

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: December 2, 2010
SUBJECT: Economic Development Status Report for the month of
November 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 and 2011 Budget.

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

December 2, 2010 Update for Lake Point Condominiums

Overall status: **Average**

Market Status: **Poor**

Inventory

I I Conversion units and 6 Townhomes (33 units sold)

I New Offer (contract), one pending prospect

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
Siding Issues	Receiver		12/15/10	Material has been installed and the work is complete.

Detail

The precipitous drop in market activity has continued, not unusual for the winter months, but this slow spell dates back to the end of summer. Those buyers touring have voiced the same location and parking limitations as the reasons they will not write an offer. Pricing has not been a voiced concern or deterrent to a prospective buyer, therefore price reductions don't seem to be the answer. Moreover, they would create problematic comparables that would alter an already difficult lending and appraisal process. We are trying to incorporate other incentives and features (finish upgrades) to create interest.

Our current prospect has some credit and equity issues that we will aggressively effort to assist them in correcting any issues preventing their purchase.

As discussed in August, the long pending siding (warranty) issue with Wausau Supply/CertainTeed has come to conclusion. The siding is installed. The difficulty with the warranty process is that labor is not included and it's a pro-rated scenario. Therefore, the development is stuck with the cost of labor, caulk, refuse, etc.. The basement work has been completed and a site meeting with Zander took place to review their work. Provided the basement remains dry, I'll proceed to enlist (off season Jan-Feb) painters to clean and prep the peeling and water stained areas in the basement. A bright, clean and dry basement in a building of that age, shows well for the project.

Two conversion units will be completed this month, one being sold per the current contract.

The development is actively working with Madison Police to monitor the problematic activity on Lake Point Drive.

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 maintenance work.

MARKETING

Please review the detail provided by Keller Williams.

BUDGET REVIEW

Association Dues (Operating Costs)- 28% savings	<i>Insurance cost reduction and Board involvement has reduced operating costs</i>
Unit Construction -15% savings	<i>shift in supplier(s) and doubling up on unit construction has created efficiencies.</i>
Utilities -5% savings	<i>Favorable weather</i>
RE Taxes -10% increase	<i>City billed taxes the prior Developer failed to pay for 2007</i>
Capital Cost/Repairs -11% savings	<i>Basement, roof and siding work. Construction deficiencies will be a continued need at Lake Point. Surplus will carry over</i>
Soft costs/Advertising/Fees -12% increase	<i>Fees were over budget as warranty and other problematic site issues increased</i>
Sales Revenue - 44% shortfall	<i>Sales of townhomes was short by 3 units and sales of conversions by 2 units.</i>
Debt Payment -on target	<i>The budgeted \$450,000 of loan balance was retired in 2010</i>

General Budget Summary

The project performance as an operating entity has been quite solid. We are adding security, correcting construction deficiencies and holding to a budget that is below the market. Capital required to complete unit construction is nearing and end point. As of January 1, 2011, only 4 townhomes and 4 conversion units remain unfinished. With 3 more sales, the project will be 75% sold and that ownership level will open the door to long term fixed financing. Operating, construction and development costs are under budget for the year and assuming sales revenue are increased and inventory is sold off, pro forma goals will be reached or improved upon.

LAKE POINT MARKETING SUMMARY NOVEMBER, 2010

November MLS Statistics: East Madison Condos, \$100,000-\$150,000

- 5 listed
- 2 sold
- 108 active condo listings
- 6 expired
- Average sale price sold units \$114,950 --- sold for 93% of list price
- Average list price \$127,494

Market Statistics All MLS										
<i>Statistics for: Class=SF, CD, MF, LA, BU, RT AND Price=100000-150000 AND Date Range=11/01/2010-11/30/2010 AND Area=E01, E02, E03, E04, E05, E06, E07, E08, E09, E10, E11, E12, E13, E14, E15, E16 AND Board=-1; As Of: 12/1/2010</i>										
Class	Bedrooms	Current Active		Avg List Price		Avg DOM				
All	All	108		\$127,494		325				
CD	All	108		\$127,494		325				
Class	Bedrooms	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
All	All	5	2	40.00%	\$122,400	\$114,950	93.91%	125	\$124,889	120.00%
CD	All	5	2	40.00%	\$122,400	\$114,950	93.91%	125	\$124,889	120.00%

