

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority

FROM: Percy Brown, CDA Deputy Executive Director

DATE: November 3, 2011

SUBJECT: Economic Development Status Report for the month of
October 2011

WEST BROADWAY REDEVELOPMENT AREA

Lake Point Condominium Project: As a follow-up to the concerns raised at the October 13 CDA meeting, staff visited and met with Steve Looft at the Lake Point Condominiums on October 14 (see attached staff memo). Also, I have reviewed and drafted the terms of the purchase service agreement/scope of services, which is being looked at by Natalie. Attached please find real estate marketing and monthly project report.

RESERVOIR AND DUPLEXES

The Reservoir and Duplex are fully occupied.

MONONA SHORES

Occupancy at Monona Shores remained at 80% in September. 83 of the 104 units at Monona Shores are currently occupied. Of the 21 vacant units, 16 units are affordable and five units are market rate. The MRCDC Board meeting has been scheduled for Monday, November 14 at 12:00 p.m. 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.

PROPOSED 2012 OPERATING BUDGET HIGHLIGHTS

See attached.

Percy Brown, Manager
Office of Economic Revitalization



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DATE: November 3, 2011

TO: Community Development Authority

FROM: Percy Brown, CDA Deputy Executive Director

SUBJECT: Lake Point Condominiums On-Site Visit, October 14, 2011

As a follow-up to the concerns raised at the October 13 CDA meeting, Craig Wilson and I visited and met with Steve Looft at the Lake Point Condominiums site on October 14, 2011. We had a subsequent meeting with Natalie to discuss our findings and a plan of action. Overall the site was clean and the landscaping was well maintained. To follow is a summary of our findings and well as remedial actions:

1. **Gutter Cleaning:** The portions of the gutters we could see had covers. We were told that the gutters are under contract for quarterly cleaning. Also, all the gutters and down spouts were well connected and functioning properly in terms of moving the water away from the building.
2. **Upper Exterior Walls:** We observed that some areas up around the exterior light fixtures were dirty and had spider webs and have instructed the Management Company to take care of it.
3. **Tree Trimming:** We noticed that one tree needed to be trimmed away from building and have submitted the request to the Management Company.
4. **Grading:** There are areas where the grade is sloping inward toward the building, but do not appear to be posing a problem relative to water running toward the building and contributing to the basement leak.
5. **Basement leaks:** We observed cracks in the interior basement walls on one corner area of the basement where water is seeping into the basement and onto the floor, leaving puddles of water and water stains. We noticed that one of the storage bins, although it had an elevated floor to protect the storage items, had some moisture on

the floor. We have instructed Steve to relocate the storage bin to a dry area in the basement.

Steve has secured two bids ranging from \$2,500 to \$3,000, involving injecting a bonding compound into the cracks, and is awaiting information on warranties and reference checks with persons who have used their services. We hope to hire contractor to fix basement leak and thus eliminate water stains.

Also, we observed that the basement looked rather dingy and have instructed Steve to paint the walls with a fresh coat of white paint once the water problem has been cleared up. This will make it a more attractive area, thus improving its safety and security.

Fixing the basement leak, eliminating the water stains, and a fresh coat of paint will go a long way toward enhancing the marketability of the remaining units.

6. **Unit Improvement:** Steve has in place a good system for finishing the white box units when they become under contract for sale. Steve has selected some reputable local contractors through a competitive bidding process (three bids for each work item), and the prices appear reasonable. We inspected a finished unit and found the work to be immaculate. The estimated cost for finishing a white box unit, including meeting special Home-Buy requirements ranges from \$13,000 to \$16,000 per unit. We instructed Steve to install smoke detectors immediately in all the remaining units to comply with the code. Going forward, we will be exploring the possibility of finishing two of the remaining units at one time, thus leaving a unit or two where the buyer will be provided with choices on finishes.

PROJECT REPORT

Prepared for: Community Development Authority of Madison, WI

Prepared by: SPL Beverly, LLC

Date: November 3, 2011

Report #:



November 3, 2011-Lake Point Condominiums Monthly Report

Inventory

6 Townhomes
5 Conversion Unit Apartments

Contracts

2 Conversion unit prospects

Current Projects

Site Work

The overall site appears in good shape. After completing a site tour with members of the CDA, we assembled a list of areas that could use some clean up. That list was communicated to the management company. Most of our items are complete as of the date of this report.

