

COUNCIL ON HOUSING
Public Session
Buena Vista Conference Center
New Castle, Delaware
August 12, 2009

On August 12, 2009, John Walker, Chair, called to order the Public Session of the Council on Housing at 2:05 p.m. In addition to Mr. Walker, the following Council members were present:

Russ Huxtable	Ralph Peters
Hugh Leahy	Ruth Sokolowski
Connie Louder	Vincent White
Lisa Lynch	Norma Zumsteg
Bill Pearson	

The following persons also attended the meeting:

Anas Ben Addi, Director, Delaware State Housing Authority (DSHA)
Lynda Blythe, Administrative Specialist III, DSHA
Matthew Heckles, Legislative and Policy Advisor, DSHA
Jerry Jones, Housing Finance/Development Administrator, DSHA
Kathi McCoy, Public Information Officer, DSHA
Timothy McLaughlin, Deputy Director, DSHA

Guests present:

George Danneman, Salvo Landau Gruen & Rogers
Gina Miserendino, Delaware Housing Coalition (DHC)
Michael Skipper, WSFS Bank

APPROVAL OF MINUTES

Mr. Peters made motion to approve the July 8, 2009 Minutes as presented. Mr. Huxtable seconded the motion which was approved unanimously.

HDF STATEMENT

Mr. Jones reviewed the attached HDF statement noting three new applications were received in July:

- NCALL FY10 (Item #125) – requesting \$79,450.
- Homeless Planning Council (Item #126) – requesting \$80,000.
- Hope House I (Item #127) – requesting \$700,000.

Ms. Sokolowski asked if Hope House I funds were for rehabilitation or expansion. Mr. Jones replied the funds would cover both rehab and expansion.

REVISED HDF APPLICATION PROCESS

Prior to discussing this topic Mr. McLaughlin reminded Council members that, in order to better serve them, all questions they might have (i.e. regarding Minutes, reimbursements, future meetings, and ideas for future meetings, etc.) are to be addressed, either via email or phone call, to Mr. Heckles as the single point of contact. Mr. McLaughlin and Mr. Jones will remain as back-ups to Mr. Heckles.

Regarding the HDF application process (copy attached), Mr. McLaughlin stated DSHA is currently working on revising the HDF program. Mr. McLaughlin continued that expanding the Loan Review Committee is a part of the revisions and asked for Council's questions and feedback on the revision attached. Mr. Jones stated it is hoped the changes will expand the number of recipients while making the application process more organized. One of the changes, Mr. Jones noted, will be the setting of deadlines for applications.

Using the attached handout, Mr. Jones reviewed the proposed revisions to the HDF application process as follows:

Timeline:

- January and July 2010 deadlines would be for non-tax credit loans and grants.
- The tax credit application deadline of approximately April 1st each year would remain in place.

Budget Setasides – the four areas were reviewed as follows:

- Tax Credit Projects – funding of these projects is DSHA's number one priority to produce multi-family units.
- Non-Tax Credit Loans – funding for group homes or to provide gap financing for federally financed projects which will be repaid.
- Grants – funding to produce units such as homebuyer gap financing or rehabilitation grants which are not expected to be repaid.
- Administrative Grants – grants which must be matched 50/50 for housing related activities.

DSHA programs, such as DEMAP, Step-Up, etc., Mr. Jones explained will be exempt from the grant setasides. Ms. Sokolowski asked how DSHA's programs' continuation would be funded. Mr. Jones replied the funds are dependent on the HDF cash flow and amount of funding requested.

The attached Projected HDF Cash Flow itemizing Revenue and Uses was reviewed by Mr. Jones who noted:

- Projected revenue is \$19.6 million.
- The \$2.5 million Preservation Appropriation is only for one year and may or may not be funded in 2011.
- Projected uses total \$11.5 million.
- The approximate balance anticipated to begin FY2011, after deducting approximately \$2.4 million for non-tax credit funding, is \$5.6 million.

The next recap Mr. Jones reviewed was the Grant Totals by Activity for the last five fiscal years:

- 27 non-profit grants were funded during the time frame.
- The average grant was \$188,000.
- Grants total approximately \$1 million annually.
- 14 of the grants produced units.
- 26% of the funding to non-profits were for administrative grants.
- 74% of the funding produced units.
- \$5+ million has been awarded to non-profits during this time.

