
The Realities of Poverty in Delaware 2001 - 2002

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INTRODUCTION

The 2001-2002 update of the Realities of Poverty is the first being produced by the Delaware Housing Coalition on its own, taking over the job from the Public Assistance Task Force, which has asked us to continue its fine work. It is our intention to update the Realities every two years, as PAT used to do.

Readers familiar with earlier editions of this report will find things missing from it this time, including discussions of food security, utility costs, and childcare. It also lacks discussions of certain subjects,

including community reinvestment, predatory lending, concentration of wealth, incarceration rates, and tax fairness, which we did not have the space and time to include. In defense of all these omissions, we can only say that we have attempted to create a document that provokes Delawareans to further investigation and action on their own, in the tradition that the Public Assistance Task Force helped to create.

Our concentration on other areas has to do with our own mission to

encourage Delaware to meet its obligation to house everyone decently. Housing is the single cost most likely to determine whether a family is in poverty after it has been paid.

Further, we have included a discussion of liveable wages and basic family budgets for Delawareans, with the aim of encouraging discussion of this very important issue and of giving some guidelines within which to begin that discussion.

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The Realities of Poverty in Delaware: 2001 - 2002 is dedicated to all the citizens of the state who work to make ends meet and to keep their homes and families together, despite everything.

POVERTY IN DELAWARE

The State

The Economic Environment for the Poor in Delaware

Using data from the American Community Survey for 1999 and 2000, the Economic Policy Institute (EPI) came up with a rough measure of state economic environments for the poor. EPI looked at poverty rates for the state, for children, and for single female-headed households and compared them to the percentage of

families receiving public assistance and food stamps and paying more than 30% of income on rent. EPI also looked at median earnings gender gap and income inequality in arriving at an index of the state economic environment for the poor. The ACS for 1997 showed a much lower child

poverty rate than the regular census figures (11.2% versus 16.6%) but reflected the high rate of poverty among single female-headed families (despite reductions in welfare) and a gender gap in earnings of 65%.: Delaware women earning \$0.35 less per dollar earned by Delaware men.

Table 1: Delaware's Economic Environment for the Poor

| ECONOMIC HARDSHIP | Poverty Rate | | | Share of households receiving | | | Median earnings gender gap |
|----------------------|--|-----------|---------------------------|-------------------------------|-------------|------------------------------------|----------------------------------|
| | Overall | Children | Single mother families | Cash public assistance | Food Stamps | Paying more than 30% on rent | |
| | 9.6% | 11.2% | 27.9% | 2.5% | 4.8% | 35.9% | |
| INCOME INEQUALITY | Percent of families with income in range of: | | | | | | |
| | Median family income | <\$25,000 | \$25 to 50K | \$50 - 100K | \$100 -200K | \$200,000+ | \$35 - 75K |
| | \$55,131 | 17.0% | 27.0% | 39.4% | 14.0% | 2.6% | 40.3% |

Source: Data (1997) from the American Community Survey, <http://www.epinet.org/datazone/acs/index.html>

Poverty, Housing, and Income in Delaware

Despite a climate of economic growth which, especially during the second half of 1990s, brought up the earnings of families at or near poverty, there

was an increase in the number (by 17,000) and percent (by 2%) of Delawareans in poverty, according to the findings of the census. This

amounted to an increase in the number of poor in Delaware by over 35%.

Table 2: Poverty, Housing, and Income in Delaware: 1990 & 2000

| Category | 1990 | 2000 | Change | % Change |
|----------------|------|------|--------|----------|
| <u>Poverty</u> | | | | |
| Poverty rate | 6.9% | 8.7% | 1.8% | |

Table 2: Poverty, Housing, and Income in Delaware: 1990 & 2000

| | | | | |
|--------------------------------------|----------|----------|----------|-------|
| Number in poverty | 48,000 | 65,000 | 17,000 | 35.4% |
| <u>Housing</u> | | | | |
| Median gross rent | \$495 | \$654 | \$159 | 32.1% |
| Median mortgage payment | \$763 | \$1,330 | \$567 | 74.3% |
| Two-bedroom Fair Market Rent (FMR) | \$590 | \$696 | \$106 | 18.0% |
| Three Bedroom Fair Market Rent (FMR) | \$740 | \$933 | \$193 | 26.1% |
| Two Bedroom Housing Salary/Wage | \$23,600 | \$27,820 | \$4,220 | 18.0% |
| | \$11.35 | \$13.38 | \$2.03 | |
| Three Bedroom Housing Salary/Wage | \$29,600 | \$37,316 | \$7,716 | 26.1% |
| | \$14.23 | \$17.94 | \$371.00 | |
| <u>Income</u> | | | | |
| Minimum Wage/Salary | \$8,840 | \$12,792 | \$3,952 | 44.7% |
| | \$4.25 | \$6.15 | \$1.90 | |
| Median family Income | \$40,252 | \$55,131 | \$14,879 | 44.7% |
| Median household Income | \$34,875 | \$47,629 | \$12,754 | 36.6% |

Source: QTO3. Profile of Selected Economic Characteristics: 2000 and DP4. Income and Poverty Status in 1989: 1990, <http://www.census.gov>

Delaware Household Income Sources

Increases in the state minimum wage, low unemployment, and real gains in wages have combined with the time-limiting of welfare benefits to make Delaware a state where earnings are the principle source of income. Households with any form of public assistance decreased over the ten years from 1990 to 2000 by over 43%. Households with retirement as a source of income increased 40%.

Table 3: Delaware Household Income Sources: 1990 & 2000

| Income Type | 1990 | 2000 | Change | |
|-------------------|---------|---------|---------|-------|
| | # | # | # | % |
| Wage and salary | 199,690 | 241,237 | 41,547 | 20.8 |
| Social Security | 65,306 | 78,592 | 13,286 | 20.3 |
| Public assistance | 12,914 | 7,305 | (5,609) | -43.4 |
| Retirement | 45,999 | 64,470 | 18,471 | 40.2 |
| Total Households | 247,163 | 295,258 | 48,095 | 19.5 |

Source: QTO3. Profile of Selected Economic Characteristics: 2000 and DP4. Income and Poverty Status in 1989: 1990, <http://www.census.gov>

During the 1990s, households with incomes below the traditional “middle class” threshold of \$35,000 saw negative growth, probably a consequence of real increase on wages and salaries but even more of the increasing need for families to have more than one wage earner. The greatest growth in households was in

the range from \$50,000 to \$150,000 accounted for 80% of the growth during the decade. per year. The households in this range

Table 4: Number of Poor and Poverty Rate in Delaware: 1980 - 2000

| Year | Total Population | Number of Poor | Percent |
|------|------------------|----------------|---------|
| 2000 | 750,000 | 65,000 | 8.70% |
| 1995 | 713,000 | 74,000 | 10.30% |
| 1990 | 690,000 | 48,000 | 6.90% |
| 1985 | 624,000 | 71,000 | 11.40% |
| 1980 | 578,000 | 68,000 | 11.80% |

Source: <http://www.census.gov/hhes/poverty/histpov/histpov21.html>

Poverty Line, Poverty Wage, and Poverty Rent

One way of seeing the inadequacy of current measures of poverty and the plight of the poor in the state is by contrasting the rents that Delaware families in poverty can afford with the prevailing rents for the units they

require. Using the accepted policy standard that no more than 30% of income should be spent on housing needs, we can come up with the “poverty rents” for households in poverty in Delaware: the maximum a

family at the poverty line should be paying for gross housing costs. These poverty rents fall far below the existing fair market rents in the state for the respective unit required by each of the family sizes.

Table 5: Poverty versus Rent in Delaware

| Family Size | Poverty Line, Poverty Wage and Poverty Rent | | | | FMR and Housing Wage | |
|-------------|---|-------------------------------|-----------------------|------------------------|-----------------------------------|-----------------------------------|
| | Poverty Line (Annual Income) | Poverty Line (Monthly Income) | Poverty Wage (Hourly) | Poverty Rent (Monthly) | Fair Market Rent (3-County Range) | Fair Market Wage (3-County Range) |
| 1 | \$8,590 | \$716 | \$4.13 | \$215 | \$472 to \$511 | \$9.08 to \$9.83 |
| 2 | \$11,610 | \$968 | \$5.58 | \$290 | \$477 to \$623 | \$9.17 to \$11.98 |
| 3 | \$14,630 | \$1,219 | \$7.03 | \$366 | \$477 to \$727 | \$9.17 to \$13.98 |
| 4 | \$17,650 | \$1,471 | \$8.49 | \$441 | \$800 to \$986 | \$15.38 to \$18.96 |
| 5 | \$20,670 | \$1,723 | \$9.94 | \$517 | \$800 to \$986 | \$15.38 to \$18.96 |
| 6 | \$23,690 | \$1,974 | \$11.39 | \$592 | \$800 to \$1192 | \$15.38 to \$22.92 |
| 7 | \$26,710 | \$2,226 | \$12.84 | \$668 | \$854 to \$1,192 | \$16.42 to \$22.92 |
| 8 | \$29,730 | \$2,478 | \$14.29 | \$743 | \$854 to \$1,192 | \$16.42 to \$22.92 |

Source: *Federal Register*: March 18, 1999 (Volume 66, Number 33); Notices: <http://aspe.hhs.gov/poverty/01poverty.htm> Poverty level was divided by 52 weeks and then by 40 hours to reach the poverty wage.

