

**CITY OF MADISON  
INTERDEPARTMENTAL CORRESPONDENCE**

**TO:** Community Development Authority  
**FROM:** Percy Brown, CDA Deputy Executive Director  
**DATE:** May 3, 2012  
**SUBJECT:** Economic Development Status Report for the month of  
April 2012

**WEST BROADWAY REDEVELOPMENT AREA**

Lake Point Condominium Project: Attached please find the real estate marketing and monthly project report.

**RESERVOIR AND DUPLEXES**

The Reservoir and Duplex are fully occupied.

**MONONA SHORES**

The occupancy at Monona Shores increased to 95% in April, the highest it has been in recent memory. Please see attached Monthly Owner's Report for more details.

**REVIVAL RIDGE APARTMENTS**

Revival Ridge has one vacancy, with a scheduled move-in for May 8, 2012.

**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: May 3 2012

Report #:



# May 3, 2012-Lake Point Condominiums Monthly Report

## Inventory

6 Townhomes  
5 Conversion Unit Apartments

## Contracts

1 townhome contract  
1 townhome prospect

## PROJECT OVERVIEW

The overall project is in solid shape and potential buyer traffic is average.

The main issue we have been dealing with at Lake Point (as referenced in the April report) has been the complete absence of Garden View traffic. As reported, we have looked into that segment of the market and the information is telling.

## Site Work

1) Epoxy injections for the Garden View basement cracks appear to be working, no fresh moisture stains are present (currently) and the smell/sense of dampness is not present. We will have the walls painted when the painters are on site for other work.



2) The stairway deck entrance platform to unit 5326 that is failing is slated for repair that will be completed as the weather permits. A consistent temperature of 65+ is necessary for the membrane to be installed.

3) The drainage issue on Garden View court will be reviewed in at the end of May.

## Conversion Units

The inventory is in sound shape. Three units remain unfinished.

## Townhomes

The inventory is in sound shape. Four units remain unfinished.

## Marketing

Over the last 3 quarters, our main problem has been a complete absence of Garden View unit activity (showings, let alone sales). The foregoing condition is puzzling given our fairly consistent historic sales velocity of Garden View units? Lynn Holley's insight and more importantly her sales data (see the attached spreadsheet) seem to provide some direction. The 50,000 price point has seen a vast increase in inventory due to foreclosure/REO listings and short sales. Of the 54 units in the market segment, 41% of the inventory is either bank REO or short sale. 22 of the last 29 sales (east and west markets) in the Garden View price range are foreclosures and short sales. These units are offering greater square footage and in some instances, additional parking for less money. Per square foot sales prices are trending in the \$32-\$60 a foot range. 1,000 square foot units with 2 parking spaces are selling for 50,000 vs. Garden View's 665 sf and one space listed for \$50,000. That Specific data shows we are not currently competitive. If we were to price the Garden View units at or near the current average per square foot sales, we would list the units at \$34,500. My research of REO/Special Asset Groups within some Wisconsin banks tells me the REO/short sale inventory around this price point will grow and continue to be a market factor over the next few years. Buyers are very aware of their loan to value problems and are fine with walking away from their mortgages vs. waiting out the market. Lake Point needs to be back in the game with these buyers and aggressively sell the last 5 Garden View units.

Per Keller Williams statements at the recent meeting, it was interesting for me to hear that real estate buyers seem to be almost completely devoted to the Internet as their search tool for properties. Lynn's complete conviction in this area made me pause, but as she's in the trenches of real estate sales everyday, I value her opinion greatly. Advertising initiatives are costly and require some time to enact. As Lynn proposed, in her opinion, non-internet advertising is not to be necessary at this juncture. We have a sound internet presence. As potential buyers are

setting parameters on their search through price point, what Keller Williams deems critical are list price reductions at Lake Point to meet current pricing pressures.

I now believe a price point change is necessary. The market data supports that position and I speculate pricing conditions may not improve in the near term. The last few sales of Garden View units were in the 48,000 price range. Keller Williams believes a reduction of the Garden View list price to \$43,500 will help generate buyer traffic.

