



To: Dwelling Place Board
From: Dennis Sturtevant DS
Re: COVID 19 Update
Date: April 17, 2020

In this time of raised anxiety about the global pandemic we are experiencing, I thought it might be prudent to update all of you on the impact of COVID 19 on Dwelling Place, especially since the full board will not be meeting again until June.

For purposes of focus and clarity, I am breaking my report into several update sections including one for Staffing, Financials and Residents/Commercial Tenants.

Staffing

Shortly after the "Shelter in Place" order was issued in Governor Whitmer's Executive Order 20-21, on March 24, we realized we would not be able to comply with social distancing requirements without reducing hours for a large number of employees in our administrative offices and at most office sites within our apartment communities. While the work that we do has been deemed as "essential" in the original and subsequent Executive Orders, we were still expected to reduce staffing to as few essential workers as necessary to ensure continued operations and so that the safety of residents would not be jeopardized. Presently, 24 of our 70 staff have had their hours reduced. Many staff are working remotely. The technology that allows us to work remotely has been a real blessing to ensure that we can continue to operate and maintain most programs and services. Those who are required to work on site, even with reduced hours, like maintenance workers, custodians, property managers and resident services coordinators, are receiving a \$3 per hour premium pay for the time they are on site, in recognition the added risk they are taking.

We have managed to ensure that no employee is suffering a financial hardship because of the Executive Orders and COVID 19 by carefully coordinating our staff schedules in a manner that allows them to remain eligible for unemployment benefits and the \$600 per week additional benefit from the federal government for loss of work. In a few cases, employees may actually have slightly higher incomes (because of the weekly \$600 federal payment) than before their hours were reduced. We have heard only two reports from employees who experienced some problem with accessing unemployment benefits and those issues have recently been addressed. Blue Cross Blue Shield, our health care insurer, has agreed to maintain health coverage for all employees who were previously eligible for health benefits, so long as the premiums continue to be paid. We are also allowing benefits for vacation and sick time to continue to accrue at the same earning rate as before staff hours were reduced.

The majority of our employees will also be eligible to receive the \$1,200 per adult and \$500 per child subsidy that is being offered under the CARES Act. Some have already received those payments.

We are not aware of any staff who have been identified as positive with the COVID 19 virus. We have had several employees, however, who reported COVID like symptoms and they were required to quarantine at home, consistent with CDC and local health department recommendations. They appear to be well along on the path to recovery.

Finally, we are conducting virtual town halls for all employees every Friday morning from 9am until 10am to present staff with pertinent information and to answer questions they provide to us through a chat function in the meeting software. We have generally had 80% to 90% participation in those calls.

Financials

As of this date, we appear to be holding our own as far as cash flow goes. We are still holding over \$2,000,000 in cash on hand for operations. We have taken a hit in our traded securities accounts but we are also not selling any of these securities and we expect values to recover after this crisis dissipates.

We are unable to make financial projections at this time regarding whether or not we will be substantially impacted by unpaid rents in the next several months. We have received many reports from residents and commercial tenants that their income has been reduced because of layoffs for residents or reductions in contract work and sales for commercial tenants. March data will be available to us shortly but we believe that second quarter data (April through June) will provide us with the strongest indication about whether we will have a major problem or not. The Finance Committee had asked about whether our Business Interruption Insurance might provide some protection in this situation. Unfortunately, while we have excellent Business Interruption insurance coverage, perils related to disease and viruses are exclusions to our policies. We were told that this has been true across the insurance industry for more than 20 years. We are also prohibited from serving eviction notices on residents for non-payment of rent during this crisis. We have concerns that some residents may interpret this directive as a forgiveness of their rental obligations.

