MEMBERS PRESENT  Juan Daniel Castro, George Larimore, Mike McDaniels, Larry Titley, Lee Nelson Weber

MEMBERS ABSENT  Rich Kogelschatz

STAFF PRESENT  Chris Bennett, Kim Cross, Jeremy DeRoo, David de Velder, Rachel Osbon, Scott Page, Zoe Post, Steve Recker, Stephen Wooden

The meeting convened via video conference at 11:33 AM.

APPROVAL OF MINUTES  Motion to approve the minutes of the August 16, 2021 RED & Asset Management Committee meeting was made by Larry Titley, supported by Mike McDaniels, and carried unanimously.

MFI QUARTERLY REPORT  Ms. Long presented second quarter MFI numbers, but noted that because the NeighborWorks tool that allows Dwelling Place to compare its metric data to other NeighborWorks organizations has been down, the presentation did not include any peer comparison data. Metrics were compared to the same quarter in 2020. She also noted that Harrison Park, Pine Ave, and both Brillante apartment buildings were added to the portfolio as they reached full occupancy.

Additional comments and notable items discussed are as follows:

Net Cash Flow as % of GPI: Lower (9.61%) than Q2 2020 (11.55%). Due in part to operating reserve draws (BSP, Midtown), high vacancy (Goodrich, Herkimer, VBP), high-cost repairs (Kelsey, LHA), and legal fees for CLT units (Grandville).

Operating Expenses as % of GPR less DSC: Slight improvement from last year (81% to 80%) but not as strong as Q1 (77%). Contributing factors include heating and cooling costs (BSP, Herkimer), awning and masonry repair (Goodrich, LHA), and legal fees and property improvements (Grandville).

Vacancy as % GPR: Slightly higher than last year (4.74% from 3.27%) and lower than Q1 (4.85%). Vacancy was caused by carry-overs from 2020 (all bin 4 properties), transfers (BSP, Goodrich), death (BSP, Goodrich, Herkimer), nursing home transfers (Herkimer), commercial move-outs (Kelsey), and a slow referral process (Commerce, VBP).

Collection Rate: Same as last year but slight decrease from Q1 (94% to 93%). Affected by residents at properties without subsidies, who frequently pay late or not at all, and by residents who have submitted CERA applications and have not yet received funds (50 of 85 applicants).
Debt Service Coverage: Lower than last year (2.55 to 2.19) and slightly lower than Q1 (2.31). Some rental loss from Harvest Hill’s departure of the RD program and higher operating expenses/vacancy at Kelsey.

Turnover Percentage, Annualized: Slightly higher than last year (13% to 14%) but improved from Q1 (16%). The annualized (projected) number is likely to improve at Kelsey and Lenox, small properties where there were several move-outs this quarter.

Average Days Vacant: Increase from last year (59 to 68) due to limited maintenance during Covid-19 and difficulty staffing maintenance positions.

PROJECT UPDATES

Amberwood: Following due diligence, the project will not be pursued due to a large gap in funding.

Bright Avenue: Will sign lease with Early Learning Neighborhood Collaborative daycare services soon. Wolverine estimates a construction cost increase at this space ($600k to about $860k), to be addressed with an increase in tenant improvements for ELNC.

Ferguson: Finishing exterior items, repairing damage and replacing panels from recent fire. 26 units left to occupy with an estimated end date in mid-November.

OTHER BUSINESS

Dwelling Place was one of twelve organizations selected to participate in the NeighborWorks Real Estate Growth Cohort to prepare for significant growth in the near future.

ADJOURNMENT

The meeting adjourned at 12:32 PM.