

# **Delaware State Housing Authority (DSHA)**

## **Strategic Plan FY 2007-08 through FY 2009-2010**

Submitted 10/16/06

**The overall agency mission and goals are:**

**MISSION:** To efficiently provide, and assist others to provide, quality, affordable housing opportunities and appropriate supportive services to responsible low- and moderate-income Delawareans.

**PURPOSE:** As the state's sole Housing Finance Agency, the Public Housing Authority for Kent and Sussex Counties and as a Planning and Community Development Agency, Delaware State Housing Authority (DSHA) helps low- and moderate-income Delawareans find homes and affordable rental apartments, as well as low-interest loans to buy a home. DSHA also offers assistance in repairing homes and works with developers to build affordable housing.

To assist DSHA in achieving its mission, the Council on Housing (COH), authorized by the Delaware Code, advises the DSHA Director and the Governor on matters related to housing, and approves the allocation of loans and grants through the Housing Development Fund (HDF). The COH consists of 9 board members appointed by the Governor. Recent review and recommendations by the Joint Sunset Committee has broadened the COH's role to: provide more input in to DSHA policy decisions beyond the HDF; and, to provide more leadership in the area of advocacy for DSHA.

**HOUSING ENVIRONMENT:**

Providing housing to low- and moderate-income Delawareans is not a luxury, it is a necessity. Study after study indicates that inadequate housing negatively affects educational opportunity, neighborhood stability, and ultimately the economic vitality of an entire community. Investment in the infrastructure of housing for our citizens is as important as investment in our storm sewers and streets.

There are several challenges to ensuring this fundamental need, with affordability being the single greatest. DSHA's most recent needs assessment indicated that one out of ten households in Delaware earned less than \$20,000 and paid more than 30 percent of their income on housing, while almost 2,000 persons were homeless on any given night. To exacerbate this problem, the state's lowest-cost rentals to serve this extremely low-income population, along with those affordable to low- and moderate-income renters, are at risk of being lost at alarming rates. This potential loss is due to: federal subsidy contracts that allow conversion to market rents when the contracts expire; and, poor physical condition of the rental community starved of cash flow to meet backlogged repairs.

While preserving the existing housing stock has taken on a new sense of urgency, production of new rental housing is still needed and growing - particularly for extremely low-income households. Unfortunately, because it is less expensive to preserve a unit that is already affordable than create a new affordable unit, most of DSHA's resources are being targeted for preserving the existing housing stock. As a result, the need for new affordable rental units is left largely unaddressed.

Adding to affordability problems, house prices have increased 95 percent over the last five years while incomes have risen a mere 16 percent leaving a substantial affordability gap for Delaware's workforce to overcome in order to obtain homeownership.

The federal response to this crisis has been insufficient to cover Delaware's growing needs, fill the gaps in availability and affordability, and preserve the state's investment in federally assisted housing. For example, federal efforts have not provided sufficient cash flow and incentives to insure proper physical maintenance or continued affordability when relatively short-term subsidy arrangements expire. In addition, there are no federal programs dedicated to producing housing for extremely low-income households.

The shrinking affordable housing supply due to the expiration of federal subsidy contracts and no new units, combined with rising housing costs and stagnant incomes, are having devastating impacts on low-income persons and communities. Over the past six years, Delaware's homeless population has grown from approximately 1,040 per night according to the University of Delaware Study conducted in January 2000 to 1,835 per night in the Point-in-Time study conducted in January 2006 by the Delaware Homeless Planning Council. This growth has happened during a time of low unemployment and high economic growth in Delaware. Homelessness has many causes, and for most people homelessness is a short-term crisis; therefore, the number of people identified as homeless on any given night is just a fraction of the people homeless during the year. Estimates based on our Point-in-Time data using nationally recognized formulas indicate that over 6,000 Delawareans are homeless each year.

A small number of those homeless in Delaware are chronically homeless people. Chronically homeless people have a disabling condition and have been homeless for a year or more; or have a disabling condition and have been homeless more than four times in the past three years. In a number of studies this population has been proven to be high users of high cost services including Medicaid funded in-patient psychiatric and medical services, and prisons.

DSHA has taken an active role in addressing the issue of chronic homelessness. The Director of DSHA, Sandra Johnson, is Chair of the Delaware Interagency Council on Homelessness, created by Governor Minner's Executive Order Number 65. Under Ms. Johnson's leadership, the Council is working to develop a 10-year plan to end chronic homelessness and to identify the gaps in services and resources that lead to homelessness. The Council will also develop recommendations to prevent and address homelessness in Delaware. Housing for Homeless will become a core service of our strategic plan, as well as other state agencies in future years, as a result of the recommendations from the Delaware Interagency Council on Homelessness and approval by the Governor.

