



Housing for Delaware: Balancing Community Needs

The Affordable Housing Dilemma: For Whom Does the Bell Toll?

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Housing is not a trivial matter . . .

- **Housing is a necessity of life:**
 - **It protects us from the physical elements;**
 - **Provides facilities and equipment necessary for sleeping, eating and personal hygiene;**
 - **Provides security; and**
 - **Facilitates and supports family growth and development.**

Also . . .

- **Housing affects our network of social relationships;**
- **Housing affects our access to work and play;**
- **Housing affects our self esteem;**
- **Housing affects our accumulation of wealth.**

Finally . . .

- **Housing affects the characteristics of our neighborhoods and our communities;**
- **Housing is a substantial part of our overall economy (over 20% of GDP, not including many products and services linked to housing).**

Class Exercise

How many people are either members of your family or close friends of your family who have at least one of the following characteristics:

- Has not earned a four year college degree
- Just recently started their working career in the retail, food services, allied health, education, public safety, or social services sector.
- Has a disability of some type that will inhibit their ability to be employed
- Wants to live close to work, a family member or a friend located in a high housing cost area of Delaware or another state

Class Exercise (con't)

Let's add the numbers up:

<u>Class Member</u>	<u># of Family Members</u>	<u># of Friends</u>	<u>Total</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Nature of Housing Problems in the U.S.

- **Great gains have been made in the quality of the nation's housing stock since 1945.**
 - **For example: at the end of WW II, 40% of dwelling units did not have complete plumbing. By 1980, only 1% lacked complete plumbing.**

Nature of Housing Problems in the U.S.

Housing Problem in U.S. is one of affordability and not quality.

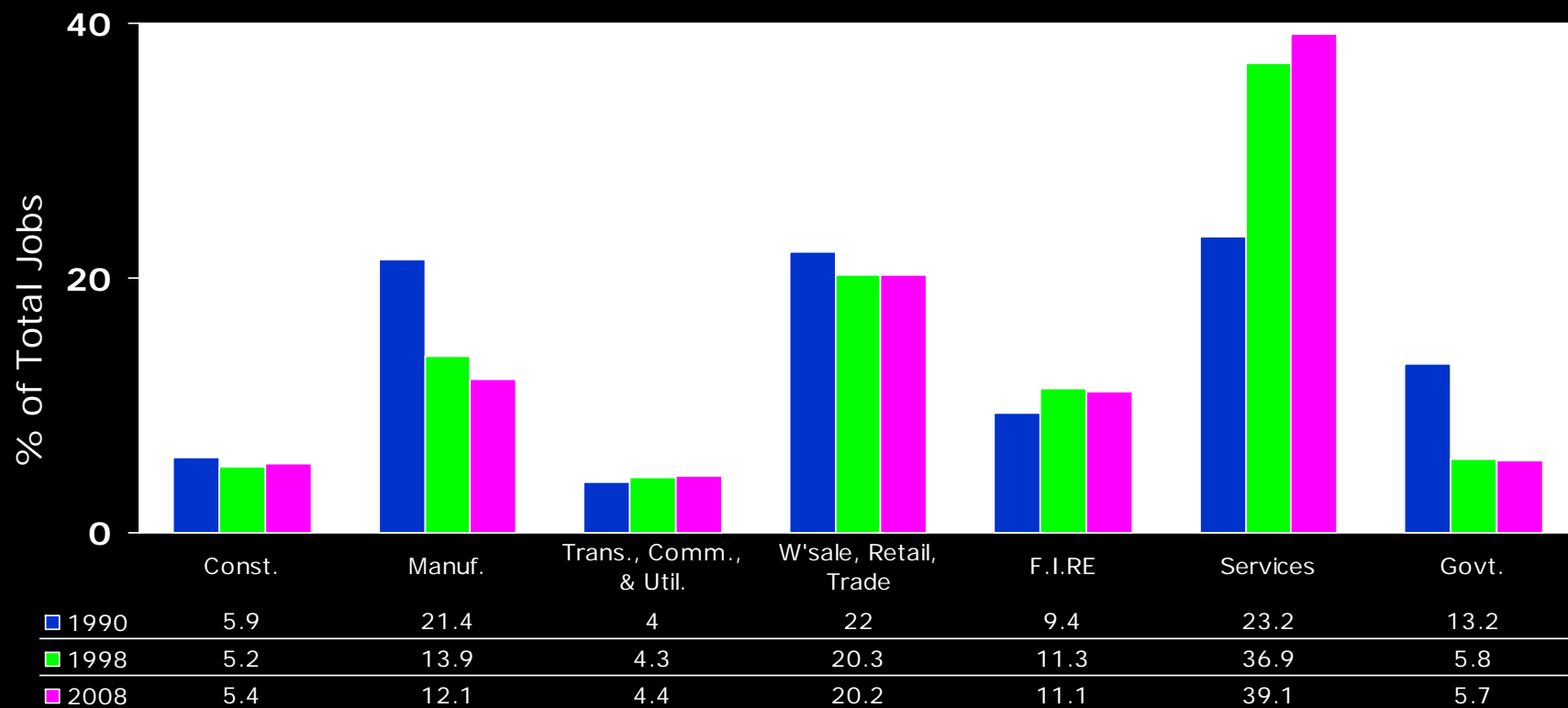
- **For example: 8% of low income households live in physically inadequate housing, but 57% live in housing they can't afford.**
- **Increasingly, entry and mid-level level employees, even with a good education, are finding it difficult to find housing they can afford in the communities they want to live in.**

Housing Economics 101

- Like any market, there are both demand and supply components of the housing market:
 - Demand is primarily a function of household income. This means that education, training and employment are important factors.
 - Supply is a function of many things, including costs associated with land, labor, materials, energy, building technology, and government regulations.
 - Price is determined by the intersection of demand and supply.

Employment Trends in Delaware

1990 - 2008



SOURCE: Delaware Department of Labor, Office of Occupational & Labor Market Information

Employment Projections in Delaware

2004 - 2014

- **Services Sector Jobs**

- Projected growth in jobs of 15.2% over ten years.
- A single typical service sector job does not pay enough to support the housing and other living expense of a family.

- **Manufacturing Sector Jobs**

- Projected decline in jobs of 9.2% over ten years.
- A single typical manufacturing job pays well, but the supply of these jobs is shrinking.

Incomes are Stagnant

Increase of only 5% in 7 years!



