

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

Minutes of the July 13, 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
Stacy Shelton – DMHOA
Jerome Rogers – Dover AFB

I. Call to Order – 1:30 P.M.

Mr. Crane called the meeting to order at 1:30 p.m. All members were present. Mr. Crane introduced Ms. Stacy Shelton, Executive Director of DMHOA, and Lt. Col. Jerome Rogers, Dover AFB

II. Review and Approval of Minutes:

A motion was made and seconded to approve the June 8, 2023 meeting minutes. The motion passed 5-0.

III. Chair's Report:

- Mr. Crane briefly discussed the process from the time a bill is filed until it is enacted by the Governor. He and other board members are constantly contacted by people about bills that have been filed. Last month, a bill of some consequence was about to be voted on by the House and since it was sponsored by the Majority Leader, it seemed that the bill would be voted on during the last week of session. However, there was some controversy and opposition to parts of the bill. It was unlikely that the Senate would take it up, if at all, in January 2024. Unfortunately, some people thought the bill had been enacted. Mr. Crane cautioned DEMHRA Board and Staff that regardless of whatever happens in the future, it is important that no board member or staff should disseminate information regarding bills until they have been enacted into law by the Governor. It is up to the DEMHRA Chair or Executive Director to notify the board and staff when this occurs. At that point, our solicitor needs to review the bill and let the board know of any changes that we need to incorporate into our policies and procedures. The bill that was almost enacted was the operation of the rental assistance program, of which DEMHRA has no authority. It also had a statement relative to rent increases, basically stating that the rent increase could only be increased up to 5 percent this year.
- Mr. Crane discussed payment of invoices. For invoices from vendors on a regular basis, the process in place is that those invoices are pre-approved by Mr. Strine and Mr. Meldrum. They can be forwarded to our accountant for payment. After that, they are approved at a board meeting by a majority vote. If an error was made, it could be adjusted on the next invoice.

The whole purpose of the procedure is that routine invoices can have preliminary approval. All other vendor invoices must come before the Board for a majority vote before they are sent to our accountant for payment.

- Mr. Crane discussed that in the past, a decision that the Board had to vote on was skipped. If that occurs, no vote can be made via email, it must be presented for a vote at the next board meeting. It is important we do not make errors of this nature.
- Mr. Crane occasionally receives calls from legislators questioning what we do and how we do it. When he is asked the Board's opinion on an issue or bill, he cannot give one unless the Board has taken a position on it. He is of the belief that the Chair of this Board is the only one authorized to speak for the Board. This may or may not change in the future. He added that if anyone receives inquiries like this, they should contact him.

IV. Executive Director's Report:

Since the last meeting, the following has occurred:

- The new CPI-U has been published and it is effective July 13, 2023. It is 5.953% down from 6.561%.
- It will be posted on the DEMHRA website.
- Communities who send rent increase requests on a regular basis were notified of the new CPI-U.
- Our office had a water leak in the ceiling last week due to an HVAC issue.
- The leak has been repaired and the ceiling tiles that were removed were put back up.
- A new section has been added to our policies and procedures to include RV relocation benefits when a community is going through a change in use. This will be discussed later in the meeting.
- One of Pine Haven's residents whose home was to be relocated had a fire. His application had already been approved. He contacted his insurance company and the home was boarded up. He was instructed to contact his mover to determine whether the home could still be moved. There is nothing further DEMHRA can do.
- There was a call from the owner of Delcy Court MHP informing Mr. Sutton that Delcy Court has always been a seasonal park and they should not be paying into the Trust Fund. The owner informed Mr. Sutton that the park is closed for a period of months during the year. They have been paying into the Trust Fund since 2008. Mr. Sutton informed the owner that he must submit leases to our board as proof of it being seasonal. Mr. Strine suggested sending our compliance investigator to audit the park. Once audited, the board can consider making them seasonal. Mr. Crane added that there will be no reimbursement for past payments unless there is proof that it was DEMHRA's error.