POVERTY IN DELAWARE

Geographic

Poverty continues to be concentrated in New Castle County, accounting for 56% of the total. However, the

poverty rate increases as we travel south in the state, with Sussex County at 12.7%. The child poverty rate,

according to this 1997 survey, is 15.4%, with the rate for children from 5 to 17 years of age being 13.8%.

These two rates, like the poverty rate as a whole, increase as we go from north to south, with the child poverty rate in Sussex County exceeding that of both the other counties, as well as

the state as a whole. The rate of poverty for Delaware children under five years of age is 17.1%. Similarly, median income per county declines in a southward movement, with New

Castle County exceeding the state median by about \$6,500 and Sussex County a little more than \$8,000 below that mark.

Table 6: Delaware Income and Poverty Estimates: 1997

| | Delaware | New Castle | Kent | Sussex |
|--|----------|------------|----------|----------|
| Number in poverty | 73,868 | 41,658 | 14,822 | 17,388 |
| Percent in poverty | 10.0 | 8.7 | 12.1 | 12.7 |
| Number under 5 years in poverty | 8,553 | | | |
| Percent under 5 years in poverty | 17.1 | | | |
| Number of related children 5 to 17 years in poverty | 18,114 | 9,734 | 4,047 | 4,333 |
| Percent of related children 5 to 17 years in poverty | 13.8 | 11.6 | 16.8 | 18.4 |
| Number 0 to 17 years in poverty | 28,193 | 15,303 | 5,980 | 6,910 |
| Percent 0 to 17 years in poverty | 15.4 | 13.1 | 17.7 | 21.5 |
| Median household income | \$41,315 | \$47,819 | \$36,555 | \$33,281 |

Source: <http://www.census.gov/hhes/www/saie/stcty/sc97ftpdoc.html>

School-Age Poverty

This same survey estimates poverty by school district throughout the state of Delaware. The same pattern applies to the findings here, with the majority of poor children attending school in northern Delaware. Northern districts account for 53% of school-age children in poverty

(9,664), with the districts in the central part of state making up one-fourth of that total (4484) and the southern districts representing 22% (3,966). However, while the north has one district with a poverty rate of 20% (2,749 children in poverty), there are two districts in the central

part of the state with 20% rates (with a combined total of 2,363 children in poverty). In the southern part of the state, there are three districts which exceed 20% poverty rates (one of them with a 35% rate of school-age child poverty), with a combined total of 2,783 poor children among them.

Table 7: Delaware School Districts and Children in Poverty

| School District | Population | # 5-17 years | # in poverty 5-17 years | % in poverty 5-17 years |
|-----------------|------------|--------------|-------------------------|-------------------------|
| NORTH | | | | |
| Appoquinimink | 15,414 | 3,098 | 213 | 7.0 |
| Brandywine | 101,148 | 16,602 | 1,610 | 10.0 |
| Christina | 144,036 | 25,000 | 3,424 | 14.0 |
| Colonial | 71,457 | 13,540 | 1,668 | 12.0 |
| Red Clay | 145,925 | 24,251 | 2,749 | 20.0 |
| Subtotal | 477,980 | 82,491 | 9,664 | 11.7 |
| CENTRAL | | | | |
| Caesar Rodney | 35,568 | 7,355 | 1,040 | 14.0 |

Table 7: Delaware School Districts and Children in Poverty

| | | | | |
|---------------|---------|--------|-------|------|
| Capital | 43,633 | 7,933 | 1,617 | 20.0 |
| Lake Forest | 19,200 | 3,721 | 746 | 20.0 |
| Milford | 22,251 | 4,222 | 635 | 15.0 |
| Smyrna | 20,750 | 3,627 | 446 | 12.0 |
| Subtotal | 141,402 | 26,858 | 4,484 | 16.7 |
| SOUTH | | | | |
| Cape Henlopen | 27,718 | 4,282 | 563 | 13.0 |
| Delmar | 5,174 | 934 | 126 | 13.0 |
| Indian River | 45,622 | 7,040 | 1,452 | 21.0 |
| Laurel | 13,377 | 2,577 | 572 | 22.0 |
| Seaford | 21,173 | 4,014 | 494 | 12.0 |
| Woodbridge | 11,620 | 2,200 | 759 | 35.0 |
| Subtotal | 124,684 | 21,047 | 3,966 | 18.8 |

Source: <http://www.census.gov/hhes/www/saipe/school/sd97ftpdoc.html>

POVERTY IN DELAWARE

Healthcare

Nearly one in every six Americans (42.6 million) are without health insurance. Despite the longest economic boom in history, the number of persons without health insurance dipped just 4% in 1999.[1] With the current economic downturn, some states are already cutting back coverage with Oklahoma mailing out termination letters to Medicaid recipients and North Carolina imposing a freeze on enrollment in the CHIP program for children.[2]

Compared to other wealthy industrialized nations, the United States health care system provides coverage to the fewest and costs the most. Six of the eight OECD countries have universal coverage for all of their citizens. [3] The two countries without universal coverage are the United States and Germany which does not require its most affluent citizens to purchase health

insurance. In 1997, health expenditures as a percentage of the GDP (gross domestic product) ranged from a high of 13.6% in the United States to 6.7% in the United Kingdom. The OECD median was 7.6%. When compared to the other OECD countries, infant mortality rates are the highest and life expectancy rates are the lowest in the U.S. [4]

“Market competition has not succeeded in bringing the U.S. health care costs in line with those of industrialized countries. There is no evidence of sustained quality improvement. Market based reform has not expanded health insurance coverage but has rather, directly or indirectly, increased the number of under insured and uninsured Americans. Medical research and education have suffered and medicine’s social mission declined.”

[5]

In Delaware 11.4% of the state’s population lacked health care coverage in the year 2000, compared to 13.4% for the region (Maryland, Pennsylvania, New Jersey and New York). [6] From the mid 1990s to the present the rate of uninsured in Delaware decreased from 13.6% to 11.4%. This drop in the number of Delawareans without health insurance is credited primarily to the increased coverage of children through the Healthy Children Program initiated in January 1999.

The number of uninsured children is estimated by one source as 32,000 (a 15.1% rate), with uninsured children in families at or below 200% of poverty being 23,109 (an increased rate of 27.6%). [7]

The bulk of the 96,000 uninsured

Delawareans are the working poor who do not qualify for Medicaid, are not provided health insurance by their employers, and whose income is insufficient to purchase health care coverage. The profile of the uninsured Delawarean: single, white, male over age 17, working with an income above poverty level.

Table 8: Infant Mortality and Low Birth Weight Babies, 1999

| | Delaware | Unites States |
|----------------------|----------|---------------|
| Infant Mortality [8] | 8.1% | 7.5% |
| Low Birth Weight [9] | 8.5% | 7.5% |

Both infant mortality rates and the percentage of low birth weight babies are higher in Delaware than in the nation. Since 1983 in Delaware, the percentage of low birth weight babies has increased. As both infant mortality rates and low birth weight are correlated with poverty, it should come as no surprise that child poverty rates are increasing in Delaware where one in six children now live in poverty.[10]

Sources:[1] Physicians For A National Health Program (PNHP), "Despite Economic Boom, Number of Uninsured Drops Only 4 Percent," Internet News Release: 9/29/00; [2] family Health Organization, Internet News release: 3.20/01; [3] Anderson, Gerard F., "Multinational Comparisons Of Health Care," Center For Hospital Finance and Management, John Hopkins University: October 1998; [4] Saltman, R.b., and Figueres, J., "European Health Care Reform," WHO Regional Publications, European Series No. 72, Year 2000; [5] Journal of Health and Social Policy, Vol. 13[1] 2001, "Market Structure and Performance: Evaluating the U.S. Health System Reform," by Pauline Vaillancourt Rosenau, Ph.D.; [6] Delaware Health Care Commission, Annual Report and Strategic Plan, 1/15/01, p. 21; [7]Center on Budget and Policy Priorities, *DELAWARE: Poverty and Program Trends* (August 2000), www.cbpp.org, [8] Kinds Count in Delaware Fact Book 2000-2001, Center for Community Development and Family Policy, College of Human Services, Education and Public Policy, University of Delaware, p. K-22; [9] *Ibid.*, p. F-12; [10] *Ibid.*, p. K-35.

