

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: September 9, 2010
SUBJECT: Economic Development Status Report for the month of
August 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

86 of the 104 units at Monona Shores are currently occupied (83%). Of the 18 vacant units, 11 units are affordable and 7 units are market rate. Please see attached monthly report for further details.

REVIVAL RIDGE APARTMENTS

There is one vacancy at the Revival Ridge Apartments due to tenant behavioral issues.

LOAN STATUS REPORT

See Attached.

LOAN AND GRANT LOSSES REPORT

See attached.

Percy Brown, Manager
Office of Economic Revitalization

September 6, 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, 1 contract cancelled

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments
Conversion Roof issues Basement issue	Receiver		9/15/10	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	Getting a schedule with the siding installer/manufacturer the Lake Point unit.

Detail

Foot traffic during the open houses is minimal. The primary focus of the team remains for the team to generate buyer traffic. The marketing team and I will continue to brainstorm new ideas to bring potential buyers to Lake Point despite the precipitous drop in market activity.

The townhouse contract that cancelled was due to an inability on the buyer's part to procure a forgivable 2nd mortgage. The buyer's broker did not share such a need with us prior to the contract or I doubt we would have been party to the sale.

As noted in the update reports during the course of this project, a primary concern for Lake Point overall is its location. Progress is being made and additional security budgeted during vulnerable hours is helping curtail some of the problems.

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. Progress on this front is helpful as it relates to the current ownership. We have bid and approved some correction work for the moisture in the conversion basement. This work will take place in October.

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.

As previously reported, our townhome sales have been driven primarily by a willingness to customize the units within the relative price point offered. As speculated early in the project, the minimal parking and the 3 story concept creates a reduced pool of buyers, but when we have an urban buyer who can deal with the parking, we have closed the sale. The conversion units are more of a commodity sale. There are currently new foreclosures in the area that are being sold at a price point well below that of Lake Point's (\$42 psf vs. our \$70 psf) and the inventory will need to expire before our offering draws the market attention again. Of our 12 remaining units, many are 2nd floor walk up units that face the parking lot (not the garden) and incentives may be required. The Keller Williams marketing team is providing input and new ideas to generate buyer traffic. We are expanding the discussions on developer incentives, pricing and other offerings that may incentivize buyers in this slow market.

KW has informed me that Dane County sales are off 52% as compared to July 2009! Since 2009 was a poor year, that stat makes it all the more concerning. All components of the Lake Point marketing effort will be examined in an effort to enlist buyers.

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

Operations and Marketing:

Occupancy:

The property closed out the month of August at 83% occupancy. There were 18 vacancies and 86 occupied apartments, of which 11 are affordable and 7 are market rate. There is 1 pending move-in slated for 9/30/10. There are 5 pending move-outs between now and the end of September and 1 applicant will move-in when their home sells. Again, turnover will slow down tremendously after September.

There were 5 rejections during the month. Several were approved if they were able to get a qualified co-signer, but were unable to do so.

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 August, to name a few, neighbors enjoyed the weekly potlucks and the mobile food pantry. There is also a 50+ Luncheon Program that is well received. The community center is also gearing up for their After School Program. How fortunate we are to have this organization right in the neighborhood.

The 1st Annual Simpson Street Family Reunion, held on 8/14, was a great success. The event was well attended by many of our residents and neighbors throughout the community.

Monona Shores sponsored a Back to School Party in August. A committee of children helped to plan the event by decorating, helping the office staff with games, music and food. The event brought many residents out to meet their neighbors and all that came had a great time!

Resident Services:

We continue to allow resident's packages delivered to the office while they're out. We attempt to deliver and leave them messages, informing them of their deliveries.

A resident satisfaction survey is in the works to go out this fall. Surveys will be mailed to the management office.

Cost/Time Savings Ideas:

Continued monitoring of expenditures, services, performance and plans. Whenever possible, complete projects using on-site staff, rather than contract labor, unless the cost is prohibitive.

Rent Changes:

None at this time.

Capital Improvements:

Many building components are reaching their useful life, such as water heaters, appliances and carpeting. Replacements are done on an as needed basis. During the month of August, one air conditioner condenser, doorbell panel intercom and two carpets were replaced.

Staff is working on a three year capital improvement plan.

Security/Crime Incidents:

The Waunona Neighborhood Association reported a recent spate of vandalism and robbery in the neighborhood, although none reported on the property.