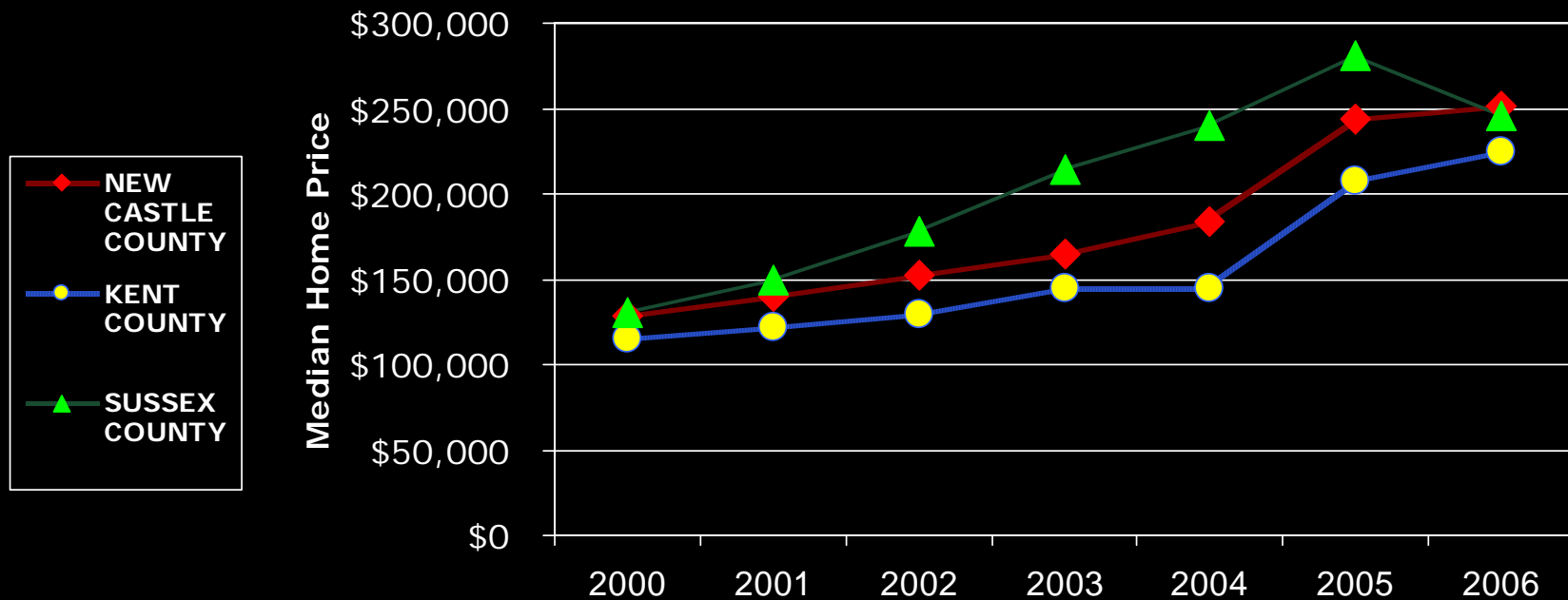
SOURCE: HUD Annual Median Incomes, 2000 - 2006

Incomes Likely to Remain Stagnant

- **Most of the real (inflation adjusted) gains in household income over the last 25 years have been due to households adding workers into the labor market. This will be less of a factor in the future because:**
 - average household size continues to decrease
 - workers are retiring at an increasing rate, and more retirees are moving into the state.
- **Also,**
 - global competition will continue to limit real wage growth in the U.S.

Housing Prices Trend Upward

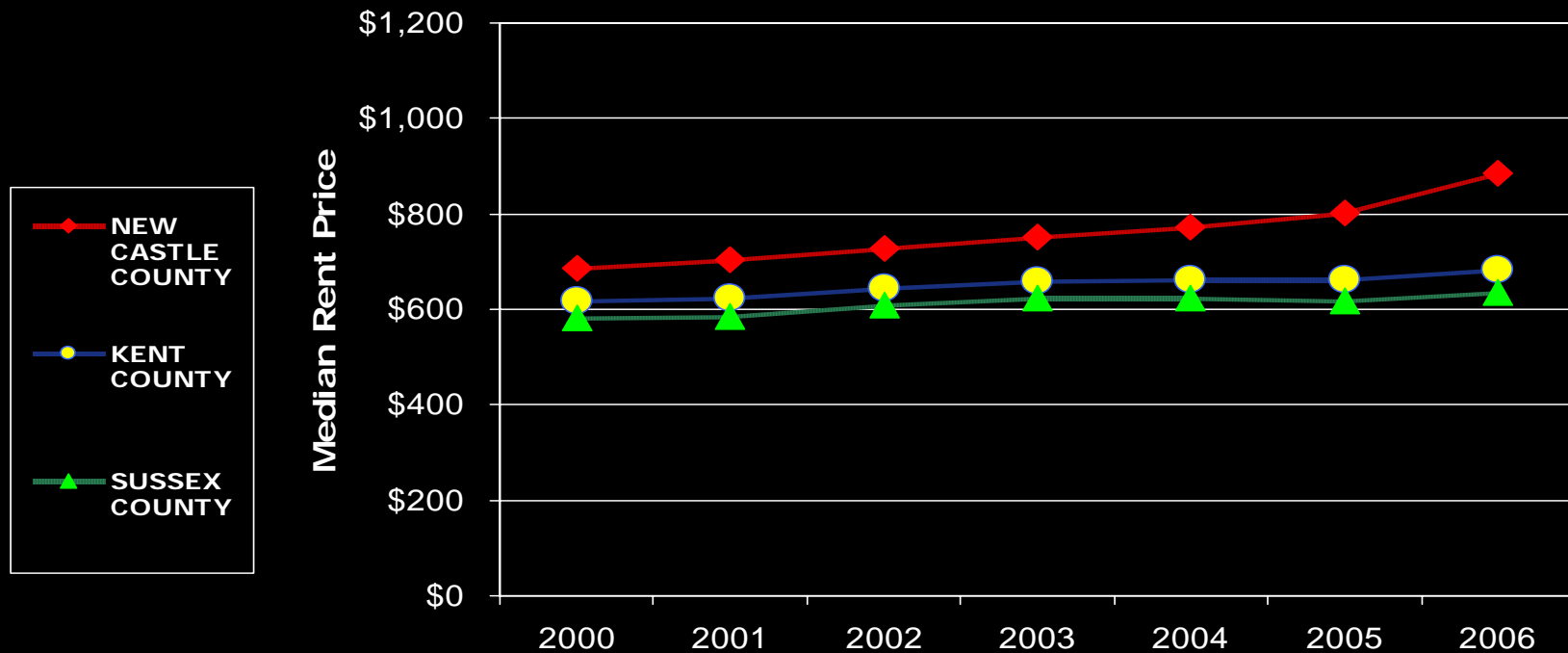
Increase of 95% over 7 years!



SOURCE: New Castle County, Kent County, and Sussex County Boards of Realtors

Rents have also been increasing

Increase of 17% over 7 years



SOURCE: HUD Fair Market Rent

Definition of Affordable Housing

General rule of thumb . . .

**Housing for which the owner/renter is paying
no more than 30 percent of his or her income
for housing costs, including utilities.**

Definition of the Affordability Gap

The **Affordability Gap** is the difference between the actual cost of housing (including utilities) and the amount that a household can afford to pay.

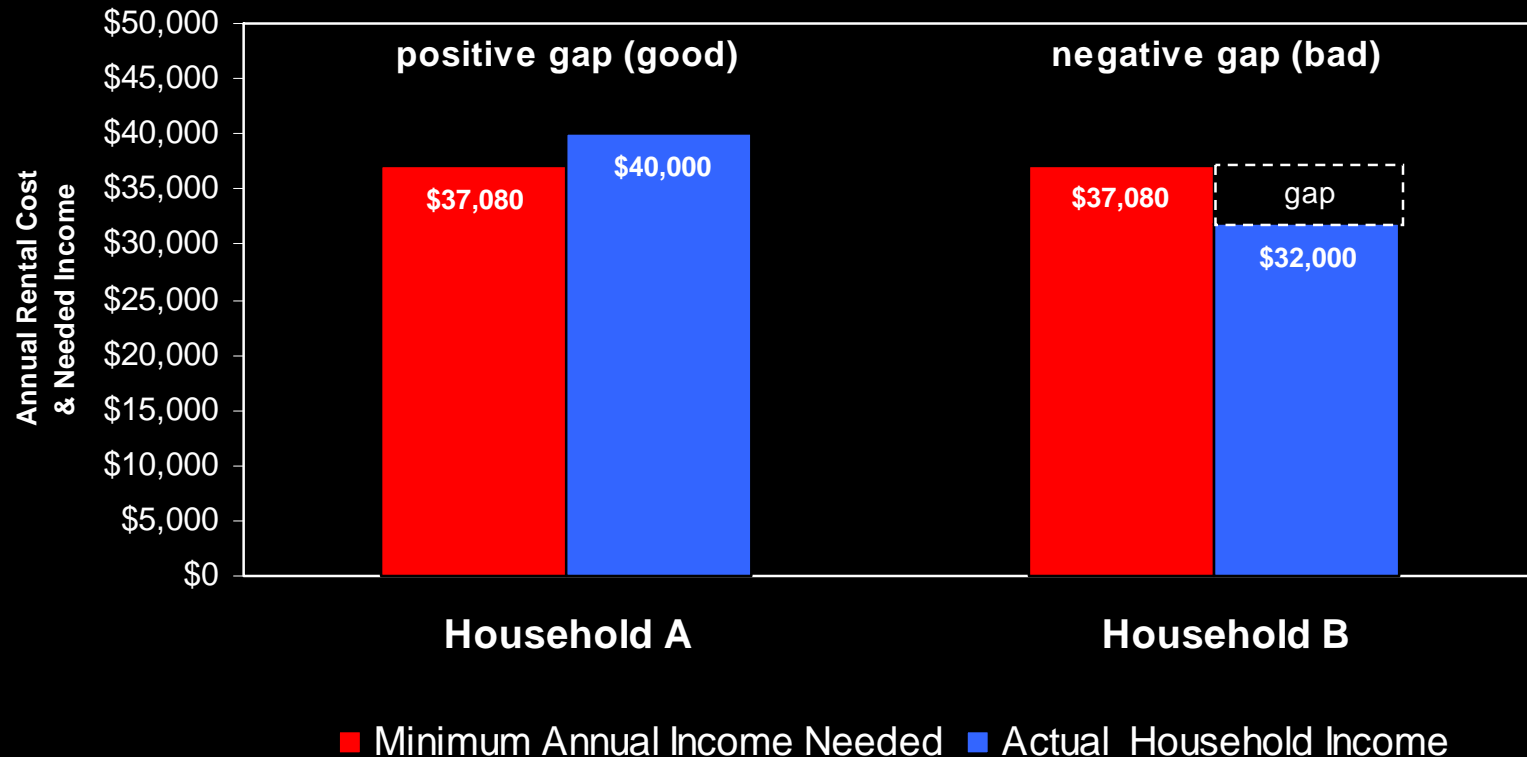
This gap can be:

