

Memo

To: City Council
From: Bryan Myrkle, Director of Community Development
Date: April 11, 2014
Re: Selection of 3rd Party Administrator for MSHDA grant work – Hager Consulting, LLC

I have been working with several downtown building owners, as well as the Michigan State Housing Development Authority, to determine the local interest in, and state-level support for, the continued development of downtown residential rental units above storefronts in Charlotte.

I have hosted one public informational meeting for downtown business owners, and spoken to nearly a dozen who have expressed at least some interest in taking advantage of the MSHDA Rental Rehabilitation Grant Program. At this point, it appears there may be as many as 4 downtown property owners who would be willing to pursue apartment development and therefore MSHDA is encouraging the city to prepare a grant application. Several of the new rental units would be constructed in the historic Masonic Temple building.

The MSHDA program is very complex and requires technical expertise that most local governments do not have; therefore MSHDA requires all participants to this program to secure the services of a qualified 3rd Party Administrator prior to making application. The services of this administrator would continue throughout the duration of the project, and funds would be included in the grant award to pay for their services.

I recently requested proposals from qualified 3rd Party Administrators in Michigan to assist Charlotte with our project. After reviewing them, I **recommend the city accept the proposal from Hager Consulting, LLC.** I have attached the proposal for your reference, but also because

you may get a better sense of the work this consultant would be doing for the city if you review the proposal.

Approving this selection is the first of several approvals the City Council will need to make as we progress through the Rental Rehabilitation program. There will be application materials, agreements and other items that require council approval.

If you have any questions or concerns about this selection, please contact me at (517) 543-8853.

City of Charlotte, Michigan
Request for Proposals

**Third Party Administrator
For MSHDA Rental Rehabilitation Program**

Issued by the City of Charlotte, Michigan
Office of Community Development

Submitted by:

Hager Consulting, LLC

April 4, 2014



Hager Consulting
LLC

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Housing Program Administration • Affordable Housing Development
Technical Assistance • Grant Writing • Financial Packaging • HUD HOME Certified

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Third Party Administrator (TPA) Proposal for:

City of Charlotte, Michigan
Mr. Bryan Myrkle
Community Development Director
111 E. Lawrence Avenue
Charlotte, MI 48813

I. Overview:

Hager Consulting, LLC hereby submits the following proposal to perform essential duties as Third Party Administrator for the City of Charlotte Rental Rehabilitation Program. Michigan State Housing Development Authority (MSHDA) offers Michigan communities funding for the Rental Rehabilitation Program. The downtown commercial district of the City of Charlotte, Michigan would benefit from the creation or rehabilitation of affordable rental units above its storefronts. These units will provide additional income for the property owners and affordable living opportunities for low- and moderate-income renters. The scope of work provided by Hager Consulting, LLC will include application for MSHDA funding, grant oversight, reporting, compliance with local, state and federal regulations, procurement of building contractors, and project oversight.

II. Information Required From Consultant:

1. Business Organization

Hager Consulting, LLC
222 North Merchant Avenue
Fremont, MI 49412
231.225.2619
Email: lhager@hagerconsulting.biz
Incorporated in the State of Michigan

2. Project Team

Mr. Lindsay F. Hager, President - Resume attached.

3. Capacity to Perform Work

Lindsay Hager, Hager Consulting, LLC has over 25 years of experience in the affordable housing industry both as a MSHDA grantee (19 years) and a technical assistance consultant for MSHDA and HUD (6 years). This experience combined with a Master of Urban Planning degree from Michigan State University, will ensure that the City of Charlotte receives Third Party Administration services from a leader in the industry. Lindsay Hager has worked as consultant to several communities considering or receiving MSHDA Rental Rehab funding and is currently consultant with the City of Fremont's program.

