

STATE OF DELAWARE FY2016 CDBG PROGRAM GUIDELINES

PUBLIC MEETING SUMMARY

OCTOBER 13, 2016

2:00 P.M., LIBERTY COURT COMMUNITY MEETING ROOM

On October 13, 2016 at 2:10 p.m., Delaware State Housing Authority (DSHA) held a Public Meeting on the Draft 2016 CDBG Program Guidelines. Albert Biddle and Mary Ellen Gray of Kent County and Brad Whaley from Sussex County attended the meeting, along with many citizens from Kent and Sussex Counties. Cindy Deakyne, Susan Eliason, and Andy Lorenz also attended the meeting and represented DSHA. Attached is the list of attendees. Mr. Lorenz began the meeting by explaining that the purpose of the meeting was to solicit comments on the draft FY17 CDBG Program Guidelines. Mr. Lorenz said that the Draft CDBG Program Guidelines have been posted on the DSHA website, that the Guidelines would be finalized later this month, that grant applications will be due on 2/23/2017, and that target areas are due to DSHA on 1/20/2017. He then explained the proposed changes to the program guidelines from the previous year's guidelines. Mr. Lorenz said that a section has been amended to make housing rehabilitation activities into a 0% interest rate deferred loan program that is not pro-rated, and not forgiven. Deferred loans would be due payable if the property is sold, rented, transferred, or is no longer owner-occupied. He said that the purpose of this change to the Program Guidelines was to generate more program income for applicants to use on additional rehabilitation activities, and will allow the applicants to take up to 10% of program income for administration. He then opened the meeting up to public comments on the guidelines. The meeting was then opened to public comments.

Keith Harmon of Diamond Acres Civic Association made the point that the value of the home repairs goes down over time, but the value of the lien for the work would remain for the original amount of the work.

Brad Whaley said that the proposed permanent liens would be unfair because mobile homes don't have much value to begin with. Mr. Whaley stated that other programs do not require repayment of liens. He also said that the liens would be an undue burden because the children of the homeowners would have to repay the liens. Mr. Whaley suggested that the program could cut back the amount of funds allowed per household instead of permanent liens to stretch the available funding.

Bruce Wright of FSCAA said that low-income homeowners' only asset is their home and recommended that DSHA do away with the proposed permanent liens. He also stated that because the value of the housing rehabilitation work goes down over time, it's not fair to recapture all those funds after the value of that work is gone. Mr. Wright also stated that the permanent liens would put a burden on the County to demolish the units if where are no estates and the liens come back to the County.

Joanne Masten of Smyrna said that it would be good to recover the value of the liens/improvements, but that that it would be unfair to penalize the poorest people, the money would not be there to repay the liens, and that the value of mobile homes goes down over time.

Brandy Nauman said that the County will be confronted with higher vacancy, blight, and abandonment as a result of the permanent liens. She also said that the Counties to not want to own properties and that elderly with reverse mortgages will lose value in their properties.

Michelle Johnson of FSCAA said that homeowners won't be able to get a low interest rate with this lien on their property when they try to refinance.

Thomas Sturgis of Mount Joy Civic Association said that people are skeptical now of the CDBG rehab program, and they won't go through the program with the new proposal for permanent liens.

Frankie Dale Rife of the Town of Wyoming asked if seniors with a reverse mortgage would have a lien need to repay the lien. Mr. Lorenz responded yes, the Counties would take second position to the reverse mortgage. Ms. Rife suggested that mobile homes would need to be treated differently than stick-built homes in the program guidelines.

Serena Spencer of Coverdale said she received CDBG rehab assistance and she also put money into the rehab of her manufactured home. She said her house is all she has that she can call her own and that other people want that too. She said that it would not be fair to take those rehab funds back.

Albert Biddle said that Kent County had already submitted comments disagreeing with the proposed permanent liens, and he pointed out that program income from the HOME program would still be returned to DSHA.

Brandy Nauman spoke again to say that a big difference between New Castle County and Kent and Sussex Counties is that Kent and Sussex Counties have a large number of manufactured homes and this makes the housing stock different. In addition, the 1,000 or so people on Sussex County's rehab waiting list are expecting the same liens as we currently put on their homes.

Evelyn Wilson of Coverdale thought that new households would not want the proposed permanent liens.

Keith Harmon said that the difference between urban New Castle County and rural Kent and Sussex Counties is that the rural housing values are lower.

Mary Ellen Gray said she understands the desire to increase program income, but to compare New Castle County's program to the rural program in Kent and Sussex Counties is like comparing apples to oranges, and the program should not be modelled after New Castle County's program. She said there are many issues with the proposed program changes, a group should be formed to look at successful components of other rehab programs, and that she doesn't see the need to rush to change the program.

Evelyn Wilson said it wouldn't be fair to senior citizens to take their homes.

Aaron Chaffinch of the Town of Camden said that he echoes all the points that have been made.

Frankie Dale Rife asked if we can lower the price of rehabs by lowering the price that contractors are charging? Ms. Rife thought liens should not be lifetime liens, but a \$25,000 lien should have \$1,000 per year forgiven.

Mary Ellen Gray asked how you would calculate equity sufficient to cover the lien? She said this requirement would take manufactured homes rehabs off the table.

Brad Whaley said 42 of the 115 homes Sussex County rehabbed last year were manufactured homes.

Albert Biddle said the propose changes to the program guidelines are driven by the notion of increased program income, but that he thinks the program income generated by the proposed changes to the program guidelines will be minimal, even over time.

There were no more comments. The meeting was adjourned at approximately 3:25 p.m..