

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: November 4, 2010
SUBJECT: Economic Development Status Report for the month of
October 2010

WEST BROADWAY REDEVELOPMENT AREA

Lake Point Condominium Project: Please see attached monthly report.

RESERVOIR AND DUPLEXES

The Reservoir and Duplex are fully occupied.

MONONA SHORES

83 of the 104 units at Monona Shores are currently occupied (80%). Of the 21 vacant units, 12 units are affordable and 9 units are market rate. Please see attached monthly report for further details.

REVIVAL RIDGE APARTMENTS

There are two vacancies at the Revival Ridge Apartments with two new approved leases: one with a scheduled move-in for December 1 and the other pending Section 8 approval. Staff has received and is reviewing the 2011 Budget. Natalie and I will be meeting with the management staff in November to discuss the proposed budget as well as any other pertinent issues or concerns and reporting back to the CDA Board at a subsequent meeting.

LOAN STATUS REPORT

See Attached.

LOAN AND GRANT LOSSES REPORT

See attached.

Percy Brown, Manager
Office of Economic Revitalization

November 7, 2010 Update for Lake Point Condominiums

Overall status: **Average**

Market Status: **Poor**

Inventory

11 Conversion units and 6 Townhomes (33 units sold)

0 New Offers, two pending 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. In addition, the basement is being reviewed for a water issue |
| Siding Issues | Receiver | | 10/15/10 | Material is ordered and a schedule with the siding installer/manufacture for the Lake Point unit is set for next month. |

Detail

The precipitous drop in market activity has continued. There have been very few tours and those showings have generated no new offers. The Keller Williams report contains detail from the showings. The prospects remain concerned about the area and parking limitations.

Our current prospects have some credit and equity issues that are being worked on to help create a quality buyer profile. If successful, we'll aggressively pursue contracts with those prospects.

As discussed in August, the long pending siding (warranty) issue with Wausau Supply/CertainTeed has come to conclusion. CertainTeed approved the siding replacement for the effected unit and has authorized the replacement. Due to the siding being a special order, the replacement may not be completed until early November. 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 to review their work is scheduled for next week. Recent high winds resulted in roof damage to the Garden View units. Roofing inspection and insurance review are underway.

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

With the 2010 budget functioning quite well, the board focus has been on macro site improvement. The site shows quite well and I feel positive about the Lake Point board going forward. Strong, committed leaders are participating. The investment in additional security patrols has been effective. Some limited graffiti at the site has reappeared.

MARKETING

Please review the detail provided by Keller Williams. We will convene a meeting this month or in December with the CDA to discuss potential market/pricing strategies.

PRO FORMA

Attached

Lake Point Sales Report November 3, 2010

Overall Market – East and West Madison Condos (source for all, SCWMLS)

First three quarters 2010:

- *1757 condos listed
- *776 (44%) sold
- *Average sale price \$175,995

Compare to same three quarters in 2009:

- * 1777 condos listed
- * 731 (41%) sold
- * Average sale price \$170,015

2010 to-date

| 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 | 1,757 | 776 | 44.17% | \$183,690 | \$175,995 | 95.81% | 176 | \$207,845 | 62.66% |
| CD | All | 1,757 | 776 | 44.17% | \$183,690 | \$175,995 | 95.81% | 176 | \$207,845 | 62.66% |

- **First Quarter 2010**

| 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 | 663 | 159 | 23.98% | \$181,384 | \$171,737 | 94.68% | 186 | \$186,328 | 45.70% |
| CD | All | 663 | 159 | 23.98% | \$181,384 | \$171,737 | 94.68% | 186 | \$186,328 | 45.70% |

Sales

- **Second Quarter 2010**

| 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 | 517 | 388 | 75.05% | \$175,264 | \$169,176 | 96.53% | 170 | \$209,775 | 54.16% |
| CD | All | 517 | 388 | 75.05% | \$175,264 | \$169,176 | 96.53% | 170 | \$209,775 | 54.16% |

Sales

- **Third Quarter 2010**

| 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 | 485 | 200 | 41.24% | \$201,435 | \$192,431 | 95.53% | 179 | \$227,121 | 80.41% |
| CD | All | 485 | 200 | 41.24% | \$201,435 | \$192,431 | 95.53% | 179 | \$227,121 | 80.41% |

Sales

Garden View price range \$0-\$75,000

East and West Madison Current Active and Sales since 8/31/10

- 46 active condos currently listed east and west Madison between \$0-\$75,000.
- In this period 14 have expired, 2 have gone into pending, 6 have sold and 3 have been withdrawn. 5 of the sales were foreclosures; 1 of the 5 foreclosures was auctioned.
- Average sale price is \$49,676, down 13% since last period
- Average list price is \$61,827, down barely 1% from last period

Townhome price range \$100,000-\$175,000

East and West Madison Current Active and Sales since 8/31/10

- 372 active condos currently listed east and west Madison between \$100,000-\$175,000. This is down by 21% from the previous period.
- 3 have gone into pending, 10 have sold, 99 have expired, 6 have been withdrawn. None of the sales were foreclosures.
- Average sale price is \$131,250, down barely 1% from previous time period.
- Average list price is \$140,000, up 4.7% from last period.