POVERTY IN DELAWARE

Poverty Despite Work

The good news of low unemployment and higher real wages over recent years is tempered by the fact that workers continue to live at or near poverty and make up an increasing proportion of the officially poor. A recent study by the Center for Budget and Policy Priorities (CBPP) found that almost 56% of poor families with children in Delaware have at least one worker in them and that 52% of poor families have earnings as a majority of their income (*DELAWARE: Poverty and Program Trends*, August 2000, www.cbpp.org). Another CBPP study, *The Poverty Despite Work Handbook*, found that there are 31,000 people in working poor families and 21,000 children in those families.

Table 9: U.S. Workers as a Proportion of All Poor: 1978 - 2000

| (Numbers in thousands) | | Poor people 16 years and over | | | |
|------------------------|--------|-------------------------------|---------|-----------------------------|---------|
| | | Worked | | Worked year-round full-time | |
| Year | Total | Number | Percent | Number | Percent |
| 2000 | 20,597 | 8,342 | 40.5 | 2,432 | 11.8 |
| 1990 | 21,242 | 8,716 | 41.0 | 2,076 | 9.8 |
| 1980 | 18,892 | 7,674 | 40.6 | 1,644 | 8.7 |
| 1978 | 16,914 | 6,599 | 39.0 | 1,309 | 7.7 |

Source: <http://www.census.gov/hhes/poverty/histpov/histpov18.html>

The Handbook also found that 30% of Delaware families with children who live at or below the official

poverty line have a full-time, year-round worker present. Within the range of 100% to 150% of poverty, 71% of the families with children

have a full-time, year-round worker. Over 90% of all Delaware families with children who fall below 200% of

poverty have at least one worker, and 59% have a full-time, year-round worker.

Table 10: Poverty Despite Work in Delaware: Mid-1990s

| Families | in poverty | | | 100% to 150% | | | 100% - 200% | | |
|------------------|------------|---------------|------------------------------------|--------------|---------------|------------------------------------|-------------|---------------|------------------------------------|
| | # | with a worker | with a full time year round worker | # | with a worker | with a full time year round worker | # | with a worker | with a full time year round worker |
| with Children | 10,000 | 8,000 | 3,000 | 7,000 | 7,000 | 5,000 | 22,000 | 21,000 | 16,000 |
| without children | 12,000 | 8,000 | 1,000 | 8,000 | 8,000 | 3,000 | 18,000 | 17,000 | 10,000 |

Sources: Center on Budget and Policy Priorities, *The Poverty Despite Work Handbook* (Second Edition), Christina Smith FitzPatrick and Edward Lazere (April 1999), www.cbpp.org.

The table below was originally developed for the Citizens' Inquiry on Welfare Reform, held in Dover, Delaware. The table has been updated to 1999 figures, including scenarios which reflect typical current

placement wages and hours worked by ABC recipients. It illustrates the dilemma of welfare-to-work efforts. Even though Scenarios 2 and 3 allow the family of three to rise above

official "poverty," the expenses in this albeit frugal budget exceed income in all three scenarios, as well as the "pre-work" situation from which the family began.

Table 11: Does Work Pay Enough? Poverty Despite Work: Monthly Analysis

| Family of Three in Delaware's a Better Chance Welfare Reform Program and Three Common Work Scenarios (1999) | | | | | |
|---|-------------------------------|-------------------|--|---|---|
| | | Pre Work | Scenario 1 During Work p/t 25 hrs @ \$6.74/hr. | Scenario 2 During Work 30hrs @ \$7.08/hr. | Scenario 3 During Work f/t 40hrs @ \$7.42/hr. |
| Income * | TANF Grant | 338 | 146 | 69 | 0 |
| | Earnings | 0 | 725 | 913 | 1276 |
| | Food Stamps | 329 | 218 | 207 | 159 |
| | TOTAL | \$667 | \$1,089 | \$1,189 | \$1,435 |
| | <i>% of Poverty (\$1,157)</i> | 58% | 94% | 103% | 124% |
| Expenses** | Housing & Utilities | 478 | 592 | 592 | 592 |
| | Food | 215 | 243 | 243 | 243 |
| | Transport | 187 | 308 | 382 | 457 |
| | Child Care | 40 | 80 | 120 | 160 |
| | Health Care | 97 | 137 | 137 | 137 |
| | Personal Products | 17 | 17 | 17 | 17 |
| | Apparel and Services | 0 | 75 | 100 | 125 |
| | TOTAL | \$1,034 | \$1,452 | \$1,591 | \$1,731 |
| Household Deficit: | | (\$367.00) | (\$363.00) | (\$402.00) | (\$296.00) |

Source: Analysis by Jay Lockaby of figures from *Delaware Division of Social Services & **Bureau of Labor Statistics, Consumer Expenditure Survey, 1999

The family above: prepares all meals at home, does not make any long distance phone calls, has no money for life insurance, retirement, holidays, birthday presents, savings for the children's college education, vacations, or payment on credit card or other consumer debt. The wages suggested for the family are reflective of the average wages DABC participants are receiving as they transition from welfare to work.

POVERTY IN DELAWARE

From Welfare to Work

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 resulted in dramatic reduction in welfare caseloads, nationally and in Delaware. Researchers are just starting to get a picture of the well being of families who have left the ABC rolls and other low-income working families nationwide and in the state of Delaware. The National Welfare Monitoring and Advocacy Partnership (NWMAP), a collaboration of organizers, advocates, service providers and researchers from across the United

States, was developed in 1998 to help answer the questions about the effect of welfare policy changes on low-income families. With the support of two national partners, the National Coalition for the Homeless and the Children's Defense Fund, NWMAP works to inform our individual and collective efforts to improve welfare policies and programs. The NWMAP client survey provides a means for local groups to assess and document the impact of welfare policy changes, as well as communicate the results to policy makers, the media, and the public.

In Delaware, the Center for Community Development and Family Policy (CCDFP) at the University of Delaware trained representatives from approximately 20 nonprofit agencies who conducted 224 interviews in English and 17 interviews in Spanish with 241 individuals whose incomes were at or below 200 percent of the Federal Poverty Level (FPL) and who asked for assistance at one of the 25 participating agency locations between February 19th and February 23rd, 2001.

Table 12: Poor Households and Welfare Reform

| Profile of Households | 1999 | 2001 | ABC Status of Families with Children | 1999 | 2001 |
|----------------------------|-------|-------|--------------------------------------|-------|-------|
| # of households | 273 | 241 | # of households | 184 | 149 |
| Female | 75.0% | 82.6% | Receiving benefits | 42.0% | 25.5% |
| African American | 63.0% | 62.8% | Stopped benefits | 39.0% | 38.4% |
| Children under 18 | 72.0% | 68.0% | Reduced benefits | 16.0% | 6.0% |
| Four or fewer in household | 75.0% | 82.6% | Never received benefits | 14.0% | 31.9% |
| Average Age of parent | 35.0 | 32.7 | Denied benefits | 9.0% | 8.4% |

Source: *Welfare Reform in the First State: Snapshots of Low-Income Families: 2001*, Preliminary Findings, September 10, 2001, by Karen A. Curtis, Ph.D., Christine A. Eith, M. A., and Andrea Breedlove, B.S., Center for Community Development & Family Policy, University of Delaware, kacurtis@udel.edu.

Of the families who lost their ABC benefits: a majority relied on other family members or friends (64.1 percent), slightly more than one-third used food banks (34.6 percent), similar numbers got help from religious groups (34.6 percent). Around one-fifth (21.8 percent) of the families who lost their ABC benefits received help from a shelter. Finally,

about 10 percent of the families who lost their ABC benefits received assistance from health clinics (11.5 percent) and landlords (7.7 percent).

About one-fifth (20.9 percent) of all surveyed families reported that they were unable to pay their rent in the last six months. This is an increase of 25 percent over the year 2000.

