



## Delaware Housing Coalition

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

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

JUNE 1, 2011

David Culver  
General Manager  
New Castle County Department of Land Use  
NCC Government Center  
87 Read's Way  
New Castle, DE 19720

RE: New Castle County 2012 Comprehensive Plan

Dear Mr. Culver:

The Delaware Housing Coalition (DHC) is pleased to offer comments on the 2012-2015 Comprehensive Plan. DHC is dedicated to making affordable housing available in every Delaware community and to all Delawareans. For over twenty-five years, we have advocated for the creation and preservation of affordable housing, both in Delaware and nationally. All of our efforts are designed to promote this goal and reflect our concern for more and better permanent supportive housing for the homeless, preservation of affordable rental communities, increased state and local incentives to produce affordable homeownership and rental units, more funding at all government levels for affordable housing, increased use of nonprofit and community-based housing development solutions, and a broader awareness and deeper understanding of affordable housing needs.

### AFFORDABLE HOUSING NEEDS IN NEW CASTLE COUNTY

DHC recognizes and is appreciative of the efforts of New Castle County to implement the housing-related recommendations of the 2007 Plan including the development of a workforce housing ordinance, adoption of the accessory dwelling units ordinance, creation of a county housing trust fund, and use of down payment and rehabilitation assistance loans.

As we consider the overall housing policy for New Castle County, it is helpful to keep the following in mind:

1. The median household income in New Castle County is \$ 78,300<sup>1</sup>;
2. The estimated mean renter wage in New Castle County is \$15.01<sup>2</sup>;

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<sup>1</sup> [www.hud.gov](http://www.hud.gov)

3. The Housing Wage (required hourly wage to afford a two bedroom market rate apartment) in New Castle County is \$20.71<sup>3</sup>;
4. The median house price (Q1, 2011) in New Castle County is \$193,000<sup>4</sup>;
5. The median rent for a two bedroom apartment is \$1,077<sup>5</sup>;
6. Extremely low-income (ELI) households are ones with an annual income at or below 30% of the area median. These households are highly vulnerable and at-risk.
  - a. A household is considered cost-burdened if it is spending more than 30% of its income on housing costs. As of 2005, 9,595 renter and 6,529 owner New Castle County households were both extremely low-income and cost burdened;
  - b. Spending more than 50% of income on housing costs is considered severe cost burden – these households are very precariously housed and at high risk of homelessness. As of 2005, 6,171 renter and 4,340 owner households in New Castle County were both extremely low-income and severely cost burdened<sup>6</sup>;
  - c. We estimate that, as of 2005, New Castle County had a need for at least 5,520 rental units that are affordable and available to ELI households<sup>7</sup>.

## ASSUMPTIONS

We make our comments based on some assumptions that are important to us as an organization and which we have developed over the years of our existence. We invite the County to articulate a similar set of assumptions that guide its comprehensive plan process and implementation.

1. Resources are finite. While this is true in general, it is also true in many specific ways. At the household level, real wages promise to continue a long trend downward that, with few exceptions, has marked the past few decades. There is an increasing public policy expectation and fiscal pressure on local government to do more with less. In addition, a variety of limits on growth (economic, ecological, and energy) make it critical to re-evaluate accepted development truths.
2. Planning is about giving, as well as taking. The public sector is often criticized by private actors for “takings.” It is at least equally true that government is about “givings.”<sup>8</sup> The provision of infrastructure and the permission for development, for

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<sup>2</sup> Out of Reach 2011, [www.nlihc.org/](http://www.nlihc.org/)

<sup>3</sup> Out of Reach 2011, [www.nlihc.org/](http://www.nlihc.org/)

<sup>4</sup> [www.destatehousing.com](http://www.destatehousing.com)

<sup>5</sup> Out of Reach 2011, [www.nlihc.org/](http://www.nlihc.org/)

<sup>6</sup> Housing Delaware’s Extremely Low- Income Households: A Report from the Extremely Low-Income Housing (ELI) Working Group, 12/09, <http://www.housingforall.org/ELI%20WG%20Final%20Report%20121409.pdf> and *Who Can Afford to Live in Delaware?* (2010), [http://www.housingforall.org/WhoCanAfford2010\\_online\\_0515.pdf](http://www.housingforall.org/WhoCanAfford2010_online_0515.pdf)

<sup>7</sup> See the most recent Fair Share Housing Measure, [http://www.housingforall.org/index\\_good\\_neighborhood.htm#FAIR\\_SHARE\\_HOUSING\\_MEASUREMENTS](http://www.housingforall.org/index_good_neighborhood.htm#FAIR_SHARE_HOUSING_MEASUREMENTS) and its policy implications, [http://www.housingforall.org/fsm\\_hojo\\_fal10.pdf](http://www.housingforall.org/fsm_hojo_fal10.pdf)

<sup>8</sup> David Morris, *Givings: The Flip Side of Takings*, AlterNet, April 19, 2005, <http://www.alternet.org/story/21791/>

example, are accompanied by significant advantages. These benefits should be recognized and the reasons for giving them made clear and explicit.