Mr. Leahy expressed his thanks for the recaps in explaining how money has been spent in the past as well as how it could be spent in the future and then asked, regarding the Project HDF Cash Flow breakdown if: 1) the amounts represented by the Recorder Fees, loans' debt service and loan interest could be considered recurring revenue to count on each year and 2) would it be realistic to set a goal of self-funding the HDF by utilizing the recurring revenue. Mr. Jones responded: 1) yes, the items could be considered a good baseline but cautioned that the Recorder Fees can fluctuate greatly as evidenced by the recent downturn in the economy; and, 2) providing the funding needed for gap financing has precluded (and will probably continue to preclude) DSHA from having enough funds to be a primary lender and also provide gap financing. Mr. Leahy also asked for the make up of the \$1 million interest income noted under Revenue. Mr. Jones replied the balance is comprised of the idle balance of the HDF, paybacks as well as all the outstanding construction loans paying interest monthly. Mr. Jones will verify the composition of Revenue income and advise Mr. Leahy. (Note: DSHA also receives interest payments annually on deferred loans in its portfolio.) Mr. Huxtable asked if Council could see how other funds are received and combined with HDF which would show a larger amount of funds being utilized. Mr. Jones stated yes, as many of the future presentations will utilize HOME funds' annual allocation of approximately \$3 million. Mr. Jones stated DSHA also receives CDBG funds approximating \$2 million which are passed through to Kent and Sussex counties.

Mr. Leahy then inquired whether DSHA's funding process is flexible to address changing circumstances, i.e. more counseling, etc., wherein setasides could be moved to handle current needs. Mr. Jones responded the process probably could be flexible and Mr. Ben Addi noted there are various funding sources, other than HDF, for DSHA to use to meet certain funding requests.

Ms. Sokolowski also expressed appreciation for the information presented but asked how HDF funds are being used as it relates to rehab, rentals, special needs housing, etc. to address the needs of the entire state. Mr. Jones responded that it is up to the non-profit organizations to identify those areas of need and then request funding from DSHA. Mr. McLaughlin stated, through strategic planning, needs assessment, etc. better planning of future revenue uses can be made.

Mr. Peters asked how DSHA could become proactive rather than reactive and encourage proposals for areas where particular needs are seen. Mr. Jones stated Mr. Peters' idea could be reviewed. Ms. Zumsteg noted that the Needs Assessment should be used by organizations requesting funds to determine just such areas to which Mr. Peters referred. Ms. Sokolowski would like DSHA to fund more areas of need in the state. Mr. McLaughlin thanked Council and encouraged them to continue providing their suggestions, comments and questions as to their areas of priority and stated such items will be communicated to DSHA staff to assist in developing the criteria for funding. Mr. Ben Addi stated Council's criteria input expressed today is what DSHA is seeking and noted there are two phases to the revision process: 1) the operational side, i.e. establishing timelines, specific areas and their amounts to be funded, etc., and 2) the qualitative side. Mr. Ben Addi stated it is easy to establish the ranking of applications by awarding the highest number of points to those applicants best serving the lowest income level possible. Mr. Ben Addi cautioned that, because there is limited funding, fragmenting setasides for specific areas such as senior housing, people with disabilities, children exiting foster care, etc. would not be feasible. The best way to establish funding areas, with Council's help, Mr. Ben Addi continued, is to choose more general criteria i.e. income, subsidy, economic benefit, etc. Once the criteria is established DSHA would then be responsible for the outreach to specific providers to: 1) make certain the criteria is understood, 2) present a user-friendly application; 3) provide a quick process and 4) utilize two funding rounds to better serve providers' needs.

Mr. Leahy stated he would like score sheets and setasides to work in tandem when ranking applications so that a fair balance of providers and needs would be served. Mr. Jones stated that is the purpose of the setasides.

Mr. Peters asked how DSHA could encourage providing assistance for current homeowners living in substandard housing possibly by establishing specific setasides or other alternatives. Mr. Jones responded that the Community Development Block Grant (CDBG) program currently addresses those needs, albeit not enough, and that First State Resource Conservation and Development (RC&D) addresses emergency situations. Mr. Jones continued that the housing problem is huge and, historically, the main emphasis has been on multi-family rental support. However, Mr. Jones continued, a challenge grant could be proposed to see if there would be developer support for such funding. Ms. Zumsteg noted that several years ago funds were available for homeowners but not utilized and subsequently transferred to provide more grant money. Mr. Jones assured Council that DSHA is receptive to their unique ideas. Mr. Pearson expressed his confusion of the Needs Assessment and asked the frequency of its updating and could it be done more often. Mr. Jones replied HUD requires the Needs Assessment be updated every five years but DSHA's planning area constantly updates the information. Mr. Ben Addi stated DSHA's focus is changed frequently by tracking production

and comparing it to determined needs; but that the collecting of data to produce new Needs Assessments is very costly. Ms. Sokolowski also stated DSHA continually monitors conditions to be aware of changes in the marketplace.