Immediate Area Sales and Activity

- In the general MLS area of Lake Point there are currently 3 condos for sale up to \$75,000 in addition to the Garden View units. These 3 are all on Sunnyvale. 3 have expired in this area since 8/31 – all on Sunnyvale. None have sold since 8/31/10, and none are in pending.
- In the general MLS area of Lake Point, between \$100,000-\$175,000 there are 3 condos for sale in addition to the Conservation Place condos. One of these is a resale for \$109,900 at Lake Point. 2 listings in this range have expired – one is a resale at Lake Point that has been rented. There have been no sales in this price range, and none in pending.

Lake Point Showings

- 9/20 1811 Conservation and Garden View: "Clients are just starting the process, loved the unit and the space, concerned about the lack of parking (couple with 2 cars). Real impressed with the finishes. Would love to work out a way to get the townhome, but ultimately it will probably be out of their price range. Here for job interview from Milwaukee, has not accepted a position here as of yet."
- 10/17 Garden View: client didn't like area
- 10/19 Garden View: Client likes condos and is in prequalification process. Has 2 low credit scores so financing may be questionable. Needs downpayment assistance which should be achievable for her.
- 10/29 Garden View: client didn't like area
- 10/28 Garden View: Clients like units; want to live near wife's mom. In prequalification process with Anchor Bank. Will need significant downpayment assistance.

| Lake Point Sales and Mortgage Summary | | | | | | | | | |
|---|--|---------------------------------------|----------------------------------|---|---------------------|--|-----------|-----------|-----------|
| 11/7/2010 | | | | | | | | | |
| (updated) | | | | | | | | | |
| REMAINING INVENTORY: | | | | | | | | | |
| # | | TYPE | Asking Price | | Total | | | | |
| 6 | | Townhouses at: | \$ 151,400 | | \$ 908,400 | | | | |
| 11 | | Garden View at: | \$ 58,700 | | \$ 645,700 | | | | |
| 17 | | | | | | | | | |
| | | TOTAL GROSS VALUE OF INVENTORY | | | \$ 1,554,100 | | | | |
| ESTIMATED COSTS TO HOLD | | | | | | | | | |
| | | | Assumption: | "----->>>> Holding period 18 months from 8/1/10 | | | | | |
| Real Estate Taxes | | | | | \$ 35,433 | Gross Value x 80% x mil rate x 1.5 yrs | | | |
| Interest on Fannie Mae Mortgage | | | | | \$ 27,000 | \$ 1,200,000 | at | 75.00% | declining |
| Condo Fee's | | | | | \$ 22,950 | \$100 | per month | 75.00% | |
| Inventory Utilities | | | | | \$ 9,000 | | | | |
| Reciever's Fee's: | | | | | \$ 40,000 | | | | |
| Improvements required for Sale of Units | | | | | \$ 172,000 | Townhones | 4 | \$ 22,000 | \$ 88,000 |
| | | | | | | Conversion | 6 | \$ 14,000 | \$ 84,000 |
| Price Negotiation at: | | 10% | Garden View | | \$ 64,570 | | | | |
| | | 15% | Townhouses | | \$ 136,260 | | | | |
| Real Estate Commissions at: | | 5% | | | \$ 77,705 | | | | |
| Closing Costs at: | | 1% | | | \$ 77,705 | | | | |
| Reserve Fund Contribution: | | | | | \$ 15,000 | | | | |
| Misc: | | | | | \$ 12,500 | | | | |
| | | | | | | | | | |
| | | | TOTAL COSTS TO HOLD/SELL: | | \$ 690,123 | | | | |
| | | | MORTGAGE BALANCE: | | \$ 1,200,000 | | | | |
| | | | TOTAL: | | \$ 1,890,123 | | | | |
| | | | NET GAIN OR SHORTFALL | | \$ (336,023) | | | | |

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

Operations and Marketing:

Occupancy:

The property closed out the month of October at 80% occupancy. There were 21 vacancies and 83 occupied apartments, of which 12 are affordable and 9 are market rate. There are 2 pending applications, slated for November move-in. There are two pending move-outs at the end of November, one due to a transfer on site and one due to a death.

During the month of October, there were another 4 rejections. Since August, the total number of rejections is 14! One applicant canceled because she decided not to move to WI.