## **GOALS:**

- I. Rental Assistance:**  
Preserve the current affordable rental inventory, as well as, expand this inventory for low- and extremely-low income Delawareans.
- II. Homelessness:**  
Improve quality of life by reducing chronic homelessness through the provision of supportive housing options to those experiencing chronic homelessness and to those at risk of chronic homelessness.
- III. Homeownership:**  
Increase homeownership opportunities for responsible low- and moderate-income Delawareans to improve their quality of life, as well as, promote healthy neighborhoods.
- IV. Resident Services:**  
Help persons and families to become economically self sufficient by assisting in the delivery of social, educational, and other supportive services and programs.
- V. Community Development:**  
Assist in the rehabilitation of distressed or sub-standard housing in an effort to preserve current housing stock and strengthen communities.

**GOAL I. RENTAL ASSISTANCE:** *Preserve the current affordable rental inventory, as well as, expand this inventory for low- and extremely-low income Delawareans.*

Affordable rental housing is a critical component of Delaware's affordable housing stock. Since the mid-1980s, the only major federal program for developing affordable rental housing has been the Low-income Housing Tax Credit (LIHTC). Much of Delaware's affordable housing stock for people with very low incomes is site-based housing built in the late 1970s and early 1980's that has a federal subsidy attached. The original rents allowed by HUD and subsidy provided by HUD were projected to provide capital reserves that could be used for major maintenance. However, in the 1980s HUD revised the formulas for calculating subsidy and rents so that most sites could no longer afford to maintain operating and capital reserve funds sufficient to maintain the sites. Over the years many sites have depleted their reserves and deferred maintenance to the point where now they are in danger of losing the HUD subsidy. HUD requires that all sites are inspected each year and those sites which repeatedly fail the inspection may have the contract authorizing the subsidy canceled. If the subsidy is no longer available the tenants of these units, who often have incomes of less than \$20,000 a year, will be displaced.

As there are currently no new federal programs that either produce or subsidize housing units for people with very low incomes the loss of these units, and the subsidy that accompanies them, would be devastating to many of Delaware's most vulnerable households. DSHA has identified 30 subsidized sites, which house approximately 7,300 persons that could be at risk of being lost. DSHA has evaluated risk factors and identified 10 sites with 2,300 people that have the most need and are at the highest risk of being lost. DSHA has ranked the 10 sites according to risk and has made preservation of these subsidized units, through rehabilitation, a priority.

While preserving affordable rental units is a priority, creation of new units for working families is also important. With population growth and increasing numbers of single parent households, new affordable rental housing continues to be in demand in Kent and Sussex Counties.

Without this core service, the number of homeless families in the State of Delaware would increase.

**OBJECTIVE I.1:** Preserve the current affordable rental stock for low- and very low-income Delawareans in response to an annual identified need to preserve the rent subsidy of 393 units and rehabilitate 1,138 units.

**STRATEGY I.1.1:** Preserve the affordable rental units built during the 1970s and 1980s by the Section 8 New Construction Program by offering loans to owners and investors of the rental units to extend the contracts.

**STRATEGY I.1.2:** Provide tax credits to owners and investors of rental units. The Low Income Housing Tax Credit Program (LIHTC) delivers direct federal income tax credits to qualified owners or investors for the rehabilitation of existing affordable rental communities to rent for low- and very low-income families at affordable prices. This assistance is often used to support the preservation of Section 8 New Construction sites.

**STRATEGY I.1.3:** Provide loans to owners and investors of rental units. The Housing Development Fund (HDF) and Home Investment Partnership (HOME) programs provide loans to qualified owners and investors to rehabilitate existing rental properties for very low- and low-income persons. These two programs are also used to support the preservation of Section 8 New Construction sites.

**OBJECTIVE I.2:** Expand access to affordable rental housing for low- and very low-income Delawareans in response to an identified annual need for 597 new units either through new construction or conversion.

**STRATEGY I.2.1:** Provide tax credits to owners and investors of rental units. The Low Income Housing Tax Credit Program (LIHTC) delivers direct federal income tax credits to qualified owners or investors for the construction of new housing units to rent for low- and very low-income households at affordable prices.

**STRATEGY I.2.2:** Provide loans to owners and investors of rental units. The Housing Development Fund (HDF) and Home Investment Partnerships (HOME) Program provide loans to qualified owners and investors to expand the supply of affordable housing through the construction of new housing units to rent for low- and very low-income households.

**PERFORMANCE INDICATORS:**

Input:

- Historical number of low- and very low-income renters assisted by DSHA.

Output:

- Number of units preserved from converting to market rate.
- Number of rental units rehabilitated using grants and loans.
- Number of housing rental units added using grants and loans.

