

Who Can Afford to Live in Delaware?



Homeowners

	Kent	New Castle	Sussex
Median Home Price	\$190,000	\$208,500	\$236,000
% Increase since 2000	73%	50%	59%
Affordable Price (Low Income)	\$167,622	\$229,577	\$165,201
Gap between Median and Affordable Prices	– \$22,378	+ \$21,077	– \$71,699

Tenants

	Kent	New Castle	Sussex
2-Bedroom Rent (Fair Market)	\$812	\$1,077	\$750
Full-Time Minimum Wage Jobs Required	2.2	2.9	2.0
Affordable Rent (extremely low-income family)	\$468	\$603	\$464
Gap between Fair Market and Affordable Rents	– \$344	– \$474	– \$286

(See “About Cover Statistics” on back.)



Annual Report on Housing Affordability in Delaware
housingforall.org | Delaware Housing Coalition | whynimby.org



Who Can Afford to Live in Delaware?

Summary

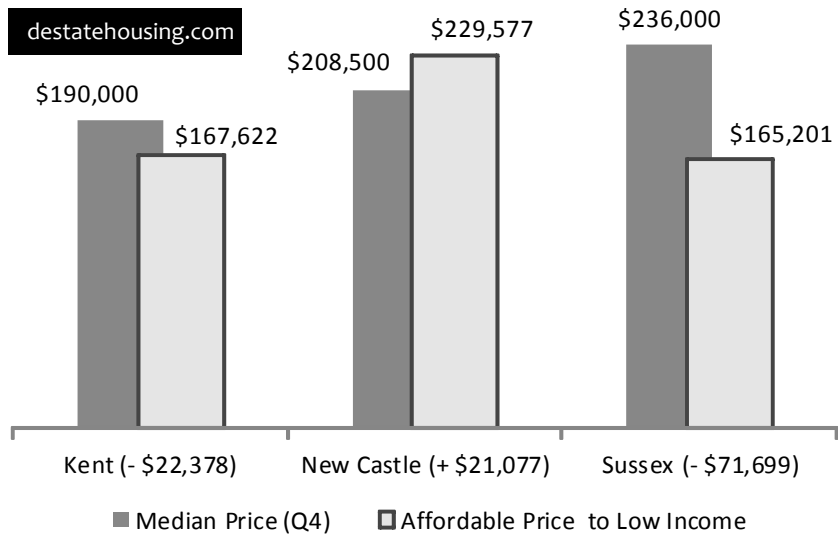
Housing Burden Among the Very Poor

- ◇ There are almost 28,000 extremely low-income (ELI) households in Delaware who are cost-burdened, paying more than 30% of their income for housing.
- ◇ Among the ELI households, over half – 14,414 – are in owner-occupied units.
- ◇ There are over 14,300 ELI renter households who are severely cost-burdened, paying over 50% of their income for housing.

Special Housing Needs

- ◇ Approximately 1,400 Delawareans annually continue to be identified as homeless on any particular night, with 6,000 state residents experiencing homelessness during the year.
- ◇ The efficiency apartment housing wage is \$14.23 for Delaware, the equivalent of an annual salary of \$29,599, and 196% of the federal minimum wage of \$7.25.
- ◇ A disabled person dependent on SSI cannot afford an efficiency (zero-bedroom) apartment anywhere in the state.
- ◇ As of December 2011, Delaware will still need over 1400 beds (crisis, supportive housing, and rental subsidy) in order to house the 2,000 individuals who are most in need and most at risk of homelessness.
- ◇ A high proportion of low-income elderly renters (58%) and homeowners (67%) also have other housing problems.
- ◇ Over 15,000 very low-income elderly households (both renter and owner) have housing cost burdens above 30% of their incomes. And more than

Homeownership Affordability Gaps by County



- ◇ 7500 have severe cost burdens above 50% of their income.
- ◇ About 70,000 Delawareans live in 41,000 manufactured homes. These comprise 10% of Delaware's housing stock.
- ◇ In Delaware 50% of manufactured homeowners live on leased land, a higher rate than national estimates of 30-35%.
- ◇ Approximately 25,000 Delaware households are "at risk" due to housing cost burdens or other serious housing problems.
- ◇ In all three counties, monthly two-bedroom fair market rents far exceed (by a range of \$286 to \$474) rents affordable to extremely low-income households, as well as minimum-wage workers. For individuals who rely on Supplemental Security Income (SSI), rents exceed income by a range of \$548 to \$875.
- ◇ Delaware has an immediate and pressing need for at least 13,422 rental units affordable to ELI households, whether through project-based or tenant-based assistance. At least 1,132 of these are needed as new subsidized units to be added to Delaware's housing stock.
- ◇ Between 2000 and 2008, Delaware lost 9,460 affordable rental units while it gained 25,150 high-end units.

Renters

- ◇ The Fair Market Rent for a two-bedroom apartment ranges from a low of \$750 in Sussex County to \$812 in Kent County to a high of \$1,077 in New Castle.
- ◇ A worker in Delaware must earn \$18.74 per hour—or \$38,979 annually—to afford a modest two-bedroom apartment.
- ◇ 54% of Delaware renters can not afford a two-bedroom apartment in their county.

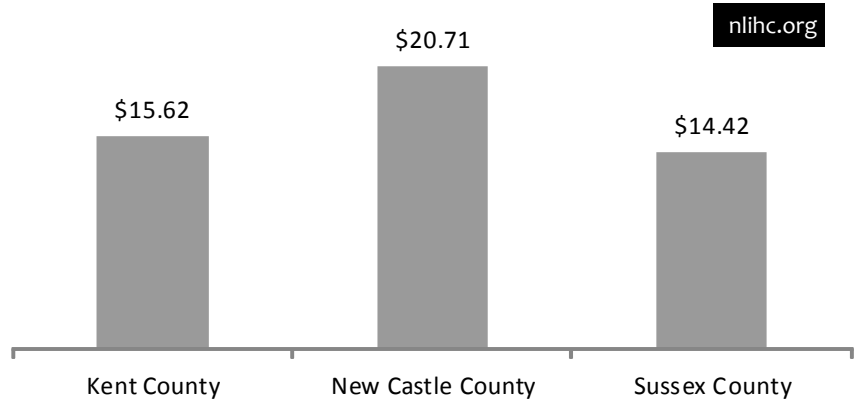
Equitable Housing Distribution

- ◇ In 2000, 156 of 317 census tracts (49%) had clear deficits of rental housing units that are affordable and available to extremely low-income households.
- ◇ There is a net need for 9,186 assisted housing opportunities throughout the state, redistributed in a manner which better satisfies the Fair Share Housing Measure.
- ◇ The effect of new multifamily housing on the values of existing single family properties is a subject of great concern, but the body of research on the issue fails to show any negative impact on those properties.

Homeownership

- ◇ In late 2010, the median purchase price for a house in Delaware ranged from \$190,000 in Kent County to \$236,000 in Sussex.
- ◇ House price increases since 2000 range from 50% in New Castle to 73% in Kent.
- ◇ Median household income in Delaware ranges from \$61,800 in Sussex County to \$80,400 in New Castle.
- ◇ In Delaware in 2010, foreclosure filings totaled 6,457, close to a 5% increase over the previous year's number, which was 6,157, and a 450% increase from 1,434 in 2000 .