- positive (income is higher than needed)
- negative (income is insufficient)

Affordability Gap Example

Affordability Gap

3 Bedroom Apartment in Kent County
(Monthly Fair Market Rent of \$927 in 2007)



Earnings at or Below the Median

Workers in the following occupations tend to earn less than an area's median income and are often priced out of the housing market:

- **Nurses**
- **Police Officers**
- **Teachers**
- **Carpenters**
- **Retail Salespersons**
- **Waiters/Waitresses**



Analysis of the Affordability Gap

In the following slides we show the relationship between the incomes of people in different professions and what priced housing these people can afford

Assumption for Renters:

Can afford 30% of income on rent & utilities

Assumptions for Homeownership:

Based on 33%/38% Debt-to Income Ratio

Estimated Tax and Insurance Costs of \$150

Estimated "other debt" of 12%

Loan Terms of 30 years at 6.25% Interest Rate with 0 points

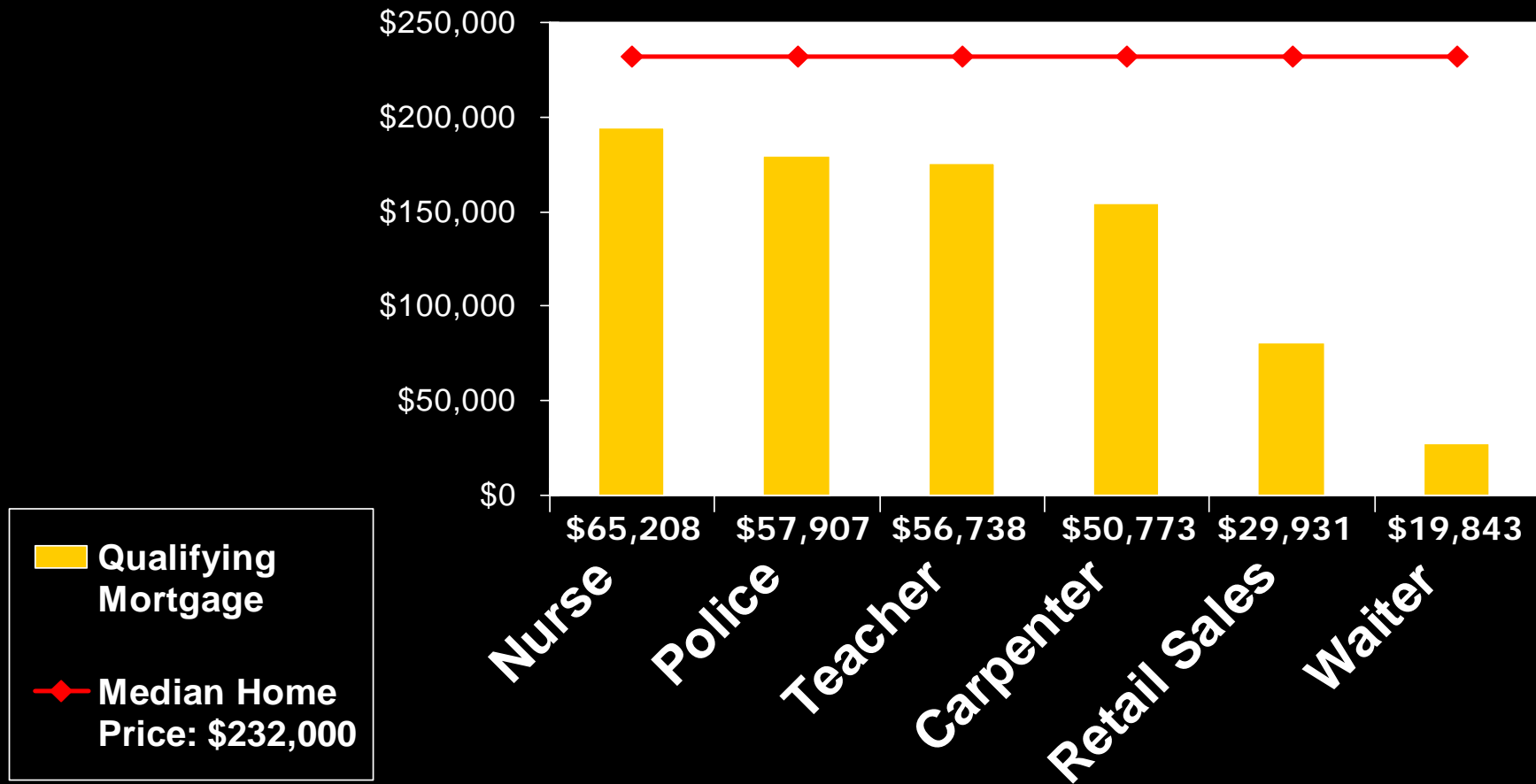
Affordability Gap Data for New Castle Co.

NEW CASTLE COUNTY									
	Hourly Wage	Monthly Income	Annual Income	Affordable Rent	1 BR Gap	2 BR Gap	3 BR Gap	Affordable Home Price	Affordability Gap
					\$773 FMR	\$923 FMR	\$1105 FMR		MHP: \$232,000
HUD Area Median Family Income (2007)	\$34.42	\$5,967	\$71,600	\$1,790	\$1,017	\$867	\$685	\$227,594	(\$4,406)
Police Officer	\$27.84	\$4,822	\$57,907	\$1,447	\$674	\$524	\$342	\$179,410	(\$52,590)
Waiter/ waitress	\$9.54	\$1,652	\$19,843	\$496	(\$277)	(\$427)	(\$609)	\$45,465	(\$186,535)
Retail Salesperson	\$14.39	\$2,492	\$29,931	\$748	(\$25)	(\$175)	(\$357)	\$80,964	(\$151,036)
Carpenter	\$24.41	\$4,228	\$50,773	\$1,268	\$495	\$345	\$163	\$154,304	(\$77,696)
Elementary School Teacher	\$27.28	\$4,725	\$56,738	\$1,417	\$644	\$494	\$312	\$175,295	(\$56,705)
Registered Nurse	\$31.35	\$5,430	\$65,208	\$1,629	\$856	\$706	\$524	\$205,101	(\$26,899)