**Prediction of output objectives for DSHA:**

| Objective                                          |                                     | 2004       | 2005       | 2006       | 2007        | 2008        | 2009        | 2010        |
|----------------------------------------------------|-------------------------------------|------------|------------|------------|-------------|-------------|-------------|-------------|
|                                                    |                                     | Actual     | Actual     | Actual     | Budget      | Proj.       | Proj.       | Proj.       |
| II. 1<br>Preserve existing affordable rental stock | <b>Subsidy Preservation</b>         | 460        | 307        | 434        | 531         | 114         | 384         | 401         |
|                                                    | <b>Rehabilitate</b>                 |            |            |            |             |             |             |             |
|                                                    | LIHTC                               | 186        | 216        | 252        |             |             |             |             |
|                                                    | HDF                                 | 186        | 251        | 252        |             |             |             |             |
|                                                    | HOME                                | 0          | 144        | 199        |             |             |             |             |
|                                                    | Sect 8                              | 73         | 216        | 199        |             |             |             |             |
|                                                    | <i>Net Total Rehab</i>              | 186        | 251        | 252        | 266*        | 288*        | 246*        | 53*         |
|                                                    | <b>Net Total Maintained Units**</b> | <b>538</b> | <b>470</b> | <b>608</b> | <b>797</b>  | <b>402</b>  | <b>630</b>  | <b>454</b>  |
| II.2<br>Expand affordable rental stock             | <b>Create:</b>                      |            |            |            |             |             |             |             |
|                                                    | LIHTC                               | 91         | 84         | 78         |             |             |             |             |
|                                                    | HDF                                 | 133        | 66         | 88         |             |             |             |             |
|                                                    | HOME                                | 67         | 36         | 78         |             |             |             |             |
|                                                    | <i>Net Total Create</i>             | 133        | 84         | 88         | 50*         | 50*         | 50*         | 50*         |
|                                                    | <b>Conversion:</b>                  |            |            |            |             |             |             |             |
|                                                    | LIHTC                               |            |            | 102        |             |             |             |             |
|                                                    | HDF                                 |            |            | 102        |             |             |             |             |
|                                                    | HOME                                |            |            | 102        |             |             |             |             |
|                                                    | <i>Net Total Conversion</i>         | 0          | 0          | 102        | 50*         | 50*         | 50*         | 50*         |
|                                                    | <b>Net Total New Units</b>          | <b>133</b> | <b>84</b>  | <b>190</b> | <b>100*</b> | <b>100*</b> | <b>100*</b> | <b>100*</b> |
|                                                    | <b>TOTAL RENTAL UNITS</b>           | <b>671</b> | <b>554</b> | <b>798</b> | <b>897</b>  | <b>502</b>  | <b>730</b>  | <b>554</b>  |

\* It is difficult to determine individual program production. Instead, the net total for all three programs is projected.

\*\* ‘Subsidy Preservation’ total plus ‘Net Total Rehab’ total does not equal ‘Net Total Maintained Units’ due to some sites receiving both contract extension to preserve the subsidy and rehabilitation.

***Variables that affect the delivery of this core service:***

- DSHA’s ability to obtain sufficient funds (estimated at \$8 million in FY2008) to address the most critical needs.
- State and Federal budget cuts.
- Growing population of senior citizens.
- Growing population of immigrants, especially in Sussex County.
- Income levels.
- Low wages and lack of jobs.
- Rapidly increasing housing prices.
- Poor public transportation in Kent and Sussex Counties.

***Other Strategic Activities:***

- Educate legislature on how the HDF leverages resources and who it impacts.
- Research more ways to increase the HDF to utilize additional tax credits.
- Pursue mainstream voucher funding when available to assist persons with disabilities.
- Efficiently manage DSHA's rental assistance program (Housing Choice Voucher Program).

- Explore/expand the use of LIHTC to construct affordable rental units without HDF assistance, prioritize LIHTC allocations to reach lower-income families, and issue two years of tax credits to lessen dependence on HDF.
- Support the National Council of State Housing Agencies (NCSHA) lobbying efforts for preservation funding.
- Research feasibility for using 4% bonds for preserving subsidy of units.

***Program Descriptions:***

*Low Income Housing Tax Credit Program (LIHTC)* - This program provides a direct federal income tax credit to qualified owners and investors, who build, acquire or rehabilitate housing units to rent to working low- to very low-income families. This program is also supported by the Housing Development Fund (HDF) and HOME (a HUD grant program).

*The Housing Development Fund (HDF)* - The HDF is DSHA's primary financing resource for supporting the development of affordable housing statewide. The HDF is funded essentially through State General Assembly appropriations.

