

DELAWARE HOUSING NEEDS ASSESSMENT 2015-2020

September, 2014



FINAL REPORT



DELAWARE HOUSING NEEDS ASSESSMENT

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Division of Services for Aging and Adults with Physical Disabilities (DSAAPD)
Delaware Department of Justice (DOJ)
Delaware Department of Labor, Office of Occupational and Labor Market Statistics
Delaware Department of Services for Children, Youth and their Families (DSCYF)
Delaware Domestic Violence Coordinating Council
Delaware Housing Coalition
Delaware Interagency Council on Homelessness (DICH)
Delaware Manufactured Home Relocation Authority
Delaware Office of State Planning Coordination
Delaware Population Consortium
Diamond State Community Land Trust
Dover Housing Authority
Dover/Kent County Metropolitan Planning Organization (MPO)
East Coast Property Management
Habitat for Humanity of Central Delaware
Habitat for Humanity of Sussex County
Homeless Planning Council of Delaware
Housing Committee of State Council for Persons with Disabilities
Ingerman Affordable Housing
Interfaith Community Housing of Delaware

Kent County
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NCALL Research, Inc.
Newark Housing Authority
New Castle County
Sussex County
The Arc of Delaware
Wilmington Area Planning Council (WILMAPCO)
Wilmington Housing Authority



Delaware State Housing Authority
www.destatehousing.com

GCR Incorporated
www.gcrincorporated.com

The Reinvestment Fund
www.trfund.com

Executive Summary

This Delaware Housing Needs Assessment is intended to frame the current housing conditions within the state and examine the significant trends and issues that will dictate housing policy over the next five years, from 2015-2020. It was developed over a one-year period, from September 2013 through August 2014, using quantitative data and feedback from housing stakeholders, real estate developers, lenders and policy makers. It comes at a time of transition, when the housing market is beginning to show signs of recovery after a national recession and housing crisis. Issues that were not relevant in the past study, like foreclosures, fallen property values, an oversupply of housing, and a growing percentage of renters among households of all ages, are now important issues that will influence future housing policy. Because of these significant shifts in the housing landscape, future housing policy will focus on continuing the recovery efforts and accommodating the changing needs of renters and homeowners. The information provided in this report and supporting documents will assist in developing local and State Consolidated Plans that clearly outline housing policy, programs and funding over the next five years.

Because Delaware has a variety of housing markets, the intent of this study is also to illustrate housing needs within neighborhoods and market areas. This is a divergence from past studies, where housing conditions were examined at the county and state level. This will assist policy makers identify targeted places for programs where issues of affordability, fair housing, housing shortages and blight are most relevant. It will also assist community groups focus on needs within specific neighborhoods.

Sources of Information

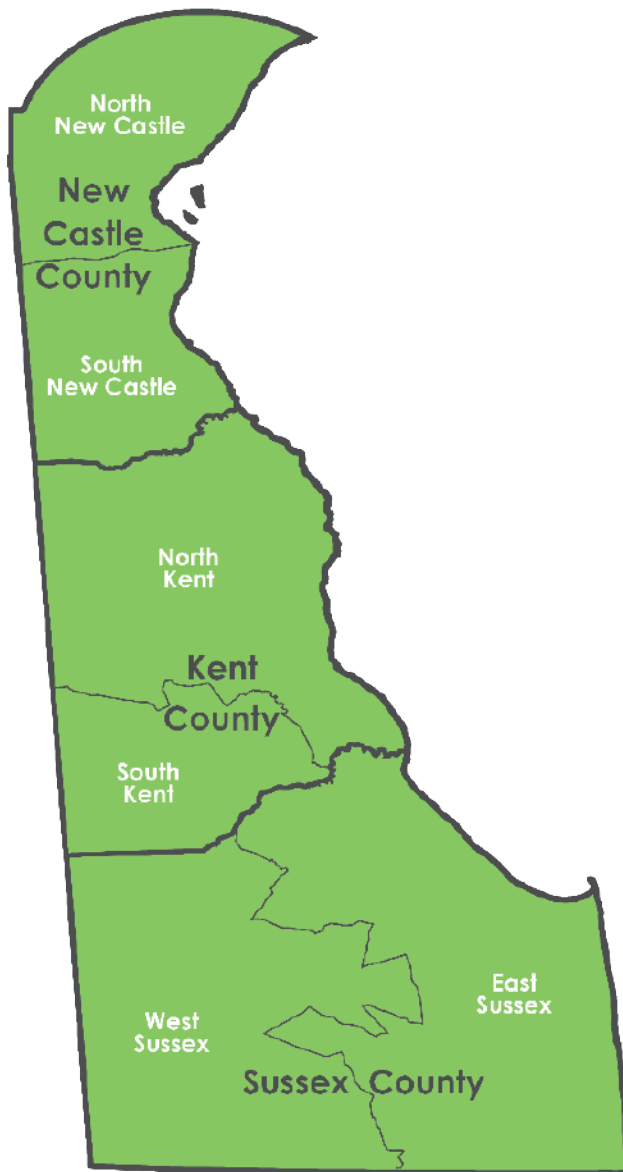
The Delaware Housing Needs Assessment uses quantitative and qualitative data sources, including the following:

- U.S. American Community Survey 2007-2011
- U.S. American Housing Survey 2010
- HUD Comprehensive Housing Affordability Strategy (CHAS) data, 2006-2010
- U.S. Bureau of Labor Statistics 2013-2014
- Delaware Department of Labor 2013-2014
- Delaware Population Consortium population and household projections, 2010 – 2040 (2012 Projections Series)
- Delaware State Housing Authority
- HUD Multi-Family Housing Assistance and Section 8 Contracts database, 2014
- HUD Public Housing Assessment, 2014
- HUD Resident Characteristics Report, 2014
- National Establishment Time Series (NETS) database 2013
- U.S. Department of Commerce, Bureau of Economic Analysis, 2013
- Interviews with county planning departments in Sussex, Kent and New Castle counties
- Survey results from developers and housing service providers
- Boxwood Means home sales data through 2014
- Realtors Association Multiple Listing Service (MLS) database through 2013
- Delaware Office of State Planning Coordination Building Permits data
- Public Housing Authorities for Wilmington, Newark, Dover and New Castle County



Housing Market Areas

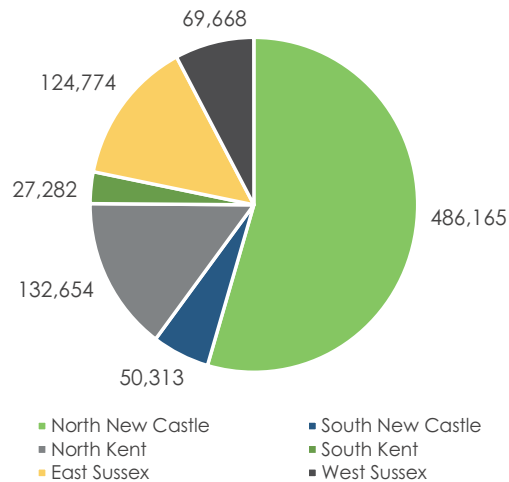
The study examines housing issues at the State, county, and submarket area. The majority of summary statistics throughout the report are at the State and county level, while submarkets are more completely described within the submarket reports at the end of the study. The submarkets were developed based on Census Block Group boundaries and are closely aligned with Census County Divisions (CCDs) within Delaware. The major cities of Wilmington, Newark and Dover are more completely described within their respective submarkets of North New Castle and North Kent counties.



Summary of Key Findings

Delaware is a fast growing state compared to national averages, and particularly for states in the mid-Atlantic region. Much of this growth is attributable to new retirees moving into Delaware from out of state, attracted by lower taxes and the development of retiree and beach communities in East Sussex County.

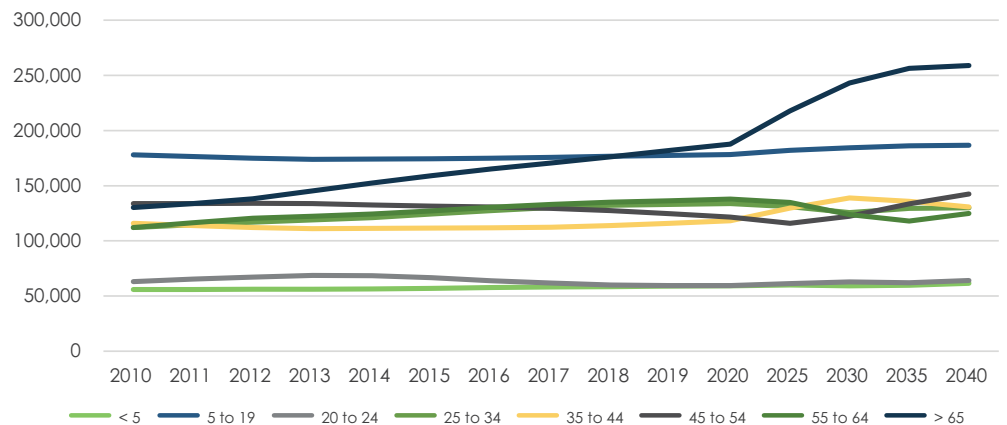
Delaware Population 2011



Source: American Community Survey, 2007-2011

Demographic changes will influence the size, type and location of new housing. For one, households are getting smaller. Adults remain single for longer and there are more couples with no or few children, leading to an increase in single-person households and small families. Also, households are getting older as the Baby Boom generation ages into their senior years. Similarly, older families tend to be smaller in size as children move out of their parents' homes. At the same time, there is a growing trend for larger, multi-generational families.

Population Growth by Age



Source: Delaware Population Consortium population and household projections, 2010 – 2040

Delaware was negatively impacted by the economic recession of the 2000s, but has fared slightly better than national averages and is recovering.

Unemployment rates went from 3.4% in December 2006 to 8.4% by December 2009, but has dropped to 5.8% by April 2014. In comparison, the national unemployment rates increased from 4.4% to 9.9% between 2006 and 2009 and has stabilized to 6.3%. Job losses were most acutely felt within the banking and finance industries, construction and manufacturing.

Overall, the State has lower poverty rates and fewer minorities than national average, yet there are pockets of concentrated poverty and minority households within Wilmington, Dover, and poor rural areas. Most of these areas are in distressed communities, with low property values, low educational attainment, and higher rates of residential vacancy and blight. These areas can be identified within specific Census Tracts of Wilmington and Dover. In rural areas, distressed communities are more concentrated within Census Tracts. Disparity between wealthy communities and high poverty areas is most acute in the Wilmington metro area.



Source: DSHA



Source: DSHA

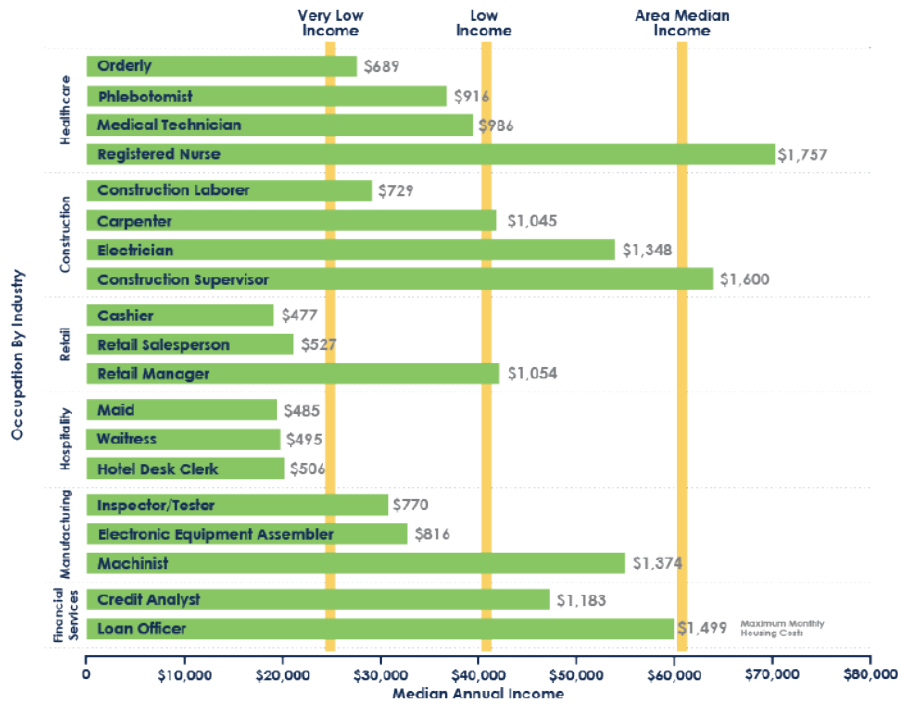
Most of the new housing construction will occur outside of cities, in exurban communities and rural areas with available land to build subdivisions. Land use patterns have been guided by new residential growth, where developers have acquired large greenfield sites to develop mostly single family developments. Once rural areas are transitioning into more suburban communities, particularly in areas of Kent County and East Sussex County.



Source: DSHA

Some of Delaware's strongest industries – particularly health care, tourism and retail – have many low and moderate wage workers, creating a significant demand for workforce housing. The largest job increases will occur within retail, nursing and food service. There is a shortage of housing affordable to workers within these industries, particularly in the high growth areas of East Sussex County and suburban job centers within New Castle County.

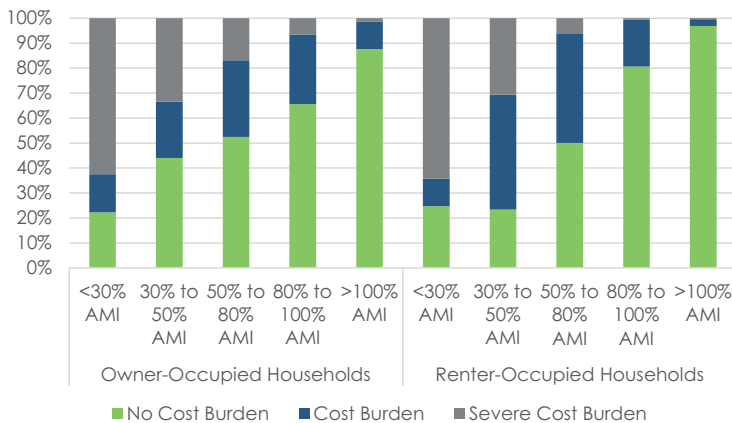
Housing Costs by Occupation



Source(s): Delaware Department of Labor, *Delaware Occupation and Industry Projections*, August 13, 2012; and income data from Novogradac and Company using New Castle County income limits.

Almost half of all renters and one-third of all homeowners have housing challenges, defined as paying more than 30% of their income on housing costs, or living in overcrowded or substandard living conditions. The challenges are most severe among renters earning less than 50% of Area Median Income (where 32% of all renters are renters earning less than 50% of AMI and are cost-burdened), and notable for low and moderate income homeowners (where 20% of all homeowners earn less than 100% AMI and are cost-burdened). The greatest number of households with challenges are among non-elderly individuals (people living alone or among roommates) and small families.

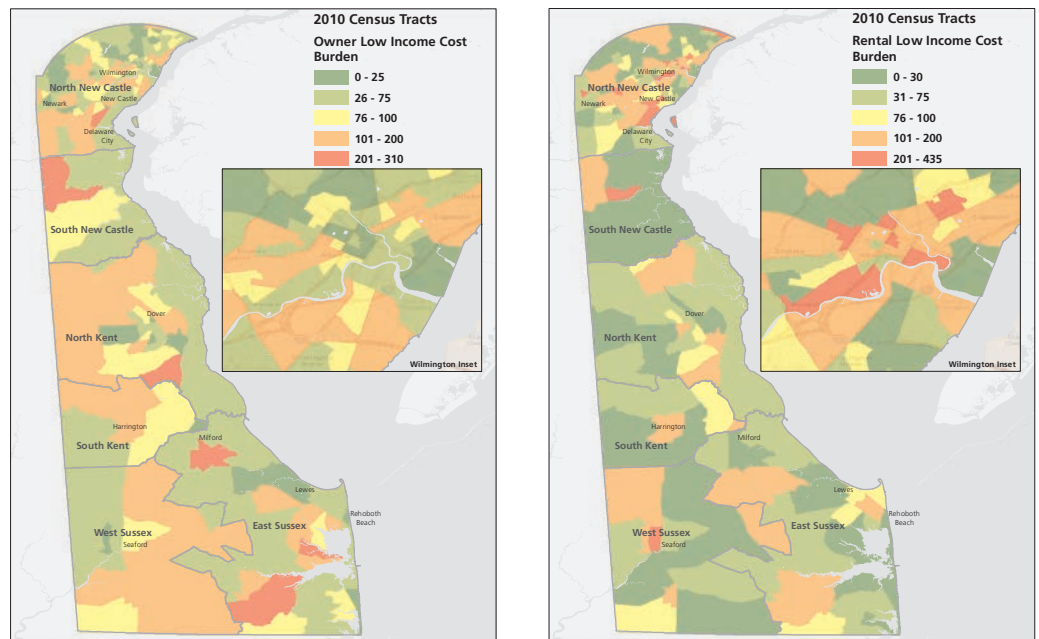
Delaware Households by Cost Burden



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

Minority households are less likely to become homeowners than White, non-Hispanic households, and when they do become homeowners, have a higher chance of experience housing challenges than White, non-Hispanic homeowners. This issue is most prevalent among African American and Hispanic households, where roughly half are homeowners compared to 81% among White, non-Hispanic families; and approximately 40% of African American and Hispanic homeowners face housing challenges, compared to 12% for White, Non-Hispanic homeowners.

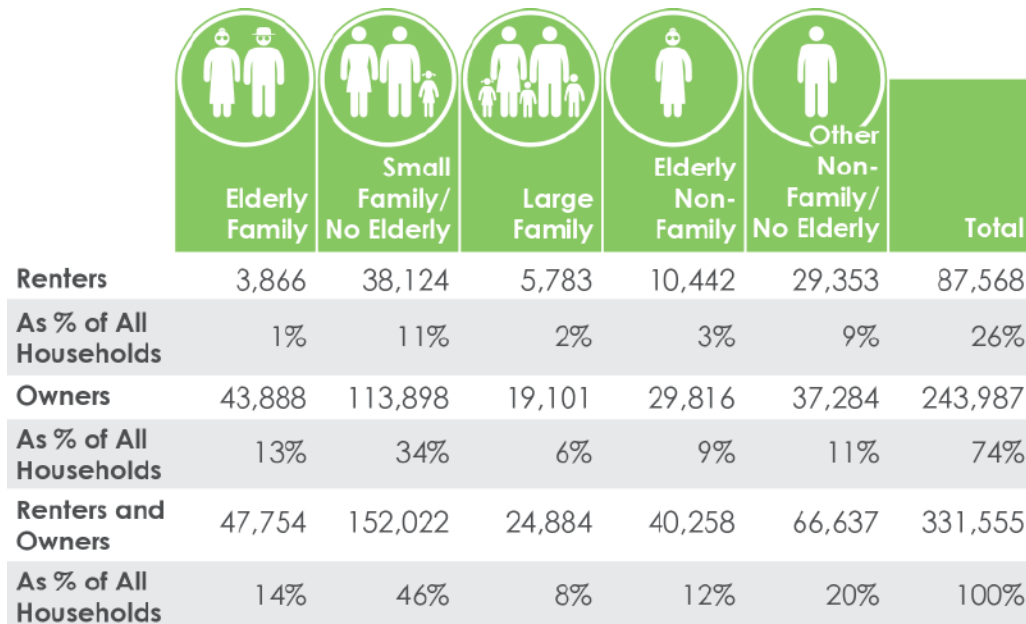
Maps of Housing Challenges for Homeowners and Renters



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010



Future housing demand is shaped by changing demographics, with a growing need for smaller units and more rental housing. Much of the development in the pipeline is for homeownership, yet there is increasing demand for rental housing as more households wait to purchase a home, or have transitioned into the rental market due to the recent foreclosure crisis. Also, with the growing senior population and smaller families in general, the demand for large single family homes is waning in lieu of smaller single family homes and townhomes.



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

Projected housing demand over the next five years is greatest in New Castle County. Household growth will be high in New Castle County and East Sussex County. However, an extensive inventory of developed lots and planned subdivisions in East Sussex means that new housing demand is projected to be higher in New Castle County, comprising more than half of all demand for new units through 2020.

The greatest rental housing demand is among renters earning less than 50% AMI and market rate units; the greatest homeownership demand is from moderate and middle income homeowners. This follows state trends, where very low income households tend to be renters, while households moving into Delaware are seeking a home to purchase. Among the very low income renters, roughly half earn less than 30% AMI.

While seniors will comprise a large portion of future demand, they are predominantly homeowners (84%) and are far more likely to enter the homeownership market than the rental market. Based on projections, 16% of future rental demand will be for senior rental housing, whereas 32% of future home sales will be from seniors.

Rental Housing Demand by Income (2015-2020)

	<30% AMI	30% to 50% AMI	50% to 80% AMI	80% + AMI	Total
Delaware State	1,730	1,455	1,525	2,820	7,530
New Castle County	1,005	845	875	1,385	4,110
North New Castle	910	680	805	1,215	3,610
South New Castle	95	165	70	170	500
Kent County	340	255	280	595	1,470
North Kent	255	165	215	460	1,095
South Kent	85	90	65	135	375
Sussex County	385	355	370	840	1,950
East Sussex	165	215	200	550	1,130
West Sussex	220	140	170	290	820

Source: GCR Inc.

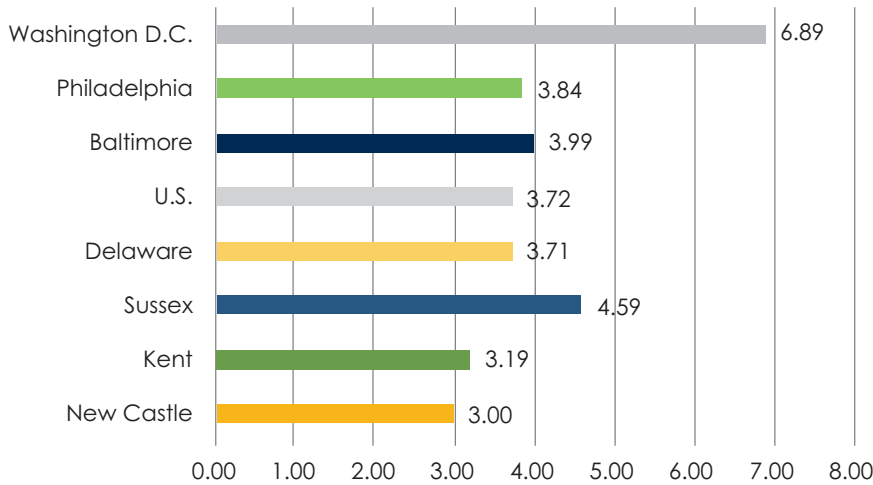
Homeownership Demand by Income (2015-2020)

	<50% AMI	50% to 80% AMI	80% -120% AMI	>120% AMI	Total
Delaware State	2,425	2,705	6,075	7,140	18,345
New Castle County	1,220	1,385	3,075	4,290	9,970
North New Castle	810	915	1,810	2,460	5,995
South New Castle	410	470	1,265	1,830	3,975
Kent County	495	520	1,250	1,065	3,330
North Kent	360	395	940	830	2,525
South Kent	135	125	310	235	805
Sussex County	710	800	1,750	1,785	5,045
East Sussex	510	560	1,265	1,295	3,630
West Sussex	200	240	485	490	1,415

Source: GCR Inc.

Delaware's housing market has been extremely volatile in the past decade due to the housing bubble and ensuing collapse of the housing market, leading to an increase in foreclosures and lower home values. From 2006 to 2013, median sale price for all homes dropped approximately 15%, while the percent of loans past due increased from 3.5% in 2006, peaked at 9.2% in 2010, and had fallen to 7.7% at the end of 2013.

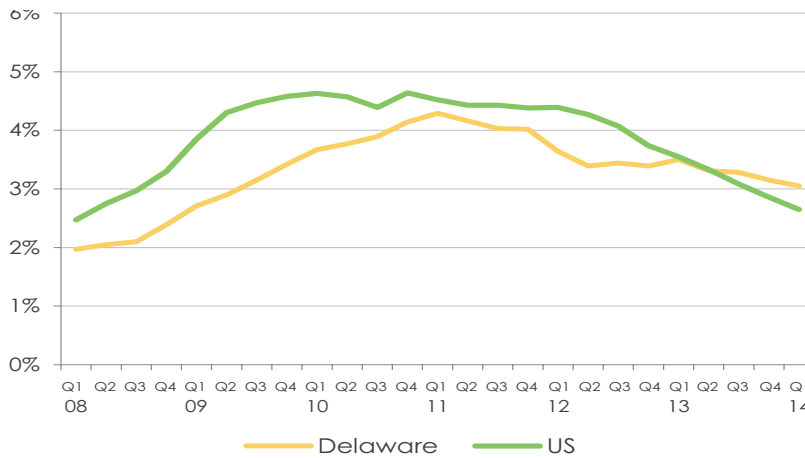
Home Price to Income Ratio, 2013



Source: U.S. Census Bureau

Delaware's housing market is recovering, but at a slower pace than national average, with property values still much lower than pre-recession. The sluggishly recovering economy, oversupply of homes for sale, and a large number of foreclosed homes, hamper the recovery of the housing market. Recovery is also not even across the state, with unemployment higher in Kent County, Dover and Wilmington and prices recovering more slowly in Kent County.

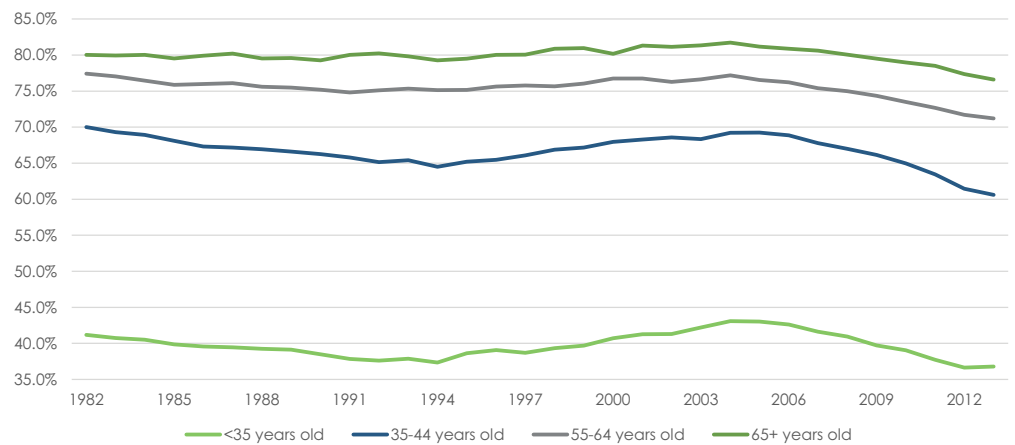
Foreclosure Inventory (NSA)



Source: Mortgage Bankers Association, National Delinquency Survey

As a result of the housing crisis and recession, fewer households of all ages are homeowners, and demand for new housing has shifted to smaller, more affordable homes and rental housing. The greatest drop in homeownership rates is among 35 to 44 year old homeowners, presumably the age bracket most likely to enter homeownership during the boom years and thus most impacted by falling home values. There are also fewer homeowners less than 35 years old, reflecting changes in housing preference, high unemployment among younger adults, and the difficulty first-time homebuyers have in accessing a loan now that lending practices have become more stringent. Based on new building permits and feedback from community developers, new homes slated for development will be much more affordable than the homes built during the peak of the housing bubble.

National Homeownership Rate by Age



Source: U.S. Census Bureau

Much of the state's rental housing stock is aging, and may be at risk of becoming substandard or losing affordability as demand exceeds supply. This is a significant issue among Delaware's subsidized rental housing stock, where more than 3,000 subsidized units are over 25 years old and have not been substantially renovated, equivalent to approximately 30% of all subsidized housing stock.

In response to a high risk of loss of units and some sites in very poor condition, Delaware has prioritized the preservation of its existing subsidized rental housing for several years and successfully rehabilitated and preserved over 1,500 units since 2007. However, with a constantly aging stock and scarce resources for new construction, the need to preserve affordable rental housing will continue.





Source: DSHA

Delaware has an estimated 18,000+ substandard housing units, defined as vacant and abandoned; homes that are occupied but are in unlivable conditions; and homes that are occupied and in disrepair. Many of these homes are manufactured/mobile homes and distressed urban areas. Mobile homes comprise nearly 10% of the state's housing stock, and are largely concentrated within designated communities dispersed throughout Kent and Sussex counties. Substandard homes in urban areas are mostly concentrated within high poverty, high minority census tracts in Wilmington. It is challenging to rehabilitate these homes since the cost of repair oftentimes exceeds replacement value and market value once repairs are made.

Estimated Substandard Housing Units

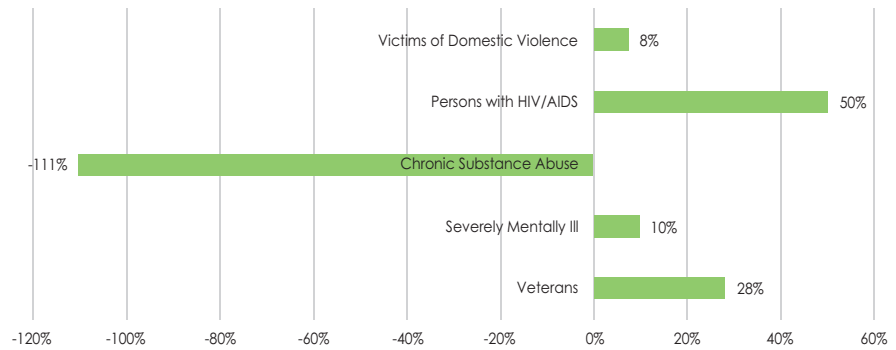
County	Renters	Owners	Total
New Castle	3,912	7,676	11,588
Kent	734	1,903	2,636
Sussex	888	3,209	4,097
Total	5,534	12,788	18,322

Source: GCR

Over the course of a year, an estimated 8,000+ Delaware residents experience homelessness. The complexity of the issue, diversity of populations affected, and scarcity of resources make homelessness a persistent and challenging issue both nationally and in Delaware. People experiencing homelessness include the chronically homeless, war Veterans, persons with alcohol and drug addic-

tions, and families with children. Other groups are also at high risk of becoming homeless, including ex-offenders re-entering the community, victims of domestic violence, and youth aging out of foster care. Many homeless individuals and those at risk of homeless require additional services, including job training, health care and other supportive services. Homeless housing service providers are revamping their approach to the issue, including the implementation of a statewide centralized assessment.

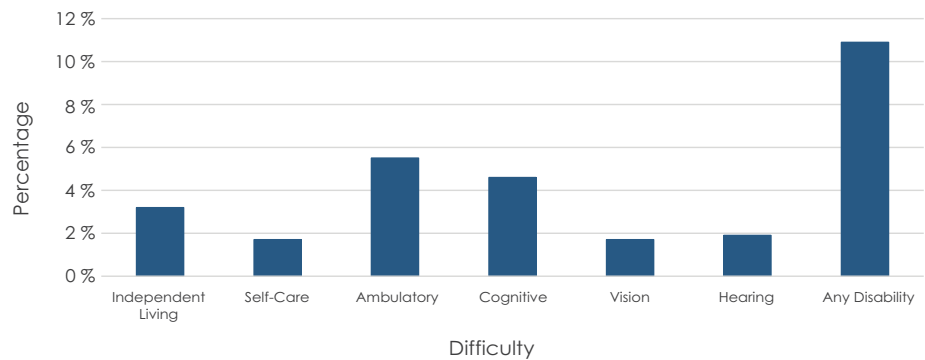
Homeless Subpopulation Percent Change 2012-2013



Source: Delaware 2013 Point in Time Count

There are a growing number of persons with cognitive and physical disabilities that require supportive services within their homes to continue to live independently. This includes low income persons with HIV/AIDS who may need specialized healthcare, the approximately 2% of the population receiving Supplemental Security benefits due to disability, and the 34% of adults over 65 years of age with a disability. Historically, many of these residents lived in an institutional setting to receive needed services. This has shifted to housing strategies that prioritize living as independently as possible - permanent supportive housing within group homes and individual homes integrated with neighborhoods using housing assistance vouchers. In addition to expanding housing choice and quality of life for people with disabilities, providing housing assistance and community-based services is typically far more cost-effective than institutional services.

Prevalence by Type of Disability in Delaware Ages 18-64 (2010)



Source: American Community Survey

Seniors will have increasing housing needs as they age, and since most are homeowners, solutions that will allow seniors to age within their homes will be increasingly important. This includes affordability issues with utilities and repair costs; and physical mobility challenges as disability rates increase. Utility and repair assistance, and aging in place programs, will become important for addressing these needs.

Agricultural workers and migrant laborers also have special housing needs.

Many agricultural workers are Hispanic and face language and cultural barriers that isolate them from supportive services. Since the majority of these workers reside in small rural enclaves separated from towns that are thus not distinguishable in Census data, community outreach is important to assess the full scale of housing needs among this demographic group.

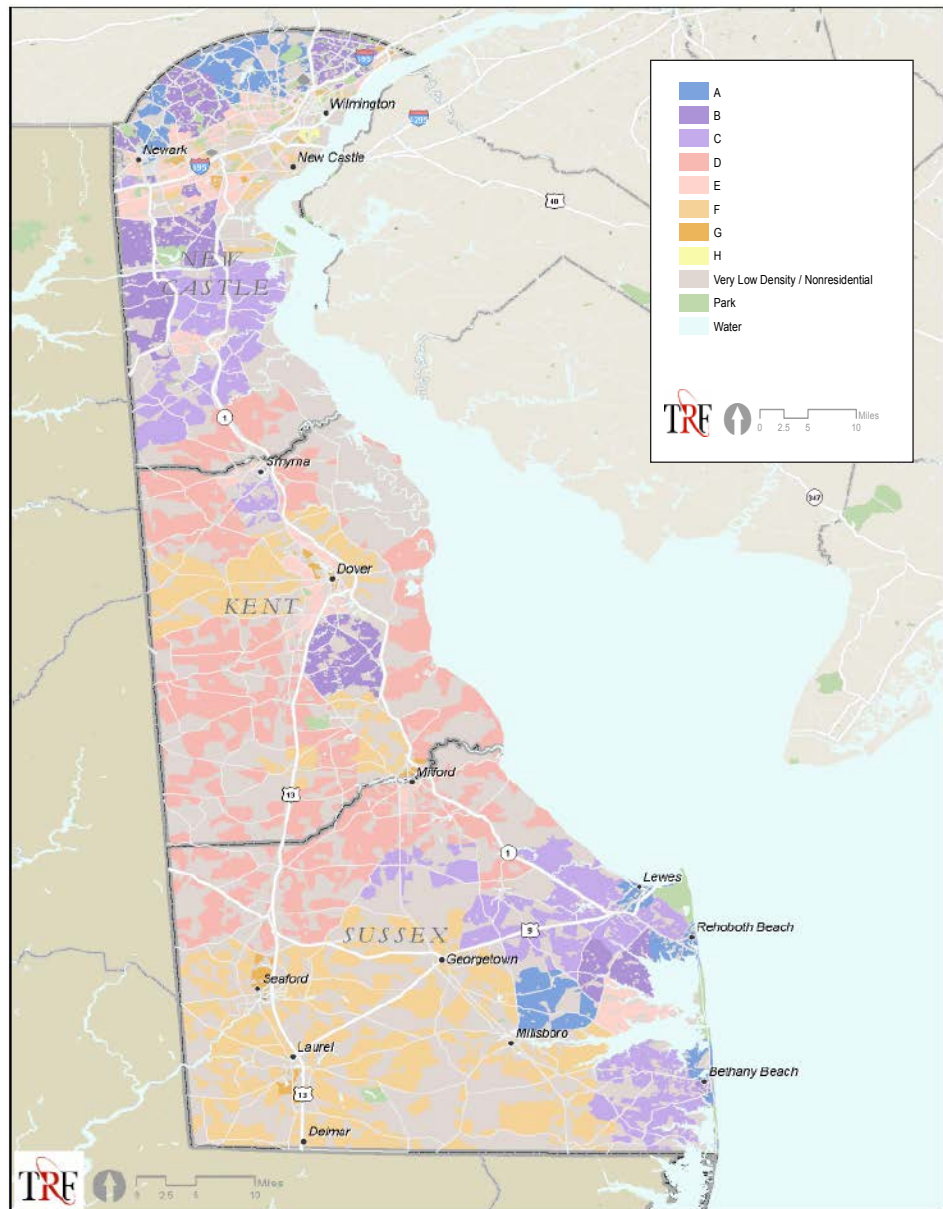
The housing assessment includes an analysis of housing market conditions by Census Tract (Market Value Analysis), identifying eight different housing markets in the State. These markets range from strong, high value markets to areas of extreme distress. Strong, high value markets are generally found in North New Castle and the beach communities in East Sussex. High growth markets are found in new suburban and exurban growth within all three counties. Established suburban markets lie immediately outside Wilmington and Dover. Some remain stable, while others show signs of suburban decline. Distressed markets are found in high poverty areas in urban and rural communities. And the most distressed markets, as indicated at the Census Tract level, are concentrated in Wilmington. However, there are areas of severe distress in rural areas, but these areas of distress are highly concentrated and not discernible from Census Tract level analysis.

The purpose of the Market Value Analysis is to support public investment decisions that use public funds, understanding that different neighborhoods require different intervention strategies.

Among the recommended strategies:

- In areas of high value, supporting affordable housing opportunities and fair housing initiatives will be most needed.
- In areas showing initial signs of decline, supporting neighborhood identity, rehabilitating existing housing stock, and supporting homeownership will be important.
- In distressed neighborhoods, pursuing strategic development projects through public private partnerships, preserving quality housing stock, focusing developing in and around neighborhood anchors, and encouraging socio-economic diversity will help to foster market interest.
- In highly distressed areas, partnerships with neighborhood organizations, supporting social services, demolishing blight and providing greater housing and job opportunities for existing residents will foster long-term benefits.

Market Value Analysis Map of Delaware



Source: The Reinvestment Fund

The Housing Needs Assessment includes a review of current national housing policy and issues that are shaping local housing decisions, including the following:

Government does not have adequate financial resources to address all housing issues. Therefore, development that leverages public funds with private investment will increase the number of affordable units available. Most subsidized housing programs now have the versatility to adopt this approach, including Low Income Housing Tax Credits, redevelopment of public housing, and the use of vouchers to increase operating revenue for private development.

A regional approach to housing issues is increasingly important in national housing policy. This includes reducing concentrations of poverty by providing housing options for low income and minority families within stronger neighborhoods, and attracting more middle class families into urban areas.

Housing policy is also focusing more on integrating housing with jobs, services and public transportation. This is taking shape within regional housing plans, within HUD's Sustainable Communities program, and through redevelopment of public housing sites that integrate with the surrounding neighborhoods and partner with schools and job training providers.

Introduction



Source: DSHA

The Delaware State Housing Authority (DSHA) contracted with GCR Inc. (GCR) in September of 2013 to conduct a statewide housing needs assessment to support housing policy and programs over a five-year period, from 2015 through 2020. The study was developed from September 2013 through July of 2014 and is comprised of the following Sections:

1. Overview – People, Businesses and Places
2. Affordable Housing Challenges
3. Housing Demand
4. Housing Supply
5. Market Value Analysis
6. Substandard Housing Assessment
7. Special Needs Populations
8. Policy and Best Practices
9. Sub-market Reports
10. Appendix

Sections 1 through 3 of the report provides a general summary of demographics, economy and land use patterns, followed by an assessment of housing needs for low and moderate income households, and an analysis of housing demand to accommodate future household growth.

Section 4 describes the housing stock, trends and prices for housing types in the state. Construction trends, the impact of the recession on housing markets, housing types, foreclosure, homeownership and subsidized rental programs are described for overall housing supply.

Section 5 of the study is a Market Value Analysis (MVA) conducted by The Reinvestment Fund (TRF), which evaluates the real estate conditions of Delaware's neighborhoods to frame reinvestment strategies. This portion of the study creates an index of home prices, foreclosure rates, vacancy, building



permits, and other demographic factors to “score” the market feasibility of the state’s urban and rural areas.

Section 6 describes the types of substandard housing units in the state, based on Census data, HUD data and field surveys. The substandard housing assessment estimates the number of substandard units in the state.

Section 7 discusses the housing needs of populations that have additional supportive needs. This includes the homeless and those at-risk of homelessness, persons with developmental or physical disabilities, the older population, and families with special needs.

Section 8 focuses on policy and best practices – specifically tying core housing issues with appropriate programs and practices, and discussing the major challenges Delaware communities face in addressing housing issues with existing programs..

Section 9 provides a more detailed housing needs assessment and housing demand analysis within six sub-market areas. This includes North and South New Castle; North and South Kent; and East and West Sussex.

Section 10 includes more detailed tables on housing needs, housing demand, demographic data and housing statistics used to support the assessment. In addition to the Housing Needs Assessment, there is an online reporting portal that provides the general public with key housing, demographic and economic data for a variety of geographies, including neighborhood-level reporting, sub-market area, city, county and state. The site is available at www.destate-housing.com. ww.destateho

The needs assessment, MVA and housing policy best practices will assist the agency in developing programs that can maximize its resources to provide needed housing and assist neighborhoods suffering from population loss, blight and poverty. With the understanding that existing programs cannot address the full extent of housing need, a key component of this study is find ways and places to attract private investment and strategically plan public dollars to maximize return and ensure equitable development.

Section 1: Overview – People, Businesses and Places

KEY FACTS:

- Delaware is a high growth state, attracting new retirees and workers in finance, healthcare and business industries. Retirees moving to Delaware from out of state will be a key driver in household growth.
- Most new housing construction is expected outside of cities, in exurban communities and rural areas with available land to build subdivisions.
- Households are getting smaller due to changing demographics. Adults remain single for longer, there are more couples with no or few children, and there are more “empty nesters” within the Baby Boomer generation. While this is the overall trend, larger, multi-generational households are becoming more common.
- Delaware is slightly less diverse racially or ethnically than national average. African Americans and Hispanics, the largest minority groups, are concentrated in Wilmington and rural areas of Sussex County.
- Overall, Delaware has a low poverty rate compared to national averages, but there are pockets of highly concentrated poverty within Wilmington and in rural areas of Sussex and South Kent counties.
- New Castle County exhibits the greatest disparity between wealth and poverty, with 42% of households earning more than \$100,000 with South New Castle, while Wilmington has the greatest number of Census tracts with poverty rates over 20%.
- The economy took a hit during the “Great Recession” with job losses in finance, manufacturing and construction, but is recovering, with unemployment rates two percentage points below national average. However, the household growth from retirees will limit gains in the labor force.
- Delaware is also strong in tourism, healthcare, and retail, yet many of the jobs within these industries are low income or very low income.
- While there have been gains in the labor force, the growth of the number of retiree households will limit gains in the labor force given that many of the retiree households will not be part of the labor force.

Delaware is a fast growing state. Its population increased by 14% from 2000 to 2010, which is higher than the national average (9.7%) and substantially higher than the Northeast region (3.2%).¹ This growth is expected to taper slightly in future decades, but will still exceed national and regional averages. This population gain is due to job growth and the boom in retirees that have moved to beach and retirement communities in recent years.

Delaware is one of the strongest economies in the region and a national hub for the banking and credit industry. As a result of its economy and jobs, the state is more affluent than U.S. average. The housing stock is relatively affordable, unemployment rates are low, and the state is expected to add new jobs and population over the next decade. Overall, Delaware's outlook is bright.

Despite growth and a strong economy, there remains a large number of households that struggle with poverty, unemployment, lower educational attainment, poor housing stock and limited opportunity. These households are disproportionately minority populations and tend to live in highly segregated areas, particularly in distressed urban areas and in pockets of rural poverty.

	Delaware	U.S.
Average Wages 2012:	\$58,415	\$51,371
Unemployment: (March 2012)	6.9%	8.2%
Adults with College Degree:	28%	29%
Poverty Rate 2012:	11.5%	14.9%

Source(s): U.S. Census American Community Survey 2008-2012; Delaware Department of Labor

This section of the report will provide a summary of relevant demographic and economic indicators and note the areas that are of concern for the State housing agency, notably areas that have low income and/or minority concentrations in comparison with more affluent communities. This section will also include an overview of the economy and land use patterns to shed light on key issues facing the state.

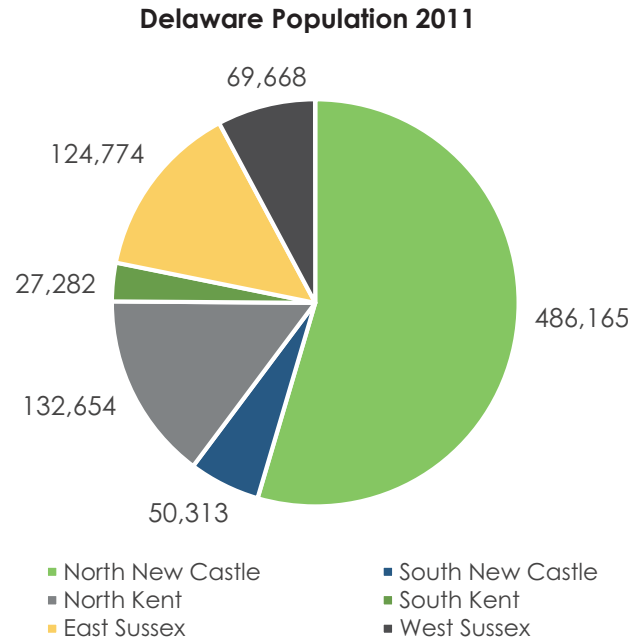
Population and Households

Delaware is a small state, with approximately 900,000 people and 330,000 households. More than half of its residents (55%) live in the northern portion within New Castle County. This county includes the cities of Wilmington and Newark, and the surrounding, more affluent suburban communities. By 2020, Sussex County is expected to grow by 21%, followed by New Castle County (10%) and Kent County (11%).²

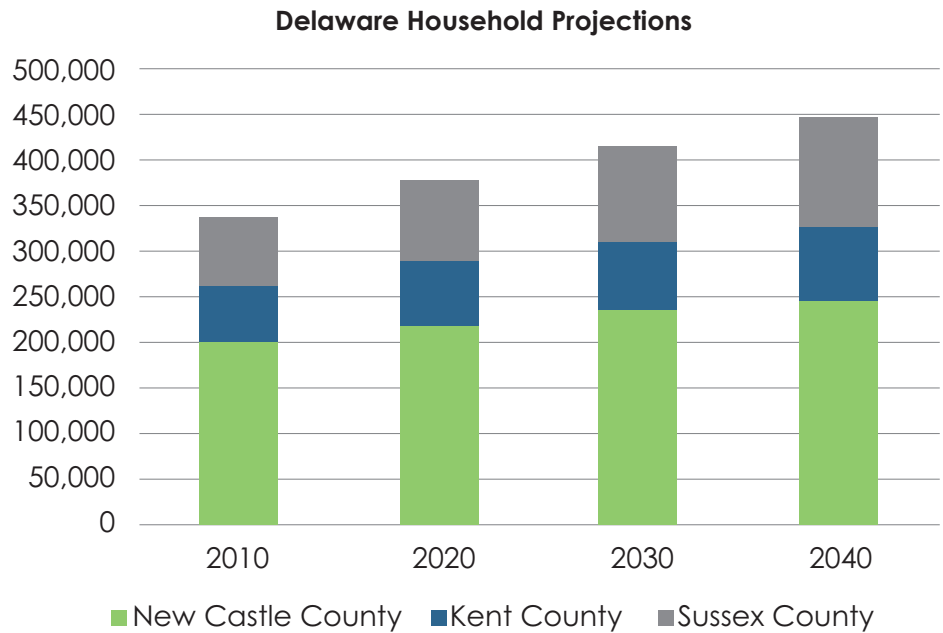
The urban centers (Wilmington, Newark and Dover) will grow slowly (at 2%, 3% and 9%, respectively), while the majority of growth will occur in suburban areas, especially greenfield sites within historically rural land.³

The number of households in all areas is increasing at a faster rate than population growth.⁴ This means that even if as population remains the same, communities will see an increase in the number of households. This can be attributed

to national trends, with household sizes becoming smaller. Smaller household sizes and shifting housing preferences will lead to additional demand for smaller homes and more variety in housing choices.⁵



Source: American Community Survey, 2007-2011



Source: Delaware Population Consortium population and household projections, 2010 – 2040

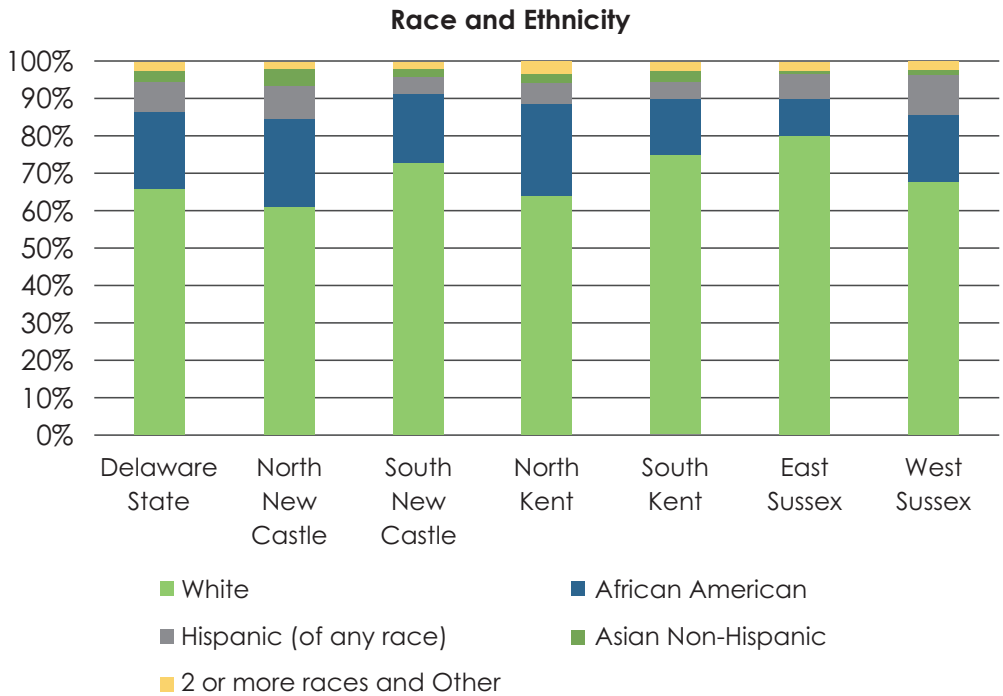
Population by Race/Ethnicity

This study uses the survey results from the U.S. American Community Survey 2007 - 2011 to summarize race and ethnicity.

The survey separates race from ethnicity to distinguish among people of Hispanic descent that who identify as different races. For example, a Filipino person may self-identify as being a Pacific Islander and Hispanic, while a person from Puerto Rico may self-identify as African American and Hispanic. When completing a Census survey, a person can self-identify from the following races (White, Black/African American, Asian, Pacific Islander, Native American/Alaskan Native, Two or More Races, and other), and then select whether they are Hispanic or Non-Hispanic. These results are used to summarize race and ethnicity within the state. The minority population is defined as all people who do not describe themselves as White, Non-Hispanic.

Delaware's population is less diverse than national average, with 34% of the population a minority, compared to 37% nationwide. The two largest minority groups are African Americans (21%) and the Hispanic population of all races (12%). The majority of African Americans and Hispanics live in New Castle County (62% and 64%, respectively). There is also a large concentration of Hispanic households in Sussex County (23% of all Hispanic households).

Minority populations are concentrated within the cities of Wilmington, Dover and the rural communities in West Sussex, comprising 70%, 44%, and 32% of the total population, respectively.



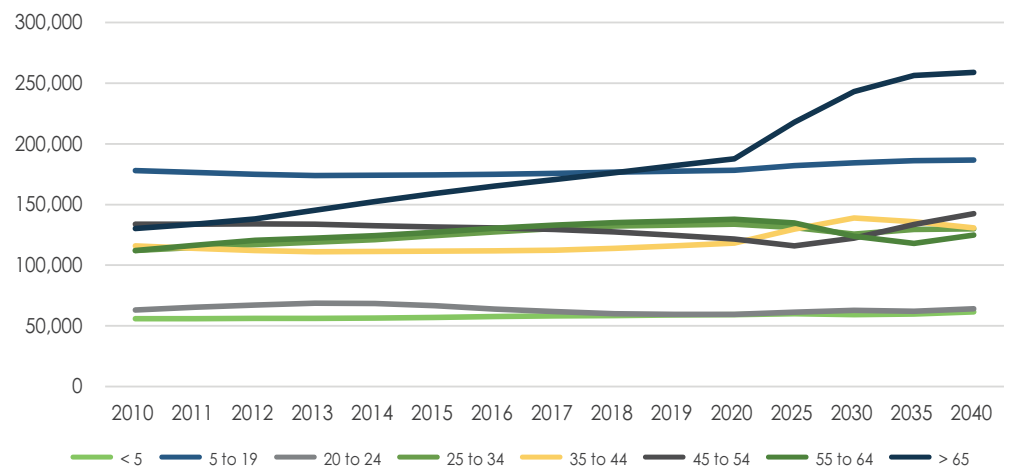
Source: American Community Survey, 2007-2011

Population by Age

The age distribution of Delaware residents mirrors national trends; approximately one quarter are children and adolescents, 20% are young adults (20-34 years old), and 14% are older adults (65 years old and older).⁶ This is expected to remain consistent through 2020.

From 2020 to 2040, projections indicate a remarkable spike in older adults, with an increase of an estimated 70,000 residents. This increase is in line with national trends, as the large number of baby boomers (those born between 1945 and 1970), enter into their golden years.⁷ The forecast also factors in recent development patterns, with Delaware becoming an increasingly desirable place for retirees to move to, in close proximity to the beach and multiple large metropolitan areas. While these forecasts are further out and are therefore more likely to change based on unforeseen circumstances, it is noteworthy for long-term planning purposes.

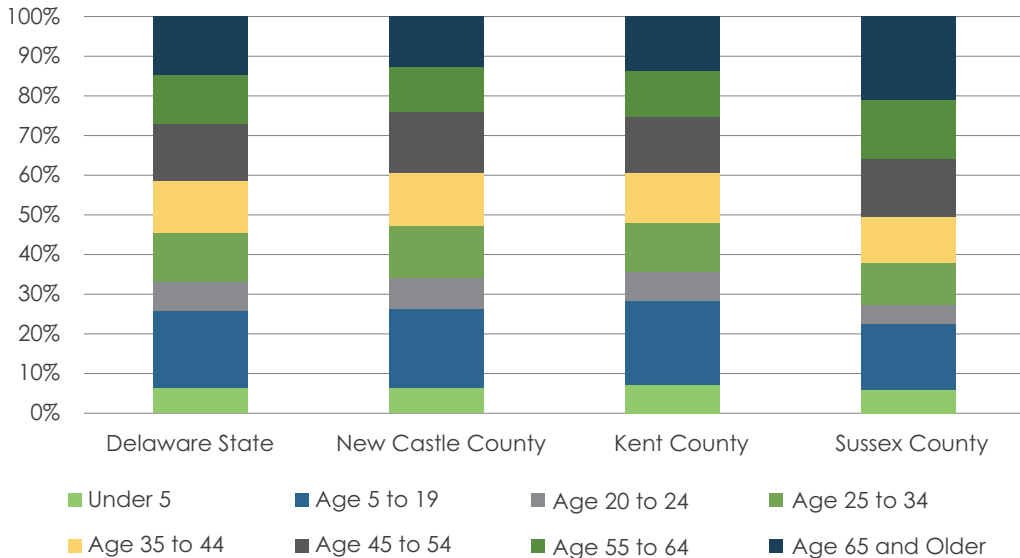
Population Growth by Age



Source: Delaware Population Consortium population and household projections, 2010 – 2040

While the age distribution statewide is comparable to national figures, there are significant distinctions among the counties. Of particular note, Kent County has a larger distribution of children and adolescents, while Sussex County (especially East Sussex) has a larger share of older adults, including the older adults that will be entering into their senior years over the next decade (age 55-64).

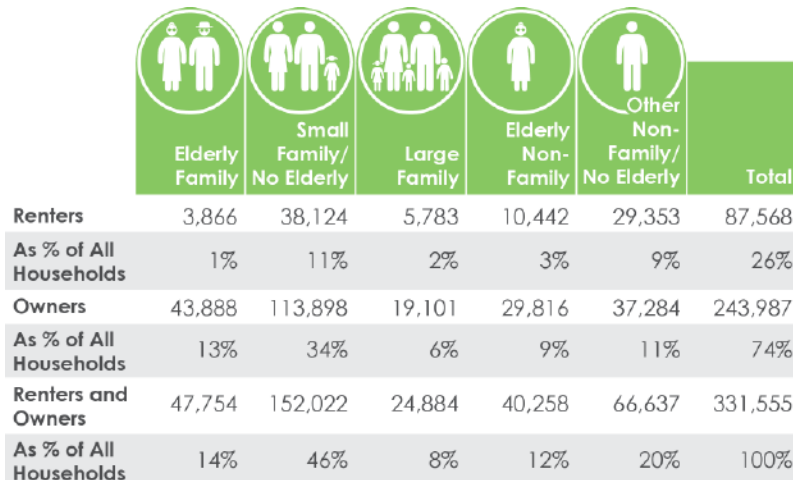
Age Distribution



Source: American Community Survey, 2007-2011

Household Income and Poverty

Delaware as a whole is a relatively wealthy state. The median household income is 15% higher than national average at \$58,415, and one in three households earns more than \$75,000 per year.⁸ However, there are still a large number of low income workers and extremely low income families, with 28% of households earning less than \$35,000 per year, and over half of those households earning less than \$15,000 per year. These households have the greatest challenge in finding decent, safe and affordable housing.



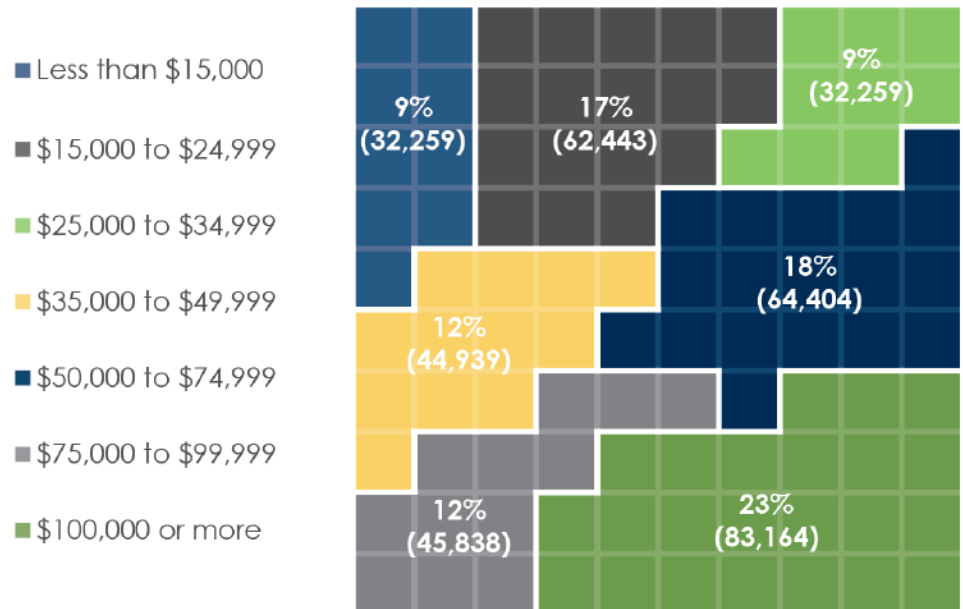
Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

For the purpose of administering housing programs, HUD categorizes households relative to Area Median Income (AMI), and categorizes all households earning less than 80% of AMI as a low income household. Using this measure, there are 87,000 low income households in Delaware, equivalent to 38% of all households, and 35,000 households earn less than 30% AMI.

The poverty rate in Delaware is relatively low at 11.9% compared to the national rate of 15.9%.⁹ But similar to national trends, this rate has increased between 2000 and 2010, reflecting the economic downturn that occurred in the middle of the decade that took its toll among all income brackets, particularly those with lower incomes.

The greatest disparity occurs within New Castle County, where 42% of households in South New Castle earn over \$100,000 annually, compared to more than half of all households in Wilmington earning less than \$50,000 per year. The poorest areas are in Wilmington and the rural areas in South Kent and West Sussex, where 46%, 37% and 36% of households earn less than \$35,000 per year, respectively.

Delaware Household Income Distribution



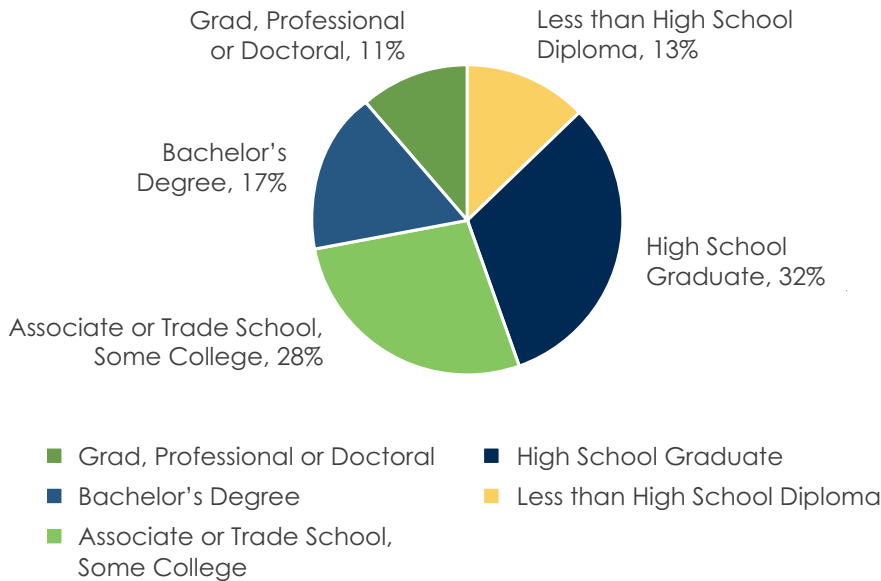
Source: American Community Survey, 2007-2011

Educational Attainment

The educational attainment of Delaware residents is comparable to national figures; 28% of residents have a college degree or higher, and 45% have no education beyond high school.¹⁰ There are notable distinctions among the counties and submarkets, however. The rural areas of the state (in southern Kent County and western Sussex County) have a much larger share of the population with no high school degree, ranging from 17% to 20%. Additionally, more than 60% of residents have no education beyond high school, which is exceptionally higher than state and national figures. The limited educational

attainment of Delaware's rural population is similar to many other southern, rural areas, and is the reason for these area's higher poverty rates and related poor housing conditions.

