Business Plan and Financial Projections

2020
Dwelling Place of Grand Rapids NPHC

2020 Outlook

- Financial stability continues to grow with an anticipated $1,453,963 budget surplus before factoring in grants for capital projects, repayment of internal construction loans, depreciation or gains on investments. Largely the positive cash flow is derived from three primary sources including:
  - Contributions from Michigan Nonprofit Housing Corporation (5 projects)
  - Developer fee income from 2 Plaza Roosevelt projects, Harrison Park, Pine Avenue and Ferguson Apartments
  - Limited dividend payments from high performing properties
- NeighborWorks affiliation will continue to generate benefits to Dwelling Place with organizational grants and enhanced training opportunities for board members, staff and residents
- The Board will continue its efforts to implement governance practices consistent with Excellence in Governance principles.
- More than 2,500 households will be touched by housing programs, support services and other community building and engagement services provided through Dwelling Place
- Dwelling Place will initiate a new line of business called a Community Land Trust (CLT)
- Four new housing initiatives will complete construction:
  - Harrison Park Apartments (48 apartments in the West Grand Neighborhood)
  - Pine Avenue Apartments (23 apartments in the West Grand Neighborhood)
  - Grandville Apartments (24 apartments in Roosevelt Park Neighborhood)
  - Franklin Apartments (24 apartments in the Roosevelt Park Neighborhood)
- One major rehabilitation/re-syndication will begin construction:
  - Ferguson Apartments (119 apartments in the Heartside Neighborhood)
### 2020 Dwelling Place NPHC Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue/General Operating</strong></td>
<td>$10,725,279</td>
<td>$15,989,300</td>
<td>$13,584,092</td>
<td>$13,211,044</td>
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<tr>
<td><strong>Expenses</strong></td>
<td>$8,827,494</td>
<td>$9,946,632</td>
<td>$10,670,134</td>
<td>$10,963,639</td>
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<tr>
<td><strong>Operating Gain</strong></td>
<td>$1,897,785</td>
<td>$6,042,668</td>
<td>$2,913,958</td>
<td>$1,056,520</td>
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<tr>
<td><strong>Dwelling Place Unrestricted Cash and Traded Securities</strong></td>
<td>$9,462,837</td>
<td>$10,349,550</td>
<td>$11,992,066</td>
<td>$2,247,405</td>
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</tbody>
</table>

- The substantial operating gains between 2017 and 2019 are largely derived from three sources including:
  - Contributions made to Dwelling Place and two other organizations from shared acquisition proceeds and developer fee payments for 5 Michigan Nonprofit Housing Corporation (MNPCHC) properties
  - Developer fees from 4 Dwelling Place owned properties, and
  - Limited dividend payments from improved cash flow in Dwelling Place properties

- Going forward MNPCHC will generate large limited dividend payments which Dwelling Place shares with two other non-profit groups. Dwelling Place should receive approximately $500,000 in 2020.

- Developer fees from 5 new projects and limited dividend payments from existing projects will generate substantial cash flow to Dwelling Place in 2020.

- Unrestricted cash and traded securities in this report include only Dwelling Place NPHC and Dwelling Place Foundation including cash on hand and investments but not receivables.

- Year to year cash balance increases are sometimes not equal to the annual operating gains as some cash is used to pay off debt or to fund other investments, all of which are reflected in the balance sheet.
Dwelling Place NPHC 2020
Projected Revenue Sources

- Developer Fee
- Contributions
- Government
- Interest and Dividend Income
- United Way
- Management Fees
- MNPHC Proceeds
- Rental Income
- Other Income

70%
Dwelling Place NPHC 2020 Projected Expenses

- Salary, Benefits & Development: 14%
- Professional Fees: 3%
- Insurance: 3%
- Mortgage & Construction Interest: 5%
- Utilities: 13%
- Supplies: 3%
- Maintenance & Repairs: 15%
- Expansions: 42%
## 2020 Dwelling Place Programs