Almost one-third (31.4 percent) of the families who reported that they were homeless over the past six months also reported losing a job during that time. However, this was down 16.9 percent from the previous year. In addition, about 12 percent of the respondents stayed in a shelter, a decrease of 20 percent from the previous year.

Poverty Trends for Families Headed by Working Single Mothers, 1993 to 1999

A new analysis of poverty among families headed by single working mothers was released this year by the Center on Budget and Policy

Priorities. The authors, Kathryn Porter and Allen Dupree, found that among people in families headed by working single mothers, "there was

no progress in reducing poverty between 1995 and 1999, despite an expanding economy. Reductions in poverty as a result of economic

growth were entirely offset by contractions in government safety net programs.” increases in poverty due to

Table 13: AFDC/TANF Caseloads and Food Stamp Participation under Delaware’s “A Better Chance”

| Federal Fiscal Year | AFDC | Food Stamps | Federal Fiscal Year | AFDC/TANF | % Change since 1995 | Food Stamps | % Change since 1995 |
|---------------------|--------|-------------|---------------------|-----------|---------------------|-------------|---------------------|
| 1987 | 7,827 | 10,893 | 1994 | 11,460 | | 21,942 | |
| 1988 | 7,555 | 10,688 | 1995 | 10,775 | 0.0 | 21,144 | 0.0 |
| 1989 | 7,463 | 11,008 | 1996 | 10,388 | -3.6 | 21,421 | 1.3 |
| 1990 | 8,274 | 12,317 | 1997 | 9,747 | -9.5 | 19,872 | -6.0 |
| 1991 | 9,373 | 15,202 | 1998 | 7,548 | -29.9 | 16,882 | -20.2 |
| 1992 | 10,661 | 18,748 | 1999 | 6,241 | -42.1 | 14,400 | -31.9 |
| 1993 | 11,395 | 21,439 | 2000 | | | | |

Sources: Center on Budget and Policy Priorities, *DELAWARE: Poverty and Program Trends* (August 2000), www.cbpp.org, and Administration for Children and Families <http://www.act.dhhs.gov/news/tables.htm>

Before counting the benefits of government safety net programs (including cash and non-cash programs such as food assistance and housing subsidies) as well as taxes and the Earned Income Tax Credit, the poverty rate for people in working single-mother families fell from 35.5 percent in 1995 to 33.5 percent in 1999. Poverty measured before counting government benefits and taxes primarily reflects the impact of changes in the economy on private

sources of income, especially earnings. But after counting government benefits and taxes, the poverty rate among people in working single-mother families was 19.4 percent in 1999 — not significantly different from their 19.2 percent poverty rate in 1995. This is in contrast to the earlier 1993 to 1995 period, when poverty rates dropped for people in working single-mother families, both before and after counting government benefits and

taxes. During this period, which preceded enactment of the 1996 welfare law, safety net programs for low-income working families expanded and had a larger impact in reducing poverty among these families. This added to the effect of the economy in reducing poverty.

(Source: *Poverty Trends for Families Headed by Working Single Mothers: 1993 - 1999* by Kathryn Porter and Allen Dupree, Center for Budget and Policy Priorities, <http://www.cbpp.org/8-16-01wel.htm>)

Table 14: Percent of U.S. Children in Poverty, by Race, 1979 - 99

| | Total | White | Black | Hispanic |
|-------------------|-------|-------|-------|----------|
| Children under 18 | | | | |
| 1979 | 16.4 | 11.8 | 41.2 | 28.0 |
| 1989 | 19.6 | 14.8 | 43.7 | 36.2 |
| 1999 | 16.9 | 13.5 | 33.1 | 30.3 |
| Children under 6 | | | | |
| 1979 | 18.1 | 13.3 | 43.6 | 29.2 |
| 1989 | 22.5 | 16.9 | 49.8 | 38.8 |
| 1999 | 18.4 | 14.9 | 36.6 | 30.8 |

Source: *The State of Working America*, by Lawrence Mishel, Jared Bernstein, and John Schmitt, Economic Policy Institute, Table 5.3..

ECONOMIC INEQUALITY

Salary Disparities

Executive Pay

Executive pay now stands at 531% of the compensation of the average worker.

Between 1990 and 2000: During this decade, inflation increased 32%, worker pay grew 37%, corporate profits grew 114%, the S&P 500 grew 300%, and CEO pay grew 571%.

CEOs of companies that announced

layoffs of 1000 or more workers this year earned about 80% more on average than executives at 365 top firms, according to a survey by *Business Week*. The “layoff leaders” earned an average of \$23.7 million in total compensation in 2000, as opposed to \$13.1 million average for executives as a whole. The layoff leaders averaged 20% increase in salaries as opposed to about 3% for wage workers and 4% for salaried

workers.

If the national minimum wage, which stood at \$3.98/ hour in 1990 had grown at the same rate as CEO pay over the decade, it would now be \$25.50 rather than \$5.15. (Source: *Executive Excess 2001: The 8th Annual CEO Compensation Survey*, by Sarah Anderson and John Cavanagh of the Institute for Policy studies www.ips-dc.org and Chris Hartman and Betsy Leondar-Wright of United for a Fair Economy www.faireconomy.org)

ECONOMIC INEQUALITY

Pulling Apart in Delaware

Table 15: Share of Delaware Income Held by Fifths of the Population

| Highest Fifth | Next to Highest | Middle Fifth | Next to Lowest | Lowest Fifth |
|---------------|-----------------|--------------|----------------|--------------|
| 44% | 22% | 16% | 12% | 6% |

Source: Center on Budget and Policy Priorities, *DELAWARE: Poverty and Program Trends* (August 2000), www.cbpp.org.

Pulling Apart in Delaware

During the period from 1988-1990 to 1996-1998, the dollar and percent change in average income for the bottom fifth of Delawareans was -\$742 (- 4.5%), while the top fifth realized an increase of +\$25,228 (+22.8%).

During the longer period from 1978-1980 to 1996-1998, the dollar and

percent change in average income for the bottom fifth of Delawareans was +\$211 (+1.4%), while, for the top fifth it was +\$33,604 (+32.9%) increase.

The share of income held by bottom fifth of Delawareans changed from 7.0% of the total in 1978-80 to 5.6%

in 1996-98. During this same period, the share of income of the top fifth changed from 38.1% (1978-80) to 44.4% (1996-98).

(Source: Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends*, January 2000, by Jared Bernstein, Elizabeth McNichol, Lawrence Mishel, and Robert Zahradnik, www.cbpp.org).

Greatly Increasing National Income Inequality

A new study of income and taxes since 1979 by the Congressional Budget Office indicates great increases in income inequality nationally. This study, based on data considered more reliable than the census, pays special attention to the disparities between the wealthiest one percent of Americans and the rest.

From 1989 to 1997, the average after-tax income of the top one percent of households increased 36 percent, or \$180,000 per household. This was six times the average percentage gain the middle fifth of households received. It was 90 times the average dollar gain the middle fifth received.

Commenting on the CBO report, the Center on Budget and Policy Priorities stated:

“In 1979, the top one percent of the population received 7.5 percent of the after-tax income in the nation. In 1997, it received 13.6 percent of the income, nearly twice its share in 1979. Among the bottom 40 percent

of the population, the story is reversed. This group received a markedly smaller share of the national income in 1997 than in 1979. In fact, in 1979, the bottom 40 percent of the population received nearly two and one half times as much in after-tax income as the top

one percent of the population, but by 1997, the top one percent received nearly as much income as the bottom 40 percent. In 1997, the 2.6 million people who made up the top one percent of the population had as much after-tax income as the 100 million Americans with the lowest

incomes.”

The share of the national after-tax income of the bottom 40% of Americans decreased from 18.5% in 1979 to 15% in 1997. Meanwhile the share of the top 1% went from 7.5% in 1979 to 13.6% in 1997.

Table 16: Average After-Tax Income Incomes, 1979 & 1997

| TOP 1% | Middle Fifth | Bottom Fifth |
|--------------------------|---------------|--------------|
| 1979 | | |
| \$263,700 | \$33,800 | \$10,900 |
| 1997 | | |
| \$677,900 | \$37,200 | \$10,800 |
| Dollar Change (% Change) | | |
| \$414,200 (157%) | \$3,400 (10%) | -\$100 |

Source: The Congressional Budget Office, *Historical Effective Tax Rates, 1979-1997*, Preliminary Edition, May 2001
<http://www.cbo.gov/ftpdoc.cfm?index=2838&type=1>

Income Inequality Between and Within Groups

While income inequality is an issue between groups, it continues to be as much or more of a problem within groups. The mean income received by

fifths of the national population and by the top 5% demonstrates consistently higher mean income by whites in every category. But within

each group, income inequality across that group mirrors the situation for all races.

