

To: City of Lewes Planning Commission

From: Helen McAdory, Executive Director: Diamond State Community Land Trust

Re: Public Comments submitted July 27 2019

Date: 8/15/2019

Response to statements pertaining to Diamond State Community Land Trust (DSCLT):

1. Statement: "The Planning Commission needs also to ask why would any market rate buyer purchase a home in Dutchman's Harvest with its complicated restrictive covenants that limit where you can work, won't allow you to rent your home, and possibly prevent you from leaving your home to your heirs?"

Response: **These homes are not being developed for market rate buyers. The covenants act as a deterrent. The developer's covenants were developed from a review of standard restrictive covenants. DSCLT covenants are layered on top of these and are common to the CLT model and compliance requirements often found in subsidy funding restrictions.**

2. Statement: "The DSCLT will serve buyers at or below 60% of AMI. I support building affordable housing for the city's low-income workers, and I enthusiastically support the DSCLT program. But DSCLT's target market doesn't meet Comprehensive Plan requirements, and it won't be the Workforce Housing envisioned by the City's Plan. Even if DSCLT raises the income limits for eligible buyers, it is unlikely that it will build its 42 units of affordable housing".

Response: **This is inaccurate. DSCLT will serving 60 to ≤ 80% AMI which DOES meet Comprehensive Plan requirements. DSCLT is not building the affordable units, the developer is. DSCLT is acquiring up to 42 units and has the acquisition funding source in place, site plan approval.**

3. Statement: "How much subsidy dollars have been committed to date for DSCLTs 42 affordable homes at Dutchman's Harvest?"

Response: **Subsidy funding sources depend entirely on the site plan approval. Applications cannot commence till then. DSCLT has identified sources of subsidy funding but application and commitment is dependent on the site plan approval and timeline.**

4. Statement: "Dutchman's Harvest proposes 3 different categories of owners and 3 different classes of occupants: DSCLT owners with incomes below 60%, with covenant restrictions for 99 years, and a more limited capacity to pay for Condo Assessments increases if they rise more quickly than incomes; Market-rate owners with unrestricted incomes, with covenant restrictions for only 20 years, and greater capacity to shoulder Condo Assessment increases in the future; and Sussex County Employers who have a third set of requirements and will rent units to their workers who will not have the same financial stake and commitment to long-term tenure as the owners. The Condo, the owners, real estate agents, title companies, and the City of Lewes won't be able to keep straight the differing requirements."

Response: **DSCLT owner incomes will not be below 60%, these are not land lease single home covenants. The restrictions will be reinstated at every resale. The City will be appointing a monitoring compliance agency which is another role DSCLT could assume.**

5. Statement: "Resale and occupancy restrictions for market-rate buyers are not viable in mixed income housing. There are numerous homes in Sussex buyers that are being built or have already been built that are affordable to market rate buyers."

Response: **This is a generalization, and since this is not designated to be a market-rate development, the resale and occupancy restrictions are designed to be unattractive to buyers who can afford market rate elsewhere.**

6. Statement: "The City of Lewes will never displace an owner who falls out of compliance with the Workforce Housing provisions of the proposed covenants."

Response: **The compliance agency will. DSCLT monitors compliance.**

7. Statement: "The restrictive covenants will be unacceptable to first trust lenders, to homebuyers, the secondary market that buys the loans to buyers, and government providers of subsidy."

Response: **CLT mortgages are supported by Fannie Mae and Freddie Mac. The covenants have been reviewed according to Fannie Mae guidelines by 2 mortgage companies and deemed acceptable for conventional and portfolio mortgages.**

Recommendations from Delaware State Housing Authority (DSHA) on

DSHA strongly supports the site plan for 140 condominiums on 8.5 acres along Rt. 9 in Lewes. The developer is partnering with the Diamond State Community Land Trust (DSCLT) who has an excellent track record to ensure that 42 will be permanently affordable homeownership by placing a restrictive covenant each home. Homebuyers are required to go through extensive counseling to learn about owning a home and also to understand how the affordability restriction works. This ensures the subsidy (resulting from OA Vantage II Schell selling units at cost to the DSCLT) is carried from homebuyer to homebuyer when it is sold. More information on the Diamond State CLT can be found at

[www.diamondstateclt.org](http://www.diamondstateclt.org)

o Another nice feature is the requirement that the unit must be the owner's primary residence. For example, in market rate homeownership units, the owner can flip the home and rent it out. Under this arrangement, the maximum amount of time the homeowner can rent their home is three months, with permission from the DSCLT. The state applauds the City of Lewes partnering with DSCLT to oversee the selling of units on the front end and monitor the ongoing compliance.

o The proposal uses the big house design concept which makes the site appear less dense. A similar design was used in the very popular Paynter's Mill community in Milton.

o But most importantly, this proposal will provide housing affordable to county residents who work in the coastal resort area where few affordable housing options exist, but the need is acute and well documented. In addition, this site is located within a DSHA-defined 'Area of Opportunity', which are strong, high value markets, offering economic opportunity, high performing schools, and supportive infrastructure that help households succeed.

o Providing affordable housing for current and future residents is a state and local issue. At a time when Federal resources for housing are diminishing and the need is greater than ever, the Dutchman's Toil collaboration is an excellent example of bringing a variety of partners, resources, and strategies together to ensure residents can live close to their jobs and gain access to the resources and benefits this area provides for years to come.