

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority

FROM: Percy Brown, CDA Deputy Executive Director

DATE: December 21, 2011

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

WEST BROADWAY REDEVELOPMENT AREA

Lake Point Condominium Project: Attached please find the real estate marketing and monthly project report, including the 2012 Budget and Pro-forma.

RESERVOIR AND DUPLEXES

The Reservoir and Duplex are fully occupied.

MONONA SHORES

Please see attached Monthly Owner's Report.

REVIVAL RIDGE APARTMENTS

Revival Ridge is 100% occupied.

LOAN STATUS REPORT

See attached.

LOAN AND GRANT LOSSES REPORT

See attached.

CAPITAL REVOLVING FUND (CRF) REVIEW

An initial meeting of the City staff members of the Review Team was held on November 14, and it went fine. Also, I have had three meetings with Dan Guerra, who has surveyed a large number of small businesses owners, real estate professionals, and business associations to solicit their feedback on the CRF Program. I plan to have him to share his report and findings in January with the Review Team, which will be comprised of Percy Brown, Natalie Erdman, Aaron Olver, Joe Gromacki, Bill Clingan, Dan Guerra, representing the CDA and Al Zimmerman and Sandra Torkildson, representing the Economic Development Commission (EDC).

Percy Brown, Manager
Office of Economic Revitalization

PROJECT REPORT

Prepared for: Community Development Authority of Madison, WI

Prepared by: SPL Beverly, LLC

Date: January 5, 2012

Report #:



January 5, 2012-Lake Point Condominiums Monthly Report

Inventory

6 Townhomes
5 Conversion Unit Apartments

Contracts

1 Conversion Contract
2 Conversion unit prospects

PROJECT OVERVIEW

Site Work

As 2012 begins, the site and inventory are in solid shape. Historically, the November through February time period has been extremely slow relative to sales. This year is no different. Several site projects will be completed this year. The most complicated of those projects is the Garden View Court storm water drainage. The rainfall drains into two of the garages. There are three ideas being reviewed for bid. Once cost estimates are available, the CDA and project team will review an analysis of the correction.

Conversion Units

The inventory is in sound shape. Three units remain unfinished.

Marketing

KELLER WILLIAMS report is attached.

With some diligent marketing, we will sell the balance of the conversion unit inventory before the end of the 3rd quarter. We have prospects and with only 5 units remaining, our pricing and ability to finish the unit to the individual taste of the buyer will result in sales.

The townhome inventory is the challenge for 2012. The marketing team has been charged to create a plan to sell this inventory. As previously reported, we have dropped prices with little to no activity. Parking and location remain the challenge. As reported by Keller's team, additional product in the immediate market area

offers buyers an advantage at a desirable price point. I'm confident the KW team will source the type of buyers with which we can affect closings.

Management and General Notes

Window replacement is under way.

One of the benefits to minimal snowfall this winter is the operating budget surplus that is created.



Lynn Holley Real Estate

Marketing Report

Lake Point Condominiums

- **2011 Overview**
- **2012 Projections**

2011 CONDO MARKET OVERVIEW

Current:

- 1262 condos listed on the MLS in Dane County; average list price is \$204,632
- 316 condos listed for sale on the MLS on the East side of Madison; average list price is \$187,932
- 16 condos listed for sale on the MLS in the Lake Point area; average list price is \$99,856. (These are mostly Lake Point condos)

DANE COUNTY STATISTICS

Year	# Condos listed for sale	# Condos sold	Average sale price	Average list price unsold condos
2011	2046	920 (44.97%)	\$179,615	\$199,518
2010	2557	1153(45.09%)	\$172,808	\$200,318

EAST MADISON STATISTICS

Year	# Condos listed for sale	# Condos sold	Average sale price	Average list price unsold condos
2011	496	195 (39.31%)	\$152,498	\$160,592
2010	468	246 (52.56%)	\$149,000	\$182,268

LAKE POINT AREA STATISTICS

Year	# Condos listed for sale	# Condos sold	Average sale price	Average list price unsold condos
2011	50	7 (14%)	\$65,057	\$97,979
2010	10	8 (80%)	\$106,802	\$137,960

