

DWELLING PLACE OF GRAND RAPIDS
REAL ESTATE DEVELOPMENT AND ASSET MANAGEMENT COMMITTEE
September 9, 2019
Approved November 11, 2019

MEMBERS PRESENT Rich Kogelschatz, George Larimore, Mike McDaniels

MEMBERS ABSENT Juan Daniel Castro, Mike DeVries

STAFF PRESENT Jessica Beeby, Chris Bennett, Rebecca Long, Scott Page, Zoe Post, Steve Recker, Dennis Sturtevant, Stephen Wooden

The meeting was convened at 11:36 AM by Mr. Kogelschatz.

APPROVAL OF MINUTES **Minutes of the Dwelling Place RED & Asset Management Committee meeting of June 10, 2019 were approved by motion of Mike McDaniels, supported by George Larimore and carried unanimously.**

2ND QUARTER MFI REVIEW Ms. Long presented second quarter MFI numbers, noting that each metric is now measured against a threshold determined by staff to indicate whether or not it is performing according to its set yearly goal. Additional comments and notable items discussed are as follows:

Net Cash Flow as % of GPI: Overall increased (Q1 0.56% to Q2 5.74%) and is significantly lower than Midwest peers (16%). These numbers are due to annual Yardi system licenses coming online and repairs on the heating/cooling system at BSP and a water main break at Peterlien.

Operating Expenses as % of GPR less DSC: Overall meeting goal for portfolio average. Notable expenses included maintenance at Peterlien (water main) and West Shore (plumbing) and costs associated with unit turns.

Vacancy as % of GPR: Overall improvement from Q1(4.15%) to Q2 (2.96%), which is lower than Midwest average of 4.58%. Several properties in lower bins held units for the Ferguson relocation or had high commercial space vacancy.

Collection Rate: Overall decreased slightly (Q1 94% to Q2 92%), which is consistent with Midwest peers (Q2 94%). Rates were affected by tenants who consistently pay late, or pay on time but only part of the rent, or were behind on rent and were later evicted.

Debt Service Coverage Ratio: No threshold was listed; Ms. Long will consult the proformas to develop an appropriate threshold. Overall ratio has improved (Q1 1.97 to Q2 2.05).

Turnover (Annualized): Overall turnover has improved (Q1 25% to Q2 20%), which is slightly higher than the Midwest average (19%). BSP, Calumet, and Chaffee had only 2 move-outs each but the small number of units makes for a high turnover percentage. Other properties had resident deaths or are holding units in anticipation of the creation of a CLT.

Average Days Vacant: Overall there was a decrease to Q2 47 days from Q1 57 days versus a Midwest average of 59 days. Several properties holding units for Ferguson transfers had higher rates than usual.

Curb Appeal: Missing data due to hesitance over curb appeal volunteers visiting DV properties and inconsistencies across curb appeal evaluators.

UPDATES

CLT Appraisals

After some hiccups in getting floor plans, Jeff Genzink will have appraisals for New Hope Homes and Martineau Apartments in about two weeks. A \$50,000 grant from Neighbor Works has been approved and DGRI is currently reviewing a \$100,000 grant proposal for the Martineau project; a decision should be announced in the next 2 weeks.

200 Madison

In accordance with agreements made at previous Committee meetings, Madison Lofts intends to submit a tax credit application and include Dwelling Place in the joint venture agreement at 200 Madison. Supporting resolutions were drafted and will be put before the Board and/or Executive Committee. **The Committee reached consensus to recommend these resolutions for approval, George Larimore recusing himself due to a possible conflict of interest.**

PROJECT UPDATES/OTHER BUSINESS

First UMC and Hope Church in Holland

With Ryan Kilpatrick working on acquiring adjacent properties, preliminary due diligence now requires engagement of architects for conceptual designs. Mr. Bennett explained that a request for fee proposals from the architects involved would be more appropriate than a full RFP. **Motion to proceed with this request was made by George Larimore, seconded by Mike McDaniels and carried unanimously.** Staff will also consult the Committee policies for specifics on this process.

Ferguson

Mr. Sturtevant presented a resolution to sell Ferguson Condo Unit 1 to Ferguson Apartments LDHA LLC and sell Units 2 and 3 to Dwelling Place NPHC. **Motion to recommend this resolution for approval by the Board was made by Mike McDaniels, seconded by George Larimore and carried unanimously.**

Harrison Park: Almost 75% completion; unexpected cost from design issues with Progressive will be covered by the developer fee.

Pine Ave: About 20-25% completion.

Plaza Roosevelt: Bids are back; currently has about a \$2 million gap in financing for which Mr. Sturtevant is doing philanthropic fundraising and will complete a grant application for Wege Foundation soon.

ADJOURNMENT

The meeting was adjourned at 1:06 PM by Mr. Kogelschatz.

