

Who Can Afford to Live in Delaware?



	Median Home Price	% Increase since 2000	Price Affordable	Gap between Median and Affordable Prices
New Castle	\$210,000	50%	\$215,529	+ \$ 5,529
Kent	\$195,000	75%	\$159,625	- \$35,375
Sussex	\$237,000	59%	\$156,954	- \$80,046

Homebuyers



May/June 2010
 Delaware Housing Coalition
 Annual Report on Housing Affordability in Delaware



Who Can Afford to Live in Delaware?

May 2010

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“Good Happens.”

Chris White

June 1, 1963 - April 21, 2010

and principled. He was a resource and an ever-present companion on a way that often seemed daunting. He left us, as he did others, better, stronger, and more certain of ourselves and our path.

Chris just kept doing good and enlisted us in the most winning way to join him in that work.

We re-dedicate ourselves to the task of sustaining and supporting the good that has already come about and to nurturing the good that has not yet had a chance to happen.

We are as thankful for him as we are indebted.

We miss him and will as long as we have a corporate existence. Chris White was a long-time board member of DHC, our board President during an important time of growth and charting of new directions, and a catalyst, inspiration, and guide who helped DHC take on homelessness, landlord-tenant issues, tenant organizing, and the inequities of manufactured housing tenure. He was one of the first recipients of our Kind Policy Award.

He was lively, imaginative,

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Introduction

We use the Ladder of Housing Tenure (see back inside cover), developed by the housing visionary and respected practitioner John Emmeus Davis, as a backdrop to our discussions. It is a model which emphasizes the need not only for different kinds of housing but different kinds of relationships to one another and to the world. One size (solitary consumer) does not fit all.

Recognizing that reactions vary to the term *affordable housing*, we offer the following description excerpted from “What We Mean By Housing: An Open Letter to Congress and the Administration” (What We Mean, 2009):

The economic crisis that has beset the United States is rooted in the excesses of the housing market that must be corrected for our economy to recover. But housing is much more than the private market homeownership. *We mean enough homes renting at affordable prices so that our nation’s lowest income families and individuals are assured of safe and decent places to live.* (Italics added)

A recent Center for Housing Policy study (Housing Affordability Trends, 2009) challenges the view that the foreclosure crisis has automatically corrected the housing environment and improved housing affordability for working families. This research shows that in the Wilmington metropolitan area the percent of families spending more than half of their income on housing and

utilities has increased from fifteen to twenty-one between 2005 and 2008.

In addition, we know that other expenses must be factored into the affordable housing equation. A Transportation & Housing Index (Penny Wise, 2010) was developed recommending that no more than forty-five percent of family income be expended for these two basics. Federal efforts have begun with the Departments of Housing & Urban Development and of Transportation to better plan for the mix of land use, housing, and transportation.

The new administration has

also announced that a Supplemental Poverty Measure will be created, defining thresholds and resources in a more “real world” fashion. In this vein the Delaware Asset Building Coalition is conducting research on what income is needed to meet basic needs here.

We hope that this edition of our report will stimulate both reflection and action to create ways to work in a more comprehensive, deliberate way and build a more affordable life for those most in need of it.

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Summary



HOUSING BURDEN AMONG THE VERY POOR

- There are almost 28,000 extremely low-income (ELI) households in Delaware who are cost-burdened, paying more than 30% of their income for housing.
- Among the ELI households, 13,422 are in rental units and 14,414 in owner-occupied units.
- There are over 12,500 ELI renter households who are extremely cost-burdened, paying over 50% of their income for housing.

SPECIAL HOUSING NEEDS

- Approximately 1,500 Delawareans annually continue to be identified as homeless on any particular night, with nearly 7,000 state residents experiencing homelessness during the year.
- The efficiency apartment housing wage stands at \$14.63 for Delaware, the equivalent of an annual salary of \$30,434, and 201% of the federal minimum wage of \$7.25.
- A disabled person dependent on SSI cannot afford an efficiency (zero-bedroom) apartment anywhere in the state.
- 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.
- A high proportion of low-income elderly renters (58%) and homeowners (67%) also have other housing problems.
- Over 15,000 very low-income elderly households (both renter and owner) have housing cost burdens above 30% of their incomes. And more than 7500 have severe cost burdens above 50% of their income.
- About 70,000 Delawareans live in 41,000 manufactured homes. These comprise 10% of Delaware's housing stock.
- In Delaware 50% of manufactured homeowners live on leased land, a higher rate than national estimates of 30-35%.
- Approximately 25,000 Delaware households are "at risk" due to rent burdens or lengthy waiting lists if not both.

RENTERS

- The Fair Market Rent for a two-bedroom apartment ranges from a low of \$774 in Sussex County to \$838 in Kent County to a high of \$1096 in New Castle.
- A worker in Delaware must earn \$19.31 per hour—or \$40,163 annually—to afford an average two-bedroom apartment.
- 50% of Delaware renters can not afford a two-bedroom apartment in their county.
- In all three counties, fair market rents far exceed (by anywhere from \$275 to \$425 a month) rents affordable to extremely low-income households, minimum-wage workers, and individuals who rely on Supplemental Security Income (SSI) for income.
- Delaware has an immediate and pressing need for at least 13,422 rental units affordable to ELI households, whether through project-based or tenant-based assistance. At least 1,132 of these are needed as new subsidized units to be added to Delaware's housing stock.



HOMEOWNERSHIP

- In late 2009, the median purchase price for a house in Delaware ranged from \$195,000 in Kent County to \$237,000 in Sussex.
- House price increases since 2000 range from 50% in New Castle 75% in Kent.
- Median household income in Delaware ranges from \$61,500 in Sussex County to \$81,500 in New Castle.
- In Delaware in 2009, foreclosure filings totaled 6,150, a 36% increase over the previous year's number, which was 4,488

ECONOMIC

- 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.
- Every dollar spent on affordable housing stimulates additional spending, resulting in at least \$7 of additional economic activity.
- There are very few state expenditures that can match the amount of new tax revenue generated by an investment in affordable housing, including tax cuts and transportation.
- Reductions in poverty correlate historically with real increases in the minimum wage.
- Income inequality plays a major role in the production and perpetuation of harmful social conditions.



Please refer to the Glossary beginning on page 24 for definitions of unfamiliar terms and acronyms.

Cost burden (and other housing problems) among extremely low-income (ELI) households has emerged as one of the state's most pressing housing needs. "ELI" means below 30% of the area median income by household size, as defined annually by the U.S. Department of Housing and Urban Development. These include households and individuals who are homeless or at risk of homelessness, who are cost-burdened, paying more than 30% of their income towards housing costs, households and individuals with disabilities, elderly households on fixed incomes, and the

Housing and Poverty:

Table 1: Rental Housing Cost Burdens (>30%)

This burden falls most heavily on extremely poor Delaware households.

	Total Renter Households	Severely Cost-burdened Households	%
ELI Households (<30% AMI)	22,307	12,522	56
VLI Households (<50% AMI)	13,760	5,280	38
LI Households (<80% AMI)	22,906	1,267	6
Not Low Income (>80% AMI)	31,312	163	1
Total Delaware	90,285	22,991	26

Source: NLIHC State Gap Analysis from CHAS 2005-2007; NLIHC tabulations of 2007 American Community Survey PUMS housing file.

working poor. It also is a population that suffers regardless of tenure, with renters and homeowners almost equally represented.

Existing federal programs provide housing assistance to extremely low-income (ELI) households. However, most of these resources have not been expanded in many years even as needs have grown exponentially. The high cost of reaching these households and lack of major funding sources targeted to these needs also unfortunately make these some of the most challenging needs to plan for and address.

While federal programs have seen small dollar-amount increases from 2004 to 2009, these have far from kept up with increasing costs or needs. Researchers estimate that federal housing assistance reaches as few as one in four to one in five low-income households in need, and growth in some programs has almost always been offset by losses in others: for example, as the Housing Choice Voucher (HCV) program grew in the 1990s, hundreds of thousands of units with project-based subsidies were lost (Pelletiere & Wardrip, 2006).

The recession has led to clear increases in poverty nationally, and projections are for poverty -- as well as 'deep' poverty (households with income below 50% of the poverty level) -- to continue to increase as unemployment rates remain high (Parrott, 2008). In Delaware, unemployment in March 2010 reached 9.2%, representing over 39,000 officially unemployed Delaware workers. (DE DOL, 5/2010). All of these conditions contribute to housing instability, housing cost-burden, and a high risk for homelessness.

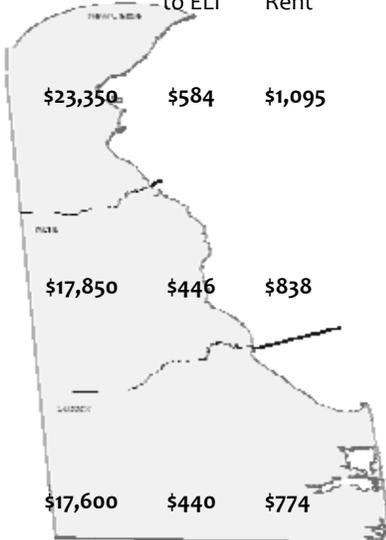
Households that were already struggling are feeling the worst effects of the nation's economic crisis, and reductions in home prices have little impact for those who are severely burdened by unaffordable rents. However, even before the recession, Delaware and the nation have been encountering increasing housing needs, especially among households with extremely low incomes. Long trends of increasing income inequality and job growth concentrated in industries with lower average wages have led housing needs to increase for some time.

**Figure 1:
Extremely Low Income
Affordable Housing**

Family of 4 Seeking a Two-Bedroom Unit (2010)

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

ELI Limit Affordable Fair Market
to ELI to ELI Rent



Source: www.hud.gov, 2009 FMRs

Heaviest Burdens On the Poorest

The Delaware State Housing Authority (DSHA) convened an informal working group in the summer of 2008 on this issue, and a report was released in December 2009.

Key findings of the group's review of housing needs include:

- Thousands of Delaware households were facing severe needs before the recession: an estimated 13,422 extremely low-income renter households were cost-burdened – paying more than 30% of their income for housing – in 2005. 12,550 of these households were severely cost-burdened – paying more than 50% of their income for housing.

- In all three counties, fair market rents far exceed (by anywhere from \$313 to \$484 a month) rents affordable to extremely low-income households, minimum-wage workers, and individuals who rely on Supplemental Security Income (SSI) for income. Many of these households include individuals with disabilities, the elderly, or are simply the working poor.

- Delaware has an immediate and pressing need for at least 13,422 rental units affordable to ELI households, whether through project-based or tenant-based assistance. At least 1,132 of these are needed as new subsidized units to be added to Delaware's housing stock.