Educational Attainment in Delaware



Source: American Community Survey, 2007-2011

Naturally, residents in Newark – where the University of Delaware is located - have the highest educational attainment, with 40% having at least a college degree. The Dover area has a larger share of residents with technical and associates degrees. And New Castle County has the highest percentage of residents with education beyond high school, including trade schools and college (60%).

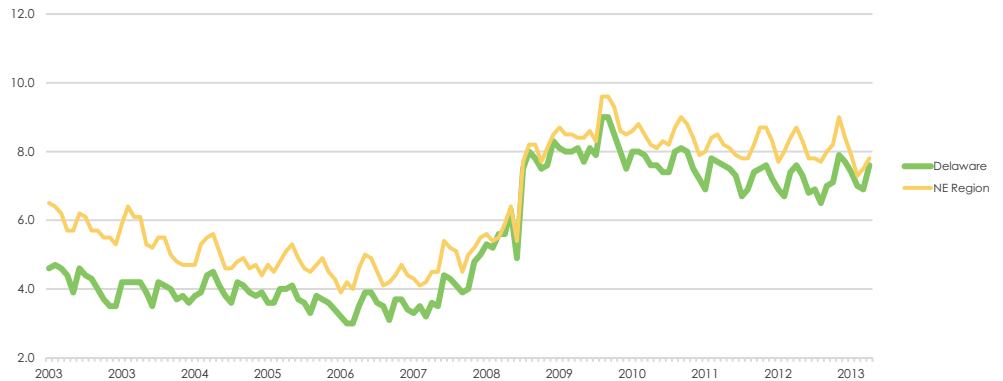
Economy

Employment and housing have a symbiotic relationship. The location of employment centers and wages directly impact housing choice and the level of affordability. The Delaware economy is expected to grow over the next five years.¹¹ Employment is steadily increasing and unemployment figures are below that of the United States. This report will take a closer look at where that growth is happening and how this affects housing affordability.

At the close of 2012, the Delaware economy employed an average of 405,670 people, an increase of 2,666 from 2011. The U.S. Bureau of Labor Statistics reports Delaware's unemployment at a rate of 6.7%, which is below the United States rate of 7.4%.

The Great Recession of the late 2000s impacted Delaware industries as it did across the United States. In 2007, Delaware unemployment rate was 4.6. By 2010, unemployment was as high as 8.0% in Delaware and 9.6% in the United States.¹²

Monthly Unemployment, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

Delaware's average annual employment in 2012 remains around 18,000 people below what it was in 2007, pre-recession. However, it has increased by almost 6,500 since the bottom of the recession in 2010, indicating a healthy recovery.¹³

Relative to its neighbors, Delaware is doing well economically. In 2012, the unemployment rate for Pennsylvania is 7.4%, New Jersey is 8.2%, and Maryland is 6.6%. Within Delaware, Sussex County has the lowest unemployment rate in 2013 at 6.7%, compared to Kent at 7.3% and New Castle at 6.9%. Delaware projects to have 48,450 more jobs in 2020 than in 2010, with an average annual growth rate of 1.07%.¹⁴

Health Care and Social Assistance sectors will create the most jobs with a projected growth of 13,140 jobs, more than 1/4 of the net new jobs projected in Delaware.¹⁵ The occupations expected to have the most job openings due to growth are registered nurses, followed by retail salespersons, followed by food preparation and serving workers.

Employment by Sector

Delaware has a diverse landscape that includes dense urban cities, rural farmland, and beach communities. This diverse landscape has helped Delaware nurture a varied economy with industries spanning finance, agriculture, and tourism.

The largest industry sector in Delaware, according to the Bureau of Labor Statistics, is healthcare and social assistance with 58,956 employees in 2012, followed by retail trade at 50,668 employees, and by finance and insurance with 37,168 employees.

Health care and social assistance broadly includes hospital systems, ambulatory health care services (doctor's offices), nursing care facilities, and social assistance. Sixty-six percent of the employment in this sector is in hospitals or ambulatory care services. As the population continues to age and retirees move to Delaware, the demand for health care will increase.

Delaware positions itself as an attractive shopping destination for the region because of its sales tax policy. Therefore, it is not surprising that retail trade is the second largest industry in terms of employment. Historically, retail trade was Delaware's biggest industry in terms of jobs.¹⁶ The 2011 Delaware Annual Economic Report notes that while retail trade employees 12.6 percent of the state's workforce, it only pays 6.5 percent of the state's total wages.

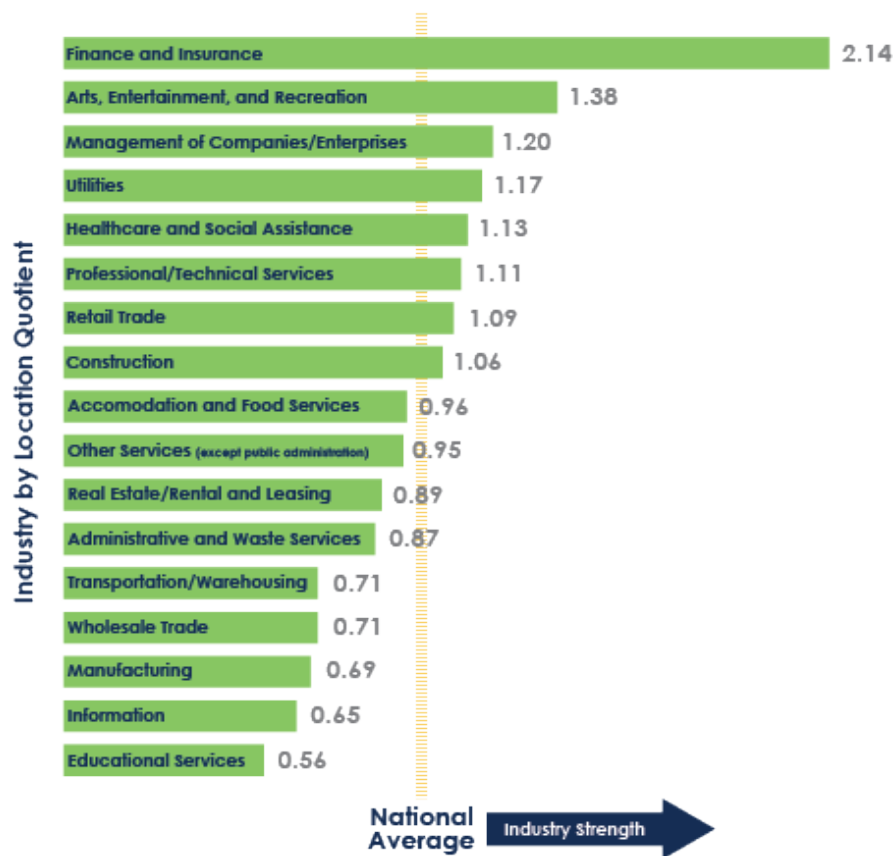
Wilmington has a concentration of finance related employers, primarily around credit intermediation, insurance carriers, and investment activities. While this sector was greatly affected by the recent Great Recession, employment saw an increase of close to 200 employees from 2011 to 2012. While not a significant amount, it is growing. According to the 2011 Delaware Annual Economic Report, New Castle County has 89% of the state's jobs in Finance and Insurance, and was the only county with job gains in this sector.

Location Quotient Analysis

Location Quotient (LQ) is an analysis tool to understand local industry concentrations and their importance to the region and country. The LQ is a ratio of an industry's local employment to that industry's employment in the U.S. LQ provides a different type of analysis than employment numbers or growth because it can identify "export industries," which means industries that export their goods or services outside of Delaware, and industries with higher than average employment. Job growth in industries with a high LQ will likely spur and support related industries such as restaurants and retail.

Through this analysis, 4 major employment clusters are identified¹⁷:

- *Credit card issuance, credit intermediation, and trust, fiduciary, and custody activities.* These are subsectors of the finance & insurance industry and include about 31,000 employees. Credit card issuance has the highest LQ, which means the sector represents a national concentration.
- *Arts, Entertainment, and Recreation.* This cluster is fueled by Delaware's beach destinations and gambling venues.
- *Poultry Processing.* Employment in this sector is approximately 7,220 and is concentrated in Sussex County.
- *Biological science.* This concentration spans multiple sectors. It includes 'analytical laboratory instrument manufacturing,' 'physical, engineering and biological research,' and 'pharmaceutical goods merchant wholesalers.'



Source: U.S. Bureau of Labor Statistics, 2012

Occupations & Wages

Occupational data provides an added layer of depth to industry data by indicating what types of jobs are most prevalent within each industry. For example, diverse occupations exist within the healthcare industry sector including doctors and nurses, but also accountants, receptionists, nutritionists, and janitors. Estimated wages associated with dominant occupations can be used as an indicator of housing affordability.

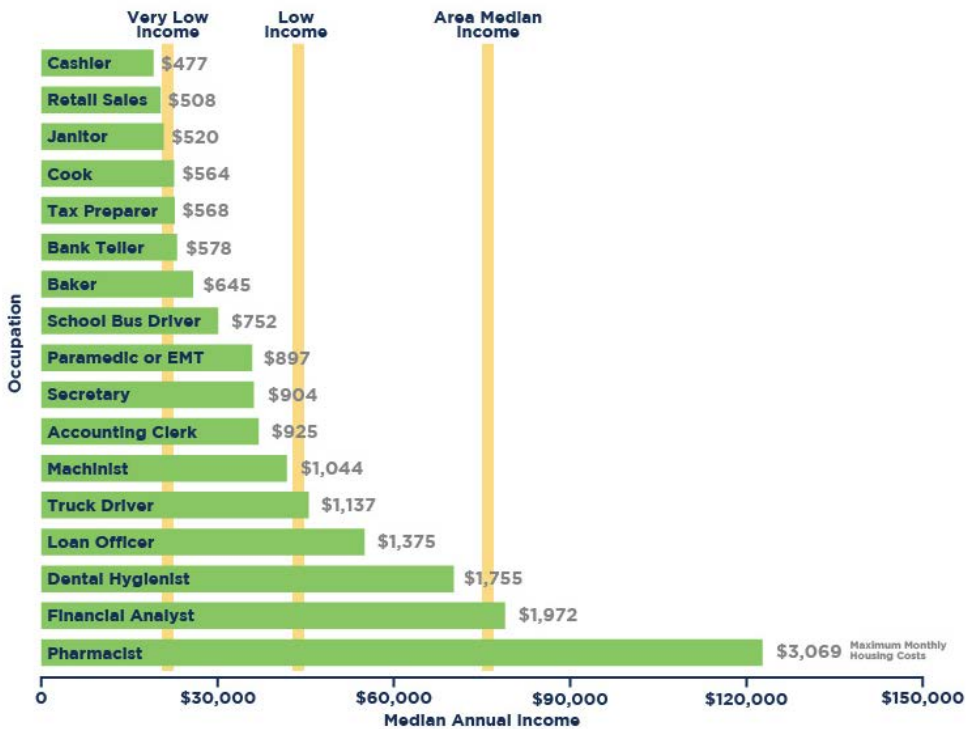
In 2012, the Delaware Office of Occupational & Labor Market Information produced a report titled *Delaware Wages 2012: Occupational Employment Statistics*. This report uses wage data derived from the Occupational Employment Statistics (OES) survey. The occupational data is arranged by 16 career clusters that are used by state educators to develop workforce training programs.

The mean wage for all occupations in Delaware in 2012 is \$23.24 per hour. The mean wage reported in the 2006 survey was \$21.50 (adjusted to 2012 dollars), indicating a rise in average wages.

However, many people are employed in occupations that earn less than the mean. As an example, the largest occupational categories include office and administrative support, sales or related occupations, and food preparation and servers. The 68,300 people in Delaware employed as office and administrative

support earn an average of \$17.06 an hour, the 45,680 people employed in sales or related occupations earn an average of \$17.43 and the 38,510 people employed as food preparers or servers earn an average age of \$10.50 an hour.

The illustration below indicates an example of occupations and the housing they can afford based on their average wage. For example, a cook earns below \$30,000 a year and can afford a monthly mortgage or rent payment of \$564. This is affordable for apartments priced for Very Low Income persons (less than 50% of Area Median Income) but not for Low Income persons (between 50% and 80% of Area Median Income).



Source: Delaware Department of Labor, 2014 HUD Income Limits

Land Use

Delaware's housing landscape is unique for the Mid-Atlantic area. More than half of its population lives in one of the state's three counties, New Castle, located in the north. This is a more urban community and older suburban community within easy access to Philadelphia and Baltimore. Many of its residents are "super commuters," or people who commute long distances to work. A full 32,000 residents reside in Delaware and commute to a job located in Maryland or Pennsylvania.¹⁸ This northern section includes distressed urban neighborhoods in Wilmington, and affluent suburban areas. Because of its large population, state statistics mirror New Castle demographics.

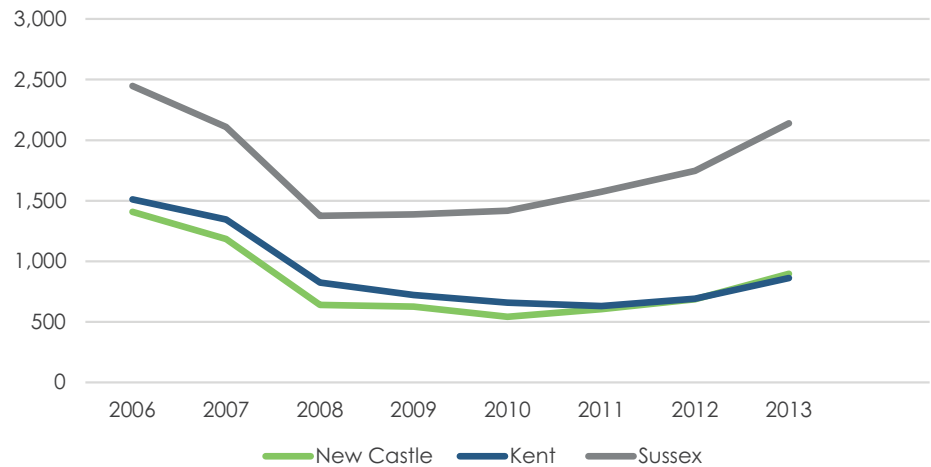
In contrast, Kent and Sussex Counties have large rural areas, particularly in West Sussex and South Kent. These more rural communities have recently seen new housing development comparable to exurban growth, where suburban sprawl moves into rural landscapes. These areas have a mix of farming communities

and new subdivisions of professional families that commute to work every day. These communities also have a large number of mobile homes, typically in clusters removed from highway roads.

In addition to this exurban growth within rural areas, the eastern portion of Sussex County has also seen recent development, particularly with retirees who are seeking areas near the beach.¹⁹ These subdivisions are not necessarily on the water, but are in easy driving time of the golf and beach amenities along the coast.

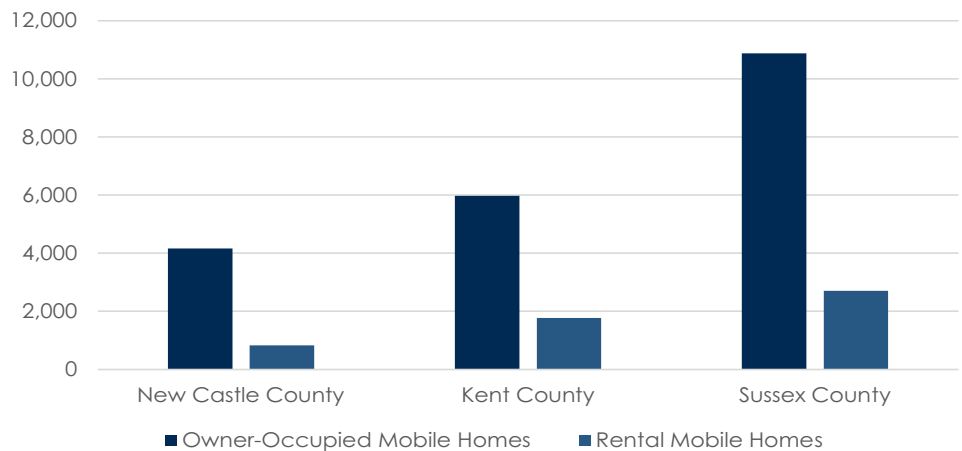
The recent economic downturn has slowed the building boom that occurred between 2000 and 2006, but this is slowly recovering and following trends of the prior decade.

Building Permits for Residential Units



Source: Delaware State Housing Authority

Mobile Homes by County



Source: American Community Survey 2007-211

Section 2: Affordable Housing Challenges

KEY ISSUES:

- Almost half of all renters and one-third of all homeowners have housing challenges, defined as paying more than 30% of household income on housing costs, or living in overcrowded or substandard living conditions.
- Housing challenges are most acute among renters earning less than 50% AMI, where 3 of 4 renters are cost burdened.
- The greatest number of household with housing challenges are non-elderly individuals and small families.
- Overall, seniors face significant housing problems across Delaware. Over half of senior renter households are cost burdened, and the percentage of seniors with housing challenges is significant.
- Housing challenges are most prevalent among renters earning less than 50% AMI and among homeowners earning less than 80% AMI.
- Hispanic homeowners face extraordinary housing challenges compared to white non-Hispanic homeowners (43% compared to 12%). African American homeowners also experience disproportionate housing challenges compared to white homeowners, but the disparity is less acute. There is less disparity among renters by race.
- Fewer African American or Hispanic households are homeowners than Whites (49% and 53%, compared to 81%, respectively).

Market rents are not affordable to many of the workers within the State's key industries, notably retail, tourism, healthcare and construction. This section of the Statewide Housing Needs Assessment provides a definition of affordable housing and provides insight into the housing needs of low and moderate income households in Delaware. This section uses two primary data sources: The United State Census' American Community Survey 2007-2011 5 Year estimates and the Department of Housing and Urban Development's Comprehensive Housing Affordability Survey 2006-2010 data.

Based on this data, 48% of renters (42,000 households) and 28% of owners (68,000 households) within the State of Delaware have housing problems, meaning they either pay an excessive amount of their income on housing, or live in inadequate or overcrowded conditions. This is slightly lower than U.S. figures, with 49% of renters and 30% of owners with housing problems.

The following section will summarize the housing problems faced by low and moderate income households in Delaware, categorized by household size,



age, race and ethnicity, along with providing HUD's definition of affordable housing, income categories and affordability.

Affordable Housing in Delaware

Housing is typically the most costly component of a household's budget, comprising roughly 1/3 of a household's expenditures, followed by other critical needs like transportation (17%), food (13%) and healthcare (7%). Having a decent, affordable home is a critical component for a household's quality of life, allowing additional funds to be used for the other necessary services like groceries and health insurance. But finding a quality, affordable home is difficult for many households with lower paying jobs or those on fixed incomes, and is out of reach for the unemployed without substantial assistance. This includes the homeless and those at risk of homelessness.

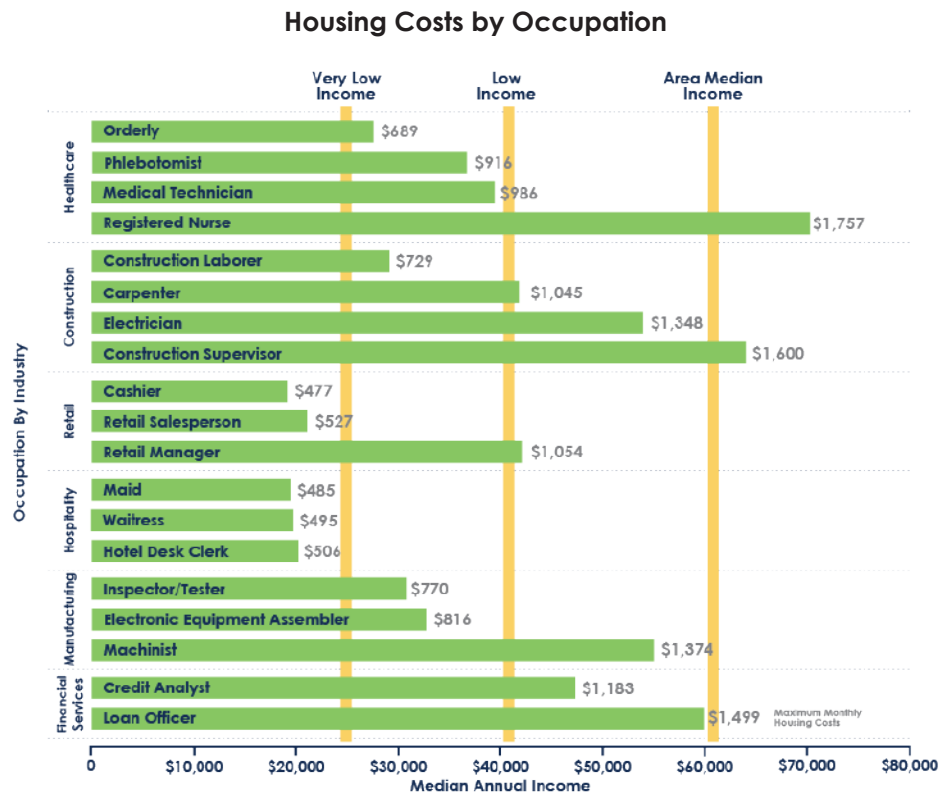
HUD defines affordable housing as paying no more than 30% of household income towards housing costs including utilities, taxes and insurance. If a household pays over 30% or more of its income towards housing, HUD defines this as cost burdened, and over 50% is considered severely cost burdened. Cost burden captures the idea that households have other costs, and paying over 30% on housing restricts the amount that household can spend on other necessities.

Spending less than 30% of household income on housing is considered affordable. However, the lower a household's income, the more challenging it is to find rental or ownership opportunities that do not exceed 30% of the household's income. For a household earning \$15,000, an affordable home would cost under \$375 per month, but for a higher income household that earns \$45,000, an affordable home would cost no more than \$1,125 per month.

This section examines the housing cost burdens experienced by households who likely having challenges in finding decent, affordable housing. This includes the working poor, defined as people who spent at least 27 weeks in the labor force but whose income is below the poverty level, along with households with fixed and limited incomes, including many seniors and individuals with disabilities.

There are also significant housing needs among much of the workforce. Households earning between 50% and 80% AMI are typically full-time workers with lower than average incomes, that may also need housing assistance in costly housing markets. New housing targeting this income group is often defined as "workforce housing".

Many of the growing occupations in Delaware fall under HUD's definition of Low Income (earning less than 80% AMI). Figure x below highlights the housing payments many of the state's workers can afford. We can see that a cashier earning a median wage for that profession can afford less than \$500 per month, yet the Fair Market Rent (FMR) for a 1-bedroom apartment in Dover and Wilmington is \$835 and \$869, respectively. The Housing Costs by Occupation Chart highlights that cashiers, retail workers, waitresses and many other workers will be particularly challenged to find decent, affordable rental housing on the open market.



Source(s): Delaware Department of Labor, *Delaware Occupation and Industry Projections*, August 13, 2012; and income data from Novogradac and Company using New Castle County income limits.

Housing prices are driven by the cost of labor, construction materials and the price of land. These cost factors, especially in areas with high land prices – typically in communities with good schools and a high quality of life - lead to rents and mortgages that are unaffordable to many low and very low income households. To provide housing that is affordable to all residents, federal, state and local housing subsidies are used to offset land and construction costs. Without subsidies to offset housing costs, many families would not be able to afford a decent home.

In order to determine eligibility for programs that provide housing subsidy, HUD provides a yearly definition of area median income (AMI). Households that earn under 80% of AMI are considered by HUD to be “low-income”; below 50% AMI are considered “very low-income”; and below 30% are considered “extremely low-income”. These definitions are used to target housing resources by program.

Comprehensive Housing Affordability Strategy – Households with Housing Conditions

HUD uses the Area Median Income (AMI) categories to provide a baseline definition of household income to support housing policy and analysis. The primary tool to assess housing need is the Comprehensive Housing Affordability Strategy (CHAS), a tool used to demonstrate who is living with **housing conditions**.

HUD explicitly defines **housing conditions** as the following:

- **Cost Burden** – A household is paying more than 30% of their income on housing, including taxes and insurance (for owners) and utilities (for renters). Households are considered extremely cost burdened if they pay more than 50% of their income in housing.
- **Overcrowding** – A household is living in overcrowded conditions if there are more people than rooms (including living room, dining room and kitchen, but not bathrooms). A household is living in extremely overcrowded conditions if there are more than 1.5 persons per room.
- **Inadequate conditions** – A household is living in inadequate conditions if they do not have complete kitchen facilities (consisting of a sink, kitchen and stove) or complete bathroom facilities (consisting of a sink, toilet, and tub or shower). This is not a complete assessment of inadequate conditions. Many homes may be lacking a complete roof, heat, insulation or electricity, but are not included in this assessment.

CHAS combines American Community Survey (ACS) microdata and HUD's AMI to create an estimate for the number of households living with housing conditions. The data is provided by HUD to support local and state housing policy and programs through the Consolidated Planning process. CHAS data is available at different levels of census geography (national, state, county, and Census Tract).

This report utilizes CHAS data at the Census Tract level, which is used as a proxy for neighborhood boundaries, and is reported at the submarket, county and state levels. Using CHAS data allows for comparing housing affordability and cost burdens across geographies, and also provides insight into the supply and demand for affordable housing at the neighborhood level.

While CHAS data provides a picture of housing need and affordability, it has its limitations. First, it is oftentimes confused as a measure for "housing demand" but is not reflective of market conditions. The CHAS figures – the number of households living with housing conditions – is not synonymous with the need for housing units. For example, Delaware has more than 100,000 households who are cost burdened by housing prices, but the state does not have sufficient population growth to support an additional 100,000 units.

Also, CHAS data uses a limited definition of housing quality, which only identifies homes lacking kitchen and plumbing facilities to assess inadequate housing, and does not provide any more detail on existing external housing conditions. Despite these limitations, CHAS is an industry standard and is used to provide an overview of housing needs.

From a national perspective, 42.3 million households across the nation face housing cost burdens (37%), and 20.6 million households face severe cost burdens (18%). Housing subsidy programs do not come close to addressing the need, with 10,000 public housing units lost each year, and poverty rates increasing. Compared with the nation, Delaware is faring better, with 32% of households paying too much for housing. However, the percentage of house-

holds severely burdened by the costs of housing is higher, at 21%. This indicates that despite Delaware's strong economy, there are concentrations of very low and extremely low income households who face extreme challenges in finding decent, affordable housing.

Housing Problems for Low and Very Low Income Households

Low income renter and owner-occupied households face greater cost burdens in the state than moderate and middle income households. The greatest need is among renters earning less than 50% AMI and among homeowners earning less than 30% AMI. Additionally, there is a notably high percentage of moderate income homeowners who are cost burdened.

These figures are true for all counties in the state, but are more striking in New Castle and Sussex counties.

- 3 in 4 renters earning between 30% and 50% AMI are cost burdened, paying more than 30% of their income on housing. These are households that earn roughly between \$15,000 and \$30,000 per year. 1 in 3 of these renters are extremely cost burdened, paying more than 50% of their income on housing.
- 3 in 4 households (renters and owners) earning less than 30% AMI are cost burdened. These households generally earn less than \$20,000 per year. Alarming, 63% of these households are extremely cost burdened.
- Approximately 50% of households earning between 50% and 80% AMI are cost burdened, and less than 20% are extremely cost burdened.
- Approximately 1 in 3 moderate and middle income homeowners are cost burdened. These families earn between 80% and 120% AMI, are cost burdened. Renters within this income range have limited issues with cost burden.

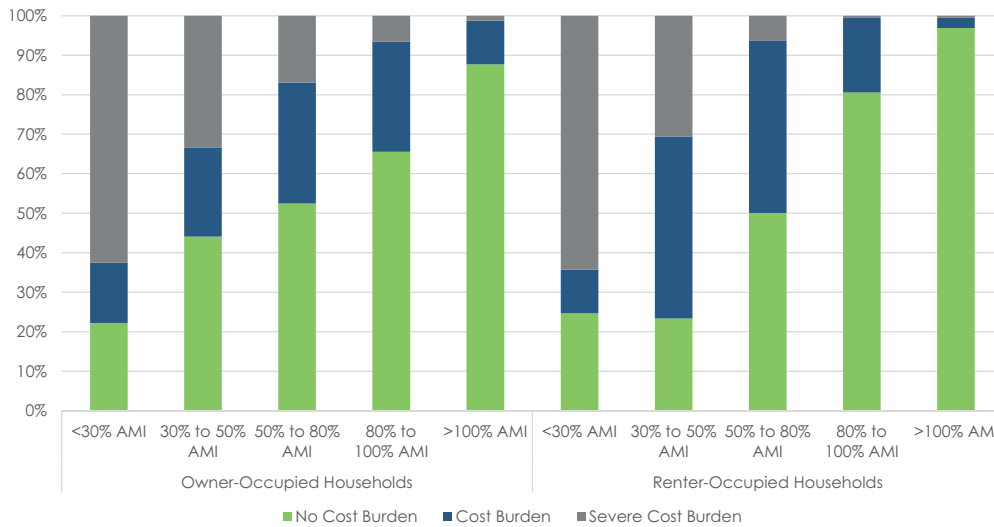
Table 1: Income Ranges for HUD Income Categories

County	30% AMI	50% AMI	80% AMI
New Castle	\$19,020	\$31,700	\$50,720
Kent	\$15,930	\$26,550	\$42,480
Sussex	\$14,280	\$23,800	\$38,080

Source: Department of Housing and Urban Development, 2014



Delaware Households by Cost Burden



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

Housing Problems by Household Type

Following national trends, Delaware households are getting smaller. This is due to the growing number of “empty nesters” (or baby boomers who are no longer raising children and entering their older years) and changing demographic trends. More people are choosing to live alone, while more couples are waiting longer to get married and have children. As a result, there is an increasing demand for 1 and 2-bedroom units.

The age of Delaware's population varies by county and sub-county. Sussex County has the largest share of people over 65, while South New Castle and North Kent County have the highest percentage of school-age children.

The CHAS data addresses housing problems by household type using the following definitions:

- Small Family – 2 to 4 related individuals with no member 62 years old or older
- Large Family – 5 or more related individuals with no member 62 years old or older
- Elderly Family – Family where at least one person is 62 years old
- Elderly Non-Family – Individual or a group of non-related individuals over 62 years old
- Non-Family – Individual or a group of non-related individuals with no member 62 years old or older

Based on this distribution, the majority of Delaware households are small families or non-families, comprising 66% of all households. There are very few large families (8%) and a large number of older households (seniors and those approaching their senior years), accounting for 26% of all households. However, the vast majority of seniors own their homes, with only 16% of senior households renting.

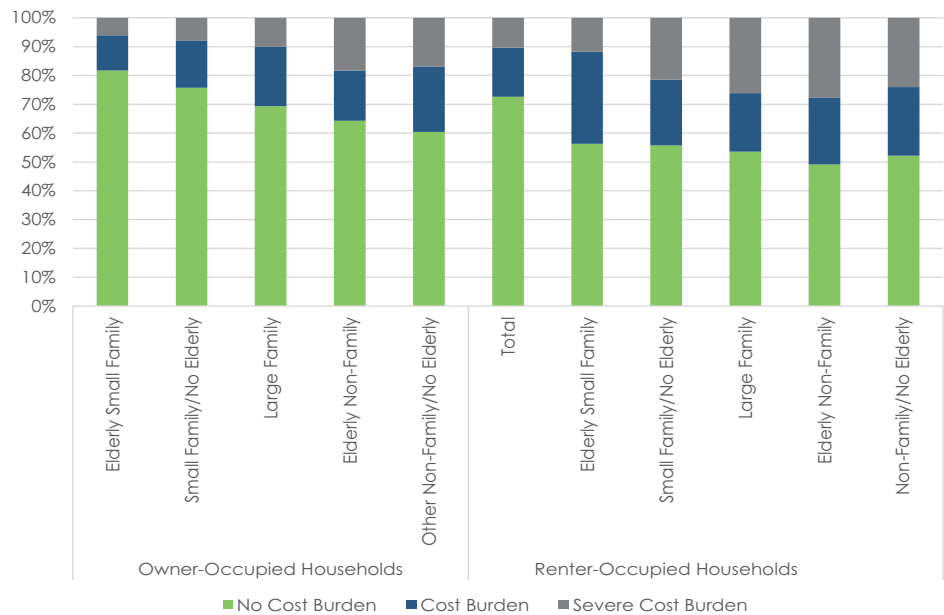
Table 2: Household Types in Delaware

	Elderly Family	Small Family/ Non Elderly	Large Family	Elderly Non-Family	Other Non Family/ No Elderly	Total
Renters	3,866	38,124	5,783	10,442	29,353	87,568
As % of All Households	1%	11%	2%	3%	9%	26%
Owners	43,888	113,898	19,101	29,816	37,284	243,987
As % of All Households	13%	34%	6%	9%	11%	74%
Renters and Owners	47,754	152,022	24,884	40,258	66,637	331,555
As % of All Households	14%	46%	8%	12%	20%	100%

Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

The CHAS figures indicate that the household types with the greatest housing problems, in terms of numbers, are small families and individuals, with 44,248 small families and 28,281 individuals who are cost burdened. The greatest need, in terms of percentages, are homeowners living alone, (with 40% experiencing cost burden, equivalent to 14,615 households) and senior renters, (with 49% experiencing cost burden, equivalent to 6,841 households) and individual renters (with 48% experiencing cost burden, equivalent to 13,666 households).

Cost Burden by Family Type



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

By county and sub-county, the CHAS figures indicate the following needs:

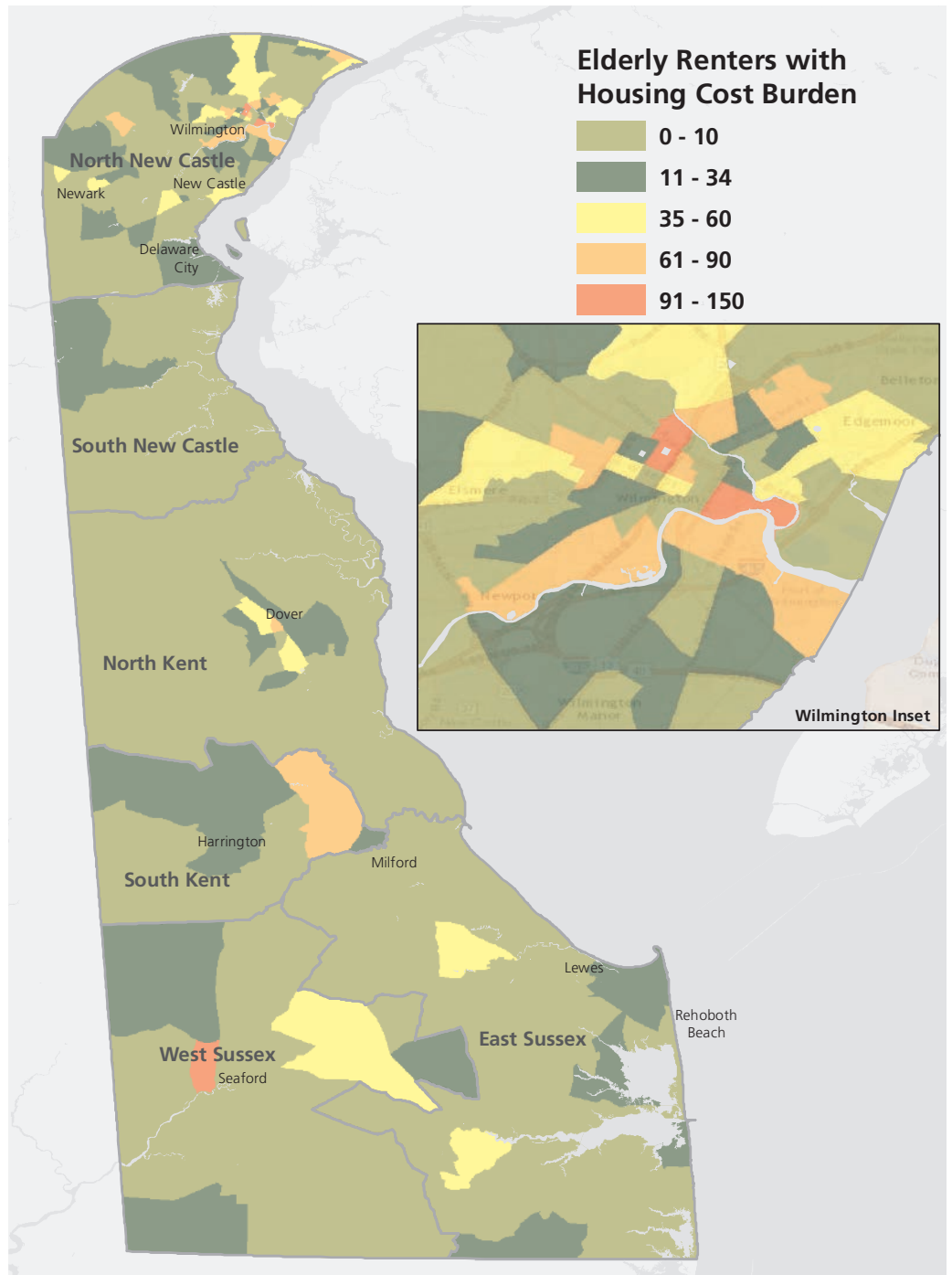
- North New Castle has the greatest concentration of elderly renters and individual renters;
- South New Castle has the greatest concentration of families, large and small;
- South Kent has the greatest concentration of elderly renters;
- Sussex has the greatest concentration senior homeowners.

Based on the data, we anticipate that New Castle County will continue to have the largest number of households facing housing challenges in the state, particularly among elderly and individuals living alone within Wilmington, and among families with children in the southern portion of the county. Kent County, particularly in the south, will continue attracting small families and seniors. And Sussex County will have greater housing challenges among seniors in the east and small families to the west.

Housing Challenges Among Seniors

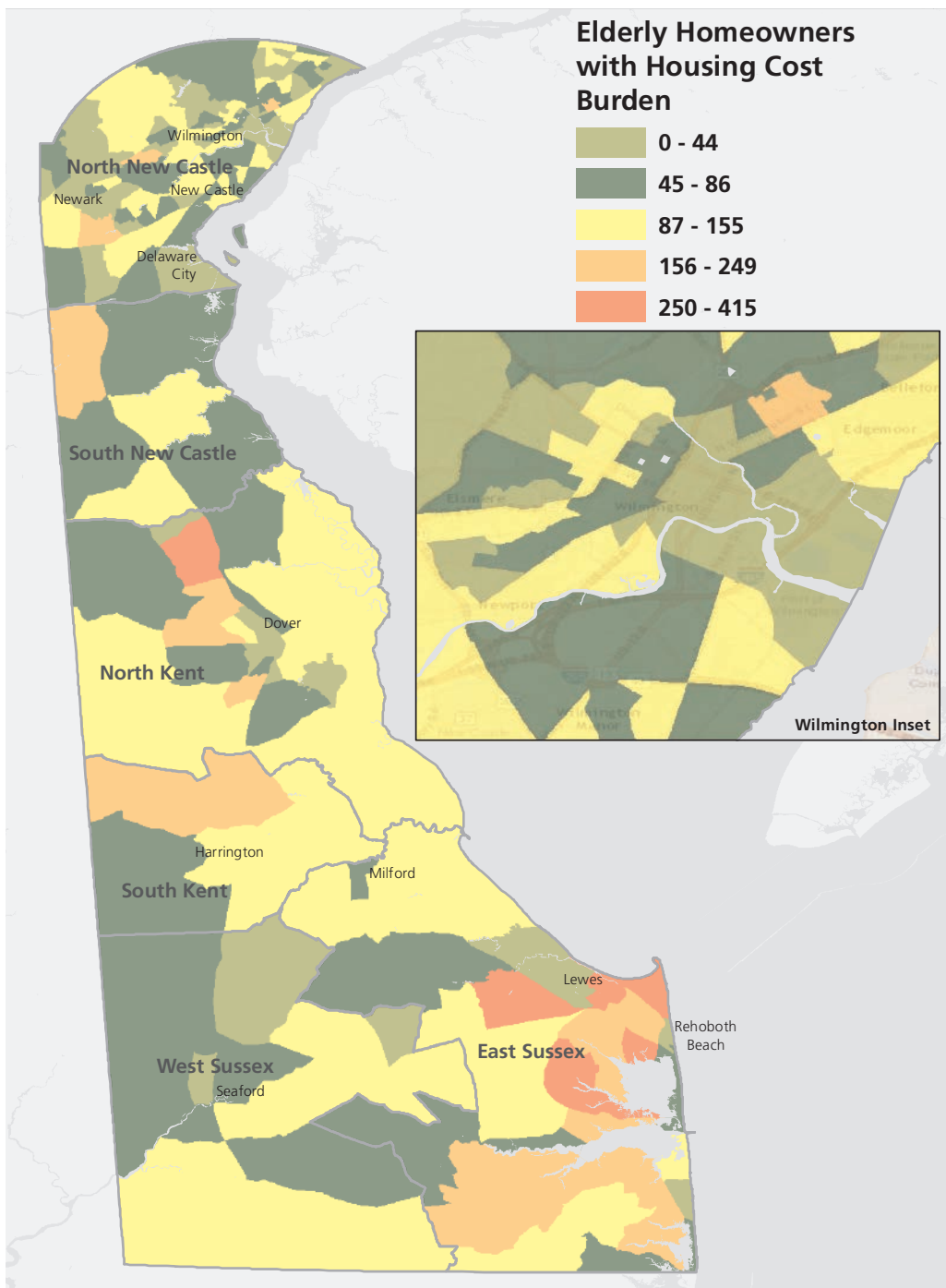
Nationally, households over 65 are projected to increase by 9.8 million from 2013 to 2023, which will create the need for additional housing for seniors. In 2012, Delaware had the 5th highest net migration of people from 55 to 74, and 1 in 5 Delawareans are over the age of 60; by the year 2020 this share will increase to 1 in 4.

As highlighted in the cost burden by household type, the greatest need is among older homeowners rather than renters, with 6,841 renters who experience cost burden, compared to 18,576 homeowners. Similar to national trends, Delaware's senior homeowners will increasingly look for affordable opportunities to remain in their homes as they age for as long as possible.²⁰ Older homeowners will increasingly need homes that feature "universal design" elements (including wider doors and lights and storage that are within easy reach), and retrofitting homes to meet mobility challenges (including exterior ramps and handicapped accessible bathrooms).



Map 1 Cost Burden Among Senior Renters

Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010



Map 2 Cost Burden Among Senior Homeowners

Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

To address the increasing senior population and its housing needs, the Delaware Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) and partner agencies developed a statewide Aging and Disability Resource Center for the state. This center provides a one-stop shop for aging and disability resources. In 2012 alone, the ADRC received over 25,000 request for assistance.

CHAS data categorizes seniors into two age groups – households between 62 and 75 years old, and households above 75 years old. This distinction is intended to illustrate different needs among the older population; residents older than 75 years old are assumed to have greater need for accessible homes and homes in close proximity to public transportation, health care services and neighborhood services. The majority of older renters are very low income, earning less than 50% AMI, although the figure is much higher for seniors older than 75 years old (54% compared to 66%).

Incomes for older homeowners are much higher. 55% of homeowners between 62 and 75 years old earn more than median income. However, 54% of owners older than 75 years old are low income.

Table 3: Income and Tenure of Older Residents in Delaware

	<30% AMI	30% to 50% AMI	50% to 80% AMI	80% to 100% AMI	>100% AMI	TOTAL
Renters	5,392	3,891	2,599	1,111	2,690	15,683
62-75 Years Old	2,893	1,997	1,745	753	1,647	9,035
75+ Years Old	2,499	1,894	854	358	1,043	6,648
Owners	7,558	11,234	17,259	9,813	41,588	87,452
62-75 Years Old	3,797	5,135	10,232	6,372	30,782	56,318
75+ Years Old	3,761	6,099	7,027	3,441	10,806	31,134
Total	12,950	15,125	19,858	10,924	44,278	103,135
62-75 Years Old	6,690	7,132	11,977	7,125	32,429	65,353
75+ Years Old	6,260	7,993	7,881	3,799	11,849	37,782

Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

The largest concentration of very low income senior renters are found in North New Castle and Wilmington. Wilmington also has the highest number of senior rental households that make under 30% AMI. While northern Delaware has a very high concentration of very-low income senior renters, 20% of very low income seniors over 75 years old live in South New Castle County and West Sussex County.

For senior homeowners, East Sussex County has the highest percentage of very low-income owner-occupied households between the ages 62 and 75. While North New Castle has the highest total number low income senior households, both New Castle and East Sussex will increasingly have to accommodate senior

growth. Despite the number of seniors in Delaware, the 2008-2011 CHAS data shows that the highest need for housing is towards small families and non-family households. While Delaware's senior population is large, and will grow once baby-boomers age, the housing needs are most acute for housing programs directed towards low and very low income smaller households.

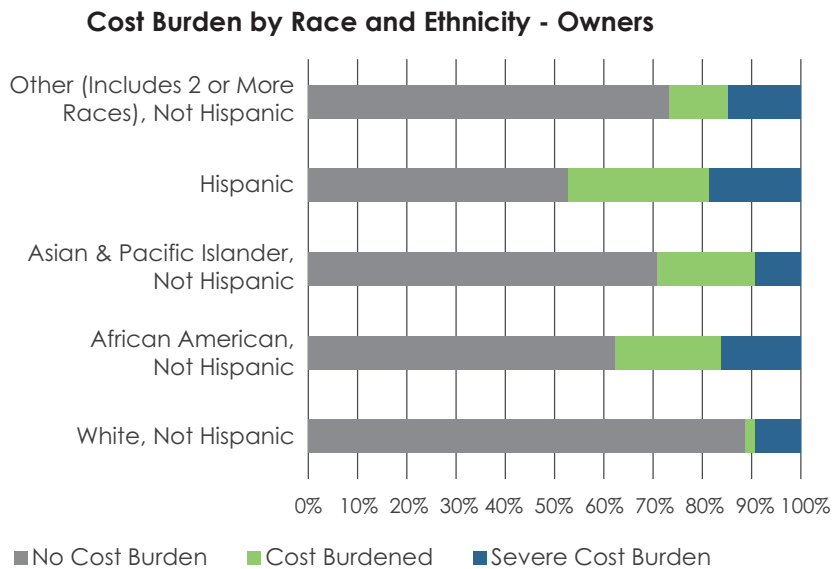
Housing Problems by Race and Ethnicity

Over the next 10 years, the number of minority households will grow by 8.7 million households nationally, accounting for 7 out of 10 new households from 2013 to 2023.²¹ Currently, Delaware's largest share of minority households are African American and Hispanic. The state has a larger share of African Americans (16%) compared to the U.S. overall (12%), and while the state's Hispanic population (8%) is lower when compared to U.S. figures (17%),²² the population is projected to double by 2040.²³ Delaware's minority populations are spread across the state, with a majority of African Americans concentrated in urban areas, and a majority of the Hispanic population within rural areas.

The CHAS data illustrates extreme disparities by race. Hispanic homeowners are disproportionately cost burdened, with 47% challenged by housing costs, compared to approximately 12% for non-Hispanic, White homeowners. Cost burden among African American homeowners is also disproportionately higher, though not as acute as Hispanic homeowners. 37% are cost burdened.

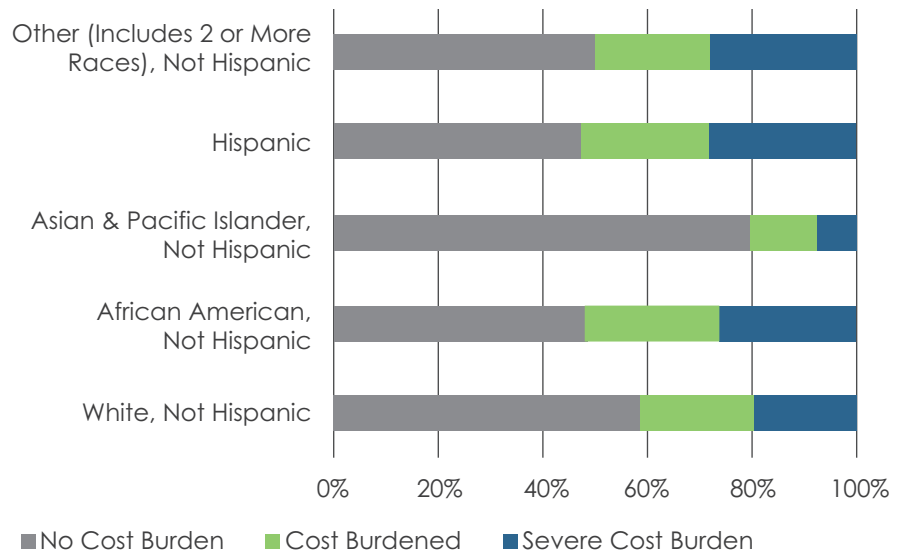
In terms of severe cost burden, the disparities are not as extreme, with 10% of non-Hispanic, White homeowners paying more than 50% of their income on housing, compared to 25% for African American homeowners and 35% for Hispanic homeowners.

The disparity among renters is less severe. Roughly half of all African American and Hispanic renters are cost burdened, compared to 40% for non-Hispanic, white renters.



Source: HUD Comprehensive Housing Affordability Strategy 2006-2010

Cost Burden by Race and Ethnicity - Renters

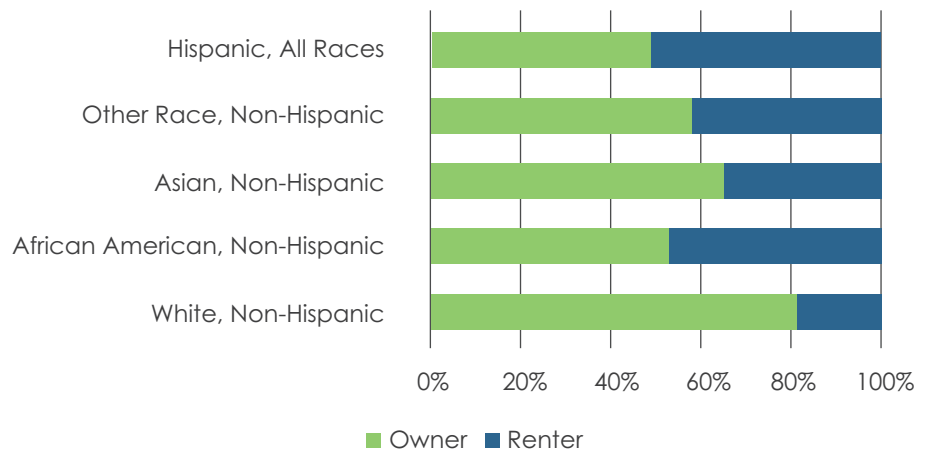


Source: HUD Comprehensive Housing Affordability Strategy 2006-2010

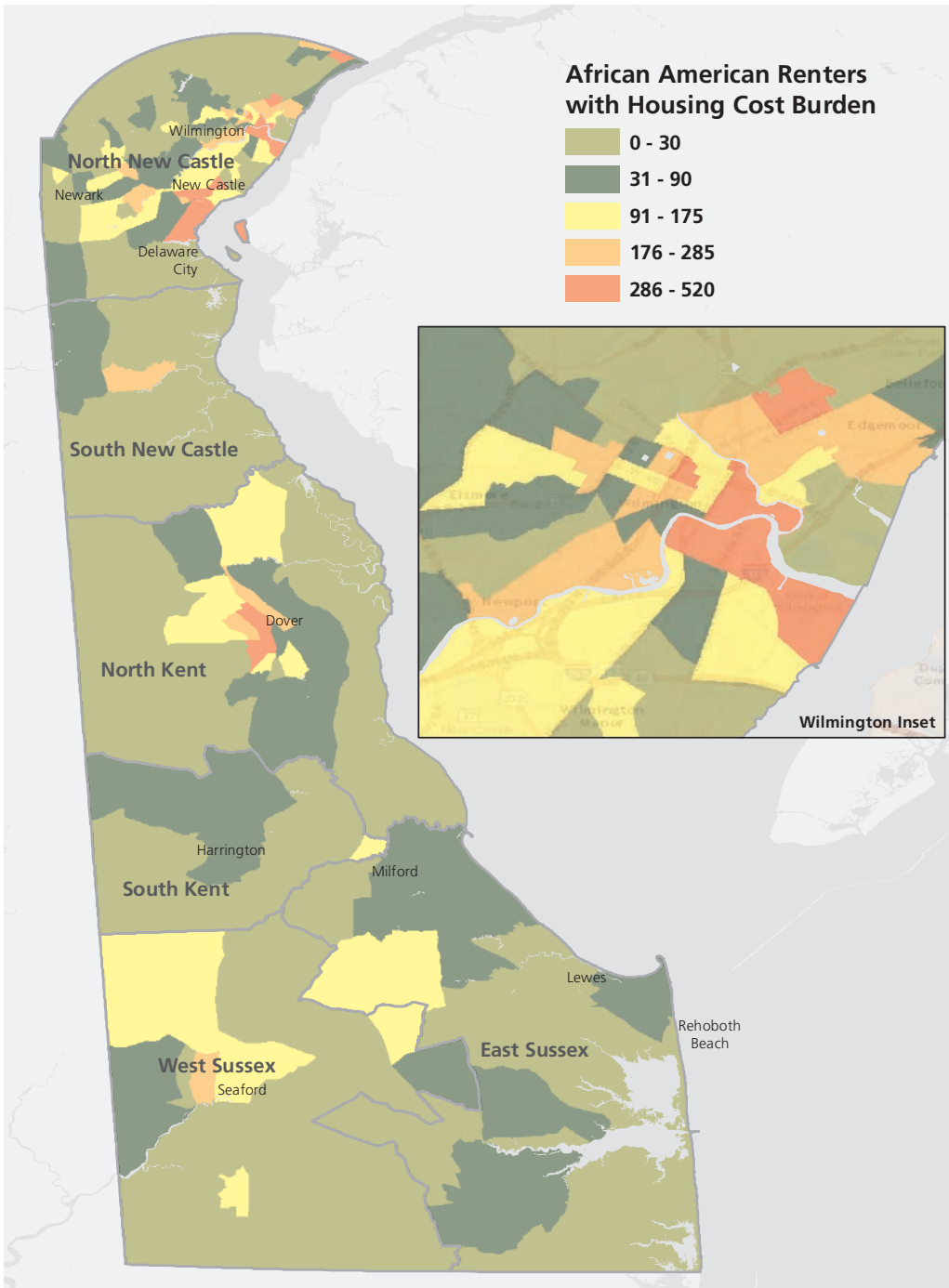
By county and sub-county, North New Castle has the highest number of cost burdened and severely cost burdened African American, Asian and Hispanic households among owners and renters compared to the rest of the state, whereas the greatest need in Kent and Sussex is among Hispanic households concentrated in rural areas.

The disparity is also substantial when analyzing who has the opportunity to own a home, with 81% of white, non-Hispanic households owning their own home, compared to 49% and 53% for Hispanic and African American households, respectively.

Homeownership by Race and Ethnicity

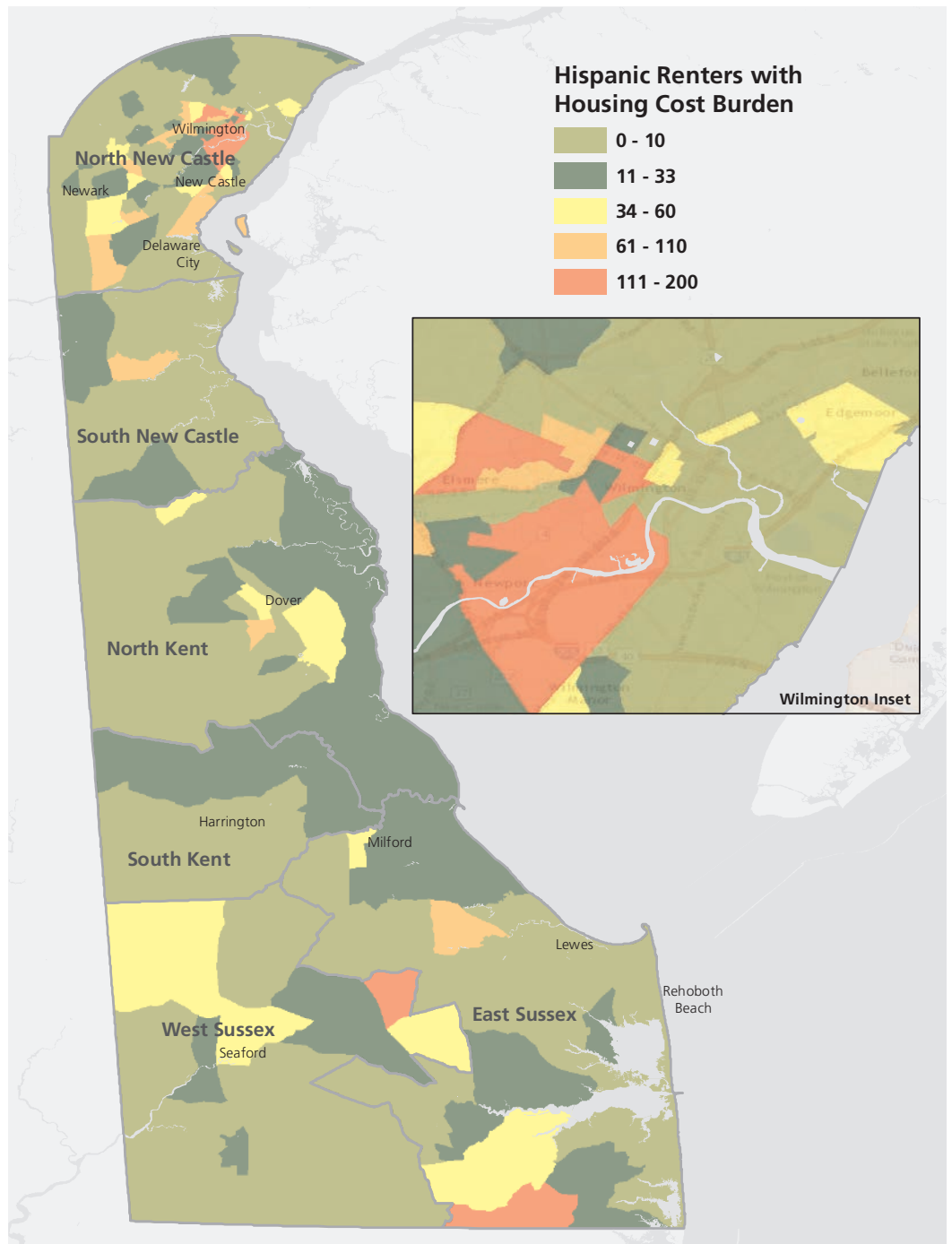


Source: HUD Comprehensive Housing Affordability Strategy 2006-2010



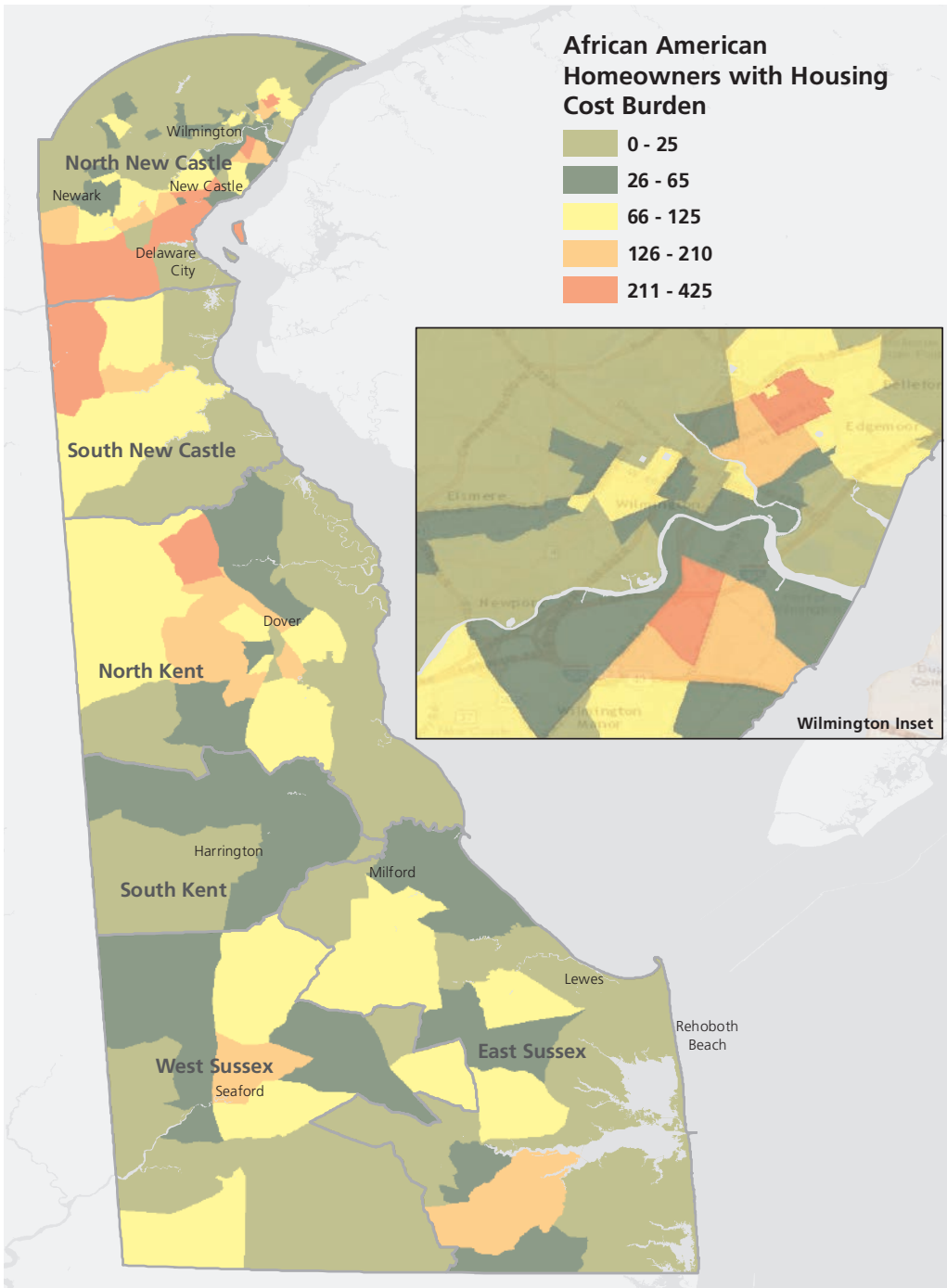
Map 3 African American Renters with Housing Cost Burden

Source: HUD Comprehensive Housing Affordability Strategy 2006-2010



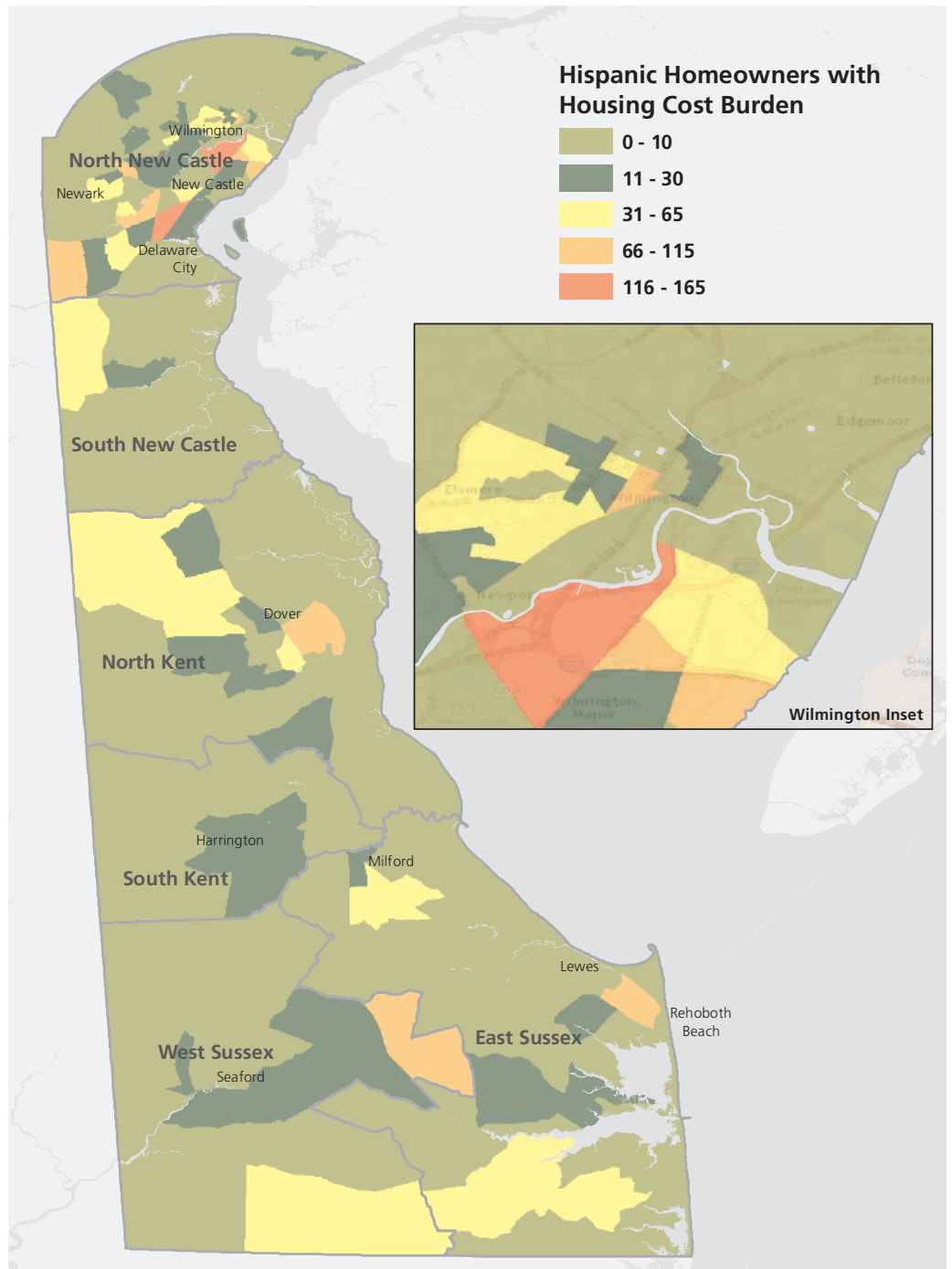
Map 4 Hispanic Renters with Housing Cost Burden

Source: HUD Comprehensive Housing Affordability Strategy 2006-2010



Map 5 African American Homeowners with Housing Cost Burden

Source: HUD Comprehensive Housing Affordability Strategy 2006-2010



Map 6 Hispanic Homeowners with Housing Cost Burden

Source: HUD Comprehensive Housing Affordability Strategy 2006-2010

KEY FACTS:

- The demand for rental housing is increasing and there is currently a shortage of rental housing in the state.
- With household sizes shrinking, there is substantial projected demand for smaller units (1 and 2 bedroom units).
- Rental housing demand is strong for deeply affordable units and market rate units (<50% AMI and above 80% AMI); the majority of demand for home purchases is from households earning more than 80% AMI.
- The majority of older residents are homeowners (84%) and are more likely to be low income than the general population. Senior families and senior individuals comprise 27% of all households but 35% of all low income households.
- New Castle County indicates the largest share of demand for new homes (through new construction or rehabilitation of existing vacant homes), comprising more than half of all demand for new units through 2020.
- While household projections are substantial in Sussex County, there is a less pronounced demand for new units because of the existing oversupply of homes for sale or permitted but not yet built. Household growth is expected to absorb this surplus housing stock over the next two years, but the 5-year projections in Sussex is limited by the existing surplus.
- Kent County has the smallest share of housing demand and will account for 19% of demand (comparable to its share of population). On the other hand, Sussex County is a high growth area, comprising 27% of all demand (compared to 22% of all households).

