Delaware

Statewide Housing Needs Assessment 2008 – 2012

Technical Document

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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Prepared for the

Delaware State Housing Authority
Saundra R. Johnson, Director

Prepared by:

Mullin & Lonergan Associates, Incorporated
Philadelphia – Harrisburg – Pittsburgh
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September 2007

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Delaware

Statewide Housing Needs Assessment

TECHNICAL DOCUMENT

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HOUSING NEEDS ASSESSMENT OVERVIEW

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.

2. The Delaware housing market is providing more higher-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.

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.

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.

   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.

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.

6. Population growth in Delaware 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).

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

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.

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.

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.

   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.

10. Mortgage defaults, the deepening subprime loan crisis, and receding availability of credit 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.

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.

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.

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.

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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:

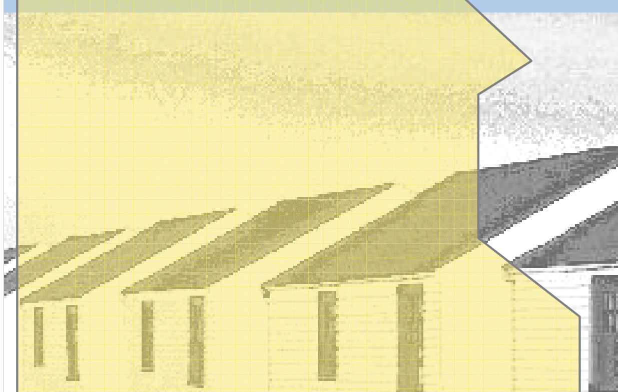
- Analysis of housing supply including owner-occupied, renter-occupied, and vacant housing;
- Analysis of housing demand, including the projected demand through 2012;
- Issues related to attaining homeownership and maintaining homeownership (including foreclosure trends);
- Planning and Redevelopment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

Part 1: Housing Development Context



Delaware
Statewide
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Assessment
2008-2012

MULLIN & LONERGAN ASSOCIATES INCORPORATED

Philadelphia – Harrisburg
Pittsburgh,
Pennsylvania

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Delaware

Statewide Housing Needs Assessment

PART 1: HOUSING DEVELOPMENT CONTEXT

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Statewide Housing Needs Assessment
PART 1: HOUSING DEVELOPMENT CONTEXT

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INTRODUCTION

The following provides background for considering Delaware's housing needs. It lays the groundwork for subsequent analysis in the *Housing Needs Assessment* by profiling key economic, demographic, and land use trends and patterns occurring in Delaware, and, as such, establishes the development context that impacts housing in the state.

The information describing development context is not an inclusive list of factors that impact housing location, but rather serves to compare and contrast the differences between New Castle, Kent and Sussex County. These characteristics, particularly the fluctuation of employment and wage growth and income, are what ultimately drive housing demand.

As an overview, the 2006 population estimates prepared by the U.S. Census Bureau rank Delaware's July 1, 2006 population of 853,476 as 45th in size among other states. The concentration of that population varies through the counties.

The most populous and urban county is New Castle County in the north. Occupying about a fifth of the state, New Castle County has the smallest land area comprising 426 square miles. Sussex County, the most rural, is

ABOUT THE DATA

Much of the data presented in Part 1 of the *Housing Needs Assessment* is drawn from the U.S. Census Bureau's 2000 Census and 2005 American Community Survey (ACS). Secondary data regarding population projections, employment and wages, and other housing statistics are largely excerpted from various of Delaware's State-level agencies or consortia.

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, disclaimers are placed 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.

Income and housing value measures also vary depending on the source. Although the U.S. Department of Housing and Urban Development (HUD) generates household 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. HUD Area Median Income and Fair Market Rent data will be main sources in subsequent sections of the Housing Needs Assessment. Within Part 1, however, the Census numbers provide the most extensive source of measurement.

the southernmost of the three. It is 938 square miles, and covers nearly half the state's land area. In between is Kent County, with 591 square miles, covering about 30 percent of the state's territory.

There are 57 incorporated municipalities in Delaware, with populations ranging from 100 to 73,500 persons. There are 13 incorporated areas in New Castle County, 18 in Kent County, 24 in Sussex County, and two municipal areas that cross county boundaries.

Delaware's largest city is the City of Wilmington in New Castle County with an estimated 2006 population of 72,112. Wilmington has long been a center of banking, commerce, industry, and the performing arts. The City of Dover, the capitol of Delaware, is centrally located in the state. Dover is approximately 90 miles south of Philadelphia and 90 miles east of Washington, D.C., providing convenient access to the two major population centers. While the population of the City of Dover (just over 32,000 in 2000) is significantly less than that of Wilmington, it is much larger geographically encompassing over twenty-two square miles.

1. ECONOMIC TRENDS

Delaware boasts a financially solid and diverse business economy with a concentration of companies in the automobile, chemistry, financial services and insurance, life science and biotech, tourism, agriculture, and corporate legal services markets.

- Agriculture: In addition to a thriving poultry industry and cash crops including corn and soybeans, agriculture is closely tied with one of the fastest growing areas of the new economy, biotechnology.
- Bioscience and Pharmaceuticals: Delaware has the second highest concentration of scientists and engineers in the U.S. The region is home to more than 100 bioscience companies, including industry leaders such as Agilent Technologies, AstraZeneca, DuPont, Dade Behring, W.L. Gore and Associates, Schering-Plough Corporation, and Syngenta.
- Financial Services: Because of the Financial Center Development Act, Delaware has one of the largest concentrations of banking operations in the Mid-Atlantic region. Among the institutions are Bank of America, Chase, and Discover Bank, three of the country's largest credit card banks, as well as ING DIRECT and Juniper Bank, pioneers of online banking.
- Information Technology: Because Delaware's diverse industry base depends heavily on information technology, the state also is home to many IT businesses. In addition, Delaware is ranked among the top five states in the nation when it comes to the number of patents issued per 100,000.

Jobs, wages and benefits derived from employers within these categories shape the economies of Delaware and its communities. As such, the growth trends of these industries directly impact housing markets because of the relationship between job location, income and housing choice. The following discussion of trends and projections in occupations and employment provides a basis for discussion of the ability of households to afford housing, which will impact housing choice and demand in Delaware.

A. EMPLOYMENT & UNEMPLOYMENT

New Castle County has the largest labor force and the most number of jobs as indicated by employment. The total wages column shows that higher wage jobs are in New Castle County than in Kent County and Sussex County. Table 1-1 provides an overview of the population, labor force and employment characteristics of the State of Delaware and its three counties.

Table 1-1
Comparative Economic Overview – 2005

	Population	Labor Force	Employed	Unemployed	Unemployment Rate	Total Wages
New Castle	523,852	274,200	261,731	12,469	4.5	$14,431,444,238
% of State	62	63	62	68		77.5
Kent	141,022	72,854	70,184	2,670	3.7	$2,059,904,961
% of State	17	17	17	14		11.1
Sussex	175,818	90,948	87,615	3,333	3.7	$2,134,359,007
% of State	21	21	21	18		11.5
DELAWARE	**840,692**	**438,002**	**419,530**	**18,472**	**4.2**	**$18,625,708,206**

Source: Delaware Population Consortium, Bureau of Labor Statistics

Delaware's economy overall continues to experience job growth. The Delaware Economic Development Office's *Comprehensive Economic Development Strategy* (CEDS), prepared in 2005, reports that between 1990 and 2004, Delaware added 77,000 jobs. All major industries experienced positive employment growth except for manufacturing.

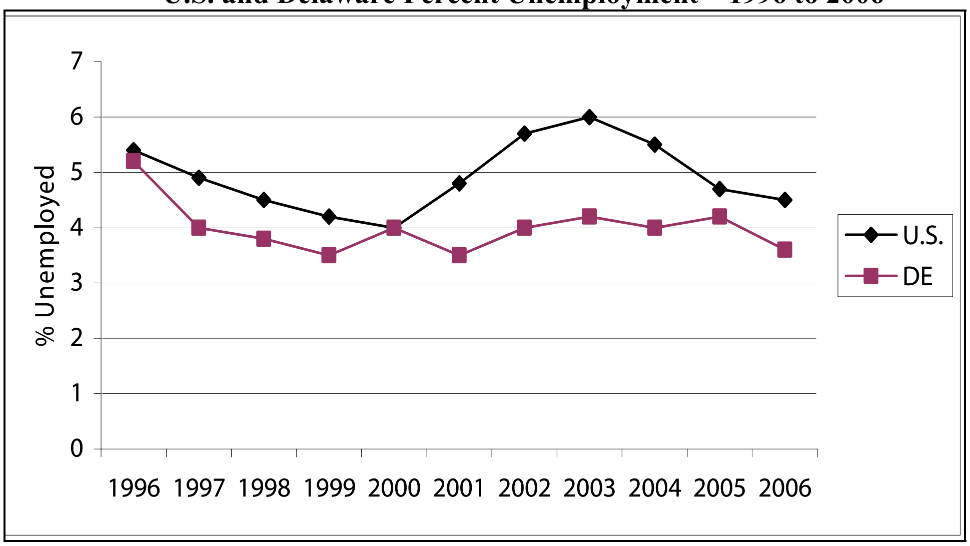
According to the CEDS, in 1977, the state's largest industry was manufacturing, which accounted for 34 percent of total state product. The single largest manufacturing output industry in the state was chemicals production, which accounted for 16 percent of total Gross State Product (the total value of goods and services produced in the state-GSP). By 2002, manufacturing's share had receded from 34 percent to 9 percent. Simultaneously, financial, insurance, and real estate's (FIRE) share of GSP grew rapidly to 44 percent -- making it the largest segment of the state's economy.

Employment expansion and contraction are normal cycles. The period 1990 to 2004 was not one of unbroken job growth. During the recessions of 1990-91 and 2001, job growth stalled and turned negative in a number of industries in Delaware. Trade, transportation, and utilities industries lost jobs in 1991, 1992, and 2001. Professional and business services shed almost 5,000 jobs between 2000 and 2004. Manufacturing and the information sector each recorded double-digit negative growth between 2000 and 2004. Payrolls declined in 2001 and 2002 and zero growth was experienced in 2003.

At present, the CEDS reports that Delaware's job growth is again positive. Employment growth returned in 2004 with 10,000 jobs added. The number of jobs in the state has now surpassed its pre-recession level.

Despite weakness due to recession in the early 2000s, the Delaware Department of Labor Office of Occupational & Labor Market Information (OOLMI) reports that unemployment in the state has consistently remained below the national level. As shown in Table 1-2, over the last ten years, the state's unemployment rate has been consistently lower than the rate nation-wide. The margin between the state unemployment rate and the nation-wide rate over this period has been as great as 1.7 percent in 2002 and as small as 0.0 percent in 2000.

Table 1-2
U.S. and Delaware Percent Unemployment – 1996 to 2006



Source: Delaware Department of Labor, OOLMI: "Local Area Unemployment Statistics"

As shown in Table 1-3, from 1996 to 2006, annual average unemployment rates in the three counties in Delaware were consistent with or below the unemployment averages of the U.S.

Table 1-3
Average Annual Unemployment Rates – 1996 to 2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S.	5.4	4.9	4.5	4.2	4.0	4.8	5.7	6.0	5.5	4.7	4.5
DE	5.2	4.0	3.8	3.5	4.0*	3.5	4.0	4.2	4.0	4.2	3.6
New Castle	5.4	4.1	3.7	3.2	3.8	3.4	4.1	4.4	4.3	4.5	3.3
Kent	5.1	4.5	4.2	3.8	4.2	3.7	3.9	4.2	3.5	3.7	2.9
Sussex	4.5	4.0	3.9	4.3	4.4	3.9	3.6	3.6	3.6	3.7	3.0

Source: Delaware Department of Labor, OOLMI: "Local Area Unemployment Statistics"

Employment volatility for Delaware is highly related to employment volatility at the national level. This means that the state's employment is relatively sensitive to national economic fluctuations.

Table 1-4 shows the unemployment rate for the civilian labor force in Delaware and the counties by race and sex as reported by the U.S. Census. The 2005 American Community Survey (ACS) does not provide an update of this data. As shown in the table, in 2000, the rate of unemployment is higher among blacks and other races than among whites and Asian and Pacific Islanders. The unemployment rate is also high among persons of Hispanic origin. Higher rates of unemployment among the state's minority population contribute to lower rates of homeownership among minority households than among white households.

Table 1-4
Unemployment Rate by Race and Persons of Hispanic Origin – 2000

	DELAWARE			New Castle County			Kent County			Sussex County		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
All persons	5.2*	5.3	5.0	5.2	5.6	4.7	5.6	5.6	5.6	4.9	4.5	5.4
White	3.9	4.2	3.7	4.0	4.5	3.4	3.8	3.5	4.0	4.0	3.7	4.4
Black	9.8	10.6	9.0	9.4	10.4	8.6	12.0	14.3	9.8	8.7	7.7	9.7
American Indian	6.7	5.0	8.4	5.7	3.4	8.2	7.0	7.3	6.6	7.5	4.3	10.5
Asian, Pacific Islander	4.9	4.0	5.9	4.8	4.0	5.9	5.4	2.1	7.7	4.6	8.0	2.0
Other Race	8.5	7.7	9.7	8.5	8.4	8.7	7.3	3.5	12.9	9.0	7.4	12.7
2+ Races	10.5	10.0	11.0	10.8	11.0	10.6	10.8	8.1	13.1	8.9	8.1	9.7
Hispanic Origin	8.9	8.4	9.7	9.2	9.1	9.4	8.3	8.7	7.8	8.1	6.1	12.9

Source: U.S. Census Bureau

* *The discrepancy between the OOLMI 2000 unemployment rate for the State of Delaware (Table 1-3) and the 2000 Census unemployment rate for Delaware, all-persons, both sexes (Table 1-4) is attributed to differing data collection methods and analysis techniques used by the sources.*

B. Employment by Industry

The *Comprehensive Economic Development Strategy (CEDS)*, completed in the late summer of 2006, reports that Delaware's employment is more heavily concentrated than the nation in three industries: construction (7 percent of total employment versus 6 percent nationally), financial activities (13 percent of total employment versus 7 percent nationally), and professional and business services (17 percent versus 15 percent nationally).

The CEDS identifies the following strategic economic clusters as target industries for growth in Delaware: financial services and insurance, life science and biotechnology (including agriculture), automobile manufacturing, chemical manufacturing, and tourism. Each of these clusters vary in size relative to the state's economy as a whole. However, the purpose of the CEDS is to identify those sectors where Delaware has comparative advantages and to enact policies and incentives that will help them to grow. The hope is that, over the long-term, investments in these industries today will lead to sustainable job growth and prosperity in the future.

Fastest Growing Private Job Sectors in Delaware Counties, 2002-2006:

New Castle County
- **Educational Services**

Kent County
- **Transportation & Warehousing**

Sussex County
- **Educational Services**

Source: DE OOLMI: *Quarterly Census of Employment and Wages*

The payoff from the comprehensive strategy will not be known in full for some time. Meanwhile, below are highlights of recent dynamics in each of the individual target areas as well as other employment sectors.

- The chemical industry, finance and insurance, and life sciences clusters have been shedding jobs. The average annual pay for these positions is high (approximately $70,000 average annual salary), hence the CEDS emphasis on these industries for future growth.
- Finance and insurance, which is far and away Delaware's largest industry in terms of contribution to GSP, account for 31.4 percent of the state's GSP in 2002. Job growth in this industry essentially came to a halt, however, in 1999 and has turned negative, due primarily to consolidation among credit card banks.
- Positive employment growth is being recorded in transportation equipment manufacturing (autos), with an average wage of $65,296, and leisure and hospitality with an average wage of $16,209. Auto manufacturing employment, however, remains below its previous high. (Subsequent to the CEDS analysis, the Chrysler Group announced the downsizing of its Newark assembly plant in 2007 with no future production planned beyond 2009. At the time of the announcement, the plant employed 2,100 people.)

- Outside of the CEDS economic clusters, trade, transportation, utilities, and educational and health services are among the primary drivers of job growth in Delaware. The average annual pay, however, falls below the salaries of Delaware's strategic economic clusters. The average annual pay for trade, transportation, and utilities is $32,174 and that of educational and health services is $38,697. Therefore, while there is positive job growth in the economy, lower paying jobs are increasing at higher rates than higher paying jobs.
- OOLMI reports that the majority of jobs in Delaware (70 percent) do not require formal education beyond high school. The majority of jobs where only a high school education is required are relatively low-paying. OOLMI reports that it is common for some jobholders to have more than the required level of education and for some employers to give preference to candidates with more education, even when it is not necessarily required. These jobholders do not earn salaries in line with their education, which may limit their housing choices. They are also displacing lower skill workers.

Table 1-5 shows the percent change in the number of jobs in each of the counties. The table also identifies the share of total county jobs each industry represented in 2002 and 2006. Industries noted for current and projected growth are bold faced. Below is a review of changes in jobs and employment by industry as reported by the CEDS and OOLMI in Delaware's counties, after which is Table 1-6 showing the top 10 employers by county.

i. <u>New Castle County</u>

- In 2002 there were 272,586 persons employed in New Castle County providing 71.5 percent of the total employment (by place of residence) in Delaware. The OOLMI reports that by 2006 the number of persons employed in New Castle County increased by 3.9 percent to 283,295 with 67.7 percent of the total employment in Delaware.
- Between 2001 and 2004, New Castle County lost about 1,800 jobs. Among the industries losing jobs were manufacturing, trade, transportation and utilities, information, financial activities, and other services. Employment growth in leisure and hospitality and education and health services partially offset the losses.
- Recent job growth has turned positive; however, by the end of 2005 the number of jobs is still less than the pre-recession level.
- The employment base has shifted away from manufacturing towards finance and services. In 1970, 28 percent of the county's employment was in manufacturing. By 2000, this figure had fallen to 12 percent. Simultaneously, the share of total employment in finance increased from 7 percent in 1970 to 18 percent in 2000. Service industries rose from 18 percent in 1970 to 31 percent in 2000.

Table 1-5
Percent of Jobs by Industry – 2002 and 2006

	% Change in Number of Jobs by Industry, by County			% of Total Jobs by Industry (2002 and 2006) by County					
				New Castle		Kent		Sussex	
Industry	**New Castle**	**Kent**	**Sussex**	**2002**	**2006**	**2002**	**2006**	**2002**	**2006**
Agriculture, forestry, fishing and hunting	(10.6)	47.3	11.1	0.1	0.08	0.5	0.6	1.1	1.0
Utilities	(4.2)	0.0	(100.0)	0.6	0.6	0.2	0.0	0.6	0.0
Construction	17.2	40.4	50.8	5.9	6.6	5.2	5.8	7.3	8.8
Manufacturing	(25.5)	(32.7)	6.7	8.5	6.1	10.6	5.7	19.5	16.8
Wholesale trade	13.5	37.1	19.2	3.4	3.8	2.5	2.7	2.0	1.9
Retail trade	0.9	31.7	12.4	11.8	11.4	13.6	14.4	17.2	15.6
Transportation and warehousing	3.3	**97.9**	32.1	2.1	2.1	2.5	4.0	2.2	2.4
Information	16.5	6.9	(3.7)	2.4	1.9	1.3	1.1	0.9	0.7
Finance and insurance	15.3	9.7	3.6	10.3	11.4	4.1	3.6	4.5	3.8
Real estate and rental and leasing	(5.6)	14.4	**82.1**	1.5	1.3	1.0	0.9	2.1	3.1
Professional and technical services	(0.8)	31.6	39.8	8.4	8.0	2.4	2.5	2.1	2.3
Management of companies and enterprises	(31.5)	18.4	(76.5)	6.3	4.2	0.2	0.2	1.3	0.2
Administrative and waste services	0.9	(10.5)	33.6	6.3	6.1	4.5	3.4	3.5	3.8
Educational services	**47.7**	(18.6)	**166.7**	0.9	1.3	1.0	0.7	0.1	0.3
Health care and social assistance	12.9	29.9	20.4	10.6	11.6	10.3	10.7	11.5	11.2
Arts, entertainment, and recreation	19.1	**91.7**	**76.5**	1.7	1.9	3.1	4.8	0.9	1.3
Accommodation and food services	15.8	17.2	**58.5**	6.0	6.7	7.8	7.3	10.1	13.2
Other services, except public administration	11.3	18.7	37.9	3.0	3.3	2.8	2.7	2.9	3.3
Federal Government	**106.5**	24.2	**211.4**	0.5	1.1	2.9	2.9	0.3	0.8
State Government	20.8	**55.5**	21.7	4.7	5.3	14.6	18.2	2.4	2.3
Local Government	7.9	6.9	17.1	5.0	5.2	8.9	7.8	7.5	7.2
Total Industries	**3.9**	**24.6**	**24.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Delaware Department of Labor, OOLMI: "Quarterly Census of Employment & Wages"

- Finance and financial services has surpassed chemicals as the single-largest industry employing over 16,000 workers. Nevertheless, the chemical industry remains an important part of the economy. Recent acquisitions and mergers among financial service companies casts doubt over the future of employment in the industry in the state.

- Employment is more heavily concentrated than the nation in two industries: financial activities (15 percent of total employment versus 7.3 percent nationally), professional and business services (21 percent of total private employment versus 15 percent nationally).

- Employment volatility is highly related to employment volatility at the national level. This implies that the county's employment is relatively sensitive to national economic fluctuations.

LARGEST EMPLOYERS, DELAWARE COUNTIES, 2006:

NEW CASTLE COUNTY
- **Bank of America**

KENT COUNTY
- **Dover Air Force Base**

SUSSEX COUNTY
- **Mountaire Farms of DE, Inc.**

SOURCE: COUNTY AND REGIONAL CHAMBERS OF COMMERCE

- The Bureau of Economic Analysis (BEA) reports that per capita personal income is $38,636, compared to $34,199 for the state and $31,472 for the nation.

ii. Kent County

- In 2002, 50,194 persons worked in Kent County. The number of persons employed in 2006 increased by about 24.5 percent to 62,545.

- After a period of stagnation in the early 2000s, job growth is again positive. The weakness took the form of flat payroll growth between 1999 and 2000, which included the 2001 recession. Positive growth returned in mid-2002, and about 10,000 jobs have been added from January 2000 through the end of 2005. Kent County weathered the recession with little net job losses and has posted strong growth in the post-recession period.

- The employment base has shifted away from heavy manufacturing towards services. In 1970, 20 percent of the county's employment was in manufacturing. By 2000, this figure had fallen to 9 percent. Simultaneously, the share of total employment in services rose from 11 percent in 1970 to 25 percent in 2000. Government employment's share of total employment fell from 37 percent in 1970 to 28 percent in 2000.

- All major industries experienced positive employment growth between 1993 and 2005, except for manufacturing (negative growth) and information (flat growth). Among the fastest growing industries are educational and health services, financial activities, trade, transportation and utilities, and leisure and hospitality. Leisure and hospitality industries posted the fastest growth, 66 percent, or 2,900 jobs. The next fastest growth industry was educational and health services. Financial activities grew 56 percent. Manufacturing posted negative growth of 22 percent during the period. This equates to approximately one in every four manufacturing jobs in 1993 being eliminated by 2005.

- Employment in Kent County is more heavily concentrated than the nation in four industries: construction (7 percent of total employment versus 6 percent nationally), trade, transportation and utilities (25 percent of total private employment versus 23 percent nationally), educational and health services (15 percent of total private employment versus 14 percent nationally), and leisure and hospitality industries (16 percent of total private employment versus 11 percent nationally).

- Employment volatility is somewhat highly related to employment volatility at the national level. This implies that the county's employment is relatively sensitive to national economic fluctuations.

- Agriculture comprises 721 farms with 185,000 total acres. The number of farms is falling, but slowly. Farm employment is relatively steady. As of 2005 about 1,500 jobs are in agriculture, below the high of 2,000 in 1970, but up from the 1990 figure of 1,264.

- Per capita personal income is $26,438 (BEA), compared to $34,199 for the state and $31,472 for the nation.

iii. Sussex County

- 58,468 persons worked in Sussex County in 2002. The number of persons employed in 2006 increased by 24 percent to 72,516. Sussex County's share of the employed persons in the state increased from about 15 percent in 2002 to over 17 percent in 2006.

- Growth in the number of employed persons has outpaced the nation since 1990. Resident employment is 37 percent higher now than in 1990, compared to a 17 percent increase for the nation.

- The employment base has shifted away from heavy manufacturing towards finance and services. In 1970, 27 percent of the county's employment was in manufacturing. By 2000, this figure had fallen to 14 percent. Simultaneously, the share of employment in finance rose from 6 percent in 1970 to 11 percent in 2000. From 1970 to 2000, employment in service industries rose from 14 percent to 24 percent.

- The largest industry is tourism. The tourism industry encompasses retail trade and leisure and hospitality industries. Leisure and hospitality alone comprises over 16 percent of the private employment. Retail trade comprises 18 percent of private employment.

- Agriculture remains a vital part of the economy, although its role is diminishing. Sussex County still boasts the largest number of farms in the state with about 1,300, though this number has decreased sharply (24 percent) since 1987. The average farm size is growing (216 acres), and the total farming acreage is still high at 284,000, which is down just 10 percent since 1987. Farm employment is also trending downward; which is a reflection of both a reduction in the number of farms and increased automation of farming activities.

- The market value of agricultural products sold is $462 million, of which $389 million are poultry and their products. The value of broiler and other meat-type chickens sold is $224 million. The county's manufacturing centers around food processing, which is tied to the poultry industry and textiles.

- Employment volatility is not highly related to employment volatility at the national level. This implies that the county's employment is relatively insensitive to national economic fluctuations.

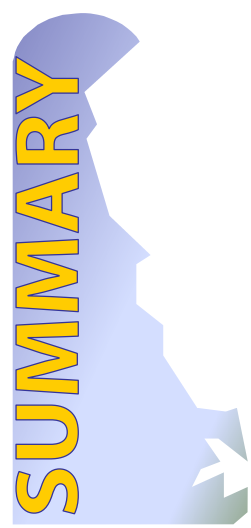
- Per capita personal income is $26,832 (BEA), compared to $34,199 for the state and $31,472 for the nation.

Table 1-6
Top Ten Employers by County – 2006

New Castle County			Kent County			Sussex County		
Employer & # of Employees		Type	Employer & # of Employees		Type	Employer & # of Employees		Type
Bank of America	9,100	commercial banking	Dover Air Force Base	8,600	military	Mountaire Farms of DE	3,500	poultry processing
E. I. Dupont Nemours	8,800	corporate subsidiary, regional offices	Bayhealth Medical Center	2,500	medical services	Perdue Products, Inc.	2,700	poultry processing
Christiana Care Health Services	7,200	general medical & surgical hospital	Delaware State University	1,200	education	Bayhealth Medical Center	2,700	medical services
Astra-Zeneca	4,700	corporate subsidiary, regional offices	Dover Downs	1,200	gambling/ harness racing	Discover Bank	2,400	banking
Alfred I Dupont Inst.	2,700	general medical & surgical hospital	Playtex Products	1,100	personal care	Beebe Hospital	1,400	medical services
Bank One Delaware	2,400	credit card issuing	Kraft Foods	800	food products	Allen Family Foods, Inc.	1,200	poultry processing
GM Corp.	2,400	auto manufacturer	Client Logic	800	catalog fulfillment	Food Lion, Inc.	900	retail super market
Chrysler Corp.	2,200	auto manufacturer	Bank of America	600	credit card services	Nanticoke Memorial Hospital	900	medical services
Happy Harry, Inc.	2,100	drug stores	Aetna U.S. Healthcare	500	insurance	DuPont Seaford Plant	800	chemical manufacturer
Wilmington Trust Company	1,900	commercial banking	Silver Lake Center	200	eldercare	Allfirst Bank	500	bank services

Source: New Castle County Delaware Chamber of Commerce, Central Delaware Chamber of Commerce, Greater Delmar Chamber of Commerce

1.1 / ECONOMIC TRENDS
A & B. EMPLOYMENT



- **Delaware's present overall job market comprises a diversity of economic sectors, many of which are growing but at varying rates.**
- **One time dominance of the chemicals manufacturing industry has given way to other sectors, particularly financial services, in recent decades. Unemployment is low relative to the nation as a whole, but varies in its persistence among racial groups and geographic areas.**
- **The shift from manufacturing to service sectors has occurred in each of Delaware's three counties. Although manufacturing is still one of the largest employment sectors in each county, its relative share of total jobs has dropped significantly.**
- **In recent statistics, small but fast-growing sectors have included transportation and warehousing, real estate services, educational services, recreation, and hotel/accommodation and food services.**

C. WAGES

Table 1-7 reports the average annual wage by industry for each county. Table 1-7 also reports the 2002 average annual wage when adjusted for inflation to 2006. Shaded rows indicate industries that employment projections indicate will be fast growing from 2004-2014, according to the OOLMI *Delaware 2014* projections.

Table 1-7
Average Annual Wage ($) by Industry – 2002 and 2006

Industry	New Castle County		Kent County		Sussex County	
	2002*	2006	2002*	2006	2002*	2006
Agriculture, forestry, fishing and hunting	21,912	26,652	32,613	28,180	29,465	31,572
Mining	n/a	51,940	n/a	n/a	n/a	n/a
Utilities	107,230	81,908	81,653	n/a	71,280	n/a
Construction	46,515	47,528	35,460	38,580	30,353	35,328
Manufacturing	77,568	69,064	44,461	43,872	31,447	32,140
Wholesale trade	69,571	84,288	41,578	40,312	37,133	38,720
Retail trade	25,056	25,144	24,832	23,836	22,872	24,952
Transportation and warehousing	39,075	38,732	27,505	30,152	33,021	34,676
Information	58,539	52,692	42,694	44,772	37,156	37,112
Finance and insurance	80,245	83,716	37,443	45,228	39,380	38,248
Real estate and rental and leasing	40,833	39,808	23,734	29,032	33,393	30,548
Professional and technical services	90,385	72,992	35,761	45,148	37,089	41,444
Mgmt of companies and enterprises	107,777	77,896	67,786	56,784	35,573	49,388
Administrative and waste services	25,343	31,448	18,396	22,996		20,212
Educational services	33,940	34,920	28,536	33,424	25,114	17,432
Health care and social assistance	41,075	45,920	32,994	30,204	35,156	37,224
Arts, entertainment, and recreation	25,034	22,536	23,895	15,892	19,432	16,356
Accommodation and food services	16,006	16,328	13,001	12,504	13,934	14,320
Other services, except public administration	27,644	27,660	22,096	22,700	21,814	21,800
Federal Government	63,817	53,612	46,726	52,620	30,348	43,924
State Government	46,933	45,032	33,730	40,396	34,734	28,684
Local Government	43,991	44,948	33,703	38,084	39,116	36,056
Total Industries	**54,000**	**50,324**	**31,487**	**32,692**	**29,281**	**29,664**

Source: Delaware Department of Labor, OOLMI, "Quarterly Census of Employment & Wages"
**inflation adjusted*

In its *Quarterly Census of Employment and Wages*, OOLMI reports that the average annual wage in Delaware increased from $39,630 in 2002 to $46,261 in 2006. In 2002 and 2006, the highest average annual wages by industry were paid in New Castle County. Those sectors that employment projections indicate will be fast growing (see Section D below) are shaded. Among most industries, the average annual wages kept pace with or exceeded inflation. In New Castle County, however, the total for all industries did not keep pace with inflation. This results from declines in professional and technical services and management of companies and enterprises, which are high paying industries.

As of 2006, the OOLMI reports that the statewide mean hourly wage was $18.88 varying from $8.66 per hour for entry level employees to $23.99 for those with experience.

- The highest hourly wages are paid in New Castle County where the mean hourly wage is $20.46 varying from $9.27 for entry level employees to $26.06 for those with experience.
- In Kent County the mean hourly wage is $16.28. Mean hourly wage for entry level employees is $8.23 and $20.31 for those with experience.
- In Sussex County the mean hourly wage is $14.57, varying from $7.79 for entry level employees to $17.95 for those with experience.

Beyond Wages: Delaware Job Benefits, which was prepared by the OOLMI, estimates that 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.

Given that the state minimum wage increased to $6.15 in October of 2000 and remained there until January 2007, it should not be a surprise that the number of workers at the minimum declined. As inflation gradually erodes the real value of a nominally fixed wage, it becomes less binding and labor markets set wages above it on their own. In real terms, it takes $7.17 an hour in 2005 to equal the buying power $6.15 had in October 2000. In 2006, the General Assembly voted to incrementally increase the state minimum wage to $7.15 an hour. The first increase, to $6.65, took effect January 1, 2007 and the second increase, to $7.15, will take effect January 1, 2008.

Only three industries average greater than 1 percent of their workforces at the minimum wage: administrative support and waste management and remediation services, at 1.2 percent; real estate and rental and leasing, at 6.1 percent, and accommodation and food services, at 12.6 percent.

Table 1-8 provides a review of mean hourly wage by occupation group by county in Delaware. The table also shows the percentage of the workforce employed in the occupation.

Table 1-8
Mean Hourly Wage ($) by Occupation Group – 2005

	New Castle County		Kent County		Sussex County	
Occupation	**Mean Hourly Wage ($)**	**% of Estimated Employment**	**Mean Hourly Wage ($)**	**% of Estimated Employment**	**Mean Hourly Wage ($)**	**% of Estimated Employment**
Architecture & Engineering	34.18	1.7	27.93	1.7	23.07	0.9
Arts, Design, Entertainment, Sports, & Media	20.2	1.3	16.59	0.8	15.18	0.7
Bldg. & Grounds, Cleaning & Maintenance	11.03	3.4	10.4	3.3	10.39	4.3
Business & Financial Operations	28.94	6.2	22.52	4	21.96	2.1
Community & Social Services	18.44	1.4	18.06	1.8	17.82	1.4
Computer & Mathematical	31.98	3.2	26.79	1.3	26.21	0.5
Construction & Extraction	19.69	5	17.26	4.8	15.62	6.5
Education, Training & Library	22.02	4.5	19.98	7.4	20.5	5.2
Farming, Fishing & Forestry	14.29	0.04	15.54	0.2	10.66	0.8
Food Preparation & Serving	9.37	7.1	9.02	10	8.93	11.4
Health Practitioners	30.77	5.2	29.92	3.8	25.88	5.6
Healthcare Support	12.46	2.3	12.57	2	11.88	2.1
Installation & Repair	19.86	3.5	17.87	4.6	16.04	4.2
Legal	45.04	1.2	27.72	0.7	25.25	0.6
Life, Physical & Social Service	31.28	1.9	22.4	0.9	25.07	0.3
Management	46.48	5	35.26	3.9	34.93	2.8
Office & Administrative Support	15.33	21.7	13.31	17.6	13	15.5
Personal Care	11.56	2	10.72	2.2	10.88	1.8
Production	18.87	5.1	13.59	6	10.47	14
Protective Service	16.42	1.6	16.37	3.5	15.62	1.9
Sales	16.54	11.2	13.25	12.5	13.13	11.7
Transportation & Material Moving	14.71	5.5	12.61	7	11.78	5.7
Total	**20.46**	**100.0**	**16.28**	**100.0**	**14.57**	**100.0**

Source: Delaware Department of Labor, OOLMI , "Delaware Wages, 2005"

Benefits can be worth up to about one-third the amount of an employee's compensation. Reductions in employer-sponsored benefits result in households paying out-of-pocket for critical expenses such as health insurance. As households pay for more of their benefits, their ability to pay for housing is diminished.

During the second half of June 2005, OOLMI distributed surveys to employers regarding benefits. *Beyond Wages: Delaware Job Benefits*, which was published in June 2006, is the fourth survey of benefits and conditions of employment in Delaware; the first three were conducted in 1997, 1999, and 2001. The survey was mailed to 1,443 private employers in the state randomly selected from a stratified sample. Half of the state's private workforce is employed at firms included in the survey. The survey responses therefore represent a broad cross section of employers by size, industry and geography.

With a four-year period between surveys, the latest finds many significant changes since 2001, almost all in the direction of fewer employee benefits. Major findings are as follows.

- There has been a clear decline in benefits offered by Delaware employers since 2001 in all major benefits categories: health care, paid time off, and retirement.
- 60 percent of the state's private employers offer health care benefits. Most firms that offer health care benefits offer only one type of plan. Preferred Provider Organization (PPO) plans are most common.
- Approximately 88 percent of the private workforce works at firms where health care benefits are offered, down from 93 percent in 2001.
- Firms with 50 or more workers almost universally provide health care benefits (only 5 percent of them do not). Nearly 60 percent of Delaware's total private workforce is at firms of this size.
- Among firms with fewer than 50 workers, 58 percent make health care benefits available.
- 85 percent of large firms (100 or more workers) have at least one type of retirement plan in place for full-time workers.
- 56 percent of the firms with fewer than 100 workers have at least one type of retirement plan in place for full-time workers.
- 37 percent of the firms with fewer than 10 workers have at least one type of retirement plan in place for full-time workers.
- There has been a decline in the number of workers being paid the minimum wage of nearly 50 percent since 2001. The state's minimum wage was raised to $6.65 in January, 2007 and will increase to $7.15 in 2008.
- 23 percent of the jobs at private employers in Delaware are part-time. These jobs provide fewer benefits than similar full-time positions. 16

percent of those working part-time said they would prefer to be working full-time.

- College tuition assistance has declined as a benefit, especially in New Castle County.

D. PROJECTED EMPLOYMENT

In its publication *Delaware 2014*, the Delaware Department of Labor, Office of Occupational and Labor Market Information (OOLMI) presents employment projections by specific occupations, career clusters and industries for 2004-2014.

i. Projections by Career Cluster

The OOLMI presents occupation projections grouped by career cluster. The US Department of Education developed 16 career clusters as a way to link school and work, helping students to choose a curriculum that is best suited to their career plans.

For each occupation, OOLMI provides the forecasted average annual growth rate from 2004 to 2014,[*] average annual openings due to growth, average annual openings due to net replacement of workers (the total expected job openings per average year is the sum of the growth and replacement), and the estimated 2005 average annual wage. As shown in Table 1-9, the business management and administration cluster is expected to generate the most job openings (more than 28,000).

Average wage among jobs in business management and administration is ranked 9th out of the 16 career clusters. Science, technology, engineering, and mathematics is the highest paying cluster but ranks 14th out of 16 in total openings through 2014. In fact, four of the top five career clusters in average wage rank at 10th and below in total openings through 2014.

Hospitality and tourism has the lowest average wage and is projected to have the third highest number of job openings through 2014. Marketing, sales, service, which ranks 14 in average wage, is projected to have the second highest number of job openings through 2014.

[*] *Delaware 2014*, DE Department of Labor, Office of Occupational and Labor Market Information, April 2007.

Table 1-9
Growth by Career Cluster – 2004 to 2014

Career Cluster	2005		2004 to 2014				
	Average Wage ($)	Rank	Total Openings	Rank	Percent Total Openings	New Jobs	Annual % Growth
Business Management, Administration	40,724	9	28,070	1	17.9	10,720	1.0
Marketing, Sales, Service	31,723	14	26,550	2	16.9	7,020	1.0
Hospitality and Tourism	21,051	16	23,730	3	15.1	7,600	1.6
Health Science	51,815	4	13,470	4	8.6	8,060	2.4
Architecture, Construction	41,503	7	10,230	5	6.5	4,460	1.5
Transportation, Distribution and Logistics	32,811	13	9,940	6	6.3	3,350	1.1
Education and Training	43,784	6	8,320	7	5.3	3,890	1.7
Manufacturing	35,333	12	8,230	8	5.2	1,430	0.1
Finance	39,318	10	7,420	9	4.7	2,450	0.8
Information Technology	64,307	2	4,960	10	3.2	3,170	2.1
Law, Public Safety and Security	55,207	3	4,020	11	2.6	1,540	1.2
Human Services	35,447	11	3,790	12	2.4	1,840	1.8
Agriculture, Food, Natural Resources	27,968	15	2,890	13	1.8	860	0.9
Science, Technology, Engineering and Mathematics	73,151	1	2,400	14	1.5	790	1.1
Arts, A/V Technology, Communications	41,049	8	2,110	15	1.3	800	1.2
Government and Public Adm.	48,561	5	770	16	0.5	350	1.6

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

ii. Projections by Industry

Total employment in Delaware is projected by the OOLMI 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, when 60,970 jobs were added at an annual growth rate of 1.5 percent. The expected slowdown in job growth is consistent with the decrease in population growth projected by the Delaware Population Consortium (DPC). The slower growth is spread across the majority of industries, with only transportation and warehousing and management of companies and enterprises expected to grow at faster rates over the coming decade. The number of jobs in manufacturing is actually expected to shrink, not grow, but at a slower rate than it declined from 1992 to 2002.

Table 1-10 below shows the industry projections for 2014. It is followed by a review of the projected job changes per leading growth sectors. The review also considers the impact on wages from the shift in jobs by industry.

(Tables 1-7 and 1-8 earlier in the document highlight these industries as well.)

Table 1-10
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, "Quarterly Census of Employment & Wages"

- Health care and social assistance: Jobs in these professions are projected to grow the fastest through 2014 in total number of jobs and on a percentage basis. This is the second-largest of Delaware's industry sectors, behind retail trade. Average wages in health care and social assistance are slightly below the state average, so the large increase in employment should have little impact on average wages in Delaware.

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

$15,529 = AVERAGE ANNUAL PAY IN SUSSEX COUNTY FOR JOBS IN FAST GROWING "ACCOMMODATIONS AND FOOD SERVICES" SECTOR.

SOURCE: DE, OOLMI: *Quarterly Census of Employment & Wages*

- Retail trade: The retail sector is projected to provide the second highest total of net new jobs. The average wage in retail trade is quite low, at just 55 percent of the state's overall average wage, but the retail sector is expected to add the most jobs motor vehicle and parts dealers, has an average wage close to the overall state average.

- Accommodation and food services: This category is expected to add almost 5,000 jobs by 2014, the third highest total, with almost all of that gain expected in food services. While it is part of the state's lowest paying industry, tips are not included in the official figures, so the average worker makes out better than it appears from the data.

- Arts, entertainment, and recreation: A broad category, this sector is projected to be the second fastest growing industry on a percentage basis, although increase in the number of jobs will slow considerably. Much of the employment growth in this industry was driven by the introduction of slot machines at the state's horse racing tracks. Growth at such a rapid rate is unlikely to continue.

- Construction**:** Construction is expected to slow after a period of rapid growth. The majority of the jobs will be specialty trade contractors or heavy and civil engineering construction. Construction pays wages right around the overall state average.

- Finance and insurance: Delaware's largest industry in terms of contribution to Gross State Product (GSP) is projected to grow at a much slower pace over through 2014 than it has over the previous 20 years. Job growth in this industry peaked in 1999 and has turned negative recently, due primarily to consolidation among credit card banks. While the consolidation is expected to continue, it is projected that modest job growth will return in the next decade, although at a slower rate than the state average.

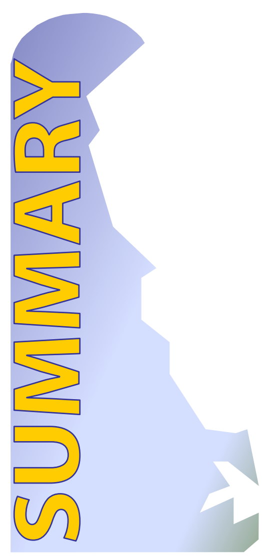
- Professional, scientific, and technical services: Another broad category, these professions are projected to grow 1.4 percent per year, which is higher than the state average rate of 1.2 percent per year. This category includes legal services, accounting services, advertising, computer services, and scientific research.

- Educational services: Education is projected to grow only about half as fast as it did during the past ten years. This industry, which includes elementary and secondary schools, colleges and universities, and business and trade schools, is largely driven by demographics. Its slower growth reflects the projected slower increase in Delaware's school age population over the next ten years. Educational services fall into the category of middle to lower paying industries; the $36,012 average pay in 2006 ranks it 16 out of 22, according to OOLMI data.

- Manufacturing: Projected continued decline in this sector means the loss of relatively high paying jobs, as manufacturing's average wage of $54,107 ranked it 6th highest in 2006. The job declines are projected to be spread out across most of the industry's sub-sectors.

- Agriculture, forestry, fishing, and hunting: The exact number of workers in this category is not easy to estimate. Employment estimates show 1.8 percent of Delaware's total employment in agriculture, forestry, fishing, and hunting. Employment is projected to remain the same.

1.1 / ECONOMIC TRENDS
C & D. WAGES AND EMPLOYMENT PROJECTIONS



- **A widening gap between high salary and low wage jobs is a likely outcome of the future depicted by employment projections for 2012.**

- **The highest growth in total number of jobs is projected to occur in health care, retail trade and accommodation/food services. Compared to current average wages, with the exception of management, earnings in these growth sectors are below $50,000/year; many are below $40,000.**

- **The decline in employer-provided benefits is another facet to examine in considering employee compensation. As more health care costs are passed on to employees, their household budgets will have to absorb the added expense.**

- **If wages and salaries are not growing at the same pace as health care costs, other aspects of the household budget (e.g. food, transportation, and housing costs) will face cuts in order to make up the difference.**

E. EDUCATION & EMPLOYMENT

An educated workforce supports economic development. Decisions by employers regarding where to locate are based, in part, on the availability of a workforce. Since those jobs that are more likely to pay higher wages typically require a higher level of skills than lesser paying jobs, the availability of an educated workforce will attract businesses offering higher salaries. In turn, the higher skilled workers who earn a higher wage will have more housing options.

The 2000 Census reported the following about the educational attainment of Delaware's population.

- Statewide, over 14 percent of persons age 25 and over lack a high school diploma. While OOLMI projects that the majority of the jobs created in the state through 2014 will not require formal education, the jobs will be low pay and offer the fewest benefits. This will limit the ability of those without a high school diploma to obtain safe, decent housing. The highest percentage of those without a high school diploma is in Sussex County.
- Statewide, 34 percent of the population age 25 and over have a college degree.

Table 1-11 provides a review of the educational attainment among Delaware's population age 25 and over.

Table 1-11
Educational Attainment – 2005

	DELAWARE		New Castle County	Kent County	Sussex County
	Total	Percent	Percent	Percent	Percent
No High School diploma	79,327	14.4	12.2	16.9	18.6
High School Graduate (includes equivalency)	181,831	33.0	30.6	38.2	35.7
Some College, no Degree	99,866	18.1	17.7	21.2	17.0
Associate Degree	38,176	6.9	7.2	6.1	6.8
Bachelor Degree	90,574	16.4	19.1	10.3	13.6
Graduate or Professional Degree	61,305	11.2	13.2	7.3	8.3
Total	**551,079**	**100.0**	**100.0**	**100.0**	**100.0**

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

Of the new jobs projected by 2014, nearly 60 percent will require only short-term or moderate-term on-the-job training. Most of the high-paying jobs, however, will require education beyond high school. This means that most of the jobs created in Delaware will be pay at a lower rate. Table 1-12 below shows projected job openings and growth by educational level per the OOLMI 2014 employment projections discussed above.

Table 1-12
Projected Openings and Growth by Education Level – 2004 to 2014

	Total Openings 2004 - 2014	Percent of Total Openings	Number of New Jobs	Annual Percent Growth	2005 Average Annual Pay
First professional degree	1,700	1.1	855	1.4	128,068
Doctoral degree	497	0.3	261	2.3	58,506
Master's degree	2,548	1.6	1,292	1.9	53,217
Bachelor's or higher degree, plus work experience	7,061	4.4	3,479	1.7	88,198
Bachelors degree	19,601	12.3	10,208	1.9	57,701
Associate degree	7,172	4.5	4,266	2.4	52,113
Postsecondary vocational training	8,331	5.2	3,838	1.6	33,465
Work experience in a related occupation	9,247	5.8	3,326	1.1	50,300
Long-term on-the-job training	9,546	6.0	3,967	1.5	40,434
Moderate-term on-the-job training	24,198	15.2	7,317	0.9	34,676
Short-term on-the-job training	69,209	43.5	16,790	1.0	22,877

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

F. INCOME

The 2005 ACS reports that statewide the median household income in Delaware in inflation adjusted dollars was $52,499, up 10.8 percent from $47,381 in 2000.

The ACS reports the following regarding median household income among the three counties in Delaware in 2005.

- In New Castle County, the inflation adjusted median household income was $59,270, up 13 percent from $52,419 in 2000.
- The inflation adjusted median household income in Kent County was $48,288,up 17.9 percent from $40,950 in 2000.
- In Sussex County, the inflation adjusted median household income was $44,942, an increase of 14.6 percent from $39,208 in 2000.

NOTE ABOUT THE DATA

In Part 2 of the Housing Needs Assessment, affordability analysis is based on HUD-generated median family income, MFI, for each county. The MFI is useful when considering housing affordability because it directly relates to HUD housing assistance benchmarks.

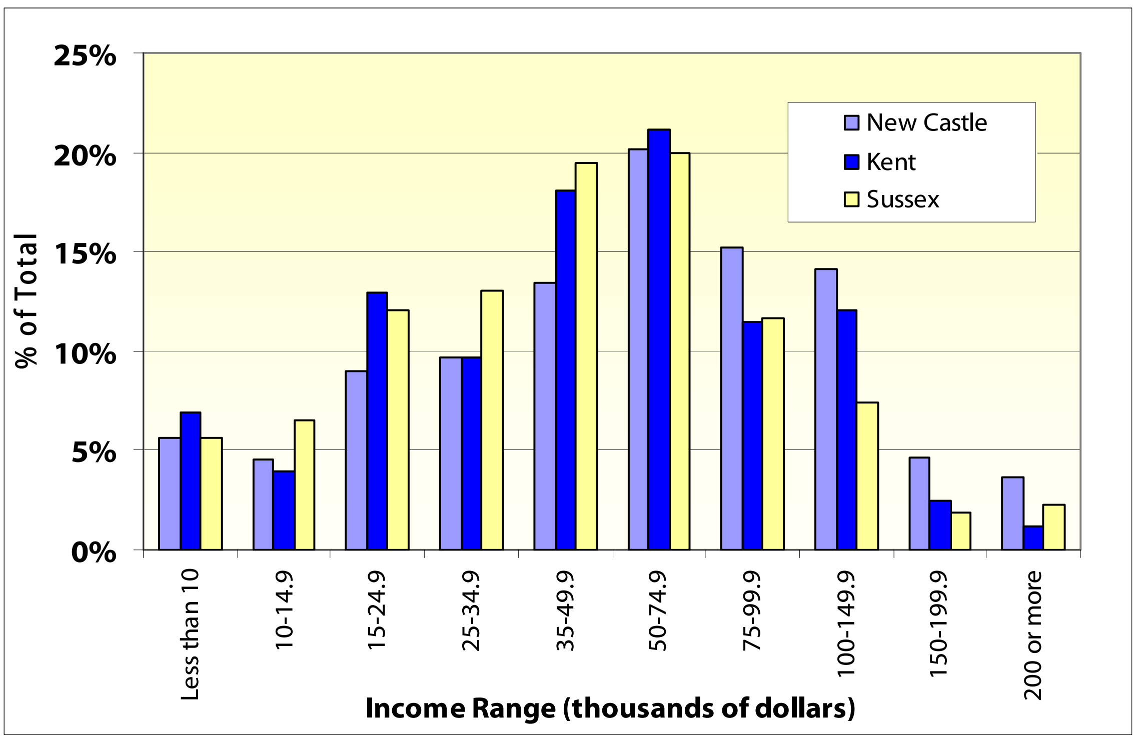
However, HUD's MFI is based on a family-household of four individuals. In order to find a statistic that represents all households statewide, the Census median household income is used below.

In 2005, 20 percent of the households in Delaware had annual incomes between $50,000 and $74,999, making that income category the largest. Low-income households are those earning at or below 80 percent of the median. Using ACS data to consider total low-income households, the following is found:

- Statewide, about 119,600 households, or about 37 percent, are low-income, with median annual income at or below $41,119, which is 80 percent of the median income of $52,499.
- New Castle County has the largest percentage of low-income households at about 40 percent, with about 78,000 of the 193,255 households with median income at or below $47,416.
- In Kent County, there are about 21,300 households, or about 39 percent, with income below $38,626 which is 80 percent of the median.
- Sussex County has the smallest percentage of its households classified as low-income, with just 20 percent of the households earning less than $35,954, which is 80 percent of the median income of $44,942.

Table 1-13 presents a percentage of households by income in 2005.

Table 1-13
Household Income Ranges by County – 2005



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

As shown in Table 1-14 below, by race, Asian households have the highest median income statewide at $76,149 followed by white households at $55,427. Median household income among Asian and white households is higher than the statewide median. Black, other race, and two or more race households all have median income that is below the statewide median. Hispanic households also have median income that is lower than among all households. This contributes to lower homeownership rates among minority households in Delaware.

Table 1-14
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

The 2005 ACS reports that, statewide, there were 85,076 persons below the poverty level representing 9.2 percent of the population for whom poverty is determined. Delaware's population of persons below the poverty level increased by about 22 percent from 69,901 in 2000. (The 2005 poverty threshold used by the Census was approximately $9,975 annual income for an individual; approximately $19,800 for a family of four.)

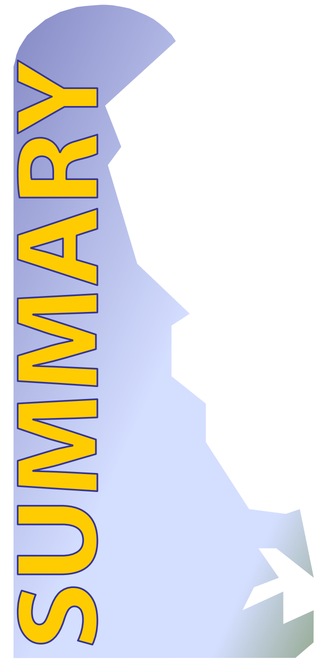
Table 1-15 provides a review of the poverty level status of families and individuals in Delaware in 2005. The table shows that, among female headed households, poverty is very high. Statewide, about 24 percent of female headed households are below poverty. In Kent County, over one-third of the female headed families are below poverty.

Table 1-15
Families and Individuals Below Poverty – 2005

	Delaware		New Castle County		Kent County		Sussex County	
	Total	%	Total	%	Total	%	Total	%
Families	23,068	7.6	13,721	7.1	3,059	7.9	6,288	8.9
Families With Children Under Age 18	12,469	12.5	6,977	11.0	2,363	12.5	3,156	17.6
Female Headed Families	10,176	23.9	5,553	20.7	2,488	33.5	2,135	25.8
Individuals	85,076	10.4	51,032	10.1	15,002	10.7	19,042	11.0
18 and over	56,984	9.2	34,780	9.1	9,901	9.5	12,303	9.0
65 and over	7,696	7.2	3,716	6.5	1,907	11.4	2,073	6.3

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

1.1 / ECONOMIC TRENDS
E & F. EDUCATION AND INCOME



- **Fourteen percent of Delawareans aged 25 or older lack a high school diploma. Meanwhile, 34 percent have college degrees. Although the majority of Delaware's jobs (70 percent) do not require a formal education beyond high school (and that percentage is projected to drop only slightly over the next 12 years), such jobs typically pay less.**
- **Following the earlier review of wages and employment projections, there will likely be jobs for the less educated population. In fact, over 40 percent of projected job openings by 2014 will require only short-term, on the job training. These same types of jobs currently pay on average less than $25,000 per year.**
- **Statewide, in 2005, over one-third of Delaware households had incomes below 80 percent of the ACS reported median ($52,499) and would therefore be considered among the lower-income categories most often used to calculate housing assistance for state and federal programs.**
- **New Castle County had the highest rate of lower income households, closely followed by Kent and then Sussex Counties.**

G. ECONOMIC DEVELOPMENT ACTIVITIES

Economic development will spur job growth and support households in securing decent housing.

i. New Castle County

The 2007 New Castle County *Comprehensive Plan*, notes that the county's business mix is increasingly diverse, resulting in an economy that is less reliant on any one industry and better able to weather economic fluctuations. The county's employment base is less dependent on manufacturing and is shifting increasingly towards a service-based economy. The education and health services sector and the leisure and hospitality industry are expected to have the greatest economic growth during the period. While the trend is towards a service-based economy, the retention and recruitment of high-wage manufacturing jobs will help to maintain diversity in the economic base.

The county's growth management strategy encourages the most efficient use of New Castle's limited land resources in order to accommodate employment growth and strengthen the tax base. At the same time, county policies recognize the need to protect natural resources and improve environmental quality, provide adequate public facilities and services, and assure appropriate planning for community services. In addition to the redevelopment of existing properties and neighborhoods, county policies also recognize that commercial development will occur on green field sites, resulting in increased pressure on natural resources and environmental quality, infrastructure and services. A balance must be struck to ensure a healthy economic and natural environment that will continue to attract employers and workers.

Given employment projections for 2030, New Castle County estimates that roughly 3,000 acres of non-residentially zoned land will be necessary to accommodate nearly 37 million square feet of commercial, office and industrial growth. Ideally, much of this growth will not occur on undeveloped sites, but on existing underdeveloped or brownfield properties. Under the current growth management strategy, the county has more than sufficient amounts of acreage zoned to accommodate the projected employment growth through 2030. More than 32,000 acres of land are zoned for non-residential uses, with approximately 11,000 (34 percent) of that acreage undeveloped.

New Castle County plans call for actively promoting and encouraging the redevelopment of existing properties. The County supports redevelopment projects that provide increased capital investment to underused areas to enable them to return to productive, safe, and economically viable communities. Recent estimates by the County's Department of Land Use indicate that approximately 66 percent of the non-residentially zoned county lands are improved, or partially improved with existing structures. Much of the developed non-residential land remains underdeveloped, as those sites with existing structures are not always developed to the maximum extent allowed by the county's Unified Development Code.

ii. Kent County

Kent County's most recent *Comprehensive Plan* was completed in 2002. The County is preparing an update of the document for completion in 2008. The *Comprehensive Plan* notes that it has an inventory of more than 1,000 acres of industrially zoned land. The industrially zoned land is located throughout Kent County and is owned by a mix of private individuals and public entities. The inventory of industrial land is projected to be sufficient for at least the next 20 years.

Kent County's economic development efforts are executed in close cooperation with the Delaware Economic Development Office (DEDO). The DEDO, with its comprehensive marketing efforts, financial programs, workforce training, research, and other resources, is the lead agency in bringing in new capital investment and employment. Targeted industries include structural metals; industrial electronics; industrial and analytical instruments; health, diagnostics, and treatment instruments; production machinery; general industrial machinery components; and, adhesives, sealants, and miscellaneous chemical preparations. Dover and Smyrna have instituted successful Main Street programs, which have renewed investment and interest in their downtowns. The City of Dover also has a Downtown Development Corporation.

The Kent County *Comprehensive Plan* indicated there is a growing back-office industry presence. The back-office industry has located in Kent County, with much of it coming from companies in New Castle County because of lower costs. In the southern part of Kent County, there have been sporadic efforts to recruit more retirees to take advantage of the lower cost of living.

iii. Sussex County

The Sussex County *Comprehensive Plan* was completed in 2003. An update is in progress for completion in 2008. It expressed the concern for the need to broaden the economic and employment activities in Sussex County through encouraging existing industries to expand and new businesses to locate in the county. Based on a study by the Delaware Development Office, it was recommended that the primary recruiting efforts target industries including structural metal products; industrial electronics; industrial and analytical instruments; health, diagnostic, and treatment instruments; production machinery; general industrial machinery components; and adhesives, sealants, and miscellaneous chemical preparations.

Sussex County maintains an Economic Development Office with the responsibility for promoting, expanding, and diversifying the economic and employment base of the county.

H. Key Economic Trends: Summary of Findings

- Delaware's economy is diversified and well positioned for continued growth in most of its major industry divisions.
- Projections are that the greatest growth in jobs in the state will occur among the lowest wage industries including Retail Trade, Administrative and Waste Services, and Accommodation and Food Services.
- The top three industries for new job creation between 2004 and 2014 (health care, retail, and accommodation/food services) were ranked 13th, 20th and 22nd respectively in terms of 2006 average wages.
- High wage jobs in finance and insurance and scientific research are projected to grow at a slower pace over the next 10 years. This will tend to reduce overall wage levels in the state.
- Among most industries, the average annual wages kept pace with or exceeded inflation during the first half of the 2000s. In New Castle County, however, the total for all industries did not keep pace with

inflation due to declines in persons employed in higher-wage industries including Professional and Technical Services and Management of Companies and Enterprises. (The rapid increase in housing values during the first years of the 2000s, greatly exceeded the cost of living and reduced the ability of households to afford housing.)

- Seventy percent of the jobs in Delaware do not require formal education beyond high school. This proportion is expected to drop slightly with more of the jobs created in Delaware requiring more education and training. These jobs are low-paying and the gap between high-paying and low-paying jobs is likely to widen.
- Much of workforce in Delaware is highly educated, supporting its ability to remain employed and housed. However, persons without an education and technical skills will be vulnerable to chronic housing problems.
- As labor force participation has increased and the proportion of working people in a household increased, median income in Delaware grew. Typically, income rises with age. Since the population in Delaware is getting older and approaching its peak earning years, it would be expected that household incomes will continue to rise.
- On the other hand, the shift of lower-skilled, higher-wage jobs out of manufacturing sectors to lower-skilled, lower-wage jobs in service-oriented sectors could act as a drag on median income. The changing demographic and economic characteristics of the state will impact the ability of the households in Delaware to house themselves.
- OOLMI's publication *Beyond Wages: Delaware Job Benefits* (June 2006) notes that "There has been a clear decline in benefits offered by Delaware employers since 2001 in all major benefits categories." Reduced benefits or lack of benefits, particularly health insurance, reduces disposable income that is available for housing, putting households at a greater risk of experiencing a housing problem.
- Overall, the proportion of the population in Delaware that is employed has been rising. Beginning in the 1960s, the rise was largely because of the increased rate among females. That source of new labor market entrants is gradually diminishing. Increases in labor force participation during the 1990s were almost solely due to greater participation by minorities.

2. POPULATION & HOUSEHOLD TRENDS

Demographic trends are important to the understanding of the housing market in that variables such as an expanding population, decreasing household size, new household formation, and immigration determine housing demand. The following section examines basic population trends up to the present as well as population projections into the future. Part 2 of the *Housing Needs Assessment* examines household growth projections to 2012 and the resulting housing demand forecast.

A. POPULATION

The population in Delaware increased every decade from 1900 to 2000. The percent change varied by location in the state. For example, the population of New Castle County increased consistently over the century. Meanwhile, during the early part of the 20th Century the population in Kent County and Sussex County decreased. In the latter half, the rate of population increase was higher in Kent County and Sussex County than in New Castle County.

Table 2-1 provides a review of population in Delaware by county from 1900 to 2006. Estimates prepared by the Delaware Population Consortium (DPC) indicate that the state's population continued to grow during the first years of the 2000s. The population pattern of faster growth in Kent and Sussex Counties continues in the 2000s. While the majority of the state's population continues to reside in New Castle County, the county's share of the state's population continues to decline.

Table 2-1
Population – 1900 to 2006

	DELAWARE		New Castle County		Kent County		Sussex County	
Year	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change
1900	184,735		109,697		32,762		42,276	
1910	202,322	9.5	123,188	12.2	32,721	(0.1)	46,413	9.8
1920	223,003	10.2	148,239	20.3	31,023	(5.2)	43,741	(5.8)
1930	238,380	6.8	161,032	8.6	31,841	2.6	45,507	4.0
1940	266,505	11.8	179,562	11.5	34,441	8.2	52,502	15.4
1950	318,085	19.4	218,879	21.9	37,870	10.0	61,336	16.8
1960	446,292	40.3	307,446	40.5	65,651	73.3	73,195	19.3
1970	548,104	22.8	385,856	25.5	81,892	24.7	80,356	9.8
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

In 1980, 67 percent of Delaware's population lived in New Castle County and the remaining third of the population was evenly split between Kent and Sussex Counties. As of 2006, 61.6 percent of the population is in New Castle County, 17.3 percent resides in Kent County, and 21.1 percent is in Sussex County. The October 2006 DPC population estimate is 854,977, while the U.S. Census Bureau July 1, 2006 population estimate is 853,476.

B. POPULATION BY AGE

The 2005 ACS reports that, statewide, the median age of the population is 37.9 years, up from 36 years as reported by the 2000 Census.

- The state's oldest population is in Sussex County, where the median age of the population is 42.4 years old, up from 41.1 in 2000.
- Kent County, where the median age is 35.7 years old, has the youngest population. Kent County's median age increased from 34.4 years old in 2000.
- The median age of the population in New Castle County is 37 years old, up from 35 years old in 2000.

The following provides a review of the population by age in Delaware and the change in population by age as recorded by the 2000 Census and the 2005 ACS.

- The population of children, consisting of persons age 19 and under, includes 212,892 persons, which is 26 percent of the population. From 2000 to 2005, the population of children decreased by about 4,600 or 2.1 percent. The population of children is the only age group that recorded a decrease in total population from 2000 to 2005.
- There are 162,159 persons age 20 to 34, which is 19.8 percent of the population. While the number of young adults increased by 1.7 percent from 159,412 in 2000, the percentage of the total population declined from 20.3 percent in 2000.
- The 246,655 persons age 35 to 54 represent 30.1 percent of the population up from 29.8 percent in 2000 when there were 233,342 middle-aged adults.
- The greatest increase is among persons age 55 to 64. In 2000, there were 71,711 persons age 55 to 64. Persons aged 55 to 64 increased by 25.6 percent to 90,900.
- The young elderly, consisting of persons age 65 to 74 increased by 3.2 percent from 56,733 in 2000 to 58,556 in 2005.
- There was also a substantial increase in persons age 75 and over. In 2000 there were 44,973 persons age 75 and over, which was 5.7 percent of the population. Persons age 75 and over increased by 7.3 percent to 48,235 and constitutes 6 percent of the population.

Table 2-2 compares 2000 and 2005 population by age categories.

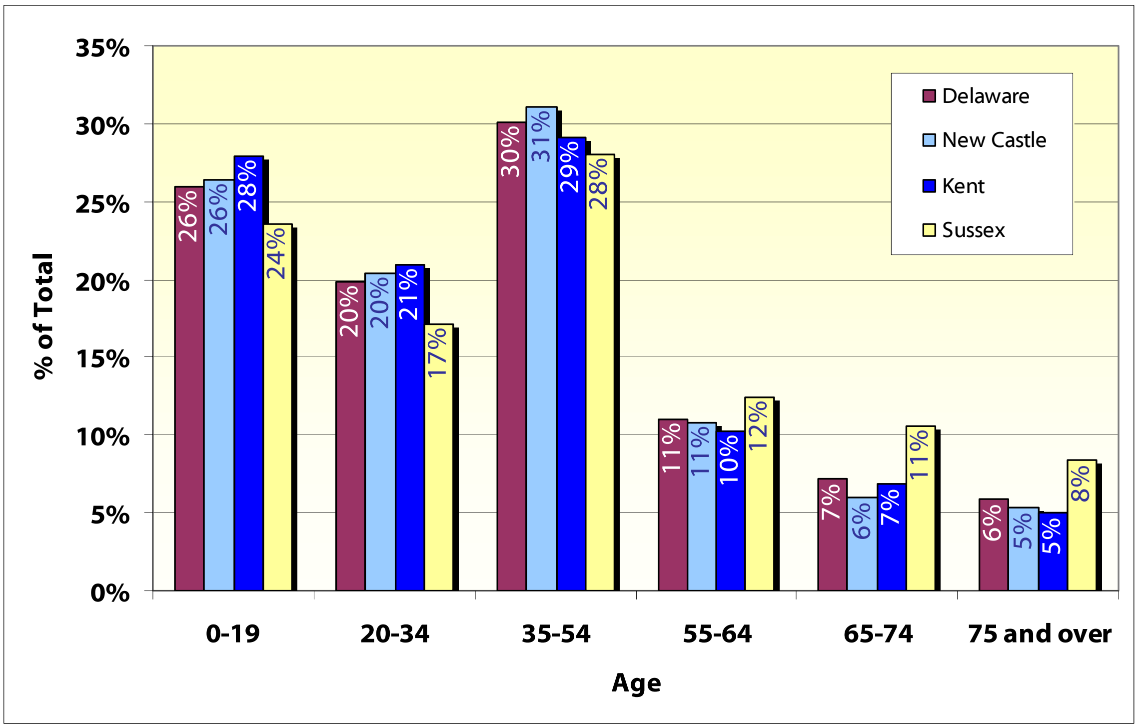
Table 2-2
Population by Age – 2000, 2005

	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

Table 2-3 provides a review of the age distribution of the population as recorded by the 2005 ACS in Delaware and in each of the counties.

Table 2-3
Age Distribution – 2005



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

C. POPULATION BY RACE

As shown in Table 2-4, from 2000 to 2005, the state's population by race changed as follows.

- The white population increased by 17,529 or 3 percent. It decreased, however, from 74.6 percent of the total population to 73.6 percent. In 1990, 79.4 percent of the population was white.
- The black population increased by 14,229 or 9.6 percent.
- The American Indian population decreased by 1,055 or 33.9 percent.
- The Asian, Pacific Islander population increased by 6,058 or 37 percent.
- The population of persons of other races increased by 508 or 3.1 percent.
- The population of persons of two or more races decreased by 2,282 or 15.9 percent.
- From 2000 to 2005, the minority population increased from 25.4 percent of the population to 26.4 percent.
- In 2000, 37,321 persons of Hispanic origin resided in Delaware, making up 4.8 percent of the population. As of 2005, 50,218 persons of Hispanic origin reside in the state, representing 6.1 percent of the population. In 1990, just 2.3 percent of the state's population was persons of Hispanic origin. From 2000 to 2005 the Hispanic population increased by 12,897 persons or 34.6 percent.

Table 2-4
Population by Race and Persons of Hispanic Origin – 2000 and 2005

	White		Minority						Total Population	Hispanic Origin (Any Race)	
	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

Sussex County continues to have a greater percentage white population, but it also has the greatest percentage of persons of Hispanic origin. The Hispanic population migrates to the county to work in the low skill low wage agriculture and poultry industries. New Castle County is the state's most diverse county by race. Table 2-5 provides an overview of population by race and persons of Hispanic origin by county in 2005.

Table 2-5
Population by Race – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	**Percent**	**Total**	**Percent**	**Total**	**Percent**	**Total**	**Percent**
White	602,213	73.6	358,064	70.8	102,886	73.4	141,263	81.6
Black	163,052	19.9	112,742	22.3	27,851	19.8	22,459	13.1
American Indian, Alaska Native	2,056	0.3	803	0.2	516	0.4	737	0.4
Asian, Pacific Islander	22,446	2.7	18,579	3.7	2,400	1.7	1,467	0.8
Some Other Race	16,749	2.0	10,127	2.0	1,556	1.1	5,066	2.9
Two or More Races	12,071	1.5	4,956	1.0	4,996	3.6	2,119	1.2
Total	**818,587**	**100.0**	**505,271**	**100.0**	**140,205**	**100.0**	**173,111**	**100.0**
Hispanic Origin, Any Race	50,218	6.1	17,909	3.5	5,361	3.8	10,251	5.9

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

The 2005 ACS reports that 7.7 percent of Delaware's population is from outside the U.S. and Puerto Rico, U.S. Island areas, or born abroad to an American parent. As shown in Table 2-6, New Castle County has the largest foreign-born population.

Table 2-6
Foreign-born Population – 2005

	DELAWARE		New Castle		Kent		Sussex	
	Persons	**% of Total**	**Persons**	**% of Total**	**Persons**	**% of Total**	**Persons**	**% of Total**
Total population	818,587	100.0	505,271	100.0	140,205	100.0	173,111	100.0
Foreign born	62,867	7.7	46,636	9.2	5,915	4.2	10,316	6.0

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

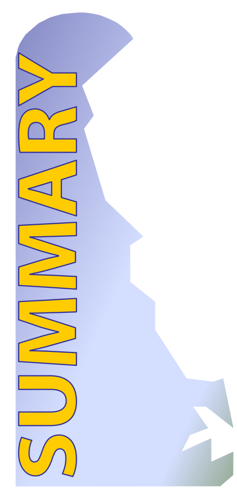
As shown in Table 2-7, 60 percent of Delaware's foreign-born population are not U.S. citizens and almost one-third entered the U.S. since 2000. Due to language barriers and lower employment skills, many recent immigrants need assistance with finding and maintaining decent housing. Newer immigrants often support families living abroad, which further limits their income for housing. Generally, the longer persons are in the U.S., the more assimilated they become, developing language and job skills that allow them to afford safe, decent housing.

Table 2-7
Citizenship Status and Year Entered U.S. of Foreign-born Population – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	% of Foreign-born	Total	% of Foreign-born	Total	% of Foreign-born	Total	% of Foreign-born
Naturalized U.S. citizen	24,931	39.7	17,406	37.3	3,120	52.7	4,405	42.7
Not a U.S. citizen	37,936	60.3	29,230	62.7	2,795	47.3	5,911	57.3
Foreign-born population	62,867	100.0	46,636	100.0	5,915	100.0	10,316	100.0
Entered 2000 or later	20,138	32.0	17,043	36.5	894	17.8	2,201	21.3
Entered before 2000	42,729	68.0	29,593	63.5	5,021	82.2	8,115	78.7

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

1.2 / POPULATION AND HOUSING TRENDS
A-C. POPULATION, RACE & AGE



- **Delawareans numbered 854,977 people in 2006, an increase of over 9 percent since 2000. In 2000, New Castle County was home to over two-thirds of the state. Although the northernmost county's population did grow between 2000 and 2006, its rate of growth was less than that of Kent and Sussex Counties to the south; its share of total population fell to just over 60 percent as of 2006.**

- **Sussex County's median age of 42.4 years makes it the oldest of the three counties. The 2005 median age statewide increased to 37.9 years from 36 years in 2000. The greatest increase among age groups was that of persons aged 55 to 64.**

- **The percentage of total Delawareans who were minorities grew to over 26 percent by 2005, with New Castle County being the more 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 is home to the greatest percentage of Whites, it is also home to the greatest percentage of residents of Hispanic origin. Sussex receives the largest share of Hispanic migrant workers who work in the county's farms. One-third of Delaware's foreign-born population entered the United States after 2000.**

D. HOUSEHOLDS

The Census Bureau defines households as 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 2-8
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 people 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 2-9 provides an overview of the types of households in Delaware.

