

## **Housing Conference Call Notes**

**November 15, 2013**

At the beginning of the Call the audience was informed that the purpose of the Call was to receive input in preparation of the Proposed 2014 AAP and the 2014 Housing Application Guidelines. It was also noted that the notes from the Call would be placed on the DED website.

Below is a brief summary of the topics covered during the Call and a summary of the comments and discussion on those topics.

### **Additional Points Criteria**

One discussion topic dealt with forgivable loans as they relate to additional points provided within the Annual Cycle scoring. A comment was received that noted that the organization chose not to try and obtain the additional points for forgivable loans due to their funds being recaptured and used to serve additional persons.

It was proposed by DED that the amount provided for bonus points might be reduced within the 2014 Cycles. The public generally agreed that this was appropriate.

It was mentioned by DED that if the forgivable loan criteria remains within the 2014 Application Guidelines, that the requirement of having at least 50% of a loan forgivable would remain in the Guidelines.

### **Landlord Rehab Program**

The topic of a Landlord Rehab Program was opened up for discussion. The respondents were supportive of the concept, but many persons had questions on how such a program would function. Questions that remained unanswered included: how to you ensure landlords accept terms of funding; how to enforce those terms; the feasibility of use of DED minimum rehabilitation standards; and should the applicability of the program be limited to Section 8.

One comment suggested that long Section 8 waiting lists might be shortened if substandard rentals could be rehabbed to meet Section 8 standards. Liens against such properties could hold the landlord accountable for renting to low income tenants. \$7,500 was a suggested grant amount sufficient to meet HQS standards. A concern for such a program was that many landlords would not be interested either because their units rented for above the guidelines or because those units that did rent at or below guidelines did so because of the poor conditions and \$7,500 may not be enough to bring them to up to appropriate rehab standards.

## **Funding for Non-profit Operating Assistance**

Another discussion topic included the question of whether or not the public believed that DED should continue to provide funding for Non-profit Operating Assistance. All persons that commented during the call noted that it was important for DED to provide operating assistance.

One question was whether or not funding should be based on a needs based assessment and documentation of the use of funds awarded.

## **Gen Admin & Housing Management**

On the discussion topic of whether or not the current maximums for General Admin (8%) and Housing Management (10%) as a percentage of hard costs were appropriate. A number of persons noted that even if the levels remain in place, DED should give organizations an opportunity to provide justification for needing more Gen Admin and Housing Management funds for their specific projects. It was noted that each project is unique and some projects need additional administration and housing management to complete these projects. In addition, it was noted that the OOR Calculator used during the 2013 Application Cycles, not be locked but allow the applicants to be able to adjust the calculations.

During this same discussion the public noted that in some instances it takes significant time to process several applications and applicants then back out of the project and do not receive assistance. The question was proposed as to whether or not a minimal application fee might be a possible solution to having applicants apply and then back out. The majority of respondents noted that this did not appear appropriate.

During the discussion 2 questions were asked regarding Gen Admin and Housing Mgmt and these included: 1) Was the public ok with the current levels that DED has set (as a % of hard costs)? and 2) How would the public provide justification for needing additional admin and management for their projects?

On the topic of levels, approximately 10 organizations responded to the question, and out of the 10 respondents 3 organizations said the current rates were not sufficient.

On the topic of justification, comments received noted that more detail should be provided to DED in order to receive higher percentages.

## **Project Match**

The question was asked to the public of whether or not match should be required on projects. The vast majority of responses noted that it should not because many projects the community would not be prepared to provide matching funds for activities that only benefit individual owners (i.e. OOR).

## **HOME Match**

The question was asked to the public of whether or not only the required HOME Match (25% of the HOME allocation) should follow the HOME regulatory requirements and whether or not the remaining

NAHTF funds should be less restrictive. All responses to the question noted that they would be supportive of this proposal.

### **Rental Project Design and Pro Forma Docs**

The question was asked to the public of whether or not they believed the requirement of using these tools were appropriate in order to ensure feasibility and viability of a project. The majority of responses said that they were appropriate. One response noted that the tools were difficult to use.

### **Rental Projects**

Comments included that the 1% increase in rents was not feasible within small projects.

Comments included that the 5-7% management fees were also not feasible for small projects as this was very difficult to maintain for small projects. A minimum of 10% for management fees was more realistic.

Comments on rents charged noted that the current HOME rents were difficult to utilize and fit into income targeting.

Comment on additional points for renter's insurance noted that this idea was not really feasible due to the additional expense for this would simply require additional DED funds for the project.

### **Long Term Mortgage Requirements**

The question was raised regarding the inclusion of a long term mortgage requirement for Homebuyer Projects. It was suggested that many homebuyers would be unable to meet future balloon payment or ARM requirements. In response, a couple of comments by the public requested that it not become a requirement rather that it remain flexible. These supported their comments with low foreclosure percentages. Other comments included that the respondent was leery about mortgages with balloon payments and that if the homebuyer was unable to obtain a long term mortgage then maybe they were not ready to become a homebuyer at this time.

### **Future Input Meetings**

The final question put to the public regarded the venue and manner of such future input for the preparation of Proposed AAP and Housing Application Guidelines. Several commented that they would prefer to meet in person and another suggested that the meeting be held in a central location and that any questions be provided ahead of time.