

AUGUST 9TH 2019

RULE ENTERPRISES

TRUMAN OLSON RFP



**RULE
ENTERPRISES**

1.

DEVELOPMENT TEAM



Rule Enterprises is a development firm which specializes in strategic investing, and we use property development as our primary driver. Everything we do is rooted in Equity, Equality, and Dignity. We believe in solving problems that no one else may know exists all while creating high-caliber, distinctive development projects. Rule Enterprises is 3/3 in WHEDA Tax Credit Allocations over the last 4 years.

Role: Developer, Co-Owner
Key Contacts: Brandon Rule



Catalyst Construction is a general contractor and developer that aims to provide high-quality craftsmanship at a very competitive cost. It is their goal to be recognized as the leading company in southeastern Wisconsin for on-time delivery and overall quality. Catalyst is leading the WI market in growth over the last 4 years. Catalyst has also built projects for over 10 grocery stores over the last 5 years.

Role: Co-Developer, GC, Cost Estimating, Construction Manager
Key Contacts: Matt Burow, Adam Arndt



ARC-INT ARCHITECTURE is a Milwaukee-based architecture and design firm that is dedicated to enhancing the local environment, while exploring how contemporary life evolves and changes their experience. Their practice is focused on compelling work that is informed by circumstance, craftsmanship, and community context. The principles have over 50 years of WI based architecture experience between the two.

Role: Project Design, Architect of Record, Construction Administration
Key Contacts: Edward Haydin, Ryan Thacker



Candor. Insight. Results.

Baker Tilly Virchow Krause, LLP is a public accounting and consulting firm which specializes in Tax Credits. They are the leading LIHTC Consultant in the country and the firm as a whole generated \$3.6B in revenue in 2018.

Role: Tax Accountant, Financing Consultant, Market Study
Key Contacts: Don Bernards, David Haviland



Foley & Lardner LLP is an international law firm started in Milwaukee back in 1842. They are ranked in the top 30 in the country and specializes in complex structuring.

Role: Legal Counsel
Key Contacts: Katherine Rist, Wayman Lawrence

DEVELOPMENT TEAM

Rule Enterprises

LOCATION

704 W National Ave, Milwaukee, WI 53204

PROPERTY TYPE

Residential, Urban In-Fill, Affordable Multi-Family,

PROPERTY SIZE

\$12.6M, 60 residential units, 65,000 sqft



Rule Enterprises

LOCATION

1331 W National Ave, Milwaukee, WI 53204

PROPERTY TYPE

Residential, Urban In-Fill, Affordable Multi-Family,

PROPERTY SIZE

\$18M, 89 residential units, 110,000 sqft



Catalyst Construction

LOCATION

1320 S 1st St, Milwaukee, WI 53204

PROPERTY TYPE

Mixed-Use, Grocery Store, Urban In-Fill, Market Rate Multi-Family, Office, Retail,

PROPERTY SIZE

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DEVELOPMENT TEAM

ARC-INT

LOCATION

Wauwatosa, WI

PROPERTY TYPE

Mixed-Use, Urban In-Fill, Market Rate Multi-Family, Retail.

PROPERTY SIZE

\$19M, 72 residential units, 106,200 Sqft



Catalyst Construction

LOCATION

Milwaukee, WI

PROPERTY TYPE

Grocery Store.



Catalyst Construction

LOCATION

2812 N 5th St, Milwaukee, WI 53212

PROPERTY TYPE

Mixed-Use, Urban In-Fill, Affordable Multi-Family, Office.

PROPERTY SIZE

\$20M, 59 residential units, 185,000 sqft



2. DESIGN CONCEPT / LAND USE

THE MAIN FOCUS

Our team was extremely thoughtful in both the program and concept of the site. Our goals were to preserve the food access by constructing a grocery store to serve the nearby residents, complete the eastern portion of the street from Park to Fish Hatchery Road, and to meet the recommendations of the Wingra BUILD Plan. We envision this being done by the plan highlighted below.

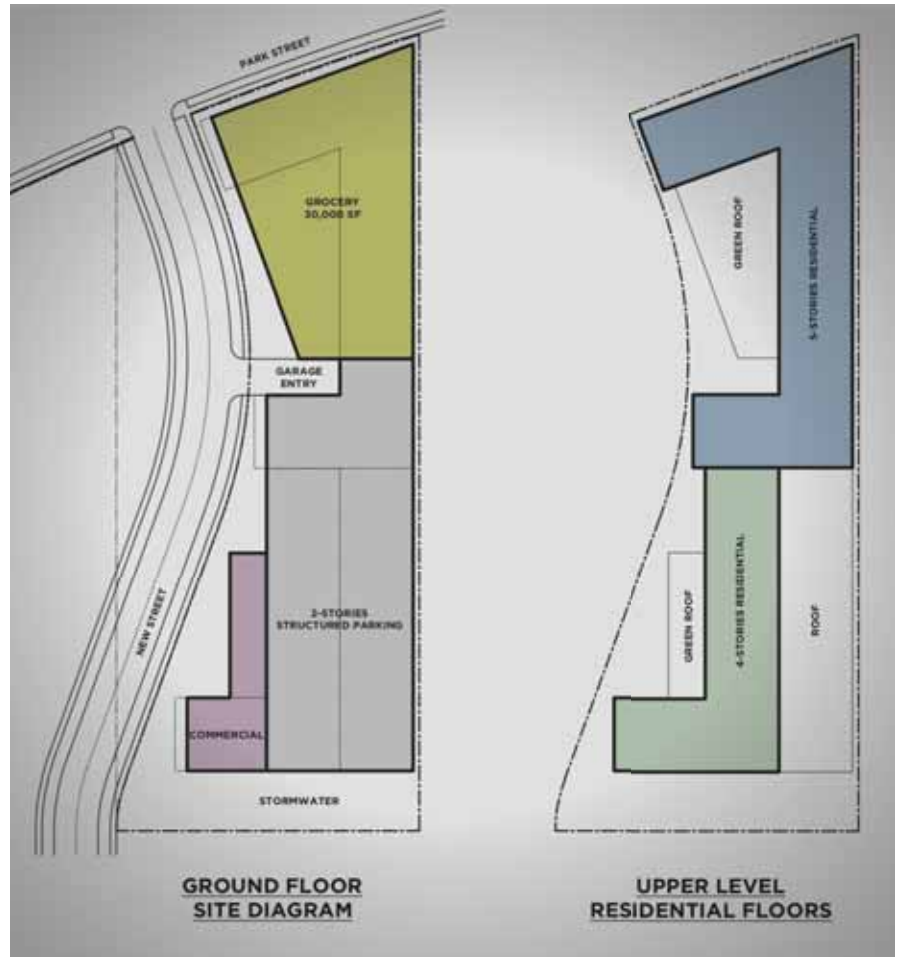
Our concept consists of two buildings developed on the site. The first phase will include a grocery store and approximately 150 mixed income housing units. The next phase (is not required to fund the acquisition of the site or the phase I building) will be an 80-unit workforce housing development aimed at people who currently provide services to nearby businesses.

We believe that the only way to create a sustainable community is by listening to all parties within it. We specialize in public/private partnerships, additionally we pride ourselves on including a third "Social" element. This element of our philosophy is why we chose to select a grocery store after listening to the needs of the community.

We currently have engaged both national and local grocers and would like to reserve the right to select upon the award announcement.

We have currently engaged:

- Aldi
- Cernak
- Roundy's
- El Rey
- Good Harvest
- Festival Foods



OUR GOALS

- Create a Grocery Store with a large footprint. (30,000 Sqft).
- Connect Park Street to Fish Hatchery Road.
- Meet Recommendations of the Wingra BUILD Plan.
- Create dense multi-family housing.

DESIGN CONCEPT / LAND USE

We've found that most national grocers aren't willing to sign official letters unless the site is under control. If necessary, I can provide multiple letters of support that prove out the timeline.

We understand that current and past responses to the RFP will condo the grocery store from the multifamily apartments. We were extremely thoughtful on how to create a more streamlined process. We decided on a structure that was able to create a mixed-use property under one financing model. These efficiencies allow us to request far less financial assistance from the City of Madison overall. They also will require \$0 in financial assistance to subsidize the grocery store.

Investors typically will only allow for up to 20% of commercial income in relation to the total. The program we've proposed has this commercial income at less than 10%.

Phase I: 6 Story building which includes 30,000 square foot Grocery Store, 150 Units, 125 underground parking stalls.

If there's a delay in developing Phase II we plan to use that parcel for surface parking.

Phase II: 5 story building which includes 80 units and 220 parking stalls.

Our next step was to listen to the community's needs, and by attending the community meeting we were able to iterate on our design with the following recommendations:

- **Pedestrian and Bike Friendly:** Here we were able to design to the City's requirements for bicycle parking and enhance the area for both the pedestrian walkway and the bike walkway. We're proposing a wider sidewalk, and through our design, implemented efficient pedestrian access points.
- **Amazon Lockers:** We understand that the Amazon locker is a self-service delivery program the company launched to address missed deliveries, stolen packages and to improve overall delivery efficiency. This will enhance the overall morale for not only our residents but our neighbor community as well. This area will be in both the grocery store and the apartment building for public and private use.
- **Safety:** While considering the bike and pedestrian walkways to ensure a safe relationship between the bikes, pedestrians, and vehicles, we also will install an enhanced security system to further protect against any theft or wrong doing on the site.
- **Accessibility:** We build to the Wisconsin Green Build Homes certification and we plan to implement that here as well. In addition to that, the grocery store design will be friendly to all people who may face mobility challenges.
- **Ride Sharing:** We realize that this is a growing market and will do our best to accommodate in advance for all patrons who are leveraging companies such as uber, lyft or taxi to get to and from the grocery store and their home.
- **Mass Transit:** There will be a proposed bus stop on the new street to encourage the use of public transportation.