Affordable Housing Wage by County



The Economy

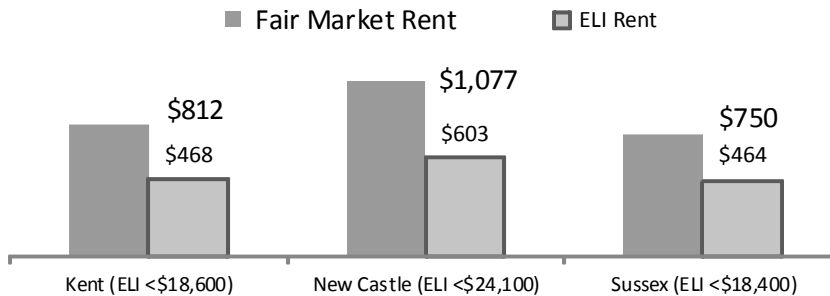
- ◇ In 2009, 11.3% of Delawareans lived below the poverty level which was \$22,050 for a family of four.
- ◇ Eight of the ten top growth occupations (2008-2018) in Delaware do not pay a median wage adequate to rent a two-bedroom unit (FMR) in any county.
- ◇ Every dollar spent on affordable housing stimulates additional spending, resulting in at least \$7 of additional economic activity.
- ◇ There are very few state expenditures that can match the amount of new tax revenue generated by an investment in affordable housing, including tax cuts and transportation.
- ◇ Reductions in poverty correlate historically with real increases in the minimum wage.
- ◇ Income inequality plays a major role in the production and perpetuation of harmful social conditions.

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Housing and Poverty: The Poorest Shoulder the Burden

Extremely Poor Delaware Renters
Rental Affordability Gaps by County for 4-Person Household

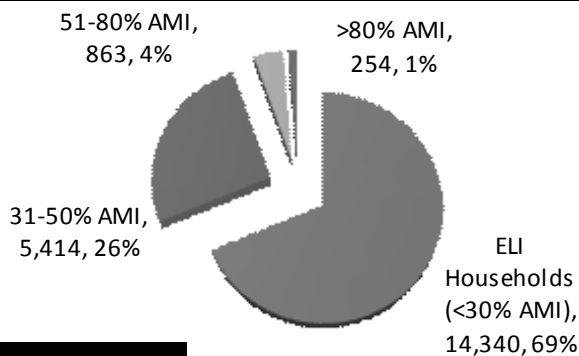


Comparison of Delaware Affordable and Fair Market Rents

	Rent Affordable to			Fair Market Rent for		
	SSI Recipient	4-Person Household (Extremely Low-Income)	Renter Median Wage	Zero-BR	One-BR	Two-BR
Kent	\$202	\$468	\$838	\$674	\$733	\$812
New Castle	\$202	\$603	\$903	\$789	\$900	\$1,077
Sussex	\$202	\$464	\$843	\$620	\$675	\$750

Out of Reach 2011, nlihc.org

Severely Cost-Burdened Delaware Renter Households (=20,871)



Source: 2009 ACS/PUMS & NLIHC

Housing Affordability and Disability

	2008	2010
Non Elderly Adults with Disabilities Receiving SSI Benefits	8,555	9,253
SSI as a Percentage of One Person Median Income	16.6%	16.6%
Percent of SSI Needed to Rent a 1-BR Housing Unit	122.3%	123%
Percent of SSI Needed to Rent an Efficiency Housing Unit	108.6%	109%
SSI as an Hourly Wage	\$3.68	\$3.89

Source: Priced Out in 2008 and Priced Out in 2010

Housing Cost Burden

To be burdened by housing costs means paying more than 30% of income on rent and utilities or a mortgage. To be “severely cost-burdened” means having to pay more than half of income for housing.

Extremely Low Income

Households with incomes at or below 30% percent of the area median income are extremely low-income (ELI).

Cost-burdened extremely low-income households were a growing housing problem in Delaware, even before this recession. The prolonged economic downturn has only exacerbated this crisis. For these households there is not enough left over after paying housing expenses to cover other basic expenses such as food or clothing.

ELI households and individuals include the majority of the homeless and those at risk of homelessness, households who are housing cost-burdened, elderly on fixed incomes, people with disabilities, and many of the working poor. The extremely low-income population suffers regardless of tenure, with homeowners and renters almost equally represented.

Renters and Homeowners

In 2010, of the more than 20,000 ELI renter households in the state, 69% are severely cost-burdened.

Of the more than 14,000 cost-burdened ELI owner-occupant households in the state, 77% are severely cost-burdened. (Kotz, 2007)

Cost-Burdened Extremely Low-Income DE Households (2005)

	Rent	Own	Total
Delaware	13,422	14,414	27,836
Kent	1,974	2,932	4,906
New Castle	9,595	6,529	16,124
Sussex	1,854	4,980	6,834

Source: Housing Needs of Extremely Low Income Households in Delaware (2007)

Special Housing Needs: Independence, Integration, Choice

Homelessness

In 2007, the Ten-Year Plan to End Chronic Homeless in Delaware identified the need for 2003 beds across the housing continuum. To date, approximately 551 of these beds have been provided.

Delaware continues to have a nightly, measurable homeless population that averages 1500, with an estimated 600 unduplicated homeless per year.

Homelessness is exacerbated by vicious cycles. The lack of supportive services can lead to homelessness or prolong the period of homelessness of a vulnerable person. Lack of housing, on the other hand, constitutes a major barrier to successful use of the supportive services that such a person can access.

Disability

An even more formidable barrier to being affordably housed is the vicious cycle of poverty and disability. Disability lends itself to poverty, and poverty increases the likelihood of disability.

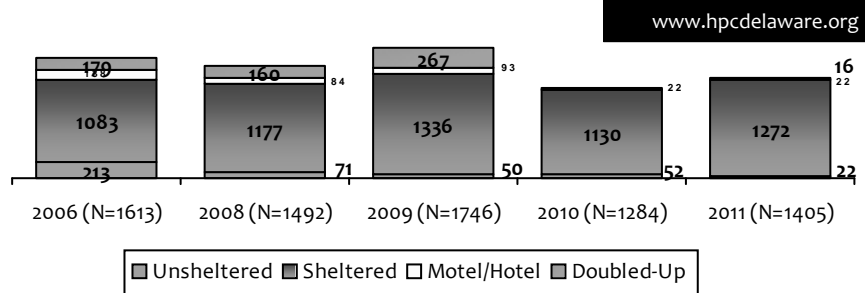
Even needs which would seem to be self-evident are not provided for people with disabilities. For example, few homeless providers can accommodate the need for accessible shelter.

Emphasizing the need and desire for community-based living arrangements for people with disabilities, advocates in the disability community support real housing choice and home-based alternatives to institutions.

