

COUNCIL ON HOUSING  
Public Session  
Buena Vista Conference Center  
New Castle, Delaware  
July 12, 2006

**ACTION ITEMS**

- **First State RC&D FY07 Presentation**
- **Arbor Place I Presentation**
- **DSHA Management Overview Presentation**
- **Election of Officers**
- **Old/New Business**

On July 12, 2006, Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 1:00 p.m. In addition to Ms. Harkins, the following Council members were present:

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

The following Council member was absent and excused from the meeting:

Connie Louder

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP  
Saundra Johnson, Director, DSHA  
Catherine Gregory, Deputy Director, DSHA  
Lynda Blythe, Administrative Specialist II, DSHA  
Calvin Bonniwell, Housing Project/Loan Manager, DSHA  
Tonya Burbage, Administrative Specialist III, DSHA  
Jerry Jones, Housing Finance/Development Administrator, DSHA  
Rebecca Kauffman, Social Service Senior Administrator, DSHA  
Holly Malone, Housing Asset Manager Assistant, DSHA  
Christopher Whaley, Housing Program Management Administrator, DSHA

Guests present:

Lisa Arbrite, Becks Mill Run  
Lorraine deMeurisse, Deutsche Bank Delaware  
David Holden, The Ingerman Group  
Pamela Leland, University of Delaware  
Bill McCormick, CK Capital  
Gary Pollio, Interfaith Housing Delaware, Inc.

APPROVAL OF MINUTES

A motion was made by Mr. McDonough to approve the Public Session minutes of the June 2006 meeting as presented. Seconded by Mr. Walker, the motion carried unanimously.

HDF SUMMARY

- Mr. Jones gave the HDF statement update. Mr. Jones stated Seaford Meadows went to closing in June. Mr. Jones stated funding for Arbor Place I and RC&D would be brought before Council today. Mr. Jones stated when applications are received, the total request is noted on the HDF statement; however when the underwriting is completed, the dollars may be segregated between HOME to HDF funds. Mr. Jones stated that Cornerstone West IX and Hilltop requests would be presented for funding at the August meeting.
- First State Resource Conservation and Development Council (RC&D FY07) - Using the attached handouts, Mr. Jones provided the Council a brief summary on RC&D. Mr. Jones stated this is RC&D's 15<sup>th</sup> year for an HDF funding request and this group was formed in the 1970's to do community service programs sponsored by the USDA. Mr. Jones stated RC&D's request is for \$350,000 to provide emergency repairs for homes owned by very low income families in Kent and Sussex Counties. Mr. Jones stated about 30% of the homes are in mobile home parks where the homes are owned but the land is leased. Mr. Jones mentioned that last year, DSHA had some concerns with repairs addressing more health and safety issues. DSHA staff inspected numerous units last year and provided RC&D with more guidance on health and safety items that DSHA wanted addressed. DSHA staff was concerned about having more quality and less units and felt the volunteers needed more supervision to ensure the quality of work. Mr. Jones mentioned that in the event a mobile home could not be repaired, RC&D could purchase another one in its place roughly ranging from \$5,000 - \$6,000 in price.

Mr. McDonough asked what happens to the old mobile homes once they are removed. Mr. Jones responded that Delaware Solid Waste Authority disposes of them.

Ms. Sokolowski asked with the broader scope of work, how has that affected the number of homes served. Mr. Jones responded that the number of units has gone down by about 50 or so but DSHA thought it was important to focus more on health and safety issues.

Mr. McDonough asked how much of the cost increase is due to inflation alone. Mr. Jones responded he was not sure but there has been about a 30% increase for materials.

Ms. deMeurisse asked how many requests have been turned away because of lack of funds. Mr. Jones responded there is always a waiting list and that RC&D is probably at the limit, staff-wise, for processing more than a couple hundred applicants per year. Mr. Jones added he was not sure how many requests are turned away. Ms. Stillson added she was not sure of the total number but they always have a waiting list.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 342 (copy attached). A motion was made by Ms. Sokolowski to approve the resolution as presented. Seconded by Mr. McDonough, the motion carried unanimously.

- Arbor Place I - Using the attached handouts, Mr. Jones provided the Council a brief summary on Arbor Place I. Mr. Jones stated this is a preservation/rehabilitation project and is a joint collaboration between Interfaith Housing Delaware, Inc. and The Ingerman Group. Mr. Jones stated the site consists of 45 units but would be reduced by two units which will be converted to a management office and community building.

Mr. White asked how is the Tax Credit equity shared. Mr. Jones responded the investment partner provides a certain amount of cash equity per credit received. Investors get credits on the property each year for ten years. Equity contribution is a negotiation between the investor and the developer. DSHA has a minimum equity contribution.

Mr. White asked if there will be any profit in the exchange of ownership. Mr. Jones responded once all debts are paid, there would be about \$200,000 available to the current

owner. That amount is split per the partnership agreement. Mr. White asked if there was a recapture provision on the profit. Mr. Jones responded the appraisal has to support the selling place and no, there is not a recapture provision in place.

Mr. White asked if the partnership profits by \$200,000, are they not required to put that money into the new deal. Mr. Jones responded that the new ownership is a completely new entity unaffiliated with the current owner.

Mr. White asked if families currently are living at the site. Mr. Jones responded yes.

Mr. White asked if there was a relocation plan. Mr. Jones stated yes. A relocation plan has to be followed and the plan is to keep the tenants in place.