DESIGN CONCEPT / LAND USE

ELEVATIONS



STREET VIEW



AN OVERVIEW OF **FINANCING**

TRUMAN OLSON

- Purchase Price: \$1,5M
- TIF - \$0
- Affordable Housing Fund: \$750K
- Home/HTF: \$500K



We intend to pay \$1,500,000 for the Truman Olson Site. We believe this price puts us in the best position to be competitive and also for success.

This will be contingent upon 4% LIHTC financing which is not as competitive as the 9% LIHTC allocation from WHEDA. Our team has a 100% success rate on all submissions to WHEDA for the LIHTC Program. We have also discussed the potential of this project and WHEDA is excited about the possibility of working with us on it.

We've done our best to put together a program that maximizes the density and reduces the economic strain on the City of Madison. In our model we're only requesting \$750K from the Affordable Housing Funds and \$500 from Home / Housing Trust Fund.

Although the project is \$41M total, we're only requested \$1.25M from the City and it will not require any Tax Incremental Financing.

Our research shows this project will benefit the City by producing over \$100K in taxes annually all while creating over 50 construction jobs and over 75 new permanent jobs shared between the grocery store and the apartments.

We also are in conversation with SSM on creating a healthy food commercial kitchen that will be open to the community to fellowship and learn from.

Please see proforma attached

3.

SOURCES & USES

Development Costs			
Description	Amount	Per Unit	Per GSF
Acquisition Costs	1,507,752	10,051.68	6.70
Site Improvements	515,000	3,433.33	2.29
Construction - Hard Costs	28,326,000	188,840.00	125.89
Construction - Soft Costs	740,000	4,933.33	3.29
Predevelopment - Soft Costs	158,000	1,053.33	0.70
Financing - Construction / Bridge Loan	1,122,000	7,480.00	4.99
Financing - Permanent / 1st Mortgage	340,445	2,269.63	1.51
Tax Credit & Bond Fees	234,711	1,564.74	1.04
Financing - Soft Source Fees	-	-	-
Owner Legal & Accounting	235,000	1,566.67	1.04
Construction Period Taxes & Insurance	65,000	433.33	0.29
Reserves & Escrows	1,616,893	10,779.29	7.19
Developer Fee	3,015,823	20,105.49	13.40
Deferred Developer Fee	3,421,344	22,808.96	15.21
Total	41,297,968	275,320	183.55

Development Sources						
Permanent						
Description	Amount	Type	Rate	Term	Amortization	Annual Debt Service
Private First Mortgage	21,663,000	Hard Debt	4.90%	35	35	1,295,434
Sponsor Loan - City of Madison Affordable	750,000	Soft Loan	2.60%	20	-	-
Sponsor Loan - WEDC Brownfields	500,000	Soft Loan	2.60%	30	-	-
Sponsor Loan - FHLB AHP	900,000	Soft Loan	2.60%	30	-	-
Sponsor Loan - City of Madison HOME/HTF	500,000	Soft Loan	2.60%	30	-	-
LIHTC Equity	13,563,524	Equity				
Managing Member Capital Contribution	100	Equity				
Deferred Developer Fee	3,421,344	Equity				
Total	41,297,968					

3.

UNIT MIX & CASH FLOW

RESIDENTIAL INCOME									
Unit Type	# of Units	# BR	# Bath	Unit SF	Total Res. SF	Max Hhld AMI	Net/Contract Rent	Monthly Rent	Annual Rent
1 BR	30	1	1	650	19,500	30%	454	13,620	163,440
1 BR	10	1	1	650	6,500	50%	834	8,340	100,080
1 BR	15	1	1	650	9,750	60%	1,009	15,135	181,620
1 BR	20	1	1	650	13,000	80%	1,359	27,180	326,160
2 BR	10	2	1	950	9,500	50%	992	9,920	119,040
2 BR	15	2	1	950	14,250	60%	1,132	16,980	203,760
2 BR	25	2	1	950	23,750	80%	1,432	35,800	429,600
3 BR	25	3	2	1,250	31,250	80%	1,668	41,700	500,400
Total Rental Units	150				127,500			168,675	2,024,100

COMMERCIAL INCOME				
	SF	Rent Per SF	Monthly Rent	Annual Income
Grocery Store	30,000	14.00	35,000	420,000
	-	-	-	-
	-	-	-	-
Total	30,000	4.67		420,000

ESCALATION & VACANCY ASSUMPTIONS


	Res.	Comm.		
Vacancy	7.0%	20.0%	Reserve Contribution Escalation	3.0%
Income Escalation	2.0%	2.0%	Interest on Reserve Accounts	0.5%
Expense Escalation	3.0%	3.0%	Investor Asset Management Fee	3.0%
RE Tax Escalation	3.0%	3.0%	Deferred Developer Fee Interest	3.0%

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	1	2	3	4	5	6	7	8	9	10
INCOME										
Residential Income		2,024,100	2,064,582	2,105,874	2,147,991	2,190,951	2,234,770	2,279,465	2,325,055	2,371,556
Residential Vacancy		(141,687)	(144,521)	(147,411)	(150,359)	(153,367)	(156,434)	(159,563)	(162,754)	(166,009)
Other Residential Income	parking									
Other Residential Vacancy		(13,230)	(13,495)	(13,764)	(14,040)	(14,321)	(14,607)	(14,899)	(15,197)	(15,501)
Commercial Income		420,000	428,400	436,968	445,707	454,622	463,714	472,988	482,448	492,097
Commercial Vacancy		(84,000)	(85,680)	(87,394)	(89,141)	(90,924)	(92,743)	(94,598)	(96,490)	(98,419)
Total Income		2,394,183	2,442,067	2,490,908	2,540,726	2,591,541	2,643,371	2,696,239	2,750,164	2,805,167
check		0								
OPERATING EXPENSES										
Administrative		321,118	330,751	340,674	350,894	361,421	372,264	383,432	394,935	406,783
Utilities		75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008
Operations & Maintenance		174,450	179,684	185,074	190,626	196,345	202,235	208,302	214,551	220,988
Real Estate Taxes		150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016
Other Tax & Insurance		74,036	76,257	78,545	80,901	83,328	85,828	88,403	91,055	93,787
TIF Refund	no	0	0	0	0	0	0	0	0	0
Total OpEx		794,604	818,442	842,995	868,285	894,334	921,164	948,799	977,263	1,006,580
Reserve Contributions		45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005
Total OpEx with Reserves		839,604	864,792	890,736	917,458	944,982	973,331	1,002,531	1,032,607	1,063,585
check		0								
Cash Flow Before Debt Service		1,554,579	1,577,275	1,600,172	1,623,268	1,646,559	1,670,040	1,693,708	1,717,557	1,741,582
check		0								
DEBT SERVICE PAYMENTS										
Private First Mortgage		1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434
DCR #1		1,2000	1,2176	1,2352	1,2531	1,2710	1,2892	1,3074	1,3259	1,3444
DCR #1 (Not including TIF Increment)		1,2000	1,2176	1,2352	1,2531	1,2710	1,2892	1,3074	1,3259	1,3444
DCR #2	10	0	0	0	0	0	0	0	0	0
Loan #3 Debt Service		0	0	0	0	0	0	0	0	0
DCR #3		1,2000	1,2176	1,2352	1,2531	1,2710	1,2892	1,3074	1,3259	1,3444
Cash Flow after Debt Service		259,146	281,841	304,739	327,835	351,126	374,607	398,274	422,123	446,148

4.

OWNERSHIP STRUCTURE

The plan is for Rule Enterprises to negotiate the purchase and sale agreement with the City of Madison then to form a limited liability company and acquire the site on a fee simple title.



LET'S CONTINUE TO PAVE THE WAY FOR THE FUTURE GENERATIONS.

