

COUNCIL ON HOUSING
Public Session via Conference Call
July 10, 2024

MOTIONS

- May 8, 2024 Minutes
- Resolution No. 650 – George Reed Village
- Resolution No. 651 – Imani Village III
- Resolution No. 652 – Foster Commons

Doug Motley, Chair, called to order the public session of the Council on Housing meeting at 2:05pm, Wednesday, July 10, 2024. In addition to Mr. Motley, the following Council members were present:

Francis Julian	Connie Harrington	Dianne Casey	Christel Duff
Lillian Harrison	Jaime Saylor	Vandall Hampton, Jr.	Amy Walls

Amy Walls, Stephanie Griffin, and Candace Collins were present at DSHA’s office in Dover, DE (18 The Green, Conference room) which served as the anchor location for the meeting. All other members of Council appeared via video.

The following council members were absent from the meeting:

Vincent White

Also attending:

Stephanie Griffin, DSHA	Cynthia Karnai, DSHA
Candace Collins, DSHA	Emily Cunningham, DSHA
Rachael Preston, DSHA	Paul Tillman, Newark Housing Authority
Chris Carver, DSHA	David Holden, Ingleman
Marene Jordan, Newark Housing Authority	Dan Gallagher, Pennrose
Christian Dambly, Pennrose	Nikki Lane, Newark Housing Authority
Elizabeth Kim, German	

APPROVAL OF MINUTES

Mr. Julian moved, and Ms. Harrington seconded that the Minutes of the May 8, 2024 meeting be approved as submitted. The motion passed.

LOAN REVIEW – Mr. Julian

The committee met July 2, 2024, and reviewed three HDF grant funding. After due discussion, Loan Review made the follow recommendations to Council:

- **George Reed Village**
 - This is the Leasehold acquisition and new construction of seventy-two (72) units on approximately 2.43 total acres in Newark. All units will be LIHTC units and income restricted. Fifty-four (54) units will receive rental subsidy via the Newark Housing Authority. Development to include fifty-two (52) one-bedroom units (all located in the

mixed-use tower); nine (9) two-bedroom units; ten three-bedroom units; and one (1) four-bedroom unit. The Development will meet handicap accessibility requirements with eleven (11) fully accessible units.

- The Development will consist of 5-story building mixed-use building that will be stick-built framing over a concrete platform, housing the community center, 52 one-bedroom units and approximately 2,800SF of commercial space. This building will feature a flat roof and bay windows and mix of brick and fiber-cement siding. Development will also include five 3-story cottages that will have a slab on grade foundation with wood framed construction and pitched roofs. The exterior of these additional buildings will feature composite siding with black accents.
- The Development will include a community center available to all tenants. Community center will serve as a resilience hub and include management offices, kitchenette, fitness center and maintenance office. All units will feature ceiling fans, microwave hood and washers and dryers. All units will have high efficiency inverter heat pump mechanical units with 19.2 SEER rating. .92 EF electric hot water heaters and dehumidifiers. Units will be 3 all-electric and include energy star certified appliance. All units will be Zero Energy Ready. Each unit in the low-rise buildings will have their own private entry and outdoor space.
- Based on the information provided in the synopsis and during discussion, the members of Loan Review agreed to present for the full Council's approval the funding request for: (1) Construction funding as follows (a) HDF loan in the amount of \$1,552,586 at 3% simple interest for 34 months; (b) HTF loan in the amount of 1,446,414 at 3% simple interest for 34 months; (c) DSHA SLFRF loan in the amount of \$1,890,000 at 1% simple interest for 34 month and (2) Permanent financing as follows: (a) HDF loan in the amount of \$1,552,586 at 1% deferred interest for 30 years; (b) HTF loan in the amount of \$1,446,414 at 1% deferred interest for 30 years; (c) DSHA SLFRF loan in the amount of \$1,890,000 at 1% simple interest.

Mr. Julian moved, and Ms. Walls seconded Resolution No. 650, George Reed Village. The motion passed with eight (8) votes in favor and no abstentions.