Table 2-9
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
Nonfamily 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 2-10 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.

Table 2-10
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

Table 2-11 shows average household size by race and Hispanic origin. Because neither the ACS nor the DPC updates the information, the data from the 2000 Census is used. It is expected that the trend with larger household size among minority and Hispanic headed households is still valid. A review of the 2005 ACS for median age by race and persons of Hispanic origin shows that the state's minority population is younger than the white population. By race, median age is 40.6 years for whites, 32.1 years for blacks, 33 years for Asians, and 27 years for other races. The median age for persons of Hispanic origin is 26.3.

The younger age of the minority population results in higher birth rates than among white households resulting in larger household sizes as noted by the 2000 Census. The continued increase in Delaware's minority population as a percentage of the state's total population in combination with its lower median age supports the slowing in the decline in the average household size as noted by the 2005 ACS.

Table 2-11
Average Household Size by Race and Hispanic Origin– 2005

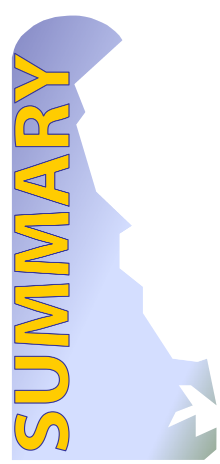
	Delaware	New Castle County	Kent County	Sussex County
White	2.46	2.48	2.56	2.35
Black	2.73	2.71	2.74	2.83
American Indian, Alaska Native	2.63	2.65	2.59	2.65
Asian, Pacific Islander	2.85	2.83	2.87	3.16
Some Other Race	3.81	3.75	3.21	4.41
Two or More Races	2.89	2.84	2.82	3.19
Hispanic Origin, Any Race	3.63	3.58	3.11	4.20

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

1.2 / POPULATION AND HOUSING TRENDS
D. HOUSEHOLDS

- **Between 1990 and 2005, while Delaware's total population increased by 28.3 percent, its number of households increased by 28.5 percent. Smaller average household sizes, and more single person households results in the faster rate of household growth.**

- **In 2005, nearly 26 percent of households were headed by a single individual. Minorities, the faster growing segment of the population, on average tend toward larger family household sizes. Their growth slowed the decline of household size slightly between 2000 and 2005. However, household size in 2005 was still smaller than it was in 1990.**



E. POPULATION PROJECTIONS

The future population, both total population and the age of the future population, impacts housing demand. The location of where the future population will reside also influences the housing market in Delaware. In October 2006, the DPC prepared population projections for Delaware. The projections show that while the state's population will continue to increase, the rate of the increase will slow from previous years. The DPC projects that Delaware's population will increase by 27.5 percent from 2005 to 2030 versus an increase of 43 percent from 1970 to 2000.

- The greatest percent increase in population among the counties is projected for Sussex County. The DPC projects that the population will increase 46.3 percent. In 2030, 24.2 percent of the state's population will reside in Sussex County.
- The largest total population increase is projected in New Castle County with a total of 96,072 additional residents. By 2030 it is projected, however, that just 57.6 percent of the state's population will reside in New Castle County.
- In 2030, 18.5 percent of the state's population will live in Kent County.

The DPC reports that population change over time has two components: natural change and migration.

- Natural change is the growth of the population resulting from more births than deaths.
- Migration is the net sum of the number of persons who move into an area minus the number of people who moved out during the same period.

Of the two components of population change, natural increase is the more predictable and stable because birth and death rates are a function of the age distribution of the existing population. Migration is based on some condition that attracts persons to an area such as job opportunities for working age people or the living environment, which is often an attraction for retirees. Thus, migration projections are tied to projections about the state of the economy.

The population resulting from migration will need housing upon arrival. The type and location of the housing needed by migrants is determined by the age and income of the migrant population, location choices related to their job, and desire to be near services such as transportation and schools or other amenities. The population resulting from natural increase will need decent safe housing suited to their location preferences and household circumstances as they reach household formation age.

- The October 2006 DPC projections find that migration to Delaware is projected to account for an increasing share of the population growth, much of which will be accounted for by migration to Sussex County.

- From 2010 to 2015, migration into Delaware will comprise about 62 percent of the state's new population. The population migrating to Delaware will need housing units.
- From 2015 to 2020, the proportion of population growth contributed by migrants will increase to about 69 percent.
- From 2010 to 2030, there will be 138,050 new migrants to Delaware. Natural increase will provide 62,521 people from 2010 to 2030.
- The majority of the migrants to Delaware will be moving to Sussex County, which will account for 64.4 percent of all migrants to Delaware or 88,978 people.
- By 2010, deaths will exceed births in Sussex County. The result is that from 2010 to 2030 the natural increase in Sussex County will be negative with migration providing all of the County's new population. The number of people migrating to Sussex County will peak in 2020 then decline by 2025 as the population growth slows. DPC projects that at the peak, 18,406, persons will migrate to Sussex County from 2015 to 2020. From 2020 to 2025, there will be 17,176 migrants to the county.
- From 2010 to 2030, there will be 25,202 migrants to Kent County, which is 55.3 percent of the county's population increase. While total migration to the county will decrease, its share of the change in population will increase. From 2005 to 2010, 49 percent of Kent County's population change will be due to migration. From 2025 to 2030, two-thirds of the change will be from migration.
- From 2010 to 2030, 23,871 persons, or just 30.5 percent of the change, will migrate to New Castle County. From 2005 to 2010, migration will account for 5,453 new residents, or 27.5 percent of the change in population. From 2025 to 2030, the 4,193 persons moving to the county will make up 37 percent of the population change.

Table 2-12 shows the October 2006 DPC Annual Population Projections for Delaware. From 2005 to 2030, Sussex County will be the fastest growing county increasing by 46.3 percent from 173,111 to 253,226, followed by a 35.2 percent increase in Kent County from 140,205 to 189,536. New Castle County will experience the slowest population growth, with a projected increase of 19 percent, from 505,271 to 601,343.

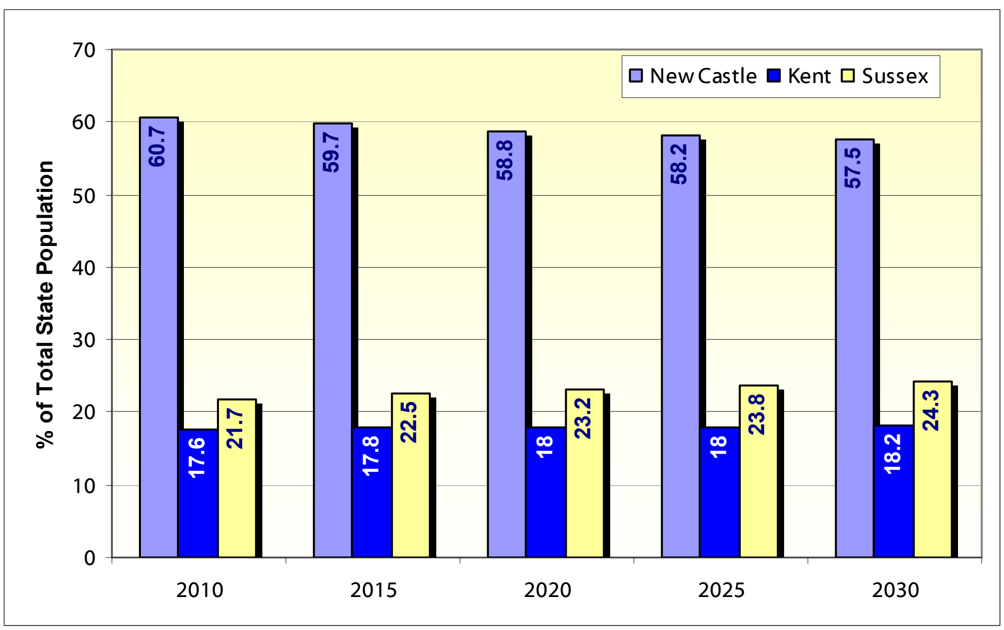
Table 2-12
Population – 2000 to 2030

	DELAWARE		New Castle County		Kent County		Sussex County	
Year	Population	% Change	Population	% Change	Population	% Change	Population	% Change
2000	783,600		500,265		126,697		156,638	
2005	818,587	4.7	505,271	1.0	140,205	10.7	173,111	10.5
2010	894,743	9.3	542,818	7.4	157,503	12.3	194,422	12.3
2015	939,185	5.0	560,980	3.3	167,094	6.1	211,111	8.6
2020	979,253	4.3	576,679	2.8	175,816	5.2	226,758	7.4
2025	1,014,207	3.6	589,999	2.3	183,037	4.1	241,171	6.4
2030	1,044,105	2.9	601,343	1.9	189,536	3.6	253,226	5.0

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

Through 2030, the DPC projects that an increasing percentage of the state's population will reside in Sussex County. Table 2-13 illustrates the distribution of the population among the three counties through 2030.

Table 2-13
Population Distribution – 2010 to 2030



Source: Delaware Population Consortium

The DPC projects that, while Delaware's population will increase by 32.8 percent from 2000 to 2030, the number of households will increase by 38.7 percent. In other words, for every 1 percent increase in the population, there will be a 1.2 percent increase in households in Delaware. The following describes changes in households in Delaware's counties from 2000 to 2030.

- The increase in the number of households will be greatest in Sussex County, where household will increase by 66.2 percent versus a 60.8 percent increase in population. For every 1 percent increase in population, the county will have a 1.1 percent increase in households.
- In Kent County, households will increase by 57.9 percent versus a population increase of 49.1 percent. For every 1 percent increase in population, households will increase by 1.2 percent.
- Households in New Castle County will increase by 24.7 percent versus a 19.8 percent increase in the population. For every 1 percent increase in population, households will increase by 1.2 percent.
- The higher rate of household formation will mean continued, if not increasing, development pressures, as new households will prefer suburban locations (assuming present trends continue). As the availability of the closer in and the most easily developed land in suburban areas decreases, developers will look for redevelopment opportunities in the central cities and inner-ring suburbs.

The number of households increasing in relation to the population reflects a continued decline in the number of persons per household and indicates a change in the composition of households. Households containing both a husband and wife are declining in relation to non-family households and households with a single parent. The trend has important implications for housing, particularly for those headed by a single parent. Single parent households, particularly female-headed households, will have less income than husband and wife households, impacting their ability to house themselves. Additionally, the combination of increasing population in Sussex County along with decreasing household size will result in continued need for new housing. Table 2-14 presents change in households from 2000 to 2030.

Table 2-14
Households – 2000 to 2030

	Delaware		New Castle County		Kent County		Sussex County	
Year	**Households**	**% Change**	**Households**	**% Change**	**Households**	**% Change**	**Households**	**% Change**
2000	298,755		188,974		47,199		62,582	
2005	317,640	6.3	193,255	2.3	53,731	13.8	70,654	12.9
2010	346,992	9.2	206,484	6.8	60,126	11.9	80,382	13.8
2015	367,590	5.9	215,596	4.4	64,475	7.2	87,519	8.9
2020	386,579	5.2	223,799	3.8	68,509	6.3	94,271	7.7
2025	403,228	4.3	231,012	3.2	71,887	4.9	100,329	6.4
2030	416,294	4.4	236,830	2.5	74,714	3.9	104,750	4.4

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

Table 2-15 provides a review of the percentage of population by race for the state and the three counties through 2015. The table shows that, in 2005, 73.6 percent of Delaware's population was white, 19.9 percent was black, and the remaining residents consisted of nonwhites, including Asians.

Table 2-15
Population by Race – 2005 to 2015

	DELAWARE			New Castle County			Kent County			Sussex County		
	% 2005	% 2010	% 2015	% 2005	% 2010	% 2015	% 2005	% 2010	% 2015	% 2005	% 2010	% 2015
White	73.6	74.7	73.9	70.8	71.7	70.6	73.4	74.0	73.5	81.6	83.4	82.8
Black	19.9	21.7	22.3	22.3	23.9	24.7	19.8	23.3	23.7	13.1	14.5	14.6
All Other Races	6.5	3.6	3.8	6.9	4.4	4.7	6.8	2.7	2.8	5.3	2.1	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

The DPC projects that from 2000 to 2030, Delaware's white population will increase by 23.8 percent to 751,915. Whites will comprise 72 percent of the population in 2030. From 2000, the black population in Delaware is projected to increase by about 57 percent to 248,035 and make up 23.5 percent of the population in 2030. The remaining minority population is projected to increase 107 percent from 2000 to 2030 and will comprise 4.2 percent of the population. Persons of Hispanic origin are not included as a separate group in the projections prepared by the DPC.

- Among the three counties, the DPC projects that Sussex County's black population will be the most constant. In 2000, 82.9 percent of the population was white and 15.5 percent was black. By 2030, 81.4 percent of the population will be white and 14.9 percent will be black. Because much of the population increase in Sussex County is projected to occur as a result of migration, the DPC projects that the county's white population will also increase at a rate proportionate to the black population.
- The population in New Castle County will continue to become increasingly diverse. In 2000, 75.8 percent of the population was white and 21.1 percent was black. By 2030, 67.9 percent of the population will be white and 21.1 percent will be black. The DPC projects that virtually all of the increase in the black population will be in the suburbs. The black population of the City of Wilmington is anticipated to increase only slightly.
- Kent County's population will also diversify, but not to the same extent as in New Castle County. In 2000, 75.6 percent of the population was white and 21.7 percent was black. By 2030, 72.6 percent will be white and 24.6 percent will be black.

Table 2-16 and Table 2-17 show the distribution of the state's population by age among the counties in 2010 and 2015. The most significant change will occur in the age distribution in Sussex County. In 2010, about one-third of the county's population will be 50 and over. In 2015, about 47 percent will be age 50 and over. In New Castle and Kent Counties, the change will be incremental but consistent with current patterns.

Table 2-16
Percent Population by Age – 2010

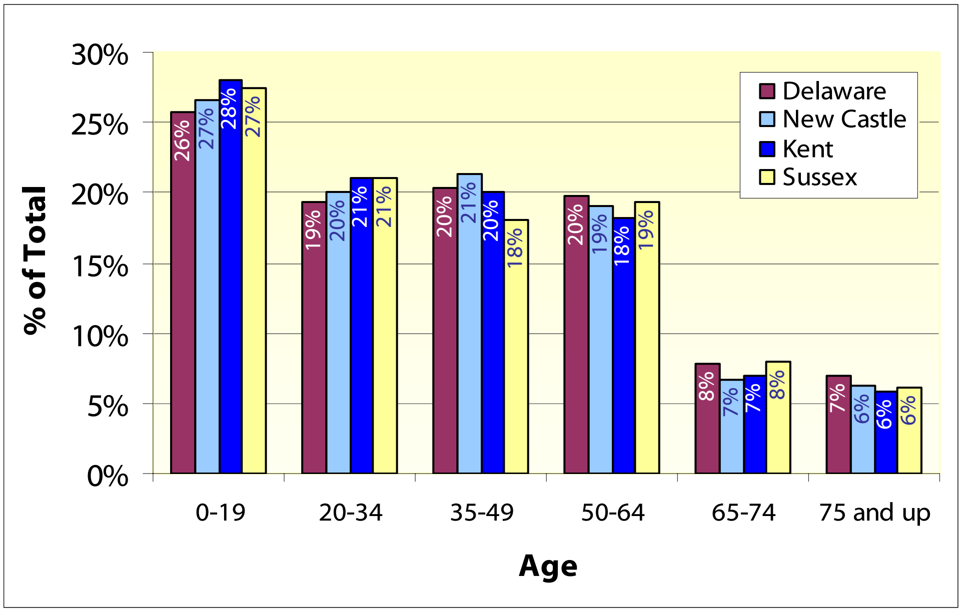
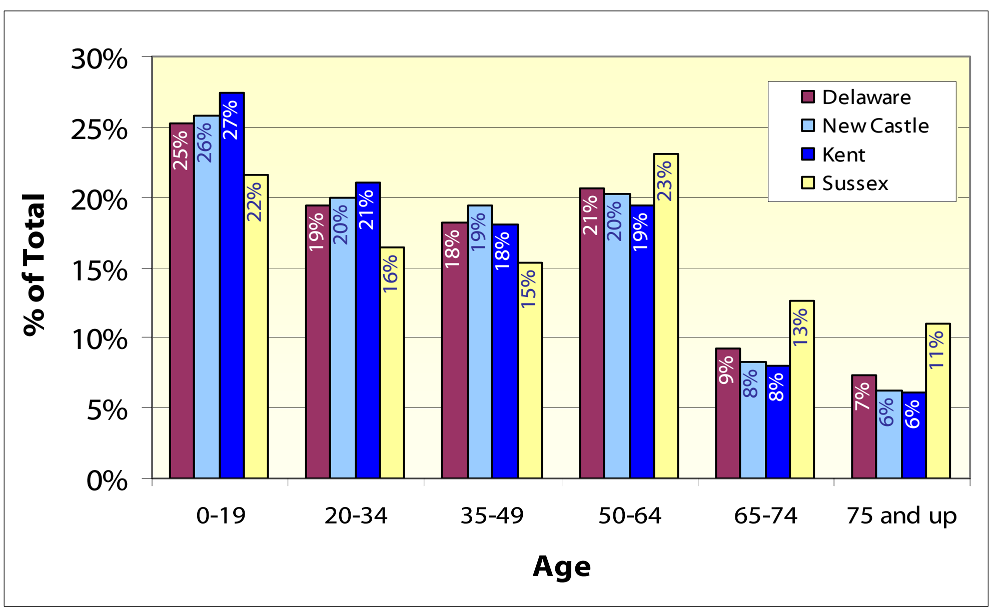


Table 2-17
Percent Population by Age – 2015



Source: Delaware Population Consortium

Table 2-18 below shows the projected percentage changes in age from 2005 to 2010 and from 2010 to 2015 for Delaware and by county.

Table 2-18
Percent Change Population by Age– 2005 to 2015

	DELAWARE		New Castle County		Kent County		Sussex County	
	% Change		% Change		% Change		% Change	
Age	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**

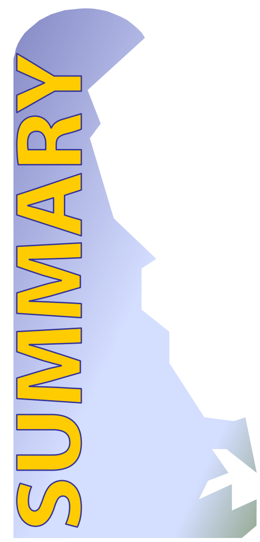
Source: U.S. Census Bureau, Delaware Population Consortium

Statewide, the percent change by age from 2005 to 2010 and from 2010 to 2015 is projected as follows.

- There will be a decrease among persons age 35 to 49. This age group consists of move-up buyers moving from their first home to a larger more expensive unit.
- While children age 19 and under will increase, the rate of growth will decrease after 2010. This could result in less demand among move-up buyers as the smaller percent increase in children will decrease demand for larger homes.
- Similarly, while the percent of young adults age 20 to 34 will increase, the percent increase will be less after 2010. This could lead to less demand for rental units and homes for first-time buyers.
- There will be a significant 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. This age group also supports home renovation as they fix-up homes they have owned for a long-time, often using their equity.
- There will be consistently large increases in the elderly, including persons age 65 to 74 and those age 75 and over. The increase among the elderly will support the need for a restructured senior service delivery system, with an emphasis on personal care and assistance with daily living for the elderly. As Baby Boomers age and families grow smaller, there will be more older people who need support and assistance and fewer family

members to fill the traditional role of providing needed care. The elderly who are able to live independently will also support the rental market as some will prefer to rent than to remain in owner units that require maintenance.

1.2 / POPULATION AND HOUSING TRENDS
E. POPULATION PROJECTIONS



- **Delaware Population Consortium projections indicate the state's population will increase by 32.8 percent over the 30 years between 2000 and 2030. In the 30 years between 1970 and 2000, the population increased by 43 percent. Between 2005 and 2030, the highest growth years are projected between 2005 and 2010.**

- **At the county level, Sussex County is projected to grow the most - nearly doubling in population by 2030 (i.e. growth of over 46 percent). While migration is projected to outpace natural growth as a driving force behind all of Delaware's population gains, Sussex County will be particularly impacted. Sussex County will receive nearly two-thirds of the 138,050 arrivals between 2010 and 2030.**

- **The 32.8 percent population growth will be exceed by the 38.7 percent household growth. For every 1 percent increase in population, there will be a 1.2 percent increase in households. (See discussion in previous section regarding household size and growth.)**

F. HOUSING UNITS

Since 1940, housing units in Delaware increased by about 80 percent. During the first years of the 2000s, units in the state increased by 9.3 percent. From 2000 to 2005, households in the state increased by 6.3 percent. The following is a comparison of the increase in households and housing units by county from 2000 to 2005.

- In New Castle County, households increased by 2.3 percent, and housing units increased by 5 percent.
- In Kent County, households increased by 13.8 percent, and housing units increased by 15.2 percent.
- Households increased by 12.9 percent in Sussex County, and housing units increased by 15.1 percent.

The increase in housing units at a greater percentage than in households ensures units are available to satisfy demand and may help eliminate excessive cost increases due to the lack of available units.

Table 2-19 provides a review of the total housing units in Delaware and the counties and the percent change in housing units from 1940 to 2005.

Table 2-19
Housing Units– 1940 to 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
Year	Housing Units	% Change	Housing Units	% Change	Housing Units	% Change	Housing Units	% Change
1940	75,567		47,588		10,362		17,617	
1950	97,013	28.4	62,901	32.2	12,242	18.1	21,870	24.1
1960	143,725	48.2	94,688	50.5	19,915	62.7	29,122	33.2
1970	180,233	25.4	120,704	27.4	25,242	26.7	34,287	17.7
1980	238,611	32.4	148,563	23.1	35,354	40.1	54,694	59.5
1990	289,919	21.5	173,560	16.8	42,160	19.3	74,253	35.8
2000	343,072	18.3	199,521	15.0	50,481	19.7	93,070	25.3
2005	374,872	9.3	209,592	5.0	58,161	15.2	107,119	15.1

Source: U.S. Census Bureau

i. Units Per Structure and Housing Types

The availability of a variety of housing types allows for people of various ages, incomes, and household styles to reside in the community. The 2005 ACS for Delaware reports the following.

- Statewide, about 70 percent of the housing units are single-family dwellings; this was also reported by the 2000 Census.
- Units in multi-family structures make up 18.4 percent of the housing stock versus 18.7 percent in 2000. About 72 percent of the multi-family housing units are in New Castle County, and 19 percent are in Sussex County.
- Manufactured homes make up 11.2 percent of the housing stock, consistent with the percentage in 2000. 62.2 percent of the manufactured homes are in Sussex County and 24.4 percent are in Kent County (manufactured housing is discussed separately in its own section further below).

Despite demographic trends that might indicate growing demand for higher density housing (namely an increasingly older population and smaller households sizes), Table 2-20 illustrates that the rate of single-family dwellings still far exceeds that of multi-family structures. This is consistent with national policies and cultural tendencies that emphasize single-family housing as integral to the American dream. The preference for detached single-family housing in particular is both reflected in and stimulated by market availability and many local land use policies that promote the housing style over higher-density, multifamily dwellings.

Table 2-20
Units and Type of Structure – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Housing Units	% of Total	Housing Units	% of Total	Housing Units	% of Total	Housing Units	% of Total
Single-family	263,326	70.3	154,631	73.8	40,998	70.5	67,697	63.2
Multi-family	69,058	18.4	49,013	23.4	6,872	11.8	13,173	12.3
Manufactured Homes	42,122	11.2	5,621	2.7	10,291	17.7	26,210	24.5
Other	366	0.1	327	0.2	0	0.0	39	0.03
Total	**374,872**	**100.0**	**209,592**	**100.1**	**58,161**	**100.0**	**107,119**	**100.03**

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

It can be expected that, for the near term, higher income households and younger family households will continue to opt for areas where single-family dwellings predominate. That said, in light of growing concerns over rapid land consumption and concomitant environmental impacts, the long-term sustainability of lower-density development is increasingly questioned.

Although multi-family housing does not yet make up a majority of housing, there are sub-markets for whom communities could prioritize making multi-family dwellings (rental or condominium) available. For example, it is expected that the majority of the increasing elderly population will tend to remain in their single-family housing until circumstances (economic or health-related) require them to move. But the elderly that do move to multi-family housing often prefer to remain in their communities, making the availability of multi-family housing important to sustaining the elderly population.

At the other end, younger households that are just forming often opt for multi-family housing. The availability of quality multi-unit developments may be influential to attracting those younger households to a community. It is worth noting that younger households are important to the local economy. They create jobs, fill jobs of retiring workers, and purchase local goods and services with disposable income not yet budgeted for costs associated with raising children.

ii. Manufactured Housing

Manufactured homes are a popular and affordable source of housing in Delaware, particularly in Kent and Sussex Counties. Statewide, manufactured homes comprise approximately 11 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.

The terms "manufactured home" and "manufactured housing" are used to refer to all factory-built homes that are built and transported on a metal chassis. This encompasses what are commonly called, in popular language, mobile homes and trailers. Modular homes, often confused with manufactured homes, are factory-built to state and local building codes, almost always placed on permanent foundations on private property, and are titled as real property. Modular homes are not addressed in this discussion.

Table 2-21
Population in Manufactured Housing – 2005

	Population in Manufactured and Mobile Homes	% of Total Population
DELAWARE	72,212	8.82%
Kent County	24,687	17.61%
New Castle County	12,479	2.47%
Sussex County	35,046	20.24%

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

Some points from the 2000 Census:

- Over 40 percent (41.5 percent) of the state's manufactured housing is occupied by persons age 55 and over.
- Statewide, 64 percent of manufactured homes are occupied by 1 or 2-person households. Only 8 percent of manufactured homes are occupied by households with five or more persons.[*]

The average cost per square foot for a new manufactured home is less than half that of a site-built home. As of 2005, the national average cost per square foot for a new manufactured home was $39.06 compared to a cost of $90.63 for a new site-built home.[†] Nationally, the average sales price for new manufactured homes in 2006 was $67,400; $35,900 for a single-section home and $70,800 for a double-section home.[‡] In Delaware, the 2005 average sales price was $84,200, higher than neighboring states and suggesting that few new single-section units are being sold.

Manufactured homes make a large contribution to the stock of affordable housing. From 1997-1999, two-thirds of the units added to the nation's stock of affordable housing were manufactured homes. Between 1993 and 1999, 23 percent of the growth in homeownership among very low-income families was due to manufactured housing. Manufactured homes accounted

[*] *Both of these figures are percentages of occupied manufactured homes (28,520 in 2000), not the total stock (38,281 in 2000).*
[†] *The cost of land is excluded in both cases. Typical installation costs are included in the average for a manufactured home. Manufactured Housing Institute (2006). Understanding Today's Manufactured Housing.*
[‡] *U.S. Census Bureau (2007). Manufactured Housing at a Glance. http://www.census.gov/const/www/mhsindex.html*

for approximately 17 percent of the growth of the homeownership rate overall during that period.*

Table 2-22 shows data related to average sales prices for new manufactured housing units in Delaware.

Table 2-22
Average Sales Price of New Manufactured Homes, Delaware - 2000-2005

	All Units (includes homes with more than 2 sections)	Single-Section	Double-Section
2000	$47,700	(S)	$57,900
2001	$48,600	(S)	$57,800
2002	$53,000	(S)	$55,400
2003	$59,200	(S)	$60,000
2004	$59,900	36,200	$63,000
2005	$84,200	(S)	$83,700

Source: U.S. Census Bureau, from a survey sponsored by HUD

(S) = Suppressed to avoid disclosing data for individual dealers; data are included in higher level estimates

Misunderstanding and stereotypes cloud discussions of appreciation of manufactured housing. It is commonly believed that manufactured homes never experience positive appreciation. Improvements in quality and construction have made today's manufactured housing highly durable, high quality homes. Studies have found that appreciation of manufactured homes packaged with owned land is statistically in line with the site built market, suggesting that issues with appreciation are more linked to the insecure form of tenure and the value of land than the manufactured home product itself.†

Manufactured homes are built to a federal, rather than local, building code established in 1976 and administered by HUD. By 2007, many pre-1976 homes have outlived their serviceable life. 36 percent of manufactured homes in Delaware were built and sited before 1979.‡ In some rural areas, abandoned and substandard mobile homes abound.

The classification of new manufactured homes as personal property is a source of ongoing problems for buyers and owners. Buyers of manufactured homes that will be placed on leased land and thus remain titled as personal property can not access traditional mortgage financing for their home, but instead access only a personal property loan, similar to car loan. Rates on these loans are generally much higher than mortgage rates.

* *Apgar, W., Calder, A., Collins, M., & Duda, M. (2002). An Examination of Manufactured Housing As a Community- and Asset-Building Strategy. Neighborhood Reinvestment Corporation in collaboration with Joint Center for Housing Studies of Harvard University.*
† *Jewell, K. Manufactured Housing Appreciation: Stereotypes and Data. Consumers Union Southwest Regional Office, 2003.*
‡ *The time periods used by the Census overlap the 1976 HUD code. For statistics from the Census, 1979 is the closest cutoff point to 1976.*

Homes can also be placed in leased-land communities, also called manufactured housing communities and "trailer parks." These communities can be small clusters of 10-15 older homes or huge communities comprising thousands of homes with resort amenities. The heaviest concentration of land-lease communities is in Sussex County. Table 2-23 shows the distribution of manufactured housing communities and units located in land-lease sites.

Table 2-23
Distribution of Manufactured Housing in Land-Lease Communities – 2005

	DELAWARE	New Castle County	Kent County	Sussex County
Communities	157	26	46	85
Total Units	21,500	4,483	4,236	12,781

Source: Arnold, Michael. Valuing the Delaware Manufactured Home Relocation Trust Fund. Delaware Manufactured Housing Relocation Authority, 2005. Cited in Maddin, Stephanie. Manufactured Housing in Delaware. MA Thesis. University of Delaware, 2006.

Despite the common understanding of manufactured homes as "mobile," only a tiny percentage of homes are moved after they are installed. The process is expensive, and it is difficult to find a new location for existing homes. Many communities are either full or will only accept new homes, and few, if any, new manufactured housing communities are being created in Delaware. This follows a national trend: as of 2005, approximately two-thirds of new manufactured homes are placed on private property rather than in leased-land communities.[*] Large up-front costs for site preparation such as well and septic can also be prohibitive to moving a home to a piece of land owned fee-simple by the homeowner.

For these reasons, owners of manufactured homes on leased land are vulnerable to rent increases and park closures. 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, in many cases, it is easier 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.

[*] *Manufactured Housing Institute (2006). Understanding Today's Manufactured Housing.*

Comprehensive rewriting of the landlord-tenant code for manufactured housing communities resulted in the Manufactured Home Owners and Community Owners Act in 2003. In addition to its coverage of landlord-tenant issues, the Act also established the Delaware Manufactured Home Relocation Authority and Trust Fund. The Authority operates as a non-compensated Board of Directors appointed by the Governor from among community owners and residents to administer the Delaware Manufactured Home Relocation Trust Fund. The Act requires an assessment of $3.00 per month per leased lot, $1.50 of which to be paid by the community owner and the other half to be paid by the homeowner.

Funds from the Trust Fund are available as relocation assistance to homeowner-tenants of leased-land communities being closed. Homeowners are eligible to be reimbursed for up to $4,000 in relocation costs for a single-section home and $8,000 for a multi-section home. If their home is judged to be non-relocatable, the homeowner can receive an abandonment payment of $1,500 for a single-section home or $2,500 for a multi-section home. Assistance to community owners with removal and disposal costs for abandoned or non-relocatable homes is also available through the Trust Fund.

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

In 2005, the Delaware Manufactured Housing Installation Act was adopted in response to a directive to all states from HUD. A lack of enforceable standards for installation has long been problematic for manufactured homes. The Act establishes a Board to license installers of manufactured housing in Delaware. It also requires that installations be performed by a licensed installer and inspected by a Board-certified inspector.

In 2006, the Delaware State Housing Authority conducted a review of manufactured housing to consider state housing policy for this type of housing. The report identified seven core issues related to manufactured housing. In most areas, the challenges derive from the unique ownership situation of the many manufactured homeowners whose homes are located in land-lease communities. Issues and potential responses noted in the report include:

- Displacement of Residents. Displacement of residents due to community closure is a primary concern. Potential solutions include: a) development of resident cooperatives to pursue community ownership; b) promotion and marketing of DNREC loan programs for septic and water rehabilitation for community owners; c) extending funds provided by the Relocation Trust Authority to residents of communities closed due to infrastructure failure; d) requiring periodic environmental checks of infrastructure systems.

- Lot Rent Predictability and Affordability. Lot rents are a contentious issue in some manufactured home communities, especially those near the resort areas. The current MH Landlord Tenant Code has a minimum lease length requirement of only one year, although many communities do have longer lease terms. Potential solutions include increasing the minimum lease agreement term to allow for regular and predictable increases in rent and expanding the recently created "hardship" program designed by the First State Manufactured Housing Association (which is currently voluntary and has limited eligibility).

- Dispute Resolution. Legal disputes between tenants and landlords in manufactured housing communities, can be long and contentious. Prolonged legal engagement is not a feasible form of dispute resolution for many residents. Possible solutions include utilizing the arbitration provisions already in existence through the Delaware Attorney General's Office, and increasing the Office's investigative resources.

- Manufactured Home Loan Default. The necessary use of personal loans with higher interest rates, less consumer protection, and less oversight of underwriting for purchase of manufactured homes to be placed on leased land has led to high default and foreclosure rates in the industry, approximately 12 percent. Possible solutions include a) requiring MH lenders to complete Lenders Best Practices Certification through Manufactured Housing Institute and adopt standards; b) establish a period of time for buyers of manufactured housing to reconsider their purchase without penalty and; c) expand consumer education.

- Consumer Protection. Despite industry standards, some consumer protection issues do remain in the retailing of manufactured homes and management of some manufactured home communities. Possible solutions include a) requiring retailers to comply with Retailers Voluntary Standards of Practice from the Manufactured Housing Institute (MHI); and b) requiring manufactured home community managers to completed Accredited Community Management certification through the MHI.

- Administrative and Regulatory Consistency. Regulations for manufactured housing, particularly the process of surrendering title to have a home declared real estate, vary in all three counties. There is also no central statewide depository of information about manufactured housing and manufactured housing communities.

Information and responsibility is spread across the Division of Motor Vehicles, Department of Natural Resources and Environmental Control (DNREC), Division of Revenue, and others. Possible solutions include: a) creating a statewide uniform policy for surrendering a certificate of title; b) creating a central depository for manufactured housing data in a State agency.

- Not in My Backyard (NIMBY). Outdated concerns based upon stereotypes fuel hostility against manufactured housing as a desirable housing choice. Manufactured homes are excluded from many municipalities. Possible solutions include: a) education of public officials, residents, and community organizations on manufactured housing; b) exploring partnerships to conduct demonstration projects on energy and technology in manufactured housing; c) through improved oversight and enforcement, require declining land-lease communities to make improvements.

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 programs 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.

From the perspective of trends in housing, key points on manufactured housing include:

- Manufactured housing is an important and widely-used source of affordable homeownership for thousands of low and moderate income households in Delaware.
- A cluster of issues surrounding the titling and lending for manufactured homes lead to ongoing challenges for manufactured

homebuyers and owners and threaten the affordability of manufactured homes as affordable housing options for buyers.

- 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. The basic nature of this arrangement leaves homeowners vulnerable to unaffordable rent increases, park closure due to infrastructure failure or change of land use and potential loss of their investment and affordable housing.

G. HOUSING TENURE

Homeownership is widely held to promote family stability, improved property maintenance, improved residential satisfaction, and increased civic participation. The rate of homeownership continues to increase in Delaware. As shown in Table 2-24, the rate of homeownership in Delaware increased significantly during the second half of the 20th Century. The ACS reports that 72.4 percent of the occupied units in Delaware are owner occupied similar to the 2000 rate of 72.3 percent. The rate of homeownership in Delaware exceeds the rate nation-wide.

Table 2-24
Percent Owner Occupied Units – 1940 to 2005

	1940	1950	1960	1970	1980	1990	2000	2005
U.S.	43.6	55.0	61.9	62.9	64.4	64.2	66.2	66.9
Delaware	47.1	58.9	66.9	68.0	69.1	70.2	72.3	72.4

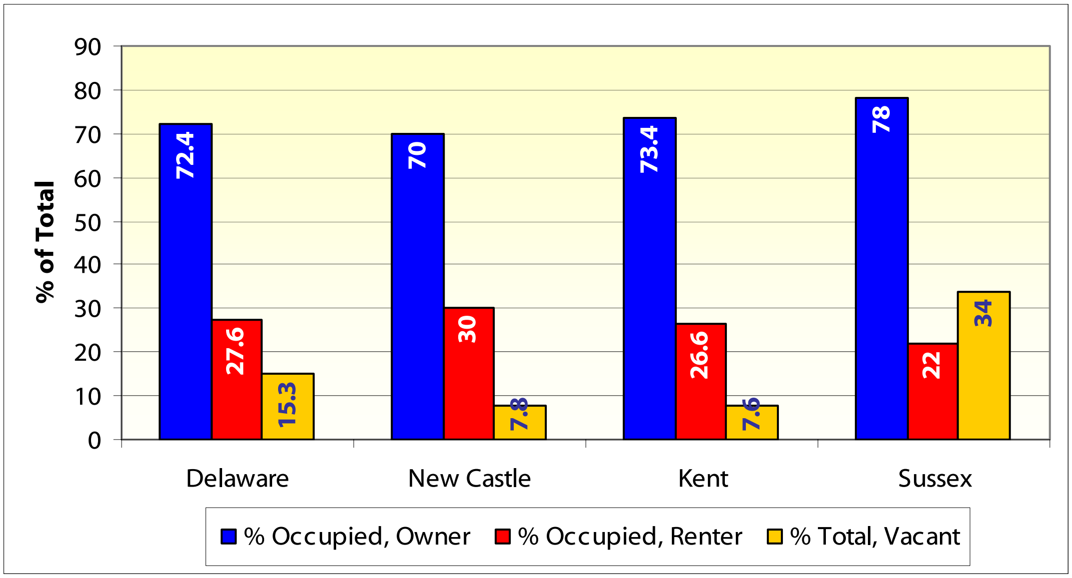
Source: U.S. Census Bureau

From 2000 to 2005, the statewide vacancy rate increased from 12.9 percent to 15.3 percent. By county the vacancy rates increased in New Castle County from 5.3 percent to 7.8 percent, in Kent County from 6.5 percent to 7.6 percent, and Sussex County from 32.8 percent to 34 percent.

- The rate of homeownership is highest in Sussex County. The older population in Sussex County supports the higher rate of homeownership. The county’s rate of homeownership declined from 80.7 percent in 2000 to 78 percent in 2005.
- New Castle County, which has highest incomes, but also the most racially diverse population, has the lowest rate of homeownership at 70 percent. The rate of homeownership is unchanged from 2005.
- From 2000 to 2005, the rate of homeownership in Kent County increased from 70 percent to 73.6 percent. Kent County has the largest percentage of households ages 20 to 34. As these households have children they are buying homes.

Table 2-25 shows the occupancy and tenure characteristics of Delaware's housing stock, both statewide and by county, as recorded by the 2005 ACS.

Table 2-25
Housing Tenure and Vacant Units – 2005



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

The overall pattern of homeownership in Delaware is that the youngest households are predominately renters. As they age into their 30s, the tenure rate 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 homeownership among households age 65 and over does not decrease significantly until households are age 85 and over.

Since 2000, the percent of the state's younger households (age 15 to 34) who own their units have decreased. Among those aged 15 to 24, the rate went from 21.6 percent to 20 percent. Among householders age 25 to 34, the rate changed from 53.5 percent to 52.2 percent. This is a result of decreased homeownership among younger households in New Castle County. In Kent and Sussex Counties, the rate of homeownership among younger households increased since 2000.

The rate of homeownership among middle aged households (age 35 to 64) remained largely unchanged since 2000.

Among households age 65 to 74, the rate of homeownership increased from 86.6 percent to 87.3 percent and among those ages 75 to 84, homeownership increased from 81.2 percent to 83.5 percent. Among elderly households over age 85, the rate of homeownership remained the same since 2000.

Table 2-26 presents tenure by the age of the householder.

Table 2-26
Housing Tenure by Age of Householder – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
Age of Householder	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**
15 to 24	20.0	80.0	10.5	89.5	27.3	72.7	39.4	60.6
25 to 34	52.2	47.8	48.6	51.4	61.0	39.0	56.2	43.8
35 to 44	72.2	27.8	75.1	24.9	71.4	28.6	63.6	36.4
45 to 54	80.9	19.1	79.7	20.3	79.3	20.7	86.4	13.6
55 to 59	82.2	17.8	80.3	19.7	83.0	17.0	86.5	13.5
60 to 64	87.2	12.8	83.4	16.6	90.2	9.8	94.1	5.9
65 to 74	87.3	12.7	82.2	17.8	88.5	11.5	95.5	4.5
75 to 84	83.5	16.5	80.4	19.6	80.3	19.7	91.0	9.0
85 and over	67.7	32.3	58.1	41.9	75.1	24.9	79.8	20.2
All Households	**72.4**	**27.6**	**70.0**	**30.0**	**73.4**	**26.6**	**78.0**	**22.0**

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

By race, white households own their units at a greater rate than all households in the state. The rate of homeownership among white and black households has remained unchanged since 2000. Table 2-27 shows tenure by race and Hispanic households in Delaware.

Table 2-27
Housing Tenure by Race of Householder and Hispanic Households – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
Race of Householder	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**
White	78.2	21.8	77.2	22.8	76.3	23.7	81.4	18.6
Black	50.7	49.3	46.9	53.1	57.6	42.4	61.8	38.2
American Indian, Alaska Native	67.5	32.5	NR	NR	NR	NR	NR	NR
Asian, Pacific Islander	67.6	32.4	64.6	35.4	90.0	10.0	72.3	27.7
Some Other Race	48.1	51.9	56.8	43.2	NR	NR	11.9	88.1
Two or More Races	62.5	37.5	59.3	40.7	60.8	39.2	NR	NR
All Households	**72.4**	**27.6**	**69.9**	**30.1**	**73.4**	**26.6**	**78.3**	**21.7**
Hispanic Households	41.0	59.0	41.8	58.2	49.8	50.2	30.3	69.7

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

NR – not reported due to small sample size.

Since 2000 there has been an increase in homeownership among minority households except black households. Homeownership among Asian households increased from 52.3 percent to 67.5 percent, among some 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.

Of note, the rate of homeownership 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 homeownership. Female headed households have the lowest rate of homeownership in Delaware.

Table 2-28
Housing Tenure by Household Type – 2005

	DELAWARE		**New Castle County**		**Kent County**		**Sussex County**	
	Households	Percent of Households	Households	Percent of Households	Households	Percent of Households	Households	Percent of Households
MARRIED-COUPLE FAMILY Household Units	159,638	100.0	94,947	100.0	28,696	100.0	35,995	100.0
Owner-occupied	137,742	86.2	81,284	85.6	24,750	86.2	31,708	88.1
Renter-occupied	21,896	13.8	13,663	14.4	3,946	13.8	4,287	11.9
MALE HOUSEHOLDER No Wife Present	14,012	100.0	7,859	100.0	2,595	100.0	3,558	100.0
Owner-occupied	8,668	61.9	5,159	65.6	1,250	48.2	2,259	63.5
Renter-occupied	5,344	38.1	2,700	34.4	1,345	51.8	1,299	36.5
FEMALE HOUSEHOLDER No Husband Present	42,532	100.0	26,828	100.0	7,428	100.0	8,276	100.0
Owner-occupied	21,608	50.8	13,015	48.5	4,105	55.3	4,488	54.2
Renter-occupied	20,924	49.2	13,813	51.5	3,323	44.7	3,788	45.8
NON-FAMILY HOUSEHOLDS	101,458	100.0	63,621	100.0	15,012	100.0	22,825	100.0
Owner-occupied	61,842	61.0	35,812	56.3	9,351	62.3	16,679	73.1
Renter-occupied	39,616	39.0	27,809	43.7	5,661	37.7	6,146	26.9

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

H. VACANT HOUSING

The 2005 ACS reports 57,232 vacant units, which is 15.3 percent of the housing units. In 2000, about 13 percent of the housing units were vacant. 30,640 of the vacant units, or 53.5 percent, are held for seasonal, recreational, or occasional use. Deducting out the vacant units held for seasonal use reduces the state's vacancy rate to 7.1 percent.

As shown in Table 2-29 below, from 2000 to 2005, the number of vacant units increased in all counties.

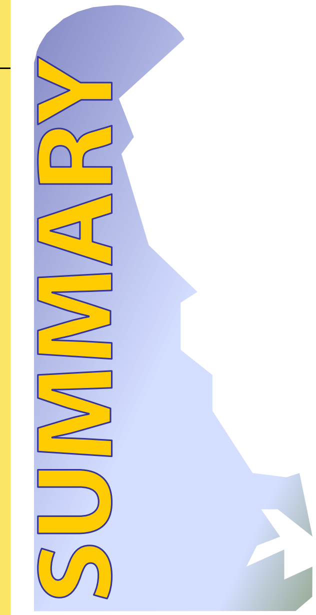
Table 2-29
Vacant Units – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
For Rent	9,013	15.7	6,099	37.3	1,064	24.0	1,850	5.1
Rented or Sold, Not Occupied	2,032	3.6	1,003	6.1	630	14.2	399	1.1
For Sale Only	3,616	6.3	1,203	7.4	122	2.8	2,291	6.4
Sold, not occupied	1,637	2.9	1,348	8.4	164	3.7	125	0.3
Seasonal, Recreational, Occasional	30,640	53.5	1,198	7.3	100	2.3	29,342	80.4
For Migrant Worker	0	0.0	0	0.0	0	0.0	0	0.0
Other	10,294	18.0	5,486	33.5	2,350	53.0	2,458	6.7
Total	**57,232**	**100.0**	**16,337**	**100.0**	**4,430**	**100.0**	**36,465**	**100.0**

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

- In Sussex County, about one-third of the housing units were counted by the 2000 Census as vacant, of which 83 percent were for seasonal use. As of 2005, the vacancy rate is 34 percent, of which 80.5 percent are for seasonal use. The increase in vacant units is among units classified as other vacant.
- In New Castle County the vacancy rate increased from 5.3 percent to 7.8 percent. Much of the increase is among units for rent and other vacant units.
- Kent County's 2000 vacancy rate was 6.5 percent. The 2005 vacancy rate is 7.6 percent. The increase is among other vacant units.

1.2 / POPULATION AND HOUSING TRENDS
F-H. HOUSING UNITS, TENURE & VACANCY



- **During the first years of the 2000s, Delaware increased its supply of housing units by over 9 percent but its number of households by only a little over 6 percent. Both Sussex and Kent Counties increased their housing units by roughly 15 percent; New Castle County by 5 percent.**

- **Statewide, 70 percent of housing units are single-family homes. Units in multi-family buildings comprise over 18 percent of the housing stock, and manufactured housing comprise 11 percent.**

- **The majority of manufactured housing is located in Sussex County, where it is an affordable alternative for many retirees. There are significant issues related to the regulation of manufactured housing and the leased land upon which many of the units are placed.**

- **In Delaware, the rate of homeownership (72.4 percent) exceeds the national average. Renters are most often households in their twenties and thirties. Among minorities, however, the rate of homeownership is also lower. African American households own their homes at a rate of roughly 50 percent.**

- **The 2005 ACS reports a statewide vacancy rate of over 15 percent. Over one-third of vacancies were in Sussex County. However, over 80 percent of Sussex County's vacant units were classified as seasonal vacancies, i.e. vacation homes .**

I. HOUSING VALUES

Housing values and preliminary affordability issues are identified below. These same topics are explored in more depth in subsequent parts of the *Housing Needs Assessment.*

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.* The rapid appreciation in values has outpaced the rate of inflation.

The 2005 ACS reports 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 $138,366. Since 2000, units valued under $100,000 decreased from about 36 percent of the units to just 17 percent of the

* 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.

units. Units valued at $500,000 or more increased from 1.4 percent to 6.6 percent.

Using the general standard that households are able to afford a home that is three times their annual income, households need an annual income of $67,933 to purchase a median value home in Delaware. The 2005 ACS reports that median household income in Delaware was $52,499. (As noted earlier in the discussion of income and households, the HUD-generated median family income, MFI, is a different measure. It is calculated annually to establish median income for a family of four living in a particular metropolitan market area. The MFI is typically higher than the median income of all households, family and non-family. MFI is used in the housing demand discussion in Part 2 of the *Housing Needs Assessment*.)

Based on the statewide household median income, low-income households, whose annual income is up to $41,999 (80 percent of median) can afford units up to about $126,000, or about 24 percent of the owner occupied units. Households with income up to 120 percent of median ($62,999) can afford units up to about $189,000 or about 45 percent of the owner occupied units.

- By county, the highest median housing value is $218,400 in New Castle County. Since 2000, median value has increased 64.3 percent from $132,900. Had median value increased at the rate of inflation, the median value in 2005 would be $150,728. Households need an annual income of $72,800 to purchase a median value home.
- The 2005 ACS reports that median income in New Castle County was $59,270. Low-income households, whose annual income is up to $47,416 (80 percent of median) can afford units up to about $142,248, or about 22 percent of the owner occupied units. Households with income up to 120 percent of median ($71,124) can afford units up to about $214,000 or about 47 percent of the owner occupied units.
- The median housing value in Kent County is $159,900, an increase of 54.8 percent from $103,300 in 2000. Had median value increased at the rate of inflation, the median value in 2005 would be $117,157. Households need an annual income of $53,300 to purchase a median value home.
- The 2005 ACS reports that median income in Kent County was $48,288. Low-income households, whose annual income is up to $38,630 (80 percent of median) can afford units up to about $116,000, or about 32 percent of the owner occupied units. Households with income up to 120 percent of median ($57,946) can afford units up to about $174,000 or about 55 percent of the owner occupied units.
- The median value in Sussex County increased by 104 percent from $99,700 in 2000 to $203,400 in 2005. Had median value increased at the rate of inflation, the median value in 2005 would be $113,074. Households need an annual income of $67,800 to purchase a median value home.

- The 2005 ACS reports that median income in Sussex County was the lowest among the three counties at $44,942. Low-income households, whose annual income is up to $35,954 (80 percent of median) can afford units up to about $108,000, or about 27 percent of the owner occupied units. Households with income up to 120 percent of median ($53,930) can afford units up to about $162,000 or about 40 percent of the owner occupied units.

Table 2-30 presents information about housing values in Delaware.

Table 2-30
Housing Values by County* – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	**Percent**	**Total**	**Percent**	**Total**	**Percent**	**Total**	**Percent**
Less than $50,000	16,792	7.3	4,750	3.5	5,388	13.7	6,654	12.1
$50,000 to $99,999	21,703	9.4	10,374	7.7	4,444	11.3	6,885	12.5
$100,000 to $149,999	32,185	14.0	16,895	12.5	8,307	21.0	6,983	12.7
$150,000 to $199,999	41,490	18.1	27,137	20.1	7,875	20.0	6,478	11.7
$200,000 to $299,999	56,296	24.5	35,878	26.5	8,018	20.3	12,400	22.4
$300,000 to $499,999	47,392	20.6	33,961	25.1	4,519	11.4	8,912	16.2
$500,000 to $999,999	11,495	5.0	5,465	4.0	857	2.2	5,173	9.4
$1,000,000 or more	2,507	1.1	810	0.6	48	0.1	1,649	3.0
Total Units	**229,860**	**100.0**	**135,270**	**100.0**	**39,456**	**100.0**	**55,134**	**100.0**
Median Value ($)	**203,800**		**218,400**		**159,900**		**203,400**	

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

Households whose incomes fall between 30 percent and 115 percent of the area median are finding it increasingly difficult to afford purchasing (or renting) decent housing priced at market values. In subsequent parts of the *Housing Needs Assessment*, an analysis of values relative to income and the resulting affordability gaps is presented.

* *ACS Housing Value: Due to the nature of the data, whereby owners self-report the presumed value of housing units, under-valuing may occur relative to values derived from property sales or assessments.*

J. Gross Rents

The 2005 ACS reports that median gross rent is $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 rent increased at the rate of inflation, it would be $724 in 2005. Since 2000, units with gross rent of less than $500 per month decreased from about 25 percent of the units to just 6 percent of the units. Units with gross rent at or more than $1,000 per month increased from about 9 percent to about 24 percent.

Using the general standard that renter households are able to spend up to 30 percent of their gross income on rent, households need an annual income of $31,720 to pay median gross rent in Delaware. The 2005 ACS reports that median income in Delaware is $52,499. (See note above about median *family* income.) Low-income households, whose annual income is up to $41,999 (80 percent of median) can afford units up to about $1,050, per month or about 86 percent of the renter occupied units. Households with income up to 120 percent of median ($62,999) can afford monthly rent up to about $1,600. Just 1.9 percent of the units in Delaware have a median gross rent of more than $1,500 per month.

Housing Wage

Fair Market Rent for 2-BR apt in Delaware:

$848

Hourly wage needed to afford 2-BR apt in Delaware:

$16.31

Source: National Low-Income Housing Coalition, 2006 *Out-of-Reach* report

Table 2-31
Gross Rents by County – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
Less than $200	2,399	2.7	1,385	2.4	509	3.6	505	3.3
$200 to $299	3,136	3.6	2,187	3.8	608	4.3	341	2.2
$300 to $499	6,740	7.7	2,539	4.4	1,466	10.3	2,735	17.6
$500 to $749	23,246	26.5	14,366	24.8	4,270	29.9	4,610	29.7
$750 to $999	26,700	30.4	19,666	33.9	4,003	28.0	3,031	19.5
$1,000 to $1,499	16,832	19.1	12,463	21.5	2,091	14.6	2,278	14.7
$1,500 or more	3,041	3.5	2,490	4.3	390	2.7	161	1.0
No cash rent	5,686	6.5	2,889	4.9	938	6.6	1,859	12.0
Total Units	**87,780**	**100.0**	**57,985**	**100.0**	**14,275**	**100.0**	**15,520**	**100.0**
Median Rent ($)	**793**		**832**		**741**		**671**	

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

- By county, the highest median gross rent is in New Castle County at $832 per month. Since 2000, median gross rent increased by 24.2 percent from $670 per month. Had median gross increased at the rate of inflation, it would be $760 in 2005. Households need an annual income of $33,280 to rent a median priced rental unit.

- The 2005 ACS reports that median income in New Castle County was $59,270. Low-income households, whose annual income is up to $47,416 (80 percent of median) can afford monthly rents up to about $1,185, or about 89 percent of the renter occupied units. Households with income up to 120 percent of median ($71,124) can afford monthly rents up to about $1,780. Just 4.3 percent of the units have a median gross rent of more than $1,500 per month.
- The median gross rent in Kent County is $741 per month, an increase of 29.3 percent from $573 per month in 2000. Had median gross increased at the rate of inflation, it would be $650 in 2005. Households need an annual income of $29,640 to rent a median priced rental unit.
- The 2005 ACS reports that median income in Kent County was $48,288. Low-income households, whose annual income is up to $38,630 (80 percent of median) can afford to rent units up to about $966, or about 76 percent of the renter occupied units. Households with income up to 120 percent of median ($57,946) can afford to rent units up to about $1,449 per month. Just 2.7 percent of the units have a median gross rent of more than $1,500 per month.
- The median gross rent in Sussex County increased by 32.3 percent from $507 per month in 2000 to $671 per month in 2005. Had median gross increased at the rate of inflation, it would be $575 in 2005. Households need an annual income of $26,840 to rent a median priced rental unit.
- The 2005 ACS reports that median income in Sussex County was $44,942. Low-income households, whose annual income is up to $35,954 (80 percent of median) can afford to rent units up to about $900, or about 80 percent of the renter occupied units. Households with income up to 120 percent of median ($53,930) can afford units up to about $1,348 per month or about 85 percent of the renter occupied units.

1.2 / POPULATION AND HOUSING TRENDS
I & J. HOUSING VALUES & COSTS

SUMMARY

- **The median value of an owner-occupied home in Delaware in 2005 was $203,800. Had this value increased at the rate of inflation since 2000, it would have increased to only $138,366. The dramatic rise in home prices is not unique to Delaware. A median-priced Delaware house would be considered affordable to a household earning $67,933 per year. Yet, In 2005, the median household income was only $52,499.**
- **While New Castle County has the highest median home value ($218,400), Sussex County's home value increase between 2000 and 2005 was the fastest: over 100 percent.**
- **Statewide, the median gross rent reported by the 2005 ACS was $793 per month. Had gross rent's increase between 2000 and 2005 been on pace with inflation, the 2005 value would be only $724 per month. The highest median gross rent was in New Castle County, $832 per month.**

K. HOUSING CONDITION

This section provides an overview of housing conditions in Delaware using Census data chosen to indicate deficiencies in the housing stock. (NOTE: Part 3 of the *Housing Needs Assessment* provides a more thorough review of housing conditions in Delaware based on an update of field surveys performed in 2002 and 2003.)

i. Age of Housing

Age is used to show the time the unit has been in the inventory and the duration of time over which substantial maintenance is necessary. The age threshold commonly used to signal a potential deficiency is represented by the year built with units that are 40 years old or over used as the threshold. As shown in Table 2-32, the 2005 ACS reports that, statewide, 27 percent of units were constructed prior to 1960.

Table 2-32
Year Structure Built – 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
2000 or later	39,698	10.6	15,381	7.3	8,948	15.4	15,369	14.3
1990 to 1999	64,890	17.3	29,313	14.0	10,690	18.4	24,887	23.3
1980 to 1989	62,767	16.7	30,763	14.7	8,237	14.2	23,767	22.2
1970 to 1979	50,689	13.5	25,030	11.9	9,378	16.1	16,281	15.2
1960 to 1969	54,193	14.5	37,564	17.9	8,030	13.7	8,599	8.0
1940 to 1959	62,801	16.8	46,305	22.1	7,187	12.4	9,309	8.7
1939 or earlier	39,834	10.6	25,236	12.1	5,691	9.8	8,907	8.3
Total	**374,872**	**100.0**	**209,592**	**100.0**	**58,161**	**100.0**	**107,119**	**100.0**

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

- From 2000 to 2005, 39,698 units were added to the housing stock and there are about 1,100 fewer units constructed before 1960. In 2000, 30.2 percent of the units were 40 years old or older.
- In New Castle County, 34 percent of the housing units were constructed prior to 1960, down from 37 percent in 2000. About 70 percent of the housing units in Delaware that are 40 years old and older are in New Castle County. From 2000 to 2005, units constructed prior to 1960 declined by 2.3 percent, or about 1,700 units. Because it has the slowest growth rate, just 7.3 percent of the housing was completed from 2000 to 2005.
- In Kent County, 22.1 percent of the housing was constructed prior to 1960. In 2000, 25 percent was constructed prior to 1960. From 2000 to 2005, units constructed prior to 1960 declined by 2.2 percent or

about 300 units. Between 2000 and 2005, 15.4 percent of the housing was built.

- 17 percent of the housing in Sussex County was constructed before 1960, down from 19 percent in 2000. From 2000 to 2005, units constructed prior to 1960 decreased by 1.5 percent or 291 units. Between 2000 and 2005, 14.3 percent of the housing units were constructed.

Many older units are well-maintained. Older units, however, have a greater need for maintenance, including replacement of expensive building systems. Because of neglect, it is likely that some of the older units in Delaware are no longer habitable. Newer housing units that have bigger rooms and modern amenities generally have higher sales values reflecting a preference for newer units. Newer housing is more expensive and less affordable by low-income households. Areas with a variety of new housing types are more attractive to new households.

ii. Overcrowding & Deficient Housing

An additional variable used to identify housing condition is crowding, which is directly related to the wear and tear sustained by the structure. As the rule of thumb, the value of more than one person per room (1.01) is used as the threshold for defining living conditions as substandard.

- The 2005 ACS reports that, statewide, there are 6,272 units with more than one person per room, which is 2 percent of the occupied housing. Overcrowded units declined by 32.5 percent from 2000 when there were 8,309 units with more than one person per room (2.8 percent of the occupied units).
- Since 2000, crowding has declined substantially in New Castle and Kent Counties. The 2005 ACS reports 3,654 crowded units in New Castle County down from 5,273 in 2000 and 878 crowded units in Kent County, down from 1,262 in 2000. Crowded units in Sussex County decreased by 34 from 1,774 in 2000 to 1,740 in 2005.

Exclusive use of plumbing is identified as a variable, with the sharing of facilities between households used as an index of deficient housing conditions.

- The 2005 ACS reports that statewide, 1,261 units, or 0.3 percent of the total units, lack complete plumbing. Units lacking complete plumbing increased by 142 units or 12.7 percent from 1,119 housing units in 2000.
- The majority of the additional units that lack complete plumbing are in New Castle County. In 2000, there were 605 units that lacked complete plumbing. The ACS reports that 729 units in New Castle County lack complete plumbing. Units lacking complete plumbing in

Kent County increased from 147 in 2000 to 219 in 2005. In Sussex County there are 313 units lacking complete plumbing, down from 367 in 2000.

Exclusive use of a kitchen is also identified as a variable, with lack of a kitchen or the sharing of facilities between households used as an index of deficient housing conditions. The 2005 ACS reports that 999 of the housing units or 0.2 percent of the total units in Delaware lack a complete kitchen.

Table 2-33 provides an overview of the Census indicators of housing deficiency. (Although compelling and useful as snapshots over time, ACS data in this category have a high margin of error due to small sampling size.)

Table 2-33
Units Lacking Complete Plumbing, Lacking Complete Kitchen, and Crowded – 2005

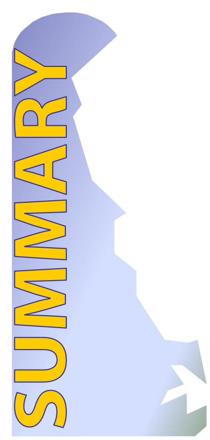
	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Total Units	374,872	100.0	209,592	100.0	58,161	100.0	107,119	100.0
Lack Complete Plumbing	1,261	0.3	729	0.3	219	0.4	313	0.3
Lack Complete Kitchen	999	0.2	486	0.2	198	0.4	315	0.3
Occupied Housing	317,640	84.7	193,255	92.2	53,731	92.4	70,654	66.0
Crowded*	6,272	2.0	3,654	1.9	878	1.6	1,740	2.5

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

** - percent is calculated based on occupied housing*

1.2 / POPULATION AND HOUSING TRENDS
K. HOUSING CONDITIONS

- **Age is a primary indicator of housing conditions. There is a widely accepted positive relationship between the rate of units aged 40-years and older and the rate of disrepair.**
- **Statewide, 27 percent of all housing units were constructed prior to 1960. This is a lesser percentage than in 2000.**
- **Overcrowding and lack of plumbing are the other data reported by the Census. The Census ACS reports a decline in overcrowding between 2000 and 2005 and a minimal (within the margin of error) increase in units lacking complete plumbing.**



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L. Key Demographic & Housing Trends: Summary of Findings

- The aging of the state's population is a double-edged sword with regard to homeownership. In the short term, more people are entering age groups where homeownership is more likely. That means homeownership in Delaware may increase a few percentage points in the coming years just because of demographic changes. In the long term, the younger age cohorts will not grow. The 20 to 34 year old age group is projected to remain at about 19 percent in 2010 and 2015. However, because this age group has a high rate of household formation, the most growth in households will occur in this age range. (This is discussed further in Part 2 in relation to household growth and housing demand projections.)

- Due to the aging of the Baby Boom generation, Delaware's older middle-aged population and its elderly population are projected to have the greatest increases. This will potentially increase the demand for retirement communities (e.g., coastal and golf course condominiums), elderly housing apartments, and retirement manufactured home communities.

- In 2010, 34.5 percent of the population will be age 50 and over, and, by 2015, 37.2 percent will be age 50 and over. There are three distinct housing needs among this age group. The "young" elderly, those entering pre-retirement or early retirement years, are ages 55 to 65. The young elderly are often in the market for a smaller home, perhaps near a recreation area. The second group of elderly comprises those 65 to 75 who are living in the homes usually selected in the pre-retirement period. Finally, there are 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.

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.

- Household size in Delaware and the three counties has decreased over the past several decades. The baby-boom population is now fully absorbed in the housing market in Delaware, and is being followed by the baby bust generation, the product of very low birth rates in the late 1960s and 1970s. Household size in Delaware is projected to continue to decrease. The reduction in household size will not, however, be as dramatic as the decrease over the last two decades, thus reducing natural household increase in Delaware due to the diversification of the population by minority households who are younger and have higher birth rates.

- The above trend will, however, be countered to an extent. In the next decade, the Baby Boom's "Echo" will come to maturity and launch into the housing market in Delaware. The DPC projects continued migration of households to Delaware, particularly to Sussex County. The two factors will lead to an increase in household growth in Delaware, though not to levels reached in previous decades. It is projected that for every one percent increase in the population, there will be a 1.2 percent increase in households in Delaware, resulting from smaller household sizes.
- The structure of households is changing in Delaware. Today, the proportion of households headed by a single adult is 43 percent, up from 12 percent in the 1950s. The continued change in household composition in Delaware, with a continued increase in smaller households and households headed by a single parent, has a significant impact on housing.
- Traditionally, there has been an enormous difference in the poverty rates of households with children under the age of 17 that are female-headed as compared to households that are male-headed or married couples. The increase of single person households, particularly those that are female-headed, means a greater proportion of the households and the children are at risk of growing up in poverty and will potentially experience housing problems.
- Housing costs (sale prices and gross rents) have increased at a pace well above the rate of inflation. In particular, the escalation of owner housing costs in the state during the first years of the 2000s has made it much harder for households to afford to purchase a home.
- The 2005 ACS reports that 72.4 percent of the occupied units in the state are owner-occupied. The rate of homeownership in Delaware exceeds the rate nation-wide. There were significant increases among homeownership by minority households. Innovative financing alternatives have undoubtedly enabled many low-wealth and low-income households to become homeowners in recent years in Delaware, supporting the continued increase in homeownership in the state. Also, there are initiatives underway by the Federal government to increase homeownership among minority households, which will support the continued increase in homeownership in the state.
- Manufactured homes are an affordable path to homeownership for low-income households in Delaware. They are, however, a misunderstood segment of the housing industry. Manufactured homes are also subject to unique conditions that make them vulnerable to being lost from the market.

3. LAND USE TRENDS

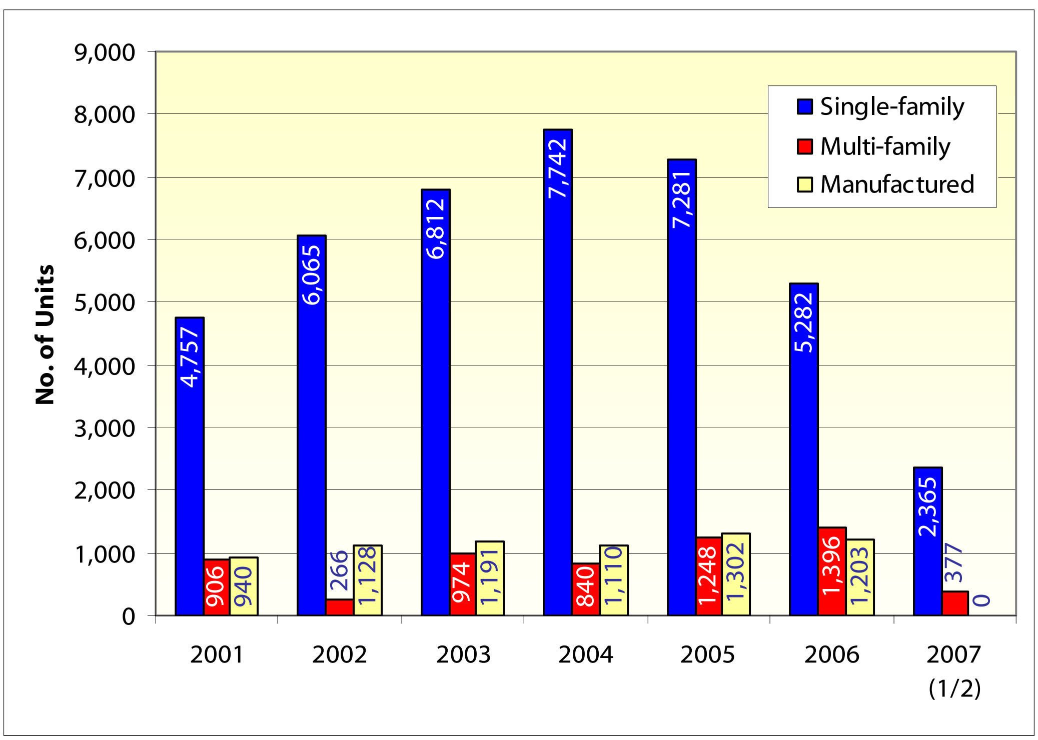
A. RESIDENTIAL PREFERENCES

DSHA prepares *Housing Production In Delaware*, which provides a profile of housing activity in Delaware for the year. The information provides a gauge of household preferences as building permits represent a response to market demand through development of units.

From 2001 to 2006, building permits were authorized for 43,569 housing units in Delaware and 6,874 manufactured homes were placed in the state, adding 50,443 units. (Note: Prior to 2003, DSHA used its own direct surveys of municipalities to collect this data. In 2003, the agency began using Census building permit data for reporting on annual unit production. Any discrepancy between data is likely attributable to this change in data collection methods.)

Between 2001 and 2006, of the 50,443 units reported by DSHA's *Housing Production In Delaware* report, 75 percent of building permits (37,939) were issued for single family units; 11 percent (5,630) were for multi-family units. The remaining 13 percent of units comprise manufactured homes. The chart below shows the relative share of each type and includes data through June 2007

Table 3-1
Housing Type Statewide – 2001 to June 2007



Source: Delaware State Housing Authority, Housing Production In Delaware

Housing Production In Delaware shows that, by county, residential preference is for single family. The report defines single-family units as one-family, freestanding structures, condominiums, townhouses or row houses intended to be sold. Multi-family units are defined as five or more units in the same building sharing a common area of land.

In Sussex County, just 7.5 percent of the building permits issued from 2001 to 2005 were for multi-family units. Table 3-2 provides a profile of housing activity in Delaware by county.

Table 3-2
Housing Type by County – 2001 to 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: Delaware State Housing Authority, Housing Production In Delaware

New Castle County reports that in 1974, the top three land uses were agricultural (45 percent), forest (25 percent), and residential (13 percent). By 2002, the residential proportion had risen to 28 percent, still less than agriculture's 29 percent, but more than the 15 percent remaining forest cover. It should be noted, however, that as the technical quality of aerial photography and computers for analyzing the data has improved, so has the accuracy of the land cover information. Some of the variations in land cover may be due to an enhanced ability to discern one use from another. New Castle County's *Comprehensive Plan* reports that its future land use map has resulted in a growth pattern that may be difficult to sustain, does not make the most efficient use of resources, and places significant pressures on many protected resource areas.

Sussex County reports that land used for residences increased from 46,254 acres to 56,661 acres during the 1990s. The Office of State Planning Coordination PLUS review shows that from 2000 to 2005, over 10,000 acres of land in Sussex County was rezoned from agricultural use to residential uses. Sussex County's commercial land use has also rapidly expanded, particularly along the major highways outside of town centers.

There is no information regarding the land absorption rates in Kent County. A review of information from the Office of State Planning Coordination's PLUS review shows that from 2001 to 2005, about 1,700 acres in Kent County were rezoned from non-residential use, primarily agriculture, to residential use.

The following provides an overview of development trends in Delaware by county based on observations provided by the DPC and consideration of historic trends.

i. New Castle County

The historic pattern of a central city experiencing population loss to growing surrounding suburbs has and is changing dramatically. Although the City of Wilmington is projected to grow slightly, the City will be surrounded by four types of suburban areas.

- The City of Wilmington and the older suburbs - a region of stability and decline. Although Wilmington is projected to post a slight overall gain in population, persons residing in the City are projected to continue moving to the suburbs. The areas to the immediate north and south of the City will lose population or stabilize.
- West-Central New Castle County - a region of increasing stability. The areas that suburbanized from the 1960s to the 1990s are projected to experience declining growth rates. The growth rates of the inner ring older suburbs in central and western New Castle County are projected to decline because of an aging population and empty nesting. Also, the land of the area is reaching its holding capacity for new development.
- The Greater Newark area – a region of stability and major employment center. This area is located on the west edge of New Castle County, centered on the City of Newark. As a major employment center with the University of Delaware and manufacturing plants for automobiles and various chemical plants, Newark has extended its suburbs west beyond the Delaware state line into eastern Cecil County, Maryland. Although anticipated to continue growing, the growth rate of the area is decreasing.
- Southern region of high suburban growth, as seen currently in the Middletown area which has increased by 64 percent between 2000 and 2006 alone. There will be continued suburbanization in southern New Castle County. The rapid growth is projected from US 40 to the Chesapeake and Delaware Canal and south of the Chesapeake and Delaware Canal. The suburbanization of the southern portion of New Castle County represents the progression of development further out of the traditional growth center of the county rather than the migration of new households.

ii. Kent County

Kent County will retain its historical and geographical structure of a single urban center consisting of the City of Dover and the Dover metropolitan area, surrounded by a suburban and agricultural periphery. SR 1, also known as the Route 13 by-pass, opened in Kent County in 1993 and is now complete through the county. The result of the opening of SR 1 is that it makes it possible to live in Kent County and easily commute to the City of Wilmington and points north. Residential construction has increased and is expected to continue as a result of the expanded commuter shed that resulted from the construction of SR 1.

