,528	4,460,999	4,550,219	4,641,223	4,734,048	4,828,729	4,925,303	5,023,809
Expenses:																
Office Expenses and Phone	202,158	208,223	214,469	220,904	227,531	234,357	241,387	248,629	256,088	263,770	271,683	279,834	288,229	296,876	305,782	314,956
Real Estate Taxes	420,132	432,736	445,718	459,090	472,863	487,048	501,660	516,710	532,211	548,177	564,623	581,561	599,008	616,978	635,488	654,552
Advertising, Accounting, Legal Fees	21,582	22,229	22,896	23,583	24,291	25,019	25,770	26,543	27,339	28,160	29,004	29,875	30,771	31,694	32,645	33,624
Payroll, Payroll Taxes and Benefits	207,900	214,137	220,561	227,178	233,993	241,013	248,243	255,691	263,361	271,262	279,400	287,782	296,416	305,308	314,467	323,901
Property Insurance	128,700	132,561	136,538	140,634	144,853	149,199	153,675	158,285	163,033	167,924	172,962	178,151	183,495	189,000	194,670	200,510
Mtc, Repairs and Mtc Contracts	134,838	138,883	143,050	147,341	151,761	156,314	161,004	165,834	170,809	175,933	181,211	186,647	192,247	198,014	203,955	210,073
Utilities (gas/electric/fuel/water/sewer)	257,400	265,122	273,076	281,268	289,706	298,397	307,349	316,570	326,067	335,849	345,924	356,302	366,991	378,001	389,341	401,021
Property Mgmt	130,647	134,566	138,603	142,761	147,044	151,455	155,999	160,679	165,499	170,464	175,578	180,846	186,271	191,859	197,615	203,543
Operating Reserve Pmt		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	59,400	61,182	63,017	64,908	66,855	68,861	70,927	73,055	75,246	77,504	79,829	82,223	84,690	87,231	89,848	92,543
Support Services	127,133	130,947	134,875	138,921	143,089	147,382	151,803	156,357	161,048	165,879	170,856	175,982	181,261	186,699	192,300	198,069
Other (List)																
WHEDA Compliance Monitoring	5,940	6,118	6,302	6,491	6,686	6,886	7,093	7,305	7,525	7,750	7,983	8,222	8,469	8,723	8,985	9,254
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1,695,830	1,746,705	1,799,106	1,853,079	1,908,671	1,965,932	2,024,909	2,085,657	2,148,226	2,212,673	2,279,053	2,347,425	2,417,848	2,490,383	2,565,095	2,642,048
Net Operating Income	2,036,934	2,060,715	2,084,462	2,108,160	2,131,793	2,155,342	2,178,789	2,202,116	2,225,302	2,248,326	2,271,165	2,293,798	2,316,200	2,338,345	2,360,208	2,381,762
Debt Service:																
First Mortgage	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269
Second Mortgage	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978
Other (List)																
Infrastructure (WHEDA)	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914
Total Annual Cash Expenses	3,483,744	3,534,619	3,587,020	3,640,993	3,696,586	3,753,846	3,812,824	3,873,571	3,936,141	4,000,588	4,066,968	4,135,339	4,205,762	4,278,298	4,353,009	4,429,962
Total Net Operating Income	249,020	272,800	296,548	320,246	343,878	367,427	390,875	414,202	437,387	460,411	483,251	505,884	528,285	550,431	572,294	593,847
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	249,020	272,800	296,548	320,246	343,878	367,427	390,875	414,202	437,387	460,411	483,251	505,884	434,154		0	0
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	94,131	550,431	572,294	593,847
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

*Including commercial tenants, laundry facilities, vending machines, parking spaces, storage spaces or application fees.

