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AHPTF: Finance & Development Subcommittee Meeting 1

Tuesday, October 22, 2024

1:00 – 2:30 p.m.

26 The Green, Dover, DE 19901

Meeting Recording: https://www.youtube.com/watch?v=MoZm_6Zdzw&t=5s

Approved Meeting Minutes

Attendance:

Subcommittee Members Present:

Amy Walls, Chair
Dionna Sargent (virtually)
Wesley Stefanick (virtually)
Matt Parks
Fred Banuelos
Kevin Smith (virtually)
Karen Speakman
Preston Schell
Marva Hammond (virtually)

Rose Zappacosta
Deidre' Shepard
Richard Przywara
Susan Kent
J Brady
Jim Purcell
Khadija Robinson
Matthew Kraeuter
Mary Ann Cronin
Carolyn Kelly
Becca Cotto
Amanda Hall
Robert Weir
Barbara Huggins
Laura Gendreau
Sarah Lester
Tyre Matthews
Anson Gock
Christopher Pitt
Missy Moore
Bria Greenlee
Julie Fedele
Rep. Kendra Johnson
Caitlin Olsen
Stephanie Vonnahme
Lisa Rice
Sen. Russ Huxtable
Rachel Payne
Branden Fletcher

Staff Present:

Caitlin Del Collo, DSHA
Stephanie Griffin, DSHA

Public Attendees:

Joseph Walls
Sean Kelly
Judson Malone
George Meldrum
Sean O'Neill
Shyanne Miller
Latricia Vicks
Bridget Wallace
Bridgette Torres
Sophie Boumsidia
John Drake
Claire Snyder-Hall

Amy Walls, chair of the subcommittee, called the meeting to order at 1:06pm. A quorum of members was met.

Ms. Walls discussed the goals of the Task Force and Subcommittee:

- Reviewed task force and subcommittee charge per the enabling legislation (outlined in the presentation slide deck).
- Reviewed the timeline, noted that it is an accelerated timeline so there may be some homework for subcommittee members.

Ms. DelCollo reviewed current available housing data:

- Provided an overview of information from the Housing Needs Assessment (HNA)

Ms. Walls outlined to goals of today's session:

- Focus is brainstorming the barriers keeping Delaware from meeting our housing needs
- Highlighted items specific to the legislation to address vs. items that are additional ideas to consider

Ms. Walls opened the meeting to discussion between members of the subcommittee about barriers to supply creation:

- Ms. Hammond asked the subcommittee to define what “affordable housing” means to the various members.
- Mr. Banuelos highlighted issues that the subcommittee may wish to consider including land cost/availability in the southern part of state; lack of infrastructure; the reliance of multiple funders vs. a single funding source and coordination of those sources.
- Ms. Sargent also highlighted difficulties with funding sources and noted models for “one-stop shopping” for funding and the need for larger gap subsidy options and efficiencies in fund resources.
- Ms. Walls highlighted the limited geography of the state as a barrier.
- Ms. Speakman noted a need for more funding as a way to create more programming to support the various development needs as well as a way to make financing no cost or low cost.
- Mr. Parks noted that federal subsidy creates additional oversight requirement and therefore additional cost that the state has to fund through gap financing.
- Mr. Smith noted that increased density can help stretch out the cost and that we should be looking to municipalities to create funding resources.
- Mr. Schell highlighted the need for development to be at scale – we need more 300-unit developments, not 8-13 unit developments; consider including people who understand the nuance of financing to help craft regulations; look to underutilized resources like air rights; consider waiving fees on affordable housing; understand the need to mobilize for-profit developers to develop affordable to reach the needed scale.
- Mr. Parks suggested a review of the taxes associated with affordable housing creation.
- Mr. Smith noted that the overall task force should address misconceptions around affordable housing, especially to the state/governing bodies over production.
- Various members highlighted the need to look to other revenue streams (new marijuana legislation, realty transfer tax, expansion of Neighborhood Assistance Act to include affordable housing, etc.)

