

Mobility responses during COVID-19 crisis focus on employees' unique needs



Summary of U.S. Bank Corporate Programs virtual client forum regarding COVID-19 impacts on mobility

April 29, 2020



U.S. Bank hosted its second virtual client advisory forum on April 29, 2020 to discuss how the COVID-19 crisis and subsequent challenges continue to impact mobility programs and influence the way they are managed. As a follow-up to the April 1 forum, this session, designed for mobility and relocation specialists, revealed emerging trends in adapting mobility programs to new and changing circumstances.

The panel discussion, moderated by John Sculley, SCRP®, Mobility Consultant, Sculley Consulting, shed light on changes taking place within the global workforce. Panelists underscored the current challenges facing mobility specialists and acknowledged there is no one-size-fits-all solution to accommodate employees preparing to move. Speaker Robert Burns, President, Red Sky Risk Services, kicked off the discussion with insights surrounding changes in the appraisal process and developments in property values.

The forum featured three mobility specialists:

- Tessa Boone
Manager, International Service Global Policy, Vendor Management & Tax
Ford Motor Company
- Tom Wagner
Director, Global Talent Mobility & Immigration
Micron Technology
- Ken Brown, GPHR®
Global Mobility Lead
Takeda Pharmaceuticals

During the forum, participants also answered poll questions. The results are featured within this summary.

Appraisal and housing value impacts

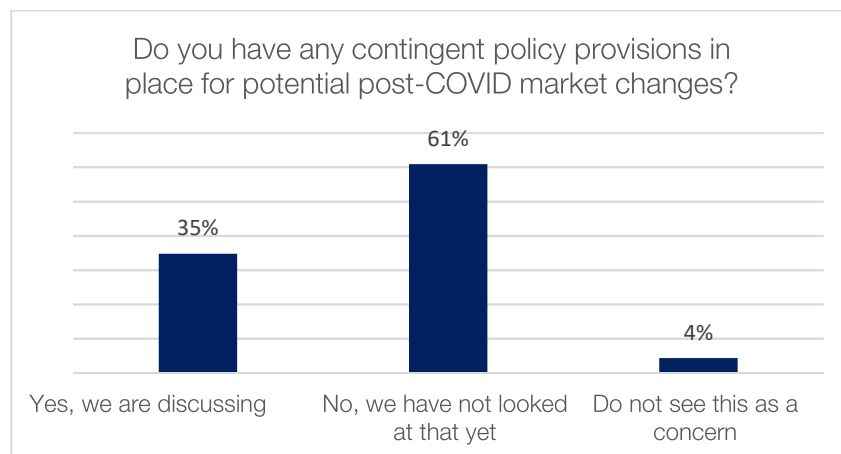
Robert Burns started the forum by giving his assessment of the state of the appraisal industry.¹ One of the challenges facing appraisers is the recent refinance boom. This has led to a surge in demand for appraisals and, in some markets, has exposed an undersupply of appraisers. Burns provided his insight: “Before the refinance boom, appraisers may have had three to four requests a day. Currently, they may be seeing up to 20 or more requests in a day.” As a result, Burns said, “At Red Sky, we are experiencing appraisals taking one to two days longer than usual for purchases and up to a week longer for refinances.”

In addition to the boom in refinances, there has been trepidation among appraisers performing inspections inside the home. According to Burns, the average age of appraisers is 59 years old. With age being a risk factor for complications from COVID-19 per the Center for Disease Control (CDC),² he speculates many appraisers may be concerned about exposure to the virus. Even when following guidelines from the CDC, appraisers need to feel they are being protected.

Homeowners also need to feel protected. Many may not want to allow people into their homes. Burns said Red Sky has embraced alternative valuation guidance published by Freddie Mac, Fannie Mae and FHA. So, when a consumer or appraiser objects to interior inspections, Burns noted there are alternative approaches that can be considered. Those approaches include desktop appraisals (made by an appraiser based on typical public record data sources and Multiple Listing Service data) or drive-by appraisals, also known as exterior only, for purchases. Drive-by appraisals may also be used for refinances. It's important to note that not every loan will qualify for an alternative approach.

