

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

Minutes of the June 20, 2024 Board Meeting

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

Legal Counsel: Melissa Rhoads

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

Other: Jen Allen - FSMHA
Dietmar Panzig – Southern Meadow Community
Lynda Lucido - Pine Haven
Joy Kaiser – Pine Haven
Gregory Lewis – Lake Forest Estates
Tina Sayers – Lake Forest Estates

I. Call to Order:

Mr. Rogers called the meeting to order at 1:30 p.m. There was a quorum. Ms. Rhoads and Mr. Malone were absent.

II. Review and Approval of Minutes:

The May 9, 2024 minutes were reviewed. A motion to accept the minutes as written was made by Mr. Hrycyshyn and seconded by Mr. Meldrum. The motion passed 5-0. The minutes will be posted on the DEMHRA website.

III. Chair's Report:

- House Bill 442 has been brought forward by Mr. Dan Steward and Ms. Liz Lochman. It is a bi-partisan bill regarding affordable housing and made it out of committee. A separate affordable housing protection task force will be created specific to manufactured housing. Board Chair Rogers stated that he anticipates some interaction between that committee and DEMHRA's board. More information on this bill can be found on the Delaware.gov website.

IV. Executive Director's Report:

Since the last meeting, the following has occurred:

- An attorney representing Cedar Crest Community, located in Ocean View, Delaware, contacted Mr. Sutton to determine if the community was registered with DEMHRA. After viewing the tax records on-line, it was discovered that every home was on a separate tax parcel and therefore the community was not required to register with DEMHRA. Mr. Sutton notified the attorney of his findings regarding Cedar Crest's status.
- It was brought to Mr. Sutton's attention that the attorney for Sandhill Acres has been sending DEMHRA duplicate copies of rent increase notices for the communities that are managed by ARCAP. Mr. Sutton will contact the attorney to let her know that it is not necessary since we have already received and processed the certification that was sent to us directly by ARCAP.
- We were notified that the first room located to the right in the hallway of DEMHRA's front entrance will be converted into a restroom and individuals will have access to that restroom from the lobby area.

V. Legal Counsel Report:

Mr. Sutton was informed by Ms. Rhoads that there is nothing new to report.

VI. Approval of Financial Matters:

A. Recent Financial Activity & Report:

Mr. Sutton reviewed the May report. This report is for informational purposes only and will be posted on the DEMHRA website. He requested a replenishment to the trust fund operating account to bring it back up to \$60,000 since no checks will be processed from now until after the fiscal year is closed out in June 2024. He also mentioned that a monthly petty cash report is provided to our accountant each month with supporting documentation for money spent.

B. Approval of Invoices:

The following invoices were presented for approval:

Tighe & Cottrell for legal services for May in the amount of \$1,480.35

L&W Professional Liability Insurance in the amount of \$2,359.73

L&W Workers' Compensation Insurance in the amount of \$230.00

The Spanish Group for Translation of April Meeting Minutes in the amount of \$199.33

WSFS Credit Card in the amount of \$97.63

A motion was made by Mr. Strine and seconded by Mr. Hrycyszyn to approve the above invoices collectively.

The motion passed 5-0.

VII. Reports:

A. Compliance Matters (Executive Director):

1. Compliance Investigator Report:

No report as compliance investigators did not audit any communities since the last meeting. The process in place currently is to only have compliance investigators audit parks if they have not sent in their registration forms in two or more years.

2. Delinquent Parks Report:

Silver Oaks MHP has not paid Quarter 4 2023 and Quarter 1 2024. They also have a credit balance. The owner was contacted and asked to send in payment and apply the credit to one of the quarters. They informed our office they will take care of this matter. We will follow up for payment status at the next board meeting.

3. Community Owner Annual Registration Forms Returned:

There are 15 communities that did not return their forms in the past two years. Those communities will be contacted and given 10 days to respond before we have a compliance investigator audit them.

B. Arbitration:

Docket 04-2019 (Wild Meadows HOA vs. Wild Meadows LLC):

In Superior Court. As of 6/11/24, fully briefed. Argument scheduled for 6/11/24 and opinion is expected in 90 days.