*HOME Investment Partnerships Program (HOME)* - HOME was created under the HOME Investment Partnerships Act of the National Affordable Housing Act of 1990 to expand the supply of affordable housing for low- and very low-income persons by strengthening the abilities of State and local governments and nonprofit organizations to design and implement strategies for providing decent, affordable housing. This program is operated statewide. The HOME Investment Partnerships Program is funded annually by the U.S. Department of Housing and Urban Development (HUD).

*Section 8 New Construction Preservation* - DSHA's preservation program provides a variety of assistance to Section 8 New Construction sites built in the 1970s and 1980s to provide affordable rental housing to families, seniors, and the disabled. Assistance may take the form of a non-interest bearing loan to make capital improvements that the site could not otherwise afford. Such loans are made with the agreement of the owner to continue to maintain the site's affordability indefinitely. Funds for these loans are generated by yield on mortgage revenue bonds in excess of IRS limits. By using these funds for capital improvements, the bonds maintain their tax-exempt status. In other instances, sites are provided technical assistance in applying for Low Income Housing Tax Credits, which are also used to make repairs and add amenities to the sites. DSHA staff also meets regularly with the owners and management agents to encourage renewal of the Housing Assistance Payments Contract between the site and the U.S. Department of Housing and Urban Development (HUD).

**GOAL II. HOMELESSNESS:** *Improve quality of life by reducing chronic homelessness through the provision of supportive housing options to those experiencing chronic homelessness and to those at risk of chronic homelessness.*

There is an ongoing federal initiative to end chronic homelessness within the next decade. Secretary Thompson, the former Chair of the United States Interagency Council on Homelessness, underscores this with his comment: “Through innovative partnership and leadership, I believe we can end chronic homelessness within a decade.” This initiative has prompted several states and large cities to draft their 10-year plan to end chronic homelessness. Federal funds that are allocated through the Department of Housing and Urban Development’s (HUD’s) Continuum of Care competitive grant program are tied to the planning efforts of each local Continuum of Care (CoC). Approximately five million dollars a year comes to Delaware programs that serve the homeless as a result of this federal program. Most of these funds go directly to nonprofit service providers and to the Delaware Health and Social Services (DHSS), Division of Substance Abuse and Mental Health (DSAMH).

To ensure Delaware is able to maintain the approximately 308 units of housing for the homeless that are funded by the Continuum of Care grants and to enable Delaware to be competitive in accessing new federal funds to address chronic homelessness, Governor Ruth Ann Minner signed Executive Order #65, which created the Delaware Interagency Council on Homelessness (DICH). DICH is charged with developing a plan to end chronic homelessness in Delaware. Sandra R. Johnson, Director of the Delaware State Housing Authority (DSHA), was appointed the Chair and has led the DICH in developing a detailed plan to end chronic homelessness in Delaware. This plan seeks to address the housing and service needs of those who are currently chronically homeless and by preventing chronic homelessness for those at risk. Chronic homelessness is defined by HUD as unaccompanied adults who meet all of the following criteria: (1) Have been continuously homeless for a year or more or, (2) have had at least four episodes of homelessness in a three year period and suffer from one or more disabling condition(s) which limit his/her ability to perform activities of daily living, including: diagnosable substance use disorder; serious mental illness; developmental disability; or chronic physical illness of or disability.

The current draft of the plan recommends developing housing and vouchers to assist 2,000 people over the next ten years. DSHA and other DICH members will work to identify additional federal and philanthropic resources to address the needs identified in the plan.

**OBJECTIVE II.1:** Ensure that the current inventory of emergency, transitional and permanent supportive housing for the homeless is maintained and expanded as recommended in the 10-year Plan to End Chronic Homelessness developed by DICH.

**STRATEGY II.1.1:** Provide technical assistance and gap funding to ensure that Delaware maintains housing currently supported by HUD Supportive Housing Program Funds.

**STRATEGY II.1.2:** Provide tax credits, loans and subsidies to owners and investors to create new supportive housing units. These units will be used to house unsheltered and emergency sheltered chronically homeless persons.

**STRATEGY II.1.3:** Provide Housing Choice Vouchers to create supportive housing units for persons identified as chronically homeless and those at risk of becoming chronically homeless.

**PERFORMANCE INDICATORS:**

Input:

- Number of chronically homeless persons as indicated by DICH's Point-in-Time study.

Output:

- Number of new supportive units added or rehabilitated for homeless persons.
- Number of new vouchers of supportive housing used by homeless persons.