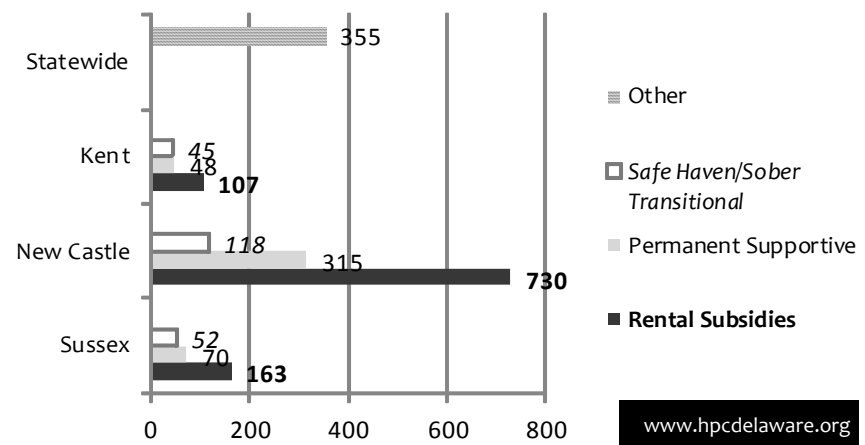
Low-income homeowners who experience disabilities endure long waits for assistance in retrofitting their homes.

A “real-time” means of matching the need for accessible rental housing and its availability is necessary both to provide for the renter need and to help managers use their units in the best manner.

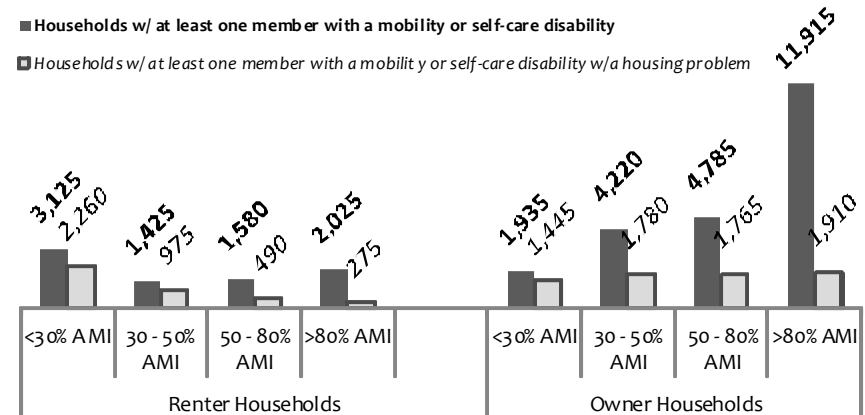
Point in Time Counts of Delaware Homeless, 2006 - 2011



Delaware Housing Goals - Ten-Year Plan to End Homelessness



People with Disabilities: Delawareans by Mobility & Self-Care Disability and Housing Problem



Special Housing Needs: Time for Special Attention

Elders

The aging population has, in common with the other groups with special housing needs, a lack of resources, a critical housing cost burden, and a desire to remain independent and part of a traditional community and not be institutionalized.

It also face a number of problems related to housing and income.

Extremely low-income residents and social security recipients cannot afford an efficiency apartment anywhere in the state.

A high proportion of low-income elderly renters (58%) and homeowners (67%) have “housing problems”: lack of complete kitchen facilities, lack of complete plumbing facilities, having more than 1 person per room, and having a cost burden over 30%.

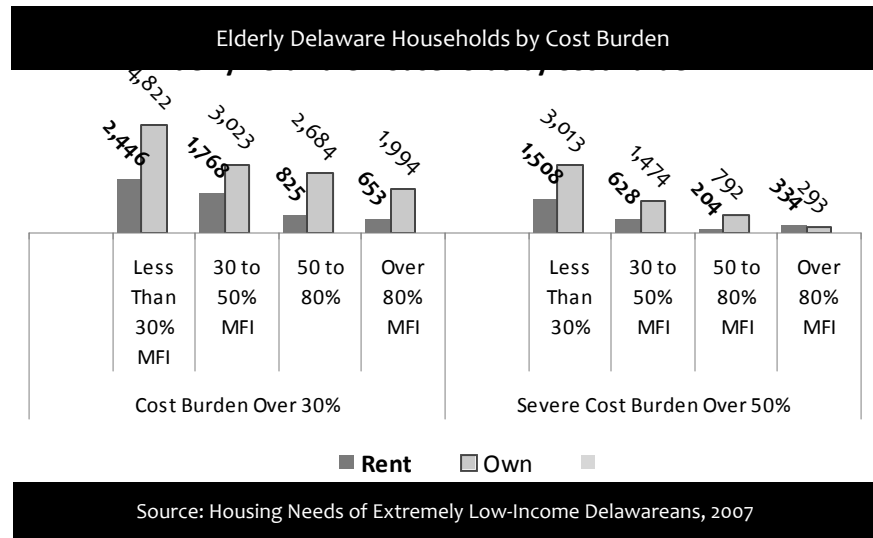
Over 15,000 very low-income elderly households (both renter and owner) have housing cost burdens above 30% of their incomes. And more than 7,500 have severe cost burdens above 50% of their income.

To all these considerations must be added the prospect of increased homelessness among the elderly for a variety of reasons (NAEH, 2010).

Manufactured Home Owners

About 70,000 Delawareans live in 41,000 manufactured homes. These comprise 10% of Delaware’s housing stock (DSHA, December 2008).

In Delaware 50% of manufactured homeowners live on leased land, a higher rate than national estimates of 30-35%. This arrangement raises a continual question about the security of tenure and possible loss of equity that can come with sudden dislocation due to a community closure or steep lot rent hike. Investor-owned com-



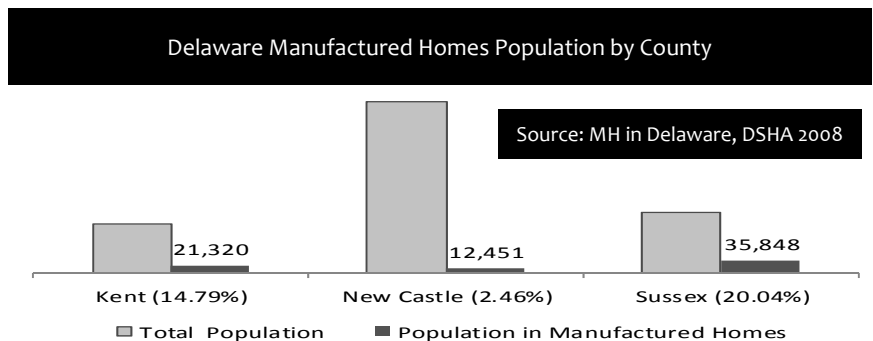
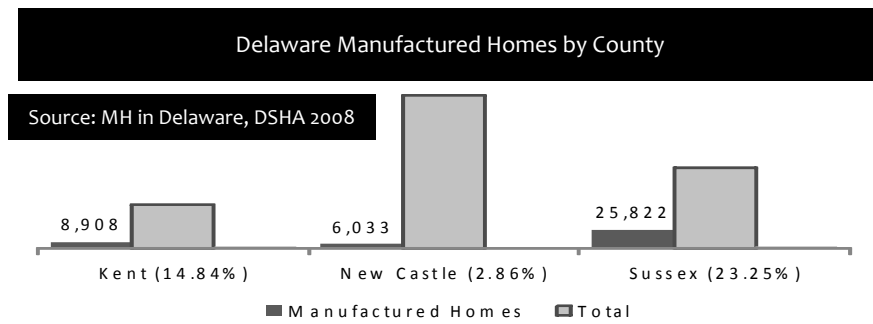
munities – regardless of how well-run or how well-intentioned the land owners, place manufactured home owners in a precarious position.

