

Delaware State Council on Housing



Annual Report
June 30, 2021



The Delaware State Council on Housing fully supports Equal Housing Opportunity, the principles of the United States Fair Housing Act (Title VIII of the Civil Rights Act of 1968) and Delaware Fair Housing Act (Delaware Code Title 6, Chapter 46), and the elimination of discrimination in housing based upon race, color, national origin, creed, sex, marital status, familial status, source of income, age, sexual orientation or disability.

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In Memoriam

Corinne M. Massey (2021)



The Council on Housing honors the life and dedication of Mrs. Corinne M. Massey who passed away in January 2021. Mrs. Massey served on the Council for eight years beginning in 2012 and was a member of the Operations Committee. She was a long-term resident of Dover where she proudly served on the resident council at Luther Towers. She was an ardent supporter of affordable housing in Delaware and showed a keen interest in housing projects in the Dover area. Mrs. Massey will be fondly remembered for her warmth, wisdom, and dedicated service on the Council. She was a tireless advocate for encouraging fellow council members to give thoughtful and deliberate consideration to housing issues. Her quiet and soft-spoken demeanor bespoke a passionate responsibility to do more, and say less, to foster the promotion of decent, safe, and affordable housing for all Delawareans. Although her tenure is completed, her voice and legacy of service are summoned with every convening gavel.

Foreword

The Delaware Council on Housing envisions a community with equal access to quality, affordable housing for all Delawareans. Given the long-standing gap between the supply of and demand for affordable homes, we realize that much work needs to be done in order to achieve this vision. In 2021, the economic uncertainty fueled by the pandemic continued to challenge the housing status of many people in our state for a second year in a row. The annual point in time count of the homeless conducted by Housing Alliance Delaware in January showed a 35% increase in the number of homeless persons in our state, with a marked increase in the number of homeless families.

According to the most recent report by the National Low Income Housing Coalition, Delaware has a shortage of nearly 20,000 rental units for extremely low-income (ELI) households, defined as those earning no more than 30% of Area Median Income. ELI households accounted for 25% of Delaware renters in 2019. They also experienced extreme cost burden, with 72% spending more than half their income on housing. These 2019 statistics predated the pandemic, so the situation today may indeed be more dire.

Cost burdened households are left with very little money for other expenses, such as food, clothing, transportation, and healthcare, much less the resources to deal with a global health crisis. When families decide between paying housing costs or other living expenses, they may be choosing between housing and homelessness. With rents at an all-time high and housing prices out of reach for so many people, the pressure to obtain affordable living arrangements, particularly for seniors, African Americans and Latino households, is a very real struggle.

The pandemic created added stress and uncertainty for Delawareans in many aspects of everyday living. Federal stimulus funds from the CARES Act provided essential support to homeowners and renters experiencing housing instability during this crisis. The Delaware State Housing Authority remained focused on various measures to protect tenants and mortgage-holders while supporting builders and lenders. DSHA spearheaded partnerships with other jurisdictions and departments to ensure the utilization of federal stimulus funds for urgent needs, including rent and utility assistance, foreclosure prevention, and homelessness. At the same time, they continued to efficiently oversee their established programs and operations. DSHA should be commended for its continued responsiveness and leadership throughout this second year of the pandemic.

The Delaware Council on Housing Annual Report that follows provides detail on these and other initiatives that were undertaken in FY2021 to increase the availability of affordable housing for low- to moderate-income Delawareans.

Executive Summary

As required by Senate Bill 86, as amended, and passed by the 144th General Assembly in January, 2008 (Exhibit 1), the Delaware State Council on Housing (hereafter referred to as the Council on Housing or Council) presents this Annual Report, covering July 1, 2020 – June 30, 2021. (The enabling legislation, functions and organization of the Council on Housing are contained in Appendix A to this report.)

The Council on Housing advises the Governor, General Assembly, and the Delaware State Housing Authority (DSHA) on housing matters and allows an avenue for citizen involvement. The Council continues to support DSHA's commendable progress in providing affordable housing and community revitalization to the state's low- and moderate-income families and neighborhoods. DSHA offers an array of well-managed and effective programs that address the range of housing needs experienced by Delaware households, and has risen to the task of dramatically expanding its services response to the COVID-19 crisis to administer new federal funding and meet the needs of Delawareans.