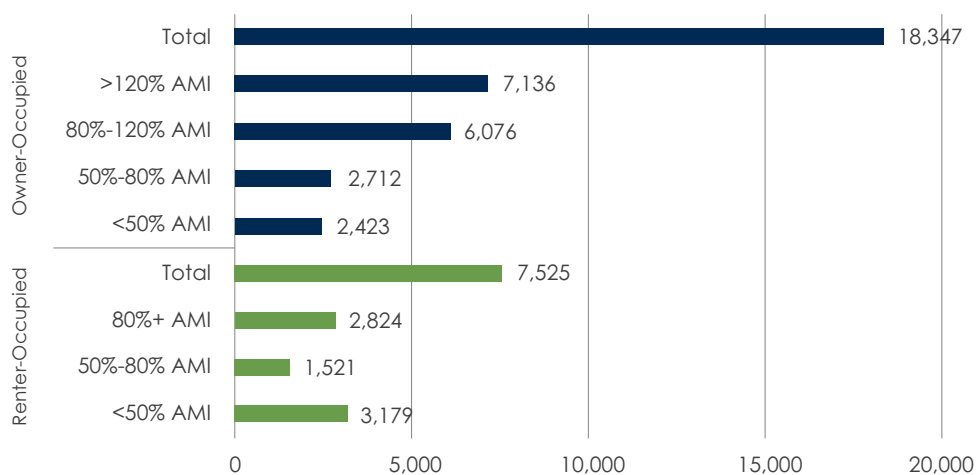
Section 3: Housing Demand

One of the primary purposes of this report is to estimate the demand for new housing development over a five year period, from 2015 – 2020. In simplest terms, this estimate is based on the growth of households minus the housing likely to be available. This study uses a standard approach to estimating housing demand at the sub-market level, and then summarizes the demand by county and state. The sub-market analysis is provided in more detail within Section 9 of the report.

The analysis combines a variety of data to develop its estimates. This includes household growth trends, income levels, household types, vacancy rates, tenure, and anticipated new construction. From this data, the model develops an estimate for the number of new units (owner or renter) that Delaware will need over a period of five years to accommodate growth.

Based on these estimates, there is a demand for an additional 25,872 housing units by 2020. This includes 7,525 rental units and 18,347 homes for ownership. Housing that can meet these needs includes new housing construction, the rehabilitation of existing homes, and the conversion of existing non-residential buildings into housing.

Estimated Housing Demand by Income and Tenure, 2015-2020



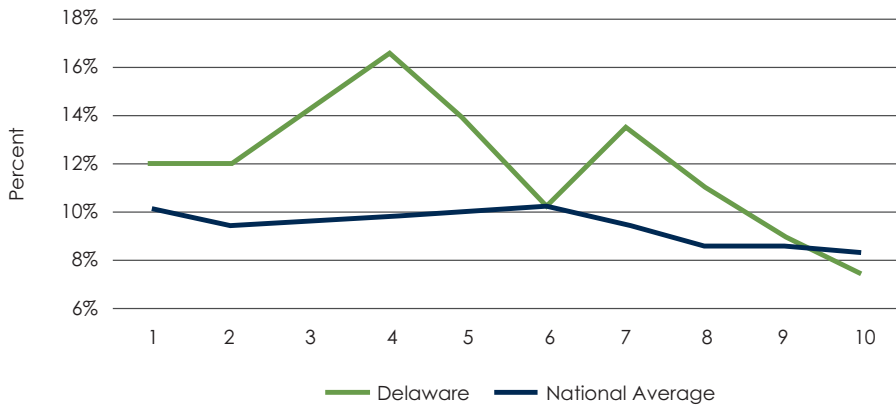
Source: GCR Inc.

There are several important conclusions from the housing demand analysis, as follows:

- The demand for rental housing is increasing and there is currently a **shortage of rental housing** in the state. In fact, the rental vacancy rate in Delaware is at its lowest point in the past 10 years, at 7.4%. This is due to the fact that much of the housing activity has been focused on homeownership while the renter population has been increasing.



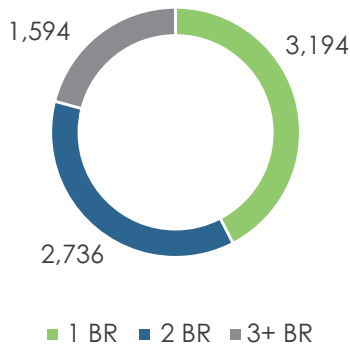
Rental Vacancy Rate (%)



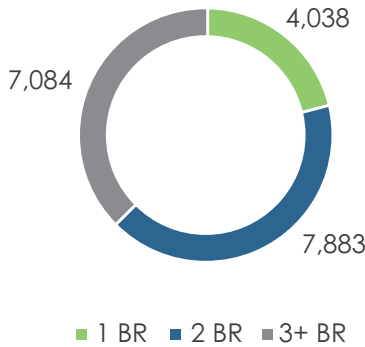
Source: U.S. Census, Housing Vacancies and Homeownership

- **With household sizes shrinking, there is substantial demand for smaller units (1 and 2 bedroom units)**, estimated at 67% of all housing demand. For renters, the demand is reasonably split between 1 and 2-bedroom units; for owners, the demand is mostly split between 2 and 3 bedroom units.

Rental Housing Demand



Demand for Homeownership



Source: GCR Inc.

- **Rental housing demand is strong for deeply affordable units and market rate units (<50% AMI and above 80% AMI)**; the majority of demand for home purchases is from households earning more than 80% AMI.
- **The majority of older residents are homeowners (84%) and are more likely to be low income than the general population.** Senior families and senior individuals comprise 27% of all households but 35% of all Low Income Households.
- **New Castle County indicates the largest share of growth**, comprising more than half of all demand for new units through 2020.

- There is an **oversupply of homes for sale in Sussex County**, due to existing vacancy and anticipated new construction. Household growth is expected to absorb this surplus housing stock over the next two years, but the 5-year projections in Sussex is limited by the existing surplus.
- Kent County has the smallest share of housing demand and will account for 19% of demand (comparable to its share of population). On the other hand, Sussex County is a high growth area, comprising 27% of all demand (compared to 22% of all households).

Housing Demand vs. Affordable Housing Need

As previously stated, housing demand is not equivalent to affordable housing need. It is an analysis of supply and demand; a calculation of how many households there will be in the future, minus how many housing units are available on the market. As a component of this, the analysis look at household growth by income, including an estimated demand for "affordable" units, or housing that can be developed using federal and State housing subsidies.

Affordable housing need, on the other hand, focuses on the households already living in the community who pay a burdensome amount for housing or live in overcrowded or otherwise unlivable conditions. Oftentimes areas with limited housing demand still have substantial affordable housing needs. So how do we address housing needs when there is no market for housing? This dilemma of having housing needs in communities with very little growth and unfavorable market conditions is further discussed in the policy and programs section of the report.

Methodology

There are a variety of moving parts within any given housing market that will affect the demand for housing, some predictable and some not. We can categorize these moving parts into two areas. First, there are the known factors, essentially information that can be reasonably gathered and assessed based on current conditions. This includes housing unit counts, housing prices, vacancy rates, property condition, market rents and other general housing supply statistics. Most of this information is readily available through the U.S. Census, HUD, State agencies and real estate experts.

And then there are the unknown factors, generally referring to the things that will happen in the future that can be projected or forecasted using known information. This includes household growth over time, future construction, the income distribution and family size of future households, etc. While we cannot state definitively what this will look like, we can make reasonable assumptions based on past trends and expected future investment.

To develop these assumptions, we have used demographic information from the ACS 2011 5-Year Survey; household projections provided by Delaware Population Consortium, household types, tenure and income distribution

provided by HUD CHAS data; building permits from the Office of State Planning Coordination; vacancy rates using HUD's market reports for the Dover and Wilmington regions; and the U.S. Census Apartment and Homeownership historic vacancy surveys.

Indicators

The following are key indicators and assumptions used to develop the model:

Total Units and Vacancy Rates (for both owned homes and rental homes) - to determine if there is currently too much or too little housing. We incorporate the natural vacancy rate into the analysis, or what we like to call the appropriate "wobble room" for a market to be stable. This means having enough stock available so that when people want to move, they have a reasonable supply to pick from, but not so much that units stay vacant for long periods of time and cause owners to drop prices. When there isn't enough wiggle room, prices usually inflate given the heightened competition. Alternatively, if the vacancy rate exceeds what is typical for the market, prices tend to drop. For purposes of this study, we assume the national vacancy rates, which is 6.8% for rentals and 2% for homeownership. Demand is adjusted up or down, depending on the current vacancy rates of rental housing and for-sale homes in each submarket.

Household Growth Rates (broken down by renter and owner) – this is used to estimate how units will be needed over a five-year period. This study assumes all new households will require a housing unit rather than "double up", meaning two households living in one house. This can be a significant factor in severe economic downturns or high-priced markets, neither of which is the case in Delaware. Household growth refers to a) migration patterns, or households moving in and out of the state and b) natural growth, or the increase in households due to births, age and households getting smaller. The household projections were provided by the Delaware Population Consortium.

Obsolescence Rate – this figure is used to estimate how many homes are removed from the market over the forecasted period of time based age (declining conditions) or demolition. The model assumes that three units per 1,000 leave the market any given year, which aligns with the results from the standard housing needs assessment.

Future Construction – future demand is reduced by the number of new units approved for construction but have not yet entered the market. This is based on building permit activity over the past two years provided by the Delaware Planning Department.

Affordability Ranges and Tenure – to determine how many households are within the market at each price point, the model uses current income distribution by tenure and assumes in-migrating households will resemble the income mix of the existing population.

Unit size – to estimate the unit sizes needed for future housing demand, the model uses household type within the HUD CHAS data as a guide, and assumes non-family households are typically individuals; small families are couples with zero to 2 children; and large families are parents with children.

Housing Demand by Income and Tenure (2015 – 2020)

The model divides demand into three income categories for rental housing and four income categories for homeownership. For rental housing, this includes a demand model for a) deeply affordable units (<50% AMI); b) affordable and moderate income units (50% - 80% AMI) and c) market rate units (>80% AMI). The purpose for these categories is to assist housing developers and the State determine which programs are most effective within these income tiers. For example, the Low Income Housing Tax Credit Program generally targets households earning between 50% and 60% AMI, whereas the Housing Choice Voucher Program caters more to households earning less than 50% AMI. By providing demand by income brackets, housing providers will have a clearer idea of price points for new homes, and what public funds, if any, would be needed to offset construction costs.

For homeownership, households earning more than 80% AMI are broken out into two categories: 80% - 120% AMI, and above 120% AMI. The basis for this additional category is again based on existing housing programs like the Neighborhood Stabilization Program or Section 8 Homeownership, where the household income limits are set at 120% to qualify for assistance.

Table 4: Income Limits by Household Size 2014, New Castle County

Household Size	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Middle Income and Higher
1	\$16,560	\$27,600	\$44,160	\$55,200	\$66,240
2	\$18,930	\$31,550	\$50,480	\$63,100	\$75,720
3	\$21,300	\$35,500	\$56,800	\$71,000	\$85,200
4	\$23,640	\$39,400	\$63,040	\$78,800	\$94,560
5	\$25,560	\$42,600	\$68,160	\$85,200	\$102,240
6	\$27,450	\$45,750	\$73,200	\$91,500	\$109,800

Source: Department of Housing and Urban Development, 2014

Table 5: Income Limits by Household Size 2014, Kent County

Household Size	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Middle Income and Higher
1	\$13,590	\$22,650	\$36,240	\$45,300	\$54,360
2	\$15,540	\$25,900	\$41,440	\$51,800	\$62,160
3	\$17,490	\$29,150	\$46,640	\$58,300	\$69,960
4	\$19,410	\$32,350	\$51,760	\$64,700	\$77,640
5	\$20,970	\$34,950	\$55,920	\$69,900	\$83,880
6	\$22,530	\$37,550	\$60,080	\$75,100	\$90,120

Source: Novogradac and Company

Table 6: Income Limits by Household Size 2014, Sussex County

Household Size	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Middle Income and Higher
1	\$13,110	\$21,850	\$34,960	\$43,700	\$52,440
2	\$15,000	\$25,000	\$40,000	\$50,000	\$60,000
3	\$16,860	\$28,100	\$44,960	\$56,200	\$67,440
4	\$18,720	\$31,200	\$49,920	\$62,400	\$74,880
5	\$20,220	\$33,700	\$53,920	\$67,400	\$80,880
6	\$21,720	\$36,200	\$57,920	\$72,400	\$86,880

Source: Novogradac and Company

The income classification for future demand is distinct from affordable housing needs. Households with the greatest needs in Delaware are predominantly Very Low and Extremely Low Income households, (earning less than 50% AMI), whereas the greatest demand for housing is among moderate and middle income households (68% of all demand).

The greatest demand can be summarized as follows:

- a) Renters earning less than 50% AMI (42%) and renters earning more than 80% AMI (38%);
- b) Owners earning between 80% and 120% AMI (33%) and owners earning above 120% AMI (39%).

Table 7: Rental Housing Demand by Income (2015 – 2020)

	<30% AMI	30% to 50% AMI	50% to 80% AMI	80% + AMI	Total
Delaware State	1,730	1,455	1,525	2,820	7,530
New Castle County	1,005	845	875	1,385	4,110
North New Castle	910	680	805	1,215	3,610
South New Castle	95	165	70	170	500
Kent County	340	255	280	595	1,470
North Kent	255	165	215	460	1,095
South Kent	85	90	65	135	375
Sussex County	385	355	370	840	1,950
East Sussex	165	215	200	550	1,130
West Sussex	220	140	170	290	820

Source: GCR Inc.

Table 8: Homeownership Demand by Income (2015 – 2020)

	<50% AMI	50% to 80% AMI	80% - 120% AMI	>120% AMI	Total
Delaware State	2,425	2,705	6,075	7,140	18,345
New Castle County	1,220	1,385	3,075	4,290	9,970
North New Castle	810	915	1,810	2,460	5,995
South New Castle	410	470	1,265	1,830	3,975
Kent County	495	520	1,250	1,065	3,330
North Kent	360	395	940	830	2,525
South Kent	135	125	310	235	805
Sussex County	710	800	1,750	1,785	5,045
East Sussex	510	560	1,265	1,295	3,630
West Sussex	200	240	485	490	1,415

Source: GCR Inc.



Table 9: Rental Housing Demand by Unit Size, 2015-2020

	1 BR	2 BR	3+ BR	Total
Delaware State	3,194	2,736	1,594	7,525
New Castle County	1,793	1,459	855	4,106
North New Castle	1,622	1,255	728	3,605
South New Castle	171	204	126	501
Kent County	606	556	309	1,471
North Kent	434	416	245	1,095
South Kent	172	140	65	376
Sussex County	795	721	430	1,947
East Sussex	475	418	234	1,126
West Sussex	321	304	197	821

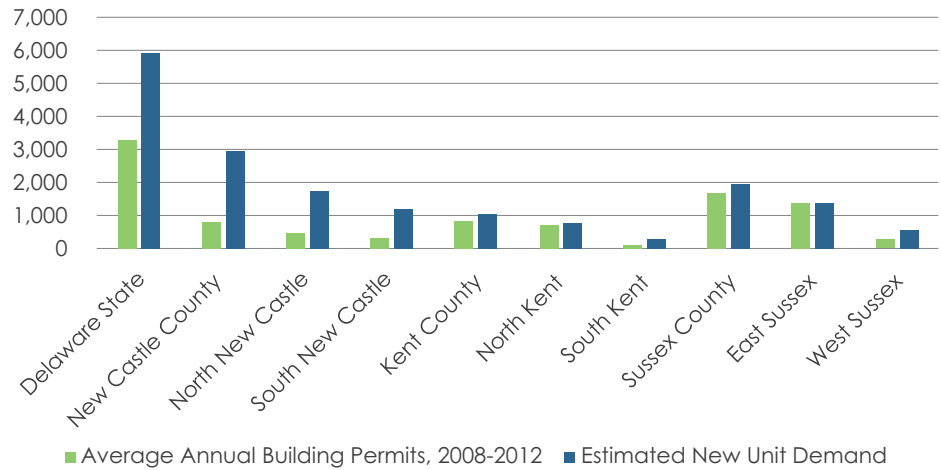
Source: GCR Inc.

Table 10: Homeownership Demand by Unit Size, 2015-2020

	1 BR	2 BR	3+ BR	Total
Delaware State	3,380	7,883	7,084	18,347
New Castle County	1,713	4,070	4,186	9,969
North New Castle	1,091	2,567	2,338	5,996
South New Castle	622	1,503	1,847	3,973
Kent County	607	1,427	1,292	3,325
North Kent	453	1,073	995	2,521
South Kent	154	354	296	804
Sussex County	1,060	2,387	1,606	5,053
East Sussex	788	1,773	1,076	3,637
West Sussex	272	614	530	1,416

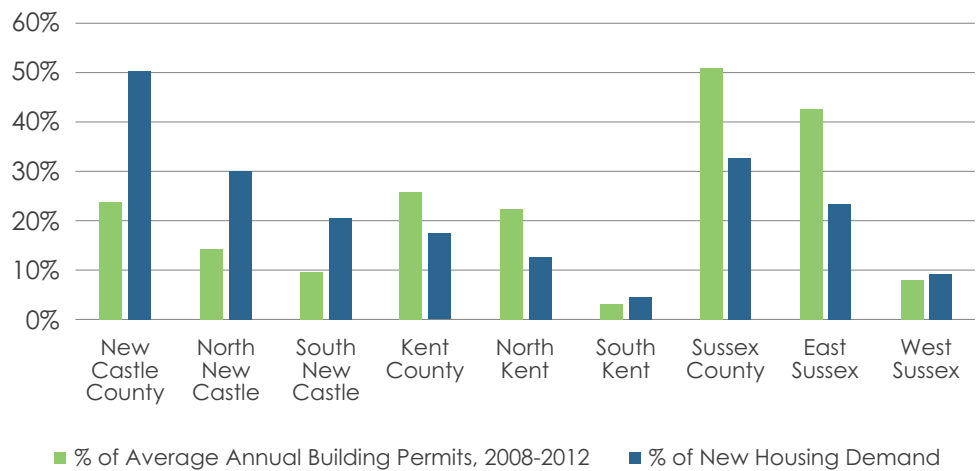
Source: GCR Inc.

Housing Need Compared to Housing Built



Source(s): GCR Inc.; Building permit data provided by Delaware Office of State Planning Coordination

Housing Need Compared to Housing Built



Source(s): GCR Inc.; Building permit data provided by Delaware Office of State Planning Coordination

In a comparison of building permits issued over a four year period, we see that New Castle County has been sluggish with increasing the supply of new housing despite a forecast of close to 10,000 new households that will be added to the market over the next five years, leaving a gap in needed housing. In contrast, the majority of new building activity has occurred in Sussex County, where building permits in the past five years have been comparable to projected demand. Sussex will continue to grow, adding approximately 7,800 households over the next five years. But the demand for new housing will not be as pronounced because of the recent year's building boom.

The disparity between housing needed and housing built is particularly apparent when comparing North New Castle with North Kent and East Sussex. North New Castle, which includes the City of Wilmington, has not experienced sufficient housing construction to meet demand, whereas the bulk of new residen-

tial development has occurred in the exurban areas of North Kent and in the coastal and near-coastal areas in East Sussex.

Senior Housing Demand

The analysis includes estimates for housing demand for older households based on the HUD CHAS figures for Elderly Families and Elderly non-Families. These estimates assume the distribution of future household growth by age will be similar to current statistics. This captures the large percentage of seniors already residing within East Sussex County, while assuming current household trends.

Table 11: Senior Housing Demand for Rental Housing, 2015-2020

RENTER-OCCUPIED					
	<30% AMI	30% to 50% AMI	50% to 80% AMI	80% + AMI	Total
Delaware State	426	325	195	280	1,226
New Castle County	256	161	97	126	641
North New Castle	233	128	90	113	563
South New Castle	32	38	7	15	91
Kent County	42	43	19	43	147
North Kent	50	40	24	9	124
South Kent	18	25	10	14	68
Sussex County	78	88	47	97	310
East Sussex	38	60	22	62	183
West Sussex	62	51	56	12	181

Source: GCR Inc.

Table 12: Senior Housing Demand for Home Sales, 2015-2020

OWNER-OCCUPIED					
	<50% AMI	50% to 80% AMI	80%-120% AMI	>120% AMI	Total
Delaware State	1,348	1,102	1,927	1,580	5,957
New Castle County	659	492	844	762	2,757
North New Castle	452	323	488	455	1,718
South New Castle	211	143	307	312	973
Kent County	304	197	403	224	1,128
North Kent	128	150	302	98	678
South Kent	72	50	94	49	264
Sussex County	362	305	526	378	1,570
East Sussex	300	209	483	319	1,312
West Sussex	129	114	149	96	488

Source: GCR Inc.

KEY ISSUES:

- Delaware's housing market has been extremely volatile in the past decade, a reaction to housing's boom and bust, and the ensuing "Great Recession."
- Real estate is cyclical in nature, with a clear pattern of higher property values and robust construction activity from 2000 through 2006, followed by a slump in new construction starts, home sales, and home values still felt today.
- The real estate market is recovering, but very slowly, partially due to the glut in foreclosed properties that are lowering average sale prices.
- The development pattern of building in rural greenfield sites is expected to continue.
- Homes are becoming smaller and less expensive in reaction to the housing bubble, and as a "reality check" on what families can really afford.
- Rental housing has become increasingly important since there are more renters now than in recent history. Fewer young families are transitioning into first time homeownership; and many former homeowners lost their homes through foreclosure and have moved into the rental market.
- As the demand for rental housing increases, much of the state's rental housing stock is aging and is at risk of becoming substandard or losing affordability as demand exceeds supply.

Section 4: Housing Supply

Delaware's housing market experienced extreme shifts in the past decade, similar to many other housing markets reacting to the real estate boom and bust that occurred in the mid-2000s. New residential construction flooded the market, and these homes were generally priced substantially higher than what the market was accustomed to. With lending institutions underwriting much higher loan to income ratios, many homebuyers stretched themselves to purchase homes that were not affordable to them. During this same period, subprime lending practices had a detrimental impact on many communities, particularly in lower income minority neighborhoods and among existing homeowners who tapped into their home equity with a subprime loan. Foreclosure issues were highest in Wilmington and surrounding suburbs.²⁴

After the housing market "bubble" burst in 2007, many new residential developments that were approved were put on hold and have yet to be built. The trends in housing demand shifted to meet the new housing climate, with homes shrinking in size to become more affordable.²⁵ The idea of "purchasing as much house as you can afford, because it will always appreciate in value" no longer holds true. Property values dropped, leaving many homeowners "under water", where their mortgage exceeded their home's value. Simultaneously, lending institutions became more stringent on their lending practices²⁶, making it more difficult to access a home loan, particularly for younger families with student debt and a shorter credit history.

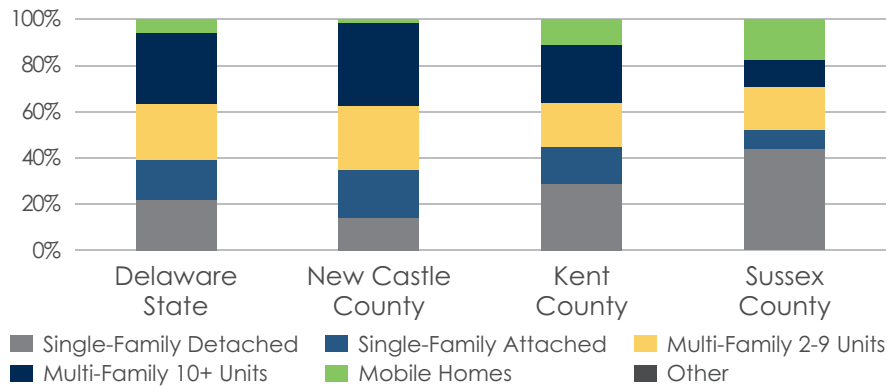
As of 2014, the market is showing modest signs of recovery, but the large number of foreclosures still on the market or held off the market, the stagnant economy, and the increased hesitation in many families to pursue homeownership, is slowing the recovery more than experts had anticipated.²⁷ The residential growth Delaware is experiencing is at a substantially lower price point than seven years ago.

Housing Typology

Delaware's housing stock is very distinct within specific regions. The northern portion of the state, in New Castle County, has much in common with the densely populated urban areas of the mid-Atlantic. Downtown areas have more row homes and multi-family buildings, and areas outside of the cities are well-established suburban communities with older, single family homes. The majority of renters (63%) live in multi-family buildings, whereas more than 90% of homeowners live in single family homes.²⁸

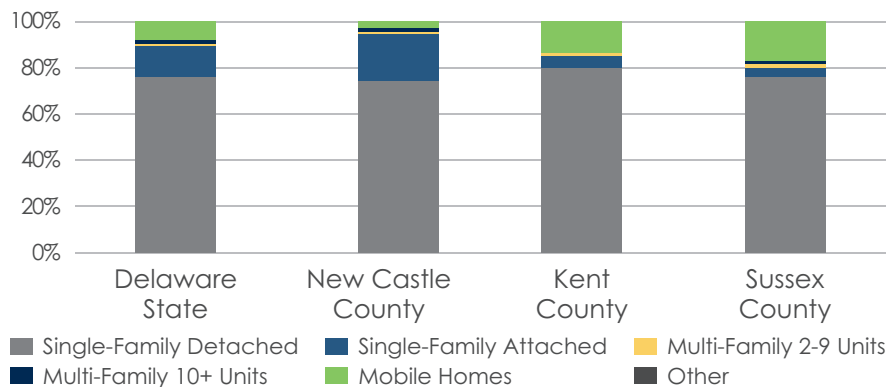
In contrast, Kent and Sussex counties have housing characteristics more in common with rural areas. Mobile homes comprise a large percentage of housing stock, and there are fewer housing options overall.²⁹ Townhomes, small multi-family structures, and larger multi-family developments are less common here than in New Castle. In Kent and Sussex, the vast majority of families (90%), whether they are renters or owners, live in a single family home or a mobile home.

Renter-Occupied Housing Units by Type



Source: American Community Survey, 2007-2011

Owner-Occupied Housing Units by Type



Source: American Community Survey, 2007-2011

Housing Prices

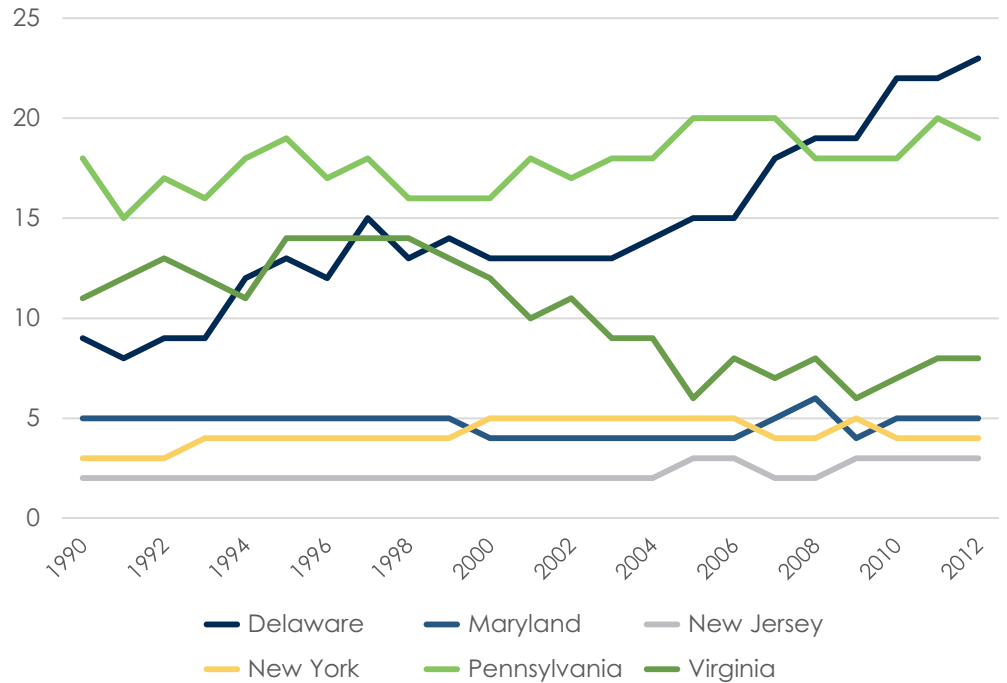
As previously noted, housing prices dropped significantly after 2006 in reaction to the housing market crash,³⁰ and the loss of jobs from the resulting economic decline. While this impacted almost all real estate markets in the U.S., it had a particularly strong impact in areas like Delaware that experienced robust housing development from 2000 to 2006.

The drop in housing prices can also be attributed to the large number of homes sold through short sales as an alternative to foreclosure. The Home Affordable Foreclosure Alternatives Program (HAFA), implemented by HUD, encouraged banks to work with homeowners to navigate through the process of losing a home, and to find alternatives to initiating a foreclosure process.

Foreclosures spiked in the latter part of the 2000s because of a loss of jobs and wealth that resulted from the housing crisis, particularly job losses in financial services and auto manufacturing.³¹ There is a correlation between the change in housing prices and Delaware's per capita income. The following two charts illustrate how Delaware's per capita income in relation to other areas experienced a sharp decline around 2006, the same time that housing prices crested

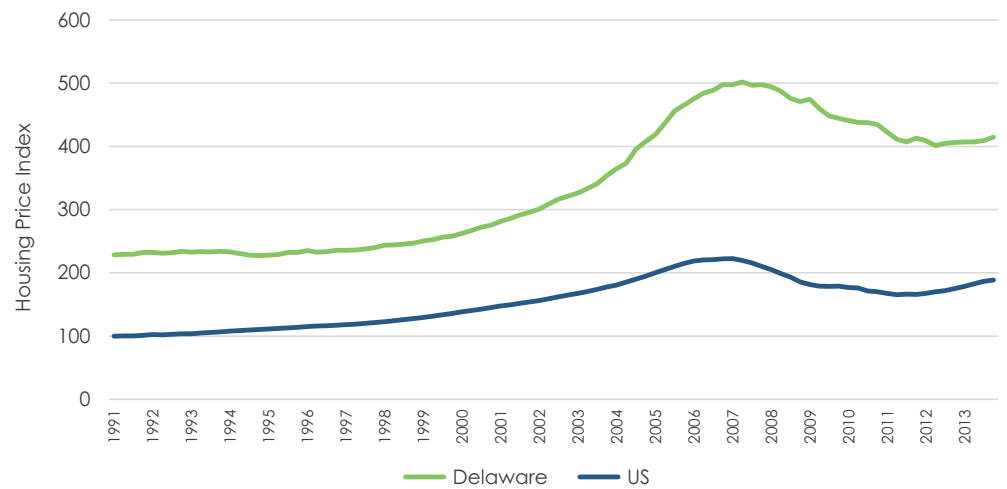
then sunk. In 2006, Delaware had the 15th highest per capita income in the U.S.; by 2012, that figure had dropped to 23rd. This downward shift corresponds to the House Price Index, where property values dropped sharply in 2006.

**Per Capita Income Rating by State
1=Highest**



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. Released March 2013; compiled by Bureau of Business and Economic Research, University of New Mexico.

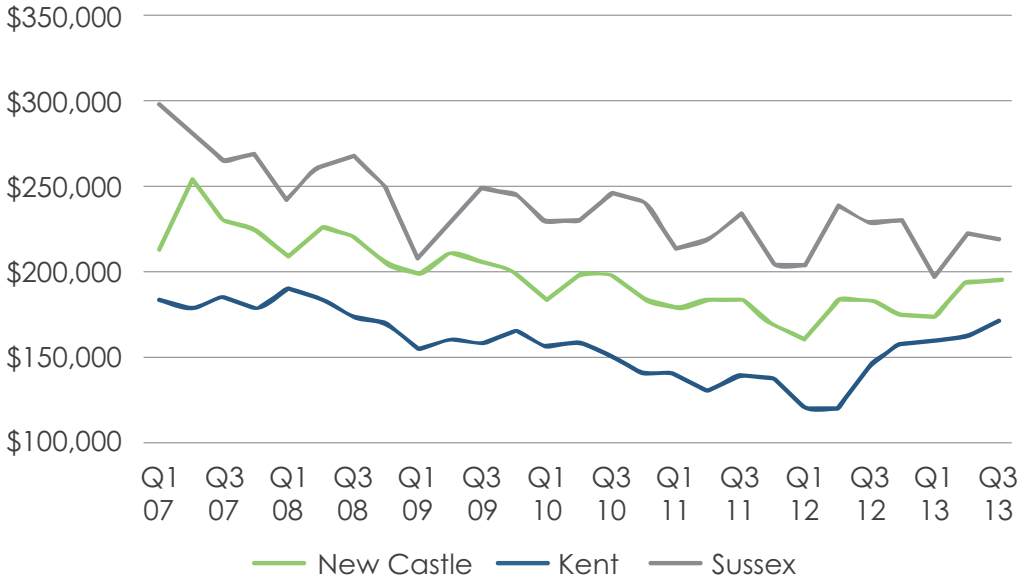
Housing Price Index, All Transactions



Source: Federal Housing Finance Agency, Quarterly HPI through 2013

All three counties experienced a drop in home prices beginning in 2007. This drop is most pronounced in Sussex County, where much of the high- end development took place, yet all counties experienced an increase in higher end housing product that experienced significant loss in value.

Median Home Prices

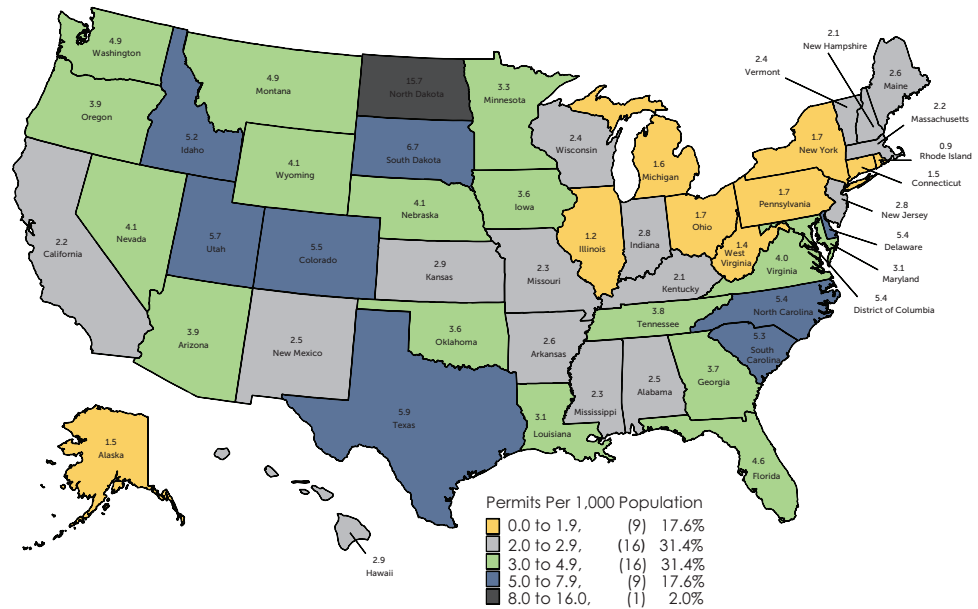


Source: Delaware State Housing Authority using data provided county association/boards of REALTORS® MLS systems

Housing Construction and Sales

Despite the decline in sale prices, building activity has rebounded and Delaware remains a high growth area, attracting new retirees and families working in the Philadelphia-Wilmington region. It is the only state in the Mid-Atlantic of Northeast region with strong residential construction activity relative to population and is on the same tier as other high growth areas like Texas and the Research Triangle.³² The anticipated new construction corresponds to the household growth estimates produced by the Delaware Population Consortium, who projected an additional 42,000 households between 2010 and 2020.

U.S. Permits Per 1,000 Population: 2013



Source: Map created by U.S. Census

Between 2008 and 2013, the bulk of new permit activity and development applications have occurred in East Sussex County. As discussed in the housing demand section of this report, many of those homes that have been approved for development in East Sussex have not been built yet due to the recession, and are only recently starting to pick up. It is anticipated that building permit activity will taper off in East Sussex.

Table 13: Building Permits

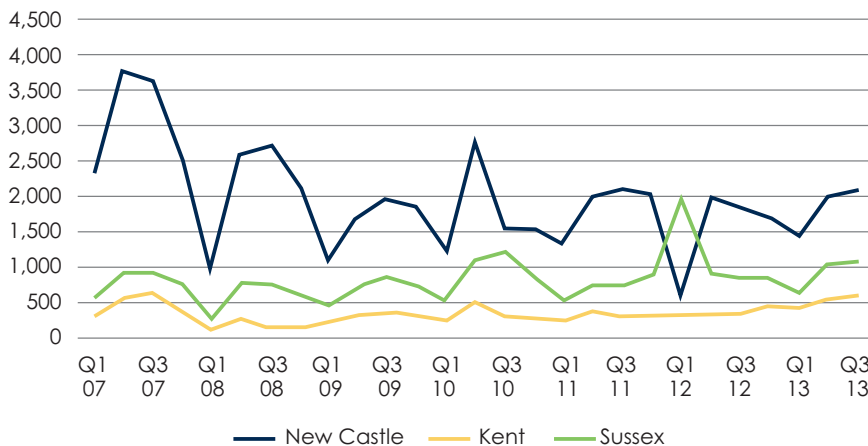
	2008	2009	2010	2011	2012	2013 YTD	Average Permits
Delaware State	3,346	3,151	2,955	3,150	3,901	2,314	3,301
New Castle	822	796	608	711	990	688	785
North New Castle	468	474	350	450	627	436	474
South New Castle	354	322	258	261	363	252	312
Kent	988	800	793	737	907	467	845
North Kent	830	708	672	658	810	417	736
South Kent	158	92	121	79	97	50	109
Sussex	1,536	1,555	1,554	1,702	2,004	1,159	1,670
East Sussex	1,254	1,285	1,380	1,427	1,680	972	1,405
West Sussex	282	270	174	275	324	187	265

Source: Delaware Office of State Planning Coordination

The volume of home sales initially decreased after 2007 but have since stabilized, with the exception of New Castle County, where a significant drop in sales occurred. This is partially attributed to the fact that new permits and construction applications have dropped in New Castle County and increased significantly in East Sussex County.³³

Field surveys and interviews with housing stakeholders indicate that many of the developments built just before the housing crash are now in deteriorating condition. These developments lost substantial value, and homeowners in these newer communities are more likely to owe more on their home than what it is worth. These newer communities built in open green space, somewhat distant from established communities, are isolated, and face risk of deterioration and abandonment as developers move further out to build newer homes. The "leapfrog" effect, where it makes more financial sense to keep building new homes further out in the rural areas, rather than maintain existing housing stock, has caused legitimate concern among land use planners and housing advocates that development patterns are not mindful of long-term consequences that may occur.

Home Sales



Source: Delaware State Housing Authority using data provided county association/boards of REALTORS®MLS systems

Manufactured and Mobile Homes

As previously noted, the southern portion of Delaware has characteristics similar to rural communities, where manufactured homes make up a substantial percentage of the housing stock and provide the opportunity for many low income, rural families the opportunity to own a home. Despite the negative stereotypes associated with manufactured housing and their impact on surrounding neighborhoods, research has indicated that manufactured housing is a legitimate and viable housing option for low income families.

Statewide, manufactured homes are 10% of the total housing stock. This is mainly concentrated in Kent and Sussex Counties, where manufactured homes respectively make up 13% and 21% of the total housing stock. An estimated 70,000 Delawareans live in manufactured homes.

Table 14: Manufactured Housing in Delaware

	Delaware	Kent	New Castle	Sussex
All Units	403,095	264,616	216,801	121,678
Manufactured Housing Units	38,808	8,653	5,233	24,922
All Occupied Units	332,837	57,629	199,922	75,286
Occupied Manufactured Housing Units	26,308	7,746	4,986	13,576
Owner-Occupied Units	242,808	41,713	140,936	60,159
Owner Occupied Manufactured Housing Units	21,011	5,977	4,162	10,872
Renter Occupied Units	90,029	15,916	58,986	15,127
Renter Occupied Manufactured Housing Units	5,297	1,769	824	2,704
Manufactured Housing as % of Housing Stock	9.6%	13.4%	2.4%	20.5%
Manufactured Housing as % of Occupied Stock	7.9%	13.4%	2.5%	18.0%
Manufactured Housing as % of Owner-Occupied Units	8.7%	14.3%	3.0%	18.1%
Manufactured Housing as % of Renter-Occupied Units	5.9%	11.1%	1.4%	17.9%

Source: American Community Survey 2007-2011

Generally, manufactured homes in Delaware are located in a few different neighborhood types:

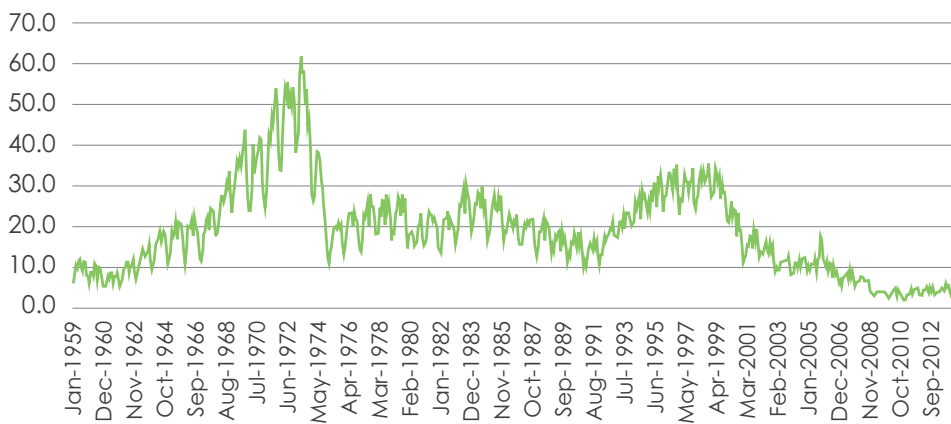
- Larger, higher-income land-lease communities in Kent and Sussex Counties, often for retirees;
- Very large land-lease communities near the waterfront in Eastern Sussex County;
- Small, older communities, often with infrastructure problems and in some cases deteriorating homes, mainly in rural Sussex and Kent Counties;
- Mobile homes on fee-simple individual lots, both newer homes and older homes, throughout Kent and Western Sussex Counties.

The majority of manufactured homes in Delaware are located within designated manufactured home communities. While most of these communities are

small, there are several with more than 500 units.³⁴ Pot- Nets, the largest development near the coast in East Sussex, has close to 3,500 units established over several phases; followed by Murray Manor in New Castle with 746 units; and Rehoboth Bay with 525 units. The average number of units within a given site is 120 units.

Following national trends, the popularity of manufactured housing for new homes has declined over the last decade. In the late 1990s, up to 2,000 new homes were being placed annually in Delaware. This fell to about 1,000 annually in the mid-2000s to now a typical annual total of 200 – 300 since 2008.³⁵ About 2/3 of these are typically double-wide homes.

Manufactured Housing Shipments (in thousands) in the U.S.



Source: U.S. Census Bureau Manufactured Housing Survey

HUD enacted building codes to oversee mobile homes in 1976, and since that time, the industry has continually made improvements to the quality, livability and attractiveness of these homes. With an average sale price of \$68,000,³⁶ they provide an affordable housing option for low income families without requiring public tax subsidies and a pathway for many poor rural families to become homeowners.

However, an estimated 56% of all manufactured homes in Delaware sit on land not owned by the occupant, creating an unstable form of tenure for homeowners. Owners of these sites have the ability to sell the land for more profitable development, exposing owners of manufactured housing on leased land to a risk of displacement. Additionally, the infrastructure and public space at these sites are oftentimes not well maintained by the owners, leading to treacherous roads, faulty septic systems, flood hazards, and poor living conditions. The precarious security of homeownership within manufactured housing sites, combined with sometimes poor living conditions - particularly in the older sites is a major concern for manufactured housing owners, housing advocates and the State. Current solutions to address these issues range from rehab programs for minor repairs, to buyouts and relocations in areas where home repair is cost-prohibitive.

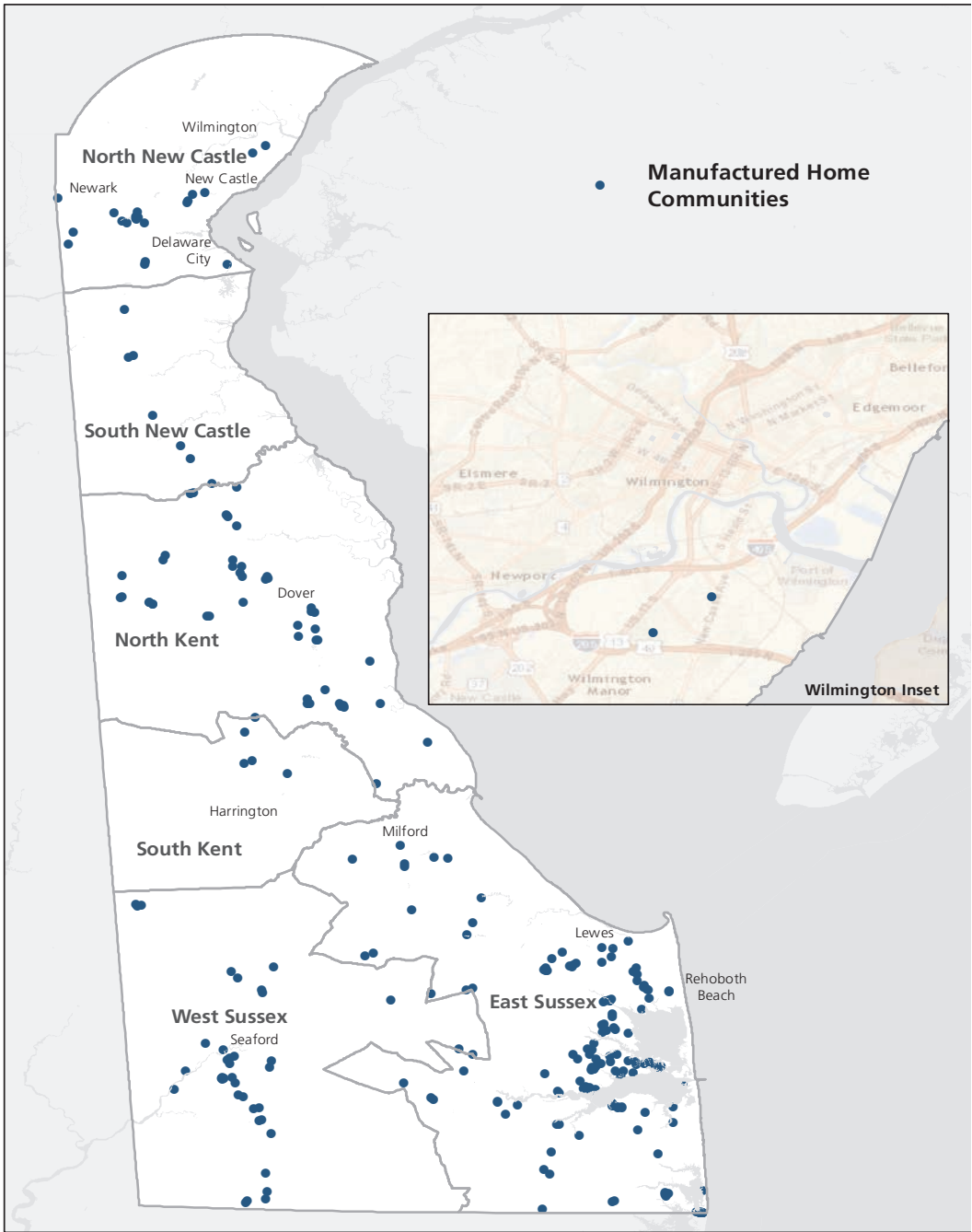
Over the past ten years, there have been slow but steady policy advances to improve the security of tenure for owners of manufactured homes on leased



land. In the early 2000s, the Manufactured Home Owners and Community Owners Act (25 Del Code Chapter 70) created the first state landlord-tenant code for manufactured home communities. Under this legislation, managed by the Delaware Manufactured Home Relocation Authority, manufactured housing owners and operators pay a \$3,00 per lot assessment to fund a Trust Fund. This funding source provides assistance to homeowners in the event their mobile home site closes, providing for relocation services, and assistance to owners in disposing abandoned homes. Additionally, homeowner associations within manufactured housing communities have the option to collectively purchase the site in the event the owner wishes to sell the land through the Right of First Offer Law. Since it was enacted in 2008, lenders and advocates have provided technical support and loans to create manufactured housing cooperatives.

Manufactured home owners continue to advocate for various legislative initiatives to further improve their ability to cooperatively purchase their communities and create more security of tenure and rents.





Map 7 Location of Manufactured Home Communities

Source: Delaware State Housing Authority

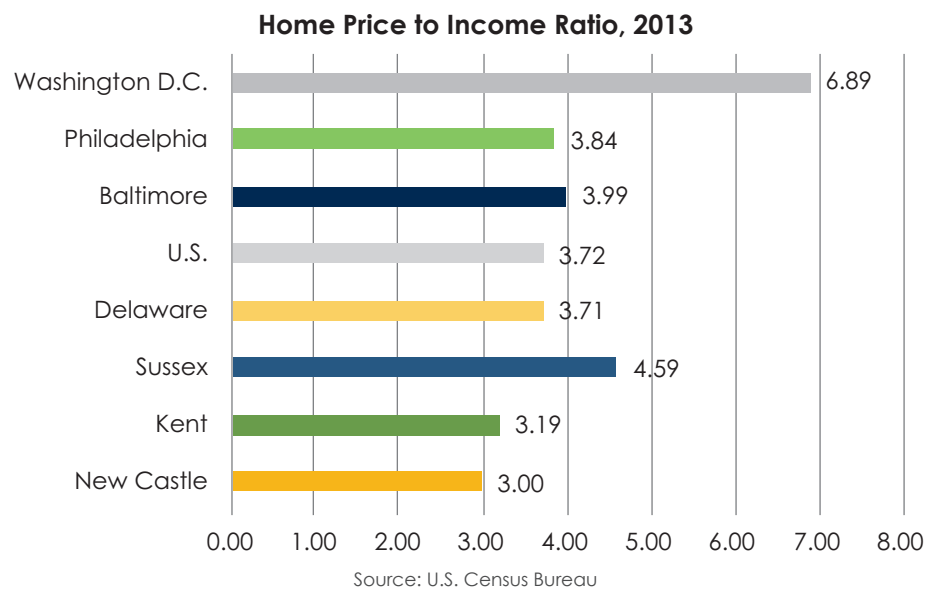
Homeownership

Delaware has one of the highest homeownership rates in the country. Between 2008 and 2012, the homeownership rate was 72.7%, well above the national average of 65.5%, and in the first quarter of 2014, it was 74.5%, the highest among all 50 states.³⁷

This high homeownership rate can be attributable to relatively affordable housing prices. One way to measure affordability is to compare median household income to median home prices. In most places, homes typically sell for approximately three times the median household income. The ratio increases during real estate booms, when prices are at their highest, and fall during periods of recession and inflation. The average national home value to income ratio was around 3.0 in 2000, peaked in 2006 at 4.6, and then fell to the current ratio of 3.72 in the end of 2013.³⁸

Delaware's homeownership affordability is comparable to national average, with a home price to income ratio of 3.71. This is significantly lower than other mid-Atlantic counties. The most affordable areas are in New Castle and Kent.

Sussex County is the most unaffordable area for homeownership, with a home price to income ratio of 4.59, substantially higher than national average. This is likely due to the large number of higher-end properties recently developed and sold to wealthier retirees moving into the state, particularly in the coastal areas. Home prices in Sussex are likely an obstacle for many families to become homeowners.



Challenges of Homeownership

American housing policy encourages homeownership through tax incentives, with the belief that homeownership promotes neighborhood stability, civic responsibility, and increases personal wealth. By allowing homeowners to deduct mortgage interest from their taxes, first time homebuyers are incentivized to enter the homeownership market. There is also an element of American individualism represented in the ideal of owning a home; the concept of owning a piece of land drew millions of settlers over the course of American history, forming the country's land use patterns and urban footprint.

The recent burst of the "housing bubble" has had a negative impact on the pattern of homeownership in the U.S. Households of all ages experienced a

decline in homeownership beginning in 2006, illustrating the challenges many Americans face in buying a home for the first time or continually making payments on a home during a period of sustained job loss and declining property values.

The most significant decline is among the 35-44 year old households. This generation of homebuyers represents the first-time homebuyer during the housing boom, and consequently faced sudden loss in property values and unmanageable housing debt followed by an economic downturn. Many of these homebuyers purchased homes at their peak worth, only to see values drastically fall while they continued to make mortgage payments based on a much higher value. Many homeowners faced foreclosure as a result.

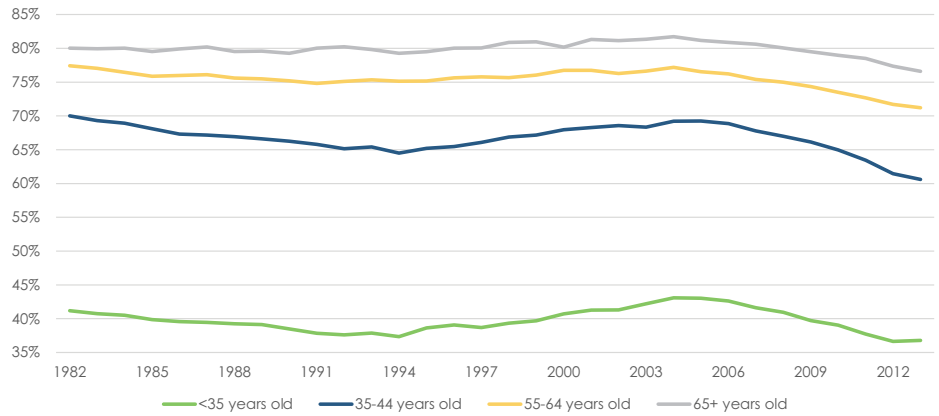
First-time homebuyers were also substantially impacted by the housing bust. For one, the recession hampered any substantive job growth, leaving many recent college graduates unemployed, or too far in debt from college payments to afford homeownership. Secondly, the shock to property values, with homes losing 20%, 30% or even 50% of their value over the course of a couple years, has dimmed the allure of homeownership as a means to generate wealth and long-term equity. Many young households are waiting to purchase a home, or are looking for home purchases that are comparable to rents, meaning less expensive homes, oftentimes older homes in existing neighborhoods. Homeowners over 55 years old were the least impacted, probably because they purchased their homes before the real estate market spiked or fell, and were therefore less impacted by loss in equity. Still, this demographic also experienced a decline in homeownership over this period.

Despite mortgage rates being at historic lows³⁹, and home values stabilized so that mortgage payments are comparable to rents⁴⁰, homeownership rates are still lower than average. Currently the mortgage for a prime 30-year loan is 3.9%, compared to an average of 8.6% over the past 30 years.⁴¹ As previously mentioned, the drop in homeownership is largely attributable to the recession. More workers were unemployed and could not afford to purchase a new home or continue making mortgage payments on the home they owned.

The value of the stock market dropped significantly (nearly 50% between 2007 and 2009)⁴², reducing household savings for many families. And with regulations limiting sub-prime lending practices, families with lower credit scores and smaller down payments have a tougher time getting approved for a home loan. Additionally, lenders have been uncertain about their own risks in the event of default. Fannie Mae and Freddie Mac have traditionally provided loan guarantees for roughly half of all home loans in the U.S. After the housing crisis, their roles and responsibilities in safeguarding home loans has been precarious, creating a more conservative lending environment among private banks.

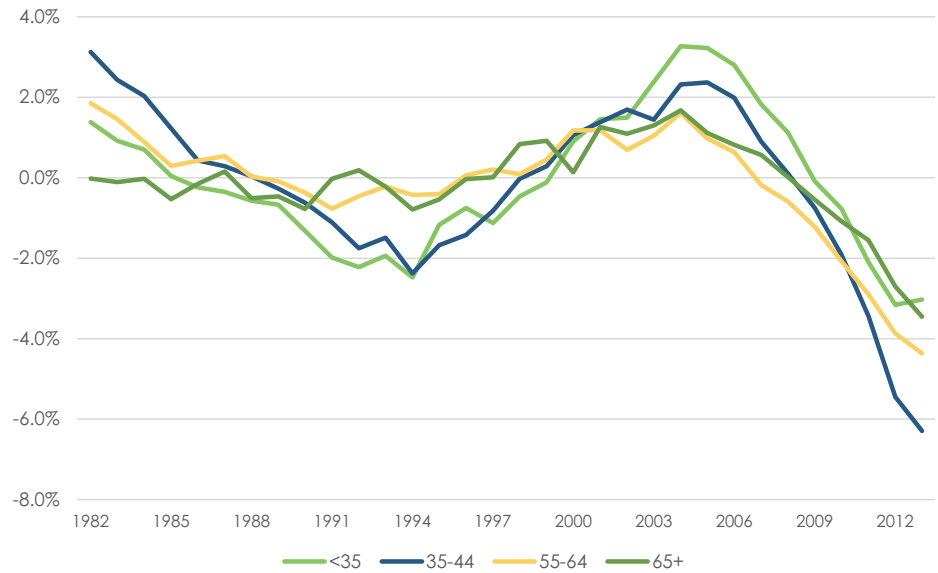
The Federal Housing Finance Agency (FHFA) has recently provided more clarity on loan guarantees and assured lenders that loans made under their prescribed credit guidelines are guaranteed under the FHFA should increase home loans in the coming years.⁴³ However, the period in which potential buyers with low credit scores, lower wages and limited savings could access a home loan is largely over outside of specialized homebuyer programs created at the state or local level.

