TAREEN DEVELOPMENT PARTNERS

September 11, 2025 **SENT VIA EMAIL**

Dan Rolfs
Real Estate Development Manager
City of Madison
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Madison, WI 53701-2983
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RE: Brayton Lot (Block 113) – RFP Response Questions

Dear Mr. Rolfs,

Tareen Development Partners (TDP) received your letter dated August 25 regarding the request for us to answer supplementary questions regarding our proposal for the Brayton Lot RFP. Below, please find responses to each of the questions that were posed.

1. **Financing**

a. **How confident are you of your ability to fully fund the 4% LIHTC projects without any City assistance?**

TDP is fully confident that our two buildings that will be financed with 4% LIHTC/Tax-Exempt Bonds are feasible without City Assistance. We have had multiple discussions with WHEDA and they understand that this project could be looking for the resources and they are happy to partner and help see the development forward. Part of what helps with the feasibility is the ability to reduce how much structured parking we need to build on site, being a transit-oriented development and utilizing nearby parking structures. Additionally, the ability to have a denser in the downtown core allows for more economies of scale to support the development with no city subsidy.

b. **In the City of Madison, most infrastructure work is assessed at 100% to the developer. Does your pro-forma include potentially significant costs associated with increasing the capacity of sanitary sewers, water mains, etc., if needed?**

TDP has dollars allocated to infrastructure related to the site including replacing sidewalks, curb, gutter, asphalt, landscaping, lighting and utility connections into the street with necessary repairs and replacements for those connections. We do not have dollars set aside for upsizing public utilities in the streets and that would require further discussion if those costs were to be allocated to the development.

c. **You indicate that you expect to receive WHEDA tax credits over two rounds. What is your contingency plan if you get tax credits for the first, but not second, affordable building?**

As part of the recent federal legislation passed in July, the 50% test for tax-exempt bonds on 4% LIHTC transactions was reduced to a 25% requirement. WHEDA is one of the first states to react and has reduced the maximum amount of bonds per project to 30% of the tax-exempt bond eligible costs. This will result in WHEDA being able to stretch the tax-exempt bonds further (Note: 4% LIHTC is not a limited resource) to allow for nearly twice the number of projects to be funded. TDP has had further conversations with WHEDA and there could be an opportunity to do both LIHTC buildings as one development to create a more efficient financial structure. Additionally, we could do two transactions if we need to. With the additional resources from the lowering of the bond test, we don't expect to be constrained on the funding and will have multiple opportunities to secure the tax-exempt bonds and 4% LIHTC for the second building if it is a separate transaction. While it is highly unlikely that we wouldn't be able to secure the tax-exempt bonds, we would look to work with the city to provide a housing development on-site that could include mixed-income or other housing types as market conditions allow, but again we will have multiple opportunities to obtain the 4% LIHTC and tax-exempt bond financing.

d. **How are parking costs allocated across each building?**

These are allocated by pro-rata shares of parking to each building. Affordable Building 1 would have approximately 78 parking spaces, Affordable Building 2 would have approximately 24 parking spaces, and the Condominium Building would have approximately 57 parking spaces. Please note the affordable buildings would have shared parking between them through the same garage access point.

e. **Do you have a construction lender and permanent lender on board?**

For the affordable buildings, we have several financing options. Arc70 would be interested in providing a bond private placement construction to perm loan. We also have several other options for bond private placement structures or agency construction to perm loans through Fannie Mae or Freddie Mac. Additionally, Bridgewater Bank is interested in the equity bridge loan along with several other banks. We would not commit to a lender at this point as there are multiple options for financing these 4% LIHTC deals, and we will utilize the best structure as we get to closing.

f. **Who is the lender for the condos?**

Bridgewater Bank and several other banks have interest in providing the construction loan for the condominiums, but we will get multiple term sheets from them and other banking partners as we get closer to closing to ensure we are choosing the best terms for the project.

g. **What level of pre-sales do they require?**

Bridgewater Bank and several of the other banks we have been in contact with, would require a minimum of 50% of the condos pre-sold but ideally would like to see 50% of the total sales dollars or 60% of the number of units pre-sold. This would equate to 18 units pre-sold of the 30 condo units. This is highly achievable and is why we have structured this as a boutique condo building as it would be very difficult to pre-sell more than 30-40 units to be able to start construction.

