

**LETTER OF INTENT
ST. JOHN'S DEVELOPMENT
REVIEW OF ALTERATION TO PLANNED DEVELOPMENT**

Madison, Wisconsin
September 19, 2024

This letter of intent addresses the redevelopment of the property owned by St. John's Lutheran Church ("St. John's" or "Church") in the 300 block of East Washington Avenue at the corner of East Washington Avenue and North Hancock Street. St. John's has previously received conditional approval from the City of Madison for its proposed development to create 130 rental apartments, 110 of which are rent restricted affordable housing, along with community use space on the ground floor.

The original plans for the project were submitted on November 8, 2022. At that time the project proposed to construct approximately 63 parking stalls for residents of the apartments. The parking was to be built in a two and a half level parking garage that would be entirely underneath the building. The project was intentionally constructing less parking than a comparable market rate project. The site is highly multi-modal in a walkable neighborhood with direct access to the City's new BRT line as well as the Mifflin Street Bike Corridor.

Since the initial application was made the project has faced strong headwinds in the form of rising construction costs and higher interest rates. The development has always been constrained by the financial feasibility of building high rise housing at affordable rent levels. Additionally, the underground parking is extremely expensive to build with only minimal income to support it. The project is considering the need to eliminate the two levels of underground parking to address these budget constraints.

Under this scenario, the plans would be modified to build a single flat slab at the Hancock Street elevation that would remain entirely underneath the rest of the building. This slab would provide for approximately 10 – 15 parking stalls as well as the necessary bike parking and residential storage units required by WHEDA. No exterior modifications would be required to the project as a result of this change. The development team has been in contact with the City of Madison about the possibility of securing parking permits for residents in the nearby Capitol Square North parking garage, which currently has significant vacancy. At this time the project has not secured a formal lease with the City for spaces in the garage, but would look to pursue that as construction progresses and the timeline is better solidified.

The 10 – 15 parking stalls built beneath the building will be available for the residents in the apartments. St. John's will not have parking on site for its congregation members. This is consistent with their existing configuration with limited parking on site, meaning visitors and congregation members utilize street parking when coming for events and services.

In addition to the reconfigured parking, the project is looking to eliminate the private balconies that were included in the initial drawings. Approximately 30% of the overall units, or 40 out of the 130, had originally included small private balconies. Removing these is a necessary cost saving measure, although it also improves the overall exterior architecture by eliminating the protrusions and simplifying the design. Residents of the apartments will still have access to a landscaped outdoor terrace on the 2nd floor as a common amenity of the building. This space is surrounded by additional green roof area that further enhances the ties to natural landscapes.

We believe these changes are necessary to allow the project to move forward. The most important aspect of this development is the creation of 110 units of very affordable housing in the heart of our downtown. St John's remains committed to making this important mission a reality.