MLS #	Status	Class	Address	Unit #	Location	Price	VR	Beds	FinSqFt	Condo Fe	Price/FinSq	Current	Status	Date	Sold Price	Open Hours	Condo Project	Name
1614584	Sold	Condo	5337 Garden View Ct		MADISON - C E15	\$47,900		2	665	150	\$72.03	966		5/3/2011	\$47,900		Lake Point Condo	
1620882	Sold	Condo	5343 Garden View Ct		MADISON - C E15	\$48,000		2	665	150	\$72.18	1040		7/22/2011	\$48,000		Lake Point Condo	
1614630	Sold	Condo	5375 Garden View Ct		MADISON - C E15	\$49,500		2	665	150	\$74.44	911		3/31/2011	\$49,500		Lake Point Condo	
1614623	Sold	Condo	5365 Garden View Ct		MADISON - C E15	\$52,500		2	665	150	\$78.95	896		4/12/2011	\$52,500		Lake Point Condo	
1570103	Sold	Condo	5373 Garden View Ct		MADISON - C E15	\$52,500		2	665	125	\$78.95	831		1/7/2011	\$52,500		Lake Point Condo	
1620456	Sold	Condo	6407 Bridge Rd	101	MADISON - C E15	\$90,000		3	1390	304	\$64.75	56		10/4/2011	\$90,000		The Landing	Se
1615126	Sold	Condo	5326 Lake Park Blvd		MADISON - C E15	\$115,000		2	1120	125	\$102.68	28		5/18/2011	\$115,000		Lake Point Condomini	

Of the 7 out of 50 condos that sold this year, 6 were at Lake Point and 5 were Garden View units; one was on Bridge Road. There were 5 Garden View Court units sold and that is what brought the average sale price down. At an average of 7 sales/year, with no other condos listed, we have a little more than 2 years of inventory on the market.

SALES PROJECTIONS FOR 2012

Garden View Units

- 5 to sell; one unit has an accepted offer; one currently interested buyer
- Garden View units will sell for an average of \$48,000-\$50,000 depending on location of the units within the development
- We expect the remainder of the Garden View units to sell in 2012

Conservation Units

- 7 units to sell; two currently interested buyers
- Currently the townhome units are listed for \$129,900 and \$139,900 for the finished models

In Dane County there are currently 284 condos on the market in the \$110,000-\$150,000 price range. The average list price is \$132,704.....Lake Point units are priced at the high end of that average. These 284 units, and any new listings, present a lot of competition to Lake Point.

- In 2011 there were 222 condos in Dane County sold between the price of \$110,000-\$150,000. The average sale price was \$128,840.
- We currently have a little over one year of inventory on the market in Dane County in this price range.
- This is a price sensitive market. There were 50 non-Lake Point condos that expired in the area around Lake Point in 2011 (not including the Lake Point expirations). We need to reduce the price every 2-3 months until the units are sold. If we handle the price reductions, these units will sell out in 2012. If not, we may very likely carry a few units over into 2013. We project actual sale prices to be \$120,000-\$125,000.

MARKETING

Our most effective marketing for Lake Point has proven to be:

- extensive online and social media marketing, which generates a lot of calls
- realtor direct: email and other marketing
- MLS

We propose to continue these marketing concepts, including periodic open houses and cooperation with the CDA in their direct email marketing to their database.

Monthly Owner's Report for the Month of December 2011

The New Monona Shores Apartment Homes

Operations and Marketing:

Occupancy:

Occupancy remained the same in December at 88%. We closed out with 13 vacancies and 91 occupied apartments, of which 4 were market rate and 9 were affordable units. There is currently two pending move-ins and one pending application.

During the month of December, another 5 applicants were denied housing, bringing the total for the year to 62.

There are two scheduled move-outs.

Resident Functions:

The Bridge Lake Point Community Center continues to serve our residents with new and on-going programs. They sponsored a chili dinner and bingo night in December.

New Resident Services:

We've extended the Referral Reward Program and we plan to run the below incentives through March 31, 2012.

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

Cost/Time Savings Ideas:

The staff is always looking for new ways to be more efficient by 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.

Our long term maintenance technician has consistently saved the property significant cash outlays by completing projects and day-to-day maintenance in house. Noteworthy are his skills in repairing appliances and HVAC systems and components.

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. Again, this has been extended through 3/31/12.

Capital Improvements:

Three carpets and one dishwasher were replaced. We plan to request a reserve reimbursement next month.

During the entire year, we replaced 4 refrigerators, 11 window a/c units, 3 washers, 4 dryers, 2 dishwashers, 22 carpets, 8 water heaters and built storage units in one building.

Security/Crime Incidents:

Nothing major to report. One resident was cited for smoking marijuana outside his apartment.

Marketing:

Web site advertising continues to be the number one source of traffic. Following in a close second is drive by traffic. Even during the cold months, the property consistently has great curb appeal. The office continues to be open with regular office hours Mon. – Fri. and staff is also available during weekend hours by appointment.

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

Staff continues to make contact with past “model” residents, who might consider moving back.

We also continue to work 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. Because of these outreach efforts, one unit was leased in November and that particular family is working out extremely well.

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. It also generates a lot of junk mail.

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.

According to a recent article in a local Madison paper, eighteen census tracts in Dane County had 20% or more of people living in poverty, which equates to 17% of the total county tracts. Surprisingly, they all fell within the city of Madison.