3. The most serious needs require the greatest attention and resources. As in the case of cost-burdened, extremely low-income households, cited above, the needs that are the most difficult to meet are usually not addressed directly and do the greatest long-term damage to families and communities. They should be given consequent priority in planning and resource-allocation.
4. Housing cannot be separated from issues of choice and opportunity. We do not just shop for a home. Included in our considerations are things such as access to transportation, open space, school quality, and other things. Creating within every community a well-distributed range of housing choices for a variety of households across the spectrums of income, age, and disability will have benefits such as promoting inclusion, encouraging aging-in-place, strengthening community-based housing alternatives for people with disabilities, and reducing poverty and concentrations of poverty.
5. Sustainability and equity work together. Public costs of development are high and need to be better calculated by the County in its land-use and approval processes.<sup>9</sup> Compact development can make new housing development less costly, environmentally more benign in impact, and more affordable per unit.

#### COUNTY COMPREHENSIVE PLAN COMMENTS

The specific steps New Castle County has taken to implement the housing-related recommendations of the 2007 Plan (workforce housing ordinance, accessory dwelling units ordinance, county housing trust fund, and use of down payment and rehabilitation assistance loans) are a good base upon which to build and improve, as well as implement new policies for affordable housing throughout the next planning cycle.

DHC recommends the following be considered while developing the policies and implementation actions for the 2012 Comprehensive Plan:

1. **Fair Share Housing** – Recognizing that affordable housing is not just a question of providing an adequate number of affordable units but also providing greater housing choice and opportunities for all households, encouraging a better geographic distribution of affordable housing, and encouraging more inclusive communities, New Castle County can take the next steps toward a housing program for all of the workforce by implementing the changes suggested here.
  - a. Eliminate off-site housing provisions for affordable housing units. Siting any of the affordable units outside the target development area only leads to geographic housing inequities, such as poverty concentration.
  - b. Extend affordability periods, giving incentives for more extended periods, and rewarding permanent affordability most highly. Development models which

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<sup>9</sup> League of Women Voters of Delaware – Land Use and Transportation report, <http://www.de.lww.org/docs/LWVDETransConsensus3-11.pdf>

give the County more (or more time) for its investment – either by recapturing subsidy or retaining it in perpetuity -- are a critical option in a time of scarce resources, as well as a means of creating mixed-income communities over time.

- c. Extend the workforce housing program to include and clearly encourage rental production. The most serious housing problems among low-income County residents stem from housing cost-burdens. In the case of renters, access to affordable units is most needed.
  - d. Publish a clear and thorough annual report on the results of the ordinance.
  - e. Review and revise the ordinance with the goal of creating a mandatory inclusionary zoning program. Such a program can take the form of requiring all residential development applications to include a percentage of affordable units. Alternatively, or in addition, the County could create a program requiring that a percentage of affordable housing be provided as a condition of approval for all residential rezoning applications. . In all cases, required affordable units should be integrated with and maintain an external design similar to market rate units.
2. **The Housing Trust Fund** – find dedicated revenue and utilize it to meet the most critical needs.
- a. Find and establish a dedicated revenue source. The most successful housing trust funds throughout the country have a stable, dedicated source of revenue, typically generated from a related tax or fee. Pennsylvania has model legislation which encourages the development of county housing trust funds, for example.
  - b. Reserve the use of housing trust fund dollars of the most critical needs, those of households with extremely low-incomes. While affordable housing is not just a question of housing units but also the availability of infrastructure and services, the housing trust fund should not be used for purposes such as infrastructure development in locations of low-density development. Instead it should be an incentive for high-density development, aimed at critical needs, such as affordable rentals or as a resource for essential home repairs for cost-burdened extremely low-income owner-occupant households.
3. **Zoning for Higher Density and Mixed Use**– We are all aware of development applications proposing affordable housing options that meet with opposition from neighbors. Such contentious meetings often act as a disincentive for developers to propose alternative or unique projects as well as mixed use and mixed income developments.
- a. Identify areas for higher density housing uses. DHC recommends that the County identify areas appropriate for higher density and mixed-use development on the Future Land Use Map and follow-up with rezoning properties within those areas.