Hager Consulting, LLC is currently contracted by MSHDA's Technical Assistance program to redesign the MSHDA Rental Rehabilitation Program across Michigan. To this end, Lindsay has developed a new pro forma spreadsheet MSHDA requires applicants to complete as part of their application for funding. Lindsay participates in a team of MSHDA staff and consultants that has provided new forms, marketing materials, process charts, and pro formas that MSHDA will be implementing in the future.

Eaton County recently selected Hager Consulting, LLC as Third Party Administrator for their Housing Rehabilitation Program. There will be economies of scale to be gained in travel, training, coordination among jurisdictions, and MSHDA communications should the City of Charlotte choose Hager Consulting, LLC as TPA for the Rental Rehab program.

In addition, Lindsay Hager works as a contractor for HUD to answer CDBG questions for grantees and subrecipients across the country. This experience allows Hager Consulting to provide professional capacity, expertise and best practices to be transferred to Eaton County and the City of Charlotte.

Hager Consulting, LLC is based in West Michigan (Fremont), within a short drive to Eaton County. Lindsay Hager is frequently travelling to several communities throughout Michigan, MSHDA Lansing and MSHDA Detroit Offices. This travel schedule lends itself to frequent visits to Eaton County and the City of Charlotte.

Mr. Hager is available in person, email, or mobile phone to ensure City of Charlotte staff, property owners, contractors, and other interested parties are addressed in a timely manner.

4. Statement of the Project

Hager Consulting, LLC understands that the City of Charlotte is procuring a Third Party Administrator as required by MSHDA and HUD procurement requirements. The selected Third Party Administrator will work under the direction of the Bryan Myrkle, Community Development Director to apply for MSHDA Rental Rehab funding and implement the City's Rental Rehab Program. The City of Charlotte will provide available staff to assist the Third Party Administrator for specific tasks to be negotiated.

It is anticipated that the City will apply for MSHDA Rental Rehab funds to create 4-6 units of housing in 1-2 downtown properties. Assuming that MSHDA underwriting criteria is met, the City could apply up to \$40,000 per unit for a total grant request for six units of \$240,000. If additional property owners express interest and commit to the program, additional grant funds could be requested.

Hager Consulting, LLC expects to fulfill the responsibilities of applying for a new MSHDA Rental Rehab grant and administer all components of the grant including marketing the program to local property owners, completing initial building walk-throughs with architects and local inspectors, feasibility analyses of potential projects, and carrying projects to completion following the Scope of Services listed below. Consideration needs to be made to ensure 51% of residential units assisted with MSHDA funds are rented to households earning 80% or less of area median income.

5. Management Summary and Work Plan

A. General

- i. Environmental Reviews – Complete project specific HUD Tier II Environmental Checklists including all backup documentation as required by MSHDA. Documentation will be collected, stored electronically and in hard files, and submitted to MSHDA as requested.
- ii. Maintenance of Financial Records – Collect project cost estimates, contract documents, invoices, lien waivers, project budgets, MSHDA financial status reports (FSRs), pro forma (see attached sample pro forma), checks, audits, rental lease agreements, and other financial records saved electronically, and in hard copy organized in project files and administrative binders. Make financial records available to MSHDA, financial auditors, city representatives and others as directed by the City of Charlotte.
- iii. Performance and Compliance Reports – Collect all MSHDA and County required performance and compliance reports including Uniform Physical Condition Standards (UPCS) inspection reports, MSHDA required documents, State Historic Preservation Office (SHPO) reports, quarterly MSHDA reports and others as directed by Eaton County. MSHDA Quarterly reports will be completed using the online data reporting system. Grant compliance documents

including grant agreements, amendments, Fair Housing Log, Environmental Review Record, Contractor Information, Program Guidelines, and other required will be completed and housed at Eaton County.