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 October, many of our residents took advantage of the monthly food pantry and 50+ luncheon.

The Fiesta held in October was well attended by many of our residents. The Center continues to offer computer classes in Spanish and many of our kids are participating in the After School Program. The Teen Programs are well attended too by the young men and women at the property.

Resident Services:

Service is always a priority at the site. We continue to add additional conveniences to help make resident's lives easier.

During the month of October, residents were provided with fire safety information. Since October is Breast Cancer Awareness Month, staff provided residents with helpful information, including free mammograms and a calendar of events.

A resident satisfaction survey was sent out in October; however, we only had about a 25% return. We learned that the overall satisfaction level was excellent. Our customers also provided some good insight about what features they like and dislike. One overwhelming feature, storage, is an important amenity that is not currently offered.

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

Rent Changes:

None at this time.

Capital Improvements:

Two water heaters and one dishwasher was replaced.

Staff is working on a three year capital improvement plan. This plan will be finalized in conjunction with the 2011 operating budget.

Security/Crime Incidents:

None to report.

Marketing:

The individual who moved in under the House-Ability Program continues to do very well. It's our understanding that funds are no longer available.

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 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.

Staff has a special promotion on several floor plans and a decreased deposit as well.

Local Market Conditions:

Competitors continue to offer large concessions. 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 are being finalized. We expect to meet with the managing member for final approval in November.
- 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 is being provided updates and also attending 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:

- Fall Preventive Maintenance has been completed.
- Exterior door painting project is 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.

Personnel:

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

HOUSING REHABILITATION LOAN STATUS FOR THE MONTH OF OCTOBER, 2010

| <u>Program:</u> | <u>No:</u> | <u>Unit:</u> |
|---|------------|--------------|
| New Applications | | |
| Deferred Payment/HOME | 5 | 5 |
| Homebuyers Assistance Loan | 1 | 1 |
| Installment Loan (City) | 2 | 5 |
| TOTALS: | 8 | 11 |
| Applications in Initial Processing | | |
| Deferred Payment/HOME | 3 | 3 |
| Homebuyers Assistance Loan | 1 | 1 |
| TOTALS: | 4 | 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) | 2 | 2 |
| TOTALS: | 3 | 3 |
| Projects Under Construction | | |
| Deferred Payment Loan (CDBG) | 1 | 1 |
| Deferred Payment/HOME | 12 | 12 |
| Homebuyers Assistance Loan | 4 | 4 |
| Installment Loan (City) | 5 | 5 |
| TOTALS: | 22 | 22 |
| Projects Completed this Year | | |
| Deferred Payment Loan (CDBG) | 1 | 1 |
| Deferred Payment/HOME | 19 | 19 |
| Homebuyers Assistance Loan | 3 | 3 |
| Installment Loan (City) | 8 | 8 |
| TOTALS: | 31 | 31 |

**STATUS REPORT FOR THE MONTH OF OCTOBER 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 | 1/1 | \$4,200 | 11/13 | \$171,300 | \$580,913 | 2/2 | \$38,000 | \$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 | \$63,000 | 14/14 | \$273,900 | \$307,100 | 2/2 | \$29,300 | \$277,800 | 1/1 | \$19,000 | \$258,800 | | |
| 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 | 4/4 | \$67,200 | 29/31 | \$586,700 | \$1,091,887 | 4/4 | \$67,300 | \$1,024,587 | 3/3 | \$57,000 | \$967,587 | | |

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 | 0 | 0 | \$53,394 | | |
| | HBA – Match | | | | HBA – Match | | HBA – Match | | HBA – Match | HBA – Match | | HBA – Match | | |
| | -\$5,000 | \$100,000 | | \$95,000 | Number | \$ Amount | Number | \$ Amount | | Number | \$ Amount | | | |
| | | | | | | | 4 | \$20,000 | \$75,000 | 0 | 0 | \$75,000 | | |
| | Total | | | | Total | | Total | | Total | Total | | Total | | |
| | | | | | Number | \$ Amount | Number | \$ Amount | | Number | \$ Amount | | | |
| | | | \$75,000 | \$352,494 | 0 | 0 | 42 | \$224,100 | \$123,394 | 0 | 0 | \$123,394 | | |

CDA Loan and Grant Losses Report for the Month of October 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 | | | | | | | | | | | | | | | 5 | 0.02 | \$19,900 | | | | | |
| Capital Revolving Fund | | | | | | | | | | | | | | | | | | | | | | |
| Façade Improvement | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | 0 | | \$0 | 0 | | \$0 | 0 | | \$0 | 0 | | \$0 | 0 | | \$0 | 6 | | \$37,900 | 1 | | \$2,950 | |