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DELAWARE STATE HOUSING AUTHORITY Annual Report

ABOUT US

Our mission is to provide, and assist others to provide, quality affordable housing opportunities and appropriate supportive services to low- and moderate-income Delawareans.

The Delaware State Housing Authority (DSHA) was created in 1968 as a public corporation in the Delaware State Department of Housing. In 1970, DSHA became part of the Department of Community Affairs and later, in 1987, joined the Delaware Economic Development Office. Recognizing the critical services provided by DSHA, Governor Thomas R. Carper established DSHA as an independent authority in the Executive Department in 1998, with its Director, Susan Frank, reporting directly to the Governor as a member of the Cabinet. This historical step cemented the role of affordable housing as a key aspect of State policy.

Since 1968, when the Delaware General Assembly appropriated \$100,000 for first-year operations, DSHA's assets have grown to more than \$500 million. The greatest period of growth has occurred since 1975, when the Authority first began issuing tax-exempt revenue bonds.

DSHA has the power to make loans and grants to both for-profit and non-profit housing sponsors; to make loans to mortgage lenders and require that they use the proceeds to make new residential mortgage loans; to apply for and receive subsidies from the federal government and other sources; and to issue its own bonds and notes.

In addition to its role as the State's Housing Finance Agency, DSHA is unique in that it also serves as a Public Housing Authority and acts as a Community Development and Planning Agency. As a Public Housing Authority, DSHA receives funding from U.S. Department of Housing and Urban Development (HUD) to build, own and operate public housing in Kent and Sussex counties, two of Delaware's three counties.

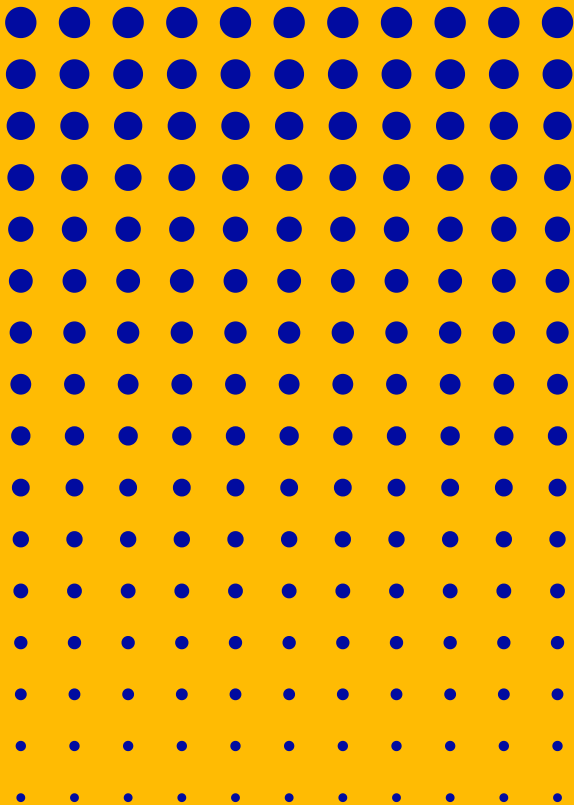
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LETTER FROM THE GOVERNOR & LT. GOVERNOR

Dear Friends,

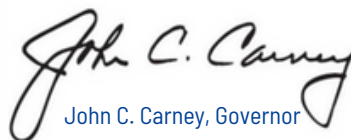
Housing is crucial to two goals of our administration—supporting our families and strengthening our communities. The Delaware State Housing Authority (DSHA) and its partners are working harder than ever to ensure that all Delawareans have access to safe and secure housing. DSHA's work to expand homeownership, provide rent and utility payment assistance, ensure access to high-quality affordable housing, and strengthen our neighborhoods became even more vital to improving the quality of life for everyone in our state.

That is why Delaware continues to invest in developing affordable rental housing. With the help of the American Rescue Plan Act (ARPA), championed by Delaware leaders like President Joe Biden, Senators Tom Carper and Chris Coons, and Representative Lisa Blunt Rochester, we are investing over \$100 million in housing initiatives across the state. That includes investing more than \$26 million from ARPA funds in the REACH Riverside project to accelerate the development of 350 affordable homes in the northeast Wilmington community in just two years.