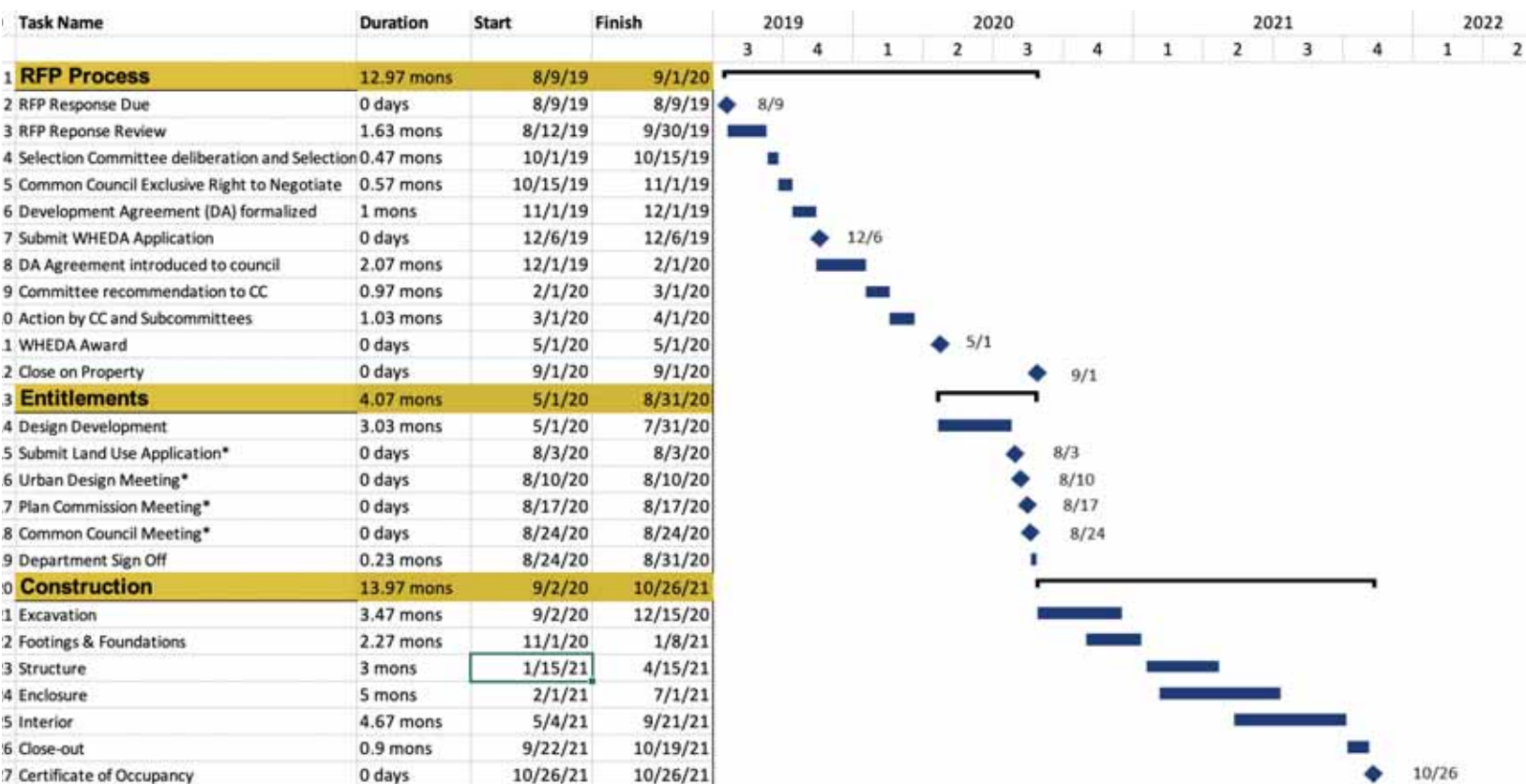
5.

PROCESS/TIMELINE

We believe if we receive the exclusive right to negotiate, by the time the WHEDA submission is due, we can deliver a project by the end of 2021. Within that timeframe we will establish a Developers Agreement with the city of Madison, get the City of Madison's Development Review and Land Use approvals then close on the project. The construction timeline will be approximately 14 months. Please see the detailed description below.

Marketing plan for the housing will be primarily managed by our property management firm. We realize there's a huge demand for workforce housing in not only Madison but also the South Side of town. We plan to connect with the local community organizations and attend their meetings. We also plan to send pertinent information to all of their members through an email blast. The marketing for the grocery store will be in conjunction with their national, regional, and local plan.

Our community goal is to engage every local neighborhood organization and the businesses along Park Street. We currently have letters of support from Forward Community Investments, Urban League of Greater Madison, YWCA Madison, Centro Hispano Madison, Bayview Foundation, One City Schools, & Akamai. We plan to leverage those relationships along with SSM to create a sustainable community hub that serve as an anchor for the community for many years to come.







FINANCIAL SUMMARY

South Park Apartments



Location	
Address	1402 South Park Street
City	Madison
County	Dane
Total # of Units	150
# of Buildings	1
Census Tract	55079015800
QCT	13

Development Costs			
Description	Amount	Per Unit	Per GSF
Acquisition Costs	1,507,752	10,051.68	6.70
Site Improvements	515,000	3,433.33	2.29
Construction - Hard Costs	28,326,000	188,840.00	125.89
Construction - Soft Costs	740,000	4,933.33	3.29
Predevelopment - Soft Costs	158,000	1,053.33	0.70
Financing - Construction / Bridge Loan	1,122,000	7,480.00	4.99
Financing - Permanent / 1st Mortgage	340,445	2,269.63	1.51
Tax Credit & Bond Fees	234,711	1,564.74	1.04
Financing - Soft Source Fees	-	-	-
Owner Legal & Accounting	235,000	1,566.67	1.04
Construction Period Taxes & Insurance	65,000	433.33	0.29
Reserves & Escrows	1,616,893	10,779.29	7.19
Developer Fee	3,015,823	20,105.49	13.40
Deferred Developer Fee	3,421,344	22,808.96	15.21
Total	41,297,968	275,320	183.55

Development Sources

Permanent

Description	Amount	Type	Rate	Term	Amortization	Annual Debt Service	Affordability Period
Private First Mortgage	21,663,000	Hard Debt	4.90%	35	35	1,295,434	
Sponsor Loan - City of Madison Affordable	750,000	Soft Loan	2.60%	20	-		20 years
Sponsor Loan - WEDC Brownfields	500,000	Soft Loan	2.60%	30	-		
Sponsor Loan - FHLB AHP	900,000	Soft Loan	2.60%	30	-		
Sponsor Loan - City of Madison HOME/HTF	500,000	Soft Loan	2.60%	30	-		15 years
LIHTC Equity	13,563,524	Equity					30 years
Managing Member Capital Contribution	100	Equity					
Deferred Developer Fee	3,421,344	Equity					
Total	41,297,968						

0

Tax Credits	
# of LIHTC Units	0
LIHTC Allocation Amount	1,012,305
Price Per LIHTC	0.92
Federal Historic Credits	-
Price Per Federal Historic Credit	-
State Historic Credit	-
Price Per State Historic Credit	-

Income & Expenses			
# of Bedrooms	# of Units	Annual Income	PUPY
1 BR	75	771,300	
2 BR	50	752,400	
3 BR	25	500,400	
4 BR			
Gross Residential Income		2,024,100	13,494.00
(Less Vacancy)	7%	(141,687)	
Effective Residential Income		1,882,413	
Effective Commercial Income			
Effective Other Income		43,110	
Gross Effective Income		1,925,523	12,837
Plus TIF Refund		0	
Less Operating Expenses		794,604	5,297
Less Replacement Reserves		45,000	300
Net Operating Income		1,085,919	7,239
Total Must Pay Debt Year 1		1,295,434	
Cash Flow Year 1		(209,514)	
DCR Year 1		0.84	

UNIT & INCOME MIX

South Park Apartments

RESIDENTIAL INCOME

Unit Type	# of Units	# BR	# Bath	Unit SF	Total Res. SF	Max Hhld AMI	Price Per SF	Tax Credit Unit	Integ. Unit	Gross Rent	Utility Allowance	Net/Contract Rent	Monthly Rent	Annual Rent
1 BR - Vets/Supportive	30	1	1	650	19,500	30%		30	30	545	91	454	13,620	163,440
1 BR	10	1	1	650	6,500	50%	1.28	10	10	925	91	834	8,340	100,080
1 BR	15	1	1	650	9,750	60%	1.55	15	15	1,100	91	1,009	15,135	181,620
1 BR	20	1	1	650	13,000	80%	2.09	20	20	1,450	91	1,359	27,180	326,160
2 BR	10	2	1	950	9,500	50%	1.04	10	10	1,110	118	992	9,920	119,040
2 BR	15	2	1	950	14,250	60%	1.19	15	15	1,250	118	1,132	16,980	203,760
2 BR	25	2	1	950	23,750	80%	1.51	25	25	1,550	118	1,432	35,800	429,600
3 BR	25	3	2	1,250	31,250	80%	1.33	25	25	1,800	132	1,668	41,700	500,400
Total Rental Units	150				127,500			150	30				168,675	2,024,100
							% of Total Units	100%	20%					

OTHER RESIDENTIAL INCOME

	# Units	Monthly Income / Unit	Annual Income	Notes
Parking	150	75	135,000	
Pet Fee	90	50	54,000	
			-	
Other			-	
Security Deposit Income			-	
Credit Check Fees			-	
Interest on Reserves			-	
Total			189,000	105

UTILITY ALLOWANCE SCHEDULE

Utility	Type	Gas or Electric	Owner Paid (included in Rent)	Tenant Paid
Heat		gas		x
AC		electric		x
Hot Water		gas		x
Cooking		electric		x
Gen Elec				x
Water/Sewer			X	

Source Refer to "Util" Tab for full schedule.

COMMERCIAL INCOME

	SF	Rent Per SF	Monthly Rent	Annual Income	Notes
Grocery Store	30,000	14.00	35,000	420,000	
	-	-	-	-	
	-	-	-	-	
Total	30,000	4.67		420,000	

0.794847865

APPLICABLE FRACTION (% LOW-INCOME)

	Units	SF
Tax Credit Eligible Units (<= 60% AMI)	150	127,500
Non-Tax Credit Eligible Units	-	-
Total Residential Rental Units	150	127,500
Applicable Fraction by Calc Method	100.00%	100.00%
Applicable Fraction - Use Lesser of Two Methods		
Commercial Rental Spaces (SF)		
Residential Common Areas (SF)		
Total Project SF		0

