

November 4, 2020

Julie Spears
Community Development Specialist
City of Madison
215 Martin Luther King Blvd. Ste. #300
Madison, WI 53703-3348

RE: Westgate Commons
Affordable Housing Development Funds

Dear Ms. Spears:

We want to thank the City of Madison of Madison for recently making a financial commitment to our Westgate Commons project from the City's Affordable Housing Development Fund. When the City RFP for these funds was issued WHEDA had yet to release the Qualified Allocation Plan (QAP) for 2021-2022. The QAP lays out the framework for how 9% and 4% tax credits are allocated and the point scoring categories for these highly competitive Low-Income Housing Tax Credits. Over the past few weeks, we have been analyzing this QAP and applying the new scoring matrix to known projects in other parts of the state with a concentration on Milwaukee County projects.

Based on our analysis as well as conversations with our consultants we believe that that our project will not score high enough to be competitive in the 9% round. This is disheartening because based on last year's scoring criteria this project would have scored above the cut-off of 227 and been awarded credits. Unfortunately, we believe that the changes to the QAP tilt the playing field away from the types of projects Madison has been successful in receiving awards previous application cycles. In an effort to improve our prospects of securing federal and state competitive tax credits we would like to formally request switching this project from the 9% round to the 4% round of tax credits.

This change will result in a minor alteration in the unit mix from 71 to 68 units which will not affect the exterior of the building, but will add (3) townhome style three bedroom units which will replace (6) one bedroom units. A chart detailing our original proposal unit mix and targeting as well as the revised unit mix and targeting is included with this letter. While the units serving the lowest income tenants at 30% and 50% AMI is mainly unchanged the 60% AMI and Marker Rate units from our original proposal are all now 80% AMI. It is worth noting that the overall result of these changes actually results in the revised project having an overall lower income average then our original proposal.

As with our previous application, we have the maximum score possible in all scoring categories to create the most competitive project that we can at this location. We believe that with these proposed

changes we are putting forth our best effort to have a financially feasible project that has the highest likelihood of obtaining tax credits and moving forward.

We appreciate your consideration of our request and look forward to bringing this much needed affordable housing project to fruition. Please let us know if you have any questions or need any additional information from us related to approving this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Klein', written in a cursive style.

Jacob T. Klein
President

Westgate Original Proposal

AMI	1BR	2BR	3BR	Total
30%	10	2	3	15
50%	19	0	6	25
60%	6	10	0	16
MKT/100%	9	4	2	15
	44	16	11	71

Area Median Income Average: 58.6%

Westgate Revised Proposal

AMI	1BR	2BR	3BR	Total
30%	9	2	3	14
50%	19	0	8	27
60%	0	0	0	0
80%	10	14	3	27
	38	16	14	68

Area Median Income Average: 57.6%