Our current townhome buyer is attempting to procure permanent financing. At this juncture, no news is good news and the process continues to move forward. The advantage of a successful 30 year mortgage at Lake Point is the expansion of our participating lender pool and the ability for the current owners to seek long term fixed mortgages. This ray of sunshine would be most welcome.

1633056	Sold	FITCHBURG - C	2350 Allied Dr	Las Casitas	2	1	708	43	45	2	602	\$35,000	\$27,000	\$38	\$27,000
1645460	Sold		1137 Petra Pl	Petra Place	2	1	850	185	41	2	56	\$44,900	\$32,500	\$38	\$32,500
1642306	Sold	FITCHBURG - C	4541 Crescent Rd	Megan's Bay	2	1	816	151	37	1	1	\$42,900	\$35,000	\$43	\$35,000
1645706	Sold		1145 Petra Pl	Petra Place Condo	2	1	758	93	49	1	36	\$44,900	\$40,000	\$53	\$40,000
1641979	Sold	FITCHBURG - C	1707 Whispering Pines Way	Whispering Pines	2	1	965	300	25	1	20	\$43,000	\$43,500	\$45	\$43,500
1642591	Sold		529 East Bluff	East Bluff	3	1	1316	651	40	2	13	\$50,900	\$44,000	\$33	\$44,000
1641797	Sold		448 East Bluff	East Bluff	3	2	1284	619	41	1	0	\$46,000	\$46,000	\$36	\$46,000
1647136	Sold		4322 Melody Ln	Stonebridge	2	1	960	295	36	1	35	\$59,900	\$47,500	\$49	\$47,500
1642094	Sold		210 East Bluff	East Bluff	2	1	1240	575	40	1	38	\$51,000	\$48,500	\$39	\$48,500
1638804	Sold		1004 N Sunnyvale Ln	Hunt Club	2	2	1080	415	28	1	135	\$65,900	\$50,000	\$46	\$50,000
1632336	Sold		228 EAST BLUFF	East Bluff Condos	3	1	1316	651	39	1	108	\$65,900	\$50,000	\$38	\$50,000
1641291	Sold		27 Sherman Terr	Sherman Terrace	2	1	852	187	62	1	113	\$73,500	\$50,400	\$59	\$50,400
1639432	Sold		835 KOTTKE DR	MANORS CONDOS	2	1	792	127	26	1	29	\$59,900	\$53,500	\$68	\$53,500
1642721	Sold	MIDDLETON - C	2132 Allen Blvd	Jamestown Newbury	2	1	820	155	32	1 Garage	81	\$64,900	\$55,000	\$67	\$55,000
1625957	Sold		1102 Gammon Ln	High Point	2	1	985	320	25	2 Garage	559	\$84,900	\$55,300	\$56	\$55,300
1642771	Sold		6441 Bridge Rd	The Landing	2	2	1342	677	36	2	966	\$74,900	\$57,000	\$42	\$57,000
1635802	Sold		20 Sherman Terr	Sherman Terrace	2	1	852	187	62	1	132	\$75,900	\$57,000	\$67	\$57,000
1629266	Sold		2410 Independence Ln	Stonebridge	2	2	1060	395	35	2	105	\$80,900	\$58,000	\$55	\$58,000
1616909	Sold		7417 Old Sauk Rd	Heathercrest	2	1	815	150	35	1 Garage	390	\$94,900	\$62,500	\$77	\$62,500
1623599	Sold		341 East Bluff	East Bluff	3	1	1567	902	41	1	336	\$81,900	\$63,000	\$40	\$63,000
1642898	Sold		73 Golf Course Rd	Cherokee Condos	2	1	1310	645	22	2	80	\$84,900	\$65,000	\$50	\$65,000
1638815	Sold		1601 McKenna Blvd	Winchester Park	2	1	1161	496	26	1 Garage	32	\$66,900	\$65,000	\$56	\$65,000
1629456	Sold		919 Rockefeller Ln	Madison Ridge	2	2	1190	525	17	1 Garage	103	\$80,900	\$65,000	\$55	\$65,000
1642594	Sold		4544 Commercial Ave	East Winds	2	1	2069	1404	26	1 Garage	43	\$71,900	\$66,000	\$32	\$66,000
1641598	Sold		1006 Gammon Ln	New Pointe Condos	2	1	925	260	10	1 Garage	83	\$87,000	\$66,000	\$71	\$66,000
1638354	Sold		544 EAST BLUFF	East Bluff	3	1	1084	419	40	1	140	\$69,900	\$66,900	\$62	\$66,900
1630442	Sold	MIDDLETON - C	5526 CENTURY AVE	Rolling Hills	2	2	1080	415	31	2 Garage	256	\$99,900	\$68,000	\$63	\$68,000
1637361	Sold		66 Ponwood Cir	Park Place	2	2	1060	395	26	1	50	\$80,900	\$69,000	\$65	\$69,000
1648619	Sold		1321 Loftsgordon Ave	BC Condominiums	3	1	1162	497	9	2 Garage	526	\$79,000	\$74,500	\$64	\$74,500
<b>is for Sold</b>											<b>\$67,700</b>	<b>Avg \$ sq/Ft</b>	<b>\$52</b>	<b>\$54,521</b>	