Development Sources

South Park Apartments
Rule Enterprises

PERMANENT SOURCES												
	Status	Amount	WHEDA 85% Test	Per Unit	% of Total	Interest Rate	Term (years)	Amort (years)	Annual Debt Service	Year 1 DCR	Year 20 DCR	
DEBT												
1	First Mortgage	21,663,000										
A	Private First Mortgage - WHEDA	21,663,000	52%	361,050	52%	4.90%	35	35	1,295,434	0.14	1.56	
B				-	0%				-			
2			0%	-	0%	4.500%	20	20		0.14	1.56	
3		-		-	0%	2.500%	20	-		0.14		
CONTINGENT DEBT												
1	Sponsor Loan - City of Madison Affordable	750,000	2%	12,500	2%	2.600%	30	-	19,500	0.13		
2	Sponsor Loan - WEDC Brownfields	500,000	1%	8,333	1%	2.600%	30	-	13,000	0.13		
3	Sponsor Loan - FHLB AHP	900,000	2%	15,000	2%	2.600%	30	-	23,400	0.13		
4	Sponsor Loan - City of Madison HOME/HTF	500,000	1%	8,333	1%	2.600%	30	-	13,000	0.13		
5				-	0%	2.600%	30	-	-	-		
6				-	0%			-	-	-		
7	GAP			-	0%			-	-	-		
8												
9												
EQUITY												
	LIHTC Equity	Pending		13,563,524	33%							
	HTC Equity			-	0%							
	Managing Member Capital Contribution			100	0%							
	Deferred Developer Fee			3,421,344	8%							
TOTAL				41,297,968	92%							
		Uses		41,297,968								
		Surplus / (Gap)		(0)	(3,421,344.48)		Perm LTC	0%				

Development Uses
 South Park Apartments
 Rule Enterprises

SUMMARY					
	Units	150		Total GC Contact	-
				Per unit	-
Residential SF	127,500			Per Total SF	-
Commercial SF	30,000			Per Net Rentable	-
Garage SF	30,000			Total Land+Bldg Acq	1,500,000
Program SF	37,500			% Land	100%
Total Building SF	225,000	Total FAR		% Commercial	13%
Net Rentable SF	187,500	% Historic Eligible	0%	Check	13%

USES						
			Residential	Commercial	Total Development Amount	Res Per Unit
ACQUISITION COSTS						
Land			1,500,000	-	1,500,000	10,000
Title & Recording Fees	% of purchase price	100%	7,752	-	7,752	52
Subtotal			1,507,752	-	1,507,752	10,052
SITE IMPROVEMENTS						
Sitework & Earthwork (On-Site - Basis Eligible)			300,000	-	300,000	2,000
Sitework & Earthwork (On-Site - Ineligible)			100,000	-	100,000	667
Site Utilities (Basis Eligible)			115,000	-	115,000	767
Asbestos Testing & Abatement		0.0%	-	-	-	-
Subtotal			515,000	-	515,000	3,433
CONSTRUCTION - HARD COSTS						
Residential Construction Costs	Net Cost per SF	95	18,487,500	-	18,487,500	123,250
Commercial Construction	included above	140	-	4,200,000	4,200,000	28,000
Furnishings, Fixtures & Equipment (GC)	appliances, window treatments		250,000	-	250,000	1,667
Contractor General Conditions	% of net construction	3.94%	924,375	-	924,375	6,163
Contractor Overhead	% of net construction	2.36%	554,625	-	554,625	3,698
Contractor Profit	% of net construction	3.15%	739,500	-	739,500	4,930
Hard Cost Contingency (Owner)	% of total GC budget	2.43%	625,000	210,000	835,000	5,567
Furnishings, Fixtures & Equipment (Owner)			50,000	-	50,000	333
Signage	incl above		15,000	-	15,000	100
Garage			2,400,000	-	2,400,000	16,000
Temp Heat			15,000	-	15,000	100
Utility Connections			35,000	-	35,000	233
Cable TV & Internet Wiring			10,000	-	10,000	67
Site Security & Monitoring System			15,000	-	15,000	100
Plan Examination Fees			5,000	-	5,000	33
Building Permits	in constr estimate		-	-	-	-
Subtotal		126	24,126,000	4,410,000	28,536,000	188,840
CONSTRUCTION - SOFT COSTS						
Architecture - Design	per unit	3,667	550,000	112,500	662,500	4,327
Architecture - Construction Supervision	per unit	267	40,000	5,000	45,000	293
Architectural Reimbursable Expenses			15,000	-	15,000	100
Engineering	per unit	800	10,000	-	10,000	67
Geotech Soil Borings			50,000	-	50,000	333
Construction Material Testing			10,000	-	10,000	67
Green Consultant			15,000	-	15,000	100
Development Consultant			50,000	-	50,000	333
Subtotal			740,000	117,500	857,500	5,567
PREDEVELOPMENT - SOFT COSTS						
Surveys	as-is, as-built		10,000	-	10,000	67
Appraisal			5,000	-	5,000	33
Market Study			6,500	-	6,500	43
Environmental			-	-	-	-
Phase I ESA			3,000	-	3,000	20
Phase II ESA			6,000	-	6,000	40
Phase III ESA			35,000	-	35,000	233
Remedial Action Plan			10,000	-	10,000	67
DNR Fees			7,500	-	7,500	50
Subtotal			83,000	-	83,000	543
FINANCING COSTS - CONSTRUCTION / BRIDGE LOAN						
Loan Origination	(loan amt):	35,000,000	1.00%	350,000	350,000	2,333
Loan Interest Reserve	(Con-P Int)	-	-	750,000	750,000	5,000
Lender Inspection	per inspection	1,000	-	12,000	12,000	80
LOC Fee			10,000	-	10,000	67
Subtotal			1,120,000	-	1,120,000	7,480
FINANCING COSTS - PERMANENT / 1st MORTGAGE						
Perm Loan Origination - TIF & Subordinated Notes		21,663,000	1.50%	324,945	324,945	2,166
Perm Loan App Fee			500	-	500	3
Perm Lender Documentation Fees			15,000	-	15,000	100
Subtotal			340,445	-	340,445	2,270
TAX CREDIT & BOND FEES						
LIHTC Application Fees (2019)			4,000	-	4,000	27
LIHTC 4% Reservation Fee (2019)	% of annual credit amt	5%	50,615	-	50,615	337
LIHTC 4% Carryover Allocation Fee (2019)			50,615	-	50,615	337
LIHTC Reservation/Carryover Fees (2019)		1,012,305	10%	101,230	101,230	675
LIHTC 4% Determination Fee (TE bonds only)			-	-	-	-
LIHTC Initial Compliance Fee	per unit	55	8,250	-	8,250	55
Investor Legal			20,000	-	20,000	133
Subtotal			234,711	-	234,711	1,565
OWNER LEGAL & ACCOUNTING						
Accounting			30,000	-	30,000	200
Legal - Transactional	% of owner legal fees	45%	100,000	-	100,000	667
Legal - Partnership Organizational		96,500	45%	50,000	50,000	333
Legal - Syndication			10,000	-	10,000	67
Title & Recording Fees (2nd closing)	% basis eligible	90%	45,000	-	45,000	300
Subtotal			235,000	-	235,000	1,567
TAXES & INSURANCE - CONSTRUCTION PERIOD						
Property Taxes	# months of constr		25,000	-	25,000	167
Insurance			40,000	-	40,000	267
Subtotal			65,000	-	65,000	433
RESERVES & ESCROWS						
Initial Lease-Up Reserve	6 months op ex		-	-	-	-
Operating Reserves	months of op costs	6.0	397,302	-	397,302	2,649
	months of op costs	6.0	419,802	-	419,802	2,799
Subtotal			817,104	-	817,104	5,448
DEVELOPER FEE						
Developer Fee	% of dev fee basis		3,015,823	-	3,015,823	20,105
Deferred Developer Fee	% of developer fee	53%	3,421,344	-	3,421,344	22,809
Subtotal	% of WHEDA maximum fee		6,437,167	-	6,437,167	42,914
TOTAL			41,297,968	-	41,297,968	275,320

Operating Proforma
 South Park Apartments
 Rule Enterprises

ESCALATION & VACANCY ASSUMPTIONS

	Res.	Comm.		
Vacancy	7.0%	20.0%	Reserve Contribution Escalation	3.0%
Income Escalation	2.0%	2.0%	Interest on Reserve Accounts	0.5%
Expense Escalation	3.0%	3.0%	Investor Asset Management Fee	4,200
RE Tax Escalation	3.0%	3.0%	Deferred Developer Fee Interest	3.0%

