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**Newark Housing Authority
Board of Commissioners
December 14, 2022**

Summary of Meeting (Virtual Zoom) Minutes

Opening:

The regular meeting of the Board of Commissioners was called to order at approximately 5:15 PM by the Chairperson, Nikki Lane.

I. Roll Call:

The Chairperson made a request for Roll Call. Board of Commissioners present: Nikki Lane, Emile Brown, Paul Tillman and Jerry Clifton. Marene Jordan (Executive Director) and Attorney Donald Gouge Jr. were also present.

Absent: Marguerite Ashely (excused absence) and Abéo Lucas

Invited Guest of the Executive Director: Nicole Graham (consultant) from CSG Advisors and Joseph Manfre (auditor) from Barbacane Thornton & Company.

Member from the Public: Resident, Ellen Pollack

Note: One Board Seat Vacant – Mayoral appointment

The Chairperson turned the meeting over to the Executive Director to introduce our first guest speaker.

III. Guest:

1. Representative from CSG Advisors, Nicole Graham, to present NHA Developer Proposal Evaluations.

Before the introduction, the Executive Director made a brief statement as to the reason for the re-solicitation of the RFQ. “NHA was not able to agree to the final terms and conditions of the contract with its former development partner and therefore re-solicited the RFQ to procure a co-developer partner for the redevelopment of George Reed Village on October 13, 2022. Two responses were received. Nicole Graham, a principal from CSG Advisors, will present the findings of the two respondents.”

Mrs. Graham informed the board that CSG Advisors have been in business since 2003 and she was excited to have the opportunity to present to the BOC. She stated that CSG has been involved with the George Reed Project for a couple of years. She confirmed, as mentioned by Ms. Jordan, that the proposal was sent to a dozen developers, but only two responses were received. She stated, “In response to the RFQ developers look at the project, the market and how the project is funded. Currently, there is a rise in interest rates and the cost of construction which has impacted the market.”

Mrs. Graham proceeded with the Power-point presentation. In comparison, the findings were:

Michaels Rental Units:

80 units: Forty 1-bedroom units, thirty 2-bedroom units, and ten 3-bedroom units.

- To be completed in 2 phases.

Ingerman Rental Units:

- 60 units: Thirty-nine 1-bedroom units, nine 2-bedroom units, eleven 3-bedroom units, and one 4-bedroom unit.

To be completed in 1 phase.

Update on BAFO:

Hard cost per unit, total developer cost per unit, percentage of cash flow to NHA, percentage of developer fee to NHA and guaranty were similar between the two. However, the differences were the total of new units, the number of PBVs, upfront payment to NHA, phases to complete the project (1 phase vs. 2), and the percentage of competitive sources (based on 1 phase vs. 2).

Summary of Proposals:

Michael's Pros:

- Highest Developer Fee & Acquisition
- Highest total unit count

Michael's Cons:

- Requires two 9 percent LIHTC awards
- Higher PBV Count
- Will manage while guaranty is in place

Michael's Additional Considerations:

- Will pay 50 percent of pre-development costs

Ingerman's Pros:

- One 9 percent LIHTC application to fund construction
- Use of Alder Creek vacant units for relocation

Ingerman's Cons:

- Will manage while guaranty is in place.

Ingerman's Additional Considerations:

- Pre-development costs not specified

Note:

- Operating and LIHTC guarantees are contingent on property management involvement.
- Relocation plans minimize Phase 1 displacement

Total Sources & Uses:

- Sources & Uses: \$28,358,949 vs. \$20,803,000

Key Project Cost:

- Total Cost Per unit \$354,487 vs. \$346,717
- Hard Cost Per unit \$255,528 vs. \$260,773
- Fee to Developer \$1,500,000 vs. \$750,000 (2 phases vs. 1)

Funding Composition:

- Debt 14 percent vs. 21 percent
- Committed Sources 16 percent vs. 22 percent
- Competitive Sources 70 percent vs. 57 percent
- LIHTC Equity 66 percent vs. 43 percent
- Additional Competitive Sources 5 percent vs. 14 percent
- Seller Note zero
- ❖ Debt consists of conventional debt.
- ❖ 9 percent LIHTC equity includes Federal LIHTC Equity only
- ❖ Competitive Sources include funding sources that are subject to further approvals, excluding a 9 percent LIHTC.

Return to NHA:

- Acquisition Payment \$ 20,000 vs. \$0
- Developer Fee \$500,000 vs. \$250,000
- Total Capitalized Payments \$520,002 vs. \$250,000

Guaranty:

- Construction, tax credit shortfall, operating deficit: both will provide all guarantees provided that their affiliate management company be the property manager.

