

New Lease on Life at Park Royal

David Moore and Ken Smith

A very affordable 32-unit family rental complex in Milton, Delaware has been reclaimed by Milford Housing Development Corporation (MHDC).

Park Royal Apartments is a project-based Section 8 complex, serving the rental needs of the state's most economically vulnerable renters. It is a member of a generation of properties in Delaware and nationally in which the original contracts keeping the units affordable are ending. Greenfield Manor in Newark, Delaware, for example, is a property in which the owner has left the Section 8 program (except for the existence of a few remaining tenants who have "enhanced vouchers," a special post-contract form of subsidy). These contract expirations are happening at an accelerated rate in both HUD and USDA programs.

In the case of Park Royal, which has 24 two-bedroom units and 8 three-bedroom units, the previous owner was looking to sell the property or convert to market rate housing. MHDC realized that this would result in displacement of the existing tenants and loss of very affordable units from the state's housing inventory, as well as loss of the public investment into these units over twenty years.

Originally built in 1983, the property had had a vacancy rate for the last ten years of approximately 3%, demonstrating the vital need for deeply subsidized rental housing in the community.

MHDC placed an option on the property and developed a financing plan which allowed them to acquire the complex for \$1.2 million. MHDC assumed the existing "515" USDA loan and utilized funding from the Housing Development Fund (HDF), which is administered by the Delaware State Housing Authority, to help with the balance of acquisition cost and some of the rehabilitation costs. MHDC also received a \$550,000 rehabilitation loan from USDA, Rural

Development.

The plan developed by MHDC called for the revitalization of twenty existing apartments. These apartments were totally rehabilitated, along with two additional units which were made completely handicapped accessible. MHDC also enlarged the existing rental office, making it accessible, and performed a complete exterior make-over of two of the four buildings.

Park Royal represents the best of

what is possible, as the state faces the continuing problem of subsidized rental contracts expiring and for-profit investors wishing to relinquish publicly subsidized very affordable properties.

With foresight and dedication to mission, Milford Housing Development Corporation has made it their business to preserve and redeem units which serve a critical need.