Kent County is the connector between New Castle County and Sussex County. The construction of SR 1, the major north-southeast state highway, and increased traffic on US 13, which also runs through Kent County from the north to the southwest, are forming a development corridor in the county of an inverted "Y" centered on the City of Dover.

The geographic pattern of population change will be one of more rapidly growing northern and southern areas bracketing the more slowly growing, but much larger, Dover metropolitan area. Suburbanization will continue to move primarily west of the metropolitan area and north and south along the major highways.

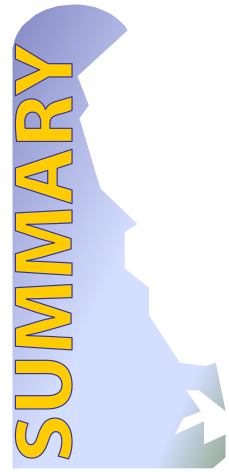
The northern portion will continue to have a higher rate of growth because of the easy commuting time from both the City of Dover and the City of Wilmington, and adjacent to the high growth area of southern New Castle County. The southern portion remains rural and is projected to see an increase of dispersed residential development.

iii. Sussex County

Sussex County will continue to lose its rural agricultural character as both the eastern and western sections experience rapid, but different types of growth.

Eastern Sussex County has become urbanized along the spine of SR 1 due to an influx of pre-retirees and retirees who have added year-round residents to the Coastal Resort Area. The western portion of Sussex County experiences growth tied to the agriculture and agricultural processing industries. Although western Sussex County will remain predominantly agricultural, its rural landscape will be overlaid by dispersed residential development and bisected by highway-oriented commercial development. Land development in eastern Sussex County to accommodate the retirees will continue to displace poorer residents to the western part of the county. Western Sussex County will also continue to attract a younger Hispanic population drawn to employment opportunities in the poultry processing industry.

1.3 / LAND USE TRENDS & PATTERNS
A. RESIDENTIAL PREFERENCES



- **Over three-quarters of building permits issued in Delaware from 2001 to 2005 were for construction of single-family homes. Ten percent were for multi-family units and 13.3 percent for manufactured homes.**
- **In 1974, New Castle County counted 13 percent of its land as residential use. By 2002, residential land consumption had grown to 28 percent, reflecting the national trend for decentralization of communities and low-density development on former agricultural or undeveloped land.**
- **New Castle County's fastest residential growth is projected to occur in its southern municipalities from US40 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 to the east in its coastal resort areas.**

B. TRANSPORTATION & COMMUTING PATTERNS

Delaware's location at the center of the East Coast of the U.S. provides excellent access to jobs and markets. Modern highways, railroads, airports, ports, and public transit systems in the state facilitate the movement of products and people.

The major north-south highway along the Eastern Seaboard is Interstate 95. Delaware's direct access to I-95 provides fast and efficient access to jobs. Intercity passenger rail service is provided by Amtrak, offering both high-speed Northeast Corridor and long-distance trains. Local and commuter services are provided by the Southeastern Pennsylvania Transportation Authority (SEPTA) under contract to the Delaware Transit Corporation.

The Delaware Transit Corporation, operating as DART First State, is a division of the Delaware Department of Transportation (DelDOT) and, as such, provides a full range of fixed bus routes, paratransit, commuter rail, and related services. DART provides local fixed route bus service throughout the state, operating 68 routes reaching most all of Delaware. All DART buses are wheelchair accessible and bike rack equipped. DART First State provides statewide door-to-door bus service for individuals who are unable to use fixed route bus service due to age or disability.

To increase opportunities for carpooling, RideShare Delaware matches commuters through a database. The database is open to anyone who lives or works in Delaware.

Housing and transportation costs consume a large share of the household budget. A review in 28 metropolitan areas, *A Heavy Load, The Combined Transportation and Housing Costs of Working Families*[*], prepared in October 2006 by the Center for Housing Policy, found that, for households of all income levels, 27 percent of income goes for housing alone and another one-fifth goes to the cost of getting around. Together, these items account for almost 48 percent of household income. Working families with incomes between $20,000 and $50,000 spend a similar percentage of income on housing; however, their transportation costs consume almost 30 percent of their income. Households that are able to reduce their transportation costs are better able to expand their housing opportunities.

Table 3-3 presents information regarding to commuting to work patterns by Delaware's workforce. The state's workforce overwhelmingly relies on private vehicles. Additionally, they travel to work alone. Very few workers use public transit. The mean travel time to work is 23.7 minutes. The work day has changed from an eight hour day from 9:00 am to 5:00 pm to a 24-hour day. Jobs have moved out of the concentrated central cities to the sprawling suburbs. Public transit has had a difficult time responding to this changed work pattern. To reduce transportation costs, and thereby expand household's housing budgets, communities need to ensure opportunities for jobs in various locations that can be served by public transit. Likewise, public transit needs to become more flexible.

Table 3-3
Commuting to Work – 2005

	DELAWARE		**New Castle County**		**Kent County**		**Sussex County**	
	Total	**% of Total**	**Total**	**% of Total**	**Total**	**% of Total**	**Total**	**% of Total**
Drove alone	318,734	80.3	203,944	80.8	54,461	81.5	60,329	77.4
Carpooled	42,058	10.6	26,122	10.4	7,212	10.8	8,724	11.2
Public transportation	8,588	2.3	6,906	2.7	786	1.2	896	1.1
Walked	7,159	1.7	4,703	1.9	1,023	1.5	1,433	1.9
Other means	5,942	1.5	2,421	1.0	956	1.4	2,565	3.3
Worked at home	14,552	3.6	8,159	3.2	2,411	3.6	3,982	5.1
Total	**397,033**	**100.0**	**252,255**	**100.0**	**66,849**	**100.0**	**77,929**	**100.0**
Mean travel time to work (minutes)	23.7		24.1		23.6		22.7	

Source: U.S. Census Bureau American Community Survey

The *Comprehensive Economic Development Strategy* reports the following regarding commuting patterns in Delaware.

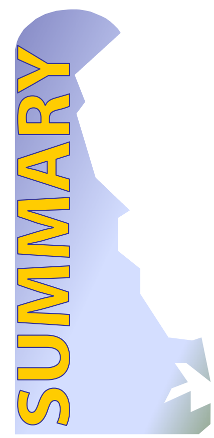
- Almost two-thirds of the state's employed persons work in New Castle County. Net commuting for New Castle County is +25,508. This reflects the commuting patterns wherein fewer New Castle County residents leave

[*] Center for Housing Policy, October 2006.

the county for their work than non-New Castle County residents enter the county for work. Over time, this is expected to increase.

- Net commuting for Kent County is minus 728. This reflects the commuting patterns wherein more Kent County residents leave the county for their work than non- Kent County residents enter for work. This figure is expected to increase over time.
- Net commuting for Sussex County is minus 7,291. This reflects the commuting patterns wherein more Sussex residents leave the county for their work than non-Sussex residents enter for work. This figure is expected to increase over time.

1.3 / LAND USE TRENDS & PATTERNS
B. TRANSPORTATION & COMMUTING



- **A national study by the Center for Housing Policy finds that households at all income levels spend one-fifth of their incomes for transportation costs. Working families whose incomes fell between $20,000 and $50,000 tend to spend closer to 30 percent of their income on transportation, in addition to the nearly 30 percent they spend on housing.**
- **80 percent of Delaware's commuters drive to work alone in their own vehicles. Sufficient public transit is not available for most Delawareans to get from home to multiple destinations at various times during the day.**
- **Almost two-thirds of the state's employed persons work in New Castle County. Net daily commuting there equals over 25,000 trips.**

C. AVAILABILITY OF PUBLIC INFRASTRUCTURE

This section includes a review of the availability of sanitary sewer and water services in Delaware.

i. New Castle County

New Castle County's 2007 *Comprehensive Plan* provides a review of water and sanitary sewer systems. The county's sanitary sewer infrastructure is comprised of a series of gravity fed sewer pipes, pumping stations, force mains, and sewage treatment and disposal facilities.

North of the Chesapeake & Delaware Canal, the majority of the generated sewage within the Sewer Service Area is conveyed to the Wilmington Wastewater Treatment Plant. The City of Wilmington operates the treatment plant. New Castle County operates a relatively small wastewater treatment plant in Delaware City.

In northern New Castle County there are areas that have extremely limited or no remaining available sewer capacity to allow further development to tie into the system. In these areas, any property owner desiring to develop their land must establish an on-site sewage disposal facility, provide rehabilitation repairs or upgrades to segments of the system that create the loss of capacity; or defer their construction until capacity in the public system becomes available. The county is committed to a program for adding capacity to accommodate the projected growth within the sewer service areas.

South of the C & D Canal, the Sewer Service Area is comprised of five areas, one of which is not served by any existing sewer infrastructure. The other four have operational sewer treatment and disposal facilities; one privately owned, one in the Town of Middletown, and two controlled by New Castle County. The only privately run sewer system in the county is the spray irrigation facility within the residential subdivision of Lea Eara Farms serving homes south of the C & D Canal east of Route 896/301. Middletown has its own sewer treatment plant. The largest county-owned system in Southern New Castle County is Water Farm #1, east of Odessa.

The provision of public sewerage serving subdivisions and land development proposals within the Southern New Castle County Growth Area is given the highest priority for authorization to connect to a public sewer system. The county's objective is to facilitate the provision of public sewerage to properties within the New Development Area (currently without sewer facilities) with conveyance of sewage to treatment and disposal facilities in Middletown and Water Farm #1 as a short term plan with the eventual long term solution being the public sewerage of the entire Southern Sewer service area after the infrastructure is in place.

Both residential and non-residential land uses in unincorporated New Castle County, located beyond the boundaries of the Sewer Service Areas, rely on the disposal of wastewater on their own properties via on-site septic systems or other on-site facilities approved by the Delaware Department of Natural Resources and Environmental Control (DNREC).

The majority of residents and businesses that are connected to the county's public sewer system do not experience problems, although a small number of sewer-related problems do infrequently occur. The County's Department of Special Services sometimes encounters problems in certain areas with sewers during wet weather events. New Castle County's objective is to undertake all possible solutions to prevent such problems from occurring in the future.

Wherever financially and physically possible, New Castle County accepts communities' petitions to have the county facilitate a septic elimination project, relieving homeowners of their problematic septic systems and eliminating adverse environmental impacts of failing septic systems. There are thousands of households in New Castle County on septic systems, and conversion of all to sewers would be prohibitively expensive. As funding permits, the county seeks to conduct septic elimination projects that prioritize communities with failing systems with potential negative environmental impacts.

A priority of the county is to make public services, including public sewer capacity, available to properties that can be revitalized.

In New Castle County, 75 percent of the drinking water is obtained from surface water sources and 25 percent from groundwater. The many uses of water are similar throughout the county regardless of geographic location, although southern New Castle County uses significantly more water for agricultural irrigation while the northern areas have more commercial and industrial users. South of the C & D Canal, all of the water is drawn from public and private wells. DNREC and the Delaware Division of Public Health regulate which water supplier provides water service to specific areas as well as how much water is permitted to be drawn from the various water supply sources.

The Delaware Water Supply Coordinating Council (WSCC) has issued two reports describing the water supply and demand projections for northern New Castle County (March 8, 2006) and for southern New Castle County (June 30, 2006).

The report for northern New Castle County includes statistics supporting the conclusion that a healthy surplus of water supply is available and will remain available to meet the peak demands for drought conditions through 2020 and beyond. The water supply and demand projections take into consideration the several recently completed projects that have increased the water supply capacity and reflect the population projections from the DPC. The water supply storage capacity in northern New Castle County has recently been substantially increased to a point where a surplus of water quantity is anticipated to be available to support the demand well into the future.

The report for southern New Castle County concludes that water supplies will be sufficient to serve the increasing demand at least through 2030 based on conservative projections. This anticipates a reduction in agricultural irrigation needs with an increase in use by the growing population. The report makes a number of recommendations to ensure that the supply stays ahead of demand. With the implementation of several changes in procedures at the state level, the demand is expected to be comfortably met in the foreseeable future. The storage capacity in the southern part of the county is also believed to be adequate.

ii. Kent County

The 2002 *Comprehensive Plan* reports that the Kent County Regional Wastewater System was designed to provide a single treatment plant to serve the majority of the county. The Kent County Regional Wastewater System provides a trunk collection system to collect sewage from the many subsystems in existence and planned. The Regional Wastewater System offers the opportunity for a sewage disposal system to incorporated and unincorporated areas of the county not having a wastewater system. Kent County manages the collection, conveyance, and treatment of wastewater through a system of sewer districts encompassing a combination of smaller municipalities that either lack their own sewer authorities or had a sewer collection and treatment plant prior to the initiation of the county system and major residential subdivisions in the unincorporated areas of Kent County. Contract users include the municipalities of Smyrna, Clayton, Dover, Camden, Wyoming, and Milford, and independent industrial, institutional, and residential users.

In 2000, Kent County revised its *Long Range Wastewater Management Plan*. The revision served to provide a plan to meet the needs of county residents, businesses, and industries in existing and proposed future service areas through 2020. The recommendations of the *Long Range Wastewater Management Plan* will optimize the efficiency of the existing sanitary sewer system rather than increasing the capacity of the system.

Kent County's policy on the provision of sanitary sewer service is to provide the service in areas of the growth zone wherever economically feasible. Areas outside of the growth zone are considered for sanitary sewer service only when there are environmental health concerns for existing development.

Areas outside of Kent County's or the City of Harrington's sanitary sewer systems have on-site wastewater treatment and disposal systems. The DNREC regulates the design, installation, and operation of on-site wastewater treatment and disposal systems. The DNREC regulations require that those individual lots with on-site septic systems include a 100 percent replacement area for the subsurface disposal system. The replacement area is tested along with the primary area to determine feasibility and size and is restricted from uses other than on-site disposal. The requirement may increase the minimum lot area, which can add to the cost of housing.

Because of the unsuitability of soils in certain parts of Kent County, problems with rising water tables, and the frequency rate for failing septic systems, the DNREC has tried to encourage the use of community septic systems. The Kent County Regional Planning Commission is hesitant to endorse the use of community septic systems because of the concern over ownership and maintenance along with the issue of who is liable to replace a failed community septic system. The issue of community septic systems is a major concern of developers in areas not served by the county's sanitary sewer system.

The Kent County *Comprehensive Plan* reports that about half of the households in the county rely on individual on-lot wells for their water supply. The abundance of water from shallow aquifers makes it easy and relatively inexpensive to obtain water in Kent County. According to the State of Delaware *Source Water Assessment Plan* completed in 1999, Kent County contained 158 community public water systems (CPWS), which consists of public-owned water purveyors, investor-owned purveyors, and privately-owned purveyors. Growth in accordance with the General Land Use Plan of the Kent County *Comprehensive Plan* will necessitate additional infrastructure to provide water, although there is no concern with water supply. Kent County reports that the configuration of the General Land Use Plan, concentrating most development in and around existing urban areas, lends itself well to providing public water systems for virtually all urban development in the future. Individual well systems will still be required in rural areas of Kent County; however, the problems and inconveniences associated with the individual wells provide adequate justification for planned development of public water systems where urban densities are planned.

Wastewater Facility Needs 2004 – 2009 reported by the State of Delaware Wastewater Facilities Advisory Council in Kent County are as follows:

- Town of Hartly – provide sanitary sewers throughout the community.
- Town of Smyrna - provide sanitary sewers in the Spruance City enclave, rehabilitate the Greens Branch PS and Green Meadows and Carter Road LSs, inspect and rehabilitate manholes throughout the Town, replace sanitary sewers in the historic district, replace sanitary sewers in North Street in conjunction with the replacement of other infrastructure.

iii. Sussex County

Sixty percent of Sussex County residents rely on individual on-site septic systems. The 2003 *Comprehensive Plan* reports that Sussex County has made significant progress in providing central wastewater service in the developed areas. Onsite wastewater systems failures continue to occur both in isolated cases involving single homes and in subdivisions or small communities where a number of systems experience chronic operational problems.

All of the coastal towns and much of the inland bay area have access to central wastewater services. Sussex County operates four of the treatment plants including 1) the South Coastal Regional Wastewater Plant serving Bethany, South Bethany, Ocean View, Fenwick Island, and the inland bay areas around Little Assawoman and proposed to serve Millville; 2) the

Inland Bays Regional Wastewater Plant serving Long Neck and proposed to be expanded to serve Oak Orchard; 3) the Wolfe Neck Wastewater Plant serving West Rehoboth; and 4) the Piney Neck Regional Wastewater Plant serving Frankford and Dagsboro. Municipalities in Sussex County providing wastewater treatment include Georgetown, which will also provide service to Ellendale, Rehoboth Beach, which also serves Dewey Beach and Henlopen Acres, Millsboro, Seaford, Laurel, Delmar, Bridgeville, which also serves Greenwood, and Selbyville.

The *Comprehensive Plan* reports that the treatment capacity of the South Coastal Regional Wastewater Plant is approaching its peak treatment capacity. Sussex County has initiated a study to increase the capacity and to revise the service area of the South Coastal Regional Wastewater Plant to make it compatible with the environmentally sensitive developing area. The *Comprehensive Plan* Draft also notes the need to evaluate the service area for the Inland Bays Regional Wastewater Plant.

A *Wastewater Facilities Assessment* completed in 1995 identifies communities in Sussex County with the greatest need for public wastewater systems. The communities in need of public wastewater systems included Ellendale, Delmar, Frankford, Oceanview, and the Town of Slaughter Beach. Communities of medium need were located around the inland bays including Milton, Broadkill, Coverdale Crossroads, and southeast of Milford. The western portion of Sussex County was identified as an area of least need for public wastewater treatment plants because the soils are suitable for on-site systems.

Many of Sussex County's residents are served by public water systems. The major systems are owned and operated by municipalities or franchised water service systems. Additionally there are over 400 small public systems serving 25 or more dwelling units or commercial businesses.

Sussex County's *Comprehensive Plan* did not raise concerns with the availability of wastewater or water services to support projected development.

Wastewater Facility Needs 2004 – 2009 reported by the State of Delaware Wastewater Facilities Advisory Council in Sussex County are as follows

- Purchase additional land to allow the expansion of the treatment facilities serving Oak Orchard and Long Neck.
- Construct new transmission facilities between Fenwick Island SSD and South Coastal Regional Wastewater Facility.
- Millville and North Millville Phase I – provide wastewater collection and transmission system to eliminate 1,200 existing septic systems and prevent 2,300 additional systems.

- Millville and North Millville Phase II – provide wastewater collection and transmission system to eliminate 189 existing septic systems and prevent 2,215 additional systems.
- Millville and North Millville Phase III – provide wastewater collection and transmission system to eliminate 764 existing septic systems and prevent 839 additional systems.
- Provide additional treatment capacity at the Wolfe Neck waste water treatment plant to meet current and future wastewater needs.
- Acquisition of land for wastewater disposal to provide for anticipated growth due to Dagsboro providing public water.
- Upgrade force main, pump stations, head works, and land disposal facilities
- City of Lewes – construct facilities to eliminate wastewater discharge to the Lewes & Rehoboth Canal and upgrade and expand waste water treatment plant from 0.75 to 1.5 mgd.
- City of Rehoboth - construct ocean outfall to eliminate the City's effluent discharge to the Lewes & Rehoboth canal.
- Town of Georgetown - upgrade force main, pump stations, head works, and land disposal facilities.

The Delaware Department of Natural Resources and Environmental Control (DNREC) is crafting a pollution control program particularly for the Inland Bays watersheds in eastern Sussex County. Pollution of the inland bays from wastewater is a serious and growing concern, especially as the population of this area has increased significantly in recent years. The program itself was introduced in spring 2007, with public hearings in summer 2007.

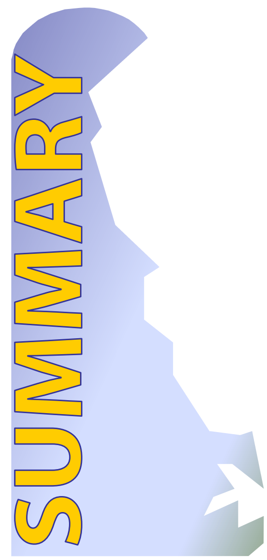
The goal of the program will be to reduce pollution resulting from wastewater in the inland bays. Aging, outdated septic systems are a primary concern in this area. The proposed program would require the inspection of all septic systems within the targeted area. It would also require upgrading or replacement of systems not meeting pollution control standards. Of the approximately 18,200 septic systems in the area, over 10,000 septic systems were permitted prior to 1986. Many of these older systems will likely to need rehabilitation or replacement.

The high cost of septic system replacement will be a difficult burden for low and moderate income households. A Steering Committee is working to identify sources of funding and financing to assist low-income households in meeting these requirements.

The requirement will also apply to large septic systems serving multiple households, as in leased-land manufactured housing communities. The need for replacement of infrastructure such as wastewater treatment systems has been a common cause of closure of smaller, older land-lease communities in Sussex and Kent Counties for several years. Large-scale inspection of systems will surely result in identifying more systems that require replacement. Upgrades or replacement of these systems may be beyond the level of investment some owners are willing or able to make in the community, and it is possible that it could lead to closure of more of these smaller communities of older manufactured and mobile homes, an important if imperfect affordable housing resource in rural Sussex County.

1.3 / LAND USE TRENDS & PATTERNS

C. AVAILABILITY OF PUBLIC INFRASTRUCTURE



- **In northern New Castle County, there are areas that have extremely limited or no remaining sewer capacity. Meanwhile, south of the C&D canal, provision of public sewerage is a priority for the designated New Development Area. Countywide, water supplies are sufficient to serve increasing demand at least through 2030.**

- **In Kent County, the Regional Wastewater System offers sewage systems to incorporated and unincorporated areas not having their own wastewater systems. County policy emphasizes adding service to areas within designated growth zones. Due to unsuitable soils and rising water tables, there is a high rate of septic system failure in parts of the County. Meanwhile, about one-half of all households in the County rely on individual on-lot wells for their water supply.**

- **Sixty percent of Sussex County residents rely on individual on-site septic systems. Coastal towns and much of the inland bay area have access to centralized wastewater systems. Meanwhile, many of Sussex County residents are served by public water systems.**

D. STATE ROLE IN LAND USE POLICY & PRACTICE

The State of Delaware has a stake in how and where growth occurs. Unlike most other states, the state itself provides most services and infrastructure throughout the state including social services, prisons, roads and transit, the largest police force in the state, approximately 70 percent of school funding, 50 percent of library construction funding, and 60 percent of paramedic funding. However, land use decisions are made at the local level.

To make best use of the state's natural and fiscal resources, Governor Minner established her Livable Delaware Agenda in 2001, and has used it to coordinate state agency planning, resource management, and investments in order to support growth where it is appropriate and planned for, and discourage growth in inappropriate locations. The *Guiding Principles of Livable Delaware* include:

- 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 Quality of Life While Slowing Sprawl

The Governor facilitates the Guiding Principles for Livable Delaware through mechanisms highlighted below.

Strategies for State Policies and Spending: the Livable Delaware Agenda centers on the "Strategies for State Policies and Spending" document, first developed in 1999 and comprehensively updated in 2004. It sets forth the state's interests and concerns about the extent and pattern of development. The Strategies link specific state agency planning activities in a shared vision and provide important guidance to county and local governments for their planning efforts. The Strategies provide a framework for more efficient and orderly allocation of state infrastructure funds.

i. <u>State Agencies</u>

In September 2004, Governor Minner signed Executive Order #59 directing state agencies to use the *Strategies* to help guide their efforts to implement the Livable Delaware Agenda. All of DSHA's policies and programs have been reviewed and modified, where appropriate, to support the *Strategies*.

ii. Livable Delaware Advisory Council

Generally known as the Council, the Livable Delaware Advisory Council was established (29 Del. Code '9102) by the General Assembly as part of the 2001 Livable Delaware legislative agenda. It has wide membership and meets on a regular basis to help guide the Livable Delaware Agenda.

iii. Office of State Planning Coordination

The mission of this Office is to continually improve the coordination and effectiveness of land use decisions made by state, county, and municipal governments while building and maintaining a high quality of life in the State of Delaware. The Office meets its mission through:

- Effective coordination of state, county, and local planning efforts;
- Coordinating state agency review of major land use change proposals prior to submission to local governments;
- Research, analysis, and dissemination of information concerning land use planning;
- Aiding the effort of the state to meet the information needs of state agencies and local governments, especially in the realm of spatial data and Geographic Information Systems (GIS);
- Provides staffing to the Livable Delaware Advisory Council;
- Provides a voice in public policy discussion with a circuit rider planner for each county. State planners provide leadership and support activities for a broad-based public effort to identify and develop strategies to address growth and economic development issues.

iv. Preliminary Land Use Service (PLUS)

PLUS is a statutory state-local review and comment process addressing changes to comprehensive plans, rezonings, site plan reviews, and other land use actions. PLUS is the primary mechanism through which the state communicates its concerns and recommendations to county and local governments on land development issues. The Office of State Planning Coordination conducts the PLUS reviews. Examples of projects that undergo the PLUS review process include the following.

- Major residential subdivisions with internal road networks and more than 50 units.
- Any non-residential subdivision involving structures or buildings with a total floor area exceeding 50,000 square feet.
- Annexations inconsistent with the local jurisdiction's comprehensive plan as certified under Title 29, §9103.

- Applications for rezoning if not in compliance with the local jurisdiction's comprehensive plan as certified under Title 29, §9103.
- County and municipal comprehensive plans as required by Titles 9 and 22 of the Delaware Code.

v. County Comprehensive Plans

The Quality of Life Act, originally enacted in 1988, and as amended in 1995, provides for integration of county planning efforts with the preparation of state development, investment, and facilities plans, including requirements for coordination and consistency with various state plans. A key requirement of the Act is that the state "shall provide to the county for use in the comprehensive planning process state land use and development goals and policies…" (§2657(b); §4957(b); and §6957(b)). This information was not available to the counties in 1997, or, at least, not in a single, concise form. The *Strategies,* when adopted in December 1999 and updated in 2004, met that requirement. Specifically, while not intended to prohibit development nor limit local authorities control over land use, they are to be a critical component of the information to be considered for county comprehensive plan implementation and revision processes required by the Act.

THE GUIDING PRINCIPLES OF *LIVABLE DELAWARE:*

- *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 Quality of Life While Slowing Sprawl*

In 2001, Governor Minner signed HB255 (Chapter 91, Title 22, Delaware Code) adding a comprehensive plan certification procedure through the Governors Advisory Council on Planning Coordination and ultimately through the Governor to ensure the county planning efforts are in line with state efforts. All three counties had plans adopted and certified in 2002 and are currently working to update those plans by 2007.

vi. Municipal Comprehensive Plans

The municipal planning enabling statute (Chapter 7, Title 22, Delaware Code, as amended) was substantially revised in 1996 and 2001 to provide greater guidance to municipalities regarding their planning efforts and to more closely connect planning to municipal land development controls, especially zoning. The statute sets forth required and optional plan elements, including housing, with differing levels of analysis required depending on the population of the community. A key provision deals with the need for coordination between municipalities and counties for areas adjacent to communities, which might develop outside the municipality or eventually be annexed. Additional changes were made to the statute in 2001, linking annexation to comprehensive plans, requiring that zoning conform to comprehensive plan within 18 months, and giving comprehensive plans the force of law. Additionally, HB 255 created a State certification process for comprehensive plans.

In 2001, the General Assembly approved a funding source for Livable Delaware Planning Grants. These grants are awarded to local governments for any planning activities that help bring them into compliance with HB255. These grants are matching grants of up to $10,000 and are administered through the Office of State Planning Coordination. To date, the State has awarded 55 grants, totaling $510,628.08 to local jurisdictions.

In addition to the grants, technical assistance is also provided to municipalities updating their comprehensive plans. Since 1995, the Office of State Planning Coordination has been engaged in a partnership with the Institute for Public Administration at the University of Delaware to provide technical assistance to municipalities for comprehensive planning, development review standards and processes, updating of land development regulations, training for municipal officials, and general research on planning issues. The Center for Historic Architecture and Design at the University of Delaware has also been involved in broader-scale planning, research, and development of local design guidelines. In addition, the Office of State Planning employs one circuit rider planner for each county to help the local jurisdictions with planning issues.

vii. The Delaware Geographic Data Committee

The Office of State Planning Coordination provides lead staff for and oversees the management of two cooperative efforts to improve the quality of, and the sharing of, several forms of data essential to governance and the provision of public services at the local, county, state, and federal levels.

The Delaware Geographic Data Committee includes representatives from all levels of government, the academic sector, and the private sector. The DGDC, as it has become known, was established by the Delaware General Assembly in 1998 in response to the findings of a group of citizens and governmental representatives seeking ways to do a better job of sharing data and information about Delaware, its economy, and the people who live in the First State. This group determined that the state should concentrate on ensuring that decision-makers at all levels of government have access to useful information, based on accurate data, especially the spatially-referenced data now widely used in Geographic Information Systems (GIS).

The DGDC was charged with finding ways to make sure that all state, county and local planners have access to useful, easily accessible, and relevant geographically referenced data. The DGDC also functions as Delaware's representative to the Federal Geographic Data Committee, which performs a similar function at the national level.

As of January 1, 2006, the Office of State Planning Coordination has also taken over the management of the Census State Data Center, which had been housed in the Delaware Economic Development Office. The State Data Center is part of a federal/state partnership in which the states and the US Census Bureau work together to plan for, carry out, and disseminate data from, the Decennial Census. The State Data Centers provide subject matter expertise within each state and can provide local knowledge and liaison for the Census Bureau as it works with state and local agencies.

E. LAND USE PATTERNS & HOUSING COST

Perhaps the most important local decisions that impact the need for infrastructure provision are those pertaining to land use. In particular, local land use decisions determine the location, character, and intensity of development. These development decisions influence the need for infrastructure. In 2004, the Office of State Planning Coordination published *Directing Growth* to support its Livable Delaware Strategies: The Strategies For State Policies And Spending. Part 5 of *Directing Growth*, "Improving Housing Choice" includes an overview of sprawl development, which continues as the predominant housing pattern, in comparison to compact development. The report cites reduced costs due to compact development. *Improving Housing Choice* distinguishes the development patterns as follows.

- Sprawl type of development is "leapfrog development", which has the tendency to skip over previously developed locations to favor areas at a greater distance from existing population and infrastructure centers. It tends to be low density; usually no more than four units per acre. Sprawl development is often characterized by separated land use, with considerable distance between residential, shopping, and employment centers. This requires a car to be used for travel to work and shopping. Sprawl developments often have wide streets and few, if any, sidewalks. Also, the street pattern offers few entrance and exit choices from the development. Cul-de-sacs tend to restrict traffic flow and limit entrance onto main roads to only a few locations.

SELECTED BENEFITS OF COMPACT DEVELOPMENT:

- 32% REDUCTION IN INFRASTRUCTURE COSTS;
- 33% REDUCTION IN ROAD MAINTENANCE COSTS;
- 29% REDUCTION IN TOTAL LAND CONSUMPTION
- 43% REDUCTION IN IMPERVIOUS SURFACES (BETTER FOR STORMWATER RUNOFF.)

SOURCE: DE OFFICE OF STATE PLANNING COORDINATION

- Compact development has the tendency to locate in approved growth areas contiguous to either a town or previously developed area. Density levels for compact development tend to be higher than that of sprawl development; usually 5 to 7 dwelling units per acre, or more. Compact development typically includes an integrated pedestrian and bike network, newer streets interconnected with existing streets, intermingling of

> residential and commercial uses, and the inclusion of parks or open space networks within developments. The positive impacts of compact development include a more diverse range of transportation options, a more economical extension of public services and utilities, and the location near existing developed areas and higher densities enable natural qualities and agricultural areas to be preserved and protected.

Improving Housing Choice notes that development patterns have an impact on infrastructure costs, private housing costs, land consumption, public sector costs and revenues, vehicle use, water quality, and public safety. There is a significant difference between the impacts created by sprawl and compact development.

The cost to provide infrastructure (sewer, water, school, and roads) decreases as the density of development increases. *Improving Housing Choice* notes that compact development can save an average of 31.8 percent through reduced infrastructure costs. Compact development is located closer to existing infrastructure and takes place at higher densities than sprawl development does so compact development will require fewer pipes in the ground and therefore cost less than sprawl development. Developers often pick up a significant portion of the cost for sewer and water capital expenditures, which is passed on to the buyer.

The expense to operate and maintain a sewer or water system has a larger affect on taxpayers than the cost to invest in new infrastructure. As the number of connections per mile increases, the cost of water and sewer service decreases. Higher population and employment density is correlated with lower wastewater conveyance costs. As lot size increases and the distance from the water or sewer plant increases, the cost to provide water and sewer increases. Sewer and water operating costs are less for compact development than they are for sprawl development.

The pattern of development does not change the number of children living in an area. *Improving Housing Choice* finds, however, there is a modest, average school cost savings of up to 5.9 percent for compact development. School costs will go down as growth is directed (compact growth) to areas with excess school capacity. Transportation costs would also decrease because students live closer to schools. Road costs for maintenance and new construction reported a savings of 32.6 percent with compact development over that spent on sprawl development.

Private housing costs in compact development can be reduced an average of 15.6 percent when compared with sprawl development. Sprawl development uses more land with its larger lot sizes and more remote locations when compared with compact development. An average total land savings of 29.3 percent comes with using compact development over sprawl development.

Compact development saves an average of 31.9 percent agricultural land, and 42.4 percent for fragile environmental land. The land savings has benefits such as protection of scenic vistas, preserved character of rural areas, and supporting the economic viability of active farm operations. Compact development protects the viability of agricultural uses and encourages the integration of residential, agricultural, and commercial uses, which promotes the fiscal health of the jurisdictions.

There are public sector costs and revenue benefits associated with compact development. Examples include less expensive infrastructure, less expensive operating costs, and promoting fiscally beneficial integration of land uses. *Improving Housing Choice* notes that a 32.5 percent more positive cost/revenue ratio for jurisdictions using compact growth. Nearly a third less monetary support from taxes and fees is required by compact growth.

The pattern of development can influence how frequently people need to use vehicles for daily tasks. Sprawl development is often distant from existing employment and business districts making the car the only way to go from place to place. Compact development tends to place residential uses in the vicinity of commercial uses so that a short car ride is plausible. Through the provision of pedestrian and bike networks, compact development tends to make walking or bicycling a more attractive option. Compact development can result in 16.6 percent less vehicle miles traveled than sprawl development.

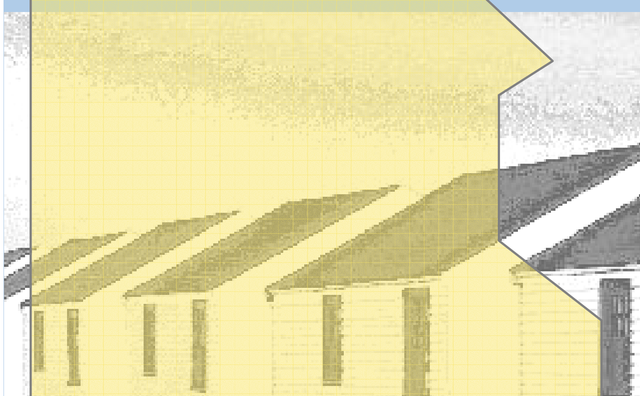
Water quality is also impacted through the imposition of impervious surface cover on undeveloped land. Increased impervious surface cover causes most stormwater to runoff quickly into stormwater drains rather than draining naturally and being filtered by the soil on its way to streams and rivers. The effects of this disruption of nature's drainage system are more frequent floods and droughts, erosion of streambanks due to increased runoff, and pollutants introduced by the non-filtered water. Sprawl development creates significantly more impervious surface cover than compact development does. Sprawl development tends to have more and wider roads than typically found in compact development. Compact development can result in an average of 42.9 percent less impervious surface cover.

Improving Housing Choice reports that anecdotal evidence exists for public safety response times, but not many systematic studies have been done. EMS calls from compact development areas were, on average, responded to in approximately 27 percent less time. Evidence suggests that a compact development pattern allows for more efficient provision of public safety services than sprawl development does.

The long-term cost of development includes operating and public service costs that must be borne by all of a jurisdiction's residents, not simply new arrivals. Evidence has shown that sprawl development has fiscal and public service impacts that can lead to a choice between the thinning of services and the raising of taxes. These characteristics tend to worsen the fiscal position of state and local governments and force the choice between the lowering service standards and the raising of taxes to maintain existing standards.

Delaware's physical landscape contains bustling urban environments, small towns, rural and agricultural areas, and pristine wetlands. Residents of Delaware are also fortunate to live in a state that has been fiscally well-managed. This enables taxes in Delaware to be relatively low. In 2003, only New Hampshire and Alaska had lower state and local tax burdens than Delaware. To preserve Delaware's sound fiscal situation and environmentally diverse landscape, the state needs a development pattern that efficiently uses public infrastructure and minimizes consumption of undeveloped land. The research provides strong evidence that a compact development pattern is well suited to maintaining Delaware's fiscal health and preserving the many characteristics that make Delaware a worthwhile place to live and work.

Part 2: Housing Supply & Demand



Delaware

Statewide Housing Needs Assessment

2008-2012

MULLIN & LONERGAN ASSOCIATES INCORPORATED

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Pittsburgh,
Pennsylvania

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Delaware

Statewide Housing Needs Assessment

PART 2: HOUSING SUPPLY & DEMAND

Contents

Statewide Housing Needs Assessment

PART 2: HOUSING SUPPLY & DEMAND

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INTRODUCTION

Part 2 of the Housing Needs Assessment follows the discussion of development context and examines Delaware's housing supply and demand dynamics in greater detail. Part 2 is organized as follows:

- *Section 1 below lays a brief framework for defining affordable housing;*
- *Section 2 discusses characteristics of Delaware's housing supply;*
- *Section 3 contains an analysis of housing demand characteristics including projections of housing demand throughout the state between 2008 and 2012;*
- *Sections 4 and 5 provide further analysis of homeownership issues and the impact of land use planning on housing development.*

4. DEFINING AFFORDABILITY

Given rapidly increasing housing costs of recent years, affordability for low-income households, which is an ongoing concern, has become more precarious. For the purpose of affordability supply and demand analysis in this *Housing Needs Assessment*, low-income households are those whose income is at or below 80 percent of an area's median family income (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. As housing prices have increased at

A NOTE ABOUT THE DATA

Much of the data in Part 2 is taken from the 2000 Census. Where possible, data is updated by the 2005 American Community Survey (ACS), also produced by the U.S. Census Bureau. The ACS is a nationwide survey designed to provide communities with a fresh look at how they are changing. The ACS collects and produces population and housing information every year instead of every ten years.

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. Unfortunately, 2005 ACS data is not available for the county census divisions (CCDs) or any of the other incorporated places.

Easy Analytic, Inc., was contracted to calculate projected household growth by age and by income by CCD from 2006 to 2012. The projections prepared by 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. The projections do not provide the age of household 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.)

Secondary data regarding population projections, employment and wages, special populations, and other housing statistics are often excerpted from various of Delaware's State-level agencies or consortia.

Different data sets can produce inconsistent results when measuring the same variables. This is typically the result of differing research methods, not error. For example, real estate values derived from eneighborhoods.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. In this document, wherever such discrepancies may lead to confusion, disclaimers are placed within the text for clarification.

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 the 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, is 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 4-1 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 4-1 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 4-1 represent either a rent or a mortgage payment.

The analysis shows sale price households from 30 percent to 115 percent of MFI can afford, presuming the following: mortgage terms of 30 years at a fixed 7.00 percent interest rate 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.). These assumptions yield a “qualifying mortgage amount” by income level, shown in the bottom portion of Table 4-1.

Table 4-1
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	1432	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.*

5. HOUSING SUPPLY

This section of the *Housing Needs Assessment* contains a review of the number and location of the available housing units in Delaware, expanding upon that already discussed in Part 1/Section 2.F. In this section, owner-occupied housing is analyzed in Subsection A below, and rental housing in Subsection B.

Throughout the section, data is presented at the statewide, county, sub-county, and (in the case of Wilmington, Newark, Dover and Georgetown) local level. The sub-county geographies are referred to as Census County Divisions (CCDs).

The map on the following page shows Delaware by its counties, CCDs, and major municipalities.

A. OWNER-OCCUPIED HOUSING

i. Owner-occupied Housing by Location

The 2000 Census reported 216,046 owner-occupied units in Delaware, which represented 72.3 percent of the State's occupied housing stock. From 2000 to 2005, owner-occupied units increased by 13,814 to 229,860, rising to 72.4 percent the rate of units occupied by owners. The rate of homeownership in Delaware continues to surpass that of the nation as a whole. Nationwide in 2005, 66.9 percent of the occupied units are owner-occupied.

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

As of 2005, the percentage of vacant for-sale units in both Kent and New Castle Counties was less than one percent. In Sussex County, where demand is high, more units are built "on spec," resulting in a higher vacancy rate. The 2005 ACS reported a vacancy rate of 4.2 percent in Sussex County.

Table 5-1 shows the change in owner-occupied housing between 2000 and 2005 by county and for the City of Wilmington. The table includes vacant, for-sale housing in the state by location. More summary points follow Table 5-1.

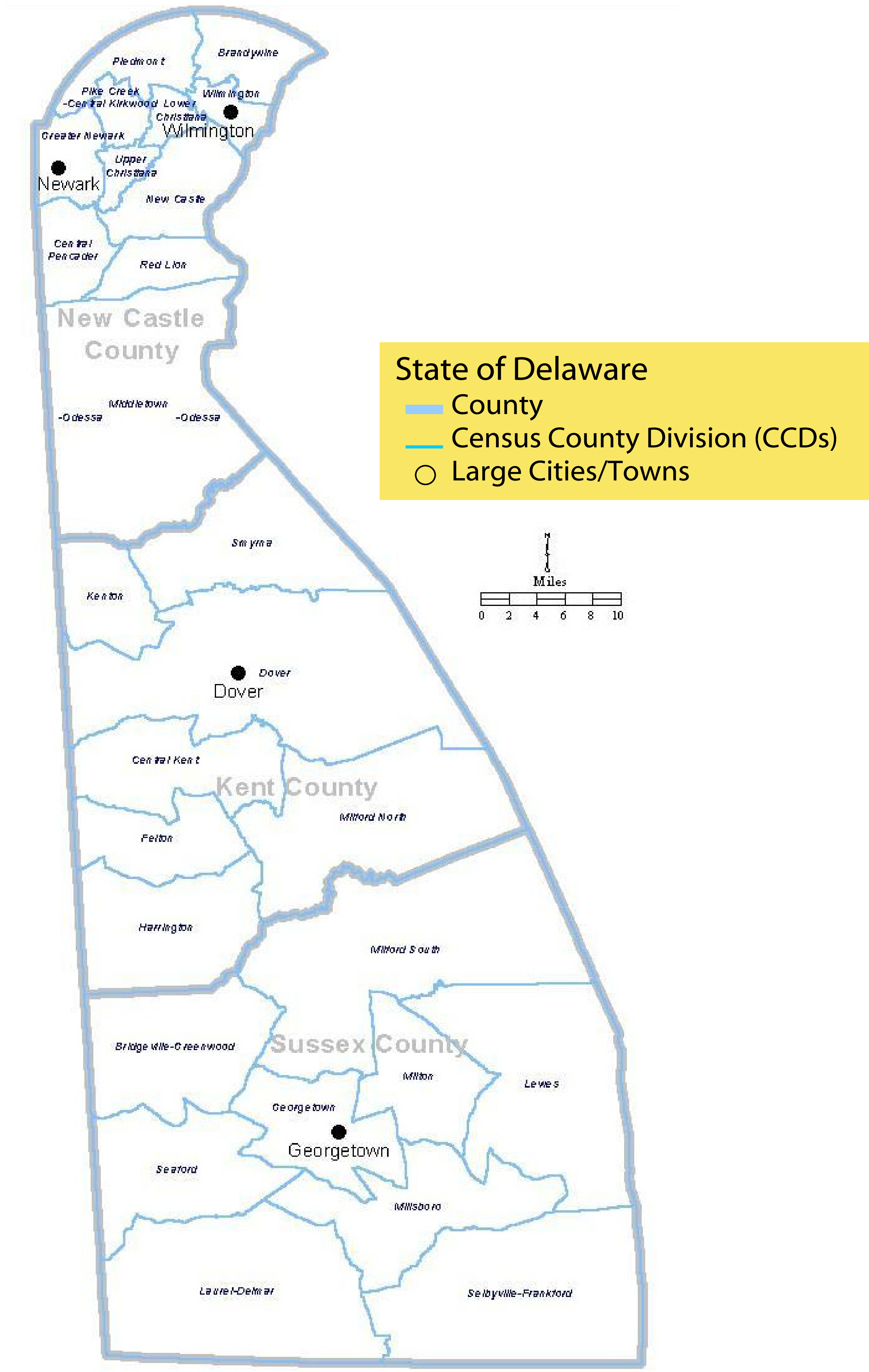

Brandywine
Piedmont
Pike Creek
-Central Kirkwood
Lower
Christiana
Wilmington
Wilmington
Greater Newark
Upper
Christiana
Newark
New Castle
Central
Pencader
Red Lion
New Castle
County
Middletown
-Odessa
-Odessa
Smyrna
Kenton
Dover
Dover
Central Kent
Kent County
Milford North
Felton
Harrington
Milford South
Bridgeville-Greenwood
Sussex County
Milton
Lewes
Georgetown
Georgetown
Seaford
Millsboro
Laurel-Delmar
Selbyville-Frankford
State of Delaware
County
Census County Division (CCDs)
Large Cities/Towns
Miles
0
2
4
6
8
10

Table 5-1
Change in Owner-occupied Housing Supply – 2000, 2005

	Housing Units		Owner-occupied Units		Vacant for-sale Only Units	
	Total	**Occupied**	**Total**	**% of Occupied**	**Total**	**% of Owner-Occupied Units**
New Castle County						
2000	199,521	188,935	132,493	70.1%	1,801	1.4%
2005	209,952	193,255	135,270	70.0%	1,203	0.9%
% Change	5.2%	2.3%	2.1%	(0.2%)	(33.2%)	(34.6%)
Kent County						
2000	50,481	47,224	33,048	70.0%	582	1.8%
2005	58,161	53,731	39,456	73.4%	122	0.3%
% Change	15.2%	13.8%	19.4%	4.9%	(79.0%)	(82.4%)
Sussex County						
2000	93,070	62,577	50,505	80.7%	1,379	2.7%
2005	107,119	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%	N/A	N/A
% Change	0.2%	(6.5%)	(8.3%)	(2.0%)	N/A	N/A

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

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

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

- From 2000 to 2005, the rate of homeownership in Kent County increased from 70 percent to 73.4 percent. (Kent County has the largest percentage of households ages 20 to 34, the age range most often associated with family formation and related homeownership decisions.)

- As an older urban center with a concentration of low income households, less than half the households in the City of Wilmington own their homes. The City's rate of homeownership declined slightly from 50.1 percent in 2000 to 49.1 percent in 2005.

Data at the CCD level is not shown in Table 5-1. As stated earlier, the 2005 ACS does not provide data at the CCD level. Key findings from the 2000 Census at the CCD level were as follows:

- Red Lion CCD, part of the growing suburban area in New Castle County, had the highest rate of homeownership in Delaware in 2000 at 89.8 percent.

- Wilmington CCD, Delaware's largest urban center, had the lowest rate of homeownership in the State at 50.1 percent. The City of Wilmington also contains the largest concentration of low value housing in Delaware in addition to a large percentage of low income persons.

Other areas of the state with 2000 homeownership rates of less than 65 percent are presented by county below.

- New Castle County - the Greater Newark CCD (62.8 percent); the Upper Christiana CCD (60.9 percent); and the City of Newark (54.7 percent).

- Kent County - the Dover CCD (63.3 percent); the Milford North CCD (61.9 percent); and the City of Dover (52.7 percent).

- Sussex County - the Town of Georgetown (51.2 percent).

ii. Owner-occupied Housing by Type

Table 5-2 on the following page shows the change in owner-occupied units by type from 2000 to 2005.

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

As shown in Table 5-2, by county, the owner-occupied housing stock consists of the following.

- In New Castle County, 93.4 percent (126,339) of the owner-occupied units were single-family units, 3 percent (4,074) were in multi-family structures, and 3.6 percent (4,803) were manufactured homes.
- In Kent County, 80.8 percent (31,896) of the owner-occupied units were single-family units, 0.3 percent (121) were in multi-family structures, and 18.9 percent (7,439) were manufactured homes.
- In Sussex County, 74 percent (40,777) of the owner-occupied units were single-family units, 1.2 percent (676) were in multi-family structures, and 24.7 percent (13,642) were manufactured homes.

Table 5-2
Change in Owner-occupied Housing by Unit Type – 2000, 2005

	Total Owner-Occupied	Single Family		Multi-family		Manufactured Homes		Other	
		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

iii. Owner-occupied Housing by Number of Bedrooms

As shown in Table 5-3 below, statewide, 116,627 units, or about one-half of the owner-occupied housing had three bedrooms in 2005. Slightly more than 1 percent (about 2,700 units) had no bedroom or just one bedroom. About one third of the owner-occupied units (76,442 units) had four or more bedrooms. This pattern is similar among the owner-occupied housing in each county and the City of Wilmington.

Table 5-3
Owner-occupied Housing by No. of Bedrooms –2005

	DELAWARE		New Castle County		Kent County		Sussex County		City of Wilmington	
	Total	%	Total	%	Total	%	Total	%	Total	%
no bedroom	**96**	0.04	54	0.04	42	0.11	0	0.00	54	0.41
1 bedroom	**2,589**	1.13	1,599	1.18	507	1.28	483	0.88	512	3.89
2 bedrooms	**34,106**	14.84	16,366	12.10	7,646	19.38	10,094	18.31	2,036	15.48
3 bedrooms	**116,627**	50.74	63,025	46.59	20,952	53.10	32,650	59.22	7,209	54.80
4 bedrooms	**67,301**	29.28	47,928	35.43	9,368	23.80	10,005	18.15	2,199	16.72
5 or more bedrooms	**9,141**	3.97	6,298	4.66	941	2.33	1,902	3.44	1,145	8.70
Total	**229,860**	**100.00**	**135,270**	**100.00**	**39,456**	**100.00**	**55,134**	**100.00**	**13,155**	**100.00**

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

iv. Census Values of Owner-occupied Housing

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.[*]

The change in the number of owner-occupied units per reported value range between 2000 and 2005 is depicted in Table 5-4. (NOTE: values are based on owner responses to ACS questionnaires and Census Bureau estimation methodology, not directly to market prices.) In 2005, almost 70 percent of Delaware's owner-occupied housing stock fell into the $150,000 and higher

[*] 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.

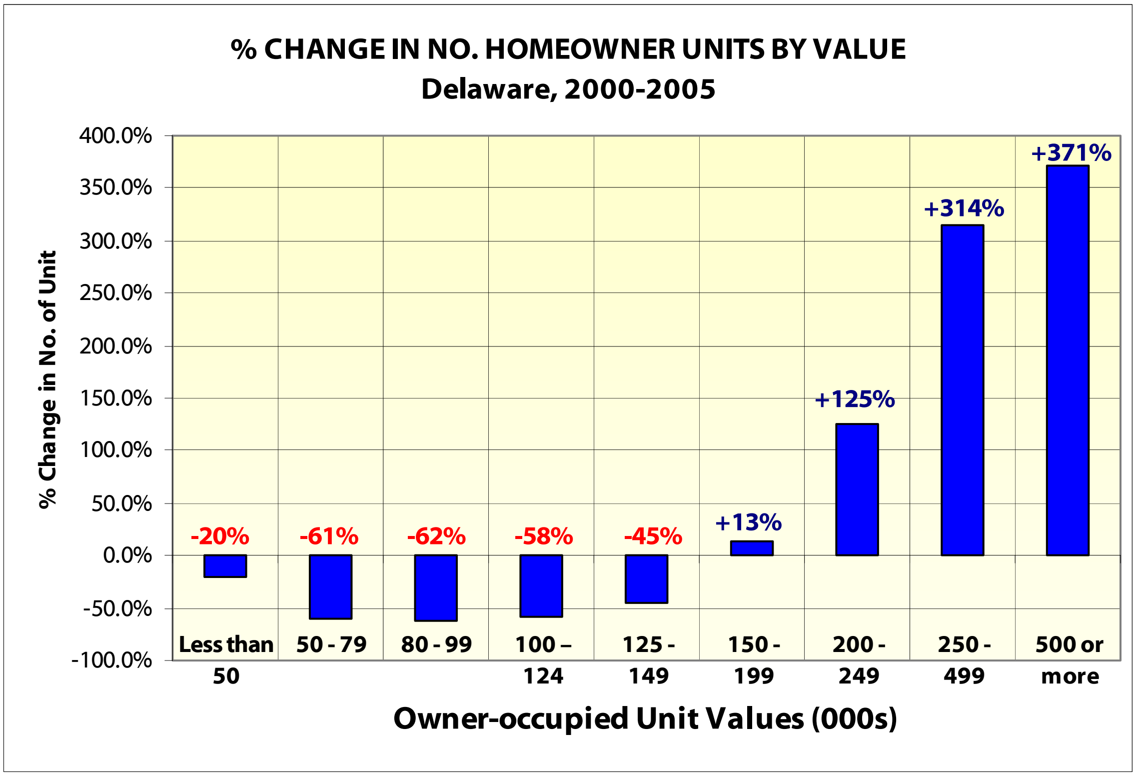
value range. Only 16.74 percent of the state's sales housing stock has a value less than $100,000.

Table 5-4
Change in Owner-occupied Housing by Value Range – 2000, 2005

	Total Owner Units	Median Value ($)	Units by Value Range								
			<$50,000	$50,000 - $79,000	$80,000 - $99,000	$100,000 - $124,000	$125,000 - $149,000	$150,000 - $199,000	$200,000 - $249,000	$250,000 - $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

Housing values in Delaware increased substantially from 2000 to 2005. The 2005 ACS reports that the median value in Delaware is $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 of the units to just 17 percent of the units. Units valued at $500,000 or more increased from 1.4 percent to 6.1 percent.



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

Table 5-5 applies the findings contained in Table 4-1, *Income Levels and Housing Affordability Range,* to the 2005 values of owner-occupied housing shown above in order to determine the percent of non-rental units that are affordable based on a household's qualifying mortgage amount and income. Income is shown as a percentage of each county's 2007 MFI.

Table 5-5
Percent of Owner Units Affordable at % 2007 MFI

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

Source: Mullin & Lonergan Associates, Inc.

a. New Castle County

New Castle County had the highest median owner-occupied Census value at $218,400. Since 2000, median value increased 64.3 percent from $132,900. Had median value increased at the rate of inflation, the median value in 2005 would be $150,728. Since 2000, units valued under $100,000 decreased from 27.2 percent (36,011 units) of the units to 11.2 percent (15,125 units) of the units. Units valued at $500,000 or more increased from 1.3 percent (1,757 units) of the units to 4.6 percent (6,275 units) of the units.

In terms of affordability, the following is noted:

- Low income households, whose income is 80 percent of the median, qualify for a mortgage of $163,996. About 24 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 100 percent of median qualify for a mortgage of $210,631. About 44 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 115 percent of median qualify for a mortgage of $245,608. About 44 percent of the county's owner-occupied housing stock is affordable to households in this income range.

b. Kent County

In Kent County, the 2005 median Census value of owner-occupied housing was $159,900, an increase of 54.8 percent from $103,300 in 2000. Had median value increased at the rate of inflation, the median value in 2005 would be $117,157. Since 2000, units valued under $100,000 decreased from 47.6 percent (15,731 units) of the units to 24.9 percent (9,832 units) of the units. Units valued at $500,000 or more increased from 0.5 percent (169 units) of the units to 2.3 percent (905 units) of the units.

In terms of affordability, the following is noted:

- Low income households qualify for a mortgage of $130,387. About 34 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 100 percent of median qualify for a mortgage of $168,620. About 46 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 115 percent of median qualify for a mortgage of $197,295. About 79 percent of the county's owner-occupied housing stock is affordable to households in this income range.

c. Sussex County

In Sussex County, the median Census value increased by 104 percent from $99,700 in 2000 to $203,400 in 2005. Had median value increased at the rate of inflation, the median value in 2005 would be $113,074. Since 2000, units valued under $100,000 decreased from 50.2 percent (25,357 units) of the units to 24.6 percent (13,539 units) of the units. Units valued at $500,000 or more increased from 2.1 percent (1,044 units) to 12.4 percent (6,822 units) of the total.

In terms of affordability, the following is noted:

- Low income households qualify for a mortgage of $117,621. About 32 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 100 percent of median qualify for a mortgage of $152,662. About 37 percent of the county's owner-occupied housing stock is affordable to households in this income range.
- Households at 115 percent of median qualify for a mortgage of $178,944. About 49 percent of the county's owner-occupied housing stock is affordable to households in this income range.

d. Census 2000 Owner Value Data

Because the 2005 ACS did not provide data at the CCD level, Table 5-4 does not compare value changes between 2000 and 2005. However, the following provides an overview of values for the CCDs, as reported in the 2000 Census, and identifying patterns in the counties.

- In New Castle County, the highest median value in 2000 was $258,100 in the Piedmont CCD, and the lowest median value was $89,300 in the City of Wilmington.
- Of the units valued at $250,000 or more, 37.9 percent were in the Piedmont CCD, and 25 percent are in the Brandywine CCD.
- In Kent County, the highest median value was $107,700 in the City of Dover, and the lowest was $92,600 in the Harrington CCD.
- 62 percent of the units valued at less than $50,000 were in the Dover CCD and the Central Kent CCD. The two CCDs form the core part of Kent County and represent the most densely settled portion of the county. The largest supply of affordable owner-occupied housing in the county was located in this population center.
- About 50 percent (3,470) of the units valued at $150,000 or more in 2000 were in the Dover CCD.
- In Sussex County, the highest median value was $152,000 in the Lewes CCD, and the lowest median value was $76,000 in the Millsboro CCD.
- Nearly 30 percent of the units valued at less than $50,000 were in the Seaford CCD and the Laurel/Delmar CCD.

- 58.2 percent (8,117) of the units valued at $150,000 or more were in the Lewes CCD and the Selbyville/Frankford CCD, both of which are part of the state's Coastal Resort Area.
- While the owner-occupied housing in Sussex County had the lowest countywide median value in Delaware in 2000, the county also has the largest percentage of units valued at $500,000 or more. The high percentage of high value units results from the high values of the housing stock at the Coastal Resort Area in eastern Sussex County. Of the 2 percent of the owner-occupied units valued at $500,000 or more, 80 percent are in the Lewes CCD and the Selbyville/Frankford CCD.

v. Current Prices of For-Sale Homes

As stated, the above owner-occupied value analysis uses data from the U.S. Census Bureau which is not tied directly to current home sales. The data is useful, however, because it provides a depth of information regarding the number of units in particular value ranges.

Using data available from eNeighborhoods (www.eneighborhoods.com), Table 5-6 gives an overview of housing costs based on actual recorded sales by location in Delaware for the first quarter of 2007 (January through March). From the first quarter of 2004 to the first quarter of 2007, median housing values in Delaware changed as follows.

- Median home price in New Castle County increased by $63,000, or about 38 percent to $230,000. So far, in 2007, the county's highest cost housing is in the Newark area and the rapidly developing areas in the southern part of the county.
- In Kent County, median home price increased by $45,000, or 30 percent, to $195,000. The highest prices are in the Central Kent County.
- In Sussex County, median home price increased by $45,000, or 21 percent, to $260,000. The highest median home price is in the Coastal Resort Area of Lewes and Bethany.

Table 5-6
Home Prices – January 1, 2007 to March 31, 2007

	Median Home Price	Average Home Price	Minimum Home Price	Maximum Home Price
New Castle County	**$230,000**	**$262,169**	**$25,000**	**$2,627,000**
Wilmington	$145,000	$171,097	$25,000	$960,000
Newark	$260,000	$263,020	$70,000	$575,000
New Castle	$170,000	$187,211	$87,000	$400,000
Middletown	$254,000	$282,588	$130,000	$468,000
Elsmere	$147,000	$153,739	$72,000	$253,000
Kent County	**$195,000**	**$234,345**	**$22,000**	**$4,350,000**
Dover	$183,500	$194,880	$33,000	$475,000
Smyrna Area – Smyrna, Clayton	$181,500	$205,263	$80,000	$600,000
Central Kent County – Magnolia, Camden, Wyoming, Felton, Viola	$205,000	$237,696	$22,000	$445,000
Harrington Area – Harrington, Houston	$169,000	$174,462	$88,000	$295,000
North Milford Area	N/A	N/A	N/A	N/A
Sussex County	**$260,000**	**$309,503**	**$20,000**	**$1,550,000**
WESTERN SUSSEX				
Seaford Area – Milford, Frederica	N/A	N/A	N/A	N/A
Laurel Area – Laurel, Delmar	$186,000	$172,316	$50,000	$305,000
CENTRAL SUSSEX				
South Milford Area - South Milford, Lincoln, Ellendale	$197,000	$209,238	$55,000	$526,000
Georgetown	N/A	N/A	N/A	N/A
Millsboro	N/A	N/A	N/A	N/A
EASTERN SUSSEX				
Milton	N/A	N/A	N/A	N/A
Lewes Area	$345,000	$414,743	$20,000	$1,500,000
Bethany Area	$385,000	$433,517	$178,000	$1,345,000

Source: eNeighborhoods

vi. Home Sale Trends - Length of Time on Market

Length of time on market, as measured by average days on market (DOM), is an indicator of whether the market is more favorable to buyers ("buyer's market") or to sellers ("seller's market"). Typically, DOM of less than 60 days indicates a seller's market as units are purchased quickly, decreasing demand and putting upward pressure on prices. Buyer's markets exist when there is less demand for units and buyers are often able to negotiate more favorable prices. Average DOM of more than 60 days reflects a buyer's market.

Table 5-7 provides a review of the average DOM of units in Delaware. Information regarding DOM has been obtained from two sources. The New Castle County Board of Realtors provides information on real estate transactions in New Castle and Kent Counties. The Sussex County Association of Realtors provides information about days on market for Sussex County.

Table 5-7
Average Days on Market – 2000 to 2006

	2000	2001	2002	2003	2004	2005	2006	Q1 2007	Q2 2007
New Castle County	N/A	N/A	36	31	28	28	41	54	48
Kent County	N/A	N/A	63	50	42	41	54	69	72
Sussex (eastern resort area)	177	172	139	91	99	120	134	N/A	N/A
Sussex (west)			168	106	84	89	103	N/A	N/A

Source: New Castle County Board of REALTORS©, Sussex County Association of REALTORS©

- Since 2002 in New Castle County, the average DOM has varied from a low of 28 days in 2004 and 2005 to a high of 41 days in 2006. Reports for the first half of 2007 indicate an uptick, with the average DOM being 48 in the second quarter.
- In Kent County the average DOM reached a low of 41 days in 2005. Like New Castle County, Kent is experiencing more DOM in the first quarter half of 2007 – 72 days in the second quarter.
- Sussex County data is split into eastern (resort area) and western markets. Real estate sales in resort areas are often different than in typical neighborhoods, and separating the data helps to prevent data that is skewed. Overall, Sussex County has the highest average DOM going from a high of 168 (western) in 2002 to 84 (western) in 2004. As of 2006, average number of days on market is 134 (eastern) and 103 (western). It is possible that the higher number of days on market is due to more housing being built on spec and for investment purposes rather than as a household primary residence.

vii. Cost-burdened Owner-occupied Housing

The rate of cost-burdened homeowners in Delaware went up dramatically between 2000 and 2005. Housing costs that exceed 30 percent of gross household income are considered excessive, and households paying above that threshold are classified as cost-burdened. Increasing numbers of Delaware's households have housing costs that exceed their available resources. Cost burden is of particular concern among low-income households who have fewer housing choices. When a low-income household pays higher proportions of its income for housing, it often has to cut back on other basic necessities such as food, clothing, and health care. Households that are cost-burdened ultimately may have trouble maintaining their dwelling. The magnitude and location of cost-burdened households is depicted on Table 5-8 below.

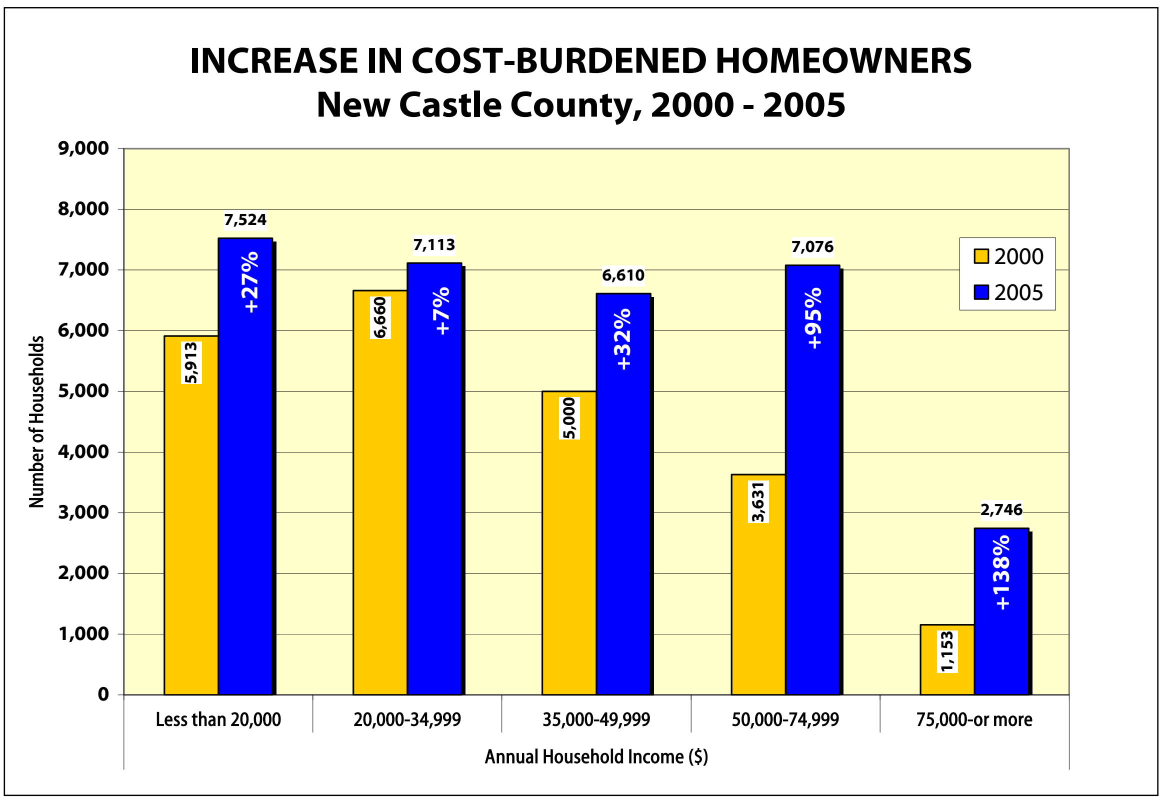
Table 5-8
Change in Rate of Cost-burdened Owner Households – 2000, 2005

	Owner Occupied Housing Units	Cost-burdened		Annual Household Income In 1999, 2004 ($)				
		Total	% of Owner Occupied Units	<20,000	20,000-34,999	35,000-49,999	50,000-74,999	75,000+
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%
City of Wilmington								
2000	14,347	3,120	21.7%	1,440	895	537	141	67
2005	13,155	3,793	28.8%	1,364	1,119	741	467	102
% change	(8.3%)	21.6%	7.1%	(5.3%)	25.0%	38.0%	231.2%	52.2%

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

The 2005 ACS reports that 54,525 owner households in Delaware were cost-burdened. Cost-burdened owners represent nearly 24 percent of all owner-occupied households and increased in number by 20,468 (60 percent) from 2000. Among 2005 cost-burdened households, nearly three-quarters (74.8 percent) had incomes below the 2005 statewide median household income of $52,499.

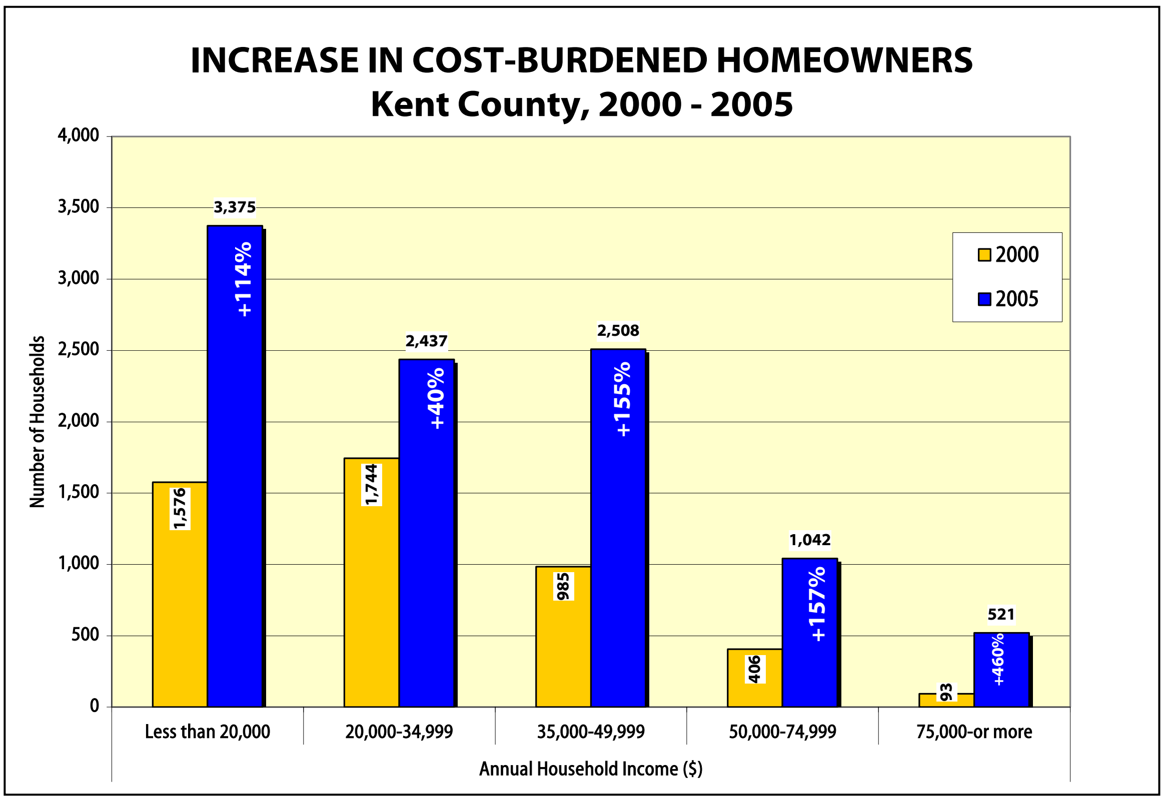
- New Castle County had 31,069 cost-burdened owner households in 2005, representing 23 percent of all owners in the county. Over two-thirds (68.4 percent) of the cost-burdened households had annual incomes at or below 80 percent of the 2007 area MFI. Cost-burdened owner households increased by 8,712 (39 percent) from 2000 when the Census reported 22,357 cost-burdened owner households.
- The figure below shows the relative change in cost-burdened New Castle County homeowners between 2000 and 2005 by income category. Although the greatest percentage increase occurred among the higher income households, the 27 percent increase among households earning below $20,000 makes it the largest category of cost-burdened owners. Households with extremely low incomes experience cost burden more acutely than those at higher income levels.



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

- In Kent County, there were 9,883 cost-burdened owner households in 2005, representing 25 percent of all owners in the county. Over 80 percent of the cost-burdened households had annual incomes at or below 80 percent of the 2007 area MFI. Cost-burdened owner households increased by 5,079 (105.7 percent) from 2000, when the Census reported 4,804 cost-burdened owner households.

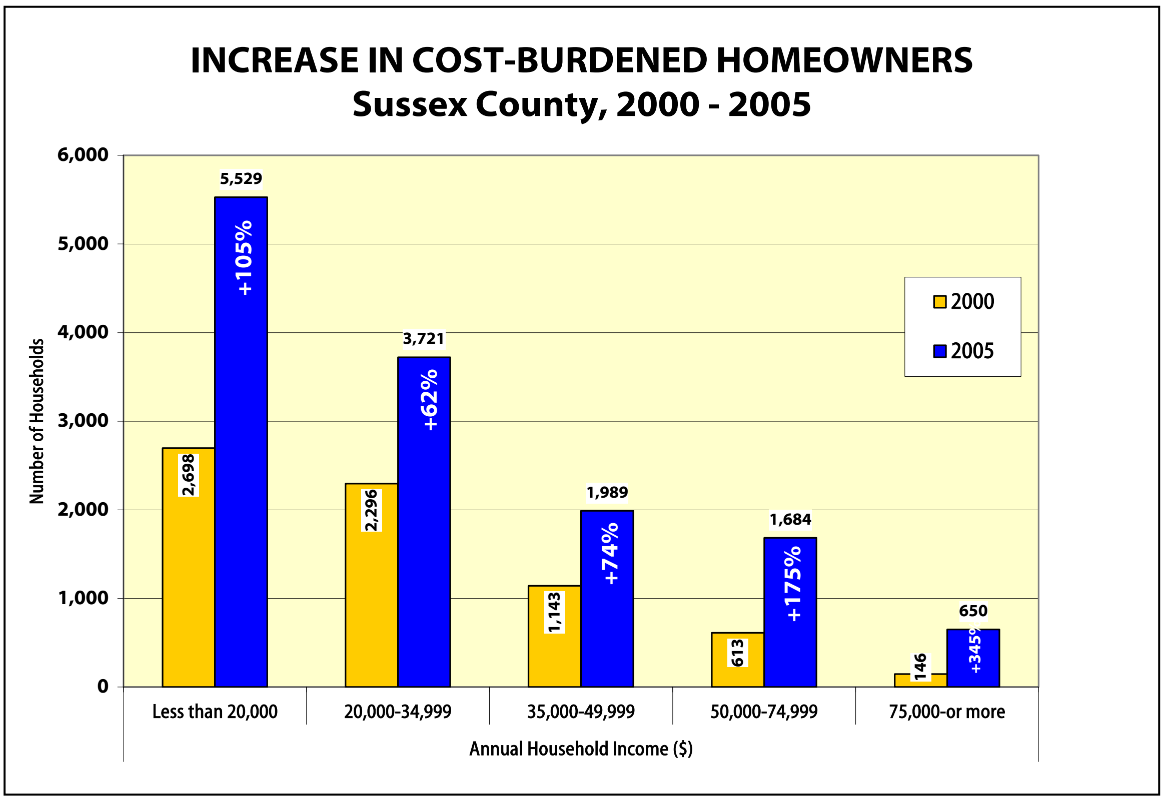
- The figure below shows the relative change in cost-burdened Kent County homeowners between 2000 and 2005 by income category. Although the greatest percentage increase occurred among the higher income households, the 114 percent increase among households earning below $20,000 makes them the largest category of cost-burdened owners. Households with extremely low incomes experience cost burden more acutely than those at higher income levels.