Conversion Units

The Garden View Court basement (problem) wall will be the construction project for November. Verification of the crack injection process and warranty are the final steps. Once we've evaluated the 3 proposals for quality of work and warranty, we will select a bidder and complete the work. The storage units in the direct path of the leak shall be relocated to the south basement.

Upon completion and stability of the repair, we will paint the basement walls in a white semi-gloss to enhance the overall esthetic of the basement during sales tours.

Marketing

Our two current conversion prospects appear close to writing offers. First order of business, have them meet with a couple of local lenders in an attempt to move past the financing stage in simple fashion. Currently, one prospect is in the application process and the other has a small credit issue in her history. The KW team has been assisting that prospect in removing the issue from their history and formulating back-up plans to keep the deal alive.

Our prospect buyer is working diligently to correct her credit score and progress is being made. This prospect was procured through our City staff e-mail advertisement and is the daughter of a Madison Police officer.

Marketing meetings for November will focus on penetrating 1st time buyer markets for the 50,000 and under buyers and a strong emphasis on townhome sales.

We are completing the necessary contracts for the continued marketing of Lake Point by the Keller Williams team.

Inventory

Four cracked windows are being ordered for replacement. Only two of them appear to be vandalism related. One window in the townhomes may be a tension issue or a product flaw.

The Lake Point Home Owners Association Annual Meeting is set for the end of this month. Overall operating budget for the year 2011 is on target and I'll look forward to the Board's input on the future operating plan for Lake Point.

Monthly Owner's Report for the Month of October, 2011
The New Monona Shores Apartment Homes

Operations and Marketing:

Occupancy:

Occupancy stayed the same in October at 80%. We closed out with 21 vacancies and 83 occupied apartments, of which 5 were market rate and 16 were affordable units. There are currently 4 leased apartments (3 are moving in mid to late November and 1 is moving in December 1, 2011. When the 4 approved families move-in, occupancy will rise to 84%. There are another 5 pending applications, with an anticipated 2 additional coming in.

During the month of October, there were 4 applicants who were rejected, bringing the total for the year to 52.

It's also noteworthy to mention that often times applicants will not even apply when we pre-qualify them for an affordable unit. This happens frequently. Currently there are no 3-bdrm market rate apartments available, only one, 1-bdrm and two, 2-bdrm. market rate availabilities.

Several past residents are moving back to the property!

Resident Functions:

The Bridge Lake Point Community Center continues to serve our residents with new and on-going programs.

New Resident Services:

The Referral Reward Program hasn't changed and we plan to run the below incentives through the end of the year.

First Referral:	\$200	Second Referral:	\$300
Third Referral:	\$400	Fourth Referral:	Flat screen TV

We've already had 4 referrals since implementing the new program.

Cost/Time Savings Ideas:

The staff is always looking for new ways to be more efficient and saving money in operating costs, but at the same time, maintaining the property. For example, staff frequently bids out goods and services, finding vendors willing to reduce or keep costs the same.

On a regular basis, residents are provided with energy saving ideas and they are also given information on the Energy Assistance program for which many utilize.

Street Rent Changes:

Applicants who lease are being given a \$500 rent credit to be used anytime throughout their tenancy. This equates to an approximate savings of \$42/month on a 12 month lease.

Capital Improvements:

Replaced three carpets, two dryers, two washers, and two dishwashers.

As the property continues to age, the useful life of the appliances in particular have either reached the end or will be in need of replacement in the next few years. Staff is replacing as needed.

Security/Crime Incidents:

Some parking lot activity in one area when the office closes. Police have been very cooperative in stepping up patrols during the evening hours, but haven't reported any serious crime activity.

A brand new rental sign was taken shortly after it was installed.

The MPD is reviving the Lake Point area property owner's group and the first meeting was scheduled in October. The MPD reports a steady decline in service calls throughout the neighborhood over the last several years. They further noted that the decline speaks well of the good management they're seeing on Lake Point.

Marketing:

Because the web is such an effective marketing tool, with a helpful tool from a fellow Manager/Owner, Gregg Shimanski, we've met with a company that develops 3-D floor plans. She completed them in late October and they are being used in our advertising. She's also developing a U-Tube animation that can be linked to our web sites.