- In addition, there is a need for 2,003 units of project- or tenant-based subsidized housing with supportive services for individuals who are homeless or at risk for chronic homelessness.

As the role of project-based

Table 2: Severe Cost Burden (50%) by Income Group and Tenure in Delaware
More than 15,000 DE families pay over half their income for housing.

	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.

subsidies (such as public housing, Project-Based Section 8, and Section 202/811) has fallen, the Low Income Housing Tax Credit Program (LIHTC) is one of few programs to have experienced an increase in resources. Over time, it has become the most significant federal program for the production and rehabilitation of affordable housing. However, the LIHTC targets households between 50% – 60% of area median income, and it is often not enough on its own to reach households with extremely low incomes.

- Delaware has a substantial existing stock of project-based and tenant-based subsidies and units (19,447 units statewide) assisting low-income households; without these units, the number of extremely low-income households in need would likely double (Report and Recommendations, 2009).

- The annual value of federal subsidies assisting these units is approximately \$80 million. The vast majority are in programs no longer being expanded with new units. Public housing, Housing Choice Vouchers, project-based Section 8, and Rural Development Rental Assistance sites all serve a majority ELI households.

- Programs with higher in-

come limits are also successfully serving extremely low-income households. Analysis showed that as a whole, 40% of households in LIHTC sites in Delaware had incomes below 30% of median. Among households in LIHTC sites with either project- or tenant-based subsidies, 69% of households had extremely low incomes.

- Flexible funds for housing in Delaware are limited and called upon to address a wide range of additional housing and community development needs. Creating new units affordable to extremely low-income households within the main funding programs available (LIHTC) requires additional project- or tenant-based subsidies from other sources. However, this is not impossible: there are successful examples both nationally and in Delaware.

- The National Housing Trust Fund, if funded and fully implemented in the coming years, will be a significant new resource targeted to rental housing needs of extremely low-income households.

Because of the critical nature of the ELI housing problem, it will be treated further in other sections of this study.

Special Housing Needs:

Homelessness

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.

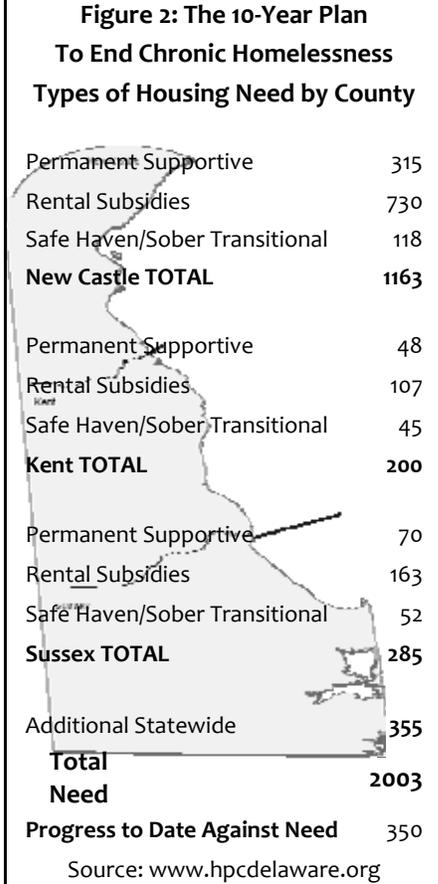
While the need for homeless services has increased, the number of beds available has not increased at the same rate. This means that unless people move to the street, they must find other housing options – like living with family or friends, seeking assistance to pay for motel stays, etc.

Some of the homeless population experience episodic homelessness. Others experience homelessness regularly, having been continuously homeless or having been homeless multiple times during the past few years, and are termed “chronically homeless.” In 2006, 15% of Delaware’s homeless population met this definition; in 2008, 29%; and in 2009, 22%. Typically using 60% of all the resources expended on the homeless population, this group has received much national and local attention. In 2007, the *10-Year Plan to End Chronic Homelessness and Reduce Long-Term Home-*

lessness was approved by Governor Ruth Ann Minner. Focusing on the critical needs of the chronically homeless, it recommends the addition of 2,003 beds to Delaware’s homeless assistance services, toward the goal of breaking the cycle of homelessness. However, to date, no direct state dollars have been set aside specifically to fund this Plan.

Of the 2,003 beds needed in the State, 648 are new supportive housing units with essential services for those with disabilities; 1,000 new rental subsidies 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.

An important part of the goal of the Ten-Year Plan is to move the state toward an approach that is both more effective and more cost-efficient. Recently, Dr. Dennis Culhane of the School of Social Work, University of Pennsylvania, indicated that early findings suggest a more prevention-oriented approach might reduce homeless-



ness by as much as 50%. In addition, early intervention to prevent homelessness could cost as little as \$800, as opposed to average costs for emergency or supportive housing of \$13,000 to \$18,000.

Some of the themes raised in discussions of homelessness contain common threads in the articulation of disability issues. There, advocates and planners are seeking better planned, more responsive, less costly, less restrictive, client-centered, non-institutional housing arrangements and forms of meeting needs.

Figure 3: The Prevention-Oriented Approach to Homelessness

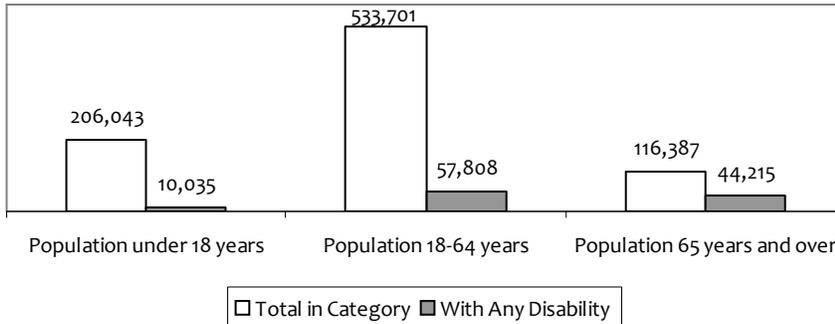
Target Population	Program Emphasis
Most At-Risk	Tenancy Sustainment Discharge Planning
Imminently Homeless	Tenant Mediation Relocation Grants Services to those living with family and friends
Homeless	Crisis Intervention Rapid Re-housing Plan

Source: Dr. Dennis Culhane, University of Pennsylvania, address to Annual Meeting of the Homeless Planning Council of Delaware, 5/3/10

Personal Choice and System Cost-Efficiencies Are Needed

Disability

Figure 4: Delawareans by Age with Any Disability



Source: 2008 American Community Survey Compiled by Marlena Gibson, destatehousing.com

Persons Living with AIDS

A recent report (2010-2014 Comprehensive, 75) confirms that supportive services “have a significant impact on persons with HIV/AIDS, for both their mental and physical well-being” and that one of the greatest identified gaps in supportive services is “finding affordable housing.”

The Delaware HIV Consortium operates the Delaware Housing Assistance Program (DHAP), which provides tenant-based rental assistance to low-income Delawareans living with HIV/AIDS in need of affordable housing. In FY2008, DHAP assisted 141 households throughout the state, 89%

of whom maintained stable housing. The average monthly rental assistance varied from City of Wilmington (\$533), New Castle County outside the City of Wilmington (\$503), Kent County (\$445), and Sussex County (\$431) respectively. Time spent on the waiting list is up to four years. In 2009, approximately \$760,000 of housing assistance was provided to Delawareans living with HIV/AIDS, through HUD’s Housing Opportunities for Persons with AIDS (HOPWA) dollars.

Substance Use and Mental Illness

Connections CSP owns and operates over 500 housing units “for persons with incomes below

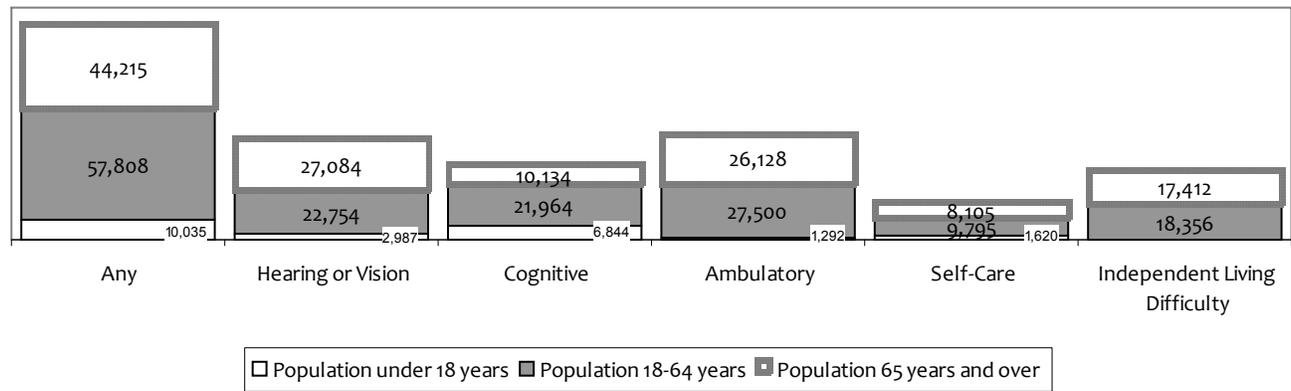
50% of median and special needs in Delaware.” These housing services include clean and sober community housing alternatives; community housing programs for the homeless, those discharged from hospitals and other institutions; rental subsidies to support those “whose incomes are below 50% of area median income and who need help to pay the rent and utilities”; transitional housing, permanent supportive housing, licensed group homes, and residential treatment (Connections, 2010).

Physical Disabilities

Emphasizing the need and desire for community-based living arrangements for people with disabilities, advocates in the disability community support real housing choice and home-based alternatives to institutions. “ADAPT is a national grass-roots community that organizes disability rights activists to engage in nonviolent direct action, including civil disobedience, to assure the civil and human rights of people with disabilities to live in freedom. There’s no place like home; and we mean real homes, not nursing homes” (ADAPT, 2010).

Figure 5: Delaware Selected Disability by Age

Source: 2008 American Community Survey Compiled by Marlena Gibson, destatehousing.com



Special Housing Needs:

Elders

The aging population of Delaware is also facing a number of problems related to housing and income.

Extremely low-income residents and social security recipients cannot afford an efficiency apartment anywhere in the state. Recent data indicate a high proportion of low-income elderly renters (58%) and homeowners (67%) with “housing problems,” referring to a situation where one or more of the following pertain: lack of complete kitchen facilities, lack of complete plumbing facilities, having more than 1 person per room, and having a cost burden over 30%.

Over 15,000 very low-income elderly households (both renter and owner) have housing cost burdens above 30% of their incomes. And more than 7,500 have severe cost burdens above 50% of their income.

