Delaware

Consolidated Plan

Consolidated Plan
Fiscal Years
2008 – 2012
for Housing and
Community Development

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State of Delaware Consolidated Plan 2008 - 2012

Executive Summary

The Five-Year Consolidated Plan for Housing and Community Development (Consolidated Plan) is a five-year planning document required by the U.S. Department of Housing and Urban Development (HUD). For the State of Delaware as a whole, the Consolidated Plan is prepared and implemented by the Delaware State Housing Authority (DSHA).

What is the Consolidated Plan?

The Consolidated Plan for the State of Delaware presents a five year strategy to address some of the critical housing and community development needs faced by the State. The State of Delaware's Consolidated Plan for federal fiscal years 2008 – 2012 guides the use of federal, and to a lesser extent, state, housing and community development funds. The Consolidated Plan also combines all of the planning and application requirements of HUD's four main formula programs into a single Plan. The formula programs are:

- Community Development Block Grant (CDBG);
- HOME Investment Partnerships Program (HOME);
- Emergency Shelter Grants (ESG); and
- Housing Opportunities for Persons with Aids (HOPWA).

The Consolidated Plan is comprised of the following elements:

- Executive Summary
- Housing and Homeless Needs Assessment
- Housing Market Analysis
- Strategic Plan
- Action Plan

The Consolidated Plan primarily focuses on the state's non-entitlement jurisdictions. The non-entitlement jurisdictions are areas, primarily rural, which do not receive any direct allocations from HUD for the four formula programs mentioned above. Rather, the State administers these funds on their behalf.

In Delaware, one other participating jurisdiction, the City of Wilmington, receives HUD funding for CDBG, HOME, ESG and HOPWA. Also, New Castle County receives HUD funding for three programs, CDBG, HOME and ESG. Finally, the City of Dover receives HUD funding for CDBG only. Therefore, the funds allocated to these participating jurisdictions are not covered by this Plan. It should be noted, however, that because the State's own housing and community development programs are operated on a statewide basis, and some federal programs such as the Low Income Housing Tax Credits (LIHTC) are also funded on a statewide basis, there is some discussion regarding these jurisdictions within the Consolidated Plan.

Implementation of the five-year Plan will be done through a series of one-year Action Plans. The Action Plan identifies housing and community development resources expected to be available during the year. The Action Plan also details the specific actions the State plans to take in the next year to assist in meeting its five-year goals.

Understanding Delaware's Housing and Community Development Needs

Prior to developing DSHA's Strategic Plan and this Consolidated Plan, DSHA contracted with Mullin & Lonergan, Inc., a housing and community development consulting firm, to prepare the *Statewide Housing Needs Assessment (Needs Assessment).* The purpose of the Needs Assessment was to examine current and near-future needs for housing among low- to moderate-income households. Needs identified from this study were used to develop the Consolidated Plan.

Delaware's Housing Market

Delaware's housing values have increased faster than inflation. Between 1995 and 2006, median home prices in Delaware appreciated by 177%, the fastest in the nation. The Delaware housing market is providing more higher-priced units than "affordable" units. The result of the boom in owner-occupied housing in Delaware has meant that few of these units are affordable to low- and moderate-income households.

Percent of Owner Units Affordable at % 2007 MFI

	Percent of Units Affordable to Households by Income				
	30% MFI	50% MFI	80% MFI	100% MFI	115% MFI
New Castle County	4%	11%	24%	44%	44%
Kent County	14%	19%	34%	46%	79%
Sussex County	12%	12%	32%	37%	49%

The 2005 American Community Survey (ACS) reports that the median value in Delaware is $203,800, an increase of 67% since 2000 when the Census reported a median value of $122,000. Had median value increased at the rate of inflation, in 2005 (using the Consumer Price Index) it would be just $138,366.

Although not as dramatic as owner-occupied housing, median gross rents increased 24.1% from 2000 to 2005. The 2005 ACS reports that statewide median gross rent was $793 per month as compared to $639 in 2000. Had median gross rent increased at the rate of inflation, it would be $724 in 2005.

Percent of Rental Units Affordable at % 2007 MFI

	Percent of Units Affordable to Households by Income				
	30% MFI	50% MFI	80% MFI	100% MFI	115% MFI
New Castle County	11%	73%	95%	100%	100%
Kent County	19%	51%	81%	97%	100%
Sussex County	26%	60%	82%	99%	100%

While the majority of renter units in all three counties are affordable to households with incomes over 80% of Median Family Income (MFI), far fewer renter units are affordable to households with incomes below 80% of MFI. Even without taking the availability of units into account, the lowest income households, with incomes below 30% of MFI, have very few affordable housing options.

Unfortunately income has not kept pace with rising cost, leading to a growing gap between what Delawareans can afford to pay for housing and what it costs. This creates both economic and quality-of-life problems for Delawareans. As of 2005, 54,525 owner-occupied households in Delaware were cost-burdened, paying 30% or more of their incomes for housing costs. Of these households, 34,132 have incomes below 80% of MFI.

Additionally, 37,263 renter households in Delaware were cost-burdened which equates to 42.5% of all renter households. Alarmingly, 97.7% of these cost-burdened renter households have incomes below 80% of MFI. Renter households that are cost-burdened and have incomes below $20,000 account for 19,385, making their housing situation extremely precarious.

The number of households in the state has a direct correlation to the number of housing units needed. Between 1990 and 2005, while Delaware's population increased by 28.3%, its number of households increased by 28.5%. The changing composition of households, such as deferred age of marriage, increased divorce rates and longer life expectancy, accounts for the population growth occurring more slowly than household growth. According to the Needs Assessment, every 1% increase in the Delaware population will equal a 1.2% increase in households. Every household needs a housing unit.

But for an increasingly number of Delawareans, the cost of housing has become an insurmountable problem. The Delaware Interagency Council on Homelessness (DICH), created by Executive Order 65, released *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long Term Homelessness*. It reports that over the course of one year, there are 6,758 homeless persons in Delaware. Of these, 337 meet HUD's definition of chronically homeless.

Housing Needs

According to the Needs Assessment, 34,091 Delawarean residents currently face worst case housing needs. These are residents who are either paying more than 50% of their income for rent or living in substandard housing. People faced with this level of housing cost are at risk of homelessness and must often choose between paying for essentials like heating, food and medicine or paying for shelter.

The majority of the affordable rental housing units in Delaware are aging. Approximately 44% of the assisted rental units in Delaware are more than 20 years old. It is projected that an additional 2,126 units will reach the 20-year mark by 2012. By 2012 more than 59% (8,058) of the current inventory of assisted rental housing in Delaware will be over 20 years old.

Although many of the assisted rental units have reserve accounts to replace worn-out items, there are still numerous units that have inadequate reserves sufficient to fund necessary improvement to maintain a decent and safe living environment for residents. Based on the Needs Assessment and existing trends in the industry, it is estimated that 50 to 70% of the units over 20 years of age may be in need of substantial rehabilitation.

In addition to needing affordable housing, many of those facing worst case housing needs or homelessness require supportive services to live independently. Permanent supportive housing is needed for a range of populations including persons with mental, physical, or developmental disabilities, persons with alcohol or drug addictions, persons living with HIV/AIDS, youth exiting foster care, and people returning to the community from institutional settings, including the correctional system. The DICH recommends a combination of new construction of 648 new supportive housing units and 1,000 rental subsidies is needed to adequately house approximately 2,000 people.

Strategies

The State set forth corresponding priorities, as outlined below, to address the identified housing needs of Delaware's population over the next five years:

- Preserve and expand Delaware's stock of affordable rental housing;
- Assist Delaware families to achieve and sustain homeownership;
- Assist families to become economically self-sufficient and move from assisted to unassisted housing;
- Assist in ending homelessness and ensure that those at risk of homelessness have access to affordable, integrated, supportive housing options; and
- Assist local jurisdictions in strengthening communities and providing quality, affordable housing opportunities to current and future populations.

Strategies are provided for a wide range of issues and challenges identified in the Consolidated Plan, including preservation, homeownership, providing permanent supportive housing for those at risk of homelessness, addressing barriers to affordable housing development, addressing lead-based paint hazards, promoting fair housing, revitalizing neighborhoods and many more.

The Consolidated Plan will serve as a roadmap for guiding State and Federal resources to where the need is greatest, and for coordinating efforts to meet the Delaware's housing needs.

Measuring Performance

Performance measurement is a tool that can help track progress and report on program results in a way that highlights the impact a program has had on the community and the lives of its residents. It is used to compare quantifiable achievements versus what was projected as a goal and is a means to capture program outcomes. HUD instituted the following three goals or objectives to guide performance measurement:

- ***Create suitable living environments*** – In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- ***Provide decent affordable housing*** – The activities that would typically be found under this objective are designed to cover a wide range of housing possible under the HOME, CDBG, ESG and HOPWA Programs. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort.
- ***Create economic opportunities*** – This objective applies to activities related to economic development, commercial revitalization or job creation.

The second component of HUD's performance measurement system is outcomes. The program outcome helps further refine the objective and is designed to capture the nature of the change or the expected result. They are as follows:

- ***Availability/Accessibility*** – This outcome applies to activities that make services, infrastructure, public services, public facilities, housing or shelter available or accessible to low- and moderate-income people, including persons with disabilities.
- ***Affordability*** – This applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation and daycare.
- ***Sustainability*** – This outcome applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income. This may be accomplished by removing or eliminating slums or blighted areas and through multiple activities or services that sustain communities or neighborhoods.

Reaching Out to the Community

DSHA encourages and maintains an open relationship with a number of agencies, and provides them the opportunity to submit data, ideas and comments throughout the planning process. This process of intergovernmental cooperation and coordination is seen as on-going. DSHA interacts with representatives from Delaware governments, social service agencies, private nonprofit and for-profit developers and other special interest groups. Representatives from the Department of Health and Social Services (DHSS), the Governor's Advisory Council for the Division of Substance Abuse and Mental Health, the Division of Family Services for Children, Youth and Their Families (DFSCYF), Criminal Justice Council (CJC), the Homeless Planning Council (HPC), Delaware HIV Consortium and the State Council for Persons with Disabilities (SCPD) also provided valuable assistance with respect to social service data on the homeless and special populations.

Citizen participation in the Consolidated Plan helps assist DSHA to set forth issues that need to be addressed to make a difference for individuals and families in the community they live in. DSHA is continually looking for efforts to broaden the citizen participation process. Public hearings were held in all three counties prior to the creation of the draft Plan for public input based on the Needs Assessment. In addition, three public hearings were held in each county after the draft Plan was developed. Further, a joint notification of a 30-day public comment period and the availability of the draft Consolidated Plan and FY2008 Action Plan were advertised in newspapers throughout the state. The draft Plan was also available in locations throughout the state and on DSHA's website at www.destatehousing.com. A summary of comments and DSHA's response is attached as Appendix E to the Consolidated Plan. The Citizen Participation Plan is attached as Appendix B.

Delaware Profile

The State of Delaware, situated on the mid-Atlantic coast, is 96 miles long and ranges from nine to 35 miles across, totaling 1,955 square miles. It is the second-smallest state in the United States after Rhode Island. Delaware is bordered on one side by 25 miles of beachfront, and surrounded by the states of Maryland, New Jersey and Pennsylvania on the other three sides.

Population estimates by the U.S. Census Bureau's 2006 American Community Survey show that 853,476 persons live in Delaware. Despite ranking 45th in population, it is the seventh most densely populated state, with a population density of 321 more people per square mile than the national average. All of the cities and towns in Delaware's three diverse counties (New Castle, Kent and Sussex) are independent incorporated municipalities.

New Castle County is the most densely populated, with an estimated 525,587 persons living in 426 square miles. In the northeastern corner of the County is Wilmington, Delaware's largest city with a population of 72,826. Wilmington has long been a center of banking, commerce, industry and the performing arts. Over half of the Fortune 500 companies call Wilmington their corporate home.

Forty-five miles south of Wilmington is Kent County. It has a population of an estimated 147,601 and covers a land area of 594 square miles. The state capital, Dover, is located in the center of the county and is home to 32,135 persons. The largest employers include Playtex, Kraft, and Proctor and Gamble, as well as the Dover Air Force Base, which is one of the largest Air Force bases in the country. In addition the base serves as the entry point and mortuary for American military persons (and some U.S. government civilians) that die overseas. As the county seat and state capital, state and local governments are a large employer in the city of Dover. Dover's major economic industries are retail, tourism and recreation, manufacturing, and of course the public sector.

Sussex County has the largest land area of the three counties totaling 950 square miles. It has a population of an estimated 180,288. Its economy is a blend of agriculture, manufacturing, commerce, recreation and tourism. Agriculture still holds the dominant position, due in large part to Sussex County's involvement in the poultry industry. The seasonal resort area attractions of Sussex County's coastal areas receive many visitors from neighboring states.

Housing and Homeless Needs Assessment

The Housing and Homeless Needs Assessment section of the Consolidated Plan describes Delaware's projected housing needs for the five-year period from 2008 – 2012. This information was obtained from the Needs Assessment. The Needs Assessment may be viewed in its entirety at www.destatehousing.com/information/pubs.shtml.

There are four parts to this section of the Consolidated Plan. They all focus on the State's estimated housing need. The first part discusses the estimate of the significant current needs for housing assistance by income and family status. It describes the extent to which cost-burden and severe cost-burden housing issues are being experienced by extremely low-, low-, moderate-, and middle-income renters and owners. The second part identifies the nature and extent of homelessness, both sheltered and unsheltered. It also discusses the sub-populations of the homeless such as those with mental illness and/or substance use disorders. The third part discusses the needs of the elderly and the disabled, as well as those with special needs, such as persons with disabilities. The fourth part discusses lead-based paint hazards and estimates the number of housing units in Delaware with potential lead-based paint hazards.

About the Needs Assessment

The purpose of the study was to examine current and near-future needs for housing among very low-, low-, moderate-, and middle-income households. For a fuller understanding of Delaware's housing needs, data was captured on cost-burdened households, overcrowded housing, and substandard housing conditions. Cost burden is defined as residents paying over 30% of income for housing expenses. Overcrowded housing is understood as the value of more than one person per room and is directly related to the wear and tear sustained by a structure.

As required by HUD, "standard condition" housing is housing which meets current housing quality standards as determined by performing a quality housing inspection. In this case the determination of standard condition housing for study of the housing stock of Delaware was examined based upon updates to previous field research done throughout the state. No individual exterior building conditions were surveyed. Instead, the total number of substandard housing units calculated in the 2003 Needs Assessment was used as the baseline from which an arithmetic adjustment (based on certain assumptions about the rate of deterioration and rehabilitation) was made.

Substandard condition, but suitable for rehabilitation, housing is a substandard housing unit that is deficient in at least two structural systems and is in need of substantial rehabilitation in order to make it structurally sound, safe and habitable.

A term used for households in need of assistance due to the combination of cost burden, overcrowding, and housing quality is "at-risk households". The term refers to extremely low-income households that are currently housed, but are paying more than 30% of income for rent and are in need of housing assistance. The households are cost-burdened largely because they have low household incomes and may be housed in substandard units.

As defined by CHAS Data 2000, "housing problems" include the following: cost burden, (including households paying from 30% to 50% of their income and households paying more than 50%. Households paying more than 50% are classified as "severe cost burden"); and/or overcrowding; and/or lack of complete kitchen or plumbing. CHAS Data 2000 combines overcrowding and/or lack of complete kitchen or plumbing into the category "other housing problems," which excludes cost burden.

The Housing Needs Assessment bases its affordability analysis on HUD-generated MFI for each county. In order to find a statistic that represents all households statewide, the Census median household income is used. Much of the data in the Needs Assessment was taken from the 2000 Census. Where possible, data was updated by the 2005 American Community Survey (ACS), also produced by the U.S. Census Bureau.

In Delaware, 2005 ACS data is available only for the state overall, the three counties, and the City of Wilmington. Unfortunately, 2005 ACS data is not available for the county census divisions (CCDs) or any of the other incorporated places. Easy Analytic, Inc. was contracted to calculate projected household growth by age and by income by CCD from 2006 to 2012. The projections prepared by Easy Analytic, Inc. were compared to the projections and trends prepared by the Delaware Population Consortium (DPC) to ensure that data was comparable to the trends noted by the DPC in its October 2006 population study. Secondary data regarding population projections, employment and wages, special populations and other housing statistics were often excerpted from a variety of Delaware's state-level agencies or consortia.

Special needs populations include the homeless and those persons at risk of homelessness, persons with disabilities, persons with HIV/AIDS, victims of domestic violence, and migrant and seasonal workers. Services for these groups are provided by a multitude of agencies, both governmental and non-governmental, as well as countless caring individuals.

The Needs Assessment is used to coordinate the use of federal, state and local resources that are available to promote the development and preservation of quality, affordable housing in Delaware

Housing Needs

The housing needs section, estimates the number and type of families in need of housing assistance in defined household categories. These include extremely low-income, very low-income, low-income, moderate-income, middle-income families, for renters and owners, for small families, for large families, for elderly persons, for persons with HIV/AIDS and their families, and for persons with disabilities.

For definition purposes, extremely low-income households are households with income less than 30% of MFI. Low-income households are households with income between 30% to 50% of MFI. Moderate-income households are households with income between 51% to 80% of MFI. Households with income above 80% of MFI are considered middle-income. The HUD determined MFI for a family household of four persons by county in Delaware is as follows:

- New Castle County - $71,600;
- Kent County - $58,700; and
- Sussex County - $53,800.

Extremely Low-Income Households

There are 29,993 extremely low-income households statewide and 21,240 that are in need of housing assistance. There are 12,165 renters and 9,075 owners who experience housing problems. Of households experiencing a housing problem, 20,637 households are experiencing cost burden with about 25% experiencing cost burden of 30%-50% and the remaining 75% experiencing severe cost burden of more than 50%. There are 603 extremely low-income households experiencing other housing problems.

Extremely Low-Income Households	Total	Any Housing Problem	Cost Burden		Other Housing Problems
			30%-50%	More than 50%	
Renter	17,152	12,165	2,672	9,034	459
Owner	12,841	9,075	2,434	6,497	144
All	29,993	21,240	5,106	15,531	603

Low-Income Households

There are 31,136 very low-income households statewide and 18,215 that are in need of housing assistance. There are 9,678 renters and 8,537 owners who experience housing problems. Of households experiencing a housing problem, 17,414 households are experiencing cost burden

with about 60% experiencing cost burden of 30%-50% and the remaining 40% experiencing severe cost burden of more than 50%. There are 801 low-income households experiencing other housing problems.

Low-Income Households	Total	Any Housing Problem	Cost Burden		Other Housing Problems
			30%-50%	More than 50%	
Renter	14,007	9,678	6,527	2,538	613
Owner	17,129	8,537	3,890	4,459	188
All	31,136	18,215	10,417	6,997	801

Moderate-Income Households

There are 52,538 moderate-income households statewide and 19,069 that are in need of housing assistance. There are 6,177 renters and 12,892 owners who experience housing problems. Of households experiencing a housing problem, 17,211 households are experiencing cost burden with about 80% experiencing cost burden of 30%-50% and the remaining 20% experiencing severe cost burden of more than 50%. There are 1,858 moderate-income households experiencing other housing problems.

Moderate-Income Households	Total	Any Housing Problem	Cost Burden		Other Housing Problems
			30%-50%	More than 50%	
Renter	19,191	6,177	4,517	399	1,261
Owner	33,347	12,892	9,410	2,885	597
All	52,538	19,069	13,927	3,284	1,858

Middle-Income Households

There are 184,926 households with income above 80% MFI statewide and 16,041 that are in need of housing assistance. There are 3,051 renters and 12,990 owners who experience housing problems. Of households experiencing a housing problem, 13,580 households are experiencing cost burden with about 89% experiencing cost burden of 30%-50% and the remaining 11% experiencing severe cost burden of more than 50%. There are 3,461 middle-income households experiencing other housing problems.

Middle-Income Households	Total	Any Housing Problem	Cost Burden		Other Housing Problems
			30%-50%	More than 50%	
Renter	32,269	3,051	817	354	1,880
Owner	152,657	12,990	11,207	1,202	1,581
All	184,926	16,041	12,024	1,556	3,461

Elderly

The elderly population is distinguished by subgroups that represent different lifestyle circumstances and, in turn, different housing needs. The "young" elderly, those age 55 to 64, are entering pre-retirement or early retirement years. The young elderly are often in the market for a smaller home, perhaps near leisure and recreation activities. The second group of elderly are those age 65 to 74. Often households in this age range are living in homes they chose in their pre-retirement years.