- iv. Participation in MSHDA Monitoring and Program Audits – Hager Consulting, LLC will collect all necessary documentation required for the preparation of a MSHDA monitoring visit and/or Eaton County financial auditors. MSHDA’s Monitoring Checklist will be reviewed with staff upon contract execution with Hager Consulting, LLC to ensure Eaton County is in compliance with monitoring requirements immediately rather than waiting until MSHDA schedules a monitoring visit.
- v. Maintain data required for MSHDA’s online system – Hager Consulting, LLC will access MSHDA’s online system to enter or assist County staff enter project data, financial data, financial status reports (FSRs), quarterly reports, grant amendments, Partnership Profile updates or any other required data.

B. Project Administration

- i. Manage rehabilitation program to assure compliance with Federal and State Regulations - Hager Consulting, LLC will review all of MSHDA current Policy Bulletins, OPAL application requirements, Monitoring Checklists, Project Checklists, Section 3 requirements, and all other applicable standards to ensure current City of Charlotte Program Guidelines, policies and procedures are in compliance with State and Federal Regulations. Any recommended changes will be communicated to City staff.

Hager Consulting, LLC will also assist the City of Charlotte and property owners to create a pipeline of qualified renters, detailing eligibility criteria, create additional marketing materials, complete Part 5 income verification process, renter selection, execution of lease agreements, renter file and compliance tracking.

- ii. Provide primary property owner and contractor contact and project coordination - Hager Consulting, LLC will coordinate all communication with property owners, development team members (i.e., architect, engineer, contractors, etc.), building inspectors and City staff to provide seamless project implementation. Lindsay Hager will be available in person, email, and mobile phone to property owners, development team and City staff. Mr. Hager will work with City staff to ensure visitors to City offices are provided prompt response. Documentation and verbal explanations will be provided to property owners and contractors to ensure all parties understand program requirements, scope of renovation work, billing and inspection procedures, timing issues, leveraged funding issues, and problem solving.
- iii. Provide initial structural inspections and specifications preparation – Hager Consulting, LLC will provide initial building walk-throughs with property owners, architects, engineers, and local inspectors. Prioritization of renovation work items will be a result of evaluating local building code, UPCS/HQS, lead risk & asbestos assessment report, budget considerations, engineering reports, architectural drawings, MSHDA policy, City of Charlotte Program Guidelines and property owner input. Hager Consulting, LLC will generate a Scope of Work, Cost Estimate, Renovation Specifications, and Bid Documents for each project.

Structural analysis, engineering, and architectural work will be completed by development team members selected by the property owners. Hager Consulting, LLC is not a licensed architect, lead inspector, asbestos contractor, or engineer and cannot certify services provided by other licensed entities. Lindsay Hager has completed MSHDA training in HUD Housing Quality Standards (HQS) and Uniform Physical Conditions Standards (UPCS) and can complete all corresponding inspection documentation.

- iv. Supervise bidding process and monitor labor standards compliance - Bid documentation will be sent to eligible contractors for solicitation of renovation proposals. Local Program Guidelines will be followed to open, evaluate and select the winning bidder. Assistance will be provided to recruit a pool of eligible, local contractors, particularly women and minority business enterprises (WBE & MBE). Compliance with MSHDA and local guidelines for Labor Standards, Contractor Debarment, Section 3, lead and asbestos work, and other requirements will be reviewed by Hager Consulting, LLC.
- v. Assist Local Building Inspectors with Follow-Up Inspections – Hager Consulting, LLC will coordinate with local building inspectors to determine what specific local codes must be met, when local codes supersede or subordinate to HUD/MSHDA standards, and what code inspections must be made. Of special concern will be local requirements for fire egress from residential space, separation between commercial space and residential space, fire suppression, if any, and fire exits from the residential portion of the building. Pre-construction code inspections may be requested to assist in the determination of feasibility of CDBG funded renovation work.

B. Additional Responsibilities

The City of Charlotte may request additional funding from MSHDA for the purpose of providing training opportunities to staff members of the Eaton County Community Development Department. The purpose would be to increase the number of eligible MSHDA Third Party Administrators in this region, and subsequently the capacity of the region to undertake MSHDA projects.