**Prediction of output objectives for DSHA:**

| Objectives                                                                                                                        | Strategies                                                                                 | 2004<br>Actual | 2005<br>Actual | 2006<br>Actual | 2007<br>Budget | 2008<br>Proj. | 2009<br>Proj. | 2010<br>Proj. |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| III.1 Ensure that current supportive housing is maintained and expanded contributing to end homelessness within the next 10 years | <b>Maintain existing supportive housing:</b><br>Provide gap funds and technical assistance | NA             | NA             | NA             | NA             | 308           | 318           | 328           |
|                                                                                                                                   | <b>Create or Rehabilitate:</b><br>New supportive housing units                             | NA             | NA             | NA             | NA             | 25            | 25            | 25            |
|                                                                                                                                   | <b>Provide:</b><br>New Housing Choice Vouchers for supportive housing units                | NA             | NA             | NA             | NA             | 20            | 20            | 20            |
|                                                                                                                                   | <b>TOTAL UNITS/BEDS</b>                                                                    | NA             | NA             | NA             | NA             | 353           | 363           | 373           |

NA- Not Applicable

***Variables that affect the delivery of this core service:***

- DSHA's ability to obtain sufficient funds (estimated at \$3 million in FY2008) to begin addressing needs identified in the plan.
- State and federal budgets.
- Growing population of homeless persons.
- Availability of services to address the social service needs of the population.

***Other Strategic Activities:***

- Link with Corporation for Supportive Housing and other potential funding sources to expand resources and increase leveraging.
- Work with state and nonprofit organizations to identify areas where increased efficiencies can be gained in the delivery of services to homeless individuals and families.

***Program Descriptions:***

*The Housing Development Fund (HDF)* - The HDF is DSHA's primary financing resource for supporting the development of affordable housing statewide. The HDF is funded essentially through State General Assembly appropriations.

*Continuum of Care (CoC)* – CoC grants are available through a competitive application process to HUD. The program provides funding to nonprofit and state agencies that provide housing and services to people who are homeless. The Delaware Homeless Planning Council (HPC) prepares the Delaware application for CoC funding and funding is allocated directly to the organizations providing housing and/or services. Currently most of the approximately \$5,000,000 awarded to Delaware is for funding to maintain existing programs. Each year the HPC applies for the maximum available for new programs, which is only available to new permanent supportive housing programs serving chronically homeless individuals.

**GOAL III. HOMEOWNERSHIP:** *Increase homeownership opportunities for responsible low- and moderate-income Delawareans to improve their quality of life, as well as, promote healthy neighborhoods.*

Homeownership is an avenue for people to build assets. Potential increases in the value of homes can bring rich returns on the money invested in a home. Owning a home also gives a family a sense of pride. Several studies indicate that, holding all else equal, homeownership has a positive impact on children resulting in: higher academic achievement, fewer behavioral problems, lower teenage pregnancy rate, and higher lifetime annual income for children raised in an owned home. The community also benefits from new homeowners who: contribute to the tax base; participate in civic activities such as voting and volunteerism; and have lower crime rates and domestic violent rates.

DSHA's ability to provide homeownership assistance to low- and moderate-income Delawareans is essential because although several entities provide homeownership related services throughout the state, DSHA is the only State agency that can issue mortgage revenue bonds. Also, where all municipal governments and most nonprofit groups are bound by jurisdictional lines, DSHA is not. The only other statewide provider is the United States Department of Agriculture (USDA) Rural Housing Program; however, their services are concentrated in rural areas. Private financial institutions also provide mortgages, but at a higher interest rate than DSHA's products.

Without this core service, the number of low-to moderate-income families in the state who receive homeownership assistance would decrease dramatically; therefore, the homeownership rate would decrease significantly.

**OBJECTIVE III.1:** Increase the number of homeowners in Delaware to respond to the identified annual need of 1,250 households needing assistance in becoming homeowners.

**STRATEGY III.1.1:** Offer first mortgages at or below market interest rates to first-time homebuyers. A first-time homebuyer is someone who has not owned a principal residence within the past three years. The principal program to provide mortgages is the Single Family Mortgage Revenue Bond (SFMRB).

**STRATEGY III.1.2:** Provide downpayment and closing cost assistance to first-time homebuyers. This is done through several programs: Second Mortgage Assistance Loan Program (SMAL); Live Near Your Work (LNYW); Delaware Housing Partnership (DHP); and, American Dream Downpayment Initiative (ADDI).

**STRATEGY III.1.3:** Give Public Housing, Housing Choice Vouchers and waiting list applicants the opportunity to purchase affordable homes. Two programs that facilitate this strategy are the Public Housing Home Ownership Program (PHHOP) and the Resident Homeownership Program (RHP) which both provide a subsidy for the mortgage payment.

**STRATEGY III.1.4:** Provide mortgages that buy the home and also provide funds for repairs to bring the property up to code via the Acquisition Rehabilitation Program.

**STRATEGY III.1.5:** Facilitate affordable homeownership opportunities via the Housing Development Fund (HDF). The HDF will provide funds for housing counseling, as well as construction loans and grants.