At this point in the meeting, the floor was opened for questions and answers.

Commissioner Clifton commented, "Looking at the companies, what was the vetting process like? Who is the best qualified? We know that both companies manage complexes. Do we know how old the units are? If so, are they in good shape?"

Mrs. Graham could not provide any background information regarding Ingerman. She stated, "However, CSG has knowledge of Michaels completing five projects in Delaware and they are currently working on a few transactions. The response that Michaels proposes for George Reed is a huge part of their business; that can be good or bad. They have been around for a long time. Their projects are similar, and the health of a development depends on how they are funded."

Commissioner Clifton responded, "Thank you." He commented that he did a Google review on the two companies. He mentioned change orders and suggested that we have protection in place for change orders.

Mrs. Jordan reminded the board of our partnership with Ingerman for the redevelopment of Cleveland Heights – now Alder Creek. Mrs. Jordan added, "Under the 1st solicitation of the RFQ to procure a developer partner, site visits were conducted." She mentioned touring Main Towers and Lincoln Towers which both appeared to be under good management.

Mrs. Jordan added, "A review committee was established to review the proposals."

Chairperson Lane mentioned her concern for the transition of property management from the developer to NHA.

Mrs. Jordan agreed. She stated, "Although NHA is not certified as a managing company for LIHTC compliance, management is something that will be negotiated. We previously discussed shadowing the developer for 5-years to gain experience to regain management solely subject to DSHA and the investors' approval."

In closing, Attorney Gouge asked if CSG had any recommendations.

Mrs. Graham responded, "No. However, in her professional opinion both developers can develop and get the job done. We can negotiate what they have presented or ask for changes. In conclusion, the selection should be based on the one you feel most comfortable with."

The Chairperson thanked CSG for their attendance and presentation.

Attorney Gouge asked if the board would be voting on a partner at tonight's meeting. If not, would permission be granted to start negotiations.

The Chairperson mentioned that she was not prepared to make her selection at tonight's meeting.

Commissioner Clifton stated that he was in favor of selecting Michaels but would feel more comfortable to delay his vote until the next meeting.

Commissioners Tillman & Brown asked if the Executive Director had a recommendation.

Mrs. Jordan mentioned that she does not have a recommendation either but did disclose the results from the evaluation committee. The results were two to one favoring Michaels.

A brief discussion took place with the Executive Director emphasizing the importance of selecting a partner given the small window of opportunity to successfully negotiate an MDA and submit a tax credit application. "Our backs are up against the wall."

The Chairperson asked if there is a motion on the floor to vote upon. A motion was made by Commissioner Clifton and 2nd by Commissioner Brown to allow more time before a selection is made.

The Chairperson moved onto our next guest.

2. Joseph Manfre, Representative from Barbacane Thornton & Company, to present FYE 3/31/2022 Final Audit.

Mr. Manfre proceeded with the audit results as of March 23, 2022. The presentation began with an overview of the Fiscal Year 2022 Audit in summary.

Status and Reports:

- On-site fieldwork for the fiscal year 2022 audit completed in late August.
- We issued an unmodified ("clean") audit opinion on the financial statements.
- We also issued an unmodified opinion on compliance related to internal controls over compliance and compliance with federal awarded program rules and regulations.

Results and Notable Items:

- Internal control systems surrounding the processing of transactions (cash receipts, cash disbursements, and payroll) are designed and operating effectively.
- Housing Choice Voucher Program (HCV) to ensure compliance with federal rules and regulations (Single Audit).

Financial Highlights:

Summary Financial Data – Entity-wide financial statements

March 31, 2022

<u>Total Assets:</u>	<u>Total Liabilities:</u>	<u>Net Position:</u>	<u>Total Revenues:</u>	<u>Total Expenses/Losses:</u>
\$2,946,188	\$357,684	\$2,588,504	\$1,785,271	\$1,618,939

Summary of Some Required Communication:

- Our responsibilities were included in the engagement letter dated July 13, 2022.
- We have issued an unmodified opinion on the financial statements and supplementary information for the year ending March 31, 2022.
- We are not aware of any significant accounting policies used by NHA in controversial or emerging areas for which there is a lack of guidance.
- There were no uncorrected misstatements for the year ending March 31, 2022.

- Our proposed audit adjustments were reviewed by management, approved, and are reflected in the financial statements.
- There were no material weaknesses or significant deficiencies in internal controls identified.
- We are not aware of any fraud or illegal acts.
- We are not aware of any matters that in our professional judgment would impair our independence.
- We have obtained from management a letter of representation related to the audit.