V. Legal Counsel Report:

- Hecker Properties – Suit has been filed. Owner will send paper copies of coupons and check since her electronic account was deleted. It will be dismissed once payment is received.
- Kamm Properties (Old Owner) – Suit has been filed. No response and unable to serve.
- Bon Ayre – Suit has been filed. Owner believes it has been paid and is in the process of getting the bank image on the back of the canceled check with the numerical code so payment can be properly applied.
- M&S MHP, Oak Grove Estates and Oak Grove Estates – Same owner of these parks who believes they have been paid. Awaiting bank image of back of check with the numerical code so payment can be properly applied.
- Crossings at Oak Orchard – Person who handles the account was out of the country for two weeks and will return next week. Will pay when she returns.
- The Village at Grandview – Manager believes this was paid and is waiting for the bank image of back of check with numerical code so payment can be properly applied.
- Blue Beach Bungalows – The new owner established an account but has not paid. Pine Haven, the previous owner, paid up the account in August of 2022. Blue Beach Bungalows is responsible for payment beginning September of 2022. Discussion followed regarding discrepancies in the number of manufactured homes and RV's in the park. Mr. Strine suggested using the numbers that resulted in our compliance investigators' audit. Mr. Crane added that this must be resolved before the next meeting. A motion was made and seconded to begin the legal process. The motion carried 5-0. If Blue Beach Bungalows determines that the count is inaccurate, they can dispute it. Ms. Rhoads will send a demand letter next week.

- Oakway – This park periodically has less than two tenants and when that happens, they do not have to pay into the Trust Fund. They now have more than two tenants and must begin paying again. The owner thought that she would be notified when she was responsible for paying. She was instructed on self-reporting so she can determine when she owes.

VI. Approval of Financial Matters:

A. Recent Financial Activity & Report:

The June reports were reviewed by Mr. Sutton. They will be posted on the DEMHRA website.

B. Approval of Invoices:

The May and June Legal Invoices were approved in the amounts of \$1,450.35 and \$1,330.35 respectively. A motion to approve was made and seconded. The motion carried 5-0.

VII. Reports:

A. Compliance Matters (Executive Director):

1. Compliance Investigator Report:

We will begin random audits beginning next month. A compliance investigator will be sent to audit Blue Beach Bungalows.

2. Delinquent Parks Report:

Those parks one quarter late were previously sent reminder emails to pay. All parks that were two or more quarters late have been referred for legal action.

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

Attorneys are contacted for updates prior to our board meetings.

Docket 04-2019, Wild Meadows HOA vs Wild Meadows LLC: Stayed in Superior Court pending a determination in the DE Supreme Court on the Shady Park 01-2021 appeal.

Docket 04-2020, Wild Meadows HOA vs Wild Meadows LLC: Arguments before the Superior Court will be held on September 22, 2023.

Docket 01-2021, Shady Park HOA vs Shady Park MHC: Will be in court for months and CLASI will provide an update upon receipt.

Docket 02-2021, Ridgewood Manor: Final brief to be filed with the Superior Court on November 6, 2023.

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

Docket 04-2021, Pot-Nets Lakeside HOA vs Lakeside Community: Update expected in the fall. Mr. Crane requested an update on which court Dockets 03-2021 and 04-2021, Supreme or Superior. We will follow up and report at next month's meeting.

C. Rent Increase Certification Requests:

There were 48 rent certifications done in June.

VIII. Unfinished Business:

A. Update on Parks for Sale:

Country Acres: ROFO Letter sent 5/9/22. No update per Attorney Faries

Daltons MHP: ROFO Letter Sent 6/1/23. No update per Attorney Faries

Laws MHP: Settlement 6/29/23. New owner must register with the DOR

Silver Oaks: ROFO Letter sent 11/12/20. Still for sale as of 7/11/23 per Mr. Turner

Mr. Sutton asked Ms. Allen from the Housing Authority for assistance when we do not know who purchases a park.

B. Update on Parks Going Through Change in Use:

1. Timberlane – 117 affected tenants, 90 approved applications. Up to date on 3-month notification letter

2. Lynch's MHP – 12 affected tenants, 1 approved application. Up-to-date on 3-month notification letter

3. Pine Haven – 38 affected tenants, 1 new application for approval at this meeting.

4. Paradise Cove – 37 homes, no applications have been received.

C. Approval of Applications:

1. Timberlane

Brett Markley/Pauline Nevins, 19 Persimmon Tree Lane, Newark, DE 19702

Non-Relocatable, \$15,600 Minus \$7,229.83 for taxes owed to New Castle County for a benefit of \$8,370.17. Reimburse Steven Sachs \$200 for Appraisal Fee

A motion was made and seconded to approve non-relocatable benefits in the amount of \$8,370.17 and to reimburse Steven Sachs Homes \$200. The motion carried 5-0.

Merton Steele, Jr., 50 Sycamore Tree Circle, Newark, DE 19702

Abandonment - \$3,000

A motion was made and seconded to approve abandonment benefit in the amount of \$3,000. The motion carried 5-0.

