

**LETTER OF INTENT
ST. JOHN'S RE-DEVELOPMENT
LAND USE APPLICATION**

Madison, Wisconsin
September 26, 2022

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. For over 165 years St. John's has been a welcoming servant in the heart of downtown Madison in this location. Its property, just three blocks from the Capitol Square, has welcomed residents and visitors alike with open doors and a desire to serve those most in need. The Church is seeking to extend its historic mission to provide a greater good, while reimagining its own space for the next 100+ years.

St. John's proposes to demolish its existing building to construct a new, mixed use project containing space for the Church and other community organizations on the first floor with a significant supply of new affordable housing on the upper floors. St. John's commitment to creating high quality affordable housing on Madison's isthmus is a testament to its desire to continue its mission of helping those most in need.

EXISTING PROPERTY

St. John's property consists of three individual parcels containing a total of 21,710 square feet of land area. The site is currently home to St. John's Lutheran Church, a building that is outdated and inefficient due to the many renovations it has undergone throughout its history. The building has a footprint of 10,027 square feet and approximately 14,600 square feet of interior area. The current building is a result of an extensive renovation and expansion that occurred in 1961-1962. In addition to the building the property contains 11 surface parking stalls. The site includes many gardens and planter areas around the building, a feature of St. John's that will be incorporated into the new project.

PROPOSED DEVELOPMENT

St. John's intends to demolish its existing building to construct a new, 10-story mixed use project. The first floor would contain approximately 16,000 square feet of space. St. John's will construct a new Church facility of 10,000 square feet on the eastern portion of the first floor along the East Washington / North Hancock corner. The main entrance to St. John's will be located in the middle of the block along East Washington Avenue, roughly similar to where its existing entrance is located. The first floor will include 5,500 square feet of space for social services and other community organizations. St. John's has historically leased space in its building to various partnering organizations that serve as valuable resources to many different disenfranchised groups in Madison. Historically these groups have been: Backyard Mosaic Women's Project, Twelve Step programs, Porchlight's DIGS program, Off the Square Club and Project Respect.

The development has been designed to take advantage of the grades on the site, with nearly 14' of fall along East Washington. This allows for a second at-grade entrance to be constructed in the middle of the block along Hancock Street. This entrance will serve as the residential lobby for the apartments above. Having two distinct entrances helps to further activate the property with foot traffic circulating along both of the primary street facades.

The project will be supported by approximately 65 parking stalls in a two level parking garage located beneath the building. The parking garage will have a two lane vehicular entrance / exit configuration along North Hancock Street at the furthest point from the East Washington Avenue intersection.

Floors two thru ten will contain a total of 130 rental apartments, with a mix of studio / junior one-bedroom, one-bedroom, two-bedroom and three-bedroom units. The upper floors are configured in an L-shape that maximizes the efficiency of the floor plate, providing for 15 units per floor. The unit mix is as follows:

- Studios / junior one-bedroom: 42
- One-bedroom: 53
- Two-bedroom: 34
- Three-bedroom: 1
- Total: 130

A common room will be provided on the second floor adjacent to an outdoor, landscaped roof terrace that will be available to all tenants. Additional tenant amenity space will be included on the ground floor adjacent to the main apartment lobby. The lobby will contain secured mail storage and a separate, locked parcel room. The building will have an enclosed trash and recycling room adjacent to the parking garage with trash chutes serving the upper floors. Covered, indoor bike parking will be included inside the secured parking garage for tenants' use. Storage lockers will also be provided in space adjacent to the lobby as a further amenity for tenants.

AFFORDABLE HOUSING

For many years St. John's has worked with low-wage earners and severely housing burdened individuals and families. St. John's understands the challenges many of these individuals face in finding a decent apartment in a desirable location. The cost of market rate apartments on Madison's isthmus continue to rise, creating a large unmet demand for affordable housing in our downtown. According to the US Census Bureau, 50.4% of occupied households in downtown Madison spend 30% or more of their monthly income on housing costs, as opposed to 31.7% of households elsewhere in the City. Madison faces a city wide affordability challenge, but nowhere is that more acute than near the Capitol Square.

Of the 130 rental apartments, 108 (or 83%) will be set aside for low income individuals and families earning less than 60% of the area median income at the following levels:

- < 30% AMI: 26 units
- < 50% AMI: 54 units
- < 60% AMI: 28 units
- Total: 108 units

St. John's has committed to a 40-year affordability period for the 108 units. The Church is striving to create a long term affordable housing resource for Madison's working poor in a location that provides them convenient access to many of the hourly jobs available in the hospitality and service industry around the Capitol Square.

