

Delaware State Council on Housing



Annual Report
June 30, 2022



The Delaware State Council on Housing fully supports Equal Housing Opportunity, the principles of the United States Fair Housing Act (Title VIII of the Civil Rights Act of 1968) and Delaware Fair Housing Act (Delaware Code Title 6, Chapter 46), and the elimination of discrimination in housing based upon race, color, national origin, creed, sex, marital status, familial status, source of income, age, sexual orientation or disability.

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Foreword

The Delaware Council on Housing envisions a community with equal access to quality, affordable housing for all Delawareans. Given the long-standing gap between the supply of and demand for affordable homes, we realize that much work needs to be done in order to achieve this vision. In 2022, the economic uncertainty fueled by the pandemic continued to challenge the housing status of many people in our state.

The annual point in time (PIT) count of the homeless conducted by Housing Alliance Delaware in February 2022 counted twice as many homeless persons compared with the January 2020 survey conducted before the pandemic. The number of homeless families has almost tripled since the 2020 PIT survey.

According to a 2022 report by the National Low-Income Housing Coalition, Delaware has a shortage of over 18,000 rental units for extremely low-income (ELI) households. These households, defined as those earning no more than 30% of Area Median Income, accounted for 25% of Delaware renters in 2020. Over 70% of these renters spend more than half their income on housing.

Cost burdened households are left with very little money for other expenses, such as food, clothing, transportation, and healthcare, particularly as these costs escalated in 2022. When families must decide between paying housing costs or other living expenses, they may be jeopardizing stable housing and risking homelessness. With rents at an all-time high and housing prices out of reach for so many people, the pressure to obtain affordable living arrangements, particularly for seniors, African Americans, and Latino households, is a real struggle.

The pandemic created added stress and uncertainty for Delawareans in many aspects of everyday living. Federal stimulus funds from the American Rescue Plan Act (ARPA) provided essential support to homeowners and renters experiencing housing instability. In 2022, the Delaware State Housing Authority remained focused on effective measures to protect tenants and mortgage-holders while supporting builders and lenders. DSHA spearheaded partnerships with other jurisdictions and departments to ensure the utilization of federal stimulus funds for urgent needs, including rent and utility assistance, foreclosure prevention, and homelessness. At the same time, they continued to oversee established programs and agency operations. DSHA should be commended for its continued responsiveness and leadership throughout this third year of the pandemic.

The Delaware Council on Housing Annual Report provides details on activities and initiatives that were undertaken in FY2022 to preserve and develop affordable housing for low- to moderate-income Delawareans.

Executive Summary

As required by Senate Bill 86, as amended, and passed by the 144th General Assembly in January, 2008 (Exhibit 1), the Delaware State Council on Housing (hereafter referred to as the Council on Housing or Council) presents this Annual Report, covering July 1, 2021 – June 30, 2022. (The enabling legislation, functions and organization of the Council on Housing are contained in Appendix A to this report.)

The Council on Housing advises the Governor, General Assembly, and the Delaware State Housing Authority (DSHA) on housing matters and allows an avenue for citizen involvement. The Council continues to support DSHA's commendable progress in providing affordable housing and community revitalization to the state's low- and moderate-income families and neighborhoods. DSHA offers an array of well-managed and effective programs that address the range of housing needs experienced by Delaware households, and has risen to the task of dramatically expanding its services in response to the COVID-19 crisis to administer new federal funding and meet the needs of Delawareans.

One of the primary state investments in the development of affordable housing is the Housing Development Fund (HDF). Significant funding for affordable purchase and rental housing continues under the HDF. In fiscal year 2022 alone, the Council approved resolutions recommending approximately \$16.5 million in loans and grants from the Housing Development Fund resulting in the creation or preservation of 3,795 units of affordable housing or households assisted. These funds also supported homeless services, affordable rentals, homeownership, foreclosure prevention, housing rehabilitation, housing counseling, and coordinated planning for homeless services. Housing initiatives launched this year have created and sustained jobs in the building industry through the creation and rehabilitation of affordable rental housing sites and through the subsidizing of mortgages for first-time homebuyers purchasing new-construction single-family homes.

The Council believes that Delaware receives an excellent return on its investments in housing. Not only is every dollar allocated used for housing but every dollar spent out of the HDF is leveraged on average by \$4 of funding from other sources. In addition to direct leverage, investment in affordable housing spurs significant other economic activity and creates jobs.

