

COUNCIL ON HOUSING
Public Session
Liberty Court Community Building
Dover, Delaware
September 10, 2008

Action Items

- **NCALL FY09 Grant Request**
- **RC&D FY09 Grant Request**
- **Bethel Villa Funding Request**
- **Millsboro Housing for Progress, Inc. Funding Request**

On September 10, 2008, John Walker, Chair, called to order the Public Session of the Council on Housing at 2:02 p.m. In addition to Mr. Walker, the following Council members were present:

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| Roseann Harkins | Bill Pearson |
| Russ Huxtable | Ruth Sokolowski |
| Hugh Leahy | Vincent White |
| Connie Louder | Norma Zumsteg |

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

Connie McCarthy

The following also attended the meeting:

Lynda Blythe, Administrative Specialist III, Delaware State Housing Authority (DSHA)
Matt Heckles, Executive Assistant, DSHA
Saundra Johnson, Director, DSHA
Jerry Jones, Housing Finance/Development Administrator, DSHA
James Loescher, Housing Project/Loan Manager, DSHA
Tim McLaughlin, Deputy Director, DSHA
Corinne Todd-Grieve, Housing Project/Loan Manager, DSHA

Guests present:

Elva D. Allen, Millsboro Housing for Progress, Inc.
Maggie Cook Pleasant, NCALL
William B. Duffy, Jr., Millsboro Housing for Progress, Inc.
Robert Joy, Roizman Development Inc.
Gina Miserendino, Delaware Housing Coalition

Joe L. Myer, NCALL
Israel Roizman, Roizman Development Inc.
Michael D. Skipper, WSFS
Karen Speakman, NCALL
Kelley Steed, First State RC&D
Christine Stillson, First State RC&D

APPROVAL OF MINUTES

A motion was made by Mr. White to approve the July 9, 2008 Minutes as amended. Seconded by Ms. Zumsteg, the motion passed unanimously.

HDF STATEMENT

Prior to reviewing the HDF statement (copy attached) Mr. Jones advised attendees that the location of the meeting, Liberty Court, believed by many to be a market-rate site, is actually a public housing site. Liberty Court was converted to public housing by DSHA nearly 20 years ago.

Mr. Jones noted there had been a moratorium since March 2008 on HDF funds. However, early July, the Budget Office reported the funds had been approved almost entirely as requested, i.e. \$4 million for HDF, \$5 million Preservation and \$500,000 for the DEMAP program.

The HDF statement was reviewed by Mr. Jones noting the following requests were being presented at this meeting:

Tax Credit requests:

1. Bethel Villa (Item #112) requesting both HDF and HDF Preservation funding
2. Millsboro Village (not on the HDF statement since being funded by HOME funds but to be approved by Council)

Grant requests:

1. NCALL FY09 (Item # 115)
2. RC&D FY09 (Item #116)

Mr. Jones advised Council that Lexington Green Apartments (Item #113) and Marcella's House/Judy's House (Item #114) will be presented at a later date and are the final two of four tax credit applications received.

Mr. Jones concluded the review by advising Council that DSHA will receive an additional \$232,000 in tax credits provided under the National Housing Initiative signed by President Bush in July.

NCALL FY09 GRANT REQUEST

Mr. Jones presented NCALL's FY09 request highlighting:

- Request is for \$80,325 matching funds for administrative costs to package RD Section 502 homeownership applications and Section 504 home repair grants and loans applications.
- Section 502 funds are used to purchase or construct a new home or rehabilitate an existing home.
- Current 502 interest rate is 6.75% that could be reduced to 1% depending upon adjusted family income.
- 574 loans at an average of \$95,143 were closed in the last 20 years.
- Current purchase price of homes is approximately \$176,000.
- DSHA requests that NCALL close 30 loans per year.
- HDF funds will leverage approximately \$5,286,000 used for 30 Section 502 and four Section 504 units.
- Sources for matching HDF funds come from NCALL and contributors.