The 26 units set aside for those earning less than 30% of AMI, as well as 8 of the units for those earning less than 50% of AMI, will be integrated supportive housing units. Although these services are intended to serve those 34 units, all residents in the building will have access to these services. Lutheran Social Services ("LSS") will be providing these services. St. John's has agreed to provide sufficient funding to support a half-time FTE staff member from LSS that will have a physical office on site to provide these

services. This level of commitment to supportive services is important to ensuring that residents can access the help they need to remain independent in their units, while also helping to ensure the health and safety of all residents in the building through proactive outreach.

Additionally, many of the partnering organizations that St. John's is hopeful to continue working with will be able to provide their own supportive services within the building. In this way the project can provide a holistic range of services that can help residents and foster a sense of community and engagement.

PARKING AND TRANSPORTATION

The project will have a two level, underground parking garage containing a total of 65 parking stalls. A small number of these stalls will be set aside for St. John's. The parking costs will be commensurate with the cost of other downtown private parking spaces. The development team is exploring the option of staggering parking costs for tenants at the various affordability levels assuming close the same overall income can be maintained from the parking garage.

This development is intentionally responding to the City's stated goal of having new projects provide less parking on site to encourage alternative means of transportation and reduce single occupant vehicle trips. The project is intended to have a maximum residential parking ratio of 0.5 stalls per dwelling unit, putting it in the lowest parking ratios outlined in the City's proposed TDM program. The development team is also exploring the feasibility of including a shared car program for residents.

According to Downtown Madison Inc.'s 2021 State of the Downtown report, 22.5% of the jobs in downtown Madison are in the accommodation, food and services industries. These jobs often times are hourly and held by lower-income workers. There is a high concentration of these businesses around the Capitol Square, which is only a three block walk from the site. This convenient access will enable more residents to forego a car for daily use, thereby eliminating a large expense for these households.

The site is also half a block from the Mifflin Street Bike Corridor, providing easy and convenient access to the City's wide network of bike trails for those individuals that are able to utilize that as an alternative means of transportation. Secured, covered bike parking will be provided in the parking garage to help promote this use, allowing tenants to use their bikes without having to travel up or down stairs.

Furthermore, the property is only a few steps from several bus stops serving both East Washington and the Capitol Square which connects many of the main bus routes that traverse downtown. The City's proposed Bus Rapid Transit route will run directly past the site, providing an even more convenient and efficient means of transportation upon its completion. Adding density in this location will help support the City's BRT initiative by providing more riders, which is why this site is in the City's 'Preferred Transit Oriented Development Area' pursuant to the Affordable Housing Fund RFP.

The development team proactively engaged KL Engineering to complete a traffic demand study for the proposed development. KL's trip generation study concluded that the development will only add 381 weekday daily trips, with 38 of those coming during the AM peak hours and 31 during the PM peak hours. KL's report concluded that "no significant traffic impacts are expected at the two study intersections [N Hancock St / E Washington Ave & N Hancock St / E Mifflin St] or the adjacent road network because of the redevelopment." Their study also analyzed the amount of parking being provided relative to the anticipated demand and concluded that the "on-site parking proposed with the redevelopment will accommodate approximately 73% of the estimated parking demand."

The site's central location within walking distance to many amenities, coupled with the additional transportation options noted, make it one of the most accessible sites in Madison currently being considered for infill housing.

ZONING AND APPROVALS

The site is currently zoned Urban Mixed Use (UMX), which calls for high density residential development. Rezoning is not required as the current development plans can be built 'as of right' under the existing UMX zoning. The project will require a demolition permit as well as a conditional use permit due to its size. The property is located in Urban Design District 4 and will have to go through the Urban Design Commission for approval. A separate UDC application has been submitted concurrently with this land use application.

The current allowable height on the property is eight (8) stories, with up to two (2) additional stories if approved as a conditional use pursuant to MGO Section 28.183. The plans submitted call for a ten (10) story building, requiring a conditional use for the two (2) bonus stories. The development's greatest challenging is balancing the cost of high rise construction with the affordable rents. It is imperative that the density on the site be maximized, and the project would not be feasible if not for the additional 27 units provided by the top two floors. The 10th floor of the building has been stepped back and two separate façade elements have been used to break down the overall massing of the building. The L-shaped configuration of the upper floors keeps the tallest facades of the building along the street frontages, with the backside of the building adjacent to the surrounding neighborhood held to two stories to reduce the building's impact.

