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*Keith Pettigrew, Chief Executive Officer*

**DATE:** January 27, 2020

**TO:** Daniel Bauman, Chairman of the ARHA Board of Commissioners

**FROM:** Keith Pettigrew, Secretary/Treasurer

**SUBJECT:** VOTE TO APPROVE RESOLUTION No. 690-2020 THE SELECTION OF EDGEWOOD/VANTAGE TO SERVE AS PROPERTY MANAGER OF RAMSEY HOMES

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**ISSUE:**

In November 2018, the Alexandria Redevelopment and Housing Authority (ARHA) closed on the financing for the construction of a 52-unit multifamily building on the site that formally housed fifteen low-income households on a property known as Ramsey Homes. The new multifamily building is being financed in part with an ARHA Sponsor loan, City of Alexandria loan, a traditional construction loan from Capital One, and tax credit equity from Enterprise Communities.

As a concession to Enterprise and Capital One and in order to preserve construction financing and tax credit equity for Ramsey Homes, ARHA agreed to strengthen its management and oversight capacity during construction to include an agreed upon construction management firm; and to procure the services of a third-party property management firm to market, lease up and manage the newly constructed tax credit property at Ramsey Homes.

On or about August 13, 2019 ARHA issued a Request for Proposal (RFP), number P-19-04, soliciting the services of a property management company for Ramsey Homes. In part the solicitation required that the selected entity possess the following characteristics: a) a track record of no less than five years of experience managing tax credit properties; b) the management capacity to oversee properties that contain ACC subsidized units and HAP contracts; c) the track record of marketing and managing the lease up of new construction multifamily building; d) a regional presence. In addition, the selected entity was required to meet the minimum threshold requirements that included being designated a Virginia Housing Development Authority (VHDA) Certified Management Agent as of October 1, 2019, experience with the management of affordable housing properties/Low Income Housing Tax Credit (LIHTC) properties; experience with management of public housing units a plus; experience with the management of a mixed income community and providing customer services/resident services, and financial services for the property's unique configuration and affordability requirements; experience with pre-occupancy activities including marketing, branding, outreach and leasing of a new building. The solicitation also required that the property management staff be LIHTC certified, that the firm have a demonstrable record of success with tax credit compliance and preparing certified audits on behalf of clients, and experience in managing capital projects. The solicitation also required that the successful

respondent identify a site office near the Ramsey Homes property to interact with residents since the new multifamily building does not contain a management office nor any amenity space.

After issuing RFP P-19-04 and posting the solicitation on the Housing Agency Market Place eProcurement and on Virginia Market Place eVA, ARHA conducted extensive outreach, held a pre-bid meeting to respond to questions, published a deadline for submission of questions for potential candidates to communicate with ARHA, and otherwise conducted a procurement consistent with federal regulations and Virginia law. On or about September 18, 2019 through Addendum #2, ARHA extended the submission deadline and continued to send emails, make calls and otherwise provide outreach to certified property managers in the area. On September 30, 2019, ARHA received only one submission in response to RFP P-19-04 – a proposal from Edgewood/Vantage.

## **DISCUSSION:**

Edgewood Management was established in 1973 to provide property management services in the region. Initially, the company concentrated its services to affordable housing sites in and around the Washington, DC region. In 2012, Edgewood founded Vantage Management to provide the same quality property management services to market rate units. With the same vision of filling a need in the market, Edgewood and Vantage were combined in order to address the growing segment in multifamily rental housing of mixed income communities.

After review and evaluation of the Edgewood/Vantage submission, the ARHA procurement department concluded that the submission met the three minimal threshold criteria: VHDA certification, tax credit certified staff within its organization, and a local site office within vicinity of Ramsey Homes. In addition, Edgewood/Vantage demonstrated an outstanding record of managing properties with over 25,000 units in the DMV and approximately 35,000 units along the east coast of the US, of which 13,950 are Tax Credit units. Edgewood/Vantage has a long record of managing tax credit properties, mixed income properties, public housing units and HAP contracts. ARHA staff has had an initial meeting with the Edgewood/Vantage senior management staff and once this resolution has been approved by the Board, we will enter into negotiations with the goal of signing a Management Agreement for a start date on or about March 1, 2020.