Finally, there are those age 75 and over. It is not uncommon for householders age 75 and over to be living alone, having outlived a spouse. There is a greater likelihood for declining health among these householders and a need for housing in a supportive environment. Within this age group are the elderly age 85 and over that are often very frail and in need of more extensive care.

Population projections prepared by the DPC show that, from 2005 to 2010 Delaware's population of persons age 55 and over will increase by about 23% to 241,703. The total population in Delaware is projected to increase 9.3%. Further projections show that by 2015, there will be 280,614 persons in the state age 55 and over, which is an increase of 16% from 2010. By 2015, about 30% of Delaware's population will be age 55 and over, up from 22% in 2000. The DPC projects that by 2010, over one-third of Sussex County's population will be 55 and over.

Statewide from 2000 to 2015, persons age 55 to 64 are projected to increase by about 75%, which persons age 65 to 74 projected to increase by 59%. Persons age 75 and over are projected to increase by 51%. The following expresses the housing needs of homeowners age 55 and over:

Maintaining Independence in Their Homes

- Because of the high rate of homeownership by the older population in Delaware, there will be the need for assistance allowing the low-income elderly homeowners to maintain their units and to allow them to continue living independently.
- Many elderly homeowners live on fixed incomes that do not keep pace with inflation. The households lack income to address unexpected housing costs. Older owners on limited and fixed incomes need assistance with unexpected emergency repairs that are not budgeted within their fixed housing costs. The older housing units require weatherization to improve energy efficiency and reduce overhead costs.
- As persons age, adaptive modifications become a need to allow the homeowner to continue to reside in their unit. Low-income aging homeowners may need funding assistance for completion of adaptive modifications.

Maintaining Housing in our Community

- Older homeowners are often eventually in need of services that allow them to age in place and remain living independently. Support services include, but are not limited to, home health care and personal care, meals, and transportation.
- Reverse mortgages, which allow homeowners to access their equity while remaining in the unit, may be of assistance to low-income homeowners and other aging homeowners by providing funds for home maintenance and support services.
- Some older homeowners choose to move to age restricted communities. The age restricted communities usually provide recreation and maintenance services to the homeowners but do not include support services that are included with assisted living.

The Housing Needs Assessment showed that 8,555 households age 65 and over will purchase a home in Delaware from 2008 to 2012**.** Elderly homebuyers are households age 65 and over with annual incomes up to $125,000. Elderly homebuyers are seeking housing alternatives in order to reduce the size of their dwelling, reduce maintenance on a dwelling, or move closer to family. The elderly homebuyers are projected to be a growing segment of the population in Delaware.

The 2005 ACS reports that 15.8% of the households age 55 and over in Delaware are renters. Among persons age 55 and over, the highest rate of renters is among persons age 85 and over at about one-third. The lowest rate of renters is among those age 65 to 74 at 12.7%. Among households age 65 and over, about 28% pay 30% or more of their income for their housing and are cost-burdened.

Information on Renters

	Total	Percent Renters	Renters 65 and over		Cost-burdened Renters 65 and over	
			Total	Percent	Total	Percent
New Castle County	57,985	30.0	7,549	20.8	4,058	53.7
Kent County	14,275	26.6	1,735	15.5	948	54.6
Sussex County	15,520	22.0	1,577	7.7	853	54.1
Delaware	87,780	27.6	10,861	16.0	5,859	53.9
City of Wilmington	13,615	50.9	2,142	38.7	1,591	74.3

As identified in the Needs Assessment, the following expresses the housing needs of renters age 55 and over:

Housing Subsidies

- Cost burden among the oldest households is a result of the spending down of their savings and living on fixed incomes that do not keep pace with inflation, particularly the increased cost of health care. Elderly renter households need rent subsidies to alleviate cost burden and thereby reduce the number of elderly renters who are at-risk. Affordable housing and subsidies become more important as older renters age.
- As noted with aging homeowners, adaptive modifications are needed to allow renter households to continue living independently in their unit. Low-income aging renters may need funding assistance for the adaptive modifications.

New Units

- There is an identified need for 151 additional rental units for low-income elderly households in Delaware from 2008 to 2012 based on household growth and unmet existing demand.

Increased Geographic Distribution

- – There are 4,634 identified subsidized elderly household units. Nearly 45% of the elderly affordable rental units are in the City of Wilmington, which has less than 7 percent of the state's population of persons age 55 and over. The concentration of the affordable elderly rental units requires the elderly renters to be displaced from their established communities to find housing that they can afford.
- A need of older renter households is finding safe, decent housing that is affordable and well situated in dispersed locations. Location is a particular concern to renters who were previously long-time homeowners. The new renters generally prefer to reside in the same area, close to their families and established communities.

Increased Services

- Many older renters will eventually need services that allow them to age in place and remain living independently. A segment of all aging households will no longer be able to live independently and will need assisted living or nursing homes.

Persons with HIV/AIDS

As of April 2007, 3,235 persons in Delaware were living with HIV or AIDS. New Castle residents represent 70% of the total. Nine percent were living in Kent County, and 18% were residing in Sussex County. Nearly one percent had no known county of residence.

Persons with HIV/AIDS

	Total Living w/ HIV/AIDS	Living with HIV	Living with AIDS
Total	3,235	1,244	1,991
Male	2,189	811	1,378
Female	1,046	433	613
New Castle County	2,293	897	1,396
Kent County	322	116	206
Sussex County	595	217	378
Unknown	25	14	11

The Delaware HIV Consortium provides services to persons living with HIV and AIDS and their families. One in four persons responding to a survey of 278 clients conducted by the Delaware HIV Planning Council in 2006 indicated they needed help finding affordable housing. In New Castle County, 24% indicated they had been homeless for at least one night in the prior 12 months; 20% in Kent County had experienced homelessness. Through the HOPWA grant, HUD provides some housing assistance funding for the HIV/AIDS population. Tenant-based rental assistance provides on-going rent subsidies to 191 households, but overall, the lack of affordable housing creates a serious health issue for persons living with HIV/AIDS. Nutrition and medication needs cannot be met without stable housing that includes refrigeration. Without adequate foods and a regular medical regime, the disease progresses more rapidly.

The shortage of affordable housing in Kent and Sussex Counties was reported to be especially acute for persons living with HIV/AIDS. Among individuals with tenant-based rental assistance in FY 2006, 37 of 191 (19%) listed their recent living situation as homeless, in transitional housing, or in an emergency shelter. An additional 72 individuals (38%) listed their most recent living situation as living with relatives or friends.

Persons with Disabilities

The U.S. Census defines a disability as a long-lasting condition, meaning six months or more. A disability is considered to be a condition that limits the ability of the person to perform one or more activities of daily living (ADLs). The 2000 Census reported that the poverty rate in Delaware for persons with a disability age 16 to 64 was 13.61%. For persons with a disability age 65 and above, the rate of poverty was 7.4%. Nearly 50% of the persons age 16 to 64 living with a disability in Delaware reported not working.

Persons with Disabilities 2005

	Total Population	Disability % of Total						
		Any Disability	Sensory	Physical	Mental	Self-Care	Go-outside the Home	Employ-ment
New Castle County								
Population 5 to 15 years	74,550	9.2%	1.9%	0.9%	7.3%	1.1%		
Population 16 to 64 years	338,597	11.3%	2.3%	6.9%	3.4%	1.5%	2.3%	5.1%
Population 65 years and over	57,166	36.7%	14.9%	27.3%	9.2%	8.1%	15.2%	
Kent County								
Population 5 to 15 years	21,704	9.0%	2.8%	0.7%	7.5%	0.5%		
Population 16 to 64 years	89,482	15.6%	2.6%	9.8%	6.3%	2.9%	3.6%	9.7%
Population 65 years and over	16,726	39.4%	15.3%	34.3%	9.1%	8.5%	16.0%	
Sussex County								
Population 5 to 15 years	22,529	4.8%	1.4%	0.9%	3.8%	0.7%		
Population 16 to 64 years	107,191	11.0%	3.0%	7.7%	3.1%	2.4%	3.3%	6.6%
Population 65 years and over	32,899	32.0%	11.7%	23.2%	5.8%	8.0%	10.5%	
City of Wilmington								
Population 5 to 15 years	10,371	7.7%	1.8%	2.6%	6.0%	0.3%		
Population 16 to 64 years	39,857	15.0%	2.9%	8.9%	3.8%	2.2%	3.1%	6.5%
Population 65 years and over	7,233	34.9%	14.4%	22.1%	7.2%	7.1%	15.2%	
Delaware								
Population 5 to 15 years	118,783	8.3%	1.9%	0.9%	6.6%	0.9%		
Population 16 to 64 years	535,270	12.0%	2.5%	7.6%	3.8%	1.9%	2.7%	6.2%
Population 65 years and over	106,791	35.7%	14.0%	27.1%	8.1%	8.1%	13.9%	

The categories of disability in the above chart are defined as follows:

- ***Sensory*** – blindness, deafness, or a severe vision or hearing impairment.
- ***Physical*** – a condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting or carrying.
- ***Mental*** – an emotional condition that makes it difficult to learn, remember or concentrate.
- ***Self-care*** – a condition that limits the ability to dress, bath or get around inside the home.
- ***Go-outside the home*** – a condition that limits the ability to go outside the home alone to shop or visit a doctor's office.
- ***Employment*** – a condition that limits the ability to work at a job.

Physical Disabilities

The housing needs of persons with physical disabilities are wide-ranging. The Delaware Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) is working to move individuals with physical disabilities into their own homes. One program, called the Nursing Home Transition Program (formerly Delaware Passport to Independence) has counseled many persons living in 43 of the 45 nursing homes in the state about community options. The Minimum Data Set compiled by the Center for Medicaid and Medicare Services for the 2nd quarter, 2007, indicates that 20.4% or 792 of 3,885 people living in nursing homes indicate a preference to return to the community. The data does not indicate whether affordability issues or attendant care needs prevent their transition.

From April through December 2006, DSAAPD received 188 requests for information about housing. This number may be interpreted as a reflection of the overall housing need of persons with disabilities.

Further, as of January 2007, DSHA reported 82 households on the waiting list for units that identified a disability. The Dover Public Housing Authority reported 35 persons on its waiting list; Wilmington Housing Authority reported 193 on its waiting list.

Developmental (Mental) Disability

The Delaware Division of Developmental Disabilities Services (DDDS) is the state agency charged with the responsibility to address the needs of persons with mental retardation and developmental disabilities.

The DDDS registry is an internal database used to identify the service needs of individuals deemed eligible for DDDS. It is based on a risk assessment that prioritizes those in need of residential placement and is used to identify the need for other critical services. These persons generally have income equivalent to SSI benefits. In June 2007, DDDS reported 88 persons residing at Stockley Center, 28 in supported living, 173 in shared living arrangements (previously foster care), 472 residing in DDDS-supported neighborhood homes, and 168 in apartments and 42 in "other" undefined living arrangements.

Analysis of the DDDS registry data conducted in July 2007 indicates 1,370 individuals with developmental disabilities in need of affordable rental housing, 99% of whom have income below 30% of median income for their current county of residence. Nearly 55% (747) of the individuals were located in New Castle County; 23% (309) in Kent County; and 23% (314) in Sussex County. All would require on-site support; 163 would require wheelchair accessible units; 149 would require sensory adaptations.

DDDS expects to be able to serve 375 clients over the next five years based on budget constraints as of 2007. These clients will be placed in various housing situations including group homes, apartments, shared living and supported living based on their choice.

Mental Health Disabilities

The Delaware Division of Substance Abuse and Mental Health (DSAMH) is the state agency that administers programs addressing the needs of persons with emotional disabilities. Using the estimation methodology published by the Center for Mental Health services, DSAMH estimates a 12-month prevalence of adults with serious mental illness residing in Delaware is 33,736. The prevalence of adults with severe and persistent mental illness is estimated at 16,860. In FY2006, 5,805 unduplicated adults with serious mental illness were receiving mental health services provided by DSAMH. Of this number, 2,469 unduplicated adults with severe and persistent mental illness received clinic-based and intensive community support services through DSAMH.

DSAMH supports a variety of group homes, supervised apartments and rental subsidy programs statewide. DSAMH supports these programs directly via Community Continuum of Care Programs (CCCPs) and indirectly by contracting with local providers such as Connections CSP, Inc., Brandywine Counseling, Inc., Horizon House, Inc., Fellowship Housing Resources, Inc. and NAMI-Delaware. This inventory of supported housing includes 14 group homes serving 114 residents and eight supervised apartment programs serving 82 residents (196 total). In addition to the DSAMH units, NAMI-DE and other nonprofit organizations provide housing for persons with mental illness using HUD Section 811 and other funds.

DSAMH also supports the Projects for Assistance in Transition from Homelessness (PATH) program, an aggressive outreach program. PATH assists individuals in accessing entitlements, emergency food, educational supports such as GED programs and employment. The program assists individuals with a full range of housing services including access to temporary shelter, housing-related entitlements/subsidies, security deposits and assistance in obtaining permanent/semi-permanent housing.

Although Delaware provides consumers with a continuum of options, there are still unmet housing needs for the mentally ill. NAMI-DE maintains a waiting list of persons seeking housing. Their list, as of June 2007, included 61 persons in New Castle County, nine persons in Kent and four in Sussex. Mental illness is a major risk factor for homelessness and persons with mental illness are consistently overrepresented in the homeless population. Over 40% (123 of 294) individuals who met the definition of chronically homeless as of the Point-in-Time Study conducted January 2006 had a self-reported serious mental illness. A total of 469 individuals (25.6% of the total) counted in the Point-in-Time Study reported a serious mental illness.

Community support services beyond the simple provision of housing are a critical component of a successful strategy for addressing the needs of this special population.

Actions to Address Housing Needs for Persons with Disabilities

DHSS is the key state agency for administering state and federal programs that impact persons with disabilities, however many groups have been exploring housing needs for this population. Outreach was conducted through the Governor's Commission on Community-Based Alternatives for Individuals with Disabilities, which was created by Executive Order 50 and signed by Governor Ruth Ann Minner in September 2003. The purpose of the Commission is to make recommendations on ways to improve state infrastructure, systems, supports and services to maximize community inclusion for persons with disabilities. Membership of the Commission includes the state legislature; state agencies; advocacy groups, consumers and providers of services to individuals with disabilities.

The Commission has adopted goals and objectives that will assist persons with disabilities integrate into the community. The very first of these goals relates to housing:

Housing Goal 1 – Ensure there are a sufficient number of safe, affordable, integrated and accessible housing options for individual with disabilities. The eight objectives that aim to achieve this goal are as follows:

- Establish a coordinated system to develop, administer and implement housing programs for people with disabilities through a streamlined voucher process to be used by Public Housing Authorities within a statewide housing plan;
- Create a directory of rental opportunities;
- Maintain a stock of vouchers and affordable housing units;
- Create new housing options;
- Include input of people with disabilities in the Delaware Statewide Housing Needs Assessment;
- Increase access to homeownership;
- Develop and implement Division of Services for Aging and Adults with Physical Disabilities housing options; and
- Ensure a range of in-home services and supports, including Personal Attendant Services (PAS); in-home medical, non-medical, and personal care needs; and behavioral health services.

The full report may be accessed through the Commission's website at www.udel.edu/ccba.

Homeless Needs

The DICH released *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* in February 2007. To complete the Plan, the DICH used quantitative and qualitative data.

The primary data sources utilized were the HPC's Point-in-Time Study conducted on January 26, 2006, supplemented by information obtained in the January and August 2005 counts, and data collected through the Delaware Homeless Management System (DE-HMIS).

Additional data included the City of Wilmington Consolidated Plan, U.S. Bureau of Census data, and information from focus groups of providers and homeless persons that were conducted in all three Delaware counties. Also considered was input from key informants, including thirteen providers of emergency, transitional, and permanent supportive housing statewide; the Projects for Assistance in Transition from Homelessness (PATH) providers who conduct homeless outreach and services linkage for persons with mental health and substance use conditions; and all of the providers funded through HUD's Supportive Housing Program (SHP) in Delaware. Finally, extensive research of evidence-based practices and studies were reviewed to see how Delaware compared and to develop methodologies for projecting homeless persons.

During the January 26, 2006 homeless Point-in-Time study, 1,834 homeless persons were counted in Delaware.

Homeless Subpopulations in Delaware, 2006 Point-in-Time Count

	Sheltered	Unsheltered	Hotel/Motel	Doubled-Up	Total*
Chronically Homeless	224	70	N/A	N/A	294
Seriously Mentally Ill	380	57	9	23	469
Chronic Substance Use	410	90	5	32	537
Veterans	116	66	3	23	208
Domestic Violence Victims	78	6	4	7	95
Children in Families	190	8	37	44	279
Unaccompanied Youth	10	N/A	N/A	N/A	10

Source: Homeless Planning Council of Delaware

Note: Because individuals are counted in multiple subcategories, the total number reflected in the table exceeds the total Point-in-Time count.

Using the method described in *Estimating the Need: Projecting from the Point-in-Time published by the Corporation of Supportive Housing*, the HPC estimates that over the course of

one year, there are 6,758 homeless persons in Delaware. Of those, 73% are in New Castle County; 13% are in Kent County; and 14% are in Sussex County.

Of the estimated 6,758 homeless people in Delaware, it is further estimated that 337 meet HUD's definition of chronically homeless. Follow-up studies of the housing needs of persons served by the state agencies and other programs showed that additional individuals are at-risk of chronic homelessness for a total population of 2,003 people.

There is an unmet need for units to cover the gap between the 1,834 persons identified and the 1,366 beds available in the system. The DICH has set as a goal to produce new housing to fill the unmet need for chronically homeless individuals and those at-risk of chronic homelessness.

A combination of new construction of 648 new supportive housing units and 1,000 rental subsidies is needed to adequately house approximately 2,000 people who are chronically homeless or at risk of chronic homelessness. The need identified by the DICH was developed independently of, and are in addition to, the projected demand for 1,489 new affordable rental units for people with low- and moderate-incomes but who do not need supportive housing.

These units and subsidies will serve persons with incomes below 30% of MFI who have diagnosable mental health conditions, substance use conditions, physical disabilities including HIV/AIDS, and/or developmental disabilities, who have been homeless, or who pay more than 50% of their income for rent. The timetable for implementation of this plan is through 2017.

In addition to housing, a number of barriers were identified that make it difficult for many people who are homeless to access appropriate housing. These barriers include the following:

- Lack of income;
- Poor credit history;
- Criminal background history;
- Behavioral health issues;
- Lack of mailing address;
- Literacy problems.

DICH Recommended Housing (#Beds) by Need and Client Type

Need	Client Types	Delaware	New Castle County	Kent County	Sussex County
New units of permanent housing for people with extremely low or no income to accommodate chronically homeless persons who are unsheltered, living in emergency or transitional housing.	Mental Health, Substance Use or other disability	294	215	32	47
New units of permanent housing for people with extremely low or no income to accommodate persons with mental health disorders who are currently unsheltered, living in emergency or transitional housing or living in the Delaware Psychiatric Center because they lack alternative housing with adequate supports.	Mental Health	99	72	10	17
New units of permanent housing and Safe Haven beds for people with extremely low or no income with substance use disorders who are unsheltered, living in emergency or transitional housing.	Substance Use	215	110	52	45
Rental subsidies that can provide housing for persons with substance use and mental health conditions.	Persons with mental health and substance use conditions, including those served in the DHSS CCCP	600	438	60	102
Rental subsidies that can provide housing for youth transitioning from foster care.	Youth leaving foster care. Vouchers are good for five years	200	146	20	34
Rental subsidies that can provide housing for persons re-entering from prison.	Offenders leaving prison with no housing options	200	146	20	34
New units of supportive transitional and permanent housing designed to serve youth exiting foster care.	Youth Exiting Foster Care	10	10	0	0
New units of permanent housing needed to accommodate families where the head of household has a diagnosable mental health or substance use disorder and is accompanied by his/her children.	Families with Mental Health or Substance Use conditions	18	18	0	0
Rental units of permanent housing needed to accommodate families where the head of household has a diagnosable mental health or substance use disorder and is accompanied by his/her children.	Families with Mental Health or Substance Use Conditions	12	0	6	6
Homeless Service Centers with immediate response capacity and temporary beds where persons can be admitted with no wait while screening, intake, and housing locator services are completed.	Individuals, including chronically homeless, with multiple challenges	25	18	2	5
Funding of match for existing SHP programs to maintain the 'floor' of housing for homeless and chronically homeless persons that currently exists.	Individuals, families, and youth exiting foster care; persons with HIV/AIDS, substance use and mental health conditions	330	314	10	6
	TOTAL Beds Needed	2003	1495	212	296

Source: Delaware Interagency Council on Homelessness

Lead-Based Paint

The rehabilitation costs of deteriorated properties can be exceptionally costly, particularly if health, safety or environmental issues such as lead-based paint abatement arises. In older homes, this issue is common, considering that 51% of the 2000 housing inventory in Delaware was constructed before 1980. Lead-based paint regulations designed to reduce the amount of lead in paint were not enacted until 1978. This places over half of the housing in Delaware at risk of having lead-based paint. In order to address this potential threat, the State, all three counties and the four communities have regulations relating to lead-based paint issues.

