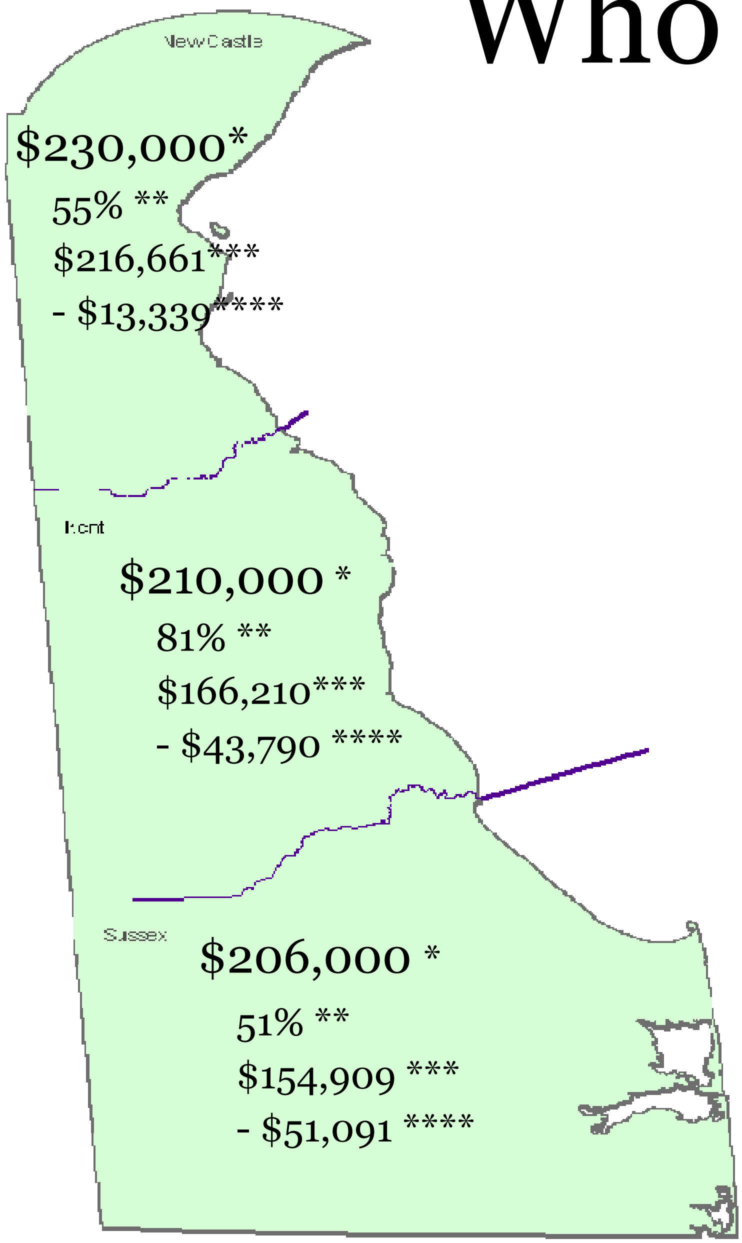
Who Can Afford to Live in Delaware?

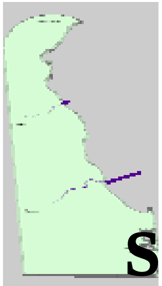


June 2009

Delaware Housing Coalition
Third Annual Report

Homebuyers by County —

*	Median Home Price by County
**	% Increase since 2000
***	Price Affordable to Household with Low/Moderate Income
****	Gap Between Median and Affordable Prices



Summary

Housing Burden Among the Very Poor

- There are 61,215 households in the state with incomes at or below half of the area median. 22,541 of these households are severely cost-burdened, paying 50% or more of their income for housing.
- 15,540 of these severely cost-burdened households have incomes at or below 30% of the area median.
- There is a deficit of 20,444 units statewide that needs to be filled in order to house these households affordably.
- When a “fair share” measure for very low-income households is applied to the state’s census tract districts, every census district in the state – except for the City of Wilmington – is found to have a deficit of affordable housing.
- There are almost 28,000 extremely low-income households in Delaware — 13,422 in rental units and 14,414 in owner-occupied units — in need of affordable housing due to cost burden.
- 25,000 very low-income families pay 30% or more of their income for housing costs or are on waiting lists for assisted housing.

Homelessness

- 1,479 Delawareans were identified as homeless in the January 2009 Point in Time survey, with nearly 7,000 state residents experiencing homelessness during the year.
- A disabled person dependent on SSI cannot afford an efficiency (zero-bedroom) apartment anywhere in the state.
- The efficiency apartment housing wage stands at $13.43 for Delaware, 188% of the state minimum wage, an annual salary of $27,934.
- Delaware needs 648 new supportive housing units, along with 1,000 new rental subsidies in order to house the 2,000 individuals who are most in need and most at risk of homelessness.

Please refer to the Glossary beginning on page 22 for definitions of unfamiliar terms and acronyms.

Renters

- The Fair Market Rent for a two-bedroom apartment ranges from a low of $714 in Sussex County to $774 in Kent County to a high of $1005 in New Castle–an increase of as much as 20% since 2004.
- A worker in Delaware must earn $17.75 per hour–or $36,917 annually–to afford an average two-bedroom apartment.
- 46% of all workers in New Castle, 45% in Sussex and 63% in Kent can not afford a two-bedroom apartment in their county of employment.
- Delaware has 4,604 project-based Section 8, Low Income Tax Credits, or Rural Development units that could lose subsidy or affordability restrictions between 2008-2012.

Homeownership

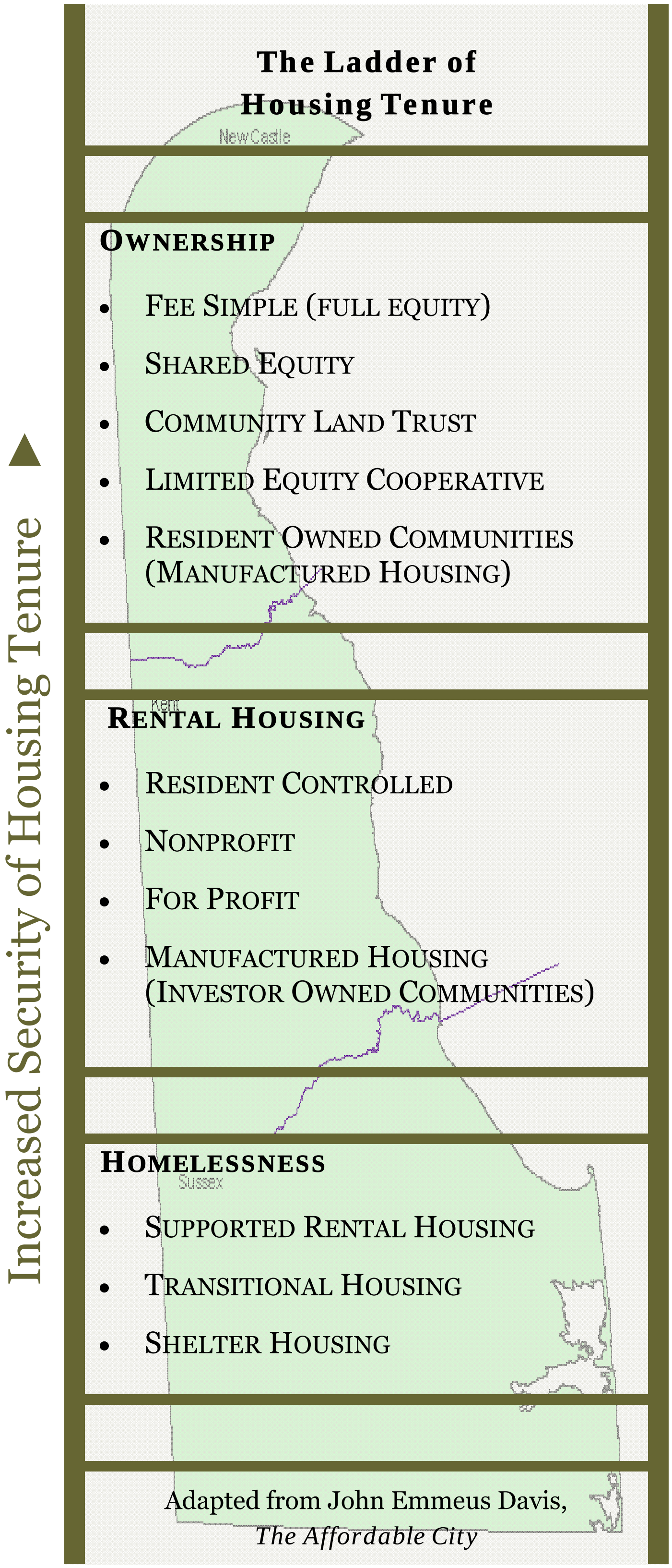
- In late 2008, the median purchase price for a house in Delaware ranged from $206,000 in Sussex County to $230,000 in New Castle.
- House price increases since 2000 range from 51% in Sussex County to 81% in Kent.
- Median household income in Delaware ranges from $58,600 in Sussex County to $77,800 in New Castle.
- The state's homeownership rate is 76%. However, only 41% of Hispanic families own their own homes. African Americans have a 50% home ownership rate.

Incomes

- 15% of Delawareans (131,000) live below the poverty level which in 2009 is $22,050 for a family of four.
- Five of the six top growth occupations in Delaware do not pay a median wage adequate to buy a house in the state nor rent a 2 bedroom FMR in New Castle County.
- 227,000 Delaware workers have median wages below that needed to rent a two-bedroom FMR apartment in their county.

on the Ladder of Affordability

A Slowed Climb



Adapted from John Emmeus Davis, *The Affordable City*

In our third annual issue of *Who Can Afford to Live in Delaware?*, we have tried to provide a synopsis of the fluctuating and unsteady Delaware and national housing scenes.

As we say in our recommendations, at the end of this issue, "In times of prosperity and market confidence, affordable housing is often relegated to a minor concern. In hard times, it is equally likely to be lost in the tumult. Regardless of the times, a firm, consistent, thoughtful, and resourced approach needs to be maintained."

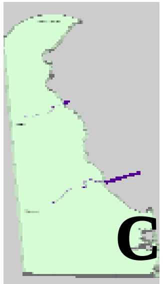
We hope that this issue helps to provide the information which makes a compelling case for the need to pay more attention than ever to housing.

As we recover from the current interconnected crises, the need to look afresh and how we build, situate, and care for our precious housing assets should be ever on our minds.

In our minds, the housing ladder of tenure, which our friend and mentor, John Davis, developed many years ago, is an excellent way to view the complete continuum of housing needs. It illustrates the conceptual climb out of homelessness or precarious housing and makes the case for filling in the missing rungs, making the climb more possible. More rungs mean more places to abide for awhile before beginning to climb further.

Many in Delaware have slipped a rung or more in the past few years. We are challenged to help break the fall of as many as we can, while starting the job of repairing and strengthening the ladder.

to Security



Contents

How Do We Define *"Affordable* Housing?"

We use the widely-accepted measure of 30% of household income being available for rent and utilities or for mortgage payment, property taxes and insurance. This is a simple, and somewhat arbitrary standard, which fails to account for the true impact of housing costs for many families. Statewide, the median household income is $70,885 (NLIHC, 2009). Assuming that 30% of income is available for housing, and given other assumptions, a family at the median may be able to afford to buy a house priced at $262,236. Those of moderate income–defined as households with annual incomes at or below 80% of the median–earn $56,708 or less and can afford housing priced at or below $205,565. This compares with a typical house price of $237,000 statewide (NHC, 2008).

Of course, household income varies widely. Median household income ranges from $58,600 in Sussex County to $77,800 in New Castle. A household earning only 30% of area median income in Sussex County can afford only $440 a month for housing, making little or nothing "affordable" except for subsidized units and leaving only $939 for all other expenses.

This report assembles data relevant to housing affordability, analyzes this data to provide a comprehensive picture of housing demand and access, and makes recommendations to guide advocates and policymakers concerned with housing the residents of the First State.