Marketing:

The majority of leads are derived from Craig's list, Apartment Showcase, Rent.Com, Madison Art Institution, vendor and resident referrals. During the month of August,

The staff regularly checks various web sites like Craig's List and makes contact with people who have posted their housing needs.

Staff also stays in touch with 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.

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

Local Market Conditions:

Due to the overabundance of condominiums in the area, a number of developments have begun leasing, which adds to the rental stock. Some of these developments are providing deep discounts.

Competitors continue to offer large concessions. We have also seen some recent competitors decrease rental rates.

Local Development:

Nothing new to report other than several competitors are selling their properties. Depending on new ownership, this may or not have an impact on our marketing strategies.

60 day Objectives

Operations:

- The annual investor on site audit and inspection is scheduled in September. As in past years, we expect a glowing report.
- 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.
- The majority of turn-over for the year is now complete; therefore, operating expenses will decrease to some extent. We hope to begin placing more money in the reserve account as we are able.

Maintenance:

- The majority of staff time is being spent prepping vacancies for showings.
- The maintenance staff has power washed some of the buildings and will continue to do so as time allows.
- Exterior door painting project in near completion.
- Resident work orders continue to be completed within 24 hours, unless of course there is an emergency situation.
- Fall preventive maintenance is in planning stages.
- Snow removal request for proposals went out in August. We anticipate having the contract signed by mid September.

Personnel:

The office staff attended a *free* fair housing training on August 24, 2010, sponsored by the Fair Housing Center of Greater Madison. It was a helpful refresher and great training for our new staff member.

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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment/HOME	3	3
Homebuyers Assistance Loan	2	1
Installment Loan (City)	2	3
TOTALS:	7	7
Applications in Initial Processing		
Deferred Payment/HOME	1	1
Installment Loan (City)	2	1
TOTALS:	3	2
Applications in Bidding Stage		
Deferred Payment/HOME	4	3
Installment Loan (City)	1	1
TOTALS:	5	4
Projects Approved But Not Closed		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	1	1
Installment Loan (City)	1	1
TOTALS:	3	3
Projects Under Construction		
Deferred Payment/HOME	11	11
Homebuyers Assistance Loan	4	4
Installment Loan (City)	5	5
TOTALS:	20	20
Projects Completed this Year		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	14	14
Homebuyers Assistance Loan	3	3
Installment Loan (City)	6	6
TOTALS:	24	24

**STATUS REPORT FOR THE MONTH OF AUGUST 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	\$19,000	9/10	\$158,800	\$593,413	1/2	\$8,300	\$585,113	1/1	\$19,000	\$566,113		
Deferred (City)	\$75,000			\$75,000					\$75,000			\$75,000			\$75,000		
Deferred (CDBG)	\$20,000			\$20,000					\$20,000	1/1	\$21,500	-\$1,500			-\$1,500		
Deferred (HOME)	\$581,000			\$581,000	4/4	\$73,500	9/9	\$168,900	\$412,100	1/1	\$17,000	\$395,100	4/4	\$76,000	\$319,100		
Homebuyer (HBA)	\$425,374	-\$175,000	-\$100,000	\$250,374	2/2	\$80,000	3/3	\$120,000	\$130,374			\$130,374			\$130,374		
TOTAL	\$1,853,587			\$1,678,587	7/7	\$172,500	21/25	\$447,700	\$1,230,887	3/4	\$46,800	\$1,184,087	5/5	\$95,000	\$1,089,087		

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	4	\$20,000	43	\$199,100	\$58,394	1	\$5,000	\$53,394		
	HBA – Match				HBA – Match		HBA – Match		HBA – Match	HBA – Match		HBA – Match		
	-\$5,000		+\$75,000	\$70,000	Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
					1	\$5,000	4	\$20,000	\$50,000	0	0	\$50,000		
	Total				Total		Total		Total	Total		Total		
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
			\$75,000	\$327,494	4	\$25,000	43	\$217,100	\$108,394	1	\$5,000	\$103,394		

CDA Loan and Grant Losses Report for the Month of August 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				In processing
Down Payment Assistance													1	0.01	\$3,100	2	0.01	\$8,700	1	0.01	\$5,000	In processing
Capital Revolving Fund																						
Façade Improvement																						
TOTAL	0		\$0	0		\$0	0		\$0	0		\$0	1		\$3,100	3		\$26,700	1		\$5,000	