

**CITY OF MADISON  
INTERDEPARTMENTAL CORRESPONDENCE**

**TO:** Community Development Authority  
**FROM:** Percy Brown, CDA Deputy Executive Director  
**DATE:** September 1, 2011  
**SUBJECT:** Economic Development Status Report for the month of August 2011

**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**

Occupancy at Monona Shores dropped to 84% in July. 87 of the 104 units at Monona Shores are currently occupied. Of the 17vacant units, 16 units are affordable and one unit is market rate. Please see attached Monthly Owner's Report for more details.

**REVIVAL RIDGE APARTMENTS**

Revival Ridge is 100% occupied. Please see attached turnover report.

**LOAN STATUS REPORT**

**See attached.**

**LOAN AND GRANT LOSSES REPORT**

**See attached.**

Percy Brown, Manager  
Office of Economic Revitalization

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# PROJECT REPORT

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Prepared for: Community Development Authority of Madison, WI

Prepared by: SPL Beverly, LLC

Date: September 2, 2011

Proposal #:



# September 2, 2011-Lake Point Condominiums Monthly Report

## Inventory

6 Townhomes  
5 Conversion Unit Apartments

## Contracts

1 Conversion unit

## Current Projects

### Site Work

A total review of the exterior siding on all of the new construction units at Lake Point was completed by two separate contractors. Based on that review, a scope of repair was generated and the repairs were completed. About 46 hours of work has been finished to date.

### Conversion Units

The basement issues appear to have two parts. First, several existing cracks are looking as though they are expanding. In addition, there may be grade issues on one elevation, but further research is required as there are also two very old (small) cracks in that wall. The damp smell has improved greatly, but there is water near one wall, which is a bit of a marketing deterrent. Zander and All Enclosures LLC have submitted bids for the numerous basement cracks and the estimated repair cost is approximately \$3,000 for 37 lin. Feet of cracks. That potential expenditure will be discussed with CDA staff to determine whether the repairs will be completed at the development's cost. The grade issue is secondary and something for the Board to monitor going forward.

### Marketing

The difficulty currently remains a very slow volume of potential buyer traffic at the project. In response, the marketing team in conjunction with the CDA is embarking on a mass e-mail V-Flyer marketing campaign to tap into the City's vast work force. With new pricing and potential for buyer's down payment assistance we hope to generate new interest from that specific group of buyers.

The Keller Williams team has suggested some deep discounts to townhome pricing in response to a perceived urgency to sell all product in a 90-day timeframe. Urgency to sell all units is my continued message, but not the 90-day timeframe. Reducing the price of a townhome to 119,000 from the 149,900 goes without saying is a drastic move. Recently, upon meeting with CDA staff, we decided to reduce the townhome pricing to 129k for a 60-day end of the summer townhome sale. My hope was to generate buyer traffic and a few potential offers to assess whether a pricing concerns exist. The aforementioned did not generate traffic to date or any offers. My concern on drastic price slashing is two fold, a) where do you go if 119k generates no offers?, b) the effect that type of pricing will have on neighborhood values (future appraisals). If the move from 149 to 129 to 119 continues, what's the next stop? If in fact product must be sold in 90 days, pricing changes of that magnitude may be a necessary discussion. The macro effect of that level of pricing change should be discussed. For every strategy, there is a plan.

The housing market and the overall economy remains sluggish and anemic as to growth. The predicted turn around has not yet happened. Lake Point also battles its own inherent challenges for sales with product, parking and neighborhood concerns. And yet, despite the foregoing, we are 75% sold, not as far along as I had hoped, but workman like progress.

## Site

The flooding issue remains in the research stage. Two concepts are being budgeted and reviewed. That information has not been verified yet.

The Home Owners Association has contracted with a new management company. I have spoken with the new manager on several occasions and wish her the best of luck with Lake Point.

The Home Owner's Board is functioning well and I think has acclimated to the duties of directing the Association quite well. The budget and operation of the site has been quite effective under their over-site. The management company transition was completed in June and hopefully the new group will work out to the Board's satisfaction.

Minor vandalism remains a bit of a problem, but graffiti doesn't last long and the broken windows are becoming less frequent.