The guidelines were established to address lead-based paint issues in existing housing rehabilitation programs. The Division of Public Health (DPH) enforces a lead-based paint abatement program. Children diagnosed with lead poisoning by public health centers are referred to a state lead-based paint inspector who will inspect the affected property. If lead is present, abatement is required. Since it is not uncommon to find low- and moderate-income households residing in older and poorly maintained housing stock, there is a greater risk among these households for exposure to lead-based paint.

Housing Market Analysis

Homeownership

Homeownership trends are an important part of understanding Delaware's housing situation. The 2000 Census reported 216,046 owner-occupied units in the state, which represents 72.3% of the occupied housing stock. From 2000 to 2005, owner-occupied units increased by 13,814, rising to 72.4% the rate of units occupied by owners. The rate of homeownership in Delaware continues to surpass that of the national average of 66.9%.

The 2005 ACS reports 3,616 vacant for-sale units in Delaware, which is just 1.6% of non-rental units. A preferable vacancy rate would fluctuate between 3 – 5% allowing some mobility for households who are moving. The low vacancy rate may have a negative impact on housing affordability because of a small number of available units in the marketplace at any given time.

While Sussex County's rate of homeownership declined from 80.7% in 2000 to 78% in 2005, it still has the highest rate of homeownership among all counties in Delaware. The older population that is migrating to Sussex County supports the higher rate of homeownership. Older households, who are generally wealthier, own housing at higher rates than younger households.

New Castle County, which has the highest incomes and the most racially diverse population, has the lowest rate of homeownership at 70%. The rate of homeownership is virtually unchanged since 2000.

Kent County homeownership rate increased from 70% to 73.4%. Kent County has the largest percentage of households ages 20 to 34, the age range most often associated with family formation and related homeownership decisions.

Change in Owner-Occupied Housing Supply

	Housing Units		Owner-Occupied Units		Vacant For-Sale Only Units	
	Total	Occupied	Total	% Occupied	Total	% of Owner-Occupied Units
New Castle County						
2000	199,521	188,935	132,493	70.1%	1,801	1.4%
2005	209,952	193.255	135,270	70.0%	1,203	0.9%
% Change	5.2%	2.3%	2.1%	(0.2%)	(33.2%)	(34.6%)
Kent County						
2000	50,481	47,224	33,048	70.0%	582	1.8%
2005	58,161	53,731	39,456	73.4%	122	0.3%
% Change	15.2%	13.8%	19.4%	4.9%	(79.0%)	(82.4%)
Sussex County						
2000	93,070	62,577	50,505	80.7%	1,379	2.7%
2005	107,199	70,654	55,134	78.0%	2,291	4.2%
% Change	15.1%	12.9%	9.2%	(3.3%)	66.1%	52.2%
Delaware						
2000	343,072	298,736	216,046	72.3%	3,762	1.7%
2005	375,232	317,640	229,860	72.4%	3,616	1.6%
% Change	9.4%	6.3%	6.4%	0.1%	(3.9%)	(9.7%)
City of Wilmington						
2000	32,138	28,617	14,347	50.1%	508	3.5%
2005	32,211	26,770	13,155	49.1%	n/a	n/a
% Change	0.2%	(6.5%)	(8.3%)	(2.0%)	n/a	n/a

The 2005 ACS reported that 86.6% (199,012) of the owner-occupied units in Delaware were single-family units. The high percentage of owner-occupied units in the single-family dwelling category demonstrates the preference for detached and semi-detached single-family dwellings among owner households. Just 2.1% (4,871) of the owner-occupied housing units were located in multi-family structures, while 11.3% (25,884) were manufactured homes.

Change in Owner-Occupied Housing by Unit Type -2005

		Single Family		Multi-Family		Manufactured Homes		Other	
	Total Owner Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied
New Castle County									
2005	135,270	126,339	93.4%	4,074	3.0%	4,803	3.6%	54	0.040%
Kent County									
2005	39,456	31,896	80.8%	121	0.3%	7,439	18.9%	0	0.000%
Sussex County									
2005	55,134	40,777	74.0%	676	1.2%	13,642	24.7%	39	0.071%
Delaware									
2005	229,860	199,012	86.6%	4,871	2.1%	26,884	11.3%	93	0.040%
City of Wilmington									
2005	13,155	11,977	91.0%	1,178	9.0%	0	0.0%	0	0

Housing values in Delaware increased substantially from 2000 to 2005. The 2005 ACS reports that the median value in Delaware was $203,800, an increase of 67% since 2000. Had median value increased at the rate of inflation, in 2005 (using the Consumer Price Index) it would be just $138,366. Since 2000, units valued under $100,000 decreased from about 36% of the units to just 17% of the units. The number of units valued at $500,000 or more increased from 1.4% to 6.1%.

Given rapidly increasing housing costs of recent years, affordability for low-income households, which is an ongoing concern, has become more precarious. Low-income households are those whose income is at or below 80% of MFI as estimated by HUD. As a result of employment and wage trends, in many instances, the workers who play integral roles in sustaining their local economies fall within this income classification. As housing prices have increased at a faster rate than incomes, workforce households are increasingly experiencing housing challenges.

The rate of cost-burdened homeowners in Delaware went up dramatically between 2000 and 2005 from 34,047 units to 54,525 units, an increase of 60.1%. Housing costs that exceed 30% of gross household income are considered excessive, and households paying above that threshold are classified as cost-burdened. Increasing numbers of Delaware's households have housing costs that exceed their available resources. Cost-burden is of particular concern among low-income households who have fewer housing choices. When a low-income household pays higher proportions of its income for housing, it often has to cut back on other basic necessities such as food, clothing, and health care. Households that are cost-burdened ultimately may have trouble maintaining their dwelling.

Homeownership Demand

The 2005 ACS reported that statewide, there were 317,640 households. Projections indicate that through 2012 there will be a greater percentage increase in households than persons. The trend toward smaller households is a reflection of the changing composition of households, resulting from deferred age of first marriage, single-parent families and increased divorce rates.
The need for homeowner units in Delaware is a function of the growth in the number of households due to natural increase and in-migration. Homeownership need is also affected by the number of households moving between homes within the state during the year. The need for homeowner housing is augmented by the need to replace units lost to demolition. It is anticipated that Delaware's overall rate of homeownership will continue to increase.

With the already high rate of homeownership in the state, it is projected that the rate of increase in homeownership in Delaware over the next five years will not be as fast as in previous decades.

To forecast the types of households that will be in the market in Delaware as homebuyers, they were differentiated into groups likely to have similar incomes and housing preferences. The are as follows:

- ***Low Income Homebuyers*** – These are households with an annual income of under $25,000. Low-income homebuyers are seeking the lowest price homes and include all age groups up to age 65.

- ***First-time Homebuyers*** – are generally younger households consisting of those age 25 – 44 years old. First-time homebuyers have annual incomes from $25,000 to 115% of HUD area median family income (MFI) for 2007.

- ***Affordable Homebuyers*** – are those who generally do not fit the profile of first-time homebuyers due to age. These are households age 45 – 64 years old seeking units in the same price range as the first-time homebuyer.

- ***Move-up Homebuyers*** – are households relocating from existing homes and from out of state. Move-up homebuyers have annual incomes over 115% of the area MFI up to $125,000 and are looking to move into larger homes. Young professionals purchasing their first home may also be Move-up homebuyers, but the housing is more expensive than the typical starter home. These homebuyers are in all age brackets from 25 – 64 years old.

- ***Elderly Homebuyers*** – are households age 65 and over with annual incomes up to $125,000. Elderly homebuyers are seeking housing alternatives in order to reduce the size of their dwelling, reduce maintenance on a dwelling or to move closer to family. The elderly homebuyers are projected to be a growing segment of the population in Delaware.

- ***High-Income Homebuyers*** – encompass households with annual incomes in excess of $125,000 and include households at any age who may be seeking the most expensive homes.

The Needs Assessment reports on the demand for year-round housing for the additional households in Delaware from 2008 – 2012. It does not include housing that may be used as second homes for seasonal use in the state. It is estimated that statewide, nearly 70% of the total 47,881 unit demand will be absorbed by existing homes. The remainder will be met by new construction or manufactured homes. Combined, the above first-time and affordable homebuyer groups will comprise demand for 6,000 units. An estimated 15% of new construction units will need to be affordable to these buyers. It is important to note that the projections for homeownership demand is based on current market conditions and could change substantially if there are fluctuations in economic conditions, the real estate market and mortgage interest rates.

In summary, New Castle County's total homeownership demand from 2008 to 2012 is projected to be about 20,386, which includes the City of Wilmington and the City of Newark. It is projected that over 84 percent of the homeownership demand will be addressed through existing units. About 1.2% of the homeownership demand, or 249 households, will consist of first-time homebuyers and affordable homebuyers.

In Kent County, total homeownership demand from 2008 to 2012 is projected to be about 12,729, which includes the City of Dover. Over 52.7% of the homeownership demand will be addressed through existing units. About 27.5% of the homeownership demand, or 3,502 households, will consist of first-time homebuyers and affordable homebuyers.

In Sussex County, total homeownership demand from 2008 to 2012 is projected to be about 14,766, which includes the Town of Georgetown. About 64% of the homeownership demand will be addressed through existing units. More than 20% of the homeownership demand, or 3,001 households, will consist of first-time homebuyers and affordable homebuyers. In Sussex County, elderly homebuyers are projected to be the largest segment of the market through 2012.

Rental

The 2000 Census reports that 82,690 of the rental units in Delaware were renter-occupied, representing 27.7% of the State's occupied housing stock. By 2005, renter-occupied units had increased by 5,082 to 87,780, an increase of 6.1%.

Change in Rental Housing Supply – 2000, 2005

	Housing Units		Renter-occupied Units		Vacant For-Rent Units	
	Total	Occupied	Total	% Occupied	Total	% of Total Rental Units
New Castle County						
2000	199,521	188,935	56,442	29.9%	4,572	8.1%
2005	209,952	193.255	57,985	30.0%	6,099	10.5%
% Change	5.2%	2.3%	2.7%	0.1%	33.4%	29.8%
Kent County						
2000	50,481	47,224	14,176	30.0%	1,120	7.9%
2005	58,161	53,731	14,275	26.6%	1,064	7.5%
% Change	15.2%	13.8%	0.7%	(3.5%)	(5.0%)	(5.7%)
Sussex County						
2000	93,070	62,577	12,072	19.3%	1,724	14.3%
2005	107,199	70,654	15,520	22.0%	1,850	11.9%
% Change	15.1%	12.9%	28.6%	2.7%	7.3%	(16.5%)
Delaware						
2000	343,072	298,736	82,690	27.7%	7,416	9.0%
2005	375,232	317,640	87,780	27.6%	9,013	10.3%
% Change	9.4%	6.3%	6.2%	0.0%	21.5%	14.5%
City of Wilmington						
2000	32,138	28,617	14,270	49.9%	1,247	8.7%
2005	32,211	26,770	13,615	50.9%	n/a	n/a
% Change	0.2%	(6.5%)	(4.6%)	1.0%	n/a	n/a

As represented by type and units per structure, the renter-occupied housing stock in Delaware is more diverse than the owner-occupied housing. The 2005 ACS reported that about 58% or 48,944 of the renter-occupied units in Delaware were in multi-family units, 38% or 33,339 in single-family units and 6% or 5,224 were manufactured homes.

A greater percentage of Kent and Sussex Counties renter-occupied housing units are in single-family structures than in multi-family structures. This is representative of the more rural character of the two counties. Similarly, both counties have a higher percentage of rental manufactured homes.

The 2005 ACS reports that, statewide, median gross rent was $793 per month. This represents an increase of 24.1% since 2000 when the U.S. Census reported a median gross rent of $639 per month. Had median gross rent increased at the rate of inflation, it would be $724 in 2005. Since 2000, units with gross rent of less than $500 per month decreased from about 26% of the units to 15% of the units. Units with gross rent at or above $1,000 per month increased from about 9% to about 24%.

The 2005 ACS reported that 37,263 renter households in Delaware were cost-burdened. This represents an increase of 32.5% from the 28,128 units reported in 2000. Although significant, the increase in cost-burdened renters was not as dramatic as among homeowners.

The Needs Assessment reviewed data to determine the assisted renter housing units that may be lost to conversion to market units in Delaware through 2012. Once contracts and/or mortgages expire, property owners have the option to convert the units to market rate. Statewide, up to 4,604 assisted rental units may be lost due to conversion to market rate units. Units potentially lost include 3,214 for families and 1,390 for the elderly. The assisted units that may be lost to conversion by 2012 are 34% of the assisted rental housing units currently in Delaware.

Rental Demand

Forecasting demand for additional rental housing units affordable to low-income to moderate-income households (households with income at or below 80% of area MFI) is based on the existence of at-risk renters and the formation of new renter households. The new rental growth is calculated using age and income growth projections.

There are, however, other influences in the market that impact demand for expanding the supply of affordable units in Delaware, including but not limited to:

- Existing vacancy rates in the marketplace;
- Units in production and approved for funding;
- Units potentially lost due to conversion;
- Available supply of affordable units by type;
- Current lease-up rates of new developments; and
- Number of cost-burdened renter households, substandard units, or overcrowded units.

Based on available information and existing economic conditions at the time, the Needs Assessment determined a demand of 1,489 rental units. A realistic demand of at-risk renters who are most likely to need new units is 1,132. Projected growth of new renter households within age and income categories accounts for 357 units.

Homeless Facilities

As identified in *Homelessness in Delaware: Twenty Years of Data Collection and Research*, there are numerous organizations in Delaware which help house homeless individuals and families. The system consists of a blend of emergency shelter, transitional housing and permanent supportive housing.

To further define:

- ***Emergency shelters*** are programs that offer short term (30 – 60 day) access to a bed and food and some amount of case management services.
- ***Transitional housing*** programs offer housing for a longer period of time, typically 18 to 24 months, and also provides clients with a variety of services that address their needs and problems so that they will be better able to live independently in the community.
- ***Permanent supportive housing*** couples rapid access to long-term affordable housing with wrap-around supportive services to help people with disabling conditions, including those who are chronically homeless, to get and keep long-term affordable housing that meets their needs.

Throughout Delaware there are 77 emergency shelter, transitional housing and/or permanent supportive housing programs operated by 28 agencies. To supplement these programs, there are four motel voucher programs that operate throughout the state.

In addition to shelter-based programs, there are a significant number of non-shelter service providers that target their services to homeless persons or families. These non-shelter services include: day centers, substance abuse counseling, mental health counseling, HIV/AIDS testing and treatment, food and clothing, case management, job training and placement, and medical care.

In 2006 there were a total of 640 emergency shelter beds available across the state, which includes the motel voucher programs. Further, there were 619 transitional housing beds and 277 units of permanent supportive housing. The following is a breakdown of the number of beds by type and location.

Number of Beds by Type and Location

Type of Facility	Sussex	Kent	New Castle	Statewide	Total
Emergency	54	116	370	100	640
Transitional	83	102	434	0	619
Permanent Supportive	6	10	261	0	277
Total	143	228	1,065	100	1,536
Percent	9.3%	14.8%	69.3%	6.5%	100.0%

Special Needs Facilities and Services

The Olmstead decision of the Supreme Court (1999) "encourages states to develop plans to ensure that programs and services provided by the state promote community integration for individuals with disabilities rather than institutionalization."

DSHA staff is active in working with the Governor's Commission on Community-Based Alternatives for Individuals with Disabilities. To identify affordable housing options for persons with disabilities, the Lewin Group was contracted to evaluate the manner in which individuals access services – either in institutions or in the community – and whether there exist policies or procedures that favor institutional placement over home and community-based alternatives.

The report also reviewed state initiatives on rebalancing and modeled the potential financial impact of Delaware's adoption of a Money Follows the Person program. Essentially, under a Money Follows the Person program, the funding that would have supported a person in an institution becomes available for covering his or her services and supports in the community.

The resulting report, *Money Follows the Person Study*, outlines various options for moving persons from Long-term Care (LTC) to community-based housing. Delaware applied for and was selected for a Money Follows the Person Demonstration project in 2007. The Money Follows the Person Demonstration project, *Finding a Way Home*, is administered by DHSS with partial federal funding from the Centers for Medicare and Medicaid Services (CMS). The program will seek to transition 100 persons from LTC facilities over five years. The Housing Subcommittee of the Commission has defined a goal to provide housing to 2,123 individuals of the 2,985 currently homeless (identified through their own research) residing in institutions or at-risk of institutionalization.

The Governor's Commission on Community-Based Alternatives for Individuals with Disabilities identified affordable housing as the number one priority of the Commission. The Housing Subcommittee of the Commission has outlined a five-year plan to encourage community alternatives for persons with disabilities. The Plan encourages a continuum of community alternatives, but virtually all will include housing assistance due to the low incomes of the people being served.

Barriers to Affordable Housing

Barriers to affordable housing may include bureaucratic procedures, codes and standards, land use controls, financial barriers, lack of financial resources by housing providers, lack of coordination of resources and scattered growth, which drives up infrastructure and housing costs. In addition, some families and individuals face barriers to fair housing choice because of the lack of access or lack of availability to affordable housing.

The following barriers, as identified in the Needs Assessment, are not all-inclusive, but based on interviews with for-profit and nonprofit developers, public and private agencies and various reports and documents.

- ***Income and Rent Levels*** – In Kent and Sussex Counties, the low-income levels hinder the financial viability of developing affordable housing without deep development and rental subsidies. Although development and operating costs are similar in all three counties in Delaware, there is a disparity in the amount of income to be derived from rents, thus resulting in less viable projects.
- ***Land Costs and Availability*** – Land costs have increased substantially over the past years in Delaware, making it difficult to maintain affordability.
- ***Pre-development Funds*** – There is a need for additional "seed" money for nonprofit developers to cover up-front costs associated with development.
- ***Limited Resources*** – Development costs keep increasing, thus requiring deeper development subsidies. Resources such as federal HOME funds and tax credits are limited and often not sufficient to fund needed units.
- ***Mixed-income Resources*** – There is a lack of resources to create a mixed-income environment and supportive housing for persons with disabilities.
- ***NIMBYism*** – Many areas within the state have a "Not in My Back Yard" attitude. Residents fear that higher density, affordable housing will decrease their property values. Vocal community opposition at public hearings often causes developers to fail in their attempt to obtain zoning relief needed to proceed with the creation of affordable housing.
- ***Demographics*** – Although a need may exist for affordable units in rural areas, the demographics do not support large scale development, therefore limiting economy of scale and financial viability of creating new units. Rural areas often lack adequate infrastructure to service high density multi-family housing. Development of the infrastructure adds substantially to the cost of the housing.
- ***Blighted Properties*** – Lack of property maintenance in certain urban and rural areas deters private investment from older communities that have a higher density housing stock that could become a viable source of affordable housing.
- ***Unfunded Mandates and Regulations*** – Public policies that address important public health and welfare issues can also drive up costs. Federal requirements to address lead-based paint hazards deter many from investing in the rehabilitation of older housing.

Strategic Plan

The Strategic Plan presents Delaware's strategies and objectives housing and community development needs. There are several overarching issues that Delaware will continue to evaluate and address during the period covered by this Consolidated Plan. These issues include the age and condition of Delaware's affordable housing stock, achieving and maintaining homeownership, barriers to affordable housing development and the growing need for housing linked to supportive services.

The State of Delaware set forth the following priorities based on the Needs Assessment and DSHA's core businesses:

- Preserve and expand Delaware's stock of affordable rental housing;
- Assist Delaware families to achieve and sustain homeownership;
- Assist families to become economically self-sufficient and move from assisted to unassisted housing;
- Assist in ending homelessness and ensure that those at risk of homelessness have access to affordable, integrated, supportive housing options; and
- Assist local jurisdictions in strengthening communities and providing quality, affordable housing opportunities to current and future populations.