The site presently contains three parcels that will need to be combined into one parcel using a Certified Survey Map (CSM). The required surveying has not yet been completed to submit a CSM along with this land use application. The development team understands that the successful completion, approval and recording of a CSM will be a required condition of approval prior to any building permits being pulled.

The proposed development is adjacent to the Hancock Center, which is zoned Downtown Residential 1. Therefore the development would need to comply with MGO Section 28.142 (8) by providing screening between the project and the Hancock Center in the form of a wall, fence or hedge. The development team has had several conversations with the Hancock Center regarding this project and its potential impact. Historically the Hancock Center and St. John's have had a shared easement over a driveway that provides surface parking and better drop off and turn around access for the Hancock Center. The submitted plans call for part of St. John's property to be paved to provide a wider driveway for the Hancock Center that would allow for better accessibility into their property. This arrangement would be documented with an easement as a condition of approval, as the specifics are still being discussed between the parties. To facilitate this wider access the development team requests the Plan Commission eliminate the screening requirement since this project requires a conditional use pursuant to MGO Section 28.142 (8).

The proposed urban infill project in this location is directly in line with the City's Comprehensive Plan and Downtown Plan. The Downtown Plan and Generalized Future Land Use Map call for this site's future use to be Downtown Core Mixed-Use, and it sits directly adjacent to the James Madison Park area that calls for predominantly residential. A well designed, high density residential development with church and community space on the ground floor is in line with these stated land uses. Many of the goals outlined in the Downtown Plan are being explicitly met by this proposed development. These include: ensuring a quality urban environment, maintaining strong neighborhoods and districts, enhancing livability and becoming a model of sustainability

This plan is adding density along one of the Comprehensive Plan's priority growth areas given its location on the East Washington regional corridor, in addition to hitting many of the other strategies and goals outlined in the land use and transportation section of the Comprehensive Plan, including: ensuring all populations benefit from the City's transportation investments, concentrating the highest intensity development along transit corridors, facilitating compact growth and improving access and inclusivity in Downtown Madison. Attached to this submittal as Exhibit A is a more detailed description of how the proposed plans comply with the Downtown Urban Design Guidelines. Furthermore, this development meets the city and neighborhood's explicit, albeit not officially adopted, desire to add more affordable housing in downtown Madison.

NEIGHBORHOOD ENGAGEMENT

The development team held its first formally noticed neighborhood meeting in August 2021 to provide a preliminary overview of the project to the neighbors. Out of that meeting the neighborhood elected to form a steering committee for this project that is co-chaired by Bob Klebba and Mariah Renz. The development team has met with the steering committee on several occasions over the past year to review the plans for this project and to discuss specific questions and concerns raised by the committee.

The team discussed the need for the two bonus stories in order to make the affordable housing financially feasible, and also provided shadow studies in response to the committee's request. As a result of those meetings the overall height of the building was reduced by six (6) feet by lowering the floor to floor heights, a move that was appreciated by the committee. The team reviewed the results of KL Engineering's traffic and parking study with the steering committee, and continues to work through specific questions the committee has around deliveries and drop offs. These details will be worked through with City Traffic Engineering as the project advances through the approval process.

The submitted plans have been modified to meaningfully incorporate the feedback received from the several meetings held to date with the steering committee. The development team is committed to continue working with the steering committee and the neighborhood throughout the development process to ensure that all of their questions are addressed.

FINANCING

The affordable apartments will pursue Low Income Housing Tax Credits from WHEDA as the primary financing vehicle. The project will be pursuing the 4% + 4% tax credits, as it does not score competitively for the 9% credits. This is largely due to the project's location. The site is not located in a qualified census tract, and WHEDA's scoring does not rank the area around the Capitol Square highly as an "Area of Economic Opportunity." Although downtown is where the affordability crisis is worst, it is challenging to score favorably under WHEDA's current criteria.

To make the project feasible the development team has submitted applications to both the City of Madison's Affordable Housing Fund program and Dane County's Affordable Housing Development Fund. The development team has been notified by the County that this project is one of the applications that has been recommended for funding, with the formal awards to happen in October / November. The City process remains ongoing. The team is optimistic that the City will agree that this project achieves many of the stated goals in the AHF program and is in the ideal location to add a significant new supply of affordable housing units.

