

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

110 N. Main Street, Suite F
Camden, DE 19934

Minutes of April 9, 2019 Board Meeting

IN ATTENDANCE:

Authority: Kevin Carroll
William Dunn
Andy Strine
George Meldrum
Jill Fuchs (Absent)
Dan Daly – Non-Voting Member (Absent)

Gregg Sutton (Executive Director)
Jane Sabo (DEHMRA Assistant)

Legal Counsel: William Denman

Other Attendees: Jen Allen, First State Manufactured Housing Association
William Kinnick, Delaware Manufactured Homeowner's
Association (DMHOA)
Grace Tinley – White Oak Mobile Home Park

I. Call to Order:

Mr. Carroll called the meeting to order at 1:30 p.m. All members were present except Mr. Daly and Ms. Fuchs who were absent.

II. Review and Approval of Minutes:

Mr. Carroll asked the Board if anyone had any questions, comments or corrections to the February 26, 2019 meeting minutes. Mr. Carroll had a correction to the Chair's Report and requested that the phrase "Task Force Meeting" be changed to "House Committee Meeting". A motion to approve the minutes with the necessary corrections was made by Mr. Strine and seconded by Mr. Meldrum. The motion carried 4:0 with one in absentia.

III. Executive Director's Report:

Mr. Sutton noted that since the last board meeting, the following has occurred:

- Mr. Sutton received a request from Raymond F. Book and Associates for a list of all manufactured communities to include the number of residents paying into the trust fund. A spreadsheet that listed each community and the number of homes responsible for paying the assessment fees into the trust fund was sent. There are approximately 20,000 tenants paying into the trust fund.
- Mr. Sutton received an invoice from L&W Insurance for Director and Officers' liability insurance. It was submitted to BDO Falcidian for payment.

- Mr. Sutton received a request from Superior Court for documentation on the appeal of Docket 10-2017. Paper copies were requested, so Mr. Sutton had copies made at Staples (approximately 300) and hand-carried them to the Prothonotary's Office.
- Mr. Sutton was contacted by a reporter from WDEL regarding a complaint from of Glasgow Court residents regarding the damage to some manufactured homes that had been moved by the community owner. Mr. Sutton contacted Mr. Carroll and the reporter's contact information was given to Mr. Carroll to follow up on this issue.
- On March 14, 2019, Mr. Sutton participated in a conference call with New Castle County Solicitor, Karen Sullivan and George Haggerty of the New Castle County Solicitor's Office to explain the change in land use procedures regarding Glasgow Court.
- On March 18, 2019, Mr. Carroll and Mr. Sutton met with by Councilman Tackett and Senator Thomason at the Newcastle Government Center to discuss issues on Glasgow Court that have surfaced as a result of Glasgow Court residents going to the media. Mr. Sutton received a FOIA request from Ms. Sullivan for applications for benefits for 14 Glasgow Court residents. Only 12 of the 14 had documentation.
- A FOIA request was also submitted by Mr. Kinnick of DMHOA to provide a list and copies of rent increase notices for rent increases above the CPI-U since 2013. Time spent going through all the rent increase files from 2013 and making copies took 22 hours. Mr. Sutton recommended that part of future FOIA requests involving large amounts of time and copies should incur additional charges for the time spent retrieving and copying the information. Mr. Kinnick made a second FOIA request for DEMHRA's spreadsheets listing rent increases above the CPI-U, which was also provided.