The appeal of manufactured housing increases as market factors and regulation of construction and installation improves quality and durability. The costs per square foot remain well below that of stick-built housing. Research indicates that appreciation is linked more to owner-

ship or control of the land than other factors, thereby countering long held beliefs that this housing always depreciates.

Manufactured Housing in Delaware has proven to be a truly affordable housing option. Yet too many of the owners of manufactured homes are also renters of their land, and thereby are subject to great uncertainty.

Delaware has progressed by addressing



Rental Housing: The Affordability Gap Widens

several hurdles facing manufactured housing owners, creating a Manufactured Housing Relocation Trust Fund, a lot rent assistance program for qualified homeowners, a dispute resolution process, and a legal right for manufactured homeowners as an association or cooperative to make and match offers for the purchase of their community. Since 2008, there has been one resident-owned purchase of a community in New Castle County.

Challenges such as titling, financing, land ownership, and rent increases continue to undermine manufactured home owners' security of tenure.

Severely Cost-Burdened Very Low-Income Households in Delaware (2005)

	Rent	Own	Total
30% of AMI or Less	9,029	6,511	15,540
30% to 50% of AMI	2,546	4,465	7,011
Total	11,575	10,976	22,541

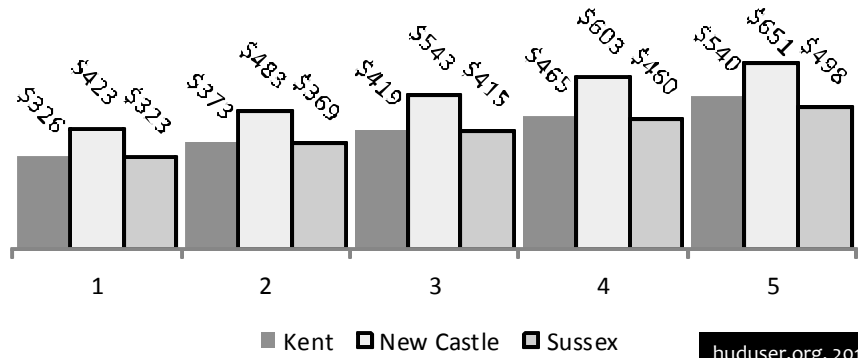
Source: Housing Needs of Extremely Low Income Households in Delaware (2007)

Renters

Between 2000 and 2011, Fair Market Rent increased by 49% in Kent, 45.1% in New Castle, and 49.1% in Sussex.

Between 2000 and 2008, the state lost 950 rental units costing less than \$500 per month, a decrease of 47.3% in affordable units. During this same time there was a 347% increase (39,624) in units renting for more than \$1,000 per month.

Rent Affordable to ELI (<30% AMI) Households by Size, 2011



Loss of Affordable Rental Housing Units, 2000-2008

	Units Renting for less than \$500			Units Renting for more than \$1000		
	2000	2008	% Change	2000	2008	% Change
Wilmington	4,974	3,659	-26.4%	1,008	3,672	264.3%
New Castle *	5,430	2,091	-61.5%	5,214	18,238	249.8%
Dover	1,901	823	-56.7%	366	1,621	342.9%
Kent**	2,636	1,017	-61.4%	237	4,053	1610.1%
Sussex	5,038	2,929	-41.9%	412	4,803	1065.8%
Delaware	19,979	10,519	-47.3%	7,237	32,387	347.5%

* excluding Wilmington **excluding Dover

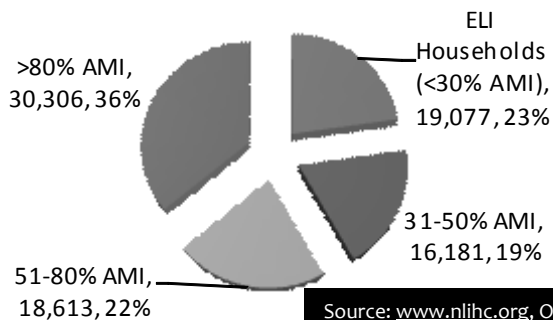
Source: Delaware State Analysis of Impediments of Fair Housing Choice; US Census Bureau, 2000, SF-3 (H52); 2008 American Community Survey (B25063)

Median Income & Median Housing Prices, 2000 and 2010

	Kent	New Castle	Sussex
Renter Households (2005-2009)	15,509	56,180	14,435
2-BR Fair Market Rent (FMR)	\$812	\$1,077	\$750
FMR Change (2000-2011)	49.0%	45.1%	49.1%
2-BR Housing Wage (2011)	\$15.62	\$21.71	\$14.42
Hours of Work Needed at Minimum Wage (\$7.25)	86	114	80

Source: www.nlihc.org, Out of Reach 2011

Delaware Renter Households (=84,177) by Income



Some Actions

FREEDOM & INDEPENDENCE

Plan and implement models of care (homeless, disability, aging) relying upon a *community setting* and upon the home, rather than an institution, as the base of recovery.

Create more responsive, less costly, less restrictive, *client-centered*, non-institutional housing arrangements and forms of meeting needs.

Support and fund homeless prevention and rapid rehousing models and proposals such as the Community Choice Act.

Implement, continually improve, and expand the new state rental assistance program, making it an annual state budget line item, thereby improving the lives of extremely low-income households, people living with disabilities, the homeless and those at risk of homelessness, and people leaving institutions.

Pass a state *source of income discrimination* statute that would make voucher-holders and others a protected class in the state's fair housing laws.

THE PRECARIOUSLY HOUSED

Make it a priority for those spending more than 50% of their income on housing and those earning less than 30% of median income to be provided with housing assistance.

Continue to work on *implementation* of the best recommendations from the report by the Working Group on Extremely Low-Income Housing Needs.

Bring special attention and the development of better data to the problems of *cost-burdened ELI homeowners*, with special attention to the elderly.

Increase the availability of affordable housing for *people living with disabilities* by taking every opportunity to apply existing resources (or add new ones) to increase housing opportunities for them.

Create *better data-gathering* methods for assessing the extent and nature of housing needs among our most marginal groups (including homelessness, disability) and *better methods of matching* housing seekers with accessible, available, and affordable units.

THE DEEPEST NEED

Forego production for the sake of purpose, building *fewer but better targeted, designed, and financed* units to serve difficult-to-meet needs.

Distinguish and define the levels of *housing accessibility* and use incentives to ensure consistent and steady increase in the number and geographic distribution of affordable units which comply.

Use creative models such as the *subsidy reserves* at Old Landing II in Millsboro to expand the supply of units dedicated to reaching ELI households and other special housing needs, especially in rural areas.

Institute scoring and financial incentives or program mandates within the LIHTC Qualified Allocation Plan to *integrate a minimum percentage of special populations* (ELI households, the chronically homeless, people with disabilities) in each new site.