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

- Sussex County has 13,537 cost-burdened owner households, which represents 24.6 percent of all owners in the county. Over 80 percent of these cost-burdened households had annual incomes at or below 80 percent of the 2007 area MFI. Cost-burdened owner households increased by 6,677 (96.8 percent) from 2000 when the Census reported 6,896 cost-burdened owner households.

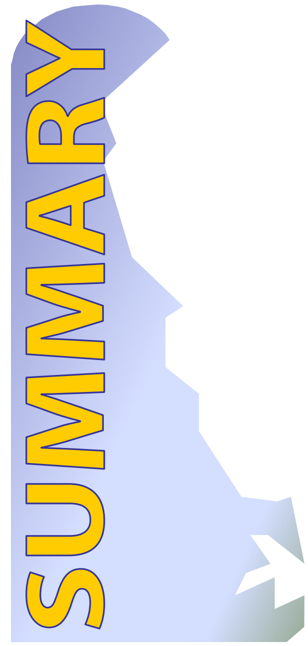
- The figure below shows the relative change in cost-burdened Sussex County homeowners between 2000 and 2005 by income category. Although the greatest percentage increase occurred among the higher income households, the 105 percent increase among households earning below $20,000 makes them by far the largest category of cost-burdened owners. Households with extremely low incomes experience cost burden more acutely than those at higher income levels.



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

2.5 / HOUSING SUPPLY

A. OWNER-OCCUPIED HOUSING



- **Delaware's homeownership rate, at 72.4 percent in 2005, is one of the highest in the nation. Of this large owner-occupied housing stock, single-family detached homes are the most common.**

- **The value of Delaware's owner-occupied housing stock increased significantly from 2000-2006, with high demand reflected in short lengths of time on the market for much of this period.**

- **The result of the boom in owner-occupied housing in Delaware has meant that few owner-occupied units are affordable to low and moderate-income households. While prices have stabilized in 2006 and the first half of 2007, they remain beyond the reach of many households.**

- **This period of rising prices and high demand also led many households to over-extend their resources to purchase a home. As of 2005, 54,525 households in Delaware were cost-burdened, paying 30 percent or more of their income for housing costs.**

- **Of particular concern is that 62.6 percent of these households, 34,132, have incomes below 80 percent of the median family income.**

B. Rental Housing

i. Rental Housing by Location

The 2000 Census reported that 82,690 of the units in Delaware were renter-occupied, representing 27.7 percent of the state's occupied housing stock. The 2005 ACS reported that five years later, renter-occupied units had increased by 5,082 (6.1 percent) to 87,780. As of 2005, 27.6 percent of the state's occupied units were renter-occupied. Nationwide in 2005, 33.1 percent of the occupied units were renter-occupied.

Table 5-9 presents renter-occupied housing by county and for the City of Wilmington providing an overview of the location of Delaware's renter-occupied housing. The table also presents the vacant for-rent housing in the state by location.

Table 5-9
Change in Rental Housing Supply – 2000, 2005

	Housing Units		Renter-occupied		Vacant For-Rent Units	
	Total	Occupied	Total	% of Occupied	Total	% of Total Rental 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%	N/A	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

The highest rate of renter-occupied units is in New Castle County, where 30 percent of the occupied units are renter-occupied. The rate is up slightly from 29.9 percent in 2000.

- In Kent County, there are 14,275 renter-occupied units, which is 26.6 percent of the occupied housing. The percent of renter-occupied units decreased from 30 percent in 2000.

- Sussex County's rate of renter-occupied units is 22 percent, up from 19.3 percent in 2000.

- Over half (50.9 percent) of the 26,770 occupied units in the City of Wilmington are renter-occupied. The City's rate of renter-occupied units is up from 49.9 percent in 2000.

The 2005 ACS reported 9,013 vacant for-rent units in Delaware, which is 10.3 percent of the total rental units. This overall vacancy rate is relatively high. The percentage of vacant for-rent units in both New Castle and Sussex Counties exceeded ten percent, while Kent County's vacancy rate stood at 7.5 percent.

ii. Rental Housing by Type

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

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

Table 5-10 shows the change in rental units by type between 2000 and 2005. As the table indicates, the 2005 renter-occupied housing stock consisted of the following:

- In New Castle County, 65.6 percent (38,001) of the renter-occupied housing units were in multi-family structures, 33.1 percent (19,214) in single-family units, and just 0.8 percent (497) were manufactured homes.

- In Kent County, 46.4 percent (6,618) of the renter-occupied housing units were single-family units, 38.1 percent (5,437) were in multi-family structures, and 15.5 percent (2,220) were manufactured homes.

- In Sussex County 48.4 percent (5,506) of the renter-occupied housing units were single-family units, 35.5 percent (2,507) were in multi-family structures, and 16.1 percent (2,220) were manufactured homes.

- About 60 percent (8,137) of the City of Wilmington's renter-occupied units were in multi-family structures and 40.2 percent (5,478) were single-family units.

Table 5-10
Change in Rental Housing by Unit Type – 2000, 2005

		Single-family		Multi-family		Manufactured Homes		Other	
	Total Renter-Occupied	**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%	2065	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%	0.3%
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

iii. Rental Housing by Number of Bedrooms

Statewide, about 36,900 or 42 percent of Delaware's renter-occupied housing had two bedrooms as of 2005. There were 22,352 units (25 percent) with one bedroom and 22,220 units (25 percent) with three bedrooms. There were just 5,487 units (6.3 percent) with four or more bedrooms and only 834 (one percent) with no bedroom. The pattern is similar among the renter-occupied housing in the counties and the City of Wilmington as shown in Table 5-11.

Table 5-11
Rental Housing by No. of Bedrooms –2005

	Delaware		New Castle County		Kent County		Sussex County		City of Wilmington	
	Total	%	Total	%	Total	%	Total	%	Total	%
no bedroom	**834**	1.0%	602	1.0%	232	1.6%	0	0.0%	327	2.4%
1 bedroom	**22,352**	25.5%	17,175	29.6%	2,891	20.3%	2,286	14.7%	4,965	36.5%
2 bedrooms	**36,887**	42.0%	25,045	43.2%	5,649	39.6%	6,193	39.9%	4,095	30.1%
3 bedrooms	**22,220**	25.3%	11,953	20.6%	4,697	32.9%	5,570	35.9%	3,112	22.9%
4 bedrooms	**4,284**	4.9%	2,695	4.6%	763	5.3%	826	5.3%	1,116	8.2%
5 or more bedrooms	**1,203**	1.4%	515	0.9%	43	0.3%	645	4.2%	0	0.0%
Total	**87,780**	100.0%	57,985	100.0%	14,275	100.0%	15,520	100.0%	13,615	100.0%

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

iv. Range of Rents and Median Gross Rent

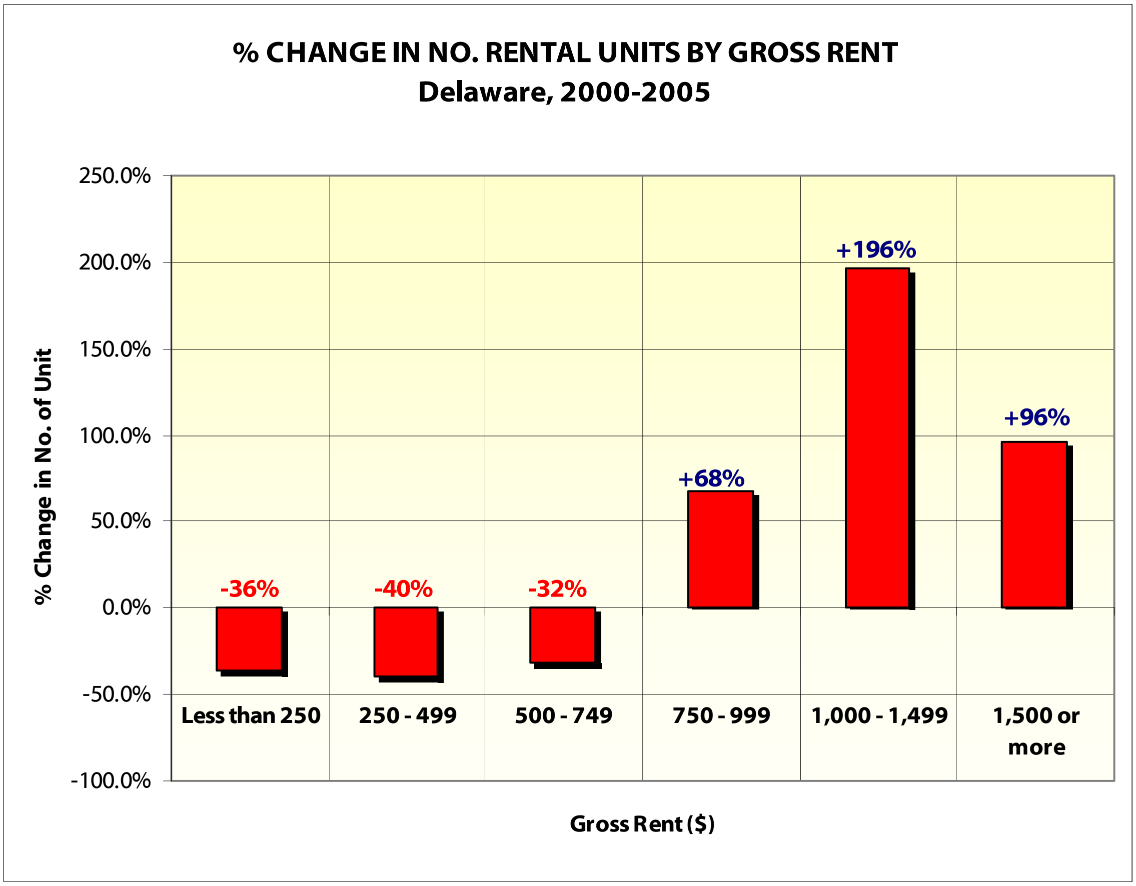
The 2005 ACS reports that, statewide, median gross rent was $793 per month. This represents an increase of 24.1 percent since 2000 when the Census reported a median gross rent of $639 per month. Had median gross increased at the rate of inflation, it would be $724 in 2005. Since 2000, units with gross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

Table 5-12 presents changes in the number of rental units per gross rent range between 2000 and 2005.

Table 5-12
Change in Units by Gross Rent – 2000, 2005

	Total Rental Units Paying Cash Rent	Median Gross Monthly Rent ($)	Units per Gross Rent Range					
			< $250	$250 - $499	$500 - $749	$750 - $999	$1,000 - $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



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

Table 5-13 applies the findings contained in Table 4-1, *Income Levels and Housing Affordability Ranges*, to the gross rents of the renter-occupied housing in order to determine the percent of the 2005 renter units that are potentially affordable to households in various 2007 area MFI ranges. This analysis uses the standard that a household paying no more than 30 percent of gross income for rent resides in an affordable unit.

Table 5-13
Percent of Rental Units Affordable at % 2007 MFI

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

Source: Mullin & Lonergan Associates, Inc.

a. New Castle County

By county, the highest median gross rent was in New Castle County at $832 per month. Since 2000, median gross rent increased by 24.2 percent from $670 per month. Had median gross increased at the rate of inflation, it would be $760 in 2005. Since 2000, units with gross rent of less than $500 per month decreased from 19 percent of the units to 11.1 percent of the units. Units with gross rent at or above $1,000 per month increased from 11.4 percent to 27.1 percent.

- Low income households with incomes at 80 percent of the MFI can afford rent of up to $1,432 per month. About 95 percent of the county's housing stock is affordable to households in this income range.
- Households at 100 percent of MFI can afford rent of up to $1,790 per month and can generally afford all of the renter-occupied units.
- Households at 115 percent of MFI can afford rent of up to $2,059 per month and can generally afford all of the renter-occupied units.

b. Kent County

The median gross rent in Kent County is $741 per month, an increase of 29.3 percent from $573 per month in 2000. Had median gross increased at the rate of inflation, it would be $650 in 2005. Since 2000, units with gross rent of less than $500 per month decreased from 37.2 percent of the units to 19.4 percent of the units. Units with gross rent at or above $1,000 per month increased from 0.5 percent to 18.6 percent.

- Low income households (again, with incomes at or below 80 percent of MFI) can afford rent of up to $1,174 per month. About 81 percent of the county's housing stock is affordable to households in this income range.
- Households at 100 percent of MFI can afford rent of up to $1,468 per month. About 97 percent of the renter housing stock is affordable to households in this income range.
- Households at with incomes at 115 percent of MFI can afford rent of up to $1,688 per month and can generally afford all of the renter-occupied units.

c. Sussex County

From 2000 to 2005, the median gross rent in Sussex County increased by 32.3 percent from $507 to $671 per month. Had median gross increased at the rate of inflation, it would be $575 in 2005. Since 2000, units with gross rent of less than $500 per month decreased from 48.7 percent of the units to 26.2 percent of the units. Units with gross rent at or above $1,000 per month increased from 0.5 percent to 18 percent.

- Low income households can afford rent of up to $1,076 per month. About 82 percent of the county's housing stock is affordable to households in this income range.
- Households at 100 percent of MFI can afford rent of up to $1,345 per month. Almost all of the county's renter housing stock is affordable to households in this income range.
- Households with incomes at 115 percent of MFI can afford rent of up to $1,547 per month and can generally afford all of the renter-occupied units.

d. Census 2000 Gross Rent Data

Because the 2005 ACS does not report data at the CCD level, no comparisons to CCD data from the 2000 Census can be made. The following provides an overview of rents for the CCDs as reported by the 2000 Census and identifies patterns in the counties.

- In New Castle County, the highest median gross rent was in the Piedmont CCD, and the lowest was in the Middletown/Odessa CCD. The greatest percentages of least expensive units were in and around the City of Wilmington.
- In Kent County, the highest median gross rent was in the City of Dover, and the lowest was in the Smyrna CCD.
- In Sussex County, the highest median gross rent was in the Lewes CCD, and the lowest was in the Seaford CCD.

v. Cost-burdened Renter-occupied Housing

The 2005 ACS reported that 37,263 renter households in Delaware were cost-burdened. Although significant, the increase in cost-burdened renters was not as dramatic as among homeowners. The increase in number of cost-burdened renter households between 2000 and 2005 is depicted in Table 5-14.

Table 5-14
Change in Cost-burdened Renter Households – 2000, 2005

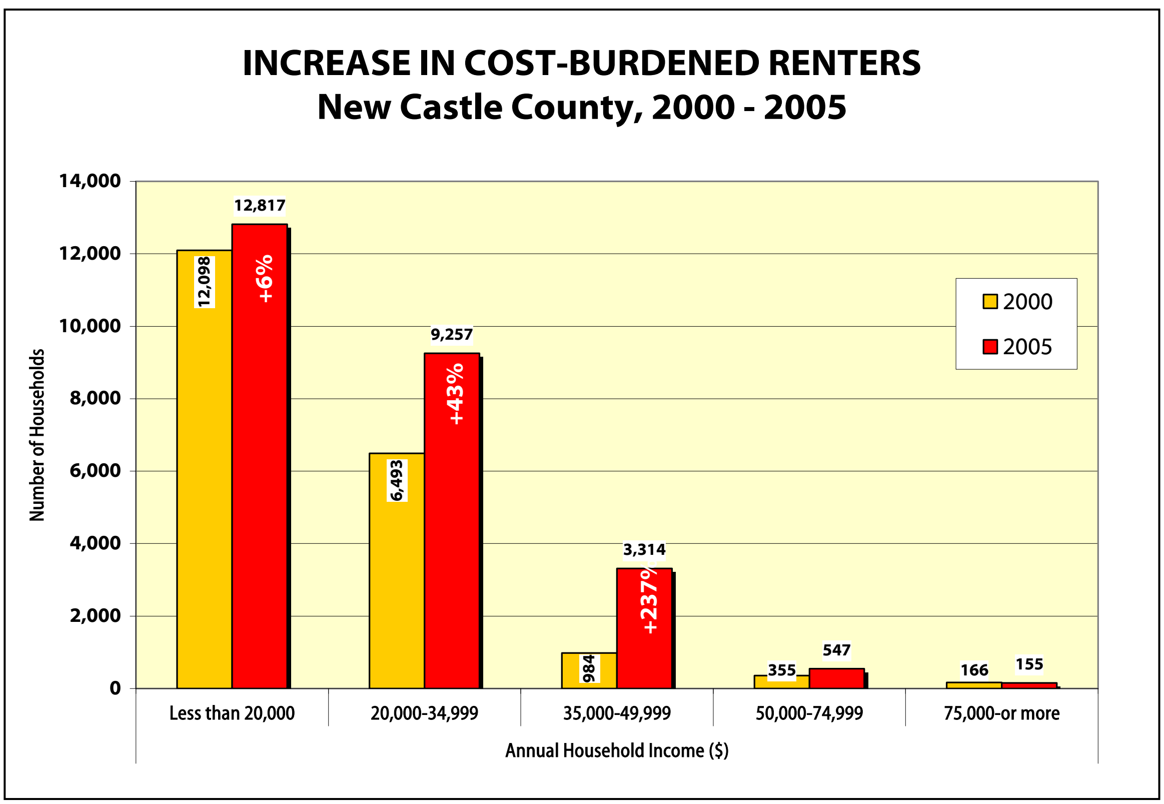
	Renter Occupied Housing Units	Cost-burdened		Annual Household Income In 1999, 2004 ($)				
		Total	% of Renter Occupied Units	<20,000	20,000-34,999	35,000-49,999	50,000-74,999	75,000 +
New Castle County								
2000	56,442	20,096	35.6%	12,098	6,493	984	355	166
2005	57,985	26,090	45.0%	12,817	9,257	3,314	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%)
City of Wilmington								
2000	14,270	5,589	39.2%	3,950	1,430	172	23	0
2005	13,615	7,904	58.1%	4,636	2,238	972	58	0
% change	(4.6%)	41.4%	18.9%	17.4%	56.5%	465.1%	152.2%	n/a

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

Cost-burdened renters represented 42.5 percent of all renter households. The number of cost-burdened renter households increased by 9,135 (32.5 percent) from 2000 when the Census reported that statewide there were 28,128 cost-burdened renter households.

- New Castle County has 26,090 cost-burdened renter households, which is 45 percent of all renters. As of 2005, over 97 percent (25,388) had annual incomes below $50,000 and thus below 80 percent of area MFI, the threshold for being considered low-income. Cost-burdened renter households increased by 5,994 (29.8 percent) from 2000 when the Census reported 20,096 cost-burdened renter households.

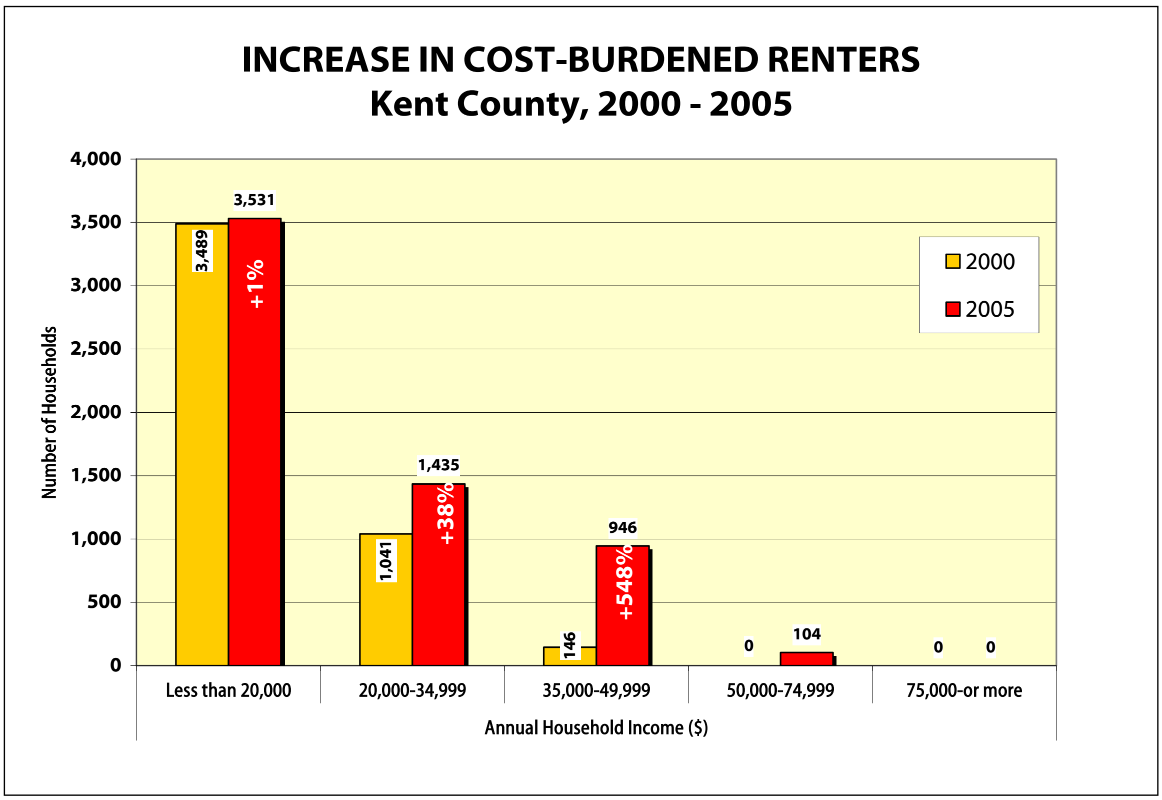
- The figure below shows the relative change in cost-burdened New Castle County renters between 2000 and 2005 by income category. Although the percentage increase among households earning below $20,000 was small, they were still by far the largest category of cost-burdened renters. Households with extremely low incomes experience cost burden more acutely than those at higher income levels. Cost burden among the extremely low income will be analyzed later in the discussion of "at risk" renters.



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

- In Kent County, there are 6,016 cost-burdened renter households, which is 42.1 percent of all renters in the county. Nearly 98 percent (5,912) had annual incomes below $50,000, putting most below 80 percent of area MFI. Cost-burdened renter households increased by 1,340 (28.7 percent) from 2000 when the Census reported 4,676 cost-burdened renter households.

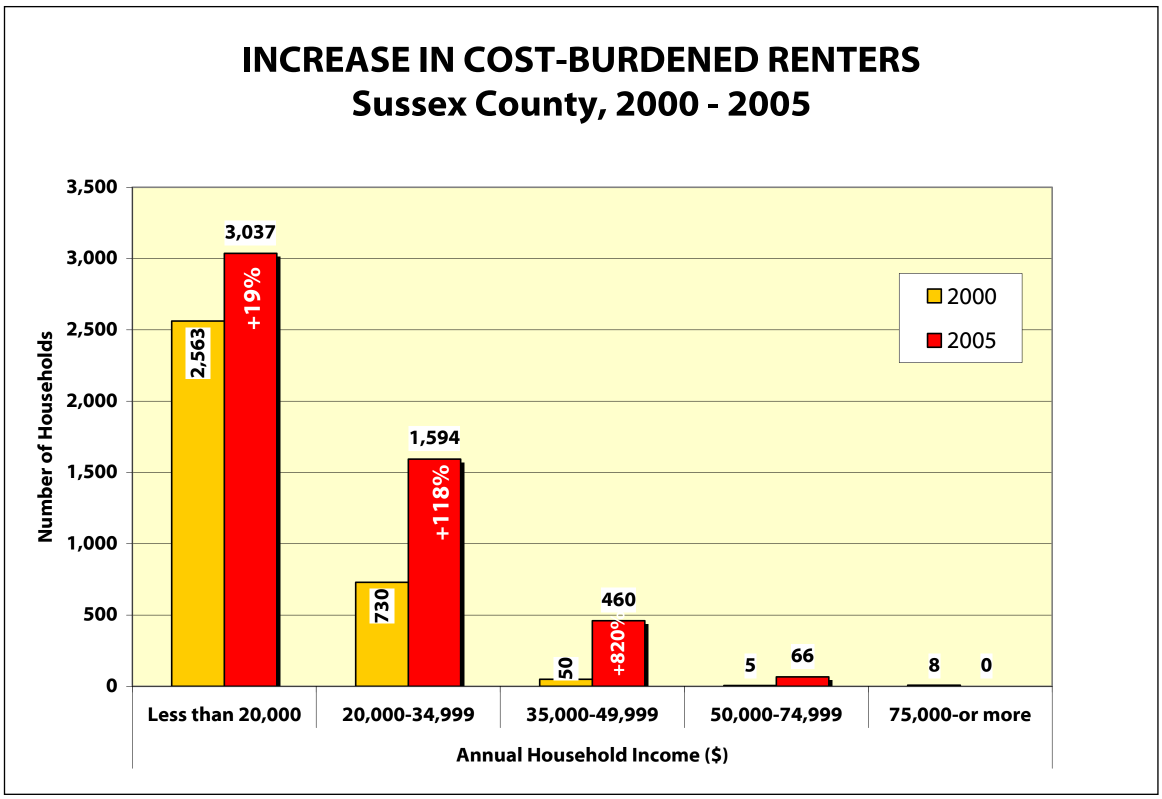
- The figure below shows the relative change in cost-burdened Kent County renters between 2000 and 2005 by income category. Although the percentage increase among households earning below $20,000 was negligible, they were still by far the largest category of cost-burdened renters. Households with extremely low incomes experience cost burden more acutely than those at higher income levels. Cost burden among the extremely low income will be analyzed later in the discussion of "at risk" renters.



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

- Sussex County has 5,157 cost-burdened renters households, which is 33.2 percent of all renters. Nearly 90 percent (4,631) had annual incomes below $35,000, falling well below 80 percent of area MFI. Cost-burdened renter households increased by 1,801 (53.7 percent) from 2000 when the Census reported 3,356 cost-burdened renter households.

- The figure below shows the relative change in cost-burdened Sussex County renters between 2000 and 2005 by income category. Although the percentage increase among households earning below $20,000 was small, they were still by far the largest category of cost-burdened renters. Households with extremely low incomes experience cost burden more acutely than those at higher income levels. Cost burden among the extremely low income will be analyzed later in the discussion of "at risk" renters.



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

vi. Assisted Rental Housing Inventory & Issues

a. Inventory of Fixed Assisted Units

Based on the inventory of assisted 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 units include units owned and administered by the five public housing authorities in the state, units developed with assistance from HUD's Section 202 program and/or other HUD/DSHA programs, units that receive HUD project-based Section 8 assistance, units funded through the US Department of Agriculture (USDA) Rural Development program, and units developed through the use of Low Income Housing Tax Credits.

The assisted rental housing units represent 15.5 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.

- In New Castle County, there are 7,603 assisted rental housing units. The assisted rental housing units in New Castle County represent 56 percent of the assisted rental housing units in Delaware. Sixty percent (4,556) of the units are available to family households.
- There are 4,308 assisted rental housing units in the City of Wilmington, representing 57 percent of the assisted rental housing units in New Castle County. The assisted rental housing units in the City of Wilmington are 32 percent of the total assisted rental housing units in the state. Fifty percent (2,232) of the assisted rental housing units in the City of Wilmington are for family households.
- Kent County contains 2,890 assisted rental housing units, which is 21 percent of the assisted rental housing units in Delaware. Approximately 70 percent (2013) of the assisted rental housing units in Kent County are for family households.
- There are 1,662 assisted rental housing units in the City of Dover, which is 57 percent of the assisted rental housing units in Kent County. The City of Dover contains 12 percent of the assisted rental housing units in Delaware. Nearly three quarters (1,193 units, 72 percent) of Dover's affordable rentals are for family households.
- There are 3,122 assisted rental housing units in Sussex County, which is 23 percent of the state's assisted rental housing units. Seventy-seven percent (2,412) of the assisted rental housing units in Sussex County are for family households.

Table 5-15 on the following pages presents an inventory of the assisted rental housing units in Delaware by county by CCD. The tables show the number of assisted rental housing units and the percent of the total rental units that are affordable. The appendix of the *Housing Needs Assessment* provides the name and location, by CCD, of each of the housing developments with assisted rental units.

Table 5-15
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													
		Total	% of Total Occupied	Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
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													
		Total	% of Total Occupied	Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
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													
		Total	% of Total Occupied	Family	Elderly	Section 202	Other DSHA/ HUD	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
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

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

b. Public Housing & Housing Choice Vouchers

There are five public housing authorities (PHAs) in Delaware. Along with DSHA, the other authorities are the Wilmington Housing Authority, the New Castle County Housing Authority, the Newark Housing Authority, and the Dover Housing Authority.

Each of the five public housing authorities in Delaware administers a Housing Choice Voucher program. The Housing Choice Voucher is attached to the household rather than the unit, as with the fixed units identified in Table 5-15 above. The following identifies the Housing Choice Vouchers administered by each of the public housing authorities in the state as of May 2007.

- Delaware State Housing Authority – 905
- New Castle County - 1,725
- City of Wilmington - 1,577
- City of Newark - 200
- City of Dover – 220

In addition to vouchers, many PHAs own and manage housing units. The New Castle County Housing Authority only administers the voucher program, however the Wilmington Housing Authority owns and manages 1,187 public housing units in the City of Wilmington. The Newark Housing Authority owns and operates 98 units; Dover owns and operates 303.

The unit counts are included in the inventory presented above in Table 5-15. Meanwhile, information about waiting lists for public housing units and housing choice vouchers appears later in this document in *Section 3: Housing Demand*.

c. Rental Units in the Pipeline

Information was collected to determine assisted rental housing in production in Delaware. Records reviewed included those of DSHA regarding awarded low income housing tax credits, HUD regarding funding approvals, Federal Home Loan Bank of Pittsburgh regarding funding approvals, and USDA regarding funding approvals.

As of May 2007, there were 821 assisted rental housing units that have been approved for funding but, as of the date of this report, are not yet completed. Of the 821 units, the majority (662 units) are existing assisted rental units that are to be substantially rehabilitated. Almost three-quarters of the units (614 units) will be for family households, and the remaining 104 units will be designated as elderly households.

- Thirty-five percent (291) of the assisted rental housing units in production are in New Castle County. Eighty of the units are in the City of Wilmington. 172 of the assisted rental housing units in production are targeted to family occupancy, with 119 being targeted to seniors.

- Thirty percent (250) of the assisted rental housing units that are in production are in Kent County, with 132 of those consisting of Section 8 and tax credits in one development.
- Thirty-four percent (280) of assisted rental housing units are in production in Sussex County, with the greatest portion consisting of 158 units in Milford.
- Similar to the previous *Housing Needs Assessment* conducted in 2003, the greatest amount of production is located in New Castle County; however, overall production appears to be more evenly spread out as of this report.

Table 5-16 identifies the assisted rental housing units in production in Delaware by county and CCD.

Table 5-16
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, U.S. 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*

d. Rental Units at Risk of Conversion

Information was collected to determine the assisted renter housing units that may be lost to conversion to market units in Delaware through 2012. Data reviewed included DSHA's database of assisted rental units in the state as well as the agency's records regarding expiring low income housing tax credits, HUD's records regarding expiring Section 8 contracts and expiring mortgages for Section 202 and Section 811 assisted housing, and USDA's records regarding assisted rental projects. Once contracts and/or mortgages expire, property owners have the option to convert the units to market rate, thus the dilemma for low-income renters. (The topic of preserving assisted rental units is discussed further in *Section 3: Housing Demand* later in the document.)

The review of the information indicated that, statewide, up to 4,604 assisted rental housing units may be lost due to conversion to market rate units. Units potentially lost include 3,214 for families and 1,390 for the elderly.

The assisted rental housing units that potentially may be lost to conversion by 2012 are 34 percent of the assisted rental housing units currently in Delaware. The assisted units that may be lost due to conversion are HUD Section 8 Project Based units, Low Income Housing Tax Credit units, and Rural Development units.

- In New Castle County, there are 2,217 assisted rental housing units that may be lost due conversion by 2012. The units are 29 percent of the assisted housing units in New Castle County.
- 1,121 of the units that may be lost due to conversion are in the City of Wilmington. The units are 26 percent of the affordable rental housing units in the City of Wilmington.
- In Kent County, there are 1,110 assisted rental housing units that may be lost due to conversion. The units are 38 percent of the assisted rental housing units in Kent County.
- There are 586 assisted rental housing units that may be lost due to conversion in the Dover area. The units are 35 percent of the assisted rental housing units in Dover.
- There are 1,277 assisted rental housing units that may be lost due to conversion in Sussex County representing 41 percent of the assisted rental housing units in Sussex County.

Although there are 4,604 units that could potentially be lost due to conversion, 2,231 (50 percent) are existing tax credit developments that have extended use requirements, which may limit an owner's ability to convert their units to market rate rentals.

Table 5-17 shows the assisted rental housing units that may be lost to conversion in Delaware by 2012 by county and CCD.

Table 5-17
Assisted Rental Housing Potentially Lost to Conversion - 2007 to 2012

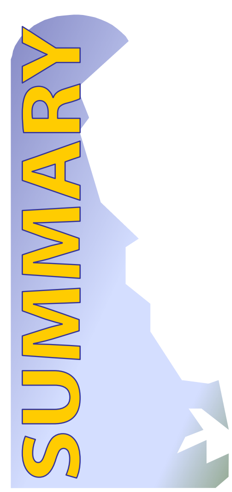
	Total Assisted	Units Potentially Lost To Conversion				Subsidized Units				Income Restricted Units	
						HUD Section 8 Project Based		Rural Development		Low Income Housing Tax Credit	
		Total	Family Units	Elderly	% Total Assisted	Family Units	Elderly	Family Units	Elderly	Family Units	Elderly
New Castle County											
Brandywine	734	240	240	0	32.7%	152	0	0	0	88	0
Wilmington	4,308	1,121	389	732	26.0%	239	732	0	0	150	0
Lower Christiana	202	198	198	0	98.0%	0	0	0	0	198	0
Greater Newark	998	341	176	165	34.2%	100	165	0	0	76	0
Pike Creek/ Central Kirkwood	236	0	0	0	0.0%	0	0	0	0	0	0
Upper Christiana	14	0	0	0	0.0%	0	0	0	0	0	0
Piedmont	8	0	0	0	0.0%	0	0	0	0	0	0
Central Pencader	9	0	0	0	0.0%	0	0	0	0	0	0
Middletown/ Odessa	296	151	151	0	51.0%	0	0	0	0	151	0
New Castle	798	166	166	0	20.8%	0	0	0	0	166	0
Red Lion	0	0	0	0	0.0%	0	0	0	0	0	0
County Total	7,603	2,217	1,320	897	29.1%	491	897	0	0	829	0
Kent County											
Kenton	0	0	0	0	0.0%	0	0	0	0	0	0
Smyrna	328	192	192	0	58.5%	0	0	0	0	192	0
Dover	1662	586	438	148	35.3%	45	148	0	0	393	0
Central Kent	58	0	0	0	0.0%	0	0	0	0	0	0
Felton	40	32	32	0	80.0%	0	0	0	0	32	0
Milford North	584	180	156	24	30.8%	11	24	0	0	145	0
Harrington	218	120	56	64	55.0%	0	0	56	0	0	64
County Total	2,890	1110	874	236	38.4%	56	172	56	0	762	64

(Table 5-17 continued)

	Total Assisted	Units Potentially Lost To Conversion				Subsidized Units				Income Restricted Units	
						HUD Section 8 Project Based		Rural Development		Low Income Housing Tax Credit	
		Total	Family Units	Elderly	% Total Assisted	Family Units	Elderly	Family Units	Elderly	Family Units	Elderly
Sussex County											
Bridgeville/ Greenwood	184	34	0	34	18.5%	0	0	0	0	0	34
Milford South	154	40	40	0	26.0%	0	0	40	0	0	0
Milton	189	130	32	98	68.8%	32	50	0	0	0	48
Lewes	473	166	166	0	35.1%	40	0	0	0	126	0
Millsboro	411	210	179	31	51.1%	50	31	55	0	74	0
Selbyville/ Frankford	129	30	30	0	23.3%	0	0	30	0	0	0
Georgetown	375	235	173	62	62.7%	75	0	48	31	50	31
Seaford	660	105	105	0	15.9%	0	0	33	0	72	0
Laurel/ Delmar	547	327	295	32	59.8%	154	0	32	0	109	32
County Total	3,122	1,277	1020	257	40.9%	351	81	238	31	431	145
DELAWARE	**13,615**	**4,604**	**3,214**	**1,390**	**33.8%**	**898**	**1,150**	**294**	**31**	**2,022**	**209**

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

2.5 / HOUSING SUPPLY
B. RENTAL HOUSING



- **While the majority of renter units in all three counties are affordable to households with incomes over 80 percent of MFI, far fewer renter units are affordable to households with incomes below 80 percent of MFI. Not even taking availability of units into account, the lowest income households, with incomes below 30 percent of MFI, have very few affordable housing options.**

- **A large percentage – 42.5 percent - of Delaware's renter households pay more than 30 percent of their monthly income for housing. Alarmingly, 97.7 percent of these cost-burdened renter households have low incomes, below 80 percent of MFI. 19,385 renter households in Delaware are cost-burdened and have incomes below $20,000, making their housing situation extremely precarious.**

- **Delaware's housing authorities administer 4,627 Housing Choice Vouchers. The rental housing stock also includes 13,615 rental units assisted with various federal and state programs, or 15.5 percent of the rental stock. This stock, however, requires constant maintenance and preservation. 4,604 assisted rental units could have contracts or financing that maintain their affordability expire from 2008-2012, putting 33.8 percent of Delaware's assisted rental housing stock at risk.**

C. VACANT HOUSING

i. Vacant Housing by Type

Table 5-18 presents changes in housing vacancy statistics between 2000 and 2005.

Table 5-18
Change in Vacant Housing by Unit Type – 2000, 2005

	Total Vacant Units	Single Family		Multi-family		Manufactured Homes and Other	
		Total	% of Total Vacant Units	Total	% of Total Vacant Units	Total	% of Total Vacant Units
New Castle County							
2000	10,586	5,331	50.4%	5,103	48.2%	152	1.4%
2005	16,337	9,078	55.6%	6,938	42.5%	321	2.0%
% Change	54.3%	70.3%	10.3%	36.0%	(11.9%)	111.2%	36.8%
Kent County							
2000	3,257	1,732	53.2%	687	21.1%	838	25.7%
2005	4,430	2,484	56.1%	1314	29.7%	632	14.3%
% Change	36.0%	43.4%	5.4%	91.3%	40.6%	(24.6%)	(44.6%)
Sussex County							
2000	30,493	16,761	55.0%	4,399	14.4%	9,333	30.6%
2005	36,465	19,413	53.2%	6,991	19.2%	10,061	27.6%
% Change	19.6%	15.8%	(3.1%)	58.9%	32.9%	7.8%	(9.9%)
DELAWARE							
2000	**44,336**	**23,824**	**53.7%**	**10,189**	**23.0%**	**10,323**	**23.3%**
2005	**57,232**	**30,975**	**54.1%**	**15,243**	**26.6%**	**11,014**	**19.2%**
% Change	29.1%	30.0%	0.7%	49.6%	15.9%	6.7%	(4.1%)
City of Wilmington							
2000	3,521	2,244	63.7%	1,277	36.3%	0	0.0%
2005	5,441	3,499	64.3%	1,942	35.7%	0	0.0%
% Change	54.5%	55.9%	0.9%	52.1%	(1.6%)	0.0%	0.0%

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

In Subsections A and B above, vacancy rates for owner and rental units were examined. The 2005 ACS reported 57,232 vacant housing units, which was 15.3 percent of the state's housing stock. In 2000, about 13 percent of the housing units were vacant. Among the total vacant units, 30,640, or 53.5 percent, were held for seasonal, recreational, or occasional use. Exclusion of those units from the count reduces the state's vacancy rate to 7.1 percent.

ii. Vacant Housing by Location

In Part I, Section 2 of the *Housing Needs Assessment*, housing vacancy statistics are presented. To recap, the 2005 ACS reported 57,232 vacant housing units in Delaware. This represented a 15.3 percent vacancy rate among the state's total 374,872 dwellings. In 2000, the vacancy rate among the then total of 343,072 units was approximately 13 percent.

From 2000 to 2005, vacant units increased in all of Delaware's counties as follows:

- In New Castle County, the vacancy rate increased from 5.3 percent to 7.8 percent. Much of the increase is attributable to unoccupied units currently for rent and units classified as "other vacant units," meaning non-seasonal units currently unoccupied and not actively on the market.

- Kent County's 2000 vacancy rate was 6.5 percent. The 2005 vacancy rate was 7.6 percent. The increase is attributable to "other vacant units."

- In Sussex County about one-third of the housing units were counted by the 2000 Census as vacant, of which 83 percent were for seasonal use. As of 2005, the vacancy rate was 34 percent of which 80.5 percent were for seasonal use. The increase in vacant units is again attributable to units classified as "other vacant units."

- The City of Wilmington had 5,441 vacant units or about 17 percent of the City's total housing units. The 2005 ACS does not report how many of the vacant units are for seasonal use. Wilmington's vacant units make-up one-third of the vacant units in New Castle County. From 2000, vacant units in the City increased by 1,920 (54.5 percent) from 3,521. In 2000, the vacancy rate in Wilmington was about 11 percent.

Because the 2005 ACS does not provide data at the CCD level, no comparison of 2000 CCD vacancies can be presented. However, the following summary provides an overview of the vacant housing in 2000.

- One-third (3,521) of the vacant units in New Castle County were in the City of Wilmington.

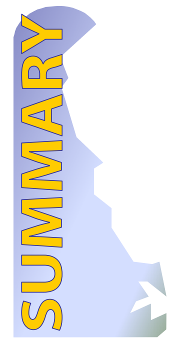
- 55 percent (1,793) of the vacant units in Kent County were in the Dover CCD. About half (844) of the vacant units in the Dover CCD were in the City of Dover.

- About 74 percent (22,460) of the vacant housing units in Sussex County were in the Lewes CCD and the Selbyville/Frankford CCD, which are part of the Coastal Resort Area. The majority of the vacant units in the two CCDs are held for seasonal use.

2.5 / HOUSING SUPPLY
C. VACANT HOUSING

- **As of 2005, over 50 percent of vacant units in the state are held for seasonal, recreational or occasional use, making the state's vacancy rate 7.1 percent.**

- **In Sussex County, 80.5 percent of vacant units are for seasonal use. Single-family homes make up 54.1 percent of vacant housing statewide. From 2000 to 2005, vacant housing increased in all of Delaware's Counties.**



6. HOUSING DEMAND

This section of the *Housing Needs Assessment* describes future demand for housing in Delaware through 2012. Demand for housing, as described by this section, is based on projections of the household growth in income by age in Delaware from 2008 through 2012. Projected housing demand in Delaware through 2012 is presented for owner-occupied and rental housing.

A. CURRENT TRENDS AFFECTING DEMAND

In order to estimate housing demand and shifts in the rate of homeownership, the following factors are considered: 1) households, which is impacted by trends in their 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 of the population, and 3) household income.

In subsection 3B further below, household growth projections and forecasted housing demand between 2008 and 2012 are presented. First, however, current context as derived from Census data is reviewed. In addition to the DPC numbers and primary data from Easy Analytics, Inc., U.S. Census Bureau data (either from the 2000 Census or the 2005 American Community Survey) were used for benchmarks. The following points summarize existing numbers and projections through 2015. This information sets the stage for household growth and housing demand projections presented in the subsequent narrative.

i. Households Trends

The 2005 American Community Survey reported that, statewide, there were 317,640 households. Projections indicate that through 2012 there will be a greater percentage increase in households than in persons.

As noted in the demographic trends contained in Part I of this *Housing Needs Assessment*, the trend toward smaller households is a reflection of the changing composition of households resulting from deferred age of first marriage, single-parent families, and increased divorce rates. (Overall, two-parent family households own their homes at a greater rate than do single-parent households.)

Delaware's population is projected to 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 projections show that 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. 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.

ii. Age Distribution Trends

By 2015, there will be a decrease among persons age 35 to 49. This age group consists of move-up buyers moving from their first home to a larger more expensive unit.

The "Echo Boom" generation (i.e., the 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. While those age 19 and under will increase, their rate of growth will decrease after 2010. 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 in this state of 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. The elderly who are able to live independently will also support the rental market as some will prefer to rent than remain in owner units that require maintenance.

iii. Race and Ethnicity Trends

In 2005, 73.6 percent of Delaware's population was white, 19.9 percent was black, and the remaining 6.5 percent of residents consisted of nonwhites, including Asians. ("Hispanic" is often mistaken as a racial designation rather than an ethnic group. Persons of Hispanic origin are not included as a separate group in the projections prepared by the DPC).

The DPC projects, that as of 2015, the white populations will comprise 73.9 percent, the black population 22.3 percent, and the remaining minority population will drop to 3.8 percent of Delaware's total population.

In New Castle County in 2005, 70.8 percent of the population was white, and 22.3 percent was black. By 2015, 70.6 percent of the population will be white, and 24.7 percent will be black. The DPC projects that virtually all of the increase in the black population will be in the suburbs. The black population of the City of Wilmington is anticipated to increase only slightly.

The group including all other races (including Asians) will decline in percentage of the total population from 6.9 percent to 4.7 percent.

In Kent County in 2005, 73.4 percent of the population was white and 19.8 percent was black. By 2015, 73.5 percent will be white and 23.7 percent will be black. As in New Castle, the group including all other races (including Asians) will decline in percentage of the total population from 6.8 percent to 2.8 percent.

In Sussex County in 2005, 81.6 percent of the population was white and 13.1 percent was black. By 2015, 82.8 percent will be white and 14.6 percent will be black. As above, the group including all other races (including Asians) will decline in percentage of the total population from 5.3 percent to 2.6 percent.

iv. Income Trends

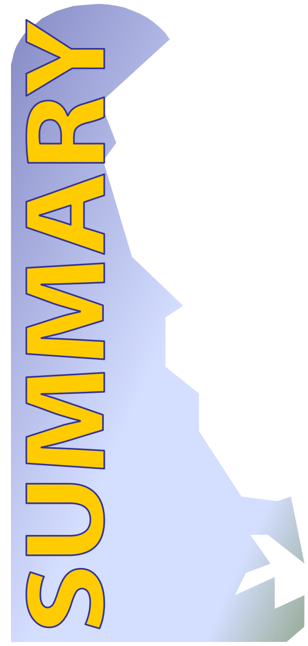
As reported in Part I of the *Housing Needs Assessment*, the long-term trend in Delaware has been a high participation rate among Delaware's labor force. There have also been significant increases in labor force participation among women in the state. As labor force participation in Delaware has increased and the proportion of people in a household working increased, median income in Delaware has grown. Part I also reports that, while Delaware's economy has diversified over the past two decades and is positioned for economic growth, many of the faster growing industrial divisions are ones that pay lower wages.

Typically income rises with age. As noted above with the discussion of age distribution, since much of the population in Delaware is getting older and approaching its peak earning years, it would be expected that household incomes will continue to rise.

In general, a greater percentage of households with higher incomes are homeowners. Increases in the upper and middle income ranges will support increasing homeownership rates. Income projections through 2012 support a strong rate of homeownership in Delaware.

2.6 / HOUSING DEMAND

A. CURRENT TRENDS



- **Housing and homeownership demand are strongly influenced by household growth, household composition and size, age and race of the population and household income. Population projections through 2012 indicate a greater percentage increase in households than in persons for all three counties, reflecting the long-term trend towards smaller households.**

- **Smaller and single parent households and consistently large increases in the population over 65 may dampen demand for owner-occupied housing. The children of the Baby Boom generation will be forming households as they enter their 20s and 30s. But there will also be an overall decrease in the population aged 35 to 49, prime move-up buyers.**

- **Through 2012, general race composition of Delaware's population is projected to shift slightly, with small increases in the black population in all three counties and declines in the Census category which includes all other races.**

- **Much of Delaware's population is approaching its peak earning years, and investments in attracting higher-wage industries and economic growth to the state will likely result in continued strong household incomes. Increases in the upper and middle income ranges will likely support homeownership demand and a strong homeownership rate in Delaware.**

B. Growth Projections

In its scope, this *Housing Needs Assessment* is considering the five-year period from 2008 through 2012. More specifically, it examines how the growth of households within that time period will impact demand for affordable housing.

The previous *Statewide Housing Needs Assessment (2003-2007)* 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 County. Using the household by age and household by income data developed by *Easy Analytic, Inc.,* the *Housing Needs Assessment* estimates that there will be 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.

ABOUT THE METHODOLOGY

As was explained at the outset of Part 2, the population research firm *Easy Analytic, Inc,* was contracted to calculate projected household growth by age and by income by Census County Division (CCD) from 2006 to 2012. The map in Section 2 shows the location of Delaware's CCDs and major municipalities.

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

Mullin and Lonergan Associates, Inc. used the Easy Analytic projections to then forecast the demand for housing that will result from new household formation by 2012.

In all instances, we have attempted to correlate specific age and income categories with the available age and income stratification provided by the U.S. Census Bureau. The data, however, has been interpolated when necessary in order to account for potential mismatch of corresponding categories within the *Housing Needs Assessment* as compared to Census Bureau categories.

Every effort has been made to account for the accuracy of the demand projections; however, it is impossible to predict future economic and real estate conditions within the fluctuating marketplace. Any changes in housing markets, the housing industry, or housing policy could have a significant effect on new household formation and rates of owning versus renting statewide or in a given local area.

The projected <u>new</u> 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 and 2012 than it was in the previous five-year period.

A decrease in new household growth and demand does not negate the fact that substantial demand remains within the existing market for affordable single family and multifamily dwellings. For example, as will be explained further below, there is minimal new renter demand projected, however there are more than 19,000 existing renter households considered to be "At-Risk" and over 8,000 assisted rental units in Delaware which will be 20 years or older by 2012.[*]

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 & Lonergan Associates, EasyAnalytic, Inc.

The existing "At-Risk" households and aging rental housing stock data indicate demand for deep rental subsidies for and expanded efforts to avoid the potential loss of existing affordable units via loss of subsidies and/or disrepair.

Total household growth in Delaware for 2012 represents projected gross *new* demand. In the discussion that follows for the remainder of Part II Section 3, the potential needs of homeowners versus renters based on age and income characteristics are further defined.

Table 6-1 shows the projected total new households in Delaware from 2006 to 2012 representing new housing demand. Each county is broken into its constituent County Census Divisions (CCDs). In addition to considering each county's household growth, the scope of the demand projections include forecasts for the cities of Wilmington, Newark, Dover, and the Town of Georgetown. Wilmington, the largest city in the state, comprises its own CCD. Therefore, the Wilmington total is listed among the other CCDs of New Castle County. The other three jurisdictions are part of larger CCDs. They are counted within each county total but also shown separately afterward for ease of reference.

[*] "At-Risk" households are those current low-income renter households in Delaware in need of housing assistance. The households are cost-burdened, largely because they have low household incomes. Some may be housed in sub-standard units. However, those at greatest risk are extremely low-income households (earning below 30 percent of MFI) for whom there are fewer housing units across the state within their affordability level.

Table 6-1
Projected Household Change – 2006 to 2012

	2006 Households	Household Growth	2012 Households
New Castle County			
Brandywine	32,316	387	32,703
Wilmington	29,987	1,062	31,049
Central Pencader	14,795	535	15,330
Greater Newark (includes city of Newark shown below)	25,034	(20)	25,014
Lower Christiana	14,912	479	15,391
Middletown/Odessa	12,319	959	13,278
New Castle	33,849	65	33,914
Piedmont	11,753	(310)	11,443
Pike Creek/Central Kirkwood	18,641	561	19,202
Red Lion	2,354	(100)	2,254
Upper Christiana	10,566	368	10,934
County Total	**206,526**	**3,986**	**210,512**
City of Newark	9,943	(252)	9,691
Kent County			
Kenton	2,192	481	2,673
Smyrna	5,867	823	6,690
Dover (includes city of Dover shown below)	28,110	3,889	31,999
Central Kent	7003	2,012	9,015
Milford North	3,934	733	4,667
Felton	2,459	226	2,685
Harrington	4,432	594	5,026
County Total	**53,997**	**8,758**	**62,755**
City of Dover	14,108	1,953	16,061
Sussex County			
Milford South	6,857	893	7,750
Bridgeville/Greenwood	3,977	539	4,516
Seaford	9,394	551	9,945
Georgetown (includes town of Georgetown shown below)	3,405	845	4,250
Millsboro	10,021	1,431	11,452
Milton	5,034	813	5,847
Lewes	12,186	996	13,182
Selbyville/Frankford	13,334	2,605	15,939
Laurel/Delmar	8,792	988	9,780
County Total	**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., Delaware Population Consortium, Easy Analytic, Inc
** Numbers in parentheses indicate negative numbers.*

i. <u>Households by Income</u>

Statewide, with few exceptions, households with salaries in the lower ranges (below $25,000 per year) will decline in number by 2012. This reflects the steady increase in wages and salaries and the aging population. The time period in question will include those years when the baby boom generation moves into its peak earning years and when their children (sometimes referred to as the "echo" boom generation) move upward in gainful employment.

- In New Castle County, the total number of households will increase by 3,986 from 2006 to 2012. The 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 the annual income between $50,000 and $74,999 is also expected to increase. With the above exception of Wilmington, there will be a net decrease in households earning less than $75,000 throughout the county.

- In Kent County, the number of households will increase by 8,758 from 2006 to 2012. Again, the greatest increase in households will be among those earning $75,000 or more per year. The Dover CCD will lead the other county subdivisions in growth among these households. Unlike New Castle County, there will be growth in households earning between $25,000 and $34,999 per year and between $50,000 and $75,000.

- In Sussex County, the number of households will increase by 9,661 from 2006 to 2012. Like the counties to the north, the greatest increase in households will be among those earning $75,000 or more per year. Additionally, there will be a sizable increase in households earning between $50,000 and $74,999. Slight increases may occur among lower middle income households in the central subdivisions of the county.

Table 6-2 provides a review of the change in the number of households in Delaware through 2012. The information is shown by CCD with the cities (other than Wilmington) shown after the county totals.

Table 6-2
Projected Change in Households by Household Income - 2006 to 2012

	TOTAL	Number of Households Per Household Income Range						
		Less than 15,000	$15,000-24,999	$25,000-34,999	$35,000-49,999	$50,000-74,999	$75,000-99,999	$100,000 and over
New Castle County 2012 Households	**210,512**	15,242	11,906	15,013	24,165	38,332	39,288	66,566
	Change from 2006							
Brandywine	*387*	*(469)*	*(1,007)*	*(696)*	*(925)*	*(1,050)*	*1,567*	*2,967*
Wilmington	*1,062*	*(1,131)*	*(572)*	*(623)*	*(322)*	*705*	*1,358*	*1,647*
Central Pencader	*535*	*(74)*	*(424)*	*(376)*	*(644)*	*(280)*	*261*	*2,072*
Greater Newark	*(20)*	*(593)*	*(631)*	*(522)*	*(883)*	*(699)*	*892*	*2,416*
Lower Christiana	*479*	*(322)*	*(615)*	*(404)*	*(313)*	*(109)*	*1,031*	*1,211*
Middletown/ Odessa	*959*	*(144)*	*(246)*	*(153)*	*(399)*	*(579)*	*391*	*2,089*
New Castle	*65*	*(678)*	*(1,185)*	*(1,046)*	*(1,120)*	*(984)*	*2,134*	*2,944*
Piedmont	*(310)*	*(85)*	*(125)*	*(197)*	*(239)*	*(391)*	*(280)*	*1,007*
Pike Creek/ Cntrl Krkwd	*561*	*(223)*	*(466)*	*(540)*	*(904)*	*(544)*	*984*	*2,254*
Red Lion	*(100)*	*(33)*	*(84)*	*(68)*	*(46)*	*(123)*	*(3)*	*257*
Upper Christiana	*368*	*(106)*	*(331)*	*(391)*	*(318)*	*(352)*	*401*	*1,465*
Total County Change	3,986	(3,858)	(5,686)	(5,016)	(6,113)	(4,406)	8,736	20,329
Newark, city	*(252)*	*(476)*	*(242)*	*(203)*	*(342)*	*(271)*	*347*	*935*
Kent County 2012 Households	**62,755**	6,277	4,548	7,197	8,734	12,177	12,779	11,043
	Change from 2006							
Kenton	*481*	*(11)*	*(42)*	*(4)*	*40*	*(5)*	*273*	*230*
Smyrna	*823*	*(77)*	*(117)*	*27*	*12*	*70*	*494*	*414*
Dover	*3,889*	*(314)*	*(744)*	*511*	*(332)*	*150*	*2,742*	*1,876*
Central Kent	*2,012*	*10*	*(99)*	*232*	*(113)*	*409*	*985*	*588*
Milfrd Nrth	*733*	*(43)*	*(96)*	*71*	*106*	*67*	*434*	*194*
Felton	*226*	*(28)*	*(68)*	*(27)*	*(115)*	*79*	*254*	*131*
Harrington	*594*	*(74)*	*(86)*	*50*	*(78)*	*58*	*494*	*230*
Total County Change	8,758	(537)	(1,252)	860	(480)	828	5,676	3,663
Dover, city	*1,953*	*(157)*	*(375)*	*256*	*(166)*	*75*	*1,378*	*942*

	TOTAL	Number of Households Per Household Income Range						
		Less than 15,000	$15,000-24,999	$25,000-34,999	$35,000-49,999	$50,000-74,999	$75,000-99,999	$100,000 and over
Sussex County 2012 Households	**82,661**	9,016	6,761	8,833	12,444	16,884	15,307	13,416
	Change from 2006							
Milford South	*893*	*(88)*	*(246)*	*(1)*	*(94)*	*3*	*900*	*419*
Bridgeville/ Greenwood	*539*	*(71)*	*(102)*	*(98)*	*43*	*149*	*368*	*250*
Seaford	*551*	*(250)*	*(210)*	*(146)*	*(115)*	*163*	*660*	*449*
Georgetown	*845*	*(6)*	*(75)*	*38*	*45*	*70*	*513*	*260*
Millsboro	*1,431*	*(170)*	*(272)*	*(220)*	*45*	*614*	*914*	*520*
Milton	*813*	*(49)*	*5*	*(219)*	*69*	*144*	*517*	*346*
Lewes	*996*	*(196)*	*(440)*	*(101)*	*(290)*	*95*	*1,141*	*787*
Selbyville/ Frankford	*2,605*	*(104)*	*(449)*	*94*	*(17)*	*360*	*1,523*	*1,198*
Laurel/ Delmar	*988*	*(150)*	*(161)*	*(114)*	*(257)*	*354*	*698*	*618*
Total County Change	9,661	(1,084)	(1,950)	(767)	(571)	1,952	7,234	4,847
Town of Georgetown	*354*	*(3)*	*(33)*	*18*	*18*	*31*	*223*	*113*
State of Delaware 2012 Households	**355,928**	30,535	23,215	31,043	45,343	67,393	67,374	91,025
	Change from 2006							
	22,405	*(5,479)*	*(8,888)*	*(4,923)*	*(7,164)*	*(1,626)*	*21,646*	*28,839*

Source: Mullin and Lonergan Associates, Inc., Easy Analytic, Inc.
**Numbers in parentheses represent negative numbers.*

ii. Households by Age

Age relates directly to household formation and tenure. Most new household formations occur among persons age 25 to 34 years old. In general, homeownership rises most sharply for persons age 35 to 44. As noted previously, the population of persons age 45 to 64 in Delaware is projected to increase, and the population of persons age 25 to 44 is projected to decrease. The number of persons age 25 to 44 years old is projected to be smaller than the Baby Boom generation preceding it, of which the youngest members will be nearing age 50 and the oldest age 60 by 2012.

Household formation is expected to outpace population growth due to various social factors (deferred age of first marriage, increased divorce rates, and longer life expectancy). Thus, it is possible that age cohorts that may not be growing in number (e.g., those under age 35) might comprise 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, will be in their twenties and thirties over the next decade and are likely to lead household formation.

- In New Castle County, the most significant increase in households from 2006 to 2012 is expected among those wherein the head-of-household is aged 25 to 44. The increase is about 69 percent of the roughly 4,000 additional households projected for the County through 2012. 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. Meanwhile, households above retirement age will increase by approximately 16 percent.

- In Kent County, there will be growth in the number of households at all age ranges between 2006 and 2012. Nearly 61 percent of new household growth will occur among young adult and adult households. The fastest growth will be among heads-of-household aged 35 to 44. The 44 to 54 set follows second, and the 25-34 cohort is a close third.

- In Sussex County, there will be significant numbers of new households formed across all age groups, except those under 25. From 2006 to 2012, it is projected that the highest growth will be among households aged between 35 and 44, followed closely by households aged between 55 and 64. Household formation among households age 65 years old and over is projected to be particularly strong in Sussex County through 2012, stronger than in the other two counties. By 2012, it is projected that there will be over 2,800 new households in the retirement cohort, which is nearly 30 percent of the new households projected in the County from 2006 to 2012.

Table 6-3 shows the change in households by age of householder in Delaware from 2006 to 2012. The information is shown by County CCD with the cities other than Wilmington shown after the county totals.

Table 6-3
Projected Change in Households by Age of Householder - 2006 to 2012

	TOTAL	Number of Households By Householder Age Range						
		15 to 24	25-34	35-44	45-54	55-64	65-74	75 and over
New Castle County 2012 Households	**210,512**	11,620	34,956	52,419	47,064	27,237	18,988	18,228
	Change from 2006							
Brandywine	*387*	*(48)*	*157*	*138*	*(91)*	*124*	*105*	*2*
Wilmington	*1,062*	*(54)*	*237*	*285*	*73*	*241*	*125*	*155*
Central Pencader	*535*	*(21)*	*208*	*207*	*34*	*67*	*27*	*13*
Greater Newark	*(20)*	*(144)*	*38*	*22*	*(77)*	*81*	*10*	*50*
Lower Christiana	*479*	*(22)*	*101*	*144*	*96*	*74*	*69*	*17*
Middletown/ Odessa	*959*	*(3)*	*169*	*379*	*226*	*136*	*40*	*12*
New Castle	*65*	*(121)*	*97*	*71*	*(91)*	*140*	*19*	*(50)*
Piedmont	*(310)*	*(13)*	*(2)*	*(69)*	*(158)*	*(33)*	*(16)*	*(19)*
Pike Creek/ Central Kirkwood	*561*	*(5)*	*113*	*206*	*93*	*87*	*70*	*(3)*
Red Lion	*(100)*	*(11)*	*(9)*	*(28)*	*(34)*	*(7)*	*(9)*	*(2)*
Upper Christiana	*368*	*(44)*	*84*	*171*	*89*	*52*	*12*	*4*
Total County Change	3,986	(486)	1,193	1,526	160	962	452	179
Newark, city	*(252)*	*(305)*	*14*	*10*	*(30)*	*33*	*5*	*21*
Kent County 2012 Households	**62,755**	4,158	9,859	15,332	13,193	8,567	6,466	5,180
	Change from 2006							
Kenton	*481*	*14*	*71*	*138*	*96*	*87*	*50*	*25*
Smyrna	*823*	*31*	*136*	*218*	*148*	*108*	*104*	*78*
Dover	*3,889*	*204*	*730*	*943*	*699*	*567*	*409*	*337*
Central Kent	*2,012*	*82*	*297*	*571*	*398*	*329*	*217*	*118*
Milford North	*733*	*28*	*109*	*168*	*115*	*112*	*100*	*101*
Felton	*226*	*2*	*35*	*61*	*44*	*39*	*26*	*19*
Harrington	*594*	*9*	*101*	*136*	*114*	*95*	*73*	*66*
Total County Change	8,758	370	1,479	2,235	1,614	1,337	979	744
Dover, city	*1953*	*103*	*366*	*473*	*353*	*283*	*207*	*168*

	TOTAL	Number of Households By Householder Age Range						
		15 to 24	25-34	35-44	45-54	55-64	65-74	75 and over
Sussex County 2012 Households	**82,661**	3,049	8,846	16,425	16,901	14,350	13,124	9,966
	Change from 2006							
Milford South	*893*	*24*	*105*	*250*	*164*	*137*	*120*	*93*
Bridgeville/ Greenwood	*539*	*13*	*83*	*128*	*105*	*86*	*66*	*58*
Seaford	*551*	*(2)*	*89*	*135*	*84*	*84*	*83*	*78*
Georgetown	*845*	*31*	*118*	*177*	*191*	*166*	*84*	*78*
Millsboro	*1,431*	*24*	*157*	*267*	*233*	*280*	*288*	*182*
Milton	*813*	*12*	*97*	*178*	*148*	*135*	*146*	*97*
Lewes	*996*	*9*	*97*	*176*	*141*	*208*	*204*	*161*
Selbyville/ Frankford	*2,605*	*37*	*219*	*463*	*391*	*635*	*552*	*308*
Laurel/ Delmar	*988*	*32*	*154*	*235*	*159*	*164*	*135*	*109*
Total County Change	9,661	180	1,119	2,009	1,616	1,895	1,678	1,164
Town of Georgetown	*354*	*12*	*52*	*78*	*83*	*72*	*36*	*34*
State of Delaware 2012 Households	**355,928**	18,827	53,661	84,176	77,158	50,154	38,578	33,374
	Change from 2006							
	22,405	*64*	*3,791*	*5,770*	*3,390*	*4,194*	*3,109*	*2,087*

Source: Mullin and Lonergan Associates, Inc., Easy Analytics, Inc
**Numbers in parentheses represent negative numbers.*

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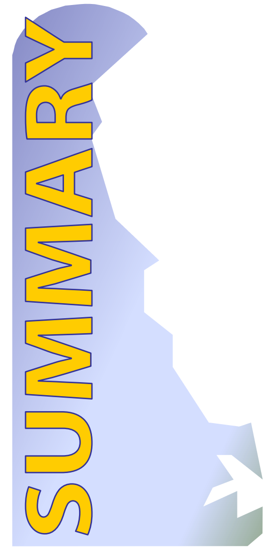
2.6 / housing demand
B. Growth Projections



- **22,405 new households are projected to form in Delaware between 2008 and 2012. As the Baby Boom generation is in its peak earning years and their children form households and enter employment, incomes will remain strong.**

- **Statewide, much of new household growth is projected to be in higher annual income brackets (over $75,000 annual income). Households with incomes between $50,000 and $75,000 are projected to have moderate increases in all three counties. Households with incomes below $25,000 are expected to decline in number statewide by 2012.**

- **Overall growth in population but trends toward smaller households size yield a faster rate of household growth. Echo Boomers (children of Baby Boomers) will lead household formation. There will also be continued strong increases in older households, particularly in Sussex County.**

C. HOMEOWNERSHIP DEMAND – 2008 - 2012

This section of the *Housing Needs Assessment* provides a review of homeownership needs. This section includes an evaluation of homeownership needs by various markets, the make-up of the sales housing market regarding stick built new construction and manufactured housing, and a discussion of the segments of the housing market that are inadequately served.

i. Homeownership Needs for First-time Homebuyers, Move-up Homebuyers and Households Migrating to the State

The need for homeowner units in Delaware is a function of the growth in the number of households due to natural increase and in-migration. Homeownership need is also affected by the number of households moving between homes within the state during the year. The need for homeowner housing is augmented by the need to replace units lost to demolition in Delaware during the year.

The 2005 American Community Survey reported that over 72 percent of all households in Delaware owned the unit in which they lived. This ownership rate was higher than the nationwide rate of 67 percent in 2005. In consideration of the above listed trends regarding households and their composition and size, age of the population, race of the population, and income, it is anticipated that Delaware's overall rate of homeownership will continue to increase. It is anticipated that the rate of homeownership in Delaware by 2012 will be 73.3 percent.

In combination, however, with the already high rate of homeownership in the state and recent fluctuations in mortgage interest rates, it is projected that the rate of increase in homeownership in Delaware over the next five years will not be as fast as in previous decades, nor will it be even from county to county or city to city. Reviewing homeownership data going back to 1990, this study projects specified gains and losses in homeownership rates as presented in Table 6-4 below.

- Demand for homeownership in the *Housing Needs Assessment* was estimated by different household types based on past trends and projections. The homeownership rate for each age group was projected for the purposes of the overall demand projections.

Table 6-4
Past and Projected Homeownership Rates

	1990 Homeownership Rate (%)	**2000 Homeownership Rate (%)**	**2005 Homeownership Rate (%)**	***Projected* 2012 Homeownership Rate (%)**
New Castle County	68.3	70.1	70.0	70.8
City of Wilmington	53.2	50.1	49.1	47.3
City of Newark	56.3	54.5	n/a	53.2
Kent County	69.2	69.9	73.4	75.4
City of Dover	53.9	52.3	n/a	51.2
Sussex County	78.6	80.7	78.0	77.8
Town of Georgetown	61.2	50.0	n/a	42.1
DELAWARE	**70.2**	**72.3**	**72.4**	**73.3**

Source: U.S. Census Bureau; Mullin & Lonergan Associates

To forecast the types of households that will be in the market in Delaware as homebuyers, the following types of households were differentiated:

- **Low Income homebuyers** are householders with an annual income of under $25,000. Low Income homebuyers are seeking the lowest price homes and include all age groups up to age 65. [NOTE: no additional demand is projected as a result of household growth within this income group.] Per the underwriting assumptions explained in Table 4-1 presented earlier in Part 2, 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 homebuyers have annual incomes from $25,000 to 115 percent of the HUD area median family income (MFI) for 2007. The income range of First-time homebuyers is reflected in DSHA's First-time Homebuyer Program. Using census data, the rate of homeownership for households age 25 to 44 years old was calculated to determine the First-time homebuyer demand for each county, the three cities, and the Town of Georgetown. Per Table 4-1 and the related assumptions presented earlier in Part 2, 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 Homebuyers due to age. For this study, affordable homebuyers are households age 45 to 64 years old seeking units in the same price range as the First-time homebuyers. Using census data, the rate of homeownership for households age 45 to 64 years old was calculated to determine affordable homebuyer demand for each county, the three cities, and the Town of Georgetown. Per Table 4-1 and the related assumptions presented earlier in Part 2, 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 homebuyers 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 homebuyers, but the housing is more expensive than a typical starter home. Move-up homebuyers were considered in all age brackets from 25 to 64 years old. Using census data, the rate of homeownership by age group was calculated to determine move-up homebuyer demand for each county, the three cities, and the Town of Georgetown. Per Table 4-1 and the related assumptions presented earlier in Part 2, 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 homebuyers are seeking housing alternatives in order to reduce the size of their dwelling, reduce maintenance on a dwelling, or to move closer to family. The Elderly homebuyers are projected to be a growing segment of the population in Delaware. Homeownership rates for older households in Delaware were calculated to determine Elderly homebuyer demand. Per Table 4-1 and the related assumptions presented earlier in Part 2, 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** encompass households with annual incomes in excess of $125,000 and include households at any age who may be seeking the most expensive homes.

Table 6-5 below shows the net homeownership demand in Delaware and by 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 localities.) The table quantifies the demand for homeowner housing by housing type (i.e., existing homes, new construction, and manufactured homes) and by household type (i.e. First-time, Affordable, Move-up, High Income, and Elderly as described above. *The Low-Income group is not included because no new demand as a result of new household formation was projected.*)

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 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. It is important to note that the projections for homeownership demand contained in Tables 6-5 are based on current market conditions and could change substantially if there are fluctuations in economic conditions, the real estate market, and mortgage interest rates.

Table 6-5
Delaware Homeownership Demand - 2008 to 2012

	TOTAL	Unit Types			Household Income Category				
		Existing Homes	New Construction	Manufactured Housing	First Time	Affordable	Move-up	High Income	Elderly
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
DELAWARE	**47,881**	**33,510**	**13,385**	**986**	**3,423**	**2,909**	**17,658**	**15,336**	**8,555**

Source: Mullin & Lonergan Associates, Inc.

ii. Make-up of Sales Housing by Stick-built and Manufactured Housing

Demand for homeownership was estimated for different building types, that is, stick-built versus manufactured housing. The demand for homeownership by building types was based on past trends and projections. To determine the numbers of units by building types, the number of new homes equals the number of new households plus the number needed to compensate for increasing homeownership. Manufactured housing sales comprise a component of the market, which is equal to the number of new manufactured homes titled in 2006 in Delaware and projected out for the five year period. The balance of demand by category is stick-built housing. The transfer of existing homes, both stick built and manufactured housing, constitutes the remainder of home sales anticipated in the market. Based upon share of demand, it is estimated that 15 percent of the new construction units will be needed at first-time and affordable homebuyer price ranges.

STATEWIDE HOUSING DEMAND FORECASTS 2008 - 2012

HOMEOWNER DEMAND

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

Combined first-time and "affordable" homebuyer demand: 6,332 units

Source: Mullin & Lonergan Assoc.

iii. Benchmarks for Program Accomplishments

The forecast for homeownership demand in Delaware is for approximately 47,881 homes through 2012. The homeownership demand of about 47,881 homes will primarily be met through the sale of existing homes. New housing units to accommodate the demands of the increased population will be needed for about 13,385 households. The make-up of the new homeowner units will include 986 manufactured homes as well as over 33,510 existing homes.

The homeowner housing demand in Delaware will be segmented with buyers at all income levels. Approximately 13 percent of all the projected homeownership demand in Delaware from 2008 through 2012 will be households with incomes within DSHA's Single-Family Mortgage Bond program limits.

- There is no new demand projected from households classified as Low Income homebuyers, which are those with annual incomes under $25,000. The average annual income for DSHA single family mortgage program is $51,000, with a very small percentage of participants earning less than $25,000.

- Approximately 3,423 First-time homebuyer households are projected from new demand for the five year period. First-time homebuyers typically earn between $25,000 and 115 percent of the MFI and are between the ages of 25 and 44.

- A total of 2,909 affordable homebuyer households with annual incomes between $25,000 and 115 percent MFI between the ages of 44 and 64, are projected in Delaware from 2008 through 2012. The Affordable homebuyers will have a wider range of housing available to them than Low Income homebuyers, including existing and new construction homes.

The following is a review of homeowner demand by county.

a. New Castle County

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

b. Kent County

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

c. Sussex County

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

iv. Projected Demand for DSHA Homeowner Programs

Displayed in Table 6-6 are the projected number of First-time homebuyers and Affordable Income homebuyers projected in the state from 2008 to 2012. 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.

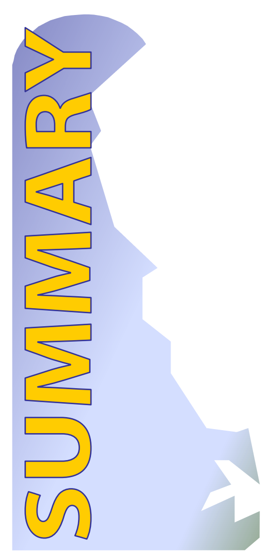
Table 6-6
Projected 5 Year Demand for DSHA Homebuyer Programs

First-time Homebuyers	3,423
Affordable Homebuyers	2,909
TOTAL	6,332
Projected DSHA ASSISTANCE (62% of total)	**3,926**

Source: Mullin & Lonergan Associates, Inc.

NOTE: DSHA Single-family mortgage activity has increased by three times to what "typical" production was in prior years. DSHA Assistance has been projected based upon the average production between the period of 2003-2007. Therefore, the above DSHA assistance may fluctuate considerably based upon market conditions.

2.6 / HOUSING DEMAND
C. HOMEOWNERSHIP DEMAND



- **Projections in household growth by income and age have been used to project homeownership demand for new households in Delaware for 2008-2012. Homeownership demand and the homeownership rate in Delaware are expected to remain strong, with the homeownership rate projected to increase to 73.4 percent by 2012.**
- **A net demand for homeownership of 47,881 households is projected, with the majority among categories of Move-Up (incomes of 115 percent of MFI to $125,000) and High Income (income greater than $125,000) buyers. This reflects population and household growth projections which indicate strongest household growth among households in these income ranges.**
- **Demand among first-time home buyers (generally 25 to 44 years old with incomes of $25,000 to 115 percent of MFI) is projected to be 3,423, while affordable buyers (45 to 64 years old with incomes of $25,000 to 115 percent of MFI) have a projected demand of 2,909 units.**
- **This constitutes 6,332 households, or 13 percent, of the total projected demand who will fall within the eligibility guidelines for DSHA's Single Family Mortgage Revenue Bond program. Estimating DSHA's share of this market at 62 percent, it is projected that 3,926 households will be served by DSHA homeownership programs from 2008-2012.**

D. RENTAL HOUSING DEMAND – 2008 - 2012

This subsection of the *Housing Needs Assessment* addresses current and projected affordable rental housing demand in Delaware. It begins by analyzing existing unmet affordable rental housing needs as evidenced by waiting lists for public housing and Housing Choice Vouchers and cost-burdened renter households with housing problems. The existing need analysis is followed by the forecast of total demand for affordable rental housing according to the type, geographic location, and specific need (e.g. income-restricted, subsidized rent) for units as of 2012.

i. Existing Rental Housing Needs

a. Public Housing & Housing Choice Voucher Waiting Lists

Households waiting for rental assistance through the public housing and Housing Choice Voucher systems represent unmet assisted rental demand. The following points highlight waiting list information for public housing authorities (PHAs) in Delaware.

- The Delaware State Housing Authority owns and manages 518 public housing units in Kent and Sussex Counties. It additionally administers 902 Housing Choice Vouchers. DSHA reports a combined waiting list of 2,116 households for its public housing units and voucher program.
- The New Castle County Housing Authority does not own any public housing units. The agency administers a total of 1,725 Housing Choice Vouchers. There were 823 applicants on the voucher waiting list as of May 2007.
- The Wilmington Housing Authority owns and manages 1,187 total public housing units; as of May 2007, there were 933 applicants on the public housing waiting list. WHA also administers 1,577 Housing Choice Vouchers, for which there were 1,386 applicants on the waiting list.
- The Newark Housing Authority owns and manages 98 total public housing units, for which 174 applicants were awaiting access as of May 2007. The Authority administers 200 Housing Choice Vouchers; 449 applicants were on the waiting list.
- The Dover Housing Authority owns and manages 303 total public housing units and administers 190 Housing Choice Vouchers. Additionally, the Authority administers 30 Special Purpose Housing Choice vouchers. As of May 2007, there were 461 applicants on the waiting list for public housing units and 409 on the list for vouchers.

b. Renter Households with Housing Problems

The following presents information regarding renter households in Delaware with housing problems. (Cost-burdened households, owner-and renter-occupied is also examined in Part 3 of the *Housing Needs Assessment* in the Section 10.D, *Cost-burdened Households with Housing Problems.*)

The statistics used for this analysis are taken from HUD's State of the Cities Data System: Comprehensive Housing Affordability Strategy (CHAS) Data 2000. CHAS Data 2000 is a special tabulation prepared for HUD by the Census Bureau. The Census Bureau uses a mathematical rounding mechanism for its CHAS tabulation. As a result, there may be discrepancies between the data reported by CHAS Data 2000 and data reported by Census 2000 used elsewhere in the *Housing Needs Assessment*.

The CHAS groups households by the same income categories presented in Table 4-1 earlier in Part 2 of the *Housing Needs Assessment*. To review, those categories are as follows:

- Extremely low-income households (income less than 30 percent of MFI),
- Very low-income households (income between 30 percent to 50 percent of MFI),
- Low-income households (income between 51 percent to 80 percent of MFI),
- Households with income above 80 percent of MFI are considered moderate, middle, and high income.

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

By county, a summary of CHAS data for renter households is presented in Table 6-7 below and in the points that follow.

Table 6-7
Renter Households with Housing Problems, CHAS Data - 2000

	Total CHAS House-holds	Any Housing Problem		Cost Burden				Other Housing Problems	
				30%-50%		More than 50% (Severe)			
		Total	%	Total	%	Total	%	Total	%
New Castle County									
All Households	188,901	47,283	25.0	26,216	23.1	16,942	22.1	4,125	2.2
Renter Households									
Extremely Low (0-30% MFI)	12,169	8,835	72.6	1,947	16.0	6,571	54.0	317	2.6
Very Low (31-50% MFI)	9,429	7,034	74.6	4,950	52.5	1,650	17.5	434	4.6
Low (51-80% MFI)	13,324	4,050	30.4	2,931	22.0	240	1.8	879	6.6
Above 80% MFI	21,529	2,088	9.7	538	2.5	323	1.5	1,227	5.7
Total Renters	**56,451**	**22,007**	**39.0**	**10,366**	**18.4**	**8,784**	**15.6**	**2,857**	**5.1**
Kent County									
All Households	47,126	12,351	26.2	6,681	22.8	4,703	10.0	967	2.1
Renter Households									
Extremely Low (0-30% MFI)	2,562	1,814	70.8	323	12.6	1,432	55.9	59	2.3
Very Low (31-50% MFI)	2,532	1,603	63.3	965	38.1	542	21.4	96	3.8
Low (51-80% MFI)	3,248	1,153	35.5	926	28.5	88	2.7	139	4.3
Above 80% MFI	5,791	394	6.8	185	3.2	6	0.1	203	3.5
Total Renters	**14,133**	**4,964**	**35.1**	**2,399**	**17.0**	**2,068**	**14.6**	**497**	**3.5**
Sussex County									
All Households	62,566	15,931	25.5	8,577	13.7	5,723	9.1	1,631	2.6
All Households									
Extremely Low (0-30% MFI)	2,421	1,516	62.6	402	16.6	1,031	42.6	83	3.4
Very Low (31-50% MFI)	2,046	1,041	50.9	612	29.9	346	16.9	83	4.1
Low (51-80% MFI)	2,619	974	37.2	660	25.2	71	2.7	243	9.3
Above 80% MFI	4,949	569	11.5	94	1.9	25	0.5	450	9.0
Total Renters	**12,035**	**4,100**	**34.1**	**1,768**	**14.7**	**1,473**	**12.2**	**859**	**7.1**

Source: HUD State of the Cities Data Systems: CHAS Data 2000

- In New Castle County, of 188,901 households estimated in the CHAS, 25 percent (47,283) had housing problems. About 47 percent of the households with problems (22,007) were renters; over one-third of renter households had housing problems. Extremely low-income and very low-income renters had comparably high rates of households with problems occurring for over 70 percent.
- Among New Castle renters with incomes above 80 percent of MFI, less than 10 percent had housing problems. (Among all households, the major problem is cost burden. Over 90 percent of 47,283 households with problems were cost-burdened; over one-third were severely cost-burdened.) Just over five percent of renter households have other housing problems, including

overcrowding in addition to lack of complete kitchen or plumbing, but excluding cost burden.

- Among New Castle renter households with problems and incomes below 80 percent of MFI, just over eight percent (1,630 households) had problems other than cost burden.
- In Kent County, of 47,126 households estimated in the CHAS, 26 percent (12,351) had housing problems. About 40 percent of all households with housing problems (4,964) were renters; over one-third of renter households had housing problems. Extremely low-income renters had the highest rate, with problems occurring for about 71 percent.
- Among Kent County renters with incomes above 80 percent of MFI, less than 7 percent have housing problems. (Among all income categories, the major problem of households with housing problems is cost burden. Over 92 percent of 12,351 households with problems were cost-burdened; over one-third were severely cost-burdened.) Just over three percent of renter households have housing problems other than cost burden.
- Among Kent renter households with problems and incomes below 80 percent of MFI, just over six percent (294 households) had problems other than cost-burden.
- In Sussex County, of 62,566 CHAS households, almost 26 percent (15,931) had housing problems. Renters make up about 26 percent of all households with housing problems; over one-third of renter households had housing problems. Extremely low-income renters had the highest rate with problems occurring among nearly 63 percent.
- Among renters with incomes above 80 percent of MFI, 11.5 percent had housing problems. (As with the other counties, the major problem of households with housing problems is cost burden. Almost 90 percent of 15,931 households with any problems were cost-burdened; over one-third were severely cost-burdened.) Just over seven percent of renter households have housing problems other than cost burden. While this is twice the rate of Kent County and higher than New Castle as well, the non-cost burdened rate is still low.
- Among Sussex renter households with problems and incomes below 80 percent of MFI, almost 12 percent (409) had problems other than cost-burden.

c. Cost-burdened Households

Because cost burden proves to be such a significant aspect of existing renter need, the analysis of cost-burdened renter households presented below is used to determine at-risk renter households. By “at-risk,” we are referring to extremely low-income households that have housing but who are paying more than 30 percent of income for rent. These households are in need of affordable housing. As was discussed earlier in Part 2, Section 5 *Housing Supply*, there has been a sizable increase in the rate of cost-burdened households between 2000 and 2005. However, the 2005 ACS does not present data to the CCD level which is used for the demand analysis. Table 6-8 on the following page provides a review of 2000 cost-burdened renter households by CCD.

According to the 2000 Census there were 28,128 renter households in Delaware paying more than 30 percent of their annual household income for rent. Despite the availability of 13,615 subsidized rental units and income restricted rental units and over four thousand Housing Choice Vouchers, 34 percent of the 82,690 renter households in the state were cost-burdened in 2000.

- At 49 percent, the City of Newark contained the highest percentage of cost-burdened renter households to total renter households in Delaware. The 2000 Census reported that only two other CCDs in the state had cost-burdened renter-occupied units greater than 40 percent of the total renter-occupied housing units, being the Greater Newark CCD (42 percent) and the Red Lion CCD (44 percent). It is noted, however, that 30 percent (1,200) of the 4,094 renter occupied units in the City of Newark are occupied by students of the University of Delaware.
- The percentage of cost-burdened renter households in New Castle County slightly exceeds the statewide percentage of cost-burdened renter households by 1.6 percent (36 percent New Castle County versus 34 percent for the state). It is noted that about 56 percent of the assisted rental housing units in Delaware are in New Castle County.
- Additionally, the following CCDs in New Castle County had a higher percentage of cost-burdened renter units than the state: the Brandywine CCD, the Wilmington CCD (which contains about one-third of the total assisted rental housing units in the state), the Lower Christiana CCD, the Piedmont CCD, and the Middletown/Odessa CCD. The CCDs in the northeastern portion of New Castle County are the only Delaware CCDs having a greater percentage of cost-burdened renter households than the state.
- Both Kent County and Sussex County were below the state percentage of cost-burdened renter households with Kent County being below by one percent and Sussex County being below by 6.2 percent. The lower rate of cost-burdened renter households corresponds with the lower gross rents in the two counties.

Table 6-8
Cost-burdened Renter Households - 2000

		Cost-burdened		Units by Annual Household Income In 1999 ($)						
	Renter Housing Units	Total	% of Renter Units	<10,000	10,000 - 19,000	20,000-34,999	35,000-49,999	50,000-74,999	75,000-99,999	100,000+
New Castle County										
Brandywine	8,587	2,968	34.6	608	951	1,033	220	120	30	6
Wilmington	14,270	5,589	39.2	2,282	1,682	1,430	172	23	0	0
Lower Christiana	4,085	1,498	36.7	349	598	500	51	0	0	0
Greater Newark	8,612	3,587	41.7	1,005	1,363	966	207	36	10	0
Pike Creek/Central Kirkwood	3,380	989	29.3	190	329	325	114	31	0	0
Upper Christiana	3,706	985	26.6	145	334	446	37	10	13	0
Piedmont	1,437	574	39.9	27	146	122	47	125	64	43
Central Pencader	2,084	545	26.2	46	140	346	13	0	0	0
Middletown/ Odessa	1,068	381	35.7	136	129	107	9	0	0	0
New Castle	9,019	2,894	32.1	572	1,017	1,193	102	10	0	0
Red Lion	194	86	44.3	24	25	25	12	0	0	0
County Total	56,442	20,096	35.6	5,384	6,714	6,493	984	355	117	49
City of Newark	4,068	1,992	49.0	664	735	479	114	0	0	0
Kent County										
Kenton	222	73	32.9	30	18	25	0	0	0	0
Smyrna	1,176	427	36.3	195	171	52	9	0	0	0
Dover	9,100	3,055	33.6	849	1,352	752	102	0	0	0
Central Kent	1,228	346	28.2	127	152	63	4	0	0	0
Felton	282	74	26.2	24	17	23	10	0	0	0
Milford North	1,361	414	30.4	161	171	75	7	0	0	0
Harrington	807	287	35.6	68	154	51	14	0	0	0
County Total	14,176	4,676	33.0	1,454	2,035	1,041	146	0	0	0
City of Dover	5,913	2,323	39.3	656	1,023	550	94	0	0	0
Sussex County										
Bridgeville/ Greenwood	764	206	27.0	43	110	53	0	0	0	0
Milford South	1,234	281	22.8	102	133	46	0	0	0	0
Milton	697	178	25.5	70	75	28	5	0	0	0
Lewes	1,723	468	27.2	73	179	196	7	5	0	8
Millsboro	1,211	328	27.1	131	146	51	0	0	0	0
Selbyville/ Frankford	1,505	422	28.0	155	142	108	17	0	0	0
Georgetown	999	319	31.9	111	145	51	12	0	0	0
Seaford	2,238	768	34.3	379	239	141	9	0	0	0
Laurel/Delmar	1,701	386	22.7	146	184	56	0	0	0	0
County Total	12,072	3,356	27.8	1,210	1,353	730	50	5	0	8
Town of Georgetown	759	269	35.4	87	136	34	12	0	0	0
DELAWARE	**82,690**	**28,128**	**34.0**	**8,048**	**10,102**	**8,264**	**1,180**	**360**	**117**	**57**

Source: U.S. Census Bureau, Census 2000

- The only areas in Kent County that exceeded the statewide percentage of cost-burdened renter households of 34 percent are the City of Dover at 39.3 percent, the Smyrna CCD at 36.3 percent, and the Harrington CCD at 35.6 percent.
- The Town of Georgetown at 35.4 percent and the Seaford CCD at 34.3 percent were the only two areas in Sussex County that exceeded the state percentage of cost-burdened renter-occupied units. The Town of Georgetown and the Seaford CCD are both located in the southwestern CCDs.
- Statewide, 98 percent of the cost-burdened renter households were low-income with annual household incomes below $50,000. Well over half (18,150) of the 28,128 cost-burdened renter households in Delaware were extremely low income, with incomes below $20,000.

d. Unmet Rental Housing Needs – "At-Risk" Renter Households

Using the above analysis of existing rental housing issues, we arrive at a current number which represents renter households classified as at-risk per the above definition. It is expected that some if not many of the At-Risk renter households are housed in a substandard unit. Primarily, however, the households are cost-burdened.

As seen in the CHAS tables, those at greatest risk are extremely low-income households because there are fewer housing units across the state within their affordability level. Extremely low-income households live paycheck to paycheck and have very limited ability to save money. Many of the extremely low-income households have jobs that provide little or no opportunity for advancement to higher wage jobs. If they lose their source of income or if their rent increases, extremely low income households cannot afford to pay rent.

Generally, the at-risk renter households need a subsidy, either to pay for the rent at their current unit or to provide a security deposit and deposit for utilities at a unit within their price range. Other at-risk renters will be served by a newly constructed unit. Their number is calculated and included with the projected need in Table 6-10.

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.

Table 6-9 shows a calculated estimate of 24,901 renter households considered to be "at-risk". The at-risk renter households are those that are cost-burdened (paying more than 30 percent of income towards rent) with an income of less than $20,000 annually – thereby, considered extremely low-income.

Table 6-9
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.

ii. Future Rental Needs: Existing "At-Risk" Households & New Households

Forecasting demand for additional rental housing units affordable to low income households is based on the existence of at-risk renters and the formation of new renter households. The new rental 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 4-1 *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 units, 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 following forecast of demand has been based on available information and existing 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

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.]

- Very low-income households with income from 31 to 50 percent of MFI would also be served by low-income housing tax credit units targeted to persons below 50 percent of the area MFI. The Tax Credit program limits the income households can earn based on the number of persons in a household and assumes households pay no more than 30 percent of income towards rent. The Tax Credit program is not a rent subsidy program but does restrict income and rents in a development. Persons 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. [Note: no new demand is projected as a result of renter household growth within this income group.]

- Low-Income Tax Credit households with income between 51 to 60 percent of the area MFI residing in a Low-Income Housing Tax Credit unit must have income at or below 60 percent of the area median income. Thresholds are set at different levels based on household size. The income limit for a family of four at 60 percent of the area MFI by county in Delaware was used in determining need for the category.

- Low-income households with income between 61 to 80 percent of area MFI are unlikely to qualify for a rent restricted unit or rent subsidy type program.

Table 6-10 on the following page identifies 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 is not included in their respective county totals.

In reviewing Table 6-10, it is important to stress that the stated demand of 1,489 rental units comprises 357 units based on projected growth, if any, of new renter households within age and income categories. Zeros in the table represent limited or no new growth projected in households from 2008 to 2012. Certain categories were excluded from the table altogether due to zero projected demand throughout the state.

In addition to demand stemming from new household growth, Table 6-10 includes demand derived from existing renter households living in overcrowded and substandard, as well as unaffordable, housing units. Based on 2000 CHAS data for overcrowding and substandard conditions, an average rate for each situation was established for the three counties and the cities of Wilmington, Newark, Dover, and the town of Georgetown. The total number of at-risk renters in each area, as shown in Table 6-9, were multiplied by these average rates to arrive at a realistic estimate of at-risk renters who are most likely to need new units. Demand for an additional 1,132 units is projected based upon this calculation.

Households on waiting lists for rental assistance (either units or vouchers) indicate existing unmet demand. DSHA reported as of the fourth quarter of 2006 that a total of 5,356 households were on waiting lists for Section 8 administered sites and/or Section 8 bond financed projects. Although duplication likely exists on the waiting lists, the extensive list is an indicator of need/demand for additional subsidized units for the existing low and extremely low income households.

Table 6-10
Projected Rental Demand (Existing "At-Risk" & New Demand), 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.

Demand numbers in the above table are based upon the growth projections discussed earlier and were arrived at by aggregating totals across household age groups (15 to 54 and 55 and over) according to income. The numbers may reflect new demand for a specific income type in a city or town that may not be reflected in its respective county total.

The "at-risk" numbers in Table 6-10 assume that duplication of households exists between the 24,901 at-risk households reported in Table 6-9 and overcrowded and substandard housing data. It is assumed that the projected demand will be met through 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.

As mentioned earlier in the discussion of assisted rental inventory, as of May 2007 there were a total of 821 affordable units in production in Delaware, meaning either approved for funding or approved and under construction. Of the 821 units, the majority (662 units) are existing assisted rental units that are to be substantially rehabilitated. Of the total 821, there were 614 family units and 207 elderly units. Approximately thirty-five percent (291 and 280 respectively) of the pipeline units were slated for New Castle and Sussex Counties, with the remaining thirty percent being targeted to Kent County. The current pipeline of projects will likely serve existing demand, therefore no adjustments have been made to the new demand as presented in the table above.

iii. Rental Housing Demand by Households Age 55 and Over

An analysis of demand was conducted for the population age 55 and over using the same methodology presented earlier in this section. For purposes of ease, however, it was assumed that each age group had an equal distribution since Census data by age does not match the aforementioned categories. The demand for new rental units by low income households age groups 55 to 61, 62 to 74, and 75 and over (frail elderly), by location, is provided in Table 6-11.

Table 6-11
Projected Elderly Demand for Rental Housing - 2008 to 2012

	Age of Householder		
	55-61	62-74	75 and over
New Castle County			
Extremely Low Income	0	0	0
Very Low Income	0	0	0
Low Income (Tax Credit)	0	0	0
Low Income Other	0	0	15
City of Wilmington			
Extremely Low Income	0	0	0
Very Low Income	0	0	0
Low Income (Tax Credit)	0	0	10
Low Income Other	6	4	31
City of Newark			
Extremely Low Income	0	0	0
Very Low Income	0	0	0
Low Income (Tax Credit)	0	0	0
Low Income Other	0	0	1
Kent County			
Extremely Low Income	0	0	0
Very Low Income	0	0	3
Low Income (Tax Credit)	4	2	12
Low Income Other	4	3	13
City of Dover			
Extremely Low Income	0	0	0
Very Low Income	0	0	4
Low Income (Tax Credit)	1	1	9
Low Income Other	2	2	13
Sussex County			
Extremely Low Income	0	0	0
Very Low Income	0	0	0
Low Income (Tax Credit)	0	0	2
Low Income Other	0	0	6
Town of Georgetown			
Extremely Low Income	0	0	0
Very Low Income	0	0	0
Low Income (Tax Credit)	0	0	0
Low Income Other	1	1	1
DELAWARE	**18**	**13**	**120**

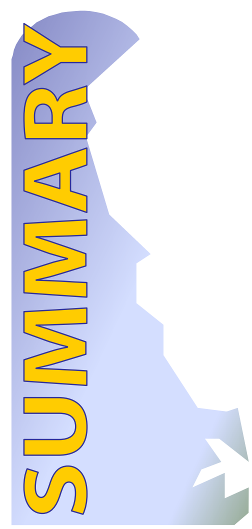
Source: Mullin & Lonergan Associates, Inc.

The projections for rental housing for persons age 55 and over are relevant to the discussion on demand since the Fair Housing Act provides familial status exemptions for elderly properties including housing intended for, and occupied solely by persons 62 and over. A property qualifies as "62 and over" housing if all occupants of the household are 62 years old or older. Another exemption includes 55 and over housing, which is intended and operated for households comprised of at least one person 55 years of age and older per unit is exempt. The Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988) should be reviewed for additional information on familial status exemptions and requirements.

Additional information regarding the needs of the low-income elderly is included in Part 3 of the *Housing Needs Assessment* in the section focusing on housing needs of special population groups.

2.6 / HOUSING DEMAND

D. AFFORDABLE RENTAL HOUSING DEMAND



- **Demand projections affected by low projections for new household growth among lower income households show limited new household growth within this category of renters in need; however the existing demand is significant and figures into overall future demand analysis.**
- **Existing rental housing need is concentrated on very and extremely-low income households; making housing affordable for these households is especially challenging and expensive because the housing situations of these households are especially precarious.**
- **A total demand for 1,489 rental units had been determined, which comprises 1,132 for existing "At-Risk" households, 241 for new households earning between 51 and 60 percent of MFI, and 116 for new households earning between 61 and 80 percent MFI.**

E. PRESERVATION OF AFFORDABLE RENTAL HOUSING

Preservation of existing low income 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 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.

For the context of this 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.

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

Although many of the assisted rental units have reserve accounts to replace worn-out items, there are still numerous units that have inadequate reserves sufficient to fund necessary improvements to maintain a decent and safe living environment for residents. Also, there are units that may be considered functionally obsolescent or unmarketable due to age or design considerations. 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 a number of assisted rental units in Delaware that could potentially be lost due to conversion to market rate housing as a result of expiration of affordability restrictions, non-renewal of a Section 8 subsidy, or an owner's election to prepay a mortgage. As shown in Table 5-15 found in *Part 2: Housing Supply*, there are 4,604 assisted rental-housing units in Delaware that may be eligible for conversion to market rate housing by 2012.

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 outlined below.

i. Federal Low-Income Housing Tax Credit (LIHTC) Units

The LIHTC program was established in 1986 and is contained in Section 42 of the Tax Code. The program is administered by the US Department of the Treasury and the Internal Revenue Service. Tax credits are allocated by state agencies, who in turn decide which projects receive tax credits each year based on established allocation guidelines. The LIHTC program requires a minimum 15-year compliance period unless an extended low-income use agreement is in place.

Of the 4,604 units at risk due to contract renewals or restricted-use expirations from 2008-2012, 2,231 are units in LIHTC sites where LIHTC restrictions will be expiring. Of these 1,121 are estimated by DSHA staff to be at high risk, 380 moderate risk, and 730 low risk. Assessment of risk is based on presence of other funding sources, subsidies, and use restrictions in the property; location; condition; and marketability as a market rate rental property. Table 6-12 below shows the Tax Credit units at risk of conversion by county.

Table 6-12
Low-Income Housing Tax Credit Units Expiring, 2008-2012

	Total	Low Risk	Moderate Risk	High Risk
New Castle County	829	166	16	647
Kent County	856	352	200	274
Sussex County	576	212	164	200
DELAWARE	**2,231**	**730**	**380**	**1,121**

Source: Delaware State Housing Authority

ii. Project-Based Section 8 Units

In 1997, the United States Congress enacted the *Multi-family Assisted Housing and Reform and Affordability Act* (commonly referred to as "Mark-to-Market"). The Mark-to-Market program was made permanent in 1999 and addresses the financial and physical restructuring of housing projects with expiring Section 8 contracts. Owners of Section 8 properties with expiring contracts, however, may elect to "opt out" of the Mark-to-Market program, resulting in a loss of affordable rental units.

The 4,604 units at risk from 2008-2012 include 2,048 units in project-based Section 8 sites where contracts will be up for renewal in the 2008-2012 period. However, these sites are generally at low risk for conversion to market rate and are considered likely to renew.

A greater concern with project-based Section 8 sites is their physical condition, often the result of financial issues. Sites are inspected by the HUD Real Estate Assessment Center (REAC) every one to three years depending on past performance. Physical condition is scored on a scale of 1-100. Sites with scores below 79 are inspected annually. A score below 60 is failing and results in enforcement and corrective action, potentially leading to contract termination. A property scoring 30-59 is considered "substandard", and scores below 30 are considered "severe." Financial condition and low reserves generally accompany and indeed are often the root cause of physical issues. Using REAC scores below 70 and financial reserves below $1,500/unit as a threshold, project-based Section 8 units at high risk were identified. Table 6-13 below shows the results.

Table 6-13
REAC Scores By Financial Reserves, 2007

	Project-based Section 8 Units with REAC Scores Below 70
Reserves > $1,500/unit	262*
Reserves < $1,500/unit	180
Reserves Unknown	180
Total	**622**

Source: Delaware State Housing Authority

**144 units in this category are in the process of preservation and rehabilitation.*

As of July 2007, two sites with a total of 180 units have low reserves and most recent REAC scores below 70. These sites are considered to be extremely high risk. An additional four sites with 262 units have reserves above $1,500/unit. One of these sites, with 144 units, is currently in the process of preservation and rehabilitation.

iii. Preservation and Rehabilitation Needs

A review of the expiring use agreements for LIHTC units and those Section 8 contracts with expiration dates within the next five years should be closely reviewed by DSHA. The preservation needs of Delaware's assisted rental housing stock may be one of its most pressing needs.

Preservation needs are important when considering that the total assisted housing in Delaware consists of 13,615 units, of which 4,604 (34 percent) are eligible for conversion to market rate units within the next five years and that 44 percent of the affordable stock is more than 20 years old. The number of units potentially lost will continue to increase over time as tax credit units become older and additional HUD Section 8 contracts begin to expire.

Table 6-14 shows the projected preservation/rehabilitation needs in Delaware from 2008 to 2012. The total need includes 1) 4,604 affordable rental units estimated to be lost due to conversion to market units and 2) 2,259 units in need of rehabilitation. The total estimated assisted units in need of substantial rehabilitation is 50 percent of the assisted rental units that will be more than 20 years old by 2012.

Affordable Rental Units At Risk of Converting to Market Rate 2008-2012

New Castle County..................2,217

Kent County..................1,110

Sussex County..................1,277

DELAWARE Total Units 4,604

Table 6-14
Preservation/Rehabilitation Demand 2008-2012

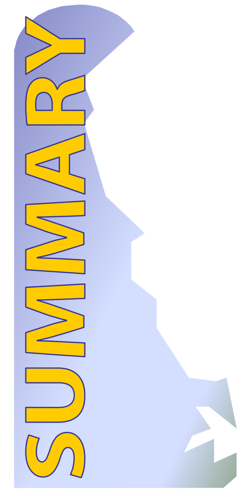
	TOTAL	Assisted Units Not Due to Expire by 2012 BUT in Need of Substantial Rehabilitation	Assisted Units Expiring At-Risk of Conversion by 2012	
			Total Units At Risk of Expiring	*Estimated in Need of Substantial Rehab*
New Castle County	1,550	604	946	*277*
City of Wilmington	2,049	928	1,121	*486*
City 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.*

2.6 / HOUSING DEMAND

E. PRESERVING AFFORDABLE RENTAL HOUSING



- **There are pressing dual needs of existing assisted rental housing stock: physical and maintenance needs and contractual/financing needs to preserve program participation and affordability. The priority need is maintaining and preserving DE's existing assisted rental housing stock.**

- **There are a total of 4,604 total assisted rental units that are at risk of converting to market rate housing as of 2012. There are an additional 2,259 assisted rental units not at risk of losing their affordability restriction but in need of substantial rehabilitation.**

- **Preservation projects are resource-intensive, but, in most cases, more cost-efficient than replacing stock with new units, not to mention the community costs of projects that are in poor physical condition.**

7. HOMEOWNERSHIP ISSUES

This section of the *Housing Needs Assessment* gives an overview of issues related to owning a home in Delaware, particularly for low-income households. It covers topics related to attaining homeownership and maintaining homeownership. The issue of mortgage foreclosure is covered in Subsection B, which is of particular currency in light of recent problems in the subprime mortgage industry.

A. ATTAINING HOMEOWNERSHIP

The 2005 ACS reported that statewide median household income in Delaware was $52,499. (This should not be confused with the area median *family* incomes referred to in previous sections.) Using the statewide median, Table 7-1 shows household income by income percentage categories. Using renter cost-burden data from the 2005 ACS, it is possible to apportion the renter households in Delaware by income category, which is also shown in the table. Applying the rule of thumb that households can afford three times their annual income to purchase a home, the table also shows the maximum housing value that households by income category are able to afford.

Table 7-1
Household Income & Maximum Affordable Home Price - 2005

	Household Income ($)	Number of Renter Households by Income Category		Maximum Affordable Housing ($)
		Total	% of Total	
Extremely low income (up to 30% MFI)	15,745	19,123	21.8	47,235
Very low income (31% to 50% MFI)	26,250	14,178	16.2	78,749
Low (51% to 80% MFI)	41,999	19,556	22.3	125,998
Moderate (81% to 100% MFI)	52,499	11,248	12.8	157,497
Moderate (101% to 115% MFI)	60,374	4,816	5.5	181,122
Above 115% of MFI	60,375+	18,859	21.4	181,125+
DELAWARE TOTAL		87,780	100.0	

Source: U.S. Census Bureau American Community Survey and Mullin and Lonergan Associates

Table 7-2 presents total vacant for-sale units in Delaware by price asked, as reported by the 2005 ACS.

- Of 5,253 vacant for-sale units, over half have a price asked of over $200,000 and are beyond the affordability range of households up to 115 percent of MFI.
- There are 729 units, or about 14 percent of the units, with a price asked of $150,000 to $199,999. These units are within the affordability range of moderate income households.

- There are 283 units, or 5.5 percent of the total with a price asked of $100,000 to $149,999. Households with income at 80 percent of MFI can afford up to $125,998.

- Households with income at 50 percent of MFI can afford units up to about $78,750. There are less than 700 units or 12.4 percent of the vacant for-sale units, with a price asked of $60,000 to $99,999.

- Households with income at 30 percent of MFI can afford less than 6.7 percent of the vacant for-sale units in Delaware.

The analysis does not consider other expenses of homeownership such as tax, insurance, private mortgage insurance (PMI), and maintenance that further constrain a household's housing budget.

Table 7-2
Vacant for-sale Units by Price Asked - 2005

	Total Vacant For-sale Units	Percent of Total
Less than $60,000	352	6.7
$60,000 to $99,999	669	12.4
$100,000 to $149,999	283	5.5
$150,000 to $199,999	729	13.9
$200,000 to $299,999	1,635	31.2
$300,000 to $499,999	1,083	20.7
$500,000 or more	502	9.6
TOTAL	5,253	100.0

Source: U.S. Census Bureau American Community Survey

i. Demographics of DSHA Homebuyers

An analysis of home mortgage loans made by Delaware State Housing Authority reveals a popular program that is addressing an increasingly high demand for homeownership among small households with annual incomes averaging $51,000. Table 7-3 on the following page presents DSHA mortgage data by county and for the state overall.

Across the state, the number of loans approved has risen dramatically from 425 in 2005 to 1,399 in 2006. The total as of April 2007 is 580 approvals and is on track to surpass the 2006 mark. On a monthly basis, an average of 35 loans was approved in 2005. This number jumped to 116 approvals per month in 2006. For the first four months in 2007, the average number of approvals was 145 per month.

Statewide, the average mortgage amount has increased commensurate with an increasing purchase price. Between 2005 and April 2007, the average mortgage amount increased 17 percent from $157,482 to $183,854. During the same time, the average purchase price increased 18 percent from

$160,291 to $189,131. However, the average household income of applicants has not kept pace with rising housing prices. Since 2005, the average income of approved applicants has remained virtually unchanged.

Table 7-3
Analysis of DSHA Mortgages, 2005 – 2007

	2005	2006	2007 Jan - April*
New Castle County			
Total Loans Approved	279	966	413
Avg Mortgage Amount	$158,575	$170,931	$184,483
% Existing Homes	95%	97%	93%
Avg Purchase Price	$161,814	$176,056	$190,391
Avg Household Income	$52,114	$51,074	$51,271
Avg Age of Applicants	33	32	32
Avg Household Size	1.83	1.79	1.88
% Female Applicants	45%	46%	41%
Kent County			
Total Loans Approved	127	321	119
Avg Mortgage Amount	$158,284	$177,924	$186,148
% Existing Homes	87%	89%	88%
Avg Purchase Price	$158,947	$180,399	$188,265
Avg Household Income	$50,464	$52,114	$52,877
Avg Age of Applicants	31	31	38
Avg Household Size	2.20	2.12	2.09
% Female Applicants	31%	35%	38%
Sussex County			
Total Loans Approved	19	112	48
Avg Mortgage Amount	$144,404	$175,590	$172,758
% Existing Homes	89%	72%	79%
Avg Purchase Price	$146,919	$183,350	$180,435
Avg Household Income	$48,084	$49,539	$50,203
Avg Age of Applicants	31	31	32
Avg Household Size	2.26	2.13	2.10
% Female Applicants	32%	29%	43%
Delaware			
Total Loans Approved	425	1,399	580
Avg Mortgage Amount	$157,482	$172,909	$183,854
% Existing Homes	92%	93%	91%
Avg Purchase Price	$160,291	$177,636	$189,131
Avg Household Income	$51,441	$51,190	$51,512
Avg Age of Applicants	32	31	33
Avg Household Size	1.96	1.89	1.94
% Female Applicants	40%	42%	40%

Source: Delaware State Housing Authority; Calculations by Mullin & Lonergan Associates, Inc.

Taking into account the rate of inflation, average income has actually decreased 5 percent. Therefore, it is anticipated that continued rising sales prices will make it more difficult for a household to afford even a modest downpayment.

The average age of applicants has remained constant in the 31-33 year range, falling into the first-time home-buying age cohort. Household size has also remained constant at just under two persons per household. Nearly one-fifth of all approved applicants were minority households and 40 percent were female.

New Castle County, a more urbanized and populated region, accounted for more than two-thirds of all loans approved during the period (69 percent). Sussex County represented about 7 percent of approvals, and Kent County accounted for approximately 24 percent of the approvals. More specifically, the following findings were noted in each county:

a. New Castle County

- 1,658 loans approved; 69 percent of statewide total;
- Average mortgage amount increased 16 percent while average purchase price increased 18 percent; highest average purchase price in the state;
- Average household income fell by 2 percent;
- Lowest average loan to value (LTV) ratio in 2007.

b. Kent County

- 567 loans approved; 24 percent of statewide total;
- Average mortgage amount increased 18 percent as did average purchase price;
- Highest average household income increase (5 percent);
- Highest average age (38) of applicants in 2007;
- Lowest rate of female applicants (38 percent) in 2007.

c. Sussex County

- Lowest number of approved loans (179) since 2005;
- Average mortgage amount increased 20 percent while average purchase price increased 23 percent;
- Highest increase in average mortgage amount and purchase price;
- Average household income rose 4 percent;
- Highest rate of female applicants (43 percent) in 2007.

ii. Credit Worthiness of Prospective Borrowers

Homebuyer programs offering financial subsidies and other forms of assistance can help renters become homeowners. However, to get to closing, homeowners must still prove their creditworthiness to both public and private lenders. Recent market trends impacted by overzealous and predatory lenders have helped to cool the nation's hot housing market. More importantly, the resulting foreclosures are causing lenders to tighten their underwriting standards, thus making it more difficult for some renters to become homeowners and for some homeowners to maintain their mortgages. The topic of mortgage foreclosures is discussed further in section 4B, *Maintaining Homeownership.*

iii. Typical Settlement Costs, Including Transfer Taxes

In a residential real estate transaction, there are various costs associated with the purchase of a home. These costs are called settlement costs and are typically incurred by both the seller and buyer. At the financial closing, some of the settlement costs are paid for by the buyer and some of the costs are paid for by the seller. All of these costs are required to be disclosed, to the buyer, prior to transferring the property from the owner to the buyer. Listed below are typical settlement costs associated with the purchase of a residential property.

The buyer generally is responsible for:

- Title Searches
- Recordation of the deed and mortgage
- Survey (if required)
- Settlement fees (if any)
- Title insurance policy (both lender and owner)

The seller generally is responsible for:

- Any seller settlement fees
- Document preparation fees

In addition, the transfer tax (generally 3 percent of purchase price) is split 50/50 between the buyer and seller. (In Delaware, the three counties and some local jurisdictions waive their portions of the real estate transfer tax for first-time homebuyers.) There is also a state deed recordation fee of 1.5 percent of the sales price, and this also is split 50/50 between the buyer and the seller.

iv. Availability of Homeownership and Credit Counseling

There are multiple organizations in Delaware that provide homeownership and credit counseling for new homebuyers. These agencies and programs generally serve first-time homebuyers. As with all lenders, homebuyers are generally required to complete one of the programs offered by these organizations prior to getting approval for a first mortgage. Listed in Table 7-4 below are the primary organizations providing these services.

Table 7-4
Homeownership and Credit Counseling Organizations

Name of Organization	Location
First State Community Action Agency	308 North Railroad Ave. Georgetown, DE 19947
	655 South Bay Road, Suite 4J Dover, DE 19901
	19 Lambson Lane, Suite 8 New Castle, DE 19720
Hockessin Community Center	4266 Millcreek Road Hockessin, DE 19707
Housing Opportunity of Northern Delaware, Inc.	100 West 10th Street Suite 1004 Wilmington, DE 19801
Interfaith Community Housing Delaware, Inc.	613 Washington Street Wilmington, DE 19801
	20 Patrick Henry Lane, Milford, DE 19963
NCALL Research, Inc.	363 Saulsbury Road Dover, DE 19904
	501 Ogeltown Road, Room 325 Newark, DE 19711
	110 S. Bedford Street Georgetown, DE 19947
Neighborhood House, Inc.	1218 B Street Wilmington, DE 19801
	219 West Green Street, Middletown, DE 19709
West End Neighborhood House, Inc.	710 N. Lincoln Street Wilmington, DE 19805
YWCA Delaware Homeownership Education, Inc.	153 E. Chestnut Hill Road, Suite 102 Newark, DE 19713

v. Relative Real Estate Tax Burden

Relative real estate tax burden is an important factor in the affordability of sales housing. Taxes frequently influence home purchase decisions. Once the home is purchased, increases in taxes can adversely affect affordability and contribute to foreclosure.

Fortunately, Delaware enjoys one of the lowest real estate tax burdens in the nation. According to *The Tax Foundation*, a non-partisan tax research group in Washington, D.C., Delaware ranks:

- 39th in median property taxes paid on homes (2005)
- 47th in property taxes as a percent of home value (2005), and
- 45th in property taxes as a percent of income (2005)

By comparison, in 2005, New Jersey ranked 1st, Maryland ranked 13th and Pennsylvania ranked 14th in median property taxes paid on homes. This may help to explain why migration has contributed to an expansion of Delaware's housing market. The only states that have a lower property tax burden, according to The Tax Foundation's calculations, are Arkansas, Mississippi, West Virginia, Alabama and Louisiana.

The effective tax rate equals the total tax rate times the ratio of assessed valuation to market value. Property taxes on a hypothetical property having a market value of $100,000 would range from $378 to $1,609 depending on its location. Properties located within the Christina School District in the City of Wilmington pay the highest property taxes at $1.6098 per $100 in market value. Properties located within the unincorporated area of the Cape Henlopen School District pay the least in property taxes at $.3783 per $100 in market value.

vi. Commuting Costs and Negative Effect on Homeownership

A review of 28 of the nation's metropolitan areas, *A Heavy Load: the Combined Transportation and Housing Costs of Working Families* [*], found that, for households of all income levels, 27 percent of income goes for housing alone and another one-fifth goes to the cost of getting around. Together these items account for almost 48 percent of household income. Working families with incomes between $20,000 and $50,000 spend a similar percentage of income on housing; however, their transportation costs consume almost 30 percent of their income. Households that are able to reduce their transportation costs are better able to expand their housing opportunities.

[*] Center for Housing Policy, October, 2006.

The biggest tradeoff for households that are cost-burdened is transportation. Working families that spend more than half their household expenditures on housing put 7.5 percent of their expenditures toward transportation. Working families in housing they can afford expend up to 24 percent of their budget for transportation (commuting is a common strategy for working families to cope with high housing costs). Statistics show that working families spend 77 cents on transportation for every dollar decrease in housing costs. Although not all of family transportation cost is attributable to commuting, the journey to work from less expensive housing likely accounts for a substantial part of it.

Working families that are cost-burdened are almost twice as likely to lack a vehicle. While this is not necessarily a hardship, it possibly limits access to education or employment, the things that are needed to help with overcoming cost burden. Lack of a vehicle limits housing options to places close to work and services or convenient to public transit.

vii. Limitations on Choice of Neighborhoods due to Fair Housing Issues

The Fair Housing Act of 1968, as amended, prohibits discrimination against persons and actions which "otherwise make unavailable or deny, a dwelling to any person because of race , color, religion, sex, familial status, national origin, handicap and presence of children within a family. The Act prohibits both intentional discrimination and practices that have a discriminatory effect on housing opportunities for the groups protected by the statute. In short, the Act seeks to ensure that the protected classes can live anywhere they wish, subject only to the same constraints that apply to all homebuyers and renters.

Since the Fair Housing Act was passed in 1968, there has been substantial progress toward desegregating housing patterns in the United States. Continuing patterns of residential segregation are the result of decades of official segregation and the persistence of unlawful discriminatory practices.

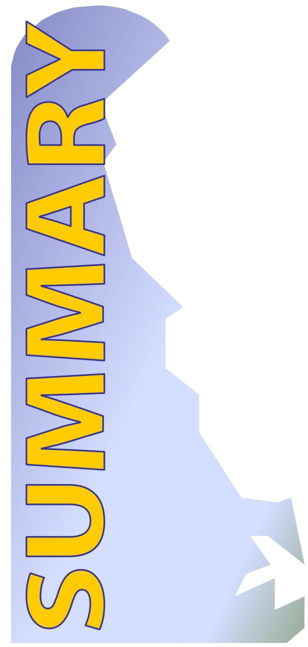
In 2003, the Delaware State Housing Authority hired the University of Delaware to prepare an analysis of impediments to fair housing choice in the state. The purpose of this study was to identify obstacles to fair housing choice through an analysis of public and private sector policies, procedures, and practices that impinge on equal housing opportunities. The study revealed residential segregation in each of Delaware's three counties. New Castle County had the highest rate of residential segregation, but its rate of segregation is decreasing. Although the levels of residential segregation in Kent and Sussex Counties are lower than in New Castle County, residential segregation in these two counties is increasing.

Factors that perpetuate residential segregation in Delaware include:

- Mortgage application rejection rates that are much higher for minorities than for similarly situated white applicants
- "Steering" of minority homebuyers to areas where other minorities reside and away from areas where whites reside
- Landlords' refusal to allow structural modifications to make apartments accessible to persons with disabilities
- Strong NIMBYism ("Not in my back yard") attitude often thwarts attempts to develop affordable housing for low and moderate income citizens
- Lending, insurance, and credit scoring practices make it more difficult and/or more expensive for minorities to obtain mortgages, home improvement loans, and homeowners insurance
- Zoning practices, (e.g., large minimum lot sizes that increase the cost of land, thereby making affordable housing more difficult to develop)

The 2003 University of Delaware fair housing study contained 14 recommendations for addressing the above issues and other factors that are impediments to fair housing choice in Delaware. Implementation of these recommendations will help reduce residential segregation in the state. The following are a select list of those recommendations.

- Promote a more rigorous, systematic, frequent and continuous housing discrimination testing program;
- Focus fair housing strategy on Sussex County, with particular emphasis on growing Hispanic population;
- Encourage the Division of Human Relations to be more aggressive with investigations and move away from conciliating the majority of discrimination cases;
- Make better use of private fair housing groups and allocate more resources to their cause;
- Recognize the need for more attorneys with expertise in fair housing matters;
- Promote inclusionary zoning as an important component to be included in county and municipal comprehensive plans;
- Establish a technical assistance program to assist local governments in advancing fair housing.



2.7 / Homeownership Issues

A. Attaining Homeownership

- **Swift increases in housing prices have led to little stock being affordable to low- and moderate-income households**
- **The greatest challenge to attaining homeownership is generally cost of homes, which exacerbates other challenges like getting an appropriate mortgage and having enough funds for closing costs and a downpayment.**
- **Low interest rates and extremely accessible financing supported homeownership attainability in recent years, but these factors are likely to change as interest rates increase and underwriting is tightened in the wake of the subprime fallout.**
- **Some factors associated with homeownership are more affordable in DE than in other areas, particularly property taxes. Delaware's property tax burden is among the lowest in the country.**
- **Fair housing issues and residential segregation persist in Delaware, which can also present challenges for prospective homebuyers.**
- **Commuting costs can be high for many who have moved further away from jobs in order to find affordable housing.**

B. MAINTAINING HOMEOWNERSHIP

i. Foreclosure Trends

According to the Mortgage Bankers Association of America (MBAA), the prime foreclosure rate in Delaware in 2005 was 0.43 and the sub-prime rate was 3.67. While these rates are comparable to rates across the nation, they are high within the Mid-Atlantic region. The nationwide spike in mortgage foreclosures and the deepening subprime lending crisis has raised much concern about the matter because of its potential consequences for the housing industry and the national economy overall.

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

The State Bank Commissioner of Delaware identified mortgage foreclosures as an important economic and housing issue in 2006 and directed the development of an analysis of the situation by The Reinvestment Fund (TRF). TRF is a highly credible and respected entity in the field of financial analysis.

To complete the study, TRF undertook the following.

- Reviewed literature related to foreclosures, including that which identifies traditional triggers of mortgage foreclosure, abusive lending, loss mitigation, and efficacy of housing counseling.

- Analyzed how traditional economic indicators affect foreclosure rates in Delaware and across the nation.

- Conducted face-to-face interviews with mortgage lending industry representatives, foreclosure attorneys, representatives of the New Castle County Sheriff's Office and housing assistance providers.

In 2006, TRF published *Mortgage Foreclosures In Delaware*. Because the foreclosure trend has become increasingly prevalent, TRF revisited its study in 2007 in order to update it with current data.

Major findings from the 2006 report are presented in Table 7-5, with updated data in the bullet points that follow.

Table 7-5
Number of Foreclosure Filings by County - 2000 to 2005

	Total Foreclosure Filings	New Castle County	Kent County	Sussex County
2000	1,434	1,099	72	263
2001	1,708	1,260	110	338
2002	2,121	1,573	122	426
2003	2,204	1,740	110	354
2004	2,121	1,645	127	349
2005	2,174	1,615	227	332
Total	**11,762**	**8,932**	**768**	**2,062**
Percent Change	51.6	47.0	215.3	26.2

Source: The Reinvestment Fund, "Mortgage Foreclosures In Delaware," June 2006

- The prime mortgage foreclosure rate in Delaware in 2006 was 0.43; the subprime mortgage foreclosure rate was 3.67. These rates ranked Delaware in the middle of foreclosures among all states. At the end of the 4th quarter of 2006, the rates were virtually unchanged: 0.42 for prime mortgages, 0.72 for subprime mortgages.

- TRF estimated that 11,763 foreclosures were filed in the state between 2000 and 2005, a 52 percent increase during that time.

- Following other regional trends, many homeowners went in and out of foreclosure more than once during this time period.

- Foreclosure filings are disproportionately higher in New Castle County. The county contains 54 percent of all owner-occupied housing units in the state, yet 76 percent of all foreclosures occurred there. Although the number of foreclosures dropped six percent between 2005 and 2006, the county is still averaging 162 foreclosures per month.

- Specifically, foreclosures are concentrated in the Wilmington neighborhoods of Browntown, Hedgeville, Eastside, and Southbridge as well as Elsmere and Middletown in New Castle County.

- In 2006, Kent County's foreclosure rate decreased 1.4 percent from the previous year. However, as of Spring 2007, the county has experienced an increased rate again. In Kent County, concentrations are found in Milford, Harrington, Dover, and Smyrna.

- In Sussex County, 2006 saw almost a 10 percent increase in foreclosure filings. Higher foreclosure rates are found in the Laurel and Seaford areas.

- Foreclosure filings are concentrated in areas with significantly higher percentages of African American households and only slightly lower home values. Home appreciation rates and incomes are virtually the same.

- The median homeowner in foreclosure purchased their home in 1998 and paid between $80,000 and $110,000 for their home depending upon the year of purchase.

- A number of foreclosures used some type of alternative financing to purchase their home.

- 17 percent of the properties in foreclosure were originally purchased with two or more loans.

- 34 percent of homeowners in foreclosure purchased their home with a loan(s) that was either equal to or greater than the sale price.

- 17 percent of the loans in foreclosure have adjustable rates or are balloon mortgages.

- Loans in foreclosures were made by a mix of lenders who make prime and subprime loans.

- TRF estimated that 46 percent of owners in foreclosure during the period of 2000-2005 either lost or sold their home subsequent to filing for foreclosure.

ii. Factors Affecting Mortgage Default

In order to establish a strategy to deal with the rate of foreclosures in Delaware, the causes must first be identified. TRF has identified eight triggers to explain changes in an area's foreclosure rate. Table 7-6 on the following page presents a synopsis of these triggers.

TRF's analysis determined that Delaware is positive on six of the eight triggers. Accordingly, the triggers do not fully explain the growing trend in foreclosures in the State. *Mortgage Foreclosures In Delaware* identifies potential causes for the increase in foreclosures as follows.

- Increased consumer access to mortgage products that allow for lower downpayments, lower savings balances, higher loan-to-value ratios, and lower credit scores to buy a home may make long-term homeownership for some people (especially those of more modest means) unsustainable.

- The growing use of adjustable rate mortgages and 80/20 loans may lead to an increased number of foreclosure filings, particularly as high home appreciation rates of the past few years taper off.

Table 7-6
Foreclosure Triggers and Conditions in Delaware

Trigger	Impact on Foreclosure	Conditions in Delaware
Cost Burden	Higher rates of cost burden correspond with higher foreclosure rates.	2000 Census estimates about 15 percent of homeowners in State (with a mortgage) pay more than 30 percent of their income for housing, better than any state in region. 9.2 percent are severely cost-burdened paying more than 50 percent of income for housing. Delaware has one of the smallest percent of homeowners in the region facing severe burden.
Loan-to-Price Ratios	Higher loan-to-price ratios are generally considered to be a traditional cause of mortgage foreclosures as borrowers have less invested in the property.	Delaware's loan-to-price ratios are decreasing. Federal Housing Finance Board (FHFB) indicates that in 2004, average conventional single family mortgage loan in Delaware had a loan-to-price ratio of 75 percent. 3rd lowest in region and is on par with nation. Loan-to- price ratio has decreased steadily in Delaware since 1995 when, at 83 percent, it had highest ratio in region.
Appreciation	Non-appreciating markets tend to have higher foreclosure rates. When faced with an economic hardship, borrower living in appreciating market can tap equity in their home until financial hardship passes or sell home and walk away with some money instead of losing home to foreclosure.	FHFB indicates that between 1995 and 2004, median home sale price in Delaware appreciated at second fastest rate in nation (behind Massachusetts) and at fastest rate in region.
Employment	Unemployment makes it more difficult for households to afford mortgage payments and increases likelihood of default and foreclosure.	Unemployment rate in Delaware is consistently lowest among neighboring states.
Credit Scores	Credit scores range from 300 to 800. Lower scores represent higher risk consumers who carry a greater possibility of default and foreclosure.	Average credit score in Delaware is above national average, although not among highest in region. Experian, a repository of consumer credit information, reports average credit score in Delaware in 2006 was 683. While better than national average, Pennsylvania, New Jersey, and Maryland have higher average credit scores.
Mortgage Rates, Fees, and Terms	States where average mortgage rates, fees and terms are higher may have higher foreclosure rates as loans are more expensive to borrowers.	FHFB reports average mortgage made in Delaware in 2004 had interest rate of 5.8 percent and initial fees and charges of 0.4 percent. Across nation, interest rates ranged from 5.3 percent in Massachusetts to 6 percent in Oklahoma; fees and charges ranged from .07 percent in Vermont to 1.3 percent in Alaska.
Government Loans	Government loans, particularly FHA loans, tend to be riskier and carry a higher rate of default.	Delaware has higher rate of government originations than neighboring states. 8.9 percent of all purchase mortgages originated in Delaware in 2004 are government (FHA and VA) insured, which is higher than neighboring states.
Divorce	Divorce, with accompanying loss of income, increases likelihood of foreclosure.	Delaware has highest divorce rate in region. In 2002, divorce rate was 3.5 as reported by Division of Vital Statistics, National Center for Health Statistics. It has consistently declined since 1995 but is highest within region.

Source: Mortgage Foreclosures In Delaware, TRF, June 2006

- Borrowers and potential borrowers lack information about alternatives to high cost loans. The desire to purchase a home is so strong that consumers are willing to enter into risky mortgage products.

- Many borrowers lack financial education, ranging from understanding the economics of interest rates to the importance of paying bills on time.

- Securitization of the residential mortgage market makes higher foreclosure rates acceptable to investors through proper pricing.

- Consumer expenditures on health care costs have risen faster than the growth in incomes. Subject matter experts suggested that households are choosing to pay medical costs at the expense of making mortgage payments.

- While not analyzed as a part of the study, interviewees suggested to TRF that growing energy costs are also making homeownership unaffordable.

- Abusive lending practices are evident in segments of the mortgage industry.

iii. Recommended Strategies

Mortgage Foreclosures In Delaware makes the following recommendations in support of reducing the foreclosure rate.

- The State Bank Commissioner should continue to monitor changes in foreclosure filings as home appreciation rates are expected to slow and interest rates rise.

- *Target areas with heavy concentrations of foreclosure filings with information regarding foreclosure prevention resources.* The State Bank Commissioner's office is working to publicize a variety of resources available for homeowners in or on the verge of foreclosure. The campaign should first target those areas where foreclosure activity is most concentrated.

- Supplement training to housing counselors and consumers by holding conferences related to problems with 80/20 loans, ARMS and securitization. A number of the properties in foreclosure were originally purchased with two or more loans at the time of closing. This, as well as the growing use of ARMS to purchase a home, may cause a rise in foreclosure filings over the coming months and years.

- *Prevent foreclosure schemes.* States around the nation have grown concerned about the number of individuals and companies misleading homeowners in financial trouble. While TRF did not find any evidence of this type of activity in the data analysis, in the interviews or in our document reviews, the proliferation of cardboard signs in certain neighborhoods which advertise "We Buy Homes" and give owners a 1-800 number to call for help suggests that this type of activity is likely occurring.

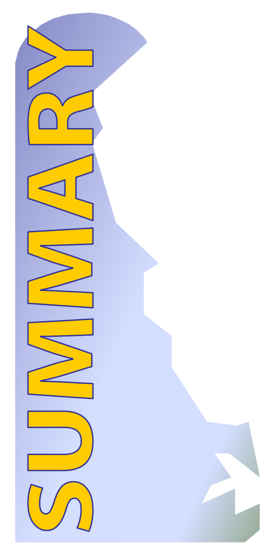
- *Create a pool of emergency funds for homeowners in trouble.* DHSA started a pilot program known as the Delaware Emergency Mortgage

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.

- *Enhance the availability of legal representation for those facing foreclosure.* Interviews suggest that there are limited resources for people with mortgages who need to initiate an affirmative defense to their foreclosure (or even pre-foreclosure).

- *Improve data collection*. Delaware is fortunate to have a single entity (the Judicial Information Center) responsible for uniformly capturing information about mortgage foreclosures in all three counties. Capturing additional data in a more searchable database will allow the state to conduct more accurate and frequent analysis of trends.

2.7 / HOMEOWNERSHIP ISSUES
B. MAINTAINING HOMEOWNERSHIP



- **As in many areas of the country and region, accessible and affordable loans encouraged strong demand for homeownership even as prices rose. Response for many households has been to borrow more, push the limits of their incomes, and carry more debt.**

- **Of greatest concern is the rise in loans that can be risky for the average buyer, including ARMs, interest-only, other risky terms including borrowing more than the purchase price.**

- **Significant increases in foreclosures occurred statewide from 2000-2006. The rate of foreclosures in Delaware are high for the Mid-Atlantic region, but in the middle among other states nationally. Experts predict that the worst fallout from many risky loans made in 2004-2006 may be yet to come, and will play out through 2008.**

- **Factors affecting mortgage defaults in Delaware include cost burden, loan to price ratios, appreciation, mortgage rates, fees and terms, prevalence of FHA and VA-insured loans, and high divorce rate. Many owners cycle in and out of foreclosure proceedings, creating a pool of owners who are just barely maintaining homeownership and constantly in a precarious financial situation.**

8. HOUSING DEVELOPMENT ISSUES

This section of the *Housing Needs Assessment* gives an overview of land use policies in effect throughout Delaware. It covers planning and zoning topics for each county, the three cities and the town of Georgetown. In Subsection B, a brief review of policies that act as impediments to the development of housing and the redevelopment of already used land is provided.

A. LAND USE AND PLANNING FRAMEWORK

In September 2004, the State of Delaware approved a 5-year update of *Livable Delaware: Strategies for State Policies and Spending*. The document, originally approved in 1999, was updated to include the new strategies. Five primary housing issues were identified in the *State Strategies* report including:

- The need for compact development and a move away from sprawl, trend, or leapfrog development.
- Advocacy for open space design techniques or conservation design.
- A desire for Community Design Subcommittee core values. The Community Design Subcommittee is part of the Livable Delaware Advisory Committee, which offers guidelines for development in Delaware.
- The need to promote development in growth areas.
- Delaware State Housing Authority's role in the state's housing opportunities, growth, and development guidance.

Beyond providing recommendations and guidance for housing issues in the state, the *Livable Delaware* program has enacted legislation requiring the three counties to make their respective comprehensive land use maps consistent with their respective zoning maps. This requirement, more than any other land use planning mechanism, will facilitate the implementation of future land use policies into law. All three counties and 46 of the 57 incorporated municipalities have completed Comprehensive Plans. The status of comprehensive plans in the state of Delaware is as follows:

- Completed Plans – 46
- Certified Completed Plans – 41
- Plans in Progress – 6
- No Plan/Unknown Status – 5

The municipalities with no plan or plans with unknown status include Kenton, Hartly, Woodside, Magnolia and Bethel. Brief summaries of the comprehensive plans and zoning ordinances, for each of the three counties, the three largest cities, and Georgetown are provided below.

i. New Castle County

New Castle County is currently in the process of updating its comprehensive plan. The County continues to provide and plan for sustainable development by discouraging premature, uneconomical or sprawling land development. The plan also promotes a policy of land use based on existing community character types. The 2007 update targets compatible expansion and redevelopment of existing neighborhoods as well as new development in designated growth areas. According to the 2007 Comprehensive Plan Update, residential zones made up 28 percent of the land in 2002.

The plan identified several factors that negatively impact housing in New Castle County. These include:

- Increasing housing costs—Housing costs increased by 53 percent between 2000 and 2005 while income increased by only 6 percent. In 2006, only households earning 97 percent of the county's median income could affordably purchase a median priced home.
- A need for more affordable rental units—HUD data indicates that there were only 4,582 affordable rental units in New Castle County in 2005 for approximately 7,087 households earning less than $25,000 per year.
- A need for continued enforcement or increased enforcement of the Property Maintenance Code.
- A need for transit oriented districts with high density residential allowances.
- A need for first-time homebuyer assistance programs.

The plan update addresses the need for future housing development to occur in response to commercial and industrial development in a manner that provides a variety of housing types as well as permits the availability of affordable housing in growth areas. The plan identifies eight objectives established to assist in "facilitating housing and community choices for people and families in all stages of life, all income ranges, and throughout the county." These objectives include the following:

- Objective 1: Ensure the Future Land Use Plan provides sufficient land for more compact residential growth.
- Objective 2: Foster a pedestrian and public transit environment.

- Objective 3: Promote reinvestment in older communities.
- Objective 4: Expand the supply of housing types to create a more diverse market of livable housing options for people in all income ranges.
- Objective 5: Direct funds for affordable housing to connected, accessible, and walkable locations, in close proximity to transit, schools, daycare, jobs, shops, and services.
- Objective 6: Provide homeownership opportunities for low and moderate-income households.
- Objective 7: Work with the state and federal governments to increase the supply of rental housing affordable to extremely low-income county residents.
- Objective 8: Maintain or improve the condition of all housing stock throughout the county without causing displacement.

Several strategies have been recommended in order to achieve these objectives and to encourage a wider variety of residential types and range of affordability in designated growth areas. Some of the strategies include:

- Revise the Unified Development Code regulations to provide density incentives along transit corridors, in mixed use centers, and for the provision of affordable housing.
- Work with other agencies, the development community, non-profit housing agencies, and incorporated municipalities to increase the supply of affordable rental units in locations with appropriate services.
- Identify regulatory barriers to affordable housing and amend as needed.
- Establish a trust fund for the development of new affordable housing.
- Encourage the creation of affordable housing through initiatives such as accessory dwelling units, inclusionary zoning, housing programs and an affordable housing trust fund.

New Castle County's Unified Development Code (UDC) provides flexibility in each zoning designation by providing several development options. In areas where preservation of community character is desired, Neighborhood Conservation Districts (NC) have been established. These are the primary zones where residential use is located. There are 13 different Neighborhood Conservation Districts, each allowing slightly different residential development. These are intended to preserve existing neighborhood identities that were or are being developed under previous zoning regulations.

The UDC also identifies areas where infill development can occur and permit a wide range of residential uses. Other districts, beyond the NC Districts, that permit residential use include Traditional Neighborhood Districts (TN), Suburban Transition Districts (ST), Suburban Districts (S), Suburban Estate Districts (SE) and Suburban Reserve Districts (SR). Multi-family residential units such as apartments, townhouses, and garden apartments are permitted in some districts including ST, S and certain NC and TN districts. Specific NC districts include NCth, NCga, and NCap.

Among these zoning designations, two stand out in relation to housing availability and variety. These include the Suburban Districts (S) and Suburban Reserve Districts (SR). Suburban Districts are designed to "permit a wide range of residential uses" including moderate and high-density development in a mixed-use village or hamlet design. These designs also permit up to a 10 percent density bonus. These districts have been utilized as an infill tool for tracts containing at least five acres and in the vicinity of transportation routes, between commercial/industrial areas and Neighborhood Conservation Districts, and in growth areas containing large tracts of undeveloped land.

The SR Districts are intended to have water and sewer service in the future and eventually will be zoned Suburban Districts once sewer construction is imminent. These districts not only allow for a variety in housing density development but also require landscaping and/or open space to be provided. This helps prevent large scale, high density development from occurring, which overcrowd and aesthetically overwhelm an area or neighborhood. Also, this will help prevent parcels from being converted into 100 percent coverage, large-scale residential apartment complexes. By providing areas for higher density development utilizing smart growth or "green" design, the county has taken a positive step towards providing additional opportunities to meet rental-housing needs.

Additionally, the UDC established several residential development bonuses to promote a wider variety of housing types and the addition of affordable housing. These bonuses include:

- Affordable Housing Bonuses: bonuses include compensation to developers not clearly defined in UDC
- Infill Development Bonus: 8 percent density bonus
- Age Restricted Residential Development Bonus: up to 20 percent density bonus

These bonuses include specific eligibility criteria such as site eligibility definitions, design standards, affordability definitions and Federal regulations citations. These bonuses most commonly include such things as increased density bonuses, which allows for higher density to be developed at identified bonus sites.

ii. Kent County

Kent County's comprehensive plan was adopted in 2002. (An update is planned for completion in 2008.) The 2002 plan update divides the county into growth and non-growth areas. Growth areas are primarily located near more urbanized, developed regions of the county or along major transportation corridors. Non-growth areas, however, constitute a majority of the land area in the county. While the plan identifies the growth areas as the "primary location for housing development," residential development is permitted in all agricultural and non-growth areas. The plan recommended that Kent County incorporate clustering techniques into its zoning ordinance, which can voluntarily be utilized by developers as a method to help prevent sprawl. The plan intends to provide "realistic opportunities" for development by providing for a variety of housing types and through "regulatory flexibility."

Kent County is a very active participant in the state's Agricultural Land Preservation Program. The two methods utilized by this program involve establishing agricultural preservation districts (AP/10) and the purchase of development rights (PDR). The AP/10 districts require property owners to enter into agreements with the state to preserve their land exclusively for agricultural use in exchange for tax benefits and right-to-farm protection. These parcels must be maintained as agricultural land for ten years. The PDR program involves the purchasing of parcels by the state to retain development rights in order to preserve the parcel for agricultural use indefinitely.

Kent County's zoning is vastly dominated by Agricultural Conservation (AC) and Agricultural Residential (AR) districts. These districts abut growth areas designated for commercial and industrial development. The county includes five districts that specifically address residential development. These include:

- Agricultural Residential (AR)--Permits single-family detached units and manufactured homes
- Single-Family Residential (RS1)--Permits single-family detached units and manufactured homes
- Medium-Density Residential (RS5)--Permits single-family detached units, duplexes, multiplexes, semi-detached units, and townhouses

- Multifamily Residential (RM)--Permits single-family detached units, duplexes, multiplexes, semi-detached units, townhouses, patio and village dwellings, and apartments.

- Residential Manufactured Home (RMH)--Permits single-family detached units.

Many of the AC and AR districts are overlayed with PDR and AP/10 designations. A review of both the comprehensive plan update and the zoning ordinance and map reveals several issues pertaining to housing variety and affordability in Kent County. These issues include:

- Median housing values far exceed affordability based on median income earned.

- Despite providing several zoning options for residential development, the variety of housing types within each zone varies little.

- Residential zoning focuses on single-family detached dwellings.

- Cluster development and manufactured housing, while often reducing housing costs, do not address the need for rental unit availability for those who can't afford single detached housing.

- Multifamily Residential (MR) zones are severely underrepresented.

- Agricultural Conservation (AC) and Agricultural Residential (AR) districts vastly dominate zoning in Kent County, preventing housing variety and accessibility to an economically diverse group of people by only allowing single family detached development on larger parcel sizes.

- AC and AR districts promote sprawl by virtue of larger minimum lot size and single family detached dwelling unit requirements.

- AC and AR districts near urbanized areas and employment centers (commercial/industrial zoned areas) impede the development of affordable housing in close proximity to many jobs.

- AC and AR districts, and specifically PDR and AP/10 designated areas, along major transportation routes such as RT-1 prevent the development of a variety of affordable housing types along key transportation corridors.

- Large areas of AC and AR districts, particularly with AP/10 and PDR overlays, force multifamily and affordable housing development to primarily be located in densely developed areas. Many of these more densely developed areas are already lacking in multi-family zoning.

iii. <u>Sussex County</u>

Sussex County is currently in the process of updating its comprehensive plan due for completion in 2008. The existing plan was last updated in 2003. The county continues to grow and expand in the east along the coast and the Route 1 corridor as well as in the west along the Route 13 corridor. The 2003 plan continues to divide the county into two main areas, Growth Areas and Low Density Areas. Growth Areas are those areas located near existing development or significant infrastructure that can expect to experience continued growth pressure in the future. These pressures stem from an increasing near-retirement and retirement population settling in the eastern part of the state, businesses arriving to serve that population, and scattered settlement in the west. In order to address the multitude of issues pertaining to balanced growth and smart planning, the county identified the following considerations as most important to the plan:

- Determination of appropriate areas to be considered "Developing Areas";
- Determination of areas proposed for annexation by municipalities;
- Consideration of density and land uses in Town Centers and Developing Areas;
- Special considerations appropriate for "Environmentally Sensitive" Developing Areas;
- Short and long term transportation improvements;
- Agricultural Preservation;
- Environmental Considerations;
- Achieving compatibility between the comprehensive plan and the zoning map;
- Provisions for economic development;
- Consideration of housing needs.

A review of the comprehensive plan update and the zoning ordinance and map reveals several issues that continue to impact housing variety and affordability in Sussex County. These issues include the following:

- Median housing values exceed affordability based on median family income;
- Limited use of residential zoning types, particularly high-density residential zones;

- According to the zoning maps, the areas around the developed municipalities are zoned AR-1 (agricultural residential);
- Lack of residential zoning options in areas directly outside municipal areas - the county is placing the affordable housing responsibility for developed areas almost entirely on the municipalities;
- Lack of residential infill zoning in areas around municipalities.
- Lack of residential zoning along development/transportation corridors despite allowing for commercial or industrial zoning.

Supported by State goals, Sussex County intends to direct, and confine, as much as possible, development to those areas designated as growth areas. The growth areas are primarily located in and around existing developed municipalities. The county believes these areas hold the greatest opportunities for "development with the least impact on Sussex County's environment, healthful living standards, agricultural industry and transportation network." If achieved, this will help maintain agriculture and open space areas throughout the rest of the county.

Because many of the growth areas center around municipalities, close cooperation is required between the county and the respective municipalities in order for these policies to be achieved. Focusing on how to manage and plan these growth areas becomes a high priority since this is where most of the future development will occur. In order to accomplish these goals, the county identified the following recommendations as most important in the plan:

- Creation of an Environmentally Sensitive Developing Area;
- Allow clustering and minimum lot sizes of 7,500 square feet;
- Reduce the size of Developing Areas;
- Improve the quality of development by revising community design standards;
- Allow clustering on one-half acre parcels in AR-1 areas;
- Allow bio-tech campuses and agricultural related businesses in Low Density Areas;
- Limit the density of residential uses in C-1 districts to four dwelling units per acre for newly rezoned districts;
- Evaluate the need to increase buffer zone requirements for tidal wetlands and the need to require a buffer zone for non-tidal wetlands.

The zoning ordinance provides for nine residential zoning designations. Two of these zones, High-Density Residential (HR-1 and HR-2), permit multifamily housing by right. Another three residential zones permit multifamily housing as a conditional use (Medium-Density Residential-MR, Urban Residential-UR and General Residential-GR). Little county land is zoned for the HR districts, including areas around significant municipal development. MR and GR districts are scattered throughout the county. MR districts are almost strictly located on the eastern side of the county, particularly along the coast and inland bays. There are two large MR locations located away from the coast. One is southwest of Milford and the other is southwest of Seaford/Blades. The rest of the county primarily utilizes GR as the residential zoning district capable of permitting multifamily development.

In addition to providing a variety of residential zoning districts to address housing needs, the county also adopted a Moderately Priced Housing Ordinance. This ordinance provides incentives to developers to construct county-defined affordable housing units to be sold to residents earning moderate incomes as defined by HUD. Sale prices for homes are established by the Sussex County Department of Community Development and Housing moderate income tiering system and family size. Incentives for developers under this program include items such as density incentives and expedited review periods. Density incentives can vary from 20 percent to 30 percent based upon the tiering system.

iv. City of Wilmington

Wilmington, Delaware's largest city, is an almost entirely built-out urban environment. This means that any changes or attempts to address housing issues involve focusing on existing, developed areas. Wilmington's 2005 Consolidated Plan closely reviewed housing issues in the city. The plan identified housing needs for a variety of persons including those earning extremely low incomes, renters, elderly, persons with HIV/AIDS, single persons, public housing and Section 8 residents, as well as large and small related households. According to the City's Consolidated Plan the city identified the following obstacles to addressing these needs:

- Cost-burdened households- (Approximately 30 percent of all households were paying more than 30 percent of their gross income on monthly housing costs in 2000).
- Overcrowding (Renter 7.2 percent, owner 2.7 percent)
- Housing in substandard or moderately deteriorating condition – (Cost-burdened households typically cannot afford the required maintenance of their housing units, particularly older units.)
- Vacancy (10.9 percent vacancy rate.)

Deteriorating housing conditions and higher-than-desirable building vacancies were consistently identified as significant issues concerning housing in Wilmington. The city continues to implement rehabilitation and acquisition/demolition programs to address these issues, which are two of the most important tools available in an urbanized area.

Wilmington's zoning ordinance provides for a variety of residential uses, nine in all, especially pertaining to multi-family housing. Four of the nine districts permit multi-family, apartment style development by right. However, due to limitations such as available land and high development costs, it is very difficulty to provide the quantities of affordable housing units needed in a built-out urban area.

Developable land of significantly sized parcels for residential uses is difficult to find in densely developed areas. Funding is also a primary factor in addressing housing rehabilitation issues in Wilmington due to extensive rehabilitation and the cost of acquisition/demolition. For cities with many older residential structures, or non-residential structures appropriate for conversion to residential use, building codes for the historic rehabilitation of properties can facilitate more cost-effective rehabilitation than modern building code requirements.

v. <u>City of Dover</u>

Dover's comprehensive plan addresses housing affordability and variety by providing for several residential zoning districts. Housing options include everything from affordable housing to student housing and housing for the elderly. The city has a traditional central business district with desirable characteristics for preservation. The city's plan includes a strong focus on property maintenance. Land surrounding the city is primarily undeveloped agricultural land.

The City identifies nine different residential zoning categories totaling 14 zoning districts including a mixed use residence/office district. The ordinance's categories and zones are as follows:

- One-family residence – R-20, R-15, R-10, R-8, and R-7
- General Residence – RG-1 and RG-2
- Group Housing – RG-3
- General Residence for Multi-Story Apartment – RG-4
- General Residence for Mid-Rise Apartments – RG-5
- Medium Density Residence – RM-1
- Medium Density Residence – RM-2

- Mobile Home Park – MHP
- General Residence and Office – RG-O

Zones RG-2, RG-4, RG-5, RM-1, RM-2, and RG-O all permit either multiplex, garden apartment, or apartment dwellings. This provides many multifamily housing options. Dover's plan indicates that 30 percent of the community's housing stock is multifamily housing, indicative of a considerable portion of housing being dedicated to multi-family residential needs.

vi. City of Newark

Newark is similar to Dover in that a variety of housing options exist for different household types and affordability ranges. Newark also has a traditional downtown area with desirable characteristics worthy of preservation and promotion. Land outside of the municipal boundaries is primarily undeveloped and agricultural in nature.

The city provides for a variety of zoning districts and also includes an Adjacent Areas and Land Use Plan. This plan identifies thirteen areas surrounding the City of Newark for future development. These areas are identified as gaps in the municipality's development or sites at key locations surrounding the City. Incorporation of these areas into the city would create a more consistent regional development plan by facilitating a more efficient use of land and the provision of infrastructure in and around the city. These unincorporated areas are located along major transportation routes around the city or are areas that must be traversed when going from one part of Newark to another. This plan was developed in response to the unavailability of developable land accompanied by an increasing housing demand that cannot be met within the current municipal boundaries of the city. Such a plan is one of the most proactive efforts to address multiple development issues including:

- Planning for future development demands;
- Utilizing infill development particularly in "development gaps" located in proximity to communities;
- Meeting the State's goal of continuing to guide and promote development in areas around existing, developed communities;
- Planning for development along transportation corridors;
- Creating more clearly defined development boundaries.

Unlike affordable housing and density housing bonus or incentive programs, the Adjacent Areas and Land Use Plan seeks to actively address existing housing needs as well as plan for future development demands. This plan does not rely on voluntary participation by developers but instead takes the initiative to seek out development opportunities and utilize them to help meet development needs including that of affordable housing and, specifically, multifamily housing.

vii. Town of Georgetown

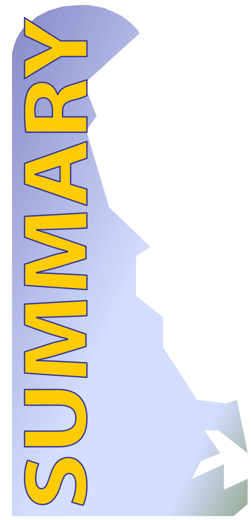
Georgetown is significantly smaller, by population, than the three cities. However, Georgetown is the county seat for Sussex County and continues to remain a significant location for many of the political, social, and cultural activities in the county. The population in Georgetown is also one of the fastest growing in the state. While the larger cities of Wilmington, Dover, and Newark had population increases between 1990 and 2000 of 1.6 percent, 17.5 percent, and 13.8 percent, respectively, Georgetown's population increased by 24.1 percent over the same time period.

Hispanic residents of Georgetown continue to account for over one-third of the overall population. Many of these individuals work in low paying jobs in nearby poultry factories. This has created a unique situation in the town where a large portion of the population are immigrants earning very little income with little opportunity for advancement.

Georgetown, unlike many of the other municipalities, contains very few residential zoning districts. The five zoning districts that make up the residential zones include the Urban Residential District (UR1), Medium Residential District (UR2), Neighborhood Residential District (UR3), Multifamily Residential District (MR1) and Townhouse Residential District (MR2). While the town's zoning ordinance does provide for multifamily housing (MR1), residential zoning is primarily dominated by Urban Residential (UR1), which only provides for single-family detached dwellings. The provision of only one multifamily zone reveals a lack of variety in multifamily housing options. Additionally, the MR1 zone is sparsely located throughout Georgetown, therefore encouraging the conversion of single-family to rental units. The result is a loss of owner-occupied housing.

2.8 / HOUSING DEVELOPMENT ISSUES

A. LAND USE AND PLANNING FRAMEWORK



- **Continued improvement of statewide planning coordination among all levels of government is important to assure that growth is sustainable and that land use patterns do not result in the making housing unaffordable. Strategies are needed to mitigate the effects some growth-control policies can have on housing affordability.**

- **Counties, towns, and cities need to include an analysis of their housing needs in their comprehensive planning process; well-researched, well-thought-out, achievable housing strategies are critical. Jurisdictions should be held accountable for addressing housing affordability issues in the implementation of their plans.**

- **Opportunities such as expedited development review, fee waivers, etc., exist for state and local coordination to provide incentives for affordable housing. It is important that state and local initiatives not contradict or inadvertently slow housing affordability strategies.**

B. IMPEDIMENTS TO HOUSING DEVELOPMENT & REDEVELOPMENT

i. Potential Barriers that Limit Production of Affordable Rental Housing

There are several factors that impact or limit the production of new affordable housing in Delaware. The following list is not all inclusive, but was based on interviews with for-profit and non-profit developers, public and private agencies, and various reports and documents gathered during our research:

- *Income and Rent levels:* the median income for a family of four in New Castle County is substantially higher than the median income levels in Kent County and Sussex County. The low income levels hinder the financial viability of developing affordable housing in Kent County and Sussex County without deep development and rental subsidies. Although development and operating costs are similar in all three counties in Delaware, there is a disparity in the amount of income to be derived from rents, thus resulting in less viable projects.

- *Land Costs and availability*: land costs have increased substantially over the past several years in Delaware, making it difficult to maintain affordability.

- *Pre-development funds*: Need for additional "seed" money for non-profit developers to cover the up-front costs associated with development.

- *NIMBYISM:* many areas within the state have a "Not in My Back Yard" attitude, which deters developers from creating needed affordable housing. Even when developers and municipal officials recognize the demand for and benefit of affordable housing, public reaction to proposed higher density and more affordable multifamily developments is frequently negative. Much of the negativity is derived from misinformed notions about the impact of such development on their property values.

- *Limited Resources*: development costs keep increasing, thus requiring deeper development subsidies. Resources such as Federal HOME funds and tax credits are limited and often not sufficient to fund needed units.

- *Mixed-income resources*: lack of resources to create a mixed-income environment.

- *Special initiatives*: lack of funds to create affordable assisted living for seniors and supportive housing for people with disabilities.

- *Demographics*: although a need may exist for affordable units in rural areas, the demographics do not support large scale development, therefore limiting economy of scale and financial viability of creating new units. Rural areas also often lack adequate infrastructure to service higher density multi-family housing. Development of the infrastructure adds substantially to the cost of the housing.

ii. Condition of Housing in Older Neighborhoods

Addressing declining housing units in urban areas is one of the most important actions a local government or planning region can undertake to halt further population loss and to create an environment that new residents find attractive and desirable. Working to maintain and improve urban areas is efficient from a land use perspective as it builds upon existing infrastructure and developed land, lessening development pressures in the rural areas. It supports sustainable development where households of various income levels and housing preferences can live, play, and possibly even work. It also preserves distinctive, well-constructed housing units that are financially difficult to re-create in today's market.

The age threshold commonly used to signal a potential deficiency in a housing unit is set at 40 years old or over. In 2005, in Delaware, 27 percent of the housing stock met this threshold. In urban environments where more older housing is located, this percentage is often higher. In Wilmington, for example, 82.3 percent of the 2000 housing inventory was identified as being older than 40 years. As housing units age, maintenance costs increase, placing a financial burden on property owners. This can exacerbate the degree of cost burden of a household: housing maintenance costs may be above and beyond what a household can afford once rent or mortgage costs are factored in.

Typically, renters are not as interested in investing in properties that they do not own, and landlords of lower cost rental properties may not recognize or have the desire to maintain properties located in transitional neighborhoods. Both of these situations can and do lead to a continuing degradation of properties over time. This downward cycle, in turn, reduces the value of the properties. Thus begins a vicious cycle where poorer quality housing is the only housing option for lower income residents. Eventually these properties become so deteriorated that they are abandoned, vandalized, condemned, or destroyed by fire or structural failure.

Historic districts can provide a community with a mechanism by which to preserve, restore, and maintain architecturally and historically significant structures for present and future generations. However, historic districts typically have stricter requirements for housing rehabilitation and prohibit demolition except in extreme cases. This often makes rehabilitation of a building more costly since methods must be utilized to preserve a building's historic nature.

Most of the communities in Delaware have fairly small historic districts if they have any at all. In some cases, such as Wilmington, a combination of multiple districts and the size of some of those districts may have some impact on redevelopment. Wilmington has nine different historic districts with at least three comprised of six or more blocks. Georgetown and Dover both have centrally located historic districts but they are fairly small in size and located in primarily commercial downtown areas. Historic districts also exist in other parts of the state outside of these four communities. In some of these areas, neighborhood conservation districts may be more appropriate, as they advocate guidelines for rehabilitation and preservation of distinctive architectural features, but they typically do not include the more restrictive regulations associated with designated historic districts.

iii. Vacant Housing

Vacant housing units pose another problem for communities. The cost of removing these units to permit infill development can be significant. The City of Wilmington estimates that it would take approximately $70 million to demolish the 1,700 vacant units scattered throughout the city. In this situation, the vacant units pose a very real problem concerning housing availability and accessibility. Vacant, deteriorated units are occupying valuable lots in neighborhoods where revitalization and stabilization measures are desperately needed.

In cases where rehabilitation efforts cannot keep up with the sheer volume of substandard units, vacancies will continue to increase at an unmanageable rate as buildings become unsafe for occupancy. These vacant units become wasted residential spaces within the community, particularly in economically depressed neighborhoods. This severely limits residential opportunities within neighborhoods without significant public investment to spur private investment.

Vacant lots, vacant housing, and substandard housing are seen by many as problems that many not be able to be overcome. But they also provide opportunities for revitalization through acquisition of many contiguous parcels to make a more significant impact in the community. Revitalization of these areas is necessary for long-term urban stability and viability of a community's housing stock. Residential areas adjacent to downtowns are prime targets for revitalization, as their location naturally gives them a higher profile. Preserving the best homes, removing vacant and blighted structures, and introducing new infill residential development is needed to revitalize these neighborhoods.

iv. Inadequate Demolition

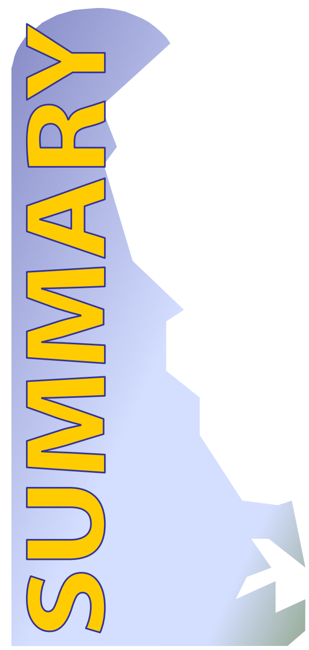
If vacant and deteriorated units are not replaced, there are fewer housing options available for residents. This can be a significant issue in urban areas with a declining population and an older housing stock. Housing rehabilitation and demolition programs are typically two popular options available to preserve and maintain affordable housing while clearing other lots of units that cannot be salvaged. Low and moderate income households lack adequate financing to undertake such endeavors unassisted. Additionally, hesitancy on the part of private investors to risk capital in uncertain neighborhoods means the burden of neighborhood revitalization falls primarily on federal, state, and local governments.

v. Lead Based Paint Abatement

The rehabilitation costs of deteriorated properties can be exceptionally costly, particularly if health, safety, or environmental issues such as lead based abatement paint arise. In older homes, this issue is common, considering that approximately 61 percent of the 2000 housing inventory in Delaware was constructed before 1980. Lead paint regulations designed to reduce the amount of lead in paint were not enacted until 1978. This places over half of the housing in Delaware at risk of having lead based paint. In order to address this potential threat, the state, all three counties and the four communities all have regulations relating to lead based paint issues.

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

2.8 / HOUSING DEVELOPMENT ISSUES
B. IMPEDIMENTS TO HOUSING DEVELOPMENT & REDEVELOPMENT

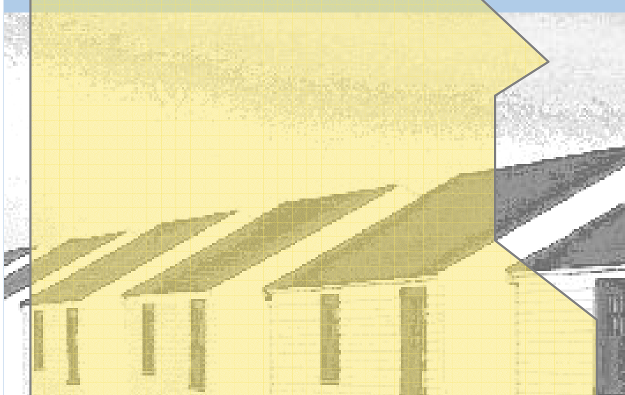


- **Barriers to rental housing development are manifold: land costs, limited resources at both the federal and state level in comparison to needs, and NIMBYism: strong community preferences for single-family and owner-occupied housing often result in vocal opposition to development of higher density affordable housing.**

- **Good planning is needed to encourage reuse and redevelopment of land and housing in areas that have already been developed. There is often significant land within existing growth areas available for development and significant housing stock in need of rehabilitation. Using this land and redeveloping this housing is, however, often a challenging prospect. Even with restrictions and multiple layers of regulatory involvement, new development in outlying areas can be easier, more profitable (at a larger scale), and more predictable for developers than reuse and redevelopment within towns and cities.**

- **Reducing barriers to redevelopment is a necessary part of state and local strategies to direct growth and preserve open space. Further, vacant, abandoned, and blighted properties can threaten neighborhood stability and viability. The challenge is to balance the important requirements for issues such as historic preservation, building code, and lead-based paint with the costs they can impose on redevelopment.**

Part 3: Special Housing Topics



Delaware

Statewide Housing Needs Assessment

2008-2012

Mullin & Lonergan Associates Incorporated

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Pennsylvania

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Delaware

Statewide Housing Needs Assessment

PART 3: SPECIAL HOUSING TOPICS

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Statewide Housing Needs Assessment

PART 3: SPECIAL HOUSING TOPICS

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9. SUBSTANDARD HOUSING UNITS

Parts 1 and 2 of the *Housing Needs Assessment* identified issues related to the quality of the housing stock in Delaware. In those earlier discussions, data was drawn directly from the Census or from HUD's CHAS data, which is based upon census numbers. In this section of Part 3, the housing stock of Delaware is examined based upon updates to previous field research done throughout the state.

A. SUBSTANDARD UNIT ASSESSMENT METHODOLOGY

In the previous *Housing Needs Assessments* conducted in 1995 and 2003, building conditions were measured through exterior building observations. Field surveys were conducted in representative areas of the state, as determined by DSHA, and statewide building conditions were extrapolated from the assessment of 19,000 housing units.

In this *Housing Needs Assessment*, no individual exterior building conditions were surveyed. Instead, the total number of substandard housing units calculated in 2003 has been used as the baseline from which an arithmetic adjustment (based on certain assumptions about the rate of deterioration and rehabilitation) was made.

For the purposes of this study, a substandard housing unit is one that is deficient in at least two structural systems and is in need of substantial rehabilitation in order to make it structurally sound, safe, and habitable. An estimate of the number of substandard units as of 2006 has been calculated to arrive at a representative number of such units across the state. Several factors went into the estimate. These factors are described below.

i. Slippage from Moderate to Substandard Condition

In the context of this study, "*slippage*" is the term used to describe the assumption about the number of housing units that have "slipped" in quality to a substandard condition. In 2003, each of the housing units surveyed were classified as: 1) vacant and abandoned; 2) substandard condition; 3) moderate condition; or 4) sound condition. In 2007, it is assumed that only units classified as moderate condition in 2003 may have "slipped" to a substandard condition.

It is important to note once again that the 2003 survey results were projected over the entire state to arrive at a figure which is considered a reasonable representation of the number of substandard units statewide by region. In 2003, the number of housing units which were considered in moderate condition represented 28.3 percent of all units surveyed. The tenure of the unit (i.e. owner- or renter-occupied) was not considered relevant to the survey.

In 2007, the "slippage" estimate is based on the number of occupied units identified in 2003 (owner and renter) and applying the 28.3 percent rate of units in moderate condition. It was then assumed that each year one percent of those moderate condition units "slipped" into substandard condition. Considering that four (4) years have passed since the previous housing study, a straight 4 percent was used to calculate a slippage number. This is shown in column 4 of Tables 9-3 and 9-4.

The one percent slippage factor was based on Mullin & Lonergan Associates 40 years of housing inspection experience. It has proven a reasonable measure for the purpose of estimating the rate of deterioration. Although field research on the scale of the previous study (e.g. over 19,0000 units surveyed) was not undertaken, a sample review of some of the areas previously examined was conducted. A normal rate of wear and tear as well as rehabilitation was observed. The one percent slippage factor was deemed appropriate.

ii. Demolition

Table 9-1 shows demolition permit activity by each of the seven areas of study. Information was collected from inspections and enforcement offices around the state including the three counties. The total demolitions shown in Table 9-3 per county planning district, were dispersed throughout each county in direct proportion to the number of substandard units in 2003. Exceptions to this are the cities of Wilmington, Newark, and Dover and the Town of Georgetown, for which separate calculations were made based on information received from those municipalities.

Table 9-1
Demolition Activity, 2003-2006

	Typical Demolition Permits Per Year	Calculation						Calculated Demolition
		Years[1/]		Est. 4-Year Permits		Demo due to Substandard Condition[2/]		
New Castle County	232	X 4	=	928	÷	2	=	464
City of Wilmington	75	X 4	=	300	÷	2	=	150
City of Newark	8	X 4	=	32	÷	2	=	16
Kent County	123	X 4	=	492	÷	2	=	246
City of Dover	12	X 4	=	48	÷	2	=	24
Sussex County	86	X 4	=	344	÷	2	=	172
Town of Georgetown	12	X 4	=	48	÷	2	=	24

Source: Mullin & Lonergan Associates

1/ 2003, 2004, 2005 & 2006

2/ Assumed 50 percent substandard residential structures

The demolition permitting process does not record the number of permits which were for substandard residential structures. Therefore, the total demolitions in a typical year were utilized as a base line. It was then assumed, based on discussions with code office representatives, that one half of the demolitions could reasonably have been expected to have been substandard housing units. Tables 9-3 and 9-4 show the calculated demolitions as distributed by owners and renters by the proportion of owner/renter substandard units in 2003, by county and by planning district.

iii. Rehabilitation

Table 9-2 represents housing rehabilitation activity from 2003 to 2007. An effort was made to estimate the number of 2003 substandard housing units that have benefited from rehabilitation and thus are now standard housing units. Information for this was obtained from DSHA and from the three counties and the City of Wilmington, and is represented by the number of units receiving financial assistance (DSHA or CDBG funds) or permits pulled. The total number of units was then dispersed, by county, according to the proportion that were substandard in 2003. The results are depicted in Tables 9-3 and 9-4. This is the same process used to calculate the number of substandard units which were demolished.

Table 9-2
Housing Rehabilitation Activity, 2003 - 2006

	Owners				Renters			
	DSHA 1/	CDBG Entitle-ment	Permits 2/	Total	DSHA 1/	CDBG Entitle-ment	Permits 2/	Total
New Castle County	167	80	36	283	719	12	24	755
City of Wilmington	--	120	15	135	--	--	15	15
Kent County	369	--	9	378	223	--	6	229
Sussex County	450	--	13	463	313	--	9	322
DELAWARE TOTAL	986	200	73	1,259	1,255	12	54	1,321

Source: Mullin & Lonergan Associates

1/ 2003 through May 2007

2/ In general, permits for rehabilitation are issued under the title of renovations. There is nothing recorded as to the condition of the structures which are to be renovated. Private renovations, through the permitting process, rarely seem to include work on substandard housing. Through conversations with permitting agencies, it was concluded that, at most, 1 percent of all renovation permits result in improving a substandard unit to code compliance or standard quality.

B. UPDATE OF SUBSTANDARD HOUSING UNIT DATA

i. Owner-occupied Substandard Units

Table 9-3 shows the current estimate of substandard housing among owner-occupied units. (The county totals include those of their cities, which are listed separately for illustrative purposes.) Included in the calculation are the three factors discussed above: "slippage," demolitions, and rehabilitation. Comparing the substandard units in 2003 to those estimated in 2007, there are several observations to be made.

- New Castle County is estimated to have had a 21 percent increase in the number of substandard units. The number of DSHA owner assisted housing rehabilitation projects is lowest there even though the number of owner occupied units in the county far exceeds the other two counties.
- In Kent County, rehabilitation and demolition efforts have exceeded the "slippage" rate, and thus, the number of substandard units is estimated to have decreased 17 percent.
- Sussex County rehabilitation and demolition efforts have kept pace with the "slippage" rate, and thus, there is estimated to be no significant change in the number of substandard units.

Table 9-3
Substandard Owner-occupied Housing Units, 2007

	2003 Total Owner Occupied	2003 Substandard Estimate	28.3% Moderate Condition	4% Slippage	Columns (4) + (2)	Demo	Rehab	Estimated Substandard
New Castle County								
Brandywine	23,705	521	5,249	210	731	43	51	637
Wilmington	14,347	779	7,874	315	1,094	54	135	905
Lower Christiana	10,411	17	375	15	32	2	3	27
Greater Newark	14,528	258	2,624	105	363	21	25	317
Pke Crk/Cntrl Kkwd	13,793	28	375	15	43	2	3	38
Upper Christiana	5,766	144	1,499	60	204	12	14	178
Piedmont	9,217	224	2,250	90	314	19	23	272
Central Pencader	9,243	274	2,624	105	379	21	25	333
Middletown/Odessa	8,481	90	1,125	45	135	7	8	120
New Castle	21,296	1,361	13,125	525	1,886	108	128	1,650
Red Lion	1,706	43	375	15	58	2	3	53
County Total	**132,493**	**3,739**	**37,495**	**1,500**	**5,239**	**291**	**418**	**4,530**
City of Newark	4,921	73	1,393	56	129	4	-	125
Kent County								
Kenton	1,619	42	468	18	60	7	19	34
Smyrna	3,350	74	842	34	108	11	34	63
Dover	15,730	128	1,496	60	188	21	60	107
Central Kent	5,294	136	1,589	64	200	22	64	114
Felton	1,777	46	468	18	64	7	19	26
Milford North	2,209	195	2,245	90	285	31	91	163
Harrington	3,069	192	2,245	90	282	31	91	160
County Total	**33,048**	**813**	**9,353**	**374**	**1,187**	**130**	**378**	**679**
City of Dover	6,600	94	1,868	74	168	16	-	152
Sussex County								
Bridgeville/Grnwd	2,709	84	429	18	102	4	14	84
Milford South	4,931	396	1,858	74	470	15	60	395
Milton	3,615	220	1,001	40	260	8	32	220
Lewes	8,405	517	2,573	102	619	21	83	515
Millsboro	7,011	380	1,858	74	454	15	60	379
Selbyville/Frkfrd	9,022	559	2,716	108	667	22	88	557
Georgetown	2,515	113	572	22	135	5	19	111
Seaford	6,226	315	1,572	62	377	13	51	313
Laurel/Delmar	6,071	354	1,714	68	422	14	56	352
County Total	**50,505**	**2,938**	**14,293**	**568**	**3,506**	**117**	**463**	**2,926**
Georgetown	795	30	225	10	40	7	-	33
DELAWARE	**216,046**	**7,490**	**61,141**	**2,442**	**9,932**	**538**	**1,259**	**8,135**

Source: Mullin & Lonergan Associate

ii. <u>Renter-occupied Substandard Units</u>

Table 9-4 shows the current estimate of substandard housing among renter-occupied units. Included in the calculation are the three factors discussed above: "slippage", demolitions, and rehabilitation. (The county totals include those of their cities, which are listed separately for illustrative purposes.)

Comparing the substandard units in 2003 to those estimated in 2007, there are several observations to be made. Significant rental rehabilitation assistance, through DSHA and other local resources, appears to have effectively reduced the number of substandard rental units in each county. The number of substandard rental units statewide is estimated to have decreased by an estimated 15 percent.

- In New Castle County, the number of substandard renter units has decreased in all CCDs except for Wilmington and Newark (city).
- In spite of increases in the number of substandard renter units in Wilmington and Newark city, the overall percentage of substandard renter units in New Castle County is estimated to have decreased by 13 percent.
- Kent County rehabilitation and demolition efforts have outpaced the "slippage" rate and are estimated to have reduced substandard units by 26 percent.
- Sussex County rehabilitation and demolition efforts have also outpaced the "slippage" rate and are estimated to have reduced substandard units by 17 percent.

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

Table 9-4
Substandard Rental Housing Units, 2007

	2003 Total Renter Occupied	2003 Substandard Estimate	28.3% Moderate Condition	4% Slippage	Columns (4) + (2)	Demo	Rehab	Estimated Substandard
New Castle County								
Brandywine	8,587	480	2,076	84	564	50	166	348
Wilmington	14,270	1,386	6,070	242	1,628	96	15	1,517
Lower Christiana	4,085	14	160	6	20	2	8	10
Greater Newark	8,612	459	2,076	84	543	48	158	337
Pke Crk/Cntrl Kkwd	3,380	16	160	6	22	2	8	6
Upper Christiana	3,706	150	639	26	176	16	53	107
Piedmont	1,437	106	479	20	126	11	38	77
Central Pencader	2,084	77	319	12	89	7	23	59
Middletown/Odessa	1,068	22	160	6	28	2	8	18
New Castle	9,019	870	3,674	146	1,016	87	285	644
Red Lion	194	14	160	6	20	2	8	10
County Total	**56,442**	**3,594**	**15,973**	**638**	**4,232**	**323**	**770**	**3,139**
City of Newark	4,068	206	1,151	46	252	12	-	240
Kent County								
Kenton	222	17	80	4	21	2	5	14
Smyrna	1,176	71	401	16	87	12	23	52
Dover	9,100	150	842	34	184	24	48	112
Central Kent	1,228	73	401	16	89	12	23	54
Felton	282	20	120	4	24	3	7	14
Milford North	1,361	249	1,404	56	303	41	79	185
Harrington	807	133	763	30	163	22	44	97
County Total	**14,176**	**713**	**4,011**	**160**	**873**	**116**	**229**	**528**
City of Dover	5,913	46	1,673	66	112	8	-	104
Sussex County								
Bridgeville/Grnwd	764	52	137	6	58	2	13	43
Milford South	1,234	147	376	16	163	6	35	122
Milton	697	77	205	8	85	3	19	63
Lewes	1,723	182	444	18	200	7	42	151
Millsboro	1,211	187	444	18	200	7	42	151
Selbyville/Frkfrd	1,505	167	410	16	183	6	39	138
Georgetown	999	123	307	12	135	5	29	101
Seaford	2,238	269	649	26	295	12	61	222
Laurel/Delmar	1,701	182	444	18	200	7	42	151
County Total	**12,072**	**1,386**	**3,416**	**138**	**1,524**	**55**	**322**	**1,147**
Georgetown	759	73	215	8	81	17	-	64
DELAWARE	**82,690**	**5,693**	**23,400**	**936**	**6,629**	**494**	**1,321**	**4,814**

Source: Mullin & Lonergan Associates *(Due to rounding, some columns may not equal)*

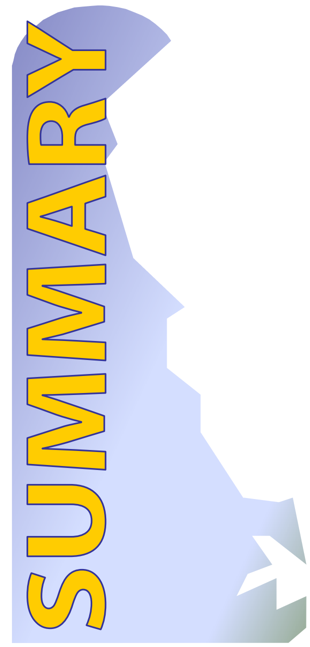
C. Housing Rehabilitation Assistance Programs

Housing rehabilitation programs are one good option to maintain affordable housing. Low-income residents who own their homes often lack the financial wherewithal to incur the substantial expense associated with costly home repairs. (Owners of aging rental properties also defer maintenance, sometimes out of neglect, but also when the values in the surrounding neighborhood are depressed and the cash-flow from rents is barely adequate to cover basic operations.) Ultimately, whether it be owner-occupied or rental, new construction or an aging structure, when maintenance of critical systems (e.g., roofing, plumbing, electrical, windows and doors, etc.) is deferred, deterioration of the overall structure ensues.

There are assistance programs in place at the state, county, and local levels to aid property owners in meeting the high cost of home repair. Unfortunately, though the programs exist, the availability of funding is becoming increasingly limited. The U.S. Department of Housing and Urban Development's CDBG and HOME programs are perhaps the largest sources of subsidy for home repairs, particularly for homeowners. Both CDBG and HOME are block grants allocated to states and localities for use in a multitude of housing and community development purposes. Shifting federal funding priorities have caused significant cutbacks in both programs. The below points highlight some Delaware localities and their current funding status with regard to overall HUD block grants and homeowner rehab activities.

- The City of Wilmington received $2.8 million in CDBG in 2006 (a 5.4 percent reduction from the previous year) and $723,360 in HOME (down 4 percent.) The city no longer provides a full home rehab program via its federal funds. A small emergency repair program has been budgeted at just $300,000.
- New Castle County received $2.7 million in CDBG and $1.2 million in HOME in 2006; approximately $1 million was allocated to housing rehab via several programs. The county's main housing rehabilitation program assists about 20 units per year. Additional funding went for an emergency repair program, assisting over 80 households, and a senior housing grant program which assisted 41 households.
- Kent County receives approximately $1 million per year from DSHA for housing rehabilitation, the funding programs for which include CDBG, HOME, HRLP, and HPG. Approximately 60 units are rehabilitated per year, but there is a three- to four-year waiting list. County staff stated that the housing rehabilitation program is just keeping pace with the rate of housing deterioration.
- Sussex County received $1.2 million in CDBG funds and $100,000 in HOME funds in 2006. The county allocates the majority of its funding to owner-occupied housing rehab and assists about 130 units per year at an average cost of $17,000 per unit. Even so, the county has a waiting list of over 800 applicants and seven-year waiting list.

3.9 / SUBSTANDARD HOUSING



- **Using exterior building observations and field surveys, in 2003, 7,490 owner-occupied and 5,693 renter-occupied units were estimated to be in substandard condition, meaning that repairs or replacement of at least two major structural systems were required.**

- **In this 2008-2012 Needs Assessment, information on demolitions and rehabilitations from 2003 – 2007 and an estimate for units slipping into substandard condition was used to approximate the current number of substandard housing units in Delaware.**

- **Currently, 8,135 owner-occupied units in Delaware are estimated to be in substandard condition, over half of these (4,530) in New Castle County. 679 owner-occupied units are estimated to be substandard in Kent County, and 2,926 in Sussex County.**

- **Demolitions and rehabilitations of owner-occupied housing have not quite kept pace with slippage, for an increase of 645, or 8.6 percent. The 8,135 substandard owner-occupied units constitute 3.35 percent of the state's owner-occupied housing stock.**

- **4,814 renter-occupied units in Delaware are estimated to be in substandard condition, with the majority of these (3,379) in New Castle County, 632 in Kent County, and 1,211 in Sussex County.**

- **Demolitions and rehabilitations of renter-occupied housing have more than kept pace with the rate of slippage, for a reduction of 1,509, or 26.5%. The 4,814 renter-occupied units constitute 4.77 percent of the state's renter-occupied housing stock.**

10. HOUSEHOLDS & HOUSING PROBLEMS

A. MINORITY HOUSEHOLDS & DISPROPORTIONATE NEED

Using HUD's *State of the Cities Data System* Comprehensive Housing Affordability Strategy (CHAS) Data from 2000, Tables 10-1 through 10-7 compare the housing needs for all households to those of racial and ethnic minority groups. The tables compare the percentage of the low-income households with housing problems for white non-Hispanic, black non-Hispanic, and Hispanic households.

As defined by CHAS Data 2000, "housing problems" include the following: cost burden (including households paying from 30 percent to 50 percent of their income and households paying more than 50 percent. Households paying more than 50 percent are classified as "severe cost burden"); and/or overcrowding; and/or lack of complete kitchen or plumbing. CHAS Data 2000 does not contain complete information about other races, nor has it been updated by the 2005 ACS data. The review serves to consider disproportionately greater need. As defined by HUD, a disproportionately greater need among any racial or ethnic group exists when it has housing problems at least ten percentage points higher than the percentage of households in the category as a whole.

i. New Castle County

As depicted in Table 10-1, in New Castle County, there are 34,922 renter households with income at or below 80 percent of MFI. Over half (57.1 percent) of the households have housing problems. Among low-income renter households there is no disproportionately greater need between white non-Hispanic and black non-Hispanic households.

Table 10-1
New Castle County Low-Income Renter Households Having Any Housing Problem by Race of Household and Hispanic Origin - 2000

	Households <=80% of MFI		Elderly Households <=80% MFI			Small and Large Households <=80% MFI			All Other Households <=80% MFI		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**34,922**	**57.1**	**6,544**	**3,704**	**56.6**	**15,704**	**8,867**	**56.5**	**12,674**	**7,360**	**58.1**
White Non-Hispanic	17,130	56.0	4,515	2,553	56.5	4,955	2,517	50.8	7,660	4,515	58.9
Black Non-Hispanic	12,955	56.5	1,705	995	58.4	7,505	4,224	56.3	3,745	2,096	56.0
Hispanic	3,160	60.1	200	90	45.0	2,285	1,445	63.2	675	365	54.1

Source: HUD State of the Cities Data Systems: CHAS Data 2000

(NOTE: County Total includes data on other races not shown separately)

Meanwhile, as shown in Table 10-2, there are 37,541 low-income owner households in New Castle County. Over 47 percent of the households have housing problems.

- As shown in Table 10-2, among all owner households, 47.1 percent have housing problems. Black households have a disproportionately greater need at 58.7 percent, as do Hispanic households at 59.8 percent.
- The greatest disparity is among elderly owner households. Among all low-income elderly owners, 32.9 percent have housing problems. 54.5 percent of elderly black owners have housing problems, and 47.6 percent of elderly Hispanic owners have housing problems, giving both groups a disproportionately greater need.
- There is also a disproportionately greater need among all other Hispanic owner households, with 74.1 percent having housing problems versus 60.5 percent for all households in the category.

Table 10-2
New Castle County Low-Income Owner Households Having Any Housing Problem by Race of Household and Hispanic Origin - 2000

	Households <=80% of MFI		Elderly Households <=80% MFI			Small and Large Households <=80% MFI			All Other Households <=80% MFI		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**37,541**	**47.1**	**16,650**	**5,472**	**32.9**	**15,095**	**8,694**	**57.6**	**5,796**	**3,507**	**60.5**
White Non-Hispanic	29,070	43.5	14,550	4,352	29.9	10,085	5,647	56.0	4,435	2,646	59.7
Black Non-Hispanic	6,460	58.7	1,845	1,005	54.5	3,535	2,119	59.9	1,080	665	61.6
Hispanic	1,269	59.8	105	50	47.6	990	580	63.4	174	129	74.1

Source: HUD State of the Cities Data Systems: CHAS Data 2000

(NOTE: County Total includes data on other races not shown separately)

ii. Kent County

As depicted in Table 10-3, Kent County has 8,342 renter households with income at or below 80 percent of MFI, and 54.8 percent of the households have housing problems.

Practically all Hispanic households in the "all other households" category have housing problems. This is a disproportionately greater need, with 64 percent of the households in the category having housing problems.

Table 10-3
Kent County Low-Income Renter Households Having Any Housing Problem by Race of Household and Hispanic Origin – 2000

	Households 0 – 80% of MFI		Elderly Households			Small and Large Households			All Other Households		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**8,342**	**54.8**	**1,412**	**759**	**53.8**	**4,599**	**2,321**	**50.5**	**2,331**	**1,491**	**64.0**
White Non-Hispanic	4,595	51.1	1,100	585	53.2	2,190	1,020	46.6	1,305	745	57.1
Black Non-Hispanic	3,015	58.7	275	155	56.4	1,870	995	53.2	870	620	71.3
Hispanic	378	55.3	8	4	50.0	280	115	41.1	90	90	100.0

Source: HUD State of the Cities Data Systems: CHAS Data 2000

(NOTE: County Total includes data on other races not shown separately)

- As shown in Table 10-4, there are 9,575 low-income owner households in Kent County, and 50.4 percent have housing problems.
- Among elderly black owner households, 60 percent have housing problems, giving them a disproportionately greater need among all households (39 percent).

Table 10-4
Kent County Low-Income Owner Households Having Any Housing Problem by Race of Household and Hispanic Origin - 2000

	Households <=80% of MFI		Elderly Households <=80% MFI			Small and Large Households <=80% MFI			All Other Households <=80% MFI		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**9,575**	**50.4**	**4,237**	**1,652**	**39.0**	**4,007**	**2,336**	**58.3**	**1,331**	**841**	**63.2**
White Non-Hispanic	7,845	48.4	3,735	1,359	36.4	3,050	1,754	57.5	1,060	685	64.6
Black Non-Hispanic	1,359	61.0	425	255	60.0	735	460	62.6	199	114	57.3
Hispanic	150	54.0	22	8	36.4	100	65	65.0	28	8	28.6

Source: HUD State of the Cities Data Systems: CHAS Data 2000

(NOTE: County Total includes data on other races not shown separately)

iii. Sussex County

Table 10-5 shows that Sussex County has 7,086 renter households with income at or below 80 percent of MFI, and 49.8 percent of the households have housing problems. Hispanic renter households have disproportionately greater need among all household types.

Table 10-5
Sussex County Low-Income Renter Households Having Any Housing Problem by Race of Household and Hispanic Origin – 2000

	Households <=80% of MFI		Elderly Households <=80% MFI			Small and Large Households <=80% MFI			All Other Households <=80% MFI		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**7,086**	**49.8**	**1,551**	**647**	**41.7**	**3,713**	**1,913**	**51.5**	**1,822**	**972**	**53.3**
White Non-Hispanic	4,090	46.5	1,170	510	43.6	1,705	680	39.9	1,215	710	58.4
Black Non-Hispanic	2,335	49.0	360	115	31.9	1,475	845	57.3	500	185	37.0
Hispanic	523	77.4	14	10	71.4	440	340	77.3	69	55	79.7

Source: HUD State of the Cities Data Systems: CHAS Data 2000

**(NOTE: County Total includes data on other races not shown separately)*

- As shown in Table 10-6, there are 16,201 owner households in Sussex County with income at or below 80 percent of MFI, and 49.3 percent of the households have housing problems.
- Hispanic households have disproportionately greater need among all the household categories except all other households.

Table 10-6
Sussex County Low-Income Owner Households Having Any Housing Problem by Race of Household and Hispanic Origin - 2000

	Households <=80% of MFI		Elderly Households <=80% MFI			Small and Large Households <=80% MFI			All Other Households <=80% MFI		
	Total	% With a Housing Problem	Total	With a Problem	%	Total	With a Problem	%	Total	With a Problem	%
COUNTY TOTAL*	**16,201**	**49.3**	**8,591**	**3,521**	**41.0**	**5,243**	**3,162**	**60.3**	**2,367**	**1,302**	**55.0**
White Non-Hispanic	13,260	47.9	7,575	3,019	39.9	3,730	2,261	60.6	1,955	1,074	54.9
Black Non-Hispanic	2,425	53.2	915	440	48.1	1,205	690	57.3	305	160	52.5
Hispanic	221	75.1	8	8	100.0	180	140	77.8	33	18	54.5

Source: HUD State of the Cities Data Systems: CHAS Data 2000

**(NOTE: County Total includes data on other races not shown separately)*

iv. Hispanic Population

As discussed in Part 1 of the *Housing Needs Assessment*, the population of persons of Hispanic origin in Delaware has increased. 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 10-7 identifies the Hispanic population in Delaware by county as reported by the 2005 ACS. The City of Wilmington had the greatest percentage of Hispanics per population at 7.9 percent. Both New Castle and Kent County had a Hispanic population of almost 7 percent of their total population, which is greater than the state average of 6.1 percent.

Table 10-7
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**	**50,218**	**6.1%**	**1.4%**	**16.5%**	**52,499**	**43,547**	**72.4%**	**41.0%**

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

Sussex County and Wilmington City Hispanic households had annual incomes above the statewide median. Overall, however, the median household income of Hispanic households was 17 percent below the state as a whole. The Census reported 14,195 Hispanics live below the state poverty level, which represents 28.3 percent of all Hispanics living in Delaware.

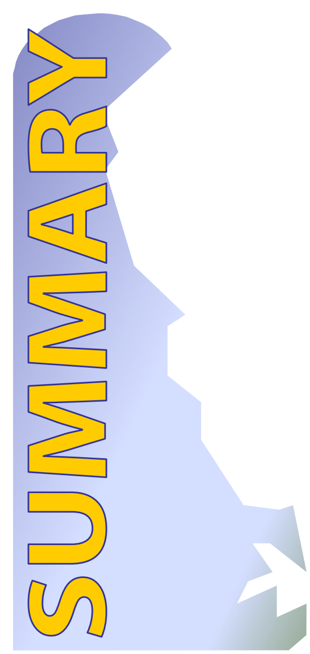
Overall, in terms of types of units, there is no housing need specific to Hispanic persons in Delaware. Because so many of the Hispanics who migrated to Delaware during the 1990s are poor, have limited education, and lack advanced jobs skills, the housing needs of Hispanic households are equivalent to those of other low-income households.

Hispanic households had a greater number of people sharing rooms. The number of households that had more than one person occupying a room was 16.5 percent compared to 1.4 percent for non-Hispanic households. By county in Delaware, the number of households that had more than one person occupying a room for Hispanic households varied from 17.3 percent in New Castle County to 10.7 in Kent County to 17.4 percent in Sussex County. The area with the greatest percentage of Hispanic households having more than one occupant per room was in Wilmington City at 33.0 percent of Hispanic households.

The 2005 ACS reported that homeownership for Hispanics households was lower than for non-Hispanic households. Statewide the rate of homeownership was 72.4 percent. Among Hispanic households in 2005 the rate of homeownership was only 41 percent.

Increasing homeownership among Hispanic households (particularly for those working in Sussex County's poultry and agriculture industries of Sussex County), is the goal of the "Finanzas" program. Initially, Finanzas was designed to provide basic banking and financial education training in Georgetown with program partners including the National Council on Agricultural Life and Labor Research Fund, Inc. (NCALL), Citizens Bank, Fannie Mae's Delaware Partnership Office, and the Delaware State Housing Authority. The program has expanded to serve the wider county area.

3.10 / HOUSEHOLDS & HOUSING PROBLEMS
A. Minority Households & Disproportionate Need



- **HUD CHAS Data from 2000 for Delaware indicate disproportionate housing need for various racial and ethnic groups statewide. As defined by HUD, a racial or ethnic group is considered to have a disproportionately greater need when a group has housing problems at least ten percentage points higher than the percentage of households in the category as a whole.**
- **In all three counties, approximately 50% of households with incomes below 80% of MFI, both renting and owning, have housing problems.**
- **Black owner households and elderly black owner households have disproportionate housing needs in Kent and New Castle Counties. In New Castle County, all other black owner households – not elderly, small, or large households – also have disproportionate needs.**
- **Hispanic owner households, elderly Hispanic owner households, and small and large Hispanic owner households in Sussex County all have disproportionate housing problems.**

- **Among low-income renter households, all categories of Hispanic renter households in Sussex County have disproportionate housing needs. In Kent County, all other Hispanic renter households – not elderly, small, or large households – have disproportionate housing needs.**

B. SMALL HOUSEHOLDS & FAMILIES WITH CHILDREN

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.

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 (56 percent) live in female headed households. An additional 9,655 (34 percent) live in married couple households. Tables 10-8 and 10-9 lay out data related to household composition and marital status.

Table 10-8
Households by Presence of Children under 18 Years - 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Households with children under 18 years								
Married-couple	70,086	22.1	45,189	23.4	13,341	24.8	11,556	16.4
Male household no wife present	9,806	3.1	6,149	3.2	2,108	3.9	1,549	2.2
Female household no husband present	31,070	9.8	18,861	9.9	5,923	11.1	6,286	8.9
Total with Children	110,962	34.9	70,199	36.4	21,372	39.8	19,391	27.5
Households with no children under 18 years								
Married-couple	89,552	28.2	49,758	25.7	15,355	28.6	24,439	34.6
Male household no wife present	49,214	15.5	29,745	15.4	7,272	13.5	12,197	17.3
Female household no husband present	67,912	21.4	43,553	22.5	9,732	18.1	14,627	20.6
Total with no Children	206,678	65.1	123,056	63.6	32,359	60.2	51,263	72.5
DELAWARE	**317,640**	**100.0**	**193,255**	**100.0**	**53,731**	**100.0**	**70,654**	**100.0**

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

Table 10-9
Marital Status for the Population 15 Years and Over - 2005

	DELAWARE		New Castle County		Kent County		Sussex County	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
Never Married	178,915	27.2	114,822	28.4	29,126	26.3	34,967	24.5
Not married*	370,391	56.4	222,593	55.2	64,902	58.6	82,896	58.1
Widowed	40,208	6.1	24,985	6.2	4,881	4.4	10,342	7.3
Divorced	67,155	10.3	41,016	10.2	11,772	10.7	14,367	10.1
TOTAL	656,669	100.0	403,416	100.0	110,681	100.0	142,572	100.0

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

**Not married includes persons who are separated or who do not live with their spouses.*

The National Association of Home Builders reports that in 1970, the average house size in the U.S. was 1,400 square feet. By 2005, it increased to about 2,400 square feet. The share of newly built houses with four or more bedrooms rose from 21 percent of all homes built in the 1970s to 40 percent in 2005. Today, just 4 percent of all houses have one bathroom whereas 25 years ago that figure was 41 percent. During this time, household size decreased. Also, the structure of households changed from married persons with their own children to more varied types of households including a significant increase in households headed by a single adult.

Larger houses require more land for development. The increase in housing size has contributed to sprawl. Sprawl has disconnected residential parts of communities from commercial services, jobs, and parks and recreational opportunities. Communities are starting to advance land use polices, termed neo-traditional or new urbanism, that provide for compact development and mixed uses. New urbanism allows greater connections between homes, jobs, and recreational opportunities through more compact development.

C. ELDERLY HOUSEHOLDS

The elderly population is distinguished by subgroups that represent different lifestyle circumstances and, in turn, different housing needs. The “young” elderly, those age 55 to 64, are entering pre-retirement or early retirement years. The young elderly are often in the market for a smaller home, perhaps near leisure and recreation activities. The second group of elderly are those age 65 to 74. Often, households in this age range are living in the homes they chose in their pre-retirement years. Finally, there are those age 75 and over. It is not uncommon for householders age 75 and over to be living alone, having outlived a spouse. There is a greater likelihood for declining health among these householders and a need for housing in a supportive environment. Within this age group are the elderly age 85 and over that are often very frail and in need of more extensive care. The following is a review of census data related to elderly households in Delaware.

i. Persons Age 55 and Over

The 2005 ACS records 196,881 persons in Delaware age 55 and over, up by 13.6 percent from 173,245 in 2000. From 2000 to 2005, the state's population increased by 4.5 percent. The population of persons age 55 and over makes up 24 percent of the state's population, up from 22.1 percent in 2000 and 21 percent in 1990. About 42 percent of the elderly are between the ages of 62 to 74, down from 43.3 percent in 2000.

Table 10-10 shows the 2000 Census and 2005 ACS data on persons age 55 and over in Delaware.

Table 10-10
Persons Age 55 and Over - 2005

	Persons Age 55+		Age 55-61		Age 62-74		Age 75+	
	Total	% of Total Population	Total	% of Persons 55+	Total	% of Persons 55+	Total	% of Persons 55+
New Castle County								
2000	99,595	19.9	31,398	31.5	41,198	41.4	26,999	27.1
2005	111,525	22.1	41,170	36.9	43,725	39.2	26,630	23.9
% Change	12.0%	2.2	31.1%	5.4	6.1%	-2.2	-1.4%	-3.2
Kent County								
2000	25,815	20.4	8,008	31.1	11,426	44.3	6,381	24.7
2005	31,004	22.1	10,759	34.8	13,254	42.7	6,991	22.5
% Change	20.1%	1.7	34.4%	3.7	16.0%	-1.6	9.6%	-2.2
Sussex County								
2000	47,835	30.5	13,395	28.1	22,509	47.1	11,931	24.9
2005	54,352	31.4	14,752	27.1	24,986	46	14,614	26.9
% Change	13.6%	0.9	10.1%	-1.0	11.0%	-1.1	22.5%	2.0
DELAWARE								
2000	173,245	22.1	52,801	30.5	75,133	43.3	45,311	26.2
2005	196,881	24.1	66,681	33.9	81,965	41.6	48,235	24.5
% Change	13.6%	2.0	26.3%	3.4	9.1%	-1.7	6.5%	-1.7
City of Wilmington								
2000	14,637	20.1	4,110	28.1	5,805	39.7	4,722	32.3
2005	13,139	21.1	4,769	36.3	5,220	39.7	3,150	24.0
% Change	-10.2%	1.0	16.0%	8.2	-10.1%	0.0	-33.3%	-8.3

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

The 2005 ACS reports the following regarding the population of persons age 55 and over in Delaware.

- In New Castle County, 22 percent of the population is age 55 and over, up from about 20 percent in 2000. About 62 percent of the state's population lives in New Castle County, and about 57 percent of the population age 55 and over is in the county.
- The 31,004 persons age 55 and over in Kent County represent 22 percent of the county's population, up from 20.4 percent in 2000. 17 percent of the state's population is in Kent County, and about 16 percent of the state's population of persons age 55 and over live in the county.
- In Sussex County, 31.4 percent of the population is age 55 and over, up from 30.5 percent in 2000. Sussex County has 21 percent of the state's population, and about 28 percent of Delaware's population of persons age 55 and over.
- 21 percent of the City of Wilmington's population consists of persons age 55 and over, up from 20 percent in 2000. The city has 7.6 percent of the state's population and 6.6 percent of the population of persons age 55 and over.

ii. Population Projections for Persons Age 55 and Over

Population projections prepared by the DPC show that, from 2005 to 2010 Delaware's population of persons age 55 and over will increase by about 23 percent to 241,703. From 2000 to 2005, the Census reports that Delaware's population of persons age 55 and over increased by about 23,600 persons or 13.6 percent.

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

Statewide from 2000 to 2015, persons age 55 to 64 are projected to increase by about 75 percent, with persons age 65 to 74 projected to increase by 59 percent. Persons age 75 and over are projected to increase by 51 percent.

The population projections are not provided by CCD. The DPC reports, however, that eastern Sussex County is expected to continue to urbanize along the spine of SR 1, resulting from an influx of retirees who will add year-round residents to the Coastal Resort Area.

Table 10-11 shows the DPC's population projections and is followed by a summary for each county.

Table 10-11
Projected Persons Age 55 and Over – 2000 to 2015

	Total Population	Persons Age 55+		Persons Age 55-64		Persons Age 65-74		Persons Age 75+	
		Total	% of Total Pop.	Total	% of Persons 55+	Total	% of Persons 55+	Total	% of Persons 55+
New Castle County									
2000	500,265	99,595	19.9	41,692	41.9	30,904	31.0	26,999	27.1
2005	505,271	111,345	22.0	54,359	48.8	30,356	27.3	26,630	23.9
2010	542,818	133,153	24.5	63,488	47.7	36,520	27.4	33,145	24.9
2015	560,980	118,629	21.1	36,864	31.1	46,692	39.4	35,073	29.5
Kent County									
2000	126,697	25,815	20.4	11,014	42.7	8,420	32.6	6,381	24.7
2005	140,205	31,004	22.1	14,278	46.1	9,735	31.4	6,991	22.5
2010	157,503	37,396	23.7	17,268	46.2	10,937	29.2	9,191	24.6
2015	167,094	43,757	26.2	20,289	46.4	13,335	30.5	10,133	23.1
Sussex County									
2000	156,638	47,835	30.5	18,813	39.3	17,091	35.8	11,931	24.9
2005	173,111	54,352	31.4	21,453	39.5	18,285	33.6	14,614	26.9
2010	194,422	71,154	36.6	28,882	40.6	22,035	31.0	20,237	28.4
2015	211,111	82,928	39.3	33,025	39.8	26,675	32.2	23,228	28.0
DELAWARE									
2000	783,600	173,245	22.1	71,519	41.3	54,415	32.5	45,311	26.2
2005	818,587	196,881	24.1	90,090	45.7	58,556	29.7	48,235	24.6
2010	894,743	241,703	27.0	109,638	45.4	69,492	28.8	62,573	25.8
2015	939,185	280,614	29.9	125,478	44.7	86,702	30.9	68,434	24.4

Source: U.S. Census Bureau, American Community Survey, Delaware Population Consortium

a. New Castle County

- In 2005, 22 percent of the population in New Castle County was age 55 and over, up from 20 percent in 2000. Through 2010 the county's population of persons age 55 and over is projected to increase by about 22,000 or 19.6 percent to over 133,000. By 2015, the population of persons age 55 and over is projected to increase by 12.2 percent to 153,929 and make up over 27 percent of New Castle County's population.
- Because the county is the population center of the state, the large increase results from the aging Baby Boomers in the community. The older population in New Castle County will consist of persons in the City of Wilmington and its older inner ring suburbs who are continuing to age in place.

- Over time, there will also be an increasing number of elderly living in the suburban areas that developed in the 1990s and early 2000s. It will be critical for these communities to have varied housing and services that allow older persons to age in place.

b. Kent County

- From 2000 to 2005, Kent County's population of persons age 55 and over increased by about 5,200 persons or 20 percent. As of 2005, they make up 22 percent of the county's population, up from 20.4 percent in 2000. Through 2010, it is projected that the population of persons age 55 and over will increase by 20.6 percent to 37,396. In 2015, it is projected there will about 43,800 persons age 55 and over, and they will make up over 26 percent of Kent County's population.
- It is expected that the older population in Kent County will be a combination of long-term residents in and around the City of Dover who are aging in place and retirees moving to all areas of the county.

c. Sussex County

- Sussex County continues to experience the largest increase among persons age 55 and over. From 2000 to 2005, the population of persons age 55 and over increased by about 6,500 persons or 13.6 percent from 47,835 to 54,352. It is projected that by 2010, there will be an additional 16,800 persons age 55 and over for an increase of about 31 percent from 2005. In 2015, it is projected there will be over 82,900 persons age 55 and over in Sussex County, an increase of 16.5 percent from 2010.
- In 2015, about 40 percent of the population will be age 55 and over, up from about 31 percent in 2000. Much of the increasing population of older persons in Sussex County will be retirees or persons near retiring, migrating to the county both from within Delaware and from out of state. The older population in Sussex County will also include long time residents who are aging in place throughout the community.

iii. Homeowners Age 55 and Over

As shown in Table 10-12, the 2005 ACS reports that 84.2 percent of the householders age 55 and over in Delaware are homeowners. In 2000, 87.3 percent owned their homes. Among all age groups statewide in 2005, 72.4 percent are homeowners. Among persons age 55 and over, the highest rate of homeownership is among persons age 65 to 74 at 87.3 percent. The lowest rate of homeownership among elderly households is for those age 85 and over at 67.7 percent, which is below the rate of homeownership among all households in Delaware.

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Table 10-12
Households Age 55 and Over by Tenure - 2005

	Delaware		New Castle County		Kent County		Sussex County	
Age of Householder	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**	**% Own**	**% Rent**
55 to 59	82.2	17.8	80.3	19.7	83.0	17.0	86.5	13.5
60 to 64	87.2	12.8	83.4	16.6	90.2	9.8	94.1	5.9
65 to 74	87.3	12.7	82.2	17.8	88.5	11.5	95.5	4.5
75 to 84	83.5	16.5	80.4	19.6	80.3	19.7	91.0	9.0
85 and over	67.7	32.3	58.1	41.9	75.1	24.9	79.8	20.2
Households Age 55 and Over	**84.2**	**15.8**	**80.4**	**19.6**	**87.1**	**12.9**	**91.5**	**8.5**
All Households	**72.4**	**27.6**	**70.0**	**30.0**	**73.4**	**26.6**	**78.0**	**22.0**

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

Data from the 2005 ACS regarding cost-burdened homeowners by age is shown in Table 10-13. The information, however, is only available for householders age 65 and over and those less than age 65. Among households age 65 and over, about 24 percent pay 30 percent or more of their income for their housing and are cost-burdened. Among all homeowners in Delaware in 2005, about 18 percent are cost-burdened.

Table 10-13
Cost-burdened Owners Age 65 and Over - 2005

	Delaware		Owners 65 and over		Cost-burdened Owners 65 and over	
	Total	**Percent Owners**	**Total**	**Percent**	**Total**	**Percent**
New Castle County	135,270	70.0	28,897	79.2	6,630	22.9
Kent County	39,456	73.4	9,427	84.5	1,897	20.1
Sussex County	55,134	78.0	18,855	92.3	5,102	27.1
DELAWARE	**229,860**	**72.4**	**57,179**	**84.0**	**13,629**	**23.8**
City of Wilmington	13,155	49.1	3,391	61.3	1,106	32.6

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

iv. Housing Needs of Homeowners Age 55 and Over

- Because of the high rate of homeownership by the older population in Delaware there will be the need for assistance allowing the low-income elderly homeowners to maintain their units and to allow them to continue living independently.
- Many elderly homeowners live on fixed incomes that do not keep pace with inflation. The households lack income to address unexpected housing costs. Older owners on limited and fixed incomes need

assistance with unexpected emergency repairs that are not budgeted within their fixed housing costs.

- Elderly homeowners have lived in their units for many years and therefore their housing is older. The older housing units require weatherization to improve energy efficiency and reduce overhead costs. This will be less of a need over the long term as housing built during the 1990s and 2000s will have better incorporated energy saving devices.
- As persons age, adaptive modifications become a need to allow the homeowner to continue to reside in their unit. Low-income aging homeowners may need funding assistance for completion of adaptive modifications. Communities should work with builders to educate them regarding the need for building housing that allows its occupants to age in place. Features to incorporate include first floor bedrooms, wider doorways, reinforced walls that allow installation of grab bars, and at least one entrance that can be accessed without stairs.
- Older homeowners are often eventually in need of services that allow them to age in place and remain living independently. Support services include, but are not limited to, home health care and personal care, meals, and transportation. Due to low pay and high turnover among the elderly supportive industries, staffing will continue to be a problem that will affect delivery of services.
- Reverse mortgages, which allow homeowners to access their equity while remaining in the unit, may be of assistance to low-income homeowners and other aging homeowners by providing funds for home maintenance and support services. 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.
- Some older homeowners choose to move to age restricted communities. The age restricted communities usually provide recreation and maintenance services to the homeowners but do not include support services that are included with assisted living.
- In Part 2 of this *Housing Needs Assessment*, it is projected that 8,555 households age 65 and over will purchase homes in Delaware from 2008 to 2012. Elderly homebuyers are households age 65 and over with annual incomes up to $125,000. Elderly homebuyers are seeking housing alternatives in order to reduce the size of their dwelling, reduce maintenance on a dwelling, or move closer to family. The elderly homebuyers are projected to be a growing segment of the population in Delaware.

v. Renters Age 55 and Over

As shown earlier in Table 10-12, the 2005 ACS reports that 15.8 percent of the householders age 55 and over in Delaware are renters. In 2000, 16.3 percent were renters. Among all age groups statewide in 2005, 27.6 percent are renters. Among persons age 55 and over, the highest rate of renters is among persons age 85 and over at about one-third. The lowest rate of renters is among those age 65 to 74 at 12.7 percent.

Table 10-14 below shows 2005 ACS data for cost-burdened renters age 65 and over. Among households age 65 and over, about 28 percent pay 30 percent or more of their income for their housing and are cost-burdened. Among all renters in Delaware in 2005, about 43 percent are cost-burdened.

Table 10-14
Cost-burdened Renters Age 65 and Over - 2005

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

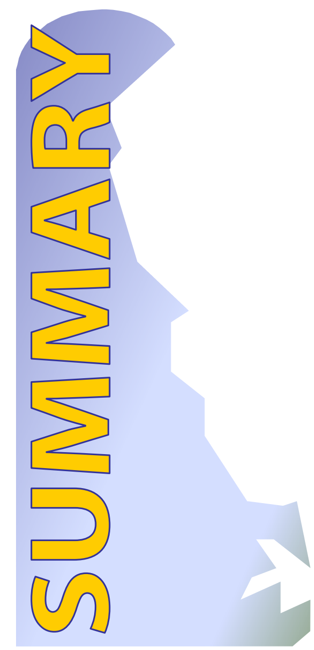
Source: U.S. Census Bureau, 2005 American Community Survey

vi. Housing Needs of Renters Age 55 and Over

- Cost burden among the oldest households is a result of the spending down of their savings and living on fixed incomes that do not keep pace with inflation, particularly the increased cost of health care. Elderly renter households need rent subsidies to alleviate cost burden and thereby reduce the number of elderly renters who are at-risk. Affordable housing and subsidies become more important as older renters age. Part 2 of this *Housing Needs Assessment* identifies the need for 151 additional rental units for low-income elderly households in Delaware from 2008 to 2012 based on household growth and unmet existing demand.
- The Inventory of Affordable Housing contained in Part 2 of the *Housing Needs Assessment* identifies 4,634 subsidized units as elderly households. Nearly 45 percent of the elderly affordable rental units are in the City of Wilmington, which has less than 7 percent of the state's population of persons age 55 and over. The concentration of the affordable elderly rental units requires the elderly renters to be displaced from their established communities to find housing that they can afford.
- A need of older renter households is finding safe, decent housing that is affordable and well situated in dispersed locations. Location is a particular concern to renters who were previously long-time homeowners. The new renters generally prefer to reside in the same area, close to their families and established communities.

- As noted with aging homeowners, adaptive modifications are a need to allow renter households to continue living independently in their unit. Low-income aging renters may need funding assistance for the adaptive modifications.
- Many older renters will eventually need services that allow them to age in place and remain living independently. A segment of all aging households will no longer be able to live independently and will need assisted living or nursing homes.

3.10 / HOUSEHOLDS & HOUSING PROBLEMS
C. Elderly Households



- **The number of elderly households will continue to increase in coming years. By 2015, 30% of Delaware's population is projected to be age 55 and older, up from 22 percent in 2000.**
- **Rates of cost burden are higher among elderly renters and homeowners than among the general population.**
- **For both elderly renters and homeowners, fixed incomes make it difficult to meet unexpected costs or increases to regular costs (such as rent and utilities increases, or emergency home repairs). Assistance to maintain and update housing units will help elderly households continue to live independently. However, declining federal monies for housing assistance make such programs more difficult.**
- **The cost of health care and its effect on income available for housing and other needs, while an issue for all Delaware households, is a particular concern with elderly households.**
- **Location, transportation, and access to services are especially important for elderly households.**

D. COST-BURDENED HOUSEHOLDS WITH HOUSING PROBLEMS

The following presents information regarding low-income households in Delaware with housing problems. The statistics used for this analysis are taken from HUD's Comprehensive Housing Affordability Strategy (CHAS Data 2000). CHAS Data 2000 is a special tabulation prepared for HUD by the Census Bureau. HUD reports that the Census Bureau uses a special rounding scheme on special tabulation data. As a result, there may be discrepancies between the data reported by CHAS Data 2000 and data reported by Census 2000 Summary File 3. Furthermore, the CHAS data has not been updated by HUD per the 2005 American Community Survey.

The following provides an estimate of the number and type of households in need of housing assistance. The needs are considered for owners and renters. The review considers need for the households using the same framework that was laid out in Part 2, Section 1: *Defining Affordability*: extremely low-income (income less than 30 percent of MFI); very low-income (income between 30 and 50 percent of MFI); low-income (income between 51 and 80 percent of MFI); moderate, middle, and high income (income above 80 percent of MFI).

Tables 10-15 through 10-17 show households with any housing problem by county. As defined by CHAS Data 2000, any housing problem includes:

- Cost burdened households paying from 30 percent to 50 percent of their income and households paying more than 50 percent for housing (severe cost burden);
- Overcrowding; and/or
- Without complete kitchen or plumbing.
- "Other Problems" - CHAS Data 2000 combines overcrowding and/or without complete kitchen or plumbing but not cost-burdened into the category "Other Housing Problems."

i. New Castle County Cost-burdened Households with Problems

- In New Castle County, of 188,901 total households, 47,283 (25 percent) had housing problems. About 30 percent of all households were renters. About 47 percent of the households with problems were renters. 37,603 (79.5 percent) of the households with housing problems were low-income, earning at or below 80 percent of the area MFI.
- Among low-income renters, 57 percent had a housing problem. Extremely low-income and very low-income renters had comparably high rates of households with problems at over 70 percent. Among renters with incomes above 80 percent of MFI, less than 10 percent had housing problems.
- Among low-income owners, 59 percent had a housing problem. Extremely low-income owners had the highest rate of households with

problems at 69.8 percent. Among owners with income above 80 percent of MFI, just 8 percent had housing problems.

- Among all income categories, the major problem of households with housing problems is cost burden. 43,158 of the 47,283 households with problems (91 percent) total were cost-burdened. 16,942 or 39 percent of the cost-burdened households were severely cost-burdened. Of the total cost-burdened households, 35,558 (82.4 percent) were low-income. 18,289 (51.4 percent) of the 35,558 low-income cost-burdened households were renters.
- 4,125 households or 2.2 percent of the total households had other housing problems, including overcrowding in addition to lack of complete kitchen or plumbing, but excluding cost burden. 2,045 (49.6 percent) of the households were low-income. 1,630 (79.7 percent) of the 2,045 low-income households with other housing problems were renters.

Table 10-15
New Castle County Households with Housing Problems by Household Income - 2000

Income Category of Household	Total	Any Housing Problem		Cost Burden				Other Housing Problems	
				30%-50%		More than 50% (Severe)			
		Total	%	Total	%	Total	%	Total	%
Renter Households									
Extremely Low (0-30% MFI)	12,169	8,835	72.6	1,947	16.0	6,571	54.0	317	2.6
Very Low (31-50% MFI)	9,429	7,034	74.6	4,950	52.5	1,650	17.5	434	4.6
Low (51-80% MFI)	13,324	4,050	30.4	2,931	22.0	240	1.8	879	6.6
Above 80% MFI	21,529	2,088	9.7	538	2.5	323	1.5	1,227	5.7
Total Renters	56,451	22,007	39.0	10,366	18.4	8,784	15.6	2,857	5.1
Owner Households									
Extremely Low (0-30% MFI)	7,455	5,204	69.8	1,469	19.7	3,660	49.1	75	1.0
Very Low (31-50% MFI)	10,289	4,898	47.6	2,336	22.7	2,499	24.2	63	0.6
Low (51-80% MFI)	19,797	7,582	38.3	5,781	29.2	1,524	7.7	277	1.4
Above 80% MFI	94,909	7,592	8.0	6,264	6.6	475	0.5	853	0.9
Total Owners	132,450	25,276	19.1	15,850	12.0	8,158	6.2	1,268	1.0
All Households									
Total Households	188,901	47,283	25.0	26,216	23.1	16,942	22.1	4,125	2.2

Source: HUD State of the Cities Data Systems: CHAS Data 2000

ii. Kent County Cost-burdened Households with Problems

- In Kent County, of 47,126 total households, 12,351 (26.2 percent) had housing problems. 40 percent of all households with housing problems were renters, while just 30 percent of households overall rented. 9,404 (76.1 percent) of households with housing problems were low-income.
- Among low-income renters, 54.8 percent had a housing problem. Extremely low-income renters had the highest rate with problems at

about 71 percent. Among renters with incomes above 80 percent of MFI, less than 7 percent had housing problems.

- Among low-income owners, 50.5 percent had a housing problem. Extremely low-income owners had the highest rate of households with problems at 74.2 percent. Among owners with income above 80 percent of MFI, about 11 percent had housing problems.
- Among all income categories, the major problem of households with housing problems is cost burden. 11,384 of the 12,351 households with problems (92.2 percent) were cost-burdened. 4,704 (41.3 percent) of the cost-burdened households were severely cost-burdened. Of the total cost-burdened households, 8,921 (78.4 percent) were low-income. 4,276 (52.1 percent) of the 8,921 low-income cost-burdened households rented.
- 967 households, or 2.1 percent of the total households had other housing problems, including overcrowding in addition to lack of complete kitchen or plumbing, but excluding cost burden. 483 (50 percent) of the households were low-income. 294 (60 percent) of the 483 low-income households with other housing problems were renters.

Table 10-16
Kent County Households with Housing Problems by Household Income - 2000

Income Category of Household	Total House-holds	Any Housing Problem		Cost Burden				Other Housing Problems	
				30%-50%		More than 50% (Severe)			
		Total	%	Total	%	Total	%	Total	%
Renter Households									
Extremely Low (0-30% MFI)	2,562	1,814	70.8	323	12.6	1,432	55.9	59	2.3
Very Low (31-50% MFI)	2,532	1,603	63.3	965	38.1	542	21.4	96	3.8
Low (51-80% MFI)	3,248	1,153	35.5	926	28.5	88	2.7	139	4.3
Above 80% MFI	5,791	394	6.8	185	3.2	6	0.1	203	3.5
Total Renters	14,133	4,964	35.1	2,399	17.0	2,068	14.6	497	0.3
Owner Households									
Extremely Low (0-30% MFI)	1,896	1,407	74.2	368	19.4	1,001	52.8	38	2.0
Very Low (31-50% MFI)	2,422	1,293	53.4	467	19.3	780	32.2	46	1.9
Low (51-80% MFI)	5,257	2,134	40.6	1,456	27.7	573	10.9	105	2.0
Above 80% MFI	23,418	2,553	10.9	1,991	8.5	281	1.2	281	1.2
Total Owners	32,993	7,387	22.4	4,282	13.0	2,635	8.0	470	1.4
All Households									
Total Households	47,126	12,351	26.2	6,681	22.8	4,703	10.0	967	2.1

Source: HUD State of the Cities Data Systems: CHAS Data 2000

iii. Sussex County Cost-burdened Households with Problems

- In Sussex County, of 62,566 total households, 15,931 (25.2 percent) had housing problems. Renters made up about 26 percent of households with housing problems; only 19 percent of total households rented. 11,517

(72.3 percent) of the households with housing problems were low-income.

- Among low-income renters, about half had a housing problem. Extremely low-income renters had the highest rate with problems at about 63 percent. Among renters with incomes above 80 percent of MFI, 11.5 percent had housing problems.
- Among low-income owners, 49.3 percent had a housing problem. Extremely low-income owners had the highest rate of households with problems at 70.6 percent. Among owners with income above 80 percent of MFI, 11.2 percent had housing problems.
- Among all income categories, the major problem of households with housing problems is cost burden. 14,300 of the 15,931 households with problems (98.8 percent) were cost-burdened. 5,723 (40 percent) of the cost-burdened households were severely cost-burdened. Of the total cost-burdened households, 10,783 (75.4 percent) were low-income. 3,122 (29 percent) of low-income cost-burdened households rented.
- 1,631 households, or 2.6 percent of the total households had other housing problems, including overcrowding in addition to lack of complete kitchen or plumbing, but excluding cost burden. 734 (45 percent) of these households were low-income. 409 (55.7 percent) of the 734 low-income households with other housing problems were renters.