**PERFORMANCE INDICATORS:**

Input:

- Historical number of first-time low- and moderate-income homeowners assisted by DSHA.

Output:

- Number of first-time low- and moderate-income homeowners assisted with low-interest SFMRB mortgages.
- Number of first-time low- and moderate-income homeowners assisted with downpayment and closing cost assistance using the SMAL, ADDI, DHP, and LNYW programs.
- Number of Public Housing residents and Housing Choice Voucher holders assisted in the purchase of affordable homes (PHHOP and RHP).
- Number of mortgages provided to buy and repair homes to bring the purchased property up to code.
- Number of affordable homeownership units facilitated by HDF.

**Prediction of output objectives for DSHA:**

| Objective                                          |                                                                                               | 2004       | 2005         | 2006         | 2007         | 2008         | 2009         | 2010  |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|-------|
|                                                    |                                                                                               | Actual     | Actual       | Actual       | Budget       | Proj.        | Proj.        | Proj. |
| I. Increase the number of homeowners               | <b>Mortgages:</b>                                                                             |            |              |              |              |              |              |       |
|                                                    | SFMRB                                                                                         | 233        | 225          | 587          | 575          | 750          | 750          | 750   |
|                                                    | <b>Settlement assistance:</b>                                                                 |            |              |              |              |              |              |       |
|                                                    | SMAL                                                                                          | 140        | 76           | 402          | 250          | 250          | 250          | 250   |
|                                                    | DHP                                                                                           | 72         | 46           | 49           | 75           | 75           | 75           | 75    |
|                                                    | LNYW                                                                                          | 2          | 8            | 11           | 20           | 20           | 20           | 20    |
|                                                    | ADDI                                                                                          | 0          | 0            | 14           | 10           | 5            | 5            | 5     |
|                                                    | <b>Assistance for Public Housing tenants and Housing Choice Voucher holders to buy homes:</b> |            |              |              |              |              |              |       |
|                                                    | PHHOP                                                                                         | 2          | 1            | 3            | 3            | 3            | 3            | 3     |
|                                                    | RHP                                                                                           | 1          | 0            | 0            | 5            | 1            | 1            | 1     |
| <b>Acquisition Rehabilitation Mortgages</b>        | *                                                                                             | *          | *            | 50*          | 50*          | 50*          | 50*          |       |
| <b>Facilitate affordable homeownership via HDF</b> | 46                                                                                            | 74         | 114          | 100          | 100          | 100          | 100          |       |
| <b>TOTAL HOUSEHOLDS</b>                            | <b>496</b>                                                                                    | <b>430</b> | <b>1,180</b> | <b>1,088</b> | <b>1,254</b> | <b>1,254</b> | <b>1,254</b> |       |

NOTE: Homebuyers may use more than one mortgage product so there may be slight duplication.

***Variables that affect the delivery of this core service:***

- Interest rate: changes in interest rate could affect the delivery of DSHA's mortgages.
- Housing Prices: DSHA services assist low- to moderate-income families to become homeowners, but have no control over housing prices.
- Economic situation: future economic situation could affect employment and wages, therefore, it could widen or narrow DSHA clients.

***Other Strategic Activities:***

- Implementation of a 40-year mortgage product to lower monthly housing costs without families resorting to predatory lending products.

***Program Descriptions:***

*Single Family Mortgage Revenue Bonds (SFMRB)* - This program provides first mortgage financing at below market interest rates to low- to moderate-income "first-time" homebuyers. For the purpose of this program, a first-time homebuyer is defined as one who has not owned a principal residence within the past three years.

*Second Mortgage Assistance Loan Program (SMAL)* - This program provides downpayment and closing cost assistance to qualified low- and moderate-income first-time homebuyers. For the purpose of this program, a first-time homebuyer is one who has not owned a principal residence within the last year.

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\* At this time, program is not active.

*Delaware Housing Partnership (DHP)* - The purpose of this program is to stimulate development of new homes at various locations in which low- and moderate-income families can afford the purchase price of homes and receive settlement assistance offered through the program.

*Live Near Your Work (LNYW)* - This program offers downpayment and settlement cost assistance to low- and moderate-income families who purchase a home near their place of employment. The funds are awarded to the families in the form of a grant and are matched by participating employers and local jurisdictions.

*Public Housing Home Ownership Program (PHHOP)* - The program provides carefully selected, responsible Public Housing site residents and families on DSHA's Public Housing and Housing Choice Voucher waiting lists with the opportunity to purchase their own homes in modest residential neighborhoods. This program is operated in Kent County only.

*American Dream Down Payment Initiative (ADDI)* - This program will help first-time homebuyers with the biggest hurdle to homeownership of downpayment and closing costs. The program was created by the U.S. Department of Housing and Urban Development to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment and closing costs when purchasing a home.