One of the primary state investments in the development of affordable housing is the Housing Development Fund (HDF). Significant funding for affordable purchase and rental housing continues under the HDF. In fiscal year 2021 alone, the Council approved resolutions recommending approximately \$15.4 million in loans and grants from the Housing Development Fund resulting in the creation or preservation of 1,433 units of affordable housing or households assisted. These funds also supported homeless services, affordable rentals, homeownership, foreclosure prevention, housing rehabilitation, housing counseling, and coordinated planning for homeless services. Housing initiatives launched this year have created and sustained jobs in the building industry through the creation and rehabilitation of affordable rental housing sites and through the subsidizing of mortgages for first-time homebuyers purchasing new-construction single-family homes.

The Council believes that Delaware receives an excellent return on its investments in housing. Not only is every dollar allocated used for housing but every dollar spent out of the HDF is leveraged on average by \$4 of funding from other sources. In addition to direct leverage, investment in affordable housing spurs significant other economic activity and creates jobs.

In addition to a report on the work of the Council and the Housing Development Fund, this report includes a set of policy recommendations formulated by the Council to address these pressing housing issues.

Recommendations for Changes in Law/Policy/Funding

The members of the Council on Housing applaud Governor Carney and the members of the General Assembly for their continued support of affordable housing and community development programs that benefit Delaware's neighborhoods and communities. The Housing Development Fund, Affordable Rental Housing Program, State Rental Assistance Program (SRAP), Strong Neighborhoods Housing Fund (SNHF) and Downtown Development Districts (DDD) program represent diverse investments that reflect how impactful housing is to creating positive social and economic outcomes.

We commend the Governor and General Assembly for reinvesting in neighborhood redevelopment with the addition of \$4 million for the Strong Neighborhoods Housing Fund in the FY2022 budget. This fund, established by an allocation of settlement funds in FY2015, targets the redevelopment of vacant and abandoned property in distressed neighborhoods. Since its creation, the SNHF has invested \$14 million to impact over 300 homes in distressed neighborhoods from Wilmington to Laurel, leveraging over \$43 million in other private investment in these projects. The Council also supports the continued investment in the Downtown Development District program.

Safe, decent and affordable homes are a part of Delaware's infrastructure and support for these efforts should be a priority in the budget process. A secure place in the State's annual base budget and one or more dedicated revenue sources are necessary to ensure long-term sustainable funding.

Funding through the American Rescue Plan Act (ARPA) presents a historic opportunity for states to invest in affordable housing. As the State has wisely recognized with past one-time funding, investment in housing has incredible economic impact as well as responding to critical needs of our residents. We are excited to see early announcements of some initial uses of this funding to include housing projects such as Riverside. The Council on Housing encourages both that further investments in housing be made, and that these should be coordinated through the Delaware State Housing Authority to allow for a transparent and statewide approach to housing policy and funding issues.

Based on the experience of Council members and data on housing needs and impediments to fair housing, we believe the following five principal objectives should continue to guide Delaware's efforts with the ultimate goal of providing affordable housing options to its citizens while targeting community development and strengthening communities:

1. Preserve and expand the availability of affordable housing in Delaware;
2. Increase access to homeownership for first-time and low-income homebuyers, continuing to support DSHA financing tools that help families achieve homeownership;

3. Invest in the improvement of Delaware's substandard housing;
4. Promote the development of accessible dwellings and supportive housing to meet current and future needs of Delawareans with disabilities;
5. Advance policies and regulations that promote diverse and inclusive communities, support integrated development, and offer equal access to housing for all Delawareans.

Specifically, we recommend that the Governor, General Assembly, the Director of DSHA and other local, county and state officials, planning commissions, and regulatory bodies collaborate to maximize the impact of scarce resources to:

1. **Support the Housing Development Fund by increasing the General Fund base budget and Affordable Rental Housing Program (ARHP) in the bond bill**, as these funds are focused on creating and preserving affordable rental housing, the State's most pressing housing need.
2. **Support financial mechanisms and programs, including the Housing Development Fund, to increase responsible homeownership**, and help preserve homeownership for homeowners needing assistance with home repair or who are facing foreclosure and able to regain financial stability. Homeownership is a critical economic driver, but also one of the most important ways low- and moderate-income families build wealth.
3. **Increase funding for the State Rental Assistance Program (SRAP)**. SRAP provides rental housing options for low-income youths exiting foster care, families in the process of reunification, and people exiting or at risk of entering Delaware's long-term care institutions. SRAP is a program with proven success that serves the needs of Delaware's most vulnerable, but the needs exceed resources.
4. **Advance state, county and local policies and strategies that address blight in distressed neighborhoods and rebuild successful downtown areas as vibrant places to live, work, and engage in community life**. Ongoing funding for the Downtown Development Districts (DDD) program and the Strong Neighborhoods Housing Fund, created to address vacant, abandoned or foreclosed properties as part of neighborhood revitalization efforts, is critical to these goals.
5. **Strengthen the enforcement of and public education about the State's Fair Housing laws to create protections to end housing discrimination and promote fair housing opportunities for all, particularly historically marginalized groups**. Promote education about these protections at the state, county and local levels to elected and appointed officials, policy makers, real estate professionals, appraisers, and vendors. The 2020 Delaware Statewide Analysis of Impediments to Fair Housing Choice study produced many such recommendations, which should be carefully considered and supported.

