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Delaware 2007

State of Delaware 2007 Annual Action Plan

A Supplement to the
Five-Year Strategic Plan for
Housing and Community Development

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Executive Summary

The Action Plan, prepared and implemented by the Delaware State Housing Authority (DSHA), is an annual planning document required by Congress and the U.S. Department of Housing and Urban Development (HUD). Using the goals and strategies set forth in the *Five-Year Strategic Plan for Housing and Community Development 2003-2008 (Five-Year Strategic Plan)*, The Action Plan is designed to explain to Delaware citizens how the State plans to distribute funding for FY2007 (July 1, 2007 to June 30, 2008). The overall goal of community planning and development programs is to support the development of viable communities by providing decent housing and a suitable living environment for low- and moderate-income persons. DSHA strives to make these opportunities accessible and affordable to communities and individuals, and to ensure that desired project outcomes are sustainable and measurable.

The plan serves four major functions:

- It is the State of Delaware's application for funds available through the four HUD formula grant programs that are administered by DSHA;
- It is the annual planning document, built through public input and participation, for the four HUD formula programs and other related programs;
- It lays out the funding resources expected, the method of distribution and the actions the state will follow in administering the HUD programs; and
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

DSHA will receive approximately \$5.3 million in formula funding for the four Community Planning and Development Programs administered by HUD for FY2007. The four formula programs governed by this Action Plan are:

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

Housing and Community Development Goals and Strategies

The following general goals and strategies derive from the 2003 strategic planning and public participation process and are regarded as being the most effective for addressing Delaware's most pressing housing and community development needs. These strategies serve DSHA as targets for each year's Action Plan and activities. Not all strategies apply to all areas of the State as local conditions and residents determine how best to address the housing and community development needs of each community.

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Each successive Action Plan endeavors to reflect and adhere to these strategies in its resource allocation and program planning.

Housing Strategies – Increase access to decent affordable housing and suitable living environments

- To address the first-time homebuyer demand and assist Delaware families to purchase their first home;
- To assist in the provision of affordable rental units including new construction, rehabilitation and rental assistance for families, the elderly, people with special needs and the homeless;
- Increase and improve the types of housing and services for the homeless;
- Encourage families to move from assisted to unassisted housing;
- Preserve existing affordable rental housing;
- Promote independent housing options for Delaware’s special needs population; and
- Support the activities of the Homeless Planning Council (HPC) in its capacity as the statewide Continuum of Care (CoC) coordinating entity.

Non-Housing Community Development Strategies – Increase community investment and involvement

- Improve community infrastructure and services in areas that particularly serve the needs of low- and moderate-income households;
- Strengthen the ability of local communities to prevent and eliminate conditions of slum and blight;
- Lead the effort to improve the effectiveness of the affordable housing delivery system in Delaware; and
- Assist in enhancing and strengthening local government capacity and that of other community groups to develop creative and innovative ways to identify, address and manage community development projects and maximize the use of resources in and outside the community.

Combined Housing and Community Development Strategies

- Encourage planning efforts on the part of local governments which address housing and community development needs;
- Provide technical assistance to local governments with housing and community development needs;
- Increase collaboration between funding entities, regulatory agencies, developers and advocacy groups;
- Continue to expand Fair Housing education efforts and actions to address the impediments to Fair Housing in Delaware;
- Continue to encourage local government assistance in housing and community development activities; and

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- Continue to coordinate housing and community development activities with programs and services addressing poverty.

During the past year, HUD adopted a series of Objectives/Outcomes that would allow all CDBG, HOME, ESG and HOPWA Programs to report their accomplishments in a uniform manner. They are as follows:

- ***Creating Suitable Living Environments*** – This relates to activities that are designed to benefit communities, families or individuals by addressing issues in their living environment. This objective is related to assisting homeless persons obtain housing, retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income Delawareans without discrimination, improving access to housing credit, and increasing supportive housing that includes structural features and services to enable persons with special needs to live with dignity.
- ***Providing Decent Affordable Housing*** – This covers the wide range of housing activities that are generally undertaken with HOME, CDBG or HOPWA funds. This objective focuses on housing activities whose purpose is to meet individual, family or community needs. Further, it includes improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.
- ***Creating Economic Opportunities*** – This applies to activities related to economic development, commercial revitalization or job creation. Further, it is creating jobs accessible to low-income persons, providing access to credit for community development that promotes long-term economic and social viability, and empowering low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Secondly, the second component required by HUD is the outcomes that are associated with the objectives. The outcomes are as follows:

- ***Availability/Accessibility*** – This 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 or daycare.

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- ***Sustainability*** – This 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 or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

HUD has asked grantees to add a new section to the Action Plan update regarding accomplishments made toward the Five-Year Strategic Plan. The State is currently operating in the fourth year of the Five-Year Strategic Plan, which does not conclude until after this Action Plan is required to be submitted to HUD. However, Appendix B is a summary of accomplishments toward the priorities set forth in the Five-Year Strategic Plan. Further details may be obtained from the FY2005 Consolidated Annual Performance Evaluation Report (CAPER), which is available on DSHA's website at www.destatehousing.com or by contacting DSHA at 302-739-4263.

Citizen participation in the Action Plan helps assist DSHA to set forth issues that need to be addressed to make the difference for individuals and families and the community they live in. DSHA is continually looking for efforts to broaden the citizen participation process. Meetings and discussions are held throughout the year with various housing and social service providers. Comments, suggestions and recommendations from these groups provide the state with an overview of local needs, priorities and strategies to address them. Public hearings are designed to provide input from local and county governments, for profit and nonprofit organizations, other state agencies, advocacy groups, housing authorities, professional organizations and private citizens. In order to gain public input, a public hearing will be held regarding the Action Plan on April 11, 2007 at DSHA, 18 The Green, Dover, DE from 5:00 p.m. – 7:00 p.m. In addition, a joint notification of a 30-day public comment period and the availability of the Action Plan were advertised in newspapers throughout the state. The Action Plan is also made available on DSHA's website at www.destatehousing.com.

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Summary of Action Plan Amendments for FY2007

In this fifth year of DSHA's Five-Year Strategic Plan, changes have been made to the administration of the CDBG Program. Program changes are as follows:

Community Development Block Grant Program

Increase in the limits of CDBG funds that may be spent on manufactured homes rehabilitated on rental and owner-occupied lots to \$12,500 and \$18,000, respectively. This is due to an increase in rehabilitation costs.

A new section allows those subgrantees receiving HOME scattered site rehabilitation funds to use HOME funds to replace, on a case-by-case basis, severely deteriorated manufactured housing units with newer units that are up to code. The HOME Program allows for manufactured home replacement, whereas the CDBG Program does not.

The construction or rehabilitation of permanent supportive housing serving at least 51% low-income and moderate-income limited clientele has been added to the guidelines. This housing is intended for chronically homeless persons.

A cap of \$150,000 has been set for the amount of administrative funds that may be requested by a subgrantee. Requests for administrative funds have been increasing dramatically, and this cap is necessary to help meet the 20% administrative expense cap imposed by HUD.

Finally, the application deadline was extended to February 14, 2007.

