

DELRWARE MANUFACTURED HOUSING RELOCATION AUTHORITY

Dover Public Library
Dover, Delaware

Minutes of February 14, 2007 Meeting

IN ATTENDANCE:

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

Legal Counsel: William Denman

Attendees: Lori Rigby-FSMHA
Scott Sipple, CPA
Robert & Ann Fillmore – Angola Beach Estates
Freda Reid – Angola Beach Estates
Peter Evanoff – Angola Beach Estates
Valene Kamorowsk – Angola Beach Estates

I. CALL TO ORDER:

Chairman Class called the meeting to order at 1:03 P.M.

II. REVIEW AND APPROVAL OF MINUTES OF LAST MEETING:

Chairman Class presented the minutes of the January 17, 2007 meeting for comments and corrections. Ms. Thompson made a motion to accept the minutes. Mr. Fuchs seconded the motion.

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

III. OLD BUSINESS:

Mr. Class opened the floor for discussion on the Hearing Examiner's Report on proposed regulations of increasing the monthly assessment and setting the maximum payment to a tenant on a non-relocatable home.

Mr. Heisler stated he read the Hearing Examiner's report and there are some observations that needed to be reaffirmed.

This is an assistance program and not a total recapture of someone's home value. We do not have the ability to pay \$150,000 or 70,000 for a home. If we don't come up with a policy and set fair caps, we are going to serve the few not the many. One of the primary responsibilities the Board is to serve all individuals. If someone was to go out and try to acquire insurance for a \$100,000 home, it would cost more than \$3.00 a month. We share the responsibility to insure we serve as many people that may be involved in a change of use. If not, we may end up just issuing IOUs and that doesn't help anyone if there is a lot of them out there. The Board must be responsible from a financial point of view and not issue IOUs. The caps can always be changed at a later date.

Mr. Fuchs stated he has an issue with paying the landlord for the removal of an Abandoned home when the individual abandoned it, not because they wanted to, but because they were forced to. The price of doing business as far as landlords are concerned is that they should not be reimbursed for having to remove that home.

Mr. Heisler stated that everyone is in agreement that this rule needs to be changed. If someone is doing a change of use, maybe they should not be reimbursed at all or much less and we can change that immediately, but right now we are addressing the caps and the monthly assessment fee.

Mr. Denman stated that a legislative change would be necessary. In the statute, there is no language that specifically directs the board to set any maximum with respect to that issue. If the goal is to eliminate the community owner's ability to seek reimbursement for the cost of removing abandoned homes, that is going to have to be through legislation, Mr. Class stated this would have to be approached carefully since the landlord is paying into the fund.

Mr. Reed stated he had heard a lot of push back regarding the increase and not one person is in favor of it. It could be the economics or other things happening right now.

Mr. Class stated any type of increase would be politically unfavorable. It is something the Board is charged with the responsibility of and they must set themselves aside from the emotions of the public and determine whether this assessment fee increase is needed to make sure the Trust Fund stays solvent by using the projections of the actuary.

Mr. Speraw stated he does not disagree with the people from different communities who are being hit with 35% , 70% or 80% increases at this time. The real estate market is down and that is why we are seeing these increases. To ask people to give another \$1.50 to the Relocation Authority, they don't understand. As they see it, they have just given a 35% increase to the landowner and they hope he made up that \$1.50 in the 35% that he increased

their rent. People are not going to welcome another increase along with the increase on their rent. He just does not see how he can vote for an increase based on this.

Mr. Paylor stated as a board member, his responsibility is to manage the fund. As far as the rents and the owners, they pay into the fund for a sense of protection if the inevitable comes, a change of land use. What they pay into the fund, they get out. The more they pay in, the more they will get out if assistance is needed. He does not have an opinion one way or the other on the increase. If the residents feel that putting more money into the fund is going to benefit them, so be it. If they feel comfortable not putting in more money and are satisfied with what they are getting as assistance if they need to move, then that ok.

Mr. Reed stated what he heard at the Public Hearing was that a lot of people who pay into the fund are against the increase. As Board members, they should listen to this. This came across loud and clear and that was only a fraction of the people who are aware of this increase. There is going to be a big outcry once people are notified they must put more money into this fund.

Mr. Paylor stated this fund is there for only one reason and that is to assist the residents and the landowners. It is not a cure all, it wasn't something that was there in the beginning, but you are only going to get out of it what you put into it. There was talk about recapturing a \$150,000 property value. You can't get that with a \$3.00 a month contribution.

Mr. Reed stated the fund has collected over two million dollars and is in good shape. It is not going broke tomorrow. Even with increases and caps in place, we would be in trouble if a big park closed. We should back up on the increase and think about it. We can always revisit this issue.