DEVELOPMENT TEAM

Owner:	St. John’s Lutheran Church (608) 256.2337 Madison, WI
Development Partner:	Mark Binkowski & Brad Binkowski (608) 235.5230 Madison, WI
General Contractor:	JP Cullen (608) 257.1911 Madison, WI
Architect:	Potter Lawson, Inc. (608) 274.2741 Madison, WI
Structural Engineer:	Pierce Engineers (608) 256.7304 Madison, WI
Landscape Architect:	Saiki Design (608) 251.3600 Madison, WI
Civil Engineer / Surveyor:	Wyser Engineering (608) 437.1980 Mt Horeb, WI
Transportation Engineer:	KL Engineering, Inc. (608) 663.1218 Fitchburg, WI
Property Manager:	Urban Land Interests (608) 251.0705 Madison, WI
Supportive Services:	Lutheran Social Services Madison, WI

DEVELOPMENT TIMELINE

The timeline for the project is largely dependent upon WHEDA’s award of low income housing tax credits. The development team will be submitting an application to WHEDA for the 2023 funding round. Historically those applications have been due in December with awards made in April of the following year. At this time WHEDA has not published its schedule for the 2023 funding round and thus the proposed timeline is not yet final.

The anticipated development schedule is as follows:

Submitted Land Use Application:	September 26, 2022
Plan Commission Approval:	November 21, 2022
WHEDA LIHTC Application Submitted:	December 2022 / January 2023
WHEDA LIHTC Awards:	April / May 2023
Projected Construction Start:	Late Summer / Early Fall 2023
Construction Duration:	18 months
Completion and Initial Occupancy:	Spring 2025

PUBLIC BENEFIT

The proposed development will provide a significant increase in the affordable housing supply near the Capitol Square, something that downtown Madison is sorely lacking. There are very few units set aside for those making less than 60% of the county median income within walking distance of the Capitol Square. Most of the units that have been created are a small number of units contained within a larger market rate project, and only in the 60% - 80% CMI range. The creation of these 108 affordable units will help support those individuals that work in many of the lower income hourly jobs that exist in the service, hospitality and food and beverage sectors downtown. These individuals have been priced out of the market and generally have to deal with longer commutes to get to their place of work.

Furthermore, the 21,000 square foot property that St. John's currently owns is 100% tax exempt as a result of the Church's ownership. Therefore this highly desirable piece of real estate along East Washington Avenue generates no tax revenue for the City. The redevelopment of this property will provide a significant increase in the tax base from this site, giving the City much needed additional revenue.

Lastly, the proposed development will help the City meet many of its other goals around the creation of new transit oriented development and helping to support the future Bus Rapid Transit system. This site is being developed with fewer parking stalls in an effort to help the City meet its goal of reducing single occupant vehicle trips downtown.

EXHIBIT A
DOWNTOWN URBAN DESIGN GUIDELINES

The project’s architect, Potter Lawson, has extensive experience designing buildings in downtown Madison that meet and exceed the Downtown Urban Design Guidelines. A summary of how those guidelines are addressed by the submitted plans is below.

SITE DESIGN

1. Orientation

- The building was designed to take advantage of the grades on site by creating two distinct entrances for the building’s various uses. The entrance for St. John’s is located along East Washington Avenue, while the residential lobby is off of Hancock Street. This activates both street frontages and creates unique architectural features along both streets that enhances the pedestrian experience and improves the urban fabric.
- The entrance into the underground parking structure is located at the low point of the site along Hancock Street, pulled away from the highly visible E Washington / N Hancock corner. An overhead door that matches the surrounding brick façade helps to integrate this entrance into the overall architecture.
- The building has been pulled back from the property line to provide space for extensive planting areas that will be utilized in a variety of different ways throughout the year to improve the visual interest and to soften the edges of the building.
- The unique use of colored / stained glass around St. John’s first floor space creates a visually striking façade that highlights the key corner of the property in a unique and inviting way.

2. Access + Site Circulation

- All of the parking for the project has been provided in an underground garage beneath the building, with an entrance that is integrated into the façade as noted above.
- Bike racks will be provided along the terrace for visitors and guests, while secured bike storage inside the parking garage will provide easy and convenient access to tenants in the building.
- The amount of parking in the project has been minimized to reduce the reliance on single occupant vehicles. The building’s location will promote more residents to travel by foot and bus, creating a slower and more pedestrian friendly urban environment.