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME															
Residential Income		2,024,100	2,064,582	2,105,874	2,147,991	2,190,951	2,234,770	2,279,465	2,325,055	2,371,556	2,418,987	2,467,367	2,516,714	2,567,048	2,618,389
Residential Vacancy		(141,687)	(144,521)	(147,411)	(150,359)	(153,367)	(156,434)	(159,563)	(162,754)	(166,009)	(169,329)	(172,716)	(176,170)	(179,693)	(183,287)
Other Residential Income	parking	189,000	192,780	196,636	200,568	204,580	208,671	212,845	217,102	221,444	225,872	230,390	234,998	239,698	244,492
Other Residential Vacancy		(13,230)	(13,495)	(13,764)	(14,040)	(14,321)	(14,607)	(14,899)	(15,197)	(15,501)	(15,811)	(16,127)	(16,450)	(16,779)	(17,114)
Commercial Income		420,000	428,400	436,968	445,707	454,622	463,714	472,988	482,448	492,097	501,939	511,978	522,217	532,662	543,315
Commercial Vacancy		(84,000)	(85,680)	(87,394)	(89,141)	(90,924)	(92,743)	(94,598)	(96,490)	(98,419)	(100,388)	(102,396)	(104,443)	(106,532)	(108,663)
Total Income		2,394,183	2,442,067	2,490,908	2,540,726	2,591,541	2,643,371	2,696,239	2,750,164	2,805,167	2,861,270	2,918,496	2,976,866	3,036,403	3,097,131
<i>check</i>		0													
OPERATING EXPENSES															
Administrative		321,118	330,751	340,674	350,894	361,421	372,264	383,432	394,935	406,783	418,986	431,556	444,502	457,837	471,572
Utilities		75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858	100,794	103,818	106,932	110,140
Operations & Maintenance		174,450	179,684	185,074	190,626	196,345	202,235	208,302	214,551	220,988	227,618	234,446	241,480	248,724	256,186
Real Estate Taxes		150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587	207,635	213,864	220,280
Other Tax & Insurance		74,036	76,257	78,545	80,901	83,328	85,828	88,403	91,055	93,787	96,600	99,498	102,483	105,558	108,724
TIF Refund	no	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OpEx		794,604	818,442	842,995	868,285	894,334	921,164	948,799	977,263	1,006,580	1,036,778	1,067,881	1,099,918	1,132,915	1,166,903
<i>check</i>		0													
Reserve Contributions		45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715	60,476	62,291	64,159	66,084
Total OpEx with Reserves		839,604	864,792	890,736	917,458	944,982	973,331	1,002,531	1,032,607	1,063,585	1,095,493	1,128,357	1,162,208	1,197,074	1,232,987
<i>check</i>		0													
Cash Flow Before Debt Service		1,554,579	1,577,275	1,600,172	1,623,268	1,646,559	1,670,040	1,693,708	1,717,557	1,741,582	1,765,778	1,790,138	1,814,657	1,839,329	1,864,144
<i>check</i>		0													
DEBT SERVICE PAYMENTS															
Private First Mortgage		1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434	1,295,434
DCR #1		1.2000	1.2176	1.2352	1.2531	1.2710	1.2892	1.3074	1.3259	1.3444	1.3631	1.3819	1.4008	1.4199	1.4390
DCR #1 (Not including TIF Increment)		1.2000	1.2176	1.2352	1.2531	1.2710	1.2892	1.3074	1.3259	1.3444	1.3631	1.3819	1.4008	1.4199	1.4390
DCR #2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR #2		1.2000	1.2176	1.2352	1.2531	1.2710	1.2892	1.3074	1.3259	1.3444	1.3631	1.3819	1.4008	1.4199	1.4390
Loan #3 Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR #3		1.2000	1.2176	1.2352	1.2531	1.2710	1.2892	1.3074	1.3259	1.3444	1.3631	1.3819	1.4008	1.4199	1.4390
Cash Flow after Debt Service		259,146	281,841	304,739	327,835	351,126	374,607	398,274	422,123	446,148	470,344	494,705	519,224	543,895	568,711

Operating Income & Expenses

South Park Apartments
Rule Enterprises

First Stabilized Year for Income & Expenses

	2021		
Units	150		
Cost Per Unit		PUPM	PUPY
All Expenses Excluding Debt Service		-	-
Excluding Taxes, Reserves, Debt Service		344	4,131

OPERATING INCOME

		Amount	PUPY
Residential Income		2,024,100	13,494
Residential Vacancy	7%	(141,687)	(945)
Other Residential Income		189,000	1,260
Other Residential Vacancy	7%	(13,230)	(88)
Commercial Vacancy	20%	(84,000)	(560)
EFFECTIVE GROSS INCOME		2,394,183	15,961

OPERATING EXPENSES

	Basis for Calc		Amount	PUPY
ADMINISTRATIVE				
00 Advertising and Marketing	pupy	40	6,000	40
351 Office/Accounting Salaries				-
00 Office Expenses		50	7,500	50
00 Telecommunications (Phone/Internet/Cable)	see below		27,396	183
00 Property Management Fee	% of EGI	6.00%	143,651	958
00 Recertification Fees		0	-	-
00 Manager or Superintendent Salaries	see below		88,400	589
00 Administrative Rent Free Unit				-
00 Legal Expense - Project			750	5
00 WHEDA Asset Management Fees	pupy	45	6,750	45
00 Lender Inspection Fees	pupy	10	350	2
00 Audit Expense			7,200	48
00 Bad Debts Expense	% of EGI	0.50%	11,971	80
Software Expense	pupy	45	6,750	45
Fire Alarm & Elevator Monitoring Fees	\$25/system/month		900	
RightSource Compliance	pupm	7.5	13,500	
00 Miscellaneous Administrative			-	-
00 Service Coordinator			-	-
Subtotal			321,118	2,045
UTILITIES				
00 Electricity	pupy	150	22,500	150
00 Water	pupy	100	15,000	100
00 Gas	pupy	150	22,500	150
00 Sewer	pupy	100	15,000	100
Subtotal			75,000	500
OPERATIONS & MAINTENANCE				
00 Payroll	see below		31,200	208
00 Supplies	pupy	100	15,000	100
50 Janitor and Cleaning Expense	pupy	125	18,750	125
00 Maintenance & Repairs	pupy	200	30,000	200
00 Painting/Decorating	pupy	100	15,000	100
00 Elevator Maintenance			3,000	20
00 Furnishings Replacement			3,000	20
00 Grounds and Landscaping			6,000	40
00 Pest Control	pupy	100	15,000	100
00 Garbage & Trash Removal	pupy	200	30,000	200
00 Security Payroll/Contract			2,500	17
00 Snow Removal			5,000	33
00 Miscellaneous O & M Expenses			-	-
Subtotal			174,450	1,163
TAXES & INSURANCE				
00 Real Estate Taxes/PILOT			150,000	1,000
00 Property & Liability Insurance (Hazard)			25,000	167
00 Payroll Taxes (Project's Share) FICA	see below		9,568	64
00 Workman's Compensation-All	see below		5,860	39
00 Health Insurance & Other Benefits	see below		29,900	199
00 Unemployment Insurance Expense	see below		3,708	25
00 Misc. Fees			-	-
Subtotal			224,036	1,494
TOTAL OPERATING EXPENSES			794,604	5,201
NET OPERATING INCOME			1,599,579	10,664
RESERVE CONTRIBUTIONS				
Replacement Reserve	per unit per year	300	45,000	300
Operating Reserve	per unit per year	0	-	-
Other			-	-
TOTAL OPEX & RESERVES			839,604	5,597
CASH FLOW BEFORE DEBT SERVICE			1,554,579	10,364

Rule Enterprises - Truman Olson CDD AHF Application Supplemental Questions

Response Requested by TBD

Instructions to Applicant:

Please respond ***briefly and succinctly*** to the questions below in-line, unless otherwise specified (e.g. additional documentation requested). Maximum 1/3 a page per question. Please use this Word document to record your answers and return this completed document to jspears@cityofmadison.com and cc: etabakin@cityofmadison.com. We ask that you refrain from submitting additional documentation not specifically requested at this time or using alternative formats.

FEASIBILITY

1. Income Averaging.

- a. **It appears that the unit mix might not be compliant with IRS requirement for income-averaging. The average income across the 150 units is 62%. If that's the case, how will you adjust the unit mix? e.g., increase the number of 30% units OR decrease the number of 80% units.**

- Good call, I've made adjustments in a more recent model and shifted 5 80% 1bd room units to 50% 1bd room units.

- b. **What is your experience with income averaging? What is your property manager's experience with it?**

- Income averaging is relatively new, so my experience is only from reading literature, attending conferences, and my most recent development project. Luckily, I've engaged Baker Tilly as my development consultant and Don Bernards has significant experience with it within the State of Wisconsin and Beyond.
- I will likely select Lutheran Social Services as my property management company, and they have experience working with income averaging as well.

2. Please provide more detail on your cost estimation behind the site work line item.

3. **State 4% LIHTC & Commercial Income. Do your financial projections take into account WHEDA's rule regarding commercial income in calculations of DCR? Per 2019-20 QAP applicants must maintain DCR of 1.2 to 1.4 and commercial income will not be considered when determining DCR.**

- We have taken out the commercial income, which put a strain on our debt sizing. We may need the financial allocation approved to meet the 85% test.

4. **Developer fee calculation. Is the total developer fee calculation maximized, if not please provide a reason for claiming a lower amount?**
 - It's maximized, the equation I used was 6% Acquisition + 20% Total cost less acquisition, reserves & dev fee.
5. **There is significant concern about gentrification in Madison, especially in this area. How will you protect future tenants from rapidly rising contract rents allowed by WHEDA? Will you have any internal structures to limit rent increases for lease renewals?**
 - We will restrict the increase to a maximum of 2% per year for all renewals.
6. **The proposal lists start of construction in September/Fall 2020 in advance of AHP-application award announcement in December 2020. Are you planning on Chicago or a different FHLB? Are you confident you'd be able to close before having the AHP award? Who is the proposed non-profit partner for AHP-FHLB application?**
 - We are planning on Chicago, I've spoken to them and they are planning to move the timeline up next year to the fall instead of December to help projects close and start construction prior to the harsh Winter Months between Dec-Feb. If they don't move their timeline up, we will likely close December 2020 instead.
 - Will likely submit with Lutheran Social Services.
7. **Is the Market Study available? If so, please submit a copy at this time or provide us with the date expected.**
 - Not yet, this will be available early December.

INTEGRATED SUPPORTIVE HOUSING UNITS

1. **Please describe your proposed integrated supportive housing approach for the 30% units, if any. Please elaborate on the targeted populations you plan on serving Identify if any preliminary or formal agreements have been reached with a supportive service provider.**
 - Our plan is to work with both individuals with disabilities and with veterans. LSS has extensive experience offering a diverse range of supportive services to many demographics throughout the state and beyond. We plan to connect with the local associations to identify the greatest need then service that population through outreach and collaboration.
2. **In order to ensure ongoing support to tenants, describe the level of financial support that the development will provide annually to the identified supportive service agency/agencies, if applicable. Attach a letter from the service provider(s) detailing the**

services they intend to provide to residents of the supportive housing units, the cost of those services and how those services will be financially supported (i.e., through the development, fundraising, existing program dollars, etc.).

- As of now we have a proposed \$30K per year to ensure ongoing support to tenants will be met. Please see attached for the types of services we plan to offer.