Subcommittee members discussed housekeeping items and next steps:

- Mr. Stefanick requested a more robust way to track the ideas discussed and add to/expand.
- Ms. Walls assigned homework to the committee for the next meeting.

- Ms. Speakman suggested considering specific homework assignments and longer meetings for additional brainstorming.
- Mr. Schell agreed to do a proforma tutorial based on various funding scenarios

Ms. Walls then opened the meeting to Public Comment:

- Joe Walls – Discussed concerns with program structures and expertise around funding resources
- Judson Malone – noted the difficulties of moving from interim housing to permanent housing, especially due to lack of housing; noted that the capital stack is daunting; highlighted discrepancies in rental subsidy rental rates vs. actual market rate.
- Scott Kidner – noted pending legislation regarding rent control and potential implications for housing supply.
- Sean Kelly – recommended cross collaboration with the subcommittee he is serving on; highlighted concerns with the COVID-relief funds dwindling and no identified replacement; would like to see programming to support middle income households; noted some other jurisdictions as resources; highlighted a need to upzone/increase density of existing developments.
- Sen. Russ Huxtable – noted funding concerns for long-term operations and how other states have created mechanisms to reduce some costs (for example New Jersey has a PILOT to provide stability for operations)
- Shyanne Miller – expressed concern about the focus on mixed-income development and limitation on deployment of funding based on geography and AMI.
- Jim Purcell – requested additional financing in support for rehab efforts and energy efficiencies; noted alternative building options to consider such as ADUs and tiny homes.
- Laura Gendreau – Look to other states for funding resource models (highlighted Colorado); noted that entities/municipalities are land banking homes that could be brought back online; noted government subsidies to major corporations (Fuji Film and Dupont) to build semi-conductors in our state which will create an infusion of 43K jobs and additional housing needs, look to them to help address this issue.
- Lisa Rice – Sent two documents to the AHPTF inbox during the meeting; highlighted funding for CDFIs and utilizing faith-based managers/investors for affordable housing; highlighted that affordable housing also includes persons with disabilities; noted federal programs that cover both services and construction (noted USDA).
- Khadija Robinson – highlighted importance of reiterating that it's not just about the money, it is about the legislation and the systemic issues that continue if not addressed.

At the end to the public comment period, **Ms. DelCollo** noted that additional comments will be accepted for the next 48 hours via email to the task force inbox.

Ms. DelCollo noted that correspondence about future meetings including time and location will be circulated and published on the website.

Ms. Walls adjourned the meeting.

Written Public Comments Received

From: Robert L. Weir <rlweir@wilmingtonde.gov>
Sent: Tuesday, October 22, 2024 3:13 PM
To: Housing.Taskforce <Housing.Taskforce@delaware.gov>
Subject: Public Comment 10.22.2024

Thank you for the opportunity to comment.

I think we all can agree that even in a small state like Delaware, there is not one answer in meeting our community's affordable housing crisis. Many meaningful topics were shared today but one that I did not hear was a direct payment initiative for renters. I am assuming that there is an existing and growing shortage of "affordable" rentals, and the group agrees that the housing burden should not exceed 30% of gross income for those making less than 80% AMI. My questions for the decision makers are with subsidies going directly to the renters does it build demand that would reduce the need for developer subsidies (of which are often up front fees and back-end equity), would strong demand help banks to make market rate investments in rentals while portability of these payments help in reducing some of the density of poverty in our state?

In my opinion, our mortgage system is broken for affordability, the solution is bigger than Delaware, but most European residential mortgages are financed through bank balance sheets or through covered bonds. How can the State create an environment where lenders use these tools to assist in the affordability / availability of affordable mortgages VS only looking to the GSE's, which seem to work for market rate only. Thank you

Bob Weir

Director, Department of Real Estate and Housing

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