In addition to a report on the work of the Council and the Housing Development Fund, this report includes a set of policy recommendations formulated by the Council to address these pressing housing issues.

Recommendations for Changes in Law/Policy/Funding

The members of the Council on Housing applaud Governor Carney and the members of the General Assembly for their continued support of affordable housing and community development programs that benefit Delaware's neighborhoods and communities. The Housing Development Fund, Affordable Rental Housing Program, State Rental Assistance Program (SRAP), Strong Neighborhoods Housing Fund (SNHF) and Downtown Development Districts (DDD) program represent diverse investments that reflect how impactful housing is to creating positive social and economic outcomes.

We commend the Governor and General Assembly for reinvesting in neighborhood redevelopment with the addition of \$5.5 million for the Strong Neighborhoods Housing Fund in the FY2023 budget. This fund, established by an allocation of settlement funds in FY2015, targets the redevelopment of vacant and abandoned property in distressed neighborhoods. Since its creation, the SNHF has invested \$13.7 million to impact over 284 homes in distressed neighborhoods from Wilmington to Laurel, leveraging over \$43.2 million in other private investment in these projects. The Council also supports the continued investment in the Downtown Development District program.

Safe, decent and affordable homes are a part of Delaware's infrastructure and support for these efforts should be a priority in the budget process. A secure place in the State's annual base budget and one or more dedicated revenue sources are necessary to ensure long-term sustainable funding.

Funding through the American Rescue Plan Act (ARPA) presents a historic opportunity for states to invest in affordable housing. As the State has wisely recognized with past one-time funding, investment in housing has incredible economic impact as well as responding to critical needs of our residents. We are excited to see early announcements of some initial uses of this funding to include housing projects such as Riverside. The Council on Housing encourages both that further investments in housing be made, and that these should be coordinated through the Delaware State Housing Authority to allow for a transparent and statewide approach to housing policy and funding issues.

Based on the experience of Council members and data on housing needs and impediments to fair housing, we believe the following five principal objectives should continue to guide Delaware's efforts with the ultimate goal of providing affordable housing options to its citizens while targeting community development and strengthening communities:

1. Preserve and expand the availability of affordable housing in Delaware;

2. Increase access to homeownership for first-time and low-income homebuyers, continuing to support DSHA financing tools that help families achieve homeownership;
3. Invest in the improvement of Delaware's substandard housing;
4. Promote the development of accessible dwellings and supportive housing to meet current and future needs of Delawareans with disabilities;
5. Advance policies and regulations that promote diverse and inclusive communities, support integrated development, and offer equal access to housing for all Delawareans.

Specifically, we recommend that the Governor, General Assembly, the Director of DSHA and other local, county and state officials, planning commissions, and regulatory bodies collaborate to maximize the impact of scarce resources to:

1. **Support the Housing Development Fund by increasing the General Fund base budget and Affordable Rental Housing Program (ARHP) in the bond bill**, as these funds are focused on creating and preserving affordable rental housing, the State's most pressing housing need.
2. **Support financial mechanisms and programs, including the Housing Development Fund, to increase responsible homeownership**, and help preserve homeownership for homeowners needing assistance with home repair or who are facing foreclosure and able to regain financial stability. Homeownership is a critical economic driver, but also one of the most important ways low- and moderate-income families build wealth.
3. **Increase funding for the State Rental Assistance Program (SRAP)**. SRAP provides rental housing options for low-income youths exiting foster care, families in the process of reunification, and people exiting or at risk of entering Delaware's long-term care institutions. SRAP is a program with proven success that serves the needs of Delaware's most vulnerable, but the needs exceed resources.
4. **Promote state, county and local policies and strategies that rebuild successful downtown areas as vibrant places to live, work, and engage in community life**. Ongoing funding for the Downtown Development Districts (DDD) program created to address vacant, abandoned or foreclosed properties as part of neighborhood revitalization efforts, is critical to this goal.
5. **Leverage the Strong Neighborhood Housing Fund and American Rescue Plan-funded Catalyst Fund** to transform vacant and distressed neighborhoods in an effort to increase the State's affordable housing stock.
6. **Strengthen the enforcement of and public education about the State's Fair Housing laws to create protections to end housing discrimination and promote fair housing opportunities for all, particularly historically marginalized groups**. Promote education about these protections at the state, county and local levels to elected and appointed officials, policy makers, real estate professionals, appraisers, and vendors.