Docket 04-2020 (Wild Meadows HOA vs. Wild Meadows LLC):

In Superior Court. As of 6/11/24, the judge remanded this case to the current arbitrator, who informed Mr. Sutton that he is unable to continue with this arbitration. Mr. Sutton will find another arbitrator and hand-carry a copy of the documentation we have in our files on this docket.

Docket 02-2021 (Ridgewood Manor vs. Ridgewood Manor II LLC):

In Superior Court. As of 6/11/22, Mr. Sharp contacted the attorneys and as he understands it, both attorneys are briefing Canterbury Crossing and they are awaiting a decision on Canterbury Crossing which may impact their decision in this case.

Docket 03-2021 (Canterbury Crossing):

In Superior Court - As of 6/11/24 there is no change.

Docket 04-2021 (Pot-Nets Lakeside HOA vs. Lakeside Community):

In Superior Court - As of 6/11/24, oral arguments are scheduled for July 2024.

C. Rent Increase Certification Requests (May):

There were 39 rent increase certifications processed during the month of May. Mr. Sutton added that there is a website that provides a listing of communities having violations. This website is checked by DEMHRA on a regular basis to ensure that no violations exist when we certify rent increase requests.

VIII. Unfinished Business:

A. Update on Parks for Sale:

Silver Oak MHP, Country Acres MHP, and Dalton’s MHP have been for sale for over a year. A letter was sent to them requesting the status of the sale of the park. If the park is still for sale, they were informed that they must re-submit the right of first offer letter to the tenants. Silver Oaks responded, and the park is no longer for sale. We are awaiting responses from the others.

Hedgerow Hollow is for sale and the tenants were sent the right of first offer letter on 5/3/24. Mt. Pleasant MHP is for sale and the right of first offer letter was sent to the tenants on 5/10/24.

B. Update on Parks Going Through Change in Use:

Pine Haven: No new applications were received. There are two units remaining.

Timberlane: No new applications were received. There are 18 units remaining.

C. Approval of Applications: None

D. Audit Request for Proposals Have Been Sent to Blue Advantage Advisors and the office of the State of Delaware Auditor.

A request for proposals is sent every three years to our auditor and the Delaware Department of Finance Auditor’s Office. We are awaiting their responses. Once received, it will be brought before the board for review and approval.

IX. New Business:

A. Renewal Request to DE Department of Finance to Replenish Board Member Stipend

Mr. Sutton will send the request to the Department of Finance by July 10th to replenish the board member stipend.

B. Review Projected Comparison Difference if Tenant Portion of Trust Fund Assessment Fees are Reduced by \$1.00, and How it Would Impact the Timeline of the Trust Fund Reaching \$15,000,000.

At the last board meeting, Mr. Sutton was asked to prepare the above report to compare the current assessment fees and the impact if the tenant portion was reduced by \$1.00. The following is a recap of the report:

*Current Income from Assessment Fees at \$4.50 per home Monthly: \$89,410.50 Yearly: \$1,072,926.00

*Proposed Income from Assessment Fees at \$3.50 per home Monthly: \$69,541.50 Yearly: \$ 834,498.00

* Does not include interest income or expenses

Mr. Sutton added that reduction in assessment fees by \$1.00, and using the above amounts that exclude interest and expenses, by December 2024 the balance in the trust fund would be \$14,250,154.85, and it would take until September of 2025 to reach the \$15,000,000 cap. At this time, Mr. Sutton referenced Section §7042 (e)) in Chapter 70 where it states that “The cap on the Trust Fund is \$15 million. “The cap may be adjusted, eliminated, or reinstated by the Board at any time, subject to the voting requirements under §7041 (c) (3) of this title.

Mr. Strine added that hypothetically, if it costs \$20,000 to relocate a home and if there were 750 homes relocated in a year (more than likely, this many relocations in a year probably would never happen), the trust fund would accumulate approximately \$1,000,000 income each year plus the \$15,000,000 we now have. He suggested reducing the landlord and the tenant portions of the assessment fees by \$1.00 each, which reduces the monthly assessments to \$2.50.