- **Imani Village III (fka Riverside III)**

- This is the leasehold acquisition and new construction of 101 units in Wilmington on approximately 4.4 total acres. Sixty-eight (68) units will be LIHTC units and income restricted, and thirty-three (33) units will be market rate. The Wilmington Housing Authority will provide fifty (50) LIHTC units in the development with Project Based Vouchers ("PBV"). The Development will meet handicap accessibility requirements with eleven (11) full accessible units.
- This stick built construction with vinyl siding and brick exteriors. Units will be equipped with electric range/oven and Energy Star rated refrigerator, washer, dryer and electric water heater. Heating and air conditioning provided by new high efficiency Energy Star electric heat pumps. All units will be Zero Energy Ready. Development will include a community center available to all tenants. Community center will also serve as a resilience hub. Site will offer a common green space with raised garden beds and gazebo for tenants use. All units will also have access to private, secured exterior storage closet and self-service delivery lockers.
- Based on the information provided in the synopsis and during the discussion, the members of Loan Review agreed to present for the full Council's approval the funding request for: (1) Construction funding as follows (a) DSHA SLFRF loan in the amount of \$2,380,00 at 1% simple interest for 34 months; and (2) Permanent financing as follows: (a) HDF loan in the

amount of \$3,500,000 at 1% deferred interest for 30 years; and (b) DSHA SLFRF loan in the amount of 2,380,000 at 1% simple interest for 30 years.

Mr. Julian moved, and Ms. Harrington seconded Resolution No. 651, Imani Village (fka Riverside Phase III). The motion was passed with eight (8) votes in favor and no abstentions.

- **Foster Commons**

- This is a new construction mixed-income family development in Millsboro, DE that had DSHA funding previously approved by Council on July 14, 2021 (Resolution No. 620) with additional funding approved on October 12, 2021 (Resolution No. 624).
 - All 2020 LIHTC allocations experienced unprecedented cost increases and delays due to labor and material cost increases driven by the COVID-19 pandemic with resulted in significant budget shortfalls. To help offset the budget increases, DSHA secured additional funding to aid all 2020 LIHTC allocations from the Coronavirus Relief Fund (“CRF”) as allocated to the State under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). DSHA was able to grant \$2,275,186 in COVID Gap funding. To help offset the remaining funding gap, the developer agreed to: increase the deferred developer fee to 50% off the total fee, or \$500,000; secure a preliminary rebate allocation of \$69,000 through the Energize Delaware program for energy efficiencies in the development design. Upon approval of all lenders and the syndicator, the deferred fee was increased to \$569,00 to reflect the rebate.
 - The lower permanent interest rate secured prior to construction closing instituted restrictive conversion timelines. The construction delays caused by material and labor shortages prevented the development from converting within the stated terms to retain the stated permanent interest rate, resulting in an increased permanent interest rate to more than 7%. Developer cannot support debt service at that interest rate. The Developer requested that DSHA provide HDF interest only amortizing debt to replace the permanent financing previously secured at construction closing. DSHA agreed to consider this request as follows:
 - HDF first position interest only permanent loan in the amount of \$1,500,000 at 5.5% simple interest for 10 years with the option to extend based on market conditions and property performance.
 - The loan amount cannot increase, but DSHA may adjust the terms of the loan to include fully amortizing debt (still at 5.5% interest for 30 years) or a shorter interest only term, subject to the maximum debt service coverage the property can sustain as determined by the final conversion underwriting.
 - Based on the information provided in the synopsis and during the discussion, the members of Loan Review agreed to present for the full Council’s approval the funding request for the HDF permanent amortizing debt not to exceed \$1,500,000 at 5.5% interest only for 10 years.
- Mr. Julian moved, and Ms. Casey seconded Resolution No. 652, Foster Commons. The motion was passed with eight (8) in favor and no abstentions.