DCR Hard Debt	1.15	1.16	1.18	1.19	1.20	1.22	1.23	1.24	1.26	1.27	1.28	1.30	1.31	1.32	1.33	1.34
DCR Total Debt	1.14	1.15	1.17	1.18	1.19	1.21	1.22	1.23	1.24	1.26	1.27	1.28	1.30	1.31	1.32	1.33

Assumptions

Vacancy Rate	5.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

*Please list all fees (per unit per month) and non-residential income:

1. Assumes Internet income (\$75/Month with 70% capture

APPLICANT:

LOTUS COMPANY

3. PROJECT PROFORMA (cont.)

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Income	4,910,932	5,009,150	5,109,333	5,211,520	5,315,750	5,422,065	5,530,507	5,641,117	5,753,939	5,869,018	5,986,398	6,106,126	6,228,249	6,352,814
Less Vacancy/Bad Debt	245,547	250,458	255,467	260,576	265,788	271,103	276,525	282,056	287,697	293,451	299,320	305,306	311,412	317,641
Income from Non-Residential Use*	458,900	468,078	477,440	486,989	496,728	506,663	516,796	527,132	537,675	548,428	559,397	570,585	581,997	593,636
Total Revenue	5,124,285	5,226,771	5,331,306	5,437,933	5,546,691	5,657,625	5,770,778	5,886,193	6,003,917	6,123,995	6,246,475	6,371,405	6,498,833	6,628,810
Expenses:														
Office Expenses and Phone	324,404	334,136	344,160	354,485	365,120	376,073	387,356	398,976	410,946	423,274	435,972	449,051	462,523	476,399
Real Estate Taxes	674,189	694,415	715,247	736,704	758,806	781,570	805,017	829,167	854,042	879,664	906,054	933,235	961,232	990,069
Advertising, Accounting, Legal Fees	34,633	35,672	36,742	37,844	38,979	40,149	41,353	42,594	43,872	45,188	46,544	47,940	49,378	50,859
Payroll, Payroll Taxes and Benefits	333,618	343,627	353,936	364,554	375,491	386,755	398,358	410,309	422,618	435,296	448,355	461,806	475,660	489,930
Property Insurance	206,526	212,721	219,103	225,676	232,447	239,420	246,603	254,001	261,621	269,469	277,553	285,880	294,456	303,290
Mtc, Repairs and Mtc Contracts	216,375	222,867	229,553	236,439	243,532	250,838	258,364	266,114	274,098	282,321	290,790	299,514	308,500	317,755
Utilities (gas/electric/fuel/water/sewer)	413,051	425,443	438,206	451,352	464,893	478,840	493,205	508,001	523,241	538,938	555,107	571,760	588,913	606,580
Property Mgmt	209,650	215,939	222,417	229,090	235,963	243,041	250,333	257,843	265,578	273,545	281,752	290,204	298,910	307,878
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	95,320	98,179	101,125	104,158	107,283	110,501	113,817	117,231	120,748	124,370	128,102	131,945	135,903	139,980
Support Services	204,011	210,131	216,435	222,928	229,616	236,504	243,600	250,908	258,435	266,188	274,173	282,399	290,871	299,597
Other (List)														
WHEDA Compliance Monitoring	9,532	9,818	10,112	10,416	10,728	11,050	11,382	11,723	12,075	12,437	12,810	13,194	13,590	13,998
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	2,721,309	2,802,948	2,887,037	2,973,648	3,062,857	3,154,743	3,249,385	3,346,867	3,447,273	3,550,691	3,657,212	3,766,928	3,879,936	3,996,334
Net Operating Income	2,402,976	2,423,823	2,444,270	2,464,285	2,483,834	2,502,882	2,521,392	2,539,326	2,556,644	2,573,304	2,589,264	2,604,477	2,618,897	2,632,476
Debt Service:														
First Mortgage	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269	1,673,269
Second Mortgage	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978	97,978
Other (List)														
Infrastructure (WHEDA)	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914	1,787,914
Total Annual Cash Expenses	4,509,223	4,590,863	4,674,951	4,761,562	4,850,772	4,942,657	5,037,300	5,134,781	5,235,187	5,338,605	5,445,126	5,554,842	5,667,850	5,784,248
Total Net Operating Income	615,062	635,908	656,355	676,370	695,920	714,968	733,478	751,412	768,730	785,390	801,349	816,562	830,983	844,561
Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	615,062	635,908	656,355	676,370	695,920	714,968	733,478	751,412	768,730	785,390	801,349	816,562	830,983	844,561
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0

*Including laundry facilities, vending machines, parking spaces, storage spaces or application fees.