From an operational standpoint, Mr. Strine suggested that this should be finalized before August so that the communities have this information to include in rent increase notices for January 2025.

Mr. Rogers would like this placed on the agenda at our next meeting so a vote can be taken. He has a concern that since the interest income was not included in the projections, it could change the timeframe to reaching the cap. Mr. Strine suggested that at our next meeting, we look at the cap to see if should be changed based on the revised projections. Mr. Strine suggested putting an email out to all the communities stating we are considering lowering the fees because we have accumulated enough funds, and very likely expanding the cap so we don't hit it, and that they can attend the next board meeting if they have any questions or concerns.

C. Continue Discussions for Streamlining Operational Functions:

As discussed at the last meeting, Mr. Strine wanted the Board to come up with a list of unnecessary functions that could be eliminated that would require legislative action to change the law. Items discussed were:

- Mr. Strine proposed that community registrations should be every two or three years instead of annually.
- Mr. Sutton proposed not sending right of first offer letters to landowners annually. It is too time consuming and they already are aware of the process. Also, when a community is for sale, DEMHRA is responsible for sending the tenants the right of first offer notification letter when there is no HOA. It is time-consuming, especially for larger communities. Mr. Strine proposed that the landowners send the notifications since they already have their tenant's information.
- Mr. Sutton proposed looking into whether resident-owned communities who are paying into the trust fund should still fall under Chapter 70.
- Mr. Strine suggested reducing the 20-day window to notify tenants of rent increases once they are certified by DEMHRA. Mr. Strine proposed that before the next legislative session, the Board come up with a list of what we collectively would like to have them consider for changes to the law. We should sit down with them and reference the laws and sections of the code with our suggested changes, and make suggestions of how the law should read.

D. Falcidian Engagement Letter:

There was an increase in \$100 per month for accounting fees. A motion was made by Mr. Strine and seconded by Mr. Dunn to accept engagement letter as written. The motion passed 5-0. Mr. Rogers signed the letter and Mr. Sutton will send the executed copy to Falcidian.

E. Replenish Operating Account/Check Disbursement Requests:

This was previously discussed.

F. Lake Forest Owner Has a Number of Abandoned Homes Through No Fault of His Own. He Was paying into the Trust Fund Until Abandoned. Can He Claim Demolition Benefits?

Mr. Sutton was informed by Mr. Gregg Lewis, the owner of Lake Forest MHP that his family has owned this community for years. He has several abandoned homes and has paid assessment fees up until the time of abandonment. He wanted to know if he could apply for demolition benefits. Mr. Strine informed him that the only way he would receive any demolition benefits is if the community went through a change in use of land. Mr. Lewis asked about unpaid taxes on the abandoned homes and if he is responsible for paying them. Mr. Strine informed him that unless he had the homes condemned, he would be responsible for paying the back taxes, and he suggested that Mr. Lewis contact the county to condemn the homes, If the homes are condemned, he instructed Mr. Lewis to retain all the documentation, and informed him that he would be responsible for obtaining the required permits and for the cost of demolition. Mr. Strine offered to assist Mr. Lewis through this process. Mr. Lewis had questions about abandoned homes if hypothetically his community would go through a change in use. Mr. Strine briefly explained the process to him and addressed going through a change in use, abandonment and eviction.

X. Public Comments:

The Pine Haven attendees again expressed their appreciation to DEMHRA for their help with going through the change in use. The Board thanked them.

At this time Mr. Rogers asked the board members if they had any comments or questions. There were none.

XI. Executive Session:

As there were no items to discuss, the Board did not go into an executive session.

XII. Next Meeting - Adjournment:

The Board set the next meeting for Thursday, July 25, 2024, at 1:30 PM. A motion to adjourn the meeting was made by Mr. Meldrum and seconded by Mr. Strine. The motion passed 5-0. The meeting was adjourned at 2:39 PM.

Respectfully submitted,

Gregory Sutton
Executive Director

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