

DELAWARE HOUSING NEEDS ASSESSMENT

The Delaware State Housing Authority's *Housing Needs Assessment, 2015-2020* addresses the state's most pressing housing issues and provides an estimate for future housing demand between 2015 and 2020. The report was developed over a one-year period, from September 2013 through August 2014, using quantitative data and feedback from housing stakeholders, real estate developers, lenders and policy makers.

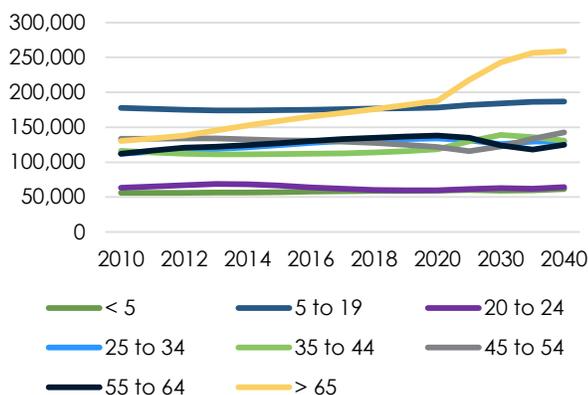
Because Delaware has a variety of housing markets, the study also illustrates housing needs within neighborhoods and market areas. This will assist policy makers to tailor program responses to neighborhood needs and local markets, where issues of affordability, fair housing, housing shortages and blight are most relevant.

DEMOGRAPHICS

Key Facts

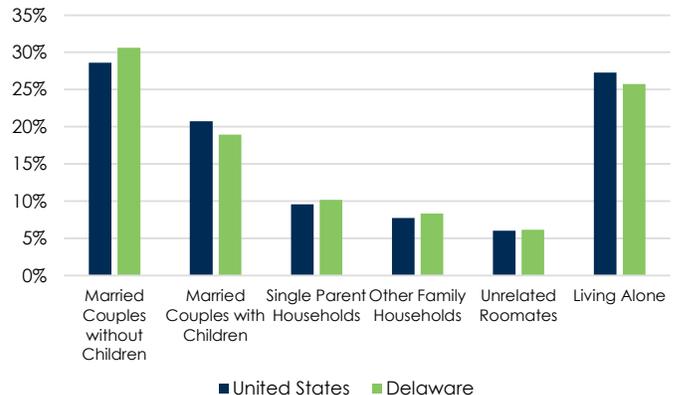
- Delaware is a fast-growing state, estimated to add 42,000 households between 2010 and 2020, representing 12% growth over a 10-year period.
- Household growth can largely be attributed to the influx of retirees into Delaware, attracted by tax incentives, relatively affordable housing stock and beach communities. Over 80% of projected household growth is from out-of-state households moving to Delaware.
- Delaware is less diverse racially and ethnically than national average, with 34% of the population identifying as minority, compared to the 37% in the U.S. (Minority defined as all who identify as non-white and/or Hispanic). 61% of minority households are non-Hispanic African Americans, and 23% are Hispanic. More than half of the state's Hispanic households live in the North New Castle County submarket, with significant populations also in Sussex County.
- Households are becoming smaller, impacting the types of housing most in demand. There are more unmarried adults and couples without children than in previous generations, increasing the demand for smaller units. Married couples without children and single individuals without children account for 31% and 26% of all households, respectively.

Population Projections by Age, 2010-2040



Source: Delaware Population Consortium, October 2012

Household Types and Family Status



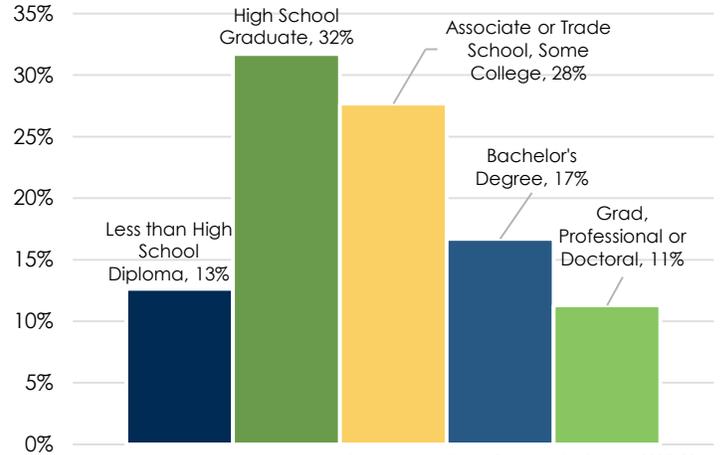
Source: American Community Survey, 2007-2011