Affordable Housing

Since need exists throughout Delaware, the State will not target its funds to certain jurisdictions except as established by law. For example, the State's allocation of CDBG, ESG and HOPWA funds may only be used in non-entitlement areas or specifically Kent and Sussex Counties. The HOME funds may be used throughout the State.

The priorities are set to reflect the desire to address the needs of Delawareans as defined by the Needs Assessment. They are intended to guide the expenditure of the federal resources governed by this Strategic Plan (CDBG, HOME, ESG and HOPWA). The use of federal housing and community development funds should emphasize benefit to low- to moderate-income Delawareans.

Priority 1: Preserve and expand Delaware's stock of affordable rental housing.

Given the number of Delaware households with housing burdens, it is critical to preserve existing affordable units that might otherwise convert to market-rate at the end of their affordability period. It was determined that 4,604 project-based Section 8, LIHTC or Rural Development sites could potentially face loss of subsidy or affordability restrictions from 2008-2012. An additional 2,259 assisted rental units are estimated in need of rehabilitation. Together, these 6,863 units are half of Delaware's existing assisted housing stock.

Furthermore, there is a need for 1,489 new assisted rental units over the next five years to meet demand among new households and existing at-risk households. Extremely low-income households, whose income is under 30% of MFI, need 1,132 of these units.

Strategy: Preserve the affordability and physical condition of the existing rental housing stock for low- and very-low income Delawareans.

Objective/Outcome: Utilize the HDF, HOME and LIHTC for refinancing and rehabilitation of Section 8 New Construction, LIHTC developments and other at-risk assisted housing sites.

Strategy: Expand access to affordable housing by adding to Delaware's assisted rental housing stock.

Objective/Outcome: Create newly assisted units via new construction, rehabilitation of vacant structures or conversion of market-rate substandard housing to rehabilitated assisted housing. These units will be created utilizing the HDF, HOME and LIHTC programs.

The number of units for these two strategies will be counted and measured against the five-year goal set at 1,575 units for construction and/or rehabilitation. However, the actual breakdown in each category is undetermined, as it depends on the developers' applications for DSHA funds. Moreover, yearly accomplishments will be dependent upon funding levels from the state and federal governments for the programs.

Strategy: Manage a portfolio of 4,667 Project-Based Section 8 and 6,157 LIHTC units, monitoring for physical condition, financial condition and fulfillment of contract obligations.

Objective/Outcome: Preserve 2,263 Project-based Section 8 units through renewal of Housing Assistance Payment (HAP) contracts thereby preserving approximately $18,000,000 in annual subsidy value.

Obstacles to meeting underserved needs

The greatest obstacle to meeting underserved needs is the lack of resources available to provide affordable housing. In addition, development costs keep increasing, thus requiring deeper development subsidies. Resources such as HOME funds and tax credits are limited and often not sufficient to fund needed units. Further, land costs have increased substantially over the past years in Delaware, making it difficult to maintain affordability. Delaware's greatest construction need is for households with incomes below 30% of median. Other than UDSA Rural Development, there are essentially no federal programs to produce or subsidize new units for this population. Serving this population with existing programs proves to be very difficult.

Priority 2: Assist Delaware families to achieve and sustain homeownership.p

Homeownership builds wealth, stabilizes communities and encourages people to become more involved in the life of their communities. It is projected in the Needs Assessment that 6,332 first-time homebuyers will be in the market over the next five years.

> ***Strategy:*** Assist Delaware families to achieve homeownership with below-market mortgage financing and downpayment and closing cost assistance.
>
> ***Objective/Outcome:*** This strategy will be implemented through the Single Family Mortgage Revenue Bond Program, the Delaware Housing Partnership and the Live Near Your Work (LNYW) Program. DSHA anticipates assisting 5,000 families with below-market interest rate mortgage assistance and 2,300 families with downpayment and closing cost assistance.
>
> ***Strategy:*** Support homeownership counseling and outreach to underserved populations.
>
> ***Objective/Outcome:*** DSHA anticipates over 1,950 families will be assisted with homeownership counseling from 2008-2012 with funding from the HDF.
>
> ***Strategy:*** Provide funding for affordable homeownership development, including new construction and acquisition rehabilitation.
>
> ***Objective/Outcome:*** DSHA anticipates assisting 125 families from 2008-2012 with funding from the HDF.

Foreclosures in Delaware have risen sharply in 2006 and 2007. In the second quarter of 2007, 8,458 mortgages in Delaware were seriously delinquent, compared to 5,393 in the second quarter of 2006. This represents an increase of 57%.

> ***Strategy:*** Participate in the statewide efforts to assist families to maintain homeownership and avoid foreclosure.
>
> ***Objective/Outcome:*** Through the Delaware Emergency Mortgage Assistance Program (DEMAP), DSHA anticipates assisting 350 homeowners over the next five years avoid foreclosure.

It was estimated in the Needs Assessment that 8,135 owner-occupied homes in Delaware are in substandard condition. As defined in the Needs Assessment, a substandard housing unit is one that is deficient in at least two structural systems and is in need of substantial rehabilitation in order to make it structurally sound, safe and habitable.

> ***Strategy:*** Assist Delaware homeowners to maintain their homes.
>
> ***Objective/Outcome:*** This strategy will be accomplished through the CDBG, HOME and Housing Rehabilitation Loan Program (HRLP) and assist 625 homeowners from 2008-2012.

Strategy: Provide funding for emergency repairs.

Objective/Outcome: Through the HDF, provide funding to assist 1,000 homeowners with emergency repairs.

Obstacles to meeting underserved needs

Swift increases in housing prices have led to little stock being affordable to low- and moderate-income households. The greatest challenge to attaining homeownership is generally cost of homes, which exacerbates other challenges like getting an appropriate mortgage and having enough funds for closing costs and downpayment. Homeownership was supported in recent years through low-interest rates and extremely-accessible financing. These factors are likely to change as interest rates increase and underwriting is tightened in the wake of the subprime fallout.

Priority 3: Provide access to high-quality, affordable housing and aid families to move from assisted to unassisted housing.

DSHA is the Public Housing Authority for Kent and Sussex Counties with the exception of the City of Dover. DSHA owns and operates 518 units of Public Housing located throughout both counties and administers 905 Housing Choice Vouchers subsidizing rent in private-sector housing. DSHA participates in HUD's Moving to Work (MTW) demonstration program, whose purpose is to give flexibility to design and test various approaches to providing and administering housing assistance that accomplish three primary goals: reduce costs and achieve greater cost effectiveness; give incentives to families to obtain employment and become economically self sufficient; and to increase housing choices for low-income families. DSHA's MTW program is a five-year time-limited program, whose goal is to establish positive work and budget habits over the time in the program, which will serve the family as they transition to unsubsidized housing.

Strategy: Through case management and incentives, assist families to become economically self-sufficient.

Objective/Outcome: Provide or facilitate the delivery of social, educational and other supportive services and programs for DSHA residents. Outcomes will be measured by the number of families moving to unassisted housing. DSHA anticipates assisting 250 families over the next five years.

Strategy: Provide access to housing opportunities for low-income families, elderly and individuals with disabilities.

Objective/Outcome: Manage and maintain 518 units of high-quality Public Housing and 905 Housing Choice Vouchers in Kent and Sussex Counties. Preserve Huling Cove via refinancing and rehabilitation. The number of units maintained and the number of units rehabilitated will be tracked. Vouchers will be tracked for 100% utilization.

Strategy: Improve access to Public Housing and Housing Choice Vouchers through eHousing.

Objective/Outcome: Conduct ongoing evaluation and improvement to eHousing online application for housing. DSHA will continue to pursue the possibility of a statewide shared online application and waiting list.

Obstacles to meeting underserved needs

General economic conditions can have an adverse impact on the ability of families to increase their incomes and achieve financial independence. Employment opportunities, affordable daycare with evening and weekend hours, and transportation are all frequent barriers for MTW participants.

Moreover, stagnant funding for public housing creates cash flow problems for sites and puts their physical condition in jeopardy. Utilizing reserves from other programs is not a viable permanent solution.

Priority 4: Assist in ending homelessness in Delaware and ensure that those at-risk of homelessness have access to affordable, integrated, supportive housing options.

On any given night, more than 1,800 people are homeless in Delaware, which equates to over 6,700 over the course of a year. It was determined by the DICH that 648 units of supportive housing and 1,000 new rental subsidies are needed to end chronic homelessness and reduce long-term homelessness.

Strategy: Assist emergency and transitional shelters in Kent and Sussex Counties.

Objective/Outcome: Through the ESG Program, DSHA will assist shelters in Kent and Sussex Counties with operating expenses, essential services, homeless prevention, conversion and rehabilitation. Based on historical data, DSHA anticipates assisting over 1,500 individuals through emergency and transitional shelters and 75 families with homeless prevention activities per year.

Strategy: Improve access to existing housing and supportive housing.

Objective/Outcome: Maintain and expand DSHA's Step-Up Rental Assistance Program, which provides rental subsidies to chronically homeless or those at risk of chronic homelessness. This strategy is dependent on an increase in State funding and will be reported as number of vouchers funded. Currently, DSHA funds 35 vouchers through the HDF in the three-year pilot program. Also, continue to allocate the HOPWA Grant to fund a tenant-based rental assistance program in Kent and Sussex Counties. DSHA anticipates assisting 200 households from 2008-2012. With funding from the HDF, provide security deposit assistance to households through the Security Deposit Loan Program (SDLP). DSHA anticipates assisting 375 households from 2008-2012 with the SDLP.

Strategy: Provide funding for new supportive housing.

Objective/Outcome: Continue to provide a $250,000 set-aside in the LIHTC Qualified Allocation Plan (QAP) to be used for developing supportive housing options. The number of units will be counted and measured, however the actual accomplishments will be dependent upon developers' applications and funding levels from the state and federal governments for the programs.

Strategy: Facilitate improved coordination and collaboration to address and end homelessness in Delaware.

Objective/Outcome: Continue to support the HPC as the coordinating entity for the statewide CoC.

Obstacles to meeting underserved needs

The full implementation of the DICH Ten-Year Plan relies on significant increases in funding, not only for housing but also for supportive services. In an uncertain environment, securing funds to implement the strategies identified by the DICH will be an ongoing challenge.

Priority 5: Assist local jurisdictions in strengthening communities and providing quality, affordable housing opportunities to Delawareans, regardless of income ranges or stage in life.

The surge in housing challenges for local municipalities, the state and the nation, is occurring at a time when traditional resources that provide assistance are being scaled back. Jurisdictions that have control over land use are able to facilitate and provide affordable housing as they have control over the land use environment. As a result, these jurisdictions can make the necessary policy, regulatory, and financial changes to profoundly impact change for the better. Further, research has shown that well-designed, well-built housing that is accessible to households of all incomes serve to better communities.

Strategy: Provide outreach to local officials, planners and jurisdictions.

Objective/Outcome: On a yearly basis, maintain and expand the Affordable Housing Resource Center (AHRC) to ensure current content and political compatibility. Incorporate a "myth busters" section to respond to inaccurate public perception and ensure a minimum of one model ordinance per tool.

Strategy: Continue to supply affordable housing information, statistics and research.

Objective/Outcome: Develop a "Good Design" product in both presentation and publication format. Further, add evaluative studies on impact of affordable housing on surrounding residential property values. In addition, add a downloadable GIS file of all coordinates and key fields from the rental community locator.

Strategy: Market and educate local officials, planners and jurisdictions on the AHRC.

Objective/Outcome: Continue to partner with the University of Delaware and the Office of State Planning Coordination (OSPC) to continue the Planning 107 workshop every year. Also, pursue American Planning Association (APA) Certification Maintenance approval of the 107 workshop curriculum to encourage attendance by practitioners.

Strategy: Leverage local efforts at providing affordable housing.

Objective/Outcome: Provide technical assistance and support to a wide range of housing and community development initiatives. These would include the Sussex County Moderately Priced Housing Unit (MPHU) Program, the City of Dover's Community Partnership advisory council, Manufactured Housing Working Group, Kent and Sussex County Strong Communities Initiatives, Coverdale Crossroads Oversight Committee and the West Center City Working Group.

Strategy: Maximize the use of the State's growth management framework to encourage affordable housing.

Objective/Outcome: Continue to participate in the Preliminary Land Use Service (PLUS) process and provide comments and recommendations on proposals and plans. In addition, provide technical assistance to local jurisdictions and provide early consultations with towns on needs and resources to further affordable housing.

Strategy: Assist in the revitalization of distressed neighborhoods.

Objective/Outcome: Encourage businesses and individuals who have an income tax liability in Delaware to participate in the Neighborhood Assistance Act (NAA) Program. The number of organizations assisted and the private funds leveraged will be tracked.

Public Housing

As mentioned previously, DSHA is the Public Housing Authority for Kent and Sussex Counties. DSHA actively encourages Public Housing residents to become more involved in issues regarding their community. Residents are invited to public hearings and to provide input into the Moving to Work Plan submitted to HUD on an annual basis. In addition, DSHA budgets funds on a yearly basis to assist residents in forming resident councils.

Resident Homeownership – DSHA is strongly committed to providing homeownership opportunities for all of its low- and moderate-income residents. Residents may fully access all of DSHA's homeownership programs including the below-market interest rate mortgage financing and downpayment and closing cost assistance. In addition, DSHA offers a Public Housing Home Ownership Program (PHHOP). This program offers Public Housing residents and families on DSHA's Waiting List the opportunity to purchase their own home. Select participants must demonstrate that they have been responsible members of their communities for at least two years and have no serious lease violations. Participants must be gainfully employed, actively seeking employment, or be enrolled in a job training program. This program is offered in Kent County only.

Further, DSHA offers a Resident Homeownership Program (RHP). This program allows qualified participants from either the Public Housing or Housing Choice Voucher Program to use a Section 8 subsidy toward the mortgage for up to 15 years on a first home.

Also, MTW participants who have established a savings account under the program, have access to those funds for homeownership. MTW families that participate in the Individual Development Account (IDA) program and have identified homeownership as their goal, have those funds available upon successful completion. Many MTW families that are completing the program are using both savings and IDA funds toward homeownership. Since the inception of MTW in 1999, 460 households have moved from assisted to unassisted housing – 162 to homeownership.

Non-housing Community Development Plan

CDBG is the primary federal funding source in Delaware at the municipal level to meet non-housing community development needs. The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. The State must ensure that at least 70% of its CDBG grant funds are used for activities that benefit low- and moderate-income persons over a one-, two-, or three-year time period selected by the State. This general objective is achieved by granting "maximum feasible priority" to

activities which benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight.

Delaware's CDBG Program Guidelines provide for the following non-housing community development activities:

- Architectural/engineering studies for infrastructure directly related to housing development, including feasibility studies, site tests and soil borings;
- Preparation of grant applications to other grantor agencies;
- Acquisition of land for new housing development, in accordance with the requirements of the Uniform Relocation Act of Delaware Code;
- Clearance and site preparation for new housing development for low- and moderate-income persons;
- Installation or improvement of infrastructure benefiting service areas of at least 51% low- and moderate-income persons, including: water, sewer, streets and sidewalks; and
- Planning studies, including comprehensive plans and zoning ordinances, which clearly by their intent and design, encourage the provision of affordable housing for low- and moderate-income persons.

Delaware's CDBG Program funds are awarded through a competitive application process to units of general local government throughout Kent and Sussex Counties. Historically, the majority of CDBG funds have been used for homeowner rehabilitation, however, applications for non-housing community development activities listed above are given equal consideration as long as the service area benefits at least 51% low- and moderate-income persons. Currently, Delaware does not use any CDBG Program funds for economic development activities.

The Delaware Economic Development Office (DEDO) recently completed a Comprehensive Economic Development Strategy (CEDS). CEDS is a participatory planning process designed to guide economic growth statewide including distressed areas. Working with the University of Delaware's Institute for Public Administration (IPA), DEDO established working committees in each county consisting of citizen volunteers with diverse interests, perspectives and backgrounds. These committees provided recommendations to a statewide CEDS committee of which DSHA's Director was a member.

The CEDS process will help create jobs, foster more stable and diversified economies, and improve living conditions. It provides a mechanism for coordination among individuals, organizations, local governments, private industry, and other stakeholders concerned with economic development. The CEDS plan is the result of a continuing economic development planning process, developed with broad-based and diverse community participation. The Plan may be viewed in its entirety at www.dedo.delaware.gov/ceds.

Obstacles to meeting underserved needs

The greatest obstacle to meeting the non-housing community development needs is the lack of resources available to provide this infrastructure. This is especially true in light of proposed federal and State budget cutbacks, which will further reduce funds available for these activities.

Community Revitalization

Revitalization efforts must address economic and social issues as well as housing needs. The holistic approach to revitalization maximizes federal and State dollars and helps assure the success of individual programs. Delaware recently chose nine communities to participate in a comprehensive initiative called Blueprint Communities. DSHA is a program partner in this initiative designed to help older neighborhoods get their second wind and plan for community renewal more effectively.

Sponsored by the Federal Home Loan Bank of Pittsburg and University of Delaware's Center for Community Research and Service, the new Blueprint Communities initiative provides each team with community development training, a mini-grant and improved access to funding sources.

Delaware's Blueprint Communities were chosen based on their current capacity to plan and implement community revitalization initiatives and assemble diverse, broad-based teams that will develop detailed strategic plans for their communities' futures. The Blueprint Communities are: Belvedere/Cedar Heights and Vicinity, Wilmington; Dover Community Partnership; East Side, Wilmington; Edgemoor, Wilmington; Hilltop/Little Italy, Wilmington; Historic Overlook Colony Vicinity, Wilmington; Riverside Initiative, Wilmington; Rose Hill, New Castle County; and Second District, Wilmington.

In addition, DSHA is also a partner in the implementation of a community/economic development initiative to help the people of Coverdale Crossroads area. The initiative is funded by a three-year $588,000 grant from HUD and its primary goal is to improve the quality of life for low- and moderate-income residents of the area. The initiative will train and involve families in homeownership programs; assist residents in the development of micro-enterprise businesses; provide technical and management assistance of three child care centers in the community; provide job training, internship/apprenticeships an job placement for residents; and implement a year-round drug and alcohol prevention program for the community.

Addressing Barriers to Affordable Housing

As mentioned previously, barriers to affordable housing development are diverse. These include land costs, limited resources at both the federal and State level in comparison to needs, NIMBYism and community opposition to higher density housing. In addition, many low- and moderate-income persons and households, especially the very low-income households, the homeless, the physically and mentally disabled, and the frail elderly, have problems finding and obtaining affordable housing. Only through a combination of approaches can the supply of housing affordability to working families and low-income families be expanded.

Affordable Housing Resource Center

To address these barriers, DSHA created the AHRC website that is a resource for local government officials and public viewers to learn about their community's housing needs. This center includes information on affordable housing initiatives happening in Delaware and throughout the country. This resource center was created in response to the recent housing boom and resulting escalation in housing prices. Due to rising home prices, many working individuals

and families have been left behind. This trend is seen nationwide. Over 3.7 million working families in the United States are confronted with critical housing problems.

Comparatively few new homes have been developed that are affordable to Delaware's "workforce households". "Workforce households" are households with incomes below 100% of the median income, which is $67,500, based on HUD 2006 measures. This is occurring at a time when Federal resources for housing have been scaled back. As a result, it is becoming increasingly important that state, county, and local municipalities have meaningful strategies to encourage affordable housing.

DSHA developed a "Toolbox for Affordable Housing" as part of the AHRC. The toolbox is a resource for local communities to plan for affordable housing. It is a compilation of policies and planning tools local governments can use to preserve and promote affordable housing in their respective communities. The toolbox includes best practices, as well as specific information and resources about how local governments can apply planning and land use to encourage the preservation and development of affordable housing. The toolbox will show how these best practices are structured and applied locally and throughout the country. This toolbox is available on DSHA's website at www.destatehousing.com. The toolbox initiative is a much-needed resource for elected officials, county and local staff and others concerned about housing. Two common threads throughout the toolbox initiative are:

- To reframe the affordable housing discussion to a larger group of stakeholders, in a way they can identify with, so they may be more supportive of housing initiatives; and
- Coordinate with other partners and complement other programs and resources throughout the State so that affordable housing opportunities are more readily achieved.