TENANT SELECTION

1. Describe your plans to incorporate flexible tenant selection criteria for households who are connected to supportive services, in order to provide housing opportunities for persons or families who would otherwise face common obstacles obtaining housing (e.g., poor credit, negative rental history, criminal conviction records, etc.). Specifically outline how this proposal embraces the [City of Madison Tenant Selection Best Practices](#) and provides the maximum feasible flexibility in tenant selection to the general population and supportive service units.
 - This is still being developed but we can assure that we will abide by the Tenant Selection Best Practices. Will update this at a later date.
2. Describe the proposed development's minimum occupancy standards that will prevent or reduce over-housing residents in such limited affordable housing opportunities.
 - We will allow each unit to be occupied by a minimum of one person per bedroom at the time of occupancy.
3. Describe your affirmative marketing strategy and any other strategies to engage your intended population. Specifically outline how you will embrace the [City of Madison's Affirmative Marketing Plan Best Practices](#).
 - This is still being developed but we can assure that we will abide by the Affirmative Marketing Plan Best Practices. Will update this at a later date.
4. How will you affirmatively market to populations that will be identified as least likely to apply? Please reference successful past practices, relationships with agencies and/or marketing materials used.
 - We will have team workshops and strategy sessions to encourage collaboration with the current neighborhood groups. Please see the attached MOU as a reference for a previous partnership.

DEVELOPMENT TEAM EXPERIENCE AND CAPACITY, REFERENCES & WHEDA SCORE

1. Please identify the following key roles in your project development team: property management agent, supportive services provider(s), and any other key consultants, if known.

Contact Person	Company	Role in Development	E-mail	Phone
Don Bernards	Baker Tilly	Development Consultant	donald.bernards@bakertilly.com	608-240-2643
Dennis Hanson	LSS	Dev Partner/ Property Manager / Supportive Service Provider	dennis.hanson@lsswis.org	262-745-1000
Michael Emem	Emem Group	Owners Rep	michael@emem-group.com	414.465.2808
Adam Arndt	Catalyst Construction	Development Partner / General Contractor	aarndt@catalystbuilds.com	414.727.6840
Edward Hayden	Arc-Int	Architect	ed@arcint-architecture.com	414-688-4368

2. Describe the project's organizational structure. Please attach an organizational chart detailing the roles of the applicant, all partners, and the ownership interest percentages of each party.

- Please see document attached.

3. For the following development team roles, please identify the number and/or percentage of women and persons of color employed by that company.

Company	Role in Development	# or % Employees who are Women	# or % Employees who are Persons of Color
Rule Enterprises	Developer	0	100
Catalyst Construction	General Contractor	TBD	TBD
LSS	Property Manager	TBD	TBD
Arc-Int Architecture	Architect	TBD	TBD
LSS	Service Provider	TBD	TBD

4. Please list at least three references who can speak to your work on similar developments completed by your team.

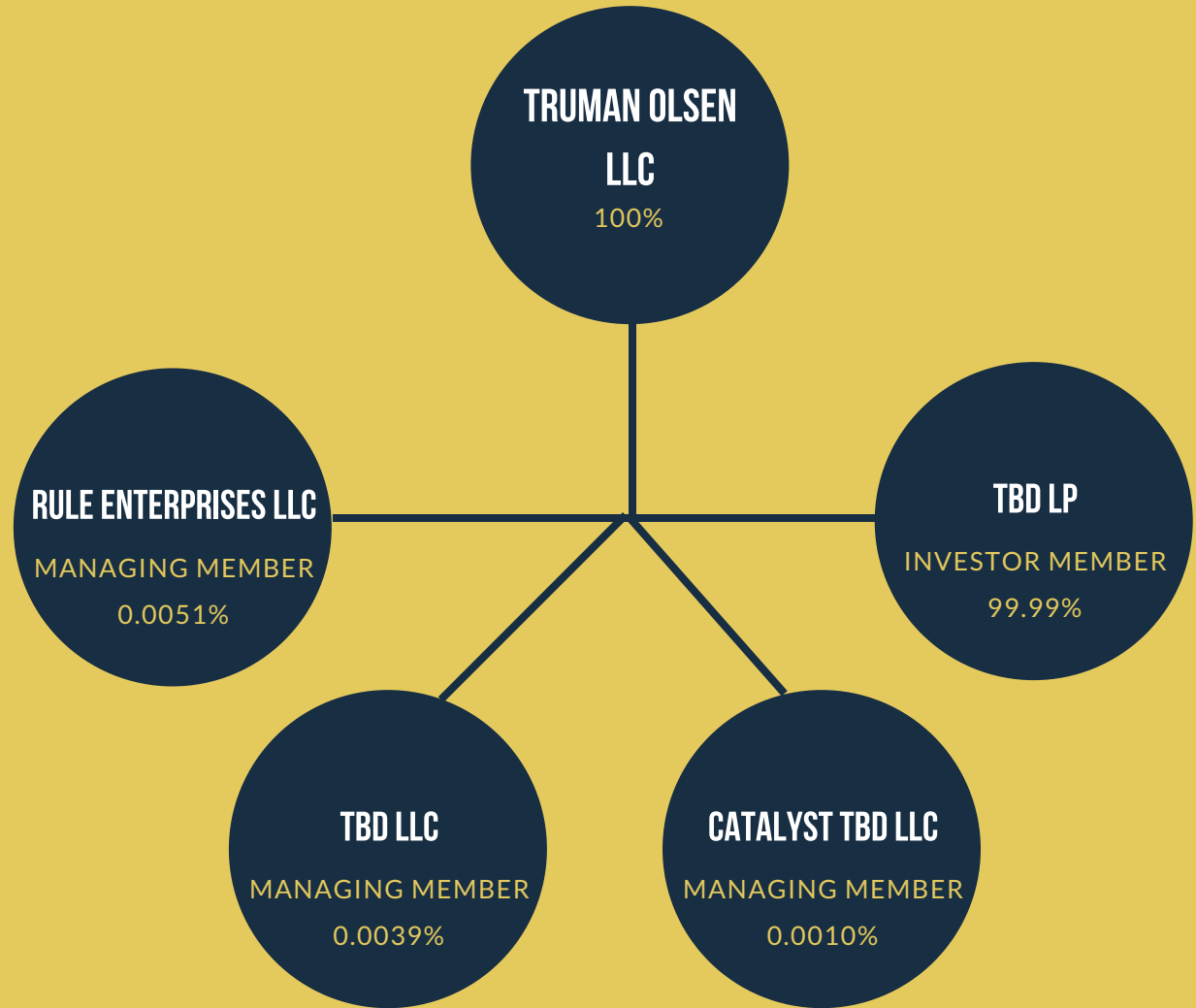
Name	Company/Org	Relationship	Email Address	Phone
Don Bernards	Baker Tilly	Consultant	donald.bernards@bakertilly.com	608-240-2643
Jose Perez	City of Milwaukee	Alderman	JoseG.Perez@Milwaukee.gov	414-286-2861
Joaquin Altoro	WHEDA	Executive Director	Joaquin.Altoro@wheda.com	608-266-7884

5. If applying to WHEDA for 9% or competitive 4% State Housing Tax Credits, please provide your estimated WHEDA self-score in the table provided.

Please see proforma attached.

Scoring Category	Max Points	Projected Points
1. Lower-Income Areas	5	
2. Energy Efficiency and Sustainability	32	
3. Mixed-Income Incentive	12	
4. Serves Large Families (Three-bedroom or larger units)	5	
5. Serves Lowest-Income Residents	60	
6. Supportive Housing	20	
7. Rehab/Neighborhood Stabilization	25	
8. Universal Design	18	
9. Financial Leverage	45	
10. Eventual Tenant Ownership	3	
11. Project Team	12	
12. Readiness to Proceed	12	
13. Areas of Economic Opportunity	28	
Median Income	5	
Unemployment Rate	5	
School District	5	
High Need Area/Respondent to RFQ	5	
Avg. Renter Household Paying >30% on Housing	5	
Access to Services & Amenities	10	
14. Rural Areas Without Recent HTC Awards	5	0
15. Location Points (only for 4% applications)	35	
TOTAL		

TRUMAN OLSEN



DRAFT

Madison Grocery 4%
REAL PATH

Low-Income Housing Tax Credit Financial Analysis
January 7, 2020

**Madison Grocery 4%
PROJECT ASSUMPTIONS**

PROJECT INFORMATION

Partnership	Madison Grocery 4%
County	Dane
Type	New Construction
LIHTC Type	4% - FAMILY
Number of Units	150
LP Formation	2021
	1
Construction Start	2021
	1
Construction Period	12
Operations	2021
	9
Starting Month of Depreciation	9
Starting Month of Lease-Up	1
Absorption Rate (Mos.)	8
Credit % - 30% PV (Jan '20)	3.18%
Credit % - 70% PV	9.00%
Qualified Census Tract - DDA	100.00%
Project Cost	\$ 38,635,238
First Mortgage - Private Placement	\$ 19,386,489
City of Madison Funds	\$ 900,000
Misc Sources	\$ 100
City of Madison Funds - Deferred	\$ 900,000
LIHTC Equity	\$ 9,052,906
State LIHTC Equity	\$ 3,951,785
Deferred Dev Fee	\$ 3,543,958
Subordinate Mortgage	\$ -
AHP Funds	\$ 900,000