6. **Invest in long-term strategies that increase the supply of and access to affordable housing in Delaware** by advocating for systemic change through legislation and policy efforts that support the creation of more innovative affordable housing as well as promoting access to such housing. Some examples of affordable housing strategies include: by-right zoning, expedited permitting, density bonuses, reduced impact fees and other voluntary inclusionary policies; innovative building practices that increase productivity and lower costs; using existing housing and land to provide additional housing opportunities; supporting housing development in existing neighborhoods to build on the people and strengths of that community; strengthening connections between affordable housing, transit, and workforce development programs; creative methods of establishing good credit and determining credit worthiness; and retooling mortgage finance systems to allow greater access to lending products.
7. **Remove regulatory barriers to the development of affordable housing** at the local, state, and federal level to allow the construction of more homes and apartments and to reduce the time and cost of building. Housing must be a critical component of local planning and economic development to foster affordable housing growth that is integrated in the community and accessible to employment opportunities and transportation.
8. **Support local and regional Comprehensive Plans, and strengthen them as a tool for equitable planning.** Requirements for the assessment of housing needs and development of realistic strategies to address housing issues and promote integrated development of quality affordable homes in local Comprehensive Plans should be strengthened, and implementation of such plans supported and monitored.
9. **Use federal stimulus funds from the CARES Act and American Rescue Plan (ARP) to invest in solutions to Delaware's affordable housing crisis** and continue to respond to the community's needs during the pandemic recovery timeframe. These funds can be used to build more affordable housing and create new programs and/or expand existing programs to assist low to moderate income individuals and families who are homeless or unstably housed, as well as potential renters and homeowners who are seeking high quality affordable rental and for sale housing.
10. **Partner with organizations, such as realtors, task forces, nonprofits, and other stakeholders, to transform these recommendations into actions** that create more equitable housing opportunities and more inclusive communities in Delaware.

HDF Activities

The Housing Development Fund (HDF) is authorized under Title 21 of the Delaware Code and provides financing for developers and homeowners through sponsor agencies. Activities of the sponsor agencies include the acquisition and/or rehabilitation of existing housing, the adaptive re-use of non-residential buildings, and new construction to provide affordable housing to low- and moderate-income families and individuals in Delaware.

The HDF is funded through a number of sources. The state allocates a base budget in the amount of approximately \$4 million from the General Fund each year. The Housing Development Fund received an additional allocation of \$6.0 million in the State Fiscal Year 2021 Bond Bill earmarked for the affordable rental housing development. In addition to state funding, the HDF receives income from a portion of the Recorder of Deeds fee – a dedicated revenue source. Lastly, income generated from interest earnings and repayments of HDF loans are recycled back into the fund.

In FY21, the Council recommended the funding of eleven loans and grants for a total of approximately \$15.4 million to organizations working in affordable rental housing, homeownership, housing

HDF INCOME SOURCES IN FY 2021	
Base Budget (General Fund)	\$4,000,000
Affordable Rental Housing Program (Bond Bill)	\$6,000,000
Recorder of Deed Fees	\$963,521
Interest Income	\$2,788,985
Loan Repayments	\$291,233
Total	\$14,043,739

counseling and homeless services. In all, HDF funds supported the creation and/or preservation of 1,433 units of affordable housing or households assisted. An overview description of the FY21 Allocations is included in Exhibit 2.

Non-HDF Activities

In an effort to become knowledgeable on housing matters and to influence housing policy more broadly, Council regularly engages with many housing partners throughout the state. Individual members of the Council attended many housing workshops and trainings, conferences and other events, served on funding review panels, and participated in housing studies. Council also provided testimony supporting increased funding for the Housing Development Fund at public hearings during the state budget process including the Budget Public Hearing, Joint Finance Committee Hearing, and Bond Bill Committee Hearing. The Council on Housing was proud to support the State’s quick response to the housing impacts related to the COVID-19 pandemic and to engage throughout the year with DSHA on the many new housing activities underway.

