

COUNCIL ON HOUSING  
Public Session  
Buena Vista Conference Center  
New Castle, Delaware  
October 12, 2005

**ACTION ITEMS**

**NCALL FY06  
DSHA Loan Underwriting Guidelines**

On October 12, 2005, Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 2:08 p.m. A motion was made by Joseph McDonough to adjust agenda by not having an Executive Session. Seconded by Mr. Walker, the motion carried unanimously. In addition to Ms. Harkins, the following Council members were present:

Joseph McDonough  
Ruth Sokolowski  
John Walker  
Norma Zumsteg

The following Council members were absent:

Fernando Guajardo  
Connie Louder  
Constance McCarthy

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP  
Saundra Johnson, Director, DSHA  
Lynda Blythe, Administrative Specialist II, DSHA  
Tonya Burbage, Administrative Specialist III, DSHA  
Jerry Jones, Housing Finance/Development Administrator, DSHA

Guests present:

Lorraine deMuerisse, Deutsche Bank Delaware  
Marlena Gibson, Delaware Housing Coalition  
Deborah Puzzo, State of Delaware Joint Sunset Committee  
Karen Speakman, NCALL  
Helen Stewart, JPMorgan Chase

## APPROVAL OF MINUTES

A motion was made by Mr. McDonough to approve the Public minutes of the September 14, 2005 meeting as presented. Seconded by Mr. Walker, the motion carried unanimously.

## HDF MATTERS

Mr. Jones stated the only HDF statement changes from the August meeting is Country Meadows, which is due to close in the next two weeks.

- National Council on Agricultural Life and Labor Research Fund, Inc. (NCALL) - Using the attached handouts, Mr. Jones provided the Council with a brief update on NCALL's Rural Delaware Homeownership Initiative for Rural Development 502 and 504 programs. Mr. Jones stated that this is NCALL's 17th year for requesting funding and this program is one of the most successful programs DSHA has funded over the years. Funds provided are small in comparison to the number of units produced.

Ms. Harkins asked why have not many 504 loans closed. Ms. Speakman stated that NCALL has not put a big emphasis on those loans but rather concentrated more on the 502 homeownership program. Ms. Speakman also stated that other agencies and non-profit groups have active rehabilitation programs.

Ms. Sokolowski asked if a certain amount of money is allocated each year for RD loans and grants. Ms. Speakman stated yes and that Delaware usually expends its allocation and draws from the national pool.

DSHA is recommending approval of a grant in the amount of \$74,280. The Council reviewed Resolution No. 336 (copy attached). A motion was made by Ms. Zumsteg to approve the resolution as presented. Seconded by Mr. Walker, the motion carried unanimously.

## DSHA Loan Underwriting Guidelines Presentation by Jerry Jones

- The following questions were asked by Council members:
  1. Exhibit 12 - Local and Community Notice for Acquisition/Rehabilitation - Mr. McDonough asked if the school districts were included in the local and

community notice for applications received. Mr. Jones stated no and school districts are not impacted by acquisition/rehabilitation developments since they are already in existence.

2. Exhibit 25 - Utility Availability - Ms. Harkins asked about the utility availability in New Castle County. Mr. Jones stated for New Castle County, DSHA only has financed rehabilitation loans in recent years and utilities are not a problem. Mr. McDonough asked what happens when the deadlines are not met. Mr. Jones stated the credits are returned and the developer would have to submit a new application. Ms. Sokolowski asked if the credits expire if not used within the allocated time. Mr. Jones stated yes and the developer would incur financial penalties by the investor. Ms. Zumsteg asked what if there is a flood, hurricane or some other type of emergency. Ms. Johnson stated the developer would have to apply for a waiver from the Internal Revenue Service.
3. Exhibit 32 - Improvements - Ms. Sokolowski asked what is meant by capital needs assessment. Mr. Jones stated the capital needs assessment shows the present condition of the major systems (roofing, HVAC, windows, electrical, plumbing, etc.). DSHA has specific life expectancies and certain items must be replaced if they are older than DSHA's limits.
4. Exhibit 34 - Preservation Expiration - Ms. Sokolowski asked about the condition of existing subsidized developments and why the cash flow was not supporting the upkeep of the units. Mr. Jones stated that income had not kept pace with operating expenses for many sites. Some developments also had management problems and others had not actively pursued HUD rent increases.
5. Exhibit 53 - Realty Transfer Tax - Title 30 §5401 (8) (see DSHA for form) - Ms. Sokolowski asked about the realty transfer tax. Mr. Jones stated it was a state tax calculated on the amount of improvements made.
6. Exhibit 56 - Land Value - Mr. McDonough asked how is land valued. Mr. Jones stated appraisals are required. For tax credit developments, the less land costs means more credits are received which means less debt on a development.

7. Exhibit 61 - Developer Blank Points Worksheet - All members present inquired about the points worksheet. Mr. Jones stated the maximum amount a points a development can receive for a project is 110 but only 55 points are needed to rank. Ms. Johnson stated that Ms. Burbage would e-mail all the members a copy of the worksheet.
8. Exhibit 63 - Cost Certification - Ms. Zumsteg asked who is responsible for the costs post-cost certification. Mr. Jones stated it is the developer's expense unless otherwise approved by DSHA.

#### ADMINISTRATIVE MATTERS

- Mr. Jones stated the Joint Sunset Committee hearing for Council on Housing is scheduled for Tuesday, November 8<sup>th</sup> at 6 p.m. at Legislative Hall.

#### OLD/NEW BUSINESS

- Ms. Johnson stated that all Council members are invited to attend the Governor's Conference on Housing on November 14<sup>th</sup> at the Sheraton Hotel and Conference Center in Dover. Ms. Johnson stated this year's theme is "All Roads Lead to Home" and gave the members a brief update on the conference and speakers.

#### SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, November 9, at 2:00 p.m. in New Castle.

#### ADJOURNMENT

A motion was made by Mr. McDonough to adjourn the Public Session at 3:57 p.m. Seconded by Mr. Walker, the motion carried unanimously.

Respectfully submitted,

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Tonya A. Burbage