SOURCE: HUD, DSHA

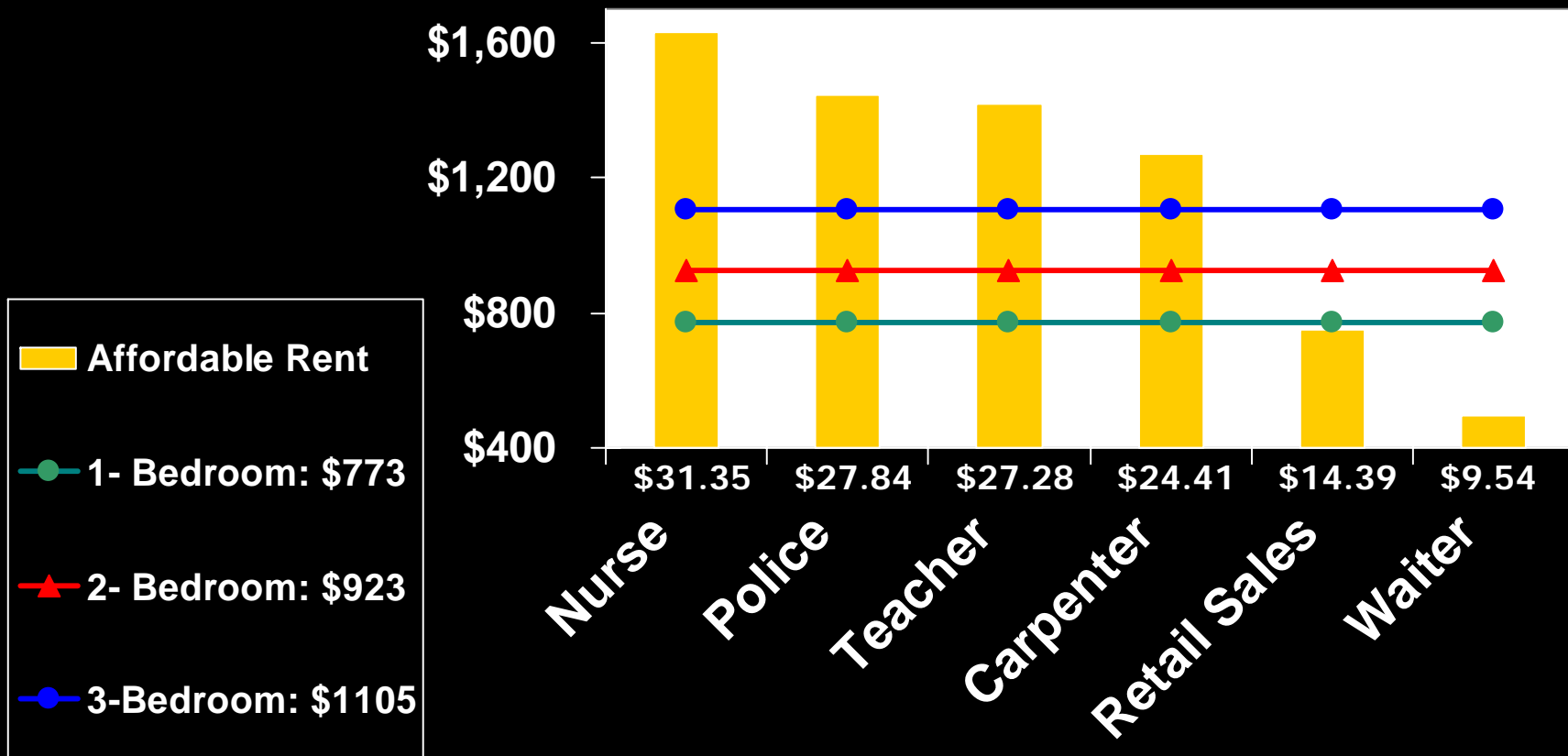
New Castle County: Homeownership

Annual household income of \$72,853 is needed to afford the purchase of the median priced home of \$232,000 in New Castle County



New Castle County: Rental

\$17.75 per hour wage needed for typical two-Bedroom unit



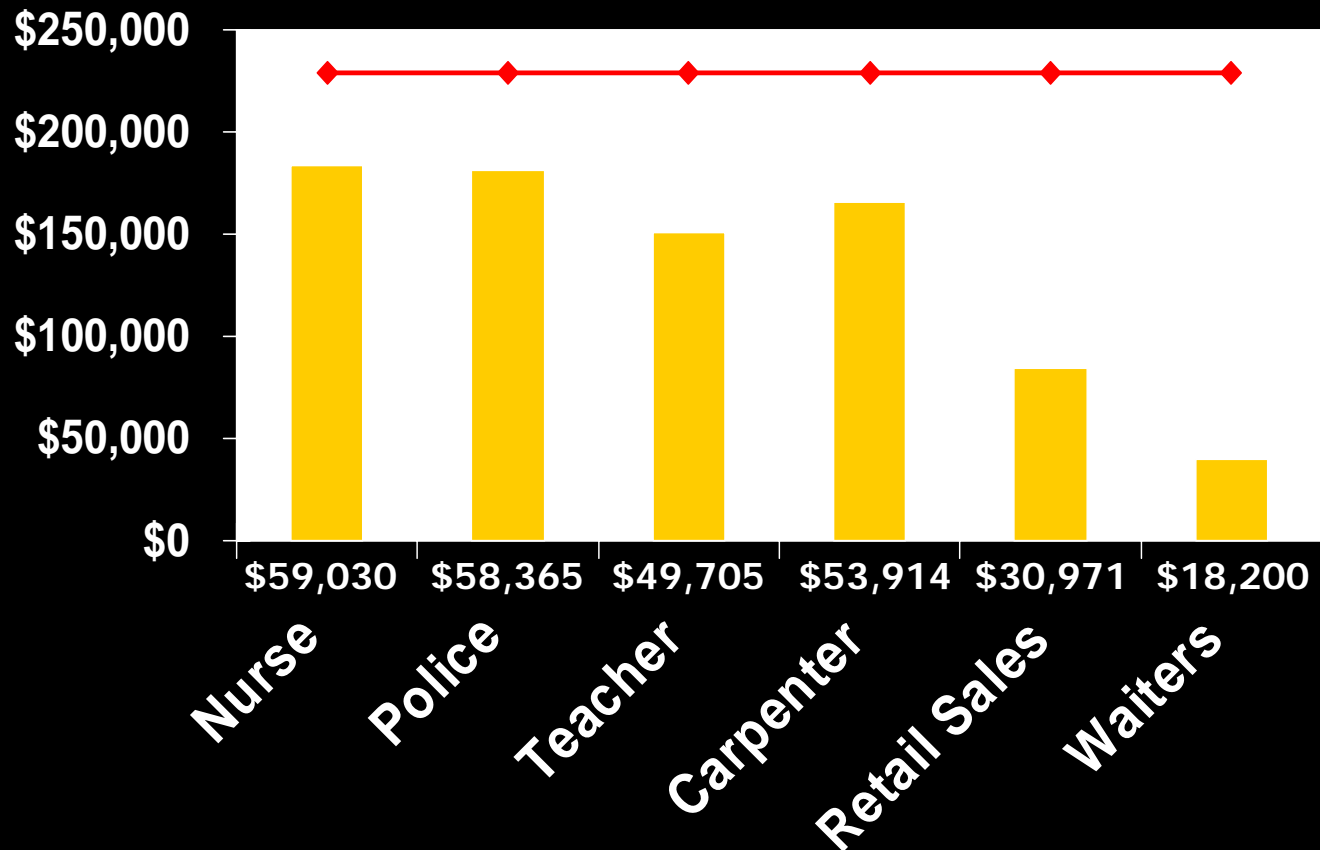
Affordability Gap Data for Kent Co.

