

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
1979 S. State Street
Dover, DE 19901

Minutes of the May 11, 2023 Board Meeting

IN-ATTENDANCE:

Authority: Mitch Crane
William Dunn
Andy Strine
George Meldrum
Richard Hrycyshyn
Patrick Malone (Non-Voting Member)

Gregory Sutton (Executive Director)
Jane Sabo (Assistant to the Executive Director)

Legal Counsel: Melissa Rhoads

Other: Jen Allen (FSMHA)
Paul Kiefer (DE Public Media)
Henry (Rick) Klum (DMHOA)

I. Call to Order – 1:30 P.M.

Mr. Crane called the meeting to order at 1:30 p.m. All members were present. There was a quorum.

II. Review and Approval of Minutes:

A motion was made and seconded to approve the March 30, 2023 meeting minutes. The motion passed 5-0.

III. Chair's Report:

- HB 61 was signed by Governor Carney on 4/26/23. Beginning July 1, 2023, voting board members will receive \$100.00 for each meeting they attend. Since the funds will be coming out of the State's General Fund, Mr. Crane asked Mr. Sutton to contact the State Treasurer's office for guidance on how the board members will be paid.
- Mr. Crane received inquiries from four legislators regarding complaints from tenants concerned about HB 317 which temporarily suspends rent justification and came up with a new formula for computing rent increases. He made it clear that DEMHRA was not consulted when the bill was drafted. He stated that although the intent was in good faith, to reduce the number of arbitrations, no one could have anticipated that inflation would raise interest rates. SB 317 imposed a maximum 7% CPI-U cap on the amount of rent increase permitted, or the current CPI-U. The CPI-U is now above 7% and landowners are setting the rent increases to the maximum amount they can, which is within the law, thus tenants are complaining to their legislators.
- Mr. Crane received many inquiries from the legislators regarding the rental assistance program. DEMHRA has nothing to do with the rental assistance program. It is his understanding that there is a rental assistance program in place that is managed by the landowners in manufactured home communities. Mr. Strine confirmed that rental assistance that the landowners pay is based on the criteria provided by the Delaware State Housing Authority, DSHA. Requests usually occur when there is a loss of income. The law was intended to help long-term tenants to come up with an amount that they can afford to pay. Mr. Crane added that he believes the intent of the legislators was to look into creating something that will allow assistance in general for people who qualify, and that it be administered by a state agency utilizing the DEMHRA Trust Fund. There has been no bill drafted so the Board will not address this issue at this time.

- Another bill adds camper trailers (RV's) to be eligible for relocation benefits when there is a change in use under limited conditions. The Code has no definitions and no standards, and now DEMHRA is responsible for developing standards. Again, DEMHRA was not consulted when this bill was drafted. There are deletions and omissions in the bill, and RV's are excluded in a number of places. Mr. Strine will discuss this later in the meeting.
- We are receiving complaints from resident-owned communities that have been taken over by their HOA, and they believe that they are exempt from paying what Chapter 70 requires. Chapter 70 states that resident-owned communities are exempted only from one subchapter, and that is relative to rent justification. They are not exempt from anything else. Unlike other states that have dealt with the issue of resident-owned communities, Delaware does not define them. In a previous meeting, it was proposed that resident-owned communities become cooperatives. A cooperative is owned by every single individual. HOA's are not residents. They are an independent registered corporation or LLC, and Delaware allows an HOA to purchase a community. Therefore, they are a landlord, and as a landlord they could technically sell the property. We have defined this very loosely and it must be clarified at some point. Mr. Crane prepared documentation that was approved by our solicitor, regarding resident-owned communities that will be sent to the HOA's and/or cooperatives.
- Mr. Crane will be submitting his resignation to the Governor after June 30th. He added that the chairmanship requires interpreting the law and being available to answer questions from the DEMHRA executive director, DEMHRA staff, DEMHRA Legal Counsel, and other DEMHRA board members. This is an appointed position and the chairperson can have no interest in manufactured homes (either as a landowner or a tenant). Mr. Strine asked that Mr. Crane stay on until the end of his term to allow ample time to find a suitable replacement. Mr. Crane stated that he would be willing to stay on to answer questions for a reasonable amount of time.