- b. Zone more land for high density housing uses. One way of limiting the amount of opposition is to ensure that an adequate amount of appropriately zoned land is available to develop. Zoning for future development also better enables the County to direct growth to designated areas.
4. **Long-Term and Permanent Affordability** – One of the challenges to creating affordable housing is ensuring it remains affordable. One method of preserving affordability is the community land trust (CLT) model, in which homeowners own the structures and improvements and have a permanent and inheritable leasehold interest in the land. This form of the shared-equity model (a) has been proven to permit homeowners to build assets, (b) lowers the cost of housing by not requiring purchase of the land, (c) limits the rate of inflation in the house price, (d) preserves public and private investment in the home, (e) conduces to mixed-income communities, and (f) provides a safety net to homeowners.

The CLT is an increasingly successful model for helping low-income households secure and maintain truly affordable housing. It is being used in a variety of residential developments including homeownership, condominiums, cooperatives, lease-purchase, and rental housing. While these applications differ in approach and complexity, the underlying factor is non-profit ownership of land and community (resident) control of assets. These are the principal reasons that CLT homeowners are: (1) far less likely to experience foreclosure - 1/10<sup>th</sup> the national rate; (2) more likely to remain homeowners - 90% remain homeowners after 5 years compared to 50% for first-time homebuyer programs; and (3) building assets for more successful lives - 70% of CLT homeowners go on to buy market-rate homes.

Other long-term affordability models include limited-equity cooperatives, owner-occupied homes with durable affordability covenants, and deferred payment second loans that require homeowners to repay a share of future price appreciation. A new National Housing Institute study discusses these points in detail<sup>10</sup>.

- a. Incorporate shared equity and permanent affordability models into the County's housing plan. The County has used the CLT model as part of the Neighborhood Stabilization Program, and DHC encourages the County to incorporate the model in more of its housing programs.
  - b. Make permanent affordability a significant building block within the County's housing production plan, helping to establish a growing inventory of homes that offer sustained affordable housing opportunities throughout the county.
  - c. Include housing and rental counseling as part of housing initiatives to improve long term success for program participants.
5. **Coordination between the Comprehensive Plan and the Consolidated Plan** – As you know, the Community Services Department, Community Development and Housing Division is responsible for producing the Consolidated Plan for the County. While the

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<sup>10</sup> Homeownership Today and Tomorrow: Building Assets while Preserving Affordability  
[http://www.nhi.org/research/2054/homeownership\\_today\\_and\\_tomorrow\\_building\\_assets\\_while\\_preserving\\_affordabi/](http://www.nhi.org/research/2054/homeownership_today_and_tomorrow_building_assets_while_preserving_affordabi/)

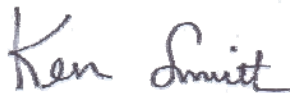
Consolidated Plan includes fourteen priorities<sup>11</sup>, the majority of federal funds are used for housing rehabilitation. At the same time, many of the priorities are directly related to land use policy – particularly tools for expanding the supply of affordable housing.

- a. Use the Comprehensive Plan update as an opportunity for the Departments of Land Use and Community Services to discuss and develop a partnership in achieving at least some of County’s housing priorities.
- b. Formulate a Comprehensive Plan update which makes it more probable that the County can succeed in achieving its Consolidated Plan objectives.

Thank you for the opportunity to participate in the development of the 2012 Comprehensive Plan. We look forward to working with the County throughout the planning process and in implementation of the adopted policies.

DHC would very much like to have the opportunity to discuss these comments with you and answer any questions you might have.

Kind regards,



Ken Smith, Director

cc: Marcus A. Henry, General Manager, Community Services

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<sup>11</sup> Consolidated Plan Priorities: (a) expanding the supply of housing for affordable homeownership, (b) housing rehabilitation for LMI homeowners, (c) increasing homeownership opportunities, (d) expanding the availability of rental housing stock for LMI households, (e) assisting homeless populations, (f) supporting housing for persons with disabilities, (g) strengthening communities, (h) promoting grass-roots, faith-based, and other community-based organizations, (i) improving the quality of life for elderly residents through the provision of public services and increased housing options, (j) increasing the array of housing options for persons with mental illness or developmental disabilities, (k) improving the quality of life for persons with mental illness through the provision of public services, (l) improving the quality of life for persons with alcohol and drug addiction through the provision of public services, (m) improving the quality of life for persons living with HIV/AIDS, (n) increasing the range of housing options and related services for persons with disabilities