At this point in the meeting, the floor was opened for questions. Since there were no comments or questions, the Chairperson thanked Mr. Manfre for the presentation.

IV. Approval of Minutes:

(a) Meeting Minutes from October 12, 2022

The Chairperson asked if there were any questions or comments regarding the minutes prior to asking for a motion to approve the meeting minutes. Since there were no questions or comments, the Chairperson asked for a motion to approve the meeting minutes. Commissioner Brown made a motion to approve the meeting minutes from October. The motion was 2nd by Commissioner Clifton.

Aye 4 (Lane, Brown, Tillman, Brown and Clifton)
Nay 0
Motion passed, Vote: 4 to 0

(b). Executive Session Meeting Minutes from September 14, 2022

No action taken on these meeting minutes – Tabled

(c). Executive Session Meeting Minutes from October 12, 2022.

The Chairperson asked if there were any questions or comments regarding the Executive Session Meeting Minutes from the October meeting. Since there were no questions or comments, the Chairperson asked for a motion to approve the meeting minutes. Chairperson Lane made a motion to approve the meeting minutes from October. The motion was 2nd by Commissioner Clifton.

Aye 4 (Lane, Brown, Tillman, Brown and Clifton)
Nay 0
Motion passed, Vote: 4 to 0

V. Report of the Executive Director:

(a). Staff Reports from October and November 2022

The Chairperson asked for the report of the Executive Director for the months of October and November 2022. Ms. Jordan provided the following report for the month of October:

MARC & DE NAHRO Annual Conference and Trade Show:

The Delaware Chapter of the National Association of Housing & Redevelopment Officials (DE NAHRO) is pleased to be the host of the 2023 Middle Atlantic Regional Council of the National Association of Housing and Redevelopment Officials (MARC NAHRO) Conference in Wilmington, DE. The conference will be held in the Chase Center on the Riverfront, May 8 to May 10, 2023.

Conference partnership will afford you the opportunity to meet, in person, the leaders in Affordable Housing, Public Housing, Redevelopment and Community Development in the Mid-Atlantic Region. The Conference & Trade Show is a cost-effective method of communicating directly with the decision makers in the multi-million-dollar housing & community development market. Mrs. Jordan asked if there was any interest in attending, and if so, she asked those in attendance to let her know so she can pre-register them.

Newark Conservation Advisory Commission:

Mahi Palanisami, a member of the Newark Conservation Advisory Commission, contacted the Newark Housing Authority regarding funds being available to perform weatherization upgrades to units owned and managed by the authority. Energize Delaware made a presentation to the Conservation Advisory Commission a few weeks ago and the NHA was suggested as a Newark entity that could directly work with Energize Delaware. The interaction between the two would involve weatherizing and/or other projects with Conservation Advisory Commission providing funding support.

Once the Newark Conservation Advisory Commission, and Energize Delaware agree on a summary of work, NHA will begin the online application process to apply for Energize Delaware's empowerment grant. The work can start immediately after the application is approved. Funds committed from the Conservation Advisory Commission will be matched in funding by Energize Delaware.

The Newark Conservation Advisory Commission may vote on this at their November or December meeting.

JP Morgan Chase:

The Newark Housing Authority (NHA) participated in a zoom call with Jac Rivers, a program officer with JPMC Foundation. Their framework for grants includes:

- Affordable Housing/Rental Homes
- Developers in Affordable Housing
- Keeping families in their homes
- Financial Literacy
- Small Business Owners.

The Newark Housing Authority was referred to them by Mayor Markham to provide financial literacy to our program participants through available grants. In addition to this, the agency also requested a grant to assist with relocation. Because the grants are smaller in size, there will be no RFP process. NHA has expressed an interest in participating once the grant process is made available.

Extension of Certain Regulatory Waivers for the Housing Choice Voucher Program:

The Newark Housing Authority (NHA) requested two waiver extensions that are set to expire on December 31, 2022. On October 20, 2022, NHA requested an extension for the following:

- Increase in Payment Standard During the HAP Contract Term; Regulation 982.505(c)(4). Housing Authority has the option of increasing the payment standard for the family at any time after the effective date of the increase, rather than waiting for the next reexamination.

HUD approved the request on October 26, 2022, set to expire on December 31, 2023.

- Voucher Tenancy: New Payment Standard Amount; Regulation 982.503(b). Housing Authority may establish payment standards from 111 to 120 percent of the applicable FMR.

HUD approved the request on October 26, 2022, set to expire on December 31, 2023.