To all these considerations must be added the prospect of increased homelessness among the elderly for a variety of reasons (NAEH, 2010).

The aging population has, in common with the other groups with special housing needs, a lack of resources, a critical housing cost burden, and a desire to remain independent and part of a traditional community and not be institutionalized.

The design and affordability of the manufactured housing product has attracted many of the elderly and disabled to this form of homeownership. However, as discussed below, this form has proven to be precarious, due to problems related to tenure.

Figure 6: Elderly Delaware Households with Housing Problems

Source: 2008 American Community Survey Compiled by Marlena Gibson, destatehousing.com

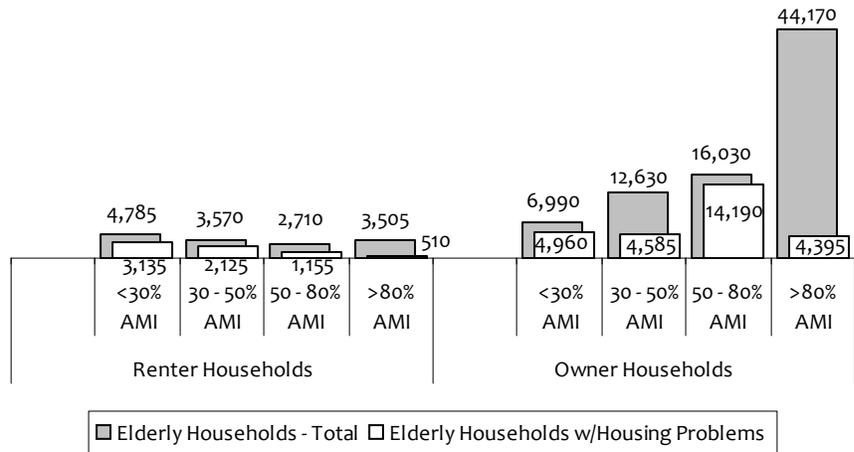


Figure 7: Elderly Delaware Households by Cost Burden

Source: Housing Needs of Extremely Low-Income Delawareans, 2007

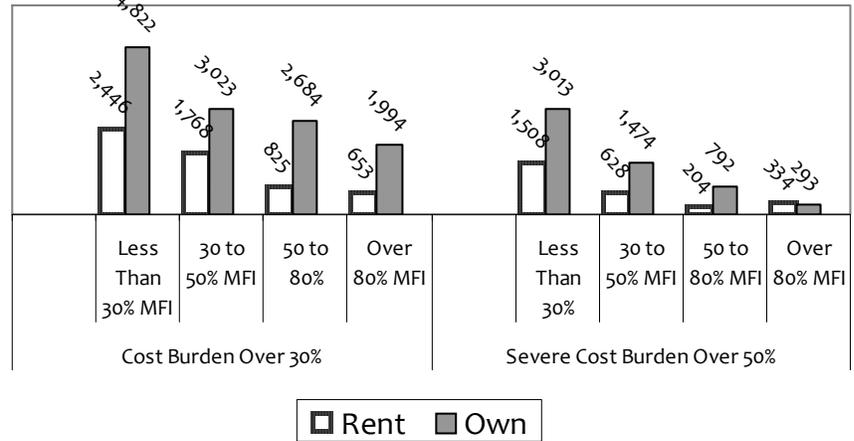


Table 3: Hourly Wages and Rental Affordability

Extremely low-income & social security recipients cannot afford an efficiency unit.

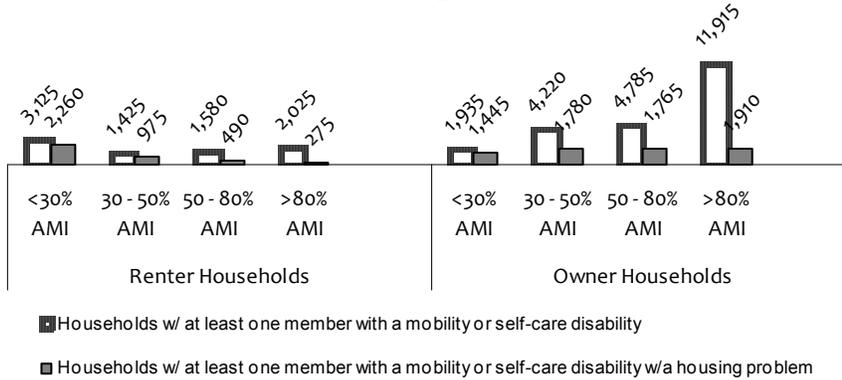
	Median hourly wage	FMR for O-BR unit	Wage re-quired	Social Security monthly payment	Afford-able rent	30% AMI (ELI) Hourly Wage	Afford-able Rent
New Castle	\$18.17	\$803	\$15.44	\$674	\$202	\$11.75	\$611
Kent	\$15.15	\$696	\$13.38	\$674	\$202	\$9.01	\$469
Sussex	\$13.49	\$640	\$12.31	\$674	\$202	\$8.87	\$461

Source: Bureau of Labor Statistics May 2008 Metro and Non Metro Area Occupational Employer and Wage Estimates+; Out Of Reach 2010, NLIHC, 2010 HUD Fair Market Rents (FMR's)

Time for Special Attention

Manufactured Homes

Figure 8: Delaware Households by Mobility & Self-Care Disability and Housing Problem



Source: 2008 American Community Survey Compiled by Marlena Gibson, destatehousing.com

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

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.

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.

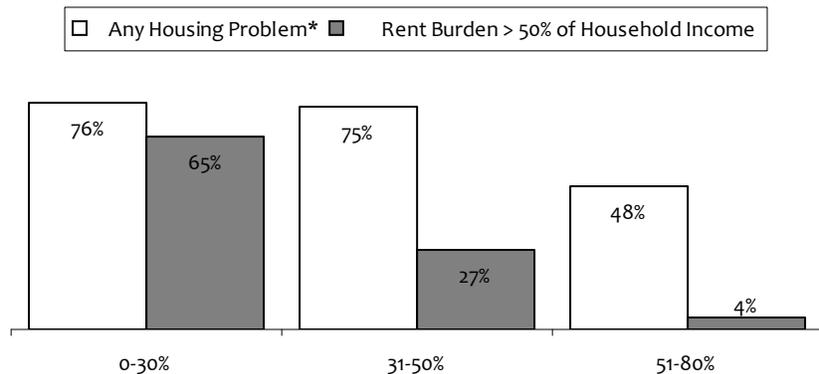
Manufactured Housing in Delaware has proven to be a truly affordable housing option. Yet too many of the owners of manufactured homes are also renters of their land, and thereby are subject to great uncertainty.

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.

Figure 9: DE Low-Income Renters by Income and Incidence of Housing Problems



NLIHC Calculations from HUD 2009 Consolidated Plan/CHAS Data (Based on 2005-2007)

Rental Housing:

With the intense emphasis on homeownership as the preferred form of tenure in recent years, we have lost touch with what housing really means. Housing needs to be understood much more as the place where one is sheltered and carries out family life, and much less as a financial asset and a source of wealth building.

- Sheila Crowley (Crowley, 2010)

The intense emphasis on traditional homeownership as the American Dream, has obscured the critical importance of decent and affordable rental commun-

ties. The quest for “homeownership or bust” has not allowed us to see that rental housing is an integral part of the equation. Nearly thirty percent (28%) of all Delaware households rent. This neglected sector is receiving renewed attention due to the maelstrom of problems being experienced by households and communities, resulting from poor practices of a systemic nature by lending and investment institutions and by consumer decisions based on intoxicated projections. A re-focusing needs to incorporate well thought-out, long-term, balanced housing policy.

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

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

	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)

than 30% of their income for housing.

Waiting lists remain long for assisted rental housing throughout the state. As of late April 2010, the Wilmington Housing Authority’s list is closed as is the Newark Housing Authority’s, except for 62 year-olds and older. New Castle County estimates that its closed Section 8 waiting list will not open for two to three years. Delaware State Housing Authority has a waiting list close to 7,000 households. The wait for a Dover Housing Authority unit is 12-24 months.

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 is projected that 1,489 new supportive housing

Figure 11: Rent Affordable to Delaware ELI Households by Size

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

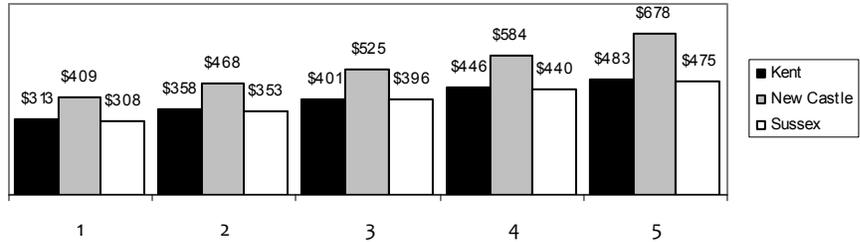


Figure 10: Median Income & Median Housing Prices, 2000 and 2010

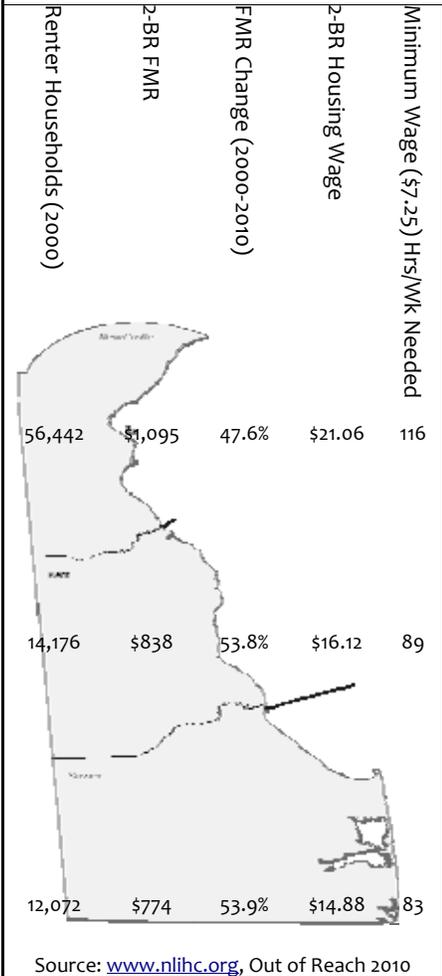


Table 4: Cost-Burdened Extremely Low-Income DE Households (2005)

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

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

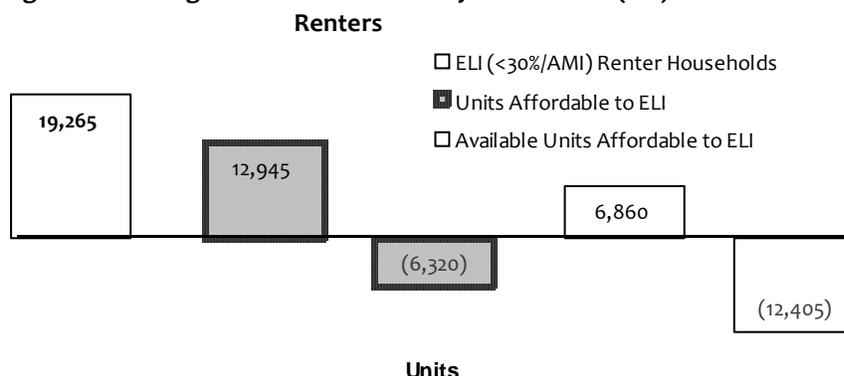
The Affordability Gap Widens

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 (DSHA Needs Assessment 2008-2012).