Form Application

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

Resources and Objectives

91.320 (c)(1) – (c)(2) Provide a summary of the federal resources expected to be made available including grant funds and program income. Provide a summary of the annual goals (objectives) the state expects to achieve in the coming program year. Provide a concise summary of all funds that are expected to be made available from federal, private and non-federal public sources to leverage program funds. Also include how those funds will help meet the matching requirements of the various HUD Programs.

The Five-Year Strategic 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 \$5,317,429 in federal formula funding to the State of Delaware. This represents a slight increase from FY2006 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 FY2007 (July 1, 2007 to June 30, 2008) reflect the projected amounts authorized by Delaware's Legislature for State FY2008. Figures are based on the best information available at the time of release of this Action Plan.

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Combined State and Federal Resource Summary

| Activity | Type of Assistance Strategy Addressed | Program | Anticipated Funding | | Proposed Families/ Units Assisted | Proposed Entities Assisted |
|------------------------------|--|--|----------------------|--------------------|-----------------------------------|----------------------------|
| | | | State | Federal | | |
| Homeownership | Mortgage Assistance | First Time Homebuyers Mortgage Revenue Bond (MRP) Program | \$150,000,000 | | 750 | |
| | Downpayment and Settlement Cost Assistance, and Other Forms of Assistance | Second Mortgage Assistance Loan (SMAL) Program | \$0 | | 0 | |
| | | American Dream Downpayment Initiative (ADDI) and HOME <ul style="list-style-type: none"> Public Housing Homeownership Program | | \$429,740 | 15 | |
| | | Delaware Housing Partnership (DHP) Program | \$3,900,000 | | 325 | |
| | | Live Near Your Work (LNYW) Program | \$20,000 | | 20 | |
| | | Housing Rehab Loan Program | \$1,050,000 | | 30 | |
| | | DEMAP | \$227,800 | | 15 | |
| | Housing Counseling | Rural Housing Development Initiative | \$70,000 | | 30 | |
| Rental | Create, Rehab and Preserve Rental Housing, and Leverage Multifamily Developments | Low Income Housing Tax Credit (LIHTC) Program | | \$2,275,000 | 400 | |
| | | HOME | | \$2,300,000 | | |
| | | HOME General Administration | | \$300,000 | | |
| | | HDF | \$9,080,000 | | | |
| Community Development | Rehab Owner Occupied Homes | HOME | | \$200,000 | 13 | |
| | | CDBG | | \$1,511,905 | 133 | |
| | Demolition | CDBG | | \$30,000 | 2 | |
| | Emergency Shelter Rehabilitation | CDBG | | \$20,000 | | 1 |
| | | CDBG Program Income | | \$150,000 | | |
| | | CDBG General Administration | | \$385,693 | | |
| | | CDBG Rehab Program Delivery | | \$74,984 | | |
| | Assistance to Homeless Shelters | Emergency Shelter Grants (ESG) Program | | \$98,107 | | 8 |
| | Rental Assistance to People Living with Aids | Housing Opportunities for People With Aids (HOPWA) | | \$167,000 | 40 | |
| | Emergency Home Repair | Emergency Home Repair | \$350,000 | | 200 | |
| | Special Projects | Serve Populations with Special Needs | \$500,000 | | 10 | |
| Total | | | \$165,197,800 | \$7,942,429 | 1,983 | 9 |

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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 – DOT, EPA, FEMA and 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 Investment Partnerships

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

The permanent financing breakdown of the HOME financed multi-family rental developments indicates HOME funds provided 15% of the financing, while 85% of total development costs were provided by other sources including: Low Income Housing Tax Credits – 52%; permanent financing from private banks – 27%; permanent financing from State sources – 4% and permanent financing from other federal sources – 2%. 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 American Dream Downpayment Initiative (ADDI) funds. The average financing for loans closed during the prior year shows ADDI funds were 5% of the total funding with private banks accounting for 87% of the costs, federal mortgage loans were 6% of the assistance, other state programs provided 2% of the funding and 1% of the funding came from owner funds. 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 five 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 \$160,677 in state administration for FY2007, and will match the funds in excess of \$100,000 with at least an additional \$60,677 in DSHA funds. We do not anticipate using any program income for administration; therefore it will not require a match.

The FY2007 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 \$111,916 and \$113,100, respectively, with at least those amounts, in local funds.

The FY2007 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 for FY2007:

- 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 FY2007.

Home Investment Partnerships

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 nonfederal 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 nonfederal 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. In addition matching funds are not required under HOPWA regulations, either for administration or recipients.

Annual Objectives

91.320 (c)(3) Provide a summary of the annual objectives (priorities) the state expects to achieve in the coming program year.

Priority 1 – Homeownership - To assist Delaware families purchase a home or make repairs and/or improvements to their homes.

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 Public Housing Homeownership Program (PHHP) shall receive priority for all HOME Program second mortgage loans. DSHA anticipates 15 families 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 13 units.

Single Family Mortgage Revenue Bonds (SFMRB) – DSHA anticipates issuing approximately \$150,000,000 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 recently implemented 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 750 families.

Delaware Housing Partnership (DHP) – DHP offers up to \$15,000 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 325 families.

Second Mortgage Assistance Loan (SMAL) Program – The SMAL Program offers deferred 6% interest rate loans of up to \$6,000 for downpayment and closing cost assistance to qualified low- to moderate-income first-time homebuyers. The program is funded by DSHA's Housing

Development Fund (HDF) and taxable bonds, which are purchased by local banks and financial institutions. This program is on hold due to lack of available funding.

Public Housing Homeownership Program (PHHP) – 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 FY2007.

Live Near Your Work (LNYW) – The LNYW program will continue to expand throughout the State of Delaware. LNYW is a partnership between state, local communities 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 and is matched by participating employers and local communities. Currently, DSHA has 17 employers and 3 jurisdictions participating in this homeownership program. DSHA anticipates assisting 20 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. Program participants may also receive financing assistance to buy down the cost of a house in order to make the house affordable. Given that this program is dependent on an adequate supply of affordable housing and mortgage ready residents, DSHA is unable to forecast assistance for FY2007.

Delaware Emergency Mortgage Assistance Program (DEMAP) – DEMAP is a program designed to assist homeowners, especially seniors and the temporarily unemployed, 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 15 homeowners with this pilot program.

Housing Development Fund (HDF) – The HDF will assist approximately 30 families realize the dream of homeownership. Grants will be given to the Rural Housing Development Initiative 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) – 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, foundations and structural members, wells and septic systems, or water and sewer hookups. In addition, the program repairs or replaces siding, doors and windows. DSHA expects the CDBG rehabilitation activities to upgrade 133 owner-occupied

housing units in Kent and Sussex Counties, which include 35 scattered site hookups. Two demolition projects are proposed for FY2007 and rehabilitation of one emergency shelter.

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 30 households.

Neighborhood Revitalization Fund (NRF) Program – Homeowners within selected communities who meet eligibility requirements may be eligible for up to a \$35,000 grant to assist with State Housing Code repairs and/or handicapped accessibility. This program is currently on hold due to lack of available funding.