Homeownership Rate by Age



Source: U.S. Census Bureau

Change in Homeownership Rate Compared to 20-Year Average by Age of Homeowner

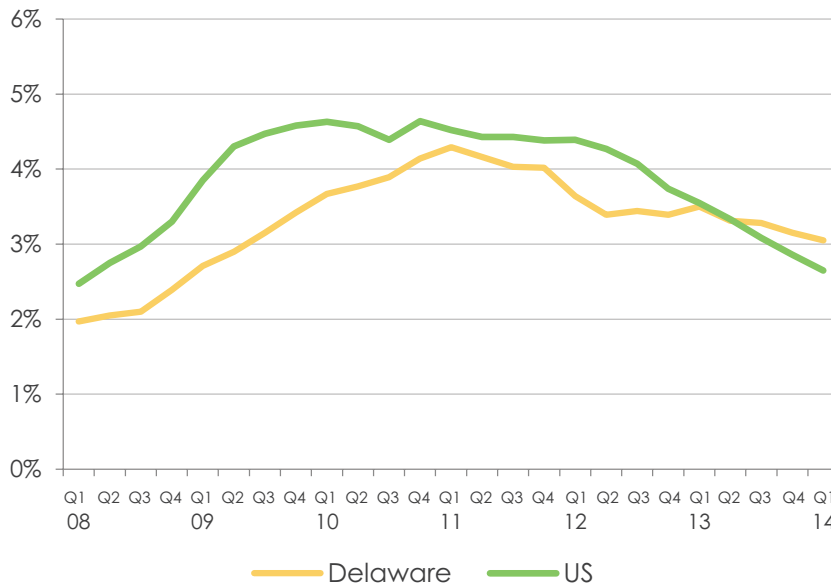


Source: U.S. Census Bureau

Foreclosures

Delaware was severely impacted by the foreclosure crisis, particularly in New Castle County where much of the sub-prime lending occurred. Unlike many other places around the country, Delaware is still struggling with foreclosures because of delays in processing distressed properties.

Foreclosure Inventory (NSA)



Source: Mortgage Bankers Association National Delinquency Survey

One reason for this delay is that Delaware is a judicial foreclosure state, one of 22 states that requires all foreclosure proceedings to take place through the court system. This process is administratively arduous, and deterred many lenders to initiate the process. Delaware is also one of the states involved in a legal settlement with large banking institutions who were found guilty of improper foreclosure practices, which has also delayed the state's response. The settlement didn't occur until 2012, requiring more dedicated management and assistance to homeowners in the foreclosure process. As a result, Delaware has a second spike in foreclosure starts beginning in 2012.⁴⁴

Like many communities across the country, higher unemployment, ballooning mortgage payments from subprime lending, and loss of home value, all led to an increase in foreclosures nationally and in Delaware.

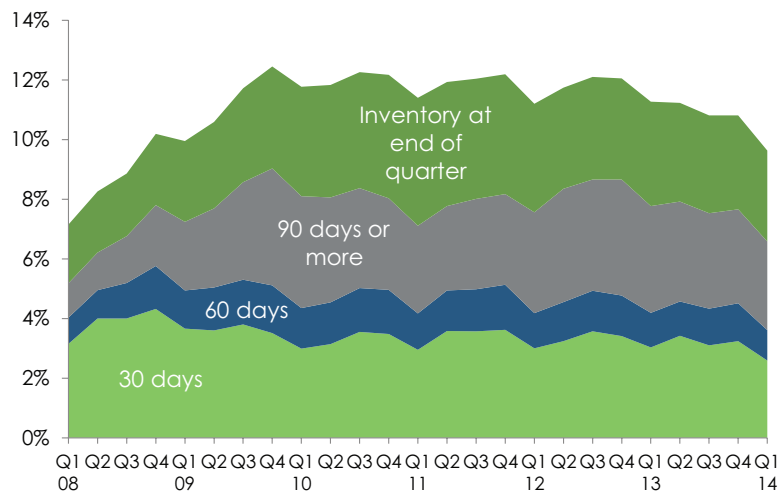
Responding to the foreclosure crisis, the State of Delaware including DSHA and the Delaware Attorney General's Office partnered on a program called Delaware Homeowner Relief, which is designed to provide assistance to keep Delaware residents out of foreclosure. The partnership provides resources to both homeowner and rental households, with services available in Spanish as well as English. With 11 HUD certified Counseling agencies across the state, and two offering online housing consulting for Households up to 120% AMI under the Neighborhood Stabilization Program, the state has increased its capacity to deal with troubled homeowners.⁴⁵

For renters, federal legislation has strengthened their protections if their landlord is going through the foreclosure process. Passed in 2009, the Protecting Tenants at Foreclosure Act 2009 requires anyone who owns residential property who is going through foreclosure to honor existing leases or provide tenants with a minimum 90-day notice to vacate before starting the eviction process.⁴⁶

In addition to housing counseling and federal rental protections, the following programs are also active in the state to help homeowners in default:

- Delaware Emergency Mortgage Assistance Program (DEMAM)**
 Provides assistance for mortgages due to a loss of 15% or more of their income from loss of employment, reduction of hours, or inability to work because of injury or illness. There is a \$30,000 maximum loan over 24 months for eligible households, and the maximum eligible household income differs by county.⁴⁷
- Residential Mortgage Foreclosure Mediation Program**
 The program was enacted in 2011 and implemented in January 2012, placing a required step to allow homeowners the opportunity to engage with housing counselors and provides mediation between the homeowner and lender prior to a foreclosure. The opportunity for mediation is required for owner-occupied residential properties. Following implementation, filings in the state dropped off dramatically in early 2012 as lenders paused to regroup and understand the new requirements. Serious delinquencies (90+ days) were elevated for several quarters as new foreclosure filings slowed. Filings have steadily picked back up since then.⁴⁸
- Manufactured Housing Assistance Program (MHAP)**
 MHAP specifically targets manufactured homeowners who are 90 days or more delinquent on their home loan or lot rental payments. The maximum loan amount is \$10,000, over a 12 month term for qualified participants.⁴⁹

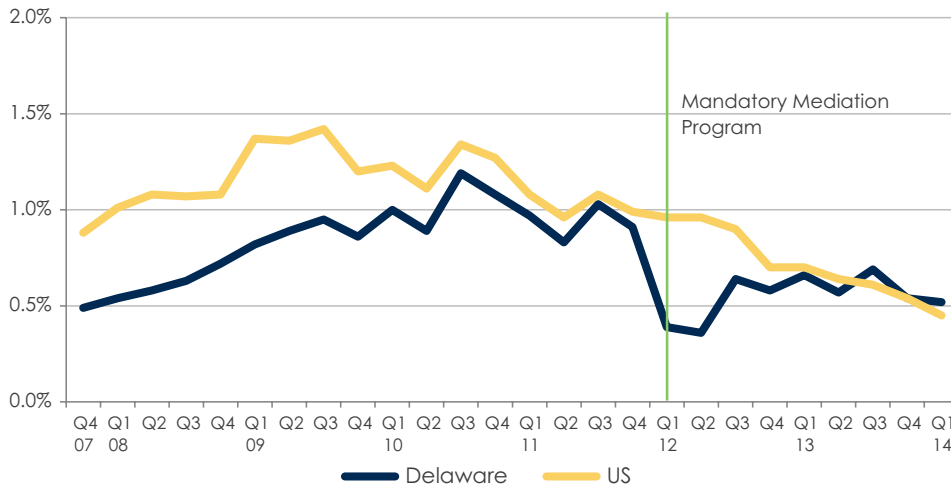
Delinquencies and Foreclosures by Period Past Due Delaware (NSA)



Source: Mortgage Bankers Association National Delinquency Survey



Foreclosure Starts (NSA)



Source: Mortgage Bankers Association National Delinquency Survey

Rental Housing Affordability

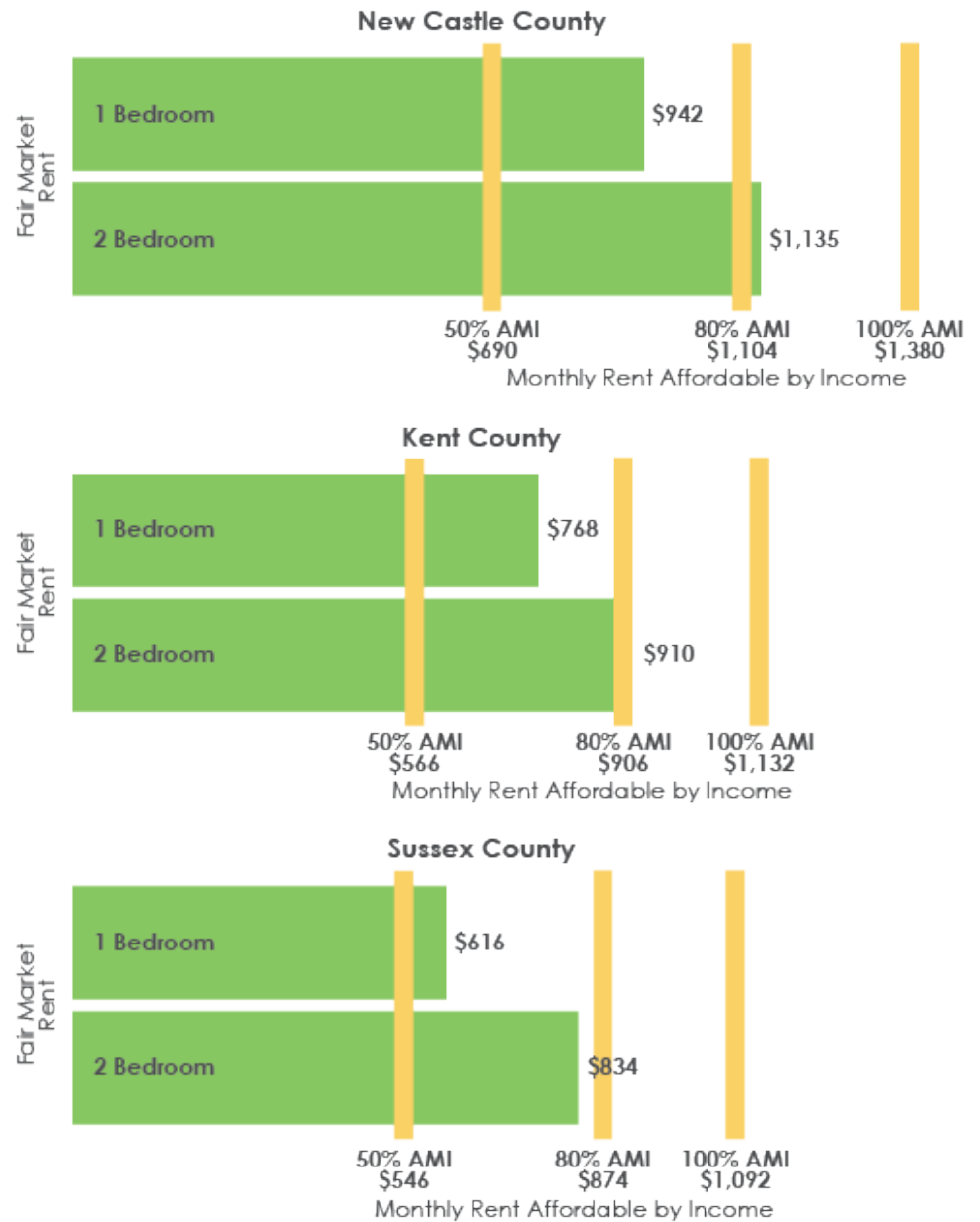
Rents have moderately increased in New Castle and substantially increased in Kent and Sussex counties since 2007. Of particular note, during 2013 rents increased 23% and 32% within Kent and Sussex counties, respectively.⁵⁰ These rates tapered in 2014, but indicate an increase in rental housing demand and an overall limited supply of quality rentals within the state's more rural areas.

Table 15: Fair Market Rent for a 2 Bedroom Unit

	2007	2008	2009	2010	2011	2012	2013	2014
New Castle	\$923	\$932	\$1,005	\$1,095	\$1,077	\$1,075	\$1,119	\$1,135
Kent	\$709	\$743	\$774	\$838	\$812	\$803	\$990	\$910
Sussex	\$661	\$685	\$714	\$774	\$750	\$744	\$979	\$834

Source: HUD Fair Market Rent

Rental housing is generally affordable to low income renters earning between 60% and 80% AMI, but rental housing is not affordable to households earning less than 60% AMI. As discussed more thoroughly in the housing challenges chapter of this report, many of the state's workers earn less than 50% AMI and cannot afford to rent a 1-bedroom apartment. This is true for renters in all counties.



The chart above represents the maximum rent a household should pay based on income. This is broken down by Very Low Income (<50% AMI), Low Income (<80% AMI) and Moderate Income (<100% AMI, or median income), represented along the horizontal axis. The Fair Market Rent, which represents the average rent for a decent home, is presented in the horizontal bars. Where the Fair Market Rent exceeds the maximum affordable rent, renter households in that income group are challenged to find affordable, decent rental housing.

Source: GCR Inc.

Affordable Housing Supply and Programs

It is extremely difficult for real estate markets to meet the housing demand of low and moderate income households. The costs of developing new housing, including the costs of land, labor and “soft costs” like building permits and architect fees, require that any new home be sold or rented at a sufficient price to be profitable. These prices are often too expensive for low income families to afford.

As an example, the National Association of Home Builders survey in 2013 found that the average price for a new home is \$157 a square foot.⁵¹ For a modest 1,200 square foot house, this is equivalent to approximately \$188,000, requiring a homebuyer to earn at least \$40,000 a year to qualify for a mortgage. In Delaware, roughly 30% of the households earn less than this. Homes already in the housing market being resold are typically less expensive than new construction, at an average of \$137 a square foot⁵², but are still out of reach for many low income households.

1 in 5 households in Delaware cannot afford to rent a moderately priced 1-bedroom apartment

The limited availability of housing affordable to low income households is not limited to homeownership. The majority of renters are challenged to find reasonably priced homes. For example, Fair Market Rent for a 1-bedroom in Wilmington is \$869 per month, requiring an annual salary of \$31,000 per year to be affordable, yet one in five Delaware households earn less than \$25,000 per year.

This imbalance between housing prices and what many families can afford occurs in almost all housing markets, where a large percentage of workers and residents cannot find housing affordable to them without some form of assistance.

Therefore, HUD, the U.S. Department of Agriculture, and State governments have introduced various housing programs over the years to overcome this imbalance. These programs are diverse and target a range of households based on age, income, household size and disability status. Ultimately, these programs and resources are intended to provide housing affordable to low income households where the private market has failed.

Unfortunately, the supply of affordable housing stock is becoming increasingly difficult to maintain. Funding for CDBG, HOME and capital improvements have been cut while many developments are aging and in need of repair. This section of the report summarizes the affordable housing programs operating in Delaware and identifies the challenges of preserving and increasing the housing supply affordable to families earning less than average. The programs are categorized around three forms of government support:

- a) Public Housing Authorities (public housing and Housing Choice Vouchers);
- b) Low Income Housing Tax Credits; and
- c) Other HUD, USDA and State Programs

Subsidized rental housing programs provide a large portion of housing assistance to low income renters in Delaware. Of the 90,000+ rental housing units in the state, 13,700 units (or 15%) are subsidized rental units. An additional 5,000 households are served by Housing Choice Vouchers, which are not “hard units” but is a form of rental assistance a family can use in a market rate unit. While 19,000 assisted units seems significant, there are more than 55,000 low income renters in the state, 37,000 of which are very low income, earning less than 50% AMI.

Table 16: Assisted Rental Units in Delaware

	Project-Based (Hard Units)			Tenant-Based	Total
	Public Housing	LIHTC	Other	Housing Choice Vouchers	
New Castle	1,715	2,099	3,809	3,884	7,623
Kent	650	1,173	1,207	1,175*	7,698
Sussex	156	931	2,058		3,732
Total	2,521	4,203	7,074	5,059	19,053

Source: Delaware State Housing Authority, 2014

*DSHA manages Housing Choice Vouchers for both Kent and Sussex County.

As described in Affordable Housing Challenges of the report, households earning less than 50% AMI face the greatest challenges in finding affordable housing. While this is true in almost all housing markets (the less income a family has, the harder it is to find decent affordable housing), it is particularly true in Delaware. According to a recent national survey⁵³, Delaware is above national average for rental housing available to low income renters (earning 50% to 80% AMI) but below national average for renters earning less.

It is extraordinarily challenging to provide decent housing to these 37,000 renters without federal and state assistance. The programs operated by DSHA and local housing agencies provide rental housing to an estimated 35% of these households, and the majority of households not served are cost burdened and may face other housing challenges like overcrowding or living in poor housing conditions. Therefore, it is a State priority to preserve the housing currently available to low income households, particularly those that earn less than 50% AMI, and to increase supply using the funding available.

Table 17: Housing Programs and Population Served

Program	Population Served	Types of Residents
Public Housing	Very Low Income and Extremely Low Income <50% AMI	Working Poor (e.g. fast food worker, cashier) Fixed Income Seniors and Persons with Disability
Housing Choice Vouchers/Project-Based Vouchers	Very Low Income and Extremely Low Income <50% AMI	Working Poor (e.g. home health aide, cashier) Fixed Income Seniors and Persons with Disability
Rural Development	Very Low Income and Extremely Low Income <50% AMI	Rural Poor (e.g. farm laborer, food processing workers) Fixed Income Seniors and Persons with Disability
Section 202/811	Low Income (Seniors and Disability)	Fixed Income Seniors and Persons with Disability
Low Income Housing Tax Credit (LIHTC)	Low Income (50% - 60% AMI)	Workforce (e.g. retail sales, bank teller)
Homeownership Loan Programs	Moderate to Middle Income	Workforce (technical and professional)

Source: GCR Inc.

Public Housing

Delaware has five public housing authorities (PHAs) that own and operate 2,521 public housing units and 5,059 Housing Choice Vouchers, totaling 7,580 assisted units serving 16,316 people. Three of the five PHAs are located in New Castle County (Newark, Wilmington and New Castle PHAs), one administers public housing and vouchers in Dover, and the remaining areas of Sussex and Kent counties are administered by the DSHA. There are currently an estimated 25,000 households on the waiting list for housing administered by the state's PHAs, indicating the substantial need for rental housing affordable to very low income households.

PHAs predominantly serve households earning less than 50% AMI and are one of the few resources available to families with extremely low incomes, including the elderly and disabled poor. They are also the agencies which administer the Housing Choice Voucher Program (previously known as Section 8), which allows families to rent in the private market.

Overall, Delaware's PHAs are standard to high performing agencies, meaning HUD has determined that the agencies meet or exceed criteria for overall condition of housing, financial reporting, management of operations and capital reserves.⁵⁴

The demographics of public housing and housing choice voucher recipients indicates that approximately one third are currently employed; half are single parents or grandparents raising children; one in six have a disability; one in five are elderly; and approximately 85% are African American.

Among the PHAs, there are several striking differences. For one, almost half of the clients served by the DSHA are employed and only 12% of clients live in poverty, presumably due to the agency's Moving to Work Program which time-limits housing assistance for non-elderly or disabled residents, and includes in-depth case management and incentives to increase self-sufficiency and work/education requirements.⁵⁵ In contrast, the Newark PHA largely serves elderly households living in poverty.⁵⁶ Dover and the DSHA serve far more single parents and grandparents, while Wilmington serves far more households in poverty (83%) and African Americans (90%) than any of the other PHAs.⁵⁷

Delaware State Housing Authority

The DSHA is a high performing public housing agency with a Public Housing Assessment score of 86, allowing the DSHA to operate a Moving to Work Program. This program requires public housing residents and voucher holders who have the ability to work to transition out of public housing or voucher assistance and into market rate housing or workforce housing programs. It is a seven year program, after which time, residents are required to secure other housing. The seven-year period includes extensive social support, job training and placement to assist in the transition.

The public housing owned and operated by DSHA is predominantly small sites, with an average unit count of 55 units, located in small walk-up structures. All of the developments are over 20 years old, and while maintained, none have had a substantial rehabilitation since their construction. Two of the developments – Holly Square and Peach Circle – cater to senior residents, while the remainder are Moving to Work Communities.

Table 18: Delaware State Housing Authority Portfolio Summary

	Total Units	People Served	Occupancy Rate
Housing Choice Vouchers	955	1,302	100%
Public Housing Units	508	1,783	95%
All Assisted Housing	1,463	3,085	98%

Source: Delaware State Housing Authority, 2013

Table 19: Delaware State Housing Authority Demographic Summary

	Percent Poverty	Percent African American	Percent Hispanic	Percent Single Mothers	Percent Elderly (62+)	Percent with Disabilities
Housing Choice Vouchers	15%	56%	3%	23%	34%	43%
Public Housing Units	12%	74%	3%	58%	20%	15%

Source: HUD Public Housing Resident Characteristics Report, May 2014

Wilmington Housing Authority

The Wilmington PHA has the largest public housing portfolio in the state, with 1,617 public housing units within 10 public housing sites and several mixed finance developments owned and operated by private developers, including the Park View Apartments, a 234-unit LIHTC development; Village of Eastlake, a 160 unit HOPE VI development; and the redeveloped Lincoln Towers into an 88 unit sustainable elderly development. Additionally, the agency administers 1,850 housing choice vouchers.

According to HUD's Public Housing Assessment score, the agency is standard performing with a score of 76 out of 100. The agency has a considerably high number of older developments to operate and maintain, with limited capital funds to rehabilitate aging properties. Additionally, the agency's clients tend to have higher poverty rates than state averages, meaning the residents pay less rent than average. This limits the operating revenue the agency generates through program income. Over the past ten years, the agency has reduced its housing stock through disposition and is working to de-concentrate public housing in the city.

Given the large number of clients served by the agency, the Wilmington PHA offers extensive resident services (job readiness training, senior services, HeadStart programs and civic leadership), along with a homebuyer program and the Resident Opportunity and Self-Sufficiency (ROSS) Program to assist residents transition out of PHA support.

Table 20: Wilmington Housing Authority Portfolio Summary

	Total Units	People Served	Occupancy Rate	Average Months on Waiting List Before Being Housed
Housing Choice Vouchers	1,850	4,145	88%	5.1
Public Housing Units	1,617	2,983	86%	5.3
All Assisted Housing	3,467	7,129	87%	5.2

Source: Wilmington Housing Authority, 2013

Table 21: Wilmington Housing Authority Demographic Summary

	Percent Poverty	Percent African American	Percent Hispanic	Percent Single Mothers	Percent Elderly (62+)	Percent with Disabilities
Housing Choice Vouchers	27%	95%	3%	50%	21%	22%
Public Housing Units	37%	90%	5%	40%	24%	23%

Source: HUD Public Housing Resident Characteristics Report, May 2014

Dover Housing Authority

The Dover Housing Authority is a high performing PHA with a Public Housing Assessment score of 92 out of 100. The agency operates 5 public housing sites totaling 298 units and administers 220 Housing Choice Vouchers. The largest two sites are Senate View and Manchester Square, comprised of 230 units.

HUD data from 2013 indicates a low occupancy rate for housing choice vouchers, which may indicate a limited supply of market rate rentals willing to accept the vouchers. Since private landlords are not required to accept tenants with vouchers, it can be difficult for voucher holders to find housing on the open market. Other than this difference between public housing residents and voucher holders, the demographics are comparable, with a slightly higher percentage of households living in poverty and single mothers living within the public housing units.

Table 22: Dover Housing Authority Portfolio Summary

	Total Units	People Served	Occupancy Rate	Average Months on Waiting List Before Being Housed
Housing Choice Vouchers	220	357	63%	5.6
Public Housing Units	298	770	94%	6.0
All Assisted Housing	518	1,127	81%	5.8

Source: Dover Housing Authority, 2013

Table 23: Dover Housing Authority Demographic Summary

	Percent Poverty	Percent African American	Percent Hispanic	Percent Single Mothers	Percent Elderly (62+)	Percent with Disabilities
Housing Choice Vouchers	17%	82%	6%	53%	25%	12%
Public Housing Units	24%	86%	7%	60%	9%	13%

Source: HUD Public Housing Resident Characteristics Report, May 2014

Newark Housing Authority

The Newark Housing Authority (NHA) is a very small PHA with a high Public Housing Assessment score of 94 out of 100. It manages 98 public housing units within one site (George Reed Village) and 209 vouchers. NHA is currently working on the mixed-finance redevelopment of a currently vacant site, Cleveland Heights. Using LIHTC equity, and capital funds, the development will create 56 units, 42 of which will be public housing.

The occupancy rates for the vouchers and public housing units are quite low, leading to fewer households being served by the agency within its programs. This may be due to a limited supply of rental units accepting vouchers and/or modernization efforts within existing public housing stock. Of particular note, the public housing site has a substantially larger percentage of households living in poverty and with a disability than state average.

Table 24: Newark Housing Authority Portfolio Summary

	Total Units	People Served	Occupancy Rate	Average Months on Waiting List Before Being Housed
Housing Choice Vouchers	209	152	43%	15
Public Housing Units	98	99	57%	26
All Assisted Housing	307	251	47%	20

Source: Newark Housing Authority, 2013

Table 25: Newark Housing Authority Demographic Summary

	Percent Poverty	Percent African American	Percent Hispanic	Percent Single Mothers	Percent Elderly (62+)	Percent with Disabilities
Housing Choice Vouchers	33%	58%	6%	33%	34%	24%
Public Housing Units	59%	64%	2%	30%	20%	66%

Source: HUD Public Housing Resident Characteristics Report, May 2014

New Castle County Housing Authority

The New Castle County Housing Authority operates in the areas of the county outside of Wilmington and Newark, under the New Castle County Department of Community Services, Division of Housing and Community Development. The agency does not own any public housing but exclusively administers the Housing Choice Voucher program, with 1,825 vouchers. This is particularly relevant for furthering fair housing by providing residents within distressed areas of Wilmington with housing options in desirable suburban neighborhoods. Based on the demographic data, the program largely serves working families with children.

Table 26: New Castle County Housing Authority Portfolio Summary

	Total Units	People Served	Occupancy Rate	Average Months on Waiting List Before Being Housed
Housing Choice Vouchers	1,825	4,724	95%	12

Source: New Castle County Housing Authority, 2013

Table 27: New County Housing Authority Demographic Summary

	Percent Poverty	Percent African American	Percent Hispanic	Percent Single Mothers	Percent Elderly (62+)	Percent with Disabilities
Housing Choice Vouchers	12%	86%	11%	59%	12%	14%

Source: HUD Public Housing Resident Characteristics Report, May 2014

Low Income Housing Tax Credits (LIHTC)

The LIHTC Program is a tax incentive administered by the U.S. Treasury to encourage the private development of affordable rental housing. Begun in 1986 as part of the U.S. tax reform, the program functions as a credit against tax liability corporations and other investors can claim on taxation of future earnings. In simple terms, it is a funding source derived from the private market in exchange for tax credits, allowing the funding stream to be independent from congressional funding. This provides protection from annual budget cuts, resulting in it being the number one funding source for affordable rental housing in the past two decades. The program faced significant challenges between 2007 and 2010 as a result of the Great Recession, but has since recovered and remains the primary tool for developing new rental housing.

The program is administered by the State's housing finance agency, DSHA. Each year, the agency submits a Qualified Allocation Plan (QAP) that outlines the state's housing priorities for the LIHTC program. Developers apply for 9% tax credits through a competitive process, and are scored based on the criteria and priorities established in the QAP.

The State's 2014 QAP has prioritized the following⁵⁸:

- Preservation of existing units, particularly units in deteriorating condition or at risk of market conversion
- Housing for persons with disabilities and extremely low incomes
- Increased supply of affordable new family units through new construction, conversion of market rate or adaptive reuse

For 2014 the State has \$2.2 million in tax credits, equivalent to an estimated \$20 million in equity and \$28 million in development per year. This will typically fund an estimated 180 to 220 units per year. Annual allocations are based on state population and are determined by the U.S. Treasury, but funds available in any given year are dependent on the annual allocation plus any turnover from the previous year. Delaware receives the minimum small state allocation.

The State currently has 4,203 LIHTC units, with approximately half within New Castle County. 60% of these units (1,296 units) are in Wilmington.⁵⁹ The majority of Kent County's 1,173 units are in Dover (605 units) and Milford (406 units). And Sussex County's LIHTC units are fairly dispersed, with large concentrations in Lewes (108 units) and Millsboro (229 units).

One of the biggest challenges with the LIHTC Program is that it typically provides housing to families earning between 50% and 60% of AMI, yet the greatest housing need is among households earning less than 50% AMI. The DSHA recognizes this, and provides additional subsidy from the Housing Development Fund to increase affordability to very low and extremely low income households. However, this additional subsidy is limited.

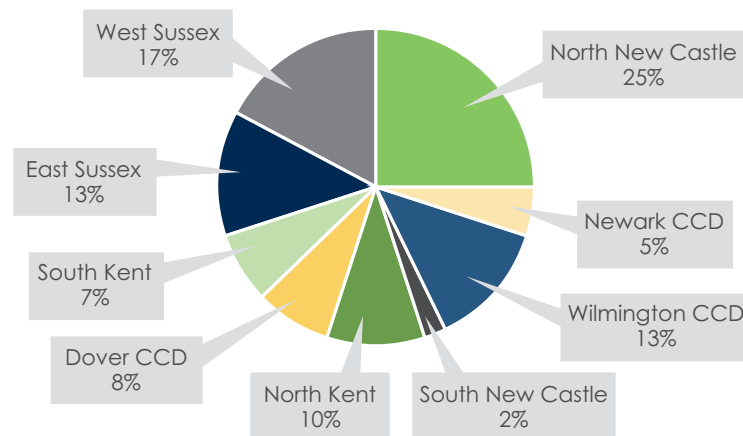
Other Affordable Housing Finance Incentives

In addition to public housing, Housing Choice Vouchers and the LIHTC Program, there are a variety of other funding sources and programs that provide and/

or maintain affordable housing in Delaware. These programs are operated through HUD, the U.S. Department of Agriculture's Rural Housing Program, and other State-funded programs targeted to affordable homeownership.

HUD owns and operates housing through its public housing authorities, and also provides direct grants to Community Development Block Grant (CDBG) Entitlement Communities to manage county, state or municipal housing and neighborhood programs. To qualify for these funds, communities must submit annual and 5-year Consolidated Plans that address housing needs through clearly defined policies and programs using CDBG, Home Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA) an Emergency Shelter Grant Program (ESG) grants. Additionally, at least 70% of funds be used to benefit low and moderate income households, and the programs must support HUD's Fair Housing policies.

Count of Subsidized Properties by Submarket



Source: Delaware State Housing Authority

In Delaware, there are four CDBG Entitlement communities: the DSHA serving Kent and Sussex Counties and State of Delaware, City of Dover, City of Wilmington and New Castle County. Following is a description of these federal programs operated by entitlement communities.

Community Development Block Grants (CDBG)

The CDBG Program is the most versatile of HUD's programs, and can be used for neighborhood development, economic development, community infrastructure and housing. This can include grants, loans, planning, community engagement, and operational support to non-profit social service providers. Communities are required to develop plans (the Consolidated Plan) that outlines how they will use the funds while meeting the Low and Moderate Income Benefit requirement and fair housing guidelines. In 2013, Delaware received \$6,639,673 in CDBG funds, with the awards distributed to the entitlement communities as follows⁶⁰:

- DSHA - \$2,005,029
- New Castle County - \$2,209,154
- Wilmington - \$2,189,229
- Dover - \$236,261

DSHA's CDBG funds are allocated to smaller communities in Kent and Sussex counties that do not have their own CDBG allocation.

HOME Program

The HOME Investment Partnerships Program provides formula grants to either directly fund the purchase, rehabilitation and/or construction of affordable housing for ownership or rental, or provide direct rental assistance to low income renters in need of affordable housing. The allocation is based on the jurisdiction's housing supply, poverty rates and affordable housing need. In 2013, Delaware received \$4,130,849, with \$3 million to the DSHA, \$719,952 to New Castle County, and \$410,897 to Wilmington. The majority of the funds are used as gap financing to increase the affordability of projects.

Emergency Solutions Grant (ESG)

The ESG Program provides assistance to the homeless and families at risk of homelessness. Funds can be used to operate shelters, provide emergency housing to those at risk of homelessness, provide services to shelter residents, and provide outreach to households currently living on the street. Delaware's 2013 allocation was \$454,782. The grant is allocated to the DSHA, New Castle County and Wilmington.

Neighborhood Stabilization Program (NSP)

The NSP Program was developed under the Obama administration to assist communities recover from the housing market crisis in the late 2000s. Its intent was to stabilize communities impacted by foreclosure and abandonment. The funds could be used to finance new development, acquire property for land banking, demolish blight, and redevelop existing structures. While new funding is no longer available, many of the recent developments in Delaware received NSP assistance and some grantees continue to develop using program income.

Section 202 and Section 811

The Section 202 Program provides supportive housing to low income seniors while the Section 811 Program supports the housing needs of low income persons with a disability. The funds are granted directly to non-profit organizations, and can be used to find, finance or provide rental assistance for affordable housing. There are currently 18 projects with 202 program assistance totaling 1,068 units. 65% are located in New Castle County. There has been little new development with Section 811 funding in Delaware in recent years, particularly as state agencies and service providers have focused on building up more independent and integrated housing options.

Housing Opportunities for Persons with AIDS (HOPWA)

The HOPWA Program is intended to provide long-term housing combined with medical and social services to low income individuals living with HIV or AIDS. It is a HUD-funded program allocated to the DSHA and the City of Wilmington and administered by social service agencies, including the Delaware HIV Consortium (DHIVC).

In 2013, the state received \$797,379, of which \$604,550 was allocated to Wilmington.

USDA Rural Housing

The USDA's Housing and Community Facilities Program provides loans and grants to rural development and homeownership programs. Although not a part of the CDBG Program, the USDA's rural housing program has a significant impact on housing within Sussex County. There are currently 51 projects totaling 1,679 units that have some form of USDA assistance, mainly the Section 515 and 515 Rental Assistance programs, which offer financing and project-based rental subsidies. This assistance is largely in the form of project based rental assistance to very low income rural renters. USDA's homeownership programs are also active in Delaware, with almost \$165 M in mortgage financing to rural borrowers in Delaware in FY2013 through USDA's Direct and Guaranteed loan programs.

DHSA Homebuyer Program

The DSHA administers a loan assistance program to support homeownership for moderate and middle income households. The Welcome Home Program targets first time homebuyers, while the Home Again supports households who have previously owned a home. The assistance is in the form of reduced interest rates by typically 0.5%. The mortgages are provided by the FHA, RDA and participating lenders. Several down-payment and settlement assistance programs are also available, as well as the Delaware First Time Homebuyer Tax Credit, which offers an ongoing tax credit to improve long-term affordability. The other HUD-funded jurisdictions in Delaware also offer a mix of down-payment and settlement assistance programs.

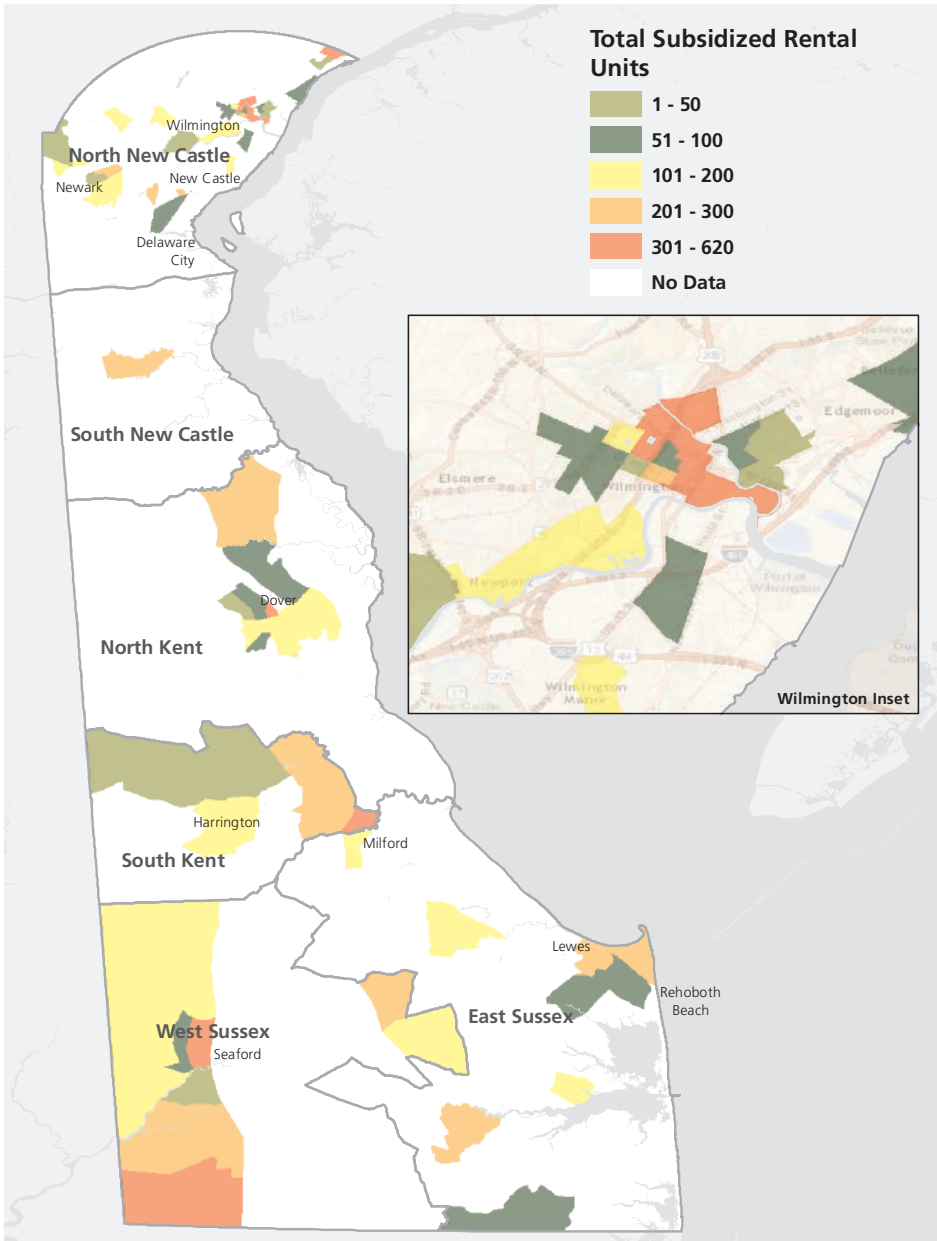
The Housing Development Fund

The Housing Development Fund (HDF) is a state housing trust fund supported by annual allocations, a state document recording surcharge, loan repayments and interest income. The HDF supports a variety of affordable housing programs and initiatives in the state, including deferred and non-deferred loans for multifamily development and rehabilitation, homeownership counseling, supporting the Continuum of Care, homeownership acquisition & rehab and new construction, rehab programs serving existing homeowners, homelessness prevention and rapid rehousing.

Table 28: Project Based Subsidized Housing in Delaware

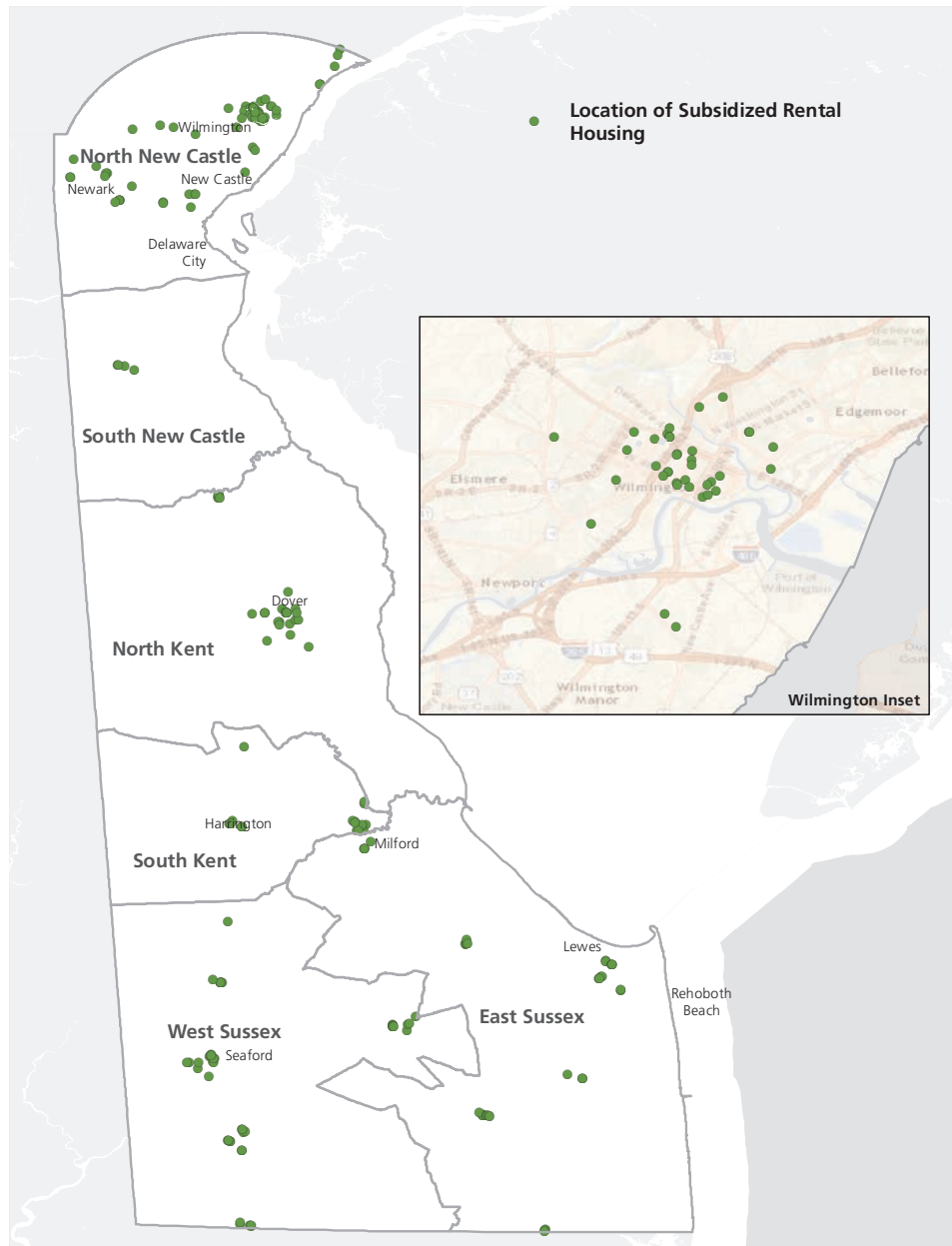
	LIHTC	202, Rural and PBV	Other Rent Restricted	Market Rate	Total Units
Kent	1,173	1,122	85	0	2,380
New Castle	2,099	3,486	323	246	6,158
Sussex	931	1,867	191	0	2,989
State Total	4,203	6,475	599	246	11,527

Source: Delaware State Housing Authority Preservation Directory, 2014



Map 8 Subsidized Housing Units in Delaware by Census Tract, 2013

Source: Delaware State Housing Authority



Map 9 Subsidized Housing Sites, 2013

Source: Delaware State Housing Authority

Rental Housing at Risk

Many of the subsidized affordable units in the state are at risk of being lost due to age, limited funding to make needed repairs, and market pressure. The DSHA has long recognized this issue and conducted a survey in 2009-2010 of all subsidized, project-based rental housing in the state, totaling 190 sites and 11,200 units to assess preservation needs. The survey included a physical needs assessment to evaluate property conditions; an analysis of each site's financial

capacity to operate; and an assessment of market conditions to determine if the development is at risk of conversion to market rate units.

Based on this survey, the State determined that overall, there are few properties with severe physical distress, but the lack of reserves, aging housing stock, and demand for market rate rentals in high demand areas, are obstacles to preserving affordable rental housing. This is particularly true in high demand areas rents in a property are subsidized with federal rental assistance contracts, since these contracts can have shorter time frames and can be converted to market rate units. The State has made it a priority to preserve affordable housing through prioritizing these properties in its annual QAP.

Based on the survey, the following units and development sites are at risk of severe deterioration or conversion:

- 631 units in 8 sites have substantial financial and/or physical distress, with REAC scores below 80. 537 of these units are in Wilmington. This is a tremendous improvement from the mid-2000s, where 2,630 units in 29 developments scored below 80.
- 5,371 units in 82 projects are over 15 years old and have not been substantially repaired or remodeled.
- 3,317 units in 44 projects are over 25 years old and have not been substantially repaired or remodeled. 40% of these units are in Wilmington.

Table 29: Subsidized Housing Over 25 Years Old without Substantial Rehab

	Developments	Units
Kent	10	603
New Castle	20	2,159
Sussex	14	555
State Total	44	3,317

Source: Delaware State Housing Authority, 2014

Since new federal rental subsidies, especially project-based subsidies, are extremely scarce, preserving existing rental assistance is critical. Units of project-based rental assistance in privately-owned sites that are lost to contract termination, expiration and/or conversion to market rate are generally not replaced.

Starting in 2007, the state begin investing substantial resources in addressing about a dozen sites with federal HUD subsidy contracts at high risk to loss due to poor physical condition and/or financial instability. In 2010, DSHA expanded its analysis of rental preservation needs to all subsidized or income-restricted privately-owned rental housing in the state. This found that while there were many sites with physical rehabilitation needs, fortunately only a few were facing immediate, critical physical deterioration. Still, the analysis demonstrated the ongoing nature of the state's rental housing preservation needs and documented the types of assistance needed. Following this analysis, changes were made to the QAP to prioritize the highest-risk sites, and many have been

addressed in recent years. Since 2010, over 800 units have been brought into the LIHTC and/or HDF inventory⁶¹, increasing the compliance monitoring and long-term affordability restrictions on those properties.

The risk of loss to market conversion occurs when affordability restrictions at a site expire or are eligible for renewal. After 15 years, LIHTC sites can pursue a Qualified Contract process that, while cumbersome, allows the site to exit the program. In the past almost all federal rental assistance contracts were for very long terms of 20 or more years; in recent years 1 and 5 year renewals are much more common, increasing an owner’s opportunities to choose not to renew.

However, the increasing complexity of financing for multifamily affordable rental projects means that most sites now are heavily encumbered with a mix of program restrictions. For example, most recent preservation deals have included a mix of federal rental subsidies, LIHTC, and state financing from the Housing Development Fund or HOME. Sites with only one program with active restrictions are at highest risk.

The mix of programs and different restrictions makes developing a statewide picture of expiration risk difficult. Additionally, while it may be possible for LIHTC sites to exit the program after Year 15, in practice this is uncommon in Delaware. However, post-Year 15 sites do begin to have moderate rehabilitation needs, and in certain markets conversion to market may be more likely.

Evaluating sites based on the earliest potential expiration or contract renewal, in 2013 99 sites with 5,687 units had at least one program expiration date that had already passed or was within the next 5 years.

Table 30: Sites and Units by Earliest Expiration/Renewal Date

	Sites	Units
Already Passed as of 2013	45	2,294
Within 5 Years	54	3,393
5 – 10 Years	39	2,922
More than 10 Years	51	2,918

Source: Delaware State Housing Authority

However, the majority of these are heavily encumbered with other restrictions or debt. Only 30 of these sites had only one active program or restriction – these are the sites where loss of affordability due to expiration or conversion is a greater concern.

Table 31: Detail on Sites with Expirations/Renewals Passed or Occurring within Next Five Years

Programs	Sites
LITHC Only	3
HDF Only	2
202 Only	8
USDA RD Only	11
Section 8 Only	7
Section 8 & HDF	4
LIHTC & USDA RD	9
LIHTC & HDF	17
LIHTC, HDF, & USDA RD	5
LIHTC, HDF, & HOME	24

Source: Delaware State Housing Authority

Affordable rental housing preservation needs generally fall into the following categories:

- Older sites in need of extensive rehabilitation or potentially demolition and redevelopment. Many of these sites have federal rental assistance contracts that provide critical and essentially irreplaceable rent subsidies. In city and town centers, rehabilitation/redevelopment of these sites can be a critical component of neighborhood revitalization.
- Newer (but still past Year 15) LIHTC sites in moderate to good condition where affordability may be at risk. These sites often need some rehabilitation and financial restructuring to preserve affordability.
- Aged public housing in need of moderate to complete rehabilitation. Financing for these sites may be similarly complex, but preserves federal rental assistance and may rehabilitate sites that are no longer community assets or where redevelopment is a critical part of neighborhood revitalization.

Section 5: Market Value Analysis

KEY FACTS:

- The Market Value Analysis (MVA) for Delaware, developed by the Reinvestment Fund (TRF), is an analysis of housing market conditions at the Census Tract Level.
- The purpose of the MVA is to identify the characteristics of residential market as a means to support public investment decisions. Different neighborhoods conditions require different intervention strategies.
- The Delaware MVA defines 8 different types of housing markets in the state, and can generally be categorized as:
 - Strong, high value markets, generally found in North New Castle and the beach communities
 - High growth markets, found in new suburbs and exurban growth areas within all three counties
 - Established suburban markets, some that are
 - stable, with others showing signs of decline
 - Distressed markets found in urban and rural areas
 - Severely distressed markets, all concentrated in Wilmington
- Many rural communities have extreme housing market variations within a small geographic area, with mobile home communities adjacent to new subdivisions. Because of this, the Census Tract level of analysis does not pick up the more granular nuances within all rural submarkets. These areas also exhibit high variation in sales price, which indicates there is a wide range of product and property conditions within this market type.
- New suburban and exurban development is occurring further out from developed areas, creating a “leap frog” effect as older communities become less favored. This limits demand for existing suburban communities, as illustrated by lower values within many first tier suburbs.
- Census Tracts with the greatest market challenges are in rural southern areas and in Wilmington.
- Stronger markets can attract private investment, and require the least amount of public funds to address housing issues.
- The most distressed markets have limited private investment and require substantial public investment to create strong neighborhoods through stimulating market activity.

TRF prepared a Market Value Analysis (MVA) for the DSHA to inform the housing and community development needs assessment process for Delaware. The MVA has provided other jurisdictions with a data-driven framework for restoring market viability and wealth in distressed real estate markets. The study was originally designed in 2001, and since that time it has continued to evolve to help government and private investors target investments, develop frameworks for action and prioritize programs in ways that can leverage private resources and revitalize neighborhoods.

To develop the 2014 Delaware MVA, TRF used a statistical technique known as cluster analysis that uncovered patterns in the data. A cluster analysis does this by forming groups of areas that are similar along a set of selected variables that describe those areas. While the groups form to be as uniform as possible as to the components of each group, the groups are also as dissimilar as possible from each other. Using this technique, the 2014 Delaware MVA was able to reduce vast amounts of data for the universe of all properties in the state to a manageable, meaningful typology of market types. The results can now inform local, county and state decisions regarding the allocation of resources and necessity for specific programmatic intervention strategies.

TRF is committed to ensuring that our statistical analysis is accurate. Accordingly, during the MVA research process, TRF spent an extensive amount of effort ensuring that each data set was accurately representing the various areas throughout the state. TRF validated the data through multiple and various research processes, including physically observations. TRF staff spent several days at the beginning and during the draft stages driving throughout Delaware to observe and document property and neighborhood conditions. In coordination with DSHA, TRF also presented the data in public conversations with non-profit development and service organizations, state, county and city administrators, and private real estate related entities. These meetings assisted TRF to verify the data sets were the appropriate indicators and the results accurately represented market conditions. Where the data did not comport to what TRF staff viewed on the street or the observations of those active in the Delaware markets, TRF identified other indicators and ways to measure the data to more accurately depict the conditions. Through this iterative process, TRF was able to produce the 2014 Delaware MVA study.

The 2014 Delaware MVA was prepared to inform the statewide need assessment process. Therefore, TRF selected the census tract as the appropriate unit of analysis. The Census Bureau defines tracts as areas that are home to between 1,200 and 8,000 people (4,000 on average). Census tracts represent a generally stable, geographic area and as importantly, align the 2014 Delaware MVA results to federally designed program eligibility target areas.

This study highlights the shared and common challenges that different parts of the state are experiencing in their residential markets. In Delaware, the middle markets exist in urban, suburban and rural parts of the state. The strongest real estate markets are located in the northern part of New Castle County and along the southern beach communities of Sussex. TRF found areas of distress in all three counties, but the most distressed markets only exist within the City of Wilmington.

Research Approach

As with all research projects, the MVA is built upon a certain set of assumptions. Listed below are TRF's assumptions that are part of any MVA study:

Public subsidy is scarce and it alone cannot create a market. Government entities are constantly challenged to balance improving the quality of life for citizens and the ease of doing business for entities throughout their jurisdiction with limited resources. Public subsidy is generally not enough to solve all problems, therefore limited resources, should be used strategically, tailored to the market conditions and either catalytic (i.e., bringing forth other resources), transformative or at scale necessary to solve problems.

In distressed real estate markets, interventions must build from an area's strength. Housing investment activity within a specific area must focus investment to the areas where the market is strongest and where existing assets can be leveraged to strengthen the market conditions. Assets or strengths may include anchor institutions such as colleges/universities, hospitals, rivers, parkland, or proximity to job clusters. An area's strength may also be its people, thus activating citizens to engage in transforming their communities through arts, education or civic life are all strategies that align to this approach of building from strength.

Public subsidy must be used to leverage or clear the path for private investment. Citizens, businesses and investors all have choices on where they choose to invest their capital and time. Market stability and transformation is more likely to occur when government works with these multiple market actors in a complementary way to rebuild communities. Public resources can be most effective when it focuses on addressing the causes of instability, such crime, school quality or infrastructure conditions.

All parts of a jurisdiction are customers of the services and resources that it has to offer. The MVA is jurisdictional-wide study to allow those engaged in community development activities to understand internal differences, as well as market context and diversity. Citizens and businesses can and will move within a state or to another state if they perceive the cost of residing or operating are less than the benefits and opportunities from remaining in place. Therefore, while governments have an obligation to address the needs of its low-income residents and low-income communities, it also has to provide quality services to retain the values in existing communities and continue to attract and retain residents of all income levels.

Decisions to invest and/or deploy governmental programs must be based on objectively gathered data, sound quantitative and qualitative analysis. Public administrators collect and record data on sales, foreclosure filings, permits and vacancy, these any other datasets can be analyzed to inform housing and community development policy and action. Together they provide rich information about how residents and homebuilders value places and where conditions are changing over time. This information can be an effective means to provide clear, well-reasoned, transparent rationale's for action.

Conducting the Analysis

To perform the Delaware MVA, the DSHA collected and TRF analyzed data that uniquely defines the real estate market at the Census Tract level. For this Delaware study, TRF analyzed the following variables for each Census Tract:

- Median residential sales price for housing units sold in 2012 and 2013 (Core Logic)
- Coefficient of variance, which represents the variation of sales price within a given Census Tracts, 2012-2013 (Core Logic)
- Foreclosure filings as a percentage of arms-length residential sales occurring between 2010 and 2013 **(County datasets, provided by GCR?)**
- Vacant housing units as a percentage of all housing units, (US Postal Service Vacancy, 2012)
- Owner occupied units as a percentage of all occupied housing units, 2010 (US Census Bureau)
- Residences sold that were built the years of 2009-2013 as a percentage of all residential sales occurring in 2012-2013 (Core Logic)
- Subsidized rental stock as a percentage of all rental units within the Tract, 2013 (US Department of Housing and Urban Development)
- New construction permits and development applications as a percentage of all housing units, between 2011-2012 (GCR)
- Mobile homes as a percentage of all housing units, 2012 (US Census Bureau, American Community Survey)
- Low density land area computed by assessing the density of housing as a percentage of all land area, 2010 (US Census Bureau)
- USDA Rural Subsidized Housing as a percentage of all rental units, 2014 (US Department of Agriculture)
- Agriculture preservation land as a percentage of all land area, 2013 (DE Dept. of Agriculture, data maintained by Thompson Mapping Systems Inc.)

The MVA used these variables to describe demand and the range of housing conditions within the study area. Each element represents a component of the market conditions. Sales price plays an important part of this characterization but the other dimensions are critical as well. The coefficient of variance measures the range of sales prices within a given tract, numbers closer to one, show the widest range within a given tract, while numbers closer to zero, show little variation within the tract. Places in Delaware can have a wide variation of sales price for several reasons. For example, areas in transition where older or poor condition homes sold in the same area as brand new, well-maintained homes show wide variation. It may also reflect tracts where there is wide variation in square footage with large single-family homes sold in same tract as condominium units or smaller row homes.

Permit activity for new construction and development highlights places where there is ongoing investment activity occurring. Markets with an active sales market and continued new investment, demonstrated by permit activity are stronger, stable markets. While places with few existing sales, but considerably

high percentages of new construction residential development permits show areas of new growth.

TRF also found it useful to differentiate markets dominated by new construction. TRF assessed the relative share of the market activity that was dominated by new construction by measuring the share of residences sold in 2012-2013 that were built during the years of 2009-2013.

TRF prepared a foreclosure rate as a factor in the Delaware MVA.⁶² Foreclosure filings and sales provide insight into the level of distress homeowners are experiencing within a tract. Research has shown that when significant numbers of distressed sales or concentrations of distressed sales are occurring within the market, it not only affects these property owners but the values of other properties within the area.

A foreclosure filing represents the first legal action taken by a bank when a homeowner stops making payments on their mortgage. A filing does not represent the actual loss of the home to foreclosure, but rather indicates the beginning of a process that could lead to a loss if the owner fails to satisfy back payments and resume their normal payments. Unless the payments begin again, an arrangement is made with the lender, a consumer seeks and receives bankruptcy protection or some other extraordinary event occurs, the individual will lose their home.

When many properties are for sale at the same time and demand is limited, then the value of each property is reduced. While foreclosure filings may not be visible from the exterior of the home, TRF considers the presents of foreclosure filings as a significant factor to consider in the stability of the market and therefore includes it in the MVA analysis. Because foreclosure filing data was not consistently captured during the study period, TRF used a combination of foreclosure filings and foreclosure sales to create the annual rate for each Census Tract.

Vacancy in the MVA analysis is a means for measuring the level of abandonment that is occurring within the market. Where vacancy, not due to season occupancy is high, property owners may find few interested buyers and limited financial options for maintaining their existing property. Investors may find challenges in covering the cost to rehabilitate properties and generating a profit from the sale. Vacant land may provide an opportunity for redevelopment but oftentimes in highly distressed areas, it is a challenge because it is not a contiguous parcel ready for development.

Subsidized Rental Housing (HUD or USDA) in this analysis includes special needs, multi-family and senior housing developments as well as the utilization of housing vouchers, but it does not include Low-Income Housing Tax Credit units. It represents the percentage of subsidized rental units relative to all rental-housing units. In the MVA study, subsidized housing units is included to generally understand dimensions of the rental market. Our experience has shown that high concentrations of subsidized housing reflect a distressed part of the real estate market, while vouchers can be associated with higher quality rental options for low-income households in those areas. Housing Authorities are required to ensure that voucher units meet HUD Housing Quality Standards this ensures that units meet some minimal condition standards.

To identify tracts that had low housing density TRF summed the area of the blocks within each Census Tract that had fewer than one housing unit or development application per ten acres. This measure represents the percentage of a Census Tract's entire area that is made up of these low density blocks. Census Blocks that have no land area (all water) are excluded from both the numerator and denominator in this calculation.

The agricultural preserved lands variable assesses the percentage of land that is protected from development relative to the total land area. Properties included in the Delaware's agricultural preservation program are designated as such in the statewide land-use plan. Research has shown that the presence of preserved land in markets impact market demand. In areas where land has been preserved the remaining land available for developers to build new subdivisions or housing complexes on current farmland is constrained.

Mobile homes have a significant presence throughout Delaware. In various parts of the state, mobile homes are part of the existing available residential stock. Mobile homes are located within larger mobile home communities, particularly in the southern two counties, for both seasonal and year-round use. Mobile homes are also found on single parcels of land, as owner occupied units or as rental properties. While mobile homes represent a variety of neighborhood conditions, they are considered in a different asset class than site built homes and generally depreciate in value overtime, rather than a housing structure which is more likely to appreciate in value over time.

Delaware MVA Results

Table 32: Delaware's MVA Housing Market Characteristics

Cluster	# Tracts	Median Sales Price 2012-2013	Variance Sales Price 2012-2013	Foreclosures 2010-2013 by Sales	% Vacant Housing Units, 2013	% Owner Occupied, 2010	% Residences Built 2009-2013 by Sales	% Subsidized Rental Housing, 2013	% New Construction & Development Applications, 2011-2012	% Mobile Homes, 2012	% Land Area with Low Population Density, 2010	% Agriculture Preservation Land, 2013	% USDA Rural Subsidy, 2014
A	18	\$450,718	0.61	14.00%	3.16%	75.02%	3.82%	1.41%	2.38%	4.70%	34.10%	0.94%	0.67%
B	44	\$263,825	0.35	29.05%	0.71%	82.79%	2.03%	1.04%	2.14%	4.03%	12.37%	0.34%	0.00%
C	17	\$245,504	0.56	30.22%	0.62%	84.93%	26.31%	0.29%	24.04%	10.80%	49.76%	6.93%	0.00%
D	16	\$164,880	0.66	53.97%	0.52%	81.83%	8.25%	1.54%	1.84%	17.62%	79.06%	26.52%	4.64%
E	46	\$162,770	0.44	56.58%	2.31%	66.76%	2.58%	2.06%	2.51%	7.10%	13.17%	0.10%	0.74%
F	40	\$154,318	0.58	59.99%	1.80%	69.51%	3.26%	1.73%	2.39%	11.83%	66.75%	4.13%	6.06%
G	21	\$105,805	0.70	65.79%	4.30%	45.41%	0.27%	19.51%	0.73%	0.78%	26.65%	0.25%	0.67%
H	11	\$34,304	0.88	80.00%	9.98%	46.79%	1.12%	4.78%	0.47%	0.63%	31.12%	0.00%	0.00%
Not Classified	5	Null	Null	Null	Null	Null	Null	Null	Null	Null	Null	Null	Null
Study Area	218	\$198,837	0.54	47.75%	2.28%	70.73%	4.71%	3.41%	3.79%	7.28%	34.96%	3.52%	1.73%

Table 33: Census Characteristics of Delaware's MVA Market Types

MVA Cluster	Households		Owner Occupied		Renter Occupied		Housing Units		Population		Sales Price 2012-2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Median	Average
A	19,964	6.7%	14,736	7.0%	5,228	6.0%	36,215	10.3%	47,655	6.3%	\$450,718	\$524,424
B	69,446	23.4%	56,466	26.9%	12,980	15.0%	77,845	22.1%	179,839	23.6%	\$253,825	\$256,582
C	28,112	9.5%	23,980	11.4%	4,132	4.8%	38,767	11.0%	71,841	9.4%	\$245,504	\$252,794
D	18,323	6.2%	15,023	7.1%	3,300	3.8%	20,462	5.8%	48,664	6.4%	\$164,880	\$176,545
E	72,196	24.3%	47,833	22.8%	24,363	28.1%	80,485	22.8%	184,595	24.2%	\$162,770	\$168,498
F	52,614	17.7%	35,858	17.1%	16,756	19.3%	58,006	16.4%	136,062	17.9%	\$154,318	\$162,841
G	24,609	8.3%	11,434	5.4%	13,175	15.2%	27,423	7.8%	59,105	7.8%	\$105,805	\$117,907
H	10,625	3.6%	4,909	2.3%	5,716	6.6%	12,479	3.5%	30,718	4.0%	\$34,304	\$51,133
Not Classified	1,092	0.4%	5	0.0%	1,087	1.3%	1,134	0.3%	3,417	0.4%	Null	Null
Study Area Total	296,981		210,244		86,737		352,816		761,896		\$197,994	\$211,985

TRF identified eight distinct housing markets within the state of Delaware and five Census Tracts that could not be classified into one of these groupings. In the Delaware MVA analysis, TRF excluded Census Tracts with fewer than five sales because without a representative sample of transactions, we are unable to produce a stable estimate of the market value of real estate. Below are descriptions of the eight markets with their attributes:

Market Type "A" (Blue): contains 18 of the state's 218 Census Tracts. It is home to 6.3% of the 2010 population and 10.3% of the housing units. The median sales price is \$450,718, more than twice the statewide median. "A" markets in Delaware have high median home sale prices with above average rates of owner occupancy. We observe some publicly assisted rental housing from the US Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA) in these markets. Foreclosure rates are lowest in these markets, while vacancy is slightly above the statewide average. There exists a minimal amount of agriculture preservation land in these areas. Relative to other market types, residences built since 2009 and new construction and development applications are shown to be just slightly below average.

Market Type "B" (Dark Purple): contains 44 of the state's 218 Census Tracts. It is home to 23.6% of the 2010 population and 22.1% of the housing units. "B" markets in Delaware have higher than average home sale prices, median price are \$253,835 with much higher than average owner occupancy rates. In B markets, there are few low population density land areas, only 12.37% of the land within the tracts are of this type. USDA rural assisted rental housing units are not found in this market type and the percentage of HUD assisted rental housing units is below the state average. Foreclosure rates as a percent of sales more than double from "A" to "B" markets. The number of residences built since 2009 in these markets are less than half the state average. New construction and permit applications are also lower than the Delaware average. "B" markets represent well-established, stable, developed suburban areas, characterized by stable housing stock.

Market Type C (Light Purple): contains 17 of the state's 218 Census Tracts. It is home to 9.4% of the 2010 population and 11.0% of the housing units. "C" markets have similar average home sale prices to those of "B" markets at \$245,504, which are well above the statewide average, but "C" markets are distinguished by their very high rates of residences built since 2009. These are newly developed areas, demonstrated by the high number of new construction and development applications. Owner occupancy rates in "C" markets are the highest in the state at 84.93%. Publicly assisted rental housing is the lowest in this market category, which has low rental opportunities overall. Land area with low population density and agriculture preservation land are both higher than average in the "C" markets. During the study period, these areas have been among the most rapidly developing residential markets in the state of Delaware.

Market Type D (Red): contains 16 of the state's 218 Census Tracts. It is home to 6.4% of the 2010 population and 5.8% of the housing units. "D" markets in Delaware have home sale prices closest to, but slightly below, the statewide average at \$164,880. Mortgage foreclosures as a percent of sales are significantly above the prior market types at 53.97%, which is above the statewide

average as well. Owner occupancy rates are in the upper tier of all market types. "D" markets have more than seven times the percent of agricultural preservation land than the Delaware average and are the least densely populated areas by a wide margin. These markets also contain the second highest percent of USDA rural assisted rental housing. Vacancy is the lowest in "D" markets, while the rate of mobile homes at 17.62 is much higher than in any other market type. The rate of residences built since 2009 is the second highest across the state. In summary, "D" markets are middle markets, characterized by rural residential areas interspersed with clusters of mobile housing. Foreclosure sales dominate this high owner occupancy market.

Market Type E (Pink): contains 46 of the state's 218 Census Tracts. It is home to 24.2% of the 2010 population and 22.8% of the housing units. Home sale prices in "E" markets are \$162,770 this is close to those of "D" markets, just below the statewide average. Foreclosures as a percentage of sales are 59.99%, which is similar to the elevated levels in "E" markets, but here owner occupancy rates fall below average. Vacancy rates are near the statewide average. Publicly subsidized rental is below average, both for HUD-based and USDA-based programs. "E" markets are distinguished by having one of the lowest percentages of land area with low population density and a low percentage of agriculture preservation land. A typical "E" market in Delaware represents middle markets with high density. These are typically found in urban and suburban areas.

Market Type F (Tan): contains 40 of the state's 218 Census Tracts. It is home to 17.9% of the 2010 population and 16.4% of the housing units. Sale prices in "F" markets drop substantially below the Delaware average to \$154,318. Foreclosure rates are high, though vacancy is below average in these areas. The highest rate of USDA rural subsidy is found in "F" markets; while the presence of HUD-based rental assisted housing is below average. Land area with low population density is second highest in the "F" market category, and percentage of agriculture preservation land is slightly above the statewide average. Mobile homes as a percent of housing units are the second highest in "F" markets. These markets constitute both rural and suburban areas, including central and western Sussex County as well as the outer suburban ring of Dover. The rural composite "F" markets are generally areas with lower population density, but are also distinguished by a relatively low percent of agriculture preservation land. "F" markets also include areas of New Castle County that have lower population densities, due to their proximity to major transportation corridors and the industrialized Delaware riverfront. "F" markets are the bottom of the middle market, which make them particularly exposed to negative macroeconomic forces and housing instability.

Market Type G (Orange): Contains 21 of the State's 218 Census Tracts and is home to 7.8% of the 2010 population and 7.8% of the housing units. Home sale prices in "G" markets are among the lowest in Delaware with median prices at \$105,805, although the variability in those price ranges (represented by sales price variance) is above average .07. Owner occupancy rates are the lowest in Delaware, while foreclosure sales and vacancy rates are among the highest—second only to "H" markets. "G" markets are distinguished by the highest rates of HUD-based assisted rental housing, with a percentage nearly six times the state average. Rates of new construction and development applications and of residences built since 2009 are well below state averages. In addition, rates of land area with low population density, agriculture preservation land and

USDA rural subsidy are all below Delaware averages. Therefore, "G" markets can be characterized as areas that are experiencing distress.

Market Type H (Cream): Contains 11 of the state's 218 Census Tracts. It is home to 4.0% of the 2010 population and 3.5% of the housing units. "H" markets have a median sales price of \$34,304, which are the lowest of any cluster type in Delaware. Along with "G" market types, "H" markets have among the lowest owner occupancy rates in the state. Foreclosure sales and vacancy are highest in "H" markets. These places also contain above average amounts of HUD-based assisted rental. Residences built since 2009 are less than one-fourth the Delaware average and new construction and development applications are well below the state average. All "H" markets are found within the boundaries of the City of Wilmington. These are very distressed urban markets.

MVA Summary

The strongest and most stable markets in Delaware are generally the A to C markets; these areas constitute 39.6% of the households and 39.3% of the residents of the state. Most Delaware residents live in the middle markets, which include the D to F markets, representing 48.2% of the households and 48.5% of the populations. The areas of distress relative to other parts of the state are identified in the MVA as the G and H markets, these areas have smallest share of the state's population constituting 11.9% of all households and 11.3% of all housing units. G markets exhibit the highest percentage of subsidized rental housing units. TRF found that in the areas of Delaware with low population density and high percentage of agricultural preserved land, the value of and the demand for the existing housing stock was higher.

KEY ISSUES:

- Substandard housing is defined as homes that are vacant and abandoned; homes that are occupied but are in unlivable conditions; and homes that are occupied and in disrepair.
- Delaware has a large number of substandard homes within its rural communities and within Wilmington
- There are approximately 2,000 vacant and abandoned homes in Delaware; 2,700 homes that are occupied but in unlivable condition; and 13,500 occupied homes in disrepair, totaling more than 18,000 housing units are estimated to be substandard.
- Rural communities, mobile home communities, and high poverty urban neighborhoods within Wilmington have the greatest number of substandard housing units.
- The substandard housing assessment includes an analysis of housing stock by Census Tract, and identified the Census Tracts most likely to have a disproportionate share of substandard housing units.

Section 6: Substandard Housing Assessment

Delaware has a recognizable problem with blight and a deteriorating housing stock. This is particularly acute in low income communities where homes are relatively old (like Wilmington) and in manufactured home or mobile home communities catering to very low income households that are disbursed throughout the state but are largely concentrated in the south.

The age of a home and the income of its occupant are the primary indicators for substandard housing. Much of Delaware's housing stock is at the age considered to be "past its useful life" and likely in need of substantial repair to maintain its value. Approximately 15% of all homes were built before 1950, and another 36% were built between 1950 and 1980. In total, over half of all homes in Delaware are over 30 years old, which is a standard life cycle for homes before requiring substantial rehabilitation. These older homes are most at risk of deterioration, particularly in lower income communities with limited financial resources to make repairs. Areas that represent older housing stock and have a concentration of low income households are identified as potential clusters of substandard housing for the purpose of this report.

The purpose of the substandard housing analysis is to estimate the number of homes that are in substandard condition by severity of the condition, and to identify areas most likely to have a concentration of substandard housing.

Past Studies

It is often financially difficult for homeowners with low incomes to maintain their homes over time, leading to postponed maintenance, substandard housing conditions and, without some kind of repair or demolition, blight and abandonment. This is true for both owner-occupied homes and rental housing. For many low income homeowners, the costs to repair aging homes is too costly; and in cases where home values are depressed, the costs of repair do not add sufficient home value to warrant investment. For low cost rental housing, the rents are not always sufficient to pay for utilities, taxes and regular maintenance, leading to disrepair over time.

Much of the substandard housing in Delaware occurs in the private market – that is, in homes owned by private individuals and landowners without the assistance of federal subsidy programs. Homes that receive public subsidies for development or operations are financed to include sufficient maintenance and repair reserves, and almost all subsidized housing programs must meet quality standards through an annual inspection or are at risk of losing their government assistance. As a result, public housing, Project Based Rental Assistance, homes under the Housing Choice Voucher Program (Section 8) and tax credit properties are generally well-maintained. The homes most at risk of physical decline are the homes occupied by low income households without government financial support or oversight.

To estimate the extent of substandard housing, the Delaware State Housing Authority has previously commissioned robust field surveys that lead to estimated counts of substandard housing classified by the severity of the substandard conditions. In 2003, the last study to complete a field survey, the DSHA conducted 19,000 surveys of building conditions to assess housing conditions throughout the state, classified as sound condition, not in need of repair; moderate condition, not in need of imminent repair but showing signs of deterioration; substandard, in need of repair; and vacant and abandoned, in need of substantial repair or demolition. The 2003 analysis resulted in an estimated 13,183 substandard units.

In the last Housing Needs Assessment conducted in 2008, the DSHA updated the 2003 survey using an estimate of what had occurred to the housing stock over the past five years. This included an assumption on how many units had deteriorated (or “slipped” from moderate condition to substandard condition over a five-year period), how many substandard units that had been demolished since 2003 as part of blight removal through code enforcement activities, and how many substandard units had been rehabilitated, as indicated by building permit data and interviews with housing stakeholders. Therefore, the 2008 estimate uses the 2003 survey data, adjusted for an estimated increase and/or decrease of substandard units.

The 2007 analysis estimates there were 12,949 substandard housing units, broken down as follows:

Table 34: Substandard Housing Estimate from 2008 Delaware Housing Needs Assessment

	New Castle	Kent	Sussex	Total
Rental Housing	3,139	528	1,147	4,814
Owned Homes	4,530	679	2,926	8,135
Total	7,669	1,205	4,073	12,949

Source: Delaware Statewide Housing Needs Assessment, 2008-2012

This represented a decrease on overall substandard housing units by a little over 100 units, which is attributed to a more active code enforcement, leading to an increase in demolition of substandard housing, combined with rehabilitation of substandard homes, particularly owner-occupied homes in Kent County, and rental housing in all counties.

2013 Housing Needs Assessment

This housing assessment addresses substandard housing conditions using data provided by the HUD's Comprehensive Housing Affordability Strategy, the U.S. American Community Survey (ACS), and the U.S. Postal Service, along with field verifications within communities identified as having probable concentrations of substandard housing.



Vacant and Abandoned

First, the analysis estimates the number of vacant, abandoned homes using the most recent ACS data for vacant homes. The Census classifies vacant homes under multiple categories to include homes that are on the market (for rent or for sale), homes that were on the market but recently leased or sold, but the new residents have not moved in yet; homes that are seasonal, including vacation homes; and a category referred to as "Other". It is this category that is usually associated with homes that are vacant or abandoned.

According to a U.S. Census survey devoted to this "Other" category of Vacancy, approximately 20% of these homes are vacant because they are abandoned or in need of repair.⁶³ This analysis uses this percentage as a guideline for determining vacant, abandoned homes.

Based on the ACS data, there are an estimated 10,179 vacant homes classified as "Other" by the Census, and an estimated 2,036 vacant and abandoned homes in Delaware.

Table 35: Estimated Vacant and Abandoned Homes

County	Rental	Ownership	Total
New Castle	233	558	791
Kent	149	389	538
Sussex	142	564	706
Total	524	1,512	2,036

Source: American Community Survey, 2007-2011

Unlivable Conditions

This study estimates the number of homes that are currently occupied but determined to be unlivable using HUD's definition of substandard conditions. The figures represent HUD's estimate of "inadequate" housing available through its CHAS data, a standard dataset published by HUD to support state and community housing plans. The universe of "inadequate" homes includes homes that lack adequate kitchen facilities (sink, stove and refrigerator) and/or adequate bathroom facilities (sink, toilet and tub or shower). It does not include homes that may be occupied and are unlivable in other ways but which there is no data available. Therefore, homes that lack a complete roof, have improper ventilation, are without insulation, or pose health concerns due to fire risks, asbestos or lead, are likely not accounted for in this analysis.

Based on the HUD CHAS data, there are 2,703 homes that are currently occupied by families but lack basic kitchen and plumbing facilities.



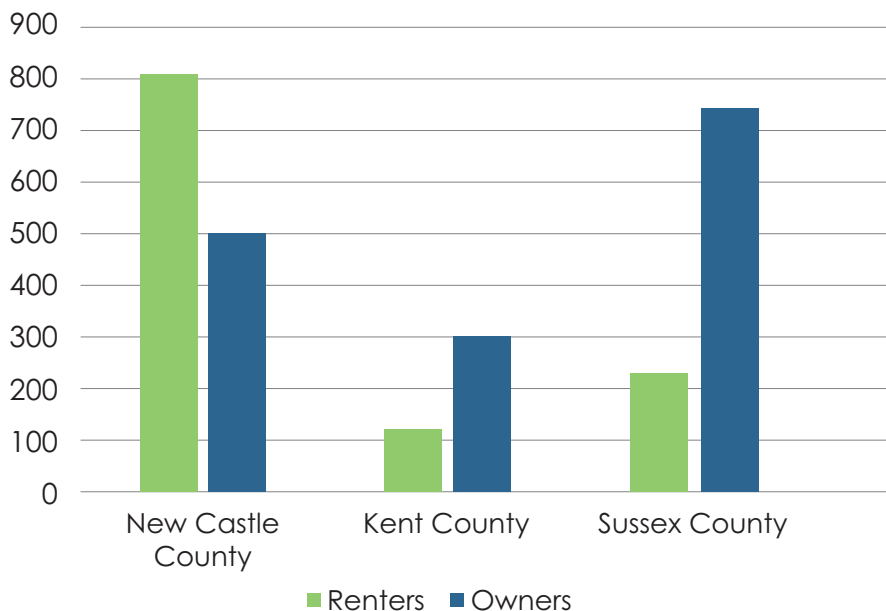
Table 36: Estimated Number of Households Living in “Unlivable” Conditions (without basic kitchen or bathroom facilities)

County	Renters	Owners	Total
New Castle	809	500	1,309
Kent	120	301	421
Sussex	228	745	973
Total	1,157	1,546	2,703

Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

When we analyze the data at the submarket level, we see that North New Castle County has a large number of rental units without a kitchen and/or bathroom, while Sussex County (East and West) has the largest share of homeowners in the same circumstance. Of particular note, there are a large number of homeowners earning above 100% AMI that live in unlivable conditions. It is likely (due to the large number of manufactured home beach communities) that some homeowners choose to live under these circumstances.

Occupied Homes that are “Unlivable”



Source: HUD Comprehensive Housing Affordability Strategy, 2006-2010

Livable but Poor Condition

The current housing needs assessment does not include a comprehensive field survey of substandard housing, which requires conducting windshield surveys or unit inspections within a significant sampling size of housing units by area. Without a comprehensive survey, the assessment estimates the number of

housing units in Delaware that are in substandard condition but still livable. This category of housing generally describes homes that do not lack kitchen or plumbing facilities, but show obvious signs of repair needs. This includes broken windows, damaged roofs, compromised foundations, and excessively deteriorated paint and/or mortar issues seen on the façade of homes.

For the purpose of this analysis, substandard housing is estimated based on national trends for housing categorized as having “moderate physical problems” which includes moderate plumbing, heating, upkeep and kitchen problems. The data is based on the Census 2010 Housing Survey using the percentage of units found to have moderate physical problems for urban areas, non-urban metropolitan areas and rural areas.

Based on this analysis, there are an estimated 13,583 homes with moderate physical issues, classified as livable but in poor condition.

Table 37: Estimated Number of Homes in Livable but Poor Condition

County	Renters	Owners	Total
New Castle	2,869	6,618	9,488
Kent	465	1,212	1,677
Sussex	518	1,899	2,418
Total	3,853	9,730	13,583

Source: U.S. Census Housing Survey 2010

When we account for the vacant and abandoned homes, occupied homes in unlivable condition, and homes that are livable but in poor condition, there is an estimated 18,322 substandard homes in Delaware.

Table 38: Estimated Substandard Housing Units

County	Renters	Owners	Total
New Castle	3,912	7,676	11,588
Kent	734	1,903	2,636
Sussex	888	3,209	4,097
Total	5,534	12,788	18,322

It should be noted that this figure is higher than the 2008 estimate by approximately 6,000 units but it does not represent a rapidly deteriorating housing stock over a five-year period. Instead, the current analysis uses a different data set that includes a more detailed questionnaire of interior



housing issues, and therefore likely accounts for substandard homes that were not identified in the 2003.

Targeted Areas of Substandard Homes

To augment the substandard housing analysis, we have identified areas where there is likely a high number of substandard housing units and where public assistance for home repairs and demolition may be particularly needed. This is defined as Census Block Groups where household incomes are low, there is evidence of high vacancy rates, and there is a relatively substantial number of substandard housing stock. The Block Groups were assigned a score of 1 to 5 based on these factors and aggregated. The analysis was geocoded and mapped to identify these potential targeted areas, as seen below:

Score	1	2	3	4	5
Poverty	<5%	5%-15%	15%-20%	20%-25%	>25%
Vacancy	<25 units	25-49 units	50-74 units	75-100 units	>100 units
Older Homes	<25%	25-40%	40-60%	60-80%	80%-100%
Homes with Conditions				1-2%	>2%

Source: GCR Inc.

Using the ACS estimates, there are 33 Block Groups that likely need public assistance and/or public intervention to address substandard housing, with a total of 19,607 occupied housing units within these Block Groups.

To estimate the number of substandard units within these Block Groups, planners conducted field surveys (windshield and online surveys) within 10 blocks within each county in October 2013 and April 2013, for a total of 30 blocks and 1,270 housing units. The survey examined homes that appear to be occupied but show obvious signs of needed repair.

Based on this analysis, an estimated 7.8% to 14% of the units within targeted Block Groups are substandard, equivalent to 1529 to 2745 units. This figure is a subset of the substandard housing estimates in this report, and represent the estimated substandard units located in areas that indicate high poverty and distress. These areas may provide guidance to local non-profit organizations or housing agencies for targeting specific areas for demolition and rehabilitation activity.

Areas of Concern for Substandard Housing

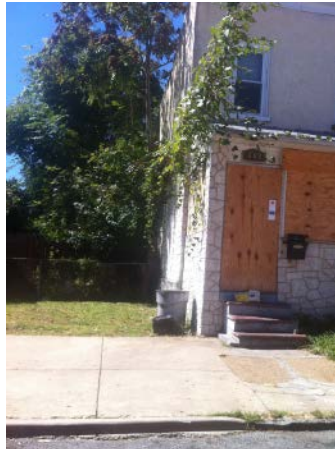
Through field surveys and interviews with community housing representatives, we have identified specific areas that have a large concentration of substandard housing. These areas can be classified as a) distressed urban neighborhoods; and b) pockets of rural poverty.



Distressed Urban Neighborhoods

The largest concentration of substandard housing within urban communities is located within the City of Wilmington, particularly east of Highway 13 and west of Washington Street. These neighborhoods have a high concentration of poverty and minority populations, notably African American and persons of Hispanic descent.

The substandard housing in Wilmington is found within dense neighborhoods of older row homes and multi-family developments, including public housing and other subsidized rental housing. Substandard housing is typically seen in blighted or deteriorating row homes. The more severe cases of blight pose health and safety risks to adjacent properties, with overgrown vegetation attracting vermin and falling foundations compromising the structural integrity of connected properties. Additionally, there are homes in disrepair owned by low income homeowners or small-scale landlords in the private market. The larger subsidized properties appear to be well maintained.



Field surveys indicate rehabilitation activity sponsored by community based organizations. This includes civic associations in Hedgeville, Bayard Square, Compton and West Side, and community development work from United Way and Habitat for Humanity. Combined with county and state-sponsored housing programs and code enforcement, these groups have access to resources to rehabilitate substandard housing.

Rural Substandard Housing

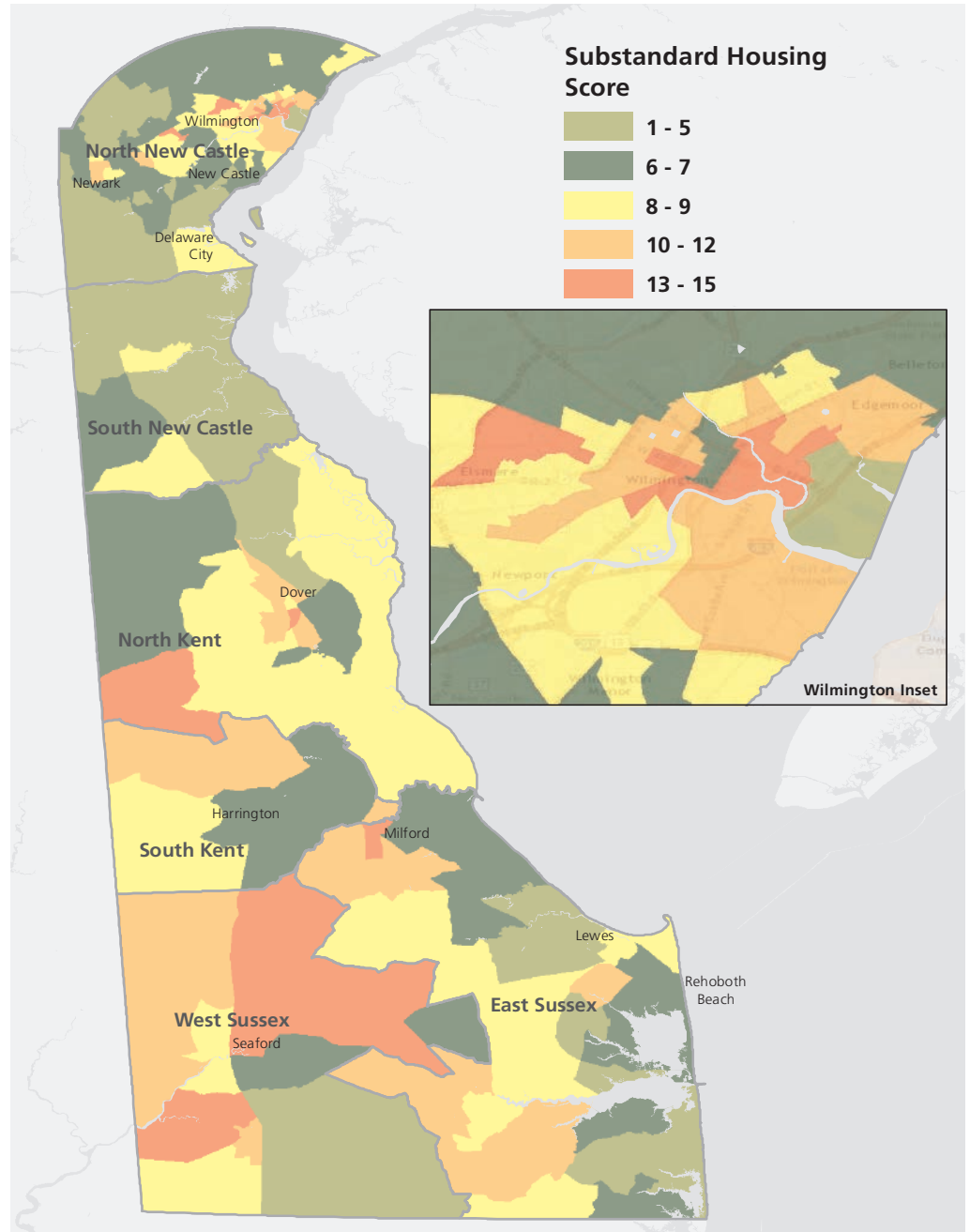
The southern portion of Kent County and western Sussex County have a high concentration of rural, substandard housing. These substandard homes are typically located in “pockets”, or small neighborhoods isolated from the main highway, where a very large percentage of the homes are substandard. The most common issue is with mobile home communities located in a secluded area off a county road, not generally visible to the community they are within and thus easier to ignore.



Source: GCR

Based on field surveys, many of these mobile home communities are severely distressed, with the majority of homes in substandard condition, limited sewage and water systems, and unnavigable dirt roads. These pockets are typically small, with a median size of 55 units. This means the information on the location of these areas is not apparent in the Census data, where Block Groups typically

have more than 1,000 people. The State has made an effort to document all manufactured home communities, which will be useful in potentially targeting areas for revitalization.



Map 10 Estimated Concentrations of Substandard Housing Units by Census Tract

Source: GCR Inc. using data provided by the American Community Survey, 2007-2011. Areas shaded in brown are estimated to have the least likelihood of substandard housing; areas in red are estimated to have the highest likelihood of substandard housing.

Additionally, there is a longstanding Strong Communities Initiative, originally developed by the State to help numerous isolated, unincorporated, historically minority and low-income rural communities to engage in self-directed commu-



nity development. Like the mobile home communities mentioned above, these communities are also often too small to be reflected in Census data. Over the years, this program has grown to include approximately 20 communities in all three counties, with the majority located in Sussex County. Based on the field surveys, many of these communities have a disproportionately large number of substandard housing. As a result of its 2012 Voluntary Compliance Agreement, Sussex County is embarking on a study of ten of these communities in rural areas of the County, including the designated Strong Communities. The study, under development as of the time of this report, is expected to analyze the housing, infrastructure and community development needs and desires of the communities to inform County planning.

KEY FACTS:

- Homelessness is a persistent issue that is difficult to address because of limited resources and supportive services needed for mental and physical disabilities. On any given night, an estimated 1,400 to 1,800 persons are surveyed as homeless in Delaware, with overall homeless estimate of 8,350 persons annually. The types of homeless persons include the chronically homeless, war Veterans, persons with alcohol and drug addictions, and families with children.
- There are also many persons at risk of becoming homeless, including recently released felons, victims of domestic violence, and youth aging out of foster care. There are non-profit organizations specifically designated to mitigate potential homelessness through job placement services and temporary and permanent housing solutions.
- Special needs populations include persons who need supportive services within their homes to lead healthy and functional lives. This include low income persons with HIV/AIDS who may need specialized healthcare, along persons with physical or cognitive disabilities.
- Delaware is shifting from institutional care to permanent supportive housing and group homes more integrated with neighborhoods.
- Seniors will have increasing housing needs as they age. This includes affordability issues with utilities and repair costs; and physical mobility challenges as disability rates increase. Utility and repair assistance, and aging in place programs, will become important for addressing these needs.
- There are additional housing needs among farm laborers and migrant workers, a significant demographic group in rural areas of Sussex and South Kent counties.

Section 7: Special Needs Populations

This section of the Housing Needs Assessment summarizes the housing needs for special population groups within the State of Delaware. The analysis includes a review of data and current publications, as well as interviews of key stakeholders including: residential developers, nonprofit organizations, service providers, and state and local agencies who work with special needs populations. The section provides a snapshot of the housing difficulties for special needs populations and provides state and local jurisdictions with information to coordinate the use of Federal, State and local resources.

The following sections specifies the housing needs of the following Populations with Special Needs:

- Homeless
 - Chronically Homeless
 - Veterans
 - People with Mental Illness and/or Substance Abuse
 - Children and Families
- At Risk of Homelessness
 - Released Felons
 - Victims of Domestic Violence
 - Youth Aging out of Foster Care
- Persons with HIV/AIDS
- People with Physical & Developmental Disabilities
- Seniors
- Migrant & Seasonal Farm Workers

Special Needs Housing

The U.S. Department of Housing and Urban Development (HUD) defines special needs as: frail and non-frail elderly, persons with physical disabilities, homeless persons and persons at risk of becoming homeless, persons with mental or behavioral disabilities, persons with HIV/AIDS, or persons with alcohol or drug addictions. Special needs housing targets these populations, using Federal, State and Local funds to create more opportunities for independent living.

Special needs housing provides an alternative living arrangement for individuals who are unable to live independently without care, supervision or support because of age, disability, substance abuse, mental illness, chronic homelessness or other circumstances. Supportive housing programs assist these individuals with daily life and also offer access to case management, housing support, vocational, employment and other services for clients (and client families) transitioning to independent living. Those Federal Programs working to address special needs housing may include:

U.S. Department of Housing and Urban Development (HUD):

- **HUD-Veterans Affairs Supportive Housing (HUD-VASH):** The HUD-VASH program utilizes Housing Choice Voucher (HCV) rental assistance for homeless Veterans, pairing the voucher with case management and clinical services provided by the Department of Veterans Affairs (VA). VA offers these services to participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics.⁶⁶
- **Supplemental Security Income (SSI):** The SSI program pays benefits to disabled children and adults who have limited income and resources. Those individuals who have worked long enough to receive Social Security or retirement benefits are also eligible to receive SSI.⁶⁷
- **Housing Opportunities for Persons with AIDS (HOPWA):** HOPWA is the sole Federal program dedicated to the housing needs of people living with HIV/AIDS. Through HOPWA, HUD makes grants to local communities, States, and nonprofit organizations for projects that benefit low-income persons living with HIV/AIDS and their families.⁶⁸
- **Section 811 Supportive Housing for Persons with Disabilities (Section 811):** Through Section 811, HUD provides funding to develop and subsidize rental housing with supportive services for very low- and extremely low-income adults with disabilities.⁶⁹
- **Section 202 Supportive Housing for the Elderly (Section 202):** The Section 202 program works to expand the supply of affordable housing with supportive services for the elderly. The program provides those very-low income elderly persons with residential options that enable them to live independently in an environment that assists them with cleaning, cooking, and transportation.⁷⁰
- **The HOME Investment Partnerships Program (HOME):** The HOME Program provides formula grants to States and localities that communities may use to fund a wide range of activities including building; buying or rehabilitating affordable housing for rent or homeownership; and providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.⁶⁴
- **Low Income Housing Tax Credits (LIHTC):** The LIHTC Program is an indirect Federal subsidy used to finance the development of affordable rental housing for low-income households.⁶⁵ While not originally intended to reach extremely low-income households or target special needs populations, in the absence of other resources many states now target some LIHTC to special needs households.

Special needs housing offers accessibility options and/or supportive services to individuals who would experience difficulty living on their own. Nearly half of all residents of HUD-funded housing have developmental disabilities and more than 20% have a chronic mental illness. Without onsite services through Federal, State and local programs, most residents would face challenges living on their own.

Most residents in special needs housing have average annual incomes of less than \$6,500, which creates often insurmountable challenges when finding affordable housing in the private market.⁷²

Stakeholder Engagement

This report relies on the vast experience and commitment to addressing special needs populations in Delaware by government agencies, nonprofit organizations, service providers and affordable housing developers. In addition to our stakeholder survey described below, this section utilizes interviews, reports and program evaluations provided by stakeholders to assemble a special needs assessment that covers the State of Delaware.

The survey included approximately 30 questions regarding program funding, development information (location, number of units), households served, types of special needs and other services provided, and community resistance to housing development (known as "Not in My Backyard," or "NIMBYism"). The results of the survey are distributed within the special needs section of this report. The remainder of this section is divided into targeted special needs populations.

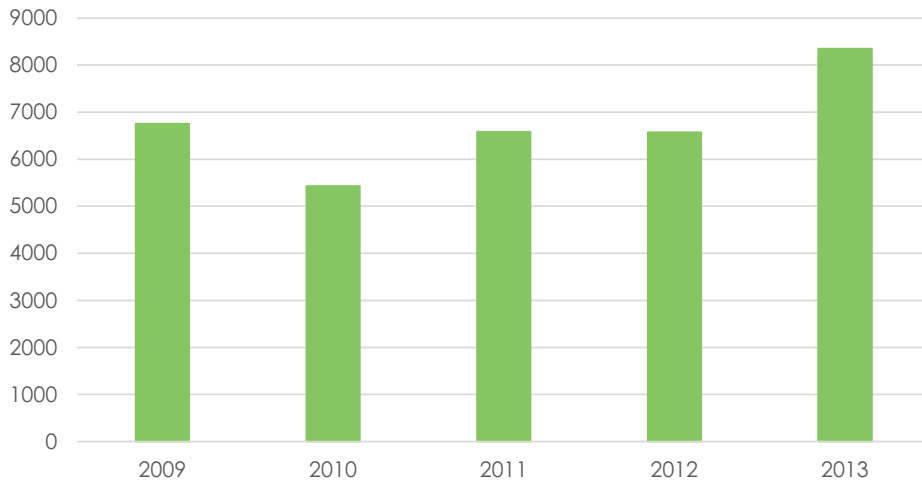
The Homeless & Those at Risk of Experiencing Homelessness

Homeless

HUD defines homelessness as the condition facing someone who is sleeping in a place not meant for human habitation or in an emergency shelter; or a person in transitional housing for homeless persons who originally came from the street or an emergency shelter.⁷³

On January 29, 2013, the Homeless Planning Council of Delaware conducted a one night count of Delaware's Population more commonly known as the Point in Time (PIT) Survey. 1,418 persons were identified as homeless on that night (this number includes those individuals in supportive housing) and some 8,353 persons were estimated to be homeless in the State of Delaware, annually. Comparatively, on that same night, 610,042 people experienced homelessness in the United States, including 394,698 people who were in sheltered locations and 215,344 persons in unsheltered locations.⁷⁴ Additionally, according to the *Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness*, as many as 1,800 people in Delaware are homeless on any given night—0.2% of Delaware's 2013 population of 925,749.⁷⁵

Annual Homeless Estimate 2009 to 2013



Source: Delaware Homeless Planning Council, 2013

Many factors contribute to homelessness, but the major ones include a lack of income, the high cost of housing, interpersonal violence, substance abuse, and disabling health conditions. While shelters provide temporary services to persons in need, access to stable, affordable housing provides stability for Special Needs populations.

People who experience homelessness face many barriers—poor credit, criminal records, behavioral issues stemming from mental illness—accompanied by insufficient transportation and overextended community services. Emergency shelters and permanent housing address homelessness, but property management and supportive services (such as asset building, primary care, mental health, and substance abuse treatment) are expensive and more present additional challenges beyond what typical property managers provide.⁷⁶

For the purpose of this discussion, the homeless population is divided into two categories: “Homeless” and those “At Risk of Homelessness.” These categories can be further divided into the following subgroups:

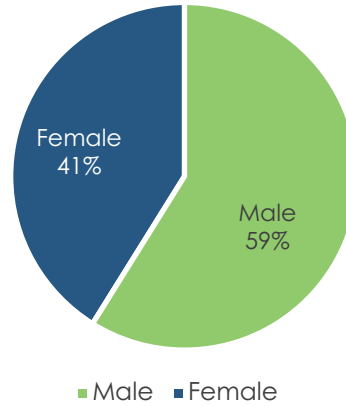
- Homeless
 - Chronically Homeless
 - Veterans
 - Families
 - People with Mental Illness and/or Substance Abuse
- At Risk of Homelessness
 - Released Felons
 - Victims of Domestic Violence
 - Youth Aging out of Foster Care

Homelessness by Gender

When examined by gender, males experience homelessness when compared to females by a ratio of 3 to 2. However, a high number of Female, Single-Parent Female-headed households are represented in the Delaware 2013 PIT

Survey results. Of the 134 households represented, 113 were Female, Single-Parent Households—a rate of 85%.

Homelessness by Gender

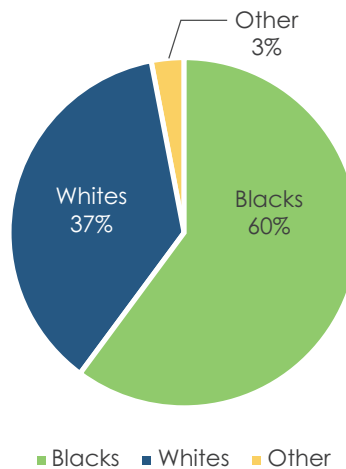


Source: Homeless Planning Council of Delaware, 2013

Homelessness by Race

African Americans continue to be overrepresented in Delaware's homeless population. African Americans represent approximately 60% of Delaware's homeless population but make up only 21% of the state's population.

Homelessness by Race



Source: Homeless Planning Council of Delaware, 2013

Discrimination of the Homeless

In 2013, the Policy Committee on Ending Homelessness in Delaware, a Working Group of the Homelessness Planning Council of Delaware, prepared a report titled, *Ending Discrimination for Delaware's Homeless*. The report shed light on the many families and individuals in Delaware experiencing homelessness, and those at risk of experiencing homelessness, who face discrimination due to their housing status, source of income and disability status while on the streets and when seeking access to housing, employment, or temporary shelter. Along

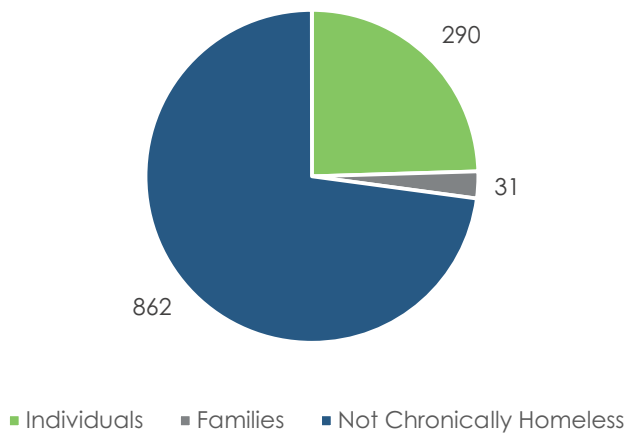
with discrimination, the criminalization of homelessness is a persistent problem in the state. For example, In the City of Wilmington, if an individual is cited for "Loitering for the Purpose of Begging" she/he can be fined up to \$750.00.⁷⁷ When an individual is experiencing homelessness and living with little to no income, these fines often accumulate and can lead to jail time when fines go unpaid.

The Homeless Person's Bill of Rights, proposed by the Homeless Planning Council of Delaware and modeled after the first Homeless Person's Bill of Rights passed in Rhode Island in 2012, would require that all temporary housing providers in Delaware comply with the American Disabilities Act and the Delaware Fair Housing Act. Moreover, the proposed Delaware Homeless Person's Bill of Rights would require housing provides and employers to treat all applicants equally, regardless of their housing status or sources of income.⁷⁸

Chronically Homeless

Chronically homeless individuals are among the most vulnerable groups within the overall homeless population. Chronically homeless individuals tend to have high rates of behavioral health problems, including severe mental illness and substance abuse disorders, along with other conditions that may be worsened by physical illness, injury or trauma. As a result, the chronically homeless are frequent users of emergency services, crisis response, and public safety systems.⁷⁹

Chronically Homeless in Delaware 2013 Point in Time Count



Source: Homeless Planning Council of Delaware, 2013

The U.S. Department of Housing and Urban Development (HUD) defines a chronically homeless person as an unaccompanied individual with a disabling condition or a family with at least one adult member who has either been continually homeless for a year or more or has had at least four episodes of homelessness in the past three years.⁸⁰

In December 2013, the Homeless Planning Council of Delaware launched its Centralized Intake system, which assists individuals and families experiencing a housing crisis, providing one number to call and housing specialists to assist on a case by case basis. The 2-1-1 service improves the state's response to people in need of housing by directing them to appropriate services and acting as co-ordinator for service referrals.⁸¹ These two actions have made significant strides

towards ending homelessness in the state of Delaware. Progress is already evident: from 2010 to 2013 permanent supportive housing units in the state of Delaware increased 51%. Permanent supportive housing gains have been most felt by the chronically homeless, with the highest number of beds going toward Individual/Adult beds.⁸²

In 2013, the Point in Time Count in Delaware showed that 24% of individuals and 3% of families were chronically homeless. Research has shown that, for chronically homeless individuals, stable housing is a key component of successful recovery.⁸³ With appropriate support, permanent housing can serve as a foundation for rehabilitation, therapy, and improved health. In 2007, the *Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* highlighted the need for development of new housing for persons who are chronically homeless or at risk of Homelessness was lifted up as one of the five recommended strategies.

The State has made significant accomplishments at preventing and ending homelessness. In 2013, the Corporation for Supportive Housing applauded Delaware's progress at preventing and ending homelessness in the state—especially among the chronically homeless.⁸⁴

Veterans

Veterans disproportionately experience poverty, unemployment and homelessness at higher rates compared to non-Veterans. Nationally, the population of homeless Vietnam-era Veterans is larger than the number of service persons who died during that war. Veterans returning from Iraq and Afghanistan are already beginning to appear among the homeless population. This new generation of Veterans faces a different set of challenges from the previous generation of Veterans, as this group differs from previous generations in many ways—including an increasing number of women, parents, and members of the National Guard.⁸⁵ Rapid re-housing and homelessness prevention strategies are critical for many Veterans experiencing homelessness. However, those Veterans with severe physical and mental health disabilities – often caused by their military service – require permanent housing with supportive services.⁸⁶

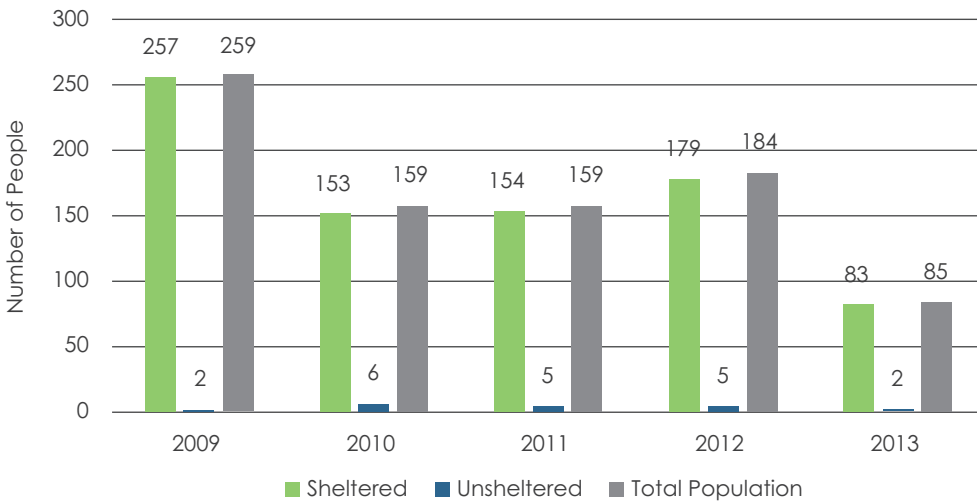
The 2012 American Community Survey counted 76,387 Veterans in Delaware. A majority of the Veteran population is male, but nationally there has been an increase in the number of homeless female Veterans. In 2010, 92% of Veterans were male, while 8% were female, and according to the Veterans Administration, a majority of Veterans in Delaware were between 45 and 64 (40%) and Over 65 years old (41%). Veterans accounted for 14% of all homeless individuals in Delaware in 2012—an increase from 11% in 2011. In the 2013 Point in Time Survey, 123 individuals identified themselves as Veterans (9% of the overall homeless population).

Since 2007, significant improvements have taken place for homeless Veterans in Delaware. In 2014, \$60 million was awarded to provide housing for 8,635 homeless Veterans—20 of whom live in Delaware.⁸⁷ The Wilmington Housing Authority in partnership with the Wilmington Veterans Affairs Medical Center received these funds through the HUD-Veterans Affairs Supportive Housing Program, which combines rental assistance from HUD with case management.

Mental Illness and Substance Abuse

Mental Illness and addictive disorders tend to disrupt relationships with family and friends and also result in the loss of employment. For persons already struggling to pay their bills, the onset or exacerbation of an addiction can then cause them to lose their housing. Many shelters require sobriety to remain housed, however the housing-first model focuses on immediate shelter and access to supportive services. Substance dependence further exacerbates problems and decreases a person's ability to achieve employment stability and get off the streets.

Chronic Substance Abuse in Delaware



Source: Department of Housing and Urban Development, 2009 to 2013

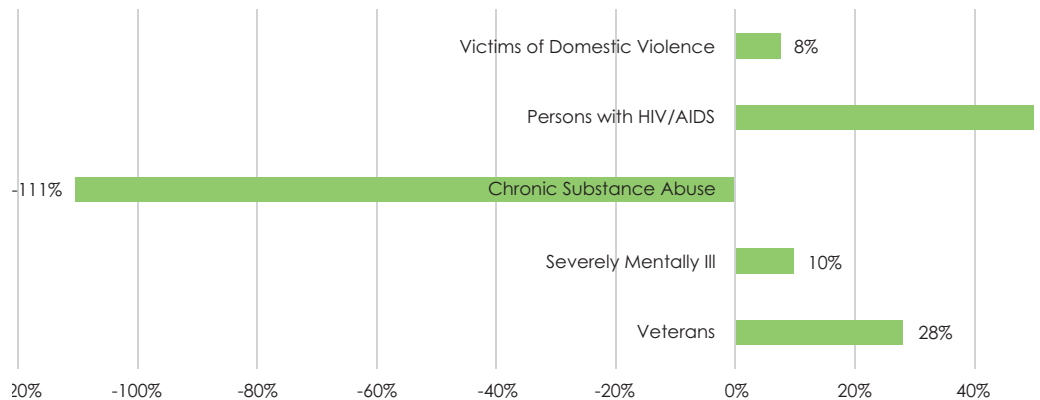
The Delaware Division of Substance Abuse and Mental Health (DSAMH) is responsible for the provision of services for persons with addictions, substance abuse, and mental health issues. DSAMH provides public drug and alcohol treatment services for adults, largely through contracts with private agencies. Outpatient services include:

- Screening and evaluation
- Outpatient counseling
- Opioid treatment, including methadone maintenance
- Continuous treatment team programs for individuals with long-term, disabling alcohol and drug dependence disorders
- Case management services offered through the outpatient counseling agencies
- Detoxification

Residential services include: short-term/variable length-of-stay treatment (30 days or less), long-term treatment, and halfway houses.

Delaware has seen a decline in the homeless chronic substance abuse population, but increases in all other homeless subpopulations.

Homeless Subpopulation Percent Change 2012-2013



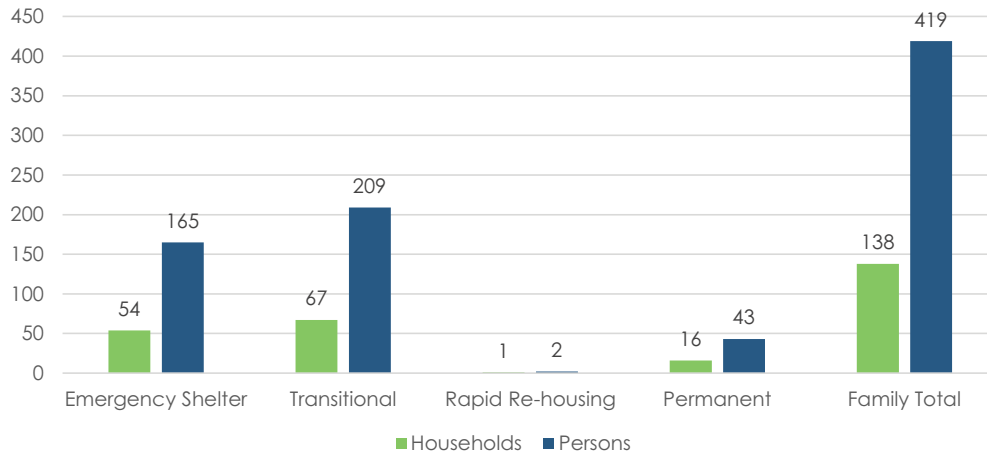
Source: Delaware 2013 Point in Time Count

While people with Chronic Substance Abuse has declined in numbers, a portion of the homeless population continues to deal with issues of substance abuse. In the 2013 PIT Survey, 206 individuals answered "Yes" to having experienced substance abuse. Additionally, 21% of service providers responding to this study's special needs survey said that they faced issues with people missing appointments due to substance abuse.

The *Ten-Year Plan to End Chronic Homelessness and Reduce Long Term Homelessness* emphasizes the state's system of outpatient substance abuse treatment, aimed at engaging and retaining persons in treatment. While these treatment efforts have proven successful in the reduction of the rate of hospitalizations and incarcerations, the lack of affordable housing and accessible community-based housing causes both rates to remain high. State mobile crisis service workers, as well as other DSAMH personnel, have been aggressively training and working with state law enforcement personnel to comply with the Olmstead decision of the Supreme Court (1999) and the State's Settlement Agreement with the U.S. Department of Justice.⁸⁹ Because of these efforts, mobile crisis teams are available to reach someone in crisis anywhere in the state within one hour, crisis walk-in centers have been opened, the use of inpatient services has been reduced, and other community-based services have been expanded.⁹⁰

As of the Fifth Report of the Court Monitor on Progress Toward Compliance with the Agreement U.S. v. State of Delaware (May 19, 2014), 11,131 people were estimated to be on the state's Targeted Priority Population List, the population covered by the Settlement Agreement of people with serious and persistent mental illness (SPMI). These are individuals who may be at high risk for adverse events and who are prioritized for specialized services and supports. 18% of these individuals (over 2,000) have experienced homelessness and 1,800 (16%) have had contact with the criminal justice system.

Point in Time Count, 2013



Source: Department of Housing and Urban Development

Children and Families

Homeless families possess similar characteristics to housed families living in poverty—they are overwhelmingly led by single-female parents who are typically young with limited educational backgrounds. However, some families living in poverty fall into homelessness due to unforeseen circumstances—a death in the family, lost job, or unexpected bill can create a situation where a family cannot afford to maintain housing.⁹¹ Since 2006, the state has seen a reduction in the number or persons experiencing homeless. However, the number of families experiencing homelessness has increased over the same time. This speaks to a growing need for services to meet the rising demand of homeless families. Furthermore, reports from the Delaware Department of Education identified 3,063 homeless children and youth in Delaware schools during the 2011-2012 school year.⁹² Studies show that children that experience homelessness are more likely to become homeless later in life.⁹³ It is estimated that 8,353 people, including adults and children, in Delaware experienced homelessness at some point in 2013.⁹⁴

According to the results of the 2013 Point in Time Survey (a survey of 1,418 individuals), 41% were female, 40% were members of families with at least one child and 19% were children age 18 and under.⁹⁵

Individual Assessment, Discharge and Planning Team (I-ADAPT)

The Departments of Correction, Health, Social Service, Labor, Education, Housing, developed I-ADAPT in 2009 to reduce offender recidivism by providing wrap around services to recently released felons. These services include housing referral, education, employment, and others. The I-ADAPT team provides ongoing support and case management to participants, while also creating a coordinating commission for state agencies and community organizations to reduce recidivism in Delaware.

While a majority of recently released felons live with family, those who have returned home to own or rent often find challenges when released. In FY2014, 658 I-ADAPT participants were released. 187 of these individuals did not have

a place to stay identified six months prior to their release and were referred to DSHA for assistance. Most of these people were able to secure housing prior to release. 23 contacted DSHA directly for assistance with housing and were provided a mix of referrals for shelter and rapid rehousing and rental housing search assistance.

Those who do not qualify for housing programs can work with DSHA to identify housing opportunities through resources like the state's housing search service, delawarehousingsearch.org.

Individuals at Risk of Homelessness

Released Felons

Released felons face a number of barriers that place them at a high risk of homelessness including limited income, limited prospects for employment and ineligibility for public housing. When felons are released, the approval is typically short notice and does not allow for advance planning regarding job interviews, housing, and program assistance outside of the prison system.⁹⁶

In Delaware's 2013 Point-in-Time Survey, 32% of respondents reported having been incarcerated at some point in time.⁹⁷ Homelessness and incarceration are clearly linked: a third of respondents indicate experiences with the criminal justice system. However, the stresses and pressures of re-entry can exacerbate problems, including locating a safe, affordable place to live.

According to a 2007 joint report from Stand Up for What's Right and Just (SURJ) and the Delaware Center for Justice, the majority of ex-offenders live with their family during re-entry. This arrangement is not always feasible and limited income, and inability to contribute to household expenses often strains the familial relationship.

The SURJ report also highlights a number of other housing alternatives for ex-offenders while identifying barriers that can make each option unfeasible. These include:

- *Emergency Shelter Grant Program*: This program's shifted focus on providing assistance to the chronically homeless and those with disabilities has created new categories that may not apply to ex-offenders.
- *McKinney-Veto Funds*: Shelters and transitional housing receiving McKinney-Veto funds may not house persons leaving any institutions without adequate evidence that no other alternatives exist.
- *Organizations with Limited Resources*: Organizations working to provide transitional and supportive housing for ex-offenders frequently lack sufficient financial resources to provide housing support. Moreover, as indicated by the special needs services survey, these organizations face significant NIMBY-ism and outright hostility toward any plans for establishing homes to provide temporary and longer-term housing assistance to ex-offenders.
- *Housing Choice Vouchers*: When deciding to accept an applicant who has a criminal record, landlords can choose to accept housing choice vouchers at their discretion. Additionally, depending on the nature of the crime, public housing authorities may

be required to deny housing to ex-offenders for varying periods of time. As such, even when vouchers are available to released felons, the assistance may not prove viable.

- *Lack of Official Identification:* The State Department of Corrections issues photo ID cards to offenders upon release; however, the card may not be recognized as an official form of identification by other agencies. Without identification, most ex-offenders cannot access many forms of housing. Those participating in I-ADAPT are able to get a state ID prior to release.
- *Affordability:* Affordability is the single most significant barrier for released felons attempting to access housing in the private market.

Special needs service providers indicated that released felons occasionally experience difficulty keeping their scheduled appointments with service providers due to issues with alcohol or substance abuse or limitations from their work schedule. Released felons face particular challenges related to finding and maintaining steady employment, but employment is challenging to secure without a permanent address. Penalties from missing work or missing appointments can leave felons vulnerable to repercussions that could result in their re-entry into the criminal justice system.

Released felons continue to face problems with locating housing in light of restrictive state and local laws. In February 2013, the American Civil Liberties Union of Delaware filed suit against the City of Dover on behalf of a registered sex offender who is being forced to move because he lives within 500 feet of a day care center. The City of Dover adopted Dover Code § 70-7 on April 9, 2012 which gave registered sex offenders one year to vacate their homes if they live within 500 feet of a daycare center. This highlights the continued burden placed on released felons who are sex offenders, who already face barriers to securing housing because of other factors.⁹⁸

Victims of Domestic Violence

Women are the primary victims of domestic abuse within the State of Delaware.⁹⁹ When a woman decides to leave an abusive relationship, she is typically faced with the decision to leave her home and seek shelter elsewhere. This is particularly true of women with few resources. Lack of affordable housing and long housing wait lists means that many women and their children are forced to choose between abuse at home and life on the streets. Moreover, shelters are frequently filled to capacity and must turn away battered women and their children.¹⁰⁰

The Delaware Domestic Violence Coordinating Council (DVCC) was created in 1993 to improve Delaware's response to domestic violence. The DVCC works to unite domestic violence service providers and policy level officials in order to identify and implement improvements through legislation, education and policy development. According to the DVCC's 2013 Annual Report, in 2012, the combined number of domestic violence incidents reported in Delaware in 2012 at 27,014 (This number includes criminal and non-criminal reported incidents). Additionally, the DVCC's Annual report indicated there were 612 women and children sheltered statewide (353 women and 259 children). This is a decrease from the total of 632 women and children sheltered in 2011.

On September 12th, 2012 a survey of Delaware's domestic violence program providers showed that 68 domestic violence victims found refuge in emergency shelters, 9 requests could not be fulfilled because of lack of resources, and 44% of requests for emergency shelter went unmet.¹⁰¹

More recent reports indicate that approximately 7.5% of persons experiencing homelessness reported being victims of domestic violence.¹⁰²

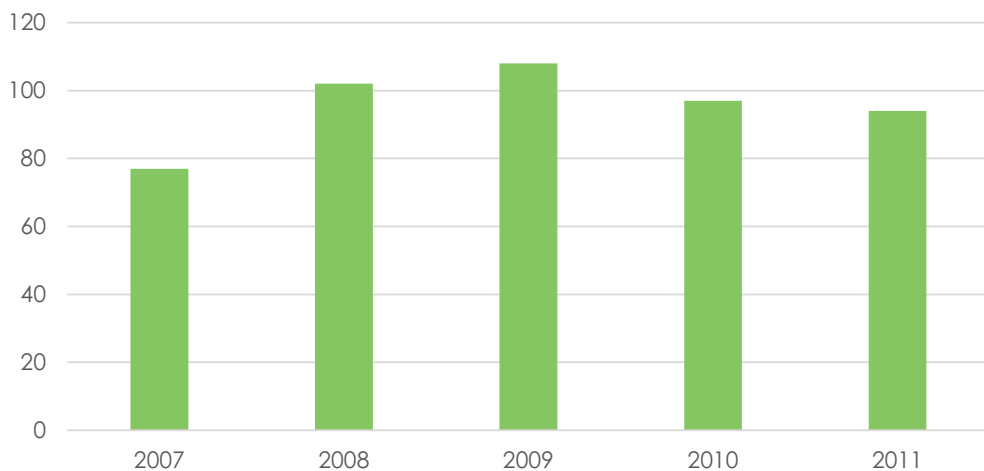
Foster Care

Youth who age out of foster care face a number of challenges during the transition to adulthood and every year. Among the greatest may be achieving housing stability, nearly 40% of youth aging out of foster care experience homelessness.

Current federal funding provides very limited support to states for keeping youth in foster care past their eighteenth birthday. As a result, in all but a few jurisdictions, youth are discharged from foster care at the age of 18 or shortly thereafter. Foster parents then stop receiving financial assistance to support the foster child and are unwilling (or unable) to continue to provide housing for the youth.

Many youth are still in high school and face homelessness. Once these youth "age out" of care, they are "on their own" at a relatively early stage in the transition to adulthood, and with Delaware averaging nearly 100 youth aging out of foster care per year, this population presents an ongoing challenge.¹⁰³ Overall, there are fewer community supports for youth leaving foster care and the population is at a higher risk for depression, substance abuse and suicide.¹⁰⁴

Number of Youth Aging Out of Foster Care by Year



University of Delaware's Institute for Public Administration, 2012

Without a lifelong connection to a caring adult, these older youth are often left vulnerable to a host of adverse situations.¹⁰⁶ Compared to other youth in the United States, youth who age out of foster care are more likely to fail to complete high school or receive a GED, to suffer from mental health problems, and to experience unemployment and poverty.

In the 2013 PIT Survey, 105 individuals, approximately 7.4% of all respondents, reported having been in the foster care system at some point in their lives (a reduction from 2011 rate of 10%).

The Department of Services for Children, Youth and their Families (also known as The Delaware Children's Department and DSCYF) provide a range of services including foster care—temporary, in home care home for a child who has been removed from his/her home due to abuse, neglect, or dependency. Additionally, the DSCYF provides Independent Living services to assist youth ages 14 and older that are in foster care and youth ages 18 to 21 who have exited foster care.

Delaware State Rental Assistance Program (SRAP):

Established in 2011, the SRAP is an interagency partnership between DSHA, DHSS and the Department of Services for Children, Youth and their Families (DSCYF) and service providers. The program serves individuals who have access to supportive services but require affordable housing to live independently. This includes youth exiting foster care, families for whom the lack of affordable housing is a barrier to reunification, individuals exiting long-term care facilities, and individuals at-risk of being admitted to, or requiring supportive services from, a state-supported institution. Tenant-based rental assistance (housing vouchers) are administered by DSHA while case management and connections to supportive services are handled by DHSS and DSCYF. In its first year, the State of Delaware allocated \$1.5 million to support 150 vouchers to support independent living for special needs populations. In its second year, the program doubled to \$3 million to support 350 vouchers. The program has proven itself as the most effective way to provide housing assistance to people with serious and persistent mental illness covered by the State's Settlement Agreement and additional resources have been dedicated to service this population within SRAP. In 2014, the program is slated to fund 750 vouchers, and will partner with the Department of Education and Christina School District to serve homeless families.

HIV/AIDS

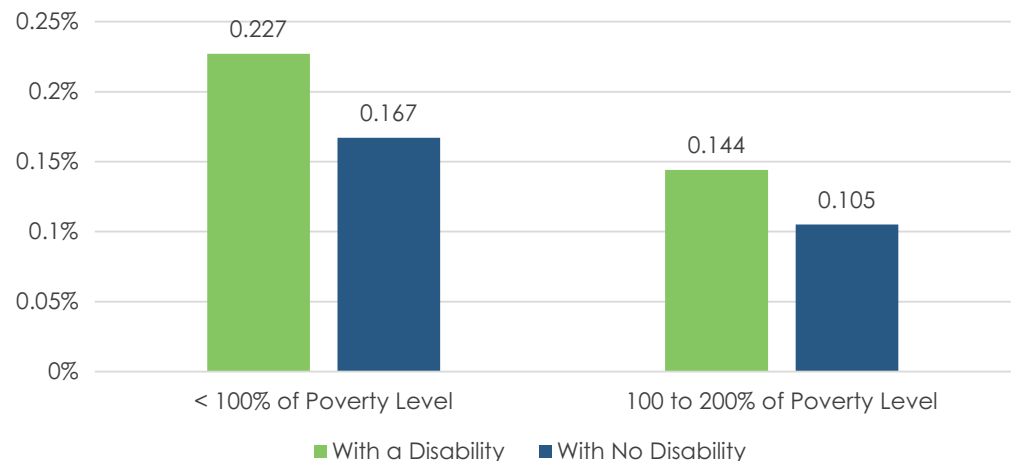
The cyclical nature of the HIV/AIDS disease perpetuates unstable housing situations. Whenever an individual is symptomatic with the disease, she/he may be unable to work and experience difficulties performing daily activities. Housing stability is crucial to health and wellness as a number of treatment medications require proper refrigeration.¹⁰⁷ Many HIV/AIDS patients also have substance abuse and mental health challenges, which exacerbate these problems. According to the Kaiser foundation, there are approximately 3,128 people in Delaware that are living with HIV/AIDS.¹⁰⁸ During the 2013 PIT Survey, 39 persons indicated "Yes" to having experienced HIV/AIDS when asked about their experiences during the 2013 PIT Survey.¹⁰⁹

The lack of affordable housing in the State of Delaware presents serious issues for those living with HIV/AIDS. The Delaware HIV Consortium is a statewide non-profit organization that works to facilitate collaboration among its community partners and to ensure that quality, non-duplicative HIV treatment and prevention services are available throughout Delaware.

The Consortium has been providing housing assistance since 1998 and continues to operate the only statewide tenant-based rental assistance program specifically for people living with HIV/AIDS. The Delaware HIV Consortium (DHIVC) receives HOPWA (Housing Opportunities for Persons with AIDS) funds through the Delaware State Housing Authority to provide rental assistance to people living with HIV/AIDS in Kent and Sussex counties, and their families, through a voucher program.¹¹⁰ The State of Delaware has four entities that receive HOPWA funds and have assisted 10 homeless individuals in acquiring new, permanent housing and helped another 173 households continue in permanent housing during the 2012 calendar year.¹¹¹ As of March 2014, 203 eligible clients, meaning low-income persons living with HIV/AIDS, are on a wait list for services. The average wait time on the list is approximately 5 years, but while the wait list is long, 98% of housing holds maintain stable housing once they enter into the program.¹¹²

Disability and Supportive Services

Percentage of Population At or Near Poverty By Disability Status 2010



Source: Homeless Planning Council of Delaware

According to the American Disabilities Association, an individual with a disability is defined as a person who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment.¹¹³

Disability and supportive services enable people with disabilities to live independently using programs including: retrofitting homes to support mobility and visual impairments, supportive living environments, and transportation services. The following sections will discuss physical and cognitive disabilities and the programs and community supports available in the State.

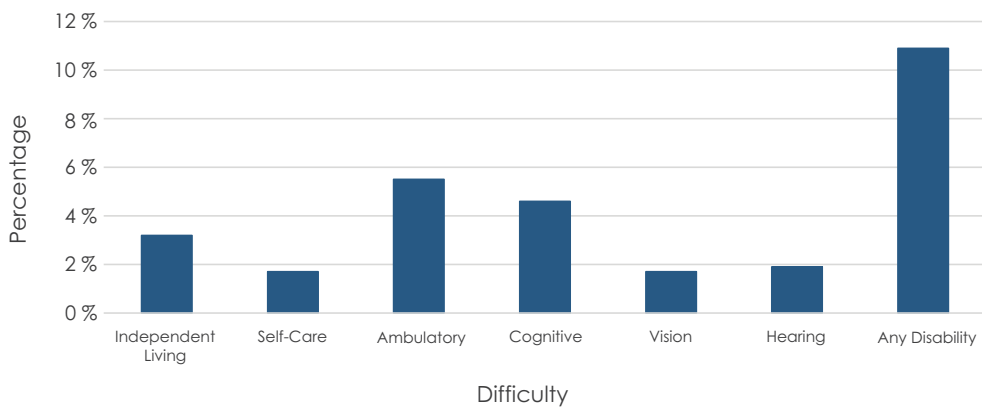
Medicaid provides critical financial support and services to disabled households. In 2011 14,974 people in Delaware received Supplemental Security



Income Benefits with Disabilities, consisting of 1.7% of the state's population. Home and Community Based waivers are optional Medicaid programs to provide services for individuals who qualify for Medicaid and live in the community, these are provided in addition Medicaid services, and help people live independently in the community for people with HIV/AIDS, Developmental Disabilities and the Elderly and Disabled. In 2010, 876 Home and Community Based Waivers were used for people with intellectual or developmental disabilities, with 243 used for adults over 65, 709 for persons with HIV/AIDS, and 1,080 for persons who are over 65 and have a disability.

In addition, 34% of adults over age 65 have a disability—a number that is likely to increase as the state's overall population ages. Individuals with disabilities have lower incomes than those without any disability and are more likely to be in need of housing assistance. Additionally, persons with severe disabilities are far more likely to be in poverty as their disabilities often inhibit their ability to work—further leaving this population at risk of homelessness.¹¹⁴

Prevalence by Type of Disability in Delaware Ages 18-64 (2010)



Source: American Community Survey

As categorized in the American Community Survey, types of disability include:

- *Independent Living Difficulty*: A disability due to a mental, physical, or emotional problem, with which, individuals may have difficulty doing errands alone (such as visiting a doctor's office or shopping);
- *Self-Care Difficulty*: Having difficulty bathing or dressing;
- *Ambulatory Difficulty*: Individuals having serious difficulty walking or climbing stairs;
- *Cognitive Difficulty*: A disability due to a mental, physical, or emotional problem, with which, individuals experience difficulty remembering, concentrating, or making decisions.
- *Vision Difficulty*: State of blindness or difficulty seeing, even when wearing glasses; and
- *Hearing Difficulty*: Those individuals who are deaf or have serious difficulty hearing.¹¹⁵

The sections that follow will provide more information related to special needs housing with consideration to physical and cognitive disabilities.

Money Follows the Person Program

Intended for States to balance their Medicaid systems, Money Follows the Person (MFP) is designed to transition people with disabilities and chronic conditions back into communities across the United States. DSHA with the Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) have partnered to the Money Follows the Person Demonstration Program since 2007. The program is intended to expand the transition of nursing home residents to more community-based housing solutions. The program aims to transition over 200 people from institutions to community housing solutions by 2016. From 2008 to 2013, the program has assisted 143 people make the transition with 53 elderly, 77 people with physical disabilities, 8 with developmental disabilities, and 5 with mental illness.

Physical & Cognitive Disabilities

Individuals with physical challenges can live independently, with or without personal care. However, the housing needs of individuals living with physical disabilities can be extensive and expensive and without proper supports to provide for appropriate facilities, these individuals may be at risk homelessness. The State of Delaware is making significant steps to reduce the number of people living in state run care facilities by transitioning to more community-based models of care.

The Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) works to address the needs of people with physical disabilities and seniors in Delaware. A number of these programs and services are operated directly by DSAAPD staff while others are funded through DSAAPD and operated under contract by outside organizations.

DSAAPD reports that 87% of long-term care dollars are spent on facility-based services, higher than the national average. The State is working towards its reliance on facility-based care by reducing the use of state-run facilities, and more toward community based services and staff. This includes building capacity in programs which support the ability to live in one's own home in the community; programs which support caregivers who are caring for a family member; and services which intervene in dangerous situations in which adults are at risk of abuse or financial exploitation. Through the state's Aging and Disability Resource Center (ADRC), which offers information and referrals for services, DSAAPD also operates Care Transitions teams to help people at risk of institutionalization to remain in the community and a Diversion program specifically targeting reducing new intakes to state-run institutions. The Medicaid funded Diamond State Health Plan Plus, implemented in 2012, also provides an enhanced package of health care and support services for Medicaid enrollees who need long-term care services, prioritizing and facilitating community-based rather than institutional care. Efforts to assist the transition include: DSAAPD's Care Transition Team which finds community-based placements rather than state-owned facilities; DSAAPD's Nursing Home Transition Program assists Medicaid-eligible senior move to a community-based setting, among other programs.

In 2012, DSAAPD estimated a need for 300 households needing rental assistance to either remain in the community or transition to independent living

in fiscal years 2013-2017. Almost all of these households would likely need an accessible unit.

Cognitive disabilities are functional impairments associated with disorders of the brain, resulting from trauma, mental illness, substance abuse, developmental disabilities, diseases or toxic agents that have affected the central nervous system. Deficits in perception, thought, memory and speech frequently trigger psychological problems, unusual behaviors, withdrawal, and isolation that can both create and prolong homelessness for individuals with cognitive disabilities.¹¹⁶

The Division of Developmental Disabilities Services (DDDS) contracts with a number of providers across the State of Delaware to offer a variety of residential community-based programming in a range of settings. As of December 2013, DDDS was providing services to over 3,700 individuals and their families. Over 70% (2,690) of these individuals lived at home with their families, almost 1,000 receiving residential services in the community, and 99 individuals in institutional settings (Stockley Center or nursing facilities). Residential Services include: case management; health and behavioral support planning, implementation and monitoring; service and therapy referrals; and recreational and leisure activities. In addition to these services, DDDS offers Community Based Residential Service Options where individuals receiving residential services are able to reside in a variety of different settings depending on their needs and preferences.

Some of these settings may include:¹¹⁷

- Supported Living for individuals living in the community who request/require less than 12 hours of support per day;
- Supervised Apartments for individuals who need more than 12, but less than 24 hours of support per day in an apartment setting;
- Staffed Apartments for individuals requiring 24-hour support in an apartment setting; and
- Shared Living or individuals who want to live in a family setting
- Neighborhood Homes for up to 5 individuals in a single-family home setting. These homes are licensed by the Division of Long Term Care Residents Protection and must meet a minimum acceptable standard for living conditions and support.

Many individuals with intellectual disabilities are living longer at home with their families, and supports for families such as respite care are critical to caregivers. In 2014, DDDS is developing a plan for a Family Support Medicaid waiver option to provide family caregivers the supports they need to keep their families together.

The Olmstead Decision:

A Breakthrough in Community Integration for All

On July 6, 2011 the Department of Justice filed a Complaint in District Court and a simultaneous Settlement Agreement resolving its ADA Olmstead investigation into whether persons with mental illness in Delaware are being served in the most integrated settings appropriate to their needs and its CRIPA investigation into conditions of confinement at Delaware Psychiatric Center.

The fundamental goals of the Agreement are: to ensure that people who are unnecessarily institutionalized, at the Delaware Psychiatric Center or other inpatient psychiatric facilities, can receive the treatment they need in the community; to ensure that there are sufficient resources available in the community when individuals go into mental health crisis so that they do not need to go unnecessarily to psychiatric hospitals or jails; and to ensure that people with mental illness who are living in the community are not forced to enter institutions because of the lack of stable housing and intensive treatment options in the community. Since its inception, the State has made significant progress in reforming the mental health system and in meeting the benchmarks established in the five-year agreement signed July 6, 2011.

This new community system focuses on a recovery-based, trauma-informed system of care that can achieve better outcomes for persons living with mental illness. The current system respects and protects individuals' independence, interdependence and sense of community. Furthermore, DSAMH is one of multiple partners in the State Rental Assistance Program (SRAP), which subsidizes low-income Delawareans who need affordable housing and supportive services to live safely and independently in the community.

Seniors

There are more Americans over the age of 65 today than ever before and the number is rapidly increasing.¹¹⁸ As this population continues to grow, there are a number of issues they face, including fixed incomes, connections to services, mobility and cognitive challenges, and their desire to age in place as they become older.

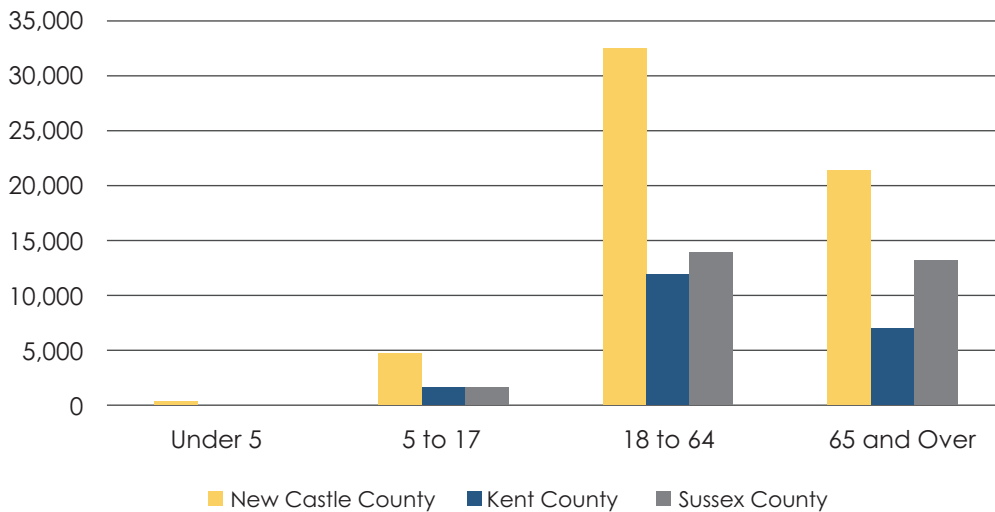
Economic security is a very serious issue for senior citizens. In fact, the Elder Economic Security Initiative found that the costs of living—basic expenses like food, housing, health care and transportation (Monthly expenses estimated at \$1,904 for a single elder paying rent, \$1,592 for a single elder without a mortgage and \$2,405 for a single elder with a mortgage in 2011)¹¹⁹—are pricing many elderly residents out of their homes. As a result, a growing population of elderly persons are experiencing homelessness. Seniors make up 25% of cost burdened owner-occupied households and 18% of renter-occupied cost-burdened households.

This means that nearly a quarter of seniors pay more than one third of their income towards housing costs.¹²⁰ In addition, in June 2012 the Elderly and Disabled comprised 27% of the waiting list for Public Housing and Housing Choice Vouchers, and in 2013 the percentage rose to nearly 30%.¹²¹ The physical health problems among this population present several challenges to homeless services providers and complicates the nature of services provided. With Delaware's projected change in population, this challenge may only intensify in the coming years.

DSAAPD provides services for older adults and people with physical disabilities in Delaware. Many of these programs serve both populations, and there is often overlap. DSAAPD provides community living, congregate meals, and adult foster care services while advocating on behalf of older persons and adults with physical disabilities to create a broader awareness of the needs of these populations and to generate additional resources to meet these needs.

Increasingly, grandparent-led households are on the rise. In 2010, 4.9 million children under age 18 were living with their grandparents¹²³—an increase from 2.4 million in 2000.¹²⁴ To meet this need, DSAAPD also works to develop and implement a variety of wellness and health promotion programs along with supports for grandparents and relatives raising others' children.

Number of Persons With a Disability by Age



Source: Delaware Population Consortium

Aging in Place

Given that the majority of older adults prefer to remain in their homes as they age, rather than relocate to an institution or live with family members, “aging in place” is critical to life satisfaction and quality of life for the older adult.¹²⁵ However, housing is only one component of aging in place. Considerations must also be made for community supports and much of the dialogue related to seniors and aging has changed from a conversation regarding “aging in place” to a conversation centered on “aging in community.”¹²⁶

As people live longer, the likelihood of illness and disability increases (See, figure, *Prevalence of Any Disability by Age Group*); spouses, partners, and friends die, and the change of needing more support than is available to the very late-life adults in their home increases. Other than skilled nursing care reimbursed by Medicare and other health insurance, the majority of assistance that people need must be paid for privately. Financing is a major problem for low-income and even many middle-income people (Reference Figure Percent Population in Poverty and Near-Poverty by Disability Status, Delaware 2008-2010). Women, especially women of color, are overrepresented in lower socioeconomic categories and in very late adulthood, safe, affordable housing options are a serious concern for them.¹²⁷

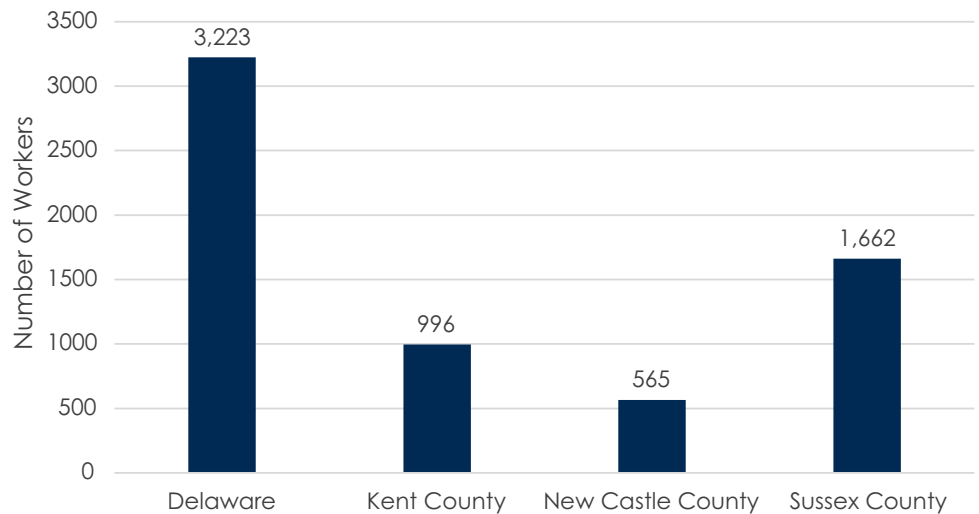
Migrant and Seasonal Farm Workers

Providing safe, decent affordable housing for migrant and seasonal farm workers is an ongoing challenge across the country. While the population is

historically undercounted, farm worker housing is critical for meeting the needs of migrant and seasonal farm workers.

In keeping with national trends, the Hispanic population in Delaware has also grown – largely as a result of immigrants and other Central American countries who work as local farm laborers.¹²⁸

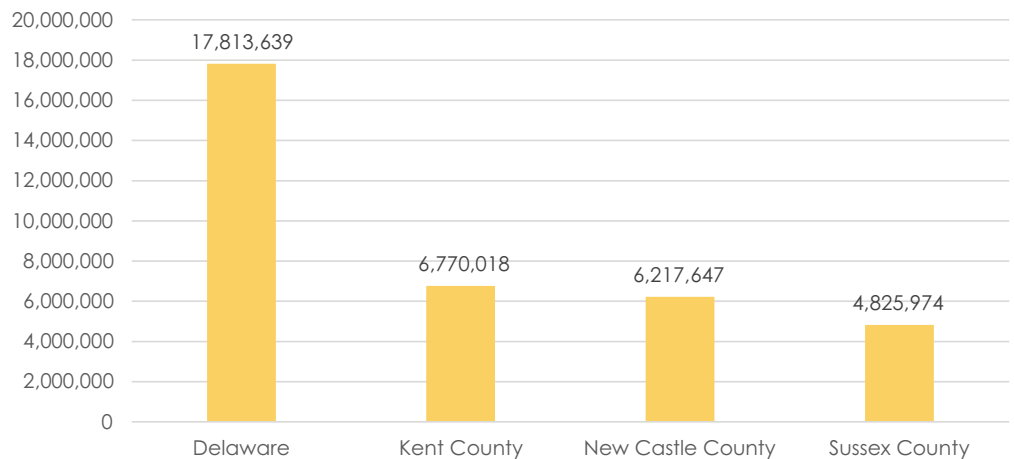
Count of Hired Farm Worker Labor by County (2007)



Source: USDA, 2007

In 2007, Sussex County featured the largest number of farm workers, but a 2012 study of expenditures on crop labor shows that Kent and New Castle Counties actually spent more on crop labor expenditures. Sussex County still leads the state in number of farms and workers, but all of Delaware features agricultural work.

Total Crop Labor Expenditures by County (2012)



Source: U.S. Department of Labor, 2012

The Delaware Department of Labor spearheads an outreach program to reach workers who are not being reached by normal intake activities. The agency is

working to improve its outreach and partnerships with companies that employ migrant seasonal farm workers. In 2013 migrant farmer estimates were expected to peak around 478 workers, with a majority of farms located in Kent and Sussex Counties.¹²⁹

Section 8: Policy and Best Practices

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.

The mission of the Delaware State Housing Authority is to efficiently provide, and assist others to provide, quality, affordable housing opportunities and appropriate supportive services to low and moderate-income Delawareans.

Policies and Programs:

- Revitalize distressed neighborhoods through large-scale, targeted investment using public and private resources.
- Government does not have the financial resources to address all housing issues. Therefore, it should invest in projects that have the potential to attract private market investment.
- Stronger markets can attract private investment, and require the least amount of public funds to address housing issues. Due to higher property values, developing affordable housing can be a challenge in these markets.
- The most distressed markets have limited private investment and require substantial public investment to stimulate market activity and restore neighborhoods.
- The majority of seniors are homeowners, and will require additional services and customized home features to remain in their homes as they age.
- New legislation continues the emphasis on supporting fair housing and the equitable distribution regionally. HUD grant recipients will be required to enact policies that support this goal.
- Housing redevelopment should be integrated with jobs, job growth, access to schools and public transportation.
- Public housing redevelopment should integrate with the surrounding neighborhood physically, and through services like schools, workforce training, and neighborhood investment.

The intention of the DSHA's housing needs assessment is to frame the significant housing issues facing the State over the next five years, and to provide information to local jurisdictions that can assist in developing housing policies at the local and regional level. This report does not recommend specific programs or policies to address those needs. This will be accomplished as part of the Consolidated Planning process, where the DSHA engages with communities to develop their 5-Year Consolidated Plan – a plan that will explicitly detail the

housing and supportive service needs, policies, programs, timeline and budget. This is scheduled to begin in late 2014.

To support the upcoming planning effort, this report outlines more general policies and best practices found in HUD Programs that are relevant to Delaware, including the following:

- Neighborhood Revitalization through Housing Investment
- Market Driven Strategies
- Aging in Place
- Affirmatively Furthering Fair Housing
- Sustainable Communities
- Neighborhoods of Choice

Neighborhood Revitalization through Housing Investment

One of HUD's primary goals is to use existing housing programs to strengthen neighborhoods. HUD's CDBG Program, Neighborhood Stabilization Program (NSP), Choice Neighborhoods, and Sustainable Communities all emphasize the importance of using housing investment as a tool for rebuilding communities negatively impacted by population decline and blight. By investing in infrastructure and increasing the supply of new, quality housing, neighborhoods can potentially see increased property values and attract private investors.

There are many forms of intervention strategies that can occur at the neighborhood level to spark investment, but the underlying principle is that government cannot do it alone. The available resources from tax revenue and HUD programs is not enough to rebuild distressed neighborhoods into healthy communities. It will require commitment from local partners and private market investment to create strong neighborhoods in areas that have experienced decades of neglect.

The relationship in which a government entity works with the private sector to complete a project is called a **public-private partnership** ("PPP" or "P3"). Typically, a government entity will enter into a partnership agreement with private business, and will provide some form of financial or in-kind incentive to encourage development, while the majority of the legal and financial burdens are borne by the private market. As an example, the DSHA administers tax credits for rental housing and homeownership to encourage the development of rental housing and increase homeownership opportunities. This incentive is sufficient to encourage new rental housing construction and enable many families to become homeowners, without the DSHA acting as the developer for new housing units.

The DSHA increases the number of projects and units it supports by providing incentives to spur private market investment, rather than directly paying for projects. By **leveraging public dollars** – using \$1 million tax dollars to support \$7 million in investment, as an example - the DSHA can further HUD's mission of providing affordable homes for all.

Another key strategy recognized by HUD for neighborhood revitalization is to focus resources within a narrowed geographic area and/or specific site to increase the impact. Investing a large amount of funds within a specific site allows public entities to visually transform an area, and this visual improvement, in turn, has been shown to spur private investment. In Baltimore, for example, the redevelopment of Camden Yards, a large-scale public private venture, was followed by new housing and commercial development within the surrounding neighborhoods.¹³⁰ A large investment for a specific project can become a **catalytic site**, setting off a chain reaction of investment within adjacent blocks.

Market-Driven Strategies

Chapter Five of this study provides a new lens for examining housing markets within Delaware. This approach, developed by The Reinvestment Fund, explains neighborhoods in the context of market value. This includes elements of demand – how much homes are worth, how are prices changing, where are new homes being built – along with indicators of housing stock that impact demand, like foreclosure rates and vacancy.

The tool was developed to help housing and policy organizations understand the market forces behind a community's housing issues and to target limited resources in areas that will respond to public investment.

The MVA was developed to help make investment decisions founded on the logic that public resources are scarce, and governments have the capacity to use them efficiently to maximize return on investment. It does not take into account many of the community-based missions and local context that is important in guiding public investment. For this reason, the MVA should be used as one tool of many, and not prescriptive of specific policy without local context.

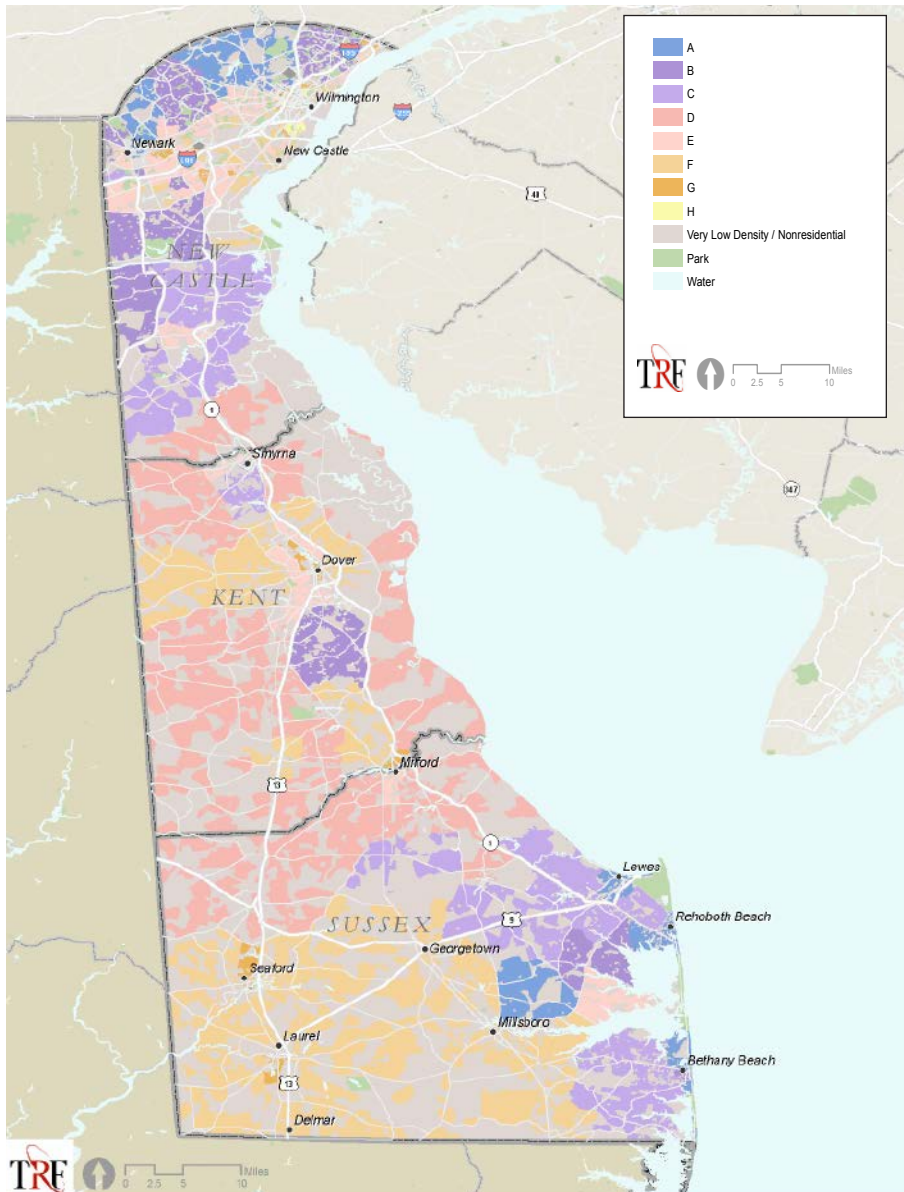
As previously noted, the MVA categorizes Delaware's Census Tracts into seven market types ranging from high value markets to highly distressed areas. These descriptions are general, and conducted at the Census Tract level, so may not be applicable for every neighborhood. Since Census Tracts are fairly broad areas for real estate, there will be nuances within them (for example: high value blocks and blocks of significant vacancy). Therefore, the market "categories" should be used with the understanding that the information is reflective of specific data and trends at a point in time (2013); and these conditions are subject to variation within each community and conditions today will change over time.

The following is a general summary of the market types:

- Market Type A, High Value Market - defined as neighborhoods with very high property values and predominantly homeowners. These communities are generally **well-established older suburbs**.
- Market Types B and C, High Growth Markets – These areas generally represent suburban and exurban communities that have recently experienced **significant new housing** development.
- Market Types D and E, Transitional Markets – These Census Tracts are located in rural areas as well as suburban communities that may be a **declining suburb** or a rural area recently experiencing new development (noticeable decline, foreclosures).

- Market Types F and G, Distressed Markets – Areas marked by high vacancy, **subsidized rental housing and lower property values.**
- Market Type H – Highly Distressed Market, all concentrated in the City of Wilmington.

Market Value Analysis Map of Delaware



Source: The Reinvestment Fund

TRF's approach has developed "best practices" for how to apply the MVA from a policy perspective.

Areas of high demand (A through C) indicate strong demand and have fewer households with housing challenges. These are communities many families with housing challenges cannot afford to move to. Strategies in these areas should

be focused on ensuring new development happens equitably, and providing housing opportunities for low and moderate income families.

Transitional neighborhoods (D & E) indicate that there is still a demand for housing in these areas but they are at risk of decline. Strategies should be focused on stabilizing neighborhoods through increased homeownership, investment in existing homes and commercial areas, and supporting neighborhood identity through beautification measures and marketing.

The distressed markets (F and G) are less in demand and yet have a high concentration of households with housing challenges. These areas require more substantial public investment, including redevelopment of catalytic sites and strong public partnerships.

And the most distressed areas (H) will require strong local partners and should focus more on people-based intervention strategies, to provide increased mobility, supportive services and community wealth.

The following summarizes general intervention strategies that may be appropriate in many places (again, requiring additional neighborhood assessment and coordination with local partners to develop a more robust understanding of each neighborhood).

Table 39: Neighborhood Investment Strategies

Market Type	Investment Strategies
High Value, High Growth	<ul style="list-style-type: none"> • Support affordable and supportive housing opportunities • Ensure active code enforcement • Remove barriers to new investment • Support commercial development anchors • Increase education and outreach on fair housing and affordable housing needs
Transitional	<ul style="list-style-type: none"> • Support Neighborhood Identity • Balance market rate with subsidized housing • Invest in commercial districts • Rehabilitate vacant units • Provide opportunities for home rehabilitation

<p>Distressed</p>	<ul style="list-style-type: none"> • Preserve good housing stock • Encourage strategic site redevelopment • Build from physical assets • Pursue investment partnerships with neighborhood anchors • Focus on limiting development that furthers highly concentrated minorities or poverty
<p>Highly Distressed</p>	<ul style="list-style-type: none"> • Invest in social programs • Land bank vacant parcels • Demolish blight • Pursue partnerships with neighborhood anchors

Aging in Place

The housing demand component of this plan emphasizes the increasing number of retirees who have made Delaware their home. This growing population of households above 62 years old are predominantly homeowners, and surveys have indicated that the majority of elderly homeowners desire to remain in their homes for as long as possible, rather than selling their home and transitioning into the rental market. Although the housing demand indicates a modestly growing need for senior rental housing, in terms of numbers, the majority of the 90,000 elderly homeowners will remain homeowners.

This presents a growing need for housing programs that can support elderly homeowners to age within their current homes. This is coined "Aging in Place", and refers to the resources and products needed so that elderly families can live in their current residence rather than moving to a nursing home or assisted living facility when their health and mobility requirements change.¹³¹ With medical advancements increasing life expectancy and the many Baby Boomers moving into their senior years, the State can expect a growing cohort of seniors with chronic health conditions that impact housing needs.¹³²

One of the most important issues between housing and the needs of seniors is mobility. As people age, health conditions may impair mobility, making it more difficult to move around the house or to access services outside of the house. Health problems like diabetes, arthritis, and knee and hip replacements, increase with age and often impair one's ability to move around. To mitigate this impairment, retrofitting homes, building homes that are accessible to those with a disability, and increasing public transportation services, are key. Additionally, most seniors live on fixed incomes, and many will be challenged by home maintenance costs. General home repair programs and "greening" measures can save long-term costs.

A program that targets retrofitting existing homes for a senior population can include the following:

- Outside ramps for wheelchair accessibility
- Stairway chair lifts
- Side access bathtubs
- Installation of solar panels
- Improving insulation
- Changing the location of door handles and light switches to make them more accessible
- Installing low maintenance landscaping
- Centralizing control panels for heating and cooling

New home construction targeted to seniors can incorporate similar design standards, making it easier for older persons to remain in their homes if and when mobility issues become more prevalent. Knowing that Delaware is an increasingly attractive state for retirees, regardless of mobility needs, some standards can also be applied to all new construction. Universal design standards, energy efficiency, and walkable communities (e.g. sidewalks, curb cuts and street lighting) are appreciated by many and can meet the housing needs of an aging population.

It will also be increasingly important to build senior housing near neighborhood resources and public transportation. Pharmacies, grocery stores, clinics and other everyday shopping needs become more difficult to access when mobility issues increase. In some families, the use of a privately owned vehicle may not be an option, and seniors may need to rely on public transportation.

Affirmatively Furthering Fair Housing

This study identifies areas of highly concentrated poverty and neighborhood distress within low value areas of Wilmington and in the southern rural communities. Many of these areas have high concentrations of minority populations as well and are more susceptible to environmental injustice issues and limited investment. Because land prices are lower in these areas, less desirable development, like manufacturing and food processing, is more likely to occur. Additionally, zoning regulations and community opposition can oftentimes guide subsidized housing development into neighborhoods of least resistance. These neighborhoods tend to be poor communities with a high concentration of African American or Hispanic populations, furthering the cycle of concentrating minorities and poverty within isolated pockets of the region. HUD has developed policies through Fair Housing legislation to deter this cycle, by promoting a regional approach to subsidized housing development and encouraging local and State jurisdictions to enact policies that further fair housing objectives.

The Fair Housing Act of 1968 established protections against discrimination based on race, color, national origin, religion, sex, and disability. It also established roles for both HUD and the Department of Justice (DOJ) to investigate fair housing violations committed by governments and landlords. HUD investigates complaints of home sales, rentals, advertising, mortgage lending and insurance, property insurance and environmental justice as well as discrimina-

tory zoning and land use. These investigations are supported by Fair Housing Assistance Program participants, which are about 98 organizations.¹³³

HUD also requires jurisdictions who receive HOME or CDBG funds to develop an Analysis of Impediments to Fair Housing (AI). This report, developed by local or State government, addresses a community's fair housing issues, including discriminatory practices, land use decisions that benefit wealthier households, and current settlement patterns that have the effect of segregation.

The State of Delaware last updated its Analysis of Impediments to Fair Housing Choice (AI) in July 2011. The AI includes recommendations for the state, in particular, reforming the State's QAP process so that new apartments are built in areas of opportunity, increasing the training for fair housing policies and best practices, and framing land use decisions and environmental protection in the context of fair housing issues. DSHA has since amended the QAP to expand affordable housing opportunities in wealthier communities. Additionally, the State will be using land use policies and regulations as a means to increase the supply of affordable rental housing. There is also an element of community engagement, where local jurisdictions will be trained on their responsibilities to comply with and further fair housing.¹³⁴

In June 2013, HUD proposed a new rule to Affirmatively Furthering Fair Housing, building off of its existing tool, the Analysis of Impediments to Fair Housing.¹³⁵ The rule requires state and local governments that receive CDBG, HOME, ESG, HOPWA, and public housing assistance to not only comply with Fair Housing regulations, but to implement strategies that can mitigate against any policy that has the effect of segregation, regardless of intent. The rule provides a structure and guidance including data and a template for completing assessments of fair housing.

The rule established in June 2013 recognizes that housing choice is constrained by a legacy of housing discrimination, which purposefully limited housing opportunities for low income families and, in particular, families of color. Additionally, the rule recognizes that private market decisions can have the inadvertent effect of limiting housing choice, and requires the public sector to establish policies and programs to mitigate those outcomes. The lack of investment combined with traditional zoning oftentimes separates multifamily housing, public housing, and low-income housing from community resources and can lead to concentrations of poverty and race, which the Affirmatively Furthering Fair Housing Rule aims to address.¹³⁶

The Assessment of Fair Housing (AFH) focuses on four goals including: improving integration and overcoming historic segregation; reducing racial and ethnic concentrations of poverty; reducing disparities for protected classes including race, color, religion, sex, familial status, national origin, disability; and improving access to community assets which are defined as access to education, transit, employment, proximity to environmental hazards.

To support the AFH, HUD provides data and a geospatial mapping tool to identify areas of concern. The goal of the rule is to encourage local governments, Public Housing Authorities and states to work together, including public input through community participation and stakeholder engagement.

HUD also recommends the following strategies to Further Fair Housing¹³⁷:

- Establish fair housing enforcement organizations¹³⁸
- Encourage PHAs to start counseling programs to help voucher holders find housing outside of minority and poverty-concentrated areas
- Support regional Housing Choice Voucher programs that cross PHA jurisdictions, where HCV families can use their vouchers in geographic areas administered by another PHA. This is particularly relevant in Wilmington and the surrounding suburbs.
- Incorporate inclusionary zoning regulations in high value areas where appropriate, which requires a portion of new residential growth to be affordable to low and moderate income families.
- Conduct outreach to housing providers in non-minority and non-poverty concentrated areas to discuss the importance of regional housing choices
- Market available housing in neighborhoods of choice to persons less likely to apply for housing in an MSA
- Encourage banks and lending organizations to operate in areas that are underserved as identified by the Community Reinvestment Act officers-
- Use non-traditional methods for evaluating credit and loan amount terms, based on cultural differences

Sustainable Communities

The Sustainable Communities program was established in 2009 as an Interagency Partnership between HUD, the Department of Transportation (DOT) and the Environmental Protection Agency (EPA). Its mission is to coordinate investments in such a manner that housing, jobs, infrastructure and public transportation would be developed in a coordinated fashion to create equitable, healthy and self-sufficient communities. This historic partnership has funded 132 grantees in 87 regions and 56 localities in 47 states.¹³⁹

The Sustainable Communities program is designed to create multijurisdictional partnerships that can integrate plans for both rural and urban areas. To accomplish this, plans rely on strong alliances of residents and regional groups to implement a long-term vision, build greater transparency into planning efforts, and implement livability principles through new programs and changes to local zoning and land use.

The Federal Sustainable Communities program consists of six livability principles that guide the work¹⁴⁰:

- **Provide more transportation choices.** Develop safe, reliable and economical transportation choices in order to decrease household transportation costs, reduce our nations' dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
- **Promote equitable, affordable housing.** Expand location and energy efficient housing choices for people of all ages, incomes,

ances and ethnicities to increase mobility and lower the combined cost of housing and transportation.

- **Increase economic competitiveness.** Enhance economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
- **Support existing communities.** Target federal funding toward existing communities to increase community revitalization, the efficiency of public works investments and safeguard rural landscapes.
- **Leverage federal investment.** Cooperatively align federal policies and funding to remove barriers, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth.
- **Value communities and neighborhoods.** Enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods – rural, urban or suburban.

Within Delaware, New Castle County has received Preferred Sustainability Status (in 2010)¹⁴¹. Preferred Sustainability Status was given to communities that applied for a Sustainable Communities grant and scored well, but did not necessarily receive a grant through the program. In previous rounds of funding the Sustainable Communities bonus points have been awarded to communities with Preferred Sustainability Status and signifies that an applicant is working to further Sustainable Communities principles.

Applying for a Sustainable Communities grant at the State, Regional or Local level can bring together cross-discipline teams to create and implement a plan that covers affordable housing, transportation and the environment. With one community already designated with Preferred Sustainability Status, Delaware has the opportunity to expand and formalize its existing programs to align with Federal standards and grant opportunities.

While the Federal Government has been operating the Sustainable Communities program for five years, the concepts behind the program pre-date that, stemming from Smart Growth principles and environmental stewardship. In fact, the State of Delaware established its Complete Communities program in 2005, which considered five key elements: complete streets, efficient land use, healthy and livable communities, inclusive and active communities, and sustainability.¹⁴² Through this effort, the State of Delaware has created the **Delaware Complete Communities Planning Toolbox** to build capacity for local governments including community planning approaches, community design tools, and public engagement strategies.

Mispillion Riverwalk, 2011



Completecommunitiesde.org

The program currently has two pilot communities: The City of Milford and the Town of Elsmere. The project sponsors include the Delaware Office of State Planning Coordination, the Institute for Public Administration, Delaware Association of Realtors, National Association of Realtors, and the Delaware Department of Transportation. However, since this effort was initiated through Executive Order, it is not written into Delaware State Law.

Neighborhoods of Choice

HUD's Choice Neighborhoods Initiative (CNI) was introduced in 2009 with the intent to redevelop distressed public housing through public private partnerships and a focus on entire neighborhoods. It is a natural development from the HOPE VI model, which physically transformed older "superblock" developments into more traditional communities, with sidewalks, homes with front porches, and a connected street grid. CNI builds from the HOPE VI model, but adds more focus on the surrounding neighborhoods and the additional needs of public housing residents. This new model emphasizes the importance of partnerships, social services, neighborhood involvement, healthy lifestyles, access to jobs, and the importance of schools as neighborhood anchors. Similar to Sustainable Communities, the program is a competitive federal grant that partners HUD with the Department of Education, Department of Health and Human Services, Department of Justice, and the U.S. Treasury.

Public Housing Site



Source: GCR

HOPE VI Site



Source: Wilmington Housing Authority

Choice Neighborhoods Initiative Design



Source: Seattle Housing Authority

CNI strives to rebuild neighborhoods, expand early learning activities, create pathways to jobs, and strengthen families by creating Promise Zones around distressed HUD housing sites by focusing on three goals:

- **Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood
- **People:** Improve educational outcomes and intergenerational mobility for youth and supports delivered directly to youth and their families
- **Neighborhood:** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and asset, including safety, good schools, and commercial activity, that are important to families' choices about their community¹⁴³

CNI offers two types of grants: Planning Grants and Implementation Grants. The Planning Grants are used to develop the plan and form the partnerships needed for implementation. These plans are called Transformation Plans and act as a guiding document for revitalizing public housing and transforming the surrounding community. The Implementation Grants are funds used for redevelopment purposes.

To apply for a grant, HUD requires that the PHA site qualify as Distressed Housing. This is defined as public housing that a) requires major redevelopment; b) contributes to the disinvestment of the surrounding neighborhood; c) is occupied by very-low income families who lack transportation and economic opportunity; and d) the housing site cannot be revitalized through other HUD programs.

As of June 2014, no Delaware PHA has participated in the program. The Wilmington Housing Authority is scheduled to apply for a CNI Planning Grant in FY2014 for the redevelopment of its Riverside neighborhood.¹⁴⁴

Section 9: Sub-market Reports

The state's housing stock is fairly diverse, and within each county there are a variety of communities that each represent their own unique characteristics. Oftentimes these differences are not apparent when summarizing information at the county level. Therefore, one of DSHA's primary goals for the 2015 Statewide Housing Assessment is to understand the housing markets at a more detailed level of geography than the county.

To capture some of the nuances in Delaware's housing markets, this analysis created nine statistical areas, each representing common characteristics within its boundaries and defined as a housing "sub-market". The boundaries for these submarkets follow Census Block Group boundaries and are closely aligned with Census County Divisions (CCDs) within Delaware, and are defined as follows:

1. North New Castle
2. South New Castle
3. Wilmington
4. Newark
5. North Kent
6. South Kent
7. Dover
8. East Sussex
9. West Sussex

The data for demographics, housing demand, housing needs, and current housing market dynamics are reported at these levels of geography to help the State and its advocates customize their programs to address specific housing issues within each area. The following information reflects the data compiled and analyzed at the statewide level and is augmented with field surveys and information provided by local planning offices, housing organizations and the DSHA.

East Sussex

The East Sussex housing market is the fastest growing and most expensive market in Delaware, and includes the beach communities near Bethany and Rehoboth, as well as more inland communities that are capturing much of the retiree market, including, Millsboro and Milton. The properties near the beach command the highest prices, with 18% of the market's properties estimated to be worth more than \$500,000 (compared to 8% in the state). Overall, almost half (45%) of the homes in East Sussex are valued at more than \$300,000.

These high prices are related to the building boom that occurred in East Sussex County during the 2000s which dominated the state's real estate development. Given Sussex County's supportive policies for new growth, almost half of Delaware's new construction permits occurred in this market (43%, or an average of 1,405 new permits per year) between 2008 and 2013. Because of the housing market crash in 2007-2009, many of these developments lost their

financing and have not been built. The market is just now indicating signs of recovery and new housing starts are increasing. However, new home prices are lower on average than five years ago, reflecting national changes in building trends and stricter lending practices.

The surplus of building permits can also be attributed to how the number of building permits issued exceeded demand during the boom years, following natural construction cycles in high growth areas. This oversupply limits the immediate demand for new units in East Sussex (beyond what has already been permitted), and tapers the overall demand estimates within this five-year study. However, as the housing market recalibrates, new building permits will pick up after the older permits either manifest into new housing or are removed from the pipeline.

In terms of demographics, households in East Sussex are on average less likely to be of African American background or Hispanic or Latino ethnicity, and significantly older than the rest of the state. In fact, 40% of the population is over 55 years old, compared to 26% in Delaware. The older, and predominantly white population is driving housing demand to more unique housing products. This includes luxury beach communities, retirement communities, condos and townhomes, and moderate to middle income mobile home "waterfront" communities. Interestingly, this sub-market has the highest percentage of married couples without children, totaling 40% of all households (compared to 31% in Delaware).

Its proximity to the ocean and driving distance to three of the top 20 most populous metropolitan areas in the country (Baltimore, Philadelphia and Washington D.C. regions with roughly 15 million people) also means that there are a tremendous number of vacation homes in the area. This increases the demand for coastal properties and significantly increases the number of vacant homes during the off-season. Vacation homes are considered vacant units in the U.S. Census since they are not primary residences. For this reason, East Sussex has an enormous share of vacant properties compared to Delaware's other submarkets, comprising 46% of all housing stock (compared to 17% for the state). Vacation homes make up 86% of all vacancy at 36,068 vacation homes. The owners of these tens of thousands of vacation homes are not recorded in the Census, but we can presume they are likely to be wealthy given home prices in the area.

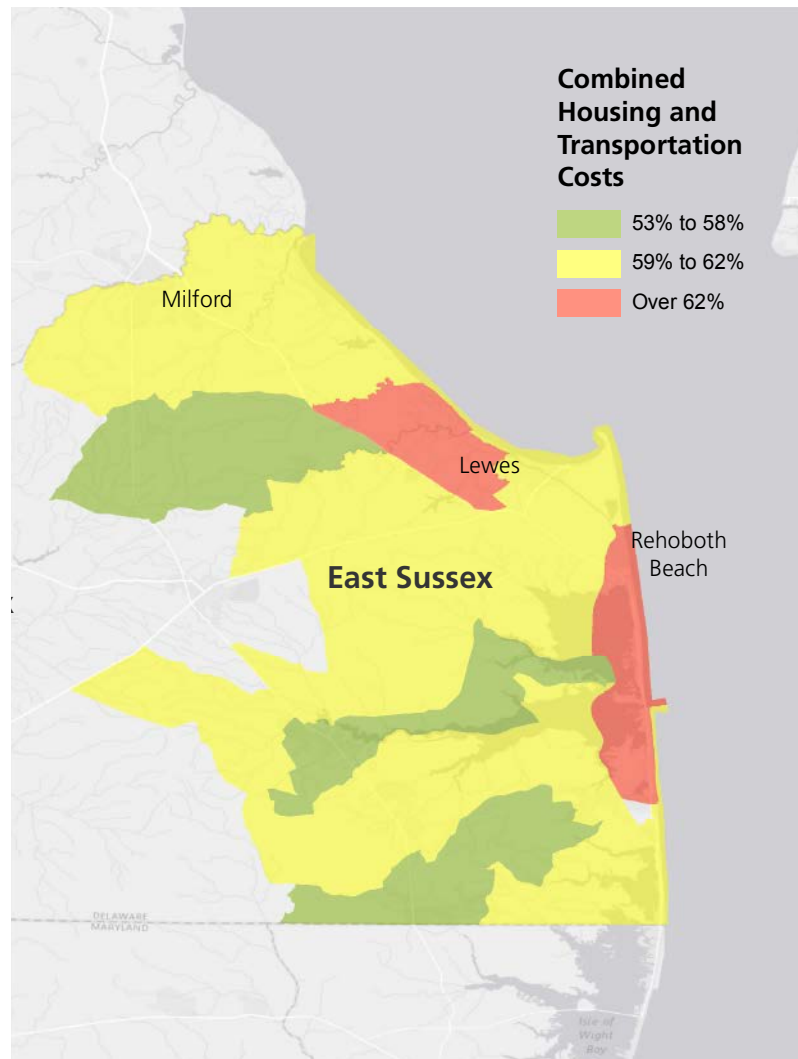
Increasing demand for coastal living from the retiring baby boomer generation has naturally increased prices in beach communities, putting development pressure on areas just east of the beach. In recent years, much of the new development activity and building permits has occurred in the historically rural areas immediately east, including Georgetown, Milton, Millsboro, Millville, providing more affordable housing options for retirees who wish to live within an easy drive of the ocean. These areas have historically been more rural and had high concentrations of rural poverty. Now, these communities are home to both new development for retirees and the existing rural populations.

Despite the recession having a significant negative impact on the area, the market is recovering and East Sussex is expected to remain a high growth area. The increasing baby boomer population along the mid-Atlantic, the proximity

to beaches and inlets, and the State's tax incentives, will continue to fuel new construction activity within available parcels east of the beach.

Given its location as a tourism hub, the area relies heavily on workers within the service and retail industries. These jobs typically pay less than area median income, and with the high cost of housing, many of these workers are cost burdened. When we review HUD's Location Affordability Index, we see that the coastal communities have the highest cost burden for the combined costs of housing and transportation of anywhere in the state. This particularly impacts workers of the area who provide services to the retirement communities and seasonal tourism. Additionally, the areas within the western part of the market area have high concentrations of food processing jobs, including a new poultry plant in Dagsboro expecting to add 700 jobs. Housing to accommodate these workers will also be needed.

Combined Housing and Transportation Household Costs For Moderate-Income Households (Under 80% AMI)



Source: Department of Housing and Urban Development, Location Affordability Index

Based on an analysis of East Sussex's demographics and housing profile, the following are the most significant issues for the market:

- With almost half the population over the age of 55, the housing needs of older adults will be important to address. This includes retrofitting existing structures so that older adults can age in their homes if and when they develop mobility impairments, and encouraging new home construction to incorporate universal design and other aging-in-place design standards. As the baby boomers age, supportive services and access to public transit will also become important. Finally, older homeowners tend to be at a higher risk of predatory lending practices, including some forms of reverse mortgage lending, that can be mitigated through training programs and oversight of local lending activity.
- With high demand for coastal and near-coastal real estate, East Sussex is the most expensive market in Delaware and has a shortage of housing affordable to low and moderate income households. Increasing the supply of housing affordable to households earning less than 80% AMI, through incentives and existing housing programs, will diversify the housing market.
- The high cost of housing poses a challenge to the local economy, which relies on service-based industries with lower pay than average. It can be difficult to find qualified workers when there is a limited supply of housing affordable to those workers, requiring lengthy commutes to more affordable housing further west. Ensuring there is an adequate supply of workforce housing within a reasonable commute of coastal employment centers and manufacturing facilities will support the local economy.
- Finally, given that East Sussex is the wealthiest and least racially diverse area in the state, and is slated to add thousands of new units in the coming years, it will be important for the state and county to address fair housing issues that may arise due to market conditions, where more expensive real estate in coastal communities may unintentionally concentrate low income minority communities within specific and potentially isolated areas.

Housing Demand Model 2015-2020

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock
- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 4,764 units, of which 1,126 are rental housing and 3,637 are for homeownership. The majority of rental demand falls within incomes greater than 80% AMI (552 units) while the majority of demand for homeownership is above 120%

AMI (1,297 units). It should be noted that the demand model is based on the income distribution of existing renters and homeowners. The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

Table 40: East Sussex Housing Demand by Income and Tenure, 2015-2020

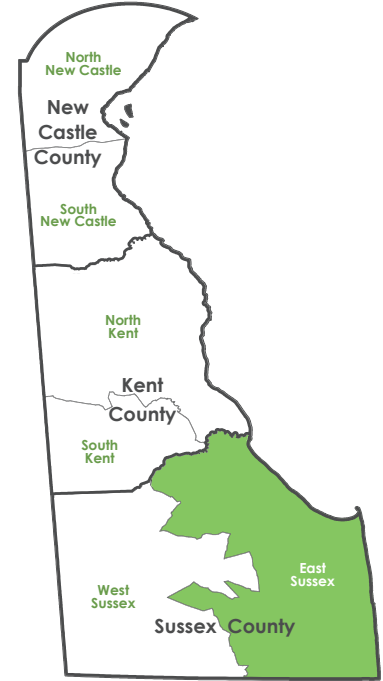
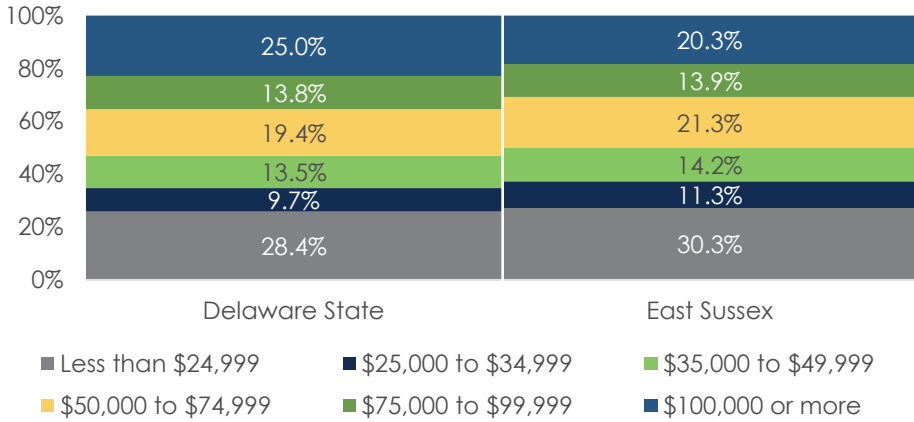
	East Sussex
<50% AMI Rental	380
50% to 80% AMI Rental	200
80%+ AMI Rental	550
Total Rental Units	1,130
<50% AMI Ownership	510
50% to 80% AMI Ownership	560
80%-120% AMI Ownership	1,265
>120% AMI Ownership	1,295
Total Homes for Purchase	3,630
<50% AMI Rental and Homeownership	890
50% to 80% AMI Rental and Homeownership	760
80%+ AMI Rental and Homeownership	3,110
All Units	4,760

Table 41: East Sussex Housing Demand by Bedroom and Tenure, 2015-2020

	Rental	Ownership	Total
1 Bedroom	475	788	1,263
2 Bedroom	418	1,773	2,191
3 Bedroom	234	1,076	1,310
Total	1,127	3,637	4,764

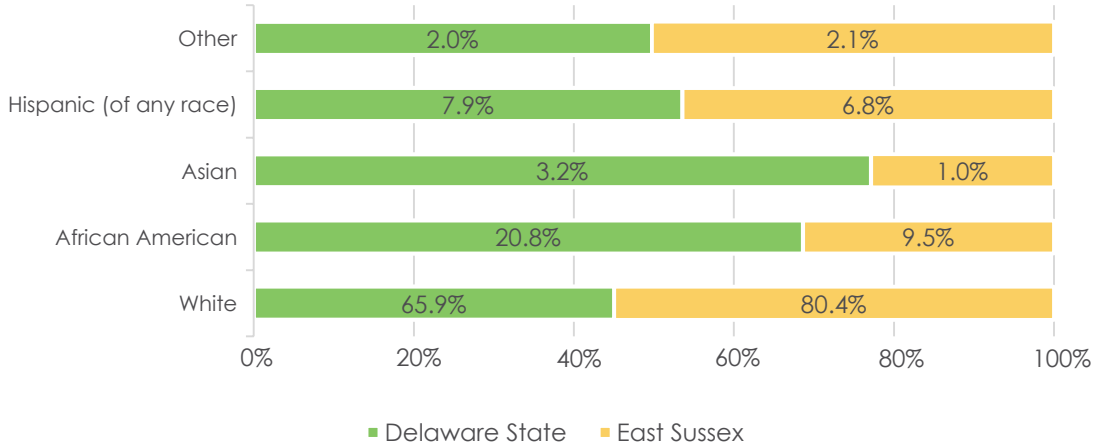
The East Sussex County submarket has a higher percentage of households earning under \$25,000 per year, but the submarket also features a large income gap between wealthier coastal communities and inland rural communities.

Household Income Distribution

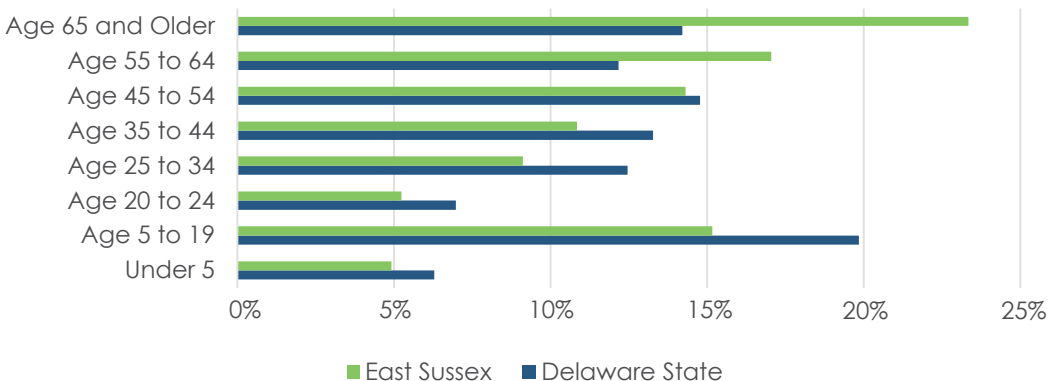


There are fewer Minority households within East Sussex County compared to the State average.

Race and Ethnicity



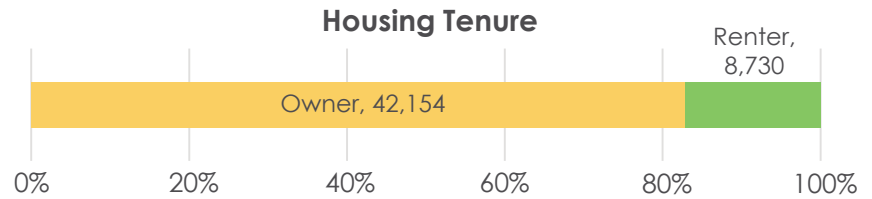
Population by Age



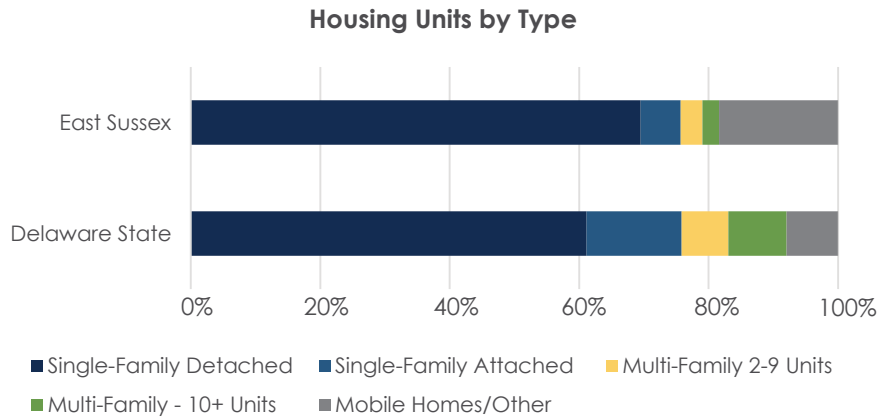
East Sussex is home to many retirees. Persons age 55 and older comprise 40% of the population.

DELAWARE HOUSING NEEDS ASSESSMENT

Total Housing Units: 93,831
 Occupied Housing Units: 50,884
 Vacant Housing Units: 42,947
 % Vacant Units: 45.8%



East Sussex housing is predominantly single family detached homes and mobile homes. There are very few multi-family homes or townhomes.

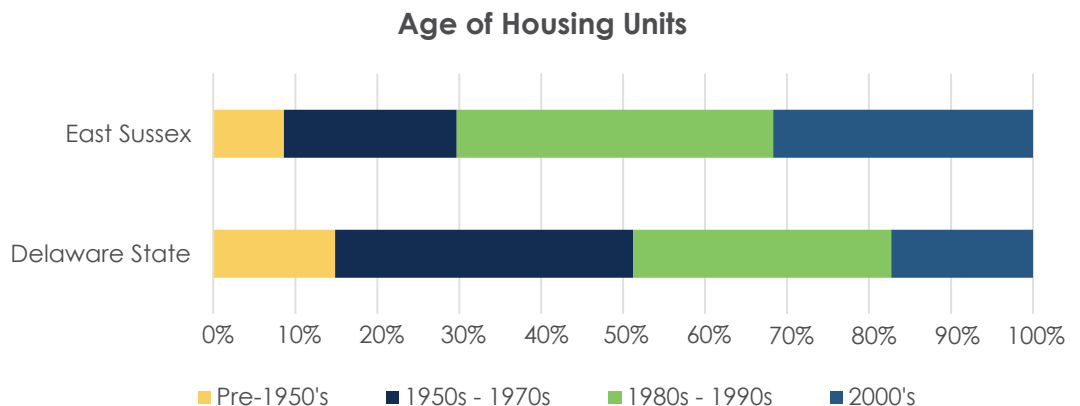


Vacant Units by Type



East Sussex has the highest percentage of vacant units, at 46%. The vast majority of these units are vacation homes.

Housing in East Sussex is much newer than State average, with 2/3 of all homes built after 1980.



Housing Challenges

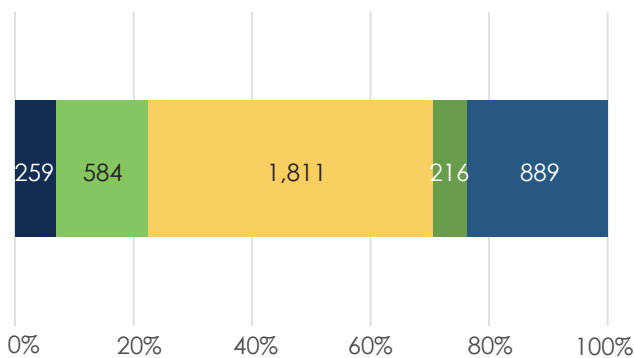
	Total	% of all Units	Compared to State
Overcrowded Units	591	1.2%	-0.6%
Severely Overcrowded Units	139	0.3%	-0.1%
Homes lacking complete kitchen or bathroom facilities	543	1.1%	+0.3%
Cost Burdened Renters	3,743	43.7%	-1.8%
Severely Cost Burdened Renters	1,631	19.1%	-3.4%
Cost Burdened Owners	12,337	29.2%	+1.9%
Severely Cost Burdened Owners	5,030	11.9%	+1.6%



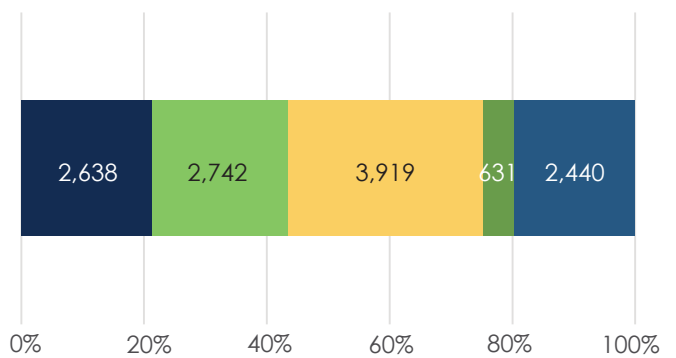
- Renters are substantially more cost burdened than owners.
- Owners face more cost burden than State average.
- Elderly homeowners, and renters who are individuals or small families, comprise the majority of cost burdened households.
- African American and Hispanic renters are disproportionately cost burdened.

	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	2,369	64%	51%	10,897	89%	80%
African American	642	17%	34%	801	7%	14%
Asian	38	1%	4%	66	1%	2%
Hispanic (of any race)	538	14%	10%	403	3%	3%
Other	132	4%	2%	126	1%	1%
Total	3,719			12,293		

Cost-Burdened Renters



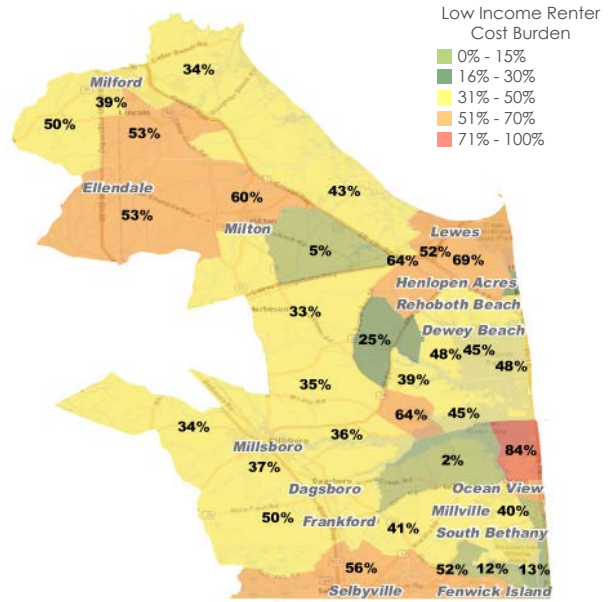
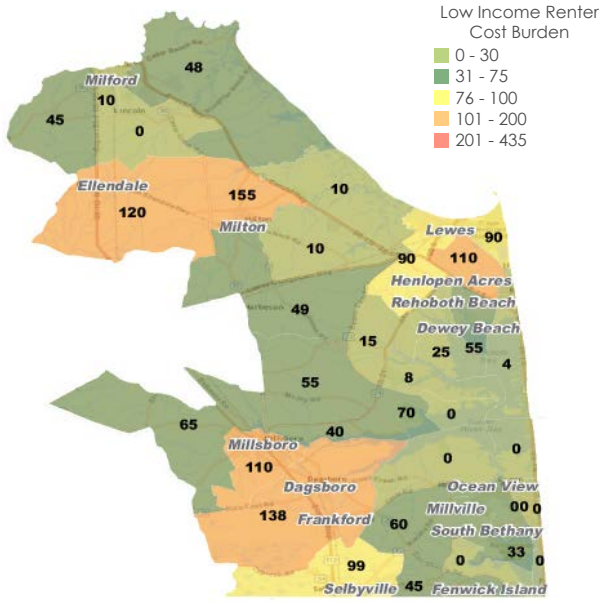
Cost-Burdened Homeowners



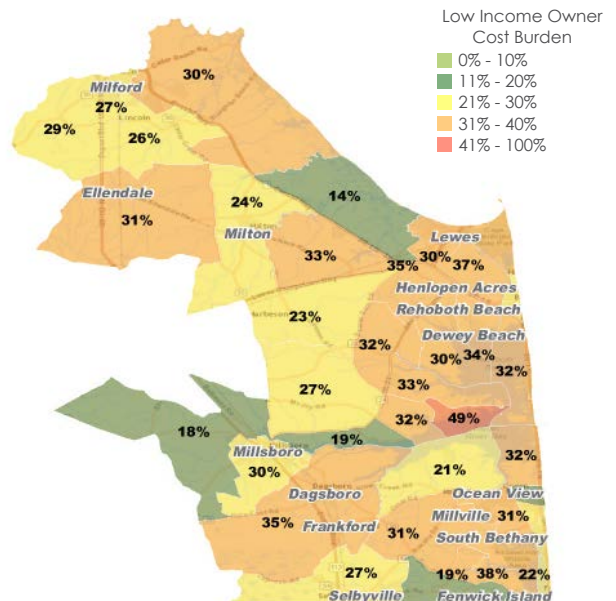
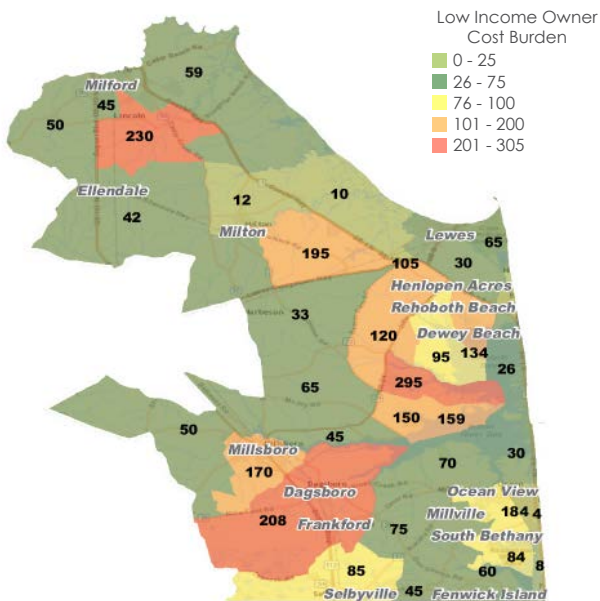
Households with Cost Burden:

A household is considered cost burdened if more than 30% of income is spent on housing costs, including rent and utilities for renters, and mortgage, taxes and insurance for owners.

Cost Burdened Renter Households by Census Tract (Under 80% Area Median Income)
 In numbers: As percentage of all renters:



Cost Burdened Owner Households by Census Tract (Under 80% Area Median Income)
 In numbers: As percentage of all owners:



West Sussex

The West Sussex housing market is Delaware's most rural area, with land use patterns more mixed than urban and suburban areas. It is not uncommon to see new homes adjacent to older mobile home communities. Many of the areas outside of town lack infrastructure to support large development, leading to small-scale projects off county roads. With a relatively small population of 70,000, representing 7% of the state, the landscape in West Sussex is comprised of small communities surrounded by agricultural land.

Property values in West Sussex are the lowest of all the submarket areas, with 18% of owned homes valued at less than \$100,000 (compared to 10% state-wide) and a full 41% of contract rents are less than \$500 per month (compared to 17% statewide). These low prices are a reflection of household income, housing types and slow overall growth.

Incomes are significantly lower and poverty rates are higher in West Sussex than other submarkets except for South Kent, its most similar neighbor. More than a third of all households (36%) earn less than \$25,000 per year, compared to 28% in Delaware. West Sussex is also sharply contrasted with East Sussex in terms of race; 18% of households are African American and 11% are Hispanic, compared to 10% and 7%, respectively.

The most unique attribute of West Sussex is its housing stock. There are far more homeowners living in mobile homes, and far more renters living in single family homes, than state average. Approximately 1 in 5 homeowners lives in a mobile home, compared to 1 in 11 for the state. In contrast, 2 in 5 renters lives in a single family home, compared to 1 in 5 for the state. This is fairly typical for rural communities, where incomes are too low to support new, stick-built construction. The more affordable options are the existing, aged housing stock and trailers. Presumably this aging housing stock is also the cause for a higher percentage of substandard units than state averages, with 12% of homes considered vacant, but are not on the market or serve as vacation homes.

Despite its rural population, new development increased since 2008, albeit in small numbers. Likely due to the available land and proximity to East Sussex communities and Route 13, almost 1,000 new building permits were issued over a five-year period.

The primary industry in this area is manufacturing, with 2.3 times the employment in this sector than state average. In particular, poultry and other types of food processing is a major source of employment for area residents. Many of the poultry workers are Hispanic and face cultural and language barriers that limit their access to affordable housing.

As part of Sussex County's Sussex Housing Group^x, local non-profit organizations, including La Esperanza and the Community Legal Aid Society, have engaged with Hispanic communities to address these potential barriers. But the limited supply of new, decent rental housing monitored by housing agencies, and the land use patterns which create "pockets" of housing in deteriorating condition removed from communities, present challenges in even understanding the

depth of the problem, and makes it easier for unscrupulous landlords to take advantage of families with limited awareness of their housing rights.

According to the Fair Housing Working Group, continuous engagement, education, and a “boots on the ground” assessment of fair housing violations is essential to address fair housing challenges faced by rural Hispanic households. These housing challenges are likely experienced by low income African American communities as well. While they do not face similar language barriers, the isolation of poor rental housing excluded from any kind of compliance monitoring leads to many of the area’s poorest renters living in inadequate, deteriorating homes that are also unaffordable.

Based on an analysis of West Sussex's demographics and housing profile, the following are the most significant issues for the market:

- With significantly lower incomes and higher poverty rates than state averages, it is difficult to fund new housing construction to replace the aging housing stock. Home repair programs and incentives for new development specific to the area will be increasingly important to increase the feasibility of new projects.
- Similarly, home values and rents are considerably lower than state averages, leading to a large number of homes in deteriorating condition and presenting market challenges to subsidizing new construction and even repair programs. It is common to find that the funds needed to repair a blighted home exceeds the value of that home even after those repairs are made. This requires an additional layer of subsidy and potentially replacing deteriorating homes rather than repairing based on a comparison of costs.
- Rural housing typology differs from urban and suburban housing forms, where mobile homes are an acceptable and more affordable alternative for homeowners; and renters have the ability to rent single family properties. These preferences will likely have an impact on demand for new development and should be factored into project-specific market analysis and future housing policies.
- Finally, the fact that so many of the affordable rental homes are not subsidized, but rather are scattered as single family homes or small communities within clusters along one-way roads, means that many of the rental housing challenges are hidden from the public eye. This leads to potential fair housing violations, particularly among the Hispanic population, and a deteriorating housing stock. Community engagement and geographically focused housing strategies will likely be needed to address these problems.

Housing Demand, West Sussex

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock
- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 2,237 units, of which 821 are rental housing and 1,416 are homeownership. The majority of rental demand falls within incomes less than 50% AMI (360 units) while the majority of demand for homeownership is above 80% AMI (975 units). The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

Table 42: West Sussex Housing Demand by Income and Tenure, 2015-2020

	West Sussex
<50% AMI Rental	360
50% to 80% AMI Rental	170
80%+ AMI Rental	290
Total Rental Units	820
<50% AMI Ownership	200
50% to 80% AMI Ownership	240
80%-120% AMI Ownership	485
>120% AMI Ownership	490
Total Homes for Purchase	1,415
<50% AMI Rental and Homeownership	600
50% to 80% AMI Rental and Homeownership	410
80%+ AMI Rental and Homeownership	1,265
All Units	2,235

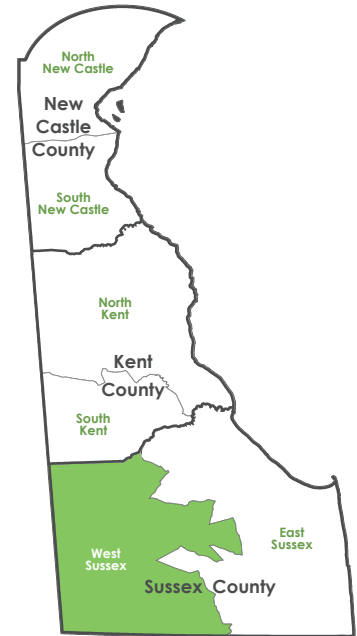
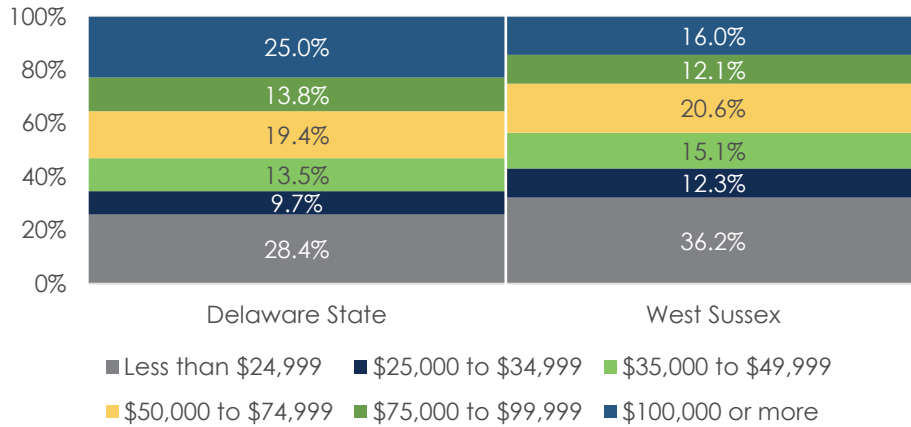
Table 43: West Sussex Housing Demand by Bedroom and Tenure, 2015-2020

	Rental	Ownership	Total
1 Bedroom	321	272	593
2 Bedroom	304	614	918
3 Bedroom	197	530	727
Total	822	1,416	2,238

DELAWARE HOUSING NEEDS ASSESSMENT

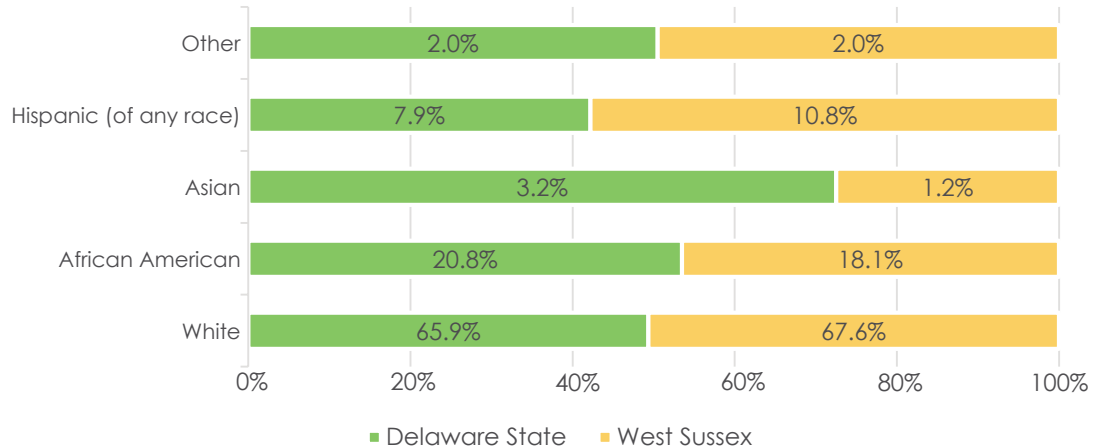
The West Sussex County submarket has substantially more households earning under \$25,000 than the State overall.

Household Income Distribution

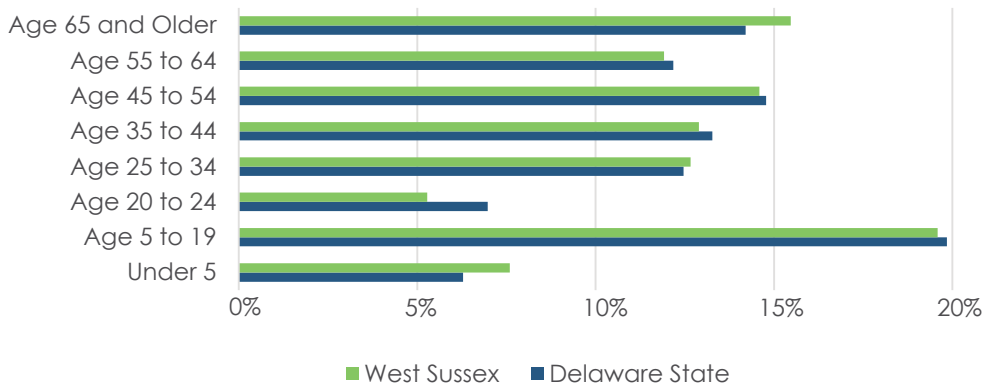


Less African Americans and more Hispanics than State average.

Race and Ethnicity

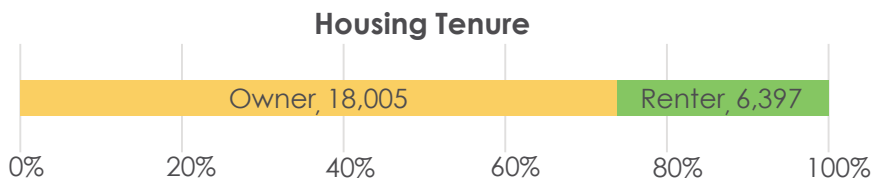


Population by Age

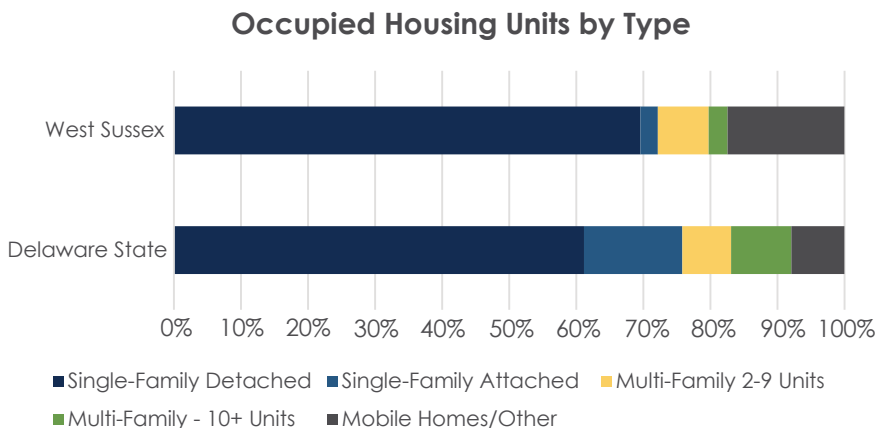


A larger percentage of very young children and seniors than State average.

Total Housing Units: 27,847
 Occupied Housing Units: 24,402
 Vacant Housing Units: 3,445
 % Vacant Units: 12.4%

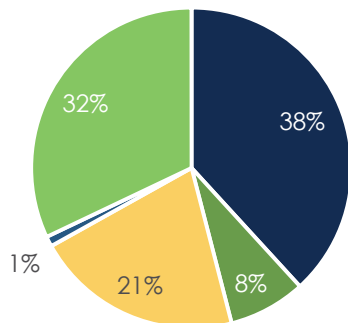


West Sussex housing is predominantly single family detached homes and mobile homes. There are very few multi-family homes or townhomes.



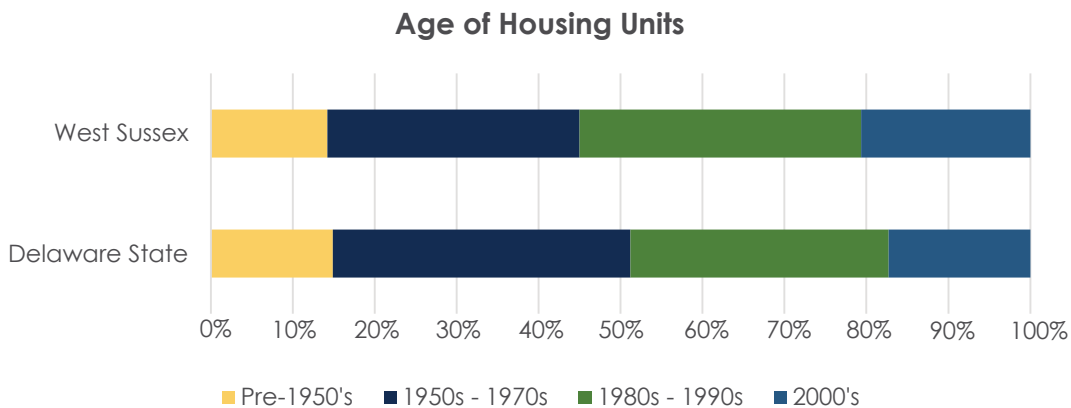
Vacant Units by Type

- For Rent or Sale
- Rented or Sold
- Seasonal/Vacation Homes
- Migrant Workers
- Other



West Sussex has a large percentage of vacant homes classified as “Other”, typically associated with blight and abandonment. The submarket also has a relatively substantial number of homes for migrant workers.

Housing in West Sussex is newer than State average, with more than half of all homes built after 1980.



Housing Challenges

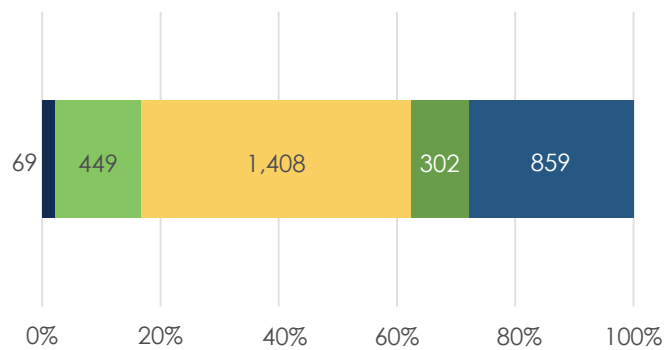
	Total	% of all Units	Compared to State
Overcrowded Units	657	2.6%	+0.9%
Severely Overcrowded Units	177	0.7%	+0.4%
Homes lacking complete kitchen or bathroom facilities	430	1.7%	+0.9%
Cost Burdened Renters	3,071	46.7%	+0.7%
Severely Cost Burdened Renters	1,344	20.5%	-2.0%
Cost Burdened Owners	5,227	28.3%	+1.0%
Severely Cost Burdened Owners	2,020	11.0%	+0.6%



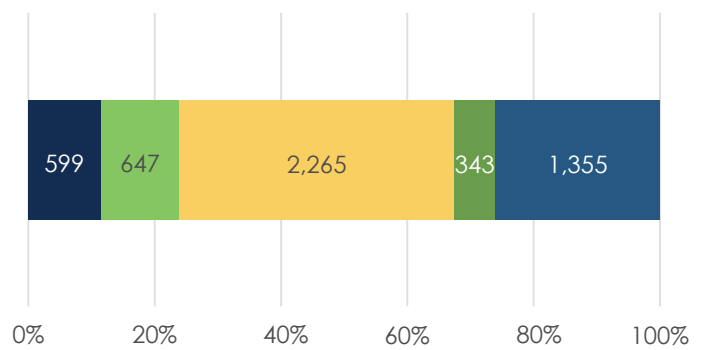
- Renters are substantially more cost burdened than owners.
- Small Families and Non-Family Households comprise the majority of cost burdened households.
- African American and Hispanic renters are disproportionately cost burdened.

	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	1,473	48%	51%	3,909	75%	80%
African American	1,078	35%	34%	891	17%	14%
Asian	25	1%	4%	44	1%	2%
Hispanic (of any race)	395	13%	10%	320	6%	3%
Other	94	3%	2%	54	1%	1%
Total	3,065			5,218		

Cost-Burdened Renters



Cost-Burdened Homeowners



■ Elderly Small Family ■ Elderly Non-Family ■ Non-Elderly Small Family ■ Large Family ■ Non-Elderly Non-Family

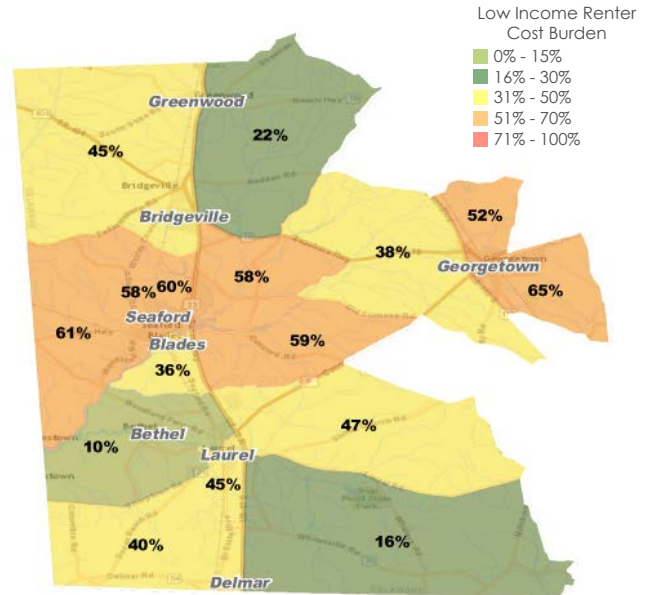
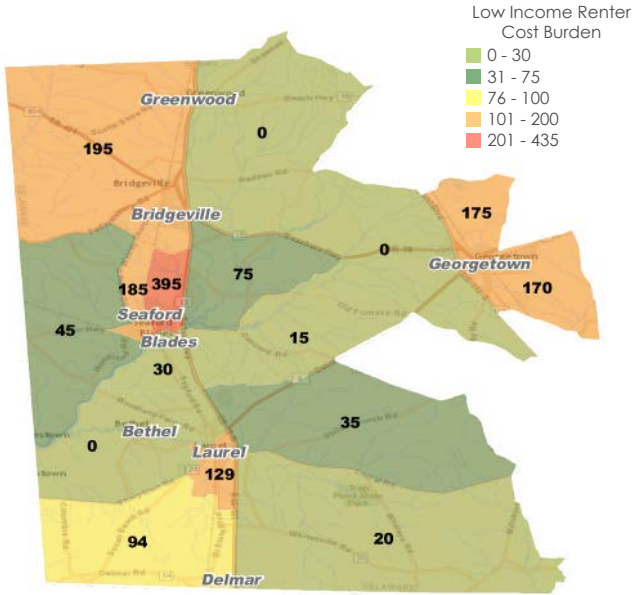
Households with Cost Burden:

A household is considered cost burdened if more than 30% of income is spent on housing costs, including rent and utilities for renters, and mortgage, taxes and insurance for owners.

Cost Burdened Renter Households by Census Tract (Under 80% Area Median Income)

In numbers:

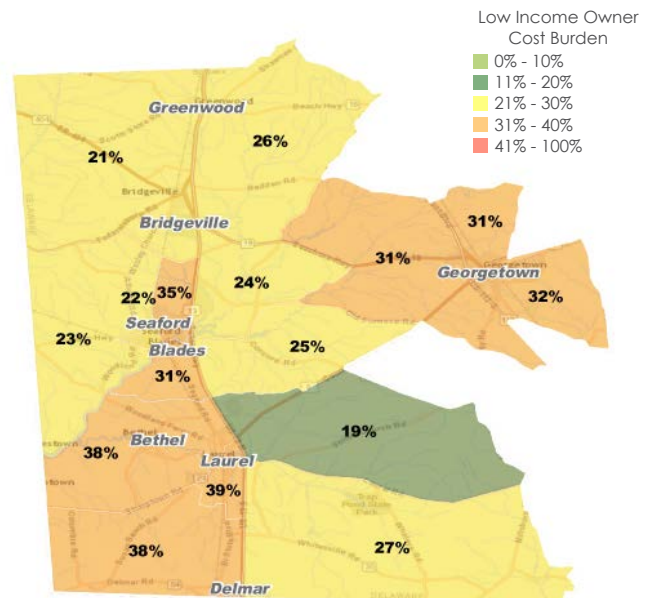
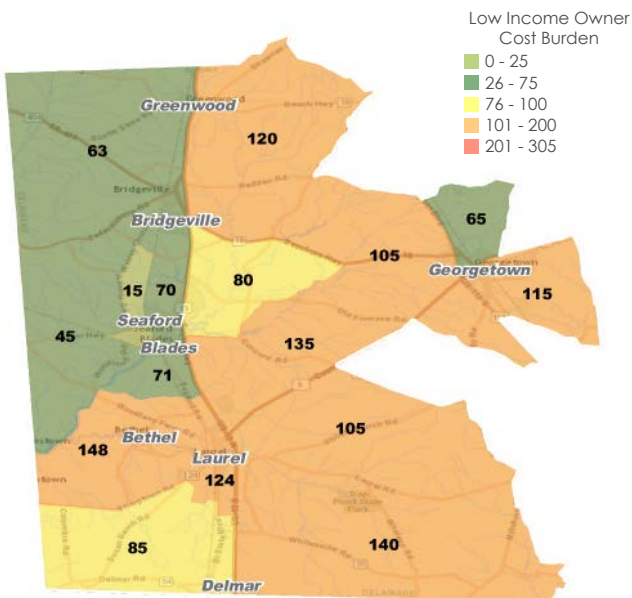
As percentage of all renters:



Cost Burdened Owner Households by Census Tract (Under 80% Area Median Income)

In numbers:

As percentage of all owners:



South Kent

The South Kent housing market is remarkably similar to West Sussex. It is a rural community with pockets of distress, relatively slow growth, high poverty and low property values. It also represents the smallest submarket in the study, with a population of approximately 27,000 (3% of Delaware's population). The communities within South Kent include Felton, Magnolia, Farmington and Harrington.

Like West Sussex, property values are particularly low with 15% of owned homes valued at less than \$100,000 (compared to 10% statewide) and 32% of contract rents are less than \$500 per month (compared to 17% statewide). These low prices are a reflection of lower overall incomes.

Incomes are the lowest in South Kent out of all submarkets, with 37% of households earning less than \$25,000 per year, compared to 28% in Delaware. But unlike West Sussex, South Kent is predominantly white, where only 25% of the population is a minority. This is likely the biggest difference between South Kent and West Sussex, the state's two rural areas. In West Sussex, we see a larger share of poor, rural African Americans and Hispanics; in South Kent, we see a larger share of poor, rural white populations.

Similar to West Sussex, there are large number of homeowners who live in mobile homes, and 1 in 3 renters live in a single family home, compared to 1 in 5 for the state. This is common for rural communities with low incomes that have difficulty financing new development. Households are more likely to find affordable housing alternatives to new construction, including using the existing housing stock and/or living in mobile homes. And while South Kent also faces a large number of blighted properties, it is not as severe as the rural areas to the south.

There are two distinctive demographic characteristics of South Kent that have an impact on housing demand. First, there is a large percentage of older residents, with 30% of the population over 55 compared to 26% statewide. Even more striking, there are more people living alone, also 30% compared to 26% statewide.

Despite the rural landscape and lower incomes, the area has a tremendously large number of approved development applications issued since 2008 totaling 6,645 units, and new construction of middle income communities, particularly in Magnolia, where 158 newly constructed single family homes are for sale. Given the economic downturn several years ago, only a fraction of the 6,000+ units will be developed, but current data indicates that new housing development catering to retirees and Dover families seeking more land will spur demand for new housing.

Based on an analysis of South Kent's demographics and housing profile, the following are the most significant issues for the market:

- With the lowest income of all submarkets, it is difficult to provide housing to many of the residents without subsidy. Home repair pro-

grams and affordable housing incentives targeted to rural, poor areas will be needed.

- The aging population, particularly those living alone, will require support services and many homeowners will need assistance in retrofitting their homes so that they may age in their home. This may include installing accessibility ramps, handicapped accessible bathrooms, and universal design measures (i.e. reachable handles, light switches and door knobs).

Housing Demand, South Kent

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock
- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 1,181 units, of which 376 are rental housing and 804 are for homeownership. Rental demand falls within incomes less than 50% AMI (175 units) and above 80% AMI (137 units) while the majority of demand for homeownership is above 80% AMI (680 units). The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

Table 44: South Kent Housing Demand by Income and Tenure, 2015-2020

	South Kent
<50% AMI Rental	175
50% to 80% AMI Rental	64
80%+ AMI Rental	135
Total Rental Units	374
<50% AMI Ownership	135
50% to 80% AMI Ownership	125
80%-120% AMI Ownership	310
>120% AMI Ownership	235
Total Homes for Purchase	805
<50% AMI Rental and Homeownership	310

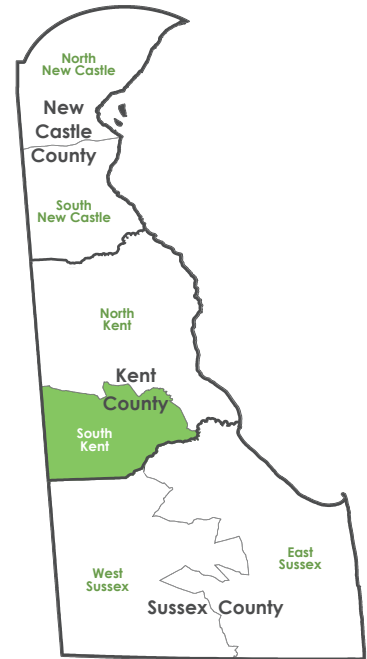
50% to 80% AMI Rental and Homeownership	189
80%+ AMI Rental and Homeownership	680
All Units	1,179

Table 45: South Kent Housing Demand by Bedroom and Tenure, 2015-2020

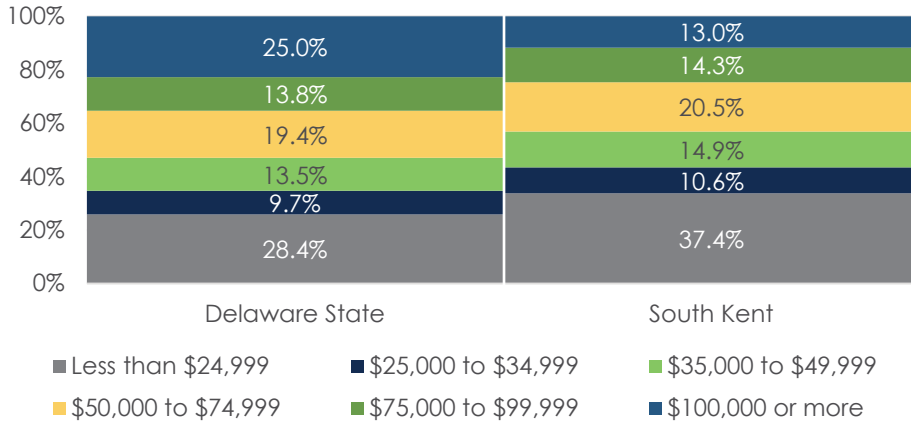
	Rental	Ownership	Total
1 Bedroom	172	154	326
2 Bedroom	140	354	494
3 Bedroom	65	296	361
Total	377	804	1,181



The South Kent County Submarket has substantially more households than the State average earning less than \$25,000 per year.

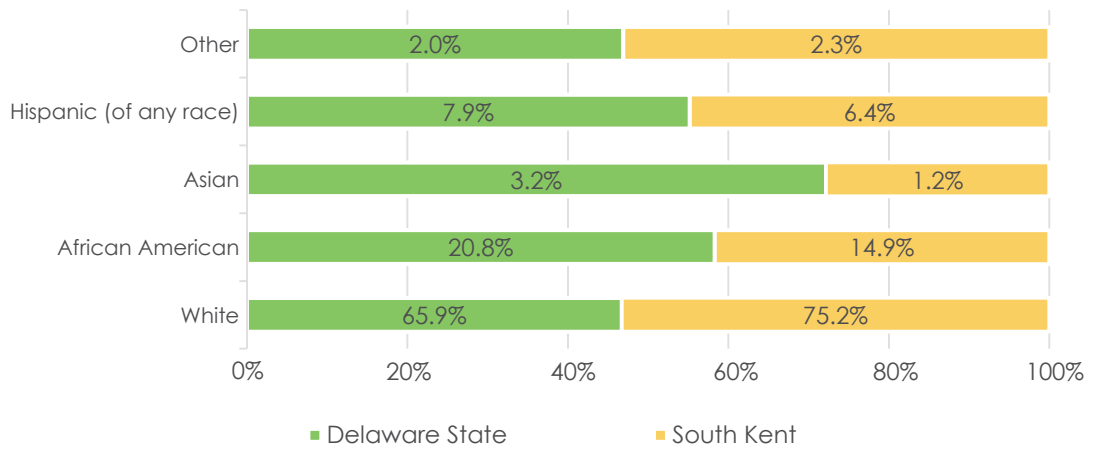


Household Income Distribution

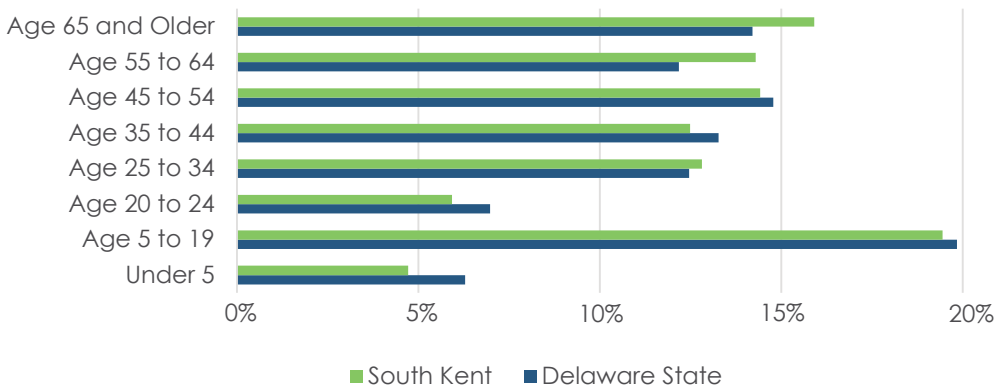


Predominantly white, non-Hispanic households live in South Kent (75% compared to 66% in the State).

Race and Ethnicity



Population by Age

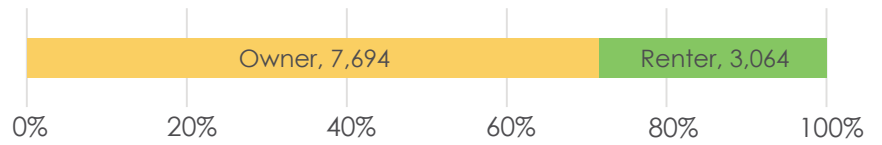


South Kent County has fewer children and more seniors than State average.

DELAWARE HOUSING NEEDS ASSESSMENT

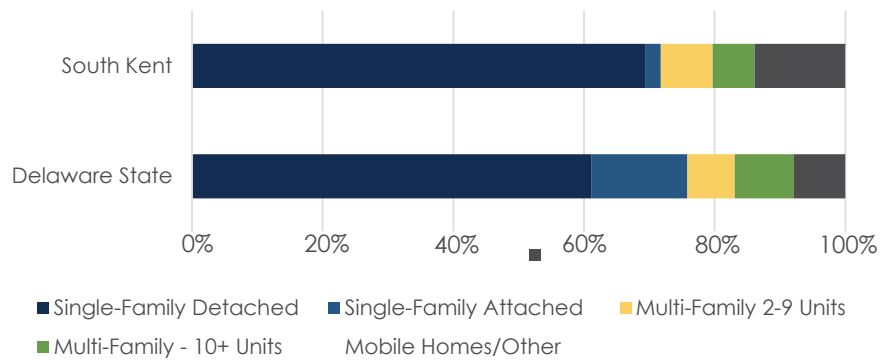
Total Housing Units: 11,755
 Occupied Housing Units: 10,758
 Vacant Housing Units: 997
 % Vacant Units: 8.5%

Housing Tenure

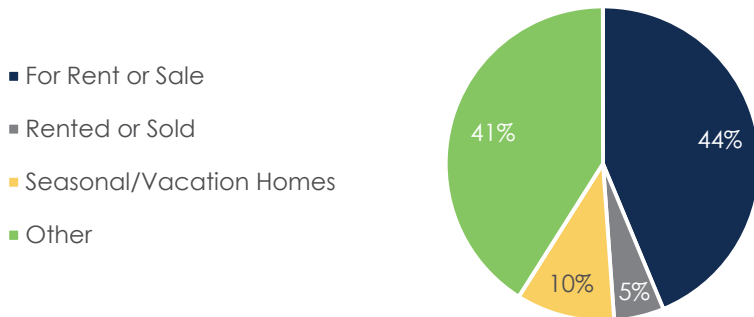


The vast majority of homes in South Kent County are single-family detached units or mobile homes. There are very few large multi-family developments.

Housing Units by Type



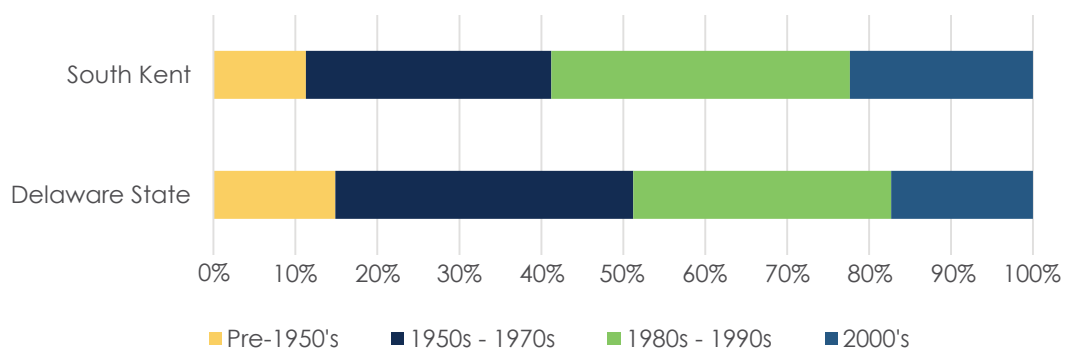
Vacant Units by Type



While the overall vacancy rate in South Kent is lower than State average, there is a large percentage of vacant units categorized as "Other". These units are typically associated with blight and abandonment. The submarket also has a relatively substantial number of homes for migrant workers.

The age of homes in South Kent is comparable to rest of the State, but features slightly more homes built after 2000.

Age of Housing Units



Housing Challenges

	Total	% of all Units	Compared to State
Overcrowded Units	108	1.0%	-0.6%
Severely Overcrowded Units	64	0.6%	+0.3%
Homes lacking complete kitchen or bathroom facilities	115	1.1%	+0.3%
Cost Burdened Renters	1,194	42.8%	-2.7%
Severely Cost Burdened Renters	593	21.3%	-1.2%
Cost Burdened Owners	2,093	27.7%	+0.4%
Severely Cost Burdened Owners	906	12.0%	+1.7%



- Renters are substantially more cost burdened than owners.
- Small Families and Non-Family Households comprise the majority of cost burdened households.
- In terms of numbers, White, Non-Hispanic households face the greatest cost burden, followed by African Americans.

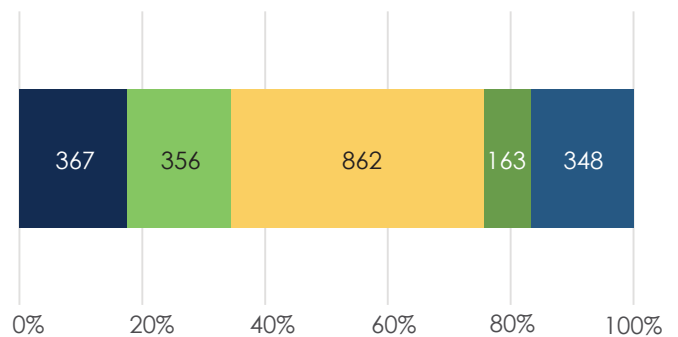
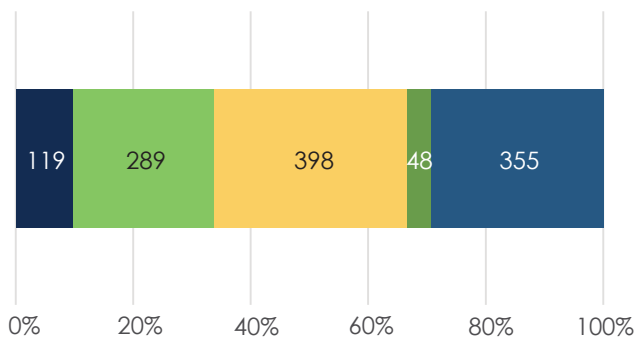


	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	753	63%	51%	1,862	89%	80%
African American	283	24%	34%	188	9%	14%
Asian	35	3%	4%	4	0%	2%
Hispanic (of any race)	65	5%	10%	44	2%	3%
Other	60	5%	2%	4	0%	1%
Total	1,196			2,102		



Cost-Burdened Renters

Cost-Burdened Homeowners



■ Elderly Small Family ■ Elderly Non-Family ■ Non-Elderly Small Family ■ Large Family ■ Non-Elderly Non-Family

North Kent

The North Kent housing market includes the suburban and exurban areas around the State capital of Dover, and the northern community of Smyrna. Interestingly, North Kent reflects common statewide housing market characteristics – there are aging suburban neighborhoods facing decline; established older communities; new developments built in greenfield sites during the construction boom of the 1990s and 2000s; and pockets of subsidized housing and housing catering to very low income households.

Demographics are also similar to state averages. 25% of households are seniors (26% in Delaware); 36% of the population is a minority (34% in the Delaware); 29% of households earn less than \$25,000 per year (28% in Delaware); and 29% are children (26% in Delaware).

What is unique to North Kent, in comparison to the other housing markets, is that the households and homes they live within are predominantly moderate and middle income. 19% of households earn more than \$100,000 per year compared to 25% in the state. There is less of a disparity between poverty and wealth than in New Castle or Sussex counties or in the southern portion of Kent. At the same time, the area has been growing steadily, as development spreads into exurban areas north of Dover. Since 2008, 23% of new residential building permits occurred in North Kent, and yet the population is projected to grow by only 10% between 2010 and 2020. Based on feedback from county planners and housing advocates, there is growing concern that new development, without significant population growth, is fueling the decline of older communities. In the past two years, the prices of new home construction have dropped in response to the decline of the housing market, and are now realistically priced for the current homebuyer market. In 2008, most new construction was priced above \$250,000, while now much of the new construction is priced between \$180,000 and \$250,000. These lower prices are comparable to older, existing homes, where 46% were built between 1970 and 2000. Many of these units require substantial renovation to compete with the amenities of new developments. Without substantial population growth, the older units are at risk of losing property value, and potentially abandonment.

This is the primary concern that distinguishes North Kent from other submarkets. For statewide policy, it is important to maintain and increase the supply of affordable housing to low and very low income households and address blight within distressed communities. In North Kent, it will also be important to address potential decline of older, moderate and middle income communities through homeownership opportunities, repair programs, and coordinated planning with economic development and other planning initiatives.

Dover

The analysis includes a review of demographics and housing within the city boundaries of Dover. Similar to other urban areas, Dover has a higher concentration of minorities than state average (44% compared to 34%) and slightly lower income (31% earn less than \$25,000 compared to 28%). The City's renters (53%) live in multi-family buildings, which is comparable to the rest of the state. Vacancy rates are lower than state average, but with higher turnover rates (30% of homeowners and 75% of renters moved within the last five years).

Based on field surveys and oral interviews, Route 13 functions as a dividing line between stronger areas and more distressed communities, with the western portion containing more of the subsidized housing and some distressed areas. The communities east of Route 13 represent more suburban, moderate and middle income areas. These differences are illustrated in the Market Value Analysis section of this report. The City's downtown still faces high numbers of vacant store fronts, but anchor institutions (including Bayhealth Hospital, Dover Downs Resort and Casino, Delaware State University as well as State Government offices) play a key role in neighborhood health.

Housing Demand, North Kent

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock
- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 3,616 units, of which 1,095 are rental housing and 2,521 are for homeownership. Rental demand falls within incomes less than 50% AMI (420 units) and above 80% AMI (459 units) while the majority of demand for homeownership is above 80% AMI (1,770 units). The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

Table 46: North Kent Housing Demand by Income and Tenure, 2015-2020

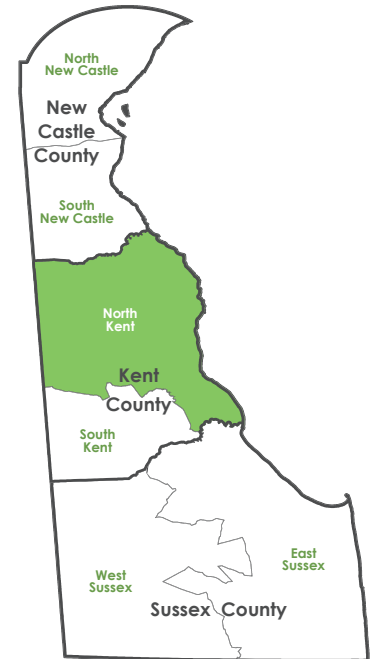
	North Kent
<50% AMI Rental	420
50% to 80% AMI Rental	215
80%+ AMI Rental	460
Total Rental Units	1,095
<50% AMI Ownership	360
50% to 80% AMI Ownership	395
80%-120% AMI Ownership	940
>120% AMI Ownership	830
Total Homes for Purchase	2,525
<50% AMI Rental and Homeownership	780
50% to 80% AMI Rental and Homeownership	610
80%+ AMI Rental and Homeownership	2,230
All Units	3,620

Table 47: North Kent Housing Demand by Bedroom and Tenure, 2015-2020

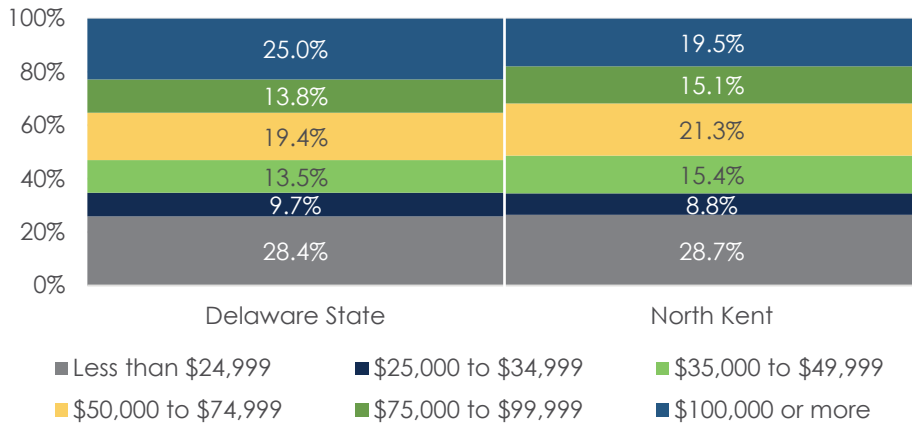
	Rental	Ownership	Total
1 Bedroom	434	453	887
2 Bedroom	416	1,073	1,489
3 Bedroom	245	995	1,240
Total	1,095	2,521	3,616



The North Kent County submarket is a middle income community with fewer households earning over \$100,000 per year than the State average.

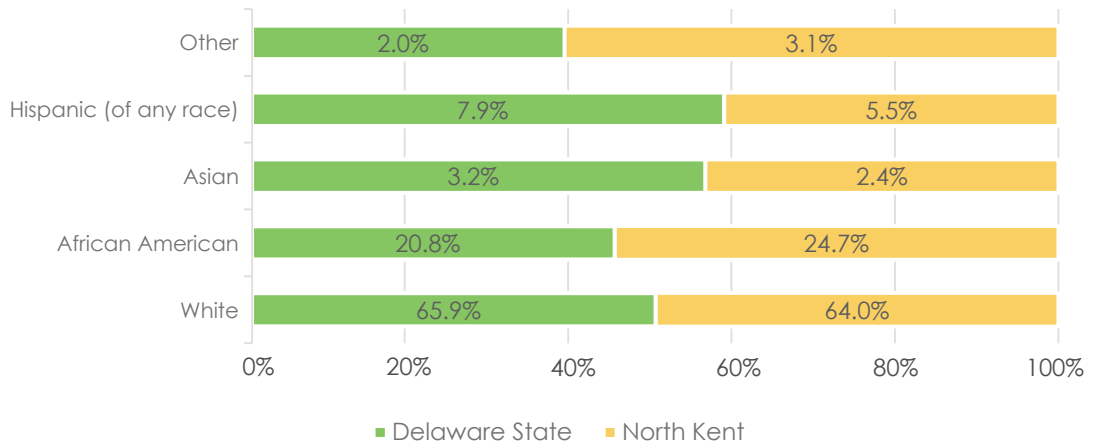


Household Income Distribution



North Kent has more African American households and fewer Hispanic households than State average.

Race and Ethnicity



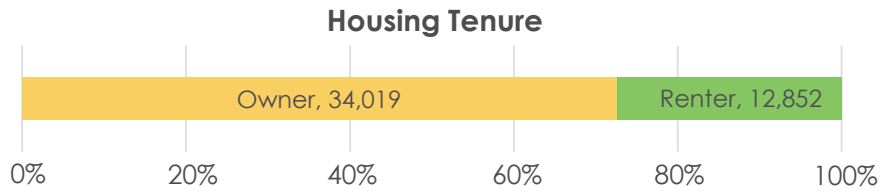
Population by Age



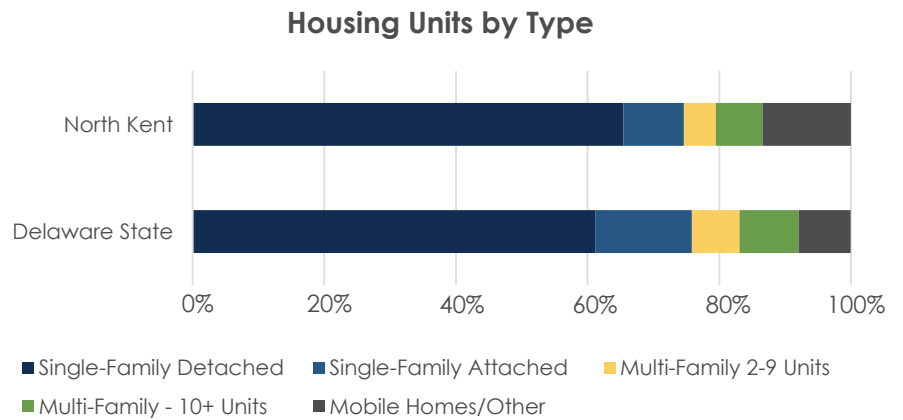
There are more children and young adults, and fewer retirees compared to the State average.

DELAWARE HOUSING NEEDS ASSESSMENT

Total Housing Units: 52,861
 Occupied Housing Units: 46,871
 Vacant Housing Units: 5,990
 % Vacant Units: 11.3%

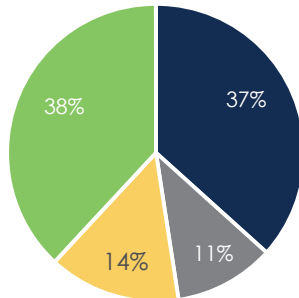


North Kent's housing stock is largely comprised of single family and mobile homes.



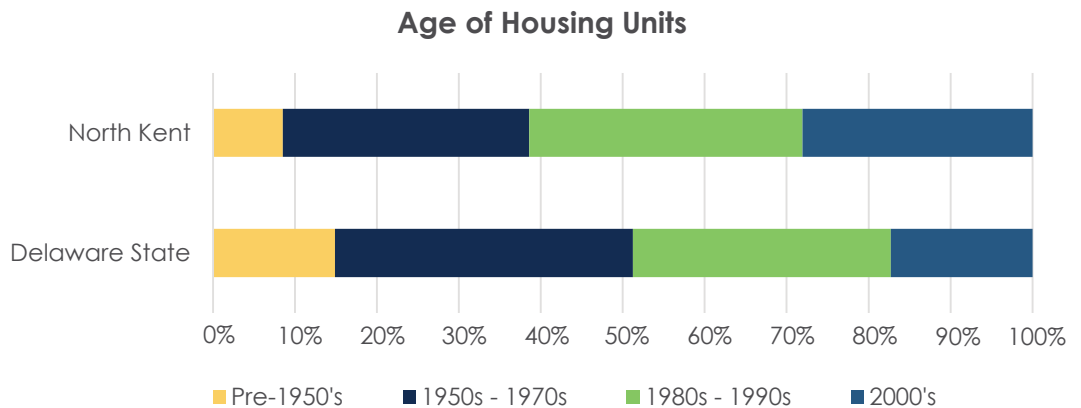
Vacant Units by Type

- For Rent or Sale
- Rented or Sold
- Seasonal/Vacation Homes
- Other



North Kent has a high vacancy rate of 11.4%. Of those units, 48% are on the market (for rent/for sale, or rented/sold but not yet occupied). A large percentage of vacant units are classified as "Other" (38%) which includes abandoned homes, foreclosures, and homes under repair.

Housing in North Kent is slightly newer than State average, with more than 60% of all homes built after 1980.



Housing Challenges

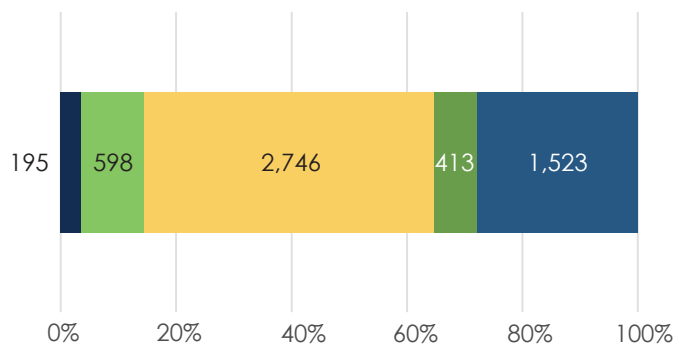
	Total	% of all Units	Compared to State
Overcrowded Units	805	1.7%	0.0%
Severely Overcrowded Units	63	0.1%	-0.2%
Homes lacking complete kitchen or bathroom facilities	306	0.6%	-0.2%
Cost Burdened Renters	5,463	42.7%	-2.8%
Severely Cost Burdened Renters	2,907	22.7%	+0.3%
Cost Burdened Owners	10,040	29.3%	+2.0%
Severely Cost Burdened Owners	3,634	10.6%	+0.3%



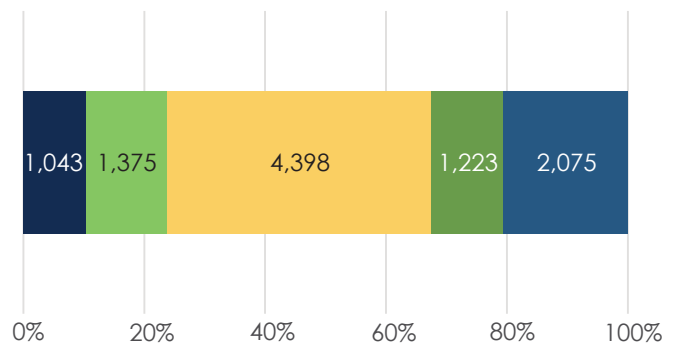
- Renters are substantially more cost burdened than owners.
- Small Families and Non-Family Households comprise the majority of cost burdened households.
- African Americans are disproportionately cost burdened.

	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	2,506	46%	51%	6,932	69%	80%
African American	2,388	44%	34%	2,233	22%	14%
Asian	87	2%	4%	251	3%	2%
Hispanic (of any race)	376	7%	10%	481	5%	3%
Other	110	2%	2%	113	1%	1%
Total	5,467			10,010		

Cost-Burdened Renters



Cost-Burdened Homeowners



■ Elderly Small Family ■ Elderly Non-Family ■ Non-Elderly Small Family ■ Large Family ■ Non-Elderly Non-Family

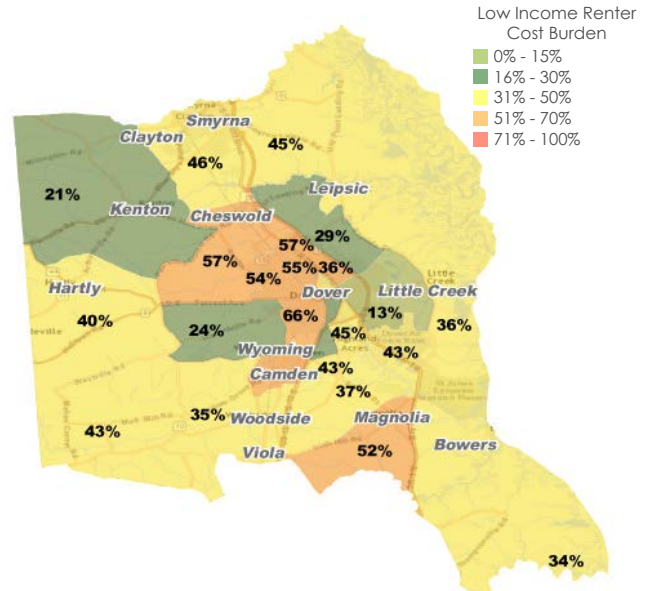
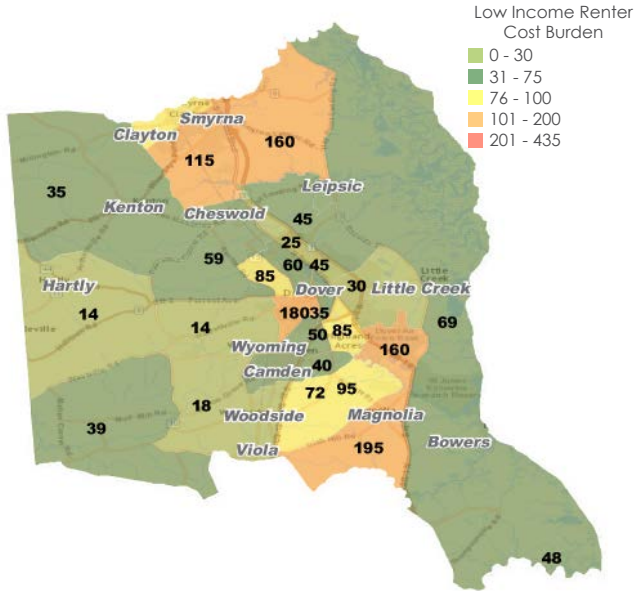
Households with Cost Burden:

A household is considered cost burdened if more than 30% of income is spent on housing costs, including rent and utilities for renters, and mortgage, taxes and insurance for owners.

Cost Burdened Renter Households by Census Tract (Under 80% Area Median Income)

In numbers:

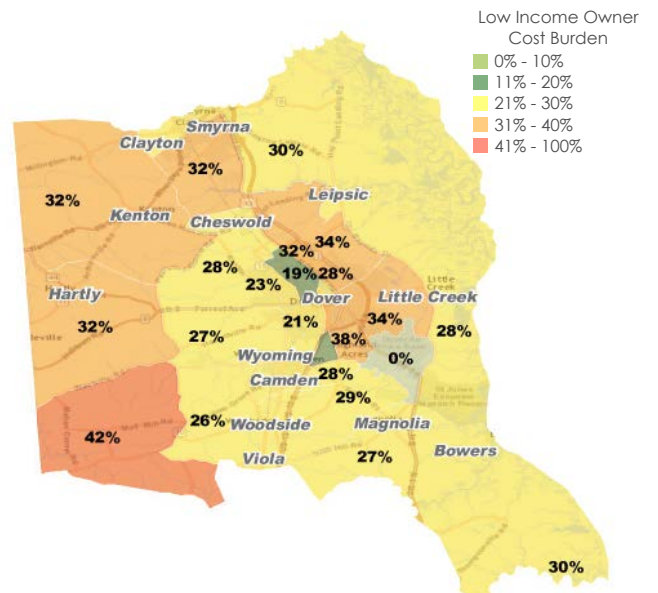
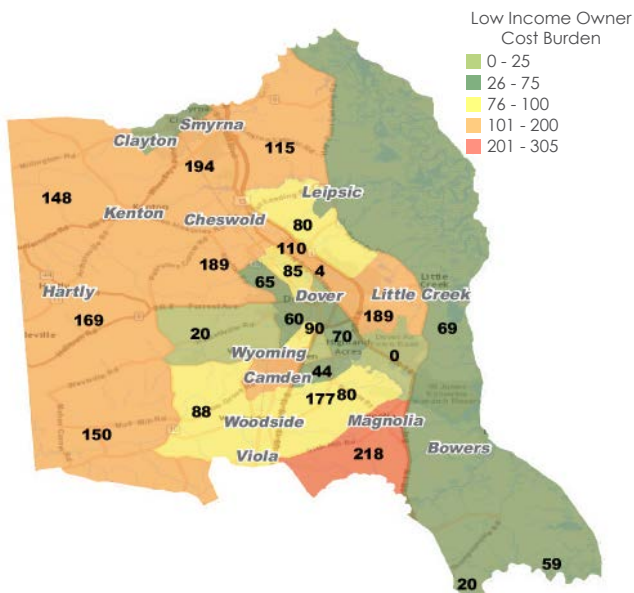
As percentage of all renters:



Cost Burdened Owner Households by Census Tract (Under 80% Area Median Income)

In numbers:

As percentage of all owners:



South New Castle

The South New Castle submarket can be described as an established, wealthy bedroom community slated to grow significantly over the next decade. Although East Sussex experienced the greatest boom in the 2000s, household projections indicate that South New Castle will add almost 19,000 new households by 2030, indicating a 59% growth rate between 2010 and 2020 and a 41% growth between 2020 and 2030.

The demographics of South New Castle are common among wealthy bedroom communities. The area is less diverse racially and ethnically, with 27% of the population a minority compared to 34% statewide. There are also more children, comprised of 30% of the population, the highest of all sub markets. It is also the wealthiest submarket, with 42% of households earning over \$100,000 per year (compared to 28% statewide).

The housing stock is new and predominantly single family homes. 43% of all homes were built in the 2000s, more than twice as many as state average. And the vast majority (76%) are owned, single family homes. In contrast there are very few rental housing units, comprising only 11% of the housing stock (compared to 27% statewide). And as would be expected in this high demand area, housing prices are high for both homeownership and the rental housing available. 31% of rental housing costs more than \$1,000 per month (compared to 21% statewide) and 57% of all homes owned are valued at more than \$300,000 (compared to 34% statewide).

Current developments in the planning stages or initial development include the new town center of Whitehall (3,600 units), and the Village of Bayberry (950 units).

It is difficult to address the housing needs at the submarket level when the submarket has few low income households because they cannot afford current housing prices. If we approach housing needs in this area based on current households, it appears there are very few housing needs in comparison to other communities. But this is due to the fact that low income and very low income households are not able to live within this community due to housing prices, and therefore live in Wilmington and parts of North New Castle.

Therefore, from a regional perspective, the greatest challenge for this submarket is to increase the supply of affordable housing for homeownership and renters. According to local housing and planning officials, this is difficult to accomplish due to zoning issues, where required lot sizes increase the cost of land per unit, and NIMBYism, the acronym coined to represent residents who espouse a "Not in my Backyard" position on multi-family housing and higher density.

The county previously introduced a workforce housing ordinance to encourage the supply of homeownership opportunities to moderate and middle income families. This initiative developed at the peak of the housing market in 2006, when prices were unusually high. Currently there is a moratorium on this ordinance in reaction to new housing trends, where market rate development is becoming increasingly more affordable as smaller homes and townhomes

go under construction. According to County Planning staff, South New Castle is slated for new, affordable moderate and middle income affordable homeownership opportunities in the near future. The County is also considering a workforce housing ordinance through a local housing group to evaluate work force housing needs in the County.

Housing Demand – South New Castle

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock
- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 4,473 units, of which 501 are rental housing and 3,973 are for homeownership. Rental demand falls within incomes less than 50% AMI (260 units) and above 80% AMI (171 units) while the majority of demand for homeownership is above 120% AMI (1,828 units). The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

Table 48: Housing Demand by Income and Tenure, South New Castle 2015-2020

	South New Castle
<50% AMI Rental	260
50% to 80% AMI Rental	70
80%+ AMI Rental	170
Total Rental Units	500
<50% AMI Ownership	410
50% to 80% AMI Ownership	470
80%-120% AMI Ownership	1,265
>120% AMI Ownership	1,830
Total Homes for Purchase	3,975

<50% AMI Rental and Homeownership	670
50% to 80% AMI Rental and Homeownership	540
80%+ AMI Rental and Homeownership	3,265
All Units	4,475

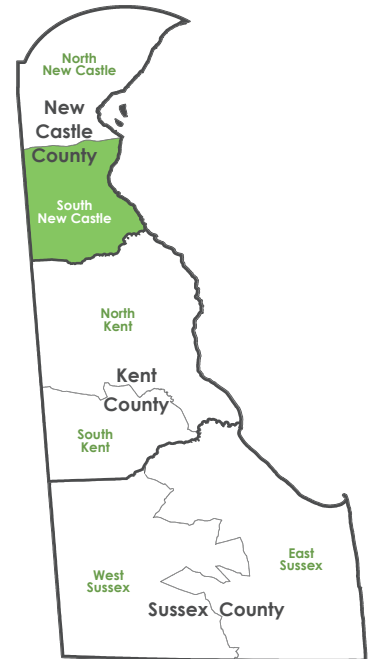
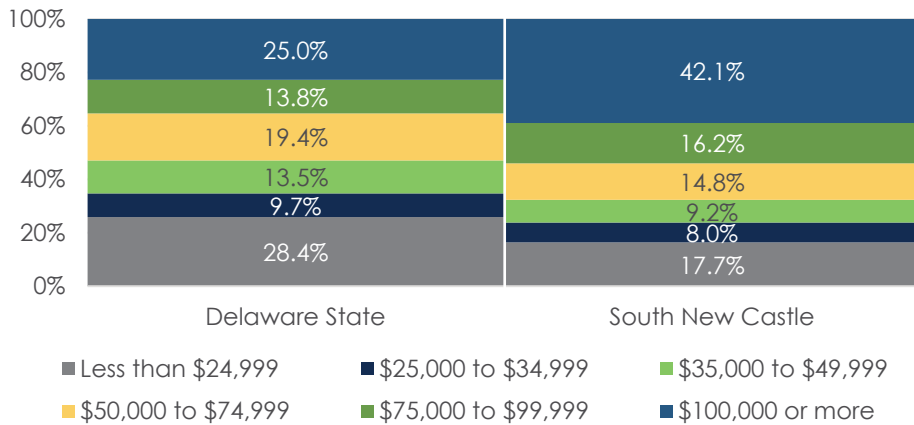
Table 49: South New Castle Housing Demand by Bedroom and Tenure, 2015-2020

	Rental	Ownership	Total
1 Bedroom	171	622	793
2 Bedroom	204	1,503	1,707
3 Bedroom	126	1,847	1,973
Total	501	3,972	4,473

DELAWARE HOUSING NEEDS ASSESSMENT

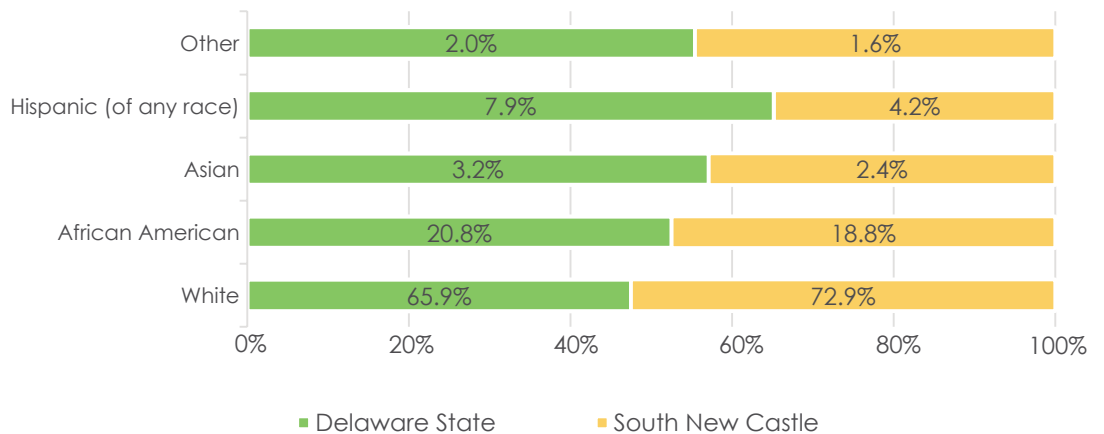
The South New Castle County submarket has substantially more households earning over \$100,000 per year compared to the State average.

Household Income Distribution

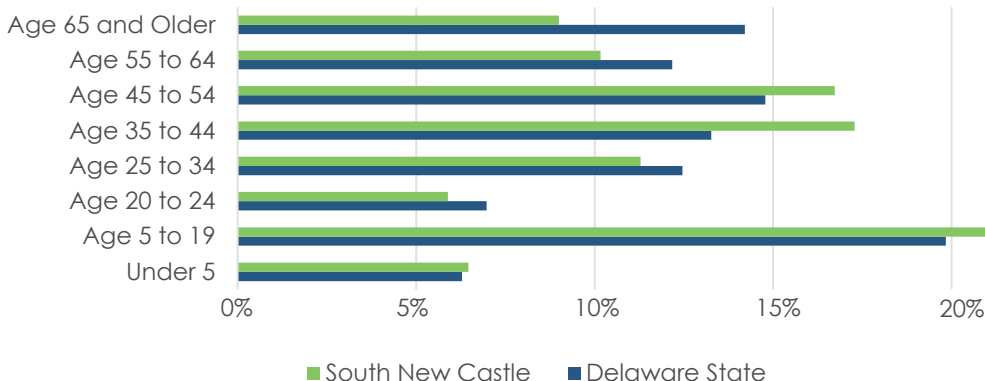


South New Castle County is less racially and ethnically diverse than State average, with more White, Non-Hispanic households.

Race and Ethnicity

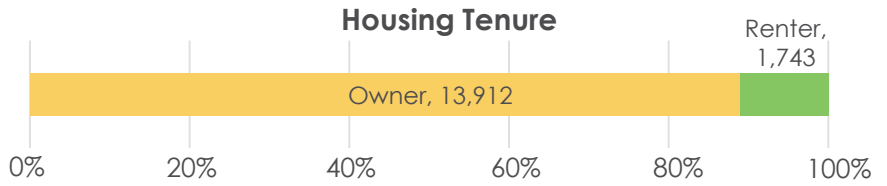


Population by Age

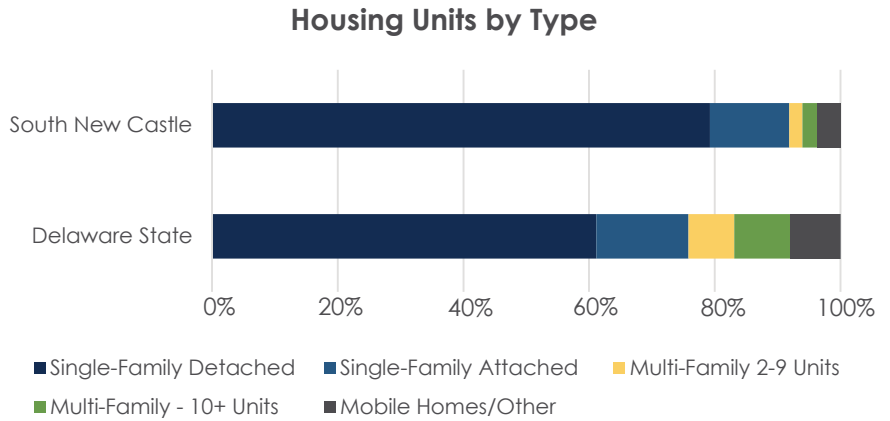


As a family-oriented community, South New Castle has more school-age children and adults aged 35 to 54, than State average.

Total Housing Units: 16,613
 Occupied Housing Units: 16,655
 Vacant Housing Units: 958
 % Vacant Units: 5.8%

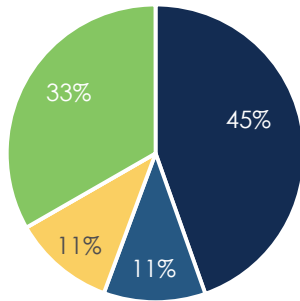


South New Castle housing is predominantly comprised of single-family homes for homeowners. There are few multi-family developments or mobile homes compared to State average.



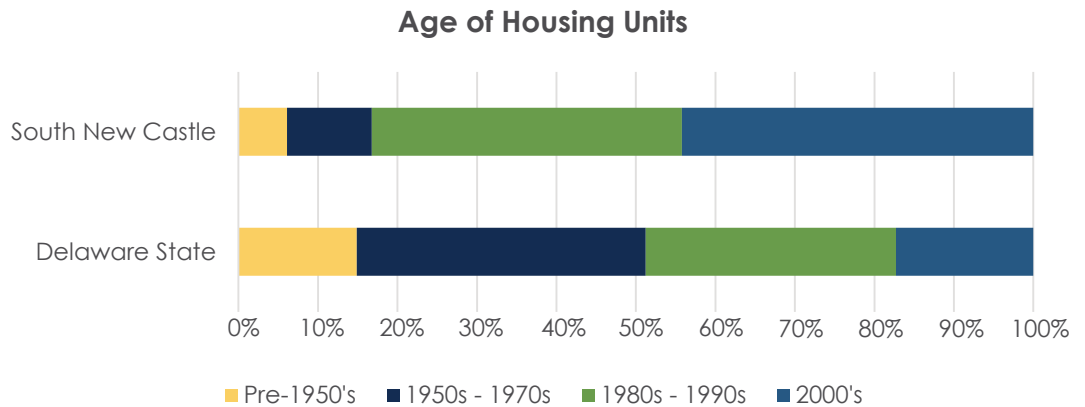
Vacant Units by Type

- For Rent or Sale
- Rented or Sold
- Seasonal/Vacation Homes
- Other



The overall vacancy rate in South New Castle is low, at 5.8%. The majority of these units are for rent or for sale (45%). The submarket also has a higher than average share of Vacant units classified as "Other" which can include homes under repair, in foreclosure, or abandoned.

Housing in South New Castle is much newer than State average, with more than 40% of its units built in the last 10 to 15 years. More than 80% of housing was developed after 1980.



Housing Challenges

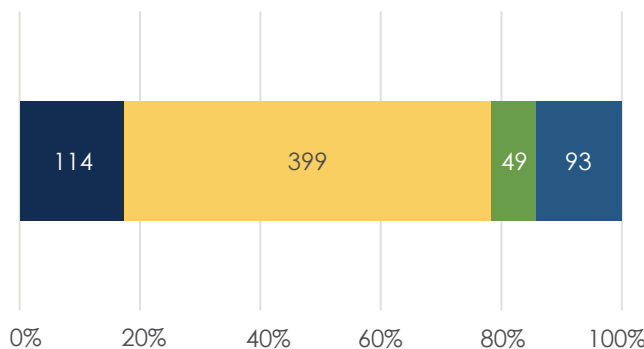
	Total	% of all Units	Compared to State
Overcrowded Units	175	1.1%	-0.5%
Severely Overcrowded Units	30	0.2%	-0.2%
Homes lacking complete kitchen or bathroom facilities	50	0.3%	-0.5%
Cost Burdened Renters	647	43.9%	-1.6%
Severely Cost Burdened Renters	234	15.9%	-6.6%
Cost Burdened Owners	4,033	29.1%	+1.8%
Severely Cost Burdened Owners	1,240	9.0%	-1.4%



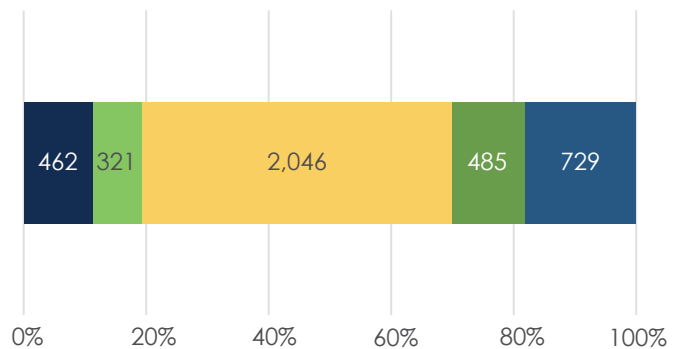
- Because there are fewer available rental units, cost burden is a greater issue among homeowners.
- For the renters that are cost burdened, 65% are Minority households.
- Non-elderly small families comprise the largest share of cost burdened renters and owners.

	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	234	36%	51%	3,074	76%	80%
African American	280	43%	34%	779	19%	14%
Asian	10	2%	4%	70	2%	2%
Hispanic (of any race)	120	19%	10%	89	2%	3%
Other	0	0%	2%	34	1%	1%
Total	644			4,046		

Cost-Burdened Renters



Cost-Burdened Homeowners



■ Elderly Small Family ■ Elderly Non-Family ■ Non-Elderly Small Family ■ Large Family ■ Non-Elderly Non-Family

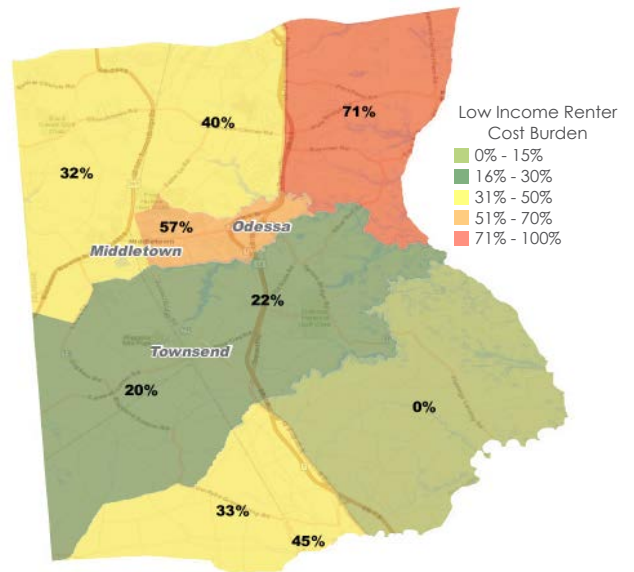
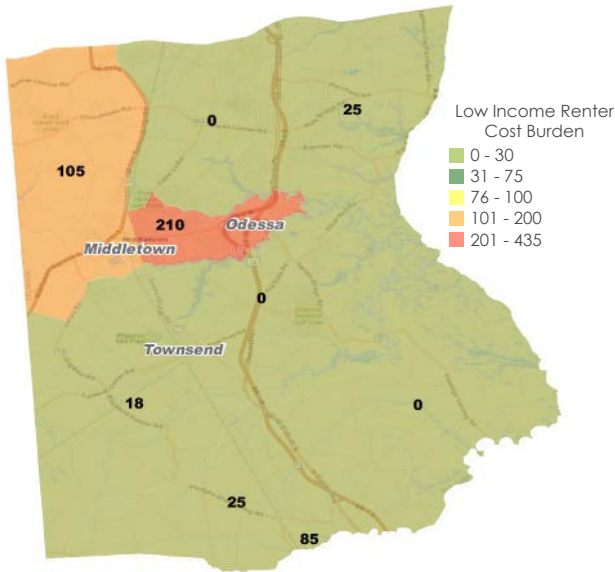
Households with Cost Burden:

A household is considered cost burdened if more than 30% of income is spent on housing costs, including rent and utilities for renters, and mortgage, taxes and insurance for owners.

Cost Burdened Renter Households by Census Tract (Under 80% Area Median Income)

In numbers:

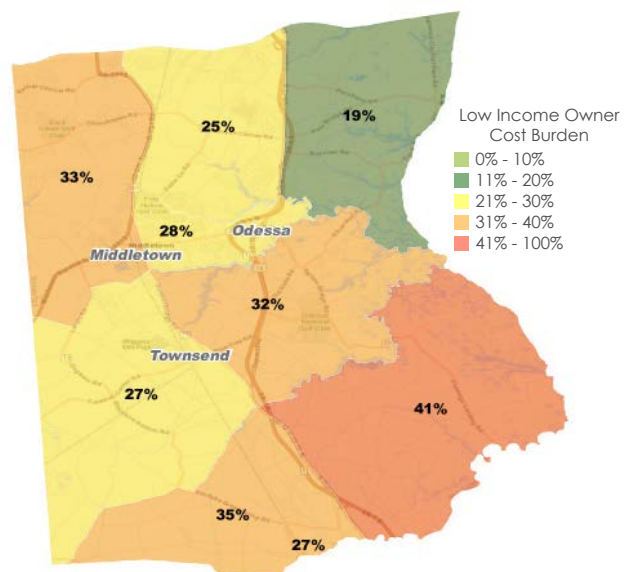
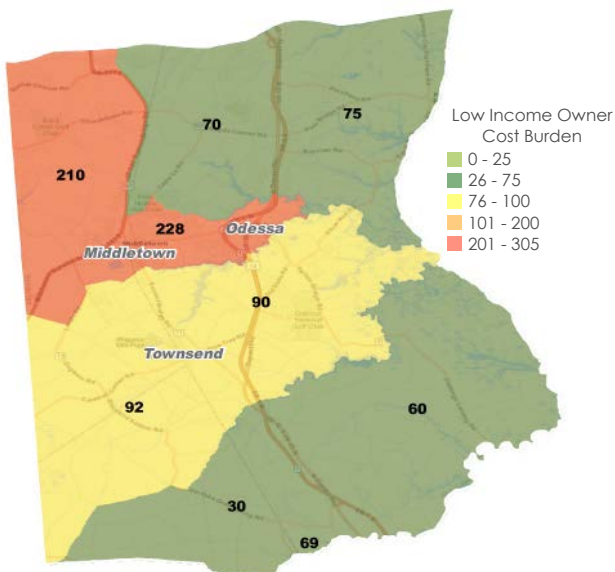
As percentage of all renters:



Cost Burdened Owner Households by Census Tract (Under 80% Area Median Income)

In numbers:

As percentage of all owners:



North New Castle

North New Castle can be described as the population and employment center of the state, and includes very wealthy suburban communities in its northern portions, as well as the most distressed area of the state, the city of Wilmington. It is the most populous area of the state representing 55% of the total population (or 486,000 households). Therefore, much of the demographics are similar to state averages. It is also a developed urban and suburban area, with limited green space for new construction. For this reason, it is comparably a slow growth area, expected to increase by 5% between 2010 and 2020, and an additional 4% between 2020 and 2030. However, this relatively modest growth in percentages is a large number of households considering the current population. An estimated 18,000 households will be added to this submarket between 2010 and 2030, making North New Castle the submarket with the greatest demand for new housing between 2015 and 2020.

It also has the oldest housing stock, with 78% of all owned homes built before 1990. The oldest homes are located in Newark and Wilmington, where more than half were built before 1950. For the purpose of this analysis, Wilmington and Newark are discussed as separate markets within North New Castle. In terms of household demographics, there are some variations between North New Castle and the state, although minor since the large population within the submarket influences statewide figures. For one, there are more high income households than state average, where 28% earn more than \$100,000 per year compared to 25%. There are also more minorities, comprising 39% of the population compared to 34% statewide. Finally, there are fewer elderly in North New Castle compared to state average (23% and 26%, respectively).

The most unique characteristic of North New Castle is that it is well developed and features dense urban land uses. There are much higher densities than other areas of Delaware and a diversity of housing stock, including row homes, condos and multi-family units.

There is also greater disparity. Home values are much higher outside of city limits, while the distressed housing and low income residents are concentrated in Wilmington. This disparity is more clearly within the Market Value Analysis (Section 5).

Similar to South New Castle, the greatest challenge within North New Castle is addressing disparity through a regional housing approach, by increasing the supply of affordable housing for ownership and renters in high value areas, while reinvesting in distressed urban areas to spark market interest as a part of revitalization efforts. Revitalization needs and housing challenges for very low income households is particularly acute in Wilmington.

Wilmington

The City of Wilmington stands in sharp contrast to the more suburban communities of North New Castle in that it is an older, dense community with high concentrations of poverty, minorities, and blighted housing. Simultaneously, it is the State's economic driver and cultural center, serving as headquarters for banks, credit agencies, museums, theaters, and DuPont, a Fortune 500 company. This paradox – where great wealth is created in places where residents have such

little personal wealth – is a challenge that many older cities face, particularly river cities that grew exponentially during the manufacturing boom of the early 20th Century, only to lose many of its jobs in the latter part of the century as manufacturing moved overseas and families with the financial resources to do so moved to the suburbs.



Even though Wilmington has been successful in developing a new economy around banking and credit, few of these employees live in the city and Wilmington's once vibrant neighborhoods have steadily declined. Suburbanization, the legacy of discriminatory lending practices, urban renewal, and a changing preference for suburban environments, have turned the majority of Wilmington's neighborhoods into high poverty areas with low property values. The families living in these neighborhoods, predominantly African American and Hispanic, have lower educational attainment and wages than average, and as a result, are disproportionately excluded from regional economic growth. A spatial mismatch of jobs exists in the Wilmington metro area, where high-paying jobs are located in the city and held by employees who live outside the city;

and lower-wage jobs held by city residents exist in service-oriented industries located in suburban job centers (eg Christiana Mall and health center).

Wilmington Key Facts

46% of all households earn less than \$25,000 per year

(compared to 28% in the State)

1 in 10 homes are considered Vacant and Abandoned*

(compared to 4% in the State)

1 in 5 working age adults lack a high school diploma or equivalent

(compared to 1 in 8 in the State)

67% of Wilmington's population is African American (55%) or Hispanic (12%)

(compared to 29% in the State)

Wilmington is expected to decline in population, losing 1% of its population from 2010 – 2020 **

(compared to a 10% Statewide growth rate)

It is difficult to address Wilmington's housing challenges because of limited resources. These limited resources come from both parts of the housing affordability equation - supply and demand. For the supply side, the prices for new development are lower than State average (by 26%) because of lower market value. Since real estate developers strive to maximize their profitability, they are more inclined to develop in areas with higher market value such as rural and suburban areas, where profit margins are higher. Most developers require substantial subsidy to build new housing in Wilmington.

At the same time, Wilmington residents have less money to pay for housing because of lower wages than the State. A full 60% of Wilmington residents are low income (compared to 38% statewide), and the majority of these families cannot afford an average priced home or market rent, even in Wilmington where prices are lower. Therefore, an additional layer of subsidy directly to the homeowner or renter is needed to make that home affordable.

This form of intervention – where homes are subsidized at the development stage and at the time of sale or rent- has many benefits. First, since non-profit organizations are typically overseeing neighborhood redevelopment, it enables local organizations to work closely with communities in redeveloping neighborhoods. Second, it provides homeownership opportunities to low income families, increasing community wealth, and provides housing options for renters with much lower incomes and at risk of homelessness. Lastly, it can also

improve neighborhood safety, particular in areas that were marred by blight, crime and vacancy, by increasing the population within a given block.

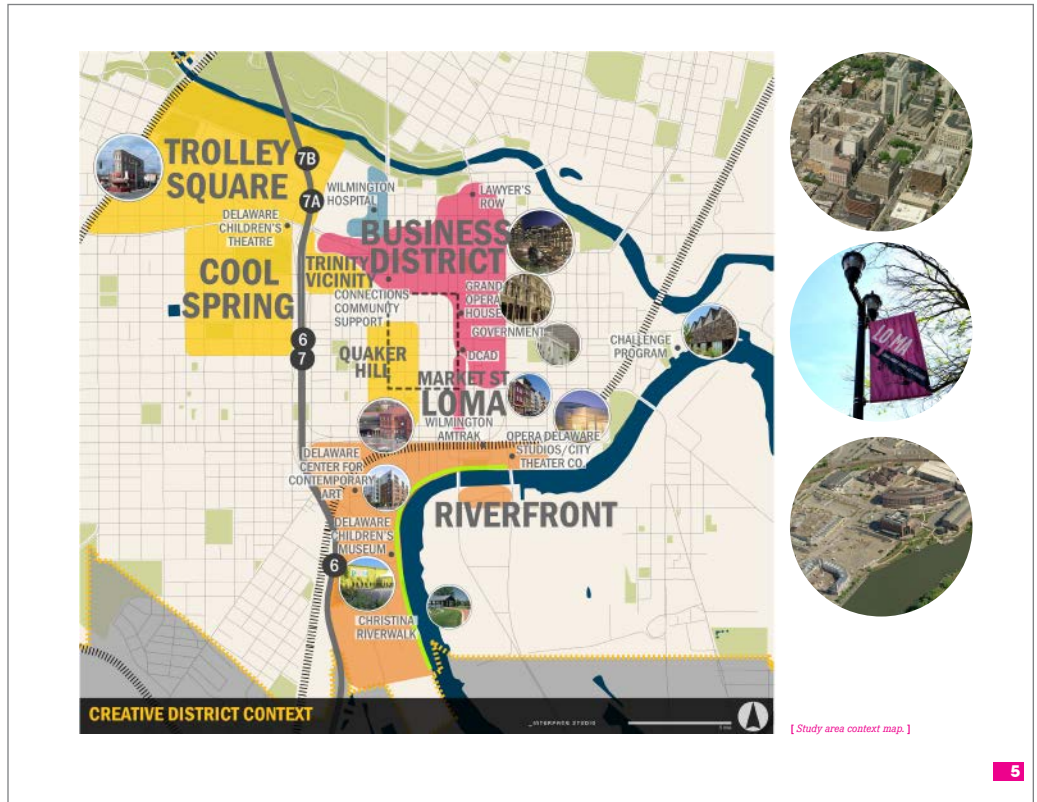
Unfortunately, this form of intervention is costly, particularly when subsidies invested in home rehabilitation (oftentimes more than \$75,000 per unit) are not translated into an increased home value because of low property values within certain neighborhoods, meaning that equity is lost. With the given resources, public subsidies cannot be effective in all neighborhoods within a reasonable timeframe. Additionally, the development of subsidized rental housing is a catch-22 situation – building new housing in high poverty areas requires subsidy, yet it is a housing policy to avoid concentrating subsidized housing in high poverty areas.

To overcome these issues, the City is supporting large-scale, catalytic redevelopment of its downtown and within certain neighborhoods as a means to attract new residents, and developing a citywide economic development plan in 2014 to create jobs and diversify the city into mixed income communities. The purpose is to attract more professionals to move to the area, by turning the central business district into a live-work-play environment that provides the walkability and neighborhood amenities younger households tend to prefer. Restaurants, lofts and cultural centers clustered between King Street and Orange Street have recently sprouted up, increasing property values within certain pockets of the city and improving the quality of life for downtown residents. Although numerous communities still struggle with systemic poverty and poor housing conditions in the northern, western and southern portions of the city, the goal is to attract new businesses and residents to the area that can increase regional wealth. Following are the larger redevelopment initiatives underway that serve to catalyze regional growth:

Riverfront – Perhaps the most successful of the large-scale revitalization efforts, the City of Wilmington and the Riverfront Development Corporation have been working to transform the city's riverfront into a recreation, housing, retail and commercial center since the 1990s. Projects completed to date have included the development of a large conference center; shopping centers including a new grocery store; a substantial number of new housing units (rentals, condos, townhomes); a stadium; an Imax theater; restaurants; museums; and the rehabilitation of the train station. This redevelopment initiative is largely complete, with resources now dedicated to marketing and placemaking initiatives.



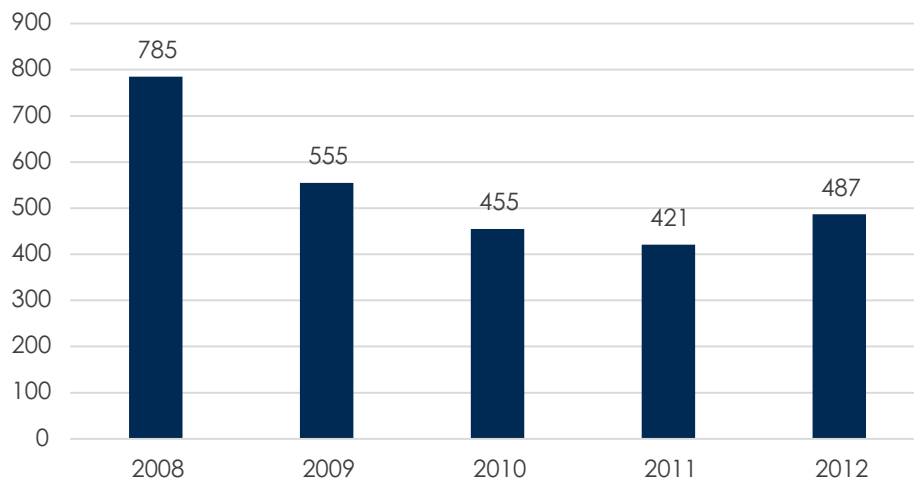
Market Street Redevelopment – Market Street serves as one of the city's main arteries, connecting the downtown area with the riverfront, and is slated for multiple redevelopment projects in the coming years. The Market Street Initiative, for example, includes the redevelopment of 28 buildings into a hotel; 200 new housing units; over 100,000 square feet of retail; and 36,000 square feet of commercial space. Additionally, the City has targeted the area around Quaker Hill to develop as a **Creative District**. A plan released in 2014 lays the groundwork for expanding Market Street into a 25-block creative community through the development of new artists' housing, support of existing cultural institutions, and fostering the growth of Wilmington's art community within its downtown.





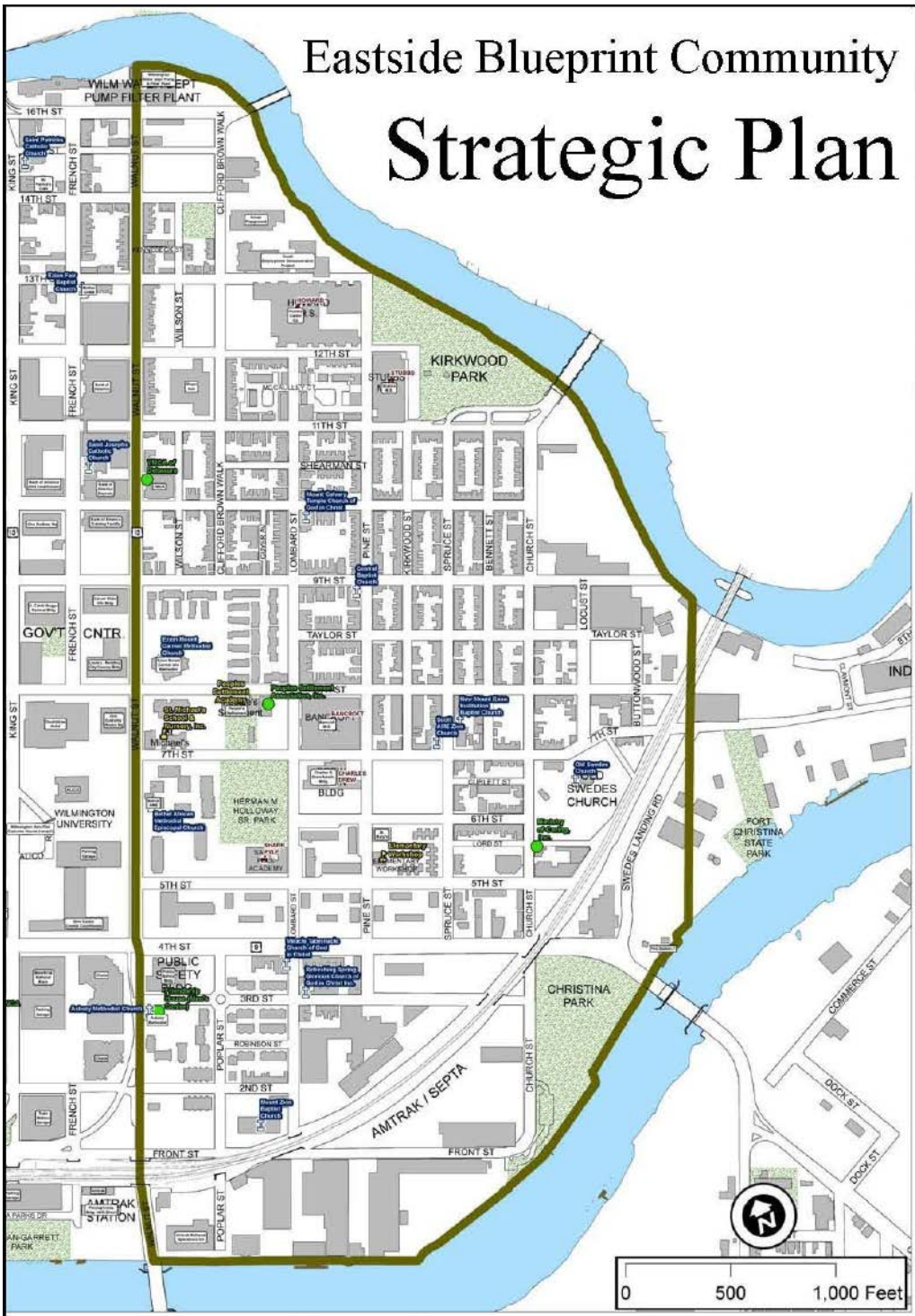
While the City is focused on large-scale redevelopment of catalytic sites, it continues to support neighborhood organizations in their housing and community development work. This includes increasing homeownership opportunities through the rehabilitation of homes; providing social services and housing to families and individuals with special needs; and assisting existing homeowners remain in their homes during times of financial distress. Wilmington was substantially impacted by the foreclosure crisis of in the last decade, particularly in lower income communities where sub-prime mortgages and predatory lending may have had a part. In response, more local organizations are providing technical assistance and financial counseling to families who face financial challenges for the homes they currently own.

Children Exiting Foster Care in Delaware



Non-profit entities and social service providers are active in the community. Habitat for Humanity, Wilmington Housing Partnership, Cornerstone West, Interfaith Community Housing of Delaware, YWCA of Delaware, the American Red Cross, Salvation Army, Latin American Community Center, West End Neighborhood House, and other non-profit developers rehabilitate scattered site housing, provide homeless housing and prevention, and provide social services to very low income households, the disabled and elderly. Many of these organizations also partner with the Wilmington Housing Authority to provide services to public housing residents. The largest concentration of public housing and vouchers is within the city, totaling approximately 3,700 units.

The **East Side Rising** project is a notable example of neighborhood revitalization occurring at the grassroots level. The initiative, sponsored by the City, has partnered with Habitat for Humanity, Central Baptist CDC, the Eastside Community Redevelopers Coalition, and numerous other groups, to rehabilitate 135 homes as the first phase within the distressed neighborhood of Eastside. Unique to this project, the City and local partners have committed to training local residents in the construction industry, so that they can become gainfully employed and contribute to the rebuilding of their community.



The **Westside Plan** is a grassroots redevelopment initiative that includes a consortium of neighborhood leaders living in West Center City. The initiative is led by non-profit organizations with the support of the City, the State, lenders like JP Morgan Chase and HSNB, and foundation support. The goal is to improve the quality of life for neighborhood residents by focusing on health, housing,

workforce development and social capital. Projects have ranged in size, from a community garden to the anticipated redevelopment of the Flats, a 450 unit affordable housing site. The Westside Plan is significant in that it successfully joined many neighborhoods together for the purpose of increasing leverage and visibility, and therefore making a bigger impact on the community than if each one did it alone.



Newark

The City of Newark can be described as a college town, home to the University of Delaware and more than 21,000 students. Almost one fifth of residents are between 19 and 24 years old, making this area the largest concentration of young adults in the state. Residents also have the highest educational attainment in the state, with 19% having a masters degree or higher (compared to 11% statewide). Despite this high educational attainment, 30% of all households earn less than \$25,000 per year. This is presumably due to the student population living on fixed incomes and student loans.

Given the high demand for rental housing, rents are disproportionately high. Only 8% of units have contract rents less than \$500 per month; 26% of units cost more than \$1000 per month, making this rental market the second most expensive in the state after South New Castle. The vast majority of units are in multi-family structures (73%), the highest in the state.

While rental housing is more expensive than what most renters can afford, the homes for sale are moderately priced, with 66% of units valued below \$300,000 (compared to 67% statewide).

Unusual for the state, the area also has the highest percentage of Asians, at 6%.

Housing Demand – North New Castle

The housing demand analysis outlined in Chapter 3 was conducted at the submarket geography as well. The calculation factored in the following data:

- Current and projected households
- Estimated pipeline of new units entering the market
- Obsolescence of existing housing stock

- Current distribution of tenure and income
- Current vacancy rates of homes for sale and for rent
- Household Type and Estimated Unit Sizes

Based on this analysis, the demand for new units between 2015 and 2020, through construction or rehabilitation of existing unoccupied housing stock, is 9,601 units, of which 3,605 are rental housing and 5,996 are for homeownership. Rental demand falls within incomes less than 50% AMI (1,587 units) and above 80% AMI (1,214 units) while the majority of demand for homeownership is above 120% AMI (2,461 units). The estimated demand based on unit size is derived from current household types (non-family, small family, large family, elderly non-family, and elderly family) and is outlined below.

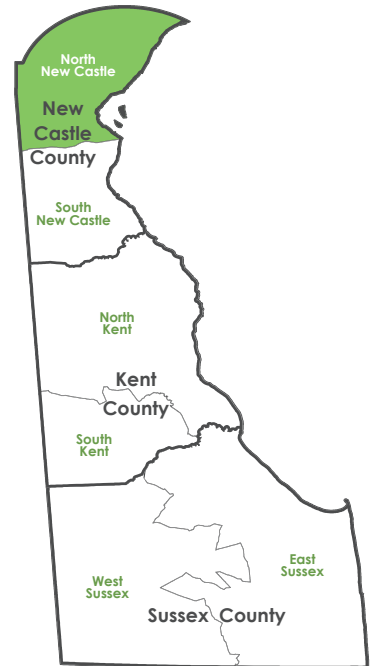
Table 50: Housing Demand by Income and Tenure, North New Castle 2015-2020

	North New Castle
<50% AMI Rental	1,590
50% to 80% AMI Rental	810
80%+ AMI Rental	1,215
Total Rental Units	3,610
<50% AMI Ownership	810
50% to 80% AMI Ownership	915
80%-120% AMI Ownership	1,810
>120% AMI Ownership	2,460
Total Homes for Purchase	5,995
<50% AMI Rental and Homeownership	2,400
50% to 80% AMI Rental and Homeownership	1,725
80%+ AMI Rental and Homeownership	5,485
All Units	9,610

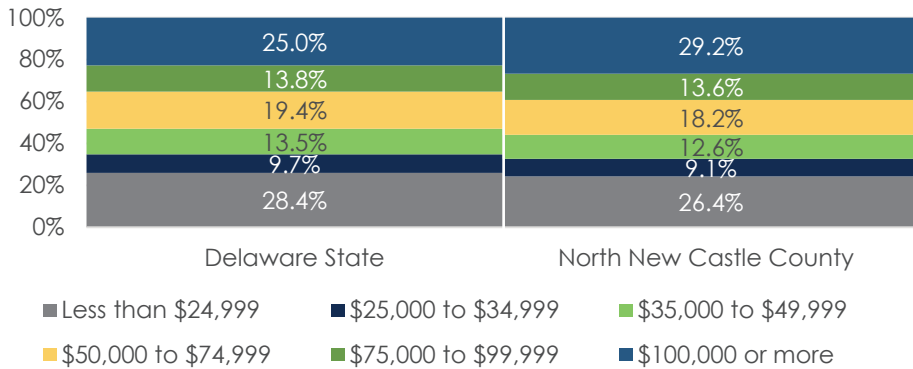
Table 51: North New Castle Housing Demand by Bedroom and Tenure, 2015-2020

	Rental	Ownership	Total
1 Bedroom	1,622	1,091	2,713
2 Bedroom	1,255	2,567	3,822
3 Bedroom	728	2,338	3,066
Total	3,605	5,996	9,601

The North New Castle County submarket includes 60% of the State's households, and features a higher percentage of households earning over \$100,000 per year than the State average.

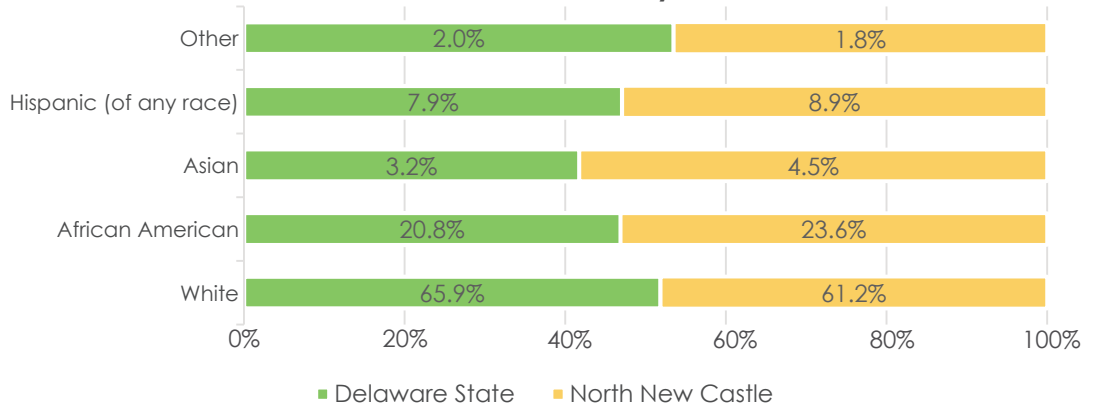


Household Income Distribution

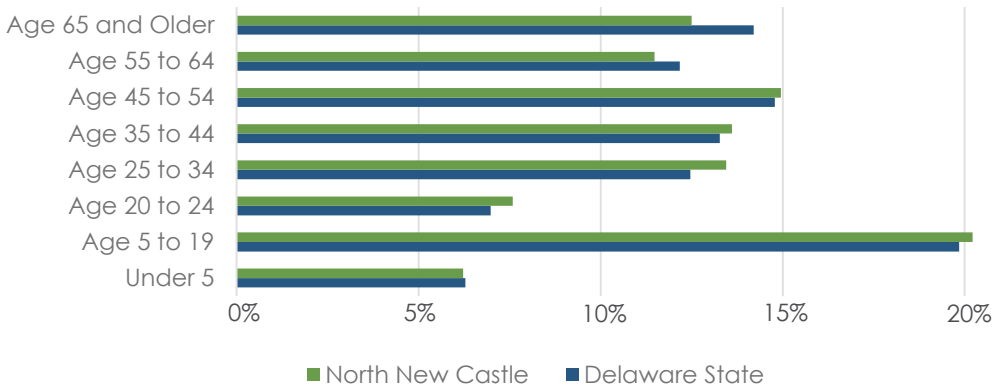


North New Castle County has fewer African Americans and more Hispanics and Asians than State average.

Race and Ethnicity



Population by Age



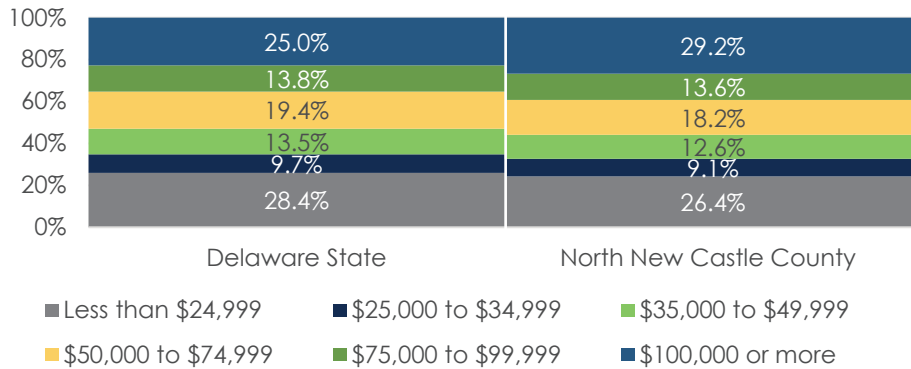
North New Castle has fewer seniors and more school-age children than State average.

DELAWARE HOUSING NEEDS ASSESSMENT

The North New Castle County submarket includes 60% of the State's households, and features a higher percentage of households earning over \$100,000 per year than the State average.

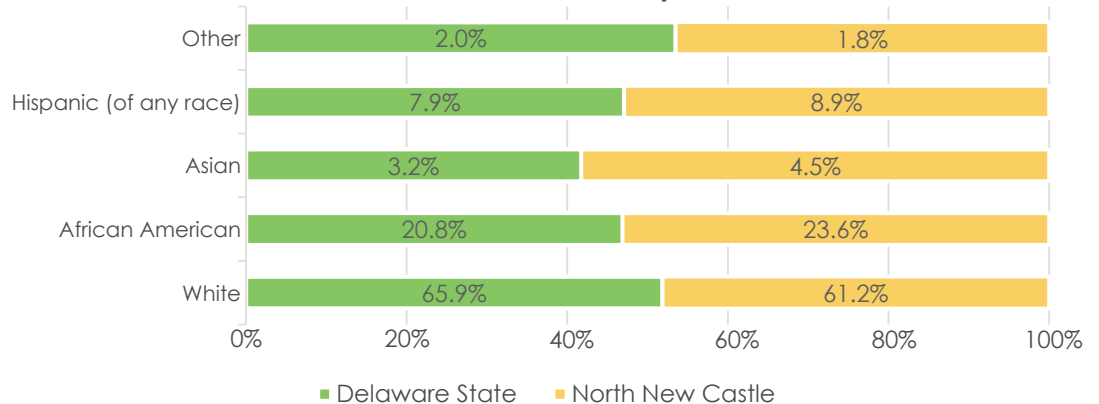


Household Income Distribution

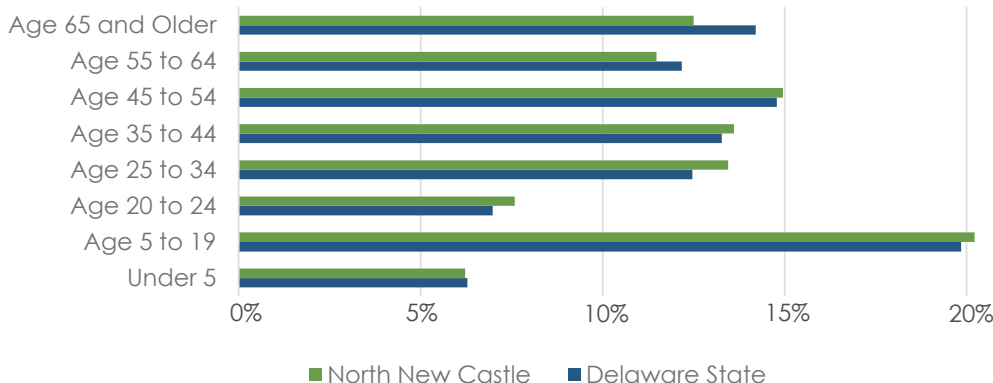


North New Castle County has fewer African Americans and more Hispanics and Asians than State average.

Race and Ethnicity



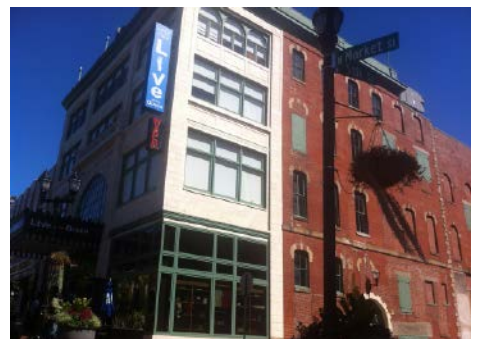
Population by Age



North New Castle has fewer seniors and more school-age children than State average.

Housing Challenges

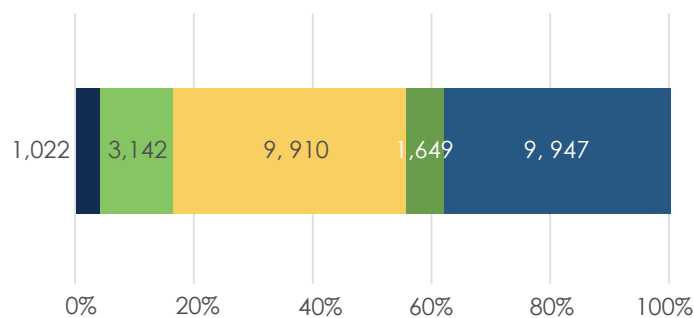
	Total	% of all Units	Compared to State
Overcrowded Units	3,399	1.7%	0.0%
Severely Overcrowded Units	737	0.4%	0.0%
Homes lacking complete kitchen or bathroom facilities	1,309	0.7%	-0.2%
Cost Burdened Renters	25,750	46.4%	0.0%
Severely Cost Burdened Renters	13,216	23.2%	+0.7%
Cost Burdened Owners	32,870	26.1%	-1.6%
Severely Cost Burdened Owners	13,581	9.6%	-0.7%



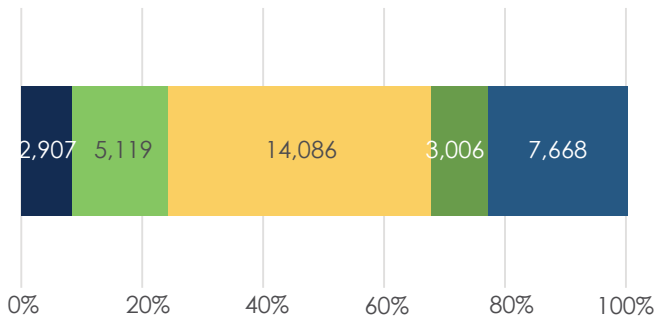
- Renters are substantially more cost burdened than owners.
- Small Families and Non-Family Households comprise the majority of cost burdened households.
- African American and Hispanic renters are disproportionately cost burdened.

	Cost Burdened Renters			Cost Burdened Homeowners		
	Count	%	State %	Count	%	State %
White	11,024	43%	51%	21,326	65%	80%
African American	10,798	42%	34%	7,547	23%	14%
Asian	429	2%	4%	1,218	4%	2%
Hispanic (of any race)	2,957	11%	10%	2,442	7%	3%
Other	552	2%	2%	356	1%	1%
Total	25,760			32,889		

Cost-Burdened Renters



Cost-Burdened Homeowners



■ Elderly Small Family ■ Elderly Non-Family ■ Non-Elderly Small Family ■ Large Family ■ Non-Elderly Non-Family

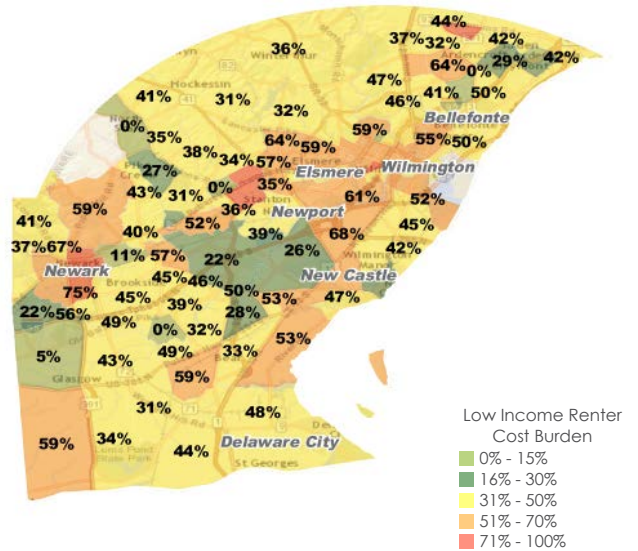
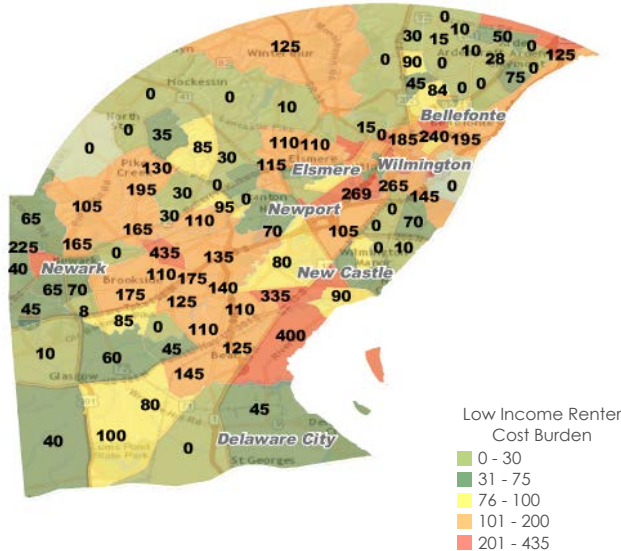
DELAWARE HOUSING NEEDS ASSESSMENT

Households with Cost Burden:

A household is considered cost burdened if more than 30% of income is spent on housing costs, including rent and utilities for renters, and mortgage, taxes and insurance for owners.

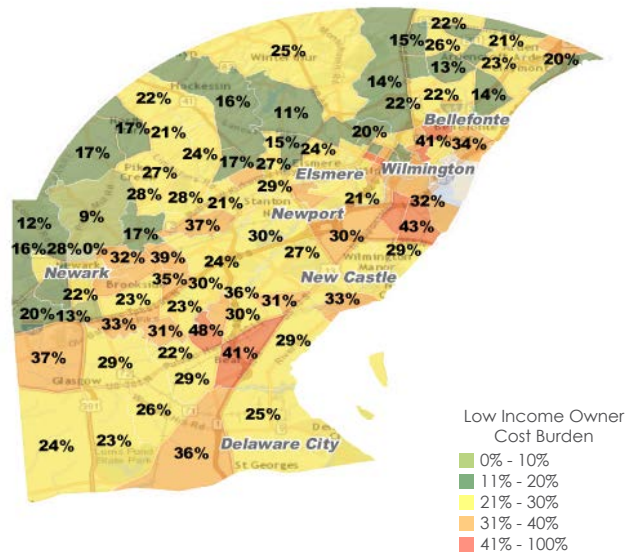
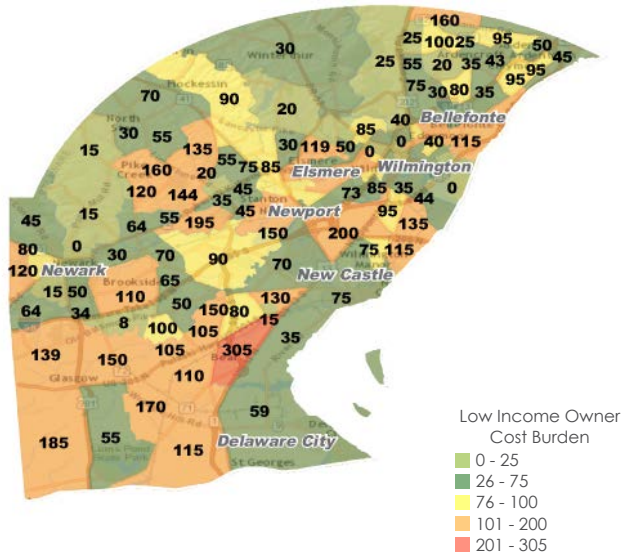
Cost Burdened Renter Households by Census Tract (Under 80% Area Median Income)

In numbers: As percentage of all renters:



Cost Burdened Owner Households by Census Tract (Under 80% Area Median Income)

In numbers: As percentage of all owners:



Endnotes

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