

## Case Study

# Student Housing

In July, Amicus Management faced a daunting challenge when it was named court appointed receiver by the Ninth Judicial Circuit Court for Kalamazoo County to manage and reinvigorate four student housing complexes near Western Michigan University that offered 344 beds.

In an overbuilt student housing market, Amicus Management needed to refurbish, repair and re-lease a majority of the units within a month, or risk missing “the turn” - the time of year when the previous year’s students move out, and the current year’s students move in.

Maintaining high occupancy rates was critical to the financial viability and market value of the Kendall Ridge North, Kendall Ridge South and Firehouse Crossing complexes that housed 184 beds, and the North Campus Village complex that housed 160 beds. Given the time constraint, First Financial Bank in Kalamazoo knew it was a tall order when it asked the court to name Amicus Management as court appointed receiver.

By drawing upon its years of experience in managing workout situations, Amicus Management assembled a crack team of experts who attacked the problem by working in parallel paths: create relationships with all the parties involved, assess existing conditions, manage contractors that would complete quality work on time, and start marketing the properties to attract student renters.

Long hours of work at an expedited pace paid off in September when classes started at the university. Amicus Management completed \$104,128 worth of repairs and maintenance on the properties in time to successfully accomplish the turn. Amicus retained existing renters and attracted new ones in the Kendall Ridge complexes to achieve 92.5 percent occupancy in a market where the standard or average occupancy is 85 percent. North Campus Village also experienced a much improved occupancy rate over the prior year, increasing from 45 per cent to 92.5 per cent.

With the properties experiencing solid occupancy rates, the four complexes now show the kind of cash flow potential that will attract new investors -- exactly the goal of First Financial Bank as holder of the debt.

Amicus Management’s responsibilities go well beyond that of a project manager and marketer. As ongoing overseer, Amicus Management continued to find ways to improve profit margins on the complexes and captured reliable financial information on cash flows in order to further assist its clients in arriving at credible and realistic market values for the properties. Amicus Management also kept the court apprised of the situation with regular and complete reports so that when the acquisition investors were identified, the sale of the properties was transacted in a smooth and cost effective manner.



- Quick Stabilization
- Oversight of Repairs
- Increased Occupancy Rate
- Realistic Market Value