2. Site Design

a. **Who will manage, maintain, and operate the public plaza?**

The plaza will be under control of the affordable housing ownership entity (Owner Entity), which will be long-term owned and operated by TDP. A Reciprocal Easement and Operating Agreement (REOA) or similar structure will be put in place to authorize the Owner Entity to operate and maintain the plaza area. This agreement would also provide information about the affordable buildings and condo HOA's structure for sharing costs related to repairs and improvements, landscaping, snow removal, utilities, trash, etc.. It will also include provisions related to easements. It is to be determined if public access easement provisions are in the Development Agreement, REOA or other legal instrument.

3. Project / Program Design

a. **Could one of the 4% LIHTC projects be built as a market rate residential apartment project?**

TDP would not convert one of the 4% LIHTC buildings to a market rate residential apartment project. A market rate development would need to add more parking to not have a leasing deficiency in charging high enough rents to make a development feasible. Additionally, there have been a number of recent deliveries like One09 that are setting new benchmarks for rents, and those rents need to be at those benchmarks to see developments be feasible. The high number of deliveries and projects under construction will take more time to absorb increasing vacancies and there will be more pressure on rents as only so many renters can afford this new level of rent. Other market rate projects that have been proposed have stalled out due to this feasibility and investors requiring higher level of returns than several years ago due to alternative investments available with less risk than ground-up development at similar yields. All of these items make it difficult to pursue market rate development.

Reviewing the survey results of the local community from August of 2023, the top goals all resonated around maximizing affordable density, reducing parking and maximizing density overall. The biggest concern was building another luxury high-rise. If a market rate apartment building was added, this would be counterproductive to those points to add more affordable housing while also having the need to further increase parking on the site.

b. **If so, what changes would be required of the overall proposal from a design, financing, or other perspectives?**

See note above. The design would have to change to provide more parking, likely at least one per unit, and the unit mix would also have to change as there isn't a high demand for market rate 3- and 4-bedroom units. On the financing side there are construction lenders who are sizing lower loan-to-cost loans in today's market, requiring more equity in the transaction. Joint Venture equity is hard to attract today as they are seeking higher yield on cost metrics than in the past and most national institutions are only investing in the top 25 MSA's, but these metrics and geographies are starting to relax some.

c. **What data source is being used to estimate the absorption of the condo units? Provide any market studies that you may have.**

Jannea Wood with Stark Company Realtors on our team has pulled sale information from the MLS over the past 12 months to help us estimate where the market is at. These metrics are attached as **Exhibit F**. Right now, the overall market is seeing approximately 14 units become available per month and 11 units are being sold per month when reviewing the last 3 months of data. Over the last 12 months, 83% of the units on the market have sold. When only looking at 2-bedroom or larger units in the market, 5.0 units per month become available and 5.7 units are being sold per month. Over the last 12 months, 103.4% of the units on the market have sold. These statistics show that larger units are all transacting with more off market transactions happening showing the high demand for these larger units. When compared to the overall market, the units that are hard to sell right now are the 1-bedroom units and they are sitting for much longer or not selling at all. We see a weak market for selling 1-bedroom units and don't believe we would get sales traction on those units and thus are focused on the larger units.

d. **Are you willing to work collaboratively with City staff to make changes to the design of the building(s) to comply with Staff input, public comments, policymaker feedback, and adopted design guidelines and requirements?**

Tareen Development Partners is willing to work collaboratively with City staff and other stakeholders to make modifications to enhance the overall development as we do on all of our developments. We anticipate these to be minor modifications, and any larger changes requested would have to be reviewed for feasibility and may require concessions on the acquisition price. We intentionally didn't push the overall design effort on the initial proposal as we wanted to have more stakeholder input. We have now furthered our design to showcase the development to be something we are very proud of, and think will be received well by the community. Primary areas we see for collaboration include the streetscape, plaza area and public art realm as we shape the user experience of these areas further. We are excited to further share some of the ideas we have to tie the history of the site through art features.