The meeting was suspended at 3:05 p.m. for the taking of a group photograph of Council and resumed at 3:15 p.m.

OTHER BUSINESS OLD/NEW

Minority and Women-Owned Business Discussion

Mr. White said the purpose of his talk was to elicit discussion by Council to encourage the state and DSHA to increase the utilization of the services of qualified minority and women-owned businesses. Mr. White also stated it is his belief that the future economic growth of Delaware is linked to the minority population growth. Mr. White further explained he had been asked, as a result of his background in real estate development, to look into economic development issues throughout the state and cited some of his findings regarding minority and women-owned businesses in Delaware:

- Lacking entrepreneurial parity (parity meaning minority business activity matches minority population percentage)
- Lacking capacity throughout Delaware.
- Minorities currently comprise 45% of Delaware's population with a projected increase to 65% by 2050.
- Recent figures indicate Delaware spends \$836 million on procurement with only 2% being spent with minority businesses.

Mr. White explained the lack of parity effects Council when there is little or no participation by minorities in projects recommended for approval by Council.

Mr. White wants to make certain that encouragement is given to developers, contractors and subcontractors to further diversify the supplier chain so that the funds go to a parity of people. Mr. White would like Council to pass a resolution to encourage DSHA to increase the diversity, on an aspirational basis, in the use of minority and women-owned businesses.

Ms. Sokolowski asked what is DSHA's current level of effort in trying to see that there is minority participation in contracts for the use of funds awarded by DSHA. Mr. White responded the last figure he knew of was from four years ago and, at that time, only 1% of DSHA's procurement was comprised of minority or women-owned businesses.

Ms. Sokolowski further questioned if there is any language standard in DSHA's loans and grants encouraging the use of minority and women-owned businesses. Mr. Heckles responded there is not. Mr. Pearson asked if there are any minority industry associations to which state agencies can publicize upcoming contracts and suggested those associations should be heavily marketed. Mr. White responded he will be creating a Minority Business and Entrepreneurial Council to address the public policy and capacity issues of minority and

women-owned businesses and that there are other minority organizations but their focus is more towards procurement rather than capacity. Mr. White continued that DelDot does specifically advertise to minority and women-owned businesses because there is an aspiration requirement in all federal transportation contracts.

Mr. Huxtable stated language regarding minority and women-owned businesses does exist in tax credit applications and asked if Mr. White proposed something more be added. Mr. White responded, no, he merely would like Council's resolution of encouragement. Ms. Sokolowski supports Mr. White's request and would like to include language in DSHA contracts that developers put forth their best effort to engage minority and women-owned businesses. Mr. Walker asked Ms. Sokolowski, Mr. White and Mr. Heckles to prepare verbiage for a Council resolution and present it at the September meeting.

Legislative Update

Mr. Heckles gave the following 2009 legislative recap (copy attached) focusing on housing items and whether or not they impacted DSHA, however, most did not.

- Eminent Domain – Senate Bill 7
 - Signed by the Governor April 9, 2009.
 - Requires eminent domain authority to be used solely for “public use” and defines that term.
 - Benefits derived from economic development do not constitute public use.
 - Includes notice to property owners of the asserted public use and this policy.
- New Castle County Work Force Housing –
 - Several bills were introduced by Senator Cathcart which would impact the work force housing ordinance recently passed in New Castle County.
 - All bills were discussed by the Housing Committee but none released to the full House.
 - All bills are still viable until the end of this year's session.
 - Council member, Mr. White, spoke to the Housing Committee opposing the bills.
- Manufactured Housing –
 - There are on-going negotiations between homeowners and landowners.
 - House Bill (HB) 107, allowing rental payments to be paid in installments, was passed and signed Governor Markell on June 24th.
 - Tree maintenance, HB 105, clarifying the obligations of tree maintenance by the owner/landlord, was passed by the House but there was no Senate action.
- Recorder of Deed Fee Increase –
 - The fee was increased from \$6 to \$30 per document.
 - Previously \$5 of the fee was applied to the HDF and \$1 was allocated to a fund assisting other offices in updating technology.
 - The new fund will now receive \$25 of the \$30 fee which will go to the Delaware Cultural Access Fund. The HDF fee remained unchanged.