IV. Chair's Report:

- Mr. Carroll reported that there was an oral argument on March 24, 2019 before the Supreme Court on the Sandhill Acres case in which the Superior Court reversed the arbitrator decision. Mr. Carroll met with a team of legislators and officials on the State and local County levels on March 18, 2019 that was hosted by Mr. Tackett and Mr. Townsend. This was an informational and educational meeting attended by a large group which also included the New Castle County Executive, DMHOA, DE State Housing Authority, and DOJ. Among the topics discussed was the role of the Relocation Authority (RA). The primary order of business was the issue between Glasgow Court residents and the owner of Glasgow Court. When Glasgow Court first came up there was an incredible amount of confusion and emotions. The Chair, Mr. Carroll asserted that what we need to do is to make sure that people understand the limited role we have with respect to the moving of homes and that it remains a contractual issue between the home owner and the movers. He further stated that we can work with the parks and home owners but we need to keep in mind that moves happen regardless of the RTA's involvement and it does not change the nature of the contractual relationship between private individuals. We continue to be involved with Glasgow Court.
- Mr. Sutton clarified that one of the complaints was that there were applications for Glasgow Court where the owners requested intra-park moves without approval. DEMHRA only approved what was requested. Mr. Carroll noted that some people disagree with the payment of benefits for intra-park moves.
- Mr. Carroll summarized that there has been a flurry of activity generated by reporting from WDEL. He was in disagreement with the nature of some of the reporting and statements of the people who were interviewed. It seems that Newcastle County was trying to create the appearance that DEMHRA was doing things we weren't supposed to be doing. This was discussed at the March 19, 2019 meeting with the Newcastle County Solicitors and the role of DEMHRA was explained to Ms. Sullivan and Mr. Haggerty.

- The Attorney General's office was contacted and they provided their opinion on the payment of benefits for intra-park moves. They agreed that the statute did not prohibit the payment of benefits for an intra-park move.
- Mr. Denman questioned what the policy is going to be with respect to paying movers. In particular, will the Authority require a "certificate of occupancy" before making a payment to a mover? He is not aware of any policy in the past and there was no issue until Glasgow Court's change in use of land. Mr. Denman noted that there could be situations where the certificate of occupancy is not forthcoming and it has nothing to do with the mover. It could have something to do with the location where the home was placed. If we are going to adopt a policy that we are not going to pay the mover until we receive the certificate of occupancy, we need to make the mover aware up front that they are not going to be paid until the certificate of occupancy is received.
- Mr. Dunn suggested notifying the movers of this prior to the move. Mr. Strine said the problem with that is there are other contractors involved besides the mover. It is the home owner's responsibility to coordinate the move with the plumbers, electricians and other contractors.

V. Approval of Financial Matters

A. Recent Financial Activity:

Mr. Sutton reviewed the February Financial Report. This was for informational purposes only and will be posted on the DEMHRA website.

B. Approval of Legal Counsel Invoices:

The Board reviewed the invoice from legal counsel for the months of February and March 2019. Mr. Meldrum made a motion to approve both invoices which was seconded by Mr. Strine. The motion carried 4:0 with one in absentia.

C. Approval of Arbitrator Invoices

Docket #10-2017 (Wild Meadows). Mr. Dunn made a motion to approve this invoice which was seconded by Mr. Meldrum. The motion carried 4:0 with one in absentia.

Docket #04-2018 (Pot Nets Bayside). Mr. Strine made a motion to approve this invoice which was seconded by Mr. Meldrum. The motion carried 4:0 with one in absentia.

VI. Reports:

A. Compliance Matters:

1. **Delinquent Parks:** Mr. Sutton reviewed the report. J&J was contacted by our legal counsel and they will be paying the delinquent amount. Mr. Sutton will follow up in a week to see if payment has been received. The Crossings at Oak Orchard was referred to counsel. Appleby and Clover Leaf sent checks to DEMHRA. The checks were sent in to the Division of Revenue but nothing could be done since there were no coupons indicating how the money was to be applied. Mr. Sutton contacted them and notified them they should send in the coupons. Mr. Sutton followed up and they will be sending in the coupons indicating which check to apply to which parks. Other delinquent accounts were discussed. Mr. Carroll would like to revise the delinquent report so that it just captures the delinquent quarters and amounts. When there is no payment 20 days after a quarter ends, the account should be considered delinquent. The report will be reworked to reflect only the delinquent quarters and amount.

2. Compliance Investigator Report: Mr. Sutton reported that all of the parks have been audited for 2018. There will be random audits conducted in 2019.

B. Open Dockets Arbitration Matters & Status:

1. Docket # 10-2017 (Wild Meadows HOA and Fred Neil vs. Wild Meadows MHC, LLC):
This has been appealed to Superior Court.

2. Docket # 4-2018 (Pot-Nets Bayside HOA vs. Pot-Net Bayside LLC): This docket was ruled in favor of the community owner and is closed as no appeal has been made.