Mr. Speraw stated we have some legislation and bills that are being talked about. There is a situation in Minnesota where 20% is being taken from a buyer/seller tax situation and being put into a relocation fund to help out in these matters. We don't know if that is the answer. There are other avenues that should be explored. This increase is not going make a huge change. People are being financially evicted from their homes because they can't afford the rent increases. They can't sell them because of the amount of rent owed on them.

Mr. Heisler stated if the increase doesn't pass today, there is the likelihood of the Board having to issue an I.O. U. if something significant does happen. If tenants are unaware of the possibility of an I.O.U. and we are harping on a \$1.50 increase, they don't have the full story. If we don't fund it properly, we will have a problem and be issuing paper I.O.U.s and it is going to take a long time to cover the I.O.U.s.

Ms. Rock stated the Board is here for a purpose and that is to help the needy in the event of a change in use of land. People are not aware how the fund functions and they do not have the facts the Board has as to what will happen down the line if this fund is not kept solvent. We have not yet encountered 125 or 250 homes in

a community going out. If that happens, there will not be enough money. Even if it is increased another \$1.50 a month, it will not be covered but at least there will be more money in the fund. If we don't increase the amount, we will not make it. She does not want to see I.O.U.s issued.

Mr. Speraw stated he has a hard time understanding and believing another \$1.50 is between him and whether he gets an I.O.U. Secondly, everyone is concerned with another \$1.50 a month but no one was concerned with giving someone \$2,500 for removal of a manufactured home that he refused to do.

Mr. Fuchs said we can revisit this issue at any time. We should just do it, which is doing something in good faith for the fund and the people it serves and to be able to continue to do so. We are not here to benefit the landowner, but to benefit the people that are being removed. We have done a good job of it since our inception.

Mr. Class presented the topic of a cap on maximum payment to a tenant for home determined to be non-relocatable.

Ms. Rock stated we can't do one without the other and the caps are reasonable. Mr. Paylor stated that if the tenants need more assistance than an increase would have to take place. Ms. Rock stated it would have to be reviewed again and a change made in order to do that.

Mr. Fuchs stated the fund has compensated who it can and so far it has been people who have trailers, some of which have been relocated or abandoned. At least the \$1,500 is something since they did not get anything before. We should go with the assessment increase but he is not in favor of raising the cap.

Mr. Denman stated at present there is no cap on the amount that will be paid to tenants for non-relocatable homes. When the first set of regulations were adopted, the Board deferred the issue of caps on homes that were non-relocatable. The proposed caps are \$10,000 and \$18,000. Mr. Fuchs stated he does not feel there should be a cap as high as \$18,000.

Mr. Heisler stated if we don't get increases and have caps; the fund will run out of money quicker.

Mr. Class stated a cap needs to be set. He personally feels the caps are too low, however it can be revisited at any time. If one community with a 100 homes goes out, the fund is in big trouble. We have to do something to limit the paper we would pass out.

Mr. Reed stated there never was enough money in the fund when started in 2003 with all the what ifs that existed. The fund is not doing too bad considering a little state like Delaware has a fund no one else has. The fact is if any big community closes, we are going to be giving out I.O.U.s. Even if we raised the assessment fee higher, there still would not be enough money.

Ms. Rock stated that anything we can do for the people is good. With the new increase, between the landlord and the tenant, it will be \$27 a year. To get \$10,000 and \$18,000 is a pretty good return. When people buy those \$100,000 homes they know they are going onto leased land and anything can happen. There is an obligation on both sides. Mr. Reed stated people don't know that.

Mr. Heisler stated people are going to see changes in use. They are inconsistent and there is no rhyme or reason to them when they occur. All of a sudden it can occur and hit 100 to 150 units. This is not for the person with the \$100,000 home. This is for the person with the \$10,000 home who has no other savings. People who have a \$100,000 have another source of income and are not on the same level. The fund was not designed to protect the \$150,000 home, especially at \$3.00 a month.

Mr. Class stated he would like to hear from those present who represent the public.

Mr. Peter Evanoff, resident of Angola Beach & Estates, stated he sold his house and bought a house for cash and has no mortgage. Presently, he and his wife subsidize their daughter and grandchildren, so they have no money left over. When someone on the board says it doesn't matter if a person has a \$150,000 home, they have it made. This is not true.

Mr. Heisler stated the fund cannot afford to protect \$150,000 homes. When the fund was created, the board focused on a very small segment of the population because it did not have unlimited resources.

Ms. Thompson stated this was started as an assistance program. Not reimbursement for \$100-\$150,000 homes.

Mr. Heisler stated the fund was modeled after other states' programs. The goal was to give assistance at some level so people could be protected. In the beginning, \$5 was the suggested contribution because it was felt the money would eventually be needed. It did not happen. The original proposal a couple of meetings ago was for, he asked for \$6.00. It was not agreed upon. Even \$4.00 is still not enough and will still put the fund behind.