Minority Household Homeownership Assistance

As in previous years, DSHA will utilize the majority of HOME Program funds in conjunction with the LIHTC Program in creating affordable rental units. However, DSHA anticipates that minority households will utilize approximately 50% of the portion of HOME/ADDI funds distributed for homeowner downpayment assistance and homeowner rehabilitation. Further, through the SFMRB, LNYW, DHP, DEMAP and housing counseling, DSHA anticipates assisting nearly 1,155 households with homeownership assistance, of which approximately 50% will be minorities. The CDBG funds for FY2007 will be used for homeowner rehabilitation, infrastructure and demolition.

Priority 2 – To provide or assist in the creation of affordable rental units including new construction, rehabilitation and rental assistance for families, the elderly, people with special needs and the homeless.

HOPWA - The FY2007 HOPWA grant will be used for payment of 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. This program is operated in Kent and Sussex Counties and DSHA anticipates assisting 40 families with decent affordable housing.

ESG – 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.

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 400 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 4,480 development-based Section 8 Housing units. In FY2007, DSHA will continue the efforts to preserve affordable rental units through renewal of HAP contracts. During FY2007, 24 units of housing face expiring contracts, however DSHA anticipates that all of the affordable units will be preserved.

Priority 3 – Assistance for the homeless.

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.

In 2005, Governor Minner's Executive Order 65 established Delaware's Interagency Council on Homelessness (DICH). In February 2007, the DICH presented *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* to Governor Minner. Implementation of the Plan will begin in FY2007 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. (see *Homeless and Other Special Needs Activities Section page 24*)

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 eight emergency shelters with operating expenses and homeless prevention funds.

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 in FY2007.

Priority 4 – Resident Services – Assist 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 902 Housing Choice Vouchers subsidizing rent in private-sector housing. In addition to the Public Housing and Housing Choice Vouchers, DSHA owns and manages 65 units of Section 8 New Construction project-based housing.

During FY2007, DSHA will continue to assist families to move from assisted to unassisted housing. DSHA was recently granted an extension from HUD for the Moving to Work (MTW) Program until March 31, 2009. 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 un-subsidized 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.

Priority 5 – Continue to improve the effectiveness of the affordable housing delivery system in Delaware.

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 recently 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 is diligently working with Delaware's other housing authorities and agencies to expand our efforts even further by encouraging a collaborative effort that would ultimately result in a single, unduplicated, statewide waiting list for housing.

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

91.320 (d) Describe the state's method of distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the state, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year, the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described 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 39. 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 Strategic Plan dated May 2003. 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 for FY2007 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 for FY2007, the State projects that it will implement the following activities with CDBG funding:

- \$1,441,905 to assist 98 households with rehabilitation;
- \$70,000 to assist with 35 households with water/sewer hookups;
- \$30,000 to assist with 2 demolition projects;
- \$20,000 to assist with rehabilitation of an emergency shelter;
- \$74,984 to assist Kent and Sussex Counties with program delivery;
- \$225,016 to assist Kent and Sussex Counties with administration; and
- \$160,677 to assist DSHA with administration.

Additionally, DSHA anticipates \$150,000 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.

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 Investment Partnerships

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 CHDO. 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 Strategic Plan priorities and will address the three specific needs of: affordable rental housing, affordable homeownership housing and rehabilitation of rental and homeownership units.

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 person 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 and further explained in the “Program Specific Requirements” on page 42. During FY2007, the State estimates receiving \$98,107 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:

- improving the quality of existing shelters;
- to fund participation in the Delaware Homeless Management Information System (DE-HMIS);
- to help meet the cost of operating emergency shelters and of providing certain essential social services to homeless individuals; and
- restrict the increase of homelessness through the funding of preventative programs and activities.

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 non-profit 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 Strategic Plan.

In FY2007, 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 HMIS participation, 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 \$167,000 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 February 2007, Kent County has a waiting list of 43 clients and Sussex County has a waiting list of 75 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

91.320 (e) Describe the state's outcome measures for activities included in this Action Plan.

The following table summarizes the anticipated outcomes DSHA expects for FY2007. 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 2007 Total |
|----------------------------|------------------------|----------------------|
| Availability/Accessibility | Persons Assisted | 1600 |
| Availability/Accessibility | Shelter Rehab | 1 |
| Affordability | Housing Units Assisted | 0 |
| Sustainability | Housing Units Assisted | 2 |

Decent Housing Objective

| Outcome | Indicator | Projected 2007 Total |
|----------------------------|------------------------|----------------------|
| Availability/Accessibility | | 0 |
| Affordability | Housing Units Assisted | 648 |
| Sustainability | | 0 |

Economic Opportunity Objective

| Outcome | Indicator | Projected 2007 Total |
|----------------------------|-----------|----------------------|
| Availability/Accessibility | | 0 |
| Affordability | | 0 |
| Sustainability | | 0 |

Delaware's annual goals for assisting households/persons with affordable housing during FY2007 are detailed in the chart on page 9.

Geographic Distribution

91.320 (f) Describe the geographic areas of the state, including areas of minority concentration, where it will award funding during the FY2007 program year.

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.

Additionally, 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 equally between each 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.

LIHTC

Housing Tax Credits, which are awarded to the state on a per capital basis, will be distributed statewide based upon identifiable need taking into consideration geographic distribution. Due to the concern that some market areas may be reaching the saturation point for development of new rental units, funds will be disbursed based upon specific needs by each community.

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

91.320 (g) Specify 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. Also provide 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 FY2007 in charts and narrative under the resources and activities sections of the Action Plan. Please see section 91.320 (c), 91.320 (d) and 91.320 (h). In summary, DSHA anticipates providing funding for the following:

- 15 units with homebuyer downpayment assistance;
- 200 units of new construction of affordable rental housing (*dependant on LIHTC applications received*);
- 200 units of rehabilitation of affordable rental housing (*dependant on LIHTC applications received*);
- 176 units of homeowner rehabilitation;
- 40 units of rental assistance;
- 10 unit set-aside to serve populations with special needs (*dependant on requests*); and
- 200 units of homeowner emergency repair.

Homeless and Other Special Needs Activities

91.320 (h) Describe activities the state plans to undertake during the 2007 program year to address emergency shelter and transitional housing needs of the homeless, to prevent low-income persons and families from becoming homeless, to help homeless persons make the transition into permanent housing and independent living, specific action steps to end chronic homelessness and address the special needs of non-homeless persons as described in federal regulations.

DSHA is the appointed agency to administer homeless programs in Kent and Sussex Counties, Delaware. In addition, the Director of DSHA is appointed Chair of the DICH. During FY2006, *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* was completed and the goal for FY2007 is to take that Plan and determine what steps are necessary to identify funding and implement the Plan.

Annually, DSHA assists in funding the HPC, the coordinating entity for the statewide CoC, for general operating expenses and DE-HMIS expansion. Since the HPC began coordinating the CoC, Delaware has been awarded over \$35 million through the HUD Supportive Housing Program (SHP) application.

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 in some capacity. During FY2007, DSHA anticipates distributing 98,107 for shelter operations, homeless prevention and transitional housing. Based on information currently available, DSHA anticipates serving over 1,600 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. During FY2006, DSHA provided a deferred loan from the HDF to assist in creating ten units of transitional housing in Kent County. These units are anticipated to be completed and occupied in FY2007.

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

DSHA is currently in the process of developing a state-funded Voucher Program to be implemented in FY2007 to address the subpopulations identified in Delaware's Ten-Year Plan to End Chronic Homelessness. These subpopulations include persons with mental health and/or substance abuse conditions, re-entering offenders with mental health and/or substance abuse conditions and youth with qualifying conditions transitioning to adulthood. These rental subsidies will 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.