November MLS Statistics: East Madison Condos, \$0-\$75,000

- 3 listed
- 0 sold
- 2 in pending
 - 5373 Garden View
 - 1028 S. Sunnyvale (1100 sf unit listed for \$69,900)
- 27 active condo listings, average list price \$62,531
- 4 condos expired in November

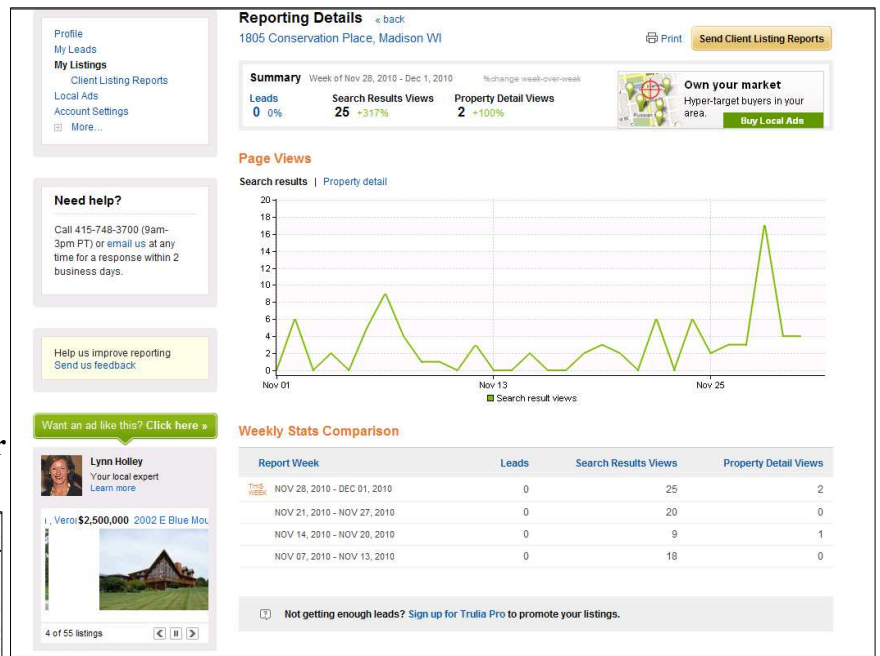
Market Statistics All MLS										
<i>Statistics for: Class=SF, CD, MF, LA, BU, RT AND Price=-75000 AND Date Range=11/01/2010-11/30/2010 AND Area=E01, E02, E03, E04, E05, E06, E07, E08, E09, E10, E11, E12, E13, E14, E15, E16 AND Board=-1; As Of: 12/1/2010</i>										
Class	Bedrooms	Current Active		Avg List Price		Avg DOM				
All	All	27		\$62,531		275				
CD	All	27		\$62,531		275				
Class	Bedrooms	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
All	All	3	0	0.00%	0	0	0	0	\$68,241	133.33%
CD	All	3	0	0.00%	\$0	\$0	0.00%	0	\$68,241	133.33%