Mr. Evanoff stated he could perhaps move his home, but he built a \$40,000 garage on top of a \$10,000 foundation and that cannot be moved. He was aware when he bought his home that he had no control and the landlord had every legal right to do what he wanted to with the property at any time but he liked the home and the community.

Mr. Heisler stated he would rather give people cash than to give an I.O.U. He would hate to see the fund not have an increase and not set caps and then in the next year 18 homes come in at \$100,000 each and these are the only ones the fund can service. It would not be fair to everyone who has contributed money into the fund.

Valene Kamorowsk, of Angola Estates, stated if there is a closure, the fund is going to be writing I.O.U.s because there is never going to be enough money in the fund depending on the size of the park. She cannot see raising the fee when it is not benefiting anyone.

Mr. Heisler stated it is an allocation of resources and if the board is not prudent about it, they are not doing their job. In any economic system, you have to put limits. If not, you cannot provide for everyone. The board is trying to come up with a compromise so that they can provide for as many people as they need to. With no caps, all it would take is 18 homes at \$100,000 each and the fund is gone.

Mr. Paylor stated he hoped the home owners present understood why the board is proposing the increase even if then homeowners aren't in favor of it.

Mr. Fillmore stated the homeowners here today came to make the board aware of their circumstances. They just received a 26% increase in rent. Other communities have had similar if not worse situations. The board needs to be aware of that. They just want a break and to be able to breathe. They do not want to see the assessment fee raised. They need the board's help and understanding. It should be revisited at a later date.

Mr. Speraw stated that Mr. Fillmore expressed his opinion. The homeowner keeps getting knocked out and asked for more. He does not feel the homeowners are ready for anything more.

Mr. Fuchs stated evidently we are not running out of places for people to go. The only populations they can serve right now are those homes being demolished or abandoned.

Mr. Heisler stated if you go into older communities that are 40-50 years old, which are in New Castle County, most of those homes are not relocatable. Even if the board deals with a \$50,000 home and has 30 of them, it will blow the fund out.

Mr. Class stated he just does not want to give out a bunch of paper. It is a personal issue and he is sticking by it.

Ms. Rock made a motion to increase the monthly assessment to \$4.50 and placing limitations on non-relocatable homes at \$10,000 for a single sectional home and \$18,000 multi-sectional home as per the findings of hearing officer for the public hearing. Ms. Thompson seconded the motion.

Mr. Class called for a roll call vote:

Ms. Rock – yes
Ms. Thompson – yes
Mr. Paylor – yes
Mr. S Speraw – no
Mr. Reed – no
Mr. Heisler – yes
Mr. Fuchs – yes
Mr. Class – yes

The motion was not carried.

IV. NEW BUSINESS:

A. ADMINISTRATIVE REPORT:

Ms. Sisco reported the website has been updated and the minutes through December 2006 are available online. The January minutes will be posted shortly since they were just approved at this meeting. The contact list has also been updated and the calendar of meetings is available on the website.

Ms. Sisco stated she has obtained various lists of communities in Delaware and is in the process of combining these lists into one master list of names and addresses and entering them into the computer. Once this is done, she will then gather additional information on the communities and expand the database.

Mr. Class stated the issue is finding the ones we do not know about. Once the list is completed, it will be given to the board members and assign each a geographical area and possibly have the board members review and get there input on additions needed to it.

B. NEW APPLICATIONS:

Mr. Denman presented an application submitted by landlord Lucille Adamo for reimbursement for the disposal of a single wide trailer from Lucky Estates that was abandoned in her park. It was verified with the mover that the trailer has been removed and disposed of at the landfill. The cost of removal was \$1,700.

Mr. Speraw asked if there was a title to it. Mr. Denman stated that the owner did not have the title and signed some type of document authorizing Ms. Adamo to remove and dispose the home.

Mr. Speraw made a motion to accept the application for removal and disposal benefits. The motion was seconded by Mr. Fuchs.

Mr. Class called for a roll call vote:

Ms. Rock – yes
Ms. Thompson – yes
Mr. Paylor – yes
Mr. Speraw – yes
Mr. Reed – yes
Mr. Heisler – yes
Mr. Fuchs – yes
Mr. Class – no

The motion carried.

C. FINANCIAL REPORT:

Mr. Scott Sipple handed out the audited financial statements. Mr. Sipple then gave the financial report.

D. MISCELLANEOUS:

Mr. Speraw asked that discussion on Victorian Village's reimbursement of money to the fund be put on the agenda for March meeting.

Mr. Paylor asked that board etiquette also be placed on the agenda for the March meeting.

V. ADJOURNMENT:

As there was no further business before the Board, the motion was made for adjournment by Ms. Caron, 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, March 14th at 1 p.m. at the Dover Public Library.

Respectfully submitted by:

Susan E. Sisco
Administrative Assistant
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