Mailings continue to go out to new Chamber of Commerce members. The property is a member of both Monona and Madison Chamber of Commerce.

Staff is in the process of conducting a phone call blitz to past "model" residents, who might consider moving back.

Staff has also been working closely with the Road Home, formerly Interfaith Hospitality Network, to house families that are participating in one of their many programs offered to homeless families. The key factor in the success has been the case management.

The Monona Senior Center Director has been invited to take a tour of the property.

Staff continues to regularly check Craig's List and follow up on people who list their needs when searching for housing. This generates some traffic for the site.

The entire site staff, including maintenance, takes a role in doing their part to market the property to low and moderate income people. Maintenance staff may on occasion conduct a tour or take a rental call at the office.

The long term staff (maintenance and office) work very cohesively for the common good of the property and residents we serve.

Staff is still offering flexible leases with new move-ins and renewals.

Local Market Conditions:

The uncertainty of job stability, less income and/or benefits and other economic factors have had a negative impact on the mid to low income ranges and type C properties.

The market has tightened up considerably in higher income and type A and B grade properties.

Local Development:

Two near by properties have completed their rehabs and have reopened, offering brand new interiors and a great deal of common area improvements. They have become fierce competitors.

60 day Objectives

- The main focus for the staff remains obtaining rentals and increasing occupancy with qualified individuals. The goal for the remainder of the year continues to be 95%. With fewer leases coming up, the staff should be able to gain some momentum and increase occupancy considerably.
- The 2012 budget will be finalized and approved next month.

* Excluding several month to month tenancies, there are no leases coming up at the end of October and only 4 leases coming up in November and December.

- 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.

-The annual auditor will remain the same this year and the audit is scheduled tentatively for 3/1/12.

- Preparations are being made for the triennial WHEDA audit. The date is set for mid December. As with past audits, we expect a good outcome.

-A reserve request went out to the bank in August and we were finally reimbursed in mid October.

Maintenance:

- Staff has reviewed bids for the snow season and a new contractor has been hired.

- Resident work orders continue to be completed within 24 hours, unless of course there is an emergency situation or a part that needs to be ordered.

-Vacant units are in rent ready condition.

- Fall preventive maintenance is complete.

- Staff is gearing up for the snow season to begin and winter preventive maintenance preparations are underway.

-Maintenance has also been busy cleaning dryer vents in all of the buildings.

Personnel:

No change.

Other Misc. Administration: Natalie Erdman and Percy Brown visited the site in October. We toured the grounds, several vacancies and had a good discussion regarding overall operations.

The MRCDC is scheduled to meet in November.

**HOUSING REHABILITATION LOAN
STATUS FOR THE MONTH OF
NOVEMBER, 2011**

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
Applications in Initial Processing		
Deferred Payment/HOME	3	3
Installment Loan (City)	3	3
TOTALS:	6	6
Applications in Bidding Stage		
Deferred Payment/HOME	2	2
Installment Loan (City)	3	4
TOTALS:	5	6
Projects Approved But Not Closed		
Installment Loan (City)	1	1
TOTALS:	1	1
Projects Under Construction		
Deferred Payment/HOME	10	9
Homebuyers Assistance Loan	2	2
Installment Loan (City)	4	5
TOTALS:	16	16
Projects Completed this Year		
Deferred Payment/HOME	11	10
Homebuyers Assistance Loan	3	4
Installment Loan (City)	7	7
TOTALS:	21	21