KENT COUNTY									
	Hourly Wage	Monthly Income	Annual Income	Affordable Rent	1 BR Gap	2 BR Gap	3 BR Gap	Affordable Home Price	Affordability Gap
					\$640 FMR	\$709 FMR	\$927 FMR		MHP: \$229,000
HUD Area Median Family Income (2007)	\$28.22	\$4,892	\$58,700	\$1,468	\$828	\$759	\$541	\$182,199	(\$46,801)
Police Officer	\$28.06	\$4,864	\$58,365	\$1,459	\$819	\$750	\$532	\$181,020	(\$47,980)
Waiter/ waitress	\$8.75	\$1,517	\$18,200	\$455	(\$185)	(\$254)	(\$472)	\$39,683	(\$189,317)
Retail Salesperson	\$14.89	\$2,581	\$30,971	\$774	\$134	\$65	(\$153)	\$84,624	(\$144,376)
Carpenter	\$25.92	\$4,493	\$53,914	\$1,348	\$708	\$639	\$421	\$165,356	(\$63,644)
Elementary School Teacher	\$23.90	\$4,142	\$49,705	\$1,243	\$603	\$534	\$316	\$150,547	(\$78,453)
Registered Nurse	\$28.38	\$4,919	\$59,030	\$1,476	\$836	\$767	\$549	\$183,362	(\$45,638)

SOURCE: HUD, DSHA

Kent County: Homeownership

Annual household income of \$72,000 is needed to afford the purchase of the median priced home of \$229,000 in Kent County

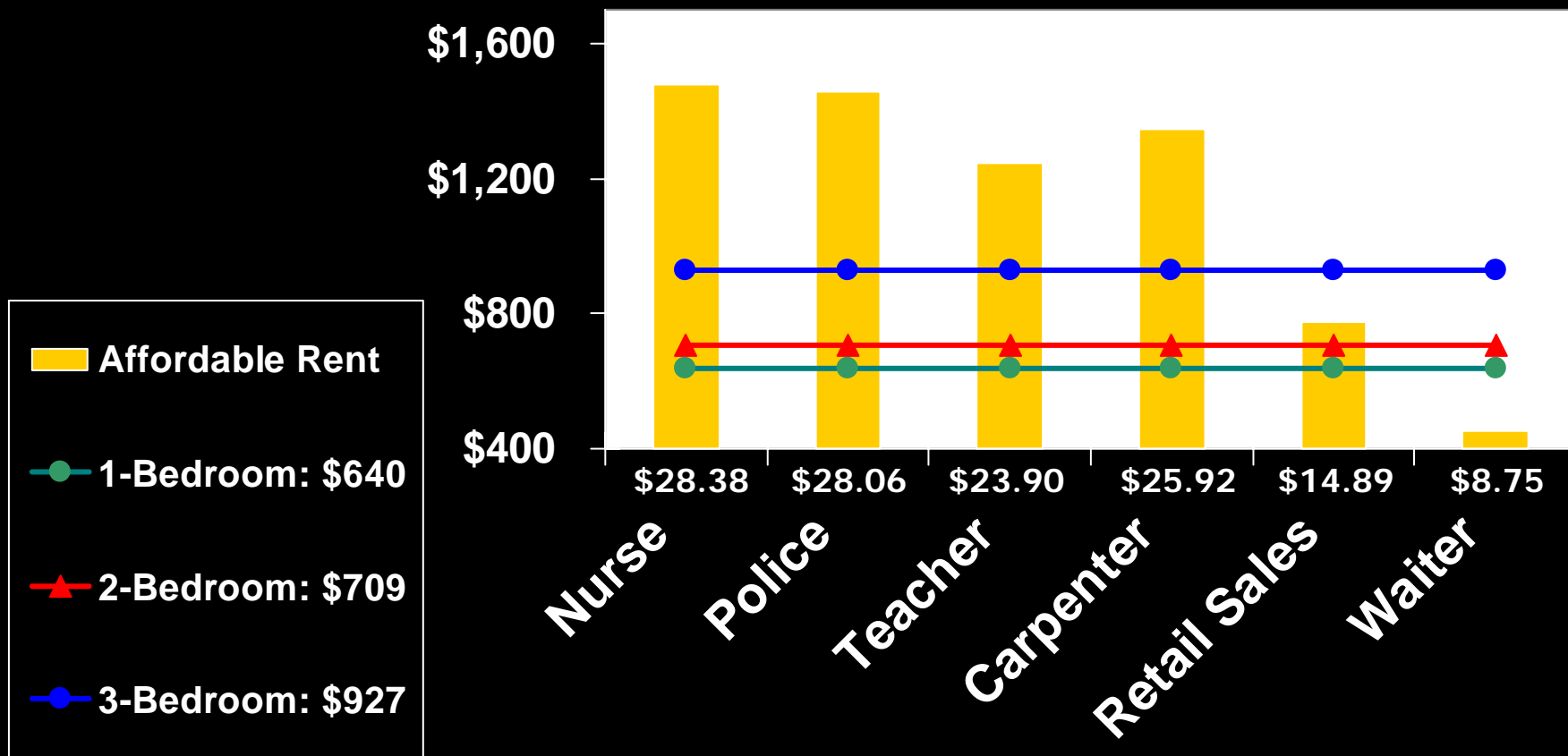


Qualifying Mortgage

Median Home Price: \$229,000

Kent County: Rental

\$13.63 per hour wage needed for typical two-Bedroom unit



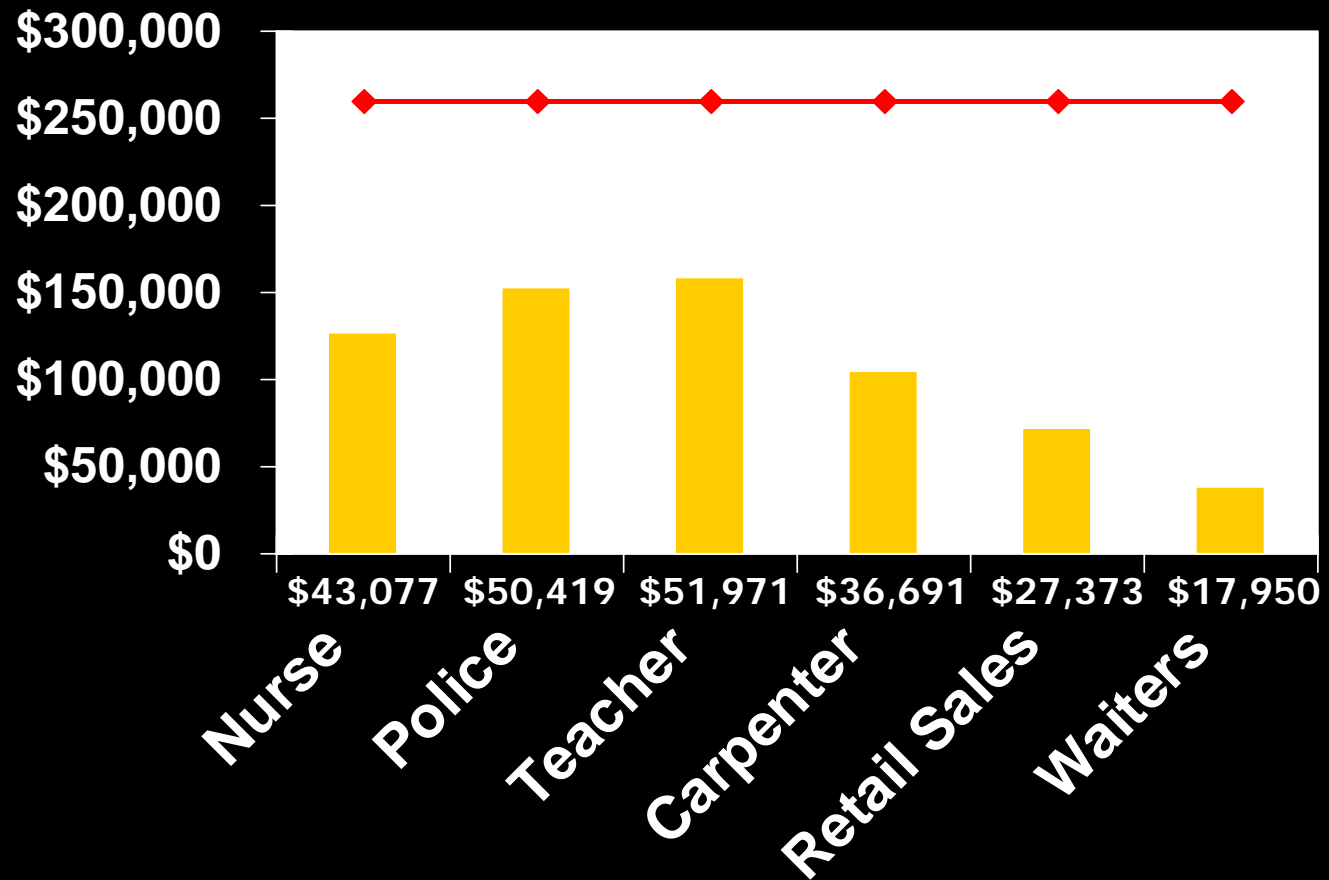
Affordability Gap Data for Sussex Co.