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 entity in the development of CoC for Delaware's homeless. The HPC manages, oversees and coordinates a year-round planning process. This Action Plan continues to acknowledge the importance of local homeless planning, linked to the state's overall homeless strategy. The Council has received recognition as an effective, independent organization that conducts a variety of collaborative endeavors to address homelessness throughout Delaware. The HPC Board, which meets at least six times a year, oversees the work of its on-going and ad hoc committees as follows:

- HMIS Governance Committee – Responsible for implementing and expanding the HPC's HMIS project and developing policies and procedures to structure and guide the statewide implementation of the HMIS. Oversees HMIS staff to insure data integrity and works with those needing data for planning and decision making to make certain that HMIS data entry protocols will meet their needs.
- CoC working group – Responsible for insuring a comprehensive planning process which is responsive to both the needs of the community and the HUD CoC Program requirements as described in the notification of funding availability.

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

In February 2007, the DICH, Chaired by DSHA's Director, completed *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness*. To end chronic homelessness and reduce long-term homelessness in Delaware, the DICH recommends five broad strategies:

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.

Although more than 2,000 beds will be needed, the Plan 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. During FY2007, 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, \$200,000 of the LIHTC credit ceiling for FY2007 has been set-aside for housing serving the chronically homeless. The households served by this set-aside have very, very low-income 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 FY2007, DSHA will be working with the DICH to strengthen and improve discharge and transition planning. A workgroup is being 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.

Barriers to Affordable Housing

91.320 (i) Actions the state plans to take during the next year to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing.

The 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.

Further, DSHA actively participates in a working group to help Sussex County craft a Moderately Priced Housing Units (MPHU) Program. DSHA actively assists with the research of this proposed program, which is being developed to 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. In the Spring of 2006, as part of a two-year pilot program, Sussex County issued a Request for Proposal (RFP) for developers to submit applications to participate in the program. Three proposals were received and should result in approximately 400 units of MPHUs.

In June 2006, DSHA conducted a conference to present the housing challenges facing Delaware, what local communities are doing about it and tools that communities can implement to address these challenges. Given the success of the conference, DSHA is planning to make it an annual event and has partnered with the University of Delaware to offer a “Professional Development and Training Opportunities for Local Governments” course through their Institute of Public Administration. Additionally, DSHA is co-hosting with the Delaware Chapter of American Planning Association, an Inclusionary Zoning Conference in May 2007. This conference will focus on increasing local government’s knowledge of inclusionary zoning, what is currently happening in Delaware and facilitate them embracing this affordable housing tool. Participants in the conference will learn why inclusionary zoning is important regarding housing needs, the complexities regarding this zoning and issues to consider when implementing this tool that provides long-term affordable homeownership.

Comprehensive Planning Manual

DSHA is designing a Comprehensive Planning Manual, which will assist local municipalities in land use planning. This manual will include area specific data including housing stock, substandard dwellings, analysis of affordability and demonstrated need. This will assist municipalities in development of their comprehensive plans, which are required every five years. In addition, this manual will include tools which will assist these municipalities to meet the affordability needs of the area.

DSHA Toolbox

DSHA is developing a “Toolbox for Affordable Housing” as a resource for local communities to plan for affordable housing. It will be a compilation of policies and planning tools local governments can use to preserve and promote affordable housing in their respective communities. The toolbox will include best practices to give 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 will be made available on DSHA’s website at www.destatehousing.com. The toolbox initiative will be a much-needed resource to 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.

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.

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, the 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 Plan.

The following are the fair housing impediments recognized in the AI and the proposed actions for FY2007 to overcome them.

- ***Lack of Education and Outreach*** – DSHA will continue to work with the Fair Housing Task Force Committee to implement a coordinated media campaign, which includes television and radio outreach. Additionally, an interactive CD Rom is being developed for distribution throughout the state. Diversity training will continue to be provided to lenders, real estate agents, housing managers and the general public. Outreach programs are underway for residents of public housing and assisted housing units throughout Delaware, especially in under-served communities. HOND will continue to provide quarterly Public Service Announcements to the media regarding Fair Housing laws and citizen's rights.
- ***Insufficient Rental and Sales Complaint Data*** – HOND, CLASI and DHR will continue to focus efforts on obtaining funding to perform match-paired testing to measure the scope of housing discrimination. The task force committee developed a statewide report for fair housing complaints and resolutions for quarterly and annual distribution. This report will continue to be distributed throughout FY2007.
- ***Insufficient Penalty Enforcement of Fair Housing Laws*** – CLASI recruits lawyers to litigate fair housing discrimination claims on a pro bono basis. DSHA will continue to promote stricter enforcement and higher penalties for those violating Fair Housing Laws. CLASI will complete its three year fair housing project with the Fair Housing Council of Suburban Philadelphia in May 2007. This funding constitutes the majority of funding for private fair housing enforcement in the State. The agency receives minor grants from the City of Wilmington and New Castle County; however these funds are insufficient to maintain current enforcement efforts. HOND will continue to assist citizens in filing Fair Housing Complaints.
- ***Lending Discrimination*** – The Delaware Office of Bank Commissioner completed a study on foreclosures during FY2006 for distribution throughout Delaware. Further,

- DSHA will continue to promote with our lenders strict adherence to Fair Housing Laws.
- ***Discrimination Against Persons with Disabilities*** – 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. DSHA will continue to participate on the Disabilities Housing Subcommittee and provide leadership in the development of a data consortium, which will work towards quantifying the need for affordable housing. DSHA has developed a multi-family database that can be used to assist organizations in planning for housing for people with disabilities by identifying areas where such housing is lacking. DSHA will continue to research and promote universal design in single-family and multi-family construction and rehabilitation.
 - ***Centralization and Clustering of African Americans and Hispanics in Public and Assisted Housing Development and by Geography*** – State Wide Associations of Tenants (SWAT) and CLASI continue to promote and develop Fair Housing training for all public housing developments. 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. CLASI will continue to examine the problems with racial segregation and the possibility that geographic steering plays a major role. CLASI will continue to examine primarily the steering of racial and ethnic minorities, as well as people with disabilities.
 - ***Insufficient Number of Available Single-Family and Multi-Family Housing Units*** – DSHA will continue to participate in the Preliminary Land Use Service (PLUS) review, which provides for state agency review of major land use change proposals prior to submission to local governments.
 - ***Voluntary Compliance within the Real Estate Industry*** – The Fair Housing Task Force will continue to offer training to those in the Real Estate Industry throughout FY2007.
 - ***Insurance Issues*** – DSHA will be working closely with the Office of Insurance Commissioner to develop and conduct an audit to determine if predominantly minority communities are being offered and sold products comparable to their suburban counterparts. CLASI is partnering with the Center for Community Research and Service of the University of Delaware to research insurance sales practices concerning Residential Hazard Insurance. The hope to review the provision of Residential Hazard Insurance throughout the State of Delaware.
 - ***NIMBYism*** – 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 mentioned above.

