



Community Development Authority

Natalie Erdman, Executive Director

July 13, 2018

TO: David Schmiedicke

CC: Laura Larsen
Brent Sloat

FROM: Natalie Erdman, Executive Director
Community Development Authority

SUBJECT: CDA Redevelopment Operating Budget

The CDA Redevelopment Operating Budget request represents the combined performance of four funds including the General Fund, Villager Fund, Monona Shores Fund and Allied Fund. The combined performance of the funds will generate a positive net position of approximately \$372,000. It should be noted that the General Fund is projected to run a deficit of approximately \$100,000 that will be covered by positive net revenues from the Monona Shores Fund. A critical assumption is that the Executive Director position will remain vacant while the Housing Specialist position will be filled. Projected positive net revenues from the Allied Fund and Villager will be used to pay for capital expenses as reflected in the 2019 Capital Budget.

CDA Redevelopment's work consists of two services:

- Development, ownership and operation of affordable housing, and
- The revitalization of neighborhoods through the development, ownership and operation of real property.

The organizations work in 2019 will focus on (1) redevelopment of public housing in the Triangle Neighborhood, (2) continued work at The Village on Park, (3) continued sale of single-family homes on Allied Drive, and (4) redevelopment of property on Teresa Terrace.

The budget proposal does not include any supplemental budget requests.

Best Regards,
Natalie

Agency: CDA Redevelopment

Proposed Budget

	Cost to Continue	Proposed	Change
Revenue	-\$2,361,895	-\$2,646,058.86	-\$284,163.86
Expenditures	<u>\$2,361,895</u>	<u>\$2,646,058.86</u>	<u>\$284,163.86</u>
Net	\$0	\$0.00	\$0.00
	2018	Proposed	Change
FTEs	2	2	0

Request Analysis

2017 Budget

Overbudget	Yes
2017 Analysis	It appears that \$275,000 of building improvements, repair, and maintenance and landscaping was not budgeted but expended and management services were \$70,000 over budget. Also, principal and interest in the 56 major was under budgeted to cover actuals in interest and depreciation.

2018 Projection

Deficit	No
Projection Analysis	Yes

2019 Request

Budget Request Changes	Revenues increased by approximately \$284,000, primarily due to budgeted increases for non-dwelling rent, interest, miscellaneous revenue, and sale of assets. Salary savings increased by \$20,000 to \$103,000 due to no plans of filling executive director position in 2019. Management services increased by \$38,000. Principal and interest both decreased from 2018 adopted levels but are more in line with 2017 actual. Conversely, paying agency services and payments in lieu of taxes increased. Increased debt service expenses appear to have been offset by increased revenues.
Change in Service	Yes
Service Impact	The service impact is mostly through capital investments at Mosaic Ridge and the Villager explained in the service proposal.
Staffing Levels & Payroll Allocations	N/A

CDA Redevelopment

Function: Planning & Development

Position Summary

	2018 Budget			Request		2019 Executive		Adopted	
	CG	FTEs	Amount	FTEs	Amount	FTEs	Amount	FTEs	Amount
CDA EXECUTIVE DIR	18	1.00	102,527	1.00	84,935	-	-	-	-
HSG INIT SPEC	18	1.00	67,192	1.00	67,192	-	-	-	-
TOTAL		2.00	\$ 169,719	2.00	\$ 152,127	-	\$ -	-	\$ -

Salary amounts recorded on this page are for total budgeted salaries; this amount may differ from budgeted permanent wages as presented in the Line Item Detail due to payroll allocations to other funding sources (capital projects, grants, etc.) or inter-agency services are not reflected in this summary page.

2019 Operating Budget: Service Proposals

SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Redevelopment

SELECT YOUR AGENCY'S SERVICE:

Redevelopment

SERVICE DESCRIPTION:

This service encompasses the Community Development Authority's (CDA) efforts to carry out various economic and redevelopment initiatives of the City. Active CDA redevelopment work includes: The Village on Park, public housing redevelopment in the Triangle, and the Allied Drive Neighborhood redevelopment. The CDA also operates more than 200 affordable apartments with long term rent restrictions but no federally funded operating subsidy.

SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	-1,820,520	-2,361,895	-2,361,895	-2,646,059	-284,164
Expense	1,820,520	2,361,895	2,361,895	2,646,059	284,164
Net Budget	0	0	0	0	0

2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

The 2019 request assumes that the ED position remains vacant but the Housing Specialist Position is filled for the entire year. With little to no development fees, the general fund shows a loss of approximately \$100,000 in 2019. That loss is covered by approximately \$190,000 of positive cash flow from Monona Shores. An estimated \$100,000 of positive cash from the Allied Fund will be reinvested in the building of homes at Mosaic Ridge. Approximately, \$185,000 of projected cash from the Villager Fund will be used of complete capital improvements contemplated in the 2019 Capital Budget.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

To be sustainable, CDA Redevelopment needs to generate additional revenue to the general fund of at least \$100,000. CDA Redevelopment will also need to to releas the Madison College (to be vacated in Dec 2019) space at The Village on Park.

SERVICE GOALS

1. Who is the recipient of this service?

Low and moderate income residents and residents of low and moderate income neighborhoods

2. What activities are you responsible for providing under this service?

Activities include the leasing, management, ownership and development of affordable housing. Activities also include improving low income neighborhoods through resident informed development, redevelopment, ownership and operation of real estate.

3. How do you define success within this service?

Success in the development and operation of affordable housing is the provision of high quality housing that is affordable to low income households. Success can be seen in an increase in the number of affordable housing units created and resident satisfaction as indicated by low turnover. Success in neighborhood revitalization is seen in reduction of blight and increase in resident satisfaction as indicated by resident stability.

4. What strategies are planned for 2019?

CDA Redevelopment will continue to work on the redevelopment of the Triangle neighborhood, the sale of single family homes at Mosaic Ridge on Allied Drive and the continuation of redevelopment efforts at The Village on Park.