The Delaware State Housing Authority (DSHA) has completed or has initiated preservation of 645 rental housing units in FY08-FY10 thereby protecting both vital rental communities and their federal subsidies (Ben Addi, 4/26/10).

Governor Markell’s FY11 rental housing preservation request is for \$4.5 million to safeguard an additional 250-300 units at 2-3 sites. It is urgent that Delaware approve these funds to protect the current subsidized housing assets and to maintain their federal subsidy. The age and condition of many of these buildings demand re-investment. The federal subsidy contracts are expiring and will not be renewed if deemed substandard. In some cases, state funding is required to

Figure 12: Shortage of Units for Extremely Low-Income (ELI)



Source: Megan DeCrappeo, NLIHC, Calculation of CHAS Data

meet even basic health and safety standards.

The state dollars leverage a high percentage of private (local bank loans and investments) and federal dollars. Delaware’s three-year, \$15,000,000 investment in preservation leveraged \$63,801,779 and preserved \$7,231,287 in annual federal subsidy (Ben Addi, 4/26/10). 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.

The National Housing Trust Fund (NHTF), signed into law in July 2008, was created to construct or rehabilitate primarily rental housing for extremely low and very low income renters. In his budget, President Obama has included \$1 billion for NHTF capital expenses and \$65 million for additional Section 8 vouchers for operating costs. Delaware’s ability to address its affordable housing crisis would be significantly bolstered by receiving its share (for each \$1B) of this fund of approximately \$3 million—once the NHTF is funded.

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

	VLI	ELI
Any Housing Problem (Rent Burdened, Substandard or Overcrowding) (>30% of Income)	75%	76%
Severely Rent Burdened (>50% of Income)	27%	65%
Source: Out of Reach, 2010, www.nlihc.org ; NLIHC State Gap Analysis from CHAS 2005-2007 data		

DELAWARE RENTER INFORMATION	
Number of Delaware Renter Households (2000)	82,690
Renters as Percent of Delaware Households (2000)	28%
Mean Renter Hourly/ Annual Wage (2010)	\$15.07/\$39,777
Rent Affordable at Mean Renter Wage	\$783
Full-time jobs needed at Mean Renter Wage to afford a 2-BR unit	1.3
Percent of Renters Unable to Afford a 2-BR unit	50%

NLIHC Out of Reach 2010 <http://www.nlihc.org/oor/oor2010>

Delaware ranks sixth in national home ownership rankings, but the 2006 overall high rate of 75.2% is not equitably shared by all groups. The proportion of home ownership for minorities is 51% compared to 79% for whites. (CFED, 2008)

Although housing costs have dropped from their highest point, prices are still too high for low-income ($\leq 80\%$ AMI) families in Kent or Sussex Counties to purchase a house. In New Castle County, 2009 fourth quarter prices did allow a low-moderate income family to afford a median priced home. Since 2008, prices have dropped in New Castle and

Home Ownership:

Table 7: Comparison of Median Income & Median Housing Prices 2000 & 2009 *Going South, the state housing affordability gap widens dramatically.*

	Median Household Income		Median Housing Price		Home Price/Income Ratio	
	2000	2009	2000	(Q4) 2009	2000	2009
New Castle	\$52,514	\$81,500	\$151,600	\$210,000	2.9	2.6
Kent	\$40,950	\$62,500	\$114,575	\$195,000	2.8	3.1
Sussex	\$39,208	\$ 61,500	\$164,650	\$237,000	4.2	3.8

Source: <http://www.destatehousing.com/information/datastats.shtml>

Kent and increased in Sussex.

Despite the recent decline in prices from the peak, the cost of houses has increased since 2000 in each county. As depicted on the front cover, between 2000 and the fourth quarter of 2009, house prices have increased in each county: 50% in New Castle, 59% in Sussex, and 75% in Kent.

Comparing the trend of median house prices with the prices affordable to low-income families by county 2006 to 2009, New Castle's median price has declined to meet the affordable price. Kent is geographically and economically in the middle with an affordability gap of - \$35,375. Sussex has the largest gap (- \$80,046) shouldering the lowest affordable price and the highest median price.

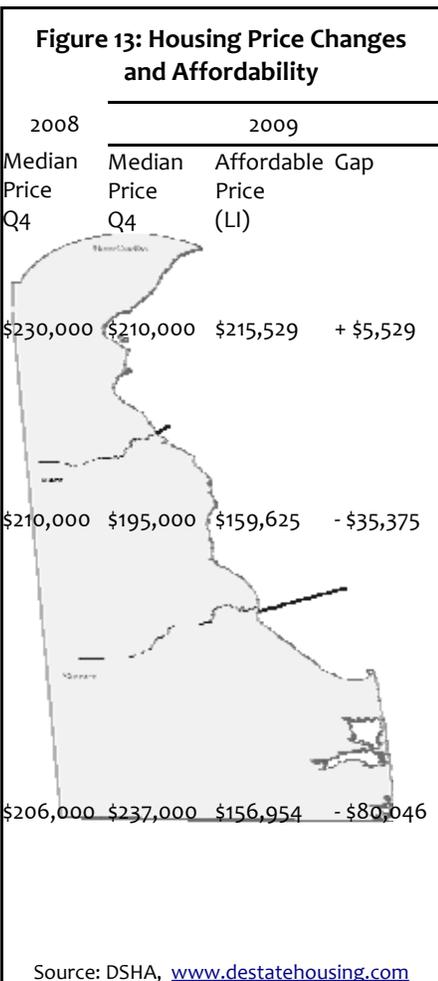
Of the 15,041 families already owning their home and paying more than 50% of their income on housing costs—"extremely cost burdened"—ninety-two percent are low, very low, or extremely low income.

Howard Karger writes:

The more people who own their own homes, the common wisdom goes, the more robust the economy, the stronger the community, and the greater the col-

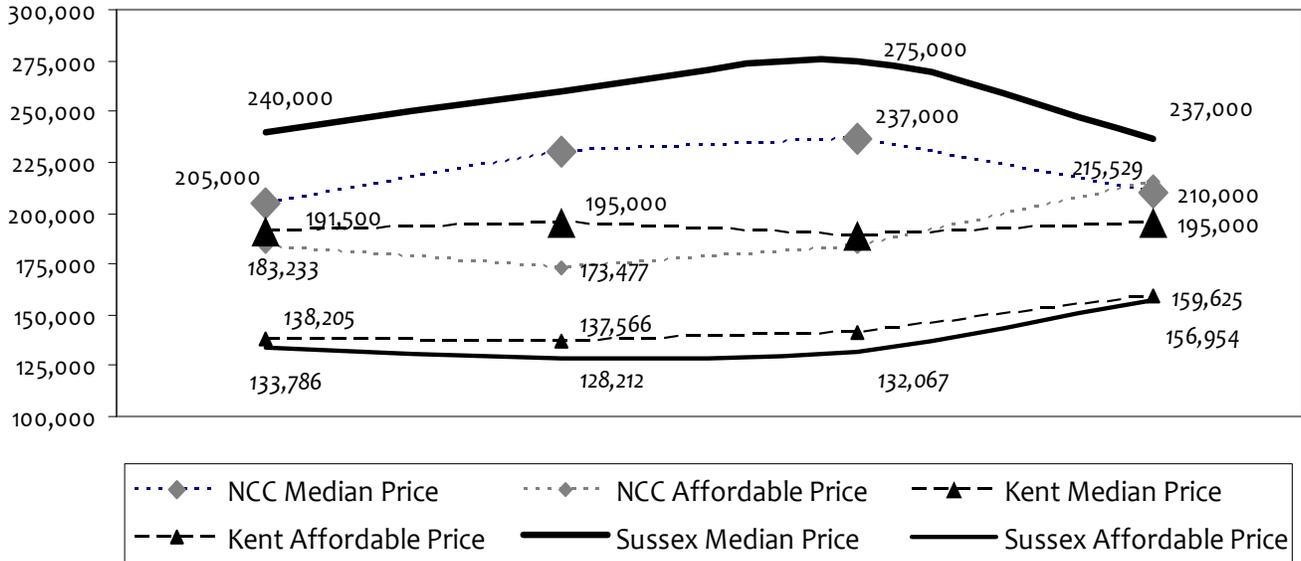
lective and individual benefits. Homeownership is the ticket to the middle class through asset accumulation, stability, and civic participation. Plus, owning a home is a status symbol: homeowners are seen as winners compared to renters.

While homeownership has undeniable benefits, that doesn't mean it is the best option for everyone. For many low-income families, buying a home imposes burdens that end up outweighing the benefits. It is time to reassess the policy emphasis on homeownership, which has been driven by an honest belief in the advantages of homeownership, but also by a wide range of business interests who stand to gain when a new cohort of buyers is brought into the housing market. Instead of focusing exclusively on homeownership, a more progressive and balanced housing policy would address the diverse needs of communities for both homes and rental units, and would facilitate new forms of ownership such as community land trusts and cooperatives. A balanced policy would certainly aim to



A Dream Being Rethought

Figure 14: Homeownership Affordability Gaps by County (2006 - 2009)



expand the stock of affordable rental units. (Karger, 2007)

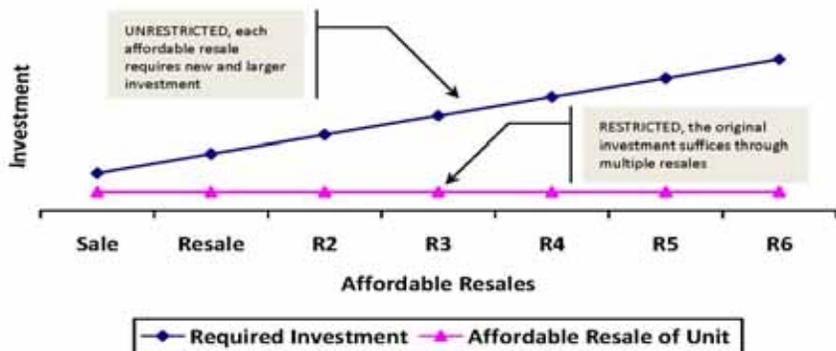
Homebuyer counseling by HUD-approved professionals is indispensable in walking prospective purchasers through the rigors of the home buying process. Counselors not only instruct families on the steps through which they must go, they counsel on budget and credit matters. They can steer buyers away from myriad traps which could result in fraudulent deals or other nightmarish situations. On the positive side, families learn of legitimate assistance accessible to them. Counselors are qualified to clearly describe viable choices for those unable to purchase a house outright such as sweat equity options and shared equity homeownership models

The Community Land Trust Model represents an important step on the Housing Tenure Ladder affording the modest income

homeowner most benefits of traditional homeownership while protecting the affordable housing inventory for future homeowners from market-based land appreciation. Under the CLT model the homeowner owns the home and the CLT organization owns the land. By separating the land cost from the house, the house becomes more affordable to the homeowner. 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. Research has found that conventional homeowners were eight times as likely to be in the process of foreclosure as CLT homeowners at the end of the fourth quarter of 2009 (CLT Network, 2010).