HOUSING AFFORDABLE HOUSING: The 30 Percent Rule of Thumb

The 30 percent "rule of thumb" represents an evolution of empirical norms and public policy dating from the era of the Great Depression. During that period, "one week's pay for one month's rent" was the norm and was accepted. This formula was subsequently incorporated into public policy which both identified housing need and eventually, was used as a Housing Cost to Income Ratio (HCIR). We use the 30% rule here for simplicity and in order to compare to other research including the 2007 edition of *Who Can Afford to Live in Delaware?*

For a thorough explanation of the history and current proposed alternatives to the 30% rule of thumb, see *Getting to the Heart of Housing's Fundamental Question: How Much Can a Family Afford? A Primer on Housing Affordability Standards in U.S. Housing Policy* by Danilo Pelletiere, Ph.D. February 2008 National Low Income Housing Coalition. http://www.nlihc.org/doc/AffordabilityResearchNote_2-19-08.pdf

Housing and Poverty:

The national poverty measure was created in 1964 based on research showing that a typical family spent approximately one third of its income on food. Reflecting this reality, the poverty measure was established at three times the cost of a low-cost food plan for various-sized families which would accommodate meeting basic needs at a minimum level. Amended annually, the poverty guideline is still based on this formula. Except for Alaska and Hawaii the poverty line is the same throughout the country.

Demands on households' income have changed significantly since that time. Housing, another basic need, now commands a greater proportion of a family's budget than when the poverty measure was established. Therefore, the poverty line does not guarantee that basic needs are covered. (DHC, November, 2008)

In Delaware approximately 15 percent of the population lives below the poverty line which is $22,050 annually for a family of four in 2009.

Another way of presenting income information is the Area Median Income (AMI). It is the income level which falls halfway in the income distribution of a geographic area.

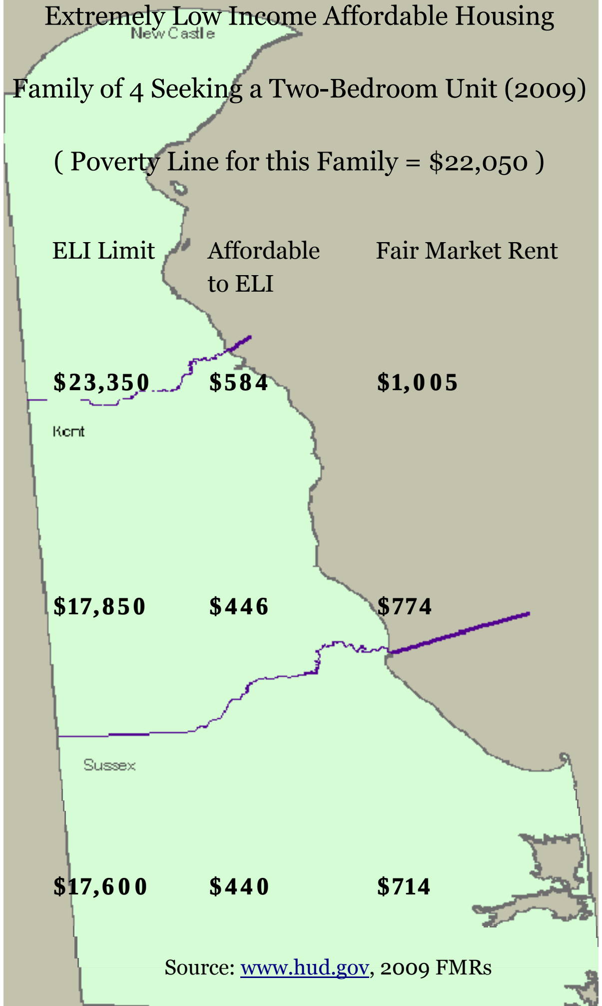
The generally accepted guide for how much a modest-income family should pay for housing is no more than thirty percent (mortgage/rent and utilities). The *housing wage* is the amount of income needed in order to pay no more than 30 percent of household income on housing. This is updated by geographic area each year.

The availability of affordable housing to low-income families is a major challenge in Delaware, as it is throughout most of the country.

Figure 1:
Extremely Low Income Affordable Housing

Family of 4 Seeking a Two-Bedroom Unit (2009)

(Poverty Line for this Family = $22,050)



Source: www.hud.gov, 2009 FMRs

Housing Cost-Burdened households

Approximately 30 percent of Delawareans rely on the rental market for their housing. Finding decent, affordable rental units is a challenge for many lower-income families. The current foreclosure crisis adds more competition as former homeowners are added to the numbers already seeking affordable rental units. Low-, very low-, and extremely low-income families comprise virtually all of renters who are extremely cost-burdened-- paying 50 percent or more of their income for housing.

The Fair Market Rent (FMR) is a HUD estimate of the actual market rents for a modest apartment. In Delaware the 2009 housing wage ranges from $13.73/hour in Sussex to $19.33/hour in New Castle County. Minimum wage workers have to work year-round 108 hours/week in New Castle, 83 hours/week in Kent and 77hours/week in Sussex to afford a two-bedroom FMR apartment in their respective county.

Families receiving only Social Security ($674/month) can not afford an efficiency apartment anywhere in the state, nor can ELI (≤ 30%AMI) households.

Crushed by Housing Costs

Table 1: Share of Severe cost burden for renters

	Total Renter Households	Severely Cost-burdened Households	Share of Severely Cost-burdened
ELI Households (<30% AMI)	22,307	16,281	71%
VLI Households(<50% AMI)	13,760	5,280	23%
LI Households(<80% AMI)	22,906	1,267	6%
Not Low Income (>80% AMI)	31,312	163	1%
Total Delaware	90,285	22.991	100%

Source: NLIHC tabulations of 2007 American Community Survey PUMS housing file.

Table 2: Hourly wages and rental housing affordability

	Median hourly wage	FMR for O-bedroom unit	Wage required	Social Security monthly pay-ment/	Affordable rent	30% AMI (ELI)	Affordable Rent
New Castle	$18.17	$736	$14.15	$674	$202	$11.22	$584
Kent	$15.15	$642	$12.35	$674	$202	$8.58	$446
Sussex	$13.49	$590	$11.35	$674	$202	$8.45	$440

Source: Bureau of Labor Statistics May 2008 Metro and Non Metro Area Occupational Employer and Wage Estimates; *Out Of Reach 2009*, NLIHC, 2009 HUD FMRs.

Table 3: Severe Cost Burden (50%) by Income Group and Tenure in Delaware

	Over 80% MFI	Low Income (50% & 80%)	Very Low Income (30% to 50%)	Extremely Low Income(<30%)
Renter	361	386	2546	9029
Owner	1183	2882	4465	6511

Source: Housing Needs of Extremely Low Income Households in Delaware, 2007.

Homelessness:

Homelessness is not a simple problem affecting some but is a complex housing issue that has many causes, solutions and outcomes. It is our responsibility as residents of Delaware to address the causes of homelessness in our State and to develop the solutions to address this issue.

Each year, the Homeless Planning Council of Delaware conducts a Point-in-Time study. Point-in-Time studies are a snapshot of the homeless population in a community on one night and can provide our community with an estimate of the magnitude of homelessness. In Delaware, the Point-in-Time study is conducted on the last Tuesday in January.

Delaware's current system to assist its homeless citizens includes 1,517 beds in various emergency shelters, transitional housing programs, and permanent supportive housing programs. There are also approximately 120 motel vouchers used each night. While a substantial resource, these fall short of the demand and need for shelter by those whose means are the most limited.

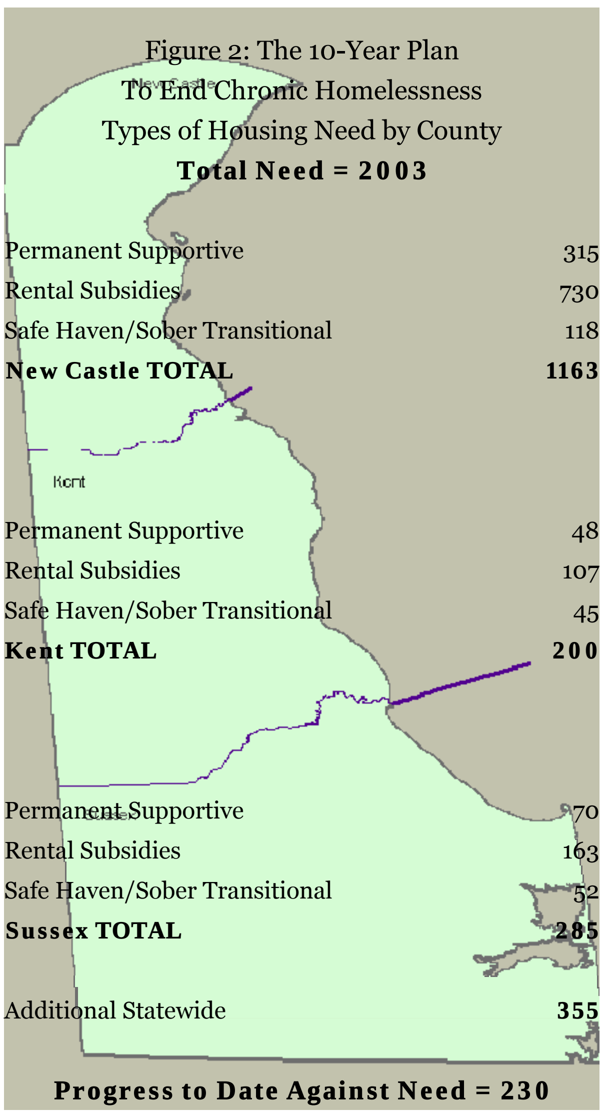
Delaware's homeless population has remained fairly constant over the past several years. However, from 2008 to 2009 we have seen an increase in those who are seeking homeless services. While the need for homeless services has increased the number of beds available has not increased at the same rate. This means that unless people move to the street, they must find other housing options – like living with family or friends, seeking assistance to pay for motel stays, etc.

A chart follows showing the comparison in Delaware's homeless population from 2006, 2008 and 2009. This chart clearly shows that the need for more housing options exists.

Using a nationally-recognized formula, we can project the number of people who are homeless in a year from the data we collect during the Point-in-Time study. In 2006, we projected that there were approximately 6,758 people who were homeless in a year. This number was validated with data collected through the Delaware Homeless Management Information System (DE-HMIS). In 2009, the projection was approximately 6,759. In 2009, a conservative methodology was used in counting those who were homeless more than once in the past year. We believe that the 2009 count is an underestimate of Delaware's year-round homeless population.

Some of the homeless population experiences episodic homelessness. Others experience homelessness regularly, having been continuously homeless or having been homeless multiple times during the past few years. This subpopulation of the homeless are termed chronically homeless. In 2006, 15% of Delaware's homeless population met the definition for chronically homeless. In 2008, 29% of the homeless population met the definition and in 2009, 22% met the definition. Because this population typically uses 60% of all the resources expended on the homeless population, much national and local focus has been placed on reducing the number of people who are chronically homeless. In 2007, the *10-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* was approved by Governor Ruth Ann Minner. The plan focuses on the critical needs of the chronically homeless, recommends the addition of 2,003 beds to Delaware's homeless assistance services, and recommends ways to remove barriers that enable people to become

Figure 2: The 10-Year Plan
To End Chronic Homelessness
Types of Housing Need by County
Total Need = 2003



Permanent Supportive	315
Rental Subsidies	730
Safe Haven/Sober Transitional	118
New Castle TOTAL	**1163**
Permanent Supportive	48
Rental Subsidies	107
Safe Haven/Sober Transitional	45
Kent TOTAL	**200**
Permanent Supportive	70
Rental Subsidies	163
Safe Haven/Sober Transitional	52
Sussex TOTAL	**285**
Additional Statewide	**355**

Progress to Date Against Need = 230

Source: www.hpcdelaware.org

Little Progress on the Ten-Year Needs

homeless, keeps those homeless or prevents them from breaking the cycle of homelessness.

Of the 2,003 beds needed in the State, 648 are new supportive housing units which incorporate essential services for those with disabilities; 1,000 new rental subsidies in order to move people into private market units; 25 beds tied to a statewide crisis intake system; and money to ensure that 330 beds are not lost because the programs can not meet a federal dollar match requirement.