It is the recommendation of staff that the \$80,325 request be approved. Resolution No. 371 (copy attached) was reviewed and, upon motion for approval made by Ms. Sokolowski and seconded by Mr. Pearson, the motion was approved. Ms. Louder abstained from voting due to her employment with NCALL.

RC&D FY09 GRANT REQUEST

Mr. Jones reviewed RC&D's FY09 request highlighting:

- The request is for \$400,000 primarily for Kent and Sussex Counties for 12 months.
- Funding is for emergency home repairs of homeowners.
- Field Coordinators screen all applicants for income eligibility.
- Eligible applicants are presented to an Oversight Committee for final determination of scope of assistance or to disapprove the application.
- Majority of repairs are performed by volunteers such as the group from Utica, NY included with the presentation.
- Work that must be licensed is performed by licensed professionals.
- An estimated 250 homes in Kent and Sussex Counties will be repaired.
- CDBG funds are also coordinated for repairs.
- The majority of households served are those of the disabled/elderly.
- Total manpower volunteer hours for the past year will exceed 13,000 hours.
- The required in-kind contributions of half of the budget has been met.
- DSHA staff recommends approval of the request.

Ms. Sokolowski noted, in previous years, discussion was held about DSHA's desire to bring homes up to code and asked if that had been accomplished. Mr. Jones responded all repairs, whether emergency or not, meet code requirements. If additional non-emergency repairs are

needed, follow-up visits are made. A DSHA inspector randomly inspects repairs that have been performed. Ms. Johnson also noted that many of these same homeowners are aided by the state's weatherization program.

The Council reviewed Resolution No. 372 (copy attached). Motion was made by Ms. Zumsteg to approve the Resolution and seconded by Ms. Louder.

Mr. White asked what the number was on the backlog/waiting list, as mentioned in the Resolution. Ms. Stillson responded there were approximately 106 as of June and the number increases daily. Ms. Steed advised the list did not include heat, water or electric issues. Mr. White also questioned if the number of homes to be assisted, shown as 250 in the Resolution, was accurate. Mr. Jones responded it was. Mr. White inquired if there were any funds remaining from last year's grant. Mr. Jones stated there were none. Mr. White asked for the definition of backlog/waiting list, if those were calls coming in or evaluations waiting to be made. Ms. Stillson advised the list represents homeowners who have been approved and are awaiting the repairs.

There being no further questions, Resolution No. 372 was unanimously passed.

Mr. White requested Council be provided a report on the coordination of RC&D's program, use of CDBG funds, winterization dollars and how other sources interact and their exposure to the situation prior to the next RC&D request. Mr. Jones said the requested report would be provided.

BETHEL VILLA FUNDING REQUEST

Mr. Jones advised Council that Bethel Villa is a subsidized development financed through a bond approximately 15 years ago. Mr. Jones noted the pie charts (included in the presentation) represent the breakdown of financing of Bethel Villa. Mr. Jones stated this financing structure is typical, percentage wise, for DSHA's funding. The charts graphically indicate the leveraging of the funds and the gap financing provided by DSHA. The permanent financing chart indicates the equity provider is providing \$12 million for \$1.3 million dollars in annual tax credits over the next 10 years.

Mr. Jones then began a review of the presentation at which time Mr. White suggested, inasmuch as Council had previously received the presentation for review, Mr. Jones not review the presentation in its entirety but Council move for approval of the Resolution and ask any questions at that time. Mr. Jones agreed that the financing structure format for each tax credit funding presentation is redundant; however, some specific items found in the Sources and Uses of Funds of this request should be noted, to wit:

- Development fee - it is DSHA's policy that if there is a related identity of interest in a project, the fee would be reduced from 10% to 8.5% with a calculation cap of \$8 million.
- Acquisition cost is \$5,025,000, its breakdown is stated in the presentation.

