

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: January 6, 2011
SUBJECT: Economic Development Status Report for the month of
December 2010

WEST BROADWAY REDEVELOPMENT AREA

Lake Point Condominium Project: Please see attached monthly report and report on status of warranty items.

RESERVOIR AND DUPLEXES

The Reservoir and Duplex are fully occupied.

MONONA SHORES

85 of the 104 units at Monona Shores are currently occupied (82%), up two from last month. Of the 19 vacant units, 10 units are affordable and 9 units are market rate. Please see attached Monthly Owner's Report for more details.

REVIVAL RIDGE APARTMENTS

Revival Ridge is 100% occupied.

LOAN STATUS REPORT

See Attached.

LOAN AND GRANT LOSSES REPORT

See attached.

Percy Brown, Manager
Office of Economic Revitalization

January 6, 2010 Update for Lake Point Condominiums

Overall status: **Average**

Market Status: **Average**

Inventory

10 Conversion units and 6 Townhomes (34 units sold)

1 closing, 2 new prospects

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments
Conversion Roof issues Basement issue	Receiver		5/15/11	The roof is being reviewed by three separate contractors and the board will devise a strategy by which to move forward. Storm damage to the roof is a factor
Conversion Unit(s) Construction	Receiver		1/15/10	Material has been installed and the work is complete.

Detail

Here's to making 2011 a great sales year at Lake Point.

The precipitous drop in market activity appears to be waning. The winter months remain slow, but showings and tours are increasing. The broker consensus is that their buyers are targeting Spring for purchasing.

Our current prospects have some credit and down payment concerns that we will attempt to assist them in correcting these issues. Neither of the prospects have expressed urgency to purchase, we will continue to push the deals along.

There is negative concerning the financing environment. Anchor Bank and their Neighborhoods Program has rowed the laboring oar where mortgages at Lake Point are concerned. The bank is in some state of "potential acquisition" and it appears that program has been discontinued. As reported in the past, having a reliable financing source for potential buyers is essential to selling units. Our buyers are generally lacking down payment and the credit ratings suitable in the current lending environment. Anchor's program has been critical to selling units. On the positive side, with the next sale at Lake Point, the project will be over 70% sold and will qualify for Fannie Mae loans. This will help. The marketing team and I will begin educating lenders as to this development and hopefully create a variety of mortgage options for Lake Point buyers and current owners.

Warranty Work

Failed CertainTeed siding work is complete,

Some minor plumbing and electrical work is being looked at while the trades are on site completing unit construction,

Sub-standard garage doors are being replaced when needed,

Drainage will be an on-going minor condition at Lake Point requiring some review during the Spring and a maintenance plan.

MARKETING

Open houses will return to the schedule now that the Badgers Football season has culminated.

Working with the CDA, several direct marketing programs are being reviewed and within the next month, more details should be available.

The potential for interest rates rising is real and my hope is that condition will create a sense of urgency for the buyers currently reviewing market options.

Monthly Owner's Report for the Month of December, 2010
The New Monona Shores Apartment Homes

Operations and Marketing:

Occupancy:

The property closed out the month of December at 82% occupancy. There were 19 vacancies and 85 occupied apartments, of which 10 are affordable and 9 are market rate. There are 2 approved applications, slated to move in before the end of January and there are also 3 pending applications, slated for February first move-in, providing they qualify. There are 2 move-outs at the end of January.

During the month of December, there was 1 rejection. Since August, the total number of rejections is 18.

Resident Functions:

We continue to work with the Neighborhood Center to help promote their daily activities, which our residents participate in regularly. The Neighborhood Center has referred potential prospects to the property. During the month of December, many of our residents took advantage of the monthly food pantry and 50+ luncheon and elementary, young women and teen after school programs. Many of our residents were able to benefit from the Free Turkey Giveaway for Christmas.

Upcoming events for January include a free Martin Luther King Jr. luncheon on January 14th, beginning at noon.

The Center is now offering jewelry workshops for adults. In addition, Edgewood College's Office of Science Outreach is sponsoring "The Rose Project" for parents of children 12 and under. The parents learn easy science activities to help their children become interested in science.

Resident Services:

Because storage seemed to be an overwhelming feature residents talked about in the October satisfaction survey, the staff will be spending some time investigating the possibility of building storage in each building.

We've received one bid thus far and will get two additional proposals before any decisions are made.