Burns then addressed the impacts of the COVID-19 crisis and the struggling economy, which may affect home values in the coming months. Currently, the low inventory of available homes is advantageous to sellers and home prices appear to be stable in most markets. However, in Burns' opinion, "I do anticipate some deterioration of home values if the unemployment situation does not get solved in the near term. If the current economic environment lengthens or worsens, things may decline, but to what extent will vary by market."

When attendees were polled on whether they have put any contingent policy provisions in place for market changes, the majority indicated they have not looked into it yet. Sculley pointed out that based on the current uncertainty in the market, mobility specialists may want to begin considering a plan to address the possibility of falling home values. By being proactive, a solution can be quickly implemented if the need arises.

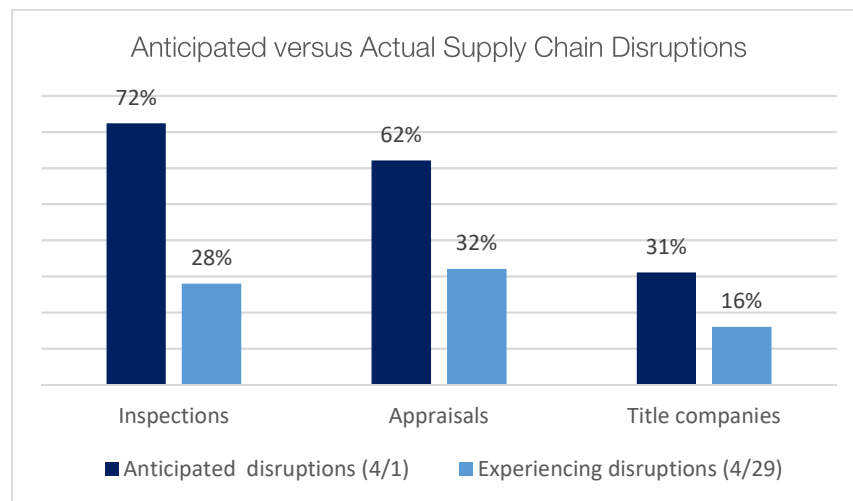


Challenges facing mobility specialists

A theme that carried over from the April 1 forum is that no blanket solution exists to address an organization's employee mobility challenges. Our panelists indicated that they are working with transferees on a case-by-case basis to resolve issues and repatriate expats. Travel restrictions, immigration, family factors and local health conditions make it difficult for mobility specialists to develop a requested, one-size-

fits-all approach. Panelists also stressed the need for mobility specialists to be empathetic to the human side of transferees' concerns, not just the business side. Sculley pointed out, "Business leaders seek an elegant solution for both financial survival and duty-of-care for their employees. The emerging truth, though, is that these magical silver bullets don't exist."