ECONOMY

Key Facts

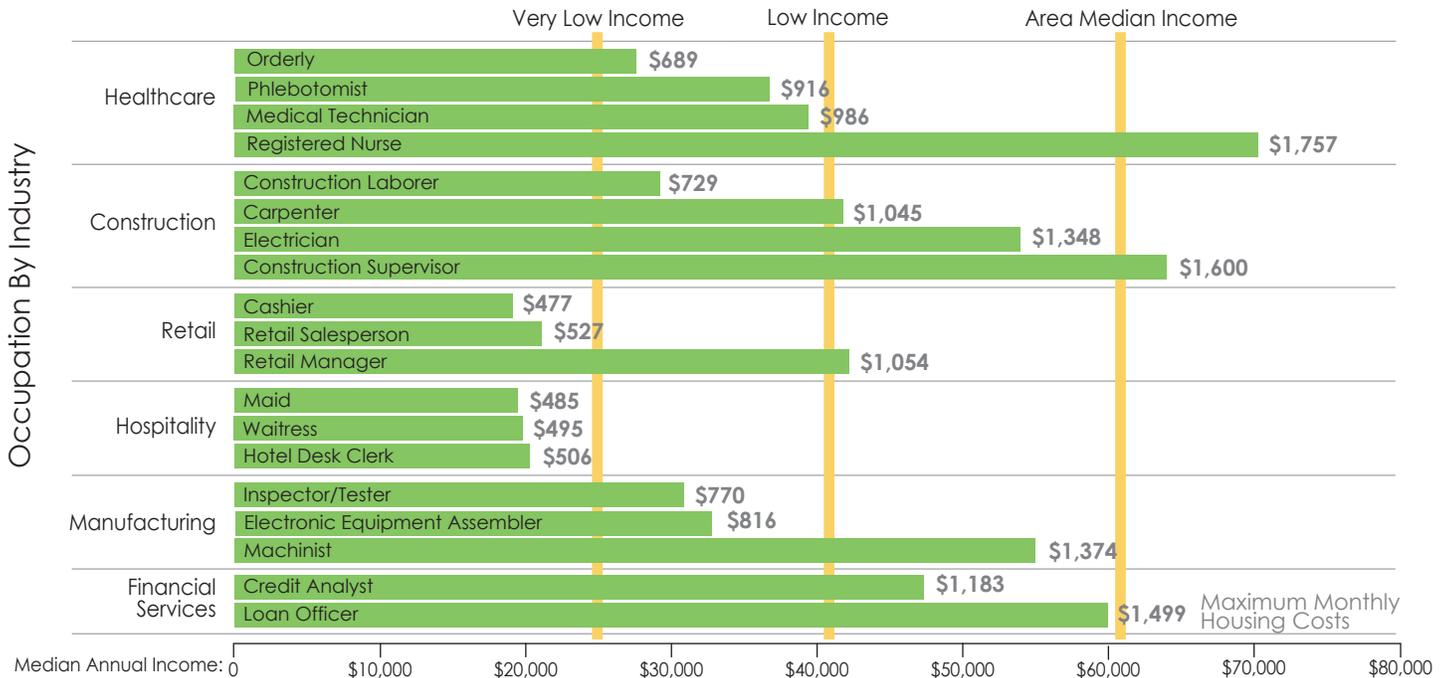
- The economic downturn of 2006-2010 substantially impacted Delaware's economy. The unemployment rate spiked from 3.4% in October 2006 to 8.4% in December 2009, and as of July 2014, is 6.2%, matching the U.S. unemployment rate of 6.2%. Industries with the biggest relative job losses were the banking and credit industries, manufacturing, and construction.
- The state's economy is slowly recovering, and is expected to add 48,450 jobs between 2010 and 2020, representing a 1.07% annual job increase. Occupations with the greatest net job gains include cashiers, retail salespersons and managers and nurses. Many current and future workers in the fastest growing industries and occupations earn low wages, making it challenging to afford market rate rental housing, let alone buy a home. For example, a cook earns below \$30,000 a year and can afford a monthly mortgage or rent payment of \$564.
- Delaware's top five industries are Finance and Insurance; Arts and Entertainment; Management of Companies; Utilities; and Healthcare. With the exception of Arts and Entertainment, the majority of these jobs require specialized training and a post-secondary education. Yet 13% of working-age Delawareans have no high school degree, and another 32% have only a high school degree, limiting the ability of many workers to access these higher paying jobs.