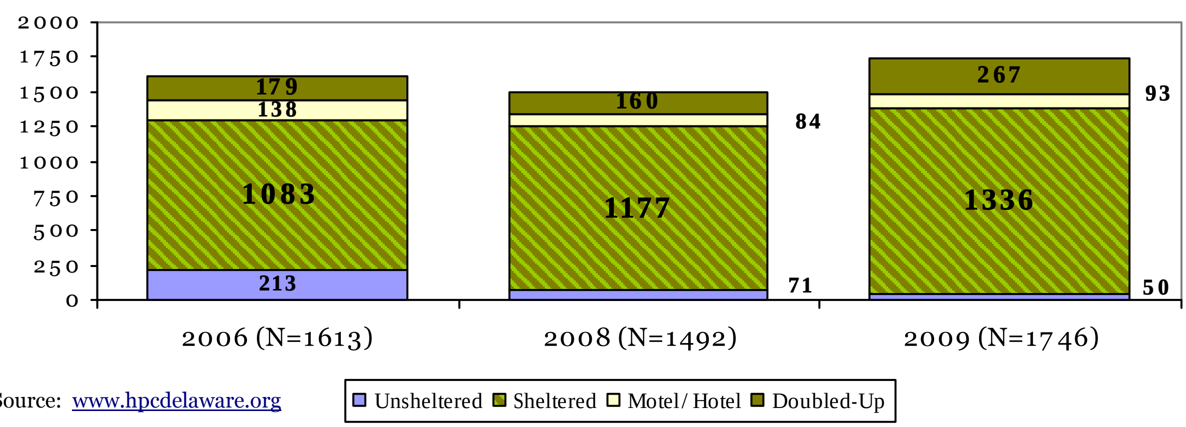
In three years since the planned was approved by Governor Minner, 230 beds/vouchers have been created (or will be created in 2009). This number does not meet the recommendations set forth in the 10-Year Plan. Funding to support these new beds has come from many different sources, including the federal government (Continuum of Care and HUD-VASH), Low Income Housing Tax Credit Program, the Housing Development Fund, and Division of Substance Abuse and Mental Health. However, no direct state dollars have been set aside specifically to fund this Plan.

In 2009, data was collected on more than 2,000 persons. Of those persons, 1,479 persons were identified as homeless on January 27, 2009. In addition, a total of 294 persons were identified as precariously housed and 214 persons were stably housed on that night. Of those who were homeless, 50 persons were unsheltered, 1,336 were sheltered, and 93 were in a hotel or motel. Two hundred sixty of the homeless persons counted were under the age of 19. These children were accompanied by 153 adults. There were a total of 145 families who were homeless. All homeless families were sheltered.

Failure to find resources to address the needs of those who are homeless or at risk for homelessness will result in a continuation of the situation in which shelter providers currently find themselves – there are not enough beds to meet the various and conflicting demands of those who are in need: the individual or family waiting for a shelter stay, the 'episodically' homeless families that need a longer stay to make the transition back to the private housing market, the chronically homeless individual in needs of a permanent bed that does not exist, the young adult "aging out" of foster care with no place to go and no skills to make it on their own, the ex-offender trying to start over and in need of a place to stay, the working poor – who bring home minimum wage and still cannot afford a one bedroom apartment in any county of the State.

There are many solutions that will help Delaware reduce the numbers of homeless in our State. We need to close the front door – and prevent homelessness through the use of mainstream programs like welfare, mental health, substance abuse treatment, Veterans assistance, criminal justice, etc. We need to open the back door – by housing the homeless and providing the assistance and services that they need. And we need to build the infrastructure – by increasing the affordable housing stock in our State, increasing incomes so people can afford to live in our State, and make services available and accessible so that people can stay in their housing.

Graph 1: Point in Time Counts of Delaware Homeless, 2006-2009



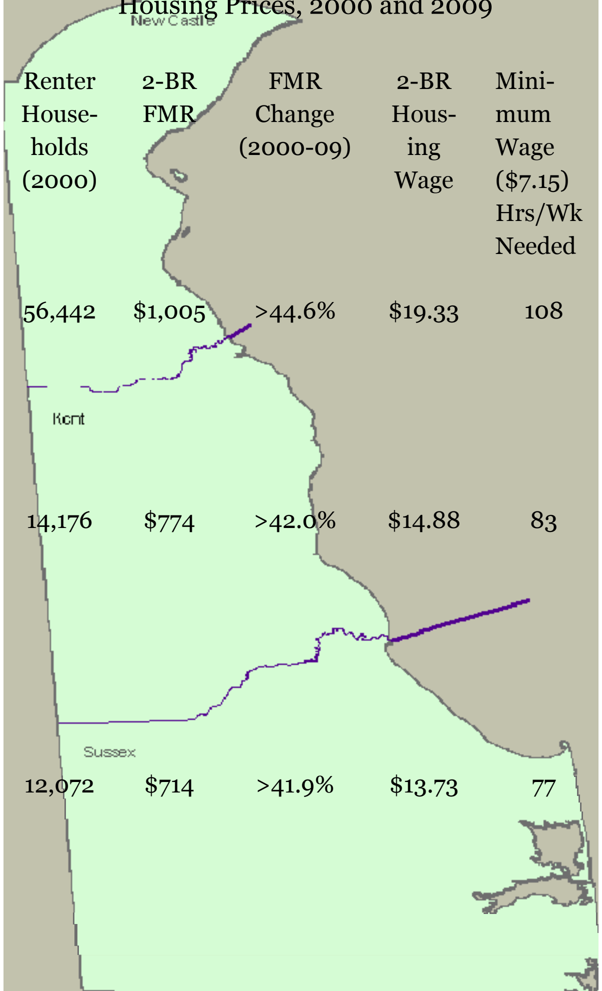
Source: www.hpcdelaware.org

Rental Housing:

The preference, verging on unexamined faith, in traditional homeownership, has obscured the critical importance of rental homes. This neglected sector is receiving some renewed attention due to predatory lending practices, speculative home sales and purchases, and the massive foreclosure problems which have devastated households and even whole communities.

The creation and preservation of an affordable rental inventory is necessary for many income levels, and most importantly for the approximately 25,000 Delaware households "at risk" due to rent burdens or lengthy waiting lists if not both. It estimates that 1,489 new supportive housing units and 1,000 rental subsidies are required to meet the "critical needs" of the homeless or those at risk of becoming homeless. 4,604 assisted rental units have expiring contracts, while 2,259 need substantial rehabilitation. These 6,863 units requiring assistance represent 35% of Delaware's assisted housing stock.

Figure 3: Median Income & Median Housing Prices, 2000 and 2009



Renter Households (2000)	2-BR FMR	FMR Change (2000-09)	2-BR Housing Wage	Minimum Wage ($7.15) Hrs/Wk Needed
56,442	$1,005	>44.6%	$19.33	108
14,176	$774	>42.0%	$14.88	83
12,072	$714	>41.9%	$13.73	77

Source: www.nlihc.org, Out of Reach 2009

Table 4: Cost-Burdened Extremely Low-Income DE Households (2005)

	Rent	Own	Total
Delaware	13,422	14,414	27,836
Kent County	1,974	2,932	4,906
New Castle County	9,595	6,529	16,124
Sussex County	1,854	4,980	6,834

Housing Needs of Extremely Low Income Households in Delaware (2007)

The Delaware State Housing Authority (DSHA) is nearing the end of its first phase of rental preservation efforts, aimed at protecting a number of rental communities and their federal subsidies.

Delaware needs to spend this money to protect the current subsidized housing asset in order to maintain the federal subsidy. The age and condition of buildings demands re-investment. The federal subsidy contracts are expiring and will not be renewed if the condition is substandard. In some cases, the state funding is required to meet basic health and safety standards.

The dollars are used primarily for basic maintenance to avoid deterioration for some essential rehabilitation and to meet federal standards. The state dollars leverage a high percentage of private (local bank loans and investments) and federal dollars. Dollars are typically used as deferred second mortgage loans in conjunction with private loans and investments to complete needed renovations and, where necessary, replace existing owners with new owners

These rental communities combine the virtue of being able to serve the extremely low-income with an ability to maintain for Delaware increasingly rare federal subsidy dollars. These two

Table 5: Severely Cost-Burdened Very Low-Income Households in Delaware (2005)

	Rent	Own	Total
30% of AMI or Less (ELI)	9,029	6,511	15,540
30% to 50% of AMI (VLI)	2,546	4,465	7,011
Total	11,575	10,976	22,541

Housing Needs of Extremely Low Income Households in Delaware (2007)

A Widening Affordability Gap

characteristics make it imperative that the state continue to do all in its power to save these homes.

Waiting lists remain long for assisted rental housing throughout the state. DSHA alone has a waiting list of 5,866 households. This includes 3,921 eligible for the Moving To Work program and 1,945 considered elderly or handicapped.

There are over 27,000 extremely low-income (ELI) households needing affordable housing. These households earn 30% or less of the area median income. Many are cost burdened, paying more than 30% of their income for housing.

In addition, there are almost 23,000 very low-income households (earning 50% of AMI or less) who are paying 50% or more of their income for housing.

Table 6: Share of Rent-Burdened and Severely Rent-Burdened DE Households

	VLI	ELI	Share of Total
Rent Burdened (>30% of Income)	33.8%	43.6%	77.4%
Severely Rent Burdened (>50% of Income)	20.7%	73.3%	94.0%

Source: Out of Reach, 2009, www.nlihc.org

<u>Manufactured Housing</u>

Manufactured Housing in Delaware has proven to be a truly affordable housing option. Yet too many of the owners of manufactured homes are also renters of their land, and thereby are subject to great uncertainty.

About 70,000 Delawareans live in 41,000 manufactured homes. These comprise 10% of Delaware's housing stock (DSHA, December 2008).

The appeal of manufactured housing increases as market factors and regulation of construction and installation improves quality and durability. The costs per square foot remain well below that of stick-built housing. Research indicates that appreciation is linked more to ownership or control of the land than other factors, thereby countering long held beliefs that this housing always depreciates.

In Delaware 50% of manufactured homeowners live on leased land, a higher rate than national estimates of 30-35%. This arrangement raises a continual question about the security of tenure and possible loss of equity that can come with sudden dislocation due to a community closure or steep lot rent hike. Investor-owned communities -- regardless of how well-run or how well-intentioned the land owners, place manufactured home owners in a precarious position.

Delaware has progressed by addressing several hurdles facing manufactured housing owners, creating a Manufactured Housing Relocation Trust Fund, a lot rent assistance program for qualified homeowners, a dispute resolution process, and a legal right for manufactured homeowners as an association or cooperative to make and match offers for the purchase of their community. Since the 2008 passage of the right of first offer bill, with the help of technical assistance provider Real Estate Advisory and Development Service, Inc., there has been one resident owned purchase of a community in New Castle County.

Challenges such as titling, financing, land ownership, and rent increases continue to undermine manufactured home owners' security of tenure. However, with clearheaded assessment by all affected parties of the complex issues, as well as remaining mindful that affordable housing is the goal, resolution can be reached.

Table 7: Affordability for Extremely Low Income Households (30% AMI), 2009

Size:	1		2		3		4		5	
	30% AMI	Aff. Rent	30% AMI	Aff. Rent	30% AMI	Aff. Rent	30% AMI	Aff. Rent	30% AMI	Aff. Rent
Kent	12,500	$313	14,300	$358	16,050	401	17,850	446	19,300	483
New Castle	16,350	$409	18,700	$468	21,000	525	23,350	584	27,100	678
Sussex	12,300	$308	14,100	$353	15,850	396	17,600	440	19,000	475

Source: U.S. Dept. of Housing and Urban Development, 2009 Fair Market Rents

Home Ownership:

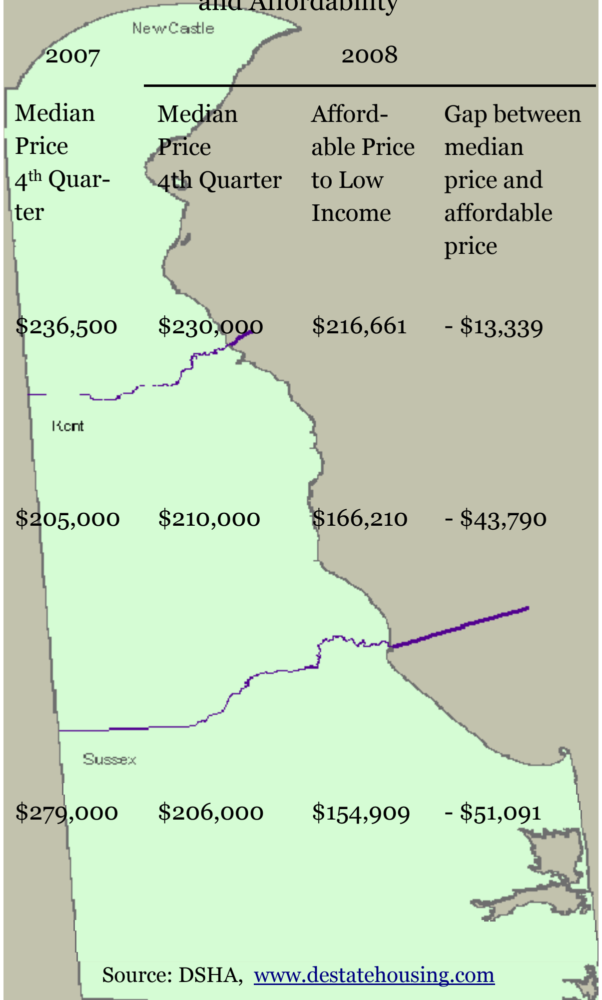
Although Delaware ranks sixth in the national homeownership rankings, with an overall rate in 2006 of 75.2%, this high rate is unequally distributed. In Delaware the homeownership rate for whites is 79%; the rate for minorities is 51%. (CFED, 2008)

Although the price of houses has dropped, this decrease has not been sufficient for low-income (≤ 80% AMI) families to purchase a house in any of Delaware's three counties. Even in Sussex where the median price of a house dropped $73,000 between the fourth quarters of 2007 and 2008, there is a gap of $51,091 between the median house price and the amount affordable to a low-income family.