*Resident Homeownership Program (RHP)* - This program enables low- to moderate-income families residing in DSHA Public Housing sites or receiving Housing Choice Voucher assistance to use their monthly Housing Assistance Payment (HAP) to help pay their mortgage. Program participants may also receive financing assistance to buy down the cost of a house in order to make the house affordable.

*Acquisition Rehabilitation Program* - This program, through a single mortgage, makes available funds to low- to moderate-income families to purchase a home in need of repair and getting sufficient financing for bringing up to code. (This program will be implemented by FY07.)

*The Housing Development Fund (HDF)* – The HDF is DSHA's primary financing resource for supporting the development of affordable housing statewide. The HDF is funded through State General Assembly appropriations.

**GOAL IV. RESIDENT SERVICES:** *Help persons and families to become economically self-sufficient by assisting in the delivery of social, educational, and other supportive services and programs.*

This core service provides basic services for low-income working Delawareans in Kent and Sussex Counties, who otherwise would not have housing. Other jurisdictions provide housing assistance in the form of vouchers and public housing; however, DSHA assistance reaches rural areas in Kent and Sussex Counties. If these services were no longer provided, the number of homeless families would increase dramatically and put an unbearable strain on the services currently provided to homeless families.

**OBJECTIVE IV.1:** Increase the self-sufficiency of persons receiving assistance for housing.

**STRATEGY IV.1.1:**

The goal of Moving To Work (MTW) is to serve more families with no additional funding from HUD. During the 5-year participation, families receive job training and education as needed to increase employment skills and increase earned income. They are then able to pay more of their rent, or move out into Fair Market rent or homeownership.

**PERFORMANCE INDICATORS:**

Output:

- Number of families moving to unassisted housing.

**Prediction of output objectives for DSHA:**

| Objective                                                          |              | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      |
|--------------------------------------------------------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                                    |              | Actual    | Actual    | Actual    | Budget    | Proj.     | Proj.     | Proj.     |
| III. Increase the self-sufficiency of persons receiving assistance | MTW          | 65        | 85        | 91        | 81        | 81        | 81        | 81        |
|                                                                    | <b>TOTAL</b> | <b>65</b> | <b>85</b> | <b>91</b> | <b>81</b> | <b>81</b> | <b>81</b> | <b>81</b> |

***Variables that affect the delivery of this core service:***

- State and federal budget cuts.
- Income levels.
- Low wages and lack of jobs.
- Rapidly increasing housing prices.
- Partnerships.

***Other Strategic Activities:***

- Maintaining and seeking new business partners to expand the resources available to leverage funds to meet the needs of the residents.
- Encouraging residents to take full advantage of DSHA homeownership programs, housing counseling, scholarships, and resident council membership.

- Successfully complete the inclusion of Residents Services into e-housing.
- Addressing related priority needs (i.e. transportation, child care, education, and any expiring housing benefits).
- Encouraging residents to seek housing counseling, marketing scholarship opportunities.

***Program Descriptions:***

Moving to Work Program (MTW) - This program assists qualified households, who complete a contracted plan for obtaining and maintaining gainful employment, while living in DSHA's Public Housing Sites or receiving a Housing Choice Voucher.

Individual Development Accounts (IDA) - The IDA Program is a Federal initiative that provides matched funds to saved funds from income eligible families. DSHA partnered with the First State Community Loan Fund to be able to offer this program to MTW clients. They must meet selection requirements and have a goal of either homeownership, small business development, or post secondary education, and be saving at a minimum rate of \$25 per month in an MTW savings account in order to participate.

**GOAL V. COMMUNITY DEVELOPMENT:** *Assist in the rehabilitation of distressed or sub-standard housing in an effort to preserve current housing stock and strengthen communities.*

Housing rehabilitation helps to stabilize communities and contributes to the overall health of households in those communities. As low-income homeowners and landlords who rent to low-income tenants are able to maintain their units to local building codes, neighborhood conditions are prevented from deteriorating to a level that would; (1) lead to decreased home values in areas with aging housing stock and low-income residents, (2) lead to declining tax bases, (3) lead to condemnation and eventual demolition of older and often most affordable housing stock.

DSHA works with local government to identify, qualify and rehabilitate homes throughout primarily Kent and Sussex Counties, and to a lesser extent New Castle County. These programs have waiting lists and if these services no longer were provided, many older communities in Delaware would have an increased slum and blight problem which would reduce property values in the surrounding areas and lead to erosion of the tax base. As many of those assisted by the programs are low-income elderly households whose homes are their biggest asset; elimination of the program would force many of these people into nursing home care at an earlier age and with reduced assets creating an increased burden on government programs.