Moderately Priced Housing Units Program

DSHA actively participates in the Sussex County working group for the Moderately Priced Housing Units (MPHU) Program, which will provide affordable homeownership opportunities for teachers, police officers, nurses and other middle-class households. The goals of this program complement initiatives that DSHA considers priorities in housing such as preserving long-term affordability; expediting review; and dispersing affordable housing. Sussex County recently issued a Request for Proposal (RFP) for developers to submit applications. Four proposals were received and should result in approximately 130 units of MPHUs.

Housing Element Guide

DSHA has prepared a guide to help promote the creation of government strategies that encourage affordable housing. The guide provides basic information for a municipality to perform a housing analysis and create a housing plan. This guide describes the data needed to examine housing supply and demand, as well as the affordability of the housing units for the town's residents. After data has been analyzed, a housing plan can be created to set measurable affordable housing goals for the community.

Livable Delaware

The purpose of the Strategies for State Policy and Spending is to coordinate land use decision-making with the provision of infrastructure and services in a manner that make best use of Delaware's natural and fiscal resources. Livable Delaware was designed to enhance efforts to implement this strategy. It is a positive, proactive strategy that seeks to curb sprawl and direct growth to areas where the state, counties and local governments are most prepared for it in terms of infrastructure investment and thoughtful planning.

The State of Delaware makes significant investments influenced by where and how growth occurs. Delaware provides most services and infrastructure throughout the state. This would include, but is not limited to, social services, roads and transit, school funding and police. By providing these services and infrastructure efficiently, not haphazardly, Delaware is able to strengthen land use planning efforts at the state and local levels.

Livable Delaware promotes compact development, which in addition to decreasing infrastructure costs; it produces a more diverse range of transportation options and a more economical extension of services and utilities. Further, the location near existing developed areas and higher densities enable natural qualities and agriculture areas to be preserved and protected.

Preliminary Land Use Service

PLUS, outlined in Chapter 92 of Title 29 of the Delaware Code, provides for state agency review of major land use change proposals prior to submission to local governments. The review is completed by all applicable state agencies at the start of the land development process, adding value and knowledge to the process without taking over the authority of local governments to make land use decisions. DSHA participates in this process and as a result, has been able to provide technical assistance to local communities. This includes completing comprehensive plans and developers seeking to develop mixed-income communities.

DSHA continually offers technical assistance, including presentations to local governments on various housing challenges and issues facing their communities. DSHA also periodically sponsors innovative planning conferences to address local municipalities' challenges in providing affordable housing. Additionally, DSHA has partnered with the University of Delaware to offer a "Professional Development and Training Opportunities for Local Governments" course, Planning 107, through their Institute of Public Administration.

DSHA is also developing a Good Design in Delaware publication for municipalities and elected officials, which will be accompanied by a brochure that highlights best practices in Delaware. Its purpose is to raise awareness about issues surrounding density and well-planned communities. Once completed, DSHA will offer presentations to local municipalities, as well as provide biannual tours of the good design neighborhoods to local officials.

Fair Housing

In an effort to eliminate barriers, DSHA will continue to participate in the Fair Housing Task Force Committee to carry out a comprehensive program for fair housing education and outreach

to landlords, tenants, public planners and the general public at the local level throughout the state. Continued emphasis will be placed on action steps outlined in the State of Delaware Fair Housing Action Plan to eliminate the impediments to fair housing in Delaware.

In 2003, DSHA contracted with the University of Delaware to do an Analysis of Impediments to Fair Housing Choice Study. Using this study as a basis for their efforts, The Fair Housing Task Force Committee has been expanded and has become actively involved in addressing the issues identified in the *2003 Delaware Analysis of Impediments to Fair Housing Choice Study.*

The Task Force is comprised of a number of organizations taking action to further fair housing practices. Organizations are involved in activities that include providing education, outreach and enforcement in Delaware. Organizations involved include, but are not limited to, DSHA, Delaware Division of Human Relations (DHR), Housing Opportunities of Northern Delaware (HOND), Delaware Community Reinvestment Action Council (DCRAC), Delaware Housing Coalition, Community Legal Aid Society, Inc. (CLASI) and HUD. These organizations are supplemented by housing authorities, nonprofit organizations, Community Action agencies and service providers that work in their local communities, as well as statewide to promote fair housing awareness. The Fair Housing Task Force Committee, comprised of an array of Delaware organizations committed to fair housing issues, acts as a formal statewide advocacy network, in addition to implementing the State of Delaware Fair Housing Action Plan.

Lead-Based Paint

Childhood lead poisoning remains a serious health problem for the Nation and for Delaware. It is estimated that there are over 270,000 pre-1980 housing units throughout the State. In 2004, Delaware adopted a Strategic Plan to Eliminate Childhood Lead Poisoning by 2010, which was prepared under contract by Healthy Housing Solutions, Inc. The overarching goal of this Plan is to reduce the incidence of lead poisoning to less than one percent of all children under the age of six. The plan may be viewed in its entirety at www.dhss.delaware.gov/dhss/dph/hsp/files/lppstrategicplan061404final.pdf.

DSHA staff participates in the Lead Advisory Committee (LAC) formed by the Delaware Division of Public Health (DPH) to implement the Plan. The mission of the LAC is to ensure healthy environments for children by eradicating lead poisoning throughout Delaware through education, awareness, outreach and early intervention. As part of its mission, the LAC advises DPH on the transition of lead poisoning prevention to a comprehensive health homes initiative, of which lead poisoning prevention is a part. The committee will make recommendations relating to:

- Lead education and outreach;
- Medical surveillance and screening;
- Case management;
- Partnership development;
- Compliance and enforcement; and
- Resources and funding.

Further, grantees and housing rehabilitation contractors have been trained in lead-safe work practices and HUD regulations. All covered projects under the HOME, CDBG, HOPWA, ESG, Public Housing and Housing Choice Voucher Programs will be administered to conform to the applicable lead-based paint regulations. All programs will be monitored for compliance with current regulations. DSHA will monitor training and technical assistance needs relating to lead-based paint and work in conjunction with DPH to address those needs.

Anti-Poverty Strategy

According to the U.S. Census Bureau, from 2000 to 2005, the number of individuals in Delaware living in poverty increased from 9.2% to 10.4%. In families with children and female headed households, the increase was much more dramatic. Families with children living in poverty increased from 5.1% to 12.5% and female-headed households living in poverty increased from 3.7% to 23.9%. In Kent County, over one-third of the female-headed families are below poverty level.

As mentioned previously, the MTW Program requires residents, with the exception of the elderly and disabled, to work or be in school in order to receive a housing subsidy. The goal is to establish positive work and budget habits over the time in the program. The MTW Program plays an important role in breaking the cycle of poverty by providing case management services and resources that help families succeed.

Also, the Delaware Financial Literacy Institute is available statewide to all residents. Individuals can learn to manage their money through free classes at The Delaware Money School, the signature program of the nonprofit. Over 500 personal finance classes are offered over the course of a year.

Institutional Structure

Over the next five years, DSHA will continue its work with a wide array of other state agencies, private and faith-based housing and service providers and advocates to further the priorities and goals of this Consolidated Plan. These will include, but are not limited to, the following:

- Delaware Interagency Council on Homelessness;
- Homeless Planning Council;
- Fair Housing Task Force Committee;
- Mental Health and Substance Abuse Council;
- Department of Natural Resources and Environmental Control;
- Council of State Community Development Agencies (COSCDA);

- National Association of Housing and Redevelopment Officials (NAHRO);
- National Council of State Housing Agencies (NCSHA);
- Department of Health and Social Services;
- Department of Services for Children, Youth and Their Families;
- Delaware Economic Development Office;
- Department of Labor;
- Department of Transportation;
- Delaware Commission of Veterans Affairs;
- Habitat for Humanity;
- Strong Communities;
- State Historic Preservation Office;
- Office of State Planning Coordination;
- Division of Human Relations;
- Housing Opportunities of Northern Delaware;
- Delaware Community Reinvestment Action Council;
- Delaware Manufactured Home Owners Association;
- First State Community Action Agency;
- Milford Housing Development Corporation;
- First State Manufactured Housing Association;
- Delaware State University;
- Work Force Investment Board; and
- University of Delaware.

Coordination

As noted above, DSHA engages in cooperation with a wide array of agencies and organizations throughout the year. Examples of such cooperation include participation in the Fair Housing Task Force Committee, furthering lead-based paint abatement policies and programs through the LAC, and providing leadership and staffing of the DICH.

Also, the Director of DSHA sits on the Governor's Commission on Community-Based Alternatives for Individuals with Disabilities. The Commission is comprised of several subcommittees including housing. DSHA staff serves on the Housing Subcommittee providing planning and technical assistance to support the subcommittee's objectives.

Low-Income Housing Tax Credits

The Federal Low-Income Housing Tax Credit (LIHTC) Program was established by the Tax Reform Act of 1986. DSHA is the allocating agency for the State of Delaware. The LIHTC Program is used to provide tax credits to developers to construct or rehabilitate rental units for low- to moderate-income persons. Since its inception, the LIHTC program has resulted in thousands of units of affordable housing in conjunction with private and State, and to a lesser extent federal financing.

Tax credits in Delaware are awarded on a competitive basis. Both for-profit and nonprofit developers submit an application to DSHA for a specific rental housing project and the application is ranked against all other applications. Competitions are conducted once a year, although DSHA reserves the right to have an additional competition if necessary due to the recapture of credits or other conditions. Funds are awarded to projects based upon the type of project the developer is proposing (elderly, family, etc.) and the financing needed to make the project viable (tax credits, HDF, HOME or any combination thereof).

The policies and procedures for awarding points under the program are outlined in the QAP that is posted on DSHA's website at www.destatehousing.com.

FY2008 Action Plan

Introduction

Of the three major components in the Consolidated Planning Process (needs, Strategic Plan and Action Plan) the Action Plan must be updated and submitted to HUD annually. The Action Plan serves as the basis for distributing CDBG, HOME, ESG and HOPWA Program funds in the upcoming year. The Action Plan also serves as the State's application for those funds. It describes anticipated activities, matching requirements and priorities for the use of federal funds.

Resources and Objectives

The Action Plan establishes the priorities, proposed activities and methods of allocating funds under four federally-funded programs – CDBG, HOME, ESG and HOPWA. Housing and community development resources from these four programs total $5,272,206 in federal formula funding to the State of Delaware. This represents a slight decrease from the previous year's funding levels for the four programs.

Housing and community development programs have increasingly stressed the importance of leveraging and combining funding from a variety of sources. DSHA's consolidated planning process reports on a number of state and federal programs involved in housing and community development. The consolidated planning process does not govern many of the programs identified in the table that follows. Anticipated funding levels for FY2008 (July 1, 2008 to June 30, 2009) reflect the projected amounts authorized by Delaware's Legislature. Figures are based on the best information available at the time of release of this Action Plan.

Combined State and Federal Resource Summary

Activity	Type of Assistance Strategy Addressed	Program	Anticipated Funding State	Anticipated Funding Federal	Proposed Families/ Units Assisted	Proposed Entities Assisted
Homeownership	Mortgage Assistance	Single Family Mortgage Revenue Bond (SFMRB) Program	$200,000,000		1000	
		American Dream Downpayment Initiative (ADDI) and HOME • Public Housing Homeownership Program		$12,016	1	
		Delaware Housing Partnership (DHP) Program	$1,200,000		450	
		Live Near Your Work (LNYW) Program	$20,000		10	
		Housing Rehab Loan Program	$900,000		15	
		DEMAP	$467,000		70	
	Housing Counseling	Federation of Housing Counselors & NCALL	$253,600		390	
Rental	Create, Rehab and Preserve Rental Housing, and Leverage Multifamily Developments	Low Income Housing Tax Credit (LIHTC) Program		$2,264,110	375	
		HOME		$2,500,000		
		HOME General Administration		$300,000		
		HDF	$9,000,000			
Community Development	Rehab Owner Occupied Homes	HOME		$200,000	10	
		CDBG		$1,516,543	161	
		CDBG Program Income		$125,000		
		CDBG General Administration		$385,380		
		CDBG Rehab Program Delivery		$80,080		
	Assistance to Homeless Shelters	Emergency Shelter Grants (ESG) Program		$99,187	75	7
	Rental Assistance to Persons Living with Aids	Housing Opportunities for Persons With Aids (HOPWA)		$179,000	40	
	Emergency Home Repair	Emergency Home Repair	$350,000		200	
	Special Projects	Serve Populations with Special Needs	$500,000		10	
Total			**$212,690,600**	**$7,661,316**	**2,682**	**7**

Leveraging

Community Development Block Grant

Neighborhood infrastructure improvements may be leveraged through any combination of the following:

- Local – bonds, in-kind, municipality's general fund and local water and sewer fund;
- State – Delaware Department of Transportation, Department of Natural Resources and Environmental Control State Revolving Fund and municipal street aid fund; and
- Federal – Department of Transportation (DOT), Environmental Protection Agency (EPA), Federal Emergency Management Agency (FEMA) and U. S. Department of Agriculture (USDA).

The uses of CDBG funds for owner-occupied rehabilitation may leverage additional rehabilitation funding from nonprofit, private and public sources; however, this is usually not the case.

HOME Program

The majority of the State of Delaware's HOME funds are provided to multi-family rental developments. During the previous fiscal year, DSHA financed one HOME multi-family development.

The permanent financing breakdown of the HOME financed multi-family rental developments indicates HOME funds provided 25% of the financing, while 75% of total development costs were provided by other sources including: Low Income Housing Tax Credits – 60% and permanent financing from private banks – 15%. While each development has different financing needs and sources, DSHA expects on average, to leverage each HOME dollar spent for multi-family rental developments three to one with other funding sources.

DSHA also provides assistance to homebuyers for downpayment and closing costs from the HOME Program and ADDI funds. The average financing for loans closed during the prior year shows HOME and ADDI funds totaled 18% of the funding; private banks accounted for 55% of the costs; federal mortgage loans (USDA RD) were 26% of the assistance and other State and local programs combined with owner contributions and private grants provided 1% of the funding. Based on prior loans and current assistance limitations, DSHA expects at a minimum to leverage each HOME or ADDI dollar used for downpayment or closing costs four to one with other financing.

Leveraging of other funds is not required under the HOPWA and ESG Programs.

Matching Requirements of Federal Funds

Community Development Block Grant

HUD requires a one-for-one match on CDBG funds used for state administration in excess of $100,000. DSHA will spend the maximum allowable of $159,460 in state administration for FY2008, and will match the funds in excess of $100,000 with at least an additional $59,460 in DSHA funds. We do not anticipate using any program income for administration; therefore it will not require a match.

The FY2008 Delaware CDBG Program Guidelines require subgrantees to match their CDBG administration funds one-for-one with local administration funds. Kent and Sussex Counties will match their administration allocations of $112,920 and $113,000, respectively, with at least those amounts, in local funds.

Delaware CDBG Program Guidelines also require subgrantees to match their CDBG infrastructure project funds with minimum match amounts that vary with the amount of CDBG funds requested. Cash matches may be provided through other sources of funding for the same activity. The following are the CDBG infrastructure match requirements:

- Up to $100,000 requires a 10% cash match or a 15% in-kind match;
- $100,000+ to $200,000 requires a 15% cash match or a 20% in-kind match; and
- $200,000+ requires a 20% cash match or a 25% in-kind match.

However, no infrastructure projects have been recommended for funding for FY2008.

HOME Program

To the extent that contributions from other resources to a development assisted with HOME funds do not meet matching requirements, DSHA will provide the remainder of the required match from non-federal sources. Contributions that have or will be counted as satisfying a matching requirement of another federal program may not be used to satisfy the matching requirement for the HOME Program.

As required, DSHA will make match contributions to housing that qualifies as affordable housing under the HOME Program. Except where the match requirement has been reduced, DSHA will provide match funds totaling not less than 25% of the HOME funds drawn from the State of Delaware's HOME Investment Trust Fund Treasury account for the appropriate period. Funds drawn for administration, Community Housing Development Organization (CHDO) operating expenses and ADDI funds are not required to be matched.

Matching contributions required under the HOME program may be made as a cash contribution from non-federal sources or may be made as the grant equivalent of a below market interest rate loan from the State of Delaware Housing Development Fund (HDF) to housing that qualifies as affordable under the HOME Program. The present discounted cash value of the difference in the interest rate for the

HDF loans versus the appropriate market rate for that type of development will be counted as a match. Match contributions made in a Federal fiscal year exceeding the match liability for that year will be carried over and applied to future fiscal years' match liability.

Emergency Shelter Grants and Housing Opportunities for Persons with Aids Programs

The State of Delaware ESG formula allocation is below $100,000 and is exempt from the matching requirement. Further, matching funds are not required under HOPWA regulations, either for administration or recipients.

Annual Objectives

The following are the annual objectives (priorities) the state expects to achieve in the coming program year based on the priorities set forth in the Consolidated Plan.

Priority 1: Preserve and expand Delaware's stock of affordable rental housing.

HDF, LIHTC & HOME Programs – The LIHTC program provides a direct federal income tax credit to qualified owners and investors, who build, acquire or rehabilitate rental-housing units to rent to working low- to moderate-income Delawareans. DSHA will continue to administer loan and tax credit programs targeted for construction or rehabilitation to quality rental housing for the very low-, low- and moderate-income households. Based on the rental housing needs, DSHA anticipates assisting in the construction and/or rehabilitation of 375 affordable rental units in Delaware. However, the actual breakdown in each category is undetermined, as it depends on the developer's application for DSHA funds.

Preservation

DSHA is also the contract administrator for 4,667 project-based Section 8 Housing units. DSHA will continue the efforts to preserve affordable rental units through renewal of HAP contracts. During FY2008, 693 units of housing face expiring contracts, however DSHA anticipates that all of the affordable units will be preserved.

Priority 2: Assist Delaware families to achieve and sustain homeownership.

Single Family Mortgage Revenue Bonds (SFMRB) – DSHA anticipates issuing approximately $200,000,000 in bonds to assist first-time homebuyers in Delaware. This mortgage financing is offered at below-market interest rates to low- and moderate-income families through approved lenders, banks and financial institutions. DSHA also offers a three percent grant towards closing cost and downpayment assistance. The grant is based off of the loan amount and is at a slightly higher interest rate than the regular program loans. DSHA also offers a 40-year mortgage product to lower monthly payments without families resorting to predatory lending products. The SFMRB is offered statewide and DSHA anticipates assisting 1,000 families.

Delaware Housing Partnership (DHP) – DHP offers up to $10,000 in downpayment and closing cost assistance in a deferred 6% simple interest rate second mortgage to low- to moderate-income families. The partnership is funded through a variety of sources including the State of Delaware, New Castle County, financial institutions, foundations and businesses. This program is offered statewide and DSHA anticipates assisting approximately 450 families.

ADDI/HOME – ADDI is implemented as part of the existing HOME Program administered by DSHA. ADDI funds may be used as a deferred second mortgage loan to low-income first-time homebuyers for acquisition of single family housing not to exceed the greater of $10,000 or 6% of the purchase price. Participants in DSHA's Scattered Site PHHOP shall receive priority for all HOME Program second mortgage loans. Due to the reduction in federal allocation in FY2008, DSHA anticipates one family will utilize ADDI/HOME downpayment assistance. Additionally, the HOME Program will fund the rehabilitation of owner-occupied units. This

program will operate in Kent and Sussex Counties and DSHA anticipates assisting approximately 10 homeowners.

Public Housing Home Ownership Program (PHHOP) – Public Housing site residents and families on DSHA's waiting lists are provided the opportunity to purchase their own home. This program was originally funded by the HDF and HUD, and is now totally funded by HUD. Select participants must demonstrate that they have been responsible members of their communities for at least two years and have no serious lease violations. Participants must be gainfully employed, actively seeking employment, or be enrolled in a job training program. This program is offered in Kent County only. Given that this program is dependent on an adequate supply of affordable housing and mortgage-ready residents, DSHA is unable to forecast assistance for FY2008.

Live Near Your Work (LNYW) – The LNYW program will continue to expand throughout the State of Delaware. LNYW is a partnership between state, local jurisdictions and local employers to encourage homeownership near an employee's place of employment. Downpayment and closing cost assistance is provided to families in the form of a grant that is matched by participating employers and local communities. Currently, DSHA has 17 employers and 3 jurisdictions participating in this homeownership program. DSHA anticipates assisting 10 families.

Resident Homeownership Program (RHP) **–** This program enables low- to moderate-income families residing in DSHA public housing sites or receiving Housing Choice Voucher assistance to use their monthly Housing Assistance Payment (HAP) to help pay their mortgage. Given that this program is dependent on an adequate supply of affordable housing and mortgage ready residents, DSHA is unable to forecast assistance for FY2008.