3. Docket #7-2018 (Wild Meadows HOA vs. RHP Properties/Wild Meadows LLC): Stayed pending information from a Supreme Court ruling from another case before making a decision.

C. Open Dockets – Arbitration Costs:

2017:

Total to Date for 2017 \$71,596.06

2018:

Total to Date for 2018 \$29,038.17

VII. Unfinished Business:

A. White Oak Relocation Plan:

Grace Tinley, 7580 Robins Drive, Milford, DE 19963: Ms. Tinley applied for non-relocatable benefits in the amount of \$4,200. Ms. Tinley owes taxes in the amount of \$1,274.15 and she owes the appraiser \$200. She was sent a letter and she agreed that the taxes and appraiser fee will be deducted from her benefit amount. She will receive a check in the amount of \$2,725.85. The Board reviewed the request based on documentation received which did not address why the home was non-relocatable. Mr. Carroll asked Ms. Tinley why her home is non-relocatable and she stated that due to the age of the home and being pre-HUD, it was not structurally-sound and did not meet the specifications to be relocated. Mr. Strine agreed with her assessment and Mr. Dunn made a motion to approve. The motion was seconded by Mr. Meldrum. The motion carried 4:1 with one in absentia.

Key Properties, Lot #1, 7559 Robins Drive, Milford, DE 19963 (Formerly Sherry Fullmore's Home): Key Properties applied for demolition benefits in the amount of \$3,000. Mr. Strine made a motion to approve. The motion was seconded by Mr. Meldrum. The motion carried 4:1 with 1 in absentia. Mr. Sutton will follow up to be sure the home was demolished before requesting payment.

B. Update on Right of First Offer (Sales, Closings, Change in Use of Land):

Mr. Sutton sent a letter to Shady Park on April 1, 2019 requesting an update on the sale of the park.

Mr. Sutton called the attorney for the owners of Vanessa Park. He was told that there is a buyer and they are waiting for settlement.

White Oak Mobile Home Park: Ms. Tinley is the last resident and her home will be demolished once she vacates.

C. Update on Community Owner Annual Registration: Previously discussed in the Executive Director's Report.

D. Update on Reimbursements for Minquadale and Timber Acres:

Mr. Sutton received an email from Mr. Morton and he sent it to the Department of Justice requesting their opinion. Mr. Denman discussed that Minquadale requests to be exempt and requested a refund, and Timber Acres says they don't want to be exempt and want to continue to pay into the Trust Fund. In his opinion the Statue unfortunately isn't black and white. Mr. Morton has shared with us an email opinion from Ms. Gina Schoenberg at the DOJ. We do not know what Mr. Morton told Ms. Schoenberg about what the underlying facts were in connection with this. Ms. Schoenberg's email says that in the case of resident-owned communities, home owners also own the land. For both Minquadale and Timber Acres, the home owners do not own legal title to the land. Rather an LLC or corporation owns the land. The tenants may, indirectly own the land. In her next comment she states they do not rent lots. We know that's not true because in at least one of these communities they have leases. The owners pay into the home owners association the rent to pay the mortgage. Mr. Denman recommended that a formal opinion from the Department of Justice should be requested. The Authority should make sure that the Attorney General is aware of all of the facts relating to each community, including how title is held, and whether there are leases between the tenants and the title holder.

Mr. Carroll questioned that from a procedural standpoint, going to the Attorney General and getting an opinion is fine. That's going to take some time. There is ambiguity with the rule making authority Mr. Denman recommended we first get the Attorney General's opinion. Mr. Carroll will follow up. Mr. Sutton was asked to send Mr. Carroll all pertinent documents regarding this. Also, Mr. Denman requested that Minquadale and Timber Acres provide to us documentation defining who owns the community, LLC or corporation, and also sample copies of any rent leases that exist between the tenants and LLC or the Corporation so it can be determined that all the tenants are owners of the community. It was determined that if Ms. Schoenberg has all of the information and if she arrives at the same conclusion, Minquadale and Timber Acres should be issued a refund of the assessment fees.

E. Board Appointments for Messrs. Meldrum and Daly

Mr. Daly was absent and Mr. Meldrum has had no update.