Spectrum of Housing Needs

Some Delawareans lack housing. Others are precariously housed. And others are relatively secure in their housing. The variations span both income categories and types of housing tenure, as illustrated in this spectrum of housing needs.

Spectrum of Housing Needs				
	Extremely Low-Income <30% of median	Very Low-Income <50% of median	Low-Income <80% of median	Median Income +
Unhoused	Chronically homeless and newly homeless			
	People with disabilities			
	People in emergency & transitional housing. Ex-offenders. Transitional youth.			
Precariously housed	Cost-burdened homeowners			
	Cost-burdened tenants			
	People in permanent supportive housing, public housing, or with Section 8 vouchers			
	Manufactured home owners in investor-owned communities			
Securely housed	Residents of nonprofit rental housing			
	Renters in renter-owned and controlled housing			
	Sweat equity homeowners (Rural Development Self-Help and Habitat for Humanity)			
	Fee simple (full equity) homeowners with supports		Fee simple homeowners	
	Shared equity homeowners (community land trusts and limited equity cooperatives)			
	Manufactured home owners in resident-owned communities			
	Extremely Low-Income <30% of median	Very Low-Income <50% of median	Low-Income <80% of median	Median Income +

Adapted from John Emmeus Davis, *The Affordable City: Toward a Third Sector Housing Policy*

for Housing

“THINK REGIONALLY, ACT NEIGHBORLY.”

Build very strong incentives or mandatory set-asides into programs such as the Low Income Housing Tax Credit rental production program as a means of optimally *distributing units throughout all communities.*

Reformulate *workforce housing programs* to serve *all of the workforce* in these publicly funded programs, including a strong, subsidized rental component targeting of the lowest possible incomes.

Make workforce housing programs a wiser investment by extending affordability periods and by including a right to purchase provision allowing local housing nonprofits or public agencies to acquire these units to preserve affordability.

Stand up to NIMBYism with a reasoned, principled, compassionate, and concerted response.

Expand public education and present scientific evidence, for the need for (and benefits of) the distribution of affordable housing from a more regional, “fair share,” perspective: “‘Anywhere but here’ is as ineffective a policy as ‘an eye for an eye.’”

Housing should be situated – and made affordable to all incomes – in a way which promotes *access* to – and *choice* over – schools, transportation, and employment, open space, healthy communities, and diverse neighborhoods.

Communities should make affordable housing an essential component of their planning, intentionally becoming more *inclusive* racially, economically, and in terms of disability.

Affordable housing development should distribute housing opportunity throughout the state in such a way that *people of color, the disabled, the developmentally delayed, and those recovering from poverty and homelessness* are not marginalized and can live where they choose.

STEWARDSHIP OF RESOURCES

Avoid future disasters by remembering and acting upon the fact that housing is a basic need, a *dwelling place*, a shelter, and the place where we enter into community with others, rather than a commodity on which we speculate.

Apply the frameworks of *living wages* and *income inequality* to *affordable housing* work in order to get to the root of the problems it is our mission to address.

Employ the proven model of *permanent affordability* as a core policy, in order to create an inventory of homes, fill a missing rung on the affordable housing ladder, keep homes affordable to the target income group over successive homeowners, retain the precious original subsidy over time, and eliminate the need for continued increments of subsidy with each new homebuyer.

Expand the use in Delaware of the *community land trust* (CLT), a democratic, community-based vehicle to preserve affordability, retain subsidy, create an increasing inventory of affordable housing, and provide an equity share to the homeowner.

Develop sources of capital and legal incentives to maximize the conversion of manufactured home communities in investor-owned environments to *resident-owned communities* (ROCs), cooperatively run, limited equity associations, which put the land beneath manufactured homes in the collective control of the residents, increase resident security, avoid household dislocation, loss of equity, and destruction of the communities.

OTHER

Find and dedicate additional revenue for the Housing Development Fund (HDF) in order to meet immediate and long-term state needs and leverage private investment in affordable housing which the state is now unable to attract.

This additional funding needs to be adequate to allow Delaware to make a realistic strategic commitment to funding an array of housing options for all populations in need, most especially the extremely poor.

Build the governance capacity of public housing authorities, housing finance, and community development agencies to operate transparently and in the best long-term interest of the community by creating strong *community oversight* boards, populated by a broad range of informed, interested, critical thinkers.

Coordinate resources and energy going to *foreclosure prevention* and *neighborhood recovery* in order to optimize state and local response to a situation to which the federal efforts seem incapable of a remedy.

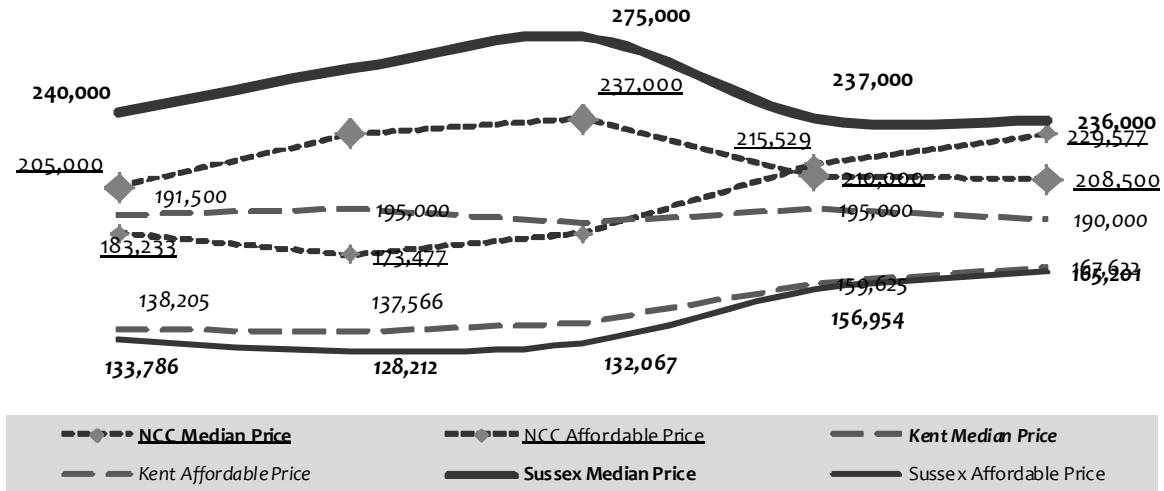
Preserve the increasingly precious resource of affordable *multi-family rental communities* (HUD Section 8, Rural Development 515, and Low Income Housing Tax Credit), the subsidies they contain, and the state's investment in them.

Understand *manufactured housing* for the affordable housing solution which it is, moving quickly to analyze this sector better, find it a home within state government, and create thoroughgoing policies for its protection and improvement.



Home Ownership and the Foreclosure Disaster

Homeownership Affordability Gaps by County, 2006 - 2010



destatehousing.com, 2011

Homeownership Rate

Among the states, Delaware ranks seventh in its homeownership rate, with an overall percentage of 70.3% in 2007.

The rate for African Americans is 47.5% and for Hispanics 48.9% compared to a rate of 78.8% for whites. Delaware ranks 28th among the states when ranked for racial inequality in homeownership (CFED2009-2010).