**Educational Attainment for Adults
25+ Years Old in Delaware**



Source: American Community Survey 2007-2011

Maximum Monthly Rent by Occupation Using HUD Affordability Guidelines



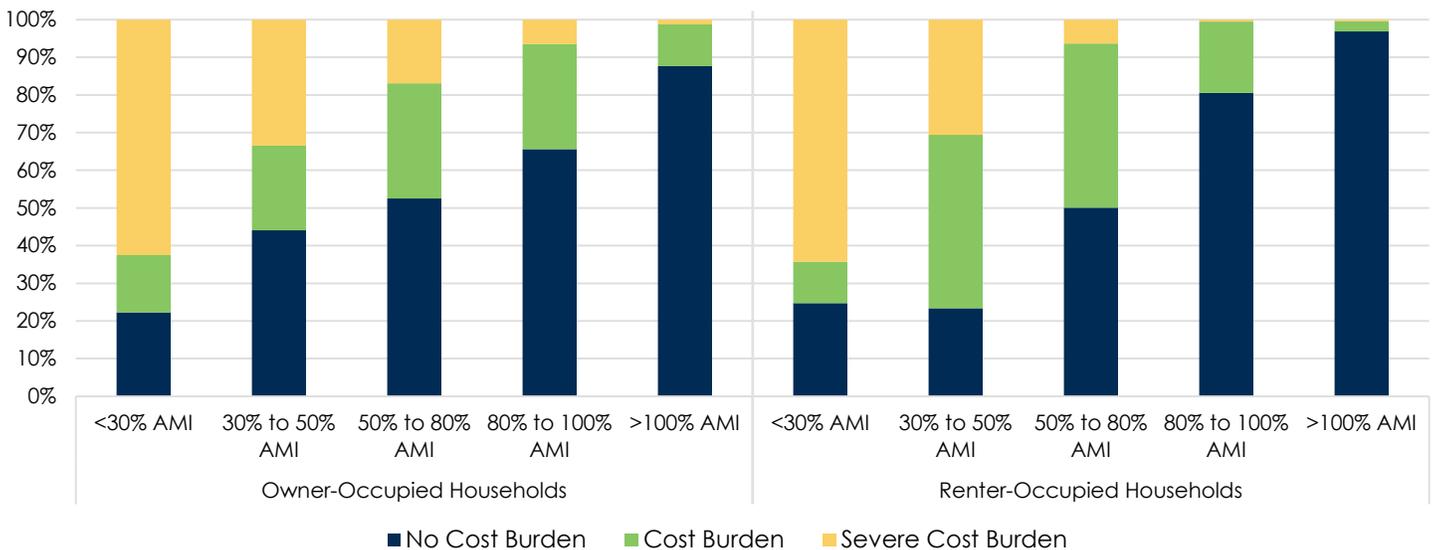
Source(s): Delaware Department of Labor, Delaware Occupation and Industry Projections, August 13, 2012; and income data from Novogradac and Company using New Castle County income limits.

HOUSING CHALLENGES

The *Delaware Housing Needs Assessment* addresses the housing challenges families face in securing decent housing that is affordable to them. The analysis relies on a dataset published by HUD, the Comprehensive Housing Affordability Strategy (CHAS), which reports the number of households living with housing conditions, defined as follows:

- **Cost Burden** - A household is paying more than 30% of their income on housing, leaving limited funds for other necessities like food, clothing and healthcare. Households paying more than 50% of their income on housing are severely cost burdened.
 - **Overcrowding** - A household is living in overcrowded conditions if there are more people than rooms. Severe overcrowding is when there are more than 1.5 persons per room.
 - **Inadequate Conditions** - A household is living in inadequate conditions if they do not have complete kitchen facilities (consisting of a sink, kitchen and stove) or complete bathroom facilities (consisting of a sink, toilet, and tub or shower).
- There are currently 44,000 renters and 70,000 owners with housing challenges in Delaware, equivalent to 51% of all renters and 21% of all owners.
 - Among renters, the greatest need is among very low and extremely low income renters (<50% AMI or <30% AMI), where 18,365 very low and extremely low-income renter households - with income below about \$25,000 - are severely cost burdened, paying more than 50% of their income for housing costs.
 - Among homeowners, the greatest need is among extremely low income homeowners (<30% AMI), where 78% are burdened by the cost of housing, and 63% pay more than 50% of their income on housing costs.
 - Hispanic (of any race) and African American homeowners are disproportionately cost burdened in comparison to White, non-Hispanic homeowners. 47% of Hispanic homeowners and 37% of African American homeowners pay more than 30% of their income on housing, compared to 12% among White, non-Hispanic households.