Cost/Time Savings Ideas:

The property gets to take advantage of group discount pricing and staff regularly adds vendors to our group pricing list.

Whenever possible, complete projects using on-site staff, rather than contract labor, unless the cost is prohibitive. During the month of December, staff completed most of the day-to-day maintenance in house.

On-site staff installed a motor for a furnace, as well as many appliance repairs, saving the property hundreds of dollars.

We also cleaned out a number of dryer vents in house.

Rent Changes:

None at this time.

Capital Improvements:

One carpet was replaced.

Security/Crime Incidents:

None to report.

Marketing:

The Marketing Plan is updated frequently and alterations are made as needed. The latest update was completed in December.

The majority of leads are derived from Craig's list, Apartment Showcase, Rent.Com, Madison Art Institute, vendor, agency and resident referrals. We continue to offer referral rewards. We've altered the referral promotion. Instead, we're offering an additional reward on 3/31/11 to the person who refers the most qualified clients to the property.

We regularly check various web sites like Craig's List and make contact with people who have posted their housing needs.

Staff also stays in touch with other BMC staff and other management company's site staff and refers clients back and forth. One of our properties referred a qualified renter in November, who will hopefully move in soon, pending Section 8 approval.

For the first time in a decade, more one bedroom apartments have opened up. We're finding that many are moving home with family or doubling up with a roommate to save housing costs.

We try to match people up whenever possible through a free roommate service. The staff has done a great job marketing and as a result, we only have a few left to lease. Several new 3-bdrms have opened up as a result of people losing their jobs and moving out of state or the country. Our main focus in January will be those floor plans.

Special promotions are still being offered on several floor plans and a decreased deposit remains in place for qualified prospects.

The number of prospective renters has decreased as it typically does during this time of the year; however, it hasn't come to a complete standstill yet. Most of the prospects are looking to move after the holidays. As mentioned earlier, the staff has several pending applications for late January move-ins.

We also tried a large display ad for consecutive Sundays and had no qualified leads off it. The ad was discontinued.

Local Market Conditions:

Competitors continue to offer large concessions, some as much as two months in free rent. We have also seen some recent competitors decrease rental rates.

Local Development:

Nothing new to report.

60 day Objectives

- The main focus for all staff is obtaining rentals and increasing occupancy with qualified individuals. The target for the month of January is 7 qualified renters.
- Year end compliance, general accounting and audit work is in full swing. The same accounting firm will be completing the year end audit.
- We continue to stay up-to-date with HUD changes that are applicable to the AHTC program and comply with any necessary form revisions and compliance procedures.
- We also provide training and applicable procedures to stay in compliance with all local, state and federal housing regulations, both administrative and maintenance. Just recently, several additional protected classes were added to the Madison ordinance. Staff has been provided with updates and is quizzed periodically.
- The majority of turn-over for the season is complete; therefore, operating expenses will decrease to some extent.

We will begin placing more money in the reserve account for future capital replacements as we are able.

Maintenance:

- Common area halls have all been prepped and are now in the process of being painted. One wall in each entry will be painted with an accent color to further improve first impressions.
- Model and vacancies are in rent ready condition.
- The snow removal company is doing an adequate job, considering the number of cars in the lots. Staff touches up icy sidewalks on an as-needed basis.
- Resident work orders continue to be completed within 24 hours, unless of course there is an emergency situation or a part needs to be ordered.
- Corporate staff is working with Project Home in a two fold project; one is to get as many residents qualified as possible for energy assistance and the second is to add wherever possible, additional energy saving measures in the buildings.

Personnel:

No changes in staffing at the site.

Health insurance premiums for employees were bid out this year due to an enormous increase in premiums. Between last year and this year, the total increase in premiums was 72%!! Bids were received in December and we've decided to switch to Dean Care, which is more reasonable than GHC. There will still be an increase, but not as substantial as Group Health Cooperative.

Dental coverage increased slightly and is staying in place with the current company, Delta Dental.