- Mr. Jones briefly explained the various funding sources.

Mr. White asked that Council receive a copy of both the affirmative marketing plan and management plan for review. Mr. Jones explained that the affirmative marketing plan is included as part of closing documents, and the management plan is a condition of the loan agreement and that copies of each will be provided prior to Council's next meeting.

Item 31 of the presentation requires the Borrower to obtain HUD's consent to transfer the development to the new owners, Mr. White inquired when that would occur. Mr. Jones advised hopefully in November.

Resolution No. 374 was reviewed and, upon motion by Ms. Harkins and seconded by Mr. White, was passed.

MILLSBORO VILLAGE FUNDING REQUEST

Mr. Jones stated Millsboro Village Apartments were established in 1982 and is subsidized by HUD and financed by Rural Development. Mr. Jones then reviewed the attached pie charts noting DSHA's portion of the construction financing would be 20% and only 1% for permanent financing.

Mr. Jones stated:

- The Developer's Fee is 8.5% due to identity of interest.
- Acquisition cost is \$2.4 million including the Borrower assuming the existing RD loan of \$1.2 million.
- DSHA will receive debt service on its mortgage for 10 years beginning at permanent closing.
- Although the loan will be paid off in 10 years, DSHA regulations remain in place for 30 years.
- Social services, as detailed by the Borrower in its application, is included in the tax credit agreement and loan documents.

Ms. Harkins moved that Resolution No. 373 be approved. Mr. White seconded the motion and it was passed with Ms. Louder abstaining.

DIRECTOR'S REPORT

Ms. Johnson gave the following report:

DEMAP FY09 Funding:

- The state Fiscal Year 2009 budget included a \$500,000 allocation for the DEMAP program.

DSHA FY10 Budget Request (\$10.55 million over and above the base budget) includes:

- \$5 million in HDF Preservation funds to preserve two sites.
 - Allows retention of \$37 million in federal subsidy over the next 30 years.
 - Leverages multiple funding sources through the Low Income Housing Tax Credit and other programs.
- Very Low Income Housing/Delaware Interagency Council on Homelessness (DICH) Plan of \$4 million provides -
 - New units for supportive housing.
 - Rent subsidy for those exiting foster care and homeless persons with disabilities.
 - Funding for the continuation of the 10-year plan as adopted by DICH.
- DEMAP funding of \$1.5 million -
 - Program has received approximately \$2 million from various sources since 2007.
 - Current funds expected to be exhausted by the end of the calendar year.
- Neighborhood Assistance Act (NAA) -
 - Program has been very successful.
 - \$50,000 for administrative costs requested for FY10.

Qualified Allocation Plan (QAP) -

- Process is being expedited to be drafted, approved and signed by the Governor by the end of 2008.
- Applicant requests to be sent out in January 2009.

Housing and Economic Relief Act of 2008 (HERA) -

HUD and the Treasury Department still determining specifics of HERA but the following is what is anticipated:

- Housing Trust Funds will not be allocated to states until the third year of the program.
- Tax Credits will receive a 10% increase or approximately \$232,000.
- Tax-Exempt Bond limit to be increased for states.
- Neighborhood Stabilization Funds to create new ownership of foreclosed homes.

Ms. Sokolowski asked how the funds would be distributed. Mr. Heckles stated the formula for funds distribution is not part of the law but left to HUD to develop. Allocation of the funds will, hopefully, begin by November 1st. Per Mr. Heckles, HUD will be using national

data to determine the areas of greatest need and that, because Delaware's foreclosure problem is relatively large, HUD's calculation for funding may be in the range of between \$19 million and as much as \$50 million. The funds will have to be committed within 18 months of receipt.

Ms. Zumsteg asked if the funds would be income restrictive. Mr. Heckles stated yes, all funding will be restricted to 120% of median income and that 25% is restricted to 50% or below median income.