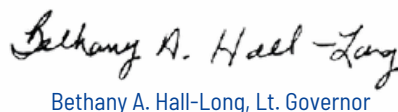
DSHA has taken the lead in many of these areas, working with partners at the local, state, and federal levels to leverage our resources. We are paying particular attention to redeveloping vacant and blighted properties, incentivizing market-rate developers to build new affordable units, and supporting owners and builders with rising construction costs.

All of these investments are paired with DSHA's continued efforts to provide Delawareans with emergency rental assistance, opportunities for homeownership, and outreach to homeless populations throughout our state. None of this work could be accomplished without the support and dedication of our partners across all levels of government, the private sector, the nonprofit community, and the dedicated staff at DSHA and other state agencies. We thank you for all your hard work during these challenging times and look forward to continuing to make Delaware a better place to live, work, and raise a family.

Sincerely,


John C. Carney, Governor




Bethany A. Hall-Long, Lt. Governor



LETTER FROM THE DIRECTOR

The year 2022 tested the Delaware State Housing Authority's responsiveness, relevance, and resolve. From rising mortgage loan interest rates to increased attention on the rental landscape, the need for safe, affordable housing reached a new level of urgency.

An urgency our agency recognized and embodied. With extreme pride, I am pleased to share that we rose to the occasion this past year. This Annual Report is a testament to our drive for improvement and impact.

DSHA was tasked to administer one of the most significant housing investments in recent history. Our team thought long and hard to develop a multi-tiered approach, including preservation, rehabilitation, new construction, and homelessness prevention, to address the affordable housing crisis across the state. We are committed to stewarding these funds efficiently and transparently and are ready to turn these dollars into tangible results in 2023.

While these plans began to take shape, our team continued to execute our core focus areas of homeownership, rental housing, and community development.

With this past year, our internal infrastructure needed bolstering to match the increased demand placed on the agency. We added new office space in Dover. We completed renovations in Wilmington and on The Green to preserve our working areas for many more years.

I commend the staff at DSHA for their loyalty, optimism, and resourcefulness during these transitions. For the first time in many years, salaries were raised, and salary supplements were distributed as evidence of our appreciation.

We thank the Carney Administration, members of the General Assembly, and Delaware's federal delegation for their steadfast collaboration and encouragement. Because of your efforts in pushing for our best work, DSHA can meet the challenges ahead with ease, grace, and confidence.

I thank everyone for their continued support and trust in our agency on behalf of the DSHA. In 2023, Delawareans will need DSHA more than ever. We will continue building Delaware's housing infrastructure and empowering a diversified community of constituents, nonprofit partners, and developers.

Sincerely,



Eugene R. Young, Jr., Director



LETTER FROM THE COUNCIL ON HOUSING

The Delaware Council on Housing's mission is to advise the Delaware State Housing Authority, members of the General Assembly, and the Governor on important matters pertaining to affordable housing preservation and development in the State. The Council is comprised of volunteers, appointed by the Governor, from a diverse set of backgrounds, professions, and life experiences.

The Council is specifically responsible for the review and approval processes associated with allocations of loans and grants through the Housing Development Fund (HDF). In Fiscal Year 2022, and in the face of challenging circumstances, we continued to work to ensure that the HDF has been used to effectively address housing needs across the State.

This year, the Council approved over \$16.5 million in grants and loans which resulted in the creation or preservation of 3,795 units of affordable housing or households assisted through the HDF. The HDF enables home construction and rehabilitation activities, but also helped provide families with homelessness prevention, homeownership counseling, and other critical services.

The effects of the pandemic have been far-reaching; however, our most vulnerable populations have dealt with the most severe impacts in their physical, mental, and financial well-being.

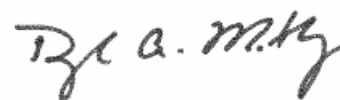
Notably, these impacts have disproportionately fallen on people of color and marginalized communities.