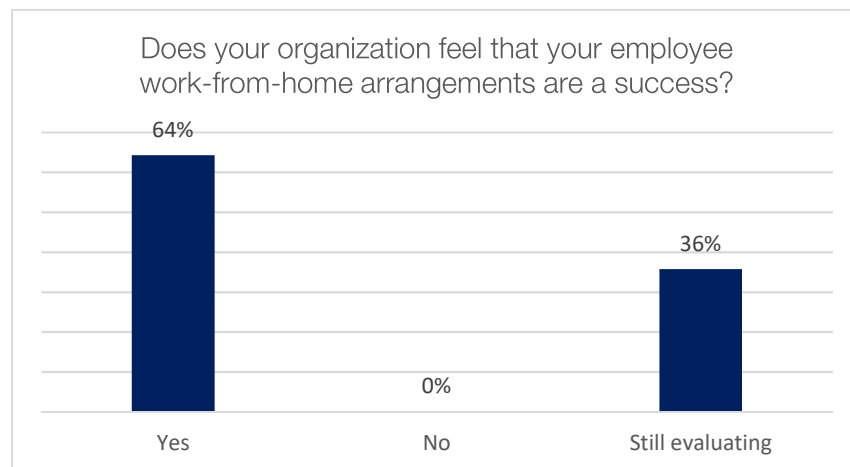
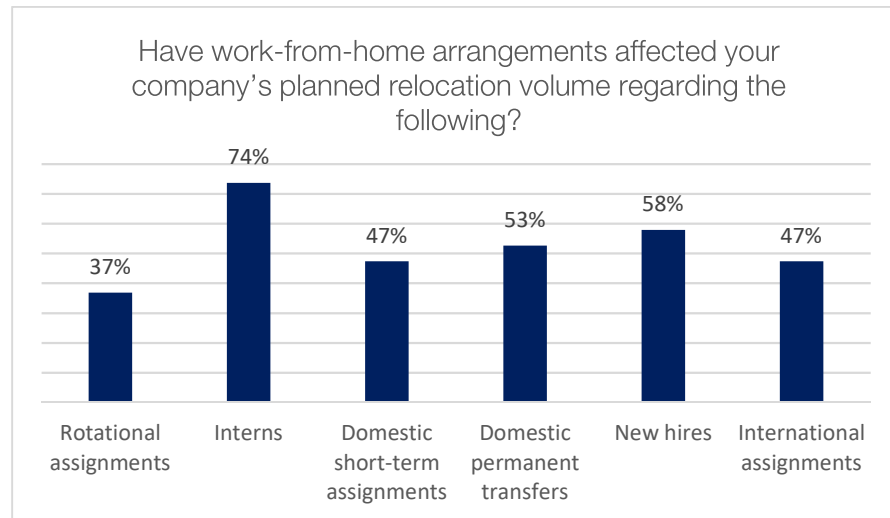
An interesting observation from the poll results, based on a question about supply disruption, seems to indicate that some elements are faring better than expected. During our April 1 forum, we asked attendees what areas of the supply chain they expected to be disrupted. The results showed many poll respondents anticipated home inspections, appraisals and titles would be disrupted. But when we surveyed attendees of the April 29 forum asking which elements of the supply chain they were seeing disrupted, poll respondents indicated they were not seeing those areas as heavily impacted as expected. This indicates that the agencies that provide these services are finding alternative methods to keep business moving. Additionally, Burns said the appraisal process is being prioritized for home purchases over refinances because of the dependent factors in a home purchase. For this reason, many appraisals may only be delayed by a couple of days.



Compensation and benefit changes in reaction to the COVID-19 crisis and the struggling economy are also adding new complexities for mobility specialists. Sculley said, "Now more than ever, employee assistance is increasingly based on situational personal needs, rather than on standardized policies and practices. Duty-of-care is overriding precedents and equitability is a diminished factor in emergency cases." For companies that have instituted furloughs, executive compensation deferrals or wage reductions, mobility specialists must consult closely with legal teams to ensure the different employment laws and regulations of each market are followed. Mobility specialists must exercise caution to avoid violating a person's employment rights.

Changes in workforce dynamics

Current work-from-home arrangements have been successful overall according to panelists and attendees. However, none of the panelists felt that work-from-home arrangements would, at this time, replace all relocations or assignments. But in some cases, organizations are looking at the feasibility of allowing more work-from-home opportunities on a broader scale — such as internship programs — and not just allowing it on a small, selective scale. The two charts below give more insight.



While one third of poll respondents indicated they are still evaluating the success of work-from-home arrangements, no one thought they were unsuccessful. Our panelists discussed that some roles, such as laboratory and factory-floor workers, cannot be performed from home. And there are some possible compliance and tax issues with employees working in other states or countries that need to be considered before rolling out a more permanent, long-term, work-from-home solution.

Interestingly, when it came to projecting relocations in 2020, our panelists' responses were mixed. All panelists have experienced delayed moves, but for some, many of these backlogged moves have been outright canceled. Time will tell, based on the economy and state of the COVID-19 crisis, if more moves will be canceled or if the backlogged relocations will eventually be processed.

In comparison to the discussion and poll results from our last forum on April 1, these most recent results reflect the beginning of a shift from reactive responses to more proactive planning and a focus on employee care. As mobility specialists continue to stay in communication with their internal business line partners, supply chains and transferees, they can stay ahead of issues and challenges. You may [view the recording](#) of the forum online to hear more details from our moderator and panelists. The recording and summary of the April 1 forum are also [available online](#).

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2. <https://www.cdc.gov/coronavirus/2019-ncov/index.html>