

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: July 1, 2010
SUBJECT: Economic Development Status Report for the month of
June 2010

WEST BROADWAY REDEVELOPMENT AREA

Lake Point Condominium Project: Please see attached monthly report.

RESERVOIR AND DUPLEXES

The Reservoir has two vacant units with a scheduled move-in for July 2. The Duplex is fully occupied

MONONA SHORES

87 of the 104 units at Monona Shores are currently occupied (85%). Of the 17 vacant units, 9 units are affordable and 8 units are market rate. The MRCDC Board meeting on June 21 was fully attended and went quite well. The Property Management Agreement with Broihahn Management was extended for another four years. Also, the Board amended the Bylaws to reduce the size of the Board to five members, including three CDA members. Two Board members, George Austin and Carol Biendseil resigned effective at the end of their term in September, 2010. The CDA will be considering recommending the appointment of Board members to the Mayor at the August 12 meeting. Please see attached monthly report for further details.

REVIVAL RIDGE APARTMENTS

The Revival Ridge Apartments are 100% occupied.

LOAN STATUS REPORT

See Attached.

LOAN AND GRANT LOSSES REPORT

See attached.

Percy Brown, Manager
Office of Economic Revitalization

July 2, 2010 Update for Lake Point Condominiums

Overall status: **Average**

Market Status: **Poor**

Inventory

12 Conversion units and 6 Townhomes (32 units sold)

No New Contracts or Offers

0 New Offers, 0 Contract,

1 townhome closing

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments
Conversion Roof issues	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
Siding Issues	Receiver		8/15/10	Working through warranty process with the siding manufacturer for 1805 and 1807 Lake Point

Detail

The overall performance of the project vs. the estimated operating pro forma has been on target through the first two quarters of 2010, the minimal sales activity has resulted in the revenue projections falling somewhat short at this juncture. The market has remained quite slow. Foot traffic during open houses is minimal. The primary focus of the team remains for the team to generate buyer traffic.

As noted in the update reports during the course of this project, a primary concern for Lake Point overall is its location. Initially, it was as much market perception as the specific issues pertaining to the site. Currently, visual evidence in the form of graffiti and police appearances at the rental properties on Lake Point is providing a deterrent to potential buyers. To the extent that several buyers would not even get out of the realtor's car to tour the townhomes. The Condo Owners Association is defending the site as best they can with police department meetings, quick response clean up of the graffiti and direct contact with the rental property owners. There is a direct line of communication with the local police department and regular meetings have been unfortunately required. The Association has contracted for private security to patrol the property during what have been determined to be peak evening problem times. This will put pressure on a budget that already deals with shortfalls in funding, however its essential we do not let the few disrupters in the area taint the progress to

date. The property owners, renting the units they purchased in foreclosure, are not Madison residents , let alone Lake Point area residents, therefore issues at their properties are not a personal concern.

The Lake Point Condominium Association 2010 budget has been approved. The property looks terrific and when a showing occurs, it represents itself quite nicely. Amended rules and regulations have been adopted which will assist with the equitable performance of the budget. A few long term capital concerns exist relating to the conversion units, but in general, the Association is in good shape.

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 and other offerings that may incentivize buyers in this slow market.

The Keller Williams team, and myself , have been on vacation the last few weeks (and currently for me) following the 1815 closing, therefore there is not a full marketing report and financial update in this report. All this will be contained in next month's update report.

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

Operations and Marketing:

Occupancy:

The property closed out the month of June at 84% occupancy. There were 17 vacancies and 87 occupied apartments, of which 9 are affordable and 8 are market rate. There are also 3 pending applications, 5 approved applications (includes 2 transfers on-site) slated to move in between 7/15/10 and 8/31/10 and 12 pending move-outs between now and the end of August. Again, turnover will slow down tremendously after August.

There were 4 rejections during the month.

Resident Functions:

Site staff has started a committee of residents to assist with the "Back to School" party, slated tentatively for August 27th. The management staff plans to also include the home owners at the Waunona Woods Condominiums.

Now that the kids are out of school, a lot of the children are participating in programs sponsored by the Neighborhood Center. This year, more kids are able to participate!

Resident Services:

During outreach every month to local businesses and agencies, staff gains additional information and coupons to place in Welcome Folders that are provided when new people move-in.

Since many of our residents have experienced loss of employment, the office is serving as a source for valuable job search and credit counseling agency referral information.

The staff continues to work as a liaison between the residents and various outreach agencies in the area.

Staff is making contact with a local credit union that sponsors free seminars on budgeting and credit. We hope to hold a seminar for our residents this summer at a local dining establishment.

We also offer a free Roommate Assistance program, where we refer people who are looking to share an apartment or someone who can't afford to live on their own, with another individual to share the cost.

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.

A great deal of money is saved, as our long term maintenance technician, Perry, completes all of the preventive maintenance on our window and central air conditioning units.