Application #DDA0011025 for the Proposed George Reed Village II:

The Newark Housing Authority (NHA) reissued an RFQ on October 14, 2022, to procure a developer partner. The timeline for the RFQ is as follows:

- RFQ Available October 14, 2022
- Site Tour in Newark, DE October 26, 2022
- Questions/Information Requests Due October 28, 2022
- Response to Written Questions November 4, 2022
- Submittals Due November 11, 2022
- Interviews and Site Visits Completed November 18, 2022
- Final Selection of Developer Partner December 2, 2022

The RFQ is available on our website. The RFQ was emailed to 24 developers from a list developed by NHA's team.

Application #DDA0011618 Disposition of Two Scattered Site Rental Properties:

On October 3, 2022, the Newark Housing Authority (NHA) issued vouchers to the two families occupying the units proposed for sale. It appears both families were pre-approved for units (one outside the city limits and the other within). We anticipate both families completely moved out by the end of December. NHA has identified a moving company to assist with their moves. NHA will pay (for the new residence) the required security deposit and connection fees of utilities and/or services that exist in their current units.

Mrs. Jordan proceeded with the Staff Report from November 2022.

Newark Conservation Advisory Commission:

There is a current update to the Newark Housing Authority being recommended to be a recipient of funds available to perform weatherization upgrades to units owned and managed by the authority. The process began with an application being submitted and approved for the work to begin. A team was assigned through Energize Delaware to perform the required energy audits for the four units on Madison Drive using an oil heating source. The units are being proposed for conversion to electric heat pumps. The audits

were completed on Monday, November 28th. We are now working on the grant application to fund the project.

Collaboration of All Five Housing Authorities for Housing Mobility Funds:

All five housing authorities in Delaware collaborated in a joint effort in support of a small but important provision in the 2023 Appropriations Bill for “Housing Mobility Services” within the Housing Choice Voucher Program. These funds were recently approved by the House Appropriations subcommittee (for \$25M) but were not included in the Senate HUD subcommittee’s draft bill. These funds are extremely important to assist families who wish to move from high poverty neighborhoods to areas with greater opportunity. The funds would provide important support for many of our families. The joint letter expresses how very difficult it is for many of our families to make these kinds of moves without assistance and without the landlord incentives to attract owners in better resourced areas.

Community Interest in Scattered Site Properties:

NHA was contacted by a member of the community to purchase several of our scattered sites to list in our Housing Choice Voucher Program after purchase. Our attorney, Don Gouge, participated in the zoom meeting. Currently the interested party is evaluating all available funding sources to determine a path moving forward.

Newark Area Welfare Committee – Holiday Cheer:

NHA was contacted by Polly Sierer (a member of the Newark Area Welfare Committee) who will be conducting their Holiday Food Program in person this year. A request was made for a list of residents under NHA’s Public Housing Program as well as the residents at Alder Creek who will be recipients of the services provided by the NAWC. The lists were provided. Residents will be notified of their food boxes and an Acme gift card that will be delivered to them on Saturday, December 17th between 10 AM – 12 noon.

Meeting with Director Young, Delaware State Housing Authority:

NHA’s director attended a meeting with Director Young from DSHA on Monday, November 21st. The purpose of the meeting was for NHA to be made aware of Harvard Kennedy School’s Government Performance Lab offering 12 months of pro bono technical assistance (TA) to help with homelessness prevention and rehousing initiatives. DSHA submitted an application with all five housing authorities in mind, and if we are selected to receive the TA, DSHA would like to use it to bring the state’s PHAs together to streamline resources and processes for leasing up voucher holders.

A follow-up meeting is scheduled for Tuesday, December 6th.

Delaware Coalition Against Domestic Violence:

NHA was connected to Nick Beard, a contact at the Delaware Coalition Against Domestic Violence, to see if a partnership on housing issues in the DV community could be established. A meeting is pending.

Audited Financials FYE 3/31/2022:

On November 1, 2022, the audited financials were submitted electronically to HUD for their review and approval. The status is pending.

CDBG Update:

NHA inquired into the status of the CDBG funds awarded under the 48th year (July 1, 2022 – June 30, 2023). NHA requested that these funds be reallocated to continue to make capital improvements for our scattered site rental properties. This is in place of the initial request to help fund the demolition of the administrative building as part of the redevelopment of George Reed Village. A representative from the city communicated that the Committee recommended the reallocation for this current year in the amount of \$54,467 and \$53,820 for the next year starting July 1, 2023. The request is going to the Council for approval on December 12th.

Mrs. Jordan added that she received communication from the City's Planning & Development Department providing documentation from the December 12th City Council meeting awarding NHA \$53,820 for the redevelopment of George Reed Village and approving NHA's request for a re-allocation of funding awarded last year totaling \$62,565.06.