Despite the recent decrease in prices from the peak, the price of houses has increased since 2000 in each county. As depicted on the front cover, between 2000 and the fourth quarter of 2008, house prices have increased 51% in Sussex; 55% in New Castle, and 81% in Kent County.

There are viable options for families unable to purchase a house outright, or those interested in alternative homeownership models. These fall under the umbrella of shared equity housing. Highlights of these concepts follow.

Figure 4: Housing Price Changes and Affordability



2007	2008		
Median Price 4th Quarter	Median Price 4th Quarter	Affordable Price to Low Income	Gap between median price and affordable price
$236,500	$230,000	$216,661	- $13,339
$205,000	$210,000	$166,210	- $43,790
$279,000	$206,000	$154,909	- $51,091

Source: DSHA, www.destatehousing.com

Shared Equity Models

Resident Owned Communities (ROC s)

Manufactured Housing has long represented an affordable housing option to families. Many owners place their homes in land-lease communities, formerly - and erroneously - known as mobile home parks. For a variety of reasons, many land-lease communities have been closing. To counter these closings some homeowners have begun to organize to form limited equity cooperatives, also known as resident-owned communities (ROCs), in which each household has one share and one vote. With this structure cooperatives have bought the land and operated the community themselves. With the profit motive deleted, cooperatives can operate communities more economically. Over the last twenty-five years New Hampshire has led in the number of cooperatives which have formed and benefited from technical assistance through the New Hampshire Community Loan Fund. Based on this successful model, in May 2008 ROC USA, LLC was launched to assist budding groups with technical assistance and capital throughout the country. The Delaware State Legislature passed a *Right of First Offer* bill in 2008, giving needed guidance on how residents may buy the communities in which their homes are located in the event of a sale. With an assistance network composed of Community Legal Aid Society, NCALL Community Loan Fund, Real Estate Advisory and Development Service (READS), and ROC USA, Delaware's first resident-owned community has been established in New Castle County -- Minquadale Village Resident Association. The ROC is a form of tenure which has had remarkable success in other states and has led to stable and often flat ground rents (Carsey, 2005).

Community Land Trusts (CLT s)

The Community Land Trust Model represents an important step on the Housing Tenure Ladder. It affords the modest-income homeowner most benefits of traditional homeownership while creating and preserving an affordable housing inventory for future homeowners. This

Emerging Shared Equity Forms Promote Stability

Table 8: Comparison of Median Income & Median Housing Prices 2000 & 2009

	Median Household Income		Median Housing Price		Home Price/ Income Ratio	
	2000	2009	2000	(Q4) 2008	2000	2009
New Castle	$52,514	$77,800	$151,600	$230,000	2.9	3.0
Kent	$40,950	$59,500	$114,575	$210,000	2.8	3.5
Sussex	$39,208	$ 58,600	$164,650	$206,000	4.2	3.5

Source: Out of Reach 2009, www,nlihc..org; DSHA, http://www.destatehousing.com/information/datastats.shtml

inventory is safe from market-based land appreciation. It also, crucially, preserves both private and public subsidy in the CLT home.

Under the community land trust model the homeowner owns the home and the CLT organization owns the land, for the sole purpose of sharing equity and preserving affordability. By separating the land cost from the house, the home becomes more affordable to the homeowner and successive owners of the home.

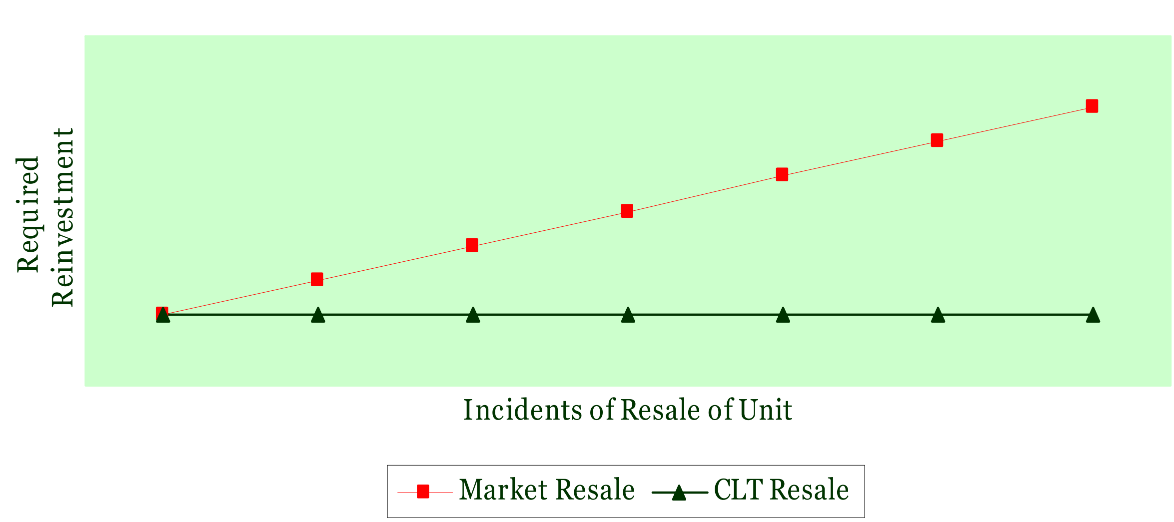
Typically the owner has a 99 year secure lease on the land under and around the house for which they pay a modest monthly fee. As a long-term CLT leaseholder, the homeowner retains the rights and responsibilities of a homeowner. HUD-certified counseling in shared equity homeownership is only one of the requirements for potential CLT homebuyers. The CLT through its long term partnership with the homeowner remains in a technical assistance role.

The Diamond State CLT is the first statewide CLT in the nation. It is in the process of developing projects throughout the state in all three counties.

The CLT model has proven successful in many parts of the country. Research indicates that the recent national foreclosure rate is 33 times higher than the CLT rate. Even in years of relative stability such as 2003 and 2004, CLT foreclosure rates were 23 times less than the national average.

CLT homeowners tend to stay in their homes, on average, about the same length of time as market rate homeowners, with the largest proportion of them buying a second home, either market rate or another CLT home.

Figure 5: Subsidy Retention and Resource Stewardship



Foreclosures:

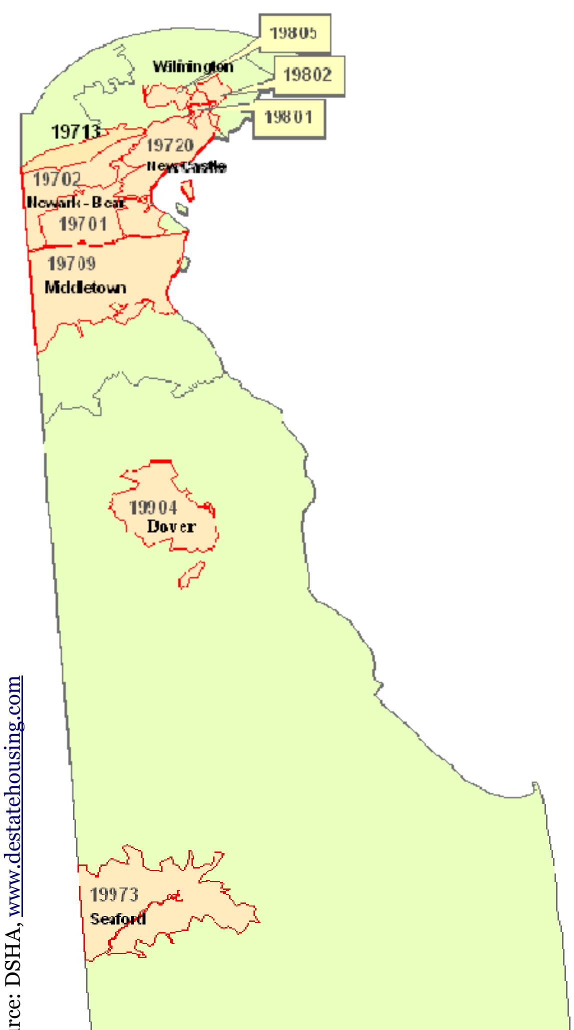
A recent national mortgage delinquency survey was conducted by the Mortgage Bankers Association. Reviewing data through the fourth quarter of 2008 in Delaware, it found that of 171,784 loans serviced, 7.80% (13,399) were 30 or more days past due and 4.43% (7,610) were seriously delinquent (either in foreclosure or 90 or more days past due but not yet in foreclosure).

During this time, there were 136,975 prime loans serviced. 5.92% (6,876) were 30 or more days past due and 2.44% (3,342) were seriously delinquent.

Of the 16,902 subprime loans serviced, 23.33% (3,943) were 30 or more days past due and 18.51% (3,128) were seriously delinquent.

A foreclosure inventory of 4,105 loans was reported in Delaware, with 1,237 foreclosures started during the quarter.

Figure 6:
2008 Top Ten Foreclosure Zip Codes



Source: DSHA, www.destatehousing.com

4th Quarter of 2007 to the 4th Quarter 2008

During this time period, several indicators of default and foreclosure activity have shown marked increases:

- The percent of loans seriously delinquent (loans in the foreclosure inventory plus loans 90 or more days past due but not yet in foreclosure) increased from 2.95% (5,273) to 4.43% (7,610), a 44% increase.
- The total percentage of loans past due increased from 5.66% (10,118) to 7.80% (13,399), a 32% increase.
- The percentage of prime loans seriously delinquent increased 32%, from 1.74% (2,537) to 2.44% (3,342).
- The percentage of subprime loans seriously delinquent increased 55% from 11.44% (2,016) to 18.51% (3,128).
- As the recession and job losses deepened, even prime fixed-rate mortgages saw large increases in default and foreclosures, from 2.87% 30 or more days past due and 0.99% seriously delinquent to 4.33% 30 or more days past due and 1.64% seriously delinquent.

Not all foreclosures affect sub-prime loans. Many adjustable-rate mortgages were made, the effect from which is still being felt.