Exhibits

Exhibit 1:

Chapter 40 of the Delaware State Code, states that, “The Council shall issue an annual report to the Governor, the Housing Director and the General Assembly on its activities, as well as the housing needs of this State, key statistics and trends, HDF expenditures and any recommendations for changes in law, policy and/or funding related to housing.”

Exhibit 2:

Housing Development Fund FY 2021 detailed allocations:

COH Approved Projects in FY21	Homeownership Units	Rental Units	Council Date	HDF/ARHP Loan Amount	Location	HDF Grant Amount
Housing Alliance Delaware: Continuum of Care	-	-	7/8/20	-	Statewide	\$200,000
Pre-Purchase Financial Empowerment and Coaching	400	-	7/8/20	-	Statewide	\$200,000
Life Lines III	-	10	7/8/20	\$600,000	Wilmington	-
Solomon’s Court	-	6	7/8/20	\$850,000	Wilmington	-
Millsboro Village Landing	-	38	7/8/20	\$2,788,132	Millsboro	-
Riverside Phase I	-	74	8/12/20	\$2,950,000	Wilmington	-
Pre-Purchase Homeownership Counseling	400	-	2/10/21	-	Statewide	\$300,000
Smyrna Gardens/East Lake Gardens	-	118	6/9/21	\$6,000,000	Smyrna	-
The Flats Phase IV	-	52	6/9/21	\$1,020,000	Wilmington	-
Home4Good Program	-	335	6/9/21	-	Statewide	\$500,000
FY2021 Subtotal	800	633		\$14,208,132		\$1,200,000

Exhibit 3:

Home4Good update FY2021

In 2020, the Federal Home Loan Bank of Pittsburgh again dedicated \$700,000 and Council on Housing/DSHA \$500,000 in Housing Development Fund funding to the collaborative Home4Good program to fund homelessness prevention and services. Home4Good funding in FY2021 focused on extending critical homelessness prevention assistance and services, including support to the DEHAP program before additional federal funding through the CARES Act and later Emergency Rental Assistance (ERA) program was available allocated. CARES Act funding through the Emergency Solutions Grant (ESG) program provided a significant infusion of funding for rapid rehousing statewide.

Organization	Program Name	Target Area	Funding Amount
DSHA	Delaware Housing Assistance Program (DEHAP)	Statewide	\$700,000
Catholic Charities	Homelessness Prevention Landlord Mitigation Fund Pilot	Statewide	\$75,000 \$25,000
Family Promise of Northern New Castle County	Rapid Re-Housing Landlord Mitigation Fund Pilot	New Castle County	\$25,000
Rehoboth Community Resource Center	Homelessness Prevention	Kent County, Sussex County	\$75,000
West End Neighborhood House	Statewide Security Deposit Program	Statewide	\$25,000
Salvation Army	Homelessness Prevention	Kent County, Sussex County	\$50,000
Community Legal Aid Society, Inc.	Legal Aid for Eviction Defense	Statewide	\$150,000

Appendix: Enabling Legislation, Functions, and Organization

The Council on Housing is authorized by the Delaware Code, found at Title 31, Chapter 40, Subchapter IV, §4040. Its principal duties are to study, research, plan and advise the Governor, Housing Director and General Assembly on housing matters and recommend funding of loans and grants through the Housing Development Fund. The Council on Housing consists of 11 members appointed by the Governor, and meets the second Wednesday of each month. The Council's meeting minutes, agendas and bylaws are available at <http://www.destatehousing.com/DirectorsOffice/council.php>.

According to state code, Council membership must include 2 members from each county, 2 members that reside in the City of Wilmington and 3 members at large, 1 of which is a member of a tenant organization and there shall be no more than a bare majority representation of one major political party over the other major political party. The term of appointment to the Council is 3 years. Members are eligible for reappointment.

The members of Council as of June 30, 2021 are:

Dianne W. Casey (Chair)

Douglas A. Motley (Vice Chair)

Connie S. Harrington

Francis R. Julian

Lillian D. Harrison

Donna G. Mitchell

Amy M. Walls

Vincent M. White

Norma H. Zumsteg

Four (4) standing committees – Loan Review, Communications, Operations, and Housing Policy – support the work of the Council. The Loan Review committee reviews Housing Development Fund applications with DSHA staff prior to action by the full Council and determines which applications are ready for full Council consideration. The Communications committee prepares and disseminates communications to the Governor, members of the General Assembly and the public. The Operations committee oversees all governance, compliance, nominating and member services duties of Council. The Housing Policy Committee assists the Council to review program policies concerning activities conducted by the Delaware State Housing Authority and to develop sound policy positions regarding affordable housing needs and initiatives in Delaware.