



COMMUNITY DEVELOPMENT

201 DELAFIELD STREET
WAUKESHA, WISCONSIN 53188-3633
TELEPHONE 262/524-3750 FAX 262/524-3751

Jennifer Andrews, Director

jmandrew@ci.waukesha.wi.us

MEMO

To: Common Council
Mayor Shawn Reilly
City Administrator, Kevin Lahner

From: Jennifer Andrews, Community Development Director

Date: September 11, 2015

Re: TID 22 project plan amendment – Questions from Aldermen

Alderman Reiland collected several questions from the Common Council regarding the TID 22 amendment. Those questions are listed below with the answers shown in italics. The documents requested accompany this memo.

1. "Provide clarification on the referenced loan of \$500k, were they approved, can they reapply?"
Response from the Condo Association:
Sunset Homes Condominium Association did not in fact qualify for a \$500K loan because at the time our delinquencies were too high and our loan to value ratio was too high to meet the banks requirements. This was a year ago and since then the values of the units have decreased another 5% making Sunset Homes Condominium Association still unable to qualify for a loan.

2. "Can the council change the amount of the TIF to an amount other than \$1.6M?"
The amount of the loan is subject to approval by the Council. If the Council is not inclined to approve 1.6 million it could approve a lesser amount. All the terms of a final loan agreement are subject to Council review and approval. The early estimates we have received are below:
 - a. *Replace roofing on 12 buildings (replace plastic cedar shakes & asphalt shingles with all asphalt shingles): \$697,848 or \$58,154 per building*
 - i. *There is an alternative to replace both the plastic cedar shakes & asphalt shingles with metal shingles. That cost would be \$821,508 or \$68,459 per building.*
 - b. *Replace siding and repair masonry on 12 buildings: \$712,392 or \$59,366 per building*
 - c. *These figures do not include contingency, the owner's representative, or general contractor costs. Those costs are estimated at approximately \$545,316 or \$45,443 per building.*

Again, these are early estimates and the project has not been bid out. Costs will vary depending on actual material types chosen. Final numbers would not be known until actual bids are received. It should also be noted that the expenses to correct storm water issues and repave the parking lots and sidewalks are not included in these costs and would be in addition to the estimates above.



The staff has also considered the possibility that a bank may make a community reinvestment loan to the condominium association, but the City would likely have to guarantee the loan through TID 22. If the TID amendment is approved this would be more fully explored before bringing any loan agreement back to the Common Council for review.

3. "Provide a copy of all of the condo assoc financials that were provided to the city and any other financial information such as cash flow statement."
Copies of 5 years of financial statements accompany this memo.
4. "Clarification on the recent increase in condo fees of \$100, what is this covering and what % will be applied to any loan?"
The association voted to raise the fees by \$100 specifically to repay the loan. This additional \$100 matches the monthly payment amount needed for a 1.65 million dollar loan at 3.5% interest over 15 years.
5. "Provide a copy of the association By-laws."
A copy of the bylaws accompanies this memo.
6. "A plan or presentation from the condo board that will lay out how often they will meet to stay organized and have a super majority of residents attend to enact change when required."
*Response from the Condo Association:
When approved the Board of Directors would meet biweekly and the city officials would be more than welcome to attend those meetings. The Association would hold monthly meetings, which the city officials would also be welcome to attend, to keep unit owners clearly informed of everything the Association has at hand.
The Board of directors would walk door to door to make sure that unit owners are completely aware of how important the meetings would be. The unit owners, according to Sunset Homes Condominium Association Docs, would be notified 30 days in advance. Sunset Homes Condominium Association employs Prospect Management Company to manage the association. Prospect Management sends out E-blasts to all unit owners who have email and the unit owners who do not have email would be notified by mail. The Board of Directors will also place a flier with all necessary information on each mail station in the complex.*
7. "What is the condo association's plan for financing were this to not be approved?"
*Response from the Condo Association:
The Board of directors would meet with the unit owners of Sunset Homes Condominium Association to brain storm and come up with other possible forms of funding. At this point the ability to obtain funding would be extremely difficult, not only because our loan to value ratio is too high but also because of the continued and inaccurate negative publicity that the Sunset Homes Condominium Association and their unit owners have had to endure since asking the city of Waukesha for funding of a loan.*
8. "If approved would further protection for the city be to have every condo owner sign the loan documents - this would help with liens if default."
Addressed in the memo from the City Attorney.

9. "Can we impose or recommend changes to the condo association rules?"
Addressed in the memo from the City Attorney.

At the last Common Council meeting there was discussion regarding the City's existing TIF loan program available to home owners in certain TIF Districts. The guidelines for that program also accompany this memo. The program was established in 2008. Home owners may borrow up to \$15,000 to complete exterior improvements to their home. The proposed \$1,650,000 loan to the Sunset Homes Condo Association on a per unit basis equates to \$13,750 per unit. Although at a larger scale, this loan is very similar to the loans already provided to some home owners in other TIF districts.

If you have additional questions please feel free to contact me via email. I will be out of the office until the late afternoon on Tuesday but will respond as quickly as I can.