

The Housing Development Fund

WHAT ARE AFFORDABLE HOUSING NEEDS IN DELAWARE?

Safe, decent and affordable housing remains out of reach for thousands of Delaware families. **The Fair Market Rent for a two-bedroom apartment in Delaware is \$856. To afford that, a full-time worker must earn at least \$16.46/hour.** Even working one or more jobs, many are unable to make ends meet and afford basic necessities, let alone save or invest in their future through homeownership. For those who can, harsh reality hits when looking for a home to purchase: few homes are available in affordable price ranges – **the median home price in all three counties is more than \$200,000.**

Across the state, investment in existing housing is also necessary. Substandard, overcrowded conditions are pervasive. Abandoned homes pepper the landscape of rural Kent County just as they line the streets of Wilmington. **People and neighborhoods suffer when we fail to invest in housing.**

HOW MANY FAMILIES NEED HOUSING IN DELAWARE?

The Delaware State Housing Authority's 2003-2007 Needs Assessment estimated that there are **18,150 at-risk renter households in the state – households with incomes below \$20,000 and housing costs of more than 30% of their income** (Mullin & Lonergan Associates, 2003). Statewide and in all three counties, 21-25% of all renter households fall into this category of severe risk.

The Needs Assessment estimates that at least 2,985 new affordable rental homes are needed – 1,835 of those affordable to households with extremely low incomes (below 30% of the local area median income). **12,922 Delaware renter households are paying 50% of their income or more for housing** (National Low Income Housing Coalition, 2005).

The result - on any given night, it's likely that more than 1,500 people are homeless in Delaware (Homeless Planning Council of Delaware, 2005).

WHAT DOES THE HOUSING DEVELOPMENT FUND (HDF) HAVE TO DO WITH AFFORDABLE HOUSING?

The Housing Development Fund is a critical source of low-cost financing for a variety of housing activities in Delaware. **It is locally created, funded, and administered – a local fund for local needs.** The HDF is largely a source for loans, but it also provides grants. In many projects, the HDF is able to provide critical “gap financing” – leveraging other sources of support to get things done.

Many projects quite simply would not get done without funding from the HDF – and that means fewer affordable homes for Delawareans who need them.

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HOW DOES THE HDF WORK?

The Housing Development Fund is administered by the Delaware State Housing Authority and the Council on Housing. Applications are submitted to the Delaware State Housing Authority and go through a comprehensive review process. Staff make recommendations for loans and grants to the Council on Housing, which approves uses of the HDF.

WHERE DOES THE HDF GET FUNDING?

The HDF is supported by a \$5 surcharge on recording fees, which brings in approximately \$1 million annually. It is largely reliant upon appropriations through the state budget. The traditional allocation is approximately \$4 million annually. **When the total cost of a new rental development or preservation can easily exceed \$10 million, we see that HDF dollars have to go a long way.**

WHAT DOES THE HDF SUPPORT?

In 2005, funding from the HDF supported:

- ⇒ **neighborhood revitalization** through homeownership and rehabilitation of vacant and abandoned houses in Wilmington's West Side
 - ⇒ **rehabilitation assistance for rural homeowners** in Kent and Sussex County, many of whom are seniors with extremely low incomes
 - ⇒ **leveraging federal funds for new housing affordable to working families** in all three counties
 - ⇒ preserving affordable rental housing through rehabilitation
 - ⇒ preserving federal subsidies in developments where federal funding might otherwise be lost
 - ⇒ **homeownership counseling for first-time homebuyers with low incomes**
 - ⇒ creation of **affordable assisted living units for low-income seniors**
 - ⇒ coordination of services for the homeless
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HOW MUCH FUNDING DOES THE HDF NEED?

A 2004 study released by the Delaware Housing Coalition, *Investing to Meet Delaware's Affordable Housing Needs*, estimated that the total cost of fully addressing the needs identified in the *2003-2007 Needs Assessment* approached \$1 billion.

Recognizing that level of public investment is unlikely, local advocates and experts estimate that increasing the typical annual allocation from \$4 million to \$12 million would have a major impact on Delaware's ability to meet its housing needs. We are requesting a total **investment of \$12 million in the Housing Development Fund in 2007.** This would allow the HDF to continue its role of providing critical leverage for federal funds while expanding investment in local needs and innovative initiatives.