Delaware Emergency Mortgage Assistance Program (DEMAP) – DEMAP is a program designed to assist homeowners, who through no fault of their own, are in danger of losing their home to foreclosure. DEMAP offers homeowners a three percent simple interest loan to reinstate delinquent mortgages. Loans are repaid to DEMAP through monthly installments that are determined by DSHA, based on the recipient's net income in relation to total housing expenses. DSHA anticipates assisting 70 homeowners with this program.

Housing Development Fund (HDF) **–** The HDF will assist approximately 390 families move closer to homeownership with homeownership counseling. Grants will be given to the Federation of Housing Counselors and NCALL to empower families to purchase their first home. In addition, the HDF anticipates assisting 200 families with emergency home repair through RC&D.

Community Development Block Grant (CDBG) **–** Housing rehabilitation under the CDBG Program brings dwelling units up to local housing code standards by focusing on major systems such as roofs, electrical wiring, heating, plumbing, weatherization, insulation, foundations and structural members, wells and septic systems, or water and sewer hookups. In addition, the program repairs or replaces siding, doors and windows and provides for handicapped accessibility when needed. DSHA expects the CDBG rehabilitation activities to upgrade 161 owner-occupied housing units in Kent and Sussex Counties, which include 75 scattered site hookups.

***Housing Rehabilitation Loan Program (HRLP)* –** The HRLP provides 3% interest rate home improvement loans for a fifteen-year term to low- and moderate-income homeowners and landlords who rent to low- and moderate-income tenants. The financial assistance is used to moderately rehabilitate existing properties to comply with the State Housing Code or to make a property handicapped accessible. The program is offered statewide and DSHA anticipates assisting 15 households.

Priority 3: Provide access to high-quality, affordable housing and aid families to move from assisted to unassisted housing.

During FY2008, DSHA will continue to empower families to move from assisted to unassisted housing. DSHA and HUD are in the process of signing a ten-year extension agreement to the Moving to Work (MTW) Program. This will allow us to continue the program through 2018. MTW requires residents to work or be in school to receive a housing subsidy. Additionally, there is a five-year limit to how long a family can receive assistance. The MTW goal is to establish positive work and budget habits over the time in the program, which will serve the family as they transition to unsubsidized housing. DSHA believes that MTW plays an important role in breaking the cycle of poverty by providing case management services and resources that help families succeed. It is anticipated that 50 families will benefit from this program and move to unassisted housing during FY2008.

Priority 4: Assist in ending homelessness in Delaware and ensure that those at-risk of homelessness have access to affordable, integrated, supportive housing options.

***HOPWA* –** The HOPWA Program is designed to provide eligible applicants with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with AIDS or related diseases and their families. DSHA is anticipating that the Delaware HIV Consortium will use the anticipated funds for payment of project- or tenant-based rental assistance, including shared housing, rent, mortgage, and/or utility payments to prevent homelessness of the tenant or mortgagor. Funds may also be used for supportive services that include, but are not limited to, health, mental health, assessment, nutritional services, intensive care when required and assistance in gaining access to benefits and services. DSHA anticipates assisting 40 households.

***ESG* –** The ESG Program is used to assist in the operating expenses of emergency shelters, improve the quality of emergency shelters, make additional shelters available and provide prevention programs and essential social services to homeless individuals and families. DSHA anticipates providing approximately seven emergency shelters with operating expenses and homeless prevention funds. Under the prevention category, DSHA may provide funds to grantees to assist individuals and families in retaining their current housing through payment of back rent, mortgage and utility payments. In addition, first month's rent and security deposits may be paid to aid individuals and families in their transition from homelessness to permanent housing. This program is operated in Kent and Sussex Counties and anticipates assisting 75 families with decent affordable housing.

DSHA will continue to support the activities of the HPC in its capacity as the statewide CoC coordinating entity. DSHA will work with various agencies throughout the state that provide

permanent housing, transitional housing and supportive services to homeless households. The CoC grants will provide funding for one-, two- and three-year periods for activities throughout the State of Delaware.

As mentioned previously, the DICH completed *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* in 2007. Implementation of the Plan has begun and the DICH will monitor and revise the Plan based on data provided by the HPC. The DICH will use this data to assess the impact of the Plan on the incidence and prevalence of homelessness in Delaware among the target populations. The Plan is available on DSHA's website at www.destatehousing.com.

During FY2008, DSHA will continue to provide a $250,000 set-aside in the LIHTC QAP to be used for developing supportive housing options. The accomplishments will be dependent upon developers' applications and funding levels.

Priority 5 – Assist local jurisdictions in strengthening communities and providing quality affordable housing opportunities to Delawareans regardless of income ranges or stage in life.

DSHA will continue to use its leadership position to address system inefficiencies with respect to coordination in the areas of nonprofit housing development, provision of homeless assistance, provision of housing assistance and program consolidation.

DSHA implemented eHousing, an online application process for housing assistance. Delaware residents who want to apply for Public Housing and Housing Choice Voucher Programs in Kent and Sussex Counties can now apply online at DSHA's website www.destatehousing.com from any computer with internet access. DSHA will continue working throughout FY2008 with Delaware's other housing authorities and agencies to expand access to online application processes.

Livable Delaware

This Action Plan is developed in accordance with "Livable Delaware", Delaware's proactive strategy to curb sprawl and redirect growth to areas of the state that can best support it through investments in infrastructure and planning. The provision of quality, safe, affordable housing is essential to the success of the strategy.

Delaware's goal is to encourage the integration of racial and ethnic minorities through its economic and housing priorities. The key element in the state's strategy is to provide greater choices for all Delawareans with respect to employment and housing.

DSHA will continue to encourage housing professionals statewide to coordinate resources in order to deliver quality affordable housing and related services to low- and moderate-income Delawareans.

Activities

The activities section of the Action Plan describes Delaware's method of distributing funds to local governments and nonprofit organizations to carry out activities using funds that are expected to be received under formula allocations. This includes related program income and other HUD assistance during FY2008. It also describes the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives identified in the Consolidated Plan and any obstacles to addressing underserved needs.

Community Development Block Grant

The State distributes funds through a competitive application process to units of general local government throughout Kent and Sussex Counties, Delaware. The competitive application process is described under the heading "Program-Specific Requirements 91.320(g)" page 77. Each unit of local government and each county government may make only one application for funds in each program year, with the exception of applications for emergency activities and infrastructure for new housing development. An application from the Kent and Sussex County governments may include unincorporated portions of the county, as well as those incorporated areas whose governing bodies have specifically requested to be included in the county's application. The program is competitive in nature and usually the demand for funds far exceeds the total amount available to the state. Therefore, eligible applicants selected for funding are those communities and counties whose applications best address locally determined needs of low- and moderate-income families as contained in Delaware's Five-Year Consolidated Plan. They must also be consistent with the 51% principal benefit requirement or otherwise meet one of the three National Objectives, and meet one or more of the State's priorities. The State's priorities CDBG funding are:

- Maintenance of existing housing including:
  - rehabilitation of substandard residential properties occupied by 100% low- and moderate-income households;
  - housing code enforcement in areas of slum and blight or which benefit an area of at least 51% low- and moderate-income persons;
  - demolition of substandard structures in areas of slum and blight or which benefit 51% low- and moderate-income persons on an area or spot basis;
  - construction or rehabilitation of emergency/transitional/permanent supportive housing serving of at least 51% low- and moderate-income limited clientele;
  - relocation assistance under the Uniform Relocation Act; and
  - substantial reconstruction of housing occupied by 100% low- and moderate-income households.
- Infrastructure benefiting at least 51% low- and moderate-income persons.
- Emergency activities, which have a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community and other financial resources are not available to meet such needs.
- Administration.

Given the applications received, the State projects that it will implement the following activities with CDBG funding during FY2008:

- $1,487,580 to assist 86 households with rehabilitation;
- $105,000 to assist with 75 households with water/sewer hookups;
- $80,080 to assist Kent and Sussex Counties with program delivery;
- $225,920 to assist Kent and Sussex Counties with administration; and
- $159,460 to assist DSHA with administration.

Additionally, DSHA anticipates $125,000 will be generated in program income. This will be retained by the unit of local government and be added to funds committed to the activity and use to further the same activity as the income is derived. Program income may not be used for administrative costs and must be expended before additional funds are drawn down from DSHA for the same activity.

Moreover, DSHA may recapture funds and/or redistribute remaining funds from prior year contracts during FY2008. Recaptured funds are those CDBG funds which remain unobligated after a CDBG contract has either been closed out or terminated; or after it has been determined that the total amount of CDBG funds originally allocated in a given contract are not required to complete the proposed activity for which they are allocated. Remaining funds are funds for which a method of distribution was contained in a prior year's Program Guidelines, but which have not been, and are no longer intended to be so distributed. Remaining funds may also be an amount left over after the State has awarded all of its contracts, but the left over amount is too small to fund an application.

At the time this Action Plan was written, DSHA is unable to predict the amount of recaptured/remaining funds that may be reallocated during FY2008. However, any recaptured/remaining funds that are received from previous contracts before June 15, 2008 shall be included as part of the FY2008 allocations in accordance with all applicable requirements of the Program Guidelines.

Any funds received after June 15, 2008 shall be set aside for the following purposes:

- To provide additional funding for any activity already under contract so long as the total amount of funds allocated does not exceed the $1,100,000 maximum allocation for any single applicant; in those cases where an unforeseen situation may have arisen after the original contract budget had been approved; or when the activity has not been funded in the total amount originally requested;
- To fund emergency activities and infrastructure for housing development that were not previously submitted as part of the FY2008 CDBG Program and the need for which may have arisen after the deadline for applications has passed. The $1,100,000 maximum allocation of CDBG funds for any single applicant in any program year shall apply;
- At the discretion of the Director of DSHA, eligible applications not originally recommended for funding because of limited resources may be reconsidered for funding after approved activities mentioned above have been funded; and
- The priorities for distributing funds under this part shall be in accordance with the State's Method of Distribution.

Inadequate funding continues to be an obstacle to addressing the underserved needs. At the federal level, recent and projected cuts in domestic programs are reducing the investment in

communities at a time of increasing need for affordable housing, homeowner rehabilitation and community development. The cost of affordable housing, both rental and homeownership, is greater than the rate of increase in annual household income, thus widening the gap in access to affordable housing options. DSHA will continue to coordinate and partner with other funding agencies to try to solve the greatest need with limited funding.

As new federal standards, initiatives and regulations, such as performance measurements, 504 compliance, Davis-Bacon compliance and Environmental Assessments are implemented; the demands on small local communities and organizations are amplified. These new requirements typically demand additional administrative capacity at the local level. If not accompanied by adequate administrative resources, they can siphon the limited resources from actual service delivery or other program areas. In addition to the practical limits of administrative staff, these mandates typically meet with strong local resistance, which limits program effectiveness and efficiency. DSHA will continue to provide technical assistance to subgrantees to address some of these mandates and will work with regulatory agencies and communities to address solutions to this obstacle.

Home Program

The distribution of annually allocated HOME Program funds will be directly administered by DSHA through the application and approval process in place for the State's HDF and LIHTC programs. HOME funds (and related program income which is required to be returned to DSHA, exclusive of allowable administrative charges and subject to HOME requirements) will be used primarily in conjunction with the LIHTC program for the acquisition, new construction, rehabilitation or conversion of multi-family rental housing. DSHA also expects to utilize ADDI and other HOME funding to provide downpayment assistance to low-income homebuyers. When sufficient HOME funds are available, subgrants may be made to Kent and Sussex Counties to allow HOME funds to be utilized for single-family homeowner rehabilitation through the State's CDBG application and approval process. The Counties, via contract, may administer homeowner rehabilitation projects. Any in-house application not previously approved for funding and all other applications received for the HDF and LIHTC programs may be reviewed for funding under the HOME Program.

DSHA will reserve at least 15% of its annual HOME Program allocation for use by nonprofit CHDOs. In competition for HOME Program funds set aside for CHDO developments, DSHA will give a preference to CHDOs who are applying for USDA Rural Development Section 515 financing and/or Rental Assistance.

HOME funds, as allocated, will maximize the benefit of program funds through leveraging of other scarce resources and preservation of programs critical to development of affordable housing in Delaware, such as the LIHTC Program. Additionally, the distribution of HOME Program funds is based on the Five-Year Consolidated Plan priorities and will address the two specific needs of: preservation and expansion of Delaware's stock of affordable rental housing and assisting Delaware families in achieving and sustaining homeownership.

DSHA expects requests for HOME Program and other State funds for the LIHTC applications alone to far exceed allocated financing, which will limit the availability of HOME funds to

address other housing needs. Again, limited funding, at both the federal and state level, continues to be an obstacle to addressing the underserved needs.

Application and Loan Approval

Application for HOME Program funds for multi-family developments shall be made through the application and approval process in place for the HDF and/or LIHTC programs. The following specific items will be taken into consideration when determining the merits of an application for HOME funds:

- Organization's past performance;
- Community comments;
- Demonstrated need for the development;
- Suitability of the development location;
- Cost efficiency of the development;
- Amount of loan per unit serving very low-/low-income persons:
    - Rental units: 80% of HOME funds may benefit persons with incomes $\leq$ 60% of the median income and the remaining 20% of HOME funds must benefit persons with incomes $\leq$ 50% of the median income;
    - Owner-occupied units: 100% of HOME funds must benefit persons with incomes $\leq$ 80% of the median income;
- Length of payback period;
- Position of loan and how it is secured/length of repayment;
- Source of permanent financing *(if appropriate);*
- Percentage of total development cost funded by HOME/DSHA;
- Cash and non-cash equity participation of developer;
- Evidence that alternate sources of financing have been utilized/exhausted;
- Evidence that housing will be provided in neighborhoods where there is little very low- or low-income housing available;
- Extent to which proposal will assist in revitalization of deteriorating neighborhood; and
- Extent to which current DSHA loans to the applicant or affiliated parties are in good standing.

Forms of Assistance

DSHA may provide HOME Program funds to developers or sponsors in the forms below:

- Equity investments;
- Interest-bearing loans or advances;
- Non-interest-bearing loans or advances;
- Interest subsidies;
- Deferred payment loans or grants; and
- Other forms of assistance approved by HUD.

Grants may be made only to nonprofits and only when a project demonstrates unusually strong very low-income orientation and is cost effective and not financially viable without a grant. The

income mix of the persons to be served, as well as the financial viability of the project will influence interest rates and repayment schedules of loans.

Emergency Shelter Grants

ESG Program funds are distributed on a competitive basis as described in the Policy Manual and Application, which may be accessed at www.destatehousing.com. During FY2008, Delaware estimates receiving $99,187 in ESG funding to support emergency and transitional shelter services throughout Kent and Sussex Counties. ESG will provide homeless persons with access to safe, decent and sanitary shelter, as well as to supportive services and mainstream assistance needed to move them toward permanent housing options. The State will distribute these funds to assist with the following:

- Payment of maintenance, operations (excluding rent and staffing costs), insurance, utilities and furnishings;
- The provision of new or increased essential services to the homeless;
- Renovation, major rehabilitation or conversion of buildings for use as emergency and/or transitional shelters for the homeless;
- Short-term homeless prevention assistance for persons at imminent risk of losing their own housing; and
- Administrative costs, specifically for the expense of computer hardware or software related to the Homeless Management Information System (HMIS) expense.

Over the past years, Delaware has developed a strong community-based response to homelessness, with a broad continuum of housing and services offered by both nonprofit and state agencies, and an extensive planning and data collection system spearheaded by the HPC. Unfortunately, the existing homeless service-delivery system is insufficient to end homelessness, particularly for those whom homelessness has become a chronic condition. Limited funding continues to be an obstacle in addressing this priority identified in the Five-Year Consolidated Plan.

DSHA will continue to utilize a Review Panel to recommend allocation of ESG funds and priority will be given to those applications which request funding for the provision of operating expenses and homeless prevention activities.

Housing Opportunities for Persons with Aids

HUD makes available HOPWA funds nationally both on a formula and competitive basis. HOPWA distributes program funds using a statutory formula that relies on AIDS statistics. The State of Delaware anticipates receiving $179,000 in HOPWA formula funds. The State elects to select Delaware HIV Consortium (DHC) as the project sponsor without undertaking a competitive bid process. DHC operates Delaware's largest HOPWA-funded program and has operated a tenant-based rental assistance program in Kent and Sussex Counties, Delaware utilizing this formula funding since 1999. Clients are referred to the program by community-based HIV/AIDS case managers, who connect clients with Ryan White-funded supportive services including case management, food and nutrition programs, transportation, mental wellness and substance abuse counseling, dental and eye care, pharmacy assistance and HIV

primary medical care at statewide wellness clinics. Clients are required to meet regularly with their case managers during their participation in the tenant-based rental assistance program. Utilizing this HOPWA funding, Delaware HIV Consortium anticipates assisting 40 families with tenant-based rental assistance.

As with the other Community Planning and Development formula programs, limited funding continues to be an obstacle to addressing this population. As of December 2007, Kent County has a waiting list of 40 clients and Sussex County has a waiting list of 68 clients. Time spent on the waiting lists average approximately two years. Additionally, access to affordable housing is a perennial struggle for people with HIV/AIDS, many of whom are permanently disabled and live on very-low fixed incomes. Lack of decent, affordable housing can prevent HIV+ persons from obtaining proper medical management and other needed supports. In fact, the Treatment Needs Assessment identified housing as one of the top priorities, surpassed only by medical care/medication and early intervention services.

Further, clients have a difficult time locating appropriate rental housing in Kent and Sussex Counties. It is nearly impossible to find an affordable unit that meets HUD Fair Market Rent guidelines in the resort areas. Much of the housing in the outlying areas of Kent and Sussex Counties is substandard or is not easily accessed by public transportation. DSHA will continue to assist DHC with a list of landlords, who accept Housing Choice Vouchers to ensure they are provided the most current information on available units.

Outcome Measures

The following table summarizes the anticipated outcomes DSHA expects for FY2008. The table below displays those anticipated results for the four formula programs, using HUD Performance Measurement framework including the three general objectives and general outcomes.

Suitable Living Environment Objective

Outcome	Indicator	Projected 2008 Total
Availability/Accessibility	Persons Assisted	1,500
Affordability	Housing Units Assisted	0
Sustainability	Housing Units Assisted	0

Decent Housing Objective

Outcome	Indicator	Projected 2008 Total
Availability/Accessibility		0
Affordability	Housing Units Assisted	536
Sustainability		0

Economic Opportunity Objective

Outcome	Indicator	Projected 2008 Total
Availability/Accessibility		0
Affordability		0
Sustainability		0

Delaware's annual goals for assisting households/persons with affordable housing are detailed in the chart on page 51.

Geographic Distribution

DSHA administers the CDBG and ESG Programs throughout Kent and Sussex Counties, Delaware on a competitive basis. The most competitive projects are funded without using any artificial targeting of areas or beneficiaries. However, CDBG does impose a maximum allocation of $1,100,000 per County. An equal distribution of funding between the Counties is anticipated. Moreover, the HOPWA funding is awarded to Delaware HIV Consortium annually for a tenant-based rental assistance program operated in both Kent and Sussex Counties. Distribution of funds is determined by the waiting lists for each County; however it normally is distributed 60% in Sussex County and 40% in Kent County.

HOME Program

DSHA anticipates an equal distribution of HOME Program funds between the three Counties in Delaware. The actual commitment of HOME funds will be dependent upon an evaluation of the quality and timing in which applications are received. ADDI funds may be used throughout Delaware, but it is anticipated that Kent and Sussex Counties will utilize the majority of the ADDI funding. It is anticipated that funds reserved for the use of CHDOs will be equally distributed between Kent and Sussex Counties. However, the actual disbursement of CHDO funds will be based upon an evaluation of the quality of the applications and the timing in which requests for funds are received.

Minority Concentration

As mentioned in the above statements, DSHA administers the formula programs in Kent and Sussex Counties, Delaware, with the exception of the HOME Program, which is administered statewide. DSHA does not specifically allocate resources to areas of minority concentration, but throughout the Counties regardless of ethnicity. However, for purposes of meeting the requirement of 24 CFR 91.320 (d), the following chart is the percentage of population by race for the three counties, New Castle, Kent and Sussex based on U.S. Census Bureau data.