Figure 15: Subsidy Retention and Resource Stewardship



Foreclosure: What is happening?

In Delaware in 2009, foreclosure filings totaled 6,150, a 36% increase over the previous year's number, which was 4,488 (Lexis-Nexis). This represents a substantial increase in the number of annual foreclosures from 2002 – 2006, when Delaware was averaging 2,181 foreclosure filings a year. Also, houses sold via sheriff sales in Delaware rose from 1,209 in 2008 to 1,327 in 2009. In January 2010, they already number 185 vs. 72 in January 2009 (deforeclosurehelp).

An Associated Press article, *Foreclosure rates surge, biggest jump in 5 years*, April 15, 2010, stated that “A record number of U.S. homes were lost to foreclosure in the first months of this year [2010], a sign that banks are starting to wade through the backlog of troubled home loans at a faster pace, according to a new report. RealtyTrac Inc. said that the number of U.S. homes taken over by banks jumped 35 percent in the first quarter [of 2010] from a year ago.” The only good news

is that in 2009 Delaware ranked 42nd in the country with only 1 out of every 128 homes being foreclosed (Calculator.)

According to the Mortgage Bankers Association's *National Delinquency Survey 1st Quarter 2008, 3rd Quarter of 2009*, of the 163,464 total loans serviced in Delaware, 10,494 (6.46%) were seriously delinquent (includes foreclosure inventory and loans 90 or more days past due but not in foreclosure.)

- Of 126,152 prime loans serviced: 3.85% (4,857) were seriously delinquent
- Of 15,662 subprime loans serviced: 25.26% (3,956) were seriously delinquent

While the first wave of foreclosures that exploded three years ago were mostly the result of risky home loans or subprime mortgages that went bad, the more recent mortgage crisis is being caused by the country's economic downturn and the increasing rate of unemployment or under employment.

Foreclosures:

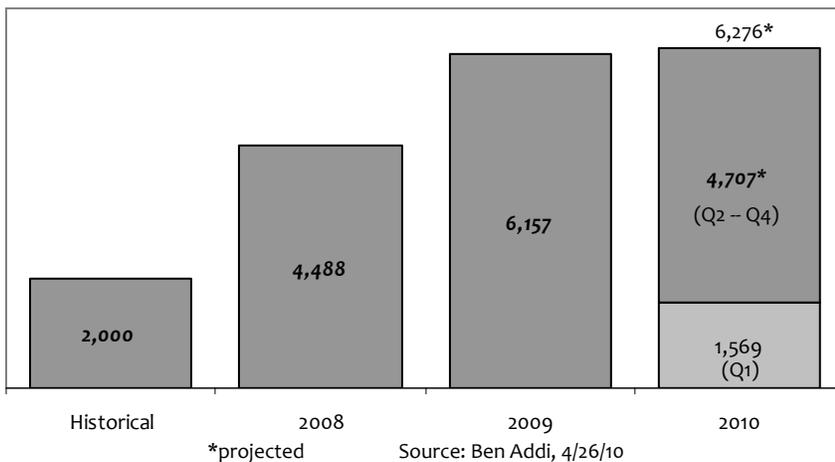
Making Home Affordable

So, what help is available? One initiative that has yet to bear much fruit is the Obama administration's Making Home Affordable Program, which offers mortgage modifications (Home Affordable Modification Program or HAMP) and refinancing. Unfortunately HAMP's results have been miserable thus far — instead of helping 3 to 4 million people over three years obtain lower mortgage payments through a loan modification, the program has only resulted in 170,000 permanent mortgage modifications in a year (Mother Jones). This has been primarily due to mortgage servicers not being prepared to handle the volume of modification requests. In a presentation by the Making Home Affordable Program, the following data was presented as of November 2009:

- 78 servicers have signed servicer participation agreements to modify loans.
- 697,026 – number of active trial HAMP modifications
- 31,382 – number of permanent HAMP modifications
- 2,410 – number of permanent HAMP modifications in Delaware

Adjustments to HAMP were announced in March 2010 to expand flexibility for mortgage servicers to be able address those borrowers who were unemployed or underemployed by offering mortgage forbearance and to help those who owe more on their mortgage than their home is worth due to large declines in home values (Making Home).

Figure 16: Foreclosure Filings in Delaware, 2008 - 2010



An Ongoing and Unsettling Effect

Foreclosure Counseling

In Delaware, there are eight HUD certified Housing Counseling Agencies offering foreclosure prevention counseling. These agencies provide guidance and assistance to households to determine what is the best foreclosure prevention option for them to pursue such as HAMP mortgage modifications and others. In 2009, the Delaware Federation of Housing Counselors reported that the eight agencies provided foreclosure prevention counseling to 2185 Delaware households: 58% African American, 21% White, 12% Latino, 1% Asian and 8% other. Of these households, 26% had incomes below 50% of AMI, 36% had incomes between 51-80% of AMI, 25% had incomes between 81-100% of AMI and 13% had incomes of 101% and up of AMI. Of the 2185 counseled, 627 households had a positive outcome in 2009. Six of the agencies reported the amount of mortgages saved in 2009, which totaled over \$61,000,000.

These housing counseling agencies also provide access to three other unique Delaware programs to families seeking to prevent foreclosure. They are the Delaware Emergency Mortgage Assistance Program (DEMAP), the Housing Grant Assistance Program (HGAP) and the Residential Mortgage Foreclosure Mediation Program. Since its inception, the DEMAP program has help over 186 families with a 3% interest loan of up to \$15,000 to help bring their mortgage current. The HGAP provides up to \$5,000 as a grant and can be combined with a DEMAP loan. The HGAP program

started in 2009 and as of April 2010 had assisted 59 households.

DEMAP Loans Closed

FY 2007	8
FY 2008	88
FY 2009	54
FY 2010 YTD	36

Foreclosure Mediation Program

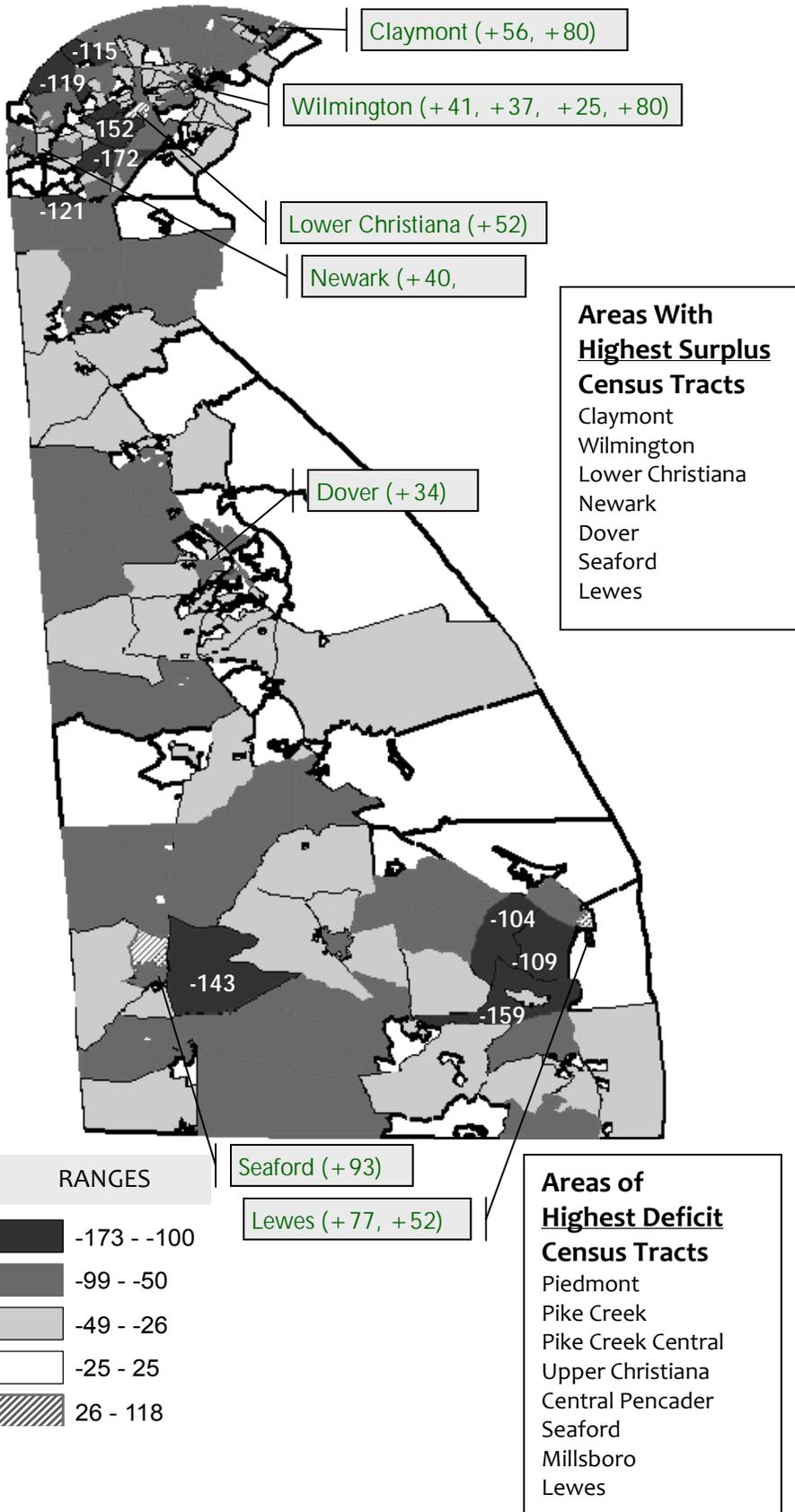
The state of Delaware follows a judicial foreclosure process and through the partnership of a number of organizations including the Superior Court of Delaware, the Delaware State Housing Authority, Attorney General's Office, the Bank Commissioner's Office, Housing Counselors, and Community Legal Aid Society, Inc (CLASI), the Residential Mortgage Foreclosure Mediation Program began in October 2009. This mediation program creates a process by which homeowners are provided the opportunity to participate in a mediation session prior to the Court entering a judgment of foreclosure. This program gives homeowners an opportunity to work with housing counselors, their lender and a neutral mediator to negotiate a positive alternative agreement and avoid foreclosure (deforeclosurehelp). While just starting, some households have already been able to avoid foreclosure through this program.