Affordability Gaps

The gap in affordability for low-income (≤80% AMI) prospective homeowners and the median home price remains considerable in Kent -\$22,378 and in Sussex -\$71,699; New Castle fares better at + \$21,077.

Foreclosures

The foreclosure rate in Delaware continues to climb with 6,457 foreclosures recorded in 2010, a 4.6% increase over 2009. The number of houses going to sheriff's sales has also increased over the year from 1,327 in 2009 to 1,876 in 2010 (DSHA, 2010).

Comparison of Median Income & Median Housing Prices 2000 & 2010

	Median Household Income		Median Housing Price		Home Price/Income Ratio	
	2000	2010	2000	(Q4) 2010	2000	2010
Kent	\$40,950	\$62,400	\$114,575	\$190,000	2.8	3.0
New Castle	\$52,514	\$80,400	\$151,600	\$208,500	2.9	2.6
Sussex	\$39,208	\$61,800	\$164,650	\$236,000	4.2	3.8

Source: Out of Reach 2011, www.nlihc.org; DSHA, <http://www.destatehousing.com/>

Delaware Foreclosure Filings, 2000 - 2010



destatehousing.com

Strengthening Community and Building Opportunity

The Fair Share Housing Measure uses the needs of extremely low-income Delaware households with unaffordable housing cost burdens as its basis. It describes the additional affordable housing units that a community would need to make available in order for that community to bear an equitable geographic share of the total need.

Surplus and Deficit Census Tracts

An analysis of the geographic distribution of affordable rental housing by the Delaware Housing Coalition, using 2000 Census data, showed only 13 of 317 census tracts (4%) with clear surpluses. Almost half of all tracts (47%) fell into the borderline category somewhere between a deficit of -25 and a surplus of +25. 156 tracts (49%) had clear deficits. The tract with the highest surplus (+118) was then in Claymont and the one with the highest deficit was in Upper Christiana (-173). The median for all census tracts was -25.

Net Need

After counting the extremely low-income housing need, the Fair Share Housing Measure compensated for units affordable and available in each census tract. This still left a need for 9,186 assisted housing opportunities throughout the state.

Counties

By county, the need broke down as shown in the accompanying chart, revealing a disproportionate need for more affordable housing for extremely low-income households in Sussex County.

Equitable Distribution

A set of recommendations designed to create a more equitable distribution of affordable housing throughout Delaware must be sensitive to a number of factors, one of which is the need to build within recognized “growth zones.” The use of

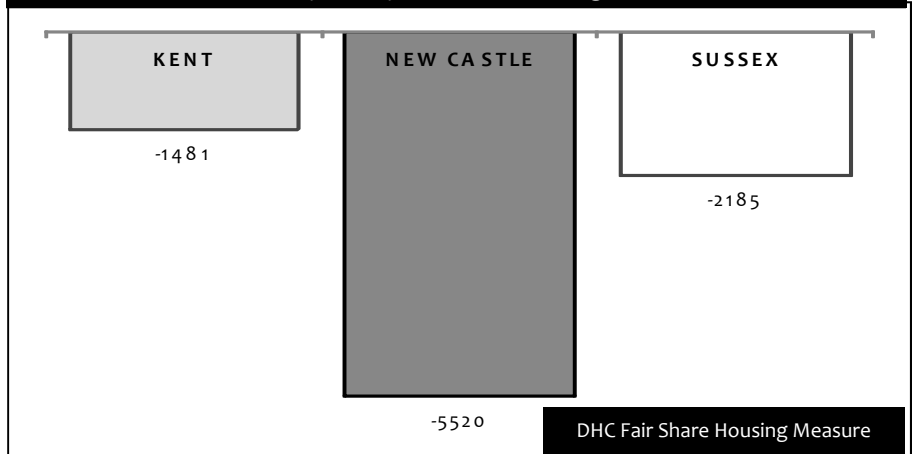
permanently affordable housing mechanisms, such as the community land trust (CLT), to acquire and maintain an inventory of affordable housing opportunities outside of these growth zones can be an important strategy for better geographic distribution of affordable homes.

Fair Share Housing Measure, Surplus and Deficit Census Tracts

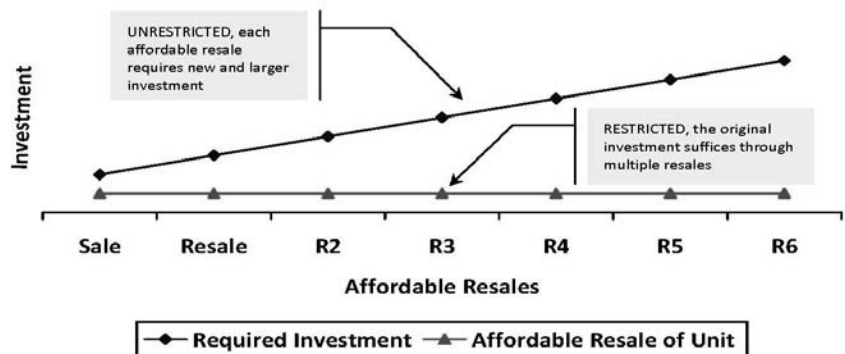
Category	Range	# of Census Tracts	% of Census Tracts
Surplus	+ 26 to + 118	13	4%
Borderline	+25 to - 25	148	47%
Deficit	- 26 to - 50	80	25%
High Deficit	-51 to - 100	62	20%
Very High Deficit	- 101 to - 173	14	4%

DHC Fair Share Housing Measure

Deficits by County, Fair Share Housing Measure



Subsidy Retention and Resource Stewardship



Changes in Delaware Housing Market Conditions, 2009-2010

Vacancy Rates	0.1%
Permits	-2.0%
FHFA Prices	-0.7%
Home Sales	-12.0%
Employment Growth	0.2%
Loans in Foreclosure	21.4%

Source: State of the Nation's Housing 2011

Income and Employment:

The Minimum Wage

A full-time year-round worker at the minimum wage (\$7.25/hour) cannot meet the most basic of need for housing.

In reality it takes 2.6 full-time year-round jobs (equivalent to working 104 hours a week) at the minimum wage in order to afford a modest two-bedroom apartment in Delaware (NLIHC, 2011).

The value of the minimum wage relative to the poverty line peaked in 1968 at 90%; it has averaged 2/3 of poverty since 1959 when the poverty line was established. (Minimum Wage, 2009)

NLIHC Housing Wage

As developed by the National Low Income Housing Coalition, the *housing wage* is the income needed in order to pay no more than 30% of monthly income on housing costs. The 2011 statewide housing wage in Delaware is \$18.74/hour. There is a gap in each county between what the minimum wage earner can afford and the rent needed for even an efficiency (0-BR) apartment.

Living Wage Models

Modeled on the NLIHC Housing Wage, the Universal Living Wage Campaign (universallivingwage.org) offers an opportunity to end economic homelessness.

The passage of a Universal Living Wage will affect all workers, including all homeless workers. The idea is to provide a basic minimum wage so that people can afford at least a roof over their heads in exchange for labor provided. This would enable a person who is willing to work a forty hour week to earn the minimal amount needed to afford housing in any city or outlying area throughout the entire United States.

