

DELAWARE MANUFACTURED HOUSING RELOCATION AUTHORITY

Tatnall Building
Dover, Delaware

Minutes of October 25, 2006 Meeting

IN ATTENDANCE:

Authority: Stevan D. Class (Chairman)
 Terri Rock
 Raymond Paylor
 Ken Fuchs
 Caron Thompson
 William Reed
 Jerome Heisler

Attendees: Lori Rigby-FSMHA
 Scott Sipple, CPA

Legal Counsel: William Denman

I. CALL TO ORDER:

Chairman Class called the meeting to order at 1:13 P.M.

Mr. Class asked that everyone introduce themselves and what they do since there are some new faces at the table.

II. REVIEW AND APPROVAL OF MINUTES OF LAST MEETING:

Chairman Class presented the minutes of the August 14, 2006 meeting for comments and corrections. Mr. Class stated he would like a motion to accept the minutes and ratify the votes as some where done via email. Mr. Heisler made a motion to accept the minutes. Ms. Rock seconded the motion.

After unanimous approval was given from the members present by voice vote, the motion was carried.

III. OLD BUSINESS:

A. ACTUARY COMMITTEE REPORT

Mr. Heisler reviewed the Actuary Report that his office prepared and distributed to the Board prior to the meeting.

Mr. Class thanked Mr. Heisler on behalf of the Authority for the amount and volume of the work put into the Actuary Report. Mr. Class noted that the Board needs to address the issue of appropriate caps on the reimbursement rate for non-relocatable homes, keeping in mind the need to maintain the solvency of the fund. Mr. Reed agreed. Mr. Reed noted, however, that the fund has close to a million dollars and it appears that we are doing pretty well and the system is working.

Mr. Heisler stated the reason the fund has this money is that they have not had a significant number of homes that have been “non-relocatable”. This will change. If we do not have adequate funds, instead of being paid, applicants will just get I.O.U.s. Unless we do something we are going to have a problem. When we originally wrote the law, the monthly assessment was set at \$3. We need to get to \$6 and start building a cushion.

Mr. Heisler stated the Board needs to set some caps and up the monthly rate. Periodically, the Board can reassess it. As we build the fund up and get more experience, we can increase the caps.

Mr. Heisler then made a motion to raise the monthly fee from \$3 to \$6 effective April 1, 2007 and to set caps for tenant benefits for non-relocatable homes at \$8,000 for single-wide homes and \$12,000 for multi-section homes.

Mr. Heisler stated the motion should also include that the Authority will review the non-relocatable caps on a quarterly basis.

Mr. Class there is a second by Ms. Rock. The topic was opened for discussion.

Mr. Reed stated he felt doubling the fee right now is the worst thing the Authority can do. Electrical bills are going up - how can we tell homeowners that we are increasing the month fee they pay when we have almost a million dollars in the fund. Mr. Reed stated he cannot agree with this proposal.

Mr. Heisler stated that the fund was set up to help the person who is in the \$8,000 or \$12,000 home. This program was never set up to help the person who has an \$80,000 or \$125,000 house.

Mr. Reed stated the fund is working. There has not been any major closing of a park, only small “mom and pop” communities.

Mr. Heisler stated the Board has to worry about a rainy day fund and there is bound to be a big hit to the fund in the future.

Ms. Rock stated it is possible a big park will close and we don't have the funds, it would be very bad for those residents. Being pro-active and thinking ahead is very important.

Mr. Reed stated he still feels it is the wrong time to have an increase with the things that are happening economically and it should remain the same. Mr. Fuchs stated he agreed with Mr. Reed.

Mr. Heisler stated if you compare all of the actuary reports that have been submitted, all of them indicate we are taking in too little money to enable us to set a good reimbursement rate. If we get 80 to 100 non-relocatable homes, two or three years in a row we are going to begin having a problem. Ms. Rock stated we are here to protect the people.

Mr. Reed stated hopefully there is going to be a slow down in the change in land. The danger of a big community closing does not exist. He does not see that happening.

Mr. Paylor stated as a board charged with being responsible for this fund, at some point we need to look into the future rather than reacting to something that happens. If something does happen in the future and we have a system in place to protect us, hopefully someone is going to look at this board and say we had our stuff together. We should start looking into the future and start making some adjustments now. There may be some other casualties of 3 or 4 parks shutting down.

Mr. Reed stated the public can go on the website and see we have paid \$80,000 for lawyers. You have a little old lady on social security paying \$1.50 a month and we are spending \$80,000 on lawyers. They don't understand. It seems like a lot of money. We are spending more on overhead than we have paid out. He heard a proposal last night. Someone asked if the \$3 could be repealed. Representative Schwartzkopf said yes it could be repealed if a reason could be given why it needs to be repealed. They don't realize that people are being helped. You are never going to satisfy everything. Doubling the rate right now would not be good.

Mr. Heisler stated he has no problem with setting the assessment at \$4.50 this year and \$6.00 next year. The problem is when he made the same proposal last year it was to be \$4, \$5, \$6. We have already missed a year and he is trying to make it up. We have a responsibility to make sure the fund stays solvent. If we don't have enough money and we have to issue I.O.U.s and people will not be able to move their homes or receive seed money to do something else.