### Cash Flow Budget Projections

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$1,680,076</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>$249,799</td>
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<tr>
<td>Housing Development</td>
<td>$1,258,080</td>
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<tr>
<td>Fund Development</td>
<td>$32,830</td>
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<tr>
<td>Support Services</td>
<td>$33</td>
</tr>
<tr>
<td>Community Building &amp; Engagement</td>
<td>$3,052</td>
</tr>
<tr>
<td>Dwelling Place Residential</td>
<td>$(393)</td>
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</tbody>
</table>

The substantial positive cash flow in administration is derived primarily from large limited dividend payments from restructuring 5 Michigan Nonprofit Housing Corporation properties across Michigan as well as limited dividend payments on Dwelling Place properties and developer fee payments on new projects.
Harrison Park Apartments (48 units)
This project is located adjacent to Harrison Park Elementary School on Alpine Avenue on Grand Rapids west side. Construction was initiated in September of 2018 and is being completed during the first quarter of 2020. The project is unique because of its collaboration with the Kent County Land Bank for acquisition and brownfield support, the Challenge Scholars Program for college tuition and its partnership with the MSHDA and the YWCA for a percentage of units that will serve domestic violence survivors. This project also includes rent subsidies from the Grand Rapids Housing Commission and three market rate, first floor, live/work spaces along Alpine Avenue.

Pine Avenue Apartments (23 units)
Similar to Harrison Park, Pine Avenue Apartments is a planned collaboration with the Grand Rapids Public Schools, Grand Rapids Community Foundation, the YWCA and several west side neighborhood groups in support of the Challenge Scholars Program. Pine Avenue Apartments includes 23 three bedroom apartments and town houses, six of which are dedicated to permanent supportive housing for homeless domestic violence survivors in a partnership with the YWCA. Pine Avenue Apartments also includes rent subsidies from the Grand Rapids Housing Commission. Pine Avenue Apartments was initiated in 2019 and will be completed in the second quarter of 2020.

Plaza Roosevelt Grandville Apartments (24 units)
This project is a planned collaboration involving Habitat for Humanity, City of Grand Rapids, Grand Rapids Public Schools, Mercy Health, Ferris State University, The Hispanic Center, Roosevelt Park Neighborhood Association and other groups to develop a multi-faceted neighborhood revitalization plan on the city’s southwest. The Grandville building will incorporate commercial spaces to lease for some form of retail, educational, institutional or other commercial use. Construction was initiated during the fourth quarter in 2019 and is expected to be completed in late 2020.

Plaza Roosevelt Franklin Apartments (24 units)
This is second of two projects in a planned collaboration involving Habitat for Humanity, City of Grand Rapids, Grand Rapids Public Schools, Mercy Health, Ferris State University, The Hispanic Center, Roosevelt Park Neighborhood Association and other groups to develop a multi-faceted neighborhood revitalization plan on the city’s southwest side. The Franklin building will be residential only. Construction was initiated during the fourth quarter of 2019 and is expected to be completed in 2020.

Franklin Apartments (119 units)
This is an existing permanent supportive housing community that Dwelling Place has operated since 2002. The planned renovation is substantial replacing plumbing and HVAC systems in the building. All apartment furnishings will be upgraded, office space and community spaces for residents will all be enlarged. Many residents were temporarily relocated during 2019 and expected to remain in temporary relocation into 2021. This project incorporates 2 commercial spaces. One is leased to Grand Valley State University for their Nurse Managed Family Clinic and the second space is presently vacant. A new 20 year Section 8 rent assistance contract will be secured following renovation. Construction will be initiated in March of 2020 and is expected to be completed in May of 2021.
Property Performance in 2020

Two older projects will continue to require financial assistance from Dwelling Place because of their age, financial performance and depleted reserves. These include:

- **West Shore Apartments (Whitehall, Michigan)**
- **Harvest Hill Apartments (Rockford, Michigan)**

Dwelling Place has created a plan to eventually remove Harvest Hill Apartments from the Rural Housing Program to allow rents in the property to be increased to 60% of area median income to ensure positive cash flow for operations and capital improvements.