DCR Hard Debt	1.36	1.37	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49
DCR Total Debt	1.34	1.36	1.37	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.46	1.47

Assumptions

Vacancy Rate	5.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

2026 Affordable Rental Housing Development-Tax Credit RFP

Supplemental Application Questions

Lotus Company

Lotus Hafen

Response Submission Due Date: August 28, 2026 @ NOON

Instructions to Applicants:

Please respond briefly and succinctly to the questions below, in-line, unless otherwise specified (e.g. if additional documentation is requested), with a maximum 1/3 page response per question. Use this Word document to record your answers and return this completed document to cddapplications@cityofmadison.com with cc: to mfrater@cityofmadison.com. Please refrain from submitting additional documentation not specifically requested at this time or using alternative formats.

Questions:

A. Geographic Eligibility/Proposed Site

- 1. No questions.**

B. Planning Principles & Consistency

- 1. Further (and briefly) describe feedback received at the Development Assistance Team (DAT) meeting.**

The DAT meeting (7/9) feedback was generally positive. Landmarks is focused on the exterior facades of the buildings and how the development team intends to incorporate the historical requirements into the design. Additionally, the preservation and reuse of the existing facade materials of the building on Wilson Street was discussed in detail and it is noted that this is an important requirement by the Landmarks department. Engineering noted the requirement for a development agreement covering streets/sidewalks and a direct connection to storm/sanitary sewer systems. Parking required a TDM plan, which has already been sent to their team.

- 2. Provide an overview of the feedback and comments received at the Neighborhood Meeting.**

The 8/12 neighborhood meeting was informative and well-attended. City Planner Tim Parks walked attendees through the entitlement process and general site information. Our team focused our presentation on discussing our background as developer, the type of projects we build, and important project information. Public comments focused included the following: parking, height, street activation, traffic, shade impacts, supportive services, and property management. The overall sentiment favored the proposed affordable housing redevelopment of the site, as we continue through the design process, we will ensure that public opinion and feedback are crucial elements of our proposal and entitlement process.

- 3. In Question 15 you identified that this proposal will not need a Conditional Use Permit. Please confirm based on your current understanding.**

At the time of our AHF application submission, our understanding of this requirement was prior to having a new entitlement path confirmed with City staff. Based on subsequent coordination with City staff and our project design team, this proposal will require a Conditional Use Permit. This CUP will allow the utilization of affordable housing bonus stories (in accordance with Ordinance 23-00043, Section 2.A), a building greater than 20,000 SF, and a building with more than four stories in height. In coordination with the City, the project's design aligns with all requirements set forth pertaining to the CUP conditions.

C. Unit Mix & Affordability

- 1. In Question 1, the type of project is not selected. Confirm that this is a family/non-age restricted proposal.**

Confirmed, this is a family, non-age restricted proposal.

- 2. This is the sole proposal that did not elect a permanent period of affordability. Please detail your considerations in selecting a 40-year period of affordability.**

Based on AHF feedback and internal review, we are electing a permanent period of affordability and will incorporate that into any necessary application or documentation updates.

- 3. Confirm your new proposed unit mix using the attached table, by unit type and affordability level.**

ADDRESS #1:		134 S. Blair Street, Madison, WI 53703									
							Projected Monthly Unit Rents, Including Utilities				
							Utilities included: ☒ Water/Sewer ☒ Electric ☐ Gas ☐ Free Internet In-Unit ☒ Washer/Dryer ☐ Other: _____				
		# of Bedrooms					UA Studio: \$69	UA 1 BR: \$78	UA 2 BR: \$102	UA 3 BR: \$127	UA 4 BR: \$
% of Area Median Income (AMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent Studios	\$ Rent 1 BRs	\$ Rent 2 BRs	\$ Rent 3 BRs	\$ Rent 4 BRs
≤30%	48	11	21	10	6	0	642	683	811	928	
40%	0	0	0	0	0	0					
50%	48	11	21	10	6	0	1,116	1,191	1,420	1,632	
60%	48	11	21	10	6	0	1,351	1,445	1,725	1,984	
Affordable Sub-total	144	33	63	30	18	0					
80%	46	9	15	16	6	0	1,664	1,929	2,314	2,674	
Market*	0	0	0	0	0	0					
Total Units	190	42	78	46	24	0	Notes/Utility Allowance Assumptions:				