**OBJECTIVE V.1:** Reduce the number of substandard homes in response to identified annual need of 2,636 owner-occupied and renter-occupied substandard units.

**STRATEGY V.1.1:** Provide grants to qualified very low- and low-income families to rehabilitate homes to make them safe and structurally sound. The Community Development Block Grant (CDBG) program is the principal program used, but money from HOME is also used.

**STRATEGY V.1.2:** Provide low interest loans to qualified very low- and low-income families or landlords to rehabilitate their homes or rental units to make them safe and structurally sound. This is accomplished through the Housing Rehabilitation Loan Program (HRLP) and Neighborhood Revitalization Fund (NRF).

**STRATEGY V.1.3:** Provide grants to qualified very low- and low-income families affected for emergency home repairs through the HDF for First State Resource and Conservation and Development Council's (RC&D) Emergency Home Repair Program.

**PERFORMANCE INDICATORS:**

Output:

- Number of units rehabilitated up to code
- Number of loans made to rehabilitate homes up to code
- Number of emergency repairs

**Prediction of output objectives for DSHA:**

| Objective                                  |                                 | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       |
|--------------------------------------------|---------------------------------|------------|------------|------------|------------|------------|------------|------------|
|                                            |                                 | Actual     | Actual     | Actual     | Budget     | Proj.      | Proj.      | Proj.      |
| IV. Reduce the number of substandard homes | <b>Rehabilitation:</b>          |            |            |            |            |            |            |            |
|                                            | CDBG                            | 119        | 122        | 123        | 118        | 115        | 115        | 115        |
|                                            | HOME                            | 0          | 54         | 31         | 20         | 20         | 20         | 20         |
|                                            | HRLP                            | 41         | 20         | 34         | 100        | 50         | 50         | 50         |
|                                            | NRF                             | 44         | 48         | 0          | 15         | 0          | 0          | 0          |
|                                            | <b>Emergency home repairs*:</b> |            |            |            |            |            |            |            |
| RC & D                                     | 270                             | 250        | 100        | 230        | 200        | 200        | 200        |            |
|                                            | <b>TOTAL</b>                    | <b>474</b> | <b>494</b> | <b>288</b> | <b>483</b> | <b>385</b> | <b>385</b> | <b>385</b> |

\* The nature of this program makes it difficult to predict.

***Variables that affect the delivery of this core service:***

- Growth in the number of low-income households.
- A lack of employment at wages suitable for sustaining independent living.
- Limited federal and state funding for housing and related services.
- Cost of rehabilitation.
- Local jurisdiction processing time (for HRLP).
- Hiring and training time frames (for HRLP).
- Qualified contractors.
- Subgrantees processing time (for CDBG).
- Housing rehabilitation prices.
- Current and future economic situation could affect employment and wages, therefore, it could widen or narrow DSHA clients.
- Assuming current levels of funding from HUD.

***Other Strategic Activities:***

- Hiring a new processor (for HRLP).
- Reassessing local jurisdiction to determine a specific processing time.
- Identifying a new funding source for a grant rehabilitation.
- Lobby to secure CDBG funds.
- Constantly seek all applicable funding opportunities.

***Program Descriptions:***

Community Development Block Grant Program (CDBG) - This is a federal grant program administered by DSHA through a competitive application process aimed at local governments in Kent and Sussex Counties, excluding the City of Dover. (Dover, Wilmington, and New Castle County each run their own CDBG Programs.) CDBG is used to fund infrastructure activities and to finance rehabilitation of owner-occupied units.

HOME Investment Partnerships Program (HOME): The HOME Investment Partnerships Program is funded annually by the U.S. Department of Housing and Urban Development (HUD). A portion of HOME funds is used by DSHA to rehabilitate owner-occupied units. CDBG guidelines are followed to manage HOME rehabilitation funds.

Emergency Home Repair Program - This program provides emergency home repair to low-income families in Kent and Sussex Counties through a nonprofit agency, First State Resource and Conservation Development Council. The program is primarily funded by DSHA's Housing Development Fund (HDF).

Housing Rehabilitation Loan Program (HRLP) - This program is state-funded and provides home improvement loans at a low 3% interest rate for a 15-year term to low- and moderate-income owner-occupants and landlords renting to low-income tenants. The financial assistance is used to moderately rehabilitate existing properties to comply with the State Housing Code or to make a property handicapped-accessible. This program is operated statewide.

Neighborhood Revitalization Program (NRF) – This statewide program is state-funded and provides housing repair loans to owner-occupants and landlords interested in rehabilitating (to make handicapped accessible) existing properties within selected communities. Owner-occupant loans are at 3% interest with principal and interest deferred until the property is sold, title is transferred or the property is no longer the borrower's primary residence. Investor loans are also 3% with interest only being paid monthly.