2. Pine Haven:

Patricia Pullella, 8659 Nelson Drive, Lincoln, DE 19960

Non-Relocatable benefit in the amount of \$4,100.00 Plus an additional \$200 for Appraisal Fee Reimbursement.

A motion was made and seconded to approve the above relocation benefit in the amount of \$4,100 plus an additional \$200 for reimbursement of appraisal fee. The motion carried 5-0.

D. New Owner Information Presentation Via Zoom Update:

Mr. Sutton discovered that new owners don't register with DEMHRA or the Division of Revenue work with Ms. Allen from the Housing Authority to identify new owners of sold parks. Mr. Sutton will be creating checklists for new owners of parks and owners going through change in use. The checklists will be sent each January along with the Annual Community Registrations Forms and Right of First Offer letters.

IX. New Business:

A. Policies & Procedures Update:

A new section has been added for criteria for RV's of parks going through a change in use. It defines the guidelines for RV's. There may be other parks that have people living in RV's on a permanent basis. Mr. Strine added that communities having RV's generally have a separate section for seasonal RV's and they are not registered or counted in the RTA. RV's used as a permanent residence must meet certain requirements to be eligible for benefits when there is a change in use. Mr. Crane added that his understanding is that this bill does not address any requirement from the owner or tenant of an RV to pay into the Trust Fund. We are making an exception here because it is not the fault of a person who lives in an RV on a permanent basis. Mr. Strine suggested that a notification be sent to all land owners letting them know that if they have tenants living in RV's on a permanent basis, they would be eligible for benefits if there is a change in use. Mr. Sutton added that Chapter 70 cites that owners cannot accept an RV in their community unless it has a seasonal lease. Ms. Allen will work with Mr. Sutton to get this information to the land owners. Mr. Crane suggested that our compliance investigators be assigned a few extra communities in the area of their audits to see if there are RV's in those communities.

Mr. Sutton pointed out that on page 17 of the Policies & Procedures, it states that DEMHRA determines whether homes can be moved or not. This has been changed to "if it is determined whether a home can be moved."

Section 10 is new and addresses RV's.

Section 12 – Mr. Crane suggested this be discussed at our next meeting so the board can review it.

Mr. Hrycyshyn noted that on Page 18, Section 2.10, the amount for abandonment benefits should be Corrected to \$3,000 for both single and double wide homes. Mr. Sutton will have this corrected.

B. Falcidian Engagement Letter:

Falcidian is our accountant. They raised their fee an additional \$25 per month. Mr. Crane recommended approving the letter as they have done an excellent job for us. A motion was made and seconded to approve the Falcidian engagement letter. The motion carried 5-0.

C. New Turnaround Time for Check Disbursements from the Division of Revenue:

We were informed by the Division of Revenue that checks may take longer to process since they now must be approved by a higher level when they are over \$10,000.00.

D. Board Introduction Packet Update (New Members):

This was previously discussed.

E. Donovan Smith MHP Rent Increase:

They received a grant from the City of Lewes for changes and corrections to their property. They also agreed to notify the Department of Public Works of rent increases. Then the Department of Public Works notifies DEMHRA that they are in compliance.

F. Status of Rent Cap Bill:

This was previously discussed.

X. Public Comments:

Ms. Shelton of DMHOA was contacted by a resident of Paradise Cove inquiring about the status of the change in use. Mr. Crane informed her that the application process is on-going. No applications have been received. Tenants have until February of 2024 to vacate the property. In a meeting with Paradise Cove, we were told that all tenants will be offered a full-time lease for a specified amount of time and they would be paying a lot more rent. Mr. Crane asked our solicitor to follow-up with Paradise Cove's legal counsel for an update. Mr. Malone of the DOJ added that as part of the DOJ investigation, they had season leases that were illegal, and that Tortella Realty would offer tenants full time leases that would be non-transferable if they moved out. Eventually that would make the whole park seasonal. This is not a change in use. These are DOF issues. Mr. Crane suggested that tenants apply for benefits at this time whether they qualify or not. Mr. Sutton added that the settlement agreement has been fully executed. Ms. Rhoads will have an update at the next meeting.

XI. Executive Session:

There was no need to convene an Executive Session.

XII. Next Meeting:

There will be a special meeting tentatively scheduled for August 17, 2023 if there are applications for approval. Otherwise, the next meeting will be held on Thursday, September 7, 2023 at 1:30 p.m.

XIII. Adjournment:

The meeting was adjourned at 2:38 p.m.

Respectfully submitted,

Gregory Sutton
Executive Director

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.