Race	New Castle	Kent	Sussex
White	72.3%	73.7%	83.5%
Black	22.5%	22.0%	14.1%
Asian	3.5%	1.9%	0.8%
American Indian & Alaska Native	0.3%	0.6%	0.6%
Native Hawaiian & Other Pacific Islander	0.1%	0.1%	0.1%
Persons of Hispanic or Latino Origin	6.7%	3.8%	5.8%
Two or More Races	1.4%	1.9%	0.9%

Source: U.S. Census Bureau – 2005 data

Affordable Housing Goals

Based on the priorities set forth in the Consolidated Plan, one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units or acquisition of existing units using program funds are set forth in the Action Plan. Also provided are the one-year goals for the number of homeless, non-homeless and special-needs households to be provided affordable housing.

DSHA has provided its anticipated outcomes or goals in providing affordable housing for FY2008 in charts and narrative under the resources and activities sections of the Action Plan. In summary, DSHA anticipates providing funding for the following:

- 1 unit with homebuyer downpayment assistance;
- 50 units of new construction of affordable rental housing *(dependant on LIHTC applications received)*;
- 275 units of rehabilitation of affordable rental housing *(dependant on LIHTC applications received)*;
- 171 units of homeowner rehabilitation;
- 40 units of rental assistance;
- 10 unit set-aside to serve populations with special needs *(dependant on requests)*; and

Homeless and Other Special Needs Activities

The Action Plan must also speak to the needs of the homeless and other special needs populations. It sets for the activities the state plans to undertake during the program year to address emergency shelter and transitional housing needs of the homeless. It also addresses activities to help homeless persons make the transition into permanent housing and independent living. Specific action steps are outlined to end chronic homelessness and address the special needs of non-homeless persons

Annually, DSHA assists in funding the HPC, the coordinating entity for the statewide CoC, for general operating expenses and the Delaware Homeless Management Information System (DE-HMIS) expansion. Since the HPC began coordinating the CoC, Delaware has been awarded over $40 million through the HUD Supportive Housing Program (SHP) application.

Also in FY2008, the DICH will pursue legislation to advocate responsibility, leadership and permanency in the Delaware Code for long-term implementation of the Ten-Year Plan.

Emergency Shelter Needs and Transitional Housing

DSHA is the organization selected to distribute the ESG funds throughout Kent and Sussex Counties. As the lead agency in this process, DSHA has the opportunity to work closely with the 11 shelters and eight transitional housing programs in these counties. During the program year, DSHA anticipates distributing $99,187 for shelter operations, homeless prevention and transitional housing. Based on information currently available, DSHA anticipates serving over 1,500 people in the HUD-funded emergency shelters and transitional housing and 75 families through homeless prevention efforts.

Because of the limited amount of ESG funding and the statutory requirements, DSHA is only able to fund shelters currently operating and serving homeless persons. There are no plans or provisions in the regulations that would allow DSHA to build or purchase any new emergency shelters. Moreover, the trend in Delaware has been a shift away from emergency shelter in favor of more transitional and permanent supportive housing.

In addition to shelter-based programs, there are a significant number of non-shelter service providers that target their services to homeless persons or families. These non-shelter services include: day centers, substance abuse counseling, mental health counseling, HIV/AIDS testing and treatment, food and clothing, case management, job training and placement and medical care.

Statewide Voucher Program

During FY2007, DSHA developed a state-funded Voucher Program to address the subpopulations identified in Delaware's Ten-Year Plan to End Chronic Homelessness. Thirty five vouchers were awarded to three organizations in response to a Request For Proposal (RFP). These vouchers are assisting persons with mental health and/or substance abuse conditions and youth with qualifying conditions transitioning to adulthood. The rental subsidies provide the financial resources needed by persons with extremely low- and no incomes, who have demonstrated the ability to live independently while using mainstream resources, or obtain rental housing on the economy despite their resources. DSHA will continue to seek additional funding to expand this program.

Transitional to Permanent Housing

Continuum of Care

The Delaware CoC Plan is a statewide strategy to organize and deliver services to meet the needs of people who are homeless, or near homeless, as they move into stable housing and maximum self-sufficiency. Since 1994, HUD has been encouraging communities to address the problems of homelessness in a coordinated, comprehensive and strategic fashion. This approach is designed to help communities develop the capacity to envision, organize and plan comprehensive and long-term solutions to address the problem of homelessness in their respective locales. The CoC contains several critical components including homeless prevention services, emergency shelter, transitional housing and permanent affordable housing, some of which remains linked to supportive services.

The HPC is the lead agency for the Continuum of Care (CoC) application program. The HPC manages, oversees and coordinates a year-round planning process. The HPC has received recognition as an effective, independent organization that conducts a variety of collaborative endeavors to address homelessness throughout Delaware. This Action Plan continues to acknowledge the importance of local homeless planning, linked to the state's overall homeless strategy.

The CoC planning process includes representatives of a broad cross-section of people interested in reducing homelessness. This includes service providers, government agencies, developers, corporate entities, financial institutions and citizens, including homeless and formerly homeless individuals.

In keeping with the commitment to end chronic homelessness in ten years, the HPC has worked during the past year to realign their prioritization process for the HUD-Targeted Housing and Homeless Assistance Projects. The HPC has adopted several policies that make applications for

funding consistent with nationally recognized evidence-based best practices and HUD's priorities, as well as the needs identified through the Point-in-Time study and information provided by people working with the homeless throughout the State. First, priorities emphasize permanent supportive housing and programs that serve predominantly chronically homeless persons, by rating applications that meet these criteria higher than applications for other services or target populations. Second, the HPC developed CoC strategies to ensure that persons served in HUD-funded projects are systematically linked to mainstream resources and supportive services. Finally, they are renewing efforts to ensure that eligible housing activities are the primary activities funded through the CoC application process.

Chronic Homelessness

To end chronic homelessness and reduce long-term homelessness in Delaware, the DICH recommends five broad strategies in *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness*.:

1. Develop New Housing for Persons Who Are Chronically Homeless or At-Risk for Chronic Homelessness;
2. Remove Barriers to Accessing Existing Affordable Housing;
3. Improve Discharge and Transition Planning;
4. Improve Supportive Services for Persons who are Homeless; and
5. Enhance Data Collection and Use of Technology.

The Plan identifies that 2,000 beds will be needed but it is not just about creating housing units. It also calls for implementing a range of prevention and service delivery strategies that have a basis in evidence and have been demonstrated to be effective. It requires a willingness to examine the assumptions under which issues have been approached in the past, to assess activities and initiatives, and ultimately, to do business differently through changing systems, redirecting existing resources and securing commitments for additional funding. The significant focus of the Plan is on investing resources in a manner that better serves the homeless population.

Finding the resources to implement the Plan will be challenging; however, implementation of similar measures in other areas has proven that reductions in the use of high cost services almost totally offset the increased investment in housing. DSHA will continue to work with the DICH to implement Delaware's Ten-Year Plan.

LIHTC Set-Aside

In order to encourage the development of permanent supportive housing units for the chronically homeless, $250,000 of the LIHTC credit ceiling for FY2008 has been set-aside for housing serving the chronically homeless. The households served by this set-aside have very low-incomes with high needs for supervision and on-site services. Application proposals must include contracts and/or commitment letters for project-based housing assistance payments and/or rental assistance (either from federal, state or sponsor-funded resources) for the duration of the affordability period. In addition, on-site services must also be documented through contracts and/or commitment letters for the affordability period.

Non-Homeless Needs

Discharge Planning

People are vulnerable to homelessness when they face major life changes. Careful planning for the transition between children's system of care and the adult system and for discharge from long-term hospitalization, institutionalization or incarceration will help to prevent chronic homelessness in years to come. Accomplishing this objective requires collaboration and cooperation among Delaware's governmental entities and service providers. During FY2008, DSHA will be working with the DICH to strengthen and improve discharge and transition planning. A workgroup was formed to review and enhance discharge and aftercare planning strategies to ensure that appropriate linkages with housing and community-based care are in place before people are discharged.

Addressing Barriers to Affordable Housing

Fair Housing

In an effort to eliminate barriers, DSHA will continue to participate in the Fair Housing Task Force Committee to focus on fair housing education, with the DHR carrying out enforcement actions. During FY2008, the Task Force Committee will revisit the 2003 Delaware Analysis of Impediments to Fair Housing Choice (AI) to ensure that the impediments identified are comprehensive to the needs of the state.

Discrimination continues against people with disabilities on both the federal and state level. Landlords in Delaware frequently discriminate against people with disabilities by refusing to allow reasonable accommodations designed to make rental units more accessible. CLASI will continue to enforce the fair housing rights of people with disabilities, particularly the right to reasonable accommodations.

In addition, DCRAC and the Task Force Committee will be sponsoring a first annual statewide disabilities conference that will address the issues of reasonable accommodations/modifications for persons with disabilities, new design and housing construction, NIMBYism and accessible housing communities.

DSHA will continue to award points for LIHTC developments whose site are not located in a close proximity to other low-income housing and are economically diverse. DSHA will continue to encourage developers and local jurisdictions to build mixed-income housing communities. DSHA will continue to promote mixed-income communities, via a variety of housing types and densities, through the PLUS review process.

Legislative Priorities

DSHA will also pursue safety for tenants who are victims of domestic violence. This legislation would assist in ending domestic violence by encouraging victims to accept emergency assistance or report domestic violence crimes without subjecting themselves to retaliatory evictions or exclusions.

Further, DSHA will seek an amendment to the Fair Housing Code that will end discrimination based on a potential tenant's source of income. The definition of source of income will include Housing Choice Vouchers and, as a result, this legislation will have a great impact on the clients of all five housing authorities in Delaware. The original intent of the Housing Choice Voucher Program was to deconcentrate poverty and allow low- and moderate-income tenants to choose where they live. Ending source of income discrimination will significantly reduce rental barriers to Housing Choice Voucher holders. This initiative is not meant to force landlords to rent to people who are at risk of not being able to afford their rent, but is instead intended to make sure that the landlord is not discriminating against renters who rely on non-conventional sources of income.

DSHA is also seeking to increase the funding available in the HDF for the creation of affordable housing. To accomplish this, legislation is being pursed to exempt HDF financed developments from the state real estate transfer tax. This would potentially reduce the cost of development incurred by the HDF by $112,000 per year. Additionally, legislation is also being pursed to increase the Recorder of Deed fee surcharge from $5.00 to $12.00 per document recorded. This would potentially generate $3.6 million dollars in annual funding for the HDF.

Lead-Based Paint

All Program Guidelines will continue to reference HUD's lead-based paint regulations and require all applicants to demonstrate how the rehabilitation work will be conducted in accordance with these regulations. DSHA will also require any activity funded by the HDF or HOME Program, especially acquisition/rehab activities, to conduct an Environmental Site Assessment Phase I.

DSHA will continue to cooperate with the Division of Public Health (DPH) to facilitate lead-safe work practice training to contractors. Any new rehabilitation contractors will be directed to the DPH, for training in lead-safe work practices. Any individual performing lead-based paint activities in the State of Delaware must be certified by DPH. After completing an approved training course, a person wishing to be certified must submit an Application for Certification to DPH and pass the state certification (3rd party) exam. A certification fee is required and the certification is valid for two years.

All covered projects and activities under ESG, HOPWA, CDBG, HOME, Public Housing and Housing Choice Voucher Programs will be administered to the applicable lead-based paint regulations. All programs will be monitored for compliance with current regulations. DSHA will monitor training and technical assistance needs relating to lead-based paint and work in conjunction with DPH to address those needs.

Other Actions

Delaware also identifies actions to address obstacles to meeting underserved needs, foster and maintain affordable housing, address lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, enhance coordination between housing and social service agencies and foster public housing resident initiatives. The actions identified for FY2008 are outlined in this section.

Address Obstacles to Meeting Underserved Needs

DSHA recognizes the need to identify groups who are underserved and pursue strategies that would serve their needs. The Low Income Housing Tax Credit QAP application continues to award points to developers that provide permanent housing for persons with special needs. Special needs populations are identified as:

- Persons with HIV/AIDS Related Illnesses;
- Homeless;
- Mentally Ill;
- Persons with Physical Disabilities;
- Mentally Challenged/Developmentally-Disabled Persons; and
- Migrant and Seasonal Farm Workers.

The Director of DSHA sits on the Governor's Commission on Community-Based Alternatives for Individuals with Disabilities. The Commission is comprised of several subcommittees including housing. DSHA serves on the Housing Subcommittee providing planning and technical assistance to support the subcommittee's objectives. DSHA has developed a multi-family database of subsidized rental units that list accessibility features germane to people with disabilities. Furthermore, DSHA is coordinating with other members of the subcommittee to identify successful homeownership programs for people with disabilities that could be tailored to Delaware's disabled population.

Housing has emerged as one of the most critical issues for those leaving Delaware prisons. DSHA staff actively participates in a re-entry workgroup that focuses on linking offenders to the appropriate services and housing, creating a support system and minimizing recidivism. This workgroup will seek available federal dollars to assist their goals.

DSHA will continue its mission to promote and provide affordable housing opportunities and support infrastructure that reduces the net cost of housing development and rehabilitation.

DSHA has developed a statewide multi-family "housing" locator, which provides information about units that are made affordable through public assistance. The locator is available on the internet at www.destatehousing.com/services/ht_housinglocator.shtml, to assist citizens needing affordable rental housing to easily identify and contact housing developments, which have units that meet their needs.

Maintain Affordable Housing

DSHA is designated as the administrator of the LIHTC Program with responsibility of allocating Delaware's annual credit ceiling in accordance with an approved QAP. DSHA utilizes a majority of its HOME funding, in combination with the LIHTC Program and other resources, to create or rehabilitate affordable rental housing throughout Delaware. Delaware's QAP establishes a process, whereby tax-credits are awarded to developers to address low-income housing priorities. Applications for HOME, HDF funds and Tax Credits are made available during the program year and are specifically designed so that housing developers can utilize one application if requesting a variety of resources. Program coordination is enhanced by the location, where all staff for these programs are in one location.

DSHA will continue to further foster and maintain affordable housing through participation in the following innovative tools:

Community Land Trusts

Community Land Trusts (CLT) is a grassroots democratically-controlled nonprofit organization that owns real estate in order to make land and housing available to residents who cannot otherwise afford them. CLTs are a viable tool wherever land is high in demand, but low in supply, and wherever fewer and fewer working people can afford to live in the communities where they work. The Diamond State CLT's mission is to strengthen communities by creating and stewarding perpetually affordable housing and promoting sustainable use of the land. DSHA will continue to actively support this viable tool for affordable housing.

Manufactured Housing

Manufactured homes are a popular and affordable source of housing in Delaware, particularly in Kent and Sussex Counties. Statewide, manufactured homes comprise approximately 11% of the total housing stock. In Kent County, manufactured homes comprise 17.7% of the housing stock and house 17.6% of the population. In Sussex County, manufactured homes comprise 24.5% of the total housing stock and house 20% of the county's population. There, manufactured housing communities are popular for second and vacation homes.

The Delaware State Code does not prohibit manufactured housing, nor does it afford municipalities the right to do so. Municipalities, however, do exclude manufactured housing in their comprehensive plans or create bureaucratic policies that dissuade a land owner from locating manufactured housing in their municipalities. Most manufactured housing in Delaware is located outside of cities and towns.

Only a small percentage of manufactured homes are moved after they are installed. The process is expensive, and it is difficult to find a new location for existing homes. Many communities are either full or will only accept new homes, and few, if any, new manufactured housing communities are being created in Delaware. Therefore, Delaware is making progress in helping residents of manufactured housing communities form cooperatives to become joint owners of their land-lease communities. Delaware is currently seeking legislation to secure a "right of first refusal" for community residents which would afford residents a set time period following notice

of an owner's intent to sell to form a cooperative, pursue financing and match prospective buyer's offer.

Anti-Poverty Strategy

Affordable housing represents an effective wage subsidy for local employers and an immediate salary increase for wage earners, thus creating income that can be applied to other living expenses. DSHA will continue to provide a variety of affordable housing options for Delawareans in order to help them stretch their household budgets.

DSHA's MTW Program requires residents to work or be in school in order to receive a housing subsidy. Additionally, there is a five-year limit to how long the family can receive the subsidy. The goal is to establish positive work and budget habits over the time in the program, which will serve the family as they transition to unsubsidized housing. We believe that MTW plays an important role in breaking the cycle of poverty by providing case management services and resources that help families succeed.

DSHA has been an active participant on the HPC and has provided an operations grant for the past five years. The HPC coordinates the Delaware CoC applications, manages the DE-HMIS and works to coordinate services and programs throughout the state to better meet the needs of homeless people and families.

Develop Institutional Structure

Each year, housing and community development programs occur through DSHA, as well as through its partnerships with various state agencies, housing authorities, nonprofits and community development corporations. DSHA will continue efforts to foster collaboration between public and assisted housing providers and private and governmental health, mental health and service agencies.

DSHA will make its planning and community development staff available to provide on-site technical assistance at communities' requests. DSHA is providing a larger amount of information on our website to further statewide accessibility. Online versions of policies and procedures, as well as administrative plans will be continually updated to reflect current regulations and/or changes.

DSHA will continue to participate in various stakeholder forums during the program year. Further, DSHA will continue to sponsor the Governor's Conference on Housing, which brings stakeholders together from for-profit, nonprofit, state and local governments and housing advocates to concentrate on solutions to the barriers of providing affordable housing.

eHousing

DSHA recently launched eHousing, a new online application process for housing assistance. This will allow anyone who wants to apply for the Public Housing and the Housing Choice

Voucher Programs in Kent and Sussex Counties, Delaware to apply online at www.destatehousing.com from any computer with internet access. The online application is user-friendly, and allow applicants to easily update their information as it changes.

Enhance Coordination Between Public and Private Housing and Social Service Agencies

DSHA will continue its work in FY2008 with a wide array of other state agencies, private and faith-based housing and service providers and advocates. The State will use inter-departmental forums to coordinate resources and develop consistent policies and methods to achieve stated goals and objectives.

Foster Public Housing Resident Initiatives

As stated earlier, DSHA is the public housing authority for the State of Delaware and operates in Kent and Sussex Counties, Delaware. DSHA owns 518 units of public housing and 65 Section 8 New Construction units. In addition, DSHA administers 905 Housing Choice Vouchers. The Housing Choice Vouchers enable low-income Delawareans to lease privately-owned rental units from participating landlords.

The Asset Management Division of DSHA also provides contract administration oversight for 4,604 project-based Section 8 units throughout the state. These units are located in privately-owned developments that receive a HUD subsidy. DSHA's role is limited to contract compliance and payments.

Moving to Work

The MTW Program is a five-year time limited program that requires residents, except the elderly and disabled, to work or be in school in order to receive a housing subsidy. The purpose of the program continues to be to reduce costs and achieve greater cost effectiveness, to give incentives to families to obtain employment and become economically self-sufficient and to increase housing choices for low-income families. DSHA will continue efforts to obtain approval for permanent MTW status.

The goals and objectives under the DSHA MTW Program are outlined as follows:

- To reduce costs and achieve greater cost effectiveness by administrative reforms to the Public Housing and Housing Choice Voucher Programs;
- To give incentives to families who are employed or seeking employment and self-sufficiency; and
- To improve housing options for our residents by offering or coordinating the following resources:
    - Homeownership counseling and assistance;
    - Budget counseling;
    - Fair market housing counseling;
    - Assistance obtaining a Low Income Housing Tax Credit Unit;
    - MTW Savings Account as income increases;

- Counseling to repair credit problems;
- Financial literacy education;
- Individual Development Accounts (IDA) for approved participants;
- Public Housing Home Ownership Program; and
- Resident Homeownership Program.

Since MTW implementation in August 1999, 622 families have successfully completed the MTW Program. One hundred sixty-two have purchased homes and 460 have either begun paying fair market rent at their current unit or moved into non-subsidized housing. Though some of those families would undoubtedly have been successful without MTW, DSHA feels that the majority became successful by taking advantage of the counseling and social services made available through the program, as well as the savings they accumulated while in the program.

The ninth-year Plan will concentrate on the following items:

- All original MTW-eligible Public Housing residents and Housing Choice Voucher participants will have completed five full years of MTW or have been approved for a one-year extension;
- DSHA continues to work with the Department of Labor and the Delaware Economic Development Office to share information on new industry and business coming to Delaware, job trends and current job information. As needed, meetings will be scheduled for all parties as well as MTW participants;
- DSHA will continue to require all MTW participants to complete financial literacy training. This 8 – 10 hour training is provided in conjunction with the annual completion of the Resident Action Plan (RAP);
- DSHA is working to continue providing services that were formerly funded under the Public Housing Drug Elimination Program (PHDEP). Funds from the Capital Fund Program will be used to provide limited security services during State FY2008. DSHA continues to advocate for a change in legislation to return the PHDEP to HUD's budget; and
- DSHA is working to continue providing services that were previously funded from the MTW Technical Assistance Grant. Computer education and scholarships were funded from this source. DSHA continues to work to identify potential sources for funding scholarships and computer education.