Our investments and actions do make a positive impact, but we must continue to expand our commitment to long-term investment in affordable housing. Each of these investments is also an investment in Delaware's people, families, and communities. While much has been done, there is so much work left to do.

We want to specifically recognize and acknowledge the remarkable work of the many individuals, across numerous government agencies and nonprofits, that leveraged all available resources to deliver much-needed help throughout our communities during the past several years. We are thankful for Governor Carney and the General Assembly's recognition of the importance of housing, support of community development, and continued allocation of resources to these issues.

We are eager to build on our work with Governor Carney, the legislature, and DSHA in the coming years as we strive to make significant positive impacts on affordable housing availability and improve housing opportunities for families throughout Delaware for many years to come.

On behalf of your Delaware Council on Housing,



Douglas Motley, Chair

Doug Motley
Dianne Casey
Connie Harrington
Amy Walls

Norma Zumsteg
Vincent White
Barbara Cool
Francis Julian

HOMEOWNERSHIP

The Delaware State Housing Authority is the state's housing finance agency. DSHA helps people get into homes, which in turn supports families, strengthens communities, and makes our state a better place to live.

A DSHA mortgage is a 30-year fixed-rate loan with interest at or below the standard market rate for qualified buyers.

DSHA also offers down payment, closing cost assistance, and the First Time Homebuyer Tax Credit.

DSHA thanks our lender partners and housing counselors for helping make 2022 a successful program year.

2022 Data Recap:

- **998 Delaware families** purchased a home with DSHA's help last year.
- DSHA Provided those 998 families with **\$244,580,222 in 1st Mortgages.**
- In addition, DSHA provided 808 of the 998 families with **\$6,773,462 of down payment and closing cost assistance.**
- DSHA provided **First Time Homebuyer Tax Credits to 800 Delaware Families**, totaling \$63,361,452 in certificates.

PARTNERS

Lenders:

- Pike Creek Mortgage Services
- Huntingdon Valley Bank
- Meridian Bank
- Evolve Bank & Trust
- Fairway Independent Mortgage Corp
- Primary Residential Mortgage, Inc.
- Cardinal Financial
- AnnieMac Home Mortgage
- North Pointe Mortgage
- Keystone Funding
- Tidewater Mortgage Services, Inc
- Prosperity Home Mortgage LLC
- Main Street Home Loans
- Guild Mortgage Company
- Prime Lending
- Caliber Home Loans
- Draper and Kramer Mortgage Corp
- Cross Country Mortgage, Inc
- Guaranteed Rate, Inc
- WSFS
- CMG Mortgage
- Embrace Home Loans
- Homeside Financial
- Nations Lending Corporation
- FSB Mortgage
- Guaranteed Rate Affinity
- Mortgage America Inc.
- NVR Mortgage Finance
- Supreme Lending
- Fulton Bank NA
- NOVUS Home Mortgage
- Movement Mortgage LLC
- Capital Bank Home Loans
- Waterstone Mortgage Corporation
- Absolute Home Mortgage Corporation

Housing Counselors:

- CLARIFI
- YWCA Delaware
- Telamon Corporation
- NeighborGood Partners
- Neighborhood House, Inc
- Interfaith Community Housing
- First State Community Action Agency
- Housing Opportunities of Northern Delaware, Inc

HOMEOWNERSHIP

Nicole and Christopher Fayson had been renting a home for several years. In 2022, their monthly rent reached \$1,500. A relative suggested they could buy a house and pay that much as a monthly mortgage, all while earning equity.

With the expenses that come with having four children, ages 3 to 14, the Faysons did not have much savings and were afraid they would never be able to afford a home. Despite that, they decided to explore their options.

Unfortunately, their first application for a mortgage was declined. "We were told we needed to save more money and improve our credit scores. It was discouraging," Nicole said. But they weren't ready to give up.

With the help of their loan officers, Larry Morrow and Tracy Chongling from Supreme Lending, the Faysons improved their credit scores and were pre-approved for a 30-year fixed-rate FHA mortgage and DSHA's Preferred Plus program, which provides down payment and closing cost assistance. As first-time homebuyers, they were also eligible to receive Delaware's first-time homebuyer tax credit.