In Delaware, discrimination against Hispanics and Hispanic immigrants is on the rise. Landlords target Hispanic tenants for many reasons including: problems with English fluency; ignorance of their rights as tenants and a paranoia that creates a hesitancy to report problems to governmental enforcement agencies. CLASI has represented Hispanic victims during the current HUD program period and hopes to continue through FY2007.

Further, CLASI will apply for HUD funding in May 2007, which will become available in October 2007 if they are funded. However, the competition for this funding is extremely competitive since the funding available to new enforcement agencies, such as CLASI, is limited to four grants in the nation. If CLASI does not receive this HUD funding, it will significantly limit the agency's enforcement capacity unless other funding becomes available.

Legislative Priorities

DSHA is proposing to increase the amount of funding for the HDF by increasing the Recorder of Deeds fee from \$5.00 for the HDF to \$15.00. The HDF is the funding source used to fill financing gaps in affordable housing development. DSHA's preservation of affordable housing program relies heavily on adequate HDF funding to make the financing happen. DSHA currently receives \$1,500,000 annually from Recorder of Deeds fees and would expect to receive a total of \$4,500,000 from the fees if this increase were to be approved.

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.

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, 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

91.320 (j) Actions the state plans to take during program year 2007 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.

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 for FY2007 applications 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.

Continued focus will be placed on the expansion of Finanzas, an employer-based bilingual literacy and financial literacy program for Latino immigrants working in the poultry industry. DSHA provided \$30,000 for the funding of this much-needed program and during FY2007, Finanzas will increase their graduates to 50 from this program.

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 as staff to 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 will focus on linking offenders to the appropriate services and housing, to create a support system and to minimize recidivism. This is a newly-formed workgroup that will seek available federal dollars to assist their goals.

During FY2007, 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" database, which will provide information about units that are made affordable through public assistance. DSHA expects to have this database available on the Internet in the near future, so that citizens needing affordable rental housing can easily identify and contact housing developments, which have units that meet their needs.

Maintain Affordable Housing

DSHA is designated as the administrator of the Low-Income Housing Tax Credit Program with responsibility of allocating Delaware's annual credit ceiling in accordance with an approved Qualified Allocation Plan (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 continues 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. DSHA requested and received Technical Assistance from HUD from the Institute of Community Economics (ICE) in shaping a CLT in Delaware. The Diamond State CLT, whose mission is to strengthen communities by creating and stewarding perpetually affordable housing and promoting sustainable use of the land, became incorporated in the past year. DSHA will continue to actively support this viable tool for affordable housing.

Deed of Restriction

The deed of restriction is a clause in a deed limiting the resale of the property. In exchange for public assistance to buy a house, the low- to moderate-income homebuyer agrees to limit the sale price at which the house will be sold in the future. In addition to the resale price restriction, the deed defines the eligibility of the next buyer. This will ensure the home will remain affordable in perpetuity, or as long as the deed restriction is maintained on the property. DSHA will be utilizing this mechanism, in collaboration with Stout and Teague, to develop jointly a 20-acre

parcel of land owned by DSHA with their adjacent 88-acre parcel as a 525-unit mixed use development on County Road 285 near Lewes. As a result of this collaboration, approximately 105 homeownership units will be affordable for moderate-income families that live and work in the coastal resort area. The project is within the zone targeted for growth, and aspires to be a well-designed, walkable, Energy Star compliant mixed-use community that reflects Governor Minner's Liveable Delaware vision. This collaboration is also occurring in coordination with the activities of Sussex County's MPHU Program.

Manufactured Housing

Manufactured housing is an affordable housing option for low-income households. Unfortunately, it is not permitted in the majority of Delaware's jurisdictions. As a result, many low- and moderate-income households live in rural areas, often isolated from services, markets, education, and employment – where transportation is a problem.

DSHA will encourage manufacturers to produce energy efficient and aesthetically-pleasing homes to blend into Delaware's architectural landscape. This initiative may prompt local governments into allowing manufactured homes within town limits. In addition, the federally-mandated installation program will take effect April 15, 2007 in Delaware.

Legislation

During FY2007, DSHA will pursue possible legislation to strengthen the State's current guidelines for how counties and local communities plan for affordable housing as part of their comprehensive planning process.

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 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 un-subsidized 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 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. On-line 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 sponsor the Governor's Conference on Housing in November, which brings stakeholders together from for-profit, non-profit, 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 will soon allow applicants to easily update their information as it changes. During FY2007, DSHA will work diligently with Delaware's other housing authorities and agencies to expand efforts even further by encouraging a collaborative effort that would ultimately result in a single, unduplicated statewide waiting list for housing.

Enhance Coordination Between Public and Private Housing and Social Service Agencies

DSHA will continue its work in FY2007 with a wide array of other state agencies, private and faith-based housing and service providers and advocates. These would 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 Resource and Environmental Control;
- Council of State Community Development Agencies (COSFDA);
- National Association of Housing 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;
- Department of Veterans Affairs;
- Habitat for Humanity;
- Strong Communities;
- State Historic Preservation Office;
- State Planning Office;
- Division of Human Relations;
- Housing Opportunities of Northern Delaware;
- Delaware Community Reinvestment Action Council; and
- Delaware Manufactured Homeowners Association.

Dover Community Partnership

This initiative is a collaboration between Senator Carper's Office, City of Dover, DHA, Wesley College and DSHA to promote affordable homeownership in the City of Dover. Existing homes are purchased and rehabilitated within a designated homeownership target area and resold to low- to moderate-income families. The FHLB is assisting this initiative with a \$200,000 grant, in addition to the City of Dover CDBG formula funding.

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 902 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 4,480 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. HUD recently approved an extension of DSHA's MTW Demonstration Agreement until March 31, 2009. 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; and
 - Resident Homeownership Program.

Since MTW implementation in August 1999, 489 families have successfully completed the MTW Program. One hundred eighty-two have purchased homes and 307 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 eighth-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 continues to work with a local tenant advocacy group and efforts have been renewed to assist individual communities with forming Resident Councils. Funding to offer appropriate stipends to Resident Council Officers and for approved site activities has been included in the Public Housing budget;
- 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 described on page 17. The complete CDBG Program Guidelines and Application Package may be accessed on DSHA's website www.destatehousing.com/services/dv_cdbg.shtml. The Program Guidelines and Application Package are updated annually and made available at an application workshop and online at www.destatehousing.com.

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.
- 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 Strategic 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 FY2007, \$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 Strategic 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 multifamily 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 \$29,740 for FY2007. 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 PHHP shall receive priority for all HOME Program mortgage loans. If there are no potential PHHP 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 SMAL Program if funds are available. Other ADDI applicants qualifying for an 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 less mortgage loan repayment 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 \$98,107 in ESG funds for FY2007. 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.

Taking into consideration the quality and number of applications received, priority in awarding ESG funds shall be given first to applications requesting funding assistance for HMIS expenses.

Second priority shall be given equally to quality proposals 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 \$29,432.10 (30% of the state's allocation) may be used for the provision of essential services. A separate maximum of \$29,432.10 (30% of the state's allocation) may be used for the provision of prevention activities. A maximum of \$4,905.35 (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 \$167,000 in HOPWA Program funds. The funding will be available on July 1, 2007 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 \$161,990 will be allocated by the state under the FY2007 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 \$5,010 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 \$11,339.30 of the funding after reducing the grant amount by the state's three percent (3%) administrative costs or \$5,010 of the total grant amount of \$167,000.