**HOUSING REHABILITATION LOAN
STATUS FOR THE MONTH OF
DECEMBER, 2010**

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment Loan (CDBG)	1	1
TOTALS:	1	1
Applications in Initial Processing		
Deferred Payment/HOME	3	2
Installment Loan (City)	1	1
TOTALS:	4	3
Applications in Bidding Stage		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	2	2
TOTALS:	3	3
Projects Approved But Not Closed		
Installment Loan (City)	2	2
TOTALS:	2	2
Projects Under Construction		
Deferred Payment/HOME	11	11
Homebuyers Assistance Loan	4	4
Installment Loan (City)	6	6
TOTALS:	21	21
Projects Completed this Year		
Deferred Payment Loan (CDBG)	2	2
Deferred Payment/HOME	23	23
Homebuyers Assistance Loan	4	4
Installment Loan (City)	7	7
TOTALS:	36	36

**STATUS REPORT FOR THE MONTH OF DECEMBER 2010
HOUSING REHABILITATION LOANS**

PROGRAM	FUNDS AVAILABLE BEGINNING IN 2010	SOURCE OF REMAINING FUNDS AVAILABLE		ADJUSTED TOTAL FUNDS FOR 2010	LOANS CLOSED THIS MONTH		LOANS CLOSED YEAR TO DATE		REMAINING 2010 FUNDS AVAILABLE	LOANS APPROVED BUT NOT CLOSED		ADJUSTED TOTAL AVAILABLE	ADDITIONAL LOANS COMMITTED BUT NOT CLOSED		UNCOMMITTED LOAN FUNDS AVAILABLE
		TRANSFERRED YEAR TO DATE	LOAN FUNDS TRANSFERRED THIS MONTH		NO. UNITS	DOLLAR AMOUNT	NO. UNITS	DOLLAR AMOUNT		NO. UNITS	DOLLAR AMOUNT		NO. UNITS	DOLLAR AMOUNT	
Installment (City)	\$752,213			\$752,213	1/1	\$19,000	14/16	\$228,300	\$523,913			\$523,913			\$523,913
Deferred (City)	\$75,000	-\$1,500	-\$1,500	\$73,500					\$73,500			\$73,500			\$73,500
Deferred (CDBG)	\$20,000	+1,500	+1,500	\$21,500			1/1	\$21,500	0			0	1/1	\$19,000	-\$19,000
Deferred (HOME)	\$581,000			\$581,000	1/1	\$19,000	18/18	\$341,200	\$239,800			\$239,800	2/2	\$38,000	\$201,800
Homebuyer (HBA)	\$425,374	-\$175,000	-\$100,000	\$250,374	1/1	\$18,000	4/4	\$138,000	\$112,374			\$112,374			\$112,374
TOTAL	\$1,853,587			\$1,678,587	3/3	\$56,000	37/39	\$729,000	\$949,587			\$949,587	3/3	\$57,000	\$892,587

DOWN PAYMENT ASSISTANCE LOANS

PROGRAM	BEGINNING FUNDS AVAILABLE IN 2010	SOURCE OF REMAINING FUNDS AVAILABLE		ADJUSTED FUNDS AVAILABLE	LOANS CLOSED THIS MONTH		LOANS CLOSED YTD		REMAINING FUNDS AVAILABLE	LOANS COMMITTED BUT NOT CLOSED		UNCOMMITTED LOAN FUNDS AVAILABLE		
		TRANSFERRED YEAR TO DATE	LOAN FUNDS TRANSFERRED THIS MONTH		Home-Buy		Home-Buy			Home-Buy	Home-Buy		Home-Buy	
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount		Number	\$ Amount
Home-Buy	Home-Buy													
	\$157,494		\$100,000	\$257,494	1	\$5,000	43	\$209,100	\$48,394	0	0	\$48,394		
	HBA - Match				HBA - Match		HBA - Match		HBA - Match	HBA - Match		HBA - Match		
	-\$5,000	\$100,000		\$95,000	Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
					1	\$5,000	5	\$25,000	\$70,000	0	0	\$70,000		
	Total				Total		Total		Total	Total		Total		
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
			\$75,000	\$352,494	1	\$10,000	43	\$234,100	\$118,394	0	0	\$118,394		

CDA Loan and Grant Losses Report for the Month of December 2010

Loan & Grant Programs	In Default			Delinquent			Violation of Terms & Conditions			In Negotiation			In Bankruptcy			In Foreclosure			Written Off			Comment
	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	No.	% of Total	Dollar Amount	
Rehabilitation																1	0.01	\$18,000	1	0.01	\$2,950	
Down Payment Assistance																6	0.02	\$24,400				
Capital Revolving Fund																						
Façade Improvement																						
TOTAL	0		\$0	0		\$0	0		\$0	0		\$0	0		\$0	7		\$42,400	1		\$2,950	