							Utilities Allowance Used: ☐ CDA ☒ DCHA
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D. Property Management

- 1. Confirm that the answer to Question 28 refers to turnover in 2025. If the listed turnover is for 2024 as written, please submit the value for 2025.**

Confirmed and verified with property management team – turnover reported in Question 28 reflects 2025 data.

- 2. What % FTE will onsite property management be at the property?**

Onsite property management is expected to consist of 2 FTE, 100% will be on site. The Regional Property Manager will be onsite at least once a month – with the ability to increase frequency if required.

- 3. Which hours do you anticipate onsite property manager will be available at the property?**

Our onsite property manager standard hours are Monday to Friday from 8:00 AM–5:00 PM with the ability for additional flexibility if required.

- 4. What % FTE and hours do you anticipate the Maintenance staff will be on-site?**

Maintenance staff is expected to consist of 2 FTE, onsite during standard weekly work hours, with after-hours emergency response coverage.

E. Supportive Housing Units

- 1. Clarify your answer to Question 31 regarding a hard set-aside of supportive housing units (units to be permanently held open until filled via referral):**
 - i. WHEDA no longer includes Supportive Housing as an eligible category of their 2027-2028 QAP. To address WHEDA's shift away from Supportive Housing, please confirm that you will commit to a hard set-aside within City loan documents.**

Yes – while WHEDA no longer includes Supportive Housing as an eligible category in the latest 2027-2028 QAP, we remain committed to providing a hard set-aside of supportive housing units within the development. We are willing to memorialize this commitment within the City's loan documents and comply with the City's requirements regarding referrals, unit designation, and ongoing compliance throughout the affordability period.

- ii. You identified 40% of Supportive Housing Units that you would commit as a hard set-aside. Confirm that this represents a commitment of 16 total units, split proportionately such that 12 units will be hard-set aside for referral for persons experiencing homelessness, and 4 to be held for HUD-VASH.**

Confirmed – with our new proposed unit mix, the set-aside units will be 38 (20% of 190), with a hard set-aside of 15 units. Split proportionately as 12 units hard-set-aside for referral of persons experiencing homelessness and 3 units held for HUD-VASH.

- 2. 40 supportive housing units for 1 FTE service coordinator is a larger caseload than we see typically. Your application states that if the caseload exceeds HUD recommended levels, that your model remains responsive. Please describe the meaning of “responsive”, specifically identifying any service reserve, developer fee, or operating revenue that is targeted to increase Support Service staffing if necessary.**

The project includes a dedicated supportive services budget of \$124,031 annually, escalating at 3%, to fund service coordination provided by LSS. The initial staffing model includes one full-time, on-site Service Coordinator dedicated to the project's 38 supportive housing units. As outlined in LSS's commitment letter, LSS has the capacity to adjust staffing resources if resident needs or caseloads exceed anticipated levels, especially during lease-up. Service utilization and caseloads will be monitored on an ongoing basis by LSS, KMG Prestige, and ownership, and staffing can be increased as required. To support this commitment, ownership has also increased the project's operating reserve to include an additional year of Service Coordinator salary and benefits, providing a dedicated funding source to add service coordination capacity. In this context, "responsive" means the partnership has both the operational framework and financial resources to adjust staffing levels and maintain supportive services.

- 3. Your application identifies that “[an accepted supportive service referral] may be able to find tenancy at the development if there is a unit available” if they are above 30% AMI. As City loan documents do not intend to restrict Supportive Housing Units to specific AMI bands, please describe how property management and the Support Service Coordinator will work together to ensure there are appropriate units available for referred applicants.**

Property management and LSS will work in close coordination to maintain the project's supportive housing set-aside and ensure appropriate units are available for referred households. LSS will refer eligible households through Coordinated Entry and other established referral channels, while KMG will track unit availability and anticipated turnover. As supportive housing units become available, KMG will notify LSS and work collaboratively to identify qualified referrals and will utilize a coordinated lease-up and referral process. Maintain ongoing communication regarding vacancies and conducting regular check-in meetings to review referral activity and unit availability is expected. When a supportive housing unit becomes vacant, it will remain designated for supportive housing referrals and be filled through the agreed-upon referral process. Referred households above 30% AMI will continue to be considered for available supportive housing units consistent with City requirements and the project's Supportive Services Plan.