FINANCING ASSUMPTIONS

Construction Loan- Max	\$ 27,671,396
Construction Loan - Necessary	\$ 27,671,396
Interest rate	4.40%
Term (months)	18
First Mortgage - Private Placement	\$ 19,386,489
Interest Rate	4.35%
Amortization (years)	40
Term (years)	40
Start Month	10
Start Year	2022
DCR	1.200
Subordinate Mortgage	\$ -
Interest Rate	3.00%
Amortization (years)	35
Term (years)	19
Start Month	10
Start Year	2022
City of Madison Funds - Deferred	\$ 900,000
Interest Rate	0.00%
City of Madison Funds	\$ 900,000
Interest Rate	2.75%
Amortization	30
Term	16
Start Month	10
Start Year	2022
AHP Funds	\$ 900,000
Interest Rate	0.00%
Amortization (years)	30
Term (years)	30
Start Month	10
Start Year	2022
GP Equity	\$ 100
Deferred Developer Fee	\$ 3,543,958
WHEDA Required Portion	2,991,256
Additional Deferred Portion - GAP	552,702

SYNDICATION INFORMATION

Limited Partner's Capital Contribution		33.66%
Investor Federal LIHTC Equity	\$ 9,052,906	
Investor State LIHTC Equity	3,951,785	
Total Investor Capital	13,004,691	
Investor Federal Tax Rate	21.00%	
1st Contribution	Date: 01/01/2021	
Closing	F LIHTC 1,357,936	
15.00%	S LIHTC 592,768	
Part I and II	Total 1,950,704	
2nd Contribution	Date: 01/01/2022	
Completion	F LIHTC 5,431,744	
60.00%	S LIHTC 2,371,071	
	Total 7,802,814	
3rd Contribution	Date: 10/01/2022	
Perm Conv	F LIHTC 1,810,581	
20.00%	S LIHTC 790,357	
	Total 2,600,938	
4th Contribution	Date: 10/01/2022	
8609	F LIHTC 452,645	
5.0%	S LIHTC 197,589	
	Total 650,235	
Price Per Credit		
Federal Low Income Housing	\$ 0.9200	
State Low Income Housing	\$ 0.7100	
Developer Fee Pay-in Schedule		2,438,554
1st Contribution	Date: 05/01/2021	
Closing	25% \$ 609,639	
2nd Contribution	Date: 06/01/2022	
Completion	25% 609,639	
3rd Contribution	Date: 01/01/2023	
Perm Conv	50% \$ 1,219,277	

Percent of Ownership	
General Partner	0.01%
Limited Partner	99.99%
Total	100.00%
Cash Flow Distribution	
General Partner	0.01%
Limited Partner	99.99%
Total	100.00%
Income, Loss & Credits	
General Partner	0.0100%
Limited Partner	99.99%
Total	100.00%
Sale Proceeds Distribution	
General Partner	90.00%
Limited Partner	10.00%
Total	100.00%

OPERATING EXPENSES

	Total	Per Unit	
Administrative	\$ 174,577	1,164	
Maintenance	74,500	497	
Operating	273,749	1,825	
Real Estate Taxes	180,000	1,200	
	<u>702,826</u>	<u>4,686</u>	
Replacement Reserve	45,000	300	
Property Management Fee	6% 108,974	726	
Total	<u>856,800</u>	<u>5,712</u>	\$ 476.00
Annual Operating Exp. Increase	3.00%		
Annual Real Estate Tax Increase	3.00%		
Annual Management Fee Increase	3.00%		
Annual Reserve Increase	3.00%		
Interest rate on reserves	0.00%		

CASH FLOW DISTRIBUTION

LP Asset Management Fee	\$ 3,000	Annually
Deferred Developr Fee	100%	
City of Madison Funds	100%	
GP Partnership Management Fee	90%	of remaining cash flow, non accruing

RENTAL INCOME

Number of Bedrooms	Units	AMI Set Aside %	Unit Type	Baths	SF per Unit	Monthly Net Rent	Monthly Utility	Monthly Gross Rent	Total Monthly Rent
1 Bedroom	25	30%	LIHTC	1.0	650	485	80	565	12,125
1 Bedroom	40	50%	LIHTC	1.0	650	861	80	941	34,440
2 Bedroom	5	30%	LIHTC	2.0	950	583	95	678	2,915
2 Bedroom	20	50%	LIHTC	2.0	950	1,035	95	1,130	20,700
2 Bedroom	30	80%	LIHTC	2.0	950	1,386	95	1,481	41,565
3 Bedroom	-	30%	LIHTC	2.0	1,250	633	111	744	-
3 Bedroom TH	30	80%	LIHTC	2.0	1,250	1,500	111	1,611	45,000
Total	150	58.00%			132,000				156,745

Applicable Fraction 100.00%
60.00% AHP 100.00%

Base Gross Residential Rent	\$ 1,880,940		
Rent Increases	2.00%		
Residential Vacancy Loss	7.00%		
Commercial Income - Grocery Store	\$336,000		
Rent Increases	2.00%		
Residential Vacancy Loss	20.00%		
Parking	Annually \$ 72,000	PUPM \$ 60.00	
Pet Fee	\$ 54,000	\$ 30.00	
	\$ 126,000	\$ 90	

SOURCES OF FUNDS	Construction	Post Construction	Permanent
First Mortgage - Private Placement	\$ -	\$ 19,386,489	\$ 19,386,489
AHP Funds	900,000	-	900,000
City of Madison Funds	900,000	-	900,000
GP Equity	100	-	100
City of Madison Funds - Deferred	900,000	-	900,000
LIHTC Equity	1,357,936	7,694,970	9,052,906
State Equity	592,768	3,359,017	3,951,785
Deferred Dev Fee - WHEDA Required	-	2,991,256	2,991,256
Deferred Dev Fee - GAP	-	552,702	552,702
Construction Loan	27,671,396	(27,671,396)	-
Total Sources Of Funds	\$ 32,322,200	\$ 6,313,038	\$ 38,635,238

WHEDA 2019 85% RULE	
COMMITTED	19,386,489
UNCOMMITTED	0
UNCOMMITTED	0
COMMITTED	100
UNCOMMITTED	0
COMMITTED	9,052,906
COMMITTED	3,951,785
UNCOMMITTED	0
UNCOMMITTED	0
	32,391,280

59.2%

83.84% ERROR
1.161%

USES OF FUNDS	Total Construction	Post Construction	Total Permanent
Acquisition & Site Costs			
Land Costs	1,500,000	-	1,500,000
Site Utilities	115,000	-	115,000
Sitework	400,000	-	400,000
Park Impact Fees	228,000	-	228,000
Permit Fees	100,000	-	100,000
Construction & Commercial Costs			
Residential Construction NC	17,850,000	-	17,850,000
Garage	1,050,000	-	1,050,000
Commercial	3,000,000	-	3,000,000
General Requirements	1,120,750	-	1,120,750
Contractor Overhead	470,715	-	470,715
Contractor Profit	1,200,323	-	1,200,323
Construction Contingency	1,260,339	-	1,260,339
FF&E (GC)	250,000	-	250,000
FF&E (Owner)	50,000	-	50,000
Signage / Branding	15,000	-	15,000
Utility / Cable Connections	60,000	-	60,000
Plan / Examination Fees	50,000	-	50,000
Temp Heat	15,000	-	15,000
Engineering & Architectural			
Architecture: Design	550,000	-	550,000
Architect: Supervision	40,000	-	40,000
Engineering	10,000	-	10,000
Architect Reimbursables	15,000	-	15,000
Survey	10,000	-	10,000
Geotech/Soils	50,000	-	50,000
Construction Material Testing	10,000	-	10,000
Green Consultant	15,000	-	15,000
Development Consultant	50,000	-	50,000
Construction Interest & Fees			
Insurance	40,000	-	40,000
Construction Interest	734,379	-	734,379
Construction Loan Origination - 1%	276,714	-	276,714
LOC Fee	10,000	-	10,000
Construction Period Taxes	25,000	-	25,000
Lender Inspection	12,000	-	12,000
Perm Financing			
Perm Origination Fee - 1.5%	290,797	-	290,797
Perm Loan App Fee	500	-	500
Perm Lender Documentation Fees	15,000	-	15,000
Bond Issuance	250,000	-	250,000
Soft Costs			
Market Study	6,500	-	6,500
Appraisal	5,000	-	5,000
Environmental Reports	61,500	-	61,500
Tax Credit Fees	155,043	-	155,043
Marketing	50,000	-	50,000
Title and Recording	45,000	-	45,000
Consulting	75,000	-	75,000
Accounting	25,000	-	25,000
GP Legal Fees	100,000	-	100,000
Syndication Costs			
Organizational	50,000	-	50,000
Developer Fees / Reserves			
Developer Fee	609,639	5,372,874	5,982,512
Operating and DS Reserve - 6 months	-	940,164	940,164
Rent Up Reserve	-	-	-
Total Uses Of Funds	\$ 32,322,200	\$ 6,313,038	\$ 38,635,238

Building 27.5 Yr/SL	Personal Property 5 Yr/200%	Land Impr. 20 Yr/SL	Amortization	Non Depreciable/ Amortizable	4.0% Eligible Basis	
				1,500,000		
		115,000			115,000	
		400,000			400,000	
228,000					228,000	
100,000					100,000	
17,850,000					17,850,000	
1,050,000				1,050,000		
3,000,000				3,000,000		
1,120,750					1,120,750	
470,715					470,715	
1,200,323					1,200,323	
1,260,339					1,260,339	
250,000					250,000	
50,000	250,000				50,000	
15,000	50,000				15,000	
60,000					60,000	
50,000					50,000	
15,000					15,000	
550,000					550,000	
40,000					40,000	
10,000					10,000	
15,000					15,000	
10,000					10,000	
50,000					50,000	
10,000					10,000	
15,000					15,000	
50,000					50,000	
40,000					40,000	
734,379				110,157	624,222	
276,714			276,714			
10,000					10,000	
25,000					25,000	
12,000					12,000	
290,797			290,797			
500			500			
15,000			15,000			
250,000			250,000			
6,500					6,500	
5,000					5,000	
61,500					61,500	
155,043			155,043			
50,000				50,000		
45,000					45,000	
75,000					75,000	
25,000					25,000	
100,000					100,000	
			50,000			
5,982,512					5,982,512	
				940,164		
Total Uses Of Funds	\$ 31,181,862	\$ 300,000	\$ 515,000	\$ 1,038,055	\$ 6,650,321	\$ 30,946,862

