



Housing Authority

of the City of Clay Center
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Executive Director's Report April 9, 2020

OCCUPANCY

We are now down to 16 vacancies at Parkview, no vacancies at Apollo and still 2 vacancies at Tolin Terrace. We expect to gain 1 at Parkview by May 1. We normally see more interest in April and May but hard to tell this year with the Pandemic.

PARKVIEW REDEVELOPMENT

It looks like a May 1 closing with construction beginning the middle of May.

APOLLO ELEVATORS

Two full months without incident.

CASH FLOW

We originally planned on completing the Parkview Project this April. Instead, it appears we will begin in May. Therefore, we have lost in the neighborhood of \$120,000 in cash flow over the past 12 months. Our current vacancies of 14 costs us \$9,344 per month in revenue. We cannot lease more than 39 units until Thanksgiving (assuming we begin construction in May) and not more than 40 units from next December until construction is completed. That means we lose a minimum of \$5,840 per month for the next 12 to 13 months.

It gets worse. At the end of March, Parkview Plaza only had \$1,400 in the checking account with a \$5,809 credit card balance and \$5,755 of unpaid payroll for March for total short-term debt of \$11,564. Apollo Towers had \$14,248 in the checking account with \$2,667 of credit card debt. That is certainly not good but then, when you consider the cash flow deficit of \$120,000 over the past year, that is actually encouraging until I was informed that we needed to write a separate Property and Liability Policy on Parkview Plaza Apartments, requiring separate policies on the other two properties 3

months before the current policies expire and with an additional \$4 million umbrella liability policy to boot. That means an early termination fee and over \$40,000 annual premium combined for Parkview and Apollo combined. So after visiting with Brad Girton and Bruce Wingerd about the situation, I informed the Development Team that we needed to have a meeting the first of this week and if they could not show me \$80,000 in cash at closing we would need to turn down the project, lick our wounds, and move on. There is no way we can meet our operating expenditures with that scenario.

Then Monday morning Michael Bowen informed me that the Parkview Plaza Apartments Insurance Premium would be paid out of Project Funds (\$20,000) but I told him I still did not have enough cash flow to pay Apollo Towers insurance premium and adequately fund operations. I had also called a loan company out of New Jersey last week and their offer was not feasible. But I received a call from them on Saturday and I ignored it twice but finally answered on the first call and he told me we were eligible for the 7(a) SBA Loan and Forgiveness under the CARES ACT so I filled out the application and sent a ton of information to them on Monday (\$65,000). We were already set to receive \$30,000 at closing so if you add that to the SBA Loan and the \$20,000 of project funds paying the Parkview Plaza insurance premium, you come up with \$105,000.

So less than a week after it appeared the door was closed, three windows opened allowing us enough cushion to see this project through while sustaining our operations assuming that construction begins in May and we do not encounter any further COVID-19 restrictions from the government. The eminent dangers to our cash flow are a significant reduction in qualified applicants to fill vacancies, tenants failing to pay rent, and a community spread of COVID-19 in our properties. Operating viable properties, while keeping it illness-free, must be simultaneously accomplished. Everyday has been a risk ever since Adam had to toil in the garden. In this case, it appears that the benefits still outweigh the risk.

COVID-19

On March 13th we delivered our first tenant advisory regarding self-isolation, cleaning, distancing, etc to each household. We followed that with a second advisory on March 18th along with closing all of the common areas, and restricting physical access to office personnel, and eliminating cash payments. We have since given updates via our website, facebook page, and postings to give tenants more information and guidance on using the public laundry rooms safely. We lost our Big Lakes employee until they re-open day services but since Marcia has less to do, we added Michelle's cleaning duties to her and the residents organization is now assisting our cleaning staff with sanitizing the hand rails and door knobs, etc. on a daily basis. We also encouraged the residents to make a habit of carrying their entry cards on their person 24/7 in case we have a community spread. That would result in a 24/7 lockdown of the properties where entry would be restricted to entry cards only.

We are staying informed with briefings from Pam Kemp and monitoring the Kansas Dept. of Health and Environment and CDC websites. It is our hope that we will be able to re-open the common areas in May.