Table 9: DEMAP Loans by
Housing Counseling Agency (as of June 2009)

Housing Counseling Agency	Loans
First State Community Action	17
Hockessin Community Center	4
Housing Opportunities of Northern Delaware	27
Interfaith Community Housing Delaware	7
NCALL Research	22
Neighborhood House	46
YWCA Delaware	25
Total	148

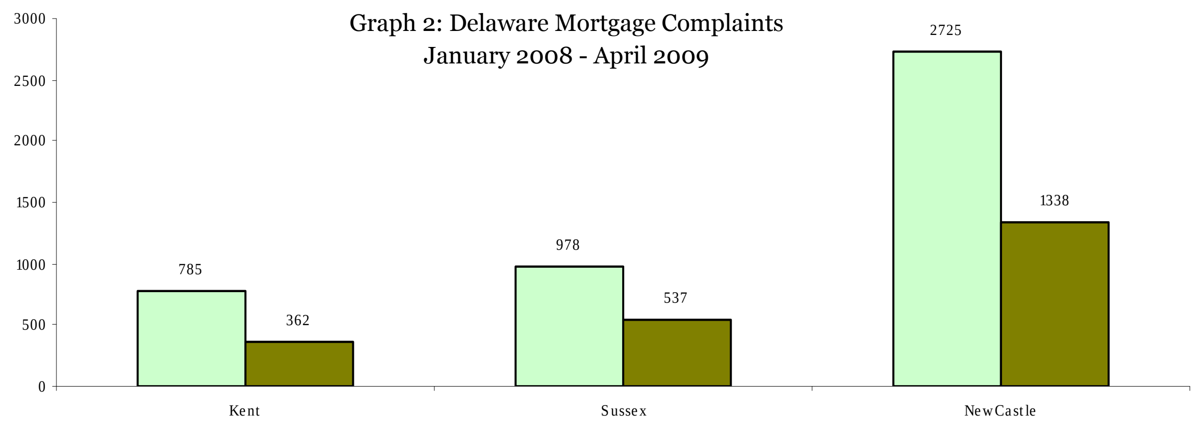
Source: DSHA, www.destatehousing.com

Households and Communities Eroded

Table 10: Loan Delinquency in Delaware, 4th Quarter of 2008

	Number	Delinquent		Seriously Delinquent	
Prime	136,975	6,876	5.02%	3,342	2.44%
Subprime	16,902	3,943	23.33%	3,128	18.51%
All loans	171,784	13,399	7.80%	7,610	4.43%

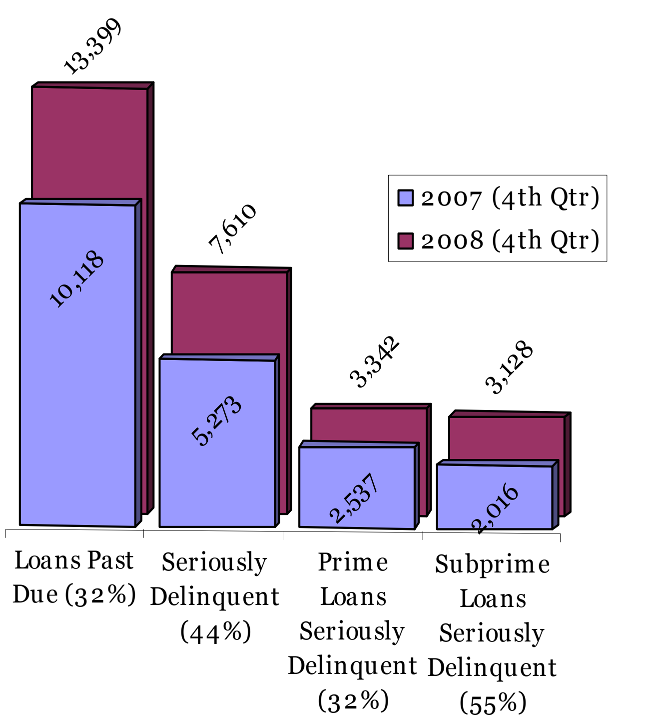
Source: Mortgage Bankers Association, National Delinquency Survey



Graph 2: Delaware Mortgage Complaints
January 2008 - April 2009

Source: DSHA, www.destatehousing.com

Graph 3: Delaware Loan Delinquency & Default Increase, 2007-2008



Source: DSHA, www.destatehousing.com

Communities:

The location or geographical distribution of affordable housing is an impediment equal in importance to the more obvious fact of scarce resources. Those Delaware households with the fewest housing and life opportunities are usually concentrated in communities with higher poverty rates, less access to jobs, poorer school quality, higher health risks, and fewer transportation options.

As Gregory Squires notes in *Urban Sprawl: Causes, Consequences, and Policy Responses*:

> *Sprawl can be defined as a pattern of urban and metropolitan growth that reflects low-density, automobile-dependent, exclusionary new development on the fringe of settled areas often surrounding a deteriorating city.*

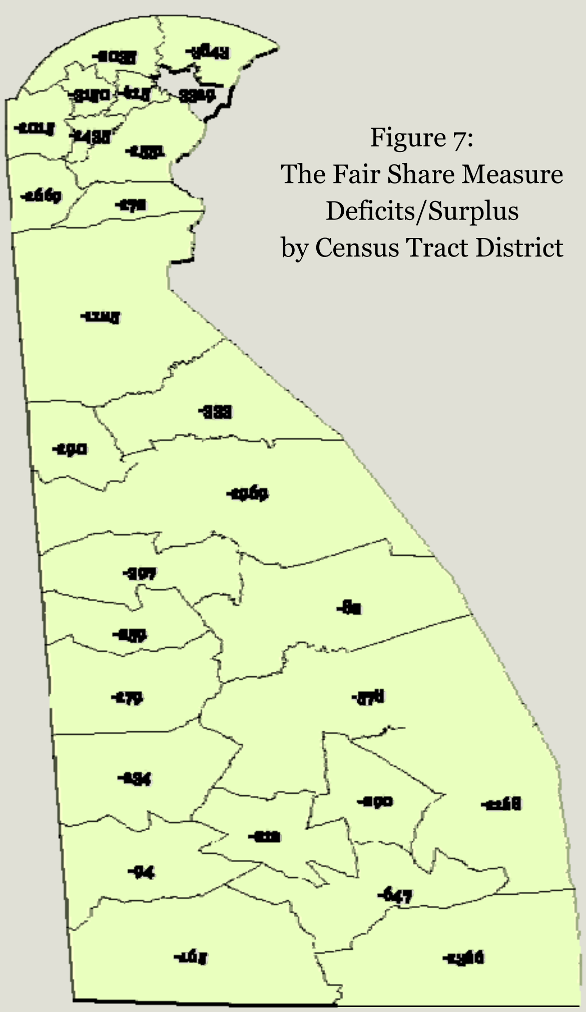


Figure 7:
The Fair Share Measure
Deficits/Surplus
by Census Tract District

> *Among the traits of metropolitan growth frequently associated with sprawl are unlimited outward extension of development; low-density housing and commercial development; leapfrog development, "edge cities," and more recently "edgeless cities"; fragmentation of land use planning among multiple municipalities; reliance on private automobiles for transportation; large fiscal disparities among municipalities; segregation of types of land use; race and class-based exclusionary housing and employment; congestion and environmental damage; and a declining sense of community among area residents.*

The Delaware Housing Coalition (DHC) has recently been involved in a process of examining the geographic distribution of affordable housing for a very vulnerable segment of Delaware households: those earning 50% or less of area median income --"very low-income" (VLI)-- and paying 50% or more of that income for housing – severely housing cost-burdened. In its 2007 report, *Housing Needs of Extremely Low Income Households in Delaware*, DHC found that there were almost 28,000 extremely low-income (ELI) households – at or below 30% of area median income – paying more than 30% of their income for housing. More than 15,000 of these ELI households were severely cost-burdened. Another 7,000 households that are above 30% of AMI but below 50% of AMI are also severely cost-burdened. This brings the number severely cost-burdened VLI households to 22,541.

DHC has taken this group as a target population with which to work in crafting a measure of the geographic distribution of affordable housing. Using the results of this "Fair Share" measure, DHC hopes to build a statewide consensus around very low-income affordable housing solutions that takes into account location, as well as affordability.

The measure itself is derived from an equa-

A Growing Concern about Equitable Distribution

tion that takes into account the percentage of each census tract's ideal "fair share" of affordable housing that it actually provides. Statewide, after adjusting for the number of units that are affordable to 50% of AMI or less but occupied by a household with income above that level, there is a statewide deficit of 20,444 units.

When this measure is applied to census tracts and the tracts are aggregated on the basis of the consolidated census districts in Delaware, as in the accompanying figure, every census district in the state – except for the City of Wilmington – is found to have a deficit.

Disability and Housing

The summary of recommendations of the 2007 report of the Delaware Disabilities Council states: "Housing in Delaware must be accessible, affordable, and available to those who need it when they need it. Housing must be safe and comfortable within communities to allow for people to be and remain active. Both rental and home ownership options with access to all local, state, and national housing resources are required for all Delawareans."

In order to achieve this goal, the full spectrum of mechanisms including renovations, modifications, mortgage products/ services, counseling, and mentoring must be utilized. Tools associated with these include tax credits, down payment assistance, low interest loan and grants, expansion of rent-to-own programs, expansion of Section 8 to disabled individuals, coordination of housing-related information as well as housing-related educational opportunities.

(see Patricia Kelleher, "The Disabled: Denied, Devalued, Disrupted," *Realties of Poverty in Delaware, 2007-2008*, http :// www.housingforall.org/ ROP0708_100608_online)

For more information on the Fair Share Measure being developed by the Delaware Housing Coalition and on our associated Good Neighborhood Project, go to

http://www.housingforall.org/index_good_neighborhood.htm

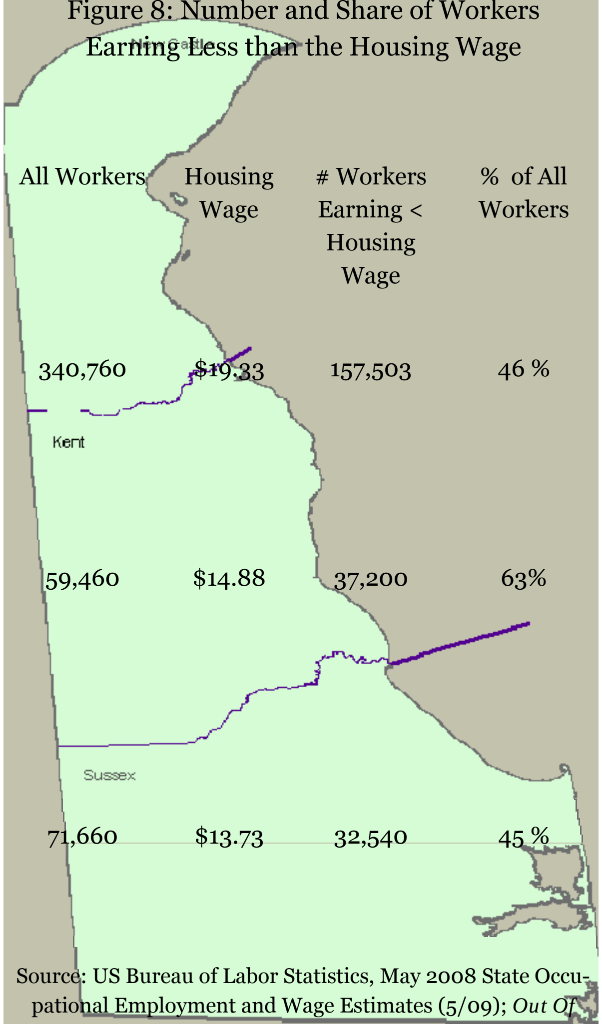
Table 11:
The Fair Share Measure
Applied to
Delaware Census Tract Districts

DISTRICT	
	Deficits
Brandywine	-3,843
Bridgeville - Greenwood	-234
Central Kent	-397
Central Pencader	-669
Greater Dover	-1,969
Felton	-259
Georgetown	-212
Greater Newark	-1,015
Harrington	-179
Kenton	-190
Laurel - Delmar	-165
Lewes	-1,168
Lower Christiana	-615
Middletown - Odessa	-1,125
Milford North	-82
Milford South	-578
Millsboro	-647
Milton	-290
New Castle	-1,551
Piedmont	-2,035
Pike Creek - Central Kirkwood	-3,150
Red Lion	-172
Seaford	-94
Selbyville-Frankford	-1,366
Smyrna	-333
Upper Christiana	-1,435
	-23,773
	Surplus
Wilmington	+3,329
Net Deficit	-20,444

Source: DHC Fair Share Measure

Income and Employment:

Figure 8: Number and Share of Workers Earning Less than the Housing Wage



Source: US Bureau of Labor Statistics, May 2008 State Occupational Employment and Wage Estimates (5/09); *Out Of Reach 2009*, www.nlihc.org

It is critical to consider the interwoven relationship between wages/income and housing in any endeavor working toward universal affordable housing. Income is expressed in percentages of area median income, the federal poverty guideline, etc. Housing affordability is measured as a proportion of family income. As noted earlier, the poverty measure was created to establish an indicator of how many Americans were able to meet their basic needs. The guidance that families not pay more than 30 percent of their income on housing costs was established to allow for other basic needs to be covered. Although imperfect, these measures provide a tool with which to measure change.

The objective of the data in the various tables, figures, and graphs is to illustrate how challenged Delaware families of modest means are to meet basic needs, especially once housing costs are accounted for.