Rent Changes:

As reported last month, the new rent and income limits have been published and there was no increase in the maximum income ranges.

Street rents have increased slightly on the 3-bdrm floor plans. No plans at this point to increase street rents on the one and two bedrooms.

Capital Improvements:

Many building components are reaching their useful life, such as water heaters, appliances and carpeting to name a few. Replacements are done on an as needed basis. During the month of June, two water heaters, one air conditioner and one carpet was replaced.

Personnel Changes:

We have hired a part-time leasing agent, who will also be moving on-site in mid July. She is also bi-lingual, which is an added bonus.

Security/Crime Incidents:

Nothing to report.

Marketing:

A heavy emphasis is being placed on outreach to reach potential residents whose income falls below the AHTC guidelines. At the same time, we do a lot of marketing to reach those that may qualify for any available market rate units.

During the month of June, staff reached out and completed marketing visits to 35 different agencies and companies in the market area. Web sites, referrals, print ads, signage and flyers are also used to promote the property.

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

Staff is still concentrating their efforts to lease 1 & 2-bdrms. Our model unit was moved to a 2-bdrm vacancy and we also have a 1-bdrm accessorized as a "mini model."

Staff stays in touch with other management company's site staff and refers clients back and forth. The Revival Ridge staff in particular has been exceeding great in sharing their waiting list. Unfortunately, the majority are looking for project based assistance. At the end of June, we received a new waiting list and staff has been making contact with those individuals.

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 audit is completed and everything went very well. No major compliance issues to 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 leases are coming due within the next 90 days. So far, retention ratios have been good. Maintenance staff prepares vacancies within a reasonable time frame to show to potential clients. In the coming month, we'll transfer 2 households to another apartment to better meet their housing needs.

Maintenance:

- The spring seasonal preventive maintenance was completed and now site staff is working on the summer preventive maintenance list.
- We recently purchased a small shed to store equipment and gas cans.
- Obtain bids for parking lot resurfacing, cabinet replacements and tree trimming.
- The landscape maintenance company continues to do a great job with grounds upkeep.
- Resident work orders continue to be completed within 24 hours, unless of course there is an emergency situation.
- All common area carpets were shampooed during the month of June.

Personnel:

Since the new leasing agent will be starting work the first week of July, a great deal of training will take place in July and months to follow.

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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment/HOME	3	2
Homebuyers Assistance Loan	2	3
Installment Loan (City)	2	1
TOTALS:	7	6
Applications in Initial Processing		
Deferred Payment/HOME	3	2
Installment Loan (City)	2	2
TOTALS:	5	4
Applications in Bidding Stage		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	8	6
Installment Loan (City)	2	2
TOTALS:	11	9
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	11	11
Homebuyers Assistance Loan	2	3
Installment Loan (City)	5	5
TOTALS:	19	20
Projects Completed this Year		
Deferred Payment/HOME	9	9
Homebuyers Assistance Loan	3	3
Installment Loan (City)	4	4
TOTALS:	16	16

**STATUS REPORT FOR THE MONTH OF JUNE 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	
Installment (City)	\$752,213			\$752,213	4/5	\$63,800	6/7	\$101,800	\$650,413	2/2	\$38,000	\$612,413	2/2	\$38,000	\$574,413
Deferred (City)	\$75,000			\$75,000					\$75,000			\$75,000			\$75,000
Deferred (CDBG)	\$20,000			\$20,000					\$20,000				1/1	\$19,000	\$1,000
Deferred (HOME)	\$581,000			\$581,000	1/1	\$25,000	4/4	\$70,400	\$510,600			\$510,600	5/5	\$95,000	\$415,600
Homebuyer (HBA)	\$425,374	-\$175,000	-\$100,000	\$250,374	1/1	\$40,000	1/1	\$40,000	\$210,374			\$210,374			\$210,374
TOTAL	\$1,853,587			\$1,678,587	6/7	\$128,800	11/12	\$212,200	\$1,466,387	2/2	\$38,000	\$1,428,387	8/8	\$152,000	\$1,276,387

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	
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount	
Home-Buy	Home-Buy											
	\$157,494		\$100,000	\$257,494	14	\$69,100	39	\$179,100	\$78,394	1	\$5,000	\$73,394
	HBA - Match				HBA - Match		HBA - Match		HBA - Match	HBA - Match		HBA - Match
	-\$5,000		+\$75,000	\$70,000	Number	\$ Amount	Number	\$ Amount		Number	\$ Amount	
					2	\$10,000	3	\$13,000	\$55,000	0	0	\$55,000
	Total				Total		Total		Total	Total		Total
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount	
			\$75,000	\$327,494	14	\$79,100	39	\$194,100	\$133,394	1	\$5,000	\$128,394

CDA Loan and Grant Losses Report for the Month of June 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	