**Table 17: U.S. Family Income Inequality Between and Within Groups
 Mean Income Received by Each Fifth and Top 5 Percent: 2000**

| | Lowest fifth | Second fifth | Third fifth | Fourth fifth | Highest fifth | Top 5 percent |
|-----------|--------------|--------------|-------------|--------------|---------------|---------------|
| All Races | \$14,228 | \$32,266 | \$50,926 | \$74,918 | \$155,531 | \$272,354 |
| White | \$15,855 | \$34,459 | \$53,469 | \$77,467 | \$160,300 | \$282,017 |
| Black | \$8,236 | \$20,501 | \$34,184 | \$52,802 | \$109,379 | \$182,373 |
| Hispanic | \$9,903 | \$22,270 | \$34,841 | \$52,043 | \$101,870 | \$168,570 |

Source: Historical Income Tables -Families, <http://www.census.gov/hhes/income/histinc/f03.html>

Delaware’s Gender Gap

The table below illustrates the gender gap in earnings. If we divide the male and female workforce into quarters by income, the lowest paid quarter of all females are almost all employed

within an earnings range of \$7,500 - \$9,999, while the lowest paid quarter of all males spans a range from \$7,500 - \$17,499. This lag continues

throughout the climb to the top-paying jobs, as can be seen from this summary of the latest findings of the census.

Table 18: Delaware's Gender Gap in Earnings

| Earnings Range | Total = 221,747 | | Total = 212,493 | |
|----------------------|-----------------|-------------|-----------------|-------------|
| | Male | | Female | |
| | # | Cum. % | # | Cum. % |
| \$7,500 to \$9,999 | 33,941 | 15.3 | 52,759 | 24.8 |
| \$15,000 to \$17,499 | 56,129 | 25.3 | 13,091 | 41.1 |
| \$20,000 to \$22,499 | 72,856 | 32.9 | 110,318 | 52.0 |
| \$30,000 to \$34,999 | 114,455 | 51.6 | 155,255 | 73.1 |
| \$45,000 to \$49,999 | 159,241 | 71.8 | 7,286 | 88.9 |
| \$100,000 or more | 221,747 | 100.0 | 202,493 | 100.0 |

Source: P111.Sex by Earnings in the Past 12 Months: 2000, <http://factfinder.census.gov>**WHO CAN AFFORD TO LIVE IN DELAWARE?**

Rental Housing and Fair Market Rents

Table 19: Delaware Households and Housing Units: 2000

| | Delaware | New Castle | | Kent | | Sussex | |
|--|----------|------------|------|---------|------|----------|------|
| | Total | # | % | # | % | # | % |
| Population | 783,600 | 500,265 | 63.8 | 126,697 | 16.2 | 156,638 | 20.0 |
| Households | 298,736 | 188,935 | 63.3 | 47,224 | 15.8 | 62,577 | 20.9 |
| Families | 204,590 | 127,106 | 62.1 | 33,615 | 16.4 | 42,869 | 20.0 |
| Housing Units | 343,072 | 199,521 | 58.2 | 50,481 | 14.7 | 93,070 | 27.1 |
| Occupied Units | 298,736 | 188,935 | 63.3 | 47,224 | 15.8 | 62,577 | 20.9 |
| Owner-occupied | 216,038 | 132,514 | 61.3 | 33,040 | 15.3 | 50,484 | 23.4 |
| Renter-occupied | 82,698 | 56,421 | 68.2 | 14,184 | 17.2 | 12,093 | 14.6 |
| % Increase in Renter-occupied since 1990 | 12.3 | 8.3 | | 16.2 | | 30.1 | |
| Vacant Units | 44,336 | 10,586 | 23.9 | 3,257 | 7.4 | 30,493 | 68.8 |
| (Minus Seasonal Units) | (25,977) | (707) | 2.7 | (364) | 1.4 | (24,906) | 95.9 |
| Adjusted Vacant Units | 18,359 | 9,879 | 53.8 | 2,893 | 15.8 | 5,587 | 30.4 |
| % /Vacant Units For Rent | 16.7 | 42.5 | | 31.3 | | 6.2 | |

Source: DP1. Profile of General Demographic Characteristics: 2000, <http://www.census.gov>**Low Income Tenants**

There were about 34.0 million tenants in the U.S. in 1997, 34% of all households) were renters. Owners were by and large twice as affluent as renters, and occupied better housing.

Median income of renter households was \$22,834, only 52% of median owner income (\$43,840). About 44% of renter households were very low income, with incomes below 50% of

area median; 27% had incomes below 30% of median. Minorities comprised one quarter of all householders. Twelve percent were African-American, 9% were

Hispanic, and 4% were of other racial or ethnic backgrounds. Most minority

households were renters: 55% of African-Americans, 57% of

Hispanics, and 51% of other

minorities. In contrast, only 28% of White households rented. (Source:

2000 Advocate's Guide to Housing and Community Development Policy:

Low Income Housing Profile, www.nlihc.org).

Fair Market Rent

Section 8 of the United States Housing Act of 1937 (the Act) (42 U.S.C. 1437f) authorizes housing assistance to aid lower income families in renting decent, safe, and sanitary housing. Assistance payments are limited by FMRs established by HUD for different areas. In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.

FMRs are gross rent estimates; they include shelter rent and the cost of utilities, except telephone. HUD sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard quality rental housing units. The current definition used is the 40th percentile rent, the

dollar amount below which 40 percent of standard quality rental housing units rent. The 40th percentile rent is drawn from the distribution of rents of units which are occupied by recent movers (renter households who moved into their unit within the past 15 months). Newly built units less than two years old are excluded, and adjustments have been made to correct for the below market rents of public housing units included in the data base. (Department of Housing and Urban Development, www.hud.gov, 24 CFR Part 888).

Table 20: Gross Rent as a Percentage of Household Income: 1990 - 2000

| Gross Rent of | 1990 | | 2000 | | Change | |
|---------------|--------------|------------------|----------|------------------|--------|------|
| | Estimate | % of all renters | Estimate | % of all renters | # | % |
| Less than 15% | not measured | | 16,467 | 19.8 | | |
| Less than 20% | 23,157 | 32.1 | 30,639 | 36.7 | 7,482 | 32.0 |
| 20.0 to 24.9% | 11,474 | 15.9 | 11,670 | 14.0 | 196 | 1.7 |
| 25.0 to 29.9% | 8,316 | 11.5 | 8,224 | 9.9 | (92) | -1.1 |
| 30.0 to 34.9% | 5,888 | 8.2 | 5,876 | 7.0 | (12) | -0.2 |
| 35% or more | 19,044 | 26.4 | 22,411 | 26.9 | 3,367 | 17.7 |
| Not computed | 4,297 | 5.9 | 4,570 | 5.5 | 273 | 6.4 |
| Total | 72,176 | 100.0 | 83,390 | 100.0 | 11,214 | 15.5 |

Source: American FactFinder, DP5: Housing Characteristics: 1990 and QT-04 Profile of Selected Housing Characteristics: 2000 <http://www.census.gov>

Out of Reach 2001

Out of Reach: America's Growing Wage-Rent Disparity, concludes that in order to afford the median Fair Market Rent for a two-bedroom rental apartment in the U.S., a worker would have to earn a "housing wage"

of \$13.87 per hour, more than twice the federal minimum wage of \$5.15 per hour.

The study estimates the affordability of the "Fair Market Rents" (FMRs)

established annually by the U.S. Department of Housing and Urban Development (HUD) for HUD's Section 8 rental housing programs. The calculations also assume the generally accepted standard of

spending not more than 30 percent of income on housing costs.

report to establish a “housing wage” according to bedroom size and area of the state. The report is available

from the National Low Income Housing Coalition at <http://www.nlihc.org>.

Out of Reach data are used in this

WHO CAN AFFORD TO LIVE IN DELAWARE?

Retreat from Public Subsidies and Expiring Contracts

“Personal Responsibility” and Public Housing

“Personal responsibility” and “self-sufficiency” have become formulae by which more thought about the deeper reasons for poverty and the conditions which have given rise to it can be avoided. It is an indication of how successful these formulae have been that they are embedded in the speech of many poor people

themselves, as they discuss their hopes and fears.