ARHA staff has also been working with Enterprise on the change of property management for Ramsey Homes. When ARHA signed a Letter of Intent with Enterprise in December 2017 and submitted the application for Low Income Housing Tax Credits to VHDA, we proposed that ARHA would manage the property. However, in March 2018, when the former ARHA Director of Development resigned, Enterprise and Capital One initially concluded that ARHA lacked the internal capacity to manage the construction, deliver the Tax Credit property timely, and had a poor track record on managing its tax credit properties. The CEO pushed back by retaining a Development Consultant and hiring a third party construction management firm to augment the sole ARHA development staff at the time. In addition, ARHA also presented to Enterprise that the management of its own portfolio was undergoing a reorganization of focus, development of capacity and otherwise undergoing a transformation to correct past deficiencies. In conjunction with the tax credit investor, ARHA decided to retain an experienced third-party property management company to lease up and manage Ramsey Homes. Once the Board approves the selection of Edgewood/Vantage we will then obtain the approval of Enterprise and Capital One.

**RECOMMENDATION:**

ARHA staff recommends that the Board of Commissioners approve the selection of Edgewood/Vantage for property manager of Ramsey Homes, subject to the approval by Enterprise and Capital One.

**FISCAL IMPACT:**

The management fee and other compensation to be paid to Edgewood/Vantage will be paid from operating income (rents and subsidies) generated from the operation of Ramsey Homes. As a sponsor of the project, ARHA has provided the Ramsey ownership entity an operating guarantee in the event that cash flow and operating reserves are insufficient to pay for the operating expenses of Ramsey Homes.

**HOUSING AUTHORITY BOARD OF COMMISSIONERS**  
**APPROVAL OF THE SELECTION OF EDGEWOOD/VANTAGE**  
**TO SERVE AS PROPERTY MANAGER OF RAMSEY HOMES**

**RESOLUTION No. 690-2020**

**WHEREAS**, The Alexandria Redevelopment and Housing Authority (ARHA) is currently self-developing a 52-unit multifamily building called Ramsey Homes on the former public housing site of the same name; and

**WHEREAS**, Ramsey Homes will contain up to fifteen units reserved for former Ramsey Homes public housing residents and no less than thirty seven units for tax credit eligible households; and

**WHEREAS**, as a condition for the financing of the construction loan and of the tax credit investor ARHA decided to procure a private property management company to manage Ramsey Homes on behalf of the ownership entity; and

**WHEREAS**, on or about August 13, 2019 ARHA issued RFP P-19-04 soliciting the services of a property management company for Ramsey Homes; and

**WHEREAS**, the solicitation for the property management company for Ramsey Homes stipulates that the selected entity is required to have previous experience with tax credit properties, administration of public housing units, management of HAP contracts for Section 8 units, marketing and lease up expertise, management of initial lease up of newly constructed buildings, and otherwise a positive track record of managing properties as a third-party provider; and

**WHEREAS**, the ARHA Procurement Officer conducted outreach to potential property management firms, posted the solicitation on the Housing Agency Market Place eProcurement and on Virginia Market Place eVA procurement system, extended the response date through Addendum #2, conducted additional outreach, and established a firm submission date of September 30, 2019 resulting in one bidder on RFP P-19-04; and

**WHEREAS**, the firm of Edgewood/Vantage was the sole respondent and submitted a response that met and exceeded the minimal threshold and other requirements outlined in the solicitation; and

**WHEREAS**, after evaluation of the experience, staff capacity, property management track record of similar properties, and price proposal, the evaluation committee recommended that the proposal submitted by Edgewood/Vantage be accepted; and

**WHEREAS**, the closing documents for the financing of the Ramsey Homes new construction requires approval from the tax credit syndicator as well as from the tax credit investor; and

**WHEREAS**, ARHA staff is working with the tax credit investor and syndicator to provide the required due diligence documents for review and approval prior to entering into an agreed upon Management Agreement for Ramsey Homes.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the Alexandria Redevelopment and Housing Authority that, pursuant to the laws of the Commonwealth of Virginia, the proposal submitted by Edgewood/Vantage in response to solicitation number P-19-04 is hereby approved, subject to receipt of a written approval from the tax credit partners of Ramsey Homes.

**BE IT FURTHER RESOLVED**, by the Board of Commissioners of the Alexandria Redevelopment and Housing Authority to authorize the Chief Executive Officer to take any and all action necessary to enter into a mutually agreeable contract with Edgewood/Vantage for timely assumption of duties and responsibilities at Ramsey Homes.

The undersigned attest that the Alexandria Redevelopment and Housing Authority adopt the foregoing resolution.

Adopted this \_\_\_\_\_

**ATTEST: ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY**

By: \_\_\_\_\_  
Daniel Bauman, Chairman

By: \_\_\_\_\_  
Keith Pettigrew, Chief Executive Officer