



June 1, 2021

The Honorable Mayor Dan Devine
and Members of the Common Council
7525 W. Greenfield Avenue
West Allis, WI 53214

Dear Mayor Devine and Members of the Common Council:

The Mandel Group completed The West Living, a 177-unit multi-family residential development located at 6620 W. National Avenue in the summer of 2020 and some key indicators have allowed for the project to be a success.

1. Record speed of lease up for Mandel Group at nearly 30 leases/month on average.
2. Rents came in at the projected number, which was ambitious - \$1.50/SF (prior to this project the City's highest was approximately \$1.25/SF). The lease rate has quickly risen and Mandel Group is now seeking nearly \$169/SF at The West.
3. This record fast stabilization allowed for The West to go from construction financing to permanent financing almost 1 year prior to projected and at a 2.85% interest rate (projected a 5.5% interest rate)

In order to catalyze this development, the CDA has agreed to assist up front on the project with a \$1.5 million loan and a \$2.5 million participating loan, both funded through the New Market Tax Credits Entity, FIRE. The successful and timely completion of the project has allowed the CDA to be repaid on the loan of \$1.5 million, in full, nearly 1-year ahead of projections, including accrued interest of approximately \$40,000.

The proposed amendment to the existing agreement between the CDA, City and Mandel Group, which was approved by the CDA on February 9, 2021, reflects the parties desire to amend the Financing Agreement to modify the terms relating to the Participating Loan of \$2.5 million and the Contingent Payment (as such terms defined in the Financing Agreement). The terms of the amendment are favorable to the CDA and City as the proposed amendment has Mandel Group making a payment of \$1.5 million upon approval of this amendment, in place of the \$1 million currently agreed upon. Additionally, the CDA could receive up to \$1 million in 2028 from Mandel Group, if the project remains successful and an additional \$500,000 contingent upon a certain, defined level of success noted in the amendment. Mandel Group will also continue to make interest payments on the outstanding \$1 million loan until 2028.

Additionally, this agreement allows the City to receive a \$665,656 Construction Savings Payment from the Mandel Group. This Construction Savings Payment was a condition required by the CDA for participating on the front end of the project. If the developer saved money on the project, the CDA expected to be a part of those savings, and this payment reflects that savings participation.

The success of The West has helped form the plans for the next phase of the development, South of National Avenue (SoNa) and the potential use of the proceeds received from the success at The West could be utilized as a funding source for the next phase of the SoNa development.

Sincerely,

Shaun Mueller
Development Project Manager