

Delaware

Statewide
Housing Needs
Assessment
2008 – 2012

Executive Summary



DELAWARE STATE HOUSING AUTHORITY
Saundra R. Johnson, Director

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ABOUT THE HOUSING NEEDS ASSESSMENT

The Delaware State Housing Authority (DSHA) has prepared this *Statewide Housing Needs Assessment* to examine current and near-future needs for housing among low-income households. As defined throughout, low-income households are those with an annual income at or below 80 percent of the area median family income (MFI).

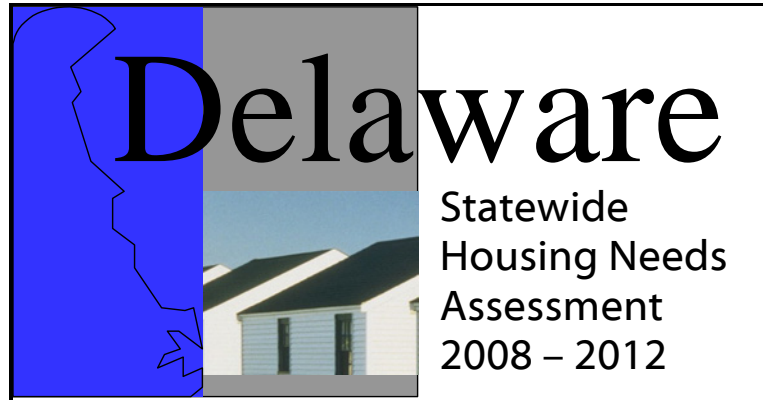
Over the next five years (from 2008 to 2012), DSHA will use the *Housing Needs Assessment* to coordinate the use of federal, state, and local resources that are available to promote the development and preservation of quality, affordable housing in Delaware.

Information from the *Housing Needs Assessment* will be used to formulate the State's *Consolidated Plan*, the Low-income Housing Tax Credit *Qualified Allocation Plan*, and DSHA's *Strategic Plan*. Local jurisdictions and other housing providers will use the information contained in the *Housing Needs Assessment* for planning and reporting purposes as well.

To assist with preparation of this document, DSHA selected the firm, Mullin & Lonergan Associates, Inc., a housing and community development consulting firm with offices in Philadelphia, Harrisburg, and Pittsburgh, Pennsylvania. The consulting team developed the information for the Housing Needs Assessment throughout the winter, spring, and summer of 2007, conducting research and interviews with housing developers, housing service providers at state agencies and non-profits, and community development and planning officials in Delaware.

The data is presented in narrative with tables to highlight key topics of interest. All the sources of data are cited in the narrative and with the tables that present the data. The Appendix of the document provides a list of abbreviations used and definitions of many of the terms.

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Executive Summary

Prepared for the

Delaware State Housing Authority
Saundra R. Johnson, Director

Prepared by:



Mullin & Lonergan Associates, Incorporated
Philadelphia – Harrisburg – Pittsburgh
PENNSYLVANIA

September 2007

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Delaware

Statewide Housing Needs Assessment

EXECUTIVE SUMMARY

CONTENTS

OVERVIEW: HOUSING NEEDS ASSESSMENT	1
Delaware Housing Fact Sheet	19
New Castle County Housing Fact Sheet.....	21
Kent County Housing Fact Sheet	23
Sussex County Housing Fact Sheet.....	25
REVIEW OF FINDINGS	27
<u>ECONOMIC TRENDS</u>	<u>27</u>
<u>EMPLOYMENT & WAGES.....</u>	<u>27</u>
INCOME.....	31
<u>DEMOGRAPHIC TRENDS</u>	<u>32</u>
Population.....	32
Households.....	34
2030 Population Projections.....	36
<u>INCOME & HOUSING AFFORDABILITY.....</u>	<u>38</u>
<u>HOUSING SUPPLY.....</u>	<u>40</u>
Occupancy & Tenure, 2000 – 2005	40
Manufactured Housing Issues.....	42
Owner-Occupied Housing	44
Profile of Homeowners	46
Owner-Occupied Housing Values & Affordability.....	47
Mortgage Foreclosure Issues.....	52
Renter-Occupied Housing	54
Gross Rent & Affordability.....	56
Inventory of Assisted Rental Housing	61
Substandard Housing.....	66
Households At Risk	67
<u>HOUSING DEMAND</u>	<u>68</u>
Household Growth – 2012.....	68
Homeownership Demand Forecast, 2008 – 2012	70
Rental Housing Demand – Affordable Rental Units At Risk	73
Rental Demand Forecast, 2008 – 2012	74
Workforce Housing.....	78

<u>HOUSING FOR SPECIAL POPULATIONS</u>	86
Small Households & Families with Children	86
Elderly Households	86
Hispanic Households	88
Other Special Population Groups	89
Homeless & Those At Risk of Homelessness	89
Persons with Disabilities	91
Migrant and Seasonal Farmworkers.....	92
Persons with HIV/AIDS.....	92
<u>HOUSING & LAND USE PLANNING</u>	93
Livable Delaware	93

APPENDIX

LIST OF ABBREVIATIONS.....	i
GLOSSARY OF TERMS	iii

Statewide Housing Needs Assessment
EXECUTIVE SUMMARY

INDEX OF TABLES

Table 1	Industry Employment Projections and Wage Rankings	29
Table 2	Median Household Income by Race and Hispanic Households	31
Table 3	Population – 1970 to 2006.....	32
Table 4	Population by Age – 2000, 2005	33
Table 5	Population by Race and Persons of Hispanic Origin – 2000 and 2005	33
Table 6	Households – 1990 to 2005.....	34
Table 7	Households Types – 2005	35
Table 8	Average Household Size – 1990 to 2005	35
Table 9	Projected % Change, Population by Age – 2005 to 2015	37
Table 10	Income Levels and Affordability Range - 2007	39
Table 11	Delaware Housing Unit Occupancy, 2005.....	40
Table 12	Units Per Structure and Manufactured Homes, 2005	41
Table 13	Owner Housing Supply, 2000, 2005.....	44
Table 14	Owner-Occupied Housing by Unit Type, 2000, 2005.....	45
Table 15	Value of Owner-Occupied Housing, 2000, 2005.....	47
Table 16	Percent 2005 Homeowner Units Affordable at 2007 Income Levels.....	48
Table 17	Increase in Cost-Burdened Owner Households, 2000, 2005.....	49
Table 18	Income/Home Price Comparison	52
Table 19	Renter Housing Supply, 2000, 2005.....	54
Table 20	Renter-Occupied Housing by Unit Type, 2000, 2005	55
Table 21	Gross Rent of Renter Units, 2000, 2005	57
Table 22	Percent of 2005 Rental Units Affordable at 2007 Income Levels	58
Table 23	Increase in Cost-Burdened Renter Households, 2000, 2005	59
Table 24	Assisted Rental Housing Inventory, 2007	62
Table 25	Assisted Rental Units Approved for Funding, May 2007	65
Table 26	Substandard Housing Units, 2007	66
Table 27	Delaware At-Risk Renter Households.....	67
Table 28	Projected Household Change, 2006-2012	68

Table 29	Delaware Homeowner Demand Forecast, 2008-2012	72
Table 30	Project Demand for DSHA Homebuyer Programs.....	72
Table 31	Preservation & Rehabilitation Demand, 2008-2012	74
Table 32	Rental Housing Demand Forecast, 2008-2012	76
Table 33A	New Castle County Housing Wage Gap Analysis	79
Table 33B	Selected Professions Housing Wage Gaps, New Castle County	80
Table 33C	New Castle County Dual Income Household Housing Wage Gaps	80
Table 34A	Kent County Housing Wage Gap Analysis	81
Table 34B	Selected Professions Housing Wage Gaps, Kent County	82
Table 34C	Kent County Dual Income Household Housing Wage Gaps.....	82
Table 35A	Sussex County Housing Wage Gap Analysis	83
Table 35B	Selected Professions Housing Wage Gaps, Sussex County	84
Table 35C	Sussex County Dual Income Household Housing Wage Gaps	84
Table 36	Persons Age 55 and Over, 2005, 2015.....	86
Table 37	Households Age 55 and Over by Tenure and Cost Burden, 2005.....	87
Table 38	Hispanic Population, 2005	89
Table 39	Homeless Subpopulations, 2006	90
Table 40	New Housing Units by Type, 2001-2006.....	93

OVERVIEW

According to the U.S. Census Bureau's 2005 American Community Survey (ACS), Delaware's total population equaled 818,587 people. They made up 317,640 households, averaging 2.58 persons per household. The ACS also reported 374,872 housing units in the state, over 72 percent of which were owner-occupied. In terms of type of structure, over 70 percent of housing units were single-family homes.

1

Delaware housing values have increased faster than inflation.

Between 1995 and 2006, median home prices in Delaware appreciated by 177 percent, the fastest rate in the nation.

The Federal Housing Finance Board reports that, between 1995 and 2006, median home sale prices in Delaware appreciated by 177 percent, the fastest rate in the nation during that time period.*

According to the Census Bureau, since 2000, the value of housing in

HOUSING NEEDS ASSESSMENT

1. DE housing values have increased faster than inflation.
2. The DE housing market is providing more higher-priced units than "affordable" units.
3. The number of cost-burdened households in DE has increased significantly.
4. Many cost-burdened households are active members of DE's workforce. They are engaged in occupations critical to community stability. However, their salaries are not keeping pace with increasing housing costs.
5. Employment growth in DE is fastest among lower paying industry sectors.
6. Population growth in DE is occurring more slowly than household growth, due to changing composition of households (e.g. deferred age of marriage, increased divorce rates, and longer life expectancy).
7. Household growth is expected to add over 20,000 households by 2012. Most household growth will occur at higher income levels.
8. Preserving existing affordable housing and meeting current demand among cost-burdened households is critical.
9. Persons who are homeless or at risk of homelessness and individuals with disabilities face diverse and critical housing needs. Often having extremely low-incomes, this segment of the population faces major affordability and accessibility challenges.
10. Mortgage defaults, the deepening subprime loan crisis, and receding availability of credit will make homeownership more difficult for middle- and low-income households.
11. Assisted rental units facing possible conversion to market rates need to be preserved.
12. Public opposition to higher density residential development is a recurring barrier to the development of affordable housing. Good design, planning and increased public awareness are needed to overcome this barrier.

* Federal Housing Finance Board, *Monthly Survey of Rates and Terms on Conventional Single-family Non-farm Mortgage Loans*. Periodic Summary Tables – Table 36: Median Price of Single-family Homes by State. Washington, D.C., 2007.

Delaware has increased faster than the rate of inflation. The 2005 ACS reports the median value of owner-occupied housing to be \$203,800, an increase of 67 percent since 2000 when the Census reported a median value of \$122,000. Based on the Consumer Price Index for the same period, had home values increased at the rate of inflation, the 2005 median would be \$138,366.

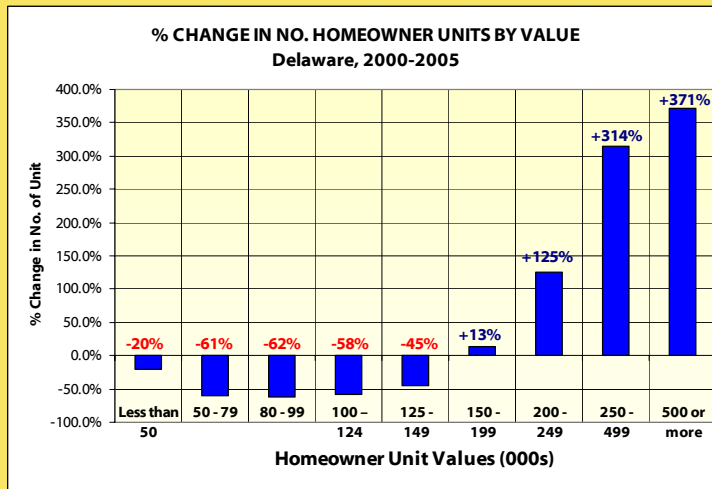
The 2005 ACS reports that median gross rent also increased significantly from 2000, but not as severely. The 2005 median rent was \$793 per month, an increase of 24 percent over the 2000 median of \$639 per month. Had gross rent increased at the rate of inflation, the 2005 median would be \$724. The increase in housing costs is presumed to be largely demand driven. For homebuyers, low mortgage interest rates, the availability of easy credit, and borrowing terms that favor little or no down-payment have made higher priced homes seemingly more accessible.

2

The Delaware housing market is providing more high priced units than “affordable” units.

Home prices in all three counties are well over three times median household income, the common threshold of housing affordability.

Since 2000, the supply of units valued under \$100,000 decreased from roughly 36 percent of total housing units to just 17 percent. Furthermore, units valued at \$500,000 or more increased from a 1.4 percent share to over 6 percent of the owner-occupied housing stock.



Source: U.S. Census Bureau,
Census 2000, 2005 American Community Survey (ACS)

Meanwhile, based on 2006 median home sales, housing prices have risen well above a factor of three times median household income, the common threshold of housing affordability. In particular, Sussex County's price/income (P/I) ratio of 5.8 puts

it in the category of “severely unaffordable,” as defined by the housing affordability survey, *Demographia*. Kent County, with a P/I ratio of 4.7, falls into the “seriously unaffordable,” and New Castle County, at 3.9, is considered “moderately unaffordable.”

A similar phenomenon is unfolding within Delaware’s rental housing market. Since 2000, rental units with gross rent of less than \$500 per month decreased from nearly one-quarter of rental units to just 6 percent. Units with gross rent at or more than \$1,000 per month increased from about 9 percent to about 24 percent.

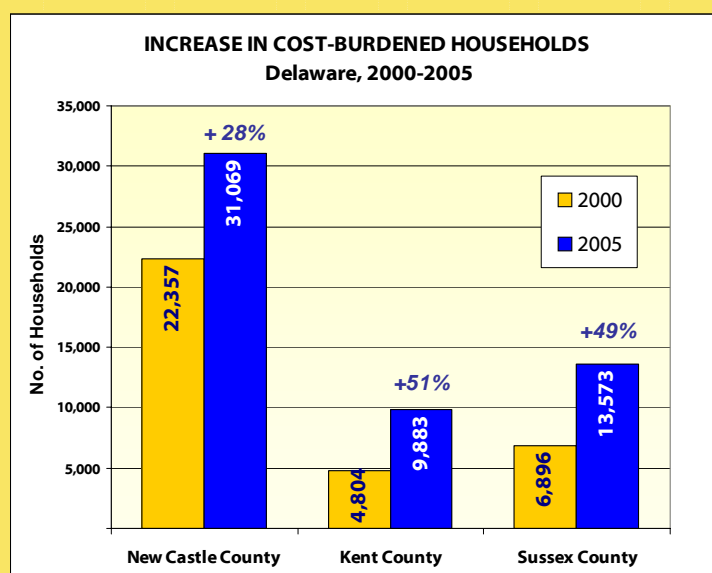
3 The number of cost-burdened households in Delaware has increased significantly.

More than 18 percent of Delaware’s homeowners and 43 percent of Delaware’s renter households were cost-burdened in 2005, paying more than 30 percent of their income for housing.

For property owners, increased value can mean a welcome return on investment. But just as median values have outpaced inflation, so too have they outpaced incomes. For many, the dramatic increase in housing costs poses real challenges for many Delaware households as they strive to purchase a home.

The 2005 ACS reports that statewide the median household income in Delaware in inflation

adjusted dollars is \$52,499, up less than 11 percent from \$47,381 in 2000. Not surprisingly, the number of households the 2005 ACS indicates are “cost-burdened”



Each of Delaware’s counties experienced significant increases in the number of cost-burdened households between 2000 and 2005.

Source: U.S. Census Bureau
Census 2000, 2005 American Community Survey (ACS)

increased significantly from 2000. The phrase “cost-burdened” refers to a household that is paying housing costs in excess of one-third its monthly income.

The ACS reports that over 54,000 (more than 18 percent) of Delaware’s nearly 230,000 homeowners were cost-burdened in 2005. Cost-burdened owner households increased by 60 percent from 2000 when they numbered just over 34,000. Meanwhile, over 37,000 (almost 43 percent) of Delaware’s 88,000 renter households were cost burdened, up by 32 percent from 2000 when they numbered roughly 28,000.

4

Many cost-burdened households are active members of Delaware’s workforce but are earning salaries that are not keeping pace with housing costs.

A full-time childcare worker, preschool teacher, or retail salesperson earning their occupation’s median wage cannot afford the fair market rent for a 1-bedroom apartment anywhere in Delaware.

**WORKFORCE HOUSING
EXAMPLE:**

**Affordability Gap for a
Dual Income Household to
Afford the 2007 Median
Home Price Per County**

**Emergency Medical
Technician (EMT) &
Preschool Teacher**

**New Castle
County-\$60,778**

**Kent
County-\$35,803**

**Sussex
County.....-\$123,021**

Source: DSHA

Delaware’s cost-burdened households include teachers, police officers, firefighters, health care workers, retail clerks, and administrative personnel. All of these workers are essential to the economic vitality of the state and the success of its corporations, institutions, and governmental services.

Typically, cost-burden correlates closely with the lowest income households, those earning below 80 percent of their area median family income (MFI). In fact, over two-thirds of Delaware’s cost-burdened homeowners and over 90 percent of Delaware’s cost-burdened renters have annual incomes at or below 80 percent of MFI. Households below this threshold are eligible for federal government

housing assistance, yet, often, the demand for such assistance exceeds available funding.

Just like those below the 80 percent threshold, however, there are many working families earning above 80 percent of MFI who are unable to find affordable housing where they work and where they want to send their children to school. In order to

include these households in the discussion of affordable housing, the phrase “workforce housing” includes households with incomes up to 120 percent of median.

Based on the 2005 ACS median household income of \$52,499, there are about 180,000 Delaware households that fit this profile -- or roughly 60 percent of all the state’s households. A household earning \$62,999 can afford units up to nearly \$189,000. About 45 percent of all owner-occupied units are valued below \$189,000. Obviously, the problem is more acute for those lower on the income scale for whom the gap between their earnings and the cost of housing can be much wider.

5

Employment growth in Delaware is fastest among lower paying industry sectors.

Two of the top three industries projected to create the most new jobs in Delaware from 2004-2014 had 2006 average annual wages of less than \$26,000.

Along with the cost of building housing, job growth and wage growth are primary economic variables impacting housing affordability. The Delaware Department of Labor Office of Occupational and Labor Market Information (OOLMI) is projecting total employment in Delaware to increase by 58,100 jobs from 2004 to 2014, which is equivalent to an average annual growth rate of 1.2 percent. This is a slowing of job growth from the previous 10-year period (1994-2004), when 60,970 jobs were added at an annual growth rate of 1.5 percent.

OOLMI’s industry employment projections indicate continued rapid growth in lower average wage industries. The manufacturing sector is projected to continue its long decline, which translates to the loss of relatively high paying jobs that do not require advanced education. The manufacturing sector’s average wage of \$54,107 ranked it 6th highest paying in 2006. Meanwhile, the top three growth sectors include health care and social assistance (projected to grow the fastest in terms of number of jobs and on a percentage basis), retail trade (with an average

**DELAWARE’S LOWER
PAYING JOBS WILL BE
INCREASING AT
HIGHER RATES.**

\$15,559

AVERAGE ANNUAL PAY
IN SUSSEX COUNTY
FOR JOBS IN FAST
GROWING
“ACCOMMODATIONS
AND FOOD SERVICES”
SECTOR.

Source: OOLMI, Quarterly
Census of Employment &
Wages

wage at just 55 percent of the state's overall average wage), and accommodation and food services.

The finance and insurance sector, which is the largest industry in terms of its contribution to Gross State Product (GSP), is projected to grow at a much slower pace through 2014 than it has during the previous 20 years. Job growth in this industry peaked in 1999 and slowed due primarily to the consolidation of credit card banks.

6

Population growth in Delaware is occurring more slowly than household growth.

From 2000 to 2015, the number of households in Delaware is projected to increase four percent faster than the population.

HOUSING UNITS AND SMALLER DELAWARE HOUSEHOLDS 2000 TO 2030:

Projected
Population
Increase: 33%

Projected
Household
Increase: 39%

**Every 1% increase in
Delaware population
will equal a 1.2%
increase in households.
Every household needs
a housing unit.**

Source: Delaware Population
Consortium

The creation of new jobs goes hand-in-hand with population growth. The Delaware Population Consortium projects that, by 2015, the state's population will have increased 19 percent from 783,600 in 2000 to 939,185.

The growth in household formation continues to surpass growth in the state's population. From 2000 to 2015, the number of households in Delaware is projected to increase by over 23 percent from 298,755 to 367,590, four percent faster than population. The higher increase in the number of households reflects continued changes in the composition of households. Since the middle of the last century, household size has grown smaller as a result of numerous social trends including deferred age of first marriage, increased divorce rates, and longer life expectancy.

7

Household growth is expected to add over 20,000 households by 2012. Most household growth will occur at higher income levels.

Sussex and Kent Counties will both experience growth in number of households over twice that of New Castle County.

In its scope, this *Housing Needs Assessment* considers the five-year period from 2008 through 2012, and, more specifically, how the growth of households within that time period will impact demand for affordable housing. Overall, the research conducted in conjunction with this study projects a total of 22,405 new households in the state by 2012. Kent and Sussex Counties will add the most households, growing by 8,758 and 9,661 households respectively. Both counties will add households at more than two-times the number added in New Castle County, which is projected to add 3,986 households.

The *Housing Needs Assessment* conducted in 2002 projected a growth in statewide households of close to 28,000 by 2007. Sussex County was projected to lead growth, adding nearly 13,000 households, followed by New Castle at close to 11,000; and Kent at just under 4,000. The projections for 2012 indicate a slowing in new household formation statewide, but an increase at the county level for Kent and Sussex.

Every household needs a place to live. While the projected twenty-two thousand new households forming by 2012 exceed the 2005 count of available vacant units (less than fifteen thousand according to the 2005 ACS), housing production has been adding, on average, over eight thousand more units per year. Obviously, if the market were able to provide units of the right type, price, and location to meet the demand of all income groups and all households types, Delaware's housing needs would be satisfied.

To better anticipate the match (or mismatch) between what the housing market is supplying and what households will need, the household projections produced for the

HOUSEHOLD GROWTH PROJECTIONS **2008 - 2012**

5 yr household growth...

DELAWARE: +22,405

Total 2012

Households: 355,928

New Castle

County: +3,986

Total 2012: 210,512

Kent County: +8,758

Total 2012: 62,755

Sussex County: +9,661

Total 2012: 82,661

Source: Mullin & Loneragan
Associates, EasyAnalytic, Inc.

Housing Needs Assessment consider projected age and incomes of new households entering the market between 2008 and 2012.

Among new households forming over the next five years in Delaware, the largest group is expected to comprise householders age 35 to 44. This age group includes the first wave of the “Echo Boom” generation (children of the Post-War “Baby Boom” generation who were born between 1977 and 1994). Statistically, this age group represents move-up buyers moving from their first home to a larger, more expensive unit.

The latter segment of the Echo Boom cohort will be represented by householders age 25 to 34. This group represents potential first-time homebuyers and will be the third largest segment of all new households by 2012. They will fall behind the Baby Boomers (55 to 64 year old householder group), the second largest among new households formed by 2012. This age group consists of move-up buyers, including some who move to age restricted retirement communities. Householders at this stage in life will undertake home renovation as they fix up homes they have owned for a long time, often using the equity that has accumulated in their property.

The age profile of future households can be derived through fairly straightforward mathematics. However, the income potential of future households is more difficult to predict. The demographic projections produced for the *Needs Assessment* indicate a net decline in households below the 2005 median income of (\$52,499). This is attributable to numerous factors, not the least of which is the natural upward movement of median income.

8

Preserving existing affordable housing and meeting current demand among cost-burdened households is critical.

Forecasts for future demand need to take into consideration existing households needing more affordable units, not just new household formation. Approximately 25,000 existing Delaware renter households are “at risk.” These households have extremely low incomes, pay more than 30 percent of their income towards housing costs and/or are those on assisted housing waiting lists. There is a need for at least 1,489 new affordable rental units, the majority of which are needed for households with extremely low incomes.

The *Housing Needs Assessment* projections should not be interpreted as a diminished need for affordable housing (rental and for-sale), both in terms of new units and services to aid lower-income households. The projections simply indicate that there will be slower growth in the number of Delaware’s lower-income households.

The projected new household demand for homeownership (47,881 units) and assisted rental housing (1,489 units) is based upon the new household growth numbers referenced earlier. Therefore, new demand is also projected to be less between 2008 - 2012 than it was in the previous five year period.

However, a decrease in new household growth/demand, does not negate the fact that substantial demand remains within the existing market for affordable single family and multifamily dwellings.

For example, while there is minimal new renter demand projected in the Renter Needs section of this Assessment, there are nearly 25,000 existing “at risk” renter *households* (those with very low incomes paying more than 30 percent of their income towards housing costs, and/or on assisted housing waiting) and an estimated 6,863 “at

HOUSEHOLD DEMAND FORECASTS 2008 - 2012

HOMEOWNER DEMAND

Existing Homes:	33,510 units
New Construction:	13,385 units
Manufactured Homes:	986 units

RENTAL DEMAND

New Assisted Rental Units:	1,489 units
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Source: Mullin & Lonerqan Assoc.

24,901 AT-RISK RENTER HOUSEHOLDS

NEW CASTLE COUNTY.....	7,558
Wilmington*	6,283
Newark*	2,022
KENT COUNTY.....	2,868
Dover*	2,549
SUSSEX COUNTY.....	3,398
Georgetown*	223

*City totals not included in county totals.

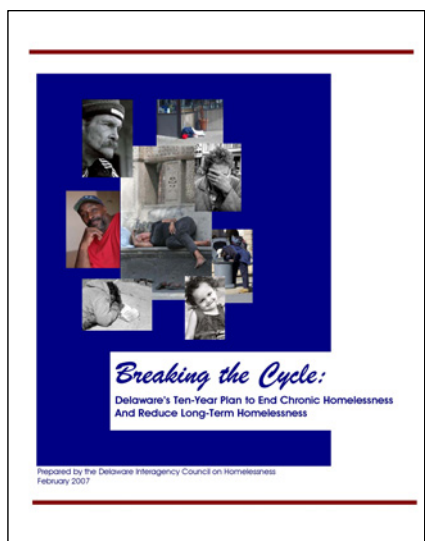
Source: CHAS Data 2000, Mullin
& Loneragan Assoc.

risk” assisted rental *units* (those facing expiring subsidy contracts or in need of substantial rehabilitation – *see point 11 further below*).

At-risk renter households represent unmet rental housing need in the state. The existing at-risk households and aging housing stock indicates need for (1) deep rental subsidies for households who are being priced out of their rental units and (2) expanded efforts to avoid the potential loss of existing affordable units via expiring subsidies and/or disrepair.

9

Persons who are homeless or at risk of homelessness and individuals with disabilities face diverse and critical housing needs. Often having extremely low incomes, these individuals face major affordability and accessibility challenges.



There is a need for 648 new supportive housing units and 1,000 rental subsidies to meet the housing needs of Delawareans who are chronically homeless or at risk of chronic homelessness. An individual with a disability who must rely on SSI as a main source of income cannot afford a 1-bedroom apartment anywhere in the state.

On any given night, approximately 1,800 individuals are homeless in Delaware (Homeless Planning Council of Delaware, 2006 Point-in-Time Study). Using these and other data, the Delaware

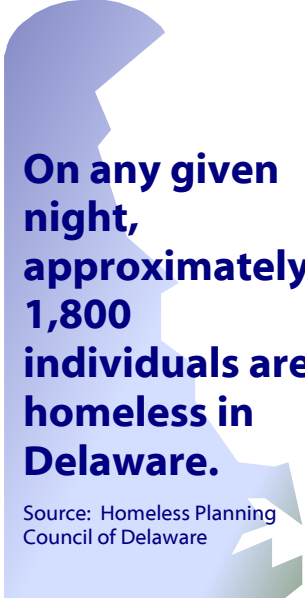
Interagency Council on Homelessness identified a need for 648 new supportive housing units and 1,000 rental subsidies in order to adequately house the approximately 2,000 people who are chronically homeless or at risk of chronic homelessness in Delaware.

The creation of these new supportive housing units and rental subsidies is the core recommendation of *Breaking the Cycle: Delaware's Ten-Year Plan to End Chronic Homelessness*. Special populations within this group include youth aging out of foster care, individuals with mental health and substance abuse disorders, and ex-offenders re-entering the community.

According to the American Community Survey, in 2005 12 percent of Delawareans had some form of disability. The ACS reported 25.84 percent (11,781) of the individuals age 20-64 with incomes below the poverty level in Delaware in 2005 had a disability. In 2006, 8,118 non-elderly adults with disabilities were receiving Supplemental Security Income (SSI) in Delaware, which provides only \$603 in monthly income.

The lack of affordable, accessible housing is a major barrier to efforts to transition individuals with disabilities from institutional settings to integrated housing of their choice in the community. The Governor's Commission on Community-based Alternatives for Individuals with Disabilities, whose mission is to develop a comprehensive administrative and legislative plan for a diversified, individualized, cost-effective service and support system that will enable individuals with disabilities to live and work in the most integrated setting of their choice, has identified ensuring a sufficient number of safe, affordable, integrated and accessible housing options for individuals with disabilities as the first goal in its 2008-2012 strategic plan.

The housing needs of the homeless, persons at risk for homelessness, and individuals with disabilities are closely tied to the overall challenges of extremely-low-income households. These households are Delaware's most poor and most vulnerable to housing crises, homelessness, and cost-burden. Many are currently housed, but in substandard, overcrowded and precarious conditions – and the cost for even these housing conditions likely still leaves them cost-burdened. Rental subsidies, in the form of deeply subsidized units or rental vouchers, are an absolute necessity to make housing affordable for households with extremely low incomes.



On any given night, approximately 1,800 individuals are homeless in Delaware.

Source: Homeless Planning Council of Delaware

10

Mortgage defaults, the deepening subprime loan crisis, and receding credit availability will make homeownership more difficult for middle- and low income households.

From 2008-2012, 6,333 first-time and affordable home buyers are projected to be in the market to purchase homes. Approximately 15 percent of new construction homes will need to be affordable to these buyers.

**Foreclosures
in Delaware**

2000: 1,434

2006: 2,288

Increase: 59%

Source: TRF, *Mortgage
Foreclosures in Delaware*

Given the earlier discussion of housing values exceeding affordability standards relative to median income and a rapidly increased rate of cost-burdened households, the challenges of attaining and maintaining homeownership are significant. Rising interest, foreclosure, and delinquency rates adversely impact mortgage markets and, in turn, the ability of lower and middle-income homebuyers to purchase a home.

Even though the rates of prime and subprime mortgage foreclosures in Delaware rank the state in the middle among other states, recent analysis conducted by The Reinvestment Fund (TRF) of Philadelphia shows an uptick in foreclosures over the past ten months. In many cases, households who

borrowed on adjustable terms are finding themselves financially challenged by increasing payments when their interest rates reset. And of course, there are other households who are the victims of predatory lending, whether they borrowed to purchase a home or borrowed against their equity to finance home improvements or other investments.

Physical maintenance of a home is a costly part of a household budget, and one that, for many homeowners, is deferred in order to afford other expenses. One of the findings of the *Housing Needs Assessment* is that a steady increase in substandard owner-occupied housing units has occurred since field studies on the quality of the housing stock were conducted for the 2003 Assessment. The rapid reduction in federal funding (primarily due to cutbacks in long-standing housing assistance to states and localities) has removed or diminished an important source of financial support for low-income homeowners seeking to make repairs.

11

Assisted rental units facing possible conversion to market rates need to be preserved.

4,604 assisted rental housing units face expiring subsidy contracts and/or use restrictions from 2008-2012. An additional 2,259 units are estimated to be in need of substantial rehabilitation. Combined, these 6,863 units are 50 percent of Delaware's assisted housing stock.

In Delaware, there are approximately 4,604 assisted rental units that will be faced with expiring rent subsidies and/or use restrictions through 2012. Preservation of existing assisted rental housing has been recognized as a national problem as older affordable housing units begin to reach contract expiration or the end of their restricted use period. In fact, most states have included a set-aside of Federal Low-income Housing Tax Credits within their Qualified Allocation Plan (QAP) to specifically address the preservation of existing affordable housing stock.

Owners of aging affordable rental housing developments with expiring use restrictions/subsidies are being faced with decisions regarding the future use of their property. Potential loss of existing rent subsidies, conversion to market rate housing in gentrified areas, and/or deterioration of older unmarketable units, are just a few of the concerns that owners need to address.

In Delaware, there are approximately 4,604 units through 2012 that will be faced with expiring rent subsidies and/or use restrictions. 1,772 of these and an additional 2,259 units are estimated to be in need of substantial repair. The disposition of these units will likely fall into three major categories, including conversion to market-rate, need for investment in moderate to substantial rehabilitation, or opt to maintain the status quo.

Affordable Rental Units At Risk 2008-2012

New Castle County.....2,217

Kent County.....1,110

Sussex County.....1,277

DELAWARE
Total Units ...**4,604**

Source: DSHA

With the large number of affordable units expiring by 2012, it is critical that Delaware make preservation a top priority and invest resources accordingly.[†]

12

Public opposition to higher density residential development is a recurring barrier to the development of affordable housing.

Backlash against new development can have the unfortunate consequence of stifling even well-designed, mixed-income, mixed-use and environmentally responsible projects. This is often exacerbated by persistent Not-in-My-Backyard (NIMBY) attitudes about affordable and moderately-priced housing.

Delaware faces challenges in the development of additional affordable housing. Construction costs and land costs have increased, making development subsidies all the more necessary to hold sale prices at levels affordable to low-income and workforce households. Meanwhile, competition for funding sources to provide those subsidies is increasing as well. Seed money needed to cover the cost of pre-development expenses is particularly hard to find for developers of affordable housing.

For those seeking to develop rental housing in Kent and Sussex County, because the relatively low median income hinders the financial viability of income-producing properties, deep development and rental subsidies are required. Although development and operating costs are similar in all three counties in Delaware, there is a disparity in the amount of income to be derived from rents, thus resulting in less viable projects.

Beyond these economic barriers, Delaware has also seen community barriers to affordable housing. If the state is going to succeed in promoting affordable housing in healthy communities (which include those where residential options are located in close proximity to jobs, schools, parks, and shopping) ongoing public education about the real benefits of higher density neighborhoods needs to occur.

[†] For the context of this *Housing Needs Assessment*, “preservation” is defined as assisted rental housing units receiving project-based rental subsidies that are within two years of any permitted prepayment or subsidy contract expiration with a likely conversion to market-rate housing or equivalent loss of low-income use restrictions.

Too often, developers seeking to provide quality, affordable housing are turned-away at the local level by community opposition grown in fear of decreased property values and lost quality of life. In reality, research has shown that well-designed, well-built housing that is accessible to households of all incomes serves to better communities. As is articulated in the *Livable Delaware* initiative, improving housing choice throughout Delaware is a sound investment of time, energy, and resources.

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HOW THIS DOCUMENT IS ORGANIZED

The Housing Needs Assessment is grouped into three major parts, each with a number of sub-sections. Part 1 includes a comprehensive review of factors that will influence housing needs in Delaware as follows:

- Economic trends and projections including employment, income and wages, and educational attainment;
- Demographic trends and projections including total population, the age and race of persons and households, and growth dynamics over time;
- Housing trends and projections including total units, vacancies, units in structures, manufactured housing, age, tenure, values, rents;
- Development trends in each of Delaware's three counties and a review of the *Livable Delaware* land use management initiative.

Part 2 presents a more thorough analysis of housing supply and demand in the state, including a projection of growth in households and the resulting demand for housing. Part 2 is laid out as follows:

- Analysis of housing supply including owner-occupied, renter-occupied, and vacant housing;
- Analysis of housing demand, including the projected demand through 2012;
- Issues related to attaining homeownership and maintaining homeownership (including foreclosure trends);
- Planning and Redevelopment topics pertaining to housing.

Part 3 contains special study topics including a revisit of the substandard housing field study conducted in 2003. Part 3 is laid out as follows:

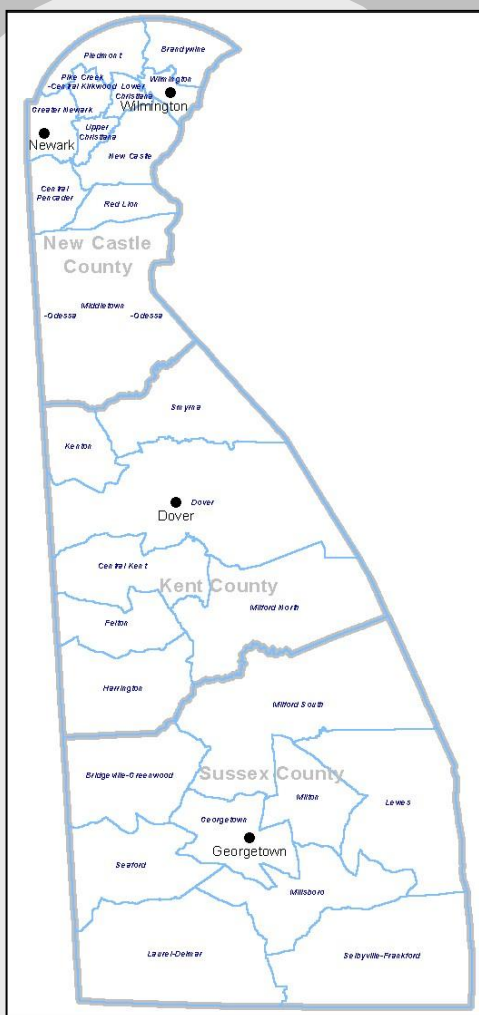
- Substandard housing analysis;
- Households with housing problems analysis;
- Housing needs of special population groups;

- Workforce Housing;
- Barriers to affordable housing development
- Indicators and Benchmarks.

Because the full *Housing Needs Assessment* document is extensive in addressing each of its many topics, presented below is a digested version within the Executive Summary to provide a more user-friendly summary of findings. The summary is generally organized to follow the table of contents of the larger *Housing Needs Assessment* Technical Document. It covers background trends first, then housing supply and demand issues, and, lastly, special areas of consideration. The summary is preceded by “fact sheets” depicting key statistics for Delaware and each of its three counties.

Delaware

HOUSING FACT SHEET



TOTAL POPULATION, 2006 854,977
Projected Population, 2015 939,185

TOTAL HOUSEHOLDS, 2006 333,523
Projected Households, 2012 355,928

TOTAL HOUSING UNITS, 2005 374,872
 Owner-occupied Units 229,860
 Renter-occupied Units 87,780
 (Assisted Rental Units, 2007 13,615)
 Vacant Housing Units 57,232

ESTIMATED SUBSTANDARD UNITS 12,949
 Owner-occupied Units 8,135
 Renter-occupied Units 4,814

HOMEOWNERSHIP DEMAND FORECAST

2008 - 2012

Existing homes 33,510 units
 New Construction 13,385 units
 Manufactured Homes 986 units

Anticipated first-time and "affordable"
 homebuyers 6,332

ASSISTED RENTAL DEMAND FORECAST

2008 - 2012

Additional Assisted Rental Units 1,489

Existing Rental Households "At Risk" 24,901

ASSISTED RENTAL UNITS AT RISK 6,863
 Assisted Units Potentially Lost to
 Market Rate Conversion 4,604
 Non-Expiring Units Needing Rehab 2,259

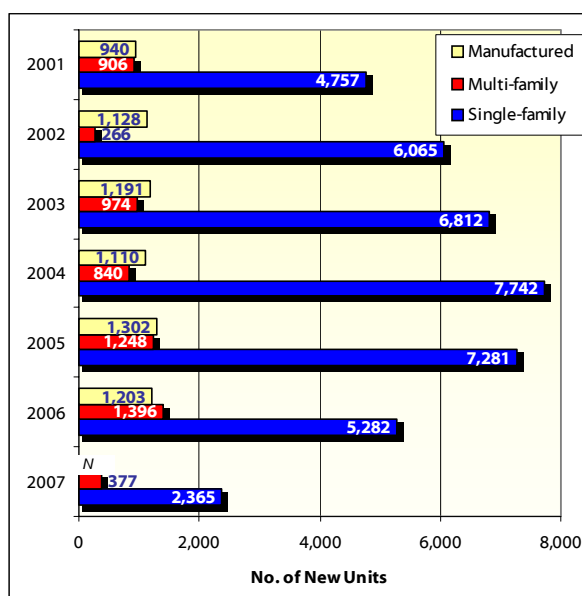
MEDIAN HOUSEHOLD

INCOME, 2005 \$52,499

COST-BURDENED HOUSEHOLDS, 2005 & PERCENT INCREASE, 2000 - 2005

Total 91,788
 Homeowners 54,525 / +23.7%
 Renters 37,263 / +42.5

Housing Production in Delaware 2001 - June 2007

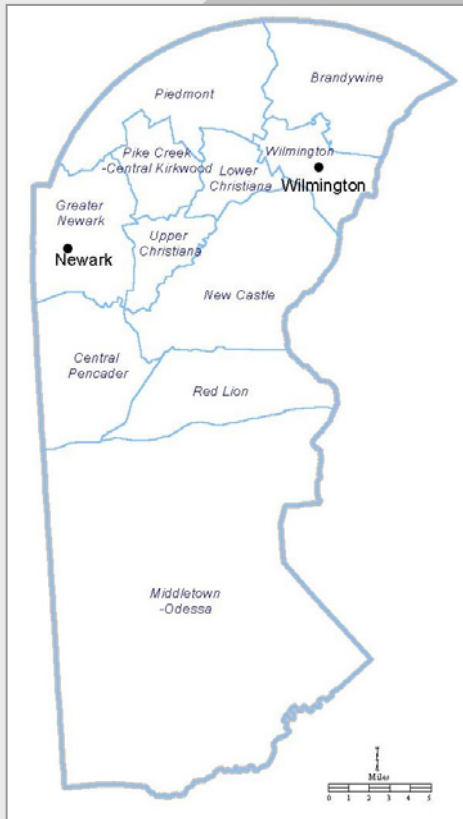


Source: DE State Housing Authority

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New Castle County

HOUSING FACT SHEET



TOTAL POPULATION, 2006 527,027
Projected Population, 2015 560,980

TOTAL HOUSEHOLDS, 2006 206,526
Projected Households, 2012 210,512

TOTAL HOUSING UNITS, 2005 209,592
Owner-occupied 135,270
Renter-occupied 57,985
(Assisted Rental Units, 2007 7,603)
Vacant 16,337

ESTIMATED SUBSTANDARD UNITS 7,669
Owner-occupied 4,530
Renter-occupied 3,139

HOMEOWNERSHIP DEMAND FORECAST

2008-2012, Includes Wilmington & Newark

Existing Homes 17,277
New Construction 2,887
Manufactured Homes 222

Anticipated first-time and "affordable"
homebuyers 249

ASSISTED RENTAL DEMAND FORECAST

2008-2012, Includes Wilmington & Newark

Additional Assisted Rental Units 784

Existing Renter Households "At Risk" 15,863

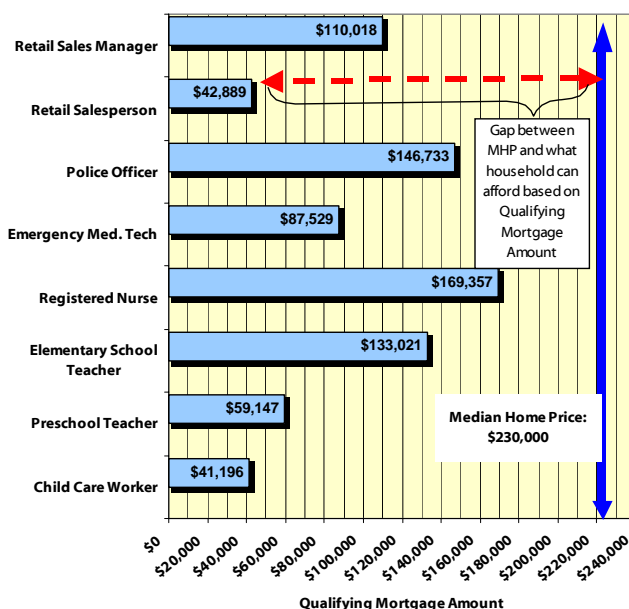
ASSISTED RENTAL UNITS AT RISK 3,765

Assisted Units Potentially Lost to

Market Rate Conversion 2,217

Non-Expiring Units Needing Rehab 1,548

NEW CASTLE COUNTY WORKFORCE HOUSING Qualifying Mortgage Amounts & Affordability Gap



Median Household Income, 2005 \$59,270

HUD Area Median Family Inc., 2007 \$71,600

2007 Median Home Price \$230,000

2007 Fair Market Rent (2-BR Unit) \$923

COST-BURDENED HOUSEHOLDS, 2005 & PERCENT INCREASE, 2000 - 2005

Homeowners 31,069 / +39%

Renters 26,090 / +29.8

Source: DSHA, (See explanation on back of this page.)

NEW CASTLE COUNTY WORKFORCE HOUSING

Housing Wage Gap Analysis

2007 HUD MFI Median income for a New Castle County family of four: \$71,600	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT & MEDIAN HOME PRICE		SURPLUS OR (GAP)
	Affordable Rent (One-third of monthly income for rent)	\$1,790	1 Bedroom FMR, 2007	\$773	\$1,017
	Affordable Home Price (Qualifying Mortgage Amount)	\$210,631	2 Bedroom FMR, 2007	\$923	\$867
			3 Bedroom FMR, 2007	\$1105	\$685
			MHP, 1 st Quarter, 2007	\$230,000	(\$2,406)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhoods (MHP)

Selected Professions and Housing Wage Gaps, New Castle County

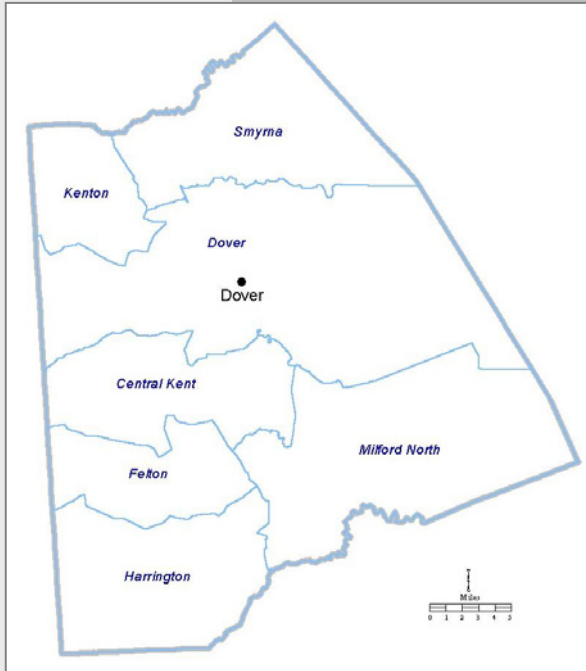
		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Registered Nurse	Emergency Medical Technician	Police Officer	Retail Sales- person	Retail Manager
MEDIAN PAY	Hourly (\$)	9.41	12.06	22.97	28.33	16.25	24.99	9.66	19.57
	Monthly (\$)	1,630	2,089	3,978	4,907	2,815	4,328	1,673	3,390
	Annual (\$)	19,573	25,085	47,769	58,926	33,800	51,979	20,093	40,706
RENTERS	Can afford this much rent . . .	\$489	\$627	\$1,193	\$1,472	\$844	\$1,298	\$502	\$1,017
	Surplus or (Gap) 1-BR FMR (\$)	(284)	(146)	420	699	71	525	(271)	244
	Surplus or (Gap) 2-BR FMR (\$)	(434)	(296)	270	549	(79)	375	(421)	94
	Surplus or (Gap) 3-BR FMR (\$)	(616)	(478)	88	367	(261)	193	(603)	(88)
HOMEBUYERS	Can afford this home price . . .	\$41,196	\$59,147	\$133,021	\$169,357	\$87,529	\$146,733	\$42,889	\$110,018
	Surplus or (Gap) MHP (\$)	(188,804)	(170,853)	(96,978)	(60,643)	(142,471)	(83,267)	(187,111)	(119,982)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

Qualifying mortgage amounts are based on basic affordability standards used by DSHA. Those standards include loan terms of 30 years at 7.00 percent interest with qualifying amount based on 33%/38% debt to loan ratio (HUD standard); estimated tax and insurance costs of \$150; and an estimated "other debt" of 12 percent (school loans, credit cards, etc.).

Kent County

HOUSING FACT SHEET



TOTAL POPULATION, 2006 147,675
Projected Population, 2015 167,094

TOTAL HOUSEHOLDS, 2006 53,997
Projected Households, 2012 62,775

TOTAL HOUSING UNITS, 2005 58,161
 Owner-occupied 39,456
 Renter-occupied 14,275
 (Assisted Rental Units, 2007 2,890)
 Vacant 4,430

ESTIMATED SUBSTANDARD UNITS 1,207
 Owner-occupied 679
 Renter-occupied 528

HOMEOWNERSHIP DEMAND FORECAST

2008-2012, Includes Dover

Existing Homes 6,712
 New Construction 5,611
 Manufactured Homes 406

Anticipated first-time and "affordable"
 homebuyers 3,502

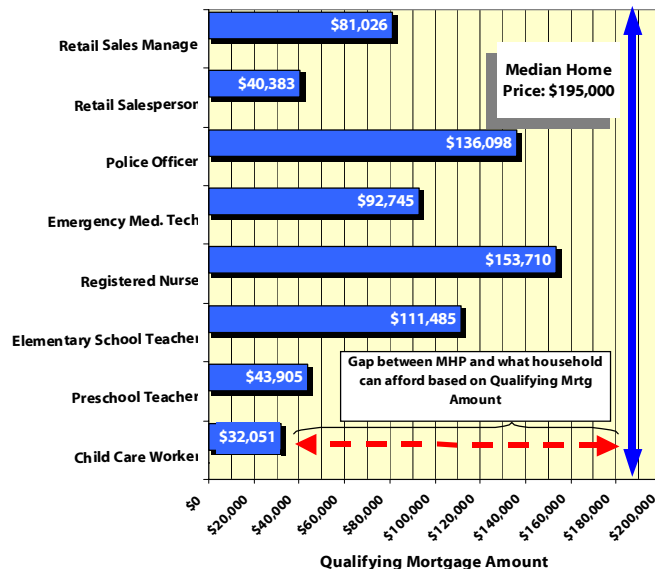
ASSISTED RENTAL DEMAND FORECAST

2008-2012, Includes Dover

Additional Assisted Rental Units 486
 Existing Renter Households "At Risk" 5,417

ASSISTED RENTAL UNITS AT RISK 1,544
 Assisted Units Potentially Lost to
 Market Rate Conversion 1,110
 Non-Expiring Units Needing Rehab 434

KENT COUNTY WORKFORCE HOUSING Qualifying Mortgage Amounts & Affordability Gap



Source: DSHA, (See explanation on back of this page.)

Median Household Income, 2005 \$48,282
 HUD Area Median Family Inc., 2007 \$58,700

2007 Median Home Price \$195,000
 2007 Fair Market Rent (2-BR Unit) \$709

COST-BURDENED HOUSEHOLDS, 2005 & PERCENT INCREASE, 2000 - 2005

Homeowners 9,883 / +105.7%
 Renters 6,016 / +28.7%

KENT COUNTY WORKFORCE HOUSING

Housing Wage Gap Analysis

2007 HUD MFI Median income for a Kent County family of four: \$58,700	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT & MEDIAN HOME PRICE		SURPLUS OR (GAP)
	Affordable Rent (One-third of monthly income for rent)	\$1,468	1 Bedroom FMR, 2007	\$640	\$828
			2 Bedroom FMR, 2007	\$709	\$759
			3 Bedroom FMR, 2007	\$927	\$541
	Affordable Home Price (Qualifying Mortgage Amount)	\$168,620	MHP, 1 st Quarter, 2007	\$195,000	(\$26,380)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhods (MHP)

Selected Professions and Housing Wage Gap Analysis, Kent County

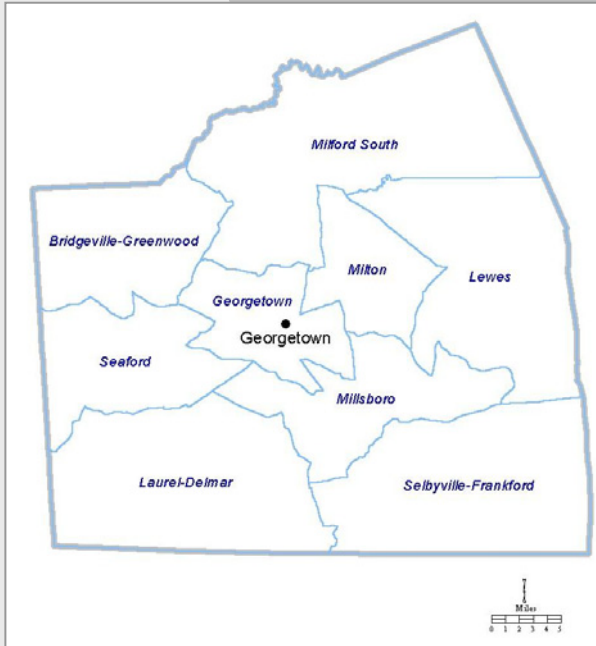
		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Registered Nurse	Emergency Medical Technician	Police Officer	Retail Sales- person	Retail Manager
MEDIAN PAY	Hourly (\$)	8.06	9.81	19.79	26.02	17.02	23.42	9.29	15.29
	Monthly (\$)	1,397	1,700	3,430	4,510	2,950	4,059	1,610	2,648
	Annual (\$)	16,765	20,405	41,156	54,122	35,402	48,714	19,323	31,803
RENTERS	Can afford this much rent ...	\$419	\$510	\$1,029	\$1,353	\$885	\$1,218	\$483	\$794
	Surplus or (Gap) 1-BR FMR (\$)	(221)	(130)	389	713	245	578	(157)	154
	Surplus or (Gap) 2-BR FMR (\$)	(290)	(199)	320	644	176	509	(226)	85
	Surplus or (Gap) 3-BR FMR (\$)	(508)	(417)	102	426	(42)	291	(444)	(133)
HOMEBUYERS	Can afford this home price ...	\$32,051	\$43,905	\$111,485	\$153,710	\$92,745	\$136,098	\$40,383	\$81,026
	Surplus or (Gap) MHP (\$)	(162,949)	(151,095)	(83,515)	(41,290)	(102,255)	(58,902)	(154,617)	(113,974)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

Qualifying mortgage amounts are based on basic affordability standards used by DSHA. Those standards include loan terms of 30 years at 7.00 percent interest with qualifying amount based on 33%/38% debt to loan ratio (HUD standard); estimated tax and insurance costs of \$150; and an estimated "other debt" of 12 percent (school loans, credit cards, etc.).

Sussex County

HOUSING FACT SHEET



TOTAL POPULATION, 2006 180,275
Projected Population, 2015 211,111

TOTAL HOUSEHOLDS, 2006 73,000
Projected Households, 2012 82,661

TOTAL HOUSING UNITS, 2005 107,119
Owner-occupied 55,134
Renter-occupied 15,520
(Assisted Rental Units, 2007 3,122)
Vacant 36,465

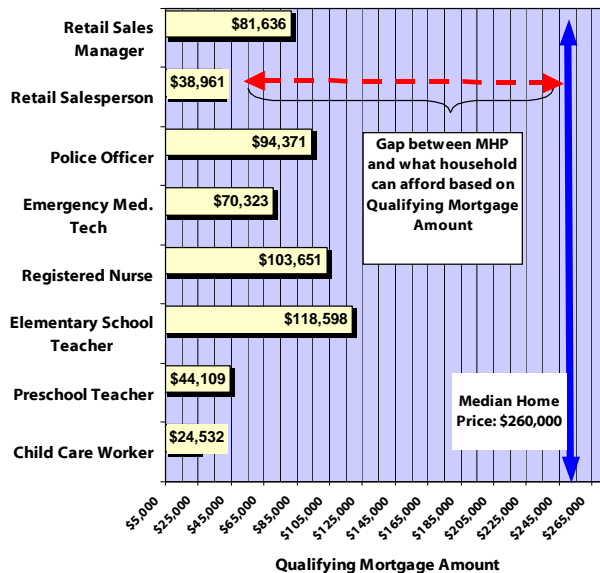
ESTIMATED SUBSTANDARD UNITS 4,073
Owner-occupied 2,926
Renter-occupied 1,147

HOMEOWNERSHIP DEMAND FORECAST 2008-2012, Includes Georgetown

Existing Homes 9,521
New Construction 4,887
Manufactured Homes 358

Anticipated first-time and "affordable"
homebuyers 2,581

SUSSEX COUNTY WORKFORCE HOUSING Qualifying Mortgage Amounts & Affordability Gap



Source: DSHA, (See explanation on back of this page.)

ASSISTED RENTAL DEMAND FORECAST 2008-2012, Includes Georgetown

Additional Assisted Rental Units 219

Existing Renter Households "At Risk" 3,621

ASSISTED RENTAL UNITS AT RISK 1,554
Assisted Units Potentially Lost to
Market Rate Conversion 1,277
Non-Expiring Units Needing Rehab 277

Median Household Income, 2005 \$44,942
HUD Area Median Family Inc., 2007 \$53,800

2007 Median Home Price \$260,000
2007 Fair Market Rent (2-BR Unit) \$661

COST-BURDENED HOUSEHOLDS, 2005 & PERCENT INCREASE, 2000 - 2005

Homeowners 13,573 / +96.8%
Renters 5,157 / +53.7%

SUSSEX COUNTY WORKFORCE HOUSING

Housing Wage Gap Analysis

2007 HUD MFI Median income for a Sussex County family of four: \$53,800	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT (FMR) & MEDIAN HOME PRICE (MHP)		SURPLUS OR (GAP)
	Affordable Rent (One-third of monthly income for rent)	\$1,345	1 Bedroom FMR, 2007	\$595	\$750
			2 Bedroom FMR, 2007	\$661	\$684
			3 Bedroom FMR, 2007	\$904	\$441
	Affordable Home Price (Qualifying Mortgage Amount)	\$152,662	MHP, 1 st Quarter, 2007	\$260,000	(\$107,338)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhoods (MHP)

Selected Professions and Housing Wage Gap Analysis, Sussex County

		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Licensed Practical Nurse	Emergency Medical Technician	Police Officer	Retail Sales- person	Retail Manager
MEDIAN PAY	Hourly (\$)	6.95	9.84	20.84	18.63	13.71	17.26	9.08	15.38
	Monthly (\$)	1,204	1,704	3,609	3,227	2,375	2,989	1,573	2,664
	Annual (\$)	14,456	20,467	43,340	38,750	28,517	35,901	18,886	31,990
RENTERS	Can afford this much rent . . .	\$361	\$511	\$1,083	\$968	\$712	\$897	\$472	\$799
	Surplus or (Gap) 1-BR FMR (\$)	(234)	(84)	488	373	117	302	(123)	204
	Surplus or (Gap) 2-BR FMR (\$)	(300)	(150)	422	307	51	236	(189)	138
	Surplus or (Gap) 3-BR FMR (\$)	(543)	(393)	179	64	(192)	(7)	(432)	(105)
HOMEBUYERS	Can afford this home price . . .	\$24,532	\$44,109	\$118,598	\$103,651	\$70,323	\$94,371	\$38,961	\$81,636
	Surplus or (Gap) MHP (\$)	(235,468)	(215,891)	(141,402)	(156,349)	(189,677)	(165,629)	(221,039)	(178,364)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

Qualifying mortgage amounts are based on basic affordability standards used by DSHA. Those standards include loan terms of 30 years at 7.00 percent interest with qualifying amount based on 33%/38% debt to loan ratio (HUD standard); estimated tax and insurance costs of \$150; and an estimated "other debt" of 12 percent (school loans, credit cards, etc.).

REVIEW OF FINDINGS

The text that follows is a synopsis of the larger *Delaware Statewide Housing Needs Assessment* technical document that is a companion to this document. The topics presented below follow the same general path, beginning with a review of economic and demographic factors affecting housing. Housing supply and projected demand are explored in some depth here, but in much greater detail in the technical document. Finally, a series of topics including substandard housing conditions, workforce housing and housing wage gaps, special needs populations, and barriers to affordable housing are discussed.

ECONOMIC TRENDS

EMPLOYMENT & WAGES

Delaware's business economy includes concentrations of companies in the automobile, chemistry, financial services and insurance, life science and biotech, tourism, agriculture, and corporate legal services markets.

Despite weakness due to recession in the early 2000s, unemployment in the state has consistently remained below the national level. Unemployment, however, varies in its persistence among racial groups and geographic areas. Minorities have higher rates of unemployment than whites. The unemployment rate has traditionally been higher in New Castle County than in Kent and Sussex Counties.

From 2004 to 2014, total employment is projected to increase by 58,100 jobs, which is equivalent to an average annual growth rate of 1.2 percent. From 1994 to

ABOUT THE DATA

Data in this document is drawn from multiple sources. U.S. Census Bureau data from the 2000 Census and 2005 American Community Survey (ACS) provides the bulk of the population and housing statistics.

For the ACS, the Census Bureau surveys approximately three million households each year, from across every county in the nation. Data from the 2005 ACS are available for geographic areas with a population of 65,000 or more, including counties, congressional districts, metropolitan and micropolitan statistical areas, all 50 states, and the District of Columbia.

In Delaware, 2005 ACS data is available only for the state overall, the three counties, and the City of Wilmington. Unfortunately, 2005 ACS data is not available for the county census divisions (CCDs) or any of the other incorporated places. For this reason, certain topics that were reported at the CCD level in previous Needs Assessments cannot be updated herein at the same level.

Secondary data regarding employment and wages, population projections, and other housing statistics are, in some cases, excerpted from several of Delaware's state-level agencies or consortia which have conducted their own research. Each source is cited in the text.

Projected housing demand analysis is based on data generated for this study. *Easy Analytic, Inc.*, was contracted to calculate projected household growth by age and by income by CCD from 2006 to 2012.

The projections prepared by the firm were compared to the projections and trends prepared by the Delaware Population Consortium (DPC) to ensure that data was comparable to the trends noted by the DPC in its October 2006 population study.

The DPC's projections, which were based on the 2000 Census and subsequent data collection, included household projections by CCD at ten year intervals through 2030.

(continued)

2004, the average annual rate was 1.5 percent with about 60,970 jobs created. The slower growth is projected for the majority of industries. Although manufacturing is still one of the largest employment sectors, its relative share of total jobs has dropped significantly.

Manufacturing jobs traditionally provided entry level jobs that required limited education but paid decent wages and offered benefits households could rely on. These jobs supported a middle class lifestyle, which included owning a decent home. A review of wages and employment projections shows that there will likely be jobs for the less educated population in place of the lost manufacturing jobs. But whether all of those jobs will compensate at a high enough level to allow workers and their families to afford decent housing is doubtful.

A widening gap between high salary and low wage jobs is a likely outcome of the future depicted by employment projections for 2014. As shown in Table 1, the highest growth in total number of jobs is projected to occur in health care, retail trade, and administrative support. The highest rate of growth will occur in management, arts and entertainment, transportation, and warehousing sectors. Compared against current average wages, with the exception of management, earnings in these growth sectors are below \$50,000 per year; many are below \$40,000.

ABOUT THE DATA (CONTINUED)

The projections do not provide the age of householder by household income. Nor do they calculate total households at five year intervals at the CCD level. Since the horizon year for this Needs Assessment is 2012, the calculations from Easy Analytic, Inc. were necessary.

Different data sets can produce inconsistent results when measuring the same variables. This is typically the result of differing research methods, not error. In this report, wherever such discrepancies may lead to confusion, an attempt is made to provide disclaimers within the text for clarification.

As an example, inconsistencies often arise between the 2000 Census and the ACS. Whereas the decennial census draws data from mail surveys sent to 100 percent of households, the ACS uses a smaller size from which extrapolations produce state, county, and local-level data.

Housing value and income measures also vary depending on the source. For example, real estate values derived from [eneighborhoods.com](http://enighborhoods.com) are based on data from real transactions in the market place. Meanwhile, Census data on real estate values are derived from self-reporting of property owners and renters.

Although the U.S. Department of Housing and Urban Development (HUD) generates family income and housing value statistics that are considered the standards of the affordable housing industry, those statistics are not always consistent with Census Bureau reports.

Households and families are often used interchangeably when in fact they are not synonymous. A "household" is any person or group of persons living in a housing unit. A "family" is a group of two or more related individuals living as a household.

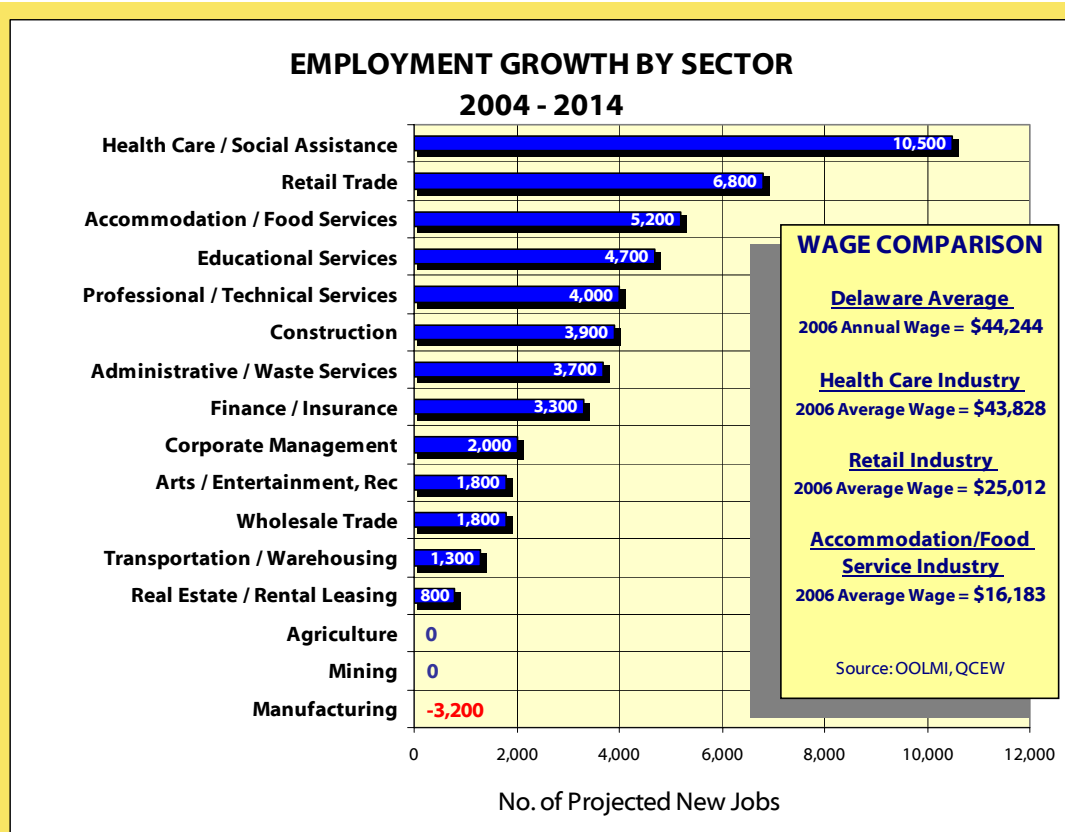
Throughout the document, median household income is often used as an indicator. This statistic is reported directly from the Census and captures income from both family and non-family households.

(continued)

TABLE 1: INDUSTRY EMPLOYMENT PROJECTIONS AND WAGE RANKINGS

Industry	Ranking: New Jobs 2004-14	2004	2014	Change in Jobs	Percent Annual Job Growth (%)	Ranking: 2006 Avg Wage	2006 Average Annual Wage (\$)
Health care and social assistance	1	47,500	58,000	10,500	2.0	13	43,828
Retail trade	2	52,500	59,300	6,800	1.2	20	25,012
Accommodation and food services	3	31,300	36,500	5,200	1.6	22	16,183
Educational services	4	28,600	33,300	4,700	1.5	16	36,012
Professional and technical services	5	27,000	31,000	4,000	1.4	4	73,734
Construction	6	26,400	30,300	3,900	1.4	9	45,993
Administrative and waste services	7	22,700	26,400	3,700	1.5	18	29,306
Finance and insurance	8	38,300	41,600	3,300	0.8	1	84,603
Other services, except public administration	9	17,900	21,100	3,200	1.7	19	26,528
State Government	10	15,800	18,500	2,700	1.6	10	45,946
Management of companies and enterprises	11	12,500	14,500	2,000	1.5	3	77,448
Arts, entertainment, and recreation	12	8,900	10,700	1,800	1.9	21	21,689
Wholesale trade	13	14,800	16,600	1,800	1.2	5	71,950
Transportation and warehousing	14	13,600	14,900	1,300	0.9	15	36,495
Local Government	15	6,900	8,000	1,100	1.5	11	45,510
Information	16	7,100	8,100	1,000	1.4	7	53,777
Real estate and rental and leasing	17	6,600	7,400	800	1.1	14	38,388
Federal Government	18	5,400	5,800	400	0.7	8	51,821
Agriculture, forestry, fishing and hunting	19	4,500	4,500	0	0.0	12	31,203
Mining	20	100	100	0	0.0	17	44,835
Utilities	21	2,200	2,000	(200)	(0.8)	2	83,776
Manufacturing	22	34,600	31,400	(3,200)	(1.0)	6	54,107

Source: Delaware Department of Labor, OOLMI, "Delaware 2014"



Delaware's projected employment growth anticipates more rapid growth among lower wage professions between 2004 and 2014.

Source: Delaware Department of Labor, OOLMI: Delaware 2014

Among most industries, the average annual wages kept pace with or exceeded inflation. In comparison to wages, however, the cost of housing in Delaware greatly exceeded the rate of inflation from 2000 to 2005.

About 6,700 workers at private firms were paid the minimum wage in 2005.

This represents 1.9 percent of the total private covered workforce, and is a substantial decline from the 3 percent of private-firm workers that was found in 2001. There has, however, been a clear decline in benefits offered by Delaware employers since 2001 in all major benefits categories: health care, paid time off, college tuition assistance, and retirement.

ABOUT THE DATA (CONCLUSION)

Meanwhile, each year, HUD generates a median *family* income (MFI) for areas throughout the U.S. The MFI is a calculation arrived at using Census data and a set formula that is based on certain assumptions. The MFI represents the median income for a family of four persons. Larger and smaller family sizes are then derived from this base. Because most housing assistance programs are pegged to HUD MFI, this statistic is also used at certain points in the document.

Reduced employer-paid benefits result in households paying out-of-pocket costs themselves. A household paying more for benefits has less money for housing. Twenty-three percent of the jobs at private employers in Delaware are part-time. These jobs provide fewer benefits than similar full-time positions. (Sixteen percent of those working part-time would prefer to be working full-time.)

INCOME

As noted by the 2005 American Community Survey, the statewide median household income in Delaware (in inflation adjusted dollars) is \$52,499, up by 10.8 percent from \$47,381 in 2000. Over one-third of Delaware households have incomes below 80 percent reported median and would therefore be considered low-income. Table 2 shows median household income in Delaware as of 2005, as reported by the ACS.

**TABLE 2: MEDIAN HOUSEHOLD INCOME BY RACE
AND HISPANIC HOUSEHOLDS – 2005**

	DELAWARE	New Castle County	Kent County	Sussex County
White	55,427	62,852	50,722	45,535
Black	40,553	41,555	35,888	39,099
Asian	76,149	80,058	48,370	50,398
Other Race	44,466	41,449	58,054	45,427
Two or More Races	50,155	50,569	43,227	58,136
Hispanic Origin	43,547	45,388	31,554	45,509
All	52,499	59,270	48,282	44,942

Source: U.S. Census Bureau, 2005 American Community Survey

[NOTE: Each year U.S. Dept. of Housing and Urban Development, HUD, estimates median incomes for a family of four in various geographic areas across the country. HUD uses area median family incomes (MFIs) to determine eligibility for housing assistance based on household size and percentage of MFI. Again, 80 percent of MFI and below is considered low-income. MFI for an area is typically higher than the *household* median income for the same area. In 2007, HUD's MFI by county in Delaware are as follows: New Castle County - \$71,600; Kent County - \$58,700; and Sussex County - \$53,800.]

By race, Asian households have the highest median household income statewide at \$76,149 followed by white households at \$55,427. Black, "other race," two or more race, and Hispanic households all have median incomes that are below the statewide median. This correlates to lower home ownership rates among minority households in Delaware.

In 2005, there were 85,076 Delawareans below the poverty level representing 9.2 percent of the population for whom poverty is determined. Persons below the poverty level increased in number by about 22 percent from 69,901 in 2000. The poverty rate was highest among female-headed households.

DEMOGRAPHIC TRENDS

POPULATION

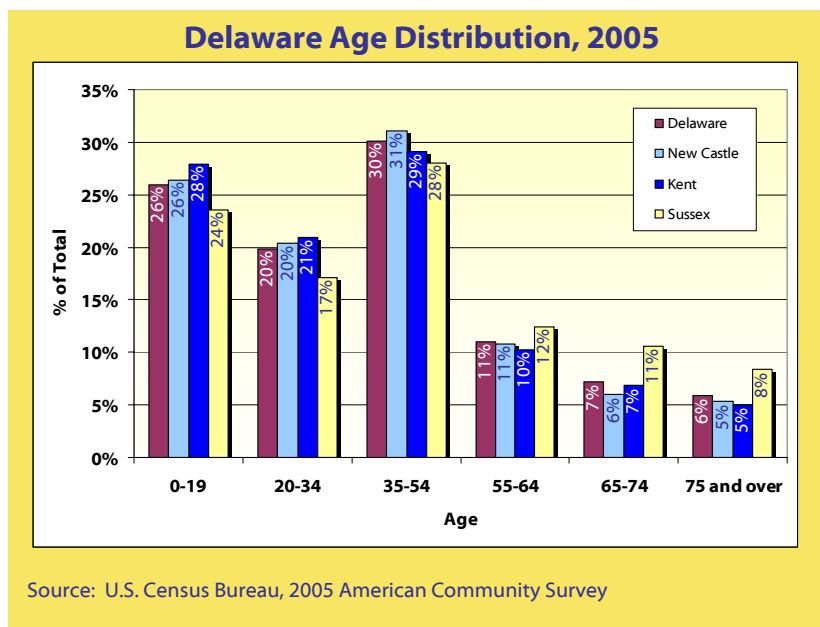
Estimates show that the state's population continued to grow during the first years of the 2000s. The population trend of faster growth in Kent and Sussex Counties appears to continue. While the majority of the state's population still resides in New Castle County, the county's share of the population is declining. As of 2006, 61.6 percent of the state's population lives in New Castle County; 17.3 percent reside in Kent County; 21.1 percent in Sussex County. Table 3 shows Delaware's population growth by county since 1970.

TABLE 3: POPULATION – 1970 TO 2006

	DELAWARE		New Castle County		Kent County		Sussex County	
Year	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change
1970	548,104	n/a	385,856	n/a	81,892	n/a	80,356	n/a
1980	594,338	8.4	398,115	3.2	98,219	19.9	98,004	22.0
1990	666,168	12.0	441,946	11.0	110,993	13.0	113,229	15.5
2000	783,600	17.6	500,265	13.2	126,697	14.1	156,638	38.3
2006	854,977	9.1	527,027	5.3	147,675	16.6	180,275	15.1

Source: U.S. Census Bureau; Delaware Population Consortium

As of 2005, statewide, the median age of the population is 37.9, up from 36 years in 2000. Kent County, where the median age is 35.7 years, has the youngest population. The state's oldest population is in Sussex County, where the median age of the population is 42.4 years old. This is consistent with the concentration of retirement communities along the shore.



From 2000 to 2005, the greatest increase in age groups was among the 55 to 64 cohort, increasing by 25.6 percent from 71,711 to 90,900. There was also a substantial increase

in persons age 75+ with an increase of 7.3 percent from 44,973 to 48,235. The older population generally has higher incomes and a higher ownership rate.

Table 4 shows the change in age groups between 2000 and 2005.

TABLE 4: POPULATION BY AGE – 2000, 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	2000	2005	2000	2005	2000	2005	2000	2005
19 years and under	217,483	212,892	140,804	133,157	38,747	39,077	38,699	40,658
20 – 34	159,412	162,159	109,368	103,294	25,770	29,290	25,637	29,575
35 – 54	233,342	246,655	150,498	157,295	36,365	40,834	44,737	48,526
55 – 64	71,711	90,090	41,692	54,359	11,014	14,278	18,813	21,453
65 – 74	56,733	58,556	30,904	30,536	8,420	9,735	17,091	18,285
75 years and above	44,973	48,235	26,999	26,630	6,381	6,991	11,931	14,614

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

The percentage of total Delawareans who are minorities grew to over 26 percent by 2005, with New Castle County being the most racially diverse county. Statewide, the fastest growing minority group between 2000 and 2005 was Asian/Pacific Islanders who grew by 37 percent; however, they still numbered less than 5 percent of the total population. Hispanics made up 6.1 percent of the population in 2005, up from 4.8 percent in 2000 and 2.3 percent in 1990. While Sussex County continues to have the highest percentage white population, it also has the greatest percentage of persons of Hispanic origin. This is attributable largely to Hispanics who migrate to the county to work in the agriculture and poultry industries. Table 5 shows the change in racial composition between 2000 and 2005.

TABLE 5: POPULATION BY RACE AND PERSONS OF HISPANIC ORIGIN – 2000, 2005

	White		Minority						Total Population	Hispanic Origin	
	Total	% of Population	Black	Am. Ind. Eskimo	Asian, Pacific Islander	Other	Two or More	% of Population		Total	% of Total
2000	584,684	74.6	148,823	3,111	16,388	16,241	14,353	25.4	783,600	37,321	4.8
2005	602,213	73.6	163,052	2,056	22,446	16,749	12,071	26.4	818,587	50,218	6.1

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

HOUSEHOLDS

Households consist of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters. From 1990 to 2005, households in Delaware increased by 70,477 or 28.5 percent. In that time, population increased by 28.3 percent. Table 6 shows the change in number of households by county between 1990 and 2005.

TABLE 6: HOUSEHOLDS – 1990 TO 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total Households	Percent Change	Total Households	Percent Change	Total Households	Percent Change	Total Households	Percent Change
1990	247,163		164,104		39,576		43,483	
2000	298,755	20.9	188,974	15.2	47,199	19.3	62,582	43.9
2005	317,640	6.3	193,255	2.3	53,731	13.8	70,654	12.9

Source: U.S. Census Bureau

Households are classified by type according to the sex of the householder and the presence of relatives. Examples include: married-couple family; male householder, no wife present; female householder, no husband present; spouse (husband/wife); child; and other relatives.

The Census defines a family as a householder and one or more others living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of the family. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

About two-thirds of the Delaware's households are family households. Half of those households consist of married couples and about 21 percent have children. About 26 percent of the households are headed by a single individual (male householder, no wife present, female householder, no husband present, householder living alone). The growth in households headed by an individual creates the need for smaller units and units that are affordable to households with just one income. Household types are important in determining the housing size.

Table 7 provides an overview of the types of households in Delaware.

TABLE 7: HOUSEHOLDS TYPES – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
TOTAL HOUSEHOLDS	317,640		193,255		53,731		70,654	
FAMILY HOUSEHOLDS (FAMILIES)	216,182	68.1	129,634	67.1	38,719	72.1	47,829	67.7
With own children under 18 years	100,262	31.6	63,426	32.8	18,903	35.2	17,933	25.4
Married-couple families	159,638	50.3	94,947	49.1	28,696	53.4	35,995	50.9
With own children under 18 years	65,537	20.6	42,549	22.0	12,002	22.3	10,986	15.5
Male householder, no wife present	14,012	4.4	7,859	4.1	2,595	4.8	3,558	5.0
With own children under 18 years	6,858	2.2	3,982	2.1	1,509	2.8	1,367	1.9
Female householder, no husband present	42,532	13.4	26,828	13.9	7,428	13.8	8,276	11.7
With own children under 18 years	27,867	8.8	16,895	8.7	5,392	10.4	5,580	7.9
NON-FAMILY HOUSEHOLDS	101,458	31.9	63,621	32.9	15,012	27.9	22,825	32.3
Householder living alone	81,364	25.6	49,726	25.7	12,476	23.3	19,162	27.1
65 years and over	28,740	9.0	16,661	8.6	4,152	7.7	7,927	11.2

Source: U.S. Census Bureau, 2005 American Community Survey

Table 8 shows the average household size in Delaware and the three counties from 1990 to 2005. The table shows that after decreasing during the 1990s, household size in Delaware increased during the first years of the 2000s. The increase is due to an increase in household size in New Castle County. Household size in Kent and Sussex Counties did not change from 2000 to 2005. (Despite short-term increases, long-term projections indicate decreasing household size statewide.)

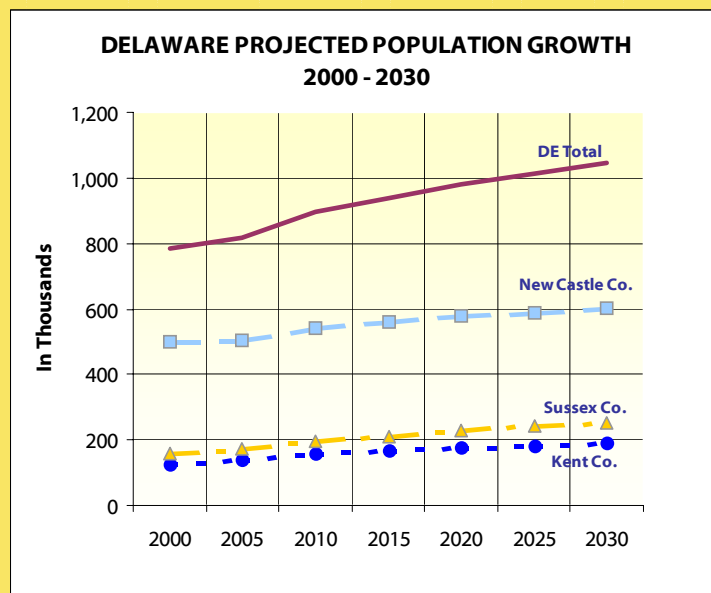
TABLE 8: AVERAGE HOUSEHOLD SIZE – 1990 TO 2005

	1990	2000	Percent Change	2005	Percent Change
DELAWARE	2.61	2.54	(2.7)	2.58	1.6
New Castle County	2.61	2.56	(1.9)	2.61	2.0
Kent County	2.70	2.61	(3.3)	2.61	0.0
Sussex County	2.54	2.45	(3.5)	2.45	0.0

Source: U.S. Census Bureau

2030 POPULATION PROJECTIONS

The Delaware Population Consortium projects the state's population will increase by 19 percent from 783,600 in 2000 to 939,185 in 2015. From 2000 to 2015, the number of households in Delaware is projected to increase by over 23 percent from 298,755 in 2000 to 367,590 in 2015. The greater rate of increase is evidence of declining household size. Deferred age of first marriage, increased divorce rates, and longer life expectancy are societal trends resulting in more people living alone or in smaller households. Statistically, then, as the population grows it forms new households at a faster rate than in previous generations.



Delaware's population is projected to grow by 19 percent by 2015, and nearly 33 percent by 2030.

Source: Delaware Population Consortium

Migration into Delaware is projected to comprise about 62 percent of the state's new population through 2015. Kent and Sussex Counties will add the most households by 2012, growing by 8,758 and 9,661 households respectively. Both Counties will add households at more than two-times the number of New Castle County, which will add 3,986 households.

Central Kent County, around the City of Dover, and southeastern Sussex County contain the CCDs with the greatest growth in households. The CCDs experiencing decline are in northeast New Castle County, around the City of Newark, and southeast New Castle County.

Looking at 2015 projected racial composition, the white population will comprise 73.9 percent, up slightly from 73.6 percent in 2005, the black population will make up 22.3 percent, and the remaining minority population will drop to 3.8 percent of Delaware's total population. By age, through 2015, although there will be a decrease in total persons age 35 to 49, there will be a sizable increase in the number of householders in this group. Essentially, this reflects the trend for more single-person or single-parent households. This age group consists of move-up buyers moving from their first home to a larger, more expensive unit. The "Echo Boom" generation (children of the Post-War "Baby Boom" generation who were born between 1977 and 1994) will be moving into their 20s and 30s during this time period.

The percent of young adults age 20 to 34 will increase most rapidly up to 2010. This age group is closely associated with new household formation, as will be evidenced in the demand projections. There will be a marked increase among adults age 50 to 64, but the percent increase

declines after 2010. This age group consists of move-up buyers, including some who move to age restricted retirement communities. Householders at this stage in life also support home renovation as they fix up homes they have owned for a long time, often using the equity built up over time.

There will be consistently large increases in the elderly, including persons age 65 to 74 and those age 75 and over. In general, elderly households that are able to live independently support rental and for-sale markets. As people downsize their homes in their retirement years, some purchase, while others prefer the flexibility of renting. Lower-income elderly for whom homeownership is not an option add to the demand for income-assisted rentals. Table 9 shows the projected population change by age group between 2005 and 2015 for Delaware and its counties.

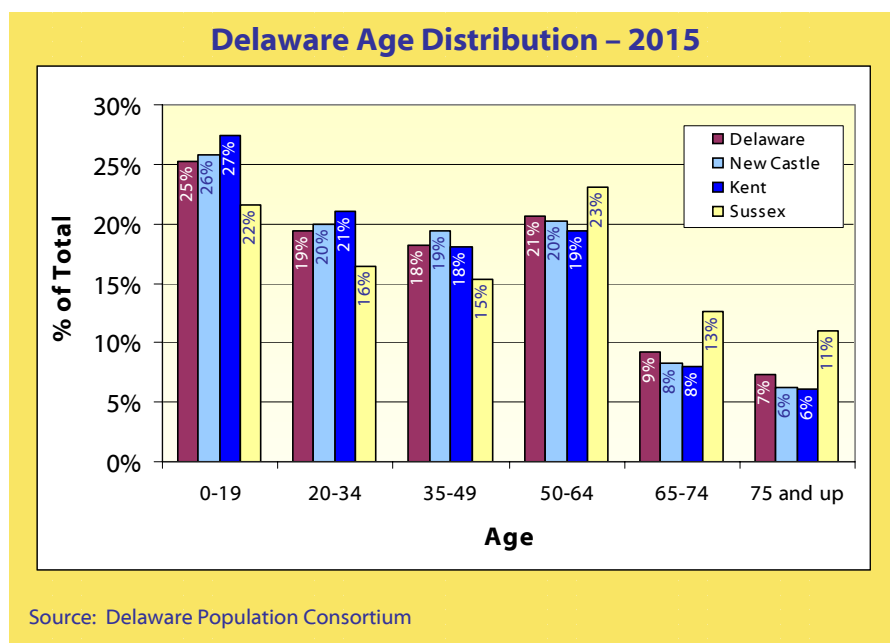


TABLE 9: PROJECTED % CHANGE, POPULATION BY AGE– 2005 TO 2015

Age	DELAWARE		New Castle County		Kent County		Sussex County	
	2005-2010	2010-2015	2005-2010	2010-2015	2005-2010	2010-2015	2005-2010	2010-2015
0-19	8.6	2.2	8.5	0.3	12.8	3.8	4.9	7.0
20-34	6.6	5.2	5.8	2.5	12.8	6.7	3.1	13.5
35-49	(4.6)	(6.1)	(5.2)	(5.9)	(1.9)	(4.7)	(5.1)	(8.1)
50-64	21.1	10.3	15.6	9.3	25.2	13.4	33.0	10.9
65-74	18.4	24.8	19.6	27.9	12.3	21.9	20.5	21.1
75 and up	29.7	9.4	24.5	5.8	31.5	10.2	38.4	14.8
Total Change	9.3	5.0	7.4	3.3	12.3	6.1	12.3	8.6

Source: U.S. Census Bureau, Delaware Population Consortium

INCOME AND HOUSING AFFORDABILITY

Given the rapidly increasing housing costs in recent years, concerns arise for low-income households. For the purpose of affordability supply and demand analysis in this *Housing Needs Assessment*, these are the households whose income is at or below 80 percent of their area's MFI, as estimated by the HUD. As a result of employment and wage trends, in many instances, the workers who play integral roles in sustaining their local economies fall within this income classification. In recent years, as housing prices have increased at a faster rate than incomes, workforce households are increasingly experiencing housing challenges.

Although affordability is an issue for all households, most affordable housing policies and programs target households at or below 80 percent of MFI. Below that threshold, an affordability analysis typically looks at groups including the extremely low-income (at or below 30 percent), very low-income (between 30 and 50 percent), and low-income (between 50 and 80 percent). Moderate income households are those between 80 percent and 115 percent. (NOTE: The Low-income Housing Tax Credit program assists rental households below 60 percent of MFI).

The HUD determined 2007 MFI for a family household of four persons by county in Delaware are as follows: New Castle County - \$71,600; Kent County - \$58,700; and Sussex County - \$53,800.

Using the HUD 2007 MFI for each of the counties in Delaware, Table 10 shows household income within each of the income ranges described above. The table is a reference for the review of housing supply and demand that follows in this document. Table 1 shows the affordability range for households at the various low and moderate income categories by county. By applying the standard affordability ratio of 30 percent income-to-housing-expense, the table demonstrates the monthly housing cost that low and moderate income households can afford without being cost-burdened. The monthly housing costs identified in Table 1 represent either a rent or a mortgage payment.

Lastly, Table 10 shows what priced home households from 30 percent to 115 percent of MFI can afford to purchase, presuming the following:

- Median incomes are based on HUD's 2007 income limits.
- Loan terms of 30 years at 7.0 percent with qualifying amount based on 33 percent/38 percent debt to loan ratio (HUD standard).
- Estimated tax and insurance costs of \$150.
- Estimated "other debt" of 12 percent is added (school loans, credit cards, etc.).

These assumptions allow for arrival at a "qualifying mortgage amount" by income level, shown in the bottom portion of the table.

TABLE 10: INCOME LEVELS AND AFFORDABILITY RANGE – 2007

	New Castle County Area Median Family Income, 2007		Kent County Area Median Family Income, 2007		Sussex County Area Median Family Income, 2007	
	\$71,600		\$58,700		\$53,800	
	From: (\$)	To: (\$)	From:(\$)	To: (\$)	From:(\$)	To: (\$)
Annual Income						
Extremely Low-income 0-30% MFI	0	21,480	0	17,610	0	16,140
Very Low-income 31-50% MFI	21,481	35,800	17,611	29,350	16,141	26,900
Low-income 50-80% MFI	35,801	57,280	29,351	46,960	26,901	43,040
Low-income Tax Credit 50-60% MFI	35,800	42,960	29,350	35,220	26,900	32,280
Moderate Income 80-100% MFI	57,281	71,600	46,961	58,700	43,041	53,800
Moderate Income 100 – 115% MFI	71,601	82,340	58,701	67,505	53,801	61,870
Affordability Range - Monthly Housing Cost*						
Extremely Low-income 0-30% MFI	0	537	0	440	0	404
Very Low-income 30-50% MFI	538	895	441	734	405	673
Low-income 50-80% MFI	896	1,432	735	1,174	674	1,076
Low-income Tax Credit 50-60% MFI	895	1,074	734	881	673	807
Moderate Income 80-100% MFI	1,433	1,790	1,175	1,468	1,077	1,345
Moderate Income 100 – 115% MFI	1,791	2,059	1,469	1,688	1,346	1,547
Qualifying Mortgage Amount						
Extremely Low-income 0-30% MFI	0	47,407	0	34,804	0	30,016
Very Low-income 31-50% MFI	47,410	94,042	34,807	73,037	30,020	65,058
Low-income 51-80% MFI	94,046	163,996	73,040	130,387	65,061	117,621
Moderate Income 81-100% MFI	163,999	210,631	130,390	168,620	117,624	152,662
Moderate Income 101 – 115% MFI	210,634	245,608	168,623	197,295	152,666	178,944

Source: US Department of Housing and Urban Development, Delaware State Housing Authority, and Mullin & Lonergan Associates, Inc.

*Monthly Housing Cost - 30 percent of gross monthly household income.

HOUSING SUPPLY

OCCUPANCY AND TENURE, 2000 – 2005

As of 2005, there were 374,872 housing units in Delaware, an increase of 9.3 percent from 2000. Since 2000, households in Delaware increased by only a little over six percent. Both Sussex and Kent Counties increased their housing units by about 15 percent; New Castle County by five percent. Table 11 shows the distribution of housing by county. (Table 11 also shows the housing stock for the City of Wilmington, which is included in the total for New Castle County.)

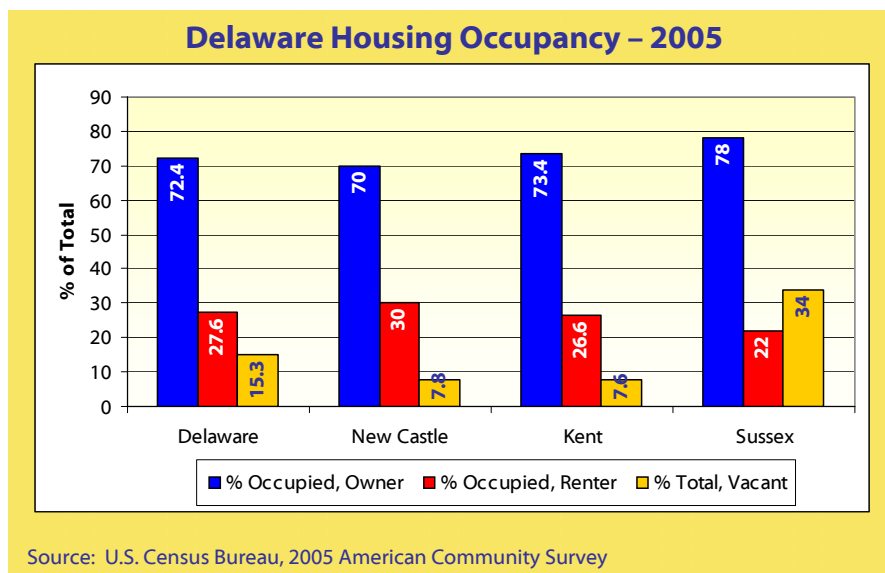
TABLE 11: DELAWARE HOUSING UNIT OCCUPANCY, 2005

	Housing Units		Vacant Units	
	Total	Occupied	Total	% of Total Vacant for Seasonal Use
New Castle County	209,592	193,255	16,337	7.3
Kent County	58,161	53,731	4,430	2.3
Sussex County	107,119	70,654	36,465	80.5
DELAWARE	374,872	317,640	57,232	53.5
City of Wilmington	32,211	26,770	5,441	not reported

Source: U.S. Census Bureau, 2005 American Community Survey

There were 57,232 vacant units in 2005, an increase of 29 percent from 2000. The vacant housing units held for seasonal, recreational, or occasional use represent 8.1 percent of the state's housing stock and 53.5 percent of the state's total vacant units in Delaware. About 96 percent (29,342) of the vacant units held for seasonal, recreational, or occasional use were in Sussex County.

Through 2012, New Castle County's fastest residential growth is projected to occur in its southern municipalities from US 40 to the Chesapeake and Delaware Canal. Kent County's high residential



growth area is projected to be its northern portion where commuting to and from both Wilmington and Dover is easiest. Sussex County is developing fastest in its coastal resort areas to the east.

About 70 percent (263,326) of the housing units in Delaware are single-family units, 18.4 percent (69,058) in multi-family structures, and 11.3 percent (42,122) are manufactured homes. The pattern of units per structure and manufactured homes reported in 2005 is similar to the pattern in 2000. Table 12 shows the housing stock by units per structure and manufactured homes.

TABLE 12: UNITS PER STRUCTURE AND MANUFACTURED HOMES, 2005

	Total Housing Units	Single-family		Multi-family				Manufactured Homes		Other	
		Attached and Detached		Units Per Structure							
		Total	%	2 - 4	5 – 9	10 or more	%	Total	%	Total	%
New Castle County	209,592	154,631	73.8	8,931	11,868	28,214	23	5,621	2.6	327	0.2
Kent County	58,161	40,998	70.5	2,007	782	4,083	12	10,291	17.7	0	0
Sussex County	107,119	67,697	63.2	4,340	3,437	5,396	12	26,210	24.5	39	0.03
DELAWARE	374,872	263,326	70.2	15,278	16,087	37,693	18	42,122	11.3	366	0.1
City of Wilmington	32,211	20,954	65.1	3,632	1,262	6,363	35	0	0	0	0

Source: U.S. Census Bureau, 2005 American Community Survey

Despite an increasingly older population and smaller households, single-family detached dwellings remain the most common housing choice by households in Delaware. Of the 42,562 building permits authorized in Delaware from 2001 to 2005, 76.7 percent were for single-family detached units and 10 percent were for multi-family units.

In general, higher income households and younger households are expected to continue to move to areas of the state with single-family housing. The elderly generally remain in their single-family homes until circumstances require them to move. The elderly who move to multi-family housing often prefer to remain in their communities, making the availability of multi-family housing important for retaining the elderly population. Multi-family housing may also be influential to attracting younger, newly-formed households to an area.

Ultimately, an array of housing options is needed to accommodate and meet the needs of a variety of household sizes and structures.

MANUFACTURED HOUSING ISSUES

During the first half of the 2000s, as the total housing stock in Delaware increased by 9.3 percent, manufactured homes increased by 10.3 percent from 38,281 to 42,122. There are 72,212 persons, or about nine percent of the state's population, living in manufactured homes. Nationally, the average cost per square foot for a new manufactured home is less than half that of a stick-built home, making manufactured homes a large contribution to the stock of affordable housing. In Delaware, the 2005 average sales price for a manufactured home (not including land) was \$84,200.

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

Improvements in quality and construction have made today's manufactured housing highly durable, high quality homes, often indistinguishable from regular stick-built housing. Understanding of manufactured housing as an affordable housing resource has improved greatly in recent years. However, some persistent issues remain. Classified broadly, these include:

- **Consumer Protections and Education:** Despite industry standards, some consumer protection issues do remain in the retailing, associated financing, and management of some manufactured home communities.
- **Financing:** When a home is placed in a land-lease community, it remains titled as a motor vehicle through the Division of Motor Vehicles. Buyers planning to place a home or purchase an existing home in land-lease communities are limited to personal property loans that carry higher interest rates than traditional mortgage financing and also are not subject to the same consumer protections in the mortgage industry.
- **Insecure Tenure:** Owners of manufactured homes on leased land are vulnerable to rent increases and park closures. Ownership of a largely immobile asset on leased land is an inherently insecure form of tenure when lot rents may be unpredictable, lease terms short, and the lease can be terminated by community closure or change of land use.

Very few new leased-land manufactured housing communities are being created in Delaware, but thousands of households still own homes in existing land-lease communities. As of 2005, an estimated 21,200 manufactured homes were located in approximately 160 land-lease communities statewide. This is 50.3 percent of the 42,112 manufactured homes in Delaware as of the 2005 American Community Survey.

Several manufactured housing communities have closed in recent years, particularly in Sussex and Kent Counties. There are two main sources of pressure on communities. In smaller, older communities, water and septic systems may be failing and require replacement. The older homes, lower-income households, and lower profitability of the community make these investments difficult for community owners. Facing large environmental fines, it is easier, in many cases, for the owner to simply close the community. In communities near resort areas (much of Eastern Sussex County), high land values and higher potential profitability from other land uses has made parks vulnerable to either significant rent increases, reflecting the area's resort status, or sale of the community for eventual closure and change of land use to more profitable resort residential uses.

Improved awareness of manufactured housing issues and several years of heightened citizen advocacy have resulted in positive changes. Particularly, the comprehensive rewriting of the landlord-tenant code for manufactured housing communities resulted in the Manufactured Home Owners and Community Owners Act in 2003; creation of the Delaware Manufactured Home Relocation Authority and Trust Fund to provide relocation assistance to homeowners in leased-land communities facing closure; creation of the Delaware Manufactured Housing Installation Board; creating enforceable standards for installation and licensure and inspection requirements; and convening of a Governor's Advisory Council on Manufactured Housing to provide a central forum on manufactured housing issues and resolve disputes.

There have also been recent efforts to advance resident-owned communities in Delaware. Helping residents of manufactured housing communities to form cooperatives to become joint owners of their land-lease communities is a viable alternative that can alleviate many of the issues encountered in land-lease ownership situations. This strategy has proved effective in several states. In some states with highly developed technical assistance, financing, and support systems for homeowners, dozens of parks have been transferred to cooperative ownership, many of which may otherwise have been closed and residents displaced. Some key factors in supporting the development of manufactured home community cooperatives include:

- Securing a "right of first refusal" for community residents which would afford residents a set time period following notice of an owner's intent to sell to form a cooperative, pursue financing, and match the prospective buyer's offer.
- Development of initial and long-term technical assistance program to support residents.
- Development of sources of financing, both lending and grants, to supplement other sources (USDA, national cooperative lenders) both for community purchase money as well as infrastructure improvements.

OWNER-OCCUPIED HOUSING

In 2005, there were 229,860 owner-occupied units in Delaware, up by 6.4 percent from 216,046 in 2000. Over 72 percent of the occupied housing stock was owner-occupied, which was the same rate in 2000. Delaware's rate of home ownership continues to surpass the rate of the nation, which in 2005 was about 67 percent. Sussex County continues to have the highest rate of home ownership, much of which is due to the migration of retirees to the community.

Table 13 presents 2000 and 2005 owner-occupied housing data per the census.

TABLE 13: OWNER HOUSING SUPPLY, 2000, 2005

	Housing Units		Owner-occupied Units		Vacant for Sale Only Units	
	Total	Occupied	Total	% Occupied	Total	% Total Units
New Castle County						
2000	199,521	188,935	132,493	70.1%	1,801	1.4%
2005	209,952	193,255	135,270	70.0%	1,203	0.9%
% Change	5.2%	2.3%	2.1%	-0.2%	-33.2%	-34.6%
Kent County						
2000	50,481	47,224	33,048	70.0%	582	1.8%
2005	58,161	53,731	39,456	73.4%	122	0.3%
% Change	15.2%	13.8%	19.4%	4.9%	-79.0%	-82.4%
Sussex County						
2000	93,070	62,577	50,505	80.7%	1,379	2.7%
2005	107,119	70,654	55,134	78.0%	2,291	4.2%
% Change	15.1%	12.9%	9.2%	-3.3%	66.1%	52.2%
DELAWARE						
2000	343,072	298,736	216,046	72.3%	3,762	1.7%
2005	375,232	317,640	229,860	72.4%	3,616	1.6%
% Change	9.4%	6.3%	6.4%	0.1%	-3.9%	-9.7%
City of Wilmington						
2000	32,138	28,617	14,347	50.1%	508	3.5%
2005	32,211	26,770	13,155	49.1%	not reported	not reported
% Change	0.2%	-6.5%	-8.3%	-2.0%		

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

As shown in Table 14, in 2005 86.6 percent (199,012) of the owner-occupied housing units in Delaware were single-family units, 2.1 percent (4,871) were in multi-family structures, and 11.3 percent (25,884) were manufactured homes.

TABLE 14: OWNER-OCCUPIED HOUSING BY UNIT TYPE, 2000, 2005

		Single Family		Multi-family		Manufactured Homes		Other	
	Total Owner-Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied	Total	% of Owner Occupied
New Castle County									
2000	132,493	124,193	93.7%	3,771	2.8%	4,522	3.4%	7	0.005%
2005	135,270	126,339	93.4%	4,074	3.0%	4,803	3.6%	54	0.040%
% Change	2.1%	1.7%	-0.3%	8.0%	0.2%	6.2%	0.1%	671.4%	0.035%
Kent County									
2000	33,048	26,256	79.4%	283	0.9%	6,507	19.7%	2	0.006%
2005	39,456	31,896	80.8%	121	0.3%	7,439	18.9%	0	0.000%
% Change	19.4%	21.5%	1.4%	-57.2%	-0.5%	14.3%	-0.8%	-100.0%	-0.006%
Sussex County									
2000	50,505	37,105	73.5%	696	1.4%	12,682	25.1%	22	0.044%
2005	55,134	40,777	74.0%	676	1.2%	13,642	24.7%	39	0.071%
% Change	9.2%	9.9%	0.5%	-2.9%	-0.2%	7.6%	-0.4%	77.3%	0.027%
DELAWARE									
2000	216,046	187,554	86.8%	4,750	2.2%	23,711	11.0%	31	0.014%
2005	229,860	199,012	86.6%	4,871	2.1%	25,884	11.3%	93	0.040%
% Change	6.4%	6.1%	-0.2%	2.5%	-0.1%	9.2%	0.3%	200.0%	0.026%
City of Wilmington									
2000	14,347	13,067	91.1%	1,247	8.7%	33	0.2%	0	0
2005	13,155	11,977	91.0%	1,178	9.0%	0	0.0%	0	0
% Change	-8.3%	-8.3%	0.0%	-5.5%	0.3%	-100.0%	-0.2%	0	0

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

PROFILE OF HOMEOWNERS

The overall pattern of home ownership in Delaware is that households under age 30 are predominately renters. As households age into their 30s, tenure is more evenly distributed between owners and renters. Middle-aged households are predominately owners. The majority of the elderly are also homeowners, but at a lower rate than middle-aged households. The rate of home ownership among elderly households does not decrease significantly until age 85 and over.

Since 2000, the percent of Delaware's younger households (age 25 to 34) that own their homes has decreased, largely due to decreased home ownership among younger households in New Castle County. In Kent and Sussex Counties, the rate of home ownership among younger households increased since 2000. The rate of home ownership among middle-aged households (35 to 64) remained largely unchanged since 2000. Among households 65 to 74, the rate of home ownership increased from 86.6 percent to 87.3 percent. And among those ages 75 to 84, home ownership increased from 81.2 percent to 83.5 percent. For elderly households over age 85 the rate of home ownership remained the same since 2000.

By race, white households own their units at a greater rate. The rate of home ownership among white and black households (78 percent and 50 percent respectively) has remained unchanged since 2000. However, since 2000, there has been an increase in home ownership among non-black minority households. Home ownership among Asian households increased from 52.3 percent to 67.5 percent; among other race households from 39 percent to 48.1 percent; and, for two or more race households, from 50.6 percent to 62.5 percent. The rate of home ownership among Hispanic households has decreased from 41.8 percent in 2000 to 41 percent in 2005.

By household type, married couple families own their homes at the highest rate at 86.2 percent. Male headed households and non-family households have similar rates of home ownership at about 62 percent. Female headed households have the lowest rate of home ownership in Delaware at about 51 percent.

OWNER-OCCUPIED HOUSING VALUES & AFFORDABILITY

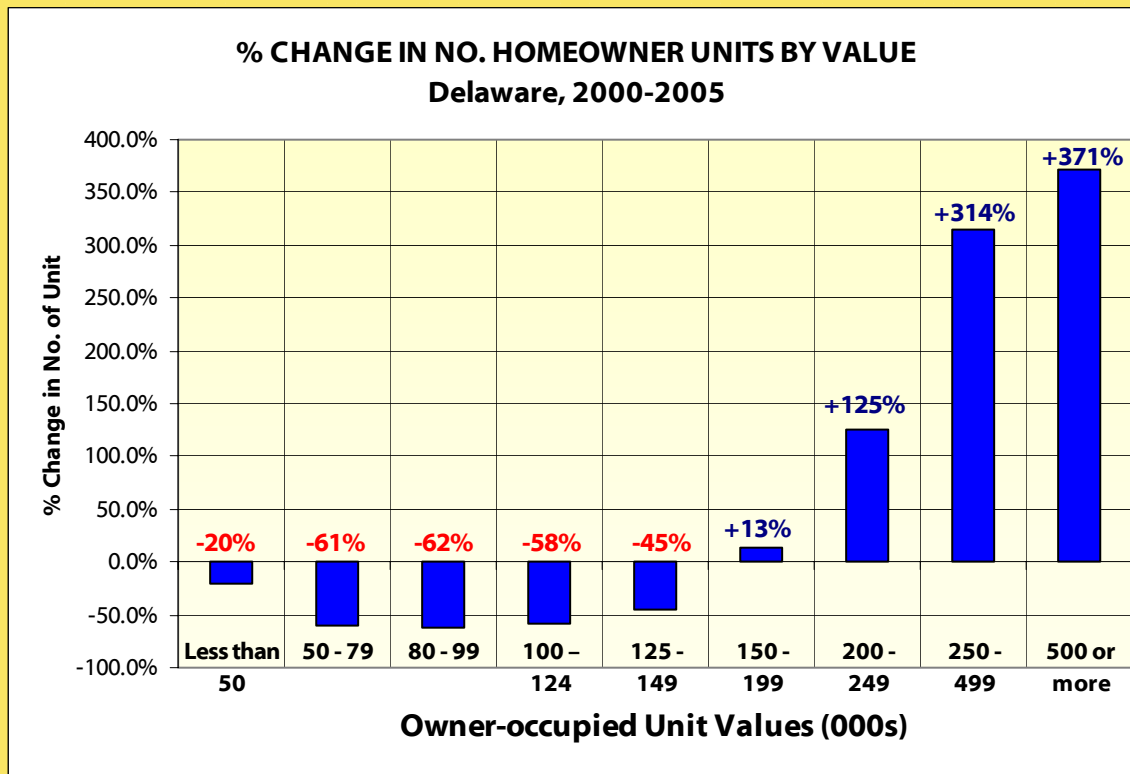
From 2000 to 2005, housing values in Delaware increased substantially. The 2005 ACS reported that the median value in Delaware was \$203,800, an increase of 67 percent since 2000, when the Census reported a median value of \$122,000. Had median value increased at the rate of inflation, in 2005 (using the Consumer Price Index) it would be just \$138,366. Since 2000, units valued under \$100,000 decreased from about 36 percent to just 17 percent. Units valued at \$500,000 or more increased from 1.4 percent to 6.1 percent.

Table 15 shows the median value of owner-occupied housing in Delaware and the distribution of units by price range. Almost 70 percent of Delaware's owner-occupied housing stock fell into the \$150,000 and higher price range. Only 16.8 percent had a value of less than \$100,000.

TABLE 15: VALUE OF OWNER-OCCUPIED HOUSING, 2000, 2005

	Total Owner Units	Median Value (\$)	<\$50,000	\$50,000 to \$79,000	\$80,000 to- \$99,000	\$100,000 to \$124,000	\$125,000 to \$149,000	\$150,000 to \$199,000	\$200,000 to \$249,000	\$250,000 to \$499,000	≥ \$500,000
New Castle County											
2000	132,493	132,900	6,633	10,770	18,608	23,272	21,947	25,918	12,423	11,165	1,757
2005	135,270	218,400	4,750	3,924	6,450	7,083	9,812	27,137	23,029	46,810	6,275
% Change	2.1%	64.3%	-28.4%	-63.6%	-65.3%	-69.6%	-55.3%	4.7%	85.4%	319.3%	257.1%
Kent County											
2000	33,048	103,300	5,093	4,423	6,215	5,959	4,401	4,166	1,271	1,351	169
2005	39,456	159,900	5,388	2,056	2,388	3,594	4,713	7,875	5,349	7,188	905
% Change	19.4%	54.8%	5.8%	-53.5%	-61.6%	-39.7%	7.1%	89.0%	320.8%	432.1%	435.5%
Sussex County											
2000	50,505	99,700	9,173	7,657	8,527	5,913	5,281	6,635	2,603	3,672	1,044
2005	55,134	203,400	6,654	3,054	3,831	4,095	2,888	6,478	8,290	13,022	6,822
% Change	9.2%	104.0%	-27.5%	-60.1%	-55.1%	-30.7%	-45.3%	-2.4%	218.5%	254.6%	553.4%
DELAWARE											
2000	216,046	122,000	20,899	22,850	33,350	35,144	31,629	36,719	16,297	16,188	2,970
2005	229,860	203,800	16,792	9,034	12,669	14,772	17,413	41,490	36,668	67,020	14,002
% Change	6.4%	67.0%	-19.7%	-60.5%	-62.0%	-58.0%	-44.9%	13.0%	125.0%	314.0%	371.4%
City of Wilmington											
2000	14,347	89,300	1,383	4,066	3,554	1,813	1,118	937	544	745	187
2005	13,155	141,600	613	1,734	1,738	1,622	1,314	1,795	1,107	2,725	507
% Change	-8.3%	58.6%	-55.7%	-57.4%	-51.1%	-10.5%	17.5%	91.6%	103.5%	265.8%	171.1%

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

Table 16 applies the affordability framework from *Table 10: Income Levels and Housing Affordability Range* to the 2005 values of owner-occupied housing to show the percent of owner units that are potentially affordable. The 2007 MFI of each county is used to determine a household's qualifying mortgage amount.

**TABLE 16: PERCENT 2005 HOMEOWNER UNITS
AFFORDABLE AT 2007 INCOME LEVELS**

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

Source: Mullin & Lonergan Associates, Inc.

Housing affordability in Delaware has changed significantly since 2000. In 2000, by county, over half to about 70 percent of the owner units in Delaware were affordable to

households with income at 80 percent of MFI. As of 2005, just more than one-third of the units are affordable to households at 80 percent of MFI.

Owner housing in Delaware is moving beyond the affordability range of moderate income households.

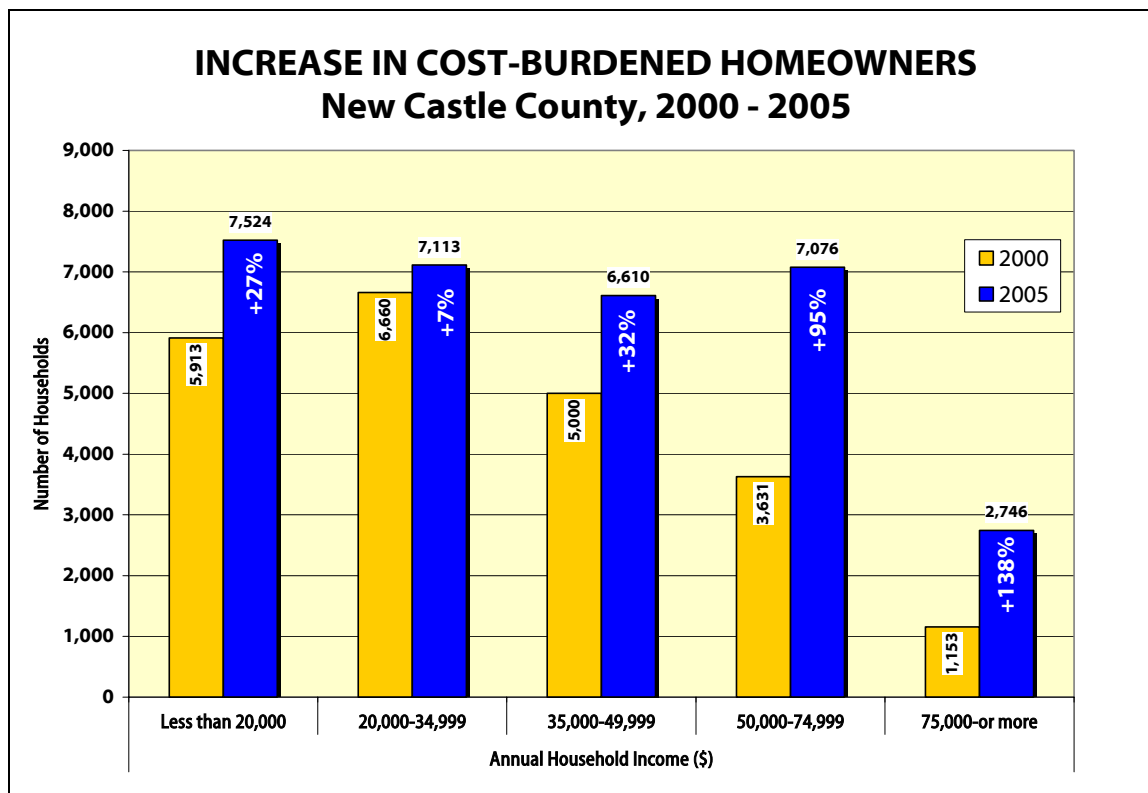
- In Sussex County, only half of the units are affordable to households at 115 percent of MFI.
- In New Castle and Kent Counties, about two-thirds of the owner units are affordable to moderate income households.

The substantial increase in housing costs in Delaware from 2000 to 2005 led to dramatic increases in cost-burdened households (households paying 30 percent or more of their gross income for housing) and the ratio of home value to income. Table 17 shows the changes in the rate of cost-burdened owner households since 2000.

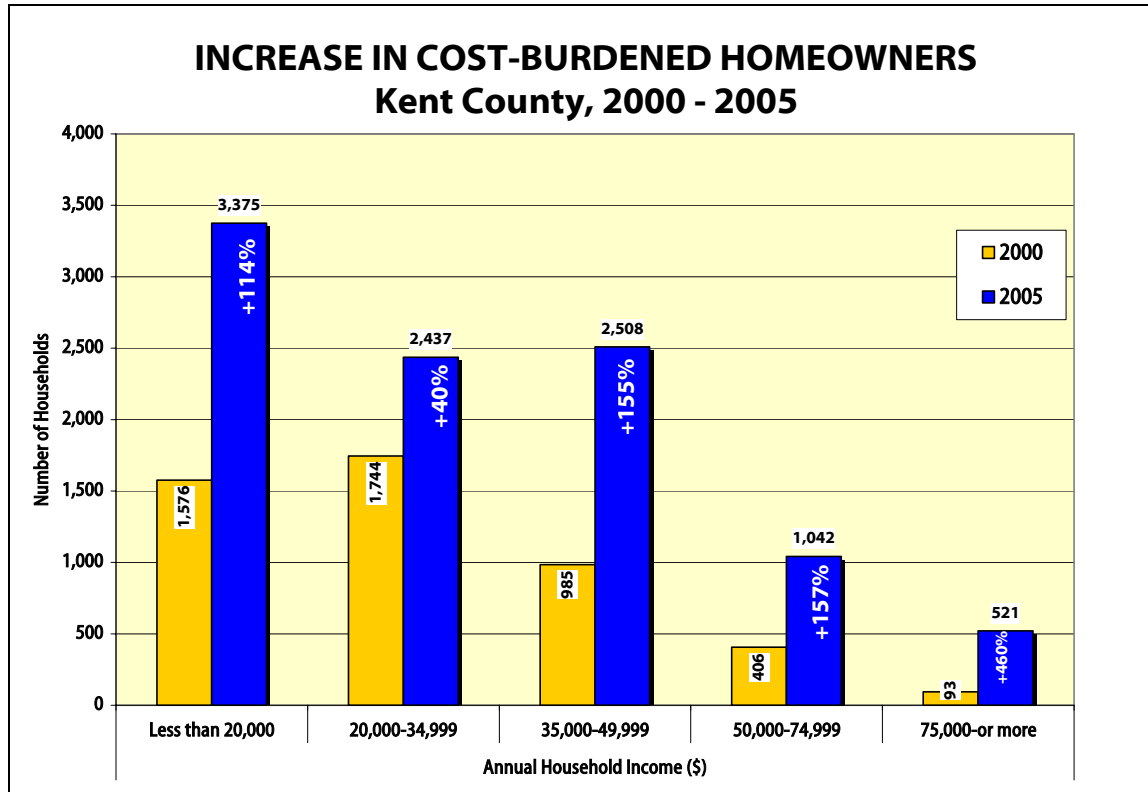
TABLE 17: INCREASE IN COST-BURDENED OWNER HOUSEHOLDS, 2000, 2005

	Total Owner Occupied Housing Units	Cost-burdened		Annual Household Income In 2005 (\$)				
		Total	% of Owner Occupied Units	Less than 20,000	20,000- 34,999	35,000- 49,999	50,000- 74,999	75,000- or more
New Castle County								
2000	132,493	22,357	16.9%	5,913	6,660	5,000	3,631	1,153
2005	135,270	31,069	23.0%	7,524	7,113	6,610	7,076	2,746
% change	2.1%	39.0%	6.1%	27.2%	6.8%	32.2%	94.9%	138.2%
Kent County								
2000	33,048	4,804	14.5%	1,576	1,744	985	406	93
2005	39,456	9,883	25.0%	3,375	2,437	2,508	1,042	521
% change	19.4%	105.7%	10.5%	114.1%	39.7%	154.6%	156.7%	460.2%
Sussex County								
2000	50,505	6,896	13.7%	2,698	2,296	1,143	613	146
2005	55,134	13,573	24.6%	5,529	3,721	1,989	1,684	650
% change	9.2%	96.8%	11.0%	104.9%	62.1%	74.0%	174.7%	345.2%
DELAWARE								
2000	216,046	34,057	15.8%	10,187	10,640	7,128	4,710	1,392
2005	229,860	54,525	23.7%	16,428	13,271	11,107	9,802	3,917
% change	6.4%	60.1%	8.0%	61.3%	24.7%	55.8%	108.1%	181.4%

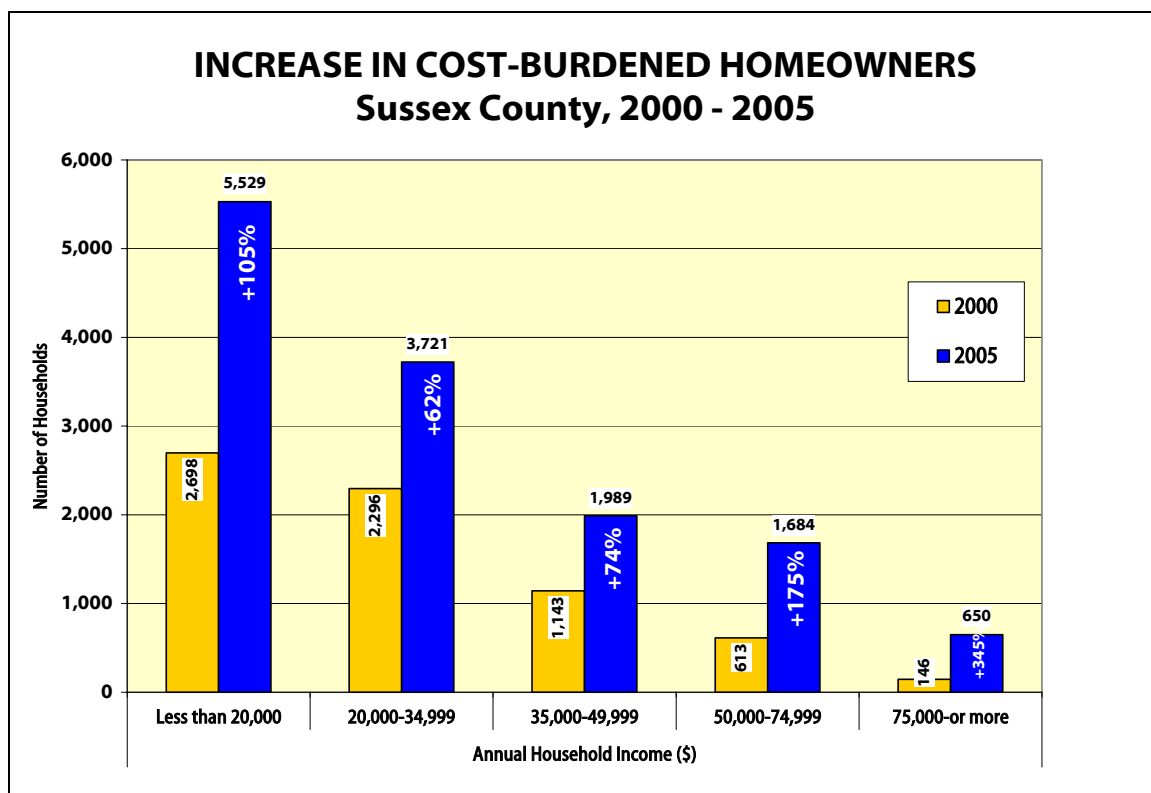
Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

The 2005 ACS reports that a total of 54,525 owner households in Delaware are cost-burdened. Cost-burdened owners represent 23.7 percent of all owner-occupied households. Cost-burdened owner households increased by 20,468 (60 percent) from 2000, when the Census reported that, statewide, there were 34,057 cost-burdened owner households, which was 15.8 percent of the owner households.

One standard for assessing the affordability of a home purchase is the ratio of cost to the annual income of the home buyer. A ratio of 2.5 to 3 times annual income, depending on the homeowner's outstanding debt load, is considered affordable. Therefore, a household with an income of \$52,499 (Delaware's 2005 statewide median as reported by the American Community Survey) could conceivably afford to buy a home priced up to \$157,497.*

Using the framework derived from the Internet-based housing affordability forum, *Demographia* (www.demographia.com), a ratio of home price to income between 3.1 and 4.0 is classified as "moderately unaffordable." Those between 4.1 to 5.0 depict a market that is "seriously unaffordable." A ratio above 5.0 is considered "severely unaffordable."

*Earlier, Table 10 lays out basic affordability standards used by DSHA. Those standards include loan terms of 30 years at 7.00 percent interest with qualifying amount based on 33%/38% debt to loan ratio (HUD standard); estimated tax and insurance costs of \$150; and an estimated "other debt" of 12 percent (school loans, credit cards, etc.).

Table 18 shows the change in median household income and median home price between 2000 and 2007 and the subsequent change in the price/income ratio in each of Delaware's three counties.

As the table demonstrates, in 2000, the median home price in each of the counties ranged from 2.5 times the median income (New Castle County) to 3.3 times (Sussex County). As of 2007, the ratios had changed: home prices in New Castle had increased to almost four times median income ("moderately unaffordable"); over four times median income in Kent County ("moderately unaffordable"); and in Sussex, a significant increase to nearly six times the median income ("severely unaffordable.") Note: the Sussex median price is for the entire county and does include sales in more expensive resort areas.

TABLE 18: INCOME/HOME PRICE COMPARISON

	Median Household Income (\$)		Median Home Price (\$)		Home Price/Income Ratio	
	2000	2005	2000	2007	2000	2007
New Castle County	52,419	59,270	128,900	230,000	2.5	3.8
Kent County	40,950	48,282	115,000	195,000	2.8	4.0
Sussex County	39,208	44,942	130,900	260,000	3.3	5.8

Source: U.S. Census Bureau; New Castle and Kent County Board of Realtors, Sussex County Association of Realtors, eNeighborhoods

MORTGAGE FORECLOSURE ISSUES

Attaining homeownership at a time when costs were dramatically increasing was possible for many households due to favorable interest rates and flexible mortgage products. More recently, however, interest rates have fluctuated, and, due to over-aggressive lending in recent years and an ensuing spike in mortgage foreclosures, mortgage lenders have begun tightening their lending practices.

In *Mortgage Foreclosures in Delaware*, The Reinvestment Fund (TRF) analyzed the mortgage foreclosure data to assess developments in the prime and subprime mortgage lending markets. Between 2000 and 2005, TRF's analysis shows that 11,762 mortgage foreclosures were filed, a 52 percent increase during this time. Even though the rates of prime and subprime mortgage foreclosures in Delaware rank the state in the middle among other states, an update of the TRF Philadelphia shows an uptick in foreclosures over the past ten months.

Maintaining homeownership can be as challenging as attaining it. According to the study, TRF estimates 46 percent of owners in foreclosure between 2000 and 2005 either lost or sold their homes subsequent to the foreclosure filing. It is always the case that many households are one or two paychecks away from missing a mortgage payment. The recent trend in foreclosures goes beyond this fact, however. Mortgages at high loan-to-price ratios, variable interest rates, and, in the case of predatory lending, unclear loan terms can leave households with ballooning monthly mortgage payments.

Financial education is one important measure to help prevent borrowers from falling prey to predatory loans. Additionally, however, outreach is necessary to prevent households that are already in financial distress from following misleading advice about easy solutions. Emergency assistance can help homeowners who, through no direct fault of their own, have fallen into foreclosure but who also have a good chance of resuming normal mortgage payments in the future.

DHSA started a pilot program known as the Delaware Emergency Mortgage Assistance Program (DEMAP) in 2006. The program is designed to assist homeowners, especially seniors and the temporarily unemployed, who, through no fault of their own, are in danger of losing their home to foreclosure.

DEMAP offers homeowners with incomes up to 115 percent of the state median income a three percent simple interest loan of up to \$15,000 to reinstate delinquent mortgages. Loans are repaid to DEMAP through monthly installments that are determined by DSHA, based on the recipient's net income in relation to total housing expenses. Default counselors at housing counseling agencies counsel owners facing foreclosure on their options and assist in the preparation and packaging of an application for a DEMAP loan if appropriate. Households must demonstrate a reasonable prospect of being able to resume mortgage payments in the near future.

RENTER-OCCUPIED HOUSING

The 2005 ACS recorded 87,780 renter-occupied housing units in Delaware, which was 27.6 percent of occupied units. Since 2000, renter-occupied units increased by 5,090 or 6.2 percent. There were 9,013 vacant for-rent units in Delaware, 10.3 percent of the total renter units. Table 19 shows the change in rental housing units between 2000 and 2005.

TABLE 19: RENTER HOUSING SUPPLY, 2000, 2005

	Housing Units		Renter-occupied		Vacant for Rent Units	
	Total	Occupied	Total	Percent of Occupied	Total	Percent of Total Units
New Castle County						
2000	199,521	188,935	56,442	29.9%	4,572	8.1%
2005	209,592	193,255	57,985	30.0%	6,099	10.5%
% Change	5.0%	2.3%	2.7%	0.1%	33.4%	29.8%
Kent County						
2000	50,481	47,224	14,176	30.0%	1,120	7.9%
2005	58,161	53,731	14,275	26.6%	1,064	7.5%
% Change	15.2%	13.8%	0.7%	-3.5%	-5.0%	-5.7%
Sussex County						
2000	93,070	62,577	12,072	19.3%	1,724	14.3%
2005	107,119	70,654	15,520	22.0%	1,850	11.9%
% Change	15.1%	12.9%	28.6%	2.7%	7.3%	-16.5%
DELAWARE						
2000	343,072	298,736	82,690	27.7%	7,416	9.0%
2005	374,872	317,640	87,780	27.6%	9,013	10.3%
% Change	9.3%	6.3%	6.2%	0.0%	21.5%	14.5%
City of Wilmington						
2000	32,138	28,617	14,270	49.9%	1,247	8.7%
2005	32,211	26,770	13,615	50.9%	not reported	N/A
% Change	0.2%	-6.5%	-4.6%	1.0%	N/A	N/A

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

As represented by type and units per structure, the renter-occupied housing stock in Delaware is more diverse than the owner-occupied housing. About 56 percent (48,944) of the renter-occupied housing units are in multi-family units, 38 percent (33,339) are in single-family units, and six percent (5,224) are manufactured homes. The higher rate of renter-occupied units in single-family units and manufactured homes in Kent County and Sussex County than in New Castle County is representative of the more rural character of

the southern two counties. Table 20 shows the change in rental unit types between 2000 and 2005.

TABLE 20: RENTER-OCCUPIED HOUSING BY UNIT TYPE, 2000, 2005

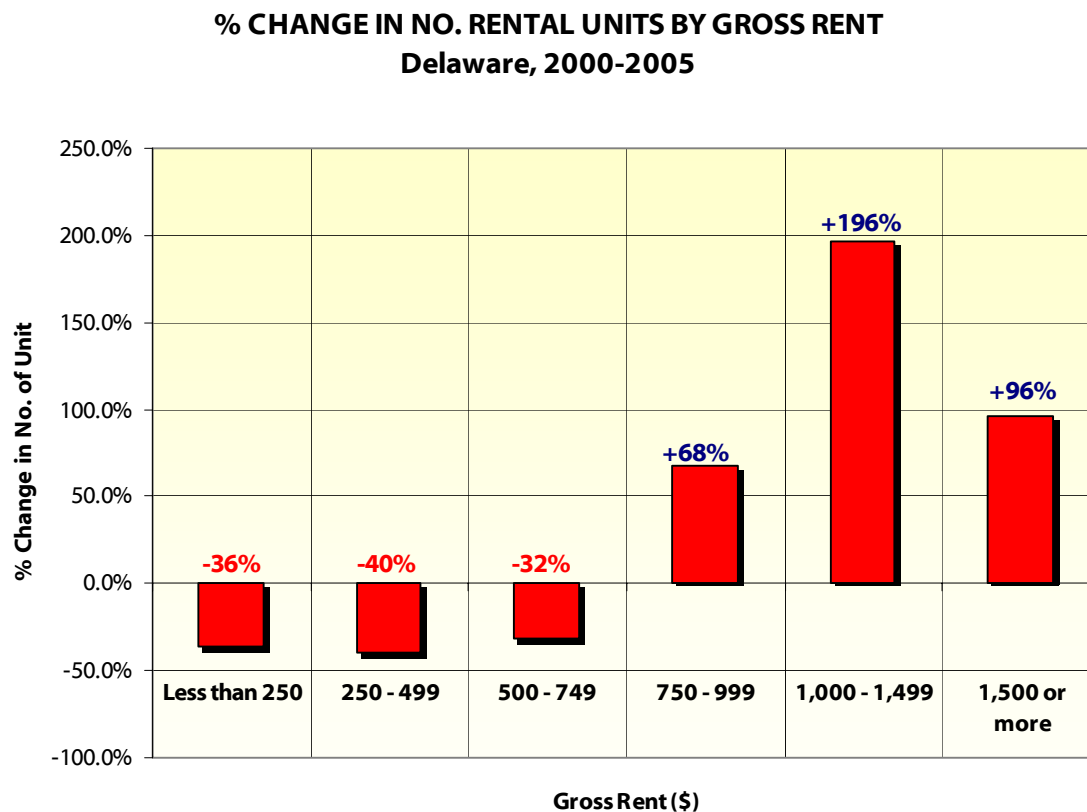
	Total Renter- Occupied	Single-family		Multi-family		Manufactured Homes		Other	
		Total	% of Renter Occupied	Total	% of Renter Occupied	Total	% of Renter Occupied	Total	% of Renter Occupied
New Castle County									
2000	56,442	17,100	30.3%	38,944	69.0%	398	0.7%	0	0.0%
2005	57,985	19,214	33.1%	38,001	65.5%	497	0.9%	273	0.5%
% Change	2.7%	12.4%	2.8%	-2.4%	-3.5%	24.9%	0.2%	100.0%	0.5%
Kent County									
2000	14,176	5,744	40.5%	6,354	44.8%	2,065	14.6%	13	0.1%
2005	14,275	6,618	46.4%	5,437	38.1%	2,220	15.6%	0	0.0%
% Change	0.7%	15.2%	5.8%	-14.4%	-6.7%	7.5%	1.0%	-100.0%	-0.1%
Sussex County									
2000	12,072	5,806	48.1%	3,891	32.2%	2,346	19.4%	29	0.2%
2005	15,520	7,507	48.4%	5,506	35.5%	2,507	16.2%	0	0.0%
% Change	28.6%	29.3%	0.3%	41.5%	3.2%	6.9%	-3.3%	-100.0%	-0.2%
DELAWARE									
2000	82,690	28,650	34.6%	49,189	59.5%	4,809	5.8%	42	0.1%
2005	87,780	33,339	38.0%	48,944	55.8%	5,224	6.0%	273	0.3%
% Change	6.2%	16.4%	3.3%	-0.5%	-3.7%	8.6%	0.1%	550.0%	0.2%
City of Wilmington									
2000	14,270	5,261	36.9%	9,001	63.1%	8	0.1%	0	0.0%
2005	13,615	5,478	40.2%	8,137	59.8%	0	0.0%	0	0.0%
% Change	-4.6%	4.1%	3.4%	-9.6%	-3.3%	-100.0%	-0.1%	N/A	0.0%

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

GROSS RENT & AFFORDABILITY

The 2005 ACS reports that median gross rent was \$793 per month, an increase of 24.1 percent since 2000 when the Census reported a median gross rent of \$639 per month. Had median gross increased at the rate of inflation, it would be \$724 in 2005.

Since 2000, units with gross rent of less than \$500 per month decreased from about 25 percent of the units to 14.9 percent of the units. Units with gross rent at or above \$1,000 per month increased from about 9 percent to about 24 percent.



Source: U.S. Census Bureau, 2005 American Community Survey

Table 21 shows median gross rent by County and number of rental units grouped by cost.

TABLE 21: GROSS RENT OF RENTER UNITS, 2000, 2005

	Total Paying Cash Rent	Median Gross Monthly Rent (\$)	< \$250	\$250 to \$499	\$500 to \$749	\$750 to \$999	\$1,000 to \$1,499	≥ \$1,500
New Castle County								
2000	54,632	670	4,178	6,226	25,257	12,749	4,772	1,450
2005	55,096	832	2,578	3,533	14,366	19,666	12,463	2,490
% Change	0.8%	24.2%	-38.3%	-43.3%	-43.1%	54.3%	161.2%	71.7%
Kent County								
2000	12,201	573	1,167	3,370	5,185	1,876	560	43
2005	13,337	741	980	1,603	4,270	4,003	2,091	390
% Change	9.3%	29.3%	-16.0%	-52.4%	-17.6%	113.4%	273.4%	807.0%
Sussex County								
2000	10,355	507	1,450	3,588	3,617	1,288	356	56
2005	13,661	671	786	2,795	4,610	3,031	2,278	161
% Change	31.9%	32.3%	-45.8%	-22.1%	27.5%	135.3%	539.9%	187.5%
Delaware								
2000	77,188	639	6,795	13,184	34,059	15,913	5,688	1,549
2005	82,094	793	4,344	7,931	23,246	26,700	16,832	3,041
% Change	6.4%	24.1%	-36.1%	-39.8%	-31.7%	67.8%	195.9%	96.3%
City of Wilmington								
2000	13,876	596	2,200	2,774	5,188	2,706	910	98
2005	13,416	736	1,367	1,562	4,026	3,418	2,945	98
% Change	-3.3%	23.5%	-37.9%	-43.7%	-22.4%	26.3%	223.6%	0.0%

Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

Table 22 applies the findings contained in *Table 10: Income Levels and Housing Affordability Range* to the gross rents of renter-occupied housing to show the percent of renter units that were potentially affordable to households in various income ranges. This analysis uses the standard that a household will pay no more than 30 percent of its gross income on rent. While rents in Delaware increased since 2000, the rate has not exceeded the rate of increase in income to the same degree as the rate of increase among owner housing. Therefore, greater percentages of units are affordable to households at various income ranges.

**TABLE 22: PERCENT 2005 RENTAL UNITS
AFFORDABLE AT 2007 INCOME LEVELS**

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

Source: Mullin & Lonergan Associates, Inc.

Despite the large number of 2005 renter units that appear to be affordable, it is noted that cost burden among renter households increased substantially from 2000. In 2000, there were 28,128 cost-burdened renter households in Delaware, which was 34 percent of the renter households. As of 2005, there are 37,263 cost-burdened renter households in Delaware, which is 42.5 percent of all renter households.

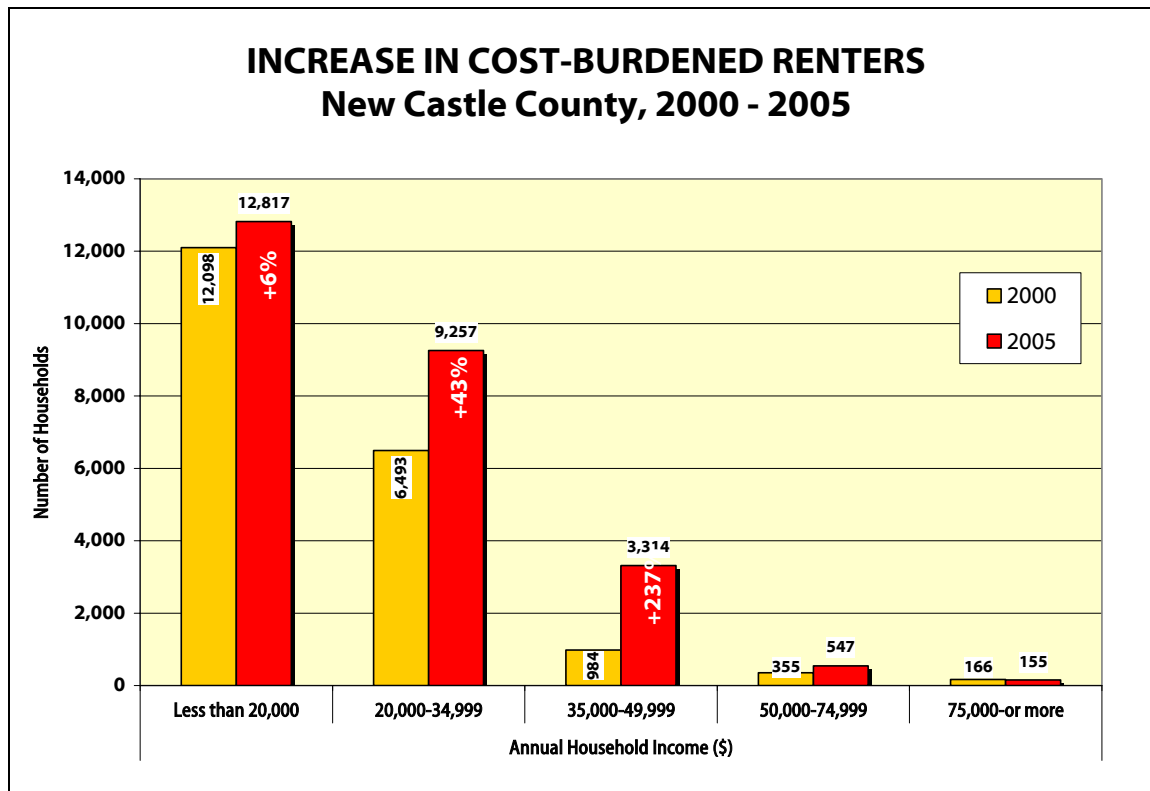
Table 23 shows the changes in the rate of cost-burdened renter households since 2000.

TABLE 23: INCREASE IN COST-BURDENED RENTER HOUSEHOLDS, 2000, 2005

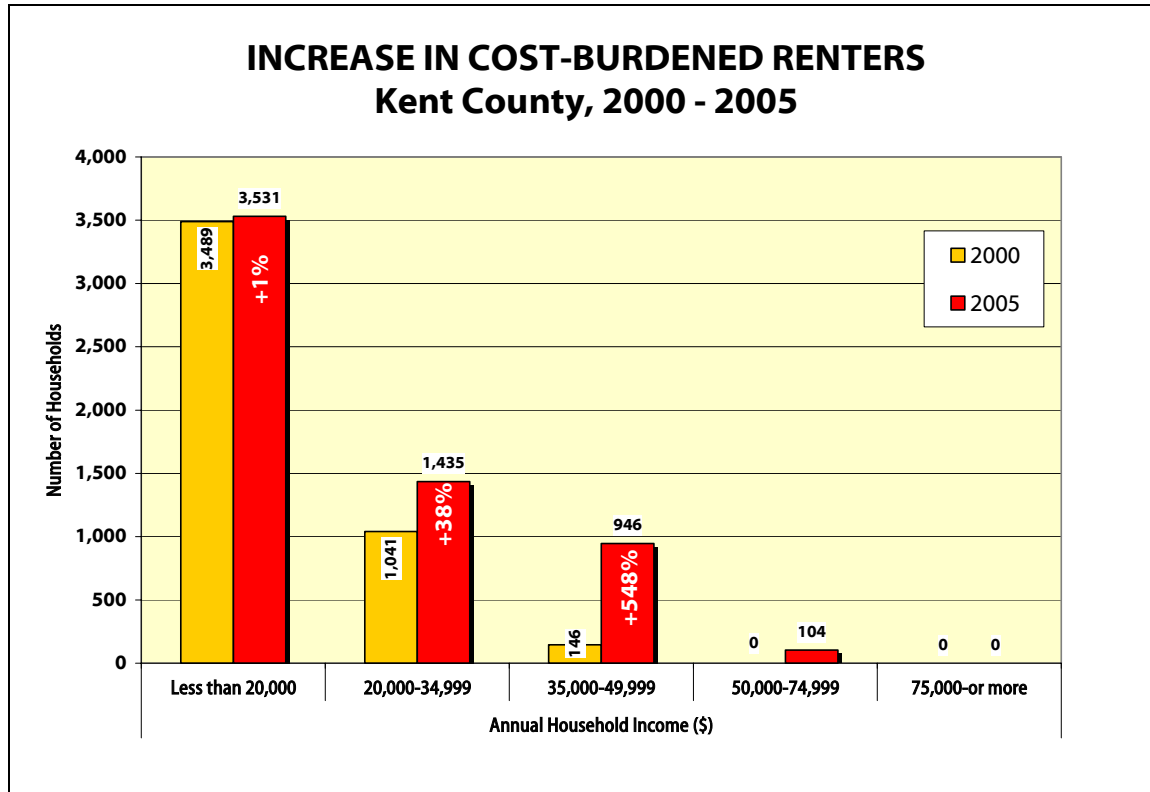
	Renter Occupied Housing Units	Cost-burdened		Annual Household Income In 2005 (\$)				
		Total	% of Renter Occupied Units	Less than 20,000	20,000- 34,999	35,000- 49,999	50,000- 74,999	75,000-or more
New Castle County								
2000	56,442	20,096	35.6%	12,098	6,493	984	355	166
2005	57,985	26,090	45.0%	12,817	9,257	3,314	547	155
% change	2.7%	29.8%	9.4%	5.9%	42.6%	236.8%	54.1%	-6.6%
Kent County								
2000	14,176	4,676	33.0%	3,489	1,041	146	0	0
2005	14,275	6,016	42.1%	3,531	1,435	946	104	0
% change	0.7%	28.7%	9.2%	1.2%	37.8%	547.9%	N/A	N/A
Sussex County								
2000	12,072	3,356	27.8%	2,563	730	50	5	8
2005	15,520	5,157	33.2%	3,037	1,594	460	66	0
% change	28.6%	53.7%	5.4%	18.5%	118.4%	820.0%	1220.0%	-100.0%
DELAWARE								
2000	82,690	28,128	34.0%	18,150	8,264	1,180	360	174
2005	87,780	37,263	42.5%	19,385	12,286	4,720	717	155
% change	6.2%	32.5%	8.4%	6.8%	48.7%	300.0%	99.2%	(10.9%)

Source: US. Census Bureau, Census 2000, 2005 American Community Survey

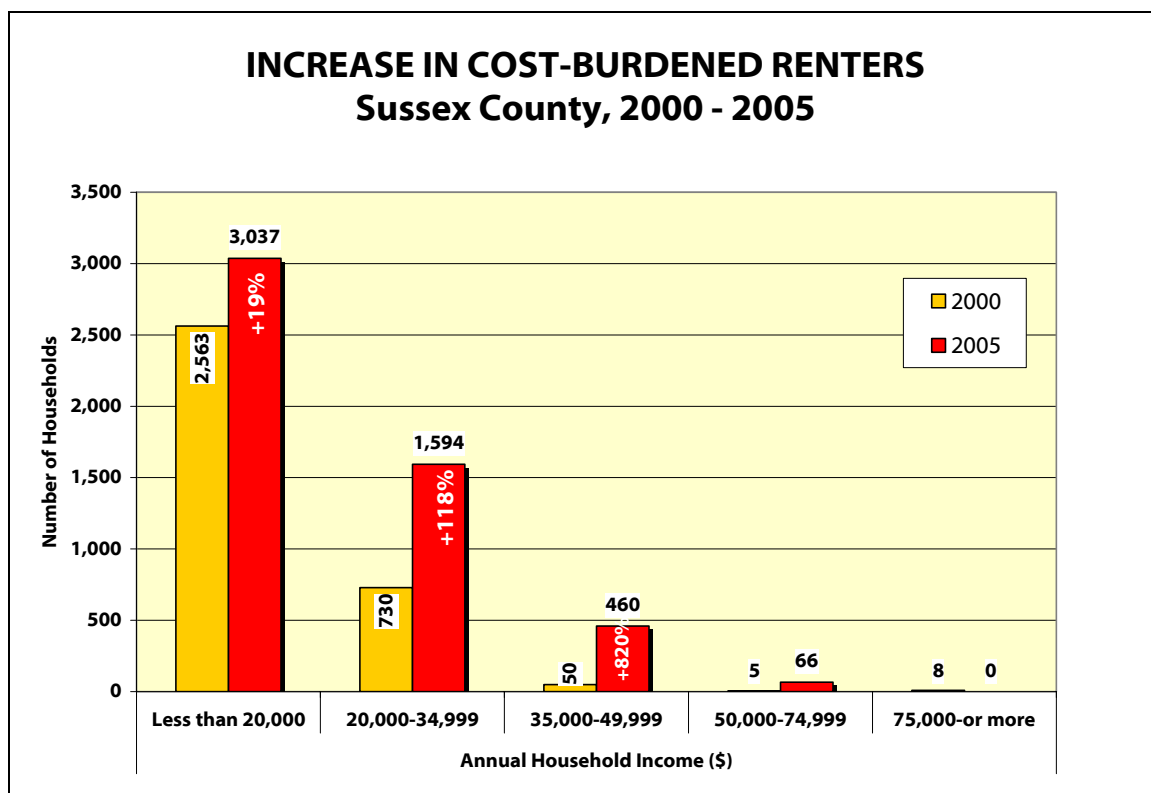
The figures on the following pages illustrate the change in cost-burden for renters at different income levels in each of Delaware's counties.



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey



Source: U.S. Census Bureau, Census 2000, 2005 American Community Survey

INVENTORY OF ASSISTED RENTAL HOUSING

Based on an inventory of rental housing developments containing five or more units prepared by DSHA in 2007, there are 13,615 assisted rental housing units in Delaware that are affordable to low-income households. The assisted rental housing units represent 17 percent of the renter occupied units reported in Delaware by the 2005 ACS.

Approximately 65 percent (8,981) of the assisted rental units are available to family households and 34 percent (4,634) of the units are for elderly households, including the units developed with HUD Section 202 assistance.

Table 24 on the following pages presents the inventory of affordable rental units by county census division (CCD).

TABLE 24: ASSISTED RENTAL HOUSING INVENTORY, 2007

	Renter Units			Subsidized Units								Income Restricted Units			
				Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low-income Housing Tax Credit	
	Total Occupied	Assisted Rental		Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Total		% of Total Occupied													
New Castle County															
Brandywine	8,587	734	8.55%	0	0	0	22	168	208	0	0	0	0	336	0
Wilmington	14,270	4,308	30.19%	910	400	333	80	565	1,093	0	0	30	0	647	250
Lower Christiana	4,085	202	4.94%	0	0	0	4	72	0	0	0	0	0	126	0
Greater Newark	8,612	998	11.59%	42	36	0	15	265	323	0	0	18	0	299	0
Pike Creek/ Central Kirkwood	3,380	236	6.98%	0	0	0	4	0	102	0	0	0	0	130	0
Upper Christiana	3,706	14	0.38%	0	0	0	14	0	0	0	0	0	0	0	0
Piedmont	1,437	8	0.56%	0	0	0	8	0	0	0	0	0	0	0	0
Central Pencader	2,084	9	0.43%	0	0	0	9	0	0	0	0	0	0	0	0
Middletown/ Odessa	1,068	296	27.72%	0	24	0	4	107	10	0	0	0	0	151	0
New Castle	9,019	798	8.85%	0	0	0	12	197	268	0	0	0	0	321	0
Red Lion	194	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
County Total	56,442	7,603	13.47%	952	460	333	172	1,374	2,004	0	0	48	0	2,010	250

	Renter Units			Subsidized Units								Income Restricted Units			
				Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low-income Housing Tax Credit	
	Total Occupied	Assisted Rental		Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Total		% of Total Occupied													
Kent County															
Kenton	222	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
Smyrna	1,176	328	27.89%	50	32	0	0	0	0	40	54	0	0	152	0
Dover	9,100	1,662	18.26%	372	50	161	44	177	198	0	0	84	0	516	60
Central Kent	1,228	58	4.72%	54	0	0	4	0	0	0	0	0	0	0	0
Felton	282	40	14.18%	0	0	0	8	0	0	22	0	0	0	10	0
Milford North	1,361	584	42.91%	0	0	0	0	89	170	0	0	40	0	225	60
Harrington	807	218	27.01%	70	0	0	0	0	0	42	92	14	0	0	0
County Total	14,176	2,890	20.39%	546	82	161	56	266	368	104	146	138	0	903	120

NOTE: If assisted rental units were subsidized by Low-Income Housing Tax Credits AND another source (e.g., project-based Section 8), they will appear in the other source column.

	Renter Units			Subsidized Units								Income Restricted Units			
				Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low-income Housing Tax Credit	
	Total Occupied	Assisted Rental		Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
		Total	% of Total Occupied												
Sussex County															
Bridgeville Greenwood	764	184	24.08%	50	0	0	4	0	0	65	62	3	0	0	0
Milford South	1,234	154	12.48%	0	0	0	6	0	0	101	36	11	0	0	0
Milton	697	189	27.12%	0	0	0	23	32	50	0	0	0	0	48	36
Lewes	1,723	473	27.45%	50	0	0	8	40	65	32	0	0	0	214	64
Millsboro	1,211	411	33.94%	0	0	0	0	50	31	77	0	17	0	236	0
Selbyville/ Frankford	1,505	129	8.57%	55	0	0	0	0	0	14	44	16	0	0	0
Georgetown	999	375	37.54%	0	0	0	16	75	0	95	62	67	0	0	60
Seaford	2,238	660	29.49%	0	0	27	21	210	0	215	46	17	0	98	26
Laurel/ Delmar	1,701	547	32.16%	0	0	21	0	226	0	84	56	27	0	109	24
County Total	12,072	3,122	25.86%	155	0	48	78	633	146	683	306	158	0	705	210
DELAWARE	82,690	13,615	16.47%	1,653	542	542	306	2,273	2,518	787	452	344	0	3,618	580

Source: Delaware State Housing Authority; U.S. Department of Housing and Urban Development; USDA Rural Development

As of May 2007, Delaware's five public housing authorities administered 4,627 Housing Choice Vouchers (formerly known as Section 8 vouchers). The Housing Choice Voucher is attached to the household rather than the unit, as with the fixed units.

Also, as of May 2007, there were 821 additional assisted rental housing units that have been approved for funding but not yet completed. Of them, 662 are existing assisted rental units that are to be substantially rehabilitated. Table 25 shows that 614 (74.8 percent) of the units will be for family households and the remaining 104 units will be designated as elderly households.

TABLE 25: ASSISTED RENTAL UNITS APPROVED FOR FUNDING, MAY 2007

	Total Units	Family Units	Elderly Units
New Castle County	291	172	119
Wilmington	80	63 ¹	17
Newark	102	0	102
Kent County	250	182 ²	68
Dover	196	164	32
Sussex County	280	260	20 ³
Georgetown	0	0	0
DELAWARE	821	614	207

Source: Delaware State Housing Authority, US Department of Agriculture, U.S. Department of Housing and Urban Development, Federal Home Loan Bank of Pittsburgh

¹ – Includes 7 special needs units

² – HUD 811

³ – HUD 202

SUBSTANDARD HOUSING

Substandard housing is defined as housing units deficient in at least two structural systems and in need of substantial rehabilitation in order to make them structurally sound, safe, and habitable. The number of substandard housing units calculated for the 2003 *Housing Needs Assessment* has been used as a baseline for this study. It has been adjusted arithmetically based on certain assumptions to provide an estimate of substandard housing units for 2007.

Several factors went into the estimate including 1) slippage, i.e., the number of housing units that have "slipped" in quality to a substandard condition; 2) demolitions, using information that was collected from inspections and enforcement offices around the state; and 3) an estimated number of the 2003 substandard housing units that have benefited from rehabilitation and have been brought up to standard. (The rehabilitation estimate was based on permits pulled or rehabilitation assistance data obtained from DSHA, the three counties, and the City of Wilmington.)

As shown in Table 26, there are an estimated 12,949 substandard housing units across the state. About 63 percent are owner-occupied units. In 2003, it was estimated that 13,183 units were substandard.

TABLE 26: SUBSTANDARD HOUSING UNITS, 2007

	Owner Units			Renter Units		
	Total	Estimated Sub-standard	Percent of Total	Total	Estimated Sub-standard	Percent of Total
New Castle County	135,270	4,530	3.3	57,985	3,139	0.6
Wilmington	13,155	905	6.9	13,615	1,517	11.5
Kent County	39,456	679	1.7	14,275	528	3.7
Sussex County	55,134	2,926	5.3	15,520	1,147	7.4
DELAWARE	229,860	8,135	3.5	87,780	4,814	5.5

Source: Mullin & Lonergan Associates, 2007

Regarding owner-occupied units, New Castle County is estimated to have had a 21 percent increase in the number of substandard units due to less rehabilitation. In Kent County, rehabilitation and demolition efforts have exceeded the slippage rate, thus, the number of substandard units has decreased 20 percent. Sussex County rehabilitation and demolition efforts have kept pace with the slippage rate; thus, there is no significant change in the number of substandard units.

Regarding renter-occupied units, significant rental rehabilitation assistance through DSHA is expected to have effectively reduced the number of substandard rental units in each county. In New Castle County, the number of substandard renter units has

decreased in all planning districts except for Wilmington. Kent County rehabilitation and demolition efforts have outpaced the slippage rate and decreased substandard units by 35 percent. Sussex County rehabilitation and demolition efforts have also outpaced the "slippage" rate and decreased substandard units by 21 percent.

In spite of the decreases in substandard residential structures, community development departments throughout the state indicated they could accomplish even more rehabilitation if given more funding and more staff.

RENTER HOUSEHOLDS AT-RISK

"At-risk" renter households are existing extremely low-income renter households with annual incomes of less than \$20,000 who are paying more than 30 percent of household income for housing costs. Many, but not all, of the at-risk households are housed in a substandard unit. Low incomes, in combination with excessive housing costs, increase an at-risk household's potential for experiencing a housing crisis. At-risk households often live paycheck to paycheck and have very limited ability to save money. Many have jobs that provide little or no opportunity for advancement to higher wage jobs. If they lose their source of income or if their housing cost increases, they cannot afford to pay for their housing.

Table 27 shows a calculated estimate of 24,901 renter households considered to be "At-Risk". At-risk households represent unmet rental housing need in the state. The number of households in this category includes households on waiting lists for public housing or Housing Choice Vouchers. To ensure that the number of at-risk households is inclusive of all households and not only those who have gone to a public housing authority and asked for assistance, an additional indicator of need considered was extremely low-income renter households that are cost-burdened as reported by CHAS 2000 data.

TABLE 27: DELAWARE "AT-RISK" RENTER HOUSEHOLDS

	Annual Income <\$10,000	Annual Income \$10,000 to \$19,000	Households on Assisted Housing Waiting Lists	Total At-Risk Households
New Castle County	2,438	4,297	823	7,558
City of Wilmington*	2,282	1,682	2,319	6,283
City of Newark*	664	735	623	2,022
Kent County	798	1,012	1,058	2,868
City of Dover*	656	1,023	870	2,549
Sussex County	1,123	1,217	1,058	3,398
Town of Georgetown*	87	136	0	223
DELAWARE	8,048	10,102	6,751	24,901

Source: Mullin & Lonergan Associates, Inc.

* Not included in county totals.

NOTE: Waiting lists for Kent and Sussex Counties was divided in half since the total reported by DSHA was a combined number.

HOUSING DEMAND

HOUSEHOLD GROWTH – 2012

New households in Delaware will need housing. Demand for housing is based on projections of the household growth in Delaware according to income and age from 2006 to 2012. Housing demand in Delaware through 2012 is considered by the demand for for-sale housing and the demand for rental housing. Factors considered in figuring housing demand by new households and their impact on tenure include 1) composition and size (husband and wife present in addition to the presence of children, versus single adult with children or single adult with no children), 2) age, 3) race, and 4) income.

Table 28 shows the total new households that are projected to locate in Delaware from 2006 to 2012. The change in household number represents new housing demand.*

TABLE 28: PROJECTED HOUSEHOLD CHANGE, 2006-2012

	Total Households 2006	Change in Households 2006 to 2012	Total Households 2012
New Castle County	206,526	3,986	210,512
City of Wilmington	29,987	1,062	31,049
City of Newark	9,943	-252	9,691
Kent County	53,997	8,758	62,755
City of Dover	14,108	1,953	16,061
Sussex County	73,000	9,661	82,661
Town of Georgetown	1,489	354	1,843
DELAWARE	333,523	22,405	355,928

Source: Mullin and Lonergan Associates, Inc., Easy Analytic, Inc.

As discussed earlier, household formation is outpacing population growth. It is possible, therefore, that age cohorts that may not be growing in number (e.g., those under age 35) might form more households than in previous periods. This is particularly true when one considers that the large Baby Boom cohort has already completed household formation. Again, their children, who form a large population bubble unto themselves (also known as the “Echo Boom”), will be in their twenties and thirties over the next decade, and will likely lead to household formation. Statewide, with few exceptions, households with incomes in the lower ranges (below \$25,000 per year) will decline in number by 2012.

* Detailed data showing household growth by age and income of householder by county and local census county division (CCD) is available in the companion Technical Document of the *Housing Needs Assessment*.

Among households in New Castle County, increases are projected to occur in the two highest annual income brackets of \$75,000 to \$99,999 and \$100,000 and over. In Wilmington, the number of households with annual income between \$50,000 and \$74,999 is also expected to increase. With the exception of Wilmington, there will be a net decrease in households earning less than \$75,000 throughout the county. By age, the most significant increase in households is expected among those wherein the head-of-household is age 25 to 44. Households in this group are the primary market of first-time homebuyers. The youngest cohort will experience a decline in households throughout the county; these are practically the only declines projected for the state. Households above retirement age will increase by approximately 16 percent.

In Kent County, the greatest increase in households will be among those earning \$75,000 or more per year. There will also be growth in households earning between \$25,000 and \$34,999 per year and between \$50,000 and \$75,000. There will be growth in the number of households at all age ranges. The fastest growth will be among heads-of-household age 35 to 44. The 44 to 54 set follows second, and the 25 to 34 cohort a close third.

In Sussex County, the greatest increase in households will be among those earning \$75,000 or more per year. Additionally, there will be sizable increase in households earning between \$50,000 and \$74,999. There will be significant numbers of new households formed across all age groups, except those under 25. The highest growth will be among households age between 35 and 44, followed closely by households age between 55 and 64. Household formation among households age 65 years old and over is projected to be particularly strong, with households in this age group projected to make up nearly 30 percent of the new households.

The projected new household demand for homeownership and renter housing is based upon the new household growth numbers referenced above. Therefore, new demand is also projected to be less between 2008 - 2012 than it was in the previous five year period. However, a decrease in new household growth/demand does not negate the fact that substantial demand remains within the existing market for affordable single family and multifamily dwellings.

For example, while there is minimal new renter demand projected in the Renter Needs section of this Assessment, there are nearly 25,000 existing “at risk” renter households (as discussed above and shown in Table 27) and an estimated 6,863 “at risk” assisted rental units (those facing expiring subsidy contracts or in need of substantial rehabilitation, discussed further below and shown in Table 31).

HOMEOWNERSHIP DEMAND FORECAST, 2008 - 2012

Affordable home ownership demand from 2008 to 2012 is determined by estimating the number of households that will be in the market for a new home. This includes existing households. For all income levels, the projected demand will be met through the sale of 47,881 homes, primarily pre-existing structures. New housing units to accommodate the demands of the increased population will be needed for about 13,385 households.

Demand for for-sale homes was estimated by different household types based on past trends and projections. The home ownership rate for each age group was projected for the purposes of the overall demand projections. To project the types of households that will be in the market in Delaware as home buyers, the following types of households are differentiated:

- Low-income home buyers are householders with an annual income of under \$25,000. Low-income home buyers are seeking the lowest price homes and include all age groups up to age 65. [Note: no additional demand is projected as a result of household growth within this income group.] Per the underwriting assumptions explained in Table 10 presented earlier, the qualifying mortgage amount for a household making \$25,000 is \$58,870.
- First-time homebuyers are generally younger households consisting of those age 25 to 44 years old. First-time home buyers have annual incomes from \$25,000 to 115% of the HUD County MFI for 2007. The income range of First-time home buyers is reflected in DSHA's First-time Home Buyer Program. Per Table 10 and the related assumptions presented earlier, households in this income range today would qualify for mortgages up to the amounts presented as follows:
 - New Castle County - \$58,870 to \$245,608;
 - Kent County - \$58,870 to \$197,295;
 - Sussex County - \$58,870 to \$178,944.
- Affordable homebuyers are those who generally do not fit the profile of First-time Home buyers due to age. For this study, affordable home buyers are households age 45 to 64 years old seeking units in the same price range as the First-time home buyers. Per Table 10 and the related assumptions presented earlier, households in this income range today would qualify for mortgages up to the amounts presented as follows:
 - New Castle County – \$58,870 to \$245,608;
 - Kent County – \$58,870 to \$197,295;
 - Sussex County – \$58,870 to \$178,944.
- Move-up homebuyers are households relocating from existing homes and from out of state. Move-up home buyers have annual incomes over 115 percent of the area MFI up to \$125,000 and are looking to move into

larger homes. Young professionals purchasing their first home may also be Move-up home buyers, but the housing is more expensive than a typical starter home. Move-up home buyers were considered in all age brackets from 25 to 64 years old. Per Table 10 and the related assumptions presented earlier, households in this income range today would qualify for mortgages up to the amounts presented as follows:

- New Castle County – \$245,608 to \$384,537.
- Kent County – \$197,295 to \$384,537.
- Sussex County – \$178,99 to \$384,537.
- Elderly homebuyers are households age 65 and over with annual incomes up to \$125,000. Elderly home buyers are seeking housing alternatives in order to reduce the size of their dwelling, reduce maintenance on a dwelling, or to move closer to family. The Elderly home buyers are projected to be a growing segment of the population in Delaware. Per Table 10 and the related assumptions presented earlier, using the 2007 area MFIs for Delaware counties, households in this income range today would qualify for mortgages up to \$384,537.
- High-income homebuyers encompasses households with annual incomes in excess of \$125,000 and include households at any age who may be seeking the most expensive homes.

Table 29 shows the forecasted net homeownership demand in Delaware and in each county from 2008 to 2012. The table also presents homeownership demand for the City of Wilmington, the City of Newark, the City of Dover, and the Town of Georgetown. The numbers for the counties do not include the numbers from the respective municipalities. The table quantifies the demand for homeowner housing by housing type and by household type.

The data reports on the demand for year round housing for the additional households in Delaware from 2008 to 2012. (The table does not include housing that may be used as second homes for seasonal use in the state.) It is estimated that, statewide, nearly 70 percent of the total 47,881 unit demand will be absorbed by existing homes. The remainder will be met by new construction or manufactured homes. Combined, the above first-time and affordable homebuyer groups will comprise demand for 6,000 units. An estimated 15 percent of new construction units will need to be affordable to these buyers.

TABLE 29: DELAWARE HOMEOWNER DEMAND FORECAST, 2008-2012

	TOTAL	Unit Types			Household Income Category				
		Existing Homes	New Construction	Manufactured Housing	First Time	Affordable	Move-up	High Income	Elderly
DELAWARE	47,881	33,510	13,385	986	3,423	2,909	17,658	15,336	8,555
New Castle County	17,741	14,639	2,880	222	0	0	7,442	8,871	1,428
City of Wilmington	1,951	1,944	7	0	148	101	686	851	165
City of Newark	694	694	0	0	0	0	280	347	67
Kent County	11,716	6,278	5,039	399	1,871	1,203	3,583	4,320	739
City of Dover	1,013	434	572	7	270	158	396	61	128
Sussex County	14,627	9,384	4,886	357	1,126	1,447	5,183	860	6,011
Town of Georgetown	139	137	1	1	8	0	88	26	17

Source: Mullin & Lonergan Associates, Inc.

Based on an analysis of recent DSHA mortgage program activity, we determined DSHA's share of the market for First-time homebuyers and Affordable homebuyers products is sixty-two percent. That share was applied to the projected total demand among these homebuyer groups to forecast DSHA's total activity by 2012. Table 30 shows the projected number of assisted homebuyers.

TABLE 30: PROJECTED DEMAND FOR DSHA HOMEBUYER PROGRAMS

Type of Homebuyer	Total Projected Mortgages 2008 - 2012
First-time Homebuyers	3,423
Affordable Homebuyers	2,909
TOTAL HOMEBUYERS	6,332
PROJECTED DSHA ASSISTANCE (62% of total)	3,926

Source: Mullin & Lonergan Associates, Inc.

RENTAL HOUSING DEMAND: AFFORDABLE RENTAL HOUSING UNITS AT RISK

To satisfy future affordable rental needs, preservation and rehabilitation of existing affordable housing stock is an important issue facing Delaware. The majority of the affordable rental housing units in Delaware are aging. About 44 percent of the assisted rental units in Delaware are more than 20 years old. It is projected that an additional 2,126 units will reach the 20-year mark by 2012. By 2012, just over 59 percent (8,508) of the current inventory of assisted rental housing in Delaware will be over 20 years old. Based on data provided by DSHA and existing trends within the industry, it is estimated that 50 to 70 percent of the units over 20 years of age may be in need of substantial rehabilitation.

There are 4,604 assisted rental-housing units in Delaware that may be eligible for conversion to market rate housing by 2012 as a result of expiration of affordability restrictions, non-renewal of a Section 8 subsidy, or an owner's election to prepay a mortgage. Of the 4,604 units, 2,022 units are family units developed with federal Low-Income Housing Tax Credits, 898 units are family Section 8 project-based, and 1,150 units are elderly Section 8 project-based. It is estimated, however, that of the total 4,604 units eligible to convert, slightly less than ten percent of the units eligible to convert actually will.

Assisted rental housing units potentially lost due to conversion in Delaware fall within two categories as follows:

- Low-Income Housing Tax Credits. There are 2,231 tax credit units in Delaware that will be completing the 15 year compliance period before 2012, which could result in a loss of the affordable units dependent upon the terms of the initial use agreement executed between DSHA and the owner. More than sixty percent (1,501) of the expiring tax credit units are considered to be at high to moderate risk of conversion by DSHA.
- Section 8 Project-Based. Through 2012 it is projected that as many as 2,048 affordable rental units could be lost in Delaware due to Section 8 projects with expiring contracts. It is anticipated, however, that only five percent to ten percent of the units in Delaware with expiring Section 8 contracts will actually convert to market rate housing.

Table 31 shows the projected rental preservation/rehabilitation needs in Delaware from 2008 to 2012. The total need includes 1) 4,604 affordable rental units estimated to be eligible for conversion to market units and 2) 2,259 units in need of rehabilitation. The expiring assisted units estimated in need of substantial rehabilitation are 50 percent of the assisted rental units that will be more than 20 years old by 2012.

TABLE 31: PRESERVATION & REHABILITATION DEMAND, 2008-2012

	TOTAL	Assisted Units Not Due to Expire by 2012 BUT in Need of Substantial Rehabilitation	Assisted Units Expiring At-Risk of Conversion by 2012	
			Total Units At Risk of Expiring	Estimated in Need of Substantial Rehab
New Castle County	1,550	604	946	277
City of Wilmington	2,049	928	1,121	486
City of Newark	166	16	150	75
Kent County	710	186	524	261
City of Dover	834	248	586	218
Sussex County	1,303	261	1042	374
Town of Georgetown	251	16	235	81
DELAWARE	6,863	2,259	4,604	1,772

Source: Delaware State Housing Authority

*Note: The assisted total was arrived at by multiplying assisted units > 20 years old by 50 percent.

RENTAL DEMAND FORECAST, 2008-2012

Forecasting demand for additional rental housing units affordable to low income households is based on the existence of At-Risk renters (i.e., those already on waiting lists for housing assistance and housing cost-burdened with incomes below \$20,000 per year) and the formation of new renter households. The new renter household growth is calculated using the age and income growth projections provided earlier.

Because occupancy of rental units can be age-restricted to persons age 55 and over or age 62 and over, renter demand reported in this *Housing Needs Assessment* has been segmented into two categories, 1) general occupancy, which consists of persons age 15 to 54, and 2) elderly, which consists of persons age 55 and over. Additionally, the portion of renter households considered to be “At-Risk” and residing in a substandard or overcrowded unit is also considered when projecting demand. Not all of the At-Risk renters will actually be in the market for new units.

To determine “gross renter demand,” the rental rate of each age cohort in each county was applied to the projected new household growth for the period 2008 to 2012. The “gross demand” of new renters was then categorized according to the income groupings identified in Table 10 *Income Levels and Housing Affordability Range* contained earlier in this section of the *Housing Needs Assessment* and defined below.

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

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

Evaluating demand is complex and is impacted by both qualitative and quantitative factors. Existing market and economic conditions play a major role in household growth and formation. The forecast of demand is based on available information and economic conditions at the time of this *Housing Needs Assessment* and could be significantly impacted should a substantive change occur within the economic and real estate environment.

Demand for rental housing in Delaware is quantified for low-income households (i.e. households with income at or below 80 percent of area MFI). The 2007 HUD median family income, trended through 2012 for each county, was applied to each income classification below when determining the future demand for new rental housing. The HUD determined 2007 median incomes for a family of four by county in Delaware as follows.

- New Castle County: \$71,600
- Kent County: \$58,700
- Sussex County: \$53,800

Table 32 presents the forecasted demand for assisted rental units between 2008 and 2012. The data identify the need to expand the supply of assisted rental housing units by household income in Delaware by County from 2008 to 2012. The assisted rental housing need is also shown for the City of Wilmington, the City of Newark, the City of Dover, and the Town of Georgetown, which are not included in their respective county totals.

TABLE 32: RENTAL HOUSING DEMAND FORECAST, 2008-2012

	Total	Extremely Low (0-30% MFI)	Low-Income Housing Tax Credit (51-60% MFI)		Other Low Income (61- 80% MFI)	
		Existing At- Risk	General Age 18-54	Elderly Age 55 and over	General Age 15-54	Elderly Age 55 and over
New Castle County	283	283	0	0	0	0
City of Wilmington	377	280	52	41	0	4
City of Newark	124	124	0	0	0	0
Kent County	318	160	62	20	57	19
City of Dover	168	80	40	17	20	11
Sussex County	156	156	0	0	0	0
Town of Georgetown	63	49	7	2	5	0
SUBTOTAL	1,489	1,132	161	80	82	34
DELAWARE	1,489	1,132	241		116	

Source: Mullin & Lonergan Associates, Inc.

Note: Existing "At-Risk" takes the average percentage of overcrowded and substandard renter housing units multiplied by the number of "At-Risk" households to arrive at "At-Risk" demand.

The following provides a review of the assistance needs of the various categories of low-income households defined by this *Housing Needs Assessment*.

- **Extremely low-income households** with income from 0 to 30 percent of MFI are primarily in need of a rent subsidized unit or a rent restricted unit, with rents underwritten well below the fair market rent. Families and individuals considered to be at or below the poverty level are included in the extremely low-income category described above. [Note: no new demand is projected as a result of renter household growth within this income group. The demand shown in the table is a function of existing at-risk households in need of more affordable units.]
- **Very low-income households** would also be served by low-income housing tax credit units targeted to persons below 50 percent of the area median income. Households with a Housing Choice Voucher are eligible to reside in a low-income housing tax credit unit, therefore this category of demand for new rental units may duplicate rental subsidy and rent restricted needs.

- **Low-income Tax Credit households** must have income at or below 60 percent of the area median income based on household size. The income limit for a family of four at 60 percent of the area median income by county in Delaware was used in determining need for the category.
- Low-income households are unlikely to qualify for a rent-restricted or rent subsidy type program.

The demand of 1,489 rental units is comprised of 357 units based on projected growth, if any, according to the total number of new renter households by age and income. If a “0” is shown, it means that there is limited, or no new growth projected from 2008 to 2012 in households within the specific income range. However, demand may exist from the existing renter population and “at-risk” households. Demand for an additional 1,132 units is projected based upon the nearly 25,000 existing households estimated to be at-risk (see Table 27) and currently residing in an overcrowded or substandard unit.

Demand based upon growth projections was arrived at by aggregating totals across household age groups from 15 to 54 and the 55 and over population according to income. The numbers, therefore, may reflect new demand for a specific income level in a city or town that may not be reflected in its respective county total. The units “At-Risk” numbers assume that duplication of households exists between the 24,901 “At-Risk” households and overcrowded and substandard housing.

It is assumed that the stated demand projections will be served by way of new construction. Creation of new units will serve projected new household growth needs as well as provide replacement units for “At-Risk” households currently residing in an overcrowded or substandard unit. For the purposes of this analysis, new construction includes both newly constructed units and the substantial rehabilitation of vacant dilapidated buildings. The current pipeline of projects will likely serve existing demand; therefore, no adjustments have been made to the new demand.

WORKFORCE HOUSING

“Workforce housing” is defined as housing that is affordable to households earning up to 120 percent of area median income. While this includes households traditionally considered “low-income,” (earning up to 80 percent of median), those earning between 80 and 120 percent make too much to qualify for housing assistance and yet, as we will see, face increasing difficulty finding affordable housing.

Globalization and the shift to a more service and technology- and knowledge-oriented economy have challenged states and localities to develop strategies to attract “new economy” jobs. In the economy of the 21st century, an educated workforce generates prosperity and is the basis of a vigorous economy. But while “knowledge-based” industries may bring higher salary jobs to a community, they often do not employ the same large numbers of workers as did the manufacturing sectors that have declined in significance over the latter half of the 20th century. While important and often successful, local strategies to advance higher-skill and higher-wage jobs cannot completely counterbalance the effects of national and international trends.

Still, many jobs exist that require various levels of training but often not advanced degrees. As such these jobs often pay less than their counterparts in the higher knowledge sectors. Examples include retail employees and managers, food service workers, health care and child care workers, trucking and shipping coordinators, mechanics and service technicians, bus drivers and construction workers. Nevertheless, the “new economy” could not function without these workers and others like them: teachers, emergency workers and first responders, police, and paramedics.

Tables 33, 34 and 35 on the following pages show housing affordability gaps for workforce households in each of Delaware’s three counties to illustrate the above dynamic. In order to demonstrate how housing costs may not be affordable to Delaware’s workers, several key professions have been selected for closer examination: childcare workers, pre-school teachers, elementary school teachers, nurses, emergency medical technicians, police officers, retail sales-persons, and retail managers.

Median pay levels for workers in each profession are compared to median housing costs for each county. There are visible gaps between the fair market rents and what households can afford. In nearly all cases, such a gap exists between median sale price and qualifying mortgage amounts. At the top of the accompanying tables, a benchmark of countywide median income and housing cost is provided to establish a framework. In order to be as current as possible, 2007 data was used, including HUD’s area median family income (MFI) and fair market rents (FMR), and eNeighborhood’s median home price (MHP) for the 1st quarter of 2007. Even with two incomes, many households have to stretch their incomes and credit to purchase homes. The tables also include several dual-income household scenarios to illustrate the housing wage gaps even they face.

**TABLE 33A, B AND C: NEW CASTLE COUNTY
HOUSING WAGE GAP ANALYSIS**

	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT & MEDIAN HOME PRICE		SURPLUS OR (GAP)
2007 HUD MFI Median income for a New Castle County family of four: \$71,600	Affordable Rent <i>(One-third of monthly income for rent)</i>	\$1,790	1 Bedroom FMR, 2007	\$773	\$1,017
			2 Bedroom FMR, 2007	\$923	\$867
			3 Bedroom FMR, 2007	\$1105	\$685
	Affordable Home Price <i>(Qualifying Mortgage Amount)</i>	\$210,631	MHP, 1 st Quarter, 2007	\$230,000	(\$2,406)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhoods (MHP)

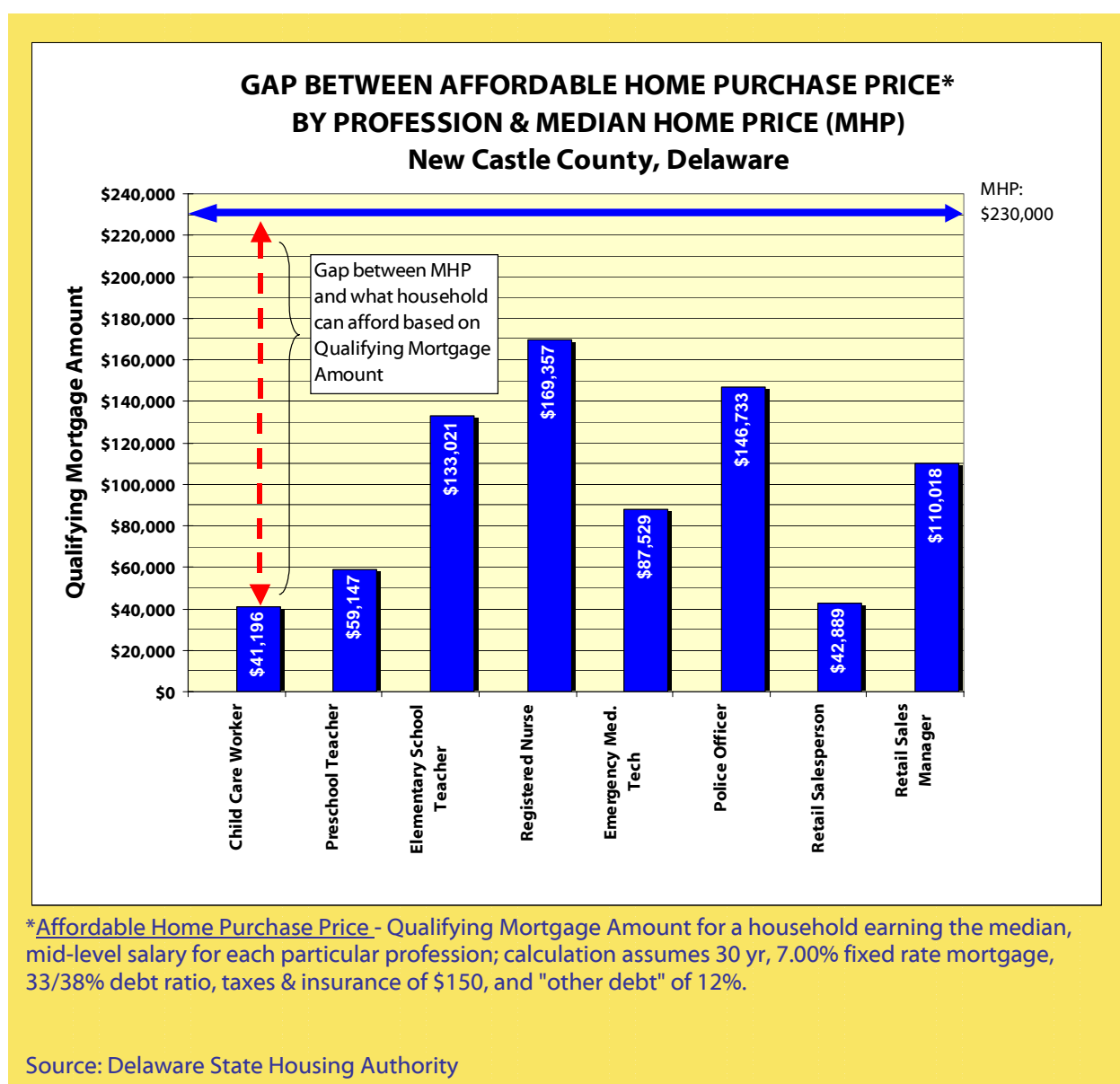


TABLE 33B: SELECTED PROFESSIONS HOUSING WAGE GAPS, NEW CASTLE COUNTY

		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Registered Nurse	Emergency Medical Technician	Police Officer	Retail Salesperson	Retail Manager
MEDIAN PAY	Hourly (\$)	9.41	12.06	22.97	28.33	16.25	24.99	9.66	19.57
	Monthly (\$)	1,630	2,089	3,978	4,907	2,815	4,328	1,673	3,390
	Annual (\$)	19,573	25,085	47,769	58,926	33,800	51,979	20,093	40,706
RENTERS	Can afford this much rent . . .	\$489	\$627	\$1,193	\$1,472	\$844	\$1,298	\$502	\$1,017
	Surplus or (Gap) 1-BR FMR (\$)	(284)	(146)	420	699	71	525	(271)	244
	Surplus or (Gap) 2-BR FMR (\$)	(434)	(296)	270	549	(79)	375	(421)	94
	Surplus or (Gap) 3-BR FMR (\$)	(616)	(478)	88	367	(261)	193	(603)	(88)
HOMEBUYERS	Can afford this home price . . .	\$41,196	\$59,147	\$133,021	\$169,357	\$87,529	\$146,733	\$42,889	\$110,018
	Gap w/ MHP (\$)	(188,804)	(170,853)	(96,978)	(60,643)	(142,471)	(83,267)	(187,111)	(119,982)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

TABLE 33C: NEW CASTLE DUAL INCOME HOUSEHOLD HOUSING WAGE GAPS

DUAL INCOME HOUSEHOLDS:		Childcare Worker & Police Officer	Pre-School Teacher & EMT	Registered Nurse & Electrician	Retail Clerk & Pharmacy Technician	Mechanic & Home Health Aide	Carpenter & Receptionist
Median Annual Income (\$)		71,552	58,885	110,822	40,643	56,846	67,184
RENTERS	Can afford this much rent . . .	\$1,789	\$1,472	\$2,771	\$1,016	\$1,421	\$1,680
	Surplus or (Gap) 1-BR FMR (\$)	1,016	699	1,998	243	648	907
	Surplus or (Gap) 2-BR FMR (\$)	866	549	1,848	93	498	757
	Surplus or (Gap) 3-BR FMR (\$)	684	367	1,666	(89)	316	575
HOMEBUYERS	Can afford this home price . . .	\$210,475	\$169,222	\$338,365	\$109,815	\$162,583	\$196,250
	Gap w/ MHP (\$)	(19,525)	(60,778)	108,365	(120,185)	(67,417)	(33,750)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

**Table 34A, B, and C: Kent County,
HOUSING WAGE GAP ANALYSIS**

	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT & MEDIAN HOME PRICE		SURPLUS OR (GAP)
2007 HUD MFI <i>Median income for a Kent County family of four:</i> \$58,700	Affordable Rent <i>(One-third of monthly income for rent)</i>	\$1,468	1 Bedroom FMR, 2007	\$640	\$828
			2 Bedroom FMR, 2007	\$709	\$759
			3 Bedroom FMR, 2007	\$927	\$541
	Affordable Home Price <i>(Qualifying Mortgage Amount)</i>	\$168,620	MHP, 1 st Quarter, 2007	\$195,000	(\$26,380)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhoods (MHP)

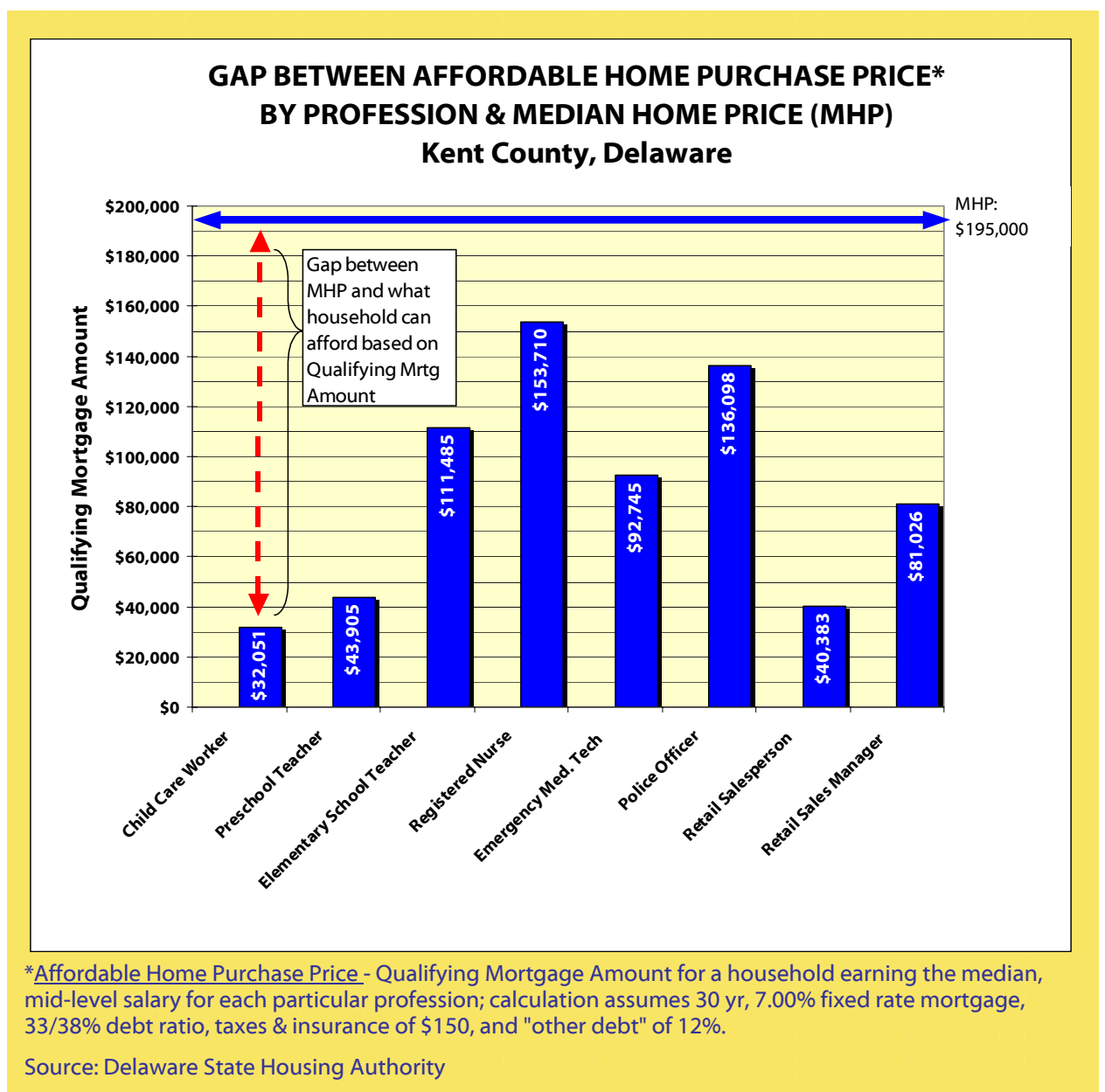


TABLE 34B: SELECTED PROFESSIONS AND HOUSING WAGE GAPS, KENT COUNTY

		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Registered Nurse	Emergency Medical Technician	Police Officer	Retail Salesperson	Retail Manager
MEDIAN PAY	Hourly (\$)	8.06	9.81	19.79	26.02	17.02	23.42	9.29	15.29
	Monthly (\$)	1,397	1,700	3,430	4,510	2,950	4,059	1,610	2,648
	Annual (\$)	16,765	20,405	41,156	54,122	35,402	48,714	19,323	31,803
RENTERS	Can afford this much rent . . .	\$419	\$510	\$1,029	\$1,353	\$885	\$1,218	\$483	\$794
	Surplus or (Gap) 1-BR FMR (\$)	(221)	(130)	389	713	245	578	(157)	154
	Surplus or (Gap) 2-BR FMR (\$)	(290)	(199)	320	644	176	509	(226)	85
	Surplus or (Gap) 3-BR FMR (\$)	(508)	(417)	102	426	(42)	291	(444)	(133)
HOMEBUYERS	Can afford this home price . . .	\$32,051	\$43,905	\$111,485	\$153,710	\$92,745	\$136,098	\$40,383	\$81,026
	Gap w/ MHP (\$)	(162,949)	(151,095)	(83,515)	(41,290)	(102,255)	(58,902)	(154,617)	(113,974)

TABLE 34C: KENT COUNTY DUAL INCOME HOUSEHOLD HOUSING WAGE GAPS

DUAL INCOME HOUSEHOLDS:		Childcare Worker & Police Officer	Pre-School Teacher & EMT	Registered Nurse & Electrician	Retail Clerk & Pharmacy Technician	Mechanic & Home Health Aide	Carpenter & Receptionist
Med. Annual Income (\$)		65,478	55,806	90,854	39,104	48,048	63,149
ENTERS	Can afford this much rent . . .	\$1,637	\$1,395	\$2,271	\$978	\$1,201	\$1,579
	Surplus or (Gap) 1-BR FMR (\$)	997	755	1,631	338	561	939
	Surplus or (Gap) 2-BR FMR (\$)	928	686	1,562	269	492	870
	Surplus or (Gap) 3-BR FMR (\$)	710	468	1,344	51	274	652
	Can afford this home price . . .	\$190,695	\$159,197	\$273,336	\$104,802	\$133,930	\$183,108
HOMEBUYER	Gap w/ MHP (\$)	(4,305)	(35,803)	78,336	(90,198)	(61,070)	(11,892)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

**TABLE 35A, B, AND C: SUSSEX COUNTY
HOUSING WAGE GAP ANALYSIS**

	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT (FMR) & MEDIAN HOME PRICE (MHP)		SURPLUS OR (GAP)
2007 HUD MFI <i>Median income for a Sussex County family of four:</i> \$53,800	Affordable Rent <i>(One-third of monthly income for rent)</i>	\$1,345	1 Bedroom FMR, 2007	\$595	\$750
			2 Bedroom FMR, 2007	\$661	\$684
			3 Bedroom FMR, 2007	\$904	\$441
	Affordable Home Price <i>(Qualifying Mortgage Amount)</i>	\$152,662	MHP, 1 st Quarter, 2007	\$260,000	(\$107,338)

Source: U.S. Department of HUD (MFI and FMR); Eneighorhoods (MHP)

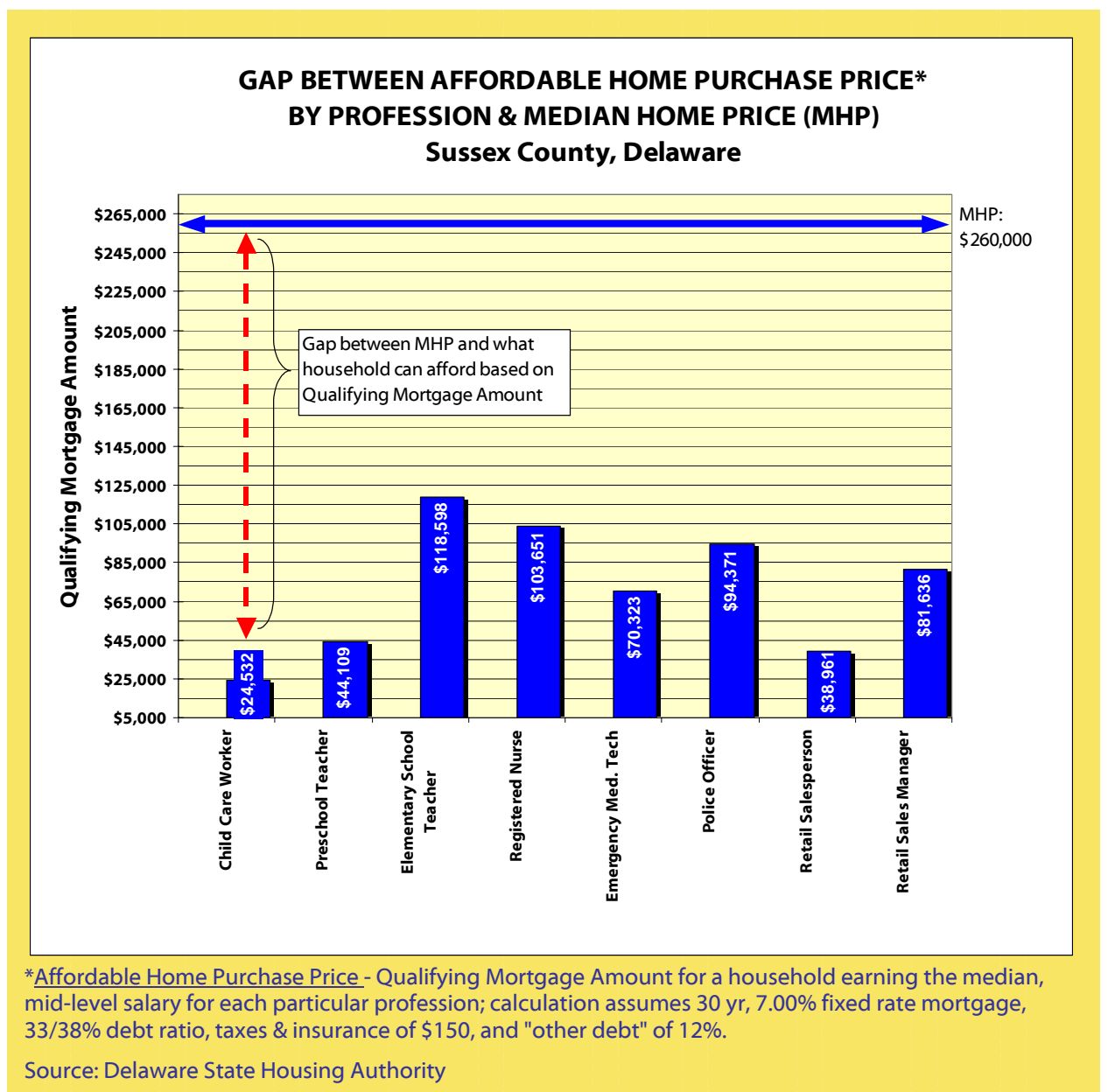


TABLE 35B: SELECTED PROFESSIONS AND HOUSING WAGE GAPS, SUSSEX COUNTY

		Childcare Worker	Pre-School Teacher	Elementary School Teacher	Licensed Practical Nurse	Emergency Medical Technician	Police Officer	Retail Sales-person	Retail Manager
MEDIAN PAY	Hourly (\$)	6.95	9.84	20.84	18.63	13.71	17.26	9.08	15.38
	Monthly (\$)	1,204	1,704	3,609	3,227	2,375	2,989	1,573	2,664
	Annual (\$)	14,456	20,467	43,340	38,750	28,517	35,901	18,886	31,990
RENTERS	Can afford this much rent . . .	\$361	\$511	\$1,083	\$968	\$712	\$897	\$472	\$799
	Surplus or (Gap) 1-BR FMR (\$)	(234)	(84)	488	373	117	302	(123)	204
	Surplus or (Gap) 2-BR FMR (\$)	(300)	(150)	422	307	51	236	(189)	138
	Surplus or (Gap) 3-BR FMR (\$)	(543)	(393)	179	64	(192)	(7)	(432)	(105)
HOMEBUYERS	Can afford this home price . . .	\$24,532	\$44,109	\$118,598	\$103,651	\$70,323	\$94,371	\$38,961	\$81,636
	Gap w/ MHP (\$)	(235,468)	(215,891)	(141,402)	(156,349)	(189,677)	(165,629)	(221,039)	(178,364)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

TABLE 35C: DUAL INCOME HOUSEHOLDS AND HOUSING WAGE GAPS

DUAL INCOME HOUSEHOLDS:		Childcare Worker & Police Officer	Pre-School Teacher & EMT	LPN & Electrician	Retail Clerk & Pharmacy Technician	Mechanic & Home Health Aide	Carpenter & Receptionist
Median Annual Income (\$)		50,357	48,984	71,115	38,210	51,126	53,477
RENTERS	Can afford this much rent . . .	\$1,259	\$1,225	\$1,778	\$955	\$1,278	\$1,337
	Surplus or (Gap) 1-BR FMR (\$)	664	630	1,183	360	683	742
	Surplus or (Gap) 2-BR FMR (\$)	598	564	1,117	294	617	676
	Surplus or (Gap) 3-BR FMR (\$)	355	321	874	51	374	433
HOMEBUYERS	Can afford this home price . . .	\$141,449	\$136,978	\$209,052	\$101,890	\$143,955	\$151,610
	Gap w/ MHP (\$)	(118,551)	(123,022)	(50,948)	(158,110)	(116,045)	(108,390)

Source: OOLMI (Delaware Wages 2005), DSHA, Mullin & Lonergan Associates

The affordable housing issue in Delaware is a workforce issue. The time when households with one full-time worker or even two full-time workers, could take for granted that they would be able to afford to live in the community where they work is disappearing. The state's workers increasingly find themselves priced out of the housing market. Of 5,253 vacant for-sale units in the state in 2005, over half had a price set at over \$200,000 and are beyond the affordability range of Delaware's workforce households.

It comes as a detriment to the community that there is a lack of affordable housing for Delaware's workers. An inadequate supply of workforce housing results in lengthier commuting to places of employment as households move farther away in search of affordable units. Increased commuting, in turn, overtaxes roads and transportation facilities and significantly contributes to air and noise pollution. Conversely, a community that effectively targets workforce housing in its long term planning can see true benefits. Affordable housing for the workforce serves the needs of local employers, including businesses, schools, and the municipalities themselves. Providing adequate affordable housing for a community's workforce is an important long term strategy to attracting new employers. Businesses find it easier to hire and retain employees who are able to live within a reasonable commuting distance. Only through a combination of approaches can the supply of housing affordable to working families and low-income families be expanded.

A range of issues create barriers that potentially impede development of housing that is affordable to low-income and workforce households. The barriers include economic, regulatory, and community barriers. Elimination of the barriers consists of an elaborate variety of techniques including; ensuring codes allow for a variety of housing types to address various household types; allowing higher densities; giving incentives such as density bonuses or expedited permitting; relaxing design standards to ensure that housing developments are not over designed and creating excess housing costs that are passed on; providing offsets such as waivers, reductions, or deferrals of impact fees, building permit fees, tap-on fees, administrative, and development fees; modification of standards; instituting inclusionary zoning; working with businesses to create employer assisted housing programs; promoting green building design; creating location efficient mortgages.

HOUSING FOR SPECIAL POPULATIONS

SMALL HOUSEHOLDS AND FAMILIES WITH CHILDREN

The types of households in Delaware are varied, suggesting a need for varied housing types to accommodate them. Of 317,640 households in Delaware, just more than one-third (110,962 households) consist of households with children. Roughly one-fifth (22 percent or 70,086) of the households are married couples with children. Over 10 percent of persons in Delaware age 15 and older are divorced.

Household size and make-up also impacts housing affordability. Households headed by a single adult often earn less than households with more than one adult. Because women have traditionally earned less than men, female headed households, particularly those with children, have the lowest incomes. Single households typically earn less than married couple households. Despite declining household size, 70 percent of the housing in Delaware consists of single family dwellings.

The ACS reports that, in 2005, 28,567 persons in Delaware received Supplemental Security Income (SSI), cash public assistance income, or Food Stamps. The majority of the recipients (consisting of 15,981 persons or about 56 percent) live in female headed households.

ELDERLY HOUSEHOLDS

The 2005 ACS recorded 196,881 persons in Delaware age 55 years old and older, which was 22.1 percent of the population. From 2000, persons age 55 and over increased by about 14 percent from 173,245, while total population increased nine percent. From 2005 to 2015 the population of persons age 55 and over is projected to increase by 24.6 percent to 245,314. Table 36 shows expected increase in persons age 55+.

TABLE 36: PERSONS AGE 55 AND OVER, 2005, 2015

	2005		2015		% Change 2005 to 2015
	Persons 55 and Over	% of Total Population	Persons 55 and Over	% of Total Population	
New Castle County	111,525	22.1	118,629	21.1	6.4
Kent County	31,004	22.1	43,757	26.2	41.1
Sussex County	54,352	31.4	82,928	39.3	52.6
DELAWARE	196,881	24.1	245,314	29	24.6

Source: U.S. Census Bureau, Delaware Population Consortium

Table 37 reports on tenure and cost burden for households age 65 and over. Eighty-four percent of householders age 65 and over are owners versus 72.4 percent for all households. Among households age 65 and over, the highest rate of home ownership is among persons age 65 to 74. Twenty-four percent of owner households age 65 and over pay 30 percent or more of their gross income on housing versus 18.2 percent among all owner households in the state.

Over half (53.9 percent) of renter households age 65 and over are cost-burdened versus 42.5 percent for all renter households in Delaware. The high rate of cost burden is a result of older households spending down their savings and living on fixed incomes that do not keep pace with inflation.

TABLE 37: HOUSEHOLDS AGE 65 AND OVER BY TENURE AND COST BURDEN, 2005

	Total	Percent Renters	Renters 65 and over		Cost-burdened Renters 65 and over	
			Total	Percent	Total	Percent
New Castle County	57,985	30	7,549	20.8	4,058	53.7
Kent County	14,275	26.6	1,735	15.5	948	54.6
Sussex County	15,520	22	1,577	7.7	853	54.1
DELAWARE	87,780	27.6	10,861	16	5,859	53.9
City of Wilmington	13,615	50.9	2,142	38.7	1,591	74.3

Source: U.S. Census Bureau, 2005 American Community Survey

There are three distinct life stages among the elderly, each with their own distinct housing needs: 1) The “young” elderly, those entering pre-retirement or early retirement years, are ages 55 to 65 and are often in the market for a smaller home, possibly near a recreation area; 2) the elderly age 65 to 75, who are living in the homes usually selected in the pre-retirement period and 3) those in the 75 to 85 age group, who may be widowed, whose health is frailer, and who seek a supported environment. The elderly over 85 are often very frail and in need of more extensive care.

The needs and expectations for housing change with age. Housing options in communities should reflect these evolving needs and expectations. A livable community provides a range of housing types at various levels of affordability. This range should include supportive housing arrangements that are affordable for people of low and moderate incomes. Most communities, however, face challenges to providing a diverse array of housing stock.

Enabling residents to age successfully in their homes and communities is critical to a community’s ability to retain its tax base and preserve neighborhood stability. Home

ownership rates among adults age 65 and above, at more than 80 percent, are higher than the national average. By the same token, housing options for a community's oldest and frailest residents are equally important in providing less expensive alternatives to institutionalized care.

Low-income elderly households, particularly those that are cost-burdened, need assistance that allows them to maintain their units and continue living independently. Assistance includes: unexpected emergency repairs that are not budgeted within their fixed housing costs; weatherization to improve energy efficiency; adaptive modifications that allow them continue to reside in their unit; and supportive services, such as home health care and personal care, meals, and transportation, that allow them to age in place and remain living independently.

Reverse mortgages, which allow homeowners to access their equity while remaining in the unit, may be of assistance to older low-income homeowners providing funds for home maintenance and support services. Older homeowners considering reverse mortgages need extensive education and support to ensure they are aware of all the options available for accessing the equity in their homes.

Approximately 8,600 households age 65 and over will purchase homes in Delaware from 2008 to 2012, or 1,711 annually. They are seeking housing alternatives in order to reduce the size of their dwelling and reduce maintenance. In Sussex County, elderly home buyers are projected to be the largest segment of the market through 2012.

HISPANIC HOUSEHOLDS

The 2005 ACS indicates that, statewide, the Hispanic population was 6.1 percent of the total population, up from 4.8 percent in 2000. The number of persons of Hispanic origin, 50,218 is significantly greater than in 2000 when the population consisted of 37,277. Social service agencies working with the Hispanic community in Delaware contend the number counted by the Census Bureau is an undercount because undocumented immigrants are unlikely to respond.

Table 38 identifies the Hispanic population in Delaware by county. Because many of the Hispanics who migrated to Delaware are poor, have limited education, and lack advanced jobs skills, the housing needs of Hispanic households are equivalent to those of other low-income households. This is demonstrated by the characteristics of Hispanic households shown in Table 38. Median income among Hispanic households is about 83 percent of the median income of all households. The lower median income limits housing choices and leads to doubling-up to reduce housing costs. As such, over 16 percent of Hispanic households live in overcrowded units. Just 41 percent own their homes.

TABLE 38: HISPANIC POPULATION, 2005

	Population			Percentage of Households with 1.01 or more Occupants per Room		Median Household Income (\$)		Homeowners	
	Total	Hispanic Total	% of Total	Total	Hispanic	All Households	Hispanic Households	All Households	Hispanic Households
New Castle County	505,271	34,606	6.8%	1.2%	17.3%	59,270	45,388	70.0%	41.8%
Sussex County	173,111	10,251	5.9%	1.9%	17.4%	44,942	45,509	78.0%	33.0%
Kent County	77,825	5,361	6.9%	1.4%	10.7%	48,282	31,554	73.4%	49.8%
Wilmington City	62,380	4,935	7.9%	2.3%	33.0%	33,240	34,245	49.1%	34.0%
DELAWARE	818,587	55,153	6.7%	1.4%	16.5%	52,499	43,547	72.4%	41.0%

Source: U.S. Census Bureau, 2005 American Community Survey

OTHER SPECIAL POPULATION GROUPS

Homeless & Those At Risk of Homelessness

Using the method described in *Estimating the Need: Projecting from the Point-in-Time* published by the Corporation for Supportive Housing, the Homeless Planning Council of Delaware (HPC) estimates that over the course of one year, there are 6,758 homeless persons in Delaware. Of those, 73 percent are in New Castle County; 13 percent are in Kent County; and 14 percent are in Sussex County.

Of the estimated 6,758 homeless people in Delaware, it is further estimated that 337 meet the U.S. Department of Housing and Urban Development definition of chronically homeless (homeless continuously for one year or experiencing four episodes of homelessness over the past 3 years, single and with a disabling condition).

The Delaware Interagency Council on Homelessness has identified that the new construction of 648 new supportive housing units and 1,000 rental subsidies are needed to adequately house approximately 2,000 people who are chronically homeless or at risk of chronic homelessness. The need identified by the DICH was developed independently of (and are in addition to) the projected demand for 1,489 new affordable rental units identified elsewhere in this *Housing Needs Assessment*.

Categories of persons at risk of homelessness are as follows:

- Youth Aging Out of Foster Care – Youth Aging Out of Foster Care are those 14 and older that are in foster care and youth ages 18 through 20 who have exited foster care. The Delaware Division of Family Services (DFS) estimates that from 2006 to 2015, there will be the need for 163 beds for youth aging out of foster care.

- Individuals with Mental Health and Substance Abuse Conditions – The 2006 Point-in-Time Study of Delaware’s homeless population reported that over one-quarter (469 individuals) reported a mental health condition and 537 reported chronic substance use. Supportive housing is a crucial component of community-based treatment and rehabilitation.
- Ex-Offenders Re-entering the Community - Affordability is a significant barrier for ex-offenders attempting to access housing in the private market, and the lack of stable housing can be a major barrier to successful re-entry and prevention of recidivism. Delaware’s Homeless Management Information System (HMIS) indicated that 32 percent (1,428) of adults receiving services through homeless service providers using HMIS in 2006 had been incarcerated in the past.
- Veterans - The 2005 ACS reports 79,151 veterans in Delaware, including 5,938 women. Veterans account for nearly 11 percent of all homeless single persons identified in the 2006 point-in-time survey conducted by the Homeless Planning Council in Delaware. *Homelessness in Delaware*, completed in 2007, reports about 13 percent of homeless adults are veterans.
- Victims of Domestic Violence – The Annual Report of The Domestic Violence Coordinating Council (DVCC) reports that in 2005 there were 27,569 domestic violence incidents in Delaware (combined criminal and non-criminal). Not all victims of domestic violence require housing assistance. Many remain in their homes or are able to find other housing. Based on 2005 shelter occupancy, the DVCC Annual report stated that there were a total of 284 women and 237 children in need of housing as a result of domestic violence.

TABLE 39: HOMELESS SUBPOPULATIONS, 2006

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

Source: Homeless Planning Council of Delaware, 2006

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

Persons with Disabilities

This broad category includes physical, mental and emotional (i.e., mental health) disabilities. In addition to the physical adaptations that each of these special populations may need in order to be adequately housed, their housing needs are similar to the larger population of extremely low-income households. Efforts to make housing affordable at this income level will, in turn, aid these special populations.

- Physical Disabilities - According to the American Community Survey, in 2005, 12 percent of Delawareans had some form of disability (e.g., physical, mental, sensory.) Among them, those with physical disabilities made up over half. A physical disability is one that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying. Housing needs for this special population are wide-ranging.
- Development (Mental Disability) – The Delaware Division of Developmental Disabilities Services (DDDS) data identified 1,370 clients with a housing need. Ninety-nine percent had incomes below 30 percent of median. Many live with parents or friends. The aging of parents though will result in a need for another housing situation to be created. DDDS expects to be able to serve 375 clients over the next five years based on budget constraints as of 2007.
- Emotional (Mental Health) Disabilities – Delaware’s Department of Health and Social Services (DHSS) and the Division of Substance Abuse and Mental Health (DSAMH) administer programs addressing the needs of persons with emotional disabilities. The National Alliance on Mental Illness (NAMI), which has a waiting list for persons with mental illness seeking housing, reports that, as of June 2007, their list contained 61 persons. The January 2006 Point-In-Time Survey, referenced above, reported 469 homeless individuals (25.6 percent of the total) had serious mental illness.

The Governor’s Commission for Community Based Alternatives for Individuals with Disabilities has adopted goals and objectives that will assist persons with disabilities integrate into the community. The very first of these goals relates to housing:

- **Housing Goal 1** – Ensure there are a sufficient number of safe, affordable, integrated and accessible housing options for individuals with disabilities

The seven objectives that aim to achieve this goal are as follows:

- Establish coordinated system to develop, administer, and implement housing programs for people with disabilities through a streamlined voucher process to be used by Public Housing Authorities within a statewide housing plan.
- Create a directory of rental opportunities.
- Maintain stock of vouchers and affordable housing units.
- Create new housing options.

- Include input of people with disabilities in Delaware State Housing Authority Needs Assessment.
- Increase access to homeownership.
- Develop and implement Division of Services for Aging & Adults with Physical Disabilities housing options.
- Ensure range of in-home services and supports, including Personal Attendant Services (PAS); in-home medical, non-medical, and personal care needs; and behavioral health services.

Quantitative analysis of the housing needs of persons with disabilities for this *Housing Needs Assessment* is severely limited by a lack of available data. The American Community Survey provides information about the size of the population and poverty levels, but these statistics are only marginally useful in the identification of the true extent and specific nature of housing needs for persons with disabilities in Delaware. Planning, advocacy and budgeting for these housing needs are hindered by the scarcity of clear, reliable data on the number of individuals and families in need. State and local agencies providing services can be exceptional sources of information and are often in an excellent position to gather information on the populations they serve via their intake and service processes. Management information systems used by service providers should collect information about people's incomes, housing situations, and housing needs. Coordination of data collection among organizations and agencies providing services is critical.

Migrant and Seasonal Farmworkers

Over 5 percent of the farms in Kent County employ migrant farm labor and 2 percent of the farms in Sussex County employ migrant farm labor. *No Refuge from the Field: Findings From a Survey of Farmworker Housing Conditions in the United States*, published by the Housing Assistance Council (HAC) reports that median monthly unit cost for farmworkers is \$350, which is about 41 percent of the individual farmworker's median monthly income. There are 50 assisted rental units in Delaware for migrant and seasonal farmworkers. All of the units are in Sussex County. The number of farms in Delaware suggests that Kent and Sussex Counties have a need for assisted farmworker rental units. Kent County, with a greater percentage of farms with migrant labor, has a greater need than Sussex County.

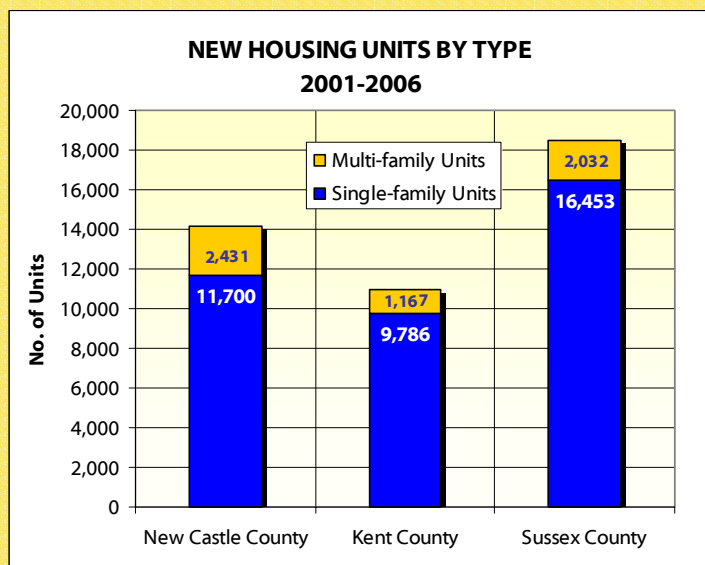
Persons with HIV/AIDS

As of April 2007, there were 3,185 persons in Delaware living with HIV or AIDS. One in four persons responding to a survey of 278 clients conducted by the Delaware HIV Planning Council in 2006 indicated they needed help finding affordable housing. In New Castle County, 24 percent indicated they had been homeless for at least one night in the prior 12 months; 20 percent in Kent County had experienced homelessness.

HOUSING & LAND USE PLANNING

LIVABLE DELAWARE

DSHA's *Housing Production In Delaware* report indicates that, between 2001 and 2006, 50,443 housing units were built in the state. Among them, 75 percent of building permits (37,939) were issued for single family units; 11 percent (5,630) were for multi-family units. Manufactured homes represent 13 percent of the additional housing units. Table 40 below highlights the predominant share of single-family housing units among new units built by county.



The majority of new housing being built in Delaware is single-family homes.

Source: DSHA, *Housing Production in Delaware*

TABLE 40: NEW HOUSING UNITS BY TYPE, 2001-2006

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Single-family	37,939	87.1%	11,700	82.8%	9,786	89.3%	16,453	89.0%
Multi-family	5,630	12.9%	2,431	17.2%	1,167	10.7%	2,032	11.0%
Total	43,569	100	14,131	100	10,953	100	18,485	100

Source: DSHA, *Housing Production in Delaware*

While prominence of single-family housing statewide indicates a preference among households, it is important to note that this prominence also reflects a planning and zoning template from the 1960s and 1970s when child raising dominated household concerns, and single-family large lot residential development was favored over mixed housing types and higher densities.

As stated in this study, households with children currently make up only 34.9 of all households, and instead, households age 55 continue to grow as a percentage of all households. They currently comprise 33.5 percent of all households and this trend is expected to continue into the future. When planning for housing, it is important to

recognize changing demographics and shifting housing preferences that may occur as a result.

Throughout the *Housing Needs Assessment*, the lack of sufficient affordable housing is the primary theme. However, solving that shortage is not simply a matter of subsidizing construction. At the local level, many zoning and land use related policies prevent the construction of the type of housing (typically higher density) that is affordable.

Many policies or regulations that restrict housing are implemented to promote other worthy goals. However, a policy is considered a barrier when it prohibits, discourages, or excessively increases the cost of new or rehabilitated affordable housing. Overly restrictive zoning in support of NIMBYism, excessive impact fees, inefficient and outdated rehab codes, multifamily housing restrictions, and excessive subdivision controls will make building a range of housing types very difficult, and in some areas, impossible.

Increased public awareness of affordable housing needs and effective land use planning are needed to help break down negative attitudes – and the regulations they promote. There are instances when developers seeking to provide quality, affordable housing at higher densities are turned away at the local level by community opposition stemming from the fear of lost property values and a change in neighborhood character. In reality, research has shown that well designed, well built housing that is accessible to households of all incomes serves to better communities.

In 2001, the State of Delaware began to follow Governor Minner's *Livable Delaware Agenda*. The program is designed to coordinate state agency planning, resource management, and investments to support growth in areas where it is appropriately planned, and discourage growth in inappropriate locations.



Livable Delaware is based on the following *Guiding Principles*: guide growth to areas that are most prepared to accept it in terms of infrastructure and thoughtful planning; preserve farmland and open space; promote infill and redevelopment; facilitate attractive, affordable housing; protect our quality of life while slowing sprawl.

By linking these guiding principles to the more specific goals of housing, quality housing choices can open up for many more people as shown in the following examples:

- Guiding growth to areas with infrastructure will provide all households access to employment educational opportunities, markets, and services.
- Encouraging well designed compact mixed-use development not only uses less agriculture and natural resources, it lends to the affordability of housing.
- Promoting infill and redevelopment in distressed center cities improves the quality of life for its residents.
- Slowing sprawl minimizes the likelihood of families living isolated in the country far from services and opportunities.

Ultimately, the wisdom of a sound land development practices carries over to the discussion of housing cost and affordability. The cost savings of constructing at higher densities are passed on to home-buyers and renters. Furthermore, closer proximity to employment and services means less time and money spent commuting. This is an important benefit for workforce households.

Opening up quality, affordable housing choices in appropriate areas will take real strategies that address both the need for more affordable housing and efficient well-planned growth. This may include land use regulation efforts, tax-based strategies, community-based efforts, and subsidies. However, it is important to note that no single strategy is sufficient to address Delaware's housing needs.

In addition, it will take meaningful collaboration of leaders at the federal, state, and local levels, as well as the private and nonprofit sectors. This collaboration of stakeholders can share the responsibility of providing all types of affordable housing to all income levels. As is articulated in the Livable Delaware initiative, improving housing choice throughout Delaware is a sound investment of time, energy and resources.

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Appendix

Delaware Statewide Housing Needs Assessment 2008-2012

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LONERGAN
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INCORPORATED

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Pittsburgh,
Pennsylvania

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A. Abbreviations

<u>Abbreviation</u>	<u>Definition</u>
ACS.....	American Community Survey
ADL.....	Activities of Daily Living
ARC.....	Association for Retarded Citizens of Delaware
CADSR.....	University of Delaware, Center for Applied Demography and Survey Research
CCD.....	County Census Division
CDBG.....	Community Development Block Grant Program
CEDS.....	Comprehensive Economic Development Strategy
CHAS.....	Comprehensive Housing Affordability Statistics
CT.....	Census Tract
DART.....	Delaware Authority for Regional Transit
DCYF.....	Delaware Department of Children, Youth, and Families
DDDS.....	Delaware Department of Adults and Mental Health - Division of Developmental Disabilities Services
DEMAP.....	Delaware Emergency Mortgage Assistance Program
DelDOT.....	Delaware Department of Transportation
DICH.....	Delaware Interagency Council on Homelessness
DNREC.....	Delaware Department of Natural Resources and Environmental Control
DOC.....	Delaware Department of Corrections
DPC.....	Delaware Population Consortium
DSAAPD.....	Delaware Department of Adults and Mental Health - Division of Services for Aging and Adults with Physical Disabilities
DSHA.....	Delaware State Housing Authority
DSAMH.....	Delaware Department of Adults and Mental Health - Division of Substance Abuse and Mental Health
ESG.....	Emergency Shelter Grant Program
FHA.....	Federal Housing Administration
FHLB.....	Federal Home Loan Bank
FMR.....	Fair Market Rent
HAI.....	Housing Affordability Index
HMIS.....	Homeless Management Information System
HOME.....	HOME Investment Partnerships Program
HOPWA.....	Housing Opportunities for Persons with AIDS
HUD.....	U.S. Department of Housing and Urban Development
IADL.....	Instrumental Activities of Daily Living
LIHTC.....	Low Income Housing Tax Credit
LUPA.....	Land Use Planning Act
MFI.....	Median Family Income
MSA.....	Metropolitan Statistical Area
NAR.....	National Association of Realtors
OOLMI.....	Delaware Department of Labor, Office of Occupational & Labor Market Information
PFA.....	Protection From Abuse
PHA.....	Public housing authority
SMAL.....	Delaware State Housing Authority Second Mortgage Assistance Loan Program
SRO.....	Single Room Occupancy
UDC.....	New Castle County Unified Development Code
USDA.....	U.S. Department of Agriculture Rural Development
VA.....	Veterans Administration

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B. Glossary of Terms

Affordable Housing. Affordable housing is generally defined as housing where the occupant is paying no more than 30 percent of gross income for gross housing costs, including utility costs.

American Community Survey, (ACS). A nationwide survey conducted by the U.S. Census Bureau designed to gather current population and housing information every year. Presently, the ACS surveys about three million households each year, from across every county in the nation. Data from the 2005 ACS are available for geographic areas with a population of 65,000 or more, including counties, congressional districts, metropolitan and micropolitan statistical areas, all 50 states, and the District of Columbia. In Delaware, 2005 ACS data is available only for the state overall, the three counties, and the City of Wilmington.

Assisted Rental Housing. Housing where the monthly costs to the tenant are subsidized by federal or other programs.

Cost Burden. The extent to which gross housing costs, including utility costs, exceed 30 percent of gross income, based on data published by the U.S. Census Bureau.

Fair Market Rent. Estimates of gross rent (including shelter rent plus the cost of utilities excluding telephone) set by HUD annually for metropolitan areas and non-metropolitan county FMR areas. FMRs are used to determine the eligibility of rental housing units for the Housing Choice Voucher (Section 8) program. For most areas, FMR is set at the 40th percentile of the rent distribution.

Household. A household includes all the people who occupy a housing unit as their usual place of residence.

Householder. The person, or one of the people, in whose name the home is owned, being bought, or rented. If there is no such person present, any household member 15 years old and over can serve as the householder for the purposes of the census. Two types of householders are distinguished: a family householder and a non-family householder. A family householder is a householder living with one or more people related to him or her by birth, marriage, or adoption. The householder and all people in the household related to him are family members. A non-family householder is a householder living alone or with non-relatives only.

Income Ranges.

- Extremely Low Income. Households with annual income from 0 to 30 percent of area median family income*.

- Very Low Income. Households with annual income from 31 percent to 50 percent of area median family income*.
- Low Income Tax Credit. Households with annual income from 51 to 60 percent of area median family income*.
- Low Income. Households with annual income from 61 to 80 percent of area median family income*.
- Moderate Income. Households with annual income from 81 to 115 percent of area median family income*.
- Workforce Household. Households with annual income up to 120 of area median family income.

* Median family income is determined by HUD. Generally as used in this *Housing Needs Assessment*, HUD's median income for a family of four was used in determining the income ranges.

Manufactured Housing. A single-family detached housing unit, constructed to the "HUD Code", contains an integral chassis, and is licensed by Delaware's Division of Motor Vehicles. A manufactured home does not include modular or pre-fabricated housing.

Median Household Income. The median income calculated from all households in a particular geography, family and non-family.

Median Family Income (MFI). The area median income adjusted for household size and typically presented for a family of four within a particular statistical area such as a metropolitan area or a county; calculated by HUD annually.

Multi-family Housing. Structures containing five or more dwelling units sharing a common area of land.

Overcrowded. A housing unit containing more than one person per room. (U.S. Census definition).

Rent (categories).

- Fair Market Rents. HUD's estimate of the actual market rent for a modest apartment in the conventional marketplace. Fair market rents include utility costs (except for telephones). Every year, HUD develops and publishes FMRs for every MSA and apartment type. FMRs are established at the 40th percentile rent, the top of the range that renters pay for 40 percent of the apartments being surveyed.

- Income-Restricted. The rental rate for units that are income-restricted due to the Low Income Housing Tax Credit program, Rural Development's 515 program (with no Rental Assistance Payment), units financed with HOME funds or bonds, and other State-funded housing programs. The intent of the restriction is to provide below market rents. However and rarely, a resulting unit will actually be the same as or higher than the prevailing market rent.
- Market rate. The prevailing rate for which rent is agreed upon by a willing landlord and tenant. Typically considered the "private market" rent and does not have ties to governmental regulation.
- Subsidized. The rental rate for units where the maximum allowable rent is based on 30 percent of the resident's income. Subsidized rents are typically geared for households earning less than 50 percent of the area median income and result from federal programs such as HUD's Section 8 New Construction and Section 202 programs, and Rural Development's 515 (with Rental Assistance Payment).

Single-family Housing. One-family, free-standing structures, condominiums, townhouses or row-houses intended for owner-occupancy.

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2007



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The *2008-2012 Housing Needs Assessment* Executive Summary and full Technical Document are also available on DSHA's website,
<http://www.destatehousing.com>.