e. **There was limited design-related information included in this proposal, which made it difficult to evaluate it comparatively. Do they have any additional design-related information that they could share?**

Exhibit B included preliminary floor plans in addition to the 2D site plan. Our design team of ESG and Damon Farber have added several preliminary renderings of the buildings and of the public plaza area. Additionally, we put together inspirational images for the streetscape to demonstrate how that will be further activated along the street and the public plaza areas. These new renderings and design information are shared in **Exhibit G**.

f. **There is a 10-story, 30-unit building (presumable 3 units per floor?) – wondering about the unit sizes?**

Currently we are planning for all of the condominium units to be 2- and 3- bedroom units with 15 of each type. The lower floors have four units per floor with the upper floors having three units per floor and the penthouse floor having two units per floor. Primary units will range in size from 1,500 – 2,200 SF. Several penthouse units are anticipated to be approximately 2,400 – 3,000+ SF.

g. **Understanding the condos will be market rate, do you intend for these to be luxury or more moderately priced units? Please share information about anticipated price points if able.**

The boutique condo building will be upscale and have higher end pricing. The units are projected to start out at just under $1mm, with most of the units in the $1-1.5mm range and larger penthouse units being greater than $2mm. The newest condo buildings of scale were built approximately 20 years or more ago. This development will take advantage of exceptional views as all of the units, except potentially the lowest couple of floors having views of Lake Monona. With this, we see high demand for this housing product.

h. **What type of electric heating do you plan to use in units? Will it require fossil fuel back-up?**

We are currently planning to use geothermal with air source heat pumps. This is all dependent on further engineering and confirming this is a viable system and what loads it could support. We anticipate needing natural gas boiler back-ups for the coldest days, but if the geothermal system can fully support the loads, the need for back-up energy could be removed. If this system is not feasible, we would use other electric heating options such as electric heat pumps or electric VTAC units.

4. **Transportation / Engineering**

a. **How does this proposal intend to meet redevelopment stormwater management requirements?**

The development will utilize a mixture of green roofs and underground stormwater chambers. We will provide green roofs on the residential building rooftops with additional green roof areas in the public plaza area. For additional stormwater needs, there will be a planned underground chamber(s) in areas like the pocket park along E Washington Ave. The redevelopment of the surface parking lot will provide necessary stormwater management that is not in place today.

b. **Do you have goals for the number of registered apprentices on the project, and if so, what are those goals?**

In our initial proposal we stated that we would have at least 15 underemployed or unemployed individuals of which some or all could be registered apprentices as part of the construction of the development. While that is our minimum, Stevens is committed to training the workforce of the future and developing the industry's top construction professionals. In furtherance of that goal, Stevens expects apprentices to represent approximately five percent (5%) of the workforce of the construction of the development.

We thank the City of Madison, the FTA and Madison Metro Transit in reviewing our proposal and continue to look forward to partnering to bring our development vision to reality. We are looking forward to the opportunity to collaborate with you and the neighborhood stakeholders as we proceed further down the process.

Sincerely,

Cody S. Dietrich

Cody Dietrich
Vice President of Development
Tareen Development Partners
Cody@tdpmn.com

TDP
TAREEN DEVELOPMENT PARTNERS

July 30, 2025

Daniel Rolfs
Real Estate Development Manager
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215 Martin Luther King, Jr. Blvd (Third Floor)
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RE: Brayton Lot (Block 113) – Tax Increment Financing Request Not Applicable

Dear Mr. Rolfs,

Tareen Development Partners (TDP) acknowledges receipt of your email dated July 22 regarding the request for all respondent parties in the Brayton Lot redevelopment process to complete the Tax Increment Financing (TIF) feasibility analysis, if applicable. TDP did not request TIF or any other form of financial assistance from the City of Madison as part of our proposal. Our proposed offer remains at $12,680,000 for the purchase of the property, representing a premium of $3,680,000 above the stated minimum price, netting out any TIF support or City financial participation.