All other properties should meet or exceed positive financial projections.
In 2020 Dwelling Place will create a community land trust to eventually convert 45 existing rental housing units to homeownership and with construction of 20 new homes.

CLT Separates Ownership of Land From Home

- CLT retains ownership of land
- Homebuyer buys and owns their home below appraised values
- CLT leases land to homeowner
Dwelling Place NPHC
2020 – 2022 Strategic Plan Focus

Growth and Change
- Implement plans for a regional community land trust (CLT) to create more than 100 homes within the next several years, expanding capacity to address a broader array of housing needs
- Ensure that support services are accessible where they are needed
- Reinforce efforts to prevent gentrification in Heartside and other neighborhoods

Succession Planning
- The Board will appoint a Search Committee in 2020 and hire a Search Consultant to help coordinate the CEO Search process with the board

Diversity, Equity and Inclusion
- Implement Diversity, Equity and Inclusion Plan for board and staff

Board Governance
- Increase board knowledge of the organization
- Improve board capacity using Excellence in Governance principles

Marketing and Communications
- Increase public awareness
- Increase community engagement

Fund Development
- Increase efforts at fundraising and friend-raising in the community
- Emphasize funding diversification
2020 Dwelling Place NPHC
Our Customers

1,058 Total households in 28 apartment communities owned and managed directly by Dwelling Place

435 Total households in Permanent Supportive Housing

27 Commercial Tenants in 12 mixed-use and 3 commercial-only buildings

86 Live/Work spaces and market rate apartments

261 Total households in 4 apartment communities owned through joint ventures with other owners

1,311 Total households in 5 apartment communities owned by Dwelling Place in affiliation with Michigan Nonprofit Housing Corporation

267 Total households in 7 apartment communities owned by Genesis Nonprofit Housing Corporation but managed by Dwelling Place
COVID-19 Impact on 2020

This page is inserted as additional information to summarize the projected impact of COVID-19 factors on Dwelling Place in 2020. Please note that this information is based on what we are presently aware of as of March 31, 2020. Our projections will change as the situation changes.

• Michigan’s Governor, Gretchen Whitmer, issued an Executive Order requiring non-essential employees to shelter in place at home on March 24, 2020. The order extends though April 13, 2020 but may be extended.
• Dwelling Place is considered an essential business, under the Executive Order, because of our housing of formerly homeless, disabled, elderly and other vulnerable populations. Some employees are continuing to work on site while others are working remotely from home and some have had their work hours reduced. On-site security services continue to be provided through our third party vendor, although we expect some shifts could be missed because of COVID-19 issues with our vendor.
• Governmental actions at the state and federal level, through Executive Orders and recently enacted legislation, will:
  • Allow most employees, whose work hours have been reduced, to continue to receive the equivalent of full pay while they are away from work through the end of June 2020.
  • Among other benefits, recent legislation will provide Dwelling Place with the opportunity to apply for a forgivable SBA loan to compensate for certain, specific financial losses arising from COVID-19 up to the amount of two and one-half times our average monthly payroll.
• Blue Cross Blue Shield will allow employees with health insurance to continue to receive benefits, even if laid off, so long as monthly premiums are paid.
• A weekly phone call will be hosted for staff and board members to share information and answer questions.
• Staff have created opportunities to share information with residents about COVID-19 and related resources in every community where we own and manage housing.
• Dwelling Place has maintained significant liquidity in cash which should prevent any significant cash flow problems during this crisis.
• All construction activity is halted by the Executive Order which is likely to have implications for project completion and subsequent tax credit delivery for investors. We hope to see some state or federal relief for this impact.
• Commercial tenants are being assisted with information sharing about financial assistance available to small businesses through state and federal Executive Orders and legislation.
Dwelling Place of Grand Rapids NPHC
founded February 8, 1980