Table 10-17
Sussex County Households with Housing Problems by Household Income - 2000

Income Category of Household	Total House-holds	Any Housing Problem		Cost Burden				Other Housing Problems	
				30%-50%		More than 50% (Severe)			
		Total	%	Total	%	Total	%	Total	%
Renter Households									
Extremely Low (0-30% MFI)	2,421	1,516	62.6	402	16.6	1,031	42.6	83	3.4
Very Low (31-50% MFI)	2,046	1,041	50.9	612	29.9	346	16.9	83	4.1
Low (51-80% MFI)	2,619	974	37.2	660	25.2	71	2.7	243	9.3
Above 80% MFI	4,949	569	11.5	94	1.9	25	0.5	450	9.0
Total Renters	12,035	4,100	34.1	1,768	14.7	1,473	12.2	859	7.1
Owner Households									
Extremely Low (0-30% MFI)	3,490	2,464	70.6	597	17.1	1,836	52.6	31	0.9
Very Low (31-50% MFI)	4,418	2,346	53.1	1,087	24.6	1,180	26.7	79	1.8
Low (51-80% MFI)	8,293	3,176	38.3	2,173	26.2	788	9.5	215	2.6
Above 80% MFI	34,330	3,845	11.2	2,952	8.6	446	1.3	447	1.3
Total Owners	50,531	11,831	23.4	6,809	13.5	4,250	8.4	772	6.5
All Households									
Total Households	62,566	15,931	25.5	8,577	13.7	5,723	9.1	1,631	2.6

Source: HUD State of the Cities Data Systems: CHAS Data 2000

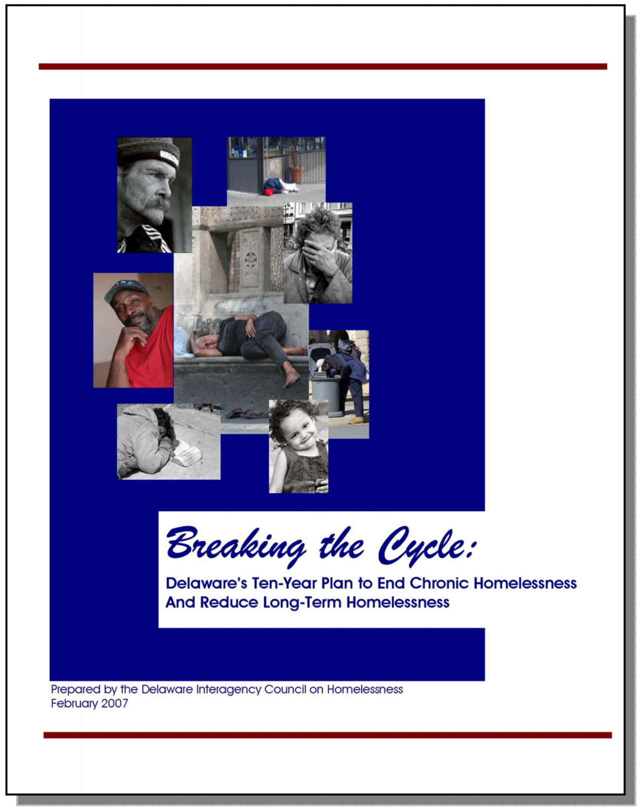
11. HOUSING NEEDS OF SPECIAL POPULATIONS

This section of the *Housing Needs Assessment* considers housing issues for special needs populations. In this report, special needs populations include the homeless and those persons at risk of homelessness, persons with disabilities, persons with HIV/AIDS, victims of domestic violence, and migrant and seasonal workers. Services for these groups are provided by a multitude of agencies, both governmental and non-governmental, as well as countless caring individuals. The following list of contacts provided information critical to the preparation of this section.

- ARC of Delaware, (Trish Kelleher)
- Brandywine Counseling, (Shay Lipshitz)
- Commission on Community Based Alternatives for Individuals with Disabilities, Housing Subcommittee
- Connections CSP, (Cathy McKay)
- Delaware Commission of Veterans Affairs, (Melanie Bronov)
- Delaware Department of Corrections, (Joseph Paesani)
- Delaware Department of Health and Social Services - Division of Developmental Disabilities Services, (Pat Weygandt)
- Delaware Department of Health and Social Services - Division of Services for Aging and Adults with Physical Disabilities (Carol Barnett)
- Delaware Department of Health and Social Services - Division of Substance Abuse and Mental Health, (Melissa Smith, Cliffvon Howell)
- Delaware Department of Services for Children, Youth, and Their Families, (Truman Bolden)
- Delaware Domestic Violence Coordinating Council, (Cindy Boehmer)
- Delaware HIV Consortium, (Diane Casey)
- Delaware/Maryland Paralyzed Veterans of America, (Wayne Carter)
- Homeless Planning Council of Delaware, (Cara Robinson)
- National Alliance for the Mentally Ill - Delaware Chapter, (Merton Briggs)
- Stand Up for What's Right and Just (SURJ), (Stephanie Symons, Esq.)
- State Council for Persons with Disabilities, (Kyle Hodges)
- U.S. Department of Veterans Affairs, (Kent Johnson)

A. Homeless & Persons at Risk of Homelessness

The Homeless Planning Council of Delaware is the lead agency for the Continuum of Care grant application program. Meanwhile, the Delaware Interagency Council on Homelessness (DICH) prepared Delaware's *Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness*. According to the Homeless Planning Council, on any given night, more than 1,800 people are homeless, and more than 6,700 persons over the course of a year experience homelessness. The following information is taken from the Ten-Year Plan.



During the January 26, 2006, homeless point-in-time study, 1,834 homeless persons were counted in Delaware. Data from the count is presented in Tables 11-1, 11-2 and 11-3 below.

Table 11-1
Homeless Subpopulations in Delaware, 2006 Point-in-Time Count

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

Source: Homeless Planning Council of Delaware

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

Table 11-2
Chronically Homeless by County, Unaccompanied Individuals – 2006 Point-in-Time Count

		New Castle County			Kent County			Sussex County		
		Unsheltered	Emergency Shelter	Transitional Housing	Unsheltered	Emergency Shelter	Transitional Housing	Unsheltered	Emergency Shelter	Transitional Housing
CHRONICALLY HOMELESS										
Sex	Female	9	10	14	3	3	1	1	2	3
	Male	40	83	58	6	6	14	11	10	20
Race & Ethnicity	Black	36	48	44	7	3	7	6	4	6
	White	8	32	23	2	6	7	3	8	17
	Other	2	9	2	0	0	1	0	0	0
	Asian	0	3	0	0	0	0	1	0	0
	Multi-Racial	3	1	3	0	0	0	2	0	0
Age	18 – 30	5	13	6	3	1	2	3	1	4
	31 – 49	23	52	51	5	7	7	7	4	12
	50 – 64	20	17	12	0	1	6	1	6	5
	65+	1	11	3	0	0	0	1	1	2
Subpopulation	Serious Mental Illness	21	37	35	5	1	6	3	8	7
	Substance Abuse	27	44	37	4	3	5	6	7	20
	HIV/AIDS	6	2	4	0	0	1	0	0	0
	Physical Disability	13	15	23	2	1	1	3	3	1
	Veteran	13	12	13	1	0	3	1	7	9
	Domestic Violence	1	3	2	1	0	0	1	0	0

Source: Homeless Planning Council of Delaware

Table 11-3
NOT Chronically Homeless by County, 2006 Point-in-Time Count

		New Castle County			Kent County			Sussex County		
		Unsheltered	Emergency Shelter	Transitional Housing	Unsheltered	Emergency Shelter	Transitional Housing	Unsheltered	Emergency Shelter	Transitional Housing
NOT CHRONICALLY HOMELESS										
Sex	Female	12	31	21	7	18	5	4	7	6
	Male	69	56	63	9	18	35	14	26	32
Race & Ethnicity	Black	43	50	60	10	30	20	4	11	14
	White	32	32	19	6	4	18	12	17	16
	Other	4	2	2	0	1	0	1	2	3
	Asian	0	0	1	0	0	0	0	0	0
	Multi-Racial	2	3	2	0	1	2	1	4	5
Age	18 – 30	4	9	13	5	3	4	6	5	13
	31 – 49	47	50	48	7	26	24	9	25	22
	50 – 64	21	23	20	4	7	12	3	2	2
	65+	9	5	3	0	0	0	0	1	1
Subpopulation	Serious Mental Illness	13	7	11	8	3	5	5	0	2
	Substance Abuse	30	23	71	7	8	32	11	8	36
	HIV/AIDS	1	6	2	0	1	0	1	0	0
	Physical Disability	15	14	6	0	2	1	0	7	9
	Veteran	34	29	6	2	8	4	2	0	11
	Domestic Violence	0	7	3	0	3	1	1	0	0

Source: Homeless Planning Council of Delaware

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). Follow-up studies of the housing needs of persons served by state agencies and other programs showed that additional individuals are at risk of chronic homelessness for a total population of 2,003 people.

The HPC inventories housing programs for persons who are homeless. As reported in the DICH Ten-Year Plan, as of January, 2006, the system included 1,366 units of housing. In addition, there were 120 motel voucher certificates in use across the state.

- Emergency Shelter Beds: 532
- Seasonal Beds: 76
- Transitional Housing Beds: 471
- Permanent Supportive Beds: 277
- Current Total Inventory: 1,366

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

Table 11-4 highlights the need for additional beds by client group, by county. A combination of new construction of 648 new supportive housing units and 1,000 rental subsidies is needed to adequately house approximately 2,000 people who are chronically homeless or at risk of chronic homelessness. The need identified by the DICH was developed independently of and are in addition to the projected demand for 1,489 new affordable rental units identified in Part 2 of this *Housing Needs Assessment*.

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

Table 11-4
DICH Recommended Housing (#Beds) by Need and Client Type

	Client Types	Delaware	New Castle County	Kent County	Sussex County
New units of permanent housing for people with extremely low or no income to accommodate chronically homeless persons who are unsheltered, living in emergency or transitional housing.	Mental Health, Substance Use or other disability	294	215	32	47
New units of permanent housing for people with extremely low or no income to accommodate persons with mental health disorders who are currently unsheltered, living in emergency or transitional housing or living in the Delaware Psychiatric Center because they lack alternative housing with adequate supports.	Mental Health	99	72	10	17
New units of permanent housing and Safe Haven beds for people with extremely low or no income with substance use disorders who are unsheltered, living in emergency or transitional housing.	Substance Use	215	110	52	45
New units that can provide transitional housing for persons who have completed detox and are awaiting a residential treatment bed.	Substance Use	8	8	0	0
Rental subsidies that can provide housing for persons with substance use and mental health conditions.	Persons with mental health and substance use conditions, including those served in the DHSS CCCP	600	438	60	102
Rental subsidies that can provide housing for youth transitioning from foster care.	Youth leaving foster care. Vouchers are good for five years	200	146	20	34
Rental subsidies that can provide housing for persons re-entering from prison.	Offenders leaving prison with no housing options	200	146	20	34
New units of supportive transitional and permanent housing designed to serve young adults exiting foster care.	Young Adults Exiting Foster Care	10	10	0	0
New units of permanent housing needed to accommodate families where the head of household has a diagnosable mental health or substance use disorder and is accompanied by his/her children.	Families with Mental Health or Substance Abuse	18	18	0	0
New units of permanent housing needed to accommodate families where the head of household has a diagnosable mental health or substance use disorder and is accompanied by his/her children.	Families with Mental Health or Substance Abuse	12	0	6	6
Homeless Service Centers with immediate response capacity and temporary beds where persons can be admitted with no wait while screening, intake, and housing locator services are completed.	Individuals, including chronically homeless, with multiple challenges	25	18	2	5
Funding of match for existing SHP programs to maintain the 'floor' of housing for homeless and chronically homeless persons that currently exists.	Individuals, families, and youth exiting foster care; persons with HIV/AIDS, substance use and mental health conditions	330	314	10	6
	TOTAL Beds Needed	2003	1495	212	296

Source: Delaware Interagency Council on Homelessness (DICH)

i. **Veterans**

The 2005 American Community Survey (ACS) reported that there were 79,151 veterans in Delaware, 5,938 of whom were women. Veterans in Delaware have been disproportionately represented in Delaware's homeless population. In 2006, 11% of homeless adults (208 of 1,834) surveyed in the Point-in-Time study were veterans.

Housing assistance alternatives for disabled veterans are limited in Delaware. The point-in-time study indicated that, among all homeless residing in permanent supportive housing, six percent were veterans. This would account for approximately 17 of the 287 permanent supportive beds in the state. *Homelessness in Delaware*, completed in 2007, reports that about 13 percent of homeless adults are veterans.*

A new State VA Home in Milford will provide 150 beds for veterans requiring intermediate or long-term medical care. Although a fee is assessed for services, unlike a federal VA Home, Medicare and insurance is expected to be available to defray expenses. Beds will be allocated for assisted living and dementia as well as intermediate and shorter-term medically related intervention. Although long-term care will be part of the new facility's mission, it will not provide permanent housing for homeless veterans once their medical conditions are resolved. As such, it should not be considered a general housing resource for veterans in need of housing.

ii. **Youth Aging out of Foster Care**

Youth aging out of foster care can be at risk of becoming homeless. The Delaware Department of Services for Children, Youth, and Their Families (DSCYF) provides Independent Living services to assist youth ages 14 and older that are in foster care, and youth ages 18 to 21 who have exited foster care. The services are designed to promote self-sufficiency and responsible living for young adults who do not have the typical familial supports of other young adults. Youth receive training in life skills and personal development, mentoring, tuition assistance, and support with transitional living. Housing alternatives for youth include the Independent Living Program, the Apartment Lease Program, Home Host Agreements, and Transitional Housing. Each program offers financial support as well as related services to ensure the success of the youth.

The Delaware Division of Family Services (DFS) estimated the number of youth aging out of the Delaware foster care system from 2006 through 2009. In 2007, 73 youth are expected to come of age, 85 in 2008 and 56 in 2009. In addition, 34 children receiving services through the Division of Child Mental Health (CMH) and Division of Youth Rehabilitative Service (YRS) who have

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*Peuquet, Steven W., Robinson, C., Kotz, R. (2007). Homelessness in Delaware: Twenty Years of Data Collection and Research. Newark, DE: Center for Community Research and Service, University of Delaware, and the Homeless Planning Council of Delaware.

mental health, substance abuse and developmental disabilities are expected to age out in 2007, 43 in 2008 and 15 in 2009. The risk for homelessness is very high among this population.

Based upon these numbers and the expertise of DFS staff, the number of transitioning youth was projected to be 75 for each of the next six years. Additionally, it was estimated that half of the youth transitioning from foster care will require supportive housing services. The result, 225 youth, are the ones for whom adequate housing must be provided.

It is assumed that the projected homeless youth will require supportive housing services until age 21, and that one-third of these youth will continue to require supportive housing until age 23. This results in the number of projected new beds needed each year. After 2011, the number of new beds needed drops significantly, as the youth utilizing the housing supports transition out of the program into other permanent housing.

Table 11-5 below shows the population age 18 through 22 anticipated to require supporting housing services between 2006 and 2015.

Table 11-5
Total Youth Ages 18-22 Requiring Supportive Housing Services, 2006-2015

	Total Expected and Projected Youth Ages 18-22	Total Projected Homeless Youth Ages 18-22	Total Projected New Beds Needed Each Year
2006	29	15	15
2007	102	52	37
2008	177	89	38
2009	204	107	18
2010	206	132	25
2011	206	152	20
2012	225	156	4
2013	225	156	0
2014	225	163	6
2015	225	163	0

Source: Planning for Delaware's Transitioning Foster Youth, DFS, 2006

iii. Ex-Offenders Re-entering Society

Quantifying the housing issues for ex-offenders leaving prison and re-entering society has proven difficult. In its May 2007 analysis, *Stand Up for What's Right and Just* (SURJ) noted that data collected and reported by the Delaware Justice Information System is not prepared in a format that facilitates external analysis.[*] As shown in Table 11-6 below, the Homeless Point-in-Time survey showed that 1,428 adults had previously been incarcerated.

Table 11-6
History of Incarceration of Clients in DE-HMIS – 2006

Incarcerated in Past?	Number	Percent
Yes	1,428	32%
No	3,059	68%
Total: Adults	4,487	100%

Source: DE-HMIS, Homeless Planning Council of Delaware

Based on prison release data for 2004, 4,952 offenders were released from Level 5 custody. Additional details about the released population could not be gleaned from the data. However, national research does highlight the difficulties ex-offenders face when trying to secure housing upon re-entry. Sometimes this begins immediately upon release when an ex-offender is not provided any viable contacts to help locate suitable housing. It is noted that ex-offenders who are not able to locate adequate housing are more likely to re-offend.

Citing again from the SURJ 2007 report, the majority of ex-offenders live with family during re-entry. This arrangement may not provide a suitable environment for individuals going through the re-entry process. Other housing alternatives for ex-offenders include emergency shelters, transitional and supportive housing, public housing, and private market housing. The SURJ report identifies barriers that may make each alternative unworkable, as highlighted below:

- HUD funding for emergency shelters has shifted its focus to help the chronically homeless and people with disabilities. Ex-offenders may not fall into these categories.
- Shelters and transitional housing receiving McKinney-Vento funds may not house persons leaving any institutions, including correctional facilities, without adequate evidence that no alternatives exist. (Such evidence may be difficult to obtain.)
- Groups willing to provide transitional and supportive housing for ex-offenders often lack adequate financial resources. They might also face severe community hostility to plans for establishing homes for ex-offenders.

[*] SURJ and the Delaware Center for Justice. *Ex-Offender Re-entry in Delaware: A Report of the Delaware Re-entry Roundtable*. May 2007.

- Housing Choice Vouchers landlords are able to use their own discretion when deciding to accept or reject an applicant who has a criminal record. Public housing authorities (PHAs) have to consider federal standards when considering applicants and allocations of Housing Choice Vouchers, but depending on the nature of the criminal record, PHAs may be obligated to deny housing to certain ex-offenders for a period of time.
- Affordability is the most significant barrier for an ex-offender attempting to access housing in the private market.
- Lack of official identification, often a reality for ex-offenders, prevents access to many forms of housing. Although the State Department of Corrections issues photo ID cards to offenders upon release, the card may not be recognized as official identification by other agencies. For prisoners who have lost their driver's license or other identification during incarceration, this can be a serious setback.

Joseph Paesani of the Department of Corrections detailed the 2006 population in the prisons to the DICH. In March, 2006, there were 5,796 persons incarcerated in Delaware. There were also 17,574 persons on supervised probation or parole.

The Re-Entry Policy Council has drafted recommendations that will hopefully, reduce the recidivism of the population. In the period 1999-2001, Delaware received grant funds to undertake a re-entry project in which 919 offenders, ages 18 to 35 years old, who were serious and violent offenders, received intensive case management services. *The Delaware Serious and Violent Offender Reentry Project*, lead by the DHSS Division of Substance Abuse and Mental Health Services, targeted up to 300 offenders per year who were about to be released into the community from 2002-2005. The project targeted ex-offenders from the ages of 18 to 35 up to one year prior to release with intensive case management and community-based long-term support during and after their transition. More wrap-around services such as this will be needed to assure the community that the ex-offender can safely reside in the community once again.

iv. Persons With Drug & Alcohol Addictions

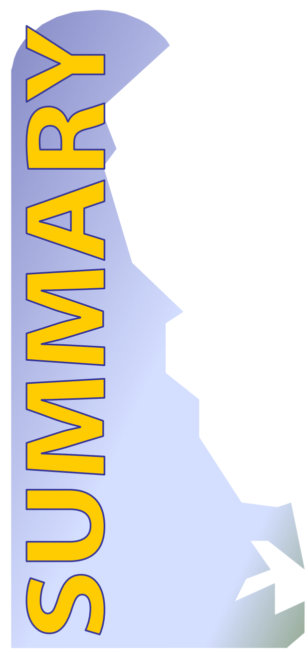
The State's Division of Substance Abuse and Mental Health (DSAMH) provides funding for services for persons with addictions and substance abuse issues. The year end total for 2005 showed 8,480 persons receiving services. Alcohol and heroin were the predominant substances being abused upon admission.

According to the January 2006 point-in-time study, over one-third of persons in emergency or transitional shelters reported substance abuse, with an even higher rate of addiction (nearly 50 percent) among non-sheltered homeless.

Brandywine Counseling, Inc. (BCI) is a substance abuse treatment agency based in Wilmington that provides counseling and related assistance to addicted persons and their families for chemical addiction and related problems. The agency is not a housing provider, but it does offer assistance in finding housing. Shay Lipshitz, the director of the agency's Sussex County program reports that some of BCI's homeless clients are able to find temporary housing in shelters but have no permanent housing plans after the 30-day maximum stay has passed. She reports that only about 10 percent are able to find housing solutions, a statistic that is reportedly typical for this population.

Delaware's newly adopted *Ten-Year Plan to End Chronic Homelessness and Reduce Long-Term Homelessness* emphasizes the state's system of outpatient substance abuse treatment which aims to engage and retain people in treatment. The plan states that, while these treatment efforts have successfully reduced the rate of hospitalizations and incarcerations, the lack of affordable and accessible community-based housing causes the rates of both to remain high.

3.11 / HOUSING NEEDS OF SPECIAL POPULATIONS
A. Homeless & Persons at Risk of Homelessness



- **Over the course of a year, more than 6,700 Delawareans will experience homelessness. Of the 1,834 persons counted in the January 2006 Point-in-Time survey, 294 were identified who met the HUD definition of chronically homeless.**

- **Mental health and substance abuse conditions are major risk factors for homelessness. Other groups identified at risk for homelessness include ex-offenders reentering the community, youth exiting foster care, veterans, and victims of domestic violence.**

- **The Delaware Interagency Council on Homelessness (DICH) is first addressing the 50% of people who are homeless in Delaware who are chronically homeless or at risk for chronic homelessness.**

- **The DICH's 10-Year Plan to End Chronic Homelessness includes the following five strategies: (1) Develop New Housing for Persons Who Are Chronically Homeless or At-Risk for Chronic Homelessness; (2) Remove Barriers to Accessing Existing Affordable Housing; (3) Improve Discharge and Transition Planning; (4) Improve Supportive Services for Persons who are Homeless; and (5) Enhance Data Collection and Use of Technology.**

- **The DICH planning process and 10-Year Plan identifies need for new construction of 648 supportive housing units and 1,000 rental subsidies to adequately house approximately 2,000 people who are chronically homeless or at risk of chronic homelessness.**

B. PERSONS WITH DISABILITIES

The U.S. Census defines a disability as a long-lasting condition, meaning six months or more. To further clarify, a disability is considered to be a condition that limits the ability of the person to perform one or more *activities of daily living* (ADLs). ADLs are functions and tasks for self-care that include bathing, dressing, eating, grooming, and other personal hygiene activities. *Instrumental activities of daily living* (IADL) are activities that support a person such as shopping, meal preparation, housekeeping, and money management.

Data collected by the Census falls into the following categories of disability:

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

Table 11-7 shows the 2005 ACS data for persons with disabilities in Delaware. The 2000 Census reported that the poverty rate in Delaware for persons with a disability age 16 to 64 was 13.61 percent. For persons with a disability age 65 and above, the rate of poverty was 7.4 percent. Nearly 50 percent of the persons age 16 to 64 living with a disability in Delaware reported not working. An update on poverty statistics for the disabled from the 2005 ACS indicates the rate of poverty for persons with a disability age 16 to 64 increased to19 percent; for those age 64 and above, the rate increased to 10.1 percent.

Table 11-7
Persons with Disabilities - 2005

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

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

i. Physical Disabilities

The housing needs of persons with physical disabilities are wide-ranging. Persons who can live independently with or without personal care support are addressed in this report. (Note: it is outside the scope of this study to project future needs for nursing homes or assisted living.) To maintain independent living, it is recognized that attendant care or assistance with the "Activities of Daily Living" may be needed but again, it is outside the scope of this report to detail the sources or types of programs or constraints on such assistance.

The Delaware Division of Aging and Adults with Physical Disabilities is working to move individuals with physical disabilities into their own homes. This program, called the Delaware Passport to Independence (DPI) has counseled many persons living in 43 of the 45 nursing homes in the state about community options. Of the 46 persons seen during the 2003 - 2005 grant period, 16 individuals transitioned from a nursing home to the community. A full-time caseworker is continuing this transition work. Affordable, accessible housing is cited as a major barrier to successful transitions.

Independent Resources, Inc. (IRI), a Center for Independent Living, has transitioned 25 individuals into the community. Many more individuals would like to live in community-based arrangements. The Minimum Data Set compiled by the Center for Medicaid and Medicare Services for the 2nd quarter, 2007, indicates that 20.4 percent or 792 of 3,886 people living in nursing homes indicate a preference to return to the community. The data does not indicate whether affordability issues or attendant care needs prevent their transition.

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

The Americans with Disabilities Act (ADA) requires that rental units in buildings of more than 10 units be made accessible for persons with disabilities or that occupants be allowed to make modifications that will not be permanent or damaging to the structure. DSHA has equipped units in various developments to accommodate the needs of persons with disabilities. As of January 2007, there were 82 households on the waiting list for units that identified a disability. The Dover Public Housing Authority reported 35 persons on its waiting list; Wilmington reported 193 on its waiting list. (The City of Newark and New Castle County each have their own housing authorities, however, and as small authorities, the prescribed form for their annual plans does not include waiting list information.)

Of the state's 5,500 tax credit units, 275 housing units have also been made accessible (110 for persons with hearing impairments).

ii. Developmental (Mental) Disability

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

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

A national study, *State of the States in Developmental Disabilities 2005* prepared by the Department of Psychiatry and Coleman Institute for Cognitive Disabilities of the University of Colorado, identified persons served in institutional settings, nursing homes and Intermediate Care Facilities (ICF) from 1992 to 2004. The report showed the trend away from institutions and toward community-based facilities, placing greater demand on the housing stock for more units.

In the study, the population placed in intermediate care programs increased over 9 percent between 1992 and 2004. Meanwhile, the increase in "other residential" settings was fewer than 6 people. The number of persons served in larger ICFs with more than 16 persons increased from 46 to 55, while the number in state institutions and fell from 325 to 147 persons. The nursing facilities population was cut in half from 82 persons to 41 persons.

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

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

iii. Emotional (Mental Health) Disabilities

The Department of Health and Social Services (DHSS) Division of Substance Abuse and Mental Health (DSAMH) is the state agency that administers programs addressing the needs of persons with emotional disabilities. Using the estimation methodology published by the Center for Mental Health services, DSAMH estimates a 12-month prevalence of adults with serious mental illness residing in Delaware of 33,736. The prevalence of adults with severe and persistent mental illness is estimated at 16,860. In FY 2006, 5,805 unduplicated adults with serious mental illness were receiving mental health services providing by DSAMH. Of this number, 2,469 unduplicated adults with severe and persistent mental illness received clinic-based and intensive community support services through DSAMH.

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

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

The NAMI Score Card for the State of Delaware states, “housing is an area of strength,” relative to other places. But although Delaware provides consumers with a continuum of options, there are still unmet housing needs for the mentally ill. NAMI-DE maintains a waiting list of persons seeking housing. Their list, as of June 2007, included 61 persons in New Castle County, 9 persons in Kent, and 4 in Sussex. Mental illness is a major risk factor for homelessness and persons with mental illness are consistently overrepresented in the homeless population. Over 40 percent (123 of 294) individuals who met the definition of chronically homeless as of the point-in-time study conducted in January 2006 had a serious mental illness. A total of 469 individuals (25.6 percent of the total) counted in the point-in-time study reported serious mental illness. Community support services beyond the simple provision of housing are a critical component of a successful strategy for addressing the needs of this special population.

iv. Actions to Address Housing Needs for Persons with Disabilities

Several groups have been exploring housing needs for persons with disabilities. The Department of Health and Social Services (DHSS) is the key state agency for administering state and federal programs that impact persons with disabilities. Several divisions with the Department coordinate these funding streams. The Division of Medicaid and Medical Assistance (DMMA); the Division of Services for Aging and Adults with Physical Disabilities (DSAAPD), The Division of Developmental Disabilities Services (DDDS), and the Division of Substance Abuse and Mental Health (DSAMH) each operate long-term care facilities and programs that provide housing for persons with disabilities in the community. In addition, the Division of Public Health (DPH) administers 3 of the state run long-term intermediate and nursing care facilities with 592 beds.

The Delaware State Housing Authority, in preparation for this study, compiled information from several reports of various agencies that address housing needs of persons with disabilities. Outreach to these organizations was conducted through the Governor's *Commission on Community-based Alternatives for Individuals with Disabilities*, which was created in by Executive Order 50 and signed by Governor Ruth Ann Minner on September 22, 2003. The purpose of the Commission is to make recommendations on ways to improve state infrastructure, systems, supports, and services to maximize community inclusion for persons with disabilities. Membership of the Commission includes the state legislature; state agencies; advocacy groups, consumers, and providers of services to individuals with disabilities

The 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.

v. Persons with Disabilities in Institutions

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

Working with the *Delaware Governor's Commission on Community-based Alternatives for Individuals with Disabilities*, the Lewin Group was contracted to evaluate the manner in which individuals access services—either in institutions or in the community—and whether there exist policies or procedures that favor institutional placement over home and community-based services.

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

The resulting report, *Money Follows the Person Study*, outlines various options for moving persons from Long-term Care (LTC) to community-based housing. The Money Follows the Person Demonstration project, *Finding a Way Home,* administered by the Department of Health and Social Services with partial federal funding from the Centers for Medicare and Medicaid Services (CMS), will seek to transition100 persons from LTC facilities over 5 years. The Housing Subcommittee of the Commission has defined a goal to provide housing to 2,123 individuals of the 2,985 currently homeless (identified through their own research) residing in institutions or at risk of institutionalization.

Currently institutionalized populations include those residing in nursing homes and other arrangements as discussed below.

a. Nursing Homes

- There are 4,983 licensed nursing home beds according to the Delaware Department of Health and Social Services, Division of Long-term Care Residents Protection website.
- Four state facilities are on the list: the Stockly Center with 116 beds in Georgetown, Emily P, Bissell Hospital with 100 beds in Wilmington, the Governor Bacon Health Center with 94 beds in Delaware City, and the Delaware Hospital for the Chronically Ill with 397 beds in Symrna.
- According to the Kaiser Family Foundation's health statistics web page, there was 82.3 percent occupancy of nursing home beds in 2005.
- Nearly 60 percent of DE residents in nursing homes are paid for by Medicaid, which means they are low-income with very few assets; 16 percent are paid for by Medicare, which usually means it's a short term rehabilitation stay, and 25 percent are private pay.
- The Minimum Data Set, a client survey instrument, indicates that as of the 2nd quarter of 2007, 20.4 percent of people living in nursing homes (792 of 3,886) would like to live independently. The survey does not indicate what barriers prevent those individuals from doing so.

b. Intermediate Care Facilities

- The Mary Campbell Center in Wilmington was established in 1976 and provides residential and respite care services for persons of all ages with special needs; day activities and special programs for children and youth. The individuals who use their services have disabilities which pose a daily challenge. The facility houses 65 individuals.
- The Mary Campbell Center provides long-term, short-term, and temporary respite care for individuals with disabilities such as cerebral palsy, muscular dystrophy, spina bifida, multiple sclerosis, mental retardation, and post trauma injuries.
- There are two additional beds set aside for Respite Care, which is a short term stay from overnight to two months in duration. This program provides care and assistance for individuals who normally live in their own community allowing them and/or their caregivers to "get a break."

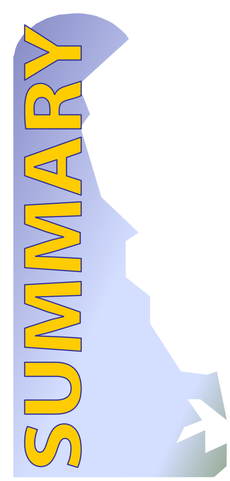
c. Facilities for those with Emotional (Mental Health) Disabilities

- The Delaware Psychiatric Center provides inpatient services with intensive psychiatric treatment and rehabilitation for individuals who are severely mentally ill. The current bed count is 281 beds.
- Beds are sub-divided to serve three discrete populations. The first population consists of 200 long-term beds in the Psychiatric Hospital. The second population is a 42 bed forensic program. The third population is a 39 bed psychiatric nursing facility.
- The average daily census count is currently 247 beds. DSAMH has reduced the available bed count in DPC 23 percent since December 1999, when the DPC bed number peaked at 362.

d. Assisted Living & Medicaid Waivers:

- DSAAPD currently has 330 slots for Medicaid waiver assisted living with an unduplicated count of 217 actual residents using the slots as of July 2007.
- At any one time, about 150 residents are living in assisted living in these slots. Some residents are not in assisted living for the whole year because they move in and out at different times of year so the slot is taken for that year, even if they are living there for only a few months.
- The assisted living facilities that accept the Medicaid waiver include 7 in New Castle County, 3 in Kent County, and 5 in Sussex County, including up to 20 slots for residents with brain injuries at Peach Tree and 15 slots for residents with Alzheimer's Disease at the Stockly Center.

3.11 / HOUSING NEEDS OF SPECIAL POPULATIONS
B. Persons with Disabilities



- **A wide variety of groups with specific needs fall under the heading "persons with disabilities," and there is a shared overarching need for housing that is affordable and accessible.**
- **Many persons with disabilities have extremely limited and fixed incomes that make securing safe, decent, and accessible housing close to impossible without assistance. As in many other areas, federal assistance is limited and supports like SSI do not provide sufficient income to maintain housing.**
- **The lack of affordable and accessible housing is also a major barrier to efforts to transition individuals currently living in institutions into the community.**

C. Persons with HIV/AIDS

As shown in Table 11-8 below, as of April 2007, 3,185 persons in Delaware were living with HIV or AIDS. New Castle residents represent 70 percent of the total. Nine percent were living in Kent County, and 18 percent were residing in Sussex County. Nearly one percent had no known county of residence.

Table 11-8
HIV/AIDS Populations by Gender and County, 2007

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

Source: State of Delaware, Department of Public Health

The Delaware HIV Consortium provides services to persons living with HIV and AIDS and their families. One in four persons responding to a survey of 278 clients conducted by the Delaware HIV Planning Council in 2006 indicated they needed help finding affordable housing. In New Castle County, 24 percent indicated they had been homeless for at least one night in the prior 12 months; 20 percent in Kent County had experienced homelessness.

The U.S. Department of Housing and Urban Development, through the Housing Opportunities for Persons With AIDS (HOPWA) grant, provides some housing assistance funding for the HIV/AIDS population. Tenant-based rental assistance provides on-going rent subsidies to 191 households, but overall, the lack of affordable housing creates a serious health issue for persons living with HIV/AIDS. Nutrition and medication needs cannot be met without stable housing that includes refrigeration. Without adequate foods and a regular medical regime, the disease progresses more rapidly.

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

The cyclical nature of the HIV/AIDS disease creates unstable housing situations. When the person is symptomatic with the disease, it may be difficult to work and to perform the "Activities of Daily Living" (defined earlier) unaided. The co-occurrence of drug use and mental health problems exacerbates the problem. Housing assistance must be flexible and include case management to manage stability. Transportation and accessibility of services are also particular challenges for persons living with HIV/AIDS in Kent and Sussex Counties.

D. Victims of Domestic Violence

Information on the number of persons who are victims of domestic violence was drawn from the 2006 Annual Report of the Domestic Violence Coordinating Council (DVCC), a state agency legislatively created in 1993 to improve Delaware's response to domestic violence. The Coordinating Council brings together domestic violence service providers and policy level officials to identify and implement improvements in system response through legislation, education, and policy development. In 2005, as reported by the State Bureau of Identification in the Annual Report of the Domestic Violence Coordinating Council, the total number of domestic violence incidents in Delaware (combined criminal and non-criminal) was 27,569. This is a slight increase from 27,477 reported in 2004, but an increase of 2.5 percent over the number reported in 1998.

Not all victims of domestic violence require housing assistance. Many remain in their homes or are able to find other housing. For those who must seek safety outside their home, there are four shelters located throughout Delaware and one transitional housing facility. The Annual Report states, "women and their children find a temporary home, where they can receive assistance with safety planning and information on criminal and civil process, participate in support groups and individual counseling, and find assistance in locating employment and permanent housing." These facilities provide 56 beds that are detailed in the section on homelessness.

Other shelters also house victims of domestic violence, although not exclusively. During 2005, the Commission's Annual Report identified 541 women and children in shelter programs, which represented 284 women and 237 children. Table 11-9 below shows data for the resulting domestic violence-related housing needs. These statistics reflect a cumulative annual tabulation of those who were sheltered during the reporting year.

Table 11-9
Domestic Violence Shelter Occupancy, 2005 (Cumulative)

	Delaware	New Castle	Kent/Sussex
Women	284	162	122
Children	237	119	118

Source: DVCC Annual Report, 2006

The Point-in-time Study for 2006 of the Homeless Planning Council of Delaware detailed the number of persons who were victims of domestic violence that were living in emergency shelter, transitional housing, permanent supportive housing or unsheltered on the night of the Point-in-time Count in January 2006. Table 11-10 shows similar data as Table 11-9, but the source is the 2006 Point-In-Time survey.

Table 11-10
Point-in-Time Homeless Count for Victims of Domestic Violence, 2006

	Delaware	New Castle	Kent	Sussex
Women	47	23	19	5
Children	28	13	14	1
Unsheltered	4	1	1	2

Source: 2006, Point-in-Time Survey, Homeless Planning Council of Delaware

The Violence Against Women Act of 2007 highlights the need for public agencies to recognize the specific needs and protections of women who have been victims of domestic violence, date rape, and stalking. Public housing authorities, as well as recipients of HUD funds, must report on the housing needs of victims and offer specific protections in their rights to obtain and maintain housing. Over the course of a single year, nearly 300 households required housing. These households often have a very low income for a period of time until their situation can be stabilized.

E. MIGRANT & SEASONAL WORKERS

In June 2005, Mullin and Lonergan Associates, Inc., prepared a study for The National Council on Agricultural Life and Labor Research, Inc. (NCALL) detailing the housing needs for farmworkers on the Delmarva Peninsula. NCALL provides technical assistance to non-profit housing development corporations in developing housing for farmworkers on the Delmarva Peninsula. The Delmarva Peninsula includes Delaware as well as five counties in Maryland and two in Virginia. The farmworker population on the Peninsula is changing. Government financed housing for farmworkers requires that they be permanent legal residents of United States. Certain employment programs allow for the provision of temporary status to farmworkers brought into the area for employment, but housing must be privately financed.

Farmworkers are often isolated from the communities where they live and work. A consequence of the isolation is the general lack of information on farmworker demographics, economic conditions, and housing conditions. Information on farmworkers as a distinct population is not available through the U.S. Census Bureau. The Delmarva Peninsula's Hispanic population has grown, largely as the result of immigrants from Mexico and other Central American countries who work as farm laborers. The key findings of M&L's report were as follows:

- The percentage of farms with hired farm labor was highest in Sussex County at 46 percent; 25 percent in Kent County.
- Over 5 percent of the farms in Kent County employ migrant farm labor while less than 2 percent of the farms in Sussex County employ migrant farm labor. All of the USDA 514/516 units for farmworkers in Delaware are in Sussex County.
- *Findings from the National Agricultural Workers Survey* (NAWS) reports that nationally, 78 percent of farmworkers are foreign-born. In Sussex County, 55.4 percent of Hispanic residents are foreign-born Hispanics, while in Kent County, 20 percent are foreign-born.
- NAWS finds that 47 percent of farmworkers are US citizens, legal permanent residents, or employment-eligible on some other basis. Within Delaware, similar patterns among foreign-born are seen among citizenship status. In Sussex County, 52 percent are U.S. citizens, while in Kent County, 87 percent are U.S. citizens.
- NAWS reports that 44 percent of all farmworkers do not speak English at all and 26 percent speak it a little. In Kent County, over one-fourth of the Hispanic population (37 percent) do not speak English well or at all. In Sussex County only 8 percent over age 5 do not speak English well or at all.
- As reported by NAWS, the median highest grade of schooling completed by farmworkers is 6th grade; 13 percent have completed less than three years of school and only 13 percent completed the twelfth grade. In Kent County, 27 percent of the Hispanic persons age 25 and over lack high school diplomas, while in Sussex County, 62 percent lack a HS diploma.
- NAWS indicates that 38 percent of US-born farmworkers own or are buying their housing while 11 percent of foreign-born farmworkers own or are buying their home.
- *No Refuge from the Fields: 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 median monthly income.

Table 11-11 below is from the 2005 NCALL study. It highlights data related to the migrant working population. The number of farms in Delaware suggests that Kent and Sussex Counties have a greater need for assisted farmworker rental units then New Castle. Kent County, with a greater percentage of farms with migrant labor in combination with a greater percentage of overcrowded Hispanic households and cost-burdened renter households, has a greater need than Sussex County.

Table 11-11
Farm Population, Hispanic Population, & Assisted Rental Housing by County – 2000

	Kent County	Sussex County
FARMS		
Total	721	1,312
Average size (acres)	257	216
Farms with hired labor	181	606
% of total farms	25.1	46.2
Total hired farmworkers	927	2,112
Farms with migrant labor	38	24
% of total farms	5.3	1.8
Migrant and seasonal farmworkers	Not reported	
TOTAL POPULATION		
Total population	126,697	156,638
% increase from 1990	14.1	38.3
HISPANIC POPULATION		
Total	4,278	6,736
% of total	3.3	4.3
% increase from 1990	68.4	356.4
% foreign-born	20.3	55.4
% not a citizen	12.6	48.4
% age 5 and over do not speak English well or at all	8.2	37.4
% age 25 and over lack HS diploma	27.2	62.2
Total employed in agriculture	35	122
% of employed	2.2	4.3
% unemployed	8.3	8.1
Median family income ($)	35,030	33,239
% below poverty	14.9	27.2
% renter	49.2	61.4
% cost burden - owners - renters	16.2 34.2	16.2 29.9
% crowded	51.3	35.8
ASSISTED RENTAL HOUSING UNITS AND FARMWORKER HOUSING		
Total assisted rental units	2,722	3,042
% of total rental units	19.2	25.2
Assisted seasonal farmworker housing units (USDA 514/516 subsidized)	0	18
Assisted migrant farmworker housing units	0	32
Unassisted farmworker units	Not reported	

Source: U.S. Census Bureau, National Agricultural Workers Survey (NAWS), Housing Assistance Council, Mullin & Lonergan Associates.

12. WORKFORCE HOUSING

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 for that time period.* The result has been an increasing number of households for whom finding affordable housing in the communities where they work is a challenge. Even for double-income households, the push some have felt to spend beyond their means has led in part to the deepening subprime lending and mortgage foreclosure crisis. Understanding the details of the mismatch between wages and housing costs is the subject of this section of the *Housing Needs Assessment*.

"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, yet, as we will see, are having 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. The simultaneous challenge is to provide the supply the educated workers many of these industries require. 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 may 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. Numerous lower-wage and low-skill jobs will remain, many of which are integral to the overall economy.

These are the 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. Their jobs require various levels of training but often not advanced degrees. As such, they earn lower wages and salaries than their counterparts in the higher knowledge sectors. Nevertheless, the "new economy" could not function without them, nor can the "new economy" function without the occupations that form core institutions and provide core

* 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.

services in a community: teachers, emergency workers and first responders like police and paramedics, and health care workers.

As was discussed in Part 1 of the *Housing Needs Assessment*, Delaware, like much of the nation, has not replaced its high-paying manufacturing jobs of yesterday with the high-tech jobs of today at a 1 to 1 ratio. In turn, the larger and faster growing segments of the job market are in many of the lower-paying industries referenced above and in Part 1, including Retail Trade, Administrative and Waste Services and Accommodation and Food Services. Their growth in number has coincided with inflation in housing costs across Delaware that has outpaced wage growth.

A. HOMEOWNERSHIP AFFORDABILITY

i. Ratio of Price to Median Income

A first step in understanding workforce housing issues in Delaware is to compare overall income to home prices. 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."

Table 12-1 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.

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* In Part 2 of the *Housing Needs Assessment*, Table 1-1 lays out basic standards used by DSHA to estimate affordability. 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 12-1
Income/Home Price Comparison – 2000 and 2007

	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 2005 American Community Survey; New Castle and Kent County Board of Realtors, Sussex County Association of Realtors, eNeighborhoods

ii. Ratio of Price to Workforce Household Income

The purpose of analyzing the ratio of median price to median income is to demonstrate the increased difficulty middle-income households face in achieving homeownership. But who are "middle-income households" in real terms? To answer this, we turn to the concept of workforce households. As stated above, workforce households include teachers, police officers, firefighters, health care workers, retail clerks, administrative personnel, and others, all of whom are essential to the economic vitality of the state and the success of its corporations, institutions, and governmental services.

Based on average income for these professions, a standard benchmark for defining a "workforce household" is annual income at or below 120 percent of median income. Incomes at this level usually reflect the potential earnings of experienced professionals in the aforementioned careers. Logically, then, "workforce housing" is housing that is affordable to households with income at or below 120 percent of median income.

A NOTE ABOUT THE DATA

In this discussion, median household income as reported by the U.S. Census Bureau is used for measuring housing affordability. This number is inclusive of family and non-family households.

The HUD area median family income (MFI) discussed throughout Part 2 of the *Housing Needs Assessment* is based on an arithmetic estimate of family households; non-family households are not included in the calculation. MFI is also used in the county comparisons presented in subsection 4C below in relation to housing wage gaps.

Table 12-2 shows the calculation by county of 120 percent of 2005 median household income. It goes on to show how many households earned incomes at that level in order to get a sense of how many households are "workforce households." Combined, the three counties total 188,110 Delaware households earning at or below 120 percent of median. In other words, nearly 60 percent of Delaware's 317,640 households are workforce households.

Table 12-2
Households with Income at or Below 120 Percent of Median - 2005

	New Castle County		**Kent County**		**Sussex County**	
2005 Median Household Income (U.S. Census)	$59,270		$48,282		$44,942	
80% of Median	$47,416		$38,626		$35,954	
115% of Median	$68,161		$55,524		$51,683	
120% of Median	$71,124		$57,938		$53,930	
	Households	**% of Total Households**	**Households**	**% of Total Households**	**Households**	**% of Total Households**
Less than 80% of Median	77,021	39.9	20,367	37.9	27,166	38.4
80% to 100% of Median	18,961	9.8	6,274	11.7	8,196	11.6
101% to 115% of Median	6,083	3.1	3,619	6.7	5,562	7.9
116% to 120% of Median	12,499	6.5	1,093	2.0	1,269	1.8
Total <=120% of Median	114,564	59.3	31,353	58.3	42,193	59.7
Total households	193,255		53,731		70,654	

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

The 2005 ACS reported that median household income in Delaware was $52,499. At 120 percent, households earning up to $62,999 would be considered "workforce households." Using the same affordable housing assumptions footnoted above taken from Table 4-1 of Part 2 of the *Housing Needs Assessment* (instead of the price/income ratios presented above in Table 12-1), a household earning $62,999 would qualify for a mortgage in the amount of $182,620. Meanwhile, as shown earlier in Table 12-1, in each of Delaware's three counties, median sale prices in 2006 were near and above $200,000.

According to the American Community Survey, of 5,253 vacant for-sale units in the state in 2005, more than half were valued greater than $200,000. Between 2000 and 2005, units valued under $100,000 have decreased from about 36 percent of the units to just 17 percent of the units. Units valued at $500,000 or more increased from 1.4 percent to 6.6 percent.

The dream of homeownership is increasingly out-of-reach to the large segment of workforce households earning at or below 120 percent of median income. Using the 2005 ACS county median household incomes (shown in Table 12-2 above) and the qualifying mortgage amount assumptions from Part 2, Table 4-1, footnoted earlier, the following gives an indication of how far out-of-reach homeownership has become.

- In New Castle County, 120 percent of the 2005 median household income equals $71,124; the qualifying mortgage amount is $209,081. Based on the 1st quarter 2007 median home price of $230,000, the median priced house exceeds the maximum mortgage amount affordable to a workforce household by nearly $20,000.

- In Kent County, 120 percent of the 2005 median household income equals $57,938; the qualifying mortgage amount is $166,140. Based on the 1st quarter 2007 median home price of $195,000, the median priced house exceeds the maximum mortgage amount affordable to a workforce household by roughly $30,000.
- In Sussex County, 120 percent of the 2005 median household income equals $53,930; the qualifying mortgage amount is $153,087. Based on the 1st quarter 2007 median home price of $260,000, the median priced house exceeds the maximum mortgage amount affordable to a workforce household by over $100,000.

B. DELAWARE WORKFORCE CHARACTERISTICS

Part 1 of the *Housing Needs Assessment* presented an overview of wage and employment statistics prepared by the Delaware Department of Labor Office of Occupational & Labor Market Information (OOLMI).* Table 1-10 in Part 1 presents the rankings in terms of projected new employment growth for 22 industries. To recap, from 2004-2014 several industries with comparatively low wages will continue to experience strong annual growth (Retail Trade, Accommodation and Food Services), while jobs in some higher-wage industries will decline (Utilities and Manufacturing).

- Health care and social assistance is expected to generate the largest increase in total number of jobs. Average wages for workers in this industry are only slightly below the overall state average wage. In 2006, the average wage for jobs in this industry classification was $43,829.
- Retail trade, which is one of the state's lowest-paying industry sectors on average is projected to provide the second highest total of net new jobs. In 2006, the average wage for jobs in this industry classification was $25,013.
- Accommodation and food services is expected to add the third highest total jobs. It is also one of Delaware's lowest paying industries. In 2006, the average wage for jobs in this industry classification was $16,184.
- Educational Services is expected to add the fourth highest total jobs. In 2006, the average wage for jobs in this industry classification was $36,016.
- Finance and insurance**,** which is Delaware's largest industry in terms of contribution to Gross State Product and one of its highest-paying industries, is projected to grow at a slower pace over the next 10 years than it has over the previous 20 years. In 2006, the average wage for jobs in this industry classification was $84,616.

* DE Department of Labor, Office of Occupational and Labor Market Information (OOLMI), *Delaware 2014*, April 2007.

- Manufacturing is projected to continue its decline. This means the loss of relatively high paying jobs. In 2006, the average wage for jobs in this industry classification was $54,107, ranking it the 6th highest average annual wage.

C. HOUSING WAGE GAPS

The labor market for each county comprises a wide array of professions. In order to demonstrate how housing costs may not be affordable to Delaware's workers, several key professions have been selected for closer examination below. The professions include childcare workers, pre-school teachers, elementary school teachers, registered (or licensed practical) nurses, emergency medical technicians, police officers, retail sales-persons, and retail managers. Some of them represent growing employment sectors mentioned above.

In the county discussions below, median pay levels for each profession are compared to median housing costs for each county. 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.

For the purpose of the analysis, the median income for workers with mid-level experience in each profession was used. Incomes at the mid-level of these professions are below the overall median family income in each area. In some cases, this means there is a gap between the fair market rents and what households can afford. In nearly all cases, such a gap exists between median price and what they can afford. These gaps are shown in the tables.

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.

In large part, the subprime lending industry emerged to serve this market. Its collapse is currently unfolding, as is the closely related mortgage foreclosure crisis discussed in Part 2. One consequence of this upheaval will be a dramatic reduction in the credit available for lower income households hoping to purchase a home. (More consequences of the lack of affordable housing for the workforce are discussed in subsection E.)

[*] Fair market rent calculations include utility costs.

i. New Castle County Housing Wage Gap Analysis

Table 12-3 shows the comparison of the eight selected professions, their relative incomes, and the affordability gaps those incomes yield in the current rental and for-sale housing market in New Castle County. The table begins by showing the 2007 area median family income and an affordable rent and home price for that income level. This is compared to fair market rents (as calculated by HUD) and the median home price (as reported by eNeighborhoods for the 1st quarter of 2007) to calculate the gaps. Highlights are as follows:

- The median annual pay for a childcare worker in New Castle County is \$19,573. An affordable monthly rent for such a worker would be \$489 per month, or \$284 less than the 1 bedroom 2007 FMR for New Castle County; \$434 less than the 2 bedroom FMR; and \$616 less than the 3 bedroom FMR. An affordable mortgage would be \$41,196, or \$188,804 less than the median home price for New Castle County as of the 1st quarter of 2007.
- The median annual pay for a pre-school teacher in New Castle County is \$25,085. An affordable monthly rent for such a worker would be \$627 per month, or \$146 less than the 1 bedroom 2007 FMR for New Castle County; \$296 less than the 2 bedroom FMR; and \$478 less than the 3 bedroom FMR. An affordable mortgage would be \$59,147, or \$170,853 less than the median home price for New Castle County as of the 1st quarter of 2007.
- The median annual pay for a police officer in New Castle County is \$51,979. An affordable monthly rent for such a worker would be \$1,298 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be \$146,733, or \$83,267 less than the median home price for New Castle County as of the 1st quarter of 2007. Although a single-income police officer household would be able to rent within the county, homeownership would be out of reach.
- The median annual pay for a retail salesperson in New Castle County is \$20,093. An affordable monthly rent for such a worker would be \$502 per month, or \$271 less than the 1 bedroom 2007 FMR for New Castle County; \$421 less than the 2 bedroom FMR; and \$603 less than the 3 bedroom FMR. An affordable mortgage would be \$42,889, or \$187,111 less than the median home price for New Castle County as of the 1st quarter of 2007.

Table 12-3
New Castle County, Housing Wage Gap Analysis

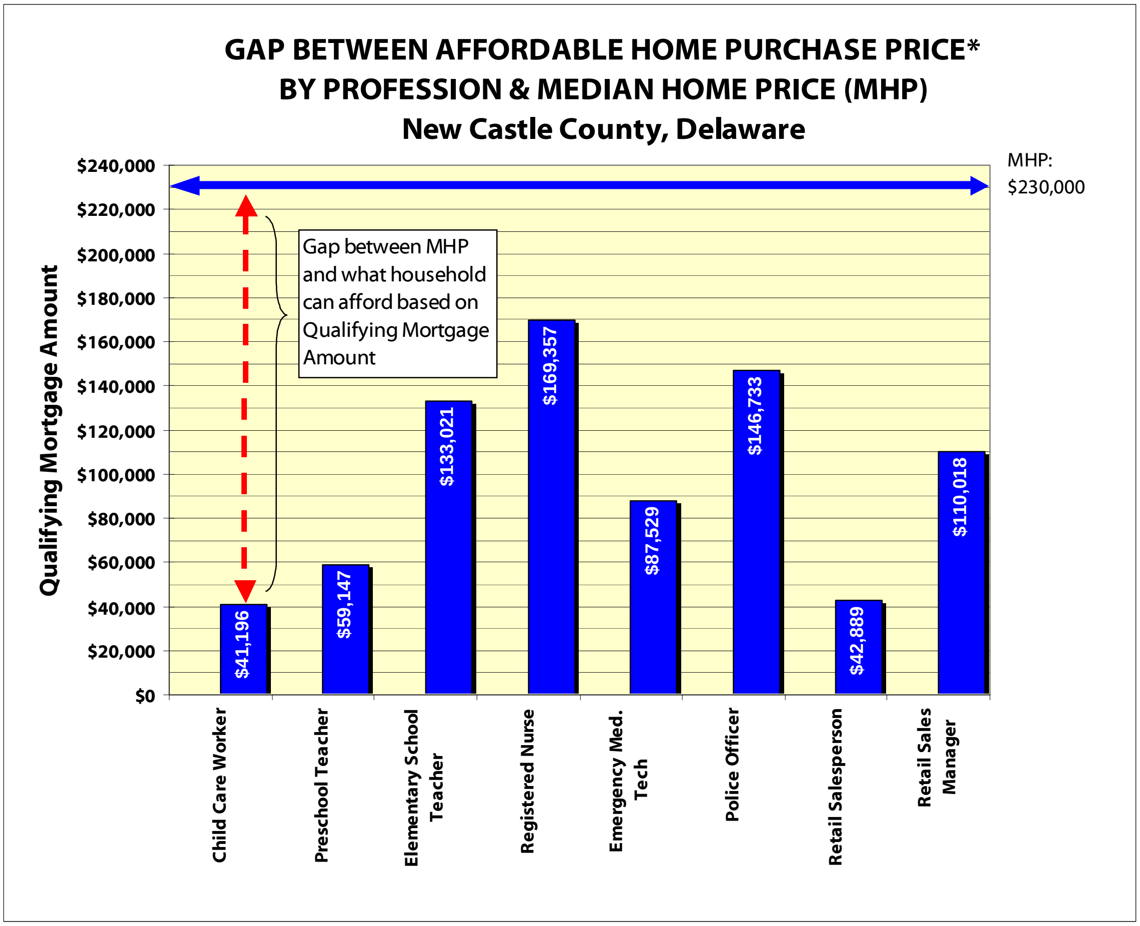
	Affordable Housing Thresholds		Fair Market Rent & Median Home Price		Surplus or (Gap)
2007 HUD MFI *Median income for a New Castle County family of four:* $71,600	**Affordable Rent** *(One-third of monthly income for rent)*	$1,790	1 Bedroom FMR, 2007	$773	$1,017
			2 Bedroom FMR, 2007	$923	$867
			3 Bedroom FMR, 2007	$1105	$685
	Affordable Home Price *(Qualifying Mortgage Amount)*	$210,631	MHP, 1st Quarter, 2007	$230,000	**($2,406)**

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

Selected Professions and Housing Wage Gap Analysis, 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	$110,018
	Gap w/ MHP ($)	**(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 12-3 continued)

Dual Income Household and Housing Wage Gap Analysis, New Castle County

	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	$1,680
RENTERS	Surplus or (Gap) 1-BR FMR ($)	1,016	699	1,998	243	648	907
RENTERS	Surplus or (Gap) 2-BR FMR ($)	866	549	1,848	93	498	757
RENTERS	Surplus or (Gap) 3-BR FMR ($)	684	367	1,666	**(89)**	316	575
HOMEBUYERS	**Can afford this home price . . .**	$210,475	$169,222	$338,365	$109,815	$162,583	$196,250
HOMEBUYERS	Gap w/ MHP ($)	**(19,525)**	**(60,778)**	**108,365**	**(120,185)**	**(67,417)**	**(33,750)**

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

Also shown in Table 12-3 are dual-income household scenarios which show that housing wage gaps still exist in certain hypothetical situations. Below are several illustrative points:

- The median annual pay for a household comprising a childcare worker and a police officer in New Castle County is $71,552. An affordable monthly rent for such a household would be $1,789 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be $210,475, or $19,525 less than the median home price for New Castle County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a pre-school teacher and an EMT in New Castle County is $58,885. An affordable monthly rent for such a household would be $1,472 per month, exceeding the fair market rent. However, an affordable mortgage would be $169,222, or $60,778 less than the median home price for New Castle County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a retail clerk and a pharmacy technician (not included separately) is $40,643. This household can afford monthly rent of $1,016. One- and two-bedroom fair market rents are affordable; three-bedroom units are not. An affordable home price would be $109,815 -- $120,185 less than the median home price as of the 1st quarter of 2007.

ii. Kent County Housing Wage Gap Analysis

Shown in Table 12-4 is a comparison of the eight selected professions, their relative incomes, and the affordability gaps those incomes would yield in the current rental and for-sale housing market in Kent County. The table begins by showing the 2007 area median income and an affordable rent and home price for that income level. This is compared to fair market rents (as calculated by HUD) and the median home price (as reported by *eNeighborhoods* for the 1st quarter of 2007) to calculate affordability gaps. Key points follow:

- The median annual pay for a childcare worker in Kent County is \$16,765. An affordable monthly rent for such a worker would be \$419 per month, or \$221 less than the 1 bedroom 2007 FMR for Kent County; \$290 less than the 2 bedroom FMR; and \$508 less than the 3 bedroom FMR. An affordable mortgage would be \$32,051, or \$162,949 less than the median home price for Kent County as of the 1st quarter of 2007.
- The median annual pay for a pre-school teacher in Kent County is \$20,405. An affordable monthly rent for such a worker would be \$510 per month, or \$130 less than the 1 bedroom 2007 FMR for Kent County; \$199 less than the 2 bedroom FMR; and \$417 less than the 3 bedroom FMR. An affordable mortgage would be \$43,905, or \$151,095 less than the median home price for Kent County as of the 1st quarter of 2007.
- The median annual pay for a registered nurse in Kent County is \$54,122. An affordable monthly rent for such a worker would be \$1,353 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be \$153,710, or \$41,290 less than the median home price for Kent County as of the 1st quarter of 2007. Although the registered nurse would be able to rent within the county, homeownership would be beyond his or her reach.
- The median annual pay for a police officer in Kent County is \$48,714. An affordable monthly rent for such a worker would be \$1,218 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be \$136,098, or \$58,902 less than the median home price for Kent County as of the 1st quarter of 2007. Although a single-income police officer household would be able to rent within the county, homeownership would be out of reach.

Table 12-4
Kent County, Housing Wage Gap Analysis

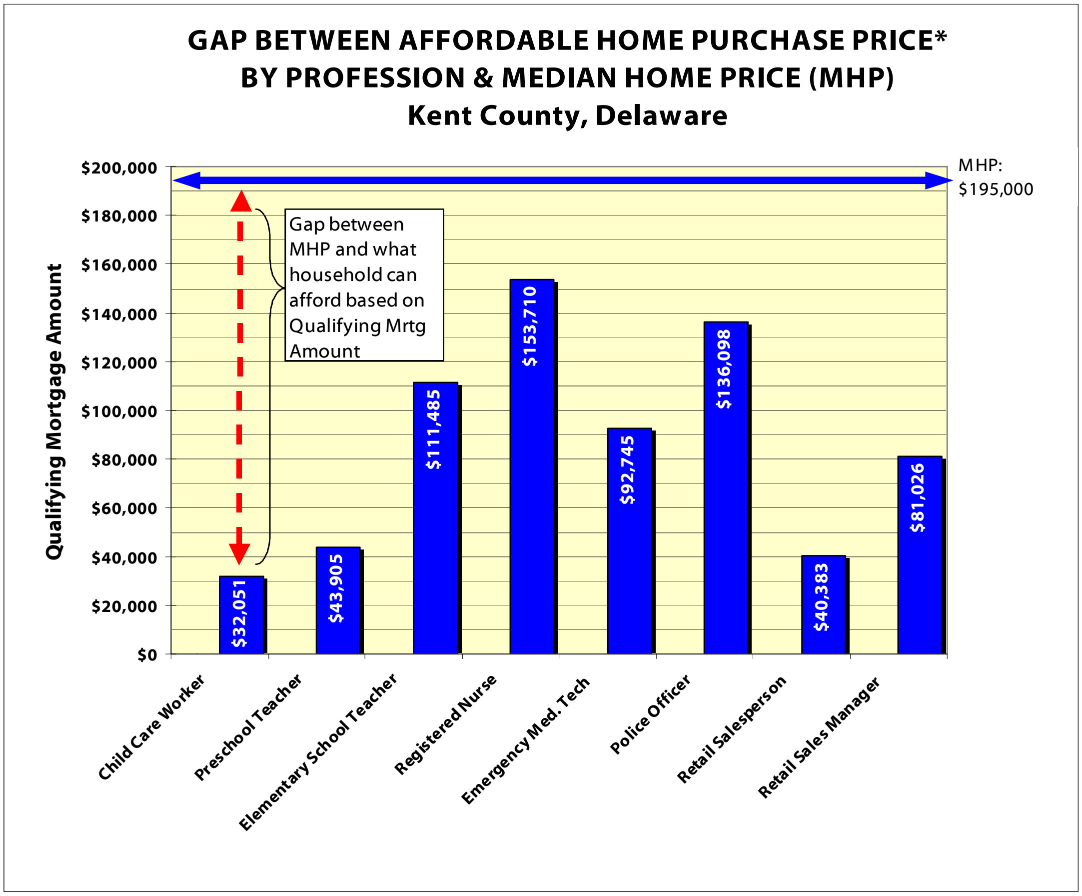
	Affordable Housing Thresholds		Fair Market Rent & Median Home Price		Surplus or (Gap)
2007 HUD MFI *Median income for a Kent County family of four:* $58,700	**Affordable Rent** *(One-third of monthly income for rent)*	$1,468	1 Bedroom FMR, 2007	$640	$828
			2 Bedroom FMR, 2007	$709	$759
			3 Bedroom FMR, 2007	$927	$541
	Affordable Home Price *(Qualifying Mortgage Amount)*	$168,620	MHP, 1st Quarter, 2007	$195,000	**($26,380)**

Source: U.S. Department of HUD (MFI and FMR); Eneighborhoods (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	$81,026
	Gap w/ MHP ($)	**(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



(Table 12-4 continued)

Dual Income Household and Housing Wage Gap Analysis, Kent County

	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 ($)	65,478	55,806	90,854	39,104	48,048	63,149
Renters	**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
Homebuyers	**Can afford this home price . . .**	$190,695	$159,197	$273,336	$104,802	$133,930	$183,108
	Gap w/ MHP ($)	**(4,305)**	**(35,803)**	78,336	**(90,198)**	**(61,070)**	**(11,892)**

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

Also shown in Table 12-4 are dual-income household scenarios which show that housing wage gaps still exist in certain hypothetical situations. Below are several illustrative points:

- The median annual pay for a household comprising a childcare worker and a police officer in Kent County is $65,478. An affordable monthly rent for such a household would be $1,637 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be $190,695, or $4,305 less than the median home price for Kent County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a pre-school teacher and an EMT in Kent County is $55,806. An affordable monthly rent for such a household would be $1,395 per month, exceeding the fair market rent. However, an affordable mortgage would be $159,197, or $35,803 less than the median home price for Kent County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a retail clerk and a pharmacy technician (not included separately) is $39,104. This household can afford monthly rent of $978, again exceeding the fair market rent for the area. However, an affordable home price would be $104,802 – $90,198 less than the median home price as of the 1st quarter of 2007.

iii. Sussex County Housing Wage Gap Analysis

Shown in Table 12-5 is a comparison of the eight selected professions, their relative incomes, and the affordability gaps those incomes would yield in the current rental and for-sale housing market in Sussex County. The table begins by showing the 2007 area median income and an affordable rent and home price for that income level. This is compared to fair market rents (as calculated by HUD) and the median home price (as reported by *eNeighborhoods* for the 1st quarter of 2007) to calculate the gaps. Key points follow.

- The median annual pay for a childcare worker in Sussex County is $14,456. An affordable monthly rent for such a worker would be $361 per month, or $234 less than the 1 bedroom 2007 FMR for Sussex County; $300 less than the 2 bedroom FMR; and $543 less than the 3 bedroom FMR. An affordable mortgage would be $24,532, or $235,468 less than the median home price for Sussex County as of the 1st quarter of 2007.
- The median annual pay for a elementary school teacher in Sussex County is $43,340. An affordable monthly rent for such a worker would be $1,083 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be $118,598, or $ 141,402 less than the median home price for Sussex County as of the 1st quarter of 2007. Although the elementary school teacher would be able to rent affordably within the county, homeownership would be beyond his or her reach.
- The median annual pay for a licensed practical nurse in Sussex County is $38,750. An affordable monthly rent for such a worker would be $968 per month, which falls within the FMR rates for the county. An affordable mortgage would be $103,651, or $156,349 less than the median home price for Sussex County as of the 1st quarter of 2007. Although the L.P.N. would be able to rent affordably within the county homeownership would be beyond his or her reach.
- The median annual pay for a emergency medical technician in Sussex County is $28,517. An affordable monthly rent for such a worker would be $712 per month, or $192 less than the 3 bedroom FMR. An affordable mortgage would be $70,323, or $189,677 less than the median home price for Sussex County as of the 1st quarter of 2007.

Table 12-5
Sussex County, Housing Wage Gap Analysis

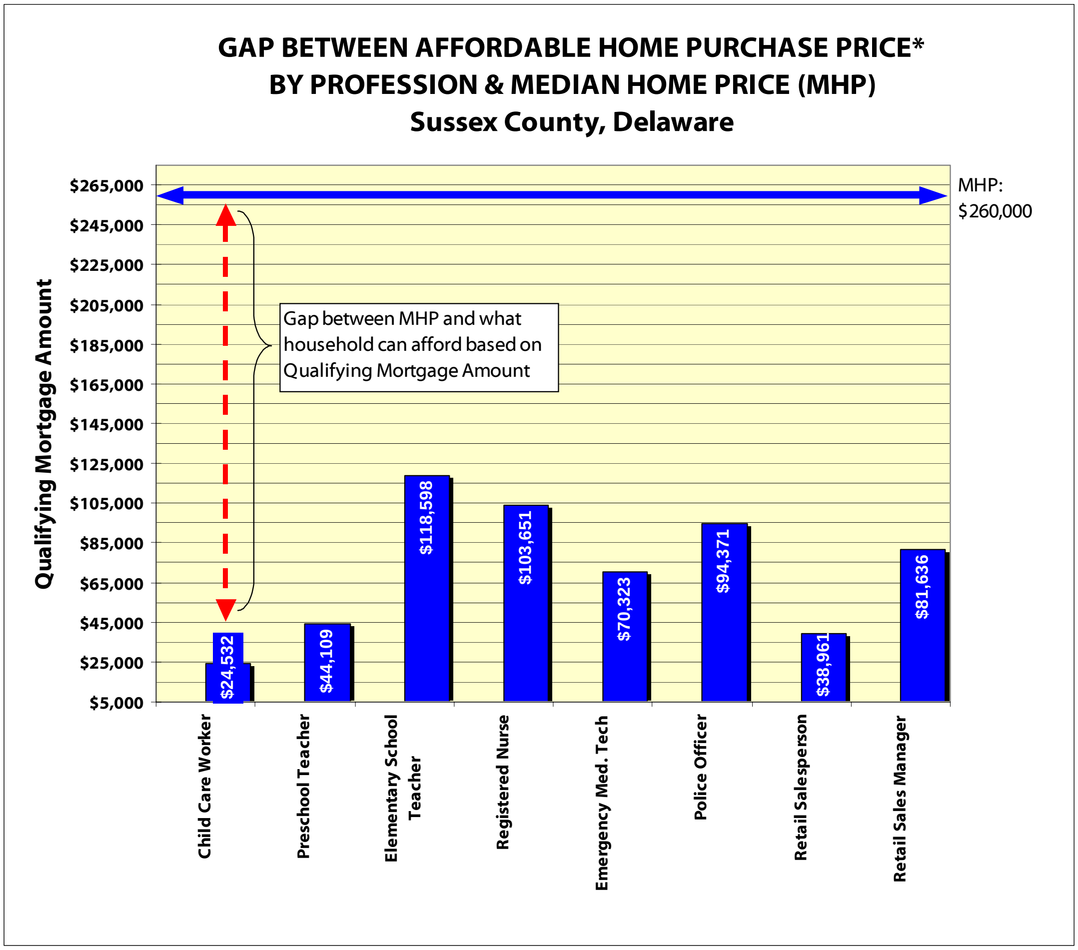
	Affordable Housing Thresholds		Fair Market Rent (FMR) & Median Home Price (MHP)		Surplus or (Gap)
2007 HUD MFI *Median income for a Sussex County family of four:* $53,800	**Affordable Rent** *(One-third of monthly income for rent)*	$1,345	1 Bedroom FMR, 2007	$595	$750
			2 Bedroom FMR, 2007	$661	$684
			3 Bedroom FMR, 2007	$904	$441
	Affordable Home Price *(Qualifying Mortgage Amount)*	$152,662	MHP, 1st Quarter, 2007	$260,000	**($107,338)**

Source: U.S. Department of HUD (MFI and FMR); Eneighborhoods (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	$81,636
	Gap w/ MHP ($)	**(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 12-5 continued)

Dual Income Household and Housing Wage Gap Analysis, Sussex County

	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	$1,337
Renters	Surplus or (Gap) 1-BR FMR ($)	664	630	1,183	360	683	742
Renters	Surplus or (Gap) 2-BR FMR ($)	598	564	1,117	294	617	676
Renters	Surplus or (Gap) 3-BR FMR ($)	355	321	874	51	374	433
Homebuyers	**Can afford this home price . . .**	$141,449	$136,978	$209,052	$101,890	$143,955	$151,610
Homebuyers	Gap w/ MHP ($)	**(118,551)**	**(123,022)**	**(50,948)**	**(158,110)**	**(116,045)**	**(108,390)**

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

Also shown in Table 12-5 are dual-income household scenarios which show that housing wage gaps still exist in certain hypothetical situations. Below are several illustrative points:

- The median annual pay for a household comprising a childcare worker and a police officer in Sussex County is $50,357. An affordable monthly rent for such a household would be $1,259 per month, which falls within the FMR rates for the county. However, an affordable mortgage would be $141,449, or $118,551 less than the median home price for Sussex County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a pre-school teacher and an EMT in Sussex County is $48,984. An affordable monthly rent for such a household would be $1,225 per month, exceeding the fair market rent. However, an affordable mortgage would be $136,978, or $123,022 less than the median home price for Sussex County as of the 1st quarter of 2007.
- The median annual pay for a household comprising a retail clerk and a pharmacy technician (not included separately) is $38,210. this household can afford monthly rent of $955 exceeding the fair market rents for the area. However, an affordable home price would be $101,890 – $158,110 less than the median home price as of the 1st quarter of 2007.

D. HOUSING AND COMMUTING TO WORK

To maintain a workforce that fits the needs of all employment sectors, a community needs housing that workers can afford close to their place of employment. When affordable housing options are located at long distances from the place of work, additional transportation expenses need to be added to the calculation of housing expenses.