7. **Invest in long-term strategies that increase the supply, preservation, retention, and access to affordable housing in Delaware by advocating for systemic change through legislation and policy efforts that support the creation of more innovative affordable housing as well as promoting access to such housing.** Long-term strategies should be supported through the collection and analyzation of relevant data to better inform housing policy and programs decisions throughout the State. The 2020 Delaware Statewide Analysis of Impediments to Fair Housing Choice study produced many such policy and legislative recommendations, which should be carefully considered and supported. Examples of such recommendations include the *Tenants Right to Counsel* and *Source of Income Protections for Voucher Holders*.
8. **Remove regulatory barriers to the development of affordable housing** at the local, state, and federal level to allow the construction of more homes and apartments and to reduce the time and cost of building. Housing, for all-income levels, must be a critical component of local planning and economic development to foster affordable housing growth.
9. **Support the use of local and regional Comprehensive Plans**, as essential tools for equitable planning. Ideally, these plans would be referenced frequently, updated regularly, and be based on inclusive community participation, feedback, and input in order to guide future development within local jurisdictions.
10. **The Delaware State Housing Authority (DSHA) should continue to be the primary decision-maker, in addition to the Governor, to any allocation of ARP funds to invest in housing.** Continue to use the American Rescue Plan to invest in solutions to Delaware’s affordable housing crisis and continue to respond to the community’s needs during the pandemic recovery timeframe. It is imperative to ensure that the ARP-funded programs build more affordable housing and assist low to moderate income individuals and families who are homeless or unstably housed, as well as potential renters and homeowners who are seeking high quality affordable rental and for sale housing.
11. **Partner with community-based organizations, such as developers (both for and non-profit) nonprofits, state agencies, and state and local elected officials**, to transform these recommendations into actions that create more equitable housing opportunities and more inclusive communities in Delaware.

HDF Activities

The Housing Development Fund (HDF) is authorized under Title 21 of the Delaware Code and provides financing for developers and homeowners through sponsor agencies. Activities of the sponsor agencies include the acquisition and/or rehabilitation of existing housing, the adaptive re-use of non-residential buildings, and new construction to provide affordable housing to low- and moderate-income families and individuals in Delaware.

The HDF is funded through a number of sources. The state allocates a base budget in the amount of approximately \$4 million from the General Fund each year. The Housing Development Fund received an additional allocation of \$6.0 million in the State Fiscal Year 2022 Bond Bill (HB 475) earmarked for the affordable rental housing development. In addition to state funding, the HDF receives income from a portion of the Recorder of Deeds fee – a dedicated revenue source. Lastly, income generated from interest earnings and repayments of HDF loans are recycled back into the fund.

HDF INCOME SOURCES IN FY 2022	
Base Budget (General Fund)	\$4,000,000
Affordable Rental Housing Program (Bond Bill)	\$6,000,000
Recorder of Deed Fees	\$1,471,341
Interest Income	\$2,959,447
Loan Repayments	\$17,367,231
Total	\$31,798,019

In FY22, the Council recommended the funding of loans and grants for a total of approximately \$16.5 million to organizations working in affordable rental housing, homeownership, housing counseling and homeless services. In all, HDF funds supported the creation and/or preservation of 3,795 units of affordable housing or households assisted. An overview description of the FY22 Allocations is included in Exhibit 2.

Non-HDF Activities

In an effort to become knowledgeable on housing matters and to influence housing policy more broadly, Council regularly engages with many housing partners throughout the state. Individual members of the Council attended many housing workshops and trainings, conferences and other events, served on funding review panels, and participated in housing studies. Council also provided testimony supporting increased funding for the Housing Development Fund at public hearings during the state budget process including the Budget Public Hearing, Joint Finance Committee Hearing, and Bond Bill Committee Hearing. The Council on Housing was proud to support the State’s quick response to the housing impacts related to the COVID-19 pandemic and to engage throughout the year with DSHA on the many new housing activities underway. The Council also spoke in support of various housing-related legislative efforts that came before the General Assembly.

Exhibits

Exhibit 1:

Chapter 40 of the Delaware State Code, states that, “The Council shall issue an annual report to the Governor, the Housing Director and the General Assembly on its activities, as well as the housing needs of this State, key statistics and trends, HDF expenditures and any recommendations for changes in law, policy and/or funding related to housing.”