SUSSEX COUNTY									
	Hourly Wage	Monthly Income	Annual Income	Affordable Rent	1 BR Gap	2 BR Gap	3 BR Gap	Affordable Home Price	Affordability Gap
					\$595 FMR	\$661 FMR	\$904 FMR		MHP: \$260,000
HUD Area Median Family Income (2007)	\$25.87	\$4,483	\$53,800	\$1,345	\$750	\$684	\$441	\$164,957	(\$95,043)
Police Officer	\$24.24	\$4,198	\$50,419	\$1,260	\$665	\$599	\$356	\$153,060	(\$106,940)
Waiter/ waitress	\$8.63	\$1,495	\$17,950	\$448	(\$147)	(\$213)	(\$456)	\$38,804	(\$221,196)
Retail Salesperson	\$13.16	\$2,279	\$27,373	\$684	\$89	\$23	(\$220)	\$71,961	(\$188,039)
Carpenter	\$17.64	\$3,055	\$36,691	\$917	\$322	\$256	\$13	\$104,752	(\$155,248)
Elementary School Teacher	\$24.99	\$4,328	\$51,971	\$1,298	\$703	\$637	\$394	\$158,521	(\$101,479)
L.P. Nurse	\$20.71	\$3,587	\$43,077	\$1,076	\$481	\$415	\$172	\$127,222	(\$132,778)

SOURCE: HUD, DSHA

Sussex County: Homeownership

Annual household income of \$80,809 is needed to afford the purchase of the median priced home of \$260,000 in Kent County

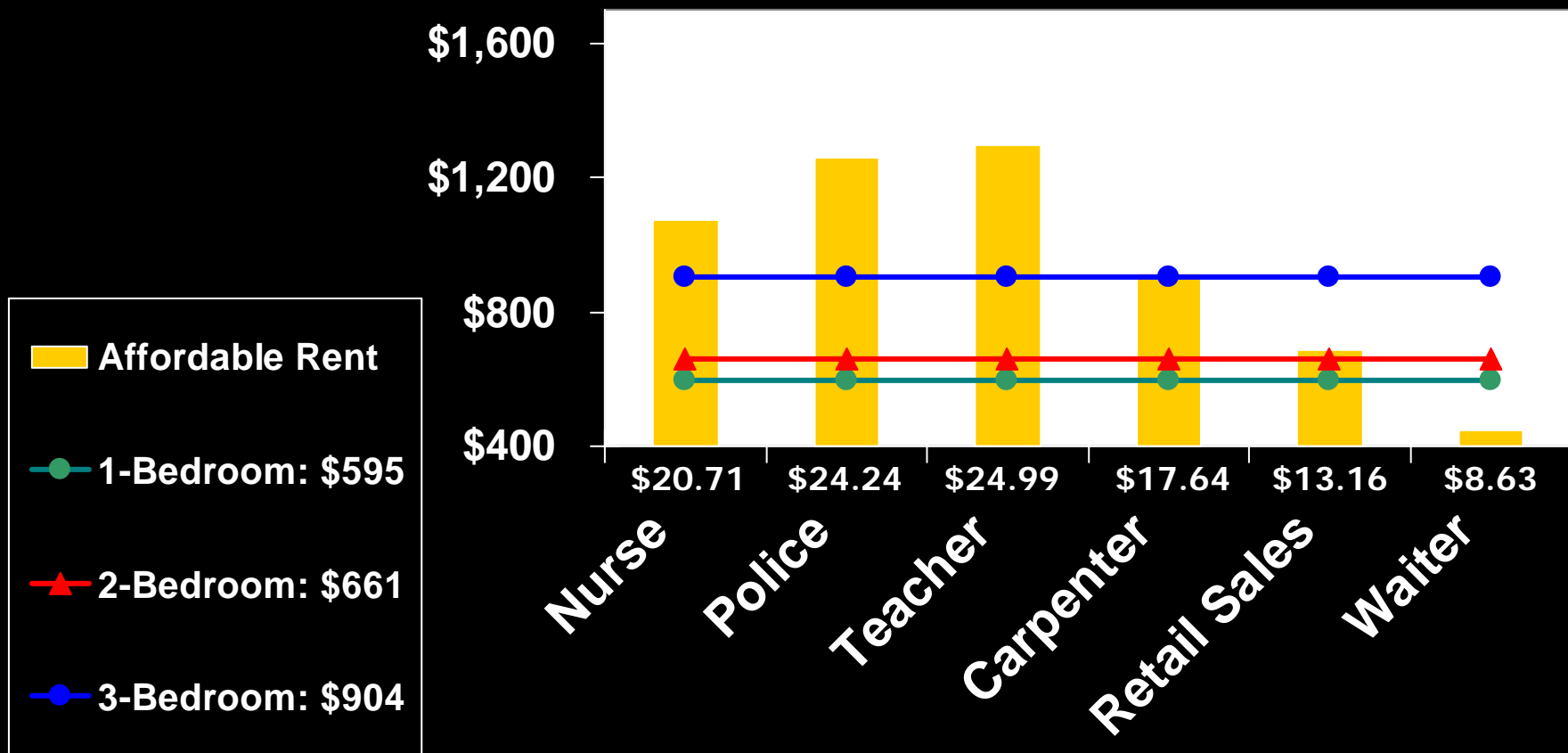


Qualifying Mortgage

Median Home Price: \$260,000

Sussex County: Rental

\$12.71 per hour wage needed for typical two-Bedroom unit



So, this brings us to that famous poem . . .

“. . . No man is an island, entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as if a manor of thy friend's or of thine own were: any man's death diminishes me, because I am involved in mankind, and therefore never send to know for whom the bell tolls; it tolls for thee . . .”

from “For Whom the Bell Tolls”

-- by John Donne (1572-1631)

So, for whom does the affordable housing bell toll?



The bell tolls for all of us . . .

**. . . for you and me, for our children,
for our friends, for our teachers, for
our firefighters, for the sales associates
at the local department store, for our
individual communities, for our state
and for our nation!**

Questions

Are there any Questions?

Next will be David Edgell of the Office of State Planning who will discuss a policy framework for housing.



Housing for Delaware: Balancing Community Needs

Livable Delaware & A Policy Framework for Housing

**David Edgell
Office of State Planning**

Why is planning important to the State of Delaware?

- **Delaware has 3 counties and 57 municipalities**
- **The state provides most of the infrastructure and services**
- **Land use decisions are made at the local level**

Why is planning important to the State of Delaware?

- **State provided infrastructure and services include:**
 - **Transportation**
 - **Health & social services**
 - **Public safety**
 - **Environmental protection**
 - **Parks & recreation**
 - **Education**

Sprawl . . .