The consultant chosen may be asked to provide training and/or mentoring of Eaton County staff during the City's grant project(s). The amount and duration of the training, as well as compensation for it, would be negotiated with all parties involved, including the City, MSHDA, Eaton County and the Consultant.

Hager Consulting, LLC has already been chosen by Eaton County as Third Party Administrator for their Housing Rehabilitation program. MSHDA also retains Hager Consulting, LLC for a number of Technical Assistance contracts including the statewide re-structuring of the Rental Rehab program. Adding the responsibilities described above is a natural fit for the City of Charlotte, Eaton County, MSHDA and Hager Consulting, LLC.

6. Prior Experience

Hager Consulting, LLC was formed in 2008 with Lindsay Hager as its founding member and only full-time employee. Technical assistance is provided to local, state, and federally funded government entities, nonprofits, land banks, housing commissions, and private developers administering affordable housing developments. Services include housing program management, development project oversight, financial packaging, and regulatory compliance.

Hager Consulting, LLC currently contracts directly with Michigan State Housing Development Authority (MSHDA) to assist several Michigan communities with CDBG funded Homeowner Repair and Rental Rehab Programs. In addition, Hager Consulting, LLC is a subcontractor to the U.S. Department of Housing and Urban Development (HUD) on federal technical assignments through Capital Access, Inc. (Philadelphia, PA) and Enterprise Community Partners, Inc. (Columbia, MD). Finally, Hager Consulting, LLC contracts directly with nonprofit corporations, local units of government and housing commissions for a variety of housing-related services.

Mr. Hager has applied his Master of Urban Planning to the affordable housing and community development industry working for 25 years working as a technical assistance provider for the Michigan State Housing Development Authority (MSHDA), Executive Director of NCCS Center for Nonprofit Housing, and Housing Director of Kalamazoo County Human Services Department. Lindsay has utilized his planning and development experience to produce Strategic Plans, Feasibility Studies, Development Plans, project budgets, and funding applications; a continuum of products that assist clients move from concept feasibility to construction completion within full compliance of cross-cutting regulations.

Mr. Hager currently serves HUD as an expert to the OneCPD Resource Exchange CDBG Ask-A-Question Program. He has provided technical assistance to federal grantees at HUD Neighborhood Stabilization Program (NSP) Clinics in Atlanta, Detroit and Denver and created a NSP Homebuyer Policies and Procedures template, NSP Homebuyer Process Map, and Homebuyer Tracking tools for HUD to distribute nationwide. Mr. Hager has designed, financed, and administered a wide range of affordable housing programs including rental development, homebuyer, homeowner rehab, rental rehab, rent subsidy, housing education, foreclosure prevention, Individual Development Accounts, and Family Self-Sufficiency programs. Mr. Hager's work has resulted in new construction or rehabilitation of over 1,500 units of affordable housing.

In addition to engagements with multiple Michigan communities, Mr. Hager currently serves as the NSP2 Implementation Manager for MSHDA. Since February 2010, Lindsay has been working directly with project managers, grant managers, developers and program leaders in 12 NSP2 Consortium Cities to implement program design components in compliance with federal and state guidelines. Lindsay assists grantees with efficient construction management, grant reimbursement, recordkeeping, homebuyer procedures, and regulatory compliance. He has contributed to the statewide expenditure of \$225 million of NSP2 funds in Michigan.

7. Authorized Negotiator & Responsible Official:

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Mobile: 231.225.2619
222 North Merchant Avenue
Fremont, MI 49412

8. Additional Information and Comments

If selected, Hager Consulting, LLC will work with City of Charlotte staff to determine final scope of work, delineation of tasks between Hager Consulting, LLC and City of Charlotte staff and other duties. It is the understanding that the City of Charlotte is offering to pay the selected Third Party Administrator the maximum amount allowable according to the terms of the applicable grant.

Respectfully Submitted,


Hager Consulting, LLC