4. Support services are listed at a staffing level of 1 FTE. Confirm this is 1 FTE onsite. If not fully onsite, what is the Support Service Provider's remote work policy for service coordinators?

The project will have one dedicated on-site, full-time (1.0 FTE), Service Coordinator assigned to the project through LSS. The Service Coordinator will provide 40 hours per week of service coordination dedicated to the project and will operate from a dedicated on-site office within the development. Resident-facing services, including case management, housing stabilization support, referrals to community resources, and coordination with property management, will be delivered primarily on-site to ensure consistent accessibility for residents. The development team is working with the design team to design dedicated office space for LSS staff to be in a private yet inclusive setting for residents.

F. Sustainability & Resilience

1. The City requires awardees to continue working with Focus on Energy's New Construction Energy Design Assistance throughout the building design process as described in Attachment A. The City will incorporate commitments into the term sheet.

a. Have you received the Final Bundle Requirements Document (BRD)?

Currently, we have only received the Preliminary Bundle Requirements Document. We have not yet received the Final Bundle Requirements Document. The development team has been actively coordinating with Focus on Energy Outreach Specialists throughout the design process and intends to continue participating in the New Construction Energy Design Assistance program. Upon receipt of the Final Bundle Requirements Document, we will review the recommendations with our design team and work collaboratively with the City and Focus on Energy to incorporate feasible energy-efficiency and resilience measures into the project. This will be finalized with further design progress and will be communicated to all stakeholders.

b. What percentage of projected Energy Use Intensity (EUI) savings calculated over baseline energy code is anticipated? _%

Based on the Preliminary Bundle Requirements Document, the project is currently anticipated to achieve a 27% reduction in EUI compared with the baseline energy code. An updated EUI savings estimate will be provided upon receipt of the Final BRD and as project design progresses.

c. What is the highest feasible Bundle Level to which this project can commit?

Based on the Preliminary Bundle Requirements Document prepared through Focus on Energy's Energy Design Assistance process; the project is currently anticipated to achieve approximately 27% EUI savings over the baseline energy code. The development team intends to maintain and improve upon this performance as design progresses and will continue working with Focus on Energy to identify the highest feasible bundle level and energy-efficiency measures that can be incorporated while maintaining project financial feasibility. Our current collaboration with

Focus on Energy indicates that we are still in an early stage of design and are not able to finalize a bundle – however, our team intends to pursue the highest and economically feasible option.

- 2. Describe the space heating and cooling systems of the building(s), including any whole-building and in-unit systems and their fuel source(s). Specify whether each apartment control its own temperature and if programmable thermostats will be included.**

Based on the current Focus on Energy Preliminary BRD, the project is anticipated to utilize an all-electric HVAC system. Residents will have individual control of in-unit temperatures through Wi-Fi enabled and programmable thermostats designed to support both resident comfort and energy efficiency. The enclosed parking garage is anticipated to utilize a dedicated ventilation system with CO-sensor controls to reduce energy consumption during periods of low demand. Final system specifications remain to be finalized as continued design development and coordination with the project mechanical engineer and Focus on Energy progresses. The development team has historically prioritized high-efficiency building systems and resident-controlled HVAC design as part of its approach to sustainability, energy performance, and resident comfort on all past and current projects.

- 3. How many EV charging stations will be installed on-site, and how many plugs will each station have? Will they be level 1, 2, or 3? Will charging be free to tenants?**

The project includes seven (7) installed EV charging stalls and fourteen (14) EV-ready stalls within the parking structure. This approach provides immediate EV charging capacity for residents while also positioning the development to accommodate future demand through pre-installed EV infrastructure. These features complement the project's all-electric building design and broader sustainability objectives. The chargers will be Level 2 chargers, which is suitable for overnight charging. EV charging will be free to tenants.