SHOWINGS AND FEEDBACK

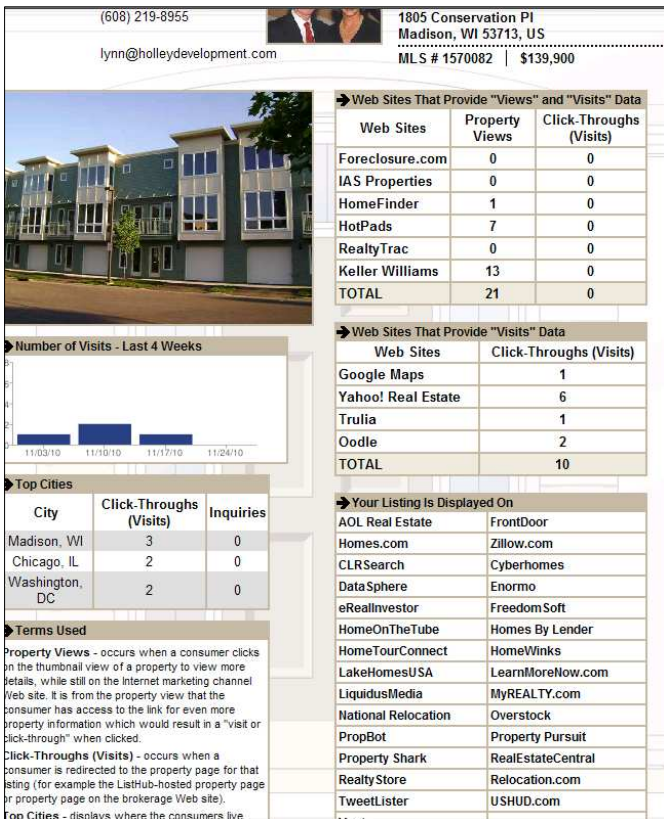
- 1) Garden View Showing November 3: Buyer liked unit, after further investigation determined buyer is not qualified to buy due to credit score
- 2) Garden View Showing November 5: **Buyer liked unit, subsequently wrote an offer that was accepted**
- 3) Conservation Showing November 7: Buyer liked but needs more closet space...has an offer on a short sale already – keeping his options open just in case it doesn't come together
- 4) Garden View Showing November 27: Buyer needs more than one parking space

ONLINE MARKETING

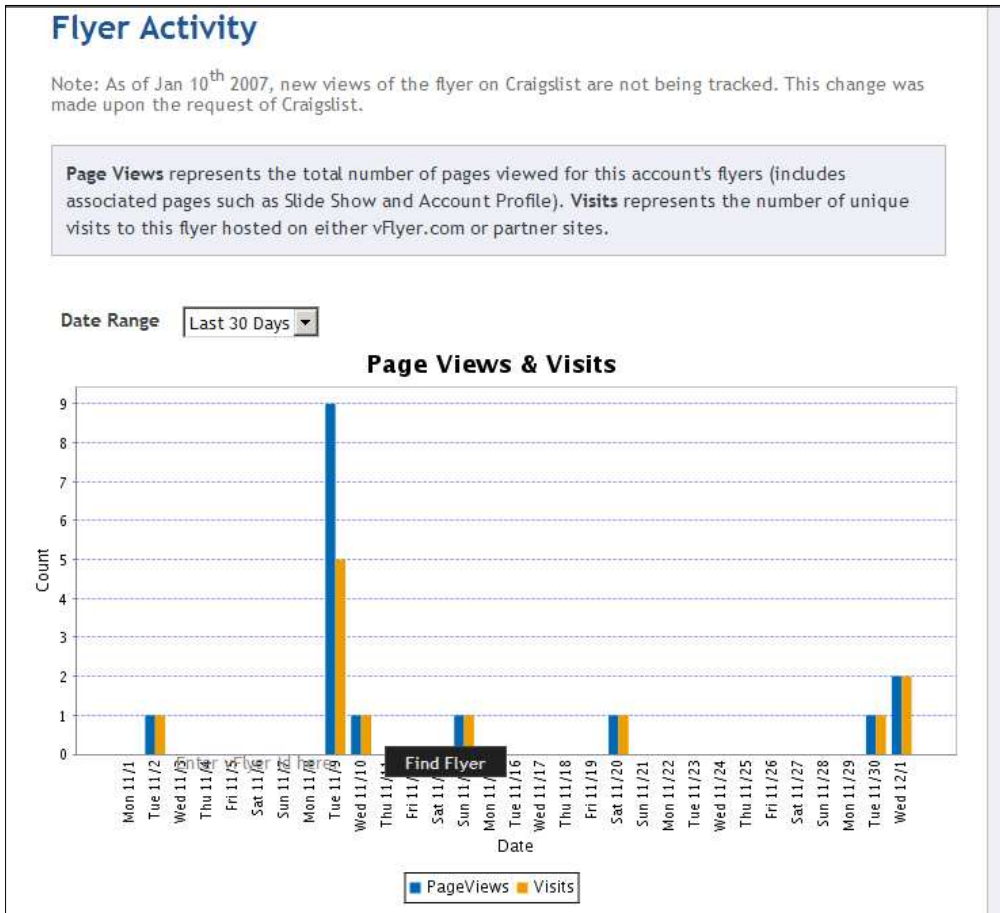
A sampling of Online Views in November...this is from Trulia for 1805 Conservation Place:



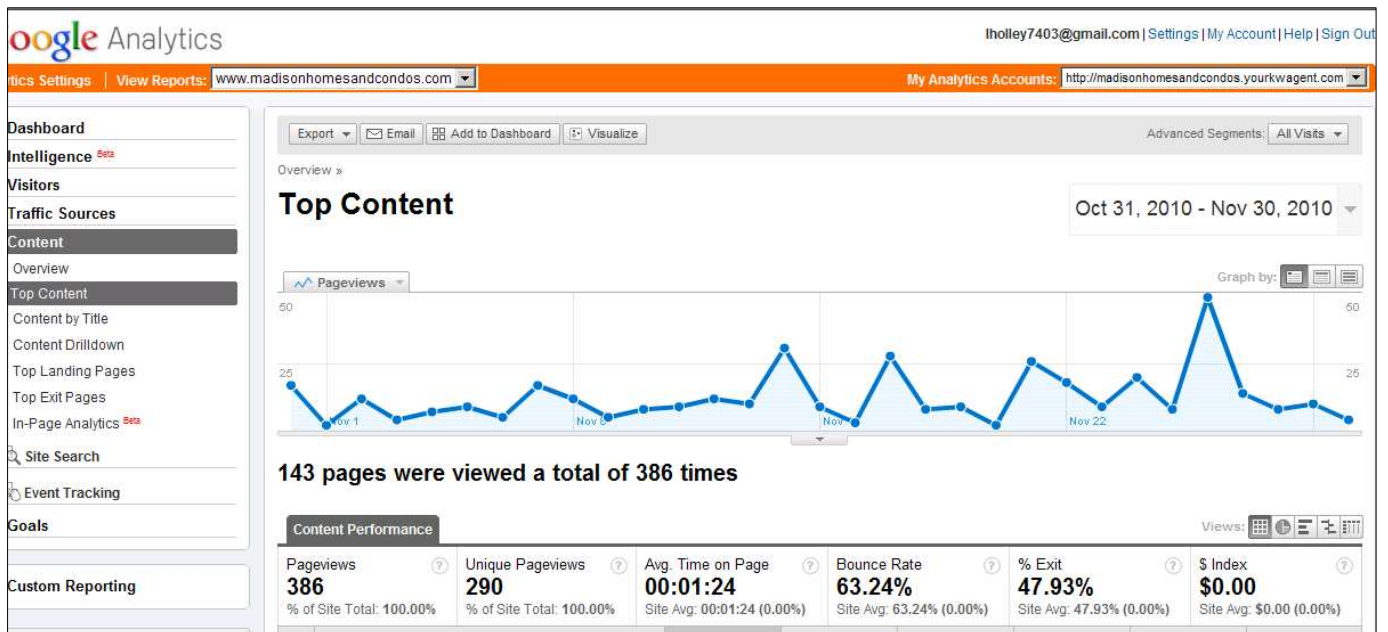
This is from our ListHub listing syndication through Keller Williams for 1805 Conservation:



Lake Point Vflyer views for November – these are posted regularly on the internet



Lake Point is featured on the front page of my website. Here is a Google Analytics report of the number of page views of my website in November:



Monthly Owner's Report for the Month of November, 2010

The New Monona Shores Apartment Homes

Operations and Marketing:

Occupancy:

The property closed out the month of November at 82% occupancy. There were 19 vacancies and 85 occupied apartments, of which 10 are affordable and 9 are market rate. There is 1 approved application, slated to move in before the end of December and there are 2 pending applications, slated for December & January move-ins, providing they qualify. There are no *anticipated* move-outs at the end of December or January; therefore, any new rentals will be a net gain.

During the month of November, there were another 3 rejections. Since August, the total number of rejections is 17.

