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Workforce, senior housing become crucial issues

By Mark S. Reeve

The state of Delaware had an enticing deal in the 1980s, offering affordable real estate and minimal taxes to become one of the cheapest places to live on the east coast. However, State legislators are concerned that a majority of Delaware's residents are currently priced out of house and home, unable to qualify for financing on even the cheapest housing. The Delaware Housing Coalition's most recent "Who Can Afford to Live in Delaware?" figures report only 150,000 Delaware workers, that being 36 percent of the total number, actually earn enough to afford a typically priced $228,000 house. Housing prices have risen as much as 74 percent in Sussex County and an astounding 99 percent in Kent.

It's not just a social activism issue, it's an economic crises. Beyond rising foreclosures and homelessness, businesses find it hard to attract out-of-state skilled labor due to a lack of affordable housing stock. Trinity Transport president Jeff Banning, Milford Housing Development Corporation, municipal and Sussex County officials, Discover Bank, Nanticoke Health Services, and the Seaford and Woodbridge school districts recently formed "Businesses Building Communities" to draw attention to the state's workforce housing deficit. For companies like Trinity, it's a serious impediment to Delaware's business development, especially in recruitment and retention of skilled workers.

"We think it has become a major economic issue," said Delaware Housing Coalition director Ken Smith. "We also think it's one that hasn't been addressed in any systematic way by public policy makers. Employers are suffering from it and have not tried to take any action. But I think legislators are starting to take an interest. There needs to be a provision for a spectrum of housing in all communities, so the people who fill certain jobs don't have to commute long distances just to go to work."

The state has long been interested in low-income housing and reduction in homelessness. In recent years, it's initiated new programs to promote affordable housing access. Last year the Delaware State Housing Authority distributed more than $300,000 in mortgage and home buying assistance funds as "gap filling" between what qualified buyers can bring to the table and the actual cost of home buying. Additionally, DSHA plans to provide nearly $227,000 in mortgage assistance to help curb the rash of foreclosures occurring across the state. It's a pilot program that will take more research and strategy before it's effective.

A newer program called "Live Near Your Work" enlists employers in home buyer assistance. Companies can target areas nearby from which workers can walk or bike to work. Employers are encouraged to provide employees grants toward home buying, funds which the State will match. "This program is part of filling the gap. Employers use it for a couple of reasons, for retention and recruitment, and to help revitalize areas near their workplace," said Delaware State Housing Authority (DSHA) Director Saundra Ross Johnson.

Federal funds for affordable housing initiatives, especially for new stock construction, have steadily declined during the last six years. “There are less federal funds available for low income housing. Trying to fund something with a federal subsidy is difficult to do,” explained Better Homes of Seaford executive director William Roupp.

More weight falls upon private foundations and commercial developers to pick up where governments leave off. The challenge is getting profit-driven developers behind the idea of low-cost housing, since most recent new residential construction has targeted upscale commuters, second home buyers and retirees rather than the people living and working in Delaware. “The burden is on the private sector and local government to find different ways of housing the various income strata in the state,” said Ken Smith. “I think the boom over the last few year in homes and mortgages has created some problems for us to build out in any way that relieves the needs. The investment people have in housing is going to work against having affordable housing developments near them. And it doesn’t look like there will be any support from the Feds.”

DSHA provides a number of development financing programs, including the Housing Capacity Building program that provides grants, training and technical assistance for maintaining rental units. The agency’s Housing Development Fund provides financing and tax incentives for builders adding multifamily rental properties.

Not-for-profits like MHDC (formerly Milford Housing Development Corporation) and Better Homes of Seaford (BHOS) combine invested donations and federal financing options to create new rental properties, elderly housing, and low-income family housing communities, as well as rehabilitating dilapidated single family homes and neglected urban properties into safe, viable homes and apartments.

Better Homes of Seaford was one of the first noncommercial efforts to build new affordable housing for families and the elderly in Delaware. Beginning in 1969 as City of Seaford program, it built a HUD-financed family apartment community in 1992 called Chandler Heights on Stein Highway. “We built one of the first HUD low income housing programs in Sussex County. We just finished a total renovation. It stood good for 30 years,” said BHOS director William Roupp.

Hired in 1995, Roupp worked with BHOS volunteer boards to build the first two phases of a 27 unit elder housing project called Virginia Crest, which later incorporated a second phase of 35 apartment units called Yorktown Woods. The communities consist of three and four apartment, one-story “houses,” with each building designed to resemble a single ranch home. BHOS is currently planning the next phase of Virginia Commons called Hampton Circle, incorporating a three-story highrise and additional quad apartments along the nearby scenic Herring Run Branch. The communities are clean, beautifully landscaped, and professionally managed and maintained. “To look at it you can’t tell how many units there are. It looks like a home and that’s what we tried to create,” said Roupp. “Ground maintenance and repairs are made through this office, with inspections of all properties twice a year.”