In the area of housing, austerity has dictated the application of equivalent “welfare reform” analysis to housing assistance, along with pronouncements about returning

PHAs to their historic role of being “transitional” housing for the “temporarily” disadvantaged and promoting income mixing and higher median resident incomes within developments, thereby improving public housing developments and making them better neighborhoods.

Table 21: Fair Market Rents (FMRs) and Family Income

| FAMILY AMI | | FMR by Number of Bedrooms | | | Income Needed to Afford FMR | | | | | |
|------------|------------|---------------------------|-------|-------|-----------------------------|----------|----------|-----------------|-----|-----|
| | | | | | Amount | | | % of Family AMI | | |
| AREA | Family AMI | 1 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 3 |
| DE | \$65,500 | \$592 | \$696 | \$933 | \$23,668 | \$27,820 | \$37,316 | 36% | 42% | 57% |
| KENT | \$51,100 | \$565 | \$644 | \$835 | \$22,600 | \$25,760 | \$33,400 | 44% | 50% | 65% |
| NCC | \$72,800 | \$623 | \$727 | \$986 | \$24,920 | \$29,080 | \$39,440 | 34% | 40% | 54% |
| SUSSEX | \$48,100 | \$477 | \$609 | \$800 | \$19,080 | \$24,360 | \$32,000 | 40% | 51% | 67% |

Source: Out of Reach 2001, <http://www.nlihc.org>

The Hope VI Public Housing Program

The Wilmington Housing Authority is currently demolishing over 200 units in the Eastlake neighborhood of Wilmington. On the new site will be 150 new townhouses and 45 renovated units. Very low-income tenants will only make up a portion of the lower-density community there. About 190 families have been relocated. The relocated residents of Eastlake are in the process of electing a representative resident body to work with WHA and to help ensure that active, two-way communication exists between relocated residents

and the WHA, supportive services are put in place, clear mechanisms are established for permitting the return of qualified original Eastlake residents, and promises (such as the development and capitalization of a resident-operated housing management corporation) are kept.

The fear of HOPE VI projects on the part of residents comes from the national pattern of the HOPE VI program results: creation of fewer units than demolished, replacement for some of the units with market-rate

dwelling, net loss of very affordable housing units, perfunctory resident participation, and displacement of poor families.

Aware of these fears, the leadership of WHA is working with tenant organizations and many community groups to attempt to meet the promises originally made to HUD and the State of Delaware at the time of the HOPE VI application. WHA has recently convened a Community Task Force and has established ambitious goals in the areas of

education, family support, economic empowerment for the former community. development, employment, residents and the revitalized Eastlake community building, and community

Table 22: The Minimum Wage and Housing Wage

| AT THE MINIMUM WAGE | | | | Fair Market Rent (FMR) by Number of Bedrooms | | | AT THE HOUSING WAGE | | | | | |
|--|----|----|-----|--|-------|-------|--|---------|---------|--|------|------|
| A Delaware worker would need to work the following number of hours per week to afford the FMR for: | | | | | | | Hourly Wage Needed (@40 hours/week) to afford: | | | Housing wage as % of minimum wage (\$6.15) | | |
| Bdrm: | 1 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 3 |
| DE | 74 | 87 | 117 | \$592 | \$696 | \$933 | \$11.38 | \$13.38 | \$17.94 | 185% | 217% | 292% |
| Kent | 71 | 81 | 104 | \$565 | \$644 | \$835 | \$10.87 | \$12.38 | \$16.06 | 177% | 201% | 261% |
| NCC | 78 | 91 | 123 | \$623 | \$727 | \$986 | \$11.98 | \$13.98 | \$18.96 | 195% | 227% | 308% |
| Sussex | 60 | 76 | 100 | \$477 | \$609 | \$800 | \$9.17 | \$11.71 | \$15.38 | 149% | 190% | 250% |

Source: Out of Reach 2001, <http://www.nlihc.org>

Moving to Work in Public Housing

The Moving to Work Public Housing Demonstration Program was originally opposed by the newly forming Delaware State Wide Association of Tenants because of objections to the quality of resident participation in the development of

the program concept and because of grave concerns about the comprehensiveness and capacity of the services needed to create a successful program of the type originally proposed to HUD. The Moving to Work program within the

Delaware State Housing Authority (DSHA) makes public housing in Kent and Sussex Counties a time-limited, transitional housing program, enriched by supportive services to aid the transition to market-rate housing.

Table 23: Minimum Wage, Two-Bedroom Housing Wage, & Poverty Line

| | % of minimum wage | Hourly Equivalent | Annual Equivalent |
|---------------------------------|-------------------|-------------------|-------------------|
| 2BR Housing Wage: NCC/Wilm-Nwrk | 227% | \$13.98 | \$29,080 |
| 2BR Housing Wage: KENT/Dover | 201% | \$12.38 | \$25,760 |
| 2BR Housing Wage: SUSSEX | 190% | \$11.71 | \$24,360 |
| Poverty Line for 4 | 138% | \$8.49 | \$17,650 |
| Poverty Line for 3 | 114% | \$7.03 | \$14,630 |
| Delaware Minimum Wage | 100% | \$6.15 | \$12,792 |
| Poverty Line for 2 | 91% | \$5.58 | \$11,610 |
| Poverty Line for 1 | 67% | \$4.13 | \$8,590 |

Source: *Out of Reach 2001* and Census 2000

The program had goals which were, frighteningly ambitious. No resident could not move from public housing from the point of view of residents, would be considered a success who to unsubsidized housing. This

eliminates all housing with HUD or USDA funding. Considering the fact that Delaware has one of the ten worst non-metro affordability problems in the U.S. (according to training.

Under its new Director, Sandra Johnson, DSHA took immediate steps to bring in outside help in the form of Abt Associates, to help the housing authority restructure its Moving to Work effort. The most recent annual plan for the authority includes amendments to the program: increasing the effective time-limits to

the last two editions of *Out of Reach* by the National Low Income Housing Coalition), transition to housing self-reliance in rural Delaware is a goal which scares low-income people who

five years, providing a safety net for families whose good faith efforts still do not allow them to succeed within the time frame set, clear and consistent application of program requirements, and enhancing supportive services, including the introduction of Individual Development Accounts (IDAs) as a way of encouraging saving and economic self-reliance among its

have already witnessed the implementation of a “welfare reform” program in the state that is long on time-limits and sanctions and short on support and residents.

Originally, DSHA had estimated that 950 families living in Public and Section 8 housing in Kent and Sussex Counties would be affected by MTW, approximately 475 of whom are already participating in “A Better Chance.” DSHA said that, “Of the remaining 475 clients, approximately 350 are employed.”

Imperiled Housing Units

Starting in 1975, the U.S. Department of Housing and Urban Development began signing 20-year contracts with private owners to provide project-based Section 8 subsidy to their properties. These long-term contracts are now expiring, creating panic among residents and concern among housing advocates and community-based developers, whose agendas are full trying to fill the current gap in affordable housing in their respective states, without having

the prospect of being enlisted in efforts to preserve large blocks of affordable housing units whose subsidies are expiring and whose owners are wishing to opt out of further partnership with HUD and the local communities.

The program which has effectively taken the place of Section 8 project-based contracts in encouraging the development of affordable housing is the Low Income Housing Tax Credit

(LIHTC) Program.. This program makes use of the Internal Revenue Service tax code to encourage the investment by upper-income Americans in housing programs which help families with incomes at about 50% of area median income. The LIHTC Program, however, also has a short compliance period, after which the units are no longer restricted to low- and moderate-income use.