- 4. The application indicates that the proposed development will pursue Wisconsin Green Built Gold Plus, Enterprise 2020 Green Communities Certification Plus 5.4B Criterion, and Energy Star Multifamily New Construction. Will the project complete the formal certification process for all three programs?**

Yes, the project intends to complete the formal certification process for Wisconsin Green Built Gold Plus, Enterprise Green Communities Criterion 5.4B, and Energy Star Multifamily New Construction. These certifications are consistent with the project's sustainability objectives, including all-electric building systems, participation in the Focus on Energy New Construction Energy Design Assistance program, projected EUI reductions, and incorporation of other energy-efficient building features. Certification efforts will continue throughout design, construction, and project completion. Our development budget contemplates sustainability certification review costs for the three programs.

- 5. The minimum solar threshold for this RFP is 30kW, and the proposal indicates the potential for additional capacity. Please include an updated estimate of the installed solar capacity.**

The project currently contemplates installation of a minimum 30 kW solar array, consistent with the application submission. As design development continues to progress, the development team will evaluate opportunities to expand solar capacity. Subject to final funding awards, construction pricing, and overall project budget considerations, the installed solar capacity may increase beyond the minimum threshold and could potentially be expanded to approximately 60 kW. Final system sizing will be determined as part of the project's ongoing design and financing process.

G. Design & Accessibility

- 1. Please explain the lease-up assumptions for the commercial space and how the operating proforma would be affected if the commercial space leases more slowly or at lower rents than currently projected.**

The development team has underwritten the city zoning required commercial space based on comparable lease rates from similar developments within the downtown Madison submarket. Leasing efforts will begin in advance of construction completion to minimize downtime between delivery and occupancy. We intend to engage an experienced leasing team with a proven track record in the Madison market. The project also benefits from a highly visible location with access to nearby employment, residential density, and neighborhood amenities that support retail tenant demand. A slower lease-up of the commercial space would reduce ancillary commercial revenue and modestly impact NOI and debt-service coverage during the initial stabilization period. Lower lease rates below underwriting assumptions would reduce commercial revenue over the operating period and result in lower ongoing NOI. Because the commercial component represents a lesser portion of the project's overall revenue, delays in commercial lease-up or lower than projected lease rates would not be expected to affect residential stabilization, LIHTC equity delivery, or the project's ability to satisfy lender and investor requirements.

H. Development Team & Financing

- 1. Capital Budget – Sources:**
 - a. Given the number and timing of financing sources in the project, detail the anticipated construction-period funding sequence of drawdowns, including the taxable construction loan, tax-exempt financing, LIHTC equity installments, AHF, AHDF, TIF, WHEDA infrastructure funding, deferred developer fee, and other sources.**

The final sequence of drawdowns with lenders, tax credit investors, WHEDA, and public funding partners will be coordinated and finalized at closing. Current underwriting assumes that at closing, a LIHTC equity installment funds simultaneously with the Madison TIF contribution,

WHEDA Infrastructure funding, the amortizing portion of the AHF Cash Flow Note, and an initial taxable construction loan will be drawn. During the construction period, funding is carried out primarily by the taxable construction loan and short-term bond proceeds, disbursed in proportion to construction progress. The AHF long-term deferred promissory note is anticipated to fund early in construction, followed shortly after by the AHDF Cash Flow Note, tied to specific project milestones per their respective funding agreements. At lease-up, a second LIHTC equity installment funds, at Conversion the third LIHTC equity installment funds. The final LIHTC equity installment funds at 8609. The deferred developer fee will also serve as a subordinate source, contributed to support project completion and stabilization, with repayment structured over the operating period. We understand that 90% of AHF, AHDF, and TIF funds are available at closing with the remainder to be funded at completion.