**Monthly Owner's Report for the Month of August, 2011**  
**The New Monona Shores Apartment Homes**

***Operations and Marketing:***

**Occupancy:**

Seasonal turn-over brought occupancy down 4% in August to 84%. We closed out with 17 vacancies and 87 occupied apartments, of which all but one was affordable. There are currently three pending applications.

During the month of August, there were another 7 applicants who were rejected, bringing the total for the year to 46. There were also 2 cancellations; one because the applicant couldn't keep her children in their existing school and the other canceled because the tax credit application process took longer than expected. All 7 rejected applications had unacceptable housing and credit history.

**Resident Functions:**

Nothing new to report.

**New Resident Services:**

The Referral Reward Program continues through the fall with a rent credit rather than the gas card that was offered over the summer months. Residents receive reminders on a regular basis.

We've received great comments from the residents who now have storage in the basement. Other residents throughout the property are looking forward to us adding them in the future.

Back to School Tips and Renter's Insurance flyers were posted on all common area bulletin boards

**Cost/Time Savings Ideas:**

A tremendous amount of in-house labor versus contract labor.

**Street Rent Changes:**

None.

**Capital Improvements:**

Replaced two refrigerators, four carpets, one dryer, one water heater and two wall a/c units.

**Security/Crime Incidents:**

Summer has brought more outside activity and several noise complaints, mainly due to one household. Despite efforts to get this family to comply, their lease was not renewed and the problem has now been resolved.

Staff continues to keep in close contact with neighboring property owners and the Madison Police. There have also been some unconfirmed rumors of Illinois gang activity being present in the neighborhood.

**Marketing:**

Along with our usual print ads, we also advertise the property on more than a dozen various web sites. The web advertising is very effective in generating leads. The two that bring the most leads to the property are Craig's List and madisonapartmentliving.com.

Referrals from residents, other BMC property staff and other management companies, various agencies throughout the city and businesses bring potential renters to the property. Staff's outreach efforts to lease to people whose incomes fall at or below the AHTCP guidelines and those who will be good neighbors is always a major focus.

The entire site staff, including maintenance, takes a role in doing their part to market the property to low and moderate income people. Maintenance staff may on occasion conduct a tour or take a rental call at the office. The long term staff (maintenance and office) work very cohesively for the common good of the property and residents we serve.

A marketing direct mail piece is slated to go out early next month to several properties in our market area and new Madison Chamber of Commerce businesses.

Traffic was good in terms of numbers during the month and the site staff did a great job in closing sales. Unfortunately, the denied/cancelled applications continue to be a major road block.

**Local Market Conditions:**

The uncertainty of job stability, less income and/or benefits and other economic factors have had an impact on the rental market. Traffic has picked up considerably and the market is tightening up, especially in A and B grade properties.

**Local Development:**

Two near by properties have completed their rehabs and have reopened.

**60 day Objectives**

- The main focus for the staff remains obtaining rentals and increasing occupancy with qualified individuals. The goal for the remainder of the summer continues to be 95%.

Generating qualified traffic is the top priority and continues to be one of the largest obstacles facing the staff.

- 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.
- Preparations are being made for the triennial WHEDA audit. We do not have a date at this time.
- Because the majority of leases expire during the rental season, staff is very busy completing recertifications on the affordable apartment homes and renewal leases on the market rate homes. So far this year there has been average turn-over. Staff will be winding down on renewals in October. Thanks to the staff for the efforts they put into retention.
- The reserve account continues to be funded and was increased this summer.

**Maintenance:**

- Staff continues to be busy prepping vacancies, and completing summer preventive maintenance. The model and vacancies are in rent ready condition, with most of the work being done by in-house staff.
- Request for proposals for the snow season have gone out and we'll be making a decision in the coming month.
- 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.

**Personnel:**

We are currently looking to fill a part time office/leasing position.