Delaware's workforce overwhelmingly relies on private vehicles to travel to work, often driving alone. Very few workers use public transit. Table 12-6 shows travel times to work for Delaware workers as of 2005. Table 12-7 provides the 2000 Census data for the same broken out by the county and its local subdivisions.

Table 12-6
Travel Time (Minutes) to Work for Workers 16 Year and Over - 2005

	Delaware		New Castle County		Kent County		Sussex County		City of Wilmington	
	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total
Less than 5	10,246	2.7	5,242	2.1	1,474	2.3	3,530	4.8	1,849	6.7
5 to 14	97,287	25.4	58,833	24.1	18,898	29.3	19,556	26.4	7,698	27.7
15 to 24	135,992	35.6	90,262	37.0	22,197	34.4	23,533	31.8	10,976	39.6
25 to 39	79,509	20.8	51,876	21.3	10,898	16.9	16,735	22.6	4,267	15.4
40 to 59	34,590	9.0	21,945	9.0	6,169	9.7	6,476	8.8	1,048	3.8
60 to 89	17,232	4.5	10,846	4.4	3,420	5.3	2,966	4.0	1,508	5.4
90 or more	7,625	2.0	5,092	2.1	1,382	2.1	1,151	1.6	400	1.4
Total	**382,481**	**100.0**	**244,096**	**100.0**	**64,438**	**100.0**	**73,947**	**100.0**	**27,746**	**100.0**

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

The 2005 ACS reports that, statewide, the mean travel time to work is 23.7 minutes, unchanged from the mean reported by the 2000 Census. That said, the number (and percentage) of workers traveling 60 minutes or more to work showed a slight increase from 2000 (22,500 workers or 6.2 percent) to 2005 (25,000 workers or 6.5 percent).

Of the 382,481 Delawareans age 16 and over who worked outside the home in 2005, nearly 64 percent traveled less than 25 minutes to work each day. This is a slight increase from 2000 when roughly 62 percent commuted under 25 minutes.

Because Delaware's employment centers have not disbursed to the same degree as the housing, the longest travel times to work occur in the outlying suburban areas. Increased travel times may also indicate the increasing housing costs in the state, as longer commutes are a common tradeoff for working families moving farther away to find affordable housing.

Table 12-7
Travel Time to Work for Workers 16 Years and Over - 2000

	Total	Did not work at home	Less than 5 Minutes		5 to 14 Minutes		15 to 24 Minutes		25 to 39 Minutes		40 to 59 Minutes		60+ Minutes	
			Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers
New Castle County														
Brandywine	39,208	37,750	889	2.6	9,955	26.4	14,166	37.5	7,595	20.1	3,355	8.9	1,790	4.7
Central Pencader	17,226	16,984	172	1.0	2,625	15.5	6,066	36.7	4,862	28.6	1,999	11.8	1,260	7.4
Greater Newark	34,162	33,274	761	2.3	9,426	28.3	11,355	34.1	7,388	22.2	2,536	7.6	1,808	5.4
Lower Christiana	17,514	17,137	386	2.3	4,584	26.7	7,525	43.9	3,201	18..7	671	3.9	770	4.4
Middletown-Odessa	14,236	13,704	264	1.9	1,666	12.2	2,457	17.9	5,433	39.6	2,721	19.9	1,163	8.5
New Castle	40,266	39,683	770	1.9	8,773	22.1	16,179	40.8	8,550	21.5	3,057	7.7	2,354	5.9
Piedmont	13,957	13,264	177	1.3	2,300	17.3	4,975	37.5	3,859	29.1	1,142	8.6	811	6.1
Pike Creek-Central Kirkwood	22,443	21,863	408	1.9	4,278	19.6	8,549	39.1	5,712	26.1	1,806	8.3	1,110	5.1
Red Lion	2,820	2,748	48	1.7	396	14.4	889	32.4	812	29.5	335	12.2	268	9.8
Upper Christiana	13,612	13,394	153	1.1	3,400	25.4	5,074	37.9	2,751	20.5	1,104	8.2	912	6.8
Wilmington	29,690	28,905	685	2.4	8,493	29.4	10,877	37.6	5,161	17.9	1,761	6.1	1,928	6.7
County Total	**245,134**	**238,706**	**4,713**	**2.0**	**55,896**	**23.4**	**88,112**	**36.9**	**55,324**	**23.2**	**20,487**	**8.9**	**14,174**	**5.9**
City of Newark	14,015	13,681	467	3.4	4,609	33.7	4,301	31.4	2,599	19.0	971	7.1	734	5.4
Kent County														
Central Kent	8,907	8,630	153	1.8	1,600	18.5	4,271	49.5	1,654	19.2	468	5.4	484	5.6
Dover	31,019	30,080	1,310	4.4	12,869	42.8	9,060	30.1	2,930	9.7	1,631	5.4	2,280	7.6
Felton	2,741	2,639	24	0.9	323	12.2	1,169	44.3	748	28.3	191	7.2	184	7.0

	Total	Did not work at home	Less than 5 Minutes		5 to 14 Minutes		15 to 24 Minutes		25 to 39 Minutes		40 to 59 Minutes		60+ Minutes	
			Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers	Total	% of not at home workers
Harrington	4,853	4,691	236	5.0	1,186	25.3	1,143	24.4	1,365	29.1	456	9.7	305	6.5
Kenton	2,571	2,479	61	2.5	367	14.8	893	36.0	453	18.3	448	18.1	257	10.4
Milford North	4,031	3,866	190	4.9	1,229	31.8	909	23.5	1,080	27.9	213	5.5	245	6.3
Smyrna	5,691	5,571	196	3.5	1,341	24.1	1,597	28.7	961	17.3	923	16.6	553	9.9
County Total	**59,813**	**57,956**	**2,170**	**3.7**	**18,915**	**32.6**	**19,042**	**32.9**	**9,191**	**15.9**	**4,330**	**7.5**	**4,308**	**7.4**
City of Dover	14,675	14,281	813	5.7	7,092	49.7	3,538	24.8	1,011	7.1	756	5.3	1,071	7.5
Sussex County														
Bridgeville-Grnwd	4,239	4,054	233	5.8	801	19.8	1,377	34.0	872	21.5	457	11.3	314	7.7
Georgetown	4,841	4,675	129	2.8	1,498	32.0	1,376	29.4	1,117	23.9	371	7.9	184	3.9
Laurel-Delmar	9,435	8,989	250	2.8	1,817	20.2	3,125	34.8	2,480	27.6	748	8.3	569	6.3
Lewes	9,558	9,058	680	7.5	3,401	37.5	2,418	26.7	1,111	12.3	746	8.2	702	7.8
Milford South	7,512	7,281	233	3.2	1,978	27.2	2,045	28.1	2,047	28.1	554	7.6	424	5.8
Millsboro	8,102	7,883	329	4.2	1,864	23.6	2,396	30.4	2,019	25.6	833	10.6	442	5.6
Milton	4,657	4,463	165	3.7	1,038	23.3	1,684	37.7	835	18.7	396	8.9	345	7.7
Seaford	9,518	9,213	343	3.7	3,595	39.0	2,313	25.1	1,715	18.6	814	8.8	433	4.7
Selbyville-Frnkfrd	10,261	9,701	572	5.9	2,786	28.7	2,906	30.0	1,903	19.6	936	9.6	598	6.2
County Total	**68,123**	**65,317**	**2,934**	**4.5**	**18,778**	**28.7**	**19,640**	**30.1**	**14,099**	**21.6**	**5,855**	**9.0**	**4,011**	**6.1**
Georgetown	2,090	2,021	63	3.1	722	35.7	592	29.3	443	21.9	124	6.1	77	3.8
DELAWARE	**373,070**	**361,979**	**9,817**	**2.7**	**93,589**	**25.9**	**126,794**	**35.0**	**78,614**	**21.7**	**30,672**	**8.5**	**22,493**	**6.2**

Source: U.S. Census Bureau

By county, the percentages of worker travel time are fairly consistent.

- In New Castle County, the mean travel time to work in 2005 was 24.1 minutes. 149,095 (61 percent) of the workers travel between five and 24 minutes to work. About 16,000 workers (6.5 percent) travel more than 60 minutes.
- In 2000, 144,000 (or 60 percent) of New Castle County workers traveled between 5 and 24 minutes to work. About 14,200 workers (5.9 percent) traveled more than 60 minutes. In the Red Lion CCD, about 10 percent of the workers traveled more than 60 minutes to work, and in the Middletown Odessa CCD, 8.5 percent of the workers travel 60 or more minutes to work.
- In Kent County, the mean travel time to work in 2005 was 23.6 minutes. About 41,100 workers (64 percent) traveled between 5 and 24 minutes to work. About 4,800 workers (7.4 percent) traveled more than 60 minutes. The higher percentage of persons traveling more than 60 minutes reflects the commuting patterns whereby more residents leave Kent County for their work than non-residents enter for work.
- In 2000, about 38,000 (65.5 percent) of the workers in Kent County, traveled between five and 24 minutes to work. About 4,300 workers (74 percent) traveled more than 60 minutes. In the Kenton CCD, 10.4 percent of the workers traveled more than 60 minutes to work, and in the Smyrna CCD, 9.9 percent traveled more than 60 minutes to work.
- In Sussex County, there were 43,089 workers (58.3 percent) in 2005 traveling between 5 and 24 minutes to work. The mean travel time to work was 22.7 minutes. About 4,100 workers, or 5.6 percent, traveled more than 60 minutes. Sussex County is the only county where travel times to work decreased between 2000 and 2005, a reflection of the greater growth in jobs in the county.
- In 2000, there were about 38,400 workers in Sussex County, (58.8 percent) traveling between 5 and 24 minutes to work. About 4,000 workers, or 6.1 percent, traveled more than 60 minutes. Nearly 8 percent of the workers in the Lewes CCD and 7.7 percent of the workers in the Bridgeville/Greenwood CCD traveled more than 60 minutes to work.
- With 1,849 workers (6.7 percent) of those who travel to work, the City of Wilmington has the highest percentage of workers who travel less than 5 minutes to work. The mean travel time to work is 20.9 minutes. About 18,700 workers (67 percent) travel between 5 and 24 minutes to work. About 1,900 workers, or 6.9 percent, travel more than 60 minutes to work.

Unfortunately, Census data does not cross-tabulate commuting patterns with household income. But in a review of 28 of the nation's metropolitan areas, the Center for Housing Policy reported on the connection between housing costs and transportation costs in *A Heavy Load: the Combined Transportation and Housing Costs of Working Families*.

The study found that, for households of all income levels, 27 percent of income goes for housing alone and another one-fifth goes to the cost of "getting around." Together, these items account for almost 48 percent of household income.*

Working families with incomes between $20,000 and $50,000 spend a similar percentage of income on housing; however, their transportation costs consume almost 30 percent of their income. Ultimately, households that are able to reduce their housing costs are better able to expand their housing opportunities.

The biggest tradeoff for households that are cost-burdened is transportation. Working families that spend more than half their household expenditures on housing put 7.5 percent of their expenditures toward transportation. Working families living in housing they can afford expend up to 24 percent of their budget for transportation.

Commuting is a common strategy for working families to cope with high housing costs. Statistics show that working families spend 77 cents on transportation for every dollar decrease in housing costs. Although not all of family transportation cost is attributable to commuting, the journey to work from less expensive housing likely accounts for a substantial part of it.

Working families that are cost-burdened are almost twice as likely to lack a vehicle. While this is not necessarily a hardship, it possibly limits access to education or employment, the things that are needed to help with overcoming cost burden. Lack of a vehicle limits housing options to places close to work and services or convenient to public transit.

E. COSTS AND BENEFITS

There are public costs arising from the lack of affordable housing for the state's workforce. Two incomes are now a necessity to own a home for all but high-wage occupations. Even so, one consequence of the housing wage gap is households stretching their incomes and credit to the limit to purchase homes. And the backlash of this dynamic is the deepening subprime lending crisis and increases in foreclosure rates statewide and nationwide.

An inadequate supply of housing for the workforce also results in large scale commuting to places of employment, which, 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.

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* Center for Housing Policy, *A Heavy Load: the Combined Transportation and Housing Costs of Working Families,* (October 2006).

i. Economic, Infrastructure and Social Costs

As referenced above, the push households feel to spend beyond what they can afford for housing, at least in the case of homebuyers, has in part led to the mortgage foreclosure crisis yet unfolding. But perhaps a more subtle yet pervasive economic impact is lost consumer spending results. Cost-burdened households that spend more than 30 percent of their budget on housing are limited in their ability to purchase other goods such as food, transportation, health care, childcare, and retail items. This offset of purchasing power has a significant impact on the local economy.

Public costs associated with how a community grows include road construction and maintenance, schools, and water and sewer utilities. There are significant public savings derived from the reduction of commuting through providing affordable housing close to jobs and its attendant costs of congestion, accidents, and air pollution. The costs include infrastructure costs and health concerns.

As discussed in Part 1 of the *Housing Needs Assessment*, the Delaware Office of State Planning Coordination notes in its 2004 publication, *Directing Growth, Improving Housing Choice*, compact development can save an average of 31.8 percent through reduced infrastructure costs. In addition, an over-burdened transportation system has the potential to negatively impact the ability to attract new business, retain and expand existing industry, and increase the employment opportunities needed to strengthen the economic base.

Finally, the social costs of an inadequate supply of workforce housing are significant. Communities face a real threat of losing talented and effective workers in vital jobs such as teachers and police officers due to a lack of affordable housing nearby. When affordable housing is close to high-wage jobs, top-quality schools, and well-funded public safety services, children of all income levels have more opportunity to achieve economic and social stability than when they are not. Community-borne social costs that are related to inadequate housing can include homelessness and the related need for social services.

ii. Benefits of Workforce Housing

Affordable housing for the workforce serves the needs of local employers, including business, schools, and the municipalities themselves. Quite simply put, 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.[*]

[*] Harris Interactive, Inc. *Workforce Housing Research for the Urban Land Institute*, May 2007.

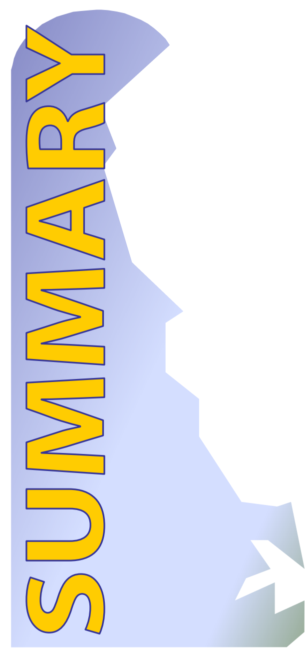
Additionally, while in the short term residential construction stimulates the economy directly through job generation and wages, it provides a long term support for the local economy because of the resulting demand for goods and services.

The construction of affordable housing provides a new and stable source of property tax revenue. Also, the property tax base benefits greatly if the availability of desirable, affordable workforce housing results in the attraction of new employers to the community.

Municipal governments, school districts, and fire and police departments benefit from employees living in the communities they serve because they are more invested in its future.

The lack of affordable housing forces younger parents and single parent households out of the communities in which they grew up in and these households can not live in the communities where they have a social network available to assist them. Affordable workforce housing allows younger households and single parent households to find housing in communities with good schools, parks and services.

3.12 / WORKFORCE HOUSING



- **There is a disconnect between wages and housing prices, challenging the notion that the reason individuals and households cannot afford housing is simply that they are not working.**

- **While society idealizes the notion that a full-time worker can afford a basic standard of living that includes access to housing, this ideal is becoming less true for workers with lower-wages. We may not expect that a preschool teacher, janitor, retail salesperson should be able to afford to buy the median priced home on their income alone. But we do expect that these people should be able to afford the fair market rent on a basic apartment.**

- **To exemplify the analysis of 2007 median incomes and median housing costs, neither a full-time childcare worker, nor a pre-school teacher, nor a retail salesperson earning the median wage in their professions can alone afford the fair market rent for a 1-bedroom apartment anywhere in Delaware.**

- **The lack of affordable workforce housing is not a problem that is going to go away. Many of the industries with the most jobs and fastest job growth are those with lower average wages. The result is households at risk, with very low incomes, high housing costs, very precariously housed.**

- **Two incomes are now basically a necessity to own a home for all but high-wage occupations. One result is households stretching their incomes and credit to the limit to purchase homes. And the backlash of this dynamic is the deepening subprime lending crisis and increases in foreclosure rates statewide and nationwide.**

13. HOUSING MARKET BARRIERS

The following section of the *Housing Needs Assessment* discusses those barriers, financial, regulatory, and social, that prevent the development of more affordable housing in Delaware communities. These barriers are relevant to solving the workforce housing/wage gaps (discussed in the preceding section) as well as the larger issues affecting housing affordability for low-income populations overall.

A. Review of Barriers

Throughout the *Housing Needs Assessment*, multiple topics related to barriers and impediments to developing affordable housing are addressed. In Part 2, the following list of factors are identified as impeding the development of more affordable housing.

- Income and Rent levels: In Kent and Sussex Counties, the low-income levels hinder the financial viability of developing affordable housing without deep development and rental subsidies. Although development and operating costs are similar in all three counties in Delaware, there is a disparity in the amount of income to be derived from rents, thus resulting in less viable projects.
- Land Costs and availability: Land costs have increased substantially over the past years in Delaware, making it difficult to maintain affordability.
- Pre-development funds: There is need for additional "seed" money for non-profit developers to cover the up-front costs associated with development.
- Limited Resources: Development costs keep increasing, thus requiring deeper development subsidies. Resources such as Federal HOME funds and tax credits are limited and often not sufficient to fund needed units.
- Mixed-income resources: There is a lack of resources to create a mixed-income environment and supportive housing for persons with disabilities.
- Special initiatives: There is a lack of funds to create affordable assisted living for seniors and supportive housing for people with disabilities.
- NIMBYISM: Many areas within the state have a "Not in My Back Yard" attitude. Residents fear that higher density, affordable housing will decrease their own property values. Vocal community opposition at public hearings often causes developers to fail in their attempt to obtain zoning relief needed to proceed with the creation of affordable housing.
- Demographics: Although a need may exist for affordable units in rural areas, the demographics do not support large scale development, therefore limiting economy of scale and financial viability of creating new units. Rural areas also often lack adequate infrastructure to service higher density multi-family housing. Development of the infrastructure adds substantially to the cost of the housing.

- Blighted properties: Lack of property maintenance in certain urban and rural areas deters private investment from older communities that have a higher density housing stock that could become a viable source of affordable units.
- Unfunded mandates and regulations: Public policies that address important public health and welfare issues can also drive up costs. Federal requirements to address lead-based paint hazards deter many from investing in the rehabilitation of older housing. Addressing lead-paint safety adds time and costs to a rehab project.

B. BARRIERS IDENTIFIED IN HUD CONSOLIDATED PLANS

The U.S. Department of Housing and Urban Development (HUD) requires that entitlement communities identify barriers to affordable housing in their 5-Year Consolidated Plans (CPs). The following are excerpts from the most recent of those plans on the subject of identifying and addressing barriers to affordable housing.

i. State of Delaware

The State's CP identifies a variety of obstacles that hinder it from achieving its affordable housing goals.

- Volatile market conditions impacting the cost of issuing bonds and prohibiting the expansion of homeownership assistance programs;
- Neighborhood objection to the location of affordable housing developments (i.e. NIMBYism);
- Lack of jobs at wages that can sustain housing costs for individuals and families;
- Annual deterioration rate of properties exceeds funding available to assist rehabilitation

The State CP presents a list of its own homeowner and rental assistance programs as tools for overcoming some of the affordable housing problems in the state. At the policy level, the Preliminary Land Use Service (PLUS) is identified as a state level agency review of major land use change proposals. Ostensibly, this process can help weigh-in to lend support to projects that might otherwise succumb to community opposition.

ii. New Castle County

New Castle County's Consolidated Plan identifies availability of funds as the most significant obstacle to meeting its housing needs. (The County's CP cites the example of a subsidy of almost $46,000 per house being needed in order to sell a new home in Belvedere for the affordable price of $134,000). Community perception is also listed as an obstacle that may negatively affect the success of affordable housing production.

The County's CP references the Unified Development Code (UDC) as a tool for promoting affordable housing, stating that it will continue to encourage the production of affordable housing that is fully integrated into the community. The UDC offers a wide range of zoning categories that allows higher density developments. Density bonuses are also offered to incentivize developers to produce higher density housing.

The goal of higher density is to ensure and achieve adequate affordable housing while at the same time eliminating sprawl and haphazard, premature, uneconomical, or scattered land development. The elimination of this type of development will often keep the cost of housing down by utilization of existing infrastructure.

Finally, the UDC was amended to make redevelopment of existing properties more cost beneficial. It is one of the goals of redevelopment to encourage the revitalization and utilization of deteriorating areas with available infrastructure to provide affordable housing and economic opportunities to older regions of New Castle County.

iii. City of Wilmington

The City of Wilmington's CP states that, while no local government regulatory barriers exist, the develop of affordable housing is hindered by the lack of financial resources to subsidize development and the lack of assembled land.

The CP states that the city's 1999 building renovation code removed barriers to the cost effective rehabilitation of existing homes. The code allows renovation projects to meet only structural and fire safety standards and waives more stringent (and costly) code compliance required of substantional rehabilitations.

The city's real estate tax abatement program for new construction and rehabilitation of housing units is cited as a tool to help address the cost barriers to affordable housing.

iv. City of Dover

The City of Dover's CP contends that there are no barriers to affordable housing resulting from public policy. Inclusionary zoning and special zoning provisions to promote housing density and design flexibility are cited as instruments that promote affordable housing.

The CP states that the city has no policy-based disincentives that would block the development of additional public and assisted housing in appropriate zoning districts. As a policy, the city forgives property tax liens on properties acquired by Habitat for Humanity in exchange for the non-profit's commitment to providing affordable housing.

C. Strategies for Overcoming Barriers

Only through a combination of approaches can the supply of housing affordable to working families and low-income families be expanded. The above sub-sections depict a range of topics that include economic, regulatory and community barriers to affordable housing. Much information is available on techniques for addressing each barrier. Below is a synopsis of some key approaches.

i. Overcoming Economic Barriers

As with most goods, the costs of producing a housing unit are passed on to consumers in the form of sale prices and monthly rents. And, as with most manufacturers, housing developers want to maximize their profits. Therefore, any costs the developer incurs during development will impact the price local households pay for their housing; the higher the costs to the developer, the higher the costs of local housing.

Developer incentives lower the cost of residential construction and make affordable housing development more feasible. Incentives should be available to guarantee the long-term affordability of units to households at various low- and moderate-income categories. Some incentives are as follows.

- Density bonuses: These allow for additional housing in a more affordable price range to be built. The additional density allows for the spread of the land costs over more homes, thus helping to reduce the overall price of the housing.
- Waivers from development standards and fees: In exchange for development of affordable housing such waivers offset some development costs. The offsets allow a local government to decrease the burden placed on developers of affordable housing. Examples of offsets include waivers, reductions, deferrals of impact fees, building permit fees, tap-on fees, administrative fees, and development fees; modification of standards relating to road widths, curbs and gutters, parking, landscaping, lot coverage, and minimum lot sizes; and allow builders to finish out the interiors of affordable units with less expensive finishes and appliances.
- Expedited permitting: Although expedited permitting may relate as much to regulatory barriers as economic ones, this is a cost-efficient and effective way of reducing developer costs. Delays during any stage in the development process add to the final costs of new housing. Reducing the costs incurred by developers during the review process makes affordable housing projects more attractive. Fast-tracking review and permitting of affordable housing projects reduces developer costs at no cost to local jurisdictions.
- Promoting rehabilitation of existing structures: In urbanized areas where available land is hard to find, the rehabilitation and adaptive reuse of

existing buildings can be an effective means of providing affordable housing. Prime locations for infill development include downtowns, economically depressed neighborhoods ripe for revitalization, transit corridors and any location near employment, shopping, recreational, and cultural centers. Incentives such as relaxing of height restrictions and decreasing parking requirements, particularly for sites served by public transit, upgrading the local infrastructure, adding public amenities, relaxing building codes for rehabilitation of buildings, and lowering development fees encourage residential rehabilitation and make the inclusion of affordable units more feasible.

- Shared equity and Community Land Trusts: Committed to expanding homeownership opportunities but constrained by the high price of making homeownership a reality for low and moderate-income households, many communities have instituted shared-equity provisions accompanying their initiatives to help households achieve homeownership. Shared-equity homeownership ensures that homes made affordable to low and moderate-income households by public and private subsidies or policies like inclusionary housing remain affordable long-term by restricting future appreciation. The two most commonly used methods to preserve homeownership affordability are 1) deed restrictions and/or performance-based soft second mortgages and 2) community land trusts (CLTs), both of which are gaining a foothold in Delaware.

  The CLT model is proven effective at preserving the affordability of owner-occupied housing, and thus often the public and private subsidies that went into making the home affordable. The CLT's dual ownership structure makes this possible. The owner of the land is the community land trust, a nonprofit corporation. The owner of the building is typically an individual homeowner or family, holding title to a house on the land held by the CLT. Instead of selling the land the CLT acquires for development, the CLT provides for the exclusive use of their land by the owners of the buildings located thereon. This is done through a long-term (typically 99 years) renewable, inheritable ground lease, which provides homeowners and their heirs the exclusive right to occupy the land on which their homes are located. Restrictions on the future resale price of the home are included in and enforceable through the ground lease.

  Shared-equity and CLT homes are made affordable through traditional means, typically public and/or private subsidies, inclusionary housing incentives or mandates. The special features of shared-equity homeownership and the CLT model are in preserving the value of that subsidy for future generations while still expanding homeownership opportunities for families who otherwise would not be able to become homeowners. In Delaware, the West Rehoboth CLT is working to revitalize the West Rehoboth community through affordable homeownership using the CLT model. Statewide, the Diamond State

CLT has initiatives and projects at various stages of development in all three counties to create perpetually affordable homes.

ii. Overcoming Regulatory Barriers

Affordable housing can be expanded through the promulgation of local land use and zoning codes that allow varied types of housing. In addition to low-density, single family dwellings, local land use and zoning codes should allow and encourage multi-family dwellings (with combinations of different types of dwellings), accessory dwellings, mixed used developments containing residential and non-residential use, and live/work housing. Smaller units cost less to develop and can be made available at lower costs. Varied housing also avoids over-housing of smaller households and allows them to match their budgets with their needs.

Inclusionary housing ordinances take many forms, but the basic concept is to require that a certain percentage of new development be set aside for occupancy by households at prescribed income levels. Nearly all inclusionary housing programs apply to residential development and involve developers, including a percentage of affordable housing units in their overall proposal.

Some inclusionary housing ordinances also apply to non-residential development on the theory that non-residential development generates additional demand for affordable housing stock. Sussex County has adopted a Moderately Priced Housing Unit Program, which is an inclusionary zoning program targeted to households up to 125 percent of median income.

Inclusionary zoning can be mandatory or voluntary. Most inclusionary programs, however, contain the following elements.

- Income eligibility criteria for defining affordability.
- Pricing criteria for affordable units.
- Restrictions on resale and subsequent rental of affordable units. Controls assure that the units remain affordable after it is sold or rented to new occupants. This requires on-going management and administration. The restrictions are usually applicable for a set number of years. There may be an option for purchase by a local government or non-profit at the end of the period of affordability allowing the unit to be retained as an affordable dwelling.
- Provisions for in-lieu fees with payment of a per-unit fee which is pooled in a local affordable housing fund. In-lieu fees offer an alternative when the actual construction of affordable units may not be feasible. In-lieu fees should not be completely optional for the developer if the desire is to scatter income-restricted units throughout the community. The fee should be sufficient to facilitate the development of the required affordable units at another nearby location. Land donation may be considered as a preferred alternative to in-lieu fees.

- Design guidelines to ensure that inclusionary units are integrated within the development so as not to be distinguishable from the market-rate units.
- Criteria for future residents to screen applicant for the affordable cost units because the demand from eligible buyers and renters may exceed the supply.
- Phasing guidelines that describe the development of affordable units in relation to market-rate units.

Inclusionary housing is effective in a variety of housing market conditions. In gentrifying communities, the affordable units created through an inclusionary program can help offset the displacement of residents. In new and growing suburban communities, the inclusionary units can broadly disperse affordable housing needed by area jobholders and prevent exclusive communities.

At the municipal and county levels, a consistent regulatory environment is essential to promote the development of inclusionary housing policies and ultimately, affordable housing in all communities. Developers of affordable housing shy away from areas governed by piece-meal land use policies that result in decisions being made on a case-by-case basis. Inclusionary zoning relies on a consistent framework to be successful.

iii. Overcoming Community Barriers

Changing local land use restrictions to promote workforce housing will start by increasing public awareness of issues. At the local level, there is often a perception among long-term residents that higher density housing reduces the value of nearby single family or detached housing. The opposition to such development, often called NIMBYism (short for "*not in my backyard*"), is common at public hearings throughout Delaware. Overcoming this common reaction will involve time and energy devoted to public education.

Many years of research on the subject refutes the notion that higher-density, affordable housing has an overall negative impact on a community's property values, so long as units are designed appropriately. In fact, apartment developments may increase values of nearby single family homes for three reasons: 1) the mere fact that higher density housing is attracted to an area by market forces signals higher values for all properties; 2) multi-family housing may increase the supply of potential buyers for nearby single family homes; and 3) when part of a mixed housing and mixed-use development, housing that adds choice to an area makes it more attractive than nearby developments.

Communities should create codes that avoid NIMBYism. Allowing varied and new housing types by-right versus as a conditional use or special exception that requires additional hearings goes a long way toward avoiding

NIMBYism. Eliminating unnecessary public hearings will reduce opportunities for nonproductive community opposition.

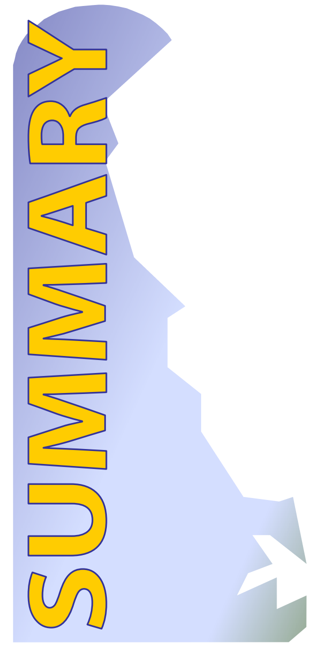
iv. Overcoming Barriers for Individual Households

Each of the points above address barriers that stand between housing developers and the development of affordable housing. On the demand-side, there are myriad federal, state and local programs, many long standing, that help support renters, homebuyers and homeowners. Below are three more current ideas for directly helping individual households.

- Employer Assisted Housing: Employer can provide benefit with the intention of assisting employees become homeowners. Local governments can work with employers by offering technical assistance in creating an Employer Assisted Housing (EAH) program. DSHA's own *Live Near Your Work* program already partners with some local communities and employers who match state money for downpayment and closing cost assistance. Expansion of the program could play an important part in addressing workforce housing concerns.
- "Green" Building Design: While not always inexpensive during construction, green building design creates energy-efficient housing that lowers monthly utility bills, making market-rate housing more affordable for moderate-income families over time.
- Universal Design: Universal Design is growing in interest as an approach to the design of housing so it can be as usable as possible by as many people as possible regardless of age, ability, or situation. Universal Design is different than accessible design, which typically only refers to products and buildings that are accessible and usable by people with disabilities. Universal design means buildings are accessible and usable by everyone—abled and disabled, young and old. Accessible design has a tendency to lead to separate facilities—for example, a ramp set off to the side of a stairway at an entrance or a wheelchair accessible toilet stall. By acknowledging that disability, aging, and other differences are a part of every day, universal design changes the overall approach to building. By addressing accessibility uniformly in all homes, universal design can potentially reduce the costs associated with retro-fitting special features into existing structures or providing special units in larger developments.
- Location Efficient Mortgages: By living close to and using mass transit rather than automobiles, homeowners can save money at the same time they are helping to alleviate congestion and sprawl. The monthly savings from reduced auto use can also help in qualifying for a mortgage in some parts of the country. Low down payments, competitive interest rates, and flexible criteria for financial qualification can help promote homeownership. (Currently, lenders in Chicago and several West Coast cities have developed mortgage products along with Fannie Mae and the

Institute for Location Efficiency, a California-based non-profit, to promote "location efficiency.")

3.13 / HOUSING MARKET BARRIERS



- **Partly due to the high costs of housing development, the marketplace does not provide housing that all households can afford. High subsidies are needed to make housing – particularly rental housing – affordable to low-income households, especially very and extremely-low income households with the greatest needs.**

- **Economic barriers, including high land, labor, and material costs, are not the only factor preventing the development of affordable housing. Local development policies may create barriers to affordable housing, as may social misperceptions about who needs affordable housing. Prejudice against multifamily and higher-density development as well as community opposition to all development in some areas – even within growth zones – unfortunately often results in the least efficient type of development, single-family subdivisions on large lots.**

- **Leapfrog development moving constantly outwards leaves city and town centers and inner-ring suburbs in need of investment and redevelopment, which present their own challenges.**

- **Among barriers to overcome: finding ways to capitalize on and partner with the inventiveness and efficiency of the private market to create affordable and moderately-priced housing. This can include encouraging infill housing, redevelopment, and investment in cities and towns via incentives, waivers, assistance assembling land, etc.**

- **Additionally, development of state and local funding sources (such as housing trust funds) to fill in for receding federal resources, with secure and stable sources of revenue.**

- **Also, a planning framework that minimizes opportunities for easily-swayed case-by-case decisions and increases predictability. Ordinances should be crafted to unambiguously direct development toward a clear vision that includes affordable housing for the future of a community.**

14. INDICATORS & BENCHMARKS

This section of the *Housing Needs Assessment* provides a review of Delaware housing indicators against indicators of housing nationwide. Indicators are Delaware statistics or indexes that, when compared to the same statistics on a nation-wide level, provide a measurement of the well-being of Delaware's housing environment and the well-being of the residents.

A. HOMEOWNERSHIP AFFORDABILITY

Through use of the Housing Affordability Index (HAI) prepared by the National Association of Realtors (NAR), the affordability of owner housing in Delaware can be compared to the affordability of owner housing nation-wide. The NAR HAI measures if a typical family qualifies for a mortgage loan on a typical home. The NAR defines a typical home as the national median priced, existing single-family home. A typical family is defined as one earning the median family income as reported by the Census.

- To interpret the indices, a value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median price home.
- An index above 100 signifies that a family earning the median income has more than enough to qualify for a mortgage loan on a median priced home.
- An increase in the HAI shows that the family is more able to afford the median price home. For example, a HAI of 120.0 means a family earning the median family income earns 120 percent of the income necessary to qualify for a conventional loan covering a median priced existing single-family home.

The NAR calculation of the HAI assumes a down payment of 20 percent of the home price and that the monthly P&I payment cannot exceed 25 percent of the median family income. NOTE: these assumptions are different than those used by DSHA in determining qualifying mortgage amounts. DSHA's standard assumptions, as used throughout this document and first introduced in Table 4-1 of Part 2, include the following: 30 year, 7.00% fixed rate mortgage, 33/38% debt ratio, taxes & insurance of $150, and "other debt" of 12%.

Table 14-1 shows the HAI for the US and Delaware using the median price of an existing single family home as reported by the ACS. The nation-wide HAI was calculated by the NAR and posted on their website. The NAR for the counties in Delaware was calculated using the same assumptions as used by the NAR for determining the NAI nationwide. The 2005 median price for an existing single-family home is what was reported by the ACS, and the median household income in Delaware is the 2005 median, also reported by the ACS.

Using the NAR HAI as an indicator of owner housing affordability, Table 14-1 shows that in 2005, median income families in New Castle County and Kent County are more able to afford the median price home than one nationwide. While typical households in Sussex County can afford a median priced existing single family home, it is less affordable than those nationwide.

Table 14-1
Housing Affordability Index – 2005

	Median Price Existing Single - Family Home ($)	Mortgage Rate*	Monthly P & I Payment ($)	Payment as a % of Income	Median Family Income ($)	Qualifying Income ($) **	Housing Affordability Index
NATIONWIDE	219,000	5.91	1,040	22.4	55,823	49,920	111.8
New Castle	218,400	5.91	1,037	21.0	59,270	44,443	133.4
Kent	159,900	5.91	760	18.9	48,288	32,571	148.3
Sussex	203,400	5.91	966	25.8	44,942	41,400	108.6

Source: National Association of Realtors, Mullin & Lonergan Associates

** Effective rate on loans closed on existing homes - Federal Housing Finance Board.*

*** Based on a 25 percent qualifying ratio for monthly housing expense to gross monthly income with a 20 percent down payment.*

Table 14-2 shows at-risk owners in Delaware in comparison to those nationwide, showing a slightly smaller percentage of at-risk owners in the state.

Table 14-2
At Risk Owner Households - 2005

	Owner Households		
	Total	Cost-burdened With Income Below $20,000	Percent of Total Owner Households
NATIONWIDE	74,318,982	6,299,710	8.5
New Castle County	135,270	7,524	5.6
Kent County	39,456	3,375	8.6
Sussex County	55,134	5,529	10.0
DELAWARE	**229,860**	**16,428**	**7.1**

Source: U.S. Census Bureau American Community Survey

B. RENTAL HOUSING AFFORDABILITY

Rental housing affordability is an indicator available to determine the well-being of renter households in Delaware in comparison to renters nation-wide. The National Low-income Housing Coalition (NLIHC) examines housing data each year to determine the extent of the rental housing affordability gap. The findings are reported in *Out of Reach*, which provides a side-by-side comparison of wages and rents in every county, Metropolitan Statistical Area, combined non-metropolitan area, and state in the United States (in addition to the District of Columbia and Puerto Rico). The NLIHC ranks renter housing affordability based on the two-bedroom housing wage. The housing wage is the amount a worker would have to earn per hour in order to be able to work 40 hours per week and afford a two-bedroom unit at the area's FMR. For 2006, the NLIHC ranks Delaware, with a housing wage of $16.31, 37 out of 52 (a higher rank is less affordable). In 2002, Delaware was ranked 33.

Another standard to consider is at-risk renter households. As described in Part 2 of this *Housing Needs Assessment,* at-risk households are those with annual incomes of less than $20,000 paying more than 30 percent of household income for housing costs. While at-risk households may be housed in a standard unit, the combination of very low-incomes in combination with excess housing costs places at-risk households in extreme danger of experiencing a housing crisis. At-risk households live paycheck to paycheck and have very limited ability to save money. Often they have minimal or no benefits. 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. The at-risk households represent an unmet housing need in the state. A review of at-risk households provides a sense of the well-being of both renters and owners in Delaware in relation to those nation-wide. Table 14-3 shows at-risk renters in Delaware in comparison to those nationwide showing a smaller percentage of at-risk renters in the state than occurs nationally.

Table 14-3
Extremely-Low Income, Cost-Burdened Renter Households

	Renter Households		
	Total	**Cost-burdened With Income Below $20,000***	**Percent of Total Renter Households**
New Castle County	57,985	12,817	22.1
Kent County	14,275	3,531	24.7
Sussex County	15,520	3,037	19.6
DELAWARE	**87,780**	**19,385**	**22.1**
NATIONWIDE	**36,771,635**	**10,095,798**	**27.5**

Source: U.S. Census Bureau

**Total At Risk renters, including those on housing assistance waiting lists, is estimated to equal 24,901 in Delaware.*

C. Benchmarking Delaware

Both the *Out of Reach* report and the NAR HAI are published annually, allowing an annual comparison of housing affordability in Delaware against housing affordability nationwide.

In addition to considering the above indicators, this Part of the *Housing Needs Assessment* provides a comparison of Delaware demographics, housing data, and housing production data against those for the U.S. The comparison, shown in Table 14-4 and 14-5 also includes select states in the Mid-Atlantic and New England Regions including New Jersey, Pennsylvania, Maryland, the District of Columbia, Virginia, Connecticut, Rhode Island, and Vermont.

Table 14-4
DE in Comparison to United States - 2005

	Delaware	US
Demographics		
Total Population	818,587	288,378,137
% Change 2000 to 2005	4.5	2.47
Population by Age (%)		
Under age 15	19.8	21.0
15 - 24	12.9	13.5
25 - 34	13.1	13.5
35 - 44	15.4	15.0
45 - 54	14.7	14.6
55 - 64	11.0	10.4
65 - 74	7.2	6.4
75 and over	5.9	5.3
Population by Race (%)		
White	73.6	74.8
Black	19.9	12.1
American Indian and Alaska	0.3	0.8
Asian	2.7	4.3
Hawaiian/Other Pacific Islander	0.01	0.1
Some Other Race	2.0	6.0
Two or More Races	1.5	1.9
Persons of Hispanic Origin (%)	6.1	14.5
Households (%)		
Family households (families)	68.1	66.9
With own children under 18 years	31.6	31.6
Married-couple family	50.3	49.7
With own children under 18 years	20.6	21.7
Male householder, no wife	4.4	4.6
With own children under 18 years	2.2	2.3
Female householder, no husband	13.4	12.6
With own children under 18 years	8.8	7.6
Non family households	31.9	33.1
Householder living alone	25.6	27.1
65 years and over	9.0	9.1
Annual Household Income (%)		
Less than $15,000	10.7	14.9
$15,000 to $24,999	10.3	12.0
$25,000 to $34,999	10.4	11.5
$35,000 to $49,999	15.5	15.1
$50,000 to $74,999	20.3	18.9
$75,000 to $99,999	13.8	11.4
$100,000 to $149,999	12.2	10.0
$150,000 to $199,999	3.8	3.2
$200,000 or more	3.0	3.0
Median Household Income ($)	52,499	46,242
% Change 2000 to 2005	10.8	10.1
Poverty Status		
% of Total Population	10.4	13.3
% of All Population Below Age 18	14.5	18.5
% of All Population Age 18 to 64	9.6	11.9
% of All Population Age 65 and Over	7.2	9.9

	Delaware	US
Housing		
Total Units % Change 2000 to 2005	374,872 9.3	124,521,886 7.4
Occupied % Occupied	317,640 84.7	111,090,617 89.2
Vacant (%) • % of Vacant Held for Seasonal, Recreational, or Occasional Use • % Vacant Minus Units Held for Seasonal, Recreational, or Occasional Use	15.3 53.5 7.1	10.8 28.9 7.1
% of Total Units that are Vacant for Sale	1.1	1.7
% of Total Units that are Vacant for Rent	2.4	7.7
Percent: Single-family (attached or detached) Multi-family (two or more per structure) Manufactured Homes Other	 70.3 18.4 11.2 0.1	 66.8 26.1 7.0 0.1
Owner-occupied Units		
% of Occupied that are Owner-occupied	72.4	66.9
Median Value ($) % Change 1990 to 2000	203,800 67.0	167,500 49.8
% Cost-burdened	18.2	28.3
Age % built before 1960 % built from 1960 to 1989 % built from 1990 to 1999 % built from 2000 to 2005	 27.4 41.8 19.7 11.1	 31.6 42.6 16.5 9.3
Median Year Built	1977	1974
Lacking Complete Plumbing (%)	0.29	0.4
With More than One Person Per Room (%)	0.8	1.7
Renter-occupied Units		
% of Occupied that are Renter-occupied	27.6	33.1
Median Gross Rent ($) % Change 1990 to 2000	793 24.1	728 20.9
% Cost-burdened	42.5	45.7
Age % built before 1960 % built from 1960 to 1989 % built from 1990 to 1999 % built from 2000 to 2005	 30.0 51.0 12.4 6.6	 34.0 47.3 11.8 6.9
Median Year Built	1971	1972
Lacking Complete Plumbing (%)	0.7	0.5
% with More than One Person Per Room	5.0	5.9

Source: U.S. Census Bureau American Community Survey

Table 14-5
DE in Comparison to Select States in Mid-Atlantic and New England Regions- 2005

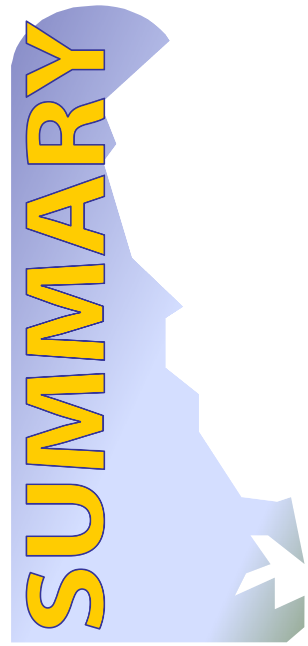
	DE	NJ	PA	MD	DC	VA	CT	RI	VT
DEMOGRAPHIC STATISTICS									
Total Population	818,587	8,521,427	11,979,147	5,461,318	515,118	7,332,608	3,394,751	1,032,662	602,290
% Change 2000 to 2005	4.5	1.2	-2.4	3.0	-10.0	3.6	-0.3	-1.5	-1.1
Population by Age (%)									
Under 15	19.8	20.9	19.1	21.1	18.6	20.4	20.0	19.4	17.5
15 - 24	12.9	12.6	12.7	13.3	9.2	13.2	12.2	12.3	12.9
25 - 34	13.1	12.1	11.9	12.5	20.5	13.1	11.5	13.3	11.6
35 - 44	15.4	16.1	14.7	15.9	15.2	15.7	16.1	15.5	15.3
45 - 54	14.7	15.1	15.6	15.3	13.5	15.2	15.9	15.2	17.2
55 - 64	11.0	10.7	11.4	10.8	10.8	11.1	11.3	10.8	12.8
65 - 74	7.2	6.2	6.9	5.8	6.2	6.2	6.2	6.0	6.7
75 and over	5.9	6.3	7.7	5.3	6.0	5.1	6.8	7.5	6.0
Population by Race (%)									
White	73.6	69.9	84.6	61.5	32.4	71.7	81.3	82.9	96.6
Black	19.9	13.3	10.1	28.7	56.8	19.1	9.1	5.0	0.5
American Indian and Alaska	0.3	0.2	0.1	0.3	0.3	0.3	0.2	0.6	0.2
Asian	2.7	7.3	2.2	4.7	3.0	4.7	3.2	2.6	1.1
Hawaiian/Other Pacific Islander	0.01	0.04	0.02	0.05	0.05	0.1	0.04	0.1	0.01
Some Other Race	2.0	7.8	1.9	3.1	6.0	2.3	4.5	6.9	0.2
Two or More Races	1.5	1.5	1.1	1.7	1.5	1.8	1.7	1.9	1.4
Persons of Hispanic Origin (%)	6.1	15.3	4.0	5.8	8.9	6.0	10.9	10.9	0.9
Households (%)									
Family households (families)	68.1	69.1	65.8	67.0	43.7	67.1	67.5	63.8	63.0
With own children under 18	31.6	33.3	29.0	32.0	18.9	30.9	31.5	29.3	28.2
Married-couple family	50.3	51.8	49.8	49.0	21.8	51.2	51.0	46.8	48.5
With own children under 18	20.6	24.4	20.2	22.0	7.6	22.0	22.3	19.7	18.8
Male householder, no wife	4.4	4.7	4.3	4.3	4.1	4.1	4.3	4.4	4.6
With own children under 18	2.2	2.1	2.0	2.0	1.8	1.9	1.9	1.9	3.1
Female householder, no husband	13.4	12.6	11.8	13.7	17.8	11.9	12.2	12.5	9.9
With own children under 18	8.8	6.8	6.8	7.9	9.5	7.0	7.3	7.8	6.3
Non family households	31.9	30.9	34.1	33.0	56.3	32.9	32.5	36.2	37.0
Householder living alone	25.6	26.0	28.8	27.0	47.2	26.8	27.1	29.2	27.8
65 years and over	9.0	9.9	11.4	8.2	10.3	8.3	10.2	10.7	9.0
Annual Household Income (%)									
Less than $15,000	10.7	11.0	15.2	10.2	18.8	12.0	11.4	15.3	14.5
$15,000 to $24,999	10.3	8.8	12.8	7.9	9.6	9.6	8.2	9.8	11.3
$25,000 to $34,999	10.4	8.3	11.7	8.8	10.5	10.1	8.9	10.1	12.4
$35,000 to $49,999	15.5	12.6	15.4	13.7	13.4	14.4	12.5	13.5	15.7
$50,000 to $74,999	20.3	18.2	19.4	18.9	16.3	19.1	18.7	19.4	20.4
$75,000 to $99,999	13.8	13.5	11.3	14.2	9.9	12.8	14.2	12.8	10.9
$100,000 to $149,999	12.2	15.7	9.1	15.9	9.8	12.9	14.5	12.2	10.4
$150,000 to $199,999	3.8	5.9	2.7	5.5	5.0	4.7	5.4	4.1	2.5
$200,000 or more	3.0	6.0	2.4	4.9	6.7	4.4	6.2	2.8	1.9
Median Household Income ($)	52,499	61,627	44,537	61,592	47,221	54,240	60,941	51,458	45,686
% Change 2000 to 2005	10.8	11.7	11.0	16.5	17.7	16.2	13.0	22.3	11.8
Poverty Status									
% of Total Population	10.4	8.7	11.9	8.2	19.0	10.0	8.3	12.3	11.5
% of All Population Below 18	14.5	11.8	16.7	10.8	32.2	13.3	11.6	19.5	15.4
% of All Population 18 to 64	9.6	7.5	10.8	7.3	15.1	8.7	7.2	10.5	10.5
% of All Population 65+	7.2	8.5	8.9	7.7	17.4	9.7	7.5	8.0	8.1

	DE	NJ	PA	MD	DC	VA	CT	RI	VT
HOUSING STATISTICS									
Total Units % Change 2000 to 2005	374,872 9.3	3,443,981 4.0	5,422,362 3.2	2,273,793 6.0	277,775 1.1	3,174,708 9.3	1,423,343 2.7	447,810 1.8	307,345 4.4
Occupied % Occupied	317,640 84.7	3,141,956 91.2	4,860,140 89.6	2,085,647 91.7	248,213 89.4	2,889,688 91.0	1,323,838 93.0	406,089 90.7	248,825 81.0
Vacant (%) % of Vacant Held for Seasonal, Recreational, or Occasional Use	15.3 53.5	8.8 62.2	10.4 26.6	8.3	10.6 3.9	9.0 21.8	7.0 21.1	9.3 33.6	19.0 76.4
% Vacant Minus Units Held for Seasonal, Recreational, or Occasional Use	7.1	5.5	8.5		10.2	7.0	5.5	6.2	4.5
% of Total - Vacant for Sale	1.1	1.2	1.5	1.2	2.2	1.0	1.0	1.3	0.8
% of Total - Vacant for Rent	2.4	6.4	7.9	6.1	5.6	7.2	6.6	6.8	6.1
Percent: Single-family Multi-family Manufactured Homes Other	 70.3 18.4 11.2 0.1	 63.0 36.0 1.0 0.0	 74.8 20.7 4.5 0.01	 72.3 25.9 1.8 0.004	 38.0 61.9 0.02 0.1	 72.5 21.6 5.9 0.03	 64.5 34.6 0.9 0.04	 57.6 41.1 1.5 0.0	 68.9 23.5 7.6 0.01
Owner-occupied Units									
% of Occupied - Owner-occupied	72.3	67.3	71.5	69.0	42.5	69.6	69.5	62.7	71.1
Median Value ($) % Change 2000 to 2005	203,800 67.0	333,900 98.9	131,900 39.1	280,200 95.5	384,400 150.4	212,300 78.7	271,500 69.1	281,300 115.6	173,400 55.9
% Cost-burdened	18.2	36.9	25.8	27.1	29.6	25.8	31.4	33.4	29.1
Age % built before 1960 % built from 1960 to 1989 % built from 1990 to 1999 % built from 2000 to 2005	 27.4 41.8 19.7 11.1	 43.1 39.8 11.3 5.8	 51.1 32.7 11.2 5.0	 30.4 44.4 16.9 8.3	 77.6 17.2 2.3 2.9	 22.9 48.5 19.2 9.4	 45.4 41.4 8.8 4.4	 50.5 36.2 9.6 3.7	 37.4 44.0 13.2 5.4
Median Year Built	1977	1965	1959	1975	1940	1979	1963	1960	1972
Lacking Complete Plumbing (%)	0.29	0.27	0.40	0.36	0.10	0.40	0.56	0.26	Not reported
% More than One Person Per Room	0.8	1.0	0.7	0.9	1.8	0.8	0.9	0.7	Not reported
Renter-occupied Units									
% of Occupied - Renter-occupied	27.6	32.7	28.5	31.0	57.5	30.4	30.5	37.3	28.9
Median Gross Rent ($) % Change 1990 to 2000	793 24.1	935 24.5	647 21.8	891 29.3	832 34.6	812 24.9	839 23.2	775 40.1	683 23.5
% Cost-burdened	42.5	47.6	42.9	45.3	46.2	42.2	44.8	45.3	45.7
Age % built before 1960 % built from 1960 to 1989 % built from 1990 to 1999 % built from 2000 to 2005	 30.0 51.0 12.4 6.6	 49.4 39.3 6.3 5.0	 53.9 36.3 6.3 3.5	 32.6 50.8 11.1 5.5	 59.3 35.5 2.5 2.7	 25.5 53.6 13.9 7.0	 51.6 39.8 5.8 2.8	 65.3 29.3 3.9 1.5	 53.4 33.8 8.0 4.8
Median Year Built	1971	1960	1957	1971	1955	1975	1959	1945	1953

	DE	NJ	PA	MD	DC	VA	CT	RI	VT
Lacking Complete Plumbing (%)	0.67	0.76	0.46	0.36	0.24	0.61	0.83	0.22	Not reported
% More than One Person Per Room	5.0	6.1	2.3	4.5	6.7	2.7	3.6	2.8	Not reported
Housing Production									
New Privately Owned Units Authorized – 2000 to 2006									
Units in Single-family structures	40,401	153,111	258,524	158,562	1,330	311,337	57,844	14,083	16,521
Units in 2-family structures	482	18,251	4,282	1,502	138	3,186	1,532	858	1,038
Units in 3- and 4-unit structures	374	7,359	7,078	579	61	3,953	779	449	490
Units in 5+unit structures	4,818	56,409	38,468	38,805	10,092	70,609	11,635	2,485	2,216
Total units	46,075	235,130	308,352	199,448	11,621	389,085	71,790	17,875	20,265
New Privately Owned Units Authorized Valuation (in thousands of $) 1990 to 2001									
1-Unit	4,710,576	18,906,294	37,496,658	23,088,946	165,171	44,103,873	11,186,505	2,159,999	2,598,498
2-Units	40,428	1,534,941	357,430	121,048	10,420	235,526	110,407	60,275	964,464
3- and 4-Units	36,941	467,747	524,230	49,053	4,911	300,050	74,113	32,912	45,318
Structures with 5- or more Units	290,204	3,883,056	2,553,462	2,842,912	902,968	4,383,177	850,288	161,088	191,076
LIHTC Units Placed in Service 1987 to 2004	2,554	10,216	4,806	22,163	10,331	51,234	9,456	6,407	1,017

Source: U.S. Census Bureau, 2005 American Community Survey, HUD Low-income Housing Tax Credit Data Base

3.14 / INDICATORS & BENCHMARKS



- **Among many indicators, Delaware is on par with or above national statistics. Homeownership affordability in Delaware is similar to national homeownership affordability, and a slightly lower percentage of owner-occupied households in Delaware are cost-burdened than in the nation as a whole.**

- **While household incomes are higher in Delaware than in the nation as a whole, median home values are also higher. Delaware's homeownership rate is also higher than the national homeownership rate and the highest among neighboring states New Jersey, Pennsylvania, Maryland, Virginia, and Washington, DC.**

- **In 2006, Delaware ranked 37 out of 52 states for rental affordability, where 52 is the least affordable state. This rank is up from 32 in 2002. The housing wage - the hourly wage a full-time worker must earn to afford the fair market rent on a 2-bedroom apartment – is $16.31 in Delaware, on par with the national housing wage of $16.31. This is lower than neighboring states Maryland, Virginia, and New Jersey but higher than Pennsylvania.**

- **22.1 percent (19,385) of Delaware's renter households are cost-burdened with annual incomes below $20,000. (When combined with renters on housing assistance waiting lists, the estimated "at risk" renter total in Delaware reaches nearly 25,000. Changes in median gross rents in Delaware from 2000 – 2005 have been similar to increases in neighboring states, as is Delaware's percentage of cost-burdened renter households (42.5 percent).**

- **Delaware also experienced the greatest percentage population increase and increase in total housing units from 2000-2005 compared to neighboring states.**

- **Delaware's median household income is lower than medians in New Jersey, Pennsylvania, Maryland, and Virginia. While home values have increased significantly in Delaware (67 percent from 2000 – 2005), the housing boom in Delaware has not been as dramatic as in some neighboring states. In that same period, median home values increased faster in New Jersey, Maryland, Washington, DC, and Virginia. As can be expected, all of these states also have higher percentages of cost-burdened owner households.**

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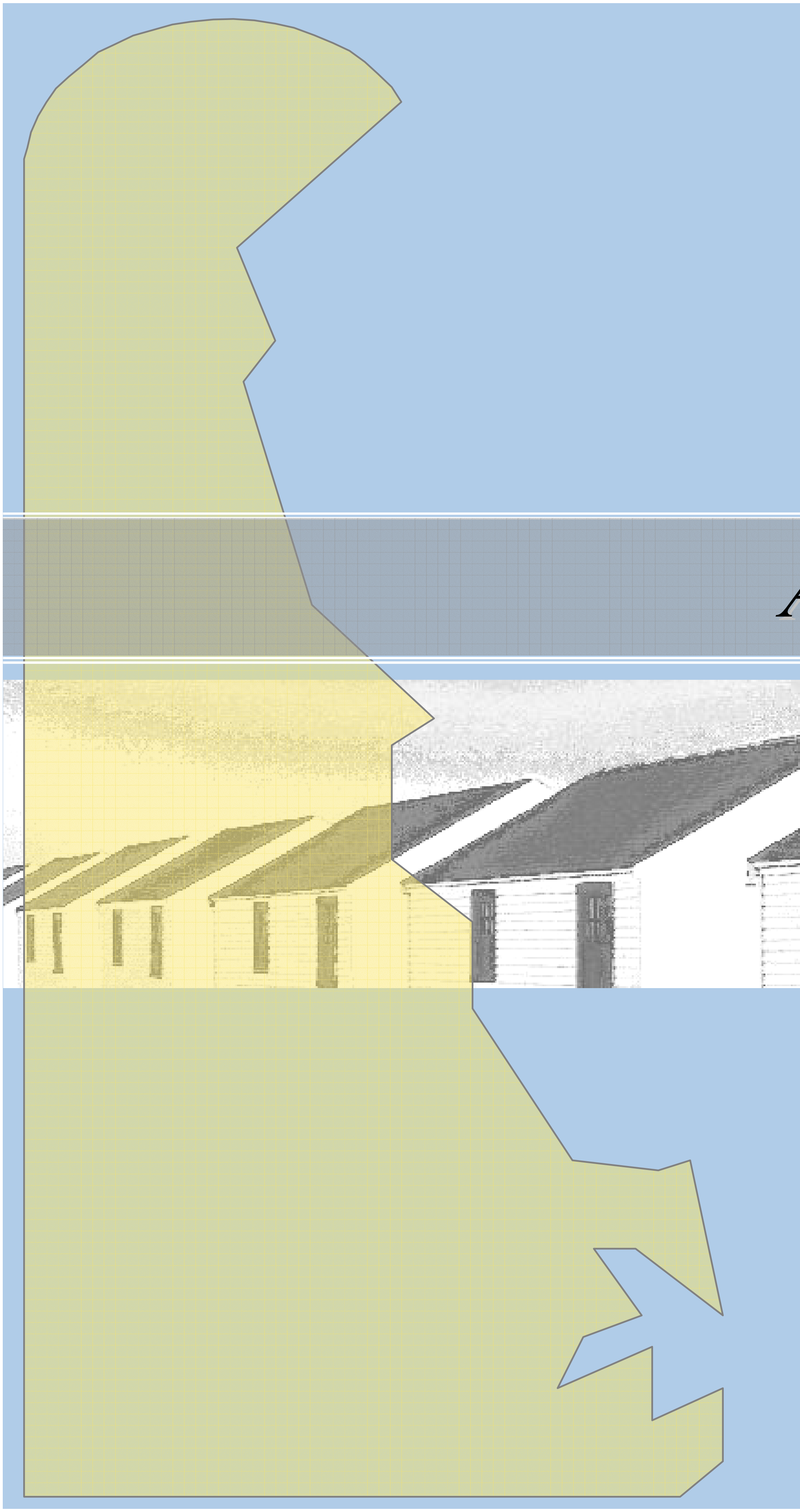

Appendix

Delaware

Statewide Housing Needs Assessment

2008-2012

MULLIN & LONERGAN ASSOCIATES INCORPORATED

Philadelphia – Harrisburg Pittsburgh, Pennsylvania

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A. Abbreviations

Abbreviation	Definition
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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C. Assisted Rental Housing Sites, 2007

New Castle County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Other HUD Assisted	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Brandywine												
ARC HUD II				5								
ARC HUD III				5								
ARC HUD VII				8								
ARC HUD VIII				4								
B'nai B'rith House						208						
Greentree Village											229	
Overlook Colony											35	
Riverview Place Apartments*					16						56	
Riverview Place											16	
Stoneybrook Apartments					152							
Total	**0**	**0**	**0**	**22**	**168**	**208**	**0**	**0**	**0**	**0**	**336**	**0**
Wilmington												
Baynard Apartments		100										
Compton Towers		180										
Crestview	149											
Evans House	18											
Herlihy Apartments	126											
Kennedy Towers	24											
Lincoln Towers		120										
Madison Gardens											18	
Riverside Housing Development	330											
Southbridge Apartments	180											
1802 West	13											
Antonian						136						
Bethel Villa*					150							
Christiana Village*					77							
Claymont Street Apartments									30			
Clayton Court						72						
Compton Apartments					55							
Compton Towne Houses*					76							
DIMA I				12								
DIMA II				10								
DIMA III				6								
DIMA IV				3								
DIMA V				3								
DIMA VI				20								

New Castle County	Subsidized Units: Public Housing – Family	Subsidized Units: Public Housing – Elderly	Subsidized Units: HUD Assisted – Section 202	Subsidized Units: HUD Assisted – Other HUD Assisted	Subsidized Units: Section 8 Project Based – Family	Subsidized Units: Section 8 Project Based – Elderly	Subsidized Units: Rural Development – Family	Subsidized Units: Rural Development – Elderly	Income Restricted Units: Other Income Restricted – Family	Income Restricted Units: Other Income Restricted – Elderly	Income Restricted Units: Low Income Housing Tax Credit – Family	Income Restricted Units: Low Income Housing Tax Credit – Elderly
DIMA VII				7								
DIMA VIII				13								
Farrand Village Apartments											165	
Gateway/SBM					54							
Herring Manor					40							
Ingleside Retirement Apartments						160						
King Plaza					23							
Los Jardines			24									
Luther Tower I			231									
Luther Tower II						139						
Maplewood Housing*						51						
Metro I					55							
Monroe Terrace					35							
Quaker Hill Place						150						
Quaker Village											40	
River Commons											92	
Sacred Heart			78									
SafeHaven											10	
Shipley Loft											17	
Ships Tavern Mews											37	
Terry Apartments						160						
Village of Eastlake*	70											
West Center Place*						56						
West Court Apartments											75	
West Street Commons				6								
West Quaker Hill Apartments											49	
Windsor Apartments*						169						
YMCA/SRO											144	
Total	**910**	**400**	**333**	**80**	**565**	**1,093**	**0**	**0**	**30**	**0**	**647**	**0**
LOWER CHRISTIANA												
ARC HUD V				4								
Maryland Park Apartments					72						126	
Total	**0**	**0**	**0**	**4**	**72**	**0**	**0**	**0**	**0**	**0**	**126**	**0**
GREATER NEWARK (OUTSIDE INCORPORATED CITY OF NEWARK)												
ARC HUD III				4								
ARC HUD V				4								
ARC HUD VI				4								
Carleton Court Apartments					100							
Christiana Farms											76	
Christiana Farms II											18	

New Castle County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Other HUD Assisted	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Christiana Farms III									18			
Kimberton Apartments					165							
Marydale Retirement Village						108						
Victoria Mews											81	
Woodmont Gardens						15						
City of Newark												
Cleveland Heights	42											
Independence Circle		36										
DIMA IV				3								
Main Tower Apartments						150						
Marrows Court						50						
Total (City and in CCD out of City)	**42**	**36**	**0**	**15**	**265**	**323**	**0**	**0**	**18**	**0**	**299**	**0**
Pike Creek/Central Kirkwood												
ARC HUD II				4								
Cynwyd Club											130	
Woodlea Apartments						102						
Total	**0**	**0**	**0**	**4**	**0**	**102**	**0**	**0**	**0**	**0**	**130**	**0**
Upper Christiana												
ARC HUD VIII				4								
ARC HUD IV				10								
Total	**0**	**0**	**0**	**14**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Piedmont												
ARC HUD II				5								
DIMA III				3								
Total	**0**	**0**	**0**	**8**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central Pencader												
ARC HUD II				5								
ARC HUD IV				4								
Total	**0**	**0**	**0**	**9**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Middletown/Odessa												
ARC HUD VIII				4								
Fairfield Commons											81	
Greenlawn											70	
Holly Square		24										
Lakewood Apartments					22							
Middletown Trace*					65							
North Village I and II					20	10						
Total	**0**	**24**	**0**	**4**	**107**	**10**	**0**	**0**	**0**	**0**	**151**	**0N**

New Castle County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Other HUD Assisted	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
NEW CASTLE												
Arbor Place I and II											67	
Chelten Apartments						120						
Coachman's Manor											112	
DIMA II				3								
DIMA IV				3								
DIMA V				3								
DIMA VII				3								
Lexington Green					125							
Liberty Terrace						108						
Manlove Manor						40						
Spencer Apartments*					72							
Willow Chase											81	
Wilton Club											61	
Total	**0**	**0**	**0**	**12**	**197**	**268**	**0**	**0**	**0**	**0**	**321**	**0**
NEW CASTLE COUNTY TOTAL	**952**	**460**	**333**	**172**	**1,374**	**2,004**	**0**	**0**	**48**	**0**	**2,010**	**0**

Source: Delaware State Housing Authority, U.S. Dept. of Housing & Urban Development, U.S. Dept. of Agriculture Rural Development

**Units financed through Low-Income Housing Tax Credit and another subsidy source are shown in the subsidy source column.*

Kent County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Section 811	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
KENTON	No assisted rental housing units.											
SMYRNA												
Commerce Square											80	
Frazier Place*								30				
Frazier Place II*								24				
Heron Run Apartments*							40					
McLane Gardens	29											
McLane Gardens Annex	21											
Peach Circle		32										
Smyrna Gardens											72	
Total	**50**	**32**	**0**	**0**	**0**	**0**	**40**	**54**	**0**	**0**	**152**	**0**
DOVER (CITY AND CCD)												
New Hope Housing II											18	
Derby Estates	30											
Hayes Circle	14											
Liberty Court	108											
Manchester Court	8											
Manchester Square	75											
Queen Manor		50										
Senate View	60											
Simon Circle	46											
Scattered Sites	31											
ARC HUD III				4								
ARC HUD VI				4								
Capital Green Apartments*					132							
Clearfield											95	
DIMA IX				12								
East Lake											48	
Generals Green IV											54	
Ken Crest Housing				24								
The Laurels											76	
Luther Towers I												
Luther Towers II						148						
Luther Towers III			49			50						
Luther Tower IV			44									
Luther Village			68									
Owens Manor												60
Persimmon Tree											96	
River Chase											78	
Vera's Heaven											10	
Walker Woods I, II									51		24	

Kent County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Section 811	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Whatcoat Village Apts.					45				33			
Willis Road											17	
Total	**372**	**50**	**161**	**44**	**177**	**198**	**0**	**0**	**84**	**0**	**516**	**60**
CENTRAL KENT												
ARC HUD I				4								
Mifflin Meadows	54											
Total	**54**	**0**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
FELTON												
ARC HUD VI				4								
ARC HUD VII				4								
Peach Tree*							22				10	
Total	**0**	**0**	**0**	**8**	**0**	**0**	**22**	**0**	**0**	**0**	**10**	**0**
MILFORD NORTH												
A & I Housing						24						
Academy Apartments					11							
Banneker Heights / Brightways*					78						2	
Colony South											78	
Colony West									40			
Milford Crossing											73	
Silver Lake Estates Apartments						146						
Valley Run Apartments											72	
Villas at Milford Crossing												60
Total	**0**	**0**	**0**	**0**	**89**	**170**	**0**	**0**	**40**	**0**	**225**	**60**
HARRINGTON												
Clark's Corner Phase I	50											
Clark's Corner Phase II	20											
Diamond Court I							13		11			
Diamond Court II							29		3			
Heritage Manor*								32				
West Street Manor*								32				
West Street Manor Annex*								28				
Total	**70**	**0**	**0**	**0**	**0**	**0**	**42**	**92**	**14**	**0**	**0**	**0**
KENT COUNTY TOTAL	**546**	**82**	**161**	**56**	**266**	**368**	**104**	**146**	**138**	**0**	**903**	**120**

Source: Delaware State Housing Authority, U.S. Dept. of Housing & Urban Development, U.S. Dept. of Agriculture Rural Development

**Units financed through Low-Income Housing Tax Credit and another subsidy source are shown in the subsidy source column.*

Sussex County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Section 811	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
BRIDGEVILLE GREENWOOD												
ARC HUD I				4								
Canterbury Apartments							21		3			
Elizabeth Cornish Landing I & II							32					
Elizabeth Cornish Landing Annex*							12					
Greenwood Acres								28				
Laverty Lane	50											
Market Street Apartments*								34				
Total	**50**	**0**	**0**	**4**	**0**	**0**	**65**	**62**	**3**	**0**	**0**	**0**
MILFORD SOUTH												
DIMA V				6								
Marshall Manor*									11			
Mispillion Apartments							101	36		0		
Total	**0**	**0**	**0**	**6**	**0**	**0**	**101**	**36**	**11**	**0**	**0**	**0**
MILTON												
Luther Gardens												18
Luther Gardens Annex												18
Luther Towers of Milton						50						
Milton Landing											48	
Park Royal Apartments					32							
Peachtree Acres				20								
Spinnaker Lane				3								
Total	**0**	**0**	**0**	**23**	**32**	**50**	**0**	**0**	**0**	**0**	**48**	**36**
LEWES												
ARC HUD I				5								
Burton Village	50											
East Atlantic											70	
East Atlantic Annex											24	
Harbour Towne												40
Huling Cove						24						
Huling Cove Annex						41						
Jefferson Apartments					40							
Jefferson II*							32					
Mills Landing												24
Sandy Brae Supported Living				3								
Savannah East											72	
Savannah West											48	
Total	**50**	**0**	**0**	**8**	**40**	**65**	**32**	**0**	**0**	**0**	**214**	**64**

Sussex County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Section 811	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
MILLSBORO												
Brandywine Village Apts. I						31						
Brandywine Village Apts. II							17		7			
Brandywine Village Apts. III							22		10			
Lingo Neck											72	
Long Neck											60	
Mill Chase Apartments											74	
Millsboro Village Apartments					50							
Millsboro Village II							26					
Old Landing							12					
Old Landing II											30	
Total	**0**	**0**	**0**	**0**	**50**	**31**	**77**	**0**	**17**	**0**	**236**	**0**
SELBYVILLE/FRANKFORD												
Hickory Tree	55											
Shady Grove Apartments							14		16			
Shady Grove II*								24				
Shady Grove III*								20				
Total	**55**	**0**	**0**	**0**	**0**	**0**	**14**	**44**	**16**	**0**	**0**	**0**
GEORGETOWN (ALL UNITS ARE IN THE INCORPORATED TOWN OF GEORGETOWN)												
A & I Housing				8								
Acorn Acres							24					
Cheer Apartments												60
DIMA VIII				8								
Dunbarton I							32					
Dunbarton II							18		6			
Dunbarton III							21		11			
Dunbarton IV*								31				
Dunbarton Village								31				
Georgetown Apartments*					75							
Georgetown II									50			
Total	**0**	**0**	**0**	**16**	**75**	**0**	**95**	**62**	**67**	**0**	**0**	**60**
SEAFORD												
ARC HUD III				4								
Chandler Heights Apartments*					88							
Chandler Heights II							24					
Charleston Place								11				
DIMA IV				9								
DIMA VII				3								
Greenside Manor*							40					
Hunters Court							23		10			

Sussex County	Subsidized Units								Income Restricted Units			
	Public Housing		HUD Assisted		Section 8 Project Based		Rural Development		Other Income Restricted		Low Income Housing Tax Credit	
	Family	Elderly	Section 202	Section 811	Family	Elderly	Family	Elderly	Family	Elderly	Family	Elderly
Meadowbridge Apartments							98					
Seaford Apartments							30		7			
Seaford Meadows*					122							
Seaford Neighborhood Home				5								
Virginia Crest			27									
Williamsburg Manor												26
Woodland Mills											66	
Woodland Mills II											32	
Yorktowne Woods*								35				
Total	**0**	**0**	**27**	**21**	**210**	**0**	**215**	**46**	**17**	**0**	**98**	**26**
LAUREL/DELMAR												
Carvel Gardens & Annex					130							
Country Meadows*								24				
Delmar Crossing											61	
Golden Meadows*								32				
Hollybrook Apartments I							31					
Hollybrook Apartments II					24							
Hollybrook Apartments III							17		15			
Hollybrook Apartments IV							36					
Laurel Commons			21									
Little Creek*					72							
Villas I & II at Delmar Crossing												24
Wexford Village I & II									12		48	
Total	**0**	**0**	**21**	**0**	**226**	**0**	**84**	**56**	**27**	**0**	**109**	**24**
SUSSEX COUNTY TOTAL	**155**	**0**	**48**	**78**	**633**	**146**	**683**	**306**	**158**	**0**	**705**	**210**

Source: Delaware State Housing Authority, U.S. Dept. of Housing & Urban Development, U.S. Dept. of Agriculture Rural Development

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2007

Delaware State Housing Authority
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Dover, Delaware 19901

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