

COUNCIL ON HOUSING
Public Session
Buena Vista Conference Center
New Castle, Delaware
November 9, 2005

ACTION ITEMS

**Brightway Commons
Victoria Mews**

On November 9, 2005, Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 2:05 p.m. A motion was made by John Walker to adjust agenda by not having an Executive Session. Seconded by Ms. Zumsteg, the motion carried unanimously. In addition to Ms. Harkins, the following Council members were present:

Fernando Guajardo
Constance McCarthy
Joseph McDonough
Ruth Sokolowski
John Walker
Norma Zumsteg

The following Council member was absent:

Connie Louder

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP
Catherine Gregory, Deputy Director, DSHA
Calvin Bonniwell, Housing Project/Loan Manager, DSHA
Tonya Burbage, Administrative Specialist III, DSHA
Jerry Jones, Housing Finance/Development Administrator, DSHA
H. James Loescher, Housing Project/Loan Manager, DSHA

Guests present:

Gail Ahrens, Delaware Valley Development Corporation
George Beer, Delaware Valley Development Corporation
Lorraine deMuerisse, Deutsche Bank Delaware
Marlena Gibson, Delaware Housing Coalition
Marcus Henry, Delaware Valley Development Corporation
Michael Seltz, Volunteers of America
Helen Stewart, JPMorgan Chase

APPROVAL OF MINUTES

A motion was made by Ms. Zumsteg to approve the Public minutes of the October 12, 2005 meeting as presented. Seconded by Mr. Walker, the motion carried unanimously.

HDF MATTERS

Mr. Jones stated due to circumstances with plans, specifications and zoning approvals not being available in a timely manner, Hurds Crossing, being developed by Milford Housing Development Corporation, returned their tax credits with the intent to reapply next year. Ironically, these returned credits helped another project go forward. Rural Development will keep its subsidy and financing in place for Hurds Crossing and DSHA feels the development has a good chance of receiving credits in 2006.

Mr. McDonough asked if the tax credit program operated by the federal fiscal year. Mr. Jones stated that DSHA receives the credits the first part of every calendar year.

Mr. McDonough asked if the tax credits related to the state budget. Mr. Jones stated no and that the IRS notifies the states annually, usually around January or February.

Mr. Jones stated that Ingleside Homes closed on November 3rd. Mr. Jones stated that West Quaker Hill will close at the end of the month.

- Brightway Commons - Using the attached handouts, Mr. Jones provided the Council with a brief update on Brightway Commons. Mr. Jones stated that Volunteers of America (VOA) is the general partner for this development. This group is the 16th largest charity in the U.S. with a portfolio of hundreds of projects, including units for the elderly and disabled. VOA has developed approximated 20 sites using tax credits. VOA has activities and developments in about 300 communities across the U.S. and assets approaching \$1 billion.

Mr. McDonough asked how a non-profit could amass this scale of assets. Mr. Jones stated they have built housing, hospitals, and other facilities since 1896. In the early 1960's, VOA started getting involved in affordable housing programs to help poor people.

Mr. McDonough asked if they own those assets. Mr. Jones stated yes. Mr. Seltz added that VOA has 13,000 units of affordable housing with more than three-quarters being HUD Section 202 units in addition to nursing homes.

Ms. Harkins asked why there were not washers and dryers in the units. Mr. Jones stated it was not originally set up

that way. Mr. Bonniwell stated this development has a laundry area. Mr. Jones stated that it is easier to manage a laundry area than have washers and dryers in the units. If the units had washers and dryers, they would have to be replaced every 4 to 6 years which would be costly.

Ms. Gregory asked when does the HAP contract expire. Mr. Jones stated in less than two years.

Ms. Sokolowski asked if there was a DSHA mortgage on the property. Mr. Jones stated yes, it is bond financed and not HDF financed.

Mr. McDonough asked if the city or county was notified about the development. Mr. Jones stated yes, it is mandatory and required by Senate Bill 400.

Ms. Sokolowski asked who is managing the site. Mr. Jones stated Equity Management.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 337 (copy attached). A motion was made by Mr. Walker to approve the resolution as presented. Seconded by Mr. McDonough, the motion carried unanimously.

- Victoria Mews - Using the attached handouts, Mr. Jones provided the Council with a brief update on Victoria Mews. Mr. Jones stated that Delaware Valley Development Corporation has received funding from DSHA in the past for their Cynwyd and West Court developments. Mr. Jones stated that Delaware Valley's investor is contributing tax credit equity almost dollar for dollar for the amount of tax credits received. Mr. Jones stated that this development would have 21 units at regular market rate rent and the rest would be a mix of tax credit rents.

Mr. Jones stated that this development met the IRS designation as a Difficult to Develop Area which allows for an increase in the eligible tax credit basis.

Ms. Sokolowski asked if the new rents would be in line with the current rents. Mr. Beer stated that the market units rents are very close to the current rents and the tax credit units rents will be less than current rents.

Mr. Jones stated that occupancy would go down a little and the debt service would go away temporarily while construction is going on.

Mr. McDonough asked how the units would be rehabbed if the units are occupied. Mr. Jones stated they would rehab one building at a time which would be unoccupied and follow that process throughout.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 338 (copy attached). A motion was made by Ms. Zumsteg. Seconded by Ms. McCarthy and abstained by Ms. Harkins, the motion passed.

ADMINISTRATIVE MATTERS

- Ms. Harkins stated Connie Louder was excused from the meeting due to an audit review at her workplace.

OLD/NEW BUSINESS

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- Mr. Jones mentioned the Governor's Conference on Housing will be held on November 14th and all Council members are encouraged to attend.
 - Mr. McGonigle stated that Ms. Harkins' abstention to the Victoria Mews approval was done as a precaution. He did not feel there was any conflict of interest from a prior discussion he had with Ms. Harkins but thought it appropriate for her to abstain.
 - Ms. Harkins discussed the Joint Sunset Committee hearing that was held on November 8th. Ms. Harkins stated there was a lot of positive feedback from the Committee. Council will be receiving copies of the recommendations, along with testimonies from interested parties or groups. Ms. Sokolowski asked if Council or DSHA took any position on the comments, observations or recommendations. Ms. Harkins stated not at this time and that this matter would be discussed in more detail at a future Council meeting.

SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, December 14, at 11:00 a.m. in Dover.

ADJOURNMENT

A motion was made by Mr. Walker to adjourn the Public Session at 3:16 p.m. Seconded by Mr. McDonough, the motion carried unanimously.

Respectfully submitted,

Tonya A. Burbage