Low-density land use patterns that are automobile dependent, energy and land consumptive, and require a very high ratio of road surface to development served.

Michigan State Planning Officials, Patterns on the Land, Trend Future Project, final report, September 1995

A demand for action

- **Delawareans concerned their quality of life is being undermined by sprawl**
- **Sprawl aggravates traffic congestion and air pollution**
- **Sprawl affects our public safety (police and fire response times)**
- **Sprawl destroys natural habitat, contributes to groundwater depletion and pollution**
- **Sprawl wastes taxpayer money**

A demand for action

- **Sprawl impacts working families**
 - **Unable to live near their work**
 - **Cost of owning, maintaining and insuring multiple vehicles is a burden**
 - **Social cost of time away from family**
 - **Recent studies have documented that moving farther away from work to afford housing is false savings**

A demand for action

- **Other consequences of sprawl include:**
 - **Increased cost for services**
 - **Will we have to raise taxes?**
 - **Negative impact on economic development**
 - **Where do our workers live?**
 - **Can they afford it?**
 - **Incompatible with needs of aging population**
 - **Obesity epidemic, especially in children**

Livable Delaware

Livable Delaware is a comprehensive strategy to get sprawl under control and direct intelligent growth to areas where the state, county and local governments are most prepared for new development in terms of infrastructure, services and thoughtful planning.

-- Gov. Ruth Ann Minner (3/22/01)

Livable Delaware

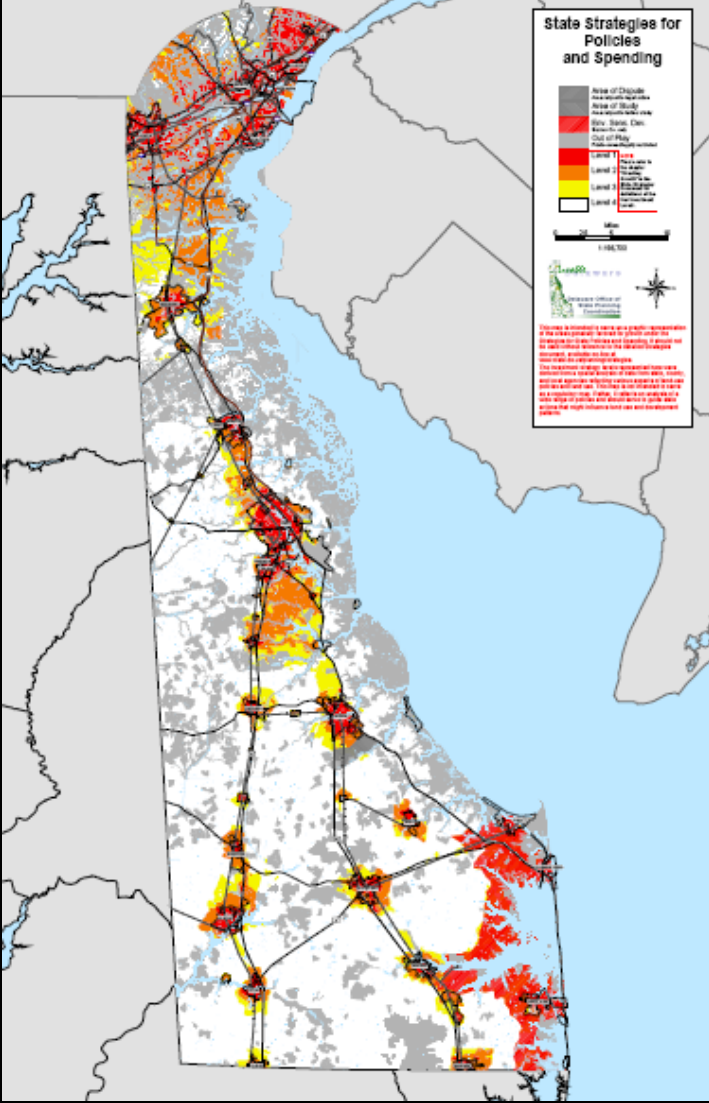
- Addresses sprawl, congestion and other growth issues through legislation and policy changes to direct growth to planned areas.
- Livable Delaware also addresses the need for intergovernmental coordination and cooperation.



Livable Delaware Principles

- Invest taxpayer's dollars efficiently while slowing sprawl
- Preserve farmland and open space
- Encourage infill and redevelopment that avoids greenfields
- **Facilitate attractive affordable housing**
- Preserve our quality of life through sustainable development

Strategies for State Policies and Spending



What does this all mean for housing?

- **State policy is to consolidate investments in existing communities and growth areas**
- **These are the areas most likely to have housing choices available**
- **These are the areas most likely to have the infrastructure and services suitable to accommodate new housing development**
- **Livable Delaware is about building more than housing; it is about enabling complete communities**

Benefits of compact development

- **Definition: Compact Development refers to development that contains a variety of housing types and land uses clustered together to make the most efficient use of infrastructure and services**
 - **Examples include: traditional small town; new developments like Eden Hill and Westtown; city neighborhoods**

Benefits of compact development

- **Lower infrastructure costs**
- **Better community design**
- **More efficient to provide services**
- **Efficient transportation networks**
 - **Pedestrian**
 - **Auto**
 - **Public transit**

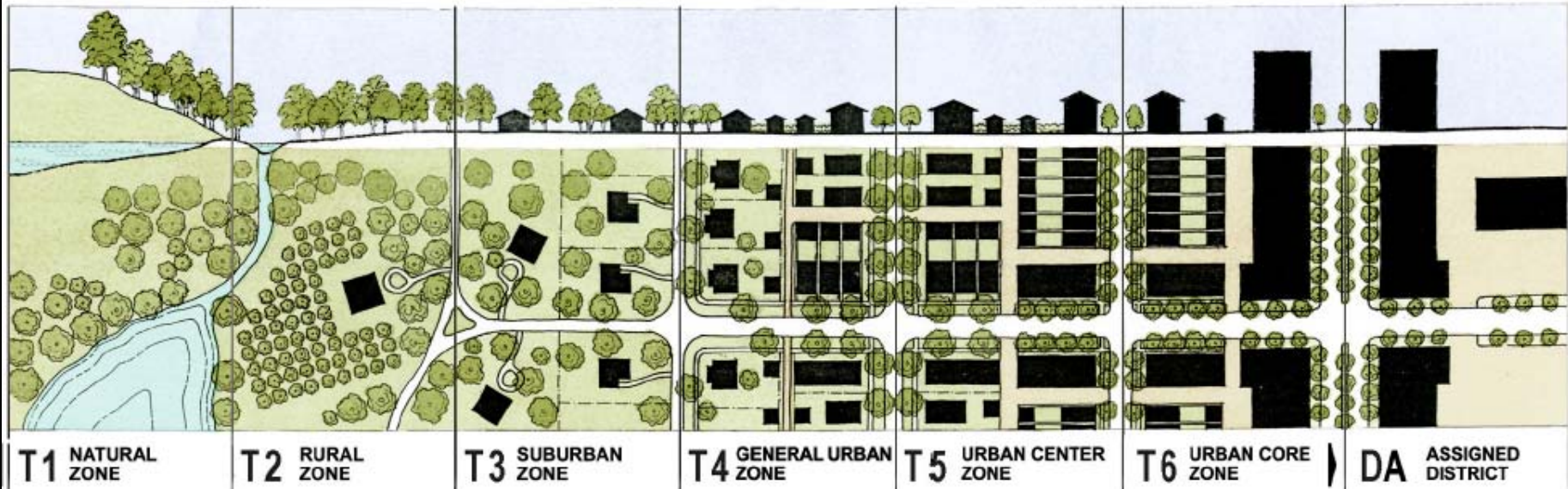
Benefits of compact development

- **Mixed uses provide opportunities for “live near your work”**
- **And. . . able to accommodate a variety of housing choices for those with different preferences, economic situations, life stages, etc.**

Housing choice

- One size does not fit all
- We need to design and build complete communities

(RURAL I I I I I I I I I I I I I I I I I I T R A N S E C T I I I I I I I I I I I I I I I I U R B A N)





Low density, suburban style single family detached homes (Kent County, DE)

Zoom



Single family detached homes on small lots (Kentlands, MD)



Townhouses / attached single family homes (Baldwin Park, Orlando, FL)



Multi-family apartments / condos (Baldwin Park, Orlando, FL)

Design does matter!