Foreclosure Scams

Unfortunately, another potential stumbling block exists for households trying to evade fore-

closure as mortgage rescue scams are on the rise and Delaware's Attorney General has formed a Mortgage Fraud Task Force to help address this crisis. Scams promise quick resolution to mortgage default and an easy way out of foreclosure. They often sound too good to be true. These scams are preying on desperate homeowners and are costing those homeowners between \$2000 and \$4000 without providing any legitimate assistance. No state, federal, or HUD-certified housing counseling agency requires an upfront fee for help in getting a mortgage modification. In February 2010, Delaware's Attorney General secured a 21-count indictment against a Wilmington company for crimes related to a mortgage rescue scam. This represents one of the largest mortgage rescue fraud indictments in Delaware history (Department of Justice).

Figure 17: Fair Share Measure



Community...

The DHC Fair Share Measure is being developed as part of the Good Neighborhood Project. It takes cost-burdened extremely low-income Delaware households as a target population in need of affordable housing.

The measure indicates the number of these at-risk households a community would be accommodating, if it were based on its percentage of the state's total housing units. It is in this sense that it is a 'fair share' measure.

There are about 13,500 ELI renter households in this category.

By county, the deficit of affordable and available units is:

NEW CASTLE:	- 9,600
KENT:	- 2,000
SUSSEX:	- 1,900

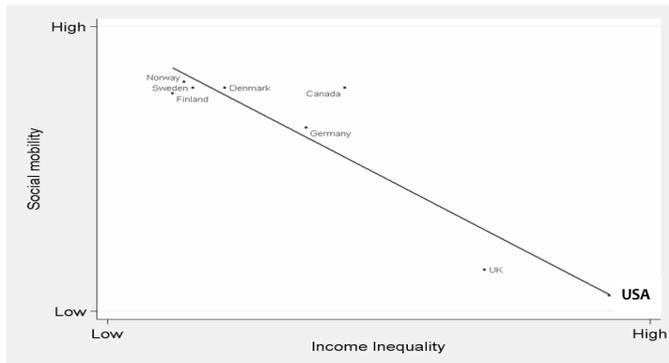
Surplus census tracts are shown here in the rectangular call-out boxes. Some of the deficit census tracts are shown in light type superimposed roughly at the location of that census tract.

DHC has used a measure which would evenly distribute households in need and has focused its research on the most at-risk families due to their very low incomes and very high housing cost burdens.

The results of this measure could well be complemented by analyses of: poverty concentration, renter-to-owner ratios, protected Fair Housing groups, and factors related to "opportunity (schools, employment, transportation, retail, services), to improve housing policy.

...and Opportunity

Figure 18: Social Mobility is Higher in More Equal Rich Countries



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

www.equalitytrust.org.uk

Equality Trust

The Spirit Level: Why Greater Equality Makes Societies Stronger by Richard Wilkinson and Kate Pickett (and the companion website www.equalitytrust.org.uk) is a revealing exploration of the high correlation between inequality in modern societies and a host of health and social problems. It provides evidence on each of eleven different health and social problems: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage births, and child well-being, finding “outcomes are very substantially worse in more unequal societies” for all eleven of them.

For as much of the research as possible, the authors used two independent test fields, (1) internationally among the rich countries and (2) within the US, among the 50 states. Almost without exception they found “the same tendency for outcomes to be much worse in more unequal societies in both settings.” The data used came from sources including The World Bank, World Health Organisation, United Nations, UNICEF,

and US Census Bureau. Often the work had already been published in peer-reviewed academic journals, and “some of the relationships have been tested many times by different research groups using data for different societies.”

The Effects of Inequality

Part of the message of *The Spirit Level* is that many of the most pressing health and social problems are worse in more unequal societies - often much worse. Societies with bigger income differences between rich and poor seem to suffer more of a very wide range of health and social problems.

The harmful effects of inequality have been found for many different health indicators, including age-specific death rates, infant mortality, life expectancy, and illness. More recently the authors have found the same pattern applying to most of the social problems which, within countries, tend to be concentrated in the most deprived areas and become more common further down the social ladder: mental illness, drug abuse, teenage births, obesity, the pro-

portion of the population in prison, educational performance of school children, levels of trust and strength of community life, and social mobility. These problems are all much more common in more unequal societies.

Affecting Everyone

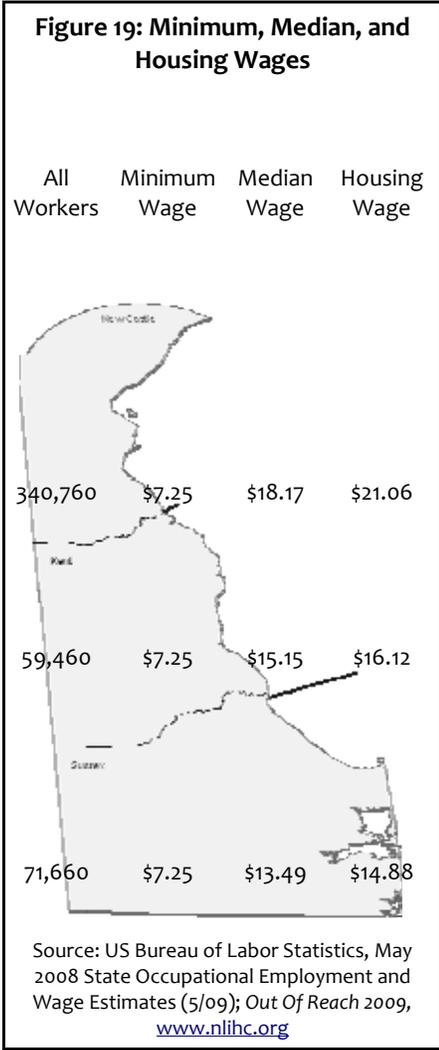
Another important part of the book’s message is that inequality affects the vast majority of the population - not just the poorest. Viewing the prevalence of these problems, the authors found that some are two or three times as common in more unequal societies, but others are as much as ten times as common. This means that all levels of society are suffering from these problems more in the more unequal societies.

The more equal societies tend to do well on each of the different outcomes, and the more unequal societies tend to do badly. “Because inequality affects so many different outcomes, if you know that a society does badly - for instance - on health, it is likely that it also does badly on a wide range of social problems: it probably has high levels of violence, high teen birth rates, a high prison population, lower levels of trust, more obesity, and a bigger drug problem. It looks as if societies with large income inequalities become socially dysfunctional.”

Equality Not Growth

The Spirit Level makes an argument which many in an affluent society understand instinctively. “Further economic growth will not improve our health or well-being. For a better quality of life we need greater income equality.”

Income and Employment:



Ideally the minimum wage would allow a worker with a full time year round job to pay for the basics: shelter, food and clothing (Minimum Wage 2009). In reality at the current minimum wage of \$7.25/hour (effective July 24, 2009) it takes 2.7 full time jobs – or working 107 hours a week to be able to afford a modest two bedroom apartment in Delaware. (see back cover)

The housing wage is the income needed for a family to pay no more than 30 percent of its monthly income on housing costs. Housing wages are calculated by geographic areas. The housing wage for the state of Delaware is \$19.31/hour. The individual county housing wage compared to its median wage spans from \$14.88/\$13.49 in Sussex to \$16.12/\$15.15 in Kent and \$21.06/\$18.17 in New Castle. This comparison is another illustration of the gap between wages and housing prices in Delaware (OOR 2010, and Bureau of Labor Statistics 2008).

six industries projected to add the most jobs by 2016 do not pay a housing wage. The gap between the affordable purchase price for these occupations and the 2008 New Castle County median house price ranges from \$116,416 to \$176,332. The gap between these occupations’ wages and a modest two- bedroom apartment in the County ranges from \$153/mo. to \$527 a month. Nine of the top thirteen occupations adding jobs between 2006-2016 are in the low (<\$28,250) or below average (\$28,250-\$35,600) categories– well below the \$40,163 annual income needed to afford a modest two-bedroom apartment in Delaware.

Wages and basic human needs are intertwined. The implication of the social contract in modern society is that if one does her/his part by working full-time, then society, through public policy, ensures that this person is able to meet basic human needs.

The median wage of five of the

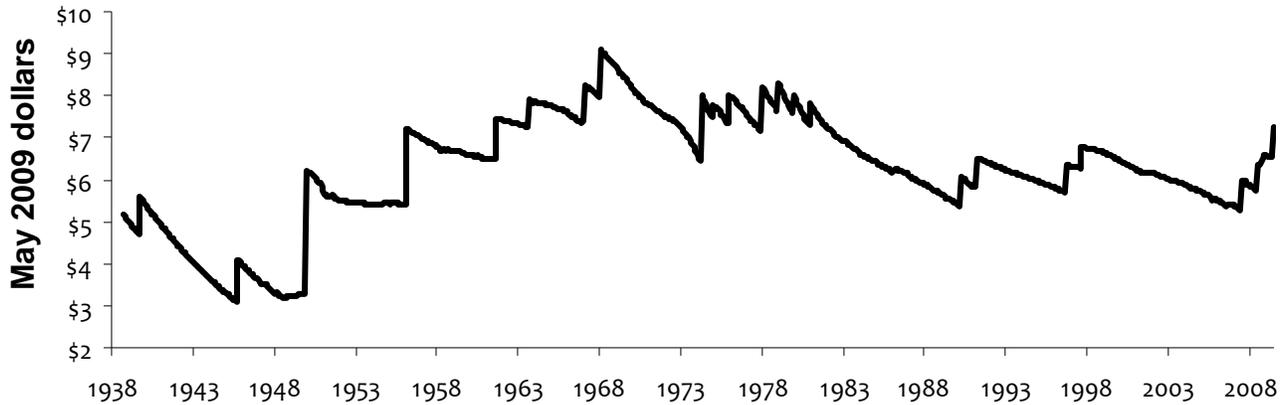
Table 8: Occupations and annual income for New Castle County
Many Occupations do not make either renting or homeownership affordable.