Table 1 shows that households with less than 80 percent of AMI comprise virtually all Delaware households who are severely-cost burdened--paying more than 50 percent of their income on housing. The data in Table 2 confirm that the median hourly wage in each county does not reach the housing wage and that nowhere in Delaware can a person receiving only Social Security afford even an efficiency (0 bedroom) apartment. Minimum wage workers must work 77, 83, and 108 hours respectively in Sussex, Kent and New Castle Counties in order to not spend more than 30% of their income on hous-

Table 12: Occupations and annual income

	Median Income Hourly/Annual		Income Required for Affordable House Price	Gap for Affordable House Price	Two-BR Rent Affordable	Gap for 2BR unit in NCCo ($1,005)
	Hourly	Annual				
Retail salesperson	$9.91	$20,134	$59,920	($170,090)	$515	($490)
Cashier	$9.09	$18,907	$53,026	($176,974)	$473	($532)
Waiter/Waitress	$9.26	$19,261	$54,453	($175,547)	$482	($523)
Customer service	$15.67	$32,594	$108,266	($121,734)	$814	($191)
Office Clerk	$12.19	$25,335	$86,355	($143,645)	$679	($326)
Registered nurse	$32.41	$67,413	$248,800	$10,489	$1,684	$679

Source: Delaware Wages 2007, Delaware Department of Labor, Office of Occupational and Labor Market Information, http://www.delawareworks.com/oolmi/resources/wages2007_final.pdf

Jobs Paying Less

ing on a two bedroom FMR. (Figure 3)

The number and percentage of workers in each county who are making less than the housing wage (New Castle 46%, Kent 63%, Sussex 45%) raise two concerns: jobs are not paying a living wage and there is insufficient housing available for low wage workers. (Figure 8) Five of the six fastest growing jobs in Delaware do not pay a wage allowing a worker to afford a two bedroom FMR in New Castle, the most populous county. (Table 12) Further, the occupations with the greatest near-future growth (96%) in Delaware are low- to average-paying jobs. (Table 13)

If, as a civil society, we are serious about affordable housing for all, through public policy, we must reconcile the growing gap between escalating prices of housing and the ability of most workers to attain this basic need.

Substandard Housing

Substandard units are ones "deficient in at least two structural systems and in need of substantial rehabilitation in order to make them structurally sound, safe, and habitable." There are an estimated 12,949 substandard housing units in Delaware, 8,135 owner units and 4,814 renter units (DSHA, 2007b).

Affordable housing that is unsafe and injurious to health is no housing bargain, contributing to expensive repairs, condemnations, evictions, and family member despair and dysfunction.

Necessary home repairs to vital systems continue to be an increasing problem for cost-burdened home owners, especially the elderly. Without the means to make these repairs, a homeowner is threatened with a situation which can eventually lead to homelessness.

Table 13: Occupations and employment increase 2006-2016

	Median earnings (2008)	expected new positions	expected replacement positions	total new positions	wage category
retail sales	$20,134	267	558	825	low
cashiers	$18,907	30	535	565	low
waiters/waitresses	$19,261	106	443	549	low
customer service rep.	$32,594	179	247	426	-avg.
office clerks	$25,335	110	340	450	low/avg.
registered nurses	$67,413	184	135	319	+avg.
janitors and cleaners	$20,842	129	152	281	low
food prep. and services	$19,094	51	98	149	low
executive secretaries & admin assist	$42,411	87	113	200	avg.
cafeteria/ counter attendants	$22,194	20	175	195	low
bookkeeping, accounting, auditing clerks	$34,758	73	97	170	-avg
accountants & auditors	$60,653	81	83	164	+avg.
truck drivers, heavy & tractor trailer	$38,230	73	88	161	-avg.
			Total:	43, 454	

Source: Delaware Wages 2007, Delaware Department of Labor, Office of Occupational and Labor Market Information; US Bureau of Labor Statistics, May 2008 State Occupational Employment and Wage Estimates (5/09)

Who Can Afford to Live in Delaware?

The Delaware Housing Coalition continues to recommend a broad range of solutions to the growing problem of meeting the affordable housing needs of Delaware. These can be organized under the themes of “stewardship” and “opportunity.”

There is, however, one overarching recommendation that is common to all that follows:

Do Not Forget Housing in this Crisis.
In times of prosperity and market confidence, affordable housing is often relegated to a minor concern. In hard times, it is equally likely to be lost in the tumult. Regardless of the times, a firm, consistent, thoughtful, and resourced approach needs to

Where Do We

be maintained.

In the present crisis, taking every opportunity to commit or leverage resources and energy to foreclosure prevention and neighborhood recovery should be taken. This must include support for frontline agencies, such as housing counseling.

Likewise, rental communities will prove increasingly important in coming years, and affordable multi-family rental communities (HUD Section 8, Rural Development 515, and Low Income Housing Tax Credit) must be preserved, the state's investment in them protected, and their ability to qualify for subsidy continued.

STEWARDSHIP OF RESOURCES.

Remember: Housing is Shelter.

Much of the recent crisis can be attributed to approaches which privilege speculation on housing (among other things) as a commodity, rather than recognizing it as a basic need, a dwelling place, a shelter, and a home. When housing as investment, economic development mechanism, and wealth-accumulation strategy is given equal or superior priority to its role as the place where body and soul are kept together, then we have done an injury to the social fabric.

Alternative asset-building strategies need to be diligently and assertively developed, to complement a more modest approach to affordable housing as investment.

The issue of a living wage or a self-sufficiency wage has to begin to occupy a greater share of attention of advocates, providers, and concerned citizens.

Put More Rungs on the Housing Ladder.

Permanent affordability allows a home to remain affordable to the target income group over successive homeowners. It also retains the precious original subsidy over time and eliminates the need for continued increments of subsidy with each new homebuyer. This is a model which should be employed to create an inventory of homes and fill a missing rung on the affordable housing ladder.

The community land trust (CLT) is a democratic, community-based vehicle to preserve affordability, retain subsidy, create an increasing inventory of affordable housing, and provide an equity share to the homeowner. Its implementation in Delaware should be encouraged.

Resident-owned communities (ROCs) are cooperatively run, limited equity associations, which put the land beneath manufactured homes in the collective control of the residents. The conversion to the ROC model of manufactured communities in investor-owned environments should be promoted and strengthened in law and invested in by community-minded lenders, to increase resident security,

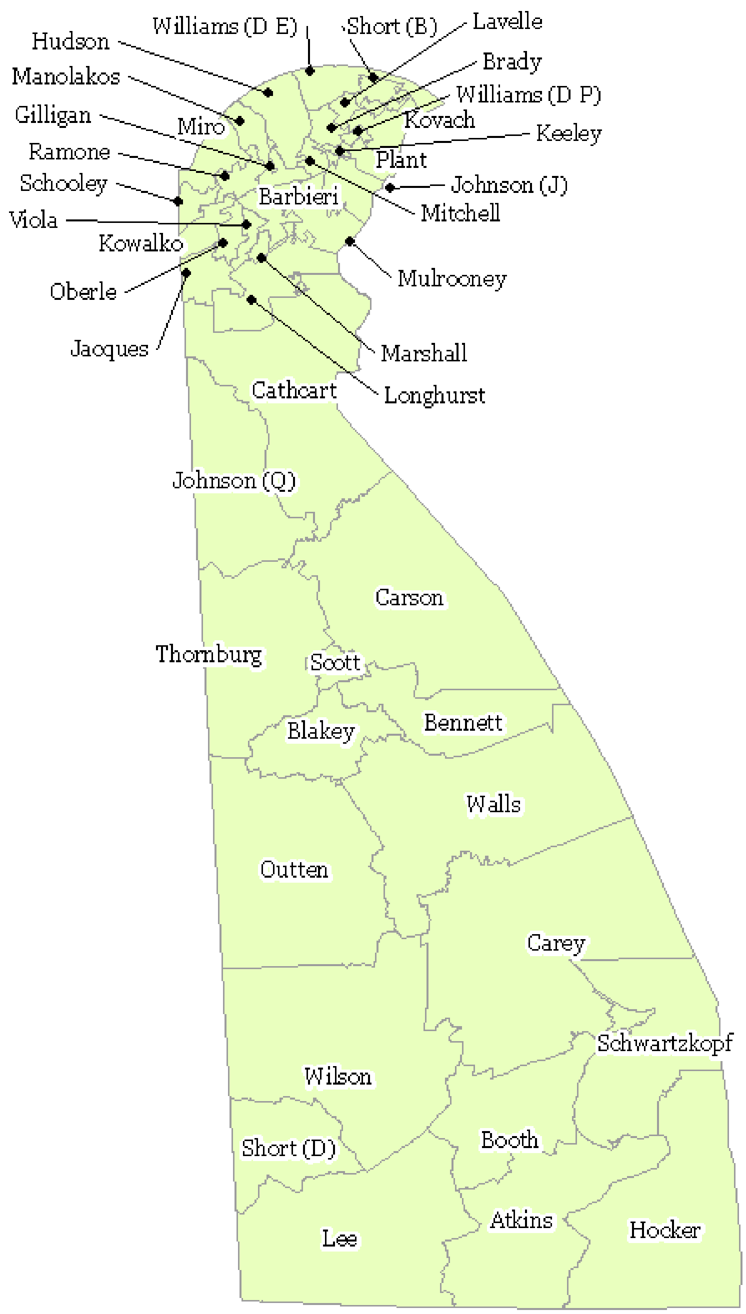


Figure 9: Delaware House of Representative Districts

avoid household dislocation, loss of equity, and destruction of the communities.

Assure Adequate, Continual Funding.

It is imperative for there to be adequate, additional revenue - both allocated and dedicated - for the Housing Development Fund (HDF) in order to meet immediate and long-term state needs and leverage private investment in affordable housing which the state is now unable to attract.

This additional funding needs to be adequate to allow Delaware to make a realistic strategic commitment to funding an array of housing options for all populations in need, most especially the extremely poor.

Promote Good Governance.

A strong community oversight board, populated by a broad range of informed, interested, critical thinkers is necessary for public housing authorities, housing finance agencies, and community development agencies to operate transparently and in the best long-term interest of the community.

In the absence of a true oversight entity for the Delaware State Housing Authority (DSHA), which combines within its operations all of the above roles, the Council on Housing must continue to serve in a spirit which approximates such oversight.

Promotion of Opportunity

Prioritize Those Most in Need.

A minimum amount (perhaps 30%) of the annual resources of the HDF should be reserved to meet the housing needs of the extremely poor.

Very strong incentives or mandatory set-asides in programs such as the Low Income Housing Tax Credit rental production program should be used as a means of distributing units throughout all communities and meeting the well-documented needs of permanent supportive housing for the chronically homeless, individuals with disabilities, and the elderly.

Innovative use of Section 8 housing vouchers should be employed to move people to opportunity.

A state “source of income” discrimination statute should make voucher-holders and others a protected group.

Those who spend more than 50% of their income on housing and those earning less than 30% of median income require affordable housing and should be granted priority for assisted rental housing.

Build for Inclusion, Equity, Sustainability.

The adequate geographic distribution of affordable housing for all income groups should be a cornerstone of state and local policy. A “fair share” of every form of housing needs to be borne by every community.

Housing should be situated in a way which promotes access to – and choice over – schools, transportation, and employment. Communities should make affordable housing an essential component of their planning, becoming more inclusive racially, economically, and in terms of disability.

Affordable housing development should affirmatively further fair housing and distribute housing opportunity throughout the state in such a way that people of color, the disabled, the developmentally delayed, and those recovering from poverty and homelessness can live where they choose, including where they have the most opportunity to prosper and thrive.

“Why Not in My Back Yard?” should be our question.