Table 24: Delaware Expiring Use Properties - 2001 TO 2007

| Expiring LIHTC | | Distribution | | | | Expiring Section 8 | | Distribution | | | |
|----------------|-------------|--------------|------|--------|------|--------------------|-------------|--------------|------|--------|------|
| Year | LIHTC | NCC | Kent | Sussex | DE | Year | Section 8 | NCC | Kent | Sussex | DE |
| 2001 | 0 | 0 | 0 | 0 | 0 | 2001 | 516 | 426 | 0 | 90 | 516 |
| 2002 | 32 | 0 | 0 | 32 | 32 | 2002 | 144 | 77 | 11 | 56 | 144 |
| 2003 | 166 | 37 | 32 | 97 | 166 | 2003 | 20 | 20 | 0 | 0 | 20 |
| 2004 | 223 | 85 | 52 | 86 | 223 | 2004 | 368 | 232 | 45 | 91 | 368 |
| 2005 | 80 | 80 | 0 | 0 | 80 | 2005 | 289 | 108 | 50 | 131 | 289 |
| 2006 | 223 | 85 | 138 | 0 | 223 | 2006 | 0 | 0 | 0 | 0 | 0 |
| 2007 | 467 | 270 | 92 | 105 | 467 | 2007 | 0 | 0 | 0 | 0 | 0 |
| | 1191 | 557 | 314 | 320 | 1191 | | 1337 | 863 | 106 | 368 | 1337 |

| Section 8 & LIHTC | | Distribution | | | | Total Expiring | | Distribution | | | |
|-------------------|------------|--------------|------|--------|-----|----------------|-------------|--------------|------|--------|------------|
| Year | S8 & LIHTC | NCC | Kent | Sussex | DE | Year | Total Units | NCC | Kent | Sussex | By Year |
| 2004 | 16 | 16 | 0 | 0 | 16 | 2001 | 516 | 426 | 0 | 90 | 516 |
| 2007 | 150 | 150 | 0 | 0 | 150 | 2002 | 176 | 77 | 11 | 88 | 176 |
| | 166 | 166 | 0 | 0 | 166 | 2003 | 186 | 57 | 32 | 97 | 186 |

Table 24: Delaware Expiring Use Properties - 2001 TO 2007

| | | | | | | |
|--|-------------|-------------|------|-----|-----|-------------|
| | 2004 | 607 | 333 | 97 | 177 | 607 |
| | 2005 | 369 | 188 | 50 | 131 | 369 |
| Source: Delaware State Housing Authority Correspondence, 7/23/01 | 2006 | 223 | 85 | 138 | 0 | 223 |
| | 2007 | 617 | 420 | 92 | 105 | 617 |
| | | 2694 | 1586 | 420 | 688 | 2694 |

In Delaware, in 2001, both Section 8 project-based units and tax credit properties are beginning to expire. This leaves tenants and their allies with a challenge in which they need to enlist the aid of public officials, housing professionals, financial institutions, and state and federal government. While many of these units will be kept affordable because of their ownership by nonprofit and religious organizations whose mission is to make their communities a better place to life, some will have owners who choose to walk away from a

development into which a huge public investment has been made.

The recent and ongoing struggle by the tenants at Greenfield Manor in Bear, Delaware, to keep their 100 subsidized units in the HUD portfolio has met with some success, mostly because of strong support from the Delaware State Wide Association of Tenants, Community Legal Aid Society, and several civic and religious groups in the area, as well as technical assistance from the National Alliance of HUD Tenants. The

campaign by residents combined media, legal, and organizing efforts to encourage ownership re-commitment to the Section 8 program. And timely intervention on the part of the new director of DSHA seems to have helped to persuade ownership to temporarily comply with HUD regulations. However, in the future these units, and other units elsewhere in the state, need to be subject to a preventive process which examines options and pulls together resources to preserve units for their useful life wherever possible.

WHO CAN AFFORD TO LIVE IN DELAWARE?

Rural Housing Issues and Homelessness in the State

Housing in Rural Delaware

Rural Delaware has the distinction of being one of the ten worst non-metro areas for housing affordability in the U.S. In a state with public transportation problems, rural Delaware is an isolated and discouraging area in which to be poor.

In its publication, *Ten Ways to Increase the Supply of Affordable Rental Housing in Rural Delaware*, the Delaware Rural Housing Consortium --a group of nonprofit rural housing developers which formed in June, 1997 -- makes a compelling case for addressing neglected housing needs of Delaware's rural poor. It notes that:

" Some of the worst housing

conditions in the State of Delaware are found in rural areas.

" Since they tend to be out of sight, the housing needs of this segment of the population tend to be forgotten.

" There are declining federal housing funds for rural housing.

" Employment opportunities in Kent and Sussex Counties are limited and geographically dispersed.

" 246,862 of Delaware's 717,000 people are in rural areas in all three counties.

" 123,821 of Delaware's 247,497 occupied units are situated in rural areas.

" Rural Delaware has 6,136 of the 12,053 substandard units in the state.

" Median incomes in Kent and Sussex are 28 to 33% lower than New

Castle County.

" Rural Delaware suffers from a lack of housing resources

" Rural Delaware lacks better-paying job opportunities

" Foundations, corporations, and local financial institutions need to be encouraged to invest in rural initiatives.

Added to these barriers are the presence of a resort and second-home population in Sussex (which tends to keep housing prices higher than in another rural area) and the arrival of many new workers, principally to serve the poultry plants in lower Delaware, whose sudden growth has caused exorbitant rent increases in this part of the state.

Homelessness in Delaware 2000

On January 25, 2000, the University of Delaware Center for Community Development and Family Policy conducted a point-in-time study of the capacity and needs of the homeless service delivery network in Delaware. This research was designed to replicate and build upon similar studies conducted by the University in 1986 and 1995. The survey results, *Homelessness in Delaware 2000* (Jeffrey Kerrigan, Principal Investigator), will be released shortly. On the night of the study, 1,040 homeless person received emergency shelter or transitional housing in Delaware. Comparing this number to the 1995 estimate of 1,031 persons,

the study concludes that the number of homeless in Delaware has likely remained much the same for the past five years. Of the total estimated in 2000, 549 received emergency shelter and 491 transitional housing. This study did not count person on the street. There were 457 persons in the 157 homeless families with children. There were 565 adults not in families with children.

The most recent previous study, *Homelessness in Delaware Revisited* by Steven Peuquet and Abigail Miller-Sowers was released in 1996. It was a follow-up study to the earlier work, *Homelessness in Delaware*. It

found that: between 1984 and 1995 there was a 145% increase in the number of people living in emergency shelters in Delaware; the rate of homelessness in Delaware in 1995 was similar to rates found elsewhere in the U.S. and for the nation overall, African-Americans (while 17% of the state's population) were 41% of the emergency shelter population in 1986 and 60% of that population in 1995; Delaware's homeless tend to be very poor and to be "bonafide Delaware residents" and to be homeless for the first time; durations of homelessness appear to be getting longer; and substance abuse is a serious problem among the homeless.

More Working Families Joining Ranks of Homeless

A survey of homeless families in four Southern states found that nearly half the adults were employed, a phenomenon attributed to the strong economy of the last decade. The survey was conducted in 14 homeless shelters run by Volunteers of America in Kentucky, North Carolina, South Carolina, and Tennessee. There were 202 homeless families in those shelters; they included a total of 370 children. The survey found that 42 percent of the adults were employed, and that 28 percent of them had never

received public assistance.

"This trend of working poor families becoming homeless needs the attention official, state and national policy makers," said Charles Could, Volunteers of America president. "Affordable housing, a living wage, childcare subsidies, food stamps and programs that help families rebuild their lives will not only help families living in poverty, but will help build stronger communities and a better future for all Americans. The survey,

The Other America: Homeless Families in the Shadow of the New Economy, was conducted by the Institute for Children and Poverty, the research and training division of Homes for the Homeless in New York City. The data were collected in conjunction with Volunteers for America, a national nonprofit organization and one of the nation's largest providers of affordable housing. (Source: House the Homeless, Austin, Texas).

Homelessness and Civil Rights

Many cities have enacted, enforced, or are currently considering laws or policies directed against homeless people. These include public place restrictions, sweeps, anti-panhandling laws, discrimination, and limits on service providers. Such policies may be unconstitutional. In addition, actions by cities which discriminate against homeless people because of their race, color, national origin, religion, sex, familial status and/or disability may violate federal law.

Local city governments may violate the Constitution if they single out homeless people for punishment, limit free speech, punish involuntary behavior or unreasonably seize or destroy homeless person's property. Policies and ordinances that drive homeless people from an area, make it illegal to perform harmless, life-sustaining activities in public when there is nowhere else to perform them, allow for arbitrary or discriminatory enforcement against homeless people, are rarely enforced

except against homeless persons or service providers, or that forbid panhandling, are violations of civil rights and may be addressed through recourse to protections such as the Fair Housing Act, which prohibits discrimination against a person based on their race, color, national origin, religion, sex, familial status, and/or disability, in a multitude of activities involving housing. (Source: Pallavi Rai, National Law Center on Homelessness & Poverty, www.nlchp.org).

A LIVING WAGE FOR DELAWAREANS

Three Living Wage Standards

Standard 1: National Priorities Project

The Living Wage standards presented here come from three different groups, among many, attempting to arrive at a better method of measuring the basic needs of families and

individuals. The National Priorities Project (NPP) developed a conservative family budget from a detailed methodology that can be

obtained from NPP. The NPP Living Wage for a family of three in Delaware is \$14.38 and \$15.88 for a family of four.