2. Capital Budget – Uses:

- a. The acquisition cost on a per-unit basis appears unusually high compared with other affordable housing developments in the Madison downtown market.**
 - i. Please provide additional context regarding basis for the acquisition price, including the value attributable to the land versus existing improvements. If an appraisal has already been completed, please submit it at this time.**

The acquisition cost reflects the unique characteristics of this downtown Madison redevelopment opportunity and was established through an arm's-length transaction. The property is under contract for \$7.5M and was independently appraised at \$8.08M, placing the purchase price below appraised value. The appraisal separately evaluated the proposed income-restricted development and hypothetical unrestricted scenarios, allowing the valuation to reflect the proposed LIHTC structure while also considering the site's unrestricted market potential. The per unit land basis is impacted by several site-specific constraints, including zoning height restrictions, the required mid-block "Living Street" (a loss of 0.30 acres of buildable space), required ground-floor commercial space, and historic preservation requirements. These constraints reduce the site's residential capacity by approximately 70 units. If those units could be developed, the land basis would equate to approximately \$28,846 per unit, which is consistent with the range typically observed for affordable housing developments in Madison. The acquisition price reflects the scarcity and value of large redevelopment sites in the Downtown Madison submarket. The appraisal will be included in this response.

- b. There is \$158,361 listed as "other contingency". Please briefly detail what is accounted for in this contingency.**

The \$158,361 amount shown in the submitted capital budget is a development soft-cost contingency calculated as a percentage of applicable soft costs. It is intended to cover unforeseen design, consultant, permitting, coordination, and other development related soft costs.

3. Operating Proforma:

- a. Please explain the rationale for modeling a 5% vacancy rate for this proposal, or resubmit with a 7% vacancy rate assumption.**

The 5% vacancy assumption is supported by the project's third-party market study and the operating performance of the comparable properties surveyed. The market study reports vacancy rates among the comparable properties ranging from 0% to 9.5%, with an overall weighted average vacancy rate of 2.5%. LIHTC comparables were particularly strong with one comparable property being fully occupied, and a weighted average vacancy rate of 1.4%, with most maintaining waiting lists. Based on the performance of these comparable LIHTC properties and the study's conclusion that there is adequate demand for the proposed project, we believe a 5% stabilized vacancy assumption is reasonable and sufficiently conservative underwriting.

- b. The project begins with relatively modest total debt-service coverage before improving over time, even with 5% vacancy assumptions.**

- i. Please explain the operating cushion assumed during lease-up/stabilization and any lender or investor requirements that are intended to mitigate early-year operating risk.**

The development budget includes reserves to mitigate operating risk during lease-up, stabilization, and the overall early operating period. This includes a lease-up reserve, calculated to cover the cumulative operating deficits projected in the monthly lease-up model plus an additional two additional months of stabilized operating expenses. The budget also includes an operating deficit reserve, equal to four months of stabilized operating expenses and modeled debt service. Together, these reserves provide liquidity to address slower-than-projected absorption or early operating underperformance while the property reaches stabilized occupancy and debt-service coverage. These reserves are typically standard underwriting requirements by our lenders and investors across all of our LIHTC projects.

- c. Please detail the non-residential and ancillary-income assumptions in the operating pro forma, including commercial rent, internet revenue, parking, and other resident fees.**

Non-residential and ancillary-income assumptions come from internet revenue, pet rent, commercial rent, and other resident fees. Internet revenue is underwritten at \$75 per unit with a 70% capture rate, pet rent is underwritten at \$45 per unit with a 20% capture rate, commercial rent at \$30 per SF, and other income at \$35 per unit with a 100% capture rate (these include standard charges like lock changes, damage, and cleaning fees). No separate parking income is currently included in the operating proforma.

4. Will this development, if awarded credits and City financing, opt-in to WHEDA's Strategic Business Program?

Yes, the development team intends to opt into WHEDA's Strategic Business Program. We recognize the value of expanding opportunities for qualifying businesses and will work with the local general contractor and project team to identify participation opportunities throughout procurement and construction. At the same time, all contract awards will continue to be evaluated based on overall project needs, including qualifications, scope, pricing, schedule, and the project's budgetary constraints. The development team will make a good-faith effort to pursue Strategic Business Program participation while maintaining responsible stewardship of project resources and ensuring the financial feasibility of the development.