The latest BHOS project was a total rehab of an abandoned 60 year old shirt factory into a spacious elder apartment project called Charleston Place. Financed by affordable 50-year USDA loans, Charleston Place is a classic urban infill project providing 11 one and two bedroom rental units for under $700 a month. While a very successful project, rehab had its perils. “There’s all kinds of things that come up with rehabilitating a property. Per square foot, it’s probably more expensive,” said Roupp. “But what you get is an aesthetic value you don’t necessarily get with something new.”

Roupp realizes BHOS efforts are only a drop in the bucket, albeit a formidable one. The demand for safe, affordable housing is so high in the Seaford/Laurel area that BHOS communities and apartments are booked before they’re built. “We haven’t had to promote ourselves because there's a greater demand for the services than we can provide.

Thirty year-old MHDC has added more than 330 new affordable housing units during the last three years, including structural rehabs, rentals, and "self-help" owner built and occupied single family homes along the lines of the Habitat for Humanity model. The organization recently became a licensed independent general contractor to help facilitate even more ambitious affordable housing development. MHDC bought enough land in Seaford, Camden and Milford to build 136 self-help homes and 64 townhomes in the next few years.

MHDC is also planning a 30 acre community called Eastgate Farms in Milford. One of Delaware's most ambitious nonprofit-built affordable housing communities, it will include 83 single-family homes, 60 townhomes and 60 apartment units. Already in the engineering stage, It brings MHDC into the realm of community-scale developer status with more than $16 million in assets.

But not-for-profit efforts can only accomplish so much, leaving a significant gap between need and available housing stock. Delaware's county governments are furiously creating ordinances to allow residential developers more leeway in return for allocating up to 25 percent of their built communities to affordable housing units.

According to New Castle County Council member Robert S. Weiner, the beginning of New Castle County's problems was adoption of the Unified Development Code in the late 90s.

The code stipulated an overall density of 1.3 units per acre to curb the County's rampant growth and preserve sewer and infrastructure capacity. But what it provided was a license for sprawl, as well as more costly infrastructure to reach less clustered development.

"Since that was approved, we've only seen houses at $450,000 or more. We're now building houses for the wealthy and for those who live in New York and drive to their jobs. How does that serve people in New Castle County? If you make $35,000 a year, why shouldn't you be able to realize the American Dream. We need to create a system where those working good jobs can have that," Weiner said. " If you're building 1.3 houses per acre, you'll never be able to provide affordable housing, You need a minimum of 6 units per acres just to get the bus lines to work."

New Castle County's Hometown Overlay ordinance was the first legislation designed to create village-like communities with affordable housing dispersed throughout. The ordinance provides developers higher density allowances in return for allocating 10 to 20 percent affordable housing units. The Hometown Overlay ordinance is attractive to developers because it provides fast-track zoning and plan approval and higher level consideration by the County Council. "For the last five years I've been working with the Claymont Renaissance using the Hometown Overlay ordinance," said Weiner. "It's the first and only affordable housing model in New Castle County, with over 1,226 new homes on 65 acres."

Claymont's Brookview apartment complex, now called Renaissance Village, was bought by Commonwealth Group and Setting Properties for $31 million in July 2005.

The plan developed for it included up to 20 percent "workforce housing" capped at prices of $165,000, and would be the centerpiece of the County's affordable housing initiatives.

However, the project also illustrates difficulties dealing with commercial solutions to the affordable housing issue. Commonwealth Setting never committed to the built project and now are looking to sell the property for $52 million. Because it was fast-tracked under particular pretense, the Council hopes the already approved plan is attractive enough to move forward regardless of the owners.

However, where developers are concerned, markets dictate decisions more than morals.

Sussex County is creating its own Moderately Priced Housing ordinance to mirror that of New Castle County. “We did a lot of work with Sussex County researching and drafting the Moderately Priced Housing ordinance,” said DSHA director Saundra Ross Johnson. “It was developed because the people that they needed to run the region couldn’t afford to live there.”

Under Sussex’s proposed legislation, developers building more than 35 units who allocated 25 percent to housing priced for the population making 60 to 100 percent of the median income will receive density allowances, preference for zoning approval and top positioning for other considerations. “For developers, time is money,” Johnson remarked. “Any time you can go to the head of the list for approval is a big advantage.”

Are those incentives enough to entice developers? “I think affordable housing actually makes better sense because more people are able to afford a house at $250,000 than at $450,000,” said Weiner. “The key is density. In the growth areas south of the canal, we need to identify areas with access to Route 1 and Route 301 instead of building long highways to those key arteries.”

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