

**CITY OF MADISON
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Community Development Authority
FROM: Percy Brown, CDA Deputy Executive Director
DATE: August 5, 2010
SUBJECT: Economic Development Status Report for the month of
July 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

85 of the 104 units at Monona Shores are currently occupied (82%). Of the 19 vacant units, 12 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 an eviction. However, the unit has been leased with a scheduled move-in for September 1.

LOAN STATUS REPORT

See Attached.

LOAN AND GRANT LOSSES REPORT

See attached.

Percy Brown, Manager
Office of Economic Revitalization

August 6, 2010 Update for Lake Point Condominiums

Overall status: Average

Market Status: **Poor**

Inventory

11 Conversion units and 6 Townhomes (33 units sold)

2 New Offers, 1 Contract,

1 conversion unit closing

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		8/15/10	Working through warranty process with the siding manufacturer for 1805 and 1807 Lake Point

Detail

The overall performance of the project is consistent and vs. the market, quite solid. With minimal sales activity and pricing pressure, revenue projections are falling short of estimates. That being said, we are closing sales. 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. Progress is being made and additional security budgeted during vulnerable hours is helping curtail some of the problems.

We are working on some base issues at the development. The siding warranty is in process with the Wausau Company. This process is not a brisk one. Heavy rain seems to generate some water seepage in the basement of the old apartment buildings. I am having the situation reviewed by several recommended contractors. When their findings are submitted, we will review the situation and the respective costs of any work. The roof on the conversion building is being reviewed by several contractors and a plan for the future will be discussed by the Association board.

The 2010 budget has been approved. The absence of reserve remains a board concern. This will be discussed at our next meeting.

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.

Marketing

LAKE POINT MARKETING SUMMARY 8-2-10

Showings

Showing: Lynn showed Garden View units to qualified buyer who purchased and closed on 7/28.

Showing: Team member, Pete Macho, showed townhomes to young couple who want to buy but don't have the necessary financial resources to buy now. Make too much money to qualify for down payment assistance. They're on the docket for early 2011.

Showing: Great showing on a Garden View unit by Pat Bushek with a buyer who has written an offer, it is accepted and she is getting financing. She qualifies for down payment assistance and is working with Anchor Bank. Closes 8/24 if all goes well.

Showing: Devery showed Garden View units to a buyer who is not qualified to buy.

Meeting: Lynn met with a prospective buyer who is not qualified to buy due to low credit score and overall lack of interest in doing anything I told them they need to do to buy (i.e. meet with a lender about improving credit score).

Showing: Townhome showing by Devery to buyer who turned out to be unqualified financially due to low credit score.

Advertising

- We are regularly hosting open houses every other Sunday
- Regularly advertising Lake Point in:
Real Estate Book ads

Postings of vflyers every 48 hours on Craigs List

On numerous home search websites

Featured listing on Trulia and Realtor.com

General Condo Market Summary

There are currently 1715 condos listed for sale in Dane County. The average list price is \$217,677.

803 condos have sold in Dane County since 1/1/10. The average sale price is \$167,121.

The Condo Market: Lake Point Competition

56 condos available in Dane County under \$75,000 (including Lake Point)

29 condos up to \$75,000 in Dane County have sold since 5/1/10 (including 2 Garden View units)

294 townhomes available in Dane County between \$100,000-\$175,000

101 townhomes have sold between \$100,000-\$175,000 since 5/1/10 – average sale price is \$140,780

Lake Point is very close to being 75% sold! When we reach the 75% mark we should have more lending resources and it will be a significant benefit in marketing.

Competition within the Development

There are two listed resales and one for sale by owner resale in the smaller townhomes at Lake Point

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

Operations and Marketing:

Occupancy:

The property closed out the month of July at 82% occupancy. There were 19 vacancies and 85 occupied apartments, of which 12 are affordable and 7 are market rate. There are also 3 pending applications, 1 approved application slated to move in between 8/6/10 and 8/31/10. There are also 7 pending move-outs between now and the end of September and 1 approved applicant who is waiting to sell their house before they move-in. Again, turnover will slow down tremendously after August.

There were also 3 rejections and 1 eviction during the month. There is also 1 pending eviction. Despite staff efforts to keep both residents in their housing, both evictions were due to non-payment of rent.

Resident Functions:

Staff is working with the Neighborhood Center to participate in the 1st Annual Simpson Street Reunion, which will be held on August 14, 2010 at Waunona Park. Flyers are being distributed to all the residents. We hope to see great participation.