In the last decade, the median income in Madison has dropped about 8%.

The market has tightened up considerably in higher income and type A and B grade properties. According to MG&E's 3rd quarter vacancy summary, the city of Monona and the Madison 53713 zip code had the highest vacancy rates in the area. Between the two, there were 8,162 vacancies or about 5% vacant while the other areas ran between .84% and 2.89%

Local Development:

New apartment construction is increasing while owner occupied housing is decreasing. The majority of the planned developments are downtown and the far west side of Madison, therefore, we don't expect them to be strong competitors.

60 day Objectives

- The main focus for the staff remains obtaining rentals and increasing occupancy with qualified individuals. The goal for the first quarter continues to be 95%. Providing we can qualify potential renters, the staff should be able to gain some momentum and increase occupancy. The month of December was unseasonably busy, but due to five denied households, occupancy did not increase.
- The 2012 budget was reviewed and is pending staff approval.
- 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.
- The triennial audit was completed in December. The auditors found the files to be perfectly in order and no compliance issues were noted. There were several minor maintenance items and all have been corrected. This audit was the last triennial. Going forward, the site will be audited by WHEDA every five years.

Maintenance:

- 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.
- Winter preventive maintenance has need completed.
- Maintenance has also been busy cleaning dryer vents in all of the buildings. This has saved the property a great deal of money. It also has a positive impact on resident's utility bills.

Personnel:

A long term employee whose duties were cleaning and minor maintenance resigned in December due to a health condition. We extend our thanks for his years of service and loyalty to the company and wishes for good health and future success.

A part-time office person is now in the office 25 hours weekly. She is absorbing the training very well and is proving thus far to be an asset to the property and a good fit with the rest of the team.

Other Misc. Administration:

Since the new Senate Bill 107 took effect in November, it really had little bearing on how we do business at the property. For example, landlords can now require potential renters to make three times the amount of rent in income. Our screening criteria allows for flexibility in the area.

Our strong beliefs in customer service have prevented us from implementing some of the new portions of the law. An example of this is the new law allows landlords to only provide a 12 hour notice to show an occupied apartment. We have and will continue to give our residents ample notice that we will be showing their home to a prospective client(s).

Thanks to the staff for their great attention to detail and customer service, as we were able to retain 67% of our residents during the year. The average retention for a property similar to Monona Shores is between 40% - 50%.

It's important to note that 8 residents transferred from one unit to another. Those residents are not counted as move-outs because we were able to retain them as residents, although staff still had to turn-over the apartment for another resident.

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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment/HOME	2	2
Installment Loan (City)	2	1
TOTALS:	4	3
Applications in Initial Processing		
Deferred Payment/HOME	6	5
TOTALS:	6	5
Applications in Bidding Stage		
Deferred Payment/HOME	3	3
Installment Loan (City)	5	5
TOTALS:	8	8
Projects Approved But Not Closed		
Installment Loan (City)	1	1
TOTALS:	1	1
Projects Under Construction		
Deferred Payment/HOME	7	7
Homebuyers Assistance Loan	2	3
Installment Loan (City)	4	5
TOTALS:	13	15
Projects Completed this Year		
Deferred Payment/HOME	15	13
Homebuyers Assistance Loan	4	5
Installment Loan (City)	7	7
TOTALS:	26	25

**STATUS REPORT FOR THE MONTH OF DECEMBER 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			8/9	\$126,600	\$422,400			\$422,400	5/6	\$98,000	\$324,400		
Deferred (City)																	
Deferred (CDBG)	\$20,000			\$20,000					\$20,000			\$20,000			\$20,000		
Deferred (HOME)	\$575,000			\$575,000	1/1	\$19,000	14/14	\$257,700	\$317,300	1/1	\$7,800	\$309,500	3/3	\$57,000	\$252,500		
Homebuyer (HBA)	\$337,290	(\$9,500)	\$9,500	\$327,800			4/5	\$170,000	\$157,800						\$157,800		
TOTAL	\$1,516,080			\$1,471,800	1/1	\$19,000	26/28	\$554,300	\$917,500	1/1	\$7,800	\$909,700	8/9	\$155,000	\$754,700		

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	1	\$10,000	34	\$200,000	\$37,356	0	0	\$37,356	
		\$29,000	\$9,456										
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount		
	(\$85,000)	\$302,900	\$19,456	\$237,356	1	\$10,000	34	\$200,000	\$37,356	0	0	\$37,356	

CDA Loan and Grant Losses Report for the Month of December 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															3	0.01	\$10,600	1			\$3,100	
Capital Revolving Fund																						
Façade Improvement																						
TOTAL	1		\$12,900	0		\$0	0		\$0	0		\$0	0		6	0.01	\$58,150	1	0		\$3,100	