Ms. Zumsteg asked if any lobbying had been made for increased funds for DSHA. Mr. Heckles replied that DSHA has been lobbying for several years for an increase in the share of recorder fees. The Housing Coalition also lobbied for increased funds. However, due to the urgency of legislation being completed by the end of the fiscal year, June 30, there was no time for further lobbying. Mr. White stressed that it is the duty of all Council members to personally lobby for bills such as this that affect DSHA funding.

Mr. Peters asked for clarification of the Delaware Cultural Access Fund. Mr. Heckles stated the fund is for the Arts in Delaware. Mr. Ben Addi stated DSHA did strenuously argue for a greater share of the new fees; however, this change was not introduced as a separate Bill but was packaged amongst many others and no testimony was being taking at this time. Mr. Heckles suggested Council discuss budget needs later in the fall/early spring when the next budget process begins.

- FY10 State Budget -
 - The HDF base fund was not reduced but remained at \$4.07 million.
 - Funding of \$2.5 for Preservation needs and \$250,000 for the Delaware Emergency Mortgage Assistance Program were maintained.

All agreed that, in a very difficult budget year, DSHA was very fortunate to receive this amount.

At this time Mr. Walker read Council's August 12, 2009 'thank you' letter to Governor Markell for DSHA's continued funding (copy attached).

Freedom of Information Act (FOIA) Review

Mr. Heckles reviewed the attached memo regarding the legal opinions received on Council's three primary questions:

1. Electronic discussions, deliberations or dialogue among Council members.

Opinion: Soliciting opinions or discussion among members via email would be in violation of FOIA even if the emails were made publicly accessible. Emailing or circulating information among members, where there is no discussion, is allowable.

2. Video or tele-conferencing meetings.

Opinion: These meetings are allowable as long as the public has access to the same technology.

3. Committees of Council's ability to vote on matters.

Opinion: Committees may, and sometimes are required to, vote on whether items should be forwarded to full Council or the Director for consideration.

Council still has the following question: Is it a public meeting when a committee composed of less than a quorum of Council communicates in person or electronically? Mr. Heckles will obtain legal opinion of this question and report back to Council.

Strategy Session Final Report from Dr. Leland

Ms. Sokolowski moved that the final report from Dr. Leland be approved subject to adding the names of those in attendance. Mr. Peters seconded the motion which Council unanimously approved.

The following committees were established to which Mr. Walker appointed the following members for terms of two years:

<u>Communications</u> -	Chair -	Hugh Leahy
	Members -	Bill Pearson Ralph Peters Vincent White
<u>Housing Policy</u> -	Chair -	Ruth Sokolowski
	Members -	Russ Huxtable Lisa Lynch Ralph Peters Norma Zumsteg
<u>Loan Review</u> -	Chair -	Norma Zumsteg
	Members -	Hugh Leahy Connie Louder Lisa Lynch Vincent White
<u>Operations</u> -	Chair -	Connie Louder
	Members -	Russ Huxtable Ruth Sokolowski

Mr. Walker, as Chair of Council, will rotate among the committees.

Operations Committee

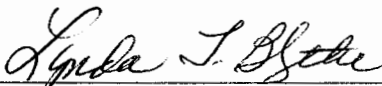
Ms. Louder thanked Council for their survey responses (copies of which will be given to each member) which produced a chart of Council's areas of expertise and what areas of expertise is desired by a new member. This information will be used to advise the Governor

for future appointments. It is the recommendation of the Committee that a future member have a legal background and interest in housing and diversification is very important. Mr. White asked that recommendations support equal representation to meet the needs of Delaware's population. Mr. Walker will draft a letter of Council's suggestions to the Governor. Ms. Louder also asked Council members to encourage potential members to apply for membership by utilizing the on-line application located in the state's website. Ms. Louder also stated the committee has begun drafting the charge of the Operations Committee which will be presented to Council for their review and vote.

Mr. Walker informed Council that DSHA is asking for a Council member to join the review panel of the Homeless Prevention and Rapid Re-housing program. Mr. Heckles will be emailing details regarding the program along with a request for Council participation. Mr. White asked that a Council member attend an upcoming CDBG public hearing. Mr. McLaughlin will follow up with Council on this request. Mr. White would also like someone from Council to attend Dover Housing Coalition meetings. Ms. Sokolowski stated she intends to work with the Housing Policy Committee to assist in getting Council involved in various meetings and activities.

Mr. Leahy moved and Mr. Huxtable seconded that the meeting be adjourned. Upon unanimous vote the meeting adjourned at 4:35 p.m.

Respectfully submitted,


Lynda T. Blythe

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