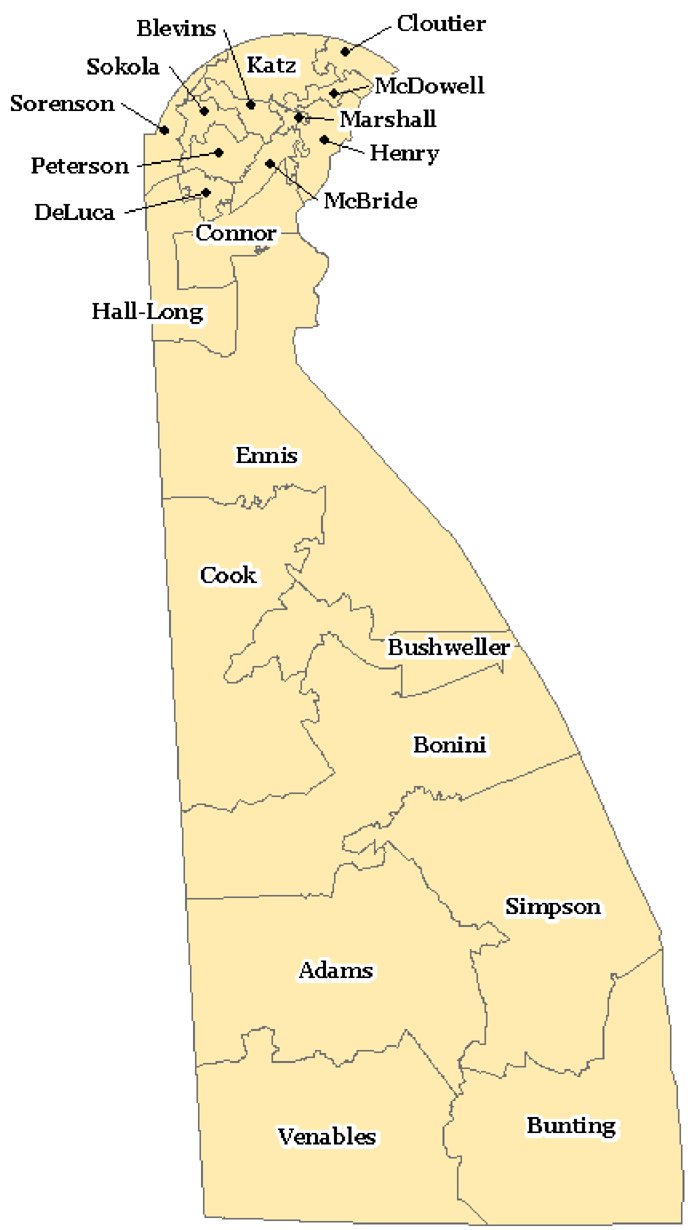
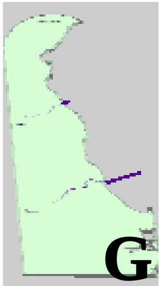


Figure 10: Delaware Senatorial Districts



Glossary

AFFORDABLE HOUSING. Housing that costs an owner or renter not more than 30% of household income. (See also Cost burdened)

AMERICAN COMMUNITY SURVEY (ACS). U.S. Census Bureau survey conducted in every county, American Indian and Alaska Native Area, and Hawaiian Home Land. The ACS provides critical eco-nomic, social, demographic, and housing information to this country's communities every year. The 2010 Census will focus on counting the population. The ACS will provide communities every year the same kind of detailed infor-mation previously available only when the U.S. Census Bureau conducted a population census every 10 years.

AREA MEDIAN INCOME (AMI). See Median Income.

ASSISTED HOUSING. Housing in which the monthly costs to the tenant are subsidized by federal or other programs.

ASSUMPTIONS. Assumes a mortgage with qualifying amount based on 33%/38% debt-to-income ratio at 5% for 30 years and $125/month for taxes and insurance. An estimated "other debt" of 12% is added (school loans, credit cards, etc.).

CHRONIC HOMELESSNESS. In order to meet the definition of chronically homeless one must meet the regular homelessness guidelines as well as be an individual who has a diagnosed disability that is of long duration and limits their ability to live on their own.

COMMUNITY LAND TRUST. A private nonprofit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. Community land trusts develop housing through renovation or new construction, and sell (or sometimes rent) the units to low-income families; the CLT leases the land to the families, who agree to restrictions on how the house can be transferred in the future. As a result, CLTs are able to produce high-quality affordable housing, and keep it affordable in perpetuity. (Institute for Community Economics)

COMPREHENSIVE PLAN. A vision of the community including physical, social, and economic dimensions. It provides a framework to guide decision making goals and objectives, strategic implementation steps, and ensures efficient and orderly development. It serves as a policy document that forms future ordinances and a guide for public investment.

CONDOMINIUM. A type of ownership in real property where all of the owners own the property, common areas and buildings together, with the exception of the interior of the unit to which they have title. Often mistakenly referred to as a type of construction or development, it actually refers to the type of ownership.

CONSOLIDATED PLAN. The Consolidated Plan, or ConPlan, combines all of the planning, application, and performance requirements previously required separately for Community Development Block Grants (CDBG), HOME, Emergency Shelter Grants (ESG), Housing Opportunity for People with AIDS (HOPWA), and programs such as HOME that require Comprehensive Housing Affordability Strategy (CHAS).

COOPERATIVE. Organization owned by its members.

COST BURDENED. Households paying more than 30% of income to housing costs (including utilities) are said to be "cost burdened." Households paying more than 50% of income for housing are said to be "severely cost burdened."

DELINQUENCY. Failure to make payment when it is due. The condition of a loan when a scheduled payment has not been received by due date, but generally used to refer to a loan for which a payment is 30 or more days past due.

DENSITY BONUS. A mechanism that allows developers to build in specified areas densities that are higher than normally allowed.

EXTREMELY LOW INCOME. Household income below 30% of area median, as defined by HUD.

FAIR MARKET RENTS (FMR). HUD's estimates of the actual market rent for a modest apartment in the conventional marketplace. Fair Market Rents include utility costs, (except for telephones). Every year, HUD develops and publishes FMR's for every MSA and apartment type.

FEDERAL HOUSING ADMINISTRATION (FHA). Federally-sponsored agency that insures lenders against loss on residential mortgages. It was founded in 1934 in response to the Great Depression to execute the provisions of the National Housing Act. FHA is a division of HUD.

FISCAL YEAR (FY). The accounting period for the budget. The fiscal year for the federal government begins on October 12 and ends the next September 30. The fiscal year is designated by the calendar year in which it ends; for example, FY06 begins October 1, 2005 and, and ends on September 30, 2006.

FORECLOSURE. Process by which a homeowner who has not made timely payments of principle and interest on a mortgage loses title to the home. The holder of the mortgage, whether it be a bank, a savings and loan, or an individual, must go to court to seize the property, which may then be sold to satisfy the claims of the mortgage.

GOVERNMENT SPONSORED ENTITIES (GSE). An enterprise established by the federal government but privately-owned and operated. These are excluded from budget totals because they are classified as private entities. However, financial information concerning them is included in the budget. Fannie Mae and Freddie Mac are GSEs, as are the Federal Home Loan

Banks.

HOME PRICE TO INCOME RATIO. Ratio of housing price to income: This compares housing price to income by dividing the house price by annual household income. A ratio of 2.5 to 3 times income is considered *affordable housing.* See also Moderately Unaffordable and Severely Unaffordable definitions.

HOUSING COSTS. essentially, the costs of occupying housing. Calculated on a monthly basis, housing costs for renters include "contract rent, utilities, property insurance, mobile home park fee." For owners, monthly housing costs are "the sum of monthly payments for all mortgages or installment loans or contracts, except reverse annuity mortgages and home equity lines of credit. Costs also include real estate taxes (including taxes manufactured /mobile homes, and manufactured/mobile home sites if the site is owned), property insurance, homeowner association fees, cooperative or condominium fees, mobile home park fees, land rent, utilities." Utilities include "electricity, gas, fuels (oil, coal, kerosene, or wood), water, sewage disposal, garbage and trash collection." (2001 AHS, Appendix A, www.census.gov/hhes/www/ahs.html.)

HOUSING FINANCE AGENCY. State agency responsible for financing housing and administering assisted housing programs.

HOUSING STARTS. Indicator of residential construction activity monitored by the Department of Commerce. Housing starts represent the start of construction of a house or apartment building, which means the digging of the foundation. Other categories are housing permits, housing completions, and new home starts.

HUD-VASH. This funding will provide local public housing agencies with rental assistance vouchers specifically targeted to assist homeless veterans in their area. Public housing authorities, that administer HUD's Housing Choice Voucher Program, work closely with Department of Veteran Affairs Medical Centers to manage the program. In addition to the rental assistance, VA Medical Centers provide supportive services and case management to eligible homeless veterans.

INCLUSIONARY HOUSING. Inclusionary housing policies are designed to achieve several public purposes: Increasing the stock of quality ownership and/or rental housing that is affordable to low- and moderate income residents; Promoting home ownership and wealth accumulation among those populations; Creating mixed-income communities, thus counteracting economic segregation and its attendant ills; and Creating a better spatial match between jobs and workers, with the attendant economic and environmental benefits. * These policies can be implemented in Moderately priced housing unit programs (MPHU's) which mandate or provide incentives for builders to include moderately priced housing in developments according to a formula in order achieve inclusionary zoning goals.

INVESTOR OWNED COMMUNITIES. A manufactured home community – or "mobile home park" – is generally defined by state jurisdiction as a single parcel of land on which sit two or more manufactured homes. In most instances, manufactured home communities are owned by investor landlords and the homes are owned by their occupants. The rental relationship between community owner and homeowners is generally a matter of state law or local ordinance and generally is not incorporated in an actual lease.

LEVERAGING. The maximization of the effect of federal assistance for a project by obtaining additional project funding from non-federal sources.

LOW INCOME. As applied to most housing programs, household income below 80% of area median, as defined by HUD, is classified as low income. See also Extremely Low Income, Very Low Income.

LOW INCOME HOUSING TAX CREDITS. The Low-Income Housing Tax Credit (LIHTC) program is run by the IRS and allows companies to invest in low-income housing, while receiving 10 years of tax credits. This important program works with state housing finance agencies to administer the program on a state level. Housing credit units are privately owned by developers and are run at a profit.

MANUFACTURED HOUSING. Manufactured home means any dwelling covered by the Federal. Manufactured Home Construction and Safety Standards, 24 CFR part 3280. (HUD) Manufactured housing is regulated by the HUD Code, which was established in 1976 and is the only federal building code. The HUD Code sets standards for heating, plumbing, ventilation, air conditioning and electrical systems, design, construction, transportation, energy efficiency, wind resistance and fire safety. Every manufactured home that leaves a factory bears a metal plaque certifying its compliance with the HUD Code. Another characteristic distinguishing manufactured homes from modular homes is that each manufactured unit is built on a metal chassis (CFED). The term does not include prefabricated buildings, modular homes, travel campers, boats, or self-propelled vehicles like motor homes. (Census)

MEDIAN INCOME. Median income is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income, and 50% earn more. HUD calculates levels for different communities annually, with adjustments for family size. The measure is used to determine the eligibility of applicants for both federally and locally funded housing programs.

METROPOLITAN STATISTICAL AREA (MSA). The basic census unit for defining urban areas and rental markets.

MODERATE HOUSING PROBLEMS. As used in the National Low Income Housing Coalition guide and by HUD, moderate problems consist of cost burden above 30% but not more than 50% of income, occupancy of housing with moderate physical problems, or overcrowding (more than one person per room).

MODERATELY UNAFFORDABLE. A ratio of 3.1 to 3.5 times home price to annual income is considered moderately unaffordable housing.

MORTGAGE. Debt instrument by which the borrower (mortgager) gives the lender (mortgagee) a lien on a property as security for the repayment of a loan. The borrower has use of the property, and the lien is removed when the obligation is fully paid. A mortgage normally involves real estate and is commonly used to purchase a house.

NIMBYism. Coming from "Not in my back yard," shortened to "NIMBY," the term refers to the tendency by residents of a local community to oppose new and unfamiliar development near their homes, based largely on misunderstanding.

PAYMENT STANDARD. The amount used to determine how much rent a housing authority will pay monthly to subsidize a voucher holder, expressed as a percentage of the Fair Market rent. The payment standard must be at leave 80% of the FMR.

