



Department of Development
Housing Division
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MEMORANDUM

TO: Community Development Authority of the City of West Allis
FROM: Departments of Development and Finance
DATE: October 8, 2019
SUBJECT: Beloit Road Property Management

In 2013 the Community Development Authority with the approval of the Common Council applied to the Wisconsin Housing and Economic Development Authority (WHEDA) for Low Income Housing Tax Credits (LIHTC). The City's application was successful and ultimately sold the credits to Boston Capital which netted the City about \$6 million capital to undertake a major renovation of the property.

As part of the sale the credits 99.99% of the ownership of the property was also sold to Boston Capital. The City retained .01% of the ownership interest and the City was also vested with the management obligations as Managing Member. At the end of the 15 year tax credit compliance period the ownership of the property will revert back to city.

In June of 2013 the Community Development Authority of the City of West Allis (the "CDA") as the sole member of Beloit Road Senior Apartments MM, LLC (the "MANAGING MEMBER") approved a Professional Service Agreement for Property Management Services with Cardinal Capital Management. The Agreement engaged Cardinal Capital to provide on-site Property Management Services for Beloit Road Senior Apartments.

Specifically, the Agreement called for the Property Manager to be physically onsite at the property 30hrs per week at an hourly rate of \$30.00 per hour (\$1800 bi-weekly/\$46,800 annually). In the detailed scope of service the Property Manager was charged with collecting rents, showing of units, placement and coordination of work orders and management of tenancy disputes as warranted.

Historically, the City's Public Works Department has handled the Property Maintenance needs at Beloit Road. City employees were responsible for the maintenance of the grounds, snow removal, changing of light bulbs and other routine maintenance needs as they would arise. The Public Works employees who would respond to these requests would charge their time accordingly to the LLC's budget

As part of a lean management project City staff began to research the operational structure at Beloit Road. With the assistance of the City's Purchasing Personal and Request for Proposal (RFP) was drafted and put out to bid in June of 2019 with responses due in July 2019. The RFP was sent to six experienced Property Management Companies with a significant background in Low Income Housing Tax Credits (LIHTC). The RFP encompassed LIHTC compliance, Property Management and Property Maintenance within its scope of service.



The City received two responses to the RFP. The two entities to respond were Mercy Housing Lakefront, based out of Chicago with a number of affordable units in the Milwaukee area and Ogden Property Management, a locally based company that, similar to Mercy, operates both a development and property management element within their business model. It is important to note that the current vendor for Property Management services at Beloit Road was included in the solicitation. They verbally informed us that they appreciated the opportunity but would not be responding to the RFP. It was also agreed that they would work with the new vendor to ensure a seamless transition as well as continue to staff the Property until the new vendor was selected.

A RFP review panel was created that included City staff members; Patrick Schloss, Cindy Rausch, Robert Barwick, Kris Moen and Luke Radomski. A scoring tool was created and each member independently reviewed and ranked the respondents (cumulative results attached). Additionally, both Ogden and Mercy were invited to an "interview" with the panel. Both companies presented very well but had different approaches to the staffing of the property as well as their timeline for being able to take over operations if selected.

Mercy's approach to staffing called for a full time Property Manager and Property Maintenance at Beloit Road. Mercy's intent was to handle snow and ice operations as well as grounds maintenance through the Property Maintenance individual. The panel felt that this could be challenging based on the City's history as well as the need to ensure a "bare pavement" standard within a senior housing complex.

Ogden's approach to the staffing and operational needs differed. To begin, if selected, Ogden would rely heavily on their broad operational depth. Ogden has a number of entities/companies associated that function as "branches" of their business. For instance, they have a separate pest control company that is an offshoot of their umbrella company. Additionally, they have long established relationships with large snow and ice control Companies as well as landscape services that would be engaged to handle the larger operation needs of the property. Ogden will staff the property with a full time Property Maintenance Technician and a part time Property Manager. The Property Maintenance personal will unclog toilets, change light bulbs and clean and maintain the common areas and grounds of the complex. The Property Manager would collect rents, coordinate with the Property Maintenance Technician and resolve tenancy disputes and lease violations.

Both Mercy and Ogden represented that they would manage and coordinate with Boston Capital (Tax Credit investor) on LIHTC compliance. The management of the tax credit compliance would be handled at their local offices.

Staff Recommendation:

Both Mercy and Ogden are highly qualified candidates that would be able to provide the level of service the residents of Beloit Road deserve and the compliance that is required by the LIHTC investor, Boston Capital.

The review panel felt that the operational structure of Ogden could best serve the needs of the property and the residents. In addition to the part time manager who will be onsite, each property that Ogden manages is assigned a "team" of four property managers beyond the onsite staff. If for instance one property manager was on vacation, the calls would be automatically directed to the next property manager and if that individual was unavailable the call would subsequently be sent to the next member of the team assigned to the property. This ensures that residents, family and public safety if necessary should always be able to speak directly to a Property Manager.

As mentioned earlier, Ogden's has the internal resources to provide property maintenance services that go beyond the capacity of the full time maintenance staff assigned. Ogden has created a number of umbrella companies within their Property Management arm that have the ability to handle everything from pest control to carpet cleaning. These entities allow for the procurement time to be optimized and for the service to be completed in an effective and timely manner.

The Finance Department was represented on this panel by Kris Moen, Deputy Finance Director. Kris has worked with the financial management and operational budget of Beloit Road Senior Housing LLC since its creation. Kris has provided written documentation submitted under separate copy indicating that



Ogden can operate the property within the current budget. Kris also indicates that the budget submitted by Ogden offers a potential savings of \$32,000. There is the ancillary benefit in City staff time being utilized in other areas.

In conclusion the panel is highly confident that Ogden Property Management has the structure and experience to be best positioned to meet the needs of Beloit Road Senior Housing, its Investors and most importantly the Residents going forward.

Therefore, the Departments of Development and Finance recommend the attached Ogden and Company, Inc., AMO Full Service Management Services Agreement-Multi Family one year contract with Ogden Property Management for the management and maintenance of the Beloit Road Senior Housing complex. Boston Capital the tax credit investor for the property also approves Ogden Property Management. This contract has also been reviewed and approved by the City Attorney's Office. Any additional guests please feel free to contact either Department.

Enclosures

CC: