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**Newark Housing Authority
Board of Commissioners
June 12, 2024**

Summary of Meeting (Virtual) Minutes

Opening:

The regular meeting of the Board of Commissioners was called to order at approximately 5:01 PM by the Chairperson, Nikki Lane.

I. Roll Call:

The Chairperson made a request for Roll Call. Board of Commissioners present: Nikki Lane, Paul Tillman, Emile Brown, Kelly Tompkins. Keith Moone Sr. and Abeo Lucas. Marene Jordan (Executive Director) and Attorney Donald Gouge Jr. were also present.

Note: One Board Member Vacancy – Governor Appointment

Guest Present: Elizabeth Kim & Dave Holden from Ingerman
William Dreisbach from CSG advisors

Visitor Present: Ellen Pollack resident Independence Circle
*Present with technical issues

II. Guest Speakers/Presenters:

The Chairperson welcomed our guests and opened the floor for our first speaker from the Ingerman Group.

- (a). Representative(s) from Ingerman – GRV developer partner:
- Elizabeth Kim, Senior Development associate
 - David Holden, Development Principal

Dave Holden from Ingerman (developer partner) was invited to provide a project overview & status update for George Read Village.

Mr. Holden began the project overview & status update by referring to screen shared documents of the site. He proceeded with the following dialogue. “This is what we used for the presentation to the City Council a few months ago. You can see the senior building, kind of in the in the center slightly over to the right with the alternating facade with the gray and the white. And then the retail on the front, the lower with the with the deck above. And the cottages are in the back fronting Delaware Circle. So, I just think this is a good representation of what we are moving forward with. The City Council meeting went really well. I think the Housing Authority had done a lot of groundwork. That kind of put things in motion so if there was any opposition, it never, never came to light. We had, I think, one or two neighbors who were not even local

but had concerns about parking and noise. They were landlords that rented houses and lived out of state. So, we got unanimous approval, which is only my second project in Newark, but I think this was one meeting that had approval of this kind. "A Hall of Fame Project" so we were thrilled with that. That allowed us to move into the CIP process, which is the construction documents. And we've been working on that now with the engineers and architects with the City of Newark and DelDOT. It's basically just a more detailed plan review. We're just about done with that process. There's been three iterations. And there are fewer and fewer questions each time. We expect that process to wind up in June and then to allow us to apply for building permits in July. The permit approval process probably takes at least four weeks. So that would have us getting permits, hopefully by the end of the summer.

The other timeline is with the project financing, which is the Delaware State Housing Authority. They are the tax credit issuers. They're also a lender for the project. So, we're working through their timeline, which involves going to their council and housing, that's their board. Their next board meeting will be July 10. We're working towards getting staff approval, and their eternal committee. so that we can get on DSHA's council housing agenda on July 10. They'll pass a resolution approving their portion of the financing as well as the tax credit component. So, what that will do is prompt DSHA to assign this to their law firm, Drinker & Biddle in Wilmington. Drinker & Biddle will start working with us towards a closing. The other component is construction financing, which we're working with ID Bank for construction financing, and then the Richmond group is our equity investor. We've worked with them before, and they were involved with Alder Creek as well. They do a lot of business in Delaware. So, they're familiar with Delaware, DSHA and the way things are done in Delaware. They don't have a hard approval schedule like DSHA does just because they are a financial institution. So, we've been going back and forth with them answering their underwriting questions."

Dave asked Liz to confirm if they had started the appraisal.

Liz responded, "Yes". She mentioned getting some of the site work started about a week ago and they have started their underwriting and due diligence questions.

Dave replied, "So that's where we are in the approval process, and then the financing process are the two parts that we're tracking.

Chairperson Lane asked if the underwriting documents were submitted. "Today is the due date. Right?"

Dave replied, "I don't know if they went in today, but they're being submitted to make that July 12th deadline."

Liz commented, "DSHA had one additional question we are correcting and then it will be finalized and submitted."

Chairperson Lane asked if July 12th is the deadline.

Liz confirmed, "Deadline? Yes."

Chairperson Lane replied, "I just want to make sure my notes are accurate."

Dave continued, "Then the goal is to make the July 10th meeting. So, I plan to attend and hopefully will Marene, or anybody else from the housing authority that wants to attend. You can be there in person or virtually. There's not a time for public comments. There might be one or two questions. But attending to show your support is good."

Chairperson Lane commented, "We had a neighbor asking about noise in a college town. And they're wondering about noise from a Public Housing Project."

Dave responded, "If I remember correctly, they're from New England. They don't own a house. Their concern was noise. They probably rent it to students. So that's partially why we didn't have any opposition. So, we can pause if anybody has any other questions or other comments."

Dave added, "Our goal is to get to a closing in September. Unfortunately, we're kind of in DSHA's hands. They use one law firm, and they do all their closings. And so, you have to kind of get in their queue. And basically, you have to demonstrate your readiness and that sets your place in the queue. We have been talking to them. Liz has been talking with them. We really want to get this underway. We have residents, existing residents, that make our project a little different than just plain new construction. DSHA is receptive, but we have not gotten any commitments on a closing date. So, I think we'll know more after July 12th. We then will have a better feel for what's a realistic closing date, based on DSHA's schedule. So, I wish I could give you something more definitive, but it's a State process. Having a closing date to tie into nicely would help us in moving along with the building permits and the rest of the project."

Dave referred to Liz to see if he had left anything out.

Liz confirmed that he covered everything.

Dave asked Liz to screen share the renderings that show the cottages.

Commissioner Brown asked if everything was in place and how soon could we go to settlement or if everything's dependent on the State and attorney at this time.

Dave responded, "It's the state of Delaware that drives the closing process. Also, the Delaware State Housing Authority. So, once we get their approval in July, closing typically takes 60 to 90 days. That's why I'm saying I'm trying to be a little optimistic and say in September. I think we will hit those 60 to 90 days. I just haven't been able to get them to commit because they don't do that until we get our approval. So, once we get our approval, then we can turn up the pressure."

Commissioner Brown commented, "Alright. I'm just curious about it being an election year and if we can use some of our contacts, maybe to push us along a little sooner."

Dave responded, "If you have any contacts, that couldn't hurt. Just a friendly nudge that you know, this is a priority for the City of Newark."

Chairperson Lane asked if there were any other comments or questions from the commissioners on what we've heard so far.

Commissioner Tillman asked if there were any renderings that show the solar array on the roof.

Liz responded, "No, the renderings that we have at this time do not. We could make approximations of what it's going to be, but these renderings do not."

Commissioner Tillman responded, "Okay. Is that because it just hasn't been engineered yet? Like it's a secondary project once the building is up? Or, is it part of the same project?"

Liz responded, "It will be part of the same project. It will be designed and funded as part of this. At the time the renderings were done, back in November or December, these renderings were used for the Council meetings. The solar array had not been designed yet to a level where we were comfortable making a visual representation of it that may or may not be correct. But this is the most recent rendering we have. We haven't done updates to the rendering since then."

Commissioner Tillman responded, "Okay, thank you."

Chairperson Lane asked, "How many office spaces are there in the project, the Admin Building? How many offices are there for the housing authority?"

Dave asked Liz to bring up the floor plans. She pointed out two offices for NHA, the community center, maintenance and the fitness center.

Chairperson Lane asked, "So we have a maintenance office?"

Liz confirmed, "An onsite maintenance room and storage area for materials."

Chairperson Lane asked to confirm if storage space was part of that maintenance space.

Liz referred to the plans and pointed out a smaller additional space that could be storage space and could be used for a secure file room.

Chairperson Lane responded, "Ok." She asked if there were any other questions.

Ms. Jordan asked, "Will there be a reception area/receptionist office in the lobby area when you enter the building?"

Dave responded, "There will be offices on both sides."

Liz referred to the plans and pointed out the front office. "Here's the main entry, this office here, and this one as well, looking out here at the entry. So, what you'd imagine is that the day-to-day management person would be in this office here, being able to screen the comings and goings."

Ms. Jordan responded, "Okay."

Chairperson Lane added, "Maybe at the front reception area there will be slider windows a see-through glass."

Dave responded, "There would be glass walls there. So, when people open the door and come in, they make eye contact with somebody at the front desk. NHA's offices are around the corner and across from the conference room there."

Ms. Jordan responded, "Okay."

Commissioner Lane asked where the restrooms were.

Liz referred to site plans and pointed to their locations and added, "There's two male and female restrooms with a handicapped accessible stall in each."

Chairperson Lane added, "So the admin will share the restroom with visitors."

Dave responded, "Yes."

Ms. Jordan commented, "There was a question in the sub management agreement that referenced a private bathroom in the Executive Office. But the plans don't reflect that."

Dave responded, "We can add that if that's what it said."

Ms. Jordan responded, "Okay."

Dave responded, "Alright. I mean, I don't have that in front of me. But do you want a bathroom in your office?"

Ms. Jordan responded, "Yes."

Chairperson Lane asked if the Commissioners had any other questions.

Commissioner Tillman commented, "I don't know if this is the appropriate time to ask, but I saw in the minutes and I guess it was from the last resident meeting that they were concerned about bathtubs and putting in showers instead. Is this being addressed?"

Dave responded, "That is a good question. Yes, that came up and so we are eliminating the bathtubs. Originally, of the 52 units 8 had walk in showers and 44 had tubs. But because of the feedback we got, we are doing away with the tubs in all 52 units."

Chairperson Lane asked, "Are those showers with the seats as well?"

Liz responded, "The shower will not be with integral seats. But the shower would have separate seats, that's part of it."

Commissioner Tillman responded, "I just wanted to weigh in on one thing, the minutes referenced tile would be necessary if we go to showers and as an old tile man, I'm not a big fan of tile in the showers. Because, if they aren't dried off after every shower, you eventually have a mildew problem. I would strongly recommend fiberglass unless there's a compelling reason not to do that or some other non-tile/non-grout system we use instead."

Dave responded, "We have gone back and forth on that. With the three-piece fiberglass surrounds, they don't last as long as tile, but they don't have to be maintained like tile. We'll look at that. I think the fiberglass surrounds are probably less expensive than tile."

Commissioner Tillman commented that he would like his fellow commissioners and Marene to weigh in. He did not want to delay the process. But in his experience, any shower with tile grout and tile in it is going to end up having a mildew problem. Eventually the caulk lines will crack, and you'll get water into the wall board behind it and then you'll be ripping out the tile and the board.

Chairperson Lane asked, "What do we have it at Alder Creek?"

Dave responded, "We don't have as many showers because it's a family project. So, we probably have more bathtubs. We tend to use tile just because it lasts longer. Just holds up better than those fiberglass surrounds. But I mean, I can confirm that. But we tend to use tile everywhere. Just because of that reason. It lasts longer. But it has to be cleaned and maintained."

Commissioner Tillman commented, "Alright, you guys are the experts. That's just my input."

Dave responded, "That was a good question. We have used both. Just lately, I think we have (but honestly) when we could afford it, we use tile. But we can circle back and see if maybe the fiberglass surrounds have gotten better, or the manufacturers made some improvements.)"

Chairperson Lane asked that we circle back to the showers for a second, "So, doesn't the ADA units require a seat?"

Liz responded, "Yes. The ADA units have a separate type of rolling shower seat as opposed to a traditional shower that will have a slight step in."

Commissioner Tillman commented, "On a roll in shower that you can roll a wheelchair in?"

Chairperson Lane commented, "Okay, in terms of it the entry, getting in and out?"

Liz responded, "Yes, the sizing of the bathroom and layout and then the whole unit is designed separately or differently to all ADA requirements."

Commissioner Tillman asked "Does a fiberglass insert give you the opportunity to have an integrated seat?"

Liz responded, “Not really. Many don't. There's some on the market of mixed quality. I can personally say I just put one in the little accessory space we have for my in-laws, and it is already broken. Only a month later and trying to replace the integral seat is costly.”

The Chairperson asked if Will Dreisbach (NHA’s consultant from CSG) had any questions for what we have heard so far.

He responded, “I just have one question about the solar panels that were mentioned earlier. Just looking at the sources and uses, have you guys already pursued any inflation reduction for funds related to energy reduction? Or is that not necessarily at the table for you guys? Does the project qualify?”

Liz responded, “We have a few sources that we've looked into. We are working with New Ecology, our “green consultant” to assist with energy incentives. We will be pursuing the 45I tax credits. But there was a program with the compliance component not being released until I think the end of 24, early 25. And if there's no regulations yet, we cannot be sure the design meets standards that aren't or hasn't been released. So, we plan to proceed with solar as we are now and when the regulations are released. Should there be something that we're able to comply with either outright or with very simple modifications, we will not know that until then.”

The presentation continued with the showing of the cottage renderings while referring to the similarity of the layout at Alder Creek with a play area.

Dave mentioned, “We are always available if you have additional questions. Marene can get hold of us, and we are happy to attend next month’s meeting as well or address something in the interim. So, feel free to reach out.”

Chairperson Lane did a brief recap. “The next date is the July 10th Housing Council meeting, right?”
Dave confirmed.

Chairperson Lane asked, “When the application to the state is submitted tomorrow, can you just make sure I'm copied on it?”

Dave and Liz confirmed.

Chairperson Lane thanked them both for attending.

Dave mentioned, “To be clear, it's not a full application. What the submission is, is just the final budget that they will be underwriting.”

Chairperson Lane responded, “Ok. Thank you. Next on the agenda. Will, you’re up - CSG advisors.”

- (b). Representative from CSG advisors – consulting firm:
 - William Dreisbach, Senior Vice President

Will Dreisbach began his presentation by screening an 11-year long-term financial projection for the Agency (the Newark Housing Authority). He shared running through these different subsidy types, what they are today versus how they will look, what sources would be coming in (such as operating revenues) after the transition.

“I just want to kind of go over what the revenues for the housing authority are now compared to how they're going to change, which ones would be added, and which ones would go away. So, to start off, just with Section 8, part of the conversion is moving from Public Housing to the Project-Based Voucher program (a different platform versus what was previously Public Housing). So as associated with that, there's the voucher kind of administration oversight certification. The Housing Authority receives an admin fee for each voucher it administers. So, this is like an increase of 52 from the existing voucher counts. The rate goes up. Its additional revenue to the housing authority. On the other side, is the capital funding. A per unit calculation that HUD issues each year. As part of entering into the voucher program, units no longer qualify for capital dollars, but would qualify for DDTF. I believe its “demolition disposition transitional funds” as part of Section 18 HUD approved application. The units disposed of are from public housing and moving to this voucher platform. So, HUD provides these funds for five additional years in place of the capital funding after the issuance of the vouchers. So even though in the long term, it loses its capital funds but gains a higher rent level to the project-based vouchers. HUD will also provide five years of transitional funding in capital dollars for the units that are leaving the public housing platform. So, assuming that the 36 units leave the public housing platform in 2025, the funds would last until 2029. In addition to that, there's the other capital subsidy for the remaining public housing units that are not switching to the capital platform. That shows current funds and how funds would change in the future.

For the scattered sites, those really would stay the same. They will still be funded through public housing, operating subsidies, rental income, etc. and reference the expenses of maintaining the site. So really that doesn't change at all based on when George Read Village converts. The George Read Village has its own public housing revenues and expenses today, and those kind of drop off. The revenues and expenses that show for the property for all 72 units moving forward would exist at the site. For the 36 units they would move off NHA books and public housing platform and onto this tax credit partnership, new property. In addition to that, after this transition, what other revenues are the Housing Authority receiving? There's the George Read management fee, the management fee that is split between Ingerman and the housing authority is 8% of the total project revenue, of which NHA receives 25%. So, 2% of the total gross revenue, and Ingerman receives 6%. So, 8% total, between the two parties. From the previously agreed operating fund hold back (Alder Creek), the 10% of the annual operating subsidy for the public housing units, so that would not be impacted.

At closing, there would be a \$350,000 ground lease payment according to the most recent sources and uses from Ingerman. And then next are the asset repositioning funds. So, these funds are similar to the DDTF, transitional funding. So once public housing units leave this platform, they're kind of transitioned out where in year in 2025, the year after the conversion takes place, the housing authority would receive 75% of the operating subsidy, the next year 50% and an extra 25%. The fourth year, that number would go to zero. So, the funds are repositioned and also these, like transitional funds that get phased out in four years. Three years of funding is gone by the fourth year.

In addition to that, there is this George Read Village maintenance reimbursement. So as part of what was agreed to within Ingerman, and Marene correct me if I'm missing anything here, but half of the personnel costs for staff costs, for the maintenance on site staff are covered by the housing authority. Lastly, the developer fee, which was also part of the negotiations with Ingerman, 33% goes to NHA and the other 66% or two thirds go to Ingerman. This is the difference between the amount that's being paid at closing or during construction. Usually, the developer fee is paid along with the equity installments with a percentage at closing, maybe some percentage at construction. Then there are some amounts of deferred fee, which is paid overtime, not a very large amount. I think what's in the most recent source and uses, the deferred fee was \$33,000. So that's usually paid through cash flow over some amount of time. The expenses left for the housing authority are the administrative or centralized cost, the overhead. The costs associated with the office costs related to insurance this year, as well as next year, the cost of the current buildings demolished including the offices. There's the rent for an offsite location. The building should be insured. If the offices are located within George Read Village, we should check with Ingerman to see if the office is included or confirm what insurance is needed."

Chairperson Lane asked Marene to confirm the insurance component. The insurance should be lower, because the majority of it is project costs, but we would have to our insurance.

Ms. Jordan said, "Ok."

Will continued with the insurance would remain for the scattered sites, but just the difference between what the essential costs for that office versus those remaining public housing.

Commissioner Tillman asked for the non-accounting majors, "When does this actually go into effect?"

Will responded, "Is it effective once the demolition is completed? These projections are more of like a round number. So, I think it really assumes like a January 1, 2025, effective date. But it really depends on when the closing is. A lot of these transfers of subsidy happen when the project closes. So, whenever that might be. If at the end of this year, you might see some of these numbers' kind of move 2024. If it gets pushed back in 2025, it might be an even split.

So, looking at net income for the agency. In year five the project loses income. There's this influx of cash from some things like the ground lease payment, which is kind of showing at \$350,000, the upfront developer fee. And then over time, some of that transitional funding from HUD goes away. The DDTF, if we talked about, the asset repositioning funds that we talked about, over four to five years, those start to go away. So, when it gets closer to the year 2028 the agency starts to have a negative cash flow as funds start to go away. So, there are two solutions. When it comes to having a negative income, there's really two sides to the equation, revenues and expenses. So, to balance that, one solution, and one way to think about it is that the Housing Authority has about five years to kind of trim some of the expenses. Whether it's shared costs for the maintenance or something else. The other side of that is how to increase revenues. And what I was talking about with Marene earlier is with the scattered sites we could propose doing a Section 18 Application for those and what a Section 18 application would do is similar to what's going on with George Read Village. Moving the scattered sites from the Public Housing platform to the Voucher platform. And these would be disposed of to the housing authority as its development entity and still owned and operated

by an entity run by the housing authority. But through these vouchers, they would be able to access a higher rent at 100% up to 110% FMR which would increase the revenues for those units while still being owned at least operated by the housing authority. So that is a way to kind of increase the revenues.

To kind of address some of these funding shortfalls, using 110% of the FMRs for those 16 scattered sites, could potentially bring in as much revenue as \$400,000 whereas the current operating subsidy for just the 16 units is around \$70,000. This would represent a large increase. The other side of that is those rents are also subject to rent reasonableness. Those increased rents are really paid for out of the housing authority's budget or voucher budget. So, they'd have to be absorbed by the existing budget. They're like what we talked about with a potential shortfall for the 36 units at George Reed Village. But the benefit of Section 18 Application is it also increases the budget for those 16 units that are being disposed of so it wouldn't have as much of a negative impact.

So, what I have presented is a summary, looking at current expenses, our revenues and what expenses are projected to be in the latter years. Again, looking at the scattered site side, whether that's through a Section 18 application, or disposed of, there's the same DDTF and asset repositioning funds through the disposition of those units. That does provide an opportunity to provide extra additional revenue thereby leaving the Public Housing platform and moving to the Voucher platform.

Chairperson Lane asked, "That's sustainable, Plan A. Is there a B?"

Will responded, "Plan A.

Not doing anything with the 16 scattered sites and just transition the way we are now.

Plan B:

With the scattered sites there is an opportunity for higher net revenue where it really doesn't go negative. In year 11, there could be a net positive of almost \$200,000. But that would be dependent on a couple of things. 11 years is a long way to forecast for what the operating costs are going to be versus what they are right now and what reasonable rent levels are going to be. But just based on the numbers that we have today, and projecting those from 2020 for 11 years out, you know that it's a way to increase the cash flow to the agency."

Commissioner Tillman stated, "We don't have a lot of costs to cut. We're not exactly a high overhead operation."

Will responded, "These projections capture costs as they are today. If there's other efficiencies, like costs that the Housing Authority is incurring today, that wouldn't be captured moving forward after the transition, like insurance is one we just talked about. If insurance is an expense that is no longer covered by the housing authority as part of the conversion and could be a potential cost saving. If there's internet or some smaller things that the Housing Authority covers today that will be paid for by the project."

Chairperson Lane commented, "A Section 18 Application is a way, correct?"

Will responded, "I think it makes sense to do it a couple years down the line. Just because it does impact the voucher subsidy and the budget. And with the George Read development, it has two things impacting the budget at the same time and that could make it difficult for the budget to absorb all those vouchers at once because those vouchers are being funded at a higher level than what the current voucher subsidy amount is. So, you'd have to kind of have an application on hand stating that we are bringing on these units at a higher level and we want to increase the funding today as we're requesting these vouchers to get our higher amounts. And then the next year, your budget authority would adjust, and increase based on what we spent the previous year. So, it's really kind of that first year, where you have to absorb that additional subsidy by making that request to HUD for more subsidy upfront and make that same request with George Read Village. So, I think it definitely makes sense to wait a couple of years. There is the cash on hand with a DDTF and other funds and other transitional funding to kind of help get through that."

Ms. Jordan commented, "I agree from a Housing Authority standpoint. It's more about planning, timing, approval and execution. So, Will and I talked about this a little earlier, we both have these benchmarks/submittals on our calendars, flagged with timelines to submit applications to HUD to make sure that, as he mentioned, we put an application in to increase the per unit count based on the larger units that will be coming online so that we can increase our budget authority in Phase II of the development."

Ms. Jordan continued, "We knew that this was going to be a challenge. We had hoped for a different developer, but here we are. We procured Ingerman in the second round of solicitation to partner with to redevelop George Read Village after Leon Weiner and Associates determined the project was not feasible. I firmly believe the mission of the housing authority is what we are accomplishing. We are improving the quality of housing, and we are expanding as much as we possibly can. It's not perfect, and we knew that. If we could self-develop, it would be a completely different situation. But we can't do that. We don't have the capacity, nor the skill set."

But the transitioning from Public Housing to Section 8, I believe that was our plan all along given HUD's backlog in Capital Funds. We do have some shortfalls, there are challenges, but I think that with strategic planning we can overcome the shortfalls. This partnership with Ingerman is what it is. We didn't have a lot of responses to the RFQ. But I think we've been talking about this for a while. We know what Ingerman brings to the table, we know their challenges, we know them. With Michaels, or with other developers we really didn't know what we were getting into. We have a full picture with Ingerman. And I think I am just going to have to be as diligent as I have been in the past. With the projections presented today there will be shortfalls in years to come, but we have a plan."

Will added that he wanted to mention or clarify that in the projections he shared they do not involve a sale of the scattered sites, just that they were continuing to operate at fair market rent with a voucher. "The difference might be the rent amount, the voucher versus public housing and some other details. But I mean, that's a separate decision or a way for the agency to have cash flow."

Ms. Jordan commented, "We have four years to plan."

Chairperson Lane stated, “Will is on it. What was presented is a projection. We know what we have to do and where we are going while planning something. It has to be in place in order for us to really get out of the red and to show a positive. But this is nothing new, but it's good.”

The Chairperson thanked Will for his presentation and being so forthcoming in sharing the financial projections for the future of George of Read Village. “It's certainly something I don't want to come up later. I want full disclosure, so there's nothing hidden here.”

(c). Representative from Reno & Cavanaugh – mixed finance attorney:

- Martin Walsh, Member

Ms. Jordan pointed out the next guest speaker, attorney Marty Walsh from Reno and Cavanaugh, will not be joining us. We're going to hold off on his legal discussion until next month, or until we have projections, or until we move beyond the underwriting stage. At that time, she will invite Marty to the next meeting or whenever that meeting is.

Chairperson Lane commented ok perfect.

III. Approval of Minutes:

(a). Meeting Minutes from May 8, 2024

The Chairperson asked if the Commissioners had any questions on the minutes. There were none so she asked for a motion to approve. Commissioner Brown made a motion to approve those meeting minutes. The motion was 2nd by Commissioner Tompkins.

Aye 5 (Tillman, Brown, Tompkins, Moone and Lucas)
Nay 0
Motion passed, Vote: 5 to 0

IV. Report of the Executive Director:

(a). Staff Report from May 2024

Next, Chairperson Lane called for the Executive Director's Staff Report for May 2024.

Ms. Jordan proceeded with the following, “First, I would like to remind everyone that we do not meet in the month of July. But depending on whether or not we are on the DSHA's Housing Council agenda for July, we may want to hold a special meeting, but I will let you know as information becomes available, but as of right now, we do not have a meeting scheduled for July.”

(Continuing with the Staff Report)

Centralized Wait List:

We are moving rapidly with the centralized waiting lists. We met at the Hope Center on May 22nd, and we are in the transitional stage where each housing authority will be uploading their current waiting list for the voucher program into this pool so that the Affordable Housing managers will be able to synchronize the waiting list. We developed a main point of contact for each housing authority. We talked about preferences for each housing authority. Each housing authority will have the sole discretion as to whether or not to open and close the waiting list as a centralized waiting lists host. We anticipate going live in September.

The Office Space at 249 East Main Street

We are still working on getting that unit prepped. The unit was inspected. It didn't pass inspection. The city required an inspection because the property remained vacant for several months. The electricity was officially turned on in NHA's name and we are making minor repairs.

Legislation Senate bill 293

Senator Lockman introduced a revised source of income legislation. The revision strikes language in a code that allows the landlord to not to discriminate against voucher holders. The effective date being January 1, 2026, landlords are no longer be able to discriminate against the voucher holder based on their source of income. It includes a sunset date for December 31 of 2028. This is the concession of Delaware Apartment Association. Ensuring the prohibition against discrimination remains in effect, it adds a requirement that DSHA is to report on the implementation of the streamlining efforts as of March 1, 2028.

Community Reinvestment Funds Act status

NHA submitted two applications. One application was submitted to continue to make capital improvements to the scattered sites. The request was for several \$784,294. Piggybacking on Will's presentation today, for the 16 scattered sites, three properties have already been renovated by use of CDBG funds or capital funding dollars allocated under the capital funding program. So there remains 13 scattered site properties. So, what I am trying to accomplish is making as many capital needs as possible to our scattered sites before we convert these properties from Public Housing to Section 8. Once the conversion is complete, we will not be able to use any capital funding dollars to make any capital improvements on these units. This is something that I am targeting, putting on the front burner to make sure that any capital improvements are being addressed with available funding.

A second application was submitted requesting \$310,741 to assist with the energy efficient upgrades for George Read Village. So hopefully, both applications will be approved on July 1, and then we'll have additional funding for George Read Village as well as having an additional revenue stream to make capital improvements for the 13 remaining scattered sites before we convert them from Public Housing into Section 8.

The Fair Housing Task Force committee

The committee met on May 28. All jurisdictions that receive funding are subject to affirmative Fair Housing obligations and have responsibilities under the Fair Housing laws to work to eliminate impediments to Fair Housing Choices in Delaware, raising public America awareness on rights of protected understates and fair housing, and advocating for policies, practices and actions that affirm the further housing opportunities in a vibrant and inclusive communities. We meet quarterly. So, we just started and we had our first meeting in May.

University of Delaware Intern

I received an update; they have not had much success in finding a candidate. The candidates they had been in contact with have already secured other employment. Shawn O'Neill, suggested that we stay in touch just in case something develops later on.

CDBG funding received or requested

CDBG funds awarded under the 49th Year (\$53,820) were partially refunded, leaving another \$18,000 to be submitted and approved.

Chairperson Lane asked if all the funds were used at 160 Madison.

Ms. Jordan responded, "Yes."

Chairperson Lane asked if 160 Madison included just a conversion or something else.

Ms. Jordan responded, "The work included capital improvements-a washer and dryer hook up in the basement w/appliances, full kitchen, new flooring and new bathroom.

4th Resident Information Meeting:

NHA held our fourth informational meeting for the Geoge Read Village Residents on May 30th. I shared the meeting minutes from the meeting with the residents with all of you. The minutes are also posted on our website. There were 15 seniors present. There was no one from the scattered site families but the meeting was well attended. I invited the architect and the engineer who both showed and answered all the questions. As Ingerman mentioned earlier in the meeting, the residents preferred having shower stalls versus shower tubs. Ingerman did make that change to the plan.

At the conclusion of the meeting, we provided the residents with the survey. The survey was initiated by Miss Pollack asking if direct payment for her rent payment setup could be. We surveyed the residents, giving them four options:

- Setup a direct payment from their banking institution and have your payment mailed
- Arrange automatic withdraws form their accounts for direct payments into NHA
- Mail

- Drop off

As of today, we don't have a definitive answer as to the course of action moving forward. We are still waiting on the families to respond to the survey.

Housing Choice Voucher invites

NHA invited at least 50 families off the waiting list. The majority of them did not respond because returned mail indicated they had moved, and no alternate or forwarding address was provided. However, we did issue four vouchers on May 30th.

Scope of Work Solicitations

NHA solicited the service for legal and accounting services. Both contracts expire in June. For each solicitation, we received one response.

For legal counsel, we will be retaining Don Gouge.

For accounting services, our current fee accounting services provided by Marc DeBeary, (his firm) did not respond. However, we did receive one from BDO. BDO is a firm is a well-known accounting firm. Currently, they are working with three out of the five housing authorities in Delaware. I have not received all of the answers to my questions. The vetting process is ongoing. I'm still waiting for some questions to be answered by the Wilmington Housing Authority. So, I'm asking the Board's not to take action and to table the matter until next month. In the interim, the current fee accounting services will continue. Our FYE 3/31/2024 audit is scheduled to commence on July 29. Mark DeBeary will oversee and will stay on board until we procure another accounting firm.

Chairperson Lane asked Ms. Jordan to have Marc attend a meeting so that we can all thank him for his service.

Section Eight Management Assessment - (SEMAP)

For the Housing Choice Voucher Program, the SEMAP program is what HUD uses to evaluate a housing authority to determine compliance. We are still under a Correction Action for indicator #13. We are making progress, but corrective action reporting will be ongoing until we improve our leasing. I think currently we're at 87%, we need to be at 95%. So, we are working very diligently to make sure that we improve our lease up numbers. The market is not in our favor since rents are extremely high and rising. Although vouchers are issued to stay in our jurisdiction, the majority port-out to avoid the voucher expiring. But we are under an MOU agreement with Wilmington, and New Castle County. So even though they port out, they remain under our program.

Business Checking Account

Another checking account, as recommended by the fee accountant for the business activity account was opened.

FYE 3/31/2024 Unaudited Financials

We were able to submit our unaudited financials on time to our HUD field office. The financials were due on May 30. They're currently under review.

FYE 3/31/2024 Audited Financials

The audit is tentatively scheduled to start on July 29th.

Homelessness in Delaware & Changing the Landscape Event

Commissioner Tillman and I attended both events.

Commissioner Tillman was asked if he could provide a brief update.

Commissioner Tillman complied with the following.

“I attended both events. Each of them was basically an all-day meeting. They were both quite interesting and helpful just for kind of getting the lay of the land about both affordable housing and homelessness, which as you all know are quite related. There were some VIP or semi-VIP people at each of these events. Matt Heckles, our administrator for region three from HUD, was at both. One of the interesting factoids he threw out there was that across the country we are short by 4 million units in housing supply. Later, Caitlin DeCollo from DSHA, supplied information to say that statewide we have a 19,400-unit deficit in affordable rental units. So, we have a long way to go before we can fill that gap. Also, Ross Huxtable was there who was in the State Senate from the sixth district. He mentioned that prior to COVID, the state was financing or funding \$4 million for affordable housing. It then went up to \$32 million in 2023, because of some COVID funds that were distributed to states, but in 2024, it's going back down to 4 million. So, we still have funding issues for affordable housing in the state of Delaware as well. We had a realtor present at lunchtime at the NAHRO conference. And he had some interesting data on home sales and the average cost of homes which I thought you might find interesting. In 2020, the median price of home sales was \$260,000. In 2023, the median price of houses sold was \$335,000. So, it went up \$75,000 or about 30% in those three years. So that is making the housing crisis even worse. And we're now at a point where because of the cost of buying a house and financing a house purchase in all three counties, it costs less to rent housing than it does to buy housing. So that just puts additional pressure on the rental housing market. Because people, if they want to do, they can't really afford to buy right now because of the combination of prices being driven up and the high interest rates. Sean O'Neal from the University of Delaware was there at the NAHRO conference and basically reinforced the point that one of the biggest issues is we're just not building enough and we're not building enough density. So that's something that is being worked on.

Moving to the Homelessness in Delaware conference, which was on June 6. Marene and I attended. Once again, very good information was presented and there were very good discussions. Many people from the affordable housing world and the homelessness world were in attendance. I don't know if you all have heard of the PIT count. That's the once-a-year count of homeless people in Delaware PIT stands for Point In Time. It basically is an effort to just go out and count all the homeless people you can find, both of those coming to centers and those kind of living in camps. I participated in that. So, I was interested to see what tally they came up with. There were numerous people homeless each night in Delaware. This was in January of 2024. That's a 9% increase versus last year. So, it has gotten worse. One in four of them is a child under the age of 18. Also 60% of them were black, as opposed to blacks representing 22% of the population, so a much bigger share of the homeless. 50% of the adults served in the homeless system reported a disability condition of some kind. So as if it's not bad enough to be homeless, many people who are homeless are also facing a disability.

We had Sean O'Neill there from the University of Delaware, who talked. There were also a couple of experts who talked about the fact that there is work being done and to be on the back end of data systems to marry health information from HMI systems with health information that is recorded by housing authorities and homeless services. That's being done in a couple of places. Boston and Pittsburgh are using existing data on individuals to provide better quality service. So, we have very good data, but it's not being used very well, and we could do better. Believe it or not, this is just a very high-level summary.

Matt Heckles was there. Again, he described some of the challenges for housing. One of them was NIMBY, Not In My Back Yard, a lot of resistance still for building affordable housing. There is additional funding from the US government for building affordable housing, but it needs to be applied for and it's a competitive process. So, there's been a voucher for permanent supportive housing that is in the works. That will put out \$175 million in funding from the federal government, but states have to apply for it. So that's something that we should stay in touch with.

Our VIP speaker was Jeff Olivet from the US Interagency Council on Homelessness. He's actually a member of the Biden Harris cabinet. So, I think they were maybe the first administration to have a homelessness czar. And so, he's working hard, and the administration is working hard. He said they have put nearly \$500 million into 62 communities to address unsheltered homelessness which sounds like a lot of money. But if you divide that by 62 communities, it's still probably not adequate.

There was somebody there from Georgetown, Delaware, the town manager, and somebody who represents an innovative program they have going that's called a "pallet village". I don't know if you all have heard about this, but it's basically prefabricated, tiny homes that they are using to get people out of tent encampments and living under bridges. So, this is not like a full house. But each one is private and has a lock on the door. They allow pets and they have wraparound services. They felt that this was a very positive development in getting people into a safer, somewhat healthier place, at least until they can get into something better for housing. So, I think that's just a flavor of the kinds of things that were going on. That might have been more than Marene wanted me to do."

Ms. Jordan responded with, "Thank you, Commissioner Tillman. I will just add I appreciate you attending these events with me, it's nice to have someone else attend these events with me. I did reach out to Mike

Fortner, who was at the landscaping event, to discuss the possibility of having a meeting with Renee to discuss rent development updates/changes that appear to be working in other counties, to see if maybe we can mirror some of what they do here in Newark to help increase affordable housing.

One of the things you and I discussed was there were no developers in the room. I think if we're going to target the possibility of increasing affordable housing, we need to include the developers, at least in the conversation to see what their hiccups are, and then work through them.”

Chairperson Lane thanked Commissioner Tillman for providing such details.

Ms. Jordan responded that this concluded her staff report.

The chairperson asked if there were any additional questions or comments. Since there were none, she asked for a motion to approve the report. Commissioner Tillman made a motion to approve the Staff Report for May 2024. The motion was 2nd by Commissioner Moone.

Aye 5 (Tillman, Brown, Tompkins, Moone and Lucas)
Nay 0
Motion passed, Vote: 5 to 0

V. Committee Reports:

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

A. Report of Policies, Procedure, Compliance & Personnel Committee – Chairperson (Mr. Brown):

Commissioner Brown commented he just wanted to thank Chairperson Lane for her leadership for the retreat. He apologized for not being able to make the Friday, June 7th training due to business obligations but he assumed that it went off well.

Chairperson Lane commented that she just wanted to chime in to thank Commissioner Brown for being her wing man and running all those errands and setting up the books and all the good stuff that he did.

Next on the agenda was the development update.

The Chairperson called for the report from the Development Committee.

B. Report of Development Committee: Chairperson- (Position Vacant)

Chairperson Lane asked Marene if she wanted to add anything from what was presented earlier?

Ms. Jordan responded, “No. Both guests provided a great deal of information regarding George Read Village.

Chairperson Lane called for the report from the Finance Committee.

C. Report of Finance Committee – Chairperson (Mr. Tillman):

(a). Committee Report - Monthly Financials:

Commissioner Tillman committee, financial report.

“I assume you've all seen the financial reports, this is the first month of the new fiscal year. So, April of 2024, you know, the rule of thumb 1/12 of the Year is gone. That's 8.33% of the year. So, we're looking to have about 8.33% of our revenue in and spending not more than 8.33% of our expenses. The good news is, even though we're a little behind on revenue, we're even more under on expenses. We actually have a little net income showing at the bottom of the first page of \$10,000. We're in good shape. You'll see that a lot of the posts in the individual line items have zeros showing. And that's normal, because we don't spend money from every line item every month.

On the second page, which is section eight, it's a similar situation, we're very close to the 8.3% on revenue, and we're below that. And we're showing a little bit of income of \$2,100 bucks.

On the ground lease, that usually comes in right. So, everything appears to be going according to plan as reported.”

The Chairperson called for the report from the Strategic Planning Committee.

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

(a). Retreat recap – June 7, 2024 (day-two)

Chairperson Lane, “I am assuming that everyone who attended the retreat has received their certificate of participation.”

Response from all was, “Yes.”

Chairperson Lane responded, “Good. Congratulations. Are there any comments or questions from the retreat commissioners?”

Commissioner Tompkins shared, “She loved it. It was really nice to be able to learn so much more about what it's all about and what our jobs are. And I found that very helpful.”

Chairperson Lane responded. "That's good to hear. Good to know. Any other comments? Okay, that's it for me."

VI. Attorney Issues:

Attorney Gouge reported, "Nothing here. I'll have some reports under old and new business."

VII. Old Business:

A. From the other Commissioners:

Chairperson Lane: "Just to touch base on SB 293 that Marene mentioned. It passed the Senate, and it is in committee in the House. And that is to include the voucher as income when landlords are considering income as part of the application."

Commissioner Brown asked Chairperson Lane if he could ask an additional question of Finance. The question was permitted.

"What about the monies that we've moved over to different entities? Are we getting the interest on those accounts? And does that need to be noted in the Finance Report? Didn't we move funds over to another savings entity? High yield for the CDs? There was one that was maturing that we were talking about. We left that alone because the way the shortfall falls in Wills present presentation?"

Ms. Jordan stated, "After further conversations we may not need additional funding until 2025. So, we let the CD mature."

Commissioner Brown: "Okay, and roll that over. Yes."

Commissioner Brown asked, "Are we supposed to be reporting the interest? And the only reason I asked is that we typically report that in my charter school meeting, so I'm just asking."

Ms. Jordan replied, "Okay, I will follow up with Marc."

Commissioner Tillman replied, "Yes, I think there are other financial lines that aren't in the standard P&I that are on the balance sheet. If we were reporting it, it would be other income, and it would be below the line. And they're not showing. We typically haven't looked at those. So that is a Marc question."

Commissioner Brown: "Okay. Alright, thank you."

Chairperson Lane stated, "Marene, when you find out just email Paul and Commissioner Brown. Commissioner Tillman, as long as we reopened the Finance Committee conversation, I just wanted to let it be known, I'm going to be hiking in Norway, the second half of August. Like from the 15th of August until the second of September. And so, I'm hoping that Commissioner Brown will be available to sign checks."

Commissioner Brown replied, "Checks in August. Got it."

Chairperson Lane asked if there was anything else from commissioners before we move on to old business.

B. From the Executive Director: None

C. From Legal Counsel:

Attorney Gouge

"Okay, there's one matter that I talked about at the retreat briefly it was we had a de novo set and we were able to resolve it with and de novo. The participant is going to be moving out July 31, I believe. So that resolved that particular case. That was a good resolution all the way around.

Secondly, we had a JP trial a couple of weeks ago. I was simply second chair, which is hard for me to keep my mouth shut, because I'm used to being in charge, and because I have just been doing it for decades or so. The lead counsel who represented the insurance coverage claim, the judge agreed we have multiple grounds to have the case dismissed, the case was dismissed. I'm not anticipating that, the pro se person files an appeal. But that could happen. But all in all, that was a good resolution. So that's it for me and old business. We had previously talked about both those issues before."

Chairperson Lane responded, "Perfect, thank you."

VIII. New Business:

A. From Commissioners:

The Chairperson reminded the commissioners that if you register for a workshop or attend any event for housing, please do it through Marene. NHA pays for that registration in most cases. So, it's imperative that you show up if you register, or that you cancel in enough time so that Marene can cancel and not lose money. Thank you for your cooperation.

a). New board member welcome procedure

This discussion relates to the Commissioner onboarding procedure.

Ms., Jordan: "I think we just wanted to tweak the letter a little bit and possibly include that we will conduct a brief Meet and Greet prior to the start of the new commissioners first meeting. I circulated that in the board package just to see if the board members had any other suggestions on how we greet new board members. I also added instead of it saying it is my pleasure as the Executive Director of the Newark Housing Authority, but also on behalf of the Board of Commissioners."

Chairperson Lane: "It's really imperative that we include the Board of Commissioners because the Board of Commissioners is who the appointing person would be a part of, so I made that edits in conversation with our chairperson.

Is there a need for further discussion or is there any other things or other recommendations/edits that we would like to see as part of the onboarding procedures when we welcome a new board member if not it, we're fine."

Ms. Jordan: "How would we conduct a brief meet and greet? I extend a meeting on behalf of the housing authority. A one-on-one with me. So, I don't know if there is a commissioner that would like to be a part of the meet and greet initially when we have a new appointment."

Chairperson Lane: "I think that needs to be under the Strategic Planning Committee. Just add, maybe a subcommittee under planning, strategic planning. And I'd like to suggest that Commissioner Tompkins be part of putting together maybe a coffee meeting with any new commissioner and kind of welcome them. And I don't know, give him some insight on how things go and what to look forward to or not. Maybe just meet in the conference room at the office or at a coffee shop nearby."

Commissioner Tompkins: "So it would be a subcomponent of the strategic meeting. Our district Planning Committee."

Chairperson Lane: "Yeah, just a strategy. We implement it. Yeah, we'll just make it a subcommittee."

Commissioner Tompkins: "So a greeting committee under planning. Okay."

Chairperson Lane: "Sounds good. Thank you. Do we need to formalize the creation of that committee or the nomination of Kelly for that to happen."

Attorney Gouge: "Carrying out the proper motions and acceptance is fine."

Chairperson Lane: "Nomination is on table to add a greeting committee under Planning Committee, and I nominate Commissioner Tompkins to be the greeting committee."

Commissioner Brown 2nd the motion.

Aye 5 (Tillman, Brown, Tompkins, Moone and Lucas)
Nay 0
Motion passed, Vote: 5 to 0

B. From the Executive Director

a). NHA existing programs & homeownership update

“As far as our Homeownership Program. That program has been idle for several years. I don't even think it's active. When I first started in 2006. I think we had one program participant under the Homeownership Program. I think over a five-year period, she transitioned out of our program. I did reach out to some of my colleagues at WHA and at Newcastle County regarding their Homeownership program. So, if any of our program participants are interested in the Homeownership Program, basically they would have to port out and go through that agency's process. The County is holding a briefing for homeownership within the next few weeks. So, any interest would have to be made very soon. But as of right now, I would say we don't have a Homeownership Program.

In regard to the existing programs we offer the Housing Choice Voucher and the Public Housing Program.”

Chairperson Lane thanked Ms. Jordan for the update.

C. From Legal Counsel:

Just routine filing. JP complaint for possession against a participant who's had multiple violations for a person illegally living in the residence, pet and so on. So, it's routine, but it's new business.

I've advised Marene to implement the notice of Tenant's Right to Representation.

Ms. Jordan stated, “Yes, Don shared his letter with me. And we're going to implement the change.”

Attorney Gouge added, “I told Marene, any lease violations of any landlord tenant code violations and notice of right to legal representation needs to go out, which means pretty much anything, just an abundance of caution.”

Chairperson Lane expressed her approval and thanks.

Ms. Jordan asked for a few minutes to mention an item she omitted in the staff report.

Chairperson Lane granted the request.

Ms., Jordan: “A few years ago, there was a discussion about NHA contributions to George Reed village. I want to revisit that or reintroduce that.”

Ms. Jordan asked Attorney Gouge if he could screen share what we discussed earlier today.

Attorney Gouge: “I think it's more appropriate for me to start here and note these are the meeting minutes from April 14, 2021. On the board then and now is Board Chair Lane, Commissioner Tillman.”

Commissioner Brown: “They were the board members present then and are present now. Let me get down to this here. Hopefully, y'all can read this and it will be followed up some more.”

Attorney Gouge: "Miss Shand made a motion to authorize Ms. Jordan to make a financial contribution to the application of at least \$250 not to exceed \$500. If supported by our consultant, the motion was seconded by Mrs. Lane. So yeah, it's just a matter of revisiting this. In reviewing this I suggested, given a little bit of flexibility not to exceed a figure. So that's the parameters that the board previously gave approval for. It still stands unless it's revoked by the board or amended and so done, even though this was the authorization under the developer that fell through. As far as I'm concerned, this is still binding, because it did not specify a developer.

If it would have specifically said, Leon Wiener, then I think we would have to have a new vote just to ensure that it applies but because it's not specific to a developer, this is generic in my view."

Chairperson Lane: Okay. Any questions, commissioners?

Commissioner Brown: "Do we have that funding still available?"

Ms. Jordan: "Yes funding is still available. We have CDs from property sales earmarked specially for affordable housing initiatives.

One last item. I would just like to add that Commissioner brown requested that we have a digital sign off Main Street, to display meeting times and events. The city of Newark approved that request. They considered it to be a business sign. So, we're able to move forward with that. The architect is working on a sign for the development, and I told them the Housing Authority would pay for the sign."

Commissioner Brown: "That's good news."

Chairperson Lane: "I think it was a great idea by Commissioner Brown. So yes, that's good news."

Ms. Jordan: "Yes, a digital sign similar to the Newark High School. We just need a design and quote."

Chairperson Lane: "Okay, so next on the agenda public comment. Is Miss Pollack still on?"

IX. Visitors and/or Petition:

Chairperson Lane: "Marene, you have to unmute your speaker."

Ms. Jordan: "She is still having technical issues."

Chairperson Lane: "We can't hear. Oh, she heard you. She heard you because she answered. But I think she doesn't have a microphone and we can't hear her."

Ms. Jordan: "I have unmuted her. I think the issue may be on her end."

Chairperson Lane: "We can hear her. She waved her hand, and she said never mind."

Chairperson Lane: "Oh, I can hear you now. Miss Pollack, do you have any comments or questions?"

Miss Pollack: "My questions were answered. My main concern was having the showers instead of tubs. And so that was answered, but I have no other questions."

Chairperson Lane: "Okay, Thanks for coming."

X. Adjournment:

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

Aye 5 (Tillman, Brown, Tompkins, Moone and Lucas)
Nay 0
Motion passed, Vote: 5 to 0

Meeting adjourned at approximately 6:48 PM

Minutes Submitted by: Marene M. Jordan, Executive Director

APPROVED