In November 2022, after four months of searching, the Fayson family purchased a four-bedroom, 1 ½ bath townhouse in Newark, Delaware.

Nicole says they were nervous and happy on their closing day and felt like "we were living a dream."

Nicole says, "knowing that we worked so hard for this house, it is ours, and we can do whatever we want with it," excites her and Christopher. She adds that their children love their new home and, in fact, a major benefit of being a homeowner is having a home to leave to their children. "This is the place they will grow up in."

With their children in mind, the Faysons' first home improvement project is installing a patio and fence in their backyard to enjoy the summer.

DSHA's homeownership programs were "extremely helpful," Nicole says. "Because of DSHA's programs, we were able to make our dream a reality."



AFFORDABLE HOUSING DEVELOPMENT: DOWNTOWN DEVELOPMENT DISTRICTS

Since 2015, the Downtown Development Districts Rebate (DDD) program has been a catalyst for private investment turning distressed areas into vibrant community centers.

Even with the rise of remote working and online shopping that can cripple small businesses, strong activity over the past year has created a range of housing opportunities, reduced blight, and supported existing and new businesses.



200Front LLC in Milford

Long dilapidated structures were demolished over several parcels to construct and design nine affordable townhomes to complement the North Milford Historic District.

This was accomplished through new construction, renovating and adaptively reusing vacant buildings, and preserving important historical structures. With numerous projects underway and continued strong demand for DDD funding, we are optimistic for the future of Delaware's downtowns and the opportunities they hold for everyone.

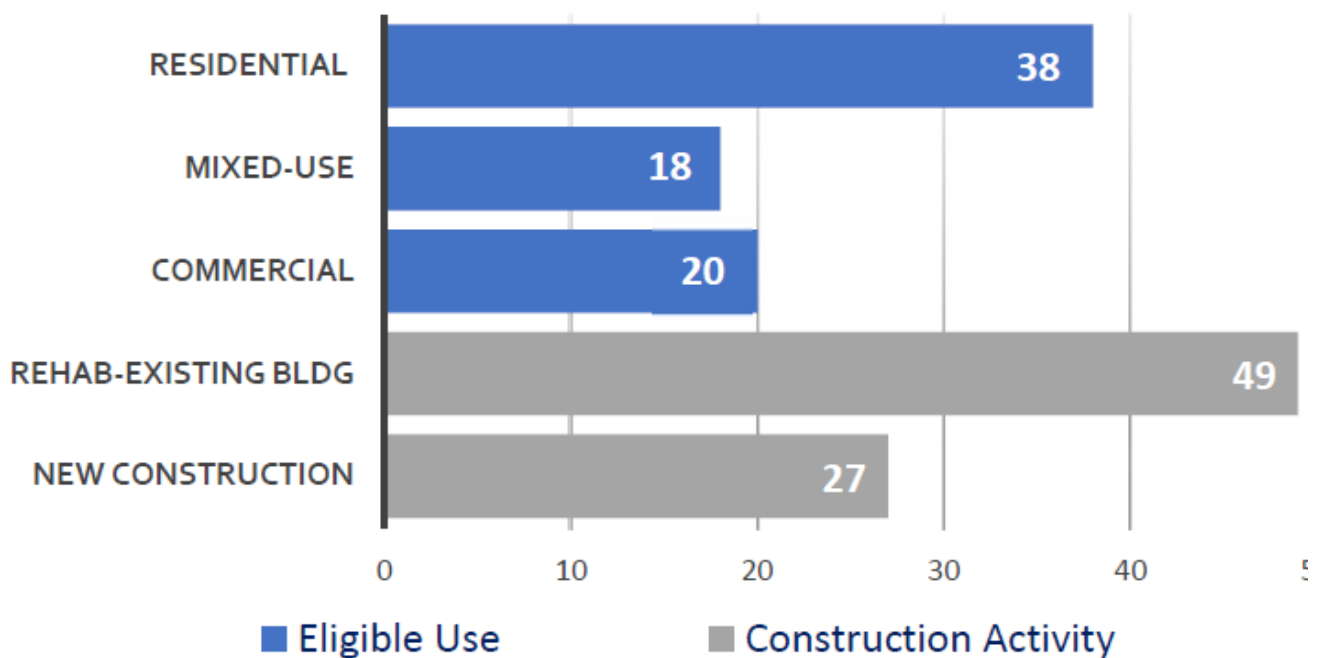
2022 saw record activity as 7 Large and 57 Small Projects were completed, receiving a total of \$4.6 million in state funds and \$44 million in private investment. In addition to the numerous projects already underway, \$6.3 million in state funds were reserved for 12 Large Projects that are expected to leverage \$67 million in private investment.

