

Statement re Affordable Rental Housing Program

Presented to Sussex County Council

By Sandra Spence

December 9, 2008

Good evening. Thank you for the opportunity to speak to you about the proposed affordably priced rental unit program. I am a member of the Sussex Housing Group, Vice President of the Delaware Housing Coalition, and a former volunteer for several years with Sussex County Habitat for Humanity. I am speaking on behalf of the Sussex Housing Group and the Delaware Housing Coalition.

We would like to commend the Council for initiating this ordinance. The need for affordable rental housing in Sussex is great – and it is growing. At a rate of 75.8% homeownership statewide, Delaware ranks among the highest in the nation in its rate of homeownership.¹ Here in Sussex, it is even higher – 80.7%² – at least before the number of foreclosures threatened those figures.

While homeownership enables both individuals and families to achieve the American dream, not all of our citizens can afford the direct and hidden costs of owning a home. And the extraordinary rate of homeownership in the county makes it especially difficult for those who cannot afford to own their own home – especially young people, seniors, the disabled, and others with low incomes typical of most job opportunities here in Sussex County. Many, with tarnished credit, have been attracted to sub-prime mortgages which have too often been a path to foreclosure.³

The median household income in Sussex County is \$55,100. A household earning only 30% of the area median income here can afford only \$414 a month for housing, making little or nothing “affordable” except for subsidized units and leaving only \$965 for all other expenses.⁴

In fact, there are 1,854 renters in Sussex County who are considered to be “cost-burdened.” That is, they are earning 30% or less of the area median income. Meanwhile, there are affordable housing units available to only one quarter of these extremely low income households.⁵

Things could get worse before they improve: over a third of the stock of assisted rental housing may be lost to market conversions by 2012 unless plans and resources are put into place to address this need.⁶

¹ Delaware Housing Coalition, *Who Can Afford to Live in Delaware?*, June 2008, p. 5.

² U.S. Census Bureau, 2000.

³ *Who Can Afford to Live in Delaware?*, page 5.

⁴ *Who Can Afford to Live in Delaware?*, page 5.

⁵ *Who Can Afford to Live in Delaware?*, page 12.

⁶ *Who Can Afford to Live in Delaware?*, page 13.

It is our hope that this ordinance will give private developers an incentive to build affordable rental housing for lower income residents of the county.

Especially commendable are the following provisions:

- The focus on 30-80% median income households. This is appropriately lower than the medians for the MPHU homeownership program.
- The requirement that the affordable housing units to be integrated with the market rate units rather than being segregated into separate areas of a development. This will help ensure that management will maintain the affordable units properly to protect the attractiveness of the entire community.
- A requirement for the owner to maintain the affordability of the rental units for a minimum of 30 years. Every demographic trend affecting the county suggests that our need for affordable rental housing is a long-term issue.
- The program limitation to growth areas. Level 4 rural areas are unable to meet the needs of lower income households for accessibility to jobs and services and should not be the site of this type housing.
- The density incentive. Increased density is essential to enhance the potential affordability of a project and to improve the possibility of serving the population with public transportation and other public services.
- The requirement that eligible renters must occupy the units themselves and are prohibited from subletting their units.

Our only concerns about the ordinance are:

- The restriction to households with a minimum of 30% of area median income could prevent those most in need such as senior living on fixed incomes or disabled living on social security income from enjoying the benefit of this program.
- It may be appropriate to require more than 15% of units to be included in the program where the development consists of 65 or more units. Also, it may be desirable to enable projects with less than 25 units to participate.
- We would prefer that the proposed rental units be permitted only in Levels 1 and 2 Town Centers or Developing Areas and not in Environmentally Sensitive Developing Areas.

These concerns could be addressed in the future, once the County has gained some experience with implementation.

Thank you.