Delaware HIV Consortium is expecting to assist 40 families with decent affordable housing from the FY2007 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 Strategic 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 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 AMI 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 AMI).
- Not less than 100% of all HOME-assisted units in homeownership projects (both owner-occupied rehabilitation and down-payment closing cost assistance) will loan or grant funds to homeowners at or below 80% of AMI.
- 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.
- 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 understand 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 Guidelines.

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.

100% 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.

Appendix A

| | | |
|---|--|--|
| Application for Federal Assistance SF-424 | | Version 02 |
| *1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application | *2. Type of Application * If Revision, select appropriate letter(s) <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation *Other (Specify) <input type="checkbox"/> Revision _____ | |
| 3. Date Received: | | 4. Applicant Identifier: |
| 5a. Federal Entity Identifier: | | *5b. Federal Award Identifier: |
| State Use Only: | | |
| 6. Date Received by State: | | 7. State Application Identifier: 07-03-23-08 |
| 8. APPLICANT INFORMATION: | | |
| *a. Legal Name: Delaware State Housing Authority | | |
| *b. Employer/Taxpayer Identification Number (EIN/TIN): 51-6000279 | | *c. Organizational DUNS: 61-118-6909 |
| d. Address: | | |
| *Street 1: | <u>18 The Green</u> | |
| Street 2: | _____ | |
| *City: | <u>Dover</u> | |
| County: | <u>Kent</u> | |
| *State: | <u>Delaware</u> | |
| Province: | _____ | |
| *Country: | <u>USA</u> | |
| *Zip / Postal Code | <u>19901</u> | |
| e. Organizational Unit: | | |
| Department Name: | | Division Name: |
| f. Name and contact information of person to be contacted on matters involving this application: | | |
| Prefix: _____ | *First Name: <u>Paula</u> | |
| Middle Name: _____ | | |
| *Last Name: <u>Voshell</u> | | |
| Suffix: _____ | | |
| Title: | <u>Management Analyst III</u> | |

| | |
|---|--------------------------|
| Organizational Affiliation: Delaware State Housing Authority | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2416 |
| *Email: paula@destatehousing.com | |

OMB Number: 4040-0004
Expiration Date: 01/31/2009

| | |
|--|------------|
| Application for Federal Assistance SF-424 | Version 02 |
| *9. Type of Applicant 1: Select Applicant Type: A.State Government Type of Applicant 2: Select Applicant Type: Type of Applicant 3: Select Applicant Type: *Other (Specify) | |
| *10 Name of Federal Agency: U.S. Department of Housing and Urban Development | |
| 11. Catalog of Federal Domestic Assistance Number: 14-228 _____ CFDA Title: Community Development Block Grant Program _____ | |
| *12 Funding Opportunity Number: _____ *Title: _____ | |
| 13. Competition Identification Number: _____ Title: _____ | |

14. Areas Affected by Project (Cities, Counties, States, etc.):
Kent and Sussex Counties, Delaware

***15. Descriptive Title of Applicant's Project:**
 Provides funding for housing and related public facilities improvements which serve the needs of low- and moderate-income Delawareans.

OMB Number: 4040-0004
Expiration Date: 01/31/2009

| | |
|---|--|
| Application for Federal Assistance SF-424 | Version 02 |
| 16. Congressional Districts Of: | |
| *a. Applicant: Delaware at Large | *b. Program/Project: Delaware at Large |
| 17. Proposed Project: | |
| *a. Start Date: 7/1/07 | *b. End Date: 6/30/08 |
| 18. Estimated Funding (\$): | |
| *a. Federal | _____ 2,022,582 |
| *b. Applicant | _____ |
| *c. State | _____ |
| *d. Local | _____ |
| *e. Other | _____ |
| *f. Program Income | _____ |
| *g. TOTAL | _____ |
| *19. Is Application Subject to Review By State Under Executive Order 12372 Process? | |
| <input checked="" type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <u>4/05/07</u> | |
| <input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review. | |
| <input type="checkbox"/> c. Program is not covered by E. O. 12372 | |
| *20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.) | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject | |

me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: _____ *First Name: Sandra _____

Middle Name: Ross _____

*Last Name: Johnson _____

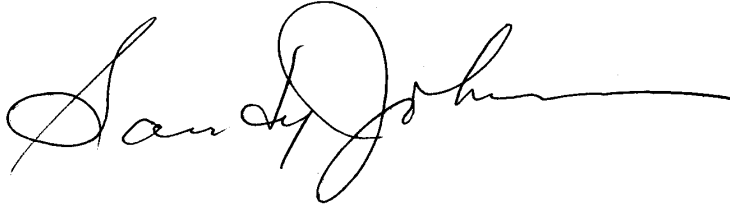
Suffix: _____

*Title: Director

*Telephone Number: 302-739-4263 Fax Number: 302-739-2415

* Email: sandy@destatehousing.com

*Signature of Authorized Representative:



*Date Signed: 4/05/07

| | | |
|--|--|--|
| Application for Federal Assistance SF-424 | | Version 02 |
| *1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application | *2. Type of Application * If Revision, select appropriate letter(s) <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation *Other (Specify) <input type="checkbox"/> Revision _____ | |
| 3. Date Received: | | 4. Applicant Identifier: |
| 5a. Federal Entity Identifier: | | *5b. Federal Award Identifier: |
| State Use Only: | | |
| 6. Date Received by State: | | 7. State Application Identifier: 07-03-23-07 |
| 8. APPLICANT INFORMATION: | | |
| *a. Legal Name: Delaware State Housing Authority | | |
| *b. Employer/Taxpayer Identification Number (EIN/TIN): 51-6000279 | | *c. Organizational DUNS: 61-118-6909 |
| d. Address: | | |
| *Street 1: <u>18 The Green</u> Street 2: _____ *City: <u>Dover</u> County: <u>Kent</u> *State: <u>Delaware</u> Province: _____ *Country: <u>USA</u> *Zip / Postal Code <u>19901</u> | | |
| e. Organizational Unit: | | |
| Department Name: | | Division Name: |
| f. Name and contact information of person to be contacted on matters involving this application: | | |
| Prefix: _____ *First Name: <u>Paula</u> Middle Name: _____ *Last Name: <u>Voshell</u> Suffix: _____ | | |
| Title: Management Analyst III | | |

| | |
|---|--------------------------|
| Organizational Affiliation: Delaware State Housing Authority | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2416 |
| *Email: paula@destatehousing.com | |

OMB Number: 4040-0004
 Expiration Date: 01/31/2009

| | |
|--|------------|
| Application for Federal Assistance SF-424 | Version 02 |
| *9. Type of Applicant 1: Select Applicant Type: A.State Government Type of Applicant 2: Select Applicant Type: Type of Applicant 3: Select Applicant Type: *Other (Specify) | |
| *10 Name of Federal Agency: U.S. Department of Housing and Urban Development | |
| 11. Catalog of Federal Domestic Assistance Number: 14-239 _____ CFDA Title: HOME Investment Partnerships Program _____ | |
| *12 Funding Opportunity Number: _____ *Title: _____ | |
| 13. Competition Identification Number: _____ Title: _____ | |

14. Areas Affected by Project (Cities, Counties, States, etc.):
 State of Delaware

***15. Descriptive Title of Applicant's Project:**
 Provides funding to further affordable housing for very low- and low-income Delawareans through mortgage assistance, security deposits, downpayment assistance, new construction and rehabilitation activities.