AFFORDABLE HOUSING DEVELOPMENT: DOWNTOWN DEVELOPMENT DISTRICTS

Altogether, approximately \$10.8 million in DDD funds are leveraging \$111 million in private investment. The majority of projects in 2022 were residential with the remaining projects divided between mixed-use or commercial uses. Most projects were accomplished through rehabilitation of existing buildings, often removing blight.

The Division of Small Business, Delaware State Housing Authority, and the Office of State Planning Coordination collaborate to bring training, online resources, marketing material and coaching to support Districts in attracting private investment and redevelopment. We look forward to continuing these successful efforts that are revitalizing so many of Delaware's communities.

FY22 Eligible Use and Construction Activity



AFFORDABLE HOUSING DEVELOPMENT: HOUSING DEVELOPMENT FUND

The Housing Development Fund (HDF) aims to provide affordable, decent, safe, and sanitary housing to responsible low- and moderate-income households. The HDF program is designed to provide loan financing to developers of Low-income Housing Tax Credit (LIHTC) projects.

The LIHTC program is a federal source of financing that provides a direct federal income tax credit to qualified owners and investors to build, acquire or rehabilitate affordable rental housing units for low-income Delawareans.

LIHTC is Delaware's largest source of affordable housing development and preservation. The program provides quality housing to low-income Delawareans who can afford a monthly rent payment but cannot afford market-rate rents.

In 2022, DSHA awarded \$3 million in tax credits to four projects. Three projects will create 175 new affordable housing units, while one will preserve 24 units once completed.

The projects are located statewide, with two in Wilmington, one in Kent County, and one in Sussex County.

In addition to loan financing, the HDF provides grant funding to sponsoring agencies to develop affordable homeownership opportunities, support housing support programs, and assist with energy and accessibility improvements.



Riverside, Phase II in Wilmington

This project is currently under construction and utilizing Affordable Rental Housing Program funding. Once complete, the project will add 50 Low-Income Housing Tax Credit units.

AFFORDABLE HOUSING DEVELOPMENT: STRONG NEIGHBORHOODS HOUSING FUND

The Strong Neighborhoods Housing Fund (SNHF) is set up as a revolving fund to be used for the acquisition, renovation, and sale of vacant, abandoned, foreclosed, or blighted property throughout the state.

The funds are targeted at efforts supporting community development and transforming neighborhoods experiencing blight or other forms of stress, including high crime.

In 2022, over \$14 million in state funding have leveraged over \$43.9 million in private investment. SNHF completed six projects with a total of 143 constructed houses.

There are 19 SNHF projects currently in progress that will add 61 houses to Delaware's real estate inventory.



Hope Hill in Laurel.

304, 306, 308, 310, and 312 W Front Street

PUBLIC HOUSING

For our housing management division, this past year could be summarized in one word: Transition.

Doris Hall assumed the position of Director after the retirement of longtime DSHA employee Chris Whaley. We recognize and thank both for their passion and commitment to delivering the best service to each of our housing sites and all of the residents who pass through our doors.

These character traits make the agency's recent transition to the Rental Assistance Demonstration (RAD) program so compelling. RAD, administered by the U.S. Department of Housing and Urban Development, was created to give public housing authorities a powerful tool to preserve and improve public housing properties.

The program allows public housing agencies to leverage public and private debt and equity to reinvest in the public housing stock and relies on shifting existing public housing funds to the Section 8 accounts as properties transition.