We do have some good news to share. Since approximately one half of our rental portfolio is made up of rent subsidized apartments, residents whose income has been reduced will find that their rent subsidy from HUD or Rural Development will increase to ensure they still pay no more than 30% of their income for rent. We are also pleased to report that we have secured a "forgivable" Small Business Administration (SBA) loan through the Paycheck Protection Program (PPP) component of the recently enacted federal CARES Act. Our CFO, Steve Recker, worked closely with Beene Garter to expedite our application submission. We were approved for an SBA PPP loan of approximately \$750,000 through United Bank, one of our commercial tenants. To qualify to have the loan forgiven, we need to spend at least 75% of it on payroll within a specified 8-week period. This will be a real benefit for employees but it should also benefit properties with rent losses because much of our salary costs are tied to our properties. When Dwelling Place's loan is forgiven, we will be able to reduce our salary related expenses at each property. We hope this cash assistance will be sufficient to offset most rent losses.

SBA PPP Loan funds will allow us to bring employees back to their normal work schedules, beginning with our April 26 payroll period. This means they will receive their normally scheduled pay amount even if they are on reduced hours, as a substitute for receiving unemployment compensation through June 30. So long as we maintain our current payroll after the COVID 19 crisis subsides, the entire loan can be forgiven sometime after June 30, 2020. We have set up separate bank accounts for these funds to make the process of auditing how they were used as simple and straightforward as possible for United Bank and the SBA to evaluate.

Residents and Commercial Tenants

We have really ramped up our efforts to provide as much support as possible for our residents and commercial tenants. We have posted information about COVID 19 in every property, including CDC and local health department recommendations and guidelines. The information has been posted in English in all locations and in Spanish in many locations.

We have re-deployed our Maintenance and Custodial staff to focus on sanitizing building entrances, hallways and elevators once, twice and sometimes 3 times daily, depending on the property and the number of units in each property. We are only completing emergency work orders to protect staff and residents. We are using personal protective equipment (PPE) in all of our on-site work.

We recently completed a resident email survey asking about problems they were experiencing related to COVID 19. More than 100 residents responded reporting reductions in income.

Shortly after completing that survey, we were contacted by the DeVos Family Foundations to participate in a Kent County Initiative to provide families with a \$500 gift of financial support if their family experienced a 50% reduction in household income because of a job loss or reduced hours of employment. Dwelling Place, together with numerous other community organizations, joined in this effort by contacting residents in our properties whose hours were reduced, to determine their eligibility for this gift. We were provided with 50 grants to give to our eligible residents. Staff from our CB & E Department, Support Services Department and Property Management are all assisting in this effort.

We are not aware of any residents who have tested positive for the COVID 19 virus although we have had some residents report COVID 19 like symptoms to us. The Kent County Health Department has advised us not to make a property wide announcement that COVID 19 may be present in those properties unless they can verify that the resident is positive with the COVID 19 virus. We have received no such notifications.

Finally, we are working with local Health Departments in Kent, Ottawa and Muskegon Counties to re-open our Community Gardens for planting of cold weather crops. We have many community gardeners asking us to assist them in re-opening the community gardens with appropriate safety guidelines in place. The local Health Departments are proponents of community gardening and assisting us in that effort. Similar efforts are underway across the country.

A Message for the Board

As Board members, you serve as the volunteer community stewards for this amazing organization. You are charged with the responsibility to set the direction for our future and to provide oversight for the work that we do and the outcomes that we achieve on behalf of the community. This is no small feat to accomplish for any group of volunteers, especially in such a complicated and multi-faceted organization like Dwelling Place, but you continue to do this year after year. In times such as these, I believe it is even more important to keep you informed about staff efforts to navigate this crisis. This memo highlights some of the most important facets of that effort. If you have any questions about this report or would like further clarification regarding any information shared in this report, feel free to contact me by email at dsturtevant@dwellingplacegr.org or call me on my cell phone at 616-893-2500.

For the time and talent that you share with us and the dedication and commitment you demonstrate in all that you do for Dwelling Place, I thank you on behalf of all of our staff and the people we serve. I look forward to our next meeting in June (virtually if necessary). In the meantime, stay healthy.

p.s. Zoe will make certain that our board members without email receive a copy of this memo as well.

cc: Management Team
Zoe Post