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424 Version 02

16. Congressional Districts Of:
 *a. Applicant: Delaware at Large *b. Program/Project: Delaware at Large

17. Proposed Project:
 *a. Start Date: 7/1/07 *b. End Date: 6/30/08

18. Estimated Funding (\$):

| | |
|--------------------|-----------|
| *a. Federal | 3,029,740 |
| *b. Applicant | _____ |
| *c. State | _____ |
| *d. Local | _____ |
| *e. Other | _____ |
| *f. Program Income | _____ |
| *g. TOTAL | _____ |

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on 4/5/07


b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject

| | |
|--|----------------------------------|
| me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001) | |
| <input checked="" type="checkbox"/> ** I AGREE | |
| ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions | |
| Authorized Representative: | |
| Prefix: _____ | *First Name: <u>Sandra</u> _____ |
| Middle Name: <u>Ross</u> _____ | |
| *Last Name: <u>Johnson</u> _____ | |
| Suffix: _____ | |
| *Title: Director | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2415 |
| * Email: sandy@destatehousing.com | |
| *Signature of Authorized Representative:  | *Date Signed: 4/05/07 |

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(Revised 10/2005)

Standard Form 424

Circular A-102

Prescribed by OMB

| | | |
|---|--|--|
| Application for Federal Assistance SF-424 | | Version 02 |
| *1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application | *2. Type of Application * If Revision, select appropriate letter(s) <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation *Other (Specify) _____ <input type="checkbox"/> Revision | |
| 3. Date Received: | | 4. Applicant Identifier: |
| 5a. Federal Entity Identifier: | | *5b. Federal Award Identifier: |
| State Use Only: | | |
| 6. Date Received by State: | | 7. State Application Identifier: 07-03-23-09 |
| 8. APPLICANT INFORMATION: | | |
| *a. Legal Name: Delaware State Housing Authority | | |
| *b. Employer/Taxpayer Identification Number (EIN/TIN): 51-6000279 | | *c. Organizational DUNS: 61-118-6909 |
| d. Address: | | |
| *Street 1: <u>18 The Green</u> | | |
| Street 2: _____ | | |
| *City: <u>Dover</u> | | |
| County: <u>Kent</u> | | |
| *State: <u>Delaware</u> | | |
| Province: _____ | | |
| *Country: <u>USA</u> | | |
| *Zip / Postal Code <u>19901</u> | | |
| e. Organizational Unit: | | |
| Department Name: | | Division Name: |
| f. Name and contact information of person to be contacted on matters involving this application: | | |
| Prefix: _____ | | *First Name: <u>Paula</u> |
| Middle Name: _____ | | |
| *Last Name: <u>Voshell</u> | | |
| Suffix: _____ | | |
| Title: Management Analyst III | | |

| | |
|---|--------------------------|
| Organizational Affiliation: Delaware State Housing Authority | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2416 |
| *Email: paula@destatehousing.com | |

OMB Number: 4040-0004
Expiration Date: 01/31/2009

| | |
|--|------------|
| Application for Federal Assistance SF-424 | Version 02 |
| *9. Type of Applicant 1: Select Applicant Type: A.State Government Type of Applicant 2: Select Applicant Type: Type of Applicant 3: Select Applicant Type: *Other (Specify) | |
| *10 Name of Federal Agency: U.S. Department of Housing and Urban Development | |
| 11. Catalog of Federal Domestic Assistance Number: 14-231 _____ CFDA Title: Emergency Shelter Grants Program _____ | |
| *12 Funding Opportunity Number: _____ *Title: _____ | |
| 13. Competition Identification Number: _____ Title: _____ | |

14. Areas Affected by Project (Cities, Counties, States, etc.):
Kent and Sussex Counties, Delaware

***15. Descriptive Title of Applicant's Project:**
 Allocates funds to competing local governments or nonprofits in Kent and Sussex Counties. Funds may be used for improvements to existing homeless shelters, maintenance and operating expenses, provision of essential services and homeless prevention.

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424 Version 02

16. Congressional Districts Of:
 *a. Applicant: Delaware at Large *b. Program/Project: Delaware at Large

17. Proposed Project:
 *a. Start Date: 7/1/07 *b. End Date: 6/30/08

18. Estimated Funding (\$):

| | |
|--------------------|--------|
| *a. Federal | 98,107 |
| *b. Applicant | _____ |
| *c. State | _____ |
| *d. Local | _____ |
| *e. Other | _____ |
| *f. Program Income | _____ |
| *g. TOTAL | _____ |

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on 4/05/07


b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject

| | |
|--|----------------------------------|
| me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001) | |
| <input checked="" type="checkbox"/> ** I AGREE | |
| ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions | |
| Authorized Representative: | |
| Prefix: _____ | *First Name: <u>Sandra</u> _____ |
| Middle Name: <u>Ross</u> _____ | |
| *Last Name: <u>Johnson</u> _____ | |
| Suffix: _____ | |
| *Title: Director | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2415 |
| * Email: sandy@destatehousing.com | |
| *Signature of Authorized Representative:  | *Date Signed: 4/05/07 |

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(Revised 10/2005)

Standard Form 424

Circular A-102

Prescribed by OMB

| | |
|---|--------------------------|
| Organizational Affiliation: Delaware State Housing Authority | |
| *Telephone Number: 302-739-4263 | Fax Number: 302-739-2416 |
| *Email: paula@destatehousing.com | |

OMB Number: 4040-0004
 Expiration Date: 01/31/2009

| | |
|--|------------|
| Application for Federal Assistance SF-424 | Version 02 |
| *9. Type of Applicant 1: Select Applicant Type: A.State Government Type of Applicant 2: Select Applicant Type: Type of Applicant 3: Select Applicant Type: *Other (Specify) | |
| *10 Name of Federal Agency: U.S. Department of Housing and Urban Development | |
| 11. Catalog of Federal Domestic Assistance Number: 14-241 _____ CFDA Title: Housing Opportunities for Persons with AIDS _____ | |
| *12 Funding Opportunity Number: _____ *Title: _____ | |
| 13. Competition Identification Number: _____ Title: _____ | |

14. Areas Affected by Project (Cities, Counties, States, etc.):
Kent and Sussex Counties, Delaware

***15. Descriptive Title of Applicant's Project:**
 Provides appropriate supportive services to promote housing opportunities for persons with AIDS and their families. HOPWA funds can provide a wide range of housing assistance and supportive services, including facilities and community residences.