\$34,557

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**Monthly Owner's Report for the Month of April, 2012**  
*The New Monona Shores Apartment Homes*

***Operations and Marketing:***

**Occupancy:**

Month end occupancy increased to 95% in April. We closed out with 5 vacancies and 99 occupied apartments, of which 2 are market rate and 3 are affordable units. There is currently 1 approved applicant and 3 pending applications.

There are also 6 apartments on notice to vacate. There are 2 approved and 1 pending application.

During the month of April, 2 households were denied housing, bringing the year to date total to 15. 2 other households canceled, one due to finding a less expensive apartment and the other wants to wait till their lease is up in August.

**Resident Functions:**

Nothing new to report in April.

**New Resident Services:**

A newly revised Referral Reward Program begins in April, where anyone who refers a qualified resident who moves into the property can receive a \$200 gift card.

One current resident has already referred 4 households (3 qualified) to the property this year alone!

Residents were provided with useful information regarding garbage disposal use and tips and helpful information about recent phone and Internet scams.

**Cost/Time Savings Ideas:**

Used in house labor to revitalize the mulch in all landscaping beds and playground areas.

**Street Rent Changes:**

None, although we do plan to increase street rents slightly before 6/1/12.

**Capital Improvements:**

During the month of April, we replaced 1 washer and dryer, water heater and 1 carpet.

**Security/Crime Incidents:**

Nothing new to report.

**Marketing:**

Web site advertising continues to be the number one source of traffic. Following in a close second is drive by traffic. Even during the cold months, the property consistently has great curb appeal. The office continues to be open with regular office hours Mon. – Fri. and staff is also available during weekend hours by appointment.

Mailings continue to go out to new Chamber of Commerce members. The property is a member of both Monona and Madison Chamber of Commerce.

We continue to make contact with past “model” residents, who might consider moving back.

Staff continues to regularly check Craig’s List and follow up on people who list their needs when searching for housing. This generates some traffic for the site. Despite the junk mail, it’s worth the time and effort.

Staff is still offering flexible leases with new move-ins and renewals.

**Local Market Conditions:**

Nothing new to report.

**Local Development:**

Nothing new to report.

**60 day Objectives**

- The main focus for the staff remains obtaining qualified rentals and increasing occupancy beyond 95%.
- The renewal season is beginning and thus far, retention has been great.
- The 2012 budget is pending city staff approval. We hope to have a final approval soon.
- 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
- The annual audit was completed in March and we received the final reports. All information was routed to appropriate parties.

**Maintenance:**

- 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.