DSHA Director’s Report

Budget and Legislative Updates

- Legislative – Multiple housing bills passed the General Assembly on June 30, 2024:
 - Senate Bill 293 which prevents landlords from discriminating against tenants who receive government assistance to pay rent.
 - House Bill 442 which creates an affordable housing task force to investigate findings and recommendations to the governor and General Assembly on how to increase the production of affordable rental units and homes in Delaware.

- Senate Bill 222 which establishes the “Delaware Workforce Housing Program” (DWHP) and allows a qualified workforce housing investor to be reimbursed through a grant up to 20% of the capital cost associated with the workforce housing units they create.
- Other bills passed include legislation related to housing repair, manufactured housing, and protections for tenants against housing status and employment discrimination.

Delaware Mortgage Assistance Program (DEMARP)

- To date, we provided \$40,827,524 in mortgage relief assistance to 3,173 households. The average assistance per household is \$12,867. The application portal for all mortgage relief applications is closed, as we have reached the program’s funding capacity. We will be meeting with external partners/stakeholders to discuss re-launching the DSHA’s standard foreclosure prevention program the Delaware Emergency Mortgage Assistance Program (DEMAP).

ARPA Housing Programs

- DSHA has rolled out 5 new programs and committed approximately \$37MM of our funding allocation. We currently have \$10MM left to commit by December 2024, with applications due by August. The program budgets and expenditures are as follows:
 - LIHTC Accelerator Fund Budget is \$8,115,000; 100% committed supporting the new creation of 429 units in NCC and Sussex.
 - Preservation Fund Budget is \$5,995,00; 95% committed support the preservation of 199 units in NCC and Sussex.
 - Market Pressure Relief Budget is \$3,815,992; 100% committed and supported the completion of 440 units throughout the state.
 - Mixed Income Market Fund and Catalyst Fund just launched their second application rounds and are accepting applications until August 2024. After the first round of funding:
 1. MIMF has approximately \$9MM in reservations supporting 62 units in Sussex County.
 2. Catalyst Fund has approximately \$3MM in reservations supporting 28 homeownership units; we anticipate a similar reservation response for the second round.

Homeownership Programs

- DSHA closed the second MR transaction of \$125,000,000 for the first time home buyers. We are currently working on a third transaction in the amount of \$150,000,000. This will be a total of \$350,000,000 since January of 2024. The lowest current rate is 5.875% vs the current market rate of 6.125%.
- DSHA also re-introduced the Home Sweet Home and Delaware Diamonds down payment Assistance Programs (DPA). These programs offer qualified homebuyers up to \$12,000 of down payment and closing cost assistance that is in the form of a forgivable loan.
- Since the launch we have allocated reservations in the amount of 861 loans for \$235MM of first mortgage loans.
- DSHA launched our revamped FHA Limited 203 (k) loan program “Diamond in the Rough.” This program will provide up to 5% of the borrower’s primary loan amount to assist buyers wishing to purchase a home and complete minor improvement.

DSHA Public Housing

- DSHA is currently working on its third Public Housing conversion, this time with the preservation of our Mifflin Meadows site in Kent County. This process will use a Section 18 Disposition to convert the public housing site to a project-based rental subsidy contract, guaranteeing the long-term stability of the rental subsidy. As part of the redevelopment and substantial renovation of this site, DSHA is also exploring the option to add up to an additional 30 units at the site, creating new units with dedicated rental subsidies and

increasing the affordable housing stock in Kent County.

DDD Large Project Allocation

- DDD Large Project reservations were announced on June 14th. Reservations for fourteen projects representing seven districts and totaling approximately \$8.46MM in DDD rebates were awarded. For the last two rounds, DSHA was able to award significantly more in rebate funding due to availability of fund from previous cycles that were undescribed. As the program has grown, we have seen significant increases in rebate requests, and we anticipate being a significantly oversubscribed in the future funding cycles.

LIHTC Allocations

- We announced our 2024 allocation of Low Income Housing Tax Credits (LIHTC). This year we allocated credits to four (4) 9% applications and two (2) 4% applications. We will issue a more detailed announcement through our highlights and post to our website.