Resident Functions:

We continue to work with the Neighborhood Center to help promote their daily activities, which our residents participate in regularly. During the month of November, many of our residents took advantage of the monthly food pantry and 50+ luncheon and elementary, young women and teen after school programs.

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:

As the holidays get closer, and the weather gets cooler, residents keep busy with preparations and spending time with family and friends.

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.

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 November, staff completed most of the day-to-day maintenance in house.

Rent Changes:

None at this time.

Capital Improvements:

Two carpets were replaced.

Staff completed the three year capital improvement plan and it was approved along with the 2011 operating budget.

Security/Crime Incidents:

None to report.

Marketing:

The Marketing Plan is updated frequently and alterations are made as needed.

Employees track all incoming phone calls and in-person visits and follows up by sending thank you notes and calling the prospects back.

The majority of leads are derived from Craig's list, Apartment Showcase, Rent.Com, Madison Art Institute, vendor and resident referrals. We continue to offer referral rewards. We're also having a referral contest, doubling the reward for the person who refers the most new 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.

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.

Special promotions on several floor plans and a decreased deposit remain in place.

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.

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.
- 2011 operating and capital budgets have been finalized and approved. We met with the managing members for final approval in November.
- 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 also attended a free seminar in November.
- The majority of turn-over for the year is complete; therefore, operating expenses will decrease to some extent. We hope to begin placing more money in the reserve account for future capital replacements.

Maintenance:

- Winter Preventive Maintenance has been started and will be completed by the second week of December.
- Exterior door painting project in 2 buildings with private entries were all completed and interior main entry doors were completed.
- Interior hallway painting and drywall repairs are underway. Staff plans to paint an accent wall in each common hall.
- Model and vacancies are in rent ready condition.
- Resident work orders continue to be completed within 24 hours, unless of course there is an emergency situation.

- Staff has finalized snow bids. We'll remain with the company that had the contract last year.
- 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 are being bid out again this year due to a 39% increase in premiums. Last year we experienced a 33% increase. Some of the bids arrived and we have the month of December to make some tough decisions.

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

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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment/HOME	4	3
TOTALS:	4	3
Applications in Initial Processing		
Deferred Payment/HOME	4	3
Homebuyers Assistance Loan	1	1
TOTALS:	5	4
Applications in Bidding Stage		
Deferred Payment/HOME	1	1
Installment Loan (City)	2	2
TOTALS:	3	3
Projects Approved But Not Closed		
Deferred Payment/HOME	1	1
Installment Loan (City)	1	1
TOTALS:	2	2
Projects Under Construction		
Deferred Payment/HOME	12	12
Homebuyers Assistance Loan	3	3
Installment Loan (City)	6	6
TOTALS:	21	21
Projects Completed this Year		
Deferred Payment Loan (CDBG)	2	2
Deferred Payment/HOME	21	21
Homebuyers Assistance Loan	4	4
Installment Loan (City)	7	7
TOTALS:	34	34

**STATUS REPORT FOR THE MONTH OF NOVEMBER 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		NO. UNITS	DOLLAR AMOUNT
Installment (City)	\$752,213			\$752,213	2/2	\$38,000	13/15	\$209,300	\$542,913			\$542,913	2/2	\$38,000	\$504,913		
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			0		
Deferred (HOME)	\$581,000			\$581,000	3/3	\$48,300	17/17	\$322,200	\$258,800	1/1	\$19,000	\$239,800	1/1	\$19,000	\$220,800		
Homebuyer (HBA)	\$425,374	-\$175,000	-\$100,000	\$250,374			3/3	\$120,000	\$130,374			\$130,374			\$130,374		
TOTAL	\$1,853,587			\$1,678,587	5/5	\$86,300	34/36	\$673,000	\$1,005,587	1/1	\$19,000	\$986,587	3/3	\$57,000	\$929,587		

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	0	0	42	\$204,100	\$53,394	1	\$5,000	\$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			
					0	0	4	\$20,000	\$75,000	1	\$5,000	\$70,000		
	Total				Total		Total		Total	Total		Total		
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
			\$75,000	\$352,494	0	0	42	\$224,100	\$128,394	1	\$10,000	\$118,394		

CDA Loan and Grant Losses Report for the Month of November 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	