

COUNCIL ON HOUSING
Public Session
New Castle, Delaware
July 13, 2005

ACTION ITEMS

Apartments

**West Quaker Hill
Cornerstone West VIII
Hurds Crossing (Amendment)**

On July 13, 2005, Roseann Harkins, Vice Chairperson, called to order the Public Session of the Council on Housing at 2:00 p.m. A motion was made by John Walker to move into Executive Session. Seconded by Ms. Louder, the motion carried unanimously. The Executive Session adjourned at 2:10 p.m, at which time the Public Session resumed. In addition to Ms. Harkins, the following Council members were present:

Connie Louder
Joe McDonough
Ruth Sokolowski
John Walker

The following Council members were absent:

Constance McCarthy
Norma Zumsteg

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP
Calvin Bonniwell, Housing Project/Loan Manager, DSHA
Tonya Burbage, Administrative Specialist III, DSHA
Douglas Croft, Assistant Director, Financial Management, DSHA
Matthew Heckles, Executive Assistant, DSHA
Jerry Jones, Housing Finance/Development Administrator, DSHA

Guests present:

Paul Calistro, West End Neighborhood House
Larry DiSabatino, DiSabatino Construction Company
Marlena Gibson, Delaware Housing Coalition
John McNamara, West End Neighborhood House

APPROVAL OF MINUTES

A motion was made by Mr. McDonough to approve the minutes of the April 13, 2005 meeting as presented. Seconded by Ms. Louder, the motion carried unanimously.

HDF MATTERS

- West Quaker Hill Apartments - Using the attached handouts, Mr. Jones provided the Council a brief update on West Quaker Hill Apartments. Mr. Jones stated that this development was the highest ranked in New Castle County for the first Tax Credit round. Mr. Jones stated that more than 60% of the financing will come from other sources.

Ms. Sokolowski inquired about how the value of the property is measured. Mr. Jones stated that appraisers use three different formulas. The first one is strictly on cash flow and what amount of mortgage that cash supports. The second one is the one DSHA uses which is the value calculation of the credits and the second mortgage using Tax Credit rents. The third one would be market rate rents which is always the highest but unrealistic for DSHA's purposes.

Ms. Sokolowski inquired about the occupancy status of the development. Mr. DiSabatino stated occupancy was about 85%. The other 15% will remain vacant for relocation purposes as the rehabilitation takes place.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 330 (copy attached). A motion was made by Mr. Walker to approve the resolution as presented. Seconded by Ms. Louder, the motion carried unanimously.

- Cornerstone West VIII - Using the attached handouts, Mr. Jones provided the Council a brief update on Cornerstone West VIII. Mr. Jones stated that this development is very much an urban renewal project. Mr. Jones stated that the costs are going up considerably and Council may want to consider increasing the amount per unit beyond \$25,000.

Mr. McDonough inquired about where the additional money would come from. Mr. Jones stated it would come from the HDF. The development costs are funded by West End's Revolving Fund, which is funded by various banks, plus funds from the HDF, Wilmington Housing Partnership and the Federal Home Loan Bank. The homeowner's mortgage pays back the revolving fund and the other contributors' funds remain as liens against the properties.

Mr. McDonough inquired about what retention meant. Mr. Jones stated that it does not mean that the people have to remain in the homes but the property is under a 7-year agreement with payback provisions if the homeowner moves within the 7-year period. DSHA is also recommending the 7-year payback be increased to 10 years and should the homeowner refinance the property or obtain an equity loan, DSHA's funds will be paid back.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 331 (copy attached). A motion was made by Ms. Sokolowski to approve the resolution as presented. Seconded by Mr. Walker, the motion carried unanimously.

- Hurds Crossing (Amendment) - Using the attached handouts, Mr. Jones provided the Council a brief update on Hurds Crossing. Mr. Jones stated that Hurds Crossing has a \$300,000 shortfall and DSHA is asking for approximately \$200,000 from HOME funds which can not be funded without Council approval. The borrower raised nearly \$100,000 more in equity since the original request was approved by Council.

Mr. McDonough inquired about the need for additional funds. Mr. Jones stated because of the active construction market in Delaware, prices are escalating. Also, the developer bid this project and is using the lowest bid for this request to Council.

DSHA is recommending approval of the sponsor's amended request. The Council reviewed Resolution No. 321 (copy attached). A motion was made by Ms. Sokolowski to approve the resolution as presented. Seconded by Mr. McDonough, the motion carried unanimously.

ADMINISTRATIVE MATTERS

- Election of Officers - a motion was made by John Walker to nominate Roseann Harkins as the Chairperson and Norma Zumsteg as the Vice Chairperson. Seconded by Mr. McDonough, the motion carried unanimously.
- Ms. Harkins appointed Norma Zumsteg as the Chairperson of the Loan Review Committee; Joe McDonough and Constance McCarthy were also appointed to the Loan Review Committee.
- Delaware Rural Housing Consortium - Mr. Jones stated that the Consortium withdrew its request for the set-aside that was initially discussed at the February Council meeting. Mr. Jones and Ms. Gregory met with Consortium members in April to explain the Council's concerns with the request.
- Joint Sunset Committee (JSC) Review Questionnaire - Mr. Jones stated that he received a letter from the Committee about the Council being reviewed. Mr. Jones will begin working on the questionnaire and distribute it to the Council for review. A JSC hearing will be held in February for the Council review.

SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, September 14, at 2:00 p.m. in Dover.

ADJOURNMENT

A motion was made by Mr. Walker to adjourn the Public Session at 3:19 p.m. Seconded by Mr. McDonough, the motion carried unanimously.

Respectfully submitted,

Tonya A. Burbage