3. Usable Open Space – Residential Development

- The project has been designed to maintain St. John’s tradition of incorporating planting areas for vegetable and community gardens into its daily programming. Planting areas along both key facades will help to soften and activate the building’s street presence while also promoting engagement with the neighborhood.
- An outdoor patio has been created on the back side of the building to provide functional outdoor space for St. John’s and the other first floor tenants.
- A large, landscaped terrace on the second floor that is surrounded by green roof will be a common amenity for all of the residential tenants, providing an area to access fresh air and green space while encouraging community interaction.
- Roughly one-third of the residential apartments will have a private outdoor balcony.

4. Landscaping

- Significant outdoor planting areas will be created along the East Washington and North Hancock building facades. These planting beds will provide year round color and visual interest through local varieties that can tolerate Wisconsin's harsh climates.
- St. John's will also be utilizing some of the planting beds for its community gardening activities, promoting interaction between the site and the surrounding neighbors. These beds will be at various elevations and sizes to help soften the building façade.
- Seating areas will be incorporated along East Washington Avenue to provide a place for people to rest or chat with their neighbors. The recessed terrace along St. John's entrance way will also create an informal gathering space for neighbors and visitors.
- St. John's has previously worked with one of its partnering organizations, the Backyard Women's Mosaic Project, to secure a grant from the Madison Arts Commission to add a mosaic bench near the existing site's sidewalk gardens. St. John's intends to pursue more opportunities for similar additions to the site.
- The development team has been in discussions with Marcia Yapp, a local mosaic artist who has worked with other organizations in Madison (including the Bayview Foundation), to explore whether there are additional opportunities around St. John's space to add public art that may provide further visual interest.

5. Lighting

- Exterior lighting on the building has been kept to a minimum and is primarily intended to emphasize the building's entrances while providing for adequate safety and a walkable urban environment.
- The colored glass used at the corner of St. John's first floor space will create an incredible warmth in the evening as the light inside the space brings a soft glow that projects outward.

ARCHITECTURE

1. Massing

- The building has two distinct entrances that utilize similar materials but different architectural details to create visual interest. This also helps to avoid long stretches of unbroken façade. A recess of the first floor at St. John's entry creates a covered terrace area that creates a more pedestrian scale along East Washington.
- The building utilizes two separate architectural façade details that help to further reduce the overall mass of the building. The primary façade consists of a finely detailed brick exterior. A slight recess separates that from the façade at the corner, which changes to a window wall framed by an articulated stone or precast element. This change to the glassier corner makes the whole building feel lighter and less imposing.
- The top floor of the building is pulled back from the rest of the façade to further break down the overall scale of the building.

2. Building Components

- The ground floors of the building are highly detailed to include unique features that add visual interest and activate both of the primary street frontages. The unique addition of colored glass at the corner of St. John's space will create a warm and glowing feature element, while simultaneously signaling the use behind the glass.
- The top floor of the building has been pulled back to reduce the overall scale and to help terminate the top of the building in a positive way.

3. Visual Interest
 - The building façade includes two unique design elements that compose all sides of the building, so that no side of the building is left unfinished. These two elements create distinctive elements that break up the façade.
4. Door and Window Openings
 - The entrances to both St. John's and the residential lobby utilize door systems that are integrated with the window system for the rest of the building, creating a cohesive entrance presence. The use of projecting canopies and recessed entries further reduce the scale of these entrances to provide a better pedestrian feel. A grand stair up to St. John's primary entrance along East Washington creates a defining feature that welcomes people into the space.
5. Building Materials
 - The use of brick and stone add depth and warmth to the façade. The building intentionally shied away from the use of metal panel to better integrate with the residential uses of the surrounding neighborhood. A brief recess between the two façade elements create interior corners for the material transitions to occur.
6. Terminal Views and Highly-Visible Corners
 - The building was designed to reflect the importance of the highly visible E Washington / N Hancock corner as residents and visitors approach the Capitol Square. The detailed stone façade is provided at this corner for that reason. Further, the use of the colored glass at this corner of St. John's façade creates a unique and visually interesting appearance at this visual focal point.
7. Awnings and Canopies
 - Integrated canopies have been included over both of the main entrances to create a more inviting pedestrian feel to those spaces.
8. Signage
 - A separate, fully detailed sign package will be submitted for approval at the time those details are completed. All of the signage will be professionally designed in a way that integrates the signage into the overall design of the project, focusing on maintaining the qualities of warmth and authentic materials used on the building.