**STATUS REPORT FOR THE MONTH OF OCTOBER 2011
HOUSING REHABILITATION LOANS**

PROGRAM	FUNDS AVAILABLE BEGINNING IN 2011	SOURCE OF REMAINING FUNDS AVAILABLE		ADJUSTED TOTAL FUNDS FOR 2011	LOANS CLOSED THIS MONTH		LOANS CLOSED YEAR TO DATE		REMAINING 2011 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		NO. UNITS	DOLLAR AMOUNT
Installment (City)	\$583,790	(\$34,760)	\$34,760	\$549,000	2/3	\$41,000	8/9	\$126,600	\$422,400			\$422,400	3/4	\$60,000	\$362,400		
Deferred (City)																	
Deferred (CDBG)	\$20,000			\$20,000					\$20,000			\$20,000			\$20,000		
Deferred (HOME)	\$575,000			\$575,000	2/2	\$30,000	13/13	\$238,700	\$336,300			\$336,300	3/3	\$57,000	\$279,300		
Homebuyer (HBA)	\$337,290	(\$9,500)	\$9,500	\$327,800	1/2	\$50,000	4/5	\$170,000	\$157,800						\$157,800		
TOTAL	\$1,516,080			\$1,471,800	5/7	\$121,000	25/27	\$535,300	\$936,500			\$936,500	6/7	\$117,000	\$819,500		

DOWN PAYMENT ASSISTANCE LOANS

PROGRAM	BEGINNING FUNDS AVAILABLE IN 2011	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		
					Number	\$ Amount	Number	\$ Amount			Number		\$ Amount
Home-Buy	Home-Buy		\$10,000										
		\$173,900			Number	\$ Amount	Number	\$ Amount		Number	\$ Amount		
	(\$85,000)	\$100,000		\$237,356	0	0	32	\$185,000	\$52,356	0	\$5,000	\$47,356	
		\$29,000	\$9,456										
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount		
	(\$85,000)	\$302,900	\$19,456	\$237,356	0	0	32	\$185,000	\$52,356	0	\$5,000	\$47,356	

CDA Loan and Grant Losses Report for the Month of October 2011

Loan & Grant Programs	In Default			Delinquent			Judgement			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		\$12,900													3	0.01	\$47,550				
Down Payment Assistance																4	0.01	\$13,700	1			\$2,175
Capital Revolving Fund																						
Façade Improvement																						
TOTAL	1		\$12,900	0		\$0	0		\$0	0		\$0	0		\$0	7	0.01	\$61,250	1	0		\$2,175



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DATE: November 2, 2011

TO: Community Development Authority

FROM: Percy Brown, CDA Deputy Executive Director

SUBJECT: Proposed 2012 Operating Budget Highlights-Loan and Grant Programs

The Mayor's proposed 2012 Operating Budget was released in October. The Board of Estimates discussed the proposed Budget with staff on October 10 and there were no changes or concerns relative to the loan and grant programs administered by the CDA. Proposed amendments and public hearings are scheduled before the Council with a final vote on the Budget expected on November 15. Highlights of the proposed 2012 Operating Budget relating to the loan and grant programs administered by the CDA are as follow:

Capital Revolving Fund:

The Capital Revolving Fund has three components: (1) the Madison Capital Revolving Fund (MCRF), (2) Façade Improvement Grant Program, and (3) Downtown Residential lighting Enhancement Program. The proposed 2012 Operating Budget includes \$500,000 for the MCRF and \$150,000 for the Façade Improvement Grant Program. No funding is budgeted in 2012 for the Downtown Residential lighting Program as no program activity is expected. In 2011, \$500,000 was budgeted for the MCRF, \$190,000 for the Façade Improvement Grant Program and \$10,000 for the Down town Residential Lighting Program.

Housing Rehabilitation Services Program (HRSP):

The proposed 2012 Operating Budget includes \$818,579 for the HRSP of which \$100,000 is slated to be transferred to the Home-Buy Down Payment Assistance Loan Fund to assist borrowers purchasing homes in Mosaic Ridge. In 2012, funding will continue to be available for loans to owners of 2-8 unit buildings on Lake Point Drive to enhance the exterior quality and aesthetics of their buildings. In 2011, \$896,673 was budgeted for the HRSP.

Homebuyer's Assistance Program (HBA):

The proposed 2012 Operating Budget for the HBA Program is \$161,851 of which \$50,000 is for the continued operation of a pilot Workforce Housing loan program in the Greenbush and Vilas neighborhoods. In 2011, \$280,184 was budgeted for the HBA Program.

Home-Buy Down Payment Assistance Program:

The proposed 2012 Operating Budget includes \$155,973 for the Home-Buy Down Payment Assistance Program. In addition, \$100,000 from the HRSP Fund will be available to assist Home-buy borrowers purchasing homes in Mosaic Ridge. In 2011, \$305,000 was budgeted for the Home-Buy Program.