In 2022, our housing sites McLane Gardens, Peach Circle, and Holly Square in Smyrna and Middletown, continued to undergo updates, and the rest of DSHA properties will follow. We are eager to execute interior and exterior renovations and introduce enlivened common areas such as playgrounds and bike paths in the future.

With so much underway in our housing management department this past year, the size of the team increased significantly and quickly outgrew their offices on The Green.

After an extensive search, DSHA leased, renovated, and moved into the first floor of the Duncan Center in Dover. This new location has enough office space, cubicles, and amenities to accommodate the department for years to come as well as provide easier access for constituents visiting DSHA.

Transition can be intimidating; however, in 2022, the housing management department embraced it and faced it with grace and resourcefulness.



FEDERAL PROGRAMS: DEHAP RENTAL ASSISTANCE

The Delaware Housing Assistance Program (DEHAP) was created in early 2020 to assist Delawareans facing financial hardships due to the COVID-19 health crisis.

Funded through the federal Emergency Rental Assistance (ERA) Program, which the U.S. Treasury Department distributed to Delaware in January (ERA-1) and May 2021 (ERA-2), DEHAP provided emergency housing and utility assistance to renters affected by shutdowns, closures, layoffs, reduced work hours, or unpaid leave.

To date, the program has disbursed over \$130 million in assistance, which has helped over 20,000 households. In August of 2022, Delaware was recognized at the White House Eviction Prevention Conference for using its rental assistance program to keep eviction rates low even after federal and state eviction protections had expired.

DSHA also created the Community Navigator program in 2022 to better serve Delawareans in need. This innovative program connected renters with trained advocates and support specialists who provided one-on-one support and guidance throughout the rental assistance application process.

While DEHAP is a temporary program, DSHA takes pride in stewarding these funds and partnering with the many community organizations that are so passionately invested in keeping Delawareans housed.

Director Young on DETV's Good Morning Wilmington Show discussing the DEHAP Rental Assistance Program.



FEDERAL PROGRAMS: MORTGAGE RELIEF

In June of 2022, DSHA launched the Delaware Mortgage Relief Program (DEM RP) to help Delaware homeowners who are struggling to make their mortgage payments due to financial hardship caused by the COVID-19 pandemic.

With \$50 million provided by the American Rescue Plan Act and Homeowners Assistance Fund, the program provides eligible homeowners with up to \$50,000 for the following:

- a one-time payment to pay delinquent mortgage arrears and/or to facilitate a principal curtailment
- rate reduction, modification, or another resolution to right-size future mortgage payments
- tax delinquency, chattel loan, or land lease delinquency
- eligible utilities, such as water and sewer
- homeowner's association fee/condominium association fee delinquency
- homeowner's insurance delinquency

In partnership with Delaware housing counselors, the program also provides counseling services to help homeowners navigate the foreclosure process and explore their options for loan modification or refinancing.

Since the program's launch, the Delaware Mortgage Relief Program has dispersed close to \$11 million to over 1,100 households, with an average assistance amount of \$9,478. The funds are available until 2025, unless exhausted prior.



DEM RP Program Administrator Ujesh Patel and Chief Policy Advisor Javier Horstmann hosting a Delaware Mortgage Relief Program townhall with State Representative Kevin Hensley.

FEDERAL PROGRAMS

This year, Governor Carney announced \$60 million for housing initiatives, which was allocated to DSHA to administer. With this funding, our team has created new innovative and ambitious housing programs, which are as follows:



Catalyst Fund, designed to create affordable homeownership opportunities through the acquisition and rehabilitation of vacant homes



Accelerator Fund, designed to incentivize market-rate developers to provide affordable rental housing in planned construction projects



Preservation Fund, designed to ensure nearly 1,000 existing affordable rental units remain affordable



Market Pressure Relief Fund, designed to relieve economic cost pressures faced by affordable housing developers



Rent Reporting Pilot, aims to help over 400 low-income renters increase their credit scores by reporting their reliable rental payment history

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2022 PHOTOS



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