Mr. White asked if tenants are paying utilities. Mr. Jones responded yes.

Mr. White asked if The Ingerman Group manages similar projects. Mr. Jones responded yes. Mr. Holden added The Ingerman Group currently manages about 3,000 units in Delaware, Pennsylvania and New Jersey.

Mr. McDonough asked about the utility allowance. Mr. Jones responded that the utility allowance is incorporated into the cash flow assumption to come up with the net rents. Ms. Johnson added the tenants do not receive money for not going over the utility allowance. The utility allowance is derived from a HUD-published calculation, it is not cash for the tenant.

Mr. White asked about the history of the community and the quality of the units. Mr. Jones stated it has always been an affordable site and quality does not have anything to do with the tenant mix.

Mr. White asked what is going to be different this time. Mr. Jones responded that there will be a new management company, completely renovated units, and better oversight. Ms. Gregory added minimum building requirements were not in place at the time Arbor I was built. DSHA also has an Asset Management section now which did not exist when Arbor I was constructed.

Mr. White asked if there was an Affirmative Marketing Plan in place. Mr. Jones responded yes and it is also a HUD requirement.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 343 (copy attached). A motion was made by Ms. Zumsteg to approve the resolution as presented. Seconded by Mr. Walker, and abstained by Ms. Sokolowski, the motion passed.

Delaware State Housing Authority Housing Management Section  
Presentation by Catherine Gregory

Per the attached PowerPoint presentation, Ms. Gregory discussed DSHA's Housing Management Section.

1. Mr. White asked if a criminal background check was done on every tenant or potential tenant. Ms. Gregory stated yes and for all residents over the age of 18.
2. Mr. White asked what does the criminal background check determine. Ms. Gregory responded that besides criminal history, DSHA is particularly concerned about those applicants who are convicted sex offenders or have drug convictions.
3. Mr. McDonough asked if the tenant gets convicted after moving in and goes to jail or receives probation, are they still evicted. Ms. Gregory responded yes they are evicted. Ms. Gregory added that if someone comes to visit a tenant and is caught at the site with drugs, the tenant is evicted because they are responsible for guests. Ms. McCarthy asked how would DSHA know if someone was caught. Ms. Gregory responded that DSHA receives police reports and does its own investigation.
4. Ms. McCarthy asked if a mother has children and her 20-year son decides to sell drugs and gets caught, what happens to the mother and the other children, do they have to start the application process all over again for public housing. Ms. Gregory responded they are evicted and once that occurs, they are not permitted back into public housing.
5. Mr. McDonough asked if there are tenant meetings. Ms. Gregory responded yes but many tenants are busy either working or going to school. A lot of information is mailed out because meetings are not well attended.
6. Ms. Sokolowski asked if it was mandatory for new tenants to participate in the Move To Work (MTW). Ms. Gregory responded yes unless the tenant is elderly or disabled.

7. Ms. Zumsteg asked what formula is used to determine the MTW savings accounts. Ms. Gregory responded the MTW accounts are formula based depending on income. Utility allowances are factored in. A portion of the rent is contributed to tenant savings accounts.
8. Mr. White asked if one assessment tool was used at all the sites for application intake. Ms. Gregory responded yes.
9. Mr. White asked if the intake process includes all the information that would enable someone to say if the tenant was financially capable for home-ownership or owning a small business. Ms. Kauffman responded there is a 5-page plan of action which is used to qualify tenants and lay out performance standards. This is updated at the tenant's re-certification each year.
10. Mr. White asked what the average income was for the public housing population. Ms. Gregory responded that she did not have that information but would get it for the Council members.

#### OLD/NEW BUSINESS

##### Annual Election of Officers

- Mr. McDonough made a motion for Roseann Harkins to remain the Chairperson for the coming year. Seconded by Mr. Walker, the motion carried unanimously.
- Mr. McDonough made a motion for Norma Zumsteg to remain the Vice-Chairperson for the coming year. Seconded by Ms. McCarthy, the motion carried unanimously.
- Ms. Harkins reappointed the current Loan Review Committee for the coming year. Ms. Harkins stated if a Loan Review member would not be able to attend a Loan Review meeting, please contact her so she can get representation from another member for that meeting.
- Ms. Harkins stated the Joint Sunset Committee Report was in each member's packet and would be discussed at the retreat next month. Ms. Harkins advised the members to read the report.
- Ms. Johnson mentioned that DSHA received an additional \$1 million for the HDF from the Joint Finance Committee for a total of \$5 million. An additional \$227,000 was received

strictly for a mortgage assistance pilot program to help curtail mortgage foreclosures in Delaware.

- Ms. Harkins stated that DSHA and a few Council members would have an informal meeting on July 18<sup>th</sup> to discuss the agenda for the retreat in August. Ms. Harkins asked members to either contact her or someone from DSHA if they had any suggestions for the agenda or would be attending the meeting.
- Ms. Johnson stated that DSHA will shortly go out for another Bond pricing in the amount of \$60 million which will assist about 250 first-time homebuyers.
- Ms. Harkins asked members to respond to e-mails in a timely manner to assist in scheduling or in providing comments on draft presentations.

#### SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, August 9, 2006 at 1:00 p.m. in New Castle.

#### ADJOURNMENT

A motion was made by Mr. Walker to adjourn the Public Session at 3:26 p.m. Seconded by Ms. McCarthy, the motion carried unanimously.

Respectfully submitted,

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Tonya A. Burbage