A recent Delaware-based measurement of self-sufficiency, titled “Delaware Basic Economic Security Tables,” or “Delaware BEST™,” shows the wage a worker needs

to earn in order to provide for their basic needs and plan for their economic future. BEST™ wages for a single worker in Delaware with one infant and who receives employment-based benefits is \$49,260 annually, or \$23.32 an hour. At this wage, the worker can provide for the family’s basic needs including healthcare, and save modestly to cover emergencies and

for retirement.

The Delaware BEST™ provides a realistic measure of what it takes for households to not only make ends meet, but develop assets to maintain lifelong economic security (Basic Economic Security Tables™, 2011)

Number and Share of Workers Earning Less than the Housing Wage

	All Jobs	Housing Wage	Jobs at less than the Housing Wage	
			#	%
Kent	57,710	\$15.62	22,100	38%
New Castle	315,060 *	\$20.71	220,380	70%
Sussex	68,790	\$14.42	44,330	64%

* Wilmington, DE-MD-NJ Metropolitan Statistical Area

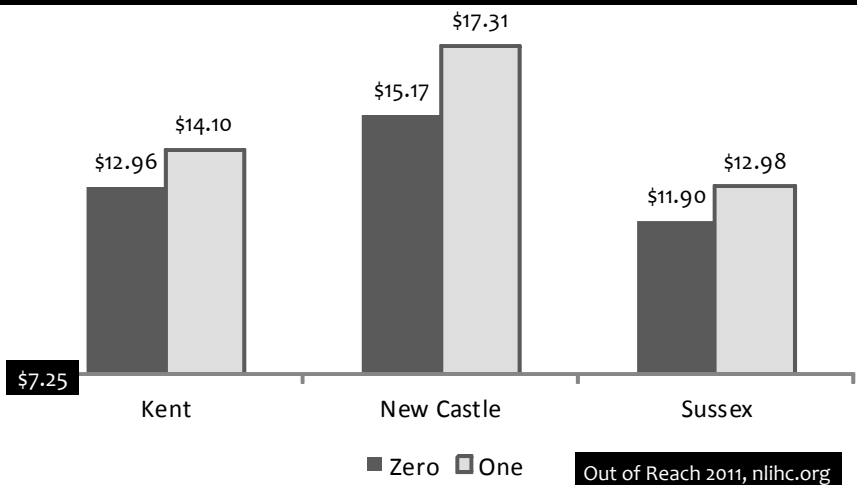
Source: US Bureau of Labor Statistics <http://www.bls.gov/bls/blswage.htm>; May 17,2011; Out Of Reach 2011 www.nlihc.org

Minimum, Median, and Housing Wages by County

	All workers	Minimum wage	Median wage	Housing wage
Kent	57,710	\$7.25	\$15.27	\$15.62
New Castle	268,630	\$7.25	\$19.02	\$20.71
Sussex	68,790	\$7.25	\$13.65	\$14.42

Source: US Bureau of Labor Statistics, May 2010, State Occupational Employment and Wage Estimates, June 2011, NLIHC Out of Reach, 2011.

Zero- and One-Bedroom Housing Wage Compared to Minimum Wage



Wages versus Basic Needs

Projected Job Growth

Of the top 10 projected job growth categories between 2008 and 2018, eight of them are in the “Low Wage” (≤ \$28,800/year) category (DE DOL, 2011). In New Castle and Sussex Counties the proportion of jobs paying less than those counties’ housing wage is 70% and 64% respectively.

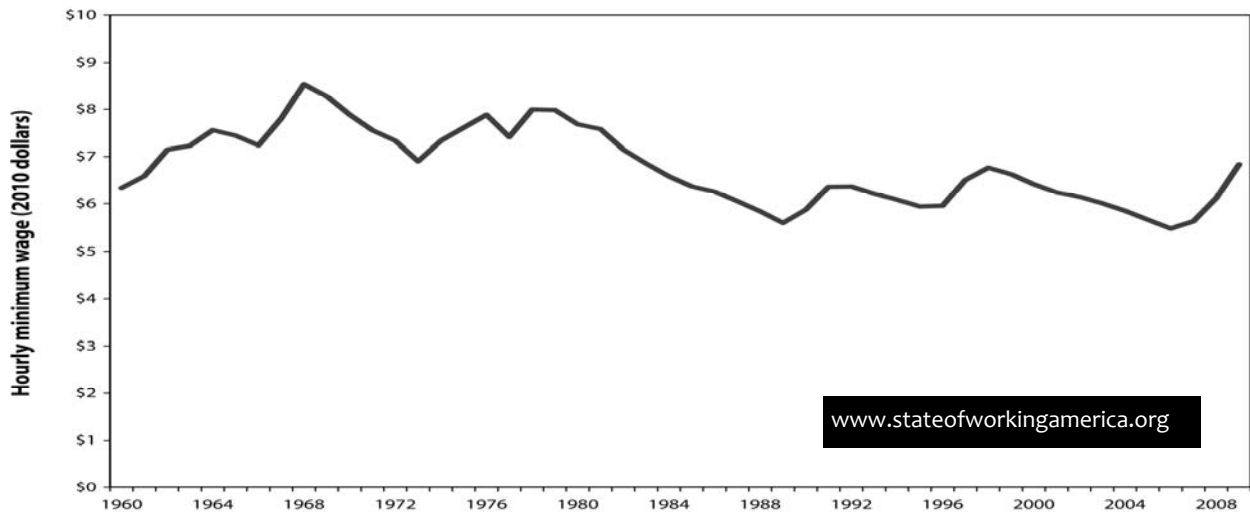
In Kent County 38% of the jobs pay less than the county housing wage.

An Unmet Basic Human Need

The share of working households with severe cost-burden remained at 21% from 2008 to 2009 (Wardrip, 2011). Wages and basic human needs are intertwined. The implication of the social contract in modern society is that if one does her/his part by working full-time, then society, through public policy, ensures that this individual is able to meet their basic human needs.

ern society is that if one does her/his part by working full-time, then society, through public policy, ensures that this individual is able to meet their basic human needs.

The Real Value of the Minimum Wage, 1960 - 2010



Source: U.S. Department of Labor, Wage and Hour Division and Bureau of Labor Statistics.

Top Occupations and employment increase 2008-2018*

	Median earnings (2008) hour/annum	Availability	Wage Category
1. Retail Sales	\$9.89/\$20,571	E	Low
2. Cashiers	\$9.12/\$18,970	E	Low
3. Waiters/Waitresses	\$9.67/\$20,114	E	Low
4. Registered Nurses	\$33.53/\$69,742	E	High
5. Customer Service Reps	\$17.62/\$36,650	E	-Avg.
6. Servers, food prep (including fast food)	\$8.36/\$14,537	E	Low
7. Cafeteria/Counter Attendants	\$ 9.25/\$19,240	E	Low
8. Laborers, Freight, Stock, Material Movers (hand)	\$11.25/\$23,400	G	-Avg.
9. Stock Clerks and Order Fillers	\$9.96/\$20,717	E	Low
10. Nursing Aides, Orderlies, Attendants	\$13.39/\$27,851	E	Low

* In descending order

Column: Job Availability Categories/Year: Poor=0;Fair 1-3;=4-14;Excellent >15

Column: Wage Categories: Low:≤\$28,800;Average\$28,800-\$36,800;Average:\$36,801-\$49,850; Above Average:\$49,801-\$66,300;High:≥\$66,301

Source: <http://www.delawareworks.com/oelmi/Information/Publications/Delaware.aspx> (October 2010) ; US Bureau of Labor Statistics, May 2011 State Occupational Employment and Wage Estimates (5/11)

The Community Impact of Housing

Economic Impact

One argument for affordable housing development that has strong appeal is the positive economic effect (in multipliers and leveraging) on the local economy.