ACQUISITION CREDIT

Acquisition price	1,500,000
Less: Land & other non-depreciable costs	(1,500,000)
Less: Other	-
Adjusted Eligible Basis	<u>-</u>
Qualified Census Tract Adjustment	100.00%
Eligible Basis	-
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	-
Credit Percentage (30% PV)	<u>3.18%</u>

Potential Annual Credit -

CONSTRUCTION / REHAB CREDIT

Eligible Building Basis	30,946,862
Less: Acquisition Credit	-
Less: Federal HTC - Residential	-
Adjusted Eligible Basis	<u>30,946,862</u>
Qualified Census Tract Adjustment	100.00%
Eligible Basis	<u>30,946,862</u>
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	<u>30,946,862</u>
Credit Percentage (30% PV)	<u>3.18%</u>

Potential Annual Credit 984,110

LIH CREDIT ANALYSIS

	FED Credit	State Credit
Annual LIH Credit Calculated	984,110	984,110
Annual LIH Credit Reserved	<u>984,110</u>	<u>927,649</u>
Minimum Credit or Allocation	984,110	927,649
Total Tax Credit	9,841,100	5,565,894
Investor Percentage	<u>99.99%</u>	<u>100.00%</u>
Tax Credits for Syndication	9,840,116	5,565,894
Price per Credit	<u>0.9200</u>	<u>0.7100</u>
Federal LIHTC Equity Raised	9,052,906	3,951,785

Madison Grocery 4%		WHEDA CASH FLOW															PAGE 8
FORECAST OF NET CASH FLOW FROM OPERATIONS		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Income																	
Rental Income		\$ 1,880,940	\$ 1,918,559	\$ 1,956,930	\$ 1,996,069	\$ 2,035,990	\$ 2,076,710	\$ 2,118,244	\$ 2,160,609	\$ 2,203,821	\$ 2,247,897	\$ 2,292,855	\$ 2,338,712	\$ 2,385,487	\$ 2,433,196	\$ 2,481,860	\$ 32,527,880
Less: Vacancy	-7.0%	(131,666)	(134,299)	(136,985)	(139,725)	(142,519)	(145,370)	(148,277)	(151,243)	(154,267)	(157,353)	(160,500)	(163,710)	(166,984)	(170,324)	(173,730)	(2,276,952)
Other Income		72,000	73,440	74,909	76,407	77,935	79,494	81,084	82,705	84,359	86,047	87,768	89,523	91,313	93,140	95,002	1,245,126
Less: Vacancy	-7.0%	(5,040)	(5,141)	(5,244)	(5,348)	(5,455)	(5,565)	(5,676)	(5,789)	(5,905)	(6,023)	(6,144)	(6,267)	(6,392)	(6,520)	(6,650)	(87,159)
Commercial Income		336,000	342,720	349,574	356,566	363,697	370,971	378,391	385,958	393,678	401,551	409,582	417,774	426,129	434,652	443,345	5,810,588
Less: Vacancy	20.0%	(67,200)	(68,544)	(69,915)	(71,313)	(72,739)	(74,194)	(75,678)	(77,192)	(78,736)	(80,310)	(81,916)	(83,555)	(85,226)	(86,930)	(88,669)	(1,162,118)
Effective Gross Income		2,085,034	2,126,735	2,169,270	2,212,655	2,256,908	2,302,046	2,348,087	2,395,049	2,442,950	2,491,809	2,541,645	2,592,478	2,644,328	2,697,214	2,751,158	36,057,366
Expenses																	
Operating Expenses		522,826	538,511	554,666	571,306	588,445	606,099	624,282	643,010	662,300	682,169	702,634	723,713	745,425	767,788	790,821	9,723,995
Real Estate Taxes		180,000	185,400	190,962	196,691	202,592	208,669	214,929	221,377	228,019	234,859	241,905	249,162	256,637	264,336	272,266	3,347,804
Management Fee		108,974	112,243	115,611	119,079	122,651	126,331	130,121	134,024	138,045	142,186	146,452	150,846	155,371	160,032	164,833	2,026,799
Reserve for Replacement	3.0%	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715	60,476	62,291	64,159	66,084	68,067	836,951
Total Operating Expenses		856,800	882,504	908,979	936,248	964,336	993,266	1,023,064	1,053,756	1,085,369	1,117,930	1,151,468	1,186,012	1,221,592	1,258,240	1,295,987	15,935,549
Net Operating Income		1,228,234	1,244,231	1,260,290	1,276,406	1,292,572	1,308,780	1,325,023	1,341,293	1,357,581	1,373,879	1,390,178	1,406,466	1,422,736	1,438,974	1,455,171	20,121,816
Debt Service																	
First Mortgage - Private Placement		1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	15,352,927
Total Debt Service		1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	1,023,528	15,352,927
<i>DCR 1st Mtg</i>		1.200	1.216	1.231	1.247	1.263	1.279	1.295	1.310	1.326	1.342	1.358	1.374	1.390	1.406	1.422	
Cash Flow		204,706	220,702	236,762	252,878	269,044	285,252	301,495	317,764	334,053	350,351	366,649	382,938	399,207	415,446	431,643	4,768,889
Asset Management Fee	3.0%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	55,797
Cash Flow		201,706	217,612	233,579	249,600	265,667	281,774	297,912	314,075	330,252	346,436	362,617	378,785	394,930	411,040	427,105	4,713,092
Debt Service																	
Second Mortgage - WHEDA		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>DCR All Mtg</i>		1.200	1.216	1.231	1.25	1.26	1.28	1.29	1.31	1.33	1.34	1.36	1.37	1.39	1.41	1.42	
Cash Flow		201,706	217,612	233,579	249,600	265,667	281,774	297,912	314,075	330,252	346,436	362,617	378,785	394,930	411,040	427,105	4,713,092
Deferred Developer Fee																	
Payment	3,543,958	201,706	217,612	233,579	249,600	265,667	281,774	297,912	314,075	330,252	346,436	362,617	378,785	63,941	-	-	3,543,958
Current Balance		3,342,252	3,124,640	2,891,061	2,641,461	2,375,794	2,094,020	1,796,107	1,482,033	1,151,780	805,344	442,726	63,941	-	-	-	-
Cash Flow Available		-	-	-	-	-	-	-	-	-	-	-	-	330,989	411,040	427,105	1,169,134
Debt Service- Soft Loans																	
City of Madison Funds	100%	-	-	-	-	-	-	-	-	-	-	-	-	330,989	411,040	427,105	1,169,134
Total Debt Service- Soft Loans		-	-	-	-	-	-	-	-	-	-	-	-	330,989	411,040	427,105	1,169,134
Net Cash Flow for GP Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GP Partnership Management Fee	90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available Cash Flow for Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Partner																	
0.01%	\$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited Partner																	
99.9900%	\$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Annual Expense	Expense per Unit 150	% Gross Potential Rent
Administrative			
Management Fee - 6.0% EGI	108,974	726.49	5.8%
Marketing	6,000	40.00	0.3%
Audit Expense	7,200	48.00	0.4%
Bad Debt - 0.50% EGI	9,081	60.54	0.5%
Software Expense	6,750	45.00	0.4%
Fire Alarm & Elevator Monitoring Fees	900	6.00	0.0%
Lender Inspection Fees	350	2.33	0.0%
RightSource Compliance	13,500	90.00	0.7%
Legal Expense	750	5.00	0.0%
Phone / Internet / Cable	27,396	182.64	1.5%
Office Expenses	7,500	50.00	0.4%
Manager Salaries	88,400	589.33	4.7%
Subtotal Administrative	276,801	1,845.34	14.7%
Maintenance:			
Maintenance & Repair	30,000	200.00	1.6%
Elevator	3,000	20.00	0.2%
Grounds	6,000	40.00	0.3%
Painting / Decorating	15,000	100.00	0.8%
Furnishing Replacement	3,000	20.00	0.2%
Pest Control	15,000	100.00	0.8%
Security Payroll / Contract	2,500	16.67	0.1%
Subtotal Maintenance	74,500	496.67	4.0%
Operating:			
Water	15,000	100.00	0.8%
Electric	22,500	150.00	1.2%
Gas	22,500	150.00	1.2%
Sewer	15,000	100.00	0.8%
Payroll	31,200	208.00	1.7%
Supplies	15,000	100.00	0.8%
Cleaning Expense	18,750	125.00	1.0%
Trash Removal	30,000	200.00	1.6%
Payroll Taxes	9,568	63.79	0.5%
Insurance	25,000	166.67	1.3%
Worksman's Comp	5,860	39.07	0.3%
Health Insurance	29,900	199.33	1.6%
Unemployment Insurance	3,708	24.72	0.2%
INCREASE IN OPEX	24,763	165.09	1.3%
Snow Removal	5,000	33.33	0.3%
Subtotal Operating	273,749	1,824.99	14.6%
Real Estate Taxes:	180,000	1,200.00	9.6%
Total Annual Expenses	811,800	5,412.00	43.2%
Tax Credit Monitoring Expense	6,750	45.00	0.4%
Replacement Reserve:	45,000	300.00	2.4%
Total Annual Expenses w/Reserves	856,800	5,712.00	45.6%

PUPM

476.00