IV. Executive Director's Report:

- There was a problem with replenishing the operating account last month. When the previous executive director left, the checking account was closed and a new account was opened; however, the contact information on the previous account was not updated and payroll and certain expenses were in jeopardy of not being paid. In the interim, Falcidian, our contracted accountant, deposited enough money into our operating account from their account to cover those expenses. Mr. Sutton updated the contact information with the State's finance department and this was resolved. The internal handbook and our policies and procedures will be updated with specific instructions to follow to avoid this from happening again.
- We exceeded the amount of copied allowable per our copier lease by over 400 and were billed for that overage in the amount of \$7.90. In the future, we will be making double-sided copies, whenever possible and utilizing the back-up copier whenever possible so that we can stay under the 2,000 copies per month.
- Two Pine Haven residents visited our office requesting help in completing their applications for relocation assistance. Mr. Sutton assisted them in completing their applications and made sure all the documentation required was in order.

V. Legal Counsel Report:

- There were six complaints filed:
 1. Hecker Properties – No response
 2. Sussex Manor (new owner) -They are working through setting up their account.
 3. Kamm Properties (former Sussex Manor owner) – No response
Bon Ayre – They contacted Ms. Rhoads and are working on this. She will follow-up with them.
 4. Changing Fates – They paid but there was a calculation error and they are working on correcting it. Ms. Rhoads will follow-up with them.
 5. County Seat Gardens – They had problems with the coupons and payment not matching and checks bounced. Ms. Rhoads has not heard from them and she will follow-up with them.
 6. Minquadale – Their attorney, Ms. Faries, has been working with them to get this resolved. No legal action has been taken as they are close to resolution and only owe a small amount. Christine Hambleton, Nicole Faries, and our attorney, Melissa Rhoads had a conference call to resolve this issue. They know exactly what is owed and it will be resolved.

- Mr. Mr. Sutton asked Ms. Rhoads to follow-up with the new owner of J&J Mobile Home Park. They still have not set up their account with the Division of Revenue.

VI. Approval of Financial Matters:

A. Recent Financial Activity & Report:

Mr. Sutton discussed the March and April reports. This was for informational purposes only and will be posted on the DEMHRA website. Mr. Crane added that the life of the Trust Fund has been extended until 2029. The cap of \$15,000,000.00 remains the same.

B. Approval of Invoices:

March Legal Counsel Invoice in the amount of \$3,851.05

Excel Business Systems for toner in the amount of \$20.74

Excel Business Systems for the initial setting up of the printer copier in the amount of \$149.00

Excel Business Systems for exceeding copy allowance per lease in the amount of \$7.90

The Spanish Group for translation of 3/2/23 minutes in the amount of \$231.57

The Spanish Group for translation of 1/19/23 minutes in the amount of \$208.17

A motion was made and seconded to approve all invoices collectively. The motion passed 5-0.

VII. Reports:

A. Compliance Matters (Executive Director):

1. Compliance Investigator Report:

Compliance Investigators visited a number of parks that did not send in their annual registration forms.

2. Community Owner Registration Update:

It is anticipated that all the audits will be completed for those parks not sending in their annual registration forms in the next few weeks.

3. Delinquent Parks Report:

As of 5/5/23, the following parks are two quarters late: Delaware City (Q4 2022 and Q1 2023); Glasgow MHP (Q4 2022 and Q1 2023); M&S Park (Q4 2022 and Q1 2023); Oak Grove Estates (Q4 2022 and Q1 2023); The Crossings at Oak Orchard (Q4 2022 and Q1 2023); The Village of Grandview (Q4 2022 and Q1 2023).

A motion was made and seconded to refer for legal action. The motion passed 5-0.

B. Arbitration (Update on Status of Open Dockets):

Most of the open dockets are in Superior Court.

Docket 04-2019, Wild Meadows HOA vs Wild Meadows LLC: Stayed per Mr. Valihura

Docket 04-2020, Wild Meadows HOA vs Wild Meadows LLC: Update expected in June

Docket 01-2021, Shady Park HOA vs Shady Park MHC: Update will be provided by CLASI after receipt

Docket 02-2021, Ridgewood Manor: Awaiting decision from the judge

Docket 03-2021, Canterbury Crossing: - Update expected in July

Docket 04-2021, Pot-Nets Lakeside HOA vs Lakeside Community: Update expected in the fall

VIII. Unfinished Business:

A. Update on Parks for Sale:

Bay City: Under contract

Country Acres: No update per Ms. Faries

Silver Oaks: Called 5/4/23 No voicemail. Emailed 5/4/23 – No response

B. Update on Parks Going Through Change in Use:

1. Timberlane – No applications have been received. There are at least 30 more to apply for benefits

2. Lynch's MHP – No new applications received

3. Pine Haven - Three new applications for approval at this meeting Mr. Malone, DOJ, added that there

Has been a case filed against the new owners of Pine Haven. The change of use is on hold and a hearing

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is scheduled in two weeks.