Standard 2: Economic Policy Institute

The EPI Living Wage for Delaware is even more detailed and painstaking, with account made for variations in cost by county, as well as the age and sex of family members. The

methodology was developed and applied in two publications referenced below. The EPI Living Wage standard for Delaware is the highest of the three, with a Living

Wage for a family of three ranging from \$15.23 to \$15.92. The range for a family of four goes from \$17.56 to \$20.74.

Table 25: Three Delaware Living Wage Standards

| Delaware Living Wage Standards | | | | | | | | | | |
|--------------------------------|-----------------------------|---------|---------------------------|----------|---------|---------|----------------------------------|---------|----------------------|---------|
| Family of 3 | 1 | | 2 | | | | 3 | | Median Family Income | |
| | National Priorities Project | | Economic Policy Institute | | | | House the Homeless (Two-bedroom) | | | |
| | Annual | Hourly | Annual | | Hourly | | Annual | Hourly | Annual | Hourly |
| NCC | \$29,910 | \$14.38 | \$32,848 | \$33,107 | \$15.79 | \$15.92 | \$29,080 | \$13.98 | \$72,100 | \$34.66 |
| Kent | | | \$31,533 | \$31,704 | \$15.16 | \$15.24 | \$25,760 | \$12.38 | \$50,400 | \$24.23 |
| Sussex | | | \$31,686 | \$31,708 | \$15.23 | \$15.24 | \$24,360 | \$11.71 | \$47,000 | \$22.60 |
| Family of 4 | 1 | | 2 | | | | 3 | | Median Family Income | |
| | National Priorities Project | | Economic Policy Institute | | | | House the Homeless (Two-bedroom) | | | |
| | Annual | Hourly | Annual | | Hourly | | Annual | Hourly | Annual | Hourly |
| NCC | \$33,026 | \$15.88 | \$37,700 | \$43,139 | \$18.13 | \$20.74 | \$29,080 | \$13.98 | \$72,100 | \$34.66 |
| Kent | | | \$36,346 | \$40,833 | \$17.47 | \$19.63 | \$25,760 | \$12.38 | \$50,400 | \$24.23 |
| Sussex | | | \$36,527 | \$40,746 | \$17.56 | \$19.59 | \$24,360 | \$11.71 | \$47,000 | \$22.60 |

Sources:

- (1) *Working Hard, Earning Less*, The National Priorities Project, <http://www.natprior.org>
- (2) *How Much is Enough?* and *Hardships in America*, Economic Policy Institute, <http://www.epinet.org>
- (3) House the Homeless, Austin, Texas, <http://www.UniversalLivingWage.org>

Standard 3: House the Homeless

The final Living Wage standard is based on the fair market rent (FMR). It comes up with a range from \$11.71

to \$13.98, assuming the family of four would be able to live in a two-bedroom unit. (Including the very real

possibility of needing a three-bedroom unit for the family of four increases the upper range of the

Living Wage to \$18.96).

House The Homeless, Inc. (HtH) is a nonprofit organization based in Austin, Texas and formed in 1989. Its stated mission is education and advocacy around issues that cause and prevent homelessness. HTH, whose Board of Directors is comprised of no less than 60% homeless and formerly homeless citizens, has the goal of ending "homelessness" in our lifetime.

In April 2001, HtH launched its Universal Living Wage Campaign with these words:

"We believe that except for the disabled and those in emergency

situations, that food stamps and general public assistance can be abolished. This can be done if all minimum wage employers would stop hiding behind the Federal Minimum Wage of \$5.15 per hour and simply pay a Fair Living Wage which is Indexed to the cost of Housing. The concept is simple. It is based on the premise that if a person works 40 hours a week, then he/she should be able to access basic housing. We use two existing Federal guidelines to determine what the Universal Living Wage should be. The first guideline (a HUD standard also used by banking institutions across America) dictates that no more than 30% of a person's gross monthly income should be spent on housing. The second

guideline, the Fair Market Rents (FMRs) are established by HUD throughout the country for each municipality and all other areas. Therefore, the Universal Living Wage will vary per area in accordance with the FMR. FMRs are based on gross rent estimates which include shelter, rent and the cost of utilities except telephone service. We believe that this format, using already established government guidelines, enables us to utilize existing government formulas to easily justify specific Universal Living Wage figures that are based on the need for housing and are appropriate to each municipality and outlying areas."

The Universal Living Wage Formula as a (\$9.14) Minimum Wage Standard for Delaware

The Universal Living Wage makes a simple and powerful argument. Housing is the heaviest household burden, and the poorest people in a community should be able to make enough working full-time to afford the very cheapest housing. The fair

market rent for an efficiency in Delaware (statewide) is \$475. The table below elaborates the Universal Living Wage methodology. The advocates of a Universal Living Wage promote the passage of new state minimum wages based on, at the

very least, the efficiency apartment FMR. This argument has the appeal of being a wage that is not tied to any particular sector of the labor force (e.g., public employees) and it takes as its primary consideration: the homeless of our community.

Table 26: The Universal Living Wage Proposal: A New Delaware Minimum Wage

| | | |
|----|---|---------------|
| 1. | HUD STANDARD: No more than 30% of a person's gross income should be spent on housing. | |
| 2. | HUD FAIR MARKET RENT: (Efficiency Apartment in Delaware) | \$475.00 |
| 3. | TOTAL GROSS MONTHLY INCOME: \$475 divided by .3 | \$1,583.33 |
| 4. | WORK HOURS: 40 hours/week @ 4.33 weeks/month = 173.33 work hours/month, 173.33 work hours X 12 months = 2080 hours/year. [Premise: Anyone working 40 hours per week should be able to get housing and get off of the streets. (1)] | |
| 5. | Total Gross Monthly Income of \$1583.33 X 12 months | \$18,999.96 |
| 6. | NEW HOURLY WAGE in Delaware \$18,999.96 divided by 2080 Hours/Year = | \$9.14 |
| 7. | Total Monthly Budget: | |
| | Total Gross Monthly Income (2) | 1,583.33 |
| | Fed. Taxes, Soc Sec., Medicare | 402.40 |
| | Housing Costs | 475.00 |
| | Remaining for: Medical, Clothing, Food, Transportation and Telephone | 705.93 |

Notes: (1) Whether a person works 4 hours per week or 40 hours per week, they should be paid at the full 40 hour rate. A full hours work deserves a full hours wage. (2) Minus \$266.49 for Federal Income Tax, \$110.15 for Social Security, and \$25.76 for Medicare. The Federal Income Tax rate (15%) is based on the monthly deductions outline in the Internal Revenue Circular E, Employers' Tax Guide (Rev. Jan, 2000), Social Security is 6.2% of gross monthly income, and Medicare is 1.45% of gross monthly income (Total equals \$402.40)

Table 26: The Universal Living Wage Proposal: A New Delaware Minimum Wage

Source: House the Homeless, PO Box 2312, Austin, TX 78768. www.universallivingwage.org

CONCLUSION

The Need for Kind Policy

“Nothing in the world is single,
All things by a law divine
In one spirit meet and mingle.” – Shelley

The issue of poverty in a small state in the United States at the beginning of the Twenty-First Century might seem inconsequential, especially in the midst of great world concerns and sudden tragedies. Poverty in Delaware might very well be considered an issue of “market failure,” which can be remedied with some relatively minor “adjustments” to the mechanisms of that market.

But this is almost surely not a completely accurate view for at least two reasons. The first of these is a “macro” issue and the second a “micro” one, but both of them relating to our ultimate interdependence, as Winnie Cooper, a tenant leader in Delaware, reminds us often.

First, markets act increasingly in a way that reminds us of a “command economy,” with goals being set and objectives achieved. The huge economic actors who are the de facto global citizens of this new economy work with a relative degree of certainty as to the conditions of these markets. And our fate in Delaware – and the fate of the most disadvantaged among us – co-exists and depends upon the decisions being made at the command level, the policy level. If these big fellows sneeze, we in Delaware catch a cold. So, poverty is very much a matter of command or policy, and of will.

Secondly, inequality has consequences for all. It creates housing problems, tax burdens, and crime. But it is also linked to mental illness, public health problems, and mortality in the general populace. Those of us fortunate to live somewhere above the poverty level for our household or family size do not escape from the consequences of our collective action or inaction toward the poor in our communities. Compassion and solidarity are not luxuries but the necessary ingredients of a better life.