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424 Version 02

16. Congressional Districts Of:
 *a. Applicant: Delaware at Large *b. Program/Project: Delaware at Large

17. Proposed Project:
 *a. Start Date: 7/1/07 *b. End Date: 6/30/08

18. Estimated Funding (\$):

| | |
|--------------------|---------------|
| *a. Federal | _____ 167,000 |
| *b. Applicant | _____ |
| *c. State | _____ |
| *d. Local | _____ |
| *e. Other | _____ |
| *f. Program Income | _____ |
| *g. TOTAL | _____ |

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on 4/05/07

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject

DRAFT

DRAFT

DRAFT

me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

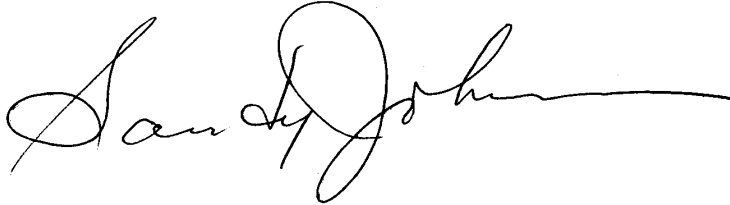
Prefix: _____ *First Name: Sandra
Middle Name: Ross
*Last Name: Johnson
Suffix: _____

*Title: Director

*Telephone Number: 302-739-4263 Fax Number: 302-739-2415

* Email: sandy@destatehousing.com

*Signature of Authorized Representative:



*Date Signed: 4/05/07

Authorized for Local Reproduction
(Revised 10/2005)

Circular A-102

Standard Form 424

Prescribed by OMB

Appendix B

| 2005 CAPER | | | | |
|--|---------------------|---------------------|--|-------------------|
| Performance Relating to 2003-2008 Consolidated Plan Strategies | | | | |
| <i>STRATEGY 1: To meet current first-time homebuyer demand and assist an additional 1,253 Delaware families per year to purchase their first home.</i> | | | | |
| Strategy Development and Implementation | 2003 Results | 2004 Results | 2005 Results | Cumulative |
| Finance the purchase of 450 homes by first-time homebuyers through the issuance of Single Family Mortgage Revenue Bonds (SFMRB). | 233 | 275 | With the greatest FY issuance of bonds to date, DSHA assisted 587 families purchase a home through the SFMRB Program. | 1095 |
| Finance a portion of the downpayment and closing costs of 650 homes by first-time homebuyers through the Second Mortgage Assistance Loan (SMAL) Program. | 140 | 88 | DSHA assisted 402 first-time homebuyers through the SMAL Program. The home purchase price limits were raised creating increased performance results. | 630 |
| Finance a portion of the downpayment and closing costs for 120 newly-constructed homes through the Delaware Housing Partnership (DHP). | 72 | 60 | During FY2005, DSHA assisted 49 families through the DHP. There has been a decrease in production of qualifying homes throughout Delaware resulting in lower than expected results. | 181 |
| Provide outreach to under-served markets to increase homeownership opportunities. | 27 | 31 | Finanzas, a bilingual and financial literacy program targeted to poultry workers was continued throughout FY2005. 56 individuals graduated from this program with 6 moving into homeownership. | 114 |
| Utilize the Housing Development Fund (HDF) to assist 33 affordable homeownership units. | 56 | 72 | The HDF was utilized to assist 7 units through Cornerstone West and 71 units of new construction through Speakman Place. Additionally, 36 individuals benefited from homeownership counseling through NCALL. | 242 |

| 2005 CAPER | | | | |
|---|---------------------|---------------------|---|-------------------|
| Performance Relating to 2003-2008 Consolidated Plan Strategies | | | | |
| <i>STRATEGY 2: To assist 50% of the demand for affordable new rental housing or 200 units per year.</i> | | | | |
| Strategy Development and Implementation | 2003 Results | 2004 Results | 2005 Results | Cumulative |
| Explore/expand the use of Low Income Housing Tax Credits (LIHTC) to construct affordable rental units without HDF assistance and develop a production model to be used on a consistent basis. | | | The 2006 LITHC Qualified Allocation Plan (QAP) continues to offer an incentive of up to 15 points to developers for leveraging non-DSHA resources. | |
| Utilize the HDF, LIHTC and the HOME Investment Partnerships (HOME) Program to assist or construct 200 affordable rental units per year. | 121 | 132 | 78 affordable rental units were assisted in FY2005. Availability of funding at the state level to write down the rental expenses low enough to meet the needs continues to be an obstacle. HOME funds were obligated in FY2005 to assist 11 of the 78 rental units. | 331 |
| Utilize the HDF to assist 300 households per year with security deposits or other forms of rental assistance. | 175 | 200 | 218 households were assisted with security deposits or other forms of rental assistance. Again, availability of funding at the state level limits the amount of resources that may be provided to implement this strategy. | 593 |

| 2005 CAPER | | | | |
|---|---------------------|---------------------|---|-------------------|
| Performance Relating to the 2003-2008 Consolidated Plan Strategies | | | | |
| <i>STRATEGY 3: Begin to address 19% of the rehabilitation needs or approximately 500 units per year.</i> | | | | |
| Strategy Development and Implementation | 2003 Results | 2004 Results | 2005 Results | Cumulative |
| Utilize the Neighborhood Revitalization Fund (NRF) Program to assist 100 homeowners to repair or improve their homes. | 44 | 48 | The NRF Program is currently being restructured, therefore there were no households assisted. | 92 |
| Utilize the CDBG Program, HOME Program and the Housing Rehabilitation Program (HRLP) to assist 155 homeowners with repair or improve their homes. | 131 | 199 | The CDBG Program assisted 212 owner-occupied households for renovations. The HRLP Program benefited 34 low- to moderate-income households. The HOME Program assisted 37 households with rehabilitation needs. | 613 |
| Rehabilitate 200 rental units through the HDF and LIHTC Program. | 291 | 274 | 306 rental units were assisted through the HDF and the LIHTC Program. | 871 |

| 2005 CAPER | | | | |
|--|---------------------|---------------------|--|-------------------|
| Performance Relating to the 2003-2008 Consolidated Plan Strategies | | | | |
| <i>STRATEGY 4: Assist 100 families per year, living in DSHA managed sites, move from assisted to unassisted housing.</i> | | | | |
| Strategy Development and Implementation | 2003 Results | 2004 Results | 2005 Results | Cumulative |
| Assist 100 families purchase their own home. | 28 | 35 | 81 families achieved the American Dream of homeownership with the help of the MTW and Individual Development Account (IDA) Programs. Further, over 385 families, since inception, moved from assisted to unassisted housing. | 144 |

| 2005 CAPER | | | | |
|--|---------------------|---------------------|--|-------------------|
| Performance Relating to 2003-2008 Consolidated Plan Strategies | | | | |
| <i>STRATEGY 5: Lead the effort to improve the effectiveness of the affordable housing delivery system in Delaware.</i> | | | | |
| Strategy Development and Implementation | 2003 Results | 2004 Results | 2005 Results | Cumulative |
| Utilize the Housing Capacity Building Program (HCBP) to provide grants and technical assistance to nonprofit agencies, as well as provide necessary ongoing maintenance support. | | | The HCBP is currently being restructured, therefore no grants or technical assistance was provided in FY2005. Training scholarships to nonprofit housing organizations are still continuing. | |
| Coordinate data sharing with all the Consolidated Plan entities in the State of Delaware. | | | DSHA actively coordinates the assessment of housing needs, data sharing and more recently the development of performance measurements. | |
| Explore means to address the aging affordable rental stock in Delaware. | | | DSHA continues to utilize a preservation set aside for the LIHTC Program for units in need of rehabilitation and in danger of losing their subsidy within two years. | |