

# Asset Management Report

## CDA 95-1

June 2018

**Owner Goals:** To provide housing in a decent, safe, and sanitary manner for low-income residents in a unique neighborhood with limited amounts of affordable housing.

**Project Summary:** CDA 95-1 was originally composed of 5 land parcels acquired from the Madison Mutual Housing Association (MMHA) through a MOU in 1995. The CDA had interest in Reservoir Apartments since they provided the original financing to MMHA when the property was constructed in 1987. Since the acquisition in 1995 the CDA sold 3 of the parcels and has retained ownership of 2 remaining parcels; Reservoir Apartments at 200 N Blount St and a two flat structure at 601 S Baldwin St. **Reservoir Apartments** is a former housing cooperative comprised of 5 two story buildings with 26 residential units and a historic livery which includes 2 residential units and 1 commercial unit (1,430 sq ft). Unit sizes range from 1 bed/1 bath to 3 bedroom townhomes. The **two-flat at 601 Baldwin St** was constructed in 1902 and has 2 units which are both 2 bed/2 bath units. The building was appraised in April 2018 at \$285,000. The project is required to set aside 20% of units (6 units) at 50% area median income (AMI). The property has been managed by Meridian since construction.

**Financing Summary:** In the 1995 MOU with MMHA, the CDA assumed seven contracts with the City of Madison comprised of a Capital Revolving Fund Loan, 4 Section 17 loans, a CDBG loan, and a CDBG contract. Three of these contracts remain outstanding. In addition, the CDA assumed the mortgage note and WRAP note from WHEDA. Below is a list of current debt for the project:

Note	Beginning Balance	Current Balance	Interest	Maturity Date	Payment	Property
Capital Revolving Loan Fund	\$345,000	\$371,000	5.0%	June 2017	\$0	601 S Baldwin (\$250,000) Reservoir (\$121,000)
Section 17 Loan #1	\$40,000	\$40,000	0%	Due at Sale	\$0	Reservoir
Section 17 Loan #2	\$45,000	\$45,000	0%	Due at Sale	\$0	Reservoir
WHEDA Mortgage	\$2,283,492	\$392,305	4.0%	June 2022	\$8,565/month	Reservoir
WHEDA WRAP Note	\$337,243	\$112,734	0%	June 2022	50% of surplus cash	Reservoir
<b>Total</b>	<b>\$3,050,735</b>	<b>\$961,040</b>				<b>601 S Baldwin: \$250,000</b> <b>Reservoir: \$711,040</b>

### Key Indicators:

Indicator	April 2018 Rate	Benchmark
Occupancy Rate	100%	95%
Total Expense Per Unit (PUPY)	\$4,969	\$5,319
Debt Service Coverage Ratio	1.34	1.15

**Risk Assessment:** The property is assessed at a score of 2 of 6 with 6 being the lowest score. A score of 2 shows the property is a strong performer compared to established benchmarks. The residential units in the project have high demand and the property has experienced low turnover and high occupancy. The commercial space at 202 N Blount has remained vacant since 2016. A capital needs assessment was completed in 2017 and replacement reserves are

scheduled to be depleted in 2021. The property has a low expense per unit (\$4,969) and typically breaks even after debt service. Monthly reporting has been submitted on time and the property scored above average on the December 2017 WHEDA site review. Property Management services are operating under an extended 2004 contract.

**2018 Asset Goals:** After the initial assessment was completed in 2017, asset managers have established a 2018 work plan for the property. A summary of this work plan is below.

1. Remove non-profit restriction from commercial space and rent this space.
2. Review property management agreement and update as necessary.
3. Address outstanding debt at the project.
  - a. Consider sale of two flat to reduce debt.
  - b. Refinance Capital Revolving Loan note.