Cost Burdened Households in Delaware by Tenure (Renter or Owner) and Income



Source: HUD Comprehensive Housing Affordability Strategy 2006-2010

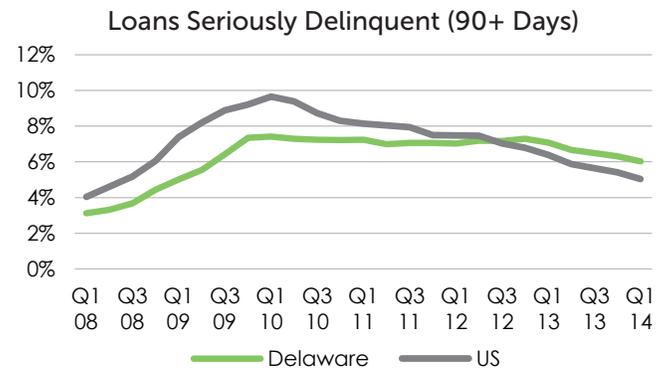
HOUSING CLIMATE

Key Facts

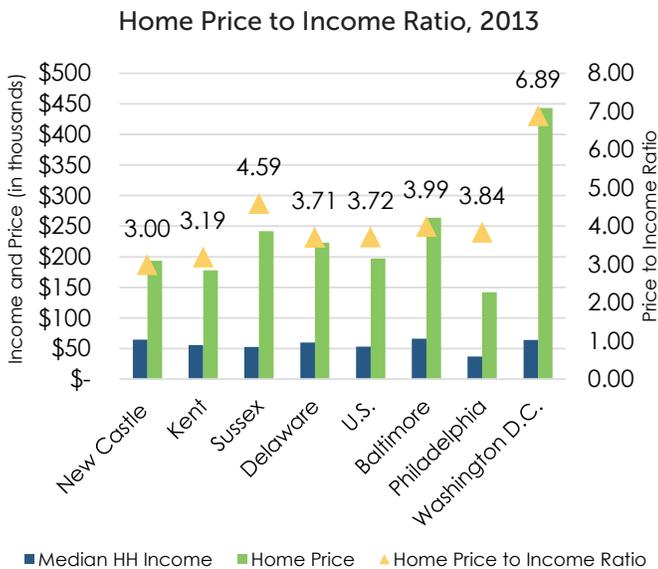
- Delaware's housing market has been extremely volatile in the past decade due to the housing bubble and ensuing collapse of the housing market, leading to an increase in foreclosures and lower home values. From 2006 to 2013, the median sale price for all homes dropped approximately 15%, while the percent of loans past due increased from 3.5% in 2006, peaked at 9.2% in 2010, and had fallen to 6.8% in the second quarter of 2014.
- Fewer households of all ages are homeowners. The greatest drop in homeownership rates is among 35 to 44 year old homeowners, followed by homeowners less than 35 years old, reflecting changes in housing preference, high unemployment and more stringent lending practices.
- More households are renters now than any time in the past 20 years, increasing demand for rental housing stock and limiting availability of rental housing for low income households. Because residential construction has largely focused on single family development in the past two decades, much of the current rental housing stock is older and likely in need of repairs.

	Delaware		U.S.	
	Number	%	Number	%
All Housing Units	403,095	100%	131,034,946	100%
Occupied Rental Units	90,029	22%	38,864,600	30%
Occupied Owned Units	242,808	60%	75,896,759	58%
Vacant Units	70,258	17%	16,273,587	12%
<i>For Rent or Rental</i>	12,103	3%	3,923,897	3%
<i>For Sale or Sold</i>	8,904	2%	2,520,015	2%
<i>Seasonal</i>	38,890	10%	4,885,710	4%
<i>Migrant Workers</i>	182	0%	34,398	0%
<i>Other</i>	10,179	3%	4,909,567	4%

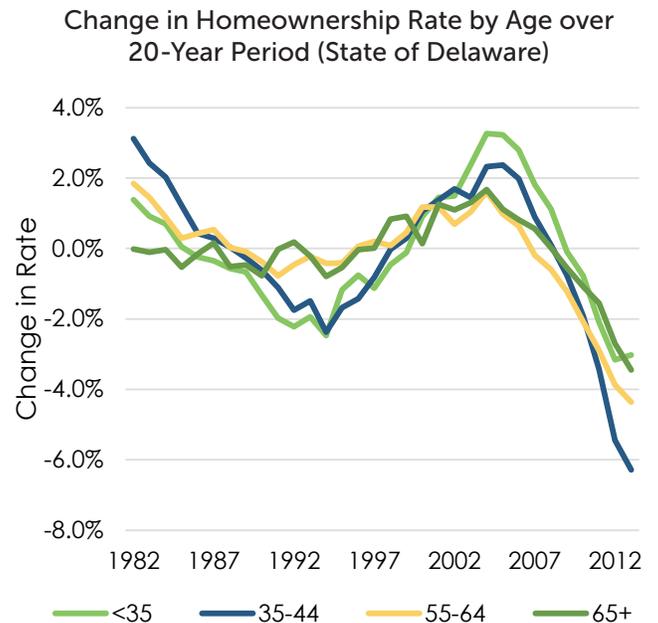
Source: American Community Survey 2007-2011



Source: Mortgage Bankers Association, National Delinquency Survey



Source: American Community Survey 2007-2011



Source: American Community Survey 2007-2011

For the full report and interactive reporting portal, please visit: <http://www.destatehousing.com>