A November, 2004 study sponsored by the Delaware Housing Coalition and the Delaware Housing Trust Fund Working Group, detailed the beneficial economic impact that would have derived from a proposed five-year plan to increase affordable housing in Delaware. *Investing to Meet Delaware's Affordable Housing Needs: An Economic Impact Analysis* investigated the economic and social impacts of a \$60 million public investment in housing over five years. Its findings included a variety of impressive benefits.

The proposed \$60 million investment would have resulted in over \$420 million in new economic activity in the state as well as almost 3,400 new full-time jobs.

Inputs for program spending were derived from the five programs outlined in *Fostering a Livable Delaware: A Five Year Strategic Housing Plan* proposed by the HTF Working Group. The \$60 million, if invested according to the priorities laid out in the Five-Year Strategic Housing Plan, would have created 875 rental home opportunities and 3,900 homeownership opportunities over five years. The impact of public investment in housing on the state's total housing needs is far greater than just the amount of direct spending from the Housing Development Fund.

Dr. William Latham, the author, had previously studied the Delaware economy for over 25 years and completed detailed economic impact studies for various industries in the state. The study utilized the most accepted and highly regarded economic modeling methods and programs and was based on a complete economic model of the state.

The proposed \$60 million would have leveraged additional public and private investment of more than \$273 million of investment in housing.

Every dollar stimulates additional spending, resulting in \$7 of additional economic activity for every public dollar invested.

One of the study's most striking findings is the impact of investment in housing on employment. The proposed \$60 million investment would have create 3,395 sustainable jobs over the five-year period. If jobs are a priority, investment in housing is an unexpected but logical place to turn.

Investment in housing creates jobs in all sectors of the economy, even beyond the construction, banking, real estate, and insurance industries.

There are very few state expenditures that can match the amount of new tax revenue generated by an investment in affordable housing. In this case, over \$12.5 million in new state and local taxes would have occurred. Few other expenditures by the state of Delaware have any leverage at all. Tax cuts result only in multiplier effects. Capital expenditures such as transportation expenditures, matched by federal funds, generally have smaller leverage ratios than investment in affordable housing.

Other Benefits

In addition to the economic impacts of investment in housing, there are documented social and community benefits associated with insuring decent and affordable homes are available for all families and individuals, and in expanding access to homeownership. When affordable homes are integrated into broader community plans for land use, transportation and economic development, the range of effects broadens to encompass both community and individual quality of

life and effects on family stability, health, educational achievement, and economic development.

Property Values and NIMBYism

One major objection to affordable housing is often that its development will be detrimental to single-family property values in the neighborhood where it is to be situated.

In an article in the Spring 2010 issue of *The Housing Journal*, Professor Rachel Bratt, of the Department of Urban and Environmental Policy and Planning at Tufts University, reviewed numerous examples of recent research on just this question. She began with a description of the problem: "Invariably, there is local opposition to the development of multi-family housing, particularly housing that is targeted for a lower income population. The phrase that is often used to express this opposition is known as NIMBY, meaning "Not In My Back Yard." Opponents to subsidized housing developments often invoke the likelihood that the new housing will create a number of problems, such as increased traffic, burdens on the local school systems due to an increased student population, the possibility of increased crime, and a fear that property values of neighboring homes will be reduced."

Reviewing a range of studies by US researchers, she concluded that "it appears that if housing is well designed, fits in with the surrounding neighborhood, and is managed well, there are no negative impacts of affordable housing on the property values of neighboring single family homes. In addition, in view of the serious need for affordable housing, the public sector can play a positive role in providing local governments subsidies to cover any additional costs that accompany the new housing." (Bratt, 2010)

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Who Can Afford to Live in Delaware?

July 2011

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About Cover Statistics:

HOMEOWNERS: Delaware State Housing Authority, U.S. Dept. of Housing and Urban Development. Affordability is calculated for a household with an income of 80% of Area Median Income with a mortgage at 5% for 30 years and \$125/month for taxes and insurance and “other debt” of 12%.

TENANTS: Out of Reach 2011, National Low Income Housing Coalition. Minimum wage in Delaware is \$7.25. An extremely low income household has an income at or below 30% of the Area Median Income.

For more information

- American Housing Survey Definitions: www.census.gov/hhes/www/housing/ahs/ahs01/appendixa.pdf
- Census: <http://www.census.gov/acs/www/Downloads/ACSQandA.pdf>
- FANNIEMAE: http://www.fanniemae.com/aboutfm/pdf/key_mortgage_terms_eng.pdf
- Housing Justice: http://www.housingjustice.org/beta/resources/affordable_housing_glossary
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- National Low Income Housing Coalition: <http://www.nlihc.org>
- Novgradac: <http://www.ngrdc.org/cedschapter8.pdf>
- ROC USA: <http://www.rocusa.org/manufacturedhome.htm>

ONLINE HOUSING RESOURCES IN DELAWARE

Listed below are some of the organizations in Delaware which are involved in providing information on the affordable housing crisis here.

Delaware Housing Coalition: www.housingforall.org
Delaware Community Reinvestment Action Council: www.dcrac.org
Delaware Manufactured Home Owners Association: www.dmhoa.org
Delaware State Housing Authority: www.destatehousing.com
Diamond State CLT: www.diamondstateclt.org
Homeless Planning Council: www.hpcdelaware.org
NCALL Research: www.ncall.org
University of Delaware: www.udel.edu/ccrs/
Why NOT In My Back Yard?: www.whynimby.org

AFFORDABLE HOUSING: The 30 Percent Rule of Thumb

The 30 percent “rule of thumb” represents an evolution of empirical norms and public policy dating from the era of the Great Depression. During that period, “one week’s pay for one month’s rent” was the norm and was accepted. This formula was subsequently incorporated into public policy which both identified housing need and eventually, was used as a Housing Cost to Income Ratio (HCIR). We use the 30% rule here for simplicity and in order to compare to other research including the previous editions of *Who Can Afford to Live in Delaware?*

For a thorough explanation of the history and current proposed alternatives to the 30% rule of thumb, see *Getting to the Heart of Housing’s Fundamental Question: How Much Can a Family Afford? A Primer on Housing Affordability Standards in U.S. Housing Policy* by Danilo Pelletiere, Ph.D. February 2008 National Low Income Housing Coalition. http://www.nlihc.org/doc/AffordabilityResearchNote_2-19-08.pdf

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