Mr. Class stated he believes the stock of available funding is dwindling. We all realize that we have less land lease spaces than we had 5, 10, 15 years ago. We have less available sources of funding per unit.

Mr. Heisler stated part of the proposal was to look at this on a quarterly basis. There are two separate issues here, the cap and the fee. The fee is to get more money. We can always drop the fee down. The issue of the caps that is going to come up and bite us and we are not going to have time to react.

Mr. Heisler stated he would like to take his prior motion off the floor and make a new motion that the following two issues be accepted by the Board:

- 1) The monthly assessment for the Relocation Authority would change from the current rate \$3.00 to a new rate of \$4.50, to be equally shared by the landlord and homeowner, with effective date of April 1, 2007.
- 2) that the maximum tenant reimbursement rate for a non-relocatable home be set at \$10,000 for single wide homes and \$18,000 for multi-sectional non-relocatable homes. These caps will be reviewed at the January, April, July and October meetings to insure they meet the best interest of the homeowners and its relationship to the availability of funds.

Ms. Rock seconded the motion.

Mr. Class called for a roll call vote.

Ms. Rock – Yes
Mr. Paylor – Yes
Mr. Fuchs – Yes
Ms. Thompson – Yes
Mr. Reed – Yes
Mr. Heisler – Yes
Mr. Class – Yes

Unanimous approval was given and the motion carried.

The Board gave their unanimous approval to the following applications for abandonment benefits for tenants of the Holy Lake Trailer Park, subject to the tenant meeting the conditions for an abandonment payment:

Juana Caballero & Raul Trejo
William Rager
Matthew Letterman
Jim & Nancy Walsh
Roger & Vivian Rosmond

Mr. Denman then presented for the board's consideration 10 applications for Removal and Disposal Assistance submitted by Mr. Charles Turner, owner of Holy Lake trailer park. Mr. Turner entered into agreement with a hauler to remove these homes at a cost of \$1,850 each. He is asking for reimbursement of the \$1,850 for each trailer for a total of \$18,500. This request is for Lots 2, 5, 6, 7, 13 15, 19 23, 25, and 26.

These are all homes that the Authority has already paid abandonment payments on. The Authority has received the titles to these homes and by statute; the Authority is required to hand the title over to the landlord to facilitate the removal of the homes.

Mr. Reed asked why the park owner is being reimbursed the cost for removing homes from a park on a park that he is closing when he is making a lot of money on the sale of that land. Mr. Denman stated that it is written in the law that a landowner can be reimbursed up to \$4,000 for a single wide home and \$8,000 for a double wide home for the cost of removing abandoned homes.

Mr. Heisler made the motion to pay the abandonment charges that Mr. Turner submitted for Lots 2, 5, 6, 7, 13, 15, 19, 23, 25 and 26 for Holy Lake Trailer Park for a total of \$18,500 or \$1,850 per trailer.

Mr. Fuchs questioned why we are paying the landlord more to dispose of the trailer than we are paying the owner of the trailer. Mr. Class stated that it is a change in use of the land and it was decided when the statute was written that it is only fair to reimburse the land owner since the park owner also contributes into the fund. The Board is required by law to abide by the rules and regulations.

Mr. Heisler's motion was seconded by Ms. Thompson.

Mr. Class called for a vote by members present:

Ms. Rock – Yes
Mr. Paylor – Yes
Mr. Fuchs – Yes
Ms. Thompson – Yes
Mr. Reed – No
Mr. Heisler – Yes
Mr. Class – Yes

Mr. Class stated the motion was not carried.

Mr. Reed made a motion that a cap of \$1,500 be put on the amount paid to a park owner to remove and dispose of an abandoned home. Mr. Reed stated he felt it was inappropriate for the landlord to collect money for closing a park he is going to make money on. The motion failed for lack of a second.

Mr. Class stated this would apply to all change in use of land such as the sewer fails and the park has to be closed. Mr. Heisler stated it would also apply if the park was put in a flood plan.

Mr. Denman stated that is it within the Board's power to reject Mr. Turner's application. Statutorily, landlords are entitled to these types of benefits if the costs are reasonable. We are required to review the applications and determine whether or not the costs are reasonable.

Ms. Rock made the suggestion that the landowner obtain more than one bid for removing abandoned homes in order to get a better overview of the cost of removal of these trailers.

IV. NEW BUSINESS:

A. ADMINISTRATIVE REPORT

Ms. Sisco stated that of the 15 approved abandonment payments from last month's meeting, only 2 checks had not been picked up.

B. FINANCIAL REPORT

Mr. Scott Sipple gave a brief overview of what information his monthly financial report would contain.

VI. ADJOURNMENT:

As there was no further business before the Board, the motion was made for adjournment by Ms. Rock and seconded by Mr. Fuchs. After unanimous approval from the members present, the motion was carried.

The next meeting of the Board will be on Wednesday, November 8th at 1 p.m. at the Tatnall Hall Building

Respectfully submitted by:

Susan E. Sisco
Administrative Assistant
DEMHRA