HUD notice of Physical Inspections:

NHA received official notification of our HUD REAC onsite physical inspections for the George Reed Village and Alder Creek on November 3, 2022. NHA received an 87 out of 100 possible points while Alder Creek received an 80 out of 100 possible points on their physical inspections. Regarding NHA's physical score, NHA submitted a database and technical appeal which is currently under review to reassess and possibly increase NHA's score. The appeals are based on observed findings reported by the inspector that are being questioned. Moreover, the findings do not comply with the City of Newark operating under the 2018 International Resident Codes. The findings are also not aligned with the Residential Lease agreements the residents sign obligating them to maintain their unit in a safe and sanitary manner and maintain the exterior grounds (ie. lawn maintenance and overgrown vegetation).

Application #DDA0011025 for the Proposed George Reed Village II:

NHA reissued an RFQ on October 14, 2022, to procure a developer partner and received two responses. An evaluation committee was established to review the responses. The presentation from CSG earlier in the meeting was part of this update.

Application #DDA0011618 Disposition of Two Scattered Site Rental Properties:

As a follow-up to the relocation of the two families occupying the units proposed for sale, one family successfully moved and leased-up as of November 2, 2022. The remaining family is expected to be leased-up by January 1, 2023.

The Chairperson congratulated the Executive Director on receiving a good REAC Physical Inspection Score. She asked if there were any questions or comments regarding the Staff Reports. Since there were none, she asked for a motion to approve the Staff Report. Commissioner Tillman made a motion to approve the Staff Report. The motion was 2nd by Commissioner Brown.

Aye 4 (Lane, Brown, Tillman, Brown and Clifton)
Nay 0
Motion passed, Vote: 4 to 0

VI. Committee Reports:

The Chairperson called for the report from the Policies, Procedures, and Compliance & Personnel Committee.

A. Report of Policies, Procedures, Compliance & Personnel Committee – Chairperson (Mr. Brown): (a). Annual Review of the Executive Director

The Chairperson of this sub-committee, Mr. Brown, was present for this meeting. Commissioner Brown acknowledged that an Executive Session was held at 4:30 PM prior to this meeting to complete the evaluation of the Executive Director.

The Chairperson called for the report from the Development Committee.

B. Report from Development Committee – Chairperson (Vacant): (a). Committee Update – George Reed Village II

The Chairperson asked if there were any additional comments Mrs. Jordan would like to make regarding a report from the Development Committee. Mrs. Jordan restated the importance of having a developer selected at next month's meeting.

The Chairperson called for the report from the Finance Committee.

C. Report of Finance Committee – Chairperson (Ms. Ashley):

(a) Monthly Financials:

The Chairperson of this sub-committee, Ms. Ashley, was not present for this meeting. Mrs. Jordan asked if there were any questions, comments or concerns regarding the financials reported for this meeting.

Since there were none, she called for the report from the Strategic Planning Committee.

D. Strategic Planning Committee – Chairperson (Ms. Lane):

The Chairperson of the board is the Chairperson for this committee and was present. She acknowledged being a member of the CDBG and Revenue Sharing committee and agreed with the recommendations made to council regarding NHA's awards in funding.

The Chairperson moved on to the next agenda item.

VII. Attorney Issues:

Mr. Gouge had no attorney issues to report.

VIII. Old Business:

- A. From the other Commissioners: None
- B. From the Executive Director: None
- C. From Legal Counsel: None

IX. New Business:

- A. From Commissioners: Commissioner Clifton commented on NHA being the only public body that does not meet publicly. He encouraged the board to consider meeting in person. Commissioner Tillman agreed. He mentioned attending one meeting in person (pre-COVID) which allowed for social time before and after meetings. Commissioner Brown mentioned meeting either way works for him.
- B. From the Executive Director:
 - a). Board Vacancy – City of Newark Appointment. No communication received as to a replacement
- C. From Legal Counsel: None

II: Visitors and/or Petitions:

The Chairperson opened the floor to our visitor, Ms. Pollack. She had no questions or comments.

X. Adjournment:

The Chairperson asked for a motion to adjourn the meeting. The Chairperson made a motion for the meeting to adjourn. The motion was 2nd by Commissioner Clifton.

Aye 4 (Ms. Lane, Mr. Tillman, Mr. Clifton, and Ms. Lucas)
Nay 0
Motion passed, Vote: 4 to 0

Meeting adjourned at approximately 6:38 PM

Minutes Submitted by: Marène M. Jordan, Executive Director