	Median Income Hourly/Annual		Affordable Price for This Occupation	Median House Price Gap	Two-BR Rent Affordable	2BR Gap (\$1,005)
	Hourly	Annual				
Retail salesperson	\$9.96	\$20,717	\$61,656	(\$168,344)	\$512	(\$493)
Cashier	\$9.20	\$19,136	\$53,668	(\$176,332)	\$478	(\$527)
Waiter/Waitress	\$9.28	\$19,302	\$54,569	(\$175,421)	\$483	(\$522)
Customer service	\$16.44	\$34,195	\$113,584	(\$116,416)	\$855	(\$150)
Office Clerk	\$13.37	\$27,664	\$94,293	(\$135,707)	\$692	(\$313)
Registered Nurse	\$32.63	\$67,850	\$250,413	(\$20,413)	\$1,696	\$691

Source: DSHA, destatehousing.com; Delaware Wages 2008, Delaware Department of Labor, Office of Occupational and Labor Market Information, http://www.delawareworks.com/oolmi/resources/wages2008_final.pdf

Jobs Paying Less

Figure 20: Real value of the minimum wage, 1938-2009



Source: Economic Policy Institute analysis of U.S. Department of Labor data.

Table 9: Occupations and employment increase 2006-2016

Projected job growth is largely in positions that do not make an affordable housing situation possible.

	Median earnings (2008) hourly & annual		Expected new positions	Expected replacement positions	Total new positions	Wage category
Retail Sales	\$9.85	\$20,480	267	558	825	LOW
Cashiers	\$9.04	\$18,803	30	535	565	LOW
Waiters/Waitresses	\$9.09	\$18,907	106	443	549	LOW
Customer Service Rep.	\$ 15.67	\$32,594	179	247	426	<AVG.
Office Clerks	\$13.12	\$27,290	110	340	450	LOW
Registered Nurses	\$32.43	\$67,454	184	135	319	HIGH
Janitors and Cleaners	\$ 10.02	\$20,842	129	152	281	LOW
Food Preparation and Services	\$11.90	\$24,752	51	98	149	LOW
Executive Secretaries & Admin Assist	\$20.39	\$42,411	87	113	200	AVG.
Cafeteria/ Counter Attendants	\$10.67	\$22,194	20	175	195	LOW
Bookkeeping, Accounting, Auditing Clerks	\$16.21	\$34,757	73	97	170	<AVG
Accountants & Auditors	\$29.16	\$60,653	81	83	164	>AVG.
Truck Drivers, Heavy & Tractor Trailer	\$ 18.38	\$38,230	73	88	161	AVG.
Total:					43, 454	

Source: <http://www.delawareworks.com/oelmi/File/FileDownload.aspx?FileId=1265&FileType=1>; US Bureau of Labor Statistics, May 2008 State Occupational Employment and Wage Estimates (5/09)

The Economic Impact of Housing

Economic Impact

Benefits to Delaware of a \$60 Million Housing Investment

- \$7 of economic output for every \$1 invested
- \$420 million in new economic activity
- 3,395 new full-time jobs
- \$106 million in new income
- \$12.5 million in new state and local taxes

from *Investing to Meet Delaware's affordable Housing Needs*

In November, 2004, DHC and the Delaware Housing Trust Fund Working Group released a study detailing the positive economic impact of public investment in housing. *Investing to Meet Delaware's Affordable Housing Needs: An Economic Impact Analysis* investigated the economic and social impacts of a \$60 million public investment in housing over five years. Its findings included a variety of impressive benefits.

The proposed \$60 million investment would result in over \$420 million in new economic activity in the state as well as almost 3,400 new full-time jobs.

The study was commissioned by the Working Group and funded by Deutsche Bank Trust Company Delaware, JPMorgan Chase and MBNA America Bank, N.A.

Inputs for program spending were derived from the five programs outlined in *Fostering a Livable Delaware: A Five Year Strategic Housing Plan* proposed by the HTF Working Group. The \$60 million, if invested according to the priorities laid out in the Five-Year Strategic Housing Plan, would result in the creation of 875 rental home opportunities and 3,900 homeownership opportunities over five years. The impact of public investment in housing on the state's total housing needs is far greater than just the amount of direct spending from the Housing Development Fund.

Dr. William Latham, the author, had previously studied the Delaware economy for over 25 years and completed detailed economic impact studies for various industries in the state. The study util-

ized the most accepted and highly regarded economic modeling methods and programs and was based on a complete economic model of the state.

The dollars would leverage additional public and private investment. The proposed \$60 million investment would be part of more than \$273 million of investment in housing.

Every dollar stimulates additional spending, resulting in \$7 of additional economic activity for every public dollar invested.

In addition to the economic impacts of investment in housing, there are documented social and community benefits associated with insuring decent and affordable homes are available for all families and individuals, and in expanding access to homeownership. When affordable homes are integrated into broader community plans for land use, transportation and economic development, the range of effects broadens to

encompass both community and individual quality of life and effects on family stability, health, educational achievement, and economic development.

One of the study's most striking findings is the impact of investment in housing on employment. The proposed \$60 million investment would create 3,395 sustainable jobs over the five-year period. If jobs are a priority, investment in housing is an unexpected but logical place to turn.

Investment in housing creates jobs in all sectors of the economy, even beyond the construction, banking, real estate, and insurance industries.

There are very few state expenditures that can match the amount of new tax revenue generated by an investment in affordable housing. The \$60 million investment would result in over \$12.5 million in new state and local taxes, reducing the net investment required to only \$47.49 mil-

Table 10: Economic Benefit by County of the Five-Year Investment of \$60M

	Economic Output	Jobs	Income
New Castle	\$152,359,289	1,182	\$43,691,078
Kent	\$86,245,470	700	\$20,294,378
Sussex	\$181,627,847	1,513	\$42,398,099
Statewide	\$420,232,606	3,395	\$106,383,555
Source: <i>Investing to Meet Delaware's Affordable Housing Needs</i>			

and the Need for a Living Wage

lion over five years. Few other expenditures by the state of Delaware have any leverage at all. Tax cuts result only in multiplier effects. Capital expenditures such as transportation expenditures, matched by federal funds, generally have smaller leverage ratios than investment in affordable housing.

Living Wages

Figure 21: Wages Needed to Afford Zero- and One-BR Units in Delaware, Compared to Federal Minimum (\$7.25)

NLIHC Out of Reach 2010 <http://www.nlihc.org/oor/oor2010>

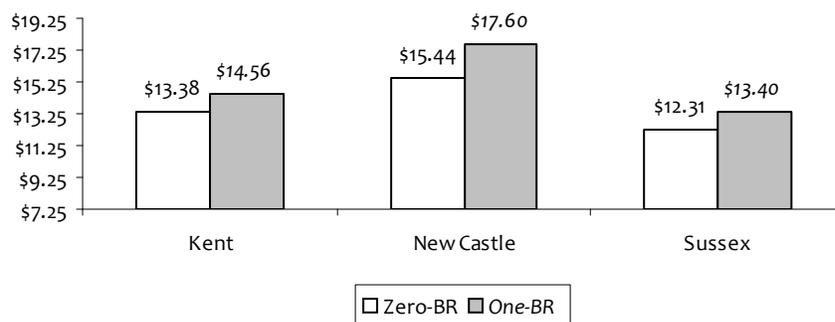


Table 11: Existing Housing in Delaware for the ELI Population

Program	Units	Population Served	Approximate Annual Federal Subsidy
Housing Choice Vouchers	4,735	<80% of median	\$32,426,526
Public Housing	2,682	<50% of median	\$11,657,600
LIHTC*	4,602	<50 – 60% of median	n/a
Section 202/811	891	Elderly and Individuals with Disabilities	Not available
Project-based Section 8	4,721	<50% of median, many elderly	\$31,703,521
Rural Development	1,695	<50% of median	\$4,763,251
Other Income-Restricted	121	Mixed	n/a
Total	19,447		\$80,550,898

*1,248 LIHTC units also have Section 8 and 614 also have Rural Development subsidies. There are a total of 6,484 LIHTC units, but 1,862 are counted under Project-based Section 8 or Rural Development.

Sources: DSHA Housing Inventory, HUD Office of Public Housing Philadelphia, FY 2008 Funding, USDA Rural Development.

Beyond the Mountaintop: King's Prescription for Poverty by Steven C. Pitts (UC-Berkeley Center for Labor Research and Education) and William E. Spriggs (Howard University Department of Economics) reveals that dramatic progress in addressing poverty occurred during a four-year period, 1965–1969. They attribute the gains made to a combination of factors, including new emphasis on full employment and income security, increases in the minimum wage, strong support for labor's right to organize, and a deeper commitment to combating dis-

crimination in the workplace.

To take the example of the federal minimum wage, in 1964 it allowed a person working full-time, all year to earn \$2,600, 84% of the poverty threshold for a family of four. By 1969, this had increased to \$3,328, 90% of that threshold. Today it stands at 68% of poverty. The authors go on to comment: "Given these changes, it is fairly clear why poverty rates fell between 1964 and 1969."

During this time, unemployment rates dropped and segregation in the work force decreased. "In the 1960s, the three large-scale

structural solutions – stronger civil rights laws, higher federal minimum wages, and increased unionization – were implemented as the economy was expanding, in ways that enabled people at all income strata to benefit."

Recognizing that, despite many advances, the circumstances of today's economy pose challenges for all the poor, Pitts and Spriggs offer an agenda based on Dr. King's proven prescription: full employment, equal opportunity, worker freedom to associate and organize, and a real minimum wage. (Beyond, 2008)

Last year, the Delaware Housing Coalition made an overarching recommendation that affordable housing not be allowed to be forgotten in the midst of the financial and social crises. We believe that a firm, consistent, thoughtful, and resourced approach to housing has been maintained by our state and that this still is the most important issue.

FREEDOM & INDEPENDENCE

Concerns common to advocates with the homeless, disability, and aging communities include doing care in radically different ways, in a *community setting*, relying upon the traditional home as the base of recovery for as many as possible, and making smart use of prevention and *deinstitutionalization* to achieve cost-efficiencies.

Planners and providers can and should work together to create more responsive, less costly, less restrictive, *client-centered*, non-institutional housing arrangements and forms of meeting needs. The homeless prevention and rapid rehousing models and proposals such as the Community Choice Act should be used as templates.

A state rental assistance program can be crafted. The success of the Step Up housing voucher program can be built upon, moving it toward an expanded and permanent rental assistance program that targets extremely low-income households, people living with disabilities, the homeless and those at risk of homelessness, and people leaving institutions.

A state *source of income discrimination* statute should make

voucher-holders and others a protected class in the state's fair housing laws.

