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Del. lacks affordable housing  
Not enough money in state fund, coalition says  
By JAMES MERRIWEATHER  
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DOVER -- It took just a few seconds Tuesday to dispense all the good news from the Delaware Housing Coalition's second annual "Who Can Afford to Live in Delaware?" report.

Housing prices are down a bit from historic highs recorded in 2007, Jeanine Kleimo, an economist who helped compile the report, told about 25 housing advocates and bankers and Republican gubernatorial candidate Mike Protack.

Finishing a couplet of sorts, Kleimo then passed along the bad news that doubled as the theme of the report: The vast majority of employed Delawareans don't make enough money to comfortably buy the typical house or rent the typical apartment.

According to the report, an annual income of \$62,800 is needed to afford the typical house price of \$270,000, based on the assumption that 30 percent of income is reserved for mortgage payments and related housing costs. Only 62,250 Delaware workers, or just 15 percent, earn that much money.

Among renters statewide, the report said, it takes income of \$16.61 cents an hour, or \$34,542 a year, to afford the typical two-bed apartment -- with fair market rents ranging from \$685 in Sussex County to \$743 in Kent to \$932 in New Castle.

The numbers are not new. They initially were released in April by the Delaware coalition and the National Low Income Housing Coalition, and the report discussed Tuesday also draws heavily on a housing needs assessment released late last year by the Delaware State Housing Authority.

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All reports point to a severe shortage of affordable housing and a diminishing capacity among Delawareans to pay for it, with extremely poor workers and disabled and homeless residents being especially hard hit. Kleimo noted that the shortage had been aggravated by the subprime mortgage debacle, with foreclosures not expected to peak until the middle of 2009.

"Unfortunately, things may get worse before they get better," she said.

Also looming is the loss of 2,627 units of Section 8 housing by 2020 as contracts expire between the federal government and private housing developers participating in the subsidy program.

Cathy Gregory, a consultant to the state housing authority, said Tuesday that the developers whose 30-year contracts are due to expire have the option of selling their properties, charging fair market rents or continuing to offer subsidized units.

"If they choose to opt out," Gregory said, "you lose the subsidies forever."

The Delaware coalition has called on the state's General Assembly to provide \$20 million for affordable housing for the year that begins July 1. But, owing to a severe revenue shortfall, Gov.

Ruth Ann Minner has proposed a \$4.7 million budget for the state's discretionary housing fund for the next budget year.

"Funding for affordable housing in Delaware has been chronically below what is needed," coalition director Ken Smith said.

In its recommendation section, the latest report called for a dedicated funding source for the state's Housing Development fund and the preservation of all affordable rental developments. It also called for community oversight boards to push for affordable housing and creation of a permanent affordable housing inventory.

Smith said top priority for spending money from the housing fund should be given to extremely poor people, while tax credits available to developers should be committed to affordable housing for homeless, disabled and elderly people.

The report says Kent and Sussex counties should emulate New Castle by establishing their own housing trust funds. The report also endorses density bonuses in exchange for developing affordable housing, which Kent County has adopted as a feature of a comprehensive land-use plan now under revision.

"The counties should make affordable housing an essential component of their planning," the report says, "helping our communities to become more inclusive racially, economic and in terms of disability."

"Such initiatives, however generous the incentives, must include strong enough mandates to make housing affordable and to assure that it affirmatively furthers fair housing and distributes it throughout the state on a 'fair share' basis."

Smith also called for efforts to blot out "not in my backyard" objections to housing for people of color, handicapped and homeless people and those recovering from poverty. He described such attitudes as "unwarranted allergic reactions" to the beneficiaries of affordable housing.

The coalition report also endorsed legislation that would give manufactured home owners first dibs on buying their communities if they come up for sale. According to the report, half of more than 50,000 manufactured homes -- "the affordable housing product of choice for thousands of Delawareans" -- are located on land owned by somebody else.

"At issue," the report says, "is the property owner's ability to raise ground rent without limitation, causing some homeowners concern about rising costs of maintaining their home and the possibility

of being priced out of their communities."

As of last week, contentious negotiations on a compromise proposal broke off, leaving the fate of the legislation in doubt.

"This is a model that's new to Delaware," Smith said, "but in New Hampshire, there are 80 resident-owned [manufactured home] developments."

In Kleimo's opinion, the cause of affordable housing would be served with an emphasis on how it fits in as a driver of the state's economy. "We should not be housers in isolation," she said, but rather should stress to policymakers how housing figures in such areas as job recruitment, transportation and tax policy.

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