COMMITTEE REPORTS

OPERATIONS – Ms. Harrington

- During the May Council meeting the slate of officers was presented as Doug Motley - Chair and Amy Walls, Vice Chair for a one year term. The floor was opened for nominations which there were none. Ms. Casey moved Mr. Julian seconded the slate of officers, Doug Motley – Chair and Amy Wall – Vice Chair. The motion was passed with (8) in favor and no abstentions.
- The Conflict of Interest forms should have been turned in by now. There are three missing and Ms. Griffin will follow up directly with those Council members to their updates. Upon receiving the forms Ms. Griffin will forward to Ms. Harrington.

COMMUNICATOINS – Ms. Casey

No formal report however, Ms. Casey informed Council that the Annual Report will go through several drafts and eventually will be brought to Council for a full vote. The report involves input from the Communication Committee, Policy Committee, and DSHA staff and then the full Council.

POLICY – Ms. Walls

- At the last meeting we had Amy Pratt and Trish Kelleher from Diamond State Community Land Trust and neighborhood partners. Diamond State is currently under a management agreement with Neighborgood Partners. They are in the process of reinvigorating the Community Land Trust by putting together a new board of interested housing professional from a statewide perspective. Currently there are 40 units in inventory which they are working to expand that and have stated some development. Looking for people to get involved with the Diamond State Community Land Trust.
- Mr. Motley inquired about a list of real estate or affordable housing related bills that are going through legislature. Ms. Griffin stated the General Assembly concluded on June 30th and internally they are focusing on moving forward with things that were presented or tabled. Ms. Cunningham provided more in depth explanation regarding the tracking of the legislation and noted three pieces of legislation that got introduced to the General Assembly with no action taken: one bill brought forward by Representative Bush is for a low barrier navigation center that would provide interim housing and case management that offers statewide support; one bill is a statewide registry and a rental registry which will require DSHA to establish and maintain all Delaware rental units by September 2028; and one is a rental increase data collection bill which would limit rent increase in unsubsidized rental units. Again, none of the bill will more forward until the General Assembly reconvenes and it is

likely the language of some of the bills will change.

OLD BUSINESS

- No Old Business to discuss

NEW BUSINESS

- **Strategic planning update – Ms. Griffin**
 - Received draft form and there are some questions and clean up that they've asked us to provide based on standard operating procedures. Once DSHA completes review will circulate a draft for Council to review. The goal is to place and adopted in the August meeting.
- **Committee Assignments – Mr. Motley**
 - An email was sent with a list of the existing committee assignments. Respond to Mr. Motley with your desired committee assignment by July 25th. The goal is to have all committees fully assigned and allotted for our August meeting.
- **New Meeting Date – Ms. Griffin**
 - An email was sent in June requesting feedback on potentially changing the meeting date for Council on housing due to a few conflicts that have come up. We offered three dates on the second Tuesday of each month, the 2nd Thursday of each month or the 3rd Wednesday of each month. Everyone was open to moving the meeting and the majority supported the 2nd Tuesday of each month at 2:00pm. The change will be effective for the August meeting.

Ms. Casey moved, and Ms. Harrington seconded to move the monthly Council meeting from the second Wednesday of each month to the second Tuesday of each month. The motion passed with (8) in favor and no abstentions.

- **Affordable Housing Task Force – Mr. Modeas**
 - Moving forward and reaching out to potential nominees to see if they are willing to serve.
 - Once we have a short list of nominees we will discuss and select the nominee at the August meeting.

SCHEDULING OF THE NEXT MEETING

- The next meeting is scheduled for Tuesday, August 13, 2024 at 2:00 p.m. via conference call with the anchor location for those wishing to attend in person will be the offices of the Delaware State Housing Authority, 10th floor, Carvel Building, Wilmington, DE.

ADJOURNMENT

There being no further business to come before the Council, the meeting was adjourned at 2:54 p.m.

Respectfully submitted,

Candace Collins

Candace Collins

Note: Copies of materials referenced as “attached” in these Minutes are available upon request.