Ms. Zumsteg asked, regarding the high foreclosure rate, if data was available identifying the most needy areas. Mr. Heckles assured Council there is a large volume of data available to make sure the areas in most need of funds will receive them.

Ms. Sokolowski inquired how fair value is being determined to purchase the foreclosed homes. Ms. Johnson responded the details for this determination were still being established.

Ms. Johnson concluded her report by encouraging Council members to attend a summit to train community leaders to help prevent foreclosures on September 29th at 1:00 pm in the Carvel State Building Auditorium. Council will be receiving invitations for this event.

ADMINISTRATIVE MATTERS

Mr. Walker stated all Council members are asked to serve on at least one of the three standing committees currently comprised as follows:

Loan Review - Ms. Zumsteg, Mr. Leahy and Mr. Walker
Communications - Ms. Harkins, Mr. Pearson and Mr. White
Operations - Ms. Louder, Ms. Sokolowski and Mr. Huxtable

Mr. Walker advised Mr. Heckles will be providing the Communications Committee a draft copy of the annual report for their review prior to distribution.

Ms. Louder, at Ms. McCarthy's request, reported on behalf of the Operations Committee that Ralph Peters will be confirmed by the Governor, prior to October's meeting, as a replacement for Joe McDonough. Ms. Louder stated she is aware of at least three additional candidates for future appointment to the Council: Lucretia Young, Joe Schiller and Carolyn Stanley.

Regarding fair housing, Mr. White asked if Council would consider writing a letter recommending realtors receive more extensive training in fair housing issues. He stated, until about eight years ago, the realtor's refresher course contained a separate three-hour fair housing course; today the training is about 20 minutes combined with other subjects. Mr. Pearson asked what the benefit to the realtor would be. Mr. White responded that realtors would be made aware of changes to the laws and nuances of the market in order to make them more attuned to fair housing violations. Ms. Sokolowski also stated this training could help broaden a realtor's view

as to what properties certain buyers should see and a greater geographic choice for the buyer. Ms. Harkins agreed that more fair housing training should be required but that the jurisdiction for this is the Delaware Real Estate Commission. Mr. Leahy asked what agency is responsible for investigating and/or prosecuting fair housing violations. Ms. Johnson responded that it is the responsibility of the Delaware Human Relations Commission.

Ms. Zumsteg asked if the rental property agreements include consideration for the issues of fair housing. Ms. Johnson responded that was correct. Ms. Harkins asked for a copy of the Affirmative Marketing Agreement that property managers agree to. Ms. Johnson replied each property writes their own. Mr. Pearson asked Mr. White if he would draft specific language for the letter. Mr. Leahy suggested possibly the state-wide Fair Housing Task Force could possibly draft a letter that could be used by not only DSHA but other entities involved in enforcing fair housing regulations. Ms. Johnson concluded the discussion by stating that DSHA would review this issue and report back to Council.

Mr. Leahy noted a recent press release had been issued stating the moratorium on HDF funds had ended and to contact Mr. Jones regarding these funds. Mr. Leahy asked what type of response DSHA had received and if the marketing of available funds are a concern. Mr. Jones replied there is a short list of applicants and that there is a finite number of affordable housing providers. Mr. McLaughlin also noted a number of applications had been received as well as several requests that have not been received in writing. Ms. Sokolowski asked if DSHA was in touch with other owners of potential preservation projects. Mr. McLaughlin stated that, historically, there has been no need for soliciting new participants; however, if there were funds available and a need for new activity, DSHA would certainly approach the Council for assistance in promoting the program.

Ms. Louder stated she and Mr. White recently attended the DICH law signing.

SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, October 8, 2008, at 2:00 p.m. in the Community Building of Huling Cove in Lewes.

ADJOURNMENT

Motion for adjournment was made by Mr. Pearson and seconded by Ms. Harkins. The motion was unanimously approved and the meeting adjourned at 4:00 p.m.

Respectfully submitted,

Lynda T. Blythe