The Neighborhood Community Center is hosting a free bus trip to the Wisconsin State Fair on August 7th and on-site staff has handed out flyers to all of our residents.

Plans are in place for the Back to School Party to be held on August 27th from 4:30 – 7:00 p.m. A resident committee has been formed, who will be working with staff to organize the event.

Resident Services:

Among many services offered on-site, residents continue to enjoy being able to pick up packages left in the office while they're at work.

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.

The property realizes great savings when our long term Maintenance Technician, Perry, who is certified in HVAC, completes all of the preventive maintenance and many of the repairs on our window and central air conditioning units.

Rent Changes:

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

Since so many 1-bdrm apartments are available, a special is being offered, effectively lowering the monthly rent for the term of the lease.

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 July, one air conditioner condenser, doorbell panel intercom and two carpets were replaced.

Personnel Changes:

A part time office assistant/leasing agent began employment in July. She has also moved into the property and is a great addition to team. She is also bilingual, which helps tremendously with current and potential Spanish speaking customers. It’s also been a great component for our outreach efforts.

Security/Crime Incidents:

Nothing to report.

Marketing:

Advertising is done both in print and many different web sites. We also focus a lot of attention in reaching out to businesses, agencies that deal with those looking for housing, housing authorities, other management companies and resident referrals.

The Revival Ridge staff has been helpful in providing the site with their current waiting list. Staff has called the majority of the individuals on the waiting list, have had several showings. Unfortunately, most are seeking subsidized housing and do not have vouchers.

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

Staff reminds residents on a regular basis via flyers and door hangers about our Resident Referral Program.

Local Market Conditions:

As we begin to see the rental season coming to an end within the next month or so, we've also seen an even larger influx of condominiums being put on the market for rent. Some of these developments are providing deep discounts.

Competitors continue to offer large concessions, some as much as two free months. 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:

- We're trying to set-up a date in the next month to reorganize a neighborhood owner's meeting.
- 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.

Maintenance:

- Being close to the lake is great, but it also comes with a lot of clean-up due to the bugs. Maintenance staff has started power washing all the buildings.
- Staff is working on painting the trim and doors on the buildings.
- The landscaping company is doing a great job on the grounds and the compliments are plentiful.
- Resident work orders continue to be completed within 24 hours, unless there is an emergency situation. Staff is also available after office hours to address emergencies.

Personnel:

Since our new office assistant/leasing agent started in early July, a great deal of time has been spent training and will continue in the months to follow.

The management company requires staff to periodically attend fair housing seminars and/or in-house training. They will be attending a free training sponsored by The Fair Housing Center of Greater Madison on August 24th.

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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
New Applications		
Deferred Payment/HOME	1	1
TOTALS:	1	1
Applications in Initial Processing		
Deferred Payment/HOME	1	1
Installment Loan (City)	1	
TOTALS:	2	1
Applications in Bidding Stage		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	9	6
Installment Loan (City)	2	2
TOTALS:	12	9
Projects Approved But Not Closed		
Installment Loan (City)	2	2
TOTALS:	2	2
Projects Under Construction		
Deferred Payment Loan (CDBG)	1	1
Deferred Payment/HOME	7	7
Homebuyers Assistance Loan	2	3
Installment Loan (City)	5	5
TOTALS:	15	16
Projects Completed this Year		
Deferred Payment/HOME	14	14
Homebuyers Assistance Loan	3	3
Installment Loan (City)	4	4
TOTALS:	21	21

**STATUS REPORT FOR THE MONTH OF JULY 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	8/9	\$139,800	\$612,413			\$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	5/5	\$95,400	\$485,600			\$485,600	9/9	\$171,000	\$314,600		
Homebuyer (HBA)	\$425,374	-\$175,000	-\$100,000	\$250,374			1/1	\$40,000	\$210,374			\$210,374			\$210,374		
TOTAL	\$1,853,587			\$1,678,587	3/3	\$63,000	14/15	\$275,200	\$1,403,387			\$1,403,387	12/12	\$228,000	\$1,175,387		

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		Home-Buy	
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount		Number	\$ Amount
Home-Buy	Home-Buy													
	\$157,494		\$100,000	\$257,494			39	\$179,100	\$78,394	1	\$5,000	\$68,394		
	HBA - Match				HBA - Match		HBA - Match		HBA - Match	HBA - Match		HBA - Match		
	-\$5,000		+\$75,000	\$70,000	Number	\$ Amount	Number	\$ Amount		Number	\$ Amount			
							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			39	\$194,100	\$133,394	1	\$5,000	\$123,394		

CDA Loan and Grant Losses Report for the Month of July 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	