



Housing Authority

of the City of Clay Center
www.claycenterhousing.com



Equal Housing Opportunity
KS Relay Center TDD 800-766-3777

330 West Court St., Clay Center, KS 67432
(785) 632-2100 * Fax (785) 632-6363

Executive Director's Report December 4, 2020

OCCUPANCY

November saw a significant upswing with 2 move-ins at Tolin Terrace and 1 move-in at Parkview Plaza. We moved in 2 more new tenants to Parkview Plaza this week with another current tenant slated to relocate to the last available brand new apartment next week. That will bring us to 100% occupancy of the first 10 completed apartments. We currently have commitments to 7 of the next 10 new apartments. Our current vacancies include 7 at Apollo Towers (14%) and 16 at Parkview Plaza (32%). We have 100% occupancy at Tolin Terrace. Our combined occupancy rate is currently 81%. Our normal occupancy rate is 96 to 98%. To maintain a healthy fiscal position, we need to average no less than 95% occupancy. I do believe we will get back to that level after construction is completed. However, given our current demographics, it will likely take some time. We plan to implement a new, aggressive marketing strategy next spring in hopes that we can accelerate the lease up progress.

PARKVIEW REDEVELOPMENT

We continue to progress but I am very displeased with the lack of urgency. The general contractor's project delivery schedule is:

- | | |
|----------------------|---|
| Phase 1 Oct 26, 2020 | Delivered Nov 5 th |
| Phase 2 Dec 17, 2020 | Current Projection Jan 19 th |
| Phase 3 Feb 15, 2021 | |
| Phase 4 Apr 12, 2021 | |
| Phase 5 Jun 10, 2021 | |

I am working with our development partners and architect to get this turned around.

MAINTENANCE STAFF

Michael Swaim left our staff in November. Dan Weir has taken over his duties. Brett Britt has been hired and will join us on January 4, 2021.

PPP LOAN FORGIVENESS

I presented the PPP loan forgiveness application this week and it is being process. This program provided much needed cash relief to our operations at a very critical time.

OPERATING CHALLENGES CONTINUE

Our operating challenges will continue at least through the end of 2021. First, we had to allow the accumulation of vacancies at Parkview Plaza for a couple of years in anticipation of the project. Then we had a year delay in beginning construction. The majority of the current Parkview Plaza residents live in the last 20 apartments that we will remodel. Currently, 8 residents reside in the last 10 apartments. None of them desire to permanently move to another new apartment. That means that we need to relocate them to Apollo Towers so that we have the new completed units available for immediate lease up. Again, while we currently expect to receive approximately \$287,000 in accessible reserves from our portion of the developer fees upon completion of 100% lease up, the units do not meet that threshold until 44 units have been leased to the same person for at least 6 months. If we lose a resident before the 6 months has completed, we must start over with that unit. Our Limited Partnership Agreement includes the requirement that we reach 100% lease up by 12/31/2021. That is very aggressive goal that will be difficult, if not possible to meet.

CURRENT MANAGEMENT COMMITMENT

I mentioned my retirement objectives earlier this year. However, given the current operating challenges, I am not committing to any retirement plans at this time. The current challenges require much planning and control and I have worked over 50 hours per week for the past 7 weeks. I am not complaining. I am just pointing out that my job is very demanding until we complete the construction and lease up. Fortunately, I currently enjoy good health and energy. With that said, I am personally committed to completing the Parkview Plaza development project including meeting the 100% lease up requirement and restoring our combined occupancy to over 90% with a good prospect of reaching 95% before I submit a management transition plan. Currently, it looks like that will take us to at least the end of 2022 and probably beyond.