THE PRECARIOUSLY HOUSED

The Working Group on Extremely Low-Income Housing Needs, as well as other advocates, should continue to work on *implementation* of the best recommendations from their report.

Special attention and the development of better data need to be brought to bear on the problems of *cost-burdened ELI homeowners*, with special attention to the elderly.

Increase the availability of affordable housing for *people living with disabilities*. Pursue every opportunity for additional resources to increase housing opportunities for persons living with disabilities

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

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

THE DEEPEST NEED

Fewer but better targeted and financed units are preferable to the goal of maximizing housing production at the cost of unmet needs.

The spirit and much of the letter of a *Universal Design* requirement needs to be mandated as part of publicly financed affordable housing production to ensure consistent and steady increase in

Some Actions

the number and geographic distribution of affordable units which comply.

Identify a set percentage of funds to be targeted to housing or assistance for ELI households.

Models such as Old Landing II in Millsboro need to be expanded upon, creating *subsidy reserves* that allow units dedicated to reaching ELI households and other special housing needs. Other provisions of the *LIHTC Qualified Allocation Plan* which can create scoring and financial incentives or program mandates to reach these households should be implemented. A minimum percentage of LIHTC units required to be affordable to special populations and ELI households in each new site should be instituted.

“THINK REGIONALLY, ACT NEIGHBORLY.”

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.

Inclusionary housing programs should include all of the “workforce” in these publicly funded programs. The inclusion of rental housing and targeting of the lowest possible incomes should be a necessary part of all inclusionary housing programs. Inclusionary programs should seek sources of assistance to reach lower income households, and include a right to purchase provision allowing local housing

For Housing

nonprofits or public agencies to acquire these units to preserve affordability.

NIMBYism needs to be systematically countered both with education and evidence, as well as an insistence, backed by restrictions on public funds when possible, that parties look at the distribution of affordable housing from a more regional, “fair share,” perspective. “Anywhere but here” is as ineffective a policy as “an eye for an eye.”

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 across all communities.

Housing should be situated – and made affordable to all incomes – 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 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* are not marginalized and can live where they choose.

STEWARDSHIP OF RESOURCES

Housing is Shelter. Much of the ongoing crisis can be attributed to our having forgotten this. Privileging speculation on housing as a commodity, rather than recognizing

it as a basic need, a *dwelling place*, a shelter, and the place where body and soul are kept together, does injury to the social fabric.

The issues of a *living wage* and *income inequality* must occupy a greater share of attention of advocates, providers, and concerned citizens. Without this, we will be unable to get to the root of the problems it is our mission to address.

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, avoid household

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

OTHER

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.

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 continuing 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.

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.

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 economic, 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 information 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 condo-

minium 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 PROBLEM: This term refers to one or more of the following: lacking complete kitchen facilities, lacking complete plumbing facilities, having more than 1 person per room, and having a cost burden over 30%.

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 de-

velopments according to a formula in order to 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 pre-fabricated 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 least 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 lack-

ing 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 four 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 11 inches of 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 (LIHPHA) 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 ELIHPHA nor LIHPHA 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 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.

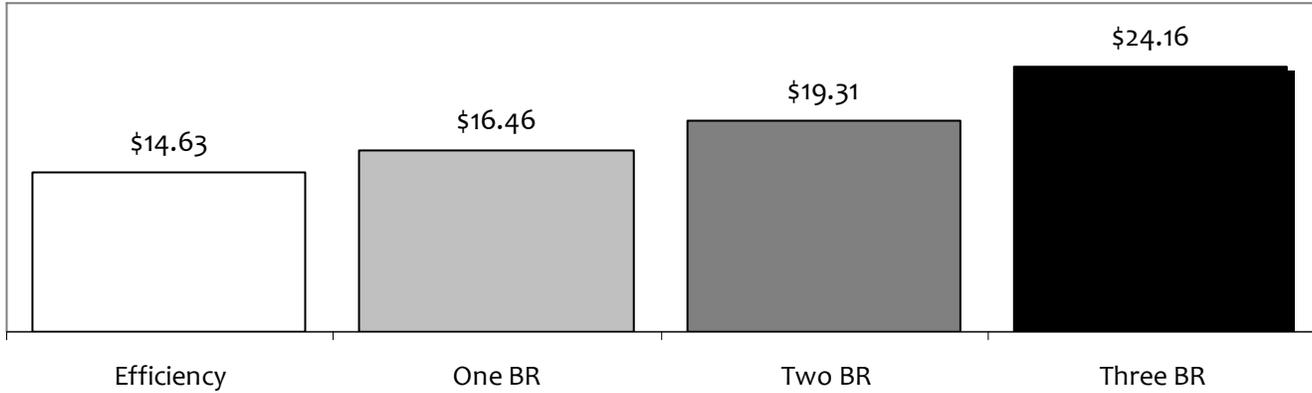
SUBPRIME MORTGAGE. A type of mortgage that is normally made out to borrowers with lower credit ratings. As a result of the borrower's lowered credit rating, a conventional mortgage is not offered because the lender views the borrower as having a larger-than-average risk of defaulting on the loan. Lending 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

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 Massachusetts: 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>

Figure 22: The Delaware Housing Wage by Unit Size
 NLIHC, Out of Reach 2010



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.

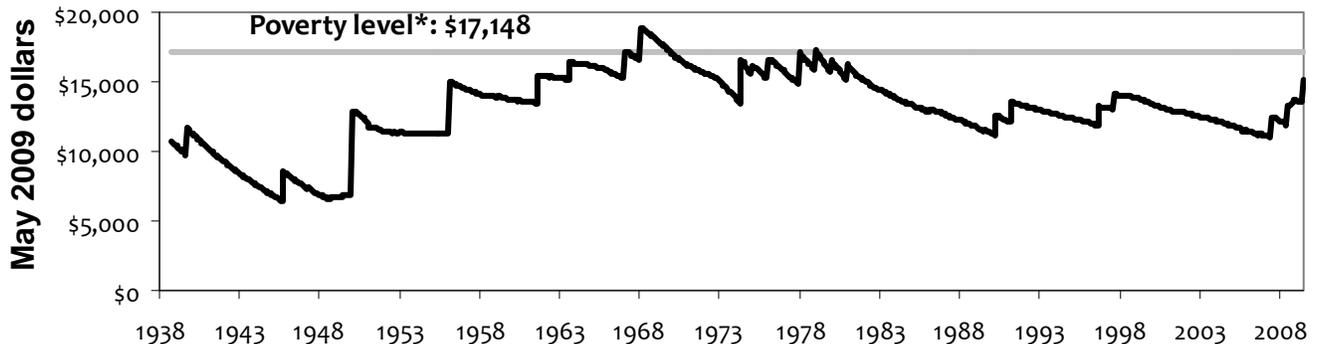
WORST CASE HOUSING PROBLEMS. Un-subsidized very low income renter households with severe housing problems. HUD is required to submit a periodic report to Congress on worst case housing problems.

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/

Figure 23: Annual minimum wage earnings and poverty level for family of three



Note: The poverty level is composed of one adult and two children. The poverty level for two adults and one child is roughly the same, \$17,132 in May 2009 dollars. *2008 poverty thresholds from Census Bureau in May 2009 dollars.

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- ARC of Delaware, 2010, <http://www.thearcofdelaware.org/>
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- Anas Ben Addi presentation to Bond Bill Committee, DE General Assembly, 4/26/10
- Calculator: www.mortgagecalculator.org
- Carsey— Resident Owned Communities in New Hampshire: A Study of Outcomes, by Sally Ward, Charlie French, and Kelly Giraud; The Carsey Institute at the University of New Hampshire, November 2005; http://www.carseyinstitute.unh.edu/documents/evaluation_report_nov20_2006.pdf
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- CLT Network, 2010 - www.cltnetwork.org
- CFED – Corporation For Enterprise Development, 2007 Development Report Card on the States, 2008.
- 2010-2014 *Comprehensive HIV Prevention Plan and Statewide Coordinated Statement of Need*, September 2009, Delaware HIV Consortium, www.delawarehiv.org
- Connections, 2010, <http://www.connectionsosp.org/>
- Crowley - (<http://www.nlihc.org/doc/Testimony-of-Sheila-Crowley4-14-2010.pdf>)
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- Deforeclosurehelp: www.deforeclosurehelp.org
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- DSHA - Manufactured Housing in Delaware: A Summary of Information and Issues, DSHA, December 2008.
- Economic Policy Institute (EPI), Minimum Wage Issue Guide, http://www.epi.org/publications/entry/tables_figures_data/Fostering_a_Livable_Delaware:_A_Five_Year_Strategic_Housing_Plan, <http://www.housingforall.org/5YP%20Summary.pdf>
- FIC - Foremost Insurance Company, Market Facts Report 2005, triennial report on manufactured housing industry by its leading insurer.
- Gerry Kelly, State of Foreclosures in Delaware, Deputy Bank Commissioner for Consumer Affairs, 2008.
- "Housing Affordability Trends for Working Households: *Affordability Worsens Despite Decline in Home Prices*"; Keith Wardrip; Center for Housing Policy; December 2009
- HPCDE— Homeless Planning Council of Delaware, Point in Time Study, January 2006; Point in Time Study, January 2008, www.hpcdelaware.org.
- Investing to Meet Delaware's Affordable Housing Needs: An Economic Impact Analysis*, <http://www.housingforall.org/Final%20DE%20Economic%20Impact%20Study%20November%202004.pdf>
- Howard Karger, "Questioning Low-Income Homeownership, " *The Realities of Poverty in Delaware, 2007-2008*, http://www.housingforall.org/ROP0708_100608_online.pdf
- Lexis-Nexis: Foreclosure Filings Database as compiled by the Delaware State Housing Authority, 2010.
- Making Home Affordable: www.MakingHomeAffordable.gov
- Minimum Wage - This has varied from a maximum of 90% of the poverty level in 1968 and has averaged two thirds of the poverty level since 1959 when the poverty level was established (oregonstate.edu/instruct/anth484/minwage/htm)
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- NAR - House Prices in America, National Association of Realtors, Washington DC, 2008.
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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.

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



Who Can Afford to Rent in Delaware?



	2-Bedroom Rent (FMR)	Full-Time Jobs at Minimum Wage Required	Affordable Rent for an Extremely Low-Income Family	Gap between Fair Market Rent and Affordable Rent
New Castle	\$1,095	2.9	\$611	- \$ 484
Kent	\$838	2.2	\$469	- \$369
Sussex	\$774	2.1	\$461	- \$313

Renters

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 2010, National Low Income Housing Coalition. Minimum wage in Delaware is \$7.25. An extremely low income household has an income at or below 30% of the Area Median Income.