We believe this offer reflects the fair market value of the site and underscores our commitment to delivering a financially strong and independently viable project. Should you require any additional information or clarification, we would be pleased to provide it. We look forward to the opportunity to collaborate with the City of Madison, the FTA, Madison Metro Transit, and all project stakeholders to bring our shared vision to fruition.

Sincerely,

Cody S. Dietrich

Cody Dietrich
Vice President of Development
Tareen Development Partners
Cody@tdpmn.com

Not Applicable - No TID or City Assistance Request as part of TDP's proposal.

TID Project Information Request

(Only complete fields that Apply)

Project Description:

1. **Type or use of buildings:** Apartment_____ Retail_____ Office_____ Industrial_____

   Mixed Use_____ Condominium_________

2. **If mixed use, explain and provide breakdown:** ____
   (ex. Apartment80%/Commerial20%; Office10%/Warehouse90%; Office30%/Retail70%)

3. **Estimated Project Cost**:$_____________________

4. **Est. Start Date**:________________ **Est Completion Date**:__________________

5. **Number of Stories**:___________ **Building(s) Size**:___________________ Gross SqFt

6. **Building Frame Type**: Wood_______ Concrete________ Steel________

7. **Available Parking**: # of Stalls ___________ **Type**: Basement__________ Surface _________ Other _________

For Apartment Projects:

1. **Number of Dwelling Units**: _____________

2. **Unit Mix**: # Efficiency/Studio __________ # One-Bedroom__________ # Two-Bedroom___________

   # Three-Bedroom___________ # Four-Bedroom___________ # 5+ Bedroom___________

For Condominium Projects:

1. **Number of Units**: __________ **Unit Types(check all that apply):** Apartment________ Retail________

   Office______ Warehouse_________ Other_________ explain:_______________________________________

2. **If one of the units is an apartment unit, please complete the "For Apartment Projects" section above for number of units and unit mix and "Project Rental Information" below.**

3. **If residential condos, asking price range**: $______________ to $________________ or attach price list.

4. **Condo Fees:** $____________________

5. **Number of parking stalls:** ____________ **Will the parking stalls be sold separately?** Yes______ No______

   Will the parking stalls be leased? Yes______ No_______

Project Rental Information:

1. **Apartment Estimated Rents**: Efficiency/Studio $___________ One-Bedroom $___________

   Two-Bedroom $___________ Three-Bedroom $____________ Four-Bedroom $____________

   Five+ Bedroom $____________

2. **Are any of the Units Income Restricted?** Yes_________ No_________ **If Yes, # of units**________________

   # Market rate units______________

3. **For income restricted units, please provide breakdown**: # units at 60% CMI________ 50% CMI__________
   (CMI=County Median Income)

   40% CMI___________ 30% CMI_____________ Other____

4. **Parking income?** Yes_________ No__________ **If Yes, Monthly Rent per Stall** $______________

5. **Other Income?** $__________________ **Explain**: ____

6. **For Retail/Office/Industrial**: **Lease Type**: Gross__________ Modified Gross___________ TripleNet__________

   Other____________ None____________

   Multi-tenant retail/office/industrial? Yes_____ No______

7. **Estimated Rental Rate for Commercial Space**: Retail $____________SqFt Office $_____________SqFt

   Industrial $_____________SqFt

8. **Will tenants be paying any Common Area Maintenance(CAM) Expenses**? Yes_________ No________

   NA_______

9. **Are there any land use restrictions on the property**? Yes___________ No___________

   If yes, please provide copy of LURA or explain:____

10. **Are there additional amenities provided?** Pool__________ Exercise Facility__________ Laundry___________

    Other____

Other Information:

Please provide any of the following if available:

1. Pro-Formas
2. Feasibility Studies
3. Market Studies
4. Appraisals
5. Any other data sources used
6. Is the project being funded by any other government sources?

This information can be provided as an attachment.

Name of person completing form: ____

Email: ____

Phone: ____