- Vacant units are in rent ready condition.
- Spring preventive maintenance is in process.
- Spring clean up completed.

**Personnel:** Nothing new to report.

**Other Misc. Administration:** Nothing new to report.

# HOUSING REHABILITATION LOAN STATUS FOR THE MONTH OF APRIL, 2012

<u>Program:</u>	<u>No:</u>	<u>Unit:</u>
<b>New Applications</b>		
Deferred Payment/HOME	4	4
Installment Loan (City)	2	3
<b>TOTALS:</b>	6	7
<b>Applications in Initial Processing</b>		
Deferred Payment/HOME	5	4
Installment Loan (City)	2	2
<b>TOTALS:</b>	7	6
<b>Applications in Bidding Stage</b>		
Deferred Payment/HOME	2	2
Installment Loan (City)	3	4
<b>TOTALS:</b>	5	6
<b>Projects Approved But Not Closed</b>		
Deferred Payment/HOME	1	1
<b>TOTALS:</b>	1	1
<b>Projects Under Construction</b>		
Deferred Payment/HOME	9	9
Homebuyers Assistance Loan	3	4
Installment Loan (City)	5	6
<b>TOTALS:</b>	17	19
<b>Projects Completed this Year</b>		
Installment Loan (City)	3	3
<b>TOTALS:</b>	3	3

**STATUS REPORT FOR THE MONTH OF APRIL 2012  
HOUSING REHABILITATION LOANS**

PROGRAM	FUNDS AVAILABLE BEGINNING IN 2012	SOURCE OF REMAINING FUNDS AVAILABLE		ADJUSTED TOTAL FUNDS FOR 2012	LOANS CLOSED THIS MONTH		LOANS CLOSED YEAR TO DATE		REMAINING 2012 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)sr-56	\$711,289		-\$238,000	\$473,289			3/3	\$54,000	\$419,289			\$419,289	4/5	\$98,000	\$321,289
Deferred (City)															
Deferred (CDBG)	\$55,000			\$55,000					\$55,000			\$55,000			\$55,000
Deferred (HOME)	\$411,750			\$411,750	2/2	\$26,800	3/3	\$34,600	\$377,150	1/1	\$25,000	\$352,150	4/4	\$76,000	\$276,150
Homebuyer (HBA)sr-61	\$174,944			\$174,944			1/1	\$40,000	\$134,944			\$134,944			\$134,944
<b>TOTAL</b>	<b>\$1,352,983</b>			<b>\$1,114,983</b>	<b>2/2</b>	<b>\$26,800</b>	<b>7/7</b>	<b>\$128,600</b>	<b>\$986,383</b>	<b>1/1</b>	<b>\$25,000</b>	<b>\$961,383</b>	<b>8/9</b>	<b>\$174,000</b>	<b>\$787,383</b>

**DOWN PAYMENT ASSISTANCE LOANS**

PROGRAM	BEGINNING FUNDS AVAILABLE IN 2012	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	
	\$60,647	\$3,100	+\$238,000	\$301,747	5	\$30,000	14	\$80,000	\$221,747	2	\$10,000	\$211,747
					Number	\$ Amount	Number	\$ Amount		Number	\$ Amount	
				\$301,747	5	\$30,000	14	\$80,000	\$221,747	2	\$10,000	\$211,747

### CDA Loan and Grant Losses Report for the Month of April 2012

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	2	0.01	\$48,400	2	0.01	\$54,150									4	0.01	\$63,850					
Down Payment Assistance	1	0.01	\$6,200												3	0.01	\$12,500					
Capital Revolving Fund																						
Façade Improvement																						
<b>TOTAL</b>	<b>3</b>	<b>0.01</b>	<b>\$54,600</b>	<b>2</b>	<b>0.01</b>	<b>\$54,150</b>	<b>0</b>		<b>\$0</b>	<b>0</b>		<b>\$0</b>	<b>0</b>		<b>7</b>	<b>0.01</b>	<b>\$76,350</b>					