Program Specific Requirements

Community Development Block Grant Program

As stated earlier in this report, CDBG funds are awarded through a competitive application process in accordance with the Method of Distribution. The complete CDBG Program Guidelines and Application Package may be accessed on DSHA's website at www.destatehousing.com/services/dv_cdbg.shtml. The Program Guidelines and Application Package are updated annually and made available at an application workshop

Application Review Process

The following is a summary of the CDBG application process. For a more complete description of the process, visit www.destatehousing.com/services/dv_cdbg.shtml for the CDBG Program Guidelines. Upon receipt of the applications, DSHA staff will:

- Review the applications for eligibility and completeness. If an application does not meet the threshold criteria, it is considered unresponsive and will not continue through the review process;
- Review that the amount of CDBG funds requested in each application is reflected in a budget that is both reasonable and realistic, and which conforms to all the requirements for such budgets; and
- DSHA staff will then provide the Review Panel(s) with a report that each application will at a minimum contain the following:
    - Certification that the application has met the threshold requirements, including evaluation of low- and moderate-income benefit;
    - Certification that the proposed budget represents a realistic and reasonable budget, which conforms to all application instructions and policies;
    - The conformance of the proposed activities to the goals and objectives of Delaware's Consolidated Plan; and
    - An evaluation of the applicant's capacity and past performance under the CDBG Program.

DSHA will then provide the Review Panel(s), which is composed of persons with appropriate background and experience, the applications to evaluate. The Review Panel uses a point system with maximum total points achievable in the following categories: *(a maximum total of 100 points may be received by an application)*

- Low- and moderate-income benefit *(provided by DSHA staff)* – 25 points
- Management capacity *(provided by DSHA staff)* – 5 points
- Cost/benefit of activity – 70 points – as follows:
    - Severity of need – 20 points
    - Holistic impact of activity – 15 points
    - Cost reasonableness – 15 points

- Leveraging of other resources – 15 points
- Suitability/feasibility of work plan – 5 points

DSHA staff then prepares a summary evaluation of all of the applications, which will include the scores for each proposed activity and a descriptive summary of the Review Panel's comments and recommended priorities for funding. The Director of DSHA will make the final decisions on allocating the CDBG funds based on the recommendations from the Review Panel.

Allocations to specific activities will be based on approved contract budgets. The maximum allocation for any single applicant shall not exceed $1,100,000 in any program year.

HOME Investment Partnerships Program

The HOME Program allocates funds to eligible states and local governments to provide affordable housing. On December 16, 2003 (Public Law 108-186), ADDI was made a part of the HOME Program. ADDI funds may be used throughout Delaware, but it is anticipated that Kent and Sussex Counties will utilize the majority of the ADDI funding. The HOME Program and ADDI for the State of Delaware are administered by DSHA.

HOME funds will be used to further affordable housing for very low- and low-income persons and families and special population groups by the provision of affordable rental and homeownership housing through the acquisition, rehabilitation and new construction of housing. In FY2008, $3,000,000 has been allocated to the State of Delaware, of which at least 15% is reserved for use by CHDOs for furthering affordable housing. CHDO operating expenses up to the maximum allowable under HUD regulations may also be considered for funding under the HOME Program. All activities undertaken with HOME funds (including CHDO reservations) must be project specific and must be consistent with the objectives of the State's Five-Year Consolidated Plan. Ten percent of Delaware's HOME allocation including program income will be reserved to administer the HOME Program. Delaware does not utilize HOME funds to refinance existing debt secured by multi-family housing that is being rehabilitated with HOME funds.

In addition to the above-noted HOME Program allocation, the State of Delaware has been allocated ADDI funds in the amount of $12,016 for FY2008. The ADDI funds will be used as mortgage loans for low-income first-time homebuyers for acquisition of single family housing. ADDI loans may not exceed the greater of $10,000 or 6% of the purchase price. DSHA may also consider other HOME loans to non-first time homebuyers. Both ADDI loans and other HOME loans to homebuyers are subject to the following conditions:

- Mortgage loans may be used for downpayments and closing costs associated with the acquisition and may be deferred second (or other loan position as approved by DSHA) mortgage loans at 0% interest. Payments on the loan are not required except in the event of sale, rental or refinancing of the property. The loans shall be forgiven at the end of the

period of affordability provided all HOME Program and DSHA requirements have been met;

- The HOME acquired property must remain the principal residence of the assisted family throughout the recapture period and may not be rented. The assisted property shall meet the Property Standards of 24 CFR Part 92, § 92.251 and all applicable State and local housing quality standards and codes;
- The purchase price and appraised value of the assisted property may not exceed the Federal Housing Administration's single-family mortgage limits under Section 203(b) of the National Housing Act for the type of assisted housing;
- In order to be eligible for a loan, an applicant must have satisfactorily completed a DSHA-approved homeownership counseling program or must be enrolled in such a program and be making satisfactory progress as determined by DSHA in its sole discretion;
- Participants in DSHA's Scattered Site PHHOP shall receive priority for all HOME Program mortgage loans. If there are no potential PHHOP applicants who may utilize available ADDI funds, DSHA may allow non-PHHP participants to apply for ADDI funds only. Other applicants seeking ADDI/HOME Program mortgages that are not in the PHHP may be required to apply for all other available State second mortgage assistance such as the DHP Program if funds are available. Other ADDI applicants qualifying for a USDA/Rural Development mortgage may be required to apply for USDA/Rural Development assistance; and
- Loans shall be approved by the Director of DSHA and may not exceed $20,000 in combined ADDI and other HOME Program funding or such other reasonable amount approved by the Director. DSHA may limit the number of loans issued in any fiscal year.

Recapture Provisions for Homebuyers

The prorated amount of HOME Program and/or ADDI funds in the form of second mortgage loans used for downpayments and closing costs are subject to recapture when the initially-assisted homebuyer sells, rents or refinances the HOME/ADDI-assisted property within the recapture period set forth in the following chart:

Amount of HOME/ADDI Funds	Recapture Period
Less than $15,000	5 years
$15,000 to $40,000	10 years
Over $40,000	15 years

HOME/ADDI mortgage loans shall be forgiven after expiration of the loan recapture period and/or period of affordability. If the HOME/ADDI-assisted property is sold, rented or refinanced during the recapture period, the amount of the repayment required shall be prorated by the number of full years the original HOME/ADDI-assisted owner occupied the property. For example, a HOME/ADDI-deferred second mortgage in the amount of $20,000 would have a recapture period of 10 years. If the property was sold 3 years and six months after the recapture period started, then 30% (3 full years/10 year recapture period) of the original $20,000 HOME/ADDI loan would be forgiven making the repayment amount due $14,000.

Where the net proceeds (the sales price of the assisted property less loan repayment of DSHA approved superior debt and closing costs) is greater than the prorated balance due under the HOME/ADDI mortgage loan, the balance of the HOME/ADDI prorated mortgage loan shall be repaid to DSHA. However, where the net proceeds are less than the HOME/ADDI mortgage loan, the amount of the net proceeds shall be repaid to DSHA. All repaid HOME/ADDI mortgage funds shall be used to support other HOME-eligible activities.

These recapture provisions shall be included in the note and mortgage evidencing and securing the HOME/ADDI-funded second mortgage loan. When HOME funds are used for acquisition, construction and/or rehabilitation of a project prior to the sale to homebuyers of the homes in the project, the full amount of the HOME loan investment shall be repaid to DSHA on a pro-rata basis as the units are sold. Upon payment of the agreed amount of the HOME-funded loan, each property shall be released from the lien of the mortgage securing the HOME-funded loan. All repaid proceeds shall be used to support other HOME-eligible activities.

Emergency Shelter Grants Program

DSHA has been designated to administer the ESG Program, which is authorized under Title IV (Subtitle B) of the Stewart B. McKinney Homeless Assistance Act, as amended. The funds are distributed on a competitive basis to eligible applicants in Kent and Sussex Counties, Delaware. Eligible applicants are units of general local government or private nonprofit organizations, including faith-based organizations.

The State of Delaware anticipates receiving $99,187 in ESG funds for FY2008. The funds are made available to interested applicants each year through a *Notice of Funding Availability*, which is mailed to interested parties, published in prominent newspapers statewide and available on DSHA's website at www.destatehousing.com. Instructions on how to apply for these grant monies are provided in the notice. A contact person is listed in the notice for the benefit of interested parties who may have questions about the program. This funding must be awarded and obligated within a short period of time, therefore, it is anticipated that the funds will be allocated to nonprofit organizations, which can effectively comply with federal regulations, provide the necessary matching funds and obligate grant funds.

The ESG Program is designed to help improve the quality of existing emergency shelters for the homeless, to make available additional emergency shelters, to help meet the costs of operating emergency shelters and to provide certain essential social services to homeless individuals, so that these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations. The program is also intended to restrict the increase of homelessness through the funding of preventative programs and activities.

An emergency shelter is defined as any facility whose primary purpose is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless. Homeless is defined as an individual or family which lacks a fixed regular, and adequate nighttime residence, or as an individual or family which has a primary residence that is

supervised as a publicly- or a privately-operated shelter designed to provide temporary living accommodations. The length of stay in such a facility may not exceed 24 months.

Assistance may be provided under this part to a religious organization if the religious organization agrees to provide all eligible activities under this program in a manner that is free from religious influences and in accordance with the following principles:

- It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
- It will not discriminate against any person applying for shelter or any of the eligible activities under this part on the basis of religion and will not limit such housing or other eligible activities or give preference to persons on the basis of religion; and
- It will provide no religious instruction or counseling; conduct no religious worship or services; engage in no religious proselytizing; and exert no other religious influence in the provision of shelter and other eligible activities under this part. Applicants that are primarily religious organizations are encouraged to contact DSHA for specifics or refer to 24 CFR Part 576.23.

ESG Program funds may be used for the following activities:

- Provision of new or increased essential services to the homeless (such as those concerned with employment, physical and mental health, education and food);
- Development and implementation of homeless prevention activities;
- Maintenance, operation, insurance, utilities and furnishings;
- Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters and/or;
- The development and implementation of DE-HMIS.

Equal priority shall be given to applications requesting funding assistance for homeless prevention activities and for the provision of maintenance, operating costs and renovations. Requests for funding for major rehabilitation or conversion activities will be considered last.

A maximum of $29,756.10 (30% of the state's allocation) may be used for the provision of essential services. A separate maximum of $29,756.10 (30% of the state's allocation) may be used for the provision of prevention activities. A maximum of $4,959.35 (5% of the state's allocation) may be used for administrative costs.

With ESG funding, homeless persons are expected to be provided with access to safe and sanitary shelter, as well as to supportive services and mainstream assistance needed to move them toward transitional or permanent housing options. The ESG Program requires shelters to use homeless persons in their work program, thereby creating employment opportunities for homeless people to the maximum extent practical. It also requires that the termination of assistance to any individual or family in a shelter subsidized with federal funds be in accordance with a formal process established by the recipient, which must be incorporated in the shelter's operating procedures.

Subgrantees are required to provide proposed outcome/objective statements for each activity. The objectives/outcomes for the proposed activities of emergency and transitional shelters should be stated as accessibility for the purpose of creating a suitable living environment.

Applications will be rated by a Review Panel; composed of persons with the appropriate background and experience on the following criteria and maximum possible point scoring *(a maximum total of 100 points may be received by an application)*:

- Provider background (10 points);
- Description and demonstrated need for proposed program (10 points);
- Community commitment (10 points);
- Administration and documentation (15 points);
- Performance measurements (15 points);
- Goals and objectives (15 points);
- Cost effectiveness (15 points); and
- Coordination with mainstream services (10 points).

Housing Opportunities for Persons with Aids Program

DSHA will make available $179,000 in HOPWA Program funds. The funding will be available on July 1, 2008 for use in Kent and Sussex Counties only. The state may select a project sponsor without undertaking a competitive bid process. The state will therefore, award its funding under the HOPWA grant to the Delaware HIV Consortium, the only statewide nonprofit agency that provides a tenant-based rental assistance program in Kent and Sussex Counties.

DSHA anticipates that $173,630 will be allocated by the state under the FY2008 HOPWA grant and it will be used for payment of project- or tenant-based rental assistance, including shared housing, rent, mortgage, and/or utility payments to prevent homelessness of the tenant or mortgagor. Funds may also be used for supportive services that include, but are not limited to, health, mental health, assessment, nutritional services, intensive care when required and assistance in gaining access to benefits and services.

Funds may be used for administrative expenses; however, the state may not use more than three percent (3%) or $5,370 of its current funding as administrative costs related to administering this grant. The project sponsor may not use more than seven percent (7%) of its grant amount as administrative costs charged to this grant. This amount is equal to $12,154.10 of the funding after reducing the grant amount by the state's three percent (3%) administrative costs or $5,370 of the total grant amount of $179,000.

Delaware HIV Consortium is expecting to assist 40 families with decent affordable housing from the HOPWA grant through a tenant-based rental assistance program.

Monitoring

DSHA has the responsibility of monitoring all housing activities covered by this Action Plan, whether the activity is conducted directly by a unit of local government, a nonprofit housing agency or by DSHA itself. The purpose of this section is to describe the policies and procedures that are used in Delaware to monitor activities carried out in furtherance of the Five-Year Consolidated Plan and to ensure long-term compliance with requirements for CDBG, ESG, HOPWA and HOME Programs.

Monitoring is an ongoing process involving continuous grantee communication and evaluation. The process involves frequent telephone contacts, written correspondence, analysis of performance reports and audits and periodic on-site visits. These processes occur differently for each of the four programs to be discussed.

Community Development Block Grant Program

The monitoring process is divided into two components: regulatory and performance compliance. Monitoring of regulatory compliance includes review of accountability and financial management, environmental impact, labor standards, civil rights and fair housing, acquisition and relocation activities and citizen participation.

Monitoring of performance compliance includes evaluation of project timeliness, components of eligibility and compliance with National Objectives and an assessment of continuing capacity to carry out approved activities.

DSHA applies the following outcome standards:

- At least 70% of the funds must be spent on projects that benefit low- and moderate-income persons;
- 100% of the funds must be spent on eligible activities;
- 100% of the program funds must be obligated to local governments within 15 months of the receiving the grant award; and
- DSHA staff uses checklists of all program components during their evaluations. These include: Fair Housing Equal Opportunity (FHEO), Labor Standards, Rehabilitation Checklist, Financial Management Checklist and Environmental Review Checklist.

DSHA staff will monitor a sampling of rehabilitation activities on an annual basis. This monitoring will consist of:

- Review of pertinent files for required documentation, compliance with program regulations and verification of the accuracy of information provided to DSHA;
- Visit the project site to observe activities and ensure consistency with the application; and
- Results of the monitoring visit are submitted to the grantee generally within fifteen days of the monitoring visit.

In the event of a Determination of Concern, Finding of Deficient Performance or Finding of Noncompliance is indicated; the grantee will present documentation to address the concern, resolve the deficiency or present a corrective action plan.

A follow-up visit may be necessary to verify a corrective action or to provide technical assistance. When DSHA's review indicates the grantee has provided satisfactory corrective action, a letter will be sent to the grantee stating that the finding(s) have been cleared. All findings must be cleared before closeout.

DSHA can bar a grantee from applying for CDBG funds, withhold unallocated funds, require return of unexpended funds or require repayment of expended funds if a grantee fails to provide satisfactory corrective action.

HOME Investment Partnerships Program

DSHA ensures that recipients of HOME funds comply with the regulations through various monitoring activities. Monitoring activities include both desk and on-site reviews. Throughout a project, DSHA is committed to ensuring compliance with Federal regulations, ensuring production and accountability and evaluating organizational and project performance.

For HOME, the overall program standards that will be addressed and verified include the following:

- All projects will meet all of the HOME statutory requirements, and will satisfy all HOME regulations in conformity with the DSHA Program Guidelines;
- Not less than 90% of all HOME-assisted units in rental housing projects will rent to a tenant whose income does not exceed 60% of MFI at or below the maximum HOME rent limits (65% of AMI). In addition, no less than 20% of those units will rent to tenants at or below the low HOME rent limits (50% of MFI);
- Not less than 100% of all HOME-assisted units in homeownership projects (both owner-occupied rehabilitation and downpayment closing cost assistance) will be occupied by homeowners at or below 80% of MFI;
- 100% of the funds allocated for the previous two (2) program years will be committed to projects by the end of the second year;
- 100% of the funds allocated for the previous five (5) program years will be expended by the end of the fifth year; and
- DSHA may require any CHDO to reapply for designation upon the event of a material change in the structure of the CHDO or at such other time as required by HUD. In addition, DSHA requires all CHDOs receiving funding to certify that there has been no material change in their status that would affect such funding.

DSHA monitoring can be broken down into the two phases of a typical project: 1) pre-construction and construction, and 2) in-service.

Pre-Construction and Construction Stage

DSHA ensures each recipient of HOME funding understands the program requirements applicable to their activity. These requirements include, but are not limited to, fair housing, financial management and accountability, environmental impacts, labor standards, procurement, lead-based paint, affirmative marketing and acquisition and relocation activities.

On-site monitoring of an activity during the construction phase is preferred to ensure consistency with requirements and identify construction deficiencies. A portion of activity funds is withheld until deficiencies, if any, have been corrected and all program reports have been submitted to DSHA's satisfaction.

In Service

DSHA staff conducts annual on-site reviews of rental housing activities to ensure the activity sponsor maintains the following:

- Correct rent and utility allowance levels for all HOME-assisted units;
- Accurate annual re-certification of tenant income;
- Compliance with Housing Quality Standards;
- Compliance with Affirmative Marketing Requirements; and
- Compliance with other requirements of the HOME Program regulations.

In addition, DSHA ensures the proper payment of loan installments and escrow deposits as required in the project's loan documents.

Record Keeping

In accordance with DSHA policy and Federal requirements, DSHA has established and maintains records to enable DSHA staff, HUD, auditors, and the general public to determine the status of each HOME project, as well as overall program progress and status. Records are maintained in written and electronic format and are available to the public upon request. However, public review of documents is subject to the Freedom of Information Act.

Emergency Shelter Grants Program

Service providers receiving ESG funds are monitored annually. The annual monitoring visit occurs after the end of the program year and consists of a review of applicable files, programs and processes of the agency. Areas examined include, but are not limited to, organization, environmental, conflicts of interest, insurance coverage, nondiscrimination and drug-free workplace policies, project activities and timelines, financial management and matching funds, procurement procedures, demographics, essential services, operations, homeless prevention and rehabilitation activities.

A written finding is provided to the sponsor identifying areas of noncompliance and the actions required to correct them. Prior to any further grant awards, all findings must be resolved and documented satisfactorily.

For ESG, the overall program standards that will be addressed and verified include the following:

- All grantees complete an Annual Performance Report;
- Not less than 100% of the services provided will be services that are eligible by ESG statutes and HUD regulations; and
- Not less than 100% of the clients served will be eligible homeless families in accordance with HUD definition. One hundred percent of the funds allocated for any grant period will be expended by the end of said grant period.

Housing Opportunities for Persons with Aids Program

Any service provider receiving a HOPWA grant is monitored annually. The annual monitoring visit occurs after the end of the program year and consists of a review of applicable files, programs and processes of the agency. Areas examined include, but are not limited to organization, conflicts of interest, insurance coverage, nondiscrimination and drug-free workplace policies, project activities and timelines, financial management and matching funds, procurement procedures, demographics, essential services, environmental, operations, homeless prevention and rehabilitation activities.

A written finding is provided to the sponsor identifying areas of noncompliance and the actions required to correct them. Prior to any further grant awards, all findings must be resolved and documented satisfactorily.

For HOPWA, the overall program standards that will be addressed and verified include the following:

- All grantees complete an Annual Performance Report;
- Not less than 100% of the services provided will be services that are eligible by HOPWA statutes and HUD regulations; and
- 100% of the funds allocated for any grant period will be expended by the end of said grant period.

Form Application

See Appendix A for SF-424 for ESG, HOME, CDBG and HOPWA

Appendix A