Exhibit 2:

Housing Development Fund FY 2022 detailed allocations:

COH Approved Projects in FY22	Homeownership Units	Rental Units	Council Date	HDF/ARHP Loan Amount	Location	HDF Grant Amount
Foster Commons	-	-	7/14/2021	\$2,400,000	Millsboro	-
National Housing Trust Fund				\$600,000		
Housing Alliance Delaware		-	8/11/2021	-	Statewide	\$200,000
Foster Commons	-	60	10/13/2021	\$2,854,399	Millsboro	-
Riverside II	-	67	11/10/2021	\$3,000,000	Wilmington	-
Solomon’s Court additional funding	-	-	1/12/2022	\$597,945	Wilmington	-
Supplemental Funding for Homeownership Production	-	-	1/12/2022	-	Statewide	\$3,000,000
Pre-Purchase Homeownership Counseling	3,614	-	3/9/2022	-	Statewide	\$300,000
Frazier Apartments, LCC	-	54	4/13/2022	\$3,240,000	Smyrna	-
Home4Good Additional Funding	-		6/8/2022	-	Statewide	\$500,000
FY2022 Subtotal	3,614	181		\$12,692,344		\$3,900,000

Exhibit 3:

Home4Good update FY2022

In 2022, the Federal Home Loan Bank of Pittsburgh dedicated \$300,000 and Council on Housing/DSHA \$775,000 in Housing Development Fund funding to the collaborative Home4Good program to fund homelessness prevention and services. Home4Good funding in FY2022 focused on extending critical homelessness prevention assistance and services, including support to the DEHAP program before additional federal funding through the CARES Act and later Emergency Rental Assistance (ERA) program was available allocated. CARES Act funding through the Emergency Solutions Grant (ESG) program provided a significant infusion of funding for rapid rehousing statewide.

Organization	Program Name	Target Area	Funding Amount
DSHA	Delaware Housing Assistance Program (DEHAP)	Statewide	\$700,000
Catholic Charities	Homelessness Prevention Landlord Mitigation Fund Pilot	Statewide	\$75,000 \$25,000
Family Promise of Northern New Castle County	Rapid Re-Housing Landlord Mitigation Fund Pilot	New Castle County	\$25,000
Rehoboth Community Resource Center	Homelessness Prevention	Kent County, Sussex County	\$75,000
West End Neighborhood House	Statewide Security Deposit Program	Statewide	\$25,000
Salvation Army	Homelessness Prevention	Kent County, Sussex County	\$50,000
Community Legal Aid Society, Inc.	Legal Aid for Eviction Defense	Statewide	\$150,000

Appendix: Enabling Legislation, Functions, and Organization

The Council on Housing is authorized by the Delaware Code, found at Title 31, Chapter 40, Subchapter IV, §4040. Its principal duties are to study, research, plan and advise the Governor, Housing Director and General Assembly on housing matters and recommend funding of loans and grants through the Housing Development Fund. The Council on Housing consists of 11 members appointed by the Governor, and meets the second Wednesday of each month. The Council's meeting minutes, agendas and bylaws are available at <http://www.destatehousing.com/DirectorsOffice/council.php>.

According to state code, Council membership must include 2 members from each county, 2 members that reside in the City of Wilmington and 3 members at large, 1 of which is a member of a tenant organization and there shall be no more than a bare majority representation of one major political party over the other major political party. The term of appointment to the Council is 3 years. Members are eligible for reappointment.

The members of Council as of June 30, 2022 are:

Dianne W. Casey (Chair)

Douglas A. Motley (Vice Chair)

Barbara Cool

Connie S. Harrington

Francis R. Julian

Lillian D. Harrison

Donna G. Mitchell

Amy M. Walls

Vincent M. White

Norma H. Zumsteg

Four (4) standing committees – Loan Review, Communications, Operations, and Housing Policy – support the work of the Council. The Loan Review committee reviews Housing Development Fund applications with DSHA staff prior to action by the full Council and determines which applications are ready for full Council consideration. The Communications committee prepares and disseminates communications to the Governor, members of the General Assembly and the public. The Operations committee oversees all governance, compliance, nominating and member services duties of Council. The Housing Policy Committee assists the Council to review program policies concerning activities conducted by the Delaware State Housing Authority and to develop sound policy positions regarding affordable housing needs and initiatives in Delaware.