- **Better Models for Development in Delaware**
 - **State policy supports high quality development design**
 - **Adds value to communities**
 - **Allows new development to fit in with the old**
 - **Takes advantage of existing infrastructure**

BETTER MODELS FOR DEVELOPMENT IN DELAWARE



*Ideas for
Creating More
Livable and
Prosperous
Communities*

The Conservation Fund
in partnership with
Livable Delaware Advisory Council
Community Design Subcommittee
and Office of State Planning
Coordination



Barrister Place (Dover, DE)



Eagle View (Exton, PA)



The Overlook at Silver Lake (Dover, DE)

Local government plans

- **All local governments are required to have plans (Title 22 municipalities; Title 9 Counties)**
- **Plans must be updated every 5 years**
- **Affordable Housing Element is required if population exceeds 2,000 persons**

From Title 22, § 702, Del C.

Planning at the local level

Since HB 255:

3 County Plans Certified

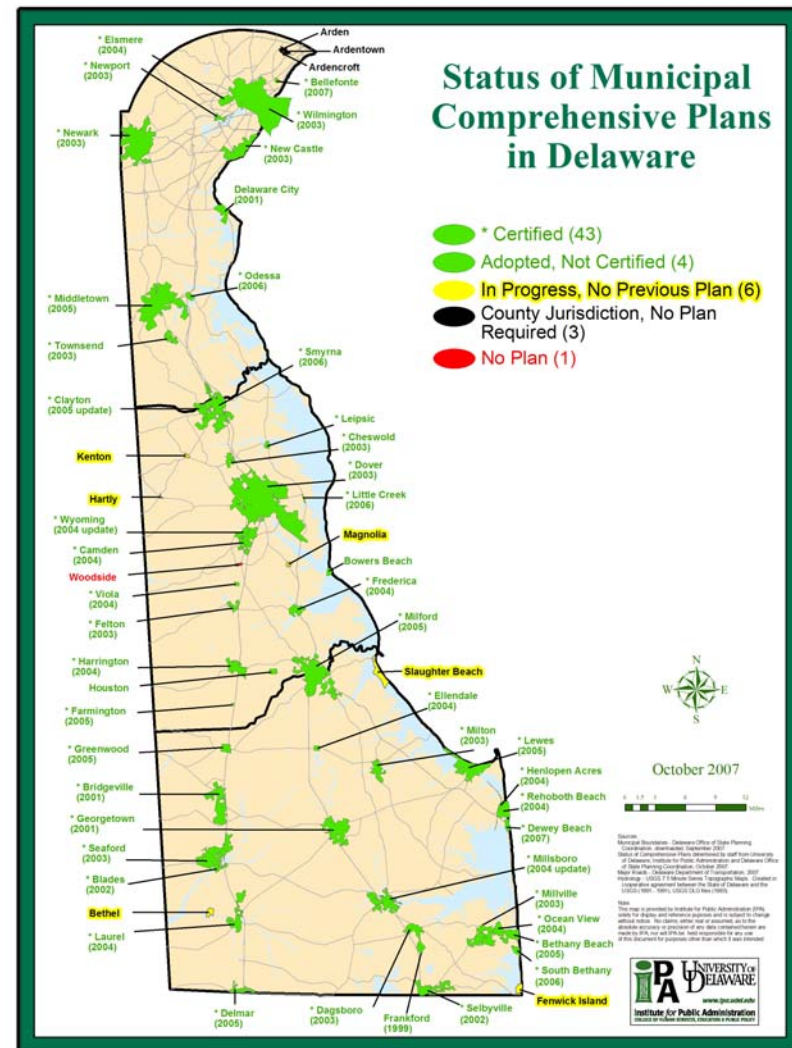
43 Municipal Plans Certified

4 Plans Complete, not yet certified

5 Plans in progress

1 No Plan

3 County Jurisdiction
(no plan required)



Plan updates are due. . .

- **New Castle County Plan has recently been certified**
- **Kent and Sussex Plans are expected early in 2008**
- **Municipal Plans will be due soon:**
 - **19 due in 2008**
 - **11 due in 2009**
 - **7 due in 2010 or 2011**

New guidelines for affordable housing elements

- **DSHA will be providing information to allow more detail in the housing elements of future plans**
- **Checklist will be updated to include examples, options, and list of resources to assist in preparing the housing element**
- **Revised checklist will be available in early 2008**
- **DSHA is willing to work with your community to provide data and technical assistance**

Questions

Are there any Questions?

Next will be Vicky Powers of DSHA, who will discuss resources available to assist your community in preparing your plan



Housing for Delaware: Balancing Community Needs

Creating a Balanced Housing Stock “Housing Tools & Resources”

Victoria Powers

Delaware State Housing Authority

Housing Element: What is it?

Opportunity for towns to assess their current and future housing needs and develop appropriate policies, goals, and planning components in response.



Housing Element Components

- **Executive Summary**
- **Data Collection**
- **Issue Analysis**
- **Goals**
- **Strategies**
- **Evaluation**



A Guide to Writing Your Town's Housing Element

The purpose of this guide is to outline the steps necessary in identifying housing issues and develop solutions to address them.



Overview of the Housing Element Guide

Introduction

- ➡ Information and statistics on the importance of a balanced housing stock

Housing Needs Assessment

- ➡ Resources and methods to determine existing housing supply and housing demand

Housing Development Environment

- ➡ Factors to consider that facilitate or hinder the development of workforce housing

Housing Analysis

- ➡ Way of determining the projected number of households and projected available units; followed by a method of investigating affordability

Moving Forward: Goals, Strategies & Evaluations

Moving Forward: Goals, Strategies & Evaluations

Issue: Identification of your housing choices and an assessment of the communities' needs

Goal: Desired outcomes in addressing issues and needs

Strategy: Means to achieve the goals

Evaluation: Monitor process toward your desired outcomes and achievements of goals

Toolkit: Tools & Strategies

The toolkit is to provide information on a wide range of housing strategies, including the effectiveness of these strategies in various situations. These programs and policies are designed to encourage the development of affordable housing.

Planning and Zoning Tools

- **Accessory Dwelling Units (ADU)**
- **Affordable Housing Good Design**
- **Inclusionary Zoning**



Long-Term Affordability Tools

- **Community Land Trusts (CLTs)**
- **Shared-Equity Homeownership**



Other Local Solutions

- **Developer incentives**
- **Ensure availability of sites for affordable housing**
- **Generate capital for affordable homes**
- **Reduce regulatory barriers**



Tools Provide Information on...

- **What is the tool**
- **The need for the tool (depending on your community)**
- **Benefits**
- **Components**
- **Examples**
- **Implementation**
- **References**

Let's do an Exercise...

Issue: Increasing elderly population who are in need of housing options and new wave of young professionals who are either returning home after school or locating to the community because of their new entry level job.

Goal: Creating housing options for the town's residents in various life stages.

Strategy: Develop Accessory Dwelling Units (ADU).

Evaluation: After a given time of establishing the goal, calculate how many ADUs have been developed.

Benefits of ADUs

- **Increases the supply of affordable housing without the necessity of local government expenditures or subsidies.**
- **Can increase density without changing its character or requiring additional infrastructure.**
- **Develops housing units that can be used for people at variety of stages in the life cycle.**



Affordable Housing Resource Center

The purpose of the resource center is to provide information on a wide range of housing strategies, including the effectiveness of these strategies in various situations.

http://www.destatehousing.com/services/ot_toolbox.shtml

Contact Information

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