VIII. New Business:

A. Application for Demolition for Lot #1, White Oak MHP – Previously Discussed

B. FOIA Request from DMHOA to Provide Documentation of all Rate Increases Above the CPI-U from 2013 to 2019 – Previously Discussed

C. FOIA Request from Karen Sullivan of New Castle County Solicitor's Office Requesting Applications for Specific Tenants of Glasgow Court – Previously Discussed

D. FOIA Request from DMHOA for Proof of Intra-Park Moves for Glasgow Court

Mr. Carroll thought there was documentation from Mr. Morton regarding this issue. He will review that documentation. Mr. Strine stated that he thought there was nothing wrong with intra-park moves. Mr. Sutton stated that the Statute states DEMHRA will not pay benefits if the community owner initiates the move himself and pays for the move without going through DEMHRA. If done by change of use of land, DEMHRA will pay within the same community. There are some provisions in the Statute indicating DEMHRA will not reimburse where a move is paid for by the community owner, but there is nothing in the Statute prohibiting DEMHRA from paying for moves from one section of a community to another section of the community. DEMHRA has approved these moves before.

Mr. Kinnick discussed that when the homes were relocated to a new lot, the home owners were asked to sign a new lease within a year of the move. According to the law, they should not get a new lease when there is a change in use of land. The moves occurred in phases. In 2014 the home owners received new leases and a rent increase in less than a year. Mr. Carroll stated that DEMHRA has an obligation to respond to this issue. Mr. Denman followed up stating that the first issue should be whether the Authority should pay for intra-park moves. The Statute does have a provision that the landlord may not increase the lot rent after giving notice of the change in use. This is what Mr. Kinnick was referring to. It is a separate issue whether the Authority should pay benefits. Mr. Dunn questioned whether there was an increase in rent from 2014 to 2016. Mr. Carroll ended the issue stating DEMHRA will respond to the FOIA request as we have to.

E. Email to Attorney Michael Morton Regarding Malone's Bayside Marina's Change in Status to a Seasonal Park:

The email was generated because our compliance investigator was sent out to count the homes at Malone's Bayside Marina. Our investigator was told that Malone's doesn't fall under the Statute because they are a recreational park. Mr. Sutton called Malone's Bayside Marina and explained the conditions of a recreational park. Mr. Sutton was told to contact their attorney, Michael Morton. Mr. Morton has not responded. Mr. Sutton had a telephone call from a tenant of Malone's Bayside Marina informing him that the owner told that tenant that it was a seasonal park. The tenant was asked to sign a one-year lease. Mr. Strine clarified that with another season park (Irene's Trailer Court) the lease covered 12 months minus the amount of time the tenant had to vacate the park when the utilities were shut off. Mr. Carroll stated we will stay on top of this.

F. CPI-U Update

Mr. Sutton received phone calls from several community owners stating they could not find the CPI-U update on the website. Mr. Sutton revisited the website and noticed that the CPI-U not easily accessible without performing additional steps. He contacted our webmaster to insure that the CPI-U could be easily accessed.

G. Action items

IX. Public Comments

Mr. Kinnick noticed a few things when he was going over his FOIA request for rent increases above the CPI-U. There is no standard format for rent increase notices. There was one land

owner that hasn't submitted any documentation at all and is well above the CPI-U. In her documentation she only shows an \$8.00 increase but last year's lot rent was \$65. Her documentation is false. He questioned how this can be addressed. Mr. Carroll stated we have to go from information submitted to us by the parties. If there is bad faith with respect to that we need people to speak up. Mr. Kinnick was informed by Mr. Strine that it is not required that all letters follow a standard format but must comply with the law. Mr. Carroll stated that as long as it complies as dictated by Statute, it's not a problem.

X. Executive Session: There were no items to be discussed in Executive Session so the Board did not go into Executive Session. However, there was a brief discussion on how Mr. Denman's departure will be handled as far as his replacement. This will be discussed at future meetings

XI. Next Meeting Date - Adjournment

The Board set the next meeting date as June 4, 2019 at 1:30 p.m. Mr. Dunn made a motion to adjourn the meeting. Mr. Meldrum seconded the motion. The motion carried 4:0 with one in absentia. As there was nothing further to discuss, the Board adjourned at 3:05 p.m.

Respectfully submitted,

Gregg Sutton
Executive Director