PHYSICAL PROBLEMS. According to the definitions used for the 2001 American Housing Survey, "a unit has severe physical problems if it has any of the following five problems: Plumbing. Lacking hot or cold piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure (and for the exclusive use of the unit, unless there are two or more full bathrooms). Heating. Having been uncomfortably cold last winter for 24 hours or more because the heating equipment broke down, and it broke down at least three times last winter for at least 6 hours each time. Electric. Having no electricity, or all of the following three electric problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the past 90 days. Hallways. Having all of the following fours problems in public areas: no working light fixtures, loose or missing steps, loose or missing railings, and no working elevator. Upkeep. Having any five of the following six maintenance problems: (1) water leaks from the outside, such as from the roof, basement, windows, or doors;(2) leaks from inside structure such as pipes or plumbing fixtures; (3) holes in the floors; (4) holes or open cracks in the walls or ceilings; (5) more than 8 inches by 11inches or peeling paint or broken plaster; or (6) signs if rats in the last 90 days." A housing unit has moderate physical problems "if it has any of the following five problems, but none of the severe problems: Plumbing. On at least three occasions during the last 3 months, all the flush toilets were broken down at the same time for 6 hours or more…Heating. Having unvented gas, oil, or kerosene heaters as the primary heating equipment. Kitchen. Lacking a kitchen sink, refrigerator or cooking equipment (stove, burners, or microwave oven) inside the structure for the exclusive use of the unit. Hallways. Having any three of the four of the six problems [considered severe physical problems under Hallways}. Upkeep. Having any three of the four of the six problems listed [considered severe physical problems under Upkeep].

PRESERVATION. A program (enacted in 1987 with the Emergency Low Income Housing Preservation Act (ELIHPHA) and later amended into the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) that (a) prevented owner of what are called older assisted properties from prepaying their mortgages and converting the buildings to market rate use, and (b) compensated them with financial incentives available through extension or continuation of ownership, or sale to a nonprofit buyer. While neither ELIPHA nor LIHPRHA are currently in effect, their preemption provisions may threaten state and local laws regulating the preservation of federally assisted housing.

RESIDENT OWNED COMMUNITY. Resident-ownership refers to community ownership by the homeowners. In most instances, homeowners form a corporation (or a "cooperative") to acquire the community as a whole and operate it for the benefit of the homeowners. Support for this model of ownership exists because it also helps the broader community preserve an affordable community. Homeowners can also achieve resident-ownership through sub-division, although local zoning regulations generally have posed a significant barrier to sub-dividing existing communities.

RURAL. Areas that are not urbanized. The Census

For more information

- 2001 American Housing Survey Definitions: www.census.gov/hhes/www/housing/ahs/ahs01/appendixa.pdf
- Census: http://www.census.gov/acs/www/Downloads/ACSQandA.pdf
- FANNIEMAE: http://www.fanniemae.com/aboutfm/pdf/key_mortgage_terms_eng.pdf
- Housing Justice: http://www.housingjustice.org/beta/resources/affordable_housing_glossary
- HUD's Glossary of Terms: www.hud.gov/offices/cpd/library/glossary/
- State of Massacusetts: http://www.mass.gov/envir/smart_growth_toolkit/pages/glossary.html
- National Low Income Housing Coalition: http://www.nlihc.org
- Novgradac: http://www.ngrdc.org/cedschapter8.pdf
- ROC USA: http://www.rocusa.org/manufacturedhome.htm

Online Housing Resources in Delaware

Listed below are some of the organizations in Delaware which are involved in providing information on the affordable housing crisis here.

Delaware Housing Coalition: www.housingforall.org
Delaware Community Reinvestment Action Council: www.dcrac.org
Delaware Manufactured Home Owners Association: www.dmhoa.org
Delaware State Housing Authority: www.destatehousing.com
Diamond State CLT: www.diamondstateclt.org
Homeless Planning Council: www.hpcdelaware.org
NCALL Research: www.ncall.org
University of Delaware: www.udel.edu/ccrs/

Bureau defines an urbanized as "an incorporated place and adjacent densely settled (1.6 or more people per acre) surrounding area that together have a minimum population of 50,000."

SEVERE HOUSING PROBLEMS. As used by HUD in defining priorities, severe housing problems are homelessness, displacement, housing cost burden above 50% of income, occupancy of housing with serious physical problems. Data on severe housing problems drawn from the American Housing survey measures only cost burden and physical problems.

SEVERELY UNAFFORDABLE HOUSING. A ratio of greater than 3.5 home price to annual income is considered severely unaffordable housing.

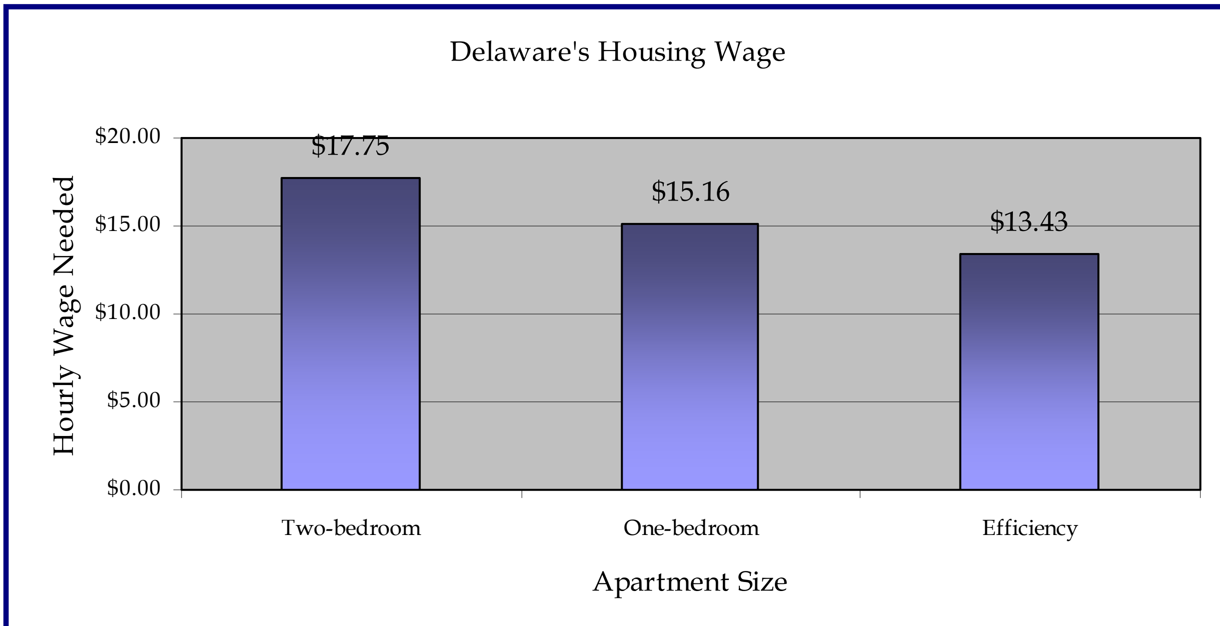
SUBPRIME MORTGAGE. A type of mortgage that is normally made out to borrowers with lower credit ratings. As a result of the borrower's lowered credit rating, a conventional mortgage is not offered because the lender views the borrower as having a larger-than-average risk of defaulting on the loan. Lending institutions often charge interest on subprime mortgages at a rate that is higher than a conventional mortgage in order to compensate themselves for carrying more risk. (Investopedia)

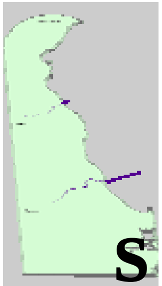
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF). Block grant to states administered under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which established a new welfare system. The TANF block grant replaced Aid to Families with Dependent Children (AFDC).

VERY LOW INCOME. Household income above 30% but below 50% of area median, as defined by HUD.

VOUCHER. A government payment to, or on behalf of, a household to be used solely to pay a portion of the household's housing costs in the private market.

WORST CASE HOUSING PROBLEMS. Unsubsidized very low income renter households with severe housing problems. HUD is required to submit a periodic report to Congress on worst case housing problems.





Sources

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Gerry Kelly, State of Foreclosures in Delaware, Deputy Bank Commissioner for Consumer Affairs, 2008.

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NHC - Paycheck to Paycheck, National Housing Conference, Washington DC, February 2008.

NLIHC— National Low Income Housing Coalition, Out of Reach 2007-2008, www.nlihc.org

PRB - Population Reference Bureau, Study Finds US Manufactured Home Owners Face 'Quasi-Homelessness,' by Paola Scommegna, October 2004.

TRF - Mortgage Foreclosure Filings in Delaware: A Study by The Reinvestment Fund for the Office of the State Bank Commissioner, June 2006.

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ULW— Universal Living Wage Campaign, for more information, www.universallivingwage.org

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Who Can Afford to Live in Delaware?

June 2009

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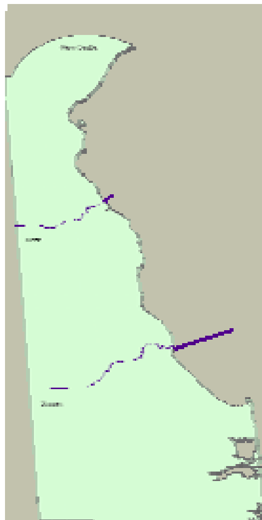

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We work for affordable, accessible, inclusive communities!

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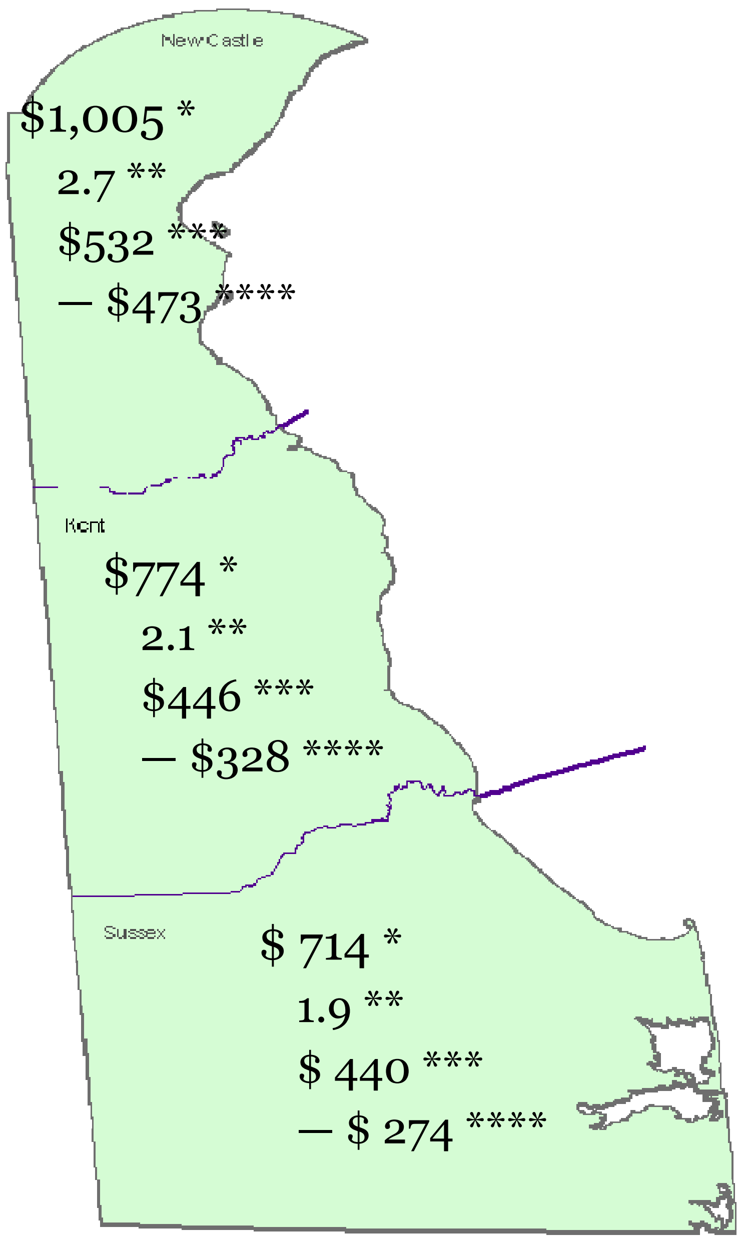
Who Can Afford to Rent in Delaware?



Front Cover Statistics: Delaware State Housing Authority, U.S. Dept. of Housing and Urban Development. Affordability is calculated for a household with an income of 80% of Area Median Income with a mortgage at 5% for 30 years and $125/ month for taxes and insurance and "other debt" of 12%.

Back Cover Statistics: Out of Reach 2009, National Low Income Housing Coalition. Minimum wage in Delaware is $7.15. An extremely low income household has an income at or below 30% of the Area Median Income.

Renters by County —

* Fair Market Rent for a 2-Bedroom Apartment

** Full-Time Jobs Necessary at Minimum Wage to Afford a 2-Bedroom Apartment

*** Rent Affordable to an Extremely Low-Income Household

**** Gap Between Fair Market Rent and Rent Affordable to Extremely Low Income Household