4. **Paradise Cove** – They are in talks with the DOJ and their solicitor to come up with an agreement based on what was discussed at the last meeting during the executive session. Mr. Crane emailed the owner of Paradise Cove and their solicitor but has received no response.

C. Approval of Applications:

1. **Timberlane** - none
2. **Lynch's** - none
3. **Pine Haven:**

David Johnson, Jr., 8647 Nelson Drive, Lincoln, DE 19960

Non-relocatable benefit in the amount of \$2,200 (includes \$200 appraisal reimbursement)

Signed waiver letter to pay taxes owed to Sussex County in the amount of \$481.15

Total amount of benefit after taxes are paid is \$1,718.85

Brenda Moffett, 8670 Nelson Drive, Lincoln, DE 19960

Non-Relocatable benefit in the amount of \$6,900 (includes \$200 appraisal reimbursement)

Barbara Biederman, 22509 Corey Drive, Lincoln, DE 19960

Non-Relocatable benefit in the amount of \$7,700 (includes \$200 appraisal reimbursement)

IX. New Business:

A. Qualifying Criteria for Relocation Benefits for R.V.'s (Mr. Strine's Report):

Mr. Strine was asked to report on this at the last board meeting. He stated that according to federal law, there is no way to easily discern the difference between RV's and manufactured homes. If an RV can be moved, it does not qualify for non-relocatable/demolition benefits. If an RV cannot be moved, it has no value and would not require an appraisal. It would qualify for non-relocatable benefits. Generally, to disassemble and haul an RV to a dump is easier than it is to demolish a manufactured single-wide home. He suggested increasing the current abandonment benefit from \$1,500 to \$2,500. Even though those tenants have never paid into the Trust Fund, this benefit would come out of the Trust Fund. The benefit amount is intended to provide the tenant funds to put a down payment on another home and to be fair and reasonable. Following further discussion, Mr. Strine conceded and would be willing to go along with increasing the maximum for benefit to \$3,000. A motion was made and seconded to increase this benefit from \$1,500 to \$3,000 for manufactured homes and RV's. This would be based on a case-by-case basis.

Mr. Malone asked what happens if the owner of an RV cannot provide a title. Some Pine Haven tenants do not have titles to their homes. Mr. Strine added that a manufactured home that is set in a permanent location needs a permit and pays taxes. RV's do not get permits and pay no taxes. For RV's with a seasonal lease, a title must be presented at the time of application. If there is no title, the tenant must provide proof that they have been paying rent (signed lease or canceled checks). Pine Haven tenants living in RV's were not sent the notification of change in use and we do not know whether they have titles or not. We can't have tenants getting benefits if they do not have evidence of ownership or that they lived there at the time the change in use occurred. Mr. Crane suggested these be handled on a case-by-case basis. A motion was made and seconded that proof of ownership must be met and if there is no title, it will be handled on a case-by-case basis. The motion passed 5-0.

B. Update on Policies & Procedures and Executive Director Handbook:

Mr. Crane was directed by a legislator not to list the \$100.00 amount paid to board members for attending meetings in the policies and procedures. The policies and procedures were updated removing any reference to how much the board members would be compensated. DMHOA was also asked to do the same.

C. Discussion on Whether or not to Increase Relocation Benefits for Moving to Private Property:

Mr. Sutton was contacted by a tenant who wanted to move their home to a private lot, but the quote was over the allowable \$12,000 relocation benefit for a single-wide home. Our solicitor looked into the law and there is nothing that prevents homes being relocated to a private lot. Mr. Strine added that moving to a private lot would

be more expensive since existing communities already have site-built roads, plumbing, sewer and electricity hookups The Board's position was that the relocation benefit remains the same, regardless of where the home is moved.

D. Renewal of Public Officials Liability and Employment Practices Insurance (L&W Insurance):

Mr. Sutton completed and returned the form to L&W Insurance.

X. Public Comments:

Mr. Kiefer from DE State Media questioned what the median down payment would be for single-wide in lower Kent and Sussex counties would be. Mr. Strine informed him that an older home needing work selling for \$10,000 may require a down payment of \$4,000 plus the first month's rent. He state that you can find inhabitable housing for under \$15,000 with more square footage than an RV which is normally 400 square feet.

XI. Executive Session:

The Board did not convene to an Executive Session.

XII. Next Meeting:

The next meeting will be held on Thursday, June 8th, at 1:30 P.M.

XIII. Adjournment:

As there was no further business to discuss, the meeting was adjourned at 2:46 P.M.

Pursuant to 29 Del. Code Section 10004(e)(2), this Agenda may be changed to include additional items (including executive sessions) or the deletion of items (including executive sessions) which arise at the time of the Authority's meeting.