Revival Ridge  
Move Out Explanations

Name	Unit #	Reason For Leaving	Section 8 Voucher?
Johnson	A205	Non renewed-illegal guest & police reports	Yes
Bankhead	B205	moved out of town for school (Milwaukee)	Yes
Simmons	F2330	Non renewed- gun incident	Yes
Gorman	A310	Not happy with neighborhood-transferred to our other SHD property	Yes
Harris	A306	Evicted- non payment of rent	No
Johnson	C2333	Lost Section 8 Voucher- due to previous CDA Housing Issues	No
Mitchell	C2341	Unhappy with neighborhood	Yes
Muhammed	C2333	Unhappy with neighborhood	Yes
Nelson	A210	Non-renewed-drug activity/unauthorized guest	Yes
Scott	B209	transferred to PBV unit onsite	No
Smith	A105	Evicted non payment of rent	Yes
Somsanith	E2322	Voluntarily removed themselves from Section 8	Yes
Hawkes	B202	Unhappy with neighborhood	Yes
Wright	B212	Unhappy with neighborhood	Yes



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

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
<b>New Applications</b>		
Deferred Payment/HOME	1	1
Installment Loan (City)	2	2
<b>TOTALS:</b>	3	3
<b>Applications in Initial Processing</b>		
Deferred Payment/HOME	1	1
Installment Loan (City)	1	1
<b>TOTALS:</b>	2	2
<b>Applications in Bidding Stage</b>		
Deferred Payment/HOME	2	2
Installment Loan (City)	5	7
<b>TOTALS:</b>	7	9
<b>Projects Approved But Not Closed</b>		
Deferred Payment/HOME	1	1
Installment Loan (City)	2	2
<b>TOTALS:</b>	3	3
<b>Projects Under Construction</b>		
Deferred Payment/HOME	12	10
Homebuyers Assistance Loan	4	4
Installment Loan (City)	1	1
<b>TOTALS:</b>	17	15
<b>Projects Completed this Year</b>		
Deferred Payment/HOME	7	7
Homebuyers Assistance Loan	2	2
Installment Loan (City)	8	8
<b>TOTALS:</b>	17	17

**STATUS REPORT FOR THE MONTH OF AUGUST 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	
Installment (City)	\$583,790	(\$34,760)	\$34,760	\$549,000			5/5	\$66,600	\$482,400	1/1	\$19,000	\$463,400	5/7	\$139,000	\$324,400
Deferred (City)															
Deferred (CDBG)	\$20,000			\$20,000					\$20,000			\$20,000			\$20,000
Deferred (HOME)	\$575,000			\$575,000	1/1	\$18,000	10/10	\$189,700	\$385,300	1/1	\$19,000	\$366,300	3/3	\$57,000	\$309,300
Homebuyer (HBA)	\$337,290	(\$9,500)	\$9,500	\$327,800	1/1	\$40,000	3/3	\$120,000	\$207,800			\$207,800			\$207,800
<b>TOTAL</b>	<b>\$1,516,080</b>			<b>\$1,471,800</b>	<b>2/2</b>	<b>\$58,000</b>	<b>18/18</b>	<b>\$376,300</b>	<b>\$1,095,500</b>	<b>2/2</b>	<b>\$38,000</b>	<b>\$1,057,500</b>	<b>8/10</b>	<b>\$196,000</b>	<b>\$861,500</b>

**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		
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount	
Home-Buy	Home-Buy											
	(\$85,000)	\$100,000	\$173,900	\$217,910	5	\$35,000	27	\$160,000	\$57,910	1	\$10,000	\$47,910
		\$29,000										
	(\$85,000)	\$129,000	\$173,900	\$217,910	5	\$35,000	27	\$160,000	\$57,910	1	\$10,000	\$47,910

### CDA Loan and Grant Losses Report for the Month of August 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		\$19,830							2	0.01	\$27,050				
Down Payment Assistance																7	0.01	\$27,175	1			\$3,100
Capital Revolving Fund																						
Façade Improvement																						
<b>TOTAL</b>	<b>0</b>		<b>\$0</b>	<b>0</b>		<b>\$0</b>	<b>1</b>		<b>\$19,830</b>	<b>0</b>		<b>\$0</b>	<b>0</b>		<b>\$0</b>	<b>9</b>	<